

ARIZONA WATER BANKING AUTHORITY

WEDNESDAY, APRIL 21, 1999

PLEASE PRINT

ARIZONA DEPARTMENT OF WATER RESOURCES

	NAME	REPRESENTING
1	SHANE LEONARD	RWCD
2	William Van Allen	NMIDD
3	Harry Ruzerian	MWD
4	Richard Siegel	SRP
5	JAMES PETERSON	ORO VALLEY
6	Dave Roberts	SRP
7	ANNE MYERS	Metro Water
8	DARBA GERHART FOR BOB LYNCH	IEDA
9	TOM HARBORN	CAWCD
10	Larry Linser	B-E
11	Andrew Burns	CRC
12	Jim Davenport	CRC-Neveda
13	Art Johnson	SNWA
14	Bob McCarty	AMWA
15	Kay Koelsch	BIT
16	Cynthia Hofanovic	Az State Land Dept
17	Doug Nelson	ARWA
18	Larry Dozier	CAD
19	Stacy Dworkin	City Tucson
20	Kathy Hendricks	CDM
21	Floyd Moyst	City of Scottsdale
22	Quelby Allegritti	ADWK
23	Paul Orme	CAID/MIDD
24	AY MOYES	MOYES STAREY LAW OFFICES
25		
26		
27		
28		
29		

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

FINAL AGENDA

Wednesday, April 21, 1999

10:00 a.m.

Arizona Department of Water Resources

Third floor conference room

- I. Welcome/Opening Remarks
- II. Adoption of Minutes of March 17 Meeting
- III. Discussion of the 1999 Plan of Operation and Staff Activities
 - Upcoming presentation on WestLand Resources Recovery data
- IV. Legislation Update
 - Signed into law on April 1 by Governor
- V. Presentation by SRP on AWBA/SRP partnership role in GRIC settlement
- VI. Discussion and approval of Agreement among AWBA, SRP, and CAWCD for water storage at SRP Groundwater Savings Facilities
 - Similar to standard GSF agreements currently used by AWBA
 - Agreement to govern through 2005
- VII. Amend Plan of Operation to reflect increase in water storage at Salt River Project GSFs
 - Contingent upon approval of AWBA/SRP/CAWCD GSF agreement
- VIII Interstate Discussions
- IX. Call to the Public

Future Meeting Dates:

Wednesday, May 19, 1999

Wednesday, June 16, 1999

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

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

ARIZONA WATER BANKING AUTHORITY
Draft Minutes

March 17, 1999

Arizona Department of Water Resources



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

EX OFFICIO MEMBERS
Representative Gail Griffin
Senate appointment vacant

Welcome/Opening Remarks

Chairperson Rita Pearson, Secretary Bill Chase, and new member George Renner were present.

Introduction of New Authority Member

Ms. Pearson introduced Mr. George Renner, new CAWCD Board President and new AWBA member, and welcomed him to his first meeting. The CAWCD Board President is elected annually.

Minutes

The January 20th minutes were approved as submitted. No meeting was held in February.

Plan of Operation and Other Staff Activities/deliveries

Tim Henley, Manager of the AWBA, reviewed 1999 delivery figures. He explained that the AWBA is just about on target with its water delivery projections for 1999. He explained that the system as a whole is fairly dry, that deliveries are down a bit in Tucson and Phoenix but are up a bit in Pinal. As we approach the irrigation season, deliveries will increase at groundwater savings facilities. Also, GRUSP is expanding, so there will be more capacity available there.

Pima Mine Road Expanded Pilot Permit Update: Mr. Henley also updated the Authority members on the status of the Pima Mine Road (PMR) permit. CAWCD will apply for a long-term storage permit. Issuance of that permit could take close to one year. In the mean time, the AWBA would lose the opportunity to store water at PMR because the 10,000 af of pilot project capacity has already been used. To deal with this situation, CAWCD has applied for an extension to its PMR pilot project to allow additional recharge there pending the issuance of a completely new permit.

The public comment period on the expanded pilot permit is nearly complete, and once the permit is issued and an updated agreement between the CAWCD and the AWBA is in effect, the AWBA may obtain more capacity there. The AWBA staff updated the agreement between the CAWCD and the AWBA for storage of water at Pima Mine Road. The changes are technical and only modify the agreement to reference the most recent permit under which the PMR is operating. Ms. Pearson and Mr. Chase signed the agreement, and at the next CAWCD Board meeting, the agreement will have the required signatures for it to go into effect.

Vidler Water Company: The AWBA staff continues to work on language for an agreement with Vidler Water Company for storage of water at MBT Ranch in La Paz County, Arizona. The AWBA staff has already begun negotiating the terms of that agreement. The issue of Scottsdale's potentially higher priority water at MBT Ranch will need to be thoroughly investigated to ensure adequate recovery opportunities.

Gila River Indian Community Settlement Discussions: Recent discussions regarding a potential settlement of the Gila River Indian Community's (GRIC) water claims would involve using Salt River Project groundwater savings facilities to recharge up to 15,000 acre feet of water. This may provide an opportunity for the AWBA to assist with Indian water rights settlements as provided for in the AWBA's enabling legislation. If such an opportunity were to arise, the AWBA's risk would be minimal if the AWBA controlled the long-term storage credits earned. These credits may need to be specifically earmarked for GRIC settlement. Details still need to be worked out.

AWBA Annual Report: Staff has completed an early draft of the Annual Report, which is due July 1. The staff is open to content and style suggestions.

Interstate Water Banking Rules Update: The USBR may use the AWBA to bank water in order to meet its obligations to Mexico that it originally was to meet by use of the Yuma Desalter. An agreement would need to be structured so that credits earned through the federal government's banking activities would be strictly limited for this purpose only. This type of activity may not require interstate water banking rules.

WestLand Resources Data: The AWBA contracted with an environmental consulting firm over a year ago to do an inventory of Arizona's water infrastructure in order to help the AWBA better understand and formulate its recovery options. The information is available to the public. The AWBA will soon begin recovery discussions to develop recovery concepts. This will most likely take the form of a workshop with a presentation by WestLand Resources that summarizes the data they have compiled.

Legislation Update

HB 2463 (Water Banking Amendments) is moving quickly through the legislative process. The bill has moved over to the Senate side, where it passed out of both Commerce, Agriculture & Natural Resources Committee and Rules Committee unanimously with no amendments to date. The bill has been placed on the consent calendar and should go to a vote before the full Senate very soon. We do not expect floor amendments at that time.

