

ARIZONA WATER BANKING AUTHORITY

Wednesday, December 20, 2000



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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 December 20, 2000 at 10:00 a.m. at the Arizona Department of Water Resources, 500 North Third Street, Phoenix, Arizona 85004, third floor conference room. The meeting is open to the general public. A copy of the agenda for the meeting is posted below.

Dated this 19th day of December, 2000

FINAL AGENDA

Arizona Water Banking Authority Commission Meeting

- I. Welcome/Opening Remarks
- II. Approval of Minutes of September 20th Meeting
- III. Water Banking Staff Activities
 - Deliveries
- IV. Discussion and Approval Regarding Vidler Water Company USF Agreement
(Item Removed)
- V. Discussion and Approval of the 2001 Annual Plan of Operation
 - Current price and quantity
 - Discussion regarding SRP exchange
 - Public meetings
 - Approval of 2001 Annual Plan of Operation
- VI. Call to the Public

Future Meeting Date:
Wednesday, March 21, 2001

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

**ARIZONA WATER BANKING AUTHORITY
Draft Minutes**

**September 20, 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 Representative Gail Griffin.

Approval of Minutes of June 21 and June 28 Meetings

The Authority approved the minutes from the June 21 and June 28, 2000 meetings.

Water Banking Staff Activities

Tim Henley, manager of the AWBA, reviewed the current deliveries. Actual deliveries through August have been slightly greater than projected. GRUSP has been taking more water than anticipated over the last few months and there has been additional storage made available at CAVSARP that the AWBA has utilized. Additionally, the GSF's have taken more water than anticipated. CAIDD and MSIDD will be using more AWBA water than scheduled through the end of the year. Mr. Henley estimated that AWBA deliveries will be in excess of 300,000 acre feet by the end of the year.

Discussion of Westside Facilities and Approval to Negotiate Contracts

Pinnacle West Capital Corporation Bouse Recharge Project

Wendy Wonderley of Navigant Consultants presented a summary of the project to the Authority. This project is currently a pilot project. Questions from the Authority included the following: Is there any contract water available to go into the facility?; What is the ultimate intended use of the land and what is the economic motivation of the land owners?; What is the ownership of lands in the basin?; Is there any indication that the recharged water will be there in the future?; What is the static level of groundwater?; What are the water quality issues in the area?; What is the perceived role of the AWBA during the pilot and full scale phases of the project?; and is Pinnacle West looking for financial contributions from the Authority, or just provision of water? Authority members also voiced general concerns about the Authority participating in pilot projects due to the increased risk associated with them and the concern that this recharge facility is not located within an area that offers any groundwater protection.

Mr. Henley informed the Authority that staff have begun developing skeleton agreements with private entities with three aspects in mind: (1) the agreements will be developed to insure that the AWBA maintains flexibility; (2) the storing entities must make assurances that the water will be available in the future (through agreement not to increase groundwater uses in the area through their own actions, allowing easements and deed restrictions to be put on the land, etc.); and (3) recovery will be an issue that will be addressed in the future to allow the AWBA to maintain maximum flexibility.

Vidler Water Company Recharge Facility

Dorothy Palmer of Vidler Water Company presented an update to the Authority regarding the status of the facility and briefly discussed Senate Bill 1254 which provides additional groundwater protection within the INA. She stated that they anticipate receipt of the full-scale permit sometime in October 2000. Questions from the Authority included the following: What is the total storage capacity of the facility?; What water quality information is available?; and Why should the Authority select this facility to store water?

McMullen Valley Water District-Vicksburg Farms Recharge Facility

Bill Chase stated that he could not participate in the discussion regarding this facility due to a relationship between his employer, the City of Phoenix, and the water district. Jay Moyes, counsel for the District and Jim Downing of the Harquavar Co. presented information regarding the facility to the Authority. This project is a pilot project. Questions from the Authority included the following: Explain how an irrigation well can also be used as an injection well?; What are the water quality concerns in the area?; How could poor water quality impact the AWBA if water is stored there?; and where within the district is the property held by the City of Phoenix?

Mr. Henley questioned Mr. Moyes and Mr. Downing regarding how this project is different from a GSF and Charles Cahoy, counsel for the ADWR and AWBA, stated that ADWR staff had some concerns regarding this project when the pilot scale permit application was received. A member of the public questioned where funds would come from for water storage at this facility.

George Renner made a motion to allow staff to initiate negotiations with the three entities with the caveat that the Authority's concerns be addressed with detailed staff reports and within the body of the agreements. Rita Pearson Maguire stated that she would like to amend the motion because of her concerns regarding the Authority participating in pilot projects. She did, however, support negotiations with entities possessing full-scale permits. The motion was amended and AWBA staff was given approval to begin negotiations with Vidler Water Company. Bill Chase specifically noted in the discussion that he would like to see cost addressed in the negotiation process and would like to see more detailed information regarding the project.

Status Report on Progress of Interstate Storage Agreement Between the AWBA and the SNWA

Mr. Henley stated that the last meeting between the negotiating teams was September 1, 2000. A copy of the summary of that meeting was in the Authority member's books. Mr. Henley informed the Authority that progress is being made in the discussion of broad concepts that need to be included within the agreement, however, there have been no substantive changes made yet to the draft agreement they received at the last subcommittee meeting. Mr. Renner stated that he would like the Authority to see the next draft with more detailed language before that draft is forwarded to Nevada.

