

**Metropolitan Domestic Water Improvement District  
Board of Directors Meeting**

**August 12, 2024**

**Approval of the Groundwater Savings Storage Agreement Amendment  
with BKW Farms, Cortaro Water User's Association and Kai Farms Red Rock**

**Synopsis**

The Board of Directors is requested to approve storage Agreement Amendment 1 with BKW Farms (BKW) Groundwater Savings Facility (GSF), Cortaro Water User's Association (CWUA), agent for Cortaro-Marana Irrigation District (CMID) GSF, and the Kai Farms Red Rock (Kai Farms) GSF for the purpose of fully utilizing the District's Central Arizona Project (CAP) allocation in 2025.

**Background**

As a municipal and industrial (M&I) CAP water subcontract holder, the District is entitled under its contract with the Central Arizona Water Conservation District (CAWCD) to have CAP water delivered for recharge. The District holds water storage permits at the Avra Valley Recharge Project (AVRP), the BKW GSF, the Cortaro Water User's Association GSF, the Kai Farms GSF, the Lower Santa Cruz Replenishment Project, the Southern Avra Valley Storage and Recovery Project (SAVSARP), and the Lower Santa Cruz River Managed Effluent Recharge Project.

This agenda item focuses on storage Agreement Amendment No. 1 with BKW, CWUA and Kai Farms GSFs for calendar year 2025. All three contracts expire on December 31, 2028. Table 1 summarizes all District CAP water deliveries and which facilities were utilized.

Due to uncertainties in how much CAP water will be available to the District, the proposed volumes to be stored with the GSF partners will be "up to" amounts. If the District is able to order the expected 8,460 acre-feet allocation (13,460 acre-feet less 5,000 acre-feet for the Colorado River System Conservation Agreement), the volumes presented below will represent our total order for 2025.

If the District orders are reduced by more than 5,000 acre-feet due to more advanced Tiers of shortage in Lake Mead or unilateral actions taken by the Secretary of the Interior after the August 24-Month Colorado River Study report results are known, deliveries to the GSF partners will be reduced proportionally per the delivery volume proposed below.

*BKW Farms Groundwater Savings Facility*

In 1996 when the District acquired its CAP water allocation from the City of Tucson, BKW Farms began to store water for the District. The amount has varied over the years based on how much water from the City of Tucson was stored at BKW Farm's Groundwater Savings Facility per a previous agreement between BKW Farms and Tucson. Whenever BKW Farms has had additional capacity, they have made it available to the District. For calendar year 2025, storage at BKW Farms will be up to 500 acre-feet.

*Cortaro Water User's Association Groundwater Savings Facility*

In 1999, the District entered into its first agreement with Cortaro Water Users' Association for storage at CMID GSF. Over the years, the District has consistently been able to utilize this GSF for storing CAP water. Storage requested for 2025 will be up to 7,460 acre-feet.

*Kai Farms Red Rock Groundwater Savings Facility*

In 1997, the District began storing CAP water at the Kai Farms GSF through an agreement with Herb Kai. In 2025, the District will store up to 500 acre-feet at the Kai Farms GSF.

**Table 1 – District's Storage at Groundwater Saving Facilities 1996 – 2025**

<b>Year</b>	<b>Avra Valley USF</b>	<b>Lower Santa Cruz USF</b>	<b>SAVSARP USF</b>	<b>CMID GSF</b>	<b>Kai Farms GSF</b>	<b>BKW Farms GSF</b>	<b>Total</b>
1996						1,000	1,000
1997	2,794				2,000		4,571
1998	2,200				2,000		4,200
1999	2,200				2,000		4,200
2000	5,000			1,000	2,000		8,000
2001		4,000		1,000	3,000		8,000
2002		3,104		1,000	3,000		7,104
2003				1,000	2,000	5,828	8,858
2004				1,000	3,929	3,929	8,858
2005				1,000	3,579	4,179	8,858
2006					4,929	3,929	8,858
2007				2,487	5,258	3,000	10,745
2008				7,917	3,258	100	11,275
2009				9,273	500	585	10,358
2010				3,329	1,000	100	4,429
2011	6,065			3,329	1,000	100	10,494
2012	6,436			3,700	1,000	100	11,246
2013	7,117			5,243	1,000	100	13,460

