



CENTRAL ARIZONA PROJECT
Board of Directors
February 4, 2021 - 10:00 AM

Virtual Meeting
The public may view the meeting at
www.cap-az.com/board/meetings

FINAL AGENDA

Times shown are approximate. Some items may take more or less time than scheduled, or the President may grant requests to hear items in an order other than shown.

1. Pledge of Allegiance, Moment of Silence and Safety Minute - Jacobs
2. Consideration of Action to Approve Items on the Consent Agenda** (10:05)
 - a. Minutes of the January 7, 2021 Regular Meeting - Macre
 - b. Minutes of the January 21, 2021 Nominating Committee - Brown
 - c. Construction Contract for HVAC Replacement at Mark Wilmer Pumping Plant - Francom
 - d. Letter Agreement for the Salt River Project to CAP Interconnect Feasibility Study - Francom
3. Consideration of Action to Approve Items Removed from the Consent Agenda
4. Reports of Committees and Possible Consideration of Committee Recommendations (10:10)
 - a. Public Policy Committee - Cesare
 - i. Consideration of Action on State Issues that Could Impact CAP, Including But Not Limited to HB2035, HB2041/SB1446, HB2336/SB1274/HB2678, HB2074/SB1147, and HCM2003 - Gray
 - b. Finance, Audit and Power Committee - Goddard
 - c. CAGRD and Underground Storage Committee - Macre
5. General Manager's Report on Current Events - Cooke (10:30)
6. Report on CAP Asset Management and Infrastructure Health - Capital Projects (*Project Reliability*^) - Francom (10:40)
7. Report on Colorado River Conditions (*Water Supply*^) - Cullom (11:00)
8. Report on Reconsultation Activities - Dent (11:10)
 - a. Bureau of Reclamation 7.D Report
 - b. January 26, 2021 Arizona Reconsultation Committee Modeling and Analysis Workgroup Meeting
9. Report Preparation for Possibility of Tier One Shortage in 2022 (*Water Supply*^) - Dent (11:20)
10. Report on Legal Matters (*Public Trust, Partnerships and Leadership*^) - Johnson (11:35)
11. Nominations and Election of Officers and Executive Committee Members (*Public Trust, Partnerships and Leadership*^) (11:40)
 - a. Report of Nominating Committee - Brown
 - b. Acceptance of Nominations from the Floor - Atkins
 - c. Consideration of Action to Elect Officers and Executive Committee Members - Atkins

12. Appointment of Board Members to CAP Committees and as Representatives to the Arizona Water Banking Authority Commission and the Arizona Water Protection Fund Commission (*Public Trust, Partnerships and Leadership*[^]) - Incoming Board President
13. Directors' Report on Current Events
14. Future Agenda Items
15. President's Report on Current Events - Atkins
16. Public Comment
17. Consideration of Action to go into Executive Session of the Board for the following purposes:
(*The discussions and minutes of the executive session shall be kept confidential. The executive session of the Board is not open to the public.*)***
 - a. Pursuant to A.R.S. §38-431.03.A.3 to obtain legal advice from the District's attorneys on any matter listed on the agenda
18. Reconvene in Open Session
19. Consideration of Action Regarding Items Discussed in Executive Session
20. Adjourn

CAP Board members are elected by the voters in Maricopa, Pima and Pinal Counties. Visit cap-az.com/board to learn more about the Board. Those interested in meeting with a Board member may contact the member directly to schedule an appointment. Space will be made available at CAP Headquarters.

** Items listed in the Consent Agenda may be acted on by the Board without discussion. Any item listed on the Consent Agenda may be removed from the Consent Agenda and acted on separately by the Board.

*** The Executive Session is expected to last approximately one hour and will not be open to the public.

[^] *Linkage to CAWCD Board of Directors Strategic Plan*

In accordance with the Americans with Disabilities Act (ADA), if you need reasonable accommodations due to a disability, please contact the CAP office at (623.869.2333) or TDD (623.869.2183) at least seventy-two (72) hours in advance of the meeting.



**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
January 7, 2021**

The regular meeting of the Central Arizona Project ("CAWCD" or "CAP") Board of Directors was called to order by President Lisa A. Atkins on January 7, 2021, at 10:00 a.m. The meeting was held virtually and broadcast for the public via livestream.

Board Members present were: President Lisa A. Atkins, Maricopa County; Vice President Terry Goddard, Maricopa County; Secretary Heather A. Macre, Maricopa County; Alexandra Arboleda, Maricopa County; Jennifer Brown, Maricopa County; Karen Cesare, Pima County; Benjamin W. Graff, Maricopa County; Jim Holway, Maricopa County; Pat Jacobs, Pima County; Mark Lewis, Maricopa County; Jennifer Martin, Maricopa County; Stephen Miller, Pinal County; Marie Pearthree, Pima County; April Pinger-Tornquist, Maricopa County; Mark Taylor, Pima County.

Staff members present were Ted Cooke, General Manager; Robert Moody, Assistant General Manager; Jay Johnson, General Counsel; Bridget Schwartz-Manock, Director of Public Affairs; Patrick Dent, Director of Water Policy; Darrin Francom, Director of Operations, Power and Engineering; Brian Buzard, Director of Centralized Maintenance; Laura Grignano, Manager, CAGRD; Doug Dunlap, Manager, Finance and Accounting; Ken Seasholes, Manager, Resource Planning and Analysis; Chuck Cullom, Manager, Colorado River Programs; Jeff Gray, Manager, Legislative Affairs; Don Crandall, Water Control Manager; Greg Adams, Senior Attorney; Mohammed Mahmoud, Senior Policy Analyst; Deanna Ikeya, Senior Policy Analyst; Megan Casey, Public Affairs Management Analyst; and Jennifer Miller, Board Support Specialist.

Bridget Schwartz-Manock, Director of Public Affairs, performed a roll call and confirmed a quorum was present. President Atkins reviewed the details of the virtual meetings, noting that she and a small number of staff were at CAP Headquarters, the rest of the Board Members and staff were on WebEx, and the meeting was livestreamed for the public.

1. PLEDGE OF ALLEGIANCE, MOMENT OF SILENCE AND SAFETY MINUTE - TAYLOR

Board Member Taylor led the Board Members and public in reciting the Pledge of Allegiance and observing a moment of silence, and gave a safety minute on situational awareness.

2. CONSIDERATION OF ACTION TO APPROVE ITEMS ON THE CONSENT AGENDA

On a motion (Secretary Macre) and a second (Board Member Taylor), approved the minutes of the December 3, 2020 Regular Meeting. Motion passed.

Voting yes: Lisa A. Atkins, Terry Goddard, Heather A. Macre, Alexandra Arboleda, Jennifer Brown, Karen Cesare, Benjamin W. Graff, Jim Holway, Pat Jacobs, Jennifer Martin, Stephen Miller, Marie Pearthree, April Pinger-Tornquist, Mark Taylor

Not voting: Mark Lewis

3. **CONSIDERATION OF ACTION TO APPROVE ITEMS REMOVED FROM THE CONSENT AGENDA**

None.

4. **REPORTS OF COMMITTEES AND POSSIBLE CONSIDERATION OF COMMITTEE RECOMMENDATIONS**

4.a. **PUBLIC POLICY COMMITTEE - CESARE**

Board Member Cesare gave a report on the January 7, 2021 Public Policy Committee meeting, including an update on state issues and the legislative session. She also reported on federal issues, with information on the transition of administrations and federal legislation.

4.b. **FINANCE, AUDIT AND POWER COMMITTEE - GODDARD**

Vice President Goddard reported that the FAP Committee did not meet in December, and reviewed upcoming agenda items for the January 21, 2021 meeting.

4.c. **CAGRD AND UNDERGROUND STORAGE COMMITTEE - MACRE**

Secretary Macre reported that the CAGRD Committee did not meet in December, and that the January 21 meeting has been cancelled. She reviewed agenda items planned for the February meeting.

5. **REPORT ON CAP ASSET MANAGEMENT AND INFRASTRUCTURE HEALTH - BUZARD**

Brian Buzard, Director of Centralized Maintenance, reported on the asset reliability process, including the Strategic Asset Management Plan, physical asset lifecycle, equipment maintenance plans, maintenance management, asset health and the annual maintenance plan. In response to a question from Board Member Pinger-Tornquist, Mr. Buzard noted that most maintenance is scheduled on a calendar basis.

6. **DISCUSSION OF DRAFT LETTER AGREEMENT FOR THE SALT RIVER PROJECT TO CAP INTERCONNECT FEASIBILITY STUDY - DENT**

Patrick Dent, Director of Water Policy, reported that CAP and the Salt River Project (SRP) are in discussions to expand the interconnection capabilities between the two systems. He reviewed the current configuration and deliveries. He also provided an overview of the proposed SRP to CAP Interconnection Facility (SCIF), reviewing the benefits and connection to the Salt River Siphon. Mr. Dent reviewed the SCIF engineering study scope and cost, noting he will seek Board approval for the study next month.

Mr. Dent answered questions about water quality and deliveries from Board Member Taylor and questions about the potential capacity of the SCIF from Board Member Pearthree.

7. **REPORT ON COLORADO RIVER CONDITIONS - MAHMOUD**

Mohammed Mahmoud, Senior Policy Analyst, gave an update on the status of the reservoirs and snow accumulation in the Colorado River System. He also provided information on the elevations projected for Lake Mead for 2021.

8. REPORT ON BINATIONAL DESALINATION EFFORTS WITH IMPLICATION TO YUMA AREA WATER MANAGEMENT AND SALINITY - CULLOM

After introductory remarks from President Atkins, Chuck Cullom, Colorado River Programs Manager, gave a presentation on the efforts between the United States and Mexico with regard to improving water and salinity management in the lower Colorado River. He reviewed CAP's interests in the Yuma area and binational desalination and provided background on the Binational Study of Water Desalination Opportunities in the Sea of Cortez (Study).

8.a. REPORT ON BINATIONAL STUDY OF WATER DESALINATION OPPORTUNITIES IN THE SEA OF CORTEZ - CULLOM/LELA PERKINS, JACOBS

Lela Perkins, Jacobs Engineering, reviewed the parameters of the Study, the analysis of the water supply availability and demand, and desalination technologies. She reviewed potential desalination opportunities in the Study region, the cost estimate and next steps recommended in the Study.

Ms. Perkins answered questions from Board Members Brown, Taylor, Cesare and Goddard regarding cost, capacity of the plants, seawater pump storage, and right-of-way acquisition. Mr. Cullom answered questions from Board Members Taylor, Martin, and Arboleda regarding demand, exchange opportunity, flow reduction, and the timeline for the Study.

The Board recessed at 11:55 a.m. and reconvened at 12:10 p.m.

Ms. Schwartz-Manock performed a roll call and confirmed a quorum was present.

9. REPORT ON ICS CREATION AND SYSTEM CONSERVATION FOR 2020 AND 2021 - IKEYA

Deanna Ikeya, Senior Policy Analyst, gave an update on Lower Basin water use, types of Intentionally-Created Surplus (ICS), and total ICS accumulation for Lower Basin entities. She reviewed ICS accumulation limits and Arizona's ICS accumulation for the Drought Contingency Plan (DCP) for 2020 and 2021. She also reviewed the benefits of conservation programs to the Lower Basin.

In response to questions from Board Members Pearthree, Arboleda, Taylor, and Jacobs, Ms. Ikeya and Mr. Cullom provided information on evacuated capacity, conservation programs, release of water during Tier One shortage, ICS credits, and mitigation.

10. REPORT ON 2020 WATER OPERATIONS UPDATE AND 2021 ANNUAL OPERATING PLAN - CRANDALL

Don Crandall, Water Control Manager, gave a report on 2020 water operations, including Colorado River diversions, customer deliveries and Lake Pleasant elevations. He also provided a summary of the 2021 Annual Operating Plan deliveries and diversions. In response to a question from Board Member Pinger-Tornquist, Mr. Crandall provided clarification on the Lake Pleasant operating forecast.

11. REPORT ON LEGAL MATTERS (PUBLIC TRUST, PARTNERSHIPS AND LEADERSHIP^)- JOHNSON

None.

12. APPOINTMENT OF NOMINATING COMMITTEE - ATKINS

President Atkins appointed Board Member Brown as Chair and Board Members Holway and Jacobs as members of the Nominating Committee. She requested that members interested in running for a Board Officer or Executive Committee position to contact Chair Brown prior to the Committee meeting on January 21. She gave an brief overview of the elections that will take place at the February Board Meeting.

13. DIRECTORS' REPORT ON CURRENT EVENTS

Secretary Macre and Board Members Brown, Cesare, Graff, Miller, Pearthree, Pinger-Tornquist and Taylor shared updates on recent CAP activities.

14. FUTURE AGENDA ITEMS

Board Member Jacobs requested an update on recharge capacity. Board Member Martin requested information on the socioeconomic and environmental impacts of reducing flow through desalination exchanges. Board Member Arboleda, echoed by Vice President Goddard, requested a presentation on the Arizona Water Banking Authority and firming as a follow-up to the presentation last month.

15. PRESIDENT'S REPORT ON CURRENT EVENTS - ATKINS

President Atkins reviewed the schedule of upcoming meetings.

16. GENERAL MANAGER'S REPORT ON CURRENT EVENTS - COOKE

General Manager Ted Cooke reviewed the construction contract for HVAC replacement at Mark Wilmer Pumping Plant, which will be on next month's consent agenda. He also provided several other updates, including a report that CAP has once again been awarded the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting, information on the recent cyber attack to Solar Winds' Orion software, a report on the Colorado River Indian Tribes recent election, an update on the Bureau of Reclamation 7.D Report, information on Tier One shortage preparation, and an update on the 242 Well Field agreement.

17. PUBLIC COMMENT

None.

18. CONSIDERATION OF ACTION TO GO INTO EXECUTIVE SESSION OF THE BOARD FOR THE FOLLOWING PURPOSES: PURSUANT TO A.R.S. §§38-431.03.A.1 TO DISCUSS MATTERS PERTAINING TO THE GOALS, PERFORMANCE AND CONTRACT OF THE GENERAL MANAGER; AND PURSUANT TO A.R.S. §38-431.03.A.3 TO OBTAIN LEGAL ADVICE FROM THE DISTRICT'S ATTORNEYS ON ANY MATTER LISTED ON THE AGENDA

On a motion (Board Member Brown) and a second (Board Member Taylor), convened in Executive Session at 1:23 p.m. for the purposes listed on the agenda. Motion passed.

Voting yes: Lisa A. Atkins, Terry Goddard, Heather A. Macre, Alexandra Arboleda, Jennifer Brown, Karen Cesare, Benjamin W. Graff, Jim Holway, Pat Jacobs, Jennifer Martin, Stephen Miller, Marie Pearthree, April Pinger-Tornquist, Mark Taylor

Not voting: Mark Lewis

19. RECONVENE IN OPEN SESSION

The Board reconvened in open session at 3:45 p.m.

Ms. Schwartz-Manock performed a roll call and confirmed a quorum was present.

20. CONSIDERATION OF ACTION REGARDING ITEMS DISCUSSED IN EXECUTIVE SESSION

On a motion (Board Member Jacobs) and a second (Board Member Martin), amended the General Manager's contract as discussed in executive session. Motion passed.

Voting yes: Lisa A. Atkins, Terry Goddard, Heather A. Macre, Alexandra Arboleda, Jennifer Brown, Karen Cesare, Jim Holway, Pat Jacobs, Jennifer Martin, Marie Pearthree, April Pinger-Tornquist, Mark Taylor

Not voting: Benjamin W. Graff, Mark Lewis, Stephen Miller

21. ADJOURN

There being no further business to come before the Board, the meeting adjourned at 3:49 p.m.

Heather A. Macre
Board Secretary



**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
Nominating Committee
January 21, 2021**

A meeting of the Central Arizona Project Nominating Committee ("Committee") of the Central Arizona Water Conservation District's ("CAP" or "CAWCD") Board of Directors was called to order by Chair Brown on January 21, 2021 at 8:38 a.m. The meeting was held virtually and broadcast for the public via livestream.

Committee Members present were: Chair Jennifer Brown, Maricopa County; Jim Holway, Maricopa County; and Pat Jacobs, Pima County.

Staff members present were: Ted Cooke, General Manager; Jay Johnson, General Counsel; Bridget Schwartz-Manock, Director, Public Affairs; Megan Casey, Public Affairs Management Analyst; and Jenn Miller, Board Support Specialist.

Ms. Schwartz-Manock performed a roll call and confirmed a quorum was present. Chair Brown reviewed the logistics for the virtual meeting.

1. REVIEW OF BOARD BYLAWS FOR NOMINATING COMMITTEE - JOHNSON

Jay Johnson, General Counsel, reviewed the CAWCD Bylaws on the scope of the Nominating Committee. In response to questions from Board Member Jacobs and Chair Brown, Mr. Johnson and Ted Cooke, General Manager, reviewed the membership and role of the Executive Committee.

2. REVIEW NOMINATION REQUESTS FOR BOARD OFFICER AND EXECUTIVE COMMITTEE POSITIONS - BROWN

Chair Brown reviewed the list of open positions and reported that Statements of Interest were received from the following Board Members:

- For the office of President: Karen Cesare and Terry Goddard
- For the office of Vice President: Mark Taylor
- For the office of Secretary: Alexandra Arboleda
- For the Executive Committee: Stephen Miller

In response to a question from Chair Brown, Mr. Johnson reviewed how nominations from the floor will occur at the Board meeting, and the process for acclamation.

3. DISCUSSION AND CONSIDERATION OF ACTION TO MAKE A RECOMMENDATION TO THE BOARD REGARDING BOARD OFFICERS AND EXECUTIVE COMMITTEE MEMBERSHIP - BROWN

Chair Brown commented that, since there are multiple members interested in one office, she prefers to advance all names to the Board for consideration. Board Members Jacobs and Holway discussed the option to recommend just one candidate.

On a motion (Board Member Holway) and a second (Board Member Jacobs), advanced all interested candidates for each office to the full Board for consideration.

- **For the office of President: Karen Cesare and Terry Goddard**
- **For the office of Vice President: Mark Taylor**
- **For the office of Secretary: Alexandra Arboleda**
- **For the Executive Committee: Stephen Miller**

Motion passed.

Voting yes: Jennifer Brown, Jim Holway

Voting no: Pat Jacobs

Further discussion occurred about the sixth seat on the Executive Committee, which no one submitted a Statement of Interest in, and whether the Committee should make a nomination for that seat. Board Member Brown explained her vote, commenting that she is not opposed to the nominee, but that she prefers to only forward interested candidates to the Board and let any other nominations come from the floor.

On a motion (Board Member Jacobs) and a second (Board Member Holway), recommended Jennifer Martin as nominee for the Executive Committee, if she agrees to serve and if the seat is available to a Maricopa County member. Motion passed.

Voting yes: Jim Holway, Pat Jacobs

Voting no: Jennifer Brown

4. PUBLIC COMMENT

No public comment.

5. ADJOURN

The Committee had a brief discussion about the election at the February Board Meeting. There being no further business to come before the Committee, the meeting adjourned at 9:30 a.m.

Jennifer Brown
Chair

ACTION BRIEF

BOARD OF DIRECTORS



Agenda Number 2.c

CONTACT: Darrin Francom Ryan Johnson
623-869-2276 623-869-2223
dfrancom@cap-az.com rjohnson@cap-az.com

MEETING DATE: Thursday, February 4, 2021

AGENDA ITEM: Construction Contract for HVAC Replacement at Mark Wilmer Pumping Plant - Francom

RECOMMENDATION: Staff recommends the Board approve the award of a Construction Contract to SDB Construction Services for the HVAC Replacement Project at Mark Wilmer Pumping Plant, and authorize the General Manager, or his designee, to execute an agreement up to \$3,426,928 plus an additional \$342,693 (10%) for contingencies (totaling \$3,769,621).

FISCAL IMPLICATIONS: No

Impact on Budget:

This contract for construction will commence at the Mark Wilmer Pumping Plant in the second quarter of 2021, and finish by the second quarter of 2022.

Construction for this project was delayed approximately one year due to the COVID 19 pandemic. Due to this shift in the project schedule, a portion of these project funds will be planned into the 2022-2023 capital budget. The Project Steering Committee will continue to oversee the project's work and expenses within the overall capital budget in 2021.

Additional spending authority requested: None.

Impact on Reserves:

No impact on Strategic Reserves.

Impact on Rates:

No impact on Water Rates.

LINKAGE TO STRATEGIC PLAN, POLICY, STATUTE OR GUIDING PRINCIPLE:

2022 CAWCD Board Strategic Plan
Project Reliability

ARS Title 34-603 Procurement of professional services and construction-manager-at-risk, design-build, and job-order-contracting constructions services

CAP Purchasing Policy

PREVIOUS BOARD ACTION/ACTIVITY:

June 2019 Board approves CAP 2020-2021 CAWCD Biennial Budget

ISSUE SUMMARY/DESCRIPTION:

The current Heating, Ventilation and Air Conditioning (HVAC) system at Mark Wilmer Pumping Plant is comprised of two water-cooled chillers with a nominal cooling capacity of 136-tons each. These water-cooled chillers were installed in 2005 to replace the original chillers installed when the building was first constructed. This current water-chilled system has reached the end of its useful project life and has been selected for replacement due to its condition and risk to plant operation.

Issues with the condenser tubes on both chillers have begun to accumulate an abundance of silt biological fouling from the intake at the Mark Wilmer forebay. This has caused a sharp increase in maintenance hours from CAPs HVAC crews as they have been required to remove this debris from the condensers on a frequent basis. In addition, potential mechanical failures have also been identified on the original steel chilled water piping, the chilled water isolation valves, and the air handling coils installed in 1982 that are still in use.

