



**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
April 4, 2019**

The regular meeting of the Central Arizona Project ("CAWCD" or "CAP") Board of Directors was called to order by President Lisa Atkins on April 4, 2019, at 10:12 AM. The meeting was held at Francisco Grande Hotel, 12684 W. Gila Bend Hwy, Casa Grande, AZ 85193.

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

Board Members not present were Vice President Terry Goddard, Maricopa County; Benjamin Graff, Maricopa County; and Jennifer Martin, Maricopa County.

Staff members present were Ted Cooke, General Manager; Jay Johnson, General Counsel; Bridget Schwartz-Manock, Director, Public Affairs; Suzanne Ticknor, Director, Water Policy; Laura Grignano, Manager, CAGR; Chuck Cullom, Manager, Colorado River Programs; Jeff Gray, Manager, Legislative Affairs; Ryan Johnson, Manager, Engineering; Mohammed Mahmoud, Senior Policy Analyst, Colorado River Programs; Megan Casey, Public Affairs Management Analyst; and Jennifer Miller, Board Support Specialist.

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

Board Member Jacobs led the Directors and public in reciting the Pledge of Allegiance and observing a moment of silence, and gave a safety minute on distracted driving.

2. GUEST SPEAKER - MAYOR CRAIG MCFARLAND, CASA GRANDE

Casa Grande Mayor Craig McFarland gave a presentation, sharing information on industrial growth in Casa Grande, including investments in infrastructure and new jobs created by several companies opening in the city. He also shared information on quality of life improvements, housing and water issues, noting the robust agricultural presence in Pinal County.

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

On a motion (Board Member Mark Lewis) and a second (Board Member Mark Taylor), the Board approved the minutes of the February 21, 2019 Special Meeting; approved the minutes of the March 7, 2019 Regular Meeting; approved the award of a construction contract to Arcadis for \$2,870,417 plus \$287,041 (10%) for contingencies, totaling \$3,157,458, for installing static motor exciters at Salt Gila Pumping Plant, and authorized the General Manager, or his designee, to execute the Contract, and administer the contingency; approved the Award of a Construction Contract to Diamond Ridge Development for \$300,000 plus \$30,000 (10%) for contingencies totaling \$330,000, for ADA Improvements and Office Modifications at Mark Wilmer Pumping Plant and Tucson

Field Office, and authorized the General Manager, or his designee, to execute the Contract, and administer the contingency; approved the Award of a Pre-Construction Services Contract for the Salt River Siphon Repair Project to Achen Gardner Construction, and authorized the General Manager, or his designee, to execute an agreement up to \$190,924 plus \$19,092 (10%) for contingencies, totaling \$210,016; and approved the staff recommendation for short term action plans for Customer Service Task Force Recommendations 3, 5 and 6 and directed staff to begin implementation. Motion passed.

Voting yes: Lisa A. Atkins, Sharon B. Megdal, Jennifer Brown, Karen Cesare, Jim Hartdegen, Pat Jacobs, Mark Lewis, Heather A. Macre, April Pinger, Mark Taylor

Not voting: Alexandra Arboleda, Jim Holway

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

None.

5. REPORTS OF COMMITTEES AND POSSIBLE CONSIDERATION OF COMMITTEE RECOMMENDATIONS

5.a. PUBLIC POLICY COMMITTEE - CESARE

Board Member Cesare gave an update on the April 4 meeting of the Public Policy Committee, including a federal update on a recent trip to Washington DC to meet with the Congressional delegation, an update on the President's proposed budget and recent Congressional hearings on DCP. She also reported that Senator McSally and Congressman Grijalva introduced the federal DCP legislation, titled the Colorado River Drought Contingency Plan Authorization Act, which the Public Policy Committee unanimously recommended to the Board a position of support on the legislation.

Board Member Cesare also gave an update on the State Legislative session, noting progress on HB 2013 (appropriation; Arizona water protection fund) and HB 2586 (water supplies; groundwater replenishment; credits). She also reported on a recent presentation to the House Natural Resources, Energy and Water Committee by Secretary Megdal, Board Member Cesare and General Manager Cooke. She shared that Steve Pierce was appointed to fill the open seat in Legislative District 1.

