

SYSTEM CONSERVATION IMPLEMENTATION AGREEMENT (SCIA) AMONG THE  
UNITED STATES BUREAU OF RECLAMATION, THE CENTRAL ARIZONA WATER  
CONSERVATION DISTRICT, AND THE CITY OF PEORIA TO IMPLEMENT THE  
LOWER COLORADO CONSERVATION AND EFFICIENCY PROGRAM  
(LC CONSERVATION PROGRAM)

1. PREAMBLE This SCIA to implement the LC Conservation Program is entered into this \_\_\_ day of \_\_\_\_\_, 2023, by and between the United States, Department of the Interior, Bureau of Reclamation (“Reclamation”), acting through the Regional Director of the Lower Colorado Basin Region of the Bureau of Reclamation, the Central Arizona Water Conservation District (“CAWCD”), and the City of Peoria (“Peoria”), hereinafter referred to singularly as “Party” or collectively as “Parties” and pursuant to the Act of Congress approved June 17, 1902 (32 Stat. 388), designated the Reclamation Act, and acts amendatory thereof or supplementary thereto, the Act of December 21, 1928 (45 Stat. 1057), designated the Boulder Canyon Project Act, the Act of September 30, 1968 (82 Stat. 885), designated the Colorado River Basin Project Act, Public Law 116-14, the Colorado River Drought Contingency Plan Authorization Act dated April 16, 2019, and the Inflation Reduction Act of 2022, Public Law 117-169.

2. EXPLANATORY RECITALS

2.1 WHEREAS, the Colorado River Basin is experiencing the driest 23-year period in the historical record, and Lake Mead’s elevation has dropped to levels where the Secretary of the Interior (“Secretary”) determined shortage conditions for Lake Mead in calendar years 2022 and 2023;

2.2 WHEREAS, prior to the Secretary declaring shortage conditions for Lake Mead in calendar years 2022 and 2023, Public Law 116-14, the Colorado River Drought Contingency Plan Authorization Act (“Act”), was signed into law on April 16, 2019. This Act directed the Secretary to execute several agreements hereinafter referred to collectively as (“DCP Agreements”), and the DCP Agreements were subsequently executed on May 20, 2019;

2.3 WHEREAS, one of the DCP Agreements that was executed on May 20, 2019, was an agreement between the United States and the Colorado River Basin States entitled, *Agreement Concerning the Colorado River Drought Contingency Management and Operations* (Companion Agreement), that provided implementation of several interstate agreements including the *Lower Basin Drought Contingency Plan Agreement* (“LB DCP Agreement”) which is Attachment B to the Companion Agreement, that included Exhibit 1 entitled, *Lower Basin Drought Contingency Operations* that was designed to create new flexibility to incentivize additional voluntary conservation of water to be stored in Lake Mead;

2.4 WHEREAS, Section 3 b. of the LB DCP Agreement, among other things, provides that, subject to appropriations, (1) the Secretary will take affirmative actions to implement Lower Basin programs designed to create or conserve 100,000 acre-feet per annum or more of Colorado River System water to contribute to conservation of water supplies in Lake Mead and other Colorado River reservoirs in the Lower Basin and (2) the other Parties to the LBDCP shall not

request delivery of, and the Secretary shall not deliver to any Party or Contractor the volumes of Colorado River System water conserved through such programs;

2.5 WHEREAS, on September 22, 2022, the Department of the Interior (“Department”) announced that it is taking additional steps to address drought in the Colorado River Basin;

2.6 WHEREAS, the Department, through the Bureau of Reclamation, created a new LC Conservation Program, similar to the previous program entitled, *Pilot System Conservation Program* and Colorado River System water conservation activities under the LBDCP;

2.7 WHEREAS, the purpose of the LC Conservation Program is to increase system conservation and efficiency opportunities to address the unprecedented drought in the Lower Colorado River Basin and it is a part of the commitment made by the Department on August 16, 2022, to address the drought crisis with prompt and responsive actions and investment to ensure the entire Colorado River Basin can function and support all who rely on it;

2.8 WHEREAS, the LC Conservation Program is funded in part by the Inflation Reduction Act of 2022 that provides \$4 billion in funding specifically for water management and conservation efforts in the Colorado River Basin and other basins experiencing comparable levels of long-term drought;

