



**CENTRAL ARIZONA WATER CONSERVATION DISTRICT  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
SUMMARY OF ACTIONS TAKEN**

June 6, 2019 – 10:00 a.m.  
Central Arizona Project Board Room  
23636 N. 7<sup>th</sup> St.  
Phoenix, AZ 85024

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

Board Members not present were Vice President Terry Goddard, Maricopa County.

Meeting called to order at 10:06 a.m.

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

On a motion (Board Member Taylor) and a second (Board Member Graff), approved the minutes of the May 2, 2019 meeting; approved the award of a purchasing contract to GCA Services Group, Inc. for janitorial services at CAP Headquarters, Waddell Pumping Plant, Salt Gila Pumping Plant, and Pinal Field Office field locations beginning July 1, 2019 through June 30, 2020 for \$323,364 plus \$32,336 (10%) for contingencies, totaling \$355,700 with the option for CAP to renew the contract for three additional one-year terms, and authorized the General Manager to execute the agreement; approved the Base Case and Alternative Case Final 2020-2024 Water Rate Schedules. The Base Case Rate Schedule will be in effect until such notice that a shortage has been declared for 2020. In the event of such notice, the Alternative Case Rate Schedule will go into effect; fixed the CAWCD General Ad Valorem Tax Rate at ten cents (\$.10) per one hundred dollars (\$100) of assessed valuation for the 2019/2020 tax year; fixed the CAWCD Water Storage Tax Rate at four cents (\$0.04) per one hundred dollars (\$100) of assessed valuation for the 2019/2020 tax year; adopted a resolution determining that all of the tax levied for Water Storage in tax year 2019/2020 is required for CAP repayment or annual operations, maintenance and replacement costs, including CAWCD costs for AWBA M&I firming except for \$6 million for planned AWBA long-term storage credit purchases; approved the CAGR Final Rate Schedule for 2019/20 through 2023/24 including the collection of Annual Membership Dues; and approved the Final Underground Water Storage O&M and Underground Water Storage Capital Charge Rate Schedule for 2020 through 2024. Motion passed.

*Voting yes: Lisa A. Atkins, Sharon B. Megdal, Alexandra Arboleda, Jennifer Brown, Karen Cesare, Benjamin W. Graff, Jim Hartdegen, Pat Jacobs, Heather A. Macre, Jennifer Martin, April Pinger, Mark Taylor*

*Not voting: Jim Holway, Mark Lewis*

**5.a.i. CONSIDERATION OF ACTION ON FEDERAL ISSUES THAT COULD IMPACT CAP INCLUDING BUT NOT LIMITED TO H.R. 2459/S. 1277 HUALAPAI TRIBE WATER RIGHTS SETTLEMENT ACT OF 2019 AND THE DRAFT DROUGHT RESILIENCY AND WATER SUPPLY INFRASTRUCTURE ACT - GRAY**

**On a motion (Board Member Cesare) and a second (Board Member Macre), adopted a position on the following pending federal legislation of interest to CAP: H.R. 2459 / S. 1277 Hualapai Tribe Water Rights Settlement Act of 2019 (SUPPORT) Drought Resiliency and Water Supply Infrastructure Act discussion draft (MONITOR with amendment). Motion passed.**

*Voting yes: Lisa A. Atkins, Sharon B. Megdal, Alexandra Arboleda, Jennifer Brown, Karen Cesare, Benjamin W. Graff, Jim Hartdegen, Jim Holway, Pat Jacobs, Heather A. Macre, Jennifer Martin, April Pinger, Mark Taylor*

*Not voting: Mark Lewis*

**5.c.i. DISCUSSION AND CONSIDERATION OF ACTION TO APPROVE A FINANCING OPTION FOR THE WATER ACQUISITION APPROVED BY THE BOARD BETWEEN CAWCD, GILA RIVER INDIAN COMMUNITY AND GILA RIVER WATER STORAGE LLC - DUNLAP**

