ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Capacity Development Annual Report Fiscal Year 2026

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August 2026
Publication Number EQR-26-08

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List of Acronyms

AAC	Arizona Administrative Code
ADEQ	Arizona Department of Environmental Quality
ARPA	American Rescue Plan Act
ARS	Arizona Revised Statutes
CWS	Community Water System
DWSRF	Drinking Water State Revolving Fund
EC-SDC	Emerging Contaminants in Small or Disadvantaged Communities
EPA	U.S. Environmental Protection Agency
ETT	Enforcement Tracking Tool
FY	Fiscal Year
MAP	Monitoring Assistance Program
MCL	Maximum Contaminant Level
MPL	Master Priority List
NTNC	Non-Transient Non-Community Water System
PWS	Public Water System
RWIC	Rural Water Infrastructure Committee
SDWA	Safe Drinking Water Act
SDWSF	Small Drinking Water Systems Fund
SUDC	Small, Underserved and Disadvantaged Communities Grant
TA	Technical Assistance
TMF	Technical, Managerial, Financial Capacity
TNC	Transient Non-Community Water System
WIFA	Water Infrastructure Finance Authority of Arizona
WIIN	Water Infrastructure Improvements for the Nation Act

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY CAPACITY DEVELOPMENT ANNUAL REPORT JULY 1, 2025 – JUNE 30, 2026

1. INTRODUCTION

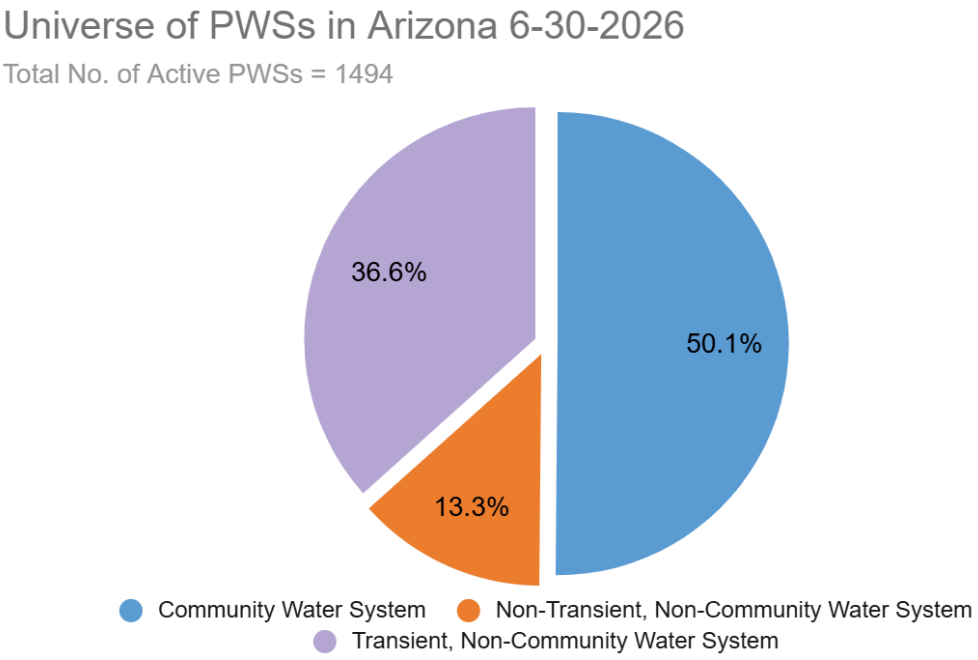
The objective of the 1996 amendments to the Safe Drinking Water Act (SDWA) is to ensure that public water systems (PWS) have the ability to provide safe drinking water to the public. Water system capacity is the ability to plan for, achieve, and maintain compliance with all applicable state and federal drinking water standards and regulations. There are three components to capacity: technical, managerial and financial (TMF). States are to develop strategies and programs aimed at helping water systems acquire and maintain these capacities in order to properly operate, manage and finance their systems. Adequate capability in all three areas is necessary for the successful operation of a public water system. States are prohibited from providing Drinking Water State Revolving Fund (DWSRF) assistance to a PWS that lacks adequate capacity, unless that assistance is directly related to improving that system's technical, managerial or financial capabilities.

The Arizona Department of Environmental Quality's (ADEQ) Capacity Development Program works to ensure that new small community and non-transient, non-community public water systems possess the technical, managerial, and financial capabilities to operate in accordance with all federal and state drinking water rules and regulations. In addition, the program also targets both new and existing community and non-transient, non-community PWS serving 10,000 or fewer people for technical assistance funded through set-aside monies from the U.S. Environmental Protection Agency (EPA) Capitalization Grant of the DWSRF.

