

ARIZONA WATER BANKING AUTHORITY

Wednesday, June 27, 2001

No.	NAME (Please print)	Phone No.
1	Kay Brothers	702-258-3176
2	Mark Myers	520-742-0416
3	Brian Young	520-742-5386
4	Harry Ruzgerian	213 2176082
5	RON WONG	(520) 682-2516
6	DANA WALKER	602-258-0234
7	Chuck Cull	CAP
8	Tom Harbar	623 869-2107
9	Dale Ensminger	702-293-8659
10	Kathi Knox	602.542.5480
11	Brian Henning	602-869-2567
12	Brian Walsh	ADWR 602 417 2400 x7335
13	Bruce Hallin	602.236.3212
14	Sherida Colvin for Robert S. Lynch	602.254.5908
15	Deotay Paeu	775 885-5012
16	Miki Brophy	602-440-4811
17	Robert Condit	520-682-3233
18	Doug Toy	480-782-3586
19	Steve Rossi ADWR	
20	PAUL Opme	623-465-0445
21	PAUL Nelson USBR	602-216-3978
22	Bill Allen	(602) 263 9522
23	-	
24		

Arizona Water Banking Authority
500 North Third Street, Phoenix, Arizona 85004
Telephone 602-417-2418
Fax 602-417-2401
Web Page: www.awba.state.az.us

PLEASE POST

NOTICE OF PUBLIC MEETING

Pursuant to A.R.S. § 38-431.02, notice is hereby given that there will be a meeting of the Arizona Water Banking Authority Commission on June 27, 2001 at 10:00 a.m. at the Arizona Department of Water Resources, 500 North Third Street, Phoenix, Arizona 85004, third floor conference room. The meeting is open to the general public. A copy of the agenda for the meeting is posted below.

Dated this 25th day of June, 2001

FINAL AGENDA

Arizona Water Banking Authority Commission Meeting

- I. Welcome/Opening Remarks
- II. Approval of Minutes of March 21 and April 9, 2001 Meetings
- III. Water Banking Staff Activities
 - Deliveries
 - Newsletter
- IV. Continuation of Discussions on City of Goodyear Agreement
 - Potential Action: Revocation or Modification of Agreement or Extension of time to obtain signatures
- V. Update on Groundwater Management Committee Activities
- VI. Discussion and Approval of Agua Fria Recharge Project Agreement
- VII. 2000 Annual Report
 - Overview of 2000 Annual Report
 - Adoption of 2000 Annual Report

- VIII. FY 2002 Operating Budget
 - Overview of 2002 Operating Budget
 - Adoption of 2002 Operating Budget

- IX. Discussion Regarding USBR Utilization of AWBA to Store Excess Water
 - Authorize AWBA staff to proceed with negotiations with USBR

- X. Update on Status of Interstate Discussions
 - Preliminary draft Storage and Interstate Release Agreement (SIRA)
 - Preliminary draft Environmental Assessment (EA) for SIRA
 - Public notice of SIRA
 - Public notice of EA
 - Agreement for the Development of Intentionally Created Unused Apportionment

- XI. Call to the Public

Future Meeting Date:
Wednesday, September 19, 2001

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Nan Flores at (602) 417-2418. Requests should be made as early as possible to allow time to arrange the accommodation.

ARIZONA WATER BANKING AUTHORITY
Draft Minutes

March 21, 2001
Arizona Department of Water Resources



AUTHORITY MEMBERS
Rita Pearson Maguire, Chairman
Tom Griffin, Vice-Chairman
Bill Chase, Secretary
George Renner
Richard S. Walden

EX OFFICIO MEMBERS
Representative Mike Gleason
Senator Ken Bennett

Welcome/Opening Remarks

All members of the Authority were present except for Dick Walden and *ex officio* members Ken Bennett and Mike Gleason. Rita Pearson Maguire welcomed everyone to the first quarterly meeting of 2001.

Approval of Minutes

The Authority approved the minutes from the December 20, 2000 meeting with correction to the spelling of Senator Kyl's name.

Water Banking Staff Activities

Tim Henley, manager of the AWBA, reviewed the current deliveries. January deliveries were less than projected due to operational constraints at GRUSP and decreased demand at GSF's due to weather. February showed some increases in the Tucson AMA due to deliveries to Lower Santa Cruz and Pima Mine Road. Mr. Henley stated that although deliveries are less than projected, he anticipates reaching projected quantities over the year. Bill Chase asked about the situation at GRUSP. Mr. Henley stated that they were having some mounding problems at the facility. Mr. Chase questioned the ability to make up for the lost deliveries. Mr. Henley stated that this year the AWBA may be limited by the state's 2.8 MAF off the river so it is possible the losses at GRUSP can be made up elsewhere. Mr. Henley also informed the Authority that the decrease in November and December 2001 is due to CAP siphon repairs and SRP's dry up at the facility. The existing water exchange agreement may be utilized to store more at the facility, however, SRP's participation in the exchange may be determined by their system needs which can change daily as rain falls. George Renner stated that the Agua Fria facility might become operational in November or December 2001 so the Authority may be able to make up lost storage at that facility. The CAWCD has gained immediate possession of the section of land under condemnation.

Mr. Henley informed the Authority that an application for the Innovations in Government program had been submitted. Preliminary finalists would be selected some time in March or April.

Action on the Approval of Interstate Storage Agreement

Pat Mulroy, with the Southern Nevada Water Authority addressed the Authority at the request of Ms. Pearson Maguire. She stated that this is a momentous occasion for Nevada and conveyed her thanks and gratitude to Arizona and the Authority. She stated that she anticipates many years of a productive partnership with the state. Ms. Pearson Maguire thanked Ms. Mulroy for joining the Authority at this meeting.

The following items in the Interstate Storage Agreement were discussed:

1. Mr. Chase inquired about the purpose of section 5.2. Mr. Henley replied that this addressed the 50,000 acre feet of long-term storage credits developed several years ago and held by the CAWCD for Nevada. Larry Dozier stated that there are 89,000 acre feet of credits, which were developed at the same time for California.

2. Mr. Chase brought up Dick Walden's concerns regarding article 4.2.2; specifically that it creates an obligation that the Authority cannot uphold. Mr. Henley explained that this creates the opportunity for Arizona to provide an alternative supply of water if ordered by a court to perform. Mr. Henley stated that he does not think that it allows Nevada to force Arizona to develop an alternative supply and that any costs borne by the Authority would only be any additional costs over what Nevada would already have paid for recovery.
3. Mr. Renner had a question regarding the purpose of 3.2.1.2. Mr. Henley stated that this means there is a commitment to reasonableness in the development of a recovery plan.
4. Mr. Renner and Tom Griffin had questions regarding the effective date of the agreement. Mr. Henley replied that as it is written, it would become effective once signed by all parties, however, really not effective until some water stored. Mike Pearce stated that it was the intention of the negotiating team to make this agreement not contingent on the other two agreements to permit the possibility of some transfer of credits to Nevada prior to execution of the others. This was of concern to Mr. Renner and Mr. Griffin, specifically that it could create an obligation in the absence of the other two documents. Mr. Henley stated that any storage in the absence of the other two agreements would likely be by letter addendum and could state that if the other agreements aren't executed, creation of ICUA would not occur. Mr. Pearce stated that Arizona could limit their pay back to money not water. Mr. Griffin inquired whether Nevada wanted to store water this year. Kay Brothers stated that they would and that a percentage of Arizona's storage had been discussed. Ms. Pearson Maguire stated that this is difficult because there are three agreements which must be executed and that this is the first step, the foundational agreement on which the others will be based. Mr. Griffin inquired whether the Authority was taking on an obligation in the transfer of the credits held by CAWCD. Mr. Pearce stated that recovery of those credits is contingent on execution of the other two agreements. Mr. Griffin asked for a status on the other two agreements. See below for discussion by Mr. Henley. Mr. Griffin asked Nevada if they were agreeable to the inclusion of language which made this agreement contingent on the other two. Jim Davenport stated that he did not think this agreement needed to be conditioned on the other two because the process is moving forward on the other two in an acceptable manner. Mr. Renner stated that he did not think the current agreement included provisions for storage this year, however, he thinks it can be done through a separate agreement. He would like to approve this agreement contingent on the other two and that it would only become effective upon adoption of the other two agreements. Mr. Pearce suggested addition of language between 1.2.4.2 and 1.2.4.3 which states "nothing in this agreement obligates AWBA to store water until other two ancillary agreements are in effect". He stated that this does not make the agreement contingent on the other two, it makes storage contingent on the other two. This language was acceptable to the Authority.
5. There was a review of the errata sheet. Ms. Pearson Maguire stated that the addition to 5.7 is a requirement under state law and applies whether specifically stated within the agreement or not. Mr. Davenport stated that there is no similar language for Nevada.
6. Mr. Renner had a question regarding the Nevada process. Ms. Mulroy stated that will move through the process in next 30 days and that must go to two boards, SNWA and CRCN. She stated that they may want to meet in joint session.
7. Mr. Chase stated that the language in 2.3.2 requires clarification regarding on a per acre foot basis. Specifically, does this include losses? Mr. Chase reiterated his previous comment that the Bank did not need to limit Nevada during a shortage year. He stated, however, that it is acceptable to him as written because of addition of language that allows more water after conferral with the Authority.

Ms. Pearson Maguire presented the several courses of action the Authority members could take regarding the agreement. It was moved and approved that the agreement would be approved in form and authorization would be given to the chairperson to sign and the secretary to attest after Nevada parties sign following inclusion of all changes listed in the errata sheet, inclusion of Mr. Chase's comments and addition of Mr. Pearce's paragraph. Mr. Davenport thanked the Authority.

Update on Status of Storage and Interstate Release Agreement and Agreement for Intentionally Created Unused Apportionment

Mr. Henley stated that the negotiating team recently had a meeting with the parties to the Storage and Interstate Release Agreement. The federal requirement for environmental compliance is the primary delay. The Bureau anticipates that preparation of a draft Environmental Assessment should take approximately 4 months followed by a 30-day public comment period and a 30-day response period. They anticipate getting feedback on a draft agreement in conjunction with the public response for the EA.

The Agreement for ICUA should be developed quickly following some meetings between AWBA and CAWCD staff. This agreement has had the least work done on it.

Update on Preparation of 2000 Annual Report

Staff are currently working on the Annual Report and should have a draft to Authority in mid-May. The draft will then go out for public review and the final will be presented to the Authority for approval at the June meeting.

City of Goodyear Water Banking Services Agreement

Mr. Henley explained that Bill Allen recently approached him to discuss a water banking services agreement in which the Authority loaned credits to Goodyear to assist them in meeting their requirements under the Assured Water Supply regulations. Goodyear would repay the credits through their recharge facilities over the next couple of years.

The agreement given to the Authority basically just includes all of the requirements of law. Mr. Henley informed the Authority there would be little discussion or negotiation between the parties regarding this agreement. Todd Miller from Goodyear stated that they may want to increase the quantity of credits to 2500 acre feet, depending on information received from ADWR. Ms. Pearson Maguire inquired whether Goodyear was under a time crunch. Charles Cahoy, legal counsel for ADWR, stated that Goodyear was having a consistency with management goal problem and could be in danger of losing their AWS designation in the near future. Mr. Renner asked if this was an accounting process only with no requirement to actually recover. Mr. Henley replied that it was. Mr. Renner also questioned the 2.5% administrative charge. Mr. Henley stated that that is the amount that is about equal to what it costs the Authority to put a credit in the ground, however, this was just a guess and should be discussed by the Authority. He stated that there was no precedence because these agreements haven't been done before. At the request of the Authority, Mr. Henley stated that this number would be worked on by staff. Mr. Chase asked if there were any guarantees regarding the location of the credits. Mr. Cahoy stated that all have to be within the Phoenix AMA.

It was decided that action on this item would be tabled and that it would be addressed later at a special meeting, perhaps a tele-conference meeting.

Vidler Water Company USF Agreement

Mr. Henley informed the Authority that the agreement is not completely finalized and that the Authority will be approving form of the agreement pending finalization of numbers related to the

administrative cost. The cost is currently \$45 per acre-foot with escalation over time. Mr. Henley stated that this is high compared to other facilities but that this is a private facility. To arrive at that cost, they have taken their costs and divided them by 80,000 acre feet capacity of the facility. This computation is very consistent with how other facilities calculate costs.

Mr. Chase commented that the loss number (10%) given on page 9 of the agreement was high. Mr. Henley stated that staff would re-word this section.

Mr. Renner suggested that this agreement be treated the same as the Goodyear agreement. Ms. Pearson Maguire agreed and stated that she would like some of the blanks filled in and would like some time to review this draft of the agreement. Dorothy Palmer stated that they are willing to charge what GRUSP and SRP are charging for administrative costs.

Mr. Henley stated that attached to the agreement is the easement to allow recovery by others. He would like some more information regarding the areal extent of the easement prior to approval. Ms. Pearson Maguire questioned whether the easement is consistent with the Authority no owning real property. Mr. Cahoy stated that the easement is not inconsistent with state law regarding the Authority and real property. Mr. Henley also stated that even if the agreement was approved and signed, storage at the Vidler facility was not included in the 2001 Plan of Operation, hence amending the Plan would be necessary. Also, the amended Plan would need to be presented at a meeting of the La Paz County Board of Supervisors per statute.

Call to the Public

There was no public comment.

The next AWBA meeting is scheduled for Wednesday, June 20, 2001. A special meeting to take action on agenda items will be scheduled in the interim by Mr. Henley.

The meeting concluded at 11:40 a.m.

**ARIZONA WATER BANKING AUTHORITY
Draft Minutes**

**April 9, 2001
Arizona Department of Water Resources**



AUTHORITY MEMBERS
Rita Pearson Maguire, Chairman
Tom Griffin, Vice-Chairman
Bill Chase, Secretary
George Renner
Richard S. Walden

EX OFFICIO MEMBERS
Representative Mike Gleason
Senator Ken Bennett

Welcome/Opening Remarks

Members of the Authority present were Chairman Rita Pearson Maguire and Secretary Bill Chase. Vice Chairman Tom Griffin, George Renner and Dick Walden were present via teleconference.

City of Goodyear Water Banking Services Agreement

At the request of the Authority at the March 21st AWBA meeting, Mr. Henley stated that the water banking services fee had been re-evaluated and increased from 2.5% annually to 5% annually calculated based on the total amount paid for the credits borrowed by Goodyear to the Authority under Section 6 of the Agreement.

A question was asked if the agreement met all the statutory requirements. Chuck Cahoy, Legal Counsel for the Water Banking Authority, responded that the Agreement follows closely with the requirements of the legislative statutes.

The agreement includes the 10-year maximum time limit for Goodyear to repay the credits it borrows. If the credit have not been repaid at the end of 10 years the Bank will charge Goodyear the estimated cost of replacing the long-term storage credits plus any accrued water banking fees.

Ms. Maguire asked if the city of Goodyear has reviewed the Agreement. Mr. Henley stated the agreement had been sent to Goodyear but they had not contacted him with any concerns. Mr. Henley has dealt directly with Bill Allen, representing the city of Goodyear.

George Renner asked if the Goodyear city council has acted on this agreement. Mr. Henley stated not at this time, but after the Authority agrees to sign, the agreement will be offered to Goodyear and they may go ahead and enter into the Agreement.

Mr. Cahoy added that the city of Goodyear may not want to enter into this Agreement if there are other avenues out there for them. The Agreement does not impose a responsibility if no one uses it. There would be no impact on either party.

Mr. Renner voiced a concern that Goodyear might not execute the agreement in a timely manner and suggested that a time limit be identified for them to act. Ms. Maguire recognized that concern of having the Bank act on the agreement at this time and then having the AWBA wait to see what the city of Goodyear is going to do. Her concern was that if the agreement was not approved at this meeting then the AWBA would have to call the Authority back into session, as the AWBA will not be meeting again until June 20, 2001. Tom Griffin suggested that the AWBA put a time limit on the Agreement, maybe a 30 - 60 day limit. Ms. Maguire suggested setting the limit as the date of the next Bank meeting in June.

Mr. Renner made a motion to approve the Agreement as to its form and authorize the chairperson to sign and the secretary to attest the Agreement and that the agreement be executed prior to the June 20th Bank meeting. It was so moved and approved unanimously.

Vidler Water Company USF Agreement

Mr. Henley informed the Authority at the March 21st Authority meeting that the agreement was not completely finalized and that the AWBA staff and legal counsel had now worked out the areas of concerns; the Administration fees have been finalized to \$10,000.00 annually. The fees would be paid to Vidler Water Company when once the AWBA stores at their facility; also an errata sheet was provided with editorial changes to the Agreement for Storage and the Non-Exclusive Easement in Gross Easement.

Mr. Henley stated that currently Vidler Water Company is not in the 2001 Plan of Operation and the AWBA would need to go before the La Paz County Board of Supervisors presenting an amended Plan of Operation to include Vidler Water Company.

Ms. Maguire inquired as to the guarantee of water in the facility in the next 20 to 30 years. Mr. Cahoy stated that the Vidler Agreement is not similar to other Agreements in the past. The difference is the recovery aspects. Vidler Water Company agrees that the AWBA may, at its election, designate a third party to exercise the Authority's right to recover the water stored at the facility. This is stated in Exhibit B of the Agreement, the non-exclusive easement.

Dick Walden requested further detail regarding Paragraph 12 of the Agreement stating that the AWBA shall not be responsible to pay CAWCD for any Authority water that is lost or unaccounted for between the Vidler turnout and the point at which the water enter the Vidler facility, and that Vidler shall be solely responsible to pay CAWCD for any Authority water that is lost or unaccounted for. Mr. Cahoy stated that CAWCD does not need to be party to the Agreement, that paragraph 12 defines responsibility to CAWCD. Mr. Walden asked if Vidler was contracting with CAWCD for this water. Mr. Henley stated that Vidler Water has an excess water contract and will maintain that contract with CAWCD.

