

# **PLAN SIX**

**Cost Sharing Agreement for  
Plan 6 of the C.A.P.**

**April 15, 1986**

R6P

**CENTRAL  
ARIZONA  
PROJECT  
ASSOCIATION**

**ANNUAL  
REPORT  
1986**

**Central Arizona Project Association**

3030 N. Central Avenue  
Suite 812  
PHOENIX, ARIZONA 85012  
PHONE: 248-0226

Your Association had a busy year in 1986, highlighted by the signing of the Plan 6 Cost-Sharing Agreement by Governor Bruce Babbitt, and Secretary of the Interior, Donald Hodel, which paved the way for a record setting appropriation for CAP construction for fiscal year 1987.

The Association was well represented at the signing ceremony and also at the Appropriations Hearings in both the House and the Senate. Your Association hosted two luncheons for our congressional delegation, their staffs, and high-level officials of the key congressional committees and Interior Secretary Donald Hodel, Undersecretary Anne McLaughlin and Commissioner Dale Duval.

A monthly newsletter CAP "Watergram" has been provided to approximately 2000 readers. It provides information on project construction and progress issues and problems, at both State and Federal levels, related to the CAP.

### **SAFE**

The Phoenix office provides administrative and technical support to SAFE (Secure Arizona's Future Economy), an ad hoc committee of public and private sector leaders concerned with the long-term availability of water in Arizona.

### **GROUNDWATER RECHARGE**

The circumstance of having completed the first leg of the CAP aqueduct before completion of treatment plants and distribution systems has resulted in surplus capacity in the aqueduct. At the same time, an enormous surplus of water is being spilled out of the Colorado River into the Gulf of California.

Since February 1986 when the Association became involved, approximately 14 million acre-feet (twice Arizona's annual water use) of water have spilled into the Gulf of California and each day that passes, another 40,000 acre-feet get away. At this point, there isn't a better source of water or a better use of the Granite Reef Aqueduct.

Your Association has been actively engaged in supporting the efforts of SAFE, the Maricopa County Flood Control District (MCFCD), the Central Arizona Water Conservation District (CAWCD) and the Arizona Municipal Water Users Association (AMWUA) in attempting to salvage a portion of this surplus water for recharge into Maricopa County's many dry groundwater basins.

Thus far, a site has been selected on the Agua Fria River, an application has been submitted to the State Health Department, an application is being prepared for submission to the Arizona Department of Water Resources, and recharge studies are underway at MCFCD, CAWCD and AMWUA.

### **WEATHER MODIFICATION**

Meteorologists calculate that by using known cloud seeding technology, the snowpack on the Colorado River Basin can be increased to produce additional annual run-off that will average 1.7 million acre-feet. This would yield over 300,000 acre-feet to the CAP system according to the Bureau of Reclamation. The cost of this water is estimated at \$5 to \$7 per acre-foot in the river with a benefit/cost ratio of approximately 10:1.

The Association has been instrumental in promoting this important means of firming up the CAP supply. Long lead times are required for such a program and many physical, political, financial, social and legal problems must be addressed before full scale efforts can be started.

A cost-sharing program involving the U.S. Bureau of Reclamation and a broadly representative group of Arizona water users and leaders is presently being pursued for start-up this winter in Northern Arizona. An Arizona steering committee has been formed to work with the Bureau. They have named the project ASAP, Arizona Snowpack Augmentation Project. The goal is to develop the capability of increasing local streamflow and to add to our capability of augmenting the streams of the entire Colorado River Basin.

### **WATERSHED MANAGEMENT**

Watershed researchers and foresters tell us that present run-off is approximately 3.2% of the precipitation in Arizona. Some 75 million acre-feet fall in the State and only about 2.4 million acre-feet find its way into our streams. Years ago our watersheds did much better. Since the West was settled, the natural vegetation has been altered, greatly reducing run-off.

Modern, multi-purpose management practices designed to reduce fire hazard, improve grazing, recreation, wildlife habitat, timber production, hydropower, salinity control and water supply are being practiced on a small scale.

We are working with the Arizona Water Resources Committee, the University of Arizona, Northern

Arizona University, the Department of Water Resources, several municipalities and Indian communities to expand these practices throughout the Colorado River Basin to restore run-off and increase the water supply to the Colorado River and the CAP.

## **PLAN 6**

The Association recognizes the importance of the completion of all features of Plan 6 for the most efficient operation of the CAP. The amount of water produced from the system and its cost, safety and flood protection are influenced by having the regulation, conservation, flood storage and safety features of the dams in this plan. The support of the USBR, SRP, AMWUA, DWR, SAWARA, mining, Indian communities and agriculture in keeping Plan 6 on schedule is critically important.

## **THE WASHINGTON CONNECTION**

Our resident representative in Washington has served as our eyes and ears in the Nation's Capital for many years. Our presence in Washington enables us to maintain a constant relationship with members of the State's congressional delegation, the committees of the Congress that are important to our water development program, the Federal agencies related to our goals, and with individuals and groups whose interests parallel our own.

We have worked with other groups to gain passage of the first Omnibus Water Resources Authorization Bill in 16 years which includes various projects for Arizona, and new policy initiatives such as cost-sharing which have an impact on water resources development. We contributed to the effort for reauthorization of the Small Reclamation Projects program, which is the major source of funding for small irrigation systems and domestic water supply projects. We have also joined with other Colorado River Basin States in the effort to obtain appropriations to fund Colorado River Salinity Control programs.

## **RESEARCH HOUSE**

An interest has been expressed by the City of Glendale, the City of Phoenix, officials of SRP, APS, the Arid Lands Institute (U of A), builder John Long and others to construct an experimental research house demonstrating water and power conservation.

A successful demonstration house of this type, the "Casa del Agua", has been on display in Tucson for some time. The Association has lent support to this effort.

### EDUCATION COMMITTEE

We have brought together water experts and water educators from the DWR, F & WS, State Board of Education, SRP, the U.S. Bureau of Reclamation, and cities, in order to prepare educational material on water for use in schools throughout the state. The committee plans to target age groups from kindergarten through high school.

### IN MEMORY OF

The CAPA expresses sorrow at the loss this past year of three of our long time friends and loyal board members, Frank J. MacDonald, J.A. "Ted" Riggins, Jr., and Norris M. Soma.

### EXECUTIVE COMMITTEE

H.S. Raymond ..... *Chairman of the Board*  
Wayne M. Akin ..... *Vice Chairman of the Board*  
Webb Todd ..... *President*  
James M. Bush ..... *Vice President*  
Brock Ellis ..... *Vice President*  
Norman Fain ..... *Vice President*  
Lewis C. Murphy ..... *Vice President*  
Robert White ..... *Secretary/Treasurer*  
Dick Campana  
Terry Goddard  
John Lassen  
Bob Lynch  
Rod McMullin  
Norman Pretzer  
Keith Turley  
Don Weesner  
Bill Wheeler  
Mark Wilmer

### STAFF

Bill Wheeler ..... *Executive Director*  
Morley E. Fox ..... *Washington Representative*  
Marlene Steele ..... *Secretary*



# United States Department of the Interior



BUREAU OF RECLAMATION  
ARIZONA PROJECTS OFFICE  
23636 N. 7TH STREET  
P.O. BOX 9980  
PHOENIX, ARIZONA 85068

IN REPLY  
REFER TO 330-700  
500.

9-14-87

Mr. D.E. Sagramoso, P.E.  
Chief Engineer and General Manager  
Flood Control District  
of Maricopa County  
3335 West Durango Street  
Phoenix, Arizona 85003

Dear Sir:

Recent changes to Plan 6 will affect the contributions to be made in accordance with the Plan 6 funding agreement. As you are aware, a supplemental agreement has been developed which will protect the interests of Cliff Dam contributors in the event that an acceptable replacement is not found. The agreement specifies that, during the period when this replacement is being sought, the total contribution for Cliff Dam for all entities except the Flood Control District of Maricopa County (FCDMC) will continue to be made into a new special escrow account. The United States proposes that the amount of money to be deposited to the special account be the same as would have been deposited for Cliff Dam. These amounts are shown on the enclosed table.

The United States proposes to recalculate the amount for the FCDMC due to the limitations placed on the FCDMC by statute. This recalculation is based on the assumption that the Plan 6 features on the Salt and Agua Fria Rivers will be constructed and that only Safety of Dams features will be constructed on the Verde River. This assumption is used for the purposes of calculating the contributions of the FCDMC only and does not reflect a decision by the United States as to what will ultimately be constructed on the Verde River. The revised schedule of payments for the FCDMC is shown below:

1988	\$3.6 million
1989	3.6 million
1990	1.1 million
1991	1.0 million
1992	1.0 million
1993	1.0 million
Total	\$11.3 million

Dist...  
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Rec...  
Candi...

Under Appendix A, Section E, a yearly recalculation is required to adjust the totals to be contributed because of refinements in construction costs for the various features and changes in Federal appropriations. It is anticipated that this recalculation will take place for the features of Plan 6 other than Cliff Dam as soon as practicable after Bureau of Reclamation receives its fiscal year 1988 appropriation allowances.

Sincerely yours,



Larry D. Morton  
Assistant Project Manager

Enclosure

Identical letter sent to each of the names on the attached list.



LAW OFFICES OF  
*Larry J. Richmond, P.C.*

1419 NORTH 3RD STREET  
SUITE 100  
PHOENIX, ARIZONA 85004

LARRY J. RICHMOND  
BARBARA U. RODRIGUEZ  
JULIE M. LEMMON  
MARGARET Y. RAY

AREA CODE 602  
TELEPHONE 271-0505

January 19, 1988

Mr. Dan E. Sagramoso, P.E.  
Chief Engineer and General Manager  
Flood Control District of Maricopa County  
3335 West Durango Street  
Phoenix, Arizona 85009

Re: Plan 6 / Federal Appropriation

Dear Dan:

Enclosed herewith please find a copy of Public Law 100-202, which is, inter alia, the continuing appropriation (for fiscal year ending 9/30, 1988) for the Department of the Interior/Bureau of Reclamation for Plan 6.

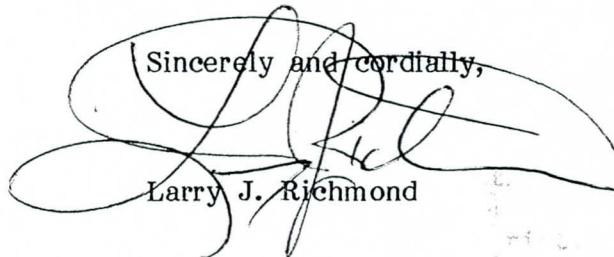
In reviewing page 119 of the Conference Report under "Construction Program," you will note the language:

"Provided further, that funds contributed by non-federal entities for purposes similar to this appropriation **shall** be available for expenditure for the purposes for which contributed as though specifically appropriated for said purposes, and such funds **shall** remain available until expended:"

In my judgment, this language should be considered extremely significant in Maricopa County's dealings with the Bureau of Reclamation regarding Maricopa Water District No. 1 and the Lake Pleasant matter. The excerpted language, above, perhaps explains why the Bureau of Reclamation is most anxious that the Flood Control District not withhold Plan 6 contributions.

Dan, as always, should you have any questions, please don't hesitate to call me.

Sincerely and cordially,



Larry J. Richmond

LJR:krf  
cc: Mr. Joe Duke

FLOOD CONTROL DISTRICT RECEIVED		
JAN 21 '83		
2	CH ENGR	P & PM
1	DEPT	HYDRO
	ADMIN	LMGT
	FINANCE	FILE
	C & O	
	ENGR	
REMARKS original to file		

*P.L. 100-202*

100TH CONGRESS  
*1st Session*

HOUSE OF REPRESENTATIVES

REPORT  
100-498

*Signed 12/22/87*

MAKING FURTHER CONTINUING APPRO-  
PRIATIONS FOR THE FISCAL YEAR  
ENDING SEPTEMBER 30, 1988

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CONFERENCE REPORT

TO ACCOMPANY

H.J. Res. 395



DECEMBER 22 (legislative day, DECEMBER 21), 1987.—Ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1987

80-400

## TITLE II

## DEPARTMENT OF THE INTERIOR

## BUREAU OF RECLAMATION

*For carrying out the functions of the Bureau of Reclamation as provided in the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto) and other Acts applicable to that Bureau as follows:*

## GENERAL INVESTIGATIONS

*For engineering and economic investigations of proposed Federal reclamation projects and studies of water conservation and development plans and activities preliminary to the reconstruction, rehabilitation and betterment, financial adjustment, or extension of existing projects, to remain available until expended, \$16,590,000: Provided, That of the total appropriated, the amount for program activities which can be financed by the reclamation fund shall be derived from that fund: Provided further, That all costs of an advance planning study of a proposed project shall be considered to be construction costs and to be reimbursable in accordance with the allocation of construction costs if the project is authorized for construction: Provided further, That funds contributed by non-Federal entities for purposes similar to this appropriation shall be available for expenditure for the purposes for which contributed as though specifically appropriated for said purposes, and such amounts shall remain available until expended.*

## CONSTRUCTION PROGRAM

## (INCLUDING TRANSFER OF FUNDS)

*For construction and rehabilitation of projects and parts thereof (including power transmission facilities for Bureau of Reclamation use) and for other related activities as authorized by law, to remain available until expended \$703,716,000, of which \$143,143,000 shall be available for transfers to the Upper Colorado River Basin Fund authorized by section 5 of the Act of April 11, 1956 (43 U.S.C. 620d), and \$152,498,000 shall be available for transfers to the Lower Colorado River Basin Development Fund authorized by section 403 of the Act of September 30, 1968 (43 U.S.C. 1543), and such amounts as may be necessary shall be considered as though advanced to the Colorado River Dam Fund for the Boulder Canyon Project as authorized by the Act of December 21, 1928, as amended: Provided, That of the total appropriated, the amount for program activities which can be financed by the reclamation fund shall be derived from that fund: Provided further, That transfers to the Upper Colorado River Basin Fund and Lower Colorado River Basin Development Fund may be increased or decreased by transfers within the overall appropriation to the heading: Provided further, ~~That funds contributed by non-Federal entities for purposes similar to this appropriation shall be available for expenditure for the purposes for which contributed as though specifically appropriated for said purposes; and such funds shall remain available until expended:~~ Provided further,*

That approximately \$5,630,000 in unobligated balances of Teton Dam Failure Payment of Claims funds provided under Public Laws 94-355 dated July 12, 1976, and 94-438, dated September 30, 1976, shall be available for use on projects under this appropriation: Provided further, That the final point of discharge for the interceptor drain for the San Luis Unit shall not be determined until development by the Secretary of the Interior and the State of California of a plan, which shall conform with the water quality standards of the State of California as approved by the Administrator of the Environmental Protection Agency, to minimize any detrimental effect of the San Luis drainage waters: Provided further, That no part of the funds herein approved shall be available for construction or operation of facilities to prevent waters of Lake Powell from entering any national monument: Provided further, That of the amount herein appropriated, such amounts as may be necessary shall be available to enable the Secretary of the Interior to continue work on rehabilitating the Velarde Community Ditch Project, New Mexico, in accordance with the Federal Reclamation Laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto) for the purposes of diverting and conveying water to irrigated project lands. The cost of the rehabilitation will be nonreimbursable and constructed features will be turned over to the appropriate entity for operation and maintenance: Provided further, That of the amount herein appropriated, such amounts as may be required shall be available to continue improvement activities for the Lower Colorado Regional Complex: Provided further, That the funds contained in this Act for the Garrison Diversion Unit, North Dakota, shall be expended only in accordance with the provisions of the Garrison Diversion Unit Reformulation Act of 1986 (Public Law 99-294): Provided further, That none of the funds appropriated in this Act shall be used to study or construct the Cliff Dam feature of the Central Arizona Project: Provided further, That Plan 6 features of the Central Arizona Project other than Cliff Dam, including (1) water rights and associated lands within the State of Arizona acquired by the Secretary of the Interior through purchase, lease, or exchange, for municipal and industrial purposes, not to exceed 30,000 acrefeet; and, (2) such increments of flood control that may be found to be feasible by the Secretary of the Interior at Horseshoe and Bartlett Dams, in consultation and cooperation with the Secretary of the Army and using Corps of Engineers evaluation criteria, developed in conjunction with dam safety modifications and consistent with applicable environmental law, are hereby deemed to constitute a suitable alternative to Orme Dam within the meaning of the Colorado River Basin Project Act (82 Stat. 885; 43 U.S.C. 1501 et seq.): Provided further, That any funds expended under this Act for the purpose of conserving endangered fish species of the Colorado River system shall be charged against the increased amount authorized to be appropriated under the Colorado River Storage Project Act, as provided by section 501(A) of the Colorado River Basin Act of 1968: Provided further, That notwithstanding the provisions of the Garrison Diversion Unit Reformulation Act of 1986 (Public Law 99-294), the James River Comprehensive Report on water resource development proposals may be submitted to Congress at a date after September 30, 1988, but not later than September 30, 1989.

9/24/87

Plan 6 TAC

COE wants to get MOU & scope of work by end of Sep.

Question: what Corps work in AZ slips to accommodate this study?

answer: Don't know yet. Maybe nothing. Maybe old X-cut Alamo Dam, NOT AKDC, Rellito River (Tucson), Nogales, section 7 work on New Woodell.

SRP has land use work (down to 40 ac).  
(Paul Drainington ~~is~~ is contact.)  
Designed to ~~project~~ present power needs & many other things.

CAWCS REEVALUATION

COE  
SCOPE OF SERVICES

STUDY ASSUMPTIONS

1. Area under study extends from the Verde River to its confluence with the Salt River, the Salt River to its confluence with the Gila, and the Gila River to Gillespie Dam. Upstream solutions will examine modifications to the existing Horseshoe and Bartlett Reservoirs. Downstream solutions look at flood control options from the confluence of the Salt and Verde Rivers (Granite Reef Dam) to Gillespie Dam on the Gila River.

2. For with/out project conditions, operation of Roosevelt will be that identified in Plan 9. *(25,000 cfs limit to releases from Roosevelt.)*

3. Reconnaissance level overflows will be developed for the areas along the Salt and Gila Rivers from Granite Reef Dam to Gillespie Dam. This information will then be used to determine extent of flooding and potential locations for spot levees.

4. The economic analysis will use information developed in the March 1987 Economic Report and ~~just~~ refine the location values/benefits. It will also take into account the latest land-use assumptions on Rio Salado.

? 5. A qualitative sediment analysis will be conducted to determine impact of future channel migration. *omit, or very limited*

6. An environmental analysis will be done for the downstream (Granite Reef to Gillespie Dam) study area.

ALTERNATIVES

Upstream:

1. Flood Control Storage at Horseshoe and Bartlett Reservoirs. Alternatives to be examined include providing a total of 140,000 and 310,000 AF of additional flood control storage on the Verde River. Each of these alternatives will be examined for reservoir outlet sizes of 10,000, 25,000, & 50,000 cfs.

2. Reregulation of Horseshoe and Bartlett Reservoirs. Alternatives to be examined include converting 140,000 and 310,000 AF of conservation storage on the Verde River to flood control storage. Each of these alternatives will be examined for existing reservoir outlet size and increasing outlet size to 10,000 & 25,000 cfs.

*Deal with this w/ Rube & SPAP (lead things etc.)*

Downstream:

1. Use existing information to downsize CAWCS channel, levee, and greenbelt designs to provide protection for target level floods between 55,000 and 170,000 cfs.
2. Develop spot levees and limited bank stabilization designs to provide protection for target level floods between 55,000 and 170,000 cfs.

### SPECIFIC STUDY TASKS

#### HYDROLOGY

1. Review existing data, attend coordination meetings
2. Confirm Plan 9 discharge-frequency results, given 565,000 AF F.C. storage and 25,000 cfs outlets in Roosevelt.
3. Develop discharge-frequency relationships for upstream storage alternatives. Alternatives to be examined include providing a total of 140,000 and 310,000 AF of additional flood control storage on the Verde River. Each of these alternatives will be examined for reservoir outlet sizes of 10,000, 25,000, & 50,000 cfs.
4. Develop discharge-frequency relationships for reregulation alternatives. Alternatives to be examined include converting 140,000 and 310,000 AF of conservation storage on the Verde River to flood control storage. Each of these alternatives will be examined for existing reservoir outlet size and increasing outlet size to 10,000 & 25,000 cfs.
5. Write hydrology report.

#### FLOODPLAIN

1. Obtain HEC-2 model for Granite Reef dam to Country Club Drive and from Bullard Road to Gillespie Dam. Combine with 1983 FEMA model to develop overall model for entire system. Transfer model on to the Harris Computer and Debug program.
2. Obtain post 1983 channel modifications.
3. Obtain workmaps with cross-sections and add U.S.G.S. maps to extend entire width of reach. Check digitized cross-sections length and their usefulness. Get reproducible maps.

## HYDRAULICS

1. Project Familiarization
  - Recover and review existing data
  - Preliminary coordination meetings
2. Coordination
  - Participate in coordination meetings at staff level
  - Formal response to ltrs & documents
  - Upline coordination both inhouse & w/SPD
  - Support at public meetings
3. Develop With/Out Project Flood Overflows and Profiles
  - Obtain and check existing FEMA HEC-2 model
  - Modify and update existing HEC-2 model
  - Obtain and check HEC-2 models done by others
  - Modify and update HEC-2 models done by others
4. Develop With/Project Floodways for 90,000 and 130,000 cfs assuming no constraints at the existing channel boundaries. Review existing 55,000 and 170,000 cfs floodways.
4. Develop Preliminary Designs for Limited Levees
5. Develop Preliminary Designs for Limited Bank Stabilization
6. Qualitative Sediment Analysis
  - Data acquisition and assessment
  - Development of comparative channel profiles
  - qualitative report w/recommendation for future detailed quantitative analysis
7. Hydraulic Documentation
  - MFR's and Appendix's
  - Input into final report

## ECONOMICS

1. Review existing data, attend coordination meetings
2. Develop new location benefits
  - Determine existing floodplain & floodway market values
  - Determine comparable non-floodplain market values
  - Consult with local authorities to determine reasonable time for development of the floodplain
3. Develop Average Annual Benefits for Alternatives
4. Write Economic Report

## DESIGN

1. Review existing data
2. Develop reconnaissance costs for spot levees and bank stabilization
3. Write Design Report

## ENVIRONMENTAL

1. Literature Search on biological and cultural resources.
2. Obtain Endangered Species List (F & W)
3. Identify Known Hazardous Waste Sites (Coordinating with State and Local Agencies) *(Literature search & coord. with state & local agencies).*
4. Coordinate with Major Agencies
5. Write Environmental Report

## STUDY MANAGEMENT

1. Review existing data, attend coordination meetings
2. Coordinate technical analysis, study schedule, funds management
3. Prepare final documentation report

## STUDY PRODUCT

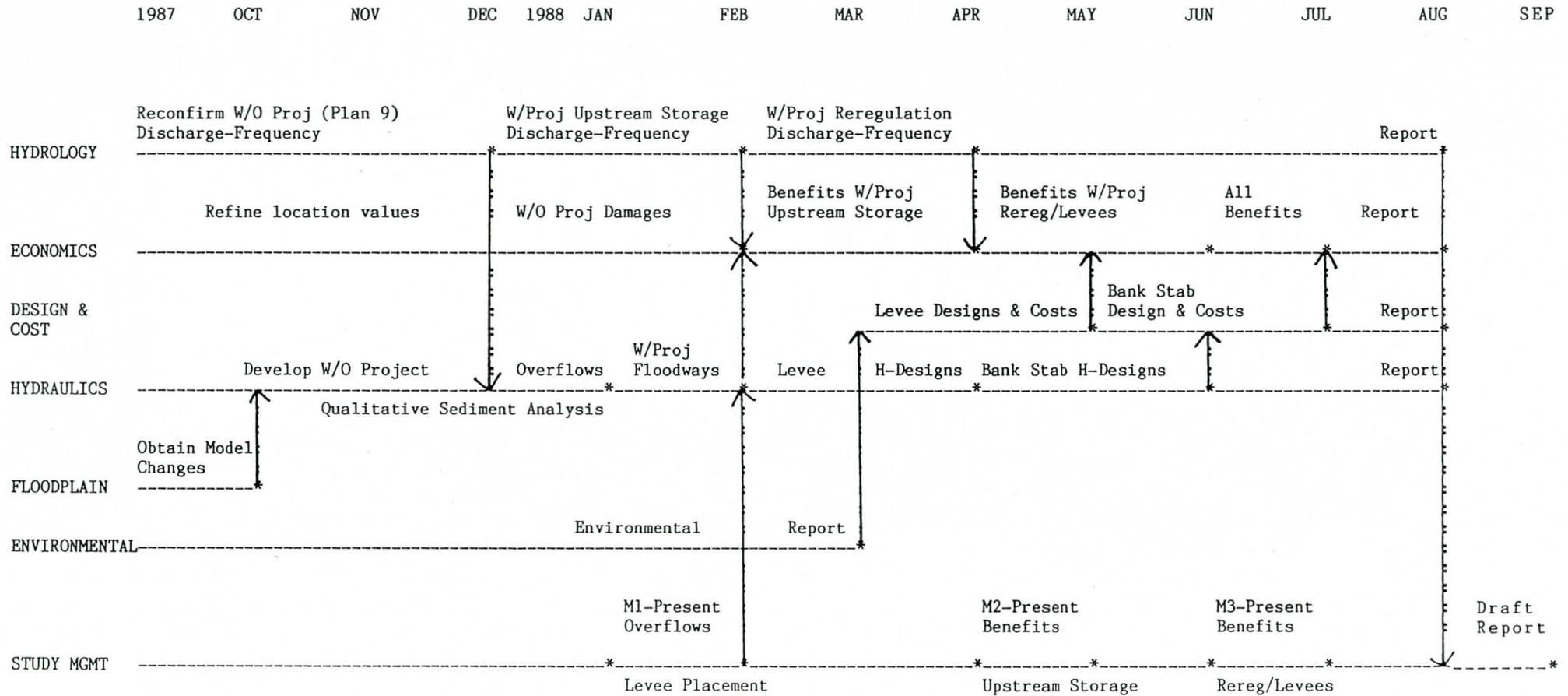
1. The information developed will be produced in a study report with supporting documentation.

## STUDY COST ESTIMATE

Hydrology	\$100,000
Floodplain	30,000
Hydraulics	150,000
Design	30,000
Economics	80,000
Environmental	25,000
Study Management	120,000

TOTAL \$535,000

CAWCS REEVALUATION SCHEDULE



# Upstream Storage Alternatives

## F.C. Storage

Plan 6 - 465 KAF

Plan 9 - 0 KAF

*Release Constraint*

## Outlet Capacity

Plan 6 - 25,000 cfs

Plan 9 - n/a

## F.C. Storage

Plan 6 - 565 KAF

Plan 9 - 565 KAF

## Outlet Capacity

Plan 6 - 25,000 cfs

Plan 9 - 25,000 cfs

## Alternatives

### F.C. Storage

140 KAF

310 KAF

*Release*

### Outlet Capacity

40K 10,000 cfs

60K 25,000 cfs

90K 50,000 cfs

Mill Ave

100-yr

185,000

78,000 cfs

Plan 9

Plan 6

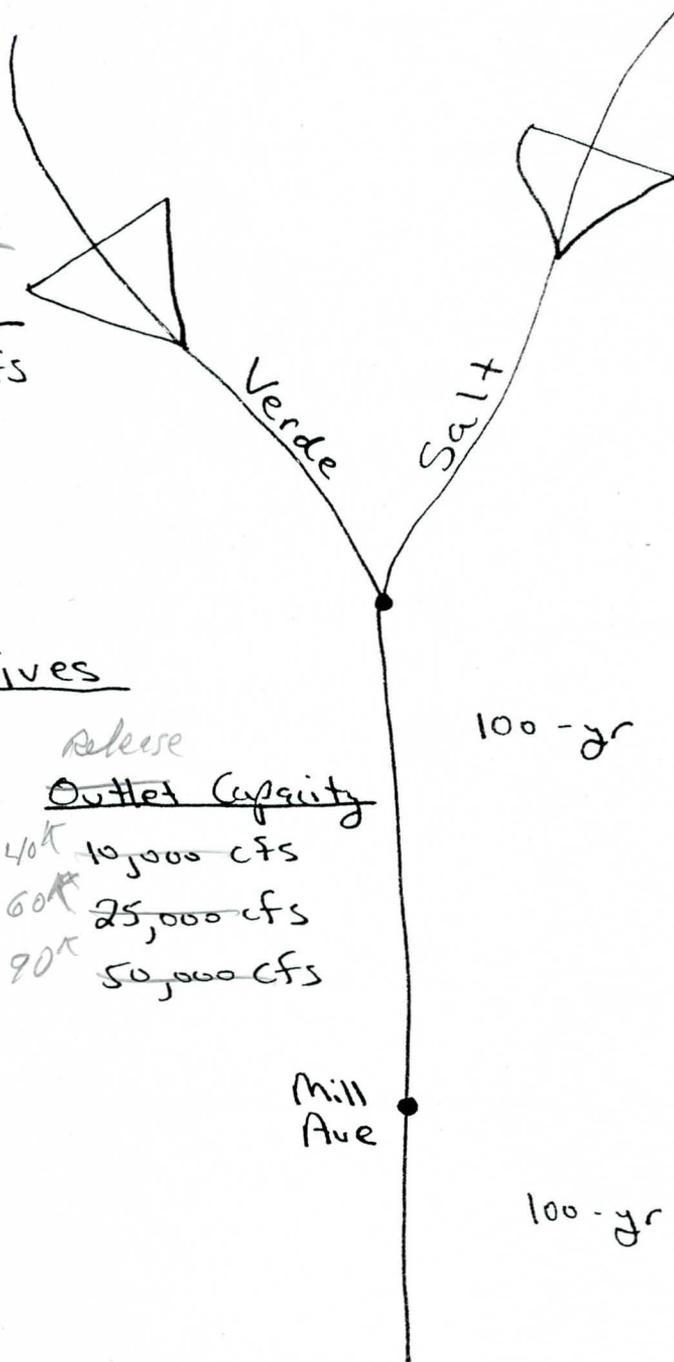
Plan 9

Plan 6

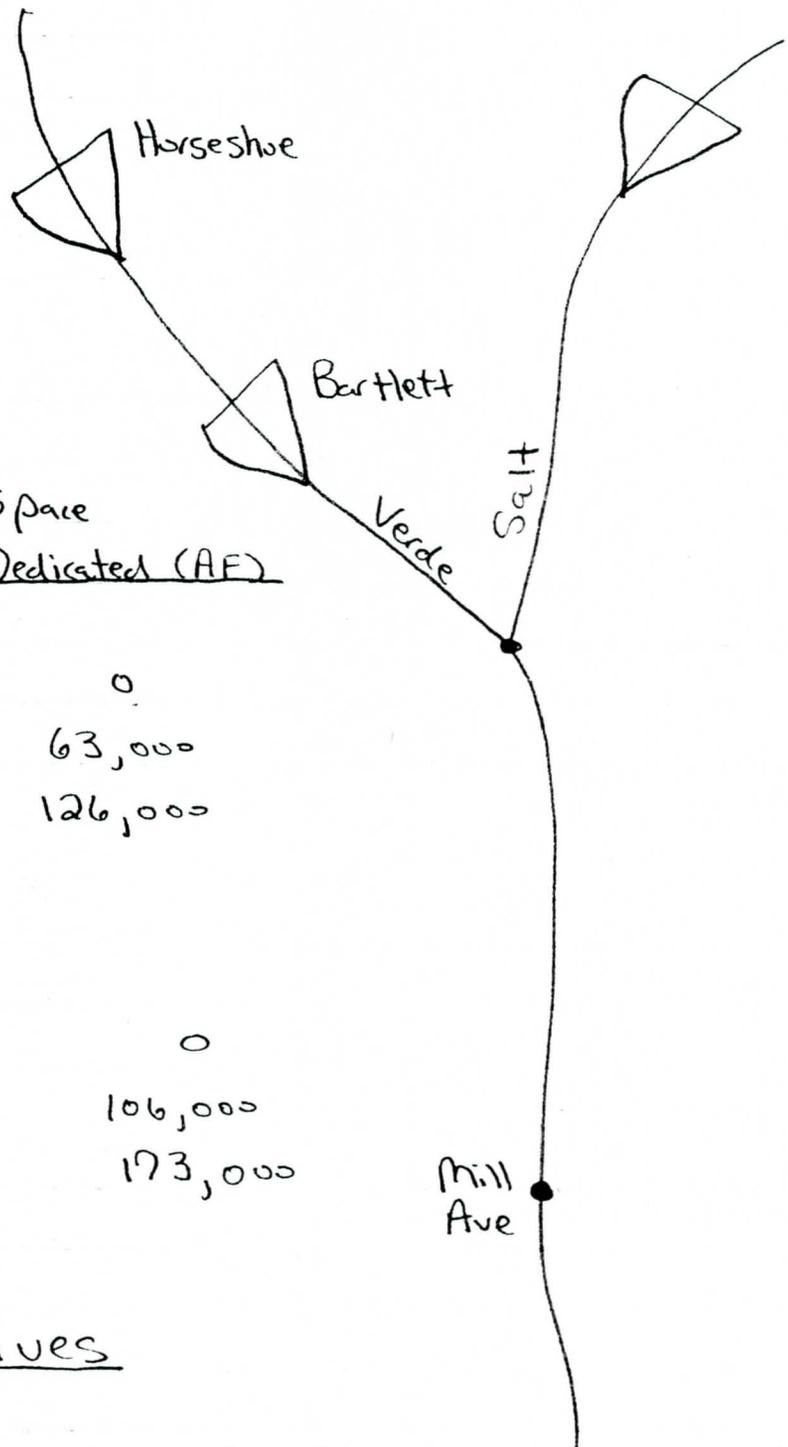
100-yr

170,000 cfs

55,000 cfs



# Reregulation Alternatives



## Horseshoe

<u>Feature</u>	<u>Elevation (FT)</u>	<u>Space Dedicated (AF)</u>
Top of Conservation	2026	0
Spillway Crest	2000	63,000
Maximum F.C.	1957	126,000

## Bartlett

Top of Conservation	1798	0
Spillway Crest	1748	106,000
Maximum F.C.	1665	173,000

## Alternatives

### F.C. Storage

169,000 AF  
299,000 AF

### Outlet Capacity

Existing  
10,000 cfs  
25,000 cfs

### Operation

Dedicated  
Joint / Use  
Dec - Mar

JON KYL  
4TH DISTRICT, ARIZONA

COMMITTEES:  
ARMED SERVICES  
GOVERNMENT OPERATIONS

WASHINGTON OFFICE:  
313 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
PHONE: (202) 225-3361

DISTRICT OFFICE:  
4250 CAMELBACK ROAD  
SUITE 140-K  
PHOENIX, AZ 85018  
PHONE: (602) 840-1891

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

September 10, 1987

Mr. Stan Smith  
Maricopa County  
Flood Control District  
3335 West Durango  
Phoenix, Arizona 85009

Dear Stan:

As a follow-up to our recent meeting in Phoenix, I thought you might be interested in my exchange of correspondence with John Doyle of the Corps of Engineers. Copies are enclosed.

I'll let you know what response I receive.

Sincerely,

  
JON KYL  
Member of Congress

JK:tg  
Enclosures

FLOOD CONTROL DISTRICT RECEIVED SEP 14 '87		
2	CH ENG	P & PM
1	DEP	HYDRO
	ADMIN	LMGT
	FINANCE	FILE
	C & O	
	ENGR	
REMARKS		

JON KYL  
4TH DISTRICT, ARIZONA

COMMITTEES:  
ARMED SERVICES  
GOVERNMENT OPERATIONS

Congress of the United States  
House of Representatives  
Washington, DC 20515  
September 10, 1987

WASHINGTON OFFICE:  
313 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
PHONE: (202) 225-3361

DISTRICT OFFICE:  
4250 CAMELBACK ROAD  
SUITE 140-K  
PHOENIX, AZ 85018  
PHONE: (602) 840-1891

Mr. John S. Doyle, Jr.  
Acting Assistant Secretary  
of the Army (Civil Works)  
The Pentagon  
Room 2E570  
Washington, D.C. 20310-0103

Dear John:

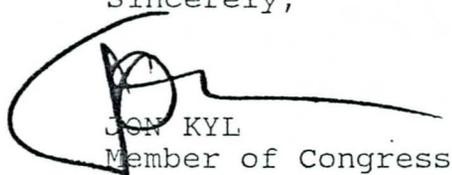
Thanks, again, for your attendance at the July 30th meeting in my office regarding flood control on the Verde River -- post Cliff Dam. The entire Arizona delegation appreciates your willingness to commit the resources to expedite the study of alternative means of providing flood control.

The August recess gave each of us the opportunity to visit with our constituents back in Arizona. Unfortunately, we found a real concern that the Corps' Los Angeles District Office might not be devoting the same commitment to the effort as you are here in Washington. As a follow-up to the recent telephone conversation between our staffs, I thought you might be interested in the enclosed letter I received from George Britton of the City of Phoenix outlining that concern.

Since you've committed to helping the delegation fulfill its commitment to flood control on the Verde as expeditiously as possible, I hope you'll do what you can to ensure that those in the Corps' District Office are just as committed to the effort. I hope this process can begin with a Memorandum of Understanding between the Corps and the Bureau being completed before the end of the month. Please let me know whether this time frame can be met, and whether I or the other members of the Arizona delegation can be of any assistance.

