

ARIZONA WATER BANKING AUTHORITY
Wednesday, June 21, 2006

No.	NAME (Please print)	Phone No.
1	Amber Cunningham	(702) 253-8472
2	ALAN P. KLEINMAN	702-523-3306
3	Mark Myers	520-742-0416
4	PAUL Crane	623-465-0445
5	Larry Dazier	
6	DON GROSS - ADWR	602-772-8411
7	JOHN BODENCHUK - ADWR	520 770 3817
8	John Hetrick	602-236-5649
9	Tom Maher	702-8623702
10	Gregg Nelson	602-319-1561
11	Paul Li	602-254-5908
12	Gary Given	623 869-2158
13	PAUL Nelson	623-773-6230
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Arizona Water Banking Authority
3550 N. Central Avenue, Phoenix, Arizona 85012
Telephone 602-771-8487
Fax 602-771-8685
Web Page: www.awba.state.az.us

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 Wednesday, June 21, 2006 at 10:00 a.m. at the Arizona Department of Water Resources, 3550 North Central Avenue, Phoenix, Arizona 85012, Upper Verde Conference Room. The meeting is open to the general public.

Dated this 19th day of June, 2006

FINAL AGENDA

Arizona Water Banking Authority Commission Meeting

- I. Welcome/Opening Remarks
- II. Approval of Minutes of March 22, 2006 and April 19, 2006 Meetings
- III. Water Banking Staff Activities
 - Deliveries
 - Status of 7 basin states discussions
 - Legislative activity – House Bill 2869
- IV. 2005 Annual Report
 - Overview of 2005 Annual Report
 - Discussion regarding Ten Year Plan 2007-2016
 - Potential approval of 2005 Annual Report and Ten Year Plan
- V. FY 2007 Administrative Budget
 - Overview of FY 2007 administrative budget
 - Potential adoption of FY 2007 administrative budget
- VI. Amended 2006 Plan of Operation
 - GRIIDD Groundwater Savings Facility
 - Adjustment of interstate deliveries
 - Potential approval of Amended 2006 Plan of Operation
- VII. Master Water Storage Agreement
 - Tonopah Desert Recharge Project
 - Potential approval of Amendment No. 1 to Master Water Storage Agreement

VIII. Discussion of Indian Farming Efforts

- Legislative changes
- Farming opportunities
- Direction on how to proceed

IX. Call to the Public

**All visitors must use the south elevators; please stop at the 2nd 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 Virginia O'Connell at (602) 771-8491. Requests should be made as early as possible to allow time to arrange the accommodation.

ARIZONA WATER BANKING AUTHORITY
Draft Minutes¹

March 22, 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

Welcome/Opening Remarks

Chairman Herb Guenther welcomed the attendees to the meeting. All members of the Authority were present except for *ex-officio* members Representative Lucy Mason and Senator Jake Flake.

Approval of Minutes for AWBA Meetings

The Authority approved the minutes of the December 21, 2005 meeting and the minutes of the February 1, 2006 work-study session.

Water Banking Staff Activities

Tim Henley reviewed the water deliveries and stated that actual volumes were close to the 2006 projections for the Active Management Areas (AMA) except for Tucson, but indicated that deliveries would likely move toward the projections for that AMA also. He noted that the central Arizona project (CAP) was currently down due to turbidity from Lake Havasu. CAP staff commented that they expected to resume operations by week's end.

Mr. Henley informed the Authority that staff was working on updating the website to make it more user friendly and introduced Kim Mitchell as the contact for the project. Ms. Mitchell provided a brief overview of the project and noted she was working with ADWR's web design staff. She stated that the updated site would still contain the current files, however they would be organized in a clear manner. The website's ledger would also be updated to include deliveries for interstate storage, which were currently not available. She mentioned that ADWR was in the process of procuring new software and anticipated that the updates would be completed a few months after the software was received. Chuck Cahoy suggested updating the web address as well, to one that was easier to remember.

Mr. Henley provided an update of the status of the Indian Firming legislation (HB 2835) and noted that Authority members had proposed two amendments to the draft legislation at the February AWBA Indian Firming work-study session: 1) to allow the Authority to use withdrawal fees for M&I firming, which was considered a technical change, and 2) to include firming of additional "On River" M&I supplies that would result from the conversion of agricultural water use. The draft legislation was subsequently amended to include the first issue, however the second issue was not included because staff determined that current statute already allowed for this type of firming. Mr. Henley commented that the AWBA would increase its On-River M&I firming obligation if necessary. Gregg Houtz noted that the bill was on the consent

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calendar for the afternoon and that if it passed it would go to a vote of the full Senate and then to the Governor's Office.

Mr. Henley briefed the Authority on the Seven-States Deal and provided a handout of the "Compromise Alternative", which was the model the Seven-Basin States agreed upon. He noted that this model would benefit the operation of both Lake Mead and Lake Powell. In addition, the Lower Basin States had examined how water could be used within the Lower Basin to maximize flexibility and concluded the step-shortage approach to be the best-suited model. A letter describing the proposal was submitted to the Secretary of the Interior (Secretary) in response to the Environmental Impact Statement scoping process. Mr. Henley also noted that because a different shortage planning scenario was initially used in 1997, the AWBA was in the process of re-evaluating its M&I firming obligations. However, any differences between the initial and current models were expected to be minor. He stated that the Bureau of Reclamation would be releasing the scoping document by the following week. The states would continue to work out the details of the agreement so that it could be supported as an alternative in the draft EIS, which was due at the end of the year. The next meeting is scheduled for April 13, 2006. The Record of Decision for river operations must be completed by December 2007 for implementation by January 2008.

Mr. Henley noted that ADWR would continue to facilitate the shortage sharing discussions as well and commented that there are essentially two viewpoints, although both sides agree on the overall method: 1) the M&I users are concerned that by accommodating the river communities they could be at risk because of increased costs, and 2) the river communities feel shortages put them at risk while CAP customers received all of the benefits. The Shortage Sharing Workgroup, represented by several cities and river users, has asked the Authority to consider making a firmer commitment to the river communities, as it would be a key component for determining the outcome of the shortage sharing discussions.

Mr. Henley provided an update of the interstate water deliveries, but focused primarily on the accounting process. He informed the Authority that several staff members from the State Treasurers Office (STO) recently resigned, including Minh Trang, who had been the portfolio manager for the AWBA. Staff was currently in the process of re-initiating discussions with the STO and had a meeting scheduled for April. Mr. Henley also noted that staff met with CAWCD's finance department to discuss simplifying fee payments for interstate deliveries. The parties agreed to amend the previously negotiated payment arrangement by making advance quarterly payments to CAWCD based on projected interstate deliveries. Reconciliation efforts however would still be necessary because of changing water costs and monthly delivery volumes. The cost of interstate deliveries had already increased from the projected costs due to increased energy costs and may increase again. John Mawhinney was concerned that the accounting process with CAWCD was too complex and noted that this arrangement would allow CAWCD to have access to interstate funds as well as the 4¢ tax monies already retained. He stated that the Authority should have greater control of the funds, which should be used to purchase water, and that the accounting should be more transparent. Mr. Guenther

commented that an accounting committee could be established and reminded the Authority that the legislature had control of the \$100 million loan from Nevada except for purposes of the contract. Mr. Mawhinney suggested the Authority be proactive in making recommendations that clearly identify expenditure of interstate funds so as not to lose the money through legislative sweep. William Perry reiterated that the primary reason for receiving advance payments was to simplify the accounting process. Larry Dozier (CAWCD) pointed out that the Nevada storage agreement helped to get water off the river in 2005. By having an advance payment, CAWCD had increased flexibility in taking advantage of water that became available due to unforeseen precipitation and subsequent reduction in scheduled deliveries. The Authority benefited because it was able to meet a portion of its interstate obligation. In addition, because Nevada pays full price for water deliveries, CAWCD was able to recoup some of the revenues that were lost because of reduced demand by its other customers. Mr. Henley suggested forming a workshop to discuss the accounting procedure with the STO and CAWCD.

Chuck Cullom (CAWCD) provided an update of the recovery planning process, which was discussed at the AWBA Indian Firming work-study session and noted that he was currently meeting with stakeholders. He anticipated that the draft Phase I report, identifying stakeholder preferences, would be presented at the CAWCD meeting scheduled for late April. Mr. Cullom expected the recovery planning process, including interstate recovery, to be completed in approximately one and a half years.

Facility Inventory Update

Mr. Henley noted the facility inventory update was prepared not only to provide a compilation of new and proposed facilities, but to comply with the Storage and Interstate Release Agreement, which requires an update of the facility inventory prior to utilizing new facilities for the storage of interstate water. He introduced Virginia O'Connell, who briefed the Authority on new facilities that were permitted since the initial inventory was prepared in 1997 and the current total storage capacity available to the AWBA. Ms. O'Connell also discussed facility permit applications currently pending with ADWR and proposed future facilities that may have storage capacity available to the Authority. Mr. Cahoy asked if statute required that the Groundwater Users Advisory Councils (GUACs) also approve the inventory. Mr. Henley and Mr. Houtz responded that it was not a requirement, however comments were received from ADWR and CAWCD through an informal process.

Mr. Cahoy recalled that in 1997 there may have been an issue regarding sufficient storage capacity for the Tucson AMA and questioned if there had been any problems over the last few years regarding lack of capacity or funding and if sufficient capacity exists now in order to meet the firming obligation. Ms. O'Connell commented that storage capacity had increased considerably since 1997 because several new facilities had been permitted and projects that had been "pilot" projects had since become "full-scale" or long-term projects. Mr. Henley added that even though facility capacity is shared by other higher priority users, sufficient capacity should exist in the Tucson AMA. He noted that the proposed Southern Avra Valley facility would be coming online and that any storage issues in Tucson would likely be a result of

funding. Mr. Mawhinney asked if the Authority's status of lowest priority was due to cost or if it was a legal issue. Mr. Henley noted that it was primarily a function of the availability of water. Mr. Dozier clarified that the cities' higher priority allows them to schedule water deliveries before the AWBA. CAP works with the water forecast group to determine the remainder of excess water that is available for water banking purposes and what facilities are needed to store that water. Mr. Guenther commented that at 1.3 million acre-feet per year, the Authority had more capacity than supplies, but noted that the Authority not only had the lowest priority with regard to facility capacity, but also transportation capacity, which was yet another limiting factor. He asked if the situation ever arose where supplies were available, but could not be stored due to a lack of wheeling capacity. Mr. Henley replied that it had almost occurred in 2005. Mr. Dozier commented that for approximately 3-4 weeks CAP did not take water off the river because of turbidity and the spilling of Lake Pleasant. Mr. Mawhinney suggested that the conclusion of the facility inventory be tempered by stating that sufficient storage capacity "may" be available to the Authority, as much of the capacity is shared by other users.

Maureen George asked what type of analysis was used to ensure that water remained where it was stored and that it would be of acceptable quality when recovered. John Bodenchuk (ADWR Recharge Program Manager) commented that these issues were addressed through the permitting process by conducting a hydrologic analysis and through facility monitoring requirements once a permit was issued.

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

Gila River Indian Community Storage Permit & Agreement

Mr. Henley noted that the Gila River Indian Community (GRIC) was moving forward with its plans for a Groundwater Savings Facility (GSF) permit and that they had been working closely with ADWR on the requirements. Staff was prepared to submit its water storage permit applications once the GSF application was submitted. Two applications are required because the proposed GSF is located in both the Phoenix and Pinal AMAs.

Mr. Henley also provided a brief overview of the draft agreement between the Authority and the GRIC for water storage at the GSF, which included comments from the GRIC. However, he proposed deferring any action until the Authority had an opportunity to review the draft agreement, as it was only received that morning. Ms. George asked what would happen if the Settlement was not reached with the GRIC. Mr. Henley commented that any storage credits earned at the GRIC GSF would be owned by the Authority and could be used anywhere within the AMA where the GSF was located. Mr. Cahoy commented that the agreement should be clear with regard to long-term storage credit accrual and/or extinguishment for water that is delivered prior to the enforceability date of the Settlement. Mr. Cahoy also questioned if stored water would leave the AMA, resulting in a loss of credits, since the proposed GSF straddles the AMA boundaries. Mr. Bodenchuk commented that a hydrologic analysis of water stored at a GSF is not required because existing groundwater remains in place through curtailment of pumping. ADWR will prorate the irrigable

acres within each AMA boundary to determine the groundwater savings for each AMA. Mr. Guenther requested that any comments be submitted to staff and stated that the Authority would have a special meeting in one month, either in person or by teleconference, to take action on the agreement.

Call to the Public

There was no additional public comment.

The meeting adjourned at 12:05 P.M.

**ARIZONA WATER BANKING AUTHORITY
Draft Minutes¹**

**April 19, 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

Welcome/Opening Remarks

Chairman Herb Guenther welcomed the attendees to the meeting. All members of the Authority were present except for Secretary Chuck Cahoy and *ex-officio* members Representative Lucy Mason and Senator Jake Flake.

Water Banking Staff Activities

Tim Henley noted that the Gila River Indian Community (GRIC) had been working closely with ADWR on the requirements for obtaining a Groundwater Savings Facility (GSF) permit and that staff was prepared to submit its water storage permit applications once the GRIC GSF application was submitted. He anticipated the applications would be submitted to ADWR shortly.

Mr. Henley informed the Authority that the Indian FIRMING legislation (HB 2835) had passed and was signed by the Governor on April 12, 2006. The legislation will subsequently be codified and become statute. In response to John Mawhinney's question if there were any changes to the legislation, Gregg Houtz commented that there were none.

Mr. Henley noted that staff was making progress on the website redesign and that a meeting was recently held with ADWR's web design group. In addition, staff was starting to prepare the 2005 annual report, which is due July 1. He asked Authority members to notify Kim Mitchell of any comments or suggestions they may have for the Annual Report.

