

**ARIZONA WATER BANKING AUTHORITY**  
**Wednesday, March 21, 2007**

No.	NAME (Please print)	Phone No.
1	John Bopenchuk (ADWR)	(520) 770-3817
2	Bob Judy	(520) 791-5080 x 1457
3	Gregg Nelson (ADWR)	(602) 771-8414
4	Gary Givert CAP	623 869-2158
5	McClain Peterson CRCN	702-486-2672
6	Brian Henning, CAP	623-869-2567
7	William Baker Hernandez (ADWR)	602 956 8878
8	Tom McCann	623-869-2343
9	Larry Dazler	623-869-2377
10	PAUL ORME	623-465-0445
11	KARL KOHLHOFF	602 7238303
12	Ann Marie Chischilly	520.697.1344x3
13	PAUL NELSON	623-773-6289
14	Leo Commandeur	623-580-9600
15	Walter Moore	480-644-4364
16	Jerry Zimmerman	818-500-1625
17	Jennie Thorn	480-510-5259
18	Elizabeth Story	623-386-4066
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ARIZONA WATER BANKING AUTHORITY  
Wednesday, March 21, 2007

No.	NAME (Please print)	Phone No.
1	DON GROSS - ADWR-CRM	602-772-8411
2	JEFF ELMERS SRP	602-236-5504
3	GWYNETH STEWART FENWICK Crag	602-916-5714
4	Chuck Cullen	623-869-2665
5	Tim Bray	480-595-5644
6	Tom Maher SNWA	702-862-3702
7	Gregg Capps	480-782-3585
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**Arizona Water Banking Authority**  
3550 N. Central Avenue, Phoenix, Arizona 85012  
Telephone 602-771-8487  
Fax 602-771-8685  
Web Page: [www.awba.state.az.us](http://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 March 21, 2007 at 10:00 a.m. at the Arizona Department of Water Resources, 3550 North Central Avenue, Phoenix, Arizona 85012, Upper/Middle Verde conference room on the 2<sup>nd</sup> floor. The meeting is open to the general public. A copy of the agenda for the meeting is posted below.

Dated this 19th day of March, 2007

**FINAL AGENDA**

**Arizona Water Banking Authority Commission Meeting**

- I. Welcome/Opening Remarks
- II. AWBA Authority Members
  - Introduction of New Authority Member
  - Election of Commission Officers
- III. Approval of Minutes
  - December 20, 2006 meeting
- IV. Water Banking Staff Activities
  - Deliveries
  - Update on discussions with Office of Strategic Planning and Budget
  - Preliminary drafting of 2006 Annual Report
  - Application for Water Storage Permit
  - Yuma Desalination Plant
  - Recovery planning update
- V. Web Page Preview
- VI. Interstate Water Banking
  - Meeting with Arizona State Treasurers Office
  - Overview of briefing of Southern Nevada Water Authority
- VII. Arizona Water Settlements Act firming efforts
  - Overview and discussion of draft Secretarial Agreement

- VIII. West Maricopa Combine Draft Water Storage Agreement
  - Discussion
  - Potential approval of WMC Water Storage Agreement
- IX. Harquahala Valley Irrigation District Draft Water Storage Agreement
  - Discussion
  - Potential approval of HVID Water Storage Agreement
- X. Amend 2007 Plan of Operation
  - WMC USF and HVID GSF
  - Potential approval of Amended 2007 Plan of Operation
- XI. Call to the Public

**Future Meeting Dates:**

Wednesday, June 20, 2007

Wednesday, October 10, 2007 \*Please note date change (9/19/07 rescheduled to 10/10/07)

Wednesday, December 19, 2007

All visitors must use the south elevators; please stop at the 2<sup>nd</sup> floor to sign-in and receive a visitor's badge. Badges are to be displayed at all times. Visitors are also required to sign out and return their badges. Thank you for your assistance.

*Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Virginia O'Connell at (602) 771-8491. Requests should be made as early as possible to allow time to arrange the accommodation.*

## Susan Bitter Smith

Ms. Bitter Smith serves as a member of the Authority in her capacity as President of the Central Arizona Water Conservation District (CAWCD) Board. She was elected to the Board from Maricopa County for a six-year term in March 2007. Susan Bitter Smith, a Scottsdale resident, currently is the executive director of the Arizona Cable Telecommunications Association. She has both an undergraduate and graduate degree from Arizona State University and is a past president of the ASU Alumni Association. In addition, she serves as the honorary chair of the ASU MBA Alumni Association, past chair of the Walter Cronkite Foundation, a director of the Morrison Institute of Public Policy and the past chair treasurer of the Arizona First Amendment Coalition.



Among her other awards and offices, Ms. Bitter Smith is a past president of the Arizona Society of Association Executives and received the AzSAE's Executive of the Year Award in 1988. She also is the past chairman of the American Society of Association Executives, and past chair of the ASAE Government Affairs Committee.

Ms. Bitter Smith is a former Scottsdale City Council representative and former vice mayor of Scottsdale. An Arizona native, Ms. Bitter Smith is married and has two children.

45-2422. Organization of commission; powers and duties; exemption

A. The commission shall select a vice-chairperson and a secretary from among its membership who shall each hold office for terms of two years to begin and end on the third Monday in January.

B. The powers and authority vested in and the duties imposed on the authority shall be exercised by a minimum of three voting members of the commission voting in agreement.

C. The authority is not a public service corporation subject to regulation by the Arizona corporation commission.

**ARIZONA WATER BANKING AUTHORITY  
Draft Minutes<sup>1</sup>**

**December 20, 2006  
Arizona Department of Water Resources**

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**AUTHORITY MEMBERS**  
Herbert R. Guenther, Chairman  
William K. Perry  
Vacant, Secretary  
John Mawhinney  
Maureen R. George

**EX OFFICIO MEMBERS**  
The Honorable Jake Flake  
The Honorable Lucy Mason

**Welcome/Opening Remarks**

Chairman Herb Guenther welcomed the attendees and recognized Gayle Burns, a newly elected board member to the Central Arizona Water Conservation District (CAWCD). All members of the Authority were present except for *ex-officio* member Representative Lucy Mason. Chairman Guenther announced that Vice-chairman William Perry would be leaving the Commission and he thanked him for his service on the Commission and his many contributions to water management in Arizona.

**Approval of Minutes of September 20, 2006 Meeting**

John Mawhinney requested a follow-up on the AWBA's request for \$1 million appropriation from the legislature: a topic of discussion at the September 20, 2007 AWBA meeting. He noted that this money would be the only funding available for use outside the AMA and County service areas. Tim Henley responded that historically AWBA's request was included as part of ADWR's budget request. Staff had discussed the issue of a separate request with the Office of Strategic Planning & Budget (OSPB) and was informed that it was too late in the process for this year's budget. However, the OSPB described a process for submitting a separate request in the future. Mr. Henley noted that the AWBA could possibly request separate funding through the Governor's Office.

The Authority approved the minutes of the September 20, 2006 meeting as written.

**Water Banking Staff Activities**

Virginia O'Connell reviewed water deliveries and stated that even though intrastate deliveries were somewhat less than projected under the amended plan, due to monsoon precipitation and facility maintenance, deliveries overall were still higher than those projected in the original plan. Interstate deliveries were on target even though some deliveries scheduled for the Tucson AMA had decreased. These deliveries were instead delivered to the Pinal AMA where additional capacity became available. Mr. Henley commented that the AWBA was utilizing all of its available capacity and pointed out that because of the AWBA's activities, Arizona would be diverting its full allotment of 2.8 million acre-feet.

Kim Mitchell provided an update on the website redesign and noted that the web design staff had completed all of her requested organizational changes as well as

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<sup>1</sup> Please note that these are not formal minutes but a summary of discussion and action of the meeting. Official minutes are prepared prior to the next Authority meeting and are approved at that meeting.

the template for the new homepage. They were now in the process of migrating the existing files to the new site. Tom Buschatzke asked if all draft documents could be posted on the webpage prior to the meeting and be made available to the public as meeting handouts. Ms. Mitchell responded that draft documents could be posted provided the time was sufficient, but cautioned against posting sensitive documents until Authority members had an opportunity to review them. Mr. Henley commented that all of the documents for today's meeting were included in the public handout and noted that this was common practice.

Ms. Mitchell noted that staff filed an application with AWDR to renew its water storage permit at the Tonopah Irrigation District GSF located in the Phoenix AMA. The maximum annual storage volume for this GSF is 15,000 acre-feet.

With regard to other staff activities, Ms. Mitchell noted that the AWBA had an exhibit on display at the Colorado River Water Users Association held in Las Vegas, Nevada the previous week. The exhibit, "Arizona-Living the Vision through Planning, Partnering and Performing", focused on three areas of Arizona's resources; the Groundwater Management Act, recharge, and reuse. The exhibit was done in conjunction with ADWR, Central Arizona Project, Arizona Municipal Water Users Association, and the Salt River Project.

Ms. Mitchell reminded the Authority that the AWBA was required by statute to submit information to the Joint Legislative Budget Committee (JLBC) outlining expenditure plans for the \$13.5 million received from the legislature this fall. That information, upon approval by Authority members, was submitted to the JLBC by letter prior to the November 30<sup>th</sup> deadline. Mr. Mawhinney asked if the Legislature had placed any restrictions on use of these funds. Ms. Mitchell and Gregg Houtz responded that the legislation did not specify any other limitations other than the funds be used to meet the State's firming obligation. Mr. Mawhinney questioned the possibility of using the funds for other banking purposes now in order to take advantage of lower water costs and repay the account at a later date. He added that if this were not the case, perhaps the legislation could be re-written. Chairman Guenther agreed it would be a good opportunity for the AWBA. Mr. Mawhinney also inquired if the interest on the funds could be utilized for other AWBA purposes. Mr. Henley commented that he was not certain if there were limitations on use of the interest. Mr. Perry pointed out that future water costs would likely be decreasing. Larry Dozier (CAWCD) explained that the cost of water was a function of energy costs, which had been higher the past few years due to market demand. However, CAWCD anticipates its energy costs to decrease in the future because of the potential ability to use less expensive energy generated at the Navajo Generating plant. CAWCD is currently negotiating a contract for future energy costs.

Mr. Henley provided an update on the Arizona Water Settlements Act (Act) firming efforts. He reminded the Authority that the Legislature recognized the AWBA as the agent for meeting the State's firming obligation and had appropriated \$13.5 million to



the AWBA specifically for that purpose. These funds have been deposited into a sub-account held by the Authority at the State Treasurers Office (STO). Mr. Henley explained that two goals must be accomplished prior to the Enforceability date of the Act: 1) an agreement must be executed with the Secretary of the Interior (Secretary) that identifies the obligations, and 2) the State and Federal governments must develop a plan that describes the method for meeting the obligations. He noted that staff has had discussions with the Bureau of Reclamation (Reclamation) and the Bureau of Indian Affairs (BIA) and he anticipated that an agreement would be reached soon. A draft agreement could be prepared for the March meeting with a final agreement presented as an action item for the September meeting.

Staff had also met with the Gila River Indian Community (GRIC) to discuss options for meeting this portion of the State's responsibility. These options included: 1) the traditional method of storing water and earning long-term storage credits (credits), 2) the direct delivery of water prior to 2010, before water deliveries to the GRIC are subsidized by the Federal government (since this would be a benefit to the GRIC, a cap could be placed on the total obligation), and 3) the GRIC could enter into a long-term lease, which the AWBA would firm as an M&I use. Mr. Henley noted that the GRIC were not prepared to begin negotiations until the AWBA and the Secretary had an agreement.

Mr. Henley discussed further that the cost for meeting the State's overall obligation could vary depending on the outcome of the firming plan developed. He presented two tables that identified how the firming obligation could be met using the traditional method of earning credits. The first table illustrated that nearly half of the firming obligation could be met using only the \$13.5 million. The second table indicated that the firming goal could be met by 2016 if withdrawal fees were also utilized. The cost estimate for this plan was approximately \$30 million. In either scenario, storage was limited to the Phoenix and Pinal AMAs. Chairman Guenther asked if recovery was included in the estimated cost. Mr. Henley replied that it only included the cost for storing water and that the cost associated with recovery would not be known until the firming plan was developed. Mr. Mawhinney asked if the Legislature was aware that the \$13.5 million was not sufficient for meeting the total costs. Mr. Houtz replied that the Legislature authorized the use of withdrawal fees for this purpose. Mr. Henley noted that the table showing the expenditure of the \$13.5 million alone was included in the letter to the JLBC. Mr. Mawhinney questioned if there would be competition from the Federal government for its portion of the firming obligation. Mr. Henley responded that Reclamation could potentially be a competitor if they had the ability to store water under the incentive recharge rate. Mr. Houtz noted that Reclamation had other means for meeting its obligation, such as currency, which the AWBA did not have. Mr. Buschatzke inquired if the 550,000 acre-feet Indian firming target identified was consistent with the method used to determine M&I shortage sharing. Mr. Henley responded that the same method was used to calculate each firming goal. Chairman Guenther asked if there was a timeframe for obtaining an agreement with the GRIC. Mr. Henley responded that a concept of the agreement

could potentially be in place by September. Mr. Houtz noted that an agreement with the GRIC did not need to be executed by the Enforceability date.

