Board of Supervisors Memorandum

February 8, 2000

Supplemental Intergovernmental Agreement with the City of Tucson Relating to Effluent

Background

Over the last eight weeks the staffs and attorneys for the City of Tucson, Pima County, and the Flood Control District have negotiated a proposed Supplemental to the 1979 Effluent Intergovernmental Agreement to compromise and settle the outstanding disputes among them concerning effluent.

The attached proposed Agreement is being jointly submitted for consideration by both the Board and the Mayor and Council of the City of Tucson. This proposal encompasses numerous issues to address a wide range of regional policy concerns. Taken together, its terms and provisions:

1. Recognize that effluent is an important long-term renewable water resource and should be used to the maximum extent possible to replace current groundwater uses and in place of future groundwater uses,

2. Acknowledge that treating effluent to obtain reclaimed water requires cost, and the cost should be paid in general by the users, and indicates both the City and the County should cooperate in efforts to lower these costs to promote increased use of effluent as reclaimed water,

3. Reserve effluent and reclaimed water for the purposes of environmental enhancement and restoration, primarily for use in riparian restoration projects, and

4. Establish that other water providers who contribute to the regional effluent pool should have access to said effluent to use as long as they pay the costs for such utilization.

This proposal is a significant step forward in providing for the long-term water needs of our region, conserving water and other natural resources, and reducing costs for both water and sewer rate payers.

Recommendation

It is recommended that the Board approve the attached resolution authorizing the County to enter into the Supplemental Intergovernmental Agreement with the City of Tucson relating to effluent.

Respectfully submitted,

C.H. Huckelberry
County Administrator

CHH/jj (February 7, 2000)
Pima County Resolution No. 2000 - 28

A Resolution of the Board of Supervisors of Pima County Relating to Water; Authorizing and Approving the Execution of a Supplemental Intergovernmental Agreement with the City of Tucson and Pima County Flood Control District Regarding Effluent

Be it resolved by the Board of Supervisors of Pima County, Arizona, as follows:

Section 1. The Supplemental Intergovernmental Agreement with the City of Tucson relating to effluent, which agreement is attached hereto, is authorized and approved.

Section 2. The Chair is hereby authorized and directed to execute the attached Supplemental Intergovernmental Agreement for and on behalf of Pima County.

Section 3. The various officers and employees of Pima County are authorized and directed to perform all acts necessary or desirable to give effect to this resolution.

Section 4. Whereas, it is necessary for the preservation of the health, safety, and welfare of the residents of Pima County that this resolution become effective immediately, an emergency is hereby declared to exist, and this resolution shall be effective immediately upon its passage and adoption.

Adopted and Approved this 8th day of February, 2000.

Pima County Board of Supervisors

Sharon Bronson, Chair

Pima County Board of Supervisors

Attest:

Sharon Bronson, Chair

Pima County Board of Supervisors

FEB 15 2000

Pima County Board of Supervisors

FEB 06 2000

Pima County Board of Supervisors

Deputy County Attorney
A Resolution of the Board of Directors of the Pima County Flood Control District
Relating to Water; Authorizing and Approving the Execution of a Supplemental
Intergovernmental Agreement with the City of Tucson and
Pima County Board of Supervisors Regarding Effluent

Be it resolved by the Board of Directors of the Pima County Flood Control District, as
follows:

Section 1. The Supplemental Intergovernmental Agreement with the City of Tucson
relating to effluent, which agreement is attached hereto, is authorized and approved.

Section 2. The Chair is hereby authorized and directed to execute the attached
Supplemental Intergovernmental Agreement for and on behalf of the Pima County Flood
Control District.

Section 3. The various officers and employees of the Pima County Flood Control District
are authorized and directed to perform all acts necessary or desirable to give effect to this
resolution.

Section 4. Whereas, it is necessary for the preservation of the health, safety, and welfare
of the residents of Pima County that this resolution become effective immediately, an
emergency is hereby declared to exist, and this resolution shall be effective immediately upon
its passage and adoption.

Adopted and Approved this 8th day of February, 2000.

Board of Directors
Pima County Flood Control District

[Signature]
Sharon Bronson, Chair

[Signature]
Deputy County Attorney

Adopted and Approved this 8th day of February, 2000.
RESOLUTION NO. 18501

RELATING TO WATER; AUTHORIZING AND APPROVING THE EXECUTION OF A SUPPLEMENTAL INTERGOVERNMENTAL AGREEMENT WITH PIMA COUNTY REGARDING EFFLUENT.

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF TUCSON, ARIZONA, AS FOLLOWS:

SECTION 1. The Supplemental Intergovernmental Agreement Relating to Effluent with Pima County, which agreement is attached hereto as Exhibit A, is authorized and approved.

SECTION 2. The Mayor is hereby authorized and directed to execute the Supplemental Intergovernmental Agreement attached as Exhibit A for and on behalf of the City of Tucson, and the City Clerk is authorized and directed to attest to the same.

SECTION 3. The various City officers and employees are authorized and directed to perform all acts necessary or desirable to give effect to this resolution.

SECTION 4. WHEREAS, it is necessary for the preservation of the peace, health and safety of the City of Tucson that this resolution become immediately effective, an emergency is hereby declared to exist, and this resolution shall be effective immediately upon its passage and adoption.
This is an Intergovernmental Agreement dated this 4th day of February, 2000, by and between the City of Tucson, Arizona, a municipal corporation, hereinafter sometimes referred to as the "City", Pima County, a body politic and corporate, a political subdivision of the State of Arizona, hereinafter sometimes referred to as the "County", and the Pima County Flood Control District, ("District") a special taxing district organized pursuant to Article 1, Chapter 21, Title 48 of the Arizona Revised Statutes.

SECTION I. RECITALS

1.1. City, County and District are empowered by A.R.S. Title 11, Chapter 7, Article 3 to enter into this Supplemental Intergovernmental Agreement ("Supplemental IGA").

1.2. On June 26, 1979, the City and the County entered into an intergovernmental agreement with respect to the transfer of the City's sewer system to the County and the disposition and use of effluent from the County's sewer treatment plants ("1979 IGA").

1.3. The County and the Flood Control District are the owners of land in the bed of the Santa Cruz River.


1.5. On May 7, 1999, ADWR issued Permit No. 71-545944.001 to the City and the United States for a managed recharge facility in the Santa Cruz River bed between Roger Road and Ina Road and Permits Nos. 73-545943.0100 and 73-545943.0200 to the City and the United States, respectively, for effluent storage in the facility. On June 4, 1999 the County and the Flood Control District filed an appeal from the issuance of these permits. On June 7, 1999, Cortaro-Marana Irrigation District, Cortaro Water Users' Association, the Town of Marana and the Avra Valley Irrigation and Drainage District filed an appeal from the issuance of the permits. Hearings on the appeals were conducted by the Office of Administrative Hearings as Matter No. 99A-USWS001-DWR in September, 1999 and are scheduled to continue on February 15, 2000.

1.6. The City and County intend to supplement the 1979 IGA by entering into this Supplemental IGA.

1.7. The District desires to be a party to this Supplemental IGA.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties covenant and agree as follows:

SECTION II. STATEMENT OF PURPOSE.

The purpose of this Supplemental IGA is to supplement the terms and provisions of the 1979 IGA; in the event of a conflict between the terms and provisions of this Supplemental IGA
and the terms and provisions of the 1979 IGA, the terms and provisions of this Supplemental IGA will govern. Capitalized terms are defined in Section III below. It is the intent of the parties that the interpretation and implementation of this Supplemental IGA be guided by the following principles. The parties agree that the provisions of the 1979 IGA and of this Supplemental IGA are consistent with these principles:

2.1 Effluent is an important long term renewable source of water in the Tucson Active Management Area; every reasonable effort should be made to:

2.1.1 Use Effluent to replace current groundwater uses within the service area of the Water Provider which provides the water from which the effluent is derived;

2.1.2 Encourage the use of Effluent in place of groundwater for future uses within such service area where feasible; and

2.1.3 Preserve Effluent for use by Water Providers in meeting long term potable water demands.

2.2 The uses of Effluent are limited unless the Effluent is treated to Reclaimed Water standards. The costs of treating Effluent to Reclaimed Water standards and the costs of distributing Reclaimed Water should, as a general rule, be paid by the users of the Reclaimed Water. The parties will cooperate in efforts to lower those costs where feasible.

2.3 Reasonable quantities of Effluent should be reserved for use in Riparian Projects. Beneficiaries or operators of these Projects should pay the costs of distributing the Effluent and the costs of treating the Effluent to Reclaimed Water standards and distributing the Reclaimed Water. To the extent that the use of the Reclaimed Water in a Riparian Project is interruptible, recoverable costs should be limited to the operating expenses of producing and distributing the Reclaimed Water.

2.4 Reasonable efforts should be made, consistent with the principles and purposes of this Supplemental IGA, to give other Water Providers reasonable access to Effluent derived from the water they supply, so long as they pay all costs associated with the use of said Effluent.

SECTION III. DEFINITIONS.

Notwithstanding any similarities as may appear when compared to the definitions in the 1980 Groundwater Management Act or elsewhere in A.R.S. Title 45, or any other statute, or to the definitions in the 1979 IGA, the following words and phrases shall have the following defined meanings for the purpose of this Supplemental IGA, and for purposes of the 1979 IGA:

3.1 Addendum: an amendment, addition, or deletion to this Supplemental IGA adopted and approved by the parties shall be called an “Addendum” and shall be numbered and dated, such as “Addendum 1, Adopted May 1, 2000”.
3.2. **Available Effluent:** the quantity of Effluent remaining in any calendar year after the delivery of the SAWRS Effluent to the United States and the delivery of the Conservation Pool Effluent, as provided in Section V below.

3.3. **Costs:** all actual fiscal year capital payments and operating expenses. (Exhibit A hereto explains the methodology for determining Costs for each component of the City's Reclaimed Water System. Exhibit A-I illustrates the application of that methodology, utilizing preliminary FY 1999 amounts.).

3.4. **Default:** an act or omission which violates this Supplemental IGA.

3.5. **Effluent:** wastewater that has received a minimum of secondary wastewater treatment, including wastewater that has received treatment to Reclaimed Water standards or higher standards.

3.6. **Initial Delivery Period:** three times the number of years between 1995 and the year in which the County completes the repair and upgrade of the wastewater treatment facilities at Randolph Park and begins the delivery of Reclaimed Water to the City pursuant to Section XII hereof. For example, if the completion occurs and delivery begins in the year 2000, the Initial Delivery Period would be fifteen years.

3.7. **Metropolitan Area:** the area which is now or in the future served by the Roger Road, Ina Road, or Randolph Park treatment plants, or by any additional collection and treatment facilities hereafter constructed which: 1) are physically integrated into the existing metropolitan sewerage system, or 2) serve any portion of the integrated water service area of the City, or 3) serve any portion of the water service area of a Water Provider that was served by treatment plants in the metropolitan area, as defined in the 1979 IGA, on the date of the execution of this Supplemental IGA. Notwithstanding this definition, the existing treatment facilities at Mount Lemmon, Arivaca Junction, Avra Valley, Green Valley, Marana, Rillito, Corona de Tucson, and Pima County Fairgrounds shall be denominated as non-metropolitan facilities.

3.8. **Non-Metropolitan Area:** any area located outside of the Metropolitan Area as defined herein.

3.9. **Public Use:** use on County parks, County golf courses, and other County or publicly owned and operated property; use for landscaping on public streets and highways; or a use which will replace an existing use of groundwater or avoid a new use of groundwater on County or District property; uses which replace the use of groundwater or other potable resources for construction, including but not limited to, compaction, equipment wash down, and air pollution control; use in a Riparian Project.

3.10. **Reclaimed Water:** Effluent that has received treatment to a quality suitable for open access reuse under state and federal laws.

3.11. **Riparian Project:** a project that is 1) accepted by the United States Fish and Wildlife Service as a part of a Habitat Conservation Plan for purposes of permitting under the Endangered Species Act, or 2) designated as a Riparian Project for purposes of environmental restoration by mutual written agreement of the City and County.
3.12. **SAWRSA Effluent**: the 28,200 acre feet, plus losses, of annual effluent entitlement which the City assigned and conveyed to the United States by contract dated October 11, 1983, pursuant to the provisions of the Southern Arizona Water Rights Settlement Act.

3.13. **Water Provider**: a public entity that owns and operates a water utility system within the Tucson Active Management Area, provides water service, and holds a designation of assured water supply from the Arizona Department of Water Resources ("ADWR").

SECTION IV. PROVISIONS RELATING TO NON-METROPOLITAN EFFLUENT.

4.1. City Control Waiver. The City waives its right of unilateral control over the use and disposition of Effluent discharged from County treatment plants in Non-Metropolitan areas, provided, however, if any Effluent is put to a use other than Public Use, the following conditions will apply to such Effluent:

4.1.1 None of the Costs of distributing such Effluent from the point of production to the point(s) of use are charged to sewer rate payers within the City of Tucson or to County taxpayers within the City of Tucson; and

4.1.2 None of the Costs of treating such Effluent to meet reuse plans, in excess of federal and state standards for discharge into the waters of the United States, are charged to sewer rate payers within the City of Tucson or to County taxpayers within the City of Tucson; and

4.1.3 County agrees that it will charge each user of such Effluent from a treatment plant located in a Non-Metropolitan Area a fee per acre foot which contains a production component which is not less than the City's actual average per acre foot operating Costs of the production/treatment of Reclaimed Water during the previous fiscal year; the City's operating Costs per acre foot of Reclaimed Water produced during the previous fiscal year shall be determined in accordance with the methodology described in Exhibit A hereto and the example of the application of that methodology in Exhibit A-1. The results of the application of the methodology for FY 1999 are stated in Exhibit B hereto. This provision will not apply to any existing contractual obligations of the County. This provision may be waived by mutual written agreement between the City and County.

4.1.4 If the disposal of Effluent from a treatment plant located in a Non-Metropolitan Area will reduce treatment costs, including capital, maintenance and operating expense, the projected savings per acre foot can be applied by the County to reduce the per acre foot fee required by the provisions of sub-paragraph 4.1.3 of this Agreement. In the event of such reduction, the County shall provide to the City substantiation of the projected savings from such disposal.

4.2. City Net Profit Waiver. The City waives its right to 50% of the net profit from the disposition of Effluent discharged from County treatment plants in Non-Metropolitan Areas provided that the conditions stated in Subsections 4.1.1, 4.1.2 and 4.1.3 are met with regard to such Effluent.
SECTION V: PROVISIONS RELATING TO EFFLUENT FOR RIPARIAN PROJECTS

5.1 Conservation Effluent Pool.

City and County agree that a pool of Effluent (the “Conservation Effluent Pool”) shall be made available to Riparian Projects each year on the following terms and conditions:

5.1.1 The quantity of Effluent contributed per annum to the Conservation Effluent Pool shall be 5,000 acre feet during the five year period commencing on the effective date of this Supplemental IGA. After the five year period, a sufficient quantity of Effluent shall be contributed annually to the Conservation Effluent Pool to meet the demand for such Effluent by operators of Riparian Projects up to a maximum of 10,000 acre feet of total Effluent per annum. In the event that the total annual demand for Effluent by operators of Riparian Projects exceeds 10,000 acre feet, the City and County will meet and determine whether the quantity of Effluent contributed per annum to the Conservation Effluent Pool should be increased. In the event that the parties cannot agree on whether and how much to increase the Conservation Effluent Pool, the quantity of Effluent contributed to the Conservation Effluent Pool will not be increased.

5.1.2 Effluent in the Conservation Effluent Pool shall be contributed from Metropolitan Effluent on the following basis:

5.1.2.1 Effluent will be contributed to the Conservation Effluent Pool after the United States has taken the SAWRSA effluent;

5.1.2.2 From the Effluent remaining after the contribution to the Conservation Effluent Pool, the County will be entitled to take its 10%;

5.1.2.3 Any Effluent assigned to a Water Provider will bear its pro-rata share of the contribution to the Conservation Effluent Pool.

5.1.3 Effluent in the Conservation Effluent Pool shall be available to any entity (an “operator”) that operates a Riparian Project. In the event that the quantity of Effluent in the Conservation Effluent Pool is insufficient to meet the demand, the Effluent shall be apportioned among the Riparian Projects. Effluent in the Effluent Conservation Pool not used in the year that the Effluent is contributed to the Pool shall not be carried over to the next year.

5.1.4 The terms and conditions by which Effluent will be made available to operators of the Riparian Projects shall be established in a Conservation Effluent Pool Agreement to be negotiated by the City and County not inconsistent with the terms and conditions of this Supplemental IGA.

5.2 Charges for Effluent for Riparian Projects

5.2.1 With regard to Riparian Projects not requiring Reclaimed Water, Effluent shall be made available from the Conservation Effluent Pool at no charge to the operator by the City. The operator requiring Effluent shall take delivery of the Effluent at the secondary treatment
facility and shall be solely responsible at the operator’s sole cost and expense for transporting the Effluent to the Riparian Project.