2001 Annual Plan of Operation

Mr. Henley provided an overview of the draft plan and focused on discussion of Table 2. He reminded the Authority that the plan is developed in conjunction with the AWBA's recharge partners and the CAWCD. He stated that in 2001, water deliveries for the AWBA are somewhat constrained by conditions within the CAP system. In the early part of the year, CAP will be pumping to fill Lake Pleasant, which was greatly reduced over the summer due to unusually high demand. In November and December of 2001, the CAP has a planned outage for repairs of the Salt River siphon. Due to this outage, the schedule given to the AWBA by the CAP shows no

deliveries to USFs downstream of the siphon in those two months. Mr. Henley also noted the loss of two partners in 2001. CAVSARP is projected to be completely utilized by Tucson Water and MWD anticipates other partners fully utilizing their GSF. Mr. Henley reiterated that this is only a draft and will be fine-tuned over the next three months before its approval at the December 20, 2000 meeting. Public meetings will be held in conjunction with the three AMA GUACs. The draft plan will be presented at the Pinal AMA GUAC meeting on Thursday, September 21, 2000 and at the other GUAC meetings as they are scheduled in October and November.

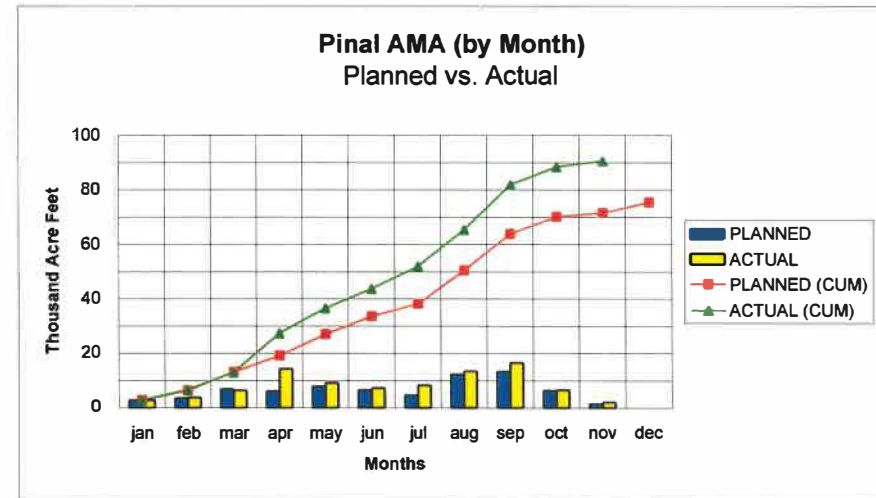
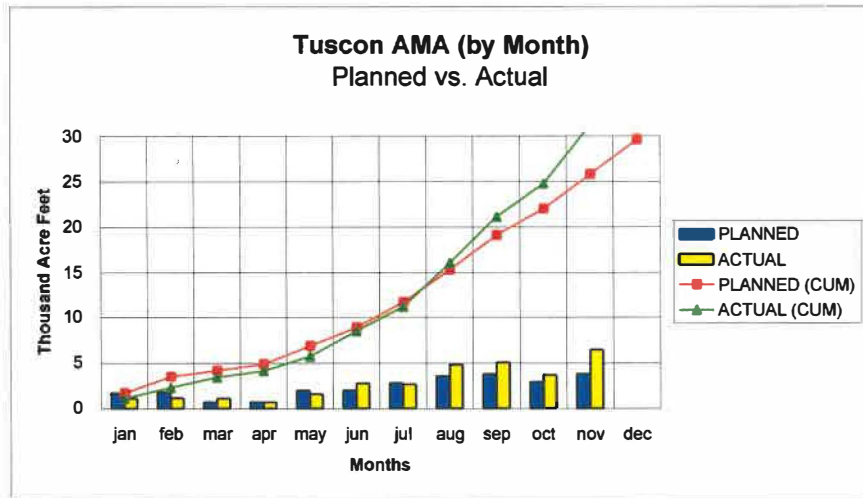
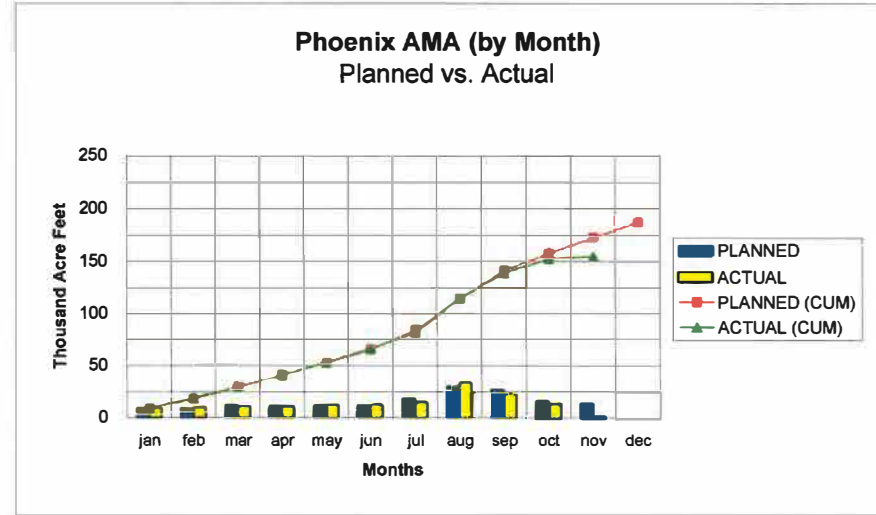
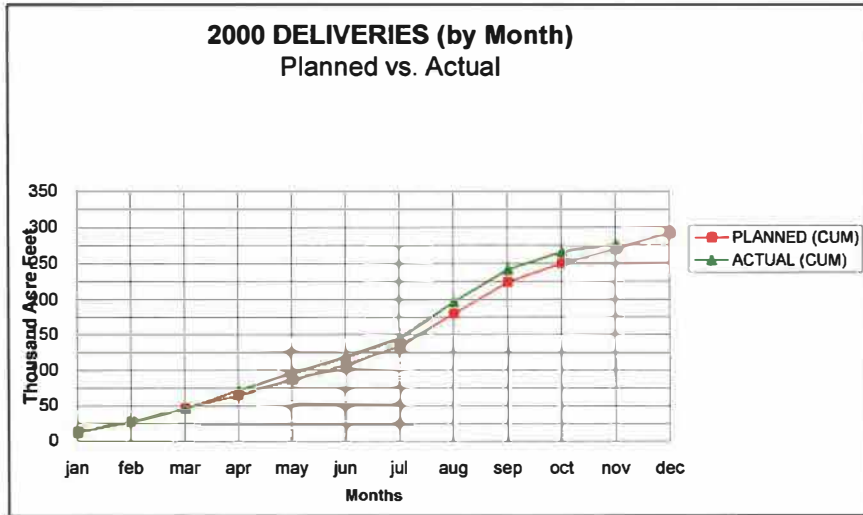
Call to the Public

