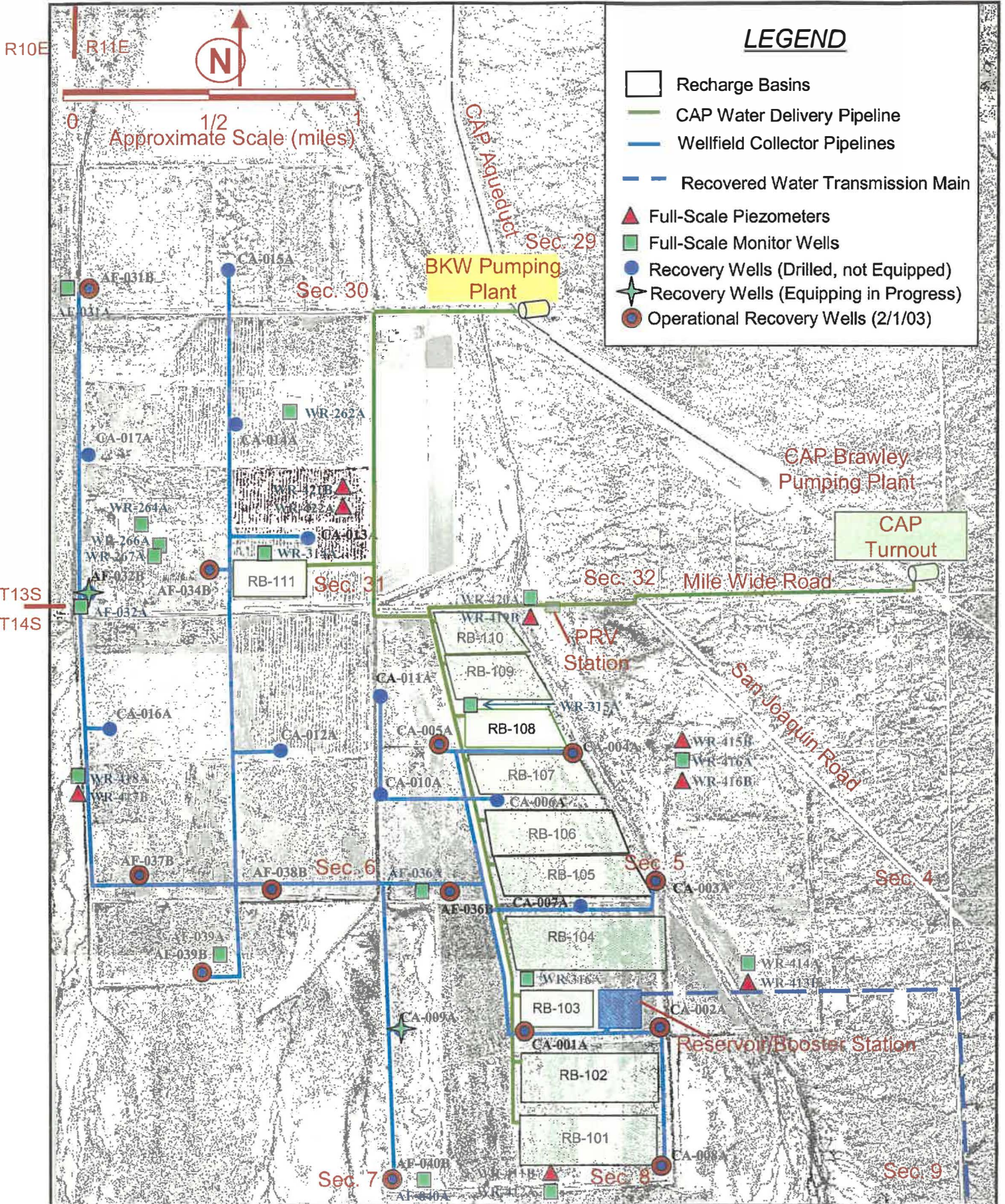


ARIZONA WATER BANKING AUTHORITY

Wednesday, May 7, 2003

No.	NAME (Please print)	Phone No.
1	Dennis Underwood	(213) 217-6588
2	Mark Myers	(520) 742-0416
3	Alan Forrest	(520) 229-5000
4	BARBARA GERHART MOYES STOREY	(602) 604-2129
5	Kathryn Sorenson	480 644 2947
6	Earl Zanbin	602 437 2665
7	Dale Ensminger	(702) 293-8659
8	SID WILSON	602 ⁶²³ 869-2331
9	Herb Kai	520 744-1573
10	Tom Maher	702-812-3702
11	McClain Peterson	702-486-2672
12	Rick Siegel	602 236 2277
13	RON WORG	520 682-2516
14	Tom McCann	623-869-2343
15	JOHN SCHNEEMAN	602-417-2465
16	Kenneth Seshols	—
17	Bill Swan	602 955-0442
18	Dorothy Palmer	775-885-5010
19	Stacie Aronson	775-885-5000
20	Rick SARGENT	858-456-6022
21	Kay Brothers	702-258-3108
22	Guy Carpenter	602 474 4188
23	Michael D. Neely	520 629 4457
24	Larry R. Dozier	623-869-2377

No.	NAME (Please Print)	Phone No.
25	Mary Reece	602-216-3884
26	Caregg Hout 3 - ADWR	
27	Tom Harbour	
28	Bob McCain	
29	George Fletcher	602-258-0234
30	Michael Leonard	480-988-9586
31	Erik Dial	627-773-7286
32	Bruce Haden	602 263 5300
33	MARK FRANK	602-417-2465
34	SAEILA PATTON	602-982-8300
35	Beth Miller	480-312-5009
36	Paul Orme	623-465-0448
37	BRAD HILL	627-773-7286
38	Dennis Rule	520-791-2666
39	Doug Toy	480-782-3586
40	HERB DSHLIP	
41	PAT SCHIFFER - ADWR	
42	PAT HILL - ADWR	
43		
44		



**CLEARWATER RENEWABLE RESOURCE FACILITY CAVSARP SITE MAP
APPENDIX A**

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

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 May 7, 2003 at 11:00 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 30th day of April, 2003

FINAL AGENDA

Arizona Water Banking Authority Commission Meeting

- I. Welcome/Opening Remarks
- II. Introduction of Authority Members
- III. Remarks by Authority Members
- IV. Election of Commission Officers
- V. Approval of Minutes of December 18, 2002 Meeting
- VI. Water Banking Staff Activities
 - Deliveries
 - Recovery planning proposal
 - Preliminary drafting of 2002 Annual Report
 - Request for development of ICUA
 - FY 2003 Omnibus Reconciliation Bill
- VII. Discussion and Approval of the Agreement for Storage at the Central Avra Valley Storage and Recovery Project (CAVSARP)
- VIII. Discussion Regarding Indian Firing Workshop
- IX. Discussion Regarding Mohave County Water Authority Shortage Sharing Policy
- X. Metropolitan Water District of Southern California Presentation
- XI. Call to the Public

Future Meeting Date:
Wednesday, June 18, 2003

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**

**December 18, 2002
Arizona Department of Water Resources**



AUTHORITY MEMBERS
Joseph C. Smith, Chairman
Tom Griffin, Vice-Chairman
Bill Chase, Secretary
George R. Renner
Richard S. Walden

EX OFFICIO MEMBERS
Representative Mike Gleason
Senator Ken Bennett

Welcome/Opening Remarks

All members of the Authority were present except Senator Ken Bennett and Representative Mike Gleason.

Approval of Minutes

The Authority approved the minutes from the September 18, 2002 meeting.

Water Banking Staff Activities

Tim Henley, manager of the Authority, informed the Authority that 2002 has been a year of many firsts for the AWBA. For the first time, the Central Arizona Project (CAP) is monitoring end of year water usage to maintain Arizona at 2.8 million acre feet. Also, with regard to the AWBA Annual Plan of Operation (Plan), actual deliveries may exceed planned for the first time since 1997. Consequently, as the Authority goes into the reconciliation process with CAP, they will, for the first time, owe CAP additional money. This is due, in part, to another first, the interstate water banking that was done on behalf of Nevada in Pinal County. In June, the 2002 Plan was amended to include 40,000 acre feet of interstate storage. The actual amount could be higher due to the high demand for GSF participation in the Pinal AMA. The actual amount will be determined once the year-end reconciliation is completed.

