



**CENTRAL ARIZONA WATER CONSERVATION DISTRICT  
CAGRD and Underground Storage Committee  
April 18, 2019**

A meeting of the Central Arizona Groundwater Replenishment District ("CAGRD") and Underground Storage Committee ("Committee") of the Central Arizona Water Conservation District's ("CAP" or "CAWCD") Board of Directors was called to order by Chairperson Megdal on 4/18/2019 at 12:51 PM. The meeting was held at the Central Arizona Project, 23636 North Seventh Street, Phoenix, Arizona, in the Board Room.

Committee Members present were: Sharon B. Megdal, Pima County; Karen Cesare, Pima County; Jim Hartdegen, Pinal County; Pat Jacobs, Pima County; and Jennifer Martin, Maricopa County.

Committee Members not present were: Heather A. Macre, Maricopa County.

Staff members present were: Ted Cooke, General Manager; Gregory Adams, Senior Attorney; Bridget Schwartz-Manock, Director of Public Affairs; Doug Dunlap, Financial Planning & Analysis Manager; Gary Given, Financial Planning & Analysis Supervisor; Laura Grignano, CAGRD Manager; Jessica Fox, Senior Policy Analyst; Megan Casey, Public Affairs Management Analyst; Jenn Miller, Board Support Specialist; and Jeni Martin, CAGRD Supervisor.

**1. CONSIDERATION OF ACTION TO APPROVE THE MINUTES OF THE MARCH 21, 2019 CAGRD AND UNDERGROUND STORAGE COMMITTEE - MEGDAL**

**On a motion (Board Member Pat Jacobs) and a second (Board Member Jim Hartdegen), the Board approved the minutes of the March 21, 2019 CAGRD and Underground Storage Committee Meeting. Motion passed.**

*Voting yes: Sharon B. Megdal, Karen Cesare, Jim Hartdegen, Pat Jacobs, Jennifer Martin*

**2. DISCUSSION AND CONSIDERATION OF ACTION TO RECOMMEND THAT THE BOARD APPROVE A PRELIMINARY CAGRD RATE SCHEDULE FOR 2019/2020 THROUGH 2023/2024, INCLUDING COLLECTION OF ANNUAL MEMBERSHIP DUES (FINANCE: MAINTAINING CAP'S FINANCIAL HEALTH^) - GIVEN**

Gary Given, Business Financial Planning, gave a presentation on CAGRD 2019/20 firm and advisory rates. Even though 2019 is an off-year for rate setting, there are a number of factors that necessitate setting a revised rate schedule. These factors include 1) implementation of DCP, 2) projected water shortages in 2021, 3) the recent acquisition from the Gila River Indian Community (GRIC) / Gila River Water Storage (GRWS) to meet CAGRD obligations, and 4) previously planned adjustments to the Activation Fee schedule.

Public Comment: Cheryl Lombard, Valley Partnership, representing Valley Partnership, spoke in support of the revised rate schedule, commented briefly on her reasoning for not supporting parity in the rate increase between enrollment fees and activation fees at the previous

Committee Meeting. She added that they were pleased with the resolution that staff had developed.

**On a motion (Board Member Karen Cesare) and a second (Board Member Pat Jacobs), the CAGRD & Underground Storage Committee recommended that the Board of Directors approve the CAGRD Preliminary Rate Schedule for 2019/20 through 2023/24 including the collection of Annual Membership Dues. Motion passed.**

*Voting yes: Sharon B. Megdal, Karen Cesare, Jim Hartdegen, Pat Jacobs, Jennifer Martin*

**3. DISCUSSION AND CONSIDERATION OF ACTION TO RECOMMEND THAT THE BOARD APPROVE A PRELIMINARY UNDERGROUND WATER STORAGE 2020-2024 RATE SCHEDULE (FINANCE: MAINTAINING CAP'S FINANCIAL HEALTH^) - GIVEN**

Gary Given, Business Financial Planning, presented on the proposed preliminary Underground Water Storage O&M and Underground Water Storage Capital Charge rates for 2020-2024. These rates are the purview of the CAGRD & Underground Storage Committee and are on the CAP rate schedule.

