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February 28, 2025

Via email to lgrignano@cap-az.com and U.S. Mail

Laura Grignano, CAGRD Manager
P.O. Box 43020
Phoenix, AZ 85080

Re: 2025 CAGRD Plan of Operation Insufficient Information

Dear Ms. Grignano,

The Arizona Department of Water Resources (“Department”) received the Central Arizona Groundwater Replenishment District’s (“CAGRD”) 2025 Plan of Operation (“Plan”) on December 30, 2024. After reviewing the Plan as submitted on December 30, 2024, the Department is not in receipt of sufficient information to determine whether the Plan would be consistent with the management goals of the Phoenix, Pinal, and Tucson active management areas (“AMAs”). Pursuant to A.R.S. § 45-576.03(I), the Department requests that the following items be provided or corrected, as applicable:

1. Remove NIA Priority CAP Water as Available Water Supplies for Replenishment

The Department is unable to determine whether CAGRD can meet its replenishment reserve obligations and maintain a reserve target in the Phoenix, Pinal, and Tucson AMAs because of the Plan’s reliance on non-Indian agricultural (“NIA”) priority CAP water. Pursuant to A.R.S. § 45-576.02(C)(2)(c), CAGRD is required to include a description of water resources it plans to use for replenishment purposes during the 20 calendar years following the submission of its plan of operation, as well as water resources potentially available for replenishment in the subsequent 80 calendar years. Pursuant to A.R.S. § 48-3772(E), CAGRD is also required to establish and maintain a replenishment reserve target in each AMA.

In the Plan submitted to the Department, CAGRD included 2,500 AFY of NIA priority CAP water to be leased from the White Mountain Apache Tribe, 18,185 AFY of CAP NIA Priority Water acquired through reallocation in 2021, and 18,158 AFY of NIA Priority

CAP water leased from the Gila River Indian Community in Table 4.1 and Table 5.2 as supplies currently available to meet replenishment obligations and reserve targets.

The last year that NIA priority CAP water was fully delivered, without mitigation supplies, was 2019. Conditions on the Colorado River are not expected to improve in the future. While the operating regime after 2026 is yet undetermined, the 2007 Interim Guidelines and the Drought Contingency Plans will not be extended. Of all the alternatives proposed for consideration, the Lower Basin Alternative provides the minimum reductions to Arizona in volume and frequency (and was not included in the most recent report identifying alternatives for continued evaluation). Even when proposed, the Lower Basin Alternative was not projected to result in deliveries of NIA priority CAP water under most conditions.

Given the totality of these conditions, the Department will not assume that NIA priority CAP water will be available in any appreciable quantity or frequency to be considered for the 2025 plan of operation. This determination is consistent with the Department's determination that NIA priority CAP water will not be available for purposes of any pending assured water supply determinations. Notably, it is also consistent with the decision by the United States, the Department on behalf of the State of Arizona, and the Central Arizona Water Conservation District that NIA priority CAP water would be so rarely available in the future that it will not be included as a supply in tribal water settlements, beginning in 2024.

Therefore, to determine if the Plan would be consistent with the management goal in the Phoenix AMA and potentially the Tucson and Pinal AMAs, the Department requests that CAGRD remove all NIA priority CAP water from its analysis as a source of supply to meet its replenishment obligations and its replenishment reserve target. While modification of tables 4.1 and 5.2 are necessary, any other discussion, table, or figure that relies upon NIA priority CAP water as an input should also be modified. Only then will the Department be able to consider whether the Plan has sufficient information to determine consistency with the management goal of each AMA pursuant to the Director's responsibility in A.R.S. § 45-576.03(I).

2. Provide Explanation of Draw Down of Replenishment Reserve

Based on review of the available information and the disallowance of NIA water, it appears that CAGRD would have insufficient supplies to meet the replenishment obligation in the twenty-year period following the submission of the plan, necessitating utilization of the replenishment reserve before the end of that period. This seems to indicate that insufficient supplies have been identified for the period and that the plan is reliant on the reserve in that period. The intent of the replenishment reserve is to fill in for anticipated supplies that do not materialize as expected. The Department requests that CAGRD either

adjust the plan so that it does not rely on the replenishment reserve in the twenty-year period or provide justification for doing so.

3. Provide Underlying Data Relied Upon by CAGRD in the Following Sections/Charts

After an initial review by the Department, without access to the underlying data that was used by CAGRD to support replenishment obligation, replenishment reserve, replenishment reserve activities, growth projections, and planned storage facility usage, the Department does not have sufficient information to determine whether the plan is consistent with the management goal of each AMA. The CAGRD provided this information to the Department during the 2015 Plan of Operation review. The Department requests the following data from CAGRD:

- Complete legend for Figures 3.3 and 3.4
- Water provider layer associated with Figure 3.4 referenced in Section 3.1.2 “Growth Location”
- Data that generated Figure 3.5 “Location of enrolled Member Land lots by Construction Status”
- Data that generated Figure 3.7 “Residential GPCD”
- Data that generated Figure 3.8 “Average Residential Use Per Lot in CAGRD Member Lands”
- Excel File used to generate Figure 3.10 “Example ADAWS Modeling Dashboard”
- Annual forecast data and assumptions used to generate Tables 3.1 – 3.3
- Data/reports used to estimate volumes of water that could be imported from Harquahala, Butler Valley, McMullen Valley in Table 4.3

4. Potential Agricultural to Urban Program for Assured Water Supply

Additionally, the ongoing discussions regarding an agricultural to urban conversion program for physical availability conservation or exemption credits for assured water supply purposes (“Ag to Urban program”) may result in an impact to CAGRD’s replenishment obligations in each AMA. It would be premature *at this time* for CAGRD to include an analysis of the impact an Ag to Urban program would have on its replenishment obligation and reserve target in each AMA. However, if an Ag to Urban program is finalized while the 2025 Plan is under review, the draft Plan may require additional revisions to incorporate the resulting impacts on replenishment obligations and the reserve targets.

Please respond to this letter with a modified 2025 Plan of Operation in accordance with Sections 1 and 2 and provide the data requested in Section 3 within 90 days of the date of this letter.

If CAGRD requires additional time to provide the requested modifications, or if you have questions or need clarification regarding the requests made in this letter, please contact Carol Ward at cward@azwater.gov or (602) 771 8511.

A handwritten signature in black ink, appearing to read 'Thomas Buschatzke', with a long horizontal flourish extending to the right.

Thomas Buschatzke
Director
Arizona Department of Water Resources

cc: Landon Loveland *via email to lloveland@cap-az.com*
Patrick Dent *via email to Pdent@cap-az.com*