**On a motion (Secretary Megdal) and a second (Board Member Jacobs), approved Ordinance No. 2019-01 authorizing and approving CAWCD to enter into an external debt agreement not to exceed \$20,000,000 to CAGR for Water Acquisition at terms as indicated in the presentation material. Motion passed.**

*Voting yes: Lisa A. Atkins, Sharon B. Megdal, Alexandra Arboleda, Jennifer Brown, Karen Cesare, Benjamin W. Graff, Jim Hartdegen, Jim Holway, Pat Jacobs, Heather A. Macre, Jennifer Martin, April Pinger, Mark Taylor*

*Not voting: Mark Lewis*

**8. DISCUSSION AND CONSIDERATION OF ACTION TO APPROVE DESIGN-BUILD CONTRACT FOR MOTOR REWIND AT MARK WILMER PUMPING PLANT - FRANCOM**

**On a motion (Board Member Martin) and a second (Board Member Hartdegen), granted contract execution authority to the General Manager for a design phase for the Mark Wilmer Unit 6 Repair Project, and authorized the General Manager, or his designee, to administer the contingency. Motion passed.**

*Voting yes: Lisa A. Atkins, Sharon B. Megdal, Alexandra Arboleda, Jennifer Brown, Karen Cesare, Benjamin W. Graff, Jim Hartdegen, Jim Holway, Pat Jacobs, Heather A. Macre, Jennifer Martin, April Pinger, Mark Taylor*

*Not voting: Mark Lewis*

**10.b. DISCUSSION AND CONSIDERATION OF ACTION TO APPROVE A BOARD POLICY ESTABLISHING A CAWCD COMPENSATED CONSERVATION PROGRAM - CULLOM**

On a motion (Board Member Cesare) and a second (Board Member Hartdegen), approved the CAWCD Policy titled Compensated System Conservation Program with one revision to the clause that says "term of the program runs from adoption through 2025." Motion Passed.

Voting yes: Lisa A. Atkins, Sharon B. Megdal, Alexandra Arboleda, Jennifer Brown, Karen Cesare, Benjamin W. Graff, Jim Hartdegen, Jim Holway, Pat Jacobs, Heather A. Macre, Jennifer Martin, April Pinger, Mark Taylor

Not voting: Mark Lewis

**10.c. DISCUSSION AND CONSIDERATION OF ACTION TO APPROVE AGREEMENT FOR SYSTEM CONSERVATION AMONG CRIT, THE UNITED STATES, ADWR AND CAWCD - ADAMS**

On a motion (Board Member Cesare) and a second (Secretary Megdal), authorized the President or her designee to sign the Agreement Among the United States of America, through the Department of the Interior, Bureau of Reclamation, the State of Arizona, through the Arizona Department of Water Resources, the Central Arizona Water Conservation District, and the Colorado River Indian Tribes to fund the creation of Colorado River System Water through voluntary water conservation and reductions in use during calendar years 2020-2022, in a form substantially similar to that presented to the Board at the June 6, 2019 meeting. Motion passed.

Voting yes: Lisa A. Atkins, Sharon B. Megdal, Alexandra Arboleda, Jennifer Brown, Karen Cesare, Benjamin W. Graff, Jim Hartdegen, Jim Holway, Pat Jacobs, Heather A. Macre, Jennifer Martin, April Pinger, Mark Taylor

Not voting: Mark Lewis

**18. CONSIDERATION OF ACTION TO GO INTO EXECUTIVE SESSION OF THE BOARD:**

On a motion (Board Member Lewis) and a second (Board Member Macre), the Board entered into Executive Session for the following purposes: pursuant to A.R.S. 38-431.03.A.3, for discussion or consultation for legal advice with the attorneys of the District regarding pending litigation; pursuant to A.R.S. §38-431.03.A.1 to discuss matters pertaining to the goals, performance and contract of the General Manager; 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. Motion passed.

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

**19. RECONVENE IN OPEN SESSION**

The Board reconvened in open session at 2:36 p.m.