The section insures the Bank will not have to pay for credits it does not receive while insuring CAWCD is paid for all the water it delivers. The section requires Vidler to reimburse CAWCD for any water that is delivered to their turnout in excess of the credits the Bank receives.

Bill Chase asked where the monies for the \$10,000.00 administration fee would come from. Mr. Henley stated that had not been determined yet but that this expense could be set up in the same manner as the administration fees paid to the ADWR and CAP for their services. The way the Bank accounts for this charge is not constrained in the contract.

Ms. Dorothy Timian-Palmer, CEO for Vidler Water Company, thanked the Authority, the Authority staff, and the Legal Counsel for the Authority for the work done in executing the Agreement. She stated that she felt that the contract was good and fair.

Mr. Chase asked why, in three years, the Agreement would need to be negotiated again. Mr. Henley explained that the principle reason was cost calculation. Vidler wanted the opportunity to revisit this calculation. The next three years will allow the Bank and Vidler to see how the facility is performing. Mr. Chase asked if the \$10,000.00 administration fee was negotiable at that time. Mr. Henley stated that he felt all fees were negotiable.

Mr. Chase made a motion at that time to the Authority to allow the chairman to enter into the Vidler Agreement. The motion passed unanimously.

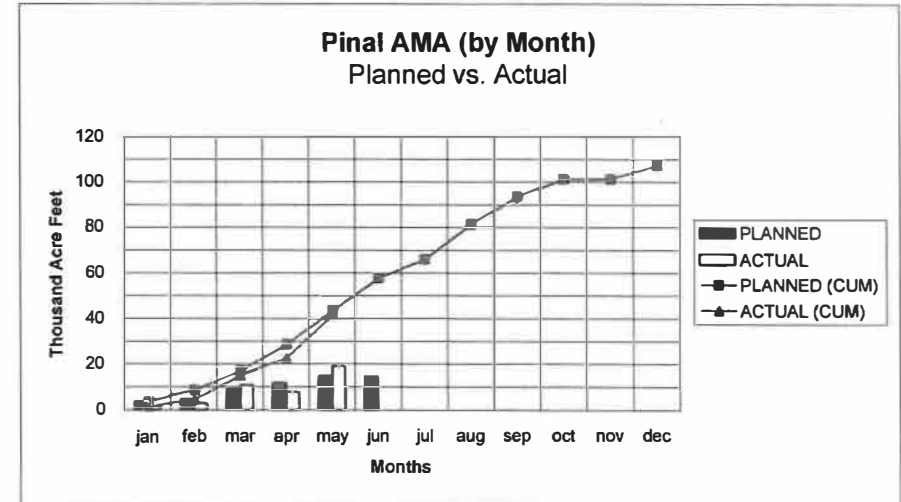
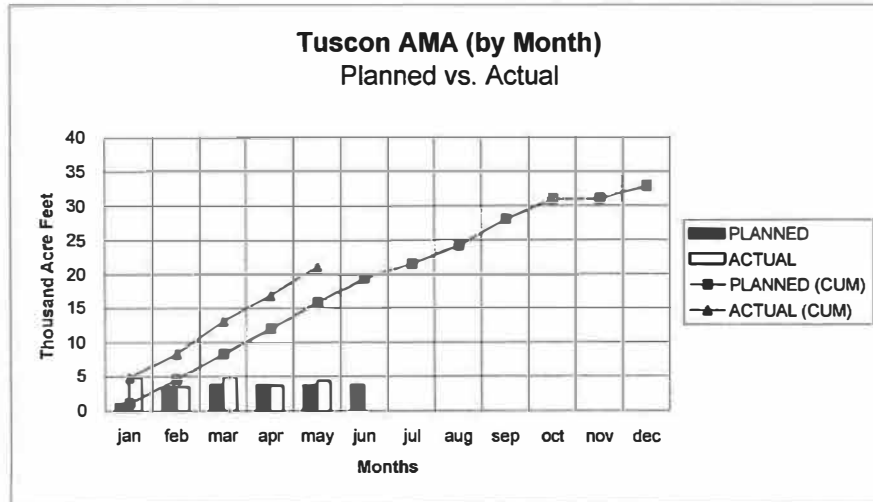
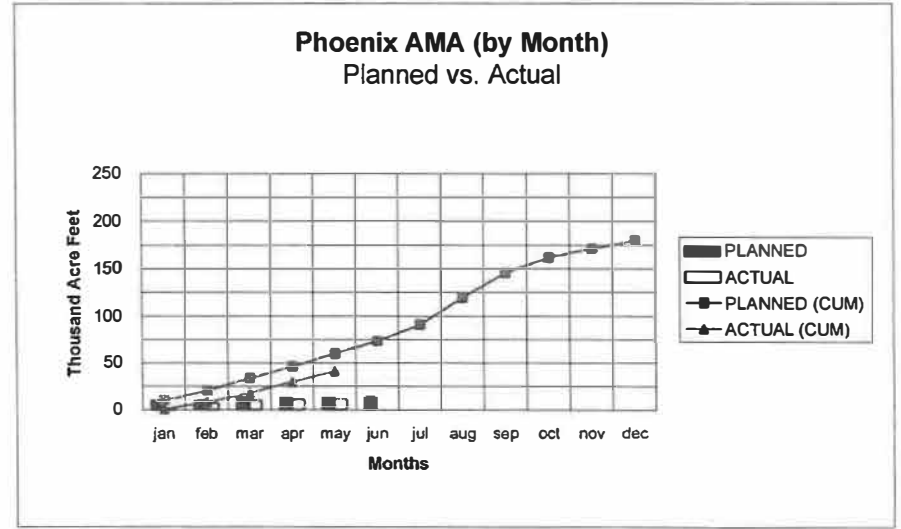
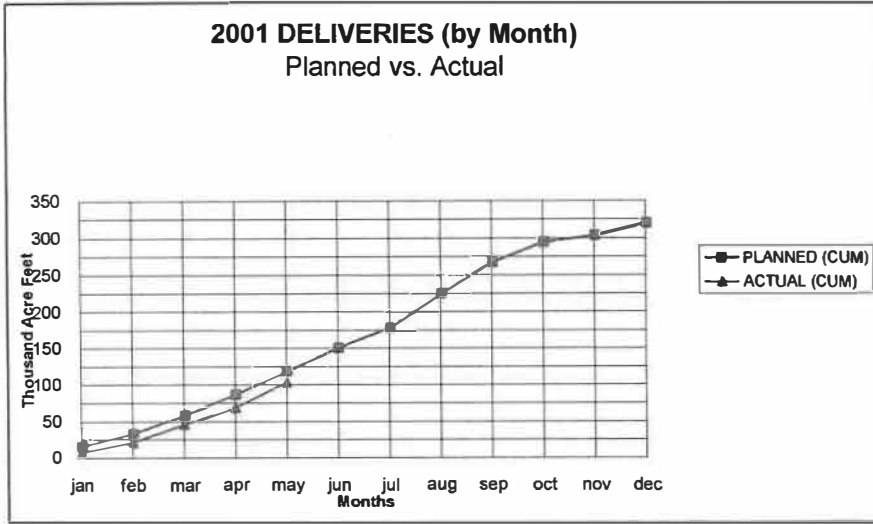
Call to the Public

Ms. Maguire made a call to the public, where Mr. Jim Peterson, representing the Town of Oro Valley asked if the facility was already constructed for the city of Goodyear and Vidler Water Company, and how would it be financed. Ms. Maguire informed Mr. Peterson that the city of Goodyear is only borrowing credits and therefore no facility is needed, and Vidler Water Company already has a facility constructed to accommodate the AWBA for storage of water.

The next AWBA meeting is scheduled for Wednesday, June 20, 2001.

The meeting concluded at 10:35 a.m.

2001 Plan of Operation



Actual deliveries updated Plan of Operation	13-Jun-01 1-Jan-01	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	total
Phoenix AMA														
GRUSP	91	5,376	6,898	7,242	6,520									26,127
	7,920	7,920	7,920	7,920	7,920		7,920	7,920	7,920	7,920	7,920	3,000	3,000	85,200
AGUA FRIA	0	0	0	0	0									0
	0	0	0	0	0		0	0	1,560	1,450	1,410	3,750	3,750	11,920
CHCID	0	100	0	0	18									118
	50	100	50	100	100		151	125	125	125	191	0	0	1,117
NMIDD	615	1,738	767	1,896	3,000									8,016
	2,000	2,000	3,200	2,500	3,000		3,500	4,700	10,200	10,600	5,500	0	0	47,200
QCID	0	0	0	0	0									0
	0	0	0	0	0		0	2,967	6,642	4,124	1,682	200	500	16,115
MWD	0	0	0	0	0									0
	0	0	0	0	0		0	0	0	0	0	0	0	0
TID	0	0	0	0	0									0
	0	0	0	0	0		0	0	0	0	0	2,000	1,000	3,000
SRP	0	0	2,122	2,125	2,120									6,367
	0	0	2,120	2,120	2,120		2,120	2,120	2,120	2,120	0	0	0	14,840
VIDLER MBT	0	0	0	0	0									0
	0	0	0	0	0		0	0	0	0	0	0	0	0
Subtotal	706	7,214	9,787	11,263	11,658		0	0	0	0	0	0	0	40,628
Total to date	706	7,920	17,707	28,970	40,628		40,628	40,628	40,628	40,628	40,628	40,628	40,628	40,628
Projected total to date	9,970	19,990	33,280	45,920	59,060		72,751	90,583	119,150	145,489	162,192	171,142	179,392	179,392
Pinal AMA														
CAIDD	0	0	0	0	0									0
	0	0	0	0	0		0	0	4,195	6,700	2,500	0	1,605	15,000
MSIDD	429	521	4,086	830	8,798									14,664
	1,750	1,860	2,170	4,150	5,590		7,250	3,220	3,530	1,830	3,280	0	2,960	37,590
HIDD	1,088	2,259	6,598	6,761	10,151									26,857
	2,000	2,800	6,400	7,500	9,000		7,200	5,000	7,600	3,500	2,000	0	1,500	54,500
Subtotal	1,517	2,780	10,684	7,591	18,949		0	0	0	0	0	0	0	41,521
Total to date	1,517	4,297	14,981	22,572	41,521		41,521	41,521	41,521	41,521	41,521	41,521	41,521	41,521
Projected total to date	3,750	8,410	16,980	28,630	43,220		57,670	65,890	81,215	93,245	101,025	101,025	107,090	107,090
Tucson AMA														
Avra Valley	634	306	459	566	528									2,493
	570	570	570	570	570		570	570	570	570	570	0	300	6,000
CAVSARP	0	0	0	0	0									0
	0	0	0	0	0		0	0	0	0	0	0	0	0
Pima Mine	1,548	545	1,205	1,493	1,436									6,227
	0	937	1,140	1,140	1,140		1,140	1,140	1,140	1,140	808	0	600	10,325
Lower Santa Cruz	2,621	2,621	3,177	1,613	2,354									12,386
	492	2,000	2,000	2,000	2,000		2,000	400	400	1,200	1,011	0	1,000	14,503
Kai/Avra	0	0	0	0	0									0
	0	0	0	0	0		0	0	0	0	0	0	0	0
Kai/Red Rock	0	0	0	0	0									0
	0	0	0	0	0		0	0	500	1,000	500	0	0	2,000
Subtotal	4,803	3,472	4,841	3,672	4,318		0	0	0	0	0	0	0	21,106
Total to date	4,803	8,275	13,116	16,788	21,106		21,106	21,106	21,106	21,106	21,106	21,106	21,106	21,106
Projected total to date	1,062	4,569	8,279	11,989	15,699		19,409	21,519	24,129	28,039	30,928	30,928	32,828	32,828
TOTAL														
	7,026	13,466	25,312	22,526	34,925		0	0	0	0				103,255
Total to date	7,026	20,492	45,804	68,330	103,255		103,255	103,255	103,255	103,255	103,255	103,255	103,255	103,255
Projected total to date	14,782	32,969	58,539	86,539	117,979		149,830	177,992	224,494	266,773	294,145	303,095	319,310	319,310

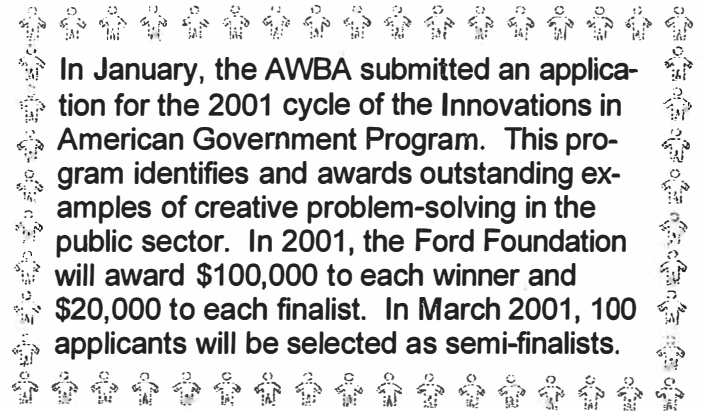
Agreements to Terminate

Twelve of the existing agreements the AWBA has with storage facilities will terminate on Dec. 31, 2001. This represents more than 70% of the partners in the 2001 Plan of Operation. Staff has contacted the storage facility operators to determine if the existing agreements can be extended, or if new agreements and/or Board approval are needed. It is anticipated that all agreements will be presented to the AWBA for signature at the Dec. 19, 2001 meeting.

Upcoming Authority Meetings

Wednesday, March 21, 2001 from 10:00-12:00 at ADWR Conference Room B.

Wednesday, June 20, 2001 from 10:00-12:00 at ADWR Conference Room B.



In January, the AWBA submitted an application for the 2001 cycle of the Innovations in American Government Program. This program identifies and awards outstanding examples of creative problem-solving in the public sector. In 2001, the Ford Foundation will award \$100,000 to each winner and \$20,000 to each finalist. In March 2001, 100 applicants will be selected as semi-finalists.



Arizona Water Banking Authority

500 North Third Street
Phoenix, Arizona 85004

Web Page

www.awba.state.az.us

E-mail

tjhenley@adwr.state.az.us
glwildeman@adwr.state.az.us

TEL: 602-417-2418

FAX: 602-417-2401

ARIZONA WATER BANKING AUTHORITY

500 North Third Street
Phoenix, Arizona 85004

LAW OFFICES
MARTINEZ & CURTIS, P.C.

MICHAEL A. CURTIS
JAY M. MARTINEZ (1943-2000)
WILLIAM P. SULLIVAN
SUSAN D. GOODWIN
LARRY K. UDALL
ANJA K. WENDEL
PAUL M. MICHAUD
KELLY Y. SCHWAB
PHYLLIS L. NEW

2712 NORTH SEVENTH STREET
PHOENIX, ARIZONA 85006-1090
TELEPHONE (602) 248-0372
TELECOPIER (602) 266-8290

OF COUNSEL
JOSEPH F. ABATE
THOMAS A. HINE
JEFFREY A. KATZ

REFER TO FILE NO. 1284-1-2-6

May 17, 2001

Mr. Timothy J. Henley, Manager
State of Arizona Water Banking Authority
500 North Third Street
Phoenix, Arizona 85004

Re: **West Maricopa Combine, Inc.**
Managed Storage Facility USF Permit No. 71-578112

Dear Tim:

West Maricopa Combine, Inc. is proud to announce issuance of Underground Storage Facility Permit No. 71-578112 authorizing operation of a managed storage facility with the capacity of 25,000 acre feet per annum along a portion of the Hassayampa River. West Maricopa Combine asks that the Arizona Water Bank include this storage facility as part of the Water Bank's operating plan. West Maricopa Combine is proceeding with final engineering and believes that the project could be completed as early as the fall of 2001.

West Maricopa Combine is offering storage capacity at this facility at the rate of \$13.00 per acre foot. We would appreciate meeting with you as soon as possible to discuss the Water Bank's interest in utilizing this storage facility. We will be calling to arrange a mutually convenient time to further discuss this project and the Water Bank's utilization thereof in the near future.

If you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,



William P. Sullivan
For the Firm

WPS/tsg

cc: John Mihlik, West Maricopa Combine, Inc.

1284-1-2-6\letters\henley.0516.01

GOVERNOR'S WATER MANAGEMENT COMMISSION
INTERIM REPORT EXCERPTS
Final Version 06/11/01

C. Issues and Proposed Solutions

The issues of concern have evolved substantially since the initial meetings of the AMA Task Forces two years ago. In general, the issues were first identified by local stakeholders within each of the AMA's, then key items were forwarded to the Technical Advisory Committee (TAC). The TAC developed background papers containing descriptions of the issues from a broad, multi-AMA perspective, and suggested priorities for consideration by the Commission. The Commission then established Subcommittees to further prioritize the issues and develop proposed solutions. The reports from the Subcommittees were reviewed at a retreat on April 20-21 to identify proposals that had sufficient support by the full Commission to warrant further work. These proposals have now been assigned to Commission Work Groups for further refinement and drafting as described in the matrix attached as Appendix 21.

After the Commission reviews the language developed by the Work Groups, it is expected that some of the proposals will not move forward. No final decisions have been made on the language of any proposed recommendation.

The issues and proposed solutions that have been assigned to Commission Work Groups are in the categories described below.

1. Allowable Pumping: Well Impact Restrictions and Limitations on New Groundwater Users

Proposals in this category are related to impacts of ongoing statutory rights to pump groundwater on the ability to achieve the AMA management goals. Recommendations being considered include new well permitting requirements for all new wells to protect municipal water supplies, ecologically significant water-dependent habitats, surface water rights, areas where subsidence is considered a serious and immediate problem, and potential drinking water supplies that are threatened by contamination.