5.2.2 With regard to Riparian Projects requiring Reclaimed Water, the City shall produce and deliver Reclaimed Water from the Conservation Effluent Pool to Riparian Projects on the following terms and conditions:

5.2.2.1 The City shall produce and deliver the Reclaimed Water on an interruptible basis to Riparian Projects and shall charge an Environmental Rate to be paid by operators or beneficiaries of the Riparian Projects. The Environmental Rate shall be based on recovery of the average operational expenses per acre foot of the production and delivery of Reclaimed Water in the Reclaimed Water system. Exhibit A describes the methodology to be used in determining these operational expenses; Exhibit A-1 illustrates the application of this methodology; and Exhibit B contains the rates that result from the application of this methodology.

5.2.2.2 Notwithstanding the City’s obligation to deliver Reclaimed Water on an interruptible basis at an Environmental Rate, the City shall not be obligated to deliver Reclaimed Water if specific capital improvements are needed for the production or delivery of Reclaimed Water to a particular Riparian Project and the operator fails to finance the costs of the capital improvements.

5.2.3 Non-interruptible service of Reclaimed Water for Riparian Projects will be provided at the same price and on the same terms as retail service to users of Reclaimed Water.

SECTION VI. COUNTY AND FLOOD CONTROL DISTRICT COOPERATION IN EFFLUENT MANAGED RECHARGE PROJECTS IN SANTA CRUZ RIVER BED.

6.1. County agrees to execute the Consent in the form attached hereto as Exhibit C, to allow the City and the United States to use the County’s land in the Santa Cruz River bed, between Roger Road and Ina Road, for the sole purposes of percolating and transporting effluent in County lands in the Santa Cruz stream bed for an effluent managed recharge facility.

6.2. Flood Control District agrees to execute the Consent in the form attached hereto as Exhibit D, to allow the City and the United States to use the Flood Control District’s land in the Santa Cruz River bed, between Roger Road and Ina Road, for the sole purposes of percolating and transporting effluent in District lands in the Santa Cruz stream bed for an effluent managed recharge facility, subject to the District’s right to construct and maintain bank protection and grade control structures.

6.3. County and Flood Control District hereby withdraw their protests of ADWR Permits Nos. 71-545944.001, 73-545943.0100 and 73-545943.0200 and stipulate to the dismissal of their appeals in Matter No. 99A-USWS001-DWR before the Office of Administrative Hearings. County and District agree to execute additional documents consistent with their withdrawal and stipulation for dismissal.
6.4. The City intends, with the United States, to file a joint application for an effluent managed recharge facility in the Santa Cruz River bed from Ina Road north to the northerly boundary of the Tucson Active Management Area. The City agrees to formally consult with the County and District in developing the joint application and agrees to provide the County and District with copies of all documents submitted to ADWR as part of the joint application.

6.4.1 County agrees that it will support the application and will execute and deliver to the City a Consent, in the form attached as Exhibit E, to allow the County to use the County's land in the Santa Cruz River bed north of Ina Road, for the sole purposes of percolating and transporting effluent in County lands in the Santa Cruz stream bed for an effluent managed recharge facility. County may, at its option, elect to join in the application set forth in Subsection 6.4.

6.4.2 Flood Control District agrees that it will support the application and will execute and deliver to the City a Consent, in the form attached as Exhibit E, to allow the City to use the Flood Control District's land in the Santa Cruz River bed north of Ina Road, for the sole purposes of percolating and transporting effluent in District lands in the Santa Cruz stream bed for an effluent managed recharge facility, subject to the District's right to construct and maintain bank protection and grade control structures.

6.5. City agrees that County may store Effluent in the managed recharge facilities of the City pursuant to an effluent storage permit issued by ADWR to the County. City agrees that, as part of the City program to recover its stored Effluent, it will recover, on an interruptible basis, Effluent stored by the County. The City will be responsible for operating such managed recharge facility and may charge a fee for the use of each such facility which allocates the operating costs among the users of the facility pro-rata to the quantity of Effluent stored in the facility. For County stored Effluent recovered by the City, the County agrees to pay the City's average operating costs per acre foot of producing Reclaimed Water. Exhibit A describes the methodology to be used in determining these average operational expenses; exhibit A-1 illustrates the application of this methodology; and Exhibit B contains the rates that result from the application of this methodology. In the event that the County is paying a storage fee pursuant to Subsection 6.7 based upon pre-storage treatment costs, pre-storage treatment costs will be excluded from the average operational expenses charged to the County for recovery of stored Effluent.

6.6. The City shall not undertake any managed or constructed recharge project, or recovery plan associated with same, which proximately results in groundwater pollution, associated with any landfill, which violates state or federal water quality standards. In the event that the City's activities in this regard cause actual pollution to the groundwater from an existing landfill, in violation of state or federal water quality standards, the City shall be responsible for any remediation required as a proximate result of the City's activities. City agrees to regularly consult with County with regard to managed and constructed recharge facilities and recovery plans associated with same in order to protect the groundwater from pollution from any landfill and promote remediation programs. City agrees to consult with County to determine whether recovery wells can be placed in locations that assist the County in its remediation of pollution from County landfills.
6.7. The County has federal National Pollution Discharge Elimination Permits for the discharge of effluent to the Santa Cruz River for the Ina Road Regional Wastewater Treatment Facility (No. AZ0020001) and the Roger Road Regional Wastewater Treatment Facility (No. AZ0020923). The County is obtaining a State Aquifer Protection Permit for discharging effluent to the Santa Cruz River for both the Ina and Roger Road Regional Wastewater Treatment Facilities. The County will continue to be responsible for meeting the requirements of these permits or future permits if effluent is discharged from either facility into the Santa Cruz River, a water of the United States. If additional treatment is legally required because of the existence of a City managed recharge facility, the City will be responsible for the additional treatment costs and may establish a storage fee for use of the facility to recover these pre-storage treatment costs pro-rata, among the storage permittees, to the amount of Effluent stored.

SECTION VII. CONSTRUCTED EFFLUENT RECHARGE PROJECTS

7.1. City, County and Flood Control District agree to cooperate in planning and establishing Effluent constructed recharge projects for City and/or County operation in the Metropolitan Area. The constructed recharge facilities will be available for storage of SAWRSA Effluent and Effluent of the City, the County and Water Providers. The County has federal National Pollution Discharge Elimination Permits for the discharge of effluent to the Santa Cruz River for the Ina Road Regional Wastewater Treatment Facility (No. AZ0020001) and the Roger Road Regional Wastewater Treatment Facility (No. AZ0020923). The County is obtaining a State Aquifer Protection Permit for discharging effluent to the Santa Cruz River for both the Ina and Roger Road Regional Wastewater Treatment Facilities. The County will continue to be responsible for meeting the requirements of these permits or future permits if effluent is discharged from either facility into the Santa Cruz River, a water of the United States.

7.2. The City will be responsible for constructing any constructed recharge facility that the City operates and may charge a storage fee for the use of each such facility which allocates the amortized construction costs among the users of the facility pro-rata to the quantity of Effluent stored in the facility. In the event that the Federal and/or State standards for discharge into a constructed recharge project are higher than the standards for discharge into the stream bed, the City, if it decides to establish a constructed recharge facility, will be responsible for additional treatment costs and will include these as a pre-storage treatment cost element in the storage fee for the use of each such facility.

7.2.1 The City may choose to require each user of the facility to finance the construction costs pro-rata to the quantity of Effluent stored by that user in the facility, in lieu of the construction component of the storage fee.

7.2.2 For County stored Effluent recovered by the City, the County agrees to pay the City's average operating costs per acre foot of production/treatment of Reclaimed Water. Exhibit A describes the methodology to be used in determining these average operational expenses; exhibit A-1 illustrates the application of this methodology; and exhibit B contains the rates that result from the application of this methodology. In the event that the County is paying a storage fee which includes a pre-storage treatment cost element pursuant to Subsection 7.2, this cost element will be excluded from the average operational expenses charged to the County for recovery of stored Effluent.
SECTION VIII. COUNTY COOPERATION IN CITY ESTABLISHMENT OF RECLAIMED WATER PRODUCTION FACILITY AT INA ROAD TREATMENT PLANT AND COUNTY EXPANSION OF ROGER ROAD TREATMENT PLANT.

8.1. County agrees to provide to the City approximately 10 acres of land on which the City can establish a Reclaimed Water production facility for Effluent from the Ina Road Treatment Plant. City and County will jointly select an appropriate, cost efficient parcel of land reasonably proximate to the Ina Road Treatment Plant. In the event that the City and County are unable to reach agreement on the parcel to be provided to the City within 365 days after the effective date of this Supplemental IGA, either the City or the County may submit the unresolved issues to alternative dispute resolution pursuant to Section XIV of this Supplemental IGA.

8.2. City agrees to provide to the County land for expansion or modification of the Roger Road Treatment Plant. City and County will jointly select an appropriate, cost efficient parcel of land reasonably proximate to the Roger Road Treatment Plant. In the event that the City and County are unable to reach agreement on the parcel to be provided to the County within 365 days after the effective date of this Supplemental IGA, either the City or the County may submit the unresolved issues to alternative dispute resolution pursuant to Section XIV of this Supplemental IGA.

SECTION IX. DIVISION OF EFFLUENT PRODUCED FROM THE NEW TREATMENT FACILITY AT INA ROAD.

9.1. County is constructing a new treatment facility at Ina Road, the product of which will be Effluent treated to a standard beyond secondary. Prior to completion of the new facility, City and County will attempt to reach agreement on protocols for access by the City and County to Effluent from the new facility. In the event that City and County are unable to reach agreement on such protocols, the following will govern access to Effluent from the new Ina Road facility:

9.1.1 County shall be entitled to take, from Available Effluent, up to its full daily entitlement of Effluent from the two Ina Road treatment plants. Effluent taken by the County from the Ina Road treatment plants shall be divided between the old Ina Road treatment plant and the new treatment plant in the proportion which the average daily output of Available Effluent from each plant bore during the previous calendar year to the average daily output of Available Effluent from the two plants. The County may choose to take a portion of its 10% share from the Roger Road plant, provided that Effluent taken from the Roger Road plant shall be excess to the needs of the City.

9.1.2 The Conservation Effluent Pool will be divided among the Roger Road plant Effluent, the old Ina Road plant Effluent, and the new Ina Road plant Effluent in the proportion which the average daily Effluent output of each plant bore in the previous calendar year to the total average daily Effluent output of the three plants.

9.1.3 The City shall be entitled to take up to its full 90% of the Effluent divided among the Roger Road plant Effluent, the old Ina Road plant Effluent, and the new Ina Road plant Effluent in the proportion which the average daily output of Available Effluent from each plant bore in the previous calendar year to the total average daily output of Available Effluent.
Effluent from the three plants, and subject to the availability of Effluent from the Ina Road plants after the County has taken its 10% share. The City may choose to take a larger than proportionate share from the Roger Road plant, in which case the remainder of the Effluent to which the City is entitled from each of the Ina Road plants shall be in the proportion which the average daily output of Available Effluent from each of the Ina Road plants bore in the previous calendar year to the total average daily output of Available Effluent from the Ina Road plants.

9.2. The United States may take its Effluent from the three treatment plants in accordance with a protocol to be agreed between the City and the United States. That protocol will provide that the United States share of Effluent from the new Ina Road facility shall be no greater than the proportion which the average daily output of Effluent from the new Ina Road facility bore in the previous calendar year to the total average daily output of Effluent from the Roger Road plant and the two Ina Road plants.

9.3. Each Water Provider to which the City assigns Effluent shall be entitled to take its Effluent on the basis of the protocol in the agreement between the assignee and the City. That protocol will provide that the Water Provider’s share of Effluent from the new Ina Road facility shall be no greater than the proportion which the average daily output of Available Effluent from the new Ina Road facility bore in the previous calendar year to the total average daily output of Available Effluent from the Roger Road plant and the two Ina Road plants. Each assignment agreement between the City and a Water Provider shall provide that the Water Provider takes the Effluent subject to the obligations of the City to the County with regard to that Effluent.

SECTION X. CITY/COUNTY COORDINATION IN WASTEWATER TREATMENT AND RECLAIMED WATER PLANNING, PERMITTING, OPERATION AND MAINTENANCE.

10.1. City and County will meet regularly to discuss issues of mutual concern.

10.2. City and County agree to establish protocols for coordination of the planning, permitting, operation and maintenance of wastewater treatment facilities and programs by the County, the coordination of the planning, permitting, construction, operation and maintenance of flood control facilities, and the coordination of the planning, permitting, operation and maintenance of reclaimed water treatment and delivery facilities and programs by the City.

10.3. City and County agree to consult and cooperate with regard to state and federal wastewater treatment standards and effluent reuse standards with the goals of reducing costs and maximizing the use of Effluent and Reclaimed Water in the water service area of the Effluent user to replace groundwater use and to supplement potable water supplies.

10.4. City and County and District each agree that before filing any administrative or legal protest against an application for permit filed by one of the other parties to this Supplemental IGA, it will give written notice to the applicant and, if feasible, will meet with the applicant and discuss the reasons for the protest.

10.5. City and County agree to annually provide to each other the costs of producing Effluent, recovered Effluent and Reclaimed Water from the Metropolitan and Non-Metropolitan Areas.
10.6. City agrees to provide advance notice to, and consult with, the County as to any activity which would result in material changes in the chemical composition or quality of water which the County treats.

SECTION XI. COUNTY USE OF EFFLUENT FROM TREATMENT PLANTS IN THE METROPOLITAN AREA.

11.1. The County may put its Effluent from treatment plants in the Metropolitan Area on any County property to Public Use.

11.2. The County will not sell, transfer, exchange or assign to any other person or entity, Effluent or Reclaimed Water from any treatment facility in a Metropolitan Area except as provided in Article III H of the 1977 IGA, unless the City agrees in writing to such sale, transfer, exchange or assignment.

11.3. The City agrees to produce, from County Effluent, and deliver County Reclaimed Water in existing City production and delivery facilities on an interruptible as-available basis, and to charge the County for these services at the Environmental Rate.

SECTION XII. RANDOLPH PARK TREATMENT PLANT.

12.1. The Randolph Park Treatment Plant has not been operated since 1995. City and County agree that the Randolph Park Treatment Plant shall be restored to operation on the following basis.

12.1.1 City shall cause the utility service associated with the Randolph Park Treatment Plant which was severed in 1995 to be restored to operating use.

12.1.2 County shall repair and upgrade the wastewater treatment facilities at Randolph Park and, at no cost to the City, shall operate the facilities.

12.2. During the Initial Delivery Period, up to an average of 1,000 acre feet per year of Reclaimed Water from the Randolph Park Plant, as requested by the City, shall be made available to the City for use on the Randolph Park golf courses and Reid Park and in the City Reclaimed Water system. After the Initial Delivery Period, up to an average of 740 acre feet per year of Reclaimed Water from the Randolph Park Plant, as requested by the City, shall be made available to the City for use on the Randolph Park golf courses and Reid Park.

12.3. The balance of the Reclaimed Water produced by the Randolph Park Plant may be put to Public Use by the County. The City agrees to wheel the County Reclaimed Water produced by the Randolph Park Plant in existing City delivery pipelines at a fee based on the average operating expenses of the Reclaimed Water distribution system. With regard to Randolph Park water delivered to Kino Park, the County shall pay a capital charge related to the costs of the Kino pipeline. Exhibit A describes the methodology to be used in determining the operating expenses; Exhibit A-1 illustrates the application of this methodology; and Exhibit B contains the operating expense component of the Randolph Park wheeling rate that results from the application of the methodology. The capital component shall be calculated in accordance with Exhibits G and G-1. The duration of the capital component shall be determined in
accordance with the provisions of Exhibit G. Any Reclaimed Water produced by the Randolph Park Plant that is excess to the needs of the County will be utilized by the City in its Reclaimed Water system.

SECTION XIII. RECIPROCAL EASEMENTS.

13.1. County agrees to grant, at no charge to City, easements and rights of way over County property for water pipelines and related facilities, and for storage, treatment and pipeline facilities to facilitate City use and disposition of its Effluent and Reclaimed Water, and County shall bear no costs associated therewith.

13.2. City agrees to grant, at no charge to County, easements and rights of way over City property for wastewater pipelines, including sludge lines, and related facilities, for storage, treatment and pipeline facilities to facilitate County use of its Effluent and Reclaimed Water, and City shall bear no costs associated therewith.

SECTION XIV. ALTERNATIVE DISPUTE RESOLUTION

14.1. The following non-binding alternative dispute resolution process shall be followed for any dispute arising under this Supplemental IGA or the 1979 IGA.

14.1.1 The City and the County shall meet and confer about the issue or issues in an attempt to resolve the dispute. If there are issues that cannot be resolved by City and County, each shall appoint one arbitrator to a three party panel of arbitrators which will decide the dispute. The appointment of the two arbitrators will occur within 30 days of the meeting referred to above.

