

2016

CAWCD Board of Directors

STRATEGIC PLAN



YOUR WATER. YOUR FUTURE.

Our Mission Central Arizona Project is the steward of central Arizona’s Colorado River water entitlement and a collaborative leader in Arizona’s water community.

Our Vision The Central Arizona Project will be a collaborative, innovative leader in the management and the delivery of water to central Arizona.

It will enhance the state’s economy and quality of life and ensure sustainable growth for current and future populations of Arizonans.

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STRATEGIC PLANNING TASK FORCE



Guy Carpenter
CHAIR



Pamela Pickard



Jim Hartdegen



Karen Cesare

CAWCD BOARD MEMBERS

Central Arizona Water Conservation District (CAWCD)



Lisa Atkins
PRESIDENT



Frank Fairbanks
VICE PRESIDENT



Sharon B. Megdal,
Ph.D. SECRETARY



Terry Goddard



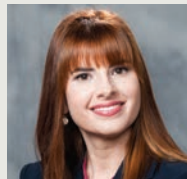
Jim Holway, Ph.D.



Pat Jacobs



Mark Lewis



Heather Macre



Cynthia Moulton



Mark Taylor



Gayle Burns



Warren Tenney

GAYLE BURNS AND WARREN TENNEY SERVED ON THE
CAWCD BOARD OF DIRECTORS DURING THE DEVELOPMENT
OF THIS STRATEGIC PLAN.

To Our Customers, Stakeholders, and Constituents:

On behalf of the Central Arizona Water Conservation District (CAWCD), it is my pleasure to present to you the **2016 CAWCD Board of Directors Strategic Plan** (2016 Plan). In August of 2015, a Task Force of four Directors was appointed to lead the Board’s efforts to update the **2010 CAWCD Board of Directors Strategic Plan** (2010 Plan). With Director Guy Carpenter serving as Chair, Directors Pamela Pickard, Jim Hartdegen and Karen Cesare held numerous meetings to review and determine a process to update the 2010 Plan.

As part of the process developed by the Task Force, in September of 2015, CAP administered a comprehensive Stakeholder Survey to gather feedback on how customers and stakeholders perceived our organization and interacted with it. The survey also provided valuable insight into those issues stakeholders believed were most critical in the near-term. Utilizing the survey results, the Task Force planned and convened an October 2015 Board retreat. The retreat concentrated on four “**Big Issues**” facing CAP over the next five years: reliability of CAP water supply; aging infrastructure; collaboration and communication; and water supply acquisition. In addition to focus on the four “**Big Issues**,” the Board also recommended that previous Board direction on the issues of power generation, water wheeling, banked water recovery planning and implementation, and financial stability of the CAP be incorporated into this update.

The Task Force continued to meet through the winter, provided regular updates to the Board on progress, and sought successful Board adoption of the **2016 CAWCD Board of Directors Strategic Plan** in March of 2016. The Task Force developed an updated, well-reasoned document that will provide high level, strategic guidance to the organization while simultaneously allowing the flexibility we will need into the future.

The success of the Task Force is reflected in the unanimous approval of the 2016 Plan. I am grateful for the time, effort and leadership of the Task Force members, the focus and engagement of each Member of the Board, and the members of the public, and staff who took the time to participate in our process, whether by survey, during the Board retreat and subsequent meetings, and/or by providing comments.

The partnerships and continuing commitments genuinely assist us in continually improving and propelling our organization forward.

In appreciation,

Lisa Atkins
PRESIDENT CAWCD

THE PROCESS



In November 2006, the Board adopted a comprehensive strategic plan after meeting in facilitated discussions for several months. In 2009, and early 2010, the Board revisited this prior strategic planning effort, again through facilitated discussions as well as a comprehensive retreat. That effort resulted in the adoption of the *2010 CAWCD Board of Directors Strategic Plan* (2010 Plan), which reflected much of the structure of the 2006 plan. The 2010 Plan included Six Key Results Areas (KRAs): **Leadership and Public Trust, Finance, Project Reliability, Water Supply, Power, and Replenishment**. Under each KRA, the plan was structured into Strategic Issues followed by Strategic Objectives and Action Plans.



By mid-2015, many of the action items had been completed, become part of regular ongoing operations (Guiding Principles), or were predominately tactical. Meanwhile, record drought and other challenges were presenting themselves in ways that suggested an update to the plan was necessary.