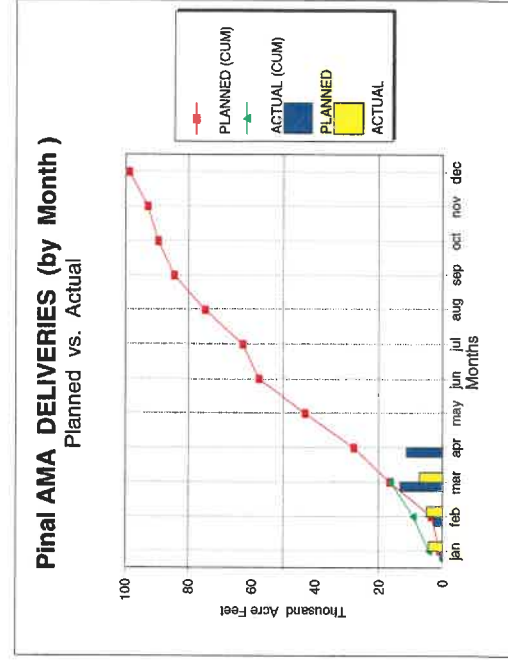
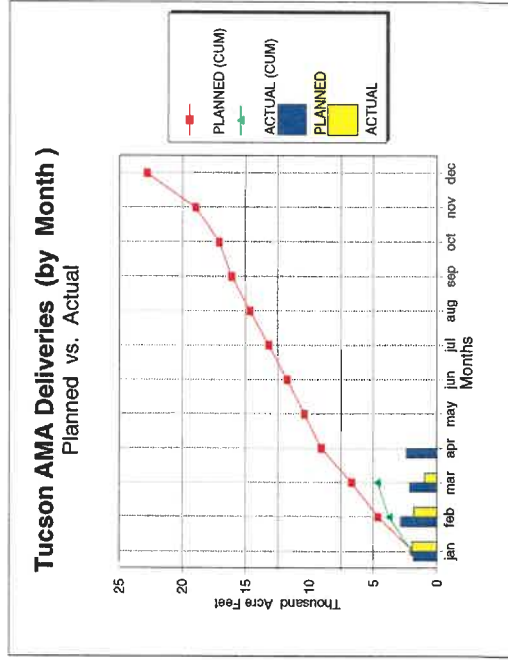
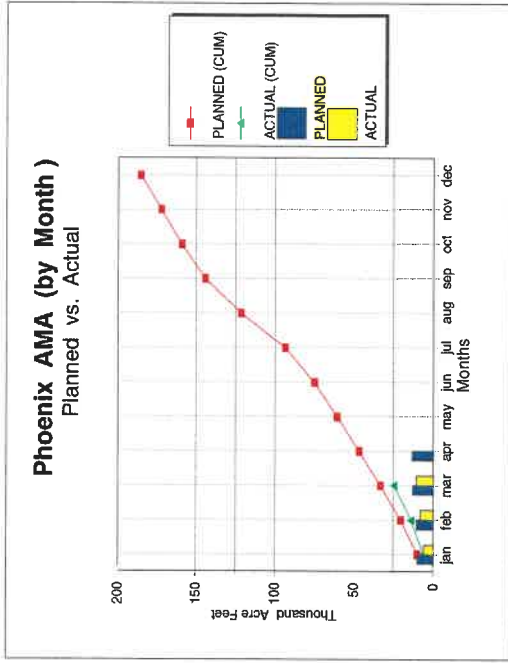
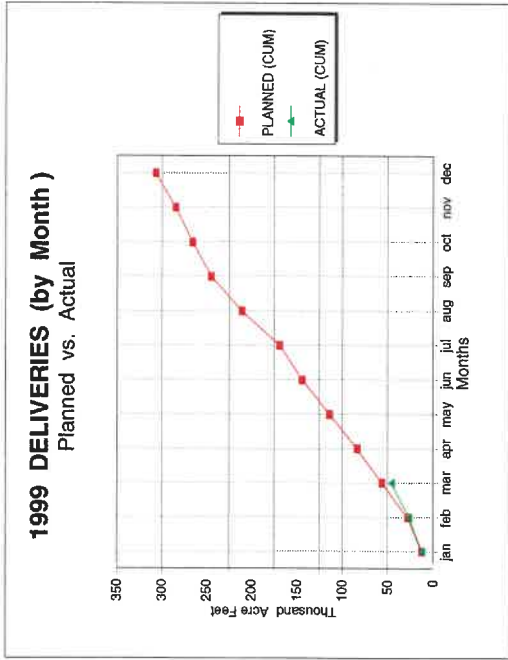
Interstate Water Banking

The California Assembly is holding hearings on the Memorandum of Understanding (MOU) between the IID, Coachella, and the Secretary of the Interior. This MOU is a critical component of movement toward California's so-called 4.4 Plan. Unfortunately, the MWD has protested the MOU, which raises concerns about their support for the water transfer that is the lynchpin of the 4.4 Plan. The California Assembly appropriated \$235 million to facilitate the water transfer. The agencies involved are continuing discussions on the matter, but progress has been stalled to some extent. The other six Basin States have sent a letter to the Secretary expressing their concern about any impact of an agreement on the states' ability to deliver their respective allocations. Ms. Pearson updated the Authority members and audience on recent GRIC settlement discussions and explained that the AWBA will be involved in these settlement discussions.

Call to the Public

The next meetings will be held on April 21 and May 19, 1999. The meeting was adjourned at 10:50 a.m.

1999 Plan of Operation



Actual deliveries updated 15-Apr-99

	jan	feb	mar	apr
Phoenix AMA				
GRUSP	3,822	4,706	5,125	7,500
NMIDD	2,034	2,778	3,894	2,500
QCID	0	0	0	0
MWD	0	588	1,766	2,941
TID	0	0	0	0
VIDLER MBT	0	0	0	410
Subtotal	5,856	8,072	10,785	13,351
Total to date	5,856	13,928	24,713	38,064
Pinal AMA				
CAIDD	0	0	0	0
MSIDD	1,906	1,475	372	5,300
HIDD	2,274	3,429	6,793	6,793
Subtotal	4,180	4,904	7,165	12,093
Total to date	4,180	9,084	16,249	28,342
Tucson AMA				
Avra Valley	0	0	0	750
CAVSARP	678	633	811	600
Pima Mine	1,248	1,145	129	0
Lower Santa Cruz	0	0	0	0
Kai/Avra	0	0	0	1,000
Subtotal	1,926	1,778	940	2,350
Total to date	1,926	3,704	4,644	6,994
TOTAL				
Total to date	11,962	14,754	18,890	27,794
Total to date	11,962	26,716	45,606	73,400

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EX OFFICIO MEMBERS
Representative Gail Griffin

MEMORANDUM

TO: All Interested Parties
FROM: Kim Kunasek *KK*
DATE: April 14, 1999
SUBJECT: Recovery Issues Workshop and Presentation

At the last AWBA meeting, staff informed attendees that a recovery issues workshop would be scheduled in the near future and that at this meeting, the data gathered by WestLand Resources on water infrastructure in the state would be presented. That workshop is scheduled for Thursday, April 29 from 10-12 am at the Arizona Department of Water Resources in the Third Floor Conference Room.

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TELEPHONE 602-417-2418
FAX 602-417-2401
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MEMORANDUM

TO: All Interested Parties

FROM: Kim Kunasek

DATE: April 19, 1999

SUBJECT: Passage and Signing of HB 2463, Water Banking Amendments

The Arizona Water Banking Authority's legislative package (House Bill 2463) has passed out of the Arizona Legislature and was signed into law by Governor Hull on April 1, 1999. The bill was not amended at any point during the legislative process. The bill signed into law by the Governor is identical to the introduced version.

The bill was "first read" on January 18, 1999. It was assigned to the House Natural Resources Committee and the Rules Committee. The bill passed out of the House Natural Resources Committee with five members voting "yes" and one member voting "no." The bill passed out of Rules Committee with eight members voting "yes" and one absent member who could not vote. After passing out of these committees, the bill was considered by both caucuses, where there were no objections, and then was placed on the "consent calendar." The final step in the process in the House of Representatives was a vote by the full House on February 24. Only one member voted "no," and the remaining members either voted "yes" or were nonvoting that day.

The bill was then transmitted to the Senate on February 25. It was first read on February 25. It was "second read" and assigned to the Senate Commerce, Agriculture, and Natural Resources Committee and Senate Rules Committee for committee action on March 3. The bill passed out of both committees. All members of the CANR Committee voted "yes" or were nonvoting. Both caucuses approved the bill, and the bill was placed on the "consent calendar" on March 15. The full Senate voted on the bill on March 25 with all senators voting "yes" or not voting that day. The bill was then sent back to the chamber of origin (the House of Representatives), and since there were no changes to the original introduced version, it was sent to the Governor for her signature within a few days. The Governor signed HB 2463 into law on April 1, 1999. The signed bill has been transmitted to the Secretary of State's office. The law will be effective July 1, 1999.



