



**ARIZONA STATE SENATE**  
*Forty-ninth Legislature, First Regular Session*

**PROGRAM PRESENTATION**  
Arizona Department of Water Resources

Background

Established in 1980, the Arizona Department of Water Resources (ADWR) is responsible for managing Arizona's water resources to ensure long-term water supplies for the state. ADWR administers and enforces Arizona's groundwater and surface water law, and represents the state's water rights for the state and with the federal government. In order to carry out its role, ADWR administers several programs, including dam failure and flood damage protection, assured and adequate water supply administration, general stream adjudication support, rural water studies, conservation and drought programs, and automated groundwater monitoring, among others.

*Surface Water*

In Arizona, the allocation of surface water is determined by the doctrine of prior appropriation otherwise known as "first in time, first in right." Through its water permit program, ADWR records and maintains Arizona's surface water rights.

In 1980, Arizona implemented a process called *general stream adjudication* aimed at resolving water rights on an entire river system. ADWR is required to provide technical and administrative support to judicial proceedings involving general stream adjudications (A.R.S. § 45-256), which examine the nature, extent and priority of surface water rights claims. There are two ongoing adjudications in the state pertaining to the Gila River and the Little Colorado River. Among the outstanding issues being considered in such proceedings are subflow and federal reserved water rights.

As part of its surface water responsibilities, ADWR also is charged with the protection and management of Arizona's allocation of Colorado River water. Arizona was allocated 2.8 million acre-feet of Colorado River water with the ratification of the 1944 Colorado River Compact. ADWR represents the state in policy negotiations of river operations and administration of entitlements; this includes agreements with the seven Colorado River basin states, the federal government and Mexico.

*Groundwater*

Among its several provisions, the 1980 Groundwater Management Act addressed the long-term conservation and management of groundwater through the creation of Active Management Areas (AMAs) within the state where the overdraft of groundwater was most severe. Currently there are five AMAs in Arizona: Phoenix, Pinal, Prescott, Tucson and Santa Cruz. ADWR administers two programs—the Assured Water Supply (AWS) program and the *Adequate* Water Supply program—to ensure water supplies are sufficient to meet the long-term

## PROGRAM PRESENTATION

Arizona Department of Water Resources

Page 2

needs of future growth. The AWS program applies to subdivisions within AMAs, while the *Adequate* Water Supply program refers to developments outside of the AMAs.

Under the AWS program, every developer is required to demonstrate an assured water supply that will be *physically, legally and continuously* available for the next 100 years before the developer can record plats or sell parcels. The Arizona Department of Real Estate (ADRE) will not issue a public report, which allows the developer to subdivide, without a *demonstration* of an assured water supply.

The *Adequate* Water Supply program created in 1973 operates outside of the AMAs as a consumer protection program. Developers are required to obtain a *determination* from ADWR concerning the quantity and quality of water available before ADRE will allow any subdivisions to be developed. The requirement that a water supply be physically, legally and continuously available for the next 100 years also applies to an adequate water determination. If the water supply is determined to be inadequate, the developer may still proceed but the inadequate determination must be disclosed to potential buyers in the public report approved by ADRE and in all promotional materials.

### Fiscal Information

ADWR receives both appropriated and nonappropriated monies. The FY 2008-2009 budget originally appropriated \$17,858,100 in state General Fund monies to ADWR. The original appropriation from other funds to ADWR was \$1,119,100 from the Assured and Adequate Water Supply Administration Fund (AAWSAF) and \$6,900,000 from the Water Banking Fund (WBF).

ADWR's FY 2008-2009 budget also included special line items for: adjudication support, Water Protection Fund deposit, assured and adequate water supply administration, automated groundwater monitoring, conservation and drought program and rural water studies.

The AAWSAF consists of fees that are paid to ADWR for applications relating to adequate and assured water supply, pursuant to A.R.S. § 45-580. ADWR is required to administer the AAWSAF and use those monies for the costs and expenses incurred by ADWR to determine assured and adequate water supplies for new subdivisions.

The WBF established in A.R.S. § 45-2425 receives state General Fund appropriations and fees associated with the purchase, lease, storage and delivery of Colorado River water to municipalities and industrial water users. The WBF also receives a portion of the four-percent property tax collected by the Central Arizona Water Conservation District to pay for water storage, and interstate banking agreement monies. The WBF is administered by the Arizona Water Bank Authority (AWBA).

The AWBA initially was created in 1996 to complement the management efforts of the Colorado River by storing the unused portion of Arizona's annual 2.8 million acre-foot share. Its duties were expanded to include the firming, or securing, of water sources for Indian water settlements in times of shortage, and assisting Nevada through interstate water banking agreements.

Committee Activity

ADWR's presentation to the NRIPD Committee on February 9, 2009, included a review of its responsibilities regarding the management of water resources and the related challenges it faces with meeting Arizona's increasing water needs. The presentation also addressed the following:

- Overview of Arizona's water supplies and ADWR programs;
- Review of surface water rights and continuing adjudications;
- Identification of current challenges and concerns with ensuring future water supplies;
- Overview of Indian water settlements.

There was no public testimony, and the Committee did not make any recommendations.

FY 2008-2009 Budget Action

Laws 2009, First Special Session, Chapter 1, included an agency state General Fund reduction for ADWR of \$6,225,800. Total EBT, FRAT and other fund transfers totaled \$13,968,100.

The original FY 2008-2009 state General Fund appropriation for ADWR of \$17,858,100 was revised to \$11,632,300.

Attachments

- JLBC list of fund transfers (ADWR section only)
- FY 2010 JLBC Baseline Book – Individual Agency (ADWR section only)
- ADWR handouts to the NRIPD Committee

Prepared by Senate Research  
February 16, 2009  
TD/jas