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**AFTER THE BUBBLE: REVISITING THE CENTRAL
ARIZONA GROUNDWATER REPLENISHMENT DISTRICT**

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ABSTRACT: The dramatic rise and precipitous fall of housing activity during the past decade has had a profound effect on one of Arizona's most innovative but controversial institutions--the Central Arizona Groundwater Replenishment District (CAGRDR). The CAGRDR was created by the Arizona legislature in 1993 as a mechanism to help subdivisions and water companies comply with a key provision of the state's Assured Water Supply (AWS) rules. In addition to a required 100-year physical supply for proposed subdivisions, the AWS rules limit the amount of groundwater that can be pumped without an offsetting amount of aquifer replenishment. The role of the CAGRDR, which is an operational division of the Central Arizona Water Conservation District, is to perform that replenishment service on behalf of its members. The CAGRDR's connection to new subdivision activity places it squarely at the intersection of land use, growth and water policy issues. Critics contend that it is a contributor to urban sprawl and is predicated on an unsustainable model of water resource development. Those criticisms grew louder and more insistent as Arizona's rapid population growth, speculative development activity and changes in water management policy contributed to the CAGRDR's enrollment surging past 200,000 housing units. The more recent collapse of Arizona's housing economy has had equally dramatic effects on the CAGRDR, with declining replenishment obligations, anemic enrollment and large uncertainties related to subdivisions that are authorized, but not yet built. This has had a significant impact on CAGRDR revenues and supply acquisition activities, but there are also wider implications for water management. This paper explores the underlying factors that have driven growth and water management policy in Arizona, and analyzes the CAGRDR's unique and changing role during a period of unprecedented housing market volatility. The paper concludes with an evaluation of the longer term policy issue facing many land and water managers in the wake of the housing bubble.

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