

ARIZONA WATER BANKING AUTHORITY

MONDAY, JUNE 30, 1997

PHOENIX DEPARTMENT OF WATER RESOURCES

PLEASE PRINT

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Arizona Water Banking Authority
500 North Third Street, Phoenix, Arizona 85004
Telephone 602-417-2418
Fax 602-417-2401

FINAL AGENDA
Monday, June 30, 1997
9:30 a.m.

Arizona Department of Water Resources
3rd floor Conference Room

- I. Welcome / Opening Remarks
- II. Adoption of Minutes of May 21st Meeting
- III. Update of 1997 Plan of Operation
- IV. Discussion and adoption of FY98 Budget
- V. Summary of CAP Strategic Planning Session
- VI. Update on Mohave County Discussions
- VII. Update on the AWBA Study Commission
- VIII. Update on Interstate Discussions
- IX. Call to the Public
- X. Adjournment

PLEASE NOTE THERE WILL NOT BE A SCHEDULED WATER BANKING MEETING FOR JULY

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**

DRAFT



**May 21, 1997
Arizona Department of Water Resources**

Welcome / Opening Remarks

The AWBA meeting was called to order by Chairman Pearson. Ms. Pearson gave a brief summary of the Southwest Center for Biological Diversity (SWCBD) suit against the Bureau of Reclamation (BOR). It was stated that the SWCBD was seeking a preliminary injunction to require the BOR to immediately lower the reservoir height of Lake Mead by 22 feet to elevation 1178, which would result in the loss of over 3 million af of water downstream. A hearing was held in Judge Earl Carroll's court Thursday, April 10. All seven-basin states were represented.

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

A motion to dismiss was filed by the BOR based on procedural grounds. A motion to dismiss was also filed by the seven-basin states, based on the argument that they are all necessary parties to the action because of their direct interest in the loss of over 3 million af of water from the lake. A number of private interests filed a motion to intervene; Southern Water Authority, Metropolitan Water District of So. California, and Arizona Power Authority, arguing that their interests were such that they needed to be represented, as they were necessary parties and had to be joined in order to have full representation of the issues that were to be considered by the Judge.

Judge Carroll picked up on the significance of the matter and noted that this may be the first time in the history of the law of the River that all seven-basin states had the same position as to how the River should be managed. The Judge took the matter to advisement and at this time ADWR is waiting to hear on the ruling, hopefully within the next couple of weeks.

Adoption of April 16 Minutes

The April minutes were adopted as submitted.

Update of Plan of Operation

Jimmy Jayne gave a brief summary of the irrigation facilities and the status of storage:

Agua Fria - is not going to be available in 1997.

Granite Reef Underground Storage Project (GRUSP) - beginning in May water has started flowing again. The Water Banking Authority is expecting between 9,000 af to 10,000 af of storage in May. Approximately 57,000 af is expected to be stored for 1997.

Avra Valley - water has begun flowing. The Bank is actually storing water there now. 55 af was stored in April, and 100 af is expected in May, and 2100 af total for calendar 97. The cost is \$22.50, \$15.00 is for BKW pumping/transportation cost.

Central Avra Valley SRP (CAVSRP) - expected to go on-line and be available with capacities mid to late summer.

Lower Santa Cruz - The Pima Co. Bond issue did pass, which may now expedite some matters. The Pima Co. Flood Control has been in discussions with CAP, and they are looking at possibly looking at using State demonstration monies for the development of the Lower Santa Cruz project. It is expected by September or October to have some capacities available at the Lower Santa Cruz.

Pima Mine Road - The construction bid was awarded at the last CAWCD Board meeting. Construction is expected to be done by Spring of 1998.

The accomplishments of the Bank to date are as follows:

	38,000 af - Phoenix AMA
	81,000 af - Penal AMA
	<u>350 af</u> - Tucson AMA
Total	119,000 af

Adoption of Proposed Amendment to Plan of Operation

Tim Henley gave a brief overview of the revised Table 1 of the Plan of Operation. There were some entities that came to the Authority requesting that their deliveries be cut for various reasons, and there were circumstances where some facilities that were planned to be used by the Bank were no longer available, which created opportunities to increase requested amounts of water by the partners. Table 1 reflects a new schedule of delivery which would include an interest of additional supplies from new partners.

A motion to adopt the amended Plan of Operation was approved and passed.

Discussion and Adoption of Avra Valley Agreement

Mike Pearce, Chief Counsel for the Arizona Department of Water Resources, gave the overview of the Avra Valley agreement. The agreement is intended to be a prototype for direct storage agreements with CAWCD. It is an agreement with just two parties, CAWCD and the Bank. This agreement will allow the CAWCD to take water out of the CAP canal, transport it across land through facilities that CAWCD lease and store that water for the Bank. Charges are broken down in the agreement, which includes a \$15.00 wheeling charge across BKW Farms for use of their canal capacity, and \$7.50 by CAWCD to cover such costs as the actual diversion of the water, storage of the water, maintenance of the facility and laboratory costs. Per the agreement, it is intended that 2100 af will be stored in 1997. Although the agreement is for five years, at the end of 1997 the Bank has the authority to take a second look at the agreement, compare it to other available facilities and compare all options and be free to decide if the Bank will want to store more water at the facility in 1998 and beyond or go elsewhere with the water storage.

The agreement has been viewed by the counsel for the Bank and has been approved by the CAWCD Board. It is an executable form if the terms and conditions are acceptable to the Authority members, and it is prepared to be executed on May 21.

Chairman Pearson inquired about the wheeling charge of \$15.00 to BKW, which is substantially higher than what is being paid at GRUSP, and requested a breakdown of the components. Tim Henley indicated that the charges are a different situation. At Avra Valley there is a requirement to pump the water to get it to the facility. \$10.00 of the charge, on average, is the cost to pump an acre-foot of water. \$5.00 is a component of the operating costs. And there is a replacement cost of the facilities that they have built.

Chairman Pearson asked Mr. Henley if he anticipated that the \$10.00 charge is going to be a continuing charge to use the Avra Valley site, or if it was a reflection of start-up costs. Mr. Henley stated that the \$10.00 charge is the charge for energy, but Mr. Henley anticipates that if there was a longer term agreement where BKW could potentially go out and make other arrangements for natural gas, the cost may possibly be reduced. Also, on a longer term agreement, Mr. Henley feels that the facility may take a look at how they would replace the facility and maybe with expectations of more water being pumped could change the per-acre-foot costs.

Ms. Pearson stated that the Bank will be one of the first to recharge at most facilities and she wanted to make sure that the Bank was not bearing a disproportionate share of the capital investment costs to do the recharge for every dollar that is paid to capital and operating costs.

Mr. Chase asked if the costs were subject to renegotiation each year. Mr. Pearce stated that the costs are fixed through 1997 and will be subject to renegotiation for 1998.

Mr. Dozier, of CAWCD, indicated that the charges can be brought down in the future. Mr. Chase asked how much of the \$7.50 is lease from the State Land Department. Mr. Dozier stated that he did not have an answer at this time but did state that there was no capital recovery in it.

Chairman Pearson called for a motion to adopt the Avra Valley agreement as presented. The motion was moved and adopted by the Authority members.

Discussion of Storage Site Criteria

Mr. Henley stated that at the last Tucson AMA meeting there was some concern regarding ranking the different facilities. Mr. Henley stated that he will continue to work on a more definitive process.

Update on Discussions with Mohave County

Tim Henley stated that the staff of the Authority have met with Tom Griffin (The Planning Group), Lee Storey (Meyer Hendricks), and Maureen George (City Attorney for Lake Havasu). Mr. Henley provided a time line of putting together an agreement that could be executed by the Authority and Mohave County. By mid December, Mr. Henley felt they would be in a position to have some type of executed agreement to identify how Mohave County would get their water back in times of shortages.

The process includes the hiring of a consultant to analyze recovery concepts. Mr. Henley stated that trying to get a consultant can sometimes be a very difficult process. He mentioned that he does have another option where ADWR would pre-qualify consultants. ADWR has asked for consultants to submit proposals, which have been received at this time. ADWR is reviewing the proposals, and could be expected to have formal reviews in the next couple of weeks. Mr. Henley anticipated that by the end of June ADWR could have qualified consultants available for use by the Authority. This would significantly shorten the process, if the Bank could utilize the consultants.

The Bank has asked ADWR for their cost of services for the next year, and the consultant would be an item that could be included within that cost of services. Mr. Henley suggested that he or someone associated with the Bank would be identified as a contract manager, where the consultant would work directly with the Authority. The Department would act as an administering agent, paying the appropriate bills.

Tom Griffin stated the Banking staff has done a good job putting the meetings and process together and he would like to see it go through the process of using ADWR's consultant and Mr. Griffin offered any help that the Bank would need to see this happen.

Ms. Pearson asked Jerry Edwards from the Colorado River Commission (CRC) to speak regarding the Southern Nevada Water Authority being interested in doing a study. Mr. Edwards stated that they are looking forward to the opportunity of banking within the state of Nevada. He mentioned that CRC would be willing to share any information with the Bank hoping that they would be able to contribute to the overall process.

Ms. Pearson asked Mr. Edwards how soon they expect their studies to begin. Mr. Edwards answered that the studies have started now.

Update on the AWBA Study Commission

Herb Dishlip gave an overview summary of the Study Commission activities:

- o The Planning and Modeling Assumptions committee are focusing on evaluating the water supplies available to the Bank now and in the future, and on shortage potentials. At the last meeting some of the models have been produced. They have started evaluating some of the assumptions they have.

- o The Indian Issues committee went on a fact finding visit to the Tohono O'Odham tribe in Sells. The committee is also trying to schedule a fact finding meeting with other Colorado River Indian Tribes.

Larry Dozier of CAWCD gave a presentation to the committee on the wheeling of water through the Central Arizona Project (CAP). At that meeting the subcommittee will begin taking on the issues of marketing Indian water.

- o Interstate & Intrastate Banking and Marketing Issues met April 24. The subcommittee focused in on additional opportunities for the Bank beyond current authority within the state of banking and marketing water for additional customers or uses including a potential for land following or transfers from Indian tribes.

- o Water Banking Benefits Outside CAP Service Area subcommittee tried focusing on identification issues. An outline of what the issues are was prepared. One of the first issues was to identify the shortage potential for River area communities and what the Bank may need to look at in terms of protection against shortages. The subcommittee will also want to focus in on augmentation supplies, and whether the Bank should be used to supply new water for other communities outside the CAP service area.