The 1996 SDWA amendments also require states to prepare an annual report documenting the ongoing implementation of the Capacity Development Program for addressing capacity determinations for new systems and the application of the approved strategy for existing public water systems. This report reviews the activities conducted by ADEQ from July 1, 2025, through June 30, 2026, and provides responses to the memorandum from Cynthia C. Dougherty, Director, Office of Groundwater and Drinking Water, EPA, Washington, D.C., dated June 1, 2005, and the questions highlighted in the "Reporting Criteria for Annual State Capacity Development Program Implementation Reports".

2. ARIZONA'S WATER SYSTEM DEMOGRAPHICS

As of June 30, 2026, there are 1,494 regulated PWS currently operating in Arizona: 749 are classified as community water systems (CWS) (50%), 198 are non-transient, non-community water systems (NTNC) (13%) and 547 are transient non-community water systems (TNC) (37%). More than95% of Arizona's PWS are classified as "small water systems" serving less than 10,000 persons, based on EPA's classification of drinking water systems by population served. ADEQ's Capacity Development Program is designed to help address the needs of these small water systems.



3. NEW SYSTEMS PROGRAM ANNUAL REPORTING CRITERIA

3.1 Has the state's legal authority to implement the program changed in the previous year?

The legal authority to implement ADEQ's Capacity Development Program has not changed since the adoption of the capacity development rule in 1999. ADEQ's regulations are codified in the Arizona Administrative Code (A.A.C.) Title 18, Chapter 4, Article 6 – Capacity Development Requirements for a New Public Drinking Water System.

3.2 Have there been any modifications to the state's control points? If so, describe the modifications and any impacts these modifications have had on implementation of the new systems program. If not, no additional information on control points is necessary.

Since updating the Capacity Development Strategy in April 2022, there have been no modifications to the state's control points.

3.3 List new systems (PWSID and Name) in the state within the past three years, and indicate whether those systems have been on EPA's Enforcement Targeting Tool list.

Table 1 lists the 43 PWS that were activated as new PWS between July 1, 2023, and June 30, 2026. Nine of these systems were reactivated water systems during this period and therefore are not "new". They are denoted with an asterisk next to the PWS number.

Table 1. Newly activated PWS, fiscal years 2024 - 2026

PWS No.	PWS Name	Type	County	Pop	Activity Date
AZ0415240	ROSE ACRE FARMS LONE CACTUS EGG FARM	NTNC	LA PAZ	130	6/23/2026
AZ0415135	ROSE ACRE FARMS - DESERT VALLEY EGG FARM	NTNC	LA PAZ	130	6/9/2026
AZ0411399	ARIZONA ZIPLINES	NC	PINAL	100	5/29/2026
AZ0415220	SHADY SPOT RV PARK	C	LA PAZ	44	5/27/2026
AZ0402421	DIAMOND MOUNTAIN RETREAT	NC	COCHISE	23	5/21/2026
AZ0409201	PORCHY PINES PEACE RETREAT, INC	NC	NAVAJO	100	2/10/2026
AZ0407917	U-HAUL INTERNATIONAL INC.	NTNC	MARICOPA	400	1/27/2026
AZ0407773 *	BUCKEYE, CITY OF - TRILLIUM	C	MARICOPA	1100	1/21/2026
AZ0408180	OLD HWY 91 RV PARK	NC	MOHAVE	300	1/21/2026
AZ0404374	ANTLERS CAFÉ AND BAR	NC	GILA	100	1/9/2026
AZ0415318	RV PIT STOP RVP	NC	LA PAZ	130	12/30/2025
AZ0407580	CARL T HAYDEN VETERANS MEDICAL CENTER	NTNC	MARICOPA	6293	12/15/2025
AZ0415100	THE KOFA CAFE	NC	LA PAZ	100	11/3/2025
AZ0415150	SALOME STORE	NC	LA PAZ	200	10/20/2025
AZ0414515	TACNA WATER IMPROVEMENT DISTRICT	C	YUMA	500	10/9/2025
AZ0408194	TACO BELL WHITE HILLS	NC	MOHAVE	100	8/19/2025
AZ0414560	YUMA REGIONAL MEDICAL CENTER	NC	YUMA	400	6/13/2025
AZ0411114 *	CS CARTER WATER COMPANY	C	PINAL	28	5/29/2025
AZ0413488	BUMBLEBEE RANCH	NC	YAVAPAI	50	5/16/2025
AZ0410505	MARANA MUNICIPAL - TORTOLITA MOUNTAIN	C	PIMA	200	5/15/2025
AZ0407538	SURPRISE, CITY OF - BUENA VISTA	C	MARICOPA	870	3/26/2025
AZ0413273 *	OAK CREEK VINEYARDS	NC	YAVAPAI	150	12/19/2024
AZ0403275	PINYON PLAIN MINE	NTNC	COCONINO	35	10/18/2024
AZ0410968	RIO MERCADO WATER	C	PIMA	266	7/25/2024
AZ0405010 *	NATURESWEET USA	NTNC	GRAHAM	200	6/19/2024
AZ0408195	SILVER CREEK WATER COMPANY	NC	MOHAVE	25	6/1/2024
AZ0410250	THIM UTILITY COMPANY - PARKIN	C	PIMA	69	4/9/2024
AZ0415060 *	LA PAZ COUNTY PARKS - CENTENNIAL PARK	NC	LA PAZ	100	3/12/2024
AZ0411575	GW SANTA CRUZ WATER - MARICOPA SW	C	PINAL	1848	3/11/2024
AZ0411560 *	PINAL COUNTY JUSTICE COMPLEX	C	PINAL	820	3/7/2024
AZ0407553	WHITE TANK WATER	NC	MARICOPA	200	2/12/2024
AZ0404247	WHISPERING HOPE	NC	GILA	160	2/1/2024
AZ0407364 *	DESERT OASIS RV PARK	NC	MARICOPA	40	1/29/2024
AZ0408200	GRAND CANYON GLAMPING RESORT	NC	MOHAVE	60	12/18/2023
AZ0403047 *	FORT VALLEY LODGE	NC	COCONINO	31	12/16/2023
AZ0407554	CARIOCA SHELL #99	NC	MARICOPA	500	10/31/2023
AZ0407549	WHITE TANK WELL INC	C	MARICOPA	87	10/18/2023
AZ0410501	MARANA MUNICIPAL - SILVERBELL GATEWAY	C	PIMA	750	9/26/2023
AZ0413485	VENTURA RANCH WATER SYSTEM	C	YAVAPAI	300	9/15/2023
AZ0411557 *	NEW SADDLEBACK VISTA	C	PINAL	100	9/11/2023

