



# Board Retreat

September 2, 2020



A PART OF



# Agenda

## Introductions

- ) Welcome and introductions
- ) Agenda review
- ) Norms and expectations for the meeting

## Review and Finalize

- ) We will review stakeholder feedback on the Vision, discuss the process used by the Management Council to draft the Mission and the Values, and finalize these framework elements.

## KRAs – Review Stakeholder Input

- ) We will review the results of the stakeholder engagement and share insights about the KRAs.

## KRA Refinement

- ) We will break into small groups to review the KRA-specific stakeholder input, review any outstanding Board suggestions, and further refine the KRA statements and strategic issues.
  - o There will be four groups that are preassigned to include Board Members, Management Council members, and a staff member to help capture the group's work.

## Lunch Break – 12:00 to 1:00

## KRA Finalization

- ) Small groups will share their proposed KRA statements and strategic issues, the larger group will discuss and finalize.

## Wrap-up and Next Steps

## Meeting Norms

- ) Listen with respect
  - Let others finish before you start talking
  - Be attentive to the speaker
  - Disagree agreeably
- ) Be:
  - **BOLD**
  - Positive and realistic
  - Candid and honest
  - Patient and self-aware
  - Engaged and fully present
- ) Strive for consensus
  - Look for opportunities to agree
  - Remember the power of “if” and “and”
- ) Have fun!

## Electronic Meeting Norms

- ) Wait to be called on by the facilitator
- ) Remain on mute when not speaking
- ) Turn off ceiling fans as they cause visual distractions for participants
- ) Have grace with us and one another as we use new technology to do our work

## Stakeholder Forums

Central Arizona Project (CAP) hosted two virtual stakeholder input sessions on July 29<sup>th</sup> and 30<sup>th</sup>. Participants were provided with the strategic framework in advance, and were asked to provide feedback, through large and small group discussions, on the proposed Vision, KRAs, and Strategic Initiatives. That feedback is captured and shown in the respective sections of this briefing book.

Between the two sessions, 49 people participated, representing 35 organizations, and all major stakeholder groups were represented, including representation from the Tribes, Municipal and Industrial customers, and Agriculture.

# Proposed Vision

*The Central Arizona Project serves as a collaborative leader and innovative partner in sustainable management and reliable delivery of water for Central Arizona.*

## COMMENTS FROM STAKEHOLDERS

- Ψ With regard to reliable delivery of water – it should be reliable delivery of **quality** water
  - Believe CAP has a role in the quality of water and would want them to be proactive and protect the quality of the water
- Ψ Perhaps the water quality should be considered in collaboration with partners – invite comment on what does quality really mean; what are those standards
- Ψ Stakeholders and customers may have different needs in this regard – important for Stakeholders and customers to be involved in those conversations
- Ψ Like that this statement is more concise than the previous statement
- Ψ Like the fact that it's more concise – like collaborative, but not sure that CAP is seen as a “leader” in water policy (focus should be more on delivering water, as opposed to leading change in policy and/or delivery mechanism – policy should come from users or state body)
- Ψ Concerned about sustainable management (CAP governing body has more flexibility in moving/delivering/wheeling water, but this is pretty contractually bound – reliable delivery of water captures this). Some of the questions that this raises seem outside of the purview of the organization
- Ψ Collaborative leader – difficult to be seen as a collaborative leader when there are a lot of articles out there suggesting that role is difficult to hold

## NOTES

# Mission and Values

The proposed Mission Statement and Values were developed during a Management Council work session on March 3, 2020. This work was informed by the employee survey, which was completed in December 2019, and employee focus groups, which were held on January 23 and February 5, 2020.

## PROPOSED MISSION

CAP's dedicated team reliably manages and delivers Colorado River water for central and southern Arizona.

