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OPEN MEETING AGENDA ITEMS

2001 APR 25 P 2:42

ARIZONA DEPARTMENT OF WATER RESOURCES
500 North Third Street, Phoenix, Arizona 85004
Telephone 602 417-2410
Fax 602 417-2415



JANE DEE HULL
Governor

RITA PEARSON
MAGUIRE
Director

April 25, 2001

Ms. Nancy Cole
Arizona Corporation Commission
Hearing Division, Docket Control
1200 West Washington Street
Phoenix, AZ 85007-2996

Re: Arizona Power Plant and Transmission Line Siting Committee
San Tan Expansion Project, Case No. 105

Attn: Power Plant and Transmission Line Siting Committee

In the hearings held before the Power Plant and Transmission Line Siting Committee, the Salt River Project (SRP) identified two water supply alternatives to meet the 6,440 acre-feet (af) water requirement for the proposed San Tan Expansion Project (SEP). The first alternative would be a cooperative effort between the Town of Gilbert and SRP. The second would have SRP providing its own water supply.

The Arizona Department of Water Resources (Department) requested SRP and the Town of Gilbert to provide additional information to enable the Siting Committee to better understand the viability of each source of supply.

At the February 12, 2001 SEP hearing of the Siting Committee, SRP provided the information, dated February 6, 2001, in response to the Department's request. Since the information was provided late in the hearing process, there was no opportunity for the Department to discuss this information with the other members of the Siting Committee. No material was received from the Town of Gilbert

The information provided in the February 6, 2001 document has addressed the issues and concerns expressed by the Department in the hearing process. The water supply alternatives are both acceptable and either should be able to meet the water requirements for the SEP.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis Sundie".

Dennis Sundie, Section Manager
Water Resources Planning Section

cc: Corporation Commission
Parties of Record

DS:kd



Delivering More Than Power™

PO Box 52025
Mail Station PAB110
Phoenix, AZ 85072-2025
Phone: (602) 236-2277
Fax: (602) 629-8490
Internet: rssiegel@srpnet.com

Richard S. Siegel
Principal Analyst
Water Rights and Contracts

April 6, 2001

Mr. Mark R. Frank
Phoenix Active Management Area
Arizona Department of Water Resources
500 North Third Street
Phoenix, Arizona 85004

Re: **Amendment of Certificate of Water Exchange Enrollment #67-547270**

Dear Mr. Frank:

As per my phone conversation with Patrick Schiffer of ADWR on March 20, pursuant to A.R.S. § 45-1041.B (modification of a previously enrolled water exchange), the purpose of this letter is to request the amendment of the above referenced Certificate of Water Exchange Enrollment to include CAP water and effluent as water exchange sources for the Town Gilbert, and that the amended certificate be valid retroactive to calendar year 2000.

If you have any questions on this letter, please call me at the number above. Thank you very much for your assistance.

Sincerely,

Richard S. Siegel

Approved and Acknowledged:

Town of Gilbert

c: Guy Carpenter, Town of Gilbert
Lonnie Frost, Town of Gilbert
Patrick Schiffer, ADWR

bc: JoEllen Alberhasky
Thom Bawden
Felipe Caballero
Pete Cady
Paul Cherrington
Steve Doncaster
Mike Ference
Ron Heckenberg
Greg Kornrumph
Tom Kuk
George Livergood
Terry Lonon
Joe Rauch
Dave Roberts
Lanier Stevens



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Paul A. Cherrington
Manager
Water Engineering and Transmission

May 2, 2001

Mr. Guy Carpenter
Water Resources Manager
Town of Gilbert
1025 South Gilbert Road
Gilbert, Arizona 85296

Re: **Inclusion of SRP Wells in Recovery Well Permit**

Dear Mr. Carpenter:

This letter indicates SRP's approval for the Town of Gilbert to include those SRP wells located within the Town of Gilbert in Gilbert's Recovery Well Permit application (see enclosed list).

These SRP wells will be used by the Town of Gilbert for those purposes allowed under the Water Delivery and Use Agreement (WDUA) between SRP and Gilbert, including SRP's Member Land Credit Recovery Program, and eventually, an expanded CRP for non-Member Land and off-Project land purposes.

We expect to enter into the Member Land CRP letter agreement with the Town of Gilbert very soon.

If you have any questions on this letter, please call me at 602-236-2460.