### **Public Meeting Law**

Before beginning his review of the open meeting law (OML) requirements, Mr. Houtz introduced Rebecca Szafranski, a new attorney for ADWR. He commented that the purpose of these discussions was to clarify the requirements of the OML so as to avoid potential violations. A recent incident, which was reported to the Attorney General's Office, was determined not to be a violation, as AWBA business was not conducted. Mr. Houtz informed the Authority that public notice must be given 24 hours in advance of any meeting where a potential quorum (3 or more members) may exist and therefore asked that members notify staff of any meetings such as board meetings, sub-committee meetings, conferences etc., where a quorum may be present. Mr. Houtz noted that discussions via teleconference or email were also subject to the OML requirements and requested that all responses to emails, including comments to documents sent via email, not be forwarded to all email recipients.

### **CAWCD Status Report on Recovery Planning**

Chuck Cullom (CAWCD) provided an update on the planning efforts for the recovery of credits accrued by the AWBA (handout of presentation provided). He described the process for recovery of water for ICUA and firming purposes and provided an estimated recovery timeline for each category. Mr. Cullom noted that recovery planning was occurring through the stakeholder process, but recent efforts focused primarily on recovery within Districts located in the Pinal AMA because of the request for ICUA in 2007 by California and the potential recovery for Nevada by 2010. Water storage on behalf of California as well as earlier storage on behalf of Nevada occurred in the Pinal AMA. The next step was to prepare concepts for Priority 4 On-River firming and to assist the AWBA with Indian firming plans, as shortages for these obligations could potentially occur by 2016 (>15% probability). The final step was to prepare concepts for M&I firming in cooperation with CAP M&I customers. Shortages for M&I customers are not expected until 2025. Mr. Cullom stated that the stakeholder process would continue through March and that a draft plan for discussion would be available by April. The final plan and recommendations would be presented at CAWCD's June Board meeting.

Mr. Mawhinney was concerned that a recovery plan for M&I users had not been prepared to date, especially since they did not have diversion capabilities as did California, Nevada, and On-River cities. He emphasized the importance of recovery on AWBA planning efforts, including its effect on decisions by facility operators, and urged CAWCD to increase stakeholder activity in this matter. Mr. Cullom commented that there had been initial discussions with M&I users and that he intended to have additional meetings to discuss recovery plans in greater detail. Mr. Perry noted the CAWCD Board was aware of the importance of recovery and therefore had included it as part of its strategic plan. Mr. Buschatzke agreed with Mr.

Mawhinney's points and added that the cities in the Phoenix AMA would consider using Maricopa *ad valorem* tax monies to store water in Tucson, since Tucson has more capacity than funding, but noted that this idea would not be entertained without a recovery plan in place. Dennis Rule (Tucson Water) agreed and commented that any discussions regarding storage by Phoenix in Tucson should occur soon before opportunities are lost. He added that Tucson Water's facilities were designed for recharge and recovery and noted that they would not be willing to recover from outside the area of impact of these facilities. Mr. Buschatzke also pointed out that when a shortage occurs it would likely continue for several years and inquired if the planning efforts considered the effect of prolonged pumping on the aquifers. He emphasized the need for an integrated recovery plan and noted that Salt River Project (SRP) has indicated it would be willing to assist with recovery. However, if a drought occurred on SRP & Colorado watersheds simultaneously, SRP wells may not be sufficient. In response to Chairman Guenther's question regarding expansion of the recovery planning, Mr. Cullom stated that the final recovery plan would include a list of recommendations for implementing the plan. CAWCD was in the process of evaluating several options including: a recovery model for Tucson, analyzing SRP drought models and use of its wells, determining infrastructure needs, and identifying well siting for CAP facilities. Some Authority members were agreeable to a timeframe of 2-3 years for a comprehensive plan under the shortage timeline described. Chairman Guenther stated that the Authority would draft a letter to CAWCD encouraging acceleration of a recovery plan. Mr. Mawhinney suggested expressing the Authority's concerns at CAWCD's June Board meeting.

#### **Discussion and Potential Approval of ICUA Letter Agreement**

Mr. Henley informed the Authority that the Metropolitan Water District of Southern California (Metropolitan) requested 15,000 acre-feet of Intentionally Created Unused Apportionment (ICUA) for 2007. He noted that in the early 1990s, CAWCD stored 80,909 acre-feet of credits on behalf of Metropolitan pursuant to its Demonstration Agreement with Metropolitan. The Storage and Interstate Release Agreement, the master agreement that allows for individual interstate agreements, identifies the AWBA as the entity that can release the credits for California. Mr. Henley stated that the Letter Agreement between Metropolitan, CAWCD, and the AWBA (Letter Agreement) outlines the process by which ICUA would be made available to Metropolitan. Maureen George had concerns that Arizona water users could be impacted if ICUA were developed in the same years that a shortage was declared, considering a recovery plan was not in place. Mr. Houtz commented that ICUA is requested on an annual basis and would be subject to approval by the Authority through the AWBA's Annual Plan of Operation. Mr. Henley clarified that under the Demonstration Agreement, Metropolitan could not request ICUA during times of shortage. The Authority authorized the Chairman to sign the Letter Agreement.

#### **Discussion and Potential Approval of Shortage-Sharing Agreement**

Chairman Guenther provided a summary of the Arizona-Nevada Shortage-Sharing Agreement (Agreement). He noted that shortage-sharing between Arizona and

Nevada would not be based on percentages, but rather on specific volumes triggered by three water elevation levels in Lake Mead. Pursuant to the Agreement, AWBA will receive from Nevada \$8 million within 60 days after the Secretary issues the Record of Decision (ROD), which is due by December 31, 2007. The purpose of these funds is to assist Arizona in offsetting impacts from shortages that may occur during the Interim Period; the 25-year period beginning on the date the Secretary issues the ROD. He noted that the Agreement gives the AWBA authority to utilize the funds to purchase and/or store water. Chairman Guenther commented that staff would be meeting with the Indian and On-River Communities to discuss ways in which the funds could help offset potential shortages, as these entities would bear the greatest burden. Ms. George asked if the funds were specific for offsetting impacts of the Nevada deal and questioned if the funds could be swept by the Legislature. Mr. Houtz responded that the funds would be considered a gift to the AWBA. Although difficult, the funds could be swept. A motion was made to authorize Chairman Guenther to sign the Agreement upon signature by the other parties absent any substantive changes. All members approved, except for Ms. George who opposed the motion.

#### **Potential New Water Storage Agreements**

Mr. Henley noted that staff had met with two potential new partners. West Maricopa Combine Water Company (WMC), Inc., a wholly owned subsidiary of Global Water Management, LLC, owns the WMC Managed USF, permitted for 25,000 acre-feet per year. The cost for storage at this facility is estimated at \$35 per acre-foot. Staff is planning another meeting to discuss a final draft agreement. In addition, staff met with William Baker, the attorney representing the Harquahala Valley Irrigation District GSF, to finalize the draft agreement for storage at this facility. The maximum storage at this GSF is 50,000 acre-feet per year. Mr. Henley anticipated presenting both draft agreements at the next AWBA meeting in March. If approved, the AWBA Annual Plan of Operation Plan would be amended to include deliveries to either of these facilities.

#### **Discussion and Approval of 2007 Annual Plan of Operation**

Ms. Mitchell summarized AWBA activities for 2006 before reviewing the draft 2007 Plan of Operation (Plan). She noted that in 2006, the AWBA stored approximately 365,000 acre-feet of water and commented that nearly 2.8 million acre-feet of water was stored to date, which is equivalent to Arizona's allocation of Colorado River water. Ms. Mitchell pointed out that CAWCD began operating its Tonopah Desert Recharge facility in January and the AWBA was able to utilize this facility to store approximately 116,300 acre-feet. In addition, the AWBA entered into a new partnership with Gila River Indian Irrigation & Drainage District (GRIIDD) GSF in June and subsequently amended its 2006 Plan to identify deliveries to this facility.

Ms. Mitchell noted that in 2007, planned deliveries total nearly 376,000 acre-feet, with 249,000 acre-feet for intrastate and 127,000 acre-feet for interstate. Capacity would not be a limiting factor in the Phoenix AMA even though the AWBA was not

partnering with certain facility operators. She mentioned that the AWBA would once again be storing at the GRIIDD GSF, which is located in both the Phoenix and Pinal AMAs. In the Tucson AMA, Tucson Water was fully utilizing its capacity at the Pima Mine Road (PMR) facility, thereby precluding the AWBA from storing at this facility. However, Tucson Water increased the AWBA's storage capacity at CAVSARP by 5,000 acre-feet to help recover its loss of capacity at PMR. Interstate deliveries were planned primarily for the Pinal AMA, with minimal storage occurring in Tucson. Ms. Mitchell stated that the 2007 Plan also includes a recovery component that addresses Metropolitan's request for ICUA. A schedule identifying monthly recovery amounts and location has been included in the Plan. The total recovery volume is 16,804 acre-feet. She continued her review by noting that water delivery rates for the AWBA decreased from \$82/AF to \$61/AF, however, interstate delivery rates increased by \$10 to \$210/AF. The cost share paid by GSF operators increased by \$1 to \$31/AF and the interstate cost share remained the same at \$26/AF. The total cost of the Plan is \$37.8 million of which approximately \$24 million is for interstate banking.

Ms. Mitchell informed the Authority that staff had presented the draft Plan at the GUAC meetings for the Phoenix, Pinal, and Tucson AMAs during October and November and had also posted the draft Plan on the AWBA web page for additional public comment. In general, the public supported the plan and commented that the AWBA had been successful at balancing intra/interstate deliveries. She noted that at each meeting, the public expressed the need for a comprehensive recovery plan and cooperative participation between all parties involved. All comments were taken into consideration when developing the Plan.

There was a motion to adopt the 2007 Plan. The motion carried.

#### **Discussion and Approval of CY 2007 Water Delivery Budget**

Ms. Mitchell outlined the Water Delivery Budget for the 2007 calendar year. She identified available revenues, delivery and recharge rates, and planned expenditures. All available withdrawal fees, estimated at \$4.7 million for all three AMAs, will be expended, as well as the total remaining Maricopa County *ad valorem* tax funding of \$3.6 million. There is no *ad valorem* tax funding available for Pinal and Pima Counties. With regard to interstate funding, approximately \$39.8 million, which is carryover from the initial \$100 million, is available for 2007. Of this amount, just under \$24 million will be expended leaving \$16 million for the following year. Ms. Mitchell acknowledged a carryover of \$13.5 million for 2008 of the funding available for meetings the State's Indian firming requirements, as expenditure of these funds is not anticipated until after the Enforceability date. The total AWBA budget for calendar year 2007 is just over \$32 million. A total of \$5.8 million will be expended by CAWCD to offset the remaining delivery costs of the 2007 Plan.

There was a motion to adopt the 2007 Water Delivery Budget. The motion carried.

### **\$100 Million Pursuant to Amended Agreement for Interstate Banking**

Ms. Mitchell provided an update on the \$100 million “insurance” payment received from Nevada in 2005 pursuant to the Amended Agreement for Interstate Banking (Amended Agreement). She noted that the Amended Agreement included a loan provision that allows the AWBA to store water on behalf of Nevada prior to receiving their annual payments of \$23 million for 10 years beginning in 2009. By the end of 2007, the AWBA will have loaned Nevada approximately \$84 million and will have accrued an estimated 520,000 million acre-feet of credits, which represents nearly 43% of the AWBA’s 1.25 MAF obligation to Nevada. Ms. Mitchell noted that staff had met with the STO to discuss interest accrual on the \$100 million and were informed that this information could be provided in a year-end statement. Chairman Guenther reminded the members that the intent of the \$100 million was to protect Arizona water users from costs associated with the obligation. He noted that a risk assessment was currently being conducted. Mr. Mawhinney noted he had a prior engagement and excused himself from the meeting, but commented that he wanted to discuss this issue further.

