

DUPLICATE ORIGINAL

Agreement No. 25-XX-30-W0849

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

AGREEMENT BETWEEN THE UNITED STATES
AND THE CENTRAL ARIZONA WATER CONSERVATION DISTRICT
PROVIDING FOR THE
PURCHASE AND SALE OF LONG-TERM STORAGE CREDITS
SOUTHERN ARIZONA WATER RIGHTS SETTLEMENT ACT

1. PREAMBLE. This Purchase and Sale Agreement for Long-Term Storage Credits (“Agreement”) is made this 27th day of October, 2025 pursuant to the Southern Arizona Water Rights Settlement Act (Pub. L. 97-293, 96 Stat. 1274), as amended (“SAWRSA”), between the UNITED STATES OF AMERICA (“United States”), represented by the Secretary of the Interior (“Secretary”), acting through the Department of the Interior, Bureau of Reclamation (“Reclamation”), and the Central Arizona Water Conservation District (“CAWCD”), a multi-county water conservation district organized and existing under Arizona Revised Statutes § 48-3701 *et seq.* In this Agreement, the United States and the CAWCD are each individually sometimes called “Party” and sometimes collectively called “Parties.”

2. EXPLANATORY RECITALS.

2.1 WHEREAS, in 1982 SAWRSA was enacted into law to establish a framework for resolution of Tohono O’odham Nation water rights claims and authorized the Secretary to enter into a contract with the City of Tucson to acquire treated effluent to be used to meet the Secretary’s obligations under SAWRSA;

2.2 WHEREAS, the United States entered into a “Contract Between the United States and the City of Tucson to Provide for Delivery of Reclaimed Water to the Secretary,” dated October 11, 1983, which makes reclaimed water available to the United States;

2.3 WHEREAS, the United States was issued a Water Storage Permit (#73-

545943.0200) by the Arizona Department of Water Resources (“ADWR”) to store treated effluent in the Lower Santa Cruz River Managed Recharge Project and receive Long-Term Storage Credits;

2.4 WHEREAS, Reclamation sent letters to prospective purchasers on May 14, 2025, to solicit bids for the purchase of Long-Term Storage Credits;

2.5 WHEREAS, CAWCD operates the Central Arizona Project (“CAP”). CAWCD also provides replenishment services to member lands and member service areas under authorities provided in Title 48, Chapter 22, Article 4 of the Arizona Revised Statutes. These replenishment authorities are commonly referred to as the Central Arizona Groundwater Replenishment District (“CAGRD”). CAGRD is not a separate legal entity, but functions within and is operated by CAWCD.

2.6 WHEREAS, the CAWCD desires to purchase Long-Term Storage Credits developed by the United States pursuant to Arizona Revised Statutes Title 45, Chapter 3.1, for the benefit of CAGRD member lands and member service areas;

2.7 WHEREAS, the United States accepted a bid from CAWCD by email from Reclamation, dated June 18, 2025; and

2.8 WHEREAS, the United States and the CAWCD desire to enter into this Agreement to set forth the terms and conditions for the sale of Long-Term Storage Credits from the United States to the CAWCD.

NOW, THEREFORE, in consideration of the mutual promises herein contained herein, the Parties mutually agree that the United States will sell to the CAGRD, and the CAGRD will purchase from the United States, 4,500 acre-feet of Long-Term Storage Credits pursuant to the terms and conditions set forth below:

3. DEFINITIONS. Unless otherwise noted, the following definitions apply to the terms used in this Agreement:

3.1 “ADWR” means the Arizona Department of Water Resources.

3.2 "A.R.S." means the State of Arizona Revised Statutes.

3.3 "CAGRD" means the Central Arizona Groundwater Replenishment District, the replenishment authority operated by CAWCD.

3.4 "CAGRD's Account(s)" means the long-term storage account established pursuant to Arizona Revised Statutes § 45-859.01 for the Phoenix Active Management Area (Account No. 70-441120.0001).

3.5 "CAWCD" means the Central Arizona Water Conservation District.

3.6 "Exhibit A" is a description of the Long-Term Storage Credits which are the subject of this Agreement. Exhibit A is attached hereto and made part of this Agreement.

3.7 "Exhibit B" is a copy of the Long-Term Storage Credit Transfer Form adopted by ADWR. Exhibit B is attached hereto and made part of this Agreement.

