

ARIZONA WATER BANKING AUTHORITY

WEDNESDAY, FEBRUARY 19, 1997
PHOENIX DEPARTMENT OF WATER RESOURCES

PLEASE PRINT

1	NAME: <i>MARVIN S. COHEN</i> REPRESENTING: <i>CITY OF TUCSON</i>	BUSINESS ADDRESS: <i>2929 N. CENTRAL 14TH FL. PHX, AZ 85012</i>	TEL: <i>240-2633</i> FAX: <i>240-2027</i> <i>279</i>
2	NAME: <i>MICHAEL BLOCK</i> REPRESENTING: <i>METRO WATER DISTRICT</i>	BUSINESS ADDRESS: <i>P.O. Box 36870 Tucson, AZ 85740</i>	TEL: <i>520-575-8100</i> FAX: <i>520-575-8454</i>
3	NAME: <i>HAROLD GOODMAN</i> REPRESENTING <i>City of Glendale</i>	BUSINESS ADDRESS: <i>5850 W. Glendale Ave, Glendale, AZ 85301</i>	TEL: <i>930-2582</i> FAX
4	NAME: <i>G.L. EDWARDS</i> REPRESENTING <i>CRD - NV.</i>	BUSINESS ADDRESS: <i>555 E. WASHINGTON AV LAS VEGAS NV. 89101</i>	TEL: <i>702-486-2690</i> FAX <i>702-486-2697</i>
5	NAME: <i>CHARLIE MAISH</i> REPRESENTING <i>METRO WATER DISTRICT</i>	BUSINESS ADDRESS: <i>P.O. Box 36870 Tucson, AZ 85740</i>	TEL: <i>520-575-8100</i> FAX <i>520-575-8454</i>
6	NAME: <i>TIMOTHY L. RECHT</i> REPRESENTING <i>ROBERT S. LYNCH (IEEA)</i>	BUSINESS ADDRESS: <i>340 E. PALM LN., STE 140 PHOENIX, AZ 85004-4529</i>	TEL: <i>254-5908</i> FAX <i>257-9542</i>
7	NAME: <i>Beth Millos</i> REPRESENTING <i>Mesa</i>	BUSINESS ADDRESS: <i>PO Box 1466 Mesa, AZ</i>	TEL: <i>644-2947</i> FAX <i>644-2768</i>
8	NAME: <i>DANA WALKER</i> REPRESENTING <i>PHELPS DODGE</i>	BUSINESS ADDRESS: <i>2600 N. CENTRAL AVE PHX, AZ 85004</i>	TEL: <i>234-6081</i> FAX <i>234-4847</i>
9	NAME: <i>Larry Dozier</i> REPRESENTING	BUSINESS ADDRESS: <i>C A S</i>	TEL: <i>870-2377</i> FAX

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WEDNESDAY, FEBRUARY 19, 1997

PHOENIX DEPARTMENT OF WATER RESOURCES

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10	NAME: <i>Bill Plummer</i> REPRESENTING <i>HWID</i>	BUSINESS ADDRESS: <i>5600 E. Indian Bend Rd Paradise Valley AZ 85253</i>	TEL: <i>602-922-4645</i> FAX <i>602-922-0739</i>
11	NAME: <i>Jan Laney</i> REPRESENTING <i>Az State Land Dept</i>	BUSINESS ADDRESS: <i>1616 W Adams Phx 85007</i>	TEL: <i>542-3500</i> FAX
12	NAME: <i>Cynthia Stefanovic</i> REPRESENTING <i>Az State Land Dept.</i>	BUSINESS ADDRESS <i>1616 W. Adams Phx 85007</i>	TEL: <i>542-3500</i> FAX <i>542-4668</i>
13	NAME: <i>DAVE ROBERTS</i> REPRESENTING <i>SRP</i>	BUSINESS ADDRESS	TEL: <i>236-2343</i> FAX <i>236-2159</i>
14	NAME: <i>Grant Ward</i> REPRESENTING <i>MSFDD</i>	BUSINESS ADDRESS <i>Box 870 Stamfield Az 85272</i>	TEL: <i>520-424-3344</i> FAX <i>520 424-3281</i>
15	NAME: <i>Harry Kuzgarian</i> REPRESENTING <i>MWD</i>	BUSINESS ADDRESS <i>350 S. Grand LA CA</i>	TEL: <i>213 2176082</i> FAX
16	NAME: <i>Doug C. McLean</i> REPRESENTING <i>ARWA</i>	BUSINESS ADDRESS <i>7000 N. 16th St Ste 120-307 Phx</i>	TEL: <i>602-395-1612</i> FAX <i>395-1943</i>
17	NAME: <i>Jim Peterson</i> REPRESENTING <i>Oro Valley + Northwest Water Alliance</i>	BUSINESS ADDRESS <i>11000 rd La Canada Oro Valley, AZ 85737</i>	TEL: <i>297-2591</i> FAX <i>297-0428</i>
18	NAME: REPRESENTING	BUSINESS ADDRESS	TEL: FAX