2.9 WHEREAS, as a follow-up to the Department’s September 22, 2022, announcement, by letter dated October 12, 2022, to interested parties having a Colorado River water delivery contract or entitlement holders and Central Arizona Project (“CAP”) water delivery contract or entitlement holders, Reclamation announced the funding opportunity for voluntary participation in the new LC Conservation Program which included an enclosure entitled, “Enclosure 1 - Requirements for Lower Basin System Conservation and Efficiency Project Proposals” (“Enclosure 1”) that described the proposal and selection requirements under a set fixed price (Program 1.a. in the letter) and under an agreed upon price (Program 1.b. in the letter);

2.10 WHEREAS, on October 28, 2022, the Department announced its intent to begin a process for a Supplemental Environmental Impact Statement (“SEIS”) to the 2007 Record of Decision associated with the *Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations for Lake Powell and Lake Mead* that may result in a reduction in Lower Basin deliveries in calendar years 2023, 2024, and potentially 2025 thereby impacting the amount of System Conservation Water that can be created by Peoria in those years and how that water is accounted for under this SCIA;

2.11 WHEREAS, Peoria holds a CAP water entitlement for a maximum of 27,121 acre-feet per year of CAP water under Subcontract No. 07-XX-30-W0480, dated May 25, 2007, as amended (“Peoria Subcontract”), among the United States, CAWCD, and Peoria;

2.12 WHEREAS, CAWCD is a party to this SCIA as it is to the Peoria Subcontract which are three-party subcontracts;

2.13 WHEREAS, Peoria submitted to Reclamation a LC Conservation Program proposal received on November 21, 2022, to make available up to 7,200 acre-feet of Peoria’s CAP water entitlement for the LC Conservation Program in calendar year 2023, up to 7,200 acre-feet in

calendar year 2024, and up to 7,200 acre-feet in calendar year 2025 totaling up to 21,600 acre-feet over three years, in exchange for monetary compensation;

2.14 WHEREAS, Peoria’s LC Conservation Program proposal was evaluated by Reclamation pursuant to the proposal and selection requirements as shown in Enclosure 1 to Reclamation’s October 12, 2022 letter;

2.15 WHEREAS, Peoria’s LC Conservation Program proposal was selected by Reclamation for inclusion in the LC Conservation Program under a set fixed price of \$400.00 per acre-foot (Program 1.a.in the October 12, 2022 letter);

2.16 WHEREAS, a copy of Peoria’s LC Conservation Program proposal received by Reclamation on November 21, 2022, is attached hereto as Exhibit A and made part of this SCIA;

2.17 WHEREAS, Peoria has a history of working with the United States, CAWCD, and others in calendar year 2022 by entering into an agreement to help mitigate the impacts of the drought by conserving water in Lake Mead as system water in exchange for financial compensation; and

2.18 WHEREAS, the Parties desire to enter into this SCIA whereby Peoria agrees to reduce its scheduled delivery volume from its CAP water delivery schedule by up to 7,200 acre-feet of water in calendar year 2023 and intends to reduce its CAP delivery schedule by up to 7,200 acre-feet in calendar year 2024 and up to 7,200 acre-feet in calendar year 2025 under the conditions of and as provided within this SCIA and allow such volumes to remain in Lake Mead in exchange for financial compensation.

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, the Parties agree as follows:

3. DEFINITIONS

3.1 Colorado River Compact means the document signed on November 24, 1922, at Santa Fe, New Mexico, pursuant to an act of Congress approved August 19, 1921 (42 Stat. 171). The Colorado River Compact was approved in Section 13(a) of the Boulder Canyon Project Act.

3.2 Colorado River System shall have the meaning ascribed to such term in the Colorado River Compact.

3.3 Exhibit A is a copy of Peoria’s LC Conservation Program proposal received by Reclamation on November 21, 2022. Exhibit A is attached hereto and part of this SCIA.

3.4 System Conservation Water means Colorado River water that is conserved by Peoria under the SCIA and left in Lake Mead to benefit the Colorado River System pursuant to this SCIA.

4. PURPOSE

4.1 The purpose of this SCIA is for Reclamation to compensate Peoria to reduce its scheduled delivery volume by up to 7,200 acre-feet of Peoria’s CAP water in calendar year 2023,

within 30 days after execution of this SCIA, in calendar year 2024 on or before October 1, 2023, and in calendar year 2025 on or before October 1, 2024, thereby allowing such volume each year to remain in Lake Mead as System Conservation Water. In the absence of this SCIA, Peoria attests that it used the CAP water in previous years, and it would have used the water in calendar years 2023, 2024, and 2025.