There were no questions or comments from the public.

The next AWBA meeting is scheduled for Wednesday, December 20, 2000. An Interstate Water Banking Subcommittee meeting is scheduled for Tuesday, October 24, 2000.

The meeting concluded at 12:15 p.m.

2000 Plan of Operation



Actual deliveries updated
Plan of Operation

18-Dec-00
15-Dec-99

	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	total
Phoenix AMA													
GRUSP	6,553	6,617	6,623	4,846	7,216	7,716	8,698	10,537	11,143	9,348	2,237		81,534
	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	4,600	4,600	6,600	75,200
AGUA FRIA	0	0	0	0	0	0	0	2,500	2,500	2,500	2,500	2,500	0
	0	0	0	0	0	0	0	2,500	2,500	2,500	2,500	2,500	15,000
CHCID	83	136	0	0	99	94	10	109	316	169	14		1,030
	50	100	50	100	100	126	100	100	100	191	100	0	1,117
NMIDD	2,098	2,941	2,182	4,054	3,000	3,012	3,925	15,701	7,541	2,746	0		47,200
	2,000	2,000	3,200	2,500	3,000	3,500	3,700	9,700	9,600	3,500	2,500	2,000	47,200
QCID	0	0	0	0	0	0	467	5,436	2,210	709	48		8,870
	0	0	0	0	0	0	3,946	7,270	3,720	1,600	1,050	2,460	20,046
MWD	0	0	0	0	0	0	0	0	0	1,164	0		1,164
	0	0	0	0	0	0	0	1,633	2,353	2,353	0	0	6,339
TID	0	0	0	0	0	0	0	0	0	0	0		0
	0	0	0	0	0	0	0	0	0	0	2,000	1,000	3,000
SRP	0	0	2,120	2,120	2,120	2,120	2,120	2,120	2,118	0	0		14,838
	0	0	2,120	2,120	2,120	2,120	2,120	2,120	2,120	0	0	0	14,840
VIDLER MBT	0	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	8,734	9,694	10,925	11,020	12,435	12,942	15,220	33,903	23,328	14,136	2,299	0	154,636
Total to date	8,734	18,428	29,353	40,373	52,808	65,750	80,970	114,873	138,201	152,337			154,636
<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>113,695</i>	<i>140,688</i>	<i>155,432</i>	<i>168,182</i>	<i>182,742</i>	<i>182,742</i>
Pinal AMA													
CAIDD	0	0	0	0	0	0	0	4,266	4,686	1,205	958		11,115
	0	0	0	0	0	0	0	1,451	8,506	4,184	482	377	15,000
MSIDD	530	320	0	6,940	0	0	3,260	514	9,137	3,647	1,008		25,356
	530	0	320	0	320	2,000	4,620	3,260	1,370	110	110	1,580	14,220
HIDD	2,300	3,500	6,361	7,396	9,092	7,249	4,976	8,672	2,689	1,651	124		54,010
	2,300	3,500	6,500	6,000	7,500	4,500	0	7,600	3,500	2,000	800	2,000	46,200
Subtotal	2,830	3,820	6,361	14,336	9,092	7,249	8,236	13,452	16,512	6,503	2,090	0	90,481
Total to date	2,830	6,650	13,011	27,347	36,439	43,688	51,924	65,376	81,888	88,391			90,481
<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	0	0	0	0	0	0	466	262	693		1,421
	200	200	200	200	200	200	0	0	200	200	200	200	2,000
CAVSARP	492	0	749	713	1,589	1,524	1,418	440	319	327	1,358		8,929
	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Pima Mine	630	1,178	402	0	0	0	0	0	1,161	1,016	1,460		5,847
	1,000	1,100	0	0	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	12,500
Lower Santa Cruz	0	0	0	0	0	1,248	1,251	2,821	3,130	2,076	2,950		13,476
	0	0	0	0	0	0	1,000	1,800	1,800	900	1,800	1,800	9,100
Kai/Avra	0	0	0	0	0	0	0	0	0	0	0		0
	0	0	0	0	0	0	0	0	0	0	0	0	0
Kai/Red Rock	0	0	0	0	0	0	0	1,576	520	470	0		2,566
	0	0	0	0	0	250	250	0	0	0	0	0	500
Subtotal	1,122	1,178	1,151	713	1,589	2,772	2,669	4,837	5,076	3,681	6,461	0	29,673
Total to date	1,122	2,300	3,451	4,164	5,753	8,525	11,194	16,031	21,107	24,788	31,249		29,673
<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>9,150</i>	<i>12,200</i>	<i>15,800</i>	<i>19,600</i>	<i>22,500</i>	<i>26,300</i>	<i>30,100</i>	<i>30,100</i>
TOTAL	12,686	14,692	18,437	26,069	23,116	22,963	26,125	52,192	44,916	24,320	10,850		276,366
Total to date	12,686	27,378	45,815	71,884	95,000	117,963	144,088	196,280	241,196	265,516	276,366		276,366
<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>107,426</i>	<i>134,062</i>	<i>179,896</i>	<i>224,065</i>	<i>248,003</i>	<i>265,945</i>	<i>288,262</i>	<i>288,262</i>

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

2001



Rita Pearson Maguire, Chairman

December 2000

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 during Colorado River shortages or Central Arizona Project (CAP) service interruptions; (2) help meet the water management objectives of the Arizona 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 by presenting it 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 Plan must be made at publicly noticed open meetings at which members of the public are permitted to provide comment.

