

# ARIZONA WATER BANKING AUTHORITY

## Final Minutes

September 19, 2018  
Arizona Department of Water Resources



### AUTHORITY MEMBERS

Thomas Buschatzke, Chair  
Ray L. Jones, Vice-Chair  
Kathryn Sorensen, Secretary  
Mark Clark  
Patricia Pickard

---

### Welcome/Opening Remarks

Chair Thomas Buschatzke welcomed the attendees. Lisa Atkins, President of the CAWCD Board, attended via teleconference instead of Pamela Pickard, her designee. All other Commission members were in attendance. *Ex-officio* members, Speaker J.D. Mesnard and Senator Gail Griffin, were not in attendance.

### Approval of Minutes

Chair Buschatzke asked for a motion to approve the minutes from the June 20, 2018 regular quarterly meeting. Mark Clark moved to approve the minutes. Secretary Kathryn Sorensen provided the second to the motion and the minutes were approved 4 in favor, none against and Lisa Atkins did not respond due to a temporary telecommunication failure.

### Water Banking Staff Activities

**Monthly Deliveries.** Ms. O'Connell stated deliveries are slightly behind schedule with just over 19,000 acre-feet (AF) delivered through August or 50% of overall deliveries for 2018. Deliveries are on target in Tucson and slightly behind in Phoenix. In the Pinal AMA, due to operational issues at the Maricopa Stanfield Irrigation and Drainage District (MSIDD) Groundwater Savings Facility (GSF), 2,700 AF of water originally scheduled for the Central Arizona Irrigation and Drainage District GSF will be delivered to MSIDD instead. Additionally, 3,000 AF of deliveries scheduled for Phoenix AMA underground storage facilities will also be delivered to MSIDD. In the Tucson AMA, approximately 1,200 AF of water that would have been delivered to the Pima Road Recharge Project (PMRP) has been redirected to the Kai Farms Red Rock GSF. Interstate deliveries began in July. Ms. O'Connell explained that deliveries are currently 30% of total deliveries for the year, and she expects to meet the full 13,500 AF by year end.

Regarding credit purchases, Ms. O'Connell explained there was no activity in the third quarter of 2018. Total purchases for the year remain at 19,100 AF. Additional purchases are anticipated for the fourth quarter.

**Colorado River Status Update.** Bret Esslin, ADWR Colorado River Management, gave an update on the Colorado River system (presentation available online). Total system content is at 48% or 28.5 million AF (MAF) compared to 56% or 33.27 MAF last year. Lake Powell is at 46% or 11.29 MAF with a lake elevation of 3,595.10 feet, and Lake Mead is at 38% or 9.9 MAF with a lake elevation of 1,078.66 feet. Projected unregulated inflow for 2018 is at 4.885 MAF or 45% of the 30-year average. Based on current inflow data, the most probable release from Lake Powell in 2019 is 9 MAF

subject to adjustments pursuant to the April 2019 24-Month Study. For 2018, the most probable year-end elevation in Lake Mead is 1079.5 feet. For 2019, the most probable year-end elevation in Lake Mead is 1070.35 feet. Based on the results of the Bureau of Reclamation's August 24 Month Study, there will be no shortage in 2019. The probability for shortage in 2020 increased to 57% and escalated to 70% by 2022.

Chair Buschatzke asked Mr. Esslin what the probability is of an 8.23 MAF release from Lake Powell instead of a 9 MAF release. Mr. Esslin responded saying to keep a 9 MAF release, we will need a yield that is 73% of the average. For the release to be adjusted to 8.23 MAF, a copy of this year's yield would be necessary.

**CAP System Update.** Marcus Shapiro, CAWCD Water Systems Supervisor, gave an update on the CAP system. He described the new Ag Forbearance 5 program providing for an additional 10 KAF of conservation under the Pilot System Conservation Program (PSCP). Total CAWCD forbearance volumes for 2018 are expected to total just over 181 KAF and include approximately 149 KAF for CAP system conservation and approximately 32 KAF for the PSCP. Ms. Sorenson asked if the increased volume was water that would have been used by Tucson. Mr. Shapiro responded affirmatively.

Chair Buschatzke asked if there was a possibility some of the water for the 2019 schedule could be delivered for the CAGR annual replenishment obligation. Mr. Shapiro responded affirmatively. Secretary Sorenson asked why the target volume for 2018 changed from 192,000 to 181,000 AF. Mr. Shapiro replied that the target volume has not changed for CAP; it is 149,000 AF. The difference between the 181,000 and the 192,000 AF is the contribution made by entities other than CAWCD.

**Recovery Planning.** Rabi Gyawali, ADWR Colorado River Management, updated the Commission on the Recovery Planning Advisory Group (RPAG). Convened in 2018 to review and provide guidance to enhancing recovery planning efforts, the RPAG has held five meetings. All meeting materials are available on ADWR's home page under hot topics. At the July 17<sup>th</sup> RPAG meeting, stakeholders shared recovery methods that were synthesized into a matrix. At the last meeting on August 28, 2018, stakeholders agreed to conduct an exercise to determine how recovery could be implemented in 2022 on an individual water provider level. Stakeholders were asked to complete and submit the exercise. Ten surveys from CAP M&I subcontractors were submitted, one from the Mohave County Water Authority and one from the AWBA and the Gila River Indian Community. The next RPAG meeting is scheduled for Sep 24, 2018.