FINAL AGENDA

ARIZONA WATER BANKING AUTHORITY

Wednesday, February 19, 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 January 15th Meeting
- III. Discussion and adoption of Facilities Inventory
- IV. Discussion on the status of Direct Recharge partnership agreements
- V. Update of Plan of Operation
- VI. Update on the AWBA Study Commission and AWBA Recovery Subcommittee
- VII. Update on Interstate Water Banking
- VIII. Call to the Public
- IX. Adjournment

Future Meeting Dates:

Wednesday, March 19th, 9:30 a.m., ADWR

Wednesday, April 16th, 9:30 a.m., ADWR

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Arizona Water Banking Authority at (602) 417-2418 or (602) 417-2455 (TDD). Requests should be made as early as possible to allow time to arrange the accommodation.

ARIZONA WATER BANKING AUTHORITY
Draft Minutes

January 15, 1997 Meeting
Arizona Department of Water Resources



Welcome / Opening Remarks

Mr. Tom Griffin, vice-chairman opened the Water Banking Authority at 9:30 a.m.

Adoption of Minutes of November 20/December 17 Meetings

Bill Chase moved for adoption of the November 20 minutes, seconded by Grady Gammage. The November 20 minutes were adopted without amendment.

Mr. Walden requested the following changes to the December 17 minutes:

→ Change paragraph 2 on page 1 to read: Bill Chase requested that approval of the November 20 minutes be *withheld* pending editing from the Authority members.

→ Change paragraph 9 on page 1, line 2 to read: The Bank would permit the reduction of orders and will not impose take-or-pay obligations on the districts if the districts reduce their deliveries, and CAWCD has not imposed take-or-pay obligations on the Bank.

→ Change paragraph 6 on page 3, line 2 to read: 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.

The December 17 minutes were adopted with the stated changes.

Discussion of Partner Agreements / Signing Ceremony

Mr. Tim Henley, AWBA Manager, stated that the agreements have been sent to the facilities for review and comment. Chairman Rita Pearson has already been authorized to sign the agreements on behalf of the Authority and the CAWCD Board approved the form agreement at their last Board meeting. Mr. Henley stated that Authority staff is working with the Governor's office for a date around the end of January for the inaugural signing ceremony.

Mr. Gammage commented that the CAWCD Board has discussed the agreements. The new CAWCD Board members are not used to the way 'business' has been done in the past (in regards to the agreements). Once the Board approves a standard form, staff is responsible for executing the agreements. He noted that he would expect a similar procedure for Authority agreements.

Mr. Henley stated that the Water Bank will be using a standard agreement with Groundwater Savings Facilities (GSF's). However, individual agreements will be needed for most Underground Storage Facilities (USF's).