### **Call to the Public**

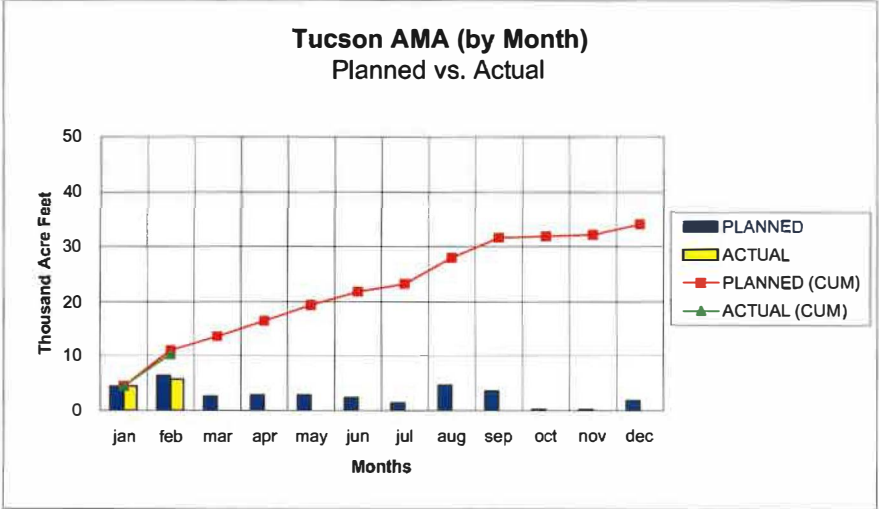
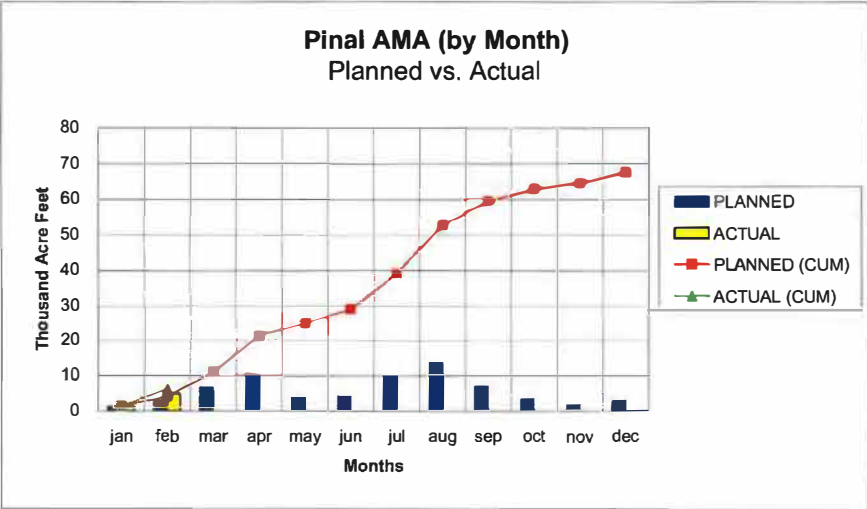
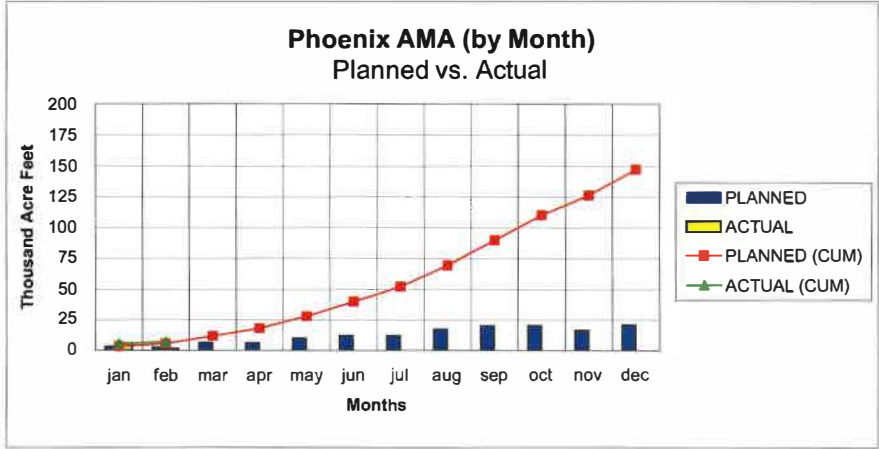
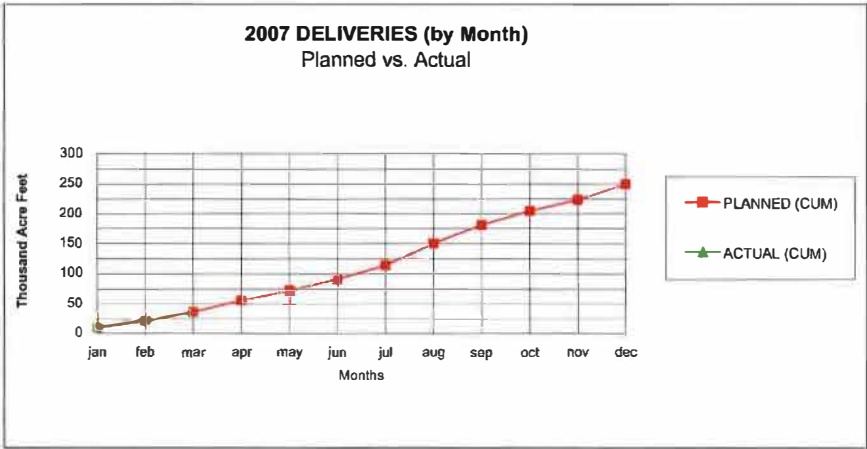
Chairman Guenther briefed the Authority on the recent Seven Basin States meeting and noted that a forbearance agreement was the only item that was still needed. The Secretary could potentially sign the ROD by the middle of the year.

Questions and comments made by the public are included in the above discussion.

The meeting adjourned at 12:35 p.m.

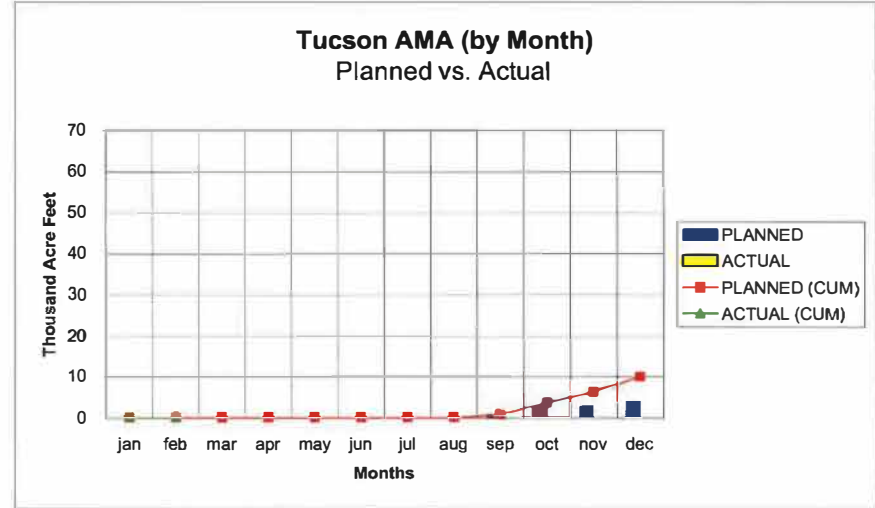
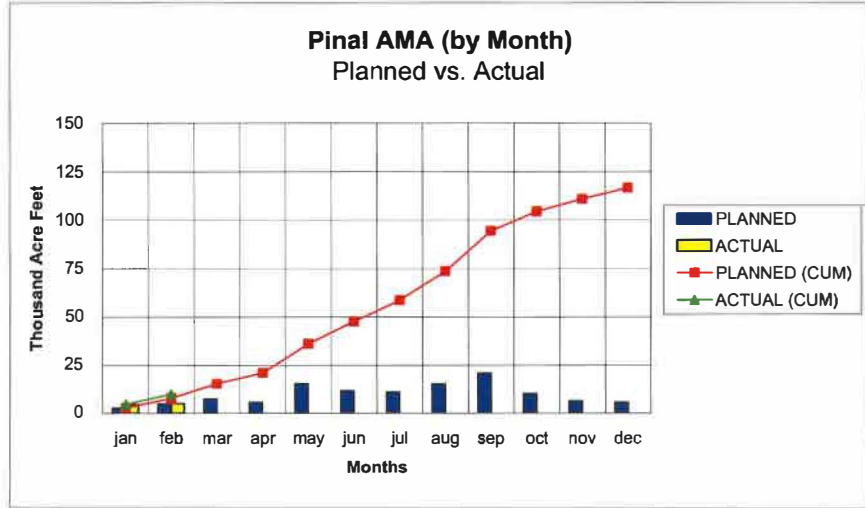
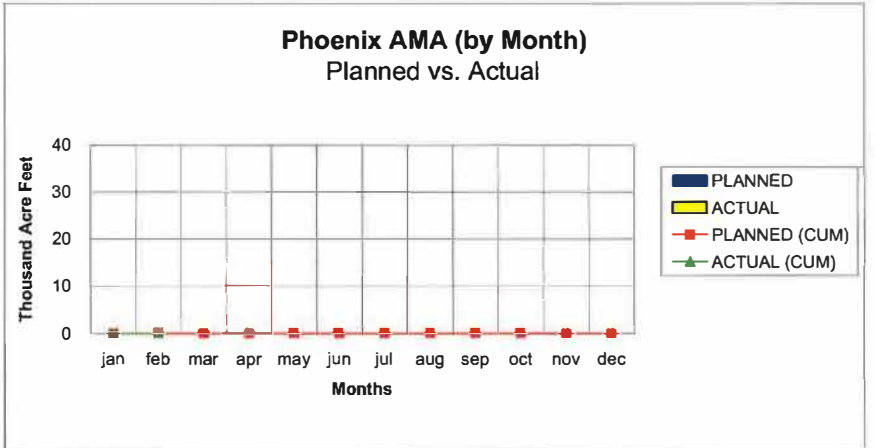
# 2007 Plan of Operation

INTRASTATE



# 2007 Plan of Operation

## INTERSTATE





Actual deliveries updated <i>Plan of Operation</i>	19-Mar-07 <i>1-Jan-07</i>	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	total
<b>Phoenix AMA</b>														
<b>Intrastate</b>														
GRUSP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
AGUA FRIA	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,755</i>	<i>2,600</i>	<i>2,600</i>	<i>6,955</i>
HIEROGLYPHIC MTNS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,700</i>	<i>2,700</i>	<i>5,400</i>
TONOPAH DESERT	5,561	1,353	0	0	0	0	0	0	0	0	0	0	0	0
	<i>3,175</i>	<i>2,398</i>	<i>6,275</i>	<i>6,000</i>	<i>10,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>13,000</i>	<i>10,000</i>	<i>12,000</i>	<i>110,548</i>
CHCID	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>50</i>	<i>50</i>	<i>50</i>	<i>100</i>	<i>75</i>	<i>75</i>	<i>50</i>	<i>83</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>533</i>
NMIDD	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
QCID	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,343</i>	<i>2,285</i>	<i>2,285</i>	<i>1,142</i>	<i>1,142</i>	<i>8,197</i>
SRP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
GRIIDD	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,986</i>	<i>5,781</i>	<i>3,090</i>	<i>0</i>	<i>2,626</i>	<i>15,483</i>
Subtotal	5,561	1,353	0	0	0	0	0	0	0	0	0	0	0	6,914
Total to date	5,561	6,914	6,914	6,914	6,914	6,914	6,914	6,914	6,914	6,914	6,914	6,914	6,914	6,914
<i>Projected total to date</i>	<i>3,175</i>	<i>5,573</i>	<i>11,898</i>	<i>17,948</i>	<i>27,998</i>	<i>40,098</i>	<i>52,173</i>	<i>69,577</i>	<i>89,693</i>	<i>109,906</i>	<i>126,348</i>	<i>147,416</i>	<i>147,416</i>	<i>147,416</i>
<b>Interstate</b>														
GRUSP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
AGUA FRIA	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
HIEROGLYPHIC MTNS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
TONOPAH DESERT	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
CHCID	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
NMIDD	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
QCID	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
SRP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
TID	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total to date	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>Projected total to date</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Combined</b>														
Subtotal	5,561	1,353	0	0	0	0	0	0	0	0	0	0	0	6,914
Total to date	5,561	6,914	6,914	6,914	6,914	6,914	6,914	6,914	6,914	6,914	6,914	6,914	6,914	6,914
<i>Projected total to date</i>	<i>3,175</i>	<i>5,573</i>	<i>11,898</i>	<i>17,948</i>	<i>27,998</i>	<i>40,098</i>	<i>52,173</i>	<i>69,577</i>	<i>89,693</i>	<i>109,906</i>	<i>126,348</i>	<i>147,416</i>	<i>147,416</i>	<i>147,416</i>

