



CAWCD BOARD POLICY
Approved by the CAWCD Board September 5, 1996
Revised June 4, 1998
Amended November 7, 2002
Amended and Effective December 1, 2017
Reviewed January 5, 2023

CAWCD Policy Regarding the Relinquishment and Transfer of CAP M&I Subcontract Allocations

The Board of Directors of the CAWCD recognizes that from time to time a subcontractor may desire to relinquish or transfer some or all of its M&I subcontract allocation. The Arizona Department of Water Resources (ADWR) is the state entity with the responsibility to recommend allocations, reallocations and, subsequently, the reassignment of CAP water supplies. The Board recognizes that ADWR has developed a policy and guidelines for such reassignments and pledges to coordinate and cooperate with ADWR in its process.

The Board has adopted this policy to establish the necessary elements required for CAWCD approval of any transfers of CAP subcontract allocations. The CAWCD has a primary interest in ensuring that the financial obligations associated with a CAP subcontract are fulfilled. In addition, the CAWCD wishes to ensure that sound public policy is considered before completing the transfer process. With these considerations in mind, the following elements will guide the CAWCD staff in processing the proposed transfers. Final approval will be by Board action.

1. Any transfer of a CAP M&I subcontract allocation must be accomplished with no profit to the relinquishing entity. All financial transactions must be fully disclosed. No payment shall be made to the relinquishing entity except (i) all charges that were paid by the Central Arizona Groundwater Replenishment District (CAGRD) when it acquired an interest in M&I CAP water shall be reimbursed to the CAGRD if that M&I CAP water is transferred to another entity pursuant to section 5.5 of the CAGRD's Supplemental Contract for Delivery of Central Arizona Project Water, including interest calculated using a simple annual interest rate equal to the weighted average rate earned by CAWCD for each calendar year or portion of a calendar year; and (ii) reimbursement for the Arizona State Land Department will be as provided in A.R.S. § 37-106.01(c).

The entity that receives the subcontract allocation will be required to pay CAWCD 1) any outstanding payments due under the subcontract with interest from the date that the subcontract was relinquished; 2) any charges paid by CAWCD to the United States associated with the transfer; 3) if applicable, the amount CAWCD paid to the CAGRD with interest from the date payment was made by CAWCD; and 4) if applicable, the amount CAWCD paid to the ASLD with interest from the date payment was made by CAWCD. Interest paid by the receiving entity will be simple annual interest at a rate equal to the weighted average rate earned by CAWCD for each calendar year or portion of a calendar year. In those instances where the assignment and transfer is made to a successor-in-interest that will serve the original subcontract service area, no pro-rata reimbursement of payments will occur.

2. ADWR will determine whether a transfer meets ADWR's policy on the transfer of M&I entitlements within the CAP service area. CAWCD will cooperate and coordinate with ADWR in the reassignment of CAP M&I subcontract allocations.