



2020 ANNUAL OPERATIONS REPORT

SUPPLEMENT TO THE 2020 CONSERVATION DISTRICT ANNUAL REPORT

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Abbreviations and Glossary

| TERM | DEFINITION |
|--------------------|---|
| ADWR | Arizona Department of Water Resources |
| AF | acre-feet |
| AF/yr | acre-feet per year |
| AMA | Active Management Area |
| A.R.S. | Arizona Revised Statutes |
| AWS | Assured Water Supply |
| Board | The Central Arizona Water Conservation District Board of Directors |
| CAP | Central Arizona Project |
| CAGRD | Central Arizona Groundwater Replenishment District |
| CAWCD | Central Arizona Water Conservation District |
| CAWS | Certificate of Assured Water Supply |
| CDAR | Conservation District Annual Report |
| DAWS | Designation of Assured Water Supply |
| FMYN | Ft. McDowell Yavapai Nation |
| GRIC | Gila River Indian Community |
| GRWS | Gila River Water Storage, LLC |
| GSF | Groundwater Savings Facility |
| HOA | Homeowners Association |
| LARF | Liberty Aquifer Replenishment Facility, now referred to as SEAP |
| LPSCO | Litchfield Park Service Company |
| LTSCs | Long-term Storage Credits |
| M&I | Municipal and Industrial |
| MDWID | Metropolitan Domestic Water Improvement District |
| ML | Member Land |
| MSA | Member Service Area |
| NIA | Non-Indian Agricultural (CAP Priority Pool) |
| NMIDD | New Magma Irrigation and Drainage District |
| PSA | Purchase and Sale Agreement |
| Reclamation | The United States Bureau of Reclamation, a federal agency overseeing water resource management as it applies to western infrastructure projects |
| Report Year | The year in which Excess Groundwater was delivered to each ML or withdrawn from each MSA, the year covered by the report as opposed to the year report was issued |
| SEAP | Sustainable Effluent to Aquifer Project – former LARF site renamed following upgrades |
| SMCFD | Superstition Mountains Community Facilities District |
| TON | Tohono O’odham Nation |
| USF | Underground Storage Facility |

Executive Summary

Each year, CAGRD releases its Annual Operations Report as a supplement to the required reporting to the Arizona Department of Water Resources (ADWR) and as a way of capturing water supply status and administrative activities of note. With ADWR accepting CAGRD's reporting on October 28, 2021, the Annual Operations Report is released shortly thereafter. 2020 brought its own unique set of challenges as the world faced a global pandemic, however, CAGRD suffered no setbacks to its replenishment activities and continued to meet its statutory obligations.

Enrollment and Activation: Member Land enrollment in 2020 dropped by 28% relative to 2019 and continued a downward trend in enrollment since 2018, although still greater than enrollment in the period between 2009 and 2017. Unlike enrollment activity, activations have shown a relatively steady increase year over year since 2015, although 2020 resulted in a 15% decline of total activations compared to 2019.

Replenishment Obligation Since 2016

| YEAR | OBLIGATION (AF) |
|------|-----------------|
| 2020 | 35,100.85 |
| 2019 | 30,603.63 |
| 2018 | 29,921.86 |
| 2017 | 31,233.47 |
| 2016 | 32,022.33 |

Replenishment: In 2020, CAGRD incurred a replenishment obligation of 35,100.85 acre-feet (AF). This was a 15% increase over 2019's obligation and the highest replenishment obligation since 2008, albeit lower than the 44,800 AF projected in the 2015 Plan of Operation. CAGRD continues to complete the vast majority of its replenishment obligation the year following it being incurred and remains compliant with statute.

Water Supply Program: Previous agreements with Gila River Indian Community and Gila River Water Storage, LLC (GRIC/GRWS), and the Ft. McDowell Yavapai Nation received the remaining regulatory approvals to proceed. New agreements were reached with the Tohono O'odham Nation and City of Peoria. CAGRD maintains an annual water supply of over 40,000 AF with a combined portfolio of over 1.1 million AF of Long Term Storage Credits in the Replenishment Reserve and Long-term Storage accounts. Given the possibility of impacts from shortage on the water supply, CAGRD's water supply program remains focused on acquiring water supplies and firming existing supplies in order to meet future replenishment obligations.

Additional Activities: CAGRD published the 2019 Mid-Plan Review in February of 2020, serving as an update to the 2015 Plan of Operation and confirms the CAGRD is operating in accordance with statute and is able to continue serving its members. Throughout the year, CAGRD and CAP participated in the Governor's Water Augmentation Innovation and Conservation Council and its various committees. In support of its membership on the Post-2025 AMAs Committee, CAGRD staff assisted with the development of several issue briefs and has actively participated in discussions on ways to strengthen groundwater management in the Active Management Areas post-2025.

Brief Introduction to CAGRD

The Central Arizona Groundwater Replenishment District (CAGRD) was established in 1993 to provide a mechanism for landowners and water providers to demonstrate one of the requirements necessary to secure a 100-year Assured Water Supply (AWS) under Arizona law. CAGRD recharges Central Arizona Project (CAP) water and other water supplies to replenish groundwater used by its members in excess of the limits established by the Arizona Department of Water Resources (ADWR) AWS Rules.

The AWS Rules limit the quantity of mined groundwater that an applicant may use to demonstrate an AWS. This groundwater use limitation prevents new development from relying solely on mined groundwater to satisfy its water demands. If a landowner or water provider has no direct access to CAP water or other renewable supplies, but has access to sufficient groundwater to demonstrate an AWS, it may use groundwater, provided it becomes a member of CAGRD. As a member, the landowner or water provider must pay CAGRD to replenish any groundwater pumped by the member which exceeds the pumping limitations (referred to as “Excess Groundwater”) imposed by the AWS Rules.

CAGRD is operated by the Central Arizona Water Conservation District (CAWCD) throughout the portion of CAWCD’s three-county service area that is within an Active Management Area (AMA). It is governed by the CAWCD Board of Directors, yet CAGRD’s finances are completely separate from the rest of CAWCD's finances and all costs incurred by CAGRD must be paid by CAGRD members.

Membership

Enrollment in CAGRD is voluntary. Any city, town, private water company, subdivision or homeowner’s association located in the Phoenix, Pinal or Tucson AMA may join CAGRD so long as it meets the State’s requirements. CAGRD is comprised of two types of members: Member Service Areas (MSAs) and Member Lands (MLs).