Year	Avra Valley USF	Lower Santa Cruz USF	SAVSARP USF	CMID GSF	KaiFarms GSF	BKW Farms GSF	Total
2014	6,232			4,358	1,000	100	11,690
2015	5,214			4,403	1,000	1,000	11,617
2016	3,950		50	4,412	1,100	2,400	11,912
2017	3,450	1,000	9	5,801	1,200	2,000	13,460
2018	3,100		60	6,800	1,500	2,000	13,460
2019	1,960		500	7,400	2,000	1,600	13,460
2020	998			6,462	2,000	500	9,960
2021				7,960	1,000	1,000	9,960
2022				8,460	1,500	0	9,960
2023				7,858	500	102	8,460
2024				7,460	500	500	8,460
2025				7,460	500	500	8,460

### **Recharge Balance and Asset Value**

The Arizona Department of Water Resources (ADWR) has deemed the District's long-term storage credit account at 52,257.89 acre-feet as of December 31, 2023. Staff estimates Metro Main's 2024 pumpage is 7,000 acre-feet, which excludes the approximately 500 acre-feet from the South Shannon well. In 2024, Metro Main delivered 5,000 acre-feet of its CAP order to the Bureau of Reclamation Colorado River System Conservation agreement program. In addition, 490 acre-feet of annual storage and recovery is expected for Diablo Village in 2024. With 8,460 acre-feet of CAP delivery in 2024, the long-term storage credits earned would be approximately 970 acre-feet of CAP water and approximately 500 acre-feet of effluent.

By late August or early September, the outcome of the Colorado River 24-month Study will give the Bureau of Reclamation the information to make decisions about 2025 deliveries to the Lower Basin States; however, at this time, 2025 is on track to be a Tier 1 shortage year. This would mean that no additional reductions are expected to the District's allocation in 2025 beyond the 5,000 acre-feet dedicated to system conservation.

The volume of CAP water that is available, (8,460 acre-feet if no additional reductions are enforced) to the District's CAP allocation will be stored at GSFs in 2025. Between AVRP and the GSFs, the annual Metro Main demand can be recovered annually with existing well capacity and the Northwest Recharge, Recovery and Delivery System (NWRDRS) when it is completed. A total of up to 7,200 acre-feet or more of storage capacity at AVRP will continue to be used by the City of Phoenix.

### **Issues**

The District has received a GSF storage request from BKW Farms, CWUA and Kai Farms for storage in calendar year 2025.

For CAP water delivered to GSF and direct recharge projects in 2025, the District will incur charges for the capital cost of CAP water at \$54 per acre-foot and a delivery cost of \$295 per acre-foot (Tier 3 M&I price for CAP water). Even though the Colorado River system will probably be in a Tier 1 condition in 2025, CAP is charging a higher Tier 3 rate to compensate for the reduced deliveries associated with the various system conservation programs being implemented in 2025.

Use of GSFs are critical to the District's ability to store its entire CAP allocation, which provides the ability of using renewable supplies to meet District customer water demand. Additionally, using GSF partner facilities returns a \$12 per acre-foot rebate that will total approximately \$101,520 in calendar year 2025. Continuing the District's GSF partnerships meets the goals of a renewable, sustainable water resource portfolio needed to meet the current and future demands for the District's customers while obtaining additional non-ratepayer revenue.

### **Recommendation**

It is recommended that the Board of Directors approve Amendment No. 1 to the CAP water storage agreement with BKW, CWUA and Kai Farms for 2025 storage.

### **Suggested Motion**

I move to approve Amendment No. 1 between the District and BKW Farms, Inc. for "In-Lieu Water Deliveries and Storage" for calendar year 2025.

I move to approve Amendment No. 1 between the District and Cortaro Water Users' Association for "In-Lieu Water Deliveries and Storage" for calendar year 2025.

I move to approve Amendment No. 1 between the District and Kai Farms Red Rock for "In-Lieu Water Deliveries and Storage" for calendar year 2025.

Respectfully submitted

Wally Wilson  
Water Resources Manager

I concur with staff's recommendation.  
Respectfully submitted,

Joseph Olsen, P.E.  
General Manager