## PROPOSED VALUES

**Teamwork:** Working together to reach consensus and achieve common goals

**Safety:** Keeping coworkers and the workplace safe

**Integrity:** Doing the right thing with consistency and dedication

**Service:** Caring for the needs of stakeholders, coworkers, and our community

**Professionalism:** Delivering superior results

## NOTES

# KRA: Water Supply

*Ensuring reliable and sufficient water supply for Central Arizona in the short- and long-term*

## STRATEGIC ISSUES:

1. Protect Lake Mead - Address declining levels in Lake Mead from drought and overallocation
2. Develop plans and relationships to maintain a healthy Colorado River
3. Collaborate in development of new water supplies

## COMMENTS FROM STAKEHOLDERS – KRA STATEMENT

- Ψ Can't have it all – can't “ensure” reliable and efficient – can strive for, but ensuring carries promise that we may not be able to deliver on
- Ψ Concern that CAP doesn't really have a choice of how much water it's given – how can they ensure sufficiency
- Ψ Not within CAP's mission – mission is to deliver water, maintain the canal, and repay the federal government – this statement wanders down paths of engaging with the CO basin states, which many don't feel like is within the mission of the CAP – those are policy issues at the state (or higher) level
- Ψ If Yuma desalination plant comes online (rumor is that they're looking for funding to start it) – is this part of CAP's strategy for water for Central Arizona (concern: brine needs to go somewhere, what's the environmental impact?)
- Ψ Does “reliable” mean good water quality?
- Ψ “Sufficient” – who defines what's sufficient?
- Ψ Current statement makes it seem like CAP is solely responsible for providing for the water supply and perhaps quality – needs to reflect relationships with other water entities in the area and around the state

## COMMENTS FROM STAKEHOLDERS – STRATEGIC ISSUES

- Ψ Is the “Healthy Colorado River” term defined further? Sounds good, but needs to be defined operationally – would like to discuss this further
- Ψ What do we mean by new water supplies? There's only so much water in the Colorado River, and it's already over-allocated
- Ψ “New Water Supplies” – still pretty high level – collaboration needs to include communities that are affected, which may be outside of Central Arizona
- Ψ Added: recovery agent duty of the CAP – is a reliability issue that is fully within CAP's purview (recovery agent duty: Arizona water bank has been storing water underground for many years to use during times of shortage. CAP recovers the water for the water bank to store)
- Ψ Not sure how you can keep water in Lake Mead while still having a healthy CO river
- Ψ Lake Mead isn't necessarily the silver bullet to keeping the CO river healthy – used to control ebbs and flows coming into the CAP system. Don't know that LM will solve the CO River problem. More users through CAP, less water. Need to reallocate – AZ Reconsultation Committee is working to address this
- Ψ Not sure what a new water supply is, or where that would come from (is recovery for water banking considered a new supply?) How is a new supply developed?
- Ψ #3 – need to add “as they pertain to utilizing the CAP infrastructure for delivery”

## OUTSTANDING BOARD COMMENTS

- Ψ Remove “sufficient” from the Water Supply directional statement
- Ψ Add “Develop strategic relationships with other water providers or entities to provide more efficient and reliable storage and delivery mechanisms” as a strategic issue to the Water Supply KRA

UPDATED KRA STATEMENT

UPDATED STRATEGIC ISSUES

# KRA: Groundwater Replenishment

*Fulfilling CAP's groundwater replenishment responsibilities*

## STRATEGIC ISSUES:

1. Obtain sufficient supplies to meet CAP's statutory replenishment obligation
2. Participate actively in dialogues regarding the long-term role of CAGRDR
3. Evaluate the hydrologic relationship between member pumping and CAGRDR replenishment
4. Ensure continued responsible management, reasonable pricing, and financial viability of the CAGRDR
5. Continue public outreach and education regarding water conservation and groundwater replenishment

## COMMENTS FROM STAKEHOLDERS – KRA STATEMENT

- Ψ Clarify: Are we talking about CAGRDR's responsibility or CAP's?
- Ψ There are multiple separate/competing(?) missions here – putting it all under one statement is a challenge – competing obligations – can't lump this all into one statement
- Ψ Know people have strong feelings about this
- Ψ There's other science out there that challenges the ideas of groundwater replenishment best practices – or what they should be