BILL STATUS OVERVIEW

HB2463

SPONSORS: GRIFFIN P MCGIBBON P

TITLE: water banking amendments

HOUSE FIRST READ: 01/18/99

COMMITTEES: ASSIGNED COMMITTEES ACTION

Vote Detail 01/18/99 NR 01/27/99 (5-1-0-0-0) DP

Vote Detail 01/18/99 RULES 02/03/99 (8-0-0-1-0) C&P

SECOND READ: 01/19/99

MAJORITY CAUCUS: 02/04/99 Y

MINORITY CAUCUS: 02/04/99 Y

CONSENT CALENDAR: 02/03/99 4:00 PM

THIRD READ: DATE AYES NAYS NV EXC EMER AMEND RFE RESULT

Vote Detail 02/24/99 55 1 4 0

TRANSMIT TO SENATE: 02/25/99

SENATE FIRST READ: 02/25/99

SECOND READ: 03/03/99

COMMITTEES: ASSIGNED COMMITTEES ACTION

Vote Detail 03/03/99 CANR 03/11/99 (5-0-4-0) DP

 03/03/99 RULES 03/15/99 PFC

MAJORITY CAUCUS: 03/16/99 Y

MINORITY CAUCUS: 03/16/99 Y

CONSENT CALENDAR: 03/15/99 12:57 PM

THIRD READ: DATE AYES NAYS NV EXC EMER AMEND RFE RESULT

Vote Detail 03/25/99 29 0 1 0

TRANSMIT TO HOUSE: 03/25/99

TRANSMITTED TO: GOVERNOR 03/29/99

ACTION: SIGNED 04/01/99

CHAPTER: 16

CHAPTERED VERSION: Introduced Version

[Bills](#) | [Members](#) | [FloorCalendars](#) | [CommitteeAgendas](#) | [Session Laws](#) | [Statutes](#) | [Arizona Constitution](#)

**Proposal for a Water Banking
Authority/SRP/CAWCD
Partnership to Firm CAP Water as
part of a Gila River Indian
Community Water Rights
Settlement**

April 21, 1999

SRP/WBA/CAWCD Firming Proposal

Background

- ◆ In the Gila River Indian Community water rights settlement negotiations, the United States and the Community are seeking 20,000 acre-feet of M&I priority CAP water to serve future M&I uses on the Community's lands
- ◆ The state parties have indicated that 5,000 acre-feet of CAP water from the ASARCO allocation should be used to meet a portion of this need

SRP/WBA/CAWCD Firming Proposal

Background (continued)

- ◆ For the remaining 15,000 acre-feet, the settlement parties have discussed firming Non-Indian Agricultural CAP water to a reliability equivalent to the reliability of M&I CAP water for 100 years by:
 - ✓ recharging excess CAP water during “surplus” years; and
 - ✓ recovering the water in shortage years and delivering it to the Community

SRP/WBA/CAWCD Firming Proposal

Background (continued)

- ◆ Studies performed by DWR indicate that ≈ 14 acre-feet of CAP water would need to be recharged in order to make Non-Indian Agricultural CAP water equivalent in reliability to that of M&I CAP water for 100 years
- ◆ Thus, to firm 15,000 acre-feet of Non-Indian Agricultural CAP water, $\approx 210,000$ acre-feet of CAP water would need to be recharged

SRP/WBA/CAWCD Firming Proposal

Firming Proposal

- ◆ Three components:
 - ✓ Storage
 - ✓ Recovery
 - ✓ Delivery

SRP/WBA/CAWCD Firming Proposal

Firming Proposal (continued)

- ◆ Storage:
 - ✓ SRP would enter into an agreement with the Water Banking Authority and CAWCD to store 210,000 acre-feet of CAP water in SRP's water service area for use by:
 - ◆ The Community, if a water rights settlement is achieved; or
 - ◆ Phoenix AMA M&I CAP subcontractors, in the event a water rights settlement is not achieved

SRP/WBA/CAWCD Firming Proposal

Firming Proposal (continued)

◆ Storage:

- ✓ Water would be stored in either SRP's Groundwater Savings Facility or in SRP's share of the Granite Reef Underground Storage Project
- ✓ If SRP's GSF is used, SRP would contribute \$21 to the cost of purchasing the CAP water
- ✓ If SRP's share of GRUSP is used, SRP would waive the fees associated with the use of GRUSP

SRP/WBA/CAWCD Firming Proposal

Firming Proposal (continued)

◆ Recovery

- ✓ SRP would enter into an agreement with CAWCD to permit CAWCD to use SRP's wells for recovery
- ✓ If the recharge credits are recovered for use by the Community, SRP would pay the cost to pump the water
- ✓ If the recharge credits are recovered for use by Phoenix AMA M&I CAP subcontractors, CAWCD would pay the cost to pump water from SRP's wells

SRP/WBA/CAWCD Firming Proposal

Firming Proposal (continued)

- ◆ Delivery
 - ✓ SRP would deliver the water to the Community either:
 - ◆ directly, through its canal system; or
 - ◆ indirectly, via exchange, with other CAP water users
 - ✓ The delivery arrangement with the Community would be made in accordance with the terms of SRP's delivery services provided to the Community in any water rights settlement agreement

SRP/WBA/CAWCD Firming Proposal

Benefits of the Proposal

- ◆ Helps facilitate resolution of one issue in the water rights settlement negotiations with the United States and Community
- ◆ The services provided by the Water Banking Authority and SRP would result in a credit to the State and SRP toward the financial aspects of the settlement:
 - ✓ For the State: \$4.62M to \$9.03M
 - ✓ For SRP: \$13.935M to \$15.195M

SRP/WBA/CAWCD Firming Proposal

Benefits of the Proposal (continued)

- ◆ In the event a water rights settlement is not achieved, the stored water would be available for use by Phoenix AMA M&I CAP subcontractors during shortage years
- ◆ Gives CAWCD access to SRP wells to recover 210,000 acre-feet of CAP water for use by CAP users

DRAFT

1 AGREEMENT AMONG
2 THE CENTRAL ARIZONA WATER CONSERVATION DISTRICT,
3 THE ARIZONA WATER BANKING AUTHORITY,
4 AND THE SALT RIVER VALLEY WATER USERS' ASSOCIATION
5 PROVIDING FOR THE DELIVERY OF
6 CENTRAL ARIZONA PROJECT WATER
7 FOR WATER STORAGE AT A
8 GROUNDWATER SAVINGS FACILITY

9 Preamble

10 1. THIS AGREEMENT, made this _____ day of _____,
11 1999, pursuant to the Reclamation Act of June 17, 1902 (32 Stat.
12 388), and acts amendatory thereof or supplementary thereto,
13 including but not limited to the Boulder Canyon Project Act of
14 December 21, 1928 (45 Stat. 1057), as amended, the Reclamation
15 Project Act of August 4, 1939 (53 Stat. 1187), as amended, the
16 Reclamation Reform Act of October 12, 1982 (96 Stat. 1263), the
17 Colorado River Basin Project Act of September 30, 1968 (82 Stat.
18 885), as amended (the "Basin Project Act"), and the Arizona Water
19 Banking Authority Act, A.R.S. §§ 45-2401, et seq., among the
20 CENTRAL ARIZONA WATER CONSERVATION DISTRICT ("CAWCD"), the ARIZONA
21 WATER BANKING AUTHORITY (the "Authority") and the SALT RIVER VALLEY
22 WATER USERS' ASSOCIATION ("Facility Operator");

23 WITNESSETH, THAT:

24 Explanatory Recitals

25 2. WHEREAS, the Basin Project Act provides, among other
26 things, that for the purposes of furnishing irrigation and
27 municipal and industrial ("M&I") water supplies to water deficient
28 areas of Arizona and western New Mexico through direct diversion or
exchange of water, control of floods, conservation and development
of fish and wildlife resources, enhancement of recreation

DRAFT

1 opportunities, and for other purposes, the Secretary shall
2 construct, operate, and maintain the Central Arizona Project,
3 hereinafter referred to as the "Project"; and

4 WHEREAS, the United States and CAWCD have entered into
5 Contract No. 14-06-W-245, Amendment No. 1, dated December 1, 1988,
6 hereinafter referred to as the "Repayment Contract," which is
7 attached hereto as Exhibit A whereby CAWCD has agreed to repay to
8 the United States the reimbursable costs of the Project properly
9 allocated to CAWCD; and

10 WHEREAS, Article 8.7(e) of the Repayment Contract grants
11 CAWCD the authority to resell or exchange Excess Water; and

