

May 11, 2012

Ms. Virginia O'Connell, Manager  
Arizona Water Banking Authority  
3550 North Central Avenue, 2nd Floor  
Phoenix, Arizona 85012

**RE:** Briefing Papers on the Distribution of Long-Term Storage Credits during Shortages

Dear Ms. O'Connell:

The Arizona Municipal Water Users Association (AMWUA) has reviewed the Briefing Papers titled:

- Capping the Distribution of Long-Term Storage Credits for M&I Firming during Shortages, and
- Reducing the Amount of AWBA Long-Term Storage Credits Distribution for M&I Firming during Shortages to Extend Credits for Future Years.

While we appreciate the opportunity to comment, we believe it is premature for the AWBA to consider these Briefing Papers. We urge the AWBA to engage in a comprehensive process to guide the development of a recovery plan. This process must involve the collaborative efforts of the AWBA, the Arizona Department of Water Resources, the Central Arizona Water Conservation District, and the Bureau of Reclamation. It must provide for meaningful consideration of stakeholder positions. As the resolution of one issue will affect other issues, the process should identify all of the policy issues to be resolved and a means to do so that allows for the integrated discussion of these issues.

AMWUA and its members are ready to work with you as this process moves forward.

Sincerely,



Kathleen Ferris  
Executive Director

KF:mla:dsp

cc: Sandy Fabritz-Whitney, Director, ADWR and Chair, AWBA  
Maureen George, Vice Chair, AWBA  
Lisa Atkins, Member, AWBA  
Marshall Brown, Member, AWBA  
John Mawhinney, Member, AWBA  
Bob Barrett, President, Arizona Municipal Water Users Association  
Pam Pickard, President, CAWCD Board of Directors  
Randy Chandler, Area Manager, Bureau of Reclamation  
David Modeer, General Manager, CAWCD

**Arizona Municipal Water Users Association**

May 17<sup>th</sup>, 2012

Arizona Water Banking Authority  
3550 N. Central Avenue  
Phoenix, Arizona 85012  
ATTN: Chairwoman Sandra Fabritz-Whitney

Dear Sandy,

On March 21<sup>st</sup>, 2012, the Arizona Water Banking Authority (AWBA) discussed two proposals that involved capping the distribution of AWBA long-term storage credits (LTSC) for firming M&I during shortages. The AWBA asked for comments from the stakeholders regarding these proposals and thus is the substance of this letter. The City of Mesa sincerely appreciates being a part of the stakeholder process and the opportunity to provide the AWBA substantive comments.

While we believe that compiling policy or procedure questions or scenarios are important, we also believe it is very premature to publically and formally attempt to finalize any detailed policies or scenario documents. Such efforts must wait until the AWBA, ADWR, CAWCD, and the USBR can properly determine the prudent, legal, and efficient interrelationships between each agency and what its functions are relating to the shortage, recovery, and firming process. Mesa believes this process should be transparent and open to the stakeholders so that they can participate in the agency discussions.

Once the various interrelationships and authorities have been recognized and clearly defined between the four agencies, a process needs to be developed that shapes a schedule for the creation of a shortage, recovery and firming planning process. This process needs to include: 1) the associated stakeholders; 2) timetables and deliverables schedule; and 3) an efficient process of facilitation. In addition to developing an M&I firming process, Indian firming also needs to be addressed through this process. Without a developed schedule that includes the above mentioned items, it is felt this process will flounder for an indeterminate period of time.

Lastly, due to the many complexities and dynamics of any firming protocol proposed, regarding new policies or procedures for firming, it is reasonable to presume that any policies or procedures will be required to follow the rulemaking process and be reviewed by the Governor's Regulatory Review Council (GRRC) to ensure consistency with State statute. Similarly, any new federal policies or procedures may be required to be reviewed at the Federal level for consistency with federal codes and regulations.

Water Resources Department  
640 N Mesa Dr  
PO Box 1466  
Mesa, AZ 85211-1466



We applaud the AWBA for starting to examine the many complicated variables and dynamics required for successfully firming M&I and Indian water. We look forward to the continued transparent stakeholder process and again appreciate your request for comments. We would be happy to discuss any comments in further detail at your convenience.

My Highest Regards,

A handwritten signature in black ink, appearing to read "Mark Holmes".