Sincerely,

Paul A. Cherrington
SRP Water Delivery and Use Agreement Authorized Representative

bc: JoEllen Alberhasky
Thom Bawden
Felipe Caballero
Pete Cady
Steve Doncaster
Mike Ference
Ron Heckenberg
Greg Kornrumpf
George Livergood
Tom Kuk
Terry Lonon
Joe Rauch
Rich Siegel
Vicki Simon
Lanier Stevens

PAC/RSS/rss

c: Mr. Lonnie Frost, Town of Gilbert
Mr. Dave Roberts, SRP
Mr. Bill Taylor, Town of Gilbert

SRP WELLS WITHIN THE TOWN OF GILBERT*

ADWR Number	SRP Number	Volume (AF/YR)**	Comments
55542431	29E-1S	4,415	Direct Connect (Town Well #15)
55547844	32E-2S	3,710	Direct Connect (Town Well #17)
55607720	33E-3S	6,662	Transmission (Santan C)
55607690	32.5E-3S	3,558	Santan A
55607693	32.1E-3S	3,666	Santan B
55608366	32.1E-4S	3,226	Transmission
55608367	31.1E-4.5S	3,000	Distribution
55617084	30.1E-3S	2,858	Transmission
55617085	29.6E-3.5S	4,912	Transmission
55617086	29.3E-4S	3,857	Transmission
55617087	29.3E-0S	3,937	Distribution
55617090	28.5E-3.3S	4,758	Direct Connect (Town Well #16)
55617094	28E-2S	5,183	Distribution
55617095	28E-1S	5,804	Distribution
55617104	29E-2S	5,628	Distribution
55617105	29E-1.5S	3,410	Distribution
55617107	33.4E-0.5S	4,033	Transmission
55617108	33.3E-2S	3,726	Direct Connect (Town Well #4)
55617110	32.5E-3.5S	4,033	Transmission (Santan D)
55617111	31.4E-0S	2,142	Transmission
55617115	30.3E-2.6S	3,226	Direct Connect (Town Well #3)
55617116	31.1E-1S	4,321	Transmission
55617117	31E-1.5S	4,003	Transmission
55617118	31.3E-0.5S	4,670	Transmission
55617822	31.5E-3S	4,003	Distribution (Being relocated to 31.6E-3S)
55617834	27E-1S	3,820	Distribution
55617866	30.8E-2S	3,207	Transmission

* Includes only SRP wells shown on SRP Recovery Well Permit 74-548930

* Volume shown is SRP permitted volume (SRP Recovery Well Permit 74-548930)

24-Apr-01



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David C. Roberts
Manager
Water Rights and Contracts

July 13, 2001

Mr. Lonnie Frost
Public Works Director
Town of Gilbert
1025 S. Gilbert
Gilbert, Arizona 85296-3401

Re: **SRP Groundwater Savings Facility (GSF) Consent**

Dear Mr. Frost:

As required by the Arizona Department of Water Resources (ADWR) in Gilbert's Water Storage Permit application, this letter serves as SRP's consent to Gilbert obtaining a Water Storage Permit for SRP's GSF. SRP will accept in lieu water from Gilbert subject to the conditions set forth in (1) SRP's GSF permit (permit #72-553133), and (2) a GSF agreement between SRP and Gilbert.

If you have any questions on this letter, please call Mr. Richard Siegel at 602-236-2277, or myself at 602-236-2343.

Sincerely,

A handwritten signature in black ink that reads "David C. Roberts". The signature is written in a cursive style with a large initial "D" and "R".

David C. Roberts
SRP GSF Authorized Representative

DCR/RSS/rss

c: Mr. Charles Ester, SRP
Mr. Richard Siegel, SRP
Mr. Greg Kornrumpf, SRP



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Richard S. Siegel
Principal Analyst
Water Rights and Contracts

August 29, 2001

Ms. Norma Hernandez
Administrative Secretary
Town of Gilbert
1025 South Gilbert Road
Gilbert, Arizona 85296

Re: **SRP/Gilbert Groundwater Savings Facility (GSF) Agreement**

Dear Ms. Hernandez:

As we discussed today, enclosed are three fully executed original copies of the above referenced agreement.

Thank you very much for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard S. Siegel', is written over a faint, larger version of the same signature.