## 5. SYSTEM CONSERVATION IMPLEMENTATION

5.1 Implementation begins upon execution of this SCIA and continues until all of the terms and conditions are satisfied.

5.2 Within 30 days after execution of this SCIA, the authorized representative of Peoria shall submit a written water delivery schedule to Reclamation, with a copy to CAWCD, scheduling the full amount of its CAP water entitlement, together with a written water delivery schedule modification request to reduce Peoria's scheduled delivery volume by up to 7,200 acre-feet for calendar year 2023 as that water is intended to remain in Lake Mead pursuant to this SCIA.

5.3 Except as provided in Section 9.1.3 herein, on or before October 1, 2023, the authorized representative of Peoria shall submit a written water delivery schedule to Reclamation, with a copy to CAWCD, scheduling the full amount of its CAP water entitlement, together with a written water delivery schedule modification request to reduce Peoria's scheduled delivery volume by up to 7,200 acre-feet for calendar year 2024, or up to a volume as agreed to by the Parties, as that water is intended to remain in Lake Mead pursuant to this SCIA.

5.4 Except as provided in Section 9.1.3 herein, on or before October 1, 2024, the authorized representative of Peoria shall submit a written water delivery schedule to Reclamation, with a copy to CAWCD, scheduling the full amount of its CAP water entitlement, together with a written water delivery schedule modification request to reduce Peoria's scheduled delivery volume by up to 7,200 acre-feet for calendar year 2025, or up to a volume as agreed to by the Parties, as that water is intended to remain in Lake Mead pursuant to this SCIA.

5.5 Peoria's reduction of its scheduled CAP water delivery volume by up to 7,200 acre-feet for calendar year 2023, up to 7,200 for calendar year 2024, and up to 7,200 for calendar year 2025 is intended to remain in Lake Mead to increase the volume of water stored in Lake Mead.

## 6. MONITORING

6.1 Reclamation will use its existing water order approval process and other authorities to ensure that Peoria's CAP water under this SCIA is not ordered or used by other Colorado River water entitlement holders during calendar years 2023, 2024, and 2025.

## 7. IDENTIFICATION AND TRACKING OF COLORADO RIVER SYSTEM WATER

7.1 To the extent historic use applies in determining the volume of CAP water available to Peoria in any future year, the Parties agree that the System Conservation Water amount shall be accounted for by CAWCD and Reclamation as water actually delivered and used.

7.2 Reclamation will document the amount of System Conservation Water created by

Peoria in the annual *Colorado River Accounting and Water Use Report: Arizona, California, and Nevada*.

7.3 The Parties agree that the water left in Lake Mead pursuant to this SCIA shall accrue to the benefit of the Colorado River System and shall not accrue to the individual benefit of Peoria or any third party.

## 8. PAYMENTS

8.1 For calendar years 2023, 2024, and 2025 Reclamation will pay Peoria \$400.00 per acre-foot of water reduced in its annual delivery volume, a total payment not to exceed \$2,880,000.00 for calendar year 2023, a total payment not to exceed \$2,880,000.00 for calendar year 2024, and a total payment not to exceed \$2,880,000.00 for calendar year 2025.

8.2 The payments for each calendar year will be made by Reclamation to Peoria no later than 60 days following receipt by Reclamation of the Peoria's written water delivery schedule and modification requests as provided in Sections 5.2, 5.3, and 5.4 herein.

8.3 Peoria agrees that payments it receives under Section 8.1 above fully satisfies the United States' obligation to Peoria under this SCIA and that no further payment from the United States will be required.

## 9. ADDITIONAL COLORADO RIVER WATER DELIVERY REDUCTIONS

9.1 The Parties agree that changes to Lake Mead operations in calendar years 2023, 2024, and potentially 2025, due to implementation of shortage conditions under the 2007 *Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations for Lake Powell and Lake Mead* (2007 Interim Guidelines) and the 2019 LBDCP and/or the outcome of the SEIS process, may result in additional Colorado River water delivery reductions during those years in the Lower Basin. Such additional Colorado River water delivery reductions would require Reclamation to reduce approved water orders which would impact the amount of System Conservation Water that can be created by Peoria, paid for by Reclamation, and accounted for under this SCIA as provided below.

