

Evaluating Collaborative Options for a Second Century

Colorado River Water Users Association 2022



Clint Chandler

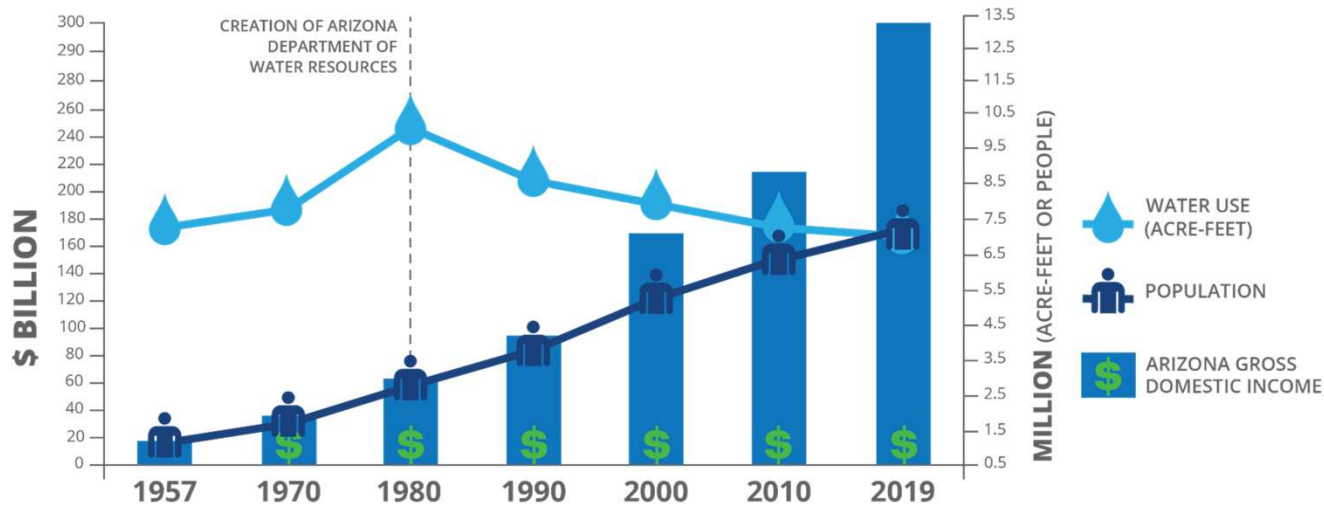
Deputy Director

Arizona Department of Water Resources

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ARIZONA'S WATER MANAGEMENT SUCCESS

ARIZONA WATER USE, POPULATION AND ECONOMIC GROWTH (1957 - 2019)



TOTAL WATER USE (IN MILLIONS ACRE/FEET)

1957 7.1 MAF
2019 6.9 MAF

-3% CHANGE FROM 1957-2019

POPULATION (IN MILLIONS)

1957 1.1
2019 7.2

555% CHANGE FROM 1957-2019

GROSS DOMESTIC INCOME (IN BILLIONS)