Mr. Chase inquired about the status of an agreement for the use of GRUSP. Mr. Henley replied that the Water Banking Authority has had an additional meeting with the Salt River Project (SRP) to discuss the agreement and he felt that it went well. They talked about issues that concerned both SRP and the Water Banking Authority. One of the areas of major concern within the agreement that SRP had provided to the Authority was the issue of liability and whether the Water Banking Authority would indemnify SRP for various liabilities. Mike Pearce, Chief Counsel for the Department of Water Resources (ADWR), stated that Risk Management has been consulted and feels that they have made some progress in defining the Authority's ability to indemnify SRP. Mr. Henley stated that staff is pursuing the issue and feels the Authority and all parties involved recognize that GRUSP is an area where they would like to recharge. He went on to say that ADOT has already entered in a similar agreement with SRP that was reviewed and approved by Risk Management and the Attorney General's office. It is hoped that recharge can begin at GRUSP in February.

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

EX OFFICIO MEMBERS
Senator Pat Conner
Rep. Bill McGibbon

Mr. Walden asked for a quick summary of the following issues of liability:

- ① Potential to contaminate the underground water supply by introduction of poor quality water through direct recharge;
- ② The potential to cause harm by the escape of water (surface water) that is put in the recharge facility;
- ③ The degree of personal liability or injuries.

Mr. Pearce commented that the Authority needed to be careful how any agreement is worded and be very careful as to who the partners in any agreement will be, as not to place the Water Banking Authority as the 'deep pocket' at GRUSP. The Water Banking Authority should be willing to assume their share of liability for their water, but not for others.

Bruce Hallin from SRP explained that the agreement SRP is asking the Water Banking Authority to sign is the exact same agreement that all other entities have signed to utilize the GRUSP facility.

Mr. Henley noted that the Department of Water Resources will not be a signing entity, rather the agreement will be between the Water Banking Authority and the Salt River Project.

Update of Plan of Operation

Mr. Henley stated that initial agreements are scheduled to be signed on January 24th. He provided graphs describing how the AWBA will achieve the Plan of Operation for 1997. Mr. Henley mentioned that, in consultation with Mr. Dozier from CAWCD, that deliveries to GRUSP could potentially be made up for later in the year, assuming capacity exists in the aqueduct.

In addition, Mr. Henley noted that the first payment by the Authority to CAWCD of \$603,675 had been made in December for water scheduled for delivery in January (per the IGA). The Water Bank will continue to make monthly payments of \$603,675 for the remainder of the year.

Discussion of Facilities Inventory / Storage Site Criteria

Mr. Henley reviewed the statutory mandate for the development of a Facilities Inventory and the anticipated process in the development of the Inventory. He noted that the statute requires the Water Bank to approve a Storage Facilities Inventory by March 1, 1997 identifying locations, capacities and the feasibility of the Authority to store and the facilities; and requires an inventory of existing facilities.

It has been suggested that the Water Banking Authority staff include a listing of any potential or proposed sites in the Inventory which may be developed, providing information for use by the Authority in the development of any future plan for additional storage facilities if one is needed.

Arizona Water Banking Authority staff is required to consult with the Arizona Department of Water Resources (ADWR) concerning the promoting of water management objectives. ADWR is also required in the Third Management Plan to develop a plan on the need for additional facilities. The Water Banking Authority has worked and will continue to work in conjunction with ADWR on the these issues.

The Authority is required to update the Inventory at least every 5 years, but will most likely revisit it with the development of the Third Management Plan by the Department of Water Resources.

Mr. Henley went on to state that the intent of the legislation was for the Inventory to be used in making a determination if enough facilities currently existed to meet the Authority's needs for the next ten years, or if additional facilities are needed by the Authority to meet its objectives over the next 10 years. If a decision is made by the Authority, based on the Storage Facilities Inventory that additional facilities are needed, the Authority must then develop a plan for additional storage facilities.

Mr. Gammage suggested that the inventory would be most useful if it were broken down in the following three categories, with subtotals in each category:

- I. Facilities fully permitted;
- II. Facilities in the permitting process;
- III. Facilities likely to be permitted in the near future.

Mr. Griffin asked about the timing for the issuance of a facility permit by ADWR. Mr. Cahoy, Deputy Counsel for the Arizona Department of Water Resources, answered that the average time is 100 days, if there are no public objections. An additional 30 days are required if there are public objections, making the process take four, five, or six months in some cases.

