



BOARD AGENDA BRIEF

ACTION ITEM

Agenda Number 7.

CONTACT: Larry R. Dozier Thomas W. McCann
 (623) 869-2377 (623) 869-2343
 ldozier@cap-az.com tmccann@cap-az.com

DATE: February 23, 2005

AGENDA ITEM: Consideration of Action to Approve Amendment to Excess Water Contract Between CAWCD and Arizona Water Banking Authority

STAFF RECOMMENDATION:

Staff recommends that the Board approve the attached amendment to the excess water contract between CAWCD and the Arizona Water Banking Authority.

BUDGET IMPLICATIONS:

Budget impacts? Yes No

Expenditures? \$

Funds available in the year 2005 budget: \$

Additional funds needed:

Year	_____	Amount	\$ _____
Year	_____	Amount	\$ _____

Revenues? \$

Year-end impacts on budget:

PREVIOUS BOARD ACTION/ACTIVITY:

The Board approved the current CAP excess water contract with AWBA in June 2002.

ISSUE SUMMARY/DESCRIPTIONS:

The current contract provides that AWBA will make levelized monthly payments based on the annual AWBA water schedule. This arrangement is not consistent with the changes CAWCD has recently made in the disposition of four-cent tax revenues. The proposed amendment provides that AWBA will pay the amount billed by CAWCD each month based on actual deliveries in the previous month. This procedure allows CAWCD improved flexibility in applying four-cent tax revenues to AWBA costs.

The current contract also provides for an annual reconciliation for all AWBA water deliveries. For intrastate storage deliveries, the reconciliation is limited to comparing the volume of water actually delivered to the scheduled amount. The change in billing described above renders this provision moot. Accordingly, the proposed amendment provides that CAWCD will perform an annual cost reconciliation only for AWBA deliveries for interstate storage.

SUGGESTED MOTION:

I move that the Board of Directors approve the amendment to the excess water contract between CAWCD and the Arizona Water Banking Authority as presented by staff.

O:\2005 Board Meetings\03-03-05 cawcd board\Amendment of AWBA excess water contract.doc

Water Service Charges

10. (a) By August 1 of each year, CAWCD shall establish water service charges for water to be delivered under this Agreement during the following year for interstate and intrastate storage.

(b) By the 20th of each month, CAWCD shall bill AWBA for water delivered in the preceding month under this Agreement. The payment due shall be computed by multiplying the total amount of water delivered in the preceding month by that portion of the applicable water service charge that is not paid directly to CAWCD by Groundwater Savings Facility Operators in accordance with Article 11.

(c) AWBA shall pay or provide for payment of the amount billed by CAWCD within 30 days.

(d) If, during any year in which water is being delivered for interstate storage under this Agreement, CAWCD determines that its interstate water storage costs will increase 20% or more over the estimates CAWCD used to establish the water service charge for interstate storage for that year, it shall within thirty (30) days of becoming aware of such increase: (1) notify AWBA in writing of the increase and (2) provide AWBA with an estimate of the increased costs for water delivery for interstate storage for that year. Following such notice, CAWCD shall give AWBA a reasonable opportunity to amend its interstate storage schedule for the remainder of that year.

(e) By May 31 of each year, CAWCD shall reconcile the actual operation, maintenance, and replacement costs and energy costs associated with water delivered for interstate storage to the costs estimated when the water service rate for interstate storage was established. If that year-end account reconciliation demonstrates that money is owed to CAWCD, AWBA shall pay the amount owed within 30 days of CAWCD's invoice. If funds are due to AWBA, CAWCD shall pay AWBA the amount due within 30 days of completing the reconciliation. Upon termination of this Agreement for any reason, CAWCD shall provide AWBA a reconciliation for any year or partial

year for which a reconciliation has not been performed. The obligation to provide the reconciliation, and of either party to pay any funds as a result of the reconciliation, shall survive termination of this Agreement.