

## GWAICC

### Post-2025 AMAs Committee

### Questionnaire Responses

Does Statement A capture what you see is the issue(s) with the CAGR and AWS Program?

- Not completely.
- No. It pre-supposes that the AWS program was put in place to reduce reliance on groundwater and transition communities to renewable supplies. A big part of it was put in place to placate developers and give them a means to develop outside areas that had CAP water rights. Statement B, below, provides a better issue statement that can be adjusted to further define the goals of the AWS, and provide a path for the transition to renewable supplies.
- No (Submitted by 7 respondents)
- Since 1980, groundwater has always been the fallback water supply to use when renewable water supplies are not available for development. This will continue if the AMA does not find another "bucket" of water that can replace groundwater. Those without or with a limited supply of renewable water supplies would not be using groundwater if renewable supplies were available. So the real issue is; how will communities and water providers find the next "bucket" of renewable water supplies? Unless it is not found soon, then harsher restrictions must be placed on groundwater use until an answer is found. As we all know, we only have finite amount of groundwater and it should only be used when absolutely necessary and in times of shortage and renewable water supply loss. Unless we start getting tough on groundwater use and force water providers to stop using groundwater, folks will take the easy way out. DPR, desal, and other renewable ideas are expensive but we need to start planning and piloting now!
- Yes, but Statements B and C better address the issues by breaking AWS away from the CAGR.
- Only partially. It is too soft. It dances around the problems.
- The problem with the statement as written is that it does not make clear what kind of reliance on groundwater is problematic. How is groundwater in this context defined? Not all use of pumped water is necessarily problematic. Perhaps you have covered this in other documents. Unfortunately, I only engaged in these discussions with this issue.
- Yes, this is an acceptable statement that captures the issue(s) with the CAGR and AWS program
- It acknowledges the potential that these programs no longer provide measures for long-term sustainable water supplies.
- This statement is pretty vague in comparison to the others. It does not explain why a transition to renewables is important or should be done. Also, it does not explain that the current system creates winners (developers that use it for a cheap option then walk away) and losers

(homeowners who are stuck with increasing costs, and water providers that cannot make investments to move to renewables).

### How could Statement A be improved?

- Additionally, there are rural areas within AMAs that receive no benefit from CAGR D since some aquifers under rural area do not receive any of the replenishment nor have access to canals to receive water.
- I'm not sure that the purpose of the CAGR D is or should be to induce or provide options for communities and water providers to reduce their reliance on groundwater and transition to long-term reliance on renewable supplies. It seems that the purpose of the CAGR D is to replenish excess groundwater associated with Member Lands and Member Service Areas. Is the issue statement implying the CAGR D should have an expanded role? I'm not sure the committee has discussed what the issue actually is, and how that issue could be addressed. Perhaps the Groundwater Code needs updating or adjusting. It isn't clear that this should be a new or modified responsibility of the CAGR D. It also isn't clear what the concern actually is. Is the concern that the CAGR D will essentially run out of renewable supplies and not be able to meet its obligation? Is the concern that there aren't enough water providers working to reduce their reliance on groundwater? Maybe the incentives for more providers to do this should be in new or expanded provisions or requirements of the Groundwater Code or in the management plans, as opposed to focusing on a new CAGR D responsibility. What is the real issue? Is there more than one issue encapsulated in this statement? If so, should they be separated into multiple issue statements?
- The concept of the CAGR D sounds great on paper but in reality it should not be used as a long-term solution to continue to develop without renewable water supplies. We need to all work together to develop new renewable water supplies to ween ourselves from groundwater dependency.
- Break it up into B and C.
- See above. Also, what is the real issue -- reliance on fossil groundwater that is utilized in a way that allows for (localized) groundwater depletion?
- Adopt C.
- I believe this statement is solid in stating the issues with CAGR D and AWS.
- I'd prefer it clearly state that it does not provide sufficient parameters for long-term sustainable water supply and follow up with what will be done next to either salvage the programs or establish an entirely new program that supersedes/collaborates with existing programs.
- The subjects of the statement are the CAGR D and the Assured Water Supply Program, indicating that it is the AWS program generally and CAGR D specifically that fail to get municipal water providers to stop using groundwater. This is backward! The real issues here are (1) should municipal providers in the AMAs reduce reliance on groundwater and switch to renewable supplies; and (2) do we need mechanisms in place to assist municipal providers in securing those

supplies. When viewed in this light, CAGR D is not the problem but is rather an attempt at a solution to both issues.