Other proposals include limitations on new groundwater permits, such as general industrial use, mineral extraction and electrical power generation permits, and limiting the ability to convert existing irrigation grandfathered rights to non-irrigation uses. Limiting the pumping capacity or volume of exempt¹ wells, or limiting the number of exempt wells in areas near ecologically significant water-dependent habitat is being considered. Establishment of a phased in "water management fee" to be assessed to the overdraft portion of groundwater pumping pursuant to a permit or a right is also being discussed but there is strong opposition.

¹ Relatively small wells that are currently unregulated. Such wells have a pump capacity of 35 gallons per minute or less, but are capable of pumping up to 56 acre-feet per year.

2. Municipal & Industrial Supplies: Ensuring M&I Uses are Protected (AWS & CAGR Issues)

Some of the proposals in this category relate to changes in the Central Arizona Groundwater Replenishment District (CAGR) authorizing legislation. The CAGR replenishes water on behalf of its members to offset their groundwater pumping and provide a mechanism for meeting the Assured Water Supply (AWS) Rule requirement for use of renewable water supplies. Changes being evaluated for presentation to the Work Group include the ability to pay for and store water in advance of the demand by CAGR members; ensuring that the location of CAGR water storage is hydrologically sound and to the best advantage of CAGR members; having more stringent planning requirements for future supplies and infrastructure; and evaluating mechanisms for de-enrollment from CAGR membership. The future role of the CAGR relative to other water management entities is also being discussed.

A statement from the Commission regarding the Central Arizona Water Conservation District pricing policies to encourage use of excess CAP water is being considered. A proposal to annually transfer credits stored by the Arizona Water Banking Authority using the \$.04 ad-valorem tax to the Central Arizona Water Conservation District (CAWCD) may also be recommended.

Requiring phased-in use of renewable water supplies for municipal and industrial users in safe-yield AMAs, similar to requirements for providers with a designation of AWS, is being considered, as are mechanisms to encourage the Arizona Corporation Commission to increase the ability of private water companies to plan for and utilize renewable supplies.

A proposal that has received support from the Commission is establishment of a regional financing authority. Legislation may be proposed that would establish a new type of Special District similar to the Community Facilities District to assist in financing water infrastructure involving multiple jurisdictions. Proposals for incentives to encourage development on farmland are also being considered by this Work Group.

3. Conservation Programs

A key focus of the Work Group is the review of an alternative agricultural conservation program based on Best Management Practices (BMPs) to increase on-farm efficiency in a measurable way. This is of particular concern in the Phoenix and Pinal AMAs. The Work Group will start with input from an existing group of agricultural interests and representatives of ADWR that has been working on BMP proposals for more than a year.

Another proposal is to develop a statewide conservation program to assist water users and water providers and to raise the visibility of conservation efforts. This effort would involve focused outreach and education, technical assistance, and research on effectiveness of conservation for all sectors. The program focus would also include development of model BMPs for all water use sectors.

Conservation principles to be used as guidance for the Department's conservation requirements are also being drafted for possible adoption by the Commission.

4. Management Goals (Pinal, Prescott and Santa Cruz AMAs)

Options are being identified to assist in meeting the management goals in the Prescott and Santa Cruz AMAs. These AMAs do not have access to CAP water or other significant volumes of renewable supplies (other than effluent), and have substantial water management challenges as a result. Access to additional sources of renewable supplies and the ability to enhance water management on a regional level are being evaluated.

The Pinal AMA, which has a dual management goal of preserving the agricultural economy for as long as feasible while protecting supplies for future municipal growth, is considering a refinement of the municipal component of its goal. This potential refinement is intended to provide more certainty about long-term availability of renewable supplies for the municipal sector. Amendments to the AWS Rules for the Pinal AMA are under consideration.

5. Water Resources Planning

The need for a long-term strategic plan for water supply planning across the state has been identified. However, the current focus is solely on planning through the Management Plans adopted at 10-year intervals within AMAs. It has been suggested that a Statewide Water Supply Plan is needed, including discussion about obtaining additional water to meet future needs, improved coordination of recharge and recovery activities, a statewide drought management plan, and improved data and planning tools. There is particular interest in coordinated planning for future use of stored water, and ensuring that water is stored in areas where it will be recoverable. Improvements to the availability of water quality data are also being considered. The structure of this planning effort is still under discussion.

This Work Group will also draft a statement encouraging the development of additional recharge capacity.

6. Environmental and Economic Considerations

a. Environmental Proposals

This category of solutions includes options to protect or enhance environmental assets within AMAs. Protection of "ecologically significant habitat" that may be affected by groundwater pumping is a key consideration. A definition of this term is being developed. Program options being contemplated include: enhancements to the Water Protection Fund; evaluation of water needs for protection of significant habitat during drought; identifying a source of water or funding to protect significant habitat under drought conditions; and ADWR noticing provisions for new wells that may affect surface water flows.

b. Environmental and Economic Impacts

The Environmental and Economics Work Group has an additional assignment beyond the substantive proposals described above. They have been asked to do a qualitative evaluation of the proposals that are moving through the Commission to identify the economic and environmental impacts of each. Criteria for performing these evaluations have been developed and are summarized in matrices attached as Appendix 39.

7. Report Review Committee

This Work Group has been assigned to assist in the development of the draft interim and final reports for the Commission. The final report will describe proposals that are being recommended as well as those that the Commission has affirmatively decided not to pursue at this time.

D. Consensus Items²

The Commission is still working on final language describing the following proposals that have been identified as consensus items:

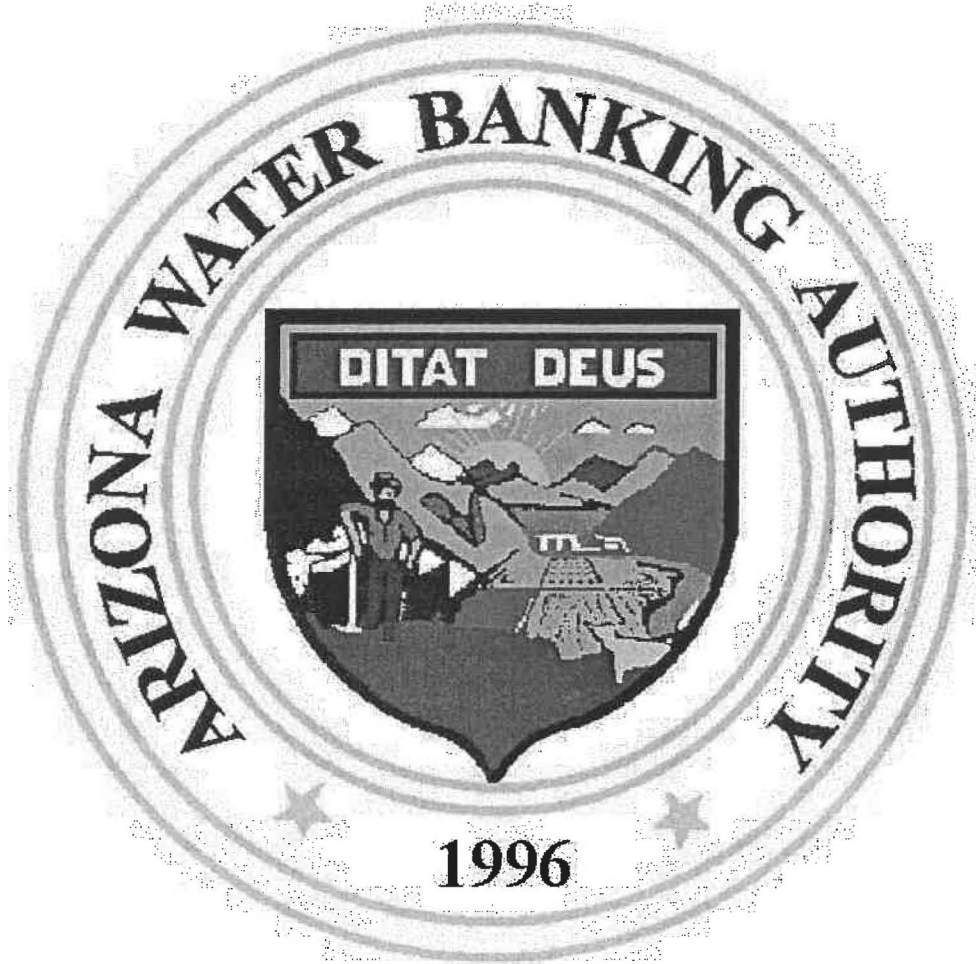
- No additional regulation of effluent is needed
- Development of additional recharge capacity should be encouraged
- Existing CAWCD rate setting procedures for excess CAP water should be supported
- New authority is needed for development of regional financing capability for multi-jurisdictional projects
- Improvements to ADWR's recharge permitting process should be recommended through the Recharge Stakeholders Group
- Development of guidelines to facilitate permitting of Multi-Purpose Recharge Projects should be handled through the Recharge Stakeholders Group
- A process for distribution of the State Land Department's CAP allocation should be discussed outside the Commission process by affected parties
- Groundwater allowances for designations and post-1995 certificates should be maintained in the Phoenix and Tucson AMAs
- No change is recommended in the method of calculation of the amount of AWS extinguishment credits for Type Ones, Type Twos and Irrigation Grandfathered Rights
- No change is recommended to the current program for management of CERCLA and WQARF (federal and state superfund) pumping
- A permanent, stable funding source for the Water Protection Fund (WPF) should be established, and the WPF should be provided with authority to fund acquisition of water rights for the purposes identified in the WPF statute.

² The language in these bullets capture the concept as it moved forward from the Commission, and is not identical to the original subcommittee recommendations.

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ARIZONA WATER BANKING AUTHORITY

ANNUAL REPORT
2000



Submitted

July 1, 2001

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Arizona Water Banking Authority

Annual Report 2000

Honorable Jane Dee Hull
Governor of Arizona

Members

Rita Pearson Maguire
Chairman

Thomas E. Griffin
Vice-chairman

William L. Chase
Secretary

George Renner
Member

Richard S. Walden
Member

Ex officio
Senator Ken Bennett
Representative Mike Gleason

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Arizona Water Banking Authority Annual Report Requirement

Arizona Revised Statutes § 45-2426 mandates that the Arizona Water Banking Authority (AWBA) file an annual report with the Governor, President of the Senate and Speaker of the House of Representatives on or before July 1 of each year for the previous calendar year. The report is required to be a full and complete account of the AWBA's transactions and proceedings and must include the following:

1. An accounting of all monies expended from the banking fund.
2. An accounting of all monies in the banking fund remaining available to the AWBA.
3. The amount of water stored by the AWBA.
4. The number of long-term storage credits distributed or extinguished by the AWBA.
5. The purposes for which long-term storage credits were distributed or extinguished by the AWBA.
6. A description of the water banking services and interstate water banking to be undertaken by the AWBA during the following ten year period and a projection of the capacity of the AWBA during that period to undertake those activities in addition to storing Colorado River water brought into the state through the CAP for all of the following purposes:
 - a. Protecting this state's municipal and industrial water users against future water shortages on the Colorado River and disruptions of operation of the CAP.
 - b. Fulfilling the water management objectives of the state.
 - c. Making water available to implement the settlement of water rights claims by Indian communities within Arizona.
7. Any other matter determined by the authority to be relevant to the policy and purposes of the AWBA.

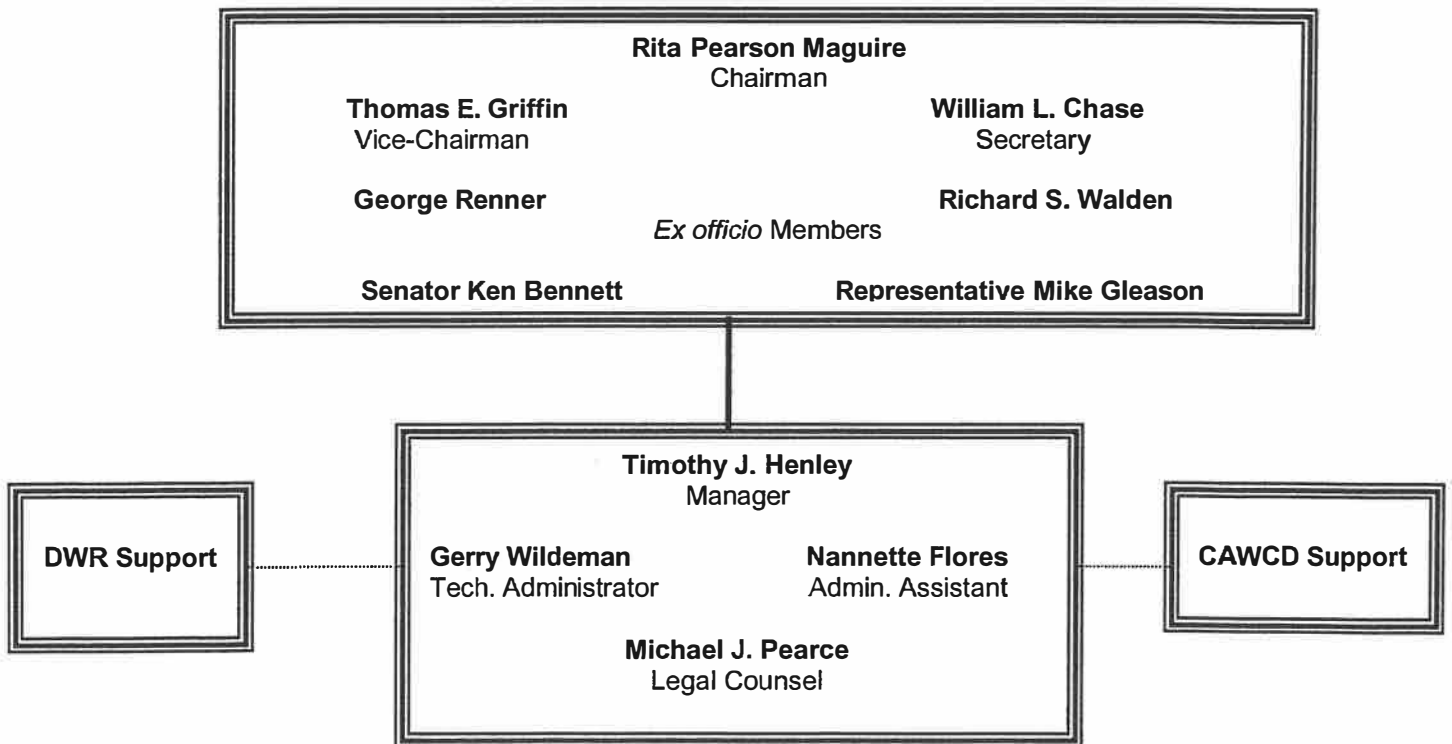
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Members of the Arizona Water Banking Authority



Pictured above from left to right: Richard S. Walden, Thomas E. Griffin, Rita Pearson Maguire, George Renner and William L. Chase

Organizational Chart



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Interstate Water Banking Negotiating Team



Pictured clockwise from center, Tim Henley, Michael Pearce, David Donnelly, Kay Brothers, Gary Weatherford and Larry Dozier

Kay Brothers is an environmental engineer who has served as Director of the Resources Department of the SNWA since 1995. Ms. Brothers has an extensive background in Nevada water management issues.

Jim Davenport is the Chief of the Water Division of the Colorado River Commission. The Colorado River Commission is the state agency responsible for protection of Nevada's trust interest in its share of Colorado River water. Mr. Davenport is an attorney who represents Nevada in numerous proceedings associated with the Colorado River.

David Donnelly is a civil engineer who serves as the Deputy General Manager of Engineering/Operations and chief engineer for both the Las Vegas Valley Water District and the Southern Nevada Water Authority (SNWA). The SNWA is the agency responsible for allocation and distribution of Colorado River water to the Las Vegas Valley. Mr. Donnelly has held these positions since 1990.

Larry Dozier has served as Deputy General Manager for the Central Arizona Project (CAP) since September 1995. Mr. Dozier is responsible for operations, engineering and maintenance at the CAP.

Tim Henley is a Civil Engineer appointed as Manager of the Arizona Water Banking Authority (AWBA) in 1996. Mr. Henley has a long history of serving as Arizona's representative in interstate water matters.

Michael Pearce serves as the Chief Counsel of the Arizona Department of Water Resources (ADWR). Mr. Pearce has been involved in the AWBA since its creation and specializes in issues concerning the law of the Colorado River.

Gary Weatherford is a partner in the San Francisco natural resources law firm of Weatherford and Taaffe, LLP. Mr. Weatherford has been of special counsel for SNWA since its inception. He shares

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this and other legal responsibilities concerning Colorado River matters with David Lindgren of the Sacramento law firm of Downey, Brand, Seymour and Rohwer, LLP.

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Update

During the previous calendar year, the AWBA continued to work to accomplish its mission of utilizing the unused portion of Arizona's Colorado River allotment for recharge and development of long-term storage credits for Arizona's future use. The recharge that is done by the AWBA utilizes Colorado River water that would otherwise not be used within Arizona.

One new member joined the AWBA in 2000. Representative Mike Gleason was appointed *ex officio* member by Representative James Weirs, Speaker of the Arizona House of Representatives on December 15, 2000. Representative Gleason represents District 15 and replaces former *ex officio* member Representative Gail Griffin. A biography of Representative Gleason can be found on the AWBA web page.

In 2000, the AWBA held quarterly meetings at the ADWR to insure that the public stay apprised of their activities. In addition to the regularly scheduled meetings, special meetings of the AWBA or AWBA subcommittees can be called when there are issues that require additional input and discussion. In 2000, special meetings of the AWBA were called on January 13, January 26 and June 28 to address issues related to interstate water banking. A special meeting was also called on May 3 to approve the storage agreement for the Lower Santa Cruz Recharge facility. Meetings of the Recovery Subcommittee were called on March 2 and May 17. The newly formed Interstate Water Banking Subcommittee (IWBS) held meetings on August 21, October 24, November 14 and December 12.