14.1.2 Arbitrators appointed to the arbitration panel shall be skilled and experienced in the field or fields pertaining to the dispute. The two selected arbitrators shall meet within 30 days of the later of the two arbitrator’s appointment, and at their first meeting they shall appoint a third neutral arbitrator to complete the arbitration panel. The third arbitrator shall act as a chairperson of the arbitration panel and shall direct the arbitration proceedings.

14.1.3 The arbitration process shall be limited to the issue or issues submitted by the City or the County. The arbitration panel shall not rewrite, amend, or modify this Supplemental IGA, the 1979 IGA or any other agreement or contract between the Parties.

14.1.4 There shall be no discovery beyond the information and documents made available during the informal meet and confer process provided for in 14.1.1 and the general exchange or availability of records provided for within the 1979 IGA.

14.1.5 No formal evidentiary hearing shall be provided unless one is requested by either the City or the County in writing, at the same meeting that the neutral arbitrator is appointed. Assuming that no hearing has been requested, the arbitration panel will meet as deemed necessary by the panel and shall, in a manner it deems appropriate, receive evidence, receive argument or written briefs from the City and the County, and otherwise gather whatever information is deemed helpful by the panel. The arbitration process to be followed
shall be informal in nature, and the City and the County shall not be entitled to trial-type proceedings under, for example, formal rules of evidence.

14.1.6 In the event that either the City or the County requests a hearing, the arbitration panel shall meet to receive evidence, receive argument and written briefs from the City and the County as follows:

14.1.6.1 The arbitration panel shall, within 5 days of the appointment of the neutral arbitrator, schedule a date for a hearing which shall be held within 20 days of the appointment of the neutral arbitrator.

14.1.6.2 Within 10 days of the appointment of the neutral arbitrator, the City and the County shall each submit a brief of no longer than 15 pages setting forth its case. The brief shall include discussion of all issues relevant to the party's case. Each party shall, as an attachment to its brief, include declarations of not more than two experts and any relevant factual witness. Declarations of expert witnesses must include all opinions to be elicited upon direct testimony and a complete explanation of the basis of these options. Disputes with respect to the sufficiency of declarations or the appropriateness of the testimony shall be resolved by the witnesses available for cross-examination at the time of the arbitration hearing. Factual witnesses for which a declaration is prepared shall be made available for cross-examination at the time of the arbitration hearing only if requested by the other party.

14.1.6.3 Each party shall have the opportunity, within 5 days of the close of hearing, to submit a closing brief not to exceed 10 pages. The closing brief shall be argument with no additional factual evidence to be submitted.

14.1.6.4 There shall be no testifying witness on direct except for expert witnesses.

14.1.6.5 Each party shall have a maximum of four hours to present its case in total. This time shall include opening and closing statements, direct presentation and any cross-examination of the other party's witnesses. Each party shall have the right to reserve part of its time to present up to one hour of rebuttal testimony.

14.1.6.6 The matter shall be deemed submitted at the submission of closing briefs.

14.1.7 The panel of arbitrators shall render its final decision in the dispute within 60 days after the date of naming the third arbitrator. If the arbitrators disagree as to the determination, any two of the three arbitrators may join to form a majority and the decision of those two arbitrators will be final for the panel. The panel will issue a written decision for the City and the County.

14.2 If either the City or the County declines to accept the decision of the arbitration panel, it may initiate an action in the appropriate court within 60 days of the issuance of the panel's written decision to obtain a judicial determination of the underlying dispute. If an action is not filed within 60 days of the panel's decision, the decision of the panel shall be deemed to be final and not subject to judicial review. The decision of the panel and record of the
arbitration shall not be privileged and may be submitted as part of the record by either side in support of its case.

14.3. All costs incurred by the arbitration panel shall be shared equally by the City and the County, and the expenses of the arbitration panel shall be paid expeditiously.

14.4. During the period of time in which a disagreement is being addressed in the ADR process or appropriate judicial proceeding, the City and the County agree that no default or breach of any agreement being addressed in the process will have occurred.

SECTION XV. PENDING LITIGATION.

15.1. The Parties agree that they will within 30 days after the effective date of this Supplemental IGA, stipulate to the dismissal of Matter No. CV99-18367 without prejudice, each party to bear its own costs and attorneys’ fees.

SECTION XVI. DURATION AND TERMINATION

This Agreement shall continue indefinitely and shall be subject to termination by any of the parties or their successors or assigns upon one year’s prior written notice and based only upon the material breach of the provisions of this Supplemental IGA. The termination of this Supplemental IGA will constitute a termination of the 1979 IGA.

SECTION XVII. MISCELLANEOUS

17.1. Effective Date. This Supplemental IGA shall be effective upon filing of the original executed Supplemental IGA with the Office of the Pima County Recorder.

17.2. Legal Jurisdiction. Nothing in this Supplemental IGA shall be construed as either limiting or extending the legal jurisdiction of the City or the County or the District.

17.3. Assignment. The terms of the Supplemental IGA shall be binding on the successors and assigns of the parties hereto.

17.4. Remedies. Any party to this Supplemental IGA may seek specific performance hereof, or any other judicial relief in the event of breach of this Supplemental IGA. The election of a remedy shall not be deemed a waiver of any other remedy.

17.5. Modification. City and County recognize that from time to time modification of this Supplemental IGA may be necessary in order to meet the needs and requirements of the community in future years. Therefore, City and County agree that, from time to time, either party to this Supplemental IGA may, upon thirty (30) days prior notice to the other, request a joint meeting of City and County officials to discuss proposed changes to this Supplemental IGA.

17.6. Non-Severability. If any portion of this Supplemental IGA is finally adjudicated invalid, the entire Supplemental IGA shall be null and void. The provisions of this Supplemental IGA are intended to be non-severable.
SIGNED AND ATTESTED this 7th day of February, 2000.

CITY OF TUCSON, a municipal corporation

By

Mayor

ATTEST AND COUNTERSIGNED:

CITY CLERK

APPROVED PURSUANT TO A.R.S
Sec. 11-952(d) AS AMENDED

CITY ATTORNEY

PIMA COUNTY, a political subdivision of the State of Arizona

By

Chair, Board of Supervisors

ATTEST:

CLERK OF THE BOARD
APPROVED PURSUANT TO A.R.S.
SEC. 11-952(d) AS AMENDED:

HARLAN AGNEW
PIMA COUNTY ATTORNEY

PIMA COUNTY FLOOD CONTROL DISTRICT,
a political subdivision of the State of Arizona

By SHAWN BRONSON
Chair, Board of Directors  FEB 5 8 2000

ATTEST:

LISE ANDERSON
CLERK OF THE BOARD

APPROVED PURSUANT TO A.R.S.
SEC. 11-952(d) AS AMENDED:

HAL GULBRANSON
PIMA COUNTY ATTORNEY
EXHIBIT A

To Supplemental IGA
O&M AND CAPITAL COSTS PER A.F. FOR RECLAIMED WATER

The City’s actual system-wide cost per acre foot for producing reclaimed water during the most recently completed fiscal year consists of two elements, an Operations & Maintenance (O&M) cost element and a Capital cost element. The City’s actual system-wide cost per acre foot for distributing reclaimed water during the most recently completed fiscal year also consists of the same two cost elements. For the purposes of this analysis only, the O&M and capital cost elements shall be divided by the acre feet of reclaimed water produced at the City’s Reclaimed Water Treatment Plant(s), to calculate the cost per acre foot.

The methodology for the necessary calculations is described below and illustrated in the attached example calculations in Exhibit A-1.

I. O&M Element

A. Expenses recorded in the City account(s) directly responsible for operating the reclaimed water system (currently there is only one such account, 081-710-7127) shall be segregated into three components: (a) ‘production/treatment,’ (b) ‘distribution’; (c) ‘administrative/support.’ This segregation will be made on the basis the City’s Job Cost Report for account 081-710-7127, which provides sufficient information to allow such segregation.

B. ‘Administrative/support’ expenses shall be allocated to ‘production/treatment’ and ‘distribution’ based on the percentage relationship each has to the sum of the two.

C. Total direct ‘production/treatment’ and ‘distribution’ expenses shall be increased by an allocation of expenses from (a) other City accounts whose personnel contribute to operating the reclaimed water system and (b) other City accounts whose personnel are responsible for overall management of the City’s Water Utility.

D. The specific City accounts whose personnel contribute to operating the reclaimed water system may change over time due to Water Utility re-organizations or other factors. Currently, the specific accounts are: 081-710-7472 and 081-710-7137 (maintenance functions); 081-710-7431 (water quality testing); and 081-710-7426, 081-710-7427, 018-710-7428, and 081-710-7457 (engineering).

E. The bases of allocation for the current specific accounts whose personnel contribute to operating the reclaimed water system shall be as follows and in the order indicated:

1. 081-710-7472: reclaimed water usage as a percentage of the sum of potable and reclaimed usage.

2. 081-710-7137: sum of 081-710-7127 non-power expenses and 081-710-7472 allocation to reclaimed water, as a percentage of total expenses of 081-710-7137, 081-710-7177, 081-710-7227, 081-710-7237, 081-710-7117 (non-power), 081-710-7435, 081-710-7472, and 081-710-7127 (non-power).
3. 081-710-7431: reclaimed water usage as a percentage of the sum of potable and reclaimed usage.

4. 081-710-7426; 081-710-7427; 081-710-7428; and 081-710-7457: reclaimed water system capital additions for the year as percentage of sum of potable and reclaimed systems' additions, excluding additions of land and meters/services.

5. Since the preceding allocation bases for these specific City accounts are numerous as well as complex, to simplify calculations, the net percentage results projected in the City's water rate model for FY 1999 shall be used.

6. That percentage is 11.9% of the total expenses for the specific City accounts.

7. This percentage shall be updated every three years, or when specific accounts change, or when existing allocation factors change, whichever comes first.

F. The specific City accounts whose personnel are responsible for the overall management of the Water Utility or for general administrative support may change over time. Currently, the specific accounts are: 081-710-7416; 081-710-7417; 081-710-7418; 081-710-7432; 081-710-7434; 081-710-7441; 081-710-7475; 081-710-7425; 081-710-7429; 081-710-7430; 081-710-7470; 081-710-7217; 081-710-7437; 081-710-7438; and 081-710-7439.

1. Allocation bases for these specific City accounts are numerous as well as complex. To simplify calculations, the net percentage results projected in the City's water rate model for FY 1999 shall be used.

2. That percentage is 2.3% of the total expenses for the specific City accounts.

3. This percentage shall be updated every three years, or when specific accounts change, or when existing allocation factors change, whichever comes first.

G. Expenses in E and F shall be allocated to 'production/treatment' and 'distribution' based on the percentage relationship of the two identified in B above.

H. Miscellaneous revenues and operating fund interest earnings available for financing the Water Utility's total O&M shall also be allocated between the potable and reclaimed water systems. To simplify calculations, the percentage of these revenues allocated to reclaimed water in the City's water rate model for FY 1999 shall be used.

1. That percentage is 6.9% of the sum of miscellaneous revenues and operating fund interest earnings.

2. This percentage shall be updated every three years, or when existing allocation factors change, whichever comes first.
3. The revenues allocated to reclaimed water O&M shall be distributed between ‘production/treatment’ and ‘distribution’ based on the percentage relationship the expenses of each has to the summed expenses of the two.

4. The ‘production/treatment’ revenues shall be deducted from the ‘production/treatment’ expenses.

I. The resulting totals for ‘production/treatment’ and for ‘distribution’ shall then each be divided by the reclaimed water produced (in acre feet) for the given fiscal year, as reported by the City’s Reclaimed Water Treatment Plant(s), providing the O&M cost per acre foot to produce or distribute reclaimed water for that year.

II. Capital Element

A. Capital expenditures financed by City Water Utility revenues shall be identified and segregated. For FY 1999, such expenditures are composed of the following items: (a) equipment with a unit cost greater than $1,000; (b) debt service payments on bonds secured by water revenues, excluding amortization of any loss or gain on bond refundings; (c) contract payments for capital water facilities (such as those related to the purchase of private water companies); and (d) that portion of the Water Utility’s capital program financed by annual revenues. These items may change over time. These capital expenditures occur in City accounts too numerous to list. Should Pima County request a specific listing by account and expenditure amount, the City will provide such a listing.

B. Capital-related revenues and other funding sources, exclusive of Water Utility revenues, shall be identified and segregated from other revenues and sources. For FY 1999, such capital-related sources are composed of the following items: (a) water system connection fees; (b) area development fees recognized as revenue; (c) interest earnings on the debt service fund; (d) interest earnings on the Central Arizona Project reserve fund; (e) interest earnings from the settlement with Metropolitan Water Improvement District; (f) use of funds originating in the Metropolitan Water Company reserve account; (g) use of funds originating in the Central Arizona Project reserve fund; and (h) use of working capital originating in the Water Utility’s operating fund. These items may change over time. These capital sources are recorded in City accounts too numerous to list. Should Pima County request a specific listing by account and revenue/source amount, the City will provide such a listing.

C. Capital expenditures in A above shall be reduced by capital sources in B above, resulting in the net capital costs to be recovered from revenues generated by the sale of water.

D. The net capital costs shall be allocated between the potable system and the production/treatment and distribution components of the reclaimed water system by restating net capital costs as the depreciation amounts on the respective systems and reclaimed components for the given fiscal year. Any remaining net capital costs shall be allocated based on the percentage relationship the assets of the potable system and each reclaimed component has to the sum of the assets of the three. The following specific allocation methodology shall be followed:
1. Respective system asset identification shall be based on the City’s Property Register which details the completed and installed water facilities of both the potable and reclaimed water systems, the City’s ‘Holding Account’ which details the completed and installed water facilities of both systems which are awaiting entry on the Property Register, and the City’s ledger for construction work-in-progress which details the water facilities of both systems currently underway but not completed. In all cases, asset identification shall exclude meters, hydrants, and any other customer-related asset costs, since customer-related costs are excluded from this agreement. Contributed capital for the respective systems shall also be identified and deducted from the previously identified asset totals for each system.

2. The asset total for the reclaimed system shall be segregated into three components: ‘production/treatment,’ ‘distribution,’ and ‘other.’ Specific accounts, too numerous to list, in the City’s Property Register, Holding Account, and the ledger for construction in progress, provide the necessary segregation. ‘Other’ shall be allocated to ‘production/treatment’ and ‘distribution’ based on the percentage relationship each has to the sum of the two.

3. Assets, such as ‘general plant’ which cannot be specifically identified as belonging to either the potable system or the reclaimed system, shall be allocated to the potable system and to the ‘production/treatment’ and ‘distribution’ components of the reclaimed system based on the percentage relationship each has to the sum of the three.

4. Following the determination of assets attributable to the potable system and the ‘production/treatment’ and ‘distribution’ components of the reclaimed system, the depreciation for the given year, based on City Accounting depreciation factors for asset types, shall be calculated for the potable system and the ‘production/treatment’ and ‘distribution’ elements of the reclaimed system.

5. If the sum of depreciation for the potable system and the ‘production/treatment’ and ‘distribution’ components of the reclaimed system is less than the net capital cost to be allocated, the remaining portion of the net capital cost shall be allocated among the three, based on the percentage relationship the assets of each has to the sum of the three.