Due to the summer vacations beginning to take place, the subcommittees will omit meeting during the month of August. There will be meetings scheduled in July.

Update on Interstate Issues

Herb Dishlip gave an overview of the current Interstate issues. Tim Henley (representing the Water Banking Authority) and Herb Dishlip (ADWR) met with La Grande Nielsen and Dale Ensinger of the Bureau of Reclamation to discuss regulation on interstate banking. The BOR presented a brief outline of 11 points that they felt would be the outline of the regulatory frame work. One thing that was indicated in the outline was the federal government appears to be interested in being a banking customer. They would like to make sure they would have the opportunity to potentially use the Banking Authority to store surplus water that they would pay for and earn water credits for federal purposes. Mr. Dishlip indicated that he wasn't sure if this was an interstate issue or that it should be included in the regulations. Right now the Bank isn't authorized to serve a purpose in providing service to the federal government.

Mr. Dishlip stated that there was a significant issue of having a contractor be able to direct their unused water to a state for banking purposes.

Another major area that still has outstanding issues is the role of the Secretary. The BOR had envisioned the role of the Secretary would be party to interstate banking agreements and require approval of the interstate banking. This is different than how Arizona sees an agreement between the Bank and the entity from another state seeking to store the water, and the Secretary wouldn't need to be in a party to the business arrangements on storing water, transferring money, how the water would be stored and how the water would be recovered. The Secretary would be involved in a separate agreement which guarantees that the forbearance of water at the time of recovery would be delivered to the entity that paid to have it stored.

Tim Henley stated that he felt the rules on forbearance are to be set up to allow for the movement of water between the states. The rules will not address an issue of how the forbearance will work within Arizona itself. The rules really deal with what happens across state lines.

Mr. Henley gave a brief overview of the status of the meetings with Nevada, the Bank and Nevada will meet more frequently over the year. What has been asked of Nevada is that they start looking at what they think they need in terms of certainty, what provisions in an agreement might they want to have, so the Bank could start looking to see if they are acceptable or if there are any changes needed. In the discussions it has been indicated to Nevada that right now it is a two-party agreement between the appropriate entity within Nevada and the Water Authority. There wouldn't be additional people that would be signing this agreement. The Bank would then go out and make whatever arrangements or enter whatever agreements would be required to provide the certainty that was agreed to in the agreement.

Call to Public

Dave Iwansky (Agri Business Council) - Offered any assistance in terms of having land following as an option for providing some of the certainty that Mr. Henley and Mr. Dishlip discussed earlier.

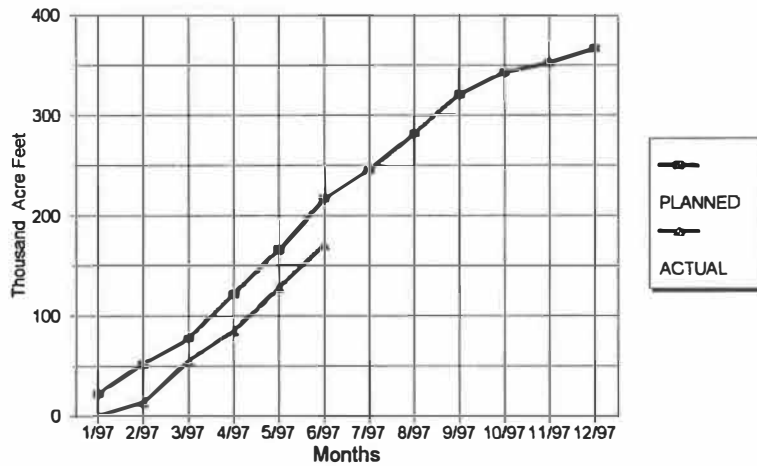
The meeting scheduled for June 11 has been rescheduled for June 30, 9:30 at ADWR. There will not be a meeting in July.

The June 30 meeting will be to adopt a new budget. The accomplishments for 1997 will also be reported to legislature.

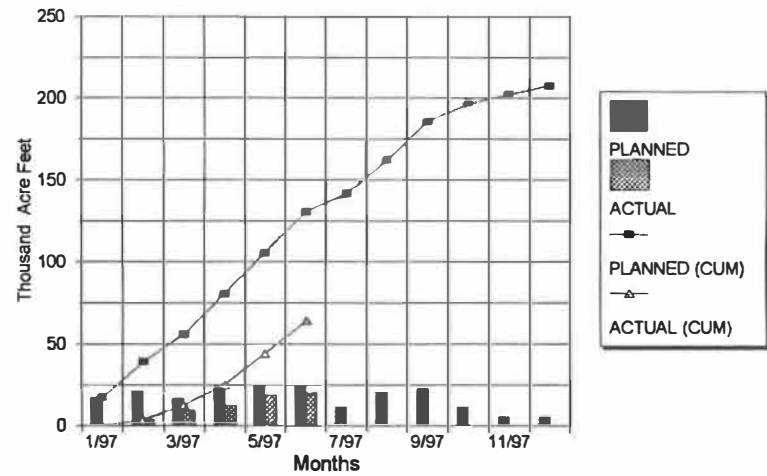
Chairman Pearson adjourned the meeting at 10:55 a.m.

1997 PLAN OF OPERATION

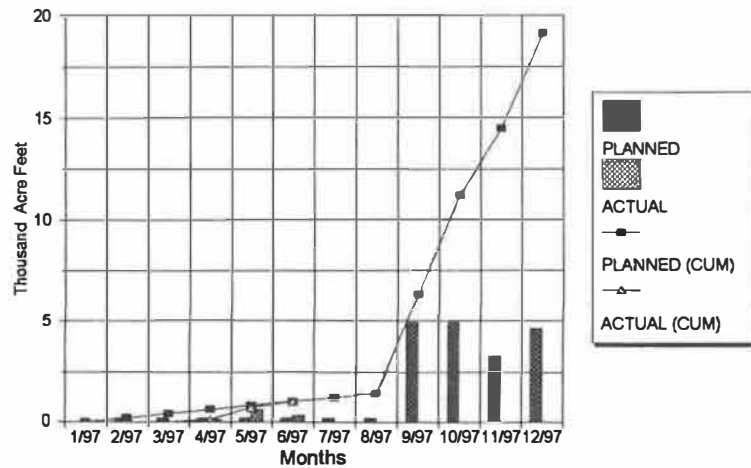
CUMULATIVE DELIVERIES (by Month)
Planned vs. Actual



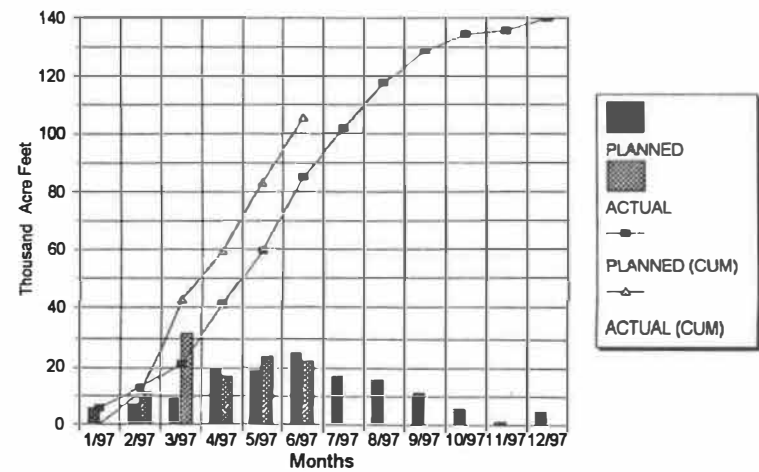
PHOENIX AMA DELIVERIES (by Month)
Planned vs. Actual



TUCSON AMA DELIVERIES (by Month)
Planned vs. Actual



PINAL AMA DELIVERIES (by Month)
Planned vs. Actual



CENTRAL ARIZONA IRRIGATION AND DRAINAGE DISTRICT

June 25, 1997

PROJECTED MONTHLY IRRIGATION USE

MONTH	Groundwater	CAP Pool Water	Other Recharge	AWBA Recharge	Total
January	4,134.00	6,068.00		0.00	10,202.00
February	3,660.00	4,051.00		6,825.00	14,536.00
March	8,176.00	2,212.00		19,967.00	30,355.00
April	9,000.00	15,598.00		8,208.00	32,806.00
May	8,000.00	19,519.00		10,000.00	37,519.00
June	13,208.00	21,955.00		5,000.00	40,163.00
July	13,000.00	29,808.00		0.00	42,808.00
August	13,000.00	28,023.00		0.00	41,023.00
September	5,000.00	6,721.00		0.00	11,721.00
October	5,351.00	0.00		0.00	5,351.00
November	1,019.00	0.00		0.00	1,019.00
December	3,852.00	2,009.00		0.00	5,861.00
Total	87,400.00	135,964.00	0.00	50,000.00	273,364.00

ACTUAL MONTHLY IRRIGATION USE

MONTH	Groundwater	CAP Pool Water	Other Recharge	AWBA Recharge	Total
January	4,134.00	6,068.00		0.00	10,202.00
February	3,660.00	4,051.00		6,825.00	14,536.00
March	8,176.00	2,212.00		19,967.00	30,355.00
April	8,710.00	16,652.00		8,208.00	33,570.00
May	8,143.00	10,516.00		10,000.00	28,659.00
June					0.00
July					0.00
August					0.00
September					0.00
October					0.00
November					0.00
December					0.00
Total	32,823.00	39,499.00	0.00	45,000.00	117,322.00

CHANDLER HEIGHTS CITRUS IRRIGATION DISTRICT

June 25, 1997

PROJECTED MONTHLY IRRIGATION USE

MONTH	Groundwater	CAP Pool Water	Other Recharge	AWBA Recharge	Total
January		130.00		0.00	130.00
February		130.00		100.00	230.00
March		260.00		50.00	310.00
April		260.00		50.00	310.00
May		269.00		82.00	351.00
June		260.00		82.00	342.00
July		260.00		95.00	355.00
August		245.00		91.00	336.00
September				80.00	80.00
October				0.00	0.00
November				0.00	0.00
December				0.00	0.00
Total	0.00	1,814.00	0.00	630.00	2,444.00

