



WATER RESOURCE MANAGEMENT

Policy #	Water Acquisition
<i>Issued:</i> 5/19/15 <i>Last Amended Date:</i> 8/21/18	

I. Introduction

The purpose of this policy is to outline the city of Surprise's (City) approach to acquire, develop, and manage safe, adequate, and reliable sources of water for future uses.

This policy applies to all types of rights to water that are appurtenant to or associated with growing a sustainable water portfolio.

II. Goal

The goals of the City's Water Acquisition Policy are to 1) acquire safe, adequate, and sustained sources of water and rights to water that will provide reliable supplies for use within City's water service areas; and 2) to maintain safe yield for the City.

III. Strategies for Water Acquisition

The Water Acquisition Policy outlines the water asset classes and how the City will address each to build and maintain its Water Portfolio.

A. Central Arizona Project (CAP) Allotment

The City will pay for the delivery of 100 percent of its Central Arizona Project (CAP) allocation. The use of said CAP waters will be used for recharge purposes until otherwise deemed necessary for direct use. The City will pursue direct recharge of all CAP allocation waters within the City's limits, were appropriate and lawful.

The City will aggressively seek further acquisition of any available CAP water for future allocation to the City's portfolio, wherever available.

B. Central Arizona Groundwater Replenishment District (CAGRDR) Membership

The City will retain membership with CAGRDR as a Member Service Area to maintain its Designation of Assured Water Supply (DAWS) until such time as long term water sources are secured for the DAWS.

The City will not exceed its pumping limitations imposed by the state's Assured Water Supply Rules thereby limiting its use of CAGRDR replenishment services.

C. Extinguishment Credits

The City will acquire all available pledges for extinguished groundwater rights prior to January 1, 2025, pursuant to Title 12, Chapter 15 of the Arizona Revised Statutes.

The City will require by ordinance that Type 1 Non-Irrigation Grandfathered Groundwater Rights and Irrigation Grandfathered Groundwater Rights within the City's planning areas be extinguished and the resulting credits pledged to the City's designation as a condition of zoning and/or development.

D. Long Term Storage Credits

The City will investigate and purchase Long Term Storage Credits (LTSC) where deemed beneficial to the City.

The City will store all available water resources not used in the calendar year. The City will investigate the feasibility of constructing City-owned recharge facilities for CAP and reclaimed water to continue to grow its storage credit assets.

E. Physical Water

Where deemed beneficial to Surprise, the City will purchase water and water rights. All purchases will be compensated at "fair market value." The following options for purchasing water and water rights:

1. System Acquisitions

The City will purchase other water delivery systems or service areas only if said purchase is beneficial to the affected City residents, water customers, or Water Portfolio. Available delivery systems should:

- a. Possess water resources that have a significant effect on water quality, availability, and supply;
- b. Be located adjacent to or near the City's existing water service area;
- c. Not raise the cost of providing water to existing water customers.

2. Surface Water Acquisitions

The City will investigate delivery opportunities with the Maricopa Water District (MWD), including delivery of MWD water to member lands for urban irrigation, thereby reducing the demand on the City and its groundwater replenishment obligation.

3. Groundwater Importation

The City will explore and where beneficial invest in groundwater importation as a means for acquiring additional water supplies through wheeling agreement or new infrastructure.

4. Regional Projects:

The City will explore partnerships with regional agencies for the acquisition of water and where beneficial invest in regional projects that will provide Surprise with additional sustained supplies of water. Such projects may include southwest valley or statewide desalination projects or other local, statewide, or greater projects for delivery of new waters to Surprise. Conveyance of these sources may require a wheeling agreements, new infrastructure, treatment, or exchanges.

F. Water Leases

City as Lessee

The City will investigate the feasibility of leasing water from other sources as a means to maintain or grow the City's Designation of Assured Water Supply and Water Portfolio.

City as Lessor

The City will consider leasing its water assets in times where it deems these assets as non-critical. Funds generated through said leases will be used to acquire additional water or rights to water to grow the City's Water Portfolio.

G. Water Transfers, Exchanges, and Donations

Where deemed beneficial to Surprise, the City will investigate and invest in future acquisitions of water through transfers of water or rights to water, exchanges, and donations.

H. Future Land Development

The City will require developers of land within Surprise service areas, via Development Agreement, to acquire water rights and transfer them to the City upon completion of the development project.

IV. Minimum Asset Balances

To ensure enough reserves are in place to meet present and future water demands of the city of Surprise, the City will acquire water assets in order to maintain the following minimum asset balances:

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| 1. Water Credits: | 15 years or 15 times the City's service area net demand |
| 2. Renewable Rights: | 200% of the City's service area demand |

V. Infrastructure

The City will support and invest in the necessary forms of infrastructure needed to perfect and utilize the City's water resource portfolio, including but not limited to the necessary piping to support regional supply solutions, and a recharge infrastructure system for reclaimed and other sources.

VI. Water Accounting

The City will continue water accounting practices toward the goal of 100% credit recovery.

VII. Water Resources Master Planning

The City will prepare a Water Resources Master Plan every 5 years to provide a guide for quantifying the long-term needs for water resources, which will support the City in maintaining its 100-year Designation of Adequate Water Supply.

VIII. Local and Regional Participation

The City will establish and maintain professional relationships to stay informed, work collaboratively, and influence water policy decisions that may affect the City. The City will remain engaged in local, county, regional, state, and national discussions on water supply management and knowledgeable in the regulations that affect the City's water resources or its ability to acquire additional supplies. Participation will include stakeholder processes with the Central Arizona Project, the Arizona Department of Water Resources (ADWR), and Colorado River water user forums.