

Ag-to-Urban Informal Stakeholder Meeting

February 26, 2025



Meeting Logistics

- Please note that this meeting is being broadcast via webinar and is being recorded.
- The meeting recording and materials will be posted to the ADWR Ag-to-Urban webpage <https://www.azwater.gov/how-doi/find-info-on/ag-to-urban>.
- We hope to keep this meeting relatively informal. Participants should feel enabled to raise their hands online and, in the room, if they need clarification as we move through the presentation.
- We also include a dedicated discussion portion.
- When speaking, please speak clearly into the microphone, and identify yourself when speaking.
- *Technical issues? Please call the ADWR Help Desk at 602-771-8444 or email tickets@azwater.gov.*



Meeting Agenda:

- I. Opportunities in an Era of Limits
- II. Draft Ag-to-Urban Proposal Walkthrough
- III. Discussion and Next Steps



Opportunities in an Era of Limits



Opportunities in an Era of Limits

Arizona is in an era of limits:

- * Unmet demand in the Phoenix and Pinal AMAs.
- * Current and future shortages on the Colorado River.

Recent legislation and rules move Arizona towards more designations:

- * ADAWS rules offer a bridge to designation—applications already underway.
- * SB1181 (2024) & SB1081 (2024) support designations.



Opportunities in an Era of Limits

Designated providers create an opportunity for holistic water management:

- * Assure water supply for current and projected use within their service areas.
- * Incentivized to seek and obtain alternative water supplies.
- * Often control effluent.
- * Create an even playing field for all water use sectors: commercial, industrial, and housing all subject to 100 years AWS requirements.



Opportunities in an Era of Limits

We have a near-term bridge to designations:

- * Certificates have no guarantee of becoming part of a designation.
- * ADAWS is the bridge to designation. Paired with new alternative supplies, ADAWS grandfathers in legacy pumping and provides generous groundwater allowances that help reduce costs.



Draft Ag-to-Urban Proposal Walkthrough



Draft Ag-to-Urban Outline

1. Program Mechanics (General Structure, Credits, Applications, etc.)
2. Eligible Lands (Eligibility Test, the Extent of Eligibility, Model Review)
3. Quantifying Physical Availability Conservation Credits
4. Applicability Limited to Designations
5. Use of Water in Service Areas
6. Replenishment (Generally and in the Buckeye Waterlogged Area)
7. Development Conservation Measures

ADWR is evaluating enactment of these elements through rule.

Program Mechanics: General Structure



- * Eligible applicants may voluntarily relinquish IGFRs in exchange for Physical Availability Conservation Credits.
- * Credits may be applied towards a showing of physical availability.
- * Use limited to the Pinal and Phoenix AMAs.
- * Eligible applicants are owners of eligible lands.

Program Mechanics: Physical Availability Conservation Credits

- * Credits are applied towards meeting physical availability, and do not create a new groundwater withdrawal right.
- * All other elements of the Assured Water Supply program and rules about pumping rights continue to apply.



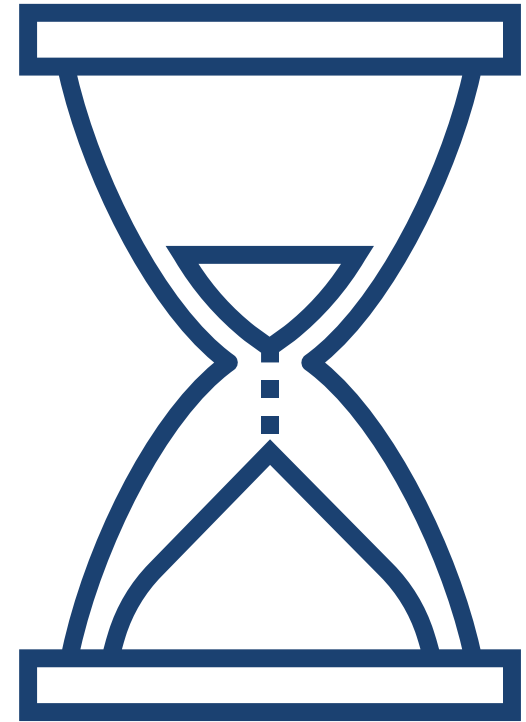
Program Mechanics: Application Procedure



- * Eligible applicants would voluntarily apply to ADWR.
- * ADWR staff would review the application for eligibility and quantify the amount of Physical Availability Conservation Credits.
- * Credits run with the land until pledged to a designation application.
- * Credit owners may pledge the credits to a designation by submitting a notice of intent on a form provided by ADWR.
- * Designation term and/or volume may only be increased through an expedited modification process.