ACTUAL MONTHLY IRRIGATION USE

MONTH	Groundwater	CAP Pool Water	Other Recharge	AWBA Recharge	Total
January	82.00			0.00	82.00
February	191.00	118.00		100.00	409.00
March	253.00	92.00		50.00	395.00
April	162.00	205.00		50.00	417.00
May	224.00	202.00		47.00	473.00
June					0.00
July					0.00
August					0.00
September					0.00
October					0.00
November					0.00
December					0.00
Total	912.00	617.00	0.00	247.00	1,776.00

PROJECTED MONTHLY IRRIGATION USE

MONTH	Groundwater	CAP Pool Water	Other Recharge	AWBA Recharge	Total
January		1,500.00		0.00	1,500.00
February		700.00		1,400.00	2,100.00
March		3,600.00		3,300.00	6,900.00
April		800.00		3,300.00	4,100.00
May		2,100.00		3,300.00	5,400.00
June		2,300.00		8,300.00	10,600.00
July		3,210.00		5,400.00	8,610.00
August		2,850.00		5,000.00	7,850.00
September		500.00		2,000.00	2,500.00
October		0.00		0.00	0.00
November		25.00		0.00	25.00
December		325.00		0.00	325.00
Total	0.00	17,910.00	0.00	32,000.00	49,910.00

ACTUAL MONTHLY IRRIGATION USE

MONTH	Groundwater	CAP Pool Water	Other Recharge	AWBA Recharge	Total
January	3,970.00	1,326.00	0.00	0.00	5,296.00
February	3,684.00	972.00	0.00	1,400.00	6,056.00
March	8,368.00	5,166.00	0.00	3,300.00	16,834.00
April	9,631.00	2,895.00	0.00	3,300.00	15,826.00
May	8,185.00	8,866.00	0.00	5,015.00	22,066.00
June					0.00
July					0.00
August					0.00
September					0.00
October					0.00
November					0.00
December					0.00
Total	33,838.00	19,225.00	0.00	13,015.00	66,078.00

MARICOPA STANDFIELD IRRIGATION AND DRAINAGE DISTRICT

June 25, 1997

PROJECTED MONTHLY IRRIGATION USE

MONTH	Groundwater	CAP Pool Water	Other Recharge	AWBA Recharge	Total
January	4,500.00	1,000.00	0.00	0.00	5,500.00
February	5,870.00	4,460.00	0.00	2,446.00	12,776.00
March	9,170.00	20,270.00	0.00	8,422.00	37,862.00
April	10,620.00	13,610.00	0.00	5,402.00	29,632.00
May	10,470.00	11,940.00	0.00	8,230.00	30,640.00
June	13,040.00	19,860.00	0.00	8,970.00	41,870.00
July	13,880.00	26,860.00	0.00	9,140.00	49,880.00
August	11,730.00	20,250.00	0.00	7,010.00	38,990.00
September	8,030.00	5,350.00	0.00	1,270.00	14,650.00
October	3,790.00	460.00	0.00	1,300.00	5,550.00
November	1,400.00	0.00	0.00	0.00	1,400.00
December	3,760.00	350.00	0.00	1,500.00	5,610.00
Total	96,260.00	124,410.00	0.00	53,690.00	274,360.00

ACTUAL MONTHLY IRRIGATION USE

MONTH	Groundwater	CAP Pool Water	Other Recharge	AWBA Recharge	Total
January	5,644.00	3,860.00	0.00	0.00	9,504.00
February	4,872.00	5,921.00	0.00	2,446.00	13,239.00
March	8,454.00	17,184.00	0.00	8,422.00	34,060.00
April	8,376.00	13,963.00	0.00	5,402.00	27,741.00
May	10,257.00	12,349.00	0.00	8,923.00	31,529.00
June					0.00
July					0.00
August					0.00
September					0.00
October					0.00
November					0.00
December					0.00
Total	37,603.00	53,277.00	0.00	25,193.00	116,073.00

NEW MAGMA IRRIGATION AND DRAINAGE DISTRICT

June 25, 1997

PROJECTED MONTHLY IRRIGATION USE

MONTH	Groundwater	CAP Pool Water	Other Recharge	AWBA Recharge	Total
January		0.00		0.00	0.00
February		0.00		3,310.00	3,310.00
March		3,920.00		3,490.00	7,410.00
April		7,280.00		4,400.00	11,680.00
May		7,200.00		4,600.00	11,800.00
June		8,952.00		2,100.00	11,052.00
July		11,270.00		3,700.00	14,970.00
August		2,538.00		9,700.00	12,238.00
September		0.00		12,200.00	12,200.00
October		0.00		1,700.00	1,700.00
November		0.00		700.00	700.00
December		0.00		1,300.00	1,300.00
Total	0.00	41,160.00	0.00	47,200.00	88,360.00

ACTUAL MONTHLY IRRIGATION USE

MONTH	Groundwater	CAP Pool Water	Other Recharge	AWBA Recharge	Total
January				0.00	0.00
February				3,310.00	3,310.00
March				3,490.00	3,490.00
April		6,585.00		4,400.00	10,985.00
May		8,408.00		2,100.00	10,508.00
June					0.00
July					0.00
August					0.00
September					0.00
October					0.00
November					0.00
December					0.00
Total	0.00	14,993.00	0.00	13,300.00	28,293.00

QUEEN CREEK IRRIGATION DISTRICT

June 25, 1997

PROJECTED MONTHLY IRRIGATION USE

MONTH	Groundwater	CAP Pool Water	Other Recharge	ABWA Recharge	Total
January		2,149.00		0.00	2,149.00
February		1,892.00		0.00	1,892.00
March		5,967.00		0.00	5,967.00
April		5,979.00		0.00	5,979.00
May		5,878.00		0.00	5,878.00
June		5,620.00		0.00	5,620.00
July		3,609.00		2,845.00	6,454.00
August		0.00		7,155.00	7,155.00
September		0.00		1,000.00	1,000.00
October		0.00		2,000.00	2,000.00
November		0.00		1,000.00	1,000.00
December		0.00		2,000.00	2,000.00
Total	0.00	31,094.00	0.00	16,000.00	47,094.00

ACTUAL MONTHLY IRRIGATION USE

MONTH	Groundwater	CAP Pool Water	Other Recharge	ABWA Recharge	Total
January	838.00	1,334.00		0.00	2,172.00
February	566.00	1,881.00		0.00	2,447.00
March	944.00	5,752.00		0.00	6,696.00
April	1,942.00	5,841.00		0.00	7,783.00
May		6,107.00		0.00	6,107.00
June					0.00
July					0.00
August					0.00
September					0.00
October					0.00
November					0.00
December					0.00
Total	4,290.00	20,915.00	0.00	0.00	25,205.00

ROOSEVELT WATER CONSERVATION DISTRICT

June 25, 1997

PROJECTED MONTHLY IRRIGATION USE

MONTH	Groundwater	CAP Pool Water	Other Recharge	ABWA Recharge	Total
January	0.00	0.00	0.00	0.00	0.00
February	0.00	0.00	0.00	0.00	0.00
March	0.00	0.00	0.00	3,689.00	3,689.00
April	4,000.00	0.00	0.00	8,121.00	12,121.00
May	1,000.00	3,000.00		8,000.00	12,000.00
June	6,000.00	3,000.00		8,000.00	17,000.00
July	7,500.00	3,000.00		8,000.00	18,500.00
August	7,500.00	3,000.00		8,000.00	18,500.00
September	295.00	3,205.00		4,000.00	7,500.00
October	500.00	0.00		7,000.00	7,500.00
November	500.00	0.00		2,500.00	3,000.00
December	500.00	0.00		2,500.00	3,000.00
Total	27,795.00	15,205.00	0.00	59,810.00	102,810.00

ACTUAL MONTHLY IRRIGATION USE

MONTH	Groundwater	CAP Pool Water	Other Recharge	ABWA Recharge	Total
January	615.61			0.00	615.61
February	2,308.45			0.00	2,308.45
March	5,174.31			3,689.00	8,863.31
April	4,059.66			8,121.00	12,180.66
May	3,281.76	6,511.00		8,326.00	18,118.76
June					0.00
July					0.00
August					0.00
September					0.00
October					0.00
November					0.00
December					0.00
Total	15,439.79	6,511.00	0.00	20,136.00	42,086.79

Attachment 1997-1

ARIZONA WATER BANKING AUTHORITY

FY 1997 ADMINISTRATIVE EXPENDITURES	\$278,800
FY 1997 WATER RECHARGE EXPEDITURES	\$4,384,400
TOTAL FY 1997 W B A EXPENDITURES	\$4,663,200
<hr/>	
TOTAL EXPECTED REVENUES	\$7,861,000
CARRYOVER / (DEFICIT) from PREVIOUS YEARS	\$0
TOTAL REVENUES AVAILABLE	\$7,861,000
<hr/>	
FY 1997 CARRYOVER / (DEFICIT)	\$3,197,800

ARIZONA WATER BANKING AUTHORITY

FY 1997 ADMINISTRATIVE EXPENDITURES**\$278,800**

(11 months actual / 7 1 month estimated)

STAFFING

	Total FTE	Cost
Department of Water Resources Cost of Services		\$226,800
Personnel Services	3.5	\$165,000
Water Bank Manager		
Water Bank Technical Administrator		
Administrative Assistant		
Attorney		
Employee Related Expenditures (at 22.41% of Personnel Services)		\$37,500
Indirect Cost (at 12.00% of Personnel Service & ERE)		\$24,300
Central Arizona Project Cost of Services		\$0
Personnel Services & ERE	0.5	\$0
Water System Engineer		
Customer Service Coordinator		
Hydrologist		
Administrative Support		
Subtotal Staffing		\$226,800

OTHER COSTS

Professional & Outside Services		\$0
None anticipated for FY 1997		
Travel		\$22,400
Instate Travel (including the purchase of 1/2 auto @ \$10,000)		\$20,000
Out of State Travel		\$2,400
Other Operating Expenses		\$12,800
Water Storage Permits (9 permits @ \$350/permit)		\$3,150
Postage		\$3,600
Paper		\$850
Miscellaneous		\$5,200
Equipment		\$16,800
Start-up Cost		\$16,800
Subtotal Other Costs		\$52,000

ARIZONA WATER BANKING AUTHORITY

FY 1997 WATER RECHARGE EXPENDITURES**\$4,384,400**

1997 Cost

		\$/acre foot
CAP DELIVERY COST	(Cost of energy plus \$5.00 towards Fixed O&M)	\$36
DIRECT FACILITY USE CHARGE		
GRUSP		\$13
Avra Valley		\$22.50
Cost Recovery for In-lieu Recharge	(50% cost recovery from in-lieu partners)	\$21