12 WHEREAS, the Arizona Legislature has declared that it is
13 the public policy of the State of Arizona to use the Project to
14 deliver Colorado River water that would otherwise be unused in
15 Arizona for purposes specified in A.R.S. § 45-2401; and

16 WHEREAS, the Arizona Legislature has created the
17 Authority to implement this policy and has specifically authorized
18 the Authority, in A.R.S. § 45-2423(B)(3), to execute agreements
19 with CAWCD to obtain water for storage at permitted facilities; and

20 WHEREAS, CAWCD, the Authority, and the Arizona Department
21 of Water Resources have entered into an intergovernmental agreement
22 providing for the delivery of Excess Water to the Authority for
23 Water Storage; and

24 WHEREAS, the Facility Operator operates a Groundwater
25 Savings Facility and desires to store, for the benefit of the
26 Authority, Excess Water obtained by the Authority from CAWCD
27 pursuant to the intergovernmental agreement among the Authority,
28 ADWR, and CAWCD Article 8.7(e) of the Repayment Contract;

1 NOW, THEREFORE, in consideration of the mutual and
2 dependent covenants herein contained, it is agreed as follows:

3 Repayment Contract

4 3. Nothing in this Agreement shall be construed to require
5 CAWCD to act in a manner that is inconsistent with the Repayment
6 Contract. ~~The Facility Operator expressly approves and agrees to~~
7 ~~all the terms presently set out in the Repayment Contract, or as~~
8 ~~such terms may be hereafter amended, and agrees to be bound by the~~
9 ~~actions to be taken and the determinations to be made under the~~
10 ~~Repayment Contract, except as otherwise provided herein.~~
11 Definitions included in the Repayment Contract are applicable to
12 this Agreement; Provided, however, that the terms "Agricultural
13 Water" or "Irrigation Water" shall mean water used for the purposes
14 defined in the Repayment Contract on tracts of land operated in
15 units of more than 5 acres. The first letters of terms so defined
16 are capitalized herein.

17 Additional Definitions

18 4. (a) "Excess Water" shall mean Project Water which, in
19 any Year, is available for delivery and has not been scheduled for
20 delivery pursuant to a contract with the United States or a
21 subcontract with the United States and CAWCD providing for Project
22 Water service for a period of 50 years or more.

23 (b) "Authority Water" shall mean Excess Water made
24 available by CAWCD to the Authority for Water Storage, which water
25 would not otherwise have been used within Arizona.

26 5. Terms defined in A.R.S. § 45-802.01 shall have the
27 meanings ascribed to them therein. The first letters of such terms
28 are also capitalized herein.

1 Delivery of Water by CAWCD

2 6. Insofar as Project Water supplies and the delivery
3 capability of the Project will permit, and subject to the
4 provisions of the Repayment Contract, CAWCD will deliver Authority
5 Water to the Facility Operator in an amount, and at a water service
6 charge, to be determined in accordance with the terms of this
7 Agreement. The determination of whether and how much Authority
8 Water is available for delivery under this Agreement in any year is
9 a determination within the exclusive discretion of CAWCD and the
10 Authority.

11 Term

12 7. This Agreement shall terminate on December 31, 2005,
13 unless the parties agree in writing to extend the term or unless it
14 is sooner terminated or canceled in accordance with Articles 12,
15 17, or 23 hereof.

16 Conditions Relating to Delivery and Use

17 8. The delivery and use of water under this Agreement is
18 conditioned on the following, and the Facility Operator hereby
19 agrees that:

20 (a) All uses of Authority Water and Return Flow
21 associated with Authority Water shall be consistent with Arizona
22 water law except to the extent that such law is inconsistent with
23 federal law applicable to the Central Arizona Project.

24 (b) The system or systems through which Authority Water
25 is conveyed after delivery to the Facility Operator shall consist
26 of pipelines, canals, distribution systems, or other conduits which
27 will prevent excessive conveyance losses.

1 ~~(c) Notwithstanding any other provision of this~~
2 ~~Agreement, Authority Water shall not be delivered to the Facility~~
3 ~~Operator unless and until the Facility Operator has obtained final~~
4 ~~environmental clearance from CAWCD for the system or systems~~
5 ~~through which Authority Water is to be conveyed after delivery to~~
6 ~~the Facility Operator at the Facility Operator's Project delivery~~
7 ~~point.~~

8 (c) ~~(d)~~ Authority Water made available pursuant to this
9 Agreement shall be used only at a Groundwater Savings Facility for
10 which the Facility Operator has obtained and continues to maintain
11 a Groundwater Savings Facility Permit or which the Facility
12 Operator operates. The Facility Operator shall be responsible for
13 all expenses and administrative requirements, including filing
14 annual reports with the Arizona Department of Water Resources
15 ("ADWR"), associated with maintaining the Groundwater Savings
16 Facility Permit. The Facility Operator's use of Authority Water at
17 such Groundwater Savings Facility shall at all times comply with
18 such Groundwater Savings Facility Permit. If such Groundwater
19 Savings Facility Permit is canceled or expires for any reason,
20 deliveries of Authority Water to the Facility Operator shall, at
21 the option of the Authority, be discontinued immediately.

22 (d) ~~(e)~~ Authority Water furnished to the Facility
23 Operator pursuant to this Agreement shall be used within the
24 Facility Operator's Groundwater Savings Facility for Water Storage
25 purposes only. The Facility Operator's place of use is described
26 in Exhibit B which is incorporated by reference and may be amended
27 from time to time.

28 (e) ~~(f)~~ The Facility Operator shall cause the pumping

1 of groundwater within the Facility Operator's Groundwater Savings
2 Facility to be reduced by one acre-foot for each acre-foot of
3 Authority Water received.

4 Facility Operator's Annual Forecast

5 9. (a) Each year, prior to receiving any Authority Water
6 under this Agreement, the Facility Operator shall prepare and
7 submit to the Authority and ADWR an annual forecast of water use
8 (the "Annual Forecast"). The Annual Forecast shall be in a form
9 acceptable to the Authority and ADWR and shall contain a projection
10 of the Facility Operator's water use by amount and type of water
11 expected to be used by the Facility Operator at the Facility
12 Operator's Groundwater Savings Facility.

13 (b) Whenever it appears that the Facility Operator's
14 water use will deviate substantially from the Facility Operator's
15 previously submitted Annual Forecast or any subsequent modification
16 thereof, the Facility Operator shall promptly modify its Annual
17 Forecast and submit such modification to the Authority and ADWR.
18 The Facility Operator's annual water use shall conform
19 substantially to the Annual Forecast or any modification thereof.

20 (c) Following submission of the Annual Forecast or any
21 modification thereof, the Authority shall consult with ADWR and
22 CAWCD and determine the amount of Authority Water that may be
23 delivered to the Facility Operator pursuant to this Agreement.

24 (d) The Facility Operator shall submit to the Authority
25 a monthly report of water use. The monthly report shall be in a
26 form and shall be submitted within a time which is acceptable to
27 the Authority and shall contain a report of water use by amount and
28 type of water used.

1 Procedure for Ordering Water

2 10. (a) On or before the date of execution of this
3 Agreement, or as soon thereafter as practicable, CAWCD will notify
4 the Authority and the Facility Operator of the amount of Authority
5 Water available for delivery to the Facility Operator during the
6 initial year of this Agreement. The Facility Operator shall,
7 within a reasonable period of time as determined by the Authority
8 and CAWCD, submit a written schedule to the Authority and CAWCD
9 showing the quantity of Authority Water desired by the Facility
10 Operator during each month of the initial year. CAWCD and the
11 Authority shall review the requested schedule and determine the
12 amount of Authority Water available for delivery to the Facility
13 Operator during each month of the initial year. Within thirty (30)
14 days of CAWCD's receipt of the Facility Operator's requested
15 schedule, CAWCD shall furnish to the Facility Operator a water
16 delivery schedule which shall show the amount of Authority Water
17 projected to be delivered to the Facility Operator during each
18 month of the initial year, contingent on the Facility Operator's
19 remaining eligible to receive Authority Water under this Agreement.

