

Information Brief

BOARD OF DIRECTORS



Agenda Number 5.

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DATE: December 3, 2009

AGENDA ITEM: Overview of Revised CAWCD Strategic Plan

PREVIOUS BOARD ACTION/ACTIVITY:

November 2006	The Board adopted the 2006 CAWCD Strategic Plan.
2007-2009	The Board reviewed a number of Strategic Plan action plans and status reports at regularly scheduled Board meetings and held several work/study sessions on Strategic Plan issues. Topics included Power and Transmission, ADD Water, CAGR D Enrollment, System Capacity, Operation of YDP, Tucson Reliability, Maintenance Excellence and others.
March-September 2009	The Board's Strategic Planning Task Force met several times to develop a process and schedule to review and update the 2006 Strategic Plan.
August 2009	The 2006 Strategic Plan status was updated, and comments from Stakeholders were collected.
September 2009	The Board held a 2-day Strategic Plan Retreat to review action plan status and Stakeholder comments and provide direction on ongoing and new action plans.

ISSUE SUMMARY/DESCRIPTION:

At the September 2009 Strategic Plan Retreat, roundtable sessions were held on each of six Key Results Areas (KRAs): Leadership and Public Trust, Finances, Project Reliability, Power, Water Supply and Replenishment. Scribes documented the discussions at each roundtable. Detailed Board and stakeholder comments were collected and summarized on "sticky walls" by the Board Session Leaders for each KRA.

Using the material from the Strategic Plan Retreat, staff assembled the information into a strategic plan framework consistent with the framework used for the 2006 Strategic Plan. The structure of the framework includes Key Results Areas, Strategic Issues, Strategic Objectives and Action Plans. A copy of the Draft 2010 CAWCD Strategic Plan Framework is attached.

Time will be scheduled during the January 7, 2010, regular Board Meeting to discuss and incorporate any additional comments to the Draft 2010 Strategic Plan Framework. Based on this discussion, a final draft of the 2010 CAWCD Strategic Plan will be brought to the Board in February 2010 for adoption.

Following adoption, staff will further develop the action plans and establish a calendar and reporting process similar to what was done with the previous strategic plan.

In addition, staff has been working on a district-wide comprehensive business plan. This plan will serve as the "mid-level" plan linking the Board strategic plan with the department-level business plans that are included in the budget. A status report will be provided as part of the January 2010 discussion.

Attachment

DRAFT



**2010 STRATEGIC PLAN
STRATEGIC PLAN FRAMEWORK**

December 3, 2006

DRAFT

**Central Arizona Water Conservation District
2010 Strategic Plan Framework**

KEY RESULTS AREA	STRATEGIC ISSUE	STRATEGIC OBJECTIVE	ACTION PLAN
LEADERSHIP & PUBLIC TRUST	Image - Education/ Knowledge and Visibility of CAP	Educate about CAP and improve understanding of water and power issues for canal safety	Increase opportunities for Board and stakeholder interaction by further developing and identifying public speaking opportunities and public presentations.
			Develop and distribute canal safety educational curriculum for K-12 and include segment on same in H204U annual student competition.
		Increase Board members' understanding of the electric power environment, operation and policies	Continue to provide training for Board members and customers in electric power economics.
			Continue to provide power primer for orientation of new Board members and as a reference.
			Continue to conduct periodic work/study sessions on electric power policy.
		Relationships- Customers	Improve relationships with customers
	Relationships- Other Stakeholders	Improve relationships with constituents	Continue to educate, inform, participate, engage and respect broad range of stakeholders including CAP employees, the organization's greatest asset.
		Improve relationships with other stakeholders	Provide more detailed information on website regarding responsibilities and activities of the Board, including specific contact information.
	Future Water Leadership	Educate future water leaders	Identify and develop opportunities for involvement in leadership organizations.
			Coordinate workshops on federal and state legislative processes and activities regarding water quality, power generation and similar areas of interest to CAP and stakeholders.
	CAP Board Leadership	Define how Board members effectively represent CAP and its positions	Adopt Board Operations manual
			Produce issue/action sheets on significant issues addressed by Board
Publish organizational chart on CAP website			

