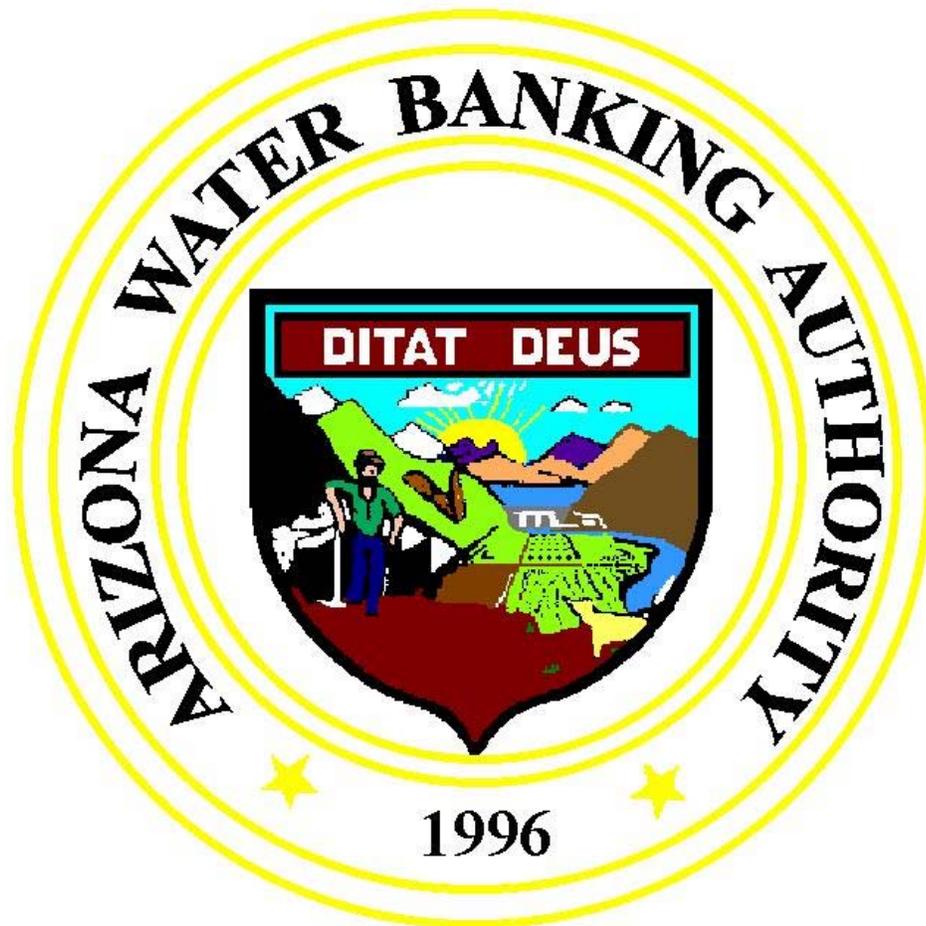


**ARIZONA WATER BANKING AUTHORITY
ANNUAL PLAN OF OPERATION**

2004



Herbert R. Guenther, Chairman

December 2003

INTRODUCTION

The Arizona Water Banking Authority (AWBA) was created to store Arizona's unused Colorado River water entitlement in western, central and southern Arizona to develop long-term storage credits to: (1) firm existing water supplies for municipal and industrial users (M&I) along the Colorado River and Central Arizona Project (CAP) M&I users during Colorado River shortages or CAP service interruptions; (2) help meet the water management objectives of the Groundwater Code; and (3) assist in the settlement of American Indian water rights claims. Changes in the AWBA's enabling legislation in 1999 authorized the AWBA to participate in other water banking activities, however, no new water banking activities are included in this annual Plan of Operation.

The AWBA's storage (or banking) of water is accomplished through the Underground Water Storage, Savings and Replenishment Act (UWS) enacted by the Arizona legislature in 1994 and administered by the Arizona Department of Water Resources (ADWR). Through this program, the AWBA stores renewable water that currently has no immediate, direct use in either underground storage (USF) or groundwater savings (GSF) facilities. A USF is a facility that allows water to physically be added to an aquifer. A GSF is a facility where the renewable water is used in place of groundwater, creating a groundwater savings. The UWS program mandates the accounting of the renewable water stored and the development of long-term storage credits. The long-term storage credits developed by the AWBA will then be utilized by the AWBA when future conditions warrant. The use of credits for the three objectives listed above may differ and is dependent on the source of funds utilized to develop them.

