

**PLAN SIX AGREEMENT  
& SUMMARY**

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

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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 appropriate 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, habit 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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12/20/85

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

8  
9 Preamble

10 1. THIS AGREEMENT, made this \_\_\_\_\_ day of \_\_\_\_\_,  
11 198\_\_\_, pursuant to the Reclamation Act of June 17, 1902 (32 Stat. 388),  
12 and acts amendatory thereof or supplementary thereto including, but not  
13 limited to, the Contributed Funds Act of March 4, 1921 (41 Stat. 1404), the  
14 Colorado River Basin Project Act of September 30, 1968 (82 Stat. 885), the  
15 Reclamation Safety of Dams Act of 1978, (92 Stat. 2471, as amended by 98  
16 Stat. 1481), the Hoover Power Plant Act of 1984 (August 17, 1984, 98 Stat.  
17 1333), collectively known as Federal Reclamation law, among THE UNITED  
18 STATES OF AMERICA, acting through the Secretary of the Interior; THE  
19 CENTRAL ARIZONA WATER CONSERVATION DISTRICT; THE FLOOD CONTROL DISTRICT OF  
20 MARICOPA COUNTY; THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER  
21 DISTRICT AND SALT RIVER VALLEY WATER USERS' ASSOCIATION; THE ARIZONA CITIES  
22 OF CHANDLER, GLENDALE, MESA, PHOENIX, SCOTTSDALE, AND TEMPE; THE STATE OF  
23 ARIZONA; AND THE CITY OF TUCSON, each represented by their respective duly  
24 authorized representatives;

25 WITNESSETH, THAT:

1 Explanatory Recitals

2 2. WHEREAS, the United States, through the Bureau of Reclamation, is  
3 constructing the Central Arizona Project pursuant to the Colorado River  
4 Basin Project Act of September 30, 1968, and the December 15, 1972,  
5 Repayment Contract between the United States and the Central Arizona Water  
6 Conservation District for Delivery of Water and Repayment of Costs; and  
7 WHEREAS, as a suitable alternative to Orme Dam, the United States, in con-  
8 junction with representatives of the State of Arizona, the Central Arizona  
9 Water Conservation District, and the Salt River Project has planned and is  
10 constructing certain features of what is known as "Plan Six," including  
11 but not limited to, New Waddell Dam, Cliff Dam, and modifications of the  
12 existing Roosevelt and Stewart Mountain Dams of the Salt River Reclamation  
13 Project; and

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

20 WHEREAS, the State of Arizona is willing to establish and contri-  
21 bute to a fund for the protection and preservation of the Verde River  
22 environment; and

23 WHEREAS, the City of Tucson and the Central Arizona Water Conserva-  
24 tion District wish to cooperate and consult with the United States on the  
25 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, and  
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 CAWCD, and then the water supply  
12 costs shall be further suballocated to the interest-bearing and noninterest-  
13 bearing portions of the CAWCD repayment obligation. At this point, and at  
14 successive determinations of the CAWCD repayment obligation as required in  
15 the Repayment Contract, the contributions made by CAWCD and the interest  
16 during construction which would have accrued on an equivalent amount of  
17 expenditures by the United States shall be subtracted from the costs allo-  
18 cated to CAWCD. Seventy-five percent (75%) of the funds advanced by CAWCD  
19 shall be credited against its interest-bearing obligation; the remaining  
20 25% shall be credited against its noninterest-bearing obligation.

21 b. The contribution by the Flood Control District, including interest  
22 earned in the escrow account, shall be credited against the nonreimbur-  
23 sable costs of the Central Arizona Project allocated to flood control. The  
24 contribution by the Flood Control District shall be determined pursuant to  
25 the methodology specified in Exhibit "A," and is reflected in the schedule  
26 of deposits to the escrow fund in Exhibit "A," as that exhibit may be  
27 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 herein, the Cities, the United States, the SRP,  
6 the CAWCD and other necessary parties have entered an agreement, identified  
7 as Exhibit "C", attached hereto and by this reference made a part hereof.  
8 Notwithstanding the provisions of the Repayment Contract, the agreement in  
9 Exhibit "C" entitles the Cities to the additional water conservation yield  
10 from Cliff Dam (subject to appropriate accounting for future sedimentation  
11 losses) and to the additional water conservation yield from the modifica-  
12 tions to Roosevelt Dam (subject to appropriate accounting for future sedi-  
13 mentation losses) which result from the construction and operation of addi-  
14 tional reservoir capacity at Cliff and Modified Roosevelt Dams, for which  
15 appropriative rights are granted by the State of Arizona. Unless otherwise  
16 specified in this Agreement, the United States retains no rights to water  
17 developed in the additional reservoir capacity at Cliff and Modified  
18 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

1  
2       7. a. In the event the United States fails to meet the construction sche-  
3 dule for New Waddell Dam as specified in Exhibit "A" due to lack of Federal  
4 funds or other factors within the control of the United States, CAWCD will  
5 be given a prepayment credit against its interest-bearing annual obliga-  
6 tion in accordance with the following:

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

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

18           (iii) In the event that substantial completion of New Waddell Dam  
19 is delayed more than two years beyond the completion date as scheduled in  
20 Exhibit "A", the prepayment credit shall be equal to one hundred percent  
21 (100%) of the total contribution made to date by CAWCD for construction of  
22 New Waddell Dam, net of previous prepayment credits.

