

ARIZONA WATER BANKING AUTHORITY
Tuesday, March 14, 2000

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No.	NAME (Please Print)	Phone No.
25	HARRY RUGGERIAN - mwd	
26	JEFF JOHN SON - SNWA	
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28	DENNIS UNDERWOOD - mwd	
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Arizona Water Banking Authority
500 North Third Street, Phoenix Arizona 85004
Telephone 602-417-2418
Fax 602-417-2401
Web Page: www.awba.state.az.us

Public Notice of Arizona Water Banking Authority Commission Meeting
Tuesday, March 14, 2000
10:00 a.m.

Arizona Department of Water Resources
500 North Third Street
Phoenix Arizona 85004
Third Floor Conference Room

FINAL AGENDA

- I. Welcome/Opening Remarks
- II. Approval of Minutes of December 15, 1999 and January 26, 2000 meetings
- III. Water Bank Staff Activities
 - Deliveries
 - Water Banking Newsletter
- IV. Interstate Storage & Release Agreements
 - Exploratory Discussions
 - Southern Nevada Water Authority Presentation
 - Southern California Metropolitan Water District Presentation
 - Storage and Interstate Release Agreement
- V. Recovery Subcommittee
 - March 2nd meeting
 - Discussion of Data CD
- VI. 1999 Annual Report
 - Preliminary draft report
 - Ten-Year plan development process
- VII. Interstate Issues
- VIII. Call to the Public

Future Meeting Date:
June 14, 2000

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Arizona Water Banking Authority at (602) 417-2418. Requests should be made as early as possible to allow time to arrange the accommodation.

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500 North Third Street

Phoenix Arizona 85004

Third Floor Conference Room

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- II. Approval of Minutes of January 26 meeting
- III. Water Bank Staff Activities
 - Deliveries
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 - Exploratory Discussions
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- VI. 1999 Annual Report
 - Preliminary draft report
 - Ten-Year plan development process
- VII. Interstate Issues
- VIII. Call to the Public

Future Meeting Date:

June 14, 2000

*This is a tentative agenda that is subject to change prior to the scheduled meeting date. Please contact the AWBA at (602) 417-2418 24 hours in advance of meeting for final agenda.

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ARIZONA WATER BANKING AUTHORITY
Draft Minutes
December 15, 1999

Arizona Department of Water Resources



AUTHORITY MEMBERS
Rita P. Pearson, Chairman
Tom Griffin, Vice-Chairman
Bill Chase, Secretary
George Renner
Richard S. Walden

EX OFFICIO MEMBERS
Representative Gail Griffin
Senator Ken Bennett

Welcome/Opening Remarks

All members of the Authority were present except for Senator Ken Bennett and Representative Gail Griffin.

Minutes

The Authority members approved the minutes from the October 20, 1999 meeting.

Plan of Operation and Other Staff Activities

Tim Henley, Manager of the AWBA, reviewed the 1999 water deliveries. The 1999 Amended Plan of Operations forecast deliveries of 373,325af of water to recharge facilities. It appears that actual deliveries will be less than that due to decreased recharge opportunities at the Groundwater Storage Facilities in Pinal County and GRUSP in Maricopa County.

Mr. Henley stated that there will be a presentation regarding recovery made to CAWCD sometime in early January. He anticipates this being followed by a recovery subcommittee meeting sometime in early February.

Approval of 2000 Plan of Operation

Mr. Henley briefly described the 2000 Plan and noted that it is similar to plans of the past. He specifically noted the two new recharge facilities, the Agua Fria and the Lower Santa Cruz, and gave a status report of the facilities. Mr. Renner explained that CAWCD is attempting to obtain limited eminent domain power in this legislative session to facilitate completion of the Agua Fria facility.

Mr. Henley also noted a change in the financing of the Plan. In 2000, Withdrawal Fee money is available and will be utilized in Pinal County while General Fund money will be utilized in Pima County.

Finally, Mr. Henley discussed two items not in the Plan: Indian settlements and interstate projects. It is expected that water storage for these purposes may be included in the 2001 Plan of Operation.

The Authority adopted the 2000 Plan of Operation as presented.

Update on Bureau of Reclamation Rule Governing Offstream Storage of Colorado River Water

Michael Pearce, Chief Counsel for ADWR, presented a comparison of the draft and final rule with emphasis on the specific concerns of the AWBA and ADWR and how those concerns were addressed. The ADWR has determined that the rule became effective on December 1, 1999. The concerns discussed were: language regarding storage credits and redemption; role of state authorized entities; requirement of physical storage of water; Secretary of the Interior a party to all contracts; and possible banking by tribal entities. Copies of Mr. Pearce's analysis were included in the packet of handouts.

The next step in the process is a determination by the Director of ADWR that the final rule does or does not meet the statutory mandates described in Arizona Revised Statutes § 45-2427. There will be a public meeting on January 13, 2000 at 1:00 p.m. in Conference Room A, ADWR, to receive comments regarding this issue.

Following a positive determination that the rule meets the statutory mandates, interstate negotiations can be initiated. The Authority determined that a special meeting should be held to develop principles of negotiation. This meeting is proposed for the last week in January and a meeting date will be announced when a date is finalized.

Interstate Issues

Ms. Pearson briefly discussed the letter sent by the other six basin states to Mr. Tom Hannigan and Mr. Gerald Zimmerman which articulated the state's concerns with the Quantification Agreement reached between three California water districts. She stated that this is an on-going issue that will remain on the Authority's agenda.

Call to the Public

The next meeting is Wednesday, March 15, 2000 at 10:00 a.m.

The meeting was adjourned at 11:15 a.m.

ARIZONA WATER BANKING AUTHORITY
Draft Minutes
January 26, 2000

Arizona Department of Water Resources



AUTHORITY MEMBERS
Rita P. Pearson, Chairman
Tom Griffin, Vice-Chairman
Bill Chase, Secretary
George Renner
Richard S. Walden

EX OFFICIO MEMBERS
Representative Gail Griffin
Senator Ken Bennett

Welcome/Opening Remarks

All members of the Authority were present except Sen. Ken Bennett and Rep. Gail Griffin.

Discussion of the CAPs Recharge Site Condemnation Authority

George Renner, Authority member and president of the Central Arizona Project board, asked Larry Dozier, Deputy General Manager of CAP, to give a brief overview of the newly introduced legislative bill, SB 1364.

The bill would add condemnation authority to the powers of the Central Arizona Project. It would allow the CAP to condemn the needed real property for State Demonstration Project used for water storage and recovery under title 45. It limits that authority to only lands that have been specifically identified and declared by resolution as necessary by the board of directors for the CAP.

Mr. Renner moved that the AWBA endorse the bill, and recommend its passage to the legislature. The motion was carried unanimously.

Principles of Negotiation for Interstate Agreements for the Offstream Storage of Colorado River Water

Mike Pearce, Chief Counsel of the Arizona Department of Water Resources (ADWR), discussed his opinion on the USBR interstate banking rules. He then submitted his opinion letter to the director of ADWR. The opinion states that the statutory standards provided in the AWBA enabling legislation have been met by the federal regulations promulgated by the Secretary of Interior November 1, 1999.

Ms. Pearson, as the director of the ADWR, accepted the opinion of Mr. Pearce and reported to the Authority that these rules do in fact meet the statutory criteria for the acceptable approach to conducting interstate banking under article II(B)6) of the decree and consistent with the legal rights as seen under the law of the River. And that the Bank has the statutory authority to negotiate and execute storage and interstate recharge agreements if it votes to do so.

Tim Henley gave a brief overview of the principles of negotiation which would cover the issues that could arise when the process of negotiations begin.

The members discussed several of the issues and made several recommendations:

Ms. Pearson recommended that the AWBA staff set up guideline principles. Mr. Henley stated that the staff will put together a proposal of recommendations and submit them to the Authority.

Ms. Pearson recommended that a negotiation committee be developed and keep the members updated on the progress. The committee will include Tim Henley, Mike Pearce, and Larry Dozier.