- MSA - The service area of a city, town, district or private water company, including any extensions of the service area. The municipal water provider is required to submit a report to CAGRD annually identifying the volume of total water delivered and the volume of groundwater pumped within the service area and must pay CAGRD replenishment taxes on groundwater volumes pumped in excess of the pumping limitations imposed by the AWS rules. When applying to enroll a service area in CAGRD, the applicant provides a projection of future population, water demands and renewable supplies available to meet those demands. These projections serve as a basis for estimating CAGRD’s long-term replenishment obligation for the service area. Membership in CAGRD enables the water provider to receive a Designation of Assured Water Supply (DAWS), issued by ADWR, for its service area.

- ML – An individual subdivision with a defined legal description. The water provider agrees to submit annually to CAGRD the water delivery information necessary to calculate the replenishment assessment for each parcel of land enrolled within the subdivision. A ML water provider does not have a DAWS. Instead, each individual subdivision must receive its own, separate Certificate of Assured Water Supply (CAWS) from ADWR, and enrollment in CAGRD enables it to do so.

Replenishment Obligation

CAGRD must replenish in each AMA the amount of Excess Groundwater¹ that has been pumped by or delivered to its members in that AMA. The replenishment may be accomplished through: 1) the operation of underground storage facilities, where water is recharged underground into existing aquifers; 2) through groundwater savings facilities, where water is used directly by irrigation districts in lieu of pumping groundwater; or 3) through the extinguishment of long term storage credits (LTSCs) held by CAGRD. Water used for replenishment may be CAP water or water from any other lawfully available source, except groundwater withdrawn from within an AMA. A.R.S. § 48-3771.A requires CAGRD to “complete” the replenishment of its Replenishment Obligation within three calendar years after it is incurred. By statute, CAGRD Replenishment Obligation is fulfilled or “complete” when CAGRD’s conservation district account has been credited to reflect either the storage of replenishment water or the transfer of LTSCs in sufficient volume to meet the replenishment obligation.

Revenue Sources

All operations of CAGRD must be funded completely by its members. These costs are covered by a combination of up-front fees, annual membership dues, and replenishment taxes and assessments. Each type of revenue source is dedicated to specific purposes and helps cover costs associated with replenishment activities, such as development of infrastructure, recharge facility construction, water supply acquisition, operation and maintenance, replenishment reserve accruals and administration. CAGRD also has the authority to issue revenue bonds to develop infrastructure and acquire water rights necessary to perform its replenishment obligation.

MSAs pay CAGRD for replenishment services performed on behalf of their service area, as well as annual membership dues. Individual property owners in MLs each pay a special assessment

¹ Excess Groundwater is defined in A.R.S. § 48-3701.7 as the amount of groundwater delivered to a member in a calendar year in excess of the amount of groundwater that may be used by the member in that calendar year consistent with the applicable Assured Water Supply rules adopted by ADWR for the AMA where the member is located.

to CAGRD based on their excess groundwater use, as well as annual membership dues, collected through the annual property tax assessment.

Planning

Plan of Operation - Every ten years, CAGRD is required to submit a Plan of Operation to the Director of ADWR. The primary purpose of the Plan is to document the actions of CAGRD over the past ten years and to describe the activities that CAGRD proposes to undertake in each AMA during the ten-year and 100-year periods following Plan submission. CAGRD's 2015 Plan of Operation ("2015 Plan") was approved by the Director of ADWR on August 5, 2015 and covers the ten-year period from 2015-2024. CAGRD continues to operate under this Plan until the next plan is submitted by 2025.

Board Strategic Plan - One objective of the CAWCD 2016 Board of Directors Strategic Plan, specific to the management and oversight of CAGRD, involves review of CAGRD status as compared to projections in the Plan of Operation often enough to provide comfort to the Board, staff, stakeholders and legislators. Two action items were identified as part of this review:

1. Perform and document a formal review of CAGRD at least every five years.
2. Prepare an annual report showing membership and corresponding projections of obligations and include it as part of the annual report filed with ADWR.

On December 3, 2020, the CAWCD Board of Directors unanimously adopted the [2022 CAWCD Board Strategic Plan](#), following a series of planning meetings and collecting stakeholder feedback. The 2022 Strategic Plan carries over many of the strategic issues from the 2016 CAWCD Strategic Plan, albeit with additional emphasis on the relationship between CAGRD member pumping and replenishment and conservation messaging in light of potential Colorado River shortages. CAGRD will continue the process of a five-year formal review of its operations, completing an annual operations report and quarterly updates to the CAGRD and Underground Storage Committee under the 2022 CAWCD Strategic Plan.

Mid-Plan Review - The Mid-Plan Review (Item #1 above) is a comprehensive assessment of the mid-term trends in CAGRD operations under the Plan of Operation. The Mid-Plan Review provides indications of where these trends may lead CAGRD over the remaining five years of the Plan. The first Mid-Plan Review was completed in 2011 during the 2005 Plan of Operation period. CAGRD published the second Mid-Plan review in 2020, following its completion in 2019.

Annual Reporting - The Conservation District Annual Report (CDAR) is submitted to ADWR by August 31 of each year for the previous calendar year (A.R.S. § 48-3775.E). The CDAR details numerical information in a series of tables showing water storage amounts, credit transfers, account balances, groundwater replenishment obligations, contract replenishment obligations

and contract replenishment credit accounting. ADWR accepted the 2020 CDAR on October 28, 2021.

The Board has directed staff to develop an enhanced annual report (Item #2 above), hereafter referred to as the CAGRD Annual Operations Report, that serves to supplement the CDAR with additional information on the status of CAGRD operations. More specifically, the Annual Operations Report provides further details in a narrative format on new enrollment, up-to-date replenishment obligations, water supply and replenishment reserve activities and any new legislation and administrative activities that occurred in the report year.

The first CAGRD Annual Operations Report was completed in late 2015 for calendar year 2014, which was the final year covered under the 2005 Plan of Operation. This seventh CAGRD Annual Operations Report was completed in fall 2021 for calendar year 2020, the sixth year covered under the 2015 Plan of Operation. Completion of the Annual Operations Report will always follow submittal of the CDAR to ADWR. This report was submitted to ADWR in November 2021 [and posted at the CAGRD website \(CAGRD.com\)](https://www.cagrd.com).

1. Enrollment and Activation

A. Enrollment

Member Land enrollment in 2020 dropped by 28% relative to 2019 and continued a downward trend in enrollment since 2018, although still greater than enrollment in the period between 2009 and 2017. The majority of 2020 enrollment took place in the western portion of the Phoenix AMA, with less than two hundred activated parcels in the remainder of the CAGRD service area.