The Plan is intended to govern the operations of the AWBA over the course of the entire calendar year. During the course of the year, changing circumstances may present limitations or provide new opportunities not contemplated in the adopted Plan, which could affect the overall delivery projections. In such circumstances, the AWBA may choose to modify its adopted Plan. If such modifications are required, the proposed modifications will be discussed and, if acceptable, approved at a public meeting of the AWBA.

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.

2000 PLAN OF OPERATION

In 2000, the AWBA's fourth full year of operation, the AWBA recharged approximately 296,000 acre feet of Colorado River water, bringing Arizona's total use of Colorado River water close to its normal year entitlement of 2.8 million acre feet (see Figure 1).

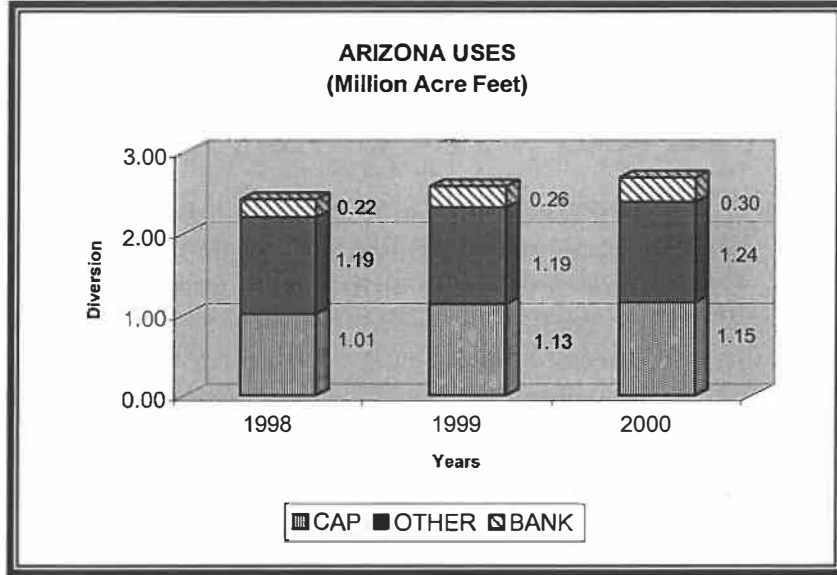


Figure 1

Because the Secretary of the Interior declared that the Colorado River was in surplus in 2000, increased use by Arizona did not impact the other Lower Basin states' uses. Total use of Colorado River water in the Lower Basin is estimated to be approximately 8.3 million acre feet in 2000 (see Figure 2).

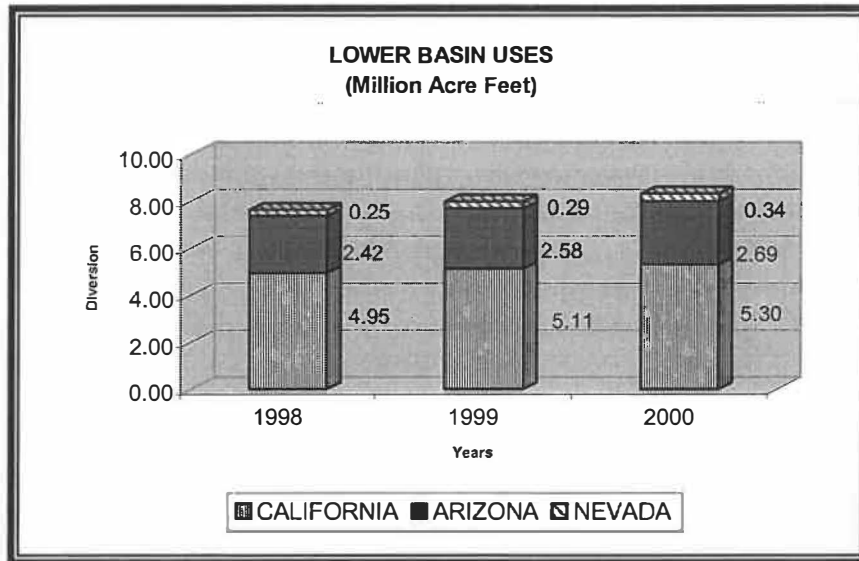


Figure 2

The AWBA recharged water at both USFs and GSFs in 2000. Table 1 lists the AWBA's recharge partners for 2000, the amount of water that can be stored under each AWBA water storage permit, and the amount estimated to be recharged by the AWBA at each facility in 2000. Final figures generally become available in the middle of the following year following review of the annual reports filed with the ADWR. The amount of water stored 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.