Again, John, thanks for your help in this regard.

Sincerely,

  
JON KYL  
Member of Congress

JK:tg

SEP 1 1987



City of Phoenix  
Office of Water and Environmental Resources

August 28, 1987

The Honorable Jon Kyl  
The United States House of Representatives  
313 Cannon House Office Building  
Washington, D.C. 20515

Dear Congressman Kyl:

The purpose of this letter is to thank you for your support and intervention with the Secretary of Interior and the Secretary of the Army on the issue of salvaging flood control for the Verde River as a result of the demise of Cliff Dam. Your help has been very important in securing the commitment of the Bureau of Reclamation and the Corps of Engineers to solve this problem.

Both agencies are aware of the need to quickly decide how much flood control, if any, can be added to the Safety of Dams modifications to be identified for Horseshoe and Bartlett Dams. Currently, staff of both agencies are meeting with representatives of the affected local agencies to develop a scope of work and a memorandum of understanding between the Bureau and the Corps which will allow the Corps, under a work for others program, to assist the Bureau in conducting these flood control studies. It is important that the Corps provide the Bureau with both a benefit analysis and a preliminary analysis of downstream flood control options within about 12 months. This will allow the Secretary of Interior to select his preferred option for safety and flood control at Horseshoe and Bartlett dams before the end of next year.

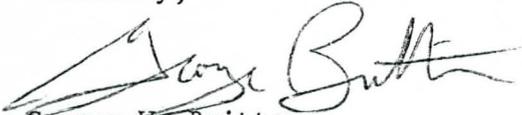
If the Corps' preliminary study identifies viable downstream flood control options, either with or without flood control improvements at Horseshoe and Bartlett, the Corps will need to complete the study and ultimately construction of those options under their existing Gila River and Tributaries authority. This would require a separate appropriation for the Corps. The Corps' first year's efforts will be funded by the Bureau on a work for others basis, and can be paid for out of CAP funds. Additional appropriations may be necessary in order for the Bureau to complete these studies in a timely fashion.

The Honorable Jon Kyl  
August 28, 1987  
Page 2

Both the Corps' Los Angeles District Engineer, Colonel Tadahiko Ono (213) 894-5300 and the Bureau's Regional Director, Edward Hallenbeck (702) 293-8411 need to place a high priority on commitment of their staffs' time to complete the scope of work and draft the memorandum of understanding (MOU). The MOU will have to go to the Assistant Secretary of the Army for Civil Works, and the Assistant Secretary of Interior for Water and Science for their approval. It is important that this process be completed by the end of September so that the Corps will have all of FY 88 to complete their work for the Bureau. Your help in expediting this process would be appreciated.

Again, thank you for your continued interest in this important matter.

Sincerely,



George W. Britton  
Environmental Services Manager

GWB/pw:93201



DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY  
WASHINGTON, DC 20310-0103

17 AUG 1987

Honorable Jon Kyl  
House of Representatives  
Washington, D.C. 20515-0304

Dear Congressman Kyl:

It was a pleasure meeting with you on July 30, 1987, and I appreciate the opportunity to explain the Department of the Army's position regarding potential flood control activities by the Army Corps of Engineers on the Verde and Salt Rivers in accordance with the Statement of Principles. I believe progress was made at the meeting, and I look forward to continued good working relations among the Arizona Congressional Delegation, the Corps of Engineers, and the Bureau of Reclamation in this effort.

As promised at the meeting, I am responding to three questions that were raised regarding the Corps proposed study activities, namely: (1) How much overlap, if any, can we expect between the Corps joint effort with the Bureau and the initiation of the Corps proposed reconnaissance of residual flooding problems downstream of Horseshoe and Bartlett Reservoirs? (2) What level of information do you estimate the Corps currently has regarding the anticipated studies? (3) What type of manpower problems is the Los Angeles District facing that could seriously jeopardize the initiation and completion of the proposed studies?

While there is some overlap between work already done by the Corps of Engineers for the Central Arizona Project and the remaining work to advise the Bureau on flood control aspects of Horseshoe and Bartlett dams, the overlap was taken into consideration in developing the estimate provided at the meeting, that is, 9 to 12 months and \$450,000 for the remaining Corps work for Horseshoe and Bartlett Dams. Additionally, the Corps of Engineers can begin work on a reconnaissance report for residual flooding problems, but cannot proceed very far until the Bureau decides how much additional flood control capability will be provided at Horseshoe and Bartlett Dams.

It is likely that substantial new information will be required to complete a reconnaissance report on the residual flooding problems. Local circumstances have changed significantly since the original Corps analysis was done, including changed hydraulic conditions, new local protection plans, and recent channel and bridge work to note the most obvious. The estimate of 12 to 18 months and \$500,000 has been reaffirmed.

While the Los Angeles District of the Corps of Engineers does not have a surplus of personnel, the Corps reports that it has sufficient capability to reassign people from less urgent work to participate in the studies necessary to carryout the Statement of Principles within the scope of time and cost estimates given above.

I trust this has clarified the situation with respect to Army Corps of Engineers involvement with flood control investigations on the Verde and Salt River systems. If I can be of further assistance, please do not hesitate to contact me.

Sincerely,



John S. Doyle, Jr.  
Acting Assistant Secretary of the Army  
(Civil Works)

9/16/87

CAWCS REEVALUATION

COE  
SCOPE OF SERVICES

9-12 Month Effort

STUDY ASSUMPTIONS

1. For with/out project conditions, operation of Roosevelt will be that identified in Plan 9.
2. Reconnaissance level overflows will be developed to determine extent of flooding and potential locations for spot levees.
3. The economic analysis will use information developed in the March 1987 Economic Report and just refine the location values/benefits. It will also take into account the latest land-use assumptions on Rio Salado.
4. No environmental work will be done.

STUDY TASKS

HYDROLOGY

1. Review existing data, attend coordination meetings
2. Confirm Plan 9 discharge-frequency results, given 565,000 AF F.C. storage and 25,000 cfs outlets in Roosevelt.
3. Develop discharge-frequency values for alternatives
  - upstream dams
  - reregulation
  - upstream dams & channelization
4. Write Report

FLOODPLAIN

1. Develop HEC-2 model for the Salt River from Granite Reef to Gillespie Dam
2. Obtain information on new channel modifications

HYDRAULICS

1. Review existing data, attend coordination meetings

2. Incorporate new channel modifications into HEC-2 model
3. Run model and plot 25, 50, 100, SPF, & 500 yr overflows at recon level
4. Develop hydraulic designs for limited levees and bank stabilization
5. Write Report

#### ECONOMICS

1. Review existing data, attend coordination meetings
2. Obtain better location value figures
3. Alternative Analysis
4. Write Report

#### DESIGN

1. Review existing data
2. Develop recon costs for spot levees
3. Write Reprot

#### STUDY MANAGEMENT

1. Review existing data, attend coordination meetings
2. Coordinate technical analysis, study schedule, funds management
3. Prepare final documentation report

#### STUDY PRODUCT

The information developed will be produced in a study report

#### STUDY COST ESTIMATE

Hydrology	\$100,000
Floodplain	30,000
Hydraulics	150,000
Design	30,000
Economics	80,000
Study Management	120,000
TOTAL	\$510,000

Final Committee  
~~Proposed~~ Report Language

Cliff Dam Alternative

September 15, 1987

*Senate Committee  
Language, (Approved)  
Would now be reconciled  
in Conference Committee,*

As the result of an agreement between several environmental organizations and the Arizona Congressional Delegation, the Committee has included language in the bill which eliminates Cliff Dam on the Verde River from Plan 6 of the Central Arizona Project.

Without Cliff Dam, safety of dams work at Horseshoe and Bartlett Dams (which Cliff would have largely precluded), must be accomplished to protect downstream residents of the Phoenix Metropolitan Area as well as the interests of the United States. The Committee instructs the Bureau to proceed expeditiously with a Safety of Dams Modification Report for Horseshoe and Bartlett Dams and allocates \$1 million for this purpose.

The bill language acknowledges that additional flood control measures may be needed on the Verde River and that the addition of flood control measures at Bartlett and/or Horseshoe Dams may be required to meet such needs. The Committee is cognizant of the incidental flood control benefits provided by these structures in 1978, 1979, and 1980 and directs the Secretary of the Interior to consider those benefits in the modifications determined to be reasonably required to preserve the structural safety of the Bureau of Reclamation dams on the Verde River. The Committee has allocated \$500,000 for the Department of the Interior, working in cooperation with the Department of the Army, to undertake flood control studies to determine feasible flood control measures at Horseshoe and/or Bartlett Dams. In order to complete safety of dams and flood control studies in a timely manner, the Committee directs the two

Departments to quickly enter into agreements which outline complementary tasks and time schedules. To the extent possible, both agencies should make use of relevant data from existing studies. The Bureau of Reclamation shall proceed immediately with its safety of dams report and simultaneously, the Corps of Engineers shall undertake its flood control or structures on the Salt River at or above analysis, which shall not include consideration of a structure at the confluence of the Salt and Verde Rivers. Under the Upper Gila River and Tributaries authority, the Corps of Engineers shall study and determine flood control measures downstream from Bartlett Dam on the Verde River to Granite Reef Dam and from the confluence of the Verde and Salt Rivers through Metropolitan Phoenix, which together with previously identified flood control modifications to Bartlett and/or Horseshoe Dams, will provide an economically feasible and comprehensive approach to flood control which shall comply with the National Environmental Policy Act.

The water supply that was to be provided by Cliff Dam needs to be the Cliff yield contracted for by local communities is provided and replaced so that contributions from non-Federal entities under the Arizona Cost-Sharing Agreement can continue. The amendment authorizes the Secretary of the Interior to acquire water rights, and lands associated with such rights for municipal and industrial purposes, consistent with existing water rights for communities and Indian Tribes in the Salt River Valley. The Committee directs that, if the Secretary acquires Colorado River water under this authority, such water be conveyed through the previously authorized diversion and distribution system of the Central Arizona Project. If the Secretary acquires water from any different source or sources which requires construction of additional storage or major diversion works as determined by the Secretary, such construction will require separate authorization by Congress. Mitigation which may be required under existing law of adverse impacts to fish and wildlife

habitats resulting from the acquisition of water rights, to the extent feasible, should be

- 3 -

~~The Committee urges the Secretary to avoid acquiring water rights which may be expected to result in losses of natural habitat or other substantial environmental impacts. However, appropriate mitigation of adverse impacts to fish and wildlife habitat, if any, that may result from the acquisition of water rights by the Secretary should be~~  
 undertaken concurrently with the implementation of this new authority.

The Committee supports the continuing commitments of local jurisdictions to provide "up front" contributions to finance water and supply improvements. ~~The Committee directs the Secretary to use for this purpose all funds contributed by non-Federal entities pursuant to the 1987 supplemental escrow agreement for funding of Plan 6 facilities of the Central Arizona Project. The Committee also supports the commitment of the United States to complete all features of Plan 6 as modified, using all available federal resources.~~

The Committee has removed language which appears in the House provision relating to fish and wildlife mitigation activities for Cliff Dam. Any funds requested for environmental studies and mitigation work common to all features of Plan 6, shall be available to continue required environmental studies.

The Committee acknowledges the progress made to date by the Bureau of Reclamation toward remedial repairs for Safety of Dams purposes at Theodore Roosevelt and Stewart Mountain Dams on the Salt River and urges the Bureau to maintain its preconstruction and construction schedules.

Finally, all parties are to be commended for their efforts in reaching an agreeable solution to the Cliff Dam controversy and thereby eliminating the potential for extended delays and higher project costs. The Committee urges the Department to do everything it can to expedite the identification of flood control and water replacement alternatives for Salt River Valley communities so that commitments made between Arizona water entities and the Department of the Interior in the Arizona Cost-Sharing Agreement can be met.

JON KYL  
4TH DISTRICT, ARIZONA  
COMMITTEES:  
ARMED SERVICES  
GOVERNMENT OPERATIONS

WASHINGTON OFFICE:  
313 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
PHONE: (202) 225-3361

DISTRICT OFFICE:  
4250 CAMELBACK ROAD  
SUITE 140-K  
PHOENIX, AZ 85018  
PHONE: (602) 840-1891

Congress of the United States  
House of Representatives  
Washington, DC 20515  
September 10, 1987

Mr. John S. Doyle, Jr.  
Acting Assistant Secretary  
of the Army (Civil Works)  
The Pentagon  
Room 2E570  
Washington, D.C. 20310-0103

Dear John:

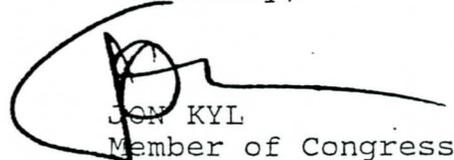
Thanks, again, for your attendance at the July 30th meeting in my office regarding flood control on the Verde River -- post Cliff Dam. The entire Arizona delegation appreciates your willingness to commit the resources to expedite the study of alternative means of providing flood control.

The August recess gave each of us the opportunity to visit with our constituents back in Arizona. Unfortunately, we found a real concern that the Corps' Los Angeles District Office might not be devoting the same commitment to the effort as you are here in Washington. As a follow-up to the recent telephone conversation between our staffs, I thought you might be interested in the enclosed letter I received from George Britton of the City of Phoenix outlining that concern.

Since you've committed to helping the delegation fulfill its commitment to flood control on the Verde as expeditiously as possible, I hope you'll do what you can to ensure that those in the Corps' District Office are just as committed to the effort. I hope this process can begin with a Memorandum of Understanding between the Corps and the Bureau being completed before the end of the month. Please let me know whether this time frame can be met, and whether I or the other members of the Arizona delegation can be of any assistance.

Again, John, thanks for your help in this regard.

Sincerely,

  
JON KYL  
Member of Congress

JK:tg



City of Phoenix  
Office of Water and Environmental Resources

August 28, 1987

The Honorable Jon Kyl  
The United States House of Representatives  
313 Cannon House Office Building  
Washington, D.C. 20515

Dear Congressman Kyl:

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Both agencies are aware of the need to quickly decide how much flood control, if any, can be added to the Safety of Dams modifications to be identified for Horseshoe and Bartlett Dams. Currently, staff of both agencies are meeting with representatives of the affected local agencies to develop a scope of work and a memorandum of understanding between the Bureau and the Corps which will allow the Corps, under a work for others program, to assist the Bureau in conducting these flood control studies. It is important that the Corps provide the Bureau with both a benefit analysis and a preliminary analysis of downstream flood control options within about 12 months. This will allow the Secretary of Interior to select his preferred option for safety and flood control at Horseshoe and Bartlett dams before the end of next year.

If the Corps' preliminary study identifies viable downstream flood control options, either with or without flood control improvements at Horseshoe and Bartlett, the Corps will need to complete the study and ultimately construction of those options under their existing Gila River and Tributaries authority. This would require a separate appropriation for the Corps. The Corps' first year's efforts will be funded by the Bureau on a work for others basis, and can be paid for out of CAP funds. Additional appropriations may be necessary in order for the Bureau to complete these studies in a timely fashion.

The Honorable Jon Kyl  
August 28, 1987  
Page 2

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Again, thank you for your continued interest in this important matter.

Sincerely,



George W. Britton  
Environmental Services Manager

GWB/pw:93201



DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY  
WASHINGTON, DC 20310-0103

17 AUG 1987

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House of Representatives  
Washington, D.C. 20515-0304

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While the Los Angeles District of the Corps of Engineers does not have a surplus of personnel, the Corps reports that it has sufficient capability to reassign people from less urgent work to participate in the studies necessary to carryout the Statement of Principles within the scope of time and cost estimates given above.

I trust this has clarified the situation with respect to Army Corps of Engineers involvement with flood control investigations on the Verde and Salt River systems. If I can be of further assistance, please do not hesitate to contact me.

Sincerely,



John S. Doyle, Jr.  
Acting Assistant Secretary of the Army  
(Civil Works)



# United States Department of the Interior



BUREAU OF RECLAMATION  
ARIZONA PROJECTS OFFICE  
23636 N. 7TH STREET  
P.O. BOX 9980  
PHOENIX, ARIZONA 85068

IN REPLY  
REFER TO 330-700  
500.

9-14-80

Mr. D.E. Sagramoso, P.E.  
Chief Engineer and General Manager  
Flood Control District  
of Maricopa County  
3335 West Durango Street  
Phoenix, Arizona 85003

Dear Sir:

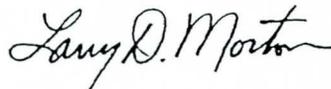
Recent changes to Plan 6 will affect the contributions to be made in accordance with the Plan 6 funding agreement. As you are aware, a supplemental agreement has been developed which will protect the interests of Cliff Dam contributors in the event that an acceptable replacement is not found. The agreement specifies that, during the period when this replacement is being sought, the total contribution for Cliff Dam for all entities except the Flood Control District of Maricopa County (FCDMC) will continue to be made into a new special escrow account. The United States proposes that the amount of money to be deposited to the special account be the same as would have been deposited for Cliff Dam. These amounts are shown on the enclosed table.

The United States proposes to recalculate the amount for the FCDMC due to the limitations placed on the FCDMC by statute. This recalculation is based on the assumption that the Plan 6 features on the Salt and Agua Fria Rivers will be constructed and that only Safety of Dams features will be constructed on the Verde River. This assumption is used for the purposes of calculating the contributions of the FCDMC only and does not reflect a decision by the United States as to what will ultimately be constructed on the Verde River. The revised schedule of payments for the FCDMC is shown below:

1988	\$3.6 million
1989	3.6 million
1990	1.1 million
1991	1.0 million
1992	1.0 million
1993	1.0 million
Total	\$11.3 million

Under Appendix A, Section E, a yearly recalculation is required to adjust the totals to be contributed because of refinements in construction costs for the various features and changes in Federal appropriations. It is anticipated that this recalculation will take place for the features of Plan 6 other than Cliff Dam as soon as practicable after Bureau of Reclamation receives its fiscal year 1988 appropriation allowances.

Sincerely yours,



Larry D. Morton  
Assistant Project Manager

Enclosure

Identical letter sent to each of the names on the attached list.



DES  
RGP  
11/10/87

# FLOOD CONTROL DISTRICT

of

## Maricopa County

3335 West Durango Street • Phoenix, Arizona 85009  
Telephone (602) 262-1501



BOARD of DIRECTORS  
Fred Koory, Jr., Chairman  
George L. Campbell  
Carole Carpenter  
Tom Freestone  
Ed Pastor

D. E. Sagramoso, P.E., Chief Engineer and General Manager

JUL 14 1987

MEMO TO: Fred Koory, Jr., Chairman

VIA: Robert G. Mauney, County Manager  
R. C. Esterbrooks, Assistant County Manager/Director of  
Public Works and County Engineer

FROM: D. E. Sagramoso

SUBJECT: Plan 6 Upfront Funding Agreement Without Cliff Dam

The purpose of this memo is to summarize, at Mr. Koory's request, recent discussions and activities on the above subject and to distribute the information to members of the Board of Directors and Flood Control Advisory Board.

The loss of Cliff Dam was comprehensively reported in the news media. In a nutshell, it appears that the Congressional Delegation traded Cliff Dam for continued CAP funding. Enclosure 1 is a copy of the statement of principles of the agreement between the Delegation and the Audubon lawsuit plaintiffs. These principles most likely will be implemented in the federal appropriations bill and in a stipulated settlement of the Cliff Dam litigation.

The immediate impact on the District is that with the assumed continuance of modified Roosevelt Dam on the Salt River, our cost share for flood control will be cut in half due to the loss of Cliff Dam on the Verde River. Our original commitment in 1986 dollars was about \$60 million. This would have been cut to about \$30 million (including Cliff Dam) as a result of the reduced floodplain caused by river scour and channelization around bridges and development. With modified Roosevelt alone, our share will probably be around \$12 million. Alternative flood control projects on the Verde River may be developed, which would raise our cost share, should we decide to participate.

There are basically only two alternative positions to be taken by the District with respect to the Plan 6 Upfront Funding Agreement.

**ALTERNATIVE 1** - Consider the agreement void because of the loss of Cliff Dam, an essential term of the agreement. (This alternative appears inconsistent with past actions taken by the District. There are flood control benefits to be obtained from modified Roosevelt Dam so that the District would be justified in continuing in the funding agreement, although at a lesser cost.)

**ALTERNATIVE 2** - Continue participating in the upfront funding agreement as it stands, which is to pay 20% of the flood control costs of Plan 6 features according to the cost sharing formula contained in Appendix A of the agreement and request that the Bureau of Reclamation recalculate and reschedule the District's payments based on modified Roosevelt Dam alone. Periodic recalculation and rescheduling were contemplated by the funding agreement.

**VARIATION OF ALTERNATIVE 2** - Add the provision that the District commit now to funding 20% of the flood control costs on the Verde if a feasible flood control project is developed there, and if the funding agreement is changed to reflect this.

I recommend alternative 2, including its variation. The implementation of this alternative can begin with Board adoption of the proposed Resolution FCD 87-19 (Enclosure 2). An Agenda Information Form to that end is being submitted.

Chairman Koory and staff have met twice in the past two weeks with the Governor and the parties to the Upfront Funding Agreement, among others. The meeting on July 9 yielded a process for modifying the agreement (Enclosure 3), and includes three meetings chaired by the Governor at 2pm on July 23 in the Governor's Conference Room, and at unannounced times on October 1 and December 1.

Julie Lemmon from our General Counsel's office will represent us on the working group to develop interim escrow rules and Stan Smith or I will work with the group developing new upfront funding and cost sharing levels (Enclosure 3).

The "escrow rules" group will first meet on July 14. The point of this group is to produce a revised escrow agreement so the participants (notably the Cities) can get their money back if, for example, replacement water supplies are not found. This revised agreement is essential to the Cities' making the payments due by July 31. The first District payment is due October 1, with a 30-day grace period.

The Cities are especially anxious to amend the Senate appropriations bill (the House bill has already passed the House) so that feasibility studies of substitute (for Cliff Dam) flood control measures on the Verde can avoid retracing ground already covered in previous studies, thus reducing the time and effort needed. Enclosure 4 expresses details of the cities' concerns on this and other matters.

District staff supports this effort, and the District will be represented in meetings with Senators DeConcini and McCain on July 16 and 17 in Washington.

Memo to Fred Koory, Plan 6  
Page 3

This is an unusually complex set of engineering, legal and institutional relationships. If you have any questions, insights, or advice, please give me a call.



D. E. Sagramoso

Copies to: Members of the Board of Directors  
Members of the Flood Control Advisory Board  
General Counsel

STATEMENT OF PRINCIPLES  
on the  
ARIZONA CLIFF DAM SETTLEMENT  
June 18, 1987

1. Language in the FY 1988 Energy and Water Appropriations Act will state that no further funds will be appropriated for the study or construction of Cliff Dam, and that Plan Six without Cliff Dam is deemed to constitute a "suitable alternative" to Orme Dam within the meaning of the Colorado River Basin Project Act of 1968.

(This prohibition includes funds appropriated under the Reclamation Safety of Dams Act, as well as the Lower Colorado River Basin Project Act of 1968.

Funding will continue for Verde River fish and wildlife studies now under way as a result of the 1985 U.S. Fish and Wildlife Service biological opinion).

2. The organizations comprising the National Coalition to Stop Cliff Dam (hereafter "Coalition") agrees not to oppose funding in Fiscal Year 1988 and succeeding years for the construction of remaining features of Plan Six -- New Waddell Dam, Modified Roosevelt and Modified Stewart Mountain Dams -- provided that Cliff Dam or similar conservation storage reservoirs on the Verde River, federal or non-federal, are not a part of Plan Six, the Central Arizona Project generally, or any other plan.

(Remaining elements of Plan Six will be implemented in accordance with applicable environmental statutes.

There is a continued commitment by all parties to implement a fish and wildlife mitigation plan that will fully offset the loss of habitat values to riparian and wetland communities resulting from the construction of the balance of Plan Six elements).

3. The Coalition agrees to terminate its lawsuit against Cliff Dam and Plan Six without prejudice, upon agreement by the Secretary of the Interior to modify his decisions of April 3, 1984, and May 20, 1986, to remove Cliff Dam from the approved plan for the CAP.

The Coalition further agrees not to contest the adequacy of the Final Environmental Impact Statement as it pertains to all Plan Six features other than Cliff Dam.

4. The Arizona Congressional delegation agrees, upon termination of the lawsuit, to declare its intention not to pursue any future funding for Cliff Dam or similar water conservation storage feature on the Verde River.

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ENCLOSURE 1

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STATEMENT OF PRINCIPLES

June 18, 1987

Page 2.

5. The Coalition agrees to support Congressional appropriation of funding under the authority of the Reclamation Safety of Dams Act to complete safety-related improvements at Horseshoe, Bartlett, Modified Roosevelt and Modified Stewart Mountain Dams.

(Existing Safety of Dams Modification Reports for the Salt River Project Dams will be amended to remove Cliff Dam and to identify corrective measures for Bartlett and Horseshoe. Such measures will be subject to compliance with the National Environmental Policy Act and consultation under the Endangered Species Act, as appropriate.)

6. The parties agree that additional flood control measures may be needed on the Verde River and that the addition of flood control measures at Bartlett and/or Horseshoe Dams may be required to meet such needs. The parties agree to ask the U.S. Army Corps of Engineers to undertake studies to determine and identify appropriate flood control solutions on the Verde River. The parties further agree that once the studies are completed and flood control alternatives identified, the parties will work together to effectuate an appropriate flood control solution which is consistent with applicable environmental laws, to protect the people and property of the Phoenix Metropolitan Area from flooding.

7. The Arizona Congressional delegation and the Department of the Interior are committed to ensure that the Valley cities will secure water supplies necessary to replace the water yield that otherwise would have been provided by Cliff Dam. The delegation has obtained a commitment from the Secretary of the Interior and the Commissioner of Reclamation to do all within their authority to assist in identifying sources of such water for the cities and for the purposes of settling the water rights claims of the Salt River Pima Maricopa and Fort McDowell Indian Communities.

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FLOOD CONTROL DISTRICT OF MARICOPA COUNTY

RESOLUTION FCD 87-19

PLAN 6 UPFRONT FUNDING AGREEMENT

WHEREAS, given the loss of Cliff Dam from Plan 6 of the Central Arizona Project (CAP); and

WHEREAS, the Flood Control District of Maricopa County believes that every effort should be made to modify the Plan 6 Upfront Funding Agreement to fit the changed circumstances.

NOW, THEREFORE, BE IT RESOLVED that the Flood Control District intends to continue participating in the Plan 6 Upfront Funding Agreement as it stands, which is to pay 20 percent of the costs allocated to the flood control function of the CAP, adjusted by the relationship between the flood control benefits associated with features of Plan 6 and the flood control benefits associated with the CAP as described in Paragraph B. 2. of Exhibit "A" to the Agreement.

BE IT FURTHER RESOLVED that the Chief Engineer and General Manager is authorized and directed to request that the Bureau of Reclamation reevaluate and recalculate the amount and schedule of the District's contributions, based on the Plan 6 flood control benefits and costs of Roosevelt Dam alone. Periodic reevaluation of contributions was contemplated by the Upfront Funding Agreement.

BE IT FURTHER RESOLVED that the District is committed to contributing 20 percent, adjusted as above, of the flood control costs on the Verde River if a feasible federal flood control project is developed there, and if the Upfront Funding Agreement is changed to reflect this.

DATED this \_\_\_ day of \_\_\_\_\_, 1987

\_\_\_\_\_  
Chairman, Board of Directors  
Flood Control District of Maricopa County

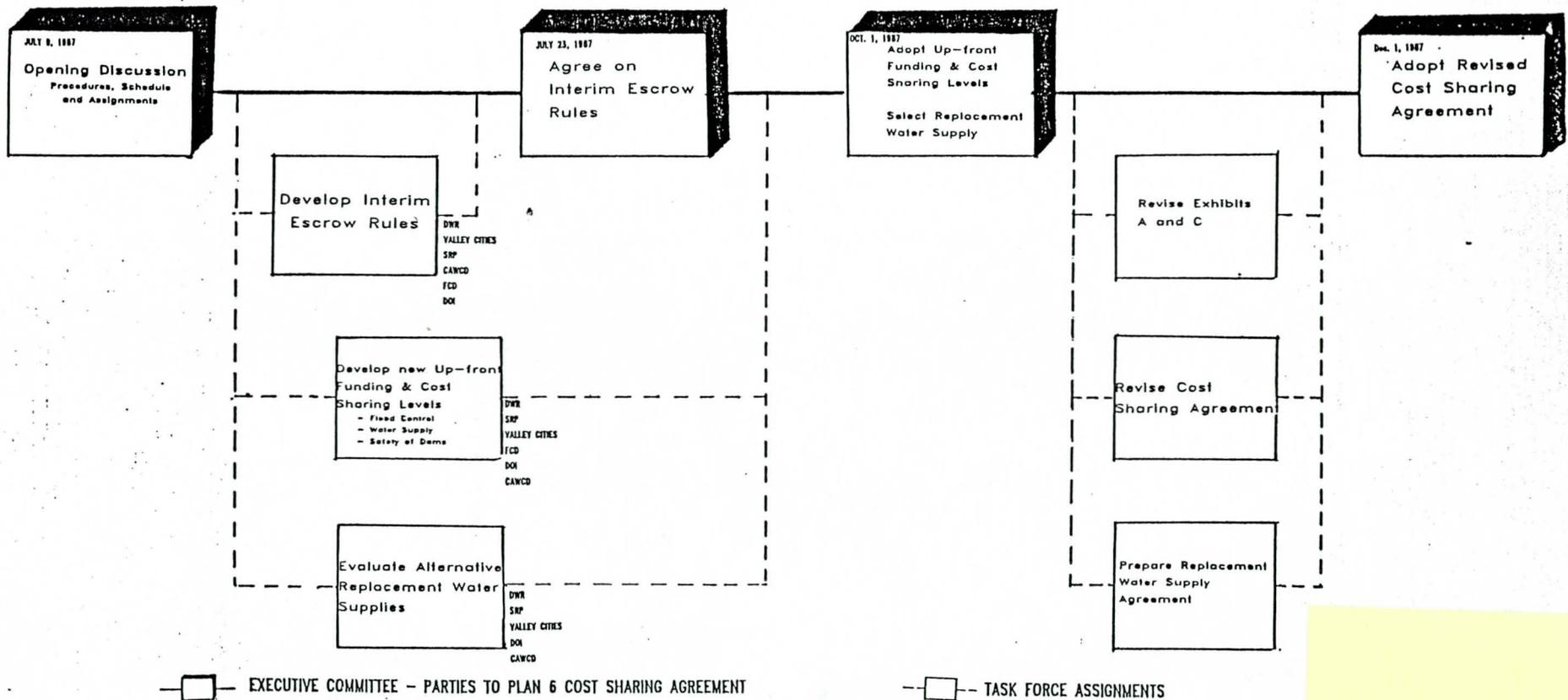
ATTEST:

\_\_\_\_\_  
Clerk of the Board

ENCLOSURE 2

# Proposed Process for Modification of PLAN 6 cost sharing agreement

ENCLOSURE 3



Process  
End/5

# arizona municipal water users association

505 north 2nd street • l'aiglon courts • suite 385 • phoenix, arizona 85004 • phone (602) 256-0999

July 8, 1987

The Honorable Dennis DeConcini  
United States Senator  
328 Hart, Senate Office Building  
Washington, D.C. 20510

Dear Senator DeConcini:

I am writing you on behalf of the Board of Directors of the Arizona Municipal Water Users Association in response to the Delegations' request that the Plan Six Funding Agreement participants work cooperatively to quickly get the agreement back on track following the loss of Cliff Dam. We understood Assistant Secretary of Interior Jim Ziglar's proposal, at your meeting on the second of July, to be the creation of a separate escrow account into which all participants would place their funds associated with the construction of Cliff Dam pending the Secretary of Interior's identification and selection of: (1) safety of dams modifications for Horseshoe and Bartlett, (2) flood control for the Salt River through Phoenix, and (3) new water supplies for the AMWUA Cities to replace the conservation yield of Cliff Dam. We understood that once the Secretary selected his proposed actions, the Plan Six Funding Agreement would be modified to reflect the new system elements, construction schedules and funding contribution and withdrawal schedules. It was not clear if the federal appropriations for Cliff would also be placed in the same escrow fund during the restudy period.

Attached is a copy of our June 30, 1987 letter to Secretary of Interior, Donald Hodel, outlining our concerns about the loss of funding for Cliff Dam and suggesting a course of action to successfully restructure Plan Six and the funding agreement in a timely fashion. In the letter we advised the Secretary that we were studying our options and obligations concerning continuing payments under the funding agreement and asked him to voluntarily suspend making withdrawals of our trust funds until we could mutually agree on an appropriate course of action. Perhaps we can accept a program like the one which Assistant Secretary Ziglar offered at the July 2, 1987 meeting.

However, to do so we need greater assurances that the Secretary can and will develop and select the proposed actions for flood control and dam safety modifications at Horseshoe and Bartlett Dams and for new water supplies and conservation space in a timely fashion. We believe it is imperative for

ENCLOSURE 4

A voluntary, non-profit corporation established by cities in the urban area of Maricopa County for the development of an urban water policy.

FLOOD CONTROL DISTRICT RECEIVED		
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Letters

# arizona municipal water users association

505 north 2nd street • l'aiglon courts • suite 385 • phoenix, arizona 85004 • phone (602) 256-0999

July 8, 1987

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FLOOD CONTROL DISTRICT RECEIVED		
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ENCLOSURE 4

Secretary to identify his proposed actions before the current administration leaves office. In fact, it is highly desirable to do so before the CAP appropriations hearings next year.

Unfortunately as it relates to flood control the specific language in the House Appropriations Committee has been interpreted by the Corps of Engineers and the Bureau of Reclamation staff as requiring a more extensive flood control alternative study which will add a year or more to the process necessary for the Secretary of Interior to arrive at his selection of a proposed action for the new Plan Six, thereby delaying the restructuring of the funding agreement by an additional year or more. What is particularly frustrating is that the alternatives to be studied have already been extensively studied and rejected as not cost effective.

Downstream channels and levees were studied under the Central Arizona Water Control Study (CAWCS) and specifically rejected for future study in the Stage II Report in March of 1981, prepared by the Bureau in conjunction with the Corps. The report contained the following findings in part:

Page x, 3. Concept 3: Downstream

Concept 3: Downstream. The downstream system relies entirely on channelization options for flood control (two-sided) levee through Phoenix and one-sided levee from 91st Avenue to Gillespie Dam on the Gila River). Regulatory storage would be provided at New Waddell Dam. The downstream system does meet project purposes and has virtually no environmental and social impacts. However, due to the extremely high cost of the system, it is unlikely that justification and implementation of the project would occur.

Page x, 4. Concept 4: Upstream/Downstream

Concept 4: Upstream/Downstream. For flood control, systems under this concept combine a limited amount of upstream storage on the Salt River with levees on the Salt River and Gila River downstream. Regulatory storage would be included in the upstream structure. Two systems were developed:

- 4A Enlarged/New Roosevelt + Phoenix Levees + Gila Levee
- 4B New Stewart Mountain Dam + Phoenix Levees + Gila Levee

As with the downstream system, both systems meet the project purposes and have minimum impacts. However, both have extremely high costs that make their implementation unlikely.

Page x-xi, 6. Concept 6: Non-structural

Concept 6: Non-structural. The key factor to these systems is that while floods are generally allowed to occur uncontrolled, economic loss and social disruption are reduced by changing the use of the flood plain. However, because flow is not controlled, the level of protection is less than with a structural solution. For flood damage reduction this system(s) would rely on some combination of flood proofing, preparedness planning, flood plain regulations, gravel mining guidelines, and SPF bridge(s). For regulatory storage, the non-structural system would rely on water exchange with the existing SRP system. Although the flood damage reduction measures have not been fully developed and evaluated at this time, they could be included as "add-ons" with many other systems, particularly those flood control systems that do not provide high flow reduction.

Page xi, E. Recommendations for Stage III

4. Eliminate all large levees, but retain the option to use local levees where justified. Costs for any system including levees were so excessively high that the likelihood of ever implementing this solution was virtually nonexistent. Agencies recognized, however, that there may be local areas, such as Holly Acres or Buckeye, that could be protected by "limited levees," which would be added on to any system that did not sufficiently limit flows to prevent flooding of communities or areas requiring protection.

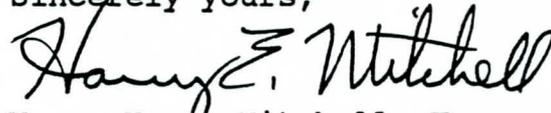
8. Retain nonstructural flood damage reduction measures both as a possible plan or as an add-on to the structural plans.

From the above discussions it is apparent that the Corps of Engineers has already extensively studied levees, channelization and non-structural solutions to flood control needs on the Salt River through the Phoenix metropolitan area and concluded that those solutions have limited applicability and then only as "add-ons" to upstream structural solutions. Changes in the Salt River channel since then would make these solutions even less viable as a comprehensive flood control solution for the Valley of the Sun. Therefore, why extend the study process to identify the new Plan Six by a year or more in order for the Corps to restudy levees, channels and non-structural solutions as substitutes for whatever upstream control remains justified at Horseshoe and/or Bartlett? They should be treated as "add-ons" to be studied after the Secretary Interior identifies his proposed action for Horseshoe and Bartlett Dams for safety modifications and flood control. Any remaining flood problems can then be studied by the Corps of Engineers.

