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March 6,2008

Pima County Regional Wastewater Reclamation Department  
Mr. Michael **Gritzuk**, P.E.  
201 N. Stone Ave., 8<sup>th</sup> Floor  
Tucson, AZ 85701-1207

Dear Mr. Gritzuk,

Thank you for taking the time to meet with Cliff Neal, Mark Myers and me last week regarding potential partnering opportunities between **Pima** County and the Central Arizona Groundwater Replenishment District (CAGR) for effluent replenishment in the Tucson AMA. As we discussed, **Pima** County and Central Arizona Water Conservation District have a history of cooperation based on our partnership created to develop the Lower Santa Cruz Replenishment Project located in the Marana area. As you requested, I have enclosed a copy of the Lower Santa Cruz Replenishment Project Intergovernmental Agreement (IGA) between the Central Arizona Water Conservation District, the **Pima** County Flood Control District and the **Town** of Marana.

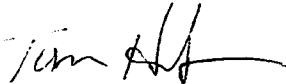
The Lower Santa Cruz IGA was executed in 1998 to cost share development of the Lower Santa Cruz Replenishment Project (LSCR) and to construct the Marana Flood Control Levee with materials excavated from the recharge basins. The LSCR was completed during the summer of 2000 at a total cost of approximately \$4 million and since that time has successfully recharged over 265,000 acre-feet of CAP water. We believe that the proven success of the LSCR combined with its close proximity to the Santa Cruz River, make it an ideal candidate to be expanded into a dual-purpose CAP water and wastewater recharge facility.

As we discussed, the CAGR is interested in exploring mutually beneficial partnerships in the Tucson AMA that will result in accrual of long term storage credits through lease, purchase or credit-sharing arrangements. We understand that most of the effluent discharged to the Santa Cruz **River** is currently not providing full benefit in the form of long term storage credits. If a portion of the unused effluent could be diverted from the river and replenished at the LSCR, a significant increase in storage credits could be realized for the project partners. The resulting increase in storage credits could be used to meet Assured Water Supply requirements, generate revenue for the partners and provide a source of renewable water supply to meet the **CAGR's** replenishment obligations. In the upcoming months the CAGR will be assessing the technical feasibility of effluent recharge at LSCR and gauging the interest of prospective partners.

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The CAGRDR would be interested in exploring opportunities to assist or provide information in support of the ongoing Water Infrastructure, Supply and Planning Study being conducted by the City of Tucson and **Pima** County. Please don't hesitate to contact me directly at (623) 869-2107 if you need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Harbour". The signature is fluid and cursive, with a long horizontal stroke at the end.

Tom Harbour, Senior Analyst  
Central Arizona Groundwater Replenishment District

Enclosure: Lower Santa Cruz Replenishment Project Intergovernmental Agreement  
cc w/o encl.: Julia Fonseca, **Pima** County Flood Control District  
Mark Myers, Errol L. Montgomery and Associates