

ARIZONA WATER BANKING AUTHORITY
Wednesday, June 18, 2008

	Name (Please print)	Affiliation	Phone No.
1	Bob Sejkora	AZ State Parks	602-542-7157
2	Michael Block	Metro Water	520-575-8100
3	Larry Dozier		
4	Lawrence Marquez	Reclamation	623-773-6249
5	Brian Hennin	CAP	623-869-2567
6	Donnie Rile	Tucson Water	520-791-2666
7	Gregg Nelson	ADWR	602-771-8414
8	John Bolenchuk	ADWR	520-770-3817
9	Kate Widlund	SRP	602-336-2631
10	Gary L. Perker	GRFWD	520-562-6722
11	Glenn Yamont	Pesa	480-644-6154
12	Stephen Kot	Glendale	623-930-2209
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ARIZONA WATER BANKING AUTHORITY
Wednesday, June 18, 2008

	Name (Please print)	Affiliation	Phone No.
1	Mark Myers	EL Montgomery	50-881-4912
2	Taylor Shipman	EL Montgomery	"
3	Chuck M	CAP	
4	Doc Fierst	CAP	623-469-2807
5	PAT HILL	AMWMA	602 248 8482
6	Scott Miller	ADWR	602 771-8604
7	Gary Given	CAP	623 869-2158
8	PAUL Deme	CADD/MSDD	623-465-0445
9	Gene Franz	GRIC	480 961-4861
10	Alexei Lupaev	SNWA	702-691-5378
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Arizona Water Banking Authority
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PLEASE POST

NOTICE OF PUBLIC MEETING

Pursuant to A.R.S. § 38-431.02, notice is hereby given that there will be a meeting of the Arizona Water Banking Authority Commission on Wednesday, June 18, 2008 at 10:00 a.m. at the Arizona Department of Water Resources, 3550 North Central Avenue, Phoenix, Arizona 85012, Upper Verde Conference Room. The meeting is open to the general public.

Dated this 17th day of June, 2008

FINAL AGENDA

Arizona Water Banking Authority Commission Meeting

- I. Welcome/Opening Remarks
- II. Approval of Minutes of March 12, 2008 Meeting
- III. Water Banking Staff Activities
 - Amended Table 2
 - Deliveries
 - Gila River Indian Community
 - Renewal of GRIIDD water storage agreement
 - Intergovernmental Agreement for Southside Replenishment
 - Meetings
 - GRIC presentation
 - Navajo/Hopi Settlement meetings
 - Interstate coordination meeting
 - ICUA certification for 2007
 - Obligations Paper
 - Update
 - Modeling shortage projections
 - Recovery planning
- IV. 2007 Annual Report
 - Overview of 2007 Annual Report
 - Discussion regarding Ten-Year Plan 2009-2018
 - Potential approval of 2007 Annual Report and Ten-Year Plan
- V. FY 2009 Administrative Budget
 - Overview of FY 2009 administrative budget
 - Potential adoption of FY 2009 administrative budget

- VI. Update on Expenditure of \$8 Million Available from the Arizona-Nevada Shortage-Sharing Agreement
- VII. Interstate Water Banking
 - Coordination meeting with SNWA/CAWCD/AWBA
 - Overview of interstate accounting and firming obligation
- VIII. Call to the Public
- IX. Consideration of Action to go into Executive Session of the Authority Commission pursuant to A.R.S. §38-431.03.A.4 to consult with the attorney and staff for the AWBA and consider the AWBA's position regarding contract negotiations with the Gila River Indian Community on firming. The discussions and minutes of the executive session shall be kept confidential. [The executive session of the Authority Commission is not open to the public]*
- X. Reconvene in Open Session
- XI. Consideration of Action Related to Items Discussed in Executive Session

Future Meeting Dates:

Wednesday, September 17, 2008

Wednesday, December 10, 2008 **Please note date change

*The Executive Session is expected to last approximately one hour and will not be open to the public.

**Originally scheduled AWBA meeting of 12/17/08 conflicts with the revised schedule for Colorado River Water Users Association (CRWUA) conference in Las Vegas, NV, 12/15 thru 12/17/08.

All visitors must use the south elevators; please stop at the 2nd 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, TDD # (602) 771-8501. Requests should be made as early as possible to allow time to arrange the accommodation.

ARIZONA WATER BANKING AUTHORITY
Draft Minutes¹

March 12, 2008

Arizona Department of Water Resources



AUTHORITY MEMBERS
Herbert R. Guenther, Chairman
Maureen R. George, Vice-Chairman
Tom Buschatzke, Secretary
John Mawhinney
Gayle J. Burns

EX OFFICIO MEMBERS
The Honorable Timothy S. Bee
The Honorable Lucy Mason

Welcome/Opening Remarks

Chairman Herb Guenther welcomed the attendees. All members of the Authority were present except for Tom Buschatzke and *ex-officio* members, Senator Jake Flake and Representative Lucy Mason. He announced the appointments of Kim Mitchell to Water Bank Manager and Virginia O'Connell to Technical Administrator and stated that Tim Henley would continue as the AWBA's consultant noting his knowledge and experience make him an invaluable resource to both the AWBA and ADWR.

Approval of Minutes of December 19, 2007 Meeting

The Authority approved the minutes of the December 19, 2007 meeting.

Water Banking Staff Activities

Ms. O'Connell stated that February's deliveries were presently not available since the meeting had been scheduled one week earlier. Overall deliveries for January were on target. Ms. O'Connell also reviewed the recovery schedule for developing Intentionally Created Unused Apportionment (ICUA) for the Metropolitan Water District of Southern California (Metropolitan). A total of 1,614 acre-feet of the 25,000 acre-feet scheduled had been recovered through February of 2008.

Ms. Mitchell noted that the Authority had asked staff to evaluate potential changes to municipal and industrial (M&I) and Indian firming amounts based on the methods outlined in the Arizona-Nevada Shortage-Sharing Agreement and the Director's Shortage-Sharing Workgroup Recommendation. She reviewed the modeling results, which concluded that the firming numbers did not change significantly, but showed a slight improvement. Staff therefore recommended maintaining the current M&I firming goals. In response to questions by the Authority, Mr. Henley responded that the firming targets were based on use and how much the M&I users would be reduced based on entitlements. Early on uses are not impacted, but in later years they could be as M&I uses increase. The shortage (firmed amount) is limited to 20 percent of supply because the CAP M&I users are allowed to pump groundwater if surface water supplies are reduced more than 20 percent. He reminded the Authority that the firming goals are not set in statute, but are guidelines that were established in 1997 using assumptions associated with river operations at the time. Direct comparisons with those earlier assumptions are difficult because the guidelines for river operations after 2026, the interim period, are not known.

¹ 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.

Gregg Houtz provided an update on future Indian water rights settlements, noting that several Indian water right claims are still outstanding. Negotiations are currently underway with the Hopi Tribe, Navajo Nation, and White Mountain Apache Tribe. He pointed out that future firming commitments for the United States (U.S.) and State of Arizona (State) had been well discussed when the Arizona Water Settlements Act was negotiated. The U.S. and the State are trying to stay within those commitments, which provided 17,448 acre-feet for future settlements, split equally between each party (8,724 acre-feet). Mr. Houtz commented that some of the Indian tribes believe this amount is too little. Details on the progress of the Gila and Little Colorado River adjudications and Navajo claims on the Colorado River mainstem could not be discussed further for confidentiality reasons. Mr. Houtz was hopeful that a proposal for the firming methods the AWBA will use to carry out the State's obligations could be achieved in 1-2 years. He stated that current settlement parties noted the importance of the fact that the AWBA is demonstrating it is meeting its obligations under the current settlements.

