2026 SAWUA Water Forum:

Navigating the Future when Shortages are Real…

October 2, 2026



SAWUA - Navigating the future when shortages are real

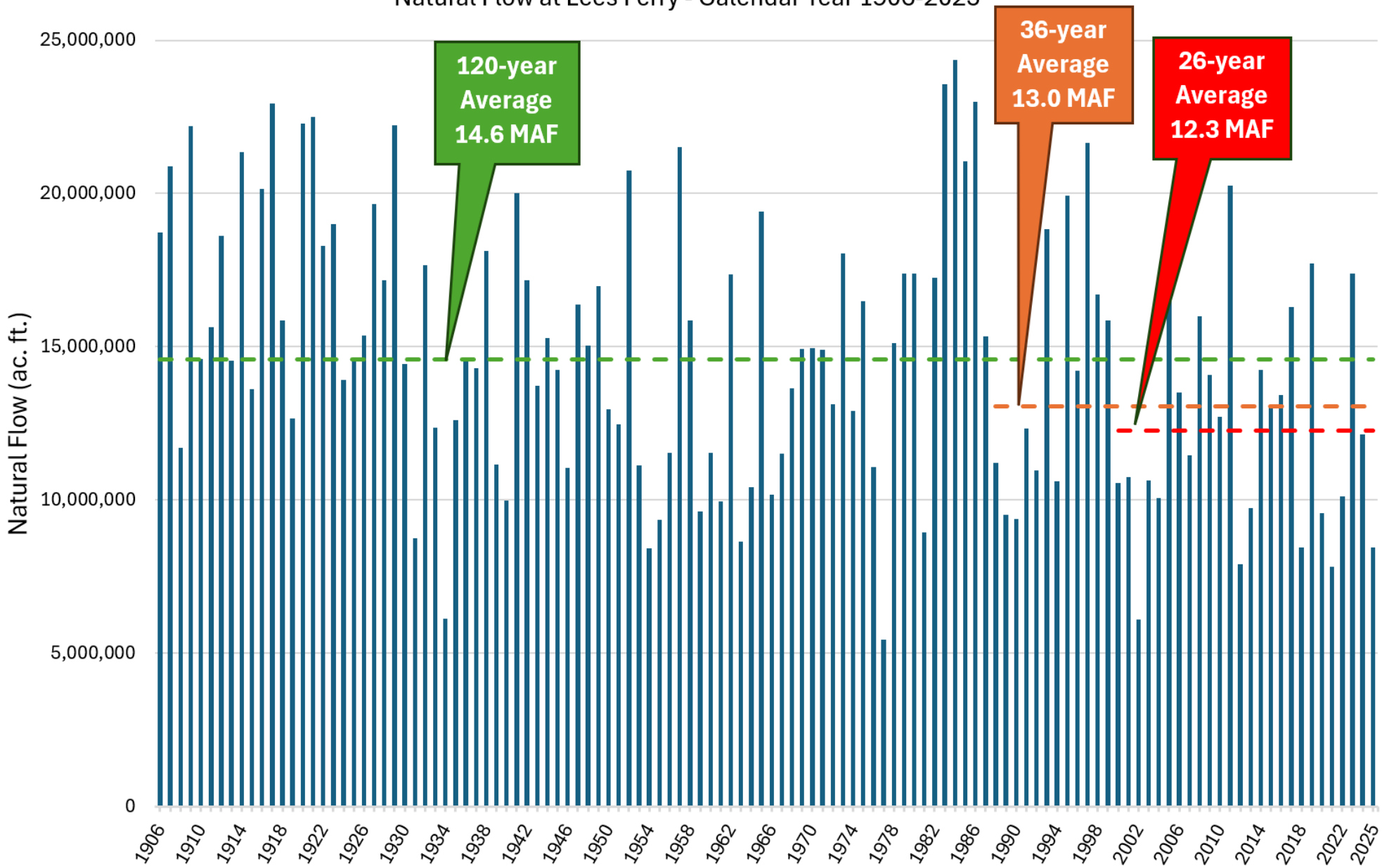
October 2, 2026

Brenda Burman
General Manager

YOUR WATER. YOUR FUTURE.

Colorado River Flow

Natural Flow at Lees Ferry - Calendar Year 1906-2025



Preliminary provisional data, subject to change, estimated values for 2021-2025

Final Environmental Impact Statement (FEIS), Record of Decision (ROD) and 2027-2028 Operating Guidelines



- FEIS published July 31, 2026
- ROD and Operating Guidelines Published August 21, 2026
- The ROD adopts the 2027-2036 decision framework based on the FEIS Preferred Alternative
- 2027-2028 Operating Guidelines issued pursuant to the ROD
  - Establishes operating criteria for the first 2-year period

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CENTRAL ARIZONA PROJECT



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Local News

Colorado River plan spares upper basin states from mandatory cuts, for now

By Shaun Boyd

July 31, 2026 / 8:10 PM MDT / CBS Colorado



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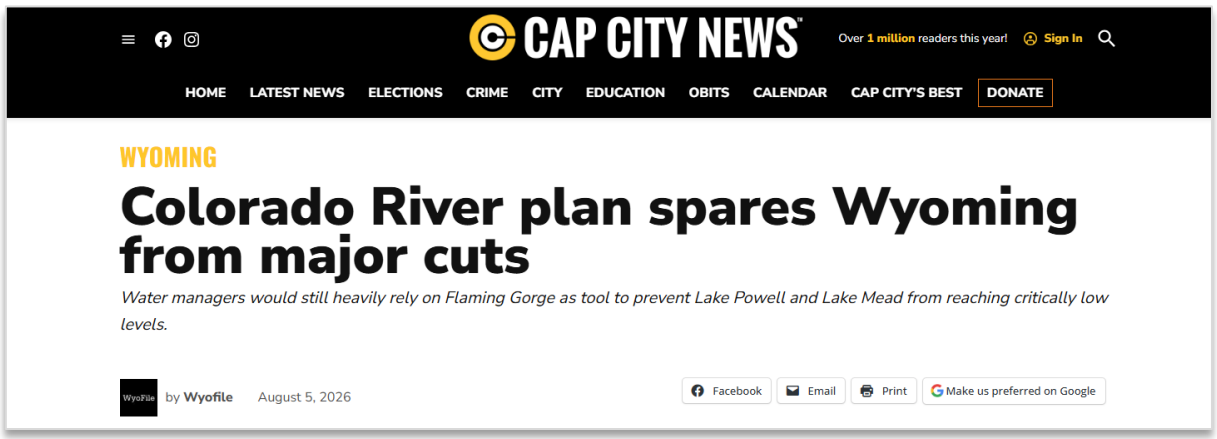
Utah News Dispatch

GOV & POLITICS ENVIRONMENT GROWTH & HOUSING PUBLIC SAFETY EDUCATION HEALTH

ENVIRONMENT GOV & POLITICS

Utah won't face mandatory cuts in feds' new Colorado River proposal, but Lower Basin states could

BY ANNIE KNOX - JULY 31, 2026 6:12 PM



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WYOMING

Colorado River plan spares Wyoming from major cuts

Water managers would still heavily rely on Flaming Gorge as tool to prevent Lake Powell and Lake Mead from reaching critically low levels.

by Wyofile August 5, 2026

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NEWS > LOCAL NEWS

Utah spared from facing mandatory cuts in feds' Colorado River plan

By: Ben Winslow

Posted 8:07 AM, Jul 31, 2026 and last updated 5:06 PM, Jul 31, 2026



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The Gazette

Pulitzer Prize Winner / Est. 1872

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Colorado is spared mandatory cuts under federal Colorado River proposal

