

**CITY OF PRESCOTT/TOWN OF PRESCOTT VALLEY
JOINT COUNCIL SPECIAL MEETING
Big Chino Water Ranch Project
MINUTES
September 19, 2012**

The Centennial Center
1989 Clubhouse Drive
Prescott, AZ 86301
Meeting begins at 1:30 p.m.

1. *Call to Order* - Mayor Kuykendall, City of Prescott
- Mayor Skoog, Town of Prescott Valley

The meeting was called to order by Mayors Skoog and Kuykendall at 1:31 p.m. in the Centennial Center in Prescott.

2. *Pledge of Allegiance*
The Pledge of Allegiance was recited in unison.

3. *Roll Call* - Lynn Mulhall, City Clerk
- Diane Russell, Town Clerk

The following Council members were present for roll call.

Town of Prescott Valley

Mayor Skoog
Vice Mayor Tjiema
Council member Anderson
Council member Lasker
Council member Mallory
Council member Nye

Absent: Council member Whiting

City of Prescott

Mayor Kuykendall
Councilman Blair
Councilman Arnold
Councilman Carlow
Councilman Kuknyo
Councilman Lamerson
Councilman Scamardo

4. *Introduction* - Mayor Kuykendall welcomed everyone to today's meeting. Salt River Project (SRP) representatives John Sullivan and Dave Roberts were introduced.

City of Prescott City Manager Craig McConnell welcomed everyone. Mr. McConnell proceeded to give an overview of his powerpoint entitled the Big Chino Water Importation Project (attached to these minutes) indicating the location of the Prescott Active Management Area (AMA) in relation to the Big Chino Sub-basin and Big Chino Water Ranch. He continued with legislative background that led to the creation of Active Management Areas via the 1980 Groundwater Management Act which ensured completion of the CAP and also created the AMA. This legislation also established a system of ground water rights and permits and set long range management goals, imposed a Safe Yield goal and set the goal of augmenting Arizona's groundwater resources through the development and use of alternative water supplies.

This legislation was followed up by the 1991 Ground Water Transportation Act which authorized the transportation of groundwater from 5 basins to the initial four AMAs including the Big Chino Sub-basin. The year 2010 Senate Bill 1445 amended ARS 45-555 clarifying conditions of groundwater importation from the Big Chino Sub-basin, and the rights of the City of Prescott under Title 45. Subsection E approved the quantified amount of 8,068 acre feet per year of groundwater importation. Section F stated that additional groundwater may be withdrawn for Indian tribe use on its reservation.

Mr. McConnell listed the project elements that would be included in the importation project and indicated on a map where the pipeline would be located. He continued with the actions taken beginning in 2004 with the IGA for the sale of water and cost participation of the Town of Prescott Valley with Prescott as the sole owner of the project. The ADWR issued a final decision that 8,067.4 acre feet of work could be allocated between the City of Prescott and Town of Prescott Valley. Prescott would receive and be responsible for 54.1 percent of the water and expenses. Prescott Valley would receive and be responsible for 45.9 percent of the water and expenses. The June 22, 2010 Supplemental IGA clarified and memorialized the authority, procedures and responsibilities of Prescott and Prescott Valley for the administration of the requirements and costs of the Big Chino Water Ranch.

The Agreement in Principle between Prescott, Prescott Valley and Salt River Project agreed to on February 11, 2010 is why we are here today. Parties agreed to:

1. Withdrawal and Big Chino Sub-basin use of water
2. The parties would work together jointly
3. The parties would mitigate any impact to the Upper Verde
4. The parties would fund and implement the Big Chino Sub-basin Monitoring Plan and Groundwater model
5. The parties would suspend any additional litigation, confirm water rights, work cooperatively, work to protect and maintain minimum in-stream flows of the Upper Verde River.

Proposed today is Comprehensive Agreement No. 1 for Monitoring and Modeling. Comprehensive Agreement No. 1 is a direct implementation of the Agreement in Principle namely to:

1. Monitor water in the Big Chino and surface flows in the Verde River; model any impacts that water withdrawal from the Big Chino may have on the current or future surface flows of the Verde River
2. Recognize and confirm certain water rights of the parties arising from the Prescott AMA, and agreement not to challenge those rights.

The Big Chino monitoring plan is projected to cost \$3.07 million [Prescott (54.1% x 2/3 = 36.1%, PV 30.6%, SRP 33.3%]. In year one, SRP will contribute \$351,550 to catch up with Prescott/Prescott Valley for the monitoring system expenditures to date; Prescott and Prescott Valley will contribute a total of \$7,900 in Year 1. Monitoring will reinforce and create data so that the refined nested model has much better and enhanced information. The water model begins in year three (3) of execution of this document and extends into year six (6) in order to allow for the generating and creation of data. The earliest pumping from the Big Chino and transport of water into the Prescott AMA given the agreement and related schedule would be in year eight (8) to ten (10) years (after 2020).

The ADWR decision and order include Big Chino rights listed in the 2010 agreement based on the prediction of impacts and any mitigating of those impacts. PV rights are also in the agreement as are the rights of SRP within the AMA only. This agreement is for an initial term of 25 years and can be renewed for an additional 25 years. It can also be terminated if Prescott's legal authority to withdraw is repealed by the state/federal government, by the communities before the pipeline is built or if Prescott voters elect not to authorize the transportation project (Prop 401 or similar initiative).

City of Prescott Proposition 401 is a Taxpayer Protection Initiative passed by the Prescott voters which requires a vote of the public for most city projects with a value of \$40 million or more with the exception that it does not apply to initial funding of feasibility studies or conceptual designs or other expenses in aggregate less than \$5 million. Design plans and specifications or construction of any kind is not excluded. The applicability of Prop 401 in today's action is moot as the proposed expenditures are to determine project feasibility and the costs are well below the \$5 million cap on feasibility studies.

The following conclusions and recommendations were made:

- Imported water is recognized by ADWR as necessary for the Prescott AMA to reach safe yield,
- Additional water supply is crucial to the long term economic futures of Prescott and Prescott Valley,
- The Big Chino Project is the means for delivering the only significant quantity of additional water presently available in the region,
- The Big Chino Project will not be build until the water is needed and the market will support the production and transport costs,

- The current economy, and that for the foreseeable future, provide a fortuitous opportunity to refine the science during a period of low regional growth though the monitoring and modeling to be undertaken by the agreement before the Councils,
- We won't be taking the science route alone; rather, are very fortunate to have the knowledge and willing participation of Salt River Project,
- All of these factors point toward approval of Comprehensive Agreement No. 1.

Prescott Valley Mayor Skoog asked for questions anyone may have.

Prescott Valley Town Manager Larry Tarkowski recognized the amount of work accomplished between the municipalities and SRP. City of Prescott City Manager Craig McConnell did a great job on this as did John Munderloh and his Prescott counterpart Leslie Graser.

Council member Nye stated they have been working toward this a very long time and it feels right to be here in this moment of agreement. Everyone should feel good that we have worked together to plan and sustain for the future. Council member Lasker expressed her thanks to Prescott and those involved; this is a historic moment. Vice Mayor Tjiema stated this is the only way we can live here is to work together on great things such as this. Mayor Skoog said this is a great day for all of us - we're going to get the job done. It is a good feeling.

SRP's John Sullivan stated he was here in February 2010 for approval of the Agreement in Principle. He noted that this has been a good team of folks working with collaboration and cooperation on this project. He commented that Craig McConnell did a good job outlining where we were and where we are today. We are going to get a baseline set of data from the monitoring giving us a starting point to then develop a model. There is lots of work left to do, but he is confident we will get it done. The SRP Board approved this Comprehensive Agreement No. 1 at their September 10, 2012 Board meeting.

Councilman Lamerson thanked the partners and legislature for working with us and said he is appreciative that Prescott Valley has faith and confidence that we can get this done. Councilman Kuknyo said future growth is all tied in with water. McConnell confirmed for Kuknyo that committing to this agreement will keep all parties out of courtroom. Councilman Blair stated that it is the foresight of the councils, including the Indian Tribe, and the fact that they realize the importance of this water that is leading to this decision. Councilman Arnold commented that he is appreciative of Mayor Kuykendall bringing this to fruition. Councilman Carlow asked who is responsible for the modeling. Craig McConnell responded that a modeling committee comprised of the partners working along with the USGS and ADWR, Yavapai County and the Yavapai County Water Advisory will collaboratively make an effort to define and run the scenarios. Everyone will have a voice. Councilman Scamardo thanked everyone for the time and effort put into this agreement.

Craig McConnell said minor revisions have been made to the agreement, have been distributed and will be included in the Comprehensive Agreement No. 1. Town of Prescott Valley and City of Prescott Water Resources Managers John Munderloh and Leslie Graser will not be bringing on more staff at this time nor do they contemplate hiring expensive consultants. However, a second Supplemental Agreement between the two municipalities will be needed in the near future to realign manpower.

Prescott Mayor Kuykendall acknowledged Yavapai County Supervisor Carol Springer for her work and effort. He noted that Representative Karen Fann had been with us through thick and thin and thanked her for her care and concern. Mayor Marley of Chino Valley was introduced as was Supervisor Chip Davis who was also thanked for his efforts. Councilman Lamerson introduced Bob Rucker a former councilman for Prescott.

Public Comments:

1. Howard Mechanic – commented that safe yield is being used to sell and use the project yet the agreement does not clarify which portion [of water] that the towns will dedicate to safe yield and not growth. The resolution passed along a bill to pass along 20 percent of the water to safe yield in Prescott – that is not seen for PV. Prescott is planning on using water from the Big Chino and would augment our supply to reach safe yield. We should not confuse it as the only opportunity to augment the water supply. Under Prop 401, it is reasonable to say feasibility studies for the Big Chino fit into that definition. If the city spends more than \$5 million, then it is their obligation to take it to the voters.
2. Thomas Slayback – Sierra Club stated we have the cart before the horse. We need to write a mitigation plan with a habitation mitigation plan included giving an indication of when to take action. The [Prop 401] \$5 million is a cumulative amount and the voters should have some vote about this.

No additional comments were forthcoming.

5. *Adoption of Resolution No. 4146-1306 authorizing the City of Prescott to enter Comprehensive Agreement No. 1 with the Town of Prescott Valley, Salt River Valley Waste User's Association, and the Salt River Project agricultural Improvement and Power District, for monitoring and modeling of surface and ground waters in the Big Chino Sub-basin and Upper Verde River.*

Councilman Lamerson moved to adopt Resolution 4146-1306; seconded by Councilman Blair; passed unanimously.

6. *Consideration by Prescott Valley Town Council of Resolution No. 1811, approving and adopting the Comprehensive Agreement No. 1 between the City of Prescott, Town of Prescott Valley, and Salt River Project regarding the Big Chino Water Ranch Project.*

Vice Mayor Tjiema made the motion, seconded by Council member Lasker, to authorize the Mayor to sign Resolution No. 1811 approving and adopting the Comprehensive Agreement No. 1 with the stated changes, between the City of Prescott, Town of Prescott Valley, and Salt River Project regarding the Big Chino Water Ranch Project. Motion carried with 6 ayes and 0 nays.

Town of Prescott Valley Council member Nye commented that she was on the original committee and didn't think she would live long enough to see this happen.