AZ0410271	USFWS - BUENOS AIRES NATIONAL WILDLIFE REFUGE	NTNC	PIMA	54	8/27/2023
AZ0408145	MOHAVE COUNTY - LAKE JUNIPER COUNTY IMPROVEMENT DISTRICT	C	MOHAVE	63	8/21/2023
AZ0411570	FLORENCE, TOWN OF - RODEO WELL	NC	PINAL	500	7/21/2023

Table 2 shows the Enforcement Tracking Tool (ETT) scores for the new PWS as of June 30, 2026. It also describes ADEQ's efforts to resolve the violations. Eight of the 34 new PWS had an ETT score or violation points. ADEQ's Compliance Assistance Coordinators are working with all of these systems in order to return them to compliance.

Table 2: ETT scores for new public water systems

PWS Name	ETT Score	Explanation of Violation	Status of Assistance
USFWS - BUENOS AIRES NATIONAL WILDLIFE REFUGE	2	LEAD CONSUMER NOTICE (LCR)	ADEQ staff are working with the operator to conduct the necessary monitoring
VENTURA RANCH WATER SYSTEM	6	LEAD CONSUMER NOTICE (LCR) and 3 PUBLIC NOTICE RULE LINKED TO VIOLATION	ADEQ staff are working with the operator to conduct the necessary monitoring and send out the required notices
PINAL COUNTY JUSTICE COMPLEX *	7	INITIAL TAP SAMPLING (LCR) and FAILURE ADDRESS DEFICIENCY (GWR)	ADEQ staff are working with the operator to conduct the necessary monitoring
SILVER CREEK WATER COMPANY	7	FAILURE ADDRESS DEFICIENCY (GWR) and MONITORING, ROUTINE, MAJOR (RTCR)	ADEQ staff are working with the operator to conduct the necessary monitoring
OAK CREEK VINEYARDS	5	FAILURE ADDRESS DEFICIENCY (GWR) - TT	ADEQ staff are working with the operator to conduct the necessary monitoring
BUMBLEBEE RANCH	1	MONITORING, ROUTINE, MAJOR (RTCR)	ADEQ staff are working with the operator to conduct the necessary monitoring
CS CARTER WATER COMPANY	0	NITRATE AND URANIUM MCL VIOLATIONS	ADEQ staff are working with the owner on installing point-of-use devices for customers
RV PIT STOP RVP	2	MONITORING, ROUTINE, MAJOR (RTCR)	ADEQ staff are working with the operator to conduct the necessary monitoring

In fiscal year (FY) 2026, ADEQ approved five new PWS requiring the submission of an Elementary Business Plan, in accordance with A.A.C. R18-4-602. As of June 30, 2026, three of these (Arizona General Hospital - Laveen, Carl T. Hayden Veteran's Administration Medical Center and Dignity Health

- Mercy Gilbert Medical Center) are activated and are serving customers. The other PWS are in various stages of development.