9.1.1 Mid-Year Reductions: If Reclamation reduces the available amount of CAP water for delivery to Peoria mid-year and Peoria already reduced its scheduled water delivery volume by up to 7,200 acre-feet pursuant to Sections 5.2, 5.3 or 5.4 herein, the Parties agree that: (1) the amount of System Conservation Water created will be accounted towards the additional Colorado River water reduction by Reclamation and (2) Peoria will retain the payment made by Reclamation as provided in Section 8 herein for the amount of System Conservation Water created by Peoria as provided by Peoria's written water delivery schedule modification request as required in Sections 5.2, 5.3 or 5.4 herein, and Peoria will not be required to reimburse Reclamation as required in Section 10 herein.

9.1.2 For Calendar Years 2024 and 2025: If, prior to the applicable calendar year, Reclamation reduces the available amount of CAP water for delivery to Peoria in calendar years 2024 or 2025, the Parties agree (1) that only water available after such additional Colorado River water delivery reduction in calendar year 2024 or 2025 can be used by Peoria to create System

Conservation Water under this SCIA (see Section 9.1.3 herein), and (2) that Peoria's written water delivery schedule modification request as required in Sections 5.3 or 5.4 herein will be further amended by Peoria accordingly.

9.1.3 Water Available After The Additional Colorado River Water Delivery Reduction: If Peoria has water available in calendar year 2024 or 2025 to create System Conservation Water after the required additional Colorado River water delivery reductions are made by Reclamation in those years, the Parties agree that, in accordance with Section 5 herein: (1) Peoria may create System Conservation Water under this SCIA for an acre-foot amount available after the required Colorado River water delivery reduction, or (2) Peoria has the option to not create System Conservation Water under this SCIA in which case Peoria's written water delivery schedule modification request as required in Sections 5.3 or 5.4 herein would show 0 acre-feet for the creation of System Conservation Water; therefore, no compensation would be paid to Peoria by Reclamation. Peoria agrees that its written water delivery schedule modification request as required in Sections 5.3 or 5.4 herein will reflect the outcome of either (1) or (2) above, and its written water delivery schedule modification request as required in Sections 5.3 or 5.4 herein will be further amended by Peoria accordingly.

9.1.4 Water Not Available After The Additional Colorado River Water Delivery Reduction: If Peoria does not have water available in calendar year 2024 or 2025 to create System Conservation Water after the required additional Colorado River water delivery reductions are made by Reclamation in those years, the Parties agree that, in accordance with Section 5 herein, Peoria is not required to create System Conservation Water under this SCIA; therefore, Peoria will not receive compensation from Reclamation in that year under this SCIA. For example, Peoria's written water delivery schedule modification request for calendar year 2024 and/or 2025, as required in Sections 5.3 or 5.4 herein, would show 0 acre-feet for the creation of System Conservation Water; therefore, no compensation would be paid by Reclamation to Peoria.

## 10. REIMBURSEMENT FOR OVERPAYMENT

10.1 Unless otherwise provided in this SCIA, in the unanticipated and unforeseen event the total amount of water under this SCIA is not added to Lake Mead as System Conservation Water as was paid for by Reclamation, due to Peoria taking an action that interferes with the foregoing objective, Peoria agrees to reimburse for the overpayment for the water that was not added to Lake Mead within 30 days of receipt of a bill for collection from Reclamation.

## 11. ENVIRONMENTAL COMPLIANCE

11.1 Because implementation of this SCIA may result in reduced flows in the Colorado River, Peoria agrees to consult with Reclamation on measures to fulfill any of its environmental obligations resulting from reduction in river flows.

## 12. GENERAL TERMS

12.1 Reclamation shall be responsible to obtain any consents or forbearances required to ensure that the water left in Lake Mead by Peoria remains in the Colorado River System and does not inure to the benefit of any individual entitlement holder.

12.2 The water left in Lake Mead under this SCIA will not be charged against Peoria's use of Colorado River water or charged to Arizona's Colorado River apportionment.

12.3 None of the provisions of this SCIA shall be considered waived, except when such waiver is given in writing. The failure of a Party to this SCIA to insist in any one or more instances upon strict performance of any of the provisions, or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or that Party's relinquishment of any such rights for the future, but such provisions and rights shall continue and remain in full force and effect.

12.4 This SCIA is not intended nor shall it be construed to create any third-party beneficiary rights to enforce the terms of this SCIA.

12.5 The Parties do not intend that any right or remedy given to a Party on the breach of any provision under this SCIA to be exclusive; each such right or remedy is cumulative and in addition to any other remedy provided in this SCIA or otherwise available at law or in equity. If the non-breaching Party fails to exercise or delays in exercising any such right or remedy, the non-breaching party does not thereby waive that right or remedy. In addition, no single or partial exercise of any right, power or privilege precludes any other or further exercise of a right, power or privilege granted by this SCIA or otherwise.