6. The resulting net capital cost for the reclaimed ‘production/treatment’ and ‘distribution’ components shall then each be divided by the reclaimed water produced (in acre feet) for the given fiscal year, as reported by the City’s Reclaimed Water Treatment Plant(s), providing the capital cost per acre foot to produce reclaimed water for that year.
EXHIBIT A-1
To Supplemental IGA
Calculation of Reclaimed Water O&M and Capital Costs

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### Calculation of Reclaimed Water O&M and Capital Costs

#### Exhibit A-1

to Supplemental IGA

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<td></td>
</tr>
<tr>
<td>Use of Main Reserve Account</td>
<td>$497,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of CAP Reserve Fund</td>
<td>$1,173,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of Working Capital</td>
<td>$5,176,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-total</td>
<td>$18,781,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H, C</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Capital Costs to be Allocated</td>
<td>$24,447,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

#### Allocation Related Data

<table>
<thead>
<tr>
<th></th>
<th>Reclaimed Prod +</th>
<th>Portable</th>
<th>Swat Prod</th>
<th>Prod Distribution</th>
<th>Reclaimed</th>
<th>Reclaimed Prod (AP)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SWAT Percentage</td>
<td></td>
<td></td>
<td>Percentage</td>
<td></td>
<td>Percentage</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Depreciation Pools:

- **Source/Pump/Treatment:** $0 / $0 / $0 / $0
- **Storage for Source:** $0 / $0 / $0 / $0
- **Transmission/Distribution:** $0 / $0 / $0 / $0
- **Storage for Distribution:** $0 / $0 / $0 / $0
- **Meters & Services:** $0 / $0 / $0 / $0
- **Hydroms:** $0 / $0 / $0 / $0
- **Other (Oil, Empire Pumps, etc.):** $0 / $0 / $0 / $0
- **General Plant:** $0 / $0 / $0 / $0

- **Sub-total:** $0 / $0 / $0 / $0
- **Allocate Other:** $0 / $0 / $0 / $0
- **Less: Materials, Etc. & Hydrom:** $0 / $0 / $0 / $0
- **Sub-total:** $0 / $0 / $0 / $0
- **Allocate General Plant:** $0 / $0 / $0 / $0
- **Total Depreciation:** $0 / $0 / $0 / $0

**Net Capital Costs Remaining to be Allocated:** $24,447,000
### Calculation of Reclaimed Water O&M and Capital Costs

<table>
<thead>
<tr>
<th>Exhibit A-1</th>
<th>ALLOCATION RELATED DATA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Water Utility</strong></td>
<td><strong>POTABLE SYSTEM</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Other</strong></td>
</tr>
<tr>
<td><strong>Asset Basis:</strong></td>
<td></td>
</tr>
<tr>
<td>Property Register:</td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$44,648,000</td>
</tr>
<tr>
<td>Source/Pretreatment</td>
<td>$125,239,000</td>
</tr>
<tr>
<td>Storage for Source</td>
<td>$3,521,000</td>
</tr>
<tr>
<td>Transmission/Distribution</td>
<td>$197,832,000</td>
</tr>
<tr>
<td>Storage for Distribution</td>
<td>$71,387,000</td>
</tr>
<tr>
<td>Meters &amp; Services</td>
<td>$78,333,000</td>
</tr>
<tr>
<td>Hydrants</td>
<td>$171,040,000</td>
</tr>
<tr>
<td>(\text{Other Supplies, Office, etc})</td>
<td>$5,605,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$754,437,000</strong></td>
</tr>
<tr>
<td><strong>Allocate Other</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Property Register</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Allocation Related Data

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>POTABLE Sys + Reclaimed</strong></td>
<td><strong>Reclaimed</strong></td>
<td><strong>Pretreatment</strong></td>
<td><strong>Distribution</strong></td>
<td><strong>Reclaimed</strong></td>
<td><strong>Pretreatment</strong></td>
<td><strong>Distribution</strong></td>
</tr>
<tr>
<td><strong>Sys Percentage</strong></td>
<td>18.8%</td>
<td>81.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Pretreatment</strong></td>
<td>14.5%</td>
<td>85.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Distribution</strong></td>
<td>15.4%</td>
<td>84.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total Assets in Place:** $625,872,000

**Continued:**

- **Land:** $0
- **Source/Pretreatment:** $210,832,000
- **Storage for Source:** $0
- **Transmission/Distribution:** $255,388,000
- **Storage for Distribution:** $5,956,000
- **Meters & Services:** $649,000
- **Hydrants:** $0
- **Other Supplies, Office, etc:** $279,000
- **General Plant:** $118,218,000

**Subtotal:** $1,157,600,000

**Allocate Other:** $20,000

$109,000

Page 3 of 4
Calculation of Reclaimed Water O&M and Capital Costs

<table>
<thead>
<tr>
<th>Exhibit ref</th>
<th>Water Utility Total</th>
<th>Potable System Total</th>
<th>reclaimed Water System</th>
<th>Potable Sys Produced Treatment Distribution</th>
<th>Admitted Other</th>
<th>reclaimed Prod Distribution</th>
<th>System Percentage</th>
<th>Prod Distribution Percentage</th>
<th>Reclaimed Prod Distribution System Percentage</th>
<th>Reclaimed Prod (AF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subtotal</td>
<td>$131,753,000</td>
<td>$89,953,000</td>
<td>$13,578,000</td>
<td>$3,976,000</td>
<td>$0</td>
<td>$100,874,000</td>
<td>84.65%</td>
<td>17.45%</td>
<td>1.95%</td>
<td></td>
</tr>
<tr>
<td>Less: Metrovi &amp; Hydrant</td>
<td>$4,651,000</td>
<td>$1,600,000</td>
<td>$15,319,000</td>
<td>$3,974,000</td>
<td>$0</td>
<td>$718,000</td>
<td></td>
<td></td>
<td>$350,644,000</td>
<td>17.35%</td>
</tr>
<tr>
<td>Allocated General Plant</td>
<td>$15,612,000</td>
<td>$13,270,000</td>
<td>$13,270,000</td>
<td>$3,974,000</td>
<td>$0</td>
<td>$30,000</td>
<td>2.1%</td>
<td></td>
<td>$350,644,000</td>
<td>17.35%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$645,600,000</td>
<td>$488,600,000</td>
<td>$13,270,000</td>
<td>$3,974,000</td>
<td>$0</td>
<td>$30,000</td>
<td>2.1%</td>
<td></td>
<td>$350,644,000</td>
<td>17.35%</td>
</tr>
<tr>
<td>Net Capital Costs Recalculated Allocable to reclaimed</td>
<td>$200,000</td>
<td>$3,000</td>
<td>$203,000</td>
<td>$3,974,000</td>
<td>$0</td>
<td>$30,000</td>
<td>2.1%</td>
<td></td>
<td>$350,644,000</td>
<td>17.35%</td>
</tr>
<tr>
<td>Summary: Capital Cost</td>
<td>$203,000</td>
<td>$3,000</td>
<td>$203,000</td>
<td>$3,974,000</td>
<td>$0</td>
<td>$30,000</td>
<td>2.1%</td>
<td></td>
<td>$350,644,000</td>
<td>17.35%</td>
</tr>
<tr>
<td>Depreciation Basis</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0%</td>
<td></td>
<td>$350,644,000</td>
<td>17.35%</td>
</tr>
<tr>
<td>Asset Basis</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0%</td>
<td></td>
<td>$350,644,000</td>
<td>17.35%</td>
</tr>
<tr>
<td>Total</td>
<td>$203,000</td>
<td>$3,000</td>
<td>$203,000</td>
<td>$3,974,000</td>
<td>$0</td>
<td>$30,000</td>
<td>2.1%</td>
<td></td>
<td>$350,644,000</td>
<td>17.35%</td>
</tr>
</tbody>
</table>

1. Information for depreciation basis will be added later.
2. Information by asset type for the holding account, if available, will be added later in place of an allocation.
EXHIBIT B
To Supplemental IGA
O&M Costs

Cost Per AF Produced

Capital Costs

Cost Per AF Produced

Total

Cost Per AF Produced

Environmental Rate

Subsec. 5.2.2.1

Effluent Recovery Rate

Subsec. 6.5

Operating Expense Component of Reclaimed Wheeling Rate

Subsec. 12.3

Minimum Production Component for Non-Metropolitan Effluent

Subsec. 4.1.3

For this preliminary calculation, capital costs have not been allocated on the bases of depreciation and asset relationships, but rather on the sole basis of asset relationships. Final calculations will be based on both depreciation and asset relationships.

The methodology in this agreement has been negotiated between the parties and departs from the City's standard methodology used in water utility rate studies in the following ways: 1) Customer costs and tax costs have been excluded from total costs; and 2) cost per acre foot has been calculated on the basis of water produced rather than water sold.

Exhibit B to Supplemental IGA
EXHIBIT C
To Supplemental IGA
CONSENT

This Consent is hereby granted to the City of Tucson, Arizona (the "City"), by Pima County (the "County"), this _____ day of February, 2000.

WHEREAS, the County is the owner of certain parcels of real property located in Pima County, Arizona, described by Pima County Tax Code Parcel Number as:

1. 103-04-001F
2. 103-06-004F
3. 103-06-092F
4. 101-20-031C
5. 101-19-0020
6. 101-19-0030
7. 101-06-006C
8. 214-01-0260
9. 214-01-014A
10. 214-01-018C
11. 214-01-017D
12. 214-04-042B
13. 214-04-042D

In addition, Pima County is the owner of various parcels listed under Parcel Code Number 999-99-9993, including the Sunset Road Right-of-Way, and any other such parcels as may be located near the Santa Cruz River between Roger Road and Ina Road; and
WHEREAS, certain portions of the above-listed parcels are located within the riverbed of the Santa Cruz River, between the banks thereof; and

WHEREAS, certain effluent is discharged into the riverbed of the Santa Cruz River; and

WHEREAS, the City has requested that the County consent to the use of the reach of the Santa Cruz river that flows through the above County Parcels as a Managed Recharge Facility under Arizona Revised Statutes §§ 45-801 et seq; and

WHEREAS, Pima County is willing to grant this Consent according to the specific terms of the Supplemental Intergovernmental Agreement between the City of Tucson and the Pima County ("the 2000 Supplemental IGA"), to which this Consent is attached as Exhibit C.

NOW THEREFORE, Pima County hereby agrees to the following:

1. The County hereby grants to the City consent to contain and transport effluent which flows over the above-listed Pima County parcels for the purposes of operating an underground storage facility pursuant to Permit No. 71-545944.0001 (the "Permit") or any subsequent underground storage facility permit issued by the Arizona Department of Water Resources to the City for a managed recharge project for this reach of the Santa Cruz River. Some of the parcels of land located within this reach of the Santa Cruz River are listed under a common parcel number: 999-99-9993; by this Consent, Pima County hereby grants the City permission to use any such parcel located in the bed of the Santa Cruz River between Roger Road and Ina Road for purposes of a Managed Recharge Project.

2. Said Consent shall run with the land in favor of the City of Tucson for the duration of the permit, or any extension or renewal thereof, and shall be binding on successors and assigns.

Pima County has executed this Consent as of the date written below.

By: ________________________________
    C.H. HUCKELBERRY
    COUNTY ADMINISTRATOR

This ___ day of February, 2000.
STATE OF ARIZONA  

County of Pima  

The foregoing instrument was acknowledged before me this _____ day of February, 2000, 
by C.H. Huckelberry, County Administrator, Pima County.

My Commission Expires:

__________________________________________________________
Notary Public
EXHIBIT D
To Supplemental IGA
CONSENT

This Consent is hereby granted to the City of Tucson, Arizona (the "City"), by the Pima County Flood Control District (the "Flood Control District"), this ___ day of February, 2000.

WHEREAS, the Flood Control District is the owner of certain parcels of real property located in Pima County, Arizona, described by Pima County Tax Code Parcel Number as:

1. 101-06-009G
2. 101-06-004F
3. 214-01-024E
4. 214-01-024B
5. 214-01-024D
6. 214-01-024H
7. 214-01-024J

In addition, the Flood Control District is the owner of a parcel listed under Parcel Code Number 999-99-9993, which includes the Canada Del Oro drainageway; and

WHEREAS, certain portions of the above-listed parcels are located within the riverbed of the Santa Cruz River, between the banks thereof; and

WHEREAS, certain effluent is discharged into the riverbed of the Santa Cruz River; and
WHEREAS, the City has requested that the Flood Control District consent to the use of the reach of the Santa Cruz river that flows through the above Flood Control District Parcels as a Managed Recharge Facility under Arizona Revised Statutes §§ 45-801 et seq; and

WHEREAS, the Flood Control District is willing to grant this Consent according to the specific terms of the Supplemental Intergovernmental Agreement between the City of Tucson and Pima County ("the 2000 Supplemental IGA"), to which this Consent is attached as Exhibit D.

NOW THEREFORE, the Pima County Flood Control District hereby agrees to the following:

1. The Flood Control District hereby grants to the City consent to contain and transport effluent which flows over the above-listed Flood Control District parcels for the purposes of operating an underground storage facility pursuant to Permit No. 71-545944.0001 (the "Permit") or any subsequent underground storage facility permit issued by the Arizona Department of Water Resources to the City for a managed recharge project for this reach of the Santa Cruz River. One of the parcels of land located within this reach of the Santa Cruz River is listed under a common parcel number: 999-99-9993; by this Consent, the Flood Control District hereby grants the City permission to use any such parcel as may be located in the bed of the Santa Cruz River between Roger Road and Ina Road for purposes of a Managed Recharge Project. This Consent shall be subject to the limitations set forth in the 2000 Supplemental IGA.

2. Said Consent shall run with the land in favor of the City of Tucson for the duration of the permit, or any extension or renewal thereof, and shall be binding on successors and assigns.

The Pima County Flood Control District has executed this Consent as of the date written below.

By: ________________
C.H. HUCKELBERRY
COUNTY ADMINISTRATOR

This ___ day of February, 2000.
STATE OF ARIZONA

County of Pima

The foregoing instrument was acknowledged before me this ____ day of February, 2000, by C.H. Huckelberry, County Administrator, Pima County.

Notary Public

My Commission Expires: 0
EXHIBIT E
To Supplemental IGA
CONSENT

This Consent is hereby granted to the City of Tucson, Arizona (the "City"), by Pima County (the "County"), this ___ day of ___, ___.

WHEREAS, the Pima County is the owner of certain parcels of real property located in Pima County, Arizona, described by Pima County Tax Code Parcel Number as:

1. [List of Pima County Parcels]

In addition, Pima County is the owner of various parcels listed under Parcel Code Number: 99-99-9993, which include [various rights-of-way and drainageway parcels]; and

WHEREAS, certain portions of the above-listed parcels are located within the riverbed of the Santa Cruz River, between the banks thereof; and

WHEREAS, certain effluent is discharged into the riverbed of the Santa Cruz River; and

WHEREAS, the City has requested that the County consent to the use of the reach of the Santa Cruz River that flows through the above County Parcels as a Managed Recharge Facility under Arizona Revised Statutes §§ 45-801 et seq; and

WHEREAS, Pima County is willing to grant this Consent according to the specific terms of the Supplemental Intergovernmental Agreement between the City of Tucson and the Pima County ("the 2000 Supplemental IGA"), to which this Consent is attached as Exhibit E.
NOW THEREFORE, Pima County hereby agrees to the following:

1. The County hereby grants to the City consent to contain and transport effluent which flows over the above-listed Pima County parcels for the purposes of operating an underground storage facility pursuant to [a permit issued by the] Department of Water Resources to the City for a recharge project for this reach of the Santa Cruz River. [Some of the parcels of land located within this reach of the Santa Cruz River are listed under a common parcel number: 999-99-9993; by this Consent, Pima County hereby grants the City permission to use any such parcel located in the bed of the Santa Cruz River north of Ina Road for purposes of a Managed Recharge Project.]

2. Said Consent shall run with the land in favor of the City of Tucson for the duration of the permit, or any extension or renewal thereof, and shall be binding on successors and assigns.

Pima County has executed this Consent as of the date written below.

By: __________________________
COUNTY ADMINISTRATOR

This ___ day of ________, __________.

STATE OF ARIZONA )
) ss.
County of Pima )

The foregoing instrument was acknowledged before me this ___ day of ________, __________, by [Pima County Administrator].

__________________________________
Notary Public

My Commission Expires:

1works/doc/PimaConsent(ExhibitE).doc
EXHIBIT F

To Supplemental IGA
CONSENT

This Consent is hereby granted to the City of Tucson, Arizona (the "City"), by Pima County Flood Control District (the "Flood Control District"), this ___ day of ___, ___.

WHEREAS, the Flood Control District is the owner of certain parcels of real property located in Pima County, Arizona, described by Pima County Tax Code Parcel Number as:

1. [List of Flood Control District Parcels].

In addition, the Flood Control District is the owner of parcels listed under Parcel Code Number 999-99-9993, which include [various rights-of-way and drainageway parcels]; and

WHEREAS, certain portions of the above-listed parcels are located within the riverbed of the Santa Cruz River, between the banks thereof; and

WHEREAS, certain effluent is discharged into the riverbed of the Santa Cruz River; and

WHEREAS, the City has requested that the Flood Control District consent to the use of the reach of the Santa Cruz river that flows through the above Flood Control District Parcels as a Managed Recharge Facility under Arizona Revised Statutes §§ 45-801 et seq; and

WHEREAS, the Flood Control District is willing to grant this Consent according to the specific terms of the Supplemental Intergovernmental Agreement between the City of Tucson and Pima County ("the 2000 Supplemental IGA"), to which this Consent is attached as Exhibit F.
EXHIBIT F, FORM OF AGREEMENT FOR CONSENT FOR MANAGED RECHARGE PROJECTS NORTH OF INA ROAD

NOW THEREFORE, the Pima County Flood Control District hereby agrees to the following:

1. The Flood Control District hereby grants to the City consent to contain and transport effluent which flows over the above-listed Flood Control District parcels for the purposes of operating an underground storage facility pursuant to [a permit issued by the Arizona Department of Water Resources to the City for a managed recharge project for this reach of the Santa Cruz River. (One of the parcels of land located within this reach of the Santa Cruz River is listed under a common parcel number: 999-99-9993; by this Consent, the Flood Control District hereby grants the City permission to use any such parcel as may be located in the bed of the Santa Cruz River north of Ina Road for use in a managed recharge project.) This consent shall be subject to the limitations of the 2000 Supplemental IGA.

2. Said Consent shall run with the land in favor of the City of Tucson for the duration of the permit, or any extension or renewal thereof, and shall be binding on successors and assigns.