The AWBA delayed voting on whether to enter into negotiations until the principles are approved, however, George Renner moved to authorize the AWBA staff to begin exploratory discussions with Nevada. The motion was amended to include California. Mr. Henley stated that he will have California give a presentation at the March AWBA meeting with their concerns and needs in regards to interstate banking. The motion passed unanimously

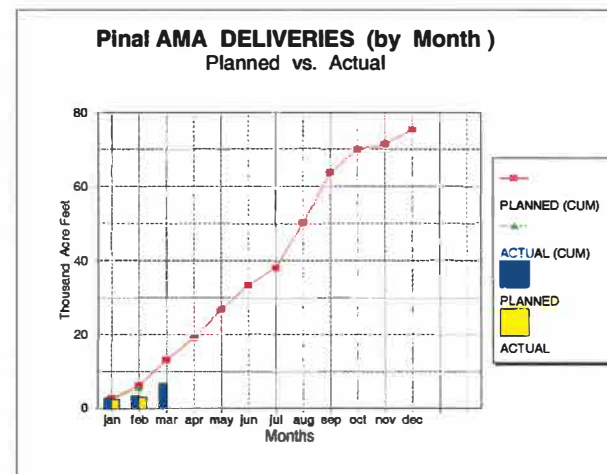
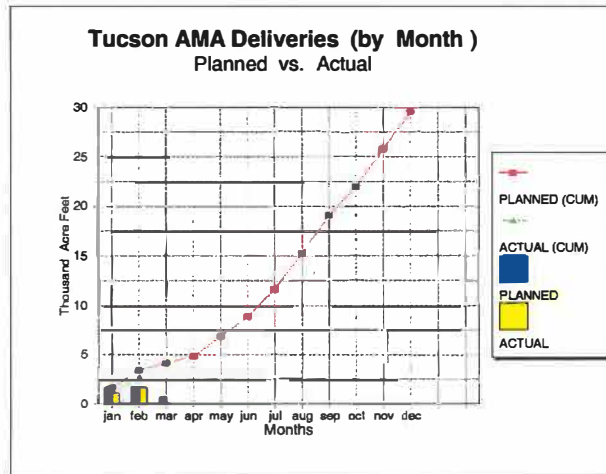
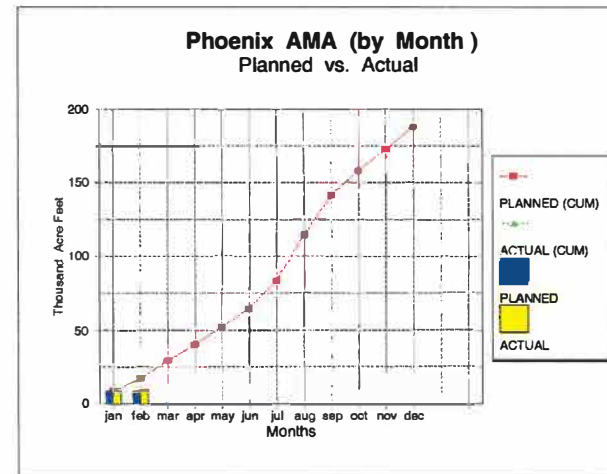
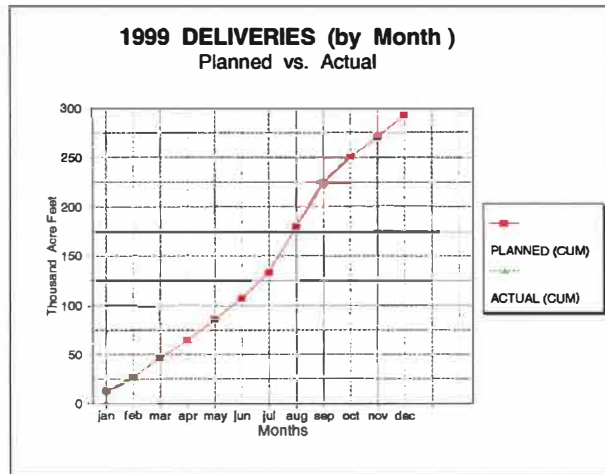
Call to the Public

Two members of the public provided comment regarding their support of the rules.

The next AWBA meeting is scheduled for Tuesday, March 14, 2000.

The meeting concluded at 11:45 a.m.

2000 Plan of Operation



Actual deliveries updated 13-Mar-2000
 Modified Plan of Operation April 1999

	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	total
Phoenix AMA													
GRUSP	6,553	6,598	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	79,151
	<i>6,600</i>	<i>6,600</i>	<i>6,600</i>	<i>6,600</i>	<i>6,600</i>	<i>6,600</i>	<i>6,600</i>	<i>6,600</i>	<i>6,600</i>	<i>6,600</i>	<i>6,600</i>	<i>6,600</i>	<i>79,200</i>
AGUA FRIA	0	0	0	0	0	0	0	2,500	2,500	2,500	2,500	2,500	15,000
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,500</i>	<i>2,500</i>	<i>2,500</i>	<i>2,500</i>	<i>2,500</i>	<i>15,000</i>
CHCID	75	115	50	100	100	126	100	100	100	191	100	0	1,157
	<i>50</i>	<i>100</i>	<i>50</i>	<i>100</i>	<i>100</i>	<i>126</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>191</i>	<i>100</i>	<i>0</i>	<i>1,117</i>
NMIDD	2,098	2,941	3,200	2,500	3,000	3,500	3,700	9,700	9,600	3,500	2,500	2,000	48,239
	<i>2,000</i>	<i>2,000</i>	<i>3,200</i>	<i>2,500</i>	<i>3,000</i>	<i>3,500</i>	<i>3,700</i>	<i>9,700</i>	<i>9,600</i>	<i>3,500</i>	<i>2,500</i>	<i>2,000</i>	<i>47,200</i>
QCID	0	0	0	0	0	0	3,946	7,270	3,720	1,600	1,050	2,460	20,046
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,946</i>	<i>7,270</i>	<i>3,720</i>	<i>1,600</i>	<i>1,050</i>	<i>2,460</i>	<i>20,046</i>
MWD	0	0	0	0	0	0	0	2,733	2,353	2,353	0	0	7,439
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,733</i>	<i>2,353</i>	<i>2,353</i>	<i>0</i>	<i>0</i>	<i>7,439</i>
TID	0	0	0	0	0	0	0	0	0	0	2,000	1,000	3,000
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,000</i>	<i>1,000</i>	<i>3,000</i>
SRP	0	0	2,120	2,120	2,120	2,120	2,120	2,120	2,120	0	0	0	14,840
	<i>0</i>	<i>0</i>	<i>2,120</i>	<i>2,120</i>	<i>2,120</i>	<i>2,120</i>	<i>2,120</i>	<i>2,120</i>	<i>2,120</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>14,840</i>
VIDLER MBT	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Subtotal	8,726	9,654	11,970	11,320	11,820	12,346	18,966	31,023	26,993	16,744	14,750	14,560	188,872
Total to date	8,726	18,380	30,350	41,670	53,490	65,836	84,802	115,825	142,818	159,562	174,312	188,872	188,872
<i>Projected total to date</i>	<i>8,650</i>	<i>17,350</i>	<i>29,320</i>	<i>40,640</i>	<i>52,460</i>	<i>64,806</i>	<i>83,772</i>	<i>114,795</i>	<i>141,788</i>	<i>158,532</i>	<i>173,282</i>	<i>187,842</i>	<i>187,842</i>
Pinal AMA													
CAIDD	0	0	0	0	0	0	0	1,451	8,506	4,184	482	377	15,000
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,451</i>	<i>8,506</i>	<i>4,184</i>	<i>482</i>	<i>377</i>	<i>15,000</i>
MSIDD	530	320	320	0	320	2,000	4,620	3,260	1,370	110	110	1,580	14,540
	<i>530</i>	<i>0</i>	<i>320</i>	<i>0</i>	<i>320</i>	<i>2,000</i>	<i>4,620</i>	<i>3,260</i>	<i>1,370</i>	<i>110</i>	<i>110</i>	<i>1,580</i>	<i>14,220</i>
HIDD	1,946	2,792	6,500	6,000	7,500	4,500	0	7,600	3,500	2,000	800	2,000	45,138
	<i>2,300</i>	<i>3,500</i>	<i>6,500</i>	<i>6,000</i>	<i>7,500</i>	<i>4,500</i>	<i>0</i>	<i>7,600</i>	<i>3,500</i>	<i>2,000</i>	<i>800</i>	<i>2,000</i>	<i>46,200</i>
Subtotal	2,476	3,112	6,820	6,000	7,820	6,500	4,620	12,311	13,376	6,294	1,392	3,957	74,678
Total to date	2,476	5,588	12,408	18,408	26,228	32,728	37,348	49,659	63,035	69,329	70,721	74,678	74,678
<i>Projected total to date</i>	<i>2,830</i>	<i>6,330</i>	<i>13,150</i>	<i>19,150</i>	<i>26,970</i>	<i>33,470</i>	<i>38,090</i>	<i>50,401</i>	<i>63,777</i>	<i>70,071</i>	<i>71,463</i>	<i>75,420</i>	<i>75,420</i>
Tucson AMA													
Avra Valley	0	0	200	200	200	200	0	0	200	200	200	200	1,600
	<i>200</i>	<i>200</i>	<i>200</i>	<i>200</i>	<i>200</i>	<i>200</i>	<i>0</i>	<i>0</i>	<i>200</i>	<i>200</i>	<i>200</i>	<i>200</i>	<i>2,000</i>
CAVSARP	492	500	500	500	500	500	500	500	500	500	500	500	5,992
	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>6,000</i>
Pima Mine	630	1,178	0	0	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	12,208
	<i>1,000</i>	<i>1,100</i>	<i>0</i>	<i>0</i>	<i>1,300</i>	<i>1,300</i>	<i>1,300</i>	<i>1,300</i>	<i>1,300</i>	<i>1,300</i>	<i>1,300</i>	<i>1,300</i>	<i>12,500</i>
Lower Santa Cruz	0	0	0	0	0	0	1,000	1,800	1,800	900	1,800	1,800	9,100
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,000</i>	<i>1,800</i>	<i>1,800</i>	<i>900</i>	<i>1,800</i>	<i>1,800</i>	<i>9,100</i>
Kai/Avra	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Subtotal	1,122	1,678	700	700	2,000	2,000	2,800	3,600	3,800	2,900	3,800	3,800	28,900
Total to date	1,122	2,800	3,500	4,200	6,200	8,200	11,000	14,600	18,400	21,300	25,100	28,900	28,900
<i>Projected total to date</i>	<i>1,700</i>	<i>3,500</i>	<i>4,200</i>	<i>4,900</i>	<i>6,900</i>	<i>8,900</i>	<i>11,700</i>	<i>15,300</i>	<i>19,100</i>	<i>22,000</i>	<i>25,800</i>	<i>29,600</i>	<i>29,600</i>
TOTAL	12,324	14,444	19,490	18,020	21,640	20,846	26,386	46,934	44,169	25,938	19,942	22,317	292,450
Total to date	12,324	26,768	46,258	64,278	85,918	106,764	133,150	180,084	224,253	250,191	270,133	292,450	292,450
<i>Projected total to date</i>	<i>13,180</i>	<i>27,180</i>	<i>46,670</i>	<i>64,690</i>	<i>86,330</i>	<i>107,176</i>	<i>133,562</i>	<i>180,496</i>	<i>224,665</i>	<i>250,603</i>	<i>270,545</i>	<i>292,862</i>	<i>292,862</i>

