



Arizona Lower Basin Drought Contingency Plan Steering Committee Meeting #5 September 27, 2018

Presentation Materials Available at:
ADWR's website – new.azwater.gov/lbdcp
CAWCD's website – www.cap-az.com/AZDCP

Arizona LBDCP Steering Committee Meeting #5 Agenda

- Welcome, Introductions
- Status of Basin States Process and DCP Documents
- Recap from Steering Committee Meeting #4
- Report from the Mitigation Work Group
- Report from the Arizona ICS Framework Work Group
- Delegates' Comments
- Preparation for Steering Committee Meeting #6 Oct. 10th
- Call to the Public

Status of Basin States Process and DCP Documents

- The 7 Basin States and the U.S. met on September 18, 2018 to discuss process and timing for finalization of DCP documents.
- The Lower Basin states discussed an addition to the LBDCP agreement to allow the parties to enter into separate implementation agreements with the agreement of all three states regarding DCP Contributions and sharing of ICS accumulation space.
- Currently, an implementation agreement is being negotiated, driven by a need from California:
 - California and Nevada would make an additional 50KAF each of their respective total ICS accumulation available to Arizona (for a total of 100KAF of additional space).
 - Nevada could make up to the 300KAF of DCP contributions to satisfy California DCP Contribution obligations through the Interim Period. Nevada EC ICS converted to DCP ICS for this purpose would remain Nevada’s DCP ICS. California would repay volumes of DCP ICS that Nevada “borrows” under the DCP, up to the volume contributed for California.
- Arizona will not agree to make contributions on behalf of another state under this provision of the LBDCP agreement without additional approval of the Arizona Legislature beyond the Joint Resolution authorizing the Director to approve the DCP.

Status of Basin States Process and DCP Documents

- The DCP drafting group anticipates that both Upper Basin and Lower Basin DCP final working draft documents will be available on the Bureau of Reclamation's website on October 10.
- We will plan time at the October 10 Steering Committee Meeting to provide an overview of all of those documents and how they relate to one another.

Recap from Steering Committee Meeting #4

- The delegates received presentations on:
 - Review of Goals, Objectives and Sideboards – status at the half water mark
 - Updates on Mitigation Work Group efforts including mitigation concepts
 - Outline of Arizona ICS Framework concept to accommodate Tribal and Non-Tribal ICS
- The delegates asked the Mitigation Work Group to continue its work, and
- The delegates supported the goal of completing the process by November 9th

Steering Committee Schedule

- Five remaining Steering Committee Meetings:
 - October 10th 1:00 to 4:00 pm¹
 - October 25th 1:00 to 4:00 pm
 - November 9th 1:00 to 4:00 pm
 - November 29th 1:00 to 4:00 pm

¹ Remaining meetings will be at CAP HQ, 23636 N. 7th Street



Overall Status of the Process

- Mitigation Plan Work Group and Arizona ICS Framework Work Group are targeting providing recommendations to the Steering Committee at the next Steering Committee Meeting:
 - October 10th
- Excess Water and Arizona Compensated Conservation Program discussion and potential recommendation by October 25th
 - Excess Water discussions to begin on Oct. 10. Additional discussions TBD before October 25. We anticipate that this will include a discussion of the disposition of turnback water.
- Total package on November 9th. In the alternative, we are seeking non-binding letters of support, and commitments to finalize necessary agreements prior to the Arizona Legislative session
- We propose to have both a Mitigation Work Group and Arizona ICS Framework Group meeting on Oct. 10, before the Steering Committee Meeting on that date.

Approach to Consensus Recommendations on Oct. 10th

- ADWR/CAWCD intend to meet with small groups and key stakeholders over the next 2 weeks to obtain additional input to frame initial recommendations on Oct. 10th
- Groups include:
 - Arizona legislative leaders
 - Tribal representatives
 - CAP M&I subcontractors
 - Ag representatives
 - Developer interests
- Desire to refine available information on mitigation and ICS tools and resources (water and financial), and build support for a DCP Joint Resolution at the Arizona Legislature

Report from Mitigation Work Group Meeting #4

- The Work Group met on September 19th. The group reviewed mitigation mechanics and refined mitigation tools, and attempted to reach consensus on key decisions for mitigation
- The Work Group reviewed mitigation impacted NIA and CAGRD/Developer supplies
- The Work Group refined the proposed full mitigation volumes for all CAP Ag Districts and for Pinal CAP Ag Districts
- The Work Group set a goal of bringing its findings forward to the Steering Committee at the Oct. 10th Meeting

Refined Estimates of Mitigation Tools

- Estimates based ADWR/CAWCD technical analyses and do not reflect commitments by parties

Tools	Ann. Vol. (KAF/yr)	Total Vol (KAF)	Creation Cost (\$M/yr)	Creation Cost (\$M)
Lake Pleasant	7	50	NA	NA
CAP ICS*	60	420	NA	NA
Mitigation Comp. Conservation**	50	350	\$ 8.25 - \$10	\$ 57.75-\$70
Total Firm Supplies	117	820	Up to \$10M/yr	Up to ~\$70M
New ICS – delivery/conv. ***	0-18	0-125	TBD	TBD
USF to GSF	25-80	175-560	Incentive payment?	TBD
GW Dev./Infrastructure	-	-		\$10
Total Potential Supplies	142-215	995-1505	TBD	>\$80M