Water Purchases and Recharge (Jan. 1997 thru June 1997)

	Amount (acre feet)	Cost / acre foot	Total
CAP DELIVERY COST	(7 payments based on 12 levelized payments)		\$4,228,000
In-Lieu Deliveries	144,000		
Direct Deliveries	11,300		
DIRECT FACILITY USE CHARGE			\$156,400
GRUSP	10,300	\$13	\$133,900
Avra Valley	1,000	\$23	\$22,500
Total FY 1997	155,300		\$4,384,400

REVENUES AVAILABLE for FY 1997 RECHARGE**\$7,861,000**

4 cent TAX	(Estimated thru June 1997)	\$5,799,000
Maricopa		\$4,567,000
Pinal		\$209,000
Pima		\$1,023,000
Withdrawal Fee	(No Withdrawal Fees Available in FY1997)	\$0
Phoenix AMA		
Pinal AMA		
Tucson AMA		
General Fund Appropriation		\$2,000,000
Interest	(Estimate)	\$62,000

Attachment 1998-1

ARIZONA WATER BANKING AUTHORITY

FY 1998 ADMINISTRATIVE BUDGET **\$464,294**

FY 1998 WATER RECHARGE BUDGET **\$10,300,000**

TOTAL FY 1998 WATER BANKING AUTHORITY BUDGET **\$10,764,294**

TOTAL EXPECTED REVENUES **\$12,033,000**

CARRYOVER / (DEFICIT) from PREVIOUS YEARS **\$3,197,800**

TOTAL REVENUES AVAILABLE **\$15,230,800**

FY 1998 CARRYOVER / (DEFICIT) **\$4,466,506**

ARIZONA WATER BANKING AUTHORITY

FY 1998 ADMINISTRATIVE BUDGET**\$464,294****STAFFING**

	Total FTE	Cost
Department of Water Resources Cost of Services		\$245,100
Personnel Services	3.5	\$173,600
Water Bank Manager		
Water Bank Technical Administrator		
Administrative Assistant		
Attorney		
Employee Related Expenditures (at 22.76% of Personnel Services)		\$39,500
Indirect Cost (at 15.00% of Personnel Service & ERE)		\$32,000
Central Arizona Project Cost of Services		\$43,400
Personnel Services & ERE	0.5	\$43,400
Water System Engineer		
Customer Service Coordinator		
Hydrologist		
Administrative Support		
Subtotal Staffing		\$288,500

OTHER COSTS

Professional & Outside Services			\$150,000
Consultant to investigate recovery			\$150,000
Travel			\$17,070
Instate Travel			\$14,270
Out of State Travel			\$2,800
Other Operating Expenses			\$6,674
Standard per employee	3.5	\$820	\$2,870
Postage			\$3,600
Paper			\$204
Miscellaneous			\$1,700
Copying			\$300
Permits			\$1,400
Equipment			\$350
Subtotal Other Costs			\$175,794

Attachment 1998-3

ARIZONA WATER BANKING AUTHORITY

TRAVEL

	Trips	\$/Trip	Cost	
INSTATE TRAVEL				
Authority Members				
Tom Griffin	8	\$250	\$2,000	(One day)
	8	\$350	\$2,800	(Overnight)
	2	\$30	\$60	(River)
Dick Walden	10	\$125	\$1,250	(One day)
	1	\$350	\$350	(Overnight)
	2	\$200	\$400	(River)
Bill Chase	2	\$0	\$0	(One day)
	1	\$350	\$350	(Overnight)
	2	\$100	\$200	(River)
Grady Gamage	2	\$0	\$0	(One day)
	1	\$350	\$350	(Overnight)
	2	\$100	\$200	(River)
Rita Pearson	2	\$0	\$0	(One day)
	2	\$350	\$700	(Overnight)
	2	\$100	\$200	(River)
Group	2	\$80	\$160	
Subtotal			\$9,020	
Authority Staff				
Manager	2	\$0	\$0	(One day)
	2	\$350	\$700	(Overnight)
	2	\$100	\$200	(River)
	4	\$200	\$800	(Las Vegas)
	3	\$150	\$450	(River)
Technical Administrator	2	\$0	\$0	(One day)
	1	\$350	\$350	(Overnight)
	2	\$150	\$300	(River)
	1	\$200	\$200	(Las Vegas)
	2	\$150	\$300	(River)
Admin Assistant	2	\$0	\$0	(One day)
	1	\$350	\$350	(Overnight)
	2	\$150	\$300	(River)
Other Support	4	\$0	\$0	(One day)
	2	\$350	\$700	(Overnight)
	4	\$150	\$600	(River)
Subtotal			\$5,250	
Instate Total			\$14,270	
OUT OF STATE TRAVEL				
Authority Members	No out of state travel is anticipated for Authority Members			
Authority Staff				
Manager	2	\$200	\$400	(California)
	2	\$1,000	\$2,000	(Other)
Technical Administrator	2	\$200	\$400	(California)
Total Out of State			\$2,800	
Total Travel			\$17,070	

Attachment 1998-3 continued

OTHER OPERATING COSTS

		Units	Unit Cost	Cost
Postage				
	Monthly Meeting	18	\$200	<u>\$3,600</u>
Subtotal				<u>\$3,600</u>
Paper				
	Punched	15	\$4.60	\$69
	Regular	30	\$4.50	<u>\$135</u>
Subtotal				<u>\$204</u>
Miscellaneous				
	Copying			\$300
	Permits (4 @ 350/permit)			<u>\$1,400</u>
				<u>\$1,700</u>
Total Other Operating Cost				\$3,804

EQUIPMENT

		Units	Unit Cost	Cost
	Printer	1	\$350	\$350
Subtotal				
Total Equipment				\$350

ARIZONA WATER BANKING AUTHORITY

FY 1998 WATER RECHARGE BUDGET**\$10,300,000**

Cost Assumptions

		\$/acre foot
CAP DELIVERY COST	(Cost of energy plus \$5.00 towards Fixed O&M)	\$36
DIRECT FACILITY USE CHARGE		
GRUSP		\$13.40
Avra Valley		\$22.50
Aqua Fria		\$7.50
Pima Mine Road		\$7.50
Lower Santa Cruz		\$22.50
CAVRP		\$22.50
Cost Recovery for In-lieu Recharge		
	(cost recovery from in-lieu partners)	\$21

Water Purchases and Recharge (July 1997 thru June 1998)

	Amount (acre feet)	Cost / acre foot	Total
CAP DELIVERY COST			\$8,730,000
In-Lieu Deliveries	270,000	\$15	\$4,050,000
Direct Deliveries	130,000	\$36	\$4,680,000
DIRECT FACILITY USE CHARGE			\$1,570,000
GRUSP	50,000	\$13.40	\$670,000
Avra Valley	5,000	\$22.50	\$112,500
Aqua Fria	50,000	\$7.50	\$375,000
Pima Mine Road	10,000	\$7.50	\$75,000
Lower Santa Cruz	10,000	\$22.50	\$225,000
CAVRP	5,000	\$22.50	\$112,500
Total FY 1997	400,000		\$10,300,000

REVENUES AVAILABLE for FY 1998 RECHARGE**\$12,033,000**

4 cent TAX	(Estimated thru June 1998)	\$6,425,000
Maricopa		\$5,070,000
Pinal		\$239,000
Pima		\$1,116,000
Withdrawal Fee	(Estimated for 1997 pumping)	\$3,480,000
Phoenix AMA		\$2,000,000
Pinal AMA		\$755,000
Tucson AMA		\$725,000
General Fund Appropriation	(available July 1998)	\$2,000,000
Interest	(Estimate)	\$128,000



BOARD AGENDA BRIEF

Action Item

DATE: May 29, 1997

ITEM NUMBER: 10.

TO: Board of Directors

FROM: Doug Miller, General Counsel

SUBJECT: 1997-98 Tax Year Ad Valorem Tax Rate for Water Storage

ISSUE SUMMARY/DESCRIPTION:

The ad valorem tax rate for Water Storage is determined annually by the CAWCD Board. The statute allows the Board to fix a maximum tax rate of \$.04 per \$100 of assessed valuation for Water Storage.

The statute provides that CAWCD shall determine on an annual basis the amount to assess property owners in Maricopa, Pinal and Pima Counties for Water Storage. The tax rate may be fixed at up to \$.04 per \$100 of assessed valuation. A.R.S. § 48-3715.02.B provides that the Board shall fix the amount to be raised by this tax. A.R.S. § 48-3715.03.A provides that the Board shall determine by resolution whether all or any portion of such tax is to be applied to the payment or repayment of CAP construction or operating costs. The resolution must then be delivered to the State Treasurer. Any taxes levied pursuant to A.R.S. § 48-3715.02, subsections B and C, which are not identified by CAWCD as being intended for application against CAP construction or operating costs are deposited by the Treasurer in the Arizona Water Banking Fund.

STAFF RECOMMENDATION:

Staff has determined that none of the tax which can be made available for the Arizona Water Banking Fund should be retained for payment or repayment of CAP costs at this time. However, because of the many recharge opportunities available to the Arizona Water Banking Authority, it is appropriate to fix the tax rate for Water Storage at \$.04 per \$100 of assessed valuation for tax year 1997-98.

SUGGESTED MOTION:

I move that the ad valorem tax rate for Water Storage be fixed at \$.04 per \$100 of assessed valuation for tax year 1997-98.

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BOARD AGENDA BRIEF

Action Item

DATE: May 29, 1997

ITEM NUMBER: 11.

TO: Board of Directors

FROM: Doug Miller, General Counsel

SUBJECT: Resolution Regarding 1997-98 Tax Year Ad Valorem Tax for Water Storage

ISSUE SUMMARY/DESCRIPTION:

The ad valorem tax rate for Water Storage is determined annually by the CAWCD Board. The statute allows the Board to fix a maximum tax rate of \$.04 per \$100 of assessed valuation for Water Storage.

A.R.S. § 48-3715.02.B provides that CAWCD shall determine on an annual basis the amount to assess property owners in Maricopa, Pinal and Pima Counties for Water Storage. The tax rate may be fixed at up to \$.04 per \$100 of assessed valuation. A.R.S. § 48-3715.03 provides that the Board shall determine by resolution whether all or any portion of such tax is to be applied to the payment or repayment of CAP construction or operating costs. The resolution must then be delivered to the State Treasurer. Any taxes levied pursuant to A.R.S. § 48-3715.02, subsections B and C, which are not identified by CAWCD as being intended for application against CAP construction or operating costs are deposited by the Treasurer in the Arizona Water Banking Fund. Staff has determined that none of the tax which can be made available for the Arizona Water Banking Fund should be retained for payment or repayment of CAP costs at this time.