Program Mechanics: Program Evaluation

- * The ability of ADWR to issue Physical Availability Conservation Credits would expire after ten years, with the option to extend.
- * A built-in sunset review creates an opportunity to evaluate the ag-to-urban program's success and performance.



Eligible Lands: the Extent of Eligibility



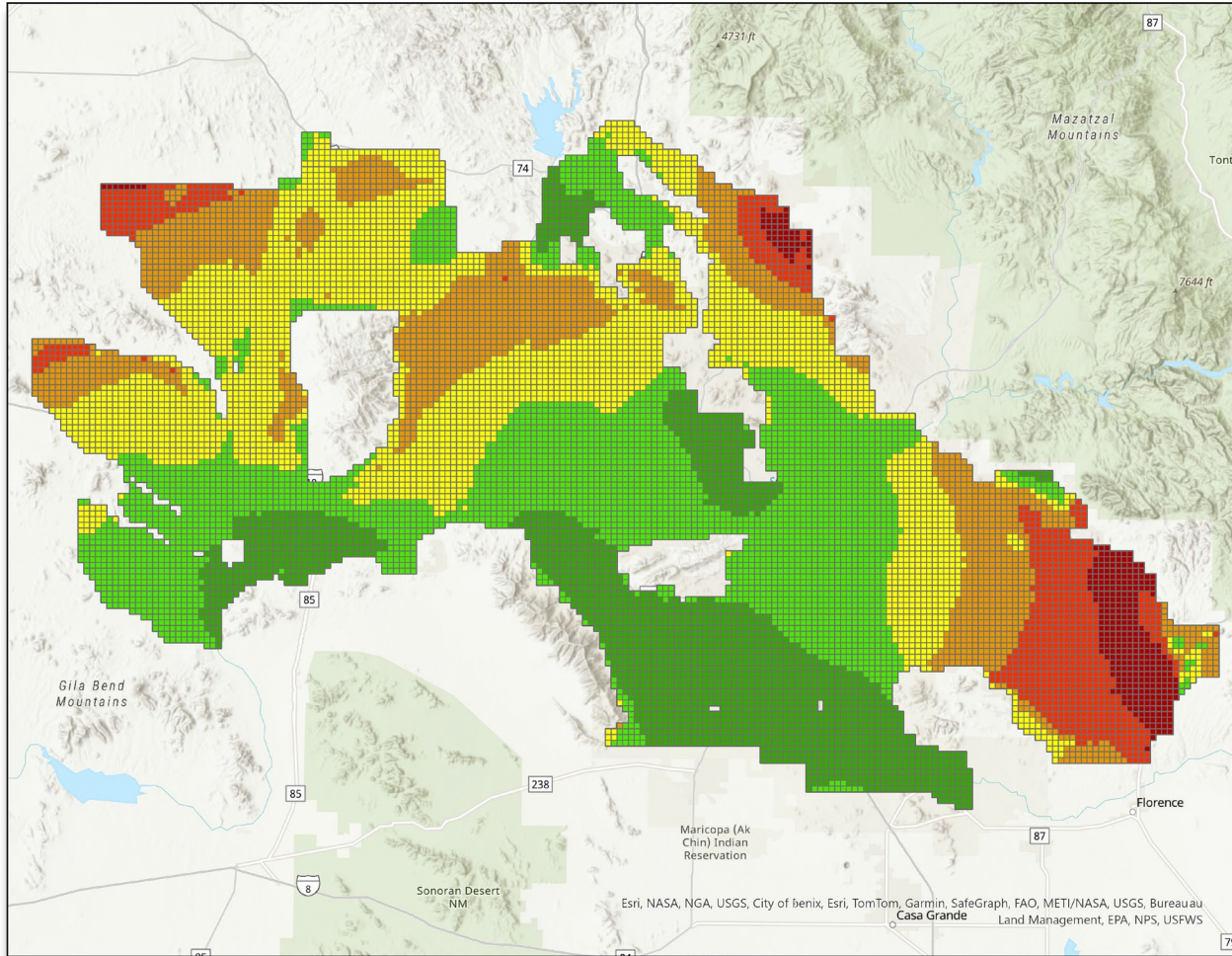
- * Eligibility is determined on an acre-by-acre basis.
- * Each acre must meet the eligibility test.
- * If only a portion of the acres included in an IGFR meet the eligibility test, only those acres would be eligible.

The Eligibility Test



- * Irrigation Grandfathered Right in the Phoenix or Pinal AMAs.
- * Irrigated with groundwater in any 3/5 years prior to relinquishment.
- * No negative flex account balance, up-to-date annual reports for the previous 5 years, and compliant with conservation requirements.
- * No existing Certificate of Assured Water Supply on relinquishment acres.
- * Must pass a model review.