- Statement A could be improved with the following addition: "...to reduce their reliance on unreplenished groundwater..." The AWS Program and the CAGR D are currently functioning as designed, but the AWS Program doesn't require pre-1995 municipal demand to use renewable supplies, unless the provider is designated as having an assured water supply. There are currently insufficient inducements and regulatory support for undesignated providers to reduce or eliminate the continued pumping of unreplenished groundwater to meet pre-1995 demands.
- The subjects of the statement are the CAGR D and the Assured Water Supply Program, indicating that it is the AWS program generally and CAGR D specifically that fail to get municipal water providers to stop using groundwater. This is backward! The real issues here are (1) should municipal providers in the AMAs reduce reliance on groundwater and switch to renewable supplies; and (2) do we need mechanisms in place to assist municipal providers in securing those supplies. When viewed in this light, CAGR D is not the problem but is rather an attempt at a solution to both issues.

### Does Statement B capture what you see is the issue(s) with the CAGR D and AWS Program?

- Yes for AWS.
- Mostly. This statement gets to the root of the problem.....the rules, that affect everyone in the AMA's
- At some point, we are either going to run out of groundwater or run out of the ability to replenish excess groundwater. Groundwater is a finite supply. We could drill deeper, we could desalinate, but as long as we grow on groundwater, eventually, we will come to the end of the supply. On the other hand, due to climate change and continued drought, our renewable supplies are becoming less reliable and reducing in annual volume. So how do we continue to grow? Should we? If we do, is there a trigger where we stop? What is that trigger? Some say we'll hit the physical availability limit before we hit the consistency with goal limit. How do we know? Does it even matter which one we hit first? What do we project? Maybe the real question is; given our groundwater and renewable supply portfolio as a whole, in the AMAs, what kind of future do we want? What kind of future can we have? What is fair? I don't think we can answer whether this is the issue until we do some "what if" scenarios to get an idea of what kinds of futures we might be looking at.
- I agree. AWS is based on a 100-year timeline. We sometimes forget that we will still have an obligation to serve water after 100-years. So the depth limitations of groundwater down to 1000 feet bls will not allow for much of a buffer for a communities future growth that is deriving water at that depth. An idea would be to allow groundwater use in the early years but have the development or provider demonstrate how in certain future years how they will switch to renewable supplies. Without a plan, these developments or water providers will not change to

renewables unless forced to. This concept must be enforced with large penalties if not in compliance. A trust fund (funded by development) should be established to find or bring in renewable supplies.

- I suppose but Statement B does not mention the CAGR. It looks to me like it only addresses AWS.
- Yes. This is a much improved issue statement.
- Again, what is the definition of groundwater that is being used? It is not clear what your definition of groundwater withdrawals is. Are you using the regulatory definition of groundwater or what I will call the molecular definition (water that is pumped)? What is the definition of risk you are employing here. Is there a need to clarify the risks to groundwater supplies you are referring to?
- No (Submitted by 6 respondents)
- While statement B voices valid concerns, statement A seems to address valid concerns and is a problem statement that can be addressed. After the issues are addressed and solutions are implemented concerning statement A, then our group can work on the problems addressed in statement B.
- Not entirely
- This statement is important to include because it focuses on the AWS Program issues with reliance on groundwater which applies to AMAs that do not have CAGR (Prescott and Santa Cruz), which also have the risks to long term groundwater reliance with very limited renewable supplies.