Gila River Indian Community Water Storage Agreement

Mr. Henley noted that staff had not received comments from Authority members regarding the draft agreement between the Authority and the GRIC for water storage at the proposed GRIC GSF, which was provided at the March 22, 2006 AWBA meeting. However, the GRIC had made two minor changes; 1) the title was amended to include the Gila River Indian Irrigation & Drainage District (District) of the GRIC as the specific entity listed in the agreement, and 2) a signature line was added for the District. Gene Franzoy (consultant for the GRIC) noted that in addition to these two changes, a signature line for the legal division of the GRIC also needed to be included. It had been previously overlooked. Mr. Henley commented that staff recommended signing the agreement unless substantive changes were made by the GRIC. Mr. Franzoy stated that the GRIC was moving forward with the current version of the agreement.

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

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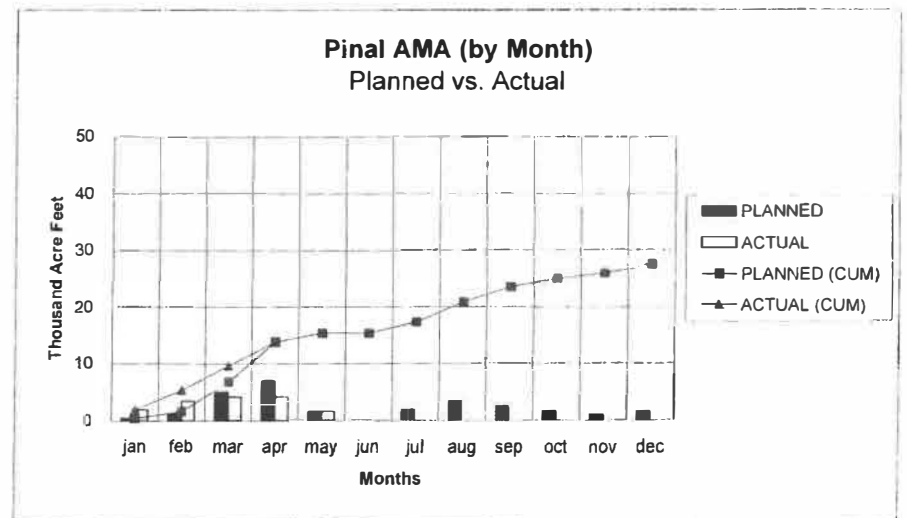
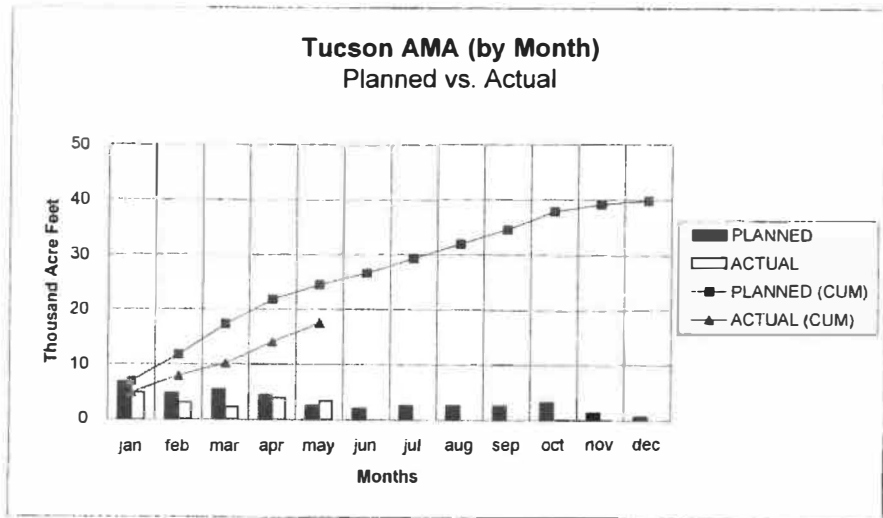
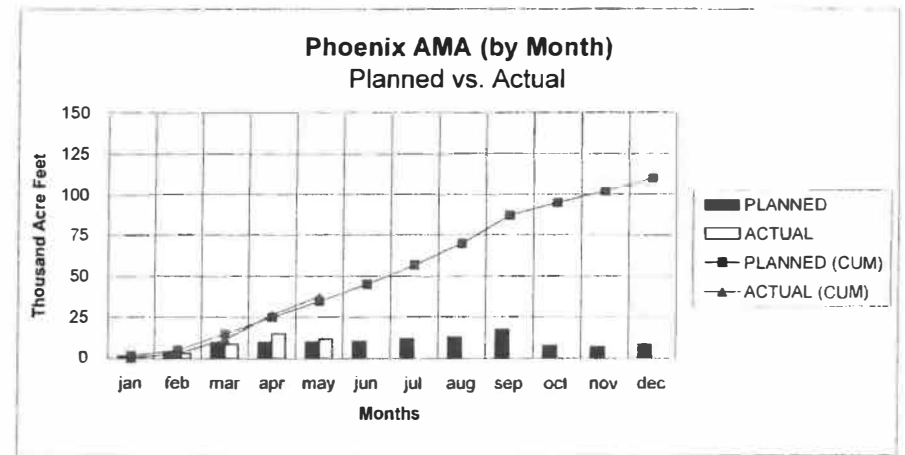
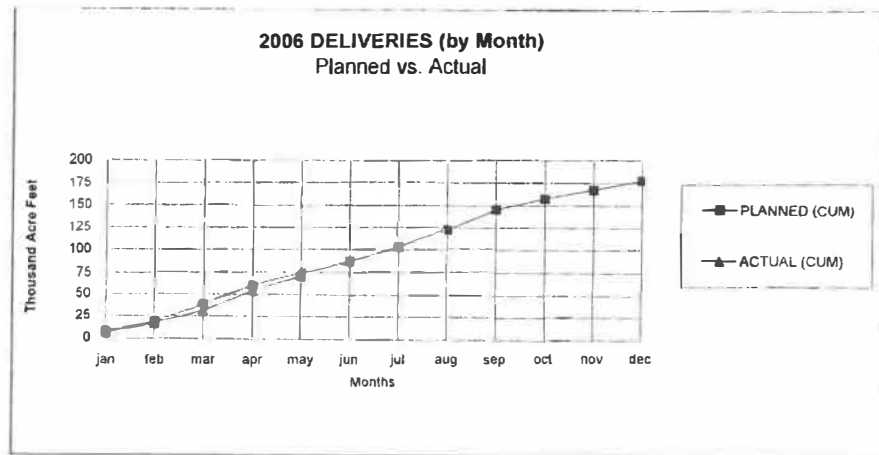
Call to the Public

Brian Henning (CAWCD) asked how much water the AWBA planned store in 2006 at the GRIC GSF should the permits be issued. Mr. Franzoy commented that the Community was currently in the process of evaluating potential delivery volumes.

The meeting adjourned at 10:20 A.M.

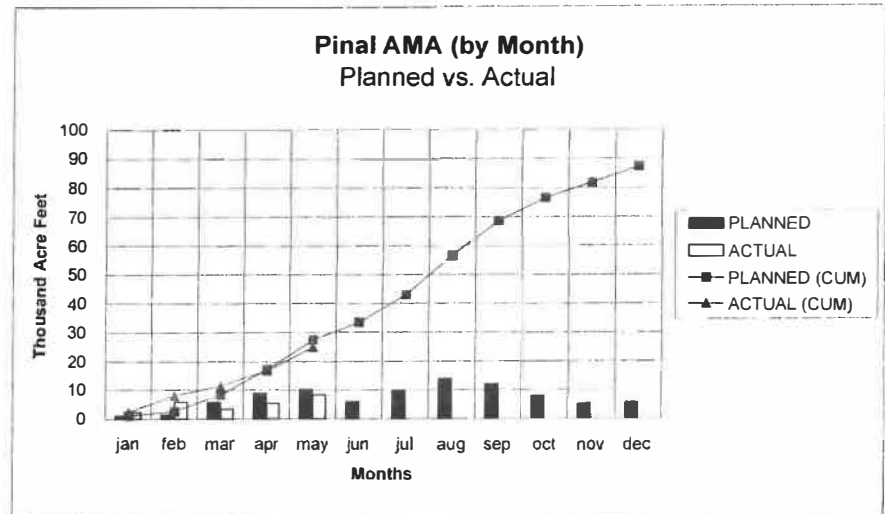
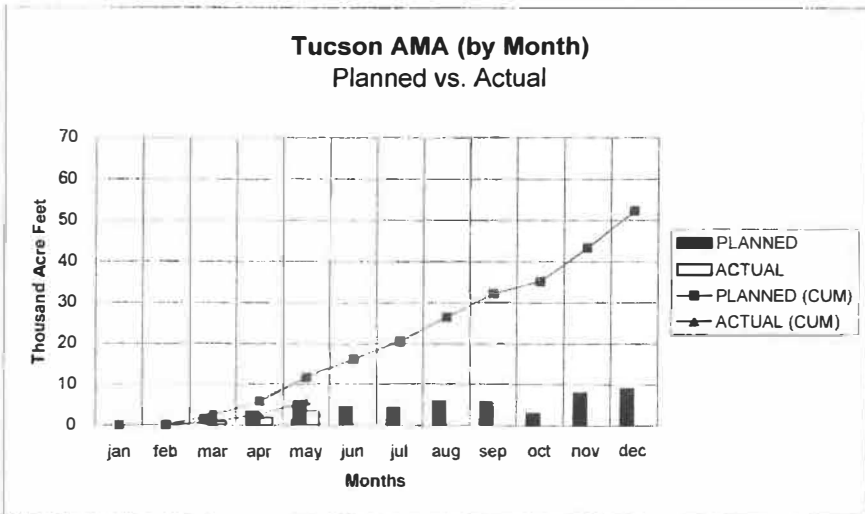
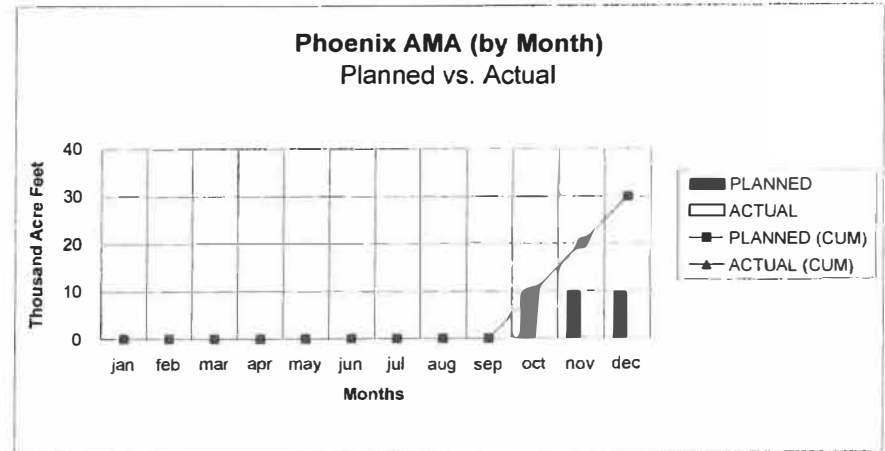
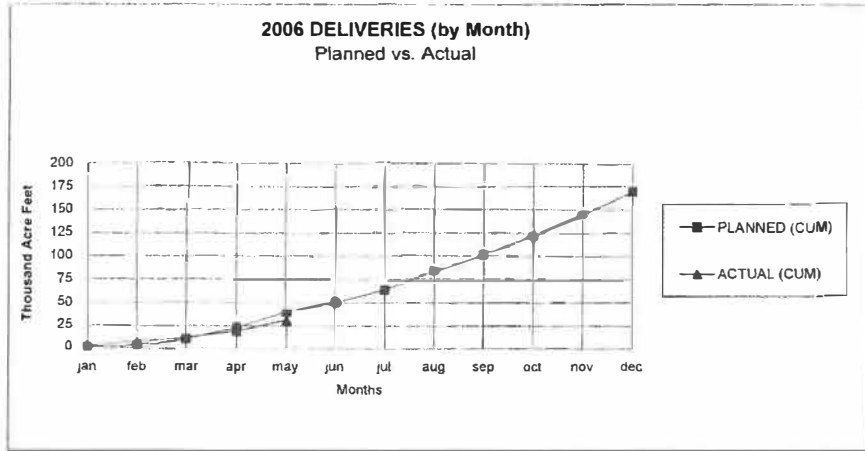
2006 Plan of Operation