TABLE 1.1

NEW MEMBER LAND (ML) ENROLLMENT IN 2020

| AMA | ML Subdivisions | ML Lots* | Projected Demand (AF/yr) |
|---------------------|-----------------|--------------|--------------------------|
| Phoenix | 21 | 4,560 | 2,394 |
| <i>West Phoenix</i> | 20 | 4,497 | 2,338 |
| <i>East Phoenix</i> | 1 | 63 | 56 |
| Pinal | 0 | 0 | 0 |
| Tucson | 1 | 114 | 37 |
| TOTAL | | 4,674 | 2,431 |

TABLE NOTE: *The term Member Land (ML) refers to a subdivision enrolled in CAGRD; numbers reflect the number of lots or homes within the subdivisions.

Enrollment in 2020, especially in the first and second quarters, was likely impacted by supply-chain and labor issues surrounding the COVID-19 Pandemic; however the third and fourth

quarters exhibited a significant rebound and helped to foretell the large increase in enrollment observed in the first two quarters of 2021. No enrollment occurred in the Pinal AMA due to ongoing issues with proving physical availability of groundwater.

No new Member Service Areas enrolled in 2020 and no Member Lands de-enrolled.

Comparison of Actual ML Enrollment in 2020 to Projected ML Enrollment in 2020 (as projected in 2015 Plan of Operation)

Beyond impacts from the COVID-19 pandemic, activity of the housing market in the CAGRD's service area remained lower than the level projected in the 2015 Plan of Operation. Projections on enrollment stem from data provided by the Central Arizona Association of Governments, Maricopa Association of Governments, and Pima Association of Governments and 2014-era official population projections from the State of Arizona. Following the acceptance of the 2015 Plan of Operation, actual enrollment has typically been less than half of the projected amount.

TABLE 1.2

COMPARISON OF ACTUAL ML ENROLLMENT IN 2020 TO PROJECTED 2020 ML ENROLLMENT

| AMA | Actual 2020 ML Enrollment ^a | Projected 2020 ML Enrollment ^b |
|--------------|---|--|
| Phoenix | 4,560 | 10,779 |
| Pinal | 0 | 1,143 |
| Tucson | 114 | 1,017 |
| TOTAL | 4,674 | 12,938 |

TABLE NOTES:

^a2020 CAGRD Annual Operations Report, Table 1.1.

^b2015 Plan of Operation. For the housing unit projection methodology, refer to the New Demand Section 3.2.2 (pg. 3-2) of the 2015 Plan of Operation.

B. Activation

The Arizona Department of Real Estate issues a public report allowing the sale and lease of lots within subdivisions. Prior to the issuance of the public report for subdivisions within CAGRD MLs and MSAs, an Activation Fee must be paid to CAGRD for each residential unit offered for sale. In 2020, the number of lots activated totaled 15,279 (Member Land lots = 6,747; Member Service Area lots = 8,532). Unlike enrollment activity, activations have shown a relatively steady increase year over year since 2015, although 2020 resulted in a 15% decline of total activations compared to 2019. Given the notable increase in activation numbers already observed in 2021, and in comparison with enrollment figures above, a similar drop in activity during the first and second quarters is likely tied to labor and administrative issues from the COVID-19 pandemic. Activation numbers in the third and fourth quarters rebounded

considerably and stayed strong into 2021. **Table 1.3** provides a breakdown by AMA of previously enrolled lots activated in 2020.

TABLE 1.3

NUMBER OF LOTS ACTIVATED IN 2020

| AMA | MLs | MSAs | Combined |
|--------------|--------------|--------------|-----------------|
| Phoenix | 5,998 | 4,960 | 10,958 |
| Pinal | 176 | 167 | 343 |
| Tucson | 573 | 3,405 | 3,978 |
| TOTAL | 6,747 | 8,532 | 15,279 |

2. Replenishment Obligation Incurred and Replenishment Obligation Completed

A municipal water provider serving MLs is required by statute to file an annual report with CAGR D for each ML subdivision that it serves; this report must indicate the volume of total water and the volume of groundwater delivered to each parcel in the subdivision, as well as a calculation of Excess Groundwater delivered. MSAs also are required by statute to file an annual report with CAGR D indicating the volume of total groundwater and the volume of Excess Groundwater pumped within their service areas. These reports must be submitted to CAGR D by March 31st of each year, and the volumes reported represent pumping or deliveries from the previous year (“the Report Year”). CAGR D must complete its Replenishment Obligation within three calendar years after it is incurred. Therefore, at any given point in time there may be one or more years of obligation unfulfilled.

The replenishment obligation reflects the volume of Excess Groundwater delivered by municipal water providers serving CAGR D ML subdivisions and withdrawn by MSA providers within their service areas. In 2020, CAGR D incurred a replenishment obligation of 35,100.85 acre-feet (AF). This was a 15% increase over 2019’s obligation and the highest replenishment obligation since 2008, albeit lower than the 44,800 AF projected in the 2015 Plan of Operation. **Table 2.1** shows the distribution of obligation between MLs and MSAs by AMA.

Table 2.1

REPLENISHMENT OBLIGATION FOR MLs AND MSAs in 2020 (AF) by AMA

| AMA | MLs | MSAs | Combined |
|--------------|---------------|---------------|-----------------|
| Phoenix | 22,058 | 9,515 | 31,574 |
| Pinal | 21 | 592 | 614 |
| Tucson | 1,660 | 1,253 | 2,914 |
| TOTAL | 23,740 | 11,361 | 35,101 |

Tables 2.2 through 2.6 list the volumes of Excess Groundwater delivered/withdrawn from 2017 through 2020 along the top row. The tables identify the extent to which the replenishment

obligation resulting from those deliveries has been completed. Recent activity is shown in order to demonstrate CAGRD has met its obligation within the statutory replenishment timeframe. In 2020, CAGRD completed 15,396 AF of replenishment obligation as shown in **Tables 2.2** through **2.6** (refer to 2020 rows).

The following explanation may assist in interpreting these tables. Please refer to **Table 2.3** showing a comparison of the Excess Groundwater Obligation to completion of replenishment obligation for the West Phoenix AMA.

The top row (light blue) shows the year in which deliveries or withdrawals of Excess Groundwater occurred. For example, the 2017 column illustrates 11,951 AF of Excess Groundwater was delivered to MLs and/or withdrawn by MSAs during 2017 located in the West Phoenix AMA. Fulfillment of this obligation occurred over a two-year period: 9,008 AF was replenished in 2017 and 2,943 was replenished in 2018. The two rows along the bottom of the table showing the “Amount Completed to Date” and “Amount Unmet to Date” (light green) reflect ongoing replenishment activities to fulfill or complete the obligation associated with Excess Groundwater deliveries. For example, the 2018 column illustrates a total of 14,200 AF of Excess Groundwater was delivered or withdrawn in 2018; in 2018, all 14,200 AF was replenished, leaving zero remaining obligation in the West Phoenix AMA.

