



**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS
February 7, 2019**

The regular meeting of the Central Arizona Project ("CAWCD" or "CAP") Board of Directors was called to order by President Lisa Atkins on February 7, 2019, at 10:07 AM. The meeting was held at Central Arizona Project Headquarters, located at 23636 North Seventh Street, Phoenix, Arizona, in the Board Room.

Board members present were President Lisa Atkins, Maricopa County; Vice President Jim Holway, Maricopa County; Secretary Sharon Megdal, Pima County; Alexandra Arboleda, Maricopa County; Jennifer Brown, Maricopa County; Karen Cesare, Pima County; Terry Goddard, Maricopa County; Ben Graff, Maricopa County; Jim Hartdegen, Pinal County; Pat Jacobs, Pima County; Mark Lewis, Maricopa County; Heather Macre, Maricopa County; Jennifer Martin, Maricopa County; April Pinger (via phone), Maricopa County and Mark Taylor, Pima County.

Staff members present were Ted Cooke, General Manager; Jay Johnson, General Counsel; Phil Cook, Director, Technology; Chris Hall, Director, Finance & Administration; Bridget Schwartz-Manock, Director, Public Affairs; Suzanne Ticknor, Director, Water Policy; Brian Buzard, Director, Centralized Maintenance and Reliability; Ken Seasholes, Manager, Resource Planning and Analysis; Laura Grignano, Manager, CAGR; Patrick Dent, Manager, Water Control; Chuck Cullom, Manager, Colorado River Programs; Jeff Gray, Manager, Legislative Affairs; Mohammed Mahmoud, Senior Policy Analyst, Colorado River Programs; and Jennifer Miller, Board Support Specialist.

President Atkins recognized the attendance of a group of ASU Water Law students at the meeting.

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

Board Member Cesare led the Directors and public in reciting the Pledge of Allegiance and observing a moment of silence and presented a Safety Minute on the warning signs and symptoms of heart attacks.

2. PRESENTATION ON ARIZONA'S OPEN MEETING LAW

General Counsel Jay Johnson gave an introduction to the Open Meeting Law and the role of the Ombudsman's office.

Mr. Danee Garone, Arizona Ombudsman/Citizens' Aide gave a comprehensive review of Arizona's Open Meeting law.

Board Members Goddard, Megdal, Lewis, Jacobs and Graff asked clarifying questions about the Open Meeting Law.

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

Secretary Megdal asked that Item 3(e) be pulled from the Consent Agenda.

On a motion (Board Member Brown) and a second (Board Member Taylor) the Board approved the Minutes of the January 3, 2019 Regular Meeting; approved the Minutes of the January 17, 2019 Nominating Committee Meeting; approved the Minutes of the January 17, 2018 Water Quality Standards Task Force Meeting; approved the Minutes of the January 24, 2019 Special

Meeting; and approved Additional Contract Authority for Legal Engagement of Law Firm Defending Pending Litigation.

Motion passed.

Voting yes: Lisa A. Atkins, Jim Holway, Sharon B. Megdal, Alexandra Arboleda, Jennifer Brown, Karen Cesare, Benjamin Graff, Terry Goddard, Jim Hartdegen, Pat Jacobs, Mark Lewis, Heather A. Macre, Jennifer Martin, April Pinger (via telephone), Mark Taylor

Voting no: None

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

At the request of Secretary Megdal, CAGR D Manager Laura Grignano explained the details of item 3 (e), Consulting Agreement for CAGR D Water Supply Acquisition Program Professional Services. She explained that the Board is being asked to approve a single-year contract with Westwater Consulting for water acquisition and supply contracts. The new scope of work transitions more of the long-term planning work to in-house staff.

Board Member Lewis asked several clarification questions.

On a motion (Secretary Megdal) and a second (Board Member Graff) the Board approved a Consulting Agreement for CAGR D Water Supply Acquisition Program Professional Services.

Motion passed.