INTRASTATE



2006 Plan of Operation

INTERSTATE



Actual deliveries updated
Plan of Operation

19-Jun-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	0	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	8,529	14,842	11,404	0	0	0	0	0	0	0	37,777
CHCID	0	0	0	0	0	0	0	0	0	0	0	0	0
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	3,002	8,529	14,842	11,404	0	0	0	0	0	0	0	37,777
Total to date	0	3,002	11,531	26,373	37,777	37,777	37,777	37,777	37,777	37,777	37,777	37,777	37,777
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	8,529	14,842	11,404	0	0	0	0	0	0	0	37,777
Total to date	0	3,002	11,531	26,373	37,777	37,777	37,777	37,777	37,777	37,777	37,777	37,777	37,777
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		19-Jun-06												total
Plan of Operations		1-Jan-06												
		jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	
Pinal AMA														
Intrastate	CAIDD	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	1,550	1,560	0	0	0	0	0	0	0	5,800
		410	720	1,560	1,550	1,560	0	0	1,150	1,560	400	0	9,000	
	HIDD	820	1,897	4,214	2,569	0	0	0	0	0	0	0	9,500	
		0	500	3,600	5,400	0	0	0	0	0	0	0	9,500	
	Subtotal	1,950	3,457	4,214	4,119	1,560	0	0	0	0	0	0	15,300	
	Total to date	1,950	5,407	9,621	13,740	15,300	15,300	15,300	15,300	15,300	15,300	15,300	15,300	
	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	
Interstate	CAIDD	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	0	0	0	0	25,000
	MSIDD	2,239	5,720	3,441	4,548	8,212	0	0	0	0	0	0	0	24,160
		1,030	1,440	5,720	3,210	5,300	640	2,080	8,740	7,500	5,240	3,690	2,970	47,760
	HIDD	50	0	0	750	0	0	0	0	0	0	0	0	800
		50	0	0	750	0	0	2,500	0	4,500	2,700	1,500	2,500	13,500
	Subtotal	2,289	5,720	3,441	5,298	8,212	0	0	0	0	0	0	24,960	
	Total to date	2,289	8,009	11,450	16,748	24,960	24,960	24,960	24,960	24,960	24,960	24,960	24,960	
	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	
Combined														
	Subtotal	4,239	9,177	7,655	9,417	9,772	0	0	0	0	0	0	40,260	
	Total to date	4,239	13,416	21,071	30,488	40,260	40,260	40,260	40,260	40,260	40,260	40,260	40,260	
	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	
Tucson AMA														
Intrastate	AVRA VALLEY	0	318	370	610	400	0	0	0	0	0	0	0	
		550	650	650	650	650	150	650	650	650	300	300	650	6,600
	CAVSARP	1,000	1,000	0	0	2,000	0	0	0	0	0	0	0	4,000
		2,000	0	2,000	2,000	2,000	2,000	2,000	2,000	3,000	1,000	0	20,000	
	PIMA MINE	582	0	970	1,735	1,006	0	0	0	0	0	0	4,293	
		928	928	1,938	1,938	0	0	0	0	0	0	0	5,732	
	LOWER SANTA CRUZ	3,233	1,812	902	1,553	0	0	0	0	0	0	0	7,500	
		3,299	3,299	902	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	
	Subtotal	4,815	3,130	2,242	3,898	3,406	0	0	0	0	0	0	17,491	
	Total to date	4,815	7,945	10,187	14,085	17,491	17,491	17,491	17,491	17,491	17,491	17,491	17,491	
	Projected total to date	6,877	11,754	17,244	21,832	24,482	26,632	29,282	31,932	34,582	37,882	39,162	39,832	
Interstate	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	
	CAVSARP	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	2,200	2,014	500	2,200	2,014	1,000	2,200	2,200	14,328
	LOWER SANTA CRUZ	0	0	809	1,720	3,343	0	0	0	0	0	0	5,872	
		0	0	2,397	3,300	3,800	2,500	3,800	3,800	2,600	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	
	Subtotal	0	0	809	1,720	3,343	0	0	0	0	0	0	5,872	
	Total to date	0	0	809	2,529	5,872	5,872	5,872	5,872	5,872	5,872	5,872	5,872	
	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	
Combined														
	Subtotal	4,815	3,130	3,051	5,618	6,749	0	0	0	0	0	0	23,363	
	Total to date	4,815	7,945	10,996	16,614	23,363	23,363	23,363	23,363	23,363	23,363	17,491	23,363	
	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	
TOTAL														
	Subtotal	9,054	15,309	19,235	29,877	27,925	0	0	0	0	0	0	101,400	
	Total to date	9,054	24,363	43,598	73,475	101,400	101,400	101,400	101,400	101,400	101,400	101,400	101,400	
	Projected total to date	9,667	20,914	49,540	83,196	113,756	138,609	166,904	205,319	246,308	279,721	312,211	347,431	

TULLY FLOOR AMENDMENT
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2869
(Reference to printed bill)

Page 5, line 11, strike "APPLICATIONS FOR"

Page 10, after line 44, insert:

"Sec. 7. Title 45, chapter 14, article 4, Arizona Revised Statutes, is amended by adding section 45-2473, to read:

45-2473. Arizona water banking authority; interstate water banking;
accounting

A. FOR EACH YEAR DURING WHICH THE ARIZONA WATER BANKING AUTHORITY IS OWED OR RECEIVES MONIES PURSUANT TO AN INTERSTATE WATER BANKING AGREEMENT WITH THE STATE OF NEVADA, OR ANY AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF NEVADA, INCLUDING THE SOUTHERN NEVADA WATER AUTHORITY, THE ARIZONA WATER BANKING AUTHORITY SHALL PROVIDE A FULL REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE THAT ACCOUNTS FOR ALL OF THE MONIES RECEIVED THROUGH THE INTERSTATE WATER BANKING AGREEMENT AND SHALL ACCOUNT FOR ALL DISBURSEMENTS MADE WITH THOSE MONIES, INCLUDING MONIES USED TO PURCHASE OR STORE WATER OR OTHERWISE FULFILL CONTRACTUAL OBLIGATIONS WITH THE STATE OF NEVADA UNDER THAT AGREEMENT. THE ARIZONA WATER BANKING AUTHORITY SHALL INCLUDE IN THESE REPORTS ANY PREPAID MONIES TO THE CENTRAL ARIZONA PROJECT, ANY MONIES RECEIVED UNDER THE AGREEMENT THAT ARE PLACED IN AN ACCOUNT WITH THE STATE TREASURER AND ANY CONTRACT THAT OBLIGATES THE ARIZONA WATER BANKING AUTHORITY TO PAY OR DISBURSE THESE MONIES TO ANY OTHER ENTITY, INCLUDING THE CENTRAL ARIZONA PROJECT.

B. THE ARIZONA WATER BANKING AUTHORITY SHALL SUBMIT THE REPORT PRESCRIBED IN SUBSECTION A TO THE JOINT LEGISLATIVE BUDGET COMMITTEE ON OR BEFORE OCTOBER 1 FOLLOWING THE FISCAL YEAR FOR WHICH THE REPORT IS MADE. THE REPORT SUBMITTED ON OR BEFORE

OCTOBER 1, 2006 SHALL CONTAIN THE INFORMATION FOR BOTH FISCAL YEARS 2004-2005 AND 2005-2006."

Renumber to conform

Page 13, line 34, strike "\$6,031,000" insert "\$6,331,000"

Page 14, strike lines 4 through 13

Renumber to conform

After line 18, insert:

"Sec. 14. Conditional repeal: notice

A. Section 45-2473, Arizona Revised Statutes, as added by this act, is repealed on June 30 of the fiscal year immediately following the last fiscal year in which the monies received under the interstate water banking agreement are used by the Arizona water banking authority paying for contract obligation costs or by the legislature appropriating monies received in excess of these costs, except that section 45-2473, Arizona Revised Statutes, as added by this act, shall not be repealed before June 30, 2020.

B. The director of the department of water resources shall notify in writing the director of the Arizona legislative council of the date in which the condition prescribed in subsection A of this section is met."

Amend title to conform

STEPHENTULLY

2869st
05/25/2006
12:21 AM
C: drt

PROPOSED AMENDMENT

SENATE AMENDMENTS TO H.B. 2869

(Reference to House engrossed bill)

Page 11, between lines 24 and 25, insert:

C. THE ARIZONA WATER BANKING AUTHORITY SHALL NOT SPEND, ENCUMBER, LEND OR IN ANY OTHER WAY USE THE MONIES RECEIVED PURSUANT TO THE INTERSTATE WATER BANKING AGREEMENT EXCEPT TO PAY THE COSTS DIRECTLY INCURRED IN MEETING THE ARIZONA WATER BANKING AUTHORITY'S OBLIGATIONS PURSUANT TO THE AGREEMENT AND SECTION 45-2425, ARIZONA REVISED STATUTES."

Page 14, between lines 33 and 34, insert:

"Sec. 14. Arizona state parks board: availability of monies

Notwithstanding section 41-511.11, Arizona Revised Statutes, Laws 2005, chapter 332, section 7 or any other law, all state parks enhancement fund monies are available in fiscal year 2006-2007 for the operation of state parks as appropriated by the legislature in the general appropriations act or for capital needs as determined by the Arizona state parks board with the prior approval of the joint committee on capital review to acquire and develop real property and improvements as state parks consistent with the purposes and objectives prescribed in section 41-511.03, Arizona Revised Statutes."

Re-number to conform

Amend title to conform

ROBERT "BOB" BURNS

5/31/06
7:31 AM
S: FB/ac

Arizona Water Banking Authority

3550 N. Central Avenue, Phoenix, Arizona 85012

Telephone 602-771-8487

Fax 602-771-8685



July 1, 2006

The Honorable Janet Napolitano
Governor, State of Arizona
1700 West Washington Street
Phoenix, Arizona 85007

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

EX OFFICIO MEMBERS
The Honorable Jake Flake
The Honorable Lucy Mason

Dear Governor Napolitano:

Enclosed is the Annual Report of the Arizona Water Banking Authority (AWBA) for Calendar Year 2005. The Annual Report details the amount of water stored by the AWBA, the monies received and expended from the banking fund and the remaining funds available to the AWBA. The Annual Report also includes a Ten Year Plan that examines the ability of the AWBA to achieve its statutory purposes into the future.

I would like to draw your attention to some notable highlights from the previous year. The AWBA continued to play a pivotal role in assisting the state of Arizona in maximizing the use of its 2.8 million acre-foot Colorado River entitlement in 2005. Through the flexibility provided by the AWBA, water that was originally ordered by CAP subcontractors, but could not be used by them, was delivered to the AWBA. This had a two-fold benefit to the state. First, it allowed Arizona to use almost all of its Colorado River entitlement, and second, by remarketing water to the AWBA, CAP was able to relieve those subcontractors that originally ordered the water of their "take or pay" obligations. Another benefit was for Nevada in that the additional water was stored on their behalf pursuant to the Amended Agreement for Interstate Water Banking (Amended Agreement). These deliveries brought the total number of long-term storage credits held on behalf of Nevada through the end of 2005 to 237,066 acre-feet. In light of the provisions of the Amended Agreement, the ability of the AWBA to store all water that becomes available is very important.

As always, I take great pride in submitting this report detailing the accomplishments of the AWBA. The drought conditions of the last few years have stressed the importance of wise water management in Arizona and I am confident that the AWBA will continue to be a successful and important component of Arizona's water management planning for the future.

Sincerely,

Herbert R. Guenther

CC: The Honorable Ken Bennett, President of the Arizona State Senate
The Honorable James Weiers, Speaker of the Arizona House of Representatives
The Honorable Jake Flake, Arizona State Senate
The Honorable Lucy Mason, Arizona House of Representatives

HRG:KM:ckl

FINAL DRAFT June 19, 2006

ARIZONA WATER BANKING AUTHORITY

ANNUAL REPORT
2005



1996

Submitted

July 1, 2006

FINAL DRAFT June 19, 2006

Arizona Water Banking Authority

Annual Report 2005

**Honorable Janet Napolitano
Governor of Arizona**

Members

**Herbert R. Guenther
*Chairman***

**William K. Perry
*Vice-chairman***

**Charles L. Cahoy
*Secretary***

**Maureen R. George
*Member***

**John T. Mawhinney
*Member***

***Ex officio*
Senator Jake Flake
Representative James Weiers**

FINAL DRAFT June 19, 2006
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Arizona Water Banking Authority Annual Report Requirement

Arizona Revised Statutes § 45-2426 mandates that the Arizona Water Banking Authority (AWBA) file an annual report with the Governor, President of the Senate and Speaker of the House of Representatives on or before July 1 of each year for the previous calendar year. The report is required to be a full and complete account of the AWBA's transactions and proceedings and must include the following:

1. An accounting of all monies expended from the banking fund.
2. An accounting of all monies in the banking fund remaining available to the AWBA.
3. The amount of water stored by the AWBA.
4. The number of long-term storage credits distributed or extinguished by the AWBA.
5. The purposes for which long-term storage credits were distributed or extinguished by the AWBA.
6. A description of the water banking services and interstate water banking to be undertaken by the AWBA during the following ten year period and a projection of the capacity of the AWBA during that period to undertake those activities in addition to storing Colorado River water brought into the state through the Central Arizona Project (CAP) for all of the following purposes:
 - a. Protecting this state's municipal and industrial (M&I) water users against future water shortages on the Colorado River and disruptions of operation of the CAP.
 - b. Fulfilling the water management objectives of the state.
 - c. Making water available to implement the settlement of water rights claims by Indian communities within Arizona.
7. Any other matter determined by the authority to be relevant to the policy and purposes of the AWBA.

Update

Calendar year 2005 again began as a year of limits as the AWBA faced significant constraints with respect to availability of funds and water. The 2005 Plan of Operation approved in December of 2004 projected less than 129,000 acre-feet of AWBA storage. However, record precipitation levels early in 2005 led to significant changes in the water demands of many CAP customers resulting in a number of requests for remarketing of scheduled water. As a result of the remarket requests, CAP informed the AWBA that more than 300,000 acre-feet of additional water would be available to the AWBA for delivery. The AWBA made every attempt to utilize the additional water that was made available, however, capacity constraints at underground storage facilities (USFs) resulted in the AWBA increasing its scheduled deliveries by 84,547 acre-feet. Also, in recognition of the financial constraints associated with intrastate storage in the Tucson and Pinal AMAs, the 2005 Plan was amended to include interstate water banking in an effort to assist CAP in fulfilling the remarket requests.

With respect to membership, there were three changes to the AWBA Commission in 2005 as shown in Figure 1. George Renner was replaced by William Perry, Senator Binder was replaced by Senator Flake, and Representative Flake was replaced by Representative Weiers. Additionally, there were three changes to the AWBA staff members. Throughout the course of the year, Sandra Fabritz-Whitney, Gerry Wildeman, and Nannette Flores, submitted their resignations for promotional opportunities within the Arizona Department of Water Resources. In November, Kim Mitchell was hired as Technical Administrator and Virginia O'Connell as Water Resource Specialist.

