

INFORMATION BRIEF

BOARD OF DIRECTORS



Agenda Number 13

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MEETING DATE: Thursday, September 7, 2023

AGENDA ITEM: Discussion on Agreement for Compensated Conservation Between CAWCD, the United States and Spanish Trail Water Company (*Water Supply*[^]) - Adams

LINKAGE TO STRATEGIC PLAN, POLICY, STATUTE OR GUIDING PRINCIPLE:

2022 CAWCD Board Strategic Plan
Water Supply: *Providing a reliable CAP water supply for the short and long-term.*

PREVIOUS BOARD ACTION/ACTIVITY:

May 4, 2023 Discussion and Consideration of Action to Approve United States System Conservation Agreements between the United States, CAWCD and each of the following entities: City of Glendale, City of Peoria, City of Phoenix, City of Scottsdale, Town of Gilbert, Metropolitan Domestic Water Improvement District, ASARCO LLC, and the City of Tucson.

ISSUE SUMMARY/DESCRIPTION:

On September 22, 2022, the Department of the Interior announced that it was taking steps to address drought in the Colorado River Basin and developed the Lower Colorado Basin System Conservation and Efficiency Program (LC Conservation Program) in increase system conservation and efficiency opportunities in the Lower Basin. On October 12, 2022, the United States solicited proposals for system conservation and efficiency projects for a set fixed price. Pricing for one-year system conservation projects were set at \$330 per acre-foot, two-year agreements at \$365 per acre-foot, and three-year agreements were set at \$400 per acre-foot. The LC Conservation Program is funded in part by the Inflation Reduction Act of 2022 and the Bipartisan Infrastructure Law.

Earlier this year, this Board approved system conservation agreements with eight CAP Subcontractors totaling approximately 140,000 acre-feet per year for 2023-2025. Spanish Trail Water Company submitted to Reclamation a LC Conservation Program proposal on June 2, 2023, for a three-year term system conservation agreement. With the exception of the term, which, for this agreement, begins in 2024 and continues through 2026, this agreement is substantially the same as the system conservation agreements approved by this Board in May with other CAP Subcontractors.

CAWCD, as a party to the individual Subcontract, is a party to system conservation agreements involving CAP water.

The key terms of the agreement is as follows:

1. Three-year term for system conservation water in 2024, 2025 and 2026.
2. Spanish Trail Water Company is required to submit water orders by October 1 of each year prior to the year of conservation reflecting the planned conservation volumes.
3. Water conserved accrues to the benefit of the Colorado River System and does not accrue to the benefit of the Subcontractor or any other entity.

4. Conservation volumes depend upon water available to Subcontractor, and Subcontractor has the right to reduce the amount of intended conservation (prior to the submission of its water order) without reduction in the per-acre-foot payment. Payments are made only for water conserved.
5. If Reclamation imposes mid-year reductions in the amount of water available to the Subcontractor in 2024, 2025 and 2026, pursuant to the pending Supplemental Environmental Impact Statement to the 2007 Guidelines, the system water conserved under the agreement will count toward any additional mid-year reductions required for Arizona.

The System Conservation volumes proposed under the agreement for Spanish Trail Water Company are as follows:

- 2024 – 2,400 AF
- 2025 – 2,400 AF
- 2026 – 2,400 AF

Staff anticipates bringing the agreement for the Board's approval at the October Board Meeting.

ATTACHMENTS:

1. SCIA - 2023 - SPANISH TRAIL - DRAFT