23           (iv) In the event that substantial completion of New Waddell Dam is  
24 delayed and the delay is less than two full years, the balance of the con-  
25 tribution will be applied against CAWCD's reimbursable obligation as spe-  
26 cified 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. or by the actions or  
3 inactions of the Non-Federal Parties, for delays caused by uncontrollable  
4 forces; 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 construction of terminal storage as shown in  
12 Exhibit "A". A major construction contract for New Waddell Dam shall be  
13 awarded not later than the end of the year 1987. A major construction  
14 contract for the modification of Roosevelt Dam shall be awarded not later  
15 than the end of the year 1990. A major construction contract for Cliff Dam  
16 shall be awarded not later than the end of the year 1991. A major  
17 construction contract for the modification of Stewart Mountain Dam shall be  
18 awarded not later than the end of the year 1988.

19 d. If the Secretary shall approve a plan for construction, the fourth  
20 priority for use of Federal funds shall be for construction of Buttes Dam,  
21 as shown in Exhibit "A". In the event that the Secretary does not con-  
22 template approving the construction of Buttes Dam, the parties hereto agree  
23 that the United States, the State, CAWCD and other local entities with a  
24 direct interest in Buttes Dam shall confer in an attempt to develop an  
25 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 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 Municipal Water Conservation District No. 1 on the  
16 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 d. At any time after making a determination that a Feature of Plan Six  
2 will be delayed due to lack of appropriations or other causes within the  
3 control of the United States, the Secretary, for good cause, may determine  
4 that the delay has been recovered, or partially recovered, prior to comple-  
5 tion of such feature. No such determination shall be made unless and until  
6 the Secretary:

7 (i) Gives written notice to the Consultation Committee of the pro-  
8 posed determination and of the good cause therefor; and

9 (ii) Affords the Consultation Committee reasonable opportunity,  
10 after such written notice, to be heard with regard to the proposed deter-  
11 mination.

12 e. Each determination of the Secretary made pursuant to this Article 9  
13 is final and is considered an "order" subject to judicial review under the  
14 Administrative Procedure Act (5 U.S.C. §551 et seq.).

15  
16 Impact of Contributions on Central Arizona Project  
and Safety-of-Dams Appropriation Ceilings

17 10. The cost of construction activity funded with contributions made by  
18 Non-Federal Parties pursuant to this Agreement, or otherwise, and interest  
19 earned in the escrow accounts and made available to the United States,  
20 shall not be included in the calculation of the Federal Central Arizona  
21 Project and Safety-of-Dams cost estimates for comparison with the congres-  
22 sionally authorized appropriation ceilings.

23 Repayment Contract and Reclamation Reform Act

24 11. Except as otherwise expressly modified herein, the provisions of the  
25 Repayment Contract shall remain in full force and effect. This Agreement  
26 is not a "contract " within the meaning of Section 202(1) of the

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 the parties to this Agreement to the provisions of the Reclamation  
4 Reform Act.

5  
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-  
25 minate 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 ate 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 with 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  
27 or terminate this Agreement without penalty.

Relationship of Parties and Liabilities

1  
2 21. Except as otherwise expressly provided herein, no party hereto is  
3 authorized to act as the agent for or otherwise on behalf of any other  
4 party in the performance of any obligations under this Agreement. No other  
5 party to this Agreement shall assume any liability for any claims or  
6 actions arising out of the performance by the United States of any con-  
7 struction or other work contemplated by this Agreement. Liability of the  
8 United States for such claims shall be governed by the Federal Tort Claims  
9 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: \_\_\_\_\_  
Secretary of the Interior

THE STATE OF ARIZONA

Attest: \_\_\_\_\_  
Secretary of State

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

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

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

SALT RIVER VALLEY WATER USERS' ASSOCIATIO

Attest and Countersign \_\_\_\_\_  
Secretary

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

Approved as to Form: \_\_\_\_\_

SALT RIVER PROJECT AGRICULTURAL  
IMPROVEMENT AND POWER DISTRICT

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Attest and  
Countersign \_\_\_\_\_  
Secretary

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

Approved as  
to form: \_\_\_\_\_

CITY OF CHANDLER

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

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

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

CITY OF GLENDALE

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

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

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

CITY OF MESA

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

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

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

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CITY OF PHOENIX

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

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

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

CITY OF SCOTTSDALE

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

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

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

CITY OF TEMPE

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

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

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

CITY OF TUCSON

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

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

Approved as  
to form: \_\_\_\_\_  
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)

11 A.1. Construction Schedule

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

21 A.2. Federal Appropriations

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

25 1987	\$212,000,000	1992	\$180,000,000
26 1988	\$221,000,000	1993	\$178,000,000
27 1989	\$227,000,000	1994	\$178,000,000
28 1990	\$187,000,000	1995	\$180,000,000
1991	\$180,000,000	1996-1999	As needed to maintain construction schedule

29 The projections for Federal funding requirements will be modified annually  
 30 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 found-  
10 dation 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 Plan Six divided by the Flood  
13 Control benefits associated with CAP; multiplied by 20%; multiplied by the  
14 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.