- Arizona General Hospital - Laveen (NTNC)
- Carl T Hayden Veteran's Administration Medical Center (NTNC)
- Hickman's Egg Ranch - Transitional Housing (CWS)
- Dignity Health - Mercy Gilbert Medical Center (NTNC)
- Metropolitan DWID - West (CWS)

The following water system was activated in FY 2026 but had its Elementary Business Plan approved in a prior year: City of Buckeye - Trillium (AZ0407773) was approved on July 13, 2006.

When an unpermitted water system is discovered in operation, system inactivation is often not possible nor in the public interest while they complete the engineering and permitting processes. ADEQ drinking water staff conducts sanitary surveys and then works closely with these systems to get all the necessary permits approved and verify their capacity to be a sustainable potable water provider.

4. EXISTING SYSTEM STRATEGY

4.1 In referencing the state's approved existing systems strategy, which programs, tools, and/or activities were used, and how did each assist existing PWS in acquiring and maintaining TMF capacity? Discuss the target audience these activities have been directed towards.

The major focus of the Capacity Development Program is on small community and nonprofit, non-transient, non-community PWS. Costs for system operations and maintenance can be significant and have a major impact on the ability of small system operators, often with volunteer or part-time staff, to maintain the systems in compliance with the ever increasing and more complex federal and state regulatory requirements.

To address these challenges, ADEQ focused primarily on those small PWS most in need of assistance, which tend to be small rural communities and schools that are also PWS. Primary tools used to help them acquire and maintain capacity include the Monitoring Assistance Program (MAP); the Technical Assistance (TA) program; training workshops for water system representatives including owners, managers, or operators; TMF assessment tool; utilizing federal infrastructure grant programs; the predictive analytics program; and coordination with other technical and financial assistance partners primarily through the Rural Water Infrastructure Committee (RWIC).

4.1.1 Monitoring Assistance Program

Arizona's MAP helps small PWS comply with the SDWA by assisting with required collection, analysis, and reporting of regulated contaminants. MAP was developed in the late 1990s and was one of the first of such programs in the nation. All CWS and NTNC with at least one of their own sources of water, and that are serving less than 10,000 people, are required to participate in MAP. In 1999, only 26% of PWS were in compliance with SDWA; in FY 2026, PWS participating in the MAP are operating at 99.9% compliance rate. The program currently assists more than 835 small PWS each year. In FY 2026, MAP updated the annual fees for the first time since 1999 to counteract inflation rates and the addition of

costly PFAS analyses. Also in FY 2026, the MAP began to offer at-cost sampling to participating PWS that required increased quarterly monitoring based on trends in recent sampling.This cost-effective program has dramatically reduced the number of PWS that would otherwise be in noncompliance with monitoring and reporting requirements for the various rules which increases their technical and managerial capacity.

4.1.2 Technical Assistance Program

Funded primarily by set-asides from the DWSRF capitalization grant, the TA program continues to assist small PWS. The program provides a variety of assistance including: design and preparation of permitting applications in order to make necessary system improvements or to install treatment; funding assistance; asset management plans and system optimization. Table 3 provides the program results for the last three years. In FY 2026, the TA program provided technical assistance to 33 small PWS; several with multiple projects. In addition, some of the projects are subsequent phases of prior projects. For example, ADEQ may have funded a feasibility study in one year, the next year commissioned design and permitting, and the next year provided construction oversight in order to prepare the approval of construction and record drawings.

Table 3: TAprogram results fiscal years 2024 - 2026

	FY24	FY25	FY26
Total number of projects completed	57	44	53
Number of individual PWS assisted	39	29	30
Number of projects completed for PWS*	50	37	39
Number of projects continuing into new FY	–	–	20
Number of individual PWS being assisted	–	–	14
Projects not specific to a PWS (e.g., training)	7	7	11

*additional phases or efforts at one or more PWS in the same FY

Due to the number of special projects in the Drinking Water Section including lead service line inventories, American Rescue Plan Act (ARPA) and Emerging Contaminants in Small or Disadvantaged Communities (EC-SDC) projects, in FY 2026, the TA program did not pursue any capacity building initiatives other than management training as discussed in 4.1.3.

In FY 2027, the TA program will continue focusing its efforts on those PWS needing technical assistance to resolve public health related issues and help small PWS with capacity needs specifically in the areas of fiscal sufficiency and forming the proper corporate structure.