Mr. Henley said that an up-to-date list of facilities will soon be available for review by AWBA members and the public, for adoption at the February 19th AWBA meeting. If a facility is left out of the final version of the inventory, it does not necessarily mean that the facility will not be utilized by the Authority. It only means that the facility was not included when the inventory list plan was put together.

Mr. Griffin recognized Mr. Karl Kohlhoff, Assistant Utilities Manager for the City of Mesa. He commented that he supports the AWBA 1997 Plan of Operation and described it as very aggressive. In regards to the Storage Site Criteria, he felt the Plan was flawed in its handling of additional storage in Pinal County. He wanted his question to go on record as to how an acre-foot of water stored by the Water Bank in Pinal County was ever going to be recovered and delivered. Mr. Kohlhoff also noted that he feels that M&I firming is a "myth" (a very sore subject), and would like to see hard evidence that the credits can be recovered in the future.

Mr. Walden asked Mr. Kohlhoff if he had any suggestions, whereas Mr. Kohlhoff suggested that the Authority put the water where it could be recovered.

Mr. Henley stated that the Authority does recognize the fact that there are some issues that need to be addressed concerning the recovery issue. He noted that the AWBA has created a recovery subcommittee that is working to try and resolve some of the issues.

Mr. Henley briefly reviewed the Storage Site Criteria and noted that it should be available for Authority approval by April.

Update on the AWBA Study Commission and AWBA Recovery Subcommittee

Herb Dishlip, Assistant Director for the Arizona Department of Water Resources stated that the Study Commission has held four meetings to date and the next meeting is scheduled for January 23.

At the first meeting the committee spent some time talking about the organization of the Study Commission, the rules, and the prioritization of issues. A consensus was developed to spend time doing background work; including general information, Colorado River entitlement, the needs of California/Nevada, and issues along the River.

At the last meeting, the Study Commission put together a list of goals they want to cover in the upcoming months organized into four categories:

- ① The study of existing powers/duties of the Water Banking Authority during its first year of operation;
- ② To study additional uses of the Water Banking Authority in Arizona, in cooperation with California and Nevada;
- ③ Identify appropriate mechanisms that will enable Indian communities that hold Colorado River entitlements to participate with the Water Banking Authority;
- ④ To make recommendations of the continuation of modifications of the four cent tax.

Based on discussions from the last meeting, members of the Study Commission are focusing on #2 and #3 - additional Water Banking opportunities in cooperation with California and Nevada and Indian issues.

The Study Commission also plans to spend some time focusing on the Indian Issues Subcommittee, opportunities for storage protection, augmentation, and recovery issues. Colorado River operations will also be discussed at upcoming meetings.

Update on Interstate Water Banking

Mr. Henley gave a brief overview of the Colorado River Water Users meeting that occurred in December 1996. Secretary Babbitt addressed the group with a significantly different message than what has been said in the past. At this meeting, Secretary Babbitt recognized the Water Banking Authority and Mr. Henley stated that it was very complimentary of Arizona's efforts.

Prior to the CRWU's meeting, six of the seven basin states met with Secretary Babbitt to carry the message that the six states are very concerned about what's happening in California, and that the issues that don't seem to be resolved in California are spilling over to potentially impact the other six states. Secretary Babbitt also addressed the issues of regulations and the need to continue to look and develop regulations, although it was addressed in terms of a very limited scope.

Mr. Henley noted that the Water Bank has had conversations with Bob Johnson, Regional Director with the Bureau of Reclamation. The Bureau of Reclamation does think that there are other things that are probably non-controversial that could move forward at the same time.

Mr. Chase commented that the Secretary's speech was a "good news" speech.

In addition, Mr. Henley noted that the Arizona Department of Water Resources has made some personnel changes, adding Tom Carr as Manager to the Colorado River Management division.

Call to the Public

Larry Dozier from CAWCD commented that the cost of recovery is of great concern, especially when looking at the issues of recovery for M&I firming purposes in times of shortage on the River. Shortages are not expected for Arizona for 30 years, but some storage demand may exist on behalf of interstate interest as early as 2015. Mr. Dozier stated the need to prioritize the expenditure of money, maximizing the utilization of the Colorado River entitlement.

