

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

**July 9, 2012**

**Update on Assured Water Supply Designation for Metro Southwest-Diablo**

**Synopsis**

This report provides an update regarding the District's efforts to obtain a Designation of Assured Water Supply for Metro Southwest-Diablo.

**Background**

A Designation of Assured Water Supply (DAWS) is required for any new development within a service area, unless the water provider instructs the developer to complete their own Certificate of Water Supply (CAWS) and apply for member lands (MLs) membership with the Central Arizona Groundwater Replenishment District (CAGRDR). A water provider with a DAWS is required to replenish all mined groundwater pumped within the entire service area. A water provider can accomplish this by one of three ways: 1) Either the water provider can join the Central Arizona Groundwater Replenishment District as a member service area (MSA) and have the CAGRDR replenish the mined groundwater; or 2) the water provider can recharge and recover its own CAP water allocation; or 3) directly use treated CAP water.

For Metro Southwest-Diablo, a DAWS application requires proof of legal rights to renewable water (i.e., Central Arizona Project water, remediated water, and/or effluent), a five-year Capital Improvement Plan (CIP), a comprehensive description of the utility's water conservation program and the financial capabilities to complete the CIP.

**Meetings with ADWR**

In May 2012, the District had a pre-application meeting with the Arizona Department of Water Resources for a Designation of Assured Water Supply (DAWS) at Metro Southwest-Diablo. ADWR was in favor of the District's request to convert Certificates of Assured Water Supply issued to developers of platted subdivisions to a Designation of Assured Water Supply under the District's control. The purpose of the DAWS is to eliminate annual CAGRDR fees on Diablo customer property tax bills for CAP replenishment by the Central Arizona Groundwater Replenishment District (CAGRDR). Instead the District would recharge a portion of its CAP water allocation and permit its Diablo wells as recovery wells. These costs would be lower than CAGRDR costs as has been demonstrated in Metro-Main. A developer seeking to buy adjacent parcels to the District contacted

the District shortly after the ADWR meeting and requested the opportunity to be served by the District, so the DAWS was suspended until a new meeting could be arranged with ADWR. District staff has resumed the DAWS application process based on the encouraging discussion from the latest DAWS meeting.

A DAWS application also requires an estimate of future water demands in the service area and for 100 years beyond total service area build out. Build out within the existing Metro Southwest-Diablo service area is projected to be 2,588 acre-feet per year. A developer seeking to buy an 837 acre parcel adjacent to District's service area has requested service by Metro Southwest-Diablo. The 837 acre development would increase the annual build out demand by 1,474 acre-feet for a total demand of 4,062 acre-feet per year.

Since the District had received a favorable response in May 2012 from ADWR for the District using as part of its DAWS application a Hydrology Study previously completed for the existing service area, staff requested that the developer be financially responsible for the new Hydrology Study to include an unplatted 837 acre development. The developer has agreed to this condition and executed a letter of agreement with the District for Clear Creek Associates to complete the new Hydrology Study at a cost of \$21,500. The developer is also negotiating the purchase with the owner of an unplatted 640 acre parcel inside the Metro Southwest-Diablo service area.

The District, Clear Creek Associates and the developer met with ADWR on June 27, 2012 regarding the correctness and completeness of the scope of work (SOW) for the new Hydrology Study. ADWR senior staff was supportive of the assumptions for the groundwater model, but requested additional review time for a staff hydrologist to review and evaluate the SOW because of his absence due to a vacation. Once the SOW has been approved by ADWR Hydrology, Clear Creek Associates will complete a draft report for ADWR's review. The purpose of the report is to document if the Metro Southwest-Diablo service area meets the physical availability test for 100 years of continuous groundwater supply sufficient to meet the build out demand of 4,062 acre-feet per year.

### **Benefits**

The 100-Year Assured Water Supply Rules require a designated provider to replenish all mined groundwater. In the Tucson AMA, the ADWR requires all groundwater except four percent of the total pumpage to be replenished by renewable supplies (CAP water, effluent or remediated water). The District possesses an extensive water portfolio to meet its AWS replenishment obligations at Metro-Main and Metro-West, plus Metro Southwest-Diablo.

The Metro Southwest-Diablo DAWS reduces the District's water rights portfolio but would still leave the District about 1,700 acre-feet for other potential demands. Table 1 assumes effluent recharge credits are earned at 100% from the Cortaro-Marana Irrigation District's groundwater savings project, that the South Shannon remediation system operates at a 100% duty cycle and Metro-Main water demands do not grow larger than 10,000 acre-feet per year at full build out.

Table 1. District Water Rights Portfolio and Water Demands

<b>Service Area</b>	<b>Build Out Demand (AF)</b>	<b>CAP Water (AF)</b>	<b>Effluent (AF)</b>	<b>Remediated Water (AF)</b>
Main	10,000	8,952	225	1,048
West	1,013.8	0	1,013.8	-
Southwest-Diablo	4,062	4,062	-	-
	Volume of Right Used	13,014	1,238.8	1,048
	Total Water Right	13,460	2,500	1,048
	<b>Unpledged Rights</b>	<b>446</b>	<b>1,261.2</b>	<b>0</b>

**Next Steps**

Staff will review the draft Hydrology Report from Clear Creek Associates when available and advise the Board of Directors of its findings. If favorable, District staff and the developer will draft a water service agreement for Board review and consideration. The developer needs the draft Hydrology Study by mid-August for ADWR’s review and comment, so the developer can justify or not the purchase of the unplatted 837 acre and 640 acre parcels.

If the water service agreement is approved, then staff will submit a DAWS application to ADWR. Once submitted, the ADWR application review process can take 9 months to 12 months.

The Board of Directors is requested to ask any questions members may have and discuss with staff any aspect of the DAWS process.

Respectfully submitted,

I concur with staff’s report.

Respectfully submitted,

Warren Tenney  
 Assistant General Manager

Mark R. Stratton, P.E.  
 General Manager