

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

November 10, 2014

Resolution 2014-6

Authorization to Modify Designation of Assured Water Supply for Metro-West

Synopsis

The Board of Directors is requested to approve Resolution 2014-6, which authorizes the District to modify its Designation of Assured Water Supply for Metro-West with the Arizona Department of Water Resources. The District has had a Designation of Assured Water Supply for Metro-West since 2006. The District is required to submit a modification to the Designation of Assured Water Supply before January 1, 2015 to avoid having the current designation expire.

Background

A Designation of Assured Water Supply (DAWS) is required before any new development can occur within a service area, unless the municipal water provider instructs the developer to obtain their own Certificate of Assured Water Supply (CAWS) and apply for 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 and/or effluent; or 3) directly use treated CAP water.

The Arizona Department of Water Resources (ADWR) issued a DAWS for Metro-West on September 25, 2006. ADWR determined the District's DAWS application demonstrated proof of a membership contract with the CAGRDR to replenish any mined groundwater, proof of a physical quantity and quality of groundwater for 100 years, a description of the utility's water conservation program, and the financial capabilities of the District to complete capital improvements.

AWS Application Requirements

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 application for a DAWS, the owners of Arboles Viejos, the subdivision that will make up Metro-

West, completed a Hydrology Report documenting that the Metro-West service area meets the physical availability test for 100 years of continuous groundwater supply sufficient for a build out demand of 1,013.81 acre-feet per year. The groundwater model for the physical availability test projected there would be sufficient groundwater for 100 years, so that the groundwater level would not drop 1,000 feet below land surface. The model results indicated the groundwater level after 100 years would not exceed 341 feet below land surface. ADWR reviewed and accepted the physical availability findings by agreeing the aquifer parameters used for the model were consistent with values in ADWR's groundwater model for the Tucson Active Management Area.

The Assured Water Supply (AWS) Rules require a designated provider to replenish all mined groundwater (except four percent of the total pumpage) with renewable supplies (CAP water, effluent or remediated water). The District possesses an extensive water portfolio to meet its AWS replenishment obligations at Metro-West, which includes renewable water credits from storage of the District's effluent and the M&I CAP Water subcontract of 13,460 acre-feet annually. These supplies are projected to be sufficient to meet the renewable water credit needs of both Metro-Main and Metro-West. An executed effluent agreement with the Town of Marana is assumed to occur when the service area begins development.

The District obtained a Member Service Area designation from the Central Arizona Groundwater Replenishment District. The CAGR member service area designation provides the District with the assurance that if the District cannot access renewable supplies, then CAGR could be used to meet the District's replenishment needs, but at a more expensive cost.

ADWR requires documentation that Metro-West's water conservation program meets ADWR's requirements. Staff submitted an updated list of materials previously submitted to ADWR in past AWS applications that are also relevant to Metro-West.

Lastly, the AWS modification application requires documentation the District can financially meet its capital improvement obligations, which will be demonstrated by including the most recent financial audit report and a description of the District's revenue powers. The application will note that future capital improvements in the Metro-West service area will be funded by agreements with developers, since none of the service area has yet been built.

Next Steps

ADWR rules require that the District Board of Directors must 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 be 9 to 12 months. Staff estimates the DAWS modification application will only take 30 days to prepare because little has to be changed from the original DAWS application. Staff does not believe the modification will take ADWR the full 12 months. The ADWR issues renewals with a ten year term. The Board of Directors is requested to ask any questions members may have and discuss with staff any aspect of the DAWS process.

Staff Recommendations

It is recommended that the Board of Directors approve Resolution 2014-6 authorizing the General Manager to submit a Modification of a Designation of Assured Water Supply application for Metro-West to the Arizona Department of Water Resources.

Suggested Motion

I move to approve Resolution 2014-6 authorizing the General Manager to submit a Modification of a Designation of Assured Water Supply application for Metro-West to the Arizona Department of Water Resources.

Respectfully submitted,

Warren Tenney
Assistant General Manager

I concur with staff's report.

Respectfully submitted,

Joseph Olsen, P.E.
General Manager