AWBA NEWSLETTER

Issue Number 1

February 2000

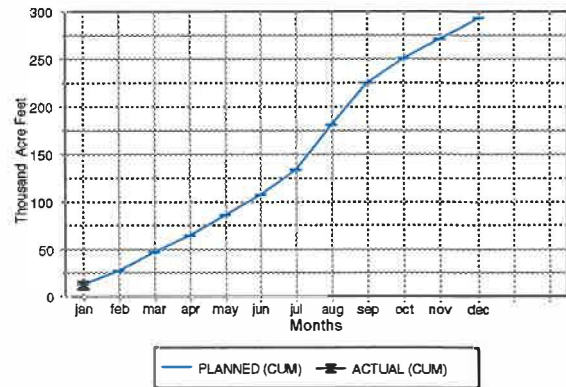
Newsletter to Provide Updates Between Meetings

At the June 1999 AWBA meeting, Authority members voted to reduce the number of AWBA meetings through adoption of a quarterly meeting schedule. Consequently, the AWBA staff has developed this newsletter to provide periodic updates on water deliveries and other issues in an effort to keep interested parties informed. However, parties should note that there may be more frequent AWBA meetings due to increased staff activity with regard to interstate banking issues.

Please contact Gerry Wildeman if you have an item of interest for inclusion in a future newsletter.

AWBA Water Deliveries

2000 DELIVERIES (by Month)
Planned vs. Actual



January Water Deliveries

Phoenix Active Management Area	8,726 AF
Pinal Active Management Area	2,476 AF
Tucson Active Management Area	<u>1,122 AF</u>
Total For January	12,324 AF

Total Deliveries (through January) 12,324 AF

Arizona Department of Water Resources makes Positive Determination Regarding Rule

A special meeting of the AWBA and the Arizona Department of Water Resources was held on January 13, 2000 to discuss whether the Bureau of Reclamation Rule Governing Offstream Storage of Colorado River Water (published on November 1, 1999) met the statutory requirements of Arizona Revised Statutes § 45-2427. Michael Pearce, Chief Counsel for ADWR, convened the meeting to solicit public comment to assist in preparation of his final legal opinion to the Director of ADWR.

On January 25, 2000, Mr. Pearce presented Rita Pearson with his final opinion which stated that the statutory requirements in AWBA's authorizing legislation were satisfied. Ms. Pearson concurred with Mr. Pearce's opinion and concluded that Arizona's rights were adequately protected under the federal rule. Ms. Pearson presented her determination to the AWBA on January 26, 2000 at their special meeting (see story on next page).

Arizona Water Banking Authority

500 North Third Street
Phoenix, Arizona 85004

Web Page

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Water Bank Holds Special Meeting

The AWBA held a special meeting on January 26, 2000 to initiate discussion on principles of negotiation for interstate agreements for the offstream storage of Colorado River water.

The meeting resulted in formation of a committee tasked with initiating exploratory discussions with Nevada and California. The subject of the discussions will be the principles of negotiation which were presented at the meeting by Tim Henley, AWBA manager. A preliminary list of the principles was distributed at the meeting.

Based on direction from the members to explore the opportunities for interstate banking, meetings with California and Nevada have been scheduled for early February. Staff will summarize the information gathered in these meetings for presentation to the board at the next AWBA meeting.

Status of New Water Storage Permits

The AWBA received water storage permits for the constructed and managed portions of the Agua Fria recharge facility on January 6, 2000. The Agua Fria facility is being developed by the CAWCD and is the first recharge project in Arizona to incorporate a combination of streambed recharge and infiltration basins in a single facility.

The AWBA received a water storage permit for the Lower Santa Cruz recharge facility on January 18, 2000. The Lower Santa Cruz facility is a joint development by the CAWCD and the Pima County Flood Control District.

Staff are currently preparing water storage agreements for both facilities.

AWBA Supports Senate Bill 1364

Senate Bill 1364 has been proposed by the CAWCD. If passed, SB 1364 would grant limited eminent domain authority to the CAWCD to assist it in securing access to aquifers for water recharge projects. On January 31, 2000, the AWBA forwarded a letter to the Senate and House of Representatives formally endorsing the legislation.

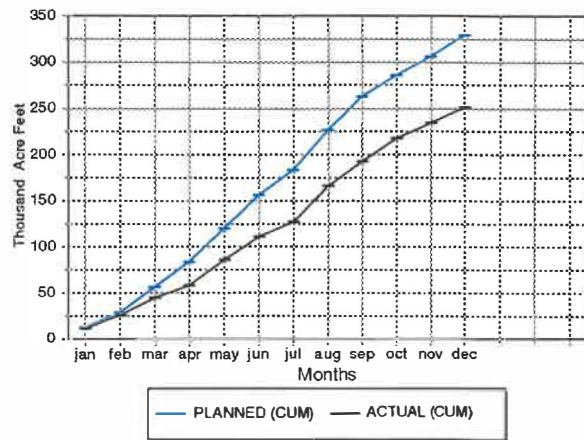
MEETINGS

The next AWBA meeting is scheduled for **Tuesday, March 14, 2000** at the Arizona Department of Water Resources from 10:00-12:00 p.m.

The major agenda item will likely be discussion regarding interstate banking.

Summary of Water Deliveries— 1999

1999 DELIVERIES (by Month)
Planned vs. Actual



Phoenix Active Management Area	162,303 AF
Pinal Active Management Area	67,795 AF
Tucson Active Management Area	21,394 AF
Total For 1999	251,492 AF

Total Water and Facility Cost **\$8,369,173.00**

Recovery Subcommittee Meeting
Thursday, **March 2, 2000** from **10-12 p.m.**
at ADWR Conference Room A

Items of Discussion

1. Presentation of GIS data CD
2. Presentation and Discussion of Recovery Scenarios

Arizona Water Banking Authority
Annual Report 1999

OUTLINE

I. Message from the Chairman of the AWBA

II. Annual Report Requirements

Note: these requirements are different from 1998 due to H.B. 2463.

