

**Metropolitan Domestic Water Improvement District
Board of Directors Meeting**

September 14, 2015

**Water Storage Agreement of Central Arizona Project Water
with the City of Phoenix**

Synopsis

The City of Phoenix Water Department desires to store a portion of its CAP allocation in 2016 at the Avra Valley Recharge Project prior to Colorado River shortages affecting water providers. This storage would not negatively impact the District's finances or displace the District's storage.

Background

The District and Tucson Water each developed with the City of Phoenix an Intergovernmental Agreement to implement the pilot phase of Inter-AMA Firming, an innovative water management tool. On September 8, 2014, the District Board of Directors approved the pilot agreement with Phoenix. The purpose of the pilot is to test with State agencies the administrative feasibility of Inter-AMA M&I Firming by storing and recovering up to 150 acre-feet.

The District has benefited many ways from Inter-AMA M&I Firming in 2015. Unused storage capacity at AVRVP was utilized by the City of Phoenix and the storage was successfully completed in July. The City of Phoenix paid its proportional share of storage costs at AVRVP.

CAP Storage Agreement

At the first of September, the District received a request from the City of Phoenix to store 1,500 acre-feet of its CAP allocation in 2016. Due to timing, a completed water storage agreement is still being drafted by Phoenix from previously approved District water storage agreements; however, this concept is still being presented for this meeting since CAP water orders for 2016 must be made by October 1, 2015. The agreement would pertain only to CAP water storage and would allow Phoenix to store a portion (1,500 acre-feet) of its CAP allocation at the District's Avra Valley Recharge Project in 2016. The Arizona Department of Water Resources (ADWR) will record to the City of Phoenix's Long-Term Storage Account in 2017 a volume of CAP water recharge credits after regulatory deductions. The water storage agreement would be basically the same as the one the District has with the Arizona Water Banking Authority.

The agreement does not include recovery of the City of Phoenix stored recharge credits but it is anticipated a recovery agreement would be contemplated in the future. The District, City of Phoenix, City of Tucson, ADWR, CAP, and Bureau of Reclamation are finalizing how the City of

Phoenix will recover its stored water under the Pilot phase of Inter-AMA Firming agreement. The CAP water ordered by Phoenix will not be an additional budgetary expense to the District but will instead be a part of our 2016 CAP storage schedule. The City of Phoenix would pay the AVRP storage fee, which would contribute to the operation and maintenance costs for AVRP.

Staff Recommendation

Staff recommends that the Board of Directors authorize the Chair of the Board to sign the Water Storage Agreement of Central Arizona Project Water with the City of Phoenix following Legal Counsel's review and with an expiration date of December 31, 2016. Based on the nature of the agreement, staff believes it would still be beneficial to have the Chair of the Board authorized to sign the agreement in an effort to have an agreement with Phoenix in place prior to October 1, 2015 when CAP water orders are due.

Suggested Motion

I move to authorize the Chair of the Board to sign the Water Storage Agreement of Central Arizona Project Water between the City of Phoenix and the District following Legal Counsel's review and with an expiration date of December 31, 2016.

Respectfully submitted,

Joseph Olsen, P.E.
General Manager