Jimmy Jayne, AWBA Technical Administrator, noted the appointment of Representative Bill McGibbon to the Authority replacing Speaker Mark Killian, as the ex-officio member from the House of Representatives. A new Senate member had yet to be appointed.

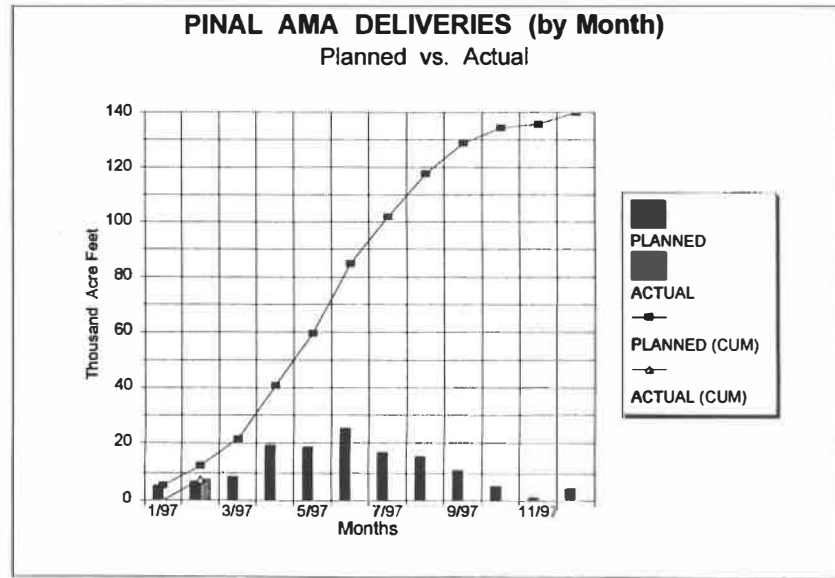
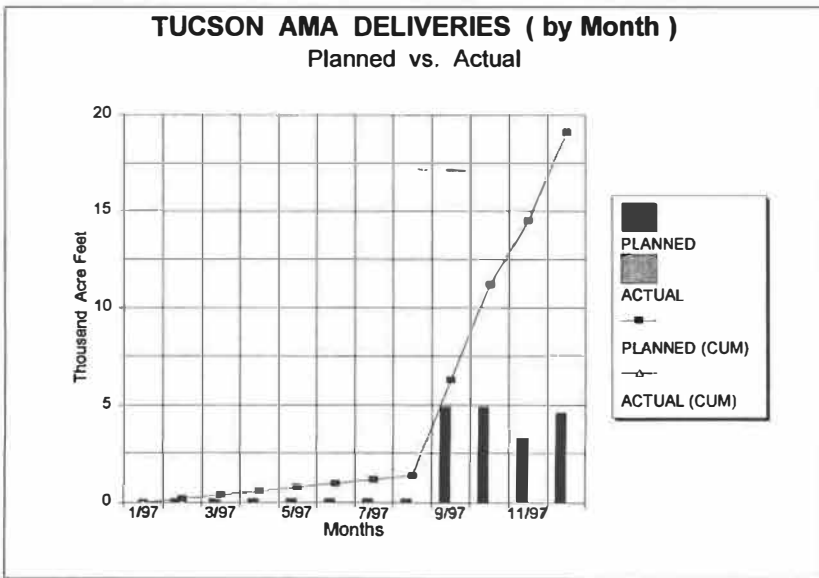
