

**ARIZONA WATER BANKING AUTHORITY**  
**Final Minutes**

**June 27, 2001**

**Arizona Department of Water Resources**

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**Welcome/Opening Remarks**

All members of the Authority were present with Senator Ken Bennett present by teleconference. Chairman Joseph C. Smith introduced himself as former Chairman Rita Pearson Maguire's replacement due to his recent appointment as the new Director of the Arizona Department of Water Resources.

**Minutes**

The Authority approved the minutes from the March 21 and April 9, 2001 meetings.

**Water Banking Staff Activities**

Tim Henley, manager of the AWBA, reviewed the current deliveries. Mr. Henley stated that deliveries were behind early in the year, but that actual deliveries are catching up to projected deliveries. The Tucson AMA has actual deliveries in excess of planned deliveries. In his opinion, deliveries should continue at projected levels. William Chase stated that the decrease in deliveries in the Phoenix AMA was primarily due to lower than projected deliveries to the New Magma Irrigation and Drainage District. He questioned why. Mr. Henley stated that the irrigation districts must use their pool water first and often take Authority water last. Weather conditions can also impact how much water they take. Mr. Chase observed that the 2001 Plan of Operation planned for deliveries to the Agua Fria facility to initiate in August and he wondered if that date would be met. Tom Harbor, hydrologist for the CAP, stated that they plan on having the managed portion operational in September and the constructed portion operational next March. He also informed the Authority that the CAGRDR plans on storing 4,000 acre feet at the facility so the capacity available to the Authority may be decreased.

Mr. Henley stated that the May edition of the newsletter had been distributed.

Mr. Henley informed the Authority that he had received a letter from West Maricopa Combine, Inc. (WMC) stating that they wished to begin discussing the possibility of a partnership. The WMC is a managed underground storage facility located in the west valley. Mr. Henley stated that the facility has some issues with local landowners and that there is some question whether the facility permit is fully negotiable due to on-going litigation between WMC and the ADWR.

Mr. Henley informed the Authority that an exchange agreement will be utilized to allow deliveries to GRUSP in November and December 2001. There is an exchange agreement between the Authority and SRP but that agreement will not be utilized. The water will be delivered under an exchange agreement between the CAP and SRP and SRP will take the CAP deliveries up front.

Mr. Henley informed the Authority that he had reviewed a draft letter from the Metropolitan Water District of Southern California (MWD). The draft letter detailed their status under the interim surplus guidelines and their desire to begin discussing the possibility of interstate banking for California with the Authority. Mr. Henley stated that he anticipates receipt of a letter under the signature of Dennis Underwood within the next month.

### **Continuation of Discussions on City of Goodyear Agreement**

At the April 9, 2001 meeting, the Authority approved an agreement for loaning of credits to the City of Goodyear and set a deadline to obtain signatures. Since then, there has been significant discussion with ADWR regarding Goodyear's needs and the city has recognized that the loaning of credits doesn't resolve their current issues. Mr. Henley recommended that the Authority rescind their approval of the agreement. He stated that the Authority should recognize that this was not wasted effort because a template water banking services agreement had now been drafted and the city will probably be requesting the Authority's assistance at a later date. Bill Allen, a representative of the City of Goodyear, thanked the Authority for their efforts and stated that the loaning of credits would not be helpful to the city at this time. He stated that they may be returning to the Authority in September. George Renner moved to authorize withdrawal of approval of the April 9, 2001 agreement. The motion was adopted.

### **Update on Groundwater Management Commission Activities**

Mr. Henley introduced Jim Holway, Assistant Director of the Groundwater Management Division, to update the Authority. Mr. Holway provided the Authority members with interim report excerpts that present the issues current through the April/May retreat. He stated that the Commission anticipates a final report to the governor on December 1, 2001. He informed the Authority that there were some Commission recommendations related to the Authority that did not come out of the retreat. One is the idea that Authority credits could be used for environmental purposes. Another is that the credits held by the Authority for M&I firming be transferred to and held by the CAWCD. The Commission discussed groundwater withdrawal fees and proposals that the fees be redirected for conservation purposes and/or decreased for some users. The role of the CAGR is also being discussed by the Commission. Specifically, the CAGR having firmer supplies and how they could develop replenishment reserves with a goal of 1.0-1.5 MAF in the ground. Mr. Holway stated that the concepts were well supported but funding was under discussion. Another item under discussion by the Commission was how well impact rules could be changed to provide environmental and M&I protection. Mr. Henley stated that changes in replenishment could impact the Authority because the Authority has the last priority for water. Also, legislative changes regarding transfer of credits to CAP could impact the Authority's ability to loan credits.

### **Discussion and Approval of Agua Fria Recharge Project Agreement**

Mr. Henley informed the Authority that the agreement was not at the approval stage. The content is similar to other agreements between the CAWCD and the Authority but a cost issue needs more discussion. He thought the issue would be easily resolved. He also stated that it may be necessary to have a special meeting, perhaps via teleconference, to gain approval prior to the August CAWCD board meeting. Mr. Henley stated that the Authority already holds a water storage permit for the facility.