III. Members

This section will be modified slightly. Individual authority member's photos and bios will be omitted. There will instead be one group photo with members identified. The group photo was taken at a previous bank meeting.

IV. Organizational Chart

Chart completed.

Discussion in this section will focus on the ADWR and CAWCD support personnel in the form of photographs, identification of key personnel and a brief description of pertinent duties.

V. Update

Draft completed

VI. Activities and Projects – 1999

- A. House Bill 2463
- B. Interstate Water Banking
- C. 1999 Amended Plan of Operation
- D. 2000 Plan of Operation
- E. Web Page
- F. Recovery Subcommittee
- G. SRP/AWBA Water Exchange Permit
- H. New Facility Permits

VII. Monies Expended from the Banking Fund

1999 information available

VIII. Long-term Storage Credits Accrued

Information regarding number of long-term storage credits not available from the AMA's until approximately June 1, 2000. Annual reports must be filed by March 31, 2000.

IX. Long-term Storage Credits Distributed or Extinguished

There were no long-term storage credits distributed or extinguished in 1999.

X. 10 year Plan

Staff level discussions have occurred. Public meeting to be held sometime early in April to gain input.

Nevada Presentation to the
Arizona Water Banking Authority
Concerning Existing and
Future Water Resources

March 14, 2000

Why is participation in the Arizona Bank important to Nevada?

- Provides future resource (when combined with other options)
- Provides flexibility (shortage)
- Cost is reasonable
- Complements other resource options
- Environmentally acceptable
- Most legal/institutional issue resolved