**20. CONSIDERATION OF ACTION REGARDING ITEMS DISCUSSED IN EXECUTIVE SESSION**

**On a motion Secretary Megdal) and a second (Board Member Hartdegen), executed an addendum to the General Manager's contract with CAWCD in accordance with the Board's discussion in Executive Session on June 6, 2019. Motion passed.**

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

*Not voting: Jennifer Brown, Jennifer Martin*

**21. ADJOURN**

There being no further business to come before the Board, the meeting adjourned at 2:37 p.m.

**CENTRAL ARIZONA PROJECT  
FINAL 2020-2024 RATE SCHEDULE  
BASE CASE: SHORTAGE STARTS IN 2021**

June 6, 2019

**DELIVERY RATES FOR VARIOUS CLASSES OF WATER SERVICE**

Units = \$/ acre-foot

(The Letter Designations in the Formulas Refer to the Rate Components Shown Below)

DCP Tier	T0		T1	T1	T2a	T2a	
	2018	Firm 2019	Firm 2020	Advisory			
	2018	Firm 2019	Firm 2020	2021	2022	2023	2024
<b>Municipal and Industrial Subcontract (B+C)</b>	\$ 160	\$ 158	\$ 155	\$ 187	\$ 194	\$ 211	\$ 220
<b>Federal Contract (B+C)</b>	\$ 160	\$ 158	\$ 155	\$ 187	\$ 194	\$ 211	\$ 220
<b>Agricultural Settlement Pool (C) <sup>1</sup></b>	\$ 65	\$ 62	\$ 56	\$ 57	\$ 57	\$ 59	\$ 61
<u>Agricultural Incentives</u>							
Meet Settlement Pool Goals	0	0	0	0	0	0	0
Meet AWBA/CAGR D GSF Goals	(1)	0	0	0	0	0	0
Meet Recovery Goals	(1)	0	0	0	0	0	0
<b>Excess (A+B+C) <sup>2</sup></b>	\$ 205	\$ 199	\$ 211	\$ 253	\$ 265	\$ 279	\$ 290
<b>Interstate (A+B+C+D) <sup>7</sup></b>	\$ 254	\$ 253	TBD	TBD	TBD	TBD	TBD

**RATE COMPONENTS**

Units = \$/acre-foot

	2018	Firm 2019	Firm 2020	Advisory			2024
	2018	Firm 2019	Firm 2020	2021	2022	2023	2024
<b>Capital Charges</b>							
(A) Municipal and Industrial - Long Term Subcontract <sup>3</sup>	\$ 45	\$ 41	\$ 56	\$ 66	\$ 71	\$ 68	\$ 70
<b>Delivery Charges</b>							
Fixed O&M <sup>4</sup>	67	72	75	100	108	118	124
Big "R" <sup>4</sup>	27	24	24	30	29	34	35
Fixed OM&R Rate Stabilization <sup>4</sup>	1	0	0	0	0	0	0
(B) Fixed OM&R <sup>4</sup>	\$ 95	\$ 96	\$ 99	\$ 130	\$ 137	\$ 152	\$ 159
(C) Pumping Energy Rate <sup>5</sup>	\$ 65	\$ 62	\$ 56	\$ 57	\$ 57	\$ 59	\$ 61
(D) Property Tax Equivalency	\$ 49	\$ 54	TBD	TBD	TBD	TBD	TBD
(E) Proposed Rate Stabilization <sup>6</sup>			\$0	\$ (15)	\$ (6)	\$ (4)	\$0

**DIRECT UNDERGROUND WATER STORAGE**

Units = \$/acre-foot

	2018	Firm 2019	Firm 2020	Advisory			2024
	2018	Firm 2019	Firm 2020	2021	2022	2023	2024
<b>Underground Water Storage O&amp;M <sup>7</sup></b>							
Phoenix AMA	\$ 13	\$ 13	\$ 13	\$ 13	\$ 14	\$ 14	\$ 15
Tucson AMA	15	15	15	15	15	15	15
<b>Underground Water Storage Capital Charge <sup>8</sup></b>							
Phoenix AMA	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Tucson AMA	9	9	9	9	9	9	9