Chuck Cullom (CAWCD) provided a status report on recovery planning efforts. He stated that CAWCD had hired consultants to evaluate recovery from the Tonopah Desert and Lower Santa Cruz recharge facilities and to evaluate opportunities for developing a well field in the Pinal Active Management Area (AMA). CAWCD is scheduled to discuss recovery planning efforts at the Groundwater Users Advisory Council meetings in April as part of the stakeholder process. CAWCD's objective is to frame an actual recovery Plan within the 2008-2009 timeframe. John Mawhinney inquired about the status of recovery for Metropolitan. Mr. Cullom responded that the credits CAWCD held on behalf of Metropolitan had totaled 80,909 acre-feet and were stored in the Pinal Active Management Area (AMA). In 2007, CAWCD reduced this total by 16,804 acre-feet by recovering from the Central Arizona and Maricopa-Stanfield Irrigation and Drainage Districts (CAIDD & MSIDD) and by exchanging just under 6,000 acre-feet of credits with the Central Arizona Groundwater Replenishment District (CAGR). In 2008, CAWCD is scheduled to recover a total of 25,000 acre-feet and will again recover from CAIDD and MSIDD, but will also recover from the Hohokam Irrigation and Drainage District (HIDD). A small amount of credits may also be exchanged with the CAGR. By the end of 2008, approximately one-half of CAWCD's obligation to Metropolitan will have been met.

Ms. Mitchell noted that the Authority had asked staff to prepare a comprehensive report that identifies all of the AWBA's obligations and discusses the progress that has been made toward those goals. She outlined the manner in which staff was organizing the report and welcomed comments. Maureen George commented that it would be useful to put the report in context of CAWCD's recovery plans in order to determine the timeframe in which the AWBA needed to accrue certain long-term storage credits (credits). Mr. Mawhinney suggested including scenarios for potential failure, or a risk assessment. The report should be available by the AWBA's meeting in June. Ms. Mitchell added that the AWBA currently has an additional planning tool, the ten-year plan, which is mandated by statute. The ten-year plan includes a description of any water banking activities the AWBA intends to undertake and provides an analysis of the AWBA's ability to complete those activities by evaluating the amount of water, storage capacity, and funding available to the AWBA for a ten-

year period. The ten-year plan is provided in June as part of the AWBA's annual report.

Discussion and Potential Action for Chairman to Testify to Legislature on SB1044

Chairman Guenther explained that before Arizona became a state, streambeds and waterways could be used for the conveyance of water regardless of ownership. This guiding principle was later codified in Arizona statute and further supported through case laws. In 1986, artificial recharge was established as an additional use of Arizona's waterways. Senate Bill 1044 would change this long-running policy and give sand and gravel operations a priority over water. It would undermine the State's recharge program and could result in more takings by the State. Chairman Guenther noted discussions had been held among several entities to explain why the legislation is harmful to the State's recharge goals. The Department had also expressed its concerns to several legislators pointing out that it would have far reaching consequences. Chairman Guenther stated the bill was out of committee, but that the base legislation with strikers was not negotiable. Mr. Mawhinney made a motion that Chairman Guenther continue to testify relative to the lack of merit of the legislation and to submit a one page letter from the AWBA voicing dismay. Ms. George provided the second to that motion adding that the letter should state that millions of dollars invested in recharge could be lost if the legislation passes. [While a letter was prepared, the legislation was assigned to the Rules Committee and further action would not be taken. Therefore, the letter was not sent.]

Update on Arizona Water Settlements Act Firming Efforts

Mr. Henley provided an update of current Indian firming efforts. He noted staff was developing a discussion paper for the Gila River Indian Community (Community) firming requirement and anticipated that negotiations with the Community would begin in the near future. He added that the AWBA is also the entity responsible for meeting replenishment obligations for underground water uses in the Southside Groundwater Protection Zones (protection zones) that exceed allowable amounts. In addition, the AWBA is required to establish a Southside Replenishment Bank (Bank) by delivering a minimum of 15,000 acre-feet to the Community. The Bank could be used to meet any replenishment obligation that may be incurred in the protection zones. Staff is in the process of drafting the inter-governmental agreement (IGA) that will describe in detail the procedure the AWBA and the Community will follow for delivering water to the Community for this purpose. Finally, under the Settlements Act, the AWBA, acting as agent for the State, and the Secretary of the Interior (Secretary) are required to develop an Indian firming plan that identifies how each party's obligations will be met, including future Indian tribe settlements. Chairman Guenther commented it was a challenging schedule, but one that could be attained by developing a good plan for water resources.

Discussion and Potential Approval of Resolution 2008-1 of the Arizona Water Banking Authority for Creation of Replacement Account for Mainstream Water Users

Ms. Mitchell provided a summary of AWBA Resolution 2008-1 (Resolution), which would create a long-term storage credit replacement account for 4th priority Colorado River M&I users who used and paid for the replacement of credits that had been

accrued with general fund appropriations. Credits in this account would be available for future shortages to the entity that had paid to replace the credits. The Resolution also provides another opportunity for other mainstream 4th priority M&I users that do not currently have an agreement with the AWBA to participate in the replacement account. Chairman Guenther inquired about the enforceability of the Resolution. Mr. Houtz responded that it would be considered a policy statement on staff procedures. Mr. Mawhinney questioned if the Resolution could be changed in the future. Mr. Henley stated that it could if necessary. He reminded the Authority that the AWBA was required by statute to establish a reasonable amount of credits accrued with general fund appropriations for entities outside the service area of CAWCD. A previous resolution described staff policy for achieving that requirement. Statute also requires that these credits be repaid. This Resolution addresses how the replaced credits will be utilized. Ms. George noted that this guidance also arose out of the Arizona shortage-sharing discussions and is a component of the Director's Shortage-Sharing Workgroup Recommendation. Ms. George made a motion to approve Resolution 2008-1. Gayle Burns provided the second to that motion. The motion carried.

Expenditure of \$8 Million Available from the Arizona-Nevada Shortage-Sharing Agreement

Chairman Guenther noted that under the Arizona-Nevada Shortage-Sharing Agreement, Nevada agreed to provide the AWBA \$8 million to assist Arizona in offsetting impacts from shortages during the Interim period. Mr. Henley briefed the Authority on the option paper that describes how the AWBA could utilize the \$8 million for that purpose. The option paper had been revised based on comments received from the Authority at the October 2007 meeting. Chairman Guenther also informed the Authority and attendees that Resolution 2008-2, which was identified as a potential action item, was still a work in progress and would not be discussed at this meeting. Ms. George commented that it was important to direct staff to store water utilizing the \$8 million, but that the method for allocating those credits could be determined at a later date. Mr. Henley pointed out that expenditure of the \$8 million could be addressed under the next agenda item regarding the amended 2008 Plan of Operation. The Authority directed staff to proceed with developing a plan for expending the \$8 million and to develop a schedule for requesting the \$8 million from Nevada. Gary Gin (Phoenix) and Ghina Yamout (Mesa) requested that the AWBA consider the increased risk of shortage to users when determining how the credits will be allocated. Val Danos (AMWUA) requested that all meeting documents be provided in advance of the meeting. Mr. Houtz reminded the Authority that it is AWBA policy to provide documents to the public when available, but that it is not a statutory requirement.

2008 Plan of Operation

Ms. O'Connell noted that an additional 77,000 acre-feet, which included 6,400 acre-feet of full cost M&I sub-contract water, was available to the AWBA for calendar year 2008. She briefed the Authority on the handout that identified water storage costs, funding, and potential storage capacity available to the AWBA for the remainder of 2008. Ms. O'Connell noted that an amended Table 2, the 2008 delivery schedule, was not available at this time because staff had not had an opportunity to meet with

its partners. Dennis Rule (Tucson Water) and Mike Block (Metropolitan Water) pointed out that the AWBA was far behind in meeting its M&I firming goal for Tucson and requested that the AWBA prioritize its use of the additional supplies toward meeting this goal. Mr. Henley recommended that staff be authorized to pursue any additional water available from CAP and to develop an amended Plan of Operation that expends interstate money for remarketed M&I subcontract water, uses 4-cent *ad valorem* tax monies to store water in the Tucson AMA using any remaining capacity, and that uses the \$8 million shortage-sharing fund to store any remaining water in the Pinal and Phoenix AMAs. Ms. George made a motion to authorize staff to amend the Plan of Operation. Mr. Mawhinney provided the second to that motion. The motion carried.