The AWBA is required by statute to approve an annual Plan of Operation (Plan) by January 1 of each year. Prior to approval of the final Plan, the AWBA is required to solicit public comment. This is achieved by presenting a draft of the Plan to the Groundwater Users Advisory Councils (GUAC) for the Phoenix, Pinal and Tucson Active Management Areas (AMA) and to the county board of supervisors for counties outside of the AMA's if water storage is proposed there within the Plan. Presentation of the draft Plan must be made at publicly noticed open meetings at which members of the public are permitted to provide comment. The AWBA also accepts public comment in writing up to the time the final draft Plan is presented for approval.

The Plan is intended to govern the operations of the AWBA over the course of the entire calendar year. The AWBA recognizes that day-to-day adjustments in the normal operations of the CAP or the individual storage facilities caused by maintenance and fluctuations in the weather may affect the actual monthly deliveries made on behalf of the AWBA. If the adjustments do not impact the overall annual delivery projections contained in the Plan, they will not be deemed modifications to the Plan and will be addressed by staff and reported to the AWBA members on an as-needed basis.

2003 PLAN OF OPERATION

In 2003, the AWBA's seventh full year of operation, the AWBA recharged more than 209,000 acre feet of Colorado River water and Arizona's total use of Colorado River water is forecast to be 2.82 million acre feet by the Bureau of Reclamation data dated December 30, 2003. Discussions with the CAP have indicated that they will adjust

pumping to bring Arizona's use as close to 2.8 million acre feet as possible. The AWBA has played a significant role in bringing Arizona to the second year of full utilization of the normal year entitlement (see Figure 1).

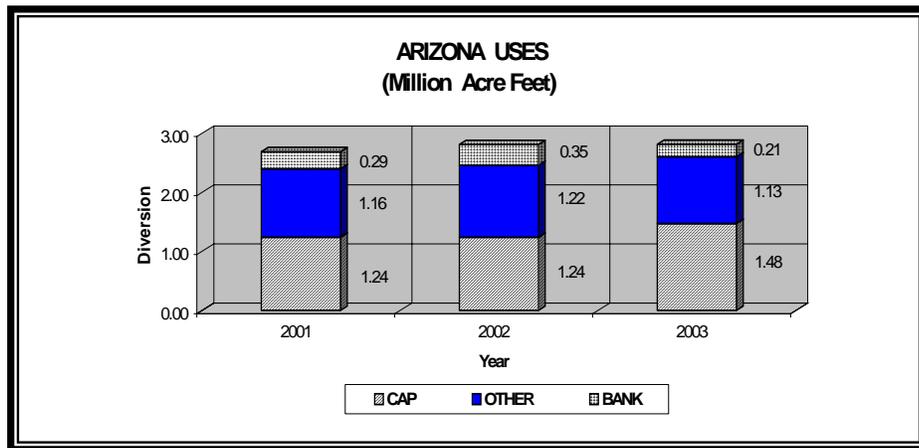


Figure 1

The Bureau of Reclamation forecasts total use of Colorado River water in the Lower Basin to be approximately 7.53 million acre feet in 2003 (see Figure 2).