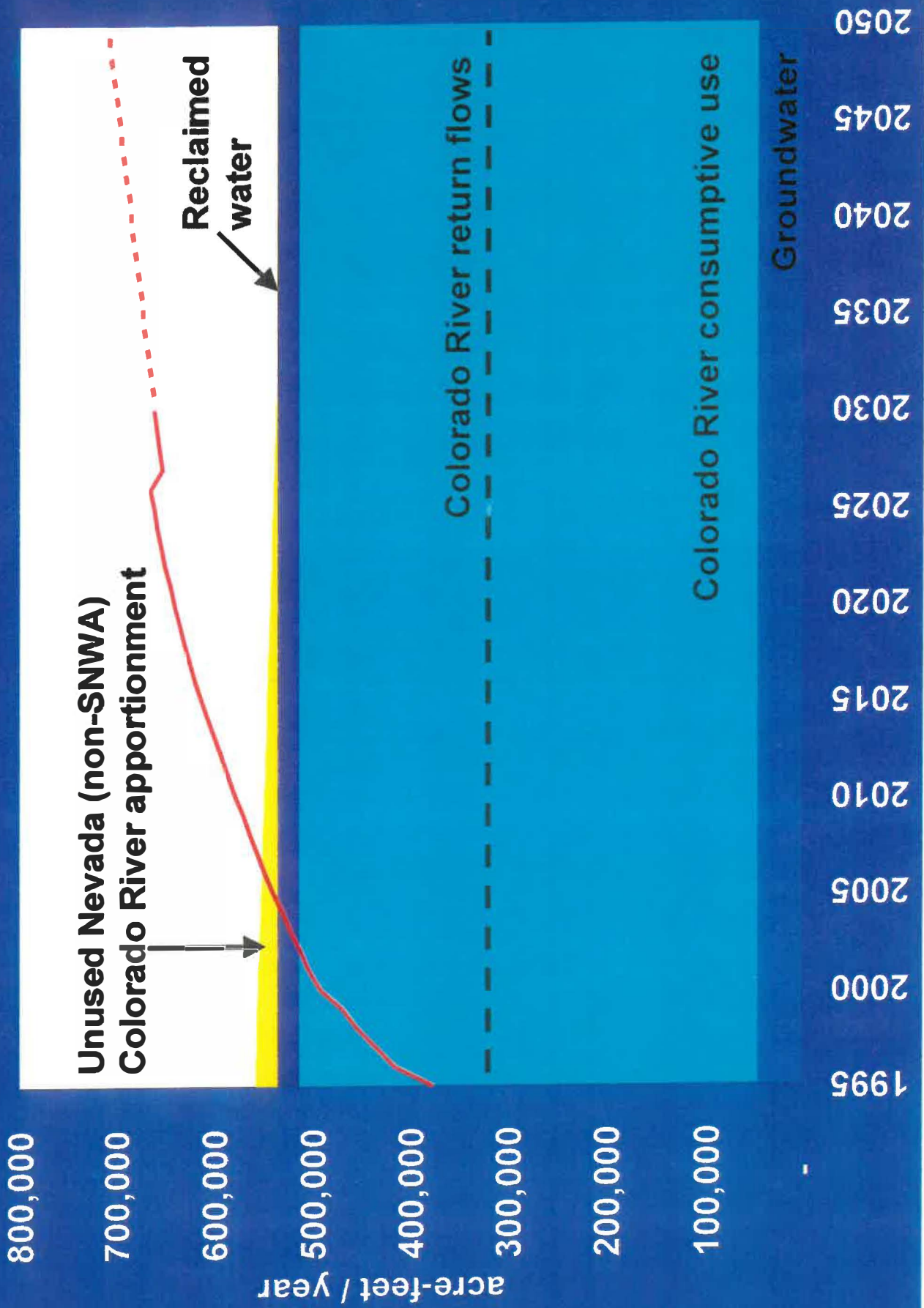
SOUTHERN NEVADA
WATER AUTHORITY



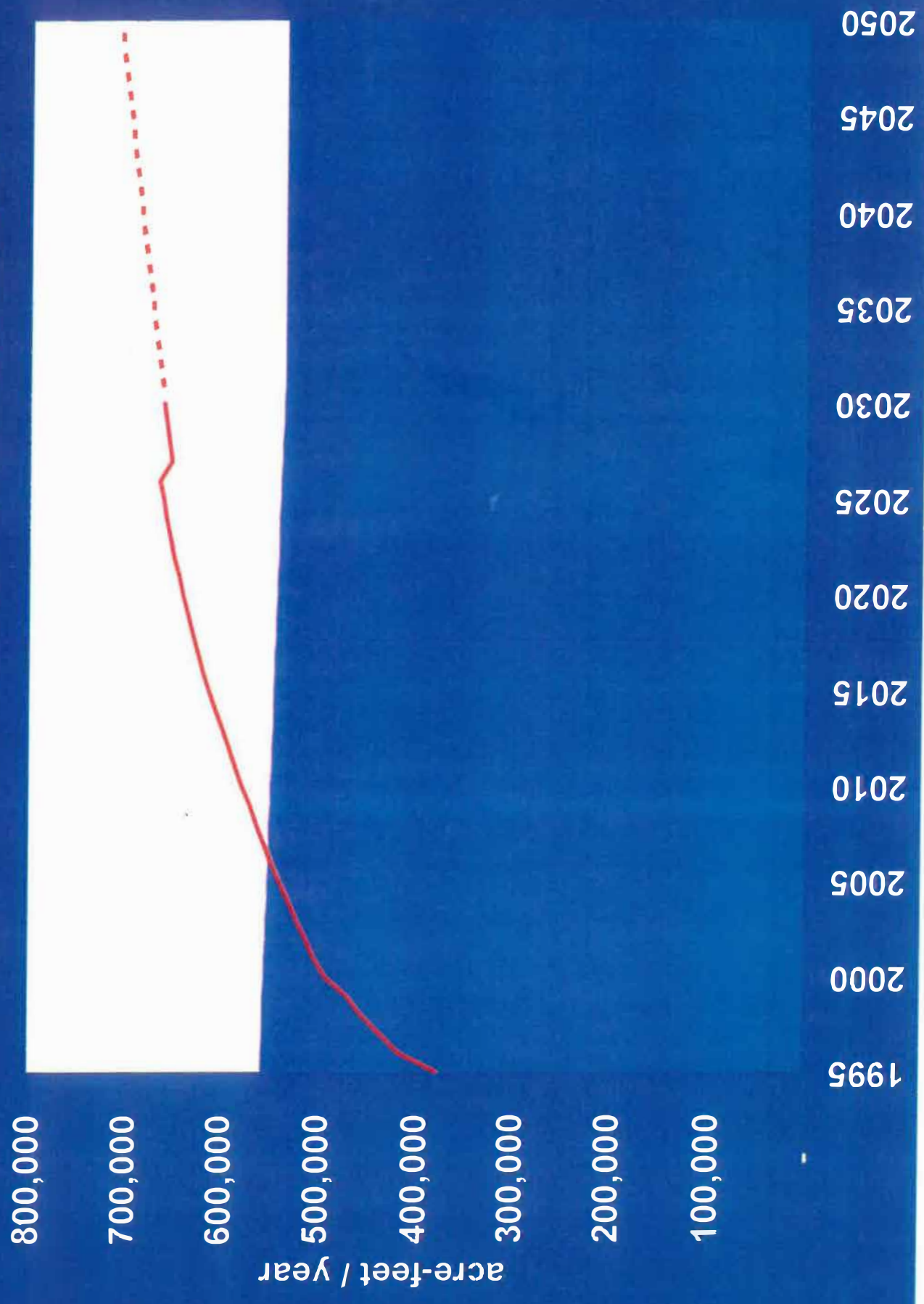
1999
Water
Resource
Plan

October 1999

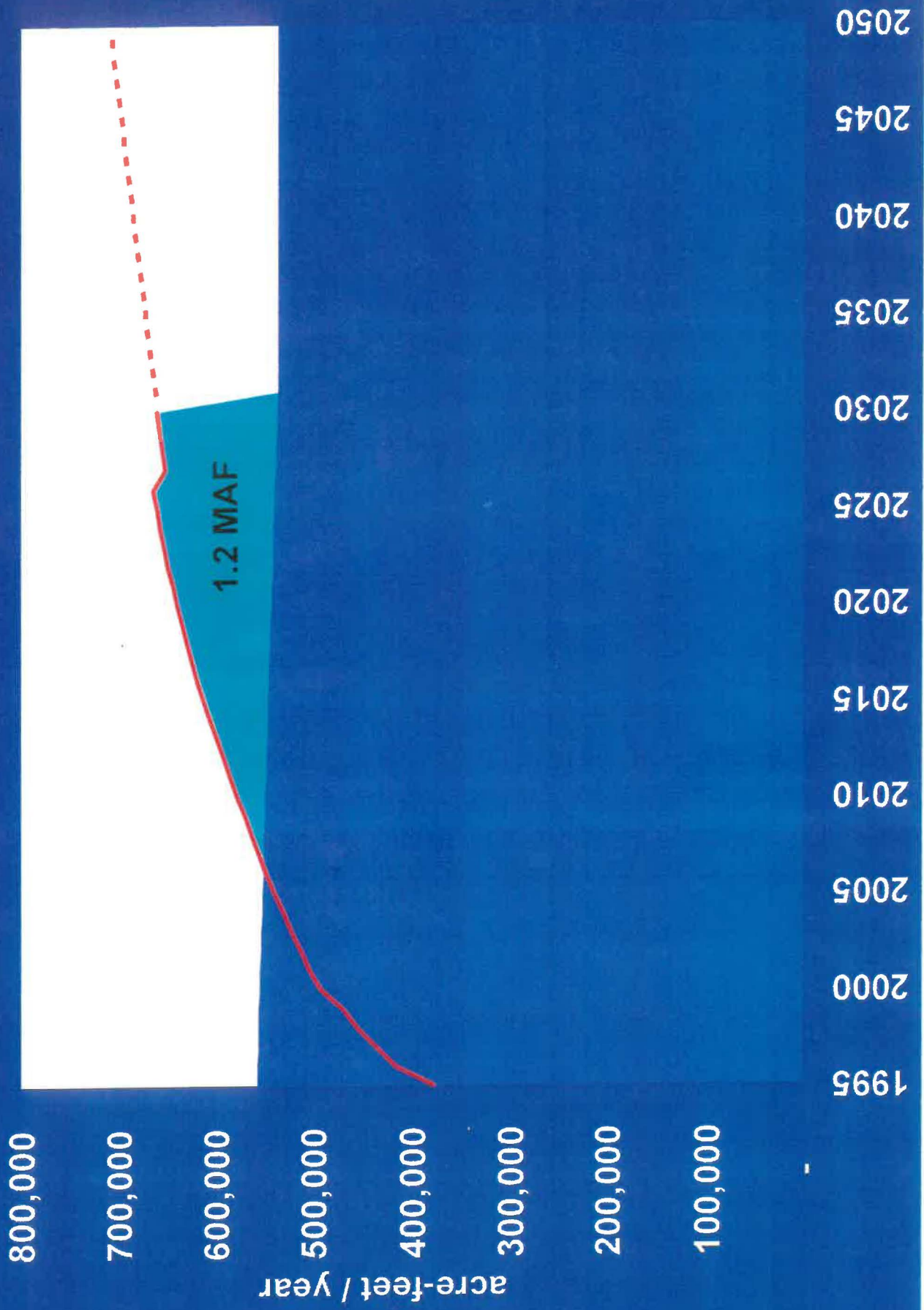
SNWA Water Resources



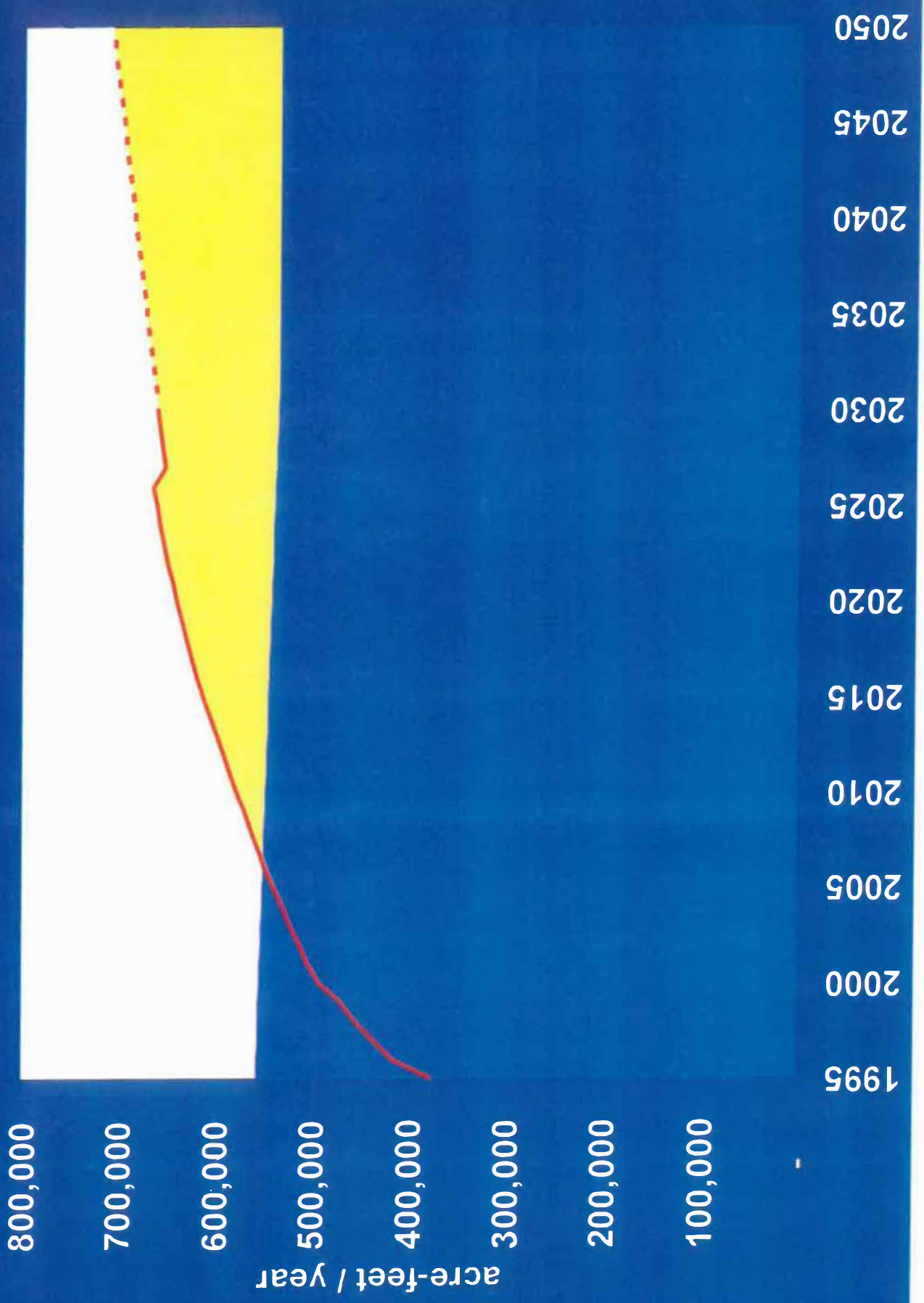
SNWA Water Resources



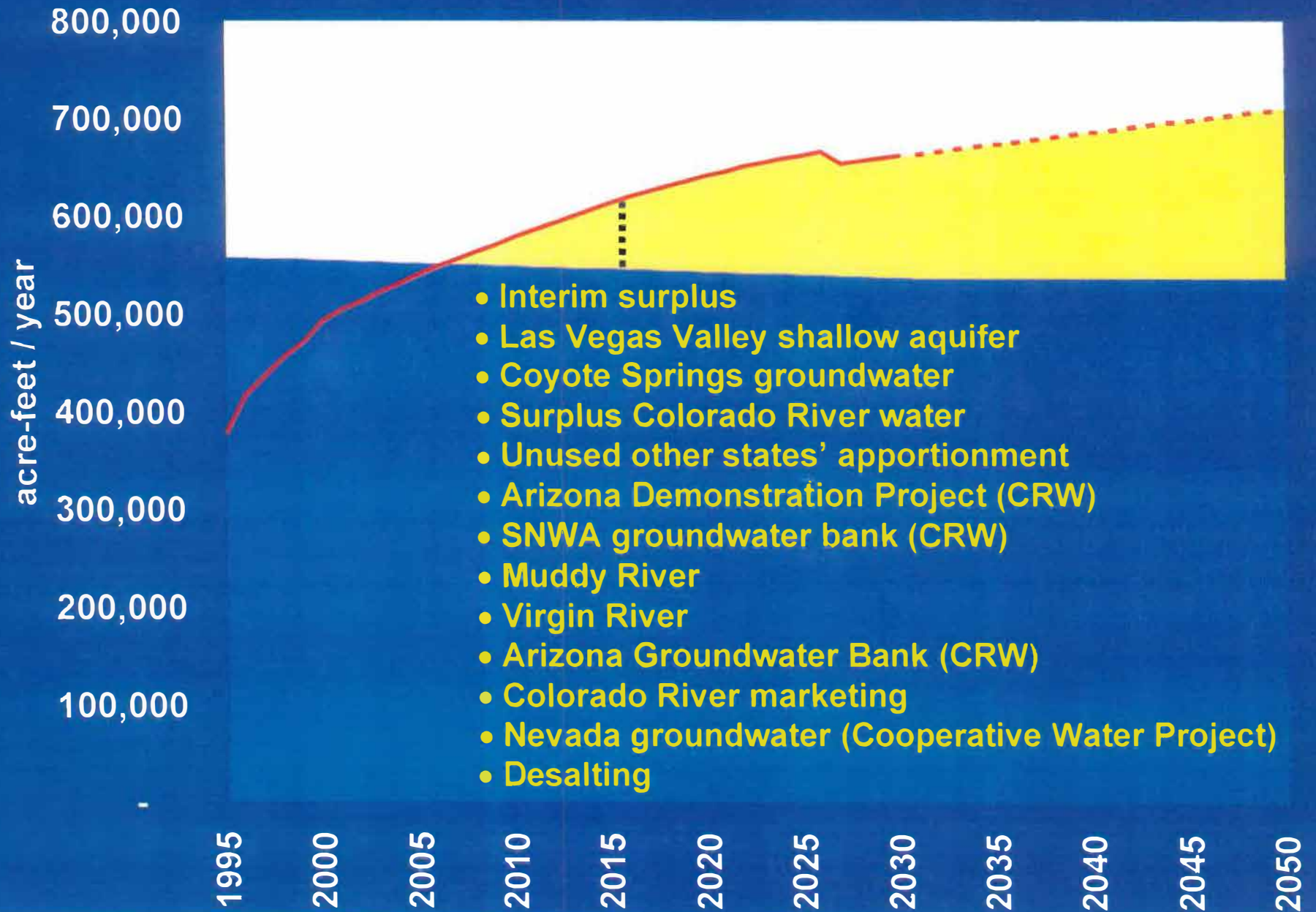
SNWA Future Resources



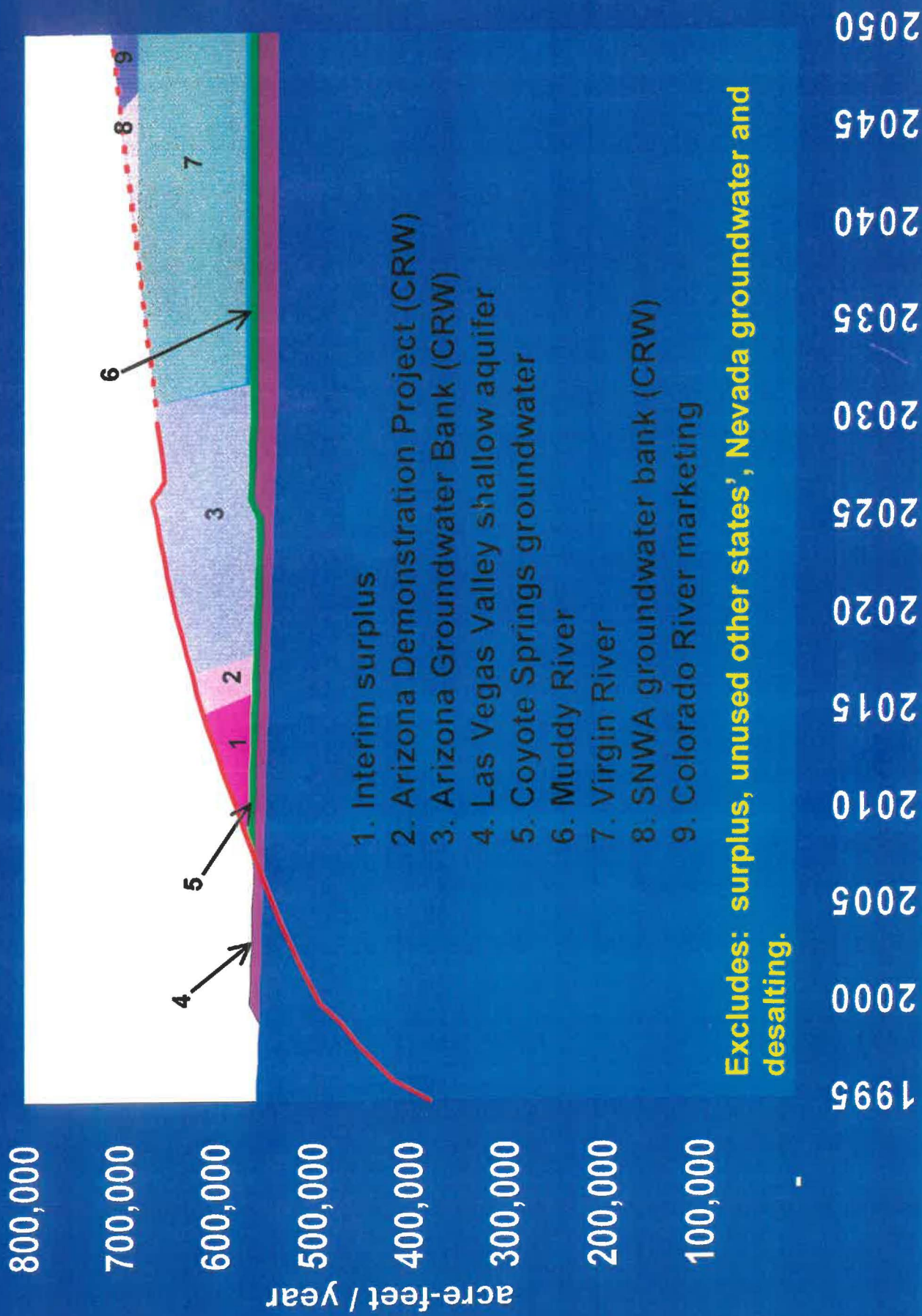
SNWA Future Resources



SNWA Future Resources



One Possible Scenario

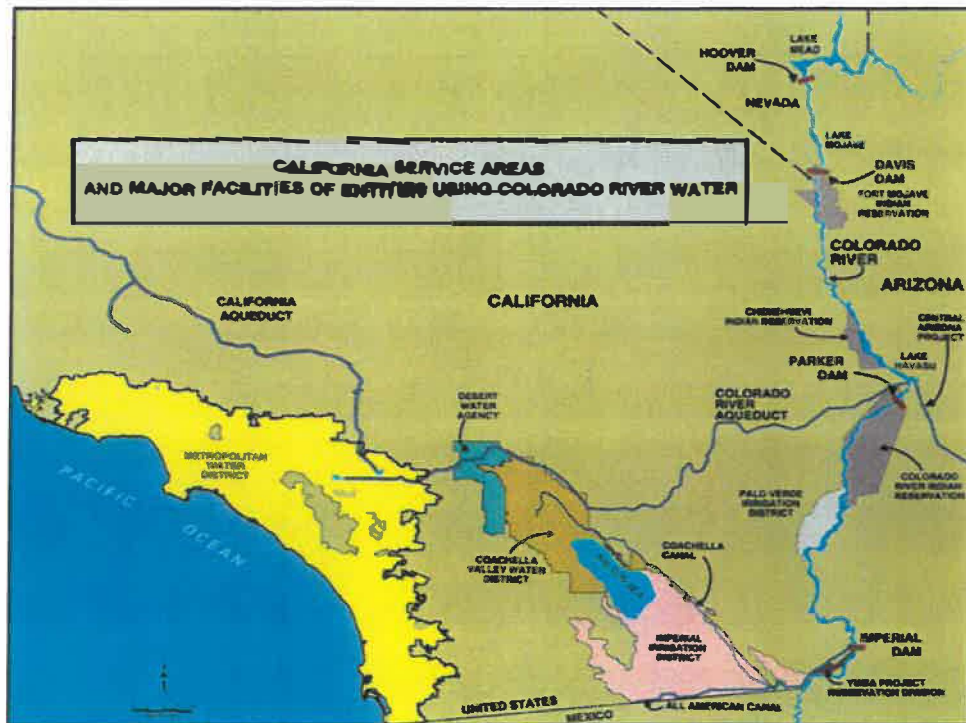


- 1. Interim surplus
- 2. Arizona Demonstration Project (CRW)
- 3. Arizona Groundwater Bank (CRW)
- 4. Las Vegas Valley shallow aquifer
- 5. Coyote Springs groundwater
- 6. Muddy River
- 7. Virgin River
- 8. SNWA groundwater bank (CRW)
- 9. Colorado River marketing

Excludes: surplus, unused other states', Nevada groundwater and desalting.

Metropolitan Water District Presentation to Arizona Water Banking Authority

March 14, 2000



MWD Formation

- MWD formed for the purpose of supplying the area within its boundaries with supplemental water for domestic, industrial, and other beneficial uses

March 14, 2000

MWD Powers

- Section 130 of the MWD Act states that MWD may:
 - Acquire water and water rights within or without the state
 - Develop, store, and transport water

March 14, 2000

Authorized Entity

- Requires express state authorization to be a storing entity
- Allows qualification under the laws of a state to be a consuming entity
 - **MWD is an authorized consuming entity under the laws of the State of California**

March 14, 2000

Basic Components of California's 4.4 Plan

- Core voluntary agricultural to urban water transfers and exchanges
- Conjunctive use and storage programs
- Dry year supply options
- Water purchases
- Other projects

March 14, 2000

Commitments of the California Agencies

- Quantification agreement
- Interagency water acquisition agreements
- Secretarial implementation agreements
- Necessary State Water Resources Control Board approval

March 14, 2000

Key Components for Orderly Transition: 2001-2016

- Quantification and implementation agreements
- Implementation of core transfers and exchanges
- Implementation of conjunctive use and storage programs
- Securing dry year supply options
- Interim surplus criteria

March 14, 2000

Potential Role of Interstate Offstream Banking

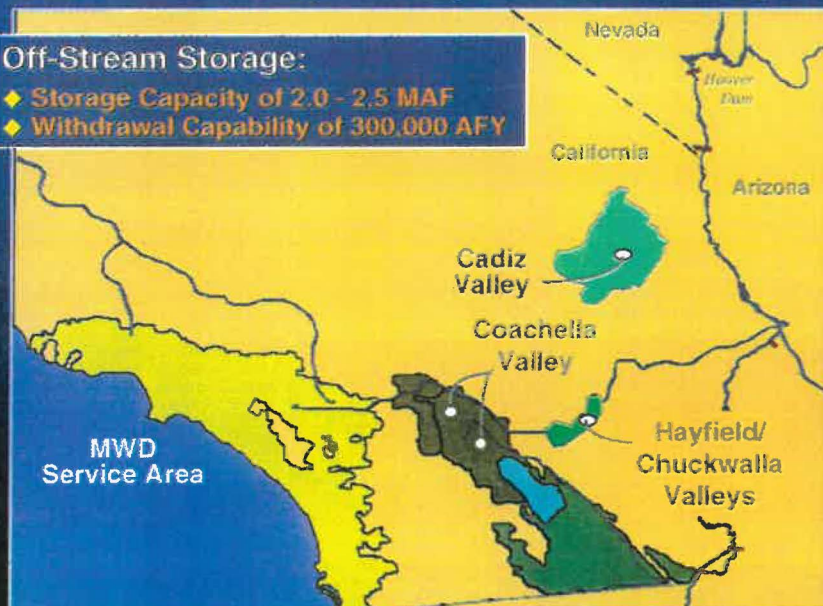
- 300,000 acre-feet per year - storage/conjunctive use programs:
 - AWBA
 - Hayfield