The new HVAC system is comprised of two new air-cooled chillers, two water pumps, improved wiring, controls and the required ancillary equipment as designed by Arizona Pinnacle Engineering. The selection of air-cooled chillers aligns with the other similar projects and improves the reliability of these systems.

As the design effort for this project progressed, the total scope and cost have escalated as additional deficiencies with the existing system were identified, including air handlers that were leaking condensate and required full replacement versus the pre-design assumption of rehabilitation. For each of these items of increased scope, several options were considered and investigated and the best alternative to address each issue is the one that is being executed within this project's current scope and cost.

SDB Construction Services was selected to be the Construction Manager at Risk, pursuant to the principles described in Title 34 of the Arizona Revised Statutes.

SUGGESTED MOTION:

I move that the Board of Directors approve the award of a construction contract to SDB Construction Services in the amount of \$3,426,928 plus an additional \$342,693 (10%) for contingencies (totaling \$3,769,621), for construction of the HVAC Replacement Project at Mark Wilmer Pumping Plant, and authorize the General Manager, or his designee, to execute the contract and administer the contingency.

ATTACHMENTS:

None

ACTION BRIEF

BOARD OF DIRECTORS



Agenda Number 2.d

CONTACT: Darrin Francom Patrick Dent
623-869-2276 623-869-2581
dfrancom@cap-az.com pdent@cap-az.com

MEETING DATE: Thursday, February 4, 2021

AGENDA ITEM: Letter Agreement for the Salt River Project to CAP Interconnect Feasibility Study - Francom

RECOMMENDATION: Staff recommends the Board of Directors approve the Letter Agreement between CAWCD and Salt River Project that defines the cost sharing for the Salt River to CAP Interconnect Facility Feasibility Study and authorize the General Manager, or his designee, to execute an agreement up to \$464,111.

FISCAL IMPLICATIONS: No

Impact on Budget:

While this Fixed O&M cost was not anticipated when the 2020-2021 Biennial Budget was created, staff believes that this additional expense (\$464,111) can be managed within the established 2021 budget and spending authority and there will not be a significant impact to other operating budget items. In part, this is due to the shifting of work necessitated by the COVID-19 pandemic across many CAP business units.

Additional spending authority requested: None.

Impact on Reserves:

No impact on Strategic Reserves.

Impact on Rates:

No impact on Water Rates.

LINKAGE TO STRATEGIC PLAN, POLICY, STATUTE OR GUIDING PRINCIPLE:

2022 CAWCD Board Strategic Plan
Water Supply

PREVIOUS BOARD ACTION/ACTIVITY:

January 2021 Initial Information Brief and Discussion, presented by Water Policy Director Patrick Dent

ISSUE SUMMARY/DESCRIPTION:

The Central Arizona Project was originally constructed with a turnout that enables CAP water to be delivered to the Salt River Project water delivery system. This existing turnout is referred to as the CAP to SRP Interconnect Facility (CSIF). The majority of the water delivered through the CSIF is CAP water for CAP contractors and subcontractors that is delivered to their service areas via SRP's water distribution system. CAP and SRP also have the ability to participate in mutually agreed upon exchanges of CAP and SRP water.

Concepts for a pumped connection that would facilitate the delivery of SRP water to the CAP system have been considered for many years. This SRP to CAP Interconnect Facility (SCIF) would lift water from the SRP system into the CAP canal. Understanding of the water quality requirements for the introduction of SRP water has been a key feasibility question. With the development of a uniform water quality standard, there is more clarity regarding how SRP water may be delivered to the CAP system. Consequently, the next steps are focused on understanding engineering options of the facility related to technical challenges, sizing and the associated costs.

CAP and SRP have agreed to work together on this evaluation. To accomplish this work an external engineering consultant has been selected to conduct the feasibility study. The consultant will evaluate alignment and sizing options, develop a 30% set of engineering design drawings and a budgetary cost estimate for the selected approach. In addition to this work CAP is requesting a separate task that would look at the concepts for constructing a by-pass to the Salt River Siphon to better facilitate maintenance outages. Understanding these options will help CAP make informed decisions regarding alignment and sizing options contemplated for the SCIF.

CAP and SRP staff have reached agreement on the cost sharing for the engineering work and is seeking Board approval for the Letter Agreement that defines the total cost of the engineering feasibility and conceptual design efforts and the portion of those costs that will be the responsibility of both CAP and SRP.

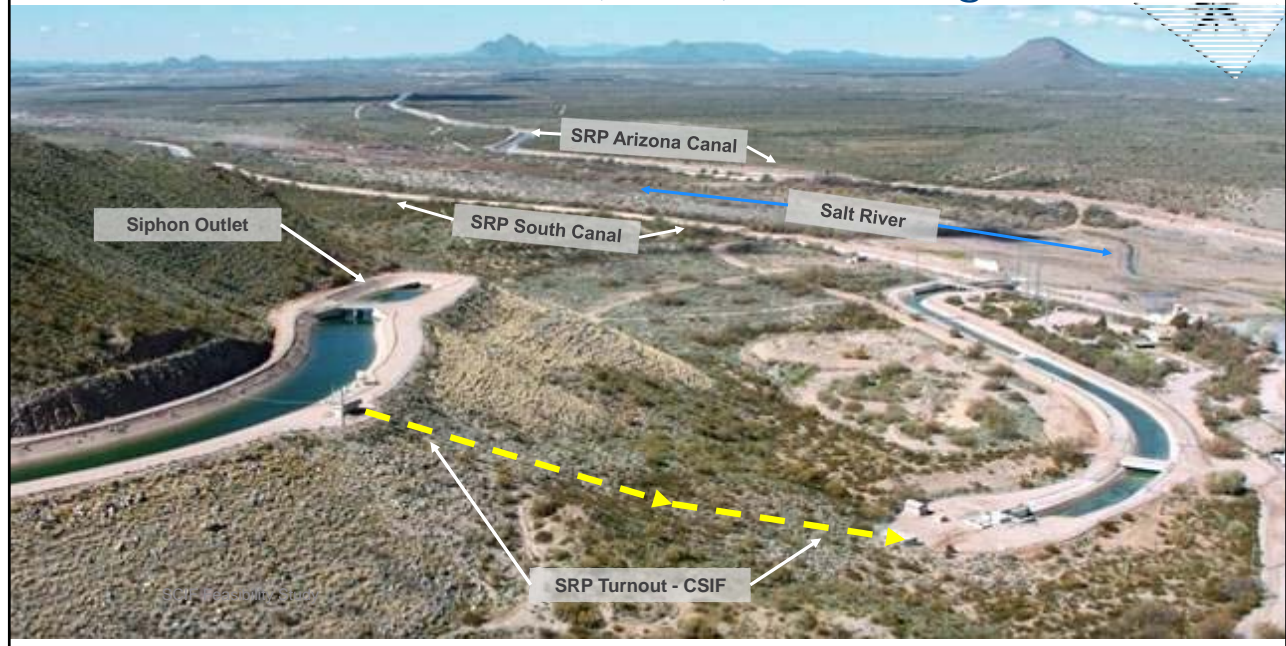
SUGGESTED MOTION:

I move that the Board of Directors approve the Letter Agreement between CAWCD and Salt River Project that defines the cost sharing for the Salt River to CAP Interconnect Facility Feasibility Study and authorize the General Manager, or his designee, to execute an agreement up to \$464,111.

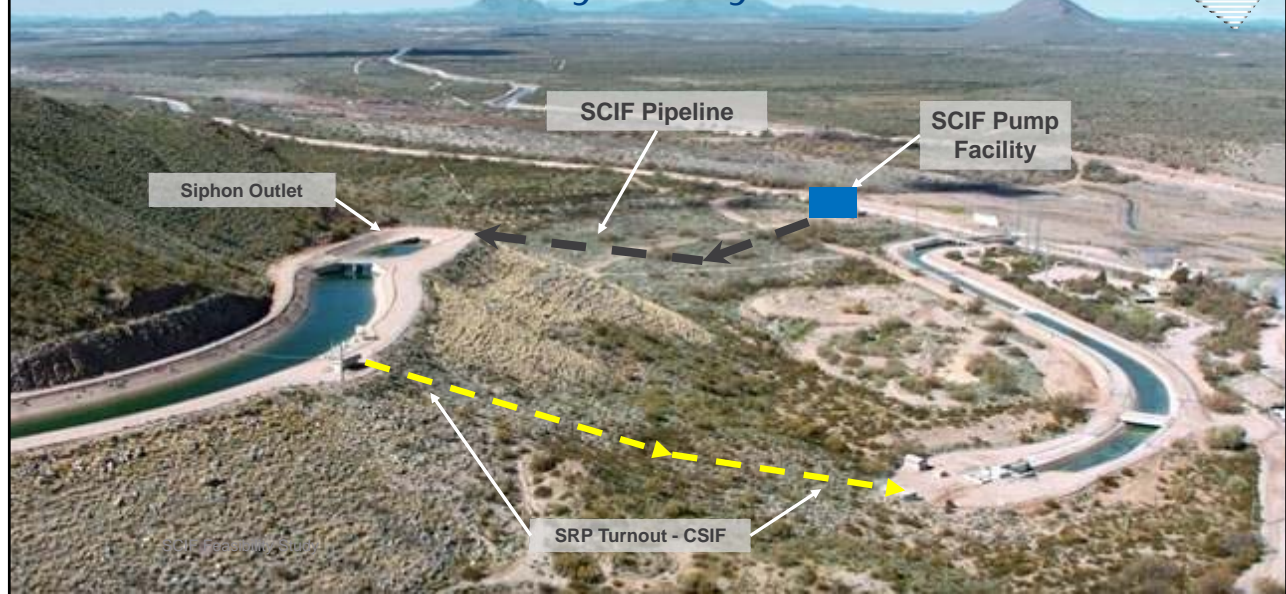
ATTACHMENTS:

1. Presentation
2. CAP-SRP SCIF Cost Share Letter Agreement

CAP-SRP Interconnect (CSIF) - Existing



SRP to CAP Interconnection Facility (SCIF) Focus of the Feasibility Study



Benefits of a Pumped Interconnection

- SRP Water can be directly delivered through the CAP system
- Conform with CAP Uniform Water Quality standard
- Water Delivery System Resiliency
- O&M flexibility

3

SCIF Feasibility Study



Salt River Siphon Maintenance

- Salt River Siphon requires full outages for interior coating maintenance
- SCIF could make some water available, mitigating or reducing customer impacts of outages
- Salt River Siphon by-pass to be evaluated in concert to help inform sizing considerations of the SCIF

4

SCIF Feasibility Study



CAP and SRP Technical Investigation

- Preliminary Design & Feasibility
 - Preliminary Cost Estimate
 - Feasibility for Secondary CAP Siphon
- Cost Sharing With SRP
- Total Study \$800k
 - CAP Share \$464K (\$336k + \$128k)





Christa M. McJunkin

Director of Water Strategy

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December XX, 2020

[Name]

[Title]

Central Arizona Project

P.O. Box 43020

Phoenix, AZ 85080-3020

Re: CAP and SRP Cost Sharing Agreement for work performed by HDR Engineering, INC.

Dear [Name],

The Central Arizona Project ("CAP") and the Salt River Project ("SRP") have been working collaboratively to develop a scope of work ("SOW") to evaluate the proposed SRP-CAP Interconnect Facility ("SCIF") and a secondary CAP siphon. On October 30, 2020, HDR Engineering, INC. ("HDR") submitted a proposal to complete the SOW developed by CAP and SRP. On December XX, 2021, SRP executed a consulting agreement to govern the terms of SRP contracting for services with HDR ("Consulting Agreement") to complete four tasks under the SOW. Under the Consulting Agreement, HDR will be authorized to perform the services under the SOW through a work order approved by SRP ("Work Order"). Under the SOW, HDR has agreed not to exceed \$799,946 without prior written permission from SRP

This letter ("Letter Agreement") is intended to memorialize a cost share agreement between CAP and SRP, wherein each agrees to pay for one-half of the costs for HDR to complete task one, task two, and task three under the SOW (up to \$335,833 each); and CAP agrees to pay for the entire cost of HDR to complete task four under the SOW (up to \$128,278). Under the Consulting Agreement, HDR shall invoice SRP for the cost of its services under the Work Order and SRP shall pay those invoices. For costs paid by SRP for services related to tasks 1-3 under the Work Order, SRP shall send CAP an invoice for fifty percent (50%) of the costs and CAP shall remit payment to SRP within 30 days of receiving the invoice. For costs paid by SRP for services related to task 4 under the Work Order, SRP shall send CAP an invoice for one-hundred (100%) of the costs and

CAP shall remit payment to SRP within 30 days of receiving the invoice. CAP may also pay SRP in advance for its portion of estimated costs and SRP shall credit any advance payment by CAP against invoice payments to HDR.

SRP will keep full and complete records of the amounts paid by each party, and the invoices and payments made to HDR pursuant to the Consulting Agreement. Upon termination of this Agreement, SRP will provide CAWCD with a final accounting of the payments made to HDR under the Consulting Agreement. SRP's records will be made available to CAWCD for inspection and copying by CAWCD during normal business hours without charge. Prior to authorizing any expenditure or payment to HDR exceeding the costs identified in this Agreement, SRP will notify CAWCD of the proposed increase and the purposes or need for the proposed increase. CAWCD will promptly review any proposed increase, and will promptly notify SRP of its approval or refusal of the proposed increase in writing.

SRP will provide CAWCD with a copy of all drawings, data, information and deliverables within 30 days of completion of each SOW task.

All engineering drawings, data and information or parts thereof provided by CAWCD to HDR Engineering that SRP may have access to, either directly, or indirectly as part of the feasibility study or any report related to the study, are considered Confidential Information, and subject to the same terms and conditions of confidentiality, as provided in the August 11, 2020 Nondisclosure Agreement for the purpose of confidential discussions related to a water supply study between CAWCD and SRP.

Please sign on the CAP signature block below to indicate CAP's acknowledgement of the above terms and procedures and then return one of the originals to SRP at the address indicated above.

If you have any questions, please call me at 602-236-3032.

Sincerely,

[Signature]

Christa M. McJunkin
Director of Water Strategy

I acknowledge and agree to the above terms and conditions on behalf of CAP.

Agreed: _____ Date: _____

[Name]

[Title]

CC: Colette Moore
Axel Buchwalter

ACTION BRIEF

BOARD OF DIRECTORS



Agenda Number 4.a.i

CONTACT: Bridget Schwartz-Manock Jeff Gray
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MEETING DATE: Thursday, February 4, 2021

AGENDA ITEM: Consideration of Action on State Issues that Could Impact CAP, Including But Not Limited to HB2035, HB2041/SB1446, HB2336/SB1274/HB2678, HB2074/SB1147, and HCM2003 - Gray

RECOMMENDATION: See attached documents and proposed staff recommendations.

FISCAL IMPLICATIONS: No

Impact on Budget:

None

Additional spending authority requested: None

Impact on Reserves:

None

Impact on Rates:

None

LINKAGE TO STRATEGIC PLAN, POLICY, STATUTE OR GUIDING PRINCIPLE:

2022 Board Strategic Plan:

Public Trust, Partnerships, and Leadership

Water Supply

Groundwater Replenishment

PREVIOUS BOARD ACTION/ACTIVITY:

November 5, 2020 Public Policy Committee previewed and discussed the draft proposed 2021 State Legislative Agenda

December 3, 2020 Board adopted 2021 State Legislative Agenda

ISSUE SUMMARY/DESCRIPTION:

This update reports on and requests guidance on bills being considered by the State Legislature.

See attached documents and issue descriptions.

SUGGESTED MOTION:

I move that the Board adopt a position on the following pending state legislation of interest to CAP: (staff recommendations in parentheses)

- HB2035 (SUPPORT)
- HB2041/SB1446 (SUPPORT)
- HB2336/SB1274/HB2678 (MONITOR)
- HB2074/SB1147 (SUPPORT)
- HCM2003 (SUPPORT)

ATTACHMENTS:

1. HB2035
2. HB2041/SB1446
3. HB2336/SB1274/HB2678
4. SB1147/HB2074
5. Staff Memo re: SB1147/HB2074
6. HCM2003

REFERENCE TITLE: appropriation; Arizona water protection fund

State of Arizona
House of Representatives
Fifty-fifth Legislature
First Regular Session
2021

HB 2035

Introduced by
Representative Griffin

AN ACT

APPROPRIATING MONIES TO THE ARIZONA WATER PROTECTION FUND.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Appropriation; Arizona water protection fund

3 The sum of \$1,000,000 is appropriated from the state general fund in
4 fiscal year 2021-2022 to the Arizona water protection fund established by
5 section 45-2111, Arizona Revised Statutes.

REFERENCE TITLE: groundwater replenishment reserves

State of Arizona
House of Representatives
Fifty-fifth Legislature
First Regular Session
2021

HB 2041

Introduced by
Representative Griffin

AN ACT

AMENDING SECTIONS 48-3701 AND 48-3772, ARIZONA REVISED STATUTES; RELATING
TO MULTI-COUNTY WATER CONSERVATION DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 48-3701, Arizona Revised Statutes, is amended to
3 read:

4 48-3701. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Active management area" means an active management area
7 established under title 45, chapter 2, article 2.

8 2. "Board" means the board of directors of a multi-county water
9 conservation district.

10 3. "Contract replenishment obligation" means an amount of
11 groundwater that the district contracts to replenish in a year on behalf
12 of a municipal provider pursuant to a contract authorized under section
13 48-3772, subsection B, paragraph 9.

14 4. "Credits" means any groundwater in addition to the amount of
15 groundwater that may be used at a member land or delivered within a member
16 service area for use within the member service area pursuant to the
17 applicable assured water supply rules adopted by the department of water
18 resources.

19 5. "Declaration" means an instrument recorded against real property
20 and conforming to the requirements prescribed by section 48-3774,
21 subsection A, paragraph 5.

22 6. "District" means a multi-county water conservation district
23 organized under the authority of this chapter.

24 7. "Excess groundwater" means an amount of groundwater equal to
25 that amount of groundwater delivered to a member land in a calendar year
26 or delivered within a member service area by the municipal provider for
27 that member service area in a calendar year in excess of the amount of
28 groundwater that may be used at the member land in that calendar year or
29 that may be delivered by the municipal provider for use within the member
30 service area in that calendar year and consistent with the applicable
31 assured water supply rules adopted by the department of water resources
32 for the active management area where the member land or the member service
33 area is located.

34 8. "Excess groundwater increment" means the amount by which excess
35 groundwater reported for a member service area under section 48-3775,
36 subsection B in any year exceeds the maximum amount of excess groundwater
37 reported for that member service area in any prior year.

38 9. "Groundwater replenishment obligation" means, for each active
39 management area in which member lands or member service areas are or may
40 be located, the total of the cumulative parcel replenishment obligation of
41 all parcels of member land in that active management area for a particular
42 calendar year plus the cumulative service area replenishment obligation of
43 all member service areas in that active management area for a particular
44 calendar year.

45 10. "Member land" means any real property that meets the
46 requirements of section 48-3774.

1 11. "Member service area" means the service area of a municipal
2 provider that qualifies as a member service area under section 48-3780,
3 including any additions to or extensions of the service area.

4 12. "Multi-county water conservation district" means a district
5 composed of three or more counties that have joined together for the
6 creation of a district.

7 13. "Municipal provider" means a city, town or private water
8 company or an irrigation district that supplies water for non-irrigation
9 use.

10 14. "Parcel of member land" means any portion of member land for
11 which the tax assessor for the county in which the member land is located
12 has issued a separate county parcel number.

13 15. "Parcel replenishment obligation" means, with respect to any
14 particular parcel of member land, an amount of groundwater that is equal
15 to the amount of groundwater delivered to the parcel of member land in a
16 calendar year multiplied by the percentage that the excess groundwater of
17 the applicable member land for that year bears to the total amount of
18 groundwater delivered to the applicable member land during that year.

19 16. "Population" means the population determined in the most recent
20 United States decennial census.

21 17. "Private water company" has the same meaning prescribed in
22 section 45-402.

23 18. "Projected ~~one hundred year~~ replenishment obligation" means for
24 each active management area, the district's total projected annual
25 groundwater replenishment obligation ~~at active management area build-out,~~
26 ~~multiplied by one hundred~~ FOR EACH OF THE ONE HUNDRED YEARS FOLLOWING
27 SUBMISSION OF THE DISTRICT PLAN OF OPERATION.

28 19. "Replenish" means to increase the amount of groundwater in an
29 aquifer through water storage pursuant to title 45, chapter 3.1 for the
30 purpose of meeting the obligations of article 4 of this chapter.

31 20. "Reserve target" means the volume calculated for each active
32 management area as prescribed by section 48-3772, subsection E.

33 21. "Resolution" means a resolution adopted by the governing body
34 of a city or town, by the board of directors of a private water company
35 that is a corporation, by the general partners of a private water company
36 that is a partnership or by the individual owners of a private water
37 company that is individually owned.

38 22. "Secretary" means the secretary of the interior of the United
39 States of America.

40 23. "Service area" has the same meaning prescribed in section
41 45-402.

42 24. "Service area replenishment obligation" means, with respect to
43 any particular member service area, the excess groundwater of that member
44 service area in a particular calendar year reduced by the replenishment
45 credits, if any, applied by the municipal provider with respect to the
46 member service area under section 48-3772, subsection H.

1 25. "Water storage" has the same meaning prescribed in section
2 45-802.01.