Voting yes: Lisa A. Atkins, Jim Holway, Sharon B. Megdal, Alexandra Arboleda, Jennifer Brown, Karen Cesare, Benjamin Graff, Terry Goddard, Jim Hartdegen, Pat Jacobs, Mark Lewis, Heather A. Macre, Jennifer Martin, April Pinger (via telephone), Mark Taylor

Voting No: None

5. REPORTS OF COMMITTEES AND POSSIBLE CONSIDERATION OF COMMITTEE RECOMMENDATIONS

5.a. PUBLIC POLICY COMMITTEE – CESARE

Committee Chair Cesare provided an overview of actions in Washington D.C. to reach a budget deal and avoid another shutdown. She noted that Arizona has representatives and senators in key positions on water related committees.

Ms. Cesare noted the passage of DCP legislation through both houses of the Arizona State Legislature and the Governor's Office in time to meet the January 31, 2019 deadline set by Bureau of Reclamation Commissioner Burman. She also noted that more than 1,000 other bills had been introduced prior to this Board meeting, including several related to CAGR D, and CAP staff will evaluate each one for potential impacts.

At the request of Committee Chair Cesare and in response to questions from Board Member Lewis, Legislative Affairs Manager Gray reported that there are four current bills related to CAGR D, three of them related to water transfers and the fourth related to the CAGR D Plan of Operation. Mr. Gray reiterated that the bills are very new and CAP staff have not had an opportunity to fully evaluate them.

5.a.i POSSIBLE CONSIDERATION OF ACTION ON POLICY ISSUES THAT COULD IMPACT CAP

None

5.b. FINANCE, AUDIT AND POWER COMMITTEE – HOLWAY

Vice-President Holway reported that the committee approved CAP's internal audit plan for the next two years and heard the results of the completed purchasing and IT security policy audits. The committee also held an Executive Session to conduct the annual internal auditor review. Mr. Holway noted that at the next meeting, the committee will discuss Hoover firming issues related to CAP's 30 megawatts of solar power.

5.c. CAGR AND UNDERGROUND STORAGE COMMITTEE – MEGDAL

Secretary Megdal reported that there was no committee meeting in January. Ms. Megdal noted that immediately following the DCP Signing Ceremony, she, President Atkins and GRIC Governor Lewis signed four agreements related to the CAGR water supply acquisition of GRIC/GRWS long-term storage credits. Two of the agreements still require Federal signatures.

Secretary Megdal noted that the next committee meeting will take place on February 21, and they will discuss the approval of a reimbursement resolution for potential CAGR financing for the final payment of the CAGR/GRWS agreement. The committee will also discuss legislation related to CAGR.

5.d. WATER QUALITY STANDARDS TASK FORCE

Board Member Taylor recused himself on this item.

Board Member Arboleda reported that the Task Force met on Jan 17 to approve the proposed numeric standards for a large number of constituents. The standards were developed collaboratively by CAP staff and a working group of key stakeholders. She reported that the standards were unanimously approved by the Task Force members.

Ms. Arboleda noted that with the approval of standards, both she and Board Member Goddard believe that the Water Quality Standards Task Force has successfully completed its mission.

5.d.i. DISCUSSION AND CONSIDERATION OF ACTION ON DELIVERY AND INTRODUCTION FOR A BROAD SUITE OF WATER QUALITY CONSTITUENTS

Water Operations Manager Dent reported that in June, 2018, the Board passed the overall standards for the introduction and delivery of non-project water through the CAP system. He provided a review of the process used to select the constituent standards. Staff work will continue on specifics of monitoring, modelling and evaluation, project design, approval process, enforcement.

Board Member Lewis asked a number of clarifying questions on the standards vs current CAP project water. Board Member Goddard noted that the process is still ongoing and dynamic so that future decisions by the Board can be made if modifications to the standards are needed.

In response to questions from Secretary Megdal, Mr. Dent noted that the water quality model CAP is using is based on shortage and DCP reduced flows within the CAP system.

On a motion (Board Member Goddard) and a second (Board Member Arboleda) the Board approved the proposed numeric standards for a broad suite of water quality constituents with the addition of stringent monitoring to intercept introductions of water which do not meet the maximum criteria.