Prescott Mayor Kuykendall thanked Larry Rankin and Lucy Mason.

6. *Adjournment*

The meeting was adjourned at 2:29 p.m.



ATTEST:

Diane Russell, Town Clerk

APPROVED:

Harvey Scoog, Mayor

STATE OF ARIZONA)

COUNTY OF YAVAPAI)ss:

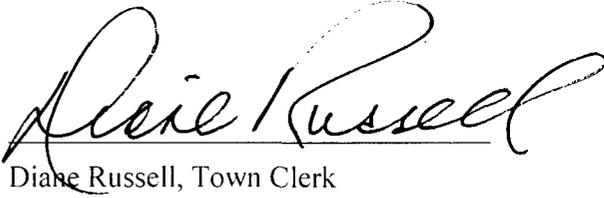
TOWN OF PRESCOTT VALLEY)

CERTIFICATE OF COUNCIL MINUTES

I, Diane Russell, Town Clerk of the Town of Prescott Valley, Arizona, hereby certify that the foregoing minutes are a true and correct copy of the Minutes of the Special Joint Meeting of the Town of Prescott Valley Town Council, City of Prescott City Council and Salt River Project, held on Wednesday, September 19, 2012.

I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 10th day of October, 2012



Diane Russell, Town Clerk

Attachments: a) Comprehensive Agreement No. 1 Final Revisions to be made to original documents for signature

b) City of Prescott Big Chino Water Importation Project Comprehensive Agreement No. 1 power point presentation presented by Craig McConnell, City of Prescott City Manager

COMPREHENSIVE AGREEMENT NO. 1

**CITY OF PRESCOTT, TOWN OF PRESCOTT VALLEY,
SALT RIVER VALLEY WATER USERS' ASSOCIATION, AND
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

This Comprehensive Agreement No. 1 is entered into among the City of Prescott, the Town of Prescott Valley, and the Salt River Valley Water Users' Association and Salt River Project Agricultural Improvement and Power District. Capitalized terms used herein are defined in Section 2 below.

RECITALS

- A. **Effectiveness.** This Agreement shall become effective upon the Execution Date.
- B. **Background.** The Parties entered into an Agreement in Principle on or about February 11, 2010, as a first step toward resolution of longstanding differences with respect to water rights in the Big Chino. The AIP sets forth, among other things, conceptual understandings among the Parties regarding the withdrawal and transportation of water from the Big Chino for use in the Prescott AMA pursuant to the rights granted in A.R.S. § 45-555. It anticipates additional, more detailed and comprehensive agreements among the Parties implementing the conceptual understandings reached in the AIP. This Agreement is one such agreement.
- C. **Purpose.** The purpose of this Agreement is to implement the conceptual understandings reached by the Parties in Subsection 2A(3) of the AIP pertaining to the monitoring of water in the Big Chino and surface flows in the Verde River and modeling any impacts of withdrawals of water from the Big Chino on the current and future surface flows of the Verde River and to implement, in part, the conceptual understandings reached by the Parties in Section 2C(2) of the AIP. With regard to Section 2C(2) of the AIP, this Agreement pertains to the recognition and confirmation of certain of the Parties' rights to Water Arising From Within The Prescott AMA and a mutual agreement by all Parties not to challenge those rights. The Parties anticipate that they will enter into subsequent agreements regarding the confirmation of each other's rights to water other than Waters Arising From Within The Prescott AMA.
- D. **Authorization.** Mayor Marlin D. Kuykendall is authorized to execute this Agreement on behalf of Prescott under City Charter Article VIII Section 1. Mayor Harvey Skoog is authorized to execute this Agreement on behalf of Prescott Valley under Town Code § 2-02-040(E). President David Rousseau is authorized to execute this Agreement on behalf of the District and the Association by resolutions of their respective governing bodies.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements hereinafter set forth, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties agree as follows:

MUTUAL AGREEMENTS AND RESPONSIBILITIES OF THE PARTIES

1. **Incorporation by Reference.** Paragraphs A through D above and all exhibits attached hereto are incorporated herein by this reference.

2. **Definitions.**

2.1 "Adjudication" shall mean *In re the General Adjudication of All Rights to Use Water in the Gila River System and Source*, Maricopa County Superior Court Cause Nos. W-1 through W-4 consolidated.

2.2 "Adjudication Court" shall mean the Maricopa County Superior Court, and any appellate court or successor court (including federal courts) with jurisdiction over the adjudication of rights to the Verde River system and source.

2.3 "ADWR" shall mean the Arizona Department of Water Resources, an agency of the State of Arizona.

2.4 "Agreement" or "this Agreement" shall mean this Comprehensive Agreement No. 1 among the Parties, including all exhibits attached hereto.

2.5 "Agreement in Principle" or "AIP" shall mean "An Agreement in Principle Among the City of Prescott, the Town of Prescott Valley, and the Salt River Valley Water Users' Association and the Salt River Project Agricultural Improvement and Power District" executed by the Parties on or about February 11, 2010, a true and correct copy of which is attached hereto as Exhibit 1.

2.6 "Association" shall mean the Salt River Valley Water Users' Association, an Arizona territorial corporation.

2.7 "Big Chino" shall mean the Big Chino Sub-basin of the Verde River Groundwater Basin, as depicted on Exhibit 2.

2.8 "Big Chino Model" shall mean a groundwater flow model for the Big Chino, the framework for which is set forth in the document entitled, "Proposal to Test Conceptual Models using Numerical Models and to Develop an Improved Hydrogeologic Framework and Numerical Model of the Big Chino Sub-basin, Central Arizona, July 7, 2010," a true and correct copy of which is attached hereto as Exhibit 3.

2.9 "Big Chino Modeling Fund" shall mean that fund created by the Parties and administered by the Modeling Committee pursuant to Section 7 hereof.

2.10 "Big Chino Monitoring Fund" shall mean that fund created by the Parties and administered by the Monitoring Committee pursuant to Section 6 hereof.

2.11 "Big Chino Monitoring Plan" shall mean that plan for monitoring underground water and surface water at specific locations to generate data to be applied to the Big Chino Model and/or otherwise used for the purpose of predicting potential impacts on the flows of the Upper Verde River, the framework for which is set forth in a draft report entitled "Big Chino Sub-Basin Data Collection and Monitoring Plan, Yavapai County, January 25, 2011 prepared for Mayors of the City of Prescott, Town of Prescott Valley, and Town of Chino Valley; Salt River Project;," a true and correct copy of which is attached as Exhibit 4.

2.12 "Big Chino Water Ranch" or "BCWR" shall mean that property in the Big Chino owned by Prescott from which the Communities intend to withdraw and transport underground water, as depicted on Exhibit 2.

2.13 "Communities" shall mean Prescott and Prescott Valley.

2.14 "District" shall mean the Salt River Project Agricultural Improvement and Power District, an Arizona agricultural improvement district formed pursuant to Title 48 of the Arizona Revised Statutes.

2.15 "Effluent" shall have the meaning set forth in A.R.S. § 45-101, as amended.

2.16 "Execution Date" shall mean the date upon which this Agreement is fully approved and signed by all Parties.

2.17 "Modeling Committee" shall mean that committee composed of representatives of each Party and acting pursuant to Section 7.

2.18 "Monitoring Committee" shall mean that committee composed of representatives of each Party and acting pursuant to Section 6.

2.19 "Monitoring Point" shall mean each location established by the Monitoring Committee pursuant to Section 6.

2.20 "Party" or "Parties" shall mean Prescott, Prescott Valley, and SRP.

2.21 "Prescott" shall mean the City of Prescott, Arizona.

2.22 "Prescott AMA" shall mean the Prescott Active Management Area, as depicted on Exhibit 2 and as recognized by ADWR on the Execution Date.

2.23 "Prescott Valley" shall mean the Town of Prescott Valley, Arizona.

2.24 "Service Area" shall have the meaning set forth in A.R.S. § 45-402, as amended.

2.25 "SRP" or "Salt River Project" shall collectively mean the District and the Association.

2.26 "USGS" shall mean the United States Geological Survey, an agency of the United States Government.

2.27 "Water Arising From Within The Prescott AMA" shall mean those waters that are found within, or naturally flow into or through the Prescott AMA, either above or below ground (including Effluent), and shall include waters within the Prescott AMA that are consumptively used within the Prescott AMA or waters that discharge from the Prescott AMA to other watersheds or groundwater basins, but shall not include waters that are not naturally found within or through the Prescott AMA.

3. Term. Except to the extent provided in Section 5, this Agreement shall continue in force for a period of twenty-five (25) years, and shall thereafter be automatically renewed for additional periods of twenty-five (25) years, unless and until terminated as follows:

3.1 This Agreement may be terminated at any time upon mutual written consent of all Parties. In preparing their written consent, the Parties also shall agree upon procedures for payment of any outstanding expenses and liabilities of the Big Chino Monitoring Fund, the Big Chino Modeling Fund, and distribution of any remaining balance in such funds.

3.2 This Agreement may be terminated by the Communities if SRP is in breach of a material provision of this Agreement or by SRP if one or both of the Communities are in breach of a material provision of this Agreement, as specified in Section 3.3.

3.3 A Party may terminate this Agreement pursuant to Section 3.2 only if the breach has not been (a) cured within forty-five (45) days after receipt of written notice reasonably detailing the breach or (b) waived in writing by the non-breaching Party(ies). Notwithstanding the foregoing, the non-breaching Party(ies) may not terminate this Agreement if the material breach is curable but cannot be cured within the forty-five (45) day period set forth above for reasons beyond the control of the breaching Party(ies), the breaching Party(ies) is/are diligently pursuing reasonable efforts to cure such breach, and extending the time for the Party(ies) to cure the breach does not materially harm any Party to this Agreement; provided, however, that the maximum cure period shall not exceed ninety (90) days from the date of receipt of written notice of the breach.

3.4 If the Communities' legal authority to withdraw water from the Big Chino has been repealed by the State of Arizona, or the Communities are otherwise rendered unable to withdraw and transport water from the Big Chino due to the acts of any other

governmental entity with jurisdiction or other legal inability of the Communities to withdraw water from the Big Chino or the Communities elect to not construct the infrastructure necessary to withdraw and transport water from the Big Chino, the Communities may terminate this Agreement at any time prior to construction of said infrastructure; provided, however, that in such event, any future construction of such a project by Prescott or Prescott Valley shall require as a precondition the readdressing of the mutual objectives and understandings set forth in the AIP. Such acts that would render the Communities unable to withdraw water from the Big Chino may include the United States Fish and Wildlife Service or other federal or state agency adopting or requiring the adoption of a habitat conservation plan or other species or habitat protection program that materially impacts the Communities' ability to withdraw water from the Big Chino for importation to and use within the Prescott AMA.

3.5 In the event that either the voters of Prescott and/or Prescott Valley, pursuant to Prescott's Proposition 401 (adopted in November 2009) or any similar measure, elect to not authorize a project to withdraw and transport water from the Big Chino, or the Communities otherwise elect to not construct the infrastructure necessary to withdraw and transport water from the Big Chino or otherwise elect not to pursue the project, the Communities may terminate this Agreement at any time prior to construction of said infrastructure; provided, however, that in such event any future construction of such a project by Prescott or Prescott Valley shall require as a precondition the readdressing of the mutual objectives and understandings set forth in the AIP. Nothing in this Section 3 is intended to modify, amend or alter any prior intergovernmental agreements between Prescott and Prescott Valley.