Actual deliveries updated		19-Mar-07												total
Plan of Operation		1-Jan-07												
		jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	
<b>Pinal AMA</b>														
Intrastate	CAIDD	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	1,000	5,000	1,000	1,000	4,000	2,000	2,500	1,000	1,000	1,500	20,000
	MSIDD	520	1,530	0	0	0	0	0	0	0	0	0	0	2,050
		520	1,030	1,560	2,070	2,590	3,130	3,110	2,590	1,560	1,040	590	210	20,000
	HIDD	853	3,482	0	0	0	0	0	0	0	0	0	0	4,335
	800	1,900	4,200	3,300	0	0	2,750	7,050	0	0	0	0	20,000	
GRIIDD	0	0	0	0	0	0	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	1,964	2,847	1,522	0	1,293	7,626	
Subtotal		1,373	5,012	0	0	0	0	0	0	0	0	0	6,385	
Total to date		1,373	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	
Projected total to date		1,320	4,250	11,010	21,380	24,970	29,100	38,960	50,600	54,660	56,700	58,290	67,626	
Interstate	CAIDD	0	0	0	0	0	0	0	0	0	0	0	0	
		0	0	3,000	1,000	5,000	5,000	7,000	8,000	7,000	2,000	500	500	39,000
	MSIDD	4,648	5,041	0	0	0	0	0	0	0	0	0	0	9,689
		2,690	4,860	4,150	4,480	9,850	5,940	3,420	4,660	7,790	4,960	3,780	3,510	60,090
	HIDD	40	80	0	0	0	0	0	0	0	0	0	0	120
	40	80	180	300	400	550	525	2,335	6,050	3,130	2,085	1,825	17,500	
Subtotal		4,688	5,121	0	0	0	0	0	0	0	0	0	9,809	
Total to date		4,688	9,809	9,809	9,809	9,809	9,809	9,809	9,809	9,809	9,809	9,809	9,809	
Projected total to date		2,730	7,670	15,000	20,780	36,030	47,520	58,465	73,460	94,300	104,390	110,755	116,590	
<b>Combined</b>														
Subtotal		6,061	10,133	0	0	0	0	0	0	0	0	0	16,194	
Total to date		6,061	16,194	16,194	16,194	16,194	16,194	16,194	16,194	16,194	16,194	16,194	16,194	
Projected total to date		4,050	11,920	26,010	42,160	61,000	76,620	97,425	124,060	148,960	161,090	169,045	184,216	
<b>Tucson AMA</b>														
Intrastate	AVRA VALLEY	885	706	0	0	0	0	0	0	0	0	0	0	1,591
		650	650	650	650	650	150	650	650	650	300	300	650	6,600
	CAVSARP	2,000	2,000	0	0	0	0	0	0	0	0	0	0	4,000
		2,000	2,000	2,000	2,250	2,250	2,250	250	250	0	0	1,250	14,500	
	PIMA MINE	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	0
	LOWER SANTA CRUZ	1,621	3,025	0	0	0	0	0	0	0	0	0	0	4,646
	1,829	3,800	0	0	0	0	512	3,800	3,000	0	0	0	12,941	
KAI-RED ROCK	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	0	
Subtotal		4,506	5,731	0	0	0	0	0	0	0	0	0	10,237	
Total to date		4,506	10,237	10,237	10,237	10,237	10,237	10,237	10,237	10,237	10,237	10,237	10,237	
Projected total to date		4,479	10,929	13,579	16,479	19,379	21,779	23,191	27,891	31,541	31,841	32,141	34,041	
Interstate	AVRA VALLEY	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	0
	CAVSARP	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	0
	PIMA MINE	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	0
	LOWER SANTA CRUZ	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	800	2,700	2,700	3,800	10,000	
KAI-RED ROCK	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	0	
Subtotal		0	0	0	0	0	0	0	0	0	0	0	0	
Total to date		0	0	0	0	0	0	0	0	0	0	0	0	
Projected total to date		0	0	0	0	0	0	0	800	3,500	6,200	10,000	10,000	
<b>Combined</b>														
Subtotal		4,506	5,731	0	0	0	0	0	0	0	0	0	10,237	
Total to date		4,506	10,237	10,237	10,237	10,237	10,237	10,237	10,237	10,237	10,237	10,237	10,237	
Projected total to date		4,479	10,929	13,579	16,479	19,379	21,779	23,191	27,891	32,341	35,341	38,341	44,041	
<b>TOTAL</b>														
Subtotal		16,128	17,217	0	0	0	0	0	0	0	0	0	33,345	
Total to date		16,128	33,345	33,345	33,345	33,345	33,345	33,345	33,345	33,345	33,345	33,345	33,345	
Projected total to date		11,704	28,422	51,487	76,587	108,377	138,497	172,789	221,528	270,994	306,337	333,734	375,673	

**CENTRAL ARIZONA PROJECT  
ANNUAL RECOVERY PLAN & USE**  
for  
**Calendar Year 2007**  
(values in acre-feet)

Revised 3/9/07

**Pinal County Irrigation Districts Recovery Schedule:**

MONTH	MSIDD		CAIDD		HIDD		TOTAL	
	SCH	Used	SCH	Used	SCH	Used	SCH	Used
Jan	0	424	0	0	0	0	0	424
Feb	1,100	181	0	0	0	0	1,100	181
Mar	1,500	0	756	0	0	0	2,256	0
Apr	1,300	0	756	0	0	0	2,056	0
May	1,100	0	756	0	0	0	1,856	0
Jun	500	0	756	0	0	0	1,256	0
Jul	0	0	756	0	0	0	756	0
Aug	600	0	756	0	0	0	1,356	0
Sep	1,200	0	756	0	0	0	1,956	0
Oct	1,300	0	756	0	0	0	2,056	0
Nov	600	0	756	0	0	0	1,356	0
Dec	800	0	0	0	0	0	800	0
<b>Total</b>	<b>10,000</b>	<b>605</b>	<b>6,804</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,804</b>	<b>605</b>

\* Recovered water will be posted as Ag Settlement Pool water on all monthly delivery reports.

**Total MWD credits for recovery ( 5% cut to aquifer + 4,909 af losses)= 80,909**

**Remaining credits to be recovered = 80,304**



10. Will the stored water be recovered on an annual basis pursuant to A.R.S. § 45-851.01?  Yes  No

11. Type of source water to be stored:

- CAP Water                       Effluent                       Decreed and Appropriative Surface Water

If Decreed and Appropriative Surface Water, list river(s): \_\_\_\_\_

[NOTE: In order for the storer to accrue long-term storage credits for the stored water, the source water must comply with A.R.S. § 45-802.01(21), "Water that cannot reasonably be used directly".]

12. If the water to be stored is appurtenant to a place of use, the legal description of the location of that use: \_\_\_\_\_

\_\_\_\_\_  
*(quarter/quarter/quarter/section, township and range)*

13. What is the applicant's legal right to use the proposed source(s) of water?

- CAP Contract             Right to municipally treated effluent             Decreed and appropriative surface water right

Other, please explain: \_\_\_\_\_

Cite the right number, law, court decree, contract or other legal basis for acquiring and using each source of water to be stored pursuant to this permit: CAP contract EX-146-05, dated July 14, 2005

If municipally treated effluent will be stored and the applicant is the producer of the effluent, does the applicant certify that, after meeting all contractual obligations for delivery of effluent to other parties, the applicant retains the legal right to the volume of effluent requested in item 7 of this application?  Yes  No

14. Do you own the system through which the water to be stored will be delivered to the storage/savings facility?

- Yes  No **If no**, please provide a copy of the transportation agreement that allows the proposed water delivery system to be used to carry the water to be stored to the storage/savings facility.

15. Do you want this water storage permit to be designated as storing non-recoverable water pursuant to A.R.S. § 45-833.01?

- Yes  No

16. **For effluent storage:**

Is the facility where storage is to occur currently regulated under an Aquifer Protection Permit (APP) issued by the Arizona Department of Environmental Quality?  Yes  No

**If no**, will the applicant be obtaining an APP?  Yes  No

**If no to both**, please explain method of compliance with A.R.S. § 45-831.01(B)(2): \_\_\_\_\_

17. **For water storage at a Groundwater Savings Facility**, if the applicant is **not** the GSF permit holder, does the applicant agree to comply with the Plan of Operation for the GSF permit listed in Item 2 of this application?  Yes  No

**NOTARIZED SIGNATURE**

I (We), Arizona Water Banking Authority, the applicant(s) named in this application, do hereby certify under the penalty of perjury, that the information contained and statements made herein are to the best of my (our) knowledge and belief true, correct and complete.

(602) 771- 8487  
Telephone

Kim Mitchell  
Signature of owner or authorized agent

ACTING MANAGER, AZ WATER BANKING AUTHORITY  
Title

3550 N. Central Avenue  
Mailing Address

Phoenix  
City

AZ  
State

85012  
Zip

STATE OF ARIZONA )  
County of Maricopa ) ss.



Subscribed and sworn to before me this 20<sup>th</sup> day of March, 2007.

Nannette Flores  
Notary Public

December 1, 2009  
My commission expires



March 19, 2007

**CITY OF  
TUCSON**  
TUCSON WATER  
DEPARTMENT

Diane J. Kusel  
Arizona Department of Water Resources  
Tucson Active Management Area  
400 W. Congress Street, Suite 518  
Tucson, Arizona 85701

**Subject: Consent to Water Storage – Southern Avra Valley Storage and Recovery Project**

Dear Ms. Kusel:

Please find enclosed a signed "Facility Consent to Water Storage" form to allow the Arizona Water Banking Authority (AWBA) to store up to 60,000 acre-feet per year of CAP water at the Southern Avra Valley Storage and Recovery Project (USF Permit #71-211276). This facility is owned and operated by the City of Tucson/Tucson Water.

Thank you for your attention to this matter. If you need any further information, please contact me at (520) 791-5080 x1404.

Sincerely,

Tim Thomure  
Water Program Supervisor

P:\R\SAVSARP\Correspondence\2007\AWBA Consent to Store Ltr\_031907.doc

Cc: David V. Modeer, Marie Pearthree, Dennis Rule, Ralph Marva, David Cormier, Karen LaMartina, John Kmiec, Dee Korich, Project File



# FACILITY CONSENT TO WATER STORAGE

Pursuant to A.R.S. § 45-871.01(E)(1), this letter serves as consent from \_\_\_\_\_

\_\_\_\_\_ allowing  
(Storage/Savings Facility Permittee)

\_\_\_\_\_ to store up to \_\_\_\_\_ acre-feet  
(Water Storage Permit Applicant and application no.)

per year of \_\_\_\_\_ at \_\_\_\_\_  
(Type of water to be stored) (Storage/Savings Facility Name)

in accordance with (check one)  Underground Storage Facility or  Groundwater Savings

Facility permit number \_\_\_\_\_  
(Facility permit no.)

Signature: \_\_\_\_\_  
(Holder of Storage Facility Permit or designated representative)

Printed Name: \_\_\_\_\_ David V. Modeer

Title: \_\_\_\_\_ Director

Company: \_\_\_\_\_ Tucson Water

Date: \_\_\_\_\_ 1/19/07



**Arizona State Treasurer's Office  
Calculation of Interest Earnings for Water  
Banking Authority  
Reinvestment Method  
For Period of June 27, 2005 thru December 31, 2006**

Month	Invested Amount	Pool 3 Monthly Yield	Days in Month	Days in Year	Earnings for Period
June 2005	26,000,000.00	3.1172%	4	365	8,881.88
July 2005	26,008,881.88	3.2014%	31	365	70,718.08
August 2005	26,079,599.96	3.4005%	31	365	75,320.39
September 2005	26,154,920.35	3.5475%	30	365	76,261.30
October 2005	26,231,181.65	3.6669%	18	365	47,434.74
October 2005	100,231,181.65	3.6669%	13	365	130,903.85
November 2005	100,409,520.24	3.8494%	30	365	317,684.72
December 2005	100,727,204.96	3.9975%	31	365	341,982.66
January 2006	101,069,187.62	4.1374%	31	365	355,152.69
February 2006	101,424,340.31	4.4543%	28	365	346,566.69
March 2006	101,770,907.00	4.3770%	31	365	378,328.47
April 2006	102,149,235.47	4.5526%	30	365	382,228.45
May 2006	102,531,463.92	4.6378%	31	365	403,866.66
June 2006	102,935,330.58	4.8013%	30	365	406,211.02
July 2006	103,341,541.60	4.9615%	31	365	435,468.52
August 2006	103,777,010.11	5.0202%	31	365	442,477.31
September 2006	104,219,487.42	5.0989%	30	365	436,771.02
October 2006	104,656,258.44	5.0423%	31	365	448,190.57
November 2006	105,104,449.01	5.1630%	30	365	446,017.21
December 2006	105,550,466.22	5.1279%	31	365	459,693.68
<b>Total Earnings</b>					<b><u>6,010,159.90</u></b>

On June 27, 2005, Water Banking Authority received monies in the amount of \$26,000,000.00. (See Doc. # D05W0810). On October 19, 2005, they received \$74,000,000.00 (See Doc. #D06W0214). AWBA wants to know the earnings from the day the money was received to the current date had it been invested with the State Treasurer.