In order to bring this program back together in a timely fashion we believe that it will be necessary to offer an amendment for the Senate Appropriations bill which: (1) provides the secretary with necessary authority to identify and acquire a source of water to replace the new conservation yield of Cliff Dam, and (2) clearly states that the Secretary of Interior in determining what "increments of flood control may be found to be feasible... at Horseshoe and Bartlett Dams, in consultation and cooperation with the Secretary of the Army and using Corps of Engineers evaluation criteria, developed in conjunction with dam safety modifications and consistent with applicable environmental law..." is directed to rely upon existing studies conducted by these two agencies in identifying and selecting the Plan Six alternative to Orme Dam, and is further directed to not restudy alternative dam proposals on the Salt River such as the proposed confluence dams, or downstream channels or levees except as they may supplement any dedicated upstream flood control storage which the Secretary finds to be economically and environmentally feasible at Horseshoe and/or Bartlett Dams.

We believe that this amendment or, something similar to it, will allow the Secretary of Interior to identify his proposed actions, to acquire the replacement water supply and related storage space and to modify Horseshoe and Bartlett for both flood control and safety of dams without duplicating previous study efforts and within a time frame which reasonably assure us that the Plan Six funding agreement will be successfully restructured. With such assurances, we stand ready to work with the Secretary of Interior and the other Plan Six funding participants to make the necessary modification to the escrow accounts to keep the local cost sharing funds flowing while the new Plan Six is being formulated.

Sincerely yours,



Mayor Harry Mitchell, Tempe  
President, Board of Directors  
Arizona Municipal Water  
Users Association

cc: Secretary of Interior Donald Hodel  
Governor Evan Mecham  
Signatories to Plan Six Funding Agreement  
AMWUA Board of Directors

dc: Members of the Arizona Congressional Delegation

# arizona municipal water users association

505 north 2nd street • l'aiglon courts • suite 385 • phoenix, arizona 85004 • phone (602) 256-0999

June 30, 1987

The Honorable Donald P. Hodel  
United States Secretary of Interior  
18th and C Streets, N.W.  
Washington, D.C. 20240

Dear Secretary Hodel:

At the June 24, 1987 meeting of the Arizona Municipal Water Users Association, the Board of Directors decided to write you expressing their grave concerns about the impacts of the loss of Cliff Dam on our member cities continued ability to participate in the Plan Six cost sharing agreement. The water conservation, dam safety, and flood control benefits provided by Cliff Dam were central to our support of the overall local funding package. We are prepared to work with you, with the other Plan Six funding participants, and with the Arizona delegation to create a new Plan Six and to modify the Plan Six funding agreement as appropriate.

To accomplish this, the new Plan Six without Cliff Dam must be the functional equivalent of Plan Six with Cliff Dam. We believe that this can be accomplished by making safety of dams modifications to Horseshoe and Bartlett dams, by raising one or both of these dams for flood control, and by securing alternative water supplies to replace the 30,000 AF Annual Average Yield from Cliff Dam.

In order to successfully restructure Plan Six in a timely fashion, we believe that the following steps will need to be undertaken by your office.

1. Implement studies of Horseshoe and Bartlett dams to identify the appropriate safety of dams modification along with the maximum amount of dedicated flood control storage which can be economically justified, up to the full amount of flood control space designed for Cliff Dam.
2. Reissue the Safety of Dams Modification report and the Secretarial Record of Decision on Plan Six, to reflect the flood control and safety modifications at Horseshoe and Bartlett dams in lieu of building Cliff Dam.
3. Identify and acquire a source of water to replace the new conservation yield of Cliff Dam. An allocation of uncontracted for municipal and industrial Central Arizona Project water is not viewed as acceptable replacement water.

4. Identify Conservation Storage space to replace the 205,000 AF of dedicated New Conservation space at Cliff Dam.
5. Work through the Department of Justice to develop a Stipulation and Order of dismissal of the environmental coalition's litigation which helps to insulate the new Plan Six features from further environmental law challenges.
6. Participate with the Plan Six funding participants in modifying the agreement to reflect the above changes.

The Cities' prior payments under the Plan Six funding agreement and the payments which will become due in the near future are of immediate concern to us. We are reviewing our continuing obligations under the agreement in light of the recent House of Representatives action on appropriations, and will defer our payments under the 30 day grace period of the contract pending completion of the review. We respectfully ask you to reprogram your expenditures in order to voluntarily cease making withdrawals from our trust fund accounts until we have completed our legal review, and can agree on an appropriate course of action regarding payments and withdrawals during the pendency of your studies and administrative actions leading to your adoption of a new Plan Six.

Each of the AMWUA member cities stands ready to assist you in any way that we can in developing and adopting a new Plan Six prior to next year's CAP appropriations hearings, and in modifying the local funding agreement. Thank you for your continued support in this matter.

Very truly yours,

  
Mayor Harry Mitchell  
President, Board of Directors  
Mayor, City of Tempe

cc: Arizona Congressional Delegation  
Signatories to Plan Six Funding Agreement

LAW OFFICES OF  
*Larry J. Richmond, P.C.*

1419 NORTH 3RD STREET  
SUITE 100  
PHOENIX, ARIZONA 85004

LARRY J. RICHMOND  
BARBARA U. RODRIGUEZ  
JULIE M. LEMMON  
MARGARET Y. RAY

Property of  
Flood Control District of MC Library  
Please Return to  
2801 W. Durango  
Phoenix, AZ 85009  
AREA CODE 602  
TELEPHONE 271-0505

June 3, 1987

Mr. Dan E. Sagramoso  
Chief Engineer & General Manager  
Flood Control District  
of Maricopa County  
3335 West Durango  
Phoenix, Arizona 85009

FLOOD CONTROL DISTRICT RECEIVED	
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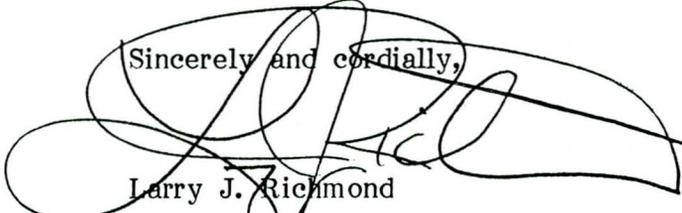
**RE: Plan 6 and FCD "Consequences" of Modifications**

Dear Dan:

Enclosed herewith please find a memorandum we have prepared regarding the above matter.

As always, should you have any questions, please do not hesitate to contact us.

Sincerely and cordially,

  
Larry J. Richmond

P.S. This should, of course, be held in the strictest of confidences.

LJR

LJR:tc

Enclosure

Because the FCD cannot pay for flood control projects which do not benefit Maricopa County, the total flood control benefits had to be reduced by those associated with Buttes Dam and the aqueduct. This is the reason for the somewhat complicated formula on page A-2 which is used for calculating the flood control share.

This differentiation for local purposes between Plan 6 features and Project Works is important to remember when reading the documents. Deposits by the non-federal parties are linked to Exhibit A (see page 5) and, therefore, only to the Plan 6 component.

**What happens to the FCD contribution when the federal government fails to meet its funding commitments?**

If the U.S. fails to meet its construction schedule for lack of funds or other factors within its control, (see definition of "Uncontrollable Forces" on page 4), CAWCD receives a "prepayment credit" for the FCD contribution (and also the Cities' contributions). The FCD cannot receive a prepayment credit directly because it is not a creditor of the U.S., so to speak, as CAWCD is. The "Curing and Reimbursement" Agreement between CAWCD, the cities and the FCD provides for an eventual return to the FCD of the funds after time elapses and there is no possibility the U.S. will get back on the construction schedule. This money will not be directly returned to the District by the U.S.

If the U.S. fails to apply the prepayment credits to CAWCD as specified, it results in a liquidated damage penalty of \$31 million against the U.S., to be paid to the FCD and cities in proportion to their contributions to date (see page 13, lines 19-24). The legality of this liquidated damages provision has been questioned by federal attorneys, but it is the main "hook" to keep the U.S. in the agreement.

**What happens if the FCD fails to make its quarterly contributions as scheduled in Exhibit A?**

A late charge goes into effect if the payment is not made within 30 days of the due date. The late charge is interest at a rate determined by the Secretary (of Interior). Any late charge/interest paid is credited as up-front funding, so it really is not a penalty (see page 14).

There really is no penalty in the Agreement for failure of the non-federal parties including FCD to make contributions. The reasoning behind this is that the local funding was in the nature of a gift, and it was difficult to determine how to penalize a party for not giving the U.S. a gift even though it said it would do so.

The Agreement is so explicit as to the penalties it seems clear that no other remedies were intended between the U.S. and the non-federal parties (see page 21, lines 3-6).

**Does this mean there are no ramifications for a failure to make a contribution?**

No, as the Agreement provides for a mandatory attempt to renegotiate the agreement. (Many feel this is cruel and unusual.) (See page 24, lines 9-10.) If any party fails to make a payment for 18 months, and no other party makes the payment for them, then renegotiation may start.

Also, if another non-federal party steps in and makes a payment for a defaulting party, that "curing" party may go to Superior Court to obtain reimbursement plus fees, costs, and interest. The local parties, therefore, have a greater right to sue each other than the U.S. and the non-federal parties, pursuant to the "Curing and Reimbursement Agreement." Note that only CAWCD, the District, and the Cities are parties to the curing agreement; SRP did not participate.

Any party which fails to make a payment due to causes within its control would certainly be subject to extreme political pressure as well.

**If there is a change in construction or other factors which affect the FCD contributions because they are a percentage, how will the recalculation be done?**

The agreement provides that the projections for federal funding requirements will be modified annually (see A-1). The final decisions on construction schedules and plans are left to the United States (see page 16) and the Secretary's decision is a final order which can be reviewed under the Administrative Procedures Act. A yearly reevaluation is mentioned in Section E (pages A-8 and A-9) but the procedure for the reevaluation is not clear. The Consultation Committee is the forum for asking for a reevaluation and recalculation of FCD costs. A formal written request should be presented at a committee meeting, signed by the Chief Engineer or even Chairman of the Board. As our first quarterly contribution is due on October 1, 1987, such a request could/should be made soon.

**What effect could a negative Audubon decision have on the Agreement?**

The affect of litigation is addressed on page 24. Basically, the parties have to live with whatever the court decides. "Restraint by a court or public authority" is an "Uncontrollable Force" and the U.S. would be off the hook, so to speak, if construction was delayed or cancelled by the Court.

**What is the District's responsibility regarding funding if Cliff Dam is modified or eliminated from Plan 6?**

Either situation would be a circumstance under which the District should request a reevaluation of its contributions (amounts and schedules). As Cliff Dam is the main flood control feature of Plan 6, a large amount of the costs are associated with its construction. Reduction or elimination of those costs would affect the FCD

allocations. Some cost reductions to the FCD will probably have to be picked up by CAWCD as part of its future repayment obligations.

**What happens if the federal court (or the loss of flood control or Safety of Dams benefits) causes a reformulation of Plan 6 without Cliff Dam?**

The Agreement would have to be renegotiated, but renegotiation would not be mandated. Upon a failure to renegotiate, the Agreement could be terminated with 120-days written notice by any non-federal party. The agreement is based on the construction of the "Features of Plan 6" - the loss of or change of a feature (i.e. reconstruction of Bartlett or Horseshoe instead of Cliff) would mean no agreement.

**How likely is it that a Cliff Dam substitute will be sought or suggested?**

The Bureau of Reclamation must have at least a 1:1 cost/benefit ratio before it can spend funds on the flood control functions of a dam. (Each separate function must be justified separately.) Initial results from the "quick and dirty" Corps of Engineers analysis of the Cliff flood control benefits indicates barely a 1:1 cost/benefit ratio. This analysis may not survive internal review within the Bureau of Reclamation, although local officials have stated they would continue to support it.

There are also ongoing studies by SRP that have apparently shown that all the Cliff Dam functions can be done cheaper at Bartlett by expanding the existing dam to include flood control and new conservation space, as well as fixing the Safety of Dams problem.

The drawbacks to a Bartlett alternative are that the Agreement would have to be renegotiated, something many believe would not happen because of changes at Interior and local agencies. Also, a new Environmental Impact Statement would have to be prepared, which could take up to two years.

There is a disagreement as to whether the Bartlett site would be better for the eagle habitat. The plaintiffs in the Audubon suit say Bartlett is preferable;

the game and fish people apparently feel the habitat between the lakes, which would be inundated by a larger Bartlett reservoir is superior to the habitat which would be inundated by Cliff Dam.

Ultimately, when these figures on Bartlett v. Cliff are released, the Corps of Engineers flood control benefits study is most vulnerable to attack, as it has a "million caveats" in it (per one economist). The second area which could be questioned is why the U.S. and local parties would want to build a more expensive Cliff Dam (and arguably more environmentally questionable) rather than save at least \$20 or \$30 million and build Bartlett. One answer is that there is funding now for Cliff, and a two-year delay could harm future funding. The other side is that Maricopa County taxpayers who live in SRP's boundaries and in one of the participating cities will carry a heavy burden.

**SUMMARY**  
**PLAN SIX AGREEMENT,**  
**EXHIBITS, & "CURING" AGREEMENT**

**Parties to the Agreement are:**

Flood Control District of Maricopa County (FCD)  
United States (Bureau of Reclamation) (USBR)  
Central Arizona Water Conservation District (CAWCD)  
Salt River Agricultural Improvement and Power District and  
Salt River Valley Water Users' Association (SRP)  
City of Chandler  
City of Glendale  
City of Mesa  
City of Phoenix  
City of Scottsdale  
City of Tempe  
City of Tucson  
State of Arizona

For purposes of Agreement often described as the Federal parties (USBR) and non-Federal parties (everyone else).

**Explanatory Recitals:**

The intent and purpose of Agreement, including a finding that it is in the best interests of CAP beneficiaries and United States to accelerate construction.

**Definitions:**

Self-explanatory; significant is definition of "uncontrollable forces" as it governs a variety of situations anticipated in Agreement.

**Construction Advances:**

Describes how deposits shall be made into escrow accounts for use by United States for construction of facilities. U.S. may withdraw up to limits set in Exhibit "A", plus any previously unexpended funds and any interest earned on funds (except in CAWCD fund). Exhibit "A" shall be reevaluated yearly and may be changed if necessary.

**Cost Allocation and Crediting of Contributions:**

Describes how CAWCD's \$175 million advance shall be credited. The FCD contribution will be determined by formula and schedule in Exhibit "A". FCD contributions, including interest, will be credited against non-reimbursable costs of CAP allocated to flood control. The Cities' contributions will be credited against reimbursable costs of the additional conservation storage to be available at Cliff Dam and Modified Roosevelt Dam, as calculated per Exhibit "A". Provides that the Cities will eventually receive the additional water conservation yields from Cliff and Modified Roosevelt Dams, although the initial reservoir permits will be obtained by the USBR. All water rights depend on appropriative rights being granted by Arizona Department of Water Resources. Water issues are further discussed in Exhibit C. SRP will contribute an

amount equal to its Safety of Dams cost-sharing obligation. An important statement in this section refers to suspension of the obligation of the non-Federal parties if there is a delay or stoppage of the Plan Six construction due to "uncontrollable forces."

**Additional Contributions by CAWCD:**

If Federal appropriations are not sufficient to meet the construction schedule in Exhibit "A", the CAWCD may contribute extra funds, subject to a separate agreement with the USBR which would enable CAWCD to eventually recover the funds.

**Failure to Meet Funding Commitments:**

If the United States by reason of factors within its control fails to meet the construction schedule for New Waddell Dam, CAWCD will receive prepayment credits that increase with the time of delay. As construction schedule may be amended because of "uncontrollable forces" causing delays, any failure to meet the schedule in Exhibit "A" will be considered as "within the control" of the U.S. When and if any construction delays are recovered CAWCD's prepayment credits will be sent back to the U.S. in the same manner they were accrued. Failure by the U.S. or CAWCD to comply with this section will result in the payment of \$48,000,000 in liquidated damages. If the U.S. fails to meet the construction schedule for Cliff and Modified Roosevelt Dams due to factors within its control, the FCD's contribution will be credited to CAWCD's interest-bearing obligation and to non-reimbursable flood control costs. The contribution of the Cities would also be credited to CAWCD's interest bearing obligation. (A procedure for the repayment by CAWCD of these funds in cash or credit is provided in Exhibit C). Failure of the parties to apply credits as specified in this section results in \$31,000,000 in liquidated damages. Late charges are also specified.

**Priorities for Expenditures of Federal Appropriation:**

If not enough Federal money is appropriated in any year for construction as scheduled in Exhibit "A", the following order of priority is established:

1. Completion of Aqueduct through Tucson Phase B, excluding terminal storage.
2. Construction of Indian and Non-Indian distribution systems.
3. Construction of New Waddell Dam, Cliff Dam, Modification of Roosevelt and Stewart Mountain Dams; construction of terminal storage.
4. Buttes Dam (if approved).

**Consultation:**

Makes FCD and other Parties part of a Consultation Committee with right to review the design and construction of the Plan Six facilities. The committee set up is for consultation only; U.S. will make all final decisions. Substantial completion dates may be amended by the Secretary of Interior if delayed by "uncontrollable forces." Notice must be given to the Consultation Committee of delays and the recovery of such delays.

**Impact of Contributions on Central Arizona Project and Safety of Dams Appropriation Ceilings:**

Non-Federal contributions will not be included in above calculations as a part of Federal appropriations. There is a ceiling on CAP appropriations.

**Repayment Contract and Reclamation Reform:**

Excludes this agreement from provisions of Reclamation Reform Act (necessary for parties under Reclamation Reform Act.)

**Title To and Operation of Project Works:**

United States will retain title to dams and other works constructed under agreement, and SRP and U.S. will amend any existing agreements affected by project.

**Failure to Complete Construction:**

If U.S. fails to complete construction due to controllable forces, the total contribution of CAWCD, FCD, and the Cities will be credited as a prepayment, just as if there had been a delay in construction. If the U.S. fails to complete construction due to "uncontrollable forces," the non-Federal contribution is credited as if U.S. had met the construction schedule. In either situation, the parties may choose to complete the projects with their own funds.

**Contingent on Appropriation or Allotment of Funds:**

All parties will be depending upon the appropriation of or allotment of funds by their respective councils, boards, or legislative bodies. If the parties fail to receive the necessary appropriations they are not relieved of their obligations except as provided in the Agreement.

**Navajo Power Marketing Plan:**

Secretary of Interior and Secretary of Energy shall work to adopt a Hoover Power Marketing Plan that will provide for the marketing of the power provided by Congress to help fund the CAP. The participation of the CAWCD will be suspended if the plan does not give CAWCD sufficient funds; if the Plan is not adopted by December 31, 1987 the Agreement may be renegotiated.

**Verde River Protection Fund:**

The state shall establish a \$2 million "Verde River Protection Fund" for property acquisition, habitat enhancement or habitat protection on the Verde River.

**CAWCD Purchase of Headquarters Complex:**

CAWCD and United States will negotiate a purchase and lease agreement for the CAP Headquarters Complex.

**Non-Compliance Provision:**

If causes within U.S. control result in significant changes in project, the U.S. and non-Federal parties may attempt to renegotiate the Agreement, and if negotiations are not successful the non-Federal parties may terminate with 120-days written notice. If Agreement is terminated, all contributions by CAWCD, FCD and Cities will be credited against CAWCD's interest-bearing obligation. Failure of U.S. to credit the contributions results in a liquidated damage penalty of \$79,000,000. SRP contribution will be credited to Safety of Dams or other obligations or refunded. If a non-Federal Party fails to make a contribution due to causes within its control, and no other non-Federal Party makes up the payment, the Agreement may be renegotiated. If a

subsequent agreement is not reached, the U.S. may terminate with 120 days notice.

**Effect of Litigation:**

Parties will abide by final judgment in Audubon suit, but may appeal. Recognizes that judgment may affect obligations of parties.

**Additional Legislation:**

Recognizes that the ability of the parties to fulfill obligations under Agreement depends on legislation giving parties certain authority necessary to sign the Agreement.

**Relationship of Parties and Liabilities:**

Clarifies roles and liabilities of parties; holds non-Federal parties free of liability from construction claims or actions resulting from performance of U.S.

**Exhibit "A":**

Gives details regarding construction schedule, Federal appropriations needed, and total non-Federal contributions and withdrawals. The FCD contribution calculation is in section (B)(2) on page A-2. The FCD withdrawal schedule is in section (C)(2) on page A-4. The FCD contribution schedule is in section (D)(2) on page A-7. The yearly reevaluation process may change the total amount to be contributed and change the contribution and withdrawal schedules. The contribution schedule assumes 8% annual interest earned in escrow, and interest will be considered as part of the total contribution.

**Exhibit "B":**

Establishes the procedure for handling the escrow accounts. The contributions will be placed into escrow or trust accounts and disbursed as instructed by the USBR.

**Exhibit "C":**

Deals with principles for division of costs associated with the operation, maintenance and replacement (OM&R) of Plan Six facilities, as details of final project construction and design not available now. The share of OM&R associated with flood control will be paid by the USBR, so FCD is not involved in most aspects of Exhibit C. Provides that Corps of Engineers and USBR will provide SRP with flood control criteria. Exhibit also provides for agreement between CAWCD and FCD and Cities for repayment of any of the funding which is credited to CAWCD as non-reimbursable costs. Such repayment will be in cash or some form of negotiable "credit" which FCD could "sell" to Cities or others buying from CAWCD. (Unresolved as of March 10, 1986, is status of paragraph 8 in which parties agree among themselves not to sue for possible damages. There are also other unresolved issues in Exhibit C.)

**Exhibit "D":**

Gives example of assumptions for and calculations of Prepayment Credits under Article 7(a).

**Curing and Reimbursement Agreement:**

This will be a separate agreement between the FCD, Cities and CAWCD (SRP has declined to be a party). It will provide a procedure for non-Federal parties to voluntarily "cure" any default by other non-Federal parties and initiate legal proceedings for reimbursement of the money spent on such a "cure", including attorney fees and costs. This document is in the draft stage and not available for distribution.

AGREEMENT AMONG THE UNITED STATES,  
 THE CENTRAL ARIZONA WATER CONSERVATION DISTRICT,  
 THE FLOOD CONTROL DISTRICT OF MARICOPA COUNTY, THE  
 SALT RIVER AGRICULTURAL IMPROVEMENT AND POWER  
 DISTRICT AND SALT RIVER VALLEY WATER USERS'  
 ASSOCIATION, THE ARIZONA CITIES OF CHANDLER,  
 GLENDALE, MESA, PHOENIX, SCOTTSDALE, AND TEMPE,  
 THE STATE OF ARIZONA, AND THE CITY OF TUCSON FOR  
 FUNDING OF PLAN SIX FACILITIES OF THE CENTRAL  
 ARIZONA PROJECT, ARIZONA, AND FOR OTHER PURPOSES

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Exhibit A

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04/01/86

1  
2 AGREEMENT AMONG THE UNITED STATES,  
3 THE CENTRAL ARIZONA WATER CONSERVATION DISTRICT,  
4 THE FLOOD CONTROL DISTRICT OF MARICOPA COUNTY, THE  
5 SALT RIVER AGRICULTURAL IMPROVEMENT AND POWER  
6 DISTRICT AND SALT RIVER VALLEY WATER USERS'  
7 ASSOCIATION, THE ARIZONA CITIES OF CHANDLER,  
8 GLENDALE, MESA, PHOENIX, SCOTTSDALE, AND TEMPE,  
9 THE STATE OF ARIZONA, AND THE CITY OF TUCSON FOR  
10 FUNDING OF PLAN SIX FACILITIES OF THE CENTRAL  
11 ARIZONA PROJECT, ARIZONA, AND FOR OTHER PURPOSES

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Preamble

1. THIS AGREEMENT, made this 15<sup>th</sup> day of April,  
1986, pursuant to the Reclamation Act of June 17, 1902 (32 Stat. 388),  
and acts amendatory thereof or supplementary thereto including, but not  
limited to, the Contributed Funds Act of March 4, 1921 (41 Stat. 1404), the  
Colorado River Basin Project Act of September 30, 1968 (82 Stat. 885), the  
Reclamation Safety of Dams Act of 1978, (92 Stat. 2471, as amended by 98  
Stat. 1481), the Hoover Power Plant Act of 1984 (August 17, 1984, 98 Stat.  
1333), collectively known as Federal Reclamation law, among THE UNITED  
STATES OF AMERICA, acting through the Secretary of the Interior; THE  
CENTRAL ARIZONA WATER CONSERVATION DISTRICT; THE FLOOD CONTROL DISTRICT OF  
MARICOPA COUNTY; THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER  
DISTRICT AND SALT RIVER VALLEY WATER USERS' ASSOCIATION; THE ARIZONA CITIES  
OF CHANDLER, GLENDALE, MESA, PHOENIX, SCOTTSDALE, AND TEMPE; THE STATE OF  
ARIZONA; AND THE CITY OF TUCSON, each represented by its respective duly  
authorized representatives;

WITNESSETH, THAT:

Explanatory Recitals

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2. WHEREAS, the United States, through the Bureau of Reclamation, is constructing the Central Arizona Project pursuant to the Colorado River Basin Project Act of September 30, 1968, and the December 15, 1972, Repayment Contract between the United States and the Central Arizona Water Conservation District for Delivery of Water and Repayment of Costs of the Central Arizona Project ; and

WHEREAS, as a suitable alternative to Orme Dam, the United States, in conjunction with representatives of the State of Arizona, the Central Arizona Water Conservation District, and the Salt River Project has planned and is constructing certain features of what is known as "Plan Six," including but not limited to, New Waddell Dam, Cliff Dam, and modifications of the existing Roosevelt and Stewart Mountain Dams of the Salt River Reclamation Project; and

WHEREAS, the parties to this Agreement have determined that it would be in the best interests of the beneficiaries of the Central Arizona Project and the United States for certain Arizona entities to contribute funds to accelerate the construction of New Waddell Dam and Cliff Dam, and the modification of the existing Roosevelt Dam and to assure the modification of existing Stewart Mountain Dam; and

WHEREAS, the State of Arizona is willing to establish and contribute to a fund for the protection and preservation of the Verde River environment; and

WHEREAS, the City of Tucson and the Central Arizona Water Conservation District wish to cooperate and consult with the United States on the development of Tucson Phase B Terminal Storage; and



1 i. "Quarter" shall mean the 3-month period beginning on the first day  
2 of October, January, April, and July, respectively;

3 j. "Features of Plan Six" shall mean New Waddell Dam, Cliff Dam,  
4 modifications of existing Roosevelt and Stewart Mountain Dams, and appur-  
5 tenant works;

6 k. "Project Works" shall mean and include all authorized works and  
7 facilities of the Central Arizona Project and those facilities of the Salt  
8 River Reclamation Project which are Features of Plan Six;

9 l. "Repayment Contract" shall mean the December 15, 1972, Contract  
10 between the United States and the Central Arizona Water Conservation  
11 District for Delivery of Water and Repayment of Costs of the Central  
12 Arizona Project;

13 m. "Non-Federal Parties" shall mean CAWCD, the Cities, the Flood  
14 Control District and SRP;

15 n. "Principles and Guidelines" shall mean the "Economic and Environ-  
16 mental Principles and Guidelines for Water and Related Land Resources  
17 Implementation Studies" dated March 10, 1983, and signed by the President  
18 of the United States on February 3, 1983;

19 o. "Uncontrollable Forces" shall mean any cause beyond the control of  
20 the party affected including, but not limited to: failure of facilities;  
21 flood; earthquake; storm; lightning; fire; epidemic; war; riot; civil  
22 disturbance; labor disturbance; sabotage; bankruptcy of a major construc-  
23 tion contractor; or restraint by a court or public authority; which by  
24 exercise of due diligence and foresight, such party could not reasonably  
25 have been expected to avoid. "Uncontrollable Forces" shall not mean the  
26 actions or inactions of a legislative or governmental body of the party  
27 affected;

1 p. "Terminal Storage" shall mean surface storage facilities or an  
2 alternative to surface storage facilities, in the Tucson area, which, if  
3 approved by the Secretary, will provide as reasonably reliable a supply of  
4 municipal and industrial (M&I) water for the water users in the Tucson area  
5 as is provided for other major Central Arizona Project M&I water subcon-  
6 tractors;

7 q. "Substantially Complete" shall mean the completion of a facility to  
8 the extent that it is capable of providing on a reliable basis all services  
9 for which it is intended;

10 r. "Major Construction Contract" shall mean any contract which results  
11 in the construction and/or demolition of a primary benefit-producing  
12 feature. Relocation, site clearing, data collection, engineering/architec-  
13 tural, supply, and construction contracts involving appurtenant features  
14 are excluded.

15 Construction Advances

16 4. a. The Secretary agrees that each annual budget estimate submitted to  
17 the Executive Office of the President of the United States by the Depart-  
18 ment of the Interior shall include sufficient funding for the Project Works  
19 to meet the construction schedule specified in Exhibit "A," which is  
20 attached hereto and by this reference made a part hereof. The Non-Federal  
21 Parties each agree that they shall, upon receipt of a quarterly statement  
22 from the United States, within 30 days thereof deposit funds in the amounts  
23 specified in Exhibit "A," into a special escrow fund, as described in  
24 Exhibit "B," which also is attached hereto and by this reference made a  
25 part hereof. Such deposits, including interest earned thereon, as provided  
26 for in this Agreement, shall be used by the United States for construction  
27 of New Waddell Dam and Cliff Dam, and the modifications of Stewart Mountain

1 and Roosevelt Dams. The non-Indian distribution system construction sche-  
2 dule shown in Exhibit "A" is for illustrative purposes only and is not  
3 binding upon the non-Indian distribution system beneficiaries, or the  
4 United States.

5 b. In accordance with the escrow instructions specified in Exhibit "B,"  
6 the United States shall have the right to withdraw funds from the escrow  
7 accounts to meet funding obligations for construction of New Waddell Dam,  
8 Cliff Dam, and modifications to Roosevelt and Stewart Mountain Dams. The  
9 United States shall have the right to withdraw such funds at any time  
10 during the Year up to the annual limits specified in Exhibit "A," plus any  
11 funds from previous Years not withdrawn. If any funds, plus interest,  
12 remain in the escrow accounts upon completion of construction, the entire  
13 amount in each account shall be withdrawn by the United States and shall be  
14 credited in a similar manner as specified in Article 5: Provided, however,  
15 That all interest accruing to the CAWCD escrow account shall be available  
16 to CAWCD at the end of each Year. Each Non-Federal Party's obligation to  
17 fund construction costs shall be considered to have been met upon its depo-  
18 sit into escrow of the funds available for withdrawal by the United States  
19 from the escrow accounts.

20 c. Exhibit "A" shall be reevaluated annually and may be amended from  
21 time to time, in accordance with Section E thereof, to change the funding  
22 levels, escrow deposits, and/or escrow withdrawals specified therein.

23 Cost Allocation Procedures and Crediting of Contributions

24 5. Except as expressly modified herein, the procedures for allocation  
25 of construction costs and the provisions for repayment of reimbursable  
26 Federal costs shall be in accordance with Article 9 of the Repayment

1 Contract. Contributions by the separate Non-Federal Parties shall be as  
2 follows:

3 a. The \$175 million of funds advanced by or for CAWCD for construction  
4 of New Waddell Dam shall be recorded on the books of the United States, and  
5 interest during construction which would otherwise have accrued on equiva-  
6 lent expenditures by the United States had such funds not been advanced by  
7 or for CAWCD shall also be accounted for and credited toward the total  
8 CAWCD reimbursable repayment obligation. All costs shall be allocated as  
9 specified in the Repayment Contract through the suballocation of water  
10 supply costs among CAWCD, Indian Water Users, and the New Mexico water  
11 users as though funds were not advanced by or for CAWCD, and then the water  
12 supply costs shall be further suballocated to the interest-bearing and non-  
13 interest-bearing portions of the CAWCD repayment obligation. At this point,  
14 and at successive determinations of the CAWCD repayment obligation as  
15 required in the Repayment Contract, the contributions made by or for CAWCD  
16 and the interest during construction which would have accrued on an equiva-  
17 lent amount of expenditures by the United States shall be subtracted from  
18 the costs allocated to CAWCD. Seventy-five percent (75%) of the funds  
19 advanced by or for CAWCD shall be credited against its interest-bearing  
20 obligation; the remaining twenty-five percent (25%) shall be credited  
21 against its noninterest-bearing obligation.

22 b. The contribution by the Flood Control District, including interest  
23 earned in the escrow account, shall be credited against the nonreimbur-  
24 sable costs of the Central Arizona Project allocated to flood control. The  
25 contribution by the Flood Control District shall be determined pursuant to  
26 the methodology specified in Exhibit "A," and is reflected in the schedule  
27 of deposits to the escrow fund in Exhibit "A," as that exhibit may be  
28 amended.

1           c. The contributions by the Cities, including interest earned in the  
2 escrow account, shall be credited against the interest-bearing reimbursable  
3 costs of the Central Arizona Project repayable by CAWCD for providing con-  
4 servation storage in Cliff Dam and additional conservation storage in  
5 modified Roosevelt Dam. The reimbursable costs of constructing Cliff Dam  
6 and modified Roosevelt Dam which are allocable to Central Arizona Project  
7 functions shall be included in the costs allocated to CAWCD in accordance  
8 with the Repayment Contract. The contributions by the Cities, including  
9 interest earned thereon in the escrow account, shall be recorded on the  
10 books of the United States, and interest during construction which would  
11 otherwise have accrued on equivalent expenditures by the United States  
12 had such funds and interest earned thereon not been contributed by the  
13 Cities shall also be accounted for and credited against the interest-  
14 bearing portion of the CAWCD repayment obligation. For purposes of cre-  
15 diting the Cities' contribution against the CAWCD's interest-bearing  
16 repayment obligation, all costs shall be allocated as specified in the  
17 Repayment Contract through the suballocation of water supply costs among  
18 CAWCD, Indian Water Users, and the New Mexico water users as though funds  
19 were not contributed by the Cities, and then the water supply costs shall  
20 be further suballocated to the interest-bearing and noninterest-bearing  
21 portions of the CAWCD repayment obligation. At this point, and at suc-  
22 cessive determinations of the CAWCD repayment obligation as required in the  
23 Repayment Contract, the contributions made by the Cities (including  
24 interest earned thereon in the escrow account) and the interest during  
25 construction which would have accrued on an equivalent amount of expen-  
26 ditures by the United States shall be subtracted from the interest-bearing

1 costs allocated to CAWCD. The contributions by the Cities shall be deter-  
2 mined pursuant to the methodology specified in Exhibit "A" and are  
3 reflected in the schedule of deposits to the escrow fund in Exhibit "A," as  
4 that exhibit may be amended. In return for their contributions, and for  
5 other mutual consideration set forth herein, the Cities, the United States,  
6 the SRP, the CAWCD and other necessary parties have entered an agreement,  
7 identified as Exhibit "C", attached hereto and by this reference made a  
8 part hereof. Notwithstanding the provisions of the Repayment Contract, the  
9 agreement in Exhibit "C" entitles the Cities to the additional water conser-  
10 vation yield from Cliff Dam (subject to appropriate accounting for future  
11 sedimentation losses) and to the additional water conservation yield from  
12 the modifications to Roosevelt Dam (subject to appropriate accounting for  
13 future sedimentation losses) which result from the construction and opera-  
14 tion of additional reservoir capacity at Cliff and Modified Roosevelt Dams,  
15 for which appropriative rights are granted by the State of Arizona. Unless  
16 otherwise specified in this Agreement, the United States retains no rights  
17 to water developed in the additional reservoir capacity at Cliff and Modi-  
18 fied Roosevelt Dams. The additional water conservation yield from Cliff and  
19 Modified Roosevelt Dams shall be excluded from the total Central Arizona  
20 Project water supply in the suballocation of water supply costs as provided  
21 for in Subarticle 9.3(a)(ii) of the Repayment Contract.

22 d. SRP shall contribute an amount equal to its cost-sharing obligation  
23 under the Reclamation Safety of Dams Act Amendments of 1984 (98 Stat. 1481)  
24 for construction of Cliff Dam, and modifications of Roosevelt Dam and  
25 Stewart Mountain Dam. This contribution, including interest earned in the  
26 escrow account, shall be credited against any repayment obligation incurred  
27 under the Reclamation Safety of Dams Act Amendments of 1984 and shall not

1 exceed such obligation taking into account contributions already made by  
2 SRP and agreed upon by the United States and SRP to be applicable to the  
3 obligation. Such obligation shall be determined using the separable cost-  
4 remaining benefits cost allocation procedure and in accordance with the  
5 requirements of 98 Stat. 1481.

6 e. In the event that construction of any Feature of Plan Six is suspended  
7 or delayed by reason of Uncontrollable Forces, the obligation of the Non-  
8 Federal Party or Parties to contribute funds that is related to such  
9 feature shall be tolled during the period of delay.