By THE ASSOCIATED PRESS July 31, 2026 | updated 2 weeks ago



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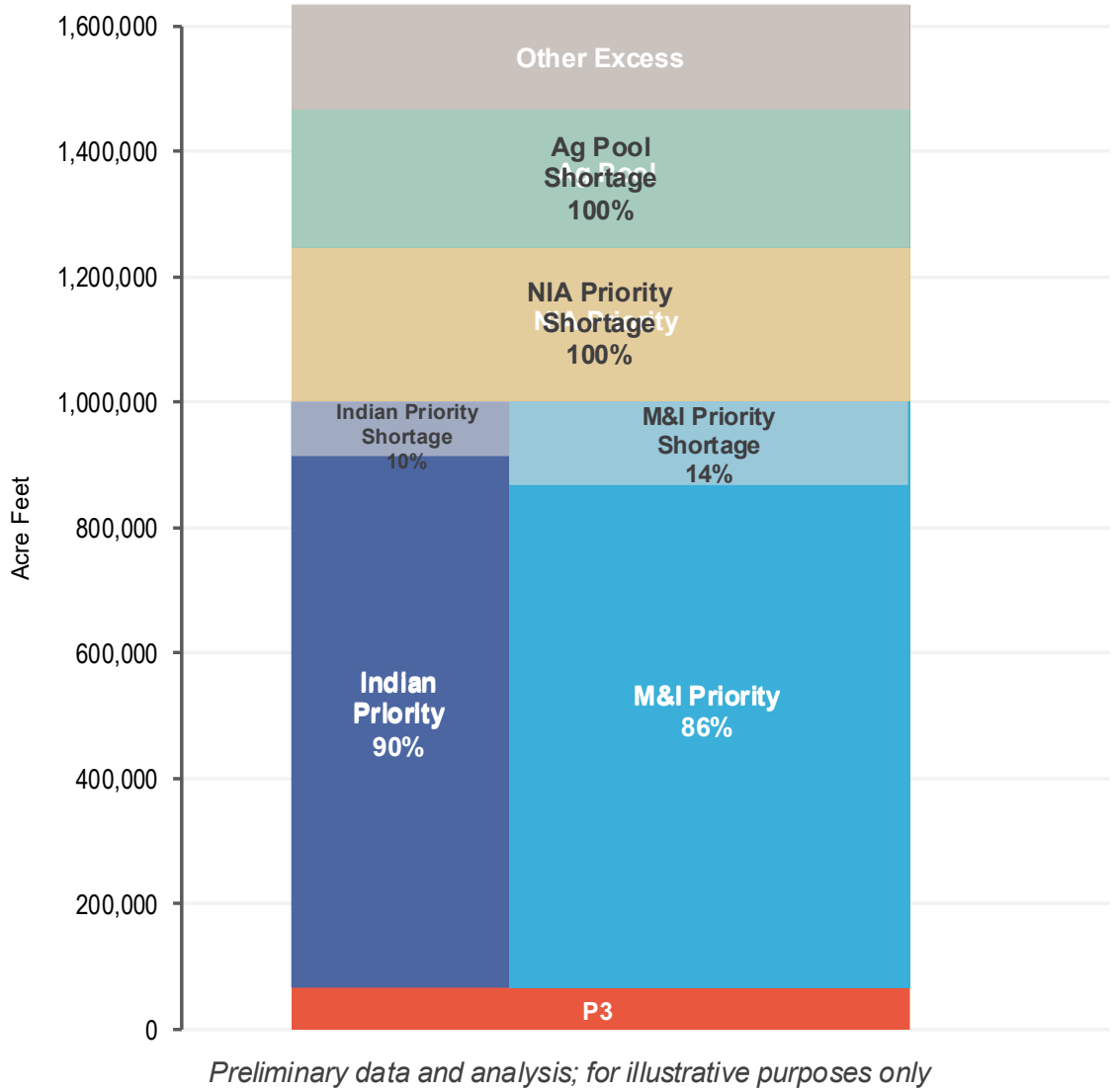
TRENDING Fire now 6,200 acres | Marine exhumation sought | St. Kate's fire investigation | LANL employee autopsy report

New Mexico, other Upper Basin states make out well in Colorado River proposal

Follow Cormac Dodd

By Cormac Dodd cdodd@sfnewmexican.com Jul 31, 2026 5

Impact of Lower Basin Reductions assuming a Lower Basin Agreement

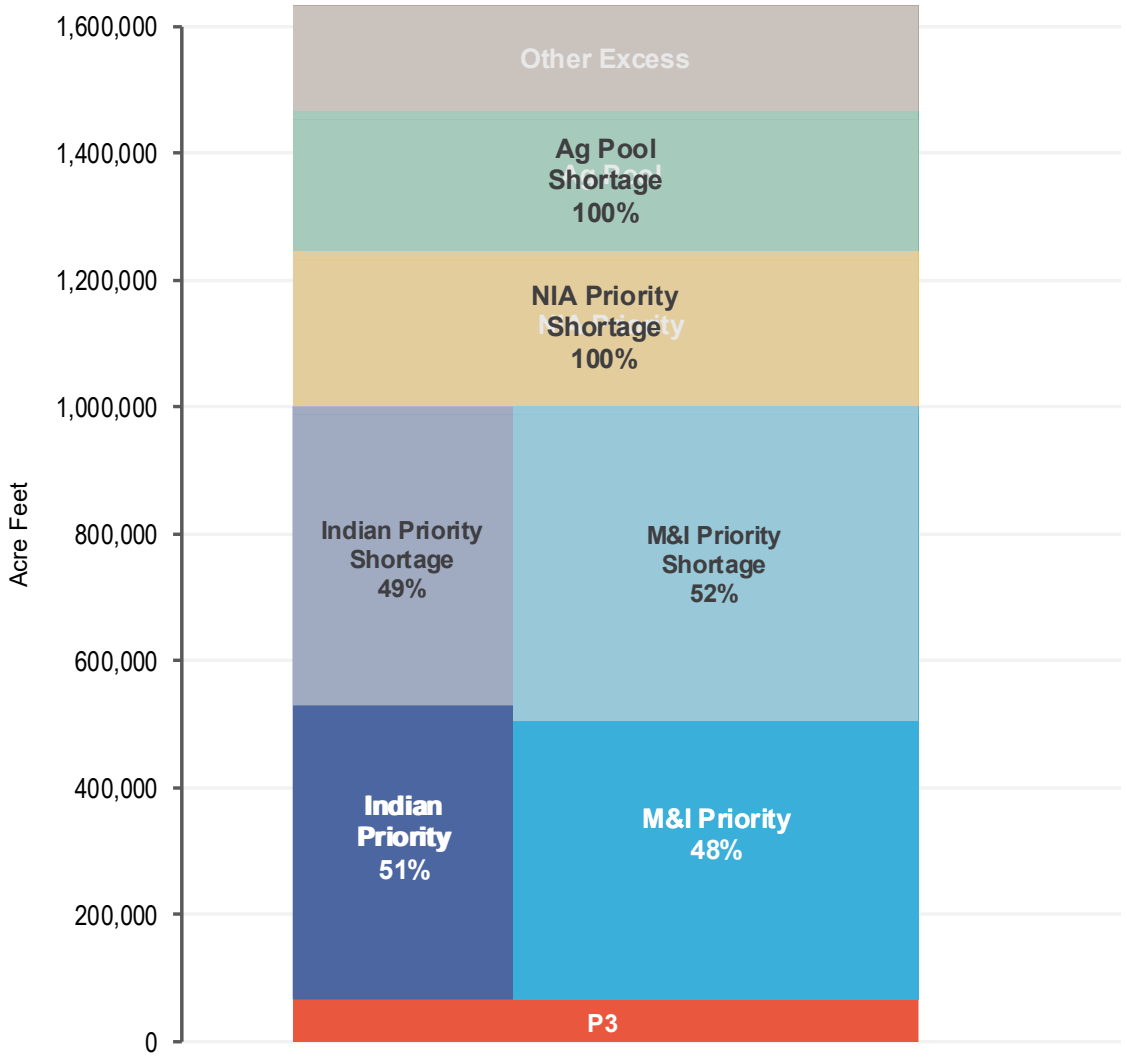


Preliminary data and analysis; for illustrative purposes only

- 760 KAF reduction to Arizona's Colorado River supply
- CAP is working to identify additional resources to reduce impacts
  - 20 KAFY from Yuma wells and 40 KAFY from Lake Pleasant
  - Portion to On-River P4 TBD
- The estimated cut to M&I Priority is 14% and Indian Priority is 10%

CAP CENTRAL ARIZONA PROJECT

Modeled Impact of Lower Basin Reductions assuming a “no agreement” 1.25 MAF reduction



Preliminary data and analysis; for illustrative purposes only

- 2027-2028 Operating Guidelines 5.3.A.1 “no agreement” option
- Preliminary assessment of impact to CAWCD in 2027
  - Based on FEIS shortage allocation models
- Includes 20 KAFY from Yuma wells and 40 KAFY from Lake Pleasant

