

# ARIZONA WATER BANKING AUTHORITY

Wednesday - March 22, 2006

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**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 March 22, 2006 at 10:00 a.m. at the Arizona Department of Water Resources, 3550 North Central Avenue, Phoenix, Arizona 85012, Upper/Middle Verde conference room on the 2<sup>nd</sup> floor. The meeting is open to the general public. A copy of the agenda for the meeting is posted below.

Dated this 20th day of March, 2006

**FINAL AGENDA**

**Arizona Water Banking Authority Commission Meeting**

- I. Welcome/Opening Remarks
- II. Approval of Minutes
  - December 21, 2005 meeting
  - February 1, 2006 work-study session
- III. Water Banking Staff Activities
  - Deliveries
  - Web page
  - Current Indian firming legislation
  - 7-State Deal
  - Arizona shortage sharing discussion update
  - Interstate water banking
  - Recovery planning update
- IV. Facility Inventory Update
  - Approval of Facility Inventory Update
- V. Gila River Indian Community (GRIC) Storage Permit & Agreement
  - Discussion
  - Potential approval of GRIC storage agreement
- VI. Call to the Public

**Future Meeting Dates:**

Wednesday, June 21, 2006

Wednesday, September 20, 2006

Wednesday, December 20, 2006

\* This is a tentative agenda that is subject to change prior to the scheduled meeting date. Please contact the AWBA at 602-771-8487 24 hrs in advance of meeting for final agenda.

Please Note: Visitor parking is located on the south side of Columbus Ave. (one block north of Osborn Ave), west of Central Avenue. Cost of parking is \$1.00/half hr, maximum \$7.00. There is no ticket validation.

Additional parking is available at the following locations:

- Across the street from our visitor parking entrance (under the canopy). Cost is \$0.75 per half hour and \$6.50 per day.
- The parking lot located at the Northeast corner of Columbus and Central. Cost is \$1.00 per day, however there is ongoing construction in the vicinity.

All visitors must use the south elevators; please stop at the 2<sup>nd</sup> floor to sign-in and receive a visitor's badge. Badges are to be displayed at all times. Visitors are also required to sign out and return their badges. Thank you for your assistance.

*Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Nan Flores at (602) 771-8526. Requests should be made as early as possible to allow time to arrange the accommodation.*

ARIZONA WATER BANKING AUTHORITY  
Draft Minutes<sup>1</sup>

December 21, 2005  
Arizona Department of Water Resources



AUTHORITY MEMBERS  
Herbert R. Guenther, Chairman  
William K. Perry  
Charles L. Cahoy, Secretary  
John Mawhinney  
Maureen R. George

EX OFFICIO MEMBERS  
The Honorable Jake Flake  
The Honorable Lucy Mason

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Welcome/Opening Remarks

Chairman Herb Guenther welcomed the attendees to the meeting and announced that House Speaker James Weiers recently appointed Representative Lucy Mason as his replacement as *ex officio* member of the Authority. All members of the Authority were present except for Rep. Mason and Senator Jake Flake.

Approval of Minutes of September 21, 2005 AWBA Meeting  
The Authority approved the minutes of the meeting.

Water Banking Staff Activities

Tim Henley noted that the delivery table was in a new format that displayed intrastate and interstate deliveries separately for the three Active Management Areas (AMAs). He reminded the Authority that the 2005 Annual Plan of Operation had been amended in March to include interstate deliveries. Mr. Henley reviewed the deliveries and stated that intrastate deliveries were projected to be approximately 90,000 acre-feet by year-end, which is less than the planned delivery of 120,000 acre-feet, and interstate deliveries, which were projected to be approximately 120,000 acre-feet, were also less than the planned delivery of 160,000 acre-feet. He noted that actual deliveries were less than projected because some facilities, primarily in the Phoenix AMA, were not available to the AWBA because of utilization by others. In addition, the Tonopah Desert Recharge Project did not come on line as anticipated and 10,000 AF of water was projected to be stored there. Maureen George asked if the AWBA was expecting any limiting factors in 2006. Mr. Henley commented that water availability and funding would not be limiting factors, but it was possible storage capacity could be.

Mr. Henley introduced new staff members, Kim Mitchell and Virginia O'Connell, who were hired to replace Gerry Wildeman and Sandy Fabritz-Whitney who had recently taken new positions. Kim Mitchell will be responsible for duties associated with the AWBA's contracts and agreements and preparing the Annual Report and Annual Plan of Operation and Virginia O'Connell will be responsible for the accounting activities of the AWBA. Mr. Henley also introduced Scott Deeney who replaced Ryan Smith as the attorney providing legal advice to the AWBA. Ryan Smith recently left ADWR to work for Senator Jon Kyl's office in Washington D.C. Mr. Henley also noted that an administrative assistant was not hired and that there were plans to improve the web page making it easier to navigate and find information.

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<sup>1</sup> Please note that these are not formal minutes but a summary of discussion and action of the meeting. Official minutes are prepared prior to the next Authority meeting and are approved at that meeting.

Mr. Henley updated the Authority on the status of the Seven-Basin states discussion regarding shortages. He provided handouts that showed the various model run scenarios and discussed the model assumptions. He noted that the technical committee found the Hybrid Model to be the best approach because it would benefit both the Upper and Lower basins. Mr. Henley commented that Lake Mead operations are also being evaluated and that Tom Carr and Perri Benemelis are currently working on building a consensus within Arizona where participants are considering the step shortage approach. The deadline for providing information to the Secretary of the Interior is February 2006. The Seven-Basin states have decided to meet in a smaller group to determine if they want to reach an agreement and what that agreement should entail. Herb Guenther noted that the negotiating team had been reduced to three persons per state and that the group will try to achieve consensus on conjunctive management of Lakes Powell and Mead. He was encouraged by the fact that the atmosphere between the states had improved at the last meeting. John Mawhinney asked if the bottom line was that this was an Upper Basin versus Lower Basin issue. Mr. Guenther commented that the shortage criteria are a Lower Basin consideration, however conjunctive management is needed because of releases from Lake Powell, thus it benefits all. He noted that a Record of Decision for river operations must be completed by December 2007 for implementation by January 2008.

Mr. Henley also updated the Authority on the activities of the Indian Firming Study Commission. He provided a handout of the proposed recommendations for meeting the state's firming obligation under the Water Rights Settlement Act, which had been revised based on comments of the public meeting held the previous day. The agenda for the previous meeting was also provided. Mr. Henley noted that the AWBA already had the authority to accomplish some of the recommendations listed, however others would require statutory amendments. Mr. Guenther stated that the handout was for information purposes only and that the Authority would hold a special meeting in February for official action regarding the AWBA's position. Mr. Mawhinney recommended having a work-study session with the Authority members prior to that meeting to allow in-depth review of the recommendations and discussion regarding concerns such as funding, firming priorities, recovery planning, staffing, etc. Chuck Cahoy noted that he would appreciate additional information from staff and stated that he had concerns with the state passing on its obligation to the AWBA with little additional funding. Mr. Guenther and Mr. Henley suggested scheduling of a work-study session in January.

#### Interstate Water Banking

Mr. Henley stated that \$26 million was requested from Nevada and transferred to the Central Arizona Project (CAP) as prepayment for water delivery and storage. This money was part of the \$100 million reserve account detailed in the Amended Agreement for Interstate Water Banking. Receipt of these funds allowed the Authority to take full advantage of the additional CAP water that was available in 2005. In October the remaining \$74 million was requested and invested with the State Treasurer's Office. The AWBA intends to utilize a significant portion of the reserve account in the next three years because it is highly likely that excess CAP water will be available for interstate storage. Mr. Henley noted that once Nevada

begins making payments to the operating account, the funds borrowed from the reserve account would be repaid.

#### Discussion and Approval of 2006 Plan of Operation

Mr. Henley provided a brief review of the Annual Plan of Operation (Plan) and noted that there was minimal public comment. He stated that the three GUACs were generally supportive of the Plan. The Phoenix GUAC was encouraged that Interstate funds were being utilized. In addition, Steve Cleveland of the Phoenix GUAC discussed the possibility of using Phoenix AMA withdrawal fees to develop credits in the Pinal AMA. Mr. Henley stated that this concept had been considered in the very first Annual Plan of Operation of the AWBA, but had not been well received so the idea was never pursued. Bob McCain (AMWUA) commented that this concept would likely require a statutory change and suggested that it might be a component of any recovery plans developed.

Mr. Mawhinney questioned why the AWBA was losing some of its partners and asked if a storage facility capacity study was needed. Mr. Henley commented that some of the partners, including the Central Arizona Water Conservation District (CAWCD), have contracts with other entities that are also using the facilities. Larry Dozier (CAWCD) noted that the AWBA has the lowest priority with regard to storage and commented further that the GSFs are farming less and have other partners that subsidize a greater portion of the costs. Mr. Henley also noted that because the Salt River Project (SRP) reservoirs are full, the SRP Groundwater Savings Facility (GSF) is not expected to be operational and water planned for storage at GRUSP is primarily New Conservation Space (NCS) water. However, deliveries are planned for GRUSP at the end of the year. Mr. Henley stated that staff would conduct a facility inventory and added that CAWCD's Tonopah Desert facility, which is permitted for 150,000 acre-feet per year, will begin operations in 2006 and will be available to the AWBA. Mr. Cahoy pointed out that GRUSP had not been included in Table 3., which lists facility rates, and should be as storage is planned for this facility. He also noted that on page 6 of the Plan, a distinction should be made that California has not executed agreements for interstate water banking with the AWBA.

