

WHEANDLER RIDGE-MARICOPA WATER STORAGE DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Eric McDaris

DATE: Monday, May 18, 2026

SUBJECT: **Allocation of Water Supplies  
2026 SWP and Supplemental Water Program  
– F.O. Equivalent SWP and Supplemental Water Rates  
– Supplemental Water Agreements**

**Rules and Regulations.**

Rule 3.h. of the District Rules and Regulations provides as follows:

*“**Supplemental Water:** Supplemental water means the water supplies acquired in addition to the water supply available under the Agency contract and includes district wells, Banking programs and water purchases. Supplemental water will be allocated pursuant to these Rules and Regulations up to the Contract Amount of Water in Water Users Water Service Contract. The quantities of Supplemental Water allocated to Water User shall only be available after Water User has submitted a signed order in a form provided by the District for such purposes in which the Water User agrees to the terms and conditions of delivery and payment for Supplemental Water.”*

Rule 5.e. of the District Rules and Regulations provides in part as follows:

*“**Supplemental Water:** Payments for Supplemental Water shall be made at the rate or rates established therefore by the Board. Payment for Supplemental Water, either allocated as part of the Contract Amount of Water or in addition thereto, for Water User and ordered by Water User shall be spread over the remaining regular monthly payments set forth in the Water Service Contract. Payment for Supplemental Water shall be subject to and a part of a final accounting of costs in the same manner as set forth in paragraph 5(a) of these Rules and Regulations. Water User shall be entitled to any credit due for overpayment and shall be responsible for any additional payment obligation as a result of underpayment identified in said final accounting adjustment.”*

**Revised SWP Fixed Obligation.** The current budgeted SWP F.O. rate is **\$630.34** per acre-foot as approved May 23, 2026. This budget rate was based on a 30% SWP allocation.

When the 30% budget rate is adjusted for the current SWP allocation of 45%, the new SWP F.O. budget rate is **\$420.23** per acre-foot.

**Supplemental Fixed Obligation.** Attached find “*Table 1 - Melded Cost of 2026 SWP and Supplemental Water*” which summarizes the estimated cost and quantity of 2026 Supplemental Water supplies from various non-SWP sources and shows the melded Fixed Obligation (F.O.) for SWP and combined SWP + Supplemental water supplies at the 45% SWP allocation.

If the SWP F.O. is lower than the Supplemental F.O., which is the case for 2026, then the Water Service Contracts require the SWP allocation and F.O. to stand alone, i.e. not be melded with other

supplies. However, if the Supplemental F.O. is lower than the SWP F.O., the effect of melding Supplemental supplies with the SWP supplies lowers the melded F.O. to the benefit of all Water Users.

*Table 1* estimates the cost of 2026 Supplemental Water from all sources melded into a single Supplemental F.O. equivalent rate of **\$437.42** per acre-foot (line 34 column 9). F.O. equivalent means the water is priced as though it is available in the Delta, and SWP firm variable charges are assessed to deliver it into the District. This provides a common base of reference and billing with SWP water.

*Table 1* evaluates whether the SWP and Supplemental F.O. rates should be combined or separated. Because the estimated Supplemental F.O. rate is more than the SWP F.O. rate of **\$420.23**, *Table 1* ***does not support*** the combination of these supplies. Under the combined scenario in *Table 1*, the melded SWP F.O. and the Supplemental Water F.O. rate would be **\$424.72** per acre-foot (line 38, column 9).

*Table 1* does not show sufficient Supplemental Water from the various sources listed to meet Water User demands over the Contract Amount of Water. As identified in Rule 3.h. however, Supplemental Water “...will be allocated... up to the Contract Amount of Water...” (emphasis added).

**Table 1 estimates the available supplies for allocation are:**

SWP Allocation	44.16% of CAW
<u>Supp. 1 Allocation</u>	<u>30.84% of CAW</u>
Total Initial Allocation	75.00% of CAW

**Water Allocation.** The District allocation of SWP and Supplemental water supplies to Water Users will be made in accordance with the provisions of the Rules and Regulations and as authorized by the Board today through previous board action. Allocations will be made in time for the May water contract installment charge in quantities as authorized. Staff may adjust the quantities for allocation prior to that time if justified by credible new information. For example, if the SWP allocation were increased, the District water allocation for both SWP and Supplemental water may be adjusted as explained above.

**Supplemental Water Agreements.** Supplemental Water Agreements were approved as to form at the regular meeting of the Board of Directors held May 13, 2026. During that meeting, the Board directed staff to develop a declining reimbursement schedule intended to incentivize Water Users to return unneeded supplemental supplies earlier in the irrigation season.