### How could Statement B be improved?

- I'm not sure why the statement "AWS determinations cannot be issued once ADWR determines there is insufficient groundwater physically available" is a risk? That's a good thing. Recognize that changes to the AWS program are going to increase costs of CAGR members, and provide for transparency and notification for people who live in those areas, or who buy those homes, so they can make choices for themselves.
- How does the water management community promote change to reduce or stop the reliance on growth using groundwater?
- Why will new groundwater supplies become more limited in the future? Adjacent growth? reduced recharge? Maybe address this. Are we concerned about physical availability after 100 years or what? The water quality issues are a risk no matter what depth physical availability is demonstrated at.
- Rewrite the last bullet as follows: "Allowing groundwater to be shown to be physically available from depths of up to 1,000 or 1,100 feet will ultimately result in unsustainable depletion of finite groundwater supplies, land subsidence, water quality degradation, and the inability of aquifers to store water."
- Adopt C

- Statement B is a solid statement I just believe the more immediate concerns are addressed in statement A.
- I like the list of specific challenges/problems that the AWS determinations face. There are many more issues than what is listed, so I'd like all of the challenges publicly listed either in a brief or formal document, instead of providing a list as a single collective committee statement(s).
- The overall statement could be shortened and cleaned up to simply state "The State allows for the approval of AWS determination based solely on groundwater which poses risk to the long term availability, quality, and accessibility of groundwater supplies in the AMAs beyond 2025. This presents risks to homeowners whose supplies may not last beyond the AWS 100-year timeframe". However, some additional improvements are suggested as follows:
  - Bullet one: the statement "that will become more limited in the future" is somewhat confusing as it sounds like the withdrawals will become more limited instead of the groundwater. This may be accurate but is not truly the issue, it is good that groundwater withdrawals will be limited. The statement is stronger without this segment or replaced with something like "that will continue to deplete the groundwater supply".
  - Bullet two: This is a risk to development, not to the groundwater supply. These two issues often get conflated, however, the statement could move towards the need for renewable supplies in replacement of the one-time use of groundwater to solve the AWS determination.
  - A suggested addition would be to address what happens to the groundwater supply after 100 years. We are now 25 years into the AWS program, so potentially some Certificates technically only have 75 years left of allotted groundwater, however the AWS program basically approves groundwater in perpetuity for these homes. Maybe add a bullet discussing the risk of insufficient groundwater supplies after 100 years especially for subdivisions with Certificates. A potential additional bullet point could be "Physical groundwater supplies may be unavailable beyond the 100-year regulatory timeframe putting homeowners at risk who rely solely on groundwater"
- This one suffers from a similar faulty starting point, i.e., that continued reliance on groundwater for assured water supply purposes is a problem: "The State allows for the approval of AWS determinations based solely on groundwater, which continues to pose risks to groundwater supplies in the AMAs beyond 2025, including: [1] Growth can continue to occur on new groundwater withdrawals (both replenished and unreplenished) that will become more limited in the future[;] [2] AWS determinations cannot be issued once ADWR determines there is insufficient groundwater physically available[;] [3] Demonstrations of physical availability to 1,000 feet or 1,100 feet may allow pumping that is unsustainable and may result in water quality issues."
  - This statement is unusable for a variety of reasons:
  - Assured water supply approvals are typically not approved solely on groundwater but require that the use of groundwater be consistent with achieving the management goal and therefore usually include a replenishment obligation (with some exceptions in the

Pinal AMA). - It is not clear what the phrase “that will become more limited in the future” refers to. Groundwater withdrawals or replenishment?

- The references to withdrawals down to 1000 or 1100 feet is exactly the kind of issue that has not been fully analyzed. While modeling allows for drawing the aquifer down to 1000 or 1100 feet (depending on AMA), the likelihood of these conditions actually occurring and where they are likely to occur has not been assessed. The models typically do not fully account for effluent use or recharge, or CAGRDR replenishment. In any event, whether significant water quality issues occur at these depths has not been evaluated or discussed.
- Statement B states that growth based on the use of replenished groundwater is a risk to groundwater supplies without explaining the actual source of the risk. Further, the second bullet regarding limits on physically available groundwater isn’t a risk to groundwater supplies; it is a policy that protects existing groundwater users.
- This statement is unusable for a variety of reasons:
  - Assured water supply approvals are typically not approved solely on groundwater but require that the use of groundwater be consistent with achieving the management goal and therefore usually include a replenishment obligation (with some exceptions in the Pinal AMA)
  - It is not clear what the phrase “that will become more limited in the future” refers to. Groundwater withdrawals or replenishment?
  - The references to withdrawals down to 1000 or 1100 feet is exactly the kind of issue that has not been fully analyzed. While modeling allows for drawing the aquifer down to 1000 or 1100 feet (depending on AMA), the likelihood of these conditions actually occurring and where they are likely to occur has not been assessed. The models typically do not fully account for effluent use or recharge, or CAGRDR replenishment. In any event, whether significant water quality issues occur at these depths has not been evaluated or discussed.