Mr. Mawhinney asked how general fund money was appropriated. Mr. Guenther stated that the AWBA is included in ADWR's budget request, but that the AWBA did not make a specific request for general fund appropriations in 2005. However, the Authority could file a supplemental request or file separately from ADWR. He also noted that at the Indian Firming Study Commission meeting held the day before, Senator Flake discussed returning funds to the AWBA that had been swept in previous years. Mr. Mawhinney suggested that a supplemental request be filed and that the AWBA file a separate request for general fund appropriation in the future. He also commented that the Authority had been making progress and that it should be noted when 2.8 MAF in storage is reached as it is an amount equivalent to one year of Arizona's Colorado River allocation. Mr. Henley noted that the year 2006 is the 10-year anniversary of the AWBA and that the Authority may want to consider preparing a document that discusses its accomplishments.

The Plan was approved subject to the changes discussed at the meeting.

Mr. Henley informed the Authority that there might be an opportunity to store water on the Gila River Indian Community (GRIC) in 2006 as a means to get a start on meeting the Indian firming obligation. However, before storage could occur, the GRIC and the AWBA would have to obtain the proper permits from ADWR. In addition, the Authority and the GRIC would have to enter into an agreement. Storage of this nature would warrant an amendment to the approved 2006 Plan so the Authority would have opportunity to provide input. Ms. George asked what would happen if an agreement was not reached with the GRIC. Mr. Henley commented that any storage credits earned at the GRIC GSF are owned by the Authority and could be used anywhere within the AMA where the GSF was located. Alan Kleinman (public) asked what the proposed volume of water was. Mr. Henley replied the volume was estimated to be approximately 25,000 acre-feet per year, but could be higher if the AWBA were authorized for direct delivery of water.

#### CY2006 Water Delivery Budget

Mr. Henley briefly reviewed the water delivery budget. The total estimated expenditures for the 2006 Plan are approximately \$44 million of which nearly \$29 million is projected for interstate delivery and storage. Ms. George asked why the Authority was not spending all of the 4¢ tax revenues projected for collection in Pima County. Mr. Henley commented that Tucson was in favor of interstate storage for a number of reasons and was amenable to having carry-over in the 4¢ tax account.

The CY 2006 Water Delivery Budget was adopted as presented.

#### Call to the Public

Mr. McCain (AMWUA) noted the importance of developing a comprehensive recovery plan, as it is a key component of the agenda items discussed. Additional questions and comments made by the public are included in the above discussion under the agenda item in which they were made.

The meeting adjourned at 11:55 A.M.



ARIZONA WATER BANKING AUTHORITY  
Draft Minutes<sup>1</sup>

February 1, 2006  
Arizona Department of Water Resources



AUTHORITY MEMBERS  
Herbert R. Guenther, Chairman  
William K. Perry  
Charles L. Cahoy, Secretary  
John Mawhinney  
Maureen R. George

EX OFFICIO MEMBERS  
The Honorable Jake Flake  
The Honorable Lucy Mason

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Welcome/Opening Remarks

Chairman Herb Guenther welcomed the attendees to the AWBA Indian Firming work-study session and introduced Representative Lucy Mason who had recently been appointed by House Speaker James Weiers as his replacement as *ex officio* member of the Authority. All members of the Authority were present except for Senator Jake Flake.

Tim Henley noted that there were no action items on the agenda. The purpose of the work-study session was to inform Authority members of the findings and recommendations of the Indian Firming Study Commission.

Indian Firming

Background information: Herb Dishlip, consultant for Arizona Department of Water Resources (ADWR), provided historic highlights of years of negotiations that led to the final agreement to "firm" certain volumes of CAP non-Indian agricultural water for Indian water rights settlements. He stressed that the firming requirement benefited the CAP M&I customers because it allowed the uncontracted M&I priority water to be reallocated to the M&I users.

Mr. Dishlip spoke of four milestones concerning the allocation/reallocation of CAP water that led to this agreement between the State of Arizona and the Interior Department as called for in the Arizona Water Settlements Act.

The first milestone was the Colorado River Basin Project Act in 1968. The CRBPA authorized the construction of the CAP but also subjected CAP water to a junior priority during times of shortage. Initially, as a result of the Decree in *Arizona v. California*, California could have been subject to a reduction in supply to the MWD aqueduct of over 50% in normal years. California argued since they had established uses years before the CAP, they should not be required to take further reductions during years of shortage. A compromise was reached that stated CAP or equivalent users in Arizona would bear shortages before California would be required to reduce below 4.4 million acre-feet. Additionally, the Upper Basin States challenged the economic feasibility of the CAP given the predictions of shortage conditions and subsequent inadequate water supply. This led to the discussion of the need for priorities within the CAP subcontracts. M&I customers agreed to guarantee an adequate repayment stream in return for the most secure supply, leaving agricultural users subject to first reductions.

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Mr. Dishlip described a series of CAP allocations between 1972 and 1976 as the second milestone that would eventually lead to the Indian firming agreement. In 1972, Secretary Morton adopted a policy creating a priority system that established M&I and some Indian uses as first priority; that Indian agriculture be reduced, but only by a percentage, and that non-Indian agriculture would have a lower priority. The 1975 Morton allocation specified how water would be allocated to Indian tribes during shortages and included water for both irrigation and tribal homeland purposes. The final allocation for volumes and established priorities was the 1976 Frizzel-Kleppe allocation. This system made miscellaneous water the lowest priority and non-Indian agricultural water the second lowest priority; Indian and M&I uses would have the highest priority, however, would still be subject to cutbacks.

The CAP repayment contract dispute was pointed out as the third milestone in reaching an agreement. Mr. Dishlip discussed important points of the dispute between CAP and the Federal government including how much and what type of water was available for reallocation for Indian settlements. There was 65,647 acre-feet of M&I allocation that was not under contract. The U.S. had obtained additional water rights for the Ak-Chin Indian Community, Salt River Pima-Maricopa Indian Community, and Ft. McDowell Yavapai Nation settlements at considerable expense. The U.S. felt the 65,647 acre-feet of M&I water should be reallocated among the tribes in conjunction with future settlements. Many Arizona M&I customers felt that the 65,647 acre-feet of water should be reallocated to M&I users. ADWR was then brought in to deal with water allocation issues.

The final milestone was the settlement discussions of 1998-2000 producing the master settlement involving CAP repayment, CAP water allocations, and Indian settlements with the Gila River Indian Community (GRIC) and the Southern Arizona Water Rights Settlement Act (SAWRSA). Mr. Dishlip explained how the state parties offered a compromise to the U.S. who still wanted the 65,647 acre-feet for Federal use. The compromise was that 65,647 acre-feet of non-Indian agricultural water would be firming to a priority similar to the M&I water by using water banking and CAP long-term storage credits. The non-Indian agricultural water would be used for Indian settlements while the uncontracted M&I priority water would be re-allocated to M&I customers. As negotiations progressed, the State's obligation to firm the entire 65,647 acre-feet was lowered due to other priority water under contract to the GRIC and previous obligations by the Secretary to provide water to SAWARA. Arizona was left with a total obligation of 23,724 acre-feet. The agreement also allowed the re-allocation of M&I water to be included in the Title 1 portion of the Settlements Act.

Summary of current law: Gregg Houtz (ADWR legal council) provided a handout and brief summary of Sections 105 and 306 of the Arizona Water Settlements Act, which govern the Indian firming obligations discussed above. Section 105 required the Secretary of the Interior (Secretary) and the State to develop a firming program for central Arizona project Indian water and outlined the specific firming requirements for the U.S. and Arizona. It further authorized the appropriation of funds to the Secretary for meeting the Indian firming obligation. Section 306 requires the State to contribute \$3 million to the Secretary to assist with the Secretary's firming responsibility under Sec. 105. This contribution may be in the form of cash or in-kind

goods and services. Mr. Houtz also discussed House Bill 2728, which included legislation to establish the Indian Firming Study Commission (Commission). This legislation tasked the Commission with: 1) Studying the options for a water firming project that would satisfy the State's firming requirements, 2) Identifying appropriate mechanisms for firming water, including storage and recovery of that water, and 3) Studying the existing authority and responsibilities of the AWBA and providing recommendations regarding the statutory and regulatory programs needed to implement the water firming program. Mr. Houtz noted that the Secretary has been reviewing all ongoing activities. The Federal Register Notice must be published by December 31, 2007 to demonstrate that all requirements have been met for enforceability of P.L. 108-451.