10 Additional Contributions by CAWCD

11 6. In the event that Federal appropriations are insufficient to provide  
12 for construction of facilities as scheduled in Exhibit "A", CAWCD has the  
13 option to make up any portion of the deficiency from any available funds.  
14 In the event such additional funds are advanced by CAWCD to fund additional  
15 construction costs, the United States agrees that the initiation of  
16 repayment of the first or next subsequent repayment block(s) under the  
17 Repayment Contract will be delayed for the period of time necessary to per-  
18 mit CAWCD to accumulate such funds to the level they would have reached  
19 upon the initiation of repayment in the absence of the additional contribu-  
20 tion having been made. Prior to such additional contribution being made,  
21 the United States and CAWCD will agree on specific terms under which CAWCD  
22 will recover the funds being contributed. Any additional advances made by  
23 CAWCD for reasons other than to make up shortfalls in Federal appropriations  
24 will be treated as credits against CAWCD's repayment obligation as specified  
25 in Subarticle 5.a.

Failure to Meet Funding Commitments

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7. a. In the event the United States fails to meet the construction schedule for New Waddell Dam as specified in Exhibit "A" due to lack of Federal funds or other factors within the control of the United States, CAWCD will be given a prepayment credit against its interest-bearing annual obligation in accordance with the following:

(i) In the event that substantial completion of New Waddell Dam is delayed up to one year beyond the completion date as scheduled in Exhibit "A", the prepayment credit shall be equal to twenty percent (20%) of the total contribution made to date by CAWCD for the construction of New Waddell Dam.

(ii) In the event that substantial completion of New Waddell Dam is delayed more than one year but less than two full years beyond the completion date as scheduled in Exhibit "A", the prepayment credit shall be equal to fifty percent (50%) of the total contribution made to date by CAWCD for construction of New Waddell Dam, net of previous prepayment credits.

(iii) In the event that substantial completion of New Waddell Dam is delayed more than two years beyond the completion date as scheduled in Exhibit "A", the prepayment credit shall be equal to one hundred percent (100%) of the total contribution made to date by CAWCD for construction of New Waddell Dam, net of previous prepayment credits.

(iv) In the event that substantial completion of New Waddell Dam is delayed and the delay is less than two full years, the balance of the contribution will be applied against CAWCD's reimbursable obligation as specified in Subarticle 5.a.

1           (v) The substantial completion dates stated in Exhibit "A" are sub-  
2     ject to amendment, as provided in Subarticle 9.b., for delays caused by  
3     Uncontrollable Forces or by the actions or inactions of the Non-Federal  
4     Parties; consequently, any failure to meet the scheduled completion dates as  
5     stated in Exhibit "A" (as these dates may be amended) shall be considered a  
6     failure due to a lack of Federal funds or other causes within the control  
7     of the United States.

8           (vi) The prepayment credit shall be applied against CAWCD's annual  
9     payments next due on its interest-bearing annual obligation. Any unused  
10    prepayment credit shall carry forward and accrue interest at the rate of  
11    3.342% per annum until exhausted. Funds in the amount of the prepayment  
12    credits shall be held by CAWCD as they accrue and shall be separately  
13    accounted for by CAWCD. In the event construction delays are recovered, or  
14    partially recovered, prior to completion of New Waddell Dam, the prepayment  
15    credits, with interest which accrued on such credits at the rate of 3.342%  
16    per annum, shall be remitted to the United States on the same basis as they  
17    were accrued, beginning with the payment due the year next following the  
18    Year of recovery.

19           (vii) Failure by the United States to apply any prepayment credit  
20    in accordance with this Subarticle 7.a. shall result in the United States  
21    paying to the CAWCD liquidated damages in the amount of \$48,000,000.  
22    Failure by the CAWCD to remit recovered prepayment credits to the United  
23    States in accordance with this Subarticle 7.a. shall result in the payment  
24    by the CAWCD to the United States of liquidated damages in the amount of  
25    \$48,000,000 plus accrued interest.

1           b. In the event the United States fails to meet the scheduled comple-  
2           tion dates for Cliff Dam and Modified Roosevelt Dam as specified in Exhibit  
3           "A" due to a lack of Federal appropriations or other factors within the  
4           control of the United States, a prepayment credit for contributions made by  
5           the Flood Control District will be provided against CAWCD's interest-  
6           bearing reimbursable obligation in the same manner as provided for CAWCD in  
7           Subarticle 7.a. with the balance of the contribution, if any, retained  
8           against nonreimbursable flood control costs. A prepayment credit will also  
9           be provided against CAWCD's interest-bearing obligation for contributions  
10          made by the Cities in the same manner as specified for CAWCD in Subarticle  
11          7.a. with the balance of the Cities' contributions, if any, retained as an  
12          overall credit toward CAWCD's total interest-bearing reimbursable obliga-  
13          tion. Such prepayment credits shall be held by CAWCD as they accrue and  
14          shall be separately accounted for by CAWCD. In the event construction  
15          delays are recovered, or partially recovered, prior to completion of Cliff  
16          Dam, or Modified Roosevelt Dam, the prepayment credits, with interest which  
17          accrued on such credits at the rate of 3.342% per annum, shall be remitted  
18          to the United States on the same basis as they were accrued, beginning with  
19          the payment due the year next following the Year of recovery. Failure by  
20          the United States to apply any prepayment credit in the manner specified in  
21          Subarticle 7.a. shall result in the United States paying to the Flood  
22          Control District and the Cities liquidated damages in the amount of  
23          \$31,000,000 in direct proportion to their respective contributions made  
24          under this Agreement at that date. Failure by the CAWCD to remit recovered  
25          prepayment credits to the United States in the manner specified in  
26          Subarticle 7.a. shall result in the payment by the CAWCD of liquidated  
27          damages in the amount of \$31,000,000 plus accrued interest.

1 c. In the event that any of the quarterly contributions from any of the  
2 Non-Federal Parties are not made in total, the following late charges shall  
3 be applied. When a full contribution is not made within 30 days of the due  
4 date, the contributor shall pay an interest charge for each day the contri-  
5 bution is delinquent beyond the due date. The interest charge rate shall  
6 be the greater of the rate prescribed quarterly in the Federal Register by  
7 the Department of the Treasury for application to overdue payments, or the  
8 interest rate of 0.5 per cent per month prescribed by section 6 of the  
9 Reclamation Project Act of 1939 (Public Law 76-260). The interest charge  
10 rate shall be determined by the Secretary as of the due date and shall  
11 remain fixed for the duration of the delinquent period. The late charges  
12 shall be considered as up-front funding to be credited against nonreimbur-  
13 sable costs; Provided, That the contribution by the State towards the Verde  
14 River Protection Fund shall be exempt from any late charges.

15 Priorities for Expenditures of Federal Appropriations

16 8. If, in any Year, Federal appropriations are not sufficient to fund all  
17 items scheduled for construction with Federal funds in that Year as spe-  
18 cified in Exhibit "A", the priorities for use of Federal funds shall be as  
19 follows:

20 a. The first priority for available Federal funds shall be for con-  
21 struction of the Aqueduct facilities through Tucson Phase B, exclusive of  
22 terminal storage. Terminal storage, if approved by the Secretary, shall be  
23 constructed after completion of the Tucson Phase B Aqueduct and shall be  
24 phased with construction of New Waddell Dam, Cliff Dam, and modification of  
25 Stewart Mountain and Roosevelt Dams, as set forth in Exhibit "A"; Provided,  
26 however, That in applying the Principles and Guidelines (or such successors

1 as may be applicable) to the planning for Terminal Storage, the United  
2 States agrees to consider all factors relating to the reliability of the  
3 Aqueduct south of the Phoenix area. Before concluding its analysis, the  
4 United States shall consult with CAWCD and Tucson to determine the accep-  
5 tability of the United States' plan to provide the reasonable reliability  
6 (as defined in Subarticle 3.p).

7 b. The second priority for use of Federal funds shall be for construc-  
8 tion of Indian and non-Indian distribution systems as shown in Exhibit "A";

9 c. The third priority for use of Federal funds shall be for construc-  
10 tion of New Waddell Dam and Cliff Dam, modification of Roosevelt and  
11 Stewart Mountain Dams, and, if approved by the Secretary, construction of  
12 Terminal Storage as shown in Exhibit "A". A major construction contract  
13 for New Waddell Dam shall be awarded not later than the end of the Year  
14 1987. A major construction contract for the modification of Roosevelt  
15 Dam shall be awarded not later than the end of the Year 1990. A major  
16 construction contract for Cliff Dam shall be awarded not later than the  
17 end of the Year 1991. A major construction contract for the modification  
18 of Stewart Mountain Dam shall be awarded not later than the end of the Year  
19 1988.

20 d. If the Secretary shall approve a plan for construction, the fourth  
21 priority for use of Federal funds shall be for construction of Buttes Dam,  
22 as shown in Exhibit "A". In the event that the Secretary does not con-  
23 template approving the construction of Buttes Dam, the parties hereto agree  
24 that the United States, the State, CAWCD and other local entities with a  
25 direct interest in Buttes Dam shall confer in an attempt to develop an  
26 acceptable plan.

1 e. In the event the Federal funding is not sufficient to meet the  
2 schedule for construction of New Waddell and Cliff Dams and modification of  
3 Roosevelt and Stewart Mountain Dams as contained in Exhibit "A", Federal  
4 funds shall be made available in a manner to provide an optimum completion  
5 of all facilities as indicated in Exhibit "A". The priorities delineated  
6 in Subarticles a. through d. of this Article 8 notwithstanding, to the  
7 extent that it is reasonable and prudent after consultation with the  
8 Non-Federal Parties hereto, any shortage of Federal funds for construction  
9 or modification of the dams shall be applied by the Secretary to each dam  
10 in inverse proportion to the contributions previously made by the  
11 Non-Federal Parties.

12 Consultation

13 9. a. The parties to this Agreement shall establish a Consultation  
14 Committee with at least one representative from each of the parties hereto  
15 and from the Maricopa County Municipal Water Conservation District No. 1 on  
16 the Committee to provide input for and to review major features designs,  
17 environmental compliance work, construction schedules, financing, and  
18 other items or proposed decisions that will have a direct impact on the  
19 construction of the features toward which the Non-Federal Parties are  
20 advancing funds. The final decisions on all aspects of project development  
21 shall rest with the United States. The parties recognize that the United  
22 States cannot release any budget information contained in the President's  
23 budget prior to the official release of the budget by the President.  
24 Within 90 days after the end of each Year, the Secretary shall submit to  
25 the Consultation Committee a report of funds expended for the construction  
26 of Project Works.

1           b. Each substantial completion date established in Exhibit "A" shall  
2 be amended by the Secretary to state a later date if and to the extent that  
3 the Secretary determines that delay has been caused by Uncontrollable For-  
4 ces or by the actions or inactions of the Non-Federal Parties. No such  
5 amendment of a substantial completion date shall be made unless and until  
6 the Secretary:

7           (i) Gives written notice to the Consultation Committee of the pro-  
8 posed amendment, the particular Uncontrollable Force(s), or the particular  
9 action(s) or inaction(s) of the Non-Federal Parties causing the delay, and  
10 the specific effect upon the completion; and

11           (ii) Affords the Consultation Committee reasonable opportunity,  
12 after such written notice, to be heard with regard to the proposed amend-  
13 ment.

14           c. At least once each Year, the Secretary, in consultation with the  
15 Consultation Committee, shall determine whether Federal appropriation  
16 levels or other causes within the control of the United States may or may  
17 not cause a delay in substantial completion of construction as specified in  
18 Exhibit "A", as amended from time to time. If the Secretary makes a deter-  
19 mination that such a delay may occur, the Secretary shall notify the Consul-  
20 tation Committee of the duration of such delay. The determination of a  
21 delay or its duration shall not alter the substantial completion dates con-  
22 tained in Exhibit "A", as they may be amended from time to time as spe-  
23 cified in Subarticle 9.b. herein. If the Secretary determines that such a  
24 delay will not occur, the Secretary shall notify the Consultation Committee  
25 of such determination and the reasons therefore.



1 Reclamation Reform Act of 1982, 43 U.S.C. §390bb(1), and the regulations  
2 attendant thereto. Accordingly, the execution of this Agreement shall not  
3 subject any party to this Agreement to the provisions of the Reclamation  
4 Reform Act, nor to regulations attendant thereto, to which such party  
5 would not otherwise have been subjected.

6 Title to and Operation of Project Works

7 12. a. Title to all Project Works constructed with Federal and/or  
8 non-Federal funds shall be and remain in the United States unless otherwise  
9 provided by the Congress.

10 b. The care, operation, and maintenance of the facilities constructed  
11 within the Salt and Verde Rivers shall be pursuant to the terms, covenants  
12 and conditions of the "Contract Between United States of America and Salt  
13 River Valley Water Users' Association" dated September 6, 1917, and con-  
14 tracts amendatory thereof and supplementary thereto. The details of the  
15 implementation of said care, operation and maintenance shall be the subject  
16 of appropriate amendments and supplements to said September 6, 1917,  
17 contract, as amended and supplemented, or other agreements between the  
18 United States and SRP, and the United States and SRP agree to expeditiously  
19 negotiate appropriate amendments, supplements and other agreements.

20 Failure to Complete Construction

21 13. a. If the United States fails to complete construction of the facil-  
22 ities for which non-Federal contributions have been made, due to the lack  
23 of appropriations or for other causes within its control, the Secretary,  
24 after consultation with the parties hereto, may declare that no further  
25 Federal work is possible on such facilities. The total cumulative contri-  
26 butions from CAWCD, the Flood Control District, and the Cities for the

1 uncompleted facilities shall be credited as a prepayment in the same manner  
2 as if there were a delay in construction of more than 2 years as provided  
3 in Article 7. The total cumulative contributions of SRP shall be credited  
4 to funding required pursuant to the Reclamation Safety of Dams Act  
5 Amendments of 1984 (98 Stat. 1481). The parties hereto may complete the  
6 Project Works with their own funds. In the event the parties determine  
7 that they will complete the construction of any uncompleted facilities, the  
8 parties shall consult with the Secretary and provide all designs, plans,  
9 specifications, and construction contracts to the Secretary for review and  
10 approval. Title to such facilities shall remain in the United States  
11 unless otherwise provided by the Congress.

12 b. If the United States fails to complete construction of the Project  
13 Works due to Uncontrollable Forces, the cumulative non-Federal contribu-  
14 tions shall be credited as if the United States had met the agreed-upon  
15 construction schedule. In the event of failure by the United States to  
16 complete construction due to Uncontrollable Forces, the parties hereto may  
17 elect to proceed with construction of Project Works subject to the con-  
18 ditions specified above. Title to Project Works shall remain in the United  
19 States unless otherwise provided by the Congress.

20 Contingent on Appropriation or Allotment of Funds

21 14. The expenditure or advance of any money by the United States or the  
22 Non-Federal Parties in accordance with this Agreement (other than liquidated  
23 damages) shall be contingent upon the appropriation or allotment of funds.  
24 The absence of appropriation or allotment of funds shall not relieve any  
25 party to this Agreement from any obligation established herein unless  
26 expressly provided by the terms of this Agreement. No party shall have any

1 right or remedy against the United States in the event the Congress fails  
2 to appropriate or allot the necessary funds other than those rights or  
3 remedies specifically provided herein. The United States shall have no  
4 rights or remedies against the Non-Federal Parties for failure to contri-  
5 bute the funds required by the terms of this Agreement other than those  
6 rights and remedies provided expressly herein.

7 Navajo Power Marketing Plan

8 15. a. The Secretary shall work with the Secretary of Energy through  
9 the Western Area Power Administration to adopt a Navajo Power Marketing  
10 Plan consistent with the Hoover Power Plant Act of 1984 that will provide  
11 for contracting for Hoover Schedule B capacity and energy by CAWCD pursuant  
12 to the Arizona Power Authority allocation dated June 7, 1985, and utiliza-  
13 tion and assignment of revenues from the sales and exchange of Navajo  
14 surplus power and energy as authorized by the Hoover Power Plant Act of  
15 1984, sufficient to make repayment and establish reserves for repayment of  
16 \$175,000,000 (or more) of funds advanced by or for CAWCD for construction  
17 of authorized features of the Central Arizona Project.

18 b. In the event that a Navajo Power Marketing Plan sufficient to make  
19 repayment and establish reserves for repayment of \$175,000,000 (or more) of  
20 funds advanced by or for CAWCD is not adopted by the Secretary in time to  
21 enable CAWCD to meet its scheduled contribution of funds for New Waddell  
22 Dam, this Agreement is suspended pending development and approval of such  
23 Plan. In the event such Plan is not developed and adopted by December 31,  
24 1987, the Non-Federal Parties shall have the option to renegotiate or ter-  
25minate this Agreement without penalty to any party.

1 c. If funds are advanced by other entities for and on behalf of CAWCD  
2 with CAWCD's agreement, and such agreement shall not be unreasonably with-  
3 held, such funds will be treated as CAWCD funds otherwise advanced under  
4 this Agreement.

5 Verde River Protection Fund

6 16. The State of Arizona shall establish a "Verde River Protection Fund"  
7 to be used for the protection and preservation of the Verde River. The  
8 Fund shall be administered by the State of Arizona and may be used for pro-  
9 perty acquisition, habitat enhancement and/or habitat protection along the  
10 entire reach of the Verde River. The State shall establish the Fund and  
11 provide not less than \$2,000,000 for the Fund no later than August 31, 1986.

12 CAWCD Purchase of Headquarter's Complex

13 17. In accordance with the letter of intent signed by CAWCD on December 12,  
14 1985, to provide for the purchase of land and improvements commonly known  
15 as the Central Arizona Project Headquarters Complex, within the calendar  
16 year 1986, CAWCD will negotiate a purchase agreement and lease agreement  
17 with the United States for the Central Arizona Project Headquarters  
18 Complex.

19 Non-Compliance Provision

20 18. Recognizing that the Non-Federal Parties intend that the aggregate  
21 local contribution achieve the timely construction of the aggregate of  
22 features described in this Agreement, the following is agreed to:

23 a. In the event that causes within the control of the United States  
24 result in significant changes in: (1) construction of New Waddell Dam or

1 Cliff Dam, or the modification of Roosevelt Dam or Stewart Mountain Dam;  
2 (2) project purposes; (3) levels of services; (4) appropriation authori-  
3 ties; (5) or project authorizations from those upon which this Agreement is  
4 based, the Non-Federal Parties and the United States may attempt to renegoti-  
5 tiate this Agreement based on the new circumstances. (With regard to  
6 construction of Project Works, significant changes shall be deemed to have  
7 taken place if construction on a feature has been halted for a period of 18  
8 months or more.) If such negotiations do not result in a mutually accep-  
9 table agreement, the Non-Federal Parties shall have the option of ter-  
10 minating this Agreement with a minimum of 120-days written notice. In  
11 the event of termination, all cumulative contributions made by CAWCD, the  
12 Flood Control District, and the Cities shall be credited as a prepayment  
13 against CAWCD's interest-bearing obligation. Should the United States fail  
14 to credit all cumulative contributions made by CAWCD, the Flood Control  
15 District, and the Cities as a prepayment against CAWCD's interest-bearing  
16 obligation, the United States shall pay liquidated damages of \$79,000,000  
17 to CAWCD, the Cities, and the Flood Control District in direct proportion  
18 to their respective contributions made under this Agreement at that date.  
19 Cumulative contributions made by SRP:

20 (i) will be credited against SRP's Safety-of-Dams obligation to the  
21 extent such obligation exists or remains unsatisfied;

22 (ii) in the event such obligation is no longer outstanding, shall be  
23 credited against any other outstanding obligation it has to the United  
24 States under Reclamation law, as designated by SRP; or

25 (iii) in the absence of such a designation or obligation, shall be  
26 refunded to SRP within a reasonable time.

1 In the event SRP's cumulative contributions, or appropriate portions  
2 thereof, are not credited or refunded in accordance with (i), (ii), or  
3 (iii) above, the United States shall pay liquidated damages in an amount  
4 equal to: SRP's cumulative contributions to the date of the termination of  
5 this Agreement, minus any amounts properly credited or refunded.

6 b. In the event that any Non-Federal Party, due to causes within its  
7 control, fails to make a contribution in a year in which such contribution  
8 is due in accordance with this Agreement, and no other Non-Federal Party  
9 elects to make up the shortfall, the parties hereto shall attempt to rene-  
10 gotiate this Agreement. For the purpose of this Subarticle 18.b., the  
11 failure of a Non-Federal Party to make a scheduled contribution in any  
12 amount, plus accrued late charges, for a period of 18 months (and which is  
13 not made up by another entity) shall be sufficient justification for rene-  
14 gotiation. If such negotiations do not result in a mutually acceptable  
15 agreement, the United States shall have the option of terminating this  
16 Agreement with a minimum of 120-day's written notice to all other parties.  
17 In the event of termination by the United States, cumulative contributions  
18 made to date by the Non-Federal Parties, not to exceed \$100,000,000, shall  
19 be considered as up-front funding to be credited against nonreimbursable  
20 costs and, in the case of SRP, credited to funding required pursuant to the  
21 Reclamation Safety of Dams Act Amendments of 1984; Provided, That the  
22 State's contribution to the Verde River Protection Fund shall not be sub-  
23 ject to the provisions of this Subarticle 18.b.

24 Effect of Litigation

25 19. The United States, and any other party to this Agreement who inter-  
26 venes, shall abide by the final judgment in the lawsuit entitled Maricopa

1 Audubon Society, et al. vs. Hodel, et al., No. CIV-85-2166-PHX-PGR, to the  
2 extent such decision affects the abilities of said entities to fulfill  
3 their respective obligations as established herein. The United States, the  
4 Non-Federal Parties, and the State shall retain any rights they have to  
5 appeal the decision of the District Court to final judgment, should they so  
6 desire.

7 Additional Legislation

8 20. a. CAWCD's obligations under this Agreement shall be contingent upon  
9 its obtaining such additional legislative authority as may be necessary or  
10 appropriate to enable CAWCD to carry out the terms of this Agreement. Such  
11 authority may provide that CAWCD shall have the authority to issue bonds  
12 necessary to carry out the objectives and obligations of this Agreement.  
13 Such authority may also include the authorization for CAWCD to accept  
14 funding advanced by other entities in accordance with Subarticle 15.c.  
15 hereof. It is understood and agreed that CAWCD shall have the option to  
16 withdraw from this Agreement if either bonding authority is not obtained or  
17 sufficient funds are not advanced by other entities as provided in  
18 Subarticle 15.c. In the event the law embodying such authority is not  
19 signed by the Governor of Arizona prior to August 1, 1986, any party shall  
20 have the option to renegotiate or terminate this Agreement without penalty.

21 b. The obligation of the Cities, SRP, and the Flood Control  
22 District under this Agreement shall be contingent upon their obtaining such  
23 additional legislative authority as may be necessary or appropriate to  
24 enable them to carry out the terms of this Agreement. In the event the  
25 law(s) embodying such authority(ies) is (are) not signed by the Governor of  
26 Arizona prior to August 1, 1986, any party shall have the option to renegotiate or terminate this Agreement without penalty.

Relationship of Parties and Liabilities

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21. Except as otherwise expressly provided herein, no party hereto is authorized to act as the agent for or otherwise on behalf of any other party in the performance of any obligations under this Agreement. Neither the Non-Federal Parties, the State nor Tucson shall assume any liability for any claims or actions arising out of the performance by the United States of any construction, design, or other work contemplated by this Agreement. Tort liability of the United States shall be governed by the Federal Tort Claims Act (28 U.S.C. § 2671 et seq.).

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

THE UNITED STATES OF AMERICA

By: C Dale Howell By: Ronald Paul Hodel  
Commissioner of Reclamation Secretary of the Interior

THE STATE OF ARIZONA

Attest: Rose Bradford By: Re Faller  
Secretary of State Governor

CENTRAL ARIZONA WATER CONSERVATION DISTRICT

Attest: Lynn H. Sharp By: George Bar  
Secretary President

Approved as to form: Ronald K. Miller  
General Counsel

FLOOD CONTROL DISTRICT OF MARICOPA COUNTY

Attest: Ed Shep By: George Campbell  
Clerk of the Board Chairman, Board of Directors

Approved as to form: Ed Shep  
General Counsel

SALT RIVER VALLEY WATER USERS' ASSOCIATION

Attest and Countersign Paul D. ... By: John R. Lassen  
Secretary President

Approved as to Form: John R. Lassen

SALT RIVER PROJECT AGRICULTURAL  
IMPROVEMENT AND POWER DISTRICT

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3

Attest and  
Countersign

Paul Rice  
Secretary

By:

John R. Sasser  
President

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5

Approved as  
to form:

[Signature]

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7

CITY OF CHANDLER

8

Attest:

[Signature]  
Clerk

By:

[Signature]  
Mayor

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Approved as  
to form:

Clifford J. Frey  
City Attorney

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CITY OF GLENDALE

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Attest:

Javignis Behm  
Clerk

By:

[Signature]  
Mayor

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Approved as  
to form:

Peter VanHorn  
City Attorney

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CITY OF MESA

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Attest:

Jean A. Talvy  
Deputy Clerk

By:

[Signature]  
City Manager

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Approved as  
to form:

J. LaMar Skully  
City Attorney

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CITY OF PHOENIX, Marvin A. Andrews,  
City Manager

Attest: *[Signature]*  
Clerk

By: *Marvin A. Andrews*

Approved as  
to form: *Bob McInnis*  
City Attorney 147

*[Signature]*  
Mayor, City of Phoenix

CITY OF SCOTTSDALE

Attest: Roy R. Pederson, City Clerk

By: *Harold R. Oberkirk*  
Mayor

By: *Betty Harrison*  
Deputy City Clerk

Approved as  
to form: *William E. Jamill*  
City Attorney

CITY OF TEMPE

Attest: *Virginia S. Thompson*  
Clerk

By: *Harry E. Mitchell*  
Mayor

Approved as  
to form: *David R. Merkel*  
City Attorney

CITY OF TUCSON

Attest: *David Woodcut*  
Clerk

By: *[Signature]*  
Mayor

Approved as  
to form: *[Signature]*  
City Attorney

1 EXHIBIT "A" TO AGREEMENT AMONG THE UNITED STATES,  
 2 THE CENTRAL ARIZONA WATER CONSERVATION DISTRICT,  
 3 THE FLOOD CONTROL DISTRICT OF MARICOPA COUNTY, THE  
 4 SALT RIVER AGRICULTURAL IMPROVEMENT AND POWER  
 5 DISTRICT AND SALT RIVER VALLEY WATER USERS'  
 6 ASSOCIATION, THE ARIZONA CITIES OF CHANDLER,  
 7 GLENDALE, MESA, PHOENIX, SCOTTSDALE, AND TEMPE,  
 8 THE STATE OF ARIZONA, AND THE CITY OF TUCSON FOR  
 9 FUNDING OF PLAN SIX FACILITIES OF THE CENTRAL ARIZONA  
 10 ARIZONA PROJECT, ARIZONA, AND FOR OTHER PURPOSES (AGREEMENT)

7 A.1. Construction Schedule

8		<u>First Major</u> <u>Construction</u> <u>Contract</u>	<u>Substantially</u> <u>Complete</u>
9			
10	Aqueduct	Ongoing	1993
11	Terminal Storage	1994	1995
12	Non-Indian Distribution	Ongoing	Not determined
13	Indian Distribution	Ongoing	Not determined
14	New Waddell	1987	1995
15	Roosevelt	1990	1995
16	Cliff	1991	1997
17	Stewart Mountain	1988	1990
18	Buttes	1994	1999

19 A.2. Federal Appropriations

20 The parties contemplate that it will require spendable Federal funds  
 21 in not less than the following amounts annually to meet the construction  
 22 schedule as identified in Section A.1. above:

23	1987	\$212,000,000	1992	\$180,000,000
	1988	\$221,000,000	1993	\$178,000,000
24	1989	\$227,000,000	1994	\$178,000,000
	1990	\$187,000,000	1995	\$180,000,000
25	1991	\$180,000,000	1996-1999	As needed to maintain construction schedule

26  
 27 The projections for Federal funding requirements will be modified annually  
 28 as part of the consultative process defined in Article 9 of this Agreement.

1 B. Determination of Total Non-Federal Contributions

2 1. CAWCD- The contribution is to sum to \$175,000,000. This amount is a  
3 fixed value and is not adjustable due to changes in project construction  
4 costs.

5 2. Flood Control District- The Flood Control District will contribute a  
6 total amount equaling 20 percent of the costs allocated to the Flood  
7 Control function of the Central Arizona Project (CAP), adjusted by the  
8 relationship between the Flood Control benefits associated with Features of  
9 Plan Six and the Flood Control benefits associated with CAP. The founda-  
10 tion for this calculation is the CAP cost allocation. The calculation to  
11 be used in determining and adjusting the total is as follows:

12 ° Flood Control benefits associated with Features of Plan Six divided  
13 by the Flood Control benefits associated with CAP; multiplied by 20%; multi-  
14 plied by the total CAP costs allocated to Flood Control.

15 For example:

16 °  $\$23,000,000 / \$25,000,000 = 0.92$  (92%)

17 °  $0.92 \text{ times } 0.20 = 0.18$  (18%)

18 °  $0.18 \text{ times } \$339,000,000 = \$61,020,000$

19 3. SRP- The Salt River Project will contribute an amount not to exceed  
20 15 percent of the costs allocated to the Safety-of-Dams function and  
21 authorized by the Reclamation Safety of Dams Act of 1978, and amendments  
22 thereto, for the construction of Cliff Dam, and modifications to Roosevelt  
23 Dam and Stewart Mountain Dams. The foundation for this calculation is the  
24 CAP cost allocation. The calculation to be used in determining and  
25 adjusting the total is as follows:

26 For example:

27 ° Allocated Safety of Dams cost times 15%:

28 °  $\$278,000,000 \text{ times } 0.15 = \$41,700,000$

1           4. Cities- The Cities will contribute an amount not to exceed 5.8% of  
2 the total construction cost of Cliff Dam and 10.2% of the total construc-  
3 tion cost of Modified Roosevelt Dam for the purpose of obtaining the use of  
4 the additional reservoir capacity at each structure. These percentages are  
5 to remain fixed throughout the term of this Agreement and were calculated  
6 by multiplying the CAWCD's average annual water supply costs, at October  
7 1986 price levels, times the average annual yield to the Cities from Cliff  
8 and Modified Roosevelt Dams as computed by a CAPSIM\* run dated December 3,  
9 1985, and expressing the resulting total purchase costs as a percentage of  
10 the October 1986 construction cost estimates for Cliff and Modified  
11 Roosevelt Dams respectively. None of the assumptions that were made in  
12 running CAPSIM should be deemed to dictate or otherwise determine the  
13 operating principles to be set forth in Exhibit "C" hereto, including the  
14 principles for the allocation of future sedimentation losses, unless other-  
15 wise provided in Exhibit "C".

16 C. Determination of Withdrawals From the Escrow Accounts

17           1. CAWCD- The basic premise of the withdrawals is to provide sufficient  
18 Federal and non-Federal funds to accomplish the construction as scheduled  
19 herein. Given the estimated construction schedule as presented in Section  
20 A and the level of Federal funds in Section A, the withdrawals should not  
21 exceed the following amounts:

22	1986	\$ 8,200,000
23	1987	9,900,000
24	1988	21,000,000
25	1989	33,700,000
26	1990	11,500,000
27	1991	55,300,000
28	1992	<u>35,400,000</u>
29		\$ 175,000,000

30 \*Central Arizona Project Simulation Model

1           2. Flood Control District- The basic premise of the withdrawals is to  
2 provide sufficient Federal and non-Federal funds to accomplish the construc-  
3 tion as scheduled herein. Given the estimated construction schedule as pre-  
4 sented in Section A and the level of Federal funds in Section A, the  
5 withdrawals should not exceed the following amounts (subject to future  
6 revisions per Section E):

7	1988	\$ 3,700,000
8	1989	3,700,000
9	1990	5,700,000
10	1991	11,400,000
11	1992	33,200,000
12	1993	7,000,000
13	1994	<u>16,100,000</u>
14		\$ 80,800,000*

15 The Flood Control District will make contributions to the escrow account in  
16 equal quarterly installments sufficient to meet the withdrawal schedule as  
17 it may be revised pursuant to Section E.

18           3. SRP- The basic premise of the withdrawals is to provide sufficient  
19 Federal and non-Federal funds to accomplish the construction as scheduled  
20 herein. Given the estimated construction schedule as presented in Section  
21 A, and the level of Federal funds in Section A, the withdrawals should not  
22 exceed the following amounts (subject to future revisions per Section E):

23           \*Assumes 5% annual inflation from 1988-1991 inclusive, and 6% inflation  
            thereafter.

1	1986	\$ 1,100,000
2	1987	1,400,000
3	1988	3,200,000
4	1989	4,000,000
5	1990	4,500,000
6	1991	6,500,000
7	1992	18,600,000
8	1993	4,000,000
9	1994	<u>9,000,000</u>
10		\$ 52,300,000*

11 SRP will make contributions to the escrow account in equal quarterly  
12 installments sufficient to meet the withdrawal schedule as it may be  
13 revised pursuant to Section E. Such contributions are subject to adjust-  
14 ment based on contributions otherwise made by SRP and agreed upon between  
15 SRP and the United States to be applicable to SRP's Safety-of-Dams obliga-  
16 tion. On or before October 1, 1986, the SRP and the United States shall  
17 reach mutual agreement on the applicability to SRP's Safety-of-Dams obliga-  
18 tion of contributions made prior to the date of this Agreement.

19 4. Cities- The basic premise of the withdrawals is to provide suf-  
20 ficient Federal and non-Federal funds to accomplish the construction as  
21 scheduled herein. Given the estimated construction schedule as presented in  
22 Section A, and the level of Federal funds in Section A, the withdrawals  
23 should not exceed the following amounts (subject to future revisions per  
24 Section E).

25 \*Assumes 5% annual inflation from 1988-1991 inclusive, and 6% inflation  
thereafter.

1	1986	\$ 300,000
2	1987	400,000
3	1988	2,100,000
4	1989	2,750,000
5	1990	5,000,000
6	1991	8,900,000
7	1992	24,800,000
8	1993	6,030,000
9	1994	<u>12,180,000</u>
10		\$ 62,500,000*

11 In the event that the United States chooses not to withdraw the full amount  
12 of funds available for withdrawal in any one year, the amount not  
13 withdrawn, plus any interest accrued on that amount, shall remain available  
14 for expenditure in subsequent years. The determination not to fully expend  
15 monies available for withdrawal in any year will not, in and of itself,  
16 reduce the Cities' obligations under Section B.4. herein.

17 D. Determination of Contributions Into the Escrow Accounts

18 1. CAWCD - A first contribution of \$8,200,000 shall be made by August 1,  
19 1986. Thereafter, the following annual contributions\* will be made in  
20 equal quarterly installments commencing October 1, 1986:

21	1987	\$ 9,900,000
22	1988	21,000,000
23	1989	33,700,000
24	1990	11,500,000
25	1991	55,300,000
26	1992	35,400,000

27 \* Assumes 5% annual inflation from 1988-1991 inclusive, and 6% inflation thereafter.

1           2. Flood Control District - The following annual contributions will be  
2 made in equal quarterly installments commencing October 1, 1987:

3	1988	\$ 3,700,000
4	1989	3,700,000
5	1990	5,700,000
6	1991	11,400,000
7	1992	33,200,000
8	1993	7,000,000
9	1994	16,100,000

10           3. SRP - SRP shall make a first contribution of \$1,100,000 by  
11 September 30, 1986. Thereafter, subject to the adjustments contemplated in  
12 Section C.3., the following annual contributions will be made in equal  
13 quarterly installments commencing October 1, 1986:

14	1987	\$ 1,400,000
15	1988	3,200,000
16	1989	4,000,000
17	1990	4,500,000
18	1991	6,500,000
19	1992	18,600,000
20	1993	4,000,000
21	1994	9,000,000

22           4. Cities- Given that the contribution is a variable amount (see  
23 Section B.4.) and that the anticipated withdrawals are variable over time  
24 (see Section C.4.), it is desirable that the contributions into the escrow  
25 account occur in a uniform manner sufficient to meet three goals: (1) as  
26 uniform an amount per Year as possible; (2) sufficient contributions to  
27 cover withdrawals; and (3) total contributions and withdrawals equaling  
28 the agreed upon total contribution determined under Section B.4.

1 A first contribution of \$4,000,000 shall be made by September 1, 1986.  
2 Thereafter, the following annual contributions\* will be made in equal quar-  
3 terly installments commencing October 1, 1986:

4	1987	\$ 5,000,000
5	1988	6,000,000
6	1989	7,000,000
7	1990	7,000,000
8	1991	7,000,000
9	1992	7,000,000
10	1993	7,000,000
11	1994	4,450,000

12 E. Determination of Changes to Total Contribution, Withdrawals From Escrow  
13 Accounts, and Contributions Into Escrow Accounts

14 1. CAWCD

15 a. Total Contributions -- The total contribution is a fixed amount.

16 2. Flood Control District

17 a. Total Contributions -- The yearly reevaluation could change the  
18 total amount to be contributed. The process presented in Section B.2 will  
19 be used to determine the new total contribution.

20 b. Withdrawals from the escrow account-- If the total contribution  
21 identified in Section E.2.a. changes, the future withdrawals would be based  
22 on the following:

23 \*The contribution schedule assumes 8% annual interest earned in escrow.