**Central Arizona Water Conservation District
2010 Strategic Plan Framework**

KEY RESULTS AREA	STRATEGIC ISSUE	STRATEGIC OBJECTIVE	ACTION PLAN
FINANCES	Maintaining CAP's financial health	Effectively communicate financial issues to Board and stakeholders	Continuously evaluate & resolve financial threats
		Maintain coordinated financial strategies (budget, reporting, revenues, expenditures, rates, taxes, reserves)	Develop and maintain an appropriate reserve strategy
			Establish a mid-term rate update mechanism (odd years)
		Maintain a rate-setting methodology that accurately reflects cost of service and provides for transparency and predictability	Explore and identify approaches to stabilize rates and/or establish reserves for shortages and other events that may interfere with predictable rates
	Evaluate appropriate pass-through mechanisms for unpredictable costs, including rate reconciliation and rate stabilization		
	Financing Major Expenditures	Establish a flexible financing strategy	Evaluate financing mechanisms appropriate for CAP, including pay-as-you-go (rates and taxes), reserves and bonding
		Coordinate projected uses of funds with appropriate sources of financing	Coordinate financing strategy with reserve strategy
			Identify resources required and financing sources prior to approval of major initiatives
	Managing Assets	Optimize use of CAP assets to meet customer needs and generate opportunities to enhance revenues	Evaluate how costs of major expenditures can be properly allocated to the beneficiaries of those expenditures under appropriate contracts and policies
			Maintain a capital replacement plan consistent with maintaining reliability of the system
		Develop and implement post-2011 strategies for use of power generation and transmission assets	

**Central Arizona Water Conservation District
2010 Strategic Plan Framework**

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PROJECT RELIABILITY	Managing our Workforce	Maintain a safe and secure working environment	Maintain VPP Star status with ADOSH Reduce/eliminate work place injuries		
		Establish CAP as the regional "Employer of Choice"	Maintain competitive pay and benefits Manage employee turnover Promote diversity in the work force		
			Maintain high levels of skills and job proficiency among employees	Maintain an effective Apprenticeship program Manage an effective pay for performance system Investigate incentives that promote employee job improvement and success Encourage employee development	
				Effectively Operate and Maintain CAP Assets	Provide reliable and cost effective water deliveries
		Achieve industry best maintenance practices			Investigate and participate in external benchmarking with similar utilities Investigate external reviews and assessments of CAP maintenance practices Assess CAP's maintenance practices against established internal processes
			Maintain Business Continuity	Prepare for business disasters and threats	Prepare for potential pandemics Protect and secure CAP's Information Technology assets and information Protect sensitive business information Prepare and plan for potential threats to CAP water operations Establish mutual aid partnerships with other regional utilities

**Central Arizona Water Conservation District
2010 Strategic Plan Framework**

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WATER SUPPLY	Reliability of the CAP Water Supply	Manage Colorado River to optimize CAP water availability	Actively influence Colorado River management decisions
			Actively participate in decisionmaking regarding binational programs (e.g., Mexico shortage-sharing, ICMA)
			Support studies and pilot programs to advance the long-term operation of the YDP
			Develop strategy for maximizing CAP's use of surplus Colorado River water
		Augment Colorado River water supply	Support new and updated augmentation studies and pilot programs (e.g., Basin States Augmentation Program, ocean desalination, weather modification, watershed management, phreatophyte removal)
		Reduce risk associated with CAP's junior priority	Continue to look for opportunities to change priority in Congress
		Manage risk posed by climate change	Identify potential impacts of climate change on CAP supplies and develop adaptation strategies
		Complete and implement recovery plan	Complete recovery plan in a timely fashion to improve connection between AWBA activities and CAP recovery
			Develop and adopt policy regarding portion of M&I subcontract entitlements to be protected by CAP during shortage (assuming AWBA protects up to 20%)
			Develop cooperative agreements to implement recovery through exchange (where appropriate)
	Permit and construct facilities needed to implement recovery		
	New water supplies for the CAP service area	Complete and implement ADD Water Program	Develop a comprehensive plan for ADD Water program, including policies, procedures and budget
			Develop a legislative strategy in support of ADD Water
			Develop a formal contract structure between CAP and ADD Water participants
		Identify and acquire new water supplies without harming existing CAP contractors	Complete and implement appropriate wheeling agreements
			Identify water supplies to be acquired and begin making acquisitions
			Analyze availability and viability of reclaimed water as a component of new supplies to be acquired by CAP
			Explore demand management as a component of water supply planning
Prepare for CAP NIA reallocation		Explore possibilities for public/private partnerships	
	Work with ADWR and stakeholders to develop an appropriate strategy for reallocation of CAP NIA water		