Indian Firming Study Commission: Sandra Fabritz-Whitney (ADWR, Assistant Director) provided the Executive Summary of the Commission's Final Report, dated January 6, 2006, and briefly discussed the findings and recommendations of the Commission. The Commission concluded that the AWBA, in cooperation with ADWR and the Central Arizona Water Conservation District (CAWCD) is the most appropriate entity to fulfill the State's firming obligations. However, the Commission also recognized that the AWBA needed flexibility and sufficient funding in order to implement the Indian Firming Program on behalf of the State. Therefore, its recommendation included a provision that the Arizona legislature provide the AWBA with appropriate funding to do so. Ms. Whitney also presented the analysis used by the Commission to determine if the AWBA had the ability to meet the State's Indian firming obligation in addition to its existing obligations (handout of presentation also provided). The analysis considered existing goals, the availability of water, storage capacity, and the funding sources available to meet the obligations. It included a review of the timeframe needed for achieving the AWBA's firming goals by comparing the use of 4-cent tax monies alone and the 4-cent tax and withdrawal fees combined. The analysis demonstrated that the AWBA had the ability to meet all of its goals and that firming for the GRIC could be accomplished by 2020 and cost under \$3 million. By using withdrawal fees in addition to 4-cent tax monies, the firming obligations would be achieved at a faster rate. John Mawhinney asked if the \$3 million included M&I firming. Ms. Whitney replied that it did for the Phoenix and Pinal AMAs, but not for Tucson. Mr. Mawhinney questioned if withdrawal fees would decrease as agricultural lands are developed. Ms. Whitney commented that current trends did not indicate a reduction in groundwater pumping and may be a result of users opting to pump now and replenish later. She also noted that although agriculture is declining, groundwater previously pumped for agricultural purposes is being replaced by other users. Mr. Mawhinney also asked if there would be an issue with regard to water availability when the Federal government carries out its statutory requirements. Mr. Houtz commented that the Authority would maintain its lowest priority status, but that it could acquire water other than CAP water if it were not available. The Commission recognized that competition for resources would exist. Maureen George questioned if the obligation to firm supplies for the post-1968 Colorado River domestic contract holders was included in the analysis. Ms. Fabritz commented that this firming obligation could also be met if funding was received.

Helping to meet Indian firming goals: Tim Henley reiterated that the Commission carefully analyzed the AWBA's ability to achieve the State's Indian firming obligation before concluding that the AWBA could meet the Indian firming goals, as well as its existing obligations. He noted however, that new legislation allowing for direct delivery of water to the GRIC would be useful because of the current availability of water supplies and funding. Mr. Henley also commented that there might be an opportunity to store water on the GRIC in 2006 as a means to get a start on meeting the Indian firming obligation. However, before storage could occur, the GRIC and the AWBA would have to obtain the appropriate permits from ADWR. In addition, the Authority and the GRIC would have to enter into an agreement. Storage on the GRIC in 2006 would also warrant an amendment to the approved 2006 Plan so the Authority would have opportunity to provide input.

Current AWBA authority and potential draft legislation: Mr. Houtz informed the Authority that the Arizona Water Settlements Act; Implementation (Intro-set) would be introduced shortly. The bill would be introduced by House Speaker James Weiers and reviewed by Representative O'Hallaran's committee before a final draft is submitted. He noted that the legislation clearly designates the AWBA as the agent for the State in meeting the State's firming obligations, but that the firming obligation itself remains with the State. Mr. Houtz commented that the Commission recommended the AWBA be given flexibility in meeting the Indian firming obligation. The legislation supports the Commission's recommendations because it expands the AWBA's current authorities by allowing for the lease of water, direct deliveries, use of other sources of water, and the transportation of groundwater from certain other basins. Herb Guenther noted that the amendment for the transportation of groundwater only specifies which parties can transport water. It does not change the quantity of water that is available for importation. Mr. Houtz also noted that the bill allows for the use of withdrawal fees after legislative appropriations for Indian firming have been expended. He pointed out that in 2005 the legislature approved a measure that would allow the Authority to use long-term storage credits it had accrued anywhere in the State in order to facilitate Indian Settlements. This year the Commission is recommending that the Authority be given the ability to use available funding in the same manner. Mr. Guenther asked if an explanation sheet had been prepared for the legislation. Ms. Whitney commented that it had.

John Mawhinney and Maureen George questioned if the increased flexibility for meeting the Indian firming obligation, would cause existing firming obligations to have a lesser priority. Mr. Henley commented that the AWBA's primary goal when it was established was to earn storage credits: to store water currently not being used for use at a later date. The direct delivery of water would not be useful for meeting the existing M&I firming goals. The sovereign nations do not have the same limitations as M&I users. He noted further that the AWBA had the ability to meet all of the obligations without the legislative amendments. Ms. Whitney added that all of Arizona's needs must be met. Chuck Cahoy noted three items: 1) the Indian firming obligation would be the only obligation that is mandatory, 2) the legislation requires that CAP water be utilized first before other sources of water, which may not be the most economical, and 3) the only new source of funding available to the AWBA for Indian firming is the extension of the withdrawal fee beyond 2016. He asked if the

legislation could be amended to include the use of withdrawal fees for M&I firming (language was subsequently added). Ms. George asked that the legislation be amended to include On River firming, as it was not included in the analysis (staff investigated this request and determined that statute already allows for firming of additional M&I supplies). She added that expenditures from the withdrawal tax should be utilized first for M&I firming. Mr. Guenther questioned if the bill would create competition between M&I and Indian firming and how the AWBA prioritized its firming obligations. Mr. Henley replied that the Authority decides annually how its obligations will be met. He noted that there would always be competition for resources; therefore there are always certain risks involved. The AWBA has been able to balance the availability of resources. Mr. Houtz stressed that the Commission wanted to preserve the AWBA's flexibility in making these decisions. Mr. Guenther asked that the language for the new changes be prepared and submitted as part of the legislative package.

#### Recovery Planning

Chuck Cullom (CAWCD, Resource Planning & Analysis) gave a presentation on the planning efforts for the recovery of long-term storage credits accrued by the AWBA (handout of presentation provided). He provided an estimate of the volume of water stored by the AWBA since its inception (1997-2005) and discussed the two different types of recovery: Intentionally Created Unused Apportionment (ICUA) also referred to as interstate recovery, and recovery for firming. Mr. Cullom reviewed the schedule for each type of recovery and discussed the three phases for the recovery planning process: 1) review of the existing framework, 2) development of a comprehensive plan for 2007-8 ICUA recovery, and 3) development of the general plans for ICUA and firming recovery. Each phase will involve a stakeholder review.

Larry Dozier (CAWCD) noted that it was not likely that Nevada would request water in 2007 because the Mohave Generating Station was shut down making an additional 10-15 thousand acre-feet of water available. Marvin Cohen (Tucson) asked if Phase 3 could be completed sooner. Mr. Cullom replied that the phases were being evaluated simultaneously; therefore it was possible the process could be completed sooner. Mr. Henley noted that recovery for Indian firming would have to be included in the recovery planning if the AWBA does in fact become the agent for the State's Indian firming obligation.