## COMMENTS FROM STAKEHOLDERS – STRATEGIC ISSUES

- Ψ CAGRDR to also listen to outside voices that have recently come out (Kyl Center) about long-term reliable supply of CAGRDR
- Ψ Look into some of the issues more openly
- Ψ CAGRDR's main purpose should be to fulfill prior obligations before taking on more
- Ψ Is CAGRDR coming to the end of its usefulness?
- Ψ Feel like bullet 3 is ADWR responsibility – not CAP
- Ψ Public outreach – are we really talking about water conservation when it comes to groundwater replenishment or in general – this point is too broad as written
- Ψ Think groundwater replenishment definition needs to be much more specific
- Ψ Trust w/ the public is at stake
- Ψ Needs to be clear WHY we need sufficient supplies, where to find them, triple bottom line cost benefit of what they mean – the process needs to lead to the hardest questions & not avoid them
- Ψ Like bullet 3 – we all need to examine this – this is a bigger conversation – along with recovery
  - Evaluate hydrologic relationship between recharge and recovery

## OUTSTANDING BOARD COMMENTS

- Ψ Consider wording changes to “Continue and enhance public outreach and education regarding water conservation and groundwater replenishment” for clarity
- Ψ Consider whether “Evaluate the hydrologic relationship between member pumping and CAGRDR replenishment” is something that CAP should be doing

UPDATED KRA STATEMENT

UPDATED STRATEGIC ISSUES

# KRA: Stewardship and Sustainability

*Being recognized as conservation leaders and responsible, collaborative stewards of the Colorado River*

## STRATEGIC ISSUES:

1. Develop plans for climate change adaptation and mitigation and to address climate-related impacts
2. Explore opportunities to improve the water environment within CAP's jurisdiction and through partnerships with others
3. Continue to support the Multi-Species Conservation Program (MSCP) and explore future opportunities related to species and habitat conservation
4. Study the environmental impacts of moving non-Project water

## COMMENTS FROM STAKEHOLDERS – KRA STATEMENT

- Ψ Agree with KRA statement
- Ψ Who do we want to be recognized by? What is the scope – national, regionally, by customers?
  - Desires for recognition should not drive actions
- Ψ Perhaps “Be proactive conservation leaders and responsible, collaborative....” – reword this
- Ψ Should we pluralize “leaders” and “stewards”? Is the intent that this is focused on CAP and all contractors, or just CAP as an organization?
- Ψ We don't want CAP to be water wasters or damage the environment, but there are many conservation efforts that the subcontractors are working towards – water users are in better position to conserve. CAP should be conservation-minded, but does this imply that they want to lead conservation programs? This muddies the waters. Subcontractors are required to have conservation programs, so is this appropriate for CAP?
- Ψ This takes away from the core function of CAP, which should be to deliver water and take care of debt.
- Ψ Emphasize that CAP should be conservation-minded, but perhaps not “leader”
- Ψ Not sure how CAP currently envisions conservation – not knowing this makes it hard to rubber stamp this statement

## COMMENTS FROM STAKEHOLDERS – STRATEGIC ISSUES

- Ψ Issue #1: Good that climate change is recognized – what's in scope and within mission?
- Ψ What does issue #2 really mean? Does this mean acting as an agent on behalf of water contract holders? What does “improve the water environment mean?”
- Ψ What partnerships are being referenced? Alluding to internal AZ agencies or other river basin states?
- Ψ Issue #4: What does the word “environment” really mean? Environment as in the physical environment, or CAP's environment?
- Ψ Appropriate – focuses on adaptation to climate change in context of environmental aspects such as habitat conservation, and not only water conservation
- Ψ Issues 2-4: appropriate; Issue 1 will likely be appropriate based upon how far-reaching this plan is. Hard to react because it is such a broad statement – how broad and far reaching is this? Perhaps make more specific and focused