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3. **DEFINITIONS:**

- 3.1 AWBA Water: Excess CAP water made available by CAWCD to the AWBA for underground storage, which water would not otherwise have been used in Arizona.
- 3.2 CAP Water: Water delivered through the CAP system.
- 3.3 Central Arizona Project or CAP: The water delivery works of the CAP including, but not limited to, the CAP canal, its turnout structures and associated measuring devices.
- 3.4 Central Arizona Water Conservation District or CAWCD: The multi-county water conservation district formed in accordance with Title 48, Chapter 22, Arizona Revised Statutes, to arrange for repayment of, and delivery of water from, the CAP.
- 3.5 Party or Parties: Either one or both of the parties to this Agreement.
- 3.6 Permit: The managed underground storage facility permit issued by the Arizona Department of Water Resources to WEST MARICOPA COMBINE for the construction and operation of WEST MARICOPA COMBINE Facility, currently Permit No.71-578112 or any subsequent managed underground storage facility permit issued by the Arizona Department of Water Resources to WEST MARICOPA COMBINE for the construction and operation of a managed underground storage facility on or about the same location of the managed underground storage facility currently operated pursuant to Permit No.71-578112.
- 3.7 WEST MARICOPA COMBINE Facility: The managed underground storage facility constructed and operated by WEST MARICOPA COMBINE pursuant to a Permit issued by the Arizona Department of Water Resources and located in the Hassayampa River streambed extending from the SW ¼ of Section 36, Township 4 North, Range 5 West, GSRB&M to the SE ¼ of Section 14, Township 3 North, Range 5 West, GSRB&M. The facility includes a pipeline located in the S ½ of Section 36, Township 4 North, Range 5 West, GSRB&M, extending from a CAP Canal turnout to the streambed portion of the facility. The facility is located in the Phoenix Active Management Area.

1 3.8 WEST MARICOPA COMBINE Turnout: The point at which CAP water is  
2 diverted from the CAP canal for delivery to the WEST MARICOPA COMBINE  
3 Facility.

4 4. **SCOPE OF SERVICES:**

5 This Agreement is limited to WEST MARICOPA COMBINE taking delivery of AWBA  
6 Water at the WEST MARICOPA COMBINE Turnout and the storage of that water  
7 underground in the WEST MARICOPA COMBINE Facility for the benefit of the  
8 AWBA. The AWBA shall compensate WEST MARICOPA COMBINE for these  
9 services only as specified by this Agreement.

10 5. **TERM OF AGREEMENT:**

11 This Agreement shall become effective when executed by both Parties and shall remain  
12 in effect for 5 years unless the Parties agree in writing to extend the term or unless it is  
13 sooner terminated or canceled in accordance with the terms of this Agreement.

14 6. **CONDITIONS RELATING TO WATER STORAGE:**

15 6.1 All storage of AWBA Water at the WEST MARICOPA COMBINE Facility shall  
16 be consistent with Arizona law.

17 6.2 The AWBA has obtained a water storage permit from the Arizona Department of  
18 Water Resources, permit number 73-578112.0003, authorizing the AWBA to  
19 store water at the WEST MARICOPA COMBINE Facility. The AWBA shall be  
20 responsible for all fees, annual reports, and compliance requirements associated  
21 with its water storage permit.

22 6.3 WEST MARICOPA COMBINE storage of AWBA Water at the WEST  
23 MARICOPA COMBINE Facility shall at all times comply with the Permit.  
24 WEST MARICOPA COMBINE shall be responsible for all fees and annual  
25 reports associated with the Permit. If, at any time, the Permit is revoked or  
expires and no effective managed underground storage facility permit allows the  
operation of the WEST MARICOPA COMBINE Facility, the AWBA may  
terminate this Agreement.

1  
2 **7. PROCEDURE FOR SCHEDULING WATER STORAGE:**

3 7.1 As soon as practicable after the date of execution of this Agreement, the AWBA  
4 shall submit to WEST MARICOPA COMBINE a proposed schedule indicating  
5 the amount of water storage the AWBA desires during the year in which the  
6 Agreement is executed. Thereafter, on or before October 1 of each year during  
7 the term of this Agreement, the AWBA shall submit to WEST MARICOPA  
8 COMBINE a proposed schedule indicating the amount of water storage the  
9 AWBA desires during the following year.

10 7.2 As soon as practicable after receipt of the AWBA's proposed schedule following  
11 the execution of this Agreement, WEST MARICOPA COMBINE shall return to  
12 the AWBA the schedule, as adjusted by and acceptable to WEST MARICOPA  
13 COMBINE, indicating the amount of water storage that is available to the AWBA  
14 for the year in which this Agreement is executed. Thereafter, on or before  
15 November 1 of each year during the term of this Agreement, WEST MARICOPA  
16 COMBINE shall return to the AWBA the schedule, as adjusted by and acceptable  
17 to WEST MARICOPA COMBINE, indicating the amount of water storage that is  
18 available to the AWBA for the following year. Upon final approval by WEST  
19 MARICOPA COMBINE and by the AWBA the schedule shall constitute the  
20 maximum amount of AWBA Water to be delivered to the WEST MARICOPA  
21 COMBINE Turnout and stored at the WEST MARICOPA COMBINE Facility  
22 during each month of that year, subject to modification pursuant to Subsection  
23 7.3.

24 7.3 The AWBA may increase or decrease its monthly schedule upon approval by  
25 WEST MARICOPA COMBINE. Unless otherwise agreed by the Parties, the  
AWBA shall request the proposed modifications to its schedule not less than three  
days before the desired change is to become effective.

7.3.1 WEST MARICOPA COMBINE shall accept the AWBA's request to  
decrease its schedule and shall revise the schedule to reflect the decrease.

7.3.2 WEST MARICOPA COMBINE shall review the AWBA's request to  
increase its schedule, and shall either: (1) approve the requested increase,

1 (2) deny the requested increase, in which case the schedule amount shall  
2 remain unchanged, or (3) make any necessary adjustment to the request  
3 and notify AWBA of the amount of increase in the schedule that is  
4 agreeable to WEST MARICOPA COMBINE. WEST MARICOPA  
5 COMBINE will notify the AWBA of WEST MARICOPA COMBINE's  
6 decision concerning the AWBA's request to increase its schedule within  
7 three days of receipt of such request. If an increase in the scheduled  
8 amount is made pursuant to this Section, WEST MARICOPA COMBINE  
9 shall revise the schedule accordingly to reflect the increase and provide  
10 the AWBA with a copy of the revised schedule.

11 7.3.3 Any verbal requests and approvals for increases or decreases pursuant to  
12 this Section shall be verified in writing within 10 days of the request or  
13 approval. Verification may be accomplished by electronic mail.

14 7.4 The AWBA shall authorize WEST MARICOPA COMBINE to order AWBA  
15 Water for delivery to the WEST MARICOPA COMBINE Turnout directly from  
16 CAWCD in accordance with CAWCD water ordering procedures. AWBA Water  
17 ordered by WEST MARICOPA COMBINE shall not exceed the amounts  
18 provided for in the monthly schedule approved by the AWBA in accordance with  
19 Subsection 7.2 or any modification of the schedule made in accordance with  
20 Subsection 7.3. The AWBA shall not be required to pay WEST MARICOPA  
21 COMBINE any storage fees for any CAP water for which WEST MARICOPA  
22 COMBINE accepts delivery at the WEST MARICOPA COMBINE Turnout in  
23 excess of the amounts provided for in the approved or modified schedule, and  
24 WEST MARICOPA COMBINE shall be solely responsible to CAWCD for any  
25 applicable fees or costs that may be associated with the delivery of that water.

7.5 Unless otherwise provided by this Agreement, WEST MARICOPA COMBINE  
shall accept receipt of AWBA Water scheduled in accordance with this Section at  
the WEST MARICOPA COMBINE Turnout and store the AWBA Water in the  
WEST MARICOPA COMBINE Facility.

1 **8. WEST MARICOPA COMBINE AS MANAGED UNDERGROUND STORAGE**  
2 **FACILITY OPERATOR**

3 8.1 As the operator of the WEST MARICOPA COMBINE Facility, WEST  
4 MARICOPA COMBINE shall have the sole discretion in determining whether a  
5 curtailment or stoppage of water deliveries to the facility are necessary to  
6 maintain the operational integrity of the facility, and WEST MARICOPA  
7 COMBINE shall assume no liability to the AWBA for such curtailment or  
8 stoppage.

9 8.2 WEST MARICOPA COMBINE shall retain sole responsibility and authority for  
10 decisions relating to operation and maintenance practices at the WEST  
11 MARICOPA COMBINE facility, including scheduling and selection of periods  
12 when maintenance will be done.

13 8.3 WEST MARICOPA COMBINE shall monitor data from the Morristown stream  
14 gage on the Hassyampa River daily, using the USGS internet site. When surface  
15 flows of 500 cubic feet per second or greater are recorded, adequate monitoring or  
16 daily site visits shall be conducted immediately upstream of the recharge facility  
17 to determine if surface water flow is entering the recharge facility.

18 8.3.1 When surface flows of 500 cubic feet per second or greater are recorded  
19 immediately upstream of the recharge facility, recharge activities shall  
20 terminate. Recharge activities may resume once surface water flow has  
21 ceased immediately upstream of the recharge facility. The date and time  
22 interval in which the recharge facility is non-operational shall be recorded  
23 and reported to ADWR.

24 8.3.2 Recharge activities shall be stopped when natural runoff from the  
25 watershed surrounding the recharge facility enters into the Hassyampa  
River channel and the defined managed recharge facility.

8.4 WEST MARICOPA COMBINE shall monitor the terminus of the recharge  
facility.

8.4.1 If surface water flow reaches within a quarter mile of the downstream  
boundary of the recharge facility, the discharge volume shall be decreased  
to ensure the flows do not leave the facility.

1 8.4.2 If surface water flow reaches beyond the end of the permitted facility as  
2 defined by Appendix A, discharge into the facility shall be terminated to  
3 ensure that flows do not leave the facility.

4 8.5 Whenever practicable, WEST MARICOPA COMBINE shall inform the AWBA  
5 ninety (90) days in advance of any matter that may affect the ability of WEST  
6 MARICOPA COMBINE to store AWBA Water that was scheduled for storage in  
7 accordance with Section 7.

8 **9. WATER STORAGE FEES**

9 9.1 WEST MARICOPA COMBINE shall bill the AWBA and the AWBA shall pay  
10 WEST MARICOPA COMBINE a water storage fee listed in the table in Section  
11 9.2 for each acre-foot of AWBA Water that WEST MARICOPA COMBINE  
12 releases into the WEST MARICOPA COMBINE Facility on behalf of the  
13 AWBA.

14 9.2 The following are the water storage fees WEST MARICOPA COMBINE shall  
15 charge AWBA:

16 2007 = \$29.00 acre foot  
17 2008 = \$28.00 acre foot  
18 2009 = \$27.00 acre foot  
19 2010 = \$26.00 acre foot  
20 2011 = \$25.00 acre foot  
21 2011+ = \$25.00 acre foot

22 9.3 Upon mutual agreement of WEST MARICOPA COMBINE and AWBA the  
23 water charge fees may be adjusted.

24 **10. BILLING AND PAYMENT**

25 10.1 WEST MARICOPA COMBINE shall submit bills for water storage to the  
AWBA on or before the twenty-fifth (25th) day of each month immediately  
following the month during which WEST MARICOPA COMBINE has stored  
AWBA Water.