1           ° new total contribution, less the net of (historic contributions  
2 into the escrow account, plus accrued interest in the escrow account)  
3 equals the remaining contributions to be made.

4           ° This remaining contribution will be available for withdrawal  
5 over the remaining construction period so that the total Federal and  
6 non-Federal monies equal the anticipated costs.

7           c. Contributions into the escrow account-- If the new remaining  
8 total contribution changes (identified in Section E.2.b.), yearly contribu-  
9 tions into the escrow account will be sufficient to meet the adjusted  
10 withdrawal schedule.

11           3. SRP

12           a. Total Contributions-- The yearly reevaluation could change the  
13 total amount to be contributed. The process presented in Section B.3. will  
14 be used to determine the new total contribution.

15           b. Withdrawals from the escrow account-- If the total contribution  
16 identified in Section E.3.a. changes, the future withdrawals would be based  
17 on the following:

18           ° new total contribution, less the net of (historic contributions  
19 into the escrow account, plus accrued interest in the escrow account)  
20 equals the remaining contributions to be made.

21           ° This remaining contribution will be available for withdrawal  
22 over the remaining construction period so that the total Federal and  
23 non-Federal monies equal the anticipated costs.

24           c. Contributions into the escrow account-- If the new remaining  
25 total contribution changes (identified in Section E.3.b.), the yearly  
26 contributions into the escrow account will be sufficient to meet the  
27 adjusted withdrawal schedule.

1           4. Cities

2           a. Total Contributions-- The yearly reevaluation could change the  
3 total amount to be contributed. The percentages of construction costs of  
4 Cliff Dam and modified Roosevelt Dam presented in Section B.4. will be used  
5 to determine the new total contribution.

6           b. Withdrawals from the escrow account-- If the total contribution  
7 identified in Section E.4.a. changes, the future withdrawals would be based  
8 on the following:

9           ° new total contribution, less the net of (historic contributions  
10 into the escrow account, plus accrued interest in the escrow account, less  
11 the historic withdrawals) equals the remaining contributions to be made.

12           ° This remaining contribution will be available for withdrawal  
13 over the remaining construction period so that the total Federal and  
14 non-Federal monies equal the anticipated costs.

15           c. Contributions into the escrow account-- If the new remaining  
16 total contribution changes (identified in Section E.4.b.), the yearly  
17 contributions into the escrow account will be determined based on the three  
18 goals listed in Section D.4. except as adjusted in Section F of this  
19 Exhibit "A".

20       F. Application of Interest Earned on Contributions Into the Escrow Accounts

21       The application of any interest earned on funds contributed into the escrow  
22 accounts will be handled in the following manner.

23       1. CAWCD - All interest accruing to the escrow account shall be avail-  
24 able to CAWCD at the end of each Year.

25       2. Flood Control District - Any and all interest earned in the escrow  
26 account will be used to determine the remaining required annual contribu-  
27 tions.

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3. SRP - Any and all interest earned in the escrow account will be used to determine the remaining required annual contributions.

4. Cities - Any and all interest earned in the escrow account will be used to determine the remaining required annual contributions.



1           4. The Trustee shall be instructed to disburse funds from the escrow  
2 account(s) in accordance with Sections C and E of Exhibit "A" on written  
3 demand by the Regional Director, Lower Colorado Region, Bureau of Reclama-  
4 tion. Such funds shall be disbursed within five (5) working days of  
5 receipt of such written demand. The Trustee shall not be liable for the  
6 proper distribution of any part of the escrow account if distributions are  
7 made in accordance with written directions from the Regional Director,  
8 Lower Colorado Region, Bureau of Reclamation or his duly authorized repre-  
9 sentative.

10           5. The Trustee's records and accounts of all investments, receipts and  
11 disbursements shall be open to the inspection of the Secretary at all  
12 reasonable times. Upon receipt of a deposit from a Non-Federal Party, the  
13 Trustee shall provide the Regional Director with a confirmation statement  
14 of such receipt. The Trustee shall, upon request, furnish a copy of the  
15 Trustee's transactions to the United States for each account within sixty  
16 days of the end of each Year.

17           6. The escrow account(s) and the trust agreement(s) shall be terminated  
18 only upon (a) completion of withdrawals of all principal and interest (if  
19 authorized by this Agreement) by the United States in accordance with  
20 Exhibit "A"; (b) upon termination of this Agreement; or (c) upon mutual  
21 agreement by all the Non-Federal Parties and the Secretary.

22           7. In the event of termination of this Agreement, the funds in the  
23 escrow account(s) shall be withdrawn and distributed as follows: Any  
24 funds, including accrued interest, deposited by CAWCD, the Flood Control  
25 District, the Cities and SRP shall be returned to each of them, respec-  
26 tively, within 30 days from the date the CAWCD, the Flood Control District,  
27 the Cities, the SRP and the United States jointly notify the Trustee, in  
28 writing, of the termination of this Agreement.



1 1481), and the Hoover Power Plant Act of 1984 (98 Stat. 1333),  
2 and pursuant to the Act of the Arizona Legislature authorizing  
3 execution and performance of the Plan Six Agreement by the Arizona  
4 entities which are parties thereto; among the UNITED STATES OF  
5 AMERICA, acting through the Secretary of Interior, the SALT RIVER  
6 PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT and SALT RIVER  
7 VALLEY WATER USERS' ASSOCIATION, the CENTRAL ARIZONA WATER  
8 CONSERVATION DISTRICT, the FLOOD CONTROL DISTRICT OF MARICOPA COUNTY,  
9 and the Arizona CITIES of PHOENIX, SCOTTSDALE, TEMPE, MESA, CHANDLER  
10 and GLENDALE.

11  
12 Recitals

13 2. WHEREAS, the parties hereto have executed or will execute  
14 simultaneously with this Agreement an agreement to provide funding for  
15 the acceleration of construction of Features of Plan Six, a part of  
16 the Central Arizona Project (CAP), which agreement is herein referred  
17 to as the Plan Six Agreement; and

18 WHEREAS, the parties hereto desire to prescribe principles to  
19 govern the division among them of Active Conservation Capacity made  
20 available at Cliff and Modified Roosevelt reservoirs by construction  
21 contemplated under the Plan Six Agreement; and

22 WHEREAS, the parties hereto desire to prescribe principles to  
23 govern the division among them of costs associated with operation,  
24 maintenance, and replacement of Cliff and Modified Roosevelt Dams; and

25 WHEREAS, the parties hereto desire to prescribe principles of  
26 operating procedures for Cliff and Modified Roosevelt Dams and

1 reservoirs; and

2 WHEREAS, the parties hereto desire to prescribe principles to  
3 govern the allocation among them of responsibility for losses in  
4 reservoir storage capacity due to sedimentation in Cliff and Modified  
5 Roosevelt reservoirs; and

6 WHEREAS, the parties hereto desire that this Agreement be  
7 designated "Exhibit C" as it is referred to in Subarticle 5.c. of the  
8 Plan Six Agreement; and

9 WHEREAS, the parties hereto acknowledge that future agreements or  
10 amendments to existing agreements between the Salt River Project and  
11 the United States Bureau of Reclamation will provide among other  
12 things the following:

- 13 - Designate the District as the operating agent for all dams  
14 and reservoirs on the Salt and Verde Rivers which are part of  
15 Plan Six and/or the Salt River Reclamation Project.
- 16 - Assign operation, maintenance, and replacement cost  
17 responsibility to the District, taking into account any  
18 responsibility of the United States resulting from the new  
19 flood control function.
- 20 - Set forth reservoir operating criteria relating to flood  
21 control and Safety of Dams (SOD) operations and minimum pool  
22 requirements.

23 NOW, THEREFORE, in consideration of the mutual covenants herein,  
24 the parties hereto agree as follows:

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4.5 ADDITIONAL ACTIVE CONSERVATION CAPACITY: The difference between the Existing Active Conservation Capacity and the Active Conservation Capacity after Plan Six construction of Cliff and Modified Roosevelt Dams and reservoirs.

4.6 ADDITIONAL WATER CONSERVATION YIELD: That water which results from the construction and operation of the Additional Active Conservation Capacity in Cliff and Modified Roosevelt reservoirs for which appropriate rights are granted by the State of Arizona and which will accrue to the Cities.

4.7 SURCHARGE CAPACITY: The reservoir capacity provided for use in passing the inflow design flood through the reservoirs.

4.8 USBR: The United States Bureau of Reclamation

4.9 COE: The United States Army Corps of Engineers.

4.10 EXISTING HYDROGENERATION: That hydroelectric energy produced by virtue of existing water conservation yields and existing hydraulic head through existing, new, or uprated facilities.

4.11 ADDITIONAL HYDROGENERATION: That hydroelectric energy produced by virtue of Additional Water Conservation Yield and additional hydraulic head through generating facilities at Modified Roosevelt Dam.

4.12 OM&R: Operations, maintenance, and replacement.

4.13 REPLACEMENT: Such work and expenditures as are required to maintain Cliff and Modified Roosevelt Dams in a safe,

1 sound and operationally efficient condition under normal  
2 operating circumstances. Replacement shall not include any  
3 work or expenditures necessitated by unusual events or  
4 Uncontrollable Forces which require capital additions to,  
5 or replacement of, major components of said dams.

6 4.14 DISTRICT: The Salt River Project Agricultural Improvement  
7 And Power District, a political subdivision of the State of  
8 Arizona.

9  
10 Principles

11 5. The following Principles shall govern the respective  
12 interests, obligations and responsibilities of the parties hereto, and  
13 shall constitute the basis for future agreements among said parties  
14 relating to Cliff and Modified Roosevelt Dams and reservoirs and  
15 certain other facilities of the Salt River Reclamation Project:

16  
17 RESERVOIR ALLOCATION

18 5.1 Subject to any existing perfected rights, those parties entitled  
19 to Existing Active Conservation Capacity in Horseshoe and  
20 Roosevelt reservoirs will retain such entitlements in the Active  
21 Conservation Capacity in Cliff and Modified Roosevelt  
22 reservoirs.

23  
24 5.2 The Cities shall be entitled to the Additional Water  
25 Conservation Yield.  
26

1 5.3 SRP has in the past developed a procedure regarding "flood flow"  
2 releases at such time as the volume of water stored in the Salt  
3 River reservoirs or in the Verde River reservoirs remains at or  
4 above the combined volume of water equal to the rights to  
5 Existing Active Conservation Capacity, and occurring when the  
6 inflow is equal to or greater than the water ordered from the  
7 lowest reservoir. To the extent SRP can establish or has  
8 established appropriative rights to divert waters, in such  
9 amounts equivalent to flood flows historically diverted into its  
10 canal system from reservoirs on the Salt and Verde Rivers prior  
11 to Plan Six construction, such appropriative rights shall be  
12 recognized by the parties hereto. This provision shall not be  
13 construed as a waiver of any party's rights to claim such flood  
14 flows or protest the claims of others to such flood flows.  
15 Future operations of the Salt River Reclamation Project will  
16 allow for continued diversions in a manner similar to past  
17 practices to the extent that the right to make such diversions  
18 is established through the appropriative process; however, any  
19 party to this Agreement having such diversion rights who also  
20 has entitlements to Additional Active Conservation Capacity may  
21 elect to store the water rather than exercise its diversion  
22 rights.

23  
24 5.4 Initial filling of Dead and Inactive Capacity at Cliff reservoir  
25 shall be the responsibility of the USBR and the cost associated  
26 with such filling shall be a construction cost to be allocated

1 in accordance with the USBR's normal cost allocation procedure.

2  
3 5.5 Initial filling of Dead Capacity at Modified Roosevelt reservoir  
4 shall be the responsibility of the USBR and the cost associated  
5 with such filling shall be a construction cost to be allocated  
6 in accordance with the USBR's normal cost allocation procedure.

7  
8 5.6 There will be no Inactive Capacity at Modified Roosevelt Dam.

9  
10 SEDIMENTATION

11 5.7 The reservoir capacities allocated to flood control and to  
12 Surcharge Capacity shall remain constant throughout the life  
13 of both Cliff and Modified Roosevelt Dams regardless of the  
14 distribution of sediment which will accumulate during that  
15 period of time.

16  
17 5.8 The capacity losses resulting from sedimentation at Cliff and  
18 Modified Roosevelt reservoirs shall be allocated between  
19 Existing and Additional Active Conservation Capacity immediately  
20 following silt surveys as follows:

21 a. Those parties entitled to Existing Active Conservation  
22 Capacity at Horseshoe and Roosevelt reservoirs shall  
23 accept all actual capacity losses at Cliff and Modified  
24 Roosevelt reservoirs up to the historic average annual  
25 rate of sedimentation at Horseshoe and Roosevelt  
26 reservoirs. The historic average annual rate of

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sedimentation at Horseshoe reservoir is 414 acre-feet per year and at Roosevelt reservoir is 2,680 acre-feet per year.

- b. Sedimentation losses exceeding the rates described in Principle 5.8.a. shall be allocated among the interests in the Active Conservation Capacity of the new reservoirs in direct proportion to those interests.
- c. When those parties entitled to Existing Active Conservation Capacity in Horseshoe and Roosevelt reservoirs have been allocated losses due to sedimentation equal to 41,313 acre-feet in Cliff reservoir, and 268,000 acre-feet in Modified Roosevelt reservoir, all future sedimentation losses shall be allocated among those parties entitled to Additional Active Conservation Capacity.
- d. Any decrease in Additional Active Conservation Capacity due to sedimentation shall be allocated among the Cities in proportion to their respective entitlements.

OPERATIONS, MAINTENANCE AND REPLACEMENT (OM&R)

5.9 As operating agent for Cliff and Modified Roosevelt Dams, the District will be assigned the following responsibilities:

- a. Account for all annual OM&R costs to be allocated between the District and the USBR. Allocable annual OM&R costs shall include those costs identified in Principle 5.17 herein.

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- b. Bill the USBR for payment of its share of operations, maintenance, and replacement costs.
- c. Develop standing operating procedures that conform to criteria and guidelines established by the COE and USBR.
- d. Deliver any water in Active Conservation Capacity to the Non-Federal Parties entitled to it pursuant to this Agreement and in accordance with operating procedures and criteria developed pursuant hereto.
- e. Operate the system in accordance with flood control and Surcharge Capacity operating criteria established by COE and USBR.
- f. Account for water in Active Conservation Capacity and for that water diverted by upstream exchange users.
- g. Procure operating insurance for Cliff and Modified Roosevelt Dams, to the extent it is available at reasonable cost, to cover property damage, personal injury and third party liability, with policy limits and deductibles then available for facilities similar to Cliff and Modified Roosevelt Dams. Premium payments and deductibles, if applicable, shall be treated as a part of the allocable O&M costs.
- h. Schedule periodic silt surveys at reasonable intervals not to exceed every ten years following the initial silt survey conducted by the USBR immediately prior to completion of construction of each dam. Any party may request additional surveys at its sole expense.

1 5.10. a. The USBR has the exclusive authority over development of  
2 hydropower at Modified Roosevelt Dam. The USBR and the  
3 Non-Federal Parties recognize that all benefits for  
4 Additional Hydrogeneration will accrue to the Cities.  
5 When Modified Roosevelt Dam is Substantially Complete, the  
6 Cities shall pay to the United States an amount of money  
7 equal to four-tenths of one percent (0.4%) of the total  
8 construction cost of Modified Roosevelt Dam for the  
9 purpose of obtaining the Additional Hydrogeneration. This  
10 payment shall be credited by the United States against the  
11 interest-bearing reimbursable costs of the Central Arizona  
12 Project repayable by CAWCD. The four-tenths of one  
13 percent (0.4%) used to calculate the amount of this  
14 payment is to remain fixed throughout the term of this  
15 Agreement and was calculated as follows:

16 Step 1. The Additional Hydrogeneration was computed based  
17 on the CAPSIM run of March 10, 1986 and valued at  
18 an energy value of 23 mills/kilowatt-hour.

19 Step 2. The ratio of the value computed in Step 1 to  
20 the total value of the CAP commercial power  
21 function, estimated at October, 1986 prices, was  
22 multiplied by the construction cost allocated to  
23 the CAP power function.

24 Step 3. The value computed in Step 2 was then expressed  
25 as the percentage presented above, based upon the  
26 October, 1986 construction cost estimate for

Modified Roosevelt Dam.

1  
2 b. Future computations of the CAP power allocation shall  
3 consider only the benefits provided by the United States'  
4 entitlement of the Navajo Generating Station, generation  
5 at New Waddell Dam, Additional Hydrogeneration (valued at  
6 23 mills/kilowatt-hour), and any other authorized CAP  
7 power facilities.

8  
9 5.11 The District has paid, or will pay, for the hydroelectric  
10 facilities located on the Salt River, including all  
11 hydroelectric facilities to be located at Modified Roosevelt  
12 Dam. Such facilities are and will continue to be operated and  
13 maintained by the District at its sole cost and expense. The  
14 Additional Active Conservation Capacity at Roosevelt reservoir,  
15 to be paid for by the Cities, creates an opportunity for  
16 benefits of Additional Hydrogeneration. The Cities will pay the  
17 United States for these incidental hydroelectric benefits as  
18 specified by Principle 5.10 herein. The District will make  
19 payments to the Cities for the Additional Hydrogeneration in the  
20 amount of eighty-five percent (85%) of the avoided cost which  
21 shall be determined by calculating the average cost per  
22 kilowatt-hour of the production expenses for the District's  
23 thermal electric generation and for purchased power for the  
24 accounting period. The Cities and the District will negotiate  
25 appropriate terms and conditions to implement this principle,  
26 including:

- 1           a.    The number of kilowatt-hours per acre-foot of water that  
2                    is attributable to the Additional Water Conservation Yield  
3                    at Modified Roosevelt reservoir.
- 4           b.    The time period when Additional Water Conservation Yield  
5                    is accounted for as falling water at the Roosevelt power  
6                    plant.
- 7           c.    The accounting period(s) for determining avoided cost.
- 8
- 9   5.12. a.    The District shall retain sole responsibility for  
10                    decisions relating to O&M practices in accordance with  
11                    agreements with the USBR including the scheduling and  
12                    selection of periods when such work will be done.
- 13           b.    The Salt River Valley Water Users' Association and the  
14                    Cities, as parties with interest in the Active  
15                    Conservation Capacity, will enter into an operating  
16                    agreement with the District which establishes operating  
17                    procedures and criteria to be utilized by the District in  
18                    its operation of the Active Conservation Capacity. This  
19                    operating agreement will provide for establishing separate  
20                    accounts and for maintaining records of each City's  
21                    Additional Water Conservation Yield as well as defining  
22                    criteria for debiting and crediting each account. The  
23                    operating agreement will also define general operating  
24                    parameters for operation of the Additional Active  
25                    Conservation Capacity in order to ensure that the Cities  
26                    receive the Additional Water Conservation Yield consistent

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with preserving existing perfected rights.

c. The operating agreement pursuant to Principle 5.12.b. will provide a procedure for prior consultation and review of the actions proposed to be taken by the District relating to or affecting the rights of the Cities to the Additional Water Conservation Yield. Such opportunity for prior consultation and review shall include a right of the Cities to provide comments to the District on the effect such proposed actions may have on the rights and duties established in the operating agreement. The operating agreement will provide for adequate time for the Cities to comment prior to the District taking action.

d. After completing the prior consultation and review procedure, both the District and the Cities shall have the right to submit disputes or disagreements concerning the actions taken to implement the operating agreement to a mutually agreeable binding arbitration process. The authority of the arbitrators shall be limited to a determination as to whether the proposed actions in implementing the operating agreement are inconsistent with or in violation of such operating agreement. The foregoing procedure provides the Cities an opportunity for prior consultation and review but does not grant them a right of prior approval of the District's proposed actions in implementing the operating agreement.

1 5.13 The District shall be responsible for an amount equal to the  
2 greater of: (a) the actual annual OM&R costs at Modified  
3 Roosevelt and Cliff Dams multiplied by the OM&R cost allocation  
4 percentage associated with the existing water conservation yield  
5 (including Existing Hydrogeneration) or; (b) the average annual  
6 OM&R costs currently incurred at Roosevelt and Horseshoe Dams,  
7 appropriately indexed for inflation. To the extent that this  
8 amount is in excess of the actual annual OM&R costs allocated to  
9 existing water conservation yield, the excess amount will be  
10 first applied to the actual annual OM&R costs allocated to flood  
11 control. Any remaining amount will then be applied to the  
12 actual annual OM&R costs allocated to Additional Water  
13 Conservation Yield (including Additional Hydrogeneration).  
14 In no event shall the District be responsible for amounts in  
15 excess of the actual annual OM&R costs.

16  
17 5.14 The District shall be responsible for an amount equal to the  
18 actual annual OM&R costs multiplied by the OM&R cost allocation  
19 percentage associated with the Additional Water Conservation  
20 Yield (including Additional Hydrogeneration).

21  
22 5.15 The USBR shall be responsible for an amount equal to the actual  
23 annual OM&R costs multiplied by the OM&R cost allocation  
24 percentage associated with flood control, to the extent that  
25 such costs are not funded by the District.  
26

1 5.16 Cliff and Modified Roosevelt Dams may be periodically inspected  
2 under the direction of the Secretary of Interior in order to  
3 ascertain whether the District is fulfilling its obligations and  
4 responsibilities as operating agent and whether the purposes for  
5 which the facilities were originally constructed are being  
6 fulfilled by the District.

7  
8 5.17 Allocable annual OM&R costs shall include:

- 9 a. Those costs necessary for proper operation and maintenance  
10 of Modified Roosevelt and Cliff Dams exclusive of  
11 transmission features and facilities.
- 12 b. Billable overheads and administrative and general expenses  
13 incurred by the operating agent exclusive of transmission  
14 features and facilities. The percentage for billable  
15 overheads and administrative and general expenses will be  
16 determined in a manner similar to that used in the Navajo  
17 Generating Station Operating Agreement executed July 23,  
18 1979. The methods used to derive these overhead rates  
19 will be established through negotiation between the USBR  
20 and the District prior to initial operation of Modified  
21 Roosevelt and Cliff Dams.
- 22 c. Costs associated with silt surveys and fish and wildlife  
23 and other environmental mitigation work.
- 24 d. Costs of Replacement associated with Modified Roosevelt  
25 and Cliff Dams.
- 26 e. Costs of operating insurance, including deductibles, if

1 applicable.

2  
3 5.18 OM&R cost allocation percentages for existing water conservation  
4 yield, including dam safety purposes, Additional Water  
5 Conservation Yield, and flood control, shall be based on  
6 estimates prepared by the USBR, using the separable  
7 costs-remaining benefits method of cost allocation, following  
8 completion of specification designs for Modified Roosevelt and  
9 Cliff Dams but prior to completion of construction of these  
10 features. Such estimates shall be subject to review and  
11 consultation by the other parties. To the extent any  
12 Non-Federal Party disagrees with the estimates made by the USBR,  
13 the USBR will consider the issues in dispute and document in  
14 writing the basis for the decision.

15  
16 5.19 Liability resulting from design and construction deficiencies,  
17 and correction of such deficiencies, which may be discovered at  
18 any time throughout the life of Cliff and Modified Roosevelt  
19 Dams, shall be provided for in agreements between the District  
20 and USBR. No Non-Federal Party to this Agreement shall assume  
21 any liability for any claims or actions arising out of the  
22 performance by the United States of any design, construction, or  
23 other work contemplated by this Agreement including the  
24 operation of Roosevelt, Stewart Mountain, and Horseshoe Dams  
25 during the period of construction activity at each. Tort  
26 liability of the United States shall be governed by the Federal

1 Tort Claims Act (28 U.S.C. 2671 et seq.).

2  
3 5.20 Unless otherwise specified by the USBR under its established  
4 programs, i.e., safety evaluation of existing dams (SEED) and  
5 review of maintenance (ROM) programs, the District shall  
6 determine if Replacement is required and shall submit  
7 recommendations, plans, specifications, and estimated costs to  
8 the Secretary of Interior for review and approval prior to  
9 commencing such work except when emergency replacement is  
10 required. The Secretary of Interior shall have final authority  
11 for determining the need and justification for the Replacement  
12 in accordance with agreements between the District and the USBR.

13  
14 5.21 In the event the District determines that emergency replacement  
15 work is required to prevent significant damage to, or to ensure  
16 the safe operation of, the facilities, the District may proceed  
17 with emergency replacement upon notification to the USBR, but  
18 without prior approval from the Secretary of Interior.

19  
20 5.22 The District shall bill the USBR for its respective share of the  
21 Replacement costs or the emergency replacement costs upon  
22 completion of the work. To the extent the USBR disagrees with  
23 the billing, the disputed amount shall be paid under protest  
24 subject to a resolution process.

25  
26

FLOOD CONTROL AND SAFETY OF DAMS CRITERIA

1  
2 5.23 When reservoir water surface elevations in Cliff and Modified  
3 Roosevelt reservoirs exceed the top of Active Conservation  
4 Capacity, the District will operate the reservoir system in  
5 accordance with the then current operating criteria of the USBR  
6 and COE.

7  
8 CAWCD REFUND

9 5.24 If and to the extent that a prepayment credit or credits are  
10 applied by the United States against CAWCD's interest-bearing  
11 reimbursable obligation under Subarticle 7.b. or Subarticle  
12 18.a. of the Plan Six Agreement for contributions made by the  
13 Cities and the Flood Control District, CAWCD shall reimburse the  
14 Cities and the Flood Control District for such contributions to  
15 the extent that CAWCD is relieved of any portion of its annual  
16 payments due on its interest-bearing annual obligation and  
17 monies are available to CAWCD for disbursement as a result of  
18 such prepayment credits. Such reimbursement may be made in any  
19 reasonable manner including but not limited to direct cash  
20 payments by CAWCD to the Cities or to the Flood Control District  
21 or credits against any obligation of the Cities or the Flood  
22 Control District to CAWCD. Such reimbursement shall include  
23 interest at a rate of one percent (1 %) less than the weighted  
24 rate received by CAWCD on all investments during the period from  
25 the date or dates monies are retained by CAWCD by reason of  
26 prepayment credits applied by the United States against CAWCD's

1 interest-bearing reimbursable obligation to the date or dates  
2 reimbursement is made. The terms and conditions of such  
3 reimbursement may be further specified in such additional  
4 agreements between CAWCD and the Cities or CAWCD and the Flood  
5 Control District as CAWCD, the Cities and the Flood Control  
6 District may hereafter deem necessary or appropriate.

7  
8 FUTURE AGREEMENTS

- 9 5.25 The parties hereto acknowledge the need for future agreements  
10 among them, to be based upon the Principles embodied herein, and  
11 will enter into agreements which will more specifically define:
- 12 a. Reservoir storage rights of those parties currently  
13 entitled to Existing Active Conservation Capacity as well  
14 as future entitlements.
  - 15 b. Sedimentation responsibility of those parties currently  
16 entitled to Existing Active Conservation Capacity and  
17 responsibility of future entitlement holders.
  - 18 c. The District's responsibilities and authority as the  
19 operating agent.
  - 20 d. OM&R cost responsibility of the District and the USBR.
  - 21 e. Reservoir operating procedures and criteria.
  - 22 f. Payment to the Cities by the District for the Additional  
23 Hydrogeneration.
- 24

25 ISSUES REQUIRING FUTURE RESOLUTION

- 26 5.26 The parties hereto, to the extent they are affected by the

1 following issues, acknowledge that future negotiations after the  
2 signing of this Agreement may be necessary to resolve the  
3 following issues:

- 4 a. Delivery system losses.
- 5 b. Reservoir losses: evaporation, bank storage, operational  
6 losses, losses resulting from responding to an emergency,  
7 etc.
- 8 c. Delivery system in-stream minimum flow requirements, if  
9 any.
- 10 d. Reservoir minimum pool requirements, if any.
- 11 e. Operating constraints resulting from new facility final  
12 design and operating experience.
- 13 f. Upstream exchange agreements.
- 14 g. SRP canal system transportation agreements.
- 15 h. Construction and operation of the SRP/CAP interconnection.
- 16 i. Appropriation of water in the Additional Active  
17 Conservation Capacity.
- 18 j. Lower Colorado River Basin Development Fund adjustment.
- 19 k. The extent of USBR responsibility for loss of water or  
20 power supplies during construction of Modified Roosevelt,  
21 Cliff and Stewart Mountain Dams.

22 It is acknowledged that this list of issues is not necessarily  
23 exhaustive of unresolved issues related to this Agreement.

24  
25 6. In accordance with the Act of the Arizona Legislature  
26 authorizing execution and performance of the Plan Six Agreement by the

1 Arizona entities which are parties thereto, the sources of revenue  
2 from which any of the Cities may make any payments required of it  
3 under this Agreement and under the Plan Six Agreement shall be limited  
4 to any source which does not cause the creation of a debt pursuant to  
5 Article IX, Section 8, Constitution of the State of Arizona. Payments  
6 made under this Agreement and under the Plan Six Agreement may be made  
7 by any of the Cities from any source authorized in Section 7 of the  
8 Act of the Arizona Legislature authorizing execution and performance  
9 of the Plan Six Agreement by the Arizona entities which are parties  
10 thereto.

11  
12 7. Nothing in this Agreement shall be construed to modify the  
13 Agreement of September 6, 1917, between the UNITED STATES OF AMERICA  
14 and the SALT RIVER VALLEY WATER USERS' ASSOCIATION, and the Agreement  
15 of March 22, 1937, between the SALT RIVER VALLEY WATER USERS'  
16 ASSOCIATION and the SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND  
17 POWER DISTRICT, and amendments thereto, except as such modifications  
18 are expressly and specifically provided herein.

19  
20 8. This Agreement shall not be amended except by mutual  
21 agreement by the parties hereto, evidenced in writing.

22  
23 9. Performance of or failure to perform any obligation under  
24 this Agreement by any Non-Federal Party, shall not subject such  
25 Non-Federal Party, its directors, officers or employees, to any  
26 liability to any other Non-Federal Party for direct or consequential

1 loss associated with property damage caused to such other Non-Federal  
2 Party by flooding or flood waters resulting from the operation of the  
3 dams on the Salt and Verde Rivers, unless such performance or failure  
4 to perform is the result of a grossly negligent act or omission.

5 "Operation of the dams", as used in this paragraph, shall not include  
6 any diversion of water into, or operation of, canal systems. The  
7 provisions of this paragraph shall extend to direct or consequential  
8 property damage caused to any Non-Federal Party by flooding or flood  
9 waters resulting from the operation of existing facilities on the Salt  
10 and Verde Rivers during the construction of Stewart Mountain, Cliff  
11 and Modified Roosevelt Dams, where such damage is directly related to  
12 Plan Six construction.

13  
14 10. To the extent allowed by Arizona law, any party hereto may  
15 purchase and maintain insurance and/or share loss through a joint risk  
16 retention pool, on any property, for perils arising from flooding or  
17 flood waters on the Salt, Verde and/or Agua Fria Rivers. Such  
18 insurance shall be excess and non-contributing to other insurance  
19 maintained by such party. Any party may consult with and use the  
20 Arizona Department of Administration to purchase insurance and/or to  
21 maintain and administer a joint risk retention pool.

22  
23 11. No party shall be considered in default in the performance  
24 of any of its obligations under this Agreement when a failure of  
25 performance shall be due to Uncontrollable Forces. For purposes of  
26 this provision, Uncontrollable Forces shall include any emergency

1 necessitating the release of any water for the purpose of responding  
2 to such emergency. Any party's action in responding to such an  
3 emergency shall conform with a test of reasonableness, taking into  
4 account the facts available to such party at the time of such  
5 response. Any party rendered unable to fulfill any of its obligations  
6 under this Agreement by reason of Uncontrollable Forces shall give  
7 written notice of such fact to the other parties within a period of  
8 time that is reasonable under the circumstances and shall exercise due  
9 diligence to remove such inability.

10  
11 12. The parties hereto do not intend to create rights in, or  
12 grant remedies to, any third party as a beneficiary of this Agreement  
13 or of any duty, covenant, obligation or undertaking established in  
14 this Agreement.

15  
16 13. The covenants, obligations, and liabilities of the parties  
17 hereto are individual and not joint or collective, and nothing herein  
18 shall be construed to create an association, joint venture, trust or  
19 partnership among the parties.

20  
21 14. This Agreement is not a "contract" within the meaning of  
22 Section 202 (1) of the Reclamation Reform Act of 1982, 43 U.S.C.  
23 § 390bb (1), and the regulations attendant thereto. Accordingly, the  
24 execution of this Agreement shall not subject any party hereto to the  
25 provisions of the Reclamation Reform Act nor to regulations attendant  
26 thereto, to which such party would not otherwise have been subjected.

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15. It is recognized by the parties hereto that by reason of the novelty of this Agreement between the parties, unanticipated problems and disputes may arise in the future with reference to matters hereunder. In the event such problems and disputes do arise, it is the desire and intention of the parties to resolve such problems and disputes by mutual agreement to assure the lawful, economical and continuous operation of the basic principles and terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this 15<sup>th</sup> day of April, 1986.

THE UNITED STATES OF AMERICA

By Ronald Paul Hodel  
Secretary of the Interior

SALT RIVER VALLEY WATER USERS' ASSOCIATION

By John R. Lassen  
President

ATTEST & COUNTERSIGN:  
By [Signature]  
Secretary

Approved as to farm  
By [Signature]

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SALT RIVER PROJECT AGRICULTURAL  
IMPROVEMENT AND POWER DISTRICT

By John R. Lassen  
President

ATTEST & COUNTERSIGN:

BY Richard Lee  
Secretary

Approved as to form  
By [Signature]

FLOOD CONTROL DISTRICT OF  
MARICOPA COUNTY

By George Campbell  
Chairman Board of Directors

ATTEST:

By Ed Wolfe ASST CLERK  
Clerk of the Board

Approved as to form  
By [Signature]  
General Counsel

CENTRAL ARIZONA WATER  
CONSERVATION DISTRICT

By Levin Barr  
President

ATTEST:

By Lynn H Sharp  
Secretary

Approved as to form  
By Carla R Smith  
General Counsel

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CITY OF CHANDLER

By   
Mayor

ATTEST:

By   
Clerk

Approved as to form

By   
City Attorney

CITY OF GLENDALE

By   
Mayor

ATTEST:

By   
Clerk

Approved as to form

By   
City Attorney

CITY OF MESA

By   
City Manager

ATTEST:

By   
Deputy Clerk

Approved as to form

By   
City Attorney

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CITY OF PHOENIX, Marvin A.  
Andrews, City Manager

By Marvin A. Andrews

ATTEST:

By [Signature]  
Clerk

Approved as to form

By [Signature]  
City Attorney

CITY OF SCOTTSDALE

By [Signature]  
Mayor

ATTEST:

Roy R. Pederson, City Clerk

By [Signature]  
Deputy City Clerk

Approved as to form

By [Signature]  
City Attorney

CITY OF TEMPE

By [Signature]  
Mayor

ATTEST:

By [Signature]  
Clerk

Approved as to form

By [Signature]  
City Attorney

1 EXHIBIT D TO THE AGREEMENT AMONG THE UNITED STATES,  
 2 THE CENTRAL ARIZONA WATER CONSERVATION DISTRICT,  
 3 THE FLOOD CONTROL DISTRICT OF MARICOPA COUNTY, THE  
 4 SALT RIVER AGRICULTURAL IMPROVEMENT AND POWER  
 5 DISTRICT AND SALT RIVER VALLEY WATER USERS'  
 6 ASSOCIATION, THE ARIZONA CITIES OF CHANDLER,  
 7 GLENDALE, MESA, PHOENIX, SCOTTSDALE, AND TEMPE, THE  
 8 STATE OF ARIZONA, AND THE CITY OF TUCSON FOR FUNDING  
 9 OF PLAN SIX FACILITIES OF THE CENTRAL ARIZONA  
 10 PROJECT, ARIZONA, AND FOR OTHER PURPOSES (AGREEMENT)

11 Example of Prepayment  
 12 Credits Under Subarticle 7.a.

13 Assumptions:

14 1. Contributions by CAWCD:

15	<u>Federal</u>		<u>Federal</u>	
16	<u>Fiscal Year</u>	<u>Contributions</u>	<u>Fiscal Year</u>	<u>Contributions</u>
17	1986	\$ 8,200,000	1990	\$ 11,500,000
18	1987	9,900,000	1991	55,300,000
19	1988	21,000,000	1992	35,400,000
20	1989	33,700,000	Total	<u>\$175,000,000</u>

21 2. The substantially complete date for New Waddell Dam remains at 1995.

22 3. CAWCD's repayment obligation starts in 1992.

23 4. In Fiscal Year 1986, Event A results in a (controllable) delay in  
 24 substantial completion of New Waddell of 1 year.

25 5. In Fiscal Year 1988, Event B results in a (controllable) delay in  
 26 substantial completion of New Waddell of 1 year.

27 6. In Fiscal Year 1994, Event C results in a (controllable) delay in  
 28 substantial completion of New Waddell of 1 year.

