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12/21/2015

December 21, 2015

Mr. Douglas Kupel  
Deputy Water Services Director  
Environmental Resources  
City of Glendale  
7070 W Northern Avenue  
Glendale, Arizona 85303-1306

RE: CAWCD/Glendale Alternative Delivery Intergovernmental Agreement to Facilitate  
Creation of EC ICS Credits

Dear Mr. Kupel:

This letter serves to memorialize an alternate delivery intergovernmental agreement (the "Agreement") between the City of Glendale ("Glendale") and the Central Arizona Water Conservation District ("CAWCD") (collectively, "the Parties") with regard to water deliveries during calendar year 2016. This Agreement is being undertaken in order to facilitate CAWCD's development of Extraordinary Conservation Intentionally Created Surplus Credits ("EC ICS") in Lake Mead pursuant to the requirements of the December 13, 2007 Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead ("Interim Guidelines").

The EC ICS that will be generated by CAWCD in connection with this Agreement is part of a larger effort to respond to declining reservoir levels in Lake Mead. The Parties each acknowledge the importance of taking action to control the recent declines in Lake Mead and reduce the risk that reservoir levels will reach critical elevations that could trigger significant shortages to Lower Basin water users. The Parties also acknowledge that the participation and cooperation of multiple water users within the CAP service area and the State of Arizona will be critical to demonstrate the State's commitment to increasing the long-term resiliency of the Colorado River.

Pursuant to the alternative delivery arrangement described in this Agreement, CAWCD can create EC ICS utilizing Glendale's CAP subcontract water, which will assist CAWCD with meeting its EC ICS creation goals during 2016. However, CAWCD and Glendale are also committed to continuing to partner in the effort to manage reservoir declines and to exploring alternative means of generating EC ICS beyond 2016.

Per the terms of this Agreement, the Parties agree that CAWCD will alter its 2016 deliveries of CAP water to Glendale as follows:

1. Glendale's 2016 CAP water order presently includes and will continue to include a request for delivery of its municipal and industrial priority CAP Water ("M&I Water").
  2. CAWCD will include the proposed forbearance and replacement of 1,000 af of the M&I Water, in the manner further described below, in a plan to be submitted to the United States Bureau of Reclamation for the creation of EC ICS during 2016 (the "ICS Creation Plan"). Throughout 2015, CAWCD has pursued the approval of an ICS exhibit to the December 13, 2007 *Lower Colorado River Basin Intentionally Created Surplus Forbearance Agreement* ("Forbearance Agreement"), which will allow creation of EC ICS pursuant to this Agreement.
  3. Provided that the ICS Creation Plan is approved by Reclamation, CAWCD will reduce its 2016 orders and diversions of Colorado River water in order to leave the 1,000 af of M&I Water in Lake Mead storage, for purposes of generating EC ICS credits pursuant to the ICS Creation Plan. In the event that the ICS Creation Plan is not approved by Reclamation, the
- Parties will confer as to whether to proceed further with the planned alternative deliveries under this Agreement.
4. In lieu of the delivery of the 1,000 af of M&I Water to Glendale, CAWCD will arrange for the delivery to Glendale of 1,000 af of water credited to CAWCD in storage behind Roosevelt Dam. Except as may be otherwise agreed by the Parties, CAWCD's delivery of water stored behind Roosevelt Dam to Glendale will take place on the same schedule it would have used to deliver Glendale's M&I Water.
  5. Glendale agrees to pay CAWCD all costs that would otherwise have been associated with the 1,000 af of M&I Water that will be forborne by CAWCD, as if that M&I Water was actually delivered to Glendale as ordered.
  6. The Parties acknowledge that this agreement is not an amendment to the Subcontract among the United States, the Central Arizona Water Conservation District and the City of Glendale dated July 30, 2007 or any other agreements applicable to the delivery of Colorado River water, but rather an alternative delivery by which CAWCD can create EC ICS utilizing water that would have otherwise been delivered to Glendale. This approach will change the delivery arrangements applicable to the Glendale water order in calendar year 2016 only.
  7. The Parties agree that should the alternate delivery not take place for any reason there are no penalties for failure to comply. The in lieu water not delivered shall be considered as

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part of Glendale's regular scheduled 2016 order of CAP water and may be taken by Glendale as M&I Water under any applicable delivery arrangement for calendar year 2016.

8. The Parties acknowledge that this Agreement is intended to be a first step in a continuing partnership and dialogue between CAWCD and Glendale to explore the creation and subsequent disposition of EC ICS and other potential actions to address reservoir declines in Lake Mead. To that end, the Parties will continue to discuss approaches to allow more direct participation of Glendale and other M&I subcontractors in EC ICS creation activities, as well as other strategies to manage shortage risks in the Lower Basin.

Provided that the terms of this intergovernmental agreement are acceptable, please countersign where indicated below.

Sincerely,



Theodore C. Cooke, D.B.A.  
Interim General Manager

CITY OF GLENDALE,  
an Arizona municipal corporation



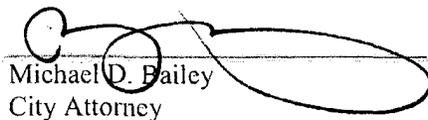
Kevin R. Phelps  
City Manager

ATTEST:



Pamela Hanna (SEAL)  
City Clerk

APPROVED AS TO FORM:



Michael D. Bailey  
City Attorney