Table 1

AMA	Facility	Type	Permit Capacity	Amount Recharged
Phoenix	GRUSP	USF	200,000 AF	88,134 AF
	Chandler Hts Citrus ID	GSF	3,000 AF	1,030 AF
	Queen Creek ID	GSF	28,000 AF	11,330 AF
	New Magma IDD	GSF	54,000 AF	49,200 AF
	Tonopah ID	GSF	15,000 AF	1,000 AF
	SRP	GSF	200,000 AF	14,838 AF
	Maricopa Water District	GSF	18,000 AF	1,164 AF
Pinal	MSIDD	GSF	120,000 AF	26,936 AF
	CAIDD	GSF	110,000 AF	11,492 AF
	Hohokam ID	GSF	55,000 AF	55,000 AF
Tucson	Avra Valley (CAP)	USF	11,000 AF	2,000 AF
	Lower Santa Cruz	USF	30,000 AF	15,820 AF
	Pima Mine Road (CAP)	USF	30,000 AF ¹	6,510 AF
	CAVSARP (Tucson)	USF	15,000 AF	9,429 AF
	Kai Farms (Red Rock)	GSF	11,200 AF	2,566 AF
Total			900,200 AF	296,449 AF

¹ The Pima Mine Road pilot permit maximums were reached in March 2000. Recharge was reinitiated under the full-scale permit in September 2000. The permit capacity listed in the full-scale permit amount.

The 2000 Plan scheduled approximately 288,000 acre feet of water to be recharged around the state. The amount of water recharged amounted to more than 296,000 acre feet. Figure 3 shows the acre foot break down between GSFs and USFs for 2000 and a comparison between 2000 and previous years.

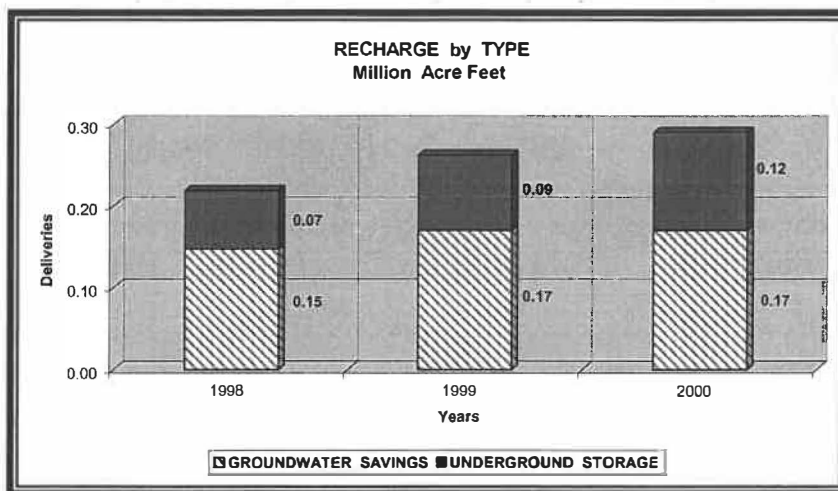


Figure 3

2001 PLAN OF OPERATION

When developing the 2001 Plan, the AWBA evaluated 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.

The Bureau of Reclamation (Bureau) has not yet signed the Annual Operating Plan for water year 2001, however, they have proposed declaration of a limited surplus. This declaration is consistent with the provisions of the seven state interim surplus proposal. Based on this declaration and proposed uses, the overall Lower Basin use is projected to be 8.13 million acre feet (see Figure 4). Arizona's use of Colorado River water in 2001 will be 2.8 million acre feet (see Figure 5). This is utilization of Arizona's total Colorado River allocation. Signing of the Annual Operating Plan is anticipated before December 31, 2000.

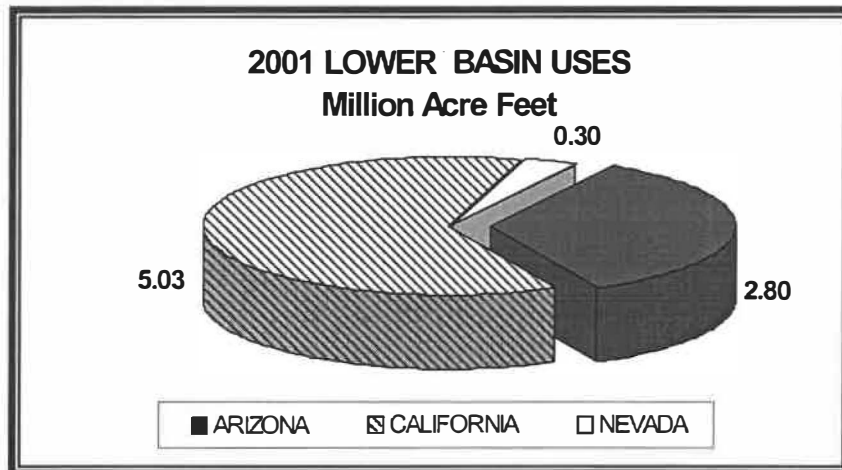


Figure 4

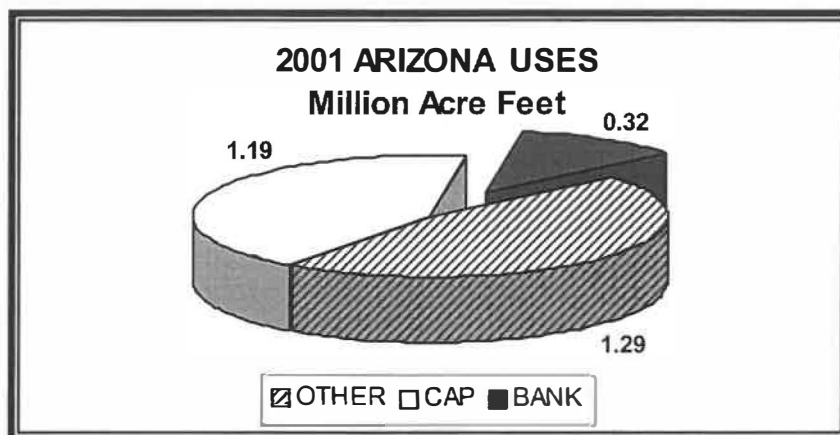


Figure 5

The CAP 2001 Operating Plan anticipates the delivery of approximately 1.46 million acre feet of water. CAP's plan delivers approximately 1.15 million acre feet to its subcontractors. As the Bureau has projected CAP's Colorado River diversions to be in excess of 1.62 million acre feet, the CAP's operations will not be a limiting factor for the AWBA in 2001. However, monthly capacity may be limiting due to a planned outage of the CAP in November and December 2001.