Representatives from Metro Water District and SAWUA, Tucson Water and AMWUA spoke in support of the proposed standards.

Motion passed.

Voting yes: Lisa A. Atkins, Jim Holway, Sharon B. Megdal, Alexandra Arboleda, Jennifer Brown, Karen Cesare, Benjamin Graff, Terry Goddard, Jim Hartdegen, Pat Jacobs, Heather A. Macre, Jennifer Martin

Voting No: Mark Lewis, April Pinger (via telephone)

Recused: Mark Taylor

6. REPORT ON JANUARY 17, 2019 ARIZONA WATER BANKING AUTHORITY MEETING

President Atkins reported that the special meeting was held to discuss the Lower Basin Drought Contingency Plan and the Arizona Implementation Plan and the potential agreements that involve the Arizona Water Banking Authority. These agreements include Long-Term Storage Credit exchanges, Gila River Indian Community firming, and potential AWBA firming for M&I subcontractors. Ms. Atkins noted the commission may have to meet again prior to their regular March 20, 2019 meeting.

7. REPORT ON TRANSMISSION SYSTEM PROJECTS

Director of Operations, Power and Engineering Darrin Francom provided an overview of three completed transmission projects and one expected to be completed later this spring. The projects provide additional connections to give additional flexibility and redundancy in the CAP transmission system.

Board Members Taylor and Lewis asked clarifying questions.

8. REPORT ON COLORADO RIVER CONDITIONS

Senior Policy Analyst Mohammad Mahmoud reported that the Colorado River reservoir system is currently at 40 percent of capacity and snow water equivalent across the Upper Basin watersheds is at or near the long-term average for this date. He noted that the data presented does not reflect February snow activity. Currently, the Colorado River Basin Forecast Center projects April – July flow into Lake Powell at 74 percent of average.

Secretary Megdal asked clarifying questions regarding the figures used in the reservoir content graphics.

9. UPDATE ON DROUGHT CONTINGENCY PLANNING

Director of Water Policy Suzanne Ticknor reported that while AZDCP passed the legislature and was signed by the Governor, the Bureau of Reclamation is stating that they do not consider Arizona's work to join LBDCP to be complete. Ms. Ticknor noted that there are a number of intrastate agreements yet to be completed, but Arizona is prepared to sign the LBDCP.

Ms. Ticknor provided an overview of the stated process the Bureau is pursuing, including publication in the Federal Register and the opening of the Public Comment Period on March 4.

Ms. Ticknor then reported on the status of the intrastate agreements as of this date. She noted that several agreements are complete, some are awaiting Federal action, and others do not involve CAP directly but are between various other parties.

General Manager Cooke noted that we are attempting to get as many of these completed by the Bureau's March 4 deadline, but we have not been given a list of which agreements Reclamation would accept as completing Arizona's DCP requirements.

Numerous Board Members (Goddard, Taylor, Megdal, Lewis, Jacobs, Arboleda, and Graff) asked clarifying questions about the nature of the agreements, their timing in regard to CAP's 2020 Plan of Operation, the status of other entities which still must approve the LBDCP, the potential impacts of Reclamation taking primacy for river management sans DCP and the impacts to these agreements if the LBDCP is not completed.

Paul Orme was asked to address the potential for the U.S. to provide funding for Pinal County agriculture to transition to groundwater. Mr. Orme noted that from the perspective of his clients, there is considerable uncertainty about the funding. The demands of Imperial Irrigation District for funding for Salton Sea restoration and stabilization would be in direct competition for the funds that Pinal County agriculture will be pursuing.

10. REPORT ON LEGAL MATTERS

General Counsel Jay Johnson provided an update on three litigation matters. He noted that all parties in the Ak-Chin litigation have filed for summary judgement, with oral arguments scheduled for March 14, 2019. Oral arguments are anticipated soon in the Peabody, Hopi Union lawsuit regarding their contention that CAP is obligated to take all its power from NGS. Finally, the court decision on dismissing the Alamo Dam flushing flow release lawsuit is still pending.