3 Sec. 2. Section 48-3772, Arizona Revised Statutes, is amended to
4 read:

5 48-3772. Duties and powers of district regarding
6 replenishment

7 A. The district shall:

8 1. Establish annually the costs and expenses to replenish
9 groundwater pursuant to this article with respect to all parcels of member
10 lands and all member service areas located in each active management area,
11 including capital expenses, debt service expenses, the operation,
12 maintenance, replacement and administrative costs and expenses of the
13 district, replenishment reserve costs and expenses as provided in
14 subsection E of this section and reasonable reserves. Separate
15 calculations of costs and expenses shall be made for each active
16 management area in which member lands or member service areas are located
17 and for each membership category. Costs and expenses attributed by the
18 district to contract replenishment obligations shall not be included in
19 these calculations.

20 2. Provide for the payment of all costs and expenses to replenish
21 groundwater pursuant to this chapter and the payment of operation,
22 maintenance, replacement and administrative costs and expenses and debt
23 service expenses of the district.

24 3. Levy an annual replenishment assessment against each parcel of
25 member land pursuant to section 48-3778 and an annual replenishment tax
26 against each municipal provider that has a member service area pursuant to
27 section 48-3781 to pay the district's costs and expenses as established
28 pursuant to paragraph 1 of this subsection.

29 4. Levy a contract replenishment tax against municipal providers
30 that are parties to contracts authorized under subsection B, paragraph 9
31 of this section to pay the district's costs and expenses to replenish
32 groundwater based on contract replenishment obligations.

33 5. Establish and maintain reserve accounts in amounts as may be
34 deemed necessary to perform the district's obligations under this article.

35 6. Fulfill all obligations under resolutions adopted pursuant to
36 subsection B, paragraph 10 of this section.

37 7. Levy an activation fee as follows:

38 (a) For subdivisions within member lands and member service areas
39 that are enrolled before May 6, 2004 and that had not been issued a public
40 report before August 12, 2005, the district shall levy a ~~one-time~~ ONETIME
41 activation fee against each housing unit to be constructed within the
42 subdivision.

43 (b) For subdivisions within member lands and member service areas
44 that are enrolled on or after May 6, 2004, the district shall levy a
45 ~~one-time~~ ONETIME activation fee against each housing unit to be
46 constructed within the subdivision.

1 (c) The activation fee shall be paid to the district according to
2 either of the following schedules, whichever the subdivider elects:

3 (i) Paid in full before issuance of a public report for each real
4 estate subdivision identified in subdivision (a) or (b) of this paragraph.

5 (ii) One-half paid before issuance of a public report for each real
6 estate subdivision identified in subdivision (a) or (b) of this paragraph
7 and the remaining amount paid no later than one year after the issuance of
8 the public report. The total amount of the activation fee must be the
9 amount of the activation fee in effect at the time of the initial payment.
10 Payment of the initial one-half of the activation fee pursuant to this
11 item constitutes sufficient payment of applicable fees for notice of
12 intent to subdivide as prescribed in section 32-2181, subsection C and for
13 issuance of a public report as prescribed in section 32-2183, subsection G
14 and section 45-576, subsection C, except that on failure to pay the
15 remaining amount, the commissioner shall suspend the public report for
16 that subdivision pursuant to section 32-2183.

17 (d) The activation fee shall be established annually by the
18 district. The amount of the activation fee to be paid to the district
19 under subdivision (c) of this paragraph must be the amount of the
20 activation fee in effect at the time of payment. Revenues from the
21 activation fee together with revenues from other sources that are legally
22 available to the district for those uses shall be used by the district to
23 acquire, lease or exchange water or water rights and develop
24 infrastructure necessary for the district to perform its replenishment
25 obligations.

26 8. For any year, set all of its rates and charges associated with
27 the acquisition, lease or exchange of water or water rights and
28 development of infrastructure necessary for the district to perform its
29 replenishment obligations, other than the annual membership dues
30 established pursuant to section 48-3779, so that the total projected
31 revenues from revenue sources other than the annual membership dues, that
32 are legally available to the district in that year to pay costs associated
33 with the acquisition, lease or exchange of water or water rights and
34 development of infrastructure necessary for the district to perform its
35 replenishment obligations, shall be at least three times the total
36 projected revenues from the annual membership dues in that year. For the
37 purposes of this paragraph, costs associated with the acquisition, lease
38 or exchange of water or water rights do not include the annual costs
39 associated with delivery of water for replenishment purposes.

40 B. The district may:

41 1. Acquire, develop, construct, operate, maintain, replace and
42 acquire permits for water storage, storage facilities and recovery wells
43 for replenishment purposes.

44 2. Acquire, transport, hold, exchange, own, lease, store or
45 replenish water, except groundwater withdrawn from an active management

1 area, subject to the provisions of title 45, for the benefit of member
2 lands and member service areas.

3 3. Acquire, hold, exchange, own, lease, retire or dispose of water
4 rights for the benefit of member lands and member service areas.

5 4. Require municipal providers to provide such information, in such
6 form and within the time limits prescribed by the district, as may be
7 necessary to carry out the purpose of this chapter.

8 5. Levy and collect assessments, fees, charges, taxes and other
9 revenues as are provided in this chapter for the financing of
10 replenishment activities.

11 6. Contract for or perform feasibility studies of water storage,
12 storage facilities and recovery wells for replenishment purposes.

13 7. Acquire real and personal property for water storage, storage
14 facilities and recovery wells for replenishment purposes by purchase,
15 lease, donation, dedication, exchange or other lawful means.

16 8. Use any facilities and any excess storage capacity of any state
17 demonstration projects undertaken pursuant to title 45, chapter 3.1 for
18 water storage for replenishment purposes.

19 9. Subject to subsection G of this section, contract with any
20 municipal provider having a member service area to replenish groundwater
21 on behalf of the municipal provider and with respect to the member service
22 area in an amount in excess of the sum of the service area replenishment
23 obligations applicable to the member service area for all years in which
24 the district has not completed the replenishment of the groundwater
25 replenishment obligation for the member service area.

26 10. Adopt resolutions granting water availability status to a member
27 service area of a city, town or private water company and committing to
28 replenish a specified average annual volume of water in a location where
29 the city, town or private water company may physically access the water
30 for service to its customers, if all of the following apply:

31 (a) The district has reviewed its requirements for transportation
32 of central Arizona project water, its contracts, subcontracts, letter
33 agreements, excess water contracts, and other contractual obligations and
34 its member service area and member land requirements and has determined
35 that the district can meet those obligations and that capacity remains in
36 the central Arizona project to meet the obligations undertaken through the
37 resolution.

38 (b) The resolution acknowledges that the commitment to replenish
39 the specified average annual volume of water in the location cited in the
40 resolution shall be a permanent obligation of the district, unless one of
41 the following applies:

42 (i) A permanent substitute supply of water is found for the city,
43 town or private water company and the substitution is approved by the
44 director of water resources, thus terminating the water availability
45 status of the member service area.

(ii) The requirements of section 45-576.07, subsection A are not met, and thus the director of water resources does not issue an order granting or maintaining the city, town or private water company as having an assured water supply based in whole or in part on section 45-576.07. If no order is issued within two years of the district adopting the resolution, the resolution may be repealed, and the district shall be relieved of all obligations under the resolution.

(c) The average annual volume of water specified in the resolution, when added to the average annual volume of water specified in all other resolutions adopted pursuant to this paragraph, does not exceed twenty thousand acre-feet.

(d) The district has entered into an agreement with the city, town or private water company under which the city, town or private water company will hold for the district's future use, and provide to the district when needed, sufficient water to meet the obligations undertaken by the district through the resolution.

(e) The district determines that the obligations undertaken by the district through the resolution will not increase annual replenishment assessment rates or costs to central Arizona project contract and subcontract holders and its member service areas and member lands.

(f) The director of water resources has found, pursuant to section 45-576.07, subsection H, that the district has the capability to grant water availability status to member service areas.

11. Provide in resolutions adopted pursuant to paragraph 10 of this subsection that the district may fulfill its obligations under the resolution in any year by directly delivering to the city, town or private water company the water that otherwise would have been replenished pursuant to the resolution, if all of the following apply:

(a) The district has reviewed its requirements for transportation of central Arizona project water, its contracts, subcontracts, letter agreements, ~~excess water contracts,~~ and other contractual obligations, ~~AND~~ its member service area and member land requirements and has determined that the district can meet those obligations and that capacity remains in the central Arizona project to make direct deliveries pursuant to this paragraph.

(b) The district determines that the delivery will not increase annual replenishment assessment rates or costs to central Arizona project contract and subcontract holders, its member service area and member lands.

12. Enter into agreements with a city, town or private water company that will have water made available to it through a resolution adopted pursuant to paragraph 10 of this subsection and under which the city, town or private water company compensates the district for the costs and fair value of the water supply provided by the district.

13. Issue revenue bonds pursuant to article 3 of this chapter to fund the costs and expenses of the district for the acquisition, lease or

1 exchange of water or water rights and the development of infrastructure
2 necessary for the district to perform its replenishment obligations
3 subject to the following:

4 (a) The principal of, interest and premiums, if any, on revenue
5 bonds issued pursuant to article 3 of this chapter to acquire, lease or
6 exchange water or water rights and develop infrastructure necessary for
7 the district to perform its replenishment obligations are not payable from
8 any revenues of the district other than revenues generated or collected
9 pursuant to this article that are legally available to the district for
10 those purposes and revenues from the investment of the proceeds of the
11 bonds.

12 (b) The district may not use the proceeds of the bonds to acquire
13 or lease:

14 (i) Groundwater, as defined in section 45-101, except as expressly
15 authorized in sections 45-547, 45-553 and 45-554.

16 (ii) Surface water, as defined in section 45-101, that is the
17 subject of a general adjudication pursuant to title 45, chapter 1,
18 article 9.

19 (c) Nothing in subdivision (b) of this paragraph prohibits the
20 district from acquiring or leasing central Arizona project water.

21 14. Except as provided in section 48-3780.01, subsection B, in
22 addition to any other assessments, fees, charges or taxes levied and
23 collected under this chapter, or under any declaration, contract or
24 agreement entered into under this chapter, charge annual dues for
25 membership pursuant to section 48-3779 against each parcel of member land
26 and each municipal provider that has a member service area.

27 C. The functions of the district under subsection B, paragraph 1 of
28 this section may be performed on behalf of the district by other persons
29 under contract with the district.

30 D. The capital costs of the facilities of any state demonstration
31 projects used by the district pursuant to subsection B, paragraph 8 of
32 this section shall not be included in the capital costs and expenses
33 established by the district under subsection A, paragraph 1 of this
34 section.

35 E. The district shall establish and maintain a replenishment
36 reserve as follows:

37 1. The district shall calculate a reserve target for each of the
38 three active management areas within the district and shall identify the
39 reserve target in the plan of operation prepared pursuant to section
40 45-576.02. The reserve target for each active management area shall be
41 calculated as follows:

42 (a) ~~Establish~~ FOR EACH ACTIVE MANAGEMENT AREA, ADD TOGETHER the
43 projected ~~one hundred year~~ replenishment obligation for each ~~active~~
44 ~~management area~~ OF THE ONE HUNDRED YEARS FOLLOWING SUBMISSION OF THE PLAN
45 OF OPERATION. For the purposes of this subdivision, each active
46 management area's projected ~~one hundred year~~ replenishment obligation does

1 not include replenishment obligations under resolutions adopted pursuant
2 to subsection B, paragraph 10 of this section or replenishment obligations
3 for category 2 member lands.

4 (b) Subtract from the SUM OF THE active management area's projected
5 ~~one hundred year~~ replenishment obligation OVER THE ONE HUNDRED YEAR PERIOD
6 the sum of the following volumes of water derived from sources identified
7 in the plan as water that the district plans to use to meet its
8 replenishment obligations for that active management area:

9 (i) The annual volume of each nondeclining, long-term municipal and
10 industrial subcontract for central Arizona project water multiplied by one
11 hundred.

12 (ii) The annual volume of water under leases or contracts that can
13 be made physically and legally available to the district consistent with
14 the rules adopted pursuant to section 45-576, subsection H, multiplied by
15 the number of years, not to exceed one hundred, in which the water is to
16 be made available to the district. The water need not be continuously
17 available to be included in this item. A lease or contract shall not be
18 considered under this item if the water to be made available under the
19 lease or contract is for a term of less than twenty years.

20 (iii) The total volume of groundwater that the district plans to
21 transport to the active management area during the next one hundred years
22 as allowed by title 45, chapter 2, article 8.1.

23 (iv) The total volume of all sources of water not identified in
24 items (i), (ii) or (iii) of this subdivision that will not be held by the
25 district under a lease or contract. Volumes to be included under this
26 item must be consistent with the rules adopted by the director pursuant to
27 section 45-576, subsection H.

28 (c) Multiply the result from subdivision (b) of this paragraph by
29 twenty ~~per cent~~ PERCENT. The result is the reserve target for the active
30 management area.

31 2. The reserve target for an active management area may be adjusted
32 by the district, subject to the approval of the director of water
33 resources, based on changes in either of the following:

34 (a) The active management area's projected ~~one hundred year~~
35 replenishment obligation.

36 (b) The volumes of water identified in the plan of operation
37 prepared pursuant to section 45-576.02 as water that the district plans to
38 use to meet its replenishment obligations for that active management area.

39 3. The district shall include a replenishment reserve charge in the
40 annual replenishment assessment levied against all parcels of category 1
41 member land as provided in section 48-3774.01 and in the annual
42 replenishment tax levied against all municipal providers that have member
43 service areas as provided in section 48-3780.01. The replenishment
44 reserve charge for each active management area is established annually by
45 the district based on the reserve target for that active management area.

1 4. The district shall levy a replenishment reserve fee against
2 category 1 member lands pursuant to section 48-3774.01 and against member
3 service areas pursuant to section 48-3780.01. For category 1 member lands
4 the fee is equal to twice the applicable replenishment reserve charge
5 multiplied by the total projected average annual replenishment obligation
6 for the member lands as reported by the director of water resources
7 pursuant to section 45-578, subsection F. For member service areas the
8 fee is equal to twice the applicable replenishment reserve charge
9 multiplied by the excess groundwater increment. With the approval of the
10 district and the director of water resources, long-term storage credits as
11 defined in section 45-802.01 may be assigned to the district's
12 replenishment reserve subaccount in lieu of paying the replenishment
13 reserve fee.

14 5. The district shall use replenishment reserve charges and
15 replenishment reserve fees collected within each active management area
16 together with all interest earned on the charges and fees to store water
17 in that active management area in advance of groundwater replenishment
18 obligations for the purpose of developing long-term storage credits as
19 defined in section 45-802.01 that shall be credited to the replenishment
20 reserve subaccount for that active management area as provided in section
21 45-859.01.

22 6. Beginning on January 1, 2030 or earlier, on approval of the
23 director of water resources pursuant to section 45-859.01, subsection K,
24 the district may transfer credits from a replenishment reserve subaccount
25 to a conservation district account as provided in section 45-859.01 to
26 satisfy its groundwater replenishment obligations.

27 7. If the district transfers credits from the replenishment reserve
28 subaccount for an active management area pursuant to section 45-859.01,
29 subsection E, the district shall include in the annual replenishment
30 assessment levied against all parcels of category 1 member land in that
31 active management area and, except as provided in section 48-3780.01,
32 subsection B, in the annual replenishment tax levied against all municipal
33 providers that have member service areas in that active management area a
34 reserve replacement component to fund the replacement of the transferred
35 credits. The district shall use all monies from the reserve replacement
36 component collected within an active management area together with all
37 interest earned on the monies to develop long-term storage credits as
38 defined in section 45-802.01 within that active management area to be
39 credited to the replenishment reserve subaccount for that active
40 management area as provided in section 45-859.01.

41 8. For the purposes of establishing and maintaining the
42 replenishment reserve, the district shall have access to excess central
43 Arizona project water equivalent to but ~~no~~ NOT more than the access the
44 Arizona water banking authority has for the purposes specified in section
45 45-2401, subsection H, paragraph 2.

1 F. Groundwater replenished by the district pursuant to a contract
2 to replenish groundwater under subsection B, paragraph 9 of this section
3 shall not be credited to a replenishment reserve subaccount established
4 under section 45-859.01.

5 G. The district shall not enter into a contract authorized under
6 subsection B, paragraph 9 of this section unless the district has
7 determined that the contract will not adversely affect the district's
8 ability to fulfill its obligations under this chapter. For each contract
9 entered into under subsection B, paragraph 9 of this section, the district
10 shall perform its contract replenishment obligations in the active
11 management area in which the service area of the municipal provider that
12 is the party to the contract is located.

13 H. If the district replenishes groundwater on behalf of a municipal
14 provider pursuant to a contract to replenish groundwater under subsection
15 B, paragraph 9 of this section, the amount of groundwater so replenished
16 shall be a replenishment credit to the municipal provider that may be
17 applied by the municipal provider on notice to the district to reduce the
18 service area replenishment obligations applicable to the municipal
19 provider.

20 I. In the Phoenix active management area, the district, to the
21 extent reasonably feasible, shall replenish groundwater in the east
22 portion of the active management area and in the west portion of the
23 active management area in the approximate proportion that the groundwater
24 replenishment obligation attributable in a particular year to member lands
25 and member service areas located in the east portion of the active
26 management area bears to the groundwater replenishment obligation
27 attributable in that year to member lands and member service areas located
28 in the west portion of the active management area. For the purposes of
29 this subsection, the boundary between the east Salt river valley subbasin
30 and the west Salt river valley subbasin is the boundary between the east
31 and west portions of the active management area.

32 J. The costs and expenses charged by the district to an active
33 management area water district established under chapter 28 of this title
34 for delivery of surplus central Arizona project water to such active
35 management area water district for replenishment purposes shall not exceed
36 the costs and expenses for delivery of such water that are or would be
37 included by the district in the costs and expenses of replenishment for
38 member lands and member service areas within the active management area in
39 which such active management area water district is situated.

REFERENCE TITLE: assured water supply; subdivisions

State of Arizona
House of Representatives
Fifty-fifth Legislature
First Regular Session
2021

HB 2336

Introduced by
Representative Pratt

AN ACT

AMENDING TITLE 45, CHAPTER 2, ARTICLE 9, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 45-576.08 AND 45-576.09; AMENDING SECTION 45-579, ARIZONA REVISED STATUTES; AMENDING TITLE 45, CHAPTER 2, ARTICLE 9, ARIZONA REVISED STATUTES, BY ADDING SECTION 45-579.01; RELATING TO THE GROUNDWATER CODE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 45, chapter 2, article 9, Arizona Revised
3 Statutes, is amended by adding sections 45-576.08 and 45-576.09, to read:

4 45-576.08. Pinal active management area; assured water
5 supply; physical availability; definitions

6 A. ALL OF THE FOLLOWING APPLY IN THE PINAL ACTIVE MANAGEMENT AREA
7 FOR AN APPLICATION TO MODIFY A DESIGNATION OF ASSURED WATER SUPPLY OR FOR
8 A NEW APPLICATION FOR A DESIGNATION FOR THE SAME SERVICE AREA TO BE SERVED
9 BY A SUBSTITUTE PROVIDER ACQUIRING THE ASSETS OF THE PRIOR PROVIDER:

10 1. IF THE TOTAL VOLUME OF GROUNDWATER AND STORED WATER TO BE
11 RECOVERED OUTSIDE THE AREA OF IMPACT OF STORAGE SOUGHT TO BE INCLUDED IN
12 THE DESIGNATION DOES NOT EXCEED THE TOTAL VOLUME OF THOSE SOURCES OF WATER
13 INCLUDED IN THE PREVIOUS DESIGNATION MINUS THE SUM OF THE VOLUME OF NET
14 GROUNDWATER ACTUALLY WITHDRAWN AND THE VOLUME OF STORED WATER RECOVERED
15 OUTSIDE THE AREA OF IMPACT OF STORAGE BY THE APPLICANT SINCE ISSUANCE OF
16 THE PREVIOUS DESIGNATION ORDER:

17 (a) THE DIRECTOR SHALL NOT REVIEW THE PHYSICAL AVAILABILITY OF THE
18 GROUNDWATER AND STORED WATER TO BE RECOVERED OUTSIDE OF THE AREA OF IMPACT
19 OF STORAGE SOUGHT TO BE INCLUDED IN THE DESIGNATION.

20 (b) THE PHYSICAL AVAILABILITY OF THE GROUNDWATER AND STORED WATER
21 TO BE RECOVERED OUTSIDE THE AREA OF IMPACT OF STORAGE SOUGHT TO BE
22 INCLUDED IN THE DESIGNATION SHALL NOT BE GROUNDS FOR AN OBJECTION.

23 2. PARAGRAPH 1 OF THIS SUBSECTION SHALL NOT AFFECT THE DIRECTOR'S
24 REVIEW OF ASSURED WATER SUPPLY CRITERIA OTHER THAN THE PHYSICAL
25 AVAILABILITY OF GROUNDWATER AND STORED WATER TO BE RECOVERED OUTSIDE THE
26 AREA OF IMPACT OF STORAGE.

27 3. BOTH OF THE FOLLOWING ARE DEEMED PHYSICALLY AVAILABLE FOR
28 PURPOSES OF AN ASSURED WATER SUPPLY DESIGNATION:

29 (a) STORED WATER THAT IS TO BE RECOVERED BY THE APPLICANT WITHIN
30 THE AREA OF IMPACT OF STORAGE PURSUANT TO EXISTING LONG-TERM STORAGE
31 CREDITS PLEDGED TO THE DESIGNATION OF ASSURED WATER SUPPLY.