Eligible Lands: Model Review



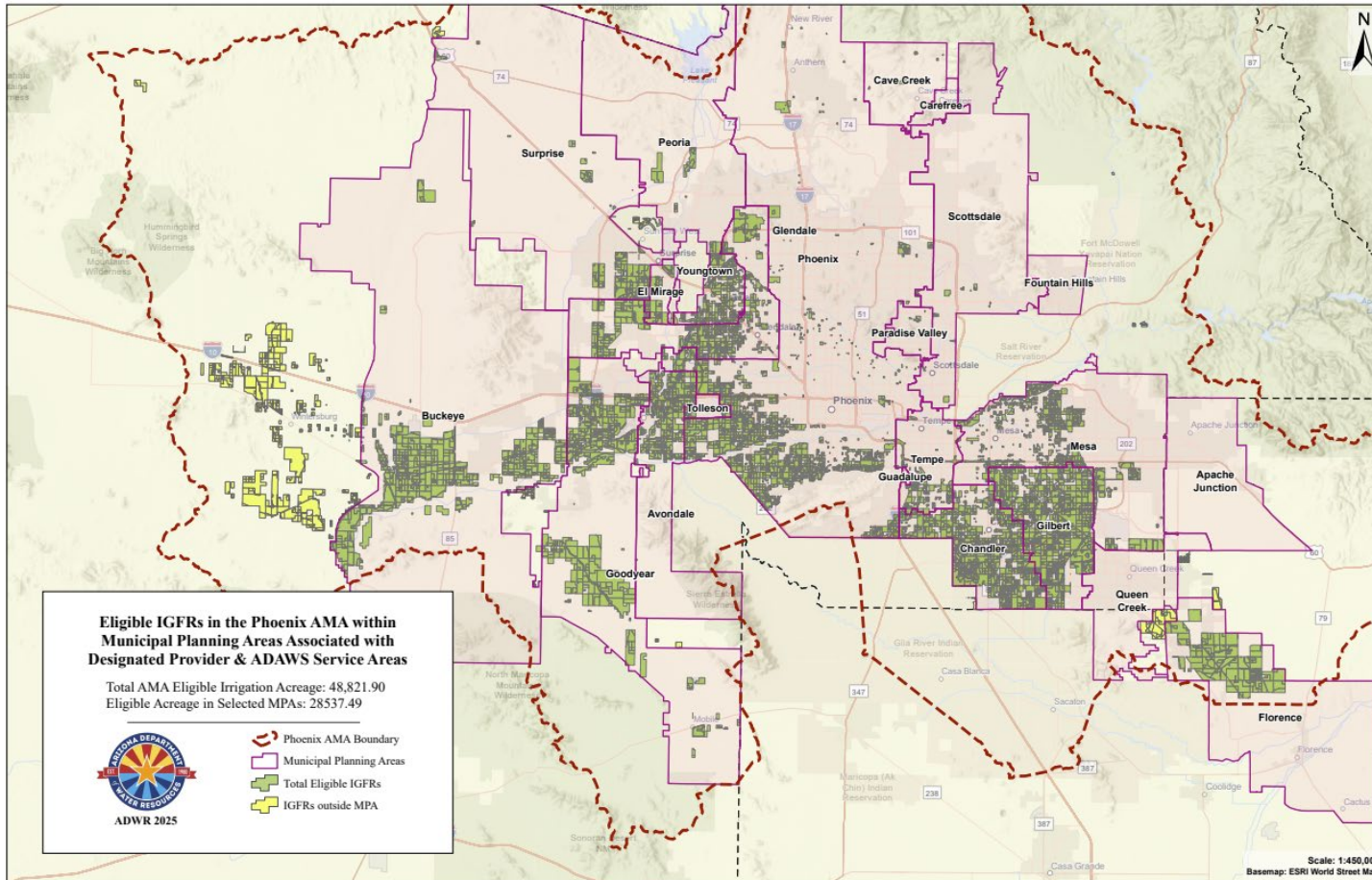
- * An IGFR must pass a model review to be considered eligible under the program.
- * This model review would evaluate the 100-year depth to water in the cell where pumping occurs.
- * ADWR will continue to develop this element.

Applicability Limited to Designations

- * Credits may only be used to demonstrate physical availability to support a designation.
- * Credits may not be applied to certificates of assured water supply.