Mr. Henley noted that in 2006, CAP had an overrun of approximately 9,000 acre-feet according to the Bureau of Reclamation's accounting methods. Repayment would normally occur through extraordinary conservation efforts, such as fallowing; however this method would not work for CAWCD. CAWCD has shown that the water had been delivered for recharge purposes and is proposing that CAP diversions for recharge in 2008 be reduced by an equivalent amount. The reduction will not affect the AWBA's current delivery schedule.

Interstate Water Banking

Ms. Mitchell reviewed the fourth quarter interstate accounting report for 2007 noting that the AWBA accrued an estimated 527,975 acre-feet of credits, which accounts for 42 percent of the firming goal, at a cost of approximately \$96 million. Interest that would have accrued on the \$100 million resource account through January of 2008 is approximately \$12 million.

Future Meetings-Tentative conflict

Ms. Mitchell pointed out that the Colorado River Water Users Association (CRWUA) typically meets one week prior to the AWBA meeting in December. The CRWUA Board was considering re-scheduling its conference because major construction was planned for that week; however, one of the new dates coincides with the AWBA's meeting. She inquired if the Authority preferred to re-schedule its December meeting and noted further that the CRWUA Board would be making its decision in May. Chairman Guenther postponed action on re-scheduling the AWBA's December meeting until June when the actual conference date will be known.

Call to the public

Mr. Mawhinney inquired on the status of the Joint Legislative Budget Committee's (JLBC) plans for reducing the State's budget deficit. Chairman Guenther commented that the AWBA was not currently included however negotiations are ongoing.

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

The meeting concluded at 11:35 a.m.

**Amended Table 2
Water Delivery Schedule
Calendar Year 2008
(Acre-feet)**

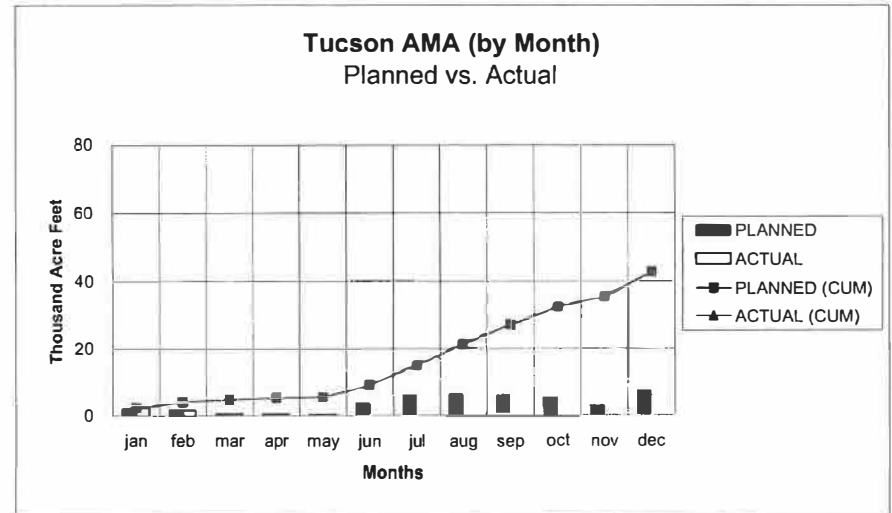
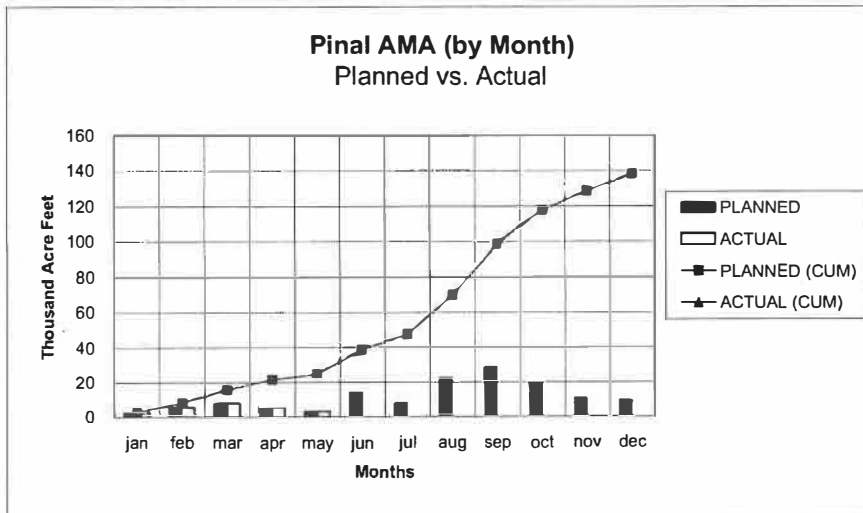
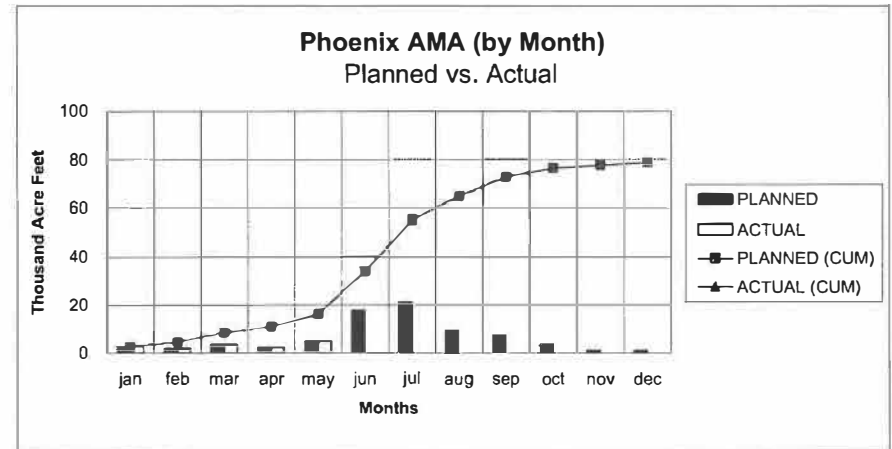
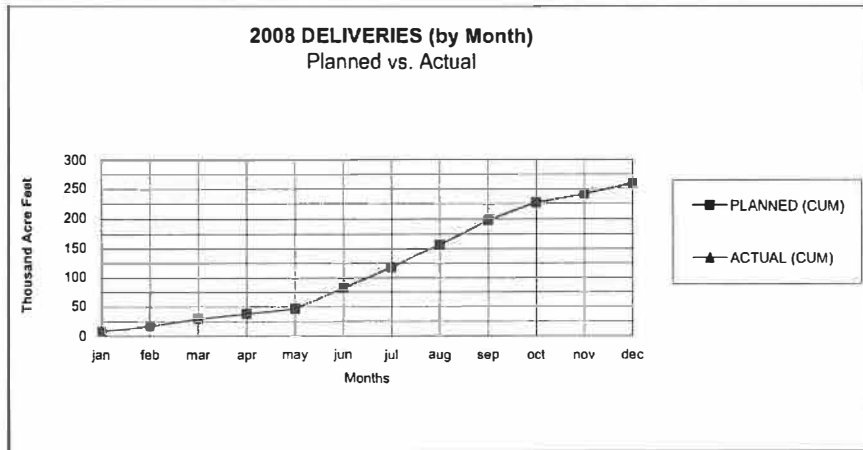
AWBA-Recharge Sites		Permitted Capacity (AF)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
PHOENIX AMA :															
USF	GRUSP	200,000	0	0	0	0	0	0	0	0	0	0	0	0	0
	HIEROGLYPHIC MTNS	35,000	0	0	0	0	0	0	0	0	0	0	0	0	0
	AGUA FRIA	100,000	0	0	0	0	0	0	0	0	0	0	0	0	0
	TONOPAH DESERT	150,000	2,958	2,012	3,755	2,422	5,126	12,000	10,677	0	0	0	0	0	38,950
	TONOPAH Interstate		0	0	0	0	0	0	0	0	0	0	0	0	0
	WEST MARIC.COMBINE		0	0	0	0	0	0	0	0	0	0	0	0	0
															38,950
GSF	SRP	100,000	0	0	0	0	0	0	0	0	0	0	0	0	0
	CHANDLER HGTS ID	3,000	0	0	0	0	0	50	50	50	50	0	0	0	200
	NEW MAGMA	54,000	0	0	0	0	0	0	0	0	0	0	0	0	0
	QUEEN CREEK	28,000	0	0	0	0	0	0	0	1,343	2,285	2,285	1,142	1,142	8,197
	TONOPAH ID	15,000	0	0	0	0	0	0	0	0	0	0	0	0	0
	GILA RIVER INDIAN IDD	37,520	0	0	0	0	0	5,711	10,475	8,365	5,373	1,402	0	0	31,326
															39,723
	TOTAL INTRASTATE		2,958	2,012	3,755	2,422	5,126	17,761	21,202	9,758	7,708	3,687	1,142	1,142	78,673
	TOTAL INTERSTATE		0	0	0	0	0	0	0	0	0	0	0	0	0
AMA TOTAL			2,958	2,012	3,755	2,422	5,126	17,761	21,202	9,758	7,708	3,687	1,142	1,142	78,673
PINAL AMA :															
GSF	CAIDD	110,000	0	0	0	0	0	5,500	5,500	12,500	12,500	10,500	5,000	5,500	57,000
	CAIDD Interstate		0	0	0	0	0	0	0	3,200	0	0	0	0	3,200
	HOHOKAM	55,000	704	2,865	4,374	1,600	0	1,217	2,750	5,010	8,842	5,146	2,201	2,291	37,000
	HOHOKAM Interstate		0	0	0	0	0	0	0	0	0	0	0	0	0
	MSIDD	120,000	1,530	2,530	3,650	4,100	3,100	2,580	0	5,200	7,280	3,550	3,560	1,720	38,800
	MSIDD Interstate		0	0	0	0	0	0	0	1,600	1,600	0	0	0	3,200
	GILA RIVER INDIAN IDD	18,480	184	0	0	0	0	5,000	0	0	0	0	0	0	5,184
															144,384
	TOTAL INTRASTATE		2,418	5,395	8,024	5,700	3,100	14,297	8,250	22,710	28,622	19,196	10,761	9,511	137,984
	TOTAL INTERSTATE		0	0	0	0	0	0	0	4,800	1,600	0	0	0	6,400
AMA TOTAL			2,418	5,395	8,024	5,700	3,100	14,297	8,250	27,510	30,222	19,196	10,761	9,511	144,384
TUCSON AMA:															
USF	AVRA VALLEY	11,000	772	166	585	489	231	700	700	700	700	657	650	650	7,000
	PIMA MINE RD	30,000	0	0	0	0	0	0	0	0	0	0	0	0	0
	PMR Interstate		0	0	0	0	0	0	0	0	0	0	0	0	0
	LOWER SANTA CRUZ	50,000	551	0	0	0	0	2,930	3,800	3,800	3,800	3,019	1,900	3,800	23,600
	LSC Interstate		0	0	0	0	0	0	0	0	0	0	0	0	0
	CAVSARP	80,000	1,175	1,500	0	0	0	0	1,500	1,500	1,500	1,694	325	2,606	11,800
	SAVSARP	60,000	0	0	0	0	0	0	0	0	0	0	0	350	350
															42,750
GSF	BKW	16,615	0	0	0	0	0	0	0	0	0	0	0	0	0
	KAI FARMS (Red Rock)	11,231	0	0	0	0	0	0	0	0	0	0	0	0	0
															0
	TOTAL INTRASTATE		2,498	1,666	585	489	231	3,630	6,000	6,000	6,000	5,370	2,875	7,056	42,750
	TOTAL INTERSTATE		0	0	0	0	0	0	0	0	0	0	0	0	0
AMA TOTAL			2,498	1,666	585	489	231	3,630	6,000	6,000	6,000	5,370	2,875	7,056	42,750
Outside AMA:															
	HARQUAHALA VALLEY ID	50,000	0	0	0	0	0	0	0	0	0	0	0	0	0
OUTSIDE TOTAL															0
TOTAL INTRASTATE			7,874	9,073	12,364	8,611	8,457	35,688	35,452	38,468	42,330	28,253	14,778	17,709	259,407
TOTAL INTERSTATE			0	0	0	0	0	0	0	4,800	1,600	0	0	0	6,400
TOTAL			7,874	9,073	12,364	8,611	8,457	35,688	35,452	43,268	43,930	28,253	14,778	17,709	265,807