15 C. Determination of Withdrawals From the Escrow Accounts

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

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

29 \*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 following withdrawals should not exceed the 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	4,400,000

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 disperse 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 dispersed 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 of 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.

March 5, 1986

EXHIBIT C

1  
2  
3 AGREEMENT AMONG THE UNITED STATES OF AMERICA,  
4 THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT  
5 AND POWER DISTRICT AND SALT RIVER VALLEY  
6 WATER USERS' ASSOCIATION,  
7 THE CENTRAL ARIZONA WATER CONSERVATION DISTRICT,  
8 THE FLOOD CONTROL DISTRICT OF MARICOPA COUNTY,  
9 AND THE ARIZONA CITIES OF CHANDLER, GLENDALE,  
10 MESA, PHOENIX, SCOTTSDALE AND TEMPE,  
11 ESTABLISHING INTERESTS IN ACTIVE  
12 CONSERVATION CAPACITY AT CERTAIN PLAN SIX FACILITIES,  
13 PRINCIPLES OF OPERATION OF SAID FACILITIES,  
14 DIVISION OF OPERATION, MAINTENANCE, AND REPLACEMENT COSTS,  
15 ALLOCATION OF LOSSES IN STORAGE CAPACITY DUE TO SEDIMENTATION  
16 ACCUMULATION AND OTHER RESPONSIBILITIES RELATING TO SAID  
17 PLAN SIX FACILITIES OF THE CENTRAL ARIZONA  
18 PROJECT, ARIZONA, AND FOR OTHER PURPOSES  
19

20 1. This Agreement is entered into this \_\_\_\_\_ DAY OF  
21 \_\_\_\_\_, 1986, pursuant to the Reclamation Act of June 17,  
22 1902 (32 Stat. 388), and Acts amendatory thereof or supplementary  
23 thereto, including but not limited to, the Colorado River Basin  
24 Project Act of September 30, 1968 (82 Stat. 885) and the Reclamation  
25 Safety of Dams Act of 1978 (92 Stat. 2471 as amended by 98 Stat.  
26 1481), the Hoover Power Plant Act of 1984 (98 Stat. 1333) and the

1 Arizona CAP Plan Six Financing Agreement Enabling Legislation, among  
2 the UNITED STATES OF AMERICA, acting through the Secretary of  
3 Interior, the SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER  
4 DISTRICT and SALT RIVER VALLEY WATER USERS' ASSOCIATION, the CENTRAL  
5 ARIZONA WATER CONSERVATION DISTRICT, the FLOOD CONTROL DISTRICT OF  
6 MARICOPA COUNTY, and the Arizona CITIES of PHOENIX, SCOTTSDALE, TEMPE,  
7 MESA, CHANDLER and GLENDALE.

8  
9 Recitals

10 2. WHEREAS, the parties hereto have executed or will execute  
11 simultaneously with this Agreement an agreement to provide upfront  
12 funding for the acceleration of construction of Features of Plan Six,  
13 a part of the Central Arizona Project, hereinafter referred to as the  
14 Plan Six Agreement; and

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

19 WHEREAS, the parties hereto desire to prescribe principles to  
20 govern the division among them of costs associated with operation,  
21 maintenance, and replacement of Cliff and Modified Roosevelt dams; and

22 WHEREAS, the parties hereto desire to prescribe principles of  
23 operating procedures for Cliff and Modified Roosevelt dams and  
24 reservoirs; and

25 WHEREAS, the parties hereto desire to prescribe principles to  
26 govern the allocation among them of responsibility for losses in

1 reservoir storage capacity due to accumulation of sedimentation in  
2 Cliff and Modified Roosevelt reservoirs; and

3 WHEREAS, the parties hereto desire that this Agreement be  
4 designated "Exhibit C" as it is referred to in Section 5 (c) of the  
5 Plan Six Agreement; and

6 WHEREAS, the parties hereto acknowledge that future agreements or  
7 amendments to existing agreements between the Salt River Project and  
8 the United States Bureau of Reclamation will provide inter alia the  
9 following:

- 10 - Designate SRP as the Operating Agent for all Salt and Verde  
11 river dams,
- 12 - Assign operation, maintenance, and replacement cost  
13 responsibility to the SRP taking into account any  
14 responsibility of the United States resulting from the new  
15 flood control function, and
- 16 - Set forth reservoir operating criteria relating to flood  
17 control and Safety of Dams (SOD) operations and minimum pool  
18 requirements.