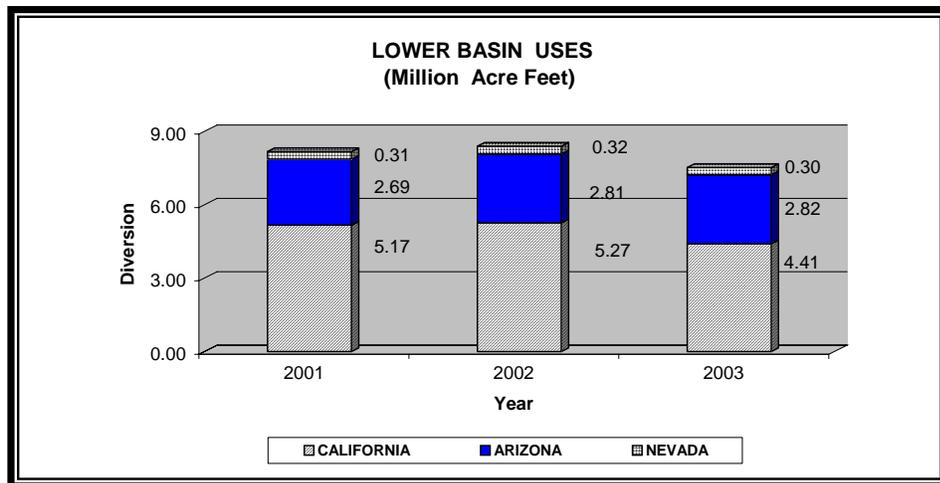


Figure 2

The AWBA recharged water at both USFs and GSFs in 2003. Table 1 lists the AWBA's recharge partners for 2003, the amount of water that can be stored under each AWBA water storage permit, and the amount of water delivered to the facility by the AWBA in 2003. Table 1 values are based on actual deliveries through October with November and December's deliveries estimated. The amount of water delivered to a facility is always greater than the amount of long-term storage credits earned by the AWBA because credits are computed by subtracting approximately 3-5% for losses and 5% for

a "cut to the aquifer" from the total annual deliveries. Final figures for credits earned generally become available in the middle of the following year after review of the annual reports filed with the ADWR and are reported in the AWBA's Annual Report.

Table 1

AMA	Facility	Type	Permit Capacity	Amount Delivered
Phoenix	Agua Fria (CAP)	USF	100,000 AF	8,594 AF
	GRUSP	USF	200,000 AF	21,536 AF
	Hieroglyphic Mtn. (CAP)	USF	35,000 AF	21,487 AF
	Chandler Hts Citrus ID	GSF	3,000 AF	919 AF
	Maricopa Water District	GSF	18,000 AF	4,600 AF
	New Magma IDD	GSF	54,000 AF	21,918 AF
	Queen Creek ID	GSF	28,000 AF	1,000 AF
	Roosevelt WCD	GSF	100,000 AF	12,500 AF
	SRP	GSF	200,000 AF	9,532 AF
Pinal	CAIDD	GSF	110,000 AF	5,500 AF
	Hohokam ID	GSF	55,000 AF	27,075 AF
	MSIDD	GSF	120,000 AF	10,950 AF
Tucson	Avra Valley (CAP)	USF	11,000 AF	3,758 AF
	CAVSARP	USF	60,000 AF	6,000 AF
	Lower Santa Cruz (CAP)	USF	30,000 AF	31,885 AF
	Pima Mine Road (CAP)	USF	30,000 AF	17,444 AF
	B.K. Wong Farms	GSF	16,615 AF	1,627 AF
	Kai-Red Rock	GSF	11,231 AF	3,091 AF
Total			1,181,846 AF	209,416 AF

While the Plan originally had projected about 60% of the storage at USFs, the actual storage was closer to 53% at USFs and 47% at GSFs. Nonetheless, this was the first year that storage at USFs exceeded storage at GSFs. This was due, in part, to lack of funds limiting the amount of water that could be stored in the Pinal GSFs. However, it is a trend that is expected to continue in the future as more USF capacity is developed and becomes available to the AWBA. Figure 3 shows the acre foot break down between GSFs and USFs for 2003 and a comparison between 2003 and previous years.

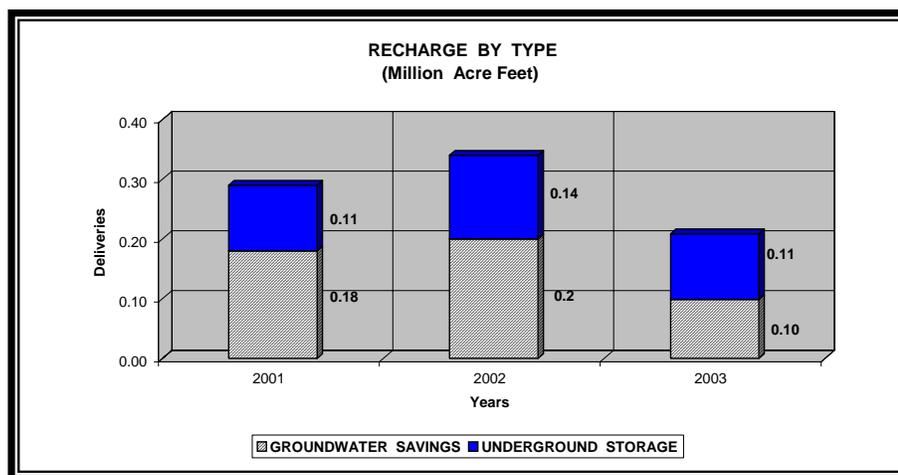


Figure 3

2004 PLAN OF OPERATION

When developing a Plan of Operation, the AWBA evaluates four critical factors: (1) the amount of unused water available to the AWBA for delivery; (2) the CAP capacity available to the AWBA for the delivery of unused water; (3) the funds available and the costs required to deliver the unused water; and (4) the capacity available for use by the AWBA at the various recharge facilities

I. Water Availability

The factor of water availability consists of two parts: (1) the amount of water available on the Colorado River for diversion by the CAP within Arizona's allocation; and (2) the amount of CAP water available for delivery to the AWBA under the existing pool structure.