 - Cadiz
 - Coachella Valley, upper and lower valley

March 14, 2000

Proposed CA Storage & Conjunctive Use Programs

Off-Stream Storage:

- ◆ Storage Capacity of 2.0 - 2.5 MAF
- ◆ Withdrawal Capability of 300,000 AFY



Potential Role of AWBA and CVWD Offstream Banking

- AWBA and Lower Coachella Valley groundwater storage programs would compliment other storage and conjunctive use programs through the use of anticipatory flood control releases

March 14, 2000

Potential Role of AWBA and CVWD Offstream Banking

- Possible put and take scenarios of 200,000 acre-feet per year
- Integrate storage/recovery activities for MWD with storage/recovery for SNWA and AWBA programs in Active Management Areas

March 14, 2000

Summary

- Surplus Colorado River supplies will help us get these programs in place in the first 15 years of the Quantification Period
- Put in place storage and conjunctive use programs within and outside MWD service area

March 14, 2000

Summary

- Store anticipatory flood control releases through AWBA and in Coachella Valley
- Put and take 200,000 acre-feet per year between AWBA and Coachella Valley Water District

March 14, 2000

Summary

- Banked water could be used for mitigation purposes
- MWD would withdraw stored water during critical periods in the near term and potentially long term

March 14, 2000

OUTLINE OF
STORAGE AND INTERSTATE RELEASE AGREEMENT

Between

The Secretary of the United States Department of the Interior, the United States Bureau of Reclamation, the Arizona Water Banking Authority and the Southern Nevada Water Authority

I. Recitals of Authority

- | | | |
|----|---|--|
| A. | The Secretary of the United States Department of the Interior and the United States Bureau of Reclamation are authorized to enter into Storage and Interstate Release Agreements pursuant to 43 C.F.R. Part 414. | <i>Recitals of Authority are intended to reflect the requirement that interstate banking can</i> |
| B. | The State of Arizona, by its agency the Arizona Water Banking Authority is expressly authorized by A.R.S. § 45-2401 et seq. to enter into Storage and Interstate Release Agreements and develop Intentionally Created Unused Apportionment. 43 C.F.R. § 414.2. | <i>only be accomplished on a state to state basis, by entities authorized by state statutes.</i> |