1957 \$ 13.4
2019 \$ 299.8

2,137% CHANGE FROM 1957-2019

Drought Contingency Plan

Lower Basin Drought Contingency Plan

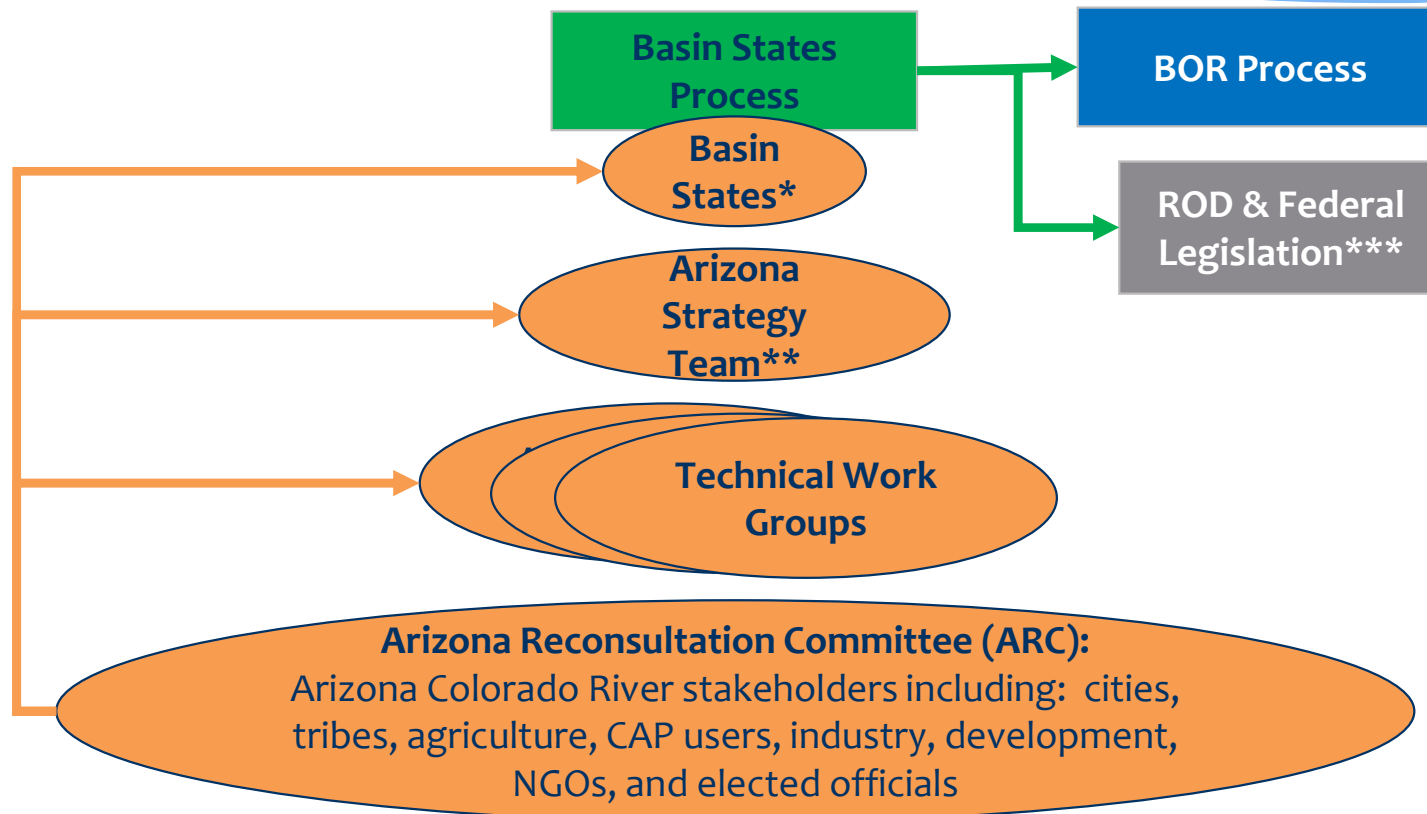
- ADWR & CAWCD jointly hosted 9 public Steering Committee meetings to discuss & recommend how to adopt and implement the LBDCP in a way that is acceptable to Arizona water users
- **January 31, 2019** – Arizona Legislature passed & Gov. Ducey signed SB 1227
 - The legislation authorized ADWR Director to sign the Interstate DCP Agreements on behalf of Arizona

Colorado River Drought Contingency Plan

- **March 27 & 28, 2019** – Reclamation & Colorado River Basin representatives testified at U.S. subcommittee hearings at the Senate (subcommittee chaired by AZ Sen. McSally) & the House (subcommittee chaired by Rep. Huffman; full committee chaired by AZ Rep. Grijalva)
- **April 8, 2019** – Bill passed after announced by Sen. McSally & Rep. Grijalva
- **April 16, 2019** – Signed by President Trump
- **May 20, 2019** – Signed & finalized by Lower Basin States, Reclamation & Interior



