

CAP Stakeholder Roundtable: Secure Water Arizona Program (SWAP)

November 16, 2026

Agenda

- Welcome and Introductions
- SWAP Objectives
- Overview of SWAP Proposal
  - Emergency Reserve Program
  - Reduction Offset Program
  - Committee and Administration
- Discussion

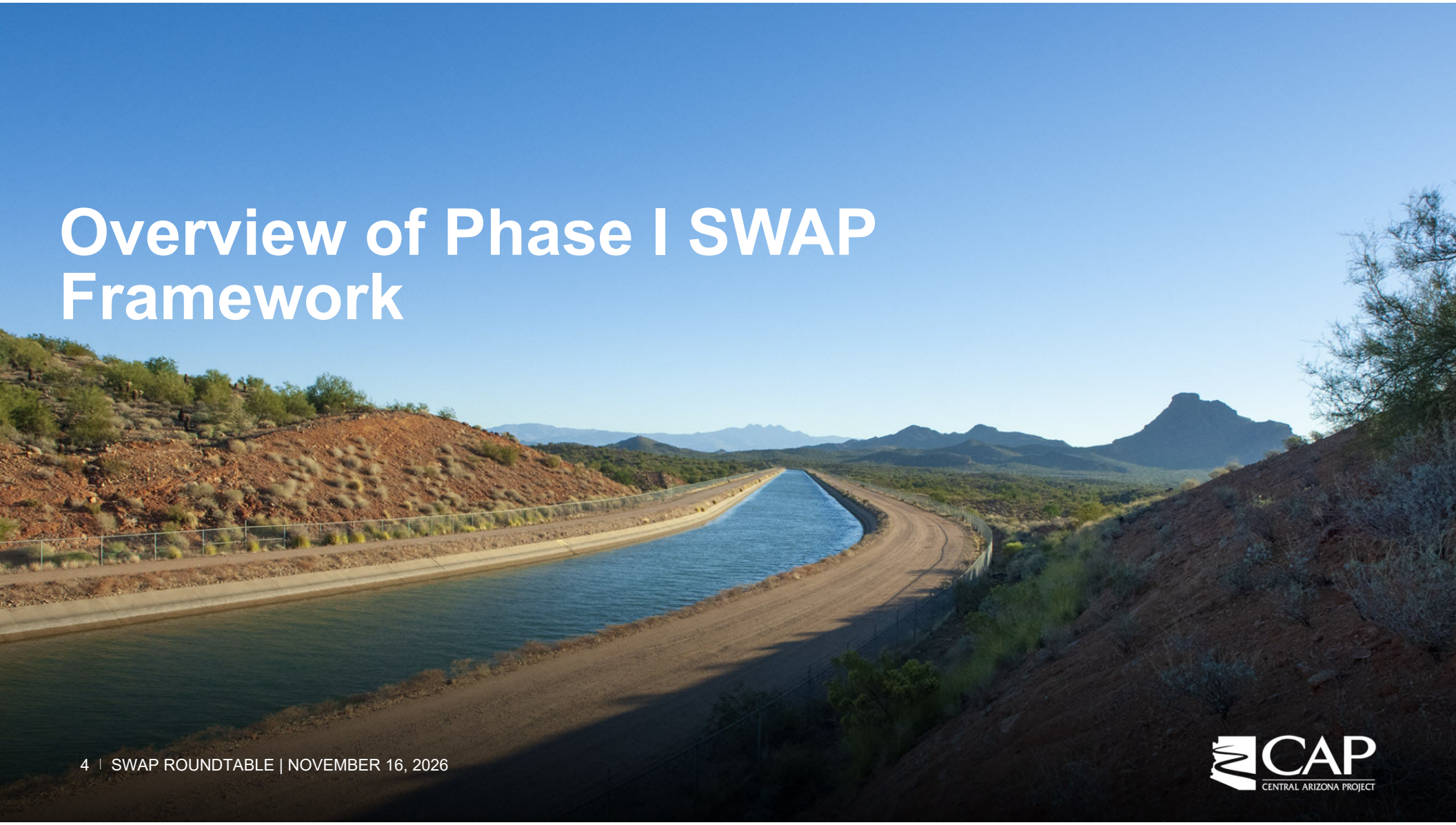
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SWAP Objectives



