



Chandler • Arizona
Where Values Make The Difference

#14

MAY 22 2008

MEMORANDUM

Municipal Utilities - Memo No. ER8-041

DATE: MAY 22, 2008

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER
PAT MCDERMOTT, ASSISTANT CITY MANAGER
DAVE SIEGEL, MUNICIPAL UTILITIES DIRECTOR DS

FROM: DOUG TOY, SENIOR ENGINEER *Doug Toy*

SUBJECT: Resolution No. 4181 Amendment No. 1 to the Intergovernmental Agreement among Salt River Valley Water Users' Association, Salt River Project Agricultural Improvement and Power District, and the Municipal Corporations of Avondale, Chandler, and Glendale.

RECOMMENDATION: Staff recommends Council pass and adopt Resolution No. 4181 which provides for Chandler to enter into Amendment No. 1 to the New River and Agua Fria Underground Storage Project Intergovernmental Agreement among Salt River Valley Water Users' Association, Salt River Project Agricultural Improvement and Power District, and the Municipal Corporations of Avondale, Chandler, and Glendale.

BACKGROUND: On November 16, 2005 Chandler entered an Intergovernmental Agreement (IGA) among Salt River Valley Water Users' Association, Salt River Project Agricultural Improvement and Power District, and the Municipal Corporations of Avondale, Chandler, and Glendale. The IGA allowed Chandler to participate in the construction, operation, and maintenance of the New River Agua Fria Recharge Project (NAUSP). The 230-acre recharge project is located ½ mile west of Bethany Home road and Loop 101. NAUSP commenced operations in October 2006, and approximately 20,000 acre-feet of water was recharged in 2007. Based on Chandler's funding of \$3,471,900 Chandler is entitled to 22.8% of the project's recharge capacity.

DISCUSSION: The NAUSP project has been in operation for approximately 1 ½ years and Amendment No. 1 will give more flexibility in the operation and administration of the project. Amendment No. 1 allows the NAUSP Operating committee to approve decreases or increases in certain cost factors as needed to reflect actual operating experience, adjust the annual administrative costs, formalizes Chandler's and Peoria's recharge entitlements (Peoria purchased 20% of the project's recharge entitlement from SRP in December of 2005), and clarifies certain other terms of the IGA.

MUD Memo No. ER8-041

May 22, 2008

Page 2

FINANCIAL IMPLICATIONS: Chandler's share of the NAUSP annual administration fee will increase \$2,424. The increased fee will be paid from Municipal Utilities' annual operating budget and no additional funds will be required.

PROPOSED MOTION: Move to pass and adopt Resolution No. 4181 which provides for Chandler to enter into Amendment No. 1 to the New River and Agua Fria Underground Storage Project Intergovernmental Agreement among Salt River Valley Water Users' Association, Salt River Project Agricultural Improvement and Power District, and the Municipal Corporations of Avondale, Chandler, and Glendale.

Attachments: Resolution No. 4181
Amendment No. 1

RESOLUTION NO. 4181

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AUTHORIZING THE MAYOR TO EXECUTE AMENDMENT NO. 1 TO THE NEW RIVER AND AGUA FRIA RIVER UNDERGROUND STORAGE PROJECT INTERGOVERNMENTAL AGREEMENT AMONG SALT RIVER VALLEY WATER USERS' ASSOCIATION, SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT AND THE MUNICIPAL CORPORATIONS OF AVONDALE, CHANDLER AND GLENDALE

WHEREAS, the New River and Agua Fria Underground Storage Project (“NAUSP”) was authorized by this intergovernmental agreement (“IGA”) and the parties have been operating this NAUSP for four years; and

WHEREAS, on November 16, 2005, the City of Peoria and Association executed the Agreement Between the City of Peoria and the Salt River Valley Water Users’ Association Regarding the Conveyance of New River and Agua Fria River Underground Storage Project Entitlement (“Conveyance Agreement”), and Peoria wants to become a party to the NAUSP IGA and a Participant in the NAUSP pursuant to the NAUSP IGA; and

WHEREAS, the parties agree that certain terms of the IGA should be amended to authorize the NAUSP Operating Committee to approve decreases or increases in certain cost factors as needed to reflect operating experience; and