Table 4: PWS receiving TA in FY 2026

PWS Number	PWS Name	Project	Status
AZ0407630	Apache Lake Marina Resort	Compliance options report to address total trihalomethane exceedances, design and permitting of a liquid chlorinator	Ongoing
AZ0413008	Ash Fork Water Service	Design and permitting of an arsenic treatment system	Completed
AZ0413141	Bradshaw Water Company	Compliance options report for arsenic	Completed
AZ0411030	City of Eloy	Design and permitting of a nitrate treatment system	Ongoing
AZ0413415	Clear Creek RV Park	Design and permitting of a liquid chlorination system	Ongoing

AZ0413020, AZ0413192, AZ0413202	Coldwater Canyon 1,2, and 3	Median household income survey, design and permitting of three arsenic treatment systems	Completed
AZ0413027	Crown King Water Company	Compliance options report for arsenic and cadmium	Completed
AZ0414003	Dateland Public Service Company	Well evaluation and permitting of a backup well	Completed
AZ0413277	Desert Star Community School	Design and permitting of arsenic treatment system	Ongoing
AZ0401349 (proposed)	Escudilla Mountain DWID	Design and permitting of a new well, storage tank and fill station, construction administration and construction management	Ongoing
AZ0413348	Green Valley MHP	Well evaluation, treatment system optimization and permitting of a backup well	Ongoing
AZ0411035	Kelvin Simmons Co-op	Land appraisal, land survey, preparing environmental documents/archaeological surveys	Ongoing
AZ0415060	La Paz County Parks Centennial Park	Design and permitting of a reverse osmosis treatment system and finish water tank	Completed
AZ0420505	Marana High School	Drinking water permit application for 22 point-of-use and 4 point-of-entry devices to treat for arsenic	Completed
AZ0413109	Michaels Ranch Water Users Association	Design and permitting of an arsenic treatment system, construction administration and construction management	Completed
AZ0407111	Morristown Water Company	Design and permitting of an arsenic treatment system, land survey, construction administration and construction management; design of a new potable well	Ongoing
AZ0413393	Mountain Vu RV Court	Design of arsenic treatment system, land survey	Ongoing
AZ0407400	Palo Verde School District 49	Design and permitting of nitrate treatment system, land survey, 3.01 general permit for lined evaporation pond	Ongoing
AZ0409040	Pinedale Estates DWID	Design and permitting for new well, transmission line and storage tank, construction administration and construction management	Ongoing
AZ0402012	Pomerene DWID	Well investigation, compliance options report for fluoride, design and permitting of 4000 lf of distribution line, land survey	Completed
AZ0402027	San Simon DWID	Design and permitting for a new well, amended preliminary engineering report for new well, 3.01 general permit for lined evaporation pond, land survey, construction administration and construction management for well, pond and RO system	Ongoing
AZ0420419	Santa Rita Heights Mobile Home Park	Design and permitting for a liquid chlorinator	Completed
AZ0410242	Siete Casas Joint Venture	Water loss audit and leak detection investigation	Completed
AZ0413122	Softwinds Mobile Home Park	Land survey	Completed
AZ0401062	Sure Stay Water System	System evaluation and sampling	Completed

AZ0402327	Sweet Springs Mobile Home Park	Design and permitting of new distribution system, storage tank and booster pumps, land survey, construction administration and construction management	Ongoing
AZ0404021	Tonto Creek Water Company	Design and permitting of a new distribution system, preliminary engineering report	Completed
AZ0413015	Town of Camp Verde Utilities	Design and permitting of an arsenic treatment system, pilot testing	Ongoing
AZ0414022	Town of Wellton	System evaluation to address total trihalomethane exceedances	Completed
AZ0409050	Woodruff Domestic Water Company	Median household income survey for funding assistance	Completed
AZ0413058	Yavapai Country Club Estates Water Company	Land survey	Completed

4.1.3 Capacity Development Training

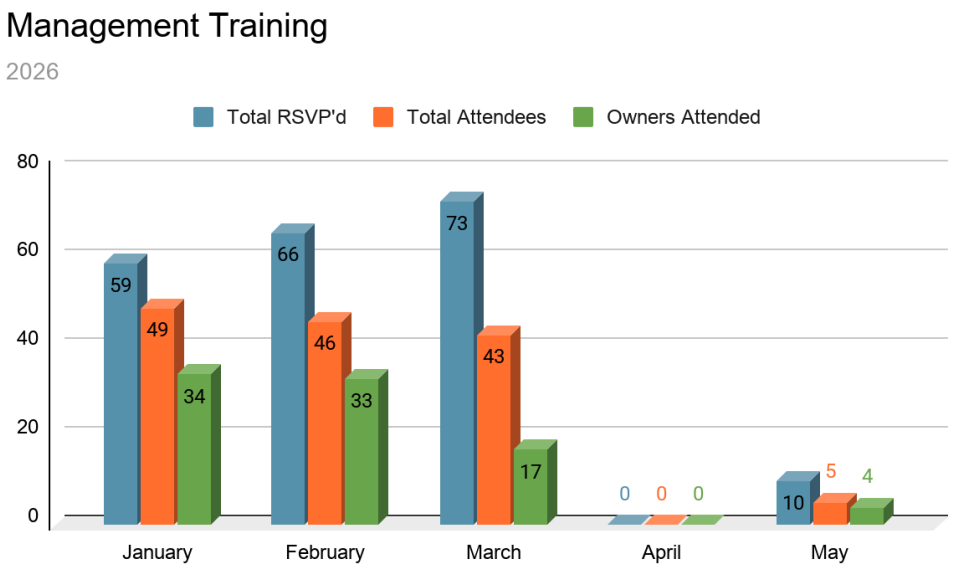
ADEQ conducts technical, managerial and financial training workshops statewide, both independently and in partnership with private consulting firms and nonprofit organizations, to improve the technical, managerial, and financial capacity of existing PWS. In FY 2026, ADEQ held the following trainings:

Table 5: Capacity development trainings for FY 2026 [T, technical training; M, management training]

Date(s)	Topic (T) = technical (M) = management	Format	Location	Attendees
10/9/2025	Water Distribution System (T)	Virtual	N/A	132
1/8 - 1/9/2026	Cap Dev/Op Cert Workshop (T,M)	In-Person	Scottsdale	175
1/17/2026	Intro to Financial Management (M)	Virtual	N/A	46
2/19/2026	Rule Review (T)	Virtual	N/A	106
3/12/2026	PFAS Forum (T)	In-Person	Phoenix	170
3/17/2026	Cybersecurity - ADEQ (T)	Virtual	N/A	43
3/18/2026	Security/Emergency Readiness (T)	In-Person	Flagstaff	42
4/10/2026	Cybersecurity - EPA (T)	Virtual	N/A	33
4/22/2026	PFAS Rules (T)	Virtual	N/A	74
5/6/2026	Budgeting and Financial Management (M)	In-Person	Somerton	5
5/8/2026	Cybersecurity - AZDOHS (T)	Virtual	N/A	43
5/21/2026	Operator Math (T)	Virtual	N/A	90
6/4/2026	Operator Math (T)	Virtual	N/A	70
6/14/2026	Operator Math (T)	Virtual	N/A	36
6/26/2026	Cybersecurity - CISA (T)	Virtual	N/A	25

One of the goals set in the Capacity Development Strategy Report was to revitalize the drinking water management track offerings. Early in FY 2026, the Capacity Development Program partnered with five contractors to update the current management training program by developing ready-to-go training materials, allowing the program to plan out multiple trainings for the year. In FY 2026, five management training events were held for a total of 143 attendees. Of these attendees, 88 were PWS owners. The management training program exceeded an ADEQ FY 2026 strategic goal to engage 60 small water

system owners by the end of FY 2026. The Operator Certification Program continued to offer trainings for certified water system operators. These trainings consisted of nine webinars and three in-person events with a total of 816 operator attendees.



4.1.4 Technical, Managerial and Financial Capacity Survey

A survey to assess the TMF capacity of all public drinking water systems in Arizona was completed in FY 2022. In FY 2025, that survey was redeveloped and streamlined to provide continuing data points at regular intervals, enabling the Capacity Development Program to better understand the current TMF capacity and assistance needs of water systems statewide. The first updated survey was issued at the start of FY 2026, and all systems will be issued the same survey every three years so that the Capacity Development Program can monitor TMF capacity increases and decreases over time. The survey consists of 27 multiple choice questions, which are presented to systems during a guided conversation, concluding with a score out of 100 possible points. The results will continue to aid in determinations regarding how to improve water system capacity.

4.1.5 Utilizing Grant Funding for Infrastructure Improvements

Water Infrastructure Improvements for the Nation Act (Small, Underserved and Disadvantaged Communities Grant)

In spring 2024, Arizona applied for a third grant under the Water Infrastructure Improvements for the Nation Act (WIIN) of $929,000. The WIIN Act grant program has since been renamed the Small, Underserved and Disadvantaged Communities (SUDC) Grant Program.The grant was awarded in October 2024 and runs through Sept. 30, 2027. Similar to the two previously awarded grants, Arizona is focused on spending the funding on qualified PWS to address health-based contaminants such as arsenic, nitrates, or radionuclides or to address imminent water shortages. With this third round of funding, ADEQ, in partnership with the Arizona Department of Administration (ADOA) and the Water

Infrastructure Finance Authority of Arizona (WIFA), has issued purchase orders for the following two projects and will select additional projects based on remaining funding.

- **Kelvin Simmons Water Co-op:** Installation of a new drinking water well. The current well was drilled in the 1970s and has uranium exceeding the MCL. The estimated cost is $260,000.
- **Morristown Water Company:** Installation of a new drinking water well. The current well failed in November 2024 and is now operating at 50% capacity. The estimated cost is $440,000.

In spring 2025, Arizona applied for the fourth round of WIIN/SUDC funding in the amount of $1,172,000. That grant was awarded July 1, 2025 and has a project period through June 30, 2030. Once the third round of WIIN funding is committed, the ADEQ will begin to select additional projects for WIIN 4/SUDC.