Richard S. Siegel

c w/enc.: Lonnie Frost, Town of Gilbert
Dave Roberts, SRP

bc w/enc.: Thom Bawden
Felipe Caballero
Paul Cherrington
Steve Doncaster
Charlie Ester
Ron Heckenberg
Greg Kornrumpf
Tom Kuk
Joe Rauch
Dallas Reigle
Dave Stanley
Lanier Stevens

[Original filed with Corporate Secretary's Office]

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GROUNDWATER SAVINGS FACILITY AGREEMENT

BETWEEN

SALT RIVER VALLEY WATER USERS' ASSOCIATION

AND

TOWN OF GILBERT

06/18/1996 TJK

GROUNDWATER SAVINGS FACILITY AGREEMENT
BETWEEN
SALT RIVER VALLEY WATER USERS' ASSOCIATION
AND
TOWN OF GILBERT

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1 GROUNDWATER SAVINGS FACILITY AGREEMENT

2 1. PARTIES:

3 This Groundwater Savings Facility Agreement ("Agreement") is made and entered into the
4 24th day of July 2001 by and between the SALT RIVER VALLEY WATER
5 USERS' ASSOCIATION, an Arizona Corporation, (hereinafter referred to as "Association")
6 and the TOWN OF GILBERT an Arizona Municipal Corporation, (hereinafter referred to as
7 "Town"). These parties may hereinafter be referred to individually as "Party" and collectively
8 as "Parties".

9 2. RECITALS:

10 2.1 Shareholders of Association are owners of land ("Member Land") within the Salt River
11 Reservoir District ("SRRD"), having valid appropriative rights to water of the Salt and
12 Verde Rivers. Association is responsible for delivery to Member Land of water
13 developed, controlled or stored by it for the benefit of such lands, including
14 groundwater pumped from Association wells to supplement surface water.

15 2.2 Town distributes water to land within its water service area. As Member Lands
16 urbanize, Association delivers to Town for said lands within Town's water service
17 area, water developed, controlled or stored by Association, to which said lands are
18 entitled, including groundwater.

19 2.3 Arizona revised statutes §45-801.01 et seq encourage the use of Central Arizona
20 Project ("CAP") water in place of groundwater by authorizing permits to be issued for
21 water storage and the operation of groundwater savings facilities ("GSF") in active
22 management areas ("AMAs").

23 2.4 The SRRD is within the Phoenix AMA. Association desires to reduce the amount of
24 groundwater pumped from within the SRRD and delivered for use on Member Land
25 by operating the SRRD as a GSF pursuant to a GSF permit.

26 2.5 Town also desires to reduce groundwater pumping within the Phoenix AMA, and is

1 willing to arrange for the delivery of CAP water to the SRRD GSF. Association is
2 willing to receive and then deliver such water in-lieu of groundwater for use on
3 Member Land.

4 2.6 Association and Town desire to enter into this Agreement to establish a GSF and
5 acquire CAP water for delivery and use within the GSF in-lieu of groundwater
6 pumped therein.

7 3. AGREEMENT:

8 In consideration of the foregoing, the covenants and agreements contained herein and other
9 good and valuable consideration, Association and Town agree as follows:

10 4. AUTHORIZED REPRESENTATIVES:

11 Within thirty (30) days after execution of this Agreement, each Party shall designate in
12 writing to the other Party, an authorized representative ("AR") and an alternate to administer
13 on behalf of the designating Party, the provisions of this Agreement as stipulated in Sections
14 6.2, 6.3 and 6.5. Written notice of a change of an AR or alternate shall be provided within
15 thirty (30) days of such change. The alternate shall act only in the absence of the AR.
16 Neither the ARs nor the alternates shall have authority to amend this Agreement.
17 Agreements of the ARs pursuant to this Agreement shall be in writing and signed by them.

18 5. PERMITS AND REPORTS:

19 5.1 At its expense, Association shall obtain and maintain in effect a GSF permit issued by
20 the Arizona Department of Water Resources ("ADWR") to operate the SRRD as a
21 GSF pursuant to and in accordance with the permit.

22 5.2 At its expense, Town shall obtain and maintain in effect a water storage permit issued
23 by the ADWR for the GSF specified in Section 5.1.

24 5.3 The Party issued a permit by ADWR pursuant to this Section 5 shall be responsible
25 for the filing of reports required by the permit.

26 5.4 Each Party shall cooperate with and provide non-proprietary information required by

1 the other Party to obtain, or conform to the requirements of, a permit specified in this
2 Section 5. Association and Town agree to comply with the operating requirements of
3 the GSF permit and the GSF plan of operation.