### Does Statement C capture what you see is the issue(s) with the CAGRDR and AWS Program?

- No (Submitted by 6 respondents)
- No. This statement presumes that CAGRDR is not fully replenishing its obligation. If obligations need to change, then change the AWS rules. In addition, this statement fingers CAGRDR, and does not recognize issues related to other groundwater users. It pre-supposes that there is a long term risk, without proof and without evaluation of the facts.
- Yes (Submitted by 3 respondents)
- It is not only the long-term risks but the sustainability of the CAGRDR. To not recover stored water within the area of recharge will have long-term detrimental effects to the groundwater system. The CAGRDR should switch to finding new long-term supplies for their program not just pumping and recharge of groundwater. This should not include recharge credits but new renewable sources of water for development.

- Yes, my understanding is the CAGRDR can get a member an AWS but there is no guarantee the CAGRDR will be able to continue to obtain the water in the future. Also no incentive to acquire renewable supplies and break away from the CAGRDR dependence.
- No. It's too vague.
- I again question the use of the word "risks". Is the better word "uncertainties"? In particular, what do you mean by "risks" in the costs for the CAGRDR and its members. This is the definition of risk that comes up on a Merriam-Webster definition search: the possibility that something bad or unpleasant (such as an injury or a loss) will happen. : someone or something that may cause something bad or unpleasant to happen. : a person or thing that someone judges to be a good or bad choice for insurance, a loan, etc. Is the unpleasant thing you are referring to an increase in the cost? Is any increase bad? Or are certain increases considered expected?
- Statement C does not capture the CAGRDR/AWS concerns. The statement implies the AWS determinations need to be revised to reduce the CAGRDR's future costs and CAGRDR's performance on future replenishment. Both of these are CAGRDR concerns.
- Yes this captures the issues of long term sustainability of the CAGRDR and the increasing cost to the homeowners.

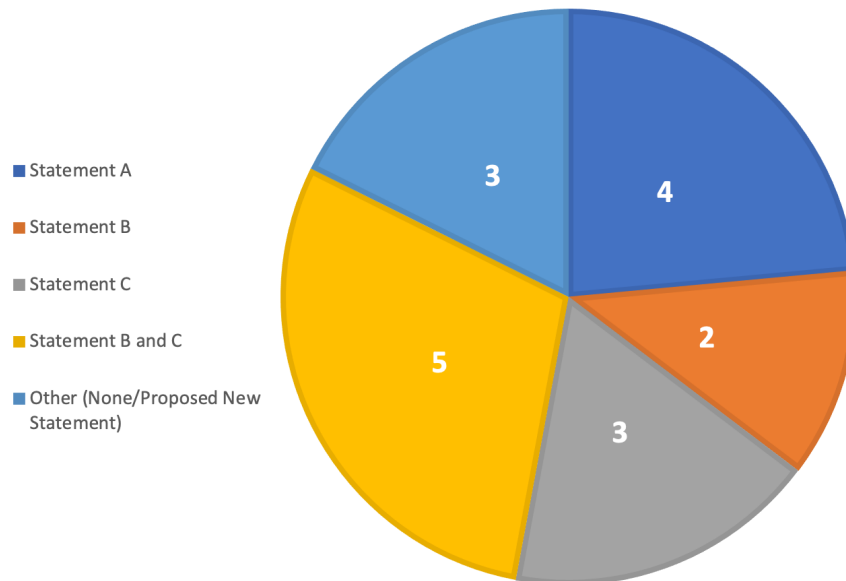
### How could Statement C be improved?