American Rescue Plan Act

In 2024, Governor Hobbs' office awarded ADEQ $12,300,000 in ARPA funding to support small PWS, especially in rural areas, throughout the state. ADEQ used this grant funding to assist seven small, disadvantaged PWS comply with federal drinking water standards and secure new drinking water sources, ensuring safe and healthy drinking water for their customers. If ARPA funds remain after assisting these seven PWS, ADEQ will use the remaining ARPA funds to help other eligible PWS with capacity needs.

Table 6: Awards from the ARPAfor FY 2026

Public Water System	County	Project	Final Cost
Completed in FY2025			
Bowie Water Improvement District	Cochise	Funding for well pump motor, sounding pipe, wiring, pump controls after their pump and motor failed	$64,394.28
Completed in FY2026			
Ash Fork Water Service	Yavapai	Installed an adsorption arsenic treatment system	$368,301.49
Cienega Water Co.	La Paz	Constructed 2,600 lineal feet of 8-in waterline to connect Cienega Water to Epcor - Lakeside to address historic fluoride exceedances (Cienega Water Co. will be inactivated as a public water system)	$872,022.77
Michael's Ranch Water Users Association	Yavapai	Installed an adsorption arsenic treatment system	$146,576.86
San Simon Water Improvement District	Cochise	Drilled a 1,000 foot well to replace a failing water source	$1,266,234.67
To be completed by 9/30/2026			
City of Eloy	Pinal	Installed an ion-exchange nitrate treatment system	$4,759,072.71
Papago Butte DWID	Pinal	Installed an ion-exchange nitrate treatment system	$1,349,026.83

San Simon Water Improvement District	Cochise	Installed an reverse osmosis fluoride treatment system	$2,277,660.54
		Constructed a lined evaporation pond needed for the fluoride treatment system discharge water; decommissioned the original well per ADWR requirements	$721,104.95
ADOA	Statewide	Construction project management	$396,900
		Remaining funds to be used to assist additional PWS with capacity needs (at publication time)	$78,704.90
		Total	**$12,300,000**

Small Drinking Water Systems Fund

Every summer, several small PWS will have pumps or motors fail. While there are well drilling and pump suppliers willing to assist, assurance of payment is needed for them to extend services. Many of these small water systems do not have $20,000-$40,000 in savings to pay for pulling a pump and installing a new one to provide water to their customers.

Established under A.R.S. § 49-355, the Small Drinking Water Systems Fund (SDWSF) provides grants, including emergency grants, to small PWS to repair, replace or upgrade water infrastructure required for compliance with ADEQ and Arizona Corporation Commission (ACC) requirements. It is the only fund that can provide emergency funding to small water systems in an expedited manner. The last appropriation for the fund was in FY 2022.

Table 7: Awards from the SDWSF in FYr 2026

PWS No	PWS Name	Issue	Award
AZ0410132	Worden Water Co	Drilled new well and installed new, pump and motor after well failed	$64,506.92
AZ0415123	Cibola DWID	Installed pre-filters ahead of the ultrafiltration units	$12,500.00

While ADEQ works to improve the managerial and fiscal capacity of these small systems, the SDWSF needs a permanent, dedicated funding source in order to help small public water systems in emergencies.

4.1.6 Predictive Analytics

Small PWS often lack the TMF resources to address an unexpected MCL exceedance. To assist PWS and prevent unexpected MCL exceedances, ADEQ created the Predictive Analytics team to predict when a system may exceed arsenic and nitrate MCLs so that it can take steps to prevent potential future exceedances. This proactive initiative features several key elements — a forecasting model, compliance consultations, and a roadmap to compliance — allowing PWS to be financially prepared, react faster, and create smarter long-term solutions for healthy drinking water. To better leverage ADEQ staff knowledge and experience, this program includes staff across all the Safe Drinking Water teams: TA, Source Water Assessment, Engineering Review, Monitoring and Protection, and Inspections and

Compliance. This voluntary consultation program is free to PWS and may provide insight into how they can avoid future arsenic and nitrate MCL violations.

Since the start of the project in FY 2020:

- 270 PWS have been contacted.
- 66 PWS have implemented a solution and(or) countermeasure (for example a treatment system media change, operation and (or) maintenance adjustments, or updates to standard operating procedures).
- 4 PWS are in the process of implementing a solution (for example treatment optimization or discussions with decision makers).
- 22 PWS have worked, or are in the process of working, with TA Program staff on implementing a solution (for example down-well zonal sampling, water system consolidation, or treatment).
- Thus far, 32 PWS have prevented either arsenic or nitrate MCL exceedances.