4 5.5 Town acknowledges that ADWR may determine that certain water losses incurred
5 transporting CAP water as in-lieu water ("In Lieu-Water") for use on Member Land,
6 shall reduce the amount of water credits accrued by Town from operation of the GSF.

7 6. CAP WATER CONTRACT:

8 6.1 Town shall use its existing contract or enter into a contract ("Contract") with Central
9 Arizona Water Conservation District ("CAWCD") to provide for the delivery of In-Lieu
10 Water for use in the GSF during the term of the GSF permit.

11 6.2 The Contract shall permit Association to order In-Lieu Water directly from CAWCD in
12 accordance with CAWCD water ordering procedures, and limits to be established by
13 the ARs. In-Lieu Water ordered by Association shall not exceed the then applicable
14 Town budget for such water.

15 6.3 By September 30 of each year, for the following calendar year, the ARs shall agree
16 upon an estimate of the amount of Association groundwater pumping that can be
17 displaced within the GSF on an acre-foot for acre-foot basis by the receipt of In-Lieu
18 Water for use in the GSF. Town may contract with CAWCD for such estimated
19 amount of In Lieu Water, subject to potential reduction as herein provided. During
20 the year for which the estimate was prepared, Association may, without any liability to
21 Town whatsoever, reduce this estimate due to a substantial increase in the quantity
22 of surface water in storage, which event has resulted in a change in the project
23 reservoir operating plan ("PROP") customarily used by Association to determine both
24 groundwater pumping and use of surface water within the SRRD. By written notice,
25 the Association AR shall inform the Town AR of the required reduction of the
26 estimate as soon as practicable. Town shall then reduce its contracted amount of In-

1 Lieu Water by a like amount.

2 6.4 In-Lieu Water shall be delivered through the CAP/SRP Interconnection Facility
3 ("CSIF") to the Association canal system using Town's capacity, as necessary, in
4 each of the components of the CSIF. If the rate of delivery of In-Lieu Water exceeds
5 such capacity owned by Town, Association's capacity in the CSIF components shall
6 be used to the extent of such exceedance. Each Party shall bear the cost of use of
7 its owned capacity in each CSIF component used for the delivery of In-Lieu Water.
8 The water shall be measured as provided in the CAP/SRP Interconnection
9 Intergovernmental Agreement dated July 26, 1989, to which the Parties hereto are
10 also parties.

11 6.5 Except as otherwise provided in this Agreement, Association shall have no obligation
12 to conform to the requirements of the Contract, except Association shall pay to Town
13 one-half of the cost of In-Lieu Water Association orders and receives. Association's
14 share of such cost shall not exceed fifteen dollars (\$15) per acre foot, unless
15 otherwise agreed by the ARs. Association's share of the cost shall be remitted to
16 Town by the end of the month following the month during which the In-Lieu Water
17 was received.

18 6.6 Association shall be responsible for the In-Lieu Water and its delivery for use on
19 Member Land in the GSF once the water has been introduced to the Association
20 canal system. Town shall neither be charged a transportation fee nor be assessed
21 transportation losses pursuant to the Water Transportation Agreement between the
22 Parties dated November 25, 1997 for In-Lieu Water delivered to Association
23 pursuant to this Agreement. In-Lieu Water delivered to Member Land shall be
24 accounted for as part of that land's allotment of water from Association.

25 6.7 By the fifteenth (15th) day of each month, Association shall provide Town a report
26 that specifies the total amount of In-Lieu Water received by Association pursuant to

1 this Agreement during A) the prior calendar month, and B) the calendar year to date,
2 inclusive of the prior calendar month.

3 6.8 For each acre foot of In-Lieu Water received pursuant to this Agreement, Association
4 shall reduce its groundwater pumping within the GSF by one acre-foot in comparison
5 to the amount of groundwater Association would have pumped within the GSF had it
6 not received the In-Lieu Water.

7 7. TERM AND TERMINATION:

8 7.1 This Agreement shall become effective upon A) execution by the Parties, B) receipt
9 of the required permits, and C) execution of the Contract stipulated in Section 5.

10 7.2 Once effective, this Agreement shall remain in effect from year to year on a calendar
11 year basis, unless terminated as hereinafter provided.