The Pima County Flood Control District has executed this Consent as of the date written below.

By: ____________________________
    COUNTY ADMINISTRATOR

This ___ day of ______, ______.

STATE OF ARIZONA )
                      ) ss.
County of Pima       )

The foregoing instrument was acknowledged before me this ____ day of ______,______.
By [Pima County Administrator].

______________________________
Notary Public

My Commission Expires: ____________________________
EXHIBIT G
To Supplemental IGA
Kino Pipeline — Capital Component of County Kino Wheeling Rate

Assumptions:
(1) Since the Kino pipeline will likely have additional non-County connections in the future, Pima County's obligation will be calculated at 50% of cost of construction.
(2) Distribution capital costs/AF used in the calculation of liability balance reductions are the actual Distribution Capital Cost/AF for the previous FY (see Exhibits A, A-1 and A-2).
(3) 100% of the Distribution capital costs/AF component for paid purchases of Reclaimed Water from the city for Kino Park shall be applied to reduce the Kino pipeline liability on which the capital component of the Kino wheeling rate shall be calculated.
(4) 100% of the Distribution capital costs/AF component for paid billings from new customer connections to the Kino line shall be applied to reduce the Kino pipeline liability on which the capital component of the Kino wheeling rate shall be calculated.
(5) Amortization of the Kino capital cost will be based on a 25 year repayment period beginning 2/1/2000 at 5.25% interest.

Calculation of Liability:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pipeline costs (as of 1/2000)</td>
<td>$1,458,418</td>
</tr>
<tr>
<td>Pima Co %</td>
<td>50%</td>
</tr>
<tr>
<td>Pima Co Liability</td>
<td>$729,209</td>
</tr>
</tbody>
</table>

Calculation of Liability Reductions:

(a) As Pima County is billed and pays for Kino reclaimed water use, reductions will be applied as follows:
Kino reclaimed purchases (AF) X Capital cost/AF
The liability will be reduced for all paid Kino billings (AF) from 12/97 through 1/2000.
As Pima County is billed and pays for Kino reclaimed water use after 1/2000, reductions will be applied on the same basis until Pima County begins providing Reclaimed Water to the Kino facility.
(b) As future reclaimed customers connect to the Kino pipeline additional liability reductions will be applied as follows:
New customer’s actual annual paid usage (AF) X Distribution Capital cost/AF
The liability will be reduced for calculation of amortization for the remaining repayment period.

Calculation of Liability:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning amount (50% of $1,458,418)</td>
<td>$729,209.00</td>
</tr>
<tr>
<td>Reduction for purchases through 1/2000:</td>
<td></td>
</tr>
<tr>
<td>AF purchased 12/1997 to 1/2000</td>
<td>501</td>
</tr>
<tr>
<td>Capital Costs per AF (Exhibit A-2)</td>
<td>$294.83</td>
</tr>
<tr>
<td></td>
<td>($265,641.83)</td>
</tr>
<tr>
<td>Balance as of 1/31/2000</td>
<td>$463,567.17</td>
</tr>
</tbody>
</table>

Calculation of Kino capital component (as of 1/2000):

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Capital charge:</td>
<td>$33,720.18</td>
</tr>
<tr>
<td>$463,567.17 capitalized for 25 years at 5.25%</td>
<td></td>
</tr>
<tr>
<td>Capital charge per acre foot</td>
<td>$78.42</td>
</tr>
<tr>
<td>Divided by 430 a.f. purchases</td>
<td></td>
</tr>
<tr>
<td>Adjusted Capital Component</td>
<td>$78.42</td>
</tr>
</tbody>
</table>

If there is a remaining capital component of the Kino wheeling rate after the adjustments illustrated in Exhibit G-1 have been made over the years, this capital component will terminate January 31, 2025.

See Exhibit G-1 for examples of potential future reductions of the capital component of the Kino wheeling rate.
EXHIBIT G-1
To Supplemental IGA
KINO PIPELINE — POTENTIAL FUTURE CAPITAL COMPONENT ADJUSTMENTS

Example of potential future capital component assuming Randolph deliveries 1/1/2002

Balance as of 1/31/2000 $463,567.17

Estimated future reductions

Calendar 2000 (11 months):
Estimated purchases (AF) 2/2000 to 12/2000 405
Capital Costs per AF (Attachment A) $294.83

Calendar 2001 (12 months)
Estimated purchases (AF) 1/2001 to 12/2001 432
Capital Costs per AF (Attachment A) $294.83

Estimated balance as of 12/31/2001 $216,794.46

Capital charge per acre foot $216,794.46 capitalized for 23 years at 5.25%
Divided by 430 a.f. prior year purchases $38.26

Adjusted Capital Component $38.26

Example of potential future capital component assuming additional connections in 2001

Balance as of 12/31/2001 $216,794.46

New connections purchase 30 a.f. in 2001
30 X $294.83 = $8,844.90

Adjusted liability balance $207,949.56

Capital charge per acre foot $207,949.56 capitalized for 23 years at 5.25%
Divided by 430 a.f. prior year purchases $36.70

Adjusted Capital Component $36.70
Pima County Resolution No. 2000 - 28

A Resolution of the Board of Supervisors of Pima County Relating to Water; Authorizing and Approving the Execution of a Supplemental Intergovernmental Agreement with the City of Tucson and Pima County Flood Control District Regarding Effluent

Be it resolved by the Board of Supervisors of Pima County, Arizona, as follows:

Section 1. The Supplemental Intergovernmental Agreement with the City of Tucson relating to effluent, which agreement is attached hereto, is authorized and approved.

Section 2. The Chair is hereby authorized and directed to execute the attached Supplemental Intergovernmental Agreement for and on behalf of Pima County.

Section 3. The various officers and employees of Pima County are authorized and directed to perform all acts necessary or desirable to give effect to this resolution.

Section 4. Whereas, it is necessary for the preservation of the health, safety, and welfare of the residents of Pima County that this resolution become effective immediately, an emergency is hereby declared to exist, and this resolution shall be effective immediately upon its passage and adoption.

Adopted and Approved this 8th day of February, 2000.

Pima County Board of Supervisors

Sharon Bronson, Chair

FEB 08 2000

Attest:

Clerk of the Board

Approved as to Form:

Deputy County Attorney
A Resolution of the Board of Directors of the Pima County Flood Control District
Relating to Water; Authorizing and Approving the Execution of a Supplemental
Intergovernmental Agreement with the City of Tucson and
Pima County Board of Supervisors Regarding Effluent

Be it resolved by the Board of Directors of the Pima County Flood Control District, as
follows:

Section 1. The Supplemental Intergovernmental Agreement with the City of Tucson
relating to effluent, which agreement is attached hereto, is authorized and approved.

Section 2. The Chair is hereby authorized and directed to execute the attached
Supplemental Intergovernmental Agreement for and on behalf of the Pima County Flood
Control District.

Section 3. The various officers and employees of the Pima County Flood Control District
are authorized and directed to perform all acts necessary or desirable to give effect to this
resolution.

Section 4. Whereas, it is necessary for the preservation of the health, safety, and welfare
of the residents of Pima County that this resolution become effective immediately, an
emergency is hereby declared to exist, and this resolution shall be effective immediately upon
its passage and adoption.

Adopted and Approved this 8th day of February, 2000.

Board of Directors
Pima County Flood Control District

Sharon Bronson, Chair

Attest:

Sharon Bronson, Chair

Clerk of the Board

Approved as to Form:

Deputy County Attorney
RESOLUTION NO. 18501
RELATING TO WATER; AUTHORIZING AND APPROVING THE EXECUTION
OF A SUPPLEMENTAL INTERGOVERNMENTAL AGREEMENT WITH
PIMA COUNTY REGARDING EFFLUENT.

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF
TUCSON, ARIZONA, AS FOLLOWS:

SECTION 1. The Supplemental Intergovernmental Agreement Relating to
Effluent with Pima County, which agreement is attached hereto as Exhibit A, is
authorized and approved.

SECTION 2. The Mayor is hereby authorized and directed to execute the
Supplemental Intergovernmental Agreement attached as Exhibit A for and on
behalf of the City of Tucson, and the City Clerk is authorized and directed to
attest to the same.

SECTION 3. The various City officers and employees are authorized and
directed to perform all acts necessary or desirable to give effect to this
resolution.

SECTION 4. WHEREAS, it is necessary for the preservation of the
peace, health and safety of the City of Tucson that this resolution become
immediately effective, an emergency is hereby declared to exist, and this
resolution shall be effective immediately upon its passage and adoption.
ADDENDUM 1 TO THE 2000 SUPPLEMENTAL EFFLUENT INTERGOVERNMENTAL AGREEMENT, ADOPTED FEBRUARY 5, 2001

WAIVER OF RIGHTS UNDER SECTION 4.1.3 FOR THE FIRST AMENDMENT TO AGREEMENT FOR EFFLUENT REUSE BETWEEN PIMA COUNTY AND ROBSON RANCH QUAIL CREEK LLC

This is an Addendum to the 2000 Supplemental Effluent Intergovernmental Agreement, dated this 5th day of February, 2001, between the City of Tucson, a municipal corporation, (hereinafter “City”), and Pima County, a political subdivision of the State of Arizona (hereinafter “County”).

SECTION 1. RECITALS

1.1. On February 7, 2000, pursuant to Resolution 18507, the City adopted the “Supplemental Intergovernmental Agreement with Pima County Regarding Effluent,” (hereinafter “the 2000 Supplemental IGA”), and the County adopted the same by Resolution No. 2000-28 on February 8, 2000.

1.2. Under Section 4.1.3 of the 2000 Supplemental IGA, Pima County agrees to charge each user of effluent from a non-metropolitan wastewater treatment facility a certain fee per acre foot, "which contains a production component which is not less than the City's actual average per acre foot operating Costs of the production/treatment of Reclaimed Water during the previous fiscal year."

1.3. Section 4.1.3 of the 2000 Supplemental IGA also provides that the City and the County may waive the "production component fee" price requirement by mutual written agreement.

1.4. Following the 2000 Supplemental IGA’s adoption, Pima County and Robson Communities completed a final draft of the “First Amendment to Agreement for Effluent Reuse between Pima County and Robson Ranch Quail Creek LLC,” which Amendment is attached as Exhibit 1. During the first 20 years of the terms of this Amendment, Robson Ranch Quail Creek LLC will contribute toward the costs of upgrading the Non-Metropolitan Green Valley Wastewater Treatment Plant and will pay the County a fee for effluent produced from the Green Valley Plant, but the sum of Robson's contributions and fees does not exceed the current amount of

EX [ ] TO RESOLUTION NO. 18333
CITY OF TUCSON CONTRACT NO. 0467-20
the "production component fee" established in Section 4.1.3 of the 2000 Supplemental IGA.

1.5. The City and the County hereby intend to execute a mutual written agreement that waives the City's right to seek enforcement of Section 4.1.3's "production component fee" requirement with respect to the "First Amendment to Agreement for Effluent Reuse" between the County and Robson Ranch Quail Creek LLC.

NOW THEREFORE, City and County agree as follows:

2.1. The City of Tucson, pursuant to Section 4.1.3 of the 2000 Supplemental IGA, hereby waives its right to require the County to comply with Section 4.1.3's price requirements insofar as that section would apply to the terms of effluent reuse set forth in the "First Amendment to Agreement for Effluent Reuse" between Pima County and Robson Ranch Quail Creek LLC." The City's waiver shall not apply to any subsequent amendments or alterations to the First Amendment to Agreement for Effluent Reuse if such alterations or amendments result in an agreement that does not meet Section 4.1.3's price requirements.

2.2. The City's waiver shall not apply to any other completed or contemplated effluent reuse agreements or to any other non-metropolitan wastewater treatment facilities.

2.3. This Agreement shall take effect after its adoption by both the City and the County, and shall remain in effect for the duration of the "First Amendment to Agreement for Effluent Reuse between Pima County and Robson Ranch Quail Creek LLC." (Exhibit 1).

MISCELLANEOUS

3.1. The definitions, recitals, and terms of the 2000 Supplemental IGA shall apply to this Addendum, except where expressly contradicted herein.

3.2. In the event of any dispute between the parties, the alternative dispute resolution process set forth in Section XIV of the 2000 Supplemental IGA shall apply.

3.3. This Addendum may by supplemented or amended by the written agreement of both the City and the County, as provided under Sections 3.1 and 4.1.3. of the 2000 Supplemental IGA.
SIGNED AND ATTESTED this ___ day of ___FEB 5 2001___, 2001.

CITY OF TUCSON, a municipal corporation

By: ____________________________

MAYOR

Attested and Countersigned:

______________________________
CITY CLERK

APPROVED PURSUANT TO A.R.S. § 11-952(d), AS AMENDED

______________________________
CITY ATTORNEY

PIMA COUNTY, a political subdivision of the State of Arizona

By: ____________________________
CHAIR, Board of Supervisors

ATTEST:

______________________________
CLERK OF THE BOARD

APPROVED PURSUANT TO A.R.S. § 11-952(d), AS AMENDED

______________________________
PIMA COUNTY ATTORNEY

I:\cal01-01Quall Creek Waiver.doc
RESOLUTION NO. 18833

RELATING TO WATER; AUTHORIZING THE EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT WITH PIMA COUNTY PURSUANT TO SECTION 4.1.3. OF THE 2000 SUPPLEMENTAL EFFLUENT INTERGOVERNMENTAL AGREEMENT.

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF TUCSON, ARIZONA, AS FOLLOWS:

SECTION 1. The Intergovernmental Agreement Between the City of Tucson and the County of Pima, which Agreement shall be known as Addendum #1 to the 2000 Supplemental Effluent Intergovernmental Agreement, attached as Exhibit 1, is approved. This Agreement is a limited waiver of rights under Section 4.1.3. of the 2000 Supplemental Effluent Intergovernmental Agreement for the "First Amendment to Agreement for Effluent Reuse between Pima County and Robson Ranch Quail Creek, LLC."

SECTION 2. The Mayor is authorized and directed to execute said Intergovernmental Agreement and the City Clerk is authorized and directed to attest to the same.

SECTION 3. The various City officers and employees are authorized and directed to perform all acts necessary or desirable to give effect to this resolution.
SECTION 4. WHEREAS, it is necessary for the preservation of the peace, health and safety of the City of Tucson that this resolution become immediately effective, an emergency is hereby declared to exist, and this resolution shall be effective immediately upon its passage and adoption.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Tucson, Arizona, ______________________

[Signature]

MAYOR

ATTEST:

[Signature]

CITY CLERK

APPROVED AS TO FORM:

[Signature]

CITY ATTORNEY

REVIEWED BY:

[Signature]

CITY MANAGER

CA/ds
ADDENDUM 1 TO THE 2000 SUPPLEMENTAL EFFLUENT INTERGOVERNMENTAL AGREEMENT, ADOPTED FEBRUARY 5, 2001

WAIVER OF RIGHTS UNDER SECTION 4.1.3 FOR THE FIRST AMENDMENT TO AGREEMENT FOR EFFLUENT REUSE BETWEEN PIMA COUNTY AND ROBSON RANCH QUAIL CREEK LLC

This is an Addendum to the 2000 Supplemental Effluent Intergovernmental Agreement, dated this 4th day of February, 2001, between the City of Tucson, a municipal corporation, (hereinafter “City”), and Pima County, a political subdivision of the State of Arizona (hereinafter “County”).

SECTION 1. RECITALS

1.1. On February 7, 2000, pursuant to Resolution 18507, the City adopted the “Supplemental Intergovernmental Agreement with Pima County Regarding Effluent,” (hereinafter “the 2000 Supplemental IGA”), and the County adopted the same by Resolution No. 2000-28 on February 8, 2000.

1.2. Under Section 4.1.3 of the 2000 Supplemental IGA, Pima County agrees to charge each user of effluent from a non-metropolitan wastewater treatment facility a certain fee per acre-foot, “which contains a production component which is not less than the City’s actual average per acre-foot operating Costs of the production/treatment of Reclaimed Water during the previous fiscal year.”

1.3. Section 4.1.3 of the 2000 Supplemental IGA also provides that the City and the County may waive the “production component fee” price requirement by mutual written agreement.

1.4. Following the 2000 Supplemental IGA’s adoption, Pima County and Robson Communities completed a final draft of the “First Amendment to Agreement for Effluent Reuse between Pima County and Robson Ranch Quail Creek LLC,” which Amendment is attached as Exhibit 1. During the first 20 years of the terms of this Amendment, Robson Ranch Quail Creek LLC will contribute toward the costs of upgrading the Non-Metropolitan Green Valley Wastewater Treatment Plant and will pay the County a fee for effluent produced from the Green Valley Plant, but the sum of Robson’s contributions and fees does not exceed the current amount of

EX 1 TO RESOLUTION NO. 18823
CITY OF TUCSON CONTRACT NO. 0467-90

CITY CLERK NOTE:
Original recorded document is filed in the office of the Clerk to the Pima County Board of Supervisors.
the "production component fee" established in Section 4.1.3 of the 2000
Supplemental IGA.

