

ARIZONA WATER BANKING AUTHORITY

WEDNESDAY, JANUARY 15, 1997

PHOENIX DEPARTMENT OF WATER RESOURCES

PLEASE PRINT

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FINAL AGENDA

ARIZONA WATER BANKING AUTHORITY

Wednesday, January 15, 1997

9:30 a.m.

Arizona Department of Water Resources
500 North 3rd Street, Phoenix
3rd floor Conference Room

- I. Welcome / Opening Remarks
- II. Adoption of Minutes of November 20 / December 17 Meetings
- III. Discussion of Partner Agreements / Signing Ceremony
- IV. Update of Plan of Operation
- V. Discussion of Facilities Inventory / Storage Site Criteria
- VI. Update on the AWBA Study Commission and AWBA Recovery Subcommittee
- VII. Update on Interstate Water Banking
- VIII. Call to the Public
- IX. Adjournment

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**ARIZONA WATER BANKING AUTHORITY
Draft Minutes - REVISED**

**November 20, 1996 Meeting
Arizona Department of Water Resources**



AUTHORITY MEMBERS
Rita P. Pearson, Chairman
Tom Griffin, Vice-Chairman
Bill Chase, Secretary
Grady Gammage
Richard S. Walden

EX OFFICIO MEMBERS
Senator Stan Barnes
Rep. Bill McGibbon

Welcome / Opening Remarks

Chairman Pearson requested the minutes reflect all Authority members present.

Adoption of Minutes of October 16, 1996

Minutes from the October 16 meeting were adopted without any corrections.

**Presentation of comments received on 1997 Plan of Operation /
Presentation of *draft* Position Statements**

Chairman Pearson combined agenda items III and IV for discussion purposes.

Mr. Tim Henley, AWBA Manager presented the 1997 Plan of Operation, noting the Plan had been developed over several months in meetings with many entities. Mr. Henley stated that the Water Banking Authority staff had presented the Plan at public meetings of the Phoenix, Pinal and Tucson Groundwater User Advisory Councils (GUAC's) and noted that all comments and suggested changes in the draft Plan were highlighted in the revised version.

General comments received by Authority:

- Development of a Recovery Plan was important to many entities, including those cities dependent on CAP supplies. Potential recovery mechanisms and costs and the certainty of recovery, especially about credits developed outside of the AMA to receive the benefit.
- The Water Banking Authority should expend monies in the AMA/county where generated whenever capacities exist before going to another AMA/county or expending general fund dollars.
- Maximum flexibility in Plan of Operation to allow for changes in demand and deliveries by Authority to interested parties. (Chairman Pearson requested that AWBA legal counsel examine the legal issues surrounding future modification of the Plan).

Comments received at the three public GUAC meetings included:

Phoenix GUAC meeting:

- An appropriate share of General Fund monies should be spent in Maricopa County because most General Fund monies are generated there.
- All remaining Maricopa property tax monies should be expended to make full use of capacities at GRUSP.
- Water Banking Authority should spread recharge around an AMA whenever possible.

Pinal GUAC meeting:

- Need for some assurity in the issuing of credits from the beginning.
- Need for revision of the method used for allocation of capacities to partners by the AWBA.

Tucson GUAC meeting:

- Delay using Pima County monies until facilities are available for recharge in the Tucson area.
- If Plan continues as is for 1997, use Pima monies last in Pinal County.
- Concern expressed over the inclusion of proposed sites in the Phoenix AMA, while similar facilities were not considered in Pima County.
- The Plan should reflect the number of credits to be accrued on behalf of the Tucson area, reflecting a direct correlation between the generation of monies and the benefits to that area.
- The need of the Tucson area for assistance in the development of recharge facilities.
- The absolute commitment of the Tucson area to the CAP - the CAP is their future.

Written Comments:

Salt River Project (John Sullivan):

According to an SRP economic analyses, SRP has a \$15 per/af cost. SRP has elected not to participate at the \$21/af cost set by the Authority. Mr. Sullivan also emphasized the overlapping of the Salt River Project service area over municipal providers in central Maricopa County.

Pima County (C.H. Huckelberry)

Expressed regret that no recharge in the Tucson AMA was reflected in the draft Plan of Operation. Mr. Huckelberry mentioned that a project being developed by Pima County and Metro Water is expected to be operational in 1997 with available capacity for the Authority. Concern was also expressed over the inclusion of proposed sites in the Phoenix AMA, while facilities in a similar state in Pima County were not considered. Pima County recommended the Authority be afforded sufficient flexibility in the Plan, should potential recharge capacity be developed in Pima County in 97.

Metro Water District (Mark Stratton)

Expressed concern over the \$1.2 million in Pima County property tax monies scheduled to be expended to purchase 89,000 af of CAP water for Pinal County farmers. MWD also expressed concern over the planned expenditure of the \$2 million General Fund appropriation in Maricopa and Pinal county, when roughly 20% of the \$2 million is generated in Pima County. Mr. Stratton feels that the statutory requirement to spend the monies "for the benefit of" the Tucson AMA is not adequately addressed in the Plan and that attention paid to entities in the Tucson area was cursory at best in developing the Plan.

Mr. Stratton went on to compare the \$22 per af cost for recharging water at GRUSP and the potential costs for capacities at the Lower Santa Cruz project and/or an expansion of the Avra Valley Recharge project.

Mr. Henley elaborated on the modifications of the Plan, referring to the revised Plan of Operation (updated Nov. 19), which was mailed to the interested party list for review. At the time the Plan was developed, CAP was expecting to deliver approximately 900,000 af to its subcontractors in 1997, making approx. 436,000 af available for recharge by the Authority. Authority staff developed a draft Plan to maximize the use of 436,000 af at a cost of \$8.7 million.

Based on comments received through the public process, revisions were made to the Plan. Additional changes were made based on CAP demand increasing by 75,000 af, based on more firm information from their subcontractors. Mr. Henley noted that capacity adjustments were made and that the AWBA and CAP continue to work together on the scheduling of water delivery for the AWBA.

As AWBA Staff visited with potential partners, it was discovered that some entities, such as SRP, did not wish to participate or would participate to a lesser extent at \$21. This fact is reflected in a lesser amount of water being delivered by the Authority in the revised version and the in-lieu water previously scheduled for SRP going to GRUSP.

Additionally, Mr. Henley noted that under the revised Plan, \$2 million in General Fund monies would now be spent for developing approx. 133,000 af of General Fund credits in Pinal County. Adding in a \$100,000 of Pinal County generated monies, about 140,000 af of credits would be developed. In Pima County, \$1.1 million would be expended at 4 direct recharge facilities for development of approximately 19,100 af of credits.

As revised, the Plan is projected to deliver approximately 360,000 af at a cost of \$8.9 million leaving approximately 40,000 af of capacity remaining to the Bank.

Tim Henley stated that, based on comments received, the proposed Agua Fria site was taken out of the revised Plan (since added back in), will be utilized at the end of the year if available. The 4 sites (3 proposed and 1 existing) in Pima County have been included in the final version of the Plan, with a fall back to GRUSP should any of the facilities not have available capacities in 1997.

Mr. Henley discussed the analysis done to address concerns raised by SRP and others regarding the need for "cheaper" water with various scenarios of a 50/50 split or the Bank paying \$21. In Maricopa County, \$18 will increase the amount of water that can be delivered because SRP may participate in the in-lieu program. The trade-off would be less water going to GRUSP. In Pinal County, more potential exists at \$18, but less credits would be generated due to increased costs to Authority.

Mr. Dick Walden inquired about increasing the amount of recharge in Pima County. Mr. Henley stated that approximately \$300,000 of Pima property tax money remained that could be expended in 1997 if additional capacities came available. He further noted that existing in-lieu capacities in Pima County were being utilized by other partners with substantially different pricing structures than the AWBA.

Mr. Walden further asked how the AWBA plans to deal with the issue of partners' pumping costs being significantly less than \$21.00. Tim Henley replied that if the Authority increased their cost, thus dropping the cost to the end user, the Bank would develop less credits. Mr. Walden asked about the relation of monies generated and returned to Pima County. Mr. Henley stated that Pima is contributing approximately 10% of the funds, but their credits will cost more because they are all developed directly. He also noted that General Fund credits will be developed in Pinal County.

Mr. Grady Gammage inquired about the inclusion of the three facilities in Pima County, while not including the CAP Agua Fria site. Mr. Henley felt the Agua Fria facility could be included, but stated that it was not listed in the draft Plan because of concern about whether it will be available in 1997. He went on to state that even though a site was not included, the Plan does not prohibit that site from being utilized by the Authority. On the other hand, capacities will potentially be available in Pima County in calendar year 1997. As a result, the Authority has scheduled 19,100 af of direct recharge in the Tucson area, with a backup at the GRUSP facility.

Mr. Gammage expressed concern about the Authority supplanting capacities that otherwise would have been utilized. Mr. Henley stated that staff had similar concerns. Mr. Henley went on to state that one reason for not dropping the in-lieu cost of water is to not undercut existing partners. The Authority wants to maximize all potential capacities in Pima County, while recognizing that fewer credits are developed with direct recharge.

Ms. Pearson asked for a clarification from Tucson that this is capacity that would not otherwise have been utilized by another entity. She stated that the legislation is clear about the AWBA being secondary in use of a facility. Ms. Pearson suggested the following language be included in the revised Plan in relation to the availability of direct facilities - "only facilities available or that are expected to be available in calendar year 1997 have been included in this Plan. If water isn't able to be recharged at a particular facility, then the backup location is GRUSP". This statement would pertain to both the CAP Agua Fria site and those proposed in Pima County. It was noted that this was the same issue raised by Mr. Gammage and would also solve his issue.

Mr. Gammage asked Mr. Henley if the statement "this Plan could be modified" would require a proposed change to be brought back to the Authority? Mr. Henley stated that the question would be addressed in later discussions on the position statements. He also stated that Agua Fria was left out because the Authority would have the flexibility to utilize the facility if it was available in 1997.

Mr. Chase responded that he agrees sufficient flexibility exists in the Plan to allow Agua Fria to be added back in, but that the Authority might be better served to include Agua Fria in the Plan from the beginning. Mr. Chase stated that Agua Fria coming on-line would achieve the goal in the Phoenix AMA of storing water on both sides of the AMA. He suggested amending the Plan to spend the \$300,000 generated in Pinal County, leaving \$200,00 of the general fund money for the Agua Fria site if ready in 1997.

Mr. Walden feels General Fund monies are appropriated by the legislature for the benefit of the State and the Bank should not get involved in General Fund money being spent in proportion to the area of generation. He further stated that he supports Mr. Chase's position that the Bank should spend county generated tax monies first, but needs additional comfort that the Authority is not being forced to expend General Fund monies where they are collected.

Mr. Chase responded that with the expenditure of \$1.8 million out of the \$2.0 million General Fund monies in Pinal County, the Authority is not concerned where it is generated.

Presentation of *draft* Position Statements

Modification of the Plan

Mike Pearce, ADWR Chief Counsel, stated that the statute clearly allows the Authority to modify the Plan, in accordance with the public meeting laws. The Authority is not required to take the proposed modifications back through the public GUAC meeting process. In contrast, the legislature inserted a specific statutory provision requiring the Authority to take the Inventory back through a public process before final adoption.

Grady Gammage inquired whether the Water Banking Authority could write language into the plan defining what would be deemed a modification of the Plan, making a clear distinction between modification and mere implementation of the Plan.

Ms. Pearson proposed that the Bank incorporate the concept into the Plan of Operation. Mr. Pearce agreed with the suggestion.

Expenditure of Monies in AMA/county of Generation

This issue pertains to the statutory authority of the Water Bank to store water in an AMA or county, outside of where the monies were generated. The statute speaks of storing water for the benefit of a specific AMA or county where the credits are accrued (A.R.S. § 45-2457(B)(7), opposed to the actual physical location of where the credits are generated.

Based on the overall statutory framework, Mr. Pearce stated that it is the belief of ADWR that the Authority does have the discretion to store water in an area for the benefit of another geographic area, as long as the credits are used for the benefit of the area where the monies are generated.

Mr. Pearce concluded that the Authority has considered alternative interpretations of the statute and apply well established rules, such as:

- 1) The language "for the benefit of" in A.R.S. § 45-2457(B)(6) and (7) does not require the Authority to store water that will eventually benefit an AMA or county in that AMA or county;
- 2) That the guiding principle of the AWBA will be to attempt to store the water that is to benefit an area in that area;
- 3) That situations may arise in which the Authority will determine that it is advisable to store water outside of the area it will eventually benefit from the credit and that the Authority will retain the flexibility provided it by the Legislature to do so.

Ms. Pearson called for questions and summarized Mr. Pearce's suggestion to incorporate the second Position Statement in the Plan of Operation.

Mr. Gammage commented that putting more language put in Plan is beneficial and would give greater flexibility in the operation of the Authority.

Mr. Walden reiterated that the Bank is not required to spend the money within the area of origin, but should set as a goal. He felt that the goal would apply to all future plans and that putting that particular goal statement in an individual plan reiterates the Bank's desire to achieve the goal.

Mr. Griffin questioned whether the expenditure of money issue should be treated as a policy statement. He sees the primary goal of the Authority to use all of the Colorado River water in Arizona no matter where it is.

Ms. Pearson stated that she was surprised this issue has come about, but that the Bank is sensitive to this issue. The issue of making sure local monies are spent in the local community first if capacities are available has been discussed at previous meetings. She expressed concern about including it in the Plan of Operation prior to the development of the site criteria where the full discussion really needs to take place. She questioned when a goal or objective is discussed in the future, does that need to be included in the Plan. Chairman Pearson stated that she would like to see the inclusion of the position statement into the storage site discussions.

Mr. Griffin agreed that the site criteria would be better place because it could be changed over time, but would not be revisited annually.

Ms. Pearson asked for public comment prior to any final decisions being made. She recognized Mr. Larry Dozier from CAP to clarify the operation of the Plan, including monthly amounts and locations. She wanted clarification that adjustments from month to month as requested by the Authority would not be considered a change of Plan, but if they use up the acre feet allotted them before the year is over than that is considered a change of plan that you would have to come back to the Authority for.

Mr. Gammage asked if Mike Pearce, Tim Henley or Jimmy Jayne could come up with precise language to incorporate into the motion to address the issue of how to define modification of the Plan as opposed to changes in implementation of the plan.

Ms. Pearson asked Mike Pearce to meet with Tim Henley and Larry Dozier and try to come up with a concept that reflects the current discussions.

Public Testimony

Karen Smith (Salt River Project)

Ms. Smith stated that the SRP Granite Reef Underground Storage Project (GRUSP) is a direct storage facility that is permitted to store 200,000 af annually and the SRP Ground Water Savings Facility is permitted to store 200,000 af annually. Ms. Smith referenced a letter dated 11/6/96 sent by SRP stating that the SRP's pumping cost of 1997 is approx. \$15.00/af. As a result, SRP refuses to pay \$21.00/acre foot to participate in the Bank's new program. She noted low recovery costs, as well as a large number of existing recovery wells within the SRP water service area as benefits that should be examined by the Authority. Ms. Smith stated that SRP believes that the Authority should price water at a level where they can participate, even if the price is lower than what the Banking staff initially suggested. She noted that SRP has proposed a long-term arrangement for underground storage at GRUSP, providing the Authority a price incentive and certainty in an ideal sight to recharge water in Maricopa County. The Authority would also provide SRP and the GRUSP participants security in having a main tenant over a period of years (5 year / 50,000 af minimum).

Marvin Cohen (City of Tucson)

Mr. Cohen suggested that the Bank consider not having monthly delivery numbers in the Plan itself so they would not have to worry about changing the totals for each entity in the plan and would reduce any potential legal problems. He also asked that the Bank establish a policy that when the considering a modification, it be mailed with the preliminary agenda. This way interested people would be able to attend a particular meeting.

Mr. Cohen went on to mention the coming together of the various Pima County water interests over the past 60 days and that one could believe that this was all planned. In his letter, Mr. John Sullivan of SRP suggested that 88,000 af of credits developed in Pinal County, using Pima County's money for the benefit of Pima County, could be extinguished to satisfy claims of the Gila River Indian Community and the Sif Oidak District of the Tohono O'odham. Pima County thinks they have absolutely nothing to do with those claims and were not aware that either the Sif Oidak District of the Tohono O'odham or Gila River Indian Community thought they did.

Various Tucson area water entities came together after the Tucson GUAC meeting and, through Sharon Megdal and Mark Myers with Metropolitan Domestic Water Improvement District worked very hard over the past three weeks pulling together the details needed to respond to the draft Plan. They were joined by Dennis Rule, Tucson Water staff; Jim Peterson from Oro Valley, and the group developed a unified position. The group's intent was to call to the Authority's attention the recharge opportunities in Pima County and the depth of concern they have about having their money spent to put water outside of Pima County. They noted that they are working diligently to have facilities available in Pima County the near future.

Mr. Cohen proposed three issues; 1) That the \$2.0 million dollar general funds be used for the groundwater savings projects in Pinal County instead of using Pima monies; 2) that the Authority would have access in the Tucson AMA for storage of approximately 19,000 af of Colorado River water at a cost of \$1.1 million; 3) concern over the use of Pinal's money and that the funds be carried over to the following year.

Mr. Cohen went on to say that some long term issues with groundwater savings projects will need to be addressed in the future.

Sharon Megdal (Pima County Flood Control District)

Ms. Megdal stated that the proposed plan was absent of any demonstration of a benefit to Pima County taxpayers with storage occurring in Pinal County. They see that as a problem and creates a very high risk for Pima County taxpayers. Pima County agrees with some of the issues raised in terms of expending locally generated tax monies first and general fund monies going to Pinal County only.

Ms. Megdal clarified Pima County's position on the Agua Fria and the Lower Santa Cruz site: 1) County Administrator Chuck Huckleberry has questions about what criteria were used for inclusion of proposed sites in the Plan and would look toward consistent treatment of projects in similar phases of development; 2) They have a target date of January 21 to submit their permit and permit applications, but are expecting 30,000 af annually; 3) regarding the proposal to revert to GRUSP,

Ms. Megdal has not yet had the opportunity to address the issue with her client. She would suggest the Bank think about the creation of certain thresholds to clarify when changes come to the Bank for action versus smaller changes that are purely operational on a month-to-month basis. She concluded by stating that she likes the Plan overall.

Dave Dennison (Town of Carefree Councilman)

Mr. Dennison stated that the Plan should focus on areas of water shortage and should consider demonstration and research projects. Such projects could include the Scottsdale micro filtration project to recharge the Carefree/Cavecreek/Scottsdale Aquifer. Expenditure of Bank money at this site, in cooperation with augmentation, Scottsdale and Carefree monies would be a positive thing for the Bank.

Beth Miller (City of Mesa)

Ms. Miller commented that; 1) she would urge the Bank to give consideration to reducing the price for in-lieu water as suggested by SRP and 2) she also stated that Mesa would support Bill Chase's suggestion that some general fund money be transferred into Maricopa County for direct recharge. She stated that this will maximize the amount of water that is stored, while increasing certainty of recovery.

Paul Orme (CAIDD/MSIDD)

Mr. Orme stated that; 1) they support the use of the general fund revenues in Pinal County; 2) commend Authority staff for concerted efforts to meet with his clients, trying to understand the various constraints and capabilities of those districts utilizing AWBA water.

Chairman Pearson moved for the adoption of the 1997 Annual Operating Plan. She read the following new language, as prepared by Mr. Pearce, in conjunction with Larry Dozier from CAWCD and Tim Henley:

"This Annual Plan of Operation is intended to govern the storage water over the course of the entire calendar year. The Authority recognizes that day to day fluctuations in weather, individual delivery works at storage facilities or normal CAP operations may effect the monthly estimates of water actually delivered for the benefit of the Authority. Day to day fluctuations that do not impact the overall annual projections contained in this plan are not modifications of this Plan and will be addressed by the staff and reported to the Authority on an as needed basis".

"During the course of the year, changing circumstances may present limitations or provide new opportunities not contemplated in this plan that will effect the overall annual projections. In such circumstances, ARS 45-2456 (F) provides that the Authority may modify this adopted plan. If such modifications are required they will be undertaken by the Authority in the course of its normal business. Public comment may be accepted by the Authority at the meetings where proposed modifications are discussed or approved. For such modifications the Authority will not repeat the procedures outlined in ARS 45-2456 (C) for the adoption of an original plan".

Mr. Gammage inquired about the process of using a facility not listed in the Plan and whether the Bank would have to formally bring it before the Authority. Mr. Pearce affirmed the statement. Ms. Pearson reiterated that the Staff has been instructed to include Agua Fria in the Plan.

Mr. Walden asked if staff has given any thoughts to a contingency fund to maximize and opportunity to increase water deliveries in cases of an extremely dry season. Mr. Henley responded that the staff has looked at when funds become available to the Authority in relation to potential opportunities.

Mr. Gammage moved to adopt the amended Plan to include the updated the language. Mr. Chase stated that it was insufficient to simply add Agua Fria without including associated storage capacities. Mr. Henley suggested that the Authority include the fact that public meetings were held and that the staff is going forward. Mr. Henley also suggested inclusion of a statement that the Authority is working on a recovery plan and that it is needed.

Mr. Walden asked if the Authority was going to make any efforts to consider SRP's proposal. Mr. Gammage replied that he was willing to talk about it but not willing to leap at it at this time.

Ms. Pearson asked that the four specific purposes for the Authority and the primary goal of the Authority to recharge unused Colorado River water to firm up CAP municipal subcontracts be incorporated into the Plan. Mr. Henley also suggested a change in Table 3 to recognize general fund monies that would be utilized in both Pinal and Maricopa County. All members were in agreement.

Mr. Gammage again moved that the Authority adopt the 1997 Plan of Operation as presented in the November 19 *draft* with the following modifications: 1) the language, as read by the Chair, and developed by the staff on modifications to the Plan; 2) change Table 1 to add the Agua Fria Site; and reflect Agua Fria or GRUSP be listed as Pima County back-up alternative; 3) modifications to Table 3 in relation to expenditure of General Fund monies in Pinal and Maricopa Counties; 4) reflect the expenditure of the full Pinal County \$300,000; 5) changes to the introduction to incorporate the four purposes of the legislation as stated in the bill itself and an addition to incorporate a public comment section; and 6) mentioning in the narrative that the Bank is in the process of developing a recovery plan and that the recovery plan will address the issue of the position statement.

The 1997 Plan of Operation was adopted unanimously by the Authority.