5.a.i. POSSIBLE CONSIDERATION OF ACTION ON FEDERAL ISSUES THAT COULD IMPACT CAP, INCLUDING BUT NOT LIMITED TO THE COLORADO RIVER DROUGHT CONTINGENCY PLAN AUTHORIZATION ACT - GRAY

On a motion (Board Member Karen Cesare) and a second (Board Member Mark Lewis), the Board adopted a position of support on the Colorado River Drought Contingency Plan Act. Motion passed.

Voting yes: Lisa A. Atkins, Sharon B. Megdal, Jennifer Brown, Karen Cesare, Jim Hartdegen, Pat Jacobs, Mark Lewis, Heather A. Macre, April Pinger, Mark Taylor

Not voting: Alexandra Arboleda, Jim Holway

5.b. FINANCE, AUDIT AND POWER COMMITTEE - TAYLOR

Board Member Taylor gave an update on the March 21 meeting of the Finance, Audit and Power Committee, including an update on the Water User Roundtable meeting held in March and capital improvement project highlights. He reviewed the items on the agenda for the April meeting and reminded the Board of the upcoming Stakeholder Rate Briefing on April 11 on CAWCD rates and CAGR rates, fees and dues. Board Member Lewis provided comments in response to the stakeholder feedback received at the March Roundtable meeting.

5.c. CAGR AND UNDERGROUND STORAGE COMMITTEE - MEGDAL

Secretary Sharon Megdal gave an update on the March 21 meeting of the CAGR and Underground Storage Committee, including an update on the activation fee schedule, the upcoming Stakeholder Rate Briefing on April 11, and the recent presentation to the House Natural Resources, Energy and Water Committee. She also noted that the Committee heard the first of the mid-plan review topics on replenishment capacity available to the CAGR, and reviewed the items on the agenda for the April meeting. In response to a question from Board Member Lewis, Laura Grignano, CAGR Manager, provided information on the activation fee schedule and process. Board Member Lewis also made comments about the CAGR water acquisition process for the Committee's consideration.

6. REPORT ON MARCH 20, 2019 ARIZONA WATER BANKING AUTHORITY MEETING (AWBA) - ARBOLEDA

President Atkins gave an update on behalf of Board Member Arboleda on the March 20 AWBA meeting. She reported that AWBA staff provided a review of 2018 recharge deliveries for Arizona and Nevada, a first quarter update of long-term storage credit purchases, and an update on Colorado River conditions. She noted that CAP staff gave a presentation on operations, and the Commission considered and approved the acquisition of long-term storage credits from the Tohono O'odham Nation. She also reported that the Commission considered and approved the Agreement to Exchange Long-Term Storage Credits, which is part of the USF to GSF commitment in Arizona's implementation of the DCP.

7. REPORT ON MARCH 26, 2019 ARIZONA WATER PROTECTION FUND COMMISSION MEETING - JACOBS

Board Member Jacobs gave an update on the March 26 meeting of the Arizona Water Protection Fund Commission. He reported the Commission reviewed all active grants and voted to initiate a grant planning cycle for 2020. He also noted that CAP will send AWPF payment of in lieu tax revenue for Nevada's unused apportionment of water stored by the AWBA later this year.

8. REPORT ON COLORADO RIVER CONDITIONS - MAHMOUD

Mohammed Mahmoud, Senior Policy Analyst, Colorado River Programs, reported on the status of the reservoirs and snow accumulation in the Colorado River Watershed, noting that winter storms have resulted in significant increases in precipitation and showing the impacts of that

precipitation on the region. He also gave an update on projections for Lake Mead elevations for 2019 and 2020, which are currently projected above the level that would trigger a Tier 1 shortage. Secretary Megdal commented that there is still a long-term drought, despite the recent increase in precipitation. In response to a question from Board Member Jacobs, General Manager Ted Cooke shared how DCP will impact the projections for Lake Mead and shortage. Dr. Mahmoud also provided information on ICS in response to a question from Board Member Taylor.

9. UPDATE ON DROUGHT CONTINGENCY PLANNING - TICKNOR/COOKE

Suzanne Ticknor, Director of Water Policy, provided an update on DCP activities since the last Board meeting. She reported that officials of the seven Basin states signed a letter to Congress urging swift action to enact federal DCP legislation, and that there were Congressional hearings on DCP prior to formal introduction of the federal legislation on April 2. She also reported that work has continued on the implementation agreements, noting that the AWBA approved the credit exchange agreement and that staff is hopeful the remaining agreements that CAP is a party to will be ready for the Board's consideration at the next meeting. Board Member Jacobs requested that all the agreements be posted to one place on the CAP website.