32 (b) STORED WATER THAT IS TO BE RECOVERED BY THE APPLICANT WITHIN
33 THE AREA OF IMPACT OF STORAGE EITHER ON AN ANNUAL BASIS PURSUANT TO
34 SECTION 45-851.01 OR AS LONG-TERM STORAGE CREDITS TO BE EARNED IN THE
35 FUTURE IF THE WATER TO BE STORED MEETS THE PHYSICAL AVAILABILITY
36 REQUIREMENTS FOR THE WATER SUPPLY UNDER RULES ADOPTED PURSUANT TO SECTION
37 45-576, SUBSECTION H.

38 B. FOR THE PURPOSES OF THIS SECTION:

39 1. "AREA OF IMPACT OF STORAGE" MEANS ANY OF THE FOLLOWING:

40 (a) WITHIN ONE MILE OF AN EXISTING OR PROPOSED UNDERGROUND STORAGE
41 FACILITY WHERE THE WATER TO BE RECOVERED IS OR WILL BE STORED.

42 (b) WITHIN THE DISTRICT BOUNDARIES OF AN IRRIGATION DISTRICT THAT
43 HAS A PERMIT FOR A GROUNDWATER SAVINGS FACILITY AND WHERE THE WATER TO BE
44 RECOVERED IS OR WILL BE STORED.

(c) AN AREA NOT DESCRIBED IN SUBDIVISION (a) OR (b) OF THIS PARAGRAPH THAT HAS BEEN SHOWN TO HAVE BEEN POSITIVELY IMPACTED BY THE STORAGE OF THE WATER TO BE RECOVERED AS DEMONSTRATED BY A HYDROLOGIC MODEL APPROVED BY THE DIRECTOR.

2. "LONG-TERM STORAGE CREDIT" HAS THE SAME MEANING PRESCRIBED IN SECTION 45-802.01.

3. "STORED WATER" HAS THE SAME MEANING PRESCRIBED IN SECTION 45-802.01.

45-576.09. Active management areas; director's authority to change assured water supply rules

NOTWITHSTANDING ANY OTHER LAW, THE DIRECTOR MAY REVISE THE RULES ADOPTED PURSUANT TO SECTION 45-576, SUBSECTION H TO APPLY TO SECTIONS 45-576.08 AND 45-579.01 TO OTHER ACTIVE MANAGEMENT AREAS.

Sec. 2. Section 45-579, Arizona Revised Statutes, is amended to read:

45-579. Assignment of certificate of assured water supply; definition

A. A holder of a certificate of assured water supply issued pursuant to section 45-576 may assign the certificate, in whole or in part, to another person if the holder applies to the director for approval within ten years after the original certificate was issued and the director approves the application. An application may be filed under this section more than ten years after the original certificate was issued if a minimum of five hundred lots within the subdivision covered by the certificate have been sold to individual home buyers by the holder of the certificate and any previous holders of the certificate. An application filed under this section shall be on a form prescribed by the director. The director shall approve a timely application for assignment of a certificate of assured water supply if the director determines that all of the following apply:

1. The proposed assignee owns or is acquiring the subdivision to which the current certificate applies, or if the application is for a partial assignment, the portion of the subdivision to which the current certificate applies that is the subject of the proposed assignment.

2. There has not been any material change in the subdivision plat, plan or map since the certificate was originally issued, including ~~an increase in the total number of housing units or~~ an increase in the total water demand for the subdivision, including all assignments. FOR THE PURPOSE OF THIS PARAGRAPH, A CHANGE IN THE TOTAL NUMBER OF HOUSING UNITS OR LOTS DOES NOT CONSTITUTE A MATERIAL CHANGE IN A SUBDIVISION PLAT, PLAN OR MAP.

3. Either there is water delivery infrastructure in place that is capable of delivering water to each lot within the subdivision or the proposed assignee has demonstrated financial capability to complete the infrastructure. In determining whether the proposed assignee has

1 demonstrated financial capability to complete the infrastructure, the
2 director shall apply the same standards that are used in evaluating
3 financial capability for a new certificate application.

4 4. The water provider serving the subdivision and the source of
5 supply have not changed since the current certificate was issued and the
6 water provider has agreed to serve the subdivision after the assignment.

7 5. Water rights, permits, licenses, contracts and easements other
8 than the municipal provider's service area rights at the time the current
9 certificate was issued have been assigned and may be used to support water
10 service to the portion of the subdivision that is the subject of the
11 assignment and to any remaining portions of the subdivision that are
12 retained by the subdivider.

13 6. There has not been any change in the manner in which the
14 consistency with management goal requirements were satisfied at the time
15 the original certificate was issued.

16 B. After a change of ownership has occurred and on approval of an
17 assignment, the director shall issue a certificate of assured water supply
18 in the name of the assignee, retaining the date of the original
19 certificate as the date of issuance.

20 C. In the case of a partial assignment, the director shall issue a
21 certificate in the name of the assignee for the portion of the subdivision
22 that is the subject of the proposed assignment, and shall issue a
23 certificate in the name of the assignor for the portion of the subdivision
24 retained, each with the date of the original certificate as the date of
25 issuance. The new certificates shall include all water demand for the
26 subdivision represented by the current certificate. The allocation of
27 demand between the certificates shall be based on a reasonable plan for
28 allocation of the total subdivision demand as approved by the director.

29 D. Section 45-578 does not apply to an application filed under this
30 section. Section 45-114, subsections A and B govern administrative
31 proceedings, rehearing and review and judicial review of final decisions
32 of the director under this section. If an administrative hearing is held,
33 it shall be conducted in the active management area in which the use is
34 located.

35 E. Within two business days after receiving an application under
36 subsection A of this section, the director shall post notice of the
37 application on the department's ~~web-site~~ WEBSITE until the director issues
38 a decision on the application. The notice shall include notice of the
39 right to submit comments on the application as provided in this
40 subsection, including a toll free number where comments may be submitted
41 by telephone and the addresses where comments may be submitted by United
42 States mail, electronic mail and hand delivery. Any person may submit
43 comments on the application within fourteen calendar days after the first
44 day that notice of the application is posted on the department's ~~web-site~~
45 WEBSITE. The director shall consider all timely comments submitted on the

1 application before issuing a decision on the application. Within two
2 business days after issuing a decision on the application, the director
3 shall post notice of the decision on the department's ~~web-site~~ WEBSITE for
4 a minimum of fourteen days. Notwithstanding title 41, chapter 6, article
5 10 and section 45-114, a person who submits comments on an application
6 pursuant to this subsection is not a party for purposes of title 41,
7 chapter 6, article 10, is not entitled to an administrative hearing before
8 or after the director's decision on the application and is not entitled to
9 judicial review of the director's decision.

10 F. For the purposes of this section, "original certificate" means
11 the initial certificate of assured water supply that is issued by the
12 director for a subdivision.

13 Sec. 3. Title 45, chapter 2, article 9, Arizona Revised Statutes,
14 is amended by adding section 45-579.01, to read:

15 45-579.01. Certificate of assured water supply; material
16 change; plat

17 FOR THE PURPOSE OF DETERMINING WHETHER CHANGES TO A PLAT FOR WHICH A
18 CERTIFICATE HAS BEEN ISSUED IN THE PINAL ACTIVE MANAGEMENT AREA ARE
19 MATERIAL UNDER RULES ADOPTED PURSUANT TO SECTION 45-576, SUBSECTION H, THE
20 DIRECTOR SHALL NOT CONSIDER ANY CHANGE IN THE NUMBER OF HOUSING UNITS OR
21 LOTS.

22 Sec. 4. Legislative intent

23 By limiting this act to the Pinal active management area, the
24 legislature does not intend to affect the authority of the director of the
25 Arizona department of water resources to revise rules adopted pursuant to
26 section 45-576, subsection H, Arizona Revised Statutes, to apply the
27 changes made by this act to other active management areas.

REFERENCE TITLE: water banking; storage credits; subcontractors.

State of Arizona
Senate
Fifty-fifth Legislature
First Regular Session
2021

SB 1147

Introduced by
Senator Kerr

AN ACT

AMENDING SECTION 45-2457, ARIZONA REVISED STATUTES; RELATING TO THE
ARIZONA WATER BANKING AUTHORITY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 45-2457, Arizona Revised Statutes, is amended to
3 read:

4 45-2457. Accounting; rules of operation

5 A. The authority shall develop an accounting system for the
6 long-term storage credits accrued or purchased by the authority. The
7 accounting system shall be designed to allow the authority to determine
8 which funding source of the banking fund paid for each long-term storage
9 credit accrued or purchased by the authority.

10 B. The authority shall operate in accordance with all of the
11 following rules of operation:

12 1. The authority shall reserve a reasonable number of long-term
13 storage credits accrued or purchased with general fund appropriations,
14 other than general fund appropriations for replenishment under chapter 15,
15 article 3 of this title, for the benefit of municipal and industrial users
16 of Colorado River water in this state that are outside of the service area
17 of CAWCD.

18 2. The authority may distribute long-term storage credits accrued
19 or purchased with general fund appropriations, other than general fund
20 appropriations for replenishment under chapter 15, article 3 of this
21 title, for both of the following:

22 (a) To make water available to a municipal and industrial user of
23 Colorado River water in this state that is outside of the service area of
24 CAWCD, if both of the following apply:

25 (i) The municipal and industrial user would otherwise suffer a
26 water shortage. The authority may distribute long-term credits to the
27 extent reasonably necessary to offset the water shortage.

28 (ii) The authority collects reimbursement for the cost to the
29 authority of replacing the long-term storage credits distributed. The
30 authority may replace the long-term storage credits in any year it deems
31 appropriate but shall use good faith efforts to replace the long-term
32 storage credits at a reasonable cost to the person who is responsible for
33 reimbursing the authority for the credits distributed.

34 (b) To make water available to CAWCD to the extent necessary for
35 CAWCD to meet the demands of its municipal and industrial subcontractors,
36 if all of the following apply:

37 (i) CAWCD's normal diversions from the Colorado River have been or
38 will be disrupted by shortages on the river or by disruptions in the
39 operation of the central Arizona project.

40 (ii) The authority does not distribute for this purpose the
41 long-term storage credits reserved in accordance with paragraph 1 of this
42 subsection.

43 (iii) The authority collects reimbursement from CAWCD for the cost
44 to the authority of replacing the long-term storage credits distributed.
45 The authority may replace the long-term storage credits in any year it

1 deems appropriate but shall use good faith efforts to replace the
2 long-term storage credits at a reasonable cost to CAWCD.

3 3. The authority may distribute or extinguish long-term storage
4 credits accrued or purchased with general fund appropriations, other than
5 general fund appropriations for replenishment under chapter 15, article 3
6 of this title, to implement the settlement of water right claims by Indian
7 communities in this state.

8 4. On request from the director, the authority may extinguish
9 long-term storage credits accrued or purchased with general fund
10 appropriations, other than general fund appropriations for replenishment
11 under chapter 15, article 3 of this title, to fulfill the water management
12 objectives set forth in chapter 2 of this title.

13 5. The authority may exchange long-term storage credits accrued or
14 purchased with general fund appropriations for long-term storage credits
15 held by other persons if the long-term storage credits received by the
16 authority were stored in a location that better enables the authority to
17 fulfill the purposes and policies of this chapter than were the long-term
18 storage credits exchanged by the authority. For the purposes of this
19 paragraph, the authority may make exchanges of long-term storage credits
20 stored in one active management area for long-term storage credits stored
21 in a different active management area or of long-term storage credits
22 stored in one groundwater basin for long-term storage credits stored in a
23 different groundwater basin.

24 6. The authority shall distribute or extinguish long-term storage
25 credits accrued or purchased with monies collected in accordance with
26 section 45-611, subsection C, paragraph 3 only for the benefit of the
27 active management area in which the monies were collected. The authority
28 may distribute or extinguish these long-term storage credits to the extent
29 necessary to meet the demands of CAWCD's municipal and industrial
30 subcontractors during times in which CAWCD's diversions from the Colorado
31 River have been or will be disrupted by shortages on the Colorado River or
32 by disruptions in operation of the central Arizona project, to implement
33 the settlement of water right claims by Indian communities in this state
34 or, on request from the director, to meet the other water management
35 objectives set forth in chapter 2 of this title. The authority may use
36 the monies collected in the Pinal active management area under section
37 45-611, subsection C, paragraph 3 to acquire long-term storage credits for
38 replenishment purposes under chapter 15, article 3 of this title.

39 7. The authority shall distribute long-term storage credits accrued
40 or purchased with monies deposited in the fund in accordance with section
41 48-3715.03, subsection B only for the benefit of the county in which the
42 monies were collected. The authority shall distribute these long-term
43 storage credits to CAWCD OR TO CAWCD'S MUNICIPAL AND INDUSTRIAL
44 SUBCONTRACTORS to the extent necessary to meet the demands of CAWCD's
45 municipal and industrial subcontractors during times in which CAWCD's

diversions from the Colorado River have been or will be disrupted by shortages on the Colorado River or by disruptions in operation of the central Arizona project. LONG-TERM STORAGE CREDITS THAT ARE DISTRIBUTED TO A CAWCD MUNICIPAL AND INDUSTRIAL SUBCONTRACTOR PURSUANT TO THIS PARAGRAPH MAY NOT BE SOLD, AND THE SUBCONTRACTOR IS RESPONSIBLE FOR ALL FEES ASSESSED BY THE AUTHORITY OR THE DIRECTOR FOR THE DISTRIBUTION OF THE LONG-TERM STORAGE CREDITS AND ALL COSTS OF RECOVERY OF THE LONG-TERM STORAGE CREDITS.

8. For each county within the CAWCD service area, on a determination by the authority that the number of long-term storage credits accrued or purchased with monies deposited in the fund in accordance with section 48-3715.03, subsection B exceeds the needs specified in paragraph 7 of this subsection for that county, the authority shall distribute those excess long-term storage credits to municipal water providers within that county that are at the time of distribution experiencing surface water supply shortages not associated with the central Arizona project. The authority shall distribute to each such municipal water provider the lesser of the following number of long-term storage credits:

(a) The total number of credits determined to be available by the authority under this paragraph multiplied by the percentage produced by dividing a numerator equaling the amount of revenues paid pursuant to section 48-3715.02, subsections B and C by taxpayers that are within both the boundaries of the municipal provider that is experiencing the shortage and the boundaries of the surface water supply system that is experiencing the shortage by a denominator equaling the total revenues paid pursuant to section 48-3715.02, subsections B and C by all taxpayers that are located within both the boundaries of a municipal water provider and the boundaries of a surface water supply system in the county. In making these computations, the authority shall use the amounts of revenue paid by taxpayers during the most recent tax year for which this information is available.

(b) Twenty ~~per cent~~ PERCENT of the total surface water shortage that the municipal and industrial water provider is experiencing.

9. The authority shall distribute or replace long-term storage credits accrued with monies collected pursuant to water banking services agreements in accordance with the terms of those agreements.

10. The authority shall acquire sufficient water supplies to perform its replenishment responsibilities under chapter 15, article 3 of this title. The authority shall acquire those water supplies with monies appropriated from the state general fund by the legislature for replenishment under chapter 15, article 3 of this title and to the extent that monies appropriated by the legislature for that purpose are not available, with monies collected in the Pinal active management area under section 45-611, subsection C, paragraph 3. The authority shall use the

1 water supplies acquired pursuant to this paragraph for any replenishment
2 activity authorized by section 45-2623 and for implementation of the
3 southside replenishment bank established by section 45-2624, including
4 delivering water directly to the Gila river Indian community for those
5 purposes.

6 C. Any other long-term storage credits accrued or purchased by the
7 authority may be distributed or extinguished by the authority in
8 accordance with the policy and purposes of this chapter.

9 D. Except as provided by subsection B, paragraph 7 of this section
10 and except as provided by agreements entered into by the authority, the
11 decision to distribute or extinguish any long-term storage credit accrued
12 or purchased by the authority is at the complete discretion of the
13 authority.

Memorandum

From: Ken Seasholes, Resource Planning and Analysis Manager

Date: January 7, 2020

Re: Background on Proposed Direct Transfer of AWBA Long-Term Storage Credits to CAWCD M&I Subcontractors

The Arizona Municipal Water Users Association (AMWUA), with support from other CAP Municipal and Industrial (M&I) subcontractors, is seeking a change to statute to allow the direct transfer of Arizona Water Banking Authority (AWBA) credits to M&I subcontractors for the subcontractors to perform their own recovery during times of Colorado River shortage. This proposed change to §45-2457(B)(7) applies to long-term storage credits that have been accrued by the AWBA and paid for with the 4-cent Water Storage tax levied by CAWCD.

The current statute requires the AWBA to distribute these credits to CAWCD to the extent necessary to meet the demands of M&I subcontractors during shortage. The proposed change would still require the AWBA to distribute the credits, but would add the option of distribution directly to M&I subcontractors. The proposed language leaves unchanged the provision that the credits, which do not require reimbursement, must still be used for the benefit of the county in which the taxes were collected.

For M&I firming,¹ CAWCD is the statutorily identified recovery agent for the AWBA, and it has long been presumed that CAWCD would perform this function through a combination of directly introducing recovered water into the CAP system, and through exchanges with recovery partners. That premise remains largely valid, but developments in recent years, including the 2017 approval of the *CAP System Use Agreement*,² have expanded the options for recovery, including a more direct role for individual subcontractors.

An expanded set of options for recovery has been a central focus of the discussions in the Recovery Planning Advisory Group (RPAG), which is a 14-member stakeholder group established by ADWR, AWBA and CAWCD in 2018. Many of the CAP M&I subcontractors have indicated a desire to take responsibility for their own firming by having the AWBA credits distributed to them, and then utilizing their own recovery infrastructure or a partner's infrastructure. This so-called "independent recovery" is possible under the current statute, but the AWBA credits would need to first be transferred to CAWCD and then from CAWCD to the subcontractor. The proposed statutory change would remove one of those steps by allowing the credits to be distributed from the AWBA directly to the subcontractor during shortage. This is viewed by the proponents as a way to enhance planning and increase cost certainty for the subcontractors.

Independent recovery by M&I subcontractors diminishes some of CAWCD's need for recovery capacity, and would have no financial implications. The proposed statutory language from AMWUA also makes

¹ "Firming" is the use of one supply to increase the reliability of another. In this case, the use of recovered water to supplement reductions in available CAP water.

² *Central Arizona Project System Use Agreement between the United States and the Central Arizona Water Conservation District*, Agreement No. 17-XX-30-W0622 (Feb. 2, 2017)

clear that the credits transferred from the AWBA cannot be sold by the subcontractor and that the subcontractor is responsible for the costs associated with the recovery, therefore no CAWCD funds are involved. Note too that subcontractors that rely on CAWCD for firming will also be responsible for covering all recovery costs that CAWCD incurs.

AMWUA has conferred on the proposed statutory changes with technical and legal staff from CAWCD, ADWR and AWBA. Staff from the three agencies believe the proposed statutory language as currently drafted is consistent with the approaches and preferences expressed by RPAG members and Staff are recommending the proposed changes to their respective governing authorities. There is agreement that as AMWUA pursues this language, if the language is changed while moving through the legislative process, AMWUA will retract the bill.

REFERENCE TITLE: Colorado river; urging augmentation

State of Arizona
House of Representatives
Fifty-fifth Legislature
First Regular Session
2021

HCM 2003

Introduced by
Representative Griffin

A CONCURRENT MEMORIAL

URGING THE SECRETARY OF THE UNITED STATES DEPARTMENT OF THE INTERIOR TO IMMEDIATELY TAKE ALL NECESSARY MEASURES TO PROVIDE FOR COLORADO RIVER AUGMENTATION AND CONSERVATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 To the Secretary of the United States Department of the Interior:

2 Your memorialist respectfully represents:

3 Whereas, the United States Congress stated in the Colorado River
4 Basin Project Act that the satisfaction of the requirements of the Mexican
5 Water Treaty constitutes a national obligation; and

6 Whereas, under a treaty agreement entered into in 1973, the United
7 States is required to ensure that water delivered to Mexico as part of
8 Mexico's allocation of Colorado River water meets certain water quality
9 standards; and

10 Whereas, the Colorado River system is in its twenty-first
11 consecutive year of drought; and

12 Whereas, as a result of these drought conditions, the United States
13 Department of the Interior is projecting that a shortage on the Colorado
14 River is increasingly likely; and

15 Whereas, in the lower basin drought contingency plan agreement, the
16 United States, through the Secretary of the Interior, committed to take
17 affirmative actions to implement lower basin programs designed to create
18 or conserve 100,000 acre-feet or more per year of Colorado River system
19 water to contribute to the conservation of water supplies in Lake Mead or
20 other Colorado River reservoirs in the lower basin; and

21 Whereas, the Central Arizona Project would bear the largest
22 reduction of Colorado River water in times of shortage; and

23 Whereas, by abdicating its obligation to operate the Yuma Desalting
24 Plant, or a suitable alternative the federal government has caused the
25 loss of more than 1,800,000 acre-feet from Lake Mead; and

26 Whereas, if the federal government were to conserve 100,000
27 acre-feet per year, it would be equivalent to the water needed to supply
28 more than 330,000 Arizona homes with water annually.

29 Wherefore your memorialist, the House of Representatives of the State of
30 Arizona, the Senate concurring, prays:

31 1. That the Secretary of the United States Department of the
32 Interior immediately take all necessary measures to fulfill its
33 obligations to provide for Colorado River water augmentation and
34 conservation.

35 2. That the Secretary of State of the State of Arizona transmit
36 copies of this Memorial to the Secretary of the United States Department
37 of the Interior, the President of the United States, the President of the
38 United States Senate, the Speaker of the United States House of
39 Representatives and each Member of Congress from the State of Arizona.