CAP CENTRAL ARIZONA PROJECT

Colorado River Accounting and Water Use Report

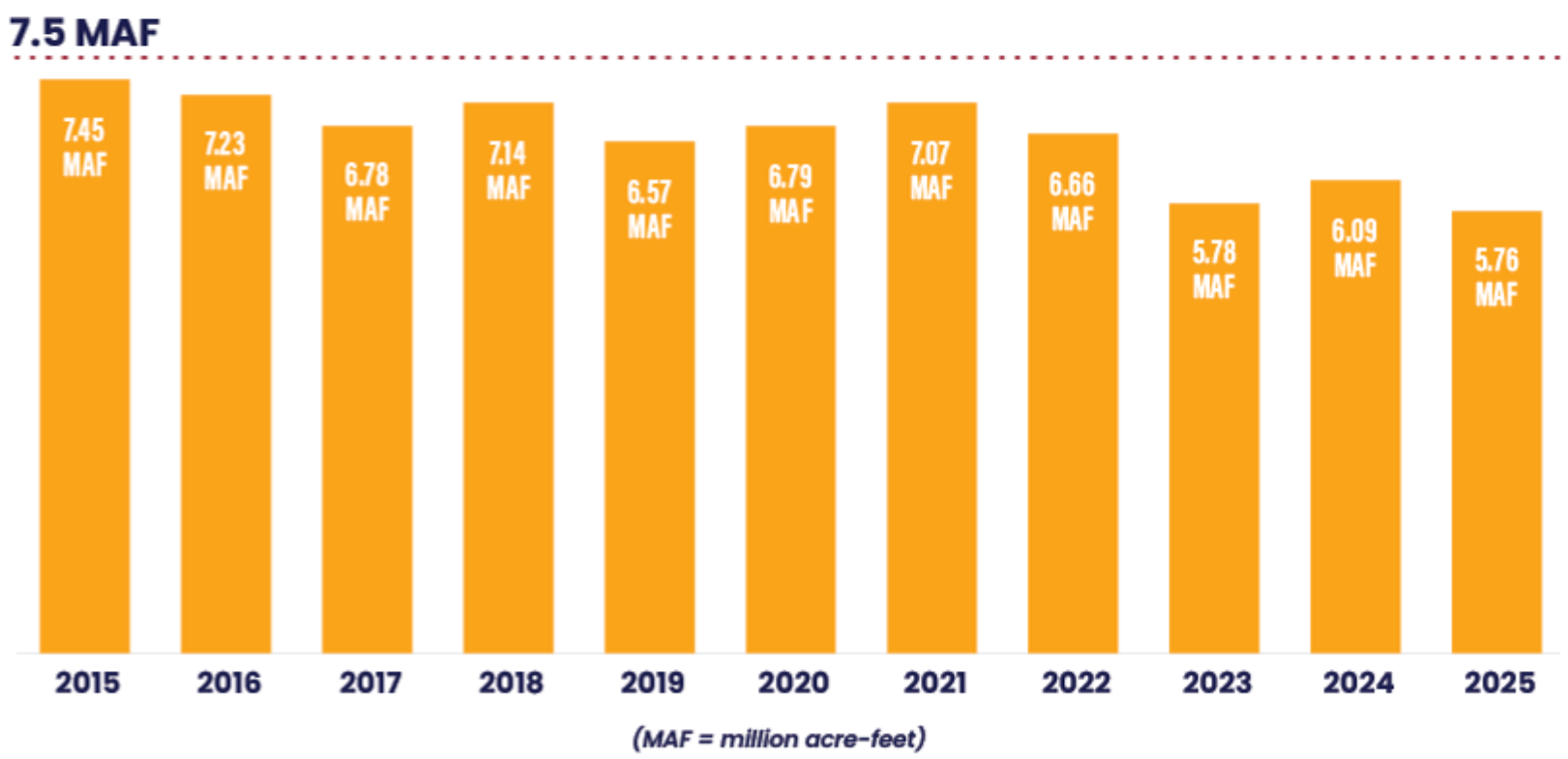
Colorado River Accounting and Water Use Report:
Arizona, California and Nevada

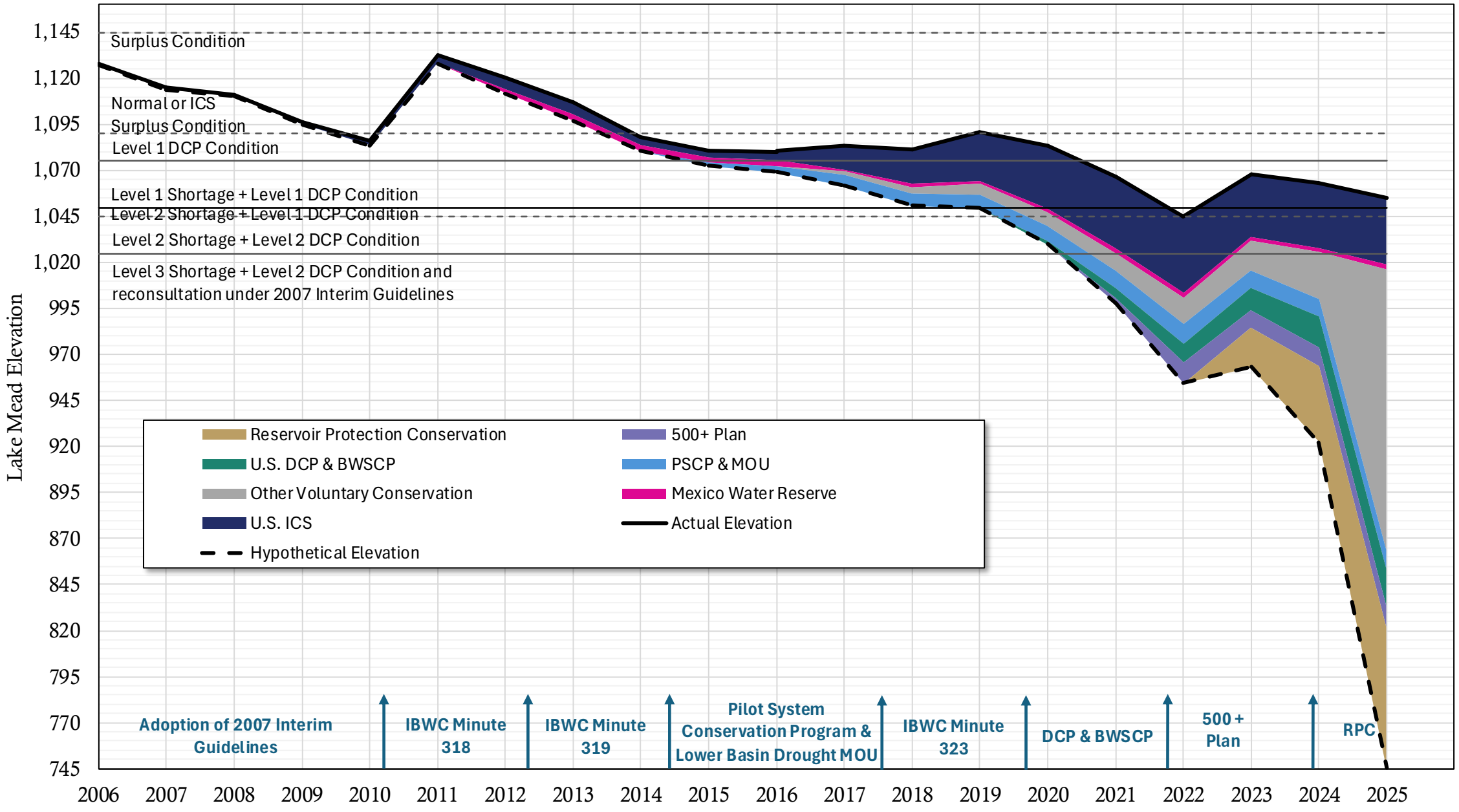
Generated in response to the **1964 AZ v. CA Decree**

Accounts for the **7.5 MAF** Lower Basin States' mainstem Colorado River **apportionment**