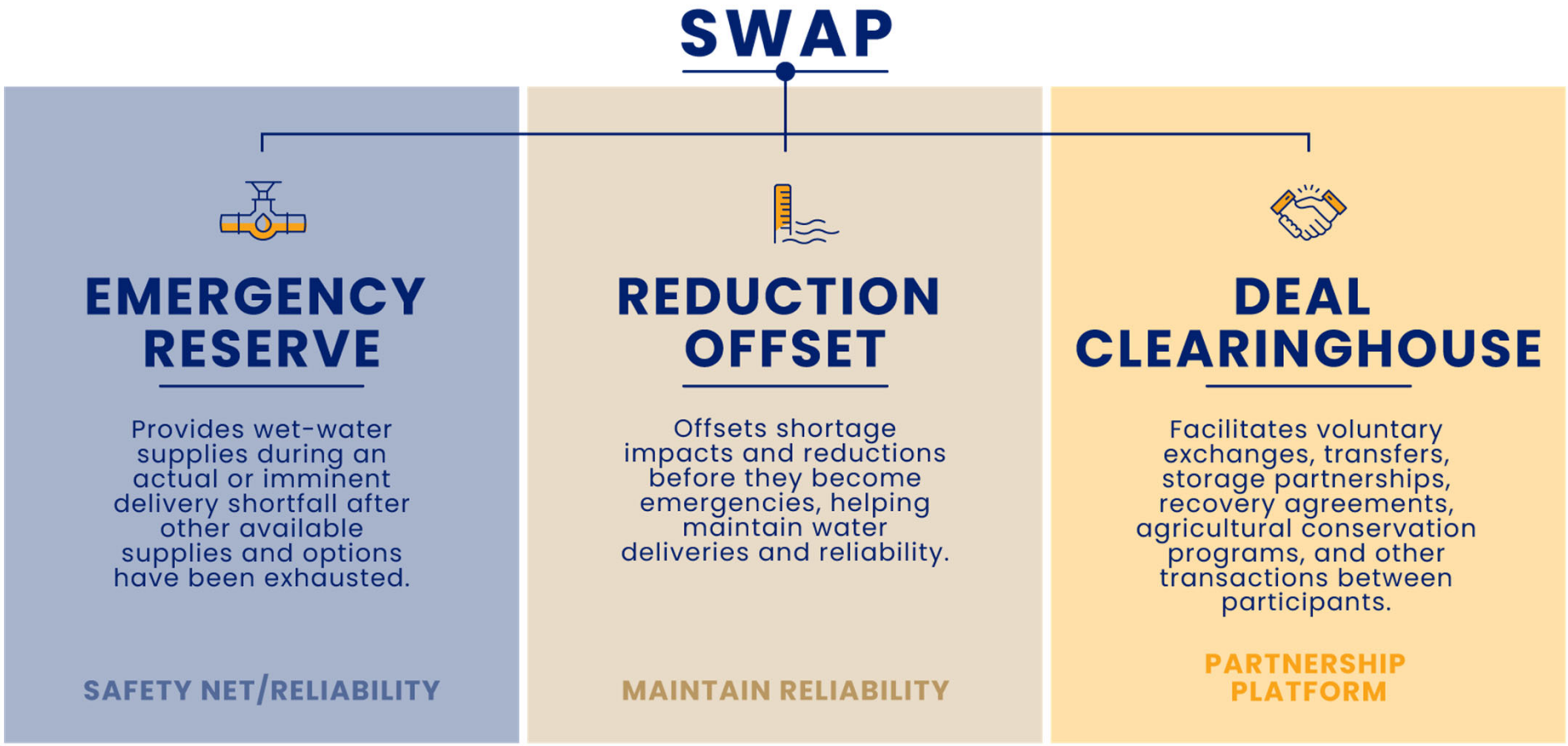
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Overview of Phase I SWAP Framework



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Elements of SWAP



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Emergency Reserve Program Overview