A.R.S. §48-3772.I compels CAGRD to:

“In the Phoenix active management area, the district [CAGRD], to the extent reasonably feasible, shall replenish groundwater in the east portion of the active management area and in the west portion of the active management area in the approximate proportion that the groundwater replenishment obligation attributable in a particular year to member lands and member service areas located in the east portion of the active management area bears to the groundwater replenishment obligation attributable in that year to member lands and member service areas located in the west portion of the active management area.”

Throughout 2020, storage space at Underground Storage Facilities (USF) was continually limited due to increased demand from customers wishing to store water; CAP-operated storage facilities reported deliveries near 100% of capacity and re-opened Tonopah Desert Recharge Project (TDRP) in response. This relatively limited selection of storage sites, as well as operational decisions made by Groundwater Savings Facilities (GSF) to avoid taking water deliveries from CAGRD precluded a strictly proportional distribution of replenishment across the Phoenix AMA. This situation, along with access to over 11,000 acre-feet of unexpected surplus water, led to an imbalanced replenishment of approximately 4,000 acre-feet of water in the West Phoenix AMA.

As more fully described in Section 5: Operational Efforts and Successes, CAGRD analysis has identified historical imbalances between groundwater sub-basins’ obligation and replenishment and will be making operational decisions to address this historic imbalance in 2021 and beyond.

Table 2.2

COMPLETION OF REPLENISHMENT OBLIGATION - Phoenix AMA

| PHOENIX AMA (Entirety) | | EXCESS GROUNDWATER OBLIGATION BY REPORT YEAR (AF) | | | |
|--|------|--|--------|--------|--------|
| | | 2017 | 2018 | 2019 | 2020 |
| | | 26,642* | 25,798 | 26,378 | 31,574 |
| YEAR AND VOLUME (AF) OBLIGATION COMPLETED | 2017 | 9,008 | | | |
| | 2018 | 17,634 | 21,591 | | |
| | 2019 | | 4,207 | 17,029 | |
| | 2020 | | | 9,185 | |
| Amount Completed to Date | | 26,642 | 25,798 | 26,214 | 0 |
| Amount Unmet to Date | | 0 | 0 | 165 | 31,574 |

TABLE NOTES: *Obligation shown differs from 2017 Annual Operations Report by 19.17 AF due to water provider reporting errors following submittal of 2017 CDAR; CDAR is not amended, however, change in obligation is reported the following year.

Table 2.3

COMPLETION OF REPLENISHMENT OBLIGATION – West Phoenix AMA

| WEST PHOENIX AMA | | EXCESS GROUNDWATER OBLIGATION BY REPORT YEAR (AF) | | | |
|--|------|--|--------|---------|--------|
| | | 2017 | 2018 | 2019 | 2020 |
| | | 11,951* | 14,200 | 13,457 | 15,854 |
| YEAR AND VOLUME (AF) OBLIGATION COMPLETED | 2017 | 9,008 | | | |
| | 2018 | 2,943 | 14,200 | | |
| | 2019 | | | 11,236 | |
| | 2020 | | | 6,119 | |
| Amount Completed to Date | | 11,951 | 14,200 | 17,355 | 0 |
| Amount Unmet to Date | | 0 | 0 | -3,898† | 15,854 |

TABLE NOTES: * Obligation shown differs from 2017 Annual Operations Report by 4.35 AF due to water provider reporting errors following submittal of 2017 CDAR; CDAR is not amended, however, change in obligation is reported the following year.

† A.R.S. §48-3772.I requires CAGR “to the extent reasonably feasible” balance replenishment in the east and west portions of the Phoenix AMA based on the proportion of obligation incurred in the east and west portions of the Phoenix AMA. Based on available replenishment sites, more replenishment than obligation occurred in the West Phoenix AMA in 2020; there remains 165 AF of obligation to fulfill from 2019’s total obligation for the Phoenix AMA.

Table 2.4

COMPLETION OF REPLENISHMENT OBLIGATION - East Phoenix AMA

| EAST PHOENIX AMA | | EXCESS GROUNDWATER OBLIGATION BY REPORT YEAR (AF) | | | |
|--|------|--|---------|---------|--------|
| | | 2017 | 2018 | 2019 | 2020 |
| | | 14,691* | 11,598† | 12,922 | 15,720 |
| YEAR AND VOLUME (AF) OBLIGATION COMPLETED | 2017 | | | | |
| | 2018 | 14,691 | 7,391 | | |
| | 2019 | | 4,207 | 5,793 | |
| | 2020 | | | 3,065 | |
| Amount Completed to Date | | 14,691 | 11,598 | 8,858 | |
| Amount Unmet to Date | | 0 | 0 | 4,064†† | 15,720 |

TABLE NOTES: * Obligation shown differs from 2017 Annual Operations Report by 14.82 AF due to water provider reporting errors following submittal of 2017 CDAR; CDAR is not amended, however, change in obligation is reported the following year.

† Reflects a decrease in obligation of 5.78 AF from updated information provided by Clearwater Utility following the 2018 CDAR and Annual Operations Report

†† A.R.S. §48-3772.I requires CAGRD “to the extent reasonably feasible” balance replenishment in the east and west portions of the Phoenix AMA based on the proportion of obligation incurred in the east and west portions of the Phoenix AMA. Based on available replenishment sites, more obligation than replenishment occurred in the East Phoenix AMA in 2020; there remains 165 AF of obligation to fulfill from 2019’s total obligation for the Phoenix AMA.

Table 2.5

COMPLETION OF REPLENISHMENT OBLIGATION - Pinal AMA

| PINAL AMA | | EXCESS GROUNDWATER OBLIGATION BY REPORT YEAR (AF) | | | |
|--|------|--|------|------|------|
| | | 2017 | 2018 | 2019 | 2020 |
| | | 674 | 552 | 899 | 331* |
| YEAR AND VOLUME (AF) OBLIGATION COMPLETED | 2017 | 2 | | | |
| | 2018 | | | | |
| | 2019 | 672 | 552 | 0 | |
| | 2020 | | | 899 | |
| Amount Completed to Date | | 674 | 552 | 899 | 0 |
| Amount Unmet to Date | | 0 | 0 | 0 | 331 |

TABLE NOTE: *Reflects a decrease in obligation of 283.03 AF for the City of Casa Grande due to incorrect reporting from 2007 through 2019. Actual Replenishment Obligation for 2020 is 614 AF.