## OUTSTANDING BOARD COMMENTS

- Ψ Consider alternative terms for “non-Project water”

UPDATED KRA STATEMENT

UPDATED STRATEGIC ISSUES

# KRA: Power

*Building a stable, diversified, and reliable energy portfolio*

## STRATEGIC ISSUES:

1. Manage the impacts of the dynamic energy market on CAP power acquisitions
2. Actively engage in the transmission market to ensure energy resources are delivered to CAP electrical loads
3. Increase awareness of developments in energy efficiency and renewable resources, including storage
4. Explore opportunities to minimize CAP's carbon footprint

## COMMENTS FROM STAKEHOLDERS – KRA STATEMENT

- Ψ This is where I see the use of the word sustainable would be okay – a sustainable portfolio would be appropriate here (sustainable is power and water)
- Ψ Could go further – be dedicated – do more than explore – go further on Carbon reduction
- Ψ The KRA appropriately describes the desired outcome

## COMMENTS FROM STAKEHOLDERS – STRATEGIC ISSUES

- Ψ Explore opportunities to minimize – we could be stronger here! Commit to minimizing CAP's carbon footprint
- Ψ Relates to reliability and having a diverse portfolio is important to the ability to deliver water
- Ψ Does “explore opportunities to minimize CAP's carbon footprint” include seeking additional renewable resources? Would like to see CAP be proactive in seeking additional renewable resources.

UPDATED KRA STATEMENT

UPDATED STRATEGIC ISSUES

# KRA: Project Reliability

*Managing CAP's physical and technology infrastructure effectively to ensure operational continuity*

## STRATEGIC ISSUES:

1. Continue to implement CAP's best-in-class asset management program to ensure long-term infrastructure viability
2. Maintain the security and efficiency of information technology systems and evaluate relevant emerging technologies
3. Develop focused plans to support business continuity

## COMMENTS FROM STAKEHOLDERS – KRA STATEMENT

- Ψ Make clear that this is about CAP's overall reliability, not just project reliability – good that it is focused on project reliability and not too large in start
- Ψ Perhaps add clarity that it is physical and technology related – Add “works” to title
- Ψ Like reliability – backs aspects discussed during vision statement. Purpose of CAP is to deliver water – this KRA relates very nicely to this purpose
- Ψ Reliability relates nicely to personnel that runs system and need for proper people in proper places to keep service moving & maintained
- Ψ Speaks to repayment of debt and keeping price focused on the organization's main purposes – good asset management and reliability is essential
- Ψ Good that it touches on physical and technology infrastructure – including technology is good, especially for looking ahead

## COMMENTS FROM STAKEHOLDERS – STRATEGIC ISSUES

- Ψ Appreciate inclusion of “focused plan” to support business continuity – make sure plans are focused, not just overarching or umbrella statements – must stay focused to be actionable (Bullet #3)
- Ψ Asset management is key – many assets are reaching end of useful life, must address while we can before all must be replaced/fixed simultaneously
- Ψ Important component of Project reliability is customer's ability to recognize and understand their own data – verify they are taking receipt of water, aid customers in reporting
- Ψ Maintain the security and efficiency – making information available is just as important and maintaining security of information
  - Types of information:
    - Monthly – website report of usage
    - Customer portal
    - SRP account information availability
    - Ensure that data is not only static, make it more interactive

## OUTSTANDING BOARD COMMENTS

- Ψ Consider whether the “Continue to implement CAP's best-in-class asset management program to ensure long-term infrastructure viability” strategic issue in the Project Reliability KRA is too operational

UPDATED KRA STATEMENT

UPDATED STRATEGIC ISSUES

# KRA: Finance

*Maintaining long-term financial strength to achieve CAP's goals and being prepared to address opportunities or challenges*