**Arizona Lower Basin Drought Conservation Plan (LBDCP) Steering Committee.** Ms. O'Connell briefed the Commission on the LBDCP Steering Committee that was formed in response to a public briefing on the LBDCP in June of 2018 hosted jointly by ADWR and CAWCD. At that meeting the Bureau of Reclamation illustrated how the risk of shortage has increased dramatically from what was anticipated when the 2007 Interim operating guidelines were established. They also stressed the seriousness of Lake Mead falling to critically low elevations. The Steering Committee is comprised of 40 delegates representing various sectors. The group began meeting on July 26 with

three meetings held since. They are expected to meet 5 more times finishing by November 29. While complex, the general premise behind the DCP is to contribute additional supplies to the system to avoid deeper shortages in the future. The Steering Committee is tasked with examining how best to implement the DCP. Four key elements will be considered: 1) “ag” mitigation, 2) an Arizona Intentionally Created Surplus (ICS) Framework, 3) an Arizona conservation plan and 4) excess water. Only the first two elements have been discussed to date, which resulted in the formation of subcommittees for the two elements. Meeting materials can be found on both the ADWR and CAWCD websites. Chair Buschatzke added that the Steering Committee meetings are video-taped and available online. He noted that at the last Steering Committee meeting, he suggested that it would be good if the process could be finished before Thanksgiving instead of on November 29.

### **Long-term Storage Credit Purchase from Ak-Chin Indian Community**

Ms. O’Connell reminded the Commission that on April 10, 2018, the AWBA and the Ak Chin Indian Community (Community) entered into a three-year, long-term storage (LTS) credit purchase agreement. The agreement allows for an annual determination of the purchase and sale of up to 6,600 AF of LTS credits accrued by the Community. In April, the AWBA purchased 3,600 AF of LTS credits using Phoenix AMA withdrawal fee monies. Staff is proposing to purchase the remaining 3,000 AF of LTS credits using reserved Maricopa Water Storage Tax funds. Based on the Annual Purchase Price calculation described under Section 2.5 of the agreement, the total cost of the credits is \$695,730. The amount of the credits and the purchase price are consistent with the target amount identified in the AWBA’s 2018 Plan of Operation and within the Maricopa County Water Storage Tax monies reserved by the CAWCD Board for this purpose. The LTS credits will be from the Roosevelt Water Conservation District groundwater savings facility and the Hassayampa underground storage facility.

CAWCD staff was notified of the potential purchase. The CAWCD Board was also updated by General Manager Ted Cooke as part of his general manager’s report at the September 6th Board meeting. Lisa Atkin’s confirmed that the AWBA and the CAWCD have been following a two-step process. The first step of informing the Board was taken at the last meeting. The second step of revising the resolution is on the draft agenda for October.

Ms. Sorenson moved to approve the purchase of an additional 3,000 AF of Central Arizona Project water long-term storage credits in calendar year 2018 at a cost of \$695,730.00 pursuant to the *Purchase and Sale Agreement* between the AWBA and the Ak Chin Indian Community using funds in the Maricopa County subaccount of the Arizona Water Banking Fund. Seconded by Mr. Clark, Chair Buschatzke asked for public comment. Seeing none, the Commission unanimously passed the motion.

### **IGA Between CAWCD, ADWR and AWBA**

Ms. O’Connell briefed the Commission on the draft intergovernmental agreement between the CAWCD, ADWR and the AWBA (presentation available online). The purpose of the agreement is to facilitate the goals of the AWBA, to promote cooperation

among the AWBA, ADWR and CAWCD, to establish services provided by ADWR and CAWCD to the AWBA and to provide for the reimbursement of the cost of services between the organizations. The term of the agreement is for ten years beginning January 1, 2019 and ending December 31, 2028. While reiterating provisions from the existing agreement and subsequent amendments, the new IGA also provides for the three organizations to develop coordinated and cooperative processes for 1) the future distribution and use of AWBA credits and 2) the recovery of AWBA credits in consideration of water management concerns. It also provides for the use of water storage tax interest for AWBA approved administrative expenses and finally the new agreement streamlines the existing credit purchase process.

There were several questions from Commission members asking for clarity on the AWBA's decision making power within the agreement relative to substantive decisions versus logistical ones, the applicability of auditing procedures and the availability of the water storage property tax funds across years. Staff was asked to evaluate the need for technical amendments for clarification purposes.

### **Preliminary 2019 Plan of Operation**

Ms. O'Connell described the draft Preliminary 2019 Plan of Operation. For the first time in the history of the AWBA, there will be no excess CAP water available to the AWBA for storage. Instead, to continue to make progress on its firming goals, the AWBA anticipates purchasing approximately 53,450 AF of credits at a cost just over \$11 million. However, like 2018, the 2019 Plan will include the storage of 13,500 AF of Nevada's unused apportionment, subject to approval by the Southern Nevada Water Authority Board of Directors. Storage for Nevada is expected to cost approximately \$3.2 million and result in 12,560 AF of credits.

Regarding interstate storage for Nevada, Ms. O'Connell explained that the CAWCD water storage tax equivalency rate paid by Nevada (\$54 per acre-foot in 2019) is made available to the Arizona Water Protection Fund on a fiscal year (FY) basis. Consequently, delivery payments made to CAWCD under the 2018 Plan from July through December will be paid to the Water Protection Fund in July of 2019 along with any interstate deliveries paid for under the 2019 Plan between January and June. Interstate deliveries paid between July through December of 2019 will be transferred to the Water Protection Fund in July of 2020. Interstate deliveries under the 2019 Plan are expected to generate over \$700,000.

Ms. O'Connell requested direction to hold public meetings on the draft 2019 Plan of Operation in conjunction with the Groundwater User Advisory Councils in the Phoenix, Pinal and Tucson AMAs. The Commission unanimously directed to staff to move forward with the plan.

### **Call to the Public**

Chair Buschatzke asked for public comment. There were no comments. The meeting adjourned at 11:12 a.m.