### **2000 Annual Report**

Mr. Henley stated that the report is for the previous calendar year, consequently, it would be transmitted to the governor and speaker of the house and president of the senate under Rita Pearson Maguire's signature. Mr. Henley briefly reviewed the highlights of the report. Authority members provided the following comments regarding the report: (1) remove a column for California from the ten year plan table, (2) specifically include the new recharge facilities planned by CAWCD (Hieroglyphics Mtns., Queen Creek, and Northwest Salt River Valley), (3) use a CAP delivery schedule (Appendix B) consistent with the one used by CAP, (4) do not show storage at Vidler Water Co. (Appendix C) because identifies a specific facility for interstate banking, (5) add middle initial "R" to George Renner's name, (6) do not use the word "perceived" in the text,

(7) provide some explanation about increasing cost per acre foot of long-term storage credit, and (8) provide a footnote discussion regarding 2001 interstate water banking events. Mr. Chase also had some other questions regarding the report that were answered by Mr. Henley. Mr. Smith asked if the Authority members were comfortable with staff making the suggested changes and then transmitting the final report. Mr. Renner moved that the Authority approve the report with the changes discussed and transmit the report to the required entities. The motion was adopted. Mr. Henley informed Authority members suggesting changes that he would allow them an opportunity to review the report before its transmittal.

Senator Bennett excused himself from the remaining portion of the meeting.

### **FY 2002 Operating Budget**

Mr. Henley reviewed the budget stating that for 2002 there was a summary sheet and back-up sheets with additional information. The numbers are an average between 2001 and 2002 because the Authority operates on a calendar year for water deliveries, etc. Estimates for 2003 were also provided. Mr. Henley informed the Authority that there is no interstate component in the budget because all costs associated with interstate banking are passed through to Nevada and the Authority does not make money in the process. The Authority approved the fiscal year 2002 operating budget.

### **Discussion Regarding USBR Utilization of AWBA to Store Excess Water**

Mr. Henley introduced Bob Johnson, Regional Director of the Lower Colorado River Region, to initiate this discussion. Mr. Johnson provided the Authority with background information regarding the USBR's needs and possible alternatives and stated that the USBR would like to utilize water banking as part of a solution for replacing bypass flows. Authority members had questions regarding possible impacts to Arizona, quantity of water to be banked, how the water would be recovered and when the USBR would like to initiate this activity. Mr. Henley stated that at this time he was asking the Authority for staff authorization to begin discussions with the USBR. Mr. Renner moved to authorize staff to continue the discussions regarding the Authority's role in the process. The motion was adopted. Mr. Smith informed AWBA staff that he would like periodic updates on the discussions.

### **Update on Status of Interstate Discussions**

Mr. Henley reported that the Southern Nevada Water Authority and the Colorado River Commission of Nevada had approved the Agreement for Interstate Water Banking on June 12, 2001 and that an official signing ceremony was scheduled for July 3, 2001. Mr. Smith would sign the agreement at that time but it would not be considered executed until attested to by AWBA secretary Bill Chase.

Mike Pearce, chief counsel for ADWR and member of the interstate negotiating team, reviewed the Storage and Interstate Release Agreement (SIRA) for the Authority. He stated that the concepts presented in the first draft of the agreement hadn't changed, but they had been fleshed out. He specifically noted (1) the agreement was refined to reflect components of Agreement for Interstate Water Banking (AIWB), (2) recitals and definitions similar to AIWB, (3) in article 2, the water stored is the number of long-term storage credits and the limit is 1.2 million acre feet, (4) discussions regarding limiting annual storage to 200,000 acre feet due to environmental compliance issues, (5) transfer of 50,000 acre feet needs to be addressed, (6) article 3 addresses facilities, (7) article 4 describes development and verification of intentionally created unused apportionment, and (8) article 5 addresses the release of ICUA, some issues regarding this are still under negotiation. Dick Walden questioned Mr. Pearce about what happens if the USBR fails to act. Mr. Pearce replied that the concern was also one held by Nevada, however,

Arizona doesn't want to set precedence under the Law of the River for water to move due to inaction. Water should only move through proper execution of the decree. Mr. Walden questioned whether Arizona would be negatively impacted by USBR inaction and Mr. Pearce replied that Nevada would be the only party harmed.

Mr. Henley reported to the Authority that at the next meeting, the AIWB would likely have been signed and executed, the SIRA would probably be ready for approval and the Agreement for the Development of Intentionally Created Unused Apportionment would be in draft for review.

#### **Call to the Public**

There was no public comment.

The next AWBA meeting is scheduled for Wednesday, September 19,2001.

The meeting concluded at 11:55 a.m.