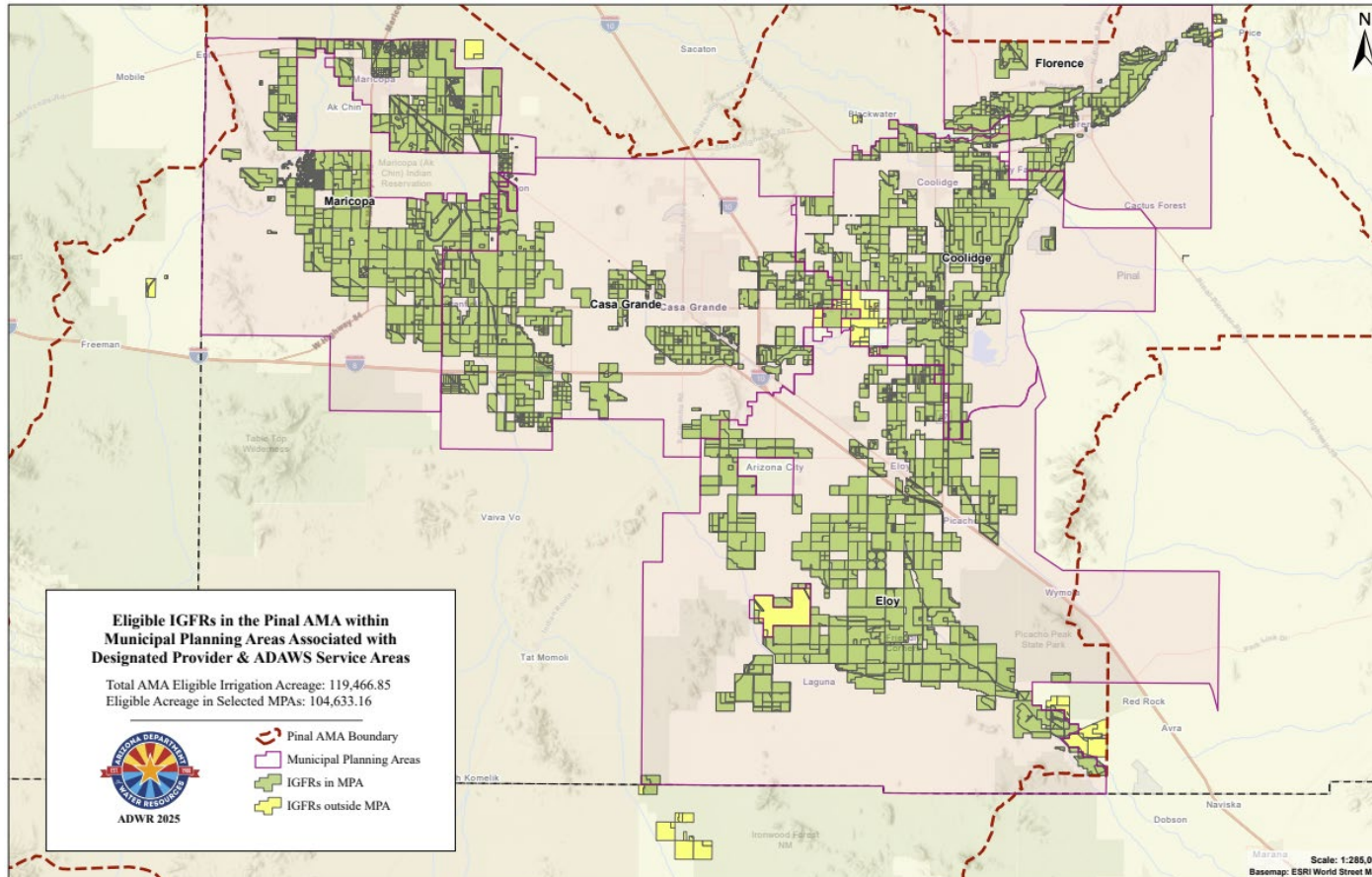
Phoenix AMA



In the **Phoenix AMA**:
~28,500 eligible acres lie within municipal planning areas or CC&Ns for existing and expected-to-be designated providers.

This does not include ~52,000 acres with overlying certificates of assured water supply.

Pinal AMA



In the **Pinal AMA**:
~104,600 eligible acres lie within municipal planning areas or CC&Ns for existing and expected-to-be designated providers under ADAWS.

This does not include ~96K acres with overlying certificates of assured water supply.

Quantifying Physical Availability Conservation Credits

Physical Availability Conservation Credits are measured in terms of acre feet—not acre feet per year. Credits are issued in a lump sum, not on an annual basis.

The Conversion Rate will be different for each AMA:*

Pinal AMA: 0.7 Acre Feet/Eligible Acre

Phoenix AMA: 1.0 Acre Feet/Eligible Acre

The quantification method:

$$\text{PHYSICAL AVAILABILITY CONSERVATION CREDIT (AF)} = 100 (\text{ELIGIBLE ACRES} * \text{CONVERSION RATE})$$

*ADWR is evaluating whether some specific situations may require a conversion rate adjustment.