20 (b) The amounts, times, and rates of delivery of
21 Authority Water to the Facility Operator during any subsequent year
22 shall be in accordance with a water delivery schedule for that
23 year. Such schedule shall be determined in the following manner:

24 (i) On or before October 15 of each year beginning
25 with October 15 of the initial year of water delivery, CAWCD will
26 issue to the Authority and the Facility Operator a notice of
27 availability of Authority Water for the following year.

28 (ii) Within thirty (30) days of CAWCD's notice of

1 availability, the Facility Operator shall submit a written schedule
2 to CAWCD and the Authority indicating the amounts of Authority
3 Water desired by the Facility Operator during each month of the
4 following year.

5 (iii) Upon receipt of the schedule, CAWCD and the
6 Authority shall review the requested schedule and determine the
7 amount of Authority Water available for delivery to the Facility
8 Operator during each month of the following year.

9 (iv) On or before December 15 of each year, CAWCD
10 shall furnish to the Facility Operator a water delivery schedule
11 which shall show the amount of Authority Water projected to be
12 delivered to the Facility Operator during each month of the
13 following year, contingent on the Facility Operator's remaining
14 eligible to receive Authority Water under this Agreement.

15 (c) The monthly water delivery schedule may be amended
16 upon the Facility Operator's written request to CAWCD and the
17 Authority. Proposed amendments shall be submitted by the Facility
18 Operator to CAWCD and the Authority not less than fifteen (15) days
19 before the desired change is to become effective, and shall be
20 subject to review and modification by CAWCD and the Authority in
21 the same manner as the schedule. CAWCD will notify the Facility
22 Operator of the action on the Facility Operator's requested
23 schedule modification within ten (10) days of receipt of such
24 request. If deliveries of Authority Water are reduced in
25 accordance with this Article, the Facility Operator shall be
26 entitled to reimbursement or credit as provided in Subarticle 16(c)
27 of this Agreement for payment made in advance for water scheduled,
28 but not delivered.

1 (d) The Facility Operator shall hold CAWCD, its
2 officers, agents, and employees, and the Authority, its officers,
3 agents, and employees, harmless on account of damage or claim of
4 damage of any nature whatsoever arising out of or connected with
5 water delivery schedules furnished by or to the Facility Operator.

6 (e) The Authority and CAWCD shall coordinate efforts to
7 reschedule to others who store Authority Water the water that was
8 scheduled but not delivered to the Facility Operator. CAWCD agrees
9 not to deliver Authority Water except in amounts and in accordance
10 with schedules agreed to by the Authority. The Authority and
11 CAWCD, by separate agreement, have agreed and now reconfirm that
12 the Authority shall not be responsible to CAWCD for any payments
13 that would have been due to CAWCD from the Authority or the
14 Facility Operator for Authority Water scheduled, but not delivered.

15 Discontinuance of Water Deliveries
16 at the Request of the Authority

17 11. (a) The Authority may cause CAWCD to reduce or
18 discontinue deliveries of Authority Water to the Facility Operator
19 under this Agreement in one or more of the following events:

20 (i) the Facility Operator fails to file the monthly
21 report(s) required by Subarticle 9(d) hereof;

22 (ii) the Facility Operator's water use deviates
23 substantially from the Annual Forecast or any modification thereof
24 previously submitted to the Authority and ADWR;

25 (iii) ADWR determines, after reviewing the Annual
26 Forecast or any modification thereof, that further deliveries of
27 Authority Water to the Facility Operator may not qualify for Long-
28 Term Storage Credits.

1 (b) The Authority shall notify CAWCD and the Facility
2 Operator of any determination to reduce or discontinue deliveries
3 of Authority Water to the Facility Operator. Within ten (10) days
4 after receiving such notification, CAWCD shall reduce or
5 discontinue such deliveries in accordance with such notification.
6 Except as permitted by such notification, CAWCD shall not
7 thereafter deliver any Project Water to the Facility Operator as In
8 Lieu Water.

9 Facility Operator's Project Delivery Point,
10 Measurement and Responsibility for Distribution of Water

11 12. (a) Authority Water furnished to the Facility Operator
12 pursuant to this Agreement shall be delivered to the Facility
13 Operator at the CAP/SRP Interconnect Facility, which is the
14 facility located adjacent to the Granite Reef Diversion Dam which
15 interconnects the CAP aqueduct with the Facility Operator's
16 delivery system, and which ~~such point(s) on the Water Supply System~~
17 ~~as are agreed upon in writing by CAWCD and the Facility Operator.~~
18 All ~~such point(s)~~ shall hereinafter be referred to as the "Facility
19 Operator's Project delivery point."

20 (b) The Facility Operator shall base its accounting for
21 water delivered to and from the Facility Operator's Project
22 delivery point on 1) actual measurements, 2) methods required by
23 the Facility Operator's Groundwater Savings Facility Permit, and/or
24 3) generally accepted accounting and engineering practices. Upon
25 the request of the Authority, the Facility Operator, or CAWCD, the
26 accuracy of such measurements shall be investigated by CAWCD and
27 the Facility Operator, and any errors which are determined to have
28 occurred therein shall be adjusted; Provided, however, that in the

1 event the parties cannot agree on the required adjustment, CAWCD's
2 determination shall be conclusive.

3 ~~(b) Unless CAWCD and the Facility Operator agree by~~
4 ~~contract to the contrary, the Facility Operator shall construct and~~
5 ~~install, at its sole cost and expense, all connection facilities~~
6 ~~required to convey water furnished to the Facility Operator~~
7 ~~pursuant to this Agreement to the Facility Operator's service area~~
8 ~~or place of use, as the case may be. The Facility Operator shall~~
9 ~~furnish, for written approval by CAWCD, drawings and specifications~~
10 ~~showing all connection facilities to be constructed or installed~~
11 ~~within the Water Supply System right-of-way, and shall obtain such~~
12 ~~approval before commencing construction or installation of such~~
13 ~~facilities. All facilities constructed, installed, operated or~~
14 ~~maintained on the Water Supply System right-of-way by or for the~~
15 ~~Facility Operator shall be subject to such further agreements and~~
16 ~~to such restrictions and regulations as to type, location, method~~
17 ~~of installation, operation, and maintenance as may be prescribed by~~
18 ~~CAWCD.~~

19 ~~(c) The Facility Operator shall construct, operate, and~~
20 ~~maintain its connection facilities and appurtenant works in a good~~
21 ~~and workmanlike manner and in full compliance with the laws of the~~
22 ~~State of Arizona and with all laws, regulations, and orders of the~~
23 ~~United States affecting such operations. The failure of the~~
24 ~~Facility Operator after due notice to construct, operate, and~~
25 ~~maintain its connection facilities and appurtenant works in a good~~
26 ~~and workmanlike manner or to abide by any of the terms and~~
27 ~~conditions of any applicable laws, regulations, or orders, shall~~
28 ~~cause this Agreement to be subject to immediate termination at the~~

1 ~~option of CAWCD. The Facility Operator shall reimburse CAWCD~~
2 ~~within thirty (30) days of Facility Operator's receipt of a~~
3 ~~statement for the costs of repairing any damage to Project~~
4 ~~facilities or Project rights-of-way caused by or arising out of the~~
5 ~~Facility Operator's activities under this Agreement.~~

6 ~~(d) Upon termination of this Agreement, the Facility~~
7 ~~Operator shall promptly remove, at its sole cost and expense, all~~
8 ~~connection facilities constructed or installed on the Water Supply~~
9 ~~System right-of-way and restore said right-of-way and all Project~~
10 ~~facilities affected to their condition immediately prior to the~~
11 ~~construction or installation of such connection facilities. If the~~
12 ~~Facility Operator fails to remove said connection facilities and~~
13 ~~restore said right-of-way and Project facilities within thirty (30)~~
14 ~~days after receiving any written notice from CAWCD to do so, CAWCD~~
15 ~~may remove said connection facilities and restore said right-of-way~~
16 ~~and Project facilities at the Facility Operator's cost and expense,~~
17 ~~and, within thirty (30) days after receiving written demand from~~
18 ~~CAWCD to do so, the Facility Operator shall pay CAWCD, as specified~~
19 ~~in such written demand, for all costs and expenses incurred by~~
20 ~~CAWCD in removing said connection facilities and restoring said~~
21 ~~right-of-way and Project facilities.~~