3.8 "Exhibit C" contains the wiring instructions upon which the CAWCD will transfer payment for the purchase of Long-Term Storage Credits under this Agreement. Exhibit C is attached hereto and made part of this Agreement.

3.9 "Long-Term Storage Credit" is as defined in A.R.S. § 45-802.01(11).

3.10 "Long-Term Storage Credit Transfer Form" is a form, approved by ADWR, to effectuate the assignment of Long-Term Storage Credits, as defined in A.R.S. § 45-854.01(B), and more specifically described in Article 5 below.

3.11 "Reclamation's Long-Term Storage Account" means the account established pursuant to A.R.S. § 45-852.01 in Reclamation's name, account No. 70-411200.0000.

3.12 "Recovery" means the withdrawal of Long-Term Storage Credits pursuant to the requirements of A.R.S. 45-834.01 and the Water Storage Permit.

3.13 "Water Storage Permit" means a permit issued by ADWR pursuant to A.R.S. § 45-831.01.

4. SALE AND PURCHASE OF LONG-TERM STORAGE CREDITS.

4.1 Sale and Purchase. The United States will sell, transfer and assign, and the CAWCD will purchase, accept and pay for, 4,500 acre-feet of Long-Term Storage Credits pursuant to this Agreement.

4.2 Type of Water. It is the intent of the Parties that all Long-Term Storage Credits sold and purchased under this Agreement shall retain the identity of the source of water used to generate such Long-Term Storage Credits.

4.3 Long-Term Storage Credits. The Long-Term Storage Credits being sold and purchased under this Agreement are derived from storage of treated effluent in ADWR permitted managed Underground Storage Facility No. 71-591928.0002 under Water Storage Permit No. 73-591928.0500, as set forth on Exhibit A.

4.4 Purchase Price. The sales price of the Long-Term Storage Credits to be transferred pursuant to this Agreement is \$400.00 per Long-Term Storage Credit for 4,500 Long-Term Storage Credits. The total payment by the CAWCD to the United States for the purchase of the 4,500 acre-feet of Long-Term Storage Credits is \$1,800,000.00.

5. TIME AND MANNER OF TRANSFER.

5.1 Long-Term Storage Credit Transfer Form. Reclamation shall, within 15 business days of full execution of this Agreement, complete, sign and deliver to the CAWCD a Long-Term Storage Credit Transfer Form. After Reclamation has executed and delivered the Long-Term Storage Credit Transfer Form to the CAWCD, the CAWCD shall sign and deliver the fully executed Long-Term Storage Credit Transfer Form to ADWR within 20 business days. The CAWCD will provide Reclamation notice when the Long-Term Storage Credit Transfer Forms are delivered to ADWR.

5.2 Additional Actions and Documentation. The CAWCD shall pay any administrative fees established by ADWR to effectuate the transfer of Reclamation's Long-Term Storage Credits

into the CAGRD's Account(s). The parties shall cooperate to take such further actions and execute such further documents as may be reasonably determined by either party to be necessary or advisable in order to complete the transfer of the Long-Term Storage Credits contemplated by this Agreement.

6. COMPLETION OF DELIVERY AND PAYMENT.

6.1 Completion of Delivery. Delivery of the Long-Term Storage Credits to be transferred pursuant to this Agreement shall be deemed complete when ADWR notifies the CAWCD in writing that ADWR has received and accepted the Long-Term Storage Credit Transfer Form and intends to transfer the Long-Term Storage Credits from Reclamation's Long-Term Storage Account to the CAGRD's Account(s). The CAWCD and Reclamation shall cooperate with ADWR to facilitate completion of such transfer by ADWR. CAWCD will forward to Reclamation copies of any notifications it receives from ADWR.

6.2 Payment. The CAWCD shall pay the Purchase Price, \$1,800,000.00, for the Long-Term Storage Credits to be transferred pursuant to this Agreement no later than 20 business days after ADWR Acceptance, according to the instructions in Exhibit C attached hereto.

6.3 Payment Non-Returnable. Except as provided in Article 6.4, the CAWCD is not entitled to a return of any part of the payment for the Long-Term Storage Credits or a return of the Long-Term Storage Credits to the United States, including in the event that either: (i) the Long-Term Storage Credits are not deemed by ADWR as justifying an assured water supply, or (ii) the CAWCD is unable to pump, or in any other way use the Long-Term Storage Credits it purchases from Reclamation pursuant to this Agreement.