#### Call to the Public

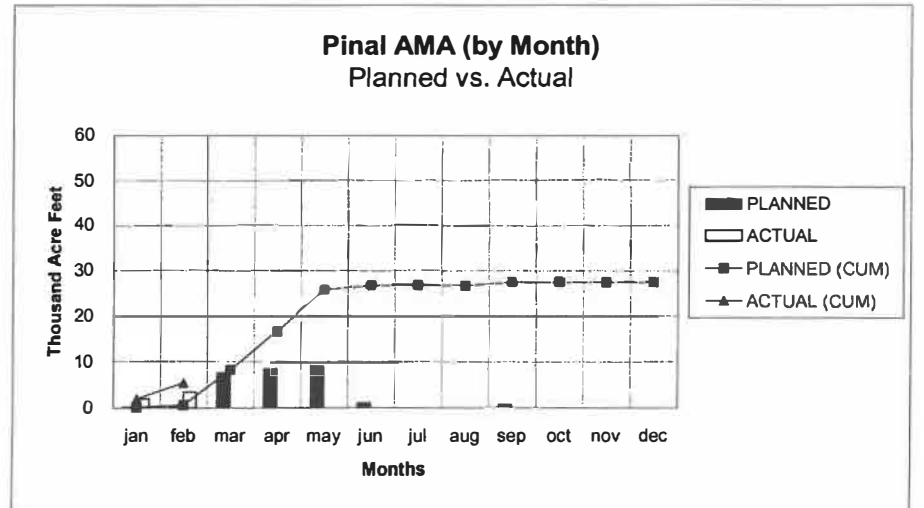
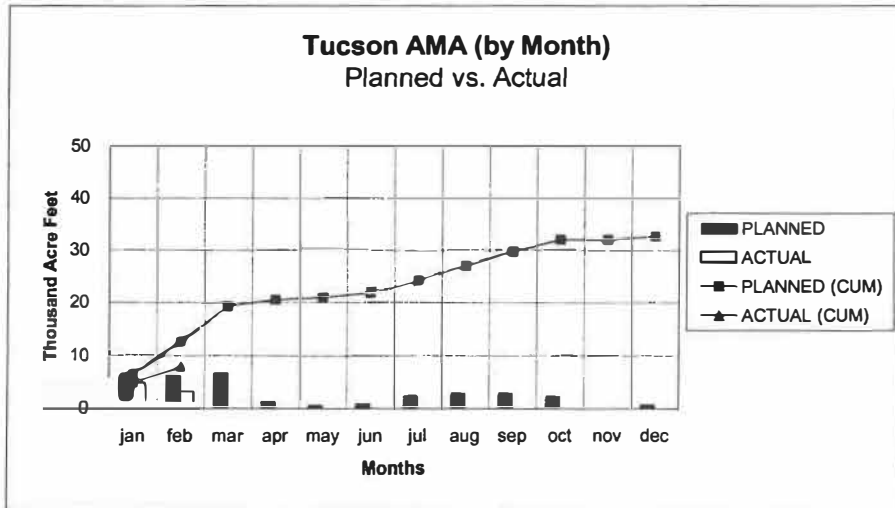
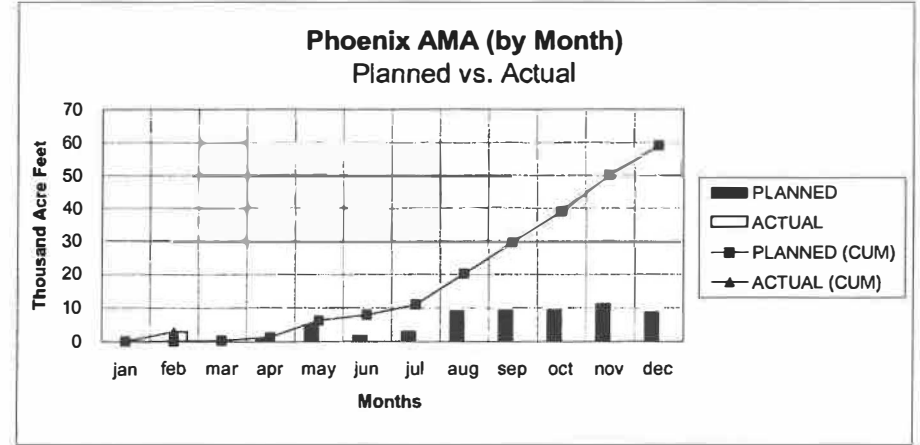
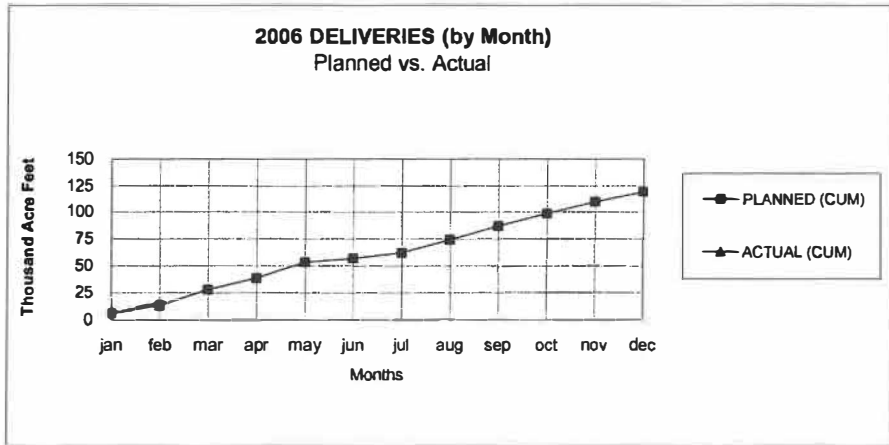
Mr. Mawhinney asked if a supplemental request for appropriations was submitted to the legislature as discussed in the previous meeting. He also asked if staff was working on the storage facility inventory. Mr. Henley commented that staff was in the process of updating the facility inventory in order to comply with the Storage and Interstate Release Agreement. Additional questions and comments made by the public are included in the above discussion under the agenda item in which they were made.

Mr. Guenther announced that former Governor Sam Goddard had passed away.

The meeting adjourned at 12:35 P.M.

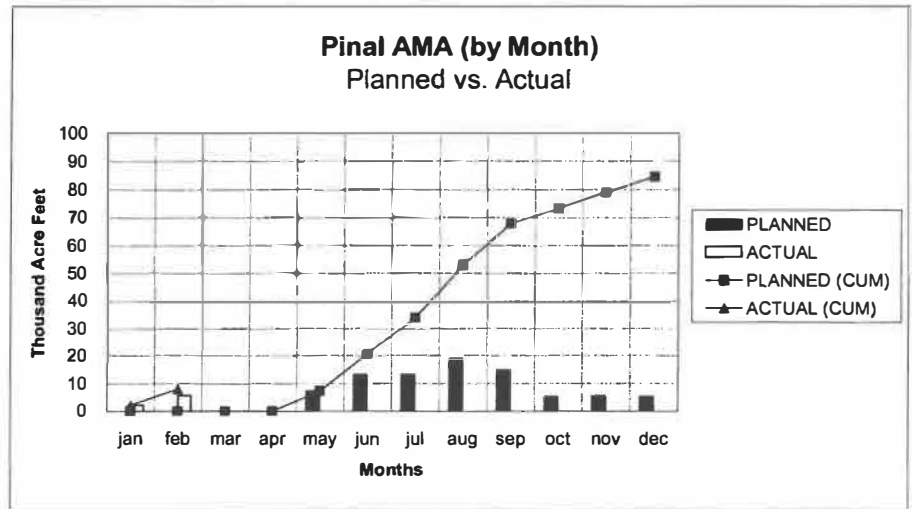
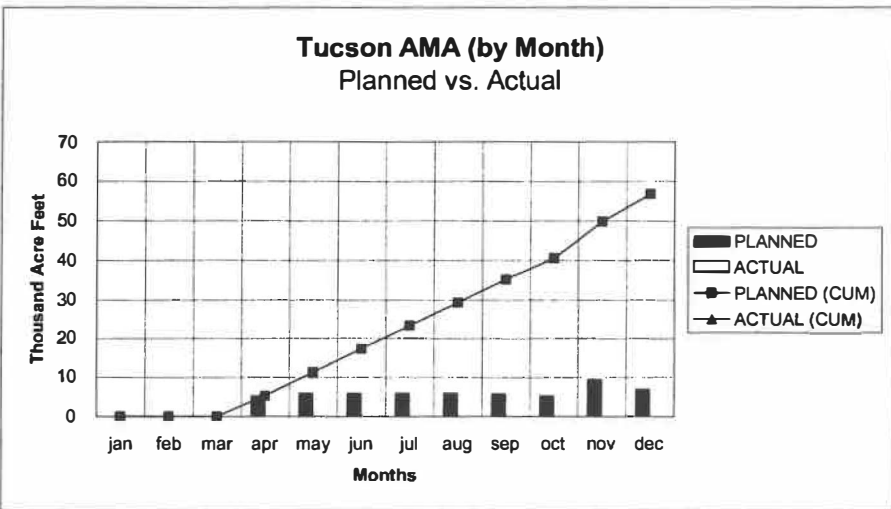
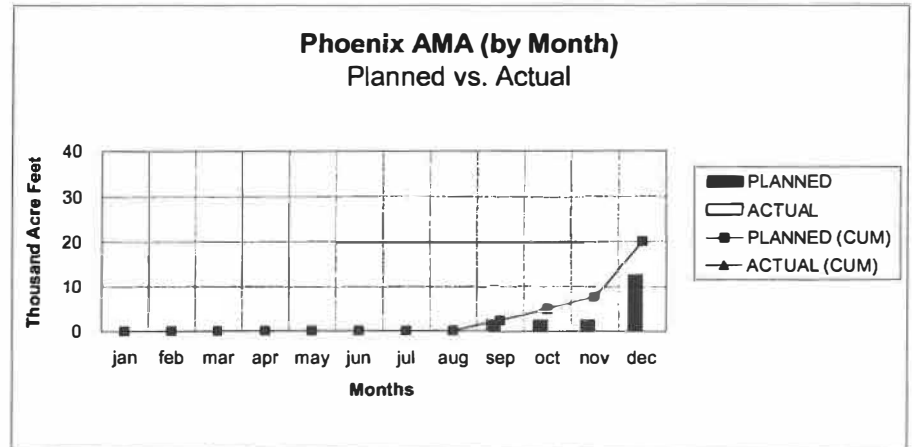
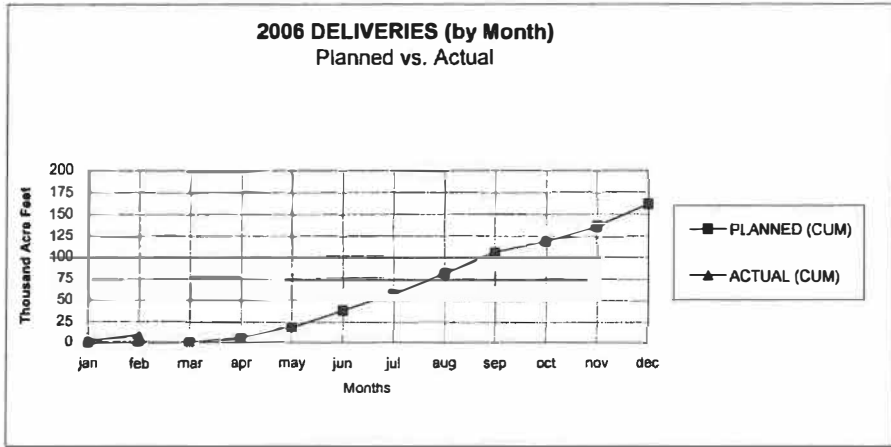
## 2006 Plan of Operation