PURPOSE

Provide a short-term emergency water supply backstop for M&I water providers facing actual wet-water delivery shortfall due to Colorado River reductions

PRINCIPLE

A last-resort resource and can only be accessed after all other supplies, including AWBA and FMWRP have been exhausted

RESERVE SUPPLY

20,000 Minimum Target volume

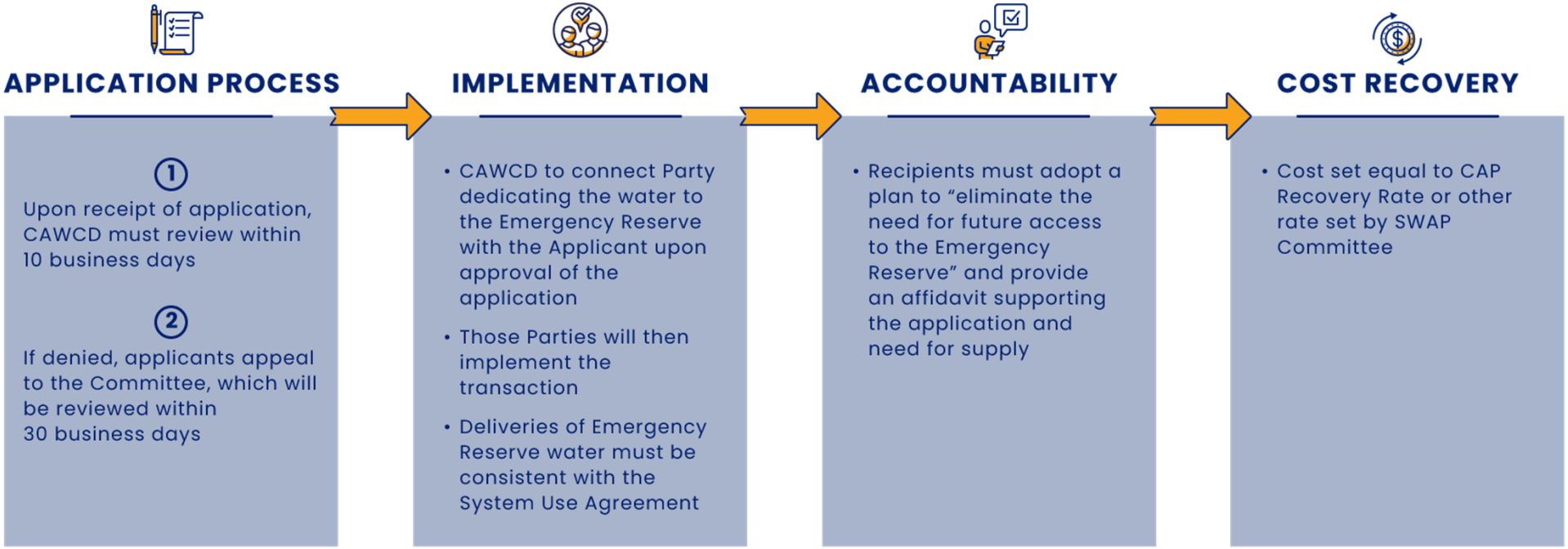
Supply Sources include non-Project water: LTSCs, exchanged water, imported groundwater

Water allocated proportionally if requests exceed available supply

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Emergency Reserve Program Administration

Program Administration: CAWCD maintains reserve inventory, and dedications to the reserve are tracked and managed.



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Emergency Reserve Program:

Questions?

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Reduction Offset Program Overview



Purpose

Develop replacement water supplies for SWAP Parties with CAP Subcontracts/ Contracts or on-River P4 entitlements that are impacted by Colorado River cuts



Supply Sources

- Long-term Agricultural conservation
- Crop conversion agreements
- Underground water supplies
- Water transfers and leases
- Other projects that create additional water availability



Deliveries

- Available to all participating SWAP users at the inflation-adjusted cost of development.
- All replacement water supplies delivered through CAP will be delivered consistent with the Project Water/Non-Project Water framework.