6.4 Rejection or Invalidation of Transfer. If ADWR, pursuant to A.R.S. § 45-854.01(C), rejects or invalidates any transfer or assignment, or portion thereof, of Long-Term Storage Credits before the CAWCD has paid for such Long-Term Storage Credits, the CAWCD shall not be obligated to pay for the number of Long-Term Storage Credits affected by such

rejection or invalidation. If such rejection or invalidation occurs after payment has been made by the CAWCD, Reclamation and the CAWCD agree to consult and cooperate to take such further actions and execute such further documents as may be reasonably determined by either party to be necessary or advisable in order to complete the transfer of the Long-Term Storage Credits contemplated by this Agreement; if Reclamation and the CAWCD are unable to resolve the rejection or invalidation, however, Reclamation shall refund an amount equal to the number of Long-Term Storage Credits affected by such rejection or invalidation times the price per acre-foot for the affected Long-Term Storage Credits, as such price is established in Article 4.4. Reclamation shall refund such amount within sixty (60) business days after either the CAWCD or Reclamation received any notice of rejection or invalidation from ADWR. The CAWCD shall transfer and assign back to Reclamation the number of credits affected by any such refund and rejection or invalidation. Reclamation's obligation to refund any payments under this Article 6.4 shall expire thirty (30) days after ADWR has issued a non-appealable final agency decision approving the transfer and assignment of the Long-Term Storage Credits into the CAGR's Account(s). The Parties' rights and obligations under this Article 6.4 shall remain in full force and effect and shall survive termination of this Agreement for purposes of addressing a circumstance where ADWR rejects or invalidates any transfer, or portion thereof, of Long-Term Storage Credits made hereunder.

7. RECOVERY OF LONG-TERM STORAGE CREDITS.

7.1 The Recovery of transferred Long-Term Storage Credits shall be the full responsibility of the CAWCD, or any assignees, purchasers, or transferees.

7.2 The CAWCD shall comply with all Federal, State and local laws and regulations regarding the Recovery of Long-Term Storage Credits.

7.3 The Long-Term Storage Credits may not be recovered within five miles of the exterior boundary of the Tohono O'odham Nation.

7.4 Recovery of the Long-Term Storage Credits must comply with Sections 6 and 7 of City of Tucson Contract number 0454-03, the Intergovernmental Agreement Regarding Permitting and Operating Managed In-Channel Recharge of Effluent in the Santa Cruz River Channel, dated March 24, 2003. Reclamation will provide a copy upon request.

8. LIABILITY. The CAWCD shall hold the United States harmless and shall indemnify the United States for any and all claims, costs, damages, or judgments of any kind or character arising out of any act, omission, or occurrence relating to the use of Long-Term Storage Credits provided under this Agreement.

9. CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS. The expenditure or advance of any money or performance of any obligation by the United States under this Agreement shall be contingent upon appropriation of allotment of funds. No liability shall accrue to the United States in case funds are not appropriated or allotted.

10. COMPLIANCE WITH ENVIRONMENTAL LAWS.

10.1 CAWCD shall comply with all applicable environmental laws and regulations of the United States and the State of Arizona and shall obtain all required permits or licenses from the appropriate Federal, State, or local authorities in the performance of this Agreement.

10.2 For this Agreement and pursuant to the National Environmental Policy Act, 42 U.S.C. 4321 *et seq.*, Reclamation completed Categorical Exclusion 25-26, dated August 7, 2025.

11. TERM OF AGREEMENT.

11.1 This Agreement shall become effective as of the day and year first written above, and it shall remain in effect until CAWCD fully extinguishes the Long-Term Storage Credits purchased under this Agreement or, subject to the approval of the United States, otherwise Recovers, sells, exchanges or otherwise uses or transfers the credits.

11.2 In the event that ADWR Acceptance, as provided for under Article 6.1, has not occurred within sixty (60) days after submission of the Long-Term Storage Credit Transfer Form,

either the CAWCD or Reclamation may terminate this Agreement by giving ten (10) days written notice to the other Party.

