

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

October 16, 2019

Resolution 2019-6

Authorization to Modify Designation of Assured Water Supply for Metro Main

Synopsis

The Board of Directors is requested to approve Resolution 2019-6, which authorizes the District to modify its Designation of Assured Water Supply (DAWS) with the Arizona Department of Water Resources (ADWR). The District has had a DAWS for Metro Main since 1996 and it was modified in 2006 and 2015. The current DAWS for Metro Main includes the District's enrollment in the Central Arizona Groundwater Replenishment District (CAGRDR) as a member service area. The proposed DAWS modification application is the first step required by the District to de-enroll from CAGRDR only for the Metro Main service area.

Background

A water provider with a DAWS is required to replenish all mined groundwater pumped within the entire service area. Mined groundwater is water withdrawn in excess of renewable sources available and beyond the provider's allowable groundwater account. A water provider can account for groundwater withdrawals in one of three ways: 1) Either the water provider can join the CAGRDR as a member service area (MSA) and have the CAGRDR replenish the mined groundwater; 2) the water provider can recharge and recover its own Central Arizona Project (CAP) water and/or effluent; or 3) directly use treated CAP water. Metro Main's current DAWS only includes groundwater and replenishment by CAGRDR to meet current and projected 100-year water demands.

The District obtained a MSA designation from the CAGRDR in 1995. The CAGRDR member service area designation provides the District with the assurance that if the District cannot access renewable supplies, then CAGRDR could be used to meet the District's replenishment needs, but at a more expensive cost.

Enrollment in the CAGRDR as a MSA requires payment of dues to maintain membership. The cost to the District for Metro Main CAGRDR membership in 2019 was \$41,882.38 with a per acre-foot rate of \$97.22. The acre-foot rate for 2020 will be \$128.79 resulting in a cost of approximately \$55,400. The two subsequent years have proposed acre-foot rates that increase further; \$140.67 and \$149.06 for 2021 and 2022 respectively.

Assured Water Supply Proposed Modification Application

A DAWS application requires an estimate of current, issued, committed, and future water demands in the service area and for 100-years beyond total service area build-out. For the first DAWS, the District completed a Hydrology Report documenting that the Metro Main service area meets the physical availability test for 100-years of continuous groundwater supply sufficient for a build-out demand of 13,302 acre-feet per year.

ADWR has indicated that the physical availability finding was acceptable in large part because the demand has shown an overall decrease in demand. The current DAWS build-out demand is projected to be less than 9,000 acre-feet per year. This projected demand has continued to decline compared to previous build-out predictions. Because the current projected demand is easily within the renewable water sources available to the District, the proposed modification application will not be adjusted to account for the past four years of demand reduction to simplify the ADWR approval process.

The District possesses an extensive water portfolio to meet its Assured Water Supply (AWS) replenishment obligations at Metro Main, which includes renewable water credits from storage of the District's effluent, its M&I CAP Water subcontract of 13,460 acre-feet annually, and an annual permitted authorization from ADWR of 1,048 acre-feet of remediated water from the South Shannon Treatment System. These supplies are projected to be sufficient to meet the renewable water needs of Metro Main, but are not included in the current DAWS. The proposed modification will incorporate these supplies into the designation. With these supplies, including allowable groundwater and long term storage credit reserves, the District can demonstrate that CAGR membership is not required to meet the 100-year projection of demands.

Next Steps

ADWR rules require that the District's Board of Directors approve a resolution authorizing the General Manager to submit the DAWS modification application. Once the AWS application is submitted to ADWR, ADWR's review and approval process can take between 9 to 12 months. Staff estimates the DAWS modification application will only take 30 days to prepare because little will change regarding projections of build-out and 100-year demands from the current DAWS application. Staff does not believe the modification will take ADWR the full 12 months.

Once the modified DAWS is issued, the required need for CAGR membership at Metro Main will be lifted. A subsequent Board Report will address the application process for de-enrollment from the CAGR. This will ultimately require CAWCD's Board approval; however, there are already precedent setting examples of providers de-enrolling from the CAGR.

Staff Recommendation

It is recommended that the Board of Directors approve Resolution 2019-6 authorizing the General Manager to submit a Modification of a Designation of Assured Water Supply application for Metro Main to the Arizona Department of Water Resources.

Suggested Motion

I move to approve Resolution 2019-6 authorizing the General Manager to submit a Modification of a Designation of Assured Water Supply application for Metro Main to the Arizona Department of Water Resources.

Respectfully submitted,

Wally Wilson
Water Resources Manager

I concur with the above-noted recommendation.
Respectfully submitted,

Joseph Olsen, P.E.
General Manager