STAFF RECOMMENDATION:

The Board should adopt the attached resolution which provides that the entire amount levied in tax year 1997-98 for Water Storage (\$.04 per \$100 of assessed valuation) should be deposited in the Arizona Water Banking Fund.

SUGGESTED MOTION:

I move that the Board adopt the resolution regarding the ad valorem tax for Water Storage.

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RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
CENTRAL ARIZONA WATER CONSERVATION DISTRICT
REGARDING AD VALOREM TAX FOR WATER STORAGE

(June 5, 1997)

WHEREAS, House Bill 2494 adopted by the Arizona Legislature in 1996 (Chapter 308, Laws of Arizona 1996, Forty-second Legislature, Second Regular Session) established the Arizona Water Bank and amended A.R.S. § 48-3715.02 relating to the tax levy for water shortage; and

WHEREAS, A.R.S. § 48-3715.02, subsection B, as amended by House Bill 2494, provides that the Board of Directors (the "Board") of the Central Arizona Water Conservation District (the "District") shall fix the amount to be raised by direct taxation pursuant to its provisions, which amount shall not exceed four cents per one hundred dollars of assessed valuation; and

WHEREAS, the Board by separate action this date has fixed the tax rate pursuant to A.R.S. § 48-3715.02, subsection B, for the 1997-98 tax year at four cents per one hundred dollars of assessed valuation; and

WHEREAS, A.R.S. § 48-3715.03, as amended by House Bill 2494, further provides that the Board shall determine annually by resolution whether any or all of the tax levied pursuant to A.R.S. § 48-3715.02, subsections B and C, shall be applied to the repayment of the construction costs of the Central Arizona Project (the "Project") or to the annual operation, maintenance, and replacement costs of the Project; and

WHEREAS, A.R.S. § 48-3715.03 further provides that those monies specified in such resolution for repayment of the construction costs or payment of the annual operation, maintenance, and replacement costs of the Project shall be deposited in the District fund established pursuant to A.R.S. § 48-3712, subsection A, paragraph 5; and

WHEREAS, A.R.S. § 48-3715.03 further provides that a certified copy of such resolution shall be delivered to the State Treasurer; and

WHEREAS, A.R.S. § 48-3715.03 further provides that any taxes levied pursuant to A.R.S. § 48-3715.02, subsections B and C, that are not deposited in the District fund shall be deposited by the State Treasurer in the Arizona Water Banking Fund established by A.R.S. § 45-2425, as added by House Bill 2494;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Central Arizona Water Conservation District, as follows:

1. That none of the taxes levied pursuant to A.R.S. § 48-3715.02, subsections B and C, in the 1997-98 tax year shall be applied to the repayment of the construction costs of the Central Arizona Project or to the annual operation, maintenance, and replacement costs of the Project; and
2. That the State Treasurer be directed to deposit all taxes levied pursuant to A.R.S. § 48-3715.02, subsections B and C, in the 1997-98 tax year in the Arizona Water Banking Fund established by A.R.S. § 45-2425; and

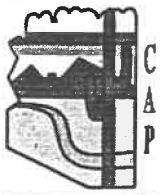
3. That a certified copy of this resolution be delivered to the State Treasurer.

I, the undersigned, as Secretary of the Central Arizona Water Conservation District, hereby certify that the foregoing is a true and correct copy of the resolutions duly adopted by the Board of Directors of the Central Arizona Water Conservation District at a meeting thereof, duly called and held on June 5, 1997, at which a quorum was present and acting throughout. I further certify that said resolutions have not been modified or revoked since their adoption and are still in full force and effect.

SIGNED THIS _____ day of June, 1997.


By: _____
Secretary

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BOARD AGENDA BRIEF

Information Only

DATE: June 10, 1997
TO: Board of Directors
FROM: Larry Dozier 
SUBJECT: Water Rate Calculations

ISSUE SUMMARY/DESCRIPTION:

As background for the Strategic Planning Session, it might be helpful to review the calculations for the 1997 water rates. Attached for reference are: 1) pages 1-3 of the approved budget for 1997; 2) pages 1 & 2 from the revenue section of the approved 1997 budget; and 3) the 1997 CAP Water Rate Schedule.

Lines 43 and 44 from page 2 of the budget list the fixed OM&R rate at \$36/af and the energy component at \$31/af. The first step of these calculations is to determine the water delivery by adding the water sales estimates on lines 41 and 42 for a total of 1,250,237 af. This amount is also the total shown on page 1 of the revenue section. It was our best estimate of water deliveries at the time the 1997 budget was being prepared for Board review in October 1996.

The fixed OM&R component of \$36/af was calculated by dividing the amount on line 17, page 2, Net District Fixed OM&R, \$44,597,300, by the estimated total deliveries of 1,250,237 af.

The energy component of \$31/af was calculated by dividing the amount on line 18, page 2, Pumping Energy (brought over from page 3, line 5), \$38,368,000 by the estimated total deliveries of 1,250,237 af.

These calculations are also shown in footnotes 3 and 4 on the 1997 CAP Water Rate Schedule.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT

APPROVED BUDGET Calendar Year 1997

Line No.	<u>GENERAL FUND</u>	Reference	Total 1996 Budget	Actual 8-Months to 8/31/96	Percent Spent	Total 1997 Budget	Percent of 1996 Budget
	TOTAL BUDGET ACTIVITY						
1	WATER OPERATIONS						
2	<u>Revenues</u>						
3	Water Sales		\$40,597,900	\$37,705,853	92.9%	\$47,689,900	117.5%
4	OM&R Cost Reimbursements (Net)	See Line 51	2,000,000	1,386,117	69.3%	950,000	47.5%
5	Other Revenues		100,000	16,124	16.1%	100,000	100.0%
6	Total Revenues	See Tab 1	<u>42,697,900</u>	<u>39,108,094</u>	<u>91.6%</u>	48,739,900	114.2%
7	<u>District Costs</u>						
8	Salaries, Wages & Temp Personnel		18,922,700	11,406,932	60.3%	19,966,700	105.5%
9	Payroll Taxes & Employee Benefits		5,824,800	3,445,211	59.1%	6,726,100	115.5%
10	Travel & Other Employee Expenses		1,061,500	472,711	44.5%	1,284,800	121.0%
11	Services--Legal / Financial / Technical	See Tab 4	4,932,700	1,161,452	23.5%	3,945,700	80.0%
12	Services--Other Commercial		3,973,000	1,652,927	41.6%	3,712,400	93.4%
13	Electricity	Pg 2-Ln 7+18	39,716,000	30,368,853	76.5%	41,202,000	103.7%
14	Operating Materials and Supplies		4,233,600	2,222,210	52.5%	4,482,300	105.9%
15	Other Expenses		1,522,400	599,978	39.4%	1,303,400	85.6%
16	Equipment, Buildings & Structures	See Tab 7	24,337,100	10,837,496	44.5%	17,054,500	70.1%
17	Contingencies		500,000	0	0.0%	500,000	100.0%
18	Prior Year Charges		810,000	0	0.0%	810,000	100.0%
19	Reclassification to Other Uses of Funds		(23,257,300)	(10,256,031)	44.1%	(15,962,600)	68.6%
20	Total District Costs		<u>82,576,500</u>	<u>51,911,738</u>	<u>62.9%</u>	85,025,300	103.0%
21	Net Revenues (Costs) -- Water Operations		<u>(39,878,600)</u>	<u>(12,803,644)</u>	<u>32.1%</u>	(36,285,400)	91.0%
22	OTHER SOURCES AND USES OF FUNDS						
23	<u>Other Sources of Funds</u>						
24	Basin Fund Revenues--Net	See Page 3	25,777,800	14,500,000	56.2%	26,182,100	101.6%
25	Capital & Capacity Charges		19,609,400	18,604,481	94.9%	22,781,500	116.2%
26	Tax Equivalency Charges		6,828,100	0	0.0%	469,300	6.9%
27	Ad-Valorem Taxes @\$0.10--Maricopa County		14,779,000	7,546,698	51.1%	15,018,000	101.6%
28	Ad-Valorem Taxes @\$0.10--Pima County		3,219,000	1,738,655	54.0%	3,231,000	100.4%
29	Ad-Valorem Taxes @\$0.10--Pinal County		575,000	302,079	52.5%	573,000	99.7%
30	Investment Income		9,856,000	7,151,734	72.6%	10,520,000	106.7%
31	Total Other Sources of Funds	See Tab 1	<u>80,644,300</u>	<u>49,843,647</u>	<u>61.8%</u>	78,774,900	97.7%
32	<u>Other Uses of Funds</u>						
33	Repayment Obligation--1/15/97 Payment	See Line 49	12,677,900	0	0.0%	31,422,200	247.9%
34	Basin Fund Revs--Held for 1/15/98 Offset	See Line 24	25,777,800	14,500,000	56.2%	26,182,100	101.6%
35	Master Contract Reserve Deposits		4,400,000	4,400,000	100.0%	4,400,000	100.0%
36	Hoover Capacity Charge Payments		3,606,200	2,015,904	55.9%	2,942,000	81.6%
37	Increase in Inventories of Materials & Supplies		360,000	193,538	53.8%	400,000	111.1%
38	Cost of Stored Water Credits Purchased		4,050,000	0	0.0%	0	0.0%
39	Reclassified District Costs	See Page 2	23,257,300	10,256,031	44.1%	15,962,600	68.6%
40	Transfers to CAGR Fund	See Page 5	141,400	78,739	55.7%	238,400	168.6%
41	Total Other Uses of Funds		<u>74,270,600</u>	<u>31,444,212</u>	<u>42.3%</u>	81,547,300	109.8%
42	Net Other Sources (Uses) of Funds		<u>6,373,700</u>	<u>18,399,435</u>	<u>288.7%</u>	(2,772,400)	-43.5%
43	Total Budget Activity	To Page 3	<u>(\$33,504,900)</u>	<u>\$5,595,791</u>	<u>-16.7%</u>	(\$39,057,800)	116.6%
44	NOTE:					Repayment Obligation	
45	1	The estimate for the District's repayment obligation is shown	Reference	Description		\$17,708,000	
46		for planning purposes only. The actual repayment		Principal		39,492,000	
47		obligation is yet to be determined.		Interest		(25,777,800)	
48			See Page 3	Basin Fund Revs		\$31,422,200	
49			See Line 33	Net Payment			
50							
51	2	OM&R Cost Reimbursements (Net) -- Does not include amounts the District believes are owed, but not collected.					
52							