The first Recovery Subcommittee meeting focused on identification and development of recovery strategies utilizing the information provided in the compact disk (CD) prepared by the consultants. The CD, titled "AWBA – GIS Database for Phoenix and Tucson Active Management Areas, Version 1.0 (March 2000)" was distributed to recovery participants in April 2000. The second meeting was held to solicit input from the parties regarding their ability to participate in the recovery strategies discussed at the previous meeting. At the second meeting, a small group of entities were identified as possessing the operational flexibility and capability to participate in recovery. Consequently, a Recovery Core Group was formed within the Recovery Subcommittee. The Recovery Core Group held meetings on June 6 and August 31 to evaluate the potential for interested parties to participate in the recovery process. It is perceived that there will be significantly more activity of the Recovery Core Group in 2001 as the parties complete investigations of their system capabilities with respect to recovery.

The IWBS was formed at the June AWBA meeting as it was recognized that interstate issues would require a substantial investment of meeting time. All action items of the IWBS would be addressed at the quarterly AWBA meetings. Meetings of the IWBS focused on status updates, re-evaluation of the intrastate firming requirements, the availability of water and storage capacity for interstate water banking, providing staff with direction and review of draft agreements. A work group was formed to address the technical aspects of the impact of interstate water banking. More detailed information regarding interstate water banking can be found in the Activities and Projects section of this report.

The Central Arizona Water Conservation District (CAWCD) has experienced extended delays in the initiation of the Agua Fria Recharge Project due to an inability to acquire the necessary land interests. In response, the CAWCD proposed legislation in the 2000 session to obtain limited condemnation

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authority to acquire land associated with development of a facility under the State Demonstration Recharge Project. At the January 26, 2000 meeting, the AWBA voted unanimously to support the proposed legislation because the lack of adequate recharge facility space currently limits AWBA storage. A letter stating AWBA support was signed by Chairman Rita Pearson Maguire and mailed on January 31, 2000. Following several amendments, Senate Bill 1364 was signed into law on April 4 and became effective in July 2000.

The AWBA members and staff coordinate annually with current and potential recharge entities in the process of development of the Annual Plan of Operation for the following year. Interested entities provide information regarding their desired level of participation with the AWBA. The recharge capacities of the facilities are then matched with the delivery capacities of the CAP aqueduct. Through coordination between AWBA and CAWCD staff, adjustments are made between facility capacities and CAP availability and a final proposed delivery schedule is determined. For the 2001 Plan of Operation, the entities scheduled for delivery were Salt River Project's Granite Reef Storage Project (GRUSP) and Groundwater Savings facility, CAWCD's Agua Fria, Avra Valley, Pima Mine Road and Lower Santa Cruz facilities, New Magma Irrigation District, Queen Creek Irrigation District, Tonopah Irrigation District, Central Arizona Irrigation and Drainage District, Hohokam Irrigation District, Maricopa Stanfield Irrigation District, Chandler Heights Irrigation District and Herb Kai.

In November, AWBA staff met with staff from Salt River Project and CAP to discuss inclusion of a water exchange in the 2001 Annual Plan of Operation. The CAWCD has planned an outage of the Salt River siphon from November 1 to December 15, 2001 for inspection and repair that would preclude storage at GRUSP for that time period. The AWBA obtained a general use water exchange permit in 1999 to be used in these situations. Consequently, the 2001 Plan was developed with 6,000 acre feet of storage planned at GRUSP in November and December under the water exchange agreement and permit.

The AWBA recharged almost 294,000 acre feet of CAP water in 2000 (see Appendix A). Of this, 156,000 acre feet were stored in the Phoenix AMA, 99,000 acre feet were stored in the Pinal AMA and 39,000 acre feet were stored in the Tucson AMA. Total consumptive use of Colorado River water by Arizona for 2000 was approximately 2.65 million acre feet. Distribution of that quantity was: approximately 1.23 million acre feet for direct uses along the Colorado River; CAP subcontractor uses of approximately 1.13 million acre feet; and AWBA water uses of approximately 294,000 acre feet.

For more information about the Arizona Water Banking Authority, consult the AWBA web page at <http://www.awba.state.az.us> or contact Tim Henley (tjhenley@adwr.state.az.us) or Gerry Wildeman (glwildeman@adwr.state.az.us) at 602-417-2418.

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Activities and Projects - 2000

Interstate Water Banking

AWBA Activities – 2000

Although the rule that made interstate water banking permissible from a federal perspective was promulgated in 1999, the state process did not officially begin until January 13, 2000. On that day, the chief counsel for ADWR held a public meeting to solicit input to be used in completing his recommendation to the Director regarding the adequacy of the federal rule titled “Offstream Storage of Colorado River Water and Development and Release of Intentionally Created Unused Apportionment”. On January 26, 2000, the Director presented her determination that the federal rule met the statutory criteria and that initial discussions regarding development of the agreements necessary to permit interstate banking could commence. At that same meeting, the AWBA authorized a negotiating team to initiate exploratory discussions using a set of issues of negotiation that had been identified. Brief biographies of the Arizona and Nevada members of the negotiating team are presented earlier in this report.

The negotiating team met several times with both California and Nevada entities in February and March of 2000. Staff developed a first draft of the agreement titled “Storage and Interstate Release Agreement” (SIRA) that was distributed and discussed by the AWBA at the March 14, 2000 meeting. The SIRA is an agreement between the AWBA, the United States Bureau of Reclamation and the authorized entity in the consuming state and is required by federal rule. The SIRA describes the manner in which the Secretary of the Interior will monitor and account for the storage and recovery of water pursuant to an interstate water banking agreement. Also at that meeting, representatives from Nevada and California made presentations to the AWBA that described their water needs and the perceived role the AWBA could play in meeting them through interstate water banking.

Interstate water banking was a primary agenda item at the June 21, 2000 AWBA meeting. At that meeting, staff updated the AWBA on the status of the exploratory discussions, discussed a chart that modeled the opportunities for interstate banking, and presented a preliminary draft of a second agreement titled “Agreement for the Development of Intentionally Created Unused Apportionment” (ADICUA). The ADICUA is an agreement between the AWBA and the CAWCD, or other recovering entity, that mandates how water will be recovered and how unused apportionment will be created on the Colorado River. A second draft of the SIRA was also discussed and the AWBA Interstate Water Banking Subcommittee (IWBS) was established. It was determined that future interstate water banking issues would be discussed in the subcommittee which would meet more frequently than the quarterly AWBA meetings. However, approvals of agreements and other important action items would be referred to and acted upon by the AWBA at their quarterly meetings or at special meetings scheduled as necessary.

A major milestone in the interstate water banking process occurred on June 28, 2000 when the negotiating team was formally authorized by the AWBA to begin negotiating the concepts and language of the various agreements. July 17, 2000 marked the first negotiation meeting between Arizona and Nevada. It was decided at that meeting that the initial point of focus would be preparation of the agreement between Nevada and the AWBA. That agreement, ultimately titled

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“Agreement for Interstate Water Banking” (AIWB) would describe the financial, operational and legal requirements of the authorized entities. The SIRA and the ICUA would then be developed on the basis of concepts agreed upon in the AIWB. Consequently, the SIRA and ICUA did not proceed past the initial drafts in 2000 as the negotiating team and the AWBA focused on the AIWB.

In July and early August there were three meetings of the negotiating team at which general concepts regarding cost, scheduling, environmental requirements, and term were discussed. The first meeting of the IWBS was held on August 21, 2000 and the members were updated on the status of the negotiation process. At this point, general concepts to be included in the AIWB had been discussed, however, actual language had not been negotiated. An outline draft of the AIWB that detailed the concepts identified thus far was presented to the members. Also discussed at this meeting was the continuing concern of the members that there is insufficient water and storage capacity available to allow interstate banking.

The second meeting of the IWBS was held on October 24, 2000. The primary focus of the meeting was discussion of a number of areas of concern identified by the AWBA. The issues were (1) pricing of interstate water banking, (2) ordering, scheduling and payment of interstate deliveries, and (3) water and storage capacity availability. Staff prepared issue papers and completed computer modeling runs to address the member’s concerns. In this meeting, it was determined that the AWBA required additional information regarding the current status of the intrastate firming requirements and a technical work group was appointed to develop that information. In subsequent meetings of the IWBS, additional concerns were raised and addressed through issue papers and discussion. These areas of concern include (1) Arizona’s requirements during declared shortages on the Colorado River, (2) quality of recovered water, and (3) enforcement of contracts between the AWBA and other entities.

The final meeting of the IWBS for 2000 was held on December 12. At that meeting, it was decided that the majority of the concerns of the AWBA had been identified and addressed and that the subcommittee could likely be dissolved after a final meeting in January 2001. The negotiating team then began drafting the contractual language of the AIWB using the components that had been identified and discussed over the previous five months.

CAWCD Activities – 2000

At the March meeting of the CAWCD, Board President George Renner informed the board that the AWBA had authorized a negotiating team to initiate exploratory discussions regarding interstate banking. Recognizing that the CAWCD would play a role in interstate banking, President Renner appointed four board members to serve on a committee to draft principles for board review. The Interstate Water Banking Committee met several times between March and June and developed a policy for CAWCD’s participation in interstate water banking. In developing the policy, the CAWCD’s goal was to support the policies of the AWBA and the ADWR and protect the CAP contractors and subcontractors. The policy, adopted at the June 22, 2000 board meeting, provides that the CAWCD will assist the AWBA in implementation of an interstate water banking program if certain provisions are met. The provisions describe payment components, the type of water to be banked, recovery aspects, and the requirement for a formal water resource plan that shows an end to the reliance on interstate water.

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2001 Plan of Operation

The AWBA plans to recharge approximately 320,000 acre feet of water in calendar year 2001. Of this quantity, approximately 130,000 will be recharged at underground storage facilities and approximately 190,000 will be recharged at groundwater savings facilities. The AWBA's Plan of Operation anticipates recharge of almost 12,000 acre feet at the Agua Fria facility. Delays in this facility becoming operational could negatively impact the quantity of water stored under the 2001 Plan of Operation. For more detailed information, the plan is available on the AWBA web page.

Media Coverage

The AWBA received limited press coverage during 2000 with the majority of articles being published immediately following the special Authority meeting that authorized staff to initiate interstate water banking negotiations.

"Nevada-Arizona water agreement near", Las Vegas Sun, June 29, 2000

"Arizona considers plan to store Nevada water", The Arizona Republic, June 29, 2000

"Arizona aquifer may get Nevada CAP", Southern Arizona Online, June 29, 2000

"Arizona deal could quench Las Vegas thirst for 23 years", Las Vegas Review-Journal, June 29, 2000

Facility Permit Activity

The AWBA submitted three water storage permit applications in 2000: full-scale Pima Mine Road (PMR) recharge facility on March 1, 2000; full-scale Central Avra Valley Storage and Recovery Project on June 8, 2000; and Vidler Water Co. on August 28, 2000. The AWBA received permits for five water storage permit applications in 2000: Agua Fria (managed) and Agua Fria (constructed) were permitted on January 6, 2000; Lower Santa Cruz was permitted on January 18, 2000; Kai Farms-Picacho was permitted on August 9, 2000; and full-scale PMR was permitted on September 7, 2000.

AWBA Newsletter

The AWBA staff developed a newsletter to provide the public with periodic updates on water deliveries and other AWBA related water management issues. The first issue was published in February 2000 with additional issues published in May, August and November. The newsletter can be accessed on the AWBA web page.

Web Page

The AWBA has maintained a web page (<http://www.awba.state.az.us>) since 1997 as a means to provide timely and accurate information regarding the AWBA's activities to the water community. The

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web page contains information about the AWBA, AWBA members and staff, the AWBA's recharge partners, monthly water deliveries, the AWBA newsletter, AWBA announcements and scheduled meetings and meeting minutes. It also contains numerous publications and documents that may be downloaded and provides links to other water related web sites.

The web page was originally developed and maintained by the Water Resources Center at the University of Arizona, however, maintenance was transferred to the ADWR Information Technology Division in late 1999. In the summer of 2000, a consultant was retained and completed reconstruction on several sections of the web page. Design changes continue to be made on the site, however, the web page is currently fully functional.

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Monies Expended from the Banking Fund

Arizona Revised Statutes § 45-2425 mandates the various sources of monies for the Water Banking Fund (Fund) that is administered by the AWBA per the statute. In 2000, the AWBA obtained its funding from the following sources:

1. Fees for groundwater pumping are collected within the Phoenix, Pinal and Tucson AMAs. Fees are calculated two different ways because there exists a gradual increase in fees for entities not associated with irrigation districts within the Pinal AMA. In the Phoenix AMA, Tucson AMA and most areas of the Pinal AMA, fees for water banking purposes are charged at \$2.50 per acre foot. Fees for entities in Pinal County who are not associated with an irrigation district were charged at \$0.75 per acre foot in 1997 with planned increases of \$0.25 per acre foot annually until the \$2.50 per acre foot amount is reached. Therefore, the fee charged for these entities was \$1.50 per acre foot in 2000. The fees for groundwater pumping are statutorily available to the AWBA through 2016. Long-term storage credits accrued with these monies must be used to benefit the AMA in which they were collected.
2. The CAWCD is statutorily authorized through 2016 to levy an *ad valorem* property tax in the three-county CAP service area that cannot exceed four cents per \$100 of assessed valuation and is used either for repayment or OM&R costs of the CAP. If the taxes levied are not needed for those purposes, an annual resolution of the CAWCD board can direct them to the Fund. In 2000, the CAWCD board resolved that all taxes to be levied would be deposited in the Fund. The Fund receives this money in two payments that are roughly concurrent with the due dates for property taxes; funds are typically received in December and May. Money from this source must be used to benefit the county in which it was collected.
3. A general fund appropriation is made to the Fund in an annual amount determined to be appropriate by the Arizona Legislature and the Governor. In 2000, the general fund appropriation was \$2 million. General fund money is made available to the Fund in equal payments on a quarterly basis. Water stored with these funds may be used to assist communities along the Colorado River, to assist in meeting state water management objectives or as a component of Indian water rights settlements.

Table 1 shows the money the AWBA received and expended in 2000 by source of funds. Table 2 shows the total money received, expended and remaining in the Fund through December 2000 by source of funds. The money listed as Available is money that is either remaining in the Fund or money that has been prepaid to CAWCD. Any money that remains in the Fund is available to be expended in subsequent years; any interest that accrues on this money is credited to the Fund and is available for use.

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Table 1. Monies Collected and Expended in 2000 by Source of Funds

Source of Funds	Money Collected	Money Expended
General Fund	\$2,000,000	\$2,149,000¹
4¢ Ad valorem Tax		
Maricopa County	\$8,102,000	\$6,459,000
Pinal County	\$274,000	\$270,000
Pima County	\$1,590,000	\$367,000
Subtotal for Ad Valorem	\$9,966,000	\$7,096,000
Groundwater Withdrawal Fee		
Phoenix AMA	\$2,701,000	\$0
Pinal AMA	\$927,000	\$1,628,000 ¹
Tucson AMA	\$656,000	\$0
Subtotal for Withdrawal Fees	\$4,284,000	\$1,628,000
Interest \$ Collected on Fund Dedicated to Administration	\$1,439,000	\$290,000
TOTAL	\$17,689,000	\$11,163,000

¹ Includes carryover from previous years

Table 2. Monies Collected and Expended through December 2000 and Monies Remaining Available to the Authority

Source of Funds	Money Collected	Money Expended	Money Available
General Fund	\$8,695,000	\$8,629,000	\$66,000
4¢ Ad Valorem Tax			
Maricopa County	\$30,310,000	\$18,736,000	\$11,574,000
Pinal County	\$1,113,000	\$1,101,000	\$12,000
Pima County	\$6,793,000	\$2,350,000	\$4,443,000
Subtotal for Ad Valorem	\$38,216,000	\$22,187,000	\$16,029,000
Groundwater Withdrawal Fee			
Phoenix AMA	\$7,345,000	\$0	\$7,345,000
Pinal AMA	\$3,079,000	\$1,628,000	\$1,451,000
Tucson AMA	\$2,023,000	\$0	\$2,023,000
Subtotal for Withdrawal Fees	\$12,447,000	\$1,628,000	\$10,819,000
Administration	\$3,259,000	\$1,038,000	\$2,221,000
TOTAL	\$62,617,000	\$33,482,000	\$29,135,000

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Long-term Storage Credits

The AWBA has established Long-term Storage Accounts with ADWR. The Phoenix AMA account number is 70-441150, the Tucson AMA account number is 70-411150 and the Pinal AMA account number is 70-431135. After receiving the AWBA's annual reports for its water storage and water transfer permits and the annual reports for the recharge facilities, ADWR calculates and issues long-term storage credits to the appropriate accounts. The AWBA receives credit for 95% of the recoverable quantity of stored water. The 5% that is not credited is termed the "cut to the aquifer" and provides additional groundwater replenishment benefits. This cut to the aquifer is mandated by statute and applies to almost all storage of water for long-term credit, with some exceptions. The recoverable amount of stored water is determined by subtracting facility losses from the quantity of water delivered to the facility. After credits are issued to the account, AWBA staff allocate the credits to the appropriate sub-accounts based on source of funding.

The number and distribution of long-term storage credits for 2000 are listed in Table 3. Cumulative totals of long-term storage credits through December 2000 are listed in Table 4.