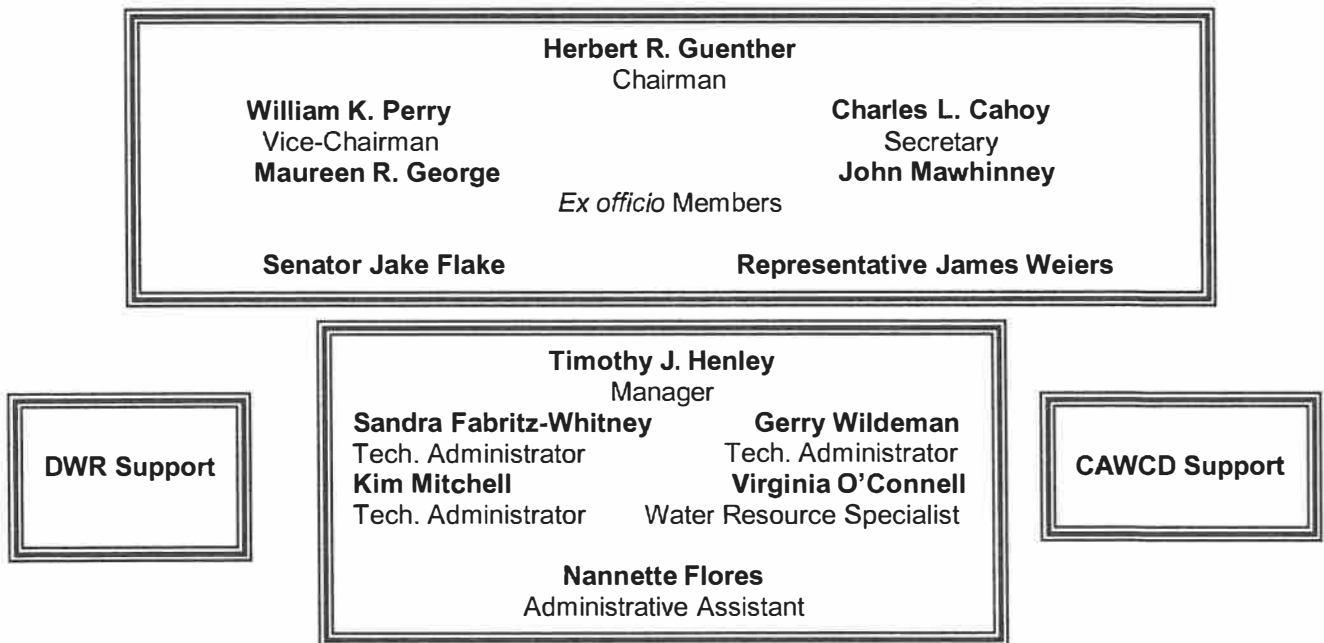


Figure 1. Arizona Water Banking Authority Organizational Chart for 2005

The Arizona Water Settlements Act (Settlements Act) was signed into law on December 10, 2004. A key element within the Settlements Act is the provision for enacting State legislation creating an Indian Firming Program for the Gila River Indian Community and future Indian water rights settlements. In April of 2005, the Governor signed House Bill 2728 that created the Indian Firming Study Commission (Study Commission). The Study Commission was formed to determine how Arizona would meet its obligation under the Settlements Act. The AWBA participated in the Study Commission meetings held throughout 2005. House Bill 2728 and the Study Commission will be discussed in more detail in the Legislative Activity section of this Report.

In 2005, CAP initiated a process to begin to address the issue of recovery of the credits held by the AWBA for the benefit of the municipal and industrial users. The AWBA's staff participated in that process.

Pursuant to the Amended Agreement for Interstate Water Banking (Amended Agreement), the AWBA continued to store water for the benefit of Nevada. The AWBA was able to store this water because it became available when other CAP users reduced their orders. Storing water for Nevada had two main benefits in 2005; first, it allowed the AWBA to begin to meet its obligations under the amended agreement and second, it provided the opportunity for CAP to re-market previously ordered but unused water for full price. The second benefit also allowed CAP to recover its cost while not having to implement the take or pay provisions in its contracts with the CAP users that reduced their requests. In addition to these benefits, the AWBA was able to offer its groundwater savings facilities (GSF) partners CAP water at a reduced rate. This added incentive encouraged the GSFs to increase their use of CAP water, This was done in recognition of the extreme importance of full utilization of Arizona's Colorado River entitlement. The Amended Agreement is discussed in more detail in the Activities and Projects section of this report.

In 2005, the AWBA delivered for recharge a total of 213,273 acre-feet of water; 92,732 acre-feet for intrastate purposes and 120,541 acre-feet of water on behalf of the SNWA. The quantity of water received by each facility is described in Appendix A and totaled 33,141 acre-feet of water in the Phoenix AMA, 106,044 acre-feet of water in the Pinal AMA, and 74,088 acre-feet in the Tucson AMA.

Total consumptive use of Colorado River water by Arizona for 2005 was approximately 2.33 million acre-feet. Distribution of that quantity was approximately 1.01 million acre-feet for direct uses along the Colorado River and CAP diversions of approximately 1.32 million acre-feet.

For more information about the Arizona Water Banking Authority, consult the AWBA web page at www.awba.state.az.us or contact Tim Henley (tjhenley@azwater.gov), Kim Mitchell (krmitchell@azwater.gov) or Virginia O'Connell (voconnell@azwater.gov) or by phone at 602-771-8487.

Activities and Projects - 2005

Amended Agreement for Interstate Water Banking

On July 3, 2001, the Agreement for Interstate Water Banking (2001 Agreement) among the AWBA, the SNWA and the CRCN was executed¹. In the 2001 Agreement, the AWBA agreed to use its “best efforts” to store water in Arizona in an amount sufficient to develop an aggregate total of 1.2 million acre-feet of long-term storage credits. Those credits would then be recovered to develop Intentionally Created Unused Apportionment (ICUA) for Nevada as a temporary supply of water to allow Nevada time to develop other long-term water supplies. The 2001 Agreement contained specific provisions to insure that any water stored for Nevada was water that could not be utilized by water users in Arizona. Nevada would pay the full cost of water delivery and storage in addition to all costs associated with recovery of the long-term storage credits. The 2001 Agreement was negotiated recognizing the surplus provisions of the Interim Surplus Guidelines (ISG).

The ISG published on January 25, 2001 by the United States Department of the Interior, control the operation of the Lower Colorado River system through 2016. The ISG provide more liberal surpluses to allow a transition period for California to reduce its reliance on Colorado River water and to implement measures to limit its total uses of Colorado River water in the state to 4.4 million acre-feet. Consequently, at the time the 2001 Agreement was negotiated, Nevada anticipated that its water needs would be met through 2016 by surplus water made available through the ISG. After 2016, Nevada intended to utilize credits stored on its behalf in the Arizona water bank. However, in 2004, surpluses under the ISG were not available because the projected storage content of Lake Mead was below the critical threshold content established in the ISG. Consequently, Nevada began exploring alternative ways to meet their water supply needs and approached Arizona with a proposal to amend the existing agreement in such a manner that Nevada’s water supply could be made more secure in the shorter term. Nevada began negotiations regarding the amendments with AWBA and CAP staff.

In summary, the amendments were as follows: (1) guaranteed Nevada a total of 1.25 million acre-feet of credits; (2) recognized that water other than Colorado River water may be the source of credits; (3) Nevada would pay the full cost of delivery, storage and recovery in addition to an additional sum of money to mitigate the risk of the guarantee; (4) identified a set schedule for recovery of long-term storage credits; and (5) a sufficient supply would be recovered to allow Nevada to use 340,000 acre-feet during a declared shortage on the Colorado River.

A discussion paper was prepared by AWBA staff, widely distributed to the public, and discussed at various meetings throughout the Phoenix and Tucson areas. This discussion paper included pertinent background information, a review of the current agreement and proposed changes, and a description of the benefits to Arizona. The Amended Agreement for Interstate Water Banking (Amended Agreement) was approved by the AWBA Commission on December 9, 2004 and executed on February 3, 2005.

The two most significant provisions of the Amended Agreement are that Arizona has now guaranteed Nevada that a sum total of 1.25 million acre-feet of credits will be developed on their behalf. In exchange for this guarantee, Nevada will pay Arizona \$100 million above the actual cost of water delivery and storage. The initial \$100 million dollar payment was made in two installments in 2005,

¹ For purposes of this discussion, the SNWA and the CRCN will be collectively referred to as “Nevada”.

the payments were deposited with the Arizona State Treasurer's Office. As stated earlier, the AWBA began storing water pursuant to the Amended Agreement in 2005.

The AWBA sub-account for Nevada had a balance of 237,066 acre-feet of long-term storage credits at the end of 2005. That balance was comprised of 50,000 acre-feet of credits transferred from CAWCD for storage done in the early 1990's under the demonstration project. Additionally, Nevada earned 61,098 acre-feet of credits for storage completed in 2002, 14,162 acre-feet of credits for storage completed in 2004, and 111,806 acre-feet of credits for storage completed in 2005.

Facilities that agreed to accept additional water for interstate storage did not receive interstate water until the quantity of intrastate water agreed upon in the original Plan had been delivered. The additional water stored on behalf of Nevada was stored in storage facilities located in Pinal and Pima Counties. Storage for interstate purposes included 78,544 acre-feet of water stored in three GSFs in Pinal County and 41,997 acre-feet of water stored in three USFs in Pima County.

Agreement to Firm Future Supplies

Pursuant to statute, the AWBA is required to reserve a reasonable number of long-term storage credits developed with general fund appropriations for the benefit of on-river M&I water users during times of shortage. On January 1, 1998, the AWBA adopted a motion that identified 420,000 acre-feet as the reasonable number of long-term storage credits for on-river M&I firming. On March 20, 2002, the AWBA adopted a resolution that provided priorities of use for the general fund credits and identified on-river M&I firming as the first priority.

The manner in which the general fund credits would be reserved, and then recovered and distributed during a shortage, has long been an issue of concern to the on-river users. The issue once again came to the forefront in light of the significant commitment made to Nevada by the AWBA under the Amended Agreement for Interstate Water Banking. In recognition of the concerns, the AWBA and the Mohave County Water Authority (MCWA) entered into the Agreement to Firm Future Supplies (Agreement to Firm). The Agreement to Firm recognizes that the MCWA can enter into subcontracts with on-river M&I water users having the same priority as the CAP. These are the water users for whom the AWBA must firm M&I supplies. Upon execution of the subcontracts and payment of the appropriate fees, the AWBA would reserve the appropriate quantity of long-term storage credits as described in the Agreement to Firm.

The Agreement to Firm was approved by the AWBA on December 9, 2004 and executed by the parties on February 4, 2005. All entities in Mohave County were contacted by MCWA and offered the option to participate in the Agreement. The deadline for MCWA to include on-river M&I water users under the coverage of the Agreement to Firm was July 15, 2005; subcontract entities included in Exhibit A of the Agreement to Firm include Arizona State Parks, Bullhead City, Lake Havasu City, and Mohave Water Conservation District. Pursuant to the Agreement to Firm, 230,280 acre-feet of the current 396,499 acre-feet of credits in the General Fund Account were transferred to a sub-account in MCWA's name. The remaining credits in the General Fund Account could still be available to firm on-river supplies.

Amendment to Excess Water Contract

The original Excess Water Contract Between CAWCD and the AWBA (Excess Water Contract) in June, 2002 provided that AWBA make 12 levelized, monthly payments based on the annual AWBA water schedule. The Excess Water Contract was amended by the AWBA in March, 2005 to authorize monthly billing based on actual deliveries in the previous month. More efficient accounting for both AWBA and CAP staff was provided by the Amendment.

Requests for Creation of Intentionally Created Unused Apportionment

No ICUA was developed in 2005.

Legislative Activity

House Bill 2728

On April 18, 2005 Governor Napolitano signed House Bill 2728. Key provisions of the legislation affecting the AWBA include: extending withdrawal fees past 2016 in the Pinal AMA, describing the Southside replenishment obligation, establishing a Southside replenishment bank and identifying the AWBA as the entity responsible for maintaining the Southside replenishment bank, and the creation of a study commission to address firming the supplies and how the obligations will best be met.

The Indian Firming Study Commission (Study Commission), held six meetings throughout the year. Three AWBA (voting) members and one AWBA staff member sat on the 16-member Study Commission. Draft recommendations were completed in December, 2005 with the primary focus on recognizing the AWBA as the entity best suited to fulfill the State's obligations described in Section 105(b) of the Arizona Water Settlements Act. The Study Commission recommended that the AWBA be provided with sufficient funding to implement the Indian Firming Program and be empowered by the Arizona Legislature to include programs to address this new responsibility. The Study Commission's final report was submitted to Governor Napolitano on January 6, 2006. The Arizona Legislature incorporated the Study Commission recommendations in House Bill 2835. The Governor signed House Bill 2835 on April 12, 2006 which amended the AWBA's statutory authority to better meet the State's obligation under the Arizona Water Settlements Act.

Existing Fund Account Balance Impacts

On May 28, 2004, the Governor signed Senate Bill 1402 that transferred \$2 million from the AWBA Fund for Fiscal Year 2005. This transfer specifically identified that the \$2 million could not come from 4¢ *ad valorem* tax revenues. The transfer actually occurred in 2005 prior to the end of the Fiscal Year 2005.

Revenue Impacts

In June, 2005, the AWBA requested \$26 million from the Southern Nevada Water Authority (SNWA) as partial prepayment of the \$100 million reserve account as detailed in Section 2.4 of the Amended Agreement for Interstate Water Banking. The \$26 million was received and transferred to the CAP as prepayment for water delivery and storage. Receipt of these funds allowed the Authority to take full advantage of the additional CAP water that was available in 2005. In October, 2005, the remaining \$74 million was requested and invested with the Arizona 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. Once SNWA begins making payments to the operating account, the funds borrowed from the reserve account will be repaid with interest.

Agreement and Facility Permit Activity

The AWBA submitted two water storage permit applications in 2005. A new water storage permit application for the Tonopah Desert Recharge Project facility was permitted in July of 2005. The maximum storage volume for this permit is 150,000 acre-feet per annum for the first 4 years and 87,500 acre-feet per annum for the next 16 years.

A modification of the water storage permit for the Central Avra Valley Storage and Recovery Project (CAVSARP) facility was permitted in December of 2005. The modification increased the maximum storage volume from 60,000 to 80,000 acre-feet per annum.