CENTRAL ARIZONA WATER CONSERVATION DISTRICT

APPROVED BUDGET Calendar Year 1997

Line No.	GENERAL FUND DETAIL OF DISTRICT COSTS --OM&R and RECLASSIFIED COSTS	Reference	Total 1996 Budget	Actual 8-Months to 8/31/96	Percent Spent	Total 1997 Budget	Percent of 1996 Budget
1	Net District Costs (OM&R)						
2	Salaries, Wages & Temp Personnel		\$18,428,600	\$11,086,095	60.2%	\$19,369,000	105.1%
3	Payroll Taxes & Employee Benefits		5,672,100	3,348,309	59.0%	6,570,600	115.8%
4	Travel & Other Employee Expenses		1,048,300	463,405	44.2%	1,229,600	117.3%
5	Services--Legal / Financial / Technical		4,251,200	1,041,715	24.5%	2,599,700	61.2%
6	Services--Other Commercial		3,953,800	1,624,735	41.1%	3,668,600	92.8%
7	Transmission Charges		4,480,000	2,905,207	64.8%	2,834,000	63.3%
8	Operating Materials and Supplies		4,192,600	2,197,311	52.4%	4,443,900	106.0%
9	Other Expenses		1,518,800	586,946	38.6%	1,291,900	85.1%
10	Equipment, Buildings & Structures		2,485,100	1,194,370	48.1%	3,340,000	134.4%
11	Contingencies		500,000	0	0.0%	500,000	100.0%
12	Prior Year Charges		810,000	0	0.0%	810,000	100.0%
13	Total District Fixed OM&R		47,340,500	24,448,093	51.6%	46,657,300	98.6%
14	Less: Prior Year Charges		(810,000)	0	0.0%	(810,000)	100.0%
15	Less: OM&R Cost Reimbursements		(2,000,000)	(1,386,117)	69.3%	(950,000)	47.5%
16	Less: Claims for Additional Reimbursements		(1,400,000)	(104,005)	7.4%	(300,000)	21.4%
17	Net District Fixed OM&R		43,130,500	22,957,971	53.2%	44,597,300	103.4%
18	Plus: Pumping Energy	See Page 3	35,236,000	27,463,645	77.9%	38,368,000	108.9%
19	Net District OM&R		78,366,500	50,421,616	64.3%	82,965,300	105.9%
20	Total District Costs	Line13+Line18	82,576,500	51,911,738	62.9%	85,025,300	103.0%
21	Reclassified District Costs (Major Projects)						
22	Salaries, Wages & Temp Personnel		494,100	320,837	64.9%	597,700	121.0%
23	Payroll Taxes & Employee Benefits		152,700	96,902	63.5%	155,500	101.8%
24	Travel & Other Employee Expenses		13,200	9,306	70.5%	55,200	418.2%
25	Services--Legal / Financial / Technical		681,500	119,737	17.6%	1,346,000	197.5%
26	Services--Other Commercial		19,200	28,192	146.8%	43,800	228.1%
27	Operating Materials and Supplies		41,000	24,899	60.7%	38,400	93.7%
28	Other Expenses		3,600	13,032	362.0%	11,500	319.4%
29	Equipment, Buildings & Structures		21,852,000	9,643,126	44.1%	13,714,500	62.8%
30	Total Reclassified Costs	See Line 38	23,257,300	10,256,031	44.1%	15,962,600	68.6%
31	Major Projects						
32	Agua Fria Siphon Replacement and Centennial Wash Siphon Repair		20,184,800	10,085,680	50.0%	9,251,500	45.8%
34	Hassayampa River Erosion Prevention		1,716,000	0	0.0%	582,400	33.9%
35	Cathodic Protection Phase II		0	0	0.0%	2,575,600	0.0%
36	Fire Protection System		0	0	0.0%	622,400	0.0%
37	Pump Impeller		0	0	0.0%	422,700	0.0%
38	PMSC Replacement		1,356,500	170,351	0.0%	2,508,000	184.9%
39	Total Major Projects	See Line 30	23,257,300	10,256,031	44.1%	15,962,600	68.6%
40	Water Sales, Costs and Rate Assumption Calculations						
41	Regular Water Sales (acre-feet)					703,305	
42	Incentive Water Sales (acre-feet)					546,932	
43	Fixed OM&R Costs per acre-foot (based on all water sales--rounded)					\$36	
44	Energy Costs per acre-foot (based on all water sales--rounded)					\$31	

CENTRAL ARIZONA WATER CONSERVATION DISTRICT

**APPROVED BUDGET
Calendar Year 1997**

Line No.	GENERAL FUND DETAIL OF DISTRICT COSTS --PUMPING ENERGY	Reference	Total 1996 Budget	Actual 8-Months to 8/31/96	Percent Spent	Total 1997 Budget	Percent of 1996 Budget
1	Pumping Energy						
2	Navajo Energy Purchases--SRP		\$29,359,000	\$24,921,336	84.9%	\$29,300,000	99.8%
3	Hoover Energy Purchases--APA		5,877,000	2,542,309	43.3%	5,486,000	93.3%
4	WAPA & Other Energy Purchases		0	0	0.0%	3,582,000	0.0%
5	Total Pumping Energy	To Page 2	35,236,000	27,463,645	77.9%	38,368,000	108.9%
6							
7							

Line No.	GENERAL FUND DETAIL OF CASH, CASH EQUIVALENTS and CLAIMS	Reference	Total 1996 Budget	Actual 8-Months to 8/31/96	Percent Spent	Total 1997 Budget	Percent of 1996 Budget
1	General Fund Cash & Cash Equivalents						
2	Beginning Balance (Excluding Master Contract Reserves)		\$171,600,000	\$176,995,353	103.1%	\$174,000,000	101.4%
3	Total Budget Activity	See Page 1	(33,504,900)	5,595,791	-16.7%	(39,057,800)	116.6%
4	Ending Balance (Excluding Master Contract Reserves)		138,095,100	182,591,144	86.4%	134,942,200	97.7%
5	Basin Development Fund Cash Equivalents						
6	Accumulations during year prior to "Column Year"						
7	Transfers from Series A&B Trust Accounts		156,600			127,800	81.6%
8	Other Navajo Power Revenues		34,437,500			21,750,000	63.2%
9	Hoover Surcharge		3,900,000			3,900,000	100.0%
10	Interest & Other Income		0			0	0.0%
11	Prior Year Accumulations		38,494,100	0	0.0%	25,777,800	67.0%
12	Offset for "Column Year" 1/15 Obligation	To Page 1	(38,494,100)	0	0.0%	(25,777,800)	67.0%
13	Balance after "Column Year" 1/15 Offset		0	0	0.0%	0	0.0%
14	Accumulations during "Column Year"						
15	Transfers from Series A&B Trust Accounts		127,800			532,100	416.4%
16	Other Navajo Power Revenues		21,750,000			21,750,000	100.0%
17	Hoover Surcharge		3,900,000			3,900,000	100.0%
18	Interest & Other Income		0			0	0.0%
19	"Column Year" Accumulations	To Page 1	25,777,800	0	0.0%	26,182,100	101.6%
20	Balance available at end of "Column Year"		25,777,800	0	0.0%	26,182,100	101.6%
21	Claims for Budget Year Cost Reimbursements						
22	Agua Fria Siphon Replacement					9,251,500	
23	Centennial Wash Siphon Repair						
24	Hassayampa River Erosion Prevention					582,400	
25	Cathodic Protection Phase II					2,575,600	
26	Fire Protection System					622,400	
27	Pump Impeller					422,700	
28	Other Deficiency and Completion Items					300,000	
29	Total Claims for Budget Year Cost Reimbursements					13,754,600	
30	Total Cash, Cash Equivalents and Claims--Ending Balance					\$174,878,900	

WATER OPERATIONS REVENUES

CALENDAR YEAR 1997

WATER SALES

	<u>Acre-Feet</u>	<u>Cost Per Acre-Foot</u>	<u>Total (Rounded)</u>
Municipal and Industrial Water			
Subcontract	179,434	\$67.00	\$12,022,100
Non-Subcontract	1,915	67.00	128,300
Agricultural Water			
Pool 1	200,000	28.00	5,600,000
Pool 2	200,000	18.00	3,600,000
Pool 3	49,070	36.00	1,766,500
Subcontract	386	67.00	25,900
Federal Water	72,500	67.00	4,857,500
Recharge Water			
Direct Incentive	82,750	36.00	2,979,000
Indirect Incentive	464,182	36.00	16,710,600
Total Water Sales	<u>1,250,237</u>		<u>\$47,689,900</u>

Note: The cost per acre-foot excludes the capital and facility use charges. This is reflected in the category for Other Sources of Funds, Capital and Capacity Charges.

OM&R REIMBURSEMENTS

This category identifies reimbursements from Reclamation for District shared, support, and construction activities. \$950,000

OTHER REVENUES

This category includes income collected for land and space rental and for purchase discounts received. \$100,000

TOTAL WATER OPERATIONS REVENUES

\$48,739,900

OTHER SOURCES OF FUNDS

CALENDAR YEAR 1997

BASIN FUND REVENUES – NET

The District's annual repayment obligation is reduced by the net revenues remaining in the Basin Development Fund. The estimate reflects the District's projections of the net revenues remaining on December 31, 1997 that can be applied towards our January 15, 1998 repayment amount.

\$26,182,100

CAPITAL AND CAPACITY CHARGES

	<u>Acre-Feet</u>	<u>Cost Per Acre-Foot</u>	<u>Total (Rounded)</u>
Municipal and Industrial Subcontract	487,176	\$39.00	\$18,999,900
Agricultural Subcontract	386	2.00	800
Assignment Water from the Salt River-Pima Maricopa Indian Community Settlement	5,000	2.00	10,000
Public Utility Corporation Tax Levy	71,744	39.00	2,798,000
Facility Use Charges			
Municipal and Industrial Non-Subcontract	1,915	39.00	74,700
Agricultural Non-Subcontract	449,070	2.00	898,100
Total Capital and Capacity Charges	<u>1,015,291</u>		<u>\$22,781,500</u>

TAX EQUIVALENCY CHARGES

Tax equivalency charges are assessed to M&I customers with water service exchange contracts that are not within the boundaries of Maricopa, Pima, or Pinal Counties.