Table 2.6

COMPLETION OF REPLENISHMENT OBLIGATION - Tucson AMA

| TUCSON AMA | | EXCESS GROUNDWATER OBLIGATION BY REPORT YEAR (AF) | | | |
|--|------|--|-------|-------|-------|
| | | 2017 | 2018 | 2019 | 2020 |
| | | 2,852 | 2,571 | 2,476 | 2,914 |
| YEAR AND VOLUME (AF) OBLIGATION COMPLETED | 2017 | | | | |
| | 2018 | 2,083 | | | |
| | 2019 | 498 | | | |
| | 2020 | 270 | 2,571 | 2,471 | |
| Amount Completed to Date | | 2,581 | 2,571 | 0 | 0 |
| Amount Unmet to Date | | 0 | 0 | 6 | 2,914 |

Comparison of Actual Obligations in 2019 to Projected Obligations in 2019 (as projected in 2015 Plan of Operation)

Much as described in the section on enrollment numbers, the 2015 Plan obligation projections are tied to housing unit growth; thus, actual obligations in 2020 (35,100.85 AF) were lower than the Plan projection of 44,800 AF (**Table 2.7**). Beyond a continued per capita drop in residential demand for water, other factors contributed to lower-than-anticipated obligation. Examples include obligation avoidance strategies by certain ML water providers through increased use of groundwater allowance along with the elimination of a contractual minimum reporting requirement for MLs enrolled before 2004.

TABLE 2.7

ACTUAL VS. PROJECTED REPLENISHMENT OBLIGATION IN 2020

| AMA | MLs | | MSAs | |
|--------------|--|---|--|---|
| | Actual 2020 Obligation ^a | Projected 2020 Obligation ^b | Actual 2020 Obligation ^a | Projected 2020 Obligation ^b |
| Phoenix | 22,058 | 29,788 | 9,515 | 7,904 |
| Pinal | 21 | 291 | 592 | 1,211 |
| Tucson | 1,660 | 3,329 | 1,253 | 2,258 |
| TOTAL | 23,740 | 33,408 | 11,361 | 11,373 |

TABLE NOTES:

^a2020 CAGRD Annual Operations Report, Table 2.1.^b2015 CAGRD Plan of Operation.

3. Water Supply Program

A description of CAGRD's Water Supply Program for 2020 is provided under two headings: Section A - **Water Supply Activity** and Section B - **Summary of Water Supplies**. Section A describes both new activity in the program for 2020 and on-going activity carried over into 2020. Discussion of new activity in 2020 will identify whether new physical supplies became available during the reporting year or will become available at some future date as specified in the associated contract or agreement. Section B serves to show an overall picture of CAGRD's water supplies for 2020, summarizing the volume of water supplies CAGRD had available going into the year, water accrued or acquired during the year and the total volume available at the end of the year.

A. Water Supply Activity

New Water Supply Program Acquisitions

Gila River Indian Community and Gila River Water Storage, LLC Agreements

In 2020, CAGRD obtained all necessary regulatory approvals from ADWR to implement the GRIC agreements, which included two water storage permits at GRIC's Olberg Dam Underground Storage Facility (USF) (issued October 2019), a Recovery Well Permit in the Pinal AMA (issued April 2020) and a Notice of Water Exchange (issued May 2020).

In November 2018, the CAWCD Board approved three water supply acquisition agreements and a \$2.5 million contributed funds agreement between CAGRD, Gila River Indian Community (GRIC) and Gila River Water Storage, LLC. (GRWS). These acquisitions, excluding potential shortage impacts, provide CAGRD with an annual renewable water supply of 33,185 AF/YR for 25 years (2020 through 2044) plus 70,375 AF of Phoenix AMA LTSCs, for a combined 900,000 AF of water over the duration of the agreements. Subsequently, on May 20, 2019, the water supply acquisition agreements (discussed in detail below) were formally executed as part of the Lower Basin Drought Contingency Plan signing ceremony held at Hoover Dam.

The GRIC/GRWS water supply acquisitions are comprised of the following agreements:

- 1) A CAP Non-Indian Agricultural (NIA) Priority Water lease for 18,185 AF/YR for 25 years commenced in 2020. In the event of a shortage declaration, the volume will be reduced at the same proportion of GRIC's NIA Priority supply. CAGRD will primarily store the leased water at GRIC-owned Phoenix AMA USFs and/or at other mutually agreed upon USFs located within the CAWCD service area for the creation of LTSCs,
- 2) A Recovery and Exchange Agreement, whereby GRIC will recover 15,000 AF of Pinal AMA LTSCs purchased by CAGRD (in 2019) and exchange the recovered water for an equal volume of GRIC's CAP Indian Priority water each year for 25 years commenced in 2020. GRIC will use the recovered water for on-reservation irrigation, and the

exchanged CAP Indian Priority water will be stored in the Phoenix AMA to create LTSCs for CAGRD,

3) The purchase of 375,000 AF of Pinal AMA LTSCs and 70,375 AF of LTSCs of Phoenix AMA LTSCs from GRWS, LLC.

4) A Contributed Funds Agreement in the form of a one-time \$2.5 million payment for well and infrastructure development on GRIC reservation to facilitate GRIC's participation in the Recovery and Exchange Agreement.

Ft. McDowell Yavapai Nation – One-Year Lease Agreement

In January 2020, Reclamation approved a one-year lease agreement between CAGRD and the Ft. McDowell Yavapai Nation (FMYN), which allowed CAGRD to direct 3,933 AF of FMYN's CAP allocation to generate credits in the Phoenix AMA. The 3,933 AF of FMYN Indian priority CAP water was delivered to the New Magma Irrigation and Drainage District (NMIDD) GSF.

Tohono O'odham Nation – LTSC Purchase and Sale Agreement (PSA)

In June 2020, CAGRD and the Tohono O'odham Nation (TON) entered into a LTSC PSA under which CAWCD will acquire a total of 50,000 LTSCs, purchased in two equal annual installments in 2020 and 2021. Of the 50,000 LTSCs included in the agreement, 40,000 LTSCs are located in the Phoenix AMA (NMIDD and Hieroglyphic Mountain Recharge Project) and 10,000 LTSCs are located in the Tucson AMA (Pima Mine Road Recharge Project).

City of Peoria – LTSC PSA and 1,885 AF Transfer and Assignment of CAP M&I Water

In 2020, CAGRD and the City of Peoria (Peoria) executed a LTSC PSA under which CAGRD will acquire from Peoria 35,911 LTSCs over five consecutive years from 2021 through 2025 or an annualized total of 7,182.20 LTSCs during the term. The LTSC PSA was the result of extensive negotiations between CAGRD and is contingent upon successful approval of a transfer and assignment of 1,885 acre-feet of CAP M&I Priority Water from CAGRD to Peoria. The transfer and assignment of up to 1,885 acre-feet of CAP M&I Priority Water is contractual under section 5.5 of CAGRD's Supplemental Contract and a result of Peoria's acquisition and successor in interest status of New River Utility Company (NRUC) since 2016. CAGRD acquired the former-NRUC M&I subcontract in 2007.