2006 Annual Plan of Operation

Pursuant to the 2006 Plan, the AWBA projects recharge in excess of 347,431 acre-feet. Of this quantity, more than 230,438 acre-feet are projected to be recharged at underground storage facilities (USF) and more than 116,993 acre-feet are projected to be recharged at groundwater savings facilities (GSF). The 2006 Plan of Operation is available on the AWBA website.

Media Coverage

The AWBA did not receive any direct press coverage during 2005. In addition to the multitude of articles on the seven-basin state discussions and Colorado River shortages, the published articles below were indirectly associated with the AWBA.

“Valley’s CAP Runneth Over: Rains Drive Water Release”, The Arizona Republic, February 18, 2005

“PICO Holdings, Inc. Announces Pact to Sell Property and Water Rights in Arizona”, Wall Street Journal, April 5, 2005

“State Zeal for Water Measures Drying Up”, The Arizona Republic, May 5, 2005

Web Page

The AWBA has maintained a web page at www.awba.state.az.us since 1997 to provide timely and accurate information regarding the AWBA’s activities to the water community. The web page contains information about the AWBA, AWBA members and staff, the AWBA’s recharge partners, monthly water deliveries, AWBA announcements and scheduled meetings and meeting minutes. It also contains publications and documents that may be downloaded and provides links to other water related web sites. In December, 2005, AWBA staff announced their intention to develop a new AWBA website to improve its organization and ease of use.

Monies Expended from the Banking Fund

Arizona Revised Statutes § 45-2425 mandates the various sources of monies for the Water Banking Fund (Fund) that is administered by the AWBA per the statute. In 2005, the AWBA obtained its funding from the following sources:

1. Fees for groundwater pumping are collected within the Phoenix, Pinal and Tucson AMAs. Fees for water banking purposes are charged at \$2.50 per acre-foot. The fees for groundwater pumping are statutorily available to the AWBA through 2016. Long-term storage credits accrued with these monies must be used to benefit the AMA in which they were collected.
2. The CAWCD is statutorily authorized through 2016 to levy an *ad valorem* property tax in the three-county CAP service area that cannot exceed four cents per \$100 of assessed valuation and is used either for repayment or OM&R costs of the CAP. If the taxes levied are not needed for those purposes, an annual resolution of the CAWCD board can direct them to the Fund. In June of 2005, the CAWCD board resolved that all taxes to be levied for the following tax year would be retained by the CAWCD. Consequently, there were no *ad valorem* tax revenues deposited into the Fund in 2005. Money from this source must be used to benefit the county in which it was collected.

Table 1 shows the money the AWBA received and expended in 2005 by source of funds. Table 2 shows the total money received, expended and remaining through December 2005 by source of funds. Any remaining money is available to be expended in subsequent years; any interest that accrues on this money is available for use.

Table 1. Monies Collected and Expended in 2005 by Source of Funds

Source of Funds	Money Collected	Money Expended
General Fund	\$0	\$0
Interstate Water Banking - Nevada	\$100,000,000	\$25,710,106
4¢ Ad valorem Tax		
Maricopa County	\$0	\$539,348
Pinal County	\$0	\$312,438 ¹
Pima County	\$0	\$2,142,037 ¹
Subtotal for Ad valorem	\$0	\$2,993,823
Groundwater Withdrawal Fee		
Phoenix AMA	\$2,581,867	\$1,178,125
Pinal AMA	\$1,190,779	\$870,062
Tucson AMA	\$504,608	\$570,536
Subtotal for Withdrawal Fees	\$4,277,254	\$2,618,723
TOTAL	\$104,277,254	\$31,322,652

¹ Money expended by CAWCD to offset the AWBA delivery costs.

Table 2. Monies Collected and Expended through December 2005 and Monies Remaining Available

Source of Funds	Money Collected	Money Expended	Money Available ¹
General Fund	\$10,695,000	\$10,695,000	\$0
Interstate Water Banking - Nevada	\$110,233,462	\$37,356,698	\$72,876,764
4¢ Ad valorem Tax			
Maricopa County	\$77,680,190 ²	\$40,214,639 ³	\$37,465,551 ⁴
Pinal County	\$2,975,007 ²	\$2,816,316 ³	\$158,691
Pima County	\$15,713,656 ²	\$15,111,529 ³	\$589,707
Subtotal for Ad valorem	\$96,368,853	\$58,142,484	\$38,213,949
Groundwater Withdrawal Fee			
Phoenix AMA	\$9,155,519 ⁵	\$8,751,777	\$403,742
Pinal AMA	\$8,926,411	\$8,651,587	\$274,824
Tucson AMA	\$5,293,897	\$5,293,897	\$0
Subtotal for Withdrawal Fees	\$23,375,827	\$22,697,261	\$678,566
TOTAL	\$240,673,142	\$128,891,443	\$111,781,699

¹ Money remaining in AWBA Fund or collected by CAWCD.

² Includes money collected by CAWCD.

³ Includes money expended by CAWCD and used to offset the AWBA delivery costs.

⁴ \$12.1 million remaining in the Maricopa County *ad valorem* tax fund.

⁵ Total money collected was decreased to reflect the \$9 million legislative transfer in FY 2004 and the \$2 million legislative transfer in FY 2005.

Long-term Storage Credits

The AWBA has established Long-term Storage Accounts with ADWR. The Phoenix AMA account number is 70-441150, the Pinal AMA account number is 70-431135, and the Tucson AMA account number is 70-411150. After receiving the AWBA's annual reports for its water storage and water transfer permits and the annual reports for the recharge facilities, ADWR calculates and issues long-term storage credits to the appropriate accounts. The AWBA receives credit for 95% of the recoverable quantity of stored water. The 5% that is not credited is termed the cut to the aquifer and provides additional groundwater replenishment benefits. This cut to the aquifer is mandated by statute and applies to most storage of water for long-term credit. The recoverable amount of stored water is determined by subtracting facility losses from the quantity of water delivered to the facility. After credits are issued to the account, AWBA staff allocate the credits to the appropriate sub-accounts based on source of funding. The number and distribution of long-term storage credits for 2005 are listed in Table 3. The cumulative totals of long-term storage credits accrued by the AWBA through December 2005 are listed in Table 4.

Table 3. Number and Location of Long-term Storage Credits Accrued in 2005

Location and Funding Source	Long-term Storage Credits Accrued (AF)
Phoenix AMA	
4¢ <i>Ad valorem</i> Tax	7,504
Groundwater Withdrawal Fee	20,188
General Fund	0
Interstate - Nevada	0
AMA Total	27,692
Pinal AMA	
4¢ <i>Ad valorem</i> Tax	4,196
Groundwater Withdrawal Fee	18,649
General Fund	0
Interstate - Nevada	72,092
AMA Total	94,937
Tucson AMA	
4¢ <i>Ad valorem</i> Tax	23,928
Groundwater Withdrawal Fee	6,318
General Fund	0
Interstate - Nevada	39,714
AMA Total	69,960
Totals by Funding Source	
4¢ <i>Ad valorem</i> Tax	35,765
Groundwater Withdrawal Fee	45,018
General Fund	0
Interstate - Nevada	111,806
TOTAL	192,589

Table 4. Cumulative Total and Location of Long-term Storage Credits Accrued through December 2005

Location and Funding Source	Long-term Storage Credits Accrued (AF)
Phoenix AMA	
4¢ <i>Ad valorem</i> Tax	878,916
Groundwater Withdrawal Fee	151,776
General Fund	59,937
Interstate Water Banking - Nevada	0
AMA Total	1,090,629
Pinal AMA	
4¢ <i>Ad valorem</i> Tax	94,841
Groundwater Withdrawal Fee	267,605
General Fund	296,814
Interstate Water Banking - Nevada	192,381
AMA Total	851,641
Tucson AMA	
4¢ <i>Ad valorem</i> Tax	204,846
Groundwater Withdrawal Fee	71,918
General Fund	39,748
Interstate Water Banking - Nevada	44,685
AMA Total	361,197
Totals by Source of Funds	
4¢ <i>Ad valorem</i> Tax	1,178,740
Groundwater Withdrawal Fee	491,162
General Fund	396,499
Interstate Water Banking - Nevada	237,066
TOTAL	2,303,467

Since inception, the AWBA has focused its efforts on developing long-term storage credits for firming purposes and the AWBA has identified 2,700,000 acre-feet as reasonable to firm the CAP M&I subcontracts over the next 100 years. This would be divided as 58% to Maricopa County, 32% to Pima County and 9% to Pinal County based on a pro-rata distribution to the three counties on the basis of CAP M&I subcontracts. The AWBA has also identified 420,000 acre-feet as reasonable to firm the on-river communities over the next 100 years. In 2002, the AWBA adopted a resolution that identified on-river firming as the highest priority of use for the general fund credits and established priorities for other uses (Indian settlements, etc.). Consequently, all or part of the general fund credits could be utilized to firm on-river M&I users. It should be noted that the AWBA collects reimbursement for the replacement cost of credits used for on-river firming. As those credits are used and replaced, they can be utilized by the AWBA for other authorized purposes. Table 5 illustrates the progress made by the AWBA towards meeting its established goals.

Table 5. Identified Uses of Long-term Storage Credits Accrued through December 2005 and Percentage of AWBA Goals Achieved

Location and Objective	Goal (AF of Credits)	LTS Credits Accrued (AF)	Percent of Goal Achieved
Phoenix M&I Firming ¹	1,566,000	880,575	56%
Phoenix Groundwater Mgmt ²		152,653	N/A
Pinal M&I Firming ¹	243,000	94,841	39%
Pinal Groundwater Mgmt ²		267,605	N/A
Tucson M&I Firming ¹	864,000	204,846	24%
Tucson Groundwater Mgmt ²		71,918	
General Fund ³			
On-River M&I Firming ⁴	420,000	396,499	94% ⁵
Interstate Water Banking - NV	1,250,000 ⁶	237,066	19%

¹ All three Active Management Areas have stated that withdrawal fees could be utilized in addition to 4¢ *ad valorem* tax revenues for M&I firming if needed to reach firming goals.

² Pursuant to House Bill 2835, firming M&I supplies is a water management objective for the use of credits developed by groundwater withdrawal fees.

³ Specific uses of general fund credits have not been determined by the AWBA.

⁴ By resolution passed in 2002, the AWBA established on-river firming as the highest priority of use for credits accrued through expenditure of general fund appropriations.

⁵ This percentage reflects full utilization of general fund credits accrued to date and would change as other objectives are identified by the AWBA.

⁶ Pursuant to the Amended Agreement for Interstate Water Banking, the AWBA has committed to have this number of long-term storage credits within the Nevada sub-account.

The average annual cost for the AWBA to obtain one acre-foot of long-term storage credit is presented in Table 6. Table 6 illustrates that the unit cost per long-term storage credit has increased each year the AWBA has been in operation with the exception of 2001. Increases are typically a function of three primary factors: annual increases in the cost per acre-foot of water delivered, annual increases in the cost of storage facilities and increased percentage of total water stored in USFs.

Table 6. Average Annual Cost for the AWBA to Obtain a Long-term Storage Credit¹

Year	Credits	Funds Expended	Average Cost	% Stored in GSF: % Stored in USF
1996	None	None	\$0	0% : 0%
1997	296,987	\$6,387,000	\$21.51	85% : 15%
1998	202,542	\$7,143,000	\$35.27	68% : 32%
1999	232,142	\$8,733,000	\$37.61	68% : 32%
2000	272,123	\$11,163,000	\$41.02	60% : 40%
2001	275,406	\$10,893,590	\$39.55	62% : 38%
2002	262,317	\$13,700,300	\$52.23 ²	64% : 36%
2003	200,168	\$11,077,666	\$55.34	47% : 53%
2004	251,456	\$17,855,997	\$71.01 ²	41% : 59%
2005	80,784	\$5,612,546	\$69.48 ²	58% : 42%

¹ The information in this table was obtained from previous Annual Reports. Any differences between the number of credits displayed here and the total cumulative number in Table 4 are due to the on-going nature of the accounting process.

² Average cost is for intrastate credits only.

Long-term Storage Credits Distributed or Extinguished by the Authority

The long-term storage credits developed by the AWBA to date have been identified as reserved for four purposes: firming the post-1968 Colorado River municipal and industrial (M&I) entitlements; firming the post-1968 M&I entitlements for entities outside the CAP service area; fulfilling the water management objectives set forth in Chapter 2 of Title 45 (Arizona Revised Statutes); and for interstate water banking purposes pursuant to agreements with Nevada. Credits for firming purposes may be distributed or extinguished when the Colorado River system is deemed to be in a shortage or if there is an operational disruption of the CAP. There were no shortages or unplanned CAP operational problems, therefore, no credits were distributed or extinguished for these purposes in 2005. Credits may be distributed or exchanged for water management purposes upon request of the director of ADWR. There were no requests made for distribution or extinguishment of credits for water management purposes in 2005.

Under the 1999 amendments to the AWBA legislation, the AWBA is authorized to develop credits with monies collected pursuant to water banking services agreements. In 2005, no credits were developed or distributed under such agreements. Additionally, there was no recovery of long-term storage credits for interstate purposes in 2005.

Ten Year Plan for Calendar Year 2005

Introduction

Preparation of the ten year plan is statutorily mandated. The ten year plan must include a description of any water banking activities the AWBA intends to undertake in addition to the three primary AWBA functions of firming for M&I supplies, assisting in Indian water rights settlements, and fulfilling state water management objectives. The ten year plan is presented in Table 7. The ten year plan must also provide an analysis of the AWBA's ability to complete those activities. This analysis is provided in Table 8. The ten year plan is not a guarantee of future storage activities and is completed for planning purposes only. In any given year, the AWBA's activities are governed by the annual Plan of Operation.