12.6 Each Party to this SCIA represents that the person executing on behalf of such Party has full power and authority to do so, and that his/her signature is legally sufficient to bind the Party on whose behalf he/she is signing.

12.7 This SCIA constitutes a valid and binding agreement of each Party, enforceable against each Party in accordance with its terms. This SCIA is and will be binding upon and will inure to the benefit of the Parties and, upon dissolution, the legal successors and assigns of their assets and liabilities.

12.8 This SCIA may be supplemented, amended, or modified only by the written agreement of the Parties. No supplement, amendment, or modification will be binding unless it is in writing and signed by the Parties.

12.9 Any notice, demand, or request shall be deemed properly served, given, or made if delivered in person; emailed; sent by registered or certified mail, postage prepaid; or overnight delivery, charges prepaid or charged to the sender's account to the persons in the positions executing this SCIA.

If to Reclamation:

Bureau of Reclamation  
Interior Region 8: Lower Colorado Basin  
Attn: Regional Director  
500 Date Street, Building 900  
Boulder City, NV 89005  
Email: [jgould@usbr.gov](mailto:jgould@usbr.gov)

With a copy to:

Bureau of Reclamation

Interior Region 8: Lower Colorado Basin  
Attn: Chief, Boulder Canyon Operations Office  
500 Date Street, Building 900  
Boulder City, NV 89005  
Email: dbunk@usbr.gov

Bureau of Reclamation  
Phoenix Area Office  
Attn: Area Manager  
6150 West Thunderbird Road  
Glendale, AZ 85306  
Email: alexandersmith@usbr.gov

If to CAWCD:

Central Arizona Water Conservation District  
Attn: General Manager  
P.O. Box 43020  
Phoenix, AZ 85080-3020  
Email: bburman@cap-az.com

With copy to:

Jay Johnson  
General Counsel  
Central Arizona Water Conservation District  
Attn: General Manager  
P.O. Box 43020  
Phoenix, AZ 85080-3020  
Email: jjohnson@cap-az.com

If to the City of Peoria:

City of Peoria  
Attn: Water Services Director  
9875 North 85<sup>th</sup> Avenue  
Peoria, AZ 85345  
Email: Cape.Powers@PeoriaAZ.gov

With copy to:

City of Peoria  
Attn: City Attorney  
P.O. Box 4038  
Peoria, AZ 85380  
Email: CityAttorney@PeoriaAZ.gov

12.10 All information and data obtained or developed with the performance of duties mentioned in this SCIA shall be available upon request to a Party, subject to the provisions of the Freedom of Information Act, if applicable, or other applicable law. However, use of said reports, data and information shall appropriately reference the source for the respective documents.

12.11 The expenditure or advance of any money or the performance of any obligation by the United States under this SCIA shall be contingent upon the appropriation or allotment of funds. No monetary liability shall accrue to the United States in case funds are not appropriated or allocated.

12.12 No member of or Delegate to Congress, Resident Commissioner, or official of Peoria shall benefit from this SCIA other than as a water user or landowner in the same manner as other water users or landowners.

12.13 Nothing in this SCIA diminishes or abrogates the authority of the Secretary under applicable Federal law, regulations, or the Consolidated Decree of the Supreme Court of the United States in the case of *Arizona v. California, et al.*, entered March 27, 2006, (547 U.S. 150 (2006)), or as it may be further modified.

12.14 In the event that any dispute arises regarding this SCIA, the Parties agree to meet and attempt to resolve the dispute before seeking any remedy.

12.15 This SCIA may be executed in counterparts, each of which will be considered an original and all of which together constitute only one agreement.

12.16 The Parties to this SCIA are hereby notified of Arizona Revised Statutes § 38-511.

### 13. EFFECTIVE DATE

13.1 This SCIA shall become effective upon the date of its execution by all Parties. Once effective, this SCIA will remain in effect until all of the terms and conditions are satisfied.