WHEREAS, the parties to this IGA agree that the annual administrative cost should be adjusted to \$2,425.41; and

WHEREAS, the parties agree that certain other terms of the IGA should be modified to clarify the terms of the IGA; and

WHEREAS, any amendment to the terms of the IGA must be in writing and be approved by all parties; and

WHEREAS, the City of Chandler agrees with this Amendment No. 1 to this NAUSP IGA.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Chandler, Arizona, as follows:

Section 1. That the City Mayor is authorized to execute *Amendment No. 1 to the New River and Agua Fria River Underground Storage Project Intergovernmental Agreement Among Salt River Valley Water Users’ Association, Salt River Project Agricultural Improvement and Power District and the Municipal Corporations of Avondale, Chandler and Glendale.*

Section 2. That the various City officers and employees are hereby authorized and directed to perform all acts necessary to give effect to this Resolution.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona this _____ day of _____, 2008.

ATTEST:

CITY CLERK

MAYOR

APPROVED AS TO FORM:

CITY ATTORNEY

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4181 was duly passed and adopted by the City Council of the City of Chandler, Arizona at a regular meeting held on the ____ day of _____, 2008, and that a quorum was present thereat.

City Clerk

AMENDMENT NO. 1
**TO THE NEW RIVER AND AGUA FRIA RIVER UNDERGROUND
STORAGE PROJECT INTERGOVERNMENTAL AGREEMENT
AMONG SALT RIVER VALLEY WATER USERS'
ASSOCIATION, SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT AND THE
MUNICIPAL CORPORATIONS OF AVONDALE, CHANDLER
AND GLENDALE**

This Amendment No. 1 ("Amendment"), dated this 19th day of May, 2008, hereby amends the *New River and Agua Fria Underground Storage Project Intergovernmental Agreement Among Salt River Valley Water Users' Association, Salt River Project Agricultural Improvement and Power District and the Municipal Corporations of Avondale, Chandler and Glendale* ("IGA") dated August 4, 2004. Capitalized terms used in this Amendment and not otherwise defined shall have the meanings set forth in the IGA.

RECITALS:

WHEREAS, the New River and Agua Fria Underground Storage Project ("NAUSP") was authorized by this IGA and the parties have been operating this NAUSP for four years; and

WHEREAS, on November 16, 2005, the City of Peoria and Association executed the Agreement Between the City of Peoria and the Salt River Valley Water Users' Association Regarding the Conveyance of New River and Agua Fria River Underground Storage Project Entitlement ("Conveyance Agreement"), and Peoria wants to become a party to the NAUSP IGA and a Participant in the NAUSP pursuant to the NAUSP IGA; and

WHEREAS, the parties agree that certain terms of the IGA should be amended to authorize the NAUSP Operating Committee to approve decreases or increases in certain cost factors as needed to reflect operating experience; and

WHEREAS, the parties to this IGA agree that the annual administrative cost should be adjusted to \$2,425.41; and

WHEREAS, the parties agree that certain other terms of the IGA should be modified to clarify the terms of the IGA; and

WHEREAS, any amendment to the terms of the IGA must be in writing and be approved by all parties.

NOW, THEREFORE, in consideration of the mutual covenants and provisions contained herein and other good and valuable consideration, the parties do hereby agree as follows:

AGREEMENT:

1. The IGA is hereby renamed as follows: *New River and Agua Fria Underground Storage Project Intergovernmental Agreement Among Salt River Valley Water Users' Association, Salt River Project Agricultural Improvement and Power District and the Municipal Corporations of Avondale, Chandler, Peoria and Glendale*

2. Section 1 is hereby deleted in its entirety and replaced with a new Section 1 to read as follows:

“1. PARTIES:

The parties to this New River and Agua Fria River Underground Storage Project (“NAUSP”) Intergovernmental Agreement, hereinafter “Agreement” are the City of Avondale, hereinafter “Avondale”, the City of Chandler, hereinafter called “Chandler”, the City of Glendale, hereinafter called “Glendale”, and the City of Peoria, hereinafter called “Peoria”, each a municipal corporation in the State of Arizona, the Salt River Valley Water Users’ Association, hereinafter called “Association”, an Arizona corporation, and the Salt River Project Agricultural Improvement and Power District, hereinafter called “District”, an agricultural improvement district organized under the laws of the State of Arizona. Hereinafter, the parties to this Agreement may be referred to individually as a “Party” and collectively as the “Parties”.