10.2 AWBA shall pay the bills submitted by WEST MARICOPA COMBINE on or  
before the thirtieth (30th) day following the date on which the bill was



1 postmarked. Bills that are not paid by this date shall be delinquent and thereafter  
2 accrue an interest charge at the prime rate of interest as established by the Bank of  
3 America on the last business day of the month following the month for which the  
4 bill was submitted, plus 3% per annum, prorated by days of the unpaid principal,  
5 computed daily until payment is received. Any payment shall first be applied to  
any interest charges owed, and then to any bills owed for services rendered.

6 10.3 In the event any portion of any bill is disputed, the disputed amount shall be paid  
7 when due, but may be accompanied by a written statement indicating the basis for  
8 any dispute. If the dispute is found to be valid following (1) either agreement of  
9 the parties, or (2) determination by a third party independent arbitrator pursuant to  
10 Section 19, the AWBA shall be refunded any overpayment plus interest, accrued  
11 at the rate set forth in Subsection 10.2, prorated by days from the date payment  
was credited to the AWBA to the date the refund check is mailed.

12 10.4 In the event any delinquent amount is not paid by the AWBA within thirty (30)  
13 days after receipt by AWBA of written notice from WEST MARICOPA  
14 COMBINE of the delinquency, WEST MARICOPA COMBINE shall have the  
15 right without liability of any kind, to refuse to transport and store AWBA Water  
16 so long as the said amount remains unpaid. Nothing herein shall limit the rights  
17 of WEST MARICOPA COMBINE to use any other available legal remedy to  
effect collection of said amounts.

18 **11. WATER MEASUREMENT AND ACCOUNTING**

19 11.1 WEST MARICOPA COMBINE shall measure all AWBA Water at the location  
20 where WEST MARICOPA COMBINE accepts delivery of the AWBA Water into  
21 its facility. WEST MARICOPA COMBINE shall maintain daily records of the  
22 amount of AWBA Water measured, and WEST MARICOPA COMBINE shall  
23 maintain the daily records of water measurements for at least three (3) years.  
24 WEST MARICOPA COMBINE shall make the daily records available to the  
AWBA for inspection upon the AWBA's request.

1 11.2 WEST MARICOPA COMBINE shall prepare a monthly water accounting report  
2 based upon the daily records required under Subsection 11.1. The report shall  
3 include the amount of AWBA Water measured.

4 11.3 WEST MARICOPA COMBINE shall measure AWBA Water using water  
5 measurement devices and methods that comply with the rules adopted by the  
6 Arizona Department of Water Resources at A.A.C. R12-15-901 *et seq* and that are  
7 acceptable to CAWCD.

8 11.4 WEST MARICOPA COMBINE shall not submit a bill for water storage fees to  
9 the AWBA, and the AWBA shall not be required to pay water storage fees to  
10 WEST MARICOPA COMBINE, for any AWBA Water that is not measured or  
11 accounted for as prescribed by this Section.

12 **12. WATER LOSSES**

13 If the AWBA does not accrue credits pursuant to Sections 8.3 or 8.4 then WEST  
14 MARICOPA COMBINE shall be solely responsible to CAWCD for any applicable fees  
15 or costs associated with any AWBA Water that was delivered to the WEST MARICOPA  
16 COMBINE Facility that did not generate long-term storage credits for the AWBA.

17 **13. ASSURANCES FOR THE RECOVERY OF STORED WATER**

18 13.1 WEST MARICOPA COMBINE agrees that the AWBA or its designated  
19 representative may enter onto lands owned or controlled by WEST MARICOPA  
20 COMBINE in the vicinity of the WEST MARICOPA COMBINE Facility for the  
21 purposes of recovering water stored pursuant to this Agreement and transporting  
22 the recovered water to the CAP canal. The Parties agree that another agreement  
23 shall be entered into between the Parties or between WEST MARICOPA  
24 COMBINE and the AWBA's designated representative that shall specify the  
25 terms and conditions by which the water stored pursuant to this Agreement shall  
be recovered and delivered to the CAP canal. The liability provisions of Section  
16 of this agreement apply to these actions.

13.2 If no such subsequent agreement can be reached between the Parties, the AWBA  
or its designated representative may nonetheless exercise the authority granted it

1 by WEST MARICOPA COMBINE in Subsection 13.1 and may enter onto lands  
2 owned or controlled by WEST MARICOPA COMBINE as part of the WEST  
3 MARICOPA COMBINE Facility for the purposes of recovering water stored  
4 pursuant to this Agreement and transporting the recovered water to the CAP  
5 canal. In the event no subsequent agreement is reached and the AWBA or its  
6 designated representative enters onto land owned or controlled by WEST  
7 MARICOPA COMBINE in the vicinity of the WEST MARICOPA COMBINE  
8 Facility, the amount of reasonable compensation payable to WEST MARICOPA  
9 COMBINE, if any, for such entry shall be determined by arbitration, as provided  
10 by Section 19 of this Agreement, and shall be paid to WEST MARICOPA  
11 COMBINE by the AWBA or its designated representative.

12 13.3 Notwithstanding the consent granted to AWBA under this Section, AWBA and  
13 WEST MARICOPA COMBINE agree that AWBA is not hereby granted any  
14 priority claim or right to recover its water stored at the WEST MARICOPA  
15 COMBINE in comparison to water that may be stored at the facility by any other  
16 entities, including WEST MARICOPA COMBINE, or any of its affiliates.  
17 WEST MARICOPA COMBINE does not hereby agree to construct, permit,  
18 operate, maintain or otherwise be responsible for in any way, any recovery wells,  
19 infrastructure, or construction equipment that may be needed or used by AWBA  
20 to conduct recovery activities on lands owned or controlled by WEST  
21 MARICOPA COMBINE, pursuant to the liability provisions in Section 16. The  
22 obligations set forth in this Section shall survive the expiration or termination of  
23 this Agreement and remain in full force and effect.  
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14. **AMOUNT OF WATER STORAGE**

21 The AWBA shall consider storage of AWBA Water at the WEST MARICOPA  
22 COMBINE Facility each year as a part of its annual planning process, undertaken  
23 pursuant to A.R.S. § 45-2456. The AWBA has no obligation to store any minimum  
24 amount of water in any year or during the term of this Agreement at the WEST  
25 MARICOPA COMBINE Facility.

1 15. **QUALITY OF WATER**

2 Nothing in this Agreement shall be construed so as to require that WEST MARICOPA  
3 COMBINE receive or store water from any source when WEST MARICOPA  
4 COMBINE reasonably determines that such receipt or storage is likely to result in a  
5 violation of then existing federal, state or local laws or regulations regarding water  
6 quality.

7 16. **LIABILITY**

8 16.1 Each party shall assume liability for its own negligence and any damages that  
9 result from that negligent action or inaction.

10 16.2 The obligations set forth in this Article shall survive expiration or termination of  
11 this Agreement and remain in full force and effect.

12 17. **DEFAULT**

13 In the event of a default by a Party, within thirty (30) days following notice of such  
14 default by a non-defaulting Party, the defaulting Party shall remedy such default either by  
15 advancing the necessary funds and/or rendering the necessary performance. Such notice  
16 shall specify the existence and nature of the default. If such default is not remedied with  
17 the time specified, the non-defaulting Party may terminate this Agreement effective 24  
18 hours following written notice, without prejudice to its rights and remedies established  
19 pursuant to this Agreement.

20 18. **UNCONTROLLABLE FORCES**

21 Neither Party shall be considered to be in default in the performance of any of its  
22 obligations hereunder (other than obligations of the AWBA to make payment for service  
23 hereunder) when a failure of performance shall be due to uncontrollable forces. The term  
24 “uncontrollable forces” shall mean any cause beyond the control of the Party unable to  
25 perform such obligation, including, but not limited to, failure of or threat of failure of  
facilities, flood except as provided in Section 8, 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

1 court order or public authority, and action or inaction by, or failure to obtain the  
2 necessary authorizations or approvals from, any governmental agency or authority, which  
3 by exercise of due diligence such Party could not reasonably have been expected to avoid  
4 and which by exercise of due diligence it shall be unable to overcome. Nothing  
5 contained herein shall be construed to require either Party to settle any strike or labor  
6 dispute in which it is involved.

7 **19. RESOLUTION OF DISPUTES**

8 19.1 A Party having a dispute under this Agreement that cannot be resolved by the  
9 Parties may submit the dispute to arbitration. Arbitration shall be subject to the  
10 following provisions:

11 19.1.1 Arbitration shall be binding only upon the consent of the Parties.

12 19.1.2 A Party wishing to submit a dispute to arbitration shall provide  
13 thirty (30) days written notice to the other Party of its intent to  
14 pursue arbitration and shall name one arbitrator at that time.  
15 Within fifteen (15) days of receiving this notice, the other Party to  
16 the dispute shall name one arbitrator and give written notice to the  
17 other Party of its selection. The two selected arbitrators shall,  
18 within five (5) days of selection of the second arbitrator, jointly  
19 select a third arbitrator.

20 19.1.3 Within thirty (30) days from the selection of the third arbitrator,  
21 the arbitrators shall hold a hearing. Within thirty (30) days from  
22 the conclusion of the hearing the arbitrators shall render a decision  
23 on the dispute.

24 19.1.4 Arbitration shall be subject to the Arizona Arbitration Act, Arizona  
25 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.

19.2 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 22  
and available to resolve the dispute.

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20. **ACTION PENDING RESOLUTION OR DISPUTES**

Pending the resolution of a dispute pursuant to Article 19, 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 in accordance with the remittance procedures/arrangements contained in Article 10.

21. **TERMINATION OF AGREEMENT**

This Agreement may be terminated under the following circumstances:

- 21.1 If the intergovernmental agreement among the AWBA, ADWR, and CAWCD regarding delivery of the AWBA Water is terminated, the AWBA may terminate this Agreement, which termination shall be effective fifteen (15) days after mailing written notice of termination to WEST MARICOPA COMBINE; or
- 21.2 If the AWBA determines in its sole discretion that WEST MARICOPA COMBINE is operating the WEST MARICOPA COMBINE Facility in a manner that is likely to jeopardize the ability of the AWBA to earn Long-Term Storage Credits for the AWBA Water delivered to the WEST MARICOPA COMBINE facility for the benefit of the AWBA, the AWBA may, following it having given WEST MARICOPA COMBINE written notice of not less than 30 days and an opportunity to cure, terminate this Agreement, which termination shall be effective ten (10) days after mailing written notice of termination to WEST MARICOPA COMBINE; or
- 21.3 In the manner and for any reason otherwise provided herein.

22. **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:

1 If to the AWBA:  
2 Manager  
3 Arizona Water Banking Authority  
4 3550 North Central Ave.  
5 Phoenix, Arizona 85012

6 If to WEST MARICOPA COMBINE, INC.:  
7 WEST MARICOPA COMBINE, INC.  
8 Address  
9 Address

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

12 23. **ASSIGNMENTS LIMITED – SUCCESSORS AND ASSIGNS OBLIGATED**

13 The provisions of this Agreement shall apply to and bind the successors and assigns of  
14 the Parties.

15 24. **NO THIRD PARTY BENEFICIARIES**

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

19 25. **WAIVER**

20 The waiver by either Party of any breach of any term, covenant or condition of this  
21 Agreement shall not be deemed a waiver of any other term, covenant or condition, or any  
22 subsequent breach of the same or any other term, covenant or condition of this  
23 Agreement.

24 26. **CANCELLATION**

1 This Agreement is subject to cancellation in accordance with the provisions of A.R.S. §  
2 38-511.

3  
4 **27. CONSISTENCY WITH OTHER AGREEMENTS**

5 This Agreement is intended to be consistent with the intergovernmental agreement  
6 entered into among the AWBA, the Arizona Department of Water Resources and  
7 CAWCD; provided, if the Parties cannot agree within 90 days after written notice from  
8 either Party to the other Party to amend or supplement this Agreement pursuant to this  
9 Section, either Party may terminate this Agreement.

10 **28. ENTIRE AGREEMENT**

11 The terms, covenants and conditions of this Agreement constitute the entire agreement  
12 between the Parties, and no understandings or obligations not expressly set forth in this  
13 Agreement shall be binding upon them. This Agreement may not be modified or  
14 amended in any manner unless in writing and signed by the Parties.

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

17 ARIZONA WATER BANKING AUTHORITY

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19  
20 ATTEST: \_\_\_\_\_ BY: \_\_\_\_\_  
21 Secretary Chairman



WEST MARICOPA COMBINE, INC.