The funding available to the AWBA from its three sources (county *ad valorem* property tax revenues, groundwater pumping fees, and general funds) to pay for the delivery of water in 2001 will be approximately \$40 million including the carryover from previous years. Given the costs associated with the delivery of water and the continued policy of GSF operators paying \$21 of the water delivery costs to their facilities, the \$40 million is adequate to fund the Plan and is not a limiting factor in 2001. For more information about the cost of the Plan, please refer to the pricing section.

To assist in developing the 2001 Plan, each facility operator submitted an annual delivery schedule to the CAP. (The CAP schedules the AWBA's deliveries for those USFs it will be operating.) The CAP staff utilized these schedules to compile an annual schedule for the CAP, including municipal and industrial (M&I) water, water for Indian tribes, incentive recharge water, agricultural pool water, and AWBA water.

Concurrently, the AWBA staff met with the facility operators to discuss their delivery schedules and confirm their continued interest in participating with the AWBA. These discussions confirmed the availability of substantial permitted recharge capacity but also that not all of the existing capacity is available to the AWBA. Some of the GSF availability was limited by delivery cost. Operational constraints or previous commitments to other partners limited the availability of both the GSFs and the USFs to the AWBA. For example, two partners that previously participated with the AWBA are not included in this Plan. The Central Avra Valley Storage and Recovery Project will be fully utilized by Tucson Water for their own annual recharge and recovery purposes. Maricopa Water District also anticipates that their GSF capacity will be fully utilized by other recharge partners. Figure 6 shows the break down between GSF and USF water storage for the 2001 Plan.

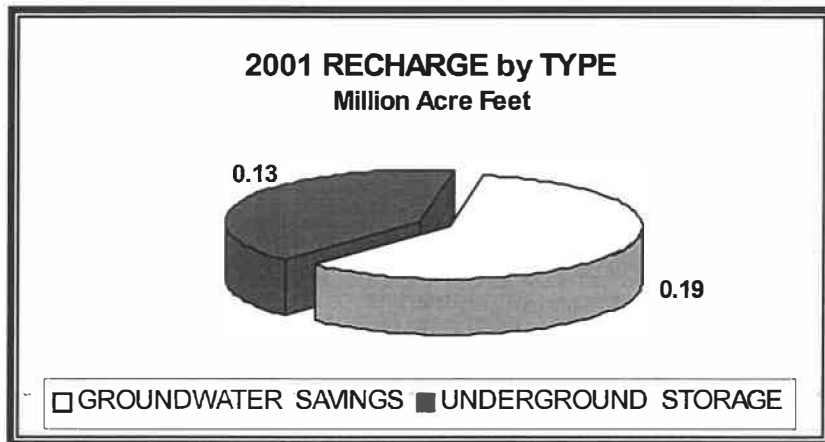


Figure 6

Based on its adopted Plan, the AWBA anticipates recharging approximately 319,000 acre feet of Colorado River water in 2001. The Plan was developed utilizing permitted facilities located in Maricopa, Pinal and Pima Counties. The Plan attempts to optimize, on a monthly basis, the delivery of Colorado River water to meet the AWBA's objectives. The Plan is flexible and if additional recharge capacity can be identified and funding remains available it can be modified in the future to include additional facilities.

The CAP water that the AWBA purchases from CAWCD can be viewed as having two components, cost and availability. The pricing aspect of the water deliveries is discussed further in the pricing section of this document. With regard to availability of 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, that exceeds the quantities scheduled under long-term contracts and subcontracts. The availability of excess water is determined on an annual basis. In 2001, and until 2004, there are no pools associated with excess water and the AWBA has available to it any water not requested by another entity within Arizona. In light of the Repayment Settlement Stipulation with the federal government, the CAWCD has proposed a new policy for excess water that will become effective in 2004 and continue until 2030. This policy establishes eligibility criteria, priority and price for each pool or category. The AWBA category is established exclusively for the AWBA's intrastate storage purposes. Size and price of the pool will be established by the CAWCD Board; a priority was not established for this pool. This policy also establishes an Interstate Storage category for the AWBA's interstate storage purposes. The price for water delivered for interstate banking will be established according to statute. This pool strategy has been discussed in numerous CAWCD Board meetings but has not yet been officially adopted as Board policy.

Table 2 shows the AWBA's 2001 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.

Line Two shows the operational capacity available of the CAP after it makes its priority deliveries and its deliveries to New Waddell Dam. Although the CAP is capable of delivering approximately 180,00 acre feet per month, the available capacity does not always total that because of unique situations. These can include 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.

Lines Three through Twenty represent the AWBA's 2001 Plan of Operation. This section identifies the AWBA's partners for 2001 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 full-scale facility permits and the amount of that capacity that is available to the AWBA in 2001. The capacity available does not always equal the storage permit capacity because the storage facility operators may have agreements with other storage partners.