## STRATEGIC ISSUES:

1. Generate sufficient revenue to repay the federal government
2. Manage capital and O&M budgets, debt, revenues, rates, and reserves effectively and transparently
3. Solicit and incorporate input from customers and stakeholders on rate setting, capital charges, and taxes
4. Develop risk management practices to minimize financial exposure

## COMMENTS FROM STAKEHOLDERS – KRA STATEMENT

- Ψ A lot of the stakeholders have nuanced issues with balance... “prepared to address opportunities or challenges while balancing stakeholder constraints...”
- Ψ Gets into capital charges & other types of revenues – stakeholders need to balance their resources too.
- Ψ Take into account stakeholder financial situations as well
- Ψ When there is financial distress at CAP it will trickle down to ratepayers

## COMMENTS FROM STAKEHOLDERS – STRATEGIC ISSUES

- Ψ Important to shed light on where is the funding coming from (public vs private) –look at charter schools as an example—what do public/private partnerships mean & what is cost/benefit of going into them
- Ψ Bullet 3 – like the verbiage – but ties into trust issues; make sure this is actually put into practice.
- Ψ Hard to get a sense of the whole picture – \$ from all sources, hard for people to understand what it all means & create parity
- Ψ CAP has improved over the last year w/ their stakeholder meetings – they’ve listened to sub-contract holders

UPDATED KRA STATEMENT

UPDATED STRATEGIC ISSUES

# KRA: Public Trust, Partnerships, and Leadership

*Earning and preserving public trust, building and maintaining partnerships, and providing informed water management leadership*

## STRATEGIC ISSUES:

1. Continue to seek feedback and identify opportunities to improve customer service
2. Increase awareness of CAP and engage the general public around CAP's role in Arizona's water
3. Recognizing competing needs among customers and stakeholders and developing a framework for feedback
4. Continue active Board engagement with the public, customers and stakeholders

## COMMENTS FROM STAKEHOLDERS – KRA STATEMENT

- Ψ Importance of building better relationship with water customers (contractors)
- Ψ Earning and preserving public trust is a great statement – it is inclusive
- Ψ Partnerships could possibly expand to relationships because that is the heart of collaboration
- Ψ The idea of providing informed water management leadership – “informed” is a good word, they have the facts, knowledge and models and play an important role in providing information – concern with the organization being out front on state policy and other peoples water. Water management leadership is too broad for how I view the role CAWCD (board and staff who operate the canal) – the “project” is technically the – Central Arizona Water Conservation District runs the project)
- Ψ As a city employee, I am one source of information used to make decisions by “my boss” – CAWCD participation in group conversations is situationally dependent – sometimes it is statutorily defined (active participant and leader could be okay); in other conversations the perhaps shouldn't be a “leader” because it is other peoples water – provide expertise to the State. It is not that they are never leading a conversation – but saying “water management leadership” implies they are leading water policy in the state of information
- Ψ Statement looks good – thumbs up

## COMMENTS FROM STAKEHOLDERS – STRATEGIC ISSUES

- Ψ Like these – with regard to continuing feedback would like some interaction with non rate payers around finance – financial “transparency” has not been as strong with taxpayers - CAWCD has up to 14cents of property tax authority
- Ψ As a prior CAP staff member – I see that some expenses are being questioned around outreach, etc. and how they are being financed – more financial transparency will be beneficial
- Ψ Collaborating more with the Department of Water Resources – historically there was some heartburn (strained relations) and it would be good to call out.
- Ψ Collaboration in general – part of the Vision is to serve as a Collaborative Leader – perhaps there needs to be more collaboration with all partners including tribal nations
- Ψ Active Board engagement with the Public – member land owners, customers of the CAGRDR – perhaps something more specific around that could be useful. How do we further engage the member lands that the CAGRDR serves. Not suggesting a specific path but another way to interact with the general public; existing relationship with CAGRDR member lands may help facilitate that

UPDATED KRA STATEMENT

UPDATED STRATEGIC ISSUES

# KRA: Workforce

*Being a premier employer that attracts and retains a capable and diverse workforce*