Mark Holmes  
Water Resources Advisor

CC: Central Arizona Water Conservation District  
Arizona Department of Water Resources  
United States Bureau of Reclamation  
Arizona Municipal Water Users Association



## City of Phoenix

OFFICE OF THE CITY MANAGER

May 21, 2012

Phoenix 2009



Ms. Virginia O'Connell, Manager  
Arizona Water Banking Authority  
3550 N. Central Ave., 2nd Floor  
Phoenix, AZ 85012

RE: Briefing Papers, Distribution of Long-Term Storage Credits during Shortages

Dear Ms. O'Connell:

The City of Phoenix (Phoenix) has reviewed the Briefing Papers titled: *Capping the Distribution of Long-Term Storage Credits for M&I Firming during Shortages*, and *Reducing the Amount of AWBA Long-Term Storage Credits Distribution for M&I Firming during Shortages to Extend Credits for Future Years*.

Both of these papers explore essentially the same topic: to what extent should stored credits be used or conserved. Because credits are limited, and because it will be difficult to reach the AWBA firming goals in the face of reduced water supplies, Phoenix supports policies that will extend the availability of credits for the full duration of any expected shortage.

While we appreciate the opportunity to comment, it may be too early for the AWBA to consider these two briefing papers in isolation. Phoenix notes that the amount of CAWCD allocations in a shortage is still an open question and should be resolved through a policy development process that will require close coordination between CAWCD, AWBA, ADWR, USBR, and stakeholders.

Sincerely,

Douglas E. Kupel, Ph.D.  
for Jerome E. Miller, Deputy City Manager

cc: Neil Mann, Phoenix Water Services Acting Director  
Brandy Kelso, Phoenix Water Services Deputy Planning Director

dk:974927

## Virginia Oconnell

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**From:** Dee Korich [Dee.Korich@tucsonaz.gov]  
**Sent:** Tuesday, May 29, 2012 3:29 PM  
**To:** Virginia Oconnell  
**Cc:** Christopher Avery; Joe Olsen; Sandy Elder; Wally Wilson  
**Subject:** comments on two information briefs

Dear Virginia,

Thank you for the opportunity to comment on AWBA's briefing papers regarding distribution of AWBA long-term storage credits during shortages (<http://www.azwaterbank.gov/>). Tucson Water understands that these briefing papers were released for public comment in an effort to gauge public support for possible upcoming policy changes and that another comment period would be provided should actual policy changes be suggested.

Below are Tucson Water's comments:

1.) Reducing the amount of AWBA long-term storage credits distributed for M&I firming during shortages to extend credits for future years.

Tucson is in an unusual position as compared to the other M&I subcontractors in southern Arizona in that Tucson is already storing renewable supplies for future use. Because of that buffer, if the AWBA limits distributions during shortages to 10% of the individual subcontractors' entitlements (rather than the currently suggested 20%) in order to extend credits out into the future, Tucson will likely not be adversely affected and would likely not object to the lower cap. However, Tucson Water would like to emphasize that efforts to reach the existing firming goal in the Tucson AMA must continue.

2.) Capping the distribution of AWBA long-term storage credits for M&I firming during shortages.

The M&I firming goals under which the AWBA is currently operating were developed using a presumed 20% cap to deliveries in times of shortage (M&I subcontractors would receive no more than 20% of their individual entitlements in firm water after CAP deliveries are curtailed due to shortage). Even with this goal in mind, the Tucson AMA is well behind in the accumulation of credits necessary to meet the goal as compared to Maricopa and Pinal counties. For this reason, Tucson Water does not support extending the cap to firm more than 20% of the M&I subcontractor entitlements. Tucson Water would like to emphasize that the 20% firming goal in the Tucson AMA must be met before any policy goes into effect suggesting additional firming in the Maricopa and Pinal AMAs.

If you have any questions or concerns, please contact me.

Best regards,

Dee Korich  
Hydrologist  
Water Resources Management  
Tucson Water  
310 W. Alameda St.  
Tucson, AZ 85701

Mailing Address:  
PO Box 27210  
Tucson, AZ 85726-7210

## Virginia Oconnell

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**From:** Mike Block [mblock@metrowater.com]  
**Sent:** Tuesday, May 29, 2012 9:41 AM  
**To:** Virginia Oconnell  
**Cc:** Warren Tenney; Dee Korich; kferris@amwua.org; John Mawhinney; Maureen R. George; Thomas Buschatzke  
**Subject:** RE:

Hi Virginia,

Metro Water District supports AWBA's draft policy on limiting the percent of transfer of M&I firming credits during a shortage equal to the shortage percentage to M&I subcontractors up to a shortage percent of 20 to M&I subcontractors. The District appreciates that the draft AWBA policy is consistent with the original assumptions used by AWBA in setting the M&I firming goals to meet expected shortage volumes impacting M&I subcontractors.