After a six-month review, the Board adopted the *2016 CAWCD Board of Directors Strategic Plan* (2016 Plan). The 2016 Plan retains the overall structure of the 2010 Plan, with a series of Key Result Areas (KRAs), supported by Strategic Issues, Strategic Objectives, and Action Plans. The KRAs from the 2010 Plan were all retained but updates appear at every level below the KRAs—with the greatest volume of updates at the Action Plan level.



- Key Result Areas**
(KRAs)
- Leadership & Public Trust
 - Finance
 - Project Reliability
 - Water Supply
 - Power
 - Replenishment

Since its inception, the Central Arizona Water Conservation District (CAWCD) Board of Directors has emphasized the importance of strategic planning.



August 2015

President Lisa Atkins appoints a Strategic Planning Task Force of four Directors to lead the Board's efforts to update the 2010 Plan. With Director Guy Carpenter serving as Chair, Directors Pamela Pickard, Jim Hartdegen and Karen Cesare begin meeting to review and determine a process to revise the 2010 Plan. Tim Thomure of HDR is hired to facilitate the process.

September 2015

At the direction of the Strategic Planning Task Force, CAP administers a Stakeholder Survey to gather feedback on how customers and stakeholders perceive the organization and interact with it. The survey yields a high response rate of 45% and provides valuable insight into those issues stakeholders believe are most critical in the near-term.

October 2015

After a series of meetings, including examining the survey results, the Task Force develops an agenda for a one-day Board Retreat. The retreat is held in Tempe, Arizona and divided into three parts:

Part 1 includes introductions, ground rules, goals and expectations, along with the presentation of background information. During this part of the retreat, the Board determines the *CAP Mission, Vision, and Values Statements* should remain the same as in the 2010 Plan. Directors also receive updates on various "Work-in-Progress" items where activity is already underway and continuing with clear and recent Board direction. These items include:

1. **Power generation**
2. **Water wheeling**
3. **Banked water recovery planning and implementation**
4. **Financial stability of the CAP**

Part 2 includes a series of break-out discussions of four "Big Issues" facing CAP over the next five years that might require additional direction from the Board. Each "Big Issue" discussion is led by a member of the Strategic Planning Task Force with a prepared introduction to the topic and a series of questions. The break-outs are conducted on a rotating schedule so that all Board Members present are able to participate in the discussion of each topic. The Big Issues addressed are as follows:

1. **Reliability of CAP water supply**
2. **Aging infrastructure**
3. **Collaboration and communication**
4. **Water supply acquisition**

Part 3 focuses on summarizing the outcomes of the break-out discussions and formulating plans for completing the Strategic Plan Update. Following the break-out reports, the Board participates in a series of round-robin discussions to identify additional issues that should be addressed but have not been the focus of the retreat.

December 2015–January 2016

The Task Force continues to meet, focusing on suggested updates to the Strategic Issues, Strategic Objectives and Action Plans contained in the existing plan, resulting in a *Draft 2016 CAWCD Directors Strategic Plan* (Draft 2016 Plan). Regular updates continue to be provided to the Board, including a "Strategic Planning Task Force Report."

February 2016

An Information Brief with the Initial Draft 2016 Plan is submitted to the Board, and Task Force Chairman Guy Carpenter asks for comment by mid-month to determine whether the draft is ready for action in March. Several Directors provide comments.

March 2016

The Task Force reviews comments received. Additional modifications are made to the Draft 2016 Plan based on the feedback from Directors, and a redline illustrating the changes is provided as part of the Action Brief for the March 2016 CAWCD Board of Directors meeting. Public comment on the draft also is received at that time. The Board adopts the 2016 CAWCD Board of Directors Strategic Plan as outlined in the Action Brief.

Future Action

Progress on accomplishment of each item will be tracked internally using an electronic tracking system. Reports will be provided regularly to the Board.

An analysis of staff, capital and monetary resources will be completed and appropriate resources scheduled prior to beginning work on action items. Those items requiring significant resource allocations will be determined during reviews of tasks required to complete actions. Action items requiring funding in excess of \$250,000 will be presented to the Board for consideration and approval prior to commitment of funding.





Our Values

RELIABILITY: We will use every drop of Colorado River water available to us.

LEADERSHIP: We will be a leader in local and regional water issues.

OUR EMPLOYEES: Our employees are our most important resource.

THE PUBLIC TRUST: We respect the trust we have earned from our constituents.

THE ENVIRONMENT: We will operate in an environmentally responsible manner.