29 Calculations:

30 Event A

31 ° Prepayment credit equals: \$8,200,000 times 20% = \$1,640,000

32 ° To be applied to first repayment year's obligation (1992)

33 ° Cumulative prepayment credit:

34 Event A in 1986 - Credit against 1992 repayment obligation = \$1,640,000

1     Event B

2     ° Prepayment credit equals: \$ 8,200,000  
3                                    9,900,000  
4                                   21,000,000  
5                                   \$39,100,000 times 50% = \$ 19,550,000  
6                                   Less previous pre-  
7                                   payment credit from  
8                                   Event A                             1,640,000  
9                                   Net Credit                         \$17,910,000

10    ° To be applied to first repayment year's obligation (1992)

11    ° Cumulative prepayment credit:

12    Event A in 1986 - Credit against 1992 repayment obligation = \$1,640,000  
13    Event B in 1988 - Credit against 1992 repayment obligation = \$17,910,000  
14    Total cumulative credit   \$19,550,000

15     Event C

16    ° Prepayment credit equals: \$175,000,000 times 100% = \$175,000,000  
17                                   Less previous pre-  
18                                   payment credit from  
19                                   Event A                             \$ 1,640,000  
20                                   Less previous pre-  
21                                   payment credit from  
22                                   Event B                             17,910,000  
23                                   Net credit                         \$155,450,000

24    ° To be applied to 1995 repayment obligation

25    ° Cumulative prepayment credit:

26    Event A in 1986 - Credit against 1992 repayment obligation = \$ 1,640,000  
27    Event B in 1988 - Credit against 1992 repayment obligation = \$ 17,910,000  
28    Event C in 1994 - Credit against 1995 repayment obligation = \$155,450,000  
29    Total cumulative credit   \$175,000,000

File in Plan 6

# Central Arizona Water Conservation District

23636 NORTH 7TH STREET  
PHOENIX, ARIZONA 85024  
(602) 870-2333

June 10, 1986

Mr. Bradford T. Brown  
Bill Stephens, P.C.  
1112 East Washington Street  
Phoenix, AZ 85034-0000

Re: Curing and Reimbursement Agreement

Dear Brad:

Enclosed are eight duplicate originals of the Curing and Reimbursement Agreement for signature on behalf of the Cities. As I was preparing the enclosed, I noted a typographical error on page 8 of the final draft that we sent to you and to other interested parties for review on April 9, 1986. The first complete sentence at the top of page 8 reads as follows in the April 9, 1986 draft: "It is the purpose of this Agreement to allow each party hereto to pay any contribution or portion of a contribution required of any other parties or parties under the Plan Six Agreement at such time as to avoid such renegotiation, termination, or penalties." The first word "parties" in this sentence should be changed to "party" so that the sentence reads as follows: "It is the purpose of this Agreement to allow each party hereto to pay any contribution or portion of a contribution required of any other party or parties under the Plan Six Agreement at such time as to avoid such renegotiation, termination, or penalties."

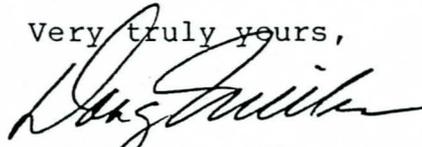
Enclosed is a copy of the April 9, 1986, draft showing the change made. I have taken the liberty of making this change in the originals to be executed by the parties. Otherwise, the enclosed is the same as the final draft of the agreement which was forwarded to all interested parties on April 9, 1986. I presume that the resolutions adopted by the Cities permit this correction to be made. CAWCD's authorizing resolution approves the execution of the Curing and Reimbursement Agreement on behalf of CAWCD together with such additions, deletions, or modifications as may be necessary or appropriate in advance of execution by CAWCD.

LARRY J. RICHMOND LTD.

**RECEIVED**

JUN 13 1986

Very truly yours,



Douglas K. Miller  
General Counsel

DKM:dm

cc w/enc: Julie Lemmon, Esq.  
Jesse Sears, Esq.

*rev. by  
DM 4/2  
6/16/86 -  
no action needed -  
change is ok*

REVIEWED BY: LJR \_\_\_\_\_  
SUR \_\_\_\_\_  
DOCKET CONTROL \_\_\_\_\_  
COPY TO CLIENT \_\_\_\_\_  
DATE: \_\_\_\_\_

CURING AND REIMBURSEMENT AGREEMENT  
AMONG  
THE CENTRAL ARIZONA WATER CONSERVATION DISTRICT,  
THE FLOOD CONTROL DISTRICT OF MARICOPA COUNTY, AND  
THE CITIES OF CHANDLER, GLENDALE, MESA,  
PHOENIX, SCOTTSDALE, AND TEMPE

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CURING AND REIMBURSEMENT AGREEMENT  
AMONG  
THE CENTRAL ARIZONA WATER CONSERVATION DISTRICT,  
THE FLOOD CONTROL DISTRICT OF MARICOPA COUNTY, AND  
THE CITIES OF CHANDLER, GLENDALE, MESA,  
PHOENIX, SCOTTSDALE, AND TEMPE

THIS AGREEMENT is made this \_\_\_\_\_ day of \_\_\_\_\_, 1986 by and among the following parties: the Central Arizona Water Conservation District (hereinafter referred to as "CAWCD"), the Flood Control District of Maricopa County (hereinafter referred to as "FCDMC"), and the Cities of Chandler, Glendale, Mesa, Phoenix, Scottsdale, and Tempe (hereinafter referred to individually as "City" and collectively as "Cities").

RECITALS

A. The parties to this Agreement have made and entered into or will make and enter into an agreement entitled "Agreement Among the United States, the Central Arizona Water Conservation District, the Flood Control District of Maricopa County, the Salt River Agricultural Improvement and Power District and Salt River Valley Water Users' Association, the Arizona Cities of Chandler, Glendale, Mesa, Phoenix, Scottsdale, and Tempe, the State of Arizona, and the City of Tucson for Funding of Plan Six Facilities of the Central Arizona Project, Arizona, and for Other Purposes" (hereinafter referred to as the "Plan Six Agreement").

B. This Agreement is entered into pursuant to the Act of the Arizona Legislature (the "Act") which empowers each non-federal party to the Plan Six Agreement to approve, authorize, execute and perform a curing and reimbursement

agreement among itself and any other non-federal party. Pursuant to the Act, this Agreement allows each curing party to pay any amount not timely paid by any other party as required by the Plan Six Agreement and to obtain reimbursement from the defaulting party. This Agreement is intended to define further the method by which the rights granted by the Act and this Agreement may be exercised.

NOW, THEREFORE, the parties agree as follows:

1. Definitions. When used in this Agreement:

(a) Cities' Agreement shall mean the agreement among the Cities entitled "Agreement for the Advanced Funding of the Construction of Plan 6 Facilities and the Acquisition of an Interest in Municipal and Industrial Water Supplies and for Other Purposes."

(b) cure shall mean to make payment of all or any portion of any payment (including any late charges and interest) due from any defaulting party under the Plan Six Agreement.

(c) curing party shall mean any non-defaulting party which makes payment of all or any portion of any payment (including any late charges and interest) due from any defaulting party under the Plan Six Agreement.

(d) default shall mean, (i) in the case of CAWCD or FCDMC, the failure of CAWCD or FCDMC, respectively, to make payment of any quarterly installment of an annual contribution, in full, when due, as required by the Plan Six Agreement; and (ii) in the case of any City, the failure of such City to make payment of its proportionate share of any quarterly installment

of an annual contribution, in full, when due, as required by the Plan Six Agreement, which proportionate share shall be determined as provided in the Cities' Agreement. The date of the default shall be the due date of the quarterly installment.

(e) defaulting party shall mean any party in default.

(f) non-defaulting party shall mean any party other than a defaulting party.

2. Right to Cure. Subject to the limitations of paragraph 4 of this Agreement, any non-defaulting party or parties may cure any default of any defaulting party.

3. Right of Action for Reimbursement. Upon making payment of all or any portion of any payment due from a defaulting party, each curing party shall have an immediate right of action in Arizona Superior Court to obtain reimbursement from the defaulting party of the amount paid by the curing party, plus interest on that amount from the date of payment by the curing party at the rate of twelve percent (12%) per annum, reasonable attorneys' fees, expert witness fees and costs of suit, and all rights and remedies granted by the Act.

4. Limitations on Right to Cure.

(a) If either CAWCD or FCDMC is a defaulting party, no non-defaulting party or parties may cure the default prior to 60 days after the date of the default; provided, however, that the defaulting party or parties may waive the limitations of this subparagraph (a) by notice in writing to the non-defaulting parties.

(b) If a City is a defaulting party, neither CAWCD nor FCDMC may cure the default prior to 90 days after the date of the default; provided, however, that the Cities may jointly waive the limitations of this subparagraph (b) by notice in writing to CAWCD and FCDMC.

(c) Any non-defaulting party or parties may cure any default of any defaulting party or parties under this Agreement without prior notice or demand to such defaulting party or parties; provided, however, that after making payment of any defaulting party's contribution or portion thereof under the Plan Six Agreement, each curing party shall promptly give notice thereof to the defaulting party or parties.

5. Source of Funds. Any other provision of this Agreement to the contrary notwithstanding, as to the Cities which are parties to this Agreement, the source of revenues from which any City may make any payments required of it under this Agreement shall be limited to any source which does not cause the creation of a debt pursuant to Article IX, Section 8, Constitution of Arizona. Any City may make such payments from revenues of one or more of its water, sewer, electrical or gas utility undertakings, as defined in Section 9-521, Arizona Revised Statutes, and also from any excise, sales, privilege, transaction, franchise and income taxes which it now collects or which it may collect in the future or which are allocated or appropriated to it by the State of Arizona or any political subdivision of the State of Arizona or by any other governmental unit or agency except for any such City's share of any such taxes

which by law, rule or regulation must be expended for other purposes, so long as payment from any aforementioned source is segregated and set apart from any other revenues of the City and held solely for the payments to be made under this Agreement and does not violate any bond, purchase contract, loan agreement, bond resolution or bond indenture to which any such City is bound or to which such City may hereafter become bound or violate Article IX, Section 14, Constitution of Arizona, except that in any year, a City, at its sole option, may budget and make such payments from its general fund.

6. Prospective Default. Any party which reasonably anticipates that it will default shall promptly give written notice of such prospective default to each other party to this Agreement.

7. Restoration of a Defaulting Party to the Benefits of this Agreement. The payment by any defaulting party of the full amount due from such defaulting party to the curing party or parties, whether voluntarily or by force of law, and of any amount due from such defaulting party under the Plan Six Agreement, shall restore such defaulting party to the status of a non-defaulting party for purposes of this Agreement.

8. Notices. All notices to be delivered hereunder shall be in writing and shall be deemed to have been duly given if hand-delivered to the party or parties to whom notice is to be given or if mailed postage prepaid, certified mail, return receipt requested, to the party or parties to whom notice is to be given at the following addresses:

If to CAWCD:

General Manager  
Central Arizona Water Conservation District  
23636 North 7th Street  
Phoenix, AZ 85024

If to FCDMC:

Chief Engineer and General Manager  
Flood Control District of Maricopa County  
3335 West Durango Street  
Phoenix, AZ 85009

If to the City of Chandler:

City Manager  
City of Chandler  
200 East Commonwealth  
Chandler, AZ 85224

If to the City of Glendale:

City Manager  
City of Glendale  
5850 West Glendale  
Glendale, AZ 85301

If to the City of Mesa:

City Manager  
City of Mesa  
P.O. Box 1466  
Mesa, AZ 85201

If to the City of Phoenix:

City Manager  
City of Phoenix  
251 West Washington Street  
Phoenix, Arizona 85003

If to the City of Scottsdale:

City Manager  
City of Scottsdale  
3939 Civic Plaza  
Scottsdale, AZ 85251

If to the City of Tempe:

City Manager  
City of Tempe  
P.O. Box 5002  
Tempe, AZ 85281

Any party may change the address to which notices are to be sent by notice in writing to the other parties in accordance with the foregoing provisions.

9. No Other Rights of Action. Nothing in this Agreement shall give any party hereto any right of action against any other party other than a right of action for reimbursement as provided in this Agreement. Without limiting the generality of the foregoing, there shall be no liability for loss of benefits or consequential damages under the Plan Six Agreement as a result of the failure of any party to this Agreement to comply with the terms and conditions of the Plan Six Agreement.

10. Time of the Essence. Time is of the essence of this Agreement.

11. Delays or Omissions to Cure. No delay or omission by any non-defaulting party to exercise the right to cure shall impair the right of such non-defaulting party to do so, nor shall it be construed as an acquiescence in any failure of any defaulting party to pay any quarterly installment of an annual contribution in full, when due, as required by the Plan Six Agreement or as a waiver of any non-defaulting party's right under this Agreement to cure and to obtain reimbursement as provided herein and in the Act.

12. Relationship to Plan Six Agreement. It is recognized by the parties that the Plan Six Agreement contains provisions for renegotiation, termination, and the imposition of penalties by the United States against the parties in the event of non-payment of the contributions required by the Plan Six

Agreement. It is the purpose of this Agreement to allow each party hereto to pay any contribution or portion of a contribution required of any other party or parties under the Plan Six Agreement at such time as to avoid such renegotiation, termination, or penalties. It is further recognized by the parties that the Plan Six Agreement contains provisions for late payment of a contribution with certain late charges and interest without causing renegotiation, termination, or the imposition of penalties against the parties to this Agreement. Accordingly, the use of the term "default" in this Agreement is not intended to imply that the failure of a party hereto to pay a quarterly installment of an annual contribution, or in the case of any City its proportionate share of such installment as determined by the Cities' Agreement, in full, when due, would constitute a breach of the Plan Six Agreement justifying renegotiation or termination of the Plan Six Agreement or the imposition of penalties by the United States against the parties to this Agreement.

13. Modification and Waiver. No modification or amendment to this Agreement shall be effective unless in writing and signed by the parties hereto. No waiver shall be effective unless in writing and signed by the party against whom enforcement of the waiver is sought.

14. Headings. The headings in this Agreement have been inserted for convenience only and shall not affect the meaning or interpretation of any provisions of this Agreement.

15. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of

Arizona.

16. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one instrument.

17. Further Instruments. The parties agree to execute and deliver such other documents and instruments as may be necessary or appropriate to carry out the terms of this Agreement.

18. No Third Party Beneficiaries. Nothing in this Agreement, express or implied, shall confer any rights or remedies under or by reason of this Agreement on any persons or entities other than the parties to it.

19. No Limitation of Remedies if this Agreement Held Invalid or Unenforceable. Nothing in this Agreement shall limit or preclude any remedy available under the Act if this Agreement is held for any reason to be invalid or unenforceable as to any party or parties.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date first above written.

CENTRAL ARIZONA WATER  
CONSERVATION DISTRICT

Attest: \_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
President

Approved as  
to form: \_\_\_\_\_  
General Counsel

FLOOD CONTROL DISTRICT  
OF MARICOPA COUNTY

Attest: \_\_\_\_\_  
Clerk of the Board

By: \_\_\_\_\_  
Chairman, Board of Directors

Approved as  
to form: \_\_\_\_\_  
General Counsel

CITY OF CHANDLER

Attest: \_\_\_\_\_  
Clerk

By: \_\_\_\_\_  
Mayor

Approved as  
to form: \_\_\_\_\_  
City Attorney

CITY OF GLENDALE

Attest: \_\_\_\_\_  
Clerk

By: \_\_\_\_\_  
Mayor

Approved as  
to form: \_\_\_\_\_  
City Attorney

CITY OF MESA

Attest: \_\_\_\_\_  
Clerk

By: \_\_\_\_\_  
City Manager

Approved as  
to form: \_\_\_\_\_  
City Attorney

CITY OF PHOENIX, Marvin A.  
Andrews, City Manager

Attest: \_\_\_\_\_  
Clerk

By: \_\_\_\_\_

Approved as  
to form: \_\_\_\_\_  
City Attorney

CITY OF SCOTTSDALE

Attest:  
Roy R. Pederson, City Clerk

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Deputy City Clerk

Approved as  
to form: \_\_\_\_\_  
City Attorney

CITY OF TEMPE

Attest: \_\_\_\_\_  
Clerk

By: \_\_\_\_\_  
Mayor

Approved as  
to form: \_\_\_\_\_  
City Attorney

*original values,*

PROPOSED STATE SCHEDULE - INFLATED DOLLARS

FEATURE/YEAR	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	INFLATED \$	FEATURE/YEAR
AQUEDUCT(FED)	0.0	110.0	103.5	106.9	95.3	29.9	5.2	11.5	1.0	0.7	0.8	0.8	0.9	0.0	0.0	466.5	AQUEDUCT(FED)
TERMINAL STORAGE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	36.7	39.0	0.0	0.0	0.0	0.0	75.7	TERMINAL STORAGE
NON-INDIAN DIST	0.0	57.0	72.4	78.7	18.3	12.5	9.5	0.0	0.0	0.0	0.0	0.0	59.2	0.0	0.0	307.6	NON-INDIAN DIST
FED	0.0	47.5	57.2	65.7	14.6	10.0	8.3	0.0	0.0	0.0	0.0	0.0	46.5	0.0	0.0	249.8	FED
LOCAL	0.0	9.5	15.2	13.0	3.6	2.6	1.2	0.0	0.0	0.0	0.0	0.0	12.6	0.0	0.0	57.7	LOCAL
INDIAN DIST	0.0	14.9	15.8	15.2	18.8	49.2	33.2	26.6	9.7	0.4	0.9	10.8	3.3	0.0	0.0	198.8	INDIAN DIST
NEW WADDELL	0.0	27.5	33.1	31.9	104.0	80.5	163.8	95.6	4.9	0.7	0.0	0.0	0.0	0.0	0.0	542.0	NEW WADDELL
FED	0.0	19.3	23.2	10.9	70.3	69.0	108.6	60.1	4.9	0.7	0.0	0.0	0.0	0.0	0.0	367.0	FED
CAWCD	0.0	8.2	9.9	21.0	33.7	11.5	55.3	35.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	175.1	CAWCD
ROOSEVELT	0.0	4.3	11.6	18.0	15.5	26.6	34.8	79.1	78.5	22.2	0.0	0.0	0.0	0.0	0.0	290.6	ROOSEVELT
FED	0.0	3.3	10.2	11.0	9.7	16.2	12.7	38.7	78.5	22.2	0.0	0.0	0.0	0.0	0.0	202.5	FED
LOCAL	0.0	1.0	1.4	6.9	5.8	10.3	22.1	40.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	87.9	LOCAL
FCDMC	0.0	0.0	0.0	3.7	3.1	4.4	9.6	17.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	38.3	FCDMC
SRP	0.0	0.7	1.0	1.2	0.7	2.4	5.4	9.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.2	SRP
CITIES	0.0	0.3	0.4	2.1	2.1	3.5	7.1	13.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28.5	CITIES
CLIFF TOT	0.0	0.5	0.2	0.1	2.2	8.9	15.5	77.4	96.4	132.4	99.5	83.8	14.0	0.0	0.0	530.9	CLIFF TOT
FED	0.0	0.5	0.1	0.1	0.9	5.1	10.7	41.2	79.5	94.1	99.5	83.8	14.0	0.0	0.0	429.5	FED
LOCAL	0.0	0.0	0.1	0.0	1.3	3.5	4.8	36.2	17.0	37.3	0.0	0.0	0.0	0.0	0.0	100.2	LOCAL
FCDMC	0.0	0.0	0.0	0.0	0.6	1.3	1.8	15.7	7.0	16.1	0.0	0.0	0.0	0.0	0.0	42.5	FCDMC
SRP	0.0	0.0	0.1	0.0	0.1	0.7	1.1	8.8	4.0	9.0	0.0	0.0	0.0	0.0	0.0	23.7	SRP
CITIES	0.0	0.0	0.0	0.0	0.7	1.5	1.8	11.7	6.0	12.2	0.0	0.0	0.0	0.0	0.0	34.0	CITIES
BUTTES	0.0	0.0	0.0	0.5	0.6	0.6	1.2	1.9	4.7	23.3	39.9	34.9	67.8	58.7	10.1	244.2	BUTTES
TOT FEDERAL	0.0	195.5	210.0	210.0	210.0	180.0	180.0	180.0	178.0	178.0	180.0	130.3	132.5	58.7	10.1	2234.0	TOT FEDERAL
TOT LOCAL	0.0	18.7	26.6	41.0	44.5	27.9	83.4	112.1	17.0	37.3	0.0	0.0	12.6	0.0	0.0	421.0	TOT LOCAL
CAWCD	0.0	8.2	9.9	21.0	33.7	11.5	55.3	35.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	175.0	CAWCD
FCDMC	0.0	0.0	0.0	3.7	3.7	5.7	11.4	33.2	7.0	16.1	0.0	0.0	0.0	0.0	0.0	80.8	FCDMC
SRP	0.0	0.7	1.1	1.2	0.8	3.1	6.5	18.6	4.0	9.0	0.0	0.0	0.0	0.0	0.0	44.9	SRP
CITIES	0.0	0.3	0.4	2.1	2.8	5.0	8.9	24.7	6.0	12.2	0.0	0.0	0.0	0.0	0.0	62.5	CITIES
NID	0.0	9.5	15.2	13.0	3.6	2.6	1.2	0.0	0.0	0.0	0.0	0.0	12.6	0.0	0.0	57.7	NID
TOTAL	0.0	214.2	236.6	251.0	254.5	207.9	263.4	292.1	195.0	215.3	180.0	130.3	145.1	58.7	10.1	2655.0	TOTAL
STEWART MOUNTAIN ***		2.4	2.3	13.1	21.1	9.0	0.0									47.9	STEWART MOUNTAIN
FED		2.0	2.0	11.1	17.9	7.7	0.0									40.7	FED
SRP		0.4	0.3	2.0	3.2	1.4	0.0									7.3	SRP

\*\*\* STEWART MOUNTAIN COSTS NOT INCLUDED IN TOTALS

ADUR 12/6/85

DATE 17-Apr-87

PLAN 6 - LOCAL CONTRIBUTIONS  
PROJECTED WITHDRAWALS BY QUARTER  
FISCAL YEARS 1987 AND 1988

DESCRIPTION	TOTAL THRU 09/30/86	1st/2nd Quarter	3rd Quarter	4th Quarter	Projected FY 1987	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Projected FY 1988
<b>CLIFF DAM</b>										
Land and Rights Completed Contracts	3,262,090									
Ongoing Investigation Contracts:										
Interagency Bald Eagle Study	32,340			3,334	3,334					
Fish & Wildlife Coordination Act	142,113	1,320	8,000	6,567	15,887	3,500	3,500	3,500	3,500	14,000
Eagle Nest Watch	22,670		10,000	10,000	20,000	5,000	5,000	5,000	5,000	20,000
Stream Gaging Program	1,600			4,400	4,400					
Sonora Eagle Surveys	7,000	7,000		7,000	14,000					
HABS/HAER		2,201	15,000	7,799	25,000	15,000				15,000
Historic Mitigation	954	69,984			69,984	20,000	17,500			37,500
Bald Eagle Research			87,500	87,500	175,000	37,500	37,500	37,500	37,500	150,000
Vegetation Study Horseshoe Dam		33,384	10,000	7,616	51,000					
New Investigation Contract Awards:										
Monitoring Vegetation Downstream							13,000	12,000		25,000
Future Contracts										
Minor Contracts										
Noncontract Costs	3,776,506	196,654	125,915	126,826	449,395	250,000	250,000	250,000	249,500	999,500
Subtotal Cliff	7,245,273	310,543	256,415	261,042	828,000	331,000	326,500	308,000	295,500	1,261,000
CENTRAL AZ PROJECT	7,245,273	310,543	256,415	261,042	828,000	282,000	278,000	263,000	252,000	1,075,000
(Federal)						149,000	147,000	139,000	133,000	568,000
(Cities)						48,000	47,000	45,000	43,000	183,000
(MCFCD)						85,000	84,000	79,000	76,000	324,000
SOD						49,000	48,500	45,000	43,500	186,000
(Federal)						42,000	41,500	38,000	36,500	158,000
(SRP)						7,000	7,000	7,000	7,000	28,000

DATE 17-Apr-87

PLAN 6 - LOCAL CONTRIBUTIONS  
PROJECTED WITHDRAWALS BY QUARTER  
FISCAL YEARS 1987 AND 1988

DESCRIPTION	TOTAL THRU 09/30/86	1st/2nd Quarter	3rd Quarter	4th Quarter	Projected FY 1987	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Projected FY 1988
NEW WADDELL DAM										
Land and Rights	7,850,516	11,532	7,950,000		7,961,532	1,808,750	1,808,750	1,808,750	1,808,750	7,235,000
Relocation of Property of Others			153,700	34,400	188,100					
Completed Contracts	4,623,361									
Ongoing Investigation Contracts:										
Interagency Bald Eagle Study	24,250			9,778	9,778					
Fish & Wildlife Coordination Act	165,223	2,120	8,000	5,657	15,777	4,000	4,000	4,000	2,000	14,000
Eagle Nest Watch	17,000			15,000	15,000	4,000	4,000	4,000	3,000	15,000
Design of County Center Relocation	199,256		15,000	5,744	20,744					
Stream Gaging Program	69,060		50,000	57,940	107,940					
Lab Testing and Analysis	295,248	2,995	1,757		4,752					
Eagle Wardens	15,300		5,000	5,700	10,700	2,500	2,500	2,500	2,500	10,000
Cultural Data Recovery	166,462	51,698	50,000	27,840	129,538	7,000				7,000
HABS/HAER	20,586	2,201	35,000	32,213	69,414					
Historic Mitigation	104,267	118,613	60,000	31,962	210,575	28,125	28,125	28,125	28,125	112,500
Bald Eagle Research		74,682	75,000	25,318	175,000	37,500	37,500	37,500	37,500	150,000
Ongoing Construction Contracts:										
Waddell Canal Station 13 to 219	6,000,185	2,197,853	301,962		2,499,815					
Castle Hot Springs and Park Access	4,120,000	2,264,387	1,615,613		3,880,000					
Roads Relocation				21,998	21,998					
Microwave/Repeater Terminal										
Cutoff Wall		1,276,731	2,500,000	1,673,269	5,450,000	50,000				50,000
New Investigation Contract Awards:										
Fish Study			10,000	90,000	100,000	18,750	18,750	18,750	18,750	75,000
Flood Control Study			50,000	65,000	115,000					
New Construction Contract Awards:										
Catchment Basins Castle Hot Springs			50,000	100,000	150,000					
Waddell Dam Stage I				50,000	50,000	4,000,000	5,000,000	5,000,000	7,517,000	21,517,000
County Center Relocation						807,000	1,000,000	1,300,000	700,000	3,807,000
Catchment Basins Lake Pleasant						100,000				100,000
12.5 kV Trans Line				5,000	5,000	150,000	100,000			250,000
69 kV Trans Line				195,000	195,000	300,000	300,000	350,000	343,000	1,293,000
Power Costs						596,000	596,000	596,000	594,000	2,382,000
Elec Transmission Line						83,000	1,000,000	1,000,000	1,200,000	3,283,000
F/I Pumps and Motors						50,000	100,000	550,000	800,000	1,500,000
Waddell Canal Station 219 to End						800,000	3,500,000	5,000,000	8,089,000	17,389,000
and Pumping-Generating Structure										
Future Construction Contract Awards										
Minor Contracts	251,266			30,000	30,000					
Noncontract Costs	23,542,332	4,928,670	2,500,000	2,571,667	10,000,337	3,000,000	3,000,000	3,000,000	3,000,000	12,000,000
Subtotal Waddell	47,464,312	10,931,482	15,431,032	5,053,486	31,416,000	11,846,625	16,499,625	18,699,625	24,143,625	71,189,500
Federal	45,614,312	8,063,482	5,350,032	1,752,486	15,166,000	8,351,625	11,632,625	13,183,625	17,021,625	50,189,500
CAWCD	1,850,000	2,868,000	10,081,000	3,301,000	16,250,000	3,495,000	4,867,000	5,516,000	7,122,000	21,000,000

DATE 17-Apr-87

PLAN 6 - LOCAL CONTRIBUTIONS  
PROJECTED WITHDRAWALS BY QUARTER  
FISCAL YEARS 1987 AND 1988

DESCRIPTION	TOTAL THRU 09/30/86	1st/2nd Quarter	3rd Quarter	4th Quarter	Projected FY 1987	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Projected FY 1988
<b>MODIFIED ROOSEVELT DAM</b>										
Land and Rights										
Relocation of Property of Others				8,000	8,000					
Completed Contracts	3,911,553									
Ongoing Investigation Contracts:										
Interagency Bald Eagle Study	24,250			2,500	2,500					
A/E Relocations	137,762		8,238		8,238					
Fish & Wildlife Coordination Act	121,504	1,320	8,000	6,176	15,496	3,500	3,500	3,500	3,500	14,000
Eagle Nest Watch	17,000		10,000	10,000	20,000	3,750	3,750	3,750	3,750	15,000
Stream Gaging Program	1,600			10,000	10,000		5,400		5,000	10,400
Historic Document Report	13,091			11,909	11,909					
Forest Service Liason Position	18,689	16,306	90,000	75,005	181,311	37,500	37,500	37,500	37,500	150,000
HABS/HAER		2,201	10,000	12,799	25,000	16,250	16,250	16,250	16,250	65,000
Historic Mitigation	17,863	118,613	120,000	176,177	414,790	46,875	46,875	46,875	46,875	187,500
Bald Eagle Research			100,000	75,000	175,000	37,500	37,500	37,500	37,500	150,000
Supplemental Cultural Survey			40,000	10,000	50,000	37,500	37,500	37,500	37,500	150,000
Functional Study Visitor				92,000	92,000					
New Investigation Contract Awards:										
Cultural Resource Major Villages						50,000	100,000	150,000	150,000	450,000
HABS/HAER						15,000	25,000	25,000	25,000	90,000
Cultural Agricultural Sites								10,000	40,000	50,000
New Construction Contracts:										
Highway 188 Bridge				1,000,000	1,000,000	1,000,000	2,000,000	2,000,000	1,000,000	6,000,000
Foundation Drainage Adits				700,000	700,000	800,000	200,000			1,000,000
Goose Refuge						20,000	80,000			100,000
Catchment Basins SR88						20,000	50,000			70,000
Apache Trail Relocation								300,000	700,000	1,000,000
Highway 88 Relocation								631,000	2,500,000	3,131,000
Future Contracts										
Minor Contracts										
Noncontract Costs	8,847,186	1,405,935	1,900,000	1,896,821	5,202,756	1,225,025	1,225,025	1,225,025	1,225,025	4,900,100
<b>Total Roosevelt</b>	<b>13,110,498</b>	<b>1,544,375</b>	<b>2,286,238</b>	<b>4,086,387</b>	<b>7,917,000</b>	<b>3,312,900</b>	<b>3,868,300</b>	<b>4,523,900</b>	<b>5,827,900</b>	<b>17,533,000</b>
<b>CENTRAL AZ PROJCT</b>	<b>11,717,665</b>	<b>814,525</b>	<b>1,686,238</b>	<b>3,184,237</b>	<b>5,685,000</b>	<b>2,004,900</b>	<b>2,341,300</b>	<b>2,738,900</b>	<b>3,527,900</b>	<b>10,613,000</b>
(Federal)		814,525	1,486,238	2,684,237	4,985,000	1,057,900	1,234,300	1,443,900	1,859,900	5,596,000
(Cities)			200,000	500,000	700,000	343,000	401,000	469,000	604,000	1,817,000
(MCFCD)						604,000	706,000	826,000	1,064,000	3,200,000
<b>SDD</b>	<b>1,392,833</b>	<b>729,850</b>	<b>600,000</b>	<b>902,150</b>	<b>2,232,000</b>	<b>1,308,000</b>	<b>1,527,000</b>	<b>1,785,000</b>	<b>2,300,000</b>	<b>6,920,000</b>
(Federal)		729,850	302,000	200,150	1,232,000	1,112,000	1,298,000	1,517,000	1,955,000	5,882,000
(SRP)		0	601,000	399,000	1,000,000	196,000	229,000	268,000	345,000	1,038,000

DATE 17-Apr-87

PLAN 6 - LOCAL CONTRIBUTIONS  
PROJECTED WITHDRAWALS BY QUARTER  
FISCAL YEARS 1987 AND 1988

DESCRIPTION	TOTAL THRU 09/30/86	1st/2nd Quarter	3rd Quarter	4th Quarter	Projected FY 1987	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Projected FY 1988
STEWART MOUNTAIN DAM										
Relocation of Property of Others				39,200	39,200					
Ongoing Investigation Contracts:										
Historic Mitigation		48,629	11,000	10,771	70,400	37,500				37,500
Interagency Bald Eagle	24,250			2,750	2,750					
Eagle Nest Watch	17,000		7,500	7,500	15,000	3,750	3,750	3,750	3,750	15,000
HABS/HAER						20,000				20,000
FWL Coordin Act		1,320	7,000	6,680	15,000	3,500	3,500	3,500	3,500	14,000
Bald Eagle Research		24,894	75,000	75,106	175,000	37,500	37,500	37,500	37,500	150,000
Biology Mitigation										
New Construction Contract Awards:										
Dam/Spillway Modification								900,000	5,088,000	5,988,000
Minor Contracts										
Noncontract Costs	4,439,543	760,860	802,000	799,868	2,362,728	478,625	478,625	478,625	478,625	1,914,500
Subtotal Stewart Mountain	4,480,793	835,703	902,500	941,875	2,680,078	580,875	523,375	1,423,375	5,611,375	8,139,000
FEDERAL	4,480,793	835,703	902,500	844,068	2,582,271	463,875	418,375	1,137,375	4,483,375	6,503,000
SRP	1,402,193			97,807	97,807	117,000	105,000	286,000	1,128,000	1,636,000



Supplemental Agreement to the PLAN SIX  
FUNDING AGREEMENT to be included in  
the Plan Six Funding Agreement binder.

1 SUPPLEMENTAL AGREEMENT AMONG THE UNITED STATES,  
2 THE CENTRAL ARIZONA WATER CONSERVATION DISTRICT,  
3 THE FLOOD CONTROL DISTRICT OF MARICOPA COUNTY,  
4 THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER  
5 DISTRICT AND SALT RIVER VALLEY WATER USERS'  
6 ASSOCIATION, THE ARIZONA CITIES OF CHANDLER,  
7 GLENDALE, MESA, PHOENIX, SCOTTSDALE, AND TEMPE,  
8 THE STATE OF ARIZONA, AND THE CITY OF TUCSON FOR  
9 FUNDING OF PLAN SIX FACILITIES OF THE CENTRAL  
10 ARIZONA PROJECT, ARIZONA, AND FOR OTHER PURPOSES

11 PREAMBLE

12 1. THIS SUPPLEMENTAL AGREEMENT, made as of the 1st day  
13 of July, 1987, pursuant to the Reclamation Act of June 17, 1902 (32  
14 Stat. 388), and acts amendatory thereof or supplementary thereto  
15 including, but not limited to, the Contributed Funds Act of March  
16 4, 1921 (41 Stat. 1404), the Colorado River Basin Project Act of  
17 September 30, 1968 (82 Stat. 885), the Reclamation Safety of Dams  
18 Act of 1978, (92 Stat. 2471, as amended by 98 Stat. 1481), the  
19 Hoover Power Plant Act of August 17, 1984 (98 Stat. 1333),  
20 collectively known as Federal Reclamation law, among THE UNITED  
21 STATES OF AMERICA, acting through the Secretary of the Interior;  
22 THE CENTRAL ARIZONA WATER CONSERVATION DISTRICT; THE FLOOD CONTROL  
23 DISTRICT OF MARICOPA COUNTY (hereinafter, the "FLOOD CONTROL  
24 DISTRICT"); THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND  
25 POWER DISTRICT AND SALT RIVER VALLEY WATER USERS' ASSOCIATION  
(hereinafter, collectively the "SALT RIVER PROJECT"); THE ARIZONA  
CITIES OF CHANDLER, GLENDALE, MESA, PHOENIX, SCOTTSDALE, AND TEMPE;  
THE STATE OF ARIZONA; AND THE CITY OF TUCSON, each represented by  
its respective duly authorized representatives;

26 WITNESSETH, THAT:

27 2. WHEREAS, the United States, through the Bureau of  
28 Reclamation, is constructing the Central Arizona Project pursuant

1 to the Colorado River Basin Project Act of September 30, 1968, and  
2 the December 15, 1972, Repayment Contract between the United States  
3 and the Central Arizona Water Conservation District for Delivery of  
4 Water and Repayment of Costs of the Central Arizona Project; and

5 WHEREAS, the United States, the Central Arizona Water  
6 Conservation District, the Flood Control District, the Salt River  
7 Project, the Arizona Cities of Chandler, Glendale, Mesa, Phoenix,  
8 Scottsdale, and Tempe, the State of Arizona, and the City of Tucson  
9 executed an Agreement on April 15, 1986 ("Plan Six Agreement"), for  
10 the funding of facilities of Plan Six of the Central Arizona  
11 Project and for other purposes; and

12 WHEREAS, the Arizona Congressional Delegation has  
13 withdrawn its support for Cliff Dam as part of an overall agreement  
14 regarding the continuance of other features of Plan Six; and

15 WHEREAS, the Cities and the Salt River Project have been  
16 and the Flood Control District may be contributing funds under the  
17 Plan Six Agreement toward pre-construction and construction work on  
18 Cliff Dam and Modified Roosevelt Dam in expectation of new water  
19 storage and yield, safety of dams benefits and flood control  
20 benefits from those Plan Six features; and

21 WHEREAS, in accordance with Article 18.a of the Plan Six  
22 Agreement, the United States and the Non-Federal Parties to the  
23 Plan Six Agreement have determined that a significant change has  
24 occurred or will occur such as to justify the renegotiation of the  
25 Plan Six Agreement; and

26 WHEREAS, Section 7.A of Chapter 21, Laws 1986, Arizona  
27 Session Laws, Thirty-Seventh Legislature, Second Regular Session,  
28 provides for such renegotiation of the Plan Six Agreement and

1 expressly approves the provisions of Article 18.a of the Plan Six  
2 Agreement; and

3           WHEREAS, the parties wish to provide that the contri-  
4 butions toward the costs of securing the water supplies and the  
5 safety of dams benefits associated with Cliff Dam will be applied  
6 toward the costs of securing alternatives comparable to the  
7 quantity, quality, reliability and cost of those water supplies and  
8 safety of dams benefits which were expected to be provided by Cliff  
9 Dam; and

10           WHEREAS, Section 7.I and Section 27 of Chapter 21, Laws  
11 1986, Arizona Session Laws, authorize each of the Non-Federal  
12 Parties to the Plan Six Agreement to approve, authorize, execute  
13 and perform an agreement between itself and the Arizona State  
14 Treasurer regarding the Treasurer's receiving, holding, investing  
15 in conjunction with public monies and disbursing contributions made  
16 pursuant to the Plan Six Agreement, and authorize the State  
17 Treasurer to receive, hold, invest in conjunction with public  
18 monies and disburse any and all contributions made pursuant to the  
19 Plan Six Agreement; and

20           WHEREAS, the United States and the Non-Federal Parties to  
21 the Plan 6 Agreement wish to supplement the Plan Six Agreement in  
22 accordance with Article 18.a thereof to provide for development of  
23 alternatives to the water supplies, safety of dams benefits and  
24 flood control benefits that would have been provided by Cliff Dam,  
25 to clarify the applicability of the Plan Six Agreement to those  
26 alternatives, and to establish an alternative set of instructions  
27 for the contribution of funds by the Cities and the Salt River  
28 Project for Cliff Dam and withdrawal of such funds by the United

1 States for such purposes;

2 NOW, THEREFORE, in consideration of the mutual and  
3 dependent covenants herein, it is agreed by the parties hereto as  
4 follows:

5  
6 DEFINITIONS

7 3. Specific terms used herein shall have the same  
8 meaning as defined in Article 3 of the Plan Six Agreement.