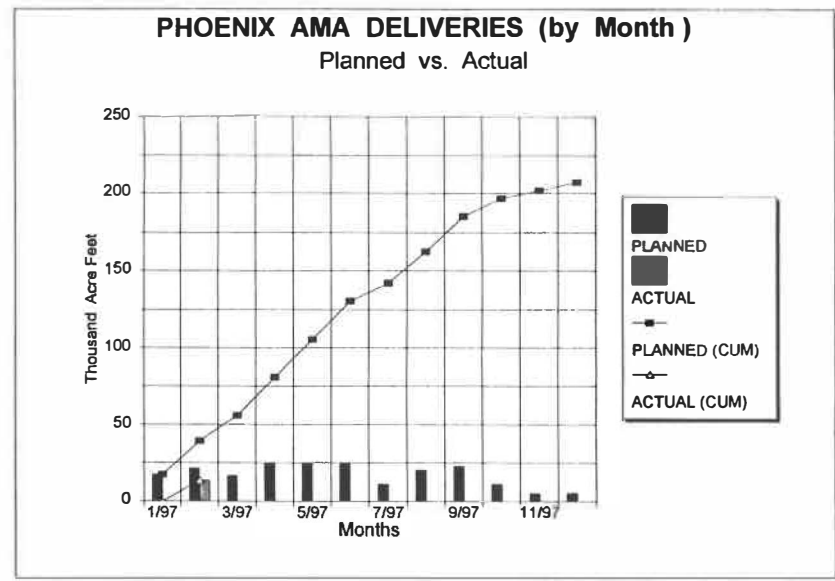
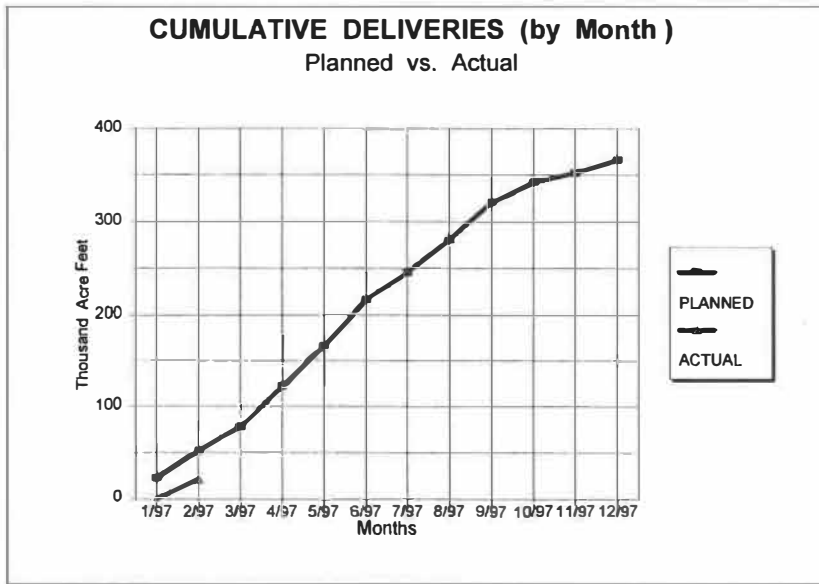
He further mentioned that Rep. Don Aldridge had been elected Speaker of the House and Brenda Burns had been elected President of the State Senate. Mr. Aldridge has since appointed Representative McGibbon as Speaker pro-tem of the House of Representatives.