FINANCE, AUDIT AND POWER COMMITTEE REPORT



January 21, 2021 Meeting

Meeting called to order at 10:01 a.m. Committee Members present were: Chair Terry Goddard, Maricopa County; Alexandra Arboleda, Maricopa County; Jennifer Brown, Maricopa County; Karen Cesare, Pima County; Pat Jacobs, Pima County; Jennifer Martin, Maricopa County; and Mark Taylor, Pima County.

Discussion and Consideration of Action to Approve 2021-2022 Internal Audit Plan

Ramon Ramirez, Internal Auditor, delivered his customary review of the upcoming two-year Internal Audit Plan, including nine audits carried over from the 2020-2021 Plan.

The Committee voted unanimously to approve the proposed 2021-2022 Internal Audit Plan.

Report on Internal Audit Activities

Ramon Ramirez, Internal Auditor, presented the status of three ongoing audit projects, including the status of the Captive Insurance Company and Rate Setting audits. He also gave an overview of the final report for the Maintenance Agreements audit.

Report on External Audit Activities

Tanya Luther, Senior Accountant, gave a report on the timeframe for year-end audits for CAWCD and the Captive.

Contact for more information:

Chris Hall
Director, Finance and Administration
623-869-2632
chall@cap-az.com

INFORMATION BRIEF

BOARD OF DIRECTORS



Agenda Number 6

CONTACT: Darrin Francom
623-869-2276
dfrancom@cap-az.com

MEETING DATE: Thursday, February 4, 2021

AGENDA ITEM: Report on CAP Asset Management and Infrastructure Health - Capital Projects (*Project Reliability*) - Francom

LINKAGE TO STRATEGIC PLAN, POLICY, STATUTE OR GUIDING PRINCIPLE:

2022 CAWCD Board Strategic Plan
Project Reliability

PREVIOUS BOARD ACTION/ACTIVITY:

March 2020 and January 2021 Presentations to the Board on Asset Management and Infrastructure Health

ISSUE SUMMARY/DESCRIPTION:

As part of our Strategic Asset Management Plan, CAWCD has a highly structured process for the major repair or replacement of our physical assets. This work is a major component of the CAWCD Capital Budget and typically results in larger contracts that the Board of Directors approve for engineering design and construction.

The Capital Project Process begins with identification of needed work, which primarily is accomplished by a review of the health of our assets by our Maintenance Organization. Centralized Maintenance and Reliability Director, Brian Buzard, highlighted our equipment maintenance program and how this is linked to evaluating the current condition or health of our assets at the January 2021 Board Meeting. With needed work identified, the process for Capital Projects continues with work validation, prioritization, planning, and execution.

The planning of capital projects is critical to CAP water operations due to the strong linkage of this process to the creation of our Annual Operating Plan, Annual Maintenance Plan, and Long Range Financial Plan. These large projects are impactful to CAP and the robustness of our process helps to ensure we are executing the right projects at the right time and have coordinated these efforts with those of our Maintenance, Water Operations, and Power Programs groups.

ATTACHMENTS:

1. Presentation



YOUR WATER. YOUR FUTURE.

DARRIN FRANCOM, DIRECTOR OPERATIONS POWER AND ENGINEERING

Report on Infrastructure Health

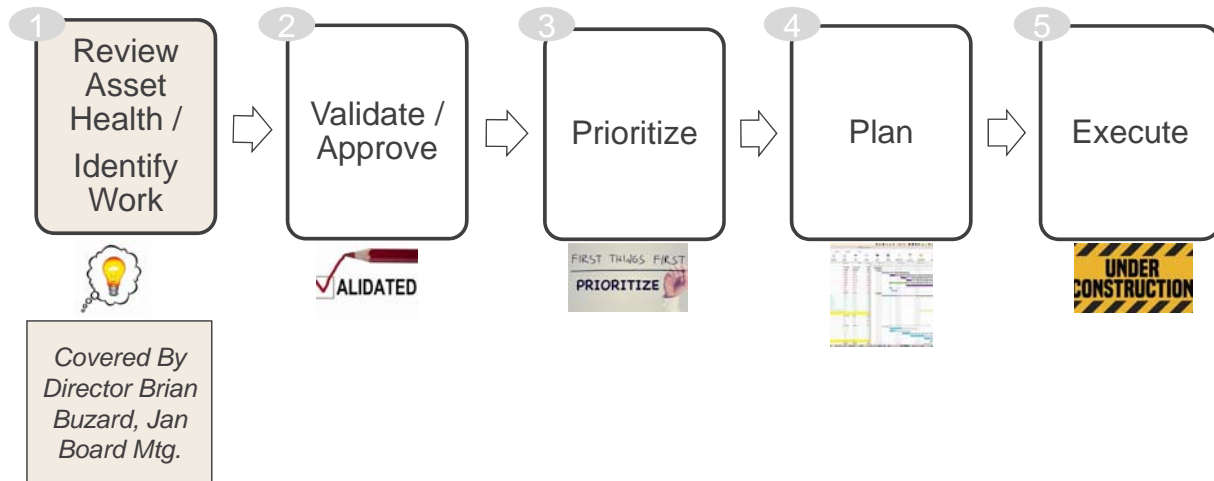
Part 3 - Capital Replacement / Projects

Infrastructure Health Report

- Asset Management Program— Bob Moody (March 2020)
- Asset Reliability Process— Brian Buzard (January 2021)
- **Capital Replacement Process— Darrin Francom**
- Infrastructure Health Scores— Phil Rettinger (March 2021)



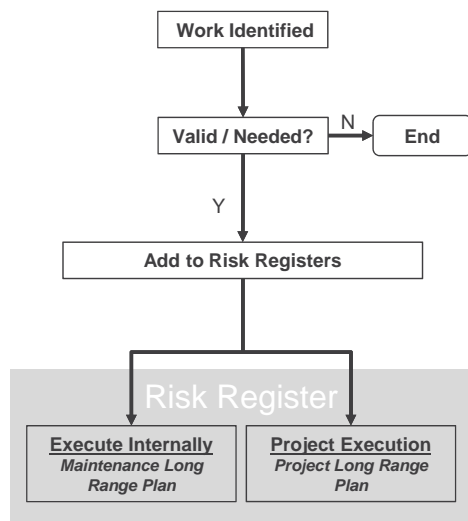
Basic Process Steps: Capital Projects



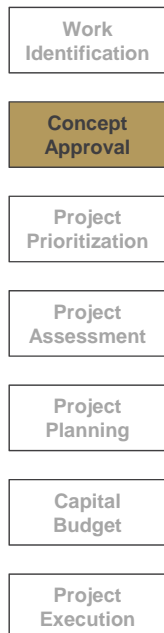
3 | CAPITAL REPLACEMENT | 4.2.21



Capital Project Process: Concept Approval



- Initial Work Validation by Maintenance Managers and then by Project Steering Committee (Director Led)
- Risk Register – Listing of Known and Valid Work.
 - Input to the Long Range Financial Plan



4 | CAPITAL REPLACEMENT | 4.2.21



Capital Project Process: Prioritization

We Evaluate:

- **ONE:** Strategic Fit (Risk); Risk = Likelihood x Consequence
 - Probability of Failure (Asset Health) = **Likelihood**
 - Impact to System or Equipment Criticality = **Consequence**
- **TWO:** Opportunity Cost & Organizational Impact:
 - Staff Level Needed to Execute
 - Required Project Delivery Time

Highest Strategic Fit (Risk) at Lowest Opportunity Cost

5 | CAPITAL REPLACEMENT | 4.2.21



Work
Identification

Concept
Approval

Project
Prioritization

Project
Assessment

Project
Planning

Capital
Budget

Project
Execution

Risk Register

Risk Register		Strategic Fit			Opportunity Cost & Organizational Impact			Estimated Project Cost	Estimated Year that work is Needed to be Executed
		Impact	Probability	Subtotal	Staff Level Needed to Execute	Required Project Delivery Time	Subtotal		
Projects & Initiatives	Location								
		1 - 5	1 - 6	2 - 11	1 - 5	1 - 4	1 - 20		
HSY Sand Filter Replacement	HSY	4	6	10	3	2	6	\$ 559,240	2020
Jackrabbit Siphon Excavation and Repair	JRS	5	4	9	2	2	4	\$ 2,031,317	2021
MWP Trashrake Reconfiguration	MWP	3	6	9	4	2	8	\$ 9,938,819	2020
Coffer Dam Design & Fabrication	HQ	4	4	8	1	2	2	\$ 2,559,363	2020
Control Center SCADA Replacement	HQ	4	4	8	3	2	6	\$ 600,000	2021
MWP Cooling Water Treatment System	MWP	3	5	8	4	2	8	\$ 814,954	2021
BSH, LHQ, HSY Discharge Valve Replacement (Need Proj Mgr?)	Muki	4	4	8	3	4	12	\$ 6,361,968	2020
Bus Replacement	BRD	3	4	7	3	2	6	\$ 1,808,430	2020
Bus Replacement	RED	3	4	7	3	2	6	\$ 1,808,430	2020
Potable Water Skid Replacement @ Plants	Muki	1	6	7	3	2	6	\$ 1,929,486	2021
Bus Replacement	BLK	3	4	7	3	2	6	\$ 1,808,430	2021
PLC-5 Replacement	WAD	4	3	7	4	3	12	\$ 4,500,000	2021
Sandano Potable Water System	SAN	1	5	6	2	1	2	\$ 1,168,124	2021
BLK-SNY Isolation Valves	BLK	2	4	6	3	3	9	\$ 3,442,178	2021
Central and South Main Turnout Gates Commissioning	Muki	1	4	5	3	2	6	\$ 1,423,789	2020
MWP Fire Protection System Upgrade	MWP	1	4	5	3	2	6	\$ 1,780,634	2021
Flowmeter Replacement (Remaining Accusonics)	Muki	1	3	4	3	3	9	\$ 1,811,246	2021
Control Room Clean Agent	MWP	1	1	2	1	2	2	\$ 1,223,933	2021
Multi-Site Covered Vehicle Parking	Muki	1	1	2	2	2	4	\$ 532,585	2021
MWP Lobby and Office Tenant Improvement	MWP	1	1	2	2	2	4	\$ 831,045	2021
South Area Road Improvements Project	Muki			0	2	1	2	\$ 2,200,000	2019
MWP HVAC Replacement	MWP	3	4	7	3	2	6	\$ 2,900,000	2021
Sump Pumps	Muki								
Mark Wilmer Unit 6 Repair	MWP								
Mark Wilmer Circuit Breakers	MWP								
Elevator Upgrades, Phase 2	Muki								
West Plants Bus Disconnect Switch Replacements	Muki								
A-Plant Motor Exciters	Muki								
West Plants Motor Exciters	Muki								
EM Relay Replacement	Muki								
Checks, Tumblers, Microwaves Backup Power Replacements	Muki								
South Plants Fire Protection	Muki								
Condition Based Monitoring Project	Muki								
Arc Flash Studies*	Muki								
PLC-5 Pre-Project Studies*	WAD								

Note: Our current Risk Register is highly automated within our Computerized Maintenance Management System, but this example illustrates the process

Note: Our current Risk Register is highly automated within our Computerized Maintenance Management System, but this example illustrates the process

Work
Identification

Concept
Approval

Project
Prioritization

Project
Assessment

Project
Planning

Capital
Budget

Project
Execution

Capital Project Process: Assessment

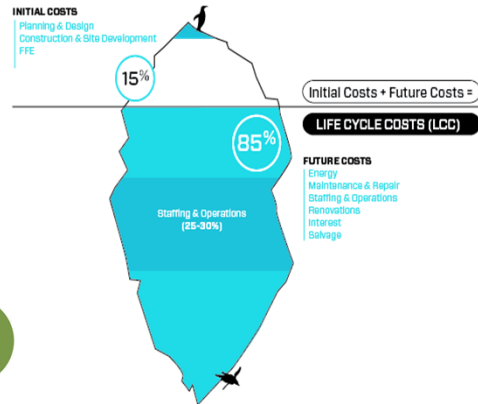
Project Steering Committee - Select Best Solution

- Total Lifecycle Cost
 - Initial Capital Cost
 - Ongoing Maintenance
 - Replacement
 - Energy

- Impacts
 - Operational
 - Social
 - Environmental
 - IT/Security

- Mitigate Risks To Execution Success

Triple
Bottom
Line



7 | CAPITAL REPLACEMENT | 4.2.21



Work
Identification

Concept
Approval

Project
Prioritization

Project
Assessment

Project
Planning

Capital
Budget

Project
Execution

Capital Project Process: Planning

- Detailed Schedule and Budget Developed
- All Internal Resources Loaded to Schedule
- Pump Outages Tagged
- Level Resources Across All Projects to Staffing

Utilize MS Project /
Project Web App

Project Name	%	Scope	Sched	Budget	Owner	Last Published	Eng Capital Phase	W.T.F.
• Eng Capital Phase: Construction								
610403 Discharge Valves A Plant Schedule 10	95%				Jason Terrell	2/26/2019	Construction	
610404 EM Relay Replacement P01 - Internal	75%				Manus Corley	5/16/2018	Construction	
610405 West Plant Bus Disconnect Switch Rng	31%				Jason Terrell	2/26/2019	Construction	
610407 Siphon Drains Casteringham, Gls, Sls	14%				Keith L. Wood	11/27/2018	Construction	
610516 Unit Breakers PFC RED	75%				Jason Terrell	2/26/2019	Construction	
610527 ESH Discharge Valve Replacement	15%				Jason Terrell	3/6/2019	Construction	
610408 LHD Discharge Valve Replacement	12%				Jason Terrell	2/26/2019	Construction	
710037 HSY LHD Hdrine Steel Mainfold	40%				Keith L. Wood	2/19/2019	Construction	
• Eng Capital Phase: Design - Construction								
610217 CDM Project - South Plant	27%				Christopher Herman	3/4/2019	Design - Construction	
610420 Motor Exciter Replacement at A Plant	13%				Manus Corley	2/26/2019	Design - Construction	
610402 Backup Power to Checks TO Microwave	12%				Rebecca J. Lewis	3/12/2019	Design - Construction	
610417 Pump Pump Control System Replacement	12%				Keith L. Wood	2/26/2019	Design - Construction	
610401 South Plant Fire Protection	63%				Rebecca J. Lewis	3/12/2019	Design - Construction	
610408 Wastoid PG Governor Controls Upgrade	48%				Manus Corley	3/12/2019	Design - Construction	
610409 MWP Circuit Breakers and CA System	62%				Jason Terrell	2/26/2019	Design - Construction	
610512 Elevator Phase II - Design Build	7%				Jason Terrell	2/26/2019	Design - Construction	
• Eng Capital Phase: Design								
610217 MWP Lane & Meter Rebuild	0%				Jason Terrell	3/5/2019	Design	
610222 Coffer Dam Design and Construction	0%				Keith L. Wood	3/11/2019	Design	

8 | CAPITAL REPLACEMENT | 4.2.21



Work
Identification

Concept
Approval

Project
Prioritization

Project
Assessment

Project
Planning

Capital
Budget

Project
Execution

Capital Project Process: Capital Budget

- Summation of All Projects, that Fit to: Rates, Staffing, Asset Health – Asset Needs
- Alignment with Strategic Goals

CAPITAL BUDGET SUMMARY

(Thousands)

	2017 Actual	2018 Actual	2019 Projection	2020 Budget	2021 Budget
Expenditures					
Salaries and related costs	\$ 5,044	\$ 4,075	\$ 3,201	\$ 4,283	\$ 3,784
Equipment, buildings, and structures	11,387	18,306	15,700	30,922	23,639
Other expenses					
Outside services	14,203	7,769	2,595	4,651	2,160
Materials, supplies & other expenses	556	483	392	374	287
Capitalized interest	3,330	-	-	-	-
Overhead expenses	5,156	4,116	3,237	4,465	3,943
Subtotal other expenses:	23,245	12,368	6,224	9,490	6,390
Total capital	\$ 39,676	\$ 34,749	\$ 25,125	\$ 44,695	\$ 33,813
Less Reimbursement-Pima Mine Road	(3)	-	-	-	-
Net capital	\$ 39,673	\$ 34,749	\$ 25,125	\$ 44,695	\$ 33,813

9 | CAPITAL REPLACEMENT | 4.2.21



Work
Identification

Concept
Approval

Project
Prioritization

Project
Assessment

Project
Planning

Capital
Budget

Project
Execution

Capital Project Process: Execution

- Follow ARS Title 34 and CAP Purchasing Policy
- Board Approval of Contracts > \$250,000
- Execution Methods:
 - Design-Bid-Build (Low Bid)
 - Job Order Contract (Pre-Bid)
 - Construction Manager at Risk
 - Design-Build
- Quarterly Project Update to PSC
 - Project Budget & Schedule



Work
Identification

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Approval

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Prioritization

Project
Assessment

Project
Planning

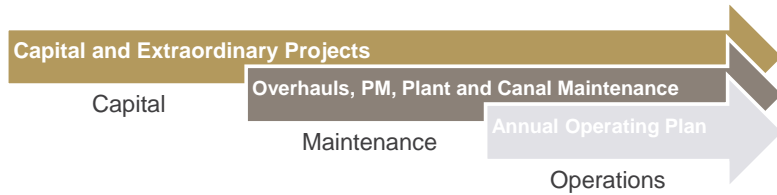
Capital
Budget

Project
Execution

10 | CAPITAL REPLACEMENT | 4.2.21



Linkage to Annual Operating Plan



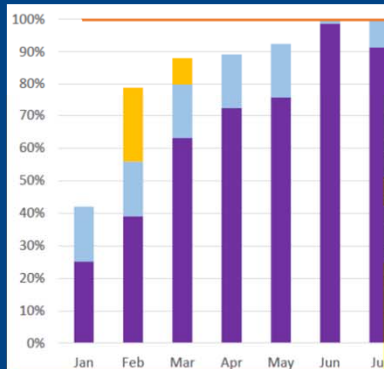
- Capital Project and Maintenance Require System Outages
- Outages Reduce Diversions and Delivery Capabilities
- MCOI: Maintenance and Capital Operations Interruptions
 - Phill Pagels, Water Transmission Supervisor
 - All Known Impacts to Our Ability to Pump or Deliver
 - From Equipment Maintenance Plans and Capital Projects
 - Cumulative By Plant, By Month