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Reduction Offset Program – Deliveries

Abstention Water

- Supplies generated as part of a SWAP program and available as additional Arizona Colorado River supply in priority
- Would be Project Water if available to CAP as a "passive transfer" through its unquantified Sec. 5 contract

Transferred Water

- Water that is legally transferred or leased from one Party for the use of other Parties, retaining its original priority
- Would be non-Project Water subject to wheeling or firming requirements under the System Use Agreement if delivered through the CAP

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Reduction Offset Program – Abstention Water

- May be long-term or temporary passive transfer until full transfer/lease process can be completed.
- CAP would negotiate a price with the developing SWAP Parties to pay for Abstention Water made available by each applicable SWAP program and pay for Abstention Water in the year it is delivered to CAP users.
  - The cost paid by CAP would be included as part of regular Project Water rate charged by CAWCD.
- This makes CAP a "customer" of each SWAP program that generates Project Water.
  - Encourages the development of SWAP Projects where there are long-lead times to transfer/lease; increased the total available CAP supply; allows additional water to be made available swiftly.
- On-River P4 SWAP parties would pay the same rate as CAP to access available Abstention Water supplies.

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Reduction Offset Program – Transferred Water

- Goal is to structure transfers/leases of Reduction Offset Program water to be available for delivery to all participating on-River P4 or CAP SWAP parties, at the inflation-adjusted cost of development
- CAP Users: Payment of inflation-adjusted cost of development plus System Use Agreement (SUA) and delivery costs

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Reduction Offset Program:

Questions?

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Initial SWAP Committee

- Oversight and management of SWAP agreement will be handled by an “initial committee”
- Objectives:
  - Promote and facilitate the mutual cooperation and resilience goals of the program
  - Provide a forum for sharing new programs and transactions
  - Facilitate the development and implementation of Phase 2 SWAP

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Initial SWAP Committee – Membership

- The Initial Committee will consist of one representative of each Initial Party with each having one vote
  - SWAP proposes that Reclamation may serve as a non-voting advisory member except for the election of the Committee Chair
- Committee action is generally by majority vote.

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Initial SWAP Committee – Authorities

- Approve commitments to the Emergency Reserve
- Hear Emergency Reserve denial appeals
- Implement the Phase 1 SWAP
- Approve administrative budgets and take such other administrative actions
- Create a forum where negotiated agreements may be made available for participation by all SWAP Parties – "Deal Clearinghouse"

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Initial SWAP Committee – Deal Clearinghouse

Goal: Allow everyone to benefit from future SWAP agreements on an opt-in basis.

- SWAP Parties that have negotiated program agreements will present the agreements to the Initial Committee and make all or portions of the agreement available for participation by the other SWAP Parties or as contributions to the Reduction Offset Program or Emergency Reserve Program.
  - Initial Committee will NOT have a role in negotiating individual SWAP agreements.
- The Initial Committee will have a SWAP Agreement approval function to execute.
  - A SWAP Agreement can be rejected by 2/3 vote.

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Program Administration and Support

- For Phase 1, CAP will administer SWAP, with support and administration functions to include:
  - Coordinating and staffing Initial Committee meetings
  - Coordinating recordkeeping, water accounting, and reporting, including submitting any required reports to ADWR and Reclamation
  - Facilitating transfer and delivery of CAP water between CAP contractors and subcontractors consistent with existing legal structures
  - Providing annual reports on SWAP to the Initial Committee
  - Tracking and alerting the Initial Committee if there is an expected shortfall in the Emergency Reserve
- The Initial Committee will approve a budget annually for CAWCD's administration costs, and CAWCD will invoice each M&I Subcontractor SWAP Participant

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Joinder, Termination, and Withdrawal

Late Joining

- An entity can join SWAP Phase 1 as a “subsequent party”, but would not have representation on the Initial Committee.

Withdrawal

- Parties can withdraw from SWAP with a 180 day notice, but remain obligated for any costs incurred during the time it was a participant.

Phase 2

- Intent is for the SWAP to move to a more durable and flexible Phase 2 SWAP that would include the creation of a Separate Legal Entity (SLE) to take over administration of the program and establish a new governing body.
- Phase 2 would expand on the concepts/programs in Phase 1.

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Committee and Administration:

Questions?

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Discussion



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