In December 2020, the parties filed a joint application to ADWR requesting a review of the transfer and assignment. ADWR determined that the proposed transfer was consistent with applicable "Water Management Objectives and Review Criteria of the CAP Subcontract Transfer Policy" and recommended the Bureau of Reclamation initiate the process to assign the 1,885 acre-feet entitlement to Peoria. CAGRD and Peoria have been working together to finalize the amendatory M&I Subcontracts and anticipate a completion in late 2021 or early 2022.

2020 Long-Term Storage Credits Purchases***Multi-Year LTSC Purchase Agreements***

In 2020, CAGRD purchased 53,028.16 AF of LTSCs through several multi-year PSAs. **Table 3.1** below lists the LTSC purchase volume by AMA associated with each transaction.

TABLE 3.1**LTSCS PURCHASED IN 2020 THROUGH MULTI-YEAR PSA**

| AMA | LTSCs (AF) |
|-----------------------------|-------------------------|
| <i>Phoenix AMA</i> | |
| Tohono O'odham Nation | 20,000 |
| Greenstone | 14,311.81 |
| Florence, Town of | 1,987.26 |
| Liberty Utilities/LARF | 1,400.95 |
| Superstition Mountain CFD | 286.14 |
| <i>Phoenix AMA Subtotal</i> | <i>37,986.16</i> |
| <i>Tucson AMA</i> | |
| Tohono O'odham Nation | 5,000 |
| City of Tucson | 5,000 |
| Greenstone | 4,042 |
| MDWID | 1,000 |
| <i>Tucson AMA Subtotal</i> | <i>15,042</i> |
| Total | <i>53,028.16</i> |

On-Going LTSC Purchases and Sale Agreements Prior to 2020

Town of Florence Credit Purchase Agreement: In 2016, CAWCD and the Town of Florence (Florence) entered into an agreement where Florence agreed to sell CAGRD all storage credits accrued by delivering its 2,048 AF/YR CAP M&I subcontract entitlement water to Tonopah GSF, located in the Phoenix AMA, from 2018 through 2022. The agreement consists of a 5-year initial term with three successive 5-year rights of renewal for a total term of 20 years. This agreement is expected to add approximately 9,730 AF of LTSCs during the initial term. ²

²On August 18, 2021, CAGRD provided notice to the Town of Florence that CAGRD will not renew the LTSC PSA beyond the initial term expiration on December 31, 2022. CAWCD will fulfill its obligation of purchasing LTSCs from Florence for the remaining two-years of the initial term in 2021 and 2022.

Litchfield Park Service Company Credit Purchase Agreement: A 2013 agreement between CAWCD and Litchfield Park Service Company (LPSCO) resulted in the purchase of nearly 18,500 AF of LTSCs accrued by delivering effluent to Roosevelt Irrigation District from 2013 to 2017. That agreement was superseded in 2017 by the “Agreement for Development of Effluent Recharge Facility, Effluent Disposal and Purchase and Sale of Effluent”, completed in 2014 between CAWCD and Liberty Utilities (owner of LPSCO). This agreement provides a separate framework for purchase of LTSCs that Liberty generates at their effluent recharge facility (the Liberty Aquifer Replenishment Facility) for 100 years, starting in 2017. As part of that agreement CAGRDR also acquired a lease of 2,400 AF/YR of effluent produced by Liberty and delivered to the effluent recharge facility. This agreement was amended in 2019 to provide Liberty with an additional method of remedying any shortfall in delivery of CAGRDR’s leased effluent and to include Liberty’s current water storage permit for the Liberty Aquifer Replenishment Facility.

Mojave Ventures/Greenstone Credit Purchase Agreement: In 2013, CAWCD and Mojave Ventures entered into an agreement where Mojave Ventures agreed to sell and transfer to CAGRDR a total of approximately 18,355 AF of LTSCs (14,311 AF from Phoenix AMA and 4,044 AF from Tucson AMA) each year from 2014 through 2020. The total volume of LTSCs to be acquired under this contract is 128,485 AF. In 2017, Greenstone purchased all Mojave Ventures’ assets in Arizona, including the credit purchase agreement. Credit purchases under this agreement were completed in 2020.

Superstition Mountains Community Facilities District No. 1 Purchase Agreement: In 2015, CAWCD and Superstition Mountains Community Facilities District No. 1 (“SMCFD”) entered into an agreement where SMCFD agreed to sell and transfer a minimum of 1,500 LTSCs over the duration of the agreement. The LTSCs eligible for purchase include LTSCs generated in 2014 through 2019 at the SMCFD USF. Treated effluent is recharged at the Superstition Mountains USF via infiltration basins and recharge wells. This agreement was completed in 2020. Through 2020, CAGRDR acquired 3,100 AF of LTSCs from SMCFD.

City of Tucson Credit Purchase Agreement: In 2013, CAWCD and the City of Tucson (“Tucson”) entered into an agreement where Tucson agreed to sell and transfer 100,000 AF of Tucson AMA LTSCs to CAGRDR. CAGRDR has committed to purchasing 4,000 AF of credits each year for 25 years and retains an option to purchase up to an additional 1,000 AF of LTSCs in any given year. Through 2020, CAGRDR has acquired 35,000 AF of LTSCs through this agreement.

Metro Water Credit Purchase Agreement: CAWCD and Metropolitan Domestic Water Improvement District (Metro) entered into a credit purchase agreement in 2015. Under this Agreement, Metro will sell to CAGRDR a minimum of 250 LTSCs, up to a maximum of 1,000 LTSCs, each year. The Agreement was amended in 2017 to change the storage facility at which the credits would be accrued. This agreement will be effective until 2061 if the option for two additional 10-year terms is exercised beyond the initial 25-year term. CAGRDR has acquired 1,750 AF of LTSCs through 2020 under this agreement.

B. Summary of Water Supplies

CAGRD CAP Entitlement

Since March 14, 2016, CAWCD, for benefit of the CAGRD, holds an annual entitlement to 8,311 AF of CAP Municipal & Industrial (M&I) Priority water pursuant to the “Supplemental Contract between the U.S. and CAWCD for Delivery of CAP Water, Contract No. 14-06W-245, Exhibit A, Amendment No. 2, Supplement No. 1 as amended,” (“Supplemental Contract”). The Supplemental Contract is for permanent water service.

As referenced in the section above, “City of Peoria – LTSC PSA and 1,885 AF Transfer and Assignment of CAP M&I Water,” upon completion of the M&I transfer process CAGRD’s annual M&I entitlement will be reduced to 6,426 acre-feet per year.