9  
10 CITIES CONTRIBUTIONS

11 4. (a) In accordance with the instructions set forth in  
12 Exhibit B of the Plan Six Agreement and the trust agreements with  
13 the Arizona State Treasurer, except as modified herein, a special  
14 escrow account will be maintained with the Arizona State  
15 Treasurer. All existing and future contributions by the Cities for  
16 Cliff Dam, plus all existing and future accrued interest on such  
17 contributions, as set forth in Exhibit A to the Plan Six Agreement,  
18 will be maintained in the special escrow account and shall be  
19 subject to the provisions of this Supplemental Agreement.

20 (b) Notwithstanding any other provisions of the Plan  
21 Six Agreement and the trust agreements with the Arizona State  
22 Treasurer, the United States shall withdraw contributions or  
23 accrued interest from the special escrow account only upon a  
24 determination by the Secretary, with the approval of the Cities,  
25 that a source of water reasonably comparable to that which was  
26 expected to be provided by Cliff Dam will be secured for and  
27 available to the Cities by December 31, 1997. Upon such determi-  
28 nation and approval, the United States shall have the right to

1 withdraw part or all of the funds on deposit in the special escrow  
2 account to finance the acquisition and development of such  
3 alternative water supplies, according to a schedule agreed upon by  
4 the United States and the Cities.

5 (c) In the event that the funds on deposit in the  
6 special escrow account are in excess of amounts required to meet  
7 the Cities' contributions for the approved alternative water  
8 supplies, such excess funds shall be returned to the Cities as soon  
9 as practicable.

10 (d) If by the date of enactment of the Energy and  
11 Water Development Appropriations Act for Fiscal Year 1988, or by  
12 March 30, 1988, whichever first occurs, adequate authorization and  
13 appropriations, as determined by the Cities, are not provided to  
14 the Secretary of the Interior for identifying and securing the  
15 benefits associated with and to have been provided by Cliff Dam for  
16 which the Cities have made contributions, those contributions will  
17 be subject to disbursement to the Cities including interest earned  
18 in the special escrow account at the Cities' option and at their  
19 sole direction. If such election is not made by the Cities within  
20 30 days of enactment of the Energy and Water Development  
21 Appropriations Act for Fiscal Year 1988, or by March 30, 1988,  
22 whichever first occurs, the Cities agree to continue making  
23 contributions in accordance with the provisions of this  
24 Supplemental Agreement.

25 (e) If on or before December 15, 1988, a determi-  
26 nation has not been made by the Secretary with the approval of the  
27 Cities that a source of water reasonably comparable to that which  
28 was expected to be provided by Cliff Dam will be secured for and

1 available to the Cities by December 31, 1997, then the Cities shall  
2 have the right to demand by January 14, 1989, that all funds in the  
3 special escrow account be returned to them. Upon receipt of such  
4 demand in writing, the Secretary will instruct the Arizona State  
5 Treasurer to return such funds to the Cities as soon as  
6 practicable.

7 (f) In the event that the Plan Six Agreement is  
8 terminated in accordance with the provisions thereof, the remaining  
9 portion of the monies in the special escrow account then held by  
10 the Arizona State Treasurer shall be returned to the Cities in  
11 accordance with Article 7 of Exhibit B to the Plan Six Agreement.

12 (g) With regard to deposits by the Cities to the  
13 special escrow account maintained pursuant to this Supplemental  
14 Agreement, the prepayment crediting provisions of Article 13.a. and  
15 the prepayment crediting and liquidated damages provisions of  
16 Article 7.b. of the Plan Six Agreement, to the extent that such  
17 provisions apply to Cliff Dam, shall be suspended. The suspended  
18 prepayment crediting provisions of Article 13.a. and the suspended  
19 prepayment crediting and liquidated damages provisions of Article  
20 7.b. of the Plan Six Agreement shall be modified to apply to any  
21 identified and approved alternative. The Cities and the Secretary,  
22 at such time as an alternative water supply is identified and prior  
23 to approval by the Cities, shall agree upon a schedule of  
24 contributions and withdrawals which will modify the schedule in  
25 Exhibit A to the Plan Six Agreement which will describe how the  
26 Cities' contributions and accrued interest will be applied by the  
27 United States against the cost of acquiring such water supply and  
28 the dates for implementing the alternative. At the same time, the

1 Cities, the Secretary and CAWCD shall also agree upon how the  
2 prepayment crediting and liquidated damages provisions of Articles  
3 13.a. and 7.b. of the Plan Six Agreement, formerly applicable to  
4 Cliff Dam, shall be modified to apply to any such alternative.

5 (h) In the event the Cities exercise their right to  
6 demand the return of funds in the special escrow account, the  
7 Secretary shall have no further obligation to the Cities to provide  
8 alternative water supplies, the prepayment crediting provisions of  
9 Article 13.a. and the prepayment crediting and liquidated damages  
10 provisions of Article 7.b. of the Plan Six Agreement, to the extent  
11 that they relate to the Cities' contributions for Cliff Dam, shall  
12 be waived, the Cities shall have no further obligation to make  
13 contributions for Cliff Dam or alternatives thereto, and any rights  
14 created in any party to the Plan Six Agreement due to such non-  
15 payment of contributions shall not be exercised.

16 (i) The obligation of the Cities under this  
17 Supplemental Agreement shall be contingent upon their obtaining  
18 such additional legislative authority as may be necessary or  
19 appropriate to enable them to carry out the terms of this  
20 Supplemental Agreement.

21  
22 SAFETY OF DAMS

23 5. (a) In accordance with the instructions set forth in  
24 Exhibit B to the Plan Six Agreement and the trust agreements with  
25 the Arizona State Treasurer, except as modified herein, a special  
26 escrow account will be established and maintained with the Arizona  
27 State Treasurer. All existing and future contributions by the Salt  
28 River Project for Cliff Dam, plus all existing and future accrued

1 interest on such contributions, as set forth in Exhibit A to the  
2 Plan Six Agreement, will be maintained in the special escrow  
3 account and shall be subject to the provisions of this Supplemental  
4 Agreement.

5 (b) Notwithstanding any other provisions of the Plan  
6 Six Agreement and the trust agreement with the Arizona State  
7 Treasurer, the United States shall withdraw contributions or  
8 accrued interest from the special escrow account for safety of dams  
9 activities on the Verde River only upon a determination by the  
10 Secretary, in consultation with the Salt River Project, that  
11 alternatives to provide safety of dams benefits acceptable to the  
12 Salt River Project can be constructed by December 31, 1997. Upon  
13 such determination, the United States shall have the right to  
14 withdraw funds on deposit in the special escrow account to finance  
15 the development of such alternatives according to a schedule to be  
16 agreed upon between the United States and the Salt River Project.

17 (c) In the event that the funds on deposit in the  
18 special escrow account are in excess of amounts required to meet  
19 the Salt River Project's obligations for the safety of dams  
20 alternatives on the Verde River, such excess funds shall be  
21 returned to the Salt River Project as soon as practicable. Nothing  
22 in this Supplemental Agreement shall affect the procedures for  
23 allocating costs to safety of dams.

24 (d) In the event that the Secretary has not identi-  
25 fied safety of dams alternatives for the Verde River acceptable to  
26 the Salt River Project by December 15, 1988, the Salt River Project  
27 shall have the right to demand by January 14, 1989, that all funds  
28 in the special escrow account for Verde River safety of dams

1 activities be returned to it. Upon receipt of such demand in  
2 writing, the Secretary will instruct the Arizona State Treasurer to  
3 return such funds to the Salt River Project as soon as practicable.

4 (e) Unless by December 15, 1992: 1) the Secretary  
5 has transmitted a Safety of Dams Program Modification Report  
6 pursuant to the Reclamation Safety of Dams Act of 1978 (92 Stat.  
7 2471, as amended by 98 Stat. 1481) identifying a safety of dams  
8 alternative for the Verde River acceptable to the Salt River  
9 Project; 2) sixty days have transpired since such submittal; and 3)  
10 Congress has taken no action to invalidate such report, the Salt  
11 River Project shall have the right to demand by January 14, 1993,  
12 that all funds in the special escrow account deposited for Verde  
13 River safety of dams activities be returned to it. Upon receipt of  
14 such demand in writing, the Secretary will instruct the Arizona  
15 State Treasurer to return such funds to the Salt River Project as  
16 soon as practicable.

17 (f) In the event that the Plan Six Agreement is  
18 terminated in accordance with the provisions thereof, the remaining  
19 monies in the special escrow account then held by the Arizona State  
20 Treasurer shall be returned to the Salt River Project in accordance  
21 with Article 7 of Exhibit B to the Plan Six Agreement.

22 (g) With regard to deposits by the Salt River  
23 Project to the special escrow account maintained pursuant to this  
24 Supplemental Agreement, the crediting provisions of Article 13.a.  
25 of the Plan Six Agreement, to the extent that such provisions apply  
26 to Cliff Dam, shall be suspended. The suspended crediting  
27 provisions of Article 13.a. of the Plan Six Agreement shall be  
28 modified to apply to any acceptable alternative. The Salt River

1 Project and the Secretary, at such time as an alternative safety of  
2 dams solution is identified, shall agree upon a schedule of  
3 contributions and withdrawals which will modify the schedule in  
4 Exhibit A to the Plan Six Agreement which will describe how the  
5 Salt River Project's contributions and accrued interest will be  
6 applied by the United States against the cost of such alternative  
7 and the dates for implementing the alternative. At the same time,  
8 the Salt River Project and the Secretary shall also agree upon how  
9 the crediting provisions of Article 13.a. of the Plan Six  
10 Agreement, formerly applicable to Cliff Dam, shall be modified to  
11 apply to any such alternative.

12 (h) In the event the Salt River Project exercises  
13 its right to demand the return of funds in the special escrow  
14 account, the United States shall be relieved of any obligation  
15 created in this Supplemental Agreement and the Plan Six Agreement  
16 to provide safety of dams benefits on the Verde River, the Salt  
17 River Project shall have no further obligation to make  
18 contributions for Cliff Dam or alternatives thereto, and any rights  
19 created in any party to the Plan Six Agreement due to such non-  
20 payment of contributions shall not be exercised.

21  
22 ALLOCATED COSTS

23 6. Nothing in this Supplemental Agreement shall be  
24 construed to suggest that any of the costs associated with identi-  
25 fying or providing alternative water supplies, flood control or  
26 safety of dams benefits, in lieu of those to have been provided by  
27 Cliff Dam, shall be included in or excluded from Central Arizona  
28 Project costs repayable by the Central Arizona Water Conservation

1 District. Implementation of this Supplemental Agreement shall not  
2 be construed to cause the financial obligation of the United States  
3 for the construction of Plan Six to exceed that which was  
4 contemplated with construction of Plan Six with Cliff Dam.

5  
6 WAIVER OF RENEGOTIATION AND OTHER PROVISIONS

7 7. The United States and the Flood Control District,  
8 with the concurrence of the other Non-Federal Parties, agree that  
9 the renegotiation, prepayment crediting, liquidated damages and  
10 other provisions of Articles 7.b, 13.a, and 18.b of the Plan Six  
11 Agreement, as they may pertain to Cliff Dam, shall be suspended  
12 with respect to the contributions the Flood Control District would  
13 have made toward the flood control benefits to have been provided  
14 by Cliff Dam. If and when acceptable alternative flood control  
15 measures are identified by the Secretary for the Verde River, the  
16 Flood Control District and the Secretary shall agree upon the  
17 manner in which the contributions of the Flood Control District  
18 toward such alternative shall be applied to such alternative, and  
19 the Flood Control District, the Secretary and CAWCD shall also  
20 agree upon how the prepayment crediting and liquidated damages  
21 provisions of Articles 13.a. and 7.b. shall be modified to apply to  
22 such alternative; provided, however, that the determination of the  
23 amount and scheduling of contributions by the Flood Control  
24 District toward such alternative shall be in accordance with the  
25 procedures prescribed by Sections B.2 and C.2. of Exhibit A to the  
26 Plan Six Agreement.

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PLAN SIX AGREEMENT NOT OTHERWISE MODIFIED

8. The provisions of the Plan Six Agreement are hereby modified to conform to the provisions of this Supplemental Agreement. All provisions of the Plan Six Agreement not inconsistent with this Supplemental Agreement shall remain in full force and effect.

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IN WITNESS WHEREOF, the parties hereto have executed this Supplemental Agreement which shall be effective on the day and year first above written.

THE UNITED STATES OF AMERICA

By: C. Dale Ruwall  
Commissioner of Reclamation

By: W. J. Giff  
Assistant Secretary of the Interior for Water and Science

THE STATE OF ARIZONA

Attest: Lee Bradford  
Secretary of State

By: Loan Medema  
Governor

CENTRAL ARIZONA WATER CONSERVATION DISTRICT

Attest: Marilyn H. Romstadt  
Secretary

By: Paul W. Mullin  
President

Approved as to form: Angela R. Smith  
General Counsel

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FLOOD CONTROL DISTRICT OF  
MARICOPA COUNTY

Attest: *Cheri Pennington*  
Clerk of the Board

By: *Tom Hunter*  
Chairman,  
Board of Directors

OCT 19 1987

Approved as  
to form: *[Signature]*  
General Counsel

SALT RIVER VALLEY WATER  
USERS' ASSOCIATION

Attest and  
Countersign: *Paul Price*  
Secretary

By: *John Larson*  
President

Approved as  
to form: *[Signature]*

SALT RIVER PROJECT  
AGRICULTURAL IMPROVEMENT  
AND POWER DISTRICT

Attest and  
Countersign: *Paul Price*  
Secretary

By: *John Larson*  
President

Approved as  
to form: *[Signature]*

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CITY OF CHANDLER

Attest: A. Brown  
Clerk

By: [Signature]  
Mayor

Approved as  
to form: Maureen R. Gargu  
City Attorney

CITY OF GLENDALE

Attest: Jawergone Fehm  
Clerk

By: [Signature]  
Mayor

Approved as  
to form: [Signature]  
Asst. City Attorney

CITY OF MESA

Attest: [Signature]  
Clerk

By: [Signature]  
City Manager  


Approved as  
to form: Neal Joseph Beets  
City Attorney

CITY OF PHOENIX  
Marvin A. Andrews,  
City Manager

Attest: Tammy Murphy  
ACTING Clerk

By: [Signature]  
Environmental Services Manager

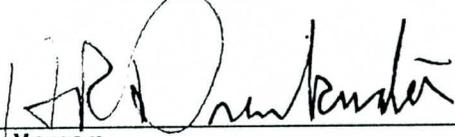
Approved as  
to form: [Signature]  
ACTING City Attorney #17

By: [Signature]  
Mayor, City of Phoenix

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CITY OF SCOTTSDALE

Attest: Roy R. Pederson,  
City Clerk

By:   
Mayor

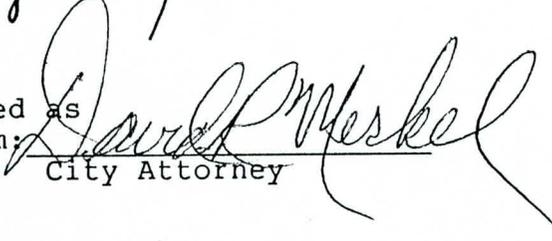
By:   
Deputy City Clerk

Approved as  
to form:   
Asst City Attorney

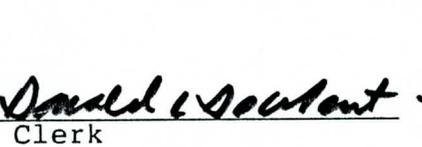
CITY OF TEMPE

Attest:   
Deputy Clerk

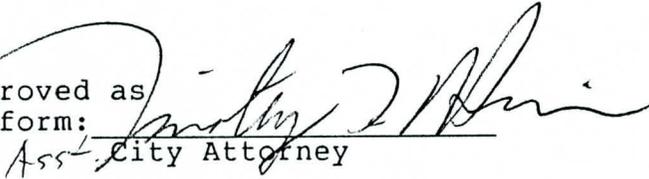
By:   
Mayor

Approved as  
to form:   
City Attorney

CITY OF TUCSON

Attest:   
Clerk

By:   
Mayor

Approved as  
to form:   
Ass't City Attorney

ISSUED BY

ROSE MOFFORD

SECRETARY OF STATE

State of Arizona  
House of Representatives  
Thirty-seventh Legislature  
Second Regular Session  
1986

CHAPTER 21

HOUSE BILL 2510

A

RELATING TO WATERS; PRESCRIBING PROJECTS; PROVIDING FOR AGRICULTURAL IMPROVEMENTS OR ISSUE CERTAIN BONDS FOR FLOOD CONTROL FOR A MULTI-WATER CONSERVATION AND DISTRIBUTION OF ELECTRICITY AND MARKET AND DISTRIBUTE CERTAIN PROVISIONS; PROVIDING AUTHORITY NECESSARY TO AND TO CONSTRUCT CENTRAL ARIZONA REMEDIES, CONDITIONS, IMMUNITIES, REVIEW AND PROCEDURES UNDER THE PARTIES TO PLAN SIX AGREEMENT NONPERFORMANCE OR PERFORMANCE LIMITATIONS; PROVIDING AN EXEMPTION FOR ACTIVITIES UNDER PLAN SIX AGREEMENT THE PLAN SIX AGREEMENT IN THE NATIONAL FROM INTERGOVERNMENTAL AGREEMENT REQUIREMENTS; PROVIDING FOR EXCEPTIONS FROM EXPENDITURE AND LEVY LIMITATIONS FOR OBLIGATIONS INCURRED UNDER PLAN SIX AGREEMENT; PROVIDING THAT AUTHORITY FOR OBLIGATIONS; PROVIDING FOR REVENUE BOND ISSUANCE; PROVIDING FOR ISSUANCE, CONDITION PURCHASE OF REVENUE BONDS; PROVIDING FOR CERTAIN NONLIABILITY OF ISSUER; PRESCRIBING CERTAIN DUTIES OF STATE TO CONSTRUCT THE COMPONENTS OF PLAN SIX APPLICATIONS FOR RESERVOIR PERMITS AND UNAPPROPRIATED WATERS; PRESCRIBING CERTAIN APPLICATIONS; PROVIDING AUTHORITY FOR ACQUIRE CERTAIN REAL PROPERTY AND IMMUNITIES SECTIONS 45-2503, 48-2337, 48-2441 AND AND MAKING AN APPROPRIATION.

*To: DES*  
*From: JML*  
*- Rec your request*  
*- Curing provisions*  
*begin in Sec 7,*  
*subsection (D) (page 12)*

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- 1 Be it enacted by the Legislature of the State of Arizona that
- 2 Section 1. Findings
- 3 The Legislature finds:
- 4 1. That the United States government has a project in
- 5 Arizona project which will provide economic benefits to this state.

ISSUED BY

**ROSE MOFFORD**

SECRETARY OF STATE

State of Arizona  
House of Representatives  
Thirty-seventh Legislature  
Second Regular Session  
1986

CHAPTER 21

HOUSE BILL 2510

AN ACT

RELATING TO WATERS; PRESCRIBING PROJECTS INCLUDED IN STATE WATER AND POWER PLAN; PROVIDING FOR AGRICULTURAL IMPROVEMENT DISTRICTS TO ENTER INTO CONTRACTS OR ISSUE CERTAIN BONDS FOR FLOOD CONTROL PURPOSES; PRESCRIBING LIMITATIONS FOR A MULTI-WATER CONSERVATION DISTRICT RELATING TO MARKETING AND DISTRIBUTION OF ELECTRICITY AND PROVIDING CERTAIN LIMITED AUTHORITY TO MARKET AND DISTRIBUTE CERTAIN ELECTRICITY; PRESCRIBING DEFINITIONS; PROVIDING AUTHORITY NECESSARY TO ENTER AGREEMENT FOR ADVANCE FINANCING OF AND TO CONSTRUCT CENTRAL ARIZONA PROJECT PLAN SIX; PRESCRIBING RIGHTS, REMEDIES, CONDITIONS, IMMUNITIES, EXEMPTIONS, REIMBURSEMENT, JUDICIAL REVIEW AND PROCEDURES UNDER THE AGREEMENT; PROVIDING FOR NONLIABILITY OF PARTIES TO PLAN SIX AGREEMENT TO CERTAIN THIRD PARTIES FOR CERTAIN NONPERFORMANCE OR PERFORMANCE UNDER AGREEMENT AND FOR FLOOD CONTROL ACTIVITIES; PROVIDING AN EXEMPTION FROM STATE ANTITRUST STATUTES FOR ACTIVITIES UNDER PLAN SIX AGREEMENT; AUTHORIZING THE GOVERNOR TO EXECUTE THE PLAN SIX AGREEMENT IN THE NAME OF THE STATE; PROVIDING AN EXCEPTION FROM INTERGOVERNMENTAL AGREEMENT REQUIREMENTS; PROVIDING FOR EXCEPTIONS FROM EXPENDITURE AND LEVY LIMITATIONS FOR OBLIGATIONS INCURRED UNDER PLAN SIX AGREEMENT; PROVIDING THAT AUTHORIZED AGREEMENTS ARE LONG-TERM OBLIGATIONS; PROVIDING FOR REVENUE BONDING AUTHORITY AND POWERS OF CERTAIN ISSUER; PROVIDING FOR ISSUANCE, CONDITIONS, FORM, SALE, SECURITY AND PURCHASE OF REVENUE BONDS; PROVIDING FOR ISSUANCE OF REFUNDING BONDS; PROVIDING FOR CERTAIN NONLIABILITY OF OFFICERS, DIRECTORS OR EMPLOYEES OF ISSUER; PRESCRIBING CERTAIN DUTIES OF STATE TREASURER; PROVIDING AUTHORITY TO CONSTRUCT THE COMPONENTS OF PLAN SIX; PROVIDING A PREFERENCE RELATING TO APPLICATIONS FOR RESERVOIR PERMITS AND FOR THE APPROPRIATION OF CERTAIN UNAPPROPRIATED WATERS; PRESCRIBING CERTAIN PROCEDURES RELATING TO CERTAIN APPLICATIONS; PROVIDING AUTHORITY FOR THE ARIZONA STATE PARKS BOARD TO ACQUIRE CERTAIN REAL PROPERTY AND IMPROVEMENTS AND EASEMENTS; AMENDING SECTIONS 45-2503, 48-2337, 48-2441 AND 48-3713, ARIZONA REVISED STATUTES, AND MAKING AN APPROPRIATION.

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Findings

3 The Legislature finds:

4 1. That the United States government is constructing the central  
5 Arizona project which will provide economic benefits to this state.

1           2. That the following components and appurtenant works are referred  
2 to as "plan six":  
3           (a) New Waddell dam.  
4           (b) Cliff dam.  
5           (c) Modification or repair of Roosevelt dam.  
6           (d) Modification of Stewart mountain dam.  
7           3. That it is possible that federal appropriations may not be  
8 sufficient to complete construction of the central Arizona project,  
9 including plan six, within a reasonable time.  
10          4. That an acceleration of construction of the central Arizona  
11 project is of statewide interest.  
12          5. That construction of the central Arizona project will be  
13 accelerated if certain political subdivisions of this state contribute  
14 money to be used for project construction, including plan six.  
15 Acceleration of construction should also result in earlier realization of  
16 benefits from the central Arizona project aqueduct, Indian and non-Indian  
17 distribution systems and, if approved by the secretary of the interior, a  
18 Tucson terminal storage facility and Buttes dam.  
19          6. That the interest of this state and the welfare of the public  
20 will be best served by the construction of the components of plan six in  
21 order to make possible the beneficial use of additional unappropriated  
22 waters of the state and control floods.  
23          7. That to the extent that the following entities do not have the  
24 authority to do so, they should be authorized to contribute monies to  
25 provide for the accelerated construction of the central Arizona project,  
26 including plan six:  
27           (a) The central Arizona water conservation district.  
28           (b) The flood control district of Maricopa county.  
29           (c) The Salt river project agricultural improvement and power  
30 district.  
31           (d) The cities of Chandler, Glendale, Mesa, Phoenix, Scottsdale and  
32 Tempe.  
33          8. That an agreement has been or will be entered into between the  
34 United States, this state, the entities listed in paragraph 7 of this  
35 section, the Salt river valley water users' association and the city of  
36 Tucson, referred to in this act as the "plan six agreement". That the plan  
37 six agreement provides for scheduled contributions by each such entity,  
38 except the city of Tucson, to accelerate the central Arizona project  
39 construction schedule.  
40          9. That it is in the best interests of this state that each party to  
41 the plan six agreement have all powers necessary to authorize, execute,  
42 contribute the sums provided for and otherwise perform the plan six  
43 agreement and each and every part of the agreement.  
44          10. That it is in the best interests of this state that the entities  
45 referred to in paragraph 7 of this section not incur liability for damages  
46 from floods by reason of their voluntary participation in the plan six  
47 agreement and that, in the absence of receiving qualified immunity from  
48 such liability, it will not be possible for such entities to enter into and  
49 carry out the plan six agreement.

1 11. That, under section 107 of the Hoover power plant act of 1984,  
2 the proceeds from additional rate components from the sale of Navajo  
3 surplus power are available to make repayment and establish reserves for  
4 the repayment to the central Arizona water conservation district of monies  
5 contributed by or for the central Arizona water conservation district  
6 under the plan six agreement.

7 12. As a party committed to making contributions under the plan six  
8 agreement, the central Arizona water conservation district is the  
9 appropriate entity to establish and collect the additional rate components  
10 for the sale of Navajo surplus power and to issue bonds and use the  
11 proceeds therefrom to make its contributions under the plan six agreement.  
12 In the event that the central Arizona water conservation district, for any  
13 reason, is unable to issue its bonds or make such contributions, it is  
14 appropriate that the Arizona power authority issue bonds for such  
15 purpose.

16 Sec. 2. Section 45-2503, Arizona Revised Statutes, is amended to  
17 read:

18 45-2503. State water and power plan

19 A. A water and power plan for the state is established, consisting  
20 of all or part of the following works and facilities:

21 1. Central Arizona project, including:

22 (a) Granite Reef aqueduct to extend from Lake Havasu to a point in  
23 central Arizona on the Salt river near the city of Phoenix, together with  
24 pumping plants therefor.

25 ~~(b) Orme dam reservoir and power pumping plant to be located in  
26 central Arizona at or near the Salt river Indian reservation.~~

27 ~~(c)~~ (b) The Salt-Gila aqueduct to extend from the terminus of the  
28 Granite Reef aqueduct in central Arizona to the Tucson aqueduct, Colorado  
29 source, in the vicinity of Picacho reservoir, together with pumping plants  
30 therefor.

31 ~~(d) Charleston dam and reservoir to be located on the San Pedro  
32 river southeast of the city of Tucson.~~

33 (c) THE FOLLOWING ALTERNATIVE TO ORME DAM:

34 (i) NEW WADDELL DAM.

35 (ii) CLIFF DAM.

36 (iii) MODIFICATIONS TO ROOSEVELT DAM.

37 (d) BUTTES DAM AND RESERVOIR ON THE GILA RIVER EAST OF THE TOWN OF  
38 FLORENCE.

39 (e) Tucson aqueduct, ~~Colorado source,~~ to extend from the TERMINUS  
40 OF THE SALT-GILA AQUEDUCT IN THE vicinity of Picacho reservoir to AND  
41 BEYOND the city of Tucson, together with pumping plants AND TERMINAL  
42 STORAGE therefor. , and

43 ~~(f) Tucson aqueduct, San Pedro source, to extend from the  
44 Charleston reservoir to the city of Tucson.~~

45 2. ~~Hualapai (Bridge canyon) hydroelectric project to be located at  
46 the headwaters of Lake Mead on the Colorado river.~~

47 3. ~~Marble canyon hydroelectric project to be located on the  
48 Colorado river approximately twelve miles upstream from the boundary of  
49 the Grand Canyon national park.~~

1           4- 2. Montezuma pumped storage power project to be located  
2 approximately twenty-five miles south of the city of Phoenix.

3           ~~5. Havasu pumped storage power project to be located in the~~  
4 ~~vicinity of the southern end of Lake Havasu.~~

5           ~~6-~~ 3. The authority's interest in or rights to capacity and any  
6 associated energy of the Hoover power plant modifications project  
7 consisting of an additional powerhouse or powerhouses at the Hoover dam and  
8 power plant located on the Colorado river in Clark county, Nevada and  
9 Mohave county, Arizona and Lake Mead, the reservoir formed behind Hoover  
10 dam.

11           ~~7-~~ 4. The authority's interest in or rights to capacity and any  
12 associated energy of the Hoover power plant uprating project consisting of  
13 an increase in capacity of existing generating units at Hoover dam and  
14 power plant as a result of replacement and improvement of equipment for  
15 such units.

16 In each case the project shall include any improvements thereto and any  
17 incidental or associated capacity, energy, buildings, structures,  
18 transmission lines or mains, and all other appurtenances and facilities  
19 necessary or appropriate thereto.

20           B. The state water and power plan may also include such further  
21 water and power projects, either in addition to or in substitution of the  
22 projects set forth above, or any portion thereof, as the Arizona  
23 legislature may from time to time authorize. ~~;~~ ~~provided~~ However, ~~that~~ in no  
24 event may such further power projects include thermal generating plants or  
25 interests therein, except that, ~~the~~ authority may enter into an agreement  
26 with other electric power interests proposing to construct a thermal  
27 generating power plant whereby the state shall acquire the right to such  
28 portion of the capacity of such plant, including delivery of power and  
29 energy over appurtenant transmission facilities to mutually agreed upon  
30 delivery points as is required to provide central Arizona project pumping.  
31 Power and energy acquired thereunder may be disposed of intermittently by  
32 the authority when not required in connection with the central Arizona  
33 project.

34           C. Except as otherwise provided in this subsection, nothing in this  
35 article shall authorize the inclusion in the state water and power plan of  
36 the power and energy under the Hoover energy contract 1-lr-1455 dated  
37 November 23, 1945 as it may be supplemented, amended, renewed or replaced  
38 and the rights to deliver such power and energy under the 1964 Wheeling  
39 contract 14-06-0300-1444 dated January 1, 1965 as it may be supplemented,  
40 amended, renewed or replaced which power and energy and Wheeling rights  
41 shall continue to be administered under chapter 1 of title 30. Power and  
42 energy of the authority from the Hoover power plant modifications project  
43 and the Hoover power plant uprating project shall be sold by the authority  
44 pursuant to this article. The contracts for the sale of the power and  
45 energy of the authority from such projects shall be treated as contracts  
46 under this article. Notwithstanding title 30, chapter 1, the authority may  
47 pledge its contracts, rights and interests in or to power and energy from  
48 the Hoover power plant modifications project, the Hoover power plant

1 uprating project, the 1945 Hoover energy contract or the 1964 Wheeling  
2 contract, or any supplements, amendments, renewals or replacements of such  
3 contracts, or any other contract or contracts for the purchase or  
4 transmission of power and energy from the United States or any United  
5 States agency as security for any bonds or notes of the authority issued  
6 under this article for the purpose of the Hoover power plant modifications  
7 project or the Hoover power plant uprating project.

8 Sec. 3. Section 48-2337, Arizona Revised Statutes, is amended to  
9 read:

10 48-2337. Additional power to make contracts and  
11 agreements; contents; effect of contract  
12 on landowners' rights

13 A. The board of directors shall enter into, execute, acknowledge,  
14 deliver and perform all contracts or agreements which it finds in the best  
15 interest of the district, with any person, firm or corporation, or with the  
16 United States or the state, or any department or agency thereof, or with  
17 any county or other political subdivision of the state, or any board,  
18 commission or officials of either:

19 1. For the storage, regulation, control, development and  
20 distribution of water for the irrigation of lands within the district, ~~or~~  
21 for the use, control and disposal of drainage water within the district OR  
22 FOR FLOOD CONTROL PURPOSES.

23 2. For the construction, extension, enlargement, operation,  
24 control, maintenance and management of any works or other property of the  
25 district, or over which it has control or which may be useful for the  
26 irrigation or drainage of land within the district, OR FOR FLOOD CONTROL  
27 PURPOSES.

28 3. For providing or furnishing power or any means of communication  
29 for the use of the owners or occupants of land within the district.

30 4. To reduce the cost of irrigation, drainage and power to the  
31 owners of the lands in the district by the sale of surplus water or power  
32 produced, owned or controlled by the district, and the acquisition,  
33 construction, maintenance, extension and replacement of the works useful  
34 for such purpose and the financing and refinancing of any real or personal  
35 property useful for such purpose through the issuance of bonds authorized  
36 by articles 6 and 7 of this chapter, and through contractual debt,  
37 borrowing of money, sale, lease and trust financing arrangements. Such  
38 contractual debt, borrowing of money, sale, lease or trust financing  
39 arrangements are not subject to the requirements of articles 6 and 7 of  
40 this chapter.

41 5. To finance or refinance as its own obligation all or any part of  
42 any debt incurred or proposed to be incurred by any public or private  
43 agency in the construction, maintenance, improvement or replacement of the  
44 structures and equipment necessary or useful for the accomplishment of any  
45 of such purposes, either by the issue and sale of bonds or by exchange of  
46 bonds for outstanding obligations of such public or private agency or by  
47 assuming or guaranteeing the payment thereof.

48 6. For any one or more or all of said purposes.

1 B. The board shall provide in any contract entered into with the  
2 United States, or any corporation, association or irrigation district  
3 operating a United States reclamation project, that the lands included in  
4 the agricultural improvement district shall be entitled, either upon  
5 execution of the contract or upon compliance with the terms and conditions  
6 thereof, to become a part of the project with either full or partial  
7 proportionate interest in any or all irrigation, drainage, electric power  
8 or other works and property of the project, including revenues derived from  
9 any such works.

10 C. Nothing in this section or in sections 48-2335 and 48-2336 shall  
11 be construed to affect or modify in any manner, or as IS intended to affect  
12 or modify the rights of any landowner within the district to the use of  
13 water for the irrigation of his land located within the district, as such  
14 rights may be fixed at the time of the organization of the district, nor to  
15 authorize the board of directors, without consent of the landowner, to  
16 change or modify any such rights of the landowner.

17 Sec. 4. Section 48-2441, Arizona Revised Statutes, is amended to  
18 read:

19 48-2441. Purposes for which bonds may be issued

20 As soon as practicable after the organization of an agricultural  
21 improvement district, or at any time thereafter when funds available have  
22 been exhausted and it is necessary to raise additional funds for such  
23 purposes, the board of directors shall estimate and determine the amount of  
24 money necessary to be raised for the following purposes:

25 1. To acquire property or property rights necessary or useful for  
26 the district, or for the construction, enlargement, extension,  
27 improvement, completion or renewal of any irrigation OR FLOOD CONTROL  
28 works, structures and appliances necessary for the development, storage,  
29 regulation, control or distribution of water for the irrigation of lands  
30 within the district, ~~or~~ for the drainage thereof OF LANDS IN THE DISTRICT  
31 OR FOR FLOOD CONTROL PURPOSES.