3.6 If, after the infrastructure necessary to withdraw and transport water from the Big Chino has been constructed, the Communities' legal ability to withdraw water from the Big Chino has been permanently enjoined for any reason, the Communities may terminate this Agreement under the following conditions:

3.6.1 If the Communities have not yet physically withdrawn or transported any water from the Big Chino, the Communities may terminate this Agreement under the terms set forth in Section 3.4; or

3.6.2 If one or both Communities have physically withdrawn or transported any water from the Big Chino, one or both Communities may terminate this Agreement only if they both agree, in writing, to continue to perform all of their obligations imposed by Sections 6 and 7 after the date of termination for the same number of years that have elapsed since such withdrawal and transportation was commenced and provided that any future resumption of operation of the project by Prescott or Prescott Valley would require as a precondition the readdressing of the mutual objectives and understandings set forth in the AIP.

3.7 Upon termination of this Agreement pursuant to this Section 3, each Party, shall, within ninety (90) days after the terminating Party provides notice of such termination to the other Parties, bring current its financial obligations to the Big Chino

Monitoring Fund as specified herein by Subsection 6.5 and the Big Chino Modeling Fund as specified herein by Subsection 7.5, through the effective date of termination. Upon payment of all expenses and liabilities of the Big Chino Monitoring Fund and the Big Chino Modeling Fund outstanding as of the effective date of termination, any remaining balance in each fund shall be refunded to the Parties on a pro rata basis.

3.8 In the event of termination of this Agreement, each Party who has met its payment and performance obligations as set forth herein shall have equal access to and full use of the data and reports generated from implementation of the Big Chino Monitoring Plan and the Big Chino Model as those data and reports existed on the effective date of termination.

4. Meet and Confer to Address Future Events. In the event any governmental entity with jurisdiction which is not a Party adopts new requirements that might affect the Communities' ability to withdraw water from the Big Chino and transport it to the Prescott AMA not otherwise addressed by the provisions herein, the Parties shall enter into good-faith discussions and/or negotiations to address the effect(s) of such events on the continuation of this Agreement.

5. Survival of Certain Provisions.

5.1 Each of the following provisions of this Agreement shall survive the termination of this Agreement: Section 3, Section 9, Section 10, and Section 11.

5.2 If this Agreement is terminated pursuant to Section 3, unless otherwise provided in Section 3, each Party's obligations to make payments for any costs incurred pursuant to Sections 6 and 7 prior to the date of termination shall survive such termination and remain a binding obligation of that Party, except to the extent that such costs can be avoided or lessened by the Parties collectively.

6. Monitoring of Water Levels and Stream Flows.

6.1 The Parties shall participate with ADWR and the USGS in the funding, development, and implementation of the Big Chino Monitoring Plan, as set forth in this Section 6.

6.2 Within fifteen (15) days after the Execution Date, each Party shall designate one person to represent its organization to work cooperatively with ADWR and the USGS to oversee development and implementation of the Big Chino Monitoring Plan. For Prescott and Prescott Valley, the committee member shall be designated by the entity's respective City/Town Manager. The respective managers shall periodically update their governing bodies of pertinent events pertaining to the monitoring plan. Each Party shall notify each other Party, in the manner provided in Section 12.9, of the name of its designee. Those representatives shall comprise the Monitoring Committee. Any Party may change its designee by giving notice to each other Party in the manner provided in Section 12.9.

6.3 The members of the Monitoring Committee shall authorize and designate a chairperson at their first meeting. The chairperson shall serve a one-year term, commencing on the Execution Date. The office of chair shall rotate each year on the anniversary of the Execution Date among the Parties, with the chairperson being a representative of Prescott in the first year, a representative of SRP in the second year, and a representative of Prescott Valley in the third year. The office of chair shall thereafter rotate each year in the same manner. The chairperson shall be responsible for initiating and chairing all meetings and generally ensuring that the Parties' efforts in developing and implementing the Big Chino Monitoring Plan continue in an efficient manner.

6.4 The total costs of developing and implementing the Big Chino Data Collection and Monitoring Plan, including eligible expenditures to date, as described and set forth by Exhibit 5, are anticipated to exceed four million, three hundred thousand dollars (\$4.3 million). The Parties hereby agree to budget for and to appropriate said costs in accordance with applicable laws and ordinances and the Parties' respective budgeting and fiscal processes and procedures.

6.5 Within sixty (60) days after the Execution Date, the Parties shall obtain approval by formal resolution from their respective governing bodies to allocate the costs of developing and implementing the Big Chino Monitoring Plan as follows: Prescott 36.066%; Prescott Valley 30.600%; SRP 33.333%.

6.5.1 Such allocation, once approved, shall apply to all capital and ongoing operation and maintenance costs associated with the Big Chino Monitoring Plan.

6.5.2 Each Party shall make its initial contribution to the Big Chino Monitoring Fund within ninety (90) days after the Execution Date and shall make additional contributions at such subsequent times as determined by the Monitoring Committee.

6.5.3 Subsequent to the initial contributions made pursuant to Section 6.5.2, the Parties shall contribute their respective shares of the estimated costs of implementing the Big Chino Monitoring Plan and shall deposit those sums into the Big Chino Monitoring Fund at such times as determined by the Monitoring Committee. Such fund shall be administered by the Monitoring Committee, pursuant to the terms of this Agreement.

6.5.4 The Parties' initial contributions to the Big Chino Monitoring Fund shall take into account eligible prior costs incurred by each Party recognized by Section 6.5.6, and such initial contributions shall be greater or lesser for each Party in order to make the total amount spent to date by each Party equal to the Party's respective percentage obligation as set forth in this Section 6.5.

6.5.5 The Parties shall work cooperatively to seek funding from other persons or entities that have an interest in the water resource information to be developed from the Big Chino Monitoring Plan. To the extent that the Parties obtain such funding

from other sources, those sums shall be deposited into the Big Chino Monitoring Fund and the respective contributions of each Party shall be reduced proportionately.

6.5.6 Those monitoring costs listed in Exhibit 5 that have been incurred by one or more Parties prior to the Execution Date shall be treated as eligible prior costs and shall be credited against that Party's cost allocation.

6.6 All costs incurred after the Execution Date and associated with the activities described in this Section 6 shall be considered annual costs and shall be allocated among the Parties pursuant to Section 6.5; provided, however, that any costs incurred by a Party in having a consultant or other person represent it on the Monitoring Committee shall be borne solely by that Party.

6.7 The Monitoring Committee shall establish no less than three (3) Monitoring Points to monitor any impacts of pumping from the Big Chino on the Verde River base flows. Each Monitoring Point shall be located between the BCWR wells and the Verde River Springs, as those springs are shown on Exhibit 2.

6.8 To the extent that the Monitoring Committee determines that the Big Chino Monitoring Plan requires expansion or enhancement to effectively monitor the effects of water withdrawals from the Big Chino, the Parties shall work cooperatively with ADWR and the USGS to fund the expansion and enhancement of the Big Chino Monitoring Plan and determine the nature and location of any necessary additional Monitoring Points.

6.9 At least once each calendar year, the Monitoring Committee shall provide each Party data and any other information collected under the Big Chino Monitoring Plan to update the Big Chino Model with new pumping estimates and any other relevant data and information used in the Big Chino Model.

6.10 The Monitoring Committee shall cause an annual written report containing the monitoring data, summaries, and analysis to be prepared and distributed to the Parties, ADWR, and the USGS by March 30 of each calendar year, with the initial report to be issued for the first full calendar year.

6.11 Within one hundred and eighty (180) days after the Execution Date, the Monitoring Committee shall develop and adopt a set of guidelines for the implementation of the Big Chino Monitoring Plan and this Section 6. Those guidelines shall address topics including, but not limited to, administration of the Big Chino Monitoring Fund and hiring and payment of consultants and contractors. Once adopted, the Monitoring Committee shall revise and amend those guidelines as necessary to ensure proper and efficient implementation of the Big Chino Monitoring Plan.

6.12 All decisions and actions taken by the Monitoring Committee shall be by unanimous consent. Any disagreements among the Parties regarding development or

implementation of the Big Chino Monitoring Plan shall be resolved pursuant to Sections 10 and 11.

6.13 The Monitoring Committee shall keep, or cause to be kept, good and accurate books and records in sufficient detail to verify payments to and disbursements from the Big Chino Monitoring Fund ("Monitoring Fund Books"). The Monitoring Fund Books shall be made available for review, upon prior reasonable notice during regular office hours, by any Party. The Monitoring Committee shall retain, or cause to be retained, the Monitoring Fund Books for a period of three years after the date of each payment or disbursement. Any Party may audit, upon prior reasonable notice, the Monitoring Fund Books at its own expense (an "Audit"). If, as a result of an Audit, it is determined that any Party has paid more than its respective share of the costs of developing and implementing the Big Chino Monitoring Plan as set forth in Section 6.5, the Monitoring Committee shall cause that Party to be reimbursed for its overpayment. If, as a result of an Audit, it is determined that any Party has paid less than its respective share of the costs of developing and implementing the Big Chino Monitoring Plan as set forth in Section 6.5, the Monitoring Committee shall require that Party to make additional contributions up to its respective share of the costs.

7. Modeling of Water Levels and Stream Flows.

7.1 The Parties shall participate with ADWR in the funding, development, and implementation of the Big Chino Model, as set forth in this Section 7.

7.2 Within fifteen (15) days after the Execution Date, each Party shall designate one person to represent its organization to work cooperatively with ADWR to oversee development and implementation of the Big Chino Model. For Prescott and Prescott Valley, the committee member shall be designated by the entity's respective City/Town Manager. Each Party shall notify each other Party, in the manner provided in Section 12.9, of the name of its designee. Those representatives shall comprise the Modeling Committee. Any Party may change its designee by giving notice to each other Party in the manner provided in Section 12.9.

7.3 The members of the Modeling Committee shall designate a chairperson at their first meeting. The chairperson shall serve a one-year term commencing on the Execution Date. The office of chair shall rotate each year between the Parties on the anniversary of the Execution Date, with the chairperson being a representative of SRP in the first year, a representative of Prescott Valley in the second year, and a representative of Prescott in the third year. The office of chair shall thereafter rotate each year in the same manner. The chairperson shall be responsible for initiating and chairing all meetings and generally ensuring that the Parties' efforts in developing and implementing the Big Chino Model continue in an efficient manner.

7.4 The total costs of developing and implementing the Big Chino Model, including eligible expenditures to date, as described and set forth in Exhibit 5, are anticipated to exceed one million, two hundred thousand dollars (\$1.2 million). The

Parties hereby agree to budget for and to appropriate said costs in accordance with applicable laws and ordinances and the Parties' respective budgeting and fiscal processes and procedures.

7.5 Within sixty (60) days after the Execution Date, the Parties shall obtain approval by formal resolution from their respective governing bodies to allocate the costs of developing and implementing the Big Chino Model as follows: Prescott 36.066%; Prescott Valley 30.600%; SRP 33.333%.