The Bureau of Reclamation published the final draft Annual Operating Plan (AOP) for water year 2004 on November 25, 2003. The 2004 AOP stated that the Partial Domestic Surplus condition is the criterion governing operation of Lake Mead. There continues to be discussion regarding how surpluses will be distributed among the Lower Basin states. Pending the outcome of those discussions, Arizona may have available for use a portion of the surplus. This Plan was developed using only the full 2.8 million acre foot allocation, however, the CAP has indicated that they will be able to divert any additional water that may become available to Arizona. If that water is not utilized by a higher priority user, it could become available for use by the AWBA. It is not anticipated that the quantity would be sufficient to warrant an amendment of the Plan but would be stored pursuant to the existing Plan.

Based on projections dated November 13, 2003, Arizona's on-river use is forecast to be 1.204 million acre feet, leaving 1.60 million acre feet available for diversion by CAP. It should also be noted that because CAP could bear the burden for inadvertent overruns by Arizona, it is possible that their Colorado River diversions may be decreased towards the end of the year if it appears Arizona will exceed its allocation. Conversely, there exists the possibility of increased CAP diversions if on-river uses are less than expected. Nonetheless, the amount of water available to be diverted by the CAP within Arizona's 2.8 million acre foot allocation was a limiting factor in this Plan.

With regard to availability of CAP water, the AWBA purchases water from the category that is termed excess water. Excess water is generally recognized to be all water available for delivery through the CAP, regardless of Secretarial declaration of condition, in excess of the quantities scheduled under long-term contracts and subcontracts. The availability of excess water is determined on an annual basis. Pursuant to current CAP policy, the AWBA has available to it any water not requested by another entity within Arizona and the AWBA shares an equal priority for water for municipal and industrial firming with the Central Arizona Groundwater Replenishment District. For a number of reasons, the

amount of CAP water available to the AWBA was a limiting factor in this Plan. First, because the AWBA can only utilize water not requested by another higher priority user, the on-going drought has resulted in a decreased amount of water available to the AWBA as others increase their use of CAP water. Additionally, changes in CAP policies that effect the sizes of the various pools can also impact the AWBA. Second, pursuant to customer requests, the CAP is currently developing a draft proposal to allow CAP customers to purchase additional water to meet unforeseen needs. If such a proposal is adopted and subcontractors experience emergencies, there could be less water available to the AWBA than is projected in this Plan. If this occurs, the priority for AWBA deliveries will continue to be deliveries to the GSFs.

With a 1.60 million acre foot diversion, the CAP 2004 Operating Plan accommodates the delivery of approximately 1.646 million acre feet of water. CAP's plan delivers approximately 1.34 million acre feet of water to higher priority users leaving 307,000 acre feet available to the AWBA.

II. CAP System Capacity

Under normal operating conditions during a normal water supply year, CAP diverts approximately 1.6 million acre feet. However, CAP staff believe that 1.8 million acre feet can be safely moved through the system. Nonetheless, there are areas within the system that can become bottlenecks depending on the magnitude of downstream deliveries. In 2004, the CAP identified a bottleneck at the New River siphon in June and July due to the high downstream demand. This bottleneck essentially eliminated AWBA deliveries downstream of the siphon in those two months. Additionally, maintenance activities can also impact water deliveries. The CAP 2004 Operating Plan has a planned maintenance outage of the west canal from October 4 through October 31, 2004. As a result of this outage, there is no storage at the Hieroglyphic Mountains Recharge Project in September and October. Deliveries will be made to the Agua Fria Recharge Project during this time period by backfeeding to the project from Waddell Dam. This factor was somewhat limiting in developing this Plan.