- 10
- * CAP ICS includes current, pending and anticipated through 2019
 - ** Cost range reflects historic average and the anticipated higher future costs
 - *** Assumes <50% New ICS available for Mitigation



Fixed & Annual Ag Mitigation Schedules

- Fixed Schedule for Ag Mitigation provided during T 1& 2 shortages
- Annual Schedule for Ag Mitigation based on T1 or T2 condition

FIXED MITIGATION	'20	'21	'22	'23	'24	'25	'26
3 AMA wt. Vol.	150	111	100	111	102	100	105
Pinal-HVIDD-QCID	120	87	78	87	78	80	82

ANNUAL 3 AMA	'20	'21	'22	'23	'24	'25	'26
T1 Shortage	150	150	150	150	150	150	150
T2 Shortage	60	60	60	60	60	60	60

ANNUAL Pinal-HVIDD-QCID	'20	'21	'22	'23	'24	'25	'26
T1 Shortage	120	120	120	120	120	120	120
T2 Shortage	45	45	45	45	45	45	45



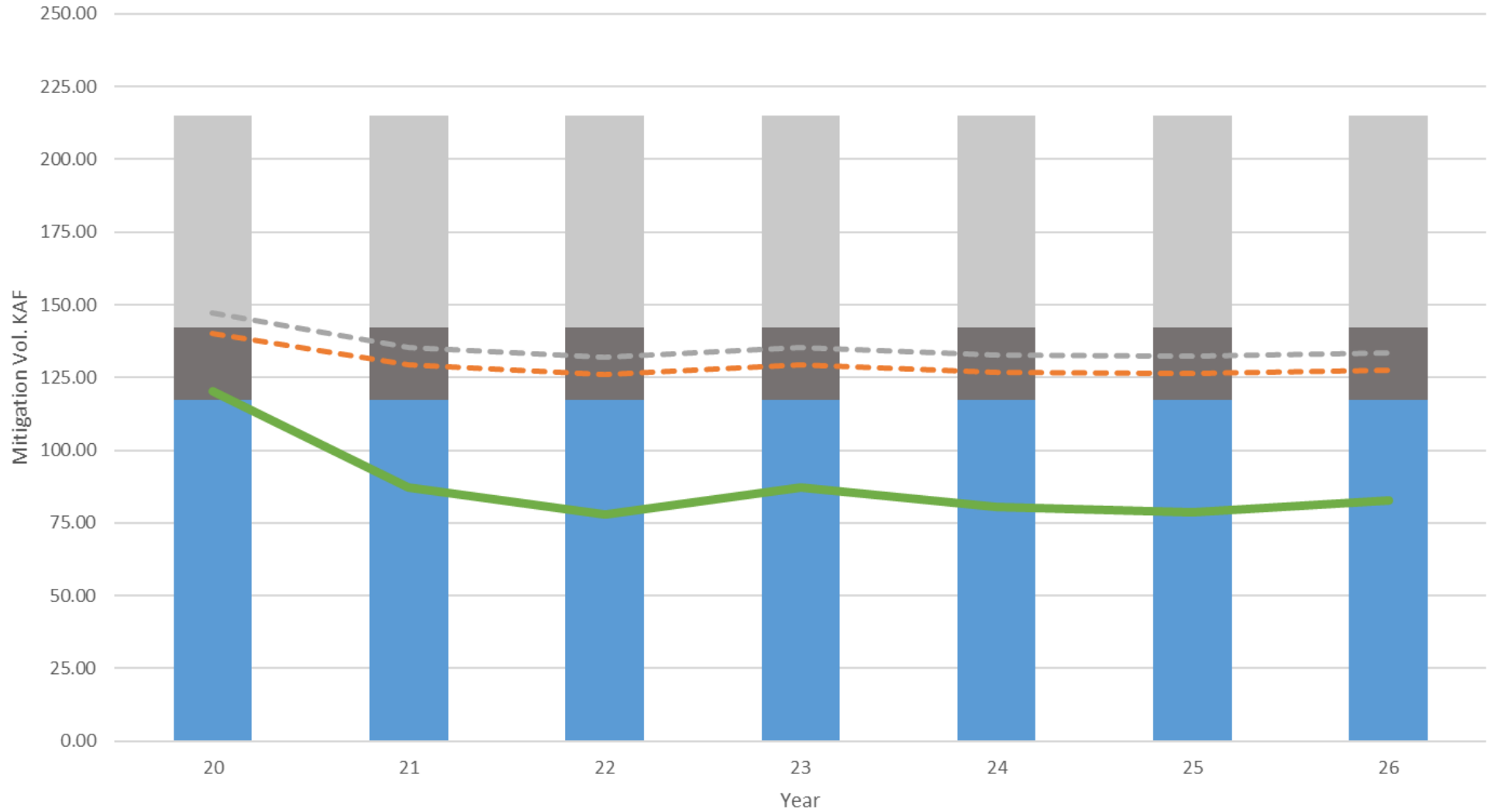
Potential Mitigation for NIA & CAGR/Developer Pool