3. Section 2.6 (line 6) is hereby amended by deleting “R1W” and replacing it with “R1E”.

4. Section 7.1 is hereby deleted in its entirety and replaced with the following:

“7.1 The Storage Entitlement for each Participant in the NAUSP is set forth in Exhibit C.”

5. Subsection 11.2.1 of the IGA is hereby modified by adding the phrase “unless otherwise approved by the Committee” in the last sentence of that subsection, and said sentence shall now read as follows:

“However, unless otherwise approved by the NAUSP Committee, in no event shall the total of such indirect costs described in this

paragraph exceed 50% of the direct labor costs, as described in Section 11.1.4.”

6. The first sentence of Section 11.8 (sub-section iii) is hereby deleted in its entirety and replaced with the following:

“(iii) a proposed budget for the remainder of the current fiscal year of the Operating Agent (currently May through April), and an estimated budget for the following fiscal year of the Operating Agent to the NAUSP Committee.”

7. Subsection 12.2.1 is hereby amended by adding the phrase “unless otherwise approved by the Committee” in the last sentence of the subsection, and said sentence shall now read as follows:

“However, unless otherwise approved by the NAUSP Committee, in no event shall the total of such costs described in this paragraph exceed 50% of the direct labor costs, as described in Section 12.1.3.”

8. Section 12.3 (line 2), “January” is hereby deleted and replaced with “March”.

9. Section 13.1 (line 3), the comma after “11.10” is hereby deleted and replaced with a closing parenthesis [“)”].

10. Section 15.8 is hereby deleted in its entirety and replaced by the following Section 15.8:

“Each Participant and lessee shall pay the Operating Agent an annual fee of \$2,425.41 for the administration and accounting related to the implementation of Sections 7 and 15 of this Agreement. The annual fee shall be billed and prorated by month (based on the month of the In-Service Date) for service provided prior to May 2007. Commencing in May 2007, the annual fee shall be adjusted and billed annually for the rate of inflation (or deflation) as measured by the U.S. Department of Commerce’s final estimate of the Implicit Price Deflator for Gross Domestic Product (Deflator). The annual adjustment will be calculated as equal to the annual percent change (calculated to the nearest one-hundredth percent) in the Deflator as of the fourth quarter of the previous year (measured from fourth quarter to fourth quarter). For purposes of the initial annual adjustment, the value of the Deflator for the fourth quarter 2005 shall be the base.”

11. Section 27.1 is hereby amended to add the following notice information for Peoria after Glendale's notice information:

“City of Peoria
c/o Office of the City Clerk
8401 West Monroe Street
Peoria, Arizona 85345
Reference: NAUSP”

12. Exhibit C is hereby deleted in its entirety and replaced by the attached revised Exhibit C (dated April 2, 2008).

13. Exhibit G is hereby deleted in its entirety and replaced by the attached revised Exhibit G (dated April 2, 2008).

14. Exhibit H is hereby deleted in its entirety and replaced by the attached revised Exhibit H (dated April 2, 2008).

15. Except as modified by this Amendment, all terms of this IGA shall remain in full force and effect.

16. This Amendment shall become effective upon execution by the Parties, and shall remain in effect throughout the term of the NAUSP IGA.

IN WITNESS WHEREOF, the parties have executed this *Amendment No. 1 to the New River and Agua Fria Underground Storage Project Intergovernmental Agreement Among Salt River Valley Water Users' Association, Salt River Project Agricultural Improvement and Power District and the Municipal Corporations of Avondale, Chandler and Glendale* as of the date first set forth above.