### INTRASTATE



# 2006 Plan of Operation

## INTERSTATE



Actual deliveries updated  
Plan of Operation

20-Mar-06  
1-Jan-06

**Phoenix AMA**

**Intrastate**

	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	total
GRUSP	0	0	0	0	0	0	0	0	0	0	0	0	0
AGUA FRIA	0	0	0	0	0	0	0	0	2,500	2,500	2,500	2,500	10,000
HIEROGLYPHIC MTNS	0	0	0	0	0	0	0	0	0	0	0	0	0
TONOPAH DESERT	0	3,002	0	0	0	0	0	0	0	0	0	0	3,002
CHCID	1,300	3,710	9,809	9,808	10,000	10,000	10,000	10,000	10,000	0	0	0	74,627
NMIDD	0	0	50	50	50	100	75	75	50	83	0	0	533
QCID	0	0	0	0	0	0	0	0	0	0	0	0	0
SRP	0	0	0	0	0	0	0	0	0	0	0	0	0
TID	0	0	0	0	0	0	0	0	0	0	700	1,000	1,700
Subtotal	0	3,002	0	0	0	0	0	0	0	0	0	0	3,002
Total to date	0	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002
Projected total to date	1,300	5,010	14,869	24,727	34,777	45,126	56,891	69,766	87,231	94,914	101,914	110,514	110,514

**Interstate**

GRUSP	0	0	0	0	0	0	0	0	0	0	0	0	0
AGUA FRIA	0	0	0	0	0	0	0	0	0	0	0	0	0
HIEROGLYPHIC MTNS	0	0	0	0	0	0	0	0	0	0	0	0	0
TONOPAH DESERT	0	0	0	0	0	0	0	0	0	0	0	0	0
CHCID	0	0	0	0	0	0	0	0	0	10,000	10,000	10,000	30,000
NMIDD	0	0	0	0	0	0	0	0	0	0	0	0	0
QCID	0	0	0	0	0	0	0	0	0	0	0	0	0
SRP	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
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0
Total to date	0	0	0	0	0	0	0	0	0	0	0	0	0
Projected total to date	0	0	0	0	0	0	0	0	0	10,000	20,000	30,000	30,000

**Combined**

Subtotal	0	3,002	0	0	0	0	0	0	0	0	0	0	3,002
Total to date	0	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002
Projected total to date	1,300	5,010	14,869	24,727	34,777	45,126	56,891	69,766	87,231	104,914	121,914	140,514	140,514



Actual deliveries updated Amended Plan of Operation		20-Mar-06 11-Apr-05		jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	total
<b>Pinal AMA</b>																
Intrastate	CAIDD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	2,000	2,000	1,500	1,000	1,000	1,500	9,000
MSIDD		1,130	1,560	0	0	0	0	0	0	0	0	0	0	0	0	2,690
		410	720	1,560	1,550	1,560	0	0	0	1,150	1,560	490	0	0	0	9,000
HIDD		820	1,897	0	0	0	0	0	0	0	0	0	0	0	0	2,717
		0	500	3,600	5,400	0	0	0	0	0	0	0	0	0	0	9,500
Subtotal		1,950	3,457	0	0	0	0	0	0	0	0	0	0	0	0	5,407
Total to date		1,950	5,407	5,407	5,407	5,407	5,407	5,407	5,407	5,407	5,407	5,407	5,407	5,407	5,407	5,407
Projected total to date		410	1,630	6,790	13,740	15,300	15,300	17,300	20,450	23,510	25,000	26,000	27,500			27,500
<b>Interstate</b>																
CAIDD		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	5,000	5,000	5,000	5,000	5,000	5,000	0	0	0	0	0	25,000
MSIDD		2,239	5,720	0	0	0	0	0	0	0	0	0	0	0	0	7,959
		1,030	1,440	5,720	3,210	5,300	840	2,080	8,740	7,500	5,240	3,690	2,970			47,760
HIDD		50	0	0	0	0	0	0	0	0	0	0	0	0	0	50
		50	0	0	750	0	0	2,500	0	4,500	2,700	1,500	2,500			14,500
Subtotal		2,289	5,720	0	0	0	0	0	0	0	0	0	0	0	0	8,009
Total to date		2,289	8,009	8,009	8,009	8,009	8,009	8,009	8,009	8,009	8,009	8,009	8,009	8,009	8,009	8,009
Projected total to date		1,080	2,520	8,240	17,200	27,500	33,340	42,920	56,660	68,660	76,600	81,790	87,260			87,260
<b>Combined</b>																
Subtotal		4,239	9,177	0	0	0	0	0	0	0	0	0	0	0	0	13,416
Total to date		4,239	13,416	13,416	13,416	13,416	13,416	13,416	13,416	13,416	13,416	13,416	13,416	13,416	13,416	13,416
Projected total to date		1,490	4,150	15,030	30,940	42,800	48,640	60,220	77,110	92,170	101,600	107,790	114,760			114,760
<b>Tucson AMA</b>																
Intrastate	AVRA VALLEY	0	318	0	0	0	0	0	0	0	0	0	0	0	0	318
		650	650	650	650	650	150	650	650	650	650	300	300	650		6,600
CAVSARP		1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	2,000
		2,000	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	3,000	1,000	0	0	0	20,000
PIMA MINE		582	0	0	0	0	0	0	0	0	0	0	0	0	0	582
		928	928	1,938	1,938	0	0	0	0	0	0	0	0	0	0	5,732
LOWER SANTA CRUZ		3,233	1,812	0	0	0	0	0	0	0	0	0	0	0	0	5,045
		3,299	3,299	902	0	0	0	0	0	0	0	0	0	0	0	7,500
KAI-RED ROCK		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal		4,815	3,130	0	0	0	0	0	0	0	0	0	0	0	0	7,945
Total to date		4,815	7,945	7,945	7,945	7,945	7,945	7,945	7,945	7,945	7,945	7,945	7,945	7,945	7,945	7,945
Projected total to date		6,877	11,754	17,244	21,832	24,482	26,632	29,282	31,932	34,582	37,882	39,182	39,832			39,832
<b>Interstate</b>																
AVRA VALLEY		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAVSARP		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	2,000	3,000	5,000
PIMA MINE		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	2,200	2,014	500	2,200	2,014	1,000	2,200	2,200			14,328
LOWER SANTA CRUZ		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	2,397	3,300	3,800	2,500	3,800	3,800	3,800	2,000	3,800	3,800			32,997
KAI-RED ROCK		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total to date		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Projected total to date		0	0	2,397	5,697	11,697	16,211	20,511	26,511	32,325	35,325	43,325	52,325			52,325
<b>Combined</b>																
Subtotal		4,815	3,130	0	0	0	0	0	0	0	0	0	0	0	0	7,945
Total to date		4,815	7,945	7,945	7,945	7,945	7,945	7,945	7,945	7,945	7,945	7,945	7,945	7,945	7,945	7,945
Projected total to date		6,877	11,754	19,641	27,529	36,179	42,843	49,793	58,443	66,907	73,207	82,507	92,157			92,157
<b>TOTAL</b>																
Total to date		9,054	15,309	0	0	0	0	0	0	0	0	0	0	0	0	24,363
Projected total to date		9,054	24,363	24,363	24,363	24,363	24,363	24,363	24,363	24,363	24,363	24,363	24,363	24,363	24,363	24,363
Projected total to date		9,667	20,914	49,540	83,196	113,756	136,609	166,904	205,319	246,308	279,721	312,211	347,431			347,431

## Compromise Alternative

(Elevations in Feet; Storage volumes in Million Acre-feet; Release and reduction volumes Million Acre- feet / year)

Lake Powell Elevation	Lake Powell Operation (2006 – 2026)	Lake Powell Storage
3700	Equalize or 8.23	24.32
3664		19.02
3630		14.85
3575	8.23 release unless Lake Mead Elevation less than 1075 then balance contents with 7.0 minimum release and 9.0 maximum release	9.52
3525	7.48 unless Lake Mead Elevation less than 1025 then 8.23	5.93
3370	Balance contents with 7.0 minimum release and 9.5 maximum release	0

Lake Mead Elevation	Lake Mead Operation (2006 –2026)	Lake Mead Storage
1220	No Shortage	25.94
1075		9.37
1050		7.47
1025	.600 Lower Basin reduction (including Mexico)	5.80
895	.500 Lower Basin reduction (including Mexico)	0

ARIZONA DEPARTMENT OF WATER RESOURCES  
Water Management Division  
3550 North Central Ave, 2<sup>nd</sup> Floor  
Phoenix, Arizona 85012-2105  
Phone (602) 771-8585 Fax (602) 771-8689

DRAFT

APPLICATION FOR WATER  
STORAGE PERMIT (A.R.S § 45-831.01)

APPLICATION FEE \$ 250.00 DUE UPON FILING.

PERMIT FEE OF \$ 100.00, PLUS  
PUBLICATION FEES TO BE DETERMINED,  
WILL BE DUE PRIOR TO ISSUANCE OF PERMIT.