22 ~~(e) If the Facility Operator's Project delivery point is~~
23 ~~a Project turnout or Project turnouts constructed by the United~~
24 ~~States, and if the Facility Operator intends to convey water~~
25 ~~furnished to the Facility Operator pursuant to this Agreement~~
26 ~~through connection facilities owned or operated by others, the use~~
27 ~~by the Facility Operator of such connection facilities shall be the~~
28 ~~subject of written agreement(s) between the Facility Operator and~~

1 ~~the owner(s) or operator(s) of such connection facilities, and all~~
2 ~~such agreements shall include such terms and conditions as may be~~
3 ~~required by CAWCD and shall be subject to the prior, written~~
4 ~~approval of CAWCD before becoming binding upon the parties thereto.~~

5 ~~(f) Unless the Facility Operator's Project delivery~~
6 ~~point is a Project turnout or Project turnouts constructed by the~~
7 ~~United States, all water delivered from the Water Supply System~~
8 ~~shall be measured with equipment furnished and installed by the~~
9 ~~Facility Operator and operated and maintained by the Facility~~
10 ~~Operator at the Facility Operator's sole cost and expense. The~~
11 ~~results of such measurements shall be reported to CAWCD in such~~
12 ~~manner and at such time(s) as CAWCD may prescribe. Upon the~~
13 ~~request of CAWCD, the accuracy of such measurements shall be~~
14 ~~investigated by the Facility Operator, and any errors which are~~
15 ~~determined to have occurred therein shall be adjusted; Provided,~~
16 ~~however, that in the event the parties cannot agree on the required~~
17 ~~adjustment, CAWCD's determination shall be conclusive.~~

18 ~~(g) If the Facility Operator's Project delivery point is~~
19 ~~a Project turnout or Project turnouts constructed by the United~~
20 ~~States, all water delivered from the Water Supply System shall be~~
21 ~~measured with equipment furnished and installed by the United~~
22 ~~States and operated and maintained by CAWCD. Upon the request of~~
23 ~~the Facility Operator, or CAWCD, the accuracy of such measurements~~
24 ~~shall be investigated by CAWCD and the Facility Operator, and any~~
25 ~~errors which are mutually determined to have occurred therein shall~~
26 ~~be adjusted; Provided, however, that in the event the parties~~
27 ~~cannot agree on the required adjustment, CAWCD's determination~~
28 ~~shall be conclusive.~~

1 (c) ~~(h)~~ The United States, CAWCD, and the Authority
2 shall not be responsible for the control, carriage, handling, use,
3 disposal, or distribution of water beyond the Facility Operator's
4 Project delivery point. The Facility Operator shall hold the
5 United States, CAWCD, and the Authority harmless on account of
6 damage or claim of damage of any nature whatsoever for which there
7 is legal responsibility, including property damage, personal
8 injury, or death arising out of or connected with the control,
9 carriage, handling, use, disposal, or distribution of water beyond
10 the Facility Operator's Project delivery point.

11 ~~(i) The Authority shall not be liable for any action~~
12 ~~taken by CAWCD or the Facility Operator pursuant to this Article 12~~
13 ~~regarding the construction, operation, or maintenance of connection~~
14 ~~facilities.~~

15 Interruptions and Reductions

16 13. In addition to the right of the United States under
17 Subarticle 8.3(a)(iv) of the Repayment Contract to temporarily
18 discontinue or reduce the amount of Project Water to be delivered
19 and the right of the Authority under Article 11 hereof to cause
20 CAWCD to reduce or discontinue deliveries of Authority Water
21 hereunder, CAWCD may discontinue or reduce the quantity of water to
22 be furnished to the Facility Operator as herein provided for the
23 purposes of investigation, inspection, construction, testing,
24 maintenance, repair, or replacement of any of the Project
25 facilities or any part thereof. CAWCD may also discontinue or
26 reduce the quantity of water to be furnished to the Facility
27 Operator if there is insufficient Project Water or Project delivery
28 capacity to deliver all water scheduled for delivery pursuant to a

1 contract with the United States or a subcontract with the United
2 States and CAWCD providing for Project Water service for a period
3 of 50 years or more, all water scheduled for delivery by other
4 contractors of Excess Water service, and the Facility Operator's
5 water order. So far as feasible, CAWCD shall attempt to coordinate
6 any such discontinuance or reduction with the Authority and the
7 Facility Operator and to give the Authority and the Facility
8 Operator due notice in advance of such discontinuance or reduction.
9 In case of emergency, no notice need be given. The United States,
10 its officers, agents, and employees, CAWCD, its officers, agents,
11 and employees, and the Authority, its officers, agents, and
12 employees, shall not be liable for damages when, for any reason
13 whatsoever, any interruption, discontinuance, or reduction in
14 delivery of water occurs. If any such discontinuance or temporary
15 reduction results in deliveries to the Facility Operator of less
16 Authority Water than what has been paid for in advance, the
17 Facility Operator shall be entitled to be reimbursed for the
18 appropriate proportion of such advance payments prior to the date
19 of the Facility Operator's next payment or the Facility Operator
20 may be given credit toward the next payment if the Facility
21 Operator should so desire.

22 No Long-Term Commitment to the Delivery of Project Water

23 14. (a) Nothing in this Agreement shall be construed as an
24 allocation of Project Water to the Facility Operator, nor shall
25 this Agreement entitle the Facility Operator to any Project Water
26 other than as provided herein.

27 (b) Nothing in this Agreement shall be construed as
28 requiring the Authority to provide Authority Water to the Facility

1 Operator in any year, and nothing in this Agreement shall be
2 construed as requiring the Facility Operator to accept deliveries
3 of Authority Water in any year ~~other than the contract year~~ and
4 except in accordance with the terms of this Agreement. All parties
5 agree that in any year in which the Authority desires to provide
6 Authority Water to the Facility Operator and in which the Facility
7 Operator agrees to accept deliveries of Authority Water, the terms
8 and conditions of this Agreement shall apply.

9 Quality of Water

10 15. Neither CAWCD nor the Authority warrants the quality of
11 any Project Water furnished under this Agreement and is under no
12 obligation to construct or furnish water treatment facilities to
13 maintain or better the quality of any Project Water. The Facility
14 Operator waives its right to make a claim against the United
15 States, CAWCD, the Authority, or any Project contractor or
16 subcontractor on account of the quality of Project Water or any
17 changes in water quality caused by the commingling of Project Water
18 with other water.

19 Water Service Charges

20 16. (a) CAWCD shall determine annually in advance of water
21 deliveries the water service charges due for deliveries of
22 Authority Water. The Authority shall determine annually in advance
23 of water deliveries (1) the portion of such water service charges
24 to be paid by the Authority for deliveries of Authority Water under
25 this Agreement (the "Authority's Contribution") and (2) the portion
26 of such water service charges to be paid by the Facility Operator
27 for deliveries of Authority Water under this Agreement (the
28 "Facility Operator's Contribution"). CAWCD and the Authority have

1 | agreed that the Authority shall pay CAWCD all amounts due as the
2 | Authority's Contribution for deliveries of Authority Water to the
3 | Facility Operator under this Agreement as provided in the
4 | intergovernmental agreement among CAWCD, the Authority, and ADWR.
5 | The Facility Operator's Contribution shall be paid by the Facility
6 | Operator to CAWCD as provided herein.