PRESENTATION OF DRAFT AGREEMENT/AWBA, ADWR AND CAWCD

Mr. Henley stated that the need for an agreement between the three parties has been discussed in previous meetings. Over the last month the Bank has been working with ADWR and CAP to start to craft such an agreement. The following are a few key issues:

- Cost of services - a provision for a payment of services; payments for water deliver.
- Determination of credits by ADWR is recognized in the agreement
- CAP agrees to bill the Authority and the partners directly for their in-lieu share.
- CAP will provide the accounting of water to the Bank
- Inclusion of language to formalize the levy of the \$.04 property tax.
- The Bank will work with CAWCD on the ordering of water.

It was noted that Larry Dozier will make a presentation at the Policy & Planning meeting on November 20, recommending approval of the agreement by the Committee to the CAP Board. A final agreement is hoped to be in place by the December Authority meeting.

Mr. Gammage suggested that, in the event of any potential disputes, Tim Henley sit down with Rita Pearson and the General Manager from CAWCD, not the CAWCD President. Ms. Pearson stated that the Deputy Director of ADWR has the authority to stand in for the Director of ADWR and should replace her in time of a dispute. Mr. Griffin moved for initial adoption of the agreement between the three parties - it was unanimously adopted.

PRESENTATION OF SAMPLE PARTNER AGREEMENTS/ AWBA WATER STORAGE PERMITS

Mr. Henley informed the Authority that AWBA, ADWR and CAP staff has met with all potential partners in the AMA's to start talking about what the agreements might look like and what would be included. Mr. Henley shared the following issues/concerns raised in these meetings:

- 'take or pay' would not be a provision in the partner agreements.
- Sharing of losses. The Plan recognizes that there will be losses getting the water to the actual areas where it's used and that ADWR will calculate credits based groundwater pumping offset. There would be a sharing of the losses
- The process of issuing of credits and related uncertainty raises real concerns with the partners.
- The issue of scheduling flexibility has been talked about in the modification of plan.

- The CAWCD/ADWR agreement anticipates that CAP would collect from in-lieu partners. This payment scenario would be similar to the ones already have with the customers because most of them have payment responsibility already.

Mr. Henley stated agreements would be ready for distribution in December and would hopefully be signed by the end of December. Ms. Pearson asked that staff provide the standard agreements language when ready to the Authority members.

RECOMMENDED CHANGES FOR INCLUSION IN 1997 ADWR OMNIBUS BILL

Jimmy Jayne reminded the members that potential changes were briefly discussed at the October 16 meeting. All proposed changes have gone through the ADWR the omnibus process.

1. Modification of the Annual Report date to July 1 to reflect the activity of the Water Banking Authority for the previous calendar year.
2. Change Plan of Operation due date to January 1.

Mr. Gammage moved for adoption of proposed changes - passed unanimously.

UPDATES - AWBA RECOVERY SUBCOMMITTEE/AWBA STUDY COMMISSION

Mr. Henley stated that the Recovery Subcommittee was created at the October 20 meeting. The committee has met one time and had some good discussions as far as starting to look at recovery. Subcommittee members requested staff create a working group to begin developing potential recovery scenarios.

A letter was sent out asking for interested participants and dates available hoping more participants outside Maricopa County will show interest to participate. There have been over 12 entities that have showed interest.

The Study Commission has had two meetings. At the first meeting AWBA staff provided an overview of where the Authority was at and Herb provided an overview of water resources and the use of water in the state. At the most recent meeting, Nevada and California both gave overviews of how they could integrate or utilize the Water Banking Authority for their future needs. Mr. Henley thought Nevada gave a good presentation, talking about the potential of utilizing the Authority to the tune of 800,000 af. He mentioned that California was not quite as forthcoming and talked more in political language.

The Study Commission established an Indian Subcommittee, co-chaired by Gary Hanson of the Colorado River Indian Tribes and Mary Ann Antone of the Tohono O'odham Nation. They are planning to begin meeting at the beginning of the new year.

Ms. Pearson mentioned that the Authority cannot enter into interstate agreements unless the Secretary of Interior has promulgated regulations in support of that program that the Director of ADWR determines are consistent with Arizona statutes and plans for the Water Bank. Nevada is very much supportive of this concept, but the problem is with California who wish to add other items onto the regulatory package.

Mr. Chases commented that California is really trying to slow down the process, by including issues such as third party impacts. Mr. Chase felt they were not at all anxious for the Bank to move forward with the promulgation of any regulations.

Ms. Pearson concurred and felt that same conclusion has been reached by six of the seven basin states. They are meeting on November 21 with the six member agencies in California and the message being delivered is that the six states will not support surplus declarations in the future until they get a commitment from California that they have a plan in place to live within their 4.4 maf.

CONCLUSION

No public comment was received. Ms. Pearson announced that the next meeting will be December 17 from 2:30 p.m. - 4:30 p.m. in the Yuma City Council Chambers.

Mr. Henley asked for permission from the Authority to go ahead and submit permit applications when appropriate and to pay the fees that are required to submit the applications to the Department. Mr. Walden moved for such approval - motion was passed unanimously.

The meeting was adjourned at 12:20 p.m.

DRAFT



**ARIZONA WATER BANKING AUTHORITY
Draft Minutes**

**December 17, 1996 Meeting
Yuma City Council Chambers
Yuma, Arizona**

I. OPENING

Tom Griffin, Vice Chairman, opened the meeting and thanked the City of Yuma for hosting the meeting. Mr. Griffin noted the Arizona Water Banking Authority's goal to have meetings in various cities that are affected by the Water Bank. He informed those in attendance that Chairman Rita Pearson would not be attending the meeting as she was in Washington D.C. meeting with the Secretary Babbitt.

II. ADOPTION OF 11/20 MINUTES

Bill Chase requested that approval of the November 20 minutes be held pending editing from the Authority members. Adoption of the minutes will take place at the January 15, 1997 meeting.

III. CONSIDERATION OF PARTNER AGREEMENTS AND STORAGE PERMITS

Mr. Henley commented that he would like the Authority to give the staff permission to go ahead and negotiate the agreements with the different participants so that the Authority would be in a position to begin to recharge water by the first of the year.

Chuck Cahoy, Deputy Counsel for Arizona Department of Water Resources (ADWR), was introduced to give an overview on the storage agreement. Authority staff have been working on development of an agreement among the storage facility operators, CAP and the Bank on how the water will be delivered and stored.

Mr. Cahoy explained that there are two types of agreements being developed; 1) Agreements for storage of Groundwater Savings Facilities, and 2) Agreements for storage of Underground Storage Facilities.

Mr. Cahoy explained that the agreements with the groundwater savings partners will specify that all water storage is being done within the existing ADWR Underground Water Storage, Savings Replenishment Program. The agreements will also deal with how the water is scheduled for delivery to the farmers for their use.

The financial arrangements between the Bank and CAWCD for the delivery of water to storage facilities is covered in the three party IGA among the Bank, CAWCD and ADWR. The Bank will be paying CAWCD only for a part of the water that is delivered to the irrigated districts. The agreements among the Bank, CAWCD and the irrigation districts will specify that the irrigation districts will be making their contribution payment directly to CAWCD. CAWCD has offered to collect those payments on behalf of the Bank.

Both the Bank and the irrigation districts will be making payments based on the amount of water turned out by the CAP aqueduct into the irrigation district delivery system.

The districts will be able to diminish their scheduled deliveries during the year if conditions change. The Bank will not impose take-or-pay obligations on the districts if the districts reduce their deliveries. The Bank reduce their orders to CAWCD, and CAWCD has not imposed take-or-pay obligations on the Bank.

To ensure that the Bank receives the maximum amount of credit from ADWR at the end of the year the storage agreements require the irrigation districts to submit an annual water forecast. ADWR will review the forecasts and provide the Bank forewarning if there might be a problem in the amount of credits to be earned at the particular facility. The districts will be obligated during the course of the year to keep the Bank informed as conditions change.

The Bank will reserve the right to recoup from the irrigation districts the amount of money given to CAWCD for the water being used by the districts, but only if the Bank fails to get credits at the end of the year and the districts have varied from the given forecast without keeping ADWR and the Bank updated.

Dick Walden asked Mr. Cahoy to explain more fully under what circumstances the Bank might seek money back from the districts. He also asked what impact the program has on the districts' groundwater rights.

Mr. Cahoy explained that if the facilities made a forecast that ADWR had reviewed but then at the end of the year water use varied significantly from the forecast, ADWR might then deny the Bank credits. If the facility had not updated the forecast during the year the Bank could choose at that time to recover costs from the districts.

He went on to say that the districts agree not to pump their groundwater in a year they are using in-lieu water and participating in the groundwater savings program. That is the mechanism by which the Bank earns its credits.

Mr. Henley added that districts do not surrender their rights permanently but that the districts would maintain their rights to pump groundwater if they chose not to participate in the in-lieu program in future years. In any year in which they do participate in the Bank's program the facilities have to agree to curtail their pumping. That is how the Bank generates credits, but the districts do not actually give up any rights.

Mr. Henley continued by commenting that hopefully the penalty will never be used. If innocent errors occurred the Bank will not ask for the money back.

Mr. Cahoy continued on to say that the provision which allows the Bank to seek this penalty is discretionary with the Bank, so each case will be weighted on its own merits.

Mr. Cahoy stated that the Bank is also working on a second form of agreement for use with the underground storage facilities. The activities have been directed primarily toward working out an agreement with Salt River Project for the use of GRUSP facility in the Phoenix area. The Bank is hoping to have these agreements somewhat less complex than the agreement for groundwater savings facilities because the credit calculations are less complicated.

Regarding GRUSP, SRP has offered the Bank a lower storage rate for the Bank's water if the Bank will commit to try to store a certain amount of water for an extended period of time. The Water Banking Authority staff is exploring the Bank and SRP agreeing to use their best efforts to store 50,000 af of water every year for the five years at GRUSP; in exchange SRP would be willing to give the Bank a storage fee of \$13.00 per acre foot from the turnout point with a 3% escalating clause for the remaining four years of the contract.

Mr. Cahoy stated that the Bank hopes to bring the agreements to resolution in the near future.

Mr. Walden asked if a DEQ permit is required for a groundwater savings facility. Mr. Cahoy stated no, and explained that it is not required for a direct storage facility either, as long as it is storing CAP water.

Bill Chase asked Tom Griffin what was needed: 1) will the Authority need to give authorization to finalize these agreements, and 2) does the Authority want to put this in place before the January 15 meeting?

Mr. Henley stated that the Banking staff would like to continue to negotiate with the potential partners to finalize the agreements. Then the banking staff would present a specific agreement to the members so that the members can review the agreement and then after this review allow the chairman to sign the agreements. This would be done prior to the next Water Banking meeting. This suggestion was so moved by all the members present.

Mr. Henley directed the member attention to two sample permits provided in the public handouts. Mr. Henley pointed out that he will be the one signing the permits on behalf of the Authority.

The 'Consent for Water Storage' have been submitted to the facilities for authorization. Once signed, the bank will be able to submit the permits. ADWR is comfortable with the way the permits have been submitted. No action is needed at this time by the members on this issues.

III. DISCUSSION OF THE INTERGOVERNMENTAL AGREEMENT BETWEEN AWBA/ADWR/CAWCD

CAWCD's President approved the IGA at their last Board meeting, and it was attested by their Secretary. CAP has done their part of the three piece agreement. The Bank, at this time, would be looking for approval by the Chairman, as the IGA is essentially is a contract, and it must be attest by the Authority Secretary Bill Chase.

Mr. Henley reviewed the changes, referring to the language. The initial change would be under contractual obligations. The CAP will be looking at the agreement the way they look at their excess water contracts, as the water will be treated as excess water and that is a change from the last IGA, because the IGA stated that CAP will provide the language, referring to Paragraph 1.1 of the IGA.

Mr. Henley wanted to point out:

Paragraph 3.6.2 - CAWCD would be providing additional information.

Paragraph 8.1 - has a new paragraph

Paragraph 9.1/9.2 - tried to condense the language to conform more with the CAP legislation.

There was a significant 'strikeout', actually eliminating 9.3

Mr. Henley reiterated that CAWCD has already signed off and the Banking staff would recommend that the Authority would give the Chairman the authority to sign the IGA on behalf of the Authority.

At that time, Mr. Henley introduced Mike Pearce, Chief Counsel of ADWR to give an overview of the IGA principals. Mr. Pearce stated out saying that there are two principal requirements to the IGA:

- 1) An attorney has to sign the IGA on behalf of the State saying that it complies with the laws of the state, which Doug Miller from CAWCD has done and Mr. Pearce will do on behalf of AWBA;
- 2) The IGA has to be filed with the Secretary of State as a public document. If the document is executed Mr. Pearce will take care of the filing with the Secretary of State and ensure that all legal requirements are accomplished.

The IGA actually does not take effect until it is filed.

Tim Henley wanted to point out that a specific change to paragraph 12.1 which covers 'disputes'. The previous drafted IGA mentioned that the Director of ADWR, the Manager of AWBA and the President of the CAWCD would settle disputes. Paragraph 12.1 has been changed to substitute CAWCD's General Manager in place of the President. Those would be the three people to sit down and talk and resolve any disputes under the IGA.

Bill Chase moved for the adoption of the IGA. All members were in agreement and the motion was adopted.

Mr. Henley commented that this will not end Water Banking Authority agreements with CAP. In fact, CAP will potentially be a facility operator, and future agreements between the CAP and Water Banking Authority will be need in the future for other CAP facilities. Such agreements are not covered under the current IGA.

Right now CAP is the groundwater Savings facility permit holder for several irrigation districts. These permits are currently in the process of being transferred from CAWCD to the irrigation districts and the Authority may . If this and it would not be done by the beginning of the year where Water Banking Authority would want to participate in recharging.

V. YUMA OVERVIEW PRESENTATION

Don Pope of the Yuma County Water Users' Association gave an overview of the history, entitlement, issues and area economics in the County of Yuma. He introduced maps of irrigation projects & districts, agriculture land use, summary of Colorado Rive water entitlement, Yuma water issues and threats, to name a few.

VI. DISCUSSION ON INTERSTATE WATER BANKING

Tim Henley stated that the Water Banking Authority staff was committed to keeping the Water Banking Authority members up-to-date on discussions they are having regarding interstate agreements. The staff is currently working closely with Nevada to try to begin to address the issues of the rules and regulations, to try to structure what a regulation might look like that would deal with the issue of 2B6 (forbearance mechanism for allowing the Bank to enter into interstate agreements).

Nevada has shown a great deal of interest in participating in an interstate banking arrangement. ADWR and AWBA staff are working with Nevada on a mechanism that could be utilized for such an agreement, including necessary rules and regulations.

Additionally, Mr. Henley noted that under provisions in the law in relationship to the Authority, the Authority can only negotiate and enter into interstate banking agreements when certain criterion are met, including acceptable rules being promulgated by the Secretary of the Interior.

Tom Griffin commented that the Water Banking Authority needs to settle the Arizona issues before getting into issues with Nevada and/or California.

VII. CALL TO THE PUBLIC

Jerry Edward (Nevada) commented that Nevada recognizes that it is important to Arizona to get their house in order, then Arizona will be able to identify the needs for interstate transfers.

Mr. Edwards stated that Nevada looks forward to continued discussions and efforts.

VIII. ADJOURNMENT

Mr. Griffin adjourned the meeting at 4:15 p.m.

DRAFT

1 AGREEMENT AMONG
2 THE CENTRAL ARIZONA WATER CONSERVATION DISTRICT,
3 THE ARIZONA WATER BANKING AUTHORITY,
4 AND _____
5 PROVIDING FOR THE DELIVERY OF
6 CENTRAL ARIZONA PROJECT WATER
7 FOR WATER STORAGE AT A
8 GROUNDWATER SAVINGS FACILITY

9 Preamble

10 1. THIS AGREEMENT, made this _____ day of _____,
11 1997, pursuant to the Reclamation Act of June 17, 1902 (32 Stat.
12 388), and acts amendatory thereof or supplementary thereto,
13 including but not limited to the Boulder Canyon Project Act of
14 December 21, 1928 (45 Stat. 1057), as amended, the Reclamation
15 Project Act of August 4, 1939 (53 Stat. 1187), as amended, the
16 Reclamation Reform Act of October 12, 1982 (96 Stat. 1263), the
17 Colorado River Basin Project Act of September 30, 1968 (82 Stat.
18 885), as amended (the "Basin Project Act"), and the Arizona Water
19 Banking Authority Act, A.R.S. §§ 45-2401, et seq., among the
20 CENTRAL ARIZONA WATER CONSERVATION DISTRICT ("CAWCD"), the ARIZONA
21 WATER BANKING AUTHORITY (the "Authority") and the _____
22 _____ ("Facility Operator");

23 WITNESSETH, THAT:

24 Explanatory Recitals

25 2. WHEREAS, the Basin Project Act provides, among other
26 things, that for the purposes of furnishing irrigation and
27 municipal and industrial ("M&I") water supplies to water deficient
28 areas of Arizona and western New Mexico through direct diversion or
exchange of water, control of floods, conservation and development
of fish and wildlife resources, enhancement of recreation

1 opportunities, and for other purposes, the Secretary shall
2 construct, operate, and maintain the Central Arizona Project,
3 hereinafter referred to as the "Project"; and

4 WHEREAS, the United States and CAWCD have entered into
5 Contract No. 14-06-W-245, Amendment No. 1, dated December 1, 1988,
6 hereinafter referred to as the "Repayment Contract," which is
7 attached hereto as Exhibit A, whereby CAWCD has agreed to repay to
8 the United States the reimbursable costs of the Project properly
9 allocated to CAWCD; and

10 WHEREAS, Article 8.7(e) of the Repayment Contract grants
11 CAWCD the authority to resell or exchange Excess Water; and

12 WHEREAS, the Arizona Legislature has declared that it is
13 the public policy of the State of Arizona to use the Project to
14 deliver Colorado River water that would otherwise be unused in
15 Arizona for purposes specified in A.R.S. § 45-2401; and

16 WHEREAS, the Arizona Legislature has created the
17 Authority to implement this policy and has specifically authorized
18 the Authority, in A.R.S. § 45-2423(B)(3), to execute agreements
19 with CAWCD to obtain water for storage at permitted facilities; and

20 WHEREAS, CAWCD, the Authority, and the Arizona Department
21 of Water Resources have entered into an intergovernmental agreement
22 providing for the delivery of Excess Water to the Authority for
23 Water Storage; and

24 WHEREAS, the Facility Operator operates a Groundwater
25 Savings Facility and desires to store, for the benefit of the
26 Authority, Excess Water obtained by the Authority from CAWCD
27 pursuant to Article 8.7(e) of the Repayment Contract;

1 NOW, THEREFORE, in consideration of the mutual and
2 dependent covenants herein contained, it is agreed as follows:

3 Repayment Contract

4 3. The Facility Operator expressly approves and agrees to
5 all the terms presently set out in the Repayment Contract, or as
6 such terms may be hereafter amended, and agrees to be bound by the
7 actions to be taken and the determinations to be made under the
8 Repayment Contract, except as otherwise provided herein.
9 Definitions included in the Repayment Contract are applicable to
10 this Agreement; Provided, however, that the terms "Agricultural
11 Water" or "Irrigation Water" shall mean water used for the purposes
12 defined in the Repayment Contract on tracts of land operated in
13 units of more than 5 acres. The first letters of terms so defined
14 are capitalized herein.

15 Additional Definitions

16 4. (a) "Excess Water" shall mean Project Water which, in
17 any Year, is available for delivery and has not been scheduled for
18 delivery pursuant to a contract with the United States or a
19 subcontract with the United States and CAWCD providing for Project
20 Water service for a period of 50 years or more.

21 (b) "Authority Water" shall mean Excess Water made
22 available by CAWCD to the Authority for Water Storage, which water
23 would not otherwise have been used within Arizona.

24 5. Terms defined in A.R.S. § 45-802.01 shall have the
25 meanings ascribed to them therein. The first letters of such terms
26 are also capitalized herein.

1 Delivery of Water by CAWCD

2 6. Insofar as Project Water supplies and the delivery
3 capability of the Project will permit, and subject to the
4 provisions of the Repayment Contract, CAWCD will deliver Authority
5 Water to the Facility Operator in an amount, and at a water service
6 charge, to be determined in accordance with the terms of this
7 Agreement. The determination of whether and how much Authority
8 Water is available for delivery under this Agreement in any year is
9 a determination within the exclusive discretion of CAWCD and the
10 Authority.

11 Term

12 7. This Agreement shall terminate on December 31, 2001,
13 unless the parties agree in writing to extend the term or unless it
14 is sooner terminated or cancelled in accordance with Articles 12,
15 17, or 23 hereof.

16 Conditions Relating to Delivery and Use

17 8. The delivery and use of water under this Agreement is
18 conditioned on the following, and the Facility Operator hereby
19 agrees that:

20 (a) All uses of Authority Water and Return Flow shall be
21 consistent with Arizona water law except to the extent that such
22 law is inconsistent with federal law applicable to the Central
23 Arizona Project.

24 (b) The system or systems through which Authority Water
25 is conveyed after delivery to the Facility Operator shall consist
26 of pipelines, canals, distribution systems, or other conduits which
27 will prevent excessive conveyance losses.

1 (c) Notwithstanding any other provision of this
2 Agreement, Authority Water shall not be delivered to the Facility
3 Operator unless and until the Facility Operator has obtained final
4 environmental clearance from CAWCD for the system or systems
5 through which Authority Water is to be conveyed after delivery to
6 the Facility Operator at the Facility Operator's Project delivery
7 point.

8 (d) Authority Water made available pursuant to this
9 Agreement shall be used only at a Groundwater Savings Facility for
10 which the Facility Operator has obtained and continues to maintain
11 a Groundwater Savings Facility Permit or which the Facility
12 Operator operates. The Facility Operator shall be responsible for
13 all expenses and administrative requirements, including filing
14 annual reports with the Arizona Department of Water Resources
15 ("ADWR"), associated with maintaining the Groundwater Savings
16 Facility permit. The Facility Operator's use of Authority Water at
17 such Groundwater Savings Facility shall at all times comply with
18 such Groundwater Savings Facility Permit. If such Groundwater
19 Savings Facility Permit is cancelled or expires for any reason,
20 deliveries of Authority Water to the Facility Operator shall, at
21 the option of the Authority, be discontinued immediately.

22 (e) Authority Water furnished to the Facility Operator
23 pursuant to this Agreement shall be used within the Facility
24 Operator's Groundwater Savings Facility for Water Storage purposes
25 only. The Facility Operator's place of use is described in Exhibit
26 B which is incorporated by reference and may be amended from time
27 to time.

1 (f) The Facility Operator shall cause the pumping of
2 groundwater within the Facility Operator's Groundwater Savings
3 Facility to be reduced by one acre foot for each acre foot of
4 Authority Water received.