12. NOTICES. Any notice to be given hereunder shall be in writing and shall be deemed properly given when mailed, postage prepaid, or delivered to the addresses specified below:

Reclamation

Area Manager
Phoenix Area Office
Bureau of Reclamation
6150 West Thunderbird Road
Glendale, AZ 85306

CAWCD

For Delivery use:

General Manager
23636 North 7th Street
Phoenix, AZ 85024

For U.S. Mail use:

General Manager
P.O. Box 43020
Phoenix, AZ 85080-3020

The designation of the addressee or the address may be changed by notice in the same manner as provided in this Article for other notices.

13. FUTURE DISPOSITION OF LONG-TERM STORAGE CREDITS. Any contracts or agreements transferring the Long-Term Storage Credits by the CAWCD to third parties must provide that Article 7 shall apply to and bind the third party and any assignees, purchasers, or transferees.

14. NO COMMITMENT FOR THE SALE OF ADDITIONAL LONG-TERM STORAGE CREDITS. Nothing in this Agreement shall be construed as providing a commitment or as creating a prohibition by or on the United States to sell to the CAWCD any other Long-Term Storage Credits other than the 4,500 acre-feet of Long-Term Storage Credits specified in this Agreement.

15. GENERAL PROVISIONS.

15.1 Interpretation. This Agreement is governed by and must be construed and interpreted in accordance with and in reference to federal law, where applicable, and otherwise to the laws of the State of Arizona.

15.2 Time of the Essence. Time is of the essence in the performance of this Agreement.

15.3 Reclamation's Warranty of Title. Reclamation warrants that it has good and marketable title to the Long-Term Storage Credits that are the subject of this Agreement and agrees to convey marketable title to such Long-Term Storage Credits free and clear of all liens and encumbrances. Reclamation shall warrant and defend title against all persons whomsoever.

15.4 Amendments. This Agreement may be modified, amended, or revoked only by the express written agreement of the Parties hereto.

15.5 Entire Agreement. This Agreement constitutes the entire agreement between the Parties and no understandings or obligations not expressly set forth in this Agreement are binding upon the Parties.

15.6 Waiver. No delay in exercising any right or remedy shall constitute a waiver unless such right or remedy is waived in writing signed by the waiving Party. A waiver by any Party of any right or remedy hereunder shall not be construed as a waiver of any other right or remedy, whether pursuant to the same or different term, condition or covenant.

15.7 Survival After Termination. The provisions of Articles 7, 8, 15.1, 15.2, and 15.3 shall survive the completion or termination of this Agreement.

15.8 Captions. All captions, titles, or headings in this Agreement are used for the purpose of reference and convenience only and do not limit, modify, or otherwise affect any of the provisions of this Agreement.

15.9 Rules, Regulations, and Amendment or Successor Statutes. All references in this Agreement to the A.R.S. include all rules and regulations promulgated by ADWR under such

statutes and all amendment statutes and successor statutes, rules, and regulations to such statutes, rules, and regulations.

15.10 Officials Not to Benefit. No Member or Delegate to Congress, Resident Commissioner, or official of the CAWCD shall benefit from this Agreement other than as a water user or landowner in the same manner as other water users or landowners.


15.11 No Third-Party Beneficiaries. This Agreement is solely for the benefit of the Parties and does not create, nor shall it be construed to create rights in any third party unless expressly provided herein. No third party may enforce the terms and conditions of this Agreement.

16. COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be considered an original and all of which, taken together, shall constitute one agreement.

IN WITNESS WHEREOF, Reclamation and the CAGRD have executed this Agreement on the day and year first written above.

(Signatures follow)

UNITED STATES OF AMERICA

By: 

Alexander B. Smith
Area Manager, Phoenix Area Office
Bureau of Reclamation

(Signatures continued next page)

**CENTRAL ARIZONA WATER
CONSERVATION DISTRICT**

Attest: 
Karen Cesare, Secretary

By: 
Terry Goddard, President

Exhibit A

The below table indicates the Long-Term Storage Credits that are being sold and purchased pursuant to Agreement No. 25-XX-30-W0849. These credits are derived from storage of treated effluent in ADWR permitted managed Underground Storage Facility No. 71-591928.0002 under Water Storage Permit No. 73-591928.0500. The table indicates the year in which the Long-Term Storage Credits were earned.

Year Earned	Long-Term Storage Credits (af)
2013	542.84
2014	3,957.16
Total	4,500.00