Table 3. Number and Location of Long-term Storage Credits Accrued in 2000

Location and Funding Source	Long-term Storage Credits Accrued (AF)
Phoenix AMA	
4¢ <i>Ad valorem</i> Tax	138,673
Groundwater Withdrawal Fee	0
General Fund	0
AMA Total	138,673
Pinal AMA	
4¢ <i>Ad valorem</i> Tax	10,821
Groundwater Withdrawal Fee	65,231
General Fund	14,460
AMA Total	90,512
Tucson AMA	
4¢ <i>Ad valorem</i> Tax	6,323
Groundwater Withdrawal Fee	0
General Fund	30,848
AMA Total	37,171
Totals by Funding Source	
4¢ <i>Ad valorem</i> Tax	155,817
Groundwater Withdrawal Fee	65,231
General Fund	45,308
TOTAL	266,356

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Table 4. Cumulative Total and Location of Long-term Storage Credits Accrued through December 2000

Location and Funding Source	Long-term Storage Credits Accrued (AF)
Phoenix AMA	
4¢ <i>Ad valorem</i> Tax	496,501
Groundwater Withdrawal Fee	0
General Fund	52,087
AMA Total	548,588
Pinal AMA	
4¢ <i>Ad valorem</i> Tax	51,991
Groundwater Withdrawal Fee	65,231
General Fund	255,285
AMA Total	372,507
Tucson AMA	
4¢ <i>Ad valorem</i> Tax	40,736
Groundwater Withdrawal Fee	0
General Fund	30,848
AMA Total	71,584
Totals by Funding Source	
4¢ <i>Ad valorem</i> Tax	589,228
Groundwater Withdrawal Fee	65,231
General Fund	338,220
TOTAL	992,679

Long-term Storage Credits Distributed or Extinguished by the Authority

The long-term storage credits developed by the AWBA to date have been identified as reserved for three purposes: firming the post-1968 Colorado River municipal and industrial (M&I) entitlements; firming the post-1968 M&I entitlements for entities outside the CAP service area; and fulfilling the water management objectives set forth in Chapter 2 of Title 45 (Arizona Revised Statutes). Credits for firming purposes may be distributed or extinguished when the Colorado River system is deemed to be in a shortage or if there is an operational disruption of the CAP. There were no shortages or CAP operational problems, therefore, no credits were distributed or extinguished for these purposes in 2000. Credits may be distributed or exchanged for water management purposes upon request of the director of ADWR. There were no requests made for distribution or extinguishment of credits for water management purposes in 2000. Under the 1999 amendments to the AWBA legislation, the AWBA is authorized to develop credits with monies collected pursuant to water banking services agreements. In 2000, no credits were developed or distributed under such agreements.

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Ten Year Plan

Introduction

The ten year plan is a statutorily mandated component of the Annual Report. The ten year plan must include a description of any water banking activities the AWBA intends to undertake in addition to the three primary AWBA functions of firming for M&I supplies, assisting in Indian water rights settlements, and fulfilling state water management objectives. The ten year plan must also provide an analysis of the AWBA's ability to complete those activities. The ten year plan is not a guarantee of future storage activities and is completed for planning purposes only. In any given year, the AWBA's activities are governed by the annual Plan of Operation.

The ten year plan in the 2000 Annual Report analyzes activity for the period 2002-2011 (Table 5) and was derived using the information found in Appendices B through G. AWBA accounting for previous years can be found earlier in this annual report (see Tables 2 and 4). In 2000, the AWBA developed long-term storage credits through expenditure of groundwater withdrawal fees for the first time. AWBA staff developed the ten year plan based on the following guiding principles:

1. The intent of the plan is to evaluate if the AWBA can engage in water banking activities beyond the scope of the currently established AWBA role and to what extent.
2. The plan covers a ten year time period beginning with the next calendar year. For example, this ten year plan covers the time period 2002-2011.
3. The plan will be updated annually based on current priorities of the AWBA.
4. The plan is an important tool to be utilized in development of the next year's annual Plan of Operation.

Storage Partners

The AWBA has 12 water storage permits for groundwater savings facilities (GSF) with a total storage capacity of 726,700 acre feet per annum (see Appendix C). The AWBA is not currently utilizing the Roosevelt Water Conservation District or the Maricopa Water District GSFs and does not anticipate doing so within this plan period. The AWBA first stored water at Herb Kai's Red Rock facility in 2000 and anticipates utilizing his Avra Valley facility beginning in calendar year 2002.

All of the permits associated with GSFs expire within this ten year plan, however, six do not expire until late in the planning period. All of the AWBA's storage permits expire simultaneously with the partners' facility permits. Consequently, any difficulty on the part of the partners or the AWBA to obtain new permits could affect the ability of the AWBA to maintain adequate storage capacity to fulfill water banking activities. Discussions with ADWR recharge staff have indicated that there is typically no difficulty in obtaining new permits for GSF facilities. Nonetheless, impacts of this nature cannot be predicted and are not included in this ten year plan.

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Table 5. Ten Year Plan

ARIZONA WATER BANKING AUTHORITY 10 YEAR PLAN 2002-2011 (Acre Feet)																
YEAR	(a)	(b)		(c)		(d)		(e)		(f)	(g)		(h)	(i)	(j)	(k)
	CAP Water Available for Banking	CAP M&I Firming (4¢ tax)		Water Management (Withdrawal Fees)		General Fund		Indian Settlement		Loaned Credits	Storage for Others		Interstate Banking			
		Stored	Credits	Stored	Credits	Stored	Credits	Stored	Credits	Credits	Stored	Credits	Water Available	Capacity Available	Nevada Credits	California Credits
2002	580,000	308,891	272,216	69,341	62,407	41,697	37,527						160,071	96,500	81,000	
2003	629,000	204,537	179,296	151,505	136,355	37,113	33,402						235,845	122,164	103,500	
2004	650,000	166,863	146,019	109,589	98,630	32,519	29,267						341,029	205,650	183,600	
2005	637,000	187,417	163,595	84,957	76,462	37,591	33,832			2,500 ¹			327,034	205,679	180,000	
2006	605,000	204,838	178,235	83,088	74,780	43,055	38,749						274,020	165,319	144,900	
2007	569,000	225,767	195,652	85,181	76,662	49,811	44,830						208,241	137,116	121,050	
2008	530,000	235,930	203,874	87,544	78,790	46,530	41,877						159,995	128,726	110,700	
2009	495,000	240,045	206,720	89,334	80,401	41,709	37,538						123,913	127,668	112,950	
2010	432,000	233,064	200,212	91,486	82,337	37,317	33,585						70,133	135,357	60,300	
2011	418,000	227,605	195,538	90,110	81,099	35,469	31,922						64,815	142,062	57,600	

Column Notes:

- ¹ Return of credits loaned to City of Goodyear in 2001
- (a) See Appendix B
- (b) See Appendix D
- (c) See Appendix E
- (d) See Appendix F
- (e) Currently no Indian requirements identified for the AWBA
- (f) Currently no additional request for loaned credits
- (g) Currently the AWBA is not providing banking services for others
- (h) Available CAP supplies minus AWBA delivery requirements
- (i) Available capacity minus AWBA storage requirements
- (j) See Appendix G, Agreement for Interstate Water Banking approved 2001, other agreements pending
- (k) Currently no agreements in place

The AWBA has seven water storage permits for underground storage facilities (USF) with a total storage capacity of 531,000 acre feet per annum. The AWBA voted in 2000 to not participate in projects that had not yet demonstrated feasibility. Because West Maricopa Combine has a facility permit, it has been included in the ten year plan even though the AWBA does not currently have a water storage permit for the facility. It is anticipated that one will be obtained in 2001. Although a water storage permit is held for the facility, the AWBA does not anticipate storage at the Central Avra Valley Storage and Recovery Project due to Tucson Water's full utilization of the facility. The USF permit issued for the Pima Mine Road facility limits total storage under the permit to 500,000 acre feet with the ability to request an amendment to 600,000 acre feet. This storage quantity limitation will not be a factor within this ten year plan. One permit, the Granite Reef Underground Storage Project, expires within this planning period.

As previously described in the GSF discussion, any difficulty in obtaining new permits could effect the capacity available to the AWBA. As the process of obtaining a new USF permit can be more complex and extensive than obtaining a new GSF permit, the possibility of impact is greater. Again, impacts of this nature cannot be predicted and are not included in the analysis of this ten year plan.

Recovery

This ten year plan does not include an analysis of the impacts of recovery. Based on current analysis and discussion, recovery for shortage protection or interstate needs is not anticipated within the scope of this ten year plan.

Issues of Consideration

The decision to participate in specific water bank activities is guided by the goals of the AWBA and influenced by a variety of factors including pricing and availability of CAP water, recharge facility availability and capacity and quantity and source of funding. The following is a description of factors that may influence AWBA actions over the planning period.

1. Water management objectives

The early activities of the AWBA were focused on achieving the goal of full utilization of Arizona's Colorado River allocation. However, as the AWBA matures and evolves, there may be increasing emphasis on other AWBA goals such as water management.

2. Modifications within CAP with regard to pricing and pool allocation

The current method of allocation of water within the agricultural pools has a planned termination of 2004. The CAWCD continues to examine new ways to distribute and price agricultural water. While the extent of the effect of changes in allocation on the AWBA is not known, it is recognized that this is a factor that could impact the AWBA's ability to participate in recharge at groundwater savings facilities.

3. Participation in Indian settlements

There are on-going discussions regarding Indian water rights settlements within Arizona. As a result of those discussions, the AWBA may be requested to provide services to insure that the terms of settlements are met. There have been no requests made to date and this factor was not included in the current plan.

4. Possible new recharge facilities

In 2000, the CAWCD completed an investigation to identify areas in the western part of the state where large recharge and recovery projects might be feasible. This was done in recognition of the fact that storage facility capacity currently limits recharge in the state and that siting a facility in the west could provide increased CAP operational flexibility. The CAWCD also has significant planning and permitting efforts underway to provide additional recharge facilities in the Phoenix AMA. These projects will be developed and constructed with State Demonstration fund money. Additional recharge facility capacity was not included in this ten year plan, however, additional recharge capacity could be included in future plans if permits are obtained.

5. Interstate banking

As previously discussed in this annual report, the AWBA requirements with regard to interstate banking are being better defined. This ten year plan includes banking for Nevada but does not include banking for California.

6. Replacement water for Yuma Desalting Plant

The United States Bureau of Reclamation (USBR) is currently evaluating options and opportunities for meeting Mexican Treaty obligations without operating the Yuma Desalting Plant. One of those options might be to utilize the AWBA to store water in Arizona. The credits could later be used to help offset the federal obligation to replace the water being bypassed to the Santa Clara Slough. This ten year plan does not include any storage for the USBR but future plans may.

Conclusion

The ten year plan is intended to serve as a guide to assist the AWBA in the development of the Annual Plan of Operation (Plan). The AWBA is required to develop a Plan for activities to be undertaken the following calendar year. As part of the Annual Report, the ten year plan is reviewed and updated annually. Therefore, it is possible that the ten year plan may change significantly depending on the goals set by the AWBA.

Appendices

Appendix A. Colorado River Water Deliveries for Water Banking Purposes for Calendar Year 2000 by Partner and Active Management Area

Phoenix Active Management Area

Partner	Quantity of Water (acre feet)
Granite Reef Underground Storage Project	81,567
New Magma Irrigation and Drainage District	47,200
Queen Creek Irrigation District	10,089
Maricopa Water District	1,164
Salt River Project	14,838
Chandler Heights Citrus Irrigation District	1,150

Pinal Active Management Area

Partner	Quantity of Water (acre feet)
Central Arizona Irrigation and Drainage District	13,192
Maricopa-Stanfield Irrigation and Drainage District	29,489
Hohokam Irrigation and Drainage District	55,531

Tucson Active Management Area

Partner	Quantity of Water (acre feet)
Avra Valley	1,976
Central Avra Valley Storage and Recovery Project	10,532
Pima Mine Road	7,393
Kai – Red Rock	2,784
Lower Santa Cruz	16,670

APPENDIX B
CAP Delivery Schedule
(X Thousand Acre feet)

Year	Cap Demands				Normal Year Supply ⁴	Available for Others
	M&I ¹	Indian ²	Ag ³	Total		
2002	335	80	520	935	1515	580
2003	383	81	470	886	1515	629
2004	381	82	400	865	1515	650
2005	397	97	400	878	1515	637
2006	412	113	400	910	1515	605
2007	428	134	400	946	1515	569
2008	443	157	400	985	1515	530
2009	495	177	400	1020	1515	495
2010	498	188	400	1083	1515	432
2011	513	199	400	1097	1515	418

Footnotes:

- 1 From DWR studies
- 2 From settlement discussions
- 3 From Agricultural pool discussions
- 4 Based on normal year delivery of 1,585,000 acre feet

APPENDIX C: AWBA Storage Capacity (Acre feet)

	Year	Tonopah (w)		MWD (w)		SRP (e)		RWCD(e)		QCID (e)		CHCID (e)		NMIDD (e)	
		Permit Capacity	Available @ \$21	Permit Capacity	Available @ \$21	Permit Capacity	Available @ \$21	Permit Capacity	Available @ \$21	Permit Capacity	Available @ \$21	Permit Capacity	Available @ \$21	Permit Capacity	Available @ \$21
Phoenix AMA (Groundwater Savings Facilities)	2002	15,000	3,000	18,000	-	200,000	15,000	100,000	-	28,000	20,000	3,000	3,000	54,000	47,000
	2003	15,000	3,000	18,000	-	200,000	15,000	100,000	-	28,000	20,000	3,000	3,000	54,000	47,000
	2004	15,000	3,000	18,000	-	200,000	15,000	100,000	-	28,000	20,000	3,000	3,000	54,000	47,000
	2005	15,000	3,000	18,000	-	200,000	15,000	100,000	-	28,000	20,000	3,000	3,000	54,000	47,000
	2006	15,000	3,000	18,000	-	200,000	15,000	100,000	-	28,000	20,000	3,000	3,000	54,000	47,000
	2007	15,000	3,000	18,000	-	200,000	15,000	100,000	-	28,000	20,000	3,000	3,000	54,000	47,000
	2008	15,000	3,000	18,000	-	200,000	15,000	100,000	-	28,000	20,000	3,000	3,000	54,000	47,000
	2009	15,000	3,000	18,000	-	200,000	15,000	100,000	-	28,000	20,000	3,000	3,000	54,000	47,000
	2010	15,000	3,000	18,000	-	200,000	15,000	100,000	-	28,000	20,000	3,000	3,000	54,000	47,000
	2011	15,000	3,000	18,000	-	200,000	15,000	100,000	-	28,000	20,000	3,000	3,000	54,000	47,000
	Phoenix AMA (Underground Storage Facilities)	Year	Agua Fria		GRUSP		West Maricopa		Pinal AMA (Groundwater Savings Facilities)	Year	HID		CAIDD		MSIDD
Permit Capacity			Available	Permit Capacity	Available	Permit Capacity	Available	Permit Capacity			Available @ \$21	Permit Capacity	Available @ \$21	Permit Capacity	Available @ \$21
2002		100,000	80,000	200,000	90,000	25,000	25,000	2002		55,000	46,000	110,000	15,000	120,000	20,000
2003		100,000	80,000	200,000	90,000	25,000	25,000	2003		55,000	46,000	110,000	15,000	120,000	20,000
2004		100,000	80,000	200,000	90,000	25,000	25,000	2004		55,000	46,000	110,000	15,000	120,000	20,000
2005		100,000	80,000	200,000	90,000	25,000	25,000	2005		55,000	46,000	110,000	15,000	120,000	20,000
2006		100,000	80,000	200,000	90,000	25,000	12,500	2006		55,000	46,000	110,000	15,000	120,000	20,000
2007		100,000	80,000	200,000	90,000	25,000	12,500	2007		55,000	46,000	110,000	15,000	120,000	20,000
2008		100,000	80,000	200,000	90,000	25,000	12,500	2008		55,000	46,000	110,000	15,000	120,000	20,000
2009		100,000	80,000	200,000	90,000	25,000	12,500	2009		55,000	46,000	110,000	15,000	120,000	20,000
2010		100,000	80,000	200,000	90,000	25,000	12,500	2010		55,000	46,000	110,000	15,000	120,000	20,000
2011		100,000	80,000	200,000	90,000	25,000	12,500	2011		55,000	46,000	110,000	15,000	120,000	20,000
Tucson AMA	Groundwater Saving Facilities					Underground Storage Facilities						Outside the CAP Service Area	Underground Storage Facilities		
	Year	Kai (Red Rock)		Kai (Avra)		Avra Valley		Lower Santa Cruz		Pima Mine Road			Vidler		
		Permit Capacity	Available @ \$21	Permit Capacity	Available @ \$21	Permit Capacity	Available	Permit Capacity	Available	Permit Capacity	Available		Year	Permit Capacity	Available
	2002	11,200	3,000	12,500	5,000	11,000	11,000	30,000	22,000	30,000	25,000		2002	100,000	80,000
	2003	11,200	3,000	12,500	5,000	11,000	11,000	30,000	22,000	30,000	25,000		2003	100,000	80,000
	2004	11,200	3,000	12,500	5,000	11,000	11,000	30,000	22,000	30,000	25,000		2004	100,000	80,000
	2005	11,200	3,000	12,500	5,000	11,000	11,000	30,000	22,000	30,000	25,000		2005	100,000	80,000
	2006	11,200	-	12,500	-	11,000	11,000	30,000	22,000	30,000	25,000		2006	100,000	80,000
	2007	11,200	-	12,500	-	11,000	11,000	30,000	22,000	30,000	25,000		2007	100,000	80,000
	2008	11,200	-	12,500	-	11,000	11,000	30,000	22,000	30,000	25,000		2008	100,000	80,000
	2009	11,200	-	12,500	-	11,000	11,000	30,000	22,000	30,000	25,000		2009	100,000	80,000
	2010	11,200	-	12,500	-	11,000	11,000	30,000	22,000	30,000	25,000		2010	100,000	80,000
	2011	11,200	-	12,500	-	11,000	11,000	30,000	22,000	30,000	25,000		2011	100,000	80,000