5 Facility Operator's Annual Forecast

6 9. (a) Each year, prior to receiving any Authority Water
7 under this Agreement, the Facility Operator shall prepare and
8 submit to the Authority and ADWR an annual forecast of water use
9 (the "Annual Forecast"). The Annual Forecast shall be in a form
10 acceptable to the Authority and ADWR and shall contain a projection
11 of the Facility Operator's water use by amount and type of water
12 expected to be used by the Facility Operator at the Facility
13 Operator's Groundwater Savings Facility.

14 (b) Whenever it appears that the Facility Operator's
15 water use will deviate substantially from the Facility Operator's
16 previously submitted Annual Forecast or any subsequent modification
17 thereof, the Facility Operator shall promptly modify its Annual
18 Forecast and submit such modification to the Authority and ADWR.
19 The Facility Operator's annual water use shall conform
20 substantially to the Annual Forecast or any modification thereof.

21 (c) Following submission of the Annual Forecast or any
22 modification thereof, the Authority shall consult with ADWR and
23 CAWCD and determine the amount of Authority Water that may be
24 delivered to the Facility Operator pursuant to this Agreement.

25 (d) The Facility Operator shall submit to the Authority
26 a monthly report of water use. The monthly report shall be in a
27 form and shall be submitted within a time which is acceptable to
28

1 the Authority and shall contain a report of water use by amount and
2 type of water used.

3 Procedure for Ordering Water

4 10. (a) On or before the date of execution of this
5 Agreement, or as soon thereafter as practicable, CAWCD will notify
6 the Authority and the Facility Operator of the amount of Authority
7 Water available for delivery to the Facility Operator during the
8 initial year of this Agreement. The Facility Operator shall,
9 within a reasonable period of time as determined by the Authority
10 and CAWCD, submit a written schedule to the Authority and CAWCD
11 showing the quantity of Authority Water desired by the Facility
12 Operator during each month of the initial year. CAWCD and the
13 Authority shall review the requested schedule and determine the
14 amount of Authority Water available for delivery to the Facility
15 Operator during each month of the initial year. Within thirty (30)
16 days of CAWCD's receipt of the Facility Operator's requested
17 schedule, CAWCD shall furnish to the Facility Operator a water
18 delivery schedule which shall show the amount of Authority Water
19 projected to be delivered to the Facility Operator during each
20 month of the initial year, contingent on the Facility Operator's
21 remaining eligible to receive Authority Water under this Agreement.

22 (b) The amounts, times, and rates of delivery of
23 Authority Water to the Facility Operator during any subsequent year
24 shall be in accordance with a water delivery schedule for that
25 year. Such schedule shall be determined in the following manner:

26 (i) On or before October 15 of each year beginning
27 with October 15 of the initial year of water delivery, CAWCD will
28

1 issue to the Authority and the Facility Operator a notice of
2 availability of Authority Water for the following year.

3 (ii) Within thirty (30) days of CAWCD's notice of
4 availability, the Facility Operator shall submit a written schedule
5 to CAWCD and the Authority indicating the amounts of Authority
6 Water desired by the Facility Operator during each month of the
7 following year.

8 (iii) Upon receipt of the schedule, CAWCD and the
9 Authority shall review the requested schedule and determine the
10 amount of Authority Water available for delivery to the Facility
11 Operator during each month of the following year.

12 (iv) On or before December 15 of each year, CAWCD
13 shall furnish to the Facility Operator a water delivery schedule
14 which shall show the amount of Authority Water projected to be
15 delivered to the Facility Operator during each month of the
16 following year, contingent on the Facility Operator's remaining
17 eligible to receive Authority Water under this Agreement.

18 (c) The monthly water delivery schedule may be amended
19 upon the Facility Operator's written request to CAWCD and the
20 Authority. Proposed amendments shall be submitted by the Facility
21 Operator to CAWCD and the Authority not less than fifteen (15) days
22 before the desired change is to become effective, and shall be
23 subject to review and modification by CAWCD and the Authority in
24 the same manner as the schedule. CAWCD will notify the Facility
25 Operator of the action on the Facility Operator's requested
26 schedule modification within ten (10) days of receipt of such
27 request. If deliveries of Authority Water are reduced in
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1 accordance with this Article, the Facility Operator shall be
2 entitled to reimbursement or credit as provided in Subarticle 16(c)
3 of this Agreement for payment made in advance for water scheduled,
4 but not delivered.

5 (d) The Facility Operator shall hold CAWCD, its
6 officers, agents, and employees, and the Authority, its officers,
7 agents, and employees, harmless on account of damage or claim of
8 damage of any nature whatsoever arising out of or connected with
9 water delivery schedules furnished by or to the Facility Operator.

10 (e) The Authority and CAWCD shall coordinate efforts to
11 reschedule to others who store Authority Water the water that was
12 scheduled but not delivered to the Facility Operator. CAWCD agrees
13 not to deliver Authority Water except in amounts and in accordance
14 with schedules agreed to by the Authority. The Authority and
15 CAWCD, by separate agreement, have agreed and now reconfirm that
16 the Authority shall not be responsible to CAWCD for any payments
17 that would have been due to CAWCD from the Authority or the
18 Facility Operator for Authority Water scheduled, but not delivered.

19 Discontinuance of Water Deliveries
20 at the Request of the Authority

21 11. (a) The Authority may cause CAWCD to reduce or
22 discontinue deliveries of Authority Water to the Facility Operator
23 under this Agreement in one or more of the following events:

24 (i) the Facility Operator fails to file the monthly
25 report(s) required by Subarticle 9(d) hereof;

26 (ii) the Facility Operator's water use deviates
27 substantially from the Annual Forecast or any modification thereof
28 previously submitted to the Authority and ADWR;

1 (iii) ADWR determines, after reviewing the Annual
2 Forecast or any modification thereof, that further deliveries of
3 Authority Water to the Facility Operator may not qualify for Long-
4 Term Storage Credits.

5 (b) The Authority shall notify CAWCD and the Facility
6 Operator of any determination to reduce or discontinue deliveries
7 of Authority Water to the Facility Operator. Within ten (10) days
8 after receiving such notification, CAWCD shall reduce or
9 discontinue such deliveries in accordance with such notification.
10 Except as permitted by such notification, CAWCD shall not
11 thereafter deliver any Project Water to the Facility Operator as In
12 Lieu Water.

13 Facility Operator's Project Delivery Point, Measurement
14 and Responsibility for Distribution of Water

15 12. (a) Authority Water furnished to the Facility Operator
16 pursuant to this Agreement shall be delivered to the Facility
17 Operator at such point(s) on the Water Supply System as are agreed
18 upon in writing by CAWCD and the Facility Operator. All such
19 point(s) shall hereinafter be referred to as the "Facility
20 Operator's Project delivery point."

21 (b) Unless CAWCD and the Facility Operator agree by
22 contract to the contrary, the Facility Operator shall construct and
23 install, at its sole cost and expense, all connection facilities
24 required to convey water furnished to the Facility Operator
25 pursuant to this Agreement to the Facility Operator's service area
26 or place of use, as the case may be. The Facility Operator shall
27 furnish, for written approval by CAWCD, drawings and specifications
28 showing all connection facilities to be constructed or installed

1 within the Water Supply System right-of-way, and shall obtain such
2 approval before commencing construction or installation of such
3 facilities. All facilities constructed, installed, operated or
4 maintained on the Water Supply System right-of-way by or for the
5 Facility Operator shall be subject to such further agreements and
6 to such restrictions and regulations as to type, location, method
7 of installation, operation, and maintenance as may be prescribed by
8 CAWCD.

9 (c) The Facility Operator shall construct, operate, and
10 maintain its connection facilities and appurtenant works in a good
11 and workmanlike manner and in full compliance with the laws of the
12 State of Arizona and with all laws, regulations, and orders of the
13 United States affecting such operations. The failure of the
14 Facility Operator after due notice to construct, operate, and
15 maintain its connection facilities and appurtenant works in a good
16 and workmanlike manner or to abide by any of the terms and
17 conditions of any applicable laws, regulations, or orders, shall
18 cause this Agreement to be subject to immediate termination at the
19 option of CAWCD. The Facility Operator shall reimburse CAWCD
20 within thirty (30) days of Facility Operator's receipt of a
21 statement for the costs of repairing any damage to Project
22 facilities or Project rights-of-way caused by or arising out of the
23 Facility Operator's activities under this Agreement.

24 (d) Upon termination of this Agreement, the Facility
25 Operator shall promptly remove, at its sole cost and expense, all
26 connection facilities constructed or installed on the Water Supply
27 System right-of-way and restore said right-of-way and all Project
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1 facilities affected to their condition immediately prior to the
2 construction or installation of such connection facilities. If the
3 Facility Operator fails to remove said connection facilities and
4 restore said right-of-way and Project facilities within thirty (30)
5 days after receiving any written notice from CAWCD to do so, CAWCD
6 may remove said connection facilities and restore said right-of-way
7 and Project facilities at the Facility Operator's cost and expense,
8 and, within thirty (30) days after receiving written demand from
9 CAWCD to do so, the Facility Operator shall pay CAWCD, as specified
10 in such written demand, for all costs and expenses incurred by
11 CAWCD in removing said connection facilities and restoring said
12 right-of-way and Project facilities.

13 (e) If the Facility Operator's Project delivery point is
14 a Project turnout or Project turnouts constructed by the United
15 States, and if the Facility Operator intends to convey water
16 furnished to the Facility Operator pursuant to this Agreement
17 through connection facilities owned or operated by others, the use
18 by the Facility Operator of such connection facilities shall be the
19 subject of written agreement(s) between the Facility Operator and
20 the owner(s) or operator(s) of such connection facilities, and all
21 such agreements shall include such terms and conditions as may be
22 required by CAWCD and shall be subject to the prior, written
23 approval of CAWCD before becoming binding upon the parties thereto.

24 (f) Unless the Facility Operator's Project delivery
25 point is a Project turnout or Project turnouts constructed by the
26 United States, all water delivered from the Water Supply System
27 shall be measured with equipment furnished and installed by the
28

1 Facility Operator and operated and maintained by the Facility
2 Operator at the Facility Operator's sole cost and expense. The
3 results of such measurements shall be reported to CAWCD in such
4 manner and at such time(s) as CAWCD may prescribe. Upon the
5 request of CAWCD, the accuracy of such measurements shall be
6 investigated by the Facility Operator, and any errors which are
7 determined to have occurred therein shall be adjusted; Provided,
8 however, that in the event the parties cannot agree on the required
9 adjustment, CAWCD's determination shall be conclusive.

10 (g) If the Facility Operator's Project delivery point is
11 a Project turnout or Project turnouts constructed by the United
12 States, all water delivered from the Water Supply System shall be
13 measured with equipment furnished and installed by the United
14 States and operated and maintained by CAWCD. Upon the request of
15 the Facility Operator, or CAWCD, the accuracy of such measurements
16 shall be investigated by CAWCD and the Facility Operator, and any
17 errors which are mutually determined to have occurred therein shall
18 be adjusted; Provided, however, that in the event the parties
19 cannot agree on the required adjustment, CAWCD's determination
20 shall be conclusive.

21 (h) The United States, CAWCD, and the Authority shall
22 not be responsible for the control, carriage, handling, use,
23 disposal, or distribution of water beyond the Facility Operator's
24 Project delivery point. The Facility Operator shall hold the
25 United States, CAWCD, and the Authority harmless on account of
26 damage or claim of damage of any nature whatsoever for which there
27 is legal responsibility, including property damage, personal
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1 injury, or death arising out of or connected with the control,
2 carriage, handling, use, disposal, or distribution of water beyond
3 the Facility Operator's Project delivery point.

4 (i) The Authority shall not be liable for any action
5 taken by CAWCD or the Facility Operator pursuant to this Article 12
6 regarding the construction, operation, or maintenance of connection
7 facilities.

8 Interruptions and Reductions

9 13. In addition to the right of the United States under
10 Subarticle 8.3(a)(iv) of the Repayment Contract to temporarily
11 discontinue or reduce the amount of Project Water to be delivered
12 and the right of the Authority under Article 11 hereof to cause
13 CAWCD to reduce or discontinue deliveries of Authority Water
14 hereunder, CAWCD may discontinue or reduce the quantity of water to
15 be furnished to the Facility Operator as herein provided for the
16 purposes of investigation, inspection, construction, testing,
17 maintenance, repair, or replacement of any of the Project
18 facilities or any part thereof. CAWCD may also discontinue or
19 reduce the quantity of water to be furnished to the Facility
20 Operator if there is insufficient Project Water or Project delivery
21 capacity to deliver all water scheduled for delivery pursuant to a
22 contract with the United States or a subcontract with the United
23 States and CAWCD providing for Project Water service for a period
24 of 50 years or more, all water scheduled for delivery by other
25 contractors of Excess Water service, and the Facility Operator's
26 water order. So far as feasible, CAWCD shall attempt to coordinate
27 any such discontinuance or reduction with the Authority and the
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1 Facility Operator and to give the Authority and the Facility
2 Operator due notice in advance of such discontinuance or reduction.
3 In case of emergency, no notice need be given. The United States,
4 its officers, agents, and employees, CAWCD, its officers, agents,
5 and employees, and the Authority, its officers, agents, and
6 employees, shall not be liable for damages when, for any reason
7 whatsoever, any interruption, discontinuance, or reduction in
8 delivery of water occurs. If any such discontinuance or temporary
9 reduction results in deliveries to the Facility Operator of less
10 Authority Water than what has been paid for in advance, the
11 Facility Operator shall be entitled to be reimbursed for the
12 appropriate proportion of such advance payments prior to the date
13 of the Facility Operator's next payment or the Facility Operator
14 may be given credit toward the next payment if the Facility
15 Operator should so desire.

16 No Long-Term Commitment to the Delivery of Project Water

17 14. (a) Nothing in this Agreement shall be construed as an
18 allocation of Project Water to the Facility Operator, nor shall
19 this Agreement entitle the Facility Operator to any Project Water
20 other than as provided herein.

21 (b) Nothing in this Agreement shall be construed as
22 requiring the Authority to provide Authority Water to the Facility
23 Operator in any year, and nothing in this Agreement shall be
24 construed as requiring the Facility Operator to accept deliveries
25 of Authority Water in any year other than the contract year and in
26 accordance with the terms of this Agreement. All parties agree
27 that in any year in which the Authority desires to provide
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1 Authority Water to the Facility Operator and in which the Facility
2 Operator agrees to accept deliveries of Authority Water, the terms
3 and conditions of this Agreement shall apply.

4 Quality of Water

5 15. Neither CAWCD nor the Authority warrants the quality of
6 any Project Water furnished under this Agreement and is under no
7 obligation to construct or furnish water treatment facilities to
8 maintain or better the quality of any Project Water. The Facility
9 Operator waives its right to make a claim against the United
10 States, CAWCD, the Authority, or any Project contractor or
11 subcontractor on account of the quality of Project Water or any
12 changes in water quality caused by the commingling of Project Water
13 with other water.

14 Water Service Charges

15 16. (a) CAWCD shall determine annually in advance of water
16 deliveries the water service charges due for deliveries of
17 Authority Water. The Authority shall determine annually in advance
18 of water deliveries (1) the portion of such water service charges
19 to be paid by the Authority for deliveries of Authority Water under
20 this Agreement (the "Authority's Contribution") and (2) the portion
21 of such water service charges to be paid by the Facility Operator
22 for deliveries of Authority Water under this Agreement (the
23 "Facility Operator's Contribution"). CAWCD and the Authority have
24 agreed that the Authority shall pay CAWCD all amounts due as the
25 Authority's Contribution for deliveries of Authority Water to the
26 Facility Operator under this Agreement as provided in the
27 Intergovernmental Agreement among CAWCD, the Authority, and ADWR.

1 The Facility Operator's Contribution shall be paid by the Facility
2 Operator to CAWCD as provided herein.

3 (b) On or before the date of execution of this
4 Agreement, or as soon thereafter as practicable, CAWCD and the
5 Authority shall notify the Facility Operator of the Facility
6 Operator's Contribution for the initial year of this Agreement. On
7 or before October 15 of each year, CAWCD and the Authority shall
8 notify the Facility Operator of the Facility Operator's
9 Contribution in effect for the following year. On or before the
10 first day of each month, the Facility Operator shall pay CAWCD the
11 amount due as the Facility Operator's Contribution for Authority
12 Water scheduled for delivery during that month.

13 (c) The Facility Operator shall pay CAWCD in advance all
14 amounts due as the Facility Operator's Contribution for Authority
15 Water scheduled for delivery under this Agreement; Provided,
16 however, that the Facility Operator shall be entitled to be
17 reimbursed by CAWCD for any portion of the Facility Operator's
18 Contribution which is attributable to Authority Water scheduled for
19 delivery that is not subsequently delivered to the Facility
20 Operator or shall be entitled to an equivalent credit against
21 payment in the future of the Facility Operator's Contribution
22 should the Facility Operator so desire.

23 (d) If the Authority is not given Long-Term Storage
24 Credits by ADWR for any Authority Water delivered to the Facility
25 Operator's Groundwater Savings Facility pursuant to this Agreement,
26 the Facility Operator shall reimburse the Authority for that
27 portion of the Authority's Contribution attributable to the amount
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1 of Authority Water delivered to the Facility Operator for which
2 Long-Term Storage Credits are denied the Authority. The Facility
3 Operator shall pay such amount to the Authority within thirty (30)
4 days of receiving a statement from the Authority for the amount
5 due.

6 (e) The Facility Operator shall be relieved of the
7 obligation to reimburse the Authority as provided in Subarticle
8 16(d) if:

9 (i) at the end of the calendar year, the Facility
10 Operator's annual water use is in substantial conformance with the
11 Facility Operator's Annual Forecast or any subsequent modification
12 thereof which has been reviewed by ADWR; or

13 (ii) the failure of the Authority to receive Long-
14 Term Storage Credits is attributable to reasonable and ordinary
15 delivery losses occurring in the distribution system between the
16 Facility Operator's Project delivery point and the place of actual
17 irrigation water use.

18 (f) The Authority shall not be liable to CAWCD for any
19 portion of the Facility Operator's Contribution which is due but
20 unpaid by the Facility Operator to CAWCD for deliveries of
21 Authority Water.

22 Termination of Contract

23 17. (a) This Agreement may be terminated for any of the
24 following reasons:

25 (i) if the Facility Operator remains in arrears in
26 the payment of the Facility Operator's Contribution for thirty (30)
27 days or more, CAWCD may terminate this Agreement, which termination
28

1 shall be effective fifteen (15) days after mailing written notice
2 of termination to the Authority and the Facility Operator;

3 (ii) if the Facility Operator remains in arrears in
4 the reimbursement of any portion of the Authority's Contribution
5 for thirty (30) days or more, the Authority may terminate this
6 Agreement, which termination shall be effective fifteen (15) days
7 after mailing written notice of termination to the Facility
8 Operator and CAWCD;

9 (iii) if the intergovernmental agreement among the
10 Authority, ADWR, and CAWCD regarding delivery of Authority Water is
11 terminated, CAWCD or the Authority may terminate this Agreement,
12 which termination shall be effective fifteen (15) days after
13 mailing written notice of termination to the Facility Operator; or

14 (iv) if the Authority determines in its sole
15 discretion that the Facility Operator is operating the Groundwater
16 Savings Facility in a manner contrary to law or in a manner which
17 is likely to jeopardize the ability of the Authority to earn Long-
18 Term Storage Credits for Authority Water delivered to the facility
19 for the benefit of the Authority, the Authority may terminate this
20 Agreement, which termination shall be effective ten (10) days after
21 mailing written notice of termination to the Facility Operator and
22 CAWCD.

23 (b) The Facility Operator shall remain liable to CAWCD
24 for any portion of the Facility Operator's Contribution which is
25 due but unpaid as of the date of termination, but shall be entitled
26 to be reimbursed by CAWCD for any portion of the Facility
27 Operator's Contribution paid in advance for Authority Water which
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1 is not subsequently delivered. The Facility Operator's obligation
2 to pay amounts due but unpaid as of the date of termination and
3 CAWCD's obligation to reimburse the Facility Operator for any
4 portion of the Facility Operator's Contribution paid for any
5 Authority Water not delivered shall survive termination of this
6 Agreement.

7 (c) The rights of CAWCD and the Authority to terminate
8 this Agreement as provided in this Article 17 shall be in addition
9 to all other rights of CAWCD and the Authority under this Agreement
10 and as provided by law.

11 Charges for Delinquent Payments

12 18. (a) The Facility Operator shall be subject to interest,
13 administrative and penalty charges on delinquent installments or
14 payments. The Facility Operator shall pay an interest charge for
15 each day the payment is delinquent beyond the due date. When a
16 payment becomes sixty (60) days delinquent, the Facility Operator
17 shall pay an administrative charge to cover additional costs of
18 billing and processing the delinquent payment. When a payment is
19 delinquent ninety (90) days or more, the Facility Operator shall
20 pay an additional penalty charge of six percent (6%) per year for
21 each day the payment is delinquent beyond the due date. Further,
22 the Facility Operator shall pay any fees incurred for debt
23 collection services associated with a delinquent payment.

24 (b) The interest charge rate shall be the greater of the
25 rate prescribed quarterly in the Federal Register by the Department
26 of the Treasury for application to overdue payments, or the
27 interest rate of 0.5 percent per month prescribed by Section 6 of
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1 the Reclamation Project Act of 1939 (Public Law 76-260). The
2 interest charge rate shall be determined as of the due date and
3 remain fixed for the duration of the delinquent period.

4 (c) When a partial payment on a delinquent account is
5 received, the amount received shall be applied first to the penalty
6 and administrative charges, second, to the accrued interest, and
7 third to the overdue payment.

8 Compliance with Laws

9 19. The Facility Operator, in carrying out this Agreement,
10 shall comply with all applicable laws and regulations of the United
11 States and the State of Arizona and shall obtain all required
12 permits or licenses from the appropriate federal, state, and local
13 authorities.

14 Books, Records, and Reports

15 20. The Facility Operator shall establish and maintain
16 accounts and other books and records pertaining to administration
17 of the terms and conditions of this Agreement, including: the
18 Facility Operator's water supply data, water-use data, and other
19 matters that the Authority or CAWCD may require. Reports thereon
20 shall be furnished to the Authority or CAWCD in such form and on
21 such date or dates as the Authority or CAWCD may require. Subject
22 to applicable federal and state laws and regulations, each party to
23 this Agreement shall have the right during office hours to examine
24 and make copies of each other party's books and records relating to
25 matters covered by this Agreement.