The \$2 million general fund appropriation request for FY 98 is still pending, but has a great deal of support.

The only legislative business that involves the Authority for 1997 are the two proposed changes that are included in the ADWR omnibus bill: 1) the change in the Annual Plan of Operation date, 2) the Annual Report date.

Mr. Griffin adjourned the meeting at 11:00 a.m.

1997 PLAN OF OPERATION



ARIZONA WATER BANKING AUTHORITY

Update of the **PLAN OF OPERATION** as of February 14, 1997

Each month Water Banking staff will provide an update of the status of facilities included in the Arizona Water Banking Authority 1997 Annual Plan of Operation. The update will include a continually updated description of each facility and corresponding information, including what has been stored there to-date and projected storage for the next month.

GENERAL INFORMATION

The inaugural Arizona Water Banking Authority agreement signing ceremony was held on Friday, January 24th at the Main Roosevelt Water Conservation District Pump House. The event was attended by the Governor, Authority members, irrigation district presidents and general managers, and many others. The ceremony was very successful and hopefully the first of several more to come.

PHOENIX AMA

Water storage agreements were signed by the Arizona Water Banking Authority on Friday, January 24th with Chandler Heights Citrus Irrigation District (500 af); New Magma Irrigation & Drainage District (40,000 af); Queen Creek Irrigation District (16,000 af); and Roosevelt Water Conservation District (67,000 af) for storage of approximately 123,500 af of storage by the Water Bank in calendar year 1997 in the Phoenix AMA.

It appears that the Water Bank will not be partnering with Maricopa Water District No. 1 (MWD) for calendar year 1997 because of the inability for the Water Bank for receive long-term storage credits from water delivered to MWD on behalf of the Bank. As a result, 20,000 af of water is now available for delivery to another Phoenix AMA partner.

Agua Fria

The Central Arizona Water Conservation District (CAWCD) is replacing the Agua Fria siphon on the CAP aqueduct from June - September of this year. While replacing the siphon, CAWCD will be installing a turnout with 500 cfs capacity (350,000 af/yr) for delivery of CAP water four miles down stream to an 80 acre parcel on the west bank of the Agua Fria River, just south of Jomax Road.

Installation of the siphon is the first step in the construction of the proposed Agua Fria spreading basin project with a proposed 50,000 af annual capacity. The site is located in the flood plain on 80 acres of BLM land on the west bank of the Agua Fria. The facility is being constructed by CAWCD with the use of 4 cent State Water Storage Fund monies, making it a top priority facility for use by the Water Bank.

CAWCD is expected to file for an Underground Storage Permit from the Department of Water Resources in the Spring of 1997. Construction is expected to be scheduled in phases, with releases of CAP water from the Agua Fria turnout beginning as soon as September of this year. Water will be released as the spreading basins are being constructed to allow sufficient time for soil to be saturated, permitting water to travel four miles to the south. The Arizona Water Banking Authority continues to support construction of the Agua Fria facility, including scheduling delivery of 4,000 af of CAP water to the site in 1997.

As required by statute, the Water Bank intends to continue to give the Agua Fria recharge facility special consideration as a facility constructed by CAWCD with State Water Storage Fund monies. According to the Department of Water Resources, the Agua Fria site will also water management objectives by helping to mitigate the cone of depression in the West Valley.

Granite Reef Underground Storage Project (GRUSP)

In addition, the Water Bank is negotiating and has tentative agreement with the Salt River Project for the use of the Granite Reef Underground Storage Project by the Authority. It is hoped that the Authority may soon begin to store at GRUSP, for approximately 60,000 af in calendar year 1997.

Under the proposed agreement, the Water Bank would agree to make its best effort to store 50,000 af / year for a 5 year period. The cost charged by SRP to the Water Bank would be \$13 / af = \$8 facility, \$3 interconnect, \$2 SRP south canal.

The Phoenix AMA is in the process of developing a Regional Recharge Plan that will provide guidance and assistance in future development of direct facilities to assist in meeting groundwater management objectives in the Phoenix AMA.

PINAL AMA

On Friday, January 24th, the Arizona Water Banking Authority signed water storage agreements with Central Arizona Irrigation & Drainage District (35,000 af), Hohokam Irrigation & Drainage District (28,000 af), and Maricopa-Stanfield Irrigation & Drainage District (77,000 af) for storage of approximately 140,000 af in calendar year 1997 by the Water Bank in the Pinal AMA. Of the 140,000 af expected to be stored in Pinal County, 20,000 af will be developed with \$300,000 of four cent property taxes collected in Pinal County and 120,000 af with \$1.8 million of General Fund monies.

Based on information received from the Pinal AMA office, the only potential recharge facility expected to be developed in the near future is the planned direct facility at Picacho Reservoir by Pinal County. The Pinal AMA is in the process of developing a Regional Recharge Plan that will provide guidance and assistance in future development of direct facilities to assist in meeting groundwater management objectives in the Pinal AMA.

TUCSON AMA

The Water Banking Authority has scheduled delivery of approximately 19,000 af of CAP water to

four existing or proposed facilities in the Tucson AMA in the 1997 Plan of Operation. Deliveries to Avra Valley (2,100 af) on behalf of the Water Bank are expected to begin in March. The Central Avra Valley Storage and Recovery Project (4,500 af) and the Lower Santa Cruz (10,000 af) are both in various stages of development, but expected to have capacity available to the Water Bank in 1997. Pima Mine Road (2,500 af), being developed by CAWCD, is not expected to be available until January 1998.