1.5. The City and the County hereby intend to execute a mutual written
agreement that waives the City's right to seek enforcement of Section
4.1.3's "production component fee" requirement with respect to the "First
Amendment to Agreement for Effluent Reuse" between the County and
Robson Ranch Quail Creek LLC.

NOW THEREFORE, City and County agree as follows:

2.1. The City of Tucson, pursuant to Section 4.1.3 of the 2000 Supplemental
IGA, hereby waives its right to require the County to comply with Section
4.1.3's price requirements insofar as that section would apply to the terms
of effluent reuse set forth in the "First Amendment to Agreement for
Effluent Reuse" between Pima County and Robson Ranch Quail Creek
LLC." The City's waiver shall not apply to any subsequent amendments or
alterations to the First Amendment to Agreement for Effluent Reuse if
such alterations or amendments result in an agreement that does not
meet Section 4.1.3's price requirements.

2.2. The City's waiver shall not apply to any other completed or contemplated
effluent reuse agreements or to any other non-metropolitan wastewater
treatment facilities.

2.3. This Agreement shall take effect after its adoption by both the City and the
County, and shall remain in effect for the duration of the "First Amendment
to Agreement for Effluent Reuse between Pima County and Robson
Ranch Quail Creek LLC." (Exhibit 1).

MISCELLANEOUS

3.1. The definitions, recitals, and terms of the 2000 Supplemental IGA shall
apply to this Addendum, except where expressly contradicted herein.

3.2. In the event of any dispute between the parties, the alternative dispute
resolution process set forth in Section XIV of the 2000 Supplemental IGA
shall apply.

3.3. This Addendum may be supplemented or amended by the written
agreement of both the City and the County, as provided under Sections
3.1 and 4.1.3. of the 2000 Supplemental IGA.

CITY OF TUCSON, a municipal corporation

By: ____________________________

MAYOR

Attested and Countersigned:

Kathleen J. Pena
CITY CLERK

APPROVED PURSUANT TO A.R.S. § 11-952(d), AS AMENDED

Christopher A. coral
CITY ATTORNEY

PIMA COUNTY, a political subdivision of the State of Arizona

By: ____________________________

CHAIR, Board of Supervisors

ATTEST:

Jay Hester
CLERK OF THE BOARD

APPROVED PURSUANT TO A.R.S. § 11-952(d), AS AMENDED

Alvin Krup
PIMA COUNTY ATTORNEY
First Amendment to Agreement for Effluent Reuse

entered into by

Robson Ranch Quail Creek LLC, an Arizona limited liability company

and

Pima County, a body politic and corporate of the State of Arizona
First Amendment to Agreement for Effluent Reuse
entered into by
Robson Ranch Quail Creek LLC, an Arizona limited liability company
and
Pima County, a body politic and corporate of the State of Arizona
Contents

Recitals ................................................................. 1
1. Incorporation of Recitals ........................................ 2
2. Robson Property ..................................................... 3
3. County Construction ................................................ 3
4. Commencement of Construction ................................... 3
5. Permits ............................................................. 4
6. Delivery Point ....................................................... 4
   a. Delivery Point ................................................... 4
   b. Effluent amount .................................................. 4
   c. Point of connection; meter; well/reservoir and pumping facilities ........................................... 5
7. Robson Conveyance System on the Site of the Green Valley Publicly Owned Treatment Works ......................................................... 5
8. Effluent Storage ...................................................... 5
9. Industrial Stormwater .............................................. 6
10. Robson Contribution in Aid of Construction of the Treatment Facilities ............................................. 6
11. Fees ............................................................... 6
12. Lease Parcel, Greenbelt Parcel and Greenbelt Easement; Easement for Ingress and Egress .......................................................... 6
   a. Lease Parcel ....................................................... 6
      i. Effluent Quantities ............................................ 7
      ii. Effluent Quality ............................................. 7
      iii. Use .......................................................... 7
   b. Greenbelt Parcel ................................................ 7
   c. Greenbelt Easement ............................................. 7
      i. Robson effluent recharge facilities ...................... 8
   d. Easement for Ingress and Egress ............................. 8
13. Reserve Capacity ................................................... 8
14. Contingencies; Feasibility ......................................... 8
15. Price; Terms and Conditions of Payment .......................... 8
   a. Article 5 deleted ............................................... 8
   b. Effluent Charge ................................................. 8
   c. Billing .......................................................... 8
   d. Failure to Pay .................................................. 8
16. Term; Renewal ....................................................... 9
   a. Article 6 deleted ............................................... 9
   b. Term .......................................................... 9
   c. Robson Right of Renewal for Ten Years ..................... 9
   d. Right to Renew for Twenty Year Terms ...................... 9
   e. Effluent Offers to Others ...................................... 9
      i. County Right to Offer Effluent to Others .............. 9
      ii. Robson Right of First Refusal ......................... 9
f. Adjustment of Effluent Charge and Limits on Robson Bypass of County Facilities or Services .................................................. 10
   i. Robson Additional Ten-year Term ........................................ 10
   ii. Twenty-Year Renewal Terms ............................................ 10
   iii. CAP reference figure replacement .................................. 11
   iv. Nondiscriminatory Effluent Rates .................................... 11
   g. Continued Use of Pima County Treatment Facilities ............... 13
   h. Robson Right to Terminate .............................................. 13
17. Confirmation; Conflict ..................................................... 13
18. Binding Effect .............................................................. 14
19. Severability ................................................................. 14
20. Entire Agreement ........................................................... 14
21. Headings ........................................................................ 14
22. Other Documents ............................................................ 14
23. Time is of the Essence ...................................................... 14
24. Notices, Demands and Other Instruments ............................... 14

Attachment A: Map of the Quail Creek Real Property on the Execution Date of This First Amendment

Attachment B: Map of Lease Parcel, Greenbelt Parcel and Greenbelt Easement

Attachment C: Legal Description of Lease Parcel

Attachment D: Legal Description of Greenbelt Parcel

Attachment E: Legal Description of Greenbelt Easement

Attachment F: Easement for Ingress and Egress
First Amendment to Agreement for Effluent Reuse

This First Amendment to Agreement for Effluent Reuse (this "Amendment") is made and entered into on this _____ day of ______________, 2000, by and between Robson Ranch Quail Creek LLC, an Arizona limited liability company ("Robson") and Pima County, a body politic and corporate of the State of Arizona ("County"), with reference to the recitals of facts and intentions for the purpose of confirming the covenants hereinafter set forth:

Recitals

A. City, County, Emerald Homes, Inc., an Arizona corporation ("Emerald"), and Farmers Investment Co., an Arizona corporation ("FICO"), executed and entered into that certain Agreement for Effluent Reuse dated January 2, 1990 ("The Agreement"), regarding the treatment and use of effluent discharged from the Green Valley Wastewater Treatment Plant.

B. The rights, privileges and obligations of Emerald and FICO have been assigned to Robson by virtue of the following instruments:

1. Assignment (Effluent Agreement) dated September 21, 1991, between Ronald L. Ancell, as Trustee of the bankruptcy estate of Quail Creek Country Club Limited Partnership, Debtor in the United States Bankruptcy Court for the District of Arizona, Chapter 7 Case No. 91-0932-TUC-LO and Southwestern Life Insurance Corporation, a Texas life insurance corporation ("Southwestern").


3. Assignment (Effluent Agreement) dated July 1, 1997, between Southwestern and SaddleCreek Enterprises, L.L.C.


C. The rights, privileges and obligations of City have been assigned to County by virtue of the following instruments:

1. The Supplemental Intergovernmental Agreement Relating to Effluent between the City of Tucson and Pima County, effective March 14, 2000.
2. The Minimum Effluent Price Waiver Agreement between the City of Tucson and County entered into pursuant to Section 4.1.3 of the City of Tucson-Pima County Supplemental Intergovernmental Agreement Relating to Effluent ("2000 Effluent IGA").

D. The property which contains the existing Green Valley WWTP has been identified in the Arizona Department of Environmental Quality Aquifer Protection Permit as part of the Green Valley Publicly Owned Treatment Works ("POTW"). A new wastewater treatment works, titled the Green Valley Biological Nutrient Removal Oxidation Ditch ("BNROD"), will be constructed on the Green Valley POTW to provide reclaimed water for this Agreement.

E. Pursuant to The Agreement, Robson holds and possesses the right and power to use a portion of the effluent discharged from the Plant (as defined in The Agreement).

F. Pursuant to Section 1.1 of The Agreement, Robson is responsible for constructing and operating the treatment facilities necessary to treat the effluent from at least the quality produced by the Plant on the date of execution of The Agreement to a quality that is equal to the lawfully enacted standards of local, federal and state agencies for reuse for agricultural irrigation, irrigation of golf courses and other landscaping and turf areas with open access.

G. The Parties believe it is in their respective best interests and in the best interests of the public for the treatment facilities to be constructed and operated by a governmental entity to provide benefits to the public rather than solely to the private sector.

H. By this Amendment, the Parties desire to modify The Agreement and establish the terms and conditions upon which Robson will provide a financial contribution to assist with the cost of the construction of the treatment facilities and County will construct and operate the treatment facilities.

Terms

1. Incorporation of Recitals. The Parties acknowledge the foregoing recitals of facts and intentions are true and correct and constitute an integral part of this Amendment.
2. Robson Property.

a. On the execution date of this First Amendment, Robson is the owner of the Quail Creek development real property depicted on Attachment A, Map of the Quail Creek Real Property on the Execution Date of This First Amendment, attached hereto and incorporated herein. The Map includes the Quail Creek development real property depicted on Exhibit C to The Agreement, and additional parcels contiguous thereto purchased subsequent to the execution date of The Agreement.

b. The Parties acknowledge Robson and its successors in ownership of the real property depicted on Attachment A to this First Amendment shall be entitled to use effluent pursuant to The Agreement, as amended hereby, upon the real property depicted on Attachment A (excluding certain residential lots already sold by Robson or its predecessor in interest), and any additional lands contiguous thereto subsequently purchased by Robson or its successors in ownership of the real property depicted on Attachment A.

c. County has no objection to, and its consent shall not be required for, an assignment of The Agreement to the Quail Creek Water Co., an Arizona public service corporation, for the purpose of delivery and sale of effluent for use within its service area, including the real property described above, subject to all the terms of The Agreement including, but not limited to, Article 11, "Resale."

3. County Construction. County agrees to construct all treatment facilities (the "Treatment Facilities") necessary to treat the effluent, as measured at the point of discharge from the Treatment Facilities, to a quality that is equal to: (i) applicable Arizona surface water quality standards for Partial Body Contact and A & W; (ii) the lawfully enacted standards of local, federal and state agencies on the effective date of this First Amendment for reuse for agricultural irrigation, irrigation of golf courses and other landscaping and turf areas with open access (the "Permitted Uses"); and (iii) aquifer water quality standards required by the aquifer protection permit issued by the Arizona Department of Environmental Quality for the Green Valley Publicly Owned Treatment Works (collectively, the "Effluent Standards"). County agrees to construct the Treatment Facilities substantially in conformance with the Green Valley Wastewater Treatment Facility Upgrade and BNROD Project Technical Design Report (Malcolm Pirnie, Inc.; November 9, 1999), incorporated herein by this reference, with such modifications or additions as may be necessary to meet the Effluent Standards.

4. Commencement of Construction. County agrees to commence construction of the Treatment Facilities on or before April 1, 2000. The Parties acknowledge that the date upon which the construction has been completed and Robson takes delivery of effluent treated by the Green Valley Wastewater Treatment Facility shall be the date of first delivery under The Agreement, as amended hereby.
5. **Permits.** County, at its sole cost and expense, shall acquire, maintain and renew a reuse permit for the Green Valley Publicly Owned Treatment Works with respect to the Greenbelt (described below) and Robson shall acquire, maintain and renew a reuse permit for the direct reuse by Robson of effluent from the Green Valley Biological Nutrient Removal Oxidation Ditch (excluding use by County on the Greenbelt Parcel, Greenbelt Easement or the Lease Parcel, as provided below) with respect to the remaining property served by the effluent pursuant to Section 2 above. County, at its sole cost and expense, shall acquire, maintain and renew an NPDES permit for discharge to the ephemeral reach of the Santa Cruz River and its immediate tributaries. If and when water quality standards more restrictive than those in place on the date of this Amendment impact the NPDES permit, the parties shall consult and confer on the most cost effective actions to meet the new requirements. County agrees to obtain, maintain and bear the entire cost of any Aquifer Protection Permit required to be obtained in connection with the Treatment Facilities at no cost or expense to City or Robson. Article 4, "Reuse Permit," of The Agreement is hereby deleted in its entirety.

6. **Delivery Point.**

a. **Delivery Point.** The Parties agree the Delivery Point for effluent shall be located along the southern property boundary of the Green Valley Publicly Owned Treatment Works, at a point located approximately 2,800 feet west of Old Nogales Highway. The flow to the Delivery Point will be provided by gravity and County will not guarantee a minimum line pressure at the Delivery Point but the flow will be sufficient to deliver the effluent to Robson’s pumping facilities at the Delivery Point. The Delivery Point will be sized to provide a maximum effluent delivery of 2.0 million gallons per day ("mgd").

b. **Effluent amount.**

i. Beginning within sixty days after completion of the Treatment Facilities, County shall provide an average flow of 1.0 mgd at the Delivery Point and, subject to Article 15, "Force Majeure; Interruption of Service; Damages," of The Agreement, shall use its best efforts to provide a minimum flow of 1.0 million gallons each day. County shall not decrease the minimum flow of 1.0 million gallons each day by diverting effluent to others.

ii. Robson ratifies and confirms that, as provided in Section 3.1 of The Agreement, Robson shall take delivery of a minimum of 365 million gallons of effluent per year, or the amount produced by at the Plant and subject to Article 15, "Force Majeure; Interruption of Service; Damages," of The Agreement, whichever is less, and a minimum of twenty-five million gallons per calendar month, or the amount produced at the Plant, whichever is less. Quantities of effluent required to be taken, yet not taken by Robson, will revert to County.
iii. Nothing in this Section is intended to limit or modify Robson’s rights under Sections 3.2.1, 3.2.2 and 3.2.3 of The Agreement with respect to effluent in excess of the required minimum delivery.

c. Point of connection; meter; wet well/reservoir and pumping facilities. Robson’s point of connection at the Delivery Point shall be the outlet of an appropriately sized meter. Robson shall provide a wet well/reservoir and pumping facilities to transport effluent from the Delivery Point.

7. Robson Conveyance System on the Site of the Green Valley Publicly Owned Treatment Works.

a. Immediately following County’s receipt of the first installment payment of the Robson Contribution, as described in Section 10.b, below, County shall grant to Robson such easements, rights of entry and licenses on the site of the Green Valley Wastewater Treatment Facility as are reasonably required to allow Robson to locate, construct, maintain and operate conveyance systems from the Delivery Point to facilities and real property owned by Robson. The Delivery Point shall be as close to the property boundary as possible.

b. Any Robson conveyance line, facility and associated easements, rights of entry and licenses on County property shall be located so as not to interfere with present or future County operations and the location of all such improvements shall be reasonably approved, in advance and in writing, by County.

c. Nothing in this Agreement shall be construed to prevent County from altering, improving, repairing or maintaining facilities of County, so long as the location, capacity, and function of the Point of Delivery are not changed, and, for that purpose, requiring Robson at its own expense to remove, relocate or abandon all or portions of its conveyance system on County property to accommodate the activities of County. Robson shall relocate at its expense all or any portion of its conveyance system on County property that conflicts or interferes with County’s use, expanded use or improvement of the Green Valley Publicly Owned Treatment Works. The parties recognize and agree that in the event such Robson’s existing facilities are relocated at the request of County, Robson shall pay the cost of relocation or any alternative mutually agreed upon.

8. Effluent Storage. County shall not provide storage of effluent for beneficial use by Robson on the site of the Green Valley Publicly Owned Treatment Works. Robson at its own cost shall provide adequate storage of effluent off the site of the Green Valley Publicly Owned Treatment Works to assure that Robson will be able to accept delivery at the Delivery Point of a minimum of 365 million gallons of effluent per year and a minimum of twenty-five million gallons per month.

5
9. **Industrial Stormwater.** Robson use of treated wastewater supplied by County on golf courses and turf areas shall minimize the impact on stormwater quality. If and when an Industrial Stormwater Plan is required by the United States Environmental Protection Agency that is more restrictive than those in place on the date of this Amendment, the parties shall consult and confer on the most cost effective actions to be taken to meet the new requirements.