26 Notices

27 21. Any notice, demand, or request authorized or required by
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1 this Agreement shall be in writing and shall be deemed to have been
2 duly given if mailed, first class postage prepaid, or delivered to
3 the parties at the following addresses:

4 If to CAWCD:

5 General Manager
6 Central Arizona Water Conservation District
7 23636 North Seventh Street
8 Phoenix, Arizona 85024

9 If to the Authority:

10 Manager
11 Arizona water Banking Authority
12 500 North Third Street
13 Phoenix, Arizona 85004

14 If to the Facility Operator:

15 _____
16 _____
17 _____
18 _____

19 The designation of the address or addressee for the giving of
20 notice may be changed by notice given as provided in this Article
21 21.

22 Assignments Limited -- Successors and Assigns Obligated

23 22. The provisions of this Agreement shall apply to and bind
24 the successors and assigns of the parties hereto, but no assignment
25 or transfer of this Agreement or any interest therein shall be
26 valid unless and until approved in writing by CAWCD and the
27 Authority.

28 Cancellation

29 23. This Agreement is subject to cancellation in accordance
30 with the provisions of A.R.S. § 38-511.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement No. _____ effective the day and year first above-written.

CENTRAL ARIZONA WATER
CONSERVATION DISTRICT

Attest: _____
Secretary

By: _____
President

ARIZONA WATER BANKING
AUTHORITY

Attest: _____
Secretary

By: _____
Chairman

[Facility Operator]

Attest: _____

By: _____

Title: _____

Title: _____

Approved as to form:

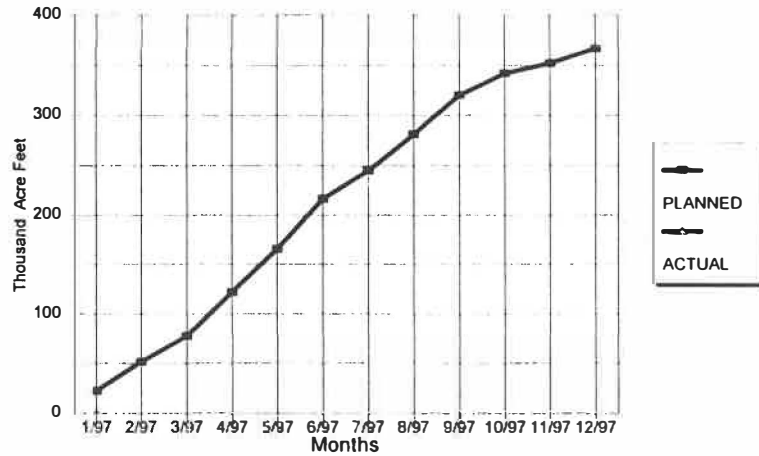
259/a .azwtrbnk .for12/96

EXHIBIT A

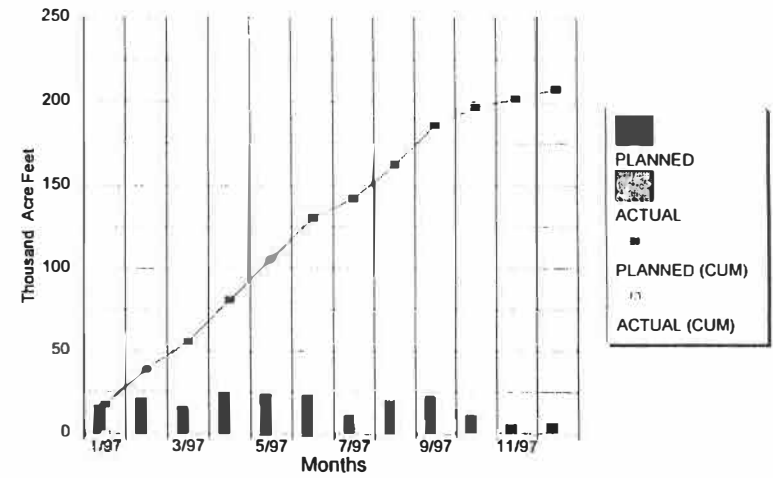
EXHIBIT B

1997 PLAN OF OPERATION

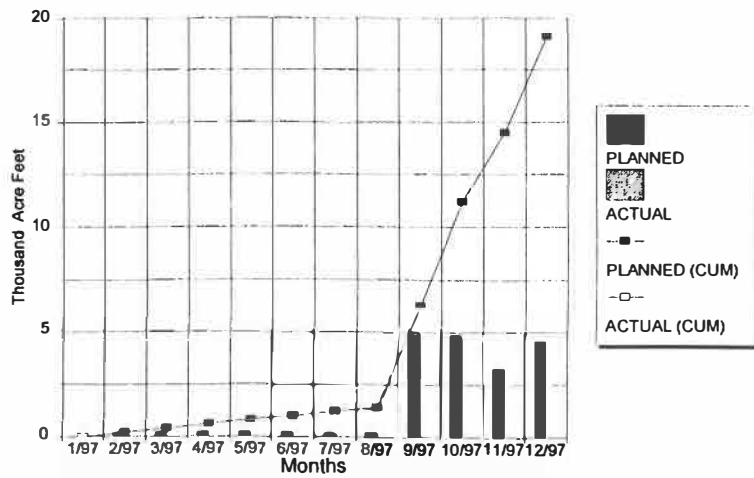
CUMULATIVE DELIVERIES (by Month)
Planned vs. Actual



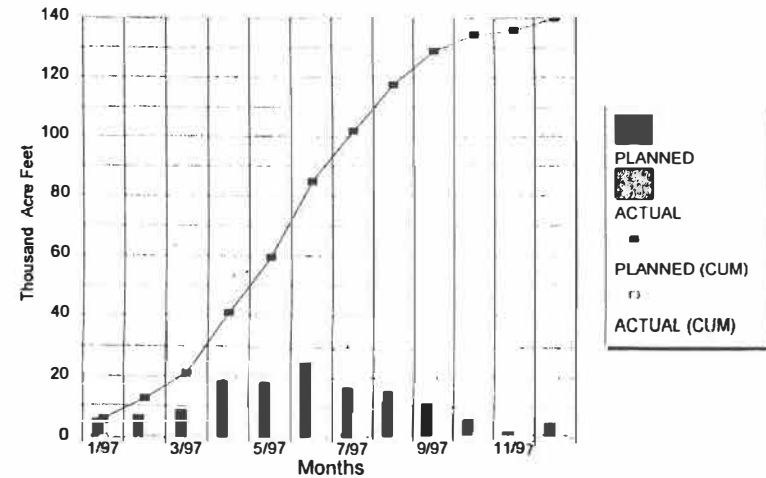
PHOENIX AMA DELIVERIES (by Month)
Planned vs. Actual



TUCSON AMA DELIVERIES (by Month)
Planned vs. Actual



PINAL AMA DELIVERIES (by Month)
Planned vs. Actual



**ARIZONA WATER BANKING AUTHORITY
GROUNDWATER SAVINGS PARTNER**



Facility Permit Holder Name: Central Arizona Water Conservation District
Address: 23636 North 7th Street
 Phoenix, AZ 85024
Phone: O: 870-2333
 F: 870-2332
Contact: Larry Dozier, Deputy General Manager

Recipient: Chandler Heights Citrus Irrigation District
Permit No: 72-534753
Capacity: 3,000 af
Duration of Permit: Renewal Application Pending
Status:

Storage Permit Holder: Arizona Water Banking Authority
Permit No: 73-534753.1000
Capacity:
Duration of Permit:
Long-Term Storage Account No: 70-441150

Capacity available to AWBA: 500 af			
MONTH:	SCHEDULED:	PROJECTED:	ACTUAL:
JANUARY			
FEBRUARY			
MARCH			
APRIL	70		
MAY	80		
JUNE	80		
JULY	100		
AUGUST	90		
SEPTEMBER	80		
OCTOBER			
NOVEMBER			
DECEMBER			
TOTALS (af)	500		

**ARIZONA WATER BANKING AUTHORITY
GROUNDWATER SAVINGS PARTNER**



Facility Permit Holder Name: Central Arizona Water Conservation District

Address: 23636 North 7th Street
Phoenix, AZ 85024

Phone: O: 870-2333
F: 870-2332

Contact: Larry Dozier, Deputy General Manager

Recipient: New Magma Irrigation & Drainage District

Permit No: 72-534888

Capacity: 40,000 af

Duration of Permit: Renewal Application Pending

Status: Renewal and conveyance of permit to New Magma pending

Storage Permit Holder: Arizona Water Banking Authority

Permit No: 73-534888.1000

Capacity:

Duration of Permit:

Long-Term Storage Account No: 70-441150

Capacity available to AWBA: 40,000 af			
MONTH:	SCHEDULED:	PROJECTED:	ACTUAL:
JANUARY	2,500		
FEBRUARY	2,000		
MARCH	2,300		
APRIL	2,300		
MAY	2,100		
JUNE	2,100		
JULY	3,700		
AUGUST	9,700		
SEPTEMBER	9,700		
OCTOBER	1,400		
NOVEMBER	1,200		
DECEMBER	1,000		
TOTALS (af)	40,000		

**ARIZONA WATER BANKING AUTHORITY
GROUNDWATER SAVINGS PARTNER**



Facility Permit Holder Name: Central Arizona Water Conservation District
Address: 23636 North 7th Street
 Phoenix, AZ 85024
Phone: O: 870-2333
 F: 870-2332
Contact: Larry Dozier, Deputy General Manager

Recipient: Queen Creek Irrigation District
Permit No: 72-534550
Capacity: 28,000 af
Duration of Permit: Renewal Application Pending
Status:

Storage Permit Holder: Arizona Water Banking Authority
Permit No: 73-534550.1000
Capacity:
Duration of Permit:
Long-Term Storage Account No: 70-441150

Capacity available to AWBA: 16,000 af			
MONTH:	SCHEDULED:	PROJECTED:	ACTUAL:
JANUARY	1,000		
FEBRUARY	1,000		
MARCH			
APRIL	1,300		
MAY	1,300		
JUNE	1,000		
JULY	1,600		
AUGUST	3,600		
SEPTEMBER	1,500		
OCTOBER	1,000		
NOVEMBER	500		
DECEMBER	2,200		
TOTALS (af)	16,000		

**ARIZONA WATER BANKING AUTHORITY
GROUNDWATER SAVINGS PARTNER**



Facility Permit Holder Name: Roosevelt Water Conservation District
Address: P.O. Box 100
 Higley, AZ 85236
Phone: O: 988-9586
 F: 988-9589
Contact: Michael Leonard, General Manager

Permit No: 72-545695
Capacity: 100,000 af
Duration of Permit: February 23, 1995 - December 31, 2010
Status:

Storage Permit Holder: Arizona Water Banking Authority
Permit No: 73-545695.6000
Capacity:
Duration of Permit:
Long-Term Storage Account No: 70-441150

Capacity available to AWBA: 95,000 af			
MONTH:	SCHEDULED:	PROJECTED:	ACTUAL:
JANUARY	4,000		
FEBRUARY	8,000		
MARCH	4,000		
APRIL	8,000		
MAY	8,000		
JUNE	8,000		
JULY	4,000		
AUGUST	5,000		
SEPTEMBER	8,000		
OCTOBER	5,000		
NOVEMBER	3,000		
DECEMBER	2,000		
TOTALS (af)	67,000		

**ARIZONA WATER BANKING AUTHORITY
UNDERGROUND STORAGE PARTNER**



Facility Permit Holder Name: Salt River Valley Water User's Association
(SRP) (Operating Agent)

Address: P.O. Box 52025
Phoenix, AZ 85072
Phone: O: 236-2343
F: 236-2159
Contact: Dave Roberts, Manager

Permit No: 71-516371
Capacity: 200,000 af
Duration of Permit: January 1, 1995 - December 31, 2010
Status:

Storage Permit Holder: Arizona Water Banking Authority
Permit No: 73-516371.1200
Capacity:
Duration of Permit:
Long-Term Storage Account No: 70-441150

Capacity available to AWBA: 80,000 af			
MONTH:	SCHEDULED:	PROJECTED:	ACTUAL:
JANUARY	10,000		
FEBRUARY	10,000		
MARCH	10,000		
APRIL	10,000		
MAY	10,000		
JUNE	10,000		
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER			
TOTALS (af)	60,000		

**ARIZONA WATER BANKING AUTHORITY
GROUNDWATER SAVINGS PARTNER**



Facility Permit Holder Name: Central Arizona Water Conservation District

Address: 23636 North 7th Street
Phoenix, AZ 85024

Phone: O: 870-2333
F: 870-2332

Contact: Larry Dozier, Deputy General Manager

Recipient: Central Arizona Irrigation & Drainage District

Permit No: 72-531382

Capacity: 110,000 af

Duration of Permit: Renewal and Conveyance Application Pending

Status:

Storage Permit Holder: Arizona Water Banking Authority

Permit No: 73-531382.1000

Capacity:

Duration of Permit:

Long-Term Storage Account No:

Capacity available to AWBA: 35,000 af			
MONTH:	SCHEDULED:	PROJECTED:	ACTUAL:
JANUARY	1,600		
FEBRUARY	2,000		
MARCH	2,500		
APRIL	5,000		
MAY	4,500		
JUNE	6,000		
JULY	4,600		
AUGUST	4,000		
SEPTEMBER	3,000		
OCTOBER	1,100		
NOVEMBER	100		
DECEMBER	600		
TOTALS (af)	35,000		

**ARIZONA WATER BANKING AUTHORITY
GROUNDWATER SAVINGS PARTNER**



Facility Permit Holder Name: Hohokam Irrigation & Drainage District

Address: 142 South Arizona Blvd.
Coolidge, AZ 85228

Phone: O: 520-723-7751

F: 520-723-4929

Contact: Jack Long, Manager

Permit No: 72-534489.0001

Capacity: 40,000 af

Duration of Permit: September 20, 1996 - December 31, 2006

Status:

Storage Permit Holder: Arizona Water Banking Authority

Permit No: 73-534489.1000

Capacity:

Duration of Permit:

Long-Term Storage Account No:

Capacity available to AWBA: 28,000 af			
MONTH:	SCHEDULED:	PROJECTED:	ACTUAL:
JANUARY			
FEBRUARY			
MARCH	1,400		
APRIL	3,300		
MAY	3,300		
JUNE	6,300		
JULY	5,400		
AUGUST	5,700		
SEPTEMBER	1,300		
OCTOBER	1,300		
NOVEMBER			
DECEMBER			
TOTALS (af)	28,000		

**ARIZONA WATER BANKING AUTHORITY
GROUNDWATER SAVINGS PARTNER**



Facility Permit Holder Name: Maricopa-Stanfield Irrigation & Drainage District

Address: P.O. Box 870
Stanfield AZ 85272

Phone: O: 520-424-3344
F: 520-424-3281

Contact: Grant Ward, General Manager

Permit No: 72-531381.0001

Capacity: 120,000 af

Duration of Permit: November 18, 1996 - December 31, 2004

Status:

Storage Permit Holder: Arizona Water Banking Authority

Permit No: 73-531381.1000

Capacity:

Duration of Permit:

Long-Term Storage Account No:

Capacity available to AWBA: 80,000 af			
MONTH:	SCHEDULED:	PROJECTED:	ACTUAL:
JANUARY	4,000		
FEBRUARY	5,000		
MARCH	5,000		
APRIL	11,000		
MAY	11,000		
JUNE	13,000		
JULY	7,000		
AUGUST	6,000		
SEPTEMBER	6,800		
OCTOBER	3,200		
NOVEMBER	1,200		
DECEMBER	3,800		
TOTALS (af)	77,000		

**ARIZONA WATER BANKING AUTHORITY
GROUNDWATER SAVINGS PARTNER**



Facility Permit Holder Name: Central Arizona Water Conservation District
(Avra Valley)

Address: 23636 North 7th Street
Phoenix, AZ 85024

Phone: O: 870-2333
F: 870-2332

Contact: Larry Dozier, Deputy General Manager

Permit No: 71-551092

Capacity: 8,300 af over two years

Duration of Permit: July 1, 1996 - June 30, 1998

Status:

Storage Permit Holder: Arizona Water Banking Authority

Permit No: 73-551092.1000

Capacity:

Duration of Permit:

Long-Term Storage Account No: 70-411150

Capacity available to AWBA: 2075 af Potential Capacity Available to AWBA in 1997 3,771 af * <small>*(Full-scale permit must be issued in fall of 1997)</small>			
MONTH:	SCHEDULED:	PROJECTED:	ACTUAL:
JANUARY			
FEBRUARY	210		
MARCH	210		
APRIL	210		
MAY	210		
JUNE	210		
JULY	210		
AUGUST	210		
SEPTEMBER	210		
OCTOBER	210		
NOVEMBER	210		
DECEMBER			
TOTALS (af)	2,100		

Phoenix AMA Permitted Underground Storage Facilities (USF's) September 18, 1996

MAP NUMBER	ASSOCIATED PROPOSED USE'S	PERMIT TYPE AND DATE (1/96)	OWNER	DESCRIPTION	ASSOCIATED WATER STORAGE PERMIT (WSP) NO. AND PERMIT HOLDER	TYPE OF FACILITY	LOCATION	TERR	PERMITTED VOLUME	PERMITTED VOLUME	PERMITTED VOLUME	SURFACE WATER VOLUME	EFFLUENT VOLUME	COMBINATION
1		**USF 71-540417 (12/31/95 to 12/31/97)	City of Avondale	Wetlands: Recharge of up to 10,000 acre feet annually of CAP water through infiltration basins after undergoing treatment in constructed wetlands. The project is still in the development/construction stages. The project is located adjacent to the Agua Fria River, just North of McDowell Road.	73-540417: Avondale	Basins after Wetlands Treatment	1N 1W Sec 1, 2 2N 1W Sec 35, 36	WSRV	CAP	5,000	5,000	5,000		
2		USF 71-541455 (3/2/94 to 3/2/14)	City of Chandler	Intel Project: Recharge of up to 3,100 acre feet annually of effluent from the Intel plant through injection wells. The project is located in South Chandler, South of Ocotillo Road and East of Cooper Road.	73-547123: Chandler	Injection Wells	2S 5E Sec 24 SW SE NE	ESRV	Intel Effluent	3,100	3,100		3,100	
3	A	**USF 71-555251 (6/17/96 to 6/17/98)	City of Chandler	Chandler Regional Park: Pilot recharge of up to 250 acre feet of CAP water from Chandler's potable system annually. Recharge occurs through vadose zone wells.	73-555252: Chandler	Vadose Zone Injection Wells	2S 5E Sec 10 SE NE	ESRV	CAP	250	250	250		
4		USF 71-534362 (4/5/93 to 4/14/43)	DetE. Webb	Recharge of up to 3,042 acre feet annually of effluent from the Sun City West wastewater treatment plant into infiltration basins adjacent to the plant. The plant and project are located adjacent to the Agua Fria River, East of 115th Avenue.	73-534362: Det Webb	Basins	4N1E Sec30	WSRV	SunCity West Effluent	3,042	3,042		3,042	
5		*USF 71-516371 (12/24/90 to 12/31/10)	Salt River Project	GRUSP: Recharge of up to 200,000 acre feet annually of CAP water, Salt and Verde River water and City of Mesa effluent through in-channel basins in the Salt River just below the CAP interconnect at the Granite Reef Dam. To date, only CAP water has been stored at the facility.	73-516371.01: SRP 73-516371.02: SRP 73-516371.03: Mesa 73-516371.04: Chandler 73-516371.05: Gilbert 73-516371.06: Phoenix 73-516371.07: Tempe 73-516371.08: CAWCD 73-547504: SRP 73-548928: Chandler 73-548929: SRP 73-550653: Tempe	In Channel Basins	2N 6E Sec 13, 14, 21, 22, 23, 24, 27, 28, 29, 30	ESRV	CAP, Salt and Verde, City of Mesa Effluent	200,000	1,261,674	461,235	770,439	30,000
6		USF 71-520379 (1/1/95 to 10/18/13)	Town of Gilbert	Recharge of up to 3314 acre feet annually of effluent from the Gilbert Wastewater Treatment Plant through basins and an injection well located near Basin and McMillen Roads <i>ELIOT CUMPER</i>	73-520379: Gilbert	Basins, Injection Well	1S 5E Sec 12 NW SW	ESRV	Gilbert Effluent	3,314	3,314		3,314	
7		USF 71-518105 (3/31/88 to 3/31/08)	City of Mesa	NWWRP: Recharge of up to 8,963 acre feet of effluent annually at the Mesa NW Water Reclamation Plant through recharge basins. The plant and project are located adjacent to the Salt River, East of Price Road.	73-518105: Mesa	Basins	1N 5E Sec 18	ESRV	City of Mesa Effluent	8,963	8,963		8,963	
8		USF 71-535755 (9/22/93 to 9/2/08)	City of Mesa	Spook Hill: Infiltration of 2000 acre feet annually of CAP water through a multi-purpose lake at the City Park. The park and facility are located in the Southwest corner of Red Mountain District Park in East Mesa.	73-535755: Mesa	Multi Purpose Lake/ VZIW	1N 7E Sec 18 NE	ESRV	CAP	2,000	2,000	2,000		
9		USF 71-546845 (5/2/96 to 5/2/16)	Ocotillo Management Group	Recharge of up to 2,500 acre feet of effluent from the City of Chandler's Ocotillo Wastewater Treatment Plant. Recharge occurs through overflow dry-wells. The project is located at the Ocotillo development in South Chandler. The project replaces pilot project 71-505527.	73-546844: Ocotillo	Overflow Dry Wells	2S 5E Sec 17 NW & SW Sec 18 NE & SE	ESRV	Chandler/Ocotillo Effluent	2,500	2,500		2,500	
10		USF 71-520487 (3/9/88 to 12/31/89)	City of Phoenix	Recharge of up to 600 acre feet annually through injection wells located at 43rd Avenue and Greenway. This project was permitted, but experienced operational problems in its early stages. Operation has been discontinued.	73-520487: Phoenix	Injection Wells	3N 2E Sec 10 SW SE NW	WSRV	CAP	600	600	600		
11	C	**USF 71-545915 (12/23/96 to 12/23/96)	City of Scottsdale	Water Campus: Pilot recharge of up to 5000 acre feet annually of CAP water through vadose zone injection wells. The project is located in North Scottsdale, North of Union Hills Drive and West of Pima Road.	73-545916: Scottsdale	Vadose Zone Injection Wells	4N 4E Sec 25 SE SE	ESRV	CAP	5,000	5,000	5,000		
12		**USF 71-545917 (5/22/96 to 12/31/97)	City of Scottsdale	East Pima Site: Recharge of up to 5000 acre feet annually of CAP water through vadose zone injection wells. The project is located in North Scottsdale, North of Union Hills Drive and East of Pima Road.	73-545918: Scottsdale	Vadose Zone Injection Wells	4N 5E Sec 30 SE SE SE	ESRV	CAP	5,000	5,000	5,000		
13	D	**USF 71-5518778 (1/17/96 to 1/17/98)	City of Surprise	South Wastewater Treatment Plant: Pilot infiltration testing of up to 313.6 acre feet of effluent over 2 years through a basin. The project is located at the South Surprise Wastewater Treatment Plant.	73-551877: Surprise	Basin	3N 1W Sec 22 SW	WSRV	South Surprise Effluent	314	314		314	
14	E	**USF 71-552711 (3/21/96 to 3/21/98)	City of Surprise	McMicken Dam: Pilot infiltration testing of up to 2000 acre feet of CAP water over 2 years on the North side of the McMicken Dam.	73-553178: Surprise	Basin	4N 2W Sec 34	WSRV	CAP	2,000	2,000	2,000		
15	F	**USF 71-551762 (4/22/96 to 4/22/98)	City of Tempe	Kyrene Wastewater Treatment Plant: Pilot recharge of up to 1000 acre feet annually of CAP water and recovered effluent from Tempe's potable distribution system through injection wells at Tempe's Ken McDonald Golf Course.	73-551761: Tempe	Injection Wells	1S 4E Sec 10 SE	ESRV	Kyrene Effluent	1,000	1,000		1,000	
16	G	**USF 71-551727 (1/12/98 to 1/12/97)	Det Webb Home Construction	Grand Avenue: Pilot recharge of 100 acre feet of MWD surface water over one year through trenches. Project is located at the Grand Avenue development site in the City of Surprise.	73-551728: Det Webb Home Construction	Trenches	4N 1W Sec 30 SE SE SE	WSRV	MWD Surface Water	100	100	100		
17	M	**USF 71-548236 (1/1/98 to 1/1/00)	City of Peoria	Skunk Creek: Pilot recharge of up to 10,000 acre feet for the duration of the permit of Skunk Creek surface water, Salt and Verde River water and CAP water through a vadose zone injection well. The project is located in Peoria along Skunk Creek. The permit does not take effect until 1998.	73-548235: Peoria	Injection Wells	3N 1E Sec 2, 11	WSRV	Surface Water, Salt/Verde, CAP	10,000	10,000			10,000
18		USF 71-552497 (9/1/96 to 9/11/16)	City of Peoria	Bearsley Road Wastewater Treatment Plant: Recharge of up to 2,470 acre feet annually through recharge basins. The project is located at Peoria's WWTP at Bearsley Road and 111th Ave.	73-552498: Peoria	Recharge Basins	4N 4E Sec 30 SE and NE of NW	WSRV	Effluent	2,470	10,000		2,470	