469,300

AD-VALOREM TAXES

Tax collection estimates are based on assessed property valuations as estimated by Maricopa, Pima, and Pinal Counties.

18,822,000

INVESTMENT INCOME

Estimated investment income is based on projected cash flows and current investment yields.

\$10,520,000

TOTAL OTHER SOURCES OF FUNDS

\$78,774,900



1997 CAP WATER RATE SCHEDULE

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
COST COMPONENTS					
M&I Capital Charges ^{1/}	\$39/af	\$48/af	\$48/af	\$54/af	\$54/af
Ag Capital Charges ^{2/}	2/af	2/af	2/af	2/af	2/af
Water Delivery Costs					
Fixed OM&R ^{3/}	36/af	Determined annually			
Pumping Energy ^{4/}	<u>31/af</u>	Determined annually			
	\$67/af				
DELIVERY RATES					
A) M&I	\$67/af	\$71/af	\$82/af	\$87/af	\$91/af
Ag					
B) Pool 1 (200,000 af)	30/af	31/af	32/af	33/af	34/af
C) Pool 2 (200,000 af)	20/af	21/af	22/af	23/af	24/af
D) Pool 3 ^{5/}	38/af	Determined annually			
E) M&I Incentive Recharge ^{6/}	36/af	Set for '97, '98 & '99			
F) Federal	67/af	Determined annually			
G) AWBA ^{7/}	36/af	Set for '97, '98			

(Qualifications for A through G footnoted on reverse side)

- ^{1/} Paid on full allocation regardless of water deliveries, not included in delivery rates.
- ^{2/} Paid on actual deliveries and included in delivery rates.
- ^{3/} \$44.6 million fixed OM&R costs ÷ 1,250,000 af of projected deliveries ≈ \$36/af. This amount is collected on all ordered water whether delivered or not.
- ^{4/} \$38.4 million pumping energy costs ÷ 1,250,000 af of projected deliveries ≈ \$31/af. This amount is collected only for water actually delivered.
- ^{5/} Rate is pumping energy component plus \$5 contribution to fixed OM&R plus the \$2 Ag capital charge.
- ^{6/} Rate is pumping energy component plus \$5 contribution towards fixed OM&R. See reverse side for rules regarding eligibility for and use of M&I incentive recharge water.
- ^{7/} Rate is pumping energy component plus \$5 contribution towards fixed OM&R.

(over)

Qualifications for Classes of Water

- A) M&I--The delivery rate for M&I subcontractors. For M&I users who are not subcontractors we add the capital charge and create an Excess M&I contractor rate for "as available" water.
- B) Pool 1--All Ag entities who originally signed a subcontract.
- C) Pool 2--Those Ag entities that waived their subcontract rights in two-party agreements with CAWCD; CAWCD waived the Ag take-or-pay requirements. Excludes those Ag entities that relinquished their subcontracts to others for the benefit of their district, i.e., Harquahala Valley Irrigation District, Roosevelt Water Conservation District, and HoHoKam Irrigation District.
- D) Pool 3--Any Ag customer who meets basic qualifications including those who want more than their allocated share of Pool 1 and Pool 2 water.
- E) M&I Incentive Recharge--A special program offered to M&I subcontractors only. They must have valid Arizona Department of Water Resources permits and must gain recharge/storage credits from this activity. The Board has approved this program through 1999. CAP may participate with some Ag entities in a limited fashion.
- F) Federal--For federal purposes (Indians, USBR construction water, etc.)
- G) AWBA--Water purchased by the Arizona Water Banking Authority. It is available for scheduling after all other schedules have been filled.

Impacts of Water Use on CAP Repayment Cost

The CAP repayment obligation is primarily based on how much is used for each purpose, i.e., M&I use, Ag use and Indian (Federal) use. The water is the basis for a water supply allocation that translates into the cost allocation. I have developed some hypothetical examples to illustrate this process.

The Separable Cost/Remaining Benefits (SCRB) Process

A. The Straight Forward Base Case

- Project cost \$100 million
- Annual Water Supply 100,000 af
- Indian use is 34,000 af/yr - 34% of supply
Non-Indian use is 66,000 af/yr - 66% of supply
- Capital costs allocated:
\$34 million non-reimbursable
\$66 million reimbursable

With the CAP, this cut between non-reimbursable and reimbursable is a one-time calculation.

Within the reimbursable amount, it is further subdivided into Ag use and M&I use. The Ag capital cost is repaid without interest. The M&I capital cost is repaid with interest. Assume 3% interest and 50/50 split on use

- Ag use is 33,000 af/yr - ½ of supply
Must repay \$33 million with 0% interest
- M&I use is 33,000 af/yr - ½ of supply
Must repay \$33 million at 3% interest
1st year interest cost 3% of \$33 million ≈ \$1.0 million

B. Alternative with Lower Ag Use - Lower Total Use

- Ag unable to use 33,000 af/yr - use only 22,000 af/yr
- Total use drops (in non-reimbursable category) to 55,000 af/yr
- Ag use is 22,000 af - 22/55 is 40% of use
Ag repayment is 40% of \$66 million ≈ \$26.4 million interest free
- M&I use is 33,000 af/yr - 33/55 is 60%
M&I repayment is 60% of \$66 million ≈ \$39.6 million
1st year interest cost 3% of \$39.6 million ≈ \$1.19 million

C. Alternative with Lower Ag use Higher M&I Use - Full Total Use

- Ag use is 22,000 af/yr - 22/66 is 33% of use
Ag repayment is 33% of \$66 million ≈ \$22 million interest free
- M&I use is 44,000 af/yr - 44/66 is 67% of use
M&I repayment is 67% of \$66 million ≈ \$44 million
1st year interest cost is 3% of \$44 million ≈ \$1.32 million

Summary of Results

A. Full Ag and Full M&I Use	1st year interest cost	\$1.0 million
B. Lower Ag and Full M&I Use	1st year interest cost	\$1.19 million
C. Lower Ag and Increased M&I Use	1st year interest cost	\$1.32 million

vjm
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In Lieu Tax Calculation

CAP Property Taxes collected - approximately \$19.0 million

Available deliverable water supply - 1,415,000 af

$$\text{\$19,000,000} \div 1,415,000 \text{ af} = \text{\$13.43 af}$$

**Agreement between
the Arizona Water Banking Authority and
the Mohave County Water Authority**

Outline of Issues¹

- I. Recitals
- II. Parties
 - A. AWBA
 - 1. Legal authority to contract
 - B. MCWA
 - 1. Legal authority to contract
 - C. Other possible parties
 - 1. State of Arizona/Department of Water Resources
 - a. capacity as administrator of State Colorado River contract
 - 2. MCWA member agencies
 - a. to specify priorities and rights among member agencies
- III. Definitions
- IV. Storage of water by AWBA to be set aside for MCWA
 - A. Quantity
 - 1. Annual quantity and/or
 - 2. Total quantity
 - 3. Conditioned upon continuing general fund appropriation or availability of other funds that may legally be used for this purpose
 - B. Location
 - 1. AMA/INA/Other
 - 2. Facility
 - 3. Specific credits at specific storage sites reserved for MCWA or pool of

¹ This listing is intended to facilitate discussions between the Arizona Water Banking Authority and the Mohave County Water Authority. It constitutes an initial listing of issues to be discussed. It is not binding on either party as a final list of issues to be addressed by an agreement or as a statement of position regarding those issues.

- credits available from waters stored with general fund monies?
- 4. Role of MCWA in selecting storage location

V. Conditions under which MCWA may seek recovery of water

- A. Meaning of “otherwise suffer a water shortage”-- A.R.S. § 45-2457(B)(2)
- B. Other conditions
- C. Possible maximum annual recovery
- D. Exhaustion of credits
- E. Duration of MCWA shortage protection
- F. Priority of recovery for MCWA in relation to other AWBA agreements and duties

VI. Procedure for recovering water

- A. Initiation of process
- B. Review of criteria (*see* VI(A), above)
- C. Quantification of credits to be distributed
- D. Lead time needed before making water available

VII. AWBA Obligations when Recovery of Water by MCWA is Authorized

- A. AWBA obligations
 - 1. Agreement with USBR
 - 2. Agreement with CAWCD
 - 3. Agreement with others
- B. Meaning of “to the extent reasonably necessary to offset the water shortage” -- A.R.S. § 45-2457(B)(2)
- C. AWBA liability limitations

VIII. Reimbursement by MCWA to AWBA

- A. When is reimbursement due?
 - 1. Potential for payment/replacement in advance of use of banked credits

B. How quantified?

IX. Agreement termination

X. Notice

Other Issues to be Addressed

I. Recovery issues

A. Cost

B. Guaranteeing delivery of water created for MCWA to MCWA

II. Related agreements

A. Forbearance agreement

B. Agreement among MCWA member agencies

***TENTATIVE AGENDA**

**ARIZONA WATER BANKING AUTHORITY
STUDY COMMISSION**

Interstate & Intrastate Banking and Marketing Issues Subcommittee

Thursday, June 26, 1997

10:00 a.m.

Arizona Department of Water Resources

500 North 3rd Street, Phoenix

3rd floor Conference Room

- | | | |
|------|------------------------------------|--------------|
| I. | Introduction | Mark Meyers |
| II. | Water Banking in other states | Herb Dishlip |
| III. | Discussion of Revised Issues paper | Discussion |

This is a tentative agenda that is subject to change prior to the scheduled meeting date. Please contact the AWBA at (602) 417-2440 24 hours in advance of meeting for final agenda.

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

***TENTATIVE AGENDA**

**ARIZONA WATER BANKING AUTHORITY
STUDY COMMISSION**

Indian Issues Subcommittee

Thursday, June 26, 1997

1:00 p.m.

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

- | | | |
|------|---------------------------------|----------------------|
| I. | Introduction | Mary Ann Antone |
| II. | Review of Fact Finding Trips | Subcommittee Members |
| III. | Re-organization of Issues Paper | Herb Dishlip |

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Draft

Process for Determining Forbearance of Diversions for Interstate Banking Projects with the Arizona Water Banking Authority

In order to affect an exchange which will allow Nevada or California water users to recover water stored in the Arizona Water Bank, a number of actions must occur on an annual basis. For the process to proceed without concerns by other water users either within Arizona or in the other states, a series of agreements must be arranged in advance and the Secretary of the Interior must adopt rules which specifically recognize the actions of the Arizona Water Bank. Because it will be necessary to differentiate purposefully created unused water from water which is unused due to lack of demand by higher priority users, the banking forbearance arrangements must be integrated into the normal process of ordering and delivering water.