CITY OF AVONDALE

By: _____
Marie Lopez Rogers, Mayor

Attest and Countersign:

Linda M. Farris, City Clerk

Approved as to form and within the
Power and Authority granted under
the laws of the State of Arizona to
the City of Avondale

Andrew J. McGuire, City Attorney

CITY OF CHANDLER

By: _____
Boyd W. Dunn, Mayor

Attest and Countersign:

City Clerk

Approved as to form and within the
Power and Authority granted under
the laws of the State of Arizona to
the City of Chandler

City Attorney

CITY OF GLENDALE

By: _____
Mayor

Attest and Countersign:

City Clerk

Approved as to form and within the
Power and Authority granted under
the laws of the State of Arizona to
the City of Glendale

City Attorney

CITY OF PEORIA

By: _____
Mayor

Attest and Countersign:

City Clerk

Approved as to form and within the
Power and Authority granted under
the laws of the State of Arizona to
the City of Peoria

City Attorney

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

By: _____
President

Attest and Countersign:

Secretary

Approved as to form and within the
Power and Authority granted under
the laws of the State of Arizona to
the Salt River Project Agricultural
Improvement and Power District

SALT RIVER VALLEY WATER
USERS' ASSOCIATION

By: _____
President

Attest and Countersign:

Secretary

Approved as to form and within the
Power and Authority granted under
the laws of the State of Arizona to
the Salt River Valley Water Users'
Association

EXHIBIT C

NEW RIVER AND AGUA FRIA RIVER UNDERGROUND STORAGE PROJECT

STORAGE ENTITLEMENTS

Participant	Storage Entitlement (Percent)
Association	27.20
Avondale	10.00
Chandler	22.80
Glendale	20.00
Peoria	20.00
TOTAL	100.00

Revision Date: April 2, 2008.

EXHIBIT G

PROCEDURE FOR ALLOCATING OPERATING COSTS TO EACH PARTICIPANT

A. Procedure for Participants Storing Water Other Than Reclaimed Water

$PTOC = [(FOC) \times (PSE)] + [(VOC/TAF) \times (PAF)]$, where

$PTOC =$ Participant's Total Operating Cost excluding Reclaimed Water Related Operating Costs for the month

$FOC =$ Total NAUSP Fixed Operating Costs excluding Reclaimed Water Related Operating Costs for the month

$PSE =$ Participant's Storage Entitlement in the NAUSP

$VOC =$ Total NAUSP Variable Operating Costs excluding Reclaimed Water Related Operating Costs for the month

$TAF =$ Total acre feet delivered to the NAUSP for the month, excluding Reclaimed Water deliveries

$PAF =$ Acre feet delivered to the NAUSP for the month for the Participant and its lessees, excluding Reclaimed Water deliveries

B. Procedure for Participants Storing Reclaimed Water (in addition to item A above)

$PRWTOC = (RWTOC/RWTAF) \times (RWPAF)$, where

$PRWTOC =$ Participant's Reclaimed Water Total Operating Costs for the month

$RWTOC =$ Reclaimed Water Total Operating Costs for the month (as determined by the NAUSP Committee)

$RWTAF =$ Total acre feet of Reclaimed Water delivered to NAUSP for the month

$RWPAF =$ Acre feet of Reclaimed Water delivered to NAUSP for the month for the Participant and its lessees

Revision Date: April 2, 2008.

EXHIBIT H

CSIF LEASING AND DECLARED FIRM LEASE CAPACITY REVENUE

I. CSIF LEASING REVENUE

- A. Participants who are also CSIF participants shall lease CSIF capacity in accordance with section 7.3 of the CSIF IGA. For deliveries to NAUSP, section 7.3 of the CSIF IGA allows CSIF participants to lease CSIF capacity to those entities who are (1) non-CSIF participants and (2) not participants of NAUSP.
- B. Unless otherwise directed by the NAUSP Committee, the fee(s) for leasing CSIF capacity (by component) as provided above shall be the amounts calculated pursuant to section 15.3.6 of the CSIF IGA (CSIF firm pooled capacity rates).
- C. Revenues derived from such CSIF leasing to non-participants shall be shared based on the actual amount of CSIF capacity leased (by CSIF component) by each Participant.
- D. The NAUSP Committee may direct the Operating Agent to prepare further documentation on how CSIF capacity is leased, fees calculated, and revenues shared as provided above.
- E. Nothing in the Exhibit H is intended to alter the provisions of the CSIF IGA. As such, if any provision in this exhibit is found to be inconsistent with the CSIF IGA, the CSIF IGA shall govern.