Arizona Reconsultation Process



*By invitation to support the co-Chairs

**Requires confidentiality agreement for legal advice and negotiating strategies

***Federal legislation if necessary

Goals of the Augmentation Bill, SB 1740 (an expanded WIFA)

- On July 6, 2022, Governor Ducey signed historic legislation to invest more than \$1 billion over three years toward securing Arizona's water future
- The bold plan will fund projects that will bring additional water to the state to help ensure that Arizona families, businesses and agriculture continue to have adequate long-term water supplies



Goals of the Augmentation Bill, SB 1740

- The augmentation plan:
 - Builds upon last year's investment to the Drought Mitigation Fund
 - Lays the groundwork for new large-scale water augmentation projects;
 - Encourages further reuse and efficiency with current supplies; and
 - Leads to the further integration of the latest technologies, including desalination, into Arizona's water portfolio.

SB 1740 WIFA; Supply; Augmentation

- Expands Water Infrastructure Finance Authority's (WIFA) mission to provide financial instruments including loans, bonds and grants for water conservation, reuse and augmentation
- Requires a 5-year rolling supply/demand study by ADWR
- Provides for public & private partnerships



**WATER
INFRASTRUCTURE**
FINANCE AUTHORITY
OF ARIZONA

WIFA Funds

Long Term Water Augmentation Fund

- 75% of initial deposits for projects that import water into the state
- Acquiring/constructing water-related facilities in the state for importation purposes
- Financial assistance

Water Supply Development Revolving Fund

- Loans and grants to eligible entities
- Purchasing/refinancing debt, conducting water supply studies and other purposes

Water Conservation Grant Fund

- Improve water reliability, efficiency
- Groundwater recharge & aquifer health
- Education, turf removal, drought-resistant landscape

SB 1740 WIFA

- Requires a Water Supply and Demand Assessment to be prepared by ADWR.
- Prescribes requirements for WIFA to notify entities in Arizona with Colorado River water entitlements of water supply development projects to import water.
- For any proposed water supply development project to import water, the Authority must provide written notice of the proposed project to all Arizona entities with a Colorado River entitlement, including water delivered through the CAP.
- Requires WIFA to cooperate with established and existing state agencies and political subdivisions, as well as with the US and other states in the acquisition, construction or development of water-related facilities.
- The board is subject to significant conflict of interest provisions and is subject to open meeting laws.

WIFA Limitations

- Prohibits WIFA from purchasing or providing loans/grants for any mainstream Colorado River water rights.
 - This stipulation does not apply to water held by a tribe.
- Prohibits WIFA from entering into any agreements to convey or deliver water within the incorporated boundaries of a city, town or within the boundaries of other legal entities without written consent.
- Prohibits WIFA from selling or leasing imported water or long-term storage credits acquired in its own name for amounts greater than necessary.
- Requires ADWR to provide technical assistance to the WIFA Board.

WIFA Board

Appointments: 5 Executive, 4 Legislative

Governor: 2 Large, 2 Small, 1 Statewide

Senate President: 1 Large, 1 Small

House Speaker: 1 Large, 1 Small

Advisory Members (or designees)

Senate President

ADWR Director

Senate Minority Leader

ADEQ Director

House Speaker

ASLD Commissioner

House Minority Leader

ADOA Director

Long-Term Water Augmentation Advisory Board

4 WIFA Board Members (Large)

2 WIFA Board Members (Small)

1 WIFA Board Member (Statewide)

Water Supply Development Advisory Board

2 WIFA Board Members (Large)

4 WIFA Board Members (Small)

1 WIFA Board Member (Statewide)

Federal Water Programs Advisory Board

Existing WIFA Advisory Board

Long-Term Water Augmentation Fund

Water Supply Development Fund

Clean Water Revolving Fund / Drinking Water Revolving Fund

WIFA

(Standalone agency as it existed pre-2016)