Steps in forbearance:

Step one. Ordering water recovery.

The contractor(s) within Nevada or California must inform the Arizona Water Banking Authority of its desire to recover water which has previously been stored. The amount of water ordered may be a firm order, or it may be an initial order subject to revision if it is later determined that the Nevada or California users may be eligible for "free water" resulting from the Secretary having declared the availability of either surplus or unused Arizona apportionment water.

Step two. Banking Authority offers recovery credits to CAWCD.

Based on the out-of-state order, the Banking Authority must arrange to have credits which have been stored on behalf of out-of-state users redeemed. If out-of-state orders are in excess of 100,000 acre feet for the year, the Banking Authority will notify the Nevada or California contractors that all of their requested recovery cannot be honored. (See A.R.S. §45-2471.A.3) Priority for competing recovery requests will be determined based on provisions within individual contracts (if any) or by policy of the Authority Commission. Redemption will occur by having water pumped from the ground through recovery wells pursuant to Arizona law. However, the Banking Authority will not own recovery facilities, so it must make arrangements to have the water recovered from wells owned by others. Most likely, this arrangement will be made

with CAWCD who will either own or lease the recovery wells themselves, or will have made prior arrangements to use the well capacity of their subcontractors or of Indian CAP contractors.

If the recovery order from the Nevada or California contractor is not firm, the Banking Authority will inform CAWCD that it should prepare for recovery, but it should not proceed with the recovery until the order is firm.

Step three. Colorado River annual operating plan determination for the year.

It is assumed that the Bureau of Reclamation will continue its process of preparing an annual operating plan for the Colorado River to recommend to the Secretary of the Interior whether the River should be operated in surplus, normal, or shortage condition. If the River is operated in surplus, two actions will result. First, the out-of-state contractor may wish to reduce its order for recovery based on the opportunity of obtaining additional "free water" for its direct use. Second, Arizona contractors will be made aware that they are eligible to obtain additional water under Section 215 of RRA or under priority six contracts. If a normal year is declared, then Arizona will plan on developing up to 2.8 maf through its priority one through five contracts. If a shortage is declared, the Banking Authority will need to determine if it wishes to proceed with the recovery or not. A.R.S. §45-2471.D suggests that the Authority's interstate agreements may provide that the Arizona will not be required to reduce diversions in a shortage year. The actual operation will be dependent upon how the interstate agreements are negotiated.

Step four. Arizona contractors place water orders.

Following usual practices and procedures, the Bureau of Reclamation will request water delivery orders from all Arizona contractors. CAWCD will have previously requested orders from its subcontractors and the Federal government on behalf of Indian contractors. CAWCD's original water order must be made based on demands for water without regard for the requested forbearance. This order will be used in establishing the base amount of Arizona use for the year. If the sum of all priority one through four Arizona users' orders is less than 2.8 maf in a normal year, then Arizona priority five contractors' supplemental orders will be added to the Arizona order and will be met by the Bureau until the 2.8 maf figure is reached. If Arizona orders for priority one through five water users still do not equal 2.8 maf, the Bureau will offer the unused apportionment to the other two states. Again, it is presumed that if this "free water" is made available, then the Nevada or California banking contractor(s) will probably reduce or even possibly cancel its order for recovered water.

If the water year is determined to be a surplus year, Arizona orders would proceed in a

manner similar to the normal year process, but Arizona priority six contracts would also be honored and Arizona's total use may be in excess of 2.8 maf. Regardless of whether or not Arizona's orders are less than or greater than 2.8 maf, if its total use is less than the amount apportioned to it that year by virtue of its being eligible for 46% of the surplus volume, there could again be unused Arizona apportionment which could be made available to meet the needs of users in the other two states. As mentioned above, it is possible the Banking contractor(s) would reduce or cancel their orders for recovery, based on the ability of the unused apportionments to satisfy their needs.

Step five - Revision of water orders.

Following the completion of Step four, a baseline will have been established for differentiating normal unused apportionment from purposefully created unused apportionment. With the baseline completed, the recovery and forbearance exchange will be implemented by the Banking Authority. The Banking Authority will confirm the final order(s) for recovered water with the out-of-state contractor(s). The Authority will then inform CAWCD that it wishes to implement the recovery and forbearance agreements and the amount diversions from the Colorado River must be curtailed. CAWCD will then inform the Bureau that it will be reducing its order for Colorado River diversions pursuant to an interstate banking agreement. The Banking Authority will also inform the Bureau that it has made arrangements for Arizona to forebear from its diversions pursuant to the interstate agreement (A.R.S. §45-2423.B.3.f) and that the Bureau should recognize this situation and implement its rules and its three party agreements. The Bureau will then allow the contractor(s) within Nevada or California to revise their water orders reflecting that the unused Arizona water will be directed to the interstate banking contractor and will not be made available to Arizona priority five or six contractors.

Step six - Recovery of banked water.

It is likely that the Arizona Water Banking Authority will hold a portfolio of stored water credits on behalf of its Nevada and California contractors. Credits may be within the Phoenix, Pinal, or Tucson AMAs or may be in western basins in the Harquahala, Renegras Plain, Parker, or Butler Valley Basins. According to Arizona law, water must be recovered from within the same AMA or basin where it is stored. Therefore, the Water Banking Authority, in conjunction with CAWCD must develop a recovery plan for each AMA and basin. It will be the responsibility of the Bank to furnish CAWCD with the credits and the funds necessary for the recovery. CAWCD will be responsible either for the actual recovery or at least with having made arrangements with

its subcontractors or with Indian CAP contractors for the water to be recovered from wells. In some cases the recovery could be made so that the recovered water is returned directly to the CAP aqueduct system. In this case, individual subcontractors or Indian contractors need not be involved, since water deliveries will appear transparent to them. The source water will merely be groundwater instead of Colorado River water. In other cases, however, it may be better to have the water pumped directly into a subcontractor's or Indian contractor's distribution system. Since most subcontractors and Indian contractors will continue to use local groundwater as a component of their supplies, they presumably will have well capacity and the infrastructure to use additional groundwater to meet their demands. In these cases, CAWCD could lease the customers' wells as recovery wells or they could pass the credits through to the customer and allow them to recovery the water directly. In either case, under this approach the CAWCD will have to make arrangements in advance to provide the water user with the alternative water supply. CAWCD will then reduce the deliveries of water from the aqueduct system to the subcontractor's or Indian contractor's turnout.

The costs associated with implementing the recovery plans may vary considerably. Some of the variable cost factors may include: depth to groundwater, well construction capital costs, well leasing costs, additional capital and operation and maintenance costs to return the groundwater to the aqueduct system, additional water treatment costs associated with the use of groundwater, and administrative costs. On the other hand, the variable costs (primarily energy) associated with pumping water from the Colorado River will be saved. In any given year when recovery is requested, a wide range of recovery costs could be developed depending on the number of credits recovered from each basin. Since the Nevada and California contractors are required to pay all costs associated with recovery, it is likely they will be very interested in the plan selected by the Authority and CAWCD. However, equally important to the cost issue will be the operational issues associated with delivering water to the customers in a manner which would be equivalent to the direct delivery of Colorado River water.

Step seven - Payment

Normally, payment for CAP water delivery service is made in advance. The Banking Authority will be required to pay for the recovery of the stored water before it is pumped. Therefore, the Nevada and California contractors will be required to furnish funds to the Banking Authority at the time they place their orders. A possible solution to this problem would be to establish a special Recovery Fund at the time the interstate banking agreement is completed. The Recovery Fund would need to be adequate to recover a pre-determined number of credits at an

Draft Discussion Paper
June 23, 1997

above average recovery cost. The Banking Authority would use the Fund to advance money to the CAWCD for the first year of recovery. The CAWCD would determine the actual costs of recovery at the end of the year. The Nevada and California banking contractors will be required to reimburse the Fund based on the actual expenses. The Fund will then become a rolling financial resource which will be used until all the credits have been recovered by the out-of-state contractors. At that time any remaining money would be refunded by the Banking Authority.

Arizona Water Banking Authority
500 North Third Street, Phoenix, Arizona 85004 JUN 20 1997
Telephone 602-417-2418
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***TENTATIVE AGENDA**

Monday, June 30, 1997

9:30 a.m.

Arizona Department of Water Resources
3rd floor Conference Room

- I. Welcome / Opening Remarks
- II. Adoption of Minutes of May 21st Meeting
- III. Update of 1997 Plan of Operation
- IV. Discussion and adoption of FY98 Budget
- V. Summary of CAP Strategic Planning Session
- VI. Update on Mohave County Discussions
- VII. Update on the AWBA Study Commission
- VIII. Update on Interstate Discussions
- IX. Call to the Public
- X. Adjournment

PLEASE NOTE THERE WILL NOT BE A SCHEDULED WATER BANKING MEETING FOR JULY

*This is a tentative agenda that is subject to change prior to the scheduled meeting date. Please contact the AWBA at (602) 417-2418, 24 hours in advance of meeting for final agenda.

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.

***TENTATIVE AGENDA**

**ARIZONA WATER BANKING AUTHORITY
STUDY COMMISSION**

Interstate & Intrastate Banking and Marketing Issues Subcommittee
Thursday, June 26, 1997
10:00 a.m.

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

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|------|------------------------------------|--------------|
| I. | Introduction | Mark Meyers |
| II. | Water Banking in other states | Herb Dishlip |
| III. | Discussion of Revised Issues paper | Discussion |

This is a tentative agenda that is subject to change prior to the scheduled meeting date. Please contact the AWBA at (602) 417-2440 24 hours in advance of meeting for final agenda.

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***TENTATIVE AGENDA**

**ARIZONA WATER BANKING AUTHORITY
STUDY COMMISSION**

Indian Issues Subcommittee

Thursday, June 26, 1997

1:00 p.m.

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

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|------|---------------------------------|----------------------|
| I. | Introduction | Mary Ann Antone |
| II. | Review of Fact Finding Trips | Subcommittee Members |
| III. | Re-organization of Issues Paper | Herb Dishlip |

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