PLEASE SUBMIT ONE ORIGINAL AND ONE COPY OF THE  
COMPLETED APPLICATION AND ALL SUPPORTING MATERIALS

APPLICATION FOR: (Check one)

- New Water Storage Permit     Modification of Water Storage Permit     Renewal of Water Storage Permit
- No. 73- \_\_\_\_\_ No. 73- \_\_\_\_\_

FOR OFFICE USE ONLY

Application No.: \_\_\_\_\_

Date Received: \_\_\_\_\_

GENERAL INFORMATION

- Name of Applicant: ARIZONA WATER BANKING AUTHORITY  
3550 N. CENTRAL AVE. PHOENIX AZ 85012  
Mailing Address City State Zip  
Contact Person: TIM HENLEY Telephone: (602) 771-8487 Fax: (602) 771-8685
- Name and permit number of storage facility where water storage will occur: GILA RIVER INDIAN COMMUNITY GROUNDWATER SAVINGS FACILITY (# NOT YET ASSIGNED)
- Name of Active Management Area or Irrigation Non-Expansion Area where the facility will be located: PHOENIX AMA  
*(If the facility is NOT located within an AMA or INA, please indicate "NONE.")*
- Name of groundwater basin and subbasin where the facility will be located: (POSSIBLY) EAST SALT RIVER VALLEY & WEST SALT RIVER VALLEY
- If this water storage permit application is for the storage of CAP water and meets the requirements of A.R.S. §§ 45-831.01(G) or 45-871.01(E) and the applicant will not also be the holder of the storage facility permit, please submit a consent agreement signed by the facility permit holder.
- The maximum annual amount of water that may be stored at the facility: NOT YET DETERMINED  
*(acre-feet per year)*
- The maximum annual amount of water proposed for storage pursuant to this water storage permit: NOT YET DETERMINED  
*(acre-feet per year)*
- Proposed duration of the permit: NOT YET DETERMINED
- The maximum amount of water proposed for storage for the duration of the permit pursuant to this water storage permit: NOT YET DETERMINED  
*(acre-feet)*

10. Will the stored water be recovered on an annual basis pursuant to A.R.S. § 45-851.01?  Yes  No

11. Type of source water to be stored:

- CAP Water
- Effluent
- Decreed and Appropriative Surface Water

If Decreed and Appropriative Surface Water, list river(s): NA

[NOTE: In order for the storer to accrue long-term storage credits for the stored water, the source water must comply with A.R.S. § 45-802.01(21), "Water that cannot reasonably be used directly".]

12. If the water to be stored is appurtenant to a place of use, the legal description of the location of that use: NA

*(quarter/quarter/quarter/section, township and range)*

13. What is the applicant's legal right to use the proposed source(s) of water?

- CAP Contract
- Right to municipally treated effluent
- Decreed and appropriative surface water right
- Other, please explain: \_\_\_\_\_

Cite the right number, law, court decree, contract or other legal basis for acquiring and using each source of water to be stored pursuant to this permit: AWRA BPA 002.07-05

If municipally treated effluent will be stored and the applicant is the producer of the effluent, does the applicant certify that, after meeting all contractual obligations for delivery of effluent to other parties, the applicant retains the legal right to the volume of effluent requested in item 7 of this application?  Yes  No

14. Do you own the system through which the water to be stored will be delivered to the storage/savings facility?

- Yes  No
- If no, please provide a copy of the transportation agreement that allows the proposed water delivery system to be used to carry the water to be stored to the storage/savings facility.

15. Do you want this water storage permit to be designated as storing non-recoverable water pursuant to A.R.S. § 45-833.01?

- Yes  No

16. For effluent storage:

Is the facility where storage is to occur currently regulated under an Aquifer Protection Permit (APP) issued by the Arizona Department of Environmental Quality?  Yes  No

If no, will the applicant be obtaining an APP?  Yes  No

If no to both, please explain method of compliance with A.R.S. § 45-831.01(B)(2): NA

17. For water storage at a Groundwater Savings Facility, if the applicant is not the GSF permit holder, does the applicant agree to comply with the Plan of Operation for the GSF permit listed in Item 2 of this application?  Yes  No

NOTARIZED SIGNATURE

I (We) ARIZONA WATER BANKING AUTHORITY, the applicant(s) named in this application, do hereby certify under the penalty of perjury, that the information contained and statements made herein are to the best of my (our) knowledge and belief true, correct and complete.

(602) 771-8487  
Telephone

\_\_\_\_\_  
Signature of owner or authorized agent

AWBA, BANK MANAGER  
Title

3550 N. CENTRAL AVE, PHOENIX AZ 85012  
Mailing Address City State Zip

STATE OF ARIZONA )  
 ) ss.  
County of \_\_\_\_\_ )

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
My commission expires

ARIZONA DEPARTMENT OF WATER RESOURCES  
Water Management Division  
3550 North Central Ave, 2<sup>nd</sup> Floor  
Phoenix, Arizona 85012-2105  
Phone (602) 771-8585 Fax (602) 771-8689

APPLICATION FOR WATER  
STORAGE PERMIT (A.R.S § 45-831.01)

APPLICATION FEE \$ 250.00 DUE UPON FILING.

PERMIT FEE OF \$100.00, PLUS  
PUBLICATION FEES TO BE DETERMINED,  
WILL BE DUE PRIOR TO ISSUANCE OF PERMIT.

PLEASE SUBMIT ONE ORIGINAL AND ONE COPY OF THE  
COMPLETED APPLICATION AND ALL SUPPORTING MATERIALS

APPLICATION FOR: (Check one)

- New Water Storage Permit       Modification of Water Storage Permit       Renewal of Water Storage Permit
- No. 73- \_\_\_\_\_      No. 73- \_\_\_\_\_

FOR OFFICE USE ONLY
Application No.: _____
Date Received: _____

GENERAL INFORMATION

1. Name of Applicant: ARIZONA WATER BANKING AUTHORITY  
3550 N. CENTRAL AVE. PHOENIX AZ 85012  
Mailing Address      City      State      Zip  
 Contact Person: TIM HENLEY Telephone: (602) 771-8487 Fax: (602) 771-8685
2. Name and permit number of storage facility where water storage will occur: GILA RIVER INDIAN COMMUNITY GROUNDWATER SAVINGS FACILITY (# NOT YET ASSIGNED)
3. Name of Active Management Area or Irrigation Non-Expansion Area where the facility will be located:  
PINAL AMA  
(If the facility is NOT located within an AMA or INA, please indicate "NONE.")
4. Name of groundwater basin and subbasin where the facility will be located: (POSSIBLY) MARICOPA - STANFIELD & ELOY
5. If this water storage permit application is for the storage of CAP water and meets the requirements of A.R.S. §§ 45-831.01(G) or 45-871.01(E) and the applicant will not also be the holder of the storage facility permit, please submit a consent agreement signed by the facility permit holder.
6. The maximum annual amount of water that may be stored at the facility: NOT YET DETERMINED  
(acre-feet per year)
7. The maximum annual amount of water proposed for storage pursuant to this water storage permit: NOT YET DETERMINED  
(acre-feet per year)
8. Proposed duration of the permit: NOT YET DETERMINED
9. The maximum amount of water proposed for storage for the duration of the permit pursuant to this water storage permit:  
NOT YET DETERMINED  
(acre-feet)

10. Will the stored water be recovered on an annual basis pursuant to A.R.S. § 45-851.01?  Yes  No

11. Type of source water to be stored:

- CAP Water
- Effluent
- Decreed and Appropriative Surface Water

If Decreed and Appropriative Surface Water, list river(s): NA

[NOTE: In order for the storer to accrue long-term storage credits for the stored water, the source water must comply with A.R.S. § 45-802.01(21), "Water that cannot reasonably be used directly".]

12. If the water to be stored is appurtenant to a place of use, the legal description of the location of that use: NA

*(quarter/quarter/quarter/section, township and range)*

13. What is the applicant's legal right to use the proposed source(s) of water?

- CAP Contract
- Right to municipally treated effluent
- Decreed and appropriative surface water right
- Other, please explain: \_\_\_\_\_

Cite the right number, law, court decree, contract or other legal basis for acquiring and using each source of water to be stored pursuant to this permit: AWBA BPA 002.07-05

If municipally treated effluent will be stored and the applicant is the producer of the effluent, does the applicant certify that, after meeting all contractual obligations for delivery of effluent to other parties, the applicant retains the legal right to the volume of effluent requested in item 7 of this application?  Yes  No

14. Do you own the system through which the water to be stored will be delivered to the storage/savings facility?

- Yes  No
- If no, please provide a copy of the transportation agreement that allows the proposed water delivery system to be used to carry the water to be stored to the storage/savings facility.

15. Do you want this water storage permit to be designated as storing non-recoverable water pursuant to A.R.S. § 45-833.01?

- Yes  No

16. For effluent storage:

Is the facility where storage is to occur currently regulated under an Aquifer Protection Permit (APP) issued by the Arizona Department of Environmental Quality?  Yes  No

If no, will the applicant be obtaining an APP?  Yes  No

If no to both, please explain method of compliance with A.R.S. § 45-831.01(B)(2): NA

17. For water storage at a Groundwater Savings Facility, if the applicant is not the GSF permit holder, does the applicant agree to comply with the Plan of Operation for the GSF permit listed in Item 2 of this application?  Yes  No

NOTARIZED SIGNATURE

I (We), ARIZONA WATER BANKING AUTHORITY the applicant(s) named in this application, do hereby certify under the penalty of perjury, that the information contained and statements made herein are to the best of my (our) knowledge and belief true, correct and complete.

(602) 771-8487  
Telephone

\_\_\_\_\_  
Signature of owner or authorized agent

AWBA, BANK MANAGER  
Title

3550 N. CENTRAL AVE, PHOENIX AZ 85012  
Mailing Address City State Zip

STATE OF ARIZONA )  
) ss.  
County of \_\_\_\_\_ )

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
My commission expires



DRAFT with Community Comments

**AGREEMENT BETWEEN  
THE ARIZONA WATER BANKING AUTHORITY,  
AND GILA RIVER INDIAN COMMUNITY  
FOR STORAGE OF CENTRAL ARIZONA PROJECT WATER  
AT A GROUNDWATER SAVINGS FACILITY**

1. The ARIZONA WATER BANKING AUTHORITY ("AWBA") and Gila River Indian Community ("Facility Operator") enter into this Agreement this \_\_\_\_ day of 2006.
  
