

Arizona Water Banking Authority
1110 W. Washington St, Ste. 310, Phoenix, Arizona 85007
Telephone 602-771-8487



September 18, 2019

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Mr. Richard Stavneak, Director
Joint Legislative Budget Committee
1716 West Adams Street
Phoenix, Arizona 85007

AUTHORITY MEMBERS
Thomas Buschatzke, Chairman
Ray L. Jones, Vice-Chairman
Kathryn A. Sorensen, Secretary
Alexandra Arboleda
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EX OFFICIO MEMBERS
The Honorable Karen Fann
The Honorable Gail Griffin

Dear Mr. Stavneak:

RE: Interstate Accounting Report for Fiscal Year 2019

In accordance with Arizona Revised Statutes (A.R.S.) §45-2473, the Arizona Water Banking Authority (AWBA) must submit a report to the Joint Legislative Budget Committee (JLBC) for any year during which the AWBA is owed or receives monies pursuant to an interstate water banking agreement with the State of Nevada. The report must include an accounting of all monies received and disbursed, including monies used to purchase and store water or fulfill a contractual obligation, and any monies prepaid to the Central Arizona Water Conservation District (CAWCD).

Pursuant to the Third Amended and Restated Agreement for Interstate Water Banking among the AWBA, the Southern Nevada Water Authority (SNWA) and the Colorado River Commission of Nevada (Third Amended Agreement), executed on May 20, 2013, storage is determined annually through mutual agreement. For calendar year 2018, the AWBA agreed to store 13,500 acre-feet of the State of Nevada's unused Colorado River allocation. The total estimated cost for this storage was \$3,280,060.08. Accordingly, the AWBA received 12 levelized monthly payments (\$273,338.34 x 12) from SNWA during the storage year. The AWBA remitted payments to CAWCD for monthly water delivery and storage charges based on actual volumes delivered and facilities used. Because payments are made on a pay-as-you-go basis, there are no prepayments made to CAWCD.

Pursuant to the Third Amended Agreement, payments for storage must be adjusted to reflect both actual deliveries and any changes to the water delivery rate. Actual charges for storage in 2018 totaled \$3,268,300.00, a decrease of \$11,760.00 from the estimated costs. Additionally, as a result of CAWCD's year-end reconciliation of costs, the interstate water delivery rate decreased from \$49 per acre-foot to \$33.34 per acre-foot, a difference of \$15.66 per acre-foot. Consequently, SNWA was owed an additional \$211,410.00. The total amount refunded to SNWA was \$224,554.68, which included \$1,384.68 in interest accrued on the amount owed. The following table shows the interstate subaccount activities for FY 2019.

INTERSTATE ACCOUNTING FY 2018/2019					
Beginning Balance ¹	Received from Nevada	Disbursements ²	Reimbursed from CAWCD	Accrued Interest	End of FY Balance ³
\$1,646,108	\$1,640,030	\$3,492,855	\$211,410	\$14,905	\$19,598

¹ Monies received from SNWA during the second half of FY 2018. Balance includes residual and accrued interest of \$6,078.

² Includes \$224,554.68 reimbursed to SNWA.

³ Remaining funds are not available for interstate banking and are subject to Legislative authorization prior to AWBA use.

In addition to monies deposited to the interstate banking subaccount for 2018 storage, there is a separate subaccount maintained in the Arizona Water Banking Fund that was formerly referred to as the Interstate Resource subaccount. While this subaccount no longer exists under the Third Amended Agreement, a residual balance remains that is non-reconcilable for interstate purposes. The balance totals \$3,271.63 and includes \$3,168.84 in recovered Lehman Brothers bankruptcy monies as well as accrued interest. Pursuant to A.R.S. § 45-2473(D), the AWBA may not use these funds unless authorized by the Legislature.

If you have any questions, please do not hesitate to contact me at (602) 771-8491.

Sincerely,



Virginia O'Connell
Director

c: AWBA Commission members

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