



TOWN OF
QUEEN CREEK
ARIZONA

May 3, 2024

Dear Arizona Department of Water Resources,

The Town of Queen Creek (Town) appreciates the work of the Arizona Department of Water Resources (ADWR) staff to develop an Alternative path to a Designation of Assured Water Supply (ADAWS) draft rules. The Town also appreciates the opportunity to provide comments.

The Town is optimistic the draft ADAWS rules will have a positive impact on the State of Arizona. That being said, there are a number of key factors that will determine if an ADAWS will benefit the Town. The primary factor for the Town is the passage of pending legislation, specifically SB1172, SB1081, SB1181 and HB2026. Only once these legislative bills pass the Town can better determine if the draft ADAWS rules are a viable path to designation.

The next key factor is the timing of its designation. The Town is currently in the process of acquiring several renewable water supplies to diversify our water supply portfolio and reduce our demands on our groundwater supplies. Unfortunately, as ADWR is aware, acquiring water supplies takes time. The timing of the acquisition of those renewable water supplies will impact when the Town applies for an ADAWS. Potentially the Town's time of application could range between one to five years.

The final key factor is the negotiated Member Service Area (MSA) Agreements with the Central Arizona Groundwater Replenishment District (CAGRDR). When the Town's water service area enters into an MSA Agreement, the Town must consider the increased costs of replenishment that will occur immediately. Overnight, the shift from Member Lands to a MSA will result in a drastic increase in costs that the Town and its customers would have to bear. To mitigate this, the Town will have to work with CAGRDR to develop a hybrid MSA Agreement that works for both parties, in order to make the ADAWS draft rules beneficial to the Town.

Setting aside the above, there are some preliminary comments and concerns the Town has regarding the draft rules.

A) Section R12-15-701. Definitions – Assured and Adequate Water Supply Programs

53. New Alternative Water Supply: means a volume of water that is not groundwater withdrawn from an AMA and that was not served within the service area of the municipal provider in the calendar year 2021 for the Phoenix AMA.

Comment: The Town also believes that if a water provider has a combined system (processes and reuses their own treated effluent) that this effluent should not be considered a new alternative water supply because it is a recycled existing supply, and while a different category of water, it is not a new supply. However, if an ADAWS provider is

acquiring treated effluent from outside their system, not from its own existing water supply, then it should be considered a new alternative water supply because the recycled water was not originally from the supply portfolio.

B) Section R12-15-710. Designation of Assured Water Supply

(H)2: {Summary} In the calculation of the physically available grandfathered groundwater supply for a water provider with an ADAWS, 25% of each new alternative water supply added to their portfolio will be subtracted from the physically available grandfathered groundwater.

Comment: The Town recognizes ADWR's goal in reducing groundwater usage and why 25% of each new alternative water supply reduces the ADAWS provider's grandfathered groundwater supplies. However, in (I)1 of that same section, any groundwater use is further subtracted from the ADAWS provider's groundwater supply balance, which inherently reduces their groundwater usage. Although the provider would be using groundwater initially to meet their demands, the provider would also be forced into a reduction of groundwater usage due to the limited balance of their grandfathered groundwater supply. Therefore, the groundwater supply will be greatly reduced each time a designation modification is requested by a provider that includes new alternative water supplies. Reducing the grandfathered groundwater water supply at that rate could negatively impact the provider's ability to meet current, committed, and future demands. With this in mind, the Town believes the reduction of the grandfathered groundwater supplies by 25% of the new alternative supplies is unnecessarily steep and should be reduced to 20%.

C) Section R12-15-710. Designation of Assured Water Supply

(J): The Director shall not include any additional sources of groundwater withdrawn from the AMA . . . in a designation of assured water supply that include a volume of groundwater . . . pursuant to subsection H or I of this section.

Comment: The Town believes that this section of the rules is inconsistent with SB1172 and that additional sources of groundwater should be able to be included in an ADAWS as long as it is deemed as an assured water supply.

D) Section R12-15-724. Phoenix AMA Calculation of Groundwater Allowance and Extinguishment Credits

(A)4.a: {Summary} In the calculation of the groundwater allowance the applicant has 2 options to choose from, one has a multiplier of 30 for groundwater deliveries in 2021 to non-member land customers the other has a multiplier of 20 for total water deliveries to non-member land customers.

Comment: The Town believes that these multipliers should be increased to 50 for the calculation that uses groundwater deliveries in 2021 to non-member land customers and 40 for the calculation that uses total water deliveries in 2021 to non-member land customers. As stated prior, in order for the ADAWS draft rules to be a benefit to the Town, there will need to be coordination with CAGR D to develop a Hybrid MSA Agreement that is financially feasible for both parties. These different MSA Agreements could increase the amount of groundwater allowance credits an ADAWS provider is able to use every year to offset replenishment obligations, while the provider works to acquire new alternative water supplies. Acquiring these water supplies takes substantial time and resources. The groundwater allowance provides a suitable off-ramp from groundwater (and its associated replenishment obligation). However, this is predicated on the ADAWS provider receiving enough groundwater allowance to bridge the gap until adequate alternative supplies can be acquired to reduce our groundwater usage. Therefore the Town believes it is necessary to increase the amount of initial groundwater allowance a provider receives under an ADAWS.

The Town of Queen Creek would like to again thank ADWR for their work and dedication to developing the draft ADAWS rules. The Town looks forward to future collaboration and further development of the rules in order to find constructive solutions for the aquifer and for all interested parties.

Sincerely,

Nicole Sonnenburg

Nicole Sonnenburg
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Town of Queen Creek