

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION
CONCEPTUAL FRAMEWORK
FOR THE
“NEXT BUCKET”**

April 26, 2006

Goals:

1. Work to attain the highest degree of intergovernmental cooperation possible in order to ensure that AMWUA members have reliable water supplies to meet their future individual needs.
2. Work collaboratively to maximize cooperation in acquiring new water supplies at a reasonable cost.
3. Maximize economies of scale and operational efficiencies in providing new water supplies.
4. Assure that a viable method is available to deliver new water supplies in the three-county service area of the CAP.

Principles:

1. AMWUA members will maintain independent authority and responsibility to own and operate their individual water and wastewater facilities.
2. Each AMWUA member will continue to maintain authority and control over its existing water supplies.
3. Wheeling capacity in the CAP aqueduct that has previously been “set aside” for AMWUA members will be protected.
4. Beneficiaries of new water supplies will pay on the basis of the benefits they receive.
5. Eligible parties, including CAGR, will have equal opportunity to purchase new water supplies and use transportation capacity.
6. Unlimited enrollment in the CAGR will be addressed.

Concepts:

1. The Central Arizona Water Conservation District's (CAWCD) authority to purchase and import non-Central Arizona Project (CAP) water into the Phoenix, Tucson, and Pinal Active Management Areas (AMAs) to meet the replenishment obligations of the Central Arizona Groundwater Replenishment District (CAGRDR) will be expanded to include the authority to purchase and import non-CAP water to assist municipal water providers in the AMAs that have been designated as having an assured water supply (Designated Providers):
 - a. Maintain their designations of assured water supply.
 - b. Firm up existing water supplies.
 - c. Provide back up supplies for drought conditions.
2. All non-CAP water purchased and imported by CAWCD beyond the amount needed to meet CAGRDR's projected replenishment obligation that is planned to be met with non-CAP water as set forth in the CAGRDR Plan of Operation for 2006-2015¹ (Additional Water) will be made available for purchase by and delivery to CAGRDR and Designated Providers on an equal footing. The CAGRDR and Designated Providers that choose to participate in acquiring Additional Water as outlined in these concepts will be known as Participants.
3. A Participant may acquire Additional Water from the CAWCD only by entering into a contract with the CAWCD under which the Participant will be required to:
 - a. Submit a schedule of the quantities of Additional Water desired (Schedule).
 - b. Make a financial "buy in" (e.g., capacity charge) for aqueduct capacity and expansion in proportion to the Participant's Schedule and delivery location.
 - c. Pay fixed OM&R costs associated with the acquisition of Additional Water in proportion to the Participant's Schedule.
4. Each Participant will pay for Additional Water acquired and the cost of delivery of Additional Water, including any costs associated with environmental compliance and necessary approvals by Federal, state or local governments, in proportion to its Schedule and the cost of delivery.

¹ Central Arizona Groundwater Replenishment District Plan of Operation, Submitted Draft, November 8, 2004; determined by the Director of the Arizona Department of Water Resources in a decision and order issued on October 31, 2005 to be consistent with achieving the management goals of the Phoenix, Pinal and Tucson Active Management Areas.

5. The delivery of Additional Water will not create a right or obligation for delivery through the CAP transportation system except as such right or obligation may be described in any contract for Additional Water.
6. A Participant that defaults on any contractual obligations or withdraws from the contract will forfeit any future right to the contract's benefits and any funds already paid in satisfaction of the contract. The revocation or termination of a designation of assured water supply for a Designated Provider is not a default. All existing Participants will have a first right of refusal to contract for the Additional Water that is the subject of the default. If existing Participants exercise a right of first refusal that exceeds the amount of Additional Water that is the subject of the default, the Additional Water will be prorated among those existing Participants.
7. A Designated Provider will continue to bear the responsibility for maintaining its designation of assured water supply.