THE 2016 PLAN

STRATEGIC ISSUE:

Image / Knowledge & Visibility of Central Arizona Project (CAP)

ACTION PLANS:

OBJECTIVE	Improve understanding about CAP, and associated water, power, and infrastructure issues	<div> <div></div> <div>Increase opportunities for Board interaction with stakeholders</div> </div> <div> <div></div> <div>Increase opportunities for Board interaction with their peers in other organizations</div> </div> <div> <div></div> <div>Develop a stronger connection between Board policy developments and CAP's strategic communications</div> </div> <div> <div></div> <div>Develop a proactive communications plan to manage drought contingency planning and shortage declaration</div> </div>
OBJECTIVE	Continually enhance Board members' understanding of the issues impacting water, power and operations	<div> <div></div> <div>Continue to provide training and opportunities for Board members and customers to interact and share information on relevant water, power and operations matters through materials, workshops and briefings</div> </div> <div> <div></div> <div>Implement Board approved Post-Navajo Generating Station (NGS) Power Strategies</div> </div>

STRATEGIC ISSUE:

Relationships

ACTION PLANS:

OBJECTIVE	Improve relationships with customers and stakeholders	<div> <div></div> <div>Cooperatively identify goals and logistics for public processes with appropriate Board members, staff and stakeholders, being cognizant of all stakeholders and their respective interests</div> </div> <div> <div></div> <div>Survey customers and key stakeholders on a periodic basis</div> </div>
OBJECTIVE	Improve relationships with constituents and the public at large	<div> <div></div> <div>Continue to inform, engage, and participate with the broad range of constituencies. Advance CAP's role as a strong collaborator in the water industry</div> </div> <div> <div></div> <div>Utilize a multitude of outreach channels including traditional, electronic, and developing social media outlets</div> </div>

STRATEGIC ISSUE:

Water Leadership

ACTION PLANS:

OBJECTIVE	Cultivate future water leaders	<div> <div></div> <div>Identify and develop opportunities for involvement in leadership organizations</div> </div> <div> <div></div> <div>Coordinate workshops on federal and state legislative processes and activities regarding water quality, power generation, water reliability and similar areas of interest to CAP and stakeholders</div> </div>
OBJECTIVE	Continually inform current water leadership	<div> <div></div> <div>Continue outreach to local, state, and federal officials to enhance their understanding of CAP and its economic value to the State, as well as critical water, power and infrastructure issues</div> </div> <div> <div></div> <div>Identify opportunities for CAP interaction with elected officials</div> </div>

STRATEGIC ISSUE:

CAP Board Leadership

ACTION PLANS:

OBJECTIVE	Equip Board members to effectively represent CAP and its positions	<div> <div></div> <div>Identify opportunities for in-depth workshops/discussions on key issues facing CAP</div> </div> <div> <div></div> <div>Provide thorough orientation to new Board members on the finances, operations, and key initiatives of CAP</div> </div>
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STRATEGIC ISSUE:

Maintaining CAP’s financial health

ACTION PLANS:

- OBJECTIVE

Effectively communicate financial issues to Board, customers and stakeholders
- Continuously evaluate and resolve financial threats.
- OBJECTIVE

Maintain effective financial strategies
- Coordinate budget development, reporting, revenues, expenditures, rates, taxes and an appropriate reserve strategy
- OBJECTIVE

Maintain a rate-setting methodology that accurately reflects cost of service and provides for transparency and predictability
- Continue to explore and identify approaches to stabilize rates and/or establish reserves for shortages and other events that may interfere with predictable rates
- Evaluate appropriate pass-through mechanisms for unpredictable costs

STRATEGIC ISSUE:

Financing Major Expenditures

ACTION PLANS:

- OBJECTIVE

Establish a flexible financing strategy
- Coordinate financing mechanisms appropriate for CAP, including pay-as-you-go (rates and taxes), reserves, bonding, and other arrangements
- Coordinate financing strategy with reserve strategy
- OBJECTIVE

Coordinate projected uses of funds with appropriate sources of financing
- Identify resources required and financing sources prior to approval of major initiatives
- Evaluate how costs of major expenditures can be properly allocated to the beneficiaries of those expenditures under appropriate contracts and policies

STRATEGIC ISSUE:

Managing Assets

ACTION PLANS:

- OBJECTIVE

Optimize use of CAP assets to meet customer needs and generate opportunities to enhance revenues
- Maintain a capital replacement plan consistent with maintaining reliability of the system
- Develop guidelines, as appropriate, for expanded uses of CAP assets to meet emerging customer needs
- Develop and implement Post-NGS strategies for use of power generation and transmission assets

STRATEGIC ISSUE:*CAP Workforce***ACTION PLANS:****OBJECTIVE** **Maintain a safe and secure working environment**

Maintain Voluntary Protection Program Star status with Arizona Division of Occupational Safety and Health or equivalent



Continue to foster CAP's culture of safety, including meeting established safety metrics

OBJECTIVE **Maintain CAP as an excellent employer**

Maintain competitive pay and benefits



Continue to provide training and career opportunities to retain employees



Promote diversity in the work force

OBJECTIVE **Maintain high levels of skills and job proficiency among employees**

Maintain an effective apprenticeship program and journeyman level development



Manage an effective pay for performance system



Investigate incentives that promote employee job improvement and success



Provide employee development processes and programs to improve job performance and capabilities

STRATEGIC ISSUE:*Effectively Manage, Operate and Maintain CAP Assets***ACTION PLANS:****OBJECTIVE** **Provide reliable and cost effective water deliveries**

Maintain high levels of operational reliability consistent across all user groups



Consistently meet scheduled water deliveries to customers

OBJECTIVE **Continue to address aging infrastructure**

Continuously refine the comprehensive plan for assessing the condition of all CAP physical assets and developing data-driven and supported repair, rehabilitation or replacement recommendations



Provide sufficient financial resources to repair, rehabilitate, or replace infrastructure, as needed

OBJECTIVE **Maintain effective information technology systems**

Evaluate and employ technology to improve operations and increase communications



Meet emerging needs of existing and incoming workforce, as appropriate

OBJECTIVE **Achieve industry best maintenance practices**

Continue to participate in external benchmarking with similar utilities



Continue to participate in external reviews and assessments of CAP maintenance practices



Assess CAP's maintenance practices against established internal processes utilizing proactive asset management protocols



Schedule periodic Board field visits to critical CAP assets to foster direct knowledge of infrastructure capacity and conditions

STRATEGIC ISSUE:*Maintain Business Continuity***ACTION PLANS:****OBJECTIVE** **Maintain preparedness for business and infrastructure disasters and threats**

Utilize risk management analysis to assess investments in redundancy versus risk of failure



Maintain preparedness for potential pandemics



Protect and secure CAP's Information Technology assets and sensitive business information assets



Prepare and plan for potential threats to CAP water operations, including refreshers of previous infrastructure threat assessments



Maintain mutual aid partnerships with other regional utilities

STRATEGIC ISSUE:

Reliability of the CAP Water Supply

ACTION PLANS:

OBJECTIVE	Optimize reliability and sustainability of CAP water supply	■ Develop strategies to optimize CAP’s use of Colorado River water supplies	■ Actively influence, participate in, and implement Colorado River management decisions	■ Actively participate in decision making regarding bi-national programs	■ Collaboratively support and participate in programs, studies and pilot programs to reduce system losses and to conserve or augment water supplies
OBJECTIVE	Continue to support augmentation of Colorado River water supply	■ Support new and updated augmentation studies and pilot programs			
OBJECTIVE	Reduce risk associated with CAP’s junior priority	■ Identify, develop and implement programs to address near-term risks to Colorado River water supply and the structural deficit	■ Participate in Basin States discussions regarding shortage conditions not covered by the 2007 Shortage Sharing Guidelines	■ Continue to look for opportunities to change priority in Congress	
OBJECTIVE	Manage risk and opportunities posed by climate change	■ Identify potential impacts of climate change on CAP supplies	■ Conduct a scenario planning process to develop climate change adaptation strategies		
OBJECTIVE	Implement recovery plan	■ Implement recovery plan in cooperation with stakeholders to improve connection between Arizona Water Banking Authority storage and CAP recovery	■ Develop cooperative agreements to implement recovery (where appropriate), including direct recovery and recovery through exchange	■ Evaluate potential need for treatment works to implement recovery operations	■ Permit and construct facilities needed to implement recovery

STRATEGIC ISSUE:

New water supplies for the CAP service area

ACTION PLANS:

OBJECTIVE	Complete and implement Water Wheeling Agreements	■ Assess the capacity of existing CAP infrastructure to facilitate water wheeling	■ Complete and implement a standard form wheeling agreement and associated firming and wheeling contracts		
OBJECTIVE	Explore opportunities and constraints to acquire additional water supplies, without harming existing CAP contractors	■ Explore the institutional framework for water supply acquisition and develop policy and strategies, as appropriate	■ Analyze availability and viability of reclaimed water as a component of new supplies to be acquired by CAP	■ Explore demand management as a component of water supply planning	■ Explore possibilities for public/private partnerships

STRATEGIC ISSUE:

Generation Resources

ACTION PLANS:

OBJECTIVE	Effectively manage costs	<div></div> Continue to participate in NGS Operations & Maintenance committee and audits	<div></div> Continue use of Energy Risk Oversight Committee to make decisions on energy purchases	<div></div> As opportunities arise, continue to sell NGS energy scheduled for project use and buy replacement energy at a lower cost to reduce CAP energy costs
OBJECTIVE	Maintain existing generation resources until appropriate alternatives are available	<div></div> Monitor and aggressively protect and promote CAP’s interests relating to NGS	<div></div> Support renewal of NGS land, water, participation and coal agreements	<div></div> Participate in federal processes (e.g. National Environmental Policy Act processes/National Renewable Energy Laboratory studies) that affect continued operation of NGS
OBJECTIVE	Secure reliable, sustainable, cost-effective generation resources	<div></div> Prepare for eventual replacement of NGS through implementation of the Post-NGS Power Strategy, which includes the evaluation of alternative generation resources	<div></div> Continue to investigate feasibility of distributed generation	<div></div> Identify and evaluate short-term/back-up generation resources

STRATEGIC ISSUE:

Transmission Resources

ACTION PLANS:

OBJECTIVE	Effectively manage costs	<div></div> Pursue transmission alternatives that will reduce net CAP energy costs		
OBJECTIVE	Enhance transmission reliability	<div></div> Continue to participate in regional transmission planning and influence line siting to benefit CAP	<div></div> Participate in projects to create CAP transmission redundancy where feasible and appropriate	<div></div> Pursue strategic partnerships to enhance CAP transmission reliability and improve access to alternative generation resources

STRATEGIC ISSUE:

Water Supply

OBJECTIVE Obtain sufficient water supplies to meet long-term replenishment obligation

ACTION PLANS:

- Aggressively acquire water supplies as outlined in the 2015 Plan of Operation and the Water Supply Acquisition Program
- Develop and implement revenue generation mechanisms (e.g., bonding, rates, fees) that are sufficient to carry out the Water Supply Acquisition Program
- Collaborate with stakeholders to evaluate conservation measures that could reduce the Central Arizona Groundwater Replenishment District's (CAGRD) replenishment obligation

STRATEGIC ISSUE:

Long-term role of the CAGRD

OBJECTIVE Identify and implement appropriate conditions of membership

ACTION PLANS:

- Evaluate potential policy to require future CAGRD member lands to provide water supplies as a condition of membership
- Assess the potential requirement that prospective CAGRD members commit effluent and/or reclaimed to reduce CAGRD's replenishment obligation

OBJECTIVE Consider alternative strategies for replenishment

- Serve as a resource to other entities wanting to develop a replenishment program

STRATEGIC ISSUE:

Hydrologic relationship between member pumping & CAGRD replenishment

OBJECTIVE Identify CAGRD roles, responsibilities, and capabilities

ACTION PLANS:

- Encourage Arizona Department of Water Resources' (ADWR) efforts to investigate areas where excessive groundwater declines are possible
- Investigate feasibility of developing new recharge projects in identified areas of excessive groundwater declines, as appropriate
- To extent feasible, replenish in areas of hydrologic impact of groundwater withdrawals by CAGRD members
- Investigate possibility of direct delivery to CAGRD members with water treatment capability

STRATEGIC ISSUE:

CAGRD management and oversight

OBJECTIVE Review CAGRD status as compared to projections in the Plan of Operation

ACTION PLANS:

- Continue to prepare annual operations report detailing current enrollment to corresponding replenishment obligations as a supplement to the annual report filed with ADWR
- Schedule annual updates to the Board and Legislature on CAGRD obligations and activities
- Prepare and publish a Mid-Plan Review in the fifth year of each plan
- Ensure adequate funding of CAGRD administration and long-term operations

OBJECTIVE Continue coordination between ADWR and CAGRD

- Maintain communication protocols regarding application review and issuance of certificates of assured water supply (including modifications) that rely on CAGRD replenishment



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