III. Available Funds

In 2004, the AWBA faces a unique situation with regard to available funds. First, due to the legislative sweep of \$9 million from the AWBA which was identified as coming from the groundwater withdrawal fee accounts, the AWBA will only have available for use withdrawal fee revenues collected in March of 2004. This is because the transfer eliminated all carryover in the withdrawal fee accounts. Second, as in 2003, the availability of funds limited storage in Pinal County. This was, again, the result of the unavailability of a state general fund appropriation. It should also be noted that the CAWCD Board resolved to retain the county *ad valorem* property tax in 2004 and not transfer it to the AWBA Fund. The retention of the tax revenues will not directly impact water deliveries in 2004, however, it necessitates a shift in the administrative activities associated with payment for water deliveries in Pinal County. The property tax revenues retained

by CAP must be used to offset costs of water delivered in Pinal county because there is no carryover in the Pinal county *ad valorem* account.

The total amount of revenue available in 2004 is \$44.8 million. This amount includes (1) carryover from previous years, as applicable; (2) transfer of \$9 million from AWBA withdrawal fee accounts to the state treasurer; (3) withdrawal fees projected for March of 2004; and (4) *ad valorem* revenues projected for collection in both November of 2003 and November of 2004. Of that amount, \$36.5 million is available in Maricopa County, and approximately \$6.1 million and \$2.1 million are available in Pima and Pinal County, respectively.

The cost of water to the AWBA increased significantly in 2004, from \$54 an acre foot to \$70 an acre foot. In response to this increase, the AWBA increased the cost share payment for delivery to GSFs from \$21 an acre foot to \$28 an acre foot. At current water delivery costs, facility costs and GSF cost share contributions, the \$36.5 million and \$6.1 million are adequate to fund the Plan in Maricopa and Pima Counties, respectively. As previously stated, the availability of funds limited storage in Pinal County in 2004. For more specific information about the cost of the Plan, please refer to the pricing section.

The AWBA is statutorily mandated to reserve long-term storage credits accrued with general fund appropriation revenues for the benefit of M&I users of Colorado River water outside the CAP service area. By policy, the AWBA identified 420,000 acre feet as the number of credits needed for this on-river firming. In 2002, the AWBA passed a resolution identifying on-river firming as the highest priority of use of credits developed with the general fund appropriation. In 2004, there are no general fund revenues available to the-AWBA. The absence of a general fund appropriation means that no on-river firming credits will be developed in 2004. To date, more than 395,000 acre feet of credits have been developed using general fund appropriation revenues.

IV. Available Storage Facility Capacity

AWBA staff conferred with facility operators to discuss their delivery schedules and their continued interest in participating with the AWBA. These discussions confirmed that there was significant interest in partnering with the AWBA and there was substantial permitted recharge capacity but, as in the past, previous commitments to other partners somewhat limited the availability of both the GSFs and the USFs to the AWBA.

As the AWBA had sufficient facility capacity to store all of the CAP water available, storage facility capacity was not a limiting factor in development of the 2004 Plan. However, based on the quantity of water and funding available, the AWBA could not meet all of the requests from its partners.

Table 2 shows the AWBA's 2004 delivery schedule. Line One of this table provides estimates of the CAP's monthly deliveries to its M&I, agricultural, incentive recharge, and Indian customers. These deliveries have a scheduling priority over the AWBA's deliveries. These estimates do not include deliveries to New Waddell Dam.

Table 2
ARIZONA WATER BANKING AUTHORITY
Water Delivery Schedule
Calendar Year 2004
(ACRE-FEET)