* Large: Maricopa, Pima, Pinal

* Small: 12 remaining

Evaluation Criteria for Long Term Water Augmentation Fund Projects Include:

- Benefits to current and future residents of Arizona relative to the cost of the project
- The ability to provide multiple water supply development benefits
- Projected costs
- The ability to address or mitigate water supply reductions
- Cost effectiveness of the project
- Reliability and long-term security of the water supply
- Existing and planned conservation, best management practices, and water management programs

Evaluation Criteria, continued

- Degree to which project will maximize or leverage multiple available funding sources, including federal funds
- Applicant's ability to meet any applicable environmental requirements imposed by federal or State agency
- Qualifications, industry experience, general reputation, and financial capacity of the applicant or any private partner
- Comments from water users, local citizens and affected jurisdictions
- Existing, near-term or long-term demands relative to the volume and reliability of existing water supplies of the beneficiaries of the funding or project
- Ratepayer impacts
- Ability to repay all financial obligations

Minute 323: Cross-border Cooperation

Over the last dozen years, Mexico has become a true partner in the management of the Colorado River through a series of Minutes to the 1944 Water Treaty.

- Built upon prior Minutes.
- Mexico shares the benefits and risks of the system.
- Mexico has agreed to a binational water scarcity plan, the equivalent of the seven Basin States' drought contingency plans.
- Teed up conservation and new water source projects for the benefit of both countries.



Officials with International Boundary and Water Commission, United States and Mexico, celebrate the signing of a new Colorado River agreement, Minute 323 (Reclamation)

Cooperation between the United States & Mexico

- Over the last dozen years Mexico has become a true partner in the management of the Colorado River through a series of Minutes to the 1944 Water Treaty.
- The cooperative measures on Colorado River water that the United States and Mexico agreed to in September 2017 are formalized in an agreement described, collectively, as “Minute 323.”
- Mexico has agreed to a binational water scarcity plan, the equivalent of the seven Basin States’ drought contingency plans.
- Additional aspects of Minute 323 include water for the Delta, joint water conservation programs, a hydrology work group, a salinity work group, and a new water sources work group.
- A key focus of the new water sources work group is exploring binational desalination opportunities in the Sea of Cortez.

Cooperation between the United States & Mexico

- The binational desalination work group is charged with looking at proposed desalination opportunities in two locations: the Sea of Cortez and a location near Mexicali in Baja California.
- The target is to create 250,000 acre-feet of desalinated water annually.
- In June 2020, a study was released that lays out the existence of opportunities for binational desalination plants in the Sea of Cortez that have the potential for delivery or exchange of Colorado River water.
- The study is posted on the U.S. IBWC site: [ibwc.gov](https://www.ibwc.gov)

Desalination Opportunities with Mexico

- Binational Desalination Work Group established through Minute 323
 - Comprised of the International Boundary and Water Commission, the U.S. State Department, the US Department of the Interior, water-user representatives for the United States
 - For the Republic of Mexico: ConAgua, Comision Internacional de Limites y Aguas
 - Opportunities relating to the Sea of Cortez
 - Binational benefits
 - Report was completed in June 2020

Binational Study of Water Desalination Opportunities in the Sea of Cortez

- In June 2020, report was completed, returning three options (two plans):
 1. Different options & opportunities
 2. Price - \$2,200 to \$2,500 p/af
 3. Water to Yuma area with exchange
- The report's primary recommendations:
 1. Identify mechanisms for exchange
 2. Consider grid design and other options for power delivery
 3. Explore rights of way for pipeline to Yuma
- Phase Two implementation delayed
- Covid and other events have slowed the process
- Mexico recently expressed desire to resume

Questions?

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