Quantifying Physical Availability Conservation Credits

The quantification method:

$$\text{PHYSICAL AVAILABILITY CONSERVATION CREDIT (AF)} = 100 (\text{ELIGIBLE ACRES} * \text{CONVERSION RATE})$$

Example:

If an owner of **100 acres** of eligible lands in the **Phoenix AMA** (1.0 AF/acre Conversion Rate) applies for Physical Availability Conservation Credits, they would be eligible for **10,000 AF** worth of credits.

$$10,000 \text{ AF of Physical Availability Conservation Credits} = 100 (100 * 1.0)$$

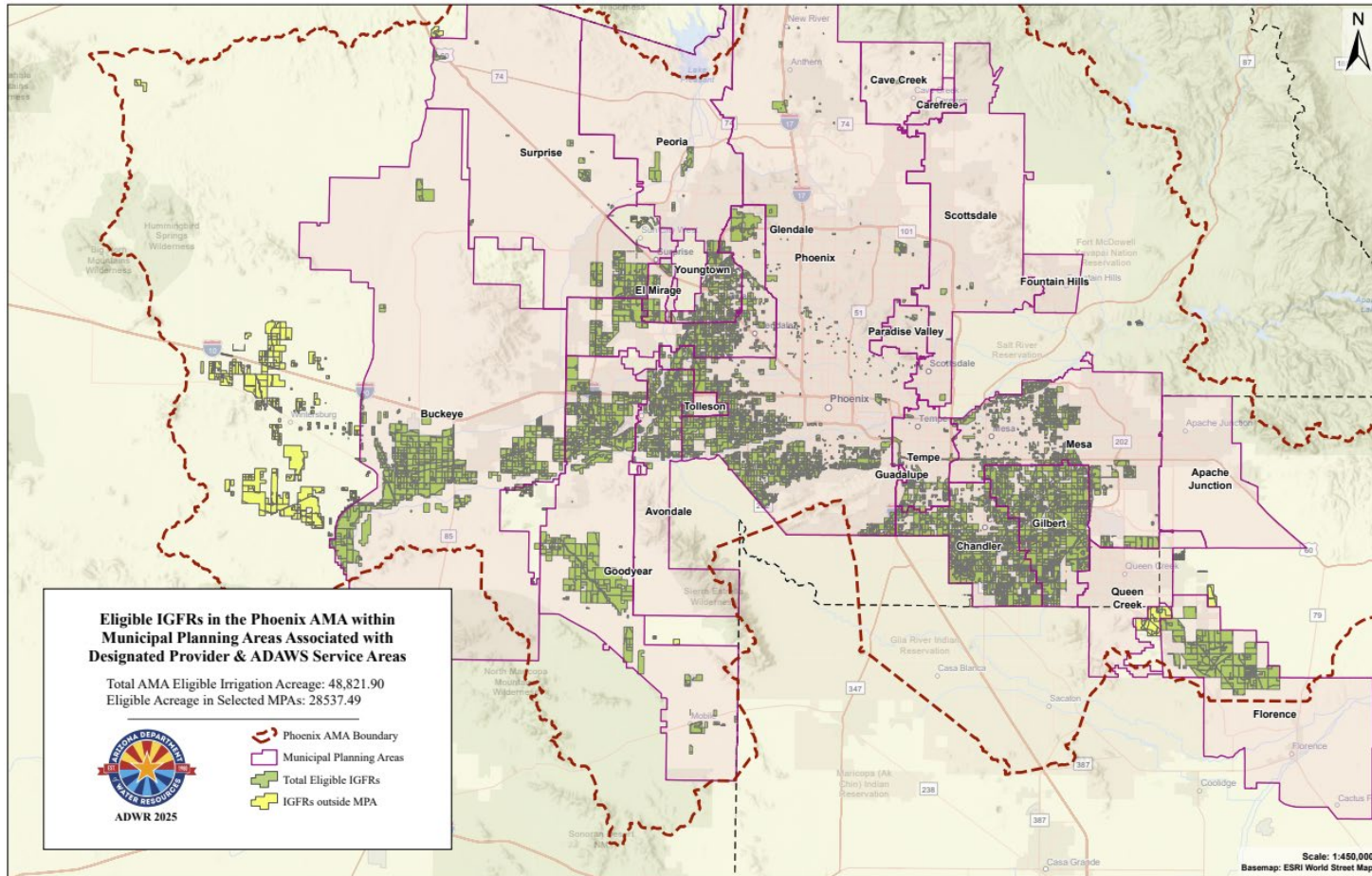
Quantifying Physical Availability Conservation Credits

Assuming a 50% replenishment rate*, these conversion rates show millions of potential acre-feet in saved groundwater across the Phoenix and Pinal AMAs.