Early return of excess supplies is critical to District operations. Delayed returns result in the unnecessary production of supplemental water from the District’s banking projects and may also require the District to acquire surface supplies beyond actual irrigation demand. Timely notification of reduced demand allows the District to better manage recovery operations and reduce avoidable pumping and purchase costs.

The District’s Rules and Regulations already recognize an operational distinction between supplemental supplies which have not yet been acquired or produced and supplies which have already been recovered or purchased by the District. Section 4.a of the Rules and Regulations provides:

*“If the allocation of the Contract Amount of Water in any year includes Supplemental Water and the District has not yet acquired or produced the Supplemental Water, it shall be the first water returned to the District for disposal.*

*To the extent Supplemental Water has not already been acquired or produced the Water User shall receive full credit for the cost of the Supplemental Water so returned.”*

However, once supplies have already been acquired or produced:

*“To the extent the Supplemental Water has already been acquired or produced said Supplemental Water shall be pooled...”*

Given the proposed District allocation will be enough to satisfy the vast majority of Water User demands, it is extremely unlikely that any pooled water is subsequently purchased by other Water Users and therefore may be unnecessary to produce.

These provisions contemplate the operational and financial impacts associated with late season returns of supplemental supplies after the District has already incurred recovery, production, pumping, or acquisition costs.

The District initiated recovery operations on May 11<sup>th</sup>, 2026, and has already recovered approximately 2,000 acre-feet. At the current rates of 260 acre-feet per day, together with existing supplemental surface water supplies, staff estimate we will have recovered enough from the banking projects to satisfy the average District demands (2020-2025) of 130,000 acre-feet by June 15<sup>th</sup>. Accordingly, staff proposes that only returns submitted during the initial Supplemental Agreement campaign and on or before June 15 receive full Fixed Obligation (“F.O.”) reimbursement. Returns submitted after June 15 will receive reduced reimbursement as follows:

- **Revised allocation through June 15** — 100% F.O. reimbursement
- **June 16 through July 1** — 50% F.O. reimbursement
- **July 2 through August 15** — 25% F.O. reimbursement
- **After August 15** — No F.O. reimbursement

Staff recognizes this represents a significant operational change. However, the District has recently received substantial volumes of returned supplemental water late in the irrigation season after supplies were already purchased or produced through District banking operations. It has long been the District’s objective to make available no less than 75% Contract Amount of Water (“CAW”) to Water Users to allow for allocation by CAW as opposed to allocating on an allocation-acre basis. Although the District has experienced a net reduction in irrigation demand in recent years, that reduction has not occurred uniformly among all Water Users. Some Water Users continue to require near-full CAW for operations, while others do not.

Staff believes implementation of a declining reimbursement schedule is necessary to better align supplemental water production with actual Water User demand and to minimize unnecessary operational costs borne by Water Users. This approach will incentivize Water Users with excess supplemental supplies to return those supplies earlier in the irrigation season, allowing the District to

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reallocate available supplies to Water Users who require additional water while also allowing staff to adjust recovery and acquisition operations as necessary to avoid unnecessary banking project recovery or over-acquisition of supplemental supplies.

**Recommendation.** It is recommended the Board authorize the following water rates supported by the attached *Table 1 - Melded Cost of 2026 SWP and Supplemental Water*:

- a) Amend the 2026 budget SWP Fixed Obligation, recognizing a 45% SWP Allocation resulting in a SWP F.O. rate of \$420.23 per acre-foot, and together with estimated GWSC collections of \$3,000,000 set the 2026 SWP F.O. rate at \$386.40, and
- b) Establish the 2026 Supplemental Fixed Obligation Equivalent at \$437.42 per acre-foot per *Table 1*, and
- c) Establish the revised total District allocation at 75.00% CAW, recognizing a SWP Allocation 44.16% of CAW and maximum Supplemental 1 Allocation 30.84% of CAW, and
- d) Finalize 2026 Supplemental Water Service Agreements with the following reimbursement schedule for returned Supplemental Water:
  - a. **Revised allocation through June 15** — 100% F.O. reimbursement
  - b. **June 16 through July 1** — 50% F.O. reimbursement
  - c. **July 2 through August 15** — 25% F.O. reimbursement
  - d. **After August 15** — No F.O. reimbursement

Attachments: None  
Filename: 2.2.a 2026 FO Supp Wtr Rates