

DOUGLAS A. DUCEY
Governor



THOMAS BUSCHATZKE
Director

ARIZONA DEPARTMENT of WATER RESOURCES
1110 West Washington Street, Suite 310
Phoenix, Arizona 85007
602.771.8500
azwater.gov

January 30, 2019

Ted Cooke
General Manager
Central Arizona Water Conservation District
23636 N. 7th Street
Phoenix, AZ 85024

RE: Dispute regarding authorities and DCP signatures

Dear Mr. Cooke,

The Arizona Department of Water Resources (“ADWR”), acting for the State of Arizona, and the Central Arizona Water Conservation District (“CAWCD”) have an ongoing disagreement regarding the extent and effect of their respective legal authorities. The dispute relates directly to the issue of which party (or parties) has the authority and is necessary to execute the interstate Drought Contingency Plan (“DCP”) agreements (the Lower Basin Drought Contingency Plan Agreement and the Agreement Concerning Colorado River Drought Contingency Management and Operations, also referred to as the “Agreements”). It is the opinion of ADWR that the State of Arizona has retained sovereign rights regarding Arizona’s Colorado River allocation and that the Legislature may authorize ADWR to forbear those rights on behalf of the State, binding all contractors within the State. It is the opinion of CAWCD that it must be a signatory to the Agreements for CAWCD, and the Colorado River water that it is entitled to divert pursuant to its Section V contract, to be legally bound to the obligations of the Agreements.

Both ADWR and CAWCD are committed to the implementation of the DCP. Therefore, they desire to temporarily suspend the legal dispute described above (the “Dispute”) in a manner that satisfies the parties’ immediate respective interests, and allows the necessary elements for

implementation of the DCP to proceed. The temporary resolution of the Dispute consists of the following elements (the "Temporary Resolution"):

- CAWCD agrees that it will not execute the Agreements.
- CAWCD and the United States, acting through the Department of Interior, will execute the Agreement Regarding Lower Basin Drought Contingency Plan Obligations, attached hereto. CAWCD and the Secretary intend to execute the attached agreement, in a form substantially similar to the version attached hereto, simultaneously with the execution of all other agreements associated with the LBDCP.
- The Lower Basin Drought Contingency Plan Agreement will include a provision naming CAWCD as a third party beneficiary to certain sections of that agreement, and a provision stating that CAWCD will be invited to participate in any consultation conducted pursuant to certain sections of that agreement.
- ADWR and CAWCD will acknowledge binding agreement to the elements of this Temporary Resolution through the exchange of letters. This letter constitutes CAWCD's agreement to the resolution described herein.
- ADWR and CAWCD each agrees to support the language of the Joint Resolution, SJR 1001 and HJR 2002, as introduced.

ADWR does not waive, and expressly reserves, any rights, claims, or arguments with respect to the Dispute including the authority, scope of authority, legal necessity or consequences of the Temporary Resolution for effecting and implementing the LBDCP. ADWR does not intend the Temporary Resolution to constitute precedent in any context.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Buschatzke", with a long, sweeping flourish extending to the right.

Tom Buschatzke
Director

cc: Brenda Burman, Commissioner, United States Bureau of Reclamation



January 30, 2019

Director Thomas Buschatzke
Arizona Department of Water Resources
1110 West Washington Street, Suite 310
Phoenix, Arizona 85007

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Dear Director Buschatzke:

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Both ADWR and CAWCD are committed to the implementation of the DCP. Therefore, they desire to temporarily suspend the legal dispute described above (the "Dispute") in a manner that satisfies the parties' immediate respective interests, and allows the necessary elements for implementation of the DCP to proceed. The temporary resolution of the Dispute consists of the following elements (the "Temporary Resolution"):

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agreement, and a provision stating that CAWCD will be invited to participate in any consultation conducted pursuant to certain sections of that agreement.

- ADWR and CAWCD will acknowledge binding agreement to the elements of this Temporary Resolution through the exchange of letters. This letter constitutes CAWCD's agreement to the resolution described herein.
- ADWR and CAWCD each agrees to support the language of the Resolution, SJR 1001 and HJR 2002, as introduced.

CAWCD does not waive, and expressly reserves, any rights, claims, or arguments with respect to the Dispute including the authority, scope of authority, legal necessity or consequences of the Temporary Resolution for effecting and implementing the LBDCP. CAWCD does not intend the Temporary Resolution to constitute precedent in any context.

Sincerely,



Theodore C. Cooke

cc: Commissioner Brenda Burman