**CENTRAL ARIZONA PROJECT  
FINAL 2020-2024 RATE SCHEDULE  
BASE CASE: SHORTAGE STARTS IN 2021**

June 6, 2019

**NOTES:**

- 1) Rate is the Pumping Energy Rate component. Board policy is to allow the rate to increase no more than \$4/AF per year.
- 2) Excess includes the Arizona Water Banking Authority, CAGR and BOR and is administered according to CAP's Access to Excess policy.
- 3) For M&I subcontract water, the Capital Charge is paid on full allocation regardless of amount delivered and is not included in delivery rates. Capital charge rate for 2020 includes reduction of \$12/AF and 2021 includes a reduction of \$8/AF as a result of application of property taxes to federal repayment.
- 4) Fixed OM&R charge consists of Fixed O&M, "Big R" (Water delivery capital, large extraordinary maintenance projects and bond debt service) and Fixed OM&R Rate Stabilization. Debt service on CAP's Water Delivery O&M Revenue Bonds, Series 2016 is about \$3.6 million annually and is included in "Big R". This rate is collected on all ordered water whether delivered or not.
- 5) The pumping energy rate applies to all actual water volumes as opposed to scheduled. The energy rate decline post-2019, reflects the closure of the Navajo Generating Station.
- 6) Proposed application of Rate Stabilization, not included in above rates.
- 7) Underground Water Storage O&M is paid by all direct recharge customers using CAP recharge sites.
- 8) Underground Water Storage Capital Charge is paid by all direct recharge customers except AWBA for M&I firming, the CAGR, municipal providers within the CAP service area and co-owners of CAWCD recharge facilities using no more than their share of capacity.

Key Assumptions

- Non-Indian Ag reallocation occurs in 2021 for 2022 deliveries
- Wheeling starts in 2021 at 700 acre-foot/year and remains at that level
- Rates are in accordance with Arizona Implementation Plan for Drought Contingency Plan

**CENTRAL ARIZONA PROJECT  
FINAL 2020-2024 RATE SCHEDULE  
ALTERNATIVE 1: SHORTAGE STARTS IN 2020**

June 6, 2019

**DELIVERY RATES FOR VARIOUS CLASSES OF WATER SERVICE**

Units = \$/ acre-foot

(The Letter Designations in the Formulas Refer to the Rate Components Shown Below)

DCP Tier	T1		T1		T1		T2a		T2a		
	2018	Firm 2019	Firm 2020	Advisory				2021	2022	2023	2024
<b><u>Municipal and Industrial Subcontract (B+C)</u></b>	\$ 160	\$ 158	\$ 186	\$ 188	\$ 195	\$ 212	\$ 221				
<b><u>Federal Contract (B+C)</u></b>	\$ 160	\$ 158	\$ 186	\$ 188	\$ 195	\$ 212	\$ 221				
<b><u>Agricultural Settlement Pool (C)</u></b> <sup>1</sup>	\$ 65	\$ 62	\$ 58	\$ 57	\$ 57	\$ 59	\$ 61				
<u>Agricultural Incentives</u>											
Meet Settlement Pool Goals	0	0	0	0	0	0	0	0	0	0	0
Meet AWBA/CAGR GSF Goals	(1)	0	0	0	0	0	0	0	0	0	0
Meet Recovery Goals	(1)	0	0	0	0	0	0	0	0	0	0
<b><u>Excess (A+B+C)</u></b> <sup>2</sup>	\$ 205	\$ 199	\$ 242	\$ 254	\$ 266	\$ 280	\$ 291				
<b><u>Interstate (A+B+C+D)</u></b>	\$ 254	\$ 253	TBD	TBD	TBD	TBD	TBD				

**RATE COMPONENTS**

Units = \$/acre-foot

	2018	Firm 2019	Firm 2020	Advisory			
	2018	2019	2020	2021	2022	2023	2024
<b><u>Capital Charges</u></b>							
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(C) Pumping Energy Rate <sup>5</sup>	\$ 65	\$ 62	\$ 58	\$ 57	\$ 57	\$ 59	\$ 61
(D) Property Tax Equivalency	\$ 49	\$ 54	TBD	TBD	TBD	TBD	TBD
(E) Proposed Rate Stabilization <sup>6</sup>			\$ (18)	\$ (7)	\$ -	\$ -	\$ -