- Areas where CAGRDR fees are being charged to member lands and whose lands/aquifers receive no replenishment are being put at risk by no replenishment to their aquifer and the continued growth.
- revise the statement so that we are recognizing that AWS rules need to be changed to provide for full replenishment, as well as transparency for people who buy in CAGRDR areas, so they know what they are signing up for. It is not our responsibility to reduce their risk or costs. They have the right to choose.
- Perhaps add that this not a current issue, but based on the trajectory of obligations, we know we'll get to this point one day - long-term risk of the replenishment supply and costs - and now is the time to work on solutions rather than wait until we hit that wall.
- Have a statement about the long-term feasibility of the CAGRDR. The short answer is that it is not a good long-term water management program. New ideas and a new focus should be given to the CAGRDR to adapt to the changing climate and water supply conditions.
- Address what I said above if true.
- Articulate the issue more clearly. Is the problem lack of certainty? Is the problem more uncertainty than exists for CAGRDR members than others?
- I believe these are more CAGRDR concerns and does not address the whole of the issue.
- This statement is a soft claim, that doesn't carry much weight on the seriousness of the immediate and future challenges of the programs.

- Groundwater is not a renewable supply, yet it is treated as one for a certificate through the AWS and CAGRDR replenishment which may not renew the physical groundwater where it was pumped (see hydrologic disconnect paper).
  - Potentially adding in that after 100 years the certificate will be pumping water that was not a part of the original AWS determination. The secured groundwater is only for 100 years but the development will remain after that.
- Again, this statement mistakenly focuses on the CAGRDR as a problem: “Groundwater pumping can continue to occur under AWS determinations. While some of that groundwater use will be replenished by the CAGRDR, there are potential long-term risks in both replenishment supply availability and costs for the CAGRDR and its members.” The CAGRDR is a solution to a problem of lack of availability of renewable supplies and infrastructure to access those supplies.
- Statement C is an accurate characterization of the key risks associated with the CAGRDR. It could be improved with a reference to unreplenished groundwater used to meet pre-1995 municipal demands by undesignated providers.
- Again, this statement mistakenly focuses on the CAGRDR as a problem. The CAGRDR is a solution to a problem of lack of availability of renewable supplies and infrastructure to access those supplies. There has also been no acknowledgement of the role CAGRDR plays in moderating water demands and reducing competition for water supplies. This is a positive attribute we request be recognized. A system where all individual providers project future water use and move to lock up supplies to meet those projections inevitably will result in a massive increase in demand for water supplies. By sharing supplies across the three-county area, and directing replenishment to address water actually used, CAGRDR significantly reduces competition for supplies. Instead of seeing the positives of the CAGRDR and AWS – and addressing the real issues - the Committee is spending an inordinate amount of time on a sector that has committed itself to safe yield. The constant questioning whether CAGRDR will actually be able to meet its replenishment obligations looks past and fails to acknowledge that all new growth is committed to replenishing what it uses. That is not the case with the pre-CAGRDR municipal sector, or with the industrial sector or agriculture.



Which of the issue statement(s) presented above do you feel would best advance the issue(s)?



Are there any questions, comments, and/or suggestions related to the issue statements or the further identification of CAGR and Assured Water Supply Program issues?

- Recognize that this is also an economic issue. The economic viability of smaller communities relies on CAGR. Provide a means for CAGR to continue to replenish water to our communities, even though that will cost it's members more money. People have a right to choose to pay more to live outside an area that is served by CAP water.
- It is time to examine both programs (CAGR and AWS) and make appropriate changes for the good of water management. As I have stated above, we need sustainable programs that will address the long-term water management of groundwater and balance that will find new renewable supplies. We simply cannot abuse our aquifers and expect that the water situation will work itself out in the future. Developers need to understand that they will need renewable supplies for the future and without these supplies they cannot develop.
- I think this sort of survey is a good idea. Maybe a survey needs to be done to determine if there is agreement as to the issue(s), such as pumping to depths of 1,000 to 1,100 feet, for example.

While I do not like B as drafted, it does articulate what I consider an "issue" associated with the AWS Rules.

- CAGRDR is the only operational method for areas not having direct access to CAP sources to meet their water needs. It is a proper program that needs to become even more robust - not reduced or greatly limited. Currently agricultural lands under irrigation garner no credit or recognition for lowering water use when such lands convert to a development use which utilizes less water than current irrigation.