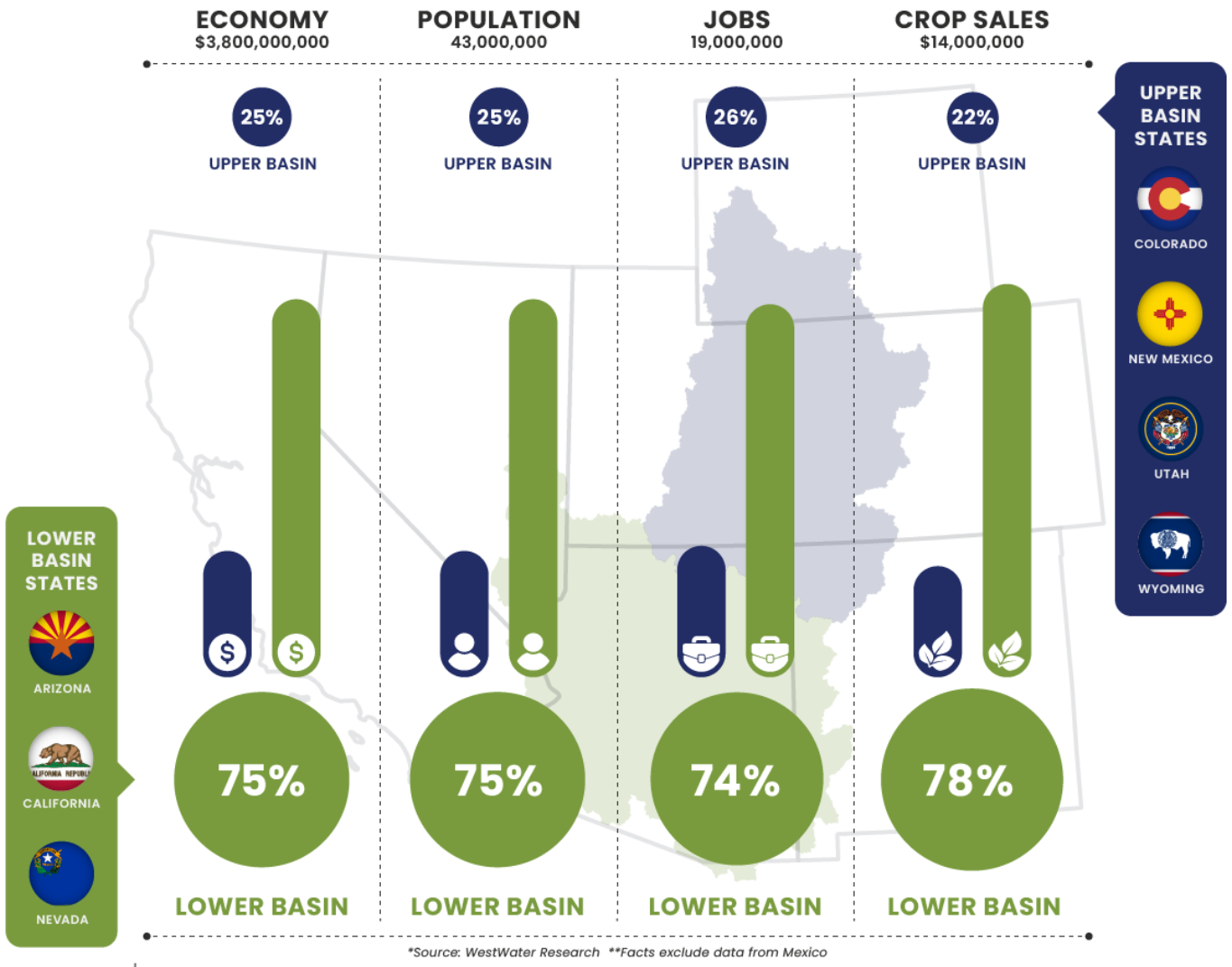
Published annually, most recent is 2025

Lower Basin States' mainstem Colorado River use has been **consistently below their apportionment** for more than a decade




Lake Mead Elevation
1,145
1,120
1,095
1,070
1,045
1,020
995
970
945
920
895
870
845
820
795
770
745
Surplus Condition
Normal or ICS
Surplus Condition
Level 1 DCP Condition
Level 1 Shortage + Level 1 DCP Condition
Level 2 Shortage + Level 1 DCP Condition
Level 2 Shortage + Level 2 DCP Condition
Level 3 Shortage + Level 2 DCP Condition and reconsultation under 2007 Interim Guidelines
Reservoir Protection Conservation
500+ Plan
U.S. DCP & BWSCP
PSCP & MOU
Other Voluntary Conservation
Mexico Water Reserve
U.S. ICS
Actual Elevation
Hypothetical Elevation
Adoption of 2007 Interim Guidelines
IBWC Minute 318
IBWC Minute 319
Pilot System Conservation Program & Lower Basin Drought MOU
IBWC Minute 323
DCP & BWSCP
500 + Plan
RPC
2006
2007
2008
2009
2010
2011
2012
2013
2014
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2018
2019
2020
2021
2022
2023
2024
2025

Colorado River Basin Facts





25 OF THE 30 TRIBAL COMMUNITIES in the Colorado River Basin are in the **LOWER BASIN**

The Colorado River is the largest renewable water resource in the southwestern United States. Its supply is shared by seven Western states and Mexico. It **provides water for 43 million people**, including **30 tribal communities**, and gives life to urban centers, agricultural heartlands and ecological habitats. The river **supports nearly $4 trillion in economic output** and is key to the nation's economy.

The Colorado River Basin is divided into two regions: the **Upper Basin** (Colorado, Wyoming, Utah, and New Mexico) and the **Lower Basin** (California, Arizona, and Nevada).

Within the Colorado River Basin, approximately **75% of the population, employment, agricultural crop sales**, and **25 of the 30 tribal nations** are located in **Arizona**, **California** and **Nevada**.

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What's Next



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The Arizona Water Banking Authority

2027 Tribal Firming
2027 CAP M&I Firming
Participation in the 700+ Plan

Rebecca Bernat, Ph.D., Director

October 2, 2026



Thomas Buschatzke – Chair
Director of the Arizona Department of Water Resources



Mark Clark – Vice Chair
Representing mainstem Colorado River contractors



Joseph Olsen, P.E.
Knowledgeable in water resource management



Eric Braun – Secretary
Representing CAP M&I subcontractors



Mark Taylor
Representing CAWCD, designated by
CAWCD Board President Terry Goddard



Senate President Warren Petersen
Ex officio member



Speaker of the House Steve Montenegro
Ex officio member

The AWBA

- Established in 1996 to store unused portion of Arizona's Colorado River entitlement
- Provides backup supplies (firming) in times of shortage for certain Fourth Priority Colorado River users and Nevada

- Inter-agency support
  - Arizona Department of Water Resources
  - Central Arizona Water Conservation District

2027 Preliminary Plan of Operation

Water Availability

- BOR released 2027 Operating Guidelines
  - 760,000 AF reduction to AZ Colorado River entitlement
  - Additional 300,000 AF System Conservation by AZ through 2028
- Resultant reduction to CAP
  - Other Excess reduced first
  - Ag pool reduced second
  - Non-Indian agricultural (NIA) pool reduced third
  - Portion of CAP Municipal and Industrial (M&I) pool impacted

Credit Development

- No Excess CAP water available to AWBA
- Potential Long-term Storage Credit (LTSC) purchases

Credit Distribution

- Tribal firming
- CAP M&I Subcontractor firming
- No request for distribution of Intentional Created Unused Apportionment for Nevada
- AWBA staff do not anticipate any need for On-River firming based on existing agreements with the AWBA

Funding for the 2027 Plan of Operation

Table 1: Source of funding available to the AWBA

Funding Source	Estimated Funds Available		Estimated Funds Utilized		Estimated Credits (AF)	
	AWBA	CAWCD	AWBA	CAWCD	Water Storage	Developed Credits
Withdrawal Fees						
Phoenix AMA[1]	$1,505,735		$1,505,735		0	2,619
Tucson AMA[2]	$333,853		$333,853		0	668
Water Storage Tax						
Phoenix AMA		$0		$0	0	0
Pinal AMA		$0		$0	0	0
Tucson AMA		$0		$0	0	0
Total	**$1,839,588**		**$1,839,588**		**0**	**3,286**

[1] The purchase rate of $575 per LTSC neither accounts for the source of credit nor market fluctuation.

[2] The purchase rate of $500 per LTSC neither accounts for the source of credit nor market fluctuation.

Credit Distribution: 2027 Tribal Firming

Table 2: Intentionally Created Surplus (ICS) developed to firm the Gila River Indian Community

	ICS Firming Credits Developed (AF)			ICS Firming Credits Utilized (AF)[2]	Remaining Balance (AF)
Year	ICS Firming Credits Developed[1]	Cost/AF	Total Cost	CY 2027	Through CY 2027
2019	13,194	$240	$3,518,400	12,849	**345**
2020	6,390	$247	$1,755,120		**6,390**
2021	4,196	$254	$1,186,013		**4,196**
2022	2,540	$262	$738,235		**2,540**
2023	7,470	$269	$2,231,040		**7,470**
2024	5,256	$276	$1,611,840		**5,256**
2025	4,797	$283	$1,509,456		**4,797**
2026	1,157	$290	$373,454		**1,157**
Total	**45,000**		**$12,923,558**	**12,849**	**32,151**

[1] Developed ICS firming credits include a 10% loss factor.

[2] Firming obligation is based on CAWCD preliminary NIA and M&I Priority supply estimates and is determined by the M&I priority supplies available according to the firming formula

Credit Distribution: CAP M&I Subcontractor Firming through CAP Delivery

Table 3: CAP M&I Subcontractor needs for CAWCD delivery of AWBA Ad Valorem LTSCs in 2027

CAP M&I Subcontractor	CAWCD Delivery (AF) [1]	AWBA LTSC Location
PHOENIX AMA	**5,427**	
Buckeye	23	CAGRD Policy: TDRP, Hassayampa, MWD, HMRP, AFRP
Cave Creek	193	CAGRD Policy: TDRP, Hassayampa, MWD, HMRP, AFRP
Chandler	1,211	CAGRD Policy: TDRP, Hassayampa, MWD, HMRP, AFRP
Scottsdale	4,000	CAGRD Policy: TDRP, Hassayampa, MWD, HMRP, AFRP

[1] Firming volumes based on CAWCD estimation of a 14% reduction to anticipated 2027 CAP M&I orders

Credit Distribution: CAP M&I Subcontractor Firming through Independent Recovery

CAP M&I Subcontractor	Independent Recovery (AF) [1]	AWBA LTSC Location
PHOENIX AMA	**46,512**	
Avondale	758	SRP GSF
AZWC, Superstition	880	RWCD and QCID
AZWC, White Tank	136	MWD
CAGRD	765	TDRP, Hassayampa, MWD, HMRP, AFRP
Chaparral City WC	1,247	MWD GSF
El Mirage	71	HMRP
EPCOR- Rio Verde Utilities	114	SRP GSF
EPCOR, AF	1,553	MWD GSF
EPCOR, PV	452	SRP GSF
EPCOR, SC	586	MWD GSF
EPCOR, SCW	332	MWD GSF
Gilbert	1,013	RWCD
Glendale	2,413	SRP GSF
Goodyear	1,503	SRP GSF
Mesa	6,094	GRUSP
Peoria	3,797	AFRP
Phoenix	18,747	GRUSP
Queen Creek	69	QCID
Scottsdale	3,393	SRP GSF
Surprise	1,985	HMRP
Tempe	604	To be determined
PINAL AMA	**1,524**	
AZWC, Pinal Valley	1,524	HIDD
TUCSON AMA	**24,401**	
CAGRD	135	Pima Mine Rd
Marana	327	CMID
Metro DWID	1,884	AVRP
Oro Valley	1,443	CAVSARP and SAVSARP
Spanish Trail	425	CMID
Tucson	20,187	CAVSARP