The ten year plan for the year 2005 analyzes activity for the period 2007-2016 (Table 7) and was derived using the information found in Appendices B through G. AWBA accounting for previous years can be found in the 2005 Annual Report. AWBA staff developed the ten year plan based on the following guiding principles:

1. The intent of the plan is to evaluate if the AWBA can engage in water banking activities beyond the scope of the currently established AWBA role and to what extent.
2. The plan covers a ten year time period beginning with the next calendar year. For example, this ten year plan covers the time period 2007-2016.
3. The plan will be updated annually based on current priorities of the AWBA.
4. The plan is an important tool to be utilized in development of the next year's annual Plan of Operation.

Ten Year Plan Components

The following factors are recognized to be important elements in developing the model used to generate the ten year plan. Inclusion or exclusion of a specific factor or component of a factor was based on whether the extent of the effect of the factor could be predicted over the planning period, and whether the factor was anticipated to be at issue over the planning period.

1. Storage Partners and Storage Capacity

The AWBA has 12 water storage permits for GSFs with a total storage capacity of 543,359 acre-feet per year and is currently in the process of renewing its water storage permit at the Salt River Project GSF for an additional 100,000 acre-feet per year. The AWBA is also pursuing an agreement with the Gila River Indian Irrigation and Drainage District (GRIIDD) for storage at a GSF on Community land. The proposed GSF is located both in the Phoenix and Pinal AMAs and would require a water storage permit for each AMA. This GSF would add an additional 56,000 acre-feet per year of storage capacity, however it is only expected to operate through December, 2007. Appendix C describes the storage partners, storage permits and capacity available for use by the AWBA. It also identifies the partners that the AWBA included in development of this ten year plan.

Table 7. Ten Year Plan

ARIZONA WATER BANKING AUTHORITY – 10 YEAR PLAN 2007 – 2016 (Acre-feet)															
YEAR	(a)	(b)		(c)		(d)		(e)		(f)		(g)	(h)	(i)	(j)
	CAP Water Avail for AWBA	CAP M&I Firming (4¢ tax)		Water Management (Withdrawal Fees)		General Fund		Indian Settlement		Loaned Credits		Storage for Others	Interstate Banking		
		Delivered	Credits	Delivered	Credits	Delivered	Credits	Delivered	Credits	Delivered	Credits		Water Avail.	AWBA Capacity Avail.	Credits
Pre-Plan ⁽ⁱ⁾	n/a	1,332,312		571,945		396,499							423,019		
2007	621,749	249,825	229,839	62,333	57,347	0	0	0	0	0	0		309,591	257,352	136,428
2008	634,365	256,359	235,850	103,536	95,253	0	0	0	0	0	0		274,470	221,710	134,405
2009	613,364	235,381	216,551	119,217	109,680	0	0	0	0	0	0		258,765	226,495	128,950
2010	544,735	246,895	227,143	116,804	107,460	0	0	0	0	0	0		181,036	208,898	135,539
2011	513,688	142,939	131,504	109,500	100,740	0	0	0	0	0	0		261,248	326,863	131,775
2012	509,982	295,236	271,617	102,817	94,592	0	0	0	0	0	0		111,929	184,593	105,213
2013	471,855	232,298	213,714	97,379	89,589	0	0	0	0	0	0		142,178	238,429	54,671
2014	443,673	279,893	257,501	92,354	84,966	0	0	0	0	0	0		71,426	199,518	0
2015	434,421	221,050	203,366	87,690	80,675	0	0	0	0	0	0		125,682	261,434	0
2016	422,292	182,182	167,607	83,353	76,685	0	0	0	0	0	0		156,758	305,580	0
TOTAL		3,487,004		1,468,932		396,499							1,250,000		

FOOTNOTES:
 (a) See Appendix B.
 (b) See Appendix D.
 (c) See Appendix E. Includes 97,520 AF credits accrued in 2006 and 2007 pursuant to storage at the proposed GRIIDD GSF, which could be used to meet the State's Indian firming obligations.
 (d) See Appendix F.
 (e) No Indian settlement requirements included in this ten year plan.
 (f) Currently no requests for loaned credits.
 (g) Currently the AWBA is not providing banking services for others.
 (h) Available CAP Supplies minus AWBA intrastate delivery requirements.
 (i) See Appendix G.
 (j) Cumulative totals for 1997-2006; 2005 actual credits and 2006 credits estimated based on projected deliveries.

Table 8. AWBA Percentage of Goals Achieved through 2016

Location and Objective	Goal (AF of Credits)	LTS Credits Accrued (AF)¹	Percent of Goal Achieved
Phoenix M&I Firming	1,566,000	2,629,158 ²	168%
Phoenix Groundwater Mgmt ³		733,689	N/A
Pinal M&I Firming	243,000	234,456	96%
Pinal Groundwater Mgmt ³		571,665	N/A
Tucson M&I Firming	864,000	623,390	72%
Tucson Groundwater Mgmt ³		163,577	N/A
General Fund ⁴			
On-River M&I Firming ⁵	420,000	396,499	94% ⁶
Interstate Water Banking - NV	1,250,000 ⁷	1,250,000 ⁸	100%

¹Cumulative totals for 1997-2006; actual credits through 2005 and 2006 credits estimated based on projected deliveries.

²The M&I firming goal will be met in 2010.

³Pursuant to House Bill 2835, firming M&I supplies is a water management objective for the use of credits developed by groundwater withdrawal fees. If withdrawal fees are utilized for M&I firming, the Pinal firming goal will be met. With full utilization of withdrawal fees in the Tucson AMA, the percent of goal achieved through 2016 is 91%.

⁴Specific uses of general fund credits have not been determined by the AWBA.

⁵By resolution passed in 2002 the AWBA established on-river firming as the highest priority of use for credits accrued through expenditure of general fund appropriations. Pursuant to the AWBA Agreement to Firm with the Mohave County Water Authority (MCWA) dated February 4, 2005, a total of 230,280 acre-feet of credits were transferred to the MCWA long-term-storage account in 2005.

⁶This percentage reflects full utilization of general fund credits and could change as other objectives are identified by the AWBA.

⁷Pursuant to the Amended Agreement for Interstate Water Banking, the AWBA has committed to store this quantity of water on behalf of the Southern Nevada Water Authority.

⁸The goal will be met in 2013.

All of the facility permits associated with the GSFs will expire within this ten year plan. In most instances, the AWBA's water storage permits expire simultaneously with the partners' facility permits. Consequently, any difficulty on the part of the partners or the AWBA to obtain new permits could affect the ability of the AWBA to maintain adequate storage capacity to fulfill water banking activities. Discussions with ADWR recharge staff have indicated that there have been some changes in the process for obtaining a GSF facility permit. The rapid rate of urbanization in the AMAs has resulted in ADWR issuing GSF permits with a five year term rather than the usual ten year term, unless the applicant can provide evidence that development will not change their ability to store water. An increase in development may reduce the acreage available for irrigation, thus reducing the amount of water available for storage at the GSF. Other operational procedures currently associated with the renewal of a GSF facility permit can also make the process more difficult. Furthermore, all of the agreements for water storage expire within this ten year planning period. Impacts of this nature cannot be predicted and, although they are recognized, were not included in development of this ten year plan.

The AWBA currently has ten water storage permits for USFs with a total storage capacity of 781,000 acre-feet per year until 2009 and 718,500 acre-feet per year for the remainder of the planning period (recharge at the Tonopah Desert Recharge Project is reduced from 150,000 acre-feet per year to 87,500 acre-feet per year after 2009). The GRUSP permit is the only facility permit that expires within this planning period.

As previously described in the GSF discussion, any difficulty in obtaining new permits could impact the capacity available to the AWBA. As the process of obtaining a new USF permit can be more complex and extensive than obtaining a new GSF permit, the possibility of impact is greater. However, impacts of this nature cannot be predicted and are not included in the analysis of this ten year plan.

2. Recovery

This ten year plan includes a recovery component for interstate purposes pursuant to the Amended Agreement for Interstate Water Banking (Amended Agreement). The Amended Agreement authorized Nevada to request development of intentionally created unused apportionment (ICUA), if needed, as follows: in 2007 and 2008, an amount not exceeding 20,000 acre-feet; in 2009 and 2010, an amount not exceeding 30,000 acre-feet; and in subsequent years, an amount not exceeding 40,000 acre-feet. This ten year plan does not include development of ICUA for California.

This ten year plan does not include a recovery component for M&I firming or Indian settlements because shortages on the Colorado River are not anticipated within the scope of this ten year plan. As a result of the on-going drought and public concern regarding reservoir levels, the CAP ran dry year scenario models of the Colorado River system. Those model runs identified a potential for shortage in 2011. However, in light of the precipitation received in the winter of 2004, that date has likely moved to 2012 or 2013. Nonetheless, based on projected CAP M&I demand levels, there will be no shortages to CAP M&I users within the scope of this ten year plan, even with the dry year hydrology used by CAP in modeling. Recovery for Indian firming purposes is also not anticipated in the scope of this ten year plan due to demand levels. It should be noted, however, that if a shortage is declared during the ten year period it may impact on-river M&I users. They may be required to recover long-term storage credits to insure firm supplies. Those credits would be credits that had previously been developed by the AWBA through general fund expenditures and which would be transferred to the on-river M&I users pursuant to statute. Although recovery is not anticipated within the scope of this ten year plan, the AWBA is participating with CAP and ADWR in development of a general recovery plan as discussed earlier in the Update section of this Annual Report.

3. Water management objectives

The early activities of the AWBA were focused on achieving the goal of full utilization of Arizona's Colorado River allocation and Arizona met this goal from 2002 until 2004. Another primary objective of the AWBA was meeting the M&I firming goals and the AWBA has stored almost 1.2 MAF of credits for that purpose.

Central Arizona Groundwater Replenishment District (CAGRD) Replenishment Reserve

Pursuant to statute, the CAGRD must develop a 20% replenishment reserve. The CAGRD replenishment reserve shares co-equal priority for excess water with AWBA M&I firming. However, the reserve has a higher priority for excess CAP water than the AWBA's deliveries for other non-firming purposes (i.e. water management). Therefore, a component for the proposed replenishment reserve as well as the advance replenishment was included in the model for this ten year plan.

The CAP Water Forecast Group

The group is composed of CAP, CAGRD, ADWR and AWBA staff and was formed to facilitate consistency and understanding between the entities with regard to assumptions used for short- and long-term Colorado River water supply and demand forecasts. Portions of this ten year plan were developed using projections obtained from the forecast group.

AWBA General Fund Appropriation

The AWBA again received no general fund appropriation in 2005. To date, the AWBA has primarily utilized the money to augment the revenues generated in Pinal County to develop credits to be used to firm on-river uses. It is recognized that the economic factors resulting in the loss of the AWBA's general fund appropriation will exist for some time. Therefore, the ten year plan was developed with no general fund appropriation.

4. Modifications within CAP with regard to pricing and pool allocation

In May 2000, the CAWCD Board adopted a policy for marketing the non-Indian agriculture (NIA) pool of excess water. This policy established a NIA pool of 400,000 acre-feet from 2004-2016. The pool will decline to 300,000 acre-feet from 2017-2023 and to 225,000 acre-feet from 2024-2030. This use will be the highest priority use for excess water. It is recognized that this is a factor that could impact the AWBA's ability to participate in recharge at groundwater savings facilities, however, it is difficult to predict an effect.

The CAWCD Board continues to discuss the marketing of excess water for other users including the CAGRD replenishment and replenishment reserve, incentive recharge programs, other M&I uses and the AWBA. These discussions have centered on the recognition that policies were developed to insure full utilization of CAP and Arizona's Colorado River allocation and included subsidized water rates to encourage CAP use.

5. Participation in Indian settlements

One objective of the AWBA is assisting with the settlement of water rights claims by Indian communities within Arizona. The state of Arizona has a 100-year firming obligation under the Arizona Water Settlements Act (Settlements Act) P.L. 108-451 that was executed on December 10, 2004. In addition, pursuant to House Bill 2728 executed on April 18, 2005, the AWBA has statutorily mandated responsibilities for the Southside Replenishment obligation. The Indian Firming Study Commission (Study Commission), created by the Arizona legislature to evaluate the potential alternatives for meeting these obligations, 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. House Bill 2835, which included the Study Commission's recommendations, was signed by Governor Napolitano on April 12, 2006. This ten year plan does not include an Indian Settlement component because the method to be used to meet the State's firming obligation has not yet been determined. However, the AWBA has plans to deliver water to the GRIIDD GSF once permitted. Deliveries to the GRIIDD GSF would also require an amendment to the 2006 Annual Plan of Operation (Plan). Long-term storage credits accrued by the Authority at this facility would allow the State to meet a portion of its firming obligations under P.L.108-451, Sec.105 (a). If the enforceability provisions of PL108-451 are not met, the AWBA will retain full rights to the long-term storage credits developed.

6. New recharge facilities and/or expanded capacities at existing facilities

The AWBA completed a revised inventory of existing storage facilities in the state as required by A.R.S. § 45-2452, which was approved by the Authority on March 22, 2006. The revised inventory will be utilized in developing future ten year plans.

In January of 2006, CAP began operating the Tonopah Desert Recharge Facility located in western portion of the Phoenix AMA. This facility has significantly increased the AWBA's storage capacity in this AMA and is demonstrating to be an optimal site for recharge. Another new facility is the Salt River Project (SRP) facility located in the west Salt River Valley near the confluence of the Agua Fria River and the New River. The project has an initial capacity of 30,000 acre-feet per year increasing to a maximum of 75,000 acre-feet per year. However, storage at this facility was not included in this ten year plan because of uncertainty regarding development of an agreement between AWBA and SRP, cost of storage, and availability of capacity to the AWBA.

There are currently two storage facility permit applications pending with ADWR; the CAWCD Superstition Mountains Recharge project located in the east Salt River Valley, which has a proposed annual volume of 56,500 acre-feet, and the Tucson Water Southern Avra Valley Recharge Project (SAVSARP), which has a proposed annual storage volume of 50,000 acre-feet. Operations at SAVSARP are anticipated to begin either by the end of year 2007 or the beginning of 2008. Neither facility has been included in this ten year plan.

7. Interstate banking

The ten year plan includes an interstate water banking component for Nevada but does not include California.