7.5.1 Such allocation, once approved, shall apply to all capital and ongoing operation and maintenance costs associated with the Big Chino Model.

7.5.2 Each Party shall make its initial contribution to the Big Chino Modeling Fund within ninety (90) days after the Execution Date and shall make additional contributions at such subsequent times as determined by the Modeling Committee.

7.5.3 Subsequent to the initial contributions made pursuant to Section 7.5.2, the Parties shall contribute their respective shares of the estimated costs of implementing the Big Chino Model and shall deposit those sums into the Big Chino Modeling Fund at such times as determined by the Modeling Committee. Such fund shall be administered by the Modeling Committee, pursuant to the terms of this Agreement.

7.5.4 The Parties shall work cooperatively to seek funding from other persons or entities that have an interest in the water resource information to be developed from the Big Chino Model. To the extent that the Parties obtain such funding from other sources, those sums shall be deposited into the Big Chino Modeling Fund and the respective contributions of each Party shall be reduced proportionately.

7.6 All costs incurred after the Execution Date and associated with the activities described in this Section 7 shall be considered annual costs and shall be allocated among the Parties pursuant to Subsection 7.5; provided, however, that any costs incurred by a Party in having a consultant or other person represent it on the Modeling Committee shall be borne solely by that Party.

7.7 The Modeling Committee shall cause the Big Chino Model to be run no less than every three (3) years. Upon completion of the model runs, the Modeling Committee shall prepare and issue to the Parties and ADWR a written report containing the monitoring data, summaries, analysis, and any recommendations for future enhancements to the model.

7.8 At least once every three (3) years, the Modeling Committee shall cause the assumptions in Big Chino Model to be reassessed and the model to be recalibrated, incorporating any new or revised data obtained through implementation of the Big Chino Monitoring Plan and from other sources.

7.9 To the extent that the Modeling Committee determines that the Big Chino Model requires expansion or enhancement to effectively model the effects of water withdrawals from the Big Chino, the Parties shall work cooperatively with each other and with ADWR to fund the expansion and enhancement of the Big Chino Model.

7.10 Within one hundred and eighty (180) days after the Execution Date, the Modeling Committee shall develop and adopt a set of guidelines for the implementation of the Big Chino Model and this Section 7. Those guidelines shall address topics such as, for example, administration of the Big Chino Modeling Fund and hiring and payment of consultants and contractors. Once adopted, the Modeling Committee shall revise and amend those guidelines as necessary to ensure proper and efficient implementation of the Big Chino Model.

7.11 All decisions and actions taken by the Modeling Committee shall be by unanimous consent. Any disagreements among the Parties regarding development or implementation of the Big Chino Model shall be resolved pursuant to Sections 10 and 11.

7.12 The Modeling Committee shall keep, or cause to be kept, good and accurate books and records in sufficient detail to verify payments to and disbursements from the Big Chino Modeling Fund ("Modeling Fund Books"). The Modeling Fund Books shall be made available for review, upon prior reasonable notice during regular office hours, by any Party. The Modeling Committee shall retain, or cause to be retained, the Modeling Fund Books for a period of three years after the date of each payment or disbursement. Any Party may audit, upon prior reasonable notice, the Modeling Fund Books at its own expense (an "Audit"). If, as a result of an Audit, it is determined that any Party has paid more than its respective share of the costs of developing and implementing the Big Chino Modeling Plan as set forth in Section 7.5, the Modeling Committee shall cause that Party to be reimbursed for its overpayment. If, as a result of an Audit, it is determined that any Party has paid less than its respective share of the costs of developing and implementing the Big Chino Modeling Plan as set forth in Section 7.5, the Modeling Committee shall require that Party to make additional contributions up to its respective share of the costs.

8. Confirmation of Water Rights in the Prescott AMA.

8.1 This Section lists a portion of the Parties' asserted water rights deemed material for purposes of this Agreement under Section 2C(2) of the AIP, including some of those rights arguably at issue in the Adjudication. This initial listing of water rights is limited to certain specific rights and may be amended from time to time, with the written consent of the Parties. This list shall not be construed as a waiver or limitation on any other water rights a Party may possess not specified herein. The rights confirmed herein shall be limited to Waters Arising From Within The Prescott AMA.

8.2 Commencing on the Execution Date through the term hereof, the Parties expressly recognize and confirm the water rights of the Parties set forth in Sections 8.3,

8.4, and 8.5 herein and agree not to challenge those rights, either directly or indirectly, and agree not to support, in any way any third party(ies) in any challenge of those rights (including any decree, decision, designation, order, notice, statement, agreement, application, contract or other document purporting to establish those rights) in any administrative or judicial proceeding, including the Adjudication; provided, however, that this covenant shall not apply to any water rights deemed to be invalid or unenforceable by a final, non-appealable judgment of a duly-authorized tribunal as a result of the independent actions of a third party.

8.3 Prescott's Water Rights Confirmed by Other Parties.

8.3.1 The right of Prescott to withdraw water from within the Prescott AMA and deliver that water within its Service Area pursuant to its Service Area Right No. 56-003017.0000;

8.3.2 The right of Prescott to withdraw from within the Prescott AMA and use or deliver within its Service Area that water included in Type 2 Non-Irrigation Grandfathered Right No. 58-117627.000 issued by ADWR;

8.3.3 The right of Prescott to withdraw and use waters from Granite and Willow Creeks pursuant to severance and transfer order No. ST-98-001 issued by ADWR and Certificate of Water Right No. 593.002;

8.3.4 The right of Prescott to store water in Willow Lake pursuant to severance and transfer order No. ST-98-001 issued by ADWR and Certificate of Water Right No. 1674.0001;

8.3.5 The right of Prescott to withdraw and use water for the Weston Ranch stockpond within the Prescott AMA pursuant to Stockpond Right No. 38-15341.0000 issued by ADWR;

8.3.6 The right of Prescott to use within the Prescott AMA all Effluent generated as a result of water service provided by Prescott;

8.3.7 The right of Prescott to divert or withdraw and use water pursuant to Permit to Appropriate No. 33-96435 issued by ADWR;

8.3.8 The right of Prescott to divert or withdraw and use water flowing in Willow Creek pursuant to Notice of Appropriation by David M. Wynship and M. Anna Wynship dated January 4, 1911 and by Geo. A. Thayer dated January 24, 1911;

8.3.9 The rights of Prescott to divert or withdraw and use the waters of Bannon Creek, Groom Creek, Wolf Creek, and Hassayampa Creek and to store water in Upper Bannon Creek Reservoir (also known as "Upper Goldwater Lake") pursuant to Permit No. 3R-432 and Certificate of Water Right No. 1659;

8.3.10 The rights of Prescott to divert or withdraw and use water pursuant to Water Rights Registration Act Statements of Claims Nos. 36-40301, 36-40302, 36-41650, and 36-60238; and

8.3.11 Those rights of Prescott to Waters Arising From Within The Prescott AMA as set forth in the assured water supply Decision and Order of the Director for the City of Prescott issued by ADWR and dated November 20, 2009 which document is hereby incorporated herein by this reference, but not including any rights to water arising from within the Big Chino.

8.4 Prescott Valley's Water Rights Confirmed by Other Parties.

8.4.1 The right of Prescott Valley to all water withdrawn from within the Prescott AMA and included in Service Area Right No. 56-003023.0000 issued by ADWR, as that Service Area exists as of the Execution Date;

8.4.2 The right of Prescott Valley to use within the Prescott AMA all Effluent generated as a result of water service provided by Prescott Valley;

8.4.3 The right of Prescott Valley to use within the Prescott AMA all Effluent dedicated to the Town from any source;

8.4.4 The right of Prescott Valley to withdraw from within the Prescott AMA and use or deliver within its Service Area that water included in Type 2 Non-Irrigation Grandfathered Right No. 58-111699.0003 issued by ADWR; and

8.4.5 The right of Prescott Valley to provide water to Diamond Valley Water District (Service Area Right No. 56-003014.0000) and Bradshaw Water Company (Service Area Right No. 56-003019.0000) within the Prescott AMA under existing agreements with those entities, as those Service Areas exist as of the Execution Date.

8.5 SRP's Rights Confirmed by Other Parties.

8.5.1 The rights of SRP and its shareholders to Waters Arising From Within The Prescott AMA, which rights are appurtenant to the lands of SRP and its shareholders, and are described, stated, confirmed or established in the following documents:

8.5.1.1 The Federal Reclamation Act, 32 Stat. 388, and acts amendatory and supplementary thereto ("Reclamation Act"), as implemented by the United States and the Association through (1) the Association's Articles of Incorporation; (2) the Secretary of Interior's March 14, 1903 authorization of the Salt River Federal Reclamation Project; (3) Orders issued by the Secretary of Interior on March 2, 1903, March 7, 1903, July 18, 1903, July 20, 1905, July 27, 1903, December 14, 1904 and August 29, 1919, among other things, withdrawing public lands on the Verde River watershed from all forms of entry for the benefit of the Salt River Project as authorized by the Reclamation Act; (4) an

Agreement between the United States and the Association dated June 25, 1904, as amended; (5) an Agreement between the United States and the Association dated September 6, 1917, as amended; (6) Public Notices issued by the United States Department of Interior dated January 18, 1917, May 19, 1917, August 8, 1917, June 3, 1921, April 6, 1925, December 22, 1927, and April 10, 1928, which specify how lands described in the Notices can secure a permanent entitlement under federal law to receive federal reclamation water from the Association and the United States; (7) the completed Water Right Applications accepted and approved by authority of the Secretary of Interior for Homestead Lands Under the Reclamation Act and for Lands Other Than Homesteads Under the Reclamation Act between the United States and individual shareholders of the Association, which applications have been recorded in the Maricopa County, Arizona, Recorder's Office; (8) the contract between the Association and the United States, dated June 3, 1935, as amended (Verde River Storage Works), the contract between the Association and the United States, dated November 26, 1935, as amended (Construction of Bartlett Dam) and the agreement between the Association, Phelps Dodge Corporation and the Defense Plant Corporation, dated March 1, 1944 (Horseshoe Dam Construction and Operation); and (9) the contract between the Association and the Salt River Project Agricultural Improvement and Power District, dated March 22, 1937 and approved by the United States on May 18, 1937, as amended.

8.5.1.2 Notice of Appropriation of Water posted and recorded by Frank H. Parker, Secretary of the Salt River Valley Water Users' Association, with the Maricopa County, Arizona, Recorder's Office in Book of Canals No. 2 at page 155 on February 8, 1906.

8.5.1.3 Notice of Appropriation of Water posted on February 6, 1906 and recorded by Louis C. Hill, Supervising Engineer, United States Geological Survey, with the Maricopa County, Arizona, Recorder's Office in Book of Canals No. 2 at page 156 on February 8, 1906.

8.5.1.4 Notice of Appropriation of Water posted on March 4, 1914, and recorded by John P. Orme, President of the Salt River Valley Water Users' Association, with the Maricopa County, Arizona, Recorder's Office in Book of Canals No. 2 at page 379 on March 6, 1914.

