

ARIZONA WATER BANKING AUTHORITY
Draft Minutes

May 10, 2019

Arizona Department of Water Resources



I. Welcome

Chair Thomas Buschatzke welcomed the attendees. All members were in attendance. Commission members Mark Clark and Vice-Chair Ray Jones attended via teleconference. *Ex-officio* members, Senate President Karen Fann and Representative Gail Griffin, were not in attendance.

AUTHORITY MEMBERS
Thomas Buschatzke, Chair
Ray L. Jones, Vice-Chair
Kathryn Sorensen, Secretary
Alexandra Arboleda
Mark Clark

EX OFFICIO MEMBERS
The Honorable Karen Fann
The Honorable Gail Griffin

II. Discussion and potential action on AWBA agreements related to implementation of the Lower Basin Drought Contingency Plan (LBDCP) in Arizona

Ms. O'Connell gave a brief overview of the mitigation and offset components for Arizona's implementation plan for LBDCP as background for discussion of the proposed agreements. She also described each of the AWBA agreements related to the LBDCP.

1. Update on the Agreement to Exchange Long-term Storage Credits between AWBA and the Cities of Avondale, Chandler, Goodyear, Peoria, Phoenix, Scottsdale and Tucson, Freeport Minerals Corporation and EPCOR Water

Ms. O'Connell reminded Commission members that they had approved the agreement on March 20, 2019. She noted that the agreement is necessary to facilitate storage by CAP subcontractors at groundwater savings facilities (GSF) in the Pinal AMA to provide partial wet water mitigation during Tier 1 and Tier 2a shortages from 2020 through 2022. The other parties to the agreement will be presenting the agreement to their respective governing bodies. An adjustment has since been made to Exhibit A concerning the distribution of storage at individual GSFs. Additionally, a change is being made to Section 6.2.2 that clarifies that if other unplanned mitigation water becomes available, it would not increase costs to the agricultural districts receiving mitigation water. Additional action by the Commission is not needed.

2. Discussion and potential action on the Agreement among the United States, Arizona Department of Water Resources (ADWR), AWBA, Central Arizona Water Conservation District (CAWCD) and CAP NIA Water Users for the Mitigation of Reductions to CAP NIA Priority Water Under the Drought Contingency

Ms. O'Connell stated that the CAP NIA Mitigation agreement describes the mitigation supplies for the CAP NIA priority pool, including the reduction in

mitigation percentages in subsequent years, and the mitigation commitments applicable to the CAP Agricultural pool. It also clarifies that the AWBA will calculate its statutory firming obligations and commitments prior to the inclusion of mitigation resources in order to ensure that mitigation resources are not used for firming purposes.

Commission member Alexandra Arboleda made a motion to authorize the chair to sign the *Agreement among the United States, Arizona Department of Water Resources (ADWR), AWBA, Central Arizona Water Conservation District (CAWCD) and CAP NIA Water Users for the Mitigation of Reductions to CAP NIA Priority Water Under the Drought Contingency* absent substantive changes. Secretary Kathryn Sorensen provided the second to the motion. The agreement passed unanimously.

3. Discussion and potential action on Intergovernmental Agreement (IGA) between AWBA and Gila River Indian Community for Development of Intentionally Created Surplus Firming Credits

Ms. O'Connell indicated that this IGA is part of the offset component of the DCP implementation plan. Under the IGA, the Community would create 50,000 acre-feet of ICS between 2019 and 2020. Due to a one-time 10 percent reduction for system and evaporation losses, the 50,000 acre-feet of ICS will result in 45,000 acre-feet of ICS credits. The Community also agrees not take delivery of the ICS before December 31, 2026. The AWBA agrees to pay the Community for the creation of the 50,000 acre-feet of ICS for future firming purposes. The AWBA will pay the Community a rate of \$240 per acre-foot in 2019 with a minimum payment of \$2.5 million. Payment for the remaining ICS could be made in installments in accordance with the rate schedule identified in the IGA, which has an annual escalator of three %. These "ICS Firming Credits" will be used after 2026, and before other firming methods identified in the AWBA's 2015 IGA with the Community are used.

Secretary Sorensen made a motion to authorize the chair to sign the *IGA between AWBA and Gila River Indian Community for Development of Intentionally Created Surplus Firming Credits* absent substantive changes. Commission member Arboleda provided the second to the motion. The agreement passed unanimously.

4. Discussion and potential action on the Arizona LBDCP Framework Agreement among the United States, ADWR, AWBA, CAWCD, Colorado River Indian Tribes and the Community

Ms. O'Connell pointed out that the Arizona LBDCP Framework Agreement captures the components of the Implementation Plan. It describes the mitigation component as well as the offset component and references numerous agreements as exhibits. The AWBA is included as a party due to the critical role it plays in the implementation framework. She added that Salt River Project will also be a party to the agreement even though they are not currently listed. The agreement also provides for additional parties to join by submitting a signature block to ADWR.

Commission member Arboleda made a motion to authorize the chair to sign the *Arizona LBDCP Framework Agreement* absent substantive changes. Secretary Sorensen provided the second to the motion. The agreement passed unanimously.

III. Call to the Public

Chair Buschatzke asked for public comment. There were no comments. The meeting adjourned at 10:21 a.m.