7 | (b) On or before the date of execution of this
8 | Agreement, or as soon thereafter as practicable, CAWCD and the
9 | Authority shall notify the Facility Operator of the Facility
10 | Operator's Contribution for the initial year of this Agreement. On
11 | or before October 15 of each year, CAWCD and the Authority shall
12 | notify the Facility Operator of the Facility Operator's
13 | Contribution in effect for the following year. On or before the
14 | first day of each month, the Facility Operator shall pay CAWCD the
15 | amounts due as the Facility Operator's Contribution for Authority
16 | Water scheduled for delivery during that month.

17 | (c) The Facility Operator shall pay CAWCD in advance all
18 | amounts due as the Facility Operator's Contribution for Authority
19 | Water scheduled for delivery under this Agreement; Provided,
20 | however, that the Facility Operator shall be entitled to be
21 | reimbursed by CAWCD for any portion of the Facility Operator's
22 | Contribution which is attributable to Authority Water scheduled for
23 | delivery that is not subsequently delivered to the Facility
24 | Operator or shall be entitled to an equivalent credit against
25 | payment in the future of the Facility Operator's Contribution
26 | should the Facility Operator so desire.

27 | (d) If the Authority is not given Long-Term Storage
28 | Credits by ADWR for any Authority Water delivered to the Facility

1 Operator's Groundwater Savings Facility pursuant to this Agreement,
2 the Facility Operator and the Authority may jointly consider and
3 agree to other options, as allowed by state and federal law, that
4 would provide the Authority with Long-Term Storage Credits or
5 substitute water supply. Such options may include, but are not
6 limited to, lawful water exchanges. If the Authority and Facility
7 Operator cannot agree to or utilize other options, the Facility
8 Operator shall reimburse the Authority for that portion of the
9 Authority's Contribution attributable to the amount of Authority
10 Water delivered to the Facility Operator for which Long-Term
11 Storage Credits are denied the Authority. The Facility Operator
12 shall pay such amount to the Authority within thirty (30) days of
13 receiving a statement from the Authority for the amount due.

14 (e) The Facility Operator shall be relieved of the
15 obligation to reimburse the Authority as provided in Subarticle
16 16(d) if:

17 (i) at the end of the calendar year, the Facility
18 Operator's annual water use is in substantial conformance with the
19 Facility Operator's Annual Forecast or any subsequent modification
20 thereof which has been reviewed by ADWR; or

21 (ii) the failure of the Authority to receive Long-
22 Term Storage Credits is attributable to reasonable and ordinary
23 delivery losses occurring in the distribution system between the
24 Facility Operator's Project delivery point and the place of actual
25 irrigation water use.

26 (f) The Authority shall not be liable to CAWCD for any
27 portion of the Facility Operator's Contribution which is due but
28 unpaid by the Facility Operator to CAWCD for deliveries of

1 Authority Water.

2 Termination of Contract

3 17. (a) This Agreement may be terminated for any of the
4 following reasons:

5 (i) if the Facility Operator remains in arrears in
6 the payment of the Facility Operator's Contribution for thirty (30)
7 days or more, CAWCD may terminate this Agreement, which termination
8 shall be effective fifteen (15) days after mailing written notice
9 of termination to the Authority and the Facility Operator;

10 (ii) if the Facility Operator remains in arrears in
11 the reimbursement of any portion of the Authority's Contribution
12 for thirty (30) days or more, the Authority may terminate this
13 Agreement, which termination shall be effective fifteen (15) days
14 after mailing written notice of termination to the Facility
15 Operator and CAWCD;

16 (iii) if the intergovernmental agreement among the
17 Authority, ADWR, and CAWCD regarding delivery of Authority Water is
18 terminated, CAWCD or the Authority may terminate this Agreement,
19 which termination shall be effective fifteen (15) days after
20 mailing written notice of termination to the Facility Operator; or

21 (iv) if the Authority determines in its sole
22 discretion that the Facility Operator is operating the Groundwater
23 Savings Facility in a manner contrary to law or in a manner which
24 is likely to jeopardize the ability of the Authority to earn Long-
25 Term Storage Credits for Authority Water delivered to the facility
26 for the benefit of the Authority, the Authority may terminate this
27 Agreement, which termination shall be effective ten (10) days after
28 mailing written notice of termination to the Facility Operator and

1 CAWCD.

2 (b) The Facility Operator shall remain liable to CAWCD
3 for any portion of the Facility Operator's Contribution which is
4 due but unpaid as of the date of termination, but shall be entitled
5 to be reimbursed by CAWCD for any portion of the Facility
6 Operator's Contribution paid in advance for Authority Water which
7 is not subsequently delivered. The Facility Operator's obligation
8 to pay amounts due but unpaid as of the date of termination and
9 CAWCD's obligation to reimburse the Facility Operator for any
10 portion of the Facility Operator's Contribution paid for any
11 Authority Water not delivered shall survive termination of this
12 Agreement.

13 (c) The rights of CAWCD and the Authority to terminate
14 this Agreement as provided in this Article 17 shall be in addition
15 to all other rights of CAWCD and the Authority under this Agreement
16 and as provided by law.

17 Charges for Delinquent Payments

18 18. (a) The Facility Operator shall be subject to interest,
19 administrative and penalty charges on delinquent installments or
20 payments. The Facility Operator shall pay an interest charge for
21 each day the payment is delinquent beyond the due date. When a
22 payment becomes sixty (60) days delinquent, the Facility Operator
23 shall pay an administrative charge to cover additional costs of
24 billing and processing the delinquent payment. When a payment is
25 delinquent ninety (90) days or more, the Facility Operator shall
26 pay an additional penalty charge of six percent (6%) per year for
27 each day the payment is delinquent beyond the due date. Further,
28 the Facility Operator shall pay any fees incurred for debt

1 collection services associated with a delinquent payment.

2 (b) The interest charge rate shall be the greater of the
3 rate prescribed quarterly in the Federal Register by the Department
4 of the Treasury for application to overdue payments, or the
5 interest rate of 0.5 percent per month prescribed by Section 6 of
6 the Reclamation Project Act of 1939 (Public Law 76-260). The
7 interest charge rate shall be determined as of the due date and
8 remain fixed for the duration of the delinquent period.

9 (c) When a partial payment on a delinquent account is
10 received, the amount received shall be applied first to the penalty
11 and administrative charges, second, to the accrued interest, and
12 third to the overdue payment.

13 Compliance with Laws

14 19. The Facility Operator, in carrying out this Agreement,
15 shall comply with all applicable laws and regulations of the United
16 States and the State of Arizona and shall obtain all required
17 permits or licenses from the appropriate federal, state, and local
18 authorities.

19 Books, Records, and Reports

20 20. The Facility Operator shall establish and maintain
21 accounts and other books and records pertaining to administration
22 of the terms and conditions of this Agreement, including: the
23 Facility Operator's water supply data, water-use data, and other
24 matters that the Authority or CAWCD may require. Reports thereon
25 shall be furnished to the Authority or CAWCD in such form and on
26 such date or dates as the Authority or CAWCD may require. Subject
27 to applicable federal and state laws and regulations, each party to
28 this Agreement shall have the right during office hours to examine

1 and make copies of each other party's books and records relating to
2 matters covered by this Agreement.

3 Notices

4 21. Any notice, demand, or request authorized or required by
5 this Agreement shall be in writing and shall be deemed to have been
6 duly given if mailed, first class postage prepaid, or delivered to
7 the parties at the following addresses:

8 If to CAWCD:

9 General Manager
10 Central Arizona Water Conservation District
11 23636 North Seventh Street
12 Phoenix, Arizona 85024

13 If to the Authority:

14 Manager
15 Arizona Water Banking Authority
16 500 North Third Street
17 Phoenix, Arizona 85004

18 If to the Facility Operator:

19 Manager
20 Water Rights and Contracts
21 SRP
22 PO Box 52025
23 Mail Station PAB110
24 Phoenix, Arizona 85072-2025

25 The designation of the address or addressee for the giving of
26 notice may be changed by notice given as provided in this Article
27 21.

28 Assignments Limited -- Successors and Assigns Obligated

29 22. The provisions of this Agreement shall apply to and bind
30 the successors and assigns of the parties hereto, but no assignment
31 or transfer of this Agreement or any interest therein shall be
32 valid unless and until approved in writing by CAWCD and the
33 Authority.