2003
Deliveries
(AF)

			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total			
1	Estimated CAP Deliveries + Losses : (M&I, Indian, Ag Pool, Incentive Recharge)		52,000	59,000	115,000	147,000	169,000	185,000	186,000	169,000	92,000	63,000	54,000	48,000	1,339,000			
2	Available Excess CAP Capacity for AWBA:		23,000	23,000	31,000	35,500	28,000	12,000	16,000	33,000	29,500	19,500	26,500	30,000	307,000			
	AWBA -- Recharge Sites :	Permitted Capacity (AF)	Requested Capacity (AF)															
	PHOENIX A M A :																	
3	USF	GRUSP	200,000	50,000	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,174	50,000	21,536	
4		HIEROGLYPHIC MTN.	35,000	25,800	2,700	2,700	2,700	2,700	2,700	2,200	2,000	0	0	2,700	2,700	25,800	21,487	
5		AGUA FRIA	100,000	30,550	2,500	1,500	500	3,750	3,750	3,000	3,000	2,550	2,800	1,700	1,750	3,750	30,550	8,594
6	GSF	CHCID	3,000	533	0	0	50	50	100	75	75	50	83	0	0	533	919	
7		NEW MAGMA	54,000	47,200	2,500	3,000	6,100	6,100	4,000	1,500	1,500	4,500	5,500	5,500	3,500	3,500	47,200	21,918
8		QUEEN CREEK	28,000	8,861	0	0	0	0	0	0	3,501	2,000	800	960	1,600	8,861	1,000	
9		SRP	200,000	8,000	800	800	800	800	0	0	800	800	800	800	800	8,000	9,532	
10		TONOPAH ID	15,000	3,000	0	0	0	0	0	0	0	1,000	1,000	1,000	3,000	0		
	P I N A L A M A :																	
11	GSF	CAIDD	110,000	16,700	0	0	0	0	0	5,000	5,000	3,500	1,000	1,000	1,200	16,700	5,500	
12		HOHOKAM	55,000	25,000	2,250	1,700	5,500	6,500	750	0	0	3,300	1,000	1,000	3,000	25,000	27,075	
13		MSIDD	120,000	16,700	0	1,020	2,780	3,040	3,500	0	0	3,400	2,040	610	0	310	16,700	10,950
	T U C S O N A M A :																	
14	USF	AVRA VALLEY	11,000	6,200	650	650	650	650	650	0	0	650	650	350	650	650	6,200	3,758
15		CLEARWATER	60,000	10,000	1,150	1,150	1,150	1,150	1,150	0	0	0	0	3,000	1,250	10,000	6,000	
16		PIMA MINE ROAD	30,000	22,900	2,600	2,600	2,600	2,600	2,600	0	0	2,600	1,600	1,300	2,200	2,200	22,900	17,444
17		LOWER SANTA CRUZ	30,000	32,300	3,600	3,600	3,600	3,600	3,600	0	0	3,200	2,800	1,100	3,600	3,600	32,300	31,885
18	GSF	KAI - RED ROCK	11,231	1,000	0	0	250	250	250	250	0	0	0	0	0	1,000	3,091	
19	T O T A L (USF + GSF):			304,744	22,916	22,886	30,846	35,356	27,966	11,716	15,941	32,442	29,206	19,409	26,326	29,734	304,744	209,416 ¹
20	Remaining CAP Capacity:		84	114	154	144	34	284	59	558	294	91	174	266	2,256			

¹ The total includes deliveries to three facilities not included in the 2004 Plan; RWCD received 12,500 AF, BKW Farms received 1,627 AF and MWD received 4,600 AF.

Line Two shows the operational capacity of the CAP available after it makes its priority deliveries and its deliveries to New Waddell Dam. Although the CAP is capable of delivering approximately 180,000 acre feet per month, the available capacity does not always total that because of unique situations, i.e. the filling of Lake Pleasant in the winter months, deliveries to the western portion of the aqueduct, New Waddell Dam releases to the aqueduct in the summer months and scheduled maintenance and outages. During the fall and winter months, the capacity available to the AWBA is constrained because the CAP is making deliveries to Lake Pleasant. In June and July, capacity is constrained at the New River siphon due to the high volume of downstream demand.

Lines Three through Eighteen represent the AWBA's 2004 Plan of Operation. This section identifies the AWBA's partners for 2004 and the amount of water scheduled to be recharged. The second column in this section identifies the AWBA's water storage permit capacities for each facility based on the facility permits and the amount of that capacity that is available to the AWBA in 2004. The capacity available does not always equal the storage permit capacity because the storage facility operators may have agreements with other storage partners. Line Nineteen lists the total amount of AWBA storage scheduled for the year 2004. Line Twenty lists the CAP capacity remaining after the AWBA's deliveries are scheduled.

No recovery is scheduled in 2004. The AWBA will continue to work with CAWCD to pursue recovery concepts in 2004 and beyond.

NEW FACILITIES

All facilities included in this Plan have previously been utilized by the AWBA. Additionally, while new recharge facilities are being developed by CAP, there will be none available for use until 2005 when the Tonopah Desert project is slated to become operational. In developing this and future Plans of Operation, the AWBA evaluates storage at all available facilities.

INTERSTATE WATER BANKING

The Plan does not include an interstate water banking component. However, in the event that conditions change and opportunities may present themselves, the Plan may be amended to include interstate water banking as was done in 2002.

PRICING

On June 19, 2003, the CAWCD board adopted final water delivery rates for 2004. The rate for AWBA and other M&I Incentive recharge is \$70 per acre foot. The delivery rate is the pumping energy rate 2 component (\$61 per acre foot) plus 10 percent of the fixed OM&R charge (\$4.60 per acre foot) plus a component to recover lost revenues from federal deliveries (\$4.00 per acre foot). The components of the rate are the same as those in the 2001-2003 rates. For 2004, the pumping energy rate 2 was calculated using the average of the actual or forecast above threshold energy rates for the previous three years.