- December 7, 2020

Mr. Warren Tenney, Co-chair

Mr. Tim Thomure, Co-chair

SUBJECT: Post-2025 AMA Committee and CAGRDR/AWS Briefing Issue Statement

Dear Warren and Tim:

On behalf of the Home Builders Association of Central Arizona and the Southern Arizona Home Builders Association, we are submitting this letter to provide supplemental input on the CAGRDR/AWS Issue Brief and Issue Statement (note: we will complete the electronic questionnaire). These comments further enhance the formal written comments to the brief we provided on October 16. While we appreciate your intention of seeking consensus on the issue statement that describes the Committee's collective understanding of this matter, prior to moving forward with the brief, the issue statements put forth thus far miss the mark.

We think all three of the issue statements approach the issue from the wrong starting place.

Each come at the issue from a negative context, i.e., that the CAGRDR is the problem in need of a solution. In fact, we believe the CAGRDR and the AWS program, while not perfect, have been tremendous assets and very positive for Arizona's water management for over two decades. Simply put, the CAGRDR is a solution to a deeper problem – the lack of renewable water supplies and infrastructure for outlying communities within the three-county area – and it is that problem that the issue statement should focus on. Also, as we continue to reiterate, if we are going to continue to make CAGRDR the focus of this effort, then we must fully explore the factual, data driven, basis for concerns about the CAGRDR before we develop an issue statement and brief.

We believe that an issue statement suggested at the last Committee meeting, as reflected in the published meeting summary, is worth exploring further: "After 40 years under the Groundwater Code, there are still areas in the CAP AMAs dependent on groundwater. What can we do to facilitate the responsible use of groundwater and renewable supplies (both short-term and long-term supplies) in areas with developable vacant lands?"

This approach would focus the discussion on the basic issue – the fact that large areas of the AMAs remain groundwater dependent and rely on the replenishment model in order to develop.

To further illustrate our concerns about the issue statements, consider the following:

Statement A: "More than two decades after their development and successful implementation, the Assured Water Supply Program and the CAGRDR may not provide sufficient requirements,

inducements, or options for certain communities and water providers in the AMAs to reduce their reliance on groundwater and transition to a long-term reliance on renewable supplies.” The subjects of the statement are the CAGR and the Assured Water Supply Program, indicating that it is the AWS program generally and CAGR specifically that fail to get municipal water providers to stop using groundwater. This is backward! The real issues here are (1) should municipal providers in the AMAs reduce reliance on groundwater and switch to renewable supplies; and (2) do we need mechanisms in place to assist municipal providers in securing those supplies. **When viewed in this light, CAGR is not the problem but is rather an attempt at a solution to both issues.**

Statement B: Which suffers from a similar faulty starting point, i.e., that continued reliance on groundwater for assured water supply purposes is a problem: “The State allows for the approval of AWS determinations based solely on groundwater, which continues to pose risks to groundwater supplies in the AMAs beyond 2025, including: [1] Growth can continue to occur on new groundwater withdrawals (both replenished and unreplenished) that will become more limited in the future[;] [2] AWS determinations cannot be issued once ADWR determines there is insufficient groundwater physically available[;] [3] Demonstrations of physical availability to 1,000 feet or 1,100 feet may allow pumping that is unsustainable and may result in water quality issues.”

This statement is unusable for a variety of reasons:

- Assured water supply approvals are typically not approved solely on groundwater but require that the use of groundwater be consistent with achieving the management goal and therefore usually include a replenishment obligation (with some exceptions in the Pinal AMA)
- It is not clear what the phrase “that will become more limited in the future” refers to. Groundwater withdrawals or replenishment?
- The references to withdrawals down to 1000 or 1100 feet is exactly the kind of issue that has not been fully analyzed. While modeling allows for drawing the aquifer down to 1000 or 1100 feet (depending on AMA), the likelihood of these conditions actually occurring and where they are likely to occur has not been assessed. The models typically do not fully account for effluent use or recharge, or CAGR replenishment. In any event, whether significant water quality issues occur at these depths has not been evaluated or discussed.