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** Indicates Pilot Project

All Units in Acre-Feet

Totals 254,652 1,323,898 1,578,508 3,157,016 6,314,033 12,628,069

Phoenix AMA Proposed Underground Storage Facility (USF) Projects, September 18, 1996

MAP NUMBER	ASSOCIATED PERMITTED USF	PROJECT	PERMIT STATUS	TYPE OF FACILITY	LEGAL LOCATION	SUB-BASIN LOCATION	SOURCE WATERS	PROPOSED VOLUME
A	3	Chandler Regional Park	F/Pr	Constructed Facility (Injection Wells)	2S SE Sec 10 SE of NE1/4	ESRV	Effluent	5,600
B		Mesa/NWWRP	F/Pr	Constructed Facility (Infiltration Basins)	1N SE Sec 4 South 1/2	ESRV	Effluent	17,922
C	11	Scottsdale Water Campus	F/Pr	Constructed Facility (Vadose Zone Injection Wells)	4N 4E Sec 25 SE of SE1/4	ESRV	CAP/Effluent	37,337
D	13	Surprise WWTP	F/Pr	Constructed Facility (Infiltration Basin)	3N 1W Sec 22 SW 1/4	WSRV	Effluent	3,360
E	14	Surprise/MWD McMicken Dam Extension	F/Pr	Constructed Facility (Infiltration Basins)	4N 2W Sec 34	WSRV	CAP	7,500
F	15	Tempe Kyrene	F/Pr	Constructed Facility (Injection Wells)	1S 4E Sec 10 SE1/4	ESRV	Effluent	6,700
G	16	Del Webb Grande Avenue	F/In	Constructed Facility (Recharge Trenches)	4N 1W Sec 19,20, 29-32 4N 2W Sec 24-26,35,36	WSRV	CAP/SW	4,000
H		CAWCD/Agua Fria	F/Pr	Unknown	Unknown	WSRV	CAP	50,000
I		Phoenix/Cave Creek Project	F/Pr	Unknown	4N 3E Sec 14 NW of NW1/4	ESRV	Effluent	8,961
J		Goodyear	F/In	Constructed Facility (Infiltration Basins)	2N 2W East 1/2 Sec 8 & 16	WSRV	CAP (MWD)	20,000
K		Glendale Western Area Recharge	F/Pr	Unknown	Unknown	WSRV	Effluent	6,500
L		Goodyear WWTP	P/In	Recharge Basins	1N 1W Sec 7 SE SE SE	WSRV	Effluent	3,360
M	17	Peoria/Skunk Creek	F/Pr	Constructed Facility (Vadose Zone Injection Wells/Infiltration Basins)	3N 1E Sec 2,11	WSRV	CAP/SRP/SW	30,000
N		Phoenix/23rd Ave. WWTP	F/Pr	Constructed Facility (Infiltration Basins)	Unknown	WSRV	Effluent	35,000
O		Phoenix/91st Ave. WWTP	F/Pr	Constructed Facility (Infiltration Basins)	Unknown	WSRV	Effluent	141,000
P		Pima Utilities/ Sun Lakes	P/Pr	Constructed Facility (Injection Wells)	2S 5E Sec 29	ESRV	Effluent	800
Q		Mesa/Queen Creek Wash	F/Pr	Constructed Facility (Infiltration Basins)	Unknown	ESRV	Effluent	47,000
R		SW Facility Beardsley Terminus	F/Pr	Unknown	Unknown	WSRV	CAP	20,000
S		Superstition Mtns.	F/In	Managed Facility	1S 8E Sec 8 NW of SE of NW1/4	ESRV	CAP	2,352
T		W. Maricopa Combine	F/In	Managed Facility	3N 5W Sec 1, 11-14 4N 4W Sec 19,20,30,31 4N 5W Sec 25, 36	Hassayampa	CAP	25,000
U		CAWCD/Queen Creek	F/Pr	Unknown	Unknown	ESRV	CAP	Unknown
N/A		SRP/ASU Mobile In Situ (Grant)	P/Pr	Constructed Facility (Injection Well)	Various	Various	Various	Various

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Subject to Revision All Units in Acre-Feet

Total

472,392

Phoenix AMA Permitted Groundwater Savings Facilities (GSF's), September 18, 1996

PERMIT TYPE/NO. (DURATION)	PERMIT HOLDER	PROJECT DESCRIPTION	ASSOCIATED WATER STORAGE PERMIT NO. AND PERMIT HOLDER	SUB-BASIN LOCATION	SOURCE WATERS	PERMITTED VOLUME	TOTAL WSP VOLUME	CAP VOLUME	EFFLUENT VOLUME
*GSF 72-553133 (6/1/96 to 12/31/05)	Salt River Project	Indirect recharge of up to 200,000 acre feet annually of CAP water within the Salt River Project boundaries.	73-555520: Glendale 73-557648: Del Webb 73-557419: CAWCD 73-553133.2 Peoria 73-553133.1 Scottsdale 73-553133.3 Tempe	ESRV	CAP	200,000	310,000	310,000	
*GSF 72-545695 (2/23/95 to 12/31/10)	RWCD	Indirect recharge of up to 100,000 acre feet annually of CAP water and effluent through RWCD's water users.	73-547123: Chandler 73-545695.2: Chandler 73-545695.1: CAWCD 73-545695.3: Mesa	ESRV	CAP Effluent	100,000	143,100	140,000	3,100
GSF 72-533659 (1/1/95 to 1/1/22)	City of Tempe	Indirect recharge of up to 85,000 acre feet annually of CAP water at New Magma Irrigation District. Will be converting to a WSP.	73-533659: Tempe	ESRV	CAP	85,000	85,000	85,000	
GSF 72-534888 (4/21/92 to 12/31/95) Note: Permit Expired - Permittee filed for extension.	CAWCD	Indirect recharge of up to 40,000 acre feet annually of CAP water at New Magma Irrigation District. Will lose this GSF permit but keep WSP	73-534888: CAWCD	ESRV	CAP	40,000	40,000	40,000	
GSF 72-558246	MWD	Indirect Recharge of up to 20,000 acre feet annually in 1996 and 40,000 in 1997. Only two years project		WSRV	CAP	30,000			
GSF 72-534550 (7/17/92 to 12/31/95) Note: Permit Expired - Permittee filed for extension.	CAWCD	Indirect recharge of up to 28,000 acre feet annually of CAP water at Queen Creek Irrigation District.	73-534550: CAWCD	ESRV	CAP	28,000	28,000	28,000	
GSF 72-534439.0001 (6/18/96 to 12/31/06)	Tonopah Irrigation District	Indirect recharge of up to 15,000 acre feet annually of CAP water at Tonopah Irrigation District. Project replaces CAWCD GSF 72-534439	73-534439: CAWCD 73-534439.1: Goodyear	Hasseyampa	CAP	15,000	25,000	25,000	
GSF 72-534438 (3/10/92 to 12/31/95) Note: Permit Expired - Permittee filed for extension.	CAWCD	Indirect recharge of up to 5,000 acre feet annually of CAP water at San Tan Irrigation District.	73-534438: CAWCD	ESRV	CAP	5,000	5,000	5,000	
GSF 72-534753 (4/21/92 to 12/31/95) Note: Permit Expired - Permittee filed for extension.	CAWCD	Indirect recharge of up to 3,000 acre feet annually of CAP water at Chandler Heights Citrus Irrigation District.	73-534753: CAWCD	ESRV	CAP	3,000	3,000	3,000	
GSF 72-530370 (10/23/91 to 12/31/24)	Pima Utilities	Indirect recharge of up to 1500 acre feet annually of effluent at Sun Lakes Community Association.	73-530370: Pima Utilities	ESRV	Effluent	1,500	1,500		1,500
GSF 72-534978 (8/20/92 to 12/31/22)	LPSCO	Indirect recharge of up to 840 acre feet annually of effluent at Suncor Farms.	73-534978: LPSCO	WSRV	Effluent	840	840		840

Proposed GSF's

Applicant	Proposed (In-Cross)	PROJECT DESCRIPTION	SUB-BASIN LOCATION	SOURCE WATERS	PROPOSED VOLUME
Phoenix/ Roosevelt ID	Pr	Roosevelt Irrigation District	WSRV	Effluent	20,000
Maricopa Water District	In	Maricopa Water District	WSRV	CAP	30,000

* Data for Select GSF's	ESTIMATED CAPACITY (Minimum)	ESTIMATED CAPACITY (Maximum)	VOLUME USED 1996 (As of Aug)	VOLUME AVAILABLE 1996	VOLUME AVAILABLE 1997 (Minimum)	VOLUME AVAILABLE 1997 (Maximum)
RWCD 72-545695	70,000	100,000	60,000	Unknown	70,000	100,000
SRP 72-553133	75,000	150,000	14,000	30,000	100,000	150,000

DRAFT Subject to Revision

All Units in Acre-Feet

Proposed Underground Storage Facility Projects

MAP NUMBER	PROJECT	FULL (PILOT PROPOSED) (IN-PROCESS)	TYPE OF FACILITY	LOCATION	SUB-BASIN	SOURCE WATERS	PROPOSED VOLUME (AF/Yr)	ESTIMATED COST TO CONSTRUCT (\$)
5	Pinal County - Picacho Reservoir	F	Constructed facility comprised of basins for recharging mostly CAP water. Approximate size of project area: 500 acres	6S 8E Sec 25, 35, 38 7S 8E Sec 1, 2	Eloy	Mostly CAP, and some San Carlos Irrigation Project surface water	5,000+	Unknown
6	City of Casa Grande	F	Managed facility for storing treated effluent from the City of Casa Grande within a 5 - 10 mile reach of the North Branch of the Santa Cruz River	6S 4E Sec 2,3, 10, 11 6S 5E Sec 7,8,9,10, 11	Maricopa-Stanfield	Effluent	4,800	Unknown

Potential Sites for Underground Storage Facility Projects

MAP NUMBER	PROJECT	FULL (PILOT PROPOSED) (IN-PROCESS)	TYPE OF FACILITY	LOCATION	SUB-BASIN	SOURCE WATERS	PROPOSED VOLUME (AF/Yr)	ESTIMATED COST TO CONSTRUCT (\$)
7	*Gravel pits near Florence*	Unknown	Constructed facility for storing CAP water. Spreading basins would be built inside of two existing gravel pits (with a total area of approximately 10 acres) downgradient from the CAP canal. Delivery of water to the site would require construction of a pipeline for crossing a state highway.	Southwest of Florence. 5S 9E Sec 9	Eloy	CAP	25,000	1,300,000
8	*Tat Momolikat Dam*	Unknown	Constructed facility for storing flood and/or CAP water. An unlined diversion levee would be constructed to divert flood water from the Santa Cruz River to the impoundment behind Tat Momolikat Dam. Most recharge would occur within the constructed channel.	Proposed channel would meander from a diversion on the Santa Cruz River near Red Rock to the Tat Momolikat Dam, a distance of 20 miles.	Eloy	Flood Runoff and CAP	25,000	275,000
9	*MSIDD*	Unknown	Constructed facility for storing CAP water. Approximately 20 acres of spreading basins would be built in an area with highly permeable surface soils. Sub-soil characteristics are unknown.	6S 3E Sec 12	Maricopa-Stanfield	CAP	18,000	124,000
10	*Picacho Mountains*	Unknown	Constructed facility for storing CAP water in spreading basins within the confines of an existing borrow/gravel pit, approximately 20 acres in size. High permeability is likely, but sub-soil characteristics are unknown.	8S 9E Sec 21	Eloy	CAP	12,000	120,000
11	*Gila River*	Unknown	Managed facility for storing CAP and/or other surface water in approximately 11,000 feet of river channel. In addition, a constructed facility of spreading basins might be built within a 35 acre gravel pit adjacent to the river and downgradient from the crossover of the CAP aqueduct.	5S 9E Sec 8 and 9	Eloy	CAP and/or other surface water	18,000	1,300,000

NOTE: The estimated cost of potential underground water storage facilities was developed in a report for the Pinal County Governmental Alliance, August, 1994. These costs include applicable pumps, delivery pipeline, and earthwork. Excluded from this report are those costs which are related to site investigation or design, construction of monitoring or recovery wells, or acquisition of right-of-way.

PINAL ACTIVE MANAGEMENT AREA

Permitted Groundwater Savings Facilities

Map Number	PERMIT TYPE/NO. (DURATION)	PERMIT HOLDER	PROJECT DESCRIPTION	ASSOCIATED WATER STORAGE PERMIT NO. AND PERMIT HOLDER	SUB-BASIN	SOURCE WATERS	PERMITTED VOLUME (AF/Y)	TOTAL WATER STORAGE PERMIT VOLUME (AF/Y)	CAP VOLUME (AF/Y)	TOTAL STORAGE CREDITS ACCRUED 1995 (AF)
1	72-531382 (1/1/95 to 12/31/95) Expired; permittee requested extension	Central Arizona Water Conservation District	Indirect recharge of up to 110,000 acre feet annually of CAP water within the boundaries of the Central Arizona Irrigation and Drainage District.	73-531382: Central Arizona Water Conservation District	Eloy	CAP	110,000	110,000	110,000	152,136
2	72-531381 (1/1/95 to 12/31/04)	Central Arizona Water Conservation District	Indirect recharge of up to 120,000 acre feet annually of CAP water within the boundaries of the Maricopa-Stanfield Irrigation and Drainage District.	73-531381: Central Arizona Water Conservation District	Maricopa-Stanfield	CAP	120,000	120,000	120,000	204,852
3	72-534489.0001 (1/1/96 to 12/31/25)	Hohokam Irrigation and Drainage District	Indirect recharge of up to 40,000 acre feet annually of CAP water within the boundaries of the Hohokam Irrigation and Drainage District.	73-534489: Central Arizona Water Conservation District (Additional water storage permit application pending from City of Eloy)	Eloy	CAP	40,000	40,000 CAWCD 27,000 City of Eloy	87,000	81,958

NOTE: Approval of storage credits in 1995 for the three groundwater savings facilities permitted to CAWCD in the Pinal AMA is pending. The amounts shown in the column "Total storage credits accrued" assume that the number of credits will be equivalent, or nearly so, to the total amount of in lieu CAP water delivered to these facilities.

Storage Capacity of Groundwater Savings Facilities:

PERMIT NUMBER	ESTIMATED CAPACITY (Minimum)	ESTIMATED CAPACITY (Maximum)	VOLUME USED in 1996 (As of Aug)	VOLUME AVAILABLE 1996	VOLUME AVAILABLE 1997 (Minimum)	VOLUME AVAILABLE 1997 (Maximum)
72-531381	N/A	120,000	13,311	106,689	N/A	120,000
72-531382	N/A	110,000	0	110,000	N/A	110,000
72-534489.0001	N/A	40,000	17,221	22,779	N/A	40,000

Permitted Underground Storage Facilities

Map Number	PERMIT TYPE/NO. (DURATION)	PERMIT HOLDER	PROJECT DESCRIPTION	ASSOCIATED WATER STORAGE PERMIT NO. AND PERMIT HOLDER	LOCATION	SUB-BASIN	PERMITTED VOLUME	TOTAL W. WSP VOLUME	EFFLUENT VOLUME	TOTAL STORAGE CREDITS ACCRUED 1995
4	USF 71-519878 (2/1/89 to 2/1/09)	Town of Florence	Annual recharge within spreading basins, of up to 456 acre feet of treated effluent from the Town of Florence - North System (58-001318). Located north of the Gila River, and north of the Town of Florence.	73-519878: Town of Florence	4S 9E Sec 23, 24, 25, 26	Eloy	456	456	456	715

9/18/96
 PINAL ACTIVE MANAGEMENT AREA

Water Storage Permits

PERMIT NO./DURATION	PERMIT HOLDER/ LONG TERM STORAGE ACCOUNT NO.	ASSOCIATED STORAGE FACILITY (NAME AND NO.)	TYPE OF WATER STORED	MAXIMUM ANNUAL STORAGE (ACRE FEET)
73-531381 (1/1/85 to 12/31/04)	CAWCD 70-431120	Maricopa-Stanfield Irrigation & Drainage District 72-531381	CAP	120,000
73-531382 (1/1/85 to 12/31/95) (expired)	CAWCD 70-431120	Central Arizona Irrigation & Drainage District 72-531382 (expired)	CAP	110,000
73-534489 (1/1/96 to 12/31/25)	CAWCD 70-431120	Hohokam Irrigation & Drainage District 72-534489.0001	CAP	40,000
73-519876 (1/1/95 to 2/1/09)	Town of Florence 70-431125	Town of Florence 71-519876	Effluent	456
73-552883 (Pending approval)	City of Eloy	Hohokam Irrigation & Drainage District 72-534489.0001	CAP	27,500

Recovery Wells

PERMIT NO.	PERMIT HOLDER	ASSOCIATED WATER STORAGE PERMIT & GENERAL LOCATION OF WELLS	DESIGNATED USE	WELL NOS. & LOCATION
74-545930	CAWCD	73-531381; Arizona Water Company - Case Grande System CC & N	Municipal & Industrial	55-613929; SE4 SE4 NE4 S10 7S SE

Long Term Storage Credit Account Nos.

LONG TERM STORAGE CREDIT ACCOUNT NO.	LONG TERM STORAGE CREDIT ACCOUNT HOLDER
70-431120	CAWCD
70-431125	Town of Florence
PENDING APPROVAL	City of Eloy

**Existing and Proposed Recharge Facilities
TUCSON AREA**

Permit No./ Facility Name	Type of Recharge	Recharge Volume (AF)*	Source Water	Credits Accrued (AF)	Associated Permits	Project Status/ Comments	Permitted	RRC Site #
Ajo Detention Basin	SB	10,000	CAP	NA	NA	Proposed. Volume not evaluated.		
Alvemon/Rillito Storm Drain	IC	50,000	CAP	NA	NA	Proposed. Volume not evaluated.		
ASARCO - Mission Mine	GSF	9,000+	CAP	NA	NA	Proposed.		# 16
Avra Valley Gravel Pit	SB	10,000	CAP	NA	NA	Proposed. Volume not evaluated.		
Avra Valley Irrigation District	GSF	20,000	CAP	NA	NA	Preliminary meeting held in late 1994. No application submitted to date.		# 14
Avra Valley & Green Valley Wastewater Treatment facilities	SB	1,500	Effluent	NA	NA	Proposed. Pima County Wastewater Mgmt would recharge effluent from plants, sell credits to Green Valley golf courses.		
71-551092 Avra Valley Pilot Project CAWCD / MDWID	SB	10,000	CAP	NA	73-551092 73-552745	Capacity of full scale facility may be limited by fine grained layers. Part of Northwest Replenishment Program. Pilot Permit issued in June, 1996, project operational in July, 1996.	Pilot 6/96	# 3
72-538133 BKW Farms /CAWCD / Tucson Water / MDWID	GSF	8,800	CAP	2,014 as of 12/31/94	73-538133 73-545928 73-555750	Facility is permitted & operating. CAWCD and Tucson are supplying water. Augmentation grant awarded to construct delivery ditch - \$51,000.	4/93	
72-538133 BKW Farms Expansion	GSF	6,200	CAP	NA	73-538133 73-545928 73-555750	Proposed. Expansion of existing GSF from 8,800 AF/year to 15,000 AF/year.		# 13
Cañada Del Oro Recharge Project	SB IC	25,000	CAP	NA	NA	Area is under investigation. Studies are being supported by two augmentation grants for ~ \$75,000 and part of another grant for \$296,000. Additional funding/in-kind services provided by BOR and other NW area interests; including MDWID and Oro Valley. Part of Northwest Replenishment Program.		# 2

*Estimated recharge volume based on preliminary site facility descriptions.