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

21  
22 3. Nothing in this Agreement shall be construed so as to modify  
23 those obligations, covenants, responsibilities or conditions set forth  
24 in the Plan Six Agreement unless expressly provided otherwise herein.  
25 Nothing in this Agreement shall apply to New Waddell Dam or reservoir  
26 or to the Agua Fria River and source.

Definitions

1  
2 4. The definitions contained in the Plan Six Agreement are  
3 applicable to this Agreement unless expressly provided otherwise  
4 herein. Additionally, unless otherwise expressed or manifestly  
5 incompatible with the intent hereof, the following definitions apply  
6 herein:

- 7 - DEAD CAPACITY: The reservoir capacity from which stored  
8 water cannot be evacuated by gravity.
- 9 - INACTIVE CAPACITY: The reservoir capacity exclusive of and  
10 above the dead capacity from which the stored water is  
11 normally not available because of operating agreements or  
12 physical restrictions.
- 13 - ACTIVE CONSERVATION CAPACITY: The reservoir capacity  
14 assigned to regulate reservoir inflow for irrigation, power,  
15 municipal and industrial use.
- 16 - EXISTING ACTIVE CONSERVATION CAPACITY: The Active  
17 Conservation Capacity prior to construction of Cliff and  
18 Modified Roosevelt dams and reservoirs.
- 19 - ADDITIONAL ACTIVE CONSERVATION CAPACITY: The difference  
20 between the Existing Active Conservation Capacity and the  
21 Active Conservation Capacity after construction of Cliff and  
22 Modified Roosevelt dams and reservoirs.
- 23 - ADDITIONAL WATER CONSERVATION YIELD: That water which  
24 results from the construction and operation of the Additional  
25 Active Conservation Capacity in Cliff and Modified Roosevelt  
26 reservoirs for which appropriative rights are granted by the

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State of Arizona and which will accrue to the Cities.

- SURCHARGE CAPACITY: The reservoir capacity provided for use in passing the inflow design flood through the reservoirs.
- USBR: The United States Bureau of Reclamation
- COE: The United States Army Corps of Engineers.
- EXISTING HYDROGENERATION: That hydroelectric energy produced by virtue of existing water conservation yields and hydraulic heads through existing, new, or uprated facilities.
- ADDITIONAL HYDROGENERATION: That hydroelectric energy produced by virtue of Additional Water Conservation Yields and hydraulic heads through generating facilities at Modified Roosevelt Dam.
- OM&R: Operations, maintenance, and replacement. Replacement shall include such work and expenditures as are required to maintain Cliff and Modified Roosevelt dams in safe, engineeringly sound and operationally efficient condition under normal operating circumstances. Replacement shall not include any work or expenditures necessitated by unusual events or uncontrollable forces which require capital additions to or replacement of major components of said dams.

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

PRINCIPLES:

RESERVOIR ALLOCATION

- 1  
2  
3  
4 1. Subject to any existing perfected rights, those parties entitled  
5 to Existing Active Conservation Capacity in Horseshoe and  
6 Roosevelt reservoirs will retain such entitlements in the Active  
7 Conservation Capacity in Cliff and Modified Roosevelt reservoirs.  
8
- 9 2. The Cities shall be entitled to the Additional Water Conservation  
10 Yield.  
11
- 12 3. SRP has in the past developed a procedure regarding "flood flow"  
13 releases at such time as the volume of water stored in the Salt  
14 River reservoirs or in the Verde River reservoirs remains at or  
15 above the combined volume of water equal to the rights to  
16 Existing Active Conservation Capacity, and occurring when the  
17 inflow is equal to or greater than the water ordered from the  
18 lowest reservoir. To the extent SRP can establish or has  
19 established appropriative rights to divert waters, in such  
20 amounts equivalent to flood flows historically diverted into its  
21 canal system from reservoirs on the Salt and Verde rivers prior  
22 to Plan Six modifications and construction, such appropriative  
23 rights shall be recognized by the parties hereto. This provision  
24 shall not be construed as a waiver of any party's rights to claim  
25 such flood flows or protest the claims of others to such flood  
26 flows. Future operations of the SRP irrigation works will allow

1 for continued diversions in a manner similar to past practices to  
2 the extent that the right to make such diversions is established  
3 through the appropriate process, however, any party to this  
4 Agreement having such diversion rights who also has entitlements  
5 to Additional Active Conservation Capacity may elect to store the  
6 water rather than exercise its diversion rights.

7  
8 4. Initial filling of Dead and Inactive Capacity at new Cliff  
9 reservoir shall be the responsibility of the USBR and the cost  
10 associated with such filling shall be a construction cost to be  
11 allocated in accordance with the USBR's normal cost allocation  
12 procedure.