Statement C: Again, this statement mistakenly focuses on the CAGR as a problem:

“Groundwater pumping can continue to occur under AWS determinations. While some of that groundwater use will be replenished by the CAGR, there are potential long-term risks in both replenishment supply availability and costs for the CAGR and its members.” **The CAGR is a solution to a problem of lack of availability of renewable supplies and infrastructure to access those supplies.**

There has also been no acknowledgement of the role CAGR plays in moderating water demands and reducing competition for water supplies. This is a positive attribute we request be recognized. A system where all individual providers project future water use and move to lock up supplies to meet those projections inevitably will result in a massive increase in demand for

water supplies. **By sharing supplies across the three-county area, and directing replenishment to address water actually used, CAGRDR significantly reduces competition for supplies.**

Instead of seeing the positives of the CAGRDR and AWS – and addressing the real issues - the Committee is spending an inordinate amount of time on a sector that has committed itself to safe yield. The constant questioning whether CAGRDR will actually be able to meet its replenishment obligations looks past and fails to acknowledge that all new growth is committed to replenishing what it uses. That is not the case with the pre-CAGRDR municipal sector, or with the industrial sector or agriculture.

We look forward to discussing these issues with you and appreciate the opportunity to participate in the process and provide comment.

Sincerely, Spencer Kamps, HBACA and David Godlewski, SAHBA

- It is key that the CAGRDR itself drive this discussion. Perhaps a CAGRDR Board Member should be invited to participate in these discussions.
- The following is a summary of my response to this questionnaire and to the above-referenced question: The initial draft of the issue statement sent to the stakeholders and members of the Post 2025 AMA committee in October 2020, and in large part the three draft issue statements contained in this questionnaire, Statements A, B, and C, all present one form or another of effectively the same basic issue statement with one or more of the following elements : i) reducing reliance on groundwater and transitioning to renewable supplies; ii) AWS determinations based on groundwater pose risks to groundwater supplies; and iii) groundwater pumping under AWS determinations pose risks to supplies and costs to CAGRDR members. These statements all presume that groundwater, even fully replenished groundwater, used in AWS determinations is a problem. But none of these statements actually identify any specific problem. That is what this committee should first address, namely what problems exist in the current AWS program, and what if any problems exist in the program of groundwater replenishment. Coupled with the larger discussion on groundwater replenishment is storage and recovery, a close cousin of replenishment.

In addition, in order to maintain at least the appearance of a fair, open, and objective process, the Department should take the lead on at least the present matter in this committee, rather than the co-chairs of this committee. Since the co-chairs are employed by large municipal interests, ones which hold significant quantities of CAP and other surface water supplies, they may not fully understand the challenges of communities lacking such supplies, and which rely upon groundwater and the CAGRDR to grow their economies.

Using a questionnaire to elicit comments and direction on complex issues is counter-productive. A more full, robust, and open discussion is still needed. More significant comments are attached as a separate attachment to an email reply to Carol Ward as part of her questionnaire submittal to this committee. Thank you.

- The one main comment I have is related to consumer protection. As developers build homes and enroll communities into CAGRDR; homeowners are left with all the financial burden of paying CAGRDR on their property tax. CAGRDR calculates each year the total cost to meet replenishment

obligations in each AMA and divides that total by the number of acre-feet of replenishment obligation. This results in a replenishment rate that is charged against each member based on the volume of groundwater that the member used. Since 2015 the CAGRDR assessment for the Phoenix AMA has increased by \$98 an acre foot. Not only is the homeowner responsible for this property tax annually, but they face increasing water and wastewater fees as water rates increase and water infrastructure ages.

Do homeowner understand that the more who are enrolled into CAGRDR and the shortage of water supplies will increase their property taxes? The answer is no. The risk of CAGRDR failing to supply or the increasing cost of a dwindling supply of water is detrimental to the homeowners property value and to Arizona's economy. The issue of CAGRDR and property taxes doesn't even address the replenishment that CAGRDR is doing on behalf of the homeowner; because the replenishment in most cases is not even hydrologically connected. As a result other potential issues are subsidence and poor water quality that a homeowner may face as the aquifer is drained.

We hear from so many official agencies and special interests, but the reality is...unknowing homeowners are carrying the majority of the burden. The State must protect those already enrolled in CAGRDR and our Government must be mindful of the tax burden they are putting on residents. I am all for growth, but it must be smart growth.