2.
  - 2.1 The purpose of this Agreement is to provide for the storage of Central Arizona Project water, which the AWBA is legally entitled to store, at the Groundwater Savings Facility operated by the Facility Operator.
  - 2.2 The Parties recognize that this Agreement is one of a series of agreements entered into by the AWBA to provide for the storage of Central Arizona Project water. These agreements include the Intergovernmental Agreement among the Arizona Department Of Water Resources, Arizona Water Banking Authority, and Central Arizona Water Conservation District, dated July 1, 2002, and the Agreement Between the Central Arizona Water Conservation District and the Arizona Water Banking Authority Providing for the Delivery of Excess Central Arizona Project Water, dated July 14, 2005. These agreements, in turn, are subject to certain agreements entered into by the Central Arizona Water Conservation District regarding the operation of the Central Arizona Project. These agreements include Contract No. 14-06-W-245, Amendment No. 1, dated December 1, 1988, between the United States and the Central Arizona Water Conservation District, and Stipulation Regarding a Stay of Litigation, Resolution of Issues During the Stay and for Ultimate Judgment upon the Satisfaction of Conditions, filed with the United States District Court on May 3, 2000, in Central Arizona Water Conservation District v. United States, No. CIV 95-625-TUC-WDB (EHC), No. CIV 95-1720-PHX-EHC (Consolidated Action). The Parties to

## DRAFT with Community Comments

this Agreement recognize and agree that this Agreement is subject to the agreements referenced in this Section 2.2 and that in the event of any inconsistency between this Agreement and agreements referenced, the provisions of the agreements referenced shall be controlling.

- 2.3 The Parties agree that the Central Arizona Water Conservation District shall have rights as a third party beneficiary to enforce certain provisions that are specified in this Agreement.

3. In this Agreement, the following terms shall have the following meanings:

3.1 "ADWR" shall mean the Arizona Department of Water Resources.

3.2 "Authority Water" shall mean water made available by CAWCD to the AWBA on an annual basis for underground storage pursuant to the terms of the Excess CAP Water Contract between the AWBA and CAWCD, which water would not otherwise have been used within Arizona.

3.3 "CAP" shall mean the Central Arizona Project.

3.4 "CAWCD" shall mean the Central Arizona Water Conservation District.

3.5 "Party or Parties" shall mean either one, or in the plural, both of the parties to this Agreement.

3.6 "Community" shall mean the Gila River Indian Community.

3.7 "State" shall mean the State of Arizona.

3.8 "Year" shall mean the current calendar year.

3.9 Definitions specified in A.R.S. § 45-802.01 are applicable to this Agreement.

The first letters of terms so defined are capitalized.

4. This Agreement shall terminate on December 31, 2008 unless the Parties agree in writing to extend the term or unless it is sooner terminated or cancelled in accordance with Section 13.

**DRAFT with Community Comments**

5. The delivery and use of water under this Agreement are conditioned on the following, and the Parties agree that:

5.1 All uses of Authority Water shall be consistent with Arizona water law and with federal law applicable to the CAP.

5.2 Authority Water made available pursuant to this Agreement shall be used only at the Groundwater Savings Facility for which the Facility Operator has obtained and continues to maintain Groundwater Savings Facility Permits, Nos. 72-\_\_\_\_\_, or modifications or renewals of that permit. The Facility Operator shall be responsible for all expenses and administrative requirements, including filing annual reports with the ADWR, associated with maintaining the Groundwater Savings Facility permit. The Facility Operator's use of Authority Water at such Groundwater Savings Facility shall at all times comply with the plan of operation of the Groundwater Savings Facility Permit.

If such Groundwater Savings Facility Permit is cancelled or expires for any reason the Facility Operator shall immediately notify the AWBA and deliveries of Authority Water to the Facility Operator may, at the option of the AWBA, be discontinued immediately. The Facility Operator shall notify the AWBA if it files an application with the ADWR to amend its Groundwater Savings Facility permit.

5.3 Authority Water made available to the Facility Operator pursuant to this Agreement shall be used within the Facility Operator's Groundwater Savings Facility for Water Storage purposes only.

5.4 The Facility Operator shall cause historical or projected pumping of groundwater within the Facility Operator's Groundwater Savings Facility to be reduced by one acre-foot for each one acre-foot of Authority Water received at the Facility.

## DRAFT with Community Comments

- 5.5 The Facility Operator shall submit to the AWBA a monthly report of water use. The monthly report shall be in a form and submitted within a time that is acceptable to the AWBA and shall contain a report of water use by amount and type of water used.
  - 5.6 The AWBA shall obtain a Water Storage Permit from the ADWR to store water at the Facility Operator's Groundwater Savings Facility. The AWBA shall be responsible for all expenses and administrative requirements, including filing annual reports with the ADWR, associated with obtaining and maintaining the Water Storage Permit.
- 6.
- 6.1 On or before September 1 of each Year, the Facility Operator shall consult with the AWBA and provide a projection of the Facility Operator's water use by type and amount for each month of the following year, which the AWBA may use to develop its annual plan of operation for the following year.
  - 6.2 On or before December 1 of each Year, the AWBA shall return to the Facility Operator a final water delivery schedule based on the AWBA's annual plan of operation for the following year.
  - 6.3 The AWBA authorizes the Facility Operator to order Authority Water for delivery to the Groundwater Savings Facility directly from CAWCD in accordance with CAWCD water ordering procedures and the AWBA's approved plan of operation.
  - 6.4 The amounts, times and rates of delivery of Authority Water to the Facility Operator during any year shall be in accordance with the approved plan of operation of the Authority. Authority Water ordered by the Facility Operator in any Year shall not exceed the amounts designated for delivery to the Facility Operator in that Year in the approved plan of operation of the

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Authority, unless approved by the Authority.

- 6.5 Monthly water deliveries may be amended upon the Facility Operator's request to CAWCD and the AWBA. The Facility Operator shall submit proposed changes to CAWCD and the AWBA prior to the desired change becoming effective. All changes shall be subject to review and modification by CAWCD and the AWBA.
- 6.6 The Facility Operator shall hold the AWBA and CAWCD, their officers, agents, and employees, harmless on account of damage or claim of damage of any nature whatsoever arising out of or connected with water delivery schedules furnished by or to the Facility Operator.
- 7. 7.1 The AWBA may reduce or discontinue deliveries of Authority Water to the Facility Operator under this Agreement in one or more of the following events:
  - 7.1.1 The Facility Operator fails to file the monthly report(s) required by Section 5.5.
  - 7.1.2 The Facility Operator violates the permit or plan of operation associated with the Groundwater Savings Facility or takes any action that threatens the AWBA's ability to accrue Long-Term Storage Credits for Authority Water delivered to the Groundwater Savings Facility.
- 7.2 The AWBA shall notify the Facility Operator and CAWCD of any determination to reduce or discontinue deliveries of Authority Water to the Facility Operator.
- 8. 8.1 The cost to the Facility Operator for each acre foot of Authority Water to be

## DRAFT with Community Comments

delivered under this Agreement will be \$20 ("Facility Operator's Contribution"), which shall be the maximum amount for which the Facility Operator is responsible. The difference between the total cost for Authority Water and the Facility Operator's Contribution shall be the responsibility of the AWBA.

- 8.2 On a payment schedule established by CAWCD, the AWBA and the Facility Operator shall pay CAWCD directly the amounts due for water ordered and delivered pursuant to the approved annual plan of operation.
- 8.3 The Facility Operator shall pay CAWCD in advance all amounts due as the Facility Operator's Contribution for Authority Water scheduled for delivery under this Agreement; however, CAWCD has agreed to reimburse the Facility Operator for any portion of the Facility Operator's Contribution which is attributable to Authority Water scheduled for delivery that is not subsequently delivered to the Facility Operator or to provide an equivalent credit against payment in the future of any fees owed CAWCD by the Facility Operator, should the Facility Operator so desire. CAWCD shall not be required to deliver water scheduled under this Agreement if the Facility Operator is in arrears in payment of any charges it is obligated to pay CAWCD for a period of 60 days or more.
- 8.4 CAWCD shall be entitled, as a third party beneficiary to this Agreement, to collect from the Facility Operator any charges for water owed under this Section 8, along with interest, administrative and penalty charges on delinquent installments or payments, in accordance with the following:
- 8.4.1 The Facility Operator shall pay an interest charge for each day the payment is delinquent beyond the due date. When a payment becomes sixty (60) days delinquent, the Facility Operator shall pay an

## DRAFT with Community Comments

administrative charge to cover additional costs of billing and processing the delinquent payment. When a payment is delinquent ninety (90) days or more, the Facility Operator shall pay an additional penalty charge of six percent (6%) per year for each day the payment is delinquent beyond the due date. Further, the Facility Operator shall pay any fees incurred for debt collection services associated with a delinquent payment.

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

8.4.3 When a partial payment on a delinquent account is received, the amount received shall be applied first to the penalty and administrative charges, second, to the accrued interest, and third to the overdue payment.