| C. | The State of Nevada by its agency the Colorado River Commission, is authorized by N.R.S. § 538.186 to enter into this Agreement, together with and for the benefit of the Southern Nevada Water Authority, a Nevada joint powers agency and political subdivision of the State of Nevada, created by agreement dated July 25, 1991, as amended November 17, 1994 and January 1, 1996, pursuant to N.R.S. § 277.074 and 277.120, also authorized by N.R.S. § 538.186 to enter into this Agreement and acquire the right to use Intentionally Created Unused Apportionment. 43 CFR § 414.2. | |

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II. Term of the Agreement

- A. This Agreement shall commence on the date of execution by all parties and shall continue until December 31, 2050, or until all water stored for the benefit of the State of Nevada under this Agreement has been released by the Secretary, whichever is sooner.
- Term of the agreement is subject to negotiation.*
- When does the right to store end?*

III. Water Storage

- A. This Agreement shall govern the storage of Colorado River water by the Arizona Water Banking Authority (AWBA) in the State of Arizona on behalf of the State of Nevada for the benefit of the Colorado River Commission and the Southern Nevada Water Authority (CRC/SNWA).
- Annual storage is left to AWBA discretion, to be developed in the annual plan of operation.*
- B. This Agreement shall allow the storage of _____ acre feet of water per year, up to a maximum of _____ acre feet of total storage over the term of this Agreement.
- Total amount of storage is negotiated.*
- C. The water to be stored under this Agreement may be water within unused basic apportionment of Arizona, or may be water within the unused surplus apportionment of Arizona.
- Rule requires this statement.*
- D. Water stored under this Agreement that is within Arizona's basic apportionment or Arizona's surplus apportionment shall be offered to all entitlement holders within Arizona before it is stored under this Agreement. 43 CFR § 414.3(a)(2).
- Required by Rule and AWBA statutes.*
- E. No water shall be stored under this Agreement in any year until the AWBA determines that it will also store the maximum feasible amount of water for Arizona in that year.
- AWBA must decide that Arizona's needs have been met.*

- F. The AWBA shall each year verify and prepare an account of all water stored under this Agreement for the benefit of the State of Nevada. 43 CFR § 414.3(a)(5).
- G. The records of all parties to this agreement that relate to the storage of water shall be open to inspection by any other party.