11. NOMINATIONS AND ELECTION OF OFFICERS AND EXECUTIVE COMMITTEE MEMBERS

11.a Report of Nominating Committee

Committee Chair Lewis reported that the nominations are: President – Atkins, VP – Goddard, Secretary – Megdal, Executive Committee – Taylor, Arboleda and Hartdegen

11.b. Acceptance of Nominations from the Floor

None

11.c. Consideration of Action to Elect Officers and Executive Committee Members

With no competition, the nominations for the offices of President, Vice President, Secretary and Executive Committee members are elected by acclamation.

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

President Atkins announced the committee and representative appointments:

CAP Representative to Arizona Water Banking Authority: Alexandra Arboleda

CAP Representative to Arizona Water Protection Fund Commission: Pat Jacobs

CAGRD & Underground Storage Committee – Sharon Megdal, Chair

Karen Cesare

Jim Hartdegen

Pat Jacobs

Heather Macre

Jennifer Martin

Finance, Audit & Power Committee – Terry Goddard, Chair

Alexandra Arboleda

Jennifer Brown

Karen Cesare

Pat Jacobs

Jennifer Martin

Mark Taylor

Public Policy Committee – Karen Cesare, Chair

Jennifer Brown

Benjamin Graff

Jim Hartdegen

Heather Macre

13. DIRECTORS' REPORT ON CURRENT EVENTS (12:45)

Vice President Goddard, Secretary Megdal and Board Members Arboleda, Brown, Cesare, Graff, Lewis, Macre and Taylor shared updated on recent CAP and public outreach activities.

14. FUTURE AGENDA ITEMS

Board Member Lewis requested a discussion of what happens next after DCP, particularly after the April 24 Month Study results are released.

Vice President Holway asked for an update on the Customer Service Task Force items yet to be addressed. Board Member Graff responded that he will be working with staff to ensure the Board receives updates on those items, and that he would like to explore what worked with the Water Quality Standards Task Force to see if those successes can be replicated in other efforts.

15. PRESIDENT'S REPORT ON CURRENT EVENTS

President Atkins acknowledged the flexibility, hard work and willingness of the Board and staff to get the DCP through the finish line. She noted the next DCP Steering Committee will be on February 19, the FAP and GRD Committees will meet on February 21, the possibility of a special meeting on February 21 and/or 28, and the March 7 Public Policy and Regular Board meetings. Ms. Atkins reminded the Board that the April Board meeting will be in Casa Grande at the Francisco Grande.

16. GENERAL MANAGER'S REPORT ON CURRENT EVENTS COOKE (1:15)

General Manager Cooke recognized the efforts of the Board, staff, legislators and stakeholders in getting DCP through, noting that a lot remains to be accomplished to make it all work properly. He noted the 2020-21 Budget discussions are coming up later this year, as well as work on the rates and the impacts of DCP. He noted the Strategic Plan is nearing five years old and needs to be refreshed.

Mr. Cooke noted that the Customer Service Task Force quarterly update is scheduled for the March Board meeting. Also on the agenda for next month are contracts representing the second or third step of previous Board action, including a construction contract for relining the left-side plant manifold, a pre-construction services contract for the Salt River Siphon repairs, a design-build contract for Electro-Mechanical relay replacements for CAP's southern plants, approval of funding for the AWBA purchase of Peoria Long-Term Storage Credits, and approval of IT communication and switching equipment along the canal.

17. PUBLIC COMMENT

None

18. Consideration of Action to go into Executive Session of the Board for the following purposes: a. Pursuant to A.R.S. §38431.03.A.1 to discuss matters pertaining to the goals and performance of the General Manager; and b. Pursuant to A.R.S. §38431.03.A.3 to obtain legal advice from the District's attorneys on any matter listed on the agenda

On a motion (Board Member Cesare) and a second (Secretary Megdal) the Board unanimously approved going into Executive Session.

19. CONSIDERATION OF ACTION REGARDING ITEMS DISCUSSED IN EXECUTIVE SESSION

None

20. ADJOURN

There being no further business to come before the Board, the meeting adjourned at 3:07 PM.



Sharon B. Megdal
Board Secretary