Mr. Cooke provided a mitigation program update, reviewing the key terms and resources of the mitigation component of the Arizona DCP, as well as the CAWCD Board authorization for CAP resources to support the AZDCP. He also gave an update on the impacts of the mitigation program if hydrology improves for 2020 and/or 2021 and there is not a Tier 1 shortage during that time, noting that if there is no Tier 1 or deeper shortage, there is no mitigation. He emphasized that the overall shape and timing of the mitigation program remains the same even if hydrology improves, noting that resources remain available for the duration of the mitigation program regardless of the hydrology. Mr. Cooke said that unused resources in earlier years provide greater likelihood that the resources will be sufficient to provide all scheduled mitigation, but that unused resources in earlier years do not increase the amount or term of mitigation in subsequent years. He also discussed the volumetric impact of shortage on CAP water rates, which will increase as a result in the reduction of delivery supply. Mr. Cooke reviewed CAWCD's commitment that Fixed OM&R rates will be no worse with mitigation than without over the period of the AZDCP through careful management of compensated mitigation and wet water mitigation.

10. REPORT ON LEGAL MATTERS - JOHNSON

General Counsel Jay Johnson gave an update on pending litigation, including the *Ak-Chin v. CAWCD* Declaratory Judgement, the *Hopi et al v. CAWCD* dismissal, and the *CAWCD v. US Army Corps of Engineers* dismissal.

11. DIRECTORS' REPORT ON CURRENT EVENTS

Secretary Megdal and Board Members Arboleda, Cesare, Holway, Macre, Pinger and Taylor shared updates on recent CAP activities.

12. FUTURE AGENDA ITEMS

None.

13. PRESIDENT'S REPORT ON CURRENT EVENTS - ATKINS

President Atkins shared an updated map of Board outreach activities for January-March 2019 and thanked the members for their engagement in the community. She also reported that the 45-Day Look Ahead has been added to the CAP website, in response to the Customer Service Task Force recommendation to give more advance notice of issues that will come before the Board, and reviewed the schedule of upcoming meetings.

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

Mr. Cooke reported on his recent activities, as well as several items that are schedule to be on the May consent agenda, including an equipment purchase contract for discharge valves at Hassayampa and Little Harquahala Pumping Plants, a construction contract for circuit breaker replacement at Mark Wilmer Pumping Plant, a construction contract for sump pump water level controls at 12 pumping plants, a design contract for west plants exciter replacement program at Bouse Hills Pumping Plant, and a data integration project.

15. PUBLIC COMMENT

None.

16. CONSIDERATION OF ACTION TO GO INTO EXECUTIVE SESSION OF THE BOARD FOR THE FOLLOWING PURPOSES: PURSUANT TO A.R.S. §38-432.03.A.3, A.4 AND A.6, DISCUSSION, CONSULTATION AND CONSIDERATION OF NEGOTIATIONS RELATING TO DROUGHT CONTINGENCY, AND DISCUSSION AND CONSULTATION FOR LEGAL ADVICE AND TO CONSIDER ITS POSITION AND INSTRUCT THE DISTRICT'S ATTORNEYS REGARDING SUCH NEGOTIATIONS; AND PURSUANT TO ARS 38-431.03.A.3 AND A.4, FOR DISCUSSION OR CONSULTATION WITH THE ATTORNEYS OF THE DISTRICT FOR LEGAL ADVICE REGARDING PENDING LITIGATION, AND IN ORDER TO CONSIDER ITS POSITION AND INSTRUCT ITS ATTORNEYS REGARDING PENDING LITIGATION; 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 Sharon B. Megdal) and a second (Board Member Pat Jacobs), the the Board entered into Executive Session for the purposes listed on the agenda. Motion passed. The meeting recessed at 01:33 PM.

Voting yes: Lisa A. Atkins, Sharon B. Megdal, Alexandra Arboleda, Karen Cesare, Jim Hartdegen, Jim Holway, Pat Jacobs, Mark Lewis, Heather A. Macre, April Pinger, Mark Taylor

Not voting: Jennifer Brown

17. RECONVENE IN OPEN SESSION

The Board reconvened in open session at 02:28 PM.

18. CONSIDERATION OF ACTION REGARDING ITEMS DISCUSSED IN EXECUTIVE SESSION

None.

19. ADJOURN

There being no further business to come before the Board, the meeting adjourned at 02:32 PM.



Sharon B. Megdal
Board Secretary