13  
14 5. Initial filling of Dead Capacity at Modified Roosevelt reservoir  
15 shall be the responsibility of the USBR and the cost associated  
16 with such filling shall be a construction cost to be allocated in  
17 accordance with the USBR's normal cost allocation procedure.

18  
19 6. There will be no Inactive Capacity at Modified Roosevelt Dam.  
20

21 SEDIMENTATION

22 7. The reservoir capacities allocated to flood control and to  
23 Surcharge Capacity shall remain constant throughout the life of  
24 both Cliff and Modified Roosevelt dams regardless of the  
25 distribution of sediment which will accumulate during that period  
26 of time.

1 8. The capacity losses resulting from sediment accumulation at Cliff  
2 and Modified Roosevelt reservoirs shall be allocated between  
3 Existing and Additional Active Conservation Capacity immediately  
4 following silt surveys as follows:

5 a. Those parties entitled to Existing Active Conservation  
6 Capacity at Horseshoe and Roosevelt reservoirs shall accept  
7 all actual capacity losses at Cliff and Modified Roosevelt  
8 reservoirs up to the historic average annual rate of sediment  
9 accumulation at Horseshoe and Roosevelt reservoirs. The  
10 historic average annual rate of sediment accumulation at  
11 Horseshoe reservoir is 414 acre-feet per year and at  
12 Roosevelt reservoir is 2,680 acre-feet per year.

13 b. Sediment accumulation losses exceeding the rates described in  
14 Principle 8a. shall be allocated among the interests in the  
15 Active Conservation Capacities of the new reservoirs in  
16 direct proportion to those interests.

17 c. When those parties entitled to Existing Active Conservation  
18 Capacity in Horseshoe and Roosevelt reservoirs have been  
19 allocated losses due to sediment accumulation equal to 41,313  
20 acre-feet in Cliff reservoir, and 268,000 acre-feet in  
21 Modified Roosevelt reservoir, all future sediment  
22 accumulation losses shall be allocated among those parties  
23 entitled to Additional Active Conservation Capacity.

24 d. Any decrease in Additional Active Conservation Capacity due  
25 to sediment accumulations shall be allocated among the  
26 Cities in proportion to their entitlements.

OPERATIONS, MAINTENANCE AND REPLACEMENT (OM&R)

1  
2 9. As Operating Agent for the new Cliff Dam and Modified Roosevelt  
3 Dam, SRP will be assigned the following responsibilities:

- 4 a. Account for all costs to be allocated among the parties  
5 hereto. Allocable costs shall include, though not  
6 necessarily be limited to, expenditures made for operations,  
7 maintenance, and replacement of facilities as referenced  
8 herein.
- 9 b. Bill the USBR for payment of its share of operations,  
10 maintenance, and replacement costs.
- 11 c. Develop Standing Operating Procedures that conform to  
12 criteria and guidelines established by the COE and USBR.
- 13 d. Deliver any water in Active Conservation Capacity to the  
14 Non-Federal Parties entitled to it pursuant to this agreement  
15 and in accordance with operating procedures developed  
16 pursuant hereto.
- 17 e. Operate the system in accordance with flood control and  
18 Surcharge Capacity operating criteria established by  
19 COE/USBR.
- 20 f. Account for water in Active Conservation Capacity and for  
21 that water diverted by upstream exchange users.
- 22 g. Procure operating insurance for Cliff and Modified Roosevelt  
23 dams, to the extent it is available at reasonable cost, to  
24 cover property damage, personal injury and third party  
25 liability, with policy limits and deductibles available for  
26 facilities like Cliff and Modified Roosevelt dams. Premium  
27 payments and deductibles if applicable shall be treated as a  
28 part of the allocable O&M costs.

1 h. Schedule periodic silt surveys at reasonable intervals not to  
2 exceed every ten years following the initial silt survey  
3 conducted by the USBR immediately prior to completion of  
4 construction of the dam. Any party may request additional  
5 surveys at its sole expense.  
6

7 10. To the extent that the USBR has the exclusive authority over  
8 development of hydropower at Modified Roosevelt Dam, the USBR and  
9 the Non-Federal Parties recognize that all benefits for  
10 Additional Hydrogeneration will accrue to the Cities. Upon  
11 Substantial Completion of construction of Modified Roosevelt Dam,  
12 the Cities shall pay to CAWCD an amount of money equal to \_\_\_\_\_%  
13 of the total construction cost of Modified Roosevelt Dam for the  
14 purpose of obtaining the Additional Hydrogeneration. This  
15 percentage is to remain fixed throughout the term of this  
16 Agreement and was calculated by multiplying the average annual  
17 CAP power allocation per kWh at 1986 prices, as computed based on  
18 data from the CAPSIM run dated December 3, 1985, by the  
19 Additional Hydrogeneration and expressing the resulting amount as  
20 a percentage of the October 1986 construction cost of Modified  
21 Roosevelt Dam. Computation of the CAP power allocation shall  
22 only consider the benefits provided by the United States'  
23 entitlement of Navajo Generating Station, generation at New  
24 Waddell Dam, Additional Hydrogeneration and any other authorized  
25 CAP power facilities.  
26