Active Management Area	Conversion Rate	Potential Savings* Over 100 Years
Phoenix	1.0 Acre Foot/Eligible Acre	9.35 Million Acre Feet
Pinal	0.7 Acre Feet/Eligible Acre	4.29 Million Acre Feet

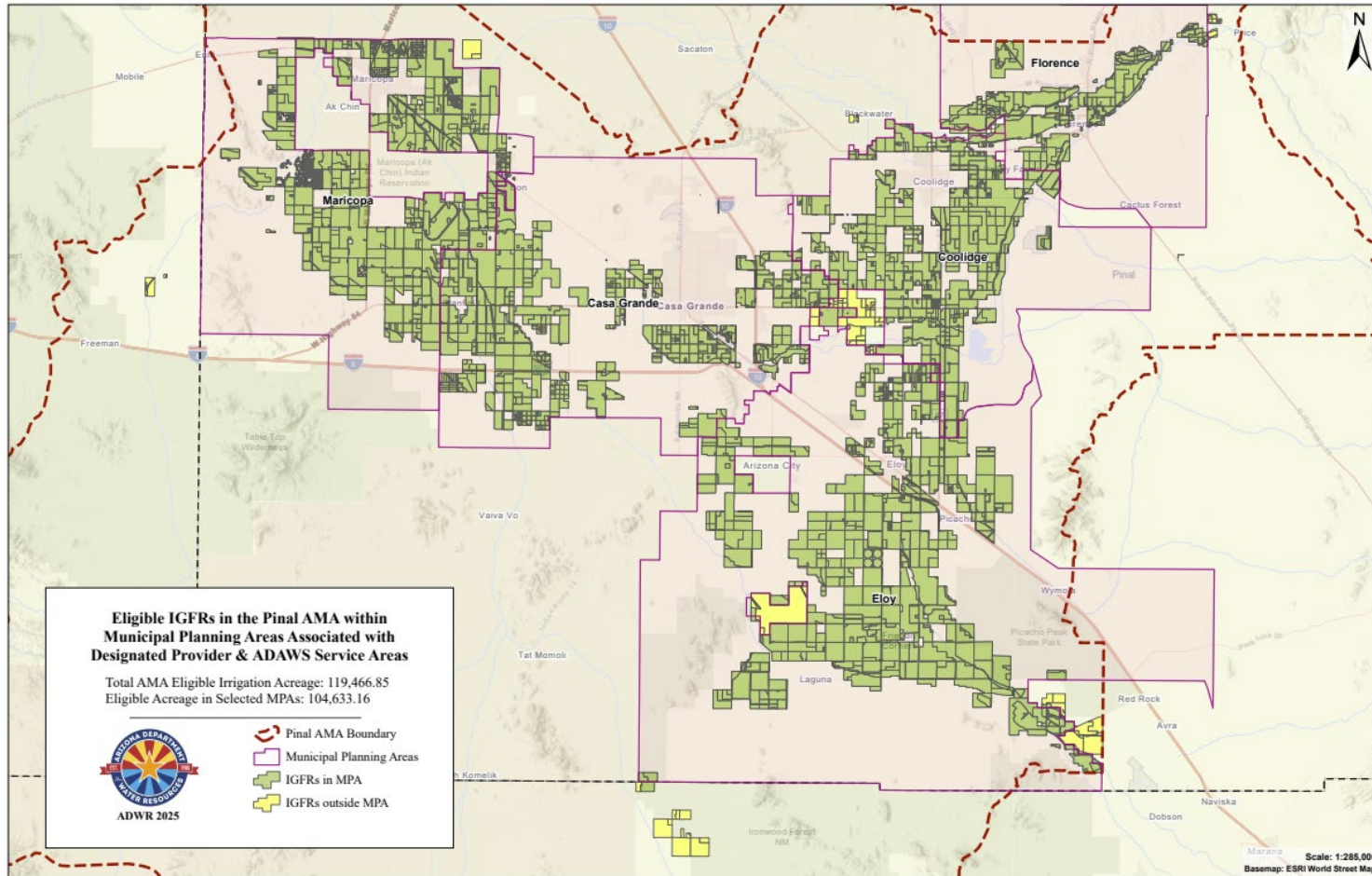
*ADWR will need to review expectations to ensure that they match expected replenishment under current rules and MSAs.

Phoenix AMA



- * In the **Phoenix AMA**: ~ 28,500 eligible acres lie within municipal planning area or certificate of convenience and necessity for existing and expected-to-be designated providers.
- * This translates to a potential maximum of **~2,850,000 AF** worth of credits to apply towards physical availability.
- * This does not include ~52K acres with overlying certificates of assured water supply.

Pinal AMA



In the **Pinal AMA**: ~104,600 eligible acres lie within municipal planning areas or certificates of convenience and necessity for existing and expected-to-be designated providers.