8.5.1.5 The Decision and Decree, and all Decrees supplemental thereto, entered by the District Court of the Third Judicial District of the Territory of Arizona, In and For the County of Maricopa, in *United States v. Haggard*, No. 19, June 11, 1903 ("Haggard Decree"), solely for lands included within the Salt River Reservoir District as defined in the Association's Articles of Incorporation. The rights recognized in the Haggard Decree to the waters of the Verde River were perfected through the filing of various notices of appropriation and through the application of water for a beneficial use.

8.5.1.6 Decision and Decree, and all Decrees supplemental thereto, entered in *Hurley v. Abbott*, in the District Court of the Third Judicial District of the Territory of Arizona in and for the County of Maricopa, No. 4564, March 1, 1910.

8.5.1.7 The Decision and Decree, and all Decrees supplemental thereto, entered by the Superior Court, In and For the County of Maricopa, in *Benson v. Allison*, No. 7589, November 14, 1917 (“Benson-Allison Decree”), solely for lands included within the Salt River Reservoir District as defined in the Association’s Articles of Incorporation. The rights recognized in the Benson-Allison Decree to the waters of the Verde River were perfected through the filing of various notices of appropriation and through the application of water for a beneficial use.

8.5.1.8 The Act of May 18, 1916, 39 Stat. 123, 130, which directed the Secretary of Interior to acquire water for 631 10-acre allotments on the Salt River Pima-Maricopa Indian Community Reservation. This Congressional mandate was carried out by the Secretary through contracts between the United States and the Association dated September 6, 1917, as amended, July 26, 1922, June 3, 1935, as amended (Verde River Storage Works), November 26, 1935, as amended (Construction of Bartlett Dam), and between the Association, Phelps Dodge Corporation, and the Defense Plant Corporation dated March 1, 1944 (Horseshoe Dam Construction and Operation), and through the Salt River Pima-Maricopa Indian Community Water Rights Settlement Act of 1988, Pub. L. 100-512, 102 Stat. 2549 (1988), and its implementing Settlement Agreement, and the Fort McDowell Indian Community Water Rights Settlement Act of 1990, Pub. L. 101-628, Title IV, 104 Stat. 4480 (1990), and its implementing Settlement Agreement.

8.5.1.9 Federal reserved water rights for reservoirs on the Verde River for the storage and use of water for the generation of hydroelectric energy based upon an express Congressional reservation to the United States in Section 28 of the New Mexico and Arizona Statehood Enabling Act of June 20, 1910, 36 Stat. 557, 575, of “all land actually or prospectively valuable for the development of water power or power for hydroelectric use or transmission. . . .”

8.5.1.10 In addition to the federal reserved rights described in Subsection 8.5.1.10 hereof, the Association, its shareholders and the District are also the express intended beneficiaries of the water rights reserved by the United States through the reservation of federal lands on the watershed of the Verde River and its tributaries, for National Forest preserves. The United States’ federal entitlement to these reserved waters for the purpose of securing the water supply of the Salt River federal reclamation project was “turn[ed] over to and vest[ed] in the said Association” by the Contract between the United States and the Association dated September 6, 1917, as amended.

8.5.1.11 Amended Application for Permit to Construct a Reservoir and to Store for Beneficial Use the Unappropriated Waters of the State of Arizona, No. R-45, filed by the Salt River Valley Water Users’ Association (February 2010).

8.5.1.12 Amended Application for a Permit to appropriate the Public Waters of the State of Arizona, No. A-135, filed by the Salt River Valley Water Users’ Association (February 2010).

8.5.1.13 Amended Application for a Permit to Appropriate the Public Waters of the State of Arizona, No E-11, filed by the Salt River Valley Water Users' Association (February 2010).

8.5.1.14 Water Rights Registration Act Statements of Claim Nos. 36-64086, 36-68097, 36-68098, 36-69451, and 36-69452 (all as amended) filed by the Association and the District on their own behalf and on behalf of the Association's shareholders, as those claims relate to the waters of the Verde River and its tributaries.

8.5.1.15 The Salt River Pima-Maricopa Indian Community Water Rights Settlement Act of 1988, Pub. L. 100-512, 102 Stat. 2549 (1988), which, among other things, Congressionally validated the Association's right to store and deliver water stored behind the reservoirs on the Verde River so it could be assured of its ability to provide water to the Salt River Pima-Maricopa Indian Community as required by this settlement and to the Association's shareholders.

8.5.1.16 The Fort McDowell Indian Community Water Rights Settlement Act of 1990, Pub. L. 101-628, Title IV, 104 Stat. 4480 (1990), which Congressionally validated the water storage rights of the United States and the Association for Bartlett and Horseshoe dams on the Verde River, and the Association's right to deliver water stored behind these dams to the Fort McDowell Indian Community as required by this settlement, as well as to the Association's shareholders.

8.5.1.17 The Gila River Indian Community Water Rights Settlement Act of 2004, Pub. L. 108-451, title II, 118 Stat. 3499, which, among other things, Congressionally validated the agreement between the United States and the Association, dated September 6, 1917, as amended, and the rights of SRP to store water from the Verde River at Horseshoe Dam and Bartlett Dam and to deliver the stored water to shareholders of SRP and others for all beneficial uses and purposes recognized under State law and to the Gila River Indian Community under the Gila River Indian Community Water Rights Settlement Agreement.

8.6 The Parties agree to continue to work together and to meet, negotiate, and discuss in good faith, with the purpose of reaching a mutually acceptable agreement among the parties that will include recognizing the rights of Prescott to withdraw water from the Big Chino aquifer and transport it to the Prescott AMA, as well as the Parties' overall respective rights in the Adjudication.

8.7 The Parties agree in good faith to (i) cooperate with one another and (ii) execute such further or additional documents as may be necessary or appropriate to fully carry out the intent and purpose of this Agreement.

8.8 In the event that any legal action is instituted by a third party against the Parties challenging the validity or enforceability of (i) any provision of this Section 8 or (ii) any action by a Party taken in performance of this Section 8, the Parties hereby agree to affirmatively cooperate in defending such action and to pay their own fees, costs, and

expenses associated with such defense. In the event of any litigation challenging the effectiveness of this Section 8 (or any portion hereof), this Section 8 shall remain in full force and effect while such litigation (including any appellate review) is pending. Provided, however, that nothing in this Section 8 shall require any Party to affirmatively defend the water rights claims of any other Party.

9. Remedies.

9.1 In the event of a breach or default by a Party, any non-breaching Party shall have the right to seek specific performance or other injunctive relief in lieu of termination.

9.2 Any Party that has not satisfied its financial obligations in full under this Agreement shall have its rights under this Agreement, including its voting rights, suspended during the time any such obligations remain unsatisfied.

9.3 There shall be no monetary damage remedy for breach of any of the provisions of this Agreement, nor shall there be any claim for special or consequential damages. Rather, the sole remedy available to the non-breaching Party shall be specific performance of this Agreement or other, similar injunctive relief. The prohibition on damages shall extend to the financial obligations set forth in this Agreement, and the Parties shall have the sole right to obtain specific performance to require each Party to satisfy its financial obligations under this Agreement. Any claim for attorneys' fees or other related litigation costs shall be limited as provided in Section 12.3 of this Agreement.

10. Informal Dispute Resolution.

10.1 If any dispute arising between the Parties concerning any of the terms or conditions of this Agreement or the implementation or interpretation of this Agreement remains unresolved for a period of fifteen (15) days after notice is given by a Party, such dispute shall be forwarded to the senior management representative of each Party, who shall meet within fifteen (15) days (or such shorter or longer time as shall be agreed upon by those representatives) to discuss and attempt to reach a resolution of the dispute. Any resolution mutually agreed upon in writing by the representatives and not in conflict with the terms and conditions of this Agreement shall be binding upon the Parties; provided, however, that such resolution is within the powers of such representatives and does not modify this Agreement or otherwise require any legislative approvals of the respective Parties.

10.2 If the Parties' senior management representatives cannot resolve the dispute within thirty (30) days after its submission to them (or within such shorter or longer time as shall be mutually agreed upon by those representatives), the Parties may, after first pursuing Arbitration as specified in Section 11 below, pursue declaratory judgment or seek specific performance of this Agreement and any remedies, in equity, or

under this Agreement to resolve the dispute subject to the prohibition on monetary damage in Section 9.3 and the attorneys' fees provisions of Section 12.3.

10.3 The requirements of Sections 10.1, 10.2 and 11 shall be deemed waived if and to the extent that a dispute under this Agreement constitutes a substantial threat to public health or safety that requires immediate resolution. In such instances, any Party may seek injunctive or other equitable relief as provided herein, but no monetary damages or attorneys' fees may be sought or obtained by any Party.

11. Arbitration.

11.1 Any issue or dispute among the Parties relating to this Agreement that is not resolved pursuant to Section 10 shall be submitted to arbitration pursuant to this Section 11.

11.2 Any Party may call for submission of disputes to arbitration. The Party calling for arbitration shall give notice to the other Parties, setting forth in adequate detail the issues to be arbitrated. Within twenty (20) days after receipt of such notice, each other Party shall by notice to the first Party set forth in adequate detail its own statement of the matter at issue to be arbitrated. Thereafter, the Party first submitting its statement of the matter at issue shall have ten (10) days in which to submit a rebuttal statement. All notices pursuant to this Section 11 shall be given in the manner prescribed in Section 12.9.

11.3 Within forty (40) days after any notice by one or both of the Communities calling for arbitration, the Communities shall jointly agree to appoint one person to serve as arbitrator, with notice to SRP of such appointment. Within fifteen (15) days after receipt of the Communities' notice of appointment of an arbitrator, SRP shall either agree to such appointment or object to the appointment and propose another arbitrator. Within fifteen (15) days after receipt of SRP's notice of appointment of an arbitrator, the Communities shall jointly either agree to such appointment or object to the appointment. In the event that the Communities object to SRP's appointed arbitrator, the Parties shall meet within five (five) days thereafter and shall in good faith attempt to unanimously select a mutually agreeable arbitrator. In the event the Parties cannot agree on an arbitrator, any Party may call for such appointment by the American Arbitration Association (or upon a similar organization if the American Arbitration Association does not at that time exist).

11.4 Within forty (40) days after any notice by SRP calling for arbitration, SRP shall appoint one person to serve as arbitrator, with notice to the Communities of such appointment. Within fifteen (15) days after receipt of SRP's notice of appointment of an arbitrator, the Communities shall jointly either agree to such appointment or object to the appointment and propose another arbitrator. Within fifteen (15) days after receipt of the Communities' notice of appointment of an arbitrator, SRP shall either agree to such appointment or object to the appointment. If SRP objects to the Communities' appointed arbitrator, the Parties shall meet within five (five) days thereafter and shall in good faith

attempt to unanimously select a mutually agreeable arbitrator. In the event the Parties cannot agree on an arbitrator, any Party may call for such appointment by the American Arbitration Association (or upon a similar organization if the American Arbitration Association does not at that time exist).

11.5 If notices are issued by more than one Party calling for arbitration pursuant to Section 11.3 or 11.4, the procedures for appointment of the arbitrator shall be governed by Section 11.3 or 11.4 based upon the first notice issued. Unless otherwise agreed by the Parties, the arbitrator appointed pursuant to those procedures shall be the arbitrator for all issues arising under any pending notices.