13.2 The Parties hereto have executed this SCIA on the day and year first written above.

*Signatures next page.*

**CITY OF PEORIA**

By: \_\_\_\_\_  
Henry Darwin  
City Manager

Attest:

By: \_\_\_\_\_  
Lori Dyckman  
City Clerk

Approved as to form:

By: \_\_\_\_\_  
Emily Jurmu  
City Attorney

*Signatures continued next page.*

**THE UNITED STATES OF AMERICA**

By: \_\_\_\_\_  
Jacklynn L. Gould, P.E.  
Regional Director  
Interior Region 8: Lower Colorado  
Basin  
Bureau of Reclamation

*Signatures continued next page.*

Approved as to form:

**CENTRAL ARIZONA WATER  
CONSERVATION DISTRICT**

By: \_\_\_\_\_  
Jay M. Johnson  
General Counsel

By: \_\_\_\_\_  
Brenda Burman  
General Manager

Exhibit A

1. A copy of Peoria's proposal is attached.



**City of Peoria**

**WATER SERVICES DEPARTMENT**

9875 North 85th Avenue  
P.O. Box 4038  
Peoria, Arizona 85345  
T 623.773.5150  
F 623.773.7291

November 21, 2022

Mr. Daniel A. Bunk  
Chief, Boulder Canyon Operations Office  
Boulder City, Nevada 89006

**\*\*via electronic mail to dbunk@usbr.gov\*\***

**Re: City of Peoria, Arizona – Lower Colorado River Basin System Conservation Proposal**

Dear Mr. Bunk,

In response to the October 12, 2022 letter to interested parties from United States Bureau of Reclamation (“USBR”) Region 8 Director Gould, the City of Peoria, Arizona (“Peoria”) is writing to submit a proposal for Lower Colorado River Basin system conservation under Program 1.a.

Peoria’s proposal is as follows:

- 7,200 acre-feet of Central Arizona Project (“CAP”) water per year (21,600 acre-feet total)
- Three calendar years: 2023, 2024, and 2025
- Compensation price of \$400 per acre-foot

To verify and document the consumptive use reduction, Peoria will submit a CAP water delivery schedule amendment to the Central Arizona Water Conservation District (“CAWCD”) removing the proposed system conservation volume from its approved annual delivery schedule. All CAP diversions from the Colorado River are accounted for as 100% consumptively used, therefore, all CAP water not diverted and delivered to Peoria under a system conservation agreement is a verifiable consumptive use reduction. Further, all water proposed for system conservation has a history of beneficial use evidenced by CAP water delivery reports.

In order to enter into a System Conservation Implementation Agreement (“SCIA”) for the proposed volume and duration, Peoria requires the following conditions to be met:

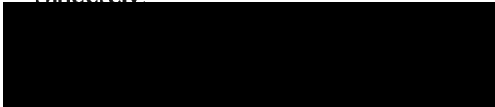
1. Any future mandatory reductions to Peoria’s 34,121 acre-foot non-shortage year, annual allocation of CAP water, whether required under the 2007 Interim Guidelines, 2019 Drought Contingency Plan, assessment of Lower Basin evaporation and system losses, or some other directive will be assessed to Peoria’s system conservation contribution first.
  - a. For example, if mandatory reductions result in a 13,600 acre-feet cut to Peoria’s allocation of CAP water (34,121 acre-feet) and Peoria contributed 7,200 acre-feet under a SCIA, then Peoria would only be required to reduce its CAP delivery schedule by 6,400 acre-feet to fulfill the mandatory reduction.

2. CAP water committed to system conservation under a SCIA is accounted for as water actually delivered and beneficially used by Peoria for the purposes of determining historic use e.g., shortage reductions, contract firming, etc.
3. Compensation price is fixed at \$400 per acre-foot for all water voluntarily conserved under the SCIA regardless of Peoria's ability to meet the system conservation volume voluntarily.
  - a. For example, if mandatory reductions result in Peoria only voluntarily conserving water in calendar years 2023 and 2024 of a three-year SCIA, Peoria will receive compensation at \$400 per acre-foot, as opposed to \$365 per acre-foot for only being able to voluntarily conserve water for two years as defined in the October 12, 2022 funding opportunity letter, referenced earlier.
4. CAWCD must agree to not assess the Fixed Operations, Maintenance, and Replacement ("OM&R") rate on all water conserved under a SCIA.
5. Groundwater Savings Facility partners must agree to Peoria cancelling its delivery of CAP water to the facility.

Peoria reserves the right to modify or withdraw its proposal as the city's ultimate participation is subject to final approval by Peoria City Council and alignment with the city's water supply and financial needs.

Thank you for the opportunity to submit this proposal. In addition to this opportunity to help develop short-term system conservation, Peoria is interested in working with USBR to find ways to participate in the forthcoming long-term system efficiency improvement funding opportunity i.e., Lower Colorado Conservation Program 2.

Sincerely,



Cape Powers, P.E.  
Water Services Director