- 1 11. SRP has paid, or will pay, for the hydroelectric facilities  
2 located on the Salt River, including all hydroelectric facilities  
3 to be located at Modified Roosevelt Dam. Such facilities are and  
4 will continue to be operated and maintained by SRP at its sole  
5 cost. The additional active conservation capacity at Roosevelt  
6 reservoir, to be paid for by the Cities creates an opportunity  
7 for benefits of Additional Hydrogeneration. The Cities will pay  
8 the CAWCD for these incidental hydroelectric benefits as  
9 specified by principle 10 herein. SRP will make payments to the  
10 Cities for the Additional Hydrogeneration in the amount of 85% of  
11 the avoided cost which shall be determined by calculating the  
12 average cost per kWh of the production expenses for SRP's thermal  
13 electric generation and for purchased power for the accounting  
14 period. Such Cities and SRP will negotiate appropriate terms and  
15 conditions to implement this principle, including:
- 16 a. The value of kWh's per acre foot of water that is  
17 attributable to the Additional Water Conservation Yield at  
18 Modified Roosevelt reservoir.
- 19 b. The time period when Additional Water Conservation Yield is  
20 accounted for as falling water at the Roosevelt Power Plant.
- 21 c. The accounting period(s) for determining avoided cost.
- 22
- 23 12. a. SRP shall retain sole responsibility for decisions relating  
24 to O&M practices in accordance with agreements with the USBR  
25 including the scheduling and selection of periods when such  
26 work will be done.

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b. SRP and the Cities will enter into an operating agreement which establishes operating procedures and criteria for operation of the Additional Active Conservation Capacity. This agreement will provide for establishing separate accounts and for maintaining records of each City's Additional Water Conservation Yield as well as defining criteria for debiting and crediting each account. The agreement will also define general operating parameters for operation of the Additional Active Conservation Capacity in order to ensure that the Cities receive the Additional Water Conservation Yield consistent with preserving existing perfected rights.

c. This agreement will provide a procedure for prior consultation and review of the actions proposed to be taken by SRP 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 SRP on the effect such proposed actions have on the rights and duties established in the operating agreement. This agreement will provide for adequate time for the Cities to comment prior to SRP taking action.

d. After completing the prior consultation and review procedure, SRP or 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

1 arbitration process. The authority of the arbitrators shall  
2 be limited to a determination as to whether the proposed  
3 actions in implementing the operating agreement are  
4 inconsistent with or in violation of the rights and duties  
5 provided the terms of such operating agreement. The  
6 foregoing procedure for providing the Cities an opportunity  
7 for prior consultation and review does not grant them a right  
8 of approval of SRP's proposed actions in implementing the  
9 operating agreement.

- 10
- 11 13. SRP shall be responsible for an amount equal to the greater of  
12 the actual annual OM&R costs at Modified Roosevelt and Cliff dams  
13 times the allocation percentage associated with the existing  
14 water conservation yield (including Existing Hydrogeneration) or  
15 the average annual OM&R costs currently incurred at Roosevelt and  
16 Horseshoe dams appropriately indexed for inflation. To the  
17 extent that this amount is in excess of the actual annual OM&R  
18 costs allocated to existing water conservation yield, the excess  
19 amount will be first applied to the actual annual OM&R costs  
20 allocated to flood control. Any remaining amount will then be  
21 applied to the actual annual OM&R costs allocated to Additional  
22 Water Conservation Yield (including Additional Hydrogeneration).  
23 In no case shall SRP be responsible for amounts in excess of the  
24 actual annual OM&R costs.
- 25  
26

1 14. SRP shall be responsible for an amount equal to the actual annual  
2 OM&R costs times the allocation percentage associated with the  
3 Additional Water Conservation Yield (including Additional  
4 Hydrogeneration).

5  
6 15. The USBR shall be responsible for an amount equal to the actual  
7 annual OM&R costs times the allocation percentage associated with  
8 flood control to the extent that such costs are not funded by  
9 SRP.

10  
11 16. Cliff and Modified Roosevelt dams may be periodically inspected  
12 under the direction of the Secretary of Interior in order to  
13 ascertain whether SRP is fulfilling its obligations and  
14 responsibilities as operating agent and whether the purposes for  
15 which the facilities were originally constructed are being  
16 fulfilled by SRP.

17  
18 17. Allocable annual OM&R costs shall include:

19 a. Those costs necessary for proper operation and maintenance of  
20 Modified Roosevelt and Cliff dams exclusive of transmission  
21 features and facilities.

22 b. Billable overheads and administrative and general expenses  
23 incurred by the operating agent exclusive of transmission  
24 features and facilities. The percentage for billable  
25 overheads and administrative and general expenses will be  
26 determined in a manner similar to that used in the Navajo

1           Generating Station Operating Agreement. The methods used to  
2           derive these overhead rates will be established by the  
3           negotiation between the USBR and SRP prior to initial  
4           operation of Modified Roosevelt and Cliff dams.

