

**ARIZONA WATER BANKING AUTHORITY
INTERSTATE WATER BANKING SUBCOMMITTEE
Final Minutes**

**August 21, 2000
Arizona Department of Water Resources**

Availability of Water and Opportunities for Interstate Banking

Tim Henley, manager of the AWBA, provided handouts that illustrated an analysis of the capacity available for interstate banking. The analysis included an examination of the AWBA's firming requirements, the quantity of water that could be purchased and stored within each county with the funds available over the next 16 years. CAP demands through 2025, the storage capacity that is available at existing facilities and the storage capacity that is available at proposed and/or potential new facilities. The calculations in the analysis sheet did not include credits already accrued and included inflation factors for property tax funds, water deliveries and facility fees. The analysis did not include impacts of interim surplus criteria or the potential for firming for Indian settlements. The CAP demand schedule was generated using the 70-R criteria. The analysis indicated that the real constraints on the AWBA activities will be recharge capacity not money or availability of water.

Since Nevada has indicated a desire to initiate interstate banking in the near future, Mr. Henley discussed three ways this could be achieved. The AWBA could decide to not maximize expenditure of funds that could be achieved by 2009 as shown on the summary page. Instead, they could extend the carryover of funds for a few more years and allow some interstate banking to occur up front. Another option would be for the AWBA to carry funds past 2016. Although the source of funding terminates at that time, there will still be water available to be banked. Finally, the AWBA could allow Nevada to utilize some percentage of the AWBA's recharge in the short term with the promise that Nevada will provide funds to develop additional recharge capacity in the future.

Update on Agua Fria and Pima Mine Road Recharge Facilities

John Newman, Assistant General Manager of the CAP, provided an update of the two recharge facilities. Land acquisition continues to slow down progress on the Agua Fria project, however, the CAWCD's condemnation authority became effective last month and outside counsel has been retained for the condemnation proceeding. CAWCD intends to amend the current application to change the monitoring plan so that no monitoring wells are present on lands owned by the LDS church. They anticipate initiation of construction in January 2001 and storage of water at the facility in approximately one-year. The Pima Mine Road facility finished public notice last week and received no protests. They anticipate initiation of recharge in September and that they could recharge 5000 AF before the end of 2000.

Mr. Newman also discussed other potential recharge sites that CAWCD is examining. Butler Valley, West Maricopa Combine, and Queen Creek/Schnepf Farms were discussed. He also stated that they have increased the estimates of storage at the Lower Santa Cruz facility and that up to 15,000 AF could be stored there in 2000.

Negotiation Status Update

Mr. Henley provided introductory information. He stated that the parties have met and discussed concepts, however, actual words have not yet been negotiated. Thus far, the discussions have focused on the two party agreement. It has been staff's perception that the other two agreements will grow out of what is included in the two party agreement.

Mike Pearce, chief counsel for ADWR, discussed the two party agreement using the draft outline provided. He noted that at this stage, many of the components are just concepts that need fleshed out.

Mr. Henley noted that discussions regarding recovery have focused on payment for recovery at the time recovery initiated. Mr. Henley also brought up the idea of Arizona's recourse in the event Nevada plays a role in changes to the Law of the River that negatively impact Arizona. Rita Pearson Maguire, Chairman of the AWBA, stated that this concept should be discussed in terms of the ill that the AWBA will be trying to prevent. Particularly, impacts to Arizona's entitlement. During this discussion, George Renner stated that he is not willing to accept any risk for Arizona and wants the ability to terminate the agreement if necessary. Bill Chase questioned what party would represent the State of Arizona in this state to state agreement. Mr. Pearce stated that it would be the AWBA. Mr. Pearce described how if a lawsuit was necessary to enforce the agreement how it would proceed and there was some discussion regarding what happens to the AWBA after 2016. Richard Walden initiated a discussion regarding inclusion of Pima County in the interstate process. Mr. Henley and Mr. Pearce will be meeting with Pima County interests to discuss this issue.

In discussion regarding future meetings, Mr. Henley stated that once the AWBA is comfortable with the two party agreement, the Bureau of Reclamation should become involved in the discussions. Ms. Pearson Maguire stated that many of the issues discussed today could be meetings in their own right and that some bifurcation of discussion would probably be necessary in future subcommittee meetings.

The next Interstate Water Banking Subcommittee Meeting will be scheduled for either September 11 or September 13 as AWBA members' calendars allow.

Call to the Public

There were no comments or questions from the public.

The meeting concluded at 12:20 p.m.