Table 4: Anticipated independent recovery of AWBA Ad Valorem LTSCs in 2027

[1] Firming volumes based on CAWCD estimation of a 14% reduction to anticipated 2027 CAP M&I orders

Background on the 700+ Plan

- On May 1, 2026, the Lower Division States of Arizona, California, and Nevada submitted to the Bureau of Reclamation a joint proposal for short-term operations of the Colorado River for Post-2026 (Lower Basin Proposal)
  - Commitment of at least 3.2 million acre-feet (MAF) of Lower Basin water savings (760 KAF to Arizona)
  - Commits the Lower Division states to a cumulative minimum of 700 KAF of system conservation over the Implementation Term (+300 KAF for Arizona)

AWBA Participation in the 700+ Plan

- AWBA emphasizes that it is the intent of this policy to enable a CAP M&I Subcontractor to contribute as much water as possible to the 700+ System Conservation Plan by distributing credits in matching volume
- Under this Policy, the AWBA will transfer an equal volume of long-term storage credits (LTSCs) to a CAP M&I subcontractor contributing system conservation water to Lake Mead
  - 2026: 12,608 acre-feet
  - 2027: up to 59,679 acre-feet

Table 5: AWBA Credits by Fund

Objective and Location	Estimated Credits Available as of Dec 31, 2026[1]	Estimated Credits Used in 2027	Estimated Credits Remaining as of Dec 31, 2027
	Acre-feet		
CAP M&I Firming (4-cent tax)[2]	**2,375,510**	**137,543**	**2,237,967**
Phoenix AMA	1,607,826	105,502	1,502,324
Pinal AMA	233,791	2,524	231,267
Tucson AMA	533,893	29,517	504,376
On-River M&I Firming (gen. fund)	**403,830**	**0**	**403,830**
Tribal Settlement Obligations:[3]	**151,569**	**12,849**	**138,720**
Community - 15,000 AFY	151,569	12,849	138,720
LTSCs	*105,390*	*0*	*105,390*
Firming Credits	*1,179*	*0*	*1,179*
ICS Firming Credits	*45,000*	*12,849*	*32,151*
WMAT - 3,750 AFY	0	0	0
Hualapai - 557.5 AFY	0	0	0
Future Settlements- 4416.5 AFY[4]	**0**	**0**	**0**
Federal Assistance (SAWRSA)	**34,102**	**0**	**34,102**
Groundwater Mgmt.[5] (W/Fees)	**782,565**	**0**	**782,565**
Phoenix AMA	215,030	0	215,030
Pinal AMA	460,345	0	460,345
Tucson AMA	107,190	0	107,190
Shortage Reparations[6]	**109,489**	**0**	**109,489**
Pinal Redirect Credits[7]	**14,125**	**0**	**14,125**
Interstate - SNWA	**613,846**	**0**	**613,846**

[1] Includes all credits accrued and utilized through 2026

[2] Does not include 2026 potential LTSC distribution pursuant to the 700+ Plan

[3] The White Mountain Apache Tribe Water Rights Quantification Act requires enforceability by December 30, 2027. The Hualapai Tribe Water Rights Settlement Act of 2022 requires enforceability by April 15, 2029.

[4] The AWBA understands that it is highly unlikely that additional NIA priority water would be included in future settlements. Therefore, the AWBA is assuming there will be no additional firming obligations of NIA priority water.

[5] Withdrawal Fee LTSCs may be used for CAP M&I firming and/or Tribal settlement obligations if needed.

[6] LTSCs accrued pursuant to Arizona-Nevada Shortage-Sharing Agreement executed in 2007.

[7] Credits accrued from water provided to Pinal AMA GSFs at full cost to the GSF operators.