In 2004, the AWBA increased the cost share for the GSF partners to \$28 per acre foot. Table 3 reflects the water delivery rate the CAP will charge the AWBA, the rate the GSF operators will pay for use of the AWBA's water and the various rates the AWBA will be charged to utilize the different USFs.

Table 3

2004 Water and Facility Rates – Intrastate	
CAP's delivery rate to AWBA	\$70 per acre foot
Groundwater Savings Facility operator portion of delivery rate	\$28 per acre foot ¹
Underground Storage Facility rate paid by AWBA	
GRUSP (SRP)	\$18.60 per acre foot
Avra Valley (CAP) ²	\$11.00 per acre foot
CAVSARP (Tucson Water)	\$12.10 per acre foot
Hieroglyphic Mtns. (CAP) ²	\$8.00 per acre foot
Pima Mine Road (CAP) ²	\$11.00 per acre foot
Lower Santa Cruz (CAP/Pima County) ²	\$11.00 per acre foot
Agua Fria Recharge Project (CAP) ²	\$8.00 per acre foot

¹ This rate is paid directly to CAP by the GSF operators and is not available as revenue to the AWBA. The AWBA's rate for delivery of in lieu water is thus reduced to \$42/af.

² See discussion below. This is O&M component only.

The Master Water Storage Agreement executed on July 1, 2002 describes the cost components that can be paid by the AWBA for storage at CAP facilities. On October 2, 2003, the CAWCD adopted a new policy regarding storage facility rates. Pursuant to the policy, the AWBA will pay an O&M component for all water stored; that component is calculated by CAP annually for each AMA based on a rolling ten year average. Additionally, for water stored for other than M&I firming purposes, the AWBA will pay a capital charge component. The capital charge is based on the total projected costs and projected storage of water over the lives of the facilities in the AMA and will not change annually unless there are significant changes in CAWCD's costs for recharge facilities in that AMA. There is no administration cost component in the facility cost because the AWBA pays the CAP administrative costs on an annual basis.

For GRUSP, the cost is comprised of an annual administration component, a component for use of the SRP interconnection facility, a transportation component and a general facility component. The cost was set by agreement dated December 31, 2001 with a 3% annual increase. For CAVSARP, the cost includes an administration component, a capital component and an operations and maintenance component. The cost was set by agreement dated March 3, 2003 with a 3% annual increase.

The estimated total cost of the AWBA's 2004 Plan of Operation is slightly more than \$19.6 million which includes the USF use fees and the CAP delivery rate minus the cost recovery from the GSF operator by the CAWCD.

ACCOUNTING

The AWBA's enabling legislation required the development of an accounting system that allows the tracking of all long-term storage credits accrued by the AWBA and the funding sources from which they were developed. The ADWR has established accounts that track both credits and funds.

Table 4 provides estimates of the funds available including funds carried over from previous years and an estimate of funds to be collected during the year, the funds to be expended, and the credits that will accrue to those accounts based on the 2004 Plan.

Table 4

2004 PLAN OF OPERATION				
	FUNDING¹		CREDITS²	
	AVAILABLE	EXPENDED	AMOUNT	LOCATION
Withdrawal Fee³				
Phoenix AMA	\$2,700,000	\$2,700,000	58,000	Phoenix AMA
Tucson AMA	\$610,000	\$610,000	7,000	Tucson AMA
Pinal AMA	\$1,404,000	\$1,402,796	35,000	Pinal AMA
Four Cent Tax⁴				
Maricopa County	\$33,922,123	\$8,963,759	98,000	Phoenix AMA
Pima County	\$5,498,040	\$5,225,999	59,000	Tucson AMA
Pinal County	\$700,004	\$700,004	18,000	Pinal AMA
Other				
General Fund	\$0	\$0	0	
		\$0	0 AF	Phoenix AMA
		\$0	0 AF	Tucson AMA
		\$0	0 AF	Pinal AMA
California	(not applicable)			
Nevada	(not applicable)			
TOTAL	\$44,834,167	\$19,602,558⁴	275,000	

¹ Does not include groundwater savings facility partners' payment. The AWBA's partners make payments directly to the CAWCD.

