



DOUGLAS A. DUCEY
Governor

THOMAS BUSCHATZKE
Director

ARIZONA DEPARTMENT of WATER RESOURCES
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May 1, 2019

The Honorable Douglas A. Ducey
Governor, State of Arizona
1700 West Washington Street
Phoenix, AZ 85007

Re: Arizona Drought Contingency Implementation Plan Ninety-Day Update

Dear Governor Ducey,

Pursuant to Section 17 of Senate Bill 1227, "The director of water resources shall ... Report to the president of the senate, the speaker of the house of representatives, the governor and the committees with jurisdiction over water issues in the house of representatives and the senate on the status of any agreement necessary to the intrastate drought contingency implementation plan thirty, sixty and ninety days after enactment of the joint resolution regarding the Colorado River drought contingency implementation plan."

In accordance with this requirement, the Director of the Arizona Department of Water Resources (ADWR) submits the following ninety-day status update:

1. The Overarching Arizona Implementation Agreement is in draft form. The parties involved are ADWR, United States, Central Arizona Water Conservation District (CAWCD), the Gila River Indian Community (GRIC), and others that are to be determined.
2. The Central Arizona Project (CAP) Agriculture Mitigation Agreement is in draft form and under negotiation. The parties involved are CAWCD, Central Arizona Irrigation and Drainage District (CAIDD), Maricopa Stanfield Irrigation and Drainage District (MSIDD), Hohokam Irrigation District (HID), San Carlos Irrigation and Drainage District (SCIDD), Harquahala Valley Irrigation District (HVID) and the Queen Creek Irrigation and Drainage District (QCIDD).
3. The CAP Non-Indian Agriculture (NIA) Mitigation Agreement is in draft form and under negotiation. The parties involved are the United States, CAWCD, GRIC City of Chandler, Town of Gilbert, City of Mesa, City of Phoenix, City of Scottsdale, and the City of Tempe. Phoenix City Council approved draft terms of agreement on February 20, 2019.

4. The CAWCD and Salt River Project (SRP) Exchange Agreement has been fully executed by both CAWCD and SRP.
5. The Arizona Intentionally Created Surplus (ICS) Framework Agreement between ADWR, CAWCD and the United States is in final form. The CAWCD Board approved the form of agreement on March 7, 2019.

ICS exhibits to the 2007 Lower Colorado River Basin Intentionally Created Surplus Agreement (2007 ICS Agreement) were proposed by CAWCD, Mohave Valley Irrigation and Drainage District (MVIDD), Wellton Mohawk Irrigation and Drainage District (WMIDD), Colorado River Indian Tribes (CRIT), and the GRIC. Because one of the California parties to the 2007 ICS Agreement will not be a party to the interstate Drought Contingency Plan (DCP) agreements or approving any ICS exhibits, the interstate parties have incorporated the approval of new exhibits simultaneously with the execution of the DCP agreements. Consultation with parties in California and Nevada is complete, and consultation with the Upper Division States (Colorado, New Mexico, Utah, and Wyoming) is ongoing.

6. The CRIT System Conservation Agreement among ADWR, Bureau of Reclamation (BOR), CRIT and CAWCD is in draft form and under negotiation. The Environmental Defense Fund will participate in the funding of the CRIT system conservation through a separate funding agreement with ADWR. This funding agreement is in draft form and under negotiation.
7. The Exchange of Letters between ADWR and CAWCD was completed on January 30, 2019.
8. The Groundwater Savings Facility to Groundwater Savings Facility Agreement between EPCOR and MSIDD is in draft form and under negotiation.
9. Underground Storage Facility to Groundwater Savings Facility Agreements:
 - a. The Agreement for the exchange of Arizona Water Banking Authority (AWBA) Long Term Storage Credits (LTSC) among the AWBA, the City of Phoenix, City of Scottsdale, City of Avondale, City of Chandler, City of Peoria, City of Goodyear, City of Tucson, EPCOR, and Freeport-McMoran is in final form. The Phoenix City Council approved the terms agreement on February 20, 2019. The other municipal parties are working to bring the agreement in front of their governing bodies. On March 20, 2019, the AWBA Commission approved the agreement.
 - b. The Underground Storage Facility to Groundwater Savings Facility Agreement among the City of Phoenix, City of Scottsdale, City of Avondale, City of Chandler, City of Peoria, City of Goodyear, City of Tucson, EPCOR, Freeport-McMoran, CAIDD, MSIDD, HID, and HVID is in draft form. The Phoenix City Council approved draft terms of agreement on February 20, 2019.
 - c. The AWBA Recovery Agreements between the AWBA and potential recovery partners (to be determined) are in concept form.
10. The Agreement between the United States and the GRIC for the purchase of ICS for the purposes of meeting the United States tribal firming obligation is in draft form and under negotiation.

11. The Agreement between the AWBA and the GRIC for purchase of ICS for the purpose of meeting the AWBA's obligations to the GRIC under the Arizona Water Settlements Act is in draft form and under negotiation.
12. The GRIC, Central Arizona Groundwater Replenishment District (CAGR), and Gila River Water Storage LLC (GRWS) Water Supply Acquisition Agreements were executed by CAWCD, GRIC and GRWS on January 31, 2019.

Please do not hesitate to contact me at 602.771.8426 should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Thomas Buschatzke', with a long horizontal line extending to the right.

Thomas Buschatzke
Director

cc: Speaker Rusty Bowers
President Karen Fann
Madam Chairman Gail Griffin
Madam Chairman Sine Kerr