Conclusion

The ten year plan is intended to serve as a guide to assist the AWBA in the development of the Annual Plan of Operation (Plan). The AWBA is required to develop a Plan for activities to be undertaken the following calendar year. As part of the Annual Report, the ten year plan is reviewed and updated annually. Therefore, it is possible that the ten year plan may change significantly depending on the goals set by the AWBA.

Appendices

APPENDIX A
Colorado River Water Deliveries for Water Banking Purposes
for Calendar Year 2005 by Partner and Active Management Area

AMA	Partner	Quantity of Water (Acre-Feet)
PHOENIX AMA	Agua Fria Recharge Project	2,045
	Chandler Heights Citrus Irrigation District	340
	Hieroglyphic Mountains Recharge Project	5,650
	New Magma Irrigation and Drainage District	23,863
	Queen Creek Irrigation District	1,243
PINAL AMA	Central Arizona Irrigation and Drainage District	30,328 ¹
	Hohokam Irrigation and Drainage District	21,610 ¹
	Maricopa-Stanfield Irrigation and Drainage District	54,106 ¹
TUCSON AMA	Avra Valley Recharge Project	3,244
	Central Avra Valley Storage and Recovery Project	10,080 ¹
	Kai-Red Rock	461
	Lower Santa Cruz Recharge Project	40,805 ¹
	Pima Mine Road Recharge Project	19,498 ¹

¹ Includes both intrastate and interstate deliveries

APPENDIX B
CAP DELIVERY SCHEDULE
(Acre-feet)

Year	CAP Demands				Average Year Supply ⁵	Available for AWBA ⁶
	M&I ¹	Indian ²	Ag ³	Total ⁴		
2007	385,951	102,300	400,000	903,251	1,525,000	621,749
2008	368,835	106,800	400,000	890,635	1,525,000	634,365
2009	374,836	121,800	400,000	911,636	1,525,000	613,364
2010	422,937	142,328	400,000	980,265	1,525,000	544,735
2011	434,384	161,928	400,000	1,011,312	1,525,000	513,688
2012	420,625	179,393	400,000	1,015,018	1,525,000	509,982
2013	433,652	204,493	400,000	1,053,145	1,525,000	471,855
2014	461,834	204,493	400,000	1,081,327	1,525,000	443,673
2015	471,086	204,493	400,000	1,090,579	1,525,000	434,421
2016	483,215	204,493	400,000	1,102,708	1,525,000	422,292

- (1) Includes M&I, CAGR, CAGR replenishment reserve, Indian M&I lease and M&I incentive water
- (2) From settlement discussions
- (3) Based on current agricultural pool policy, includes 32,537 for Harquahala
- (4) Includes secondary excess uses of 15,000 AF per annum 2007 through 2016.
- (5) Based on average year delivery of 1,600,000 AF per year minus losses
- (6) Average year supply minus CAP demands; AWBA last priority for intrastate use

**APPENDIX C
STORAGE FACILITIES AVAILABLE TO THE AWBA¹
(as used in the 10 year plan)**

AMA and Facility Type	Facility Permit Expiration	Facility Permitted Capacity (AF)	Capacity Available to AWBA ² (AF)	Year Water Last Stored	Volume of Water Last Stored (AF)
PHOENIX – GSF³					
New Magma IDD	12/2007	54,000	45,000	2005	23,863
Queen Creek ID	12/2010	28,000	3,000	2005	1,243
Salt River Project	5-yrs	100,000	20,000	2004	8,000
PHOENIX – USF					
GRUSP	12/2010	200,000	50,000	2004	56,500
Agua Fria Recharge Project	05/2019	100,000	40,000	2005	2,045
Hieroglyphic Mtns.	12/2021	35,000	26,000	2005	5,650
Tonopah Desert RP	09/2025	100,000 ⁴	80,000	⁵	
PINAL – GSF					
Central Arizona IDD	12/2007	110,000	15,000	2005	30,328
Hohokam IDD	12/2006	55,000	50,000	2005	21,610
Maricopa-Stanfield IDD	12/2009	120,000	50,000	2005	54,106
TUCSON – GSF³					
Kai – Red Rock	12/2006	11,231	3,000	2005	461
TUCSON – USF					
Avra Valley	03/2018	11,000	7,000	2005	3,244
CAVSARP	10/2025	80,000	40,000	2005	10,080
Lower Santa Cruz	09/2019	50,000	40,000	2005	40,805
Pima Mine Road	09/2020	30,000	28,000	2005	19,498
Other Facilities Currently or Anticipated to be Available to the AWBA					
Vidler-USF	09/2020	100,000	80,000	⁵	0
West Maricopa Combine - USF	05/2021	25,000		⁵	0
Superstition Mtn.-USF ⁵		80,000	40,000		n/a
NAUSP	12/2025	70,000 ⁷		⁵	n/a
SAVSARP ⁵		50,000	25,000		n/a
GRIIDD	12/2007	56,000	56,000	⁵	n/a

Footnotes:

- (1) As additional facilities are developed, they will be included in future plans. However, it should be recognized that availability of water and funding will likely be the limiting factors in future plans.
- (2) This does not reflect the actual “permitted” volume for these facilities; instead for the purposes of this plan, staff relied on average historical storage volumes and potential for future storage. Storage capacity at the proposed GRIIDD GSF is 37.52 KAF for Phoenix and 18.48KAF for Pinal.
- (3) The AWBA holds water storage permits at Chandler Heights Citrus ID (3KAF), Maricopa Water District (18KAF), Roosevelt Water Conservation District (100KAF), BKW Farms (16KAF), Kai-Avra (12KAD) and the Tonopah (15KAF) GSFs. These were not considered significant uses in this 10 year outlook.
- (4) Facility is permitted for 150KAF for the first 4 years and 87.5KAF for the next 16 years; the 100KAF listed is a weighted average.
- (5) No deliveries to date.
- (6) Not yet permitted.
- (7) Facility is permitted for 30KAF first 2 years, 50KAF years 3-5, and 75KAF years 6-20; 70KAF listed is a weighted average.

APPENDIX D
Credits Developed for M&I Firming Utilizing the 4¢ Tax ¹
(Acre-feet)

PHOENIX AMA ²	Year	Groundwater Savings			Underground Storage		
		Capacity Available ⁴	Capacity Used	Credits Earned	Capacity Available ⁴	Capacity Used	Credits Earned
	Pre-plan ³				475,178		
2007	50,120	0	0	253,216	184,848	170,060	
2008	12,012	12,012	11,051	256,000	192,000	176,640	
2009	1,890	1,890	1,739	256,000	174,080	160,154	
2010	1,303	1,303	1,199	238,915	186,353	171,445	
2011	4,500	4,500	4,140	237,632	80,795	74,331	
2012	8,420	8,420	7,746	240,217	230,608	212,160	
2013	10,544	10,544	9,701	238,524	166,966	153,609	
2014	12,416	9,810	9,025	234,845	216,589	199,262	
2015	13,279	6,467	5,949	235,502	162,353	149,365	
2016	16,795	8,812	8,107	235,502	122,352	112,564	
Total			533,835				2,095,323

PINAL AMA ²	Year	Groundwater Savings			Underground Storage		
		Capacity Available ⁴	Capacity Used	Credits Earned	Capacity Available ⁴	Capacity Used	Credits Earned
	Pre-plan ³				104,048		
2007	115,880	10,680	9,826	-	-	-	
2008	81,978	13,869	12,759	-	-	-	
2009	76,825	16,342	15,035	-	-	-	
2010	77,175	16,505	15,185	-	-	-	
2011	79,680	15,712	14,455	-	-	-	
2012	81,966	14,982	13,783	-	-	-	
2013	83,493	14,308	13,163	-	-	-	
2014	84,908	13,684	12,589	-	-	-	
2015	86,224	13,104	12,055	-	-	-	
2016	87,451	12,564	11,558	-	-	-	
Total			234,456				

TUCSON AMA ²	Year	Groundwater Savings			Underground Storage		
		Capacity Available ⁴	Capacity Used	Credits Earned	Capacity Available ⁴	Capacity Used	Credits Earned
	Pre-plan ³				3,664		
2007	0	0	0	87,960	54,297	49,953	
2008	0	0	0	88,078	38,478	35,400	
2009	0	0	0	87,161	43,069	39,623	
2010	0	0	0	98,400	42,733	39,314	
2011	0	0	0	107,990	41,932	38,578	
2012	0	0	0	109,226	41,226	37,928	
2013	0	0	0	98,166	40,479	37,241	
2014	0	0	0	107,242	39,811	36,626	
2015	0	0	0	107,478	39,126	35,996	
2016	0	0	0	108,014	38,454	35,378	
Total			3,664				619,726

Footnotes:

- (1) Development of M&I firming credits followed utilization of groundwater withdrawal fees.
- (2) M&I firming targets are Phoenix AMA-1.566 MAF, Tucson AMA-864 KAF, and Pinal AMA 243 KAF.
- (3) Cumulative totals for 1997-2006; 2006 credits estimated based on projected deliveries.
- (4) The capacity available is based on the capacity remaining at the USFs and GSFs after all higher priority demands have been met.

APPENDIX E
Credits Developed for Meeting AMA Water Management Goals
Utilizing Withdrawal Fees ¹
(Acre-feet)

	Year	Groundwater Savings			Underground Storage		
		Capacity Available ³	Capacity Used	Credits Earned	Capacity Available ³	Capacity Used	Credits Earned
PHOENIX AMA	Pre-plan ²			113,093			96,751
	2007	85,520	35,400	32,568	253,708	0	0
	2008	72,000	59,988	55,189	256,000	0	0
	2009	71,429	69,538	63,975	256,000	0	0
	2010	70,393	69,090	63,563	238,915	0	0
	2011	69,196	64,696	59,520	237,632	0	0
	2012	69,100	60,680	55,826	240,217	0	0
	2013	67,686	57,141	52,570	238,524	0	0
	2014	66,300	53,884	49,574	234,845	0	0
	2015	64,158	50,879	46,809	235,502	0	0
	2016	64,894	48,099	44,251	235,502	0	0
	Total			636,938			96,751
PINAL AMA	Pre-plan ²			283,797			0
	2007	133,480	17,600	16,192	-	-	-
	2008	115,000	33,022	30,380	-	-	-
	2009	115,000	38,175	35,121	-	-	-
	2010	115,000	37,825	34,799	-	-	-
	2011	115,000	35,320	32,494	-	-	-
	2012	115,000	33,034	30,391	-	-	-
	2013	115,000	31,507	28,987	-	-	-
	2014	115,000	30,092	27,685	-	-	-
	2015	115,000	28,776	26,474	-	-	-
	2016	115,000	27,549	25,345	-	-	-
	Total			571,665			0
TUCSON AMA	Pre-plan ²			5,237			73,067
	2007	5,000	5,000	4,600	92,294	4,333	3,987
	2008	5,000	5,000	4,600	93,604	5,526	5,084
	2009	5,000	5,000	4,600	63,665	6,504	5,984
	2010	5,000	5,000	4,600	103,289	4,889	4,498
	2011	5,000	5,000	4,600	112,474	4,484	4,126
	2012	5,000	5,000	4,600	113,329	4,103	3,775
	2013	5,000	5,000	4,600	101,897	3,731	3,432
	2014	5,000	5,000	4,600	110,620	3,379	3,108
	2015	5,000	5,000	4,600	110,513	3,035	2,792
	2016	5,000	5,000	4,600	110,719	2,705	2,487
	Total			51,237			112,340

- (1) Expenditure of withdrawal fees was given the highest priority.
(2) Cumulative totals for 1997-2006; 2006 credits estimated based on projected deliveries.
(3) The capacity available is based on the capacity remaining at the USFs and GSFs after all higher priority demands have been met.

APPENDIX F
Credits Developed Utilizing Annual General Fund Appropriations^{1,2}
(Acre-feet)

	Year	Groundwater Savings			Underground Storage		
		Capacity Available	Capacity Used	Credits Earned	Capacity Available	Capacity Used	Credits Earned
PHOENIX AMA	Pre-plan ³			37,964			21,973
	2007	0	0	0	68,368	0	0
	2008	0	0	0	64,000	0	0
	2009	0	0	0	81,920	0	0
	2010	0	0	0	52,561	0	0
	2011	0	0	0	156,837	0	0
	2012	0	0	0	9,609	0	0
	2013	0	0	0	71,557	0	0
	2014	2,606	0	0	18,256	0	0
	2015	6,813	0	0	73,148	0	0
	2016	7,983	0	0	113,150	0	0
	Total			37,964			21,973
	PINAL AMA	Pre-plan ³			296,814		
2007		78,403	0	0	-	-	-
2008		68,110	0	0	-	-	-
2009		60,483	0	0	-	-	-
2010		60,670	0	0	-	-	-
2011		63,968	0	0	-	-	-
2012		66,984	0	0	-	-	-
2013		69,185	0	0	-	-	-
2014		71,224	0	0	-	-	-
2015		73,120	0	0	-	-	-
2016		74,887	0	0	-	-	-
Total				296,814			
TUCSON AMA		Pre-plan ³			2,306		
	2007	0	0	0	33,664	0	0
	2008	0	0	0	49,600	0	0
	2009	0	0	0	44,092	0	0
	2010	0	0	0	55,667	0	0
	2011	0	0	0	66,058	0	0
	2012	0	0	0	68,000	0	0
	2013	0	0	0	57,687	0	0
	2014	0	0	0	67,432	0	0
	2015	0	0	0	68,352	0	0
	2016	0	0	0	69,560	0	0
	Total			2,306			37,442

Footnotes:

- (1) The ten year plan does not include a component for General Fund appropriations
- (2) The on-river M&I firming target is 420 KAF.
- (3) Cumulative totals for 1997-2006; 2006 credits estimated based on projected deliveries.