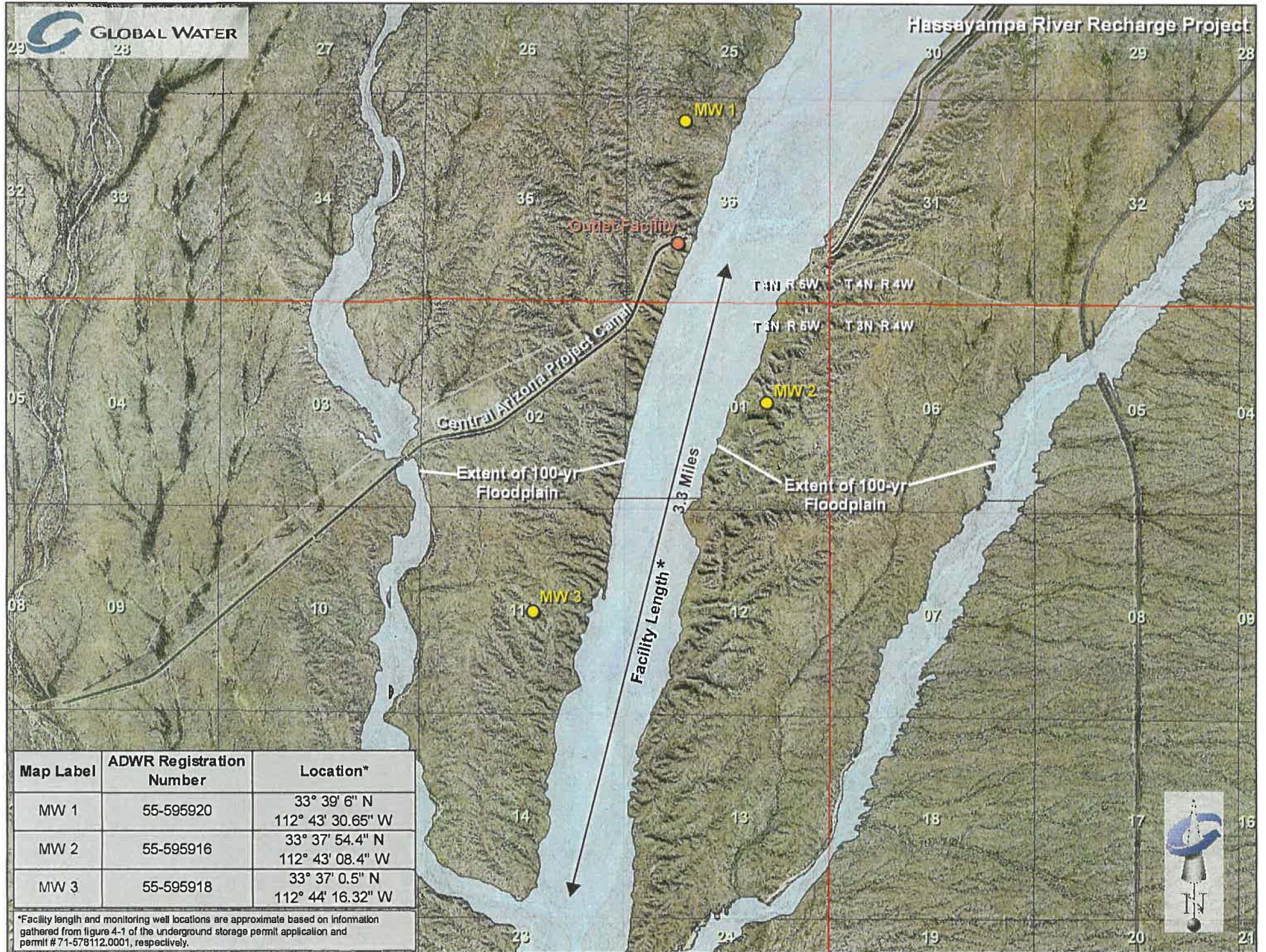
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ATTEST: \_\_\_\_\_

BY: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_



Map Label	ADWR Registration Number	Location*
MW 1	55-595920	33° 39' 6" N 112° 43' 30.65" W
MW 2	55-595916	33° 37' 54.4" N 112° 43' 08.4" W
MW 3	55-595918	33° 37' 0.5" N 112° 44' 16.32" W

\*Facility length and monitoring well locations are approximate based on information gathered from figure 4-1 of the underground storage permit application and permit # 71-578112.0001, respectively.



**AGREEMENT BETWEEN  
THE ARIZONA WATER BANKING AUTHORITY  
AND THE HARQUAHALA VALLEY IRRIGATION DISTRICT  
PROVIDING FOR STORAGE OF CENTRAL ARIZONA PROJECT WATER  
AT A GROUNDWATER SAVINGS FACILITY**

1. The ARIZONA WATER BANKING AUTHORITY ("AWBA") and the Harquahala Valley Irrigation District ("Facility Operator") enter into this Agreement this \_\_\_\_ day of \_\_\_\_\_, 2007.
  
2.
  - 2.1 The purpose of this Agreement is to provide for the storage of Central Arizona Project water, which the AWBA is legally entitled to store, at the Groundwater Savings Facility operated by the Facility Operator.
  - 2.2 The Parties recognize that this Agreement is one of a series of agreements entered into by the AWBA to provide for the storage of Central Arizona Project water. These agreements include the Intergovernmental Agreement among the Arizona Department of Water Resources, Arizona Water Banking Authority, and Central Arizona Water Conservation District, dated July 1, 2002, and the Agreement Between the Central Arizona Water Conservation District and the Arizona Water Banking Authority Providing for the Delivery of Excess Central Arizona Project Water, dated July 1, 2002. These agreements, in turn, are subject to certain agreements entered into by the Central Arizona Water Conservation District regarding the operation of the Central Arizona Project. These agreements include Contract No. 14-06-W-245, Amendment No. 1, dated December 1, 1988, between the United States and the Central Arizona Water Conservation District, and Stipulation Regarding a Stay of Litigation, Resolution of Issues During the Stay and for Ultimate Judgment upon the Satisfaction of Conditions, filed with the United States District Court on May 3, 2000, in Central Arizona Water Conservation District v. United States, No. CIV 95-625-TUC-WDB (EHC), No. CIV 95-1720-PHX-EHC (Consolidated Action). The Parties to this Agreement recognize and agree that this Agreement is subject to the agreements referenced in this Section 2.2 and that in the event of any

inconsistency between this Agreement and agreements referenced, the provisions of the agreements referenced shall be controlling.

2.3 The Parties agree that the Central Arizona Water Conservation District shall have rights as a third party beneficiary to enforce certain provisions that are specified in this Agreement.

3. In this Agreement, the following terms shall have the following meanings:

3.1 "ADWR" shall mean the Arizona Department of Water Resources.

3.2 "Annual Operating Plan" (AOP) shall mean the plan approved by the AWBA for the delivery and storage of Authority Water during the year, as amended or modified by the AWBA.

3.3 "Authority Water" shall mean water made available by CAWCD to the AWBA on an annual basis for underground storage pursuant to the terms of the Excess CAP Water Contract between the AWBA and CAWCD, which water would not otherwise have been used within Arizona.

3.4 "CAP" shall mean the Central Arizona Project.

3.5 "CAWCD" shall mean the Central Arizona Water Conservation District.

3.6 "Facility" shall mean that groundwater savings facility operated by Harquahala Valley Irrigation District pursuant Groundwater Savings Facility Permit Number 72-593304.

3.7 "Party or Parties" shall mean either one, or in the plural, both of the parties to this Agreement.

3.8 Definitions specified in A.R.S. § 45-802.01 are applicable to this Agreement.

The first letters of terms so defined are capitalized.

4. This Agreement shall terminate on December 31, 2011 unless the Parties agree in writing to extend the term or unless it is sooner terminated or cancelled in accordance with Section 13.

5. The delivery and use of water under this Agreement are conditioned on the following, and the Parties agree that:
  - 5.1 All uses of Authority Water shall be consistent with Arizona water law and with federal law applicable to the CAP.
  - 5.2 Authority Water made available pursuant to this Agreement shall be used only at the Facility for which the Facility Operator has obtained and continues to maintain Groundwater Savings Facility Permit No. 72-593304, or modifications or renewals of that permit. The Facility Operator shall be responsible for all expenses and administrative requirements, including filing annual reports with the ADWR, associated with maintaining the Groundwater Savings Facility Permit. The Facility Operator shall be responsible for all expenses and administrative requirements, including filing annual reports with the ADWR, associated with maintaining the Groundwater Savings Facility Permit. The Facility Operator's use of Authority Water at such Facility shall at all times comply with the plan of operation of the Groundwater Savings Facility Permit. If such Groundwater Savings Facility Permit is cancelled or expires for any reason the Facility Operator shall immediately notify the AWBA and deliveries of Authority Water to the Facility Operator may, at the option of the AWBA, be discontinued immediately. The Facility Operator shall notify the AWBA if it files an application with the ADWR to amend its Groundwater Savings Facility permit.
  - 5.3 Authority Water made available to the Facility Operator pursuant to this Agreement shall be used within the Facility for Water Storage purposes only.
  - 5.4 The Facility Operator shall cause the pumping of groundwater within the Facility to be reduced by one acre-foot for each one acre-foot of Authority Water received at the Facility.
  - 5.5 The Facility Operator shall submit to the AWBA a monthly report of water use. The monthly report shall be in a form and submitted within a time, which is acceptable to the AWBA and shall contain a report of water use by amount and type of water used.

- 5.6 The AWBA shall obtain a Water Storage Permit from the ADWR to store water at the Facility prior to storing Authority Water at the Facility. The AWBA shall be responsible for all expenses and administrative requirements, including filing annual reports with the ADWR, associated with maintaining the Water Storage Permit.
6. 6.1 On or before September 1, the Facility Operator shall consult with the AWBA and provide a written projection of the Facility Operator's water use by type and amount for each month of the following year, which the AWBA may use to develop its annual operating plan for the following year.
- 6.2 On or before December 31, the AWBA shall return to the Facility Operator a final water delivery schedule based on the AWBA's AOP for the following year.
- 6.3 The AWBA shall authorize the Facility Operator to order Authority Water for delivery to the Facility directly from CAWCD in accordance with CAWCD water ordering procedures and the AOP.
- 6.4 The amounts, times and rates of delivery of Authority Water to the Facility Operator during any year shall be in accordance with the AOP. Authority Water ordered by the Facility Operator shall not exceed the amounts provided for in the AOP, unless approved in writing by the Authority.
- 6.5 Monthly water deliveries may be amended upon the Facility Operator's written request to CAWCD with copy to the AWBA. Proposed amendments shall be submitted by the Facility Operator to CAWCD with copy to the AWBA not less than fifteen (15) days before the desired change is to become effective, and shall be subject to review and modification by CAWCD and the AWBA.

- 6.6 The Facility Operator shall hold the AWBA and CAWCD, their officers, agents, and employees, harmless on account of damage or claim of damage of any nature whatsoever arising out of or connected with water delivery schedules furnished by or to the Facility Operator.
- 7.1 The AWBA may reduce or discontinue deliveries of Authority Water to the Facility Operator under this Agreement in one or more of the following events:
- 7.1.1 The Facility Operator fails to file the monthly report(s) required by Section 5.5.
  - 7.1.2 The Facility Operator violates the permit or plan of operation associated with the Facility or takes any action that threatens the AWBA's ability to accrue Long-Term Storage Credits for Authority Water delivered to the Facility.
- 7.2 The AWBA shall notify the Facility Operator of any determination to reduce or discontinue deliveries of Authority Water to the Facility Operator.
- 8.1 On or before October 15 of each year, the AWBA shall notify the Facility Operator of the cost for each acre-foot of Authority Water to be delivered under this Agreement for the following year ("Facility Operator's Contribution").
- 8.2 The Facility Operator shall pay CAWCD directly for all water delivered under this Agreement. On or before the first day of each month, the Facility Operator shall pay CAWCD the amounts due as the Facility Operator's Contribution for Authority Water scheduled for delivery during that month.

- 8.3 The Facility Operator shall pay CAWCD in advance all amounts due as the Facility Operator's Contribution for Authority Water scheduled for delivery under this Agreement; however, CAWCD has agreed to reimburse the Facility Operator for any portion of the Facility Operator's Contribution which is attributable to Authority Water scheduled for delivery that is not subsequently delivered to the Facility Operator or to provide an equivalent credit against payment in the future of any fees owed CAWCD by the Facility Operator, should the Facility Operator so desire. CAWCD shall not be required to deliver water scheduled under this Agreement if the Facility Operator is in arrears in payment of any charges due CAWCD for a period of 60 days or more.
- 8.4 CAWCD shall be entitled, as a third party beneficiary to this Agreement, to collect from the Facility Operator any charges for water owed under this Section 8, along with interest, administrative and penalty charges on delinquent installments or payments, in accordance with the following:
- 8.4.1 The Facility Operator shall pay an interest charge for each day the payment is delinquent beyond the due date. When a payment becomes sixty (60) days delinquent, the Facility Operator shall pay an administrative charge to cover additional costs of billing and processing the delinquent payment. When a payment is delinquent ninety (90) days or more, the Facility Operator shall pay an additional penalty charge of six percent (6%) per year for each day the payment is delinquent beyond the due date. Further, the Facility Operator shall pay any fees incurred for debt collection services associated with a delinquent payment.