CAGRD Effluent Entitlement

CAWCD acquired 2,400 AF annually of effluent produced at the Palm Valley Water Reclamation Facility in Goodyear as part of the “Agreement for Development of Effluent Recharge Facility, Effluent Disposal and Purchase and Sale of Effluent” completed with Liberty Utilities in 2014. This 100-year lease of the effluent entitlement became effective in 2017 with the completion of the Liberty Aquifer Replenishment Facility (LARF), where the leased effluent is recharged. Approximately 1,513 AF of this effluent supply was recharged at the LARF in 2020, with the balance being recharged at the Roosevelt Irrigation District Groundwater Savings Facility (GSF). Modifications to the facility implemented in 2020 (renamed the Sustainable Effluent to Aquifer Project, or SEAP) have increased recharge rates. It is anticipated that all of CAGRD’s effluent entitlement will be recharged there in future years.

CAGRD Long-Term Storage Subaccount

In 2020, CAGRD began the year with a cumulative balance (Phoenix, Tucson and Pinal AMAs) of 821,718 LTSCs in the Long-Term Storage Subaccount and ended 2020 with a balance 899,878 LTSCs. **Table 3.2** and the narrative below provide an AMA-by-AMA summary of water supply deliveries and LTSC accrual for calendar year 2020.

Phoenix AMA

As discussed previously in the section subtitled “Purchase of Long-Term Storage Credits,” a total of 37,986 LTSCs were purchased in the Phoenix AMA in 2020. Additionally, 26,692 LTSCs were accrued through water supply deliveries (CAP M&I, GRIC NIA Lease, GRIC Recovery and Exchange and FMYN Lease) to various USFs and GSFs. In total, the CAGRD accrued 64,678 LTSCs in the Phoenix AMA through LTSC PSAs and water deliveries.

Tucson AMA

As discussed previously in the section subtitled “Purchase of Long-Term Storage Credits,” a total of 15,042 LTSCs were purchased in the Tucson AMA in 2020. Additionally, 5,312 LTSCs, comprised of 4,118 existing LTSCs and 1,194 LTSCs earned via annual LTSC storage and recovery pursuant to the GRIC Recovery and Exchange were transferred to the CAGRD Conservation District Account to meet outstanding replenishment obligations incurred in years 2017 through 2019. Finally, 1,880 of existing LTSCs were transferred to CAGRD’s Replenishment Reserve Sub-Account. In 2020, the net accrual of LTSCs in the Tucson AMA totaled 9,044 LTSC.

Pinal AMA

In 2020, CAGRD, pursuant to our Recovery and Exchange Agreement, recovered 10,454 of Pinal AMA LTSCs (derived from the aforementioned GRWS, L.L.C. LTSC purchase) on behalf of the GRIC for irrigation purposes on Community lands. The water CAGRD recovered was then exchanged on a 1:1 per acre-foot basis for water deliveries to several Phoenix AMA GSFs.

Additionally, CAGRD, pursuant to our NIA Lease delivered 15,000 acre-feet (of the 18,185 AF total) to the MAR-5 USF, which is located in the Gila River on Community lands. The MAR-5 USF straddles the Phoenix and Pinal AMA boundary and therefore LTSC accrued for water delivered to the USF is split out between the AMAs. In 2020, the 15,000 acre-feet delivered resulted in the accrual of 3,181.79 LTSCs in the Pinal AMA. Upon ADWR’s LTSC certification for the MAR-5 USF each year, CAGRD and GRIC will complete a LTSC Transfer Form on a 1:1 basis to reconcile the Phoenix and Pinal AMA LTSC accrual split.

TABLE 3.2

CAGRD LONG-TERM STORAGE SUBACCOUNT IN 2020 (AF rounded)

| AMA | 2019 Year End Balance | 2020 LTSC Accrued PSA Only | 2020 LTSC Accrued via Water Delivery and Recovery (Net) | 2020 Year End Balance |
|----------------|--------------------------------------|---|--|--------------------------------------|
| <i>Phoenix</i> | 316,072 | 37,986 | 26,692 | 380,750 |
| <i>Pinal</i> | 375,000 | 0 | -7,272 | 367,728 |
| <i>Tucson</i> | 130,646 | 15,042 | -5,998 | 139,690 |
| TOTAL | 821,718 | 53,028 | 13,422 | 888,168 |

NOTE: The LTSC balances in **Table 3.2** do not include LTSC reserves associated with the City of Scottsdale's Water Availability Status membership with CAGRD.

4. Replenishment Reserve

The Replenishment Reserve consists of LTSCs that CAGRD accrues in a Replenishment Reserve Subaccount established for each AMA where CAGRD operates. The purpose of the Replenishment Reserve is to help ensure that CAGRD will be able to meet its replenishment obligation and to enhance rate stability. During periods of water supply shortage or infrastructure failure, CAGRD may use LTSCs from the Replenishment Reserve to offset its replenishment obligation rather than purchasing spot-market water. Water purchased on the spot market is likely be more costly during shortage or outage conditions.

CAWCD LTSCs Dedicated for CAGRD Replenishment Reserve

The Board has dedicated LTSCs held by CAWCD for exclusive use by CAGRD to meet its legal requirements to establish and maintain the CAGRD Replenishment Reserve Subaccounts for each AMA or to meet its annual replenishment obligations. CAGRD purchased almost 32,000 AF of LTSCs in 2019 and an additional 4,150 AF in 2020. Thus, just under 555,000 AF of CAWCD LTSCs remain reserved for CAGRD purchase and use under CAWCD Board policy. These credits are primarily in the Pinal (312,999 AF) and Phoenix (233,690 AF) AMAs, with a small balance remaining in the Tucson AMA (561 AF).

CAGRD Replenishment Reserve Subaccount

CAGRD accrues LTSCs through a combination of storage in constructed Underground Storage Facilities (USFs), storage at Groundwater Savings Facilities (GSFs), purchases of pre-existing LTSCs, and LTSC transfers from MSAs who wish to offset the replenishment reserve component of their Replenishment Tax. **Table 4** provides the Replenishment Reserve balance at the end of 2019, the number of credits accrued during 2020, and the resulting balance of LTSCs in the Replenishment Reserve at year-end, by AMA. Also shown is the percent of the Reserve Target goal achieved through the end of 2020. The volume of LTSCs to be accrued in the Replenishment Reserve is known as the “Reserve Target.” A Reserve Target must be identified for each AMA based on that AMA’s projected obligation and the water supplies planned to be used to meet that obligation as described in the Plan of Operation (refer to the [2015 Plan](#) for additional explanation and calculation of the Reserve Target).