## STRATEGIC ISSUES:

1. Develop far-reaching recruitment strategies to best support CAP's hiring needs
2. Develop programs to support building a diverse and representative workforce, including programs to attract qualified Tribal employees
3. Engage in agile and innovative opportunities to enhance CAP's workforce
4. Evaluate the CAP's workforce climate and engagement and act upon identified areas needing improvement
5. Review and, as necessary, update policies and procedures to protect CAP employees

## COMMENTS FROM STAKEHOLDERS – KRA STATEMENT

- Ψ Thumbs up
- Ψ Generally what every company tries to achieve – no issues. Statement has less to do with water delivery, and more to do with being a viable employer
- Ψ All the usual good, right buzzwords
- Ψ Sounds good
- Ψ Needs a commitment to being transparent on the make-up of the CAP workforce – how will we know if the goals are being achieved

## COMMENTS FROM STAKEHOLDERS – STRATEGIC ISSUES

- Ψ Remove qualified from bullet 2, change employees to candidates (including programs to attract Tribal candidates)
- Ψ Hope for prudence with funds, don't want to take on activities outside of delivering water. Don't do things to do things – use funds wisely to attract employees to fulfill the mission of delivering water
- Ψ Society has prevalent, systemic racism – need to make extra efforts to support diversity in the workforce and backgrounds of employees
- Ψ Wise to recognize the cultural differences between customers – having folks on the staff who are able to build understanding within the larger system is good
- Ψ Does CAP have an internship program to allow for on-the-job training (e.g. bring people up to speed on the technology that goes into water delivery)?
- Ψ Consider “Develop programs to support building a qualified, diverse, and representative workforce, including programs to attract Tribal employees”
- Ψ “Qualified” may have connotations for some groups – consider other terms – you'd think we'd hire qualified people anyway

UPDATED KRA STATEMENT

UPDATED STRATEGIC ISSUES

## CENTRAL ARIZONA PROJECT

# Strategic Planning Framework

### > VISION

The Central Arizona Project serves as a collaborative leader and innovative partner in sustainable management and reliable delivery of water for Central Arizona.

### > KEY RESULTS AREAS (KRA)



#### **KRA: Water Supply**

Ensuring reliable and sufficient water supply for Central Arizona in the short- and long-term

##### **Strategic Issues:**

- Protect Lake Mead - Address declining levels in Lake Mead from drought and overallocation
- Develop plans and relationships to maintain a healthy Colorado River
- Collaborate in development of new water supplies



#### **KRA: Power**

Building a stable, diversified, and reliable energy portfolio

##### **Strategic Issues:**

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#### **KRA: Project Reliability**

Managing CAP's physical and technology infrastructure effectively to ensure operational continuity

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- Generate sufficient revenue to repay the federal government
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## **KRA: Public Trust, Partnerships, and Leadership**

Earning and preserving public trust, building and maintaining partnerships, and providing informed water management leadership

### **Strategic Issues:**

- Continue to seek feedback and identify opportunities to improve customer service
- Increase awareness of CAP and engage the general public around CAP's role in Arizona's water
- Recognize competing needs among customers and stakeholders and developing a framework for feedback
- Continue active Board engagement with the public, customers, and stakeholders



## **KRA: Groundwater Replenishment**

Fulfilling CAP's groundwater replenishment responsibilities

### **Strategic Issues:**

- Obtain sufficient supplies to meet CAP's statutory replenishment obligation
- Participate actively in dialogues regarding the long-term role of CAGR D
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Being a premier employer that attracts and retains a capable and diverse workforce

### **Strategic Issues:**

- Develop far-reaching recruitment strategies to best support CAP's hiring needs
- Develop programs to support building a diverse and representative workforce, including programs to attract qualified Tribal employees
- Engage in agile and innovative opportunities to enhance CAP's workforce
- Evaluate the CAP's workforce climate and engagement and act upon identified areas needing improvement
- Review and, as necessary, update policies and procedures to protect CAP employees

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