GSF-Groundwater Savings Facility

IW-Injection Wells

IC-In-channel

SB-Spreading Basins

9/30/96

**Existing and Proposed Recharge Facilities
TUCSON AREA**

Permit No./ Facility Name	Type of Recharge	Recharge Volume (AF)*	Source Water	Credits Accrued (AF)	Associated Permits	Project Status/ Comments	Permitted	RRC Site #
72-538100 Cortaro Marana Irrigation District CAWCD/CMID	GSF	10,000	CAP	2,650 as of 12/31/94	73-538100 73-547710	Facility is permitted and operating. Tucson Water & CAWCD are supplying water. One of the two entities may apply to increase the permit volume.	6/93	
Cortaro Marana Irrigation District Expansion	GSF	6,000	CAP	NA	75-538100 73-547710	Proposed. Expansion of existing GSF from 10,000 AF/year to 16,000 AF/year.		# 12
Farmers Investment Co.- Sahuarita Farms	GSF	20,000	CAP	NA	NA	Conceptual phase. Pipeline construction required.		# 15
High Plains Effluent Recharge Project	SB	600	Effluent	NA	NA	Research project for riparian enhancement supported by High Plains and Water Protection Fund money. Sponsors include Pima County, Tucson Water, Marana. No application submitted. Pre-application meetings have been held.		
Lower Santa Cruz River Flood Control and Replenishment Project	SB IC	44,000	CAP and Effluent	NA	NA	Part of overall NW Replenishment Program, sponsored by multiple entities including Pima Co., MDWID and Marana. Studies are underway and partially supported with a \$296,000 augmentation grant. Additional funding/in-kind services provided by BOR and other NW area interests. Pre-application meeting held on 11/27/95.		# 1
Pantano, Tanque Verde Rillito River	IC	17,000	CAP	NA	NA	Proposed.		# 10
Pascua Yaqui	SB	10,000	CAP	NA	NA	Proposed.		
72-7558092 Picacho Pecans/Kai	GSF	10,000	CAP	NA	NA	Application received 6/5/96, found complete and correct on 8/9/96.		
Pima Mine Road Project/ Tucson Water/CAWCD	SB	10,000	CAP	NA	NA	Application submitted on 12/20/95. Objection received, denied on 8/2/96.		# 4
64-544777 SaddleBrooke	IW	621	Effluent	NA	NA	Application found incomplete/incorrect on 10/13/94. Applicant has indicated project will not be pursued.		

*Estimated recharge volume based on preliminary site facility descriptions.

GSF-Groundwater Savings Facility

IW-Injection Wells

IC-In-channel

SB-Spreading Basins

9/30/96

**Existing and Proposed Recharge Facilities
TUCSON AREA**

Permit No./ Facility Name	Type of Recharge	Recharge Volume (AF)*	Source Water	Credits Accrued (AF)	Associated Permits	Project Status/ Comments	Permitted	RRC Site #
San Xavier Arroyos	IC	9,000	CAP	NA	NA	Use natural arroyos within San Xavier District to recharge water released from blowoff structures. Tohono O'odham Nation has not yet endorsed this project. No permit required.		# 8
San Xavier Surface Basins	SB	10,000	CAP	NA	NA	Proposed.		
71-545220 Santa Cruz River (17 miles along the river) N of Roger Rd.	IC	- 17,000?	Effluent	NA	NA	Pima Co. Wastewater Mgmt-Applicant has requested that this application be put on hold. Application is based in part upon the County recharging the SAWRSA effluent.		
Santa Cruz River North of Pima Mine Road	IC	8,500	CAP	NA	NA	Proposed. Pipeline required from CAP terminus to river may be developed as part of Tucson Water-Pima Mine Road project. On Tohono O'odham reservation. Tohono O'odham Nation has not yet endorsed this project.		# 9
Tangerine Rd. / West of CAP	GSF	50,000	CAP	NA	NA	Proposed.		# 7
Tanner Gravel Pit	SB	7,000	CAP	NA	NA	Proposed. Volume not evaluated.		
Tucson Airport Remediation Project (TARP)-Santa Cruz River	IC	10,000	Remediated GW	NA	NA	Proposed. IGA between City and County regarding project has been signed.		
Tucson Water /BKW-Central Avra Valley Groundwater Savings	GSF	750	CAP	NA	NA	Proposed. Associated with CAVSARP Project. (A modification of 72-538133)		
Tucson Water - Brawley Wash at Three Points	SB	40,000	CAP	NA	NA	Proposed. Pilot tests show good recharge rates, but site is not close to CAP canal.		# 11
71-557981 (Pilot) 71-556102 (Full scale) Tucson Water-Central Avra Valley Storage & Recovery Project (CAVSARP)	SB	100,000	CAP	NA	73-558078	Pilot permit issued 8/1/96 (500 AF). Application for full scale facility received 9/4/96.	Pilot 8/1/96	# 5

*Estimated recharge volume based on preliminary site facility descriptions.

GSF-Groundwater Savings Facility

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9/30/96

Permit No./ Facility Name	Type of Recharge	Recharge Volume (AF)*	Source Water	Credits Accrued (AF)	Associated Permits	Project Status/ Comments	Permitted	RRC Site #
71-535587 Tucson Water - 1st Pilot Injection Project	IW	10,000	CAP	2,394.9 as of 12/31/93	73-535587	Facility is permitted. No injection was done in 1994 or 1995 due to Mayor & Council decision to cease CAP deliveries.	Pilot Renewed 1/28/95	
71-537406 Tucson Water - 2nd Pilot Injection Project	IW	10,000	CAP	2.2 as of 12/31/93	73-537406	Facility is permitted. Reported 1574 AF in 1994. No injection since 10/1/94 maintenance outage and Mayor & Council decision to cease all deliveries of CAP.		
71-545944 Tucson Water - Santa Cruz River Managed Project	IC	9,307	Effluent	NA	73-545943	Application found complete/correct on 2/29/96. Two objections received 4/3/96. No hearing date scheduled.		
Tucson Water - South Avra Valley	SB	44,000	CAP	NA	NA	Proposed. Located on retired farmland owned by Tucson.		# 6
71-520083 Tucson Water Sweetwater USF	SB	6,500	Effluent	80.1 as of 12/31/93	73-520083	Facility is permitted. Have applied to increase # of basins to reach max permitted amount of 6,500 AF.	10/88	

*Estimated recharge volume based on preliminary site facility descriptions.

GSF-Groundwater Savings Facility

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9/30/96

ARIZONA WATER BANKING AUTHORITY

(REVISIONS as of 1/9/97 5:00 p.m.)

Criteria for Storage Facility Prioritization

One of the significant tasks of the Arizona Water Banking Authority will be to determine in what manner and where water will be stored within the State of Arizona. Although a large number of policy considerations may guide the Authority in making these decisions, some of the decisions will be shaped by the Arizona Water Banking Authority statutes (A.R.S. §§ 45-2401 *et seq.*), the location of the Central Arizona Project water conveyance system, economic factors, the cost of storage, recovery of water, water management objectives, Indian water rights settlements, Western Arizona objectives, environmental issues, regulatory and capacity issues.

One issue for consideration by the AWBA in determining water storage location is assistance in meeting Groundwater Code Objectives. The Groundwater User Advisory Council's (GUAC's) shall be consulted if the proposed facility falls within an AMA. Two statutes provide guidance on where water should be stored - A.R.S. § 45-2453 describes the process and provides some criteria by which the Authority will select types of sites for additional storage facilities, should the Authority decide that additional sites are necessary - A.R.S. § 45-2456 describes the factors the Authority should consider when the Authority develops its annual operating plan, while providing guidance on where water should be stored.

The Second Management Plans, promulgated under the Code for the state's Active Management Areas (AMA), offer some guidance on where water storage should occur. The Second Management Plans deem water storage in the following locations to be inconsistent with the augmentation program of the Department of Water Resources:

- a) in remote or isolated locations where no benefits would be realized.
- b) in locations where storage would contribute to the migration of poor quality water.
- c) in localized areas of high groundwater levels.

[See Phoenix Second Management Plan, Ch. 7(H)(3)]

The Second Management Plan also states that water storage must meet one of the following tests to be deemed consistent with the management goal for the Active Management Area:

- a) storage must contribute to groundwater supplies that are currently being used or that could be used in the future so long as the areas which are recharged are not experiencing problems associated with a shallow depth to water.
- b) storage is contributing to an EPA/DEQ corrective management program.

[See Phoenix Second Management Plan, Ch. 7(H)(3)]

In addition to referencing the Groundwater Code objectives described in the Second Management Plan, the statute states that the Central Arizona Water Conservation District (CAWCD) shall be consulted in determining at what storage locations and during what times of the year water can be delivered for the Authority's use [A.R.S. § 45-2453(B)(3) and § 45-2456(B)(3)]. The proximity of the proposed facility to the CAP canal and the availability of capacities for delivery of water by CAP to in-lieu and direct facilities are two pieces of information that CAWCD will provide to the AWBA.

RANKING OF FACILITIES

There are many factors that should be considered when examining and comparing the various recharge facilities. Factors such as meeting Groundwater Code objectives, including the recovery of stored water and the ability for the CAP to deliver water to the facility should be considered first when examining a proposed site.

Assuming several storage facilities meet the foregoing criteria, the Authority will need to prioritize those facilities. Based on the results of the ranking process, sites will be grouped into priority categories. This "grouping" will allow for several number one priority facilities, several number two priority facilities and so on, as opposed to an individual ranking of all facilities. The Authority will use this priority ranking to select the facilities they use to accomplish future storage. Public meetings should be held by the Authority when conducting the ranking to gain local input on the potential use of sites, including presentations to the Groundwater User Advisory Councils (GUAC's) and the AWBA Study Commission.

The ranking process will use the following categories in examining proposed facilities for consideration by the AWBA (a matrix will be developed to assist in the ranking, using these six defined categories).

1) COST

- **COST OF STORAGE**

What are the costs associated with using capacity at an in-lieu or direct recharge facility? The following factors must be included in the evaluation of the proposed site:

- a) **Cost of Water:** although the AWBA has a base cost of water from the CAWCD, the cost of credits are influenced by other factors such as amount of losses and transportation costs.
- b) **Facility Cost:** what is the cost per acre foot for use of the facility by the AWBA.
- c) **Monies returned to the AWBA:** money paid to the AWBA by in-lieu recharge partners.
- d) **Environmental Mitigation Costs**

- **COST OF RECOVERY (including intangible costs)**

What are the costs associated with recovery at an in-lieu or direct recharge facility? The following factors must be included in evaluating proposed sites:

- a) **Transportation Costs:** at recovery, does the water have to be moved from where it was recharged; if so, at what cost, including associated infrastructure and operation and maintenance costs? Are there existing wells available from M&I providers?
- B) **Associated Energy Costs:** will the cost to recover the water be effected by the pumping depth? Are capital and O&M costs associated with use of a facility?

2) WATER MANAGEMENT OBJECTIVES

- **PHYSICAL AVAILABILITY**

Does the existing or proposed storage facility increase the supply in areas where groundwater is relied upon, or increase the opportunities for conjunctive use?

The following factor will be used in evaluation of the proposed site:

a) location of recharge facility in relation to existing groundwater supplies.

- **SUBSIDENCE**

Will the existing or proposed storage facility under evaluation either prevent and/or help alleviate subsidence or earth fissures in the area or will it aggravate subsidence and earth fissures?

The following factor will be used in evaluation of the proposed site:

a) location in relation to subsidence areas.

- **WATER QUALITY**

Does storage at the facility impact the quality of native groundwater?

The following factor will be used in evaluation of the proposed site:

a) plume management;

b) improve ambient water quality;

c) improve the quality of the source water (stored water) through soil/aquifer treatment.

3) INDIAN WATER RIGHTS SETTLEMENTS

- **LOCATION OF STORAGE SITE**

The following factors will be used in evaluation of the proposed site:

a) proximity of proposed site to Indian communities;

b) opportunity to assist in resolution of Indian water rights settlements.

4) WESTERN ARIZONA OBJECTIVES

- **RECOVERY POTENTIAL**

a) can a site help provide certainty for western Arizona cities that a substitute supply will be available in the future?

- **COST OF REPLACEMENT**

a) what is the cost of replacement of the credit?

- **LOCATION OF RECOVERY**

a) have specific recovery locations been identified?

- **FORBEARANCE AGREEMENTS**

a) are forbearance agreements being required to assure recovery of the stored water?

5) ENVIRONMENTAL ISSUES

- **POTENTIAL HARM**

a) does the proposed storage site cause harm or concern to other parties or the environment? (ADWR is prohibited from permitting a site that will cause unreasonable harm to land or to other water users, see (A.R.S. § 45-811.01(C)(3)).

- **POTENTIAL SOURCE OF CONTAMINATION**

Factors to consider for site location include: land uses such as landfills, agricultural and other past land uses around the proposed facility.

- **MIGRATION OF CONTAMINANT PLUMES**

Does the potential exist for the migration of any existing contaminant plumes in the area of proposed recharge?

- **WETLANDS HABITAT**

Could use of a proposed direct facility create wetlands or habitat, potentially establishing a future commitment for the AWBA?

6) REGULATORY ISSUES

- **REQUIRED PERMITS**

Given the statutory deadlines imposed, the time required to implement the proposed facility must be taken into consideration, including the issuance of proper permits. Does the proposed facility have the required local, state and federal permits for the operation of the facility?

INFORMATIONAL FACTORS

In addition to the above factors, other issues for consideration are:

- Could existing facilities be enlarged to accommodate storage by the Arizona Water Banking Authority?
- Could existing effluent permitted facilities be modified to include recharge of Colorado River water by the AWBA?
- Does the capacity of the facility to accept water coincide with CAP ability to deliver the water?
- Infiltration Rate: the rate at which water enters the soil.
- Long-term Average Annual Recharge Rate - the average amount of water that can be expected to be recharged at a specific facility.
- Volume of potentially recoverable water in the recharge facility in acre feet (af).
- Other technical issues include, but are not limited to: the transmissivity of the aquifer, impeding layers in the vadose zone, surface elevation of facility.

- **Regional Benefits** - may include the sharing of conveyance, recharge and/or recovery facilities, potential recreational use, habitat restoration and multiple use benefits, such as combining flood control, recharge objectives and aesthetics.

Revised 1/9/97 5:00 p.m.
b: \criteria.wpd\vjg

ARIZONA WATER BANKING AUTHORITY
STUDY COMMISSION
Thursday, January 23, 1997
10:00 a.m. - 12:00 p.m.

Arizona Department of Water Resources
500 North Third Street
Third Floor Conference Room A
Phoenix, Arizona

AGENDA

- | | | |
|------|---|---------------------------------|
| I. | Introduction | Rita Pearson |
| II. | Water Banking Authority Status Report | Jimmy Jayne |
| III. | Indian Issues Subcommittee | Gary Hanson/
Mary Ann Antone |
| IV. | Colorado River Operations
Surplus, Normal, Shortage Issues | Herb Dishlip |
| V. | Arizona's Colorado River Priority System | Tom Carr |
| VI. | Interstate Banking Concepts | Herb Dishlip |

Meeting Dates: Thursday, February 27, 1997 10:00 a.m.
Thursday, March 27, 1997 10:00 a.m.

If, because of a disability, you need a reasonable accommodation to participate equally in this program, activity, or service, please contact the Arizona Water Banking Authority Study Commission at (602) 417-2440 or (602) 417-2455 (TDD) with your needs. Many accommodations, such as auxiliary aids and services, alternate format material, or changing facilities, require in excess of 72 hours to arrange. In order for this department to provide timely accommodation, please notify us as far in advance as possible.

COLORADO RIVER WATER USERS ASSOCIATION

1996 Annual Conference
Colorado River - Gateway To the 21st Century
CAESARS PALACE
LAS VEGAS

Address
by
Bruce Babbitt
Secretary of the Interior
10:00 a.m., December 19, 1996

Almost exactly one year ago, on the occasion of your 50th annual convention, I came before you here in Las Vegas to review the status of water administration in the Lower Basin and to make some observations about future directions. I then expressed the hope that a consensus on water management could be forged among the basin states, and that a mediation process then in place could help to move contending interests closer to a resolution of their differences, as steps toward sound long-term management in the Lower Colorado River.

At that time I described in some detail the contentious history of the River, a story that is guaranteed to temper the optimism of even the most hopeful souls. Today I have to report that while I am disappointed that more progress has not been made, I cannot say I am astonished. The Colorado River continues to test the commitment and the endurance of everyone who has been participating in the efforts of the last twelve months. It also has a nearly limitless capacity to generate new controversy. Before turning to the contentious matters that face us, however, I want to emphasize some good Colorado River news of 1996.

In April we completed our first spike flow release from Glen Canyon Dam, creating an artificial flood in the Grand Canyon to reestablish beaches and improve the natural habitat in the floor of the Canyon. The release has helped us to manage and improve the ecosystem of the Canyon in ways that exceeded our expectations. We appreciate the cooperation we have received

from the Basin States, the Tribes, and power users in implementing this unique water management program.

On October 9th of this year, I signed the record of decision completing the Glen Canyon Dam EIS that was begun in 1989. That decision initiated the adaptive management process for future operation of Glen Canyon Dam. This process enables us to operate the dam so as to balance the needs of recreation, the environment, cultural resources, water delivery, and hydropower generation.

We have entered into a partnership and funding agreement with the Lower Basin States and other interested parties to develop a multi-species management plan for the Lower Basin. Formal interim § 7 consultation between the Bureau of Reclamation and the Fish and Wildlife Service on river operations is ongoing and should be concluded in the Spring of 1997. Our plan is that a long term multi-species management plan will supersede the interim consultation, and will simultaneously provide both for protection of threatened and endangered species in the Lower Basin and for continued delivery of water and power benefits from the river.

I also want to commend the efforts of Governor Romer and Lt. Governor Shoettler of Colorado, who have convened a process for the purpose of seeking a resolution of the protracted controversy over the Animas-La Plata project. They have done so at considerable political risk, and the issues are divisive and emotional. I have given the process my full support. It is moving along satisfactorily so far, and it may provide a helpful model for negotiated settlement of knotty problems within the Colorado River Basin.

On the other side of the ledger, in California serious unresolved controversies remain both between agricultural agencies, and among the urban water suppliers. No progress is being made toward a settlement of the San Luis Rey water claims as directed by Congress. The mediation process that was taking place has ground to a halt.

It is a matter of special sensitivity that the concerns of other Basin states with the long term future of California's demands on the Colorado River have not been addressed. To be sure, this is only the most recent version of an issue that has been

central to Colorado River controversy for seven decades. When California was pressing for the construction of Boulder Dam in the 1920's, other Basin states were concerned that its rapid development would gain it the lion's share of the river under prior appropriation principles, to their disadvantage. This fear prompted the development of the Colorado River Compact in 1922, and the provision in the 1928 Boulder Canyon Project Act requiring California to enact a law limiting its Colorado River contractors to normal year use of 4.4 million acre-feet (maf).

California's uses are expected to go above 5.2 maf this year, exceeding by some 800,000 acre-feet its basic entitlement of 4.4 maf. In contrast to the past, however, the unused Lower Basin apportionment upon which California has relied is shrinking. For the first time ever, this year, demand for water in the Lower Basin exceeded the Basin's basic apportionment of 7.5 maf. Demand is expected to exceed 8 million acre-feet this coming year. Consumption in each of the three lower division states has been growing, and we can anticipate that with present patterns of use, demand will continue regularly to exceed 7.5 maf.

Fortunately, in the last few years water has been abundant. We have approximately 50 maf in storage on the Colorado River system, some 83% of system capacity. Analysis shows a very low risk of future shortage. For these reasons, we declared a surplus condition that allowed all Lower Basin water demand to be met in calendar year 1996. We anticipate a similar decision for 1997. However, conditions of abundance will not always prevail, and users in the Lower Basin cannot depend on surpluses always being available.

The six Basin states other than California have proposed discussions to develop multiple year surplus and shortage criteria that will for an interim period meet at least part of the demand in the Lower Basin. This is a significant proposal, but it is based on California's ability to commit to an enforceable program to reduce its reliance on surplus water, without creating undue risk to other entitlement holders.

A crucial question is how California is preparing itself for times of greater stringency. Its uses in excess of 4.4 maf are occurring both in the agricultural and in the urban sectors. The agricultural agencies have an entitlement of 3.85 maf, but called for more than 4 maf this year. There is

increased use in both the Palo Verde and Imperial Irrigation Districts. The Metropolitan Water District has been using about 1.2 maf of Colorado River water.

Where is California going? Apparently, considerable reliance is being put on the prospect of intrastate water marketing, in particular on transfers of Colorado River water from agricultural to urban use. Presumably, much of that water would come from agricultural efficiency gains based on water saved through conservation technologies, funded by urban interests. That was the approach taken in a 1989 MWD/IID conservation plan designed to generate about 100,000 acre-feet per year. Other techniques that have been explored are dry-year options, a means for meeting short term deficits in supply through voluntary agreements by farmers to forego use of river water during periods of shortage; and land fallowing, a more controversial approach because of its potential impact on agricultural communities. During the last year, IID and San Diego initiated an ambitious effort aimed at transferring large quantities of water--several hundred thousand acre-feet per year--from the Imperial Valley to the city.

Water Transfers Through Marketing

As I emphasized last year, I believe that water marketing is an important tool that can help us to use the water in the Colorado River more effectively, and in particular that it can be important in meeting California's long term need to bring its demand in line with available supply. However, some serious obstacles stand in the way of implementing market-based transfers. I believe I can now usefully take several steps to help effectuate such transfers, consistent with the Law of the River and the fundamental precept that our goal is management of the River to make the most effective use of the limited resource we have. I am initiating the following actions regarding marketing:

1. First, transfers must be founded on a baseline quantum of beneficially-used water from which savings can be made. I know that some basin interests have expressed concern about increased water use by the Imperial Irrigation District attributable to various factors, including changing cropping patterns. We have some real concern about this as well. The Bureau of Reclamation has been working on a cooperative arrangement with the Imperial Irrigation District to determine the amount of water IID is beneficially using. This is a desirable step, and I have instructed the Bureau to seek to implement it as expeditiously as possible. Such

collaborative and cooperative efforts are preferable to the use of regulatory strictures, which is the alternative means of determining beneficial use, and which I, as well as the state, have authority to implement if necessary. Once such a baseline is determined, marketing opportunities will be one step closer to reality.

2. Second, I am instructing the Bureau of Reclamation to initiate a rulemaking process to develop water management regulations for the Lower Basin. As you know, the Bureau began such an effort several years ago, but deferred further work to allow a consensus to develop among the states on approaches to interstate marketing and banking. Those efforts were unsuccessful. This time, the regulations will focus on: intrastate marketing; and interstate marketing within the Lower Basin based on state-approved, willing buyer/willing seller transactions. The regulations may be expanded if the public scoping process identifies other water management activities that could be incorporated in them, without generating significant controversy or delay.