5           c. Costs associated with silt surveys and fish and wildlife and  
6           other environmental mitigation work.

7           d. Costs of Replacements of works associated with Modified  
8           Roosevelt and Cliff dams.

9  
10       18. OM&R allocation percentages for existing water conservation yield  
11       including dam safety purposes, additional water conservation  
12       yield, and flood control shall be based on estimates prepared by  
13       the USBR, using the Separable Costs-Remaining Benefits method of  
14       cost allocation, following completion of specification designs  
15       for Modified Roosevelt and Cliff dams but prior to completion of  
16       construction of these features. Such estimates shall be subject  
17       to review and consultation by the other parties. To the extent  
18       parties other than the USBR disagree with the estimates made by  
19       the USBR, the USBR will consider the issues at dispute and  
20       document in writing the basis for the decision.

21  
22       19. Liability resulting from design and construction deficiencies,  
23       and correction of such deficiencies, which may be discovered at  
24       any time throughout the life of Cliff and Modified Roosevelt  
25       dams, shall be provided for in agreements between SRP and USBR.  
26       No Party to this Agreement, other than USBR, shall assume any

1 liability for any claims or actions arising out of the  
2 performance by the United States of any design, construction, or  
3 other work contemplated by this Agreement. Liability of the  
4 United States for such claims shall be governed by the Federal  
5 Tort Claims Act (28 U.S.C. § 2671 et seq.).  
6

7 20. Unless otherwise specified by the USBR under its established  
8 programs, i.e., Safety Evaluation of Existing Dams and Review of  
9 Maintenance programs (SEED & ROM), SRP shall determine if  
10 replacement work is required and shall submit recommendations,  
11 plans, specifications, and estimated costs to the Secretary of  
12 Interior for review and approval prior to commencing such work  
13 except wherein emergency replacement is required. The Secretary  
14 of Interior shall have final authority for determining the need  
15 and justification for the replacement in accordance with  
16 agreements between SRP and the USBR.  
17

18 21. In the event SRP determines that emergency replacement work is  
19 required to prevent significant damage or to ensure the safe  
20 operation of the facilities, SRP may proceed with emergency  
21 replacement upon notification to the USBR, but without prior  
22 approval from the Secretary of Interior.  
23

24 22. SRP shall bill the USBR for its respective share of the  
25 replacement costs upon completion of the work. To the extent the  
26 USBR disagrees with the billing, the disputed amount shall be

1           paid under protest subject to a resolution process.

2  
3                           FLOOD CONTROL AND SAFETY OF DAMS (SOD) CRITERIA

4   23.   When reservoir water surface elevations in Cliff and Modified  
5        Roosevelt reservoirs exceed the top of Active Conservation  
6        Capacity, SRP will operate the reservoir system in accordance  
7        with the then current operating criteria of the USBR/COE.

8  
9                           CAWCD REFUND

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

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

6  
7 Future Agreements

- 8 25. The parties hereto acknowledge the need for future agreements  
9 among them, to be based upon the principles embodied herein and  
10 will enter into agreements which will more specifically define:
- 11 - Reservoir storage rights of those parties currently entitled  
12 to Existing Active Conservation Capacity as well as future  
13 entitlements;
  - 14 - sedimentation responsibility of those parties currently  
15 entitled to Existing Active Conservation Capacity and  
16 responsibility of future entitlement holders;
  - 17 - SRP's responsibilities and authority as the Operating Agent;
  - 18 - operating, maintenance and replacement cost responsibility of  
19 the SRP and the USBR;
  - 20 - reservoir operating procedures and criteria.

21  
22 ISSUES REQUIRING FUTURE RESOLUTION

- 23 26. The parties hereto to the extent they are affected by the  
24 following issues, acknowledge that future negotiations after the  
25 signing of the agreement may resolve the following issues:  
26

- 1 a. Delivery System losses.
- 2 b. Reservoir Losses - Evaporation, bank storage, operational losses,  
3 etc.
- 4 c. Delivery System in-stream minimum flow requirements, if any.
- 5 d. Reservoir minimum pool requirements, if any.
- 6 e. Operating constraints resulting from new facility final design and  
7 operating experience.
- 8 f. Upstream exchange agreements.
- 9 g. SRP canal system transportation agreements.
- 10 h. SRP/CAP Interconnection operation.
- 11 i. Appropriation of water in the Additional Conservation Capacity.
- 12 j. Colorado River Basin Development Fund Adjustment.