**On a motion (Board Member Pat Jacobs) and a second (Board Member Karen Cesare), the CAGRD & Underground Storage Committee recommended that the Board of Directors adopt the Preliminary Underground Water Storage O&M and Underground Water Storage Capital Charge Rate Schedule for 2020 through 2024. Motion passed.**

*Voting yes: Sharon B. Megdal, Karen Cesare, Jim Hartdegen, Pat Jacobs, Jennifer Martin*

**4. REPORT ON 2018 AND FIRST QUARTER 2019 MEMBER LAND AND MEMBER SERVICE AREA ENROLLMENT AND ACTIVATION ACTIVITY (REPLENISHMENT: CAGRD MANAGEMENT AND OVERSIGHT^) - FOX**

Jessica Fox, CAGRD, reviewed CAGRD enrollment and activation activity in 2018 as well as first quarter 2019. Staff highlighted the recent increase in member land enrollment and compared those activities to historical numbers. Staff will provide quarterly updates on member enrollment and activation activity to the Committee. This information will also highlight new member lands with Category 2 Lands.

**5. DISCUSSION ON FINANCING OPTIONS FOR WATER ACQUISITION APPROVED BY THE BOARD BETWEEN CAWCD, GILA RIVER INDIAN COMMUNITY AND GILA RIVER WATER STORAGE LLC - DUNLAP**

Doug Dunlap, Finance and Accounting, presented three possible financing options for the remaining payment of the GRIC/GRWS long-term storage credit acquisition. Options include 1) utilizing GRWS contractual financing, 2) utilizing outside financing, and 3) utilizing CAWCD financing. The Committee discussed the pros and cons of each option.

Option 1 has the highest interest rate and was therefore seen by the Committee as the least favorable. There was considerable discussion regarding Options 2 and 3. Option 3 is the least expensive and therefore, the Committee thought it made the most financial sense (same rate as

Option 2 but shorter term). However, concerns over negative public perception were also discussed. The Committee Chair asked that legal staff provide the citation in statute that allows CAWCD to loan money to CAGRD. The Committee will discuss and consider action on the topic in May and the full Board will consider action in June in order to make the payment in early August. Bill Davis, Piper Jaffray, Service Adviser to the CAGRD, answered questions from Committee members regarding Option 2.

6. **DISCUSSION AND POSSIBLE CONSIDERATION OF ACTION TO RECOMMEND THAT THE BOARD APPROVE STANDARD FORM CAGRD MEMBER LAND ENROLLMENT DOCUMENTS FOR NEW MEMBER LANDS THAT CONTAIN CATEGORY 2 LANDS - GRIGNANO**

Laura Grignano, CAGRD Manager, summarized the history of discussion at both the Committee level and Board level late last year on the possible approval of Standard Form enrollment documents for Member Lands with Category 2 Lands.

After discussion on the topic, the Committee reaffirmed its recommendation that the Board approve the standard form Member Land enrollment documents for subdivisions with Category 2 Lands. The Committee recognized that the Board does not have the authority to deny the enrollment of a new member land because it contains Category 2 Lands. Greg Adams, Senior Attorney, clarified public notice concerns expressed by Committee members, explaining that the Arizona Department of Water Resources has a Public Notice process regarding the issuance of a Certificate of Assured Water Supply. The Committee also acknowledged that it will be receiving quarterly updates from staff on the enrollment of subdivisions with Category 2 Lands. Staff committed to adding a question on the enrollment application that lists the source of water for a golf course.

Rob Anderson, Fennimore Craig, submitted a letter on behalf of El Dorado Holdings and Robson Communities in support of Board approval of Standard Form enrollment documents for new Member Lands that contain Category 2 Lands. In the letter, Mr. Anderson states, "The lack of a Standard Form currently creates additional administration burden, and expense for new Member Lands with golf courses that is unnecessary given the statutory directives regarding Category 2 lands."

**On a motion (Board Member Karen Cesare) and a second (Board Member Pat Jacobs), the CAGRD & Underground Storage Committee reaffirmed the Committee's prior recommendation that the Board approve the attached standard form Member Land enrollment documents "Agreement and Notice of Reporting Requirements" and "Declaration of Covenants, Conditions and Restrictions" for new Member Lands that contain Category 2 Lands (Golf Course). Motion passed.**

*Voting yes: Sharon B. Megdal, Karen Cesare, Jim Hartdegen, Pat Jacobs, Jennifer Martin*

7. **FUTURE AGENDA ITEMS**

Future Agenda Items include: financing for the GRIC/GRWS deal, approval of rates, Mid-Plan Review of enrollment and obligation, Conservation Plan development, and recovery planning and implementation. Committee Meeting changes to include, May 16, 2019 to meet at 1:30 pm, and June 20, 2019 to meet at 10:00 am.

8. **PUBLIC COMMENT**

No further comment.

9. **ADJOURN**

There being no further business to come before the Committee, the meeting adjourned at 02:56 PM.



Sharon Megdal  
Chair