12 7.3 Either Party may terminate this Agreement effective at the end of the then current
13 calendar year, upon written notice provided to the other Party at least thirty (30) days
14 prior to the end of the then current term of this Agreement.

15 7.4 Termination of this Agreement shall not relieve either Party of its obligation to make
16 payments due pursuant to this Agreement.

17 8. RECOVERY OF WATER:

18 The Parties acknowledge that the recovery of water retained underground in the GSF,
19 pursuant to this Agreement and applicable permits, is beyond the scope of this Agreement,
20 and recovery of such water shall be the sole responsibility of the Party desiring to recover
21 such water.

22 9. WATER QUALITY:

23 Neither Party guarantees the quality of In-Lieu Water delivered, received or used pursuant to
24 this Agreement. Each Party waives its right to make a claim against the other Party for the
25 effect on the quality of surface or underground water as a result of this Agreement, unless
26 such effect on water quality is the result of such other Party's negligent or wrongful action or

1 inaction.

2 10. INDEMNIFICATION:

3 Each Party (indemnitor) to this Agreement shall indemnify and hold harmless the other Party
4 (indemnitee) and its governing bodies, agents, directors, officers, and employees from any
5 loss, damage, or liability, including reasonable attorney's fees, caused by a negligent or
6 wrongful action or inaction on the part of the indemnitor and its governing bodies, agents,
7 directors, officers, and employees, including without limitation, claims for bodily injury,
8 illness, death, or damage to property. Each Party shall assume liability for its own negligent
9 or wrongful action or inaction.

10 11. UNCONTROLLABLE FORCES:

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

24 12. NOTICES:

25 Any notice, demand or request provided for in this Agreement shall be in writing and
26 delivered in person, or sent by registered or certified mail, postage prepaid, to:

1 Salt River Valley Water Users' Association

2 c/o Corporate Secretary - PAB 215
3 PO Box 52025
4 Phoenix, AZ 85072-2025
5 Reference: Groundwater Savings Agreement

6 (With a copy to Association's Authorized Representative.)

7 Lonnie Frost
8 Public Works Director, Town of Gilbert
9 1025 S. Gilbert Rd.
10 Gilbert, AZ 85234-3401

11 (With a copy to Town's Authorized Representative.)

12 13. WAIVER:

13 The waiver by either Party of any breach of any term, covenant or condition herein shall not
14 be deemed a waiver of any other term, covenant or condition, or any subsequent breach of
15 the same or any other term, covenant or condition herein.

16 14. TRANSFER OF INTEREST:

17 No voluntary transfer of this Agreement or the rights or obligations of either Party under this
18 Agreement shall be made without the written consent and approval of the other Party, except
19 to a successor in operation of the properties of either Party; however, water credits accrued
20 from operation of the GSF may be assigned at the sole discretion of the accruing Party.

21 15. NO THIRD PARTY BENEFICIARIES:

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

25 16. GOVERNING LAW:

26 This Agreement is made under, and shall be governed by, the laws of the State of Arizona.

17. AGREEMENT CANCELLATION:

1 This Agreement may be cancelled pursuant to Arizona revised statute § 38-511.

2 18. HEADINGS:

3 Title and paragraph headings herein are for reference only and are not part of this
4 Agreement.

5 19. ENTIRE AGREEMENT:

6 The terms, covenants and conditions of this Agreement constitute the entire Agreement
7 between the Parties, and no understandings or obligations not herein expressly set forth
8 shall be binding upon them. This Agreement may not be modified or amended in any
9 manner unless in writing and signed by the Parties.

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IN WITNESS WHEREOF, this Agreement was executed by the Parties on the date first hereinabove written.

Attest and Countersign

SALT RIVER VALLEY WATER USERS' ASSOCIATION

Stephanie K Reed ASST. CORP. SEC.
Secretary

By William P. Schrade
President

APPROVED AS TO FORM AND WITHIN THE POWER AND AUTHORITY GRANTED UNDER THE LAWS OF THE STATE OF ARIZONA TO THE SALT RIVER VALLEY WATER USERS' ASSOCIATION

[Signature] 8/27/01

Attest

TOWN OF GILBERT, a municipal corporation

Catherine K. Tompkins
Town Clerk

By [Signature]
Town Manager

APPROVED AS TO FORM AND WITHIN THE POWER AND AUTHORITY GRANTED UNDER THE LAWS OF THE STATE OF ARIZONA TO THE TOWN

Susan Jones
Town Attorney

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