SEVEN SEAS WATER GROUP

Water-as-a-Service®

Arizona Wastewater Permitting and Compliance Cheat Sheet

What utilities and developers need to know

ADWR: Active Management Areas and 100-Year Supply

Why it matters: Before a subdivision or utility project can move forward, water availability must be verified. Arizona's Department of Water Resources (ADWR) requires certainty not just for today, but for the next century.

- **Active Management Areas (AMAs):** AMAs operate under long-term management plans that escalate conservation requirements through 2025 and beyond. These plans shape what's possible for new water and wastewater projects.
- **Assured Water Supply (AWS):** Inside AMAs, projects must demonstrate a 100-year supply that is physically, legally, and continuously available. Providers may hold a Designation of AWS (DAWS); subdivisions obtain a Certificate of AWS (CAWS).
- **Phoenix AMA model updates (2023–24):** New modeling tightened groundwater assumptions, limiting approvals for "new" groundwater. Projects tied to providers with a DAWS still move forward, but subdivisions relying only on wells are facing denials.
- **Adequate Water Supply (outside AMAs):** Developers must disclose whether water is "adequate." In several jurisdictions (Cochise, Yuma, Patagonia, Clarkdale), adequacy is mandatory, effectively requiring the AWS 100-year test before plats can be recorded.

ADEQ: Reuse, Direct Potable Reuse, and Aquifer Protection

Why it matters: Wastewater and reuse are not side notes for Arizona's Department of Environmental Quality, but are essential for clearing the supply tests and for protecting aquifers.

- **Reclaimed water standards:** Arizona defines classes A+/A/B+/B/C effluent for reuse. Permits often run through ADEQ's Type 2 general permits; distribution and blending may require Type 3 agents.
- **Advanced water purification / direct potable reuse (DPR):** Arizona finalized rules in 2025, giving a clear pathway for potable reuse under Safe Drinking Water Act oversight. This moves beyond interim permissions and opens the door to DPR as a mainstream supply option.
- **Aquifer protection permit (APP):** It's required for any facility discharging or plausibly discharging to groundwater. It implements Aquifer Water Quality Standards and best available demonstrated control technology standards. Most decentralized wastewater treatment plants and reuse facilities need this permit.
- **Construction authorization:** ADEQ or a delegated local authority must review and approve stamped design plans before construction can begin.

Financing and Delivery: WIFA Tools You Can Stack with WaaS®

Why it matters: Even when permits are secured, projects can stall without funding. Arizona's Water Infrastructure Finance Authority (WIFA) offers tools that pair well with Seven Seas' Water-as-a-Service® or the Lease Plant Program to keep momentum.

- **WIFA programs:** WIFA administers the Drinking Water and Clean Water State Revolving funds, the Water Supply Development Revolving Fund, and the Long-Term Water Augmentation Fund (expanded by a $1 billion package in 2022).
- **Eligibility nuance:** DWSRF can finance public and certain private drinking-water systems; CWSRF generally finances publicly owned wastewater projects.
- **Stacking options:** Revolving fund debt can cover public elements like purple pipe or recharge, while WaaS® or leasing provides off-balance-sheet delivery for the plant itself. This combination accelerates schedules and reduces capital risk.

To learn more, visit
www.sevenseaswater.com

What This Means for Decentralized and Reuse Projects

The regulatory landscape is complex, but it rewards projects that plan early and integrate reuse. Decentralized treatment and flexible financing are often the fastest paths to compliance.

- **Inside AMAs:** New growth often requires sources other than groundwater, making reclaimed water, brackish desalination, or imported surface water part of the solution.
- **Outside AMAs (mandatory adequacy areas):** Decentralized plants and reuse loops can help jurisdictions and master-planned communities meet the 100-year adequacy test without waiting for central expansions.
- **Permitting stack to expect:** APP (facility), reclaimed water permits (reuse/blending/agents), and AWP/DPR approvals where potable reuse is pursued. A permit matrix early in planning helps avoid costly redesign.
- **Funding mix:** Blend WIFA tools with WaaS® or leasing for speed and flexibility while ensuring that communities keep long-term compliance in view.

Permitting & Planning Checklist

Step 1: Define Your Regulatory Path

- ☐ Determine whether the project is located within an Active Management Area (AMA).
- ☐ Confirm Assured or Adequate Water Supply status and any DAWS coverage.
- ☐ Verify whether an Aquifer Protection Permit (APP) is required.
- ☐ Evaluate opportunities for reclaimed water or reuse, and identify any needed reclaimed water permits.
- ☐ Submit stamped engineering design plans for ADEQ review and obtain construction authorization before breaking ground.
- ☐ Develop an O&M plan and establish ADEQ reporting, sampling, and biosolids disposal protocols prior to startup.
- ☐ Maintain compliance documentation for inspections, renewals, and ongoing monitoring.

Step 2: Assess Decentralized and Reuse Options (60– to 90-Day Evaluation)

- ☐ Evaluate available water sources — brackish groundwater, reclaimed water, or exchange supplies — for DPR/AWP feasibility.
- ☐ Map the permitting pathway, including APP, reclaimed water permits, and monitoring requirements.
- ☐ Compare deployment timelines: 6- to 18-month modular delivery vs. 7- to 10-year central expansion.
- ☐ Build a funding plan that combines WIFA eligibility with a WaaS® structure to balance speed, flexibility, and long-term rate stability.