This translates to a potential maximum of **~7,322,000 AF** of credits to apply towards physical availability.

This does not include ~96,000 acres with overlying certificates of assured water supply.

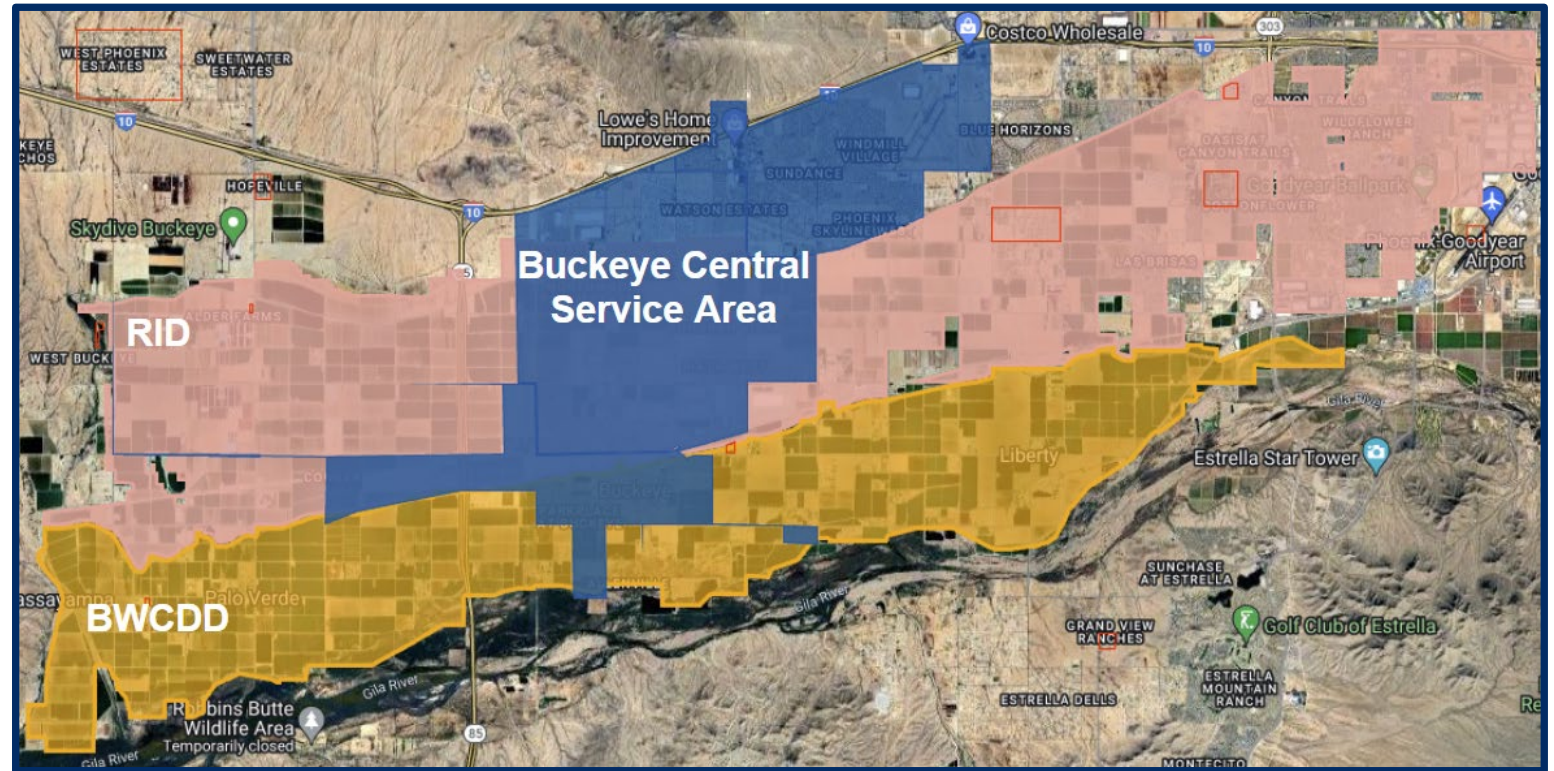
Applicability Limited to Designations

Looking specifically at lands around the Buckeye Central Service Area:

~2,400* eligible acres lie within the Buckeye Water Conservation and Drainage District.

~12,000* eligible acres lie within the Roosevelt Irrigation District.

This translates to ~1,440,000 AF of potential credits to apply towards physical availability in just those two districts.



*Note, this does not include ~12,000 acres in BWCD and ~10,000 acres in RID with existing CAWS.