In 2020, CAGRD began the year with a balance of 257,064 AF in the Replenishment Reserve Subaccounts (2020 CDAR) and accumulated an additional 17,300 AF through the year. The additional Phoenix AMA Replenishment Reserve was mostly storage at Tonopah Desert Recharge Project (11,270 AF) and with some credits transferred (3,700 AF). For the Tucson and Pinal AMA, transferred credits from the CAGRD Long Term Storage Sub-Account represented the entirety of gains to the Replenishment Reserve. These actions resulted in an overall increase of 2% towards achieving CAGRD’s Replenishment Reserve target.

TABLE 4

Replenishment Reserve Balance and Target Achieved for 2019 (AF)

| AMA | Replenishment Reserve Balance (12/31/19) | Replenishment Reserve Accruals During 2020 | Replenishment Reserve Balance (12/31/20) | Reserve Target | % of Reserve Target Achieved (12/31/20) |
|--------------|--|--|--|----------------|---|
| Phoenix | 214,404 | 14,970 | 229,373 | 603,866 | 38% |
| Pinal | 4,933 | 450 | 5,383 | 48,036 | 11% |
| Tucson | 37,727 | 1,880 | 39,607 | 112,600 | 35% |
| TOTAL | 257,064 | 17,300 | 274,363 | 764,502 | 36% |

5. Operational Efforts and Successes

As with many other entities, most CAGRD efforts in 2020 took place from a home office instead of CAP Headquarters. It stands as a testament to both CAP IT staff's technical capabilities and the dedication of CAGRD staff that despite a disruption to the office environment, no critical work was postponed and all statutory requirements continued to be met.

Prior to working from home, CAGRD published the 2019 Mid-Plan Review in February of 2020. This document serves as an update for the 2015 Plan of Operation and confirms the CAGRD is operating in accordance with statute and is able to continue serving its members. As the development of the 2025 Plan of Operation is fast approaching, CAGRD and CAP became sponsors of Dr. George Hammond's Forecasting Project through the Eller School of Business at the University of Arizona. This grants access to information and forecasts, which allow better operational and planning decisions on CAGRD activities through a better understanding of economic and housing development trends.

Throughout the year, CAGRD and CAP participated in the Governor's Water Augmentation Innovation and Conservation Council and its various committees. In support of its membership on the Post-2025 AMAs Committee, CAGRD staff assisted with the development of several issue briefs and found opportunities to dispel misconceptions and misinformation about the CAGRD and its operations.

Concurrent to the work with the Post-2025 AMA Committee, CAGRD staff assisted in the development of the 2022 CAWCD Strategic Plan. Strategic Issues regarding replenishment activities were updated and the new Plan reflects an increased focus on conserving groundwater and informing the public on CAGRD's replenishment mission.

In response to stakeholder comments, CAGRD staff began two staff projects around CAGRD activities. To ease the administrative burden around submittal of Annual Water Reports by water providers serving member lands, CAGRD staff investigated the types of parcels requiring comments and modified the annual report process to be less time consuming and better

address actual errors in water delivery quantification. Another project, referred to in Section Two, began to quantify the differences in groundwater pumping in support of CAGRD Member Lands and the subsequent replenishment. Work that began in 2020 led to multiple presentations on the subject in 2021 and will help guide operational decisions going forward.

6. Conservation Activities

2020 saw results from the re-emphasized CAGRD Conservation Program. A report from Gary Woodard of Water Resources Consulting on water use at CAGRD Member Lands identified opportunities for partnerships and projects towards lowering the replenishment obligations of CAGRD members. CAGRD and CAP, in partnership, increased its sponsorship of Water – Use It Wisely and now sits on the steering committee. This increased sponsorship has already had an impact on expanding the reach of conservation-based marketing to include all Zip Codes with CAGRD Member Lands or Member Service Areas.

7. Legislative Action

Despite the COVID related curtailment of the 2020 Legislative Session, SB1113 – requiring county tax statements to separately list all primary and secondary taxes – was signed by the Governor on March 20, 2020. CAWCD supported this bill because of the increased transparency to the property owner on what special taxing districts the owner belonged to and the amount of taxes each taxpayer was paying.

8. Other Activity

Third-Party Marketing of LTSCs to ML Homeowners Associations

First described in the 2015 Annual Operations Report, third-party entities began marketing LTSCs to homeowners associations (HOAs) within CAGRD MLs in 2015 as an alternative to receiving excess groundwater and paying CAGRD assessments. The concept involves individual ML property owners, such as an HOA, obtaining a recovery permit for one of their water provider's wells, purchasing LTSCs from a third-party, and entering into an agreement whereby the water provider would recover the LTSCs on behalf of the property owner and "wheel" the recovered water in lieu of groundwater that would otherwise be delivered to the property. The LTSCs may be used to reduce or eliminate the property's replenishment obligation and thereby reduce the CAGRD assessment for that year.

In 2020, the total amount of credits wheeled and recovered within Member Land subdivisions, in order to reduce or eliminate a property's replenishment obligation, was 557 AF within the Phoenix AMA. No wheeled and recovered LTSCs were reported in the Pinal or Tucson AMAs.

Appendix I: Acceptance of 2020 CDAR

CAGRD received notification from ADWR on October 28, 2021 regarding the acceptance of the CDAR and confirmed that CAGRD has completed its groundwater replenishment obligation as required by statute. A copy of the letter is included on the following page.

DOUGLAS A. DUCEY
Governor



THOMAS BUSCHATZKE
Director

ARIZONA DEPARTMENT of WATER RESOURCES
1110 West Washington Street, Suite 310
Phoenix, AZ 85007
602.771.8500
azwater.gov

Via electronic mail

October 28, 2021

Ms. Laura Grignano, Manager
lgrignano@cap-az.com
Central Arizona Groundwater Replenishment District
P.O. Box 43020
Phoenix, Arizona 85080-3020

Re: CAGRD Accounting Status for 2020

Dear Ms. Grignano:

The Arizona Department of Water Resources (Department) has reviewed the Central Arizona Groundwater Replenishment District (CAGRD) 2020 Conservation District Annual Report, dated August 26, 2020 and revised on October 28, 2021. As prescribed by A.R.S. § 45-859.01(I), the Department determined in October of 2021 that the CAGRD completed the groundwater replenishment obligation, as specified in A.R.S. §48-3771, for each Active Management Area (AMA). This letter is to inform you of that determination.

If you have any questions regarding this determination, please feel free to contact Shannon Reif at (602) 771-8517 or by email at sreif@azwater.gov.

Sincerely,

David L McKay

David L McKay, Manager
Recharge, Assured and Adequate Supply Programs

cc via email: Jeni Martin, CAGRD
Terri Boxley, CAGRD

Adobe Sign Transaction Number: CBJCHBCAABAA3SmRbw9_92kgS7xxvDjLSYivXFviiqS