Mr. Henley discussed the status of the agreement for water storage at the Central Avra Valley Storage and Recovery Project (CAVSARP). The AWBA did not participate with Tucson Water at CAVSARP in 2001 or 2002 because Tucson was fully utilizing the facility for their own purposes. The AWBA was informed that there would be 10,000 acre feet of storage available in 2003. Storage at the facility in 2003 would require an amendment to the existing agreement due to changes in operations and costs. It was decided that the existing agreement would be amended and extended instead of merely amended. The amendment/extension will be ready for approval at the March meeting.

Action on the Approval of the Agreement for the Development of Intentionally Created Unused Apportionment¹

Mr. Henley informed the Authority that the Agreement for the Development of Intentionally Created Unused Apportionment (ICUA) is the last agreement needed to allow interstate water banking. The first agreement was signed in 2001 and the second was approved earlier in 2002 but would not be signed by the Authority until the ICUA was signed. The ICUA was previously approved by the Central Arizona Water Conservation District (CAWCD) at their December board meeting. George Renner stated that he still had many concerns, but would move for a approval following some questions of Nevada. The motion was seconded. Mr. Renner first asked Kay Brothers of the Southern Nevada Water Authority what Nevada's status would be if the Quantification Settlement

¹ Chairman Joseph C. Smith moved forward in the agenda to items requiring action because George Renner and Tom Griffin needed to leave the meeting early.

Agreement (QSA) failed. Ms. Brothers replied that they have four scenarios that are being examined to maximize their ability to get water if the QSA falls through. Mr. Renner stated that he would like to continue to be informed about this. Ms. Brothers stated that Nevada would keep the Authority informed and would amend their Water Resources Plan if the QSA is not completed.

The Authority unanimously approved the motion.

Discussion and Approval of 2003 Annual Plan of Operation

Mr. Henley began the discussion by informing the Authority that development of this Plan was unique because for the first time there was competition for the water available to the Authority. Mr. Henley reviewed the Plan and stated that staff could have developed a Plan that was limited to the 175,000 acre feet of water available. However, because the Salt River Project and the Gila River Indian Community ordered 200,000 acre feet that will only be used if dry conditions continue a Plan was developed that could use additional water that could become available without necessitating an amendment. The first six months of the Plan do not include any additional water and the latter half of the year stores the additional water only at underground storage facilities (USF). The USF have more flexibility regarding scheduling and will be able to utilize any additional water that becomes available. Mr. Henley specifically noted two things: (1) the Granite Reef Underground Storage Project (GRUSP) will store up to 25,900 acre feet of water that is unused by the Salt River Project; and (2) through discussion with Tucson Water, storage at CAVSARP is second to storage at Pima Mine Road.

Mr. Henley noted that the Plan would cost approximately \$14 million and accrue about 253,000 acre feet of long-term storage credits. The Plan will be funded with withdrawal fees; however, no specific water management objectives have been identified.

The Plan was approved and adopted.

Mr. Henley informed the Authority that at the public meetings associated with the Plan there were requests for the AWBA to begin looking at recovery again. He asked the Authority for permission to begin examination of recharge/recovery and development of recommendations to be brought back to the Authority for action at the March meeting. Mr. Smith gave staff permission to proceed.

Mr. Henley, noting that Mr. Renner was leaving the meeting, made some comments regarding possible changes to the AWBA in the near future. He noted that the AWBA would have a new chairman due to the retirement of Mr. Smith. Additionally, Mr. Renner may not be the CAWCD Board President and the three appointed Authority members are up for re-appointment. Mr. Henley stated that the Authority should be proud of their accomplishments and that it was a pleasure working for them. Mr. Renner then left the meeting.

Discussion on Indian Firming

Herb Dishlip addressed the Authority and stated that the AWBA may be the appropriate entity to assist the state in meeting their obligation to firm for Indian water rights because the AWBA is authorized to do so, they are an agent of the state and already serve a similar role for M&I firming. He stated that the goal today was to see if there was any interest on behalf of the Authority with the next steps possibly being organization of a one day workshop and formation of a technical

committee to examine the issue further. Mr. Dishlip utilized a Power Point presentation to provide information regarding the background and obligation for firming.² Sandra Fabritz concluded the presentation with options and recommendations for the Authority. Copies of the Power Point presentation were included in the public handouts.

Bill Chase asked Mr. Dishlip if there was any sense of a time frame for this issue. Mr. Dishlip replied that there was not because it is unknown how long it will take for the federal legislation to pass. There is also a question whether state legislation should precede or follow the federal legislation. Mr. Dishlip said that there is some reluctance in the state legislature to get too far ahead of Congress, however, it is important to be ready. Richard Walden stated that he thinks it is better to be pro-active versus reactive and that he supports efforts to explore the role the AWBA may play. Mr. Henley said that staff would try to schedule the workshop sometime in February. Mr. Smith asked staff to keep the Authority informed regarding time and agenda for the workshop meeting.

Discussion Regarding Determination of the Authority's Firming Goal

Gerry Wildeman discussed the draft resolution that was included in the public handouts. She informed the Authority that the resolution may be ready for action at the March meeting.

Discussion Regarding the Facility Inventory Update

Ms. Fabritz stated that the facility inventory, as presented, was based on the firming number identified in 1999 and that number could change as a result of the process discussed in agenda item number five. Changes in the firming number could impact the facility inventory and its recommendations. Consequently, the inventory will be re-analyzed with regard to the firming number that is ultimately identified.