11 | CAPITAL REPLACEMENT | 4.2.21



MCOI

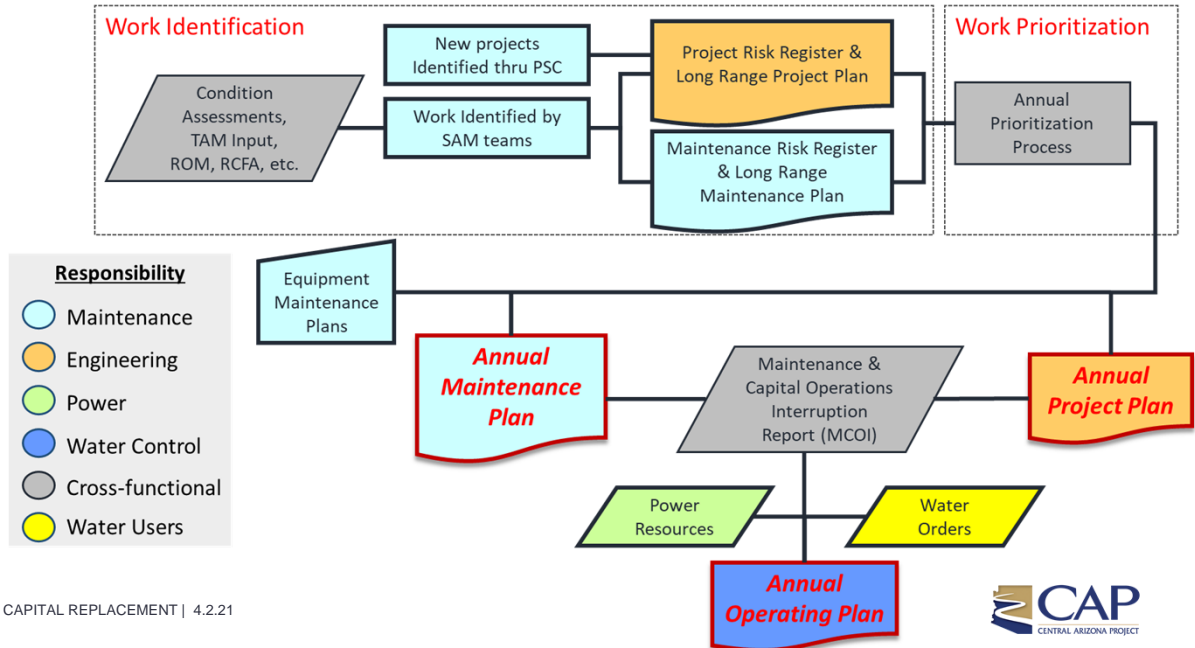
Salt Gila

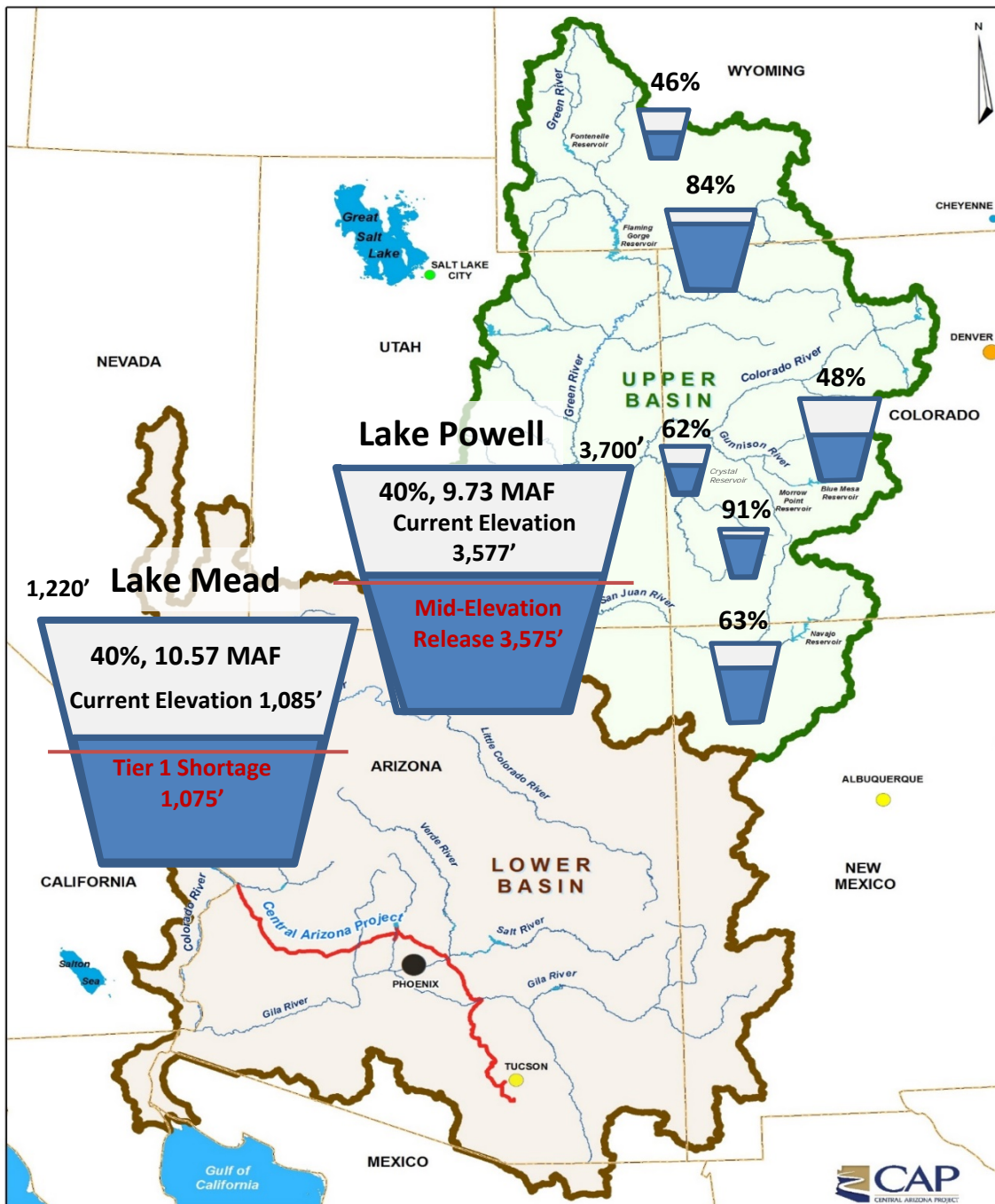


12 | CAPITAL REPLACEMENT | 4.2.21

Outage Description	Start	End
Little Harquahala Data		
LHQ - Unit 3 5YR PM's	1/6/2020	2/10/2020
LHQ - Unit 1 XM Module Test Connector Install	6/8/2020	6/10/2020
LHQ - Unit 2 XM Module Test Connector Install	6/11/2020	6/16/2020
LHQ - 2020 Seasonal Summer Outage - Right 6/15/20 - 8/30/20	6/15/2020	8/30/2020
LHQ - Unit 3 XM Module Test Connector Install	6/17/2020	6/22/2020
LHQ - Unit 4 XM Module Test Connector Install	6/23/2020	6/25/2020
LHQ - Unit 5 XM Module Test Connector Install	6/29/2020	7/1/2020
LHQ - Unit 6 XM Module Test Connector Install	7/2/2020	7/7/2020
LHQ - KX1A - 5 YR PM (Switching Outage: 2 hrs each - Beginning & end)	7/6/2020	7/9/2020
LHQ_ Unit 2 Oil Level Switch Replacement	7/6/2020	7/7/2020
LHQ - U05 - Replace Cooling Water Pressure Switch	7/6/2020	7/7/2020
LHQ - Unit 7 XM Module Test Connector Install	7/8/2020	7/13/2020
LHQ - U04 - Replace Cooling Water Pressure Switch	7/9/2020	7/20/2020
LHQ - Unit 8 XM Module Test Connector Install	7/14/2020	7/16/2020
LHQ - Unit 9 XM Module Test Connector Install	7/20/2020	7/22/2020
LHQ - Unit 2 5YR PM's	7/21/2020	8/3/2020
LHQ - U03 - Replace Cooling Water Pressure Switch	7/22/2020	7/23/2020
LHQ - Unit 10 XM Module Test Connector Install	7/23/2020	7/28/2020
LHQ - U02 - Replace Cooling Water Pressure Switch	7/23/2020	8/1/2020
LHQ_ Unit 1 Oil Level Switch Replacement	8/4/2020	8/5/2020
LHQ - U01 - Replace Cooling Water Pressure Switch	8/7/2020	8/12/2020
LHQ_ Unit 3 Oil Level Switch Replacement	8/14/2020	8/18/2020
LHQ_ Unit 4 Oil Level Switch Replacement	8/17/2020	8/18/2020
LHQ_ Unit 5 Oil Level Switch Replacement	8/20/2020	8/21/2020
LHQ- DV - Wire Intermediate & Fully Opened Signals to PLCs (714)	10/12/2020	10/22/2020

Strategic Asset Management Plan





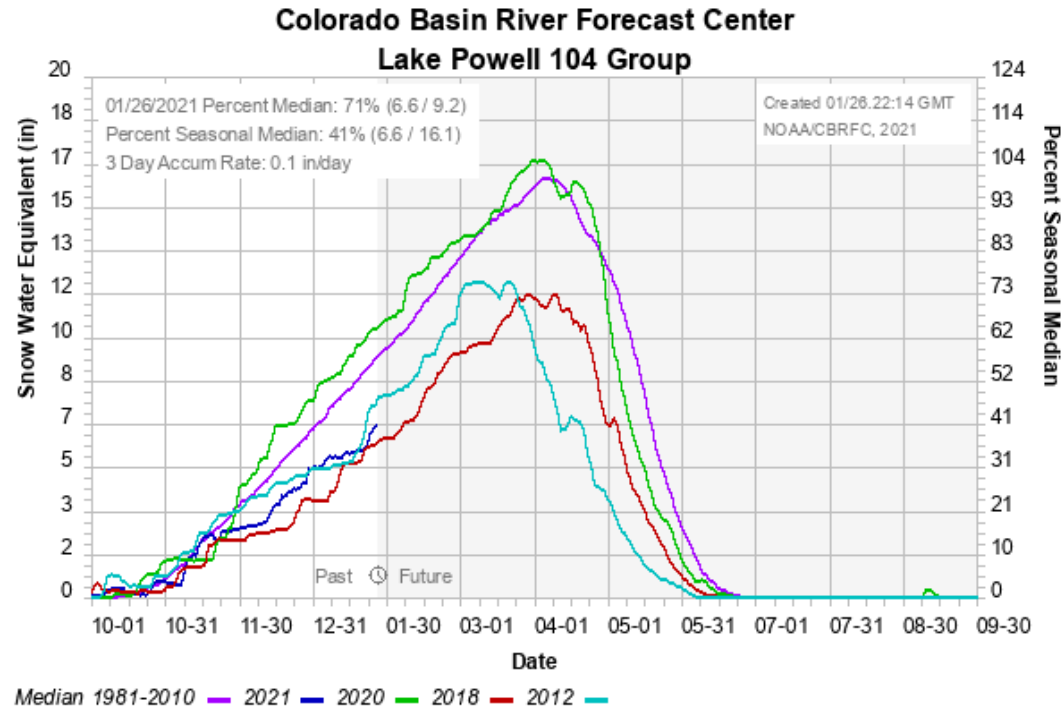
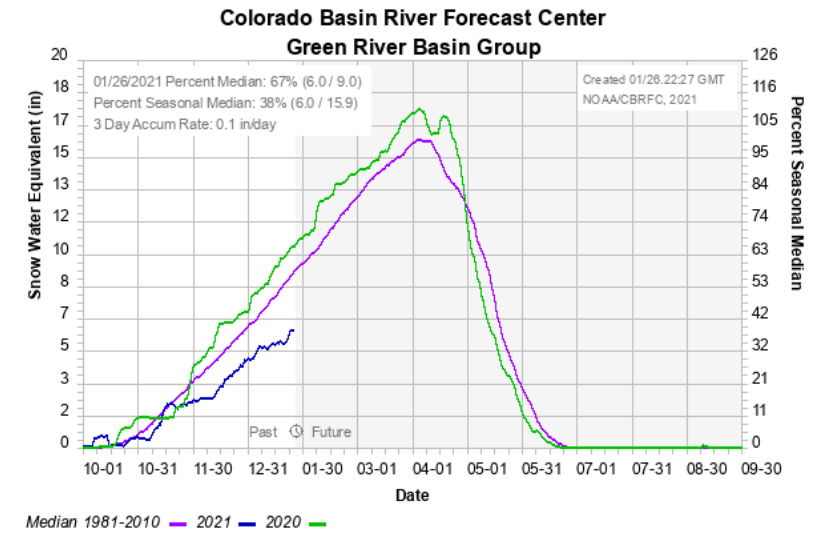
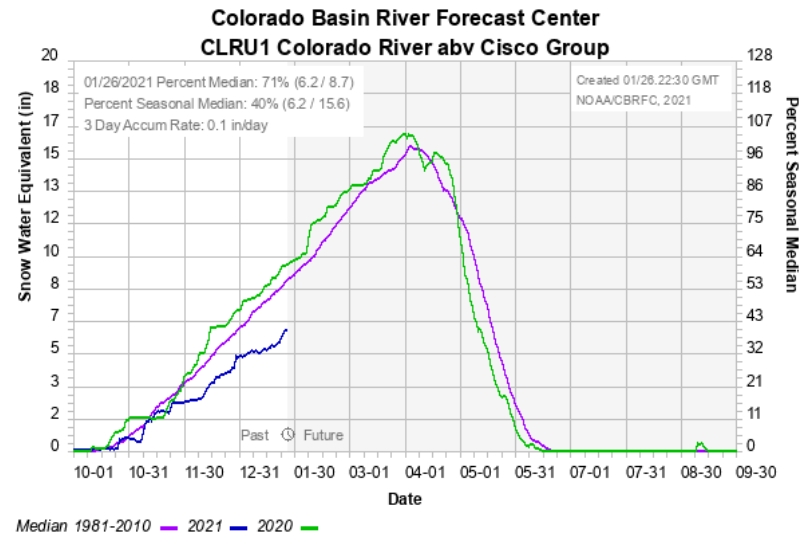
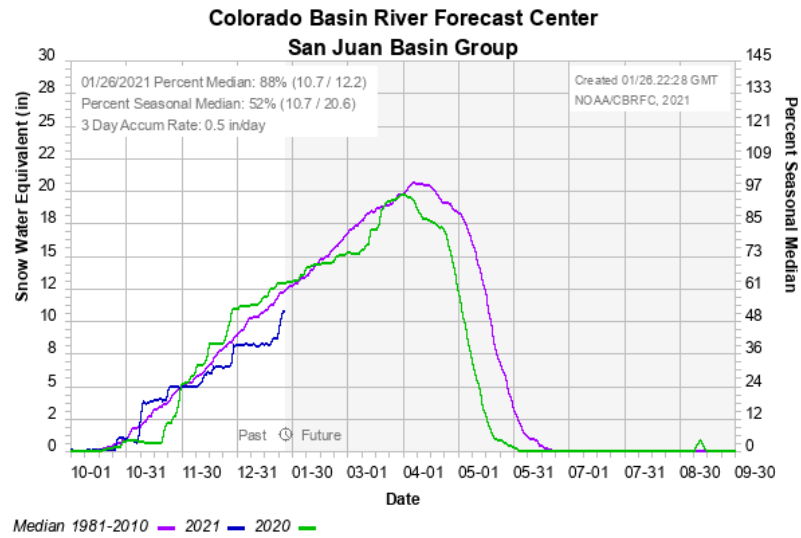
Colorado River Water Supply Report

System Contents: 25.10 MAF

As of January 25, 2021

Reservoir Capacities (MAF)			
Reservoir	Current	Change*	Maximum
Lake Mead	10.47	+ 0.16	25.90
Lake Powell	9.73	- 0.47	24.30
Flaming Gorge Reservoir	3.15	- 0.01	3.75
Fontenelle Reservoir	0.16	- 0.03	0.34
Navajo Reservoir	1.07	- 0.01	1.70
Blue Mesa Reservoir	0.40	0.00	0.83
Morrow Point Reservoir	0.11	0.00	0.12
Crystal Reservoir	0.02	0.00	0.03

* With respect to previous month's report



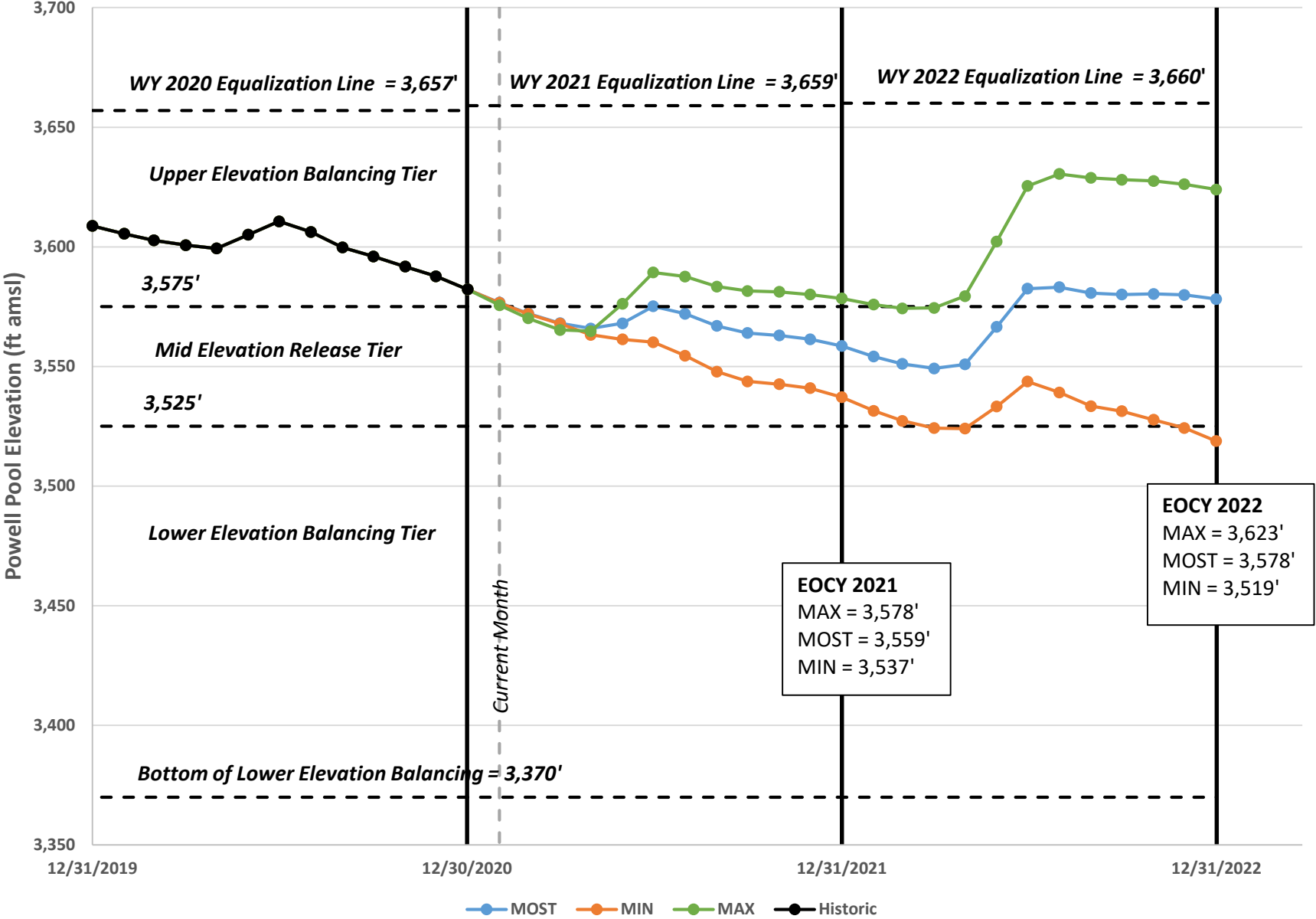
As of 1/26/2021, snow accumulation in the Green River Basin (which contributes ~33% of the flows into Lake Powell) is at 6.0 in. (blue line), which is 67% of the 30-year median for this date of 9.0 in. (purple line) and is approximately half of last year's SWE for this date (green line).

Snow accumulation in the Upper Colorado River Basin (contributes ~42%) to date is at 6.2 in., which is 71% of the 30-year median for this date of 8.7 in.

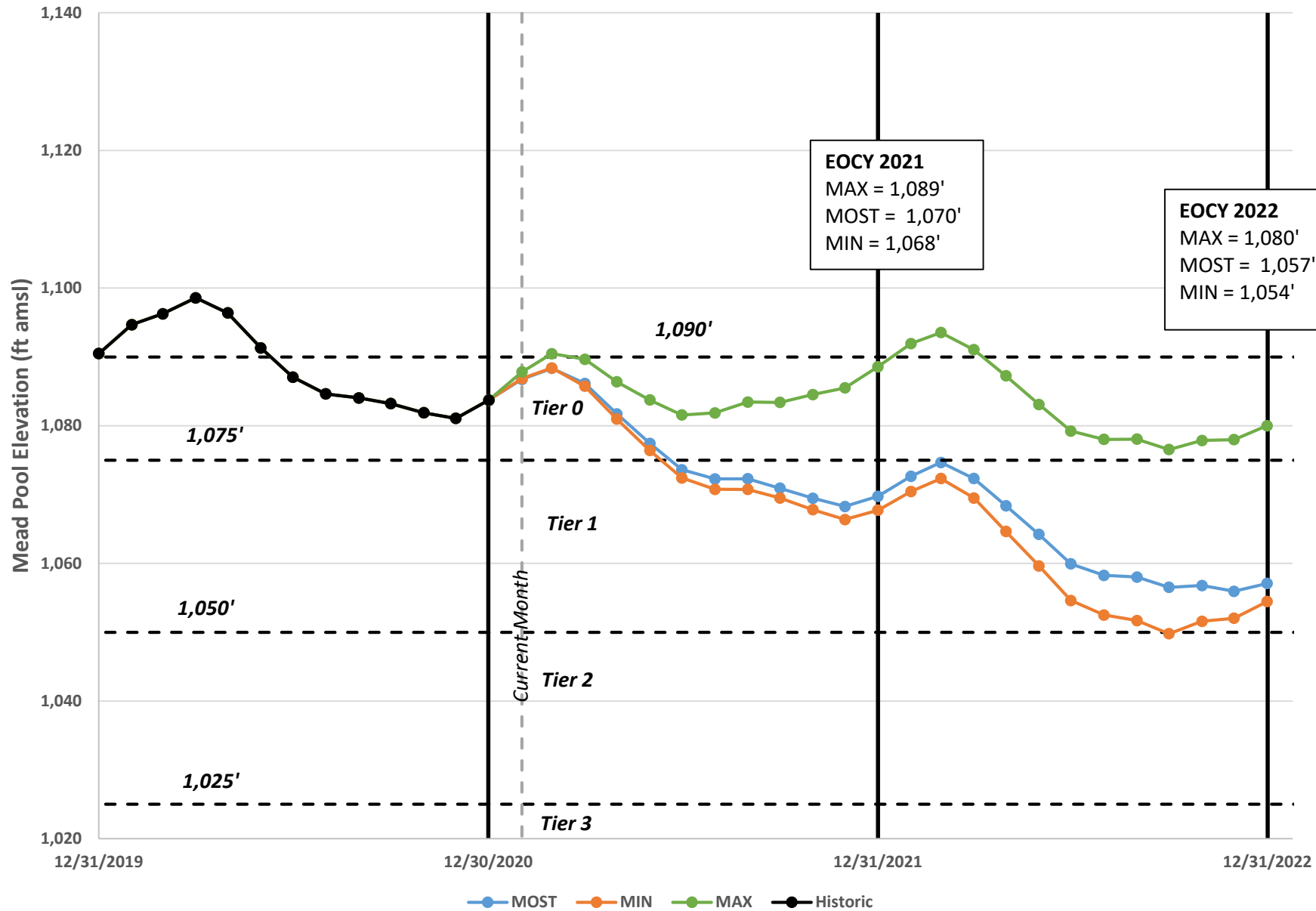
Snow accumulation in the San Juan River Basin (contributes ~13%) to date is at 10.7 in., which is 88% of the 30-year median for this date of 12.2 in.

For the overall Colorado River Basin above Lake Powell, the snow accumulation to date is at 6.6 in., which is 71% of the 30-year median for this date of 9.2 in.