4.1.7 Rural Water Infrastructure Committee

For more than three years, ADEQ has chaired the RWIC, an informal partnership of federal agencies, state agencies, and not-for-profit organizations that provide loans, grants, and technical assistance to PWS and wastewater systems in rural Arizona. The RWIC serves as a “one-stop-shop” for rural communities and small PWS and wastewater systems serving communities of less than 10,000. The RWIC plays a prominent role in implementing the ADEQ’s capacity development strategy by serving as a resource for systems seeking technical and funding assistance. In FY 2026, more than 15 PWS or wastewater systems have presented to the RWIC in search of assistance.

Current RWIC partners include:

- ACC
- ADEQ
- Arizona Department of Housing
- Arizona Department of Water Resources
- Greater Arizona Development Authority
- North American Development Bank
- Rural Community Assistance Corporation
- Rural Water Association of Arizona
- U.S. Department of Agriculture - Rural Development
- U.S. Department of Housing and Urban Development
- U.S. Department of the Interior, Bureau of Reclamation
- EPA
- WIFA

ADEQ continues to update its funding resources matrix as new funding sources become available. The resource matrix guides PWS and wastewater systems to the appropriate funders according to structure, needs, and eligibility.

4.1.8 myDEQ Online Permitting Portal

All PWS in Arizona must permit any new public water system or the modification, alteration, or extension to an existing system through the proper government agency. In August 2024, ADEQ added drinking water engineering review to the agency’s online permitting portal system known as myDEQ, allowing for a more streamlined review process and real time communication with applicants to ensure

thorough and timely reviews. 613 PWS design applications were approved in FY 2026. Arizona public water systems now have more access to their permits than ever before directly increasing their managerial capacity.

4.2 Based on the existing system strategy, how has the state continued to identify systems in need of capacity development assistance?

In rule, PWS are initially identified for capacity development assistance based on the Master Priority List (MPL) outlined in A.A.C. R18-4-803. The criteria used to determine need are similar to the criteria used in determining existing PWS capacity and have been updated in the past two years to more closely align with A.A.C R18-4-803. Criteria include the PWS's Activity Date (date at which the system began serving water), Source Water (groundwater or surface water), Population Served, System Type, Owner Type, Certified Operator Status, EPA MCL Violations, Operation and Maintenance Violations, MAP Past-Due Fees, TMF Survey Score, and Previous Assistance from ADEQ and WIFA.

The FY 2027 MPL was updated in the spring and published on April 10, 2026 for a 30-day comment period. As required by rule, an oral proceeding was held on May 11, 2026 to accept comments from the public. There were no comments made on the record so the FY 2027 MPL was finalized following the close of the proceedings and posted on the ADEQ website. In addition to identifying systems in need of technical assistance, WIFA uses the MPL to identify possible candidates for additional financial assistance (e.g., low interest loans, principal forgiveness). Once the MPL is final, ADEQ contacts the public water systems with the most points to offer technical assistance.

Beyond the criteria explicitly called out in A.A.C. R18-4-803 for the MPL, the scored results of the TMF assessment tool are factored into MPL placements. Additionally, individual answers received through the assessment tool are used to highlight systems with specific lapses that can be reached out to with available assistance directly.

In addition to the MPL, in the Drinking Water Section, "priority sites" are those water systems serving water above a federal national drinking water standard, including sites that have a treatment technique violation or exceed an action level. These sites are a high priority for problem solving to determine the root cause of the impact so that a remedy can be devised and implemented. Most priority sites are identified in the MPL as most in need of technical assistance.

Priority sites have created visibility, transparency, and accountability throughout the agency. From staff to the ADEQ Director, all known environmental or public health problems are captured into one metric or one universe and are worked on daily. Other Units in the Section can refer these priority sites to the TA program to determine the need for assistance.

4.3 During the reporting period, if statewide public water system capacity concerns or capacity development needs have been identified, what was the state's approach in offering and/or providing assistance?

When capacity needs and/or concerns are identified that may affect several water systems regionally or statewide, ADEQ offers support and assistance primarily through training, compliance assistance and the technical assistance program. For FY 2026, three identified areas of need were: 1) the lead service line inventory deadline of October 2024 had passed; in FY 2026 the contractors performed limited field work to help small systems refine their initial inventories to update the inventory database; 2) revitalized and expanded the management track training program to reach owners, managers and water system

boards of directors to improve managerial and financial capacity; and 3) trained new project managers in both the capacity development and technical assistance programs to support succession planning.

4.4 If the state performed a review of implementation of the existing systems strategy during the previous year, discuss the review and how findings have been or may be addressed.

ADEQ has not performed a formal review since the adoption of the new Capacity Development Strategy in 2022.

4.5 Did the state make any modifications to the existing system strategy? If so, describe.

ADEQ has not made any modification to the existing system strategy since the adoption of the new Capacity Development Strategy in 2022.