I want to take special note of an Arizona initiative. It has put in place a groundwater banking program that will enable it to store Colorado River water offstream for future use. This program, when operated in conjunction with the Arizona Groundwater Law that was enacted during my tenure as Governor, will help protect Arizona against possible Colorado River shortages it may have to bear. The Arizona program includes an interstate component which would permit Nevada and California to store Colorado River water to help meet future needs in those states. Nevada believes the Arizona plan offers real potential for it to meet its future water needs, at least for a considerable time. I view this as a positive approach and I propose to issue regulations that will authorize programs of this kind.

3. Another obstacle to marketing is the unclarity of the relative rights of various agricultural agencies in California under the Seven Party Agreement of August 18, 1931, and under a subsequent 1934 agreement between the Imperial Irrigation District and the Coachella Valley Water District. Clarification of agricultural rights subject to the Seven Party Agreement, and settlement of the long-festering dispute between Coachella and IID, are also likely to be crucial to effectuating transfers in California from agricultural to urban users. Such transfers would be a key component of the plan sought by the other six basin states, by which California can limit its Colorado River water use. Such a plan will need to include a clear and more definitive interpretation of water entitlements among the California

agricultural agencies. We stand ready to assist, and if necessary to assume leadership, in clarifying the relative rights of the parties, as a precondition to water marketing.

Each of the preceding matters is an initiative that I intend to get underway beginning in the next calendar year.

In reflecting on the controversy generated by the Seven Party Agreement, I have noted striking parallels in the circumstance of several of the entities who depend on the water of the Colorado River: a situation of uncertainty about ability to meet needs as a result of being in a subordinate, and potentially perilous, position. In a broad sense, Coachella's posture vis-à-vis IID is like San Diego's vis-à-vis other Met customers, like the Met as to the agricultural contractors, and like that of the Central Arizona Project in relation to the other Lower Basin states. Most of these matters will be taken up in the fullness of time. Each has its own history, and its own equities. Still, we need to keep in mind that in the long term the great issue on the River is providing confidence to every stakeholder that its reasonable needs can be met in good times and bad, without the risk of drastic measures.

There are several other issues that need attention on our shorter term agenda, and I now want to turn to them.

Surplus Criteria

The time is ripe for the formulation of criteria that will govern the declaration of surplus conditions. Surplus guidelines will provide a basis for Lower Basin water users to rely upon in assessing the future availability of Colorado River water and in making appropriate plans for meeting water needs. I shall direct the Bureau of Reclamation to initiate the development of guidelines for annual decisions regarding surplus determinations in operating the River.

It is clear that surplus water will not be available indefinitely to meet demands beyond the 4.4 million acre-foot entitlement of California. The prospect of long-term reliance on such water by users in California is a matter of great concern to other states in both basins. The effective implementation of surplus criteria depends on the presence of a well-conceived strategy within California designed to cope with its long term demands on the River. I shall therefore temporarily defer making any

such guidelines final in order to give California an opportunity to put in place a realistic strategy to assure that it will be able to reduce its use when necessary, or to meet its needs from sources that do not jeopardize the entitlement of others.

Banking

I continue to believe, as I observed last year, that some forms of banking, which may include top-water banking, are useful tools that can contribute to more effective management of the River, encouraging additional conservation. Since conservation incentives are one of the most important tools we have in encouraging efficient use of the limited resource we have, I believe banking should remain in our arsenal of techniques. However, considering the intense level of controversy top-water banking spawns, I believe formal regulatory consideration should be left to a later time. I shall, however, stand ready to entertain specific proposals for top-water banking that are put before me, on a case-by-case basis, particularly where there is a potential to demonstrate innovative conservation methods. Any such proposals will be subject to public review and input from interested parties.

The San Luis Rey Settlement

I am distressed that we have still not been able to effect a settlement of water rights claims with the five bands of Indians in San Diego County, and I intend to continue to search out means, with the cooperation and participation of California stakeholders in the Colorado River, to effectuate a settlement consistent with the law enacted by Congress in 1988. Securing such a settlement is in my view key to advancing Colorado River issues of interest to the State of California.

Conclusion

Before closing, I want to emphasize that I have been addressing only Lower Basin matters, and only water supply problems, not environmental issues, which are being addressed in separate forums. I also want to reiterate my commitment to working within the Law of the River, and to assuring that the entitlement of each contractor and of each Basin State is

unimpaired. Nor, despite the disappointments of the past year, is there any diminution in my desire to continue searching for consensus on River management issues.

I want to conclude by reiterating the essence of what I said last year. I believe that we have the management tools to make it possible to assure every Basin State that it will be able to meet the needs of all its citizens. But that can only be the case if we work together to put those tools to use. We must insist on prudent, non-wasteful use. We must be imaginative in utilizing marketing, and in encouraging voluntary, willing-buyer/willing-seller markets. We must be creative in seeking out mutually advantageous arrangements both within and among states. With those commitments, we can, step by step, provide assurance that every need will be addressed and that no entitlement holder, or state, will be disadvantaged.

-end-



KEY DATES / TIME LINE

(updated 1/14/97)

(Standing meeting dates are subject to change)

1997

January 15

AWBA Meeting - ADWR, 3rd floor conference room, 9:30 a.m.

January 16

Pinal GUAC Meeting - Pinal ADWR, 3:00 p.m.

January 17

Phoenix GUAC Meeting - Phoenix ADWR, 3rd floor conference room, 9:30 a.m.

January 24

Tucson GUAC Meeting - Tucson ADWR, 9:00 a.m.

January 27

Tucson Groundwater Regional Water Council meeting - 48 N. Tucson Bl., Ste. 106, Tucson, 7:30 a.m.

Week of February 3

Rita meet with editorial boards in the Phoenix and Tucson metro areas (tentative)

February 4

Mailing of February 19 agenda

February 5

Phoenix GUAC meeting - Phoenix ADWR, 3rd floor conference room, 9:30 a.m.

February 14

Mailing of materials to Authority members for February 19 meeting
Northwest Water Alliance Meeting (Board of Directors) - 11000 N. La Canada Dr.
Oro Valley, 7:30 a.m.

February 19

AWBA Meeting - ADWR, 3rd floor conference room, 9:30 a.m.

February 20

Pinal GUAC - Pinal ADWR, 3:00 p.m.

KEY DATE / TIME LINE

Page 2

February 21

Tucson GUAC Meeting - Tucson ADWR, 9:00 a.m.

March

General Fund appropriation for Authority determined by Legislature

March 1

INVENTORY OF EXISTING STORAGE FACILITIES DUE (45-2452)

Determination if existing facilities meet Authority's needs for next 10 years

If Facilities Inventory concludes additional facilities are needed - the Authority must develop plan for the development of additional storage facilities (45-2453)

March 5

Phoenix GUAC meeting - Phoenix ADWR, 3rd floor conference room, 9:30 a.m.

March 14

Northwest Water Alliance meeting - 11000 N. La Canada Dr., Oro Valley, 7:30 a.m.

March 20

Pinal GUAC meeting - Pinal ADWR, 3:00 p.m.

March 21

Tucson GUAC Meeting - Tucson ADWR, 9:00 a.m.

April 2

Phoenix GUAC meeting - Phoenix ADWR, 3rd floor conference room, 9:30 a.m.

April 11

Northwest Water Alliance meeting (Board of Directors) - 11000 N. La Canada Dr.
Oro Valley, 7:30 a.m.

April 17

Pinal GUAC meeting - Pinal ADWR, 3:00 p.m.

April 18

Tucson GUAC Meeting - Tucson ADWR, 9:00 a.m.

May 1

Any additional requests or changes in Cost of Services budgets submitted by Authority to DWR and CAWCD for FY 98

KEY DATE / TIME LINE

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May 7

Phoenix GUAC meeting - Phoenix ADWR, 3rd floor conference room, 9:30 a.m.

May 9

Northwest Water Alliance meeting - 11000 N. La Canada Dr., Oro Valley, 7:30 a.m.

May 15

Pinal GUAC meeting - Pinal ADWR, 3:00 p.m.

May 16

Tucson GUAC Meeting - Tucson ADWR, 9:00 a.m.

June 1

DWR/CAWCD submit Cost of Services budget proposals for FY 98 to Authority
Revised Cost of Services budget proposals approved by Authority (if necessary)
FY 98 Annual Operating Budget preliminarily reviewed by Authority

June

FY 98 Annual Operation Budget adopted by Authority

June 13

Northwest Water Alliance meeting - 11000 N. La Canada Dr., Oro Valley, 7:30 a.m.

July 1

TARGET TO STORE 100,000 AF OF COLORADO RIVER WATER (45-2451)
Fiscal Year 1998 begins - General Fund appropriations available

July 11

Northwest Water Alliance meeting (Board of Directors) - 11000 N. La Canada Dr.
Oro Valley, 7:30 a.m.

August 1

ANNUAL REPORT DUE TO GOVERNOR, PRESIDENT, SPEAKER (45-2426)
Submit to Governor, President and Speaker
(attempting to change to July 1 for previous calendar year)

August 8

Northwest Water Alliance meeting - 11000 N. La Canada Dr., Oro Valley, 7:30 a.m.

October 10

Northwest Water Alliance meeting (Board of Directors) - 11000 N. La Canada Dr.
Oro Valley, 7:30 a.m.

KEY DATE / TIME LINE

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November 1

STUDY COMMISSION INTERIM REPORT DUE

Interim report developed by Study Commission to be filed with the legislature

December 1

ANNUAL PLAN OF OPERATION (45-2456)

Authority shall adopt a plan for calendar year 1998

(attempting to change to January 1)

1998

November 1

STUDY COMMISSION FINAL REPORT DUE

Final report must be filed with the legislature

ARIZONA WATER BANKING AUTHORITY

created by
House Bill 2494 - Chapter 308
42nd Legislature
1996

45-2401. Declaration of policy and purpose

A. The legislature finds that this state is currently and temporarily underutilizing both the entitlement to Colorado river water confirmed to it by the United States supreme court in Arizona v. California, 373 U.S. 546 (1963), and the central Arizona project, which has the capacity to divert into this state a significant portion of this state's entitlement to Colorado river water. The legislature further finds that, due to the low priority on the Colorado river of the central Arizona project and other Arizona Colorado river water users, the susceptibility of this state to future shortages of water on the Colorado river is a threat to the general economy and welfare of this state and its citizens.

B. The legislature further finds that future water needs in the states of California and Nevada could exceed the entitlements of those states to Colorado river water. Those future water needs could thereby affect the general economy and welfare of this state and its citizens because of the close economic ties among Arizona, California and Nevada.

C. The legislature further finds that for the purposes of this chapter diverting Colorado river water for storage off of the Colorado river system is a consumptive use of that water.

D. The legislature further finds that water banking is complimentary and compatible with existing water management efforts. The Arizona water banking authority will compliment and assist the activities of the central Arizona water conservation district in its mission to provide a dependable and cost-effective water supply.

E. The legislature therefore finds that it is in the best interest of the general economy and welfare of this state and its citizens to:

1. Use the central Arizona project to store otherwise unused Arizona entitlement to Colorado river water within this state to meet future water needs within this state.

2. Provide the opportunity to the states of California and Nevada to store currently unused Colorado river water in Arizona to meet future needs in those states.

F. The public policy and general purposes of this chapter are to:

1. Increase utilization of Arizona's Colorado river entitlement that was confirmed to Arizona by the United States supreme court in article ii(b)(1), (2) and (6) of the decree entered at Arizona v. California, 376 U.S. 340 (1964), and that would otherwise be unused in Arizona, by delivering that water into this state through the central Arizona project aqueducts.

2. Store water brought into this state through the central Arizona project to protect Arizona municipal and industrial water users against future water shortages on the Colorado river and disruptions of operation of the central Arizona project.

3. Store water brought into this state through the central Arizona project to fulfill the water management objectives of this state set forth in chapter 2 of this title.

4. Provide the opportunity for storing water brought into this state through the central Arizona project to be available to implement the settlement of water right claims by Indian communities within Arizona.

5. Provide the opportunity to authorized agencies in the states of California and Nevada to store otherwise unused Colorado river water in Arizona to assist those states in meeting future water needs.

45-2402. Definitions

Unless the context otherwise requires, the terms defined in sections 45-101, 45-402 and 45-802.01 have the same meaning in this chapter and for purposes of this chapter:

1. "Authority" means the Arizona water banking authority.
2. "Banking fund" means the Arizona water banking fund.
3. "Central Arizona water conservation district" or "CAWCD" means the multi-county water conservation district established under title 48, chapter 22.
4. "Commission" means the Arizona water banking authority commission.
5. "Decree" means the decree entered by the United States supreme court in Arizona v. California, 376 U.S. 340 (1964).

45-2421. Arizona water banking authority

A. The Arizona water banking authority is established. The purposes, powers and duties of the authority shall be executed by a commission to be known as the Arizona water banking authority commission.

B. The commission consists of the following members who are residents of this state:

1. The director of water resources who serves as chairperson of the commission.
2. The president of CAWCD or a representative designated by that president.
3. One person who is appointed by the governor pursuant to section 38-211 and who is knowledgeable in water resource management.
4. One person appointed by the governor pursuant to section 38-211 who represents an entity that holds a central Arizona project municipal and industrial subcontract.

5. One person appointed by the governor pursuant to section 38-211 who represents an entity located in a county adjacent to the mainstream of the Colorado river that holds a valid contract with the secretary of the interior executed before June 1, 1996, for diversion and beneficial consumptive use of Colorado river water in that county.

C. The commission members appointed by the governor shall serve a six year term of office. A member may serve more than one term and may continue to serve beyond the expiration of the term until a successor is appointed and assumes office. The term of office for the commission members appointed by the governor begins and ends on the third Monday in January. The commission members appointed pursuant to subsection B, paragraphs 3, 4 and 5 may be removed by the governor for cause.

D. The commission members appointed by the governor serve without compensation but are eligible for reimbursement for expenses from the banking fund pursuant to title 38, chapter 4, article 2.

E. In order to qualify for office members of the commission shall take and subscribe to an official oath to perform the duties of their office. The oath shall be filed with the director. The official oaths shall be in the form prescribed by law for official oaths of state officers.

F. The president of the senate, or a senator designated by the president, and the speaker of the house of representatives, or a representative designated by the speaker, shall each serve as nonvoting ex officio members of the commission.

G. Members of the commission are public officers and are subject to all provisions of law applicable to these officers.

H. Members of the commission are immune from liability for any action necessary to carry out the purposes of this chapter.

45-2422. Organization of commission; powers and duties; exemption

A. The commission shall select a vice-chairperson and a secretary from among its membership who shall each hold office for terms of two years to begin and end on the third Monday in January.

B. The powers and authority vested in and the duties imposed on the authority shall be exercised by a minimum of three voting members of the commission voting in agreement.

C. The authority is not a public service corporation subject to regulation by the Arizona corporation commission.

45-2423. Powers and duties of authority

A. The authority, acting through its commission, shall:

1. Administer the Arizona water banking fund in accordance with this chapter.

2. Coordinate its staffing needs with the director and CAWCD.

3. Coordinate the storage of water and distribution and extinguishment of long-term storage credits with the director in accordance with this chapter and the water management objectives set forth in chapter 2 of this title.

4. Coordinate with CAWCD for the purchase, delivery and storage of Colorado river water delivered through the central Arizona project in accordance with this chapter.

5. Coordinate and confer with state agencies, municipal corporations, special districts, authorities, other political subdivisions, private entities, Indian communities and the United States on matters within their jurisdiction relating to the policy and purposes of this chapter.

6. Determine, on an annual basis, the quantity of Colorado river water to be stored by the authority and where that storage will occur.

7. Account for, hold and distribute or extinguish long-term storage credits in accordance with this chapter.

8. Comply with all aspects of chapter 3.1 of this title.

9. Adopt an official seal for the authentication of its records, decisions and resolutions.

10. Keep the minutes of its meetings, all records, reports and other information relating to its work and programs in permanent form, systematically indexed and filed.

B. The authority, acting through its commission, may:

1. Apply for and hold water storage permits.

2. Accrue, exchange and hold long-term storage credits in accordance with this chapter.

3. Make and execute all contracts, including intergovernmental agreements pursuant to title 11, chapter 7, article 3, that shall be signed by the chairperson, or in the chairperson's absence the vice-chairperson, and attested by the secretary, necessary to:

(a) Obtain for storage Colorado river water delivered through the central Arizona project. Agreements by which the authority obtains Colorado river water are exempt from the requirements of title 41, chapter 23.

(b) Affiliate water storage permits held by the authority with storage facility permits.

(c) Store Colorado river water at permitted storage facilities.

(d) Distribute long-term storage credits earned by the authority to make water available to municipal and industrial users of Colorado river water in this state that are inside or outside of the CAWCD service area, in accordance with the provisions of this chapter.

(e) Store Colorado river water in Arizona on behalf of appropriately authorized agencies in California and Nevada.

(f) Cause a decrease in Arizona diversions from the Colorado river, ensuring that Arizona will use less than its full entitlement to Colorado river water in years in which California and Nevada agencies are contractually authorized to call on the water stored on their behalf by the authority.

(g) Distribute long-term storage credits earned by the authority on behalf of agencies in California and Nevada to Colorado river water users in Arizona to use in place of Colorado river water that would have otherwise been used by those Arizona users.

4. Sue and be sued.

5. Perform all other acts necessary for the authority to carry out its purposes, powers and duties in accordance with this chapter.

45-2424. Administration

A. The director shall provide administrative, technical and legal support to the authority to the extent requested by the authority. The director may hire staff, who shall be employees of the department of water resources, necessary to provide the level of support requested by the authority.

B. The director may employ a person in the capacity of Arizona water banking authority manager who shall be an employee of the department of water resources. The person employed in this capacity shall possess a high level of expertise and experience in Colorado river and water resource management in Arizona.

C. The director, on an annual basis, shall prepare and submit to the authority a budget showing the cost of providing the services requested by the authority for the following fiscal year. The authority may adjust its request for services, or when satisfied with the budget, may adopt it. The authority shall reimburse the department of water resources with monies from the banking fund for the services provided the authority in accordance with an adopted budget.

D. The CAWCD shall provide technical support to the authority to the extent requested by the authority. That technical support shall include expertise in the annual operation and capacity of the central Arizona project aqueducts and on the use of those aqueducts to fulfill the purposes of this chapter without impeding other water deliveries by CAWCD. The CAWCD, on an annual basis, shall prepare and submit to the authority a budget showing the cost of providing the services requested by the authority for the following fiscal year. The authority may adjust its request for services, or when satisfied with the budget, may adopt it. The authority shall reimburse the CAWCD with monies from the banking fund for the services provided the authority in accordance with an adopted budget.

45-2425. Arizona water banking fund

A. The Arizona water banking fund is established. The state treasurer shall establish subaccounts of the banking fund based on funding sources. The authority shall administer the fund in accordance with this chapter.

B. The banking fund consists of all of the following:

1. Monies appropriated from the state general fund by the legislature.

2. Reimbursement for the distribution of long-term storage credits, collected by the authority in accordance with section 45-2457, subsection B, paragraph 2.

3. Monies paid to the authority by the recipients of in lieu water at a groundwater savings facility, in accordance with section 45-2455, subsection C.

4. Monies collected in accordance with section 45-611, subsection C, paragraph 3.
 5. Monies deposited in the fund in accordance with section 48-3715.03, subsection B.
 6. Monies paid to the authority by agencies that have entered into interstate banking agreements with the authority in accordance with section 45-2471.
- C. In addition to the monies prescribed in this section, the authority may accept any gifts, grants or donations and deposit those monies in the banking fund.
- D. Monies in the banking fund are exempt from lapsing under section 35-190. Interest earned on monies in the banking fund shall be credited to the banking fund.
- E. The authority may use the banking fund to pay all reasonable expenses incurred in carrying out its duties and responsibilities in accordance with this chapter.

45-2426. Annual report

- A. The commission shall make and submit to the governor, president of the senate and speaker of the house of representatives on or before August 1 of each year a report containing a full and complete account of its transactions and proceedings for the preceding fiscal year. The authority may submit with the report a request for a general fund appropriation for the following fiscal year.
- B. The report shall contain all of the following:
1. An accounting of all monies expended from the banking fund.
 2. An accounting of all monies in the banking fund remaining available to the authority.
 3. The amount of water stored by the authority.
 4. The number of long-term storage credits distributed or extinguished by the authority.
 5. The purposes for which long-term storage credits were distributed or extinguished by the authority.
 6. Any other matter determined by the authority to be relevant to the policy and purposes of this chapter.
- C. If the authority submits a request for a general fund appropriation with its annual report, it shall include with the request a budget detailing how the appropriation would be used and justifying the need for the appropriation.

45-2427. Limitation on powers

- A. This chapter does not authorize the authority to exercise any right of eminent domain.
- B. The authority shall not store Colorado river water that would otherwise have been used in this state.
- C. The authority shall not enter into contracts with agencies in California and Nevada for the storage of water on their behalf until both of the following occur:
1. Regulations are in effect, promulgated by the secretary of the interior of the United States, that facilitate and allow the contractual distribution of unused entitlement under article II(b)(6) of the decree.
 2. The director finds that the rules promulgated by the secretary of the interior adequately protect this state's rights to Colorado river water, as those rights are defined by the decree.

45-2451. First year banking program

By July 1, 1997, the authority shall have used its best efforts to store pursuant to this chapter a minimum of one hundred thousand acre-feet of Colorado river water in this state. The annual report of the authority to the governor, the president of the senate and the speaker of the house of representatives due on August 1, 1997 shall report the amount of water stored since the effective date of this chapter and if one hundred thousand acre-feet of water have not been stored, the reasons why this goal has not been achieved.

45-2452. Storage facility inventory

A. By march 1, 1997, the authority shall prepare and assess an inventory of existing storage facilities in this state to determine whether existing storage facilities are available to meet the authority's needs for the following ten years. The authority shall give special consideration to storage facilities constructed with monies from the state water storage fund, established pursuant to section 45-897.01. The inventory shall identify the location and capacity of each storage facility and the feasibility of the authority storing water at the identified facilities.

B. In assessing the inventory, the authority shall consult with the department of water resources to determine whether storage by the authority at each storage facility identified in the inventory as a potential storage facility to be used by the authority promotes the water management objectives set forth in chapter 2 of this title.

C. In assessing the inventory, the authority shall consult with CAWCD to determine whether central Arizona project water delivery and storage are feasible at each storage facility identified in the inventory as a potential storage facility to be used by the authority.

D. Based on the consultations with the department of water resources and the CAWCD and any other relevant factors, the authority shall determine whether storage facilities exist in this state to meet the water storage needs of the authority for the following ten years. In making this determination, the authority shall maximize to the extent feasible storage facilities constructed with monies from the state water storage fund, established pursuant to section 45-897.01.