- 8.4.2 The interest charge rate shall be the greater of the rate prescribed quarterly in the Federal Register by the Department of the Treasury for application to overdue payments, or the interest rate of 0.5 percent (0.5%) per month prescribed by Section 6 of the Reclamation Project Act of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and remain fixed for the duration of the delinquent period.
- 8.4.3 When a partial payment on a delinquent account is received, the amount received shall be applied first to the penalty and administrative charges, second, to the accrued interest, and third to the overdue payment.
- 8.5 No later than March 31 of the year following the storage of Authority Water by the Facility Operator or upon the submittal of the annual report for the previous year, the Facility Operator shall remit to ADWR \$2.50 for every acre-foot of water pumped or received by rightholders participation in the Facility including Authority Water used in-lieu of pumped groundwater. This \$2.50 shall be remitted in-lieu of the groundwater withdrawal fees collected by AWBA for groundwater pumped in the Active Management Areas. The annual report shall include a copy of the Rightholders' and the Permittee's Annual Groundwater Withdrawal and Use Report indicating the Recipient's total groundwater pumping for the year and the amount of groundwater pumped by each well operated by the Rightholders and the Recipient.
- 8.6 If the AWBA is not given Long-Term Storage Credits because the Facility Operator has violated the Groundwater Savings Facility Permit or plan of operation, the Facility Operator shall pay to the AWBA any water service charges paid by the AWBA to CAWCD for the water delivered to the Facility,

which did not accrue Long-Term Storage Credits. The payment shall be made within 90 days of the denial of Long-Term Storage Credits by the ADWR.

9. 9.1 Nothing in this Agreement shall be construed as an allocation of water to the Facility Operator, nor shall this Agreement entitle the Facility Operator to any water other than as provided herein.
  - 9.2 Nothing in this Agreement shall be construed as requiring the AWBA to provide Authority Water to the Facility Operator in any year, and nothing in this Agreement shall be construed as requiring the Facility Operator to accept deliveries of Authority Water in any year. The Parties agree that in any year in which the AWBA desires to provide Authority Water to the Facility Operator and in which the Facility Operator agrees to accept deliveries of Authority Water, the terms and conditions of this Agreement shall apply.
10. Neither the AWBA nor CAWCD warrant the quality of any water furnished under this Agreement and neither is under any obligation to construct or furnish water treatment facilities to maintain or improve the quality of any water. The Facility Operator waives its right to make a claim against the AWBA or CAWCD on account of the quality of water or any changes in water quality caused by the commingling of water delivered under this Agreement with other water.
11. 11.1 The Parties agree that the AWBA may designate a third party agent to exercise the right to recover the AWBA's water stored under this Agreement. The "Designated Recovery Agent" shall be CAWCD, a political subdivision of the State of Arizona, and/or a municipal corporation formed under the laws of the State of Arizona. The AWBA shall, in

accordance with Section 15 of this Agreement, notify the Facility Operator of the appointment of a Designated Recovery Agent pursuant to this Section 11.

- 11.2 The Facility Operator agrees to cooperate with the Designated Recovery Agent in facilitating the recovery of Long-Term Storage Credits stored by the AWBA at the Facility. Facility Operator agrees that the AWBA or its designated representative may enter onto lands owned or controlled by the Facility Operator for the purposes of recovering water stored pursuant to this Agreement and transporting the recovered water to the CAP canal.
- 11.3 The Parties agree that another agreement shall be entered into between the Parties or between Facility Operator and the AWBA's designated representative that shall specify the terms and conditions by which the water stored pursuant to this Agreement shall be recovered and delivered to the CAP canal. Such agreement may provide that the Facility Operator enter into agreements with owners of wells within the Facility Operator's boundaries to procure access to those wells for the Designated Recovery Agent for the purposes of recovering AWBA water stored at the Facility. The Facility Operator shall provide to the AWBA a description of wells and well sites which the Designated Recovery Agent could utilize for recovery purposes, including the necessary authorization for Facility Operator's use of such wells and well sites, within 30 days of entering into each such agreement.
- 11.4 If no such subsequent agreement can be reached between the Parties, the AWBA or its designated representative may nonetheless exercise the authority granted it by the Facility Operator in Subsection 11.2 and may enter onto lands owned or controlled by the Facility Operator in the vicinity of the Facility for the purposes of recovering water stored pursuant to this

Agreement and transporting the recovered water to the CAP canal. In the event no subsequent agreement is reached and the AWBA or its designated representative enters onto land owned or controlled by the Facility Operator in the vicinity of the Facility, the amount of reasonable compensation payable to Facility Operator, if any, for such entry shall be determined by mutual consent and shall be paid to Facility Operator by the AWBA or its designated representative.

- 11.5 The Facility Operator agrees not to register any objection with the ADWR to an application for a recovery well permit filed by the Designated Recovery Agent or other entities seeking to recover water stored by the AWBA so long as the water is to be recovered at the Facility at which it was stored.
- 11.6 If agreements for access to wells have been procured under Section 11.2 and upon the distribution of Long-Term Storage Credits by the AWBA to a Designated Recovery Agent, the Designated Recovery Agent may, at the Designated Recovery Agent's sole expense, recover the Long-Term Storage Credits at the Facility using those wells upon written notification to the Facility Operator.
- 11.7 The Designated Recovery Agent shall not recover Long-Term Storage Credits within the Facility Operator's boundaries that were not accrued by the AWBA at the Facility, unless the Facility Operator agrees in writing to allow the Designated Recovery Agent to recover other Long-Term Storage Credits.
- 11.8 The Designated Recovery Agent shall be responsible for obtaining and maintaining recovery well permits and shall pay all permit fees and other costs and expenses of any nature associated with recovery of Long-Term Storage Credits at the Facility.
- 11.9 The Facility Operator does not warrant the quality of water produced from recovery wells and is under no obligation to construct or furnish water

treatment facilities to maintain or improve the quality of such water. The Designated Recovery Agent shall not make a claim against the Facility Operator because of changes in water quality caused by underground storage or the mixing of recovered water with other water.

11.10 It is the express intention of the Parties that the Designated Recovery Agent be a third party beneficiary of the obligations and duties of the provisions of this Section 11, and that the third party beneficiary shall be considered a "Party" only for the purposes of this Section 11. The rights of the third party beneficiary under this Section 11 shall vest immediately upon notification to the Facility Operator by the AWBA of the designation of a Designated Recovery Agent in accordance with this Section 11. The Parties agree that the terms of this Section 11 shall not, in any way, limit the rights or privileges of the AWBA under this Agreement.

11.11 The obligations set forth in this Section 11 shall survive the expiration or termination of this Agreement and remain in full force and effect until all Authority Water stored at the Facility has been recovered.

12. 12.1 Authority Water furnished to the Facility Operator pursuant to this Agreement shall be delivered only to the Facility Operator at such point(s) that have previously been approved by CAWCD and only if CAWCD has satisfied itself that the pipelines, canals, distribution systems, or other conduits that will convey Authority Water after delivery will prevent excessive conveyance losses and are constructed, operated, and maintained in accordance with any condition of applicable laws, regulations or order and to the satisfaction of CAWCD.

12.2 In the event of damage to CAP facilities due to failure of the Facility Operator to operate in a good and workmanlike manner, the Facility Operator shall pay

the CAWCD within thirty (30) days of the Facility Operator's receipt of a statement for the costs of repairing any damage to Project facilities or Project rights-of-way caused by or arising out of the Facility Operator's activities under this Agreement.

- 12.3 All Authority Water delivered to the Facility shall be measured with equipment furnished and installed by the United States and operated and maintained by CAWCD. Upon the request of the Facility Operator, the AWBA, or CAWCD, the accuracy of such measurements shall be investigated by CAWCD and the Facility Operator, and any errors which are mutually determined to have occurred therein shall be adjusted; however, in the event the parties cannot agree on the required adjustment, CAWCD's determination shall be conclusive.
- 12.4 The United States, CAWCD, and the AWBA shall not be responsible for the control, carriage, handling, use, disposal, or distribution of water beyond the Facility Operator's Project delivery point. The Facility Operator shall hold the United States, CAWCD, and the AWBA harmless on account of damage or claim of damage of any nature whatsoever for which there is legal responsibility, including property damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of water beyond the Facility Operator's Project delivery point.
- 12.5 The AWBA shall not be liable for any action taken by CAWCD or the Facility Operator pursuant to this Section 12 regarding the construction, operation, or maintenance of connection facilities.
- 12.6 Deliveries of water scheduled under this Agreement are subject to interruption and discontinuance due to investigation, inspection, construction, testing, maintenance, repair or replacement of the CAP and its components. The Facility Operator also acknowledges that CAP water available to the

AWBA is only that water which would otherwise be unused in Arizona and, therefore, deliveries of water scheduled under this Agreement are subject to interruption and discontinuance due to insufficient water or delivery capacity to deliver all other waters scheduled for delivery through the CAP. The United States, its officers, agents, and employees, CAWCD, its officers, agents and employees, and the AWBA, its officers, agents, and employees shall not be liable for any damages when, for any reason whatsoever, any interruption, discontinuance, or reduction in delivery of water scheduled under this Agreement occurs.

13. 13.1 This Agreement may be terminated for any of the following reasons:
  - 13.1.1 If the Facility Operator remains in arrears in the payment of the Facility Operator's Contribution for ninety (90) days or more, the AWBA may terminate this Agreement, which termination shall be effective fifteen (15) days after mailing written notice of termination to the Facility Operator;
  - 13.1.2 If the Facility Operator remains in arrears in the reimbursement of any portion of the AWBA's contribution for thirty (30) days or more, the AWBA may terminate this Agreement, which termination shall be effective fifteen (15) days after mailing written notice of termination to the Facility Operator and CAWCD;
  - 13.1.3 If the excess water contract between the AWBA and CAWCD providing for delivery of Authority Water is terminated, the AWBA may terminate this Agreement, which termination shall be effective fifteen (15) days after mailing written notice of termination to the Facility Operator; or

- 13.1.4 if the AWBA determines in its sole discretion that the Facility Operator is operating the Facility in a manner contrary to law or in a manner which is likely to jeopardize the ability of the AWBA to earn Long-Term Storage Credits for Authority Water delivered to the Facility for the benefit of the AWBA, the AWBA may terminate this Agreement, which termination shall be effective ten (10) days after mailing written notice of termination to the Facility Operator and CAWCD.
- 13.2 The Parties' and CAWCD's rights under this Agreement to collect any monies owed under the Agreement shall survive the termination of this Agreement.
- 13.3 The rights of the AWBA to terminate this Agreement as provided in this Section 13 shall be in addition to all other rights of the AWBA under this Agreement and as provided by law.
14. The Facility Operator shall establish and maintain accounts and other books and records pertaining to administration of the terms and conditions of this Agreement, including: the Facility Operator's water supply data, water-use data, and other matters that the AWBA or CAWCD may require. Reports thereon shall be furnished to the AWBA or CAWCD in such form and on such date or dates as the AWBA or CAWCD may 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 each other party's books and records relating to matters covered by this Agreement.



15. 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 AWBA:

Manager  
Arizona Water Banking Authority  
3550 North Central Ave.  
Phoenix, AZ 85012

If to the Facility Operator:

Manager  
Harquahala Valley Irrigation District  
402 South Harquahala Valley Road  
Tonopah, AZ 85354

If to Legal Counsel for Harquahala Valley Irrigation District:

Ellis & Baker, P.C.  
7301 N. 16<sup>th</sup> Street, Suite 102  
Phoenix, AZ 85020

The designation of the address or addressee for the giving of notice may be changed by notice given as provided in this Section 15.

16. The parties shall comply with Chapter 9, Title 41, Arizona Revised Statutes, Arizona Executive Orders 75-5 and 99-4 and any other federal or state laws relating to equal opportunity and non-discrimination, including the Americans with Disabilities Act.
17. 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 AWBA.

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

**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

**HARQUAHALA VALLEY IRRIGATION DISTRICT**

Attest:  \_\_\_\_\_  
 Secretary

By:  \_\_\_\_\_  
President