10. **Robson Contribution in Aid of Construction of the Treatment Facilities.**
   
   a. In furtherance of Robson’s obligations in Section 1.1 of The Agreement, Robson agrees to pay to County the sum of One Million Two Hundred Thousand and 00/100 Dollars ($1,200,000.00) as a contribution in aid of construction of the Treatment Facilities (the “Robson Contribution”).
   
   b. Within seven days after receipt of written notice from County certifying that County has issued a Notice to Proceed for the construction of the Treatment Facilities, Robson shall pay the sum of Eight Hundred Thousand and 00/100 Dollars ($800,000.00) as the first installment payment of the Robson Contribution to County.
   
   c. Within seven days after receipt of written notice from County certifying that the Treatment Facilities have been constructed to a point of one hundred percent (100%) of completion and the Treatment Facilities are in an operating condition, Robson shall pay the sum of Four Hundred Thousand and 00/100 Dollars ($400,000.00) as the final installment payment of the Robson Contribution to County.

11. **Fees.** All fees charged pursuant to The Agreement, as amended hereby, for effluent produced by the Plant shall apply to effluent produced by the Treatment Facilities. Robson shall have no obligation to pay any cost or expense associated with the operation or maintenance of the Treatment Facilities.

12. **Lease Parcel, Greenbelt Parcel and Greenbelt Easement; Easement for Ingress and Egress.**
   
   a. **Lease Parcel.** Upon execution of this Amendment, Robson shall deliver to County a lease for $1 per year of the property (the “Lease Parcel”), as shown on Attachment B and described in Attachment C attached hereto. The term of the lease shall commence upon the effective date of this Amendment and shall terminate on the date upon which Robson first takes delivery of effluent produced by the Green Valley Biological Nutrient Removal Oxidation Ditch. County shall not commence the use of effluent produced by the Green Valley Wastewater Treatment Facility on the Lease Parcel prior to obtaining all required permits, including a reuse permit, for use of effluent on the Lease Parcel.
i. **Effluent Quantities.** The amount of effluent reused on the Lease Parcel shall not exceed 394,000,000 gallons per year.

ii. **Effluent Quality.** During the term of the lease, County agrees to test effluent from the Green Valley Wastewater Treatment Facility treatment plant (a) annually for United States Environmental Protection Agency priority pollutants, except asbestos which will be tested once, and (b) monthly for the first 10 months for pollutants listed with numeric standards for Arizona Water Quality Standards for Agricultural Irrigation and Partial Body Contact. After the first ten months of use, the County shall test quarterly for those pollutants that have been measured in any of the first 10 sampling events. County agrees to indemnify Robson in an amount not to exceed $15,000 for cleanup or soil mixing on the Lease Parcel required to restore it to the soil remediation standards, if necessary.

iii. **Use.** The Lease Parcel shall be used solely for disposal of effluent by spraying on the land surface and for installation and maintenance of related equipment and facilities, all in accordance with applicable law. Upon expiration of the lease, County shall remove all such equipment and facilities. At all times during the lease term, County shall maintain the Lease Parcel in good condition and appearance, including the implementation of an effective weed control program and periodic mowing. Robson may use the Lease Parcel for any purpose that does not interfere with County’s use of it for the purposes described above.

b. **Greenbelt Parcel.** Upon execution of this Amendment, Robson shall convey to County a Greenbelt parcel (the “Greenbelt Parcel”) south of the Green Valley Publicly Owned Treatment Works, as shown on Attachment B and described in Attachment D attached hereto. Robson shall convey the Greenbelt Parcel as consideration for the County providing treated wastewater compliance data which will enable Robson to minimize the development requirements for stormwater retention basins. County shall maintain the Greenbelt Parcel in good condition and appearance, including the implementation of an effective weed control program and periodic mowing.

c. **Greenbelt Easement.** Robson hereby grants to County a greenbelt perpetual easement on the property, as shown on Attachment B and described in Attachment E attached hereto (the “Greenbelt Easement”), for use as a Greenbelt Buffer. County may plant and maintain trees and other greenbelt vegetation on the easement area not utilized for Robson recharge facilities and may irrigate with Green Valley Wastewater Treatment Facility effluent in accordance with its reuse permit. County shall install landscaping only in accordance with a landscape plan reasonably approved by Robson and shall maintain all such landscaping and related facilities and improvements in a park-like condition in accordance with the approved landscape plan.

i. **Robson effluent recharge facilities.** Robson, at its sole cost and expense, may construct and operate effluent recharge facilities within the Greenbelt Easement.
Robson shall obtain and maintain the aquifer protection permit required for the recharge facilities. Robson shall not utilize such property for any purpose other than constructing and operating effluent recharge facilities and related equipment. County shall not install landscaping within recharge basins or in any other location that interferes with the construction or operation of the recharge facilities.

d. **Easement for Ingress and Egress.** Robson shall grant to County a non-exclusive easement for roadway ingress and egress in the form set forth in Attachment F.

13. Reserve Capacity. County recognizes that it is bound by existing agreements to provide wastewater treatment service to the Quail Creek development pursuant to the Agreement between Pima County and Lawyers Title of Arizona for Construction of a Public Sewerage System and Provision of Sewer Service for Quail Creek Country Club, Block 1, Lots 1-306 and Common Areas A, B, C, & D dated November 7, 1989 and the Agreement between Pima County and Lawyers Title of Arizona, Inc. for Construction of a Public Sewerage System and Provision of Sewer Service for Quail Creek II, Blocks 1-64 dated October 29, 1998.

14. Contingencies; Feasibility. Article 7, “Contingencies; Feasibility,” of The Agreement is hereby deleted in its entirety.

15. Price; Terms and Conditions of Payment.

a. **Article 5 deleted.** Article 5, “Price; Terms and Conditions of Payment,” of The Agreement is hereby deleted in its entirety.

b. **Effluent Charge.** Robson shall pay County $40.00 per acre foot (the Effluent Charge) for the effluent it receives at the Delivery Point.

c. **Billing.** County shall issue a bill to Robson monthly for the Effluent Charge. The amount billed shall be paid within forty-five days from the date of the bill.

d. **Failure to Pay.** Late payments shall incur interest at the rate of one and one-half percent per month. In the event Robson fails to make a monthly payment of the Effluent Charge within ten days from the time it is due, County may terminate this Agreement thirty days after receipt by Robson of written notice of intent to terminate. Such notice of intent to terminate shall be sent by registered mail, return receipt requested. Robson may cure any such default in failure to make timely payment, by making all payments due, including interest, within thirty days of receipt of the notice of intent to terminate from County, and in such event this Agreement shall remain in full force and effect.
16. Term; Renewal.

a. Article 6 deleted. Article 6, “Term; Renewal,” of The Agreement is hereby deleted in its entirety.

b. Term. The term of this Agreement shall be for ten years, commencing on the date of first delivery.

c. Robson Right of Renewal for Ten Years. Robson shall have the right to renew this Agreement for one additional ten-year term on the same terms and conditions, provided, however, that the Effluent Charge may be adjusted by County as provided in Section 16.f.i.

d. Right to Renew for Twenty Year Terms. After the first twenty years of the terms of this Agreement, Robson may renew this Agreement for four twenty-year terms on the same terms and conditions, provided, however, that this right to renew is subject to Section 16.c., Effluent Offer to Others, below, and that the Effluent Charge may be adjusted by County as provided in Section 16.f.ii.

e. Effluent Offers to Others.

i. County Right to Offer Effluent to Others. Robson agrees that, during the year preceding the expiration of any renewal term of this Agreement (beginning with the nineteenth year of this Agreement), County may request from others offers to purchase the effluent that is the subject of this Agreement for the remaining twenty-year renewal terms described in Section 16.d.

ii. Robson Right of First Refusal. As part of the consideration for the transactions contemplated herein, County hereby grants to Robson the following right of first refusal to renew this Agreement, said right of first refusal to continue for a period of ninety (90) years from and after the effective date of this Amendment: County agrees that if, during the year preceding the expiration of a renewal term of this Agreement (beginning with the nineteenth year of this Agreement), County receives an offer acceptable to County to purchase the effluent that is the subject of this Agreement for the remaining twenty-year renewal terms described in Section 16.d., Right to Renew for Twenty Year Terms, County shall have the right to refuse a renewal of this Agreement made by Robson pursuant to Section 16.d, and shall offer to sell the effluent to Robson upon the following terms and conditions:

(1) County shall deliver, at least three (3) months prior to the expiration of the renewal term, a notice in writing to Robson of County’s desire to sell the effluent, which notice shall contain a signed copy of the bona fide offer to purchase the same, stating the price and other terms and conditions of the
offer, specifying any payment for the costs of delivery, and the name and address of the proposed purchaser.

(2) Robson shall have thirty (30) days from the receipt of the notice within which to elect to purchase the effluent for the price shown in the bona fide offer and upon the same terms and conditions set forth in the bona fide offer, provided that Robson shall not be required to pay costs of delivery not required for delivery to Robson.

(3) In the event that Robson makes such an election to purchase the effluent, Robson shall deliver written notice of such election to the County and shall renew this Agreement for the price shown in the bona fide offer and upon the same terms and conditions set forth in the bona fide offer, provided that Robson shall not be required to pay costs of delivery not required for delivery to Robson, and for a twenty-year term with the same remaining rights of renewal described in Section 16.d. If no notice is received by County from Robson within the said thirty-day period, Robson shall be deemed to have consented to the sale of the effluent to the party which made the bona fide offer.

f. Adjustment of Effluent Charge and Limits on Robson Bypass of County Facilities or Services.

i. Robson Additional Ten-year Term.

(1) During the first five years of the Additional Ten-year Term, Robson shall pay County $80.00 per acre foot (the Effluent Charge) for the effluent it receives at the Delivery Point.

(2) During the last five years of the Additional Ten-year Term, County may adjust the Effluent Charge effective on the commencement of the fifth year of the Additional Ten-year Term, and on July 1 of each year, upon not less than forty-five nor more than ninety days prior written notice, to a rate not to exceed the CAP Excess Rate. The CAP Excess Rate is the Municipal and Industrial Excess rate adopted and updated by the Central Arizona Project (CAP) effective for each year during the Ten-Year Renewal Period, as published most recently in CAP’s “Preliminary 2001 Water Rate Schedule,” adopted March 2, 2000, and currently quantified at $106/a-f for 2001. The CAP Excess Rate for each year of this Amendment shall be the value adopted for that year by CAP to replace or update that figure.

ii. Twenty-Year Renewal Terms. During each of the twenty-year renewal terms granted pursuant to Section 16.d, County may adjust the Effluent Charge effective on the commencement of the term and on July 1 of each subsequent year, upon not
less than forty-five nor more than ninety days prior written notice, to an amount not
less than the amount established in Section 4.1.3. of the Supplemental
Intergovernmental Agreement Relating to Effluent Between the City of Tucson and
Pima County. If the amount established in Section 4.1.3. of the Supplemental IGA
is lower than the CAP Excess Rate, the County Effluent Charge shall not exceed
the CAP excess rate, as defined and continuously updated as described above in
Subsection 16.f.i for the ten-year renewals.

iii. **CAP reference figure replacement.** If at any time during this Amendment the CAP
Excess Rate reference figure shall be suspended or otherwise cease to exist or cease
to be updated, then:

1. Robson and the County shall use as an alternative updating basis for that figure
the CAP Municipal and Industrial Subcontract rate plus the Municipal and
Industrial Capital Charge.

2. If these reference figures shall be suspended or otherwise cease to exist or
cease to be updated, then Robson and the County shall negotiate an alternative
updating basis for that figure, or failing to do so,

3. shall continue use of the previous series of figures with updating at the average
percentage rate of increase that has characterized the series from the date of
this Amendment to the time at which the figure ceases to be calculated,
updated, published or otherwise to exist.

iv. **Nondiscriminatory Effluent Rates.** As an alternate method of setting an Effluent
Charge during the last five years of the 10-year renewal term and during any of the
twenty year renewal terms of this Agreement, County may charge Robson an
Effluent Charge as set forth in nondiscriminatory effluent rates adopted by the
Pima County Board of Supervisors as provided by law after a public hearing; such
rate shall be no less than the amount established in Section 4.1.3. of the 2000
Supplemental Intergovernmental Agreement Relating to Effluent Between the City
of Tucson and Pima County. Robson understands and acknowledges that because
of differing circumstances the adopted effluent rates may not apply uniformly to all
purchasers of effluent from County. County agrees that the rate paid by Robson
pursuant to this Subsection shall not exceed the effluent rate paid to County by the
same class of purchaser for the same class of effluent, as set forth in the adopted
effluent rates.

v. **County Right of First Refusal.** As part of the consideration for the transactions
contemplated herein, Robson hereby grants to County the following right of first
refusal to supply services and facilities in the event Robson seeks to partly or fully
bypass County services and facilities that are the subject of this Amendment and
underlying Agreement, said right of first refusal to continue for a period of ninety
(90) years from and after the effective date of this Amendment: Robson agrees that if, at any time this Amendment is still in effect and Robson is taking service or using facilities under it, Robson receives an offer for treated effluent, other water-supply and/or wastewater treatment services that would partly or fully allow Robson to bypass or reduce its use of County services or facilities that are the subject of this Amendment, Robson shall offer to contract with County to provide the services for which it has received such an alternative source/supplier offer upon the following terms and conditions:

(1) Robson shall deliver, at least three (3) months prior to the proposed start date for services under the offer or prior to its effective date, whichever is earlier, a notice in writing to County of Robson’s desire to partly or fully bypass County services or facilities which are the subject of this Amendment and the underlying Agreement or to procure any services or facilities which have the same bypass effect or otherwise reduce Robson’s need or use for such County services and facilities, which notice shall contain a signed copy of the bona fide offer to sell or provide the same, stating fully price and other terms and conditions of the offer and the name and address of the proposed seller, supplier or source.

(2) County shall have thirty (30) days from the receipt of the notice within which to elect to supply the services or commodities or provide for use of facilities that will supply such services or commodities for the price shown in the bona fide offer and upon the same terms and conditions set forth in the bona fide offer. It is understood by the Parties that County may be unable to make an election for the price shown in the bona fide offer because such price is less than the amount provided for under Section 4.1.3 of the Supplemental Intergovernmental Agreement Relating to Effluent and there has been no waiver. In such event, County shall make no offer.

(3) In the event that County makes such an election to supply such services or commodities or provide for use of such facilities which will supply the same services or commodities, County shall deliver written notice of such election to Robson and shall revise this Agreement and provide the services, commodities or facilities for the remaining term of any ten-year or twenty-year renewal period then in effect or if that remaining term is for less than six (6) months, then for the an additional twenty-year period or until the end of the term of the bona fide offer, whichever is longer, with the same remaining rights of renewal as described in Section 16.d, and such services, commodities and facility uses to be provided upon the prices and other conditions of the bona fide offer. If no notice of (a) election to supply such services or commodities or provide for use of such facilities or (b) of termination of this Agreement pursuant to Subsection 16.g, Continued Use of Pima County Treatment Facilities, is received by Robson from County within the said thirty-day period, County
shall be deemed to have consented to the bypass by Robson in favor of another
supplier/source or alternative supply or source for services, commodities or
facilities, as described in the bona fide offer.

g. **Continued Use of Pima County Treatment Facilities.** The Rights to Renew the
Agreement and of First Refusal granted in this First Amendment are granted to Robson
and its successors in ownership conditioned upon the continued use of Pima County
treatment facilities as the sole provider of wastewater treatment service for all the
property depicted on Attachment A of this First Amendment and any additional lands
contiguous thereto subsequently purchased by Robson or its successors in ownership of
the real property depicted on Attachment A. In the event wastewater treatment service
for such property is obtained from a source other than Pima County, County may
terminate this Agreement thirty (30) days after receipt by Robson of written notice of
such intent to terminate.

b. **Robson Right to Terminate.** If the price of effluent established by County after
expiration of the first ten years of the term of the Agreement shall cause it to be
economically unfeasible for Robson to continue receiving and using such effluent,
Robson shall be entitled, upon sixty days’ prior written notice to County, to terminate
the Agreement and refuse all further deliveries of effluent; provided, however, that as
part of the consideration for the transactions contemplated herein, Robson hereby grants
to County the right-of-first-refusal in Section 16.f.v in regard to an offer received by
Robson for treated effluent or other water-supply that would partly or fully allow
Robson to replace the effluent provided by County under the terminated Agreement.

17. **Confirmation; Conflict.**

a. Robson ratifies and confirms that, as provided in Section 1.2(a) of The Agreement,
Robson shall, from time to time, as necessary, and at no cost to County or City, provide
additions to the Treatment Facilities as may be required to satisfy increased demands of
Robson for effluent.

b. Section 1.2(b) of The Agreement is hereby deleted.

c. For the first fifteen years following the effective date of this Agreement, Robson shall,
from time to time, as necessary, and at no cost to County or City, provide additional
improvements to the Treatment Facilities necessary to satisfy all future lawfully enacted
standards of local, federal and state agencies for the suitability and quality of effluent
for the proposed reuses of the effluent as set forth in Section 1.1 of The Agreement.

d. All terms and provisions of The Agreement are ratified and confirmed except to the
extent modified or amended hereby.
e. In the event of any conflict between or ambiguity arising from the provisions of The Agreement and the provisions of this Amendment, the provisions of this Amendment shall govern.