To give more context to property taxes: CAGRDR has a spreadsheet available online to calculate an assessment for annual tax projections: <https://www.cagrdr.com/>

I used 450 gpd/ Dwelling Unit - this is what a common dwelling unit uses in Avondale for example:  $450 \text{ gpd} * 365 \text{ Days} = 164,250 \text{ gallons a year}$

This homeowner will pay \$350 a year on their property tax bill in addition to paying water and sewer rates. CAGRDR Rates are only going to increase because supplies are scarce and CAGRDR is statutorily obligated to keep enrolling new members. Since 2015 Assessments have increase in the Phoenix AMA by \$98 per AF! That means property taxes increase.

Last but not least...I want to share an example of tax increases due to statutory requirements made on CAGRDR to enroll new members and how this results in an increase burden to current CAGRDR homeowners/members:

In 2019 CAGRDR purchased 375,000 AF of existing LTSC stored in the Pinal AMA, and 70,375 AF of existing LTSC stored in the Phoenix AMA from GRWS for a total price of \$95,000,000. Along with the purchase of LTSCs; CAGRDR invested a onetime fee of \$2,500,000 for the development of recovery infrastructure on the Community's Reservation to facilitate the Community's recovery and exchange of 15,000 AF/yr of Pinal AMA LTSC over 25 years. This transaction forges a new way for CAGRDR and others to use Pinal AMA LTSCs in the Phoenix AMA. It's important to note that this acquisition will have an upward pressure on rates. CAGRDR Finance projects that this acquisition could increase rates 10-15% over the next 2-3 years. CAGRDR is aggressively looking for new water supplies as their membership is increasing, which is causing competition and inflation of the State's water market.

Existing CAGR members face increasing taxes due to a statutory requirement made on CAGR as they are required to keep enrolling new members. The travesty is that homebuilders enroll the unknowing homeowners into this program and do not have to face the increasing property tax and risk that comes with being a CAGR member. Would you buy a home knowing this? I can honestly say that I would not. I have talked to realtors that said if they knew this, they would take more time to educate their clients on this program and the risk/taxes.

The question really is...what is the breaking point? At what point will homeowners no longer be able to afford their property taxes, when will supplies become so scarce that the per-AF assessment becomes too much...do we want to wait and find out? I think we will see a lot of angry residents asking who was managing this and how could we let this happen? I know I am already thinking this, but wait until the average homeowner sees a property tax bill that they cannot afford. We...as the Water Resource Managers will have to answer to them. We cannot be forced to turn a blind eye in the name of economic development because it benefits us now...we have to think about the long term economic development of our State and protecting those already enrolled in this program. Thank you for taking the time to read my comments.

- This is a very important issue and also very sensitive. As I see it, "A" is the overarching issue and "B" and "C" are really sub issues related to this topic (though not all inclusive). Please consider our input below:

Statement A:

More than two decades after development and implementation of the Assured Water Supply Program (and its supporting program - the CAGR), questions have been raised as to whether or not the program provides sufficient requirements or options for certificate holders and designations in the AMAs to reduce their use of replenished or recovered groundwater and transition to utilization of renewable water supplies. The committee will address whether the program has been successful in reducing reliance on groundwater and if not, should the program require direct use of renewable supplies. How can that be achieved and what are the implications of this?

Statement B:

The AWS program requires consistency with the Management Goal of the AMA which for the majority of the AMA's is a variation of safe yield. A Safe Yield goal allows for the use of groundwater with recovery or replenishment outside the area of hydrologic impact of the groundwater use. While balancing the aquifer over-all, this allows local groundwater impacts of up to 1,000 or 1,100 feet. Some have expressed concerns that this is not a sustainable. Should sustainability beyond the current statutory 100-year criteria be considered? Should the AMA's with Safe-Yield and like goals be changed to a goal similar to that of the Santa Cruz AMA (Protect Local Water Tables)? What would be the impacts? Would this also help to address the hydrologic disconnect of storage and recovery?

Statement C:

Groundwater pumping is permitted for AWS determinations (both for certificates and designations) under certain conditions including membership in the CAGR. The nearly 100%

replenishment obligation of the CAGRDR has raised concerns among some for the long-term viability of the use of the CAGRDR including: supply availability to CAGRDR; costs borne by CAGRDR member vs. cost of individual member pursuit of their own renewable supplies; sufficiency of ADWR oversight and review criteria of CAGRDR plans of operation.

Thanks,

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Cheryl Lombard, Valley Partnership

Sandy Fabritz, Freeport McMoRan