Total AWBA Credits

Thank you



Colorado River in Mohave County | January 2022 | Credits: Brian F. O'Neill

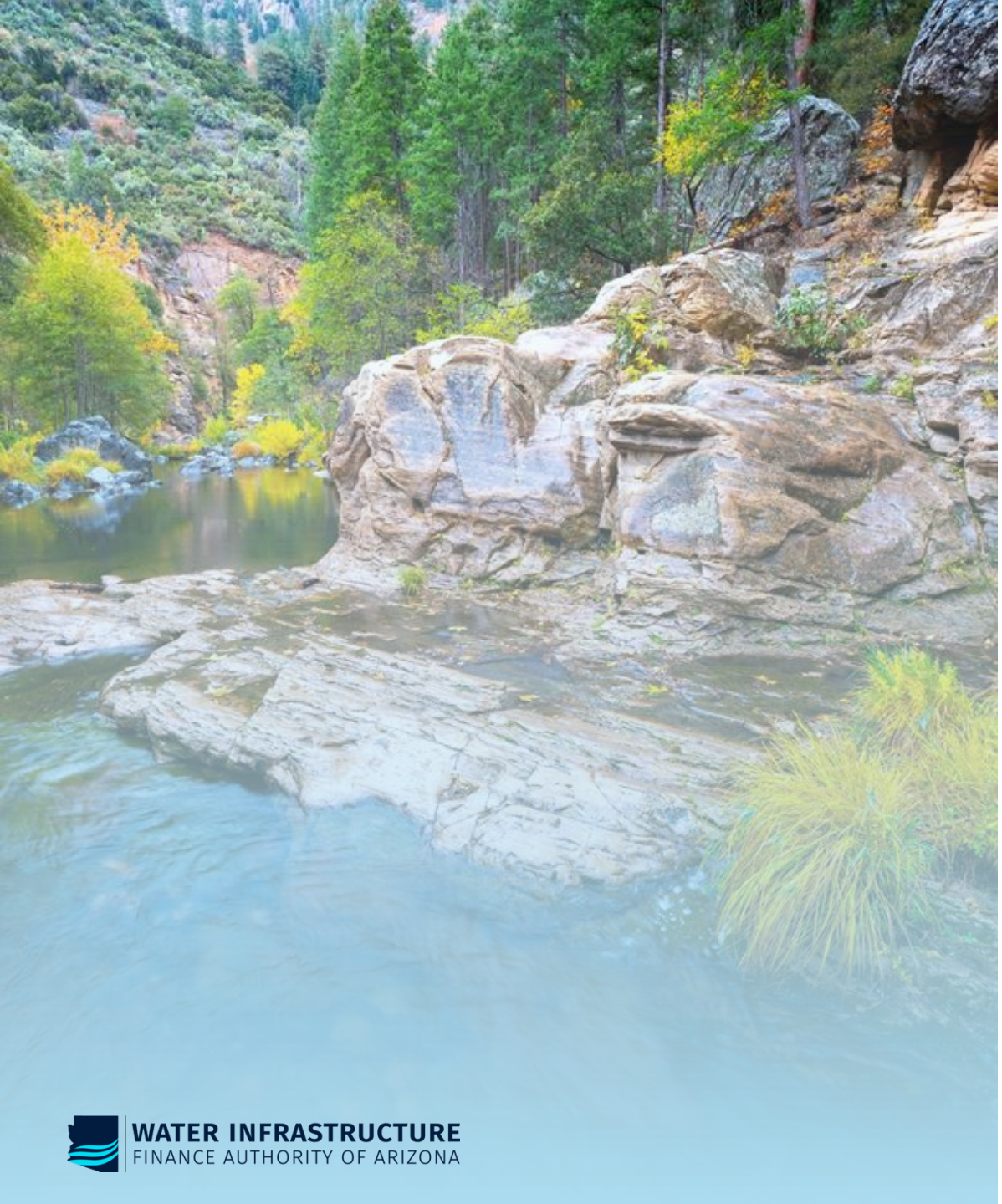


Financing Today's Needs, Securing Tomorrow's Water

Navigating the Future when Shortages are Real

Southern Arizona Water Users Association
October 2, 2026

WATER INFRASTRUCTURE
FINANCE AUTHORITY OF ARIZONA

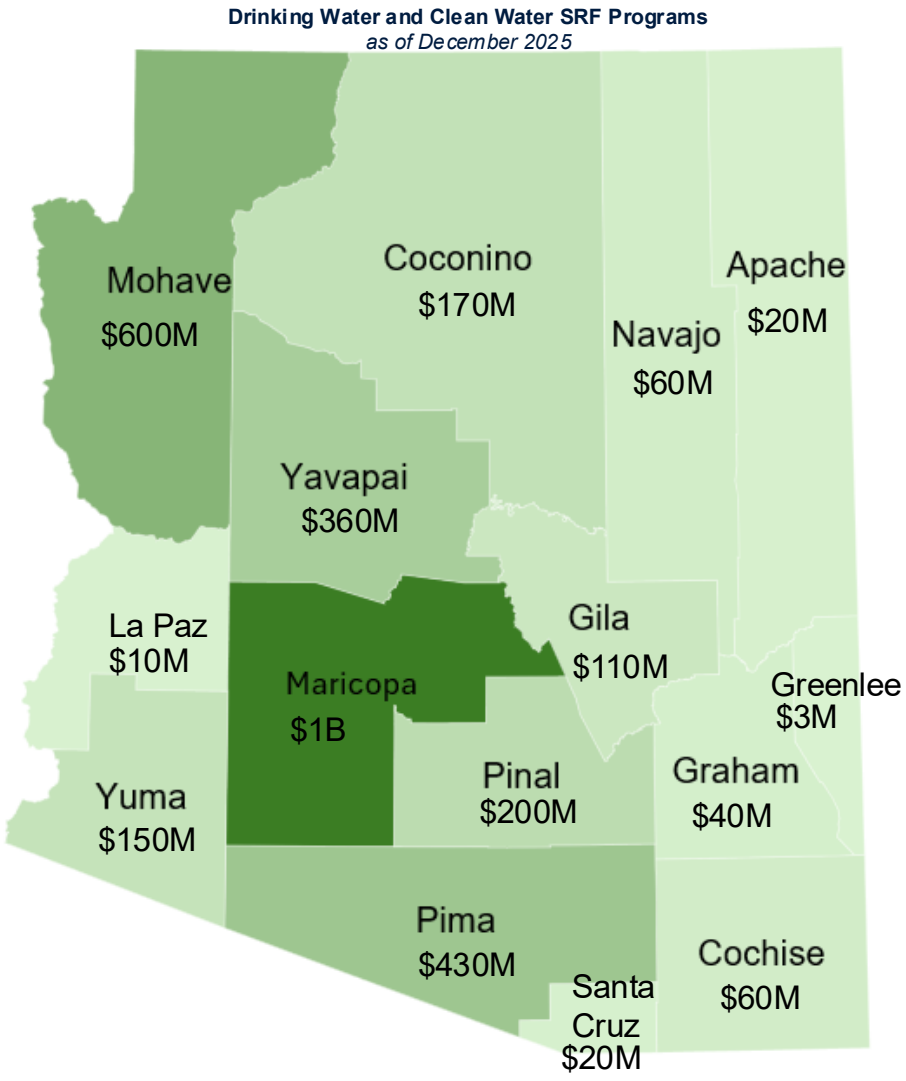


WATER INFRASTRUCTURE
FINANCE AUTHORITY OF ARIZONA

Arizona's Water Development Bank

- **Clean Water State Revolving Fund**
  Loans, technical assistance to political subdivisions for wastewater and stormwater projects
- **Drinking Water State Revolving Fund**
  Loans, technical assistance to public water systems for drinking water infrastructure
- **Water Supply Development Revolving Fund**
  Loans and technical assistance for water supply development outside of urban centers
- **Water Conservation Grant Fund**
  Grants to governmental and non-governmental organizations for projects that promote conservation and decrease water use
- **Long-Term Water Augmentation Fund**
  For projects that import water into Arizona and in-state augmentation projects

State Revolving Funds



$3 billion

IN FINANCIAL ASSISTANCE FOR ABOUT 600 PROJECTS

$170+ million

AWARDED AS LOAN FORGIVENESS

WATER INFRASTRUCTURE
FINANCE AUTHORITY OF ARIZONA

Who is Eligible for SRF?

DWSRF

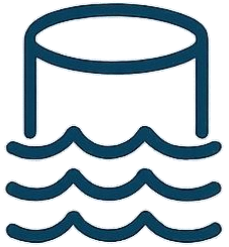
- **Community water systems**
  - ADEQ-classified community water systems (≥15 service connections or ≥25 year-round residents)
- **Non-profit non-community water systems**
- **Examples**: Cities, Towns, Tribes, DWIDs, Private Water Companies

CWSRF

- Political subdivisions that **own and operate a POTW**
- Political subdivisions conducting **eligible Nonpoint Source (NPS) projects** under Clean Water Act §319
- **Examples:** Cities, Towns, Tribes, Sanitary Districts, Counties

What Type of Projects Are Eligible for DWSRF?

Drinking Water projects as defined by EPA in DWSRF Eligibility Handbook



Treatment



Transmission and distribution



Source development



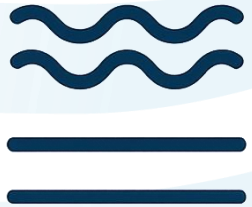
Water storage



System consolidation and creation of new systems



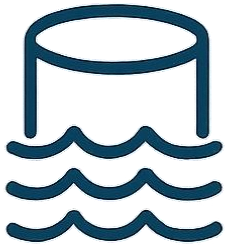
Water Rights (EPA Class Deviation)



Dam Rehabilitation (EPA Class Deviation)

What Type of Projects Are Eligible for CWSRF?

Wastewater and Stormwater projects as defined by EPA in CWSRF Eligibility Handbook



Treatment



Stormwater

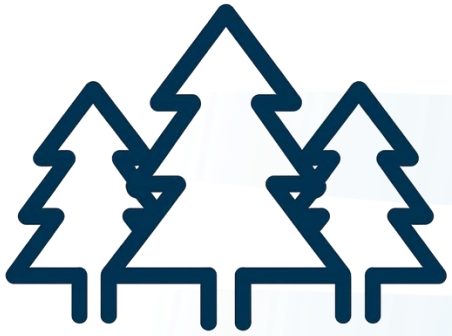


Water and energy conservation



Nonpoint source

Decentralized wastewater treatment



Nonpoint source

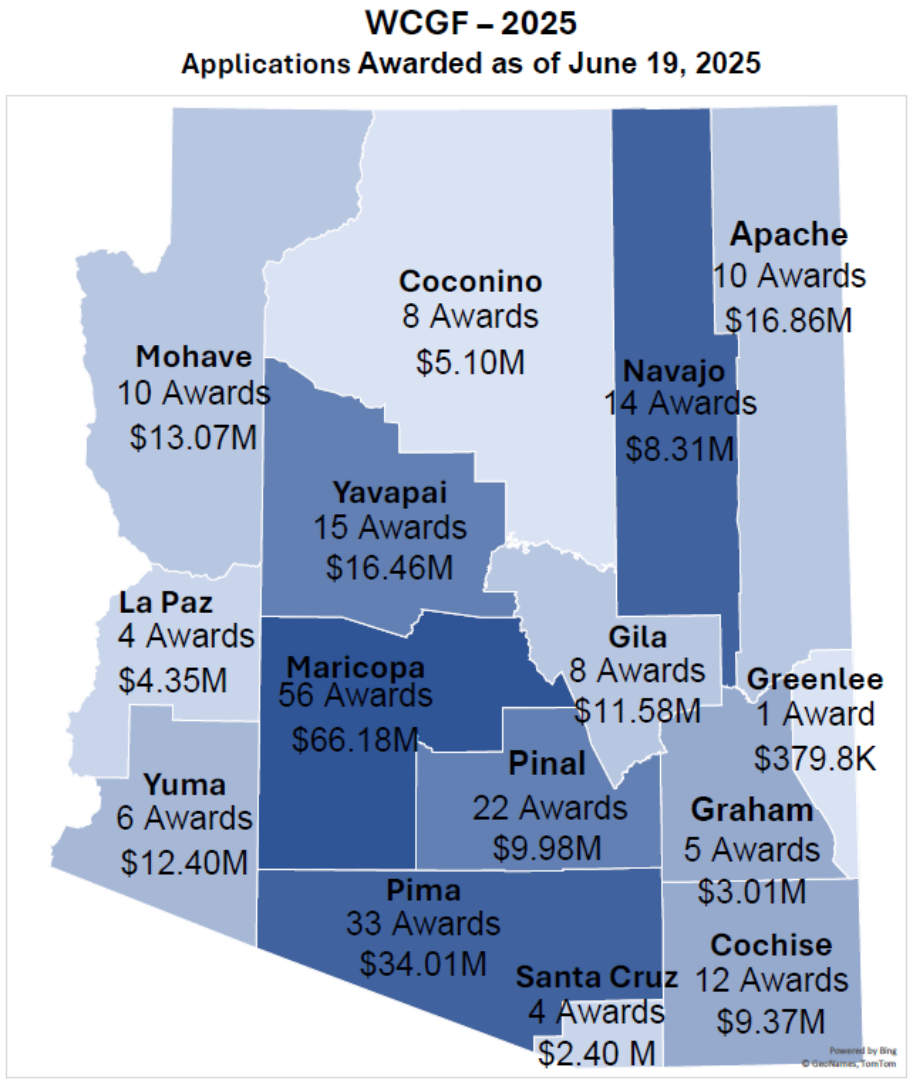
Habitat protection, restoration, silviculture,