18. Binding Effect. All of the covenants, conditions and obligations herein contained shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties hereto to the same extent as if each such successor and assign were in each case named as a Party to this Amendment. This Amendment may not be changed, modified or discharged except by a writing signed by the Parties against whom the enforcement of such change, modification or discharge may be sought.

19. Severability. Each and every covenant and agreement contained in this Amendment shall, for all purposes, be construed to be a separate and independent covenant and agreement, and the breach of any covenant or agreement contained herein by any Party shall in no way or manner discharge or relieve any Party from its obligations to perform each and every covenant and agreement herein.

20. Entire Agreement. This Amendment and The Agreement represent the entire agreement between the parties and supersede any oral or written agreements of the parties regarding the subject matter of this Agreement made prior to the execution of this Amendment.

21. Headings. The headings to the various paragraphs of this Amendment have been inserted for convenient reference only and shall not in any manner be construed as modifying, amending or affecting in any way the express terms and provisions hereof.

22. Other Documents. The Parties and each of them agree to sign such other and further documents as are reasonably necessary to carry out the intentions set forth within this Amendment.

23. Time is of the Essence. Time is of the essence of this Amendment and each and every provision hereof.

24. Notices, Demands and Other Instruments. All notices, demands, requests, consents, approvals and other instruments required or permitted to be given pursuant to the terms hereof shall be in writing and shall be deemed to have been properly given if sent by registered or certified mail, postage prepaid, or telegram, charges prepaid, addressed to the Parties at the following addresses:

County:
Pima County Wastewater Management
201 North Stone Avenue
Tucson, Arizona 85701-1207
Attn.: Director
Robson:
Robson Communities
9532 E. Riggs Road
Sun Lakes, AZ 85248-7411

Notices may also be given by personal service or delivery. Any notice sent by mail or telegram shall be deemed effective forty-eight (48) hours after such mailing or sending, and if given by personal service or delivery, at the time of such service or delivery. Addresses for notices may be changed by giving written notice of such change in accordance with the provisions hereof.

IN WITNESS WHEREOF, the Parties have executed this Amendment on the year and date first above written.

ROBSON RANCH QUAIL CREEK LLC,
AN ARIZONA LIMITED LIABILITY COMPANY:

By: 

Title: V.P.

STATE OF ARIZONA: )
) ss.
County of Pima )

The foregoing instrument was acknowledged before me this 12 day of January, 2001, by Karl Polen, Vice President of Robson Ranch Quail Creek LLC, an Arizona Limited Liability Company, on behalf of the company.

My Commission Expires: OCT 12, 2004 Notary Public

PIMA COUNTY, A POLITICAL SUBDIVISION OF THE STATE OF ARIZONA:

Chair FEB 20, 2001

ATTEST:
Lori Godoshian Clerk of the Board of Supervisors
Attachment A

Map of the Quail Creek Real Property on the Execution Date of This First Amendment
Attachment B

Map of Lease Parcel, Greenbelt Parcel and Greenbelt Easement
Attachment C

Legal Description of Lease Parcel
Attachment C.

LEASE PARCEL

A parcel of land located in Sections 1 and 2, T18S, R13E, G&SRM, Pima County, Arizona, being a portion of that parcel as shown on ALTA/ACSM Land Title Survey, Section 1, T18S, R13E, G&SRM, Pima County, Arizona, by Cella Barr Associates, Inc., dated June, 1999, signed and sealed by Bruce Francis Small, L.S. 12122 on June 10, 1999, more particularly described as follows:

BEGINNING at the Northwest corner of said Section 1 as shown on said Survey;

THENCE along the North line of the Northwest quarter of said Section 1; S88°31'00"E, 1,258.04 feet;

THENCE leaving said North line; S04°29'32"W, 579.52 feet;

THENCE S05°57'29"W, 897.65 feet;

THENCE S88°31'00"E, 1,627.02 feet;

THENCE N05°57'29"E, 1,216.85 feet;

THENCE S88°35'10"W, 259.39 feet;

THENCE N88°31'00"W, 991.02 feet;

THENCE N90°00'00"W, 60.44 feet;

THENCE N00°00'00"W, 76.59 feet to said North line of Section 1;

THENCE along the North line of said Section 1; S88°31'00"E, 1,051.52 feet to the North quarter corner;

THENCE continuing along said North line, N88°35'10"E, 2,055.51 feet to a ¼'' iron rod tagged 'RLS12122';

THENCE leaving said North line; S20°44'15"W, 61.80 feet;

THENCE N83°40'03"W, 47.63 feet;

THENCE S06°20'00"W, 100.00 feet;

THENCE S83°39'52"E, 21.95 feet;
THENCE S20°44'23"W, 589.70 feet;
THENCE N84°11'32"W, 310.48 feet;
THENCE S20°44'23"W, 1,000.00 feet;
THENCE S84°11'32"E, 310.48 feet;
THENCE S20°44'23"W, 1,070.03 feet;
THENCE N88°31'00"W, 3,858.38 feet;
THENCE NO2°50'40"E, 2,552.83 feet to a point on the North line of the Northeast quarter of said Section 2;
THENCE along said North line S89°48'24"E, 33.00 feet to the POINT OF BEGINNING.
The above-described parcel contains 201.48 acres, more or less.
Attachment D

Legal Description of Greenbelt Parcel
GREENBELT PARCEL

A parcel of land located in Section 1, T18S, R13E, G&SRM, Pima County, Arizona, being a portion of that parcel as shown on ALTA/ACSM Land Title Survey, Section 1, T18S, R13E, G&SRM, Pima County, Arizona by Calla Barr Associates Inc., dated June 1999, signed and sealed by Bruce Francis Small, L.S. 12122 on June 10, 1999 more particularly described as follows:

COMMENCING at the Northwest corner of said Section 1, being marked by a 1½" lead cap in concrete as shown on said Survey;

THENCE along the North line of the Northwest quarter of said Section 1, S88°31'00"E, 1,258.04 feet to the TRUE POINT OF BEGINNING of this description;

THENCE, leaving said North line, S04°29'32"W, 579.92 feet;

THENCE S06°57'29"W, 697.65 feet;
THENCE S88°31'00"E, 1,627.03 feet;
THENCE N06°57'29"E, 1,216.85 feet;
THENCE S34°20'26"W, 1,418.17 feet;
THENCE N20°42'38"W, 1,272.46 feet;
THENCE N90°00'00"W, 60.44 feet;
THENCE N00°00'00"W, 76.59 feet to a point on said North line of Section 1;

THENCE along said North line, N88°31'00"W, 333.57 feet to the TRUE POINT OF BEGINNING.

The above-described parcel contains 28.67 acres, more or less.
Attachment E

Legal Description of Greenbelt Easement
ATTACHMENT E

GREENBELT EASEMENT

COMMENCING at the Northwest corner of said Section 1, being marked by a 1 ½" lead cap in concrete as shown on said Survey;

THENCE along the North line of the Northwest quarter of said Section 1, S88°31'00"E, 1,591.71 feet;

THENCE leaving said North line, S00°00'00"E, 76.59 feet;

THENCE S90°00'00"E, 60.44 feet to the TRUE POINT OF BEGINNING of this description;

THENCE parallel with said North line of Section 1, S88°31'00"E, 991.02 feet;

THENCE N88°35'10"E, 259.39 feet;

THENCE S34°20'26"W, 1,418.17 feet;

THENCE N20°42'38"W, 1,272.46 feet to the TRUE POINT OF BEGINNING.

The above-described parcel contains 16.83 acres, more or less.
Attachment F

Easement for Ingress and Egress
ATTACHMENT “F”

WHEN RECORDED RETURN TO:


EASEMENT FOR INGRESS AND EGRESS

THIS ROADWAY EASEMENT AGREEMENT (this “Agreement”) is made as of the ___ day of __________, 2000 by and between ROBSON RANCH QUAIL CREEK LLC, an Arizona limited liability company (“Robson”), and PIMA COUNTY, a body politic and corporate of the State of Arizona (“County”).

RECITALS

A. The County and Robson are parties to that certain Agreement for Effluent Reuse dated January 2, 1990, as amended (the “Wastewater Agreement”), which, among other things, sets forth certain rights and obligations of the parties regarding the treatment and use of effluent (the “Effluent”) from the Green Valley Wastewater Treatment Plant.

B. Pursuant to paragraph 12(d) of the First Amendment to the Wastewater Agreement, Robson has agreed to convey to the County the Access Easement (described below) for purposes of affording to the County access to the parcel of real property described on Exhibit 1 (the “Benefited Parcel”).

NOW THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Grant of Easement. Robson grants to the County a nonexclusive perpetual easement (the “Access Easement”) for vehicular ingress and egress over and across a strip of real property forty feet in width and legally described on Exhibit 2 attached hereto (the “Access Easement Parcel”).

2. Maintenance. County may, at its election and at its sole cost and expense, pave or otherwise improve the Access Easement Parcel. County shall, at its sole cost and expense, keep and maintain the Access Easement Parcel and the roadway thereon in at least as good condition as comparable roadways are maintained by the County in accordance with then current maintenance standards.

3. Run With The Land. The grant of the Access Easement and the other provisions of this Agreement shall run with the land, shall be appurtenant to the Benefited Parcel, and shall
be binding on the Robson and County and their respective successors in title to the Access Easement Parcel and the Benefited Parcel.

4. **Installation of Effluent Pipes.** County acknowledges that Robson may, at its sole cost and expense, design, install, maintain, and relocate underground effluent pipes crossing the Access Easement Parcel. During such installation, maintenance or relocation, Robson shall cooperate with County to minimize interference with County’s use of the Access Easement and shall in no event prevent such use at any time.

5. **Use of Easement.** Robson shall be entitled to use the Access Easement Parcel on a non-exclusive basis for roadway purposes. County shall not erect any fence or barricade on the Access Easement Parcel.

6. **No Dedication: Third Parties.** Nothing contained herein shall be construed as creating any rights on the part of the general public in the Access Easement Parcel or any part thereof, and the provisions hereof are not intended and do not constitute a dedication for public use. Nothing contained herein is intended to, or shall be for the benefit of, any person, firm, organization, corporation or any other entity not a party hereto, and no person, firm, organization, corporation, or other entity other than the parties hereto shall have any right or cause of action hereunder.

7. **Integration: Modification.** This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and all prior or contemporaneous agreements and understandings, oral or written, are hereby superseded and merged herein. The provisions hereof may be abrogated, modified, rescinded or amended in whole or in part only by written instrument executed by the parties hereto or their respective assigns and recorded with the County Recorder for Pima County, Arizona.

8. **No Joint Venture.** Nothing in this Agreement shall be deemed or construed to create a relationship of principal and agent between the parties hereto or to evidence or to provide for any partnership, joint venture or other association between the parties.

9. **Partial Invalidity.** If any provision or provisions hereof or the application thereof to any party or to any person or circumstance shall be held to be invalid, void or illegal, the remaining provisions hereof and the application of such provisions other than those as to which it is held to be invalid, void or illegal, shall nevertheless remain in full force and effect and not be affected thereby.

10. **Descriptive Headings.** The descriptive headings of the sections hereof are inserted for convenience only and shall not control or affect the meanings or construction of any provisions hereof.

11. **Governing Law.** This Agreement is entered into in the State of Arizona and shall be governed by and construed under the laws of Arizona.
IN WITNESS WHEREOF, this Agreement has been entered into as of the day and year first above written.

ROBSON:

ROBSON RANCH QUAIL CREEK LLC,
an Arizona limited liability company

By: [Signature]

Name: [Name]

Title: [Title]

COUNTY:

PIMA COUNTY, a body politic and corporate of the State of Arizona

By: [Signature]

Name: [Name]

Title: Chairman, Board of Supervisors

FEB 20 2001

ATTEST:

[Signature]

Clerk, Board of Supervisors
Pima County, Arizona

PIMA000302
STATE OF ARIZONA

County of Maricopa

The foregoing instrument was acknowledged before me this 12th day of January, 2006 by Karl Polen, the Vice President of ROBSON RANCH QUAIL CREEK LLC, an Arizona limited liability company, on behalf of the company.

My Commission Expires: OCT 12, 2004

ANDRE BRENNAN
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires Oct. 12, 2004

STATE OF ARIZONA

County of PIMA

The foregoing instrument was acknowledged before me this 21st day of February, 2006, by Robin M. Brigade, the Chairman of Pima County, on its behalf.

My Commission Expires: 2/10/05

ROBIN M. BRIGDE
Notary Public - Arizona
PIMA COUNTY
Exhibit "I"

Description of the Benefited Parcel
Exhibit 1

BENEFITED PARCEL

A parcel of land located in Section 1, T18S, R13E, G&SRM, Pima County, Arizona, as shown on ALTA/ACSM Land Title Survey, Section 1, T18S, R13E, G&SRM, Pima County, Arizona by Cella Barr Associates Inc., dated June 1999, signed and sealed by Bruce Francis Small, L.S. 12122 on June 10, 1999 more particularly described as follows:

COMMENCING at the Northwest corner of said Section 1, being marked by a 1 ½" lead cap in concrete as shown on said Survey;

THENCE along the North line of the Northwest quarter of said Section 1, S88°31′00″E, 1,258.04 feet to the TRUE POINT OF BEGINNING of this description;

THENCE, leaving said North line, S04°29′32″W, 579.52 feet;

THENCE S06°57′29″W, 697.65 feet;

THENCE S88°31′00″E, 1,527.03 feet;

THENCE N06°57′29″E, 1,216.85 feet;

THENCE S34°20′26″W, 1,418.17 feet;

THENCE N20°42′38″W, 1,272.46 feet;

THENCE N90°00′00″W, 80.44 feet;

THENCE N90°00′00″W, 76.59 feet to a point on said North line of Section 1;

THENCE along said North line, N88°31′00″W, 333.67 feet to the TRUE POINT OF BEGINNING.

The above-described parcel contains 28.67 acres, more or less.
Exhibit "2"

Description of Access Easement Parcel
Exhibit 2

ACCESS EASEMENT PARCEL

A 40 foot strip of land located in Section 1, T18S, R13E, G&SRM, Pima County, Arizona, being portions of that parcel as shown on ALTA/ACSM Land Title Survey, Section 1, T18S, R13E, G&SRM, Pima County by Cella Barr Associates, Inc., dated June 1999, signed and sealed by Bruce Francis Small, LS 12122, on June 10, 1999, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 1, being marked by a 1 1/2" lead cap in concrete as shown on said survey;

THENCE along the North line of the Northwest quarter of said Section 1, S88°31'00"E, 2,643.23 feet;

THENCE leaving said North line S01°28'30"W, 36.00 feet;

THENCE N88°31'00"W parallel to the North line of said Section 1, 74.33 feet to the Westerly line of that 40' easement recorded in Docket 5854, Pg. 0719 and to the POINT OF BEGINNING of the centerline of this easement;

THENCE continuing N88°31'00"W, 976.26 feet to the Northeasterly line of the Benefited Parcel (Greenbelt Parcel) as shown on Exhibit "B", this document, the sidelines of this easement being prolonged or shortened to terminate at said Northeasterly line of the Benefited Parcel.
CITY OF TUCSON
INTERGOVERNMENTAL AGREEMENT TRANSMITTAL FORM

This form is to be completed and attached to each Intergovernmental Agreement (IGA) being submitted for final approval and signatures by the appropriate governing bodies. In order to become a legal document there must be ONE final version of the IGA that has original signatures from the governing bodies of each public agency involved; therefore, the IGA must be signed by each public agency, in turn.

Refer to Administrative Directive 1.04-1, “Intergovernmental Agreements,” for detailed procedures for processing IGA’s.

Attached are 3 originals* of a proposed IGA between the City of Tucson and

*Note: Attach one original of the IGA for each participating agency. (Plus an additional original if required to file with the Secretary of State.)

Subject/Purpose of the IGA: Permit the adoption of an effluent Agreement

between Pima County and Robson Ranch Quail Creek, LLC.

City Department responsible for coordinating the IGA: City Attorney

City contact person: Chris Avery Phone: 791-4221

Assigned Liaison in the other participating public agency(ies):

Cheryl Traiger Phone: 740-6542

Proposed date for approval by Mayor and Council: February 5, 2001

Proposed date for approval by the other participating public agency(ies): February 6, 2001

Deadline required for final approval (signatures by all parties): February 15, 2001

If the IGA is signed first by the Mayor and Council, the City Clerk will send the original IGA to the other participating agency for signature. Please ask the agency liaison to provide the name and address of the person in that agency who should receive the original IGA to be processed for signature, and include that information below:

Name: Cheryl Traiger, Pima County Wastewater

Address: 201 N. Stone, 8th Floor, Tucson, AZ 85701

[Signature]

Sent to City Atty.

By Diana Salcido

on 2/5/01

Director, Assigned City Department

PIMA000308