E. The authority shall adopt the storage facility inventory if the authority determines that all of the following apply to the storage facility inventory:

1. It represents an accurate inventory of storage facilities in this state.
2. It accurately identifies those storage facilities that are available for the authority's use.
3. It accurately determines whether additional storage facilities are needed for the authority's use during the following ten years.

F. The authority shall subsequently update the storage facility inventory at least once every five years.

45-2453. Plan for additional storage facilities

A. If a storage facility inventory or an update concludes that additional storage facilities are necessary to meet the needs of the authority for the following ten years, the authority shall develop a plan for the development of additional storage facilities that specifies the type, location, date needed and capacity of additional storage facilities necessary to meet the needs of the authority.

B. In developing the plan for additional storage facilities, the authority shall consider all of the following:

1. The amount of additional storage capacity needed to meet the authority's water storage needs.

2. The advice of the department of water resources regarding where water storage would most contribute to meeting the water management objectives set forth in chapter 2 of this title.

3. The advice of cawcd regarding the feasibility of delivering and storing central Arizona project water at any proposed storage facility.

4. The advice of the department of environmental quality regarding any potential adverse impacts from a proposed storage facility to landowners and water users in the vicinity of any proposed storage facility.

5. The potential costs to the authority of facilitating the construction or development of a proposed storage facility and the cost-effectiveness of any proposed storage facility.

6. Whether CAWCD or other entities would be willing to construct, maintain and operate any proposed storage facility.

7. The way in which water stored at a proposed storage facility could be used by the authority to achieve the policy and purposes of this chapter.

8. Any other factor the authority determines to be relevant.

C. Before adopting a plan for additional storage facilities, the authority shall prepare a draft plan for additional storage facilities. The authority shall solicit public comment on the draft plan for additional storage facilities by presenting the draft plan:

1. To the groundwater users advisory councils for the Tucson, phoenix and Pinal active management areas. The presentation shall be made at publicly noticed open meetings of each advisory council at which members of the public shall be allowed to comment on the draft plan for additional storage facilities.

2. If any proposed storage facility is located outside of an active management area, to the county board of supervisors for each county in which a proposed facility is to be located. The presentation shall be made at a publicly noticed open meeting of the county board of supervisors at which members of the public shall be allowed to comment on the draft plan for additional storage facilities.

D. The authority may revise the draft plan for additional storage facilities based on the public comment received.

E. The authority shall adopt the plan for additional storage facilities if the authority determines that the plan, when implemented, will meet the needs of the authority for the following ten years. If adopting a plan for additional storage facilities, the authority shall adopt the plan within nine months of adopting the storage facility inventory or update.

F. The authority may modify an adopted plan for additional storage facilities after soliciting public comment on the modification in accordance with subsection C of this section.

45-2454. Implementation of storage facilities plan

A. The authority shall implement an adopted plan for additional storage facilities.

B. To facilitate the development or construction of additional storage facilities required by a plan, the authority shall solicit proposals from CAWCD and other entities willing to undertake the development or construction of those storage facilities. The authority may negotiate and enter into water storage agreements in accordance with section 45-2455 with CAWCD and other entities that submit proposals acceptable to the authority.

45-2455. Water storage agreements; groundwater savings facilities

A. The authority may not own, develop, operate or construct storage facilities but may enter into contracts to reserve storage capacity at storage facilities and may pay reasonable compensation for those reservations.

B. The authority may enter into agreements with storage facility permit holders to store water at storage facilities and may pay reasonable compensation for the costs associated with operating and maintaining a storage facility to the extent that the storage facility is used to store water for the purposes of the authority.

C. To store water at a groundwater savings facility, the authority may enter into agreements that require the recipients of in lieu water to pay to the authority all or part of the cost of providing the in lieu water to the recipients.

D. Agreements entered into under this section shall not impede the ability of the CAWCD to meet the obligations of its central Arizona project water service contracts and subcontracts.

45-2456. Annual plan of operation

A. By December 1 of each year, the authority shall adopt a plan of operation for the following calendar year.

B. In developing the plan of operation, the authority shall consider all of the following:

1. The amount of Colorado river water available for storage.

2. The advice of the department of water resources regarding where water storage would most contribute to fulfilling the water management objectives set forth in chapter 2 of this title.

3. The advice of cawcd regarding the amount and location of water delivery and storage that is feasible.

4. The respective costs of storing water at available storage facilities.

5. The amount of storage allowed by water storage permits held by the authority.

6. The monies available from the banking fund.

7. The way in which water stored could be used by the authority to achieve the policy and purposes of this chapter.

8. Any other factor the authority determines to be relevant.

C. The authority shall prepare a draft plan of operation each year. The authority shall solicit public comment on the draft plan of operation by presenting the draft plan of operation:

1. To the groundwater users advisory councils for the Tucson, Phoenix and Pinal active management areas. The presentation shall be made at publicly noticed open meetings of each advisory council at which members of the public shall be allowed to comment on the draft plan of operation.

2. If any water storage during the year is to occur outside of an active management area, to the county board of supervisors for each county in which the storage is to occur. The presentation shall be made at a publicly noticed open meeting of the county board of supervisors at which members of the public shall be allowed to comment on the draft plan of operation.

D. The authority may revise the draft plan of operation based on the public comment received.

E. An adopted plan of operation shall include all of the following:

1. A projection of expenditures for acquiring water.

2. A projection of the amount of water to be acquired each month by the authority.

3. A projection of the cost of delivering that water through the central Arizona project to a storage facility, including fees for the operation, maintenance, pumping energy and capital costs of the central Arizona project as established by CAWCD.

4. A projection of expenditures for water storage.

5. A projection of water storage permits to be obtained and a projection of with which storage facility permit each water storage permit will be affiliated.

6. A projection of the amount of water to be stored, accounted for by active management area, and if water storage will occur outside of an active management area, by groundwater basin or subbasin.

7. A projection of long-term storage credits that will be distributed or extinguished, accounted for by location where the long-term storage credits were stored, the purpose for which the distribution or extinguishment will occur and the persons to whom the long-term storage credits will be distributed.

8. Any other matter determined to be relevant by the authority.

F. The authority may modify an adopted plan of operation.

G. The authority shall operate in accordance with its adopted or modified plan of operation.

45-2457. Accounting; rules of operation

A. The authority shall develop an accounting system for the long-term storage credits accrued by the authority. The accounting system shall be designed to allow the authority to determine which funding source of the banking fund paid for each long-term storage credit accrued by the authority.

B. The authority shall operate in accordance with all of the following rules of operation:

1. The authority shall reserve a reasonable number of long-term storage credits accrued with general fund appropriations for the benefit of municipal and industrial users of Colorado river water in this state that are outside of the service area of CAWCD.

2. The authority may distribute long-term storage credits accrued with general fund appropriations for both of the following:

(a) To make water available to a municipal and industrial user of Colorado river water in this state that is outside of the service area of CAWCD, if both of the following apply:

(i) The municipal and industrial user would otherwise suffer a water shortage. The authority may distribute long-term credits to the extent reasonably necessary to offset the water shortage.

(ii) The authority collects reimbursement for the cost to the authority of replacing the long-term storage credits distributed.

(b) To make water available to CAWCD to the extent necessary for CAWCD to meet the demands of its municipal and industrial subcontractors, if all of the following apply:

(i) CAWCD's normal diversions from the Colorado river have been or will be disrupted by shortages on the river or by disruptions in the operation of the central Arizona project.

(ii) The authority does not distribute for this purpose the long-term storage credits reserved in accordance with paragraph 1 of this subsection.

(iii) The authority collects reimbursement from CAWCD for the cost to the authority of replacing the long-term storage credits distributed.

3. The authority may distribute or extinguish long-term storage credits accrued with general fund appropriations to implement the settlement of water right claims by Indian communities in this state.

4. On request from the director, the authority may extinguish long-term storage credits accrued with general fund appropriations to fulfill the water management objectives set forth in chapter 2 of this title.

5. The authority may exchange long-term storage credits accrued with general fund appropriations for long-term storage credits held by other persons if the long-term storage credits received by the authority were stored in a location that better enables the authority to fulfill the purposes and policies of this chapter than were the long-term storage credits exchanged by the authority. For the purposes of this paragraph, the authority may make exchanges of long-term storage credits stored in one active management area for long-term storage credits stored in a different active management area or of long-term storage credits stored in one groundwater basin for long-term storage credits stored in a different groundwater basin.

6. The authority shall distribute or extinguish long-term storage credits accrued with monies collected in accordance with section 45-611, subsection C, paragraph 3 only for the benefit of the active management area in which the monies were collected. The authority may distribute or extinguish these long-term storage credits to implement the settlement of water right claims by Indian communities in this state or, on request from the director, to meet the water management objectives set forth in chapter 2 of this title.

7. The authority shall distribute long-term storage credits accrued with monies deposited in the fund in accordance with section 48-3715.03, subsection B only for the benefit of the county in which the monies were collected. The authority shall distribute these long-term storage credits to CAWCD to the extent necessary to meet the demands of CAWCD's municipal and industrial subcontractors during times in which CAWCD's diversions from the Colorado river have been or will be disrupted by shortages on the Colorado river or by disruptions in operation of the central Arizona project.

C. Any other long-term storage credits accrued by the authority may be distributed or extinguished by the authority in accordance with the policy and purposes of this chapter.

D. Except as provided by subsection B, paragraph 7 of this section and except as provided by agreements entered into by the authority, the decision to distribute or extinguish any long-term storage credit accrued by the authority is at the complete discretion of the authority.

45-2471. Interstate water banking agreements

A. The authority may negotiate and enter into interstate water banking agreements with appropriately authorized agencies in California and Nevada, if all of the following apply:

1. The provisions of section 45-2427, subsection C have been met.
2. The director and at least two other voting members of the commission vote in agreement to enter into an interstate banking agreement.
3. The authority shall not enter into agreements with California and Nevada agencies that require the authority to reduce Arizona diversions from the Colorado river more than a total of one hundred thousand acre-feet of water in any one year.

4. No interstate banking agreement may be inconsistent with the decree.

B. In each interstate water banking agreement, the authority may agree to store Colorado river water in Arizona so that the stored water may be used in place of Arizona diversions from the Colorado river in years in which the California or Nevada agency requests water from the authority.

C. In each interstate water banking agreement, the California or Nevada agency shall agree to pay to the authority all costs that are or will be incurred by the authority in

storing and recovering Colorado river water pursuant to the interstate banking agreement. The costs include all of the following:

1. The cost of acquiring Colorado river water.
2. The cost of delivering that Colorado river water through the central Arizona project to a storage facility, including fees for the operation, maintenance, pumping energy and capital costs of the central Arizona project as established by CAWCD.
3. Amounts equivalent to taxes ordinarily paid by CAWCD subcontractors and their customers to pay for the repayment, operation and maintenance costs of the central Arizona project, to the extent those equivalent amounts are not collected by paragraph 8 of this subsection.
4. The cost of storing that Colorado river water.
5. The cost of constructing, operating and maintaining a storage facility to the extent that facility stores water for the California or Nevada agency.
6. The cost of recovering the stored water and delivering it to Colorado river water users in this state to use in place of Colorado river water that would otherwise be used.
7. A fee equivalent to the approximate amount of administrative, legal and technical expenses incurred by the authority in storing water for the California or Nevada agency, recovering that stored water and making an equivalent amount of Colorado river water available to the California or Nevada agency.
8. Any fee paid in lieu of taxes pursuant to section 48-3715, subsection B by the authority in acquiring the water to be stored.

D. In each water banking agreement, the authority shall agree that in years in which the California or Nevada agency requests recovery of water stored in Arizona, the authority shall cause a decrease in Arizona diversions from the Colorado river by the amount of water requested for recovery by the California or Nevada agency, thus creating unused entitlement for delivery to that agency by the United States secretary of the interior pursuant to article ii(b)(6) of the decree. These banking agreements may provide that during years when the secretary of the interior has declared a shortage on the Colorado river, no decrease in Arizona diversions shall be required.

E. Each interstate banking agreement shall specify that if the California or Nevada agency breaches the terms of the agreement the authority shall cease creating unused entitlement for that entity until the breach is cured.

45-2472. Distribution of long-term storage credits

A. The authority may distribute long-term storage credits accrued through the use of monies paid by California and Nevada agencies pursuant to interstate banking agreements to CAWCD or other users of Colorado river water in this state, if both of the following apply:

1. CAWCD or other water user agrees to use the long-term storage credits to replace diversions that otherwise would have been made from the Colorado river.
2. CAWCD or other water user agrees to reduce its diversion of Colorado river water in years in which the authority is obligated to recover stored water on behalf of a California or Nevada agency in an amount equivalent to the long-term storage credits distributed.

B. The authority may pay from the monies collected from the California or Nevada agency in the banking fund to CAWCD or other users of Colorado river water that have agreed to reduce diversions from the Colorado river in accordance with subsection A the amount necessary to compensate CAWCD or other water user for increased costs incurred in recovering and using the stored water in place of diverting Colorado river water.

MARICOPA - STANFIELD IRRIGATION & DRAINAGE DISTRICT

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RONALD B. KORTSEN, Vice-President
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Third Division
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DAN WALKER

December 20, 1996

Mr. William P. Schrader, President
Board of Directors
Salt River Project
P.O. Box 52025
Phoenix AZ 85071-2025

Re: Arizona Water Banking Authority Draft Plan of Operation for 1997

Dear Bill:

The purpose of this letter is to express the concern of the Maricopa-Stanfield Irrigation & Drainage District's Board of Directors with a letter dated November 6, 1996 directed to the Arizona Water Banking Authority ("Water Bank") on behalf of SRP. This letter, a copy of which is enclosed for your convenience, purported to express the position of SRP with respect to the Draft Plan of Operation for the Water Bank for 1997. The Draft Plan had included general fund tax moneys as well as ad valorem taxes collected in Pima County to be utilized to assist in funding indirect recharge in Pinal County in 1997, including approximately 78,000 acre feet in this district. As was discussed more than once in the "Kitchen Cabinet" meetings, from which the Water Bank Legislation evolved, the use of these funds in Pinal County was critical if Pinal County was to have meaningful participation in the Water Bank. It was discussed on many occasions that recovery credits from Pinal County could then be extinguished as a state or local contribution to Indian water rights settlements and it is our belief that this was one of the basic reasons for including A.R.S. §48-2401(F)(4) in the final Water Bank legislation. SRP was always represented in the Kitchen Cabinet discussions and, as you know, was instrumental in the formulation and passage of the Water Bank legislation.

Those portions of the November 6, 1996 letter submitted on behalf of SRP which has caused us concern is found on Pages 2 and 3. These paragraphs suggest that the Water Bank should not utilize any funds in Pinal County for indirect recharge given uncertainties about recovering credits in Pinal County for Pima County's benefits or even extinguishing credits for Indian settlement purposes. The result of this questionable analysis was the recommendation that the Pima County funds and the General Fund moneys be utilized in the Phoenix AMA as opposed to the Pinal AMA, thereby denying the Pinal AMA any benefit of the Water Bank program, at least until such time as the



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Pinal AMA could generate enough pump fees to justify a considerably lesser amount of indirect recharge from the Water Bank in 1998 and years thereafter.

We understand SRP's efforts to acquire as much of the Water Bank water as possible for both direct and indirect recharge purposes and we have no objection to SRP requesting substantial participation in the Water Bank program. However, we resent the SRP efforts to exclude meaningful Pinal County participation and, in particular, the participation of this district, when it was the united efforts of all of us to craft and lobby the passage of the Water Bank legislation in anticipation that it would benefit us all, while at the same time protecting important Arizona interests.

We hope in the future SRP will not take such an exclusionary approach to the use of General Fund moneys with the Water Bank. We would be happy to discuss this matter directly with you in the future and we would hope that if it is your decision to promote the exclusion of Pinal County from meaningful participation in the Water Bank, you will let us know and at least allow us the opportunity to discuss such actions with you prior to the date on which the Water Bank is set to make its decision.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis C. Nowlin". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dennis C. Nowlin
President

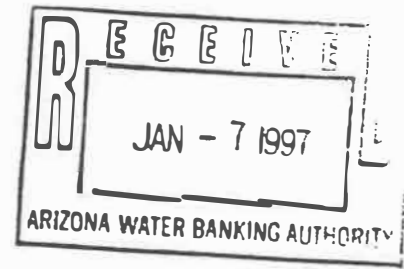
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cc: Mr. John Sullivan

Mr. John Williams

CENTRAL ARIZONA
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January 6, 1997

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PAUL R. ORME, General Counsel

Mr. Timothy J. Henley
Manager
Arizona Water Banking Authority
500 North 3rd Street
Phoenix, Arizona 85024-3903

Re: Response to Salt River Project's November 6, 1996 letter on the
Draft Plan of Operation for 1997

Dear Mr. Henley:

The purpose of this letter is to respond to the November 6, 1996 letter you received from Salt River Project ("SRP Letter") regarding the Draft Plan of Operation for 1997 for the Arizona Water Banking Authority ("Draft Plan"). The final 1997 Plan of Operation did not include utilizing ad valorem taxes collected in Pima County to partially fund indirect recharge in Pinal County, but it does include use of a substantial amount of General Fund tax monies for these purposes in Pinal County. The SRP Letter is highly critical of both of these approaches and would seek to exclude significant Pinal County participation in the Water Bank given Pinal County's small ad valorem tax base.

The Board of Directors of this District would like to reaffirm several points made at one of the Authority's meetings by Paul Orme, the District's General Counsel, in response to the SRP Letter. These include:

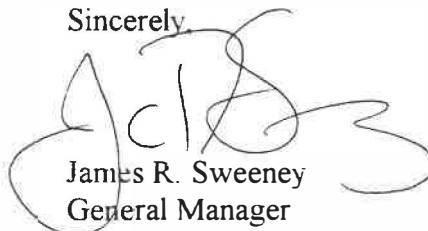
1. The DWR "Kitchen Cabinet" meetings, from which the Water Banking Authority legislation evolved, always contained Pinal County representation with the understanding that Pinal County would have meaningful participation in the Bank through indirect recharge programs as long as CAWCD's Target Pricing Program was not compromised;
2. Pinal County interests, including this District, supported the increase in the groundwater pumping fees set forth in the Water Banking Authority legislation, with the understanding that Pinal County would receive a significant amount of General Fund monies for indirect recharge in Pinal County;

3. Multiple statutory public policy purposes are served by use of General Fund monies for indirect recharge in Pinal County including:
- (a.) substantially increasing use of Arizona's Colorado River entitlement given Pinal County's ability to utilize large amounts of in-lieu water (A.R.S. Section 45-2401.F.1.);
 - (b.) substantially reducing groundwater pumping in Pinal County fulfills the water management objectives of the State of Arizona (A.R.S. Section 45-2401.F.3);
 - (c.) reduced groundwater pumping in Pinal County achieves certain Federal and Indian objectives and management of recovery credits accrued from General Fund monies could facilitate Indian water rights settlements (A.R.S. Section 45-2401.F.4); and
 - (d.) Pinal County indirect recharge programs may ultimately provide opportunities for other states to store water in Arizona (A.R.S. Section 45-2401.F.5).

SRP should be well aware of these benefits resulting to the State of Arizona from meaningful participation by Pinal County in the Arizona Water Bank given their participation in the "Kitchen Cabinet" meetings and the efforts to pass the Water Banking Authority legislation. Nevertheless, we hope that the Authority is aware that these benefits accrue to the entire state and not just Pinal County.

We would be happy to appear before the Authority to discuss the importance of meaningful participation by Pinal County in the Arizona Water Bank. We appreciate the Authority's apparent recognition of the benefits provided by indirect recharge in Pinal County based on the 1997 Plan of Operation and we hope the recognition of such benefits will continue in the future.

Sincerely,



James R. Sweeney
General Manager

JRS:go

cc: John Sullivan

Water Banking Authority to begin CAP recharge in Pima

By Keith Bagwell
The Arizona Daily Star

The Arizona Water Banking Authority will begin recharging Central Arizona Project water in Pima County next month, authority officials said yesterday.

They said the authority will recharge at least 2,100 acre-feet of CAP water this year in basins north of Avra Valley Airport.

The authority board in November approved a plan to recharge 18,100 acre-feet of the Colorado River water at four Tucson-area sites in 1997.

Its plan calls for recharging 60,000 acre-feet in Maricopa County and delivering more CAP water to farmers and other ground water users. The authority plans to recharge and deliver 367,000 acre-feet in Pima, Maricopa and Pinal counties in 1997.

Rita Pearson, Arizona Department of Water Resources director, said state water users are not

expected to need all the Colorado water they have rights to until 2030. Meanwhile, California uses it, she said.

The authority's banking program is to capture and store 14 million acre-feet of water that otherwise could go to California and Nevada, she said.

The Legislature created the authority last year. It uses a property tax of 4 cents per \$100 assessed value in Pima, Maricopa and Pinal counties.

At one of the four sites, the Central Arizona Water Conservation District district began recharging CAP water for the Metropolitan Water District in an 11-acre, four-basin location near Avra Valley Airport in July, said Clifford Neal, a CAWCD hydrologist.

"It's been recharging faster than we predicted," he said at a meeting of Pima County water-interest representatives yesterday. "Two of the basins have had phenomenal rates," he said.

The CAWCD operates the CAP canal system that delivers water to the three Arizona counties.

The pilot site was developed to store 4,160 acre-feet a year.

The second site - a 14-acre area with eight basins 16 miles south of Tucson, near Pima Mine Road and the Santa Cruz River, might not be ready for water until December, Neal said.

The authority's Pima County schedule calls for using the Pima Mine Road site to recharge 2,600 feet of CAP water from September through December.

At the third site, Pima County and Marana want to recharge 30,000 acre-feet of CAP water a year in eight basins covering 82 acres in the Santa Cruz flood plain, said Julia Fonseca, of the county.

She said the "Lower Santa Cruz River" site is in Marana - south of the river and north of the Avra Valley Airport project.

The authority wants to recharge 10,000 acre-

feet at the lower Santa Cruz site, also beginning in September.

Tucson Water, the city utility, is working on a fourth CAP recharge site in Central Avra Valley.

A 1995 voter-approved initiative requires Tucson Water to recharge or swap its full 148,000 acre-feet CAP allocation.

Bruce Johnson, Tucson Water's chief hydrologist, said it plans to recharge 60,000 acre-feet of CAP water a year and has 1,800 acres of land at the site.

But first it is seeking a pilot project permit to recharge 6,000 acre-feet a year in four one-acre basins, he said.

Tucson Water recently tested the basins with CAP water that had stagnated in the canal, and it clogged the basins, Johnson said.

The authority wants to recharge 4,600 acre-feet at the city's site from September to year's end.