APPENDIX D

4 ¢ Tax

(Acre feet)

	Groundwater Savings			Underground Storage			
	Year	Capacity Available	Capacity Used	Credits Earned	Capacity Available	Capacity Used	Credits Earned
<u>Phoenix AMA</u>	2002	88,000	88,000	79,200	195,000	158,719	142,847
	2003	88,000	88,000	79,200	195,000	52,708	47,437
	2004	88,000	88,000	79,200	195,000	43,638	39,275
	2005	88,000	88,000	79,200	195,000	59,752	53,777
	2006	88,000	88,000	79,200	182,500	75,864	68,277
	2007	88,000	88,000	79,200	182,500	91,290	82,161
	2008	88,000	84,084	75,676	182,500	101,838	91,655
	2009	88,000	78,162	70,345	182,500	112,950	101,655
	2010	88,000	72,072	64,865	182,500	117,106	105,396
	2011	88,000	67,892	61,103	182,500	118,921	107,029
	<u>Pinal AMA</u>	2002	81,000	7,143	6,429	-	-
2003		81,000	5,910	5,319	-	-	-
2004		81,000	5,134	4,621	-	-	-
2005		81,000	6,272	5,645	-	-	-
2006		81,000	7,554	6,799	-	-	-
2007		81,000	9,306	8,375	-	-	-
2008		81,000	10,450	9,405	-	-	-
2009		81,000	11,506	10,355	-	-	-
2010		81,000	11,786	10,607	-	-	-
2011		81,000	11,490	10,341	-	-	-
<u>Tucson AMA</u>		2002	8,000	8,000	7,200	58,000	40,600
	2003	8,000	8,000	7,200	58,000	44,600	40,140
	2004	8,000	8,000	7,200	58,000	17,470	15,723
	2005	8,000	8,000	7,200	58,000	19,748	17,773
	2006	-	-	-	58,000	26,621	23,959
	2007	-	-	-	58,000	28,796	25,916
	2008	-	-	-	58,000	30,153	27,138
	2009	-	-	-	58,000	27,072	24,365
	2010	-	-	-	58,000	21,493	19,344
	2011	-	-	-	58,000	18,961	17,065

APPENDIX E
Withdrawal Fee
(Acre feet)

	Groundwater Savings			Underground Storage			
	Year	Capacity Available	Capacity Used	Credits Earned	Capacity Available	Capacity Used	Credits Earned
<u>Phoenix AMA</u>	2002	-	-	-	36,281	21,281	19,153
	2003	-	-	-	142,292	127,292	114,563
	2004	-	-	-	151,362	60,840	54,756
	2005	-	-	-	135,248	35,414	31,873
	2006	-	-	-	106,636	38,325	34,493
	2007	-	-	-	91,210	40,311	36,279
	2008	3,916	3,742	3,368	80,662	39,554	35,599
	2009	9,838	8,738	7,865	69,550	38,754	34,879
	2010	15,928	13,045	11,741	65,394	36,424	32,781
	2011	20,108	15,513	13,962	63,579	34,436	30,992
	<u>Pinal AMA</u>	2002	73,857	48,060	43,254	-	-
2003		75,090	24,213	21,792	-	-	-
2004		75,866	20,619	18,557	-	-	-
2005		74,728	24,691	22,222	-	-	-
2006		73,446	29,155	26,240	-	-	-
2007		71,694	35,211	31,690	-	-	-
2008		70,550	38,760	34,884	-	-	-
2009		69,494	41,841	37,657	-	-	-
2010		69,214	42,017	37,815	-	-	-
2011		69,510	40,161	36,145	-	-	-
<u>Tucson AMA</u>		2002	-	-	-	17,400	-
	2003	-	-	-	13,400	-	-
	2004	-	-	-	40,530	28,130	25,317
	2005	-	-	-	38,252	24,852	22,367
	2006	-	-	-	31,379	15,608	14,047
	2007	-	-	-	29,204	9,659	8,693
	2008	-	-	-	27,847	5,488	4,939
	2009	-	-	-	30,928	-	-
	2010	-	-	-	36,507	-	-
	2011	-	-	-	39,039	-	-

APPENDIX F
General Fund
(Acre feet)

	Year	Groundwater Savings			Underground Storage		
		Capacity Available	Capacity Used	Credits Earned	Capacity Available	Capacity Used	Credits Earned
<u>Phoenix AMA</u>	2002	-	-	-	15,000	-	-
	2003	-	-	-	15,000	-	-
	2004	-	-	-	90,521	-	-
	2005	-	-	-	99,833	-	-
	2006	-	-	-	68,311	-	-
	2007	-	-	-	50,900	-	-
	2008	-	-	-	41,107	-	-
	2009	-	-	-	30,796	-	-
	2010	-	-	-	28,970	-	-
	2011	-	-	-	29,143	-	-
	<u>Pinal AMA</u>	2002	25,797	24,797	22,317	-	-
2003		50,877	24,213	21,792	-	-	-
2004		55,247	20,619	18,557	-	-	-
2005		50,037	24,691	22,222	-	-	-
2006		44,291	29,155	26,239	-	-	-
2007		36,483	35,211	31,690	-	-	-
2008		31,790	27,230	24,507	-	-	-
2009		27,653	17,709	15,938	-	-	-
2010		27,197	11,717	10,545	-	-	-
2011		29,349	10,069	9,062	-	-	-
<u>Tucson AMA</u>		2002	-	-	-	17,400	16,900
	2003	-	-	-	13,400	12,900	11,610
	2004	-	-	-	12,400	11,900	10,710
	2005	-	-	-	13,400	12,900	11,610
	2006	-	-	-	15,771	13,900	12,510
	2007	-	-	-	19,545	14,600	13,140
	2008	-	-	-	22,359	19,300	17,370
	2009	-	-	-	30,928	24,000	21,600
	2010	-	-	-	36,507	25,600	23,040
	2011	-	-	-	39,039	25,400	22,860
	<u>Outside the AMAs</u>	2002	-	-	-	80,000	-
2003		-	-	-	80,000	-	-
2004		-	-	-	80,000	-	-
2005		-	-	-	80,000	-	-
2006		-	-	-	80,000	-	-
2007		-	-	-	80,000	-	-
2008		-	-	-	80,000	-	-
2009		-	-	-	80,000	-	-
2010		-	-	-	80,000	-	-
2011		-	-	-	80,000	-	-

APPENDIX G
Interstate Storage
(Acre feet)

	Year	Groundwater Savings			Underground Storage		
		Capacity Available	Capacity Used	Credits Earned	Capacity Available	Capacity Used	Credits Earned
<u>Phoenix AMA</u>	2002	-	-	-	15,000	10,000	9,000
	2003	-	-	-	15,000	10,000	9,000
	2004	-	-	-	90,521	90,000	81,000
	2005	-	-	-	99,833	95,000	85,500
	2006	-	-	-	68,311	65,000	58,500
	2007	-	-	-	50,900	50,000	45,000
	2008	-	-	-	41,107	40,000	36,000
	2009	-	-	-	30,796	30,000	27,000
	2010	-	-	-	28,970	28,000	25,200
	2011	-	-	-	29,143	29,000	26,100
<u>Pinal AMA</u>	2002	1,000	-	-	-	-	-
	2003	26,664	25,000	22,500	-	-	-
	2004	34,628	34,000	30,600	-	-	-
	2005	25,346	25,000	22,500	-	-	-
	2006	15,136	15,000	13,500	-	-	-
	2007	1,272	-	-	-	-	-
	2008	4,560	-	-	-	-	-
	2009	9,944	9,000	8,100	-	-	-
	2010	15,480	15,000	13,500	-	-	-
	2011	19,280	19,000	17,100	-	-	-
<u>Tucson AMA</u>	2002	-	-	-	500	-	-
	2003	-	-	-	500	-	-
	2004	-	-	-	500	-	-
	2005	-	-	-	500	-	-
	2006	-	-	-	1,871	1,000	900
	2007	-	-	-	4,945	4,500	4,050
	2008	-	-	-	3,059	3,000	2,700
	2009	-	-	-	6,928	6,500	5,850
	2010	-	-	-	10,907	9,000	8,100
	2011	-	-	-	13,639	12,000	10,800
<u>Outside the AMAs</u>	2002	-	-	-	80,000	80,000	72,000
	2003	-	-	-	80,000	80,000	72,000
	2004	-	-	-	80,000	80,000	72,000
	2005	-	-	-	80,000	80,000	72,000
	2006	-	-	-	80,000	80,000	72,000
	2007	-	-	-	80,000	80,000	72,000
	2008	-	-	-	80,000	80,000	72,000
	2009	-	-	-	80,000	80,000	72,000
	2010	-	-	-	80,000	15,000	13,500
	2011	-	-	-	80,000	4,000	3,600

Attachment 2001-1

ARIZONA WATER BANKING AUTHORITY
(FY 2001 - July 2000 thru June 2001)

		<u>Actual</u>
FY 2001 ADMINISTRATIVE BUDGET	\$369,120	\$280,930
FY 2001 WATER RECHARGE BUDGET	\$14,291,350	\$11,877,000
TOTAL FY 2001 AWBA BUDGET	\$14,660,470	\$12,157,930
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TOTAL EXPECTED REVENUES	\$15,020,000	\$14,527,000
CARRYOVER / (DEFICIT) from PREVIOUS YEARS	\$21,665,133	\$21,665,133
TOTAL REVENUES AVAILABLE	\$36,685,133	\$36,192,133
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FY 2001 CARRYOVER / (DEFICIT)	\$22,024,663	\$24,034,203

Attachment 2002-1

ARIZONA WATER BANKING AUTHORITY
(FY 2002 - July 2001 thru June 2002)

FY 2002 ADMINISTRATIVE BUDGET	\$385,045
FY 2002 WATER RECHARGE BUDGET	\$15,247,350
TOTAL FY 2002 AWBA BUDGET	\$15,632,395
<hr/>	
TOTAL EXPECTED REVENUES	\$15,240,000
CARRYOVER / (DEFICIT) from PREVIOUS YEARS	\$24,034,203
TOTAL REVENUES AVAILABLE	\$39,274,203
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FY 2002 CARRYOVER / (DEFICIT)	\$23,641,808

ARIZONA WATER BANKING AUTHORITY

FY 2002 ADMINISTRATIVE BUDGET**\$385,045****STAFFING**

	Total FTE	Cost
Department of Water Resources Cost of Services		\$317,295
Personnel Services	4.00	\$163,595
Water Bank Manager		
Water Bank Technical Administrator		
Administrative Assistant		
Attorney		
Employee Related Expenditures (at 20.61% of Personnel Services)		\$33,700
Indirect Cost (ADWR cost)		\$120,000
Central Arizona Project Cost of Services		\$45,000
Personnel Services & ERE		\$45,000
Water System Engineer		
Customer Service Coordinator		
Hydrologist		
Administrative Support		
Subtotal Staffing		\$362,295

OTHER COSTS

Professional & Outside Services			
Travel			\$15,900
Instate Travel			\$11,700
Out of State Travel			\$4,200
Other Operating Expenses			\$5,850
Standard per employee	4.00	\$600	\$2,400
Postage			\$2,000
Paper		Included under indirect cost	\$0
Miscellaneous			\$1,450
Equipment			\$1,000
No major equipment purchases are anticipated in FY 2002			\$1,000
Subtotal Other Costs			\$22,750

ARIZONA WATER BANKING AUTHORITY

TRAVEL

		Meetings	\$/Meeting	Cost	
INSTATE TRAVEL					
Authority Members					
	Tom Griffin	6	\$450	\$2,700	
	Dick Walden	6	\$200	\$1,200	
	Bill Chase	6	\$0	\$0	
	George Renner	6	\$0	\$0	
	Joe Smith	6	\$0	\$0	
	Joe Smith (Las Vegas)	2	\$300	\$600	
Subtotal				\$4,500	
Authority Staff					
	Manager	6	\$0	\$0	
		3	\$300	\$900	(Las Vegas)
	Technical Administrator	6	\$0	\$0	
		3	\$300	\$900	(Las Vegas)
	Admin Assistant	6	\$0	\$0	
	Other Support	3	\$300	\$900	(Las Vegas)
Subtotal				\$2,700	
Motor Pool				\$4,500	
Instate Total				\$11,700	
OUT OF STATE TRAVEL					
Authority Members		No out of state travel is anticipated for Authority Members			
Authority Staff					
	Manager	3	\$400	\$1,200	(California)
		2	\$900	\$1,800	(Other)
	Other Support	3	\$400	\$1,200	(California)
Total Out of State				\$4,200	
Total Travel				\$15,900	

Attachment 2002-3 continued

OTHER OPERATING COSTS

		Cost
Postage		<u>\$2,000</u>
Subtotal		\$2,000
Paper	Included under indirect cost	
Subtotal		<u>\$0</u>
Miscellaneous		
	Copying (Included under indirect cost)	
	Special copying	\$1,450
	Permits	<u>\$0</u>
		\$1,450
Total Other Operating Cost		\$3,450

EQUIPMENT

	Units	Unit Cost	Cost
			\$1,000
Subtotal			<u>\$1,000</u>
Total Equipment			\$1,000

ARIZONA WATER BANKING AUTHORITY

FY 2002 WATER RECHARGE BUDGET**\$15,247,350**

COST ASSUMPTIONS

Cost of Water		
CAP	(Energy Rate 2 plus \$5.00 towards Fixed O&M)	\$50
Direct Recharge	(Cost for using direct recharge facilities)	
	GRUSP	\$17.52
	Avra Valley	\$21.30
	Pima Mine Road	\$8.90
	Lower Santa Cruz	\$13.10
	CAVSARP	\$14.00
	Aqua Fria Recharge Project	\$1.90
Cost Recovery for In-lieu Recharge		
	(Cost recovery from in-lieu partners)	\$21

WATER PURCHASES and RECHARGE (July 2001 thru June 2002)

	Amount (acre feet)	Cost / acre foot	Total
CAP Delivery Cost			\$13,175,000
Direct Deliveries	147,500	\$50	\$7,375,000
In-Lieu Deliveries	200,000	\$29	\$5,800,000
Direct Facility Use Charge			\$2,072,350
GRUSP	80,000	\$17.52	\$1,401,600
Avra Valley	7,500	\$21.30	\$159,750
Pima Mine Road	15,000	\$8.90	\$133,500
Lower Santa Cruz	20,000	\$16.50	\$330,000
CAVSARP	0	na	\$0
Aqua Fria Recharge Project	25,000	\$1.90	\$47,500
Total FY 2002	347,500	\$43.88	\$15,247,350

REVENUES AVAILABLE for FY 2002 RECHARGE**\$15,240,000**

4 cent TAX	(Estimated based on 2001 tax year)	\$8,830,000
Maricopa		\$7,000,000
Pinal		\$230,000
Pima		\$1,600,000
Withdrawal Fee	(Estimated for 2002 pumping)	\$4,410,000
Phoenix AMA		\$2,700,000
Pinal AMA		\$1,000,000
Tucson AMA		\$710,000
General Fund Appropriation	(Requested available July 1, 2001)	\$2,000,000

Attachment 2003-1

ARIZONA WATER BANKING AUTHORITY
(FY 2003 - July 2002 thru June 2003)

FY 2003 ADMINISTRATIVE BUDGET	\$401,570
FY 2003 WATER RECHARGE BUDGET	\$19,440,000
TOTAL FY 2003 WATER BANKING AUTHORITY BUDGET	\$19,841,570
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TOTAL EXPECTED REVENUES	\$14,500,000
CARRYOVER / (DEFICIT) from PREVIOUS YEARS	\$23,641,808
TOTAL REVENUES AVAILABLE	\$38,141,808
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FY 2003 CARRYOVER / (DEFICIT)	\$18,300,238

B. Consideration of and possible action to approve the Agreement for Interstate Water Banking among the Arizona Water Banking Authority, the Southern Nevada Water Authority and the Colorado River Commission of Nevada.

Mr. Caan reminded the Commission that in November 1999, the Secretary of the Interior adopted regulations (43 C.F.R. Part 414, Offstream Storage of Colorado River Water and Development and Release of Intentionally Created Unused Apportionment in the Lower Division States, 64 Fed. Reg. 59006) authorizing the Secretary and the Bureau of Reclamation to enter into Storage and Interstate Release Agreements with Authorized Entities in Storing States and Consuming States. Arizona is a storing state and Nevada a consuming state. The Arizona Water Banking Authority (AWBA) is an authorized entity in Arizona. The Southern Nevada Water Authority and the Colorado River Commission are authorized entities in Nevada. The regulations contemplated separate interstate water banking agreements that would establish the fiscal and operational aspects of water banking transactions.

The AWBA determined on January 26, 2000, that the federal regulations adequately protect the interests of Arizona's Colorado River water users and were therefore sufficient under Arizona law. Representatives of the AWBA, SNWA and CRC then began negotiating the details of an agreement for an interstate relationship that provides for the banking of Colorado River water in Arizona for later use by the Southern Nevada Water Authority in the State of Nevada. That agreement is called an Agreement for Interstate Water Banking (AIWB). On March 21, 2001, the AWBA authorized its chairman to execute the AIWB on behalf of the State of Arizona once it has been approved and signed by the Southern Nevada Water Authority and the Colorado River Commission.