The 2008 Plan of Operation has been amended to include an additional 77,350 acre-feet of deliveries that had become available to the AWBA. Of this amount, 6,400 acre-feet is full cost M&I subcontract water that had been turned back for remarket. The following are the changes that have been made to the planned delivery schedule for 2008, Amended Table 2.

- The original 2008 Plan did not have planned interstate deliveries. The Plan was amended to include the 6,400 acre-feet of remarketed subcontract water as interstate deliveries to the Pinal AMA. Equal deliveries of 3,200 acre-feet will be delivered to the Central Arizona and Maricopa-Stanfield Irrigation and Drainage Districts.
- An additional 12,500 acre-feet will be delivered to the Tucson AMA for M&I firming purposes. These deliveries include 11,800 acre-feet to the CAVSARP facility and 350 acre-feet to the SAVSARP facility. These deliveries utilize all remaining capacity available to the AWBA.
- An additional 32,000 will be delivered to the Phoenix AMA. Of this amount, 30,000 acre-feet will be delivered for shortage mitigation purposes utilizing a portion of the \$8 million provided from Nevada pursuant to the Arizona-Nevada Shortage-Sharing Agreement. The remaining 2,000 acre-feet will be delivered for water management purposes utilizing withdrawal fees.
- The remaining 26,800 acre-feet will be delivered to the Pinal AMA and will also be delivered for shortage mitigation purposes.
- In addition to the 77,350 acre-feet that been made available in March, a total of 184 acre-feet had been delivered to the GRIIDD GSF in the Pinal AMA in January.