8.5 If the AWBA is not given Long-Term Storage Credits because the Facility Operator has violated the Groundwater Savings Facility Permit or plan of operation, the Facility Operator shall pay to the AWBA any water service charges paid by the AWBA to CAWCD for the water delivered to the Groundwater Savings Facility which did not accrue Long-Term Storage Credits. The payment shall be made within 90 days of the denial of Long-Term Storage Credits by the ADWR.

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9. 9.1 Nothing in this Agreement shall be construed as an allocation of water to the Facility Operator, nor shall this Agreement entitle the Facility Operator to any water other than as provided herein.
- 9.2 Nothing in this Agreement shall be construed as requiring the AWBA to provide Authority Water to the Facility Operator in any year, and nothing in this Agreement shall be construed as requiring the Facility Operator to accept deliveries of Authority Water in any year. The Parties agree that in any year in which the AWBA desires to provide Authority Water to the Facility Operator and in which the Facility Operator agrees to accept deliveries of Authority Water, the terms and conditions of this Agreement shall apply.
10. Neither the AWBA nor CAWCD warrant the quality of any water furnished under this Agreement and neither is under any obligation to construct or furnish water treatment facilities to maintain or improve the quality of any water. The Facility Operator waives its right to make a claim against the AWBA or CAWCD on account of the quality of water or any changes in water quality caused by the commingling of water delivered under this Agreement with other water.
11. 11.1 The Parties agree that upon compliance with all provisions of P.L. 108-451, Sec.207 (c) the AWBA will extinguish all long-term storage credits accrued pursuant to Water Storage Permits \_\_\_\_\_ and \_\_\_\_\_ and the Community will accept all water delivered under this agreement as meeting a portion of the State's firming obligations under P.L.108-451, Sec.105 (a). The water delivered under this agreement shall reduce on an acre foot per acre foot basis the State's total firming obligation to the Community.



## DRAFT with Community Comments

- 11.2 If the enforceability provisions of PL108-451 are not met then the AWBA retains full rights to the long-term storage credits developed under Water Storage Permits \_\_\_\_\_ and \_\_\_\_\_.
12. 12.1 Authority Water furnished to the Facility Operator pursuant to this Agreement shall be delivered only to the Facility Operator at such point(s) as have previously been approved by CAWCD and only if CAWCD has satisfied itself that the pipelines, canals, distribution systems, or other conduits that will convey Authority Water after delivery will prevent excessive conveyance losses and are constructed, operated, and maintained in accordance with any condition of applicable laws, regulations or order and to the satisfaction of CAWCD.
- 12.2 In the event of damage to CAP facilities due to failure of the Facility Operator to operate in a good and workmanlike manner, the Facility Operator shall pay the CAWCD within thirty (30) days of the Facility Operator's receipt of a statement for the costs of repairing any damage to Project facilities or Project rights-of-way caused by or arising out of the Facility Operator's activities under this Agreement. . The Facility Operator may contest all or part of the statement of costs provided the Facility Operator pays the undisputed portion of the statement. If the Facility Operator contests all or part of a statement, the Facility Operator shall meet with CAWCD within ten (10) days of receipt of the statement. The Facility Operator shall pay the final statement within ten (10) days upon resolution of the disputed amount
- 12.3 If the Facility Operator's Project delivery point is a Project turnout or Project turnouts constructed by the United States, and if the Facility Operator intends to convey water furnished to the Facility Operator pursuant to this Agreement

## DRAFT with Community Comments

through connection facilities owned or operated by others, the use by the Facility Operator of such connection facilities shall be the subject of written agreement(s) between the Facility Operator and the owner(s) or operator(s) of such connection facilities, and all such agreements shall be provided to the CAWCD prior to initiation of deliveries.

- 12.4 Unless the Facility Operator's Project delivery point is a Project turnout or Project turnouts constructed by the United States, all water delivered from the Water Supply System shall be measured with equipment furnished and installed by the Facility Operator and operated and maintained by the Facility Operator at the Facility Operator's sole cost and expense. The results of such measurements shall be reported to CAWCD in such a manner and at such time(s) as CAWCD may prescribe. Upon the request of CAWCD or the AWBA, the accuracy of such measurements shall be investigated by the Facility Operator, and any errors which are determined to have occurred therein shall be adjusted; however, in the event the parties cannot agree on the required adjustment, CAWCD's determination shall be conclusive.
- 12.5 If the Facility Operator's Project delivery point is a Project turnout or Project turnouts constructed by the United States, all water delivered from the Water Supply System shall be measured with equipment furnished and installed by the United States and operated and maintained by CAWCD. Upon the request of the Facility Operator, the AWBA, or CAWCD, the accuracy of such measurements shall be investigated by CAWCD and the Facility Operator, and any errors which are mutually determined to have occurred therein shall be adjusted; however, in the event the parties cannot agree on the required adjustment, CAWCD's determination shall be conclusive.
- 12.6 The United States, CAWCD, and the AWBA shall not be responsible for the

## DRAFT with Community Comments

control, carriage, handling, use, disposal, or distribution of water beyond the Facility Operator's Project delivery point. The Facility Operator shall hold the United States, CAWCD, and the AWBA harmless on account of damage or claim of damage of any nature whatsoever for which there is legal responsibility, including property damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of water beyond the Facility Operator's Project delivery point.

12.7 The AWBA shall not be liable for any action taken by CAWCD or the Facility Operator pursuant to this Section 12 regarding the construction, operation, or maintenance of connection facilities.

12.8 Deliveries of water scheduled under this Agreement are subject to interruption and discontinuance due to investigation, inspection, construction, testing, maintenance, repair or replacement of the CAP and its components. The Facility Operator also acknowledges that CAP water available to the AWBA is only that water which would otherwise be unused in Arizona and, therefore, deliveries of water scheduled under this Agreement are subject to interruption and discontinuance due to insufficient water or delivery capacity to deliver all other waters scheduled for delivery through the CAP. The United States, its officers, agents, and employees, CAWCD, its officers, agents and employees, and the AWBA, its officers, agents, and employees shall not be liable for any damages when, for any reason whatsoever, any interruption, discontinuance, or reduction in delivery of water scheduled under this Agreement occurs.

13. 13.1 This Agreement may be terminated for any of the following reasons:

13.1.1 If the Facility Operator remains in arrears in the payment of the

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Facility Operator's Contribution for thirty (30) days or more, the AWBA may terminate this Agreement, which termination shall be effective fifteen (15) days after mailing written notice of termination to the Facility Operator;

13.1.3 If the excess water contract between the AWBA and CAWCD providing for delivery of Authority Water is terminated, the AWBA may terminate this Agreement, which termination shall be effective fifteen (15) days after mailing written notice of termination to the Facility Operator; or

13.1.4 If the AWBA determines in its sole discretion that the Facility Operator is operating the Groundwater Savings Facility in a manner contrary to law or in a manner which is likely to jeopardize the ability of the AWBA to earn Long-Term Storage Credits for Authority Water delivered to the facility for the benefit of the AWBA, the AWBA may terminate this Agreement, which termination shall be effective ten (10) days after mailing written notice of termination to the Facility Operator and CAWCD.

13.1.5 The Parties' and CAWCD's rights under this Agreement to collect any monies owed under the Agreement shall survive the termination of this Agreement. . Provided however, the Facility Operator shall have ten (10) days from receipt of the written notice of termination to come into compliance with the agreement. The AWBA may extend the ten (10) day period if, in its sole discretion, it determines that the Facility Operator is proceeding in good faith to come into compliance.

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13.3 The rights of the AWBA to terminate this Agreement as provided in this Section 13 shall be in addition to all other rights of the AWBA under this Agreement and as provided by law.

14. The Facility Operator shall establish and maintain accounts and other books and records pertaining to administration of the terms and conditions of this Agreement, including: the Facility Operator's water supply data, water-use data, and other matters that the AWBA or CAWCD may reasonably require. Reports thereon shall be furnished to the AWBA or CAWCD in such form and on such date or dates as the AWBA or CAWCD may reasonably require. Subject to applicable federal and state laws and regulations, each party to this Agreement shall have the right during office hours to examine and make copies of each other party's books and records relating to matters covered by this Agreement.

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

If to the AWBA:

Manager  
Arizona Water Banking Authority  
3550 North Central Ave.  
Phoenix, Arizona 85012

If to the Facility Operator:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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The designation of the address or addressee for the giving of notice may be changed by notice given as provided in this Section 15.

16. The provisions of this Agreement shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this Agreement or any interest therein shall be valid unless and until approved in writing by the AWBA.
  
17. This Agreement is subject to cancellation in accordance with the provisions of A.R.S. § 38-511.
  
18. The Community, through the Facility Operator is entering into this agreement on a voluntary basis as a part of the Water Rights Settlement (Public Law 108-451). The Community's cooperation with the State and the Community's execution of this agreement and any permits necessary to implement the terms of the agreement should not be construed as a waiver by the Community of any sovereign immunity, nor an admission that State law governs the pumping, use or other activity affecting water on the Reservation, except to the extent Public Law 108-451 specifically states otherwise."

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement effective the day and year first above-written.

**ARIZONA WATER BANKING AUTHORITY**

Attest: \_\_\_\_\_

By: \_\_\_\_\_

3/22/2006 9:13 AM ~~8:40 AM~~

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Secretary

Chairman

**GILA RIVER INDIAN COMMUNITY**

Attest: \_\_\_\_\_

Secretary

By: \_\_\_\_\_

President