Agricultural BMPS, and more

Available Funding

- **Forgivable: $100M+ Available to Award as Loan Forgiveness**
- **Note:** Funding availability does **not guarantee** financial assistance
- **Standard loan term: 20 years**
  - Loan term may not exceed the project's useful life
  - No Pre-Award Construction Costs Allowed
- **Federal Requirements**
  - Davis Bacon
  - American Iron and Steel
  - Build America Buy American (BABA) – Equivalency Projects Only
  - Single Audit Requirements – Equivalency Projects Only

Water Conservation Grant Fund



$214 million

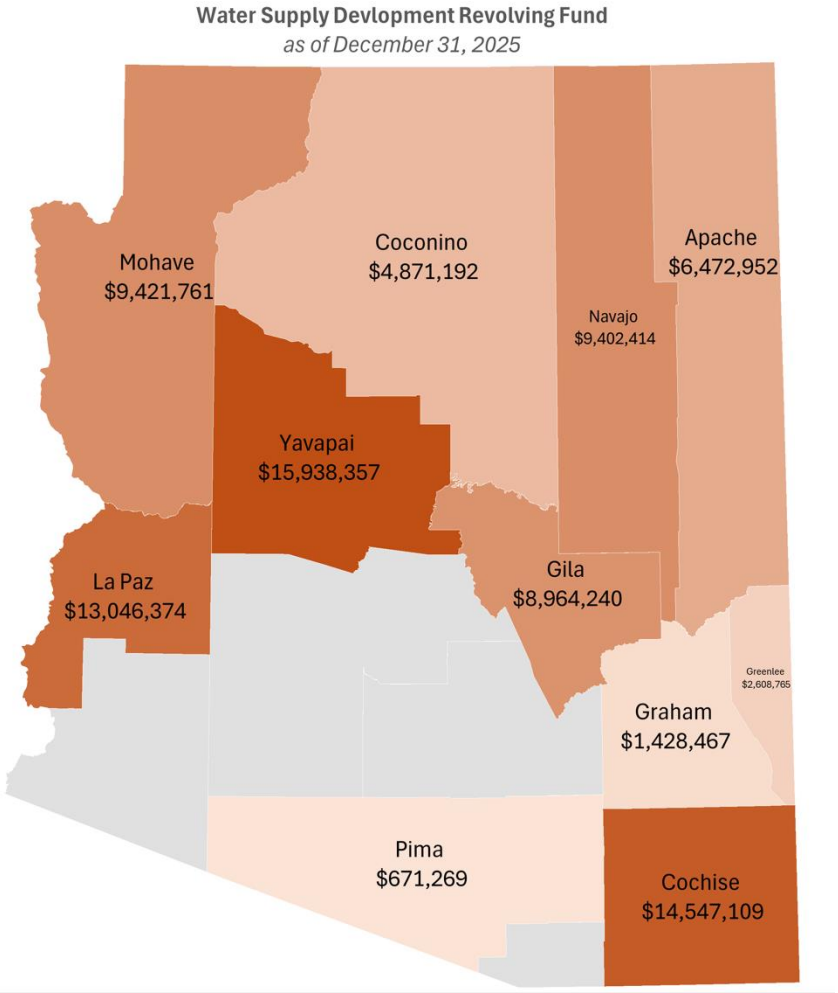
AWARDED FOR CONSERVATION GRANT FUND PROJECTS

UP TO

6.6 million

ACRE-FEET OF WATER TO BE SAVED

Water Supply Development Revolving Fund



$87.3 million

IN FINANCIAL ASSISTANCE FOR 47 PROJECTS

$60 million

AWARDED AS GRANT

WATER INFRASTRUCTURE
FINANCE AUTHORITY OF ARIZONA

Who is Eligible for WSDRF?

ARS § 49-1201(20)

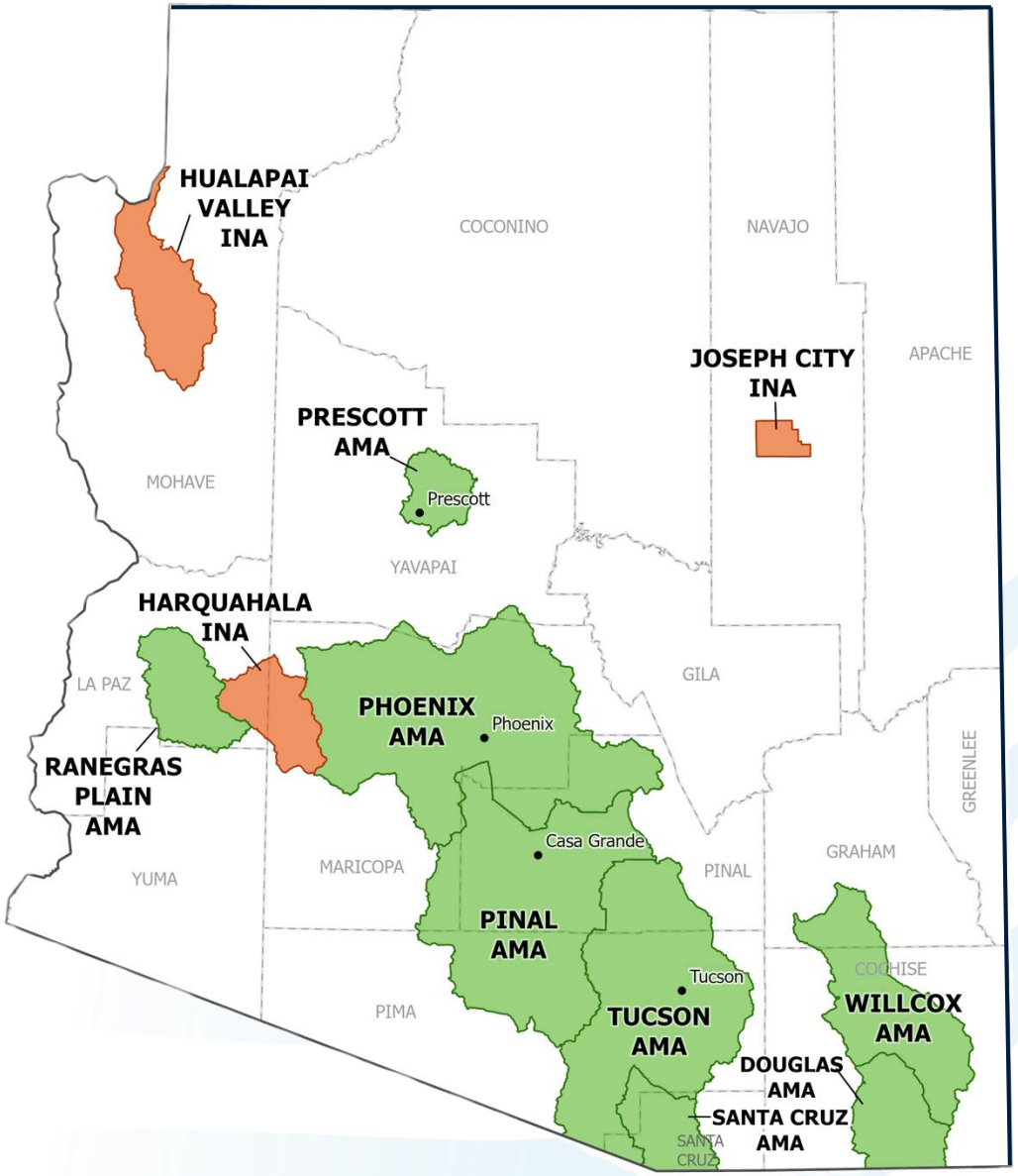
"Eligible entity" means any of the following:

(a) A water provider that distributes or sells water outside of the boundaries of an initial active management area in which part of the central Arizona project aqueduct is located.

(b) Any city, town, county, district, commission, authority or other public entity that is organized and that exists under the statutory law of this state or under a voter-approved charter or initiative of this state that is located outside of the boundaries of an initial active management area in which part of the central Arizona project aqueduct is located.

Water providers:

- Municipal water delivery systems
- Indian tribes
- County water or water augmentation authorities
- Public water systems
- Natural resources conservation districts
- Community facilities districts



Active Management Areas & Irrigation Non-Expansion Areas

What Type of Projects Are Eligible for WSDRF?