The AIWB provides for the storage of up to 1,200,000 acre-feet of Colorado River water in Arizona for the benefit of Nevada users. The agreement contemplates a period of "delivery and storage" (Article 2) and a period of "recovery" (Article 3). During the period when water is being delivered and stored in Arizona, the AWBA will each year advise the SNWA and CRC of the storage availability within Arizona's groundwater banking facilities, together with the projected cost of that storage. SNWA will elect how much storage it wishes to utilize the following year. Upon AWBA's final acceptance, storage will become part of AWBA's annual plan of operation. The actual delivery of water and placement of water into storage will be performed by the Central Arizona Water Conservation District pursuant to an agreement between AWBA and CAWCD. When water has been placed in storage, AWBA will create water storage credits for SNWA's account in its water banking register.

When SNWA determines that it is desirable to recover water from storage in Arizona, SNWA, CRC and AWBA will meet to develop a reasonable plan for development of "intentionally created unused apportionment" (ICUA) in Arizona, a term of art established by the Secretary of the Interior's water banking regulations. When ICUA exists in one state, it may be the basis for the Secretary's release of that "unused apportionment" of Colorado River water for use in another state, in this case Nevada, pursuant to Section II (b)(6) of the Decree in *Arizona v. California*. ICUA

would be created by Arizona's Colorado River contractors' forbearance of diversions of Colorado river water and reliance on water stored offstream previously. When that forbearance is certified to AWBA by Arizona contractors, AWBA will debit its water banking register for SNWA's account and certify the availability of ICUA to the Secretary of the Interior. The Secretary will then authorize SNWA to divert additional water from its Saddle Island diversion in Lake Mead.

The entire contractual relationship between the Southern Nevada Water Authority, Colorado River Commission, Arizona Water Banking Authority, Central Arizona Water Conservation District and the Secretary of the Interior (Bureau of Reclamation) actually requires three distinct agreements in order to make the transaction work. The AIWB is the first of those three. SNWA and CRC will be parties to two of those agreements, of which this is the first. A Storage and Interstate Release Agreement, defining the obligations of the Secretary of the Interior to the Arizona and Nevada parties, is in the process of completion and environmental compliance. An Agreement for the Development of Intentionally Created Unused Apportionment between AWBA and CAWCD, defining the details of CAWCD's proprietary responsibilities with respect to banked water, is also in the process of completion. The AWBA's March 21 approval of the AIWB required that no actual water banking occur under this Agreement until those additional agreements have been put in place. It is nevertheless important that the Nevada parties to the AIWB approve its form in order to confirm to the AWBA Nevada's continuing interest in and need for the subject agreement.

Staff recommended the Commission approve the agreement and authorize the Chairman to execute it.

Chairman Bunker said this agreement culminates 8½ years of ongoing and intense negotiations which brings about the opportunity for the SNWA to bank surplus Arizona water in the State of Arizona for Nevada's use in the future when necessary.

Mrs. Mulroy said Mr. Davenport and then Ms. Brothers would address this item and outline the details of this agreement.

Mr. Davenport said he felt it was important to recognize that these agreements are the culmination of some important relationships that have been forged between Nevada's and Arizona's political leaders, particularly Chairman Bunker and Mrs. Mulroy who have been responsible over the years in garnering the trust of Arizona officials so as to make this transaction possible. This also represents the equanimity and fairness of the people of Arizona which is, in fact, the result of good leadership from water leaders in Arizona. This agreement represents an example of the change in the attitude of people in the Colorado River Basin that they can use the Law of the River constructively to accomplish positive changes.

Mr. Davenport explained that the object of this agreement is to put 1.2 million acre-feet of water in storage in Arizona. The term of the agreement is until 2050 or until such time as the State of Nevada and SNWA have removed the water from storage. The structure of the agreement is quite simple. There is a phase in which water is delivered into storage in Arizona. That process includes

Arizona's annual evaluation of its capacity to store water for Nevada. Arizona then makes a proposal to Nevada, SNWA evaluates the economics of that proposal and makes a decision as to the volume of storage to engage in that year. The price for storage is a cost-based price. There is no profit to be made by the State of Arizona for this transaction. The ultimate decision as to where the water is stored in Arizona is up to that state. The primary source of water that will be stored is from Arizona's apportionment of Colorado River water.

The latter phase of the agreement is the recovery phase. Three years before the SNWA needs additional water, SNWA, CRC and AWBA will develop a recovery plan which will identify the facilities from which water should be taken and the related costs. A plan will be developed that will cover a certain period of years.

Ms. Brothers' presentation provided an update on SNWA's water portfolio, reviewed the existing water resources available to southern Nevada and outlined water use scenarios from the most probable to the least probable. With the Arizona Groundwater Bank as a bridge and under the most probable water use scenario, southern Nevada's water demands should be able to be met through 2047. (A copy of Ms. Brothers' presentation is attached and made a part of these minutes.)

Commissioner Westergard questioned the reliability of the proposed resources such as the Coyote Springs groundwater and the Muddy and Virgin River water. He also asked if there were any federal processes such as rights-of-way permits or environmental assessments that could in anyway impact the availability of those resources.

Ms. Brothers said the SNWA owns the rights to the Coyote Springs water and could start building a land-based pipeline today if needed. An agreement with the Moapa Valley Water District and the Muddy River Irrigation District specifies that the water would not be taken out of the valley until 2020. The preference would be to let the water subject to those rights go through the Colorado River system and take it out at Saddle Island. A pipeline to carry the water from Coyote Springs to Las Vegas would require an environmental assessment for the federal rights-of-way.

Mrs. Mulroy stated that from an environmental and financial standpoint it makes the most sense to allow Muddy River water to stay in the Colorado River system and take it out at Saddle Island. Nevada's position with the other basin states is that this is true "wet" water that has been in the system since the 1890's, prior to the Colorado River Compact being signed. Because it is totally Nevada water, the circumstances are different that with other tributary water. It is water which has been continuously diverted from the Muddy River since before the Compact and has never been relied upon as Colorado River system water.

Ms. Brothers said that in addition to a hydrologic analysis, a financial analysis was done and the Arizona Water Banking Authority saw the benefit of having a full-paying partner to participate in the bank and we are a welcome partner.

Mrs. Mulroy said that in every interstate agreement you have to have a certain element of trust in another state and we have to take that “leap of faith” that the other state will live up to its obligations. If we don’t any further Colorado River negotiations would be bleak.

Mr. Davenport said there is some contractual softness in the agreement in the early years with respect to getting the water into the ground, but when the water is in the ground and the credits for that water are in the Arizona Water Bank, then the supply is secure.

Commissioner Westergard asked for clarification of the language in section 2.1.9 of the agreement.

Mrs. Mulroy explained that section speaks to an increase in the amount of storage available to Nevada. Arizona would notify Nevada of that availability and Nevada could either accept or decline any or all of that increase.

Commissioner Bingham complimented everyone involved in this process, Mrs. Mulroy, Chairman Bunker and their respective staffs.

Commissioner Nix questioned whether there would be an impact, such as a change in lake elevation, on Lake Mead due to the banking activities.

Ms. Brothers reported that review of any impacts was conducted during the environmental review associated with the interim surplus criteria.

Chairman Cyphers said it was an exciting time to be part of this historic event and she was in awe of all the work that has been done and all that has been accomplished. She complimented the staffs of the SNWA and the Commission for all the time and effort that was put into this agreement.

Chairman Bunker paid tribute to those on the boards and staff of both the SNWA and the Commission for the high caliber of work that they have demonstrated. He particularly recognized Chairman Cyphers who at a critical time in this process was a Councilwoman to the City of Henderson in addition to sitting on the boards of the Colorado River Commission and the Southern Nevada Water Authority and provided a unique opportunity to interact through her with members of her community. He also said that due to Mrs. Mulroy insightful creation of the SNWA, it is now one of the top five premier water agencies in the country.

Mrs. Mulroy credited Kay Brothers and David Donnelly with hours of tireless effort they have contributed to this cause. She said it was a privilege to be the General Manager at an agency that has so many incredible people who have such dedication and commitment to southern Nevada. She said she hopes this banking agreement is the first of a long series of agreements between the various states on the Colorado River which will open up new horizons for all the states on the river as they begin to work together to solve some very difficult issues that are coming our way.

DRAFT

DRAFT

DRAFT

Mr. Caan praised all those involved in this effort. It demonstrates the kind of work that can happen when people are willing to push the envelope and sit down and negotiate a brand new concept.

Commissioner Buck said it has been a pleasure as a new member of the Commission to develop a greater appreciation for the Colorado River. She said it has been a privilege to have even a small role in this historic agreement.

Commissioner Bingham said it would his pleasure, after being involved in this issue for so many years, to move for approval of this historic agreement. The motion was seconded by Commissioner Nix and approved by a unanimous vote.

The Southern Nevada Water Authority adjourned its meeting after a unanimous vote in support of its single agenda item.

Chairman Bunker suggested a five minute recess of the Commission meeting. The meeting recessed at 10:50 a.m. and reconvened at 10:55 a.m.

STORAGE AND INTERSTATE RELEASE AGREEMENT

among

The United States of America, acting through the Secretary of the Interior; the Arizona Water Banking Authority; the Southern Nevada Water Authority; and the Colorado River Commission of Nevada

Recitals

- A. The Secretary of the United States Department of the Interior (Secretary) has authorized the United States Bureau of Reclamation, Lower Colorado Region, to enter into Storage and Interstate Release Agreements on behalf of the United States pursuant to 43 CFR 414.
- B. The Arizona Water Banking Authority (AWBA) is expressly authorized by A.R.S. § 45-2401 *et seq.* to enter into Storage and Interstate Release Agreements and develop Intentionally Created Unused Apportionment. 43 CFR 414.2.
- C. The Southern Nevada Water Authority (SNWA) is a Nevada joint powers agency and political subdivision of the State of Nevada, created by agreement dated July 25, 1991, as amended November 17, 1994 and January 1, 1996, pursuant to N.R.S. §§ 277.074 and 277.120. SNWA is authorized by N.R.S. § 538.186 to enter into this Agreement and, pursuant to its contract issued under section 5 of the Boulder Canyon Project Act of 1928, SNWA has the right to divert Intentionally Created Unused Apportionment released by the Secretary for use within the State of Nevada pursuant to Art. II(B)(6) of the Decree in *Arizona v. California*, 376 U.S. 340, 343 (1964).
- D. The Colorado River Commission of the State of Nevada (CRCN) is an agency of the State of Nevada, authorized generally by N.R.S. §§ 538.041 and 538.251. CRCN is authorized by N.R.S. § 538.186 to enter into this Agreement. The CRCN, in furtherance of the State of Nevada's responsibility to promote the health and welfare of its people in Colorado River matters, makes this Agreement to facilitate the banking of Colorado River water, the creation of Long-term Storage Credits and the establishment and maintenance of a Long-term Storage Account for SNWA.

- E. On ____, AWBA, SNWA, and CRCN entered into an Agreement for Interstate Water Banking for the purpose of creating a program of interstate banking of Colorado River water in Arizona for the benefit of SNWA. Under this program, AWBA will acquire and store mainstream Colorado River water in Arizona, creating Long-term Storage Credits to be held for SNWA in an account established with ADWR, and at a later date recover the Long-term Storage Credits and exchange the recovered water with other Colorado River water users in Arizona to develop ICUA.
- F. The Boulder Canyon Project Act and Article II(B)(6) of the Decree, taken together, authorize the Secretary to release unused Arizona apportionment for use in Nevada. Pursuant to such authority and for the purpose of increasing the efficiency, flexibility, and certainty of Colorado River management and thereby helping satisfy regional water demands such as exist in the area served by SNWA, the Secretary promulgated regulations (43 CFR Part 414) to establish a procedural framework for facilitating interstate offstream banking transactions, including a commitment by the Secretary to release ICUA as a part of such transactions, consistent with those regulations.
- G. Intentionally Created Unused Apportionment released under this Agreement will provide SNWA with a supplemental water supply that is critical to the economy, health and safety of the area served by SNWA pending the development of other long-term sources of water supply.

Article 1
Definitions, Fundamental Principles and Term

- 1.1. Definitions. For Purposes of this Storage and Interstate Release Agreement, terms that are defined in Article I of the Decree in *Arizona v. California*, 376 U.S. 340 (1964), terms that are defined in Arizona Revised Statutes (A.R.S.) Title 45, Chapter 3.1, and terms that are defined in 43 CFR 414 shall have the meaning there stated. The following terms shall have the meaning defined here, unless the context manifestly requires otherwise. All defined terms shall be identified by initial letter capitalization.
 - 1.1.1. "ADWR" shall mean the Arizona Department of Water Resources.
 - 1.1.2. "Agreement" shall mean this Storage and Interstate Release Agreement.
 - 1.1.3. "Agreement for Development of Intentionally Created Unused Apportionment" shall mean that agreement between AWBA and CAWCD dated _____.

- 1.1.4. "Agreement for Interstate Water Banking" shall mean that agreement among AWBA, SNWA and CRCN dated _____.
- 1.1.5. "AWBA" shall mean the Arizona Water Banking Authority.
- 1.1.6. "AWBA Plan of Operation" shall mean the plan by which AWBA shall operate during the Year as defined in A.R.S. § 45-2456
- 1.1.7. "Bureau of Reclamation" shall mean the United States Bureau of Reclamation, Lower Colorado Region.
- 1.1.8. "CAP" shall mean the Central Arizona Project, as authorized by the Colorado River Basin Project Act, 43 U.S.C. § 1501 *et seq.*
- 1.1.9. "CAWCD" shall mean the Central Arizona Water Conservation District.
- 1.1.10. "CRCN" shall mean the Colorado River Commission of Nevada.
- 1.1.11. "Decree" shall mean the Decree entered by the United States Supreme Court in *Arizona v. California*, 376 U.S. 340 (1964) as supplemented or amended.
- 1.1.12. "Entitlement Holder" shall mean a holder of an authorization to beneficially use Colorado River water pursuant to (i) the Decree, (ii) a water delivery contract with the United States through the Secretary; or (iii) a reservation of water from the Secretary.
- 1.1.13. "ICUA" shall mean Intentionally Created Unused Apportionment as that term is defined in 43 CFR 414.
- 1.1.14. "Long-term Storage Credit" shall mean Long-term Storage Credit as defined in A.R.S. §45-802.01(11).
- 1.1.15. "SNWA" shall mean the Southern Nevada Water Authority.
- 1.1.16. "SNWA/CRCN" shall mean the Southern Nevada Water Authority and the Colorado River Commission of Nevada acting together, as provided in paragraph 1.2.3 of this Agreement.
- 1.1.17. "SNWA Interstate Account" shall mean the Long-term Storage Credit Sub-account established by AWBA with ADWR under the terms of this Agreement and the Agreement for Interstate Water Banking.

- 1.1.18. "Storage Facility" or "Storage Facilities" shall mean an Underground Storage Facility or a Groundwater Savings Facility as those terms are defined in A.R.S. § 45-802.01.
- 1.1.19. "Year" shall mean calendar year.
- 1.2. Fundamental Principles of this Agreement
 - 1.2.1. This Agreement is entered into in compliance with the regulations adopted in 43 CFR 414.
 - 1.2.2. AWBA is the expressly authorized entity for the State of Arizona under Arizona state law. SNWA and CRCN are the authorized entities in the State of Nevada under Nevada state law.
 - 1.2.3. For purposes of this Agreement, SNWA and CRCN may be required to act together to insure performance of their mutual obligations under this agreement. In such circumstances, the defined term "SNWA/CRCN" shall be used. Whenever performance by SNWA/CRCN is required, SNWA and CRCN shall confer among themselves and determine a unified course of action. In the event that SNWA and CRCN cannot agree on a unified course of action, no other party shall be required to perform any obligation under this Agreement affected by SNWA and CRCN's disagreement until SNWA and CRCN have adopted a unified course of action.
- 1.3. Term of the Agreement

This Agreement shall commence on the date of execution by all parties and shall continue until June 1, 2050, or until termination of the Agreement for Interstate Water Banking, whichever is sooner.

Article 2

Storage of Water and Decree Accounting

- 2.1. Water diverted from the Colorado River for storage for purposes of this Agreement shall be within Arizona's or Nevada's unused Apportionments as those Apportionments are defined by Articles II(B)(1) and II(B)(2) of the Decree, and shall be delivered to storage through CAP facilities constructed by the United States. All water stored shall be stored pursuant to the Agreement for Interstate Water Banking.
- 2.2. Water within the State of Nevada's unused Apportionment as defined in the Decree may be used for storage in accordance with 43 CFR 414.3(a)(3), if the following conditions are met:

- 2.2.1. The Secretary of the Interior, through the Bureau of Reclamation, has decided that such unused Nevada Apportionment shall be released for Consumptive Use within Arizona under Article II(B)(6) of the Decree.
 - 2.2.2. The AWBA has agreed that it will accept delivery of such water and store it for the benefit of SNWA in accordance with the terms of the Agreement for Interstate Water Banking.
- 2.3. Before water is stored pursuant to sub-article 2.1, it shall first be offered to all Entitlement Holders within Arizona for purposes other than interstate transactions as provided in 43 CFR 414.3(a)(2). All Entitlement Holders within Arizona shall have had the opportunity to divert, or order, for beneficial use, their maximum entitlement to Colorado River water.
- 2.4. AWBA shall establish a Long-term Storage Sub-Account with ADWR under A.R.S. § 45-852.01 entitled the SNWA Interstate Account. AWBA shall each Year verify that the amount of Long-term Storage Credits posted to the SNWA Interstate Account by ADWR for each Year is the correct amount under applicable Arizona law. For purposes of this Agreement, the amount of water stored for the benefit of SNWA in any Year shall be the amount of Long-term Storage Credits posted to the SNWA Interstate Account resulting from the purchase, delivery and storage of water in that Year by AWBA for the benefit of SNWA.
 - 2.4.1 Nothing in this Agreement shall prohibit the assignment of existing Long-term Storage Credits to the SNWA Interstate Account, but any such assignment shall require the consent of AWBA.
- 2.5. The Bureau of Reclamation shall include a supplement to the Bureau of Reclamation's Article 5 Decree accounting report identifying the Long-term Storage Credits developed in Arizona for the benefit of SNWA. The supplement shall be noted in the Arizona diversion and consumptive use section of the report and titled "Water stored in Arizona for the benefit of SNWA." The supplement shall identify those Long-term Storage Credits that have been verified by a final annual accounting by prepared by AWBA, and those provisional Long-term Storage Credits based on annual estimates prepared by AWBA, all as provided under the terms of this sub-article.
 - 2.5.1 By December 31 of each Year, AWBA shall provide the Bureau of Reclamation with an estimate of the Long-term Storage Credits to be developed for and posted to the SNWA Interstate Account in the following Year. AWBA shall update that estimate monthly during the course of the Year and provide a final estimate at the end of each Year. The estimate, updates and final estimate shall be based on the

adopted AWBA Plan of Operation for the Year. The estimate and updates are to be considered provisional until the AWBA makes its final annual accounting to the Bureau of Reclamation by September 1 of the following Year. The estimate and updates may be published by the Bureau of Reclamation but shall contain a notation that they are for informational purpose only.