As far as the draft M&I firming credit preservation policy for AMAs not having met the M&I firming goal, the District believes it is premature at this time to enact such a policy. The AWBA, CAWCD, ADWR, and M&I stakeholders have not yet exhausted all options to achieving the TAMA M&I firming goal. For example, it is unknown if Inter-AMA M&I firming through the use of the 4 cent storage property tax is legally available and mutually acceptable to Maricopa and Pima County M&I subcontractors, ADWR, AWBA and CAWCD. Therefore, the District recommends that this draft policy be tabled for discussion at a later date until other options have been discussed and decided upon.

Sincerely,  
Mike

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**From:** Virginia Oconnell [mailto:voconnell@azwater.gov]  
**Sent:** Thursday, March 22, 2012 9:41 AM  
**To:** Alan Forrest; Andrew Quigley; 'aparizona@ap.org'; 'ASTEWART@FCLAW.com'; 'Benjamin\_Simon@ios.doi.gov'; 'bhenning@cap-az.com'; Bob Sejkora; 'brian@msidd.com'; Bridget Schwartz-Manock; bvanallennewmagma@mchsi.com; Candice Rupprecht; Cathy Griffin; 'ccullom@cap-az.com'; Chris Udall; Christine Nunez; Cliff Cauthen; Cliff Neal; cmdid12253@comcast.net; Colette.Moore@mesaaz.gov; Crystal Thompson; Dan Ferguson; Dave Roberts; David Crockett; David Snider; 'david.donnelly@lvvwd.com'; Deanna K. Ikeya; Dee Korich; Denise Forbes; Derrick Widmark; dfuerst@cap-az.com; Diane J. Kusel; 'dmnewlin@aol.com'; Dorothy O'Brien (dobrien@marana.com); 'dorothy@vidlerwater.com'; Doug Toy; 'DougCNelson@cox.net'; Douglas Dunlap; 'drule@cap-az.com'; 'dspatton@aol.com'; 'dustingarrick@gmail.com'; Eden Rolland; EHLERS JEFFREY W; Elizabeth Story; 'emiller@scottsdaleaz.gov'; Eric Holler; Erick Kamienski; Evelyn J. Erlandsen; 'Franzoyconsulting@cox.net'; Gary Given; George Brooks; George Renner; Ghina.Yamout@cityofmesa.org; 'Glinda@caidd.com'; 'GLParker@griidd.com'; 'Grant Buma'; 'grant@msidd.com'; Gregg Bushner; 'Gregg.Capps@chandleraz.gov'; 'Griff2@citlink.net'; Harry M Ruzgerian; Herb Kai (herb@kaifarms.com); 'herbdishlip@cox.net'; 'hlh51@aol.com'; Jack Ozomaro; 'Jake.Lenderking@amwater.com'; James Downing; Jason Baran; Jay Moyes; 'jeff.johnson@lvvwd.com'; 'jhardee@cox.net'; Joe Singleton; 'John Bodenchuk'; John William Jr; John.Entsminger@lvvwd.com; Juliet McKenna; Karen LaMartina; Karen Nally; 'kathyr@ci.gilbert.az.us'; 'Kay.Brothers@lvvwd.com'; Kenneth Seasholes; 'Kevin.Davidson@co.mohave.az.us'; 'kschmitt@cap-az.com'; 'kukino@ci.glendale.az.us'; Larry Purcell; 'larry.tamashiro@lvvwd.com'; Lawrence Marquez; 'Leo.Commandeur@gwresources.com'; 'leocommandeur@qwest.net'; Magill Weber; Marilyn DeRosa; Mark Holmes; Mary Bauer; Mary Jan; Mary Reece; 'Matthew Garcia'; 'matthew.thorley@lvvwd.com'; 'mblock@metrowater.com'; McClain Peterson; 'MCURTIS401@aol.com'; 'mhaberman@lrlaw.com'; 'MHMYERS@aol.com'; Michael J. Pearce; 'Michael\_McNulty@lrlaw.com'; Michele VanQuathem; Mitch Haws; 'mlking@iid.com'; 'mray@azleg.gov'; 'mroos@water.ca.gov'; mschlehuber@greenstonerp.com; 'mwilson21@cox.net'; Nan Flores; 'no4son@earthlink.net'; Olszak, Nathan; Paul Orme; Peter Culp; Peter J. Maniccia; Philip C. Saletta P.E. (psaletta@orovalleyaz.gov); 'plummernw@aol.com'; 'posmon@azleg.gov'; 'ralph.marra@tucsonaz.gov'; Randy Chandler; 'rburnsaz@cox.net'; Richard Morrison; Richard Wilson; Rita P. Maguire; Robin Stinnett; 'robinson@gilanet.net'; Ron Fowler; Ron McEachern; Ron Whitler; Ron Wong (ron@bkwfarms.com); 'rsharpe@picoholdings.com'; Scott Farmer; Sheila B. Schmidt; SIEGEL