- The WG and SC requested exploration of broader mitigation to include impacted NIA & CAGR/Developer Pool
- ADWR/CAWCD technical review suggests the following:

FIXED MITIGATION	'20	'21	'22	'23	'24	'25	'26
NIA	20	42	48	42	47	48	45
CAGR/Developer	7	6	6	6	6	6	6

ANNUAL MITIGATION	'20	'21	'22	'23	'24	'25	'26
NIA – T1	20	20	20	20	20	20	20
NIA – T2	70	70	70	70	70	70	70
CAGR/Developer – T1	7	7	7	7	7	7	7
CAGR/Developer – T2	5	5	5	5	5	5	5

Fixed Mitigation Schedule Based on Aug '18 Probabilities (Pinal + HVIDD + QCIDD)



- Firm Supplies
- Potential Supplies - Low Range
- Potential Supplies - Mid Range
- Ag Mitigation
- NIA
- Developer

Mitigation Plan Decisions Update

1. Annual vs. Fixed? Ag interests and others support Fixed approach, full consensus was not reached
 2. 3 AMA vs Pinal + HVIDD Mitigation? Ag interests and others support Pinal, HVIDD, QCIDD, full consensus was not reached
 3. Full Ag Mitigation vs Ag Partial? Ag interests support Fixed Approach, M&I interests suggested T1 only mitigation
 - Alternatives to full Ag mitigation water to achieve a full mitigation package? No alternative brought forward
 - There are other questions that have been raised outside of these meetings regarding ag mitigation volumes that need to be discussed further in the side group meetings.
 4. Mitigation to NIA and CAGR/Developer impacts Support for concept (some NIA opposed mitigation for themselves, others supported it) - Developers asked for higher (unspecified) amount
 5. Support for water and funding commitments Ag interests and others support waiver concept, opposition by some M&I interests, support for considering priorities for mitigation tools to preserve limited supplies, desire to refine USF-GSF and additional compensated approaches,
 - Certainty and enforceability support for approach
- **The Work Group is working toward a recommendation to the Steering Committee on Oct. 10th**

Report from Arizona ICS Work Group Meetings #3

- The Work Group met on September 24th.
- The Work Group discussed ICS mechanics
- Reclamation provided additional details on ICS creation, accounting, and release
- Some non-Tribal On-River interests expressed interest in potential participation
- Tribal interests expressed interest and reservations about ICS tools relative to DCP goals and mitigation plan
- The Work Group discussed potential uses and trade-offs for ICS versus Mitigation Compensation Conservation within the Arizona DCP implementation framework
- The Work Group asked ADWR and CAWCD, along with Reclamation to put more meat on the Arizona ICS Framework Agreement so that parties better understand those details
- The Work Group set a goal of bringing its recommendations forward to the Steering Committee for the October 10th Meeting

Possible Use of ICS in Mitigation Tools

- Estimates based ADWR/CAWCD technical analyses and do not reflect commitments by parties

Tools	Ann. Vol. (KAF/yr)	Total Vol (KAF)	Creation Cost (\$M/yr)	Creation Cost (\$M)
Lake Pleasant	7	50	NA	NA
CAP ICS*	60	420	NA	NA
Mitigation Comp. Conservation**	50	350	\$ 8.25 - \$10	\$ 57.75-\$70
Total Firm Supplies	117	820	Up to \$10M/yr	Up to ~\$70M
New ICS – delivery/conv. ***	0-18	0-125	TBD	TBD
USF to GSF	25-80	175-560	Incentive payment?	TBD
GW Dev./Infrastructure	-	-		\$10
Total Potential Supplies	142-215	995-1505	TBD	>\$80M

* CAP ICS includes current, pending and anticipated through 2019

** Cost range reflects historic average and the anticipated higher future costs

*** Assumes <50% New ICS available for Mitigation



Approach to Consensus Recommendations on Oct. 10th

- ADWR/CAWCD intend to meet with small groups and key stakeholders over the next 2 weeks to obtain additional input to frame initial recommendations on Oct. 10th
- Groups include:
 - Arizona legislative leaders
 - Tribal representatives
 - CAP M&I and NIA subcontractors
 - Ag representatives
 - Developer interests
 - Reclamation
- Desire to refine available information on mitigation and ICS tools and resources (water and financial), to build support for a DCP Joint Resolution at the Arizona Legislature
- Finalize appropriate agreements or provide a basis for non-binding letters of support and commitments

DELEGATES' COMMENTS



Next Steps

- Engage in the small group meetings between now and October 10th
- **Mitigation Work Group, Arizona ICS Framework Work Group, and Steering Committee Meeting on Oct 10th**

CALL TO THE PUBLIC





With additional questions contact:

ADWR at sslee@azwater.gov

CAWCD at cthompson@cap-az.com

Presentation Materials Available at:

ADWR's website – new.azwater.gov/lbdcp

CAWCD's website – www.cap-az.com/AZDCP