Powell Pool Elevations - January 2021 24-Month Study



Mead Pool Elevations - January 2021 24-Month Study



Probability of System Conditions - January 2021 (1906 - 2018) (Stress Test = 1988 - 2018)

	2021	2022	2023	2024	2025
Lake Powell Release > 8.23 MAF	14 (14)	5 (3)	46 (34)	58 (44)	63 (46)
Equalization > 8.23 MAF	0 (0)	1 (0)	8 (0)	13 (5)	18 (9)
Upper Elevation > 8.23 MAF	14 (14)	4 (3)	38 (34)	45 (39)	45 (37)
Lake Powell Release = 8.23 MAF	86 (86)	13 (14)	4 (3)	7 (2)	8 (9)
Equalization = 8.23 MAF	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Upper Elevation = 8.23 MAF	86 (86)	13 (14)	4 (3)	6 (2)	6 (4)
Mid-Elevation = 8.23 MAF	0 (0)	0 (0)	0 (0)	1 (0)	2 (5)
Lake Powell Release < 8.23 MAF	0 (0)	77 (77)	45 (60)	29 (46)	21 (26)
Upper Elevation < 8.23 MAF	0 (0)	0 (0)	0 (0)	1 (0)	1 (0)
Mid-Elevation = 7.48 MAF	0 (0)	77 (77)	45 (60)	28 (46)	20 (26)
Lake Powell Lower Elev. Balancing < 3525'	0	5 (6)	6 (3)	6 (8)	8 (19)
Lake Powell < Min Power Pool < 3490'	0	0 (0)	1 (0)	3 (6)	4 (9)
Lake Mead Elevation Reduction Tiers	100 (100)	94 (94)	98 (98)	91 (99)	85 (94)
DCP Tier 0 (1090'-1075')	100 (100)	34 (34)	16 (16)	16 (13)	12 (6)
Tier 1 Shortage (1075'-1050')	0 (0)	60 (60)	75 (70)	41 (36)	36 (33)
Tier 2 Shortage (1050'-1025')	0 (0)	0 (0)	7 (12)	34 (50)	29 (35)
Tier 3 Shortage (< 1025')	0 (0)	0 (0)	0 (0)	0 (0)	8 (20)

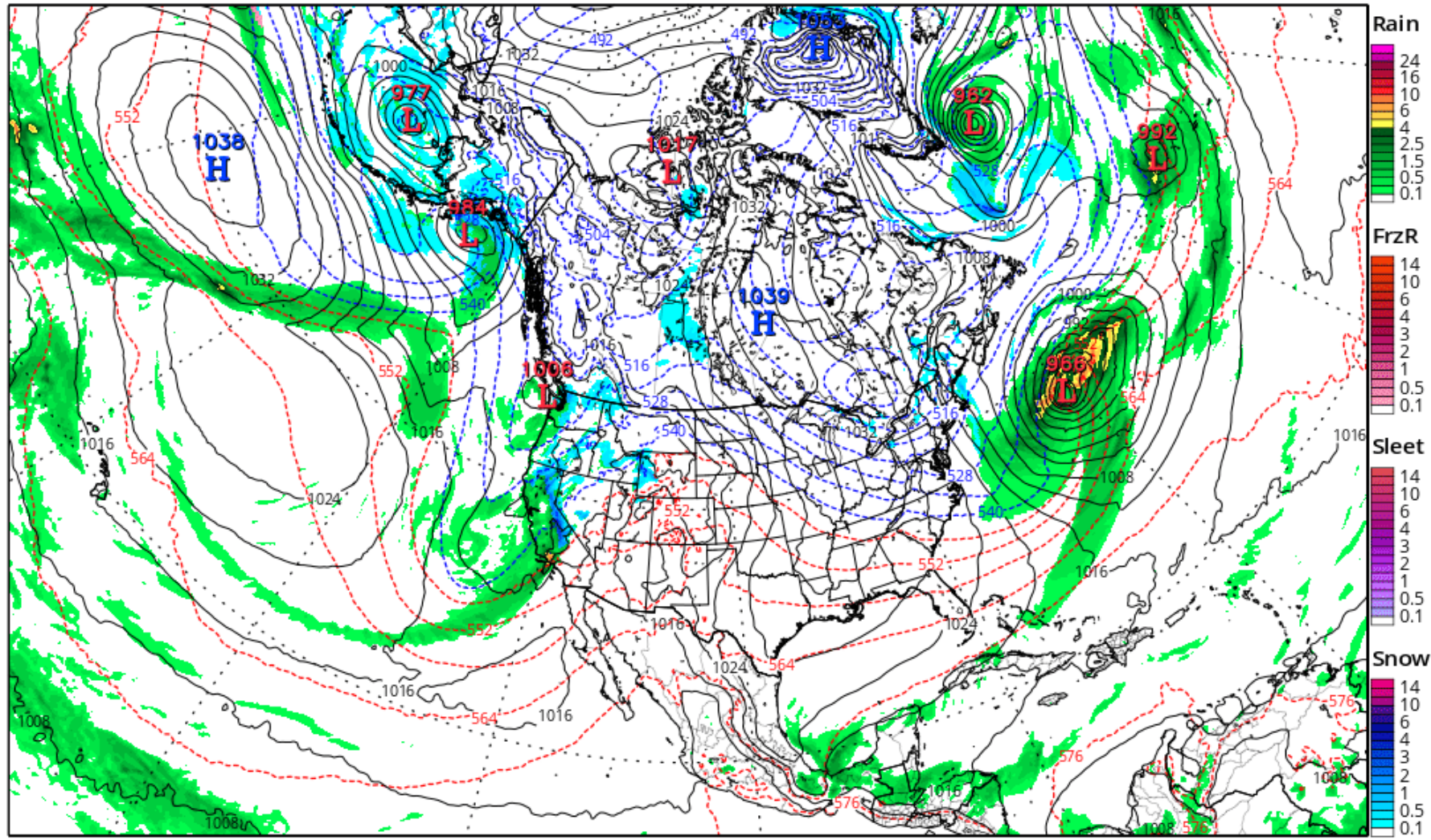
Source: U.S. Bureau of Reclamation

Summary of Recent (1/25 – 1/29) California Storm Track aka “Atmospheric Creek”

GFS 6-hour Averaged Precip Rate (mm/hr), MSLP (hPa), & 1000-500mb Thick (dam)

Init: 18z Jan 25 2021 Forecast Hour: [78] valid at 00z Fri, Jan 29 2021

TROPICALTIDBITS.COM



INFORMATION BRIEF

BOARD OF DIRECTORS



Agenda Number 8

CONTACT: Patrick Dent Chuck Cullom
623-869-2581 623-869-2665
pdent@cap-az.com ccullom@cap-az.com

MEETING DATE: Thursday, February 4, 2021

AGENDA ITEM: Report on Reconsultation Activities - Dent

LINKAGE TO STRATEGIC PLAN, POLICY, STATUTE OR GUIDING PRINCIPLE:

2022 CAWCD Board Strategic Plan
Water Supply

PREVIOUS BOARD ACTION/ACTIVITY:

12/03/2020 Report on Bureau of Reclamation 7.D Report

ISSUE SUMMARY/DESCRIPTION:

In December 2019, Secretary of the Interior Bernhardt announced the intention of Reclamation to prepare the 7.D Review Report with a goal to complete the report by the end of 2020. The report was prepared to meet Reclamation's obligations under Section XI.G.7.D of the [2007 Record of Decision Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead](#). Section XI.G.7.D states:

Beginning no later than December 31, 2020, the Secretary shall initiate a formal review for purposes of evaluating the effectiveness of these Guidelines. The Secretary shall consult with the Basin States in initiating this review.

In March 2020, Reclamation provided an overview of their approach to prepare the report through a series of webinars, and requested comments on their approach. Reclamation took several months to prepare scoping for the Review and solicited comments from interested parties in the development of the report. On October 23, 2020 Reclamation released the Draft 7.D Review report for comment. Reclamation sought comments from interested parties on the draft 7.D Review report in November 2020. In December 2020 CAWCD staff reported on the Draft Review and a section by section summary of the draft report can be found:

[December 2020 CAWCD Board Brief 7D Review](#)

On December 18, 2020 Reclamation released the Final Report of the 7.D Review of the Interim Guidelines. The Final report, Draft report, Comments from both the draft report and the scoping comments can be found [here](#). The report had modest changes as compared to the draft, the organization and content of the Review were unchanged. Reclamation measured effectiveness of the guidelines subjectively against the purpose and intent as stated in the ROD as follows:

- *Improve Reclamation's management of the Colorado River by considering trade-offs between the frequency and magnitude of reductions of water deliveries, and considering the effects on water storage in Lake Powell and Lake Mead, and on water supply, power production, recreation, and other environmental resources.*
- *Provide mainstream United States users of Colorado River water, particularly those in the Lower Division states, a greater degree of predictability with respect to the amount of annual water deliveries in future years, particularly under drought and low reservoir conditions.*
- *Provide additional mechanisms for the storage and delivery of water supplies in Lake Mead to increase the flexibility of meeting water use needs from Lake Mead, particularly under drought and low reservoir conditions.*

Section 8 analyzes the effectiveness of the Guidelines, the stated purpose of the Draft Review. While the section is relatively brief, it notes the following:

- Prior to the guidelines Reclamation did not have operating criteria for a full range of reservoir elevations for Lake Powell and Lake Mead.
- The Guidelines provide water users in the Lower Division states a greater degree of predictability regarding water deliveries
- The framework established by the guidelines and the commitment by the Basin States to consult facilitated conservation and increased flexibilities for Lower Basin water users.
- The guidelines provided the ICS mechanism(s)

In addition to evaluating the effectiveness of the guidelines against the stated purposes in the ROD, Reclamation also provided observations relative to common themes that emerged during the scoping process, they include:

- Encouraging conservation
- Planning for shortages
- Implementing closer coordination of operations for Lake Powell and Lake Mead
- Preserving flexibility to deal with further challenges such as climate change and the deepening drought
- Implementing operational rules for a long – but not permanent – period in order to gain valuable operating experience

Stakeholder Comments on the Draft Review

Reclamation requested comments on the Draft 7.D Review Report from 10/23/20 – 11/13/20. Those comments can be found [here](#) - The following entities provided comments:

Arizona: *Arizona Department of Water Resources, Central Arizona Water Conservation District, Gila River Indian Community, and Tohono O'odham Nation*

California: *Colorado River Board of California, Metropolitan Water District of Southern California, Imperial Irrigation District, San Diego County Water Authority*

Colorado: *Colorado Water Conservation Board, Dolores Water Conservancy District*

New Mexico: *New Mexico Interstate Stream Commission*

Nevada: *Colorado River Commission of Nevada, Southern Nevada Water Authority*

Utah: *Utah Division of Water Resources, Central Utah Water Conservancy District*

Wyoming: *Wyoming State Engineer's Office*

Non-Governmental Organizations: *Living Rivers, Pacific Institute, collaborative letter signed by: American Rivers, Environmental Defense Fund, National Audubon Society, Theodore Roosevelt Conservation Partnership, Trout Unlimited, The Nature Conservancy, Western Resource Advocates.*

Hydropower Interests: *Colorado River Electrical Distributors Association, Irrigation & Electrical Districts' Association of Arizona*

ATTACHMENTS:

1. Presentation



ARIZONA RECONSULTATION COMMITTEE

February 2021 Report on Activities

February 4, 2021

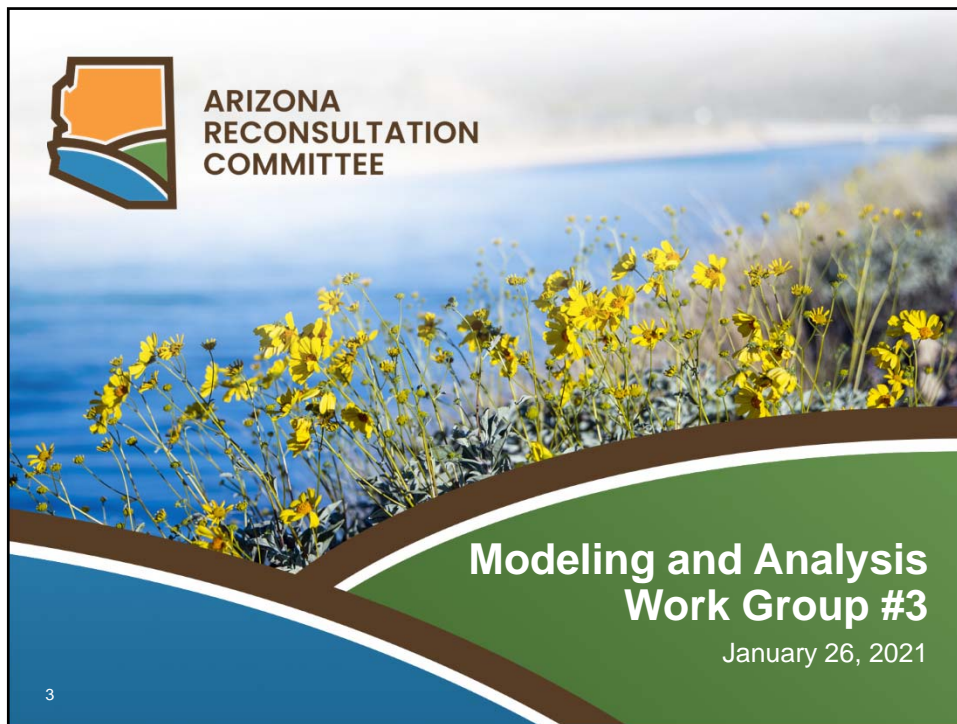
1

Reclamation 7.D. Review Report

Final Report published on December 18, 2020


7.D. Review: Effectiveness of the Guidelines

Effectiveness	Effectiveness of Guidelines with respect to Purpose	<ul style="list-style-type: none">• Improve Reclamation's mgmt.: Having objective operational criteria for the full range of reservoir elevations improved Reclamation's management of the Colorado River, but drought necessitated DCPs and additional voluntary actions.• Provide predictability: Structuring deliveries around specific Lake Mead elevations improved predictability for Lower Division states and provided a common framework for appreciation of future risk.• Provide flexibility for meeting water use needs:<ul style="list-style-type: none">• The Guidelines provided a framework on which to build additional flexibilities and conservation opportunities through the Upper and Lower Basin DCPs.• The ICS mechanism provided Lower Division states flexibility in meeting water use needs, played a critical role in avoiding low Lake Mead levels (nearly 3.2 maf saved), and provided a foundation for the concept of DCP contributions.• Adding additional parties/exhibits proved challenging and may have limited ICS participation.
	Adherence of Guidelines to Common Themes	<ul style="list-style-type: none">• Encourage conservation: robust conservation through the ICS mechanism (the foundation of a similar mechanism for Mexico) and facilitation of other conservation activities; aspects of the ICS mechanism were limiting.• Plan for shortages: clearly defined shortage criteria provided the ability to plan for shortages and additional mitigation activities as risk of reaching critically low reservoir elevations increased.• Closer coordination: through close coordination of Lake Powell and Mead, several experiences stand out:<ul style="list-style-type: none">• Predominance of balancing and equalization releases highlights the increased link between Upper and Lower Basin activities.• Severe, prolonged drought undermined two objectives: minimizing shortages in the Lower Basin and avoiding risk of curtailment in the Upper Basin; the DCPs were necessary to address increasing risk of reservoirs reaching critically low elevations.• Preserve flexibility: the Guidelines provided flexibility and stability to support subsequent operational decisions.• Long but not permanent period: in effect through 2026, providing 19 years of operational experience.• Feds facilitate, not dictate: Basin States agreed to mandatory consultation and negotiation before litigation; collaboration activated by Guidelines underpinned complementary activities and supports long-term stable management.



MAWG Process and Plan through mid-2021

- MAWG #1 – July 30, 2020
 - Overview of Modeling and Analysis Workgroup (MAWG)
 - Introduction to available Colorado River, Arizona On-River, and CAP models
- MAWG #2 – November 10, 2020
 - Introduction to scenario development process in MAWG
 - Focus on CRSS model hydrology
- **MAWG #3 – January 26, 2021**
 - **Focus on CRSS model reservoir operations and Upper/Lower Basin demands**
- MAWG #4 – March 11, 2021
 - Focus on Arizona On-River models and CAP models
- MAWG #5 – April (tbd) 2021
 - Development of Initial Conditions Scenarios for review and consideration by the ARC
 - Report to spring ARC meeting

 **ARIZONA
RECONSULTATION
COMMITTEE**

4

MAWG #3 Meeting Agenda

- Welcome and Introductions
- Colorado River System Update
- 7.D. Review Update
- MAWG Recap from Nov 10 MAWG Meeting
- Overview of River Operations in CRSS
- Overview of CRSS Demands/Depletions
- Next Steps
- Call to the Public

5



Summary

- Reservoir Operations (specifically coordinated operations of Lakes Powell and Mead) are a key driver of Lake Mead elevations.
- Average Upper Basin use over the last ten years (2008-2018) are around 3.9 maf (excluding CRSP evap)
- Multiple UB Use scenarios have been developed: 2016 UCRC schedule reaches 5.48 maf in 2060 (excluding CRSP evap)
- CRSS Projections of Lake Mead elevations are sensitive to the UB demand schedules and Lower Basin uses
- Lower Division States are at full apportionment. ICS and System conservation use behaviors impact Lake Mead elevation

6



MAWG Next Steps

- March 11th - MAWG Proposed Agenda - Arizona Scale Models
 - On River – Uses, Salinity Impacts, and Models
 - CAP System – Uses, Model
- April (tbd) MAWG Proposed Agenda - Initial Conditions Scenario Development
 - Review scenario process
 - Review models and key drivers
 - Develop initial condition scenarios and key drivers
- Report to ARC Spring Meeting

INFORMATION BRIEF

BOARD OF DIRECTORS



Agenda Number 9

CONTACT: Patrick Dent
623-869-2581
pdent@cap-az.com

MEETING DATE: Thursday, February 4, 2021

AGENDA ITEM: Report Preparation for Possibility of Tier One Shortage in 2022 (*Water Supply*^) - Dent

LINKAGE TO STRATEGIC PLAN, POLICY, STATUTE OR GUIDING PRINCIPLE:

2022 CAWCD Board Strategic Plan
Water Supply

PREVIOUS BOARD ACTION/ACTIVITY:

None

ISSUE SUMMARY/DESCRIPTION:

The recent January 24 Month Study indicates an increased likelihood that Lake Mead will be below elevation 1,075' at the end of calendar year 2021. This would put the Lower Basin in a Tier 1 shortage for 2022, resulting in a reduction to CAP of 320,000 AF as specified in the 2007 Interim Guidelines and an additional 192,000 AF of required DCP contributions. In response, CAP has begun a series of steps for shortage preparation, coordination and outreach. An early focus of those activities relates to reviewing and confirming the set of commitments and actions that were agreed to as part of the Arizona DCP Implementation Plan. This presentation provides an overview of those commitments and agreements, and is part of an effort to regularly inform the Board and stakeholders.

ATTACHMENTS:

1. Presentation



Report on Shortage Preparations

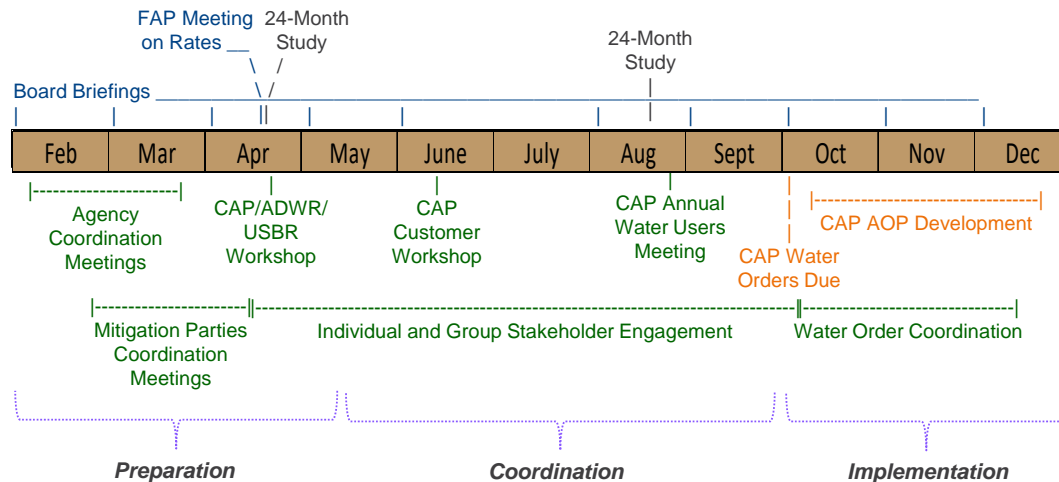
Patrick Dent PE
Director of Water Policy
February 3, 2021

YOUR WATER. YOUR FUTURE.

2021 Shortage Preparation Objectives

- Assess and communicate the potential magnitude of 2022 shortage impacts and rate implications
- Coordinate with ADWR, Reclamation and parties to AZDCP Agreements
- Keep the Board and all CAP stakeholders informed
- Implement AZDCP Agreements and Water Delivery contract provisions in development of 2022 AOP

2021 Schedule



3 | REPORT ON SHORTAGE PREPARATIONS

KNOW YOUR WATER.



AZDCP Components

- **Mitigation**—alleviates incremental impacts of DCP reductions/contributions during shortage
- **Offset**—preserves the benefits of CAWCD’s previous voluntary Lake Mead contributions as ICS is utilized for mitigation
 - **GRIC ICS**—Target of 200,000 AF; ~240,000 AF of conservation through 2021
 - Funding from Reclamation (\$24M for 100 KAF) and AWBA (~\$12M for 50 KAF)
 - Additional conservation self-funded by GRIC
 - **CRIT System Conservation**—Target of 150,000 AF; 100,000 AF through 2021
 - \$30M funding from State of Arizona, ~\$8M commitment from Environmental Defense Fund, Bonneville Environmental Foundation, and National Audubon Society
 - **SRP-CAP Exchange**—Target of 50,000 AF; deployed at 10,000 AF/yr. during shortage

4 | REPORT ON SHORTAGE PREPARATIONS

KNOW YOUR WATER.