**DIRECT UNDERGROUND WATER STORAGE**

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<b><u>Underground Water Storage Capital Charge</u></b> <sup>8</sup>							
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**CENTRAL ARIZONA PROJECT  
FINAL 2020-2024 RATE SCHEDULE  
ALTERNATIVE 1: SHORTAGE STARTS IN 2020**

June 6, 2019

**NOTES:**

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Key Assumptions

- Non-Indian Ag reallocation occurs in 2021 for 2022 deliveries
- Wheeling starts in 2021 at 700 acre-foot/year and remains at that level
- Rates are in accordance with Arizona Implementation Plan for Drought Contingency Plan



RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE  
CENTRAL ARIZONA WATER CONSERVATION DISTRICT  
REGARDING AD VALOREM TAX FOR WATER STORAGE

(June 6, 2019)

WHEREAS, House Bill 2494 adopted by the Arizona Legislature in 1996 (Chapter 308, Laws of Arizona 1996, Forty-second Legislature, Second Regular Session) established the Arizona Water Bank and amended A.R.S. § 48-3715.02 relating to the tax levy for water storage; and

WHEREAS, A.R.S. § 48-3715.02, subsection B, provides that the Central Arizona Water Conservation District ("CAWCD" or "the District") acting through its Board of Directors (the "Board"), shall fix the amount to be raised by direct taxation pursuant to its provisions, which amount shall not exceed four cents per one hundred dollars of assessed valuation (the "Water Storage Tax"); and

WHEREAS, the Board by separate action has fixed the tax rate pursuant to A.R.S. §48-3715.02, subsection B, for the 2019/2020 tax year at four cents per one hundred dollars of assessed valuation; and

WHEREAS, A.R.S. § 48-3715.03 further provides that the Board shall annually determine by resolution whether any or all of the Water Storage Tax shall be applied to the repayment of the construction costs of the Central Arizona Project (the "Project") or to the annual operation, maintenance, and replacement costs of the Project; and

WHEREAS, A.R.S. § 48-3715.03 further provides that those monies specified in the resolution for repayment of the construction costs or payment of the annual operation, maintenance, and replacement costs of the Project shall be deposited, pursuant to A.R.S. §§35-146 and 35-147, in the District fund established pursuant to A.R.S. § 48-3712, subsection A, paragraph

5; and

WHEREAS, A.R.S. § 48-3715.03 further provides that any Water Storage Tax receipts that are not deposited in the District fund shall be deposited, pursuant to A.R.S. §§ 35-146 and 35-147, in the Arizona Water Banking Fund established pursuant to A.R.S. § 45-2425; and

WHEREAS, in accordance with the Intergovernmental Agreement Among Arizona Department of Water Resources, Arizona Water Banking Authority (“AWBA”) and CAWCD dated January 3, 2019, the AWBA notified the District on March 25, 2019 that the estimated revenues it is seeking from the Water Storage Tax for the purchase of LTSCs for CAP M&I firming, accounted for by County, during calendar year 2020 are \$3,000,000 for a target amount of 12,100 AF in the Phoenix AMA and \$3,000,000 for a target amount of 11,700 AF in the Tucson AMA for a total amount of \$6,000,000; and

WHEREAS, the AWBA requests that the Water Storage Tax revenues be made available by the Board for AWBA's use to purchase these LTSCs at such time when the AWBA enters into an agreement for the purchase of LTSCs utilizing Water Storage Tax revenues and the agreements have been approved by the AWBA Commission; and

WHEREAS, the Board desires to authorize \$3,000,000 of the Water Storage Tax revenues collected from Maricopa County for the 2019/2020 tax year and \$3,000,000 of the Water Storage Tax revenues collected from Pima County for the 2019/2020 tax year be available to the Arizona Water Banking Fund at such time when the AWBA enters into an agreement for the purchase of LTSCs utilizing Water Storage Tax revenues and