

Approved by the CAWCD Board

October 6, 2005

Revised

November 3, 2016

**POLICY REGARDING THE DEDICATION OF
CAWCD'S EXISTING LONG-TERM STORAGE CREDITS
TO CAGR**

BACKGROUND

Between 1992 and 1996, CAWCD accrued approximately 600,000 AF of long-term storage credits ("LTSCs" or "credits") in the Phoenix, Pinal and Tucson Active Management Areas ("AMAs"). The majority of these credits were accrued using CAWCD reserve funds, while other credits were accrued using State Water Storage (or State Demonstration) funds. Legislation adopted in 2005 requires that the credits accrued through use of the State Demonstration funds be used for the benefit of CAGR members in the AMA in which they were accrued.

The CAWCD Board of Directors recognizes that use of these existing LTSCs for CAGR purposes may reduce the potential for competition over future water supplies between CAGR and other water users within the CAWCD service area. Therefore, this policy dedicates all unencumbered LTSCs currently held by CAWCD to CAGR for purposes of meeting replenishment obligation and/or accruing the CAGR Replenishment Reserve. The credits dedicated under this policy include those accrued by CAWCD using its own reserve funds, as well as those credits accrued using State Demonstration funds.

POLICY

1. All unencumbered long-term storage credits currently held by CAWCD in the Phoenix, Pinal and Tucson Active Management Areas (AMAs) are dedicated for exclusive use by the CAGR to meet its legal requirement to meet replenishment obligation and/or to establish and/or maintain a Replenishment Reserve of long-term storage credits in the Phoenix, Pinal and Tucson AMAs. The credits dedicated under this policy consist of:
 - a. The long-term storage credits accrued through storage at groundwater savings facilities (or indirect recharge projects) by CAWCD using its own funds, and
 - b. The long-term storage credits accrued by CAWCD from 1994 through 1996 using State Water Storage funds collected in Maricopa County. These credits will be used to meet replenishment obligation and/or to help establish and/or maintain the replenishment reserve in the Phoenix AMA only.

2. CAGR D will pay CAWCD for credits dedicated under this policy in the year in which the credits are requested by CAGR D and transferred to the CAGR D long-term storage account administered by the Arizona Department of Water Resources. The rate shall be the same as the rate for Excess CAP water that CAGR D could otherwise purchase to accrue long-term storage credits in the year of the transfer. If the transfer takes place in a year in which no Excess CAP water is available for accrual of long-term storage credits, then the rate shall be the same as the rate paid by CAP M&I subcontractors for water deliveries plus the M&I capital charge.
3. This policy supersedes and replaces the credit dedication policy adopted by the Board of Directors on October 6, 2005.