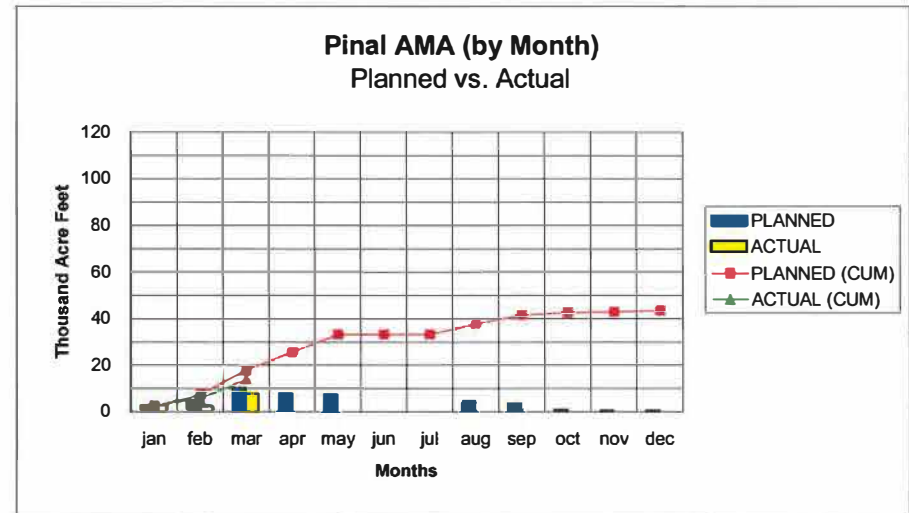
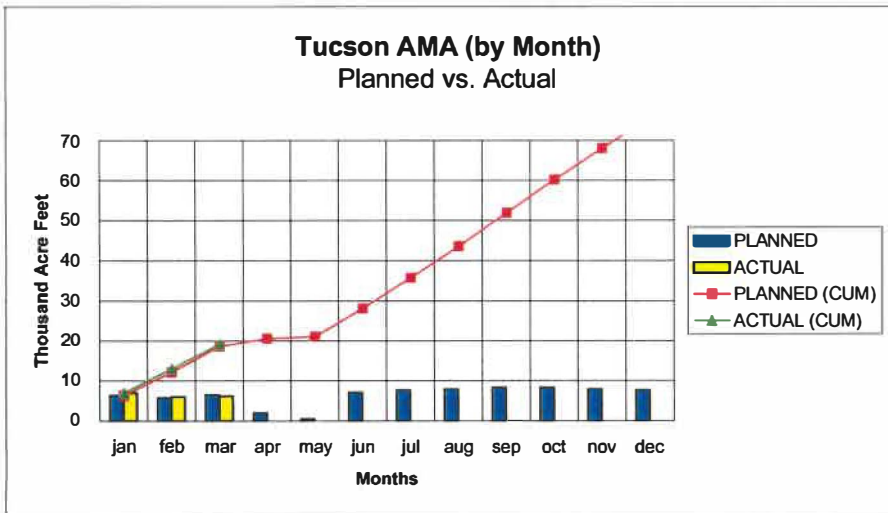
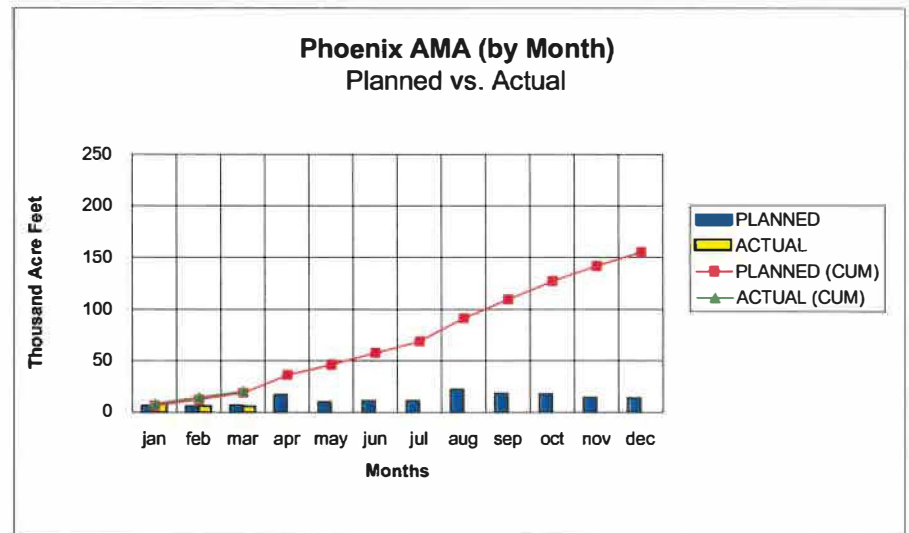
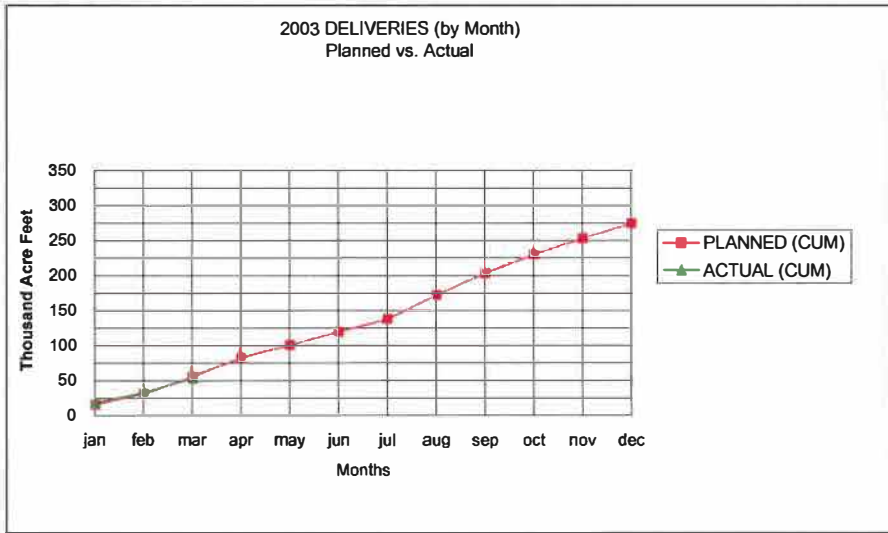
Call to the Public

Jim Davenport of the Colorado River Commission of Nevada thanked the Authority for all of their cooperation with Nevada in the interstate water banking process.

The meeting adjourned at 11:25 a.m.

² Mr. Griffin left the meeting at this time.

2003 Plan of Operation



Actual deliveries updated
Plan of Operation

30-Apr-03
1-Jan-03

	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	total
Phoenix AMA													
GRUSP	0	0	0										0
	0	0	0	0	0	3,800	3,800	3,800	3,800	3,800	3,800	3,100	25,900
AGUA FRIA	2,523	1,040	2,252										5,815
	1,500	500	500	2,000	2,250	4,250	4,250	4,250	4,000	4,000	4,250	4,250	36,000
CHCID	0	59	0										59
	50	100	140	100	100	152	125	125	125	100	0	0	1,117
MWD	0	0	0										0
	0	0	0	0	0	0	0	0	2,050	2,550	0	0	4,600
NMIDD	2,262	1,402	0										3,664
	1,800	1,800	0	7,500	4,000	0	0	5,500	4,300	3,500	2,500	2,000	32,900
QCID	0	0	0										0
	0	0	0	0	0	0	0	2,091	0	0	0	752	2,843
TID	0	0	0										0
	0	0	0	0	0	0	0	0	0	0	0	0	0
SRP	1,019	1,100	813										2,932
	1,100	1,100	1,100	1,100	1,100	0	0	1,100	1,100	1,100	1,100	1,100	11,000
RWCD	0	0	0										0
	0	0	2,500	5,000	2,500	0	0	2,500	0	0	0	0	12,500
HIEROGLYPHIC	2,666	2,540	2,802										8,008
	2,000	2,500	2,500	1,500	0	3,000	3,000	3,000	3,000	2,750	2,650	2,500	28,400
Subtotal	8,470	6,141	5,867	0	0	0	0	0	0	0	0	0	20,478
Total to date	8,470	14,611	20,478	20,478	20,478	20,478	20,478	20,478	20,478	20,478	20,478	20,478	20,478
<i>Projected total to date</i>	<i>6,450</i>	<i>12,450</i>	<i>19,190</i>	<i>36,390</i>	<i>46,340</i>	<i>57,542</i>	<i>68,717</i>	<i>91,083</i>	<i>109,458</i>	<i>127,258</i>	<i>141,558</i>	<i>155,260</i>	<i>155,260</i>
Pinal AMA													
CAIDD	0	0	0										0
	0	0	0	0	0	0	0	500	3,000	1,000	500	500	5,500
MSIDD	1,120	1,130	2,320										4,570
	1,120	1,130	2,320	2,570	2,000	0	0	1,030	780	0	0	0	10,950
HIDD	1,876	1,647	5,557										9,080
	1,700	3,475	8,000	5,300	5,600	0	0	3,000	0	0	0	0	27,075
Subtotal	2,996	2,777	7,877	0	0	0	0	0	0	0	0	0	13,650
Total to date	2,996	5,773	13,650	13,650	13,650	13,650	13,650	13,650	13,650	13,650	13,650	13,650	13,650
<i>Projected total to date</i>	<i>2,820</i>	<i>7,425</i>	<i>17,745</i>	<i>25,615</i>	<i>33,215</i>	<i>33,215</i>	<i>33,215</i>	<i>37,745</i>	<i>41,525</i>	<i>42,525</i>	<i>43,025</i>	<i>43,525</i>	<i>43,525</i>
Tucson AMA													
Avra Valley	0	0	0										0
	0	0	0	0	0	600	600	600	600	670	600	600	4,270
Cleanwater	0	0	0										0
	0	0	0	0	0	1,000	1,500	1,500	1,500	1,500	1,500	1,500	10,000
Pima Mine	2,578	2,120	2,212										6,910
	2,600	2,025	2,600	0	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	28,225
Lower Santa Cruz	3,346	3,658	3,977										10,981
	3,500	3,500	3,500	1,955	0	2,500	2,500	2,500	2,500	2,500	2,500	2,500	29,955
BKW Farms	694	156	0										850
	200	250	400	0	0	0	0	0	200	100	50	50	1,250
Kai Red Rock	370	45	0										415
	0	0	0	0	500	0	0	250	500	500	250	0	2,000
Subtotal	6,988	5,979	6,189	0	0	0	0	0	0	0	0	0	19,156
Total to date	6,988	12,967	19,156	19,156	19,156	19,156	19,156	19,156	19,156	19,156	19,156	19,156	19,156
<i>Projected total to date</i>	<i>6,300</i>	<i>12,075</i>	<i>18,575</i>	<i>20,530</i>	<i>21,030</i>	<i>28,130</i>	<i>35,730</i>	<i>43,580</i>	<i>51,880</i>	<i>60,150</i>	<i>68,050</i>	<i>75,700</i>	<i>75,700</i>
TOTAL	18,454	14,897	19,933	0	0	0	0	0	0	0	0	0	53,284
Total to date	18,454	33,351	53,284	53,284	53,284	53,284	53,284	53,284	53,284	53,284	53,284	53,284	106,568
<i>Projected total to date</i>	<i>15,570</i>	<i>31,950</i>	<i>55,510</i>	<i>82,535</i>	<i>100,585</i>	<i>118,887</i>	<i>137,662</i>	<i>172,408</i>	<i>202,863</i>	<i>229,933</i>	<i>252,633</i>	<i>274,485</i>	<i>274,485</i>