APPENDIX G
Potential Credits Developed for Interstate Water Banking¹
(Acre-feet)

Year	Available CAP Supplies²	Available AWBA Capacity³	Remaining Supply⁴	Interstate Credits⁵
Pre-plan ⁶				423,019
2007	305,591	257,352	160,977	136,428
2008	274,470	221,710	132,001	134,405
2009	258,765	226,495	122,079	128,950
2010	181,036	208,898	37,365	135,539
2011	261,248	326,863	121,567	131,775
2012	111,929	184,593	403	105,213
2013	142,178	238,429	84,226	54,671
2014	71,426	199,518	71,426	0
2015	125,682	261,434	125,682	0
2016	156,758	305,580	156,758	0
Total				1,250,000

Footnotes:

- (1) The AWBA has an obligation to have 1,250,000 acre-feet of credits for the SNWA.
- (2) Water available for Interstate Banking is calculated by subtracting the water delivered and stored by individual subcontractors, contractors, and the AWBA for intrastate water banking from the Total Available Supply (see Appendix B).
- (3) Reflects the unused capacity available to the AWBA at USFs and GSFs in the Phoenix, Pinal, and Tucson AMAs as well as capacity available from other storage facilities permitted by the AWBA outside of the AMAs. Additional capacity may be available at individual facilities based on the utilization by individual water storage permit holders
- (4) Remaining supplies after subtracting the water delivered and stored by individual subcontractors, contractors, and the AWBA for intrastate water banking and water delivered for interstate water banking.
- (5) Based on the Available Supplies or the Available AWBA Capacity, whichever is less, resulting stored water multiplied by an average 6% cut and loss factor.
- (6) Cumulative totals for 1997-2006; 2006 credits estimated based on projected deliveries.

Attachment 2006-1

ARIZONA WATER BANKING AUTHORITY
(FY 2006 - July 2005 thru June 2006)

		<u>Actual</u>
FY 2006 ADMINISTRATIVE BUDGET	\$639,900	\$455,255
<hr/>		
Administration Account Balance		
Projected End-of-Fy05	\$887,544	\$956,928
Projected End-of-Fy06	\$647,644	\$1,129,000

ARIZONA WATER BANKING AUTHORITY

FY 2006 ADMINISTRATIVE BUDGET**\$639,900****\$455,255**

STAFFING

	Total FTE	Cost	Actual Cost
Department of Water Resources Cost of Services		\$572,000	\$426,132
Personnel Services	4.5	\$276,000	\$211,923
Water Bank Manager			
Water Bank Technical Administrator			
Administrative Assistant			
Attorney			
Employee Related Expenditures (at 31.3% of Personnel Services)		\$86,400	\$56,268
Indirect Cost (at 57.83% of Personnel Service & ERE)		\$209,600	\$157,941
Central Arizona Project Cost of Services		\$10,000	\$10,000
Personnel Services & ERE		\$10,000	\$10,000
Water System Engineer			
Customer Service Coordinator			
Hydrologist			
Administrative Support			
Subtotal Staffing		\$582,000	\$436,132

OTHER COSTS

Professional & Outside Services		\$25,000	\$0
Travel		\$24,700	\$15,808
Instate Travel		\$15,150	\$9,958
Out of State Travel		\$9,550	\$5,850
Other Operating Expenses		\$6,200	\$3,315
Standard per employee	4.5	\$600	\$2,700
Miscellaneous		\$3,500	\$615
Equipment		\$2,000	\$0
		\$2,000	\$0
Subtotal Other Costs		\$57,900	\$19,123

Attachment 2007-1

ARIZONA WATER BANKING AUTHORITY
(FY 2007 - July 2006 thru June 2007)

FY 2007 ADMINISTRATIVE BUDGET **\$669,599**

Administration Account Balance

Projected End-of-Fy06 **\$1,129,000**

Projected End-of-Fy07 **\$1,009,401**

ARIZONA WATER BANKING AUTHORITY

FY 2007 ADMINISTRATIVE BUDGET**\$669,599****STAFFING**

	Total FTE	Cost
Department of Water Resources Cost of Services		\$533,549
Personnel Services	3.5	\$253,349
Water Bank Manager		
Water Bank Technical Administrator		
Water Resources Specialist IV		
Attorney		
Employee Related Expenditures (at 33% of Personnel Services)		\$83,600
Indirect Cost (at 58.35% of Personnel Service & ERE)		\$196,600
Central Arizona Project Cost of Services		\$10,000
Personnel Services & ERE		\$10,000
Water System Engineer		
Customer Service Coordinator		
Hydrologist		
Administrative Support		
Subtotal Staffing		\$543,549

OTHER COSTS

Professional & Outside Services		\$92,000
Travel		\$25,450
Instate Travel		\$15,650
Out of State Travel		\$9,800
Other Operating Expenses		\$5,600
Standard per employee	3.5	\$600
Miscellaneous		\$3,500
Equipment		\$3,000
		\$3,000
Subtotal Other Costs		\$126,050

Attachment 2007-3

ARIZONA WATER BANKING AUTHORITY

TRAVEL

		Meetings	\$/Meeting	Cost
INSTATE TRAVEL				
Authority Members				
	Chuck Cahoy	5	\$0	\$0
	Maureen George	5	\$250	\$1,250
	Herb Guenther	5	\$0	\$0
	John Mawhinney	5	\$100	\$500
	Bill Perry	5	\$0	\$0
Subtotal				\$1,750
Authority Staff				
	Manager	5	\$0	\$0
		6	\$450	\$2,700
	Technical Administrators	10	\$0	\$0
		6	\$250	\$1,500
	Other Support	6	\$450	\$2,700
Subtotal				\$6,900
Motor Pool				\$7,000
Instate Total				\$15,650
OUT OF STATE TRAVEL				
Authority Members		No out of state travel is anticipated for Authority Members		
Authority Staff				
	Manager	3	\$700	\$2,100
		4	\$900	\$3,600
	Technical Administrators	2	\$700	\$1,400
	Other Support	3	\$900	\$2,700
Total Out of State				\$9,800
Total Travel				\$25,450

Attachment 2007-3 continued

OTHER OPERATING COSTS

		Cost
Miscellaneous		
	Postage	\$1,800
	Special copying	\$200
	Other	\$1,000
	Permits	\$500
		<u>\$3,500</u>
Other Operating Cost		\$3,500

EQUIPMENT

	Units	Unit Cost	Cost
			\$3,000
			<u>\$3,000</u>
Subtotal			\$3,000
Total Equipment			\$3,000

**Draft Amended Table 2
Water Delivery Schedule
Calendar Year 2006**

		(Acre-feet)												
		January	February	March	April	May	June	July	August	September	October	November	December	Total
PHOENIX AMA :														
USF	GRUSP	0	0	0	0	0	0	0	0	2,500	2,500	2,500	2,500	10,000
	GRUSP Interstate	0	0	0	0	0	0	0	0	0	0	0	0	
	HIEROGLYPHIC	0	0	0	0	0	0	0	0	2,115	2,300	1,000	2,300	7,715
	HIEROGLYPHIC Interstate	0	0	0	0	0	0	0	0	0	0	0	0	
	AGUA FRIA	0	0	0	0	0	249	1,690	2,800	2,800	2,800	2,800	2,800	15,939
	TONOPAH DESERT	0	3,002	8,529	14,842	11,404	10,000	10,000	10,000	6,850	0	0	0	74,627
	TONOPAH Interstate	0	0	0	0	0	0	0	0	0	10,000	10,000	10,000	30,000
														138,281
GSF	SRP	0	0	0	0	0	0	0	0	0	0	0	0	0
	CHANDLER HGTS ID	0	0	0	0	0	100	100	75	75	83	75	25	533
	MWD	0	0	0	0	0	0	0	0	0	0	0	0	0
	NEW MAGMA	0	0	0	0	0	0	0	0	0	0	0	0	0
	QUEEN CREEK	0	0	0	0	0	0	0	0	0	0	700	1,000	1,700
	RWCD	0	0	0	0	0	0	0	0	0	0	0	0	0
	GILA RIVER INDIAN IDD	0	0	0	0	0	5,687	9,583	8,994	5,556	4,770	0	810	35,400
														37,633
	TOTAL INTRASTATE	0	3,002	8,529	14,842	11,404	16,036	21,373	21,869	19,896	12,453	7,075	9,435	145,914
	TOTAL INTERSTATE	0	0	0	0	0	0	0	0	0	10,000	10,000	10,000	30,000
AMA TOTAL		0	3,002	8,529	14,842	11,404	16,036	21,373	21,869	19,896	22,453	17,075	19,435	175,914
PINAL AMA :														
GSF	CAIDD	0	0	0	0	0	0	1,650	1,650	0	0	0	0	3,300
	CAIDD Interstate	0	0	0	0	0	5,000	5,434	5,433	4,000	3,500	3,500	4,000	30,867
	HOHOKAM	820	1,897	583	0	0	0	0	0	0	0	0	0	3,300
	HOHOKAM Interstate	50	0	3,631	3,319	0	0	2,500	0	4,500	2,700	1,500	2,166	20,366
	MSIDD	1,130	1,560	0	300	310	0	0	0	0	0	0	0	3,300
	MSIDD Interstate	2,239	5,720	3,441	5,798	9,462	840	2,080	10,300	6,825	3,905	1,865	1,152	53,627
	GILA RIVER INDIAN IDD	0	0	0	0	0	2,828	4,765	4,472	2,763	2,372	0	400	17,600
														132,360
	TOTAL INTRASTATE	1,950	3,457	583	300	310	2,828	6,415	6,122	2,763	2,372	0	400	27,500
	TOTAL INTERSTATE	2,289	5,720	7,072	9,117	9,462	5,840	10,014	15,733	15,325	10,105	6,865	7,318	104,860
AMA TOTAL		4,239	9,177	7,655	9,417	9,772	8,668	16,429	21,855	18,088	12,477	6,865	7,718	132,360
TUCSON AMA:														
USF	AVRA VALLEY	0	318	370	610	400	150	650	650	1,035	685	685	1,047	6,600
	PIMA MINE RD	582	0	970	1,735	1,006	0	0	0	0	0	719	720	5,732
	PMR Interstate	0	0	0	0	2,200	2,014	500	2,200	2,014	1,000	2,200	2,200	14,328
	LOWER SANTA CRUZ	3,233	1,812	902	1,553	0	0	0	0	0	0	0	0	7,500
	LSC Interstate	0	0	809	1,720	3,343	2,500	3,800	3,800	4,700	2,925	4,700	4,700	32,997
	CAVSARP	1,000	1,000	0	0	2,000	2,000	2,000	2,000	2,000	3,000	3,000	2,000	20,000
	CAVSARP Interstate	0	0	0	0	0	0	0	0	0	0	2,000	3,000	5,000
														92,157
GSF	KAI FARMS (Avra)	0	0	0	0	0	0	0	0	0	0	0	0	0
	BKW	0	0	0	0	0	0	0	0	0	0	0	0	0
	KAI FARMS (Red Rock)	0	0	0	0	0	0	0	0	0	0	0	0	0
														0
	TOTAL INTRASTATE	4,815	3,130	2,242	3,898	3,406	2,150	2,650	2,650	3,035	3,685	4,404	3,767	39,832
	TOTAL INTERSTATE	0	0	809	1,720	5,543	4,514	4,300	6,000	6,714	3,925	8,900	9,900	52,325
AMA TOTAL		4,815	3,130	3,051	5,618	8,949	6,664	6,950	8,650	9,749	7,610	13,304	13,667	92,157
TOTAL INTRASTATE		6,765	9,589	11,354	19,040	15,120	21,014	30,438	30,641	25,694	18,510	11,479	13,602	213,246
TOTAL INTERSTATE		2,289	5,720	7,881	10,837	15,005	10,354	14,314	21,733	22,039	24,030	25,765	27,218	187,185
TOTAL		9,054	15,309	19,235	29,877	30,125	31,368	44,752	52,374	47,733	42,540	37,244	40,820	400,431

**AMENDMENT NO. 1 TO
MASTER WATER STORAGE AGREEMENT**

This Agreement is made as of the _____ day of _____, 2006,
between the CENTRAL ARIZONA WATER CONSERVATION DISTRICT
("CAWCD"), and the ARIZONA WATER BANKING AUTHORITY ("AWBA").

RECITALS

A. CAWCD and AWBA have entered into a "Master Water Storage Agreement", dated July 1, 2002, (the "Agreement") providing for the storage of AWBA's excess CAP water at certain underground storage facilities operated by CAWCD.

B. The underground storage facilities covered by the Agreement are listed in Exhibit A, which is attached to the Agreement.

C. Section 1.c of the Agreement provides in part, "Exhibit A is incorporated by this reference and may, from time to time, be updated by the Parties."

D. Since the execution of the Agreement, CAWCD has developed a new underground storage facility, the Tonopah Desert Recharge Project ("TDRP").

E. AWBA desires to store water at the TDRP. CAWCD and AWBA desire to amend Exhibit A of the Agreement to add TDRP to the list of underground storage facilities.

AGREEMENT

1. Amendment of Exhibit A. Exhibit A of the Agreement is hereby amended to read as follows:

"EXHIBIT A

Agua Fria Recharge Project (Managed)	Facility Permit No. 71-569775.003
(Constructed)	Facility Permit No. 71-569776.003
Avra Valley Recharge Project	Facility Permit No. 71-564896.0001
Hieroglyphic Mountains	Facility Permit No. 71-584466.0002
Lower Santa Cruz Replenishment Project	Facility Permit No. 71-561366.0002

Pima Mine Road Recharge Project Facility Permit No. 71-577501.0001
Tonopah Desert Recharge Project Facility Permit No. 71-593305.0000”

2. Except as amended, all terms, conditions, and provisions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the Parties have executed this Amendment No. 1 to the Master Water Storage Agreement effective the day and year first written above.

Attest:

CENTRAL ARIZONA WATER
CONSERVATION DISTRICT

Secretary

By: _____
William Perry, President

Attest:

ARIZONA WATER BANKING
AUTHORITY

Secretary

By: _____
Herb Guenther, Chairman