Water Supply Development projects as defined by A.R.S. § 49-1201(22)



Acquiring water, water rights, or contracts for water augmentation



Water delivery or conveyance projects



Water reclamation, remediation, and reuse projects



Water storage or recovery projects



Stormwater recharge structures (active or passive) projects



Groundwater replenishment projects



Conservation projects that reduce water use or increase efficient uses

Available Funding

- Total Available: approximately **$66 million** for this cycle
  - **$20M max per loan**
  - **$2M max per grant**
- **Note:** Funding availability does **not guarantee** financial assistance
- **Standard loan term: 23 years** (3 years no payments + 20-year amortization)
  - Loan term may not exceed the project's useful life
- **Co-funding opportunity:** Communities within 62 miles of the U.S.-Mexico border may request additional low-interest funding from NADBank, with possible grant availability
  - NADBank will review applications alongside WIFA's process
- Pre-Award Construction Costs Allowed

Long-Term Water Augmentation Fund

$378 million
STATE DOLLARS TO DEDICATE TO PROJECTS

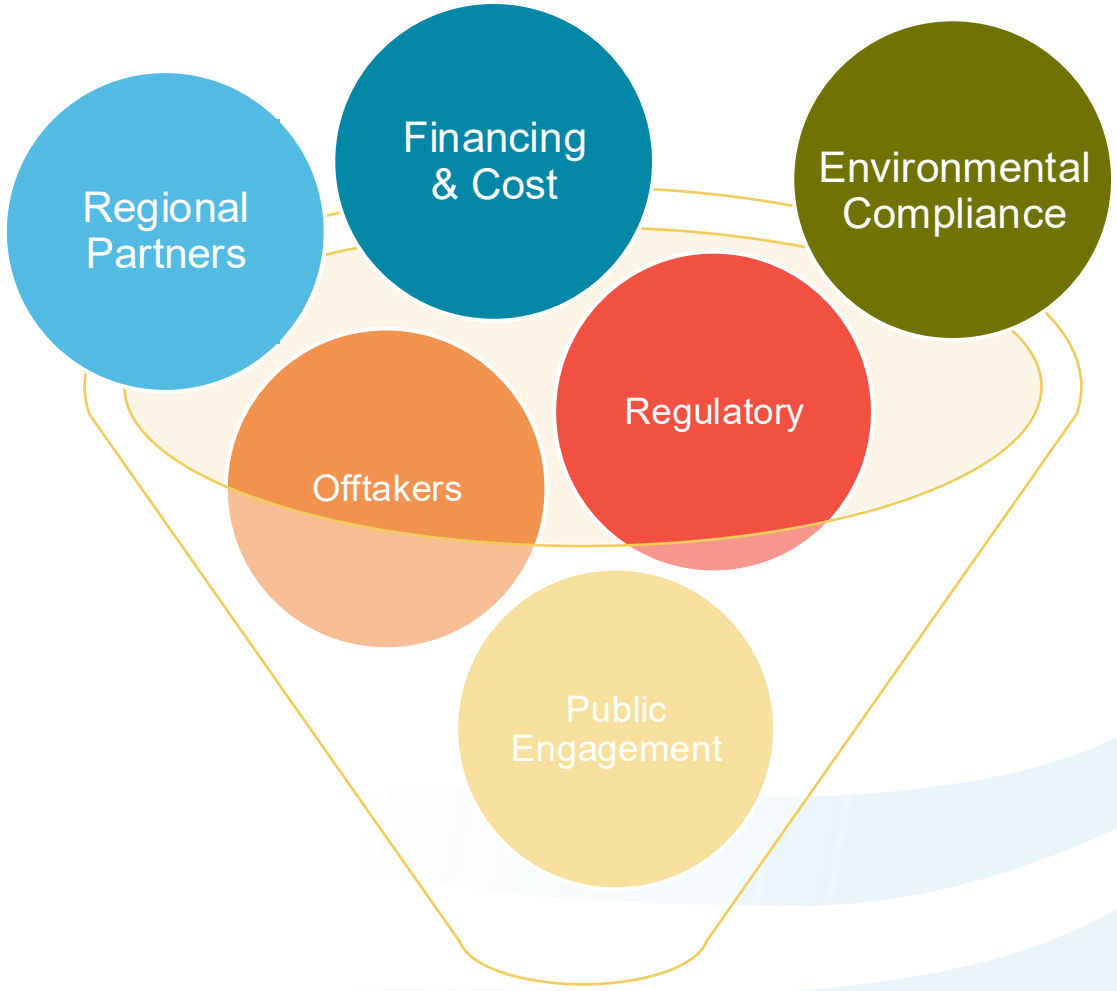
100k–500k
ACRE-FEET IN ANNUAL DEMAND FOR NEW WATER

7 PROJECTS
IDENTIFIED FOR FURTHER STUDY



Due Diligence

- Asking the hard questions to solve the big challenges
- Engaging all interested stakeholders
  - Arizona
  - California
  - Mexico
  - Tribal Governments
- Community, Regulatory, and Offtaker Engagement



Worthy Projects

Sovereign & Regional Partner Engagement

- Tribes & Nations
- State agencies and executive offices
- Federal agencies with jurisdiction or oversight
- Mexican gov entities
- Regional water entities
- Binational institutions



Advisory Groups Supporting Due Diligence

Helping WIFA evaluate the information development teams produce

Development team findings

Appraisal Studies and supporting information at each due diligence stage

Offtaker

Water needs, affordability and delivery reliability

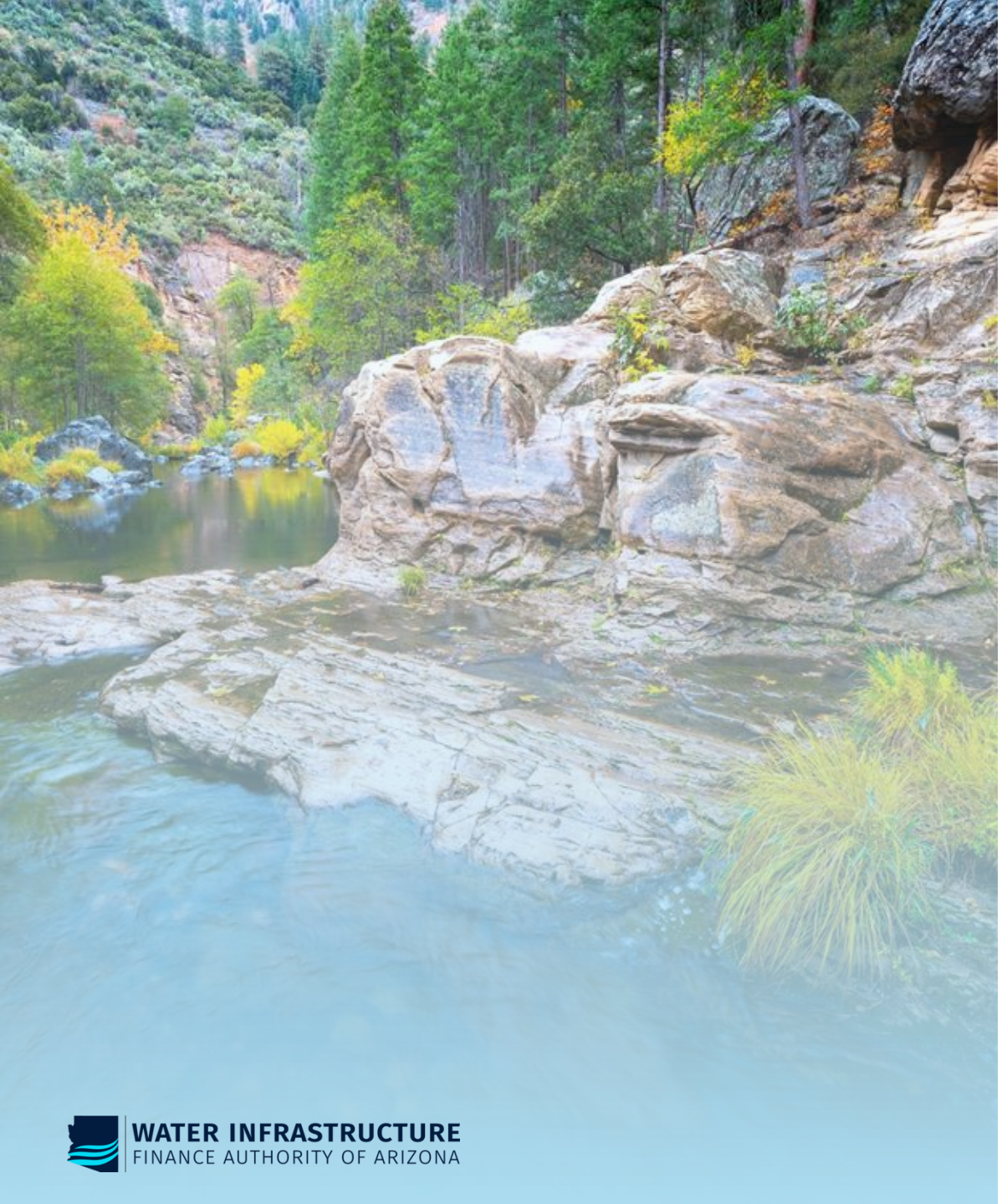
Community Engagement

Community priorities, local impacts and concerns

Regulatory

Permitting requirements, agency coordination and compliance

Advisory input informs WIFA's evaluation and Board decisions



WATER INFRASTRUCTURE
FINANCE AUTHORITY OF ARIZONA

Proposed Water Importation Projects

azwifa.gov

Ben Alteneder

Assistant Director, External Affairs

balteneder@azwifa.gov

602-769-1358

Arizona Water Policy Update

Southern Arizona Water Users Association

Patrick J. Adams, Senior Advisor for Water Policy
Office of Governor Katie Hobbs

October 2, 2026

ARIZONA
GOVERNOR'S OFFICE OF RESILIENCY



Questions

&

Answers



Thank You For Attending!