Table 2
ARIZONA WATER BANKING AUTHORITY
Water Delivery Schedule
Calendar Year 2001
(ACRE-FEET)

2000
Deliveries
(AF)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total			
1	Estimated CAP Deliveries + Losses : (M&I, Indian, Ag Pools 1, 2 & 3, Incentive Recharge)	55,000	63,000	105,000	134,000	138,000	163,000	179,000	138,000	65,000	59,000	23,000	22,000	1,144,000			
2	Available Excess CAP Capacity for AWBA :	22,000	25,000	35,000	38,000	41,000	42,000	44,000	64,000	61,000	35,000	12,000	16,000	435,000			
	AWBA -- Recharge Sites :	Permitted Capacity (AF)	Requested Capacity (AF)														
	LA PAZ COUNTY :																
3	USF VIDLER WATER / MBT	100,000	0	0	0	0	0	0	0	0	0	0	0	0	0		
	PHOENIX A M A :																
4	USF GRUSP	200,000	79,200	7,920	7,920	7,920	7,920	7,920	7,920	7,920	7,920	3,000	3,000	85,200	88,134		
5	AGUA FRIA	100,000	11,920	0	0	0	0	0	0	1,560	1,450	1,410	3,750	3,750	11,920	0	
6	GSF CHCID	3,000	1,117	50	100	50	100	100	151	125	125	125	191	0	0	1,117	1,030
7	MWD	18,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,164
8	NEW MAGMA	54,000	47,200	2,000	2,000	3,200	2,500	3,000	3,500	4,700	10,200	10,600	5,500	0	0	47,200	49,200
9	QUEEN CREEK	28,000	16,115	0	0	0	0	0	0	2,967	6,642	4,124	1,682	200	500	16,115	11,330
10	SRP	200,000	14,840	0	0	2,120	2,120	2,120	2,120	2,120	2,120	0	0	0	0	14,840	14,838
11	TONOPAH ID	15,000	3,000	0	0	0	0	0	0	0	0	0	0	2,000	1,000	3,000	1,000
	P I N A L A M A :																
12	GSF CAIDD	110,000	15,000	0	0	0	0	0	0	4,195	6,700	2,500	0	1,605	15,000	11,492	
13	HOHOKAM	55,000	54,500	2,000	2,800	6,400	7,500	9,000	7,200	5,000	7,600	3,500	2,000	0	1,500	54,500	55,000
14	MSIDD	120,000	37,590	1,750	1,860	2,170	4,150	5,590	7,250	3,220	3,530	1,830	3,280	0	2,960	37,590	26,936
	T U C S O N A M A :																
15	USF Avra Valley	11,000	6,000	570	570	570	570	570	570	570	570	570	0	300	6,000	2,000	
16	CAVSARP	60,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,429
17	Pima Mine Road	30,000	10,325	0	937	1,140	1,140	1,140	1,140	1,140	1,140	808	0	600	10,325	6,510	
18	Lower Santa Cruz	30,000	14,503	492	2,000	2,000	2,000	2,000	2,000	400	400	1,200	1,011	0	1,000	14,503	15,820
19	GSF Kai Avra	11,000	?													?	
20	Kai Red Rock	11,000	2,000	0	0	0	0	0	0	500	1,000	500	0	0	2,000	2,566	
21	T O T A L (USF + GSF) :		369,310	14,782	18,187	25,570	28,000	31,440	31,851	28,162	46,502	42,279	27,372	8,950	16,215	319,310	296,449
22	Remaining CAP Capacity :	7,218	6,813	9,430	10,000	9,560	10,149	15,838	17,498	18,721	7,628	6,050 ¹	2,785 ¹	121,690 ¹			

¹ The 6,000 acre feet scheduled for delivery at GRUSP in November and December are not subtracted from the remaining CAP capacity listed in line 22 because the deliveries will be accomplished through an exchange with Salt River Project.

Line Twenty-one lists the total amount of AWBA storage scheduled for the year 2001.

Line Twenty-two lists the CAP capacity remaining after the AWBA's deliveries are scheduled. The CAP has shown in the past that there is some operational flexibility to help meet deliveries in any given month. The AWBA staff will work closely with the CAP staff and our partners in an attempt to meet all scheduled deliveries.

No recovery is anticipated in 2001, however, there was significant activity in the past year regarding recovery. In March there was a meeting of the Recovery Subcommittee in which the final Recovery Data CD and general recovery strategies developed by AWBA staff were presented and discussed. Some recovery components identified at the March meeting were the topic of the next Recovery Subcommittee meeting held in May. At the May meeting it was determined that there existed a smaller, core group of entities with the operational flexibility and capability to participate in recovery for themselves and others. This core group met in June and August to discuss the ability of each entity to recover water and the entities were tasked with bringing specific operational, system and quantity information back to the core group. It was anticipated that this compilation of this information would be completed in November or December and another core group meeting would be scheduled. Nonetheless, the AWBA will continue to pursue recovery concepts in 2001 and beyond.

NEW PARTNERS

In 2001, the Annual Plan of Operation anticipates recharging water at only one new facility, the Agua Fria Recharge Project. CAWCD is developing the Agua Fria Recharge Project as a Maricopa County State Demonstration Project. It will be the first recharge project in Arizona to incorporate a combination of streambed recharge and infiltration basins in a single underground storage facility. The Agua Fria Recharge Project is located in the Agua Fria River channel within the Salt River Valley groundwater basin of the Phoenix AMA. Land acquisition remains the final issue to be resolved before the Agua Fria may be constructed. The Agua Fria Recharge Project is expected to be available to the AWBA for recharge in August 2001. Staff are currently in the process of negotiating an agreement for this facility.

Pinnacle West Capital Corporation Bouse Recharge and Vicksburg Farms Facilities

At their September 2000 meeting, the AWBA determined that there would be no further participation at pilot scale projects due to the increased risks associated with storing water at these facilities. Consequently, storage would only be scheduled at these facilities if they were to obtain full scale permits.

INTERSTATE WATER BANKING

Rita Pearson Maguire, as Director of the Department of Water Resources (ADWR), presented her determination that the final federal rule regarding interstate banking met state statutory criteria on January 26, 2000. The AWBA then authorized a negotiating team composed of AWBA, CAP and ADWR staff, to initiate exploratory discussions with Nevada. On June 28, 2000, the AWBA formally authorized the team to begin negotiations with the Southern Nevada Water Authority and the Colorado River

Commission of Nevada. The first staff level negotiation meeting was held on July 17, 2000 and it was decided that initial negotiations would focus on the two party agreement between the states. The draft agreement, titled the Agreement for Interstate Water Banking, continues to be collaborated upon.

