

ARIZONA WATER BANKING AUTHORITY
Wednesday, January 7, 2009

	Name (Please print)	Affiliation	Phone No.
1	V.C. DANOS	AMWUA	602 248 482
2	PAUL HENDRICKS		623 204 4901
3	Grant Ward	MSIDD	520-560-0155
4	Bob Seykora	AZ State Parks	602-542-7157
5	J. ENCLERS	SRP	602 236-5504
6	Rebecca Davidson	SRP	602-236-6617
7	J. Gibbon	Spine Studies & Design	602-528-4098
8	T. Kider	(PAUCD)	602 617 0447
9	Isaac Navajo	GRIC	520-562-9760
10	PAUL GIMZ	(ITDI)	623-465-0445
11	Greg Wallace	Eltron Technology	602-818-2319
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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.azwaterbank.gov

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, January 7, 2009 at 1:00 p.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 5th day of January, 2009

FINAL AGENDA

Arizona Water Banking Authority Commission Meeting

Members of the commission will attend either in person or by teleconference.

- I. Welcome/Opening Remarks
- II. Deliberation and potential action on whether to toll the performance dates in the Amended Agreement for Interstate Water Banking while further discussion on the agreement takes place.
- III. 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) 771-849, TDD # (602) 771-85011. Requests should be made as early as possible to allow time to arrange the accommodation.

I. Welcome/Opening Remarks

Recognize Authority members attending in person and Authority members present by phone and that a quorum exists.

II. Deliberation and potential action on whether to toll the performance dates in the Amended Agreement for Interstate Water Banking while further discussions on the agreement take place.

NOTES:

- Call on **Kim Mitchell** to provide an update on status of Amended Agreement for Interstate Water Banking.

COMMENTS:

A copy of the correspondence dated 12/18/08 received from SNWA has been included in your packets. Also included is a draft of a potential response letter and attachment to SNWA and Colorado River Commission of NV that could be sent if Authority members agree to toll the performance dates.

ACTION:

Move for approval for the Chairman to sign the response letter as submitted with minor or editorial changes to Ms. Patricia Mulroy, SNWA, and Mr. George Caan, Colorado River Commission of Nevada agreeing to toll the performance dates provided in the Agreement for a period of 60 business days while modifications to the Agreement are discussed.



SOUTHERN NEVADA WATER AUTHORITY

1001 South Valley View Boulevard • Las Vegas, NV 89153
(702) 258-3939 • snwa.com

January 5, 2009

Ms. Kim Mitchell
Manager
Arizona Water Banking Authority
3550 N. Central Avenue
Phoenix, Arizona 85012

Dear Ms. Mitchell:

The Southern Nevada Water Authority (Authority) has recently reviewed the Amended Agreement for Interstate Banking dated January 1, 2005 (Agreement). The conditions envisioned at the time the Agreement was executed have changed. For example, at the time the Agreement was executed the parties anticipated that the Authority would begin recovering Long-term Storage Credits as early as 2007. Current projections indicate that no water banked pursuant to the Agreement will be recovered for several years. There also appear to be other areas where the parties could add flexibility to the agreement in light of these changed circumstances.

The Authority is currently discussing recovery opportunities with the Central Arizona Water Conservation District (CAWCD) and the Arizona Water Banking Authority (AWBA). During these discussions the subject of credit recovery as a means of creating Intentionally Created Unused Apportionment has been raised. This method of recovery is recognized in the Storage and Interstate Release Agreement, and is included in the Metropolitan Water Authority's agreement with the CAWCD and the AWBA. The Authority's Agreement does not currently include this type of provision and we would like to discuss the inclusion of this method of recovery in the Agreement.

The Authority has reviewed the AWBA's recently approved 2009 Plan of Operation (2009 Plan) and notes that it does not currently include any water scheduled for interstate water banking. As you are aware, the Agreement calls for a \$23 million payment for the purchase and storage of water in 2009 into an Operation Account. While the Authority stands ready to make this payment, discussing options for more flexibility in making future payments seems prudent given current fiscal conditions.

We look forward to scheduling an opportunity with you to discuss creating additional flexibility in the operation of the Agreement at your earliest convenience.