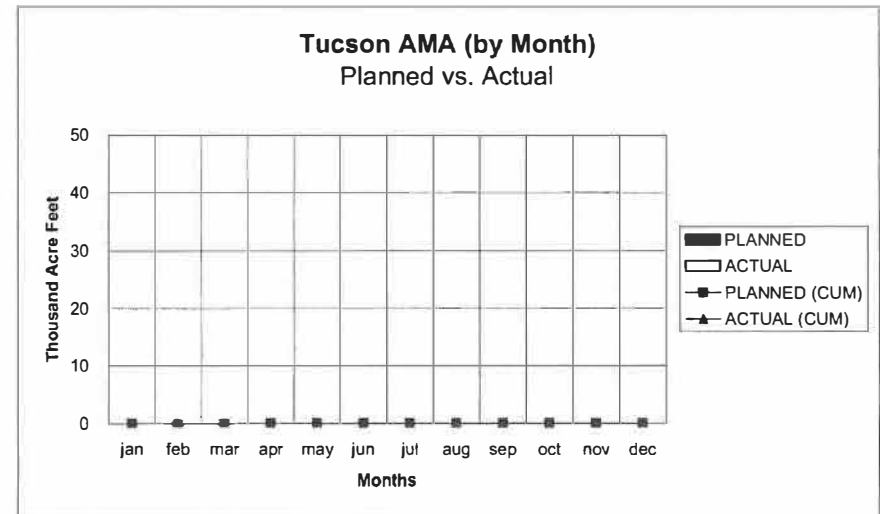
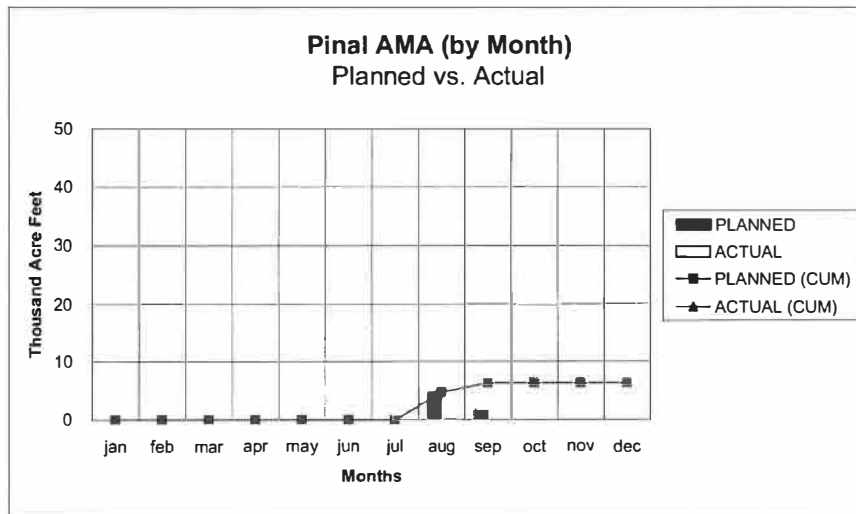
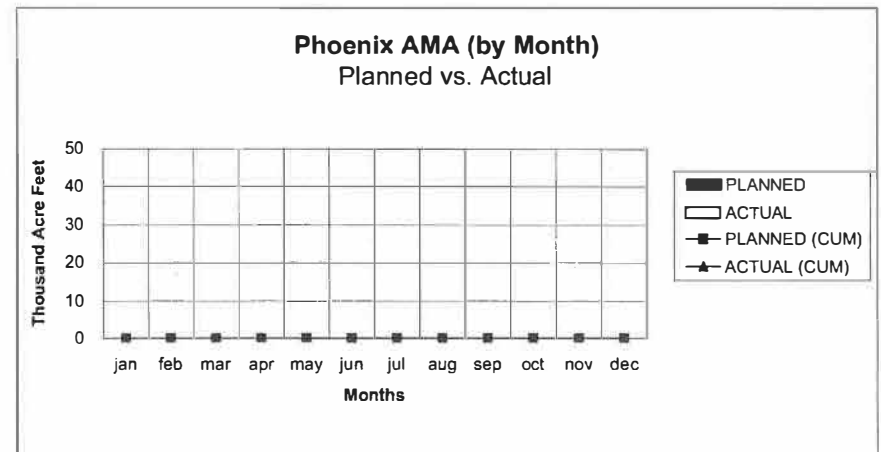
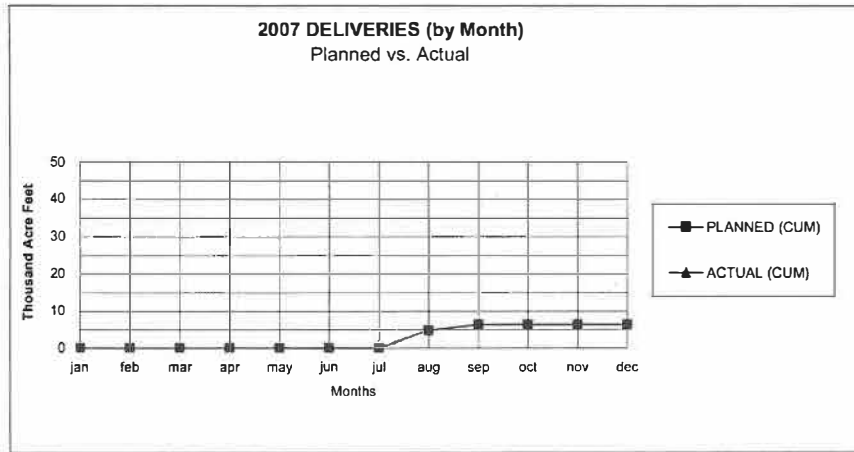
2008 Amended Plan of Operation

INTRASTATE



2008 Amended Plan of Operation

INTERSTATE



Actual deliveries updated
Amended Plan of Operation

12-Jun-08

Phoenix AMA

Intrastate

	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	total
GRUSP	0	0	0	0	0	0	0	0	0	0	0	0	0
AGUA FRIA	0	0	0	0	0	0	0	0	0	0	0	0	0
HIEROGLYPHIC MTNS	0	0	0	0	0	0	0	0	0	0	0	0	0
TONOPAH DESERT	2,958	2,012	3,755	2,422	5,126	0	0	0	0	0	0	0	16,273
CHCID	0	0	0	0	0	0	0	0	0	0	0	0	0
NMIDD	0	0	0	0	0	0	0	0	0	0	0	0	0
QCID	0	0	0	0	0	0	0	0	0	0	0	0	0
SRP	0	0	0	0	0	0	0	1,343	2,285	2,285	1,142	1,142	8,197
GRIIDD	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	5,711	10,475	8,365	5,373	1,402	0	0	31,326
Subtotal	2,958	2,012	3,755	2,422	5,126	0	0	0	0	0	0	0	16,273
Total to date	2,958	4,970	8,725	11,147	16,273	16,273	16,273	16,273	16,273	16,273	16,273	16,273	16,273
Projected total to date	2,958	4,970	8,725	11,147	16,273	34,034	55,236	64,994	72,702	76,389	77,531	78,673	78,673

Interstate

GRUSP	0	0	0	0	0	0	0	0	0	0	0	0	0
AGUA FRIA	0	0	0	0	0	0	0	0	0	0	0	0	0
HIEROGLYPHIC MTNS	0	0	0	0	0	0	0	0	0	0	0	0	0
TONOPAH DESERT	0	0	0	0	0	0	0	0	0	0	0	0	0
CHCID	0	0	0	0	0	0	0	0	0	0	0	0	0
NMIDD	0	0	0	0	0	0	0	0	0	0	0	0	0
QCID	0	0	0	0	0	0	0	0	0	0	0	0	0
SRP	0	0	0	0	0	0	0	0	0	0	0	0	0
TID	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	0
Total to date	0	0	0	0	0	0	0	0	0	0	0	0	0
Projected total to date	0	0	0	0	0	0	0	0	0	0	0	0	0

Combined

Subtotal	2,958	2,012	3,755	2,422	5,126	0	0	0	0	0	0	0	16,273
Total to date	2,958	4,970	8,725	11,147	16,273	16,273	16,273	16,273	16,273	16,273	16,273	16,273	16,273
Projected total to date	2,958	4,970	8,725	11,147	16,273	34,034	55,236	64,994	72,702	76,389	77,531	78,673	78,673