11.6 The arbitrator shall be an independent arbitrator, regardless of his or her method of selection, and the arbitrator shall be qualified by knowledge and experience in the field with respect to the subject matter out of which the dispute to be arbitrated arises. In no event shall the arbitrator be an officer, employee, or otherwise interested in any Party or in any other entity involved in the dispute to be arbitrated. No Party or its employee or agent shall have independent communications with the arbitrator once he or she is appointed, absent written consent of all other Parties.

11.7 The venue for any arbitration arising pursuant to this Section 11 shall be in Maricopa County, Arizona. Except as otherwise provided in this Section 11 or agreed to in writing by the Parties, the arbitration shall be governed by the rules and practices of the American Arbitration Association (or the rules and practices of a similar organization if the American Arbitration Association does not at that time exist) in effect as of the Execution Date.

11.8 The arbitrator shall receive and hear evidence submitted by the Parties and may call for additional information, which the Parties shall furnish. The decision of the arbitrators shall be non-binding upon the Parties.

11.9 This agreement to arbitrate shall be specifically enforceable. The award and findings of the arbitrators shall be non-binding upon the Parties. In the event that any Party is aggrieved by the decision of the arbitrator, such Party may then pursue its respective legal remedies pursuant to this Agreement in the Superior Court of Maricopa County.

11.10 All costs associated with any arbitration, including any fees charged by the arbitrator, shall be in equal one-half shares between SRP and the Communities, unless a decision of the arbitrator specifies a different allocation of any or all such costs and expenses. The arbitration hearing shall be limited in time and shall not exceed 10 (ten) hours, in any event, without agreement of all Parties. Additionally, costs associated with preparatory time and services of the arbitrator shall not exceed twenty (20) hours unless expressly agreed in writing by each of the Parties prior to the arbitration.

11.11 The provisions of this Section 11 shall be the arbitration provisions to be followed, rather than the procedures set out in Sections 12-1501 through 12-1517 of the

Arizona Revised Statutes. If the procedures set out in this Section 11 should for any reason be or become invalid under Arizona law, or if the decision of the arbitrator thereunder should be or become unenforceable under Arizona law, the Parties shall follow the procedures for arbitration then provided for under Arizona law most consistent with the provisions of this Section 11.

12. Miscellaneous Provisions.

12.1 Except as otherwise provided in this Agreement, each Party to this Agreement shall bear its respective fees and expenses incurred in connection with this Agreement.

12.2 This Agreement may be executed in counterparts, each of which shall be considered part of the whole. Further, the Parties agree that valid execution of this Agreement may be accomplished by signatures exchanged between the Parties by facsimile transmission and that such signatures shall be valid and binding as though they were original signatures.

12.3 The Parties expressly covenant and agree that in the event of litigation arising from this Agreement, no Party shall be entitled to an award of attorneys' fees, either pursuant to the Agreement, pursuant to A.R.S. §§ 12-341.01(A) and (B), or pursuant to any other state or federal statutes. Rather, each Party shall be responsible for its respective attorneys' fees and costs.

12.4 No Party may assign, in whole or in part, any of its rights or delegate any of its obligations under this Agreement. This Agreement shall apply to, be binding in all respects upon, and inure to the benefit of the successors of the Parties. Nothing expressed or referred to in this Agreement shall be construed to give any person other than the Parties to this Agreement any legal or equitable right, remedy, or claim under this Agreement, except such rights as shall inure to a successor pursuant to this Section 12.4.

12.5 No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver be a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver. A Party may waive any provision of this Agreement intended for its benefit; provided, however, such waiver shall in no way excuse the other Party from the performance of any of its other obligations under this Agreement.

12.6 This Agreement shall be governed and construed in accordance with the laws of the State of Arizona and shall be deemed made and entered into in Yavapai County. The Parties agree that any action brought to interpret, enforce, or construe any provision of this Agreement or to declare the rights of the Parties under this Agreement shall be commenced and maintained in the Superior Court of the State of Arizona in and for the County of Maricopa.

c/o Town Manager
7501 E. Civic Circle
Prescott Valley, AZ 86314

With copies to:
Town of Prescott Valley
Town Attorney
7501 E. Civic Circle
Prescott Valley, AZ 86314

If to SRP:

General Manager
Salt River Project, MS PAB 236
1521 Project Drive
Tempe, AZ 85281-1298

With copies to:
Frederic L. Beeson, Manager
Litigation and Claims Services
Salt River Project, MS PAB 142
1521 Project Drive
Tempe, AZ 85281-1298

Corporate Secretary's Office
Salt River Project
1521 Project Drive, MS PAB 215
Tempe, AZ 85281-1298

12.10 The Parties agree that the data or other information obtained or generated pursuant to Sections 6 and 7 will be applied to the Big Chino Model or otherwise used for purposes of implementing the AIP and this Agreement only. No Party may utilize any such data or information for any other purpose without the prior express written consent of all Parties.

12.11 Nothing contained in this Agreement shall create any partnership, joint venture, or agency relationship between or among the Parties.

12.12 If the time for performance of any obligation or taking any action under this Agreement falls or expires on a Saturday, Sunday, or legal holiday, the time for performance or taking such action shall be extended to the next succeeding day which is not a Saturday, Sunday, or legal holiday.

12.13 The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of any provision of this Agreement.

12.14 The AIP, this Agreement, and the exhibits attached to those agreements constitute the entire agreement between and among the Parties pertaining to the subject

matter contained herein. All prior and contemporaneous agreements, representations, and understandings of the Parties pertaining to the subject matter contained herein, oral or written, are superseded by, and merged into, the AIP, this Agreement, and the exhibits attached to those agreements. This Agreement may be modified, changed, or amended only by a written agreement duly adopted by all of the Parties.

12.15 The signatories to this Agreement represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for which they sign, and that no further action or approvals (including actions by any Board or Council) are necessary before execution of this Agreement.

12.16 Notice is hereby given of the provisions of A.R.S. § 38-511, as amended. By this reference, the provisions of this statute are incorporated in this Agreement to the extent of their applicability to contracts of the nature of this Agreement under the laws of the State of Arizona.

12.17 Any and all references to a number of days herein, unless otherwise specified, shall refer to calendar days.

IN WITNESS WHEREOF, the Parties hereto have executed this instrument by and through their authorized representatives.

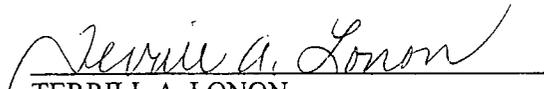
SALT RIVER VALLEY WATER USERS' ASSOCIATION


DAVID ROUSSEAU, PRESIDENT

10-4-12
DATE

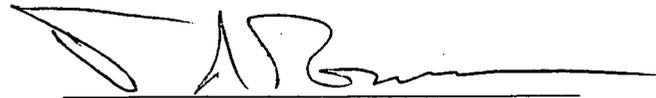
ATTEST:

APPROVED AS TO FORM:

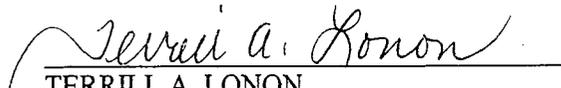

TERRILL A. LONON
CORPORATE SECRETARY


FREDERIC L. BEESON
ATTORNEY

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

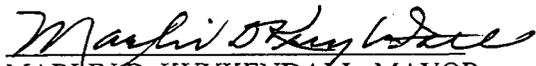

DAVID ROUSSEAU, PRESIDENT
ATTEST:

10-4-12
DATE
APPROVED AS TO FORM:


TERRILL A. LONON
CORPORATE SECRETARY


FREDERIC L. BEESON
ATTORNEY

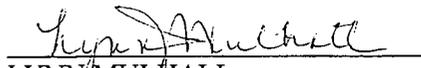
CITY OF PRESCOTT


MARLIN D. KUYKENDALL, MAYOR

9.28.12
DATE

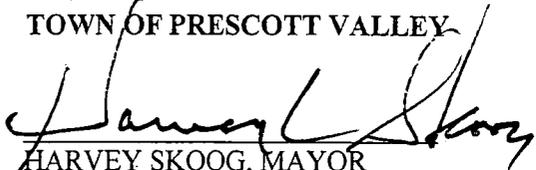
ATTEST:

APPROVED AS TO FORM:


LYNN MULHALL
CITY CLERK


G. EUGENE NEIL
INTERIM CITY ATTORNEY

TOWN OF PRESCOTT VALLEY

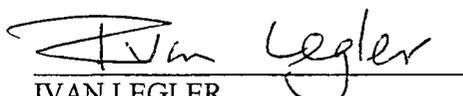

HARVEY SKOOG, MAYOR

9-25-12
DATE

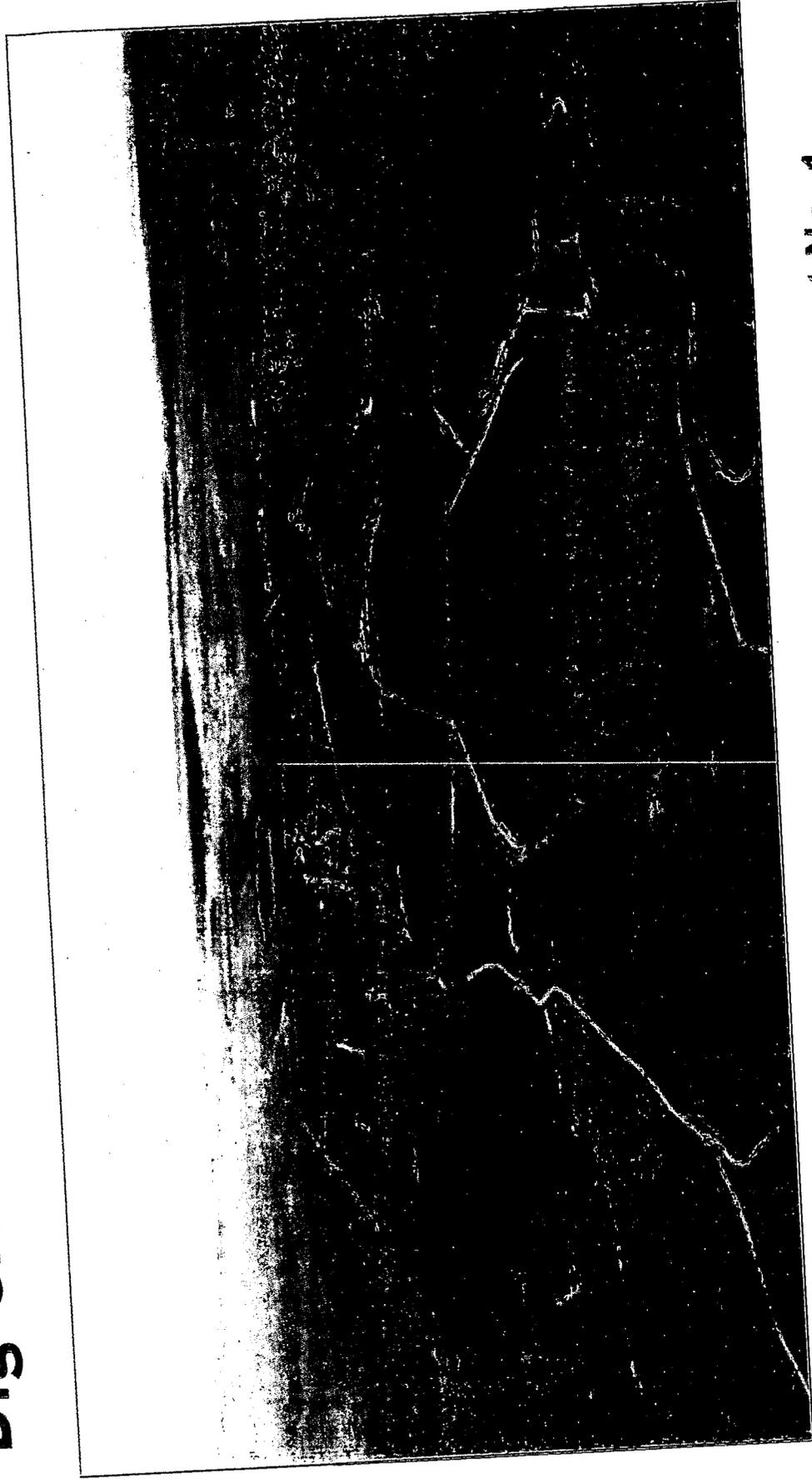
ATTEST:


DIANE RUSSELL
TOWN CLERK

APPROVED AS TO FORM:


IVAN LEGLER
TOWN ATTORNEY

Big Chino Water Importation Project



Comprehensive Agreement No. 1
Prescott-Prescott Valley Joint Council Meeting
September 19, 2012



Location Map Big Chino Sub-basin and Prescott AMA

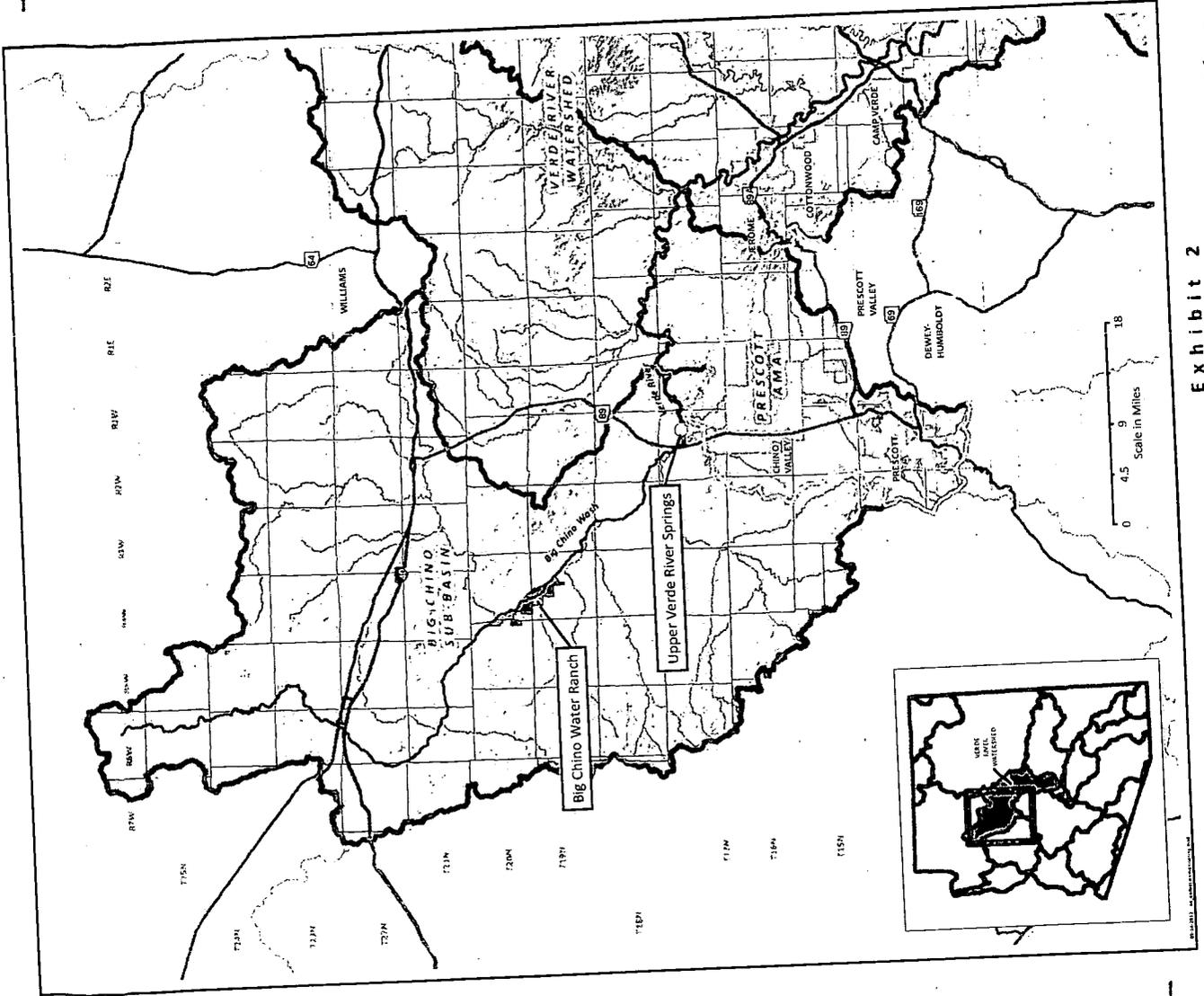


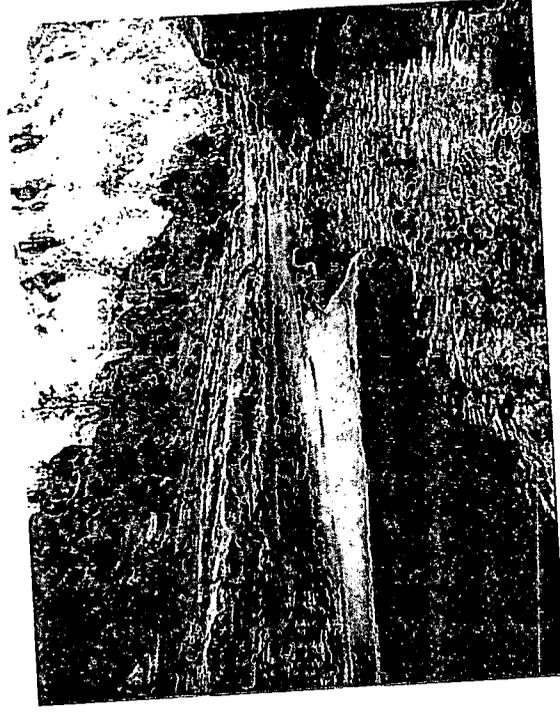
Exhibit 2
Big Chino Sub-Basin Data Collection
and Monitoring Plan

Prescott AMA
 Verde River Watershed
 Big Chino Sub-Basin
 Cities, Towns

Genesis of the Big Chino Project

1980 Groundwater Management Act

- Ensured completion of the CAP
- Created Active Management Areas (AMAs)
 - Established system of groundwater rights & permits
 - Set long-range water management goals
- Imposed "Safe Yield" goal for certain AMAs, including the Prescott AMA
- Set a goal of augmenting Arizona's groundwater resources through the development and use of alternative water supplies



1991 Groundwater Transportation Act

While the 1991 Transportation Act generally prohibited the transportation of groundwater across basin boundaries, the Act did authorize the transportation of groundwater from 5 basins to the 4 initial Active Management Areas.

Open Basins for Transportation

- Big Chino Sub-basin
- Butler Valley
- Harquahala INA
- McMullen Valley
- Yuma Basin



Achievement of the safe-yield goal by 2025, as characterized in The Third Management Plan for the Prescott AMA 2000-2010, is based on four conditions:

1. Significant on-going water conservation by cities, towns, and private water companies
2. Reduction of groundwater use by turf facilities and increased use of effluent
3. Use of other renewable supplies
4. Reliance upon imported groundwater from the Big Chino Sub-basin

“Achievement of the safe-yield goal without a source of imported water supply is doubtful, if not impossible, given groundwater requirements to meet the needs of current residents in addition to the groundwater commitments extended to pre-declaration subdivisions that are still to be built.” (ADWR 2004)

2010 Big Chino Sub-basin Legislation

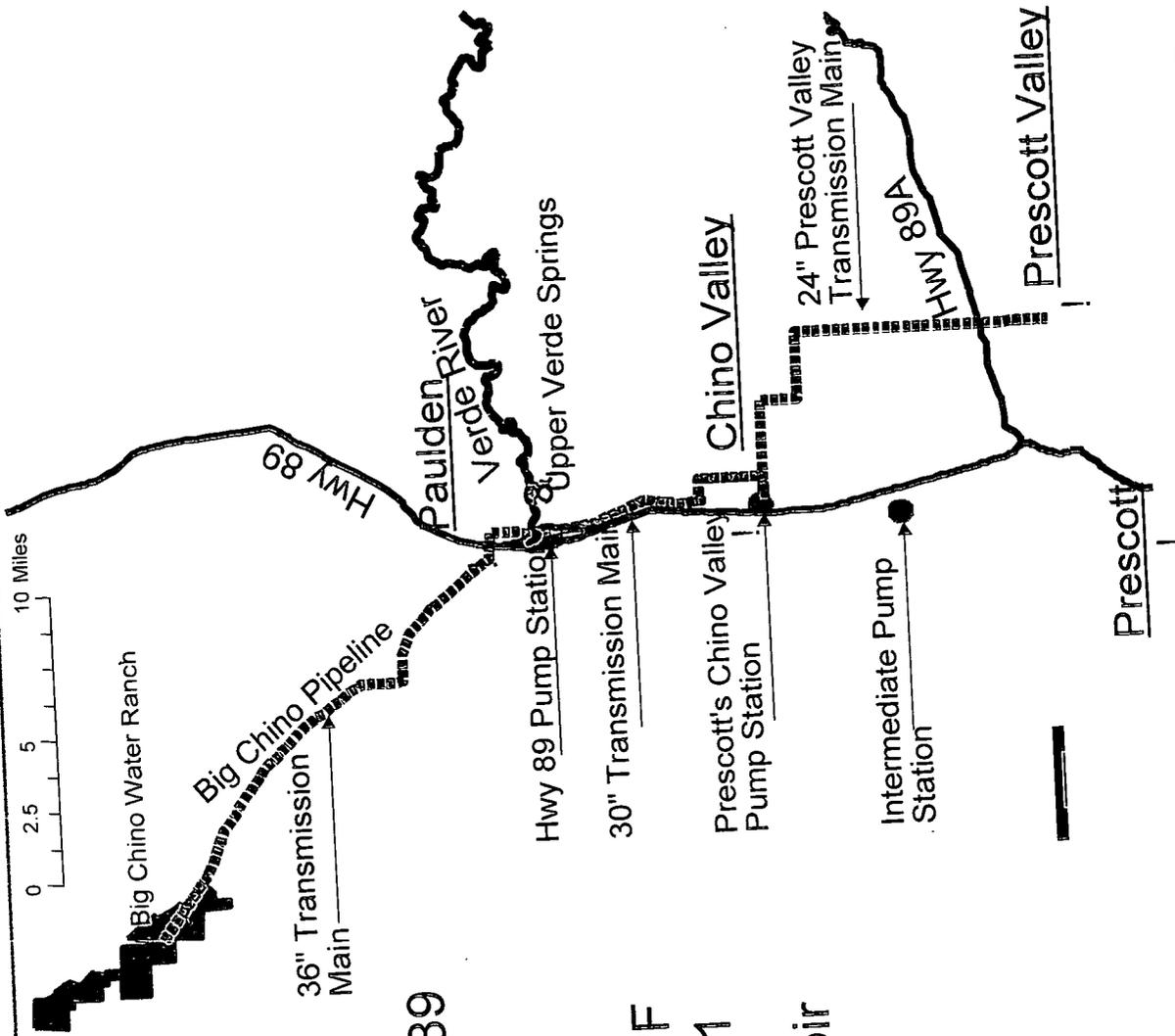
Senate Bill 1445

- Approved by the Forty-ninth Legislature, Second Regular Session, and signed by Governor Brewer in April 2010, amended Section 45-555, Arizona Revised Statutes, the Groundwater Transportation Act, clarifying conditions for the importation of groundwater from the Big Chino Sub-basin, and rights of the City of Prescott under Title 45.
- Subsection E: A city or town in the Prescott Active Management Area may withdraw and transport eight thousand sixty-eight (8,068) acre-feet per year of groundwater from the Big Chino Sub-basin.
- Subsection F: A city or town may withdraw additional groundwater for use by an Indian tribe (YPIT) on its reservation pursuant to a federally approved water rights settlement.