Sincerely,

Kay Brothers
Deputy General Manager
Engineering and Operations

KB/df

cc: William E. Rinne, Director – Surface Water Resources
Thomas Carr, Assistant Director – Arizona Department of Water Resources
Larry Dozier, Deputy General Manager – Central Arizona Water Conservation District

SNWA MEMBER AGENCIES

Big Bend Water District • Boulder City • Clark County Water Reclamation District • City of Henderson • City of Las Vegas • City of North Las Vegas • Las Vegas Valley Water District

Draft 1/7/09

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Telephone 602-771-8487

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AUTHORITY MEMBERS

Herbert R. Guenther, Chairman

Maureen R. George, Vice-Chairman

Tom Buschatzke, Secretary

John Mawhinney

Gayle J. Burns

EX OFFICIO MEMBERS

Honorable Timothy S. Bee

Honorable Lucy Mason

January XX, 2009

Ms. Patricia Mulroy
General Manager
Southern Nevada Water Authority
1001 South Valley View Blvd.
Las Vegas, Nevada 89153

Mr. George M. Caan
Executive Director
Colorado River Commission of Nevada
555 East Washington Avenue, Suite 3100
Las Vegas, NV 89101

Dear Ms. Mulroy and Mr. Caan:

The Arizona Water Banking Authority (AWBA) has reviewed the letter from Ms. Kay Brothers, dated January 5, 2009 requesting the Amended Agreement for Interstate Water Banking (Agreement) be adjusted to better reflect current conditions. The AWBA agrees that some minor modifications to the Agreement are in order. The AWBA would suggest that in addition to the areas pointed out in the January 5 letter, the sections on the timing of the initial request for intentionally created unused apportionment (ICUA) and the procedure for requesting ICUA could also be modified.

In order to facilitate these modifications to the Agreement, the AWBA is willing to toll any performance dates provided in the Agreement for a period of 60 business days effective immediately. If this is acceptable to you, please countersign and date this letter as a temporary addendum to the Agreement. Two additional originals of this letter are also enclosed for signature. Upon execution of these letters, please retain one fully executed letter for each of your files and return one fully executed letter to the AWBA.

Draft 1/7/09

We will make staff available to work with you and your staff to make permanent modifications to the Agreement. In order to facilitate that process we have provided some suggestions on how the Agreement could be modified to accomplish both our purposes.

Sincerely,

Herbert R. Guenther
Chairman, AWBA

Tom Buschatzke
Secretary, AWBA

Countersigned January____, 2009,

Patricia Mulroy
General Manager, SNWA

George M. Caan
Executive Director, CRCN

Shari Buck
Chair, SNWA

Richard Bunker
Chair, CRCN

Attachment

cc: Ms. Kay Brothers, Southern Nevada Water Authority
Mr. William E. Rinne, Southern Nevada Water Authority
Mr. Larry Dozier, Central Arizona Water Conservation District
Mr. Tom Carr, Arizona Department of Water Resources
Ms. Kim Mitchell, Arizona Water Banking Authority
Mr. McClain Peterson, Colorado River Commission of Nevada

Changes to the Amended Agreement for Interstate Water Banking

Add two definitions

“Recovery” shall mean the recovery and exchange of Long-term Storage Credits for Colorado River water in that year and or credit exchange of Long-term Storage Credits for Colorado River water that would have otherwise been delivered for underground storage in that year.

“Recovery Facilities” shall mean constructed facilities capable of recovering both intrastate and interstate Long-Term Storage Credits.

Add

2.4.1.4 The schedule dates and periods established by this Subarticle 2.4.1 may be changed upon written agreement of all parties.

Modify 3.1

3.1.1 SNWA shall have the right to require the recovery of Long-term Storage Credits in the SNWA Interstate Account and the development of ICUA in any Year, as follows:

3.1.1.1 The initial year request for ICUA shall not exceed 20,000 acre-feet, the second year request for ICUA shall not exceed 30,000 acre-feet and any request for ICUA thereafter shall not exceed 40,000 acre-feet.

3.1.1.2 The amount of annual ICUA established by this Subarticle 3.1.1 may be changed upon written agreement of all parties.

Modify 3.2.1

3.2.1 For any Year in which SNWA will require the development of ICUA by AWBA and the release of ICUA by the Secretary, SNWA shall confer with the AWBA prior to June 1 of the preceding Year and provide notice of the amount of such ICUA to AWBA by June 1 of the preceding Year.

III. Call to the Public

NOTES:

The next meeting date is **Wednesday, March 11**

Remaining meeting dates for 2009 are:

Wednesday, June 17

Wednesday, September 16

Wednesday, December 16