- 2.5.2 AWBA shall prepare and submit to the Bureau of Reclamation and the Lower Division States by September 1 of each Year a final verified accounting of the balance of Long-term Storage Credits in the SNWA Interstate Account at the end of the prior Year. 43 CFR 414.3(a)(5). When making a determination of the amount of Long-term Storage Credits available to SNWA under sub-article 5.3 of this Agreement, the Secretary shall rely on the final September 1 accounting by AWBA for the sub-article 5.3 determination and shall not rely on the annual estimates or monthly updates.
- 2.6. The amount of Long-term Storage Credits in the SNWA Interstate Account shall not exceed 1.2 million acre-feet.
- 2.7. Accrual of Long-term Storage Credits in the SNWA Interstate Account at certain Storage Facilities does not mean that the water represented by those Long-term Storage Credits will be recovered at those same Storage Facilities. Recovery of Long-term Storage Credits shall be in accordance with the Agreement for Interstate Water Banking, the Agreement for Development of Intentionally Created Unused Apportionment, and applicable Arizona law.

Article 3 Storage Facilities

- 3.1. All water shall be stored in the Storage Facilities for which AWBA has or will enter into storage agreements. 43 CFR 414.3(a)(1). A listing of the potential Storage Facilities to be utilized is provided in the AWBA storage facilities inventory dated March 1, 1997. Additional storage facilities may be needed for Arizona use. If such facilities are permitted by ADWR and developed by Arizona entities, AWBA may choose to update the 1997 Facility Inventory to include those additional facilities. Unused storage capacity at those additional facilities shall be available, if needed, for interstate water banking.
- 3.2. The Storage Facilities utilized shall be identified in the AWBA Plan of Operation.

- 3.2.1. The AWBA Plan of Operation may be modified in accordance with A.R.S. § 45-2456 subject to the provisions of the Agreement for Interstate Water Banking.
- 3.2.2. AWBA shall notify the Bureau of Reclamation of any change in the AWBA Plan of Operation that may affect the amount or location of water stored under the Agreement for Interstate Water Banking.

Article 4

Creation of Intentionally Created Unused Apportionment

- 4.1. AWBA's obligations to recover water and create ICUA for the benefit of SNWA shall be governed by the provisions of the Agreement for Interstate Water Banking.
- 4.2. AWBA's actions to decrease diversions from the Colorado River into the CAP, ensuring that Arizona will use less than its full apportionment of Colorado River water, shall be as specified in the Agreement for Development of Intentionally Created Unused Apportionment.
- 4.3. Before making a request to release ICUA under Article 5 of this Agreement, SNWA shall request the development of ICUA in accordance with the terms of the Agreement for Interstate Water Banking. Such request shall be in writing and shall specify the quantity of the requested ICUA. A copy of such request shall be provided to each Lower Division State. 43 CFR 414.3(a)(7).
- 4.4. This Agreement shall operate primarily under 43 CFR Part 414.3(f), *Anticipatory Release of ICUA*. If the terms of this Agreement are met, the Secretary shall release ICUA to SNWA before the actual development of the ICUA by AWBA, under a certification by AWBA that (i) ICUA will be developed during the Year of release; and (ii) such ICUA would not otherwise have existed. Once AWBA certifies to the Secretary that ICUA will be developed during the Year of release, AWBA shall take all actions necessary to ensure that ICUA is developed under the terms of this Agreement and the Agreement for Development of Intentionally Created Unused Apportionment.
- 4.5. The Agreement for Development of Intentionally Created Unused Apportionment shall allow AWBA to recover Long-term Storage Credits posted to the SNWA Interstate Account and to exchange the water developed from those Long-term Storage Credits for Colorado River water that would have otherwise been diverted into the CAP by CAWCD. AWBA shall ensure that ADWR reduces the amount of Long-term Storage Credits in the SNWA Interstate Account to reflect the amount of water recovered.

This exchange of water pursuant to the Agreement for Development of Intentionally Created Unused Apportionment shall allow CAWCD to reduce its diversions from the mainstream of the Colorado River at the Mark Wilmer (Havasu) Pumping Plant while still meeting all scheduled deliveries to Indian contractors, CAWCD subcontractors and excess CAP water users, through a combination of Colorado River water and recovered Long-term Storage Credits. 43 CFR 414.3(a)(8)(i).

- 4.5.1 AWBA shall follow this procedure of recovering Long-term Storage Credits and exchanging that water with CAWCD for Colorado River water previously ordered by CAWCD as the means by which the Secretary may determine that ICUA that otherwise would not have existed was in fact developed under the terms of this Article 4. 43 CFR 414.3(a)(11).
- 4.6. The Agreement for Development of Intentionally Created Unused Apportionment shall also provide that AWBA has the right to cause reductions in diversions of mainstream Colorado River water into the CAP in any Year in which ICUA is to be released by the Secretary for use in the State of Nevada, if AWBA has certified to the Secretary that ICUA will be developed in that Year. 43 CFR 414.3(a)(9). AWBA shall cause such reductions in compliance with the terms of this Agreement, the Agreement for Interstate Water Banking and the Agreement for the Development of Intentionally Created Unused Apportionment.
 - 4.6.1 Nothing in this Agreement shall affect the Secretary's rights and obligations to enforce water delivery contracts issued under the Boulder Canyon Project Act, or to enforce the terms of the Decree, through annual Decree and contract accounting practices.
- 4.7. The exchange described in this Agreement is not an exchange within the meaning of A.R.S. § 45-1001, *et seq.*
- 4.8. Once certified under sub-article 5.2 of this Agreement, ICUA shall not thereafter be available to any Arizona Entitlement Holder in that Year.
- 4.9. SNWA may not request the development of ICUA in an amount that exceeds the quantity of Long-term Storage Credits available in the SNWA Interstate Account. 43 CFR 414.3(a)(5)
- 4.10. The quantity of ICUA made available for release for use in any Year shall not exceed 100,000 acre feet, unless Arizona Revised Statutes authorize a greater amount. 43 CFR 414.3(a)(4).

- 4.11. In years in which the Secretary has determined a shortage under Article II(B)(3) of the Decree, AWBA's obligation to develop ICUA shall be limited as provided in the Agreement for Interstate Water Banking.
- 4.12. All actions that AWBA shall take to develop ICUA shall be consistent with the laws of the State of Arizona. 43 CFR § 414.3(a)(8)(ii).
- 4.13. AWBA shall give notice to Entitlement Holders in Arizona, including Indian Tribes, that SNWA has requested the development of ICUA and the opportunities, if any, for those Entitlement Holders to participate in the development of ICUA. In the first year in which ICUA is to be developed, AWBA shall provide written notice by first class mail to Entitlement Holders in Arizona. Thereafter, AWBA may provide notice by including it in the AWBA Plan of Operation and by posting such notice on the AWBA internet web site.
- 4.14. ICUA not used in a Year may not be carried over to the next Year.

Article 5

Release of Intentionally Created Unused Apportionment

- 5.1. SNWA shall make a written request of the Secretary for the release ICUA for consumptive use in the State of Nevada. Such request shall be made by September 15 of the current Year, or an earlier date as reasonably required in writing by the Bureau of Reclamation, for a release of ICUA in the following Year. The request shall specify the quantity of ICUA to be released by the Secretary. A copy of the request shall be provided to AWBA and each Lower Division State. 43 CFR 414.3(a)(7). To make a proper and timely request, SNWA must be in compliance with the terms of the Agreement for Interstate Water Banking.
- 5.2. Upon receipt of a copy of a proper and timely request that the Secretary release ICUA, AWBA shall certify to the Secretary by December 1 that such ICUA has been or will be developed that otherwise would not have existed. 43 CFR 414.3(a)(10). The certification shall identify the quantity, the means and the entity by which ICUA has been or will be developed. 43 CFR 414(a)(10)(i). The certification shall include a request that ICUA is to be released by the Secretary under Article II(B)(6) of the Decree for use in the State of Nevada and diversion by SNWA under its contract under section 5 of the Boulder Canyon Project Act.
- 5.3. The Secretary shall provide a written notice of determination to the parties by December 20 of the current Year as to whether ICUA is to be released for consumptive use in Nevada effective January 1 of the following Year.

- 5.3.1 If the Secretary determines that the AWBA has (i) sufficient Long-term Storage Credits in the SNWA Interstate Account to support the development of the ICUA requested by the SNWA, as evidenced by AWBA's most recent verified annual accounting; and (ii) certified to the satisfaction of the Secretary that the quantity of ICUA requested by the SNWA will be developed in the following Year and that such ICUA would not have otherwise existed, the written notice of determination shall state that all necessary actions under 43 Part 414 have been taken and shall release such ICUA for consumptive use in Nevada effective January 1 of the following Year. 43 CFR 414.3(a)(15).
- 5.3.2 If the Secretary determines that the AWBA has not met any of the requirements of subarticle 5.3.1, the written notice of determination shall specify the extent to which such requirements have not been met, the basis for that determination, and the extent to which the Secretary consequently declines to release ICUA and shall further release for consumptive use in Nevada any other ICUA requested by SNWA effective January 1 of the following Year.
- 5.4 [possibility of secretarial inaction under discussion]
- 5.5 The amount of ICUA released or deemed released for consumptive use in Nevada effective January 1 of any Year shall not be subject to reduction unless:
- 5.5.1 SNWA requests that AWBA cease development of ICUA under the terms of the Agreement for Interstate Water Banking; and
- 5.5.2 AWBA certifies to the Secretary that a specific quantity of Long-term Storage Credits will not be recovered and exchanged for Colorado River water pursuant to an SNWA request.
- 5.6 The release of ICUA shall be in accordance with the request of the SNWA, the terms of this Agreement, the Boulder Canyon Project Act, Article II(B)(6) of the Decree and all other applicable laws. 43 CFR 414.3(a)(2).

Article 6 General Provisions

- 6.1. Upon execution of this Agreement and annually thereafter, SNWA shall pay an annual administration fee of two thousand dollars (\$2,000.00) to cover the United States' costs to perform the routine tasks necessary to administer this Agreement. The initial annual administration fee shall be pro-rated on the basis of one hundred sixty six dollars and sixty seven

cents (\$166.67) per month for the first year, payable upon execution of this Agreement. Thereafter, the fee of each subsequent year shall be due on January 1.

- 6.2. The Bureau of Reclamation reserves the right at intervals of five (5) years, beginning five (5) years after the date of execution of this Agreement, to reexamine the annual administration fee and to revise the fee after three (3) months' advance written notice and after consultation with SNWA, if the Bureau of Reclamation determines that a different charge is necessary to cover the United States' costs to perform the tasks described in this Agreement. Upon SNWA's written request, the Contracting Office shall provide SNWA with a detailed cost analysis supporting the adjustment to the annual administration fee.
- 6.3. The annual administration fee shall cover, but is not limited to, the costs for the following tasks routinely performed by the Bureau of Reclamation:
 - 6.3.1. Determining when unused Nevada Apportionment is available for release for consumptive use within Arizona pursuant to Article II(B)(6) of the Decree for purposes of storage pursuant to this Agreement, and releasing that unused apportionment;
 - 6.3.2. Preparing, maintaining and reviewing records of unused apportionment stored.
 - 6.3.3. Reviewing AWBA's notices of opportunities for Colorado River water users in Arizona to participate in the development of ICUA;
 - 6.3.4. Reviewing certifications from AWBA that ICUA has been or will be developed;
 - 6.3.5. Determining that all necessary actions have been taken to implement 43 CFR 414; and
 - 6.3.6. Reviewing SNWA's orders and scheduling delivery of ICUA to SNWA.
- 6.4. This Agreement is intended to operate in compliance with the Decree. In the event that there is any inconsistency between this Agreement and the Decree, the Decree shall govern.
- 6.5. The Secretary recognizes that the Decree must be enforced fairly against all Entitlement Holders. Excess diversion by an Entitlement Holder that is not participating in a Storage and Interstate Release Agreement other than through the CAP facilities cannot be offset by reducing diversions to another Entitlement Holder for the sole reason that the latter entitlement holder is participating in a Storage and Interstate Release Agreement.

- 6.6. In the event any inconsistency is found between this Agreement and the Agreement for Interstate Water Banking, as initially executed and as it may be amended, regarding the rights and obligations as between AWBA and SNWA, the provisions of the Agreement for Interstate Water Banking shall control. Nothing in the Agreement for Interstate Water Banking shall be construed as altering the rights and obligations as between the Secretary and the other parties to this Agreement.
- 6.7. The records of any party to this Agreement that relate to the storage and recovery of water, including the development and verification of Long-term Storage Credits, and the creation, release and use of ICUA shall be open to inspection by any other party. The Agreement for Development of Intentionally Created Unused Apportionment shall provide that the records of CAWCD relating to the development of ICUA shall be open to reasonable inspection by any party to this Agreement.
- 6.8. The provisions of this sub-article shall govern enforcement of this Agreement.
- 6.8.1 Time is of the essence in the performance of this Agreement.
- 6.8.2 The parties recognize and acknowledge that the availability of ICUA as provided in this Agreement is a critical alternative municipal water supply for SNWA while other longer-term sources of supply are being developed; that in planning to meet the needs of the area it serves, SNWA will rely on ICUA being available to it as provided in this Agreement; that accordingly the release of ICUA as provided in Article 5 is critical to the economy, health and safety of the area served by SNWA; that the release of ICUA as provided in this Agreement presents a unique opportunity for SNWA to obtain additional Colorado River water under the Decree; and that, for these reasons, among others, the water resources to be released as ICUA for use in Nevada are unique and not susceptible of replacement by SNWA.
- 6.9. The expenditure or advance of any money or the performance of any obligation of the United States under this Agreement shall be contingent on appropriation or allotment of funds. No liability shall accrue to the United States in case funds are not appropriated or allotted. Absence of appropriation or allotment of funds shall not relieve AWBA, SNWA, or CRCN from any obligation under this Agreement.
- 6.10. No member of or Delegate to Congress, Resident Commissioner, or official of AWBA, SNWA, or CRCN shall benefit from this Agreement other than as a water user or landowner in the same manner as other water users or landowners.

- 6.11. The parties to this Agreement shall indemnify the United States, its employees, agents, subcontractors, successors, or assignees from loss or claims for damages and from liability to persons or property, direct or indirect, and loss or claim of any nature whatsoever arising by reason of actions taken by non-federal parties to this Agreement.
- 6.12. The parties to this Agreement are hereby notified of Arizona Revised Statutes section 38-511.
- 6.13. The parties to this Agreement recognize and acknowledge that this Agreement is a contract executed pursuant to federal reclamation law, including the provisions of 43 USC § 390uu.
- 6.14. This Agreement shall not constitute approval by the Secretary of any other agreement or water delivery program.
- 6.15. Nothing in this Agreement affects the rights of any Colorado River water rights holders.

Article 7 Notices

7.1. Notices, Requests and Payments

- 7.1.1. All notices and requests required or allowed under the terms of this Agreement shall be in writing and may be mailed first class postage paid to the following entities at the following addresses:

AWBA: Arizona Water Banking Authority
500 North Third Street
Phoenix, Arizona 85004
Attn: Manager

SNWA: Southern Nevada Water Authority
1001 S. Valley View Boulevard
Las Vegas, Nevada 89153
Attn: General Manager

CRCN: Colorado River Commission of Nevada
555 E. Washington Avenue, Suite 3100
Las Vegas, Nevada 89101
Attn: Director

Bureau of Reclamation:
U.S. Department of the Interior
Bureau of Reclamation
Lower Colorado Regional Office
P.O. Box 61470
Boulder City, Nevada 89006
Attn: Regional Director

The State of Arizona:
Arizona Department of Water Resources
500 North 3rd Street
Phoenix, AZ 85004
Attn: Director

The State of California:
Colorado River Board of California
770 Fairmont Avenue, Suite 100
Glendale, CA 91203-1035
Attn: Executive Director

The State of Nevada:
Colorado River Commission of Nevada
555 E. Washington Avenue, Suite 3100
Las Vegas, NV 89101
Attn: Director

- 7.2. Notices and requests may be given by facsimile among AWBA, SNWA, CRCN and the Bureau of Reclamation, and such facsimiles shall be deemed complete upon a receipt from sender's facsimile machine indicating that the transmission was satisfactorily completed and after phone communication with administrative offices of the recipient notifying the recipient that a facsimile has been sent.

AWBA Facsimile Number 602-417-2401

SNWA Facsimile Number 702-258-3951

CRCN Facsimile Number 702-486-2695

USBR Facsimile Number 702-293-8042

In Witness of this Agreement, the Parties affix their official signatures below, acknowledging execution of this document on the _____ day of _____, 2001.