Cancellation

23. This Agreement is subject to cancellation in accordance with the provisions of A.R.S. § 38-511.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement No. _____ effective the day and year first above-written.

CENTRAL ARIZONA WATER
CONSERVATION DISTRICT

Attest: _____
Secretary

By: _____
President

ARIZONA WATER BANKING
AUTHORITY

Attest: _____
Secretary

By: _____
Chairman

SALT RIVER VALLEY WATER USERS'
ASSOCIATION

Attest: _____

By: _____

Title: _____

Title: _____

Approved as to form:

EXHIBIT A

EXHIBIT B

Table 2
ARIZONA WATER BANKING AUTHORITY
Water Delivery Schedule
Calendar Year 1999
(ACRFBFET)

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Estimated Total CAP Deliveries + Losses :													
(M&I, Indian, Ag Pools 1 & 2, Incentive Recharge)													
Available Excess CAP Capacity for AWBA :													
A W B A - Recharge Sites :													
LAPAZ:													
USF	410	410	410	410	410	410	410	410	410	410	410	410	4,920
PHOENIX AMA:													
USF	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
GFS													
MWD	0	588	1,765	2,941	2,941	2,941	2,941	2,941	1,765	1,765	0	0	20,588
NEW MAGMA	2,000	2,000	3,200	2,500	3,000	3,500	3,700	9,700	9,600	3,500	2,500	2,000	47,200
QUEEN CREEK	0	0	0	0	0	0	3,946	7,270	3,720	1,600	1,050	2,460	20,046
TONOPAH ID	0	0	0	0	0	0	0	0	0	0	2,000	1,000	3,000
PINAL AMA :													
GFS													
CAIDD	0	0	0	0	0	0	0	4,325	3,428	3,080	2,233	1,934	15,000
HOHOKAM	0	0	4,581	6,000	7,500	4,800	0	6,600	2,800	1,500	100	1,200	35,081
MSIDD	730	2,600	8,530	5,300	7,800	9,770	5,100	1,140	3,430	520	1,040	2,730	48,690
TUCSON AMA													
USF	0	0	0	750	750	750	750	750	750	400	750	750	6,400
CAVSARP	600	600	600	600	600	600	700	700	700	600	600	600	7,500
PIMA MINE RD	1,200	1,200	500	0	0	0	0	0	0	0	0	500	3,400
LOWER SANTA CRUZ	0	0	0	0	0	0	0	0	0	0	500	2,000	2,500
GFS													
KAL FARMS													
													3,000
TOTAL (USF + GFS) :	12,440	15,898	28,086	27,001	30,501	30,271	25,047	41,336	34,103	20,875	18,683	23,084	307,325
Remaining CAP Capacity :	32,560	29,102	60,914	28,999	26,499	12,729	(5,047)	14,664	10,897	10,125	6,317	1,916	229,675

MODIFIED Table 2
ARIZONA WATER BANK AUTHORITY
 Water Delivery Schedule
 Calendar Year 1999
 (ACRE-FEET)

		January	February	March	April	May	June	July	August	September	October	November	December	Total
Estimated Total CAP Deliveries + Losses : (M&I, Indian, Ag Pools 1 & 2, Incentive Recharge)		35,000	35,000	78,000	108,000	108,000	144,000	175,000	137,000	65,000	45,000	30,000	28,000	988,000
Available Excess CAP Capacity for AWBA :		45,000	45,000	89,000	56,000	57,000	43,000	20,000	56,000	45,000	31,000	25,000	25,000	537,000
A W B A - Recharge Sites :														
LAPAZ :														
USF	VIDLER WATER	410	410	410	410	410	410	410	410	410	410	410	410	4,920
PHOENIX AMA:														
USF	GRUSP	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
GFS														
	SRP	0	0	0	0	1,500	10,000	15,000	10,000	10,000	10,000	5,000	5,000	66,500
	MWD	0	588	1,765	2,941	2,941	2,941	2,941	2,941	1,765	1,765	0	0	20,588
	NEW MAGMA	2,000	2,000	3,200	2,500	3,000	3,500	3,700	9,700	9,600	3,500	2,500	2,000	47,200
	QUEEN CREEK	0	0	0	0	0	0	3,946	7,270	3,720	1,600	1,050	2,460	20,046
	TONOPAH ID	0	0	0	0	0	0	0	0	0	0	2,000	1,000	3,000
PINAL AMA :														
GFS	CAIDD	0	0	0	0	0	0	0	4,325	3,428	3,080	2,233	1,934	15,000
	HOHOKAM	0	0	4,581	6,000	7,500	4,800	0	6,600	2,800	1,500	100	1,200	35,081
	MSIDD	730	2,600	8,530	5,300	7,800	9,770	5,100	1,140	3,430	520	1,040	2,730	48,690
TUCSON AMA														
USF	AVRA VALLEY	0	0	0	750	750	750	750	750	750	400	750	750	6,400
	CAVSARP	600	600	600	600	600	600	700	700	700	600	600	600	7,500
	PIMA MINE RD	1,200	1,200	500	0	0	0	0	0	0	0	0	500	3,400
	LOWER SANTA CRUZ	0	0	0	0	0	0	0	0	0	0	500	2,000	2,500
GFS	KAI FARMS													
														3,000
TOTAL (USF + GFS) :		12,440	15,898	28,086	27,001	32,001	40,271	40,047	51,336	44,103	30,875	23,683	28,084	373,325
Remaining CAP Capacity :		32,560	29,102	60,914	28,999	24,999	2,729	(20,047)	4,664	897	125	1,317	(3,084)	163,675

Table 4

1999 Plan of Operation				
	Available	Funding Expended	Credits Amount	Location
Withdrawal Fee				
Phoenix AMA	\$5,200,000	\$585,000	14,000	Phoenix AMA
Tucson AMA	\$1,400,000			
Pinal AMA	\$1,900,000	\$845,000	35,000	Pinal AMA
Four Cent Tax				
Maricopa County	\$7,700,000	\$6,048,000	140,000	Phoenix AMA
Pima County	\$1,900,000	\$1,300,000	21,000	Tucson AMA
Pinal County	\$230,000	\$230,000	9,000	Pinal AMA
Other				
General Fund	\$1,800,000	\$1,749,000	57,000	
<i>Phoenix AMA</i>		<i>\$420,000</i>	<i>6,000</i>	<i>Phoenix AMA</i>
<i>Tucson AMA</i>				
<i>Pinal AMA</i>		<i>\$1,098,000</i>	<i>45,000</i>	<i>Pinal AMA</i>
<i>LaPaz Cnty</i>		<i>\$276,000</i>	<i>6,000</i>	<i>LaPaz Cnty</i>
Total	\$20,130,000	\$10,802,000	278,000	

MODIFIED Table 4

1999 Plan of Operation				
	Available	Funding Expended	Credits Amount	Location
Withdrawal Fee				
Phoenix AMA	\$5,200,000	\$1,772,000	46,000	Phoenix AMA
Tucson AMA	\$1,400,000			
Pinal AMA	\$1,900,000	\$1,870,000	77,000	Pinal AMA
Four Cent Tax				
Maricopa County	\$7,700,000	\$5,386,000	140,000	Phoenix AMA
Pima County	\$1,900,000	\$1,300,000	21,000	Tucson AMA
Pinal County	\$230,000	\$230,000	9,000	Pinal AMA
Other				
General Fund	\$1,800,000	\$1,785,000	44,000	
<i>Phoenix AMA</i>		<i>\$1,436,000</i>	<i>37,000</i>	<i>Phoenix AMA</i>
<i>Tucson AMA</i>				
<i>Pinal AMA</i>		<i>\$73,000</i>	<i>3,000</i>	<i>Pinal AMA</i>
<i>LaPaz Cnty</i>		<i>\$276,000</i>	<i>6,000</i>	<i>LaPaz Cnty</i>
Total	\$20,130,000	\$12,343,000	337,000	