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

15  
16 6. Nothing in this Agreement shall be construed to modify the  
17 obligations of the SALT RIVER PROJECT for the cost of care, operation  
18 and maintenance of the works constituting the Salt River Reclamation  
19 Project and set forth in the Agreement of September 6, 1917, between  
20 the UNITED STATES OF AMERICA and the SALT RIVER VALLEY WATER USERS'  
21 ASSOCIATION, and the Agreement of March 22, 1937, between the SALT  
22 RIVER VALLEY WATER USERS' ASSOCIATION and the SALT RIVER PROJECT  
23 AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, and amendments thereto,  
24 except as such modifications are expressly and specifically provided  
25 herein.  
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7. This Agreement shall not be amended except by mutual agreement by the parties hereto, evidenced in writing.

8. Except for any judgment debt for damage resulting from grossly negligent acts or omissions and except to the extent any judgment debt is collectible from valid insurance, each Party hereby extends to all other Parties and all of their directors, officers and employees, its covenant not to execute on any judgment obtained against any of them for direct or consequential loss from physical damage to its property, which results from the performance or non-performance of the obligations under this Agreement.

9. No Party shall be considered in default in the performance of any of its obligations under this Agreement when a failure of performance shall be due to "uncontrollable forces". For purposes of this provision, uncontrollable forces shall include any actual emergency necessitating the release of any water for the purpose of responding to such emergency. Any Party rendered unable to fulfill any of its obligations under this Agreement by reason of uncontrollable forces shall give written notice of such fact to the other Parties within a period of time that is reasonable under the circumstances and shall exercise due diligence to remove such inability.

10. The parties hereto do not intend to create rights in, or grant remedies to, any third party as a beneficiary of this Agreement

1 or of any duty, covenant, obligation or undertaking established  
2 in this Agreement.

3  
4 11. The covenants, obligations, and liabilities of the parties  
5 hereto are individual and not joint or collective, and nothing herein  
6 shall be construed to create an association, joint venture, trust or  
7 partnership among the parties.

8  
9 12. This Agreement is not a "contract" within the meaning of  
10 Section 202 (1) of the Reclamation Reform Act of 1982, 43 U.S.C.  
11 § 390bb (1), and the regulations attendant thereto. Accordingly, the  
12 execution of this Agreement shall not subject the parties to this  
13 Agreement to the provisions of the Reclamation Reform Act.

14  
15 13. It is recognized by the parties hereto that by reason of the  
16 novelty of this Agreement between the parties, unanticipated problems  
17 and disputes may arise in the future with reference to matters  
18 hereunder. In the event such problems and disputes do arise, it is  
19 the desire and intention of the parties to resolve such problems and  
20 disputes by mutual agreement to assure a lawful, economical and  
21 continuous operation of the basic principles of the Agreement.

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23 IN WITNESS WHEREOF, the parties hereto have executed this  
24 Agreement this \_\_\_\_\_ day of \_\_\_\_\_, 1986.

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THE UNITED STATES OF AMERICA

By \_\_\_\_\_  
Secretary of the Interior

SALT RIVER VALLEY WATER USERS  
ASSOCIATION

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

ATTEST & COUNTERSIGNED:

By \_\_\_\_\_

SALT RIVER PROJECT AGRICULTURAL  
IMPROVEMENT AND POWER DISTRICT

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

ATTEST & COUNTERSIGNED:

BY \_\_\_\_\_

FLOOD CONTROL DISTRICT OF  
MARICOPA COUNTY

By \_\_\_\_\_  
Chairman

ATTEST & COUNTERSIGNED:

By \_\_\_\_\_

Approved as to form

By \_\_\_\_\_  
General Counsel

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CENTRAL ARIZONA WATER  
CONSERVATION DISTRICT

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

ATTEST:

By \_\_\_\_\_  
Secretary

CITY OF CHANDLER

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

ATTEST:

By \_\_\_\_\_  
Clerk

Approved as to form

\_\_\_\_\_  
City Attorney

CITY OF GLENDALE

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

ATTEST:

By \_\_\_\_\_  
Clerk

Approved as to form

\_\_\_\_\_  
City Attorney

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CITY OF MESA

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

ATTEST:

By \_\_\_\_\_  
Clerk

Approved as to form

\_\_\_\_\_  
City Attorney

CITY OF PHOENIX, Marvin A.  
Andrews, City Manager

By \_\_\_\_\_

ATTEST:

By \_\_\_\_\_  
Clerk

Approved as to form

\_\_\_\_\_  
City Attorney

CITY OF SCOTTSDALE

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

ATTEST:

By \_\_\_\_\_  
Clerk

Approved as to form

\_\_\_\_\_  
City Attorney

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CITY OF TEMPE

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

ATTEST:

By \_\_\_\_\_  
Clerk

Approved as to form

\_\_\_\_\_  
City Attorney

3/3/86-WG7-85

EXHIBIT D TO THE 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 (AGREEMENT)

Example of Prepayment  
Credits Under Article 7.a.

Assumptions:

1. Contributions by CAWCD:

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

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

3. CAWCD's repayment obligation starts in 1992.

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

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

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

Calculations:

Event A

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

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

° Cumulative prepayment credit:

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