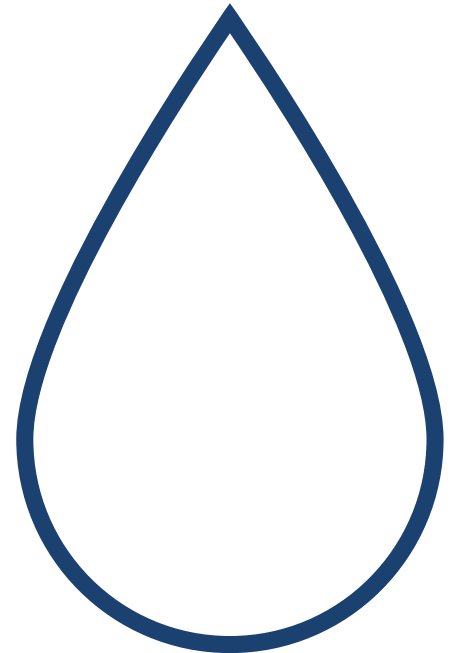
Service Area Rights



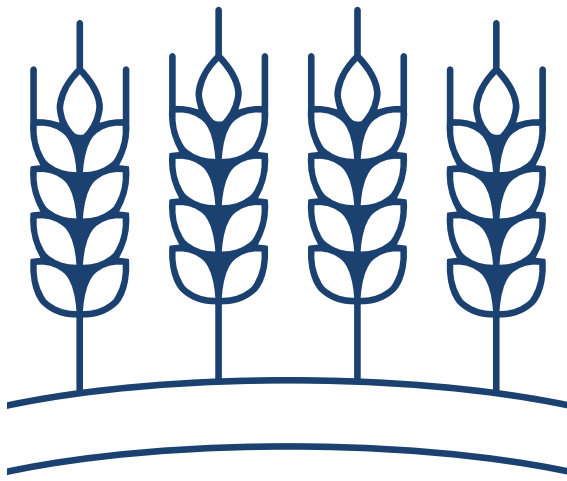
- * The program does not change a designated provider's ability to use water pursuant to their service area rights and subject to AWS requirements.
- * The designated provider must demonstrate that any water use on the retired agricultural land will be served by the designated provider and will be accounted for as a part of the provider's designation demands.
- * This makes sure that new water uses on retired lands will be served by the designated provider and replenished if using groundwater.

Replenishment: Generally

- * Water use must be made consistent with the management goal under existing assured water supply rules and procedures.
- * The program does not create a new method for establishing consistency with the management goal.

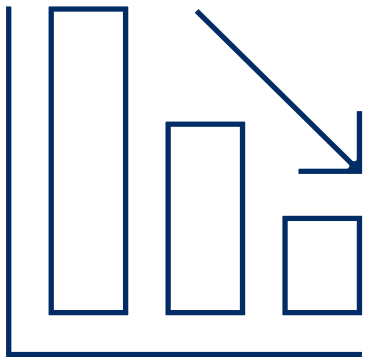


Replenishment: the Buckeye Waterlogged Area



- * Water withdrawn in the Buckeye Waterlogged Area will be considered consistent with the management goal under the terms of the existing rules.
- * ADWR will periodically review waterlogged area conditions and the application of this provision.

Conservation Measures on Ag-to-Urban Lands



- Prohibit non-functional turf
- Prohibit the installation of turf in new residential or commercial developments
- Prohibit evaporative cooling in new commercial development and upon replacement in existing commercial development
- Require new builds to use IAPMO's Uniform Plumbing Code (UPC) Appendix M
- Require EPA WaterSense for new builds and replacement fixtures and appliances.
- Prohibit water parks, lakes, ponds, and decorative water features

Draft Program Highlights

- * Physical Availability Conservation Credits can be pledged to designations to meet physical availability requirements. All other AWS program elements, service area rights, and withdrawal requirements apply.
- * IGFRs may be voluntarily relinquished in exchange for credits if they meet eligibility requirements.
- * The program includes a 10-year sunset review.
- * Credits are issued in a lump sum by multiplying eligible acres by the conversion rate and multiplying that product by 100. Conversion rates are 1.0 AF/eligible acre in the Phoenix AMA and 0.7 AF/eligible acre in the Pinal AMA.
- * 100% consistency with the management goal is required, using replenishment, extinguishment credits, and groundwater allowances.
- * Development conservation measures are required on ag to urban lands.

Discussion



Next Steps



Feedback on Informal Draft Proposal Requested by

Date and Time: March 5, 2025, EOD

Next Informal Stakeholder Meeting:

Date and Time: March 12, 2025, 10AM to 12PM

Details posted at <https://www.azwater.gov/how-doi/find-info-on/ag-to-urban>

To join the email list, please email Ag2Urban@azwater.gov

Contact Information



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