Accounting required by Rule.

IV. Storage of Nevada Unused Apportionment

- A. Water allocated to the State of Nevada under the 1964 Decree in *Arizona v. California* may be used for storage under this Agreement if the following conditions are met. 43 CFR § 414.3(a)(3)

- 1. Water within Nevada’s basic or surplus apportionment has been offered for use in the State of Nevada and will not be used.
- 2. The Secretary of the Interior, through the Bureau of Reclamation, has decided that such unused Nevada basic or surplus apportionment shall be released for consumptive use within Arizona under Article II(B)(6) of the 1964 Decree.
- 3. The water released to Arizona under Article II(B)(6) of the 1964 Decree has been offered to all entitlement holders within Arizona in their respective order of priority and such water still remains unused.
- 4. The AWBA has agreed that it will accept delivery of such water and store it for the benefit of Nevada.

Storage of Nevada unused apportionment is allowed by the Rule, but it must be offered for consumptive use in Arizona under standard Article II(B)(6) principles.

AWBA retains discretion to accept any water.

V. Storage Facilities

A. Water stored under this Agreement shall be stored in the Underground Storage Facilities and Groundwater Savings Facilities that have contracts with the AWBA for storage of AWBA water. 43 CFR § 414.3(a)(1)

Rule requires identification of facilities. AWBA intends to identify them by reference to its contractors.

B. In any given year, the water to be stored for the benefit of the State of Nevada shall be directed to storage facilities in the discretion of the AWBA. The specific facilities shall be identified in the AWBA Annual Plan of Operation.

AWBA determines where the water will be stored in the Annual Plan.

C. Before any water is directed to storage facilities for the benefit of the State of Nevada, the AWBA shall determine that there is adequate storage capacity for all water to be stored for the benefit of the State of Arizona in that year.

AWBA must decide that Arizona's needs have been met.

VI. Creation of Intentionally Created Unused Apportionment

A. AWBA shall contract with the Central Arizona Water Conservation District (CAWCD) and other willing subscribers in a Recovery Program to develop Intentionally Created Unused Apportionment (ICUA).

AWBA will contract with CAWCD to develop ICUA.

B. AWBA shall decide how stored water will be recovered taking into account water management considerations within Arizona. AWBA's contract with CAWCD shall specify the actions taken to allow CAWCD to reduce its consumptive use of mainstream Colorado River water while maintaining full delivery of contractor, subcontractor and excess water users orders.

AWBA decides how to recover the water in Arizona in a manner consistent with Arizona water management goals.

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- | | | |
|----|---|---|
| C. | To develop ICUA, CAWCD shall reduce its diversion of water from the mainstream Colorado River at the Mark Wilmer (Havasu) pumping plant from the amount that otherwise would have been diverted to fill water orders by Central Arizona Project (CAP) contractors, subcontractors and excess water users. 43 CFR § 414.3(a)(8)(i). The contract shall provide that AWBA may enforce CAWCD's reduction of mainstream Colorado River water in any year in which ICUA is to be released by the Secretary for use in the State of Nevada. 43 CFR § 414.3(a)(9). | <i>When Nevada calls for water, CAWCD must reduce its diversion at Lake Havasu.</i> |
| | | <i>An enforceable contract is required by the Rule.</i> |
| D. | CRC/SNWA shall notify AWBA no later than October 1 of each year if SNWA will request the development of ICUA in the following year. Such request shall be in writing and shall specify the quantity of the requested ICUA. A copy of such request shall be provided to each Lower Division State. 43 CFR § 414.3(a)(7). | <i>Notification must be provided to the other states.</i> |
| E. | When ICUA is developed, the Bureau of Reclamation shall treat the ICUA as having been delivered to CAWCD for purposes of administering water deliveries to other entitlement holders in Arizona. | <i>Because CAWCD would have otherwise diverted the water, ICUA is no longer available for use in Arizona.</i> |
| F. | CRC/SNWA may not request the development of ICUA in an amount that exceeds the quantity of water stored by AWBA for the benefit of the State of Nevada. 43 CFR § 414.3(a)(5) | |
| G. | The quantity of ICUA that may be developed and made available for release for use within the State of Nevada shall not exceed 100,000 acre feet per year. 43 CFR § 414.3(a)(4). | <i>100,000 af maximum required by AWBA statute.</i> |
| H. | All actions that AWBA and CAWCD shall take to develop ICUA shall be consistent with the laws of the State of Arizona. 43 CFR § 414.3(a)(8)(ii). | <i>Required by Rule and Arizona policy.</i> |

I. AWBA shall give notice to all Colorado River water entitlement holders in Arizona, including Indian Tribes, of the request by CRC/SNWA to develop ICUA and the opportunities, if any, for entitlement holders to participate in the development of ICUA.

Notice is required by Rule.

J. AWBA's contract with CAWCD shall establish a procedure for verifying development of ICUA by CAWCD. AWBA shall prepare an account to CRC/SNWA and the Bureau of Reclamation describing the manner in which the ICUA was developed. 43 CFR § 414.3(a)(11).

Accounting procedures must be approved by SNWA and the Secretary.

K. There shall be overrun/deficiency accounting of ICUA, to allow excess ICUA to be carried over to the next year, or a deficiency in ICUA to be made up in the next year, so long as the total overrun or deficiency does not exceed 3,000 af in any year.

Some form of overrun accounting will be necessary.

VII. Release of Intentionally Created Unused Apportionment

Release of ICUA is the essence of the Secretary's involvement in interstate banking. The Secretary must agree that water in excess of a state's allocation is available for release, then agree to release it for the benefit of the consuming entity.

A. The release of ICUA may only take place in accordance with the Secretary's obligations under federal law. 43 CFR § 414.3(a)(4).

B. If CRC/SNWA intends to request recovery of stored water from AWBA under this Agreement, CRC/SNWA shall file a written request that the Secretary release ICUA to the State of Nevada . Such request shall be filed by October 1 of the current year for a release of ICUA in the following year. The request shall specify the quantity of ICUA to be released by the Secretary. A copy of the request shall be provided to each Lower Division State. 43 CFR §414.3(a)(7).

- C. Upon receipt of a request to release ICUA, AWBA shall, if the appropriate conditions under the terms of this Agreement have been met, certify to the Secretary that ICUA has been or will be developed. The certification shall identify the quantity, the means and the entity by which ICUA has been or will be developed. The certification shall include a request that the Secretary make the ICUA available to CRC/SNWA by release of water for consumptive use in the State of Nevada under Article II(B)(6) of the 1964 Decree and this Agreement.
- The Secretary's actions are triggered by a written request from Nevada, followed by a certification by AWBA that it has or will develop ICUA.*
- D. Upon receipt of a request to release ICUA, and upon verification that sufficient water has been stored to honor such request, and upon verification that ICUA has been or will be developed by AWBA in the year of release, the Secretary through the Bureau of Reclamation shall release the ICUA for consumptive use within the State of Nevada. The release shall be in accordance with the request of CRC/SNWA, in accordance with the terms of this Agreement, and in accordance with the Boulder Canyon Project Act of 1928, Article II(B)(6) of the 1964 Decree and all other applicable laws and executive orders. 43 CFR § 414.3(a)(12).
- The Secretary may only make the ICUA available "for consumptive use in the other states" under Article II(B)(6). It is up to Nevada to ensure that ICUA released to Nevada reaches CRC/SNWA.*