Mitigation Commitments

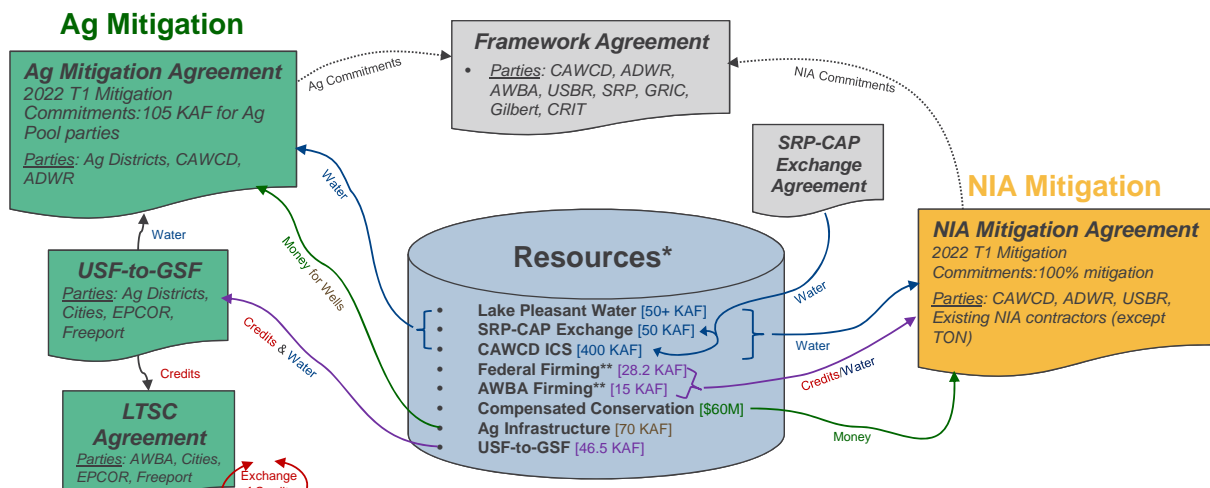
	2020	2021	2022	2023	2024	2025	2026
Ag Pool Parties	105 KAF - Tier 1 70 KAF - Tiers 2a/2b GW 16.5K			No CAP Wet Water Mitigation			
				Groundwater Infrastructure Program 70 KAF / Yr			
NIA Contractors & Subcontractors				75%* - Tiers 1/2a 50%* - Tier 2b			No Mitigation 2026 or Tier 3

5 | REPORT ON SHORTAGE PREPARATIONS

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Mitigation Agreements & Resources



* Represents maximum annual or cumulative volumes
 ** Maximum annual firming obligations per AZ Water Settlements Act

6 | REPORT ON SHORTAGE PREPARATIONS

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Questions

pdent@cap-az.com

INFORMATION BRIEF

BOARD OF DIRECTORS



Agenda Number 11

CONTACT: Jay Johnson Megan Casey
623-869-2374 623-869-2506
jjohnson@cap-az.com mcasey@cap-az.com

MEETING DATE: Thursday, February 4, 2021

AGENDA ITEM: Nominations and Election of Officers and Executive Committee Members (*Public Trust, Partnerships and Leadership*^)

LINKAGE TO STRATEGIC PLAN, POLICY, STATUTE OR GUIDING PRINCIPLE:

CAWCD Bylaws
Roberts Rules of Order

PREVIOUS BOARD ACTION/ACTIVITY:

January 7, 2021 Board Meeting - Appointment of Nominating Committee
January 21, 2021 Nominating Committee Meeting

ISSUE SUMMARY/DESCRIPTION:

The CAWCD Bylaws, section 5.01, paragraph 1 and section 6.01, paragraph 1 specify the officers of the District and Executive Committee, and the timeline for elections:

"5.01. The officers of the District shall consist of a President, a Vice President and a Secretary. Such officers shall be elected for a term of two (2) years at the Regular Meeting to be held in February of each odd numbered year and shall serve until new officers are so elected. Officers elected shall take office at the adjournment of the meeting at which he/she is elected."

"6.01. Executive Committee. There shall be an Executive Committee comprised of the duly elected officers of CAWCD, the immediate past President of CAWCD, and two Directors elected by the Board for a term of two years at the Regular Meeting at which the officers of CAWCD are elected. For those years that the immediate past President is not a member of the Board or is elected to serve as an officer of CAWCD, three Directors will be elected to the Executive Committee. In the event that either or both of Pinal County and Pima County are not represented as an officer or the past President, irrespective of the outcome of the Executive Committee election (i) the Pinal County director, if he or she chooses to run for Executive Committee, will be placed on the Executive Committee, and (ii) the Pima County director receiving the highest number of votes for candidates from Pima County, if any, will be placed on the Executive Committee. Except as set forth in the preceding sentence, determination of which directors will be elected to the Executive Committee will be determined by the greatest number of votes."

2021 OFFICER AND EXECUTIVE COMMITTEE OPENINGS:

Board Officers:

- President
- Vice President
- Secretary

Executive Committee:

- President
- Vice President
- Secretary
- Immediate Past President – Lisa Atkins
- Board Member at-large (Pinal County member if not otherwise represented and he wants to run)
- Board Member at-large (Pima County member if not otherwise represented and any want to run)

ATTACHMENTS:

1. CAWCD Bylaws

Adopted April 7, 1977
Amended January 18, 1979
Amended January 6, 1983
Amended November 6, 1986
Amended January 5, 1989
Amended January 3, 1991
Amended November 7, 1996
Amended April 5, 2007
Amended May 7, 2009
Amended November 7, 2013
Amended January 7, 2016
Amended November 2, 2017

**BYLAWS
OF
CENTRAL ARIZONA WATER CONSERVATION DISTRICT
(CAWCD)**

1. NAME

1.01. The name of the District shall be Central Arizona Water Conservation District (CAWCD) which shall be used in all contracts to which CAWCD is a party and in all other documents having legal significance and by which CAWCD shall be known in all proceedings. However, the Board of Directors has designated the name Central Arizona Project to be used for the popular identification of CAWCD.

2. OFFICE

2.01. CAWCD shall maintain its principal office at Phoenix, Arizona, or at such other place as the Board of Directors may designate.

3. MEETINGS

3.01. Regular Meetings. Regular Meetings of the Board shall be held at a place to be designated by the President of CAWCD on the first Thursday of each month, unless such Thursday is a holiday on which CAWCD normally does not conduct administrative business or the President determines that attendance by a quorum is jeopardized due to other events, in which case such Regular Meeting shall be held on the next succeeding Thursday of the month which is not such a holiday and at which a quorum is likely. The President may cancel any Regular Meeting or declare a recess if he/she deems there is not sufficient business to warrant holding the same unless five (5) or more Directors of the Board object to such cancellation, in which case the meeting shall not be canceled.

3.02. Special Meetings. Special Meetings of the Board may be held at any time upon the

call of the President or upon the request of two (2) or more Directors of the Board.

3.03. Notices. At least one (1) week prior to the date of any Regular Meeting of the Board, a written notice setting forth the date, time, place and general purposes of the meeting shall be mailed electronically and deposited in the mail with postage prepaid addressed to each Director at his/her address as it then appears on CAWCD records. Directors may elect not to receive notice by prepaid mail, Notices of Special Meetings shall be given by telephone, facsimile transmission, electronic mail, or prepaid mail at least twenty-four (24) hours before the scheduled start time of such meeting.

3.04. Quorum. At any Regular, Special, or Committee Meeting of the Board of Directors, a quorum shall consist of not less than a majority of the members of the Board or Committee. No official business may be transacted in the absence of a quorum. If a quorum is present, a majority vote of the Directors in attendance shall be sufficient for the transaction of official business.

3.05. Attendance. Directors may attend meetings held in public session by telephone or other electronic means ("electronic participation") that allow the members of the Board who are in attendance to hear and simultaneously participate in the deliberations. Any Director participating in executive session via electronic participation shall take reasonable precaution to maintain the confidentiality of the session.

3.06. Roll Call Vote. Upon the request of any Director, a roll call vote shall be taken on any official matter upon which the Board acts.

3.07. Rules of Procedure. The current edition of *Robert's Rules of Order, Newly Revised* shall govern the conduct of meetings.

4. DIRECTORS

4.01. Powers. The powers of the Board of Directors and CAWCD shall be as prescribed in Chapter 22 Title 48 Arizona Revised Statutes or other applicable provisions of law.

4.02. Compensation. Unless otherwise authorized by statute, no member of the Board shall receive any compensation; however, he/she shall be reimbursed for all reasonable expenses incurred on behalf of CAWCD.

4.03. Conflict of Interest. In accordance with Arizona law, if the Board of Directors is required to act on any matter relating to which any Director of the Board has a potential conflict of interest, such Director shall so announce and shall refrain from participating in any discussion or vote thereon.

4.04. Identification of Board Members in Correspondence and Communications. In any communication, written or oral, in which a Board Member identifies him or herself as affiliated with CAWCD, the Board Member will use his or her appropriate title. The current President, Vice President and Secretary may use the title of the office they hold (i.e., Board President, CAWCD Secretary, etc.). The Current Chairs of functioning Committees may sign using their

Chair title (i.e., Public Policy Chair, or Chairman of the FAP Committee, etc.). All other Members of the Board Directors will identify themselves as Board Member (i.e., CAWCD Board Member, Member of CAP Board of Directors).

5. OFFICERS

5.01. The officers of the District shall consist of a President, a Vice President and a Secretary. Such officers shall be elected for a term of two (2) years at the Regular Meeting to be held in February of each odd numbered year and shall serve until new officers are so elected. Officers elected shall take office at the adjournment of the meeting at which he/she is elected. A vacancy in the office of President, Vice President or Secretary that occurs more than six months before the term expires, may be filled from among the remaining Directors of the Board by election at any Regular or Special Meeting of the Board and shall take effect immediately. An officer elected to fill such vacancy shall serve for the unexpired term of his/her predecessor in office.

A vacancy in the office of President, Vice President or Secretary that occurs with six months or less remaining in the term, shall be filled as follows. In the event that a vacancy in the office of President occurs, the Vice President shall act as President. In the event that a vacancy in the office of Vice President occurs, the Secretary shall act as Vice President. A vacancy in the office of Secretary shall be filled by appointment by the President from among the remaining Directors of the Board.

In the event that the President is otherwise unavailable or unable to perform the duties of the office of President, the Vice President is empowered to act on the President's behalf. The President, or in his/her absence the Vice President or Secretary, in that order, shall preside at all meetings of the Board. In the event that no officer is present, any Director may convene the meeting for the purpose of electing a Director to preside over the meeting or postponing the meeting to a future date.

6. COMMITTEES

6.01. Executive Committee. There shall be an Executive Committee comprised of the duly elected officers of CAWCD, the immediate past President of CAWCD, and two Directors elected by the Board for a term of two years at the Regular Meeting at which the officers of CAWCD are elected. For those years that the immediate past President is not a member of the Board or is elected to serve as an officer of CAWCD, three Directors will be elected to the Executive Committee. In the event that either or both of Pinal County and Pima County are not represented as an officer or the past President, irrespective of the outcome of the Executive Committee election (i) the Pinal County director, if he or she chooses to run for Executive Committee, will be placed on the Executive Committee, and (ii) the Pima County director receiving the highest number of votes for candidates from Pima County, if any, will be placed on the Executive Committee. Except as set forth in the preceding sentence, determination of which directors will be elected to the Executive Committee will be determined by the greatest number of votes.

A vacancy on the Executive Committee shall be filled by appointment by the President from among the remaining Directors of the Board, with such appointments ensuring that all three

counties are represented on the Executive Committee, unless such appointments are declined by the Pinal or Pima board members. The Executive Committee may be called to handle emergencies between Board meetings and to make recommendations to the Board. All actions of the Executive Committee shall be subject to ratification by the Board.

6.02. Standing Committees. There shall be Standing Committees appointed by the President of CAWCD. Each committee shall be comprised of at least five (5) Directors and no more than seven (7) Directors, with at least one (1) Director representing a county other than Maricopa County. The committees will make recommendations to the Board as described.

- a. Central Arizona Groundwater Replenishment District & Underground Storage Committee provides assistance to the Board by addressing issues, policies and proposed legislative amendments relating to the Central Arizona Groundwater Replenishment District's responsibilities and authorities and CAWCD's underground storage and recovery activities. The Secretary will chair the committee.
- b. Finance, Audit & Power Committee provides assistance to the Board in fulfilling its responsibilities to the electorate relating to accounting and reporting, the quality and integrity of the District's financial reports, and the budgetary and fiscal practices of the District, operational security, energy risk management and other power and transmission matters. The Vice-President will chair the committee.
- c. Public Policy Committee provides recommendations to the Board on the District's positions on state legislative issues, federal legislative issues, and other public policy issues. The committee shall also annually review the performance of the District's contractual lobbyists and provide recommendations to the Board. A Board Member appointed by the President will chair the committee.

6.03. Nominating Committee. At least two weeks prior to the election of officers, the President of CAWCD shall appoint a Nominating Committee consisting of at least three (3) Directors to make recommendations for the election of officers and the Executive Committee memberships.

6.04. Special Committees. The President may from time to time, appoint Special Committees of no more than seven directors to make recommendations to the Board on issues of significance or to carry out directives of the Board.

7. AMENDMENTS

7.01. These Bylaws may be amended, supplemented, repealed, or temporarily or permanently suspended, in whole or in part, or new Bylaws may be adopted by a two-thirds vote of the entire Board at any duly constituted meeting of the Board of Directors, the notice of which meeting included notice of the proposed action relative to the Bylaws, except that if any such action arises as a matter of necessity at any such meeting and is otherwise proper, no notice thereof will be required.



**Central Arizona Water Conservation District
Nominating Committee Report
February 4, 2021**

The Nominating Committee submits the following nominations to the Board:

For the office of President:	Karen Cesare Terry Goddard
For the office of Vice President:	Mark Taylor
For the office of Secretary:	Alexandra Arboleda
For the Executive Committee:	Stephen Miller Jennifer Martin



STATEMENT OF INTEREST 2021 BOARD OFFICER AND EXECUTIVE COMMITTEE ELECTION

NAME:

Karen M. Cesare

LENGTH OF TIME ON THE BOARD:

6 years

STATEMENT OF INTEREST FOR POSITION OF:

President

CAP COMMITTEES AND TASK FORCES SERVED ON:

Public Policy Committee, 2015 - Present, Chair 2017- Present
CAGRD and Underground Storage Committee, 2015-2017 and 2018 - Present
Finance, Audit and Power Committee, 2018 - Present
Power Task Force, 2017
Excess Water Task Force, 2017-2018
Customer Service Task Force, 2017-2018

OFFICIAL BOARD LEADERSHIP ROLES SERVED:

CAP Board Representative on the Arizona Reconsultation Committee (ARC) and Modeling and Analysis Workgroup (MAWG), 2020-Present
CAP Board Representative on the DCP Steering Committee, 2018-2019
Board Champion, Excess Water Use Roundtable 2019

STATEMENT OF INTEREST IN POSITION:

The CAWCD Board has a long and respected history of non-partisan service directing and setting policy for the management and operations of CAP as it provides renewable, reliable water supplies to the people in our three-county service area. I am running for Board President to serve our Board, and by extension our constituents, with great respect for this history as we move forward with the challenges and opportunities of the future.

We have an important job to do – which at its center includes fulfilling our statutory responsibilities. Success requires, as we stated in our recently designed Strategic Plan, that we serve “as a collaborative partner and innovative leader in sustainable management and reliable delivery of water for Central Arizona”. Fostering the solid relationships we have within the larger water community of Arizona, among the other Basin States, and the Bureau of Reclamation is key to putting these words into action.

The future for the Board will always include enhancing our relationships with our taxpayers, customers, and constituents. The more people know about CAP the better the understanding of the important role CAP plays in the economy and prosperity of our state. The future also needs to ensure CAP is in the best position, within the framework of our authorities, to have meaningful, substantive input into policy decisions that impact CAP, such as the recently initiated Reconsultation efforts.

In the role of President I will be focused on all this as I bring my knowledge of the CAWCD, gained through time spent on the Board, Committees and Task Forces, and the DCP Steering Committee along with other roles; my skills as a facilitator committed to open, transparent public processes; and abilities in leading and chairing other notable bodies such as The Arizona State Board of Technical Registration, and CAP’s Public Policy Committee to support the Vision and Mission of the CAWCD and the Board of Directors.

Together we can make this happen!

Very Truly Yours,
Karen M. Cesare



STATEMENT OF INTEREST 2021 BOARD OFFICER AND EXECUTIVE COMMITTEE ELECTION

NAME:

Terry Goddard

LENGTH OF TIME ON THE BOARD:

Divided service of 8 + 2 years

STATEMENT OF INTEREST FOR POSITION OF:

President

CAP COMMITTEES AND TASK FORCES SERVED ON:

FAP 2012 to present

Power Task Force 2017

Water Quality Standards Task Force 2017-19

OFFICIAL BOARD LEADERSHIP ROLES SERVED:

Board Vice President 2018-20

Chair, Finance, Audit and Power Committee 2018-20

Executive Committee 2019-20

Co-Chair, Water Quality Standards Task Force 2017-19

Legislative and Congressional outreach from 2012

STATEMENT OF INTEREST IN POSITION:

I have worked in and around Arizona water management, supply, quality and legal rights issues most of my life as a lawyer, mayor, Attorney General and CAP Board Member. With a new Administration in Washington, we are entering a critical phase for the CAP and Arizona water. More than ever, Board members need to be enabled to tell our story and increase the Project's visibility. As Board President, with the active assistance of CAP Board members, I believe I can draw on my public sector experience and ties to the National, state and local government officials to build on President Atkins' legacy and to further enhance CAP's reputation as a collaborative partner and innovative leader in Arizona water.



STATEMENT OF INTEREST 2021 BOARD OFFICER AND EXECUTIVE COMMITTEE ELECTION

NAME:

Mark Taylor

LENGTH OF TIME ON THE BOARD:

Since April, 2016 (4 years, 10 months)

STATEMENT OF INTEREST FOR POSITION OF:

Vice President

CAP COMMITTEES AND TASK FORCES SERVED ON:

Finance, Audit & Power Committee – April 2016 to present
Power Task Force – Co-Chair February 2017 to July 2017
Water Quality Standards Task Force – June 2017 to February 2018
Excess Water Task Force - August 2017 to March 2018
Customer Service Task Force – November 2017 to September 2018

OFFICIAL BOARD LEADERSHIP ROLES SERVED:

Executive Committee - February 2017 to present
DCP Steering Committee (Alternate) - July 2018 to December 2019
Arizona Reconsultation Committee (Alternate) - June 2020 to present

STATEMENT OF INTEREST IN POSITION:

Over the nearly five years I have been on the CAP Board, I have been amazed by the quality and dedication of the members of this Board. Serving on the CAWCD Board and the FAP has truly been an honor.

Should I be elected, I am excited for the opportunity to serve as Vice President and Chair of the FAP and I am prepared to dedicate the time and effort this position and responsibility deserve.

This position requires the trust from the Board Members, as well as stakeholders, regulators and the public. I will endeavor to represent who we are as Board Members and continue to portray all of us, the CAP Staff and the Board of Directors, with a strong showing of diligence, excellence, and integrity.



STATEMENT OF INTEREST 2021 BOARD OFFICER AND EXECUTIVE COMMITTEE ELECTION

NAME:

Alexandra Arboleda

LENGTH OF TIME ON THE BOARD:

4 years

STATEMENT OF INTEREST FOR POSITION OF:

Secretary

CAP COMMITTEES AND TASK FORCES SERVED ON:

CAGRD and Underground Storage Committee, 2017-2019
Finance, Audit, and Power Committee, 2019-2021

OFFICIAL BOARD LEADERSHIP ROLES SERVED:

Water Quality Task Force Co-Chair, 2017-2019
Executive Committee Member, 2019-2021
Representative to Arizona Water Banking Authority, 2019-2021

STATEMENT OF INTEREST IN POSITION:

I am interested in serving as Secretary of the CAWCD Board and as Chair of the CAGRD and Underground Storage Committee. With my experience as a water and natural resources lawyer and on the AWBA Commission, I have a foundation of experience that would be valuable as Secretary during a time when CAP will be involved in Reconsultation, and as Committee Chair during ongoing discussions about the future of CAGRD through the Governor's Council and other forums. I would work to develop a cooperative relationship with CAP staff, ADWR, the Governor's office, members of the Arizona Legislature, and stakeholders as we navigate issues relating to CAGRD and underground storage. Please consider me to serve as Secretary of the CAWCD Board and Chair of the CAGRD and Underground Storage Committee for the next two years.



STATEMENT OF INTEREST 2021 BOARD OFFICER AND EXECUTIVE COMMITTEE ELECTION

NAME:

Stephen Miller

LENGTH OF TIME ON THE BOARD:

Newly elected

STATEMENT OF INTEREST FOR POSITION OF:

Executive Committee Member

CAP COMMITTEES AND TASK FORCES SERVED ON:

OFFICIAL BOARD LEADERSHIP ROLES SERVED:

STATEMENT OF INTEREST IN POSITION:

To insure Pinal County's representation on the executive board is an appropriate appointment to insure equal representation.