**Central Arizona Water Conservation District
2010 Strategic Plan Framework**

KEY RESULTS AREA	STRATEGIC ISSUE	STRATEGIC OBJECTIVE	ACTION PLAN
POWER	Generation Resources	Effectively manage costs	Continue to participate in NGS O&M committee
			Continue use of Energy Risk Oversight Committee to make decisions on energy purchases
			Continue to participate in NGS audits
			Create procedures to sell NGS energy scheduled for project use and buy replacement energy at a lower cost to reduce CAP energy costs
		Maintain existing generation resources until appropriate alternatives are available	Aggressively oppose all legislative, legal and regulatory threats to NGS
			Support renewal of NGS land, water, participation and coal agreements
			Effect Hoover reallocation for Arizona through federal legislation or Western Area Power Administration allocation process
		Develop new, reliable, sustainable, cost-effective generation resources	Investigate feasibility of distributed generation
			Explore possible partnerships with municipalities, utilities, merchants or private parties to develop new generation resources
			Identify and evaluate short-term/back-up generation resources
	Evaluate alternative generation resources including renewables		
	Prepare for eventual replacement of NGS		
	Transmission Resources	Effectively manage costs	Pursue partnership arrangements for maintaining CAP transmission assets to reduce CAP water delivery costs
			Secure control over non-integrated CAP transmission assets
			Pursue transmission interconnection agreements that will reduce net CAP energy costs
		Enhance transmission reliability	Continue to participate in regional transmission planning and influence line siting to benefit CAP
Participate in projects to create CAP transmission redundancy where feasible and appropriate			
Pursue strategic partnerships to enhance CAP transmission reliability and improve access to alternative generation resources			

**Central Arizona Water Conservation District
2010 Strategic Plan Framework**

KEY RESULTS AREA	STRATEGIC ISSUE	STRATEGIC OBJECTIVE	ACTION PLAN
REPLENISHMENT	Water Supply	Obtain sufficient water supplies to meet replenishment obligation	Reevaluate water supply acquisition program in Plan of Operation (e.g., timing, types of supply and projected costs)
			Aggressively implement water supply acquisition program outlined in Plan of Operation
			Develop and implement revenue generation mechanisms (e.g., bonding, rates, fees) that are sufficient to carry out water supply acquisition plan
			Work w/ State Land Dept on the transfer of 2,906 AF of its M&I subcontract water to CAGR D
	Long-term role of the CAGR D	Identify and implement appropriate conditions on enrollment	Secure enactment of CAGR D Bonding and Sustainability Legislation
			Evaluate implications of ADD Water program on CAGR D enrollment conditions
			Evaluate requirement that prospective CAGR D members commit effluent to reduce CAGR D's replenishment obligation
			Investigate establishing maximum replenishment obligation for a member at time of enrollment
	Hydrologic relationship between member pumping and CAGR D replenishment	Identify CAGR D roles, responsibilities, and capabilities	Encourage ADWR's efforts to investigate areas where excessive groundwater declines are possible
			Investigate feasibility of developing new recharge projects in identified areas of excessive groundwater declines
			To extent feasible, replenish in areas of hydrologic impact of groundwater withdrawals by CAGR D members
			Investigate possibility of direct delivery to CAGR D members with water treatment capability
	CAGR D management and oversight	Review CAGR D status as compared to projections in the Plan of Operation often enough to provide comfort to the Board, staff, stakeholders and legislators	Perform and document a formal review of CAGR D at least every 5 years
Prepare annual report showing membership and corresponding projections of obligations and include it as part of annual report filed with ADWR			
Improve coordination between ADWR and CAGR D		Establish communication protocols regarding application review and issuance of designations of assured water supply (including modifications) that rely on CAGR D replenishment	