II. DECLARED FIRM LEASE CAPACITY REVENUE

Revenues derived from the leasing of Declared Firm Lease Capacity shall be apportioned to each Participant using the following formula:

$R = [(DFLC/TDFLC) \times (GREV)]$, where:

R = The Participant's revenue allocation

DFLC = The available Declared Firm Lease Capacity made available by the Participant

TDFLC = Total amount of Declared Firm Lease Capacity available

GREV = Total amount of Declared Firm Lease Capacity revenue to be apportioned to the Participants

Revision Date: April 2, 2008.

RESOLUTION NO. 4181

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AUTHORIZING THE MAYOR TO EXECUTE AMENDMENT NO. 1 TO THE NEW RIVER AND AGUA FRIA RIVER UNDERGROUND STORAGE PROJECT INTERGOVERNMENTAL AGREEMENT AMONG SALT RIVER VALLEY WATER USERS' ASSOCIATION, SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT AND THE MUNICIPAL CORPORATIONS OF AVONDALE, CHANDLER AND GLENDALE

WHEREAS, the New River and Agua Fria Underground Storage Project ("NAUSP") was authorized by this intergovernmental agreement ("IGA") and the parties have been operating this NAUSP for four years; and

WHEREAS, on November 16, 2005, the City of Peoria and Association executed the Agreement Between the City of Peoria and the Salt River Valley Water Users' Association Regarding the Conveyance of New River and Agua Fria River Underground Storage Project Entitlement ("Conveyance Agreement"), and Peoria wants to become a party to the NAUSP IGA and a Participant in the NAUSP pursuant to the NAUSP IGA; and

WHEREAS, the parties agree that certain terms of the IGA should be amended to authorize the NAUSP Operating Committee to approve decreases or increases in certain cost factors as needed to reflect operating experience; and

WHEREAS, the parties to this IGA agree that the annual administrative cost should be adjusted to \$2,425.41; and

WHEREAS, the parties agree that certain other terms of the IGA should be modified to clarify the terms of the IGA; and

WHEREAS, any amendment to the terms of the IGA must be in writing and be approved by all parties; and

WHEREAS, the City of Chandler agrees with this Amendment No. 1 to this NAUSP IGA.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Chandler, Arizona, as follows:

Section 1. That the City Mayor is authorized to execute *Amendment No. 1 to the New River and Agua Fria River Underground Storage Project Intergovernmental Agreement Among Salt River Valley Water Users' Association, Salt River Project Agricultural Improvement and Power District and the Municipal Corporations of Avondale, Chandler and Glendale.*

Section 2. That the various City officers and employees are hereby authorized and directed to perform all acts necessary to give effect to this Resolution.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona this _____ day of _____, 2008.

ATTEST:

CITY CLERK

MAYOR

APPROVED AS TO FORM:

CN
CITY ATTORNEY

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4181 was duly passed and adopted by the City Council of the City of Chandler, Arizona at a regular meeting held on the ____ day of _____, 2008, and that a quorum was present thereat.

City Clerk

**AMENDMENT NO. 1
TO THE NEW RIVER AND AGUA FRIA RIVER UNDERGROUND
STORAGE PROJECT INTERGOVERNMENTAL AGREEMENT
AMONG SALT RIVER VALLEY WATER USERS'
ASSOCIATION, SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT AND THE
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RECITALS:

WHEREAS, the New River and Agua Fria Underground Storage Project ("NAUSP") was authorized by this IGA and the parties have been operating this NAUSP for four years; and

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2. Section 1 is hereby deleted in its entirety and replaced with a new Section 1 to read as follows:

“1. PARTIES:

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3. Section 2.6 (line 6) is hereby amended by deleting “R1W” and replacing it with “R1E”.

4. Section 7.1 is hereby deleted in its entirety and replaced with the following:

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paragraph exceed 50% of the direct labor costs, as described in Section 11.1.4.”