Actual deliveries updated

12-Jun-08

		jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	total
Pinal AMA														
Intrastate	CAIDD	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	5,500	5,500	12,500	12,500	10,500	5,000	5,500	57,000
	MSIDD	1,530	2,530	3,650	4,100	3,100	0	0	0	0	0	0	0	14,910
		1,530	2,530	3,650	4,100	3,100	2,590	0	5,200	7,280	3,550	3,560	1,720	38,800
	HIDD	704	2,865	4,374	1,600	0	0	0	0	0	0	0	0	9,543
	704	2,865	4,374	1,600	0	1,217	2,750	5,010	8,842	5,146	2,201	2,291	37,000	
GRIDD	184	0	0	0	0	0	0	0	0	0	0	0	184	
	184	0	0	0	0	5,000	0	0	0	0	0	0	5,184	
Subtotal		2,418	5,395	8,024	5,700	3,100	0	0	0	0	0	0	24,637	
Total to date		2,418	7,813	15,837	21,537	24,637	24,637	24,637	24,637	24,637	24,637	24,637	24,637	
Projected total to date		2,234	7,629	15,653	21,353	24,453	33,750	42,000	64,710	93,332	112,528	123,289	132,800	
Interstate														
CAIDD		0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	3,200	0	0	0	0	3,200
		0	0	0	0	0	0	0	0	0	0	0	0	0
MSIDD		0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	1,600	1,600	0	0	0	3,200
HIDD		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	4,800	6,400	6,400	6,400	6,400	
Combined														
Subtotal		2,418	5,395	8,024	5,700	3,100	0	0	0	0	0	0	24,637	
Total to date		2,418	7,813	15,837	21,537	24,637	24,637	24,637	24,637	24,637	24,637	24,637	24,637	
Projected total to date		2,234	7,629	15,653	21,353	24,453	33,750	42,000	69,510	99,732	118,928	129,689	139,200	
Tucson AMA														
Intrastate	AVRA VALLEY	772	166	585	489	231	0	0	0	0	0	0	0	2,243
		772	166	585	489	231	700	700	700	700	657	650	650	7,000
	CAVSARP	1,175	1,500	0	0	0	0	0	0	0	0	0	0	2,675
		1,175	1,500	0	0	0	0	1,000	1,000	1,000	1,000	700	4,425	11,800
	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	551	0	0	0	0	0	0	0	0	0	0	0	551
		551	0	0	0	0	2,930	3,800	3,800	3,800	3,019	1,900	3,800	23,600
	SAVSARP	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	350	350
Subtotal		2,498	1,666	585	489	231	0	0	0	0	0	0	5,469	
Total to date		2,498	4,164	4,749	5,238	5,469	5,469	5,469	5,469	5,469	5,469	5,469	5,469	
Projected total to date		2,498	4,164	4,749	5,238	5,469	9,099	14,599	20,099	25,599	30,275	33,525	42,750	
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	0	0	0	0	0	
SAVSARP	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	0	0	0	0	0	
Combined														
Subtotal		2,498	1,666	585	489	231	0	0	0	0	0	0	5,469	
Total to date		2,498	4,164	4,749	5,238	5,469	5,469	5,469	5,469	5,469	5,469	5,469	5,469	
Projected total to date		2,498	4,164	4,749	5,238	5,469	9,099	14,599	20,099	25,599	30,275	33,525	42,750	
TOTAL														
Subtotal		7,874	9,073	12,364	8,611	8,457	0	0	0	0	0	0	46,379	
Total to date		7,874	16,947	29,311	37,922	46,379	46,379	46,379	46,379	46,379	46,379	46,379	46,379	
Projected total to date		7,690	16,763	29,127	37,738	46,195	76,883	111,835	154,603	198,033	225,592	240,745	260,623	

**CENTRAL ARIZONA PROJECT
ANNUAL RECOVERY REPORT
Calendar Year 2008**

Recovery for Metropolitan Water District of Southern California¹

MONTH	2008 RECOVERY (af)
January	720
February	894
March	2,041
April	2,352
May	2,347
June	
July	
August	
September	
October	
November	
December	
TOTAL TO DATE	8,354
2008 TARGET	25,000

¹ Recovery pursuant to 1992 Demonstration Agreement Between CAWCD and MWD, as amended, and the 2006 MWD, CAWCD, and AWBA Letter Agreement, as amended.

Arizona Water Banking Authority

3550 N. Central Avenue, Phoenix, Arizona 85012

Telephone 602-771-8487

Fax 602-771-8685



AUTHORITY MEMBERS

Herbert R. Guenther, Chairman

Tom Buschatzke

Maureen R. George

John Mawhinney

Gayle J. Burns

EX OFFICIO MEMBERS

Honorable Jake Flake

Honorable Lucy Mason

June 3, 2008

Ms. Lorri Gray, Regional Director
U.S. Department of the Interior
Bureau of Reclamation
Lower Colorado River Regional Office
P.O. Box 61470
Boulder City, Nevada 89006

Mr. Jeffrey Kightlinger, General Manager
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

Mr. David S. "Sid" Wilson, Jr., General Manager
Central Arizona Water Conservation District
P.O. Box 43020
Phoenix, AZ 85080-3020

RE: Certification of Intentionally Created Unused Apportionment (ICUA) for 2007 pursuant to the *Amended Letter Agreement for the Creation of Intentionally Created Unused Apportionment with Credits Created Under the 1992 Demonstration Agreement between CAWCD and MWD, December 11, 2007*

Dear Ms. Gray and Messrs. Kightlinger and Wilson:

Pursuant to the above-referenced Amended Letter Agreement, the Arizona Water Banking Authority (AWBA) is providing certification of the quantity of ICUA created in 2007 and the method used to create the ICUA to the U.S. Bureau of Reclamation, Metropolitan Water District of Southern California (Metropolitan), and the Central Arizona Water Conservation District (CAWCD).

A total of 16,804 acre-feet of ICUA was created in calendar year 2007 for the benefit of Metropolitan. ICUA was created through both the recovery and credit exchange methods. Of the total 16,804 acre-feet of ICUA developed in 2007 from credits previously accrued on behalf of Metropolitan, 10,921 acre-feet of LTSC were recovered from wells within two irrigation districts in Pinal County, Arizona. The remaining balance of 5,883 acre-feet of ICUA were developed utilizing credit exchange whereby CAWCD exchanged LTSCs with the Central Arizona Groundwater Replenishment District (CAGR) in lieu of CAGR receiving Central Arizona Project water, which had been scheduled to be delivered to the CAGR for storage in 2007.

A letter from the Arizona Department of Water Resources to the AWBA summarizing their review of CAWCD's annual reporting is enclosed for your information.

Please don't hesitate to contact me if you require additional information.

Sincerely,

A handwritten signature in black ink that reads "Kim Mitchell". The signature is written in a cursive style with a large, prominent "K" and "M".

Kim Mitchell, Manager
Arizona Water Banking Authority

Enclosure

cc: Mr. Terry Fulp, Bureau of Reclamation
Ms. Ruth Thayer, Bureau of Reclamation
Mr. Roger K. Patterson, Metropolitan Water District of Southern California
Mr. Gerald "Jerry" Zimmerman, Colorado River Board of California
Mr. Larry Dozier, Central Arizona Water Conservation District
Mr. Herbert R. Guenther, Arizona Water Banking Authority
Ms. Kay Brothers, Southern Nevada Water Authority
Mr. George Caan, Colorado River Commission of Nevada



P.O. Box 43020 • Phoenix, AZ 85080-3020
23636 North Seventh Street • Phoenix, AZ 85024
623-869-2333 • www.cap-az.com

June 6, 2008

Implementation of the *Conceptual Plans to Recover Stored Water*

Dear Interested Party:

Since 1995, the Arizona Water Banking Authority (AWBA) has stored approximately 2.98 million acre-feet of Central Arizona Project (CAP) water underground. The CAP is planning for the recovery of the stored water to provide CAP water during times of Colorado River shortages, during CAP system outages, or as part of interstate water banking agreements. The first step in planning for recovery was the completion of the *Conceptual Plans to Recover Stored Water* which was adopted by CAP's Board of Directors on June 12, 2007.

The CAP is initiating the next step in planning to recover the stored CAP water - preparing detailed recovery plans. CAP proposes the following planning process:

1. Conduct Introductory Meetings in Each Active Management Area (AMA),
2. Conduct Regional Planning Meetings with Water Providers and Other Stakeholders,
3. Prepare Draft Plans for Comment and Review,
4. Conduct Plan Review Meetings in Each AMA,
5. Prepare Final Plans and Compile a Planning Report for CAWCD Board Consideration.