32 2. To construct power plants, power transmission lines, lines of  
33 communication and appliances incident thereto, including rights-of-way,  
34 property and property rights necessary therefor, intended or designed for  
35 use in connection with the development, storage, regulation, control and  
36 distribution of water for the irrigation of lands in the district, or for  
37 the drainage thereof.

38 3. To provide, under and by means of any contract, agreement or  
39 arrangement authorized by this chapter, for the development, storage,  
40 regulation, control, delivery and distribution of water for irrigation of  
41 lands within the district, or drainage of water from such lands, or for  
42 disposal of such drainage water, or for the construction, extension,  
43 renewal, replacement, improvement, enlargement, maintenance, operation and  
44 control of irrigation or drainage works within the district, used or useful  
45 for the irrigation or drainage of any of the lands in the district, whether  
46 or not such works are actually owned by the district.

47 4. To provide power or any means of communication for the use of  
48 owners or occupants of land within the district.

1           5. To reduce the cost of irrigation, drainage and power to the  
2 owners of the lands in the district by the sale of surplus water or power  
3 produced, owned or controlled by the district, and the construction,  
4 maintenance, extension, replacement, financing and refinancing of the  
5 works useful for such purpose.

6           6. To finance or refinance as its own obligation all or any part of  
7 the debts incurred or proposed to be incurred by any public or private  
8 agency in the construction, maintenance, improvement or replacement of the  
9 structures and equipment necessary or useful for the accomplishment of any  
10 of the purposes set forth in this section.

11           7. To carry out the provisions of this chapter not otherwise  
12 provided by this section.

13           Sec. 5. Section 48-3713, Arizona Revised Statutes, is amended to  
14 read:

15           48-3713. Powers of district

16           A. The district, acting through its board, shall:

17           1. Enter into a contract or contracts with the secretary to  
18 accomplish the purposes of this chapter.

19           2. Provide for the repayment of construction costs, interest and  
20 annual operation, maintenance and replacement costs allocated to the  
21 district and payment of administrative costs and expenses of the district.

22           3. Levy an annual tax to defray district costs and expenses and to  
23 effect repayment of a portion of the district's obligation to the United  
24 States. Such tax levy shall not exceed ten cents per each one hundred  
25 dollars of assessed valuation of the taxable property within the district.

26           4. Establish and cause to be collected charges for water consistent  
27 with federal reclamation law and contracts entered into between the  
28 district and the secretary pursuant to this chapter.

29           5. Cooperate and contract with the secretary to carry out the  
30 provisions of the reclamation act of June 17, 1902 (32 Stat. 388), and acts  
31 amendatory thereof or supplementary thereto, including the Colorado river  
32 basin project act (82 Stat. 885).

33           6. Establish and maintain reserve accounts in amounts which may be  
34 required by any contract between the district and the secretary and in such  
35 additional amounts as may be deemed necessary to accomplish the purposes of  
36 this chapter.

37           B. The district, acting through its board, may:

38           1. Contract with the United States to be the operating agent of the  
39 central Arizona project and to maintain all or portions of the project and  
40 subcontract with others for the operation or maintenance of portions of the  
41 project.

42           2. Acquire in any lawful manner real and personal property of every  
43 kind necessary or convenient for the uses and purposes of the district.

44           3. Acquire electricity or other forms of energy necessary for the  
45 operation of the central Arizona project.

46           4. Contract for or perform feasibility studies of groundwater  
47 recharge and recovery projects.

1 C. The district may enter into and carry out subcontracts with  
2 water users for the delivery of water through the facilities of the central  
3 Arizona project. Such contracts as may be entered into between the  
4 district and the secretary and between the district and water users shall  
5 be subject to the provisions of the Colorado river basin project act  
6 (Public Law 90-537; 82 Stat. 885).

7 D. THE DISTRICT MAY NOT SELL, RESELL, DELIVER OR DISTRIBUTE  
8 ELECTRICITY TO OTHERS. HOWEVER, THE DISTRICT MAY, IN CONJUNCTION WITH ANY  
9 OTHER MARKETING ENTITY OR ENTITIES, BE A MARKETING ENTITY UNDER SECTION 107  
10 OF THE HOOVER POWER PLANT ACT OF 1984 (P.L. 98-381; 98 STAT. 1333) SOLELY  
11 FOR THE LIMITED PURPOSES OF ESTABLISHING AND COLLECTING THE ADDITIONAL  
12 RATE COMPONENTS AUTHORIZED BY THAT ACT AND ENTER INTO CONTRACTS FOR THAT  
13 PURPOSE. THIS SUBSECTION DOES NOT LIMIT THE AUTHORITY OF THE DISTRICT  
14 UNDER SUBSECTION B, PARAGRAPH 3 OF THIS SECTION AND DOES NOT PROHIBIT THE  
15 UNITED STATES WESTERN AREA POWER ADMINISTRATION OR THE ARIZONA POWER  
16 AUTHORITY FROM MAKING INCIDENTAL DISPOSITION OF POWER ACQUIRED BY THE  
17 DISTRICT FOR PURPOSES OF OPERATING THE CENTRAL ARIZONA PROJECT BUT NOT  
18 NEEDED BY THE DISTRICT FOR SUCH PURPOSES.

19 Sec. 6. Definitions

20 In sections 6 through 32 of this act, unless the context otherwise  
21 requires:

22 1. "Additional rate components" means the "additional rate  
23 components" described in section 107(d) of the Hoover power plant act of  
24 1984 which the United States secretary of energy or the marketing entity or  
25 entities are authorized to establish and collect or cause to be established  
26 and collected under the marketing plan. Additional rate components shall  
27 not exceed amounts which, when added to the rate components authorized and  
28 charged by western, allow for appropriate savings to the contractor as  
29 required by section 107(d).

30 2. "Authority" means the Arizona power authority established  
31 pursuant to title 30, chapter 1, Arizona Revised Statutes.

32 3. "Bonds" means the revenue bonds the issuer is authorized to  
33 issue pursuant to this act.

34 4. "Central Arizona project" means the federal reclamation project  
35 described in title 43 United States Code section 1521.

36 5. "Credit enhancement" means any municipal bond insurance, letter  
37 of credit, reimbursement agreement, bond purchase agreements and other  
38 instruments which the issuer, or a trustee, may purchase to enhance the  
39 security or the liquidity of the bonds.

40 6. "District" means the central Arizona water conservation district  
41 established pursuant to title 48, chapter 22, article 1, Arizona Revised  
42 Statutes.

43 7. "Hoover power plant act of 1984" means the Hoover power plant act  
44 of 1984 (P.L. 98-381; 98 Stat. 1333).

45 8. "Issuer" means either the district or the authority pursuant to  
46 section 14 of this act.

47 9. "Marketing plan" means the plan for marketing Navajo surplus to  
48 be adopted by the United States secretary of the interior pursuant to  
49 section 107(c) of the Hoover power plant act of 1984.

1           10. "Navajo surplus" means the electrical capacity and energy  
2 associated with the United States' interest in the Navajo generating  
3 station which, as determined according to the marketing plan, is in excess  
4 of the pumping requirements of the central Arizona project and any such  
5 needs for desalting and protective pumping facilities as may be required  
6 under section 101(b)(2)(B) of the Colorado river basin salinity control  
7 act (P.L. 93-320; 88 Stat. 266), as amended.

8           11. "Non-federal parties" means the district, the cities of  
9 Chandler, Glendale, Mesa, Phoenix, Scottsdale and Tempe, the flood control  
10 district of Maricopa county and the Salt river project agricultural  
11 improvement and power district.

12           12. "Plan six" means the following components and appurtenant  
13 works:

- 14           (a) New Waddell dam.
- 15           (b) Cliff dam.
- 16           (c) Modification or repair of Roosevelt dam.
- 17           (d) Modification of Stewart mountain dam.

18           13. "Plan six agreement" means the agreement among the United  
19 States, this state, the central Arizona water conservation district, the  
20 flood control district of Maricopa county, the Salt river valley water  
21 users' association, the Salt river project agricultural improvement and  
22 power district, and the cities of Chandler, Glendale, Mesa, Phoenix,  
23 Scottsdale, Tempe and Tucson pertaining to the advancement of monies to  
24 accelerate construction of plan six, and all exhibits to the agreement.

25           14. "Political subdivision" means the Arizona power authority,  
26 cities, towns, irrigation districts, electrical districts, agricultural  
27 improvement districts, power districts or other political subdivisions of  
28 this state.

29           15. "Revenues" means all or any specific portion of any monies,  
30 income or other revenues of the issuer of any nature, except monies  
31 received from the levy and collection of ad valorem taxes or taxes  
32 collected in lieu of ad valorem taxes.

33           16. "State" means the state of Arizona.

34           17. "Undertaking" means:

35           (a) With respect to the district:

36           (i) The purchase, construction, leasing or acquisition of any real  
37 or personal property suitable for a headquarters complex.

38           (ii) Any and all district contributions and advances of  
39 contributions to be made by other parties, to or for the United States,  
40 which may be made by the district according to the plan six agreement,  
41 including reimbursement of district contributions and advances made before  
42 the issuance of the bonds.

43           (b) With respect to the authority, any and all district  
44 contributions and advances of contributions to be made by other parties, to  
45 or for the United States, which may be made by the district according to  
46 the plan six agreement, including reimbursement of district contributions  
47 and advances made before the issuance of bonds.

1 18. "Western" means the western area power administration of the  
2 United States department of energy.

3 Sec. 7. Plan six agreement; authorization; limitation;  
4 curing and reimbursement agreements; remedies

5 A. Each of the Arizona entities named in section 1, paragraphs 7 and  
6 8 of this act is authorized to execute and perform the plan six agreement.  
7 As to the cities which are parties to the plan six agreement, the revenues  
8 authorized for payments or contributions to be made by such cities are not  
9 to be payable from any source which creates a debt pursuant to article IX,  
10 section 8, Constitution of Arizona. Any of the cities may make such  
11 payments from revenues of one or more of its water, sewer, electrical or  
12 gas utility undertakings, as defined in section 9-521, Arizona Revised  
13 Statutes, and also from any excise, sales, privilege, transaction,  
14 franchise and income taxes which it now collects or which it may collect in  
15 the future or which are allocated or appropriated to it by this state or  
16 any political subdivision of this state or by any other governmental unit  
17 or agency, except for any such city's share of any such taxes which by law,  
18 rule or regulation must be expended for other purposes, so long as payment  
19 from any of these sources is segregated and set apart from any other  
20 revenues of the city and held solely for the payments to be made under the  
21 plan six agreement and does not violate any bond, purchase contract, loan  
22 agreement, bond resolution or bond indenture to which the city is bound or  
23 to which the city may become bound or violate article IX, section 14,  
24 Constitution of Arizona, except that in any year a city, at its sole  
25 option, may budget and pay any contribution from its general fund. The  
26 plan six agreement may contain, without limitation, provisions  
27 substantially in the following form:

28 Recognizing that the non-federal parties intend that the  
29 aggregate local contribution achieve the timely construction  
30 of the aggregate of features described in this agreement, the  
31 following is agreed to:

32 (a) In the event that causes within the control of the  
33 United States result in significant changes in:  
34 (1) construction of New Waddell dam or Cliff dam, or the  
35 modification of Roosevelt dam or Stewart mountain dam;  
36 (2) project purposes; (3) levels of services;  
37 (4) appropriation authorities; (5) or project authorizations  
38 from those upon which this agreement is based, the non-federal  
39 parties and the United States may attempt to renegotiate this  
40 agreement based on the new circumstances. (With regard to  
41 construction of project works, significant changes shall be  
42 deemed to have taken place if construction on a feature has  
43 been halted for a period of 18 months or more.) If such  
44 negotiations do not result in a mutually acceptable agreement,  
45 the non-federal parties shall have the option of terminating  
46 this agreement with a minimum of 120-days written notice. In  
47 the event of termination, all cumulative contributions made by  
48 central Arizona water conservation district, the flood control

*This contemplates  
the remedy - but  
doesn't expressly  
authorize it.*

1 district, and the cities shall be credited as a prepayment  
2 against central Arizona water conservation district's  
3 interest-bearing obligation. Should the United States fail to  
4 credit all cumulative contributions made by central Arizona  
5 water conservation district, the flood control district, and  
6 the cities as a prepayment against central Arizona water  
7 conservation district's interest-bearing obligation, the  
8 United States shall pay liquidated damages of \$79,000,000 to  
9 central Arizona water conservation district, the cities, and  
10 the flood control district in direct proportion to their  
11 respective contributions made under this agreement at that  
12 date. Cumulative contributions made by Salt river project:

13 (i) will be credited against Salt river project's  
14 safety-of-dams obligation to the extent such obligation exists  
15 or remains unsatisfied;

16 (ii) in the event such obligation is no longer  
17 outstanding, shall be credited against any other outstanding  
18 obligation it has to the United States under reclamation law,  
19 as designated by Salt river project; or

20 (iii) in the absence of such a designation or  
21 obligation, shall be refunded to Salt river project within a  
22 reasonable time.

23 In the event Salt river project's cumulative contributions, or  
24 appropriate portions thereof, are not credited or refunded in  
25 accordance with (i), (ii) or (iii) above, the United States  
26 shall pay liquidated damages in an amount equal to: Salt  
27 river project's cumulative contributions to the date of the  
28 termination of this agreement, minus any amounts properly  
29 credited or refunded.

30 (b) In the event that any non-federal party, due to  
31 causes within its control, fails to make a contribution in a  
32 year in which such contribution is due in accordance with this  
33 agreement, and no other non-federal party elects to make up  
34 the shortfall, the parties hereto shall attempt to renegotiate  
35 this agreement. For the purpose of this subarticle, the  
36 failure of a non-federal party to make a scheduled  
37 contribution in any amount, plus accrued late charges, for a  
38 period of 18 months (and which is not made up by another  
39 entity) shall be sufficient justification for renegotiation.  
40 If such negotiations do not result in a mutually acceptable  
41 agreement, the United States shall have the option of  
42 terminating this agreement with a minimum of 120-day's written  
43 notice to all other parties. In the event of termination by  
44 the United States, cumulative contributions made to date by  
45 the non-federal parties, not to exceed \$100,000,000, shall be  
46 considered as up-front funding to be credited against  
47 nonreimbursable costs and, in the case of Salt river project,  
48 credited to funding required pursuant to the reclamation

1 safety of dams act amendments of 1984; provided, that the  
2 state's contribution to the Verde river protection fund shall  
3 not be subject to the provisions of this subarticle.

4 B. The plan six agreement may also contain, without limitation,  
5 provisions providing for prepayment credits and liquidated damages and for  
6 refunds and credits by and between the central Arizona water conservation  
7 district, the flood control district of Maricopa county and the cities.

8 C. Each non-federal party may approve, authorize, execute and  
9 perform a curing and reimbursement agreement among itself and any other  
10 non-federal party. The curing and reimbursement agreement shall allow  
11 each party thereto to pay any amount not timely paid by any other party  
12 under the plan six agreement and to seek reimbursement against the  
13 defaulting party by court action. As to the cities which are parties to  
14 such curing and reimbursement agreements, the source of revenues  
15 authorized for payments made by such cities under such agreements shall be  
16 payable from any source which does not cause the creation of a debt  
17 pursuant to article IX, section 8, Constitution of Arizona. Any of said  
18 cities may make such payments from revenues of one or more of its water,  
19 sewer, electrical or gas utility undertakings, as defined in section  
20 9-521, Arizona Revised Statutes, and also from any excise, sales,  
21 privilege, transaction, franchise and income taxes which it now collects  
22 or which it may collect in the future or which are allocated or  
23 appropriated to it by this state or any political subdivision of this state  
24 or by any other governmental unit or agency except for any such city's  
25 share of any such taxes which by law, rule or regulation must be expended  
26 for other purposes, so long as payment from any aforementioned source is  
27 segregated and set apart from any other revenues of the city and held  
28 solely for the payments to be made under the curing and reimbursement  
29 agreement and does not violate any bond, purchase contract, loan  
30 agreement, bond resolution or bond indenture to which any such city is  
31 bound or to which such city may hereafter become bound or violate article  
32 IX, section 14, Constitution of Arizona, except that in any year a city, at  
33 its sole option, may budget and make such payments from its general fund.

34 D. Each non-federal party which is a signatory to the plan six  
35 agreement or to a curing and reimbursement agreement shall have the option  
36 to pay any monies which any other non-federal party is required thereby to  
37 pay and shall have failed to do so. Any party to the plan six agreement or  
38 to a curing and reimbursement agreement that advances money to cover the  
39 payment that should have been made by a defaulting party may commence a  
40 court action against the defaulting party for reimbursement.

41 E. Any judgment against any defaulting non-federal party shall  
42 include interest on the unpaid amount at the rate of twelve per cent per  
43 annum plus reasonable attorney fees, expert witness fees and costs of  
44 suit.

45 F. To enforce such judgment the court may order:

46 1. Specific performance.

47 2. If the contractual obligation of the defaulting party is held to  
48 be invalid for any reason, a special levy of ad valorem taxes to be made by  
49 the defaulting party sufficient to pay the judgment in full in the next

1 fiscal year. The court shall issue a special order in the nature of a writ  
2 of mandamus ordering the treasurer or treasurers of the county or counties  
3 wherein the defaulting party is situated to pay over all monies collected  
4 by such levy to the curing party.

5 3. A special order in the nature of a writ of mandamus directed to  
6 the state treasurer directing the treasurer to pay over to the judgment  
7 creditor any state collected monies which by any law are otherwise required  
8 to be remitted to the defaulting party, except monies collected and  
9 remitted pursuant to article IX, section 14, Constitution of Arizona.

10 4. Such other remedies as may be allowed by law or court rule except  
11 as limited by a curing and reimbursement agreement.  
12 The remedies listed in this subsection may be applied separately or jointly  
13 as the court may direct.

14 G. Any suit brought pursuant to this act shall be heard by the trial  
15 court within thirty days after the defaulting party has answered the  
16 complaint or petition, and a decision shall be made and judgment entered by  
17 the court not later than thirty days thereafter.

18 H. Any party may seek direct review by the Arizona supreme court of  
19 the judgment entered by the superior court by filing a petition for special  
20 action writ in the supreme court within thirty days after the date of such  
21 judgment. The special action writ shall be given precedence over other  
22 civil actions. No other review or appeal of any nature is allowed.

23 I. Each non-federal party may approve, authorize, execute and  
24 perform an agreement between itself and the state treasurer regarding the  
25 treasurer's receiving, holding, investing in conjunction with public  
26 monies and disbursing contributions made pursuant to the plan six  
27 agreement.

28 Sec. 8. Nonliability; third parties; flood control activities

29 A. Neither the entity executing any agreement authorized by this  
30 act nor any elected official, officer, agent, employee or any other person  
31 executing any agreement authorized by this act is liable to any third party  
32 by virtue of such agreement or the performance or nonperformance thereof.  
33 No member of the governing body of any entity which is a party to any  
34 agreement authorized by this act is liable to such entity or the taxpayers  
35 of such entity by virtue of a vote either for or against execution or  
36 performance of such agreement.

37 B. Except for grossly negligent acts or omissions, no agricultural  
38 improvement district, county flood control district, multi-county water  
39 conservation district, or incorporated city or town is liable for injury or  
40 damages caused by flooding or flood waters, including but not limited to  
41 flood control releases and warning or failing to warn of such releases, by  
42 reason of its participating in funding, constructing, operating, replacing  
43 or maintaining any federally owned facilities which are a part of plan  
44 six.

45 Sec. 9. Antitrust exemption

46 Title 44, chapter 10, article 1, Arizona Revised Statutes, does not  
47 apply to any conduct or activity of a non-federal party which is authorized  
48 or approved by this act.



1 directors in consultation with the United States secretary of the interior  
2 and in accordance with the marketing plan.

3 E. A political subdivision shall not purchase Navajo surplus from a  
4 marketing entity without paying to the district, or to the authority if it  
5 is the issuer, the additional rate components in an amount or amounts  
6 established by the board of directors of the district in consultation with  
7 the United States secretary of the interior and in accordance with the  
8 marketing plan.

9 F. No person or entity that is not a political subdivision may  
10 contract to sell Navajo surplus unless the district charges and collects  
11 the additional rate components in an amount or amounts established by the  
12 district board of directors in consultation with the United States  
13 secretary of the interior and in accordance with the marketing plan. No  
14 contract pertaining to the sale of Navajo surplus which under existing law  
15 is subject to the approval of the corporation commission may be so approved  
16 unless the contract requires the purchaser, or the purchaser has agreed in  
17 a separate document, to pay the additional rate components to the district,  
18 or to the authority if the authority is the issuer. The district is  
19 authorized to establish and collect the additional rate components in  
20 consultation with the United States secretary of the interior and in  
21 accordance with the marketing plan.

22 G. Additional rate components collected from the sale of Navajo  
23 surplus shall be first paid to the issuer to the extent necessary to meet  
24 the then current bond year's debt service, reserve requirements and  
25 current costs of administration of the bonds, and the balance shall be paid  
26 to the district to be used to provide financial assistance in the timely  
27 construction and repayment of construction costs of authorized features of  
28 the central Arizona project and for reimbursement of advances and  
29 contributions made for such purposes.

30 H. The net proceeds of the bonds shall be utilized to perform the  
31 undertaking.

32 I. The district is authorized, in conjunction with any other  
33 marketing entity or entities, to be a marketing entity under section 107 of  
34 the Hoover power plant act solely for the limited purposes of establishing  
35 and collecting the additional rate components and to enter into contracts  
36 for that purpose.

37 J. Notwithstanding any provision of law to the contrary, if a  
38 political subdivision is a marketing entity for any Navajo surplus under  
39 the marketing plan, such marketing entity shall charge any person or entity  
40 which purchases Navajo surplus the additional rate components established  
41 by the board of directors of the district in consultation with the United  
42 States secretary of the interior and in accordance with the marketing  
43 plan.

44 K. If a political subdivision is a marketing entity for any Navajo  
45 surplus, the amount of Navajo surplus available for sale by the marketing  
46 entity shall be determined by the district in consultation with the United  
47 States secretary of the interior and in accordance with the marketing  
48 plan.

1           Sec. 15. Purposes for which revenue bonds may  
2                                   be issued

3           The governing body of the issuer may cause revenue bonds to be issued  
4 for the undertaking.

5           Sec. 16. Powers of an issuer

6           In the exercise of the powers granted or permitted by law, the issuer  
7 may also:

8           1. Issue its bonds to finance, in whole or in part, the costs of any  
9 undertaking.

10           2. Pledge any revenues to the punctual payment of the bonds and  
11 interest thereon or to the payment of annual or recurring fees and costs to  
12 purchase credit enhancement including legal expenses and costs of the  
13 issuer and other parties retained or employed with respect to the bonds and  
14 to make payments with respect to the bonds and credit enhancement at the  
15 times and in the manner required by the issuer's bond resolution or  
16 resolutions.

17           3. Receive monies to be paid to the district pursuant to section 107  
18 of the Hoover power plant act of 1984 and sections 14 through 26 of this  
19 act.

20           Sec. 17. Revenue bonds

21           A. To accomplish any undertaking, the issuer may borrow money and  
22 issue its negotiable revenue bonds. No bonds may be issued unless  
23 authorized by a resolution of the governing body of the issuer which shall  
24 set forth a brief description of the undertaking to be accomplished, the  
25 estimated cost thereof, and the amount, maximum rate of interest and time  
26 of payment of the bonds. The governing body, in determining the cost of  
27 the undertaking, may include all costs and estimated costs of the issuance  
28 of the bonds, of feasibility studies, of all engineering, inspection,  
29 fiscal and legal expenses and of the cost of interest estimated to accrue  
30 on money borrowed or which will be borrowed as the governing body may  
31 determine, initial reserve funds for debt service and working capital,  
32 costs, fees related to credit enhancement, costs of the services of agents  
33 or persons, corporations, firms, partnerships or associations,  
34 consultants, advisors, financial or other experts retained or employed in  
35 the planning, preparation, supervision and financing of such undertaking.

36           B. The principal of and interest on such bonds and premiums, if any,  
37 shall be payable solely from revenues. No bond may be issued or interest  
38 paid pursuant to this section for which taxes or assessments on or against  
39 the lands may be levied, nor may payment thereof be enforceable out of any  
40 monies other than the revenues pledged to the payment thereof. No  
41 referendum or election is required for the issuance of bonds authorized in  
42 this act.

43           C. Any bonds issued pursuant to this act may bear interest rates  
44 which may fluctuate below a maximum interest rate set out in the  
45 resolution. Such resolution or trust indentures may refer to an index or  
46 to market practices or may designate a remarketing agent who may be vested  
47 with the power to set and reset such interest rates according to such  
48 resolution or trust indenture. The issuer, through its governing body, may

1 contract for and purchase credit enhancement in the form of letters of  
2 credit, bond purchase agreements and other contractual arrangements  
3 providing either credit for the bonds or liquidity to the bondholders and  
4 may also purchase or cause to be acquired bond insurance to provide added  
5 security for the bonds. All expenditures for credit enhancement shall be  
6 authorized expenditures.

7 D. Subject to the limitations of this act, the issuer may do all  
8 things, enter into all contracts and dispose of bond proceeds in the manner  
9 deemed necessary by its governing body to effectuate the undertaking and  
10 secure payment of the principal and interest on the bonds.

11 Sec. 18. Terms, conditions and forms of bonds

12 A. All bonds issued under the provisions of this act and the  
13 interest thereon are payable in lawful money of the United States and shall  
14 be payable in not exceeding thirty years from the date of the respective  
15 bond.

16 B. The bonds may be issued in one or more series, bear such date or  
17 dates, mature at such time or times not exceeding thirty years from their  
18 respective dates, be in such denomination or denominations, be in such  
19 form, carry such registration, exchangeability and interchangeability  
20 privileges, be payable in such medium of payment and at such place or  
21 places, within or without this state, be subject to such terms of  
22 redemption before their express maturity at such time with or without  
23 premium, be equally and ratably secured without priority, or be entitled or  
24 subject to such priorities on all or any portion of such revenues and  
25 receipts of the issuer and contain such other terms, conditions and  
26 covenants as the governing body may adopt in the authorizing resolution.

27 C. The bonds shall bear interest at such rate or rates and are  
28 payable at such time or times and in such manner as the governing body may  
29 determine by resolution.

30 D. The bonds shall be fully negotiable within the meaning of and for  
31 all the purposes of the law merchant and the uniform commercial code of  
32 this state, subject only to the provisions of the bonds for registration.  
33 The bonds shall be signed by the president and the secretary of the  
34 district or by the chairman and secretary of the authority, either manually  
35 or by their printed, engraved or lithographed facsimile signatures, as  
36 determined by resolution of the governing body. The governing body may  
37 retain and pay a registrar, paying agent, transfer agent, securities  
38 custodian, depository, authenticating agent or bond trustee to  
39 authenticate and administer the bonds and any collateral agreements and  
40 may make such conditions and requirements respecting authentication as the  
41 governing body determines to be appropriate. The bonds of each issue or  
42 series shall be numbered as directed by the governing body.

43 E. Pending the preparation and delivery of definitive bonds, the  
44 issuer may issue interim certificates or temporary bonds, exchangeable for  
45 definitive bonds when such bonds are executed and available for delivery.  
46 The interim certificates or temporary bonds may contain terms and  
47 conditions as the governing body may determine.

1           Sec. 19. Adoption of resolution; trust agreement

2           The governing body may provide that any series of bonds may also be  
3 secured by a resolution or a trust agreement by and between the issuer and  
4 one or more corporate trustees or fiscal agents, which may be any trust  
5 company or bank having the powers of a trust company in this state. Any  
6 such resolution shall be effective on its adoption unless otherwise  
7 specified therein.

8           Sec. 20. Covenants in resolution or trust agreement

9           A. Any resolution or trust agreement pertaining to the bonds may  
10 contain covenants as to:

11           1. The purpose to which the proceeds of the sale of the bonds may be  
12 applied and the use and disposition thereof.

13           2. The pledging of all or any part of the revenues to the payment of  
14 the principal of and interest on bonds issued pursuant to this act, and for  
15 such reserve and other funds as may be deemed necessary or advisable. Such  
16 pledge may include a pledge, assignment, pawn, mortgage or sale of any  
17 contracts which pertain to the payment of revenues to the issuer.

18           3. Limitations or restrictions on the issuance of additional bonds  
19 or other obligations payable from all or part of the revenues of the issuer  
20 or all or any part of the revenues and the rights and remedies of the  
21 holders of such additional bonds, or refunding bonds, issued therefor.

22           4. The procedure, if any, by which the terms of any covenant with  
23 the holder or holders of bonds issued pursuant to this article may be  
24 amended, abrogated or altered.

25           5. The rank or priority as to lien and source of security for  
26 payment from the revenues between and among bonds issued pursuant to this  
27 act and bonds issued pursuant to other lawful authority.

28           6. The appointment of a trustee or trustees to hold and apply any  
29 revenues derived from the undertaking.

30           7. The appointment of a trustee or trustees to act for and on behalf  
31 of bondholders, and the manner and terms of such appointment, and the  
32 powers of such trustee or trustees.

33           8. The keeping of books of account relating to the undertaking and  
34 the audit and inspection thereof.

35           9. Rights and remedies of the holders of bonds and the manner of  
36 exercising and enforcing such rights and remedies.

37           10. Such other and additional covenants deemed necessary for the  
38 security of the holders of bonds or other obligations issued pursuant to  
39 this act.

40           11. Pledge and assign, as collateral security for the bonds, any  
41 contracts or rights to receive the monies produced from the additional rate  
42 components.

43           B. All such covenants and agreements shall constitute valid and  
44 binding contracts between the issuer and the holders of any bonds or other  
45 obligations issued pursuant to such resolution, regardless of the time of  
46 issuance thereof, and, subject to any limitations contained in such  
47 resolution or trust agreement or this act, shall be enforceable by any  
48 holder or holders of such bonds or other obligations, acting either for

1 himself or themselves alone or acting in behalf of all other holders of  
2 such bonds or other obligations, by appropriate proceedings in any court of  
3 competent jurisdiction.

4 Sec. 21. Sale of bonds

5 A. Bonds shall be sold at public or private sale, as the governing  
6 body of the issuer may determine.

7 B. If the governing body of the issuer determines to sell such bonds  
8 at public sale, notice of the sale shall be given as directed by the  
9 governing body. The notice shall state that sealed bids will be received  
10 at the place, day and hour named.

11 C. The governing body may require a cash deposit or certified check  
12 as an evidence of good faith to accompany each bid or bond purchase  
13 agreement for the purchase of bonds. The bonds may be sold at such price  
14 or prices, either at, above or below par, as the governing body may  
15 determine.

16 D. The minutes of the issuer shall show the bonds sold, their  
17 number, the date of sale, the price received and the name of the purchaser  
18 or purchasers.

19 Sec. 22. Refunding bonds

20 A. If the issuer has any outstanding bonds issued pursuant to this  
21 act, it may issue, by resolution of the governing body, bonds to refund  
22 such outstanding bonds. Such bonds shall be designated "refunding bonds"  
23 and shall be secured by all or part of the revenues of the issuer or all or  
24 any part of revenues pledged to the bonds which have been thereby  
25 refunded.

26 B. Refunding bonds may be issued in an amount sufficient to pay:

27 1. The principal of the outstanding bonds.

28 2. The redemption premium, if any, on such outstanding bonds on the  
29 prior redemption thereof.

30 3. The interest due and payable on such outstanding bonds to the  
31 dates on which the principal of such bonds matures or to the dates on which  
32 the outstanding bonds are called for redemption by the issuer, which call  
33 dates, subject to the resolutions authorizing the outstanding bonds, may  
34 be any date before maturity of the outstanding bonds, including any  
35 interest theretofore accrued and unpaid.

36 4. Any expenses of the issuance and sale of refunding bonds,  
37 including the creation of initial debt service reserve funds and  
38 reasonable and necessary fees of financial and legal advisers. Refunding  
39 bonds may be issued to refund more than one issue of outstanding  
40 obligations notwithstanding that such outstanding obligations may have  
41 been issued at different times.

42 C. Any monies in the sinking or reserve funds or other funds for  
43 such outstanding bonds to be refunded may be used for the purpose for which  
44 the refunding bonds were issued, or may be deposited in a sinking fund or  
45 reserve fund or other funds for the refunding bonds to be issued. When  
46 refunding bonds issued pursuant to this section are sold, a sufficient  
47 amount of the proceeds of the refunding bonds shall be invested and  
48 reinvested in the direct obligations of the United States of America or in

1 such other investments permitted in the proceedings under which the  
2 refunded bonds were issued.

3 D. When refunding bonds are issued under this act, the resolution  
4 authorizing them may also provide for other bonds to be issued jointly with  
5 such refunding bonds for purposes authorized by this act. Any refunding  
6 bonds may be sold as provided in this act or may be exchanged for the bonds  
7 to be refunded thereby.

8 Sec. 23. Purchase of bonds by the issuer

9 The issuer may purchase any of its bonds authorized to be issued in  
10 this act out of any monies available therefor. The issuer shall cancel  
11 forthwith any bonds so purchased.

12 Sec. 24. Validity of bonds; nonliability  
13 of officers and directors

14 A. Bonds issued under this act and bearing the signature of  
15 officers in office on the date the bonds are signed shall be valid and  
16 binding obligations, notwithstanding that, before delivery and payment of  
17 the bonds, any or all of the persons whose signatures appear on the bonds  
18 have ceased to be officers of the issuer.

19 B. The validity of the bonds shall neither be dependent on nor  
20 affected by the construction or failure to construct plan six or the  
21 validity or invalidity of the plan six agreement or any connected action or  
22 proceeding.

23 C. No member of the governing body or officer or employee of the  
24 issuer issuing bonds is personally liable on the bonds.

25 Sec. 25. Bonds as legal investments

26 Notwithstanding any other law to the contrary, all bonds and  
27 refunding bonds which are issued pursuant to this act constitute legal  
28 investments for savings banks, banks, savings and loan associations, trust  
29 companies, executors, administrators, trustees, guardians and other  
30 fiduciaries, and for any board, body, agency or instrumentality of this  
31 state or of any county, municipality or other political subdivision of this  
32 state and constitute securities which may be deposited by banks, savings  
33 and loan associations or trust companies as security for deposits of state,  
34 county, municipal and other public monies.

35 Sec. 26. Federal income tax considerations

36 A. The governing body of the issuer may make any covenant, order any  
37 rebate, file any tax return, report any information and order the  
38 limitation on the yield of any investment made with the proceeds from the  
39 sale of its bonds or with taxes, revenues or other income pledged, held in  
40 trust or otherwise used to pay principal, interest and premium, if any, on  
41 its bonds in consideration for retaining the exemption from federal income  
42 taxes for the interest income on any bond.

43 B. To induce prospective purchasers to purchase bonds, the  
44 governing body of the issuer may provide in any resolution, indenture or  
45 contract authorizing or providing for the issuance of bonds, or in the  
46 bonds themselves, that on such conditions as the governing body may  
47 prescribe the interest rate, including interest theretofore paid if  
48 applicable, may increase to a predetermined rate. The predetermined rate  
49 may be computed in any manner.



1           Sec. 29. Appropriation

2           The sum of two million dollars is appropriated to the Arizona state  
3 parks board from the state general fund for fiscal year 1986-1987 to be  
4 used by the board. The board may, with the cooperation and advice of the  
5 state land department, acquire real property, improvements and easements  
6 to enhance and protect the riparian habitat along the Verde river. The  
7 state treasurer shall make such payment in the manner provided in the plan  
8 six agreement to carry out the obligations of this state under the  
9 agreement. Such appropriation is exempt from the provisions of section  
10 35-190, Arizona Revised Statutes, relating to lapsing of appropriations  
11 except that in the event that the plan six agreement is not adopted by the  
12 federal government, the appropriation shall revert to the state general  
13 fund.

14           Sec. 30. Effect on bonds and obligations of the authority

15           This act shall not be construed or applied in any manner so as to  
16 impair or otherwise adversely affect the bonds or other obligations of the  
17 authority at any time outstanding or to be issued, including the security  
18 and the credit standing of the bonds, and it is the intention of this act  
19 that the authority shall not be required to exercise any of its powers  
20 under this act if it determines that the result of such exercise of powers  
21 would be to impair or adversely affect any of its bonds or other  
22 obligations then outstanding or to be issued.

23           Sec. 31. Construction of act; liberal construction

24           The powers conferred by this act are in addition and supplemental to  
25 the powers conferred by any other law, it being the purpose and intent of  
26 this act to create full and complete additional and alternate methods for  
27 the exercise of such powers. Insofar as the provisions of this act are  
28 inconsistent with the provisions of any existing law, the provisions of  
29 this act shall be controlling. It is necessary for and to secure the  
30 public health, safety, convenience and welfare of this state that this act  
31 be liberally construed to effect its purposes.

32           Sec. 32. Severability

33           If a provision of this act or its application to any person or  
34 circumstance is held invalid, the invalidity does not affect other  
35 provisions or applications of the act which can be given effect without the  
36 invalid provision or application, and to this end the provisions of this  
37 act are severable.

38           Sec. 33. Emergency

39           To preserve the public peace, health and safety it is necessary that  
40 this act become immediately operative. It is therefore declared to be an  
41 emergency measure, to take effect as provided by law.

Approved by the Governor - April 9, 1986

Filed in the Office of the Secretary of State - April 9, 1986