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c/o Office of the City Clerk
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Peoria, Arizona 85345
Reference: NAUSP”

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CITY OF AVONDALE

By: _____
Marie Lopez Rogers, Mayor

Attest and Countersign:

Linda M. Farris, City Clerk

Approved as to form and within the Power and Authority granted under the laws of the State of Arizona to the City of Avondale

Andrew J. McGuire, City Attorney

CITY OF CHANDLER

By: _____
Boyd W. Dunn, Mayor

Attest and Countersign:

City Clerk

Approved as to form and within the
Power and Authority granted under
the laws of the State of Arizona to
the City of Chandler

City Attorney

CH

CITY OF GLENDALE

By: _____
Mayor

Attest and Countersign:

City Clerk

Approved as to form and within the
Power and Authority granted under
the laws of the State of Arizona to
the City of Glendale

City Attorney

CITY OF PEORIA

By: _____
Mayor

Attest and Countersign:

City Clerk

Approved as to form and within the
Power and Authority granted under
the laws of the State of Arizona to
the City of Peoria

City Attorney

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

By: _____
President

Attest and Countersign:

Secretary

Approved as to form and within the
Power and Authority granted under
the laws of the State of Arizona to
the Salt River Project Agricultural
Improvement and Power District

SALT RIVER VALLEY WATER
USERS' ASSOCIATION

By: _____
President

Attest and Countersign:

Secretary

Approved as to form and within the
Power and Authority granted under
the laws of the State of Arizona to
the Salt River Valley Water Users'
Association

EXHIBIT C

NEW RIVER AND AGUA FRIA RIVER UNDERGROUND STORAGE PROJECT

STORAGE ENTITLEMENTS

Participant	Storage Entitlement (Percent)
Association	27.20
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Chandler	22.80
Glendale	20.00
Peoria	20.00
TOTAL	100.00

Revision Date: April 2, 2008.

EXHIBIT G

PROCEDURE FOR ALLOCATING OPERATING COSTS TO EACH PARTICIPANT

A. Procedure for Participants Storing Water Other Than Reclaimed Water

$PTOC = [(FOC) \times (PSE)] + [(VOC/TAF) \times (PAF)]$, where

PTOC = Participant's Total Operating Cost excluding Reclaimed Water Related Operating Costs for the month

FOC = Total NAUSP Fixed Operating Costs excluding Reclaimed Water Related Operating Costs for the month

PSE = Participant's Storage Entitlement in the NAUSP

VOC = Total NAUSP Variable Operating Costs excluding Reclaimed Water Related Operating Costs for the month

TAF = Total acre feet delivered to the NAUSP for the month, excluding Reclaimed Water deliveries

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B. Procedure for Participants Storing Reclaimed Water (in addition to item A above)

$PRWTOC = (RWTOC/RWTAF) \times (RWPAF)$, where

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RWTOC = Reclaimed Water Total Operating Costs for the month (as determined by the NAUSP Committee)

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Revision Date: April 2, 2008.

EXHIBIT H

CSIF LEASING AND DECLARED FIRM LEASE CAPACITY REVENUE

I. CSIF LEASING REVENUE

- A. Participants who are also CSIF participants shall lease CSIF capacity in accordance with section 7.3 of the CSIF IGA. For deliveries to NAUSP, section 7.3 of the CSIF IGA allows CSIF participants to lease CSIF capacity to those entities who are (1) non-CSIF participants and (2) not participants of NAUSP.
- B. Unless otherwise directed by the NAUSP Committee, the fee(s) for leasing CSIF capacity (by component) as provided above shall be the amounts calculated pursuant to section 15.3.6 of the CSIF IGA (CSIF firm pooled capacity rates).
- C. Revenues derived from such CSIF leasing to non-participants shall be shared based on the actual amount of CSIF capacity leased (by CSIF component) by each Participant.
- D. The NAUSP Committee may direct the Operating Agent to prepare further documentation on how CSIF capacity is leased, fees calculated, and revenues shared as provided above.
- E. Nothing in the Exhibit H is intended to alter the provisions of the CSIF IGA. As such, if any provision in this exhibit is found to be inconsistent with the CSIF IGA, the CSIF IGA shall govern.

II. DECLARED FIRM LEASE CAPACITY REVENUE

Revenues derived from the leasing of Declared Firm Lease Capacity shall be apportioned to each Participant using the following formula:

$R = [(DFLC/TDFLC) \times (GREV)]$, where:

R = The Participant's revenue allocation

DFLC = The available Declared Firm Lease Capacity made available by the Participant

TDFLC = Total amount of Declared Firm Lease Capacity available

GREV = Total amount of Declared Firm Lease Capacity revenue to be apportioned to the Participants

Revision Date: April 2, 2008.