To increase AWBA involvement in the process, an Interstate Water Banking Subcommittee was formed. The subcommittee meets as needed to discuss important items of negotiation identified by the AWBA and staff.

PRICING

On June 22, 2000, the CAWCD board adopted final water delivery rates for 2001. The rate for AWBA and other M&I Incentive recharge will be \$45 per acre foot. The delivery rate is the pumping energy rate 2 component (\$40 per acre foot) plus 10 percent of the fixed OM&R charge (\$2.90 per acre foot) plus a component to recover lost revenues from federal deliveries (\$2.22 per acre foot). This rate calculation utilized the same formula as the 2000 delivery rate which was the first to include a second energy pumping rate.

The AWBA's policy of recovering \$21 from its groundwater savings facility partners will continue for 2001. 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

2001 Water Rates	
CAP's delivery rate to AWBA	\$45 per acre foot
Groundwater Savings Facility operator portion of delivery rate	\$21 per acre foot ¹
Underground Storage Facility rate paid by AWBA	
GRUSP (SRP)	\$14.63 per acre foot
Avra Valley (CAP)	\$21.30 per acre foot
Pima Mine Road (CAP)	\$8.90 per acre foot
Lower Santa Cruz (CAP/Pima County)	\$13.10 per acre foot
Agua Fria Recharge Project	\$1.90 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 \$24/af.

The individual USF agreements determine the cost components paid by the AWBA. 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 other five USFs utilized in the Plan are operated by the CAP and were constructed using state demonstration project funds. Therefore,

there is no administration cost component because the AWBA already pays the CAP an administrative cost component on an annual basis for utilization of CAP staff. The CAP also does not charge the AWBA a capital cost component for the facilities. The Avra Valley facility has an operation and maintenance (O&M) component, a land lease charge component and a wheeling component for use of the BKW water delivery system. The Lower Santa Cruz has an O&M component and a wheeling component for use of the same system. The Pima Mine Road facility has an O&M component. The Agua Fria facility charge is only an estimate as there is currently no agreement for storage at the facility. The CAP facility O&M component typically includes facility maintenance and repair, monitoring, water quality sampling and data management and reporting.

The estimated total cost of the AWBA's 2001 Plan of Operation is approximately \$12 million which includes the USF use fees and the CAP delivery rate minus 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, the funds to be expended, and the credits that will accrue to those accounts based on the 2001 Plan.

Table 4

2001 PLAN OF OPERATION				
	FUNDING¹		CREDITS²	
	AVAILABLE	EXPENDED	AMOUNT	LOCATION
Withdrawal Fee				
Phoenix AMA	\$10,045,000	\$0	0	Phoenix AMA
Tucson AMA	\$2,726,000	\$0	0	Tucson AMA
Pinal AMA	\$2,200,000	\$2,201,000	82,000	Pinal AMA
Four Cent Tax				
Maricopa County	\$18,279,127	\$6,876,000	145,000 AF	Phoenix AMA
Pima County	\$5,441,312	\$721,000	12,000 AF	Tucson AMA
Pinal County	\$229,979	\$230,000	9,000 AF	Pinal AMA
Other				
General Fund	\$2,000,000	\$2,000,000	39,000 AF	
		\$737,000	16,000 AF	Phoenix AMA
		\$1,124,000	18,000 AF	Tucson AMA
		\$139,000	5,000 AF	Pinal AMA
California	(not applicable)			
Nevada	(not applicable)			
TOTAL	\$40,921,418	\$12,028,000	287,000 AF	

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

² Estimate based on 89.78% of the deliveries (1998 actual Plan of Operation loss calculation)

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			
1997-2000			
	EXPENDED	AMOUNT	CREDITS¹
			LOCATION
Withdrawal Fee			
Phoenix AMA	\$0	0	Phoenix AMA
Tucson AMA	\$0	0	Tucson AMA
Pinal AMA	\$1,875,000	73,000	Pinal AMA
Four Cent Tax			
Maricopa County	\$18,528,873	475,273 AF	Phoenix AMA
Pima County	\$2,512,688	41,248 AF	Tucson AMA
Pinal County	\$1,105,021	51,657 AF	Pinal AMA
Other			
General Fund	\$8,695,000	337,518 AF	
	\$2,510,012	76,009 AF	Phoenix AMA
	\$4,652,468	237,509 AF	Pinal AMA
	\$1,532,520	24,000	Tucson AMA
California			
Nevada			
TOTAL	\$32,716,582	978,696 AF	

¹ Actual credits used for 1997, 1998 and 1999; credits estimated for 2000

PUBLIC REVIEW AND COMMENT

The AWBA staff held public meetings in conjunction with the GUACs for the Phoenix, Tucson and Pinal AMAs as required by the AWBA's enabling legislation.

Phoenix GUAC

At the Phoenix GUAC meeting there were requests for additional information regarding the water banking process and the various cost components for the storage facilities. The requested information was incorporated into the Introduction and Pricing sections of this document.

Pinal GUAC

There were no specific comments regarding the Plan or requests for modifications to it.

Tucson GUAC

While the Tucson GUAC generally support the Plan and the fact that general funds were being expended in their AMA, they had no specific comments regarding the Plan or requests for modifications to it. One entity that commented encouraged full utilization of the available recharge sites within the Tucson AMA, particularly in light of the possibility of an increase in the energy 2 rate in 2002. There was also a letter received that expressed a similar opinion. There was some discussion regarding the interstate banking process and its potential benefit to Arizona.