The introductory meetings are scheduled below:

Phoenix AMA – July 1	CAP Headquarters 23636 North Seventh St., Phoenix 1:00 p.m. to 3:00 p.m.
Tucson AMA – July 2	CAP Tucson Office 10900 West Twin Peaks Road, Tucson 10:00 a.m. to noon
Pinal AMA – July 11	Pinal AMA 1729 N. Trekell Road, Suite 105, Casa Grande 1:00 p.m. to 3:00 p.m.

Copies of the conceptual plan may be viewed on the CAP website at: <http://www.cap-az.com>. Go to the tan column titled, Operations, and click on "recovery plan".

Should you have any questions, please contact these staff: Dee Fuerst, (623) 869-2807, dfuerst@cap-az.com, or Chuck Cullom, (623) 869-2665, ccullom@cap-az.com. Attached is an agenda for the above meetings.

We look forward to your assistance in our planning process.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom McCann', written over a horizontal line.

Thomas W. McCann
Manager
Resource Planning and Analysis

RECOVERY PLANNING

KICK-OFF MEETING AGENDA

1. WELCOME AND INTRODUCTIONS
2. OVERVIEW OF PROPOSED PLANNING PROCESS
 - a. Kick-off Meetings
 - b. Regional Group Meetings
 - c. Prepare Draft Plans
 - d. Review Draft Plans with Stakeholders
 - e. Present Plans to CAWCD Board
3. BACKGROUND
 - a. Summary of Underground Storage Programs
 - b. Previous Planning Efforts
 - c. Summary of CAP's Conceptual Recovery Plans
4. SCOPE OF DETAILED RECOVERY PLANNING
 - a. Geographic Scope
 - b. Technical Scope
 - c. Stakeholder Identification
5. GOALS OF RECOVERY PLANNING
 - a. Recommend a Priority for Recovery Projects
 - b. Establish an Outline for Recovery Agreements
 - c. Define Cost Framework for Recovery
6. CAP'S KEY ISSUES
 - a. Timing of Recovery Needs
 - b. Availability of Existing or Planned Recovery Facilities
 - c. Relationship of Storage to Recovery
 - d. Optimizing Recovery Costs
 - e. Magnitude and Impact of Shortages to Stakeholders
 - f. Impact of Recovery Projects/Agreements on CAP Water Rates
7. DISCUSSION
8. ACTION ITEMS

ARIZONA WATER BANKING AUTHORITY
(FY 2008 - July 2007 thru June 2008)

		<u>Actual</u>
FY 2008 ADMINISTRATIVE BUDGET	\$669,599	\$469,724
<hr/>		
Administration Account Balance		
Projected End-of-Fy07	\$1,009,401	\$1,286,309
Projected End-of-Fy08	\$889,802	\$1,085,523

ARIZONA WATER BANKING AUTHORITY

FY 2008 ADMINISTRATIVE BUDGET**\$662,300****\$469,724****STAFFING**

	Total FTE	Cost	Actual Cost
Department of Water Resources Cost of Services		\$549,400	\$380,076
Personnel Services	3.5	\$257,000	\$183,072
Water Bank Manager			
Water Bank Technical Administrator			
Water Resources Specialist IV			
Attorney			
Employee Related Expenditures (at 33.6% of Personnel Services)		\$86,400	\$59,507
Indirect Cost (at 60% of Personnel Service & ERE)		\$206,000	\$137,496
Central Arizona Project Cost of Services		\$10,000	\$10,000
Personnel Services & ERE		\$10,000	\$10,000
Water System Engineer			
Customer Service Coordinator			
Hydrologist			
Administrative Support			
Subtotal Staffing		\$559,400	\$390,076

OTHER COSTS

Professional & Outside Services		\$85,000	\$75,618
Travel		\$9,650	\$1,197
Instate Travel		\$8,750	\$1,197
Out of State Travel		\$900	\$0
Other Operating Expenses		\$6,750	\$2,834
Standard per employee	3.5	\$500	\$1,750
Miscellaneous		\$5,000	\$1,084
Equipment		\$1,500	\$0
		\$1,500	\$0
Subtotal Other Costs		\$102,900	\$79,649

Attachment 2009-1

ARIZONA WATER BANKING AUTHORITY
(FY 2009 - July 2008 thru June 2009)

FY 2009 ADMINISTRATIVE BUDGET **\$618,474**

Administration Account Balance

Projected End-of-Fy08 **\$1,085,523**

Projected End-of-Fy09 **\$717,049**

ARIZONA WATER BANKING AUTHORITY

FY 2009 ADMINISTRATIVE BUDGET**\$618,474****STAFFING**

	Total FTE	Cost
Department of Water Resources Cost of Services		\$499,674
Personnel Services	3.5	\$232,874
Water Bank Manager		
Water Bank Technical Administrator		
Admin Assistant		
Attorney		
Employee Related Expenditures (at 34.1% of Personnel Services)		\$79,400
Indirect Cost (at 60% of Personnel Service & ERE)		\$187,400
Central Arizona Project Cost of Services		\$10,000
Personnel Services & ERE		\$10,000
Water System Engineer		
Customer Service Coordinator		
Hydrologist		
Administrative Support		
Subtotal Staffing		\$509,674

OTHER COSTS

Professional & Outside Services		\$94,000
Travel		\$9,300
Instate Travel		\$6,300
Out of State Travel		\$3,000
Other Operating Expenses		\$5,000
Standard per employee	3.5	\$500
Miscellaneous		\$3,250
Equipment		\$500
		\$500
Subtotal Other Costs		\$108,800

Attachment 2009-3

ARIZONA WATER BANKING AUTHORITY

TRAVEL

	Meetings	\$/Meeting	Cost
INSTATE TRAVEL			
Authority Members			
Tom Buschatzke	5	\$0	\$0
Maureen George	5	\$0	\$0
Herb Guenther	5	\$0	\$0
John Mawhinney	5	\$100	\$500
Gayle Burns	5	\$0	\$0
Subtotal			\$500
Authority Staff			
Manager	5	\$0	\$0
	3	\$600	\$1,800
Technical Administrator	5	\$0	\$0
	2	\$600	\$1,200
Other Support	3	\$600	\$1,800
Subtotal			\$4,800
Motor Pool			\$1,000
Instate Total			\$6,300
OUT OF STATE TRAVEL			
Authority Members	No out of state travel is anticipated for Authority Members		
Authority Staff			
Manager	1	\$1,000	\$1,000
Technical Administrator	1	\$1,000	\$1,000
Other Support	1	\$1,000	\$1,000
Total Out of State			\$3,000
Total Travel			\$9,300

Attachment 2009-3 continued

OTHER OPERATING COSTS

		Cost
Miscellaneous		
	Supplies	\$700
	Training	\$800
	Other	\$1,250
	Permits	\$500
		<u>\$3,250</u>
Other Operating Cost		\$3,250

EQUIPMENT

	Units	Unit Cost	Cost
			\$500
			<u>\$500</u>
Subtotal			\$500
Total Equipment			\$500

Attachment 2009-3 continued

OTHER OPERATING COSTS

		Cost
Miscellaneous		
	Supplies	\$700
	Training	\$800
	Other	\$1,250
	Permits	\$500
		<u>\$3,250</u>
Other Operating Cost		\$3,250

EQUIPMENT

	Units	Unit Cost	Cost
			\$500
			<u>\$500</u>
Subtotal			\$500
Total Equipment			\$500

2008 Expenditure of \$8 Million Shortage Reparation Funds

Location	Facility	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Phoenix AMA	Tonopah Desert	2,422	5,126	12,000	10,452	0	0	0	0	0	30,000
	Cost	\$142,898	\$302,434	\$708,000	\$616,668	\$0	\$0	\$0	\$0	\$0	\$1,770,000
Pinal AMA	CAIDD	0	0	0	5,000	5,000	5,000	5,000	0	0	20,000
	Cost	\$0	\$0	\$0	\$100,000	\$100,000	\$100,000	\$100,000	\$0	\$0	\$400,000
	MSIDD	0	0	0	0	3,400	3,400	0	0	0	6,800
	Cost	\$0	\$0	\$0	\$0	\$68,000	\$68,000	\$0	\$0	\$0	\$136,000
Total Monthly Deliveries (AF)		2,422	5,126	12,000	15,452	8,400	8,400	5,000	0	0	56,800
Total Monthly Costs		\$142,898	\$302,434	\$708,000	\$716,668	\$168,000	\$168,000	\$100,000	\$0	\$0	\$2,306,000