SOUTHERN NEVADA
WATER AUTHORITY

January 31, 2003

Mr. Tim Henley
Arizona Water Banking Authority
500 North Third Street
Phoenix, AZ 85004

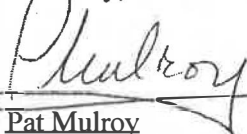
Dear Mr. Henley:

As you are aware, the failure of the various California agencies to sign the Quantification Settlement Agreement (QSA) has resulted in the Secretary of Interior declaring a "normal" year for water allocations in the lower Colorado River basin. We are hopeful that the QSA can be signed and the Interim Surplus Guidelines reinstated in 2003, however Nevada is evaluating contingency plans for water supplies to meet demands over our consumptive allocation of 300,000 acre-feet. The contingency plan includes implementation of our Drought Plan (Plan) to reduce demands and utilization of the Southern Nevada Water Bank.

Another very important option of the contingency plan would be the ability to utilize water stored in the Arizona groundwater bank. Although Article 3 of the existing Interstate Water Banking agreement contains time related requirements regarding the Southern Nevada Water Authority's request for the Intentional Creation of Unused Apportionment (ICUA) by Arizona, previous conversations have indicated that, in-light of recent events, water may be made available to Nevada this year. To aid in preparing our contingency plan, would you please confirm the availability of water this year and specify the final date we could order water that would allow sufficient time to produce approximately 10,000 acre-feet of ICUA. Being able to make up differences in demand versus supply at the end of the calendar year would be extremely beneficial to Nevada.

As always, we greatly appreciate the efforts of you and your staff to work cooperatively on these issues. Arizona is to be commended for its commitment to provide solutions to the needs of the lower Colorado River basin states.

Sincerely,



Pat Mulroy
General Manager

cc: Larry Dozier, CAWCD
Jim Davenport, NVCRC

Amanda M. Cyphers, Chair
Henderson Councilman

Shari Buck
North Las Vegas Councilman

Oscar Goodman
Las Vegas Mayor

BOARD OF DIRECTORS

Dario Herrera
County Commissioner

Patricia Mulroy
General Manager

Bryan Nix
Boulder City Councilman

Mary Kincaid-Chauncey, Vice Chair
County Commissioner

Myrna Williams
County Commissioner

Administrative Office
1001 S. Valley View Blvd.
Las Vegas, Nevada 89153
Telephone: (702) 258-3939
Fax: (702) 258-3268

Project Office
1900 E. Flamingo, Ste. 170
Las Vegas, Nevada 89119
Telephone: (702) 862-3400
Fax: (702) 862-3470

Southern Nevada Water System
243 Lakeshore Road
Boulder City, NV 89005
Telephone: (702) 564-7697
Fax: (702) 564-7222



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Executive Office

January 31, 2003

Mr. Sid Wilson
General Manager
Central Arizona Water Conservation District
23636 North 7th Street
Phoenix, AZ 85024

Dear Mr. Wilson:

Recovery of Interstate Underground Storage Credits (IUS Credits) Assigned to
Metropolitan Under 1992 CAWCD/MWD Agreement For
A Demonstration Project On Underground Storage of Colorado River Water

While efforts to reach resolution on a Quantification Settlement Agreement (QSA) among the California entities continue, the Department of the Interior has elected to suspend certain provisions of the Interim Surplus Guidelines and has approved net Colorado River diversions of 713,500 acre-feet in 2003 by The Metropolitan Water District of Southern California (Metropolitan). Given the dry conditions in the Colorado River Basin over the last few years and the uncertainties surrounding the QSA negotiations, last September I requested delivery of the IUS Credits that were created under the 1992 agreement for a demonstration project on underground storage of Colorado River water.


As Metropolitan's Colorado River diversions have been limited by the Department of the Interior, we submit the following 2003 schedule for the receipt of the IUS Credits by exchange for your consideration. This schedule represents the maximum amount of IUS credits we would require. Metropolitan would appreciate the opportunity to rescind this request should agreement be reached on the QSA in 2003 permitting the suspended provisions of the Interim Surplus Guidelines to be reinstated or if other conditions change.

Mr. Sid Wilson
Page 2
January 31, 2003

Month	Amount (AF)	Account Balance (AF)
		89,000
January		
February		
March		
April		
May		
June		
July	5,909	82,500
August	15,000	66,000
September	15,000	49,500
October	15,000	33,000
November	15,000	16,500
December	15,000	0
Total	80,909	

Metropolitan values and appreciates the cooperative spirit under which this agreement was developed. We look forward to working with Arizona and the other Colorado River Basin States to develop innovative programs such as this one that benefit all parties. If you have any questions, please feel free to call.

Very truly yours,



Ronald R. Gastelum
Chief Executive Officer

HMR:jes

o:\admin wrm\shared\corres\AWBA_012803_MWD Demand Schedule for Demo Water.doc

cc: Mr. Larry Dozier
Central Arizona Water Conservation District
P.O. Box 43020
Phoenix, AZ 85080-3020

Mr. Timothy J. Henley
Manager
Arizona Water Banking Authority
500 North Third Street
Phoenix, AZ 85004

Mr. Sid Wilson
Page 3
January 31, 2003

Mr. Robert W. Johnson
Regional Director
Lower Colorado Region
U.S. Bureau of Reclamation
P.O. Box 61470
Boulder City, NV 89006-1470

Mr. Gerald R. Zimmerman
Executive Director
Colorado River Board of California
770 Fairmont Avenue, Suite 100
Glendale, CA 91203-1035

PLEASE NOTE: In most BUT NOT ALL instances, the page and line numbering of bills on this web site correspond to the page and line numbering of the official printed version of the bills.

House Engrossed

State of Arizona
House of Representatives
Forty-sixth Legislature
First Special Session
2003

HOUSE BILL 2002

AN ACT

AMENDING TITLE 13, CHAPTER 31, ARIZONA REVISED STATUTES, BY ADDING SECTION 13-3114; AMENDING SECTIONS 15-2021, 36-1947 AND 46-803, ARIZONA REVISED STATUTES; AMENDING LAWS 2001, CHAPTER 234, SECTION 4; AMENDING LAWS 2002, CHAPTER 321, SECTION 18; REPEALING LAWS 2002, CHAPTER 328, SECTION 18; AMENDING LAWS 2002, CHAPTER 329, SECTION 30; AMENDING LAWS 2002, CHAPTER 330, SECTION 43; MAKING APPROPRIATIONS AND TRANSFERS OF MONIES; RELATING TO PUBLIC FINANCES STATE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 the Arizona department of administration shall not use any unexpended or
2 unencumbered monies remaining in the Arizona state hospital capital
3 construction fund for renovations or expansions at the Arizona state hospital
4 campus for the forensic population.