² Estimate based on historical average losses for each facility minus the 5% cut to the aquifer.

³ The withdrawal fees available for 2004 are those projected to be collected for annual reports filed in March 2004. There is no carryover of withdrawal fees into 2004 due to the \$9 million legislative transfer.

⁴ As previously discussed, the CAWCD Board resolved to retain the 4¢ *ad valorem* tax levied in the tri-county area. Therefore, the money collected in tax year 2004 is available to the AWBA to offset some of the costs associated with water purchases. The AWBA Fund has sufficient carryover to fund the 2004 Plan in Pima and Maricopa counties, however, the money retained by CAWCD must be utilized to reduce water costs in Pinal County. Consequently, while the total cost of the Plan is \$19,602,558, this is offset by the \$700,004 projected to be levied in Pinal county so the total debit to the AWBA Fund is \$18,902,554.

Since inception, the AWBA has primarily utilized only the general fund and county *ad valorem* property tax revenues to purchase and store water based on an early philosophy of emphasizing development of M&I firming credits. The exception was Pinal County which has required expenditure of groundwater withdrawal fees on an annual basis to permit the AWBA to meet the demand for AWBA participation in that county. In 2003, the AWBA proposed fully funding the Plan through expenditure of groundwater withdrawal fees in light of the number of water management issues pending on the horizon, including the potential obligation to provide credits to facilitate Indian water rights settlements. However, the legislative transfer of \$9 million resulted in use of the *ad valorem* tax revenues in addition to withdrawal fees in 2003. In 2004, the AWBA will fund the Plan through expenditure of both groundwater withdrawal fees and *ad valorem* tax revenues.

Table 5 provides an estimate of the funds expended and the credits that will accrue to various accounts based on the AWBA's recharge activities since its inception.

Table 5

CUMULATIVE TOTALS			
1997-2003			
	EXPENDED	AMOUNT	CREDITS¹
			LOCATION
Withdrawal Fee			
Phoenix AMA	\$4,226,496	73,000	Phoenix AMA
Tucson AMA	\$4,014,596	58,000	Tucson AMA
Pinal AMA	\$6,349,837	215,969	Pinal AMA
Four Cent Tax			
Maricopa County	\$32,220,641	762,183 AF	Phoenix AMA
Pima County	\$8,234,724	129,765 AF	Tucson AMA
Pinal County	\$2,120,987	83,884 AF	Pinal AMA
Other			
General Fund	\$10,695,000	395,678 AF	
	\$2,054,489	61,612 AF	Phoenix AMA
	\$2,325,112	39,748 AF	Tucson AMA
	\$6,315,399	294,318 AF	Pinal AMA
California			
Nevada	\$8,642,699	61,000	
TOTAL	\$76,504,980	1,779,479 AF	

¹ Actual credits used for 1997-2002; credits estimated for 2003

PUBLIC REVIEW AND COMMENT

The AWBA staff held meeting with the GUACs for the Phoenix, Pinal and Tucson AMAs as required by statute. Additionally, the Plan was discussed at a meeting of the Mohave County Water Authority in Lake Havasu City. The Plan was distributed to the public and Table 2 was posted on the web page for public review and comment. No written comments were received from the public.

Phoenix GUAC

In general, the GUAC supported the Plan and had no requests for modification. There was discussion and questions regarding the increased CAP water costs in 2004, the CAWCD decision to retain the 4¢ *ad valorem* tax revenues and potential impacts to the AWBA and the potential for future general fund appropriations.

Pinal GUAC

General discussion regarding the Plan included: GSF partners cost share increased to \$28 per acre foot; the status and definition of CAP's proposed emergency water pool and the AWBA's willingness to take less water to make emergency water available; observation that absent general fund appropriation, Pinal County is limited by annual revenues collected for withdrawal fees and 4¢ *ad valorem* taxes; the potential for interstate recovery in 2004; the status of Indian water rights settlements and the perceived status of the GSF program and whether it will continue in the long term. In general, the Pinal GUAC supported the Plan and requested no changes be made.

Tucson AMA

The Tucson GUAC had no specific comments regarding the Plan. There was general discussion and questions regarding the GSF program, interstate water banking and how recovery of interstate credits would occur. It was noted at the meeting that the Tucson area will be in a situation similar to Pinal county beginning in 2005 because there will be no carryover of funds. Consequently, annual storage will be limited by the annual withdrawal fee and 4¢ *ad valorem* tax revenues unless the AWBA receives a general fund appropriation.