Big Chino Water Importation Project

Project Elements

- BCWR 9 wells and 2-one mil gal reservoirs
- 23 miles 36" gravity pipeline from BCWR to new Highway 89 PS
- Highway 89 PS 7 pumps, 17 MGD capacity
- 7 miles 30" pipeline to CVWPF
- Reconstructed CVWPF PS 11 pumps, 23 MGD capacity, 1 additional five mil gal reservoir
- 15 miles 24" pressurized pipeline from CVWPF to Prescott Valley
- IRPS 5 pumps, 31 MGD, 3-three mil gal reservoirs



Prescott - Prescott Valley Intergovernmental Agreements

Dec. 7, 2004 – Intergovernmental Agreement (IGA) for the Sale of Water and Cost Participation with the Town of Prescott Valley

“Prescott shall be the sole owner of the Project ...” (Para. 12.1), responsible for developing all necessary facilities to withdraw and transport Big Chino Sub-basin groundwater into the AMA

8,717 acre-feet (AF) of groundwater to be allocated between Prescott (4,717 AF = 54.1%) and Prescott Valley (4,000 AF = 45.9%)

Project expenses (including land acquisition) to be shared on the same percentage basis

8067.4 AF of groundwater eventually recognized by the final Decision & Order issued by the Director, ADWR (to be allocated 54.1%/45.9%)

June 22, 1010 – Supplemental IGA clarifying and memorializing the authority, procedures and responsibilities of Prescott and Prescott Valley for administration of the requirements and costs of the Big Chino Water Ranch Project (Resolution No. 4014-1044)

**Agreement in Principle
Prescott, Prescott Valley, and
Salt River Project**

Feb. 11, 2010 – Withdrawal and Use of Water from the Big Chino Sub-basin and the Protection of Stream Flow in the Upper Verde River; An Agreement in Principle Among the City of Prescott, the Town of Prescott Valley, and the Salt River Valley Water Users' Association and the Salt River Project Agricultural Improvement and Power District (City Agreement No. 2010-128)

- The parties will work jointly (and did so successfully) to: obtain a legislative amendment to ARS 45-555(E) to quantify the water which may be withdrawn from the Big Chino Sub-basin by Prescott; remove any argument that this statute is an unconstitutional special law; and make it clear that any water imported into the Prescott AMA by Prescott may be delivered for use anywhere within the AMA
- In the event withdrawal of water from the Big Chino Sub-basin is negatively affecting the minimum flow of water in the Upper Verde, the Communities (Prescott and Prescott Valley) will proportionately mitigate such impact
- The parties will fund and implement the Big Chino Sub-basin Monitoring Plan; and fund, create, and implement a Big Chino Sub-basin Groundwater Model
- The parties will additionally suspend litigation and (through subsequent agreements) confirm water rights; work cooperatively regarding (possible) water management, replenishment, or augmentation areas to benefit the Big Chino Sub-basin; likewise work toward measure protecting the Upper Verde River (maintain a minimum in-stream flow) which may include mitigation actions

Comprehensive Agreement No. 1 Monitoring and Modeling

(The Document on Today's Agenda)

Purposes of Comprehensive Agreement No. 1 as Contemplated by the 2010 Agreement in Principle

1. Monitoring of water in the Big Chino and surface flows in the Verde River, and modeling any impacts of withdrawals of water from the Big Chino on the current and future surface flows of the Verde River.
2. Recognition and confirmation of certain water rights of the parties arising from within the Prescott AMA, and agreement not to challenge those rights (recognition of additional water rights is contemplated in subsequent agreements)

Big Chino Monitoring Plan Funding, Development, and Implementation

1. Total capital cost forward = \$3.07 million
[Prescott (54.1% x 2/3 =) 36.1%, PV 30.6%, SRP 33.3%]
2. In Year 1 of Agreement, SRP to contribute \$351,550 to “catch-up” with Prescott/Prescott Valley for monitoring system expenditures to date; Prescott and Prescott Valley contribute total of \$7,900 in Year 1
3. Monitoring continues unless Comprehensive Agreement No. 1 is terminated in the future
4. Estimated annual operations & maintenance cost = \$ 317,880
(see “Exhibit 5” on Slide 18)

Big Chino Ground/Surface Water Model Funding, Development, and Implementation

1. Total cost forward = \$1.25 million
(Prescott 36.1%, PV 30.6%, SRP 33.3%)
2. Modeling starts in Year 3 and extends into Year 6, followed by periodic updates thereafter using monitoring system data generated on an ongoing basis

With the benefit of the monitoring & modeling, the earliest pumping from the Big Chino and transport into the Prescott AMA reflecting the Agreement and related schedule would be 8-10 years (after 2020)

Exhibit 5

Previous Monitoring Costs through 2010 and Estimated Future Monitoring Costs (Eight Year Period)

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Total |
|---|------------------|------------------|---------------------------------|--------------------|------------------|------------------|------------------|------------------|--------------------|
| Previous Monitoring Costs Through 2010 ⁽¹⁾ | | | | | | | | | |
| Name | 5 Stream Gages | 5 Shallow Wells | 4 Stream Gages, 4 Shallow Wells | 2 Deep Wells | O&M | O&M | O&M | O&M | |
| Prescott ⁽²⁾ | \$4,296 | \$239,097 | \$256,359 | \$483,913 | \$114,649 | \$114,649 | \$114,706 | \$114,706 | \$1,442,374 |
| Prescott Valley ⁽³⁾ | \$3,644 | \$202,857 | \$217,502 | \$410,566 | \$97,271 | \$97,271 | \$97,320 | \$97,320 | \$1,223,752 |
| Salt River Project ⁽⁴⁾ | \$351,550 | \$220,646 | \$236,931 | \$447,240 | \$105,960 | \$105,960 | \$105,854 | \$105,854 | \$1,679,994 |
| Total | \$359,490 | \$662,600 | \$710,793 | \$1,341,720 | \$317,880 | \$317,880 | \$317,880 | \$317,880 | \$4,346,123 |

Estimated Modeling Costs beginning in Year 3 following Agreement Execution

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Total |
|-----------------------------------|--------|--------|---|---|---|--|--------------------|
| Name | | | Conceptual planning, data needs identification, aquifer storage and geophysics work | Water Level data, aquifer storage, geophysics, interim report | Water Level data, aquifer storage, model development and analysis | Water Level data, aquifer storage, implications analysis, final report | |
| Prescott ⁽²⁾ | | | \$156,380 | \$99,578 | \$85,751 | \$108,298 | \$450,007 |
| Prescott Valley ⁽³⁾ | | | \$132,677 | \$84,485 | \$72,754 | \$91,883 | \$381,799 |
| Salt River Project ⁽⁴⁾ | | | \$144,529 | \$92,031 | \$79,253 | \$100,091 | \$415,903 |
| Total | | | \$433,587 | \$276,094 | \$237,758 | \$300,272 | \$1,247,711 |

(1) Incorporates a catch-up provision to share previous monitoring costs incurred by the parties

(2) Cost Share Calculated as 54.1% of 2/3 of total costs

(3) Cost Share Calculated as 45.9% of 2/3 of total costs

(4) Cost Share Calculated as 1/3 of total costs

Confirmation of Water Rights (arising from within the

Prescott AMA)

- Prescott's ADWR Decision & Order rights (except Big Chino rights to be addressed in future agreement after completion of modeling)
- Prescott Valley's rights
- SRP's rights (waters of the Verde arising from the Prescott AMA)

Term and Termination

- 25-year initial term renewed for additional 25-year periods
- Can be terminated if Prescott's legal authority to withdraw from the Big Chino is repealed by a state/federal government of jurisdiction
- Can be terminated by the Communities before pipeline built
- Can be terminated if the voters elect to not authorize the transportation project (Prop. 401 or similar initiative)

City of Prescott Proposition 401

TAXPAYER PROTECTION INITIATIVE



City of Prescott Charter
Article VI Section 16

.....
Section 16 – Voter approval for certain high-value projects
(Taxpayer Protection Initiative)

- Proposition 401 requires a vote of the public “for most City projects with a value of \$40 million or more”
- Approval by the voters shall not be required for initial funding of feasibility studies or conceptual designs, or other expenses in aggregate less than Five Million Dollars (\$5 million). Design plans and specifications or construction of any kind shall not be included in this exception. This amount shall be adjusted annually by the same percentage rate as the threshold is adjusted in Section B.1.
- As described in a May 3, 2011, Council workshop, legal issues regarding Proposition 401 are numerous
- A reasonable position can be taken, however, that the question of Proposition 401 applicability to Comprehensive Agreement No. 1, the document on today’s agenda for monitoring and modeling, is moot
 - The proposed expenditures are to determine project feasibility as it relates to the Upper Verde
 - The City’s portion of the costs of the monitoring and modeling work will be well below the \$5 million cap on feasibility studies

Conclusions and Recommendations

- Imported water is recognized by ADWR as necessary for the Prescott AMA to reach safe-yield
- Additional water supply is crucial to the long term economic futures of Prescott and Prescott Valley
- The Big Chino Project is the means for delivering the only significant quantity of additional water presently available in the region
- Realistically, the Big Chino Project will not be built until the water is needed and the market will support the production and transport costs
- The current economy, and that for the foreseeable future, provide a fortuitous opportunity to “refine the science” during a period of low regional growth through the monitoring and modeling to be undertaken by the agreement before the Councils
- We won’t be taking the science route alone, rather, are very fortunate to have the knowledge and willing participation of Salt River Project
- All of these factors point toward approval of Comprehensive Agreement No. 1, which is the action recommended today