Avra Valley Recharge Project

The Avra Valley Recharge Project has a two-year pilot permit for 8,300 af, with 2,100 of the storage capacity belonging to the Water Bank. Recharge at Avra Valley is occurring quicker than expected, with infiltration rates in three out of the four basins performing at least three times better than expected, ranging from 3 to 8 feet per day. 2,800 af has been recharged by CAWCD from July 8, 1996 to December 31, 1996 on behalf of Metro Water District. CAWCD expects to apply for a full-scale permit by Fall of 1997 for 7,000 af annually.

The Water Bank has a signed Water Storage Permit for Avra Valley and is currently negotiating an agreement with CAWCD for use of the facility. The Water Bank should begin to store Bank water at Avra Valley in March and have no problem with the scheduled 2,100 acre feet (af) for 1997.

Central Avra Valley Storage and Recovery Project (CAVSARP)

The City of Tucson owns 22,000 acres in the Central Avra Valley. The City owns and operates the CAVSARP pilot facility on a portion of those lands and will develop, own and operate the proposed larger facility. To-date, Tucson has stored 154 af of the 500 af allowed under the pilot permit, which expired January 31, but was extended by ADWR through August. Tucson expects to apply for a new 2 year, 10,000 af pilot permit by mid-February. Assuming a May approval of the permit by ADWR, construction could begin and the facility could be operational by August.

The Arizona Water Banking Authority, ADWR and Tucson Water staff's have met to discuss the future of CAVSARP and continue preliminary discussions on the development of an agreement for storage by the Water Bank.

Lower Santa Cruz River Flood Control and Replenishment Project

An application for an underground storage permit has been filed by the Pima County Flood Control District and the Town of Marana for a 20 year / 30,000 af/year facility. The site is located along the Santa Cruz River north of Tangerine Road in 78 acres of spreading basins. CAWCD has been consulted in the development of the project, but has not yet decided to be a full participant in the project with State Water Storage Funds.

The Water Bank is scheduled to deliver 10,000 af of CAP water to the facility over the last four months of 1997.

Pima Mine Road Recharge Project

The Pima Mine Road project is being developed by CAWCD with State Water Storage

Fund monies. The project is being designed as an 18 acre / 8 - 1.8 acre basin facility with a 13,000 af / year capacity. The pipeline connection to the CAP aqueduct is being designed for south of Pima Mine Road.

ADWR recently issued a 2 year / 10,000 af pilot permit to CAWCD. CAWCD was expected to open the bid process for construction on February 13th and approval of the construction contract is expected at the May CAWCD Board meeting. Assuming 8 months of construction, the facility is expected to be operational by January 1998.

The pipeline from the CAP aqueduct is being designed to run along the south side of Pima Mine Road and being oversized for potential future use by additional entities. A stub out is being installed at the Santa Cruz River for possible future use by the San Xavier District and a blind flange will be installed for future use by entities to the south, including FICO.

ARIZONA WATER BANKING AUTHORITY
STUDY COMMISSION
Thursday, February 27, 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. | Report of Indian Issues Subcommittee | Gary Hansen/
Mary Ann Antone |
| IV. | Legislation Report | Steve Olson |
| V. | Interstate Banking Discussion | |
| | A. Legal Framework | Paul Orme |
| | B. How will interstate banking transactions be structured? | Herb Dishlip |
| | C. Issues/concerns of an interstate banking state | Jerry Edwards/ Colorado
River Commission of Nevada |
| VI. | Group discussion of topics from previous meetings and the direction for upcoming meetings | All |

Next Meeting Dates: Thursday, March 27, 1997 10:00 a.m.
Thursday, April 24, 1997 10:00 a.m.

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Arizona Water Banking Authority Study Commission at (602) 417-2440 or (602) 417-2455 (TDD). Requests should be made as early as possible to allow time to arrange the accommodation.