Planned		
Year	Deliveries (AF)	Expenditures
2009	35,769	\$2,084,711
2010	51,059	\$3,609,289
Total	143,628	\$8,000,000

Arizona Water Banking Authority

3550 N. Central Avenue, Phoenix, Arizona 85012
Telephone 602-771-8487
Fax 602-771-8685



May 8, 2008

Ms. Kay Brothers
Deputy General Manager
Southern Nevada Water Authority
1001 South Valley View Blvd.
Las Vegas, NV 89153

AUTHORITY MEMBERS
Herbert R. Guenther, Chairman
Maureen R. George, Vice-Chairman
Tom Buschaltzke, Secretary
John Mawhinney
Gayle J. Burns
EX OFFICIO MEMBERS
Honorable Jake Flake
Honorable Lucy Mason

RE: Request for Partial Payment of Shortage Mitigation Monies

Dear Ms. Brothers:

As you know, under Section 5 of the Arizona-Nevada Shortage-Sharing Agreement (Agreement), Nevada agreed to provide the Arizona Water Banking Authority (AWBA) the sum of \$8 million for the purpose of assisting Arizona in offsetting impacts from shortages that may occur during the Interim Period. Earlier this year, at the AWBA's request, the AWBA and the Southern Nevada Water Authority (SNWA) agreed to a delay in payment of these funds so that alternatives for a payment schedule could be discussed.

The AWBA's preference is to receive the funds in partial payments. These payments would be based on water storage costs associated with the amount of water the AWBA plans to store annually for shortage mitigation purposes as identified in its Plan of Operation (Plan). The AWBA is currently in the process of amending its 2008 Plan to include water storage deliveries for shortage mitigation purposes. At this time, the AWBA plans to expend a total of \$2,306,000 for shortage mitigation. This would be the amount of the first partial payment leaving a balance of \$5,694,000.

In the future, the AWBA will notify SNWA in December of the partial payment required for the next year based on planned expenditures in its approved Plan. However, as water availability changes throughout the year, additional funds may be requested in a given year to take advantage of additional water storage opportunities that may become available to the AWBA. The AWBA will invoice SNWA until the sum of \$8 million is received.

Based on conversations with SNWA staff, this invoicing procedure appears to be acceptable to both parties. Please provide a written response indicating your acceptance of this payment method. In anticipation of your approval, an invoice has been enclosed for the estimated 2008 expenditures.

If you have any questions please do not hesitate to call me at (602) 771-8490.

Sincerely,

Kim Mitchell, Manager

Enclosure

cc: William E. Rinne, SNWA, Director Surface Water Resource Department



SOUTHERN NEVADA WATER AUTHORITY

1001 South Valley View Boulevard • Las Vegas, NV 89153
(702) 258-3939 • snwa.com

May 27, 2008

Ms. Kim Mitchell
Manager
Arizona Water Banking Authority
3550 N. Central Avenue
Phoenix, AZ 85012

SUBJECT: Request for Partial Payment of Shortage Mitigation Monies

Dear Ms. Mitchell:

Thank you for your letter of May 8, 2008 proposing the preferred method of payment of the \$8 million to assist Arizona in offsetting the impacts of shortages, as outlined in the February 2007 Arizona-Nevada Shortage-Sharing Agreement.

We are agreeable to your proposed payment method and to receiving notification in December regarding the next year's partial payment due. In addition, we understand the Arizona Water Banking Authority (AWBA) may want to take advantage of unforeseen storage opportunities arising throughout the year and could request additional funds above that requested in the initial partial payment. We understand the AWBA will request funds under the above referenced circumstances until the sum of \$8 million is received.

Invoice number 2123-08-01 for the partial payment of \$2,306,000 is currently being processed for electronic transfer of funds to AWBA leaving a remaining balance to be paid of \$5,694,000.

As always, we look forward to working with you. If you have any questions, please don't hesitate to contact me directly at (702) 826-3708.

Sincerely,

Kay Brothers
Deputy General Manager
Engineering and Operations

KB/df
Enclosure

SNWA MEMBER AGENCIES

Big Bend Water District • Boulder City • Clark County Water Reclamation District • City of Henderson • City of Las Vegas • City of North Las Vegas • Las Vegas Valley Water District

Long-term Storage Credits Accrued on Behalf of Nevada

	Year	Credits ¹ Earned	Cumulative Credits	Percent of Goal Achieved	Cost of Storage	Received ² from SNWA	Funds Available
				(1,250,000 AF)			
Actual	2002	61,098	61,098	5%	\$ 8,617,393	\$ 5,000,000	\$ -
	2003	50,000	111,098	9%	\$ -	\$ 3,723,945	\$ 106,552 ³
	2004	14,162	125,260	10%	\$ 2,899,647	\$ 1,330,000	\$ -
	2005	111,805	237,065	19%	\$ 25,723,366	\$ 100,000,000	\$ 72,813,539 ⁴
	2006	175,569	412,634	33%	\$ 35,386,306	\$ -	\$ 37,427,233
	2007	114,813	527,447	42%	\$ 21,853,906	\$ -	\$ 15,573,327
Estimated	2008						
	1 st Quarter	0	527,447	42%	\$ -	\$ -	\$ 15,573,327
	2 nd Quarter	0	527,447	42%	\$ -	\$ -	\$ 15,573,327
	Sub-total				\$ 94,480,618		
	3 rd Quarter	6,016	533,463	43%	\$ 1,222,400	\$ -	\$ 14,350,927
	4 th Quarter	0	533,463	43%	\$ -	\$ -	\$ 14,350,927
	Total				\$ 95,703,018	\$ 110,053,945	\$ 14,350,927

¹ 2003 credits transferred from CAWCD pursuant to Amended Agreement for Interstate Water Banking. Credits for 2008 are estimated.

² In 2009, SNWA will begin making ten annual payments of \$23,000,000.

³ Includes expenditure of \$3,617,393 from monies collected in 2003 as part 2002 reconciliation.

⁴ Includes expenditure of \$1,463,095 from monies collected in 2005 as part of 2004 reconciliation.

**Arizona State Treasurer's Office
Calculation of Interest Earnings for
Water Banking Authority
Reinvestment Method
For Period of June 27, 2005 thru May 31, 2008**

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
January 2007	106,010,159.90	5.1560%	31	365	464,225.75
February 2007	106,474,385.65	5.3508%	28	365	437,047.89
March 2007	106,911,433.54	5.1622%	31	365	468,735.46
April 2007	107,380,169.00	5.2452%	30	365	462,929.15
May 2007	107,843,098.15	5.1578%	31	365	472,417.18
June 2007	108,315,515.33	5.2323%	30	365	465,813.10
July 2007	108,781,328.43	5.1575%	31	365	476,499.47
August 2007	109,257,827.90	5.1863%	31	365	481,259.18
September 2007	109,739,087.08	5.2974%	30	365	477,806.99
October 2007	110,216,894.07	5.1597%	31	365	482,993.68
November 2007	110,699,887.75	5.0624%	30	365	460,608.59
December 2007	111,160,496.34	4.8656%	31	365	459,362.68
January 2008	111,619,859.02	4.7045%	31	365	445,988.61
February 2008	112,065,847.63	4.6296%	29	365	412,213.19
March 2008	112,478,060.82	4.2184%	31	365	402,980.85
April 2008	112,881,041.67	4.6153%	30	365	428,202.63
May 2008	113,309,244.30	3.2147%	31	365	309,367.45
Total Earnings					13,618,611.76

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.