5 Sec. 13. Off-highway vehicle recreation fund; use for operation
6 of parks

7 Notwithstanding section 28-1176, Arizona Revised Statutes, the Arizona
8 state parks board may spend up to \$692,100 in fiscal year 2002-2003 for parks
9 board operating expenses from the off-highway vehicle recreation fund
10 established by section 28-1176, Arizona Revised Statutes.

11 Sec. 14. Department of water resources; operating expenses; use
12 of fund monies

13 A. Notwithstanding section 45-2425, Arizona Revised Statutes, the
14 department of water resources may expend up to \$1,115,900 from the Arizona
15 water banking fund for operating expenses in fiscal year 2002-2003.

16 B. Notwithstanding section 45-618, Arizona Revised Statutes, the
17 department of water resources may expend Arizona water quality fund monies
18 for operating expenses in fiscal year 2002-2003.

19 Sec. 15. Adult probation ratios; suspension

20 Notwithstanding section 12-251, subsection A and section 13-916,
21 subsection B, Arizona Revised Statutes, or any other law, adult probation
22 ratios are suspended for fiscal year 2002-2003.

23 Sec. 16. State highway fund; reimbursement; transfer

24 Notwithstanding any other law, the state highway fund shall reimburse
25 the state general fund in fiscal year 2002-2003 by transferring \$10,000,000
26 for highway patrol expenditures in fiscal year 2000-2001.

27 Sec. 17. Department of health services; reversion

28 Notwithstanding any other law, within thirty days after the effective
29 date of this act, the department of health services shall revert any monies
30 remaining unexpended or unencumbered as of March 7, 2003 from allocations or
31 appropriations from the medically needy account of the tobacco tax and health
32 care fund for fiscal year 2001-2002 or any previous fiscal year to the
33 medically needy account established by section 36-774, Arizona Revised
34 Statutes.

35 Sec. 18. Game and fish heritage fund; wild fires

36 Notwithstanding sections 17-297 and 17-298, Arizona Revised Statutes,
37 section 37-623.02, subsection A, Arizona Revised Statutes, and section
38 37-623.02, subsection D, paragraphs 1 and 2, Arizona Revised Statutes, or any
39 other law, for fiscal year 2002-2003 the authorizations for \$2,000,000 for
40 wildland fire suppression and other unplanned all risk emergencies and
41 \$1,000,000 for repositioning of resources during periods of extreme fire
42 danger shall be from the game and fish commission heritage fund monies
43 related to habitat acquisition pursuant to section 17-298, subsection B,
44 Arizona Revised Statutes, and not the state general fund.

AGREEMENT BETWEEN
THE ARIZONA WATER BANKING AUTHORITY
AND THE CITY OF TUCSON PROVIDING FOR THE
STORAGE OF CENTRAL ARIZONA PROJECT WATER AT
THE CENTRAL AVRA VALLEY STORAGE AND RECOVERY PROJECT

1. Preamble

The Parties to this Agreement made and entered into this _____ day of _____, 2003, are the ARIZONA WATER BANKING AUTHORITY (the "Authority"), and the CITY OF TUCSON, TUCSON WATER ("Tucson").

2. Explanatory Recitals

WITNESSETH, THAT:

- 2.1. WHEREAS, the Colorado River Basin Project Act of 1968 (82 Stat. 885) provides, among other things, that for the purposes of furnishing irrigation and municipal and industrial water supplies to water deficient areas of Arizona and western New Mexico through direct diversion or exchange of water, control of floods, conservation and development of fish and wildlife resources, enhancement of recreation opportunities, and for other purposes, the Secretary shall construct, operate, and maintain the Central Arizona Project, hereinafter referred to as the "Project"; and
- 2.2. WHEREAS, the Arizona Legislature has declared that it is the public policy of the State of Arizona to use the Project to deliver Colorado River water that would otherwise be unused in Arizona for purposes specified in A.R.S. § 45-2401; and
- 2.3. WHEREAS, the Arizona Legislature has created the Authority to implement this policy and has specifically authorized the Authority, in A.R.S. § 45-2423(B)(3), to execute agreements with the Central Arizona Water Conservation District ("CAWCD") to obtain water for storage at permitted facilities; and
- 2.4. WHEREAS, CAWCD and the Authority, have entered into an agreement for the delivery of excess CAP water (Excess Water Contract) providing for the purchase and delivery of Excess Water to the Authority for water storage;

and

2.5. WHEREAS, Tucson has agreed to store Authority Water on behalf of the Authority at the Central Avra Valley Storage and Recovery Project;

NOW, THEREFORE, in consideration of the mutual and dependent covenants herein contained, it is agreed as follows:

3. Definitions

- 3.1. "Authority Water" shall mean Excess Water made available by CAWCD to the Authority for Water Storage, which water would not otherwise have been used within Arizona.
- 3.2. "CAVSARP" shall mean the Underground Storage Facility operated by Tucson pursuant to Underground Storage Facility Permit, No. 71-578806 and located in Section 31, Township 13 South, Range 11 East and Sections 5, 6 and 8, Township 14 South, Range 11 East, GSRB&M.
- 3.3 "CAVSARP Turnout" shall mean the point at which Authority Water is diverted from the Project canal for delivery to the CAVSARP.
- 3.4. "Excess Water" shall mean Project water which, in any year, is available for delivery and has not been scheduled for delivery pursuant to a contract with the United States or a subcontract with the United States and CAWCD providing for Project Water service for a period of 50 years or more.
- 3.5. "Party or Parties" shall mean either one or, in the plural, both of the parties to this Agreement.
- 3.6. "Point(s) of Delivery" shall mean the point(s) at which Authority Water is diverted into the CAVSARP basins for the Authority and measured at the flow meter(s) represented on the attached Appendix A.
- 3.7. Terms defined in A.R.S. § 45-802.01 shall have the meanings ascribed to them therein. The first letters of such terms are also capitalized herein.

4. Scope of Services

This Agreement is limited to: (i) Tucson taking delivery of Authority Water at the CAVSARP Turnout; (ii) Tucson transporting the Authority Water to the CAVSARP; and (iii) storage of Authority Water by Tucson at the CAVSARP for the benefit of the

Authority.

5. Term

This Agreement shall terminate on December 31, 2008, unless the Parties agree in writing to extend the term or unless it is sooner terminated or canceled in accordance with Subarticle 11.4 or Articles 15, 20, 27 and 28 hereof.

6. Authorized Representatives

Within thirty (30) days after execution of this Agreement, each Party shall designate in writing to the other Party an authorized representative ("AR") and an alternate to administer, on behalf of the designating Party, the provisions of Article 8. Written notice of a change of an AR or alternate shall be provided within thirty (30) days of such change. The alternate shall act only in the absence of the AR. Neither the ARs nor the alternates shall have authority to amend this Agreement. Agreements of the ARs or alternates pursuant to this Agreement shall be in writing, signed by them and be binding upon the Parties.

7. Conditions Relating to Storage

The storage of water under this Agreement is conditioned on the following:

7.1. All storage of Authority Water shall be consistent with Arizona water law and with federal law applicable to the Project.

7.2. Authority Water made available pursuant to this Agreement shall be stored by Tucson only at the CAVSARP. Tucson shall be responsible for all expenses and administrative requirements, including filing annual reports with the Arizona Department of Water Resources ("ADWR"), associated with maintaining the CAVSARP permit. Tucson's storage of Authority Water at the CAVSARP shall at all times comply with Underground Storage Facility Permit No. 71-578806. If Underground Storage Facility Permit No. 71-578806 is canceled or expires for any reason, the Authority may discontinue deliveries of Authority Water to Tucson.

8. Procedure for Scheduling Authority Water

- 8.1 On or before September 1 of each year, Tucson shall submit to the Authority in writing the amount of capacity available to the Authority in the CAVSARP during each month of the following year.
- 8.2 On or before November 15 of each year, the Authority shall submit in writing to Tucson a proposed schedule indicating the amount of Authority Water desired by the Authority to be stored at the CAVSARP during each month of the following year.
- 8.3. On or before December 15 of each year, Tucson shall return to the Authority the schedule, as adjusted by and acceptable to Tucson, for the following year. Such schedule shall constitute the maximum amount of Authority Water to be stored at the CAVSARP during each month of that year, subject to modification pursuant to Subarticle 8.4.
- 8.4. The Authority may increase or decrease its monthly schedule upon written approval by Tucson. Unless otherwise agreed by the Parties, the Authority shall submit proposed modifications to its schedule to Tucson not less than 15 days before the desired change is to become effective. Tucson shall accept the Authority's timely request to decrease its schedule, and shall revise the schedule to reflect the decrease. Tucson will review the Authority's timely request to increase its schedule, and Tucson will make any necessary adjustment to that request. Tucson will notify the Authority in writing of Tucson's action concerning the Authority's request to increase its schedule within 10 days of receipt of such request. The schedule shall be revised to reflect changes made pursuant to this paragraph.
- 8.5. The Authority shall authorize Tucson to order Authority Water for delivery to the Point of Delivery directly from CAWCD in accordance with CAWCD water ordering procedures and limits to be established by the ARs. Authority Water ordered by Tucson shall not exceed the amounts provided for in the monthly schedule or in the then-current plan of operation of the Authority, unless expressly approved by the Authority.

8.6. Except as otherwise provided in this Agreement, Tucson shall store at the CAVSARP all Authority Water scheduled for storage in accordance with this Article 8.

9. CAVSARP Operations

9.1. Tucson as the operator of the CAVSARP shall have the sole discretion in determining whether a curtailment or stoppage of water flows to the CAVSARP is made necessary by circumstances existing at any time, and shall assume no liability to the Authority for such curtailment or stoppage.

9.2. Tucson shall retain sole responsibility and authority for decisions, relating to the CAVSARP operating and maintenance practices, including maintenance scheduling and the selection of periods when maintenance will be done.

9.3. Whenever practicable, Tucson shall inform the Authority ninety (90) days in advance of any matter which may substantially affect the CAVSARP or the rights of the Authority, and of any actions to be taken by Tucson related thereto.

10. Rates

10.1 The water storage fee for any water stored by Tucson on behalf of the Authority in 2003 is \$11.71 for each acre foot of water delivered to the Point(s) of Delivery at the CAVSARP.

10.2 For each subsequent year the rate specified in Subarticle 10.1 shall increase by 3%.

10.3 If mutually agreed to by both Parties, the water storage fee may otherwise be adjusted in response to changing storage conditions, unforeseen operational cost changes at the CAVSARP, or any other relevant regional factors or influences which would justify such fee adjustment.

11. Billing and Payment

11.1. Bills for water storage shall be submitted by Tucson to the Authority on or before the thirtieth (30th) day of each month (or if such day is not a business day, on the next succeeding business day) immediately following the month

during which the Authority has incurred charges for such services. Such bills may include adjustments or corrections to bills previously submitted by Tucson to the Authority.

- 11.2. Payment by the Authority to Tucson shall be made in good funds on or before the thirtieth (30th) day following the billing date. Bills that are not paid by this date shall be delinquent and thereafter accrue an interest charge at the rate of interest charged on City of Tucson invoices. This rate is currently 10% per annum, but is subject to change based upon review by the City of Tucson Finance Department.
- 11.3. In the event any portion of any bill is disputed, the disputed amount shall be paid when due, but may be accompanied by a written statement indicating the basis for any dispute. If the dispute is found to be valid, the Authority shall be refunded any overpayment plus interest, accrued at the rate set forth in Subarticle 11.2, prorated by days from the date payment was credited to the Authority to the date the refund check is mailed.
- 11.4. In the event any delinquent amount is not paid by the Authority within thirty (30) days after receipt by the Authority of written notice from Tucson of the delinquency, Tucson shall have the right, without liability of any kind, to refuse to store Authority Water so long as the said amount remains unpaid, and may terminate this Agreement. Nothing herein shall limit the rights of Tucson to use any other available legal remedy to effect collection of said amounts.

12. Water Measurement and Accounting

- 12.1. Tucson will provide daily water accounting of Authority Water stored at the CAVSARP. Such water accounting shall be retained by Tucson for at least three (3) years and be made available for the Authority's inspection upon request.
- 12.2. Tucson shall prepare a monthly water accounting report based on the daily water accounting provided under Subarticle 12.1. Such water accounting

report may be combined with other reports provided by Tucson to the Authority and shall include Authority Water delivered to the Point(s) of Delivery and Authority Water stored at the CAVSARP during that month.

12.3. Tucson shall base its accounting for water delivered on:

12.3.1. actual measurements;

12.3.2. methods required by Underground Storage Facility Permit No. 71-578806; and/or

12.3.3. generally accepted accounting and engineering practices.

12.4. Tucson shall install and maintain flow measurement systems to measure the amount of Authority Water diverted:

12.4.1. into the CAVSARP Turnout; and

12.4.2. into the CAVSARP.

12.5. Tucson shall test and maintain the accuracy of these systems within plus or minus five (5) percent of actual flows.

12.6. Tucson shall determine evaporation losses representative of the conditions at or near the CAVSARP using the method indicated in Underground Storage Facility Permit No. 71-578806, or using actual measurement, when available. Any other losses in the CAVSARP shall be calculated using generally accepted engineering practices.

13. Water Losses

13.1. The Authority shall not be responsible to pay CAWCD for any Authority Water that is lost or unaccounted for between the CAVSARP Turnout and the point at which the water enters the CAVSARP and that exceeds five (5) percent of the Authority Water delivered to the CAVSARP Turnout. Tucson shall be solely responsible to pay CAWCD for any Authority Water that is lost or unaccounted for between the CAVSARP Turnout and the point at which the water enters the CAVSARP and that exceeds five (5) percent of the Authority Water delivered to the CAVSARP Turnout.

13.2. Water delivered to the CAVSARP for storage but which exits the facility, other than by infiltration and evaporation, will be calculated using generally accepted engineering practices and water-level readings from the gauges in the basins. Water losses determined pursuant to this Subarticle 13.2 shall be apportioned by Tucson among the Authority and other entities storing water at the CAVSARP based on the amount of water delivered at the Point of Delivery for each entity during the period the loss occurred.

14. Liability

14.1. Each Party shall assume liability for its own negligence and shall indemnify the other against any damages the non-negligent Party incurs as a result of the negligent Party's action or inaction.

14.2. Tucson shall assume no liability to the Authority for claims of damage resulting from Tucson's decision, or the decision of the State of Arizona, to curtail or stop water flows to the CAVSARP for any of the following reasons:

14.2.1. during storm or emergency conditions; and/or

14.2.2. in accordance with the requirements of Underground Storage Facility Permit No. 71-578806.

14.3. Neither Tucson nor any other entity storing water at the CAVSARP shall assume any liability for quantities of recoverable or unrecoverable water stored underground or removed from underground storage; nor to replace water lost, misdirected or otherwise failing to reach the underlying aquifer. Each entity storing water at the CAVSARP shall share in any deficiency resulting from such lost, misdirected or otherwise unstored water in proportion to the amount of the CAVSARP capacity it used at the time the deficiency occurred.

14.4. The obligations set forth in this Article shall survive expiration or termination of this Agreement, and remain in full force and effect.

15. Default

In the event of a default by a Party, within thirty (30) days following notice of such

default by a non-defaulting Party, the defaulting Party shall remedy such default either by advancing the necessary funds and/or rendering the necessary performance. Such notice shall specify the existence and nature of the default. If such default is not remedied within the time specified, the non-defaulting Party may terminate this Agreement effective 24 hours following written notice, without prejudice to its rights and remedies established pursuant to this Agreement.

16. Interruptions or Curtailments in Delivery

Storage of Authority Water shall be in accordance with Authority requests as set forth in Article 8 of this Agreement, and shall be subject to availability of Authority Water at the Points of Delivery.

17. Uncontrollable Forces

Neither Party shall be considered to be in default in the performance of any of its obligations hereunder when a failure of performance shall be due to uncontrollable forces. The term "uncontrollable forces" shall mean any cause beyond the control of the Party unable to perform such obligation, including, but not limited to, failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning and other natural catastrophes, epidemic, war, riot, civil disturbance or disobedience, strike, labor dispute, labor or material shortage, sabotage, government priorities and restraint by court order or public authority, and action or non-action by, or failure to obtain the necessary authorizations or approvals from, any governmental agency or authority, which by exercise of due diligence such Party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Nothing contained herein shall be construed to require either Party to settle any strike or labor dispute in which it is involved.

18. Resolution of Disputes

18.1. A Party having a dispute under this Agreement that cannot be resolved by the Parties, may submit the dispute to arbitration. Arbitration shall be subject to the following provisions:

18.1.1. Arbitration shall be binding only upon the consent of the

Parties.

18.1.2. A Party wishing to submit a dispute to arbitration shall provide thirty (30) days written notice to the other Party of its intent to pursue arbitration and shall name one arbitrator at that time. Within fifteen (15) days of receiving this notice, the other Party to the dispute shall name one arbitrator and give written notice to the other Party of its selection. The two selected arbitrators shall, within five (5) days of selection of the second arbitrator, jointly select a third arbitrator.

18.1.3. Within thirty (30) days from the selection of the third arbitrator, the arbitrators shall hold a hearing. Within thirty (30) days from the conclusion of the hearing the arbitrators shall render a decision on the dispute.

18.1.4. Arbitration shall be subject to the Arizona Arbitration Act, Arizona Revised Statutes, Title 12, Chapter 9, Article 1. In the event of a conflict between this Agreement and the Act, the provisions of this Agreement shall prevail.

18.2. A Party that is dissatisfied with the results of non-binding arbitration may pursue any other legal or equitable remedy not expressly provided for in this Article 18 and available to resolve the dispute.

19. Action Pending Resolution of Disputes

Pending the resolution of a dispute pursuant to Article 18, each Party shall proceed, to the extent legally permissible, in a manner consistent with this Agreement, and shall make payments required in accordance with the applicable provisions of this Agreement. Amounts paid by a Party pursuant to this Article 19 during the pendency of such dispute shall be subject to refund and adjustment upon a final resolution of any dispute involving an amount due. Upon such final resolution, the owed amounts shall be remitted with interest in accordance with the remittance procedures/arrangements contained in Article 11.

20. Termination of Agreement

This Agreement may be terminated under the following circumstances:

20.1. If the Excess Water Contract between the Authority and CAWCD is terminated, the Authority may terminate this Agreement, which termination shall be effective fifteen (15) days after mailing written notice of termination to Tucson; or

20.2. If the Authority determines in its sole discretion that Tucson is operating the CAVSARP in a manner which is likely to jeopardize the ability of the Authority to earn Long Term Storage Credits for Authority Water delivered to the CAVSARP for the benefit of the Authority, the Authority may terminate this Agreement, which termination shall be effective ten (10) days after mailing written notice of termination to Tucson; or

20.3 Upon 180 days written notice by either party; or

20.4. In the manner and for any reason otherwise provided herein.

21. Compliance with Laws

Tucson, in carrying out this Agreement, shall comply with all applicable laws and regulations of the United States and the State of Arizona, and shall obtain all required permits or licenses from the appropriate federal, state, and local authorities.

22. Books, Records, and Reports

Tucson shall establish and maintain accounts and other books and records pertaining to administration of the terms and conditions of this Agreement. Reports shall be furnished to the Authority in such form and on such date or dates as the Authority may reasonably require. Subject to applicable federal and state laws and regulations, each Party to this Agreement shall have the right during office hours to examine and make copies of the other Party's books and records relating to matters covered by this Agreement.

23. Notices

Any notice, demand, or request authorized or required by this Agreement shall be in writing and shall be deemed to have been duly given if mailed, first class postage prepaid, or delivered to the Parties at the following addresses:

If to the Authority:

Manager
Arizona Water Banking Authority
500 North Third Street
Phoenix, Arizona 85004-3903

If to Tucson:

Director
Tucson Water
PO Box 27210
Tucson, AZ 85726-7210

The designation of the address or addressee for the giving of notice may be changed by notice given as provided in this Article 23.

24. Assignments Limited -- Successors and Assigns Obligated

The provisions of this Agreement shall apply to and bind the successors and assigns of the Parties hereto, but no assignment or transfer of this Agreement or any interest therein shall be valid unless and until approved in writing by the non-assigning Party.

25. No Third Party Beneficiaries

This Agreement is solely for the benefit of the Parties, and does not create nor shall it be construed to create rights in any third party unless expressly provided herein. No third party may enforce the terms and conditions of this Agreement.

26. Waiver

The waiver by either Party of any breach of any term, covenant or condition herein contained shall not be deemed a waiver of any other term, covenant or condition, or

any subsequent breach of the same or any other term, covenant or condition herein contained.

27. Cancellation

This Agreement is subject to cancellation in accordance with the provisions of A.R.S. § 38-511.

28. Consistency With Other Agreements

This Agreement is intended to be consistent with the Excess Water Contract between the Authority and CAWCD. Upon agreement by the Parties this Agreement may be amended or supplemented to conform to an amended or supplemented Excess Water Contract; provided, if the Parties cannot agree within 90 days after written notice from either Party to the other Party to amend or supplement this Agreement pursuant to this Article, either Party may terminate this Agreement.

29. Entire Agreement

The terms, covenants and conditions of this Agreement constitute the entire agreement between the Parties relative to the storage of Authority Water for the Authority by Tucson at the CAVSARP, and no understandings or obligations not herein expressly set forth shall be binding upon them. This Agreement may not be modified or amended in any manner unless in writing and signed by the Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement effective the day and year first above-written.

ARIZONA WATER BANKING AUTHORITY

Attest: _____
Secretary

By: _____
Chairman

CITY OF TUCSON

Attest: _____

By:

Title: _____

Title:

AGENDA
AWBA Indian Firming Workshop
Tuesday, May 28, 2003
Arizona Dept of Water Resources

DRAFT

1. Welcome/Purpose

2. Overview of Arizona Indian Water Rights Settlement Act – Firming
 - a. Settlement Elements
 - i. State Obligations
 1. GRIC
 2. Other Unallocated
 - ii. Federal Obligations
 1. SAWARSA
 2. Other Unallocated
 - iii. Southside Replenishment Obligation

3. Shortage Sharing Agreement

4. Water Supply Availability
 - a. Colorado River/CAP Water Availability Modeling
 - i. Calculation of the Firming Requirements
 - b. Current Obligations/Commitments
 - i. Incentive Recharge
 - ii. CAGRDR Obligation
 - iii. AWBA – M&I Firming/Water Management
 - iv. CAGRDR Replenishment Reserve
 - v. Interstate Banking

5. Potential Options for ABWA Participation

6. Recommended Next Steps & AWBA Action

**MOHAVE COUNTY WATER AUTHORITY
P.O. BOX 2419
BULLHEAD CITY, AZ 86430
(928) 754-2555
(928) 754-4622 (fax)**

April 22, 2003

Tim Henley
Arizona Water Banking Authority
500 North Third Street, 4th Floor
Phoenix, AZ 85004

Tom Carr
Arizona Department of Water Resources
500 North Third Street, 4th Floor
Phoenix, AZ 85004

RE: Mohave County Water Authority Shortage Sharing Policy

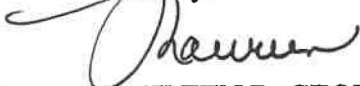
Gentlemen:

The Mohave County Water Authority at its meeting of April 17, 2003, reviewed the attached draft policy in regard to shortage sharing of water banked pursuant to contracts with the Mohave County Water Authority. The Bank had earlier requested the Mohave County Water Authority act on behalf of M&I contract holders in both Mohave and La Paz Counties in developing a policy for sharing of banked water in times of shortage. The purpose of this letter is to first confirm the Bank wishes us to act in that manner and second to request you confirm the list that was sent to us on March 13, 2003, by Phyllis Andrews of the M&I contractors in Mohave and La Paz County are the parties to whom this draft policy should be circulated.

On a related/unrelated matter, as time permits could you please send me a listing of all M&I contract holders which hold contracts for the 165,000 a/f of fourth priority water on the River.

Thank you for your assistance. Do not hesitate to contact me if you have any questions in regard to the foregoing.

Sincerely,



MAUREEN R. GEORGE
Secretary-Treasurer
Mohave County Water Authority

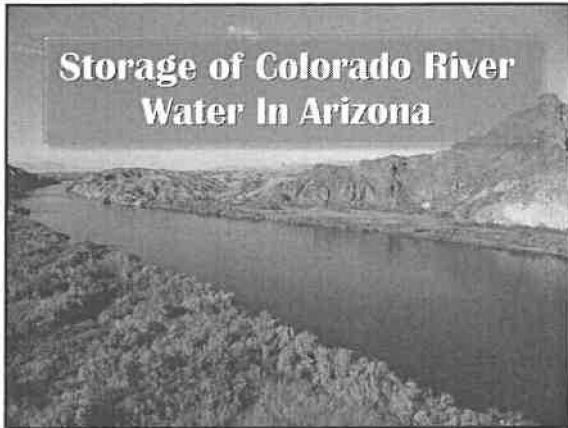
REVISED MEMORANDUM

TO: Mohave County Water Authority Boardmembers
FROM: Maureen George, Secretary-Treasurer
SUBJECT: Draft MCWA Shortage Sharing Policy
DATE: March 31, 2003

The following DRAFT MCWA shortage sharing policy needs to be shared with the M&I users in La Paz and Mohave Counties but I first wanted it reviewed by the MCWA board.

1. In Bank (AWBA), MCWA – share in proportion to actual M&I use in year preceding shortage pursuant to a post 1968 priority 4 contract (no firming for pp&r's).
2. In Bank (AWBA) (separate “sub-account”) – sub-account at holder’s option and proportionate share in 1 and 3.
3. Other storage facilities, MCWA - share in proportion to actual M&I use in year preceding shortage pursuant to a post 1968 priority 4 contract (no firming for pp&r's).
4. Other storage facilities – (separate “sub-account”) – sub-account at holder’s option and proportionate share in 1 and 3 above.
5. If in future ag use is converted to a priority 4 M&I contract than eligible to apply for participation in accounts listed in 1 and 3.
6. Recovery and replacement costs be paid in full by user pursuant to the terms of the applicable storage/recovery agreement.
7. Eligibility: All M&I contract holders in Mohave and La Paz Counties using water within MCWA service area but only to the extent such water is used for M&I purposes pursuant to a post 1968 priority 4 contract. No shortage water will be available through MCWA for agricultural purposes or to firm agricultural supplies.

This matter has been placed on the April 17, 2003, agenda of the Mohave County Water Authority for discussion and/or action.

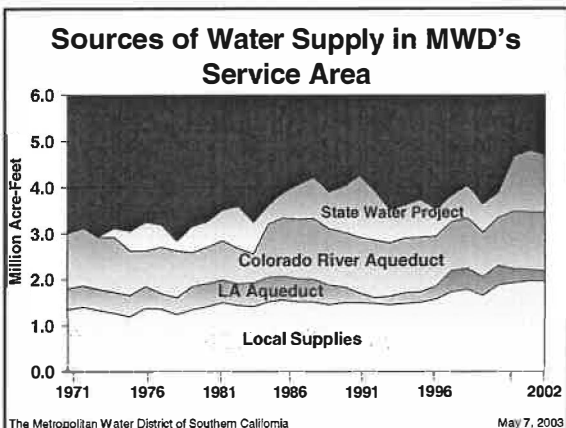


Metropolitan Water District of Southern California

- 6 counties; 5,200 square miles
- 18 million people
- Regional economy: \$700 Billion
- Projected growth: ~220,000 people/year
- MWD provides about half of southern California's supply

MWD Service Area

The Metropolitan Water District of Southern California May 7, 2003



Diverse Water Supply Portfolio

<ul style="list-style-type: none"> ■ Hydrologically Dependent <ul style="list-style-type: none"> - Local Surface & Ground Water - Colorado River Aqueduct - Los Angeles Aqueduct - California Aqueduct - In & Out of Service Area Storage - Conjunctive Use Programs - Operational Flexibility 	<ul style="list-style-type: none"> ■ Hydrologically Independent <ul style="list-style-type: none"> - Conservation - Recycling - Contaminated Water Recovery - Transfers - Desalination - Land Management/Supply Programs - Water Quality
---	---

The Metropolitan Water District of Southern California May 7, 2003

California 7 Party Agmt. Priorities		<u>MAF</u>
1. PVID (104,500 acres)	}	3.850
2. Yuma Project (25,000 acres)		
3. (a) IID/CVWD (b) PVID (16,000 acres)		
4. MWD		<u>0.550</u>
Subtotal		4.400
5. MWD		<u>0.662</u>
Total		5.062
6. IID/CVWD/PVID		0.300
7. Agricultural Use	All Remaining	

The Metropolitan Water District of Southern California

May 7, 2003

- ### What is the Quantification Settlement?
- Further Quantifies Agricultural Agencies Colorado River Water Use
 - Settlement includes water budgets, water conservation, and transfer programs
 - Water conserved by agricultural agencies moves to urban agencies
 - Interim Surplus Guidelines/Overrun Pay Back

The Metropolitan Water District of Southern California

May 7, 2003

- ### The Revised QSA
- State of California provides funding and guarantees
 - Reduces risk of termination
 - No federal legislation or appropriations required
 - ISG benchmarks still achieved

The Metropolitan Water District of Southern California

May 7, 2003

- ### Current Status of QSA
- Full set of final draft agreements completed
 - Execution goal in July 2003
 - Working on satisfying conditions precedent

The Metropolitan Water District of Southern California

May 7, 2003

- ### May 2002 SNWA / MWD Agreement on ISG Implementation
- Provides Nevada additional opportunities to firm long-term supplies
 - Demonstrates basin state cooperation
 - Facilitates interstate management of Colorado River resources

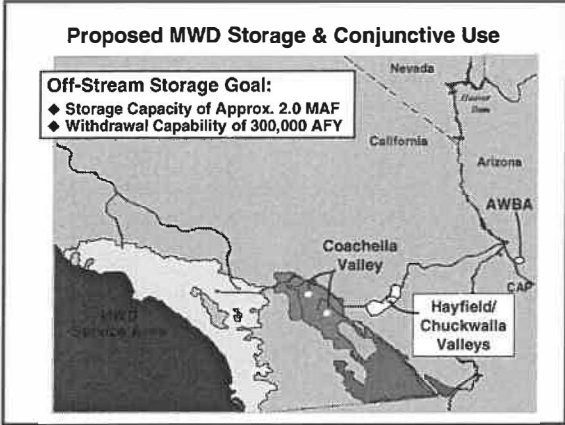
The Metropolitan Water District of Southern California

May 7, 2003

- ### Potential Role of Interstate Offstream Banking
- Arizona / Metropolitan ISG Agreement
 - Provides Surplus/Shortage Sharing Insurance
 - Arizona / Metropolitan ISG Agreement
 - Conservation of flood waters
 - More efficient use of the Colorado River system

The Metropolitan Water District of Southern California

May 7, 2003



Summary

Under an MWD / AWBA storage program:

- Advances interstate cooperation
- Makes more efficient use of Colorado River resources
- Assists in Arizona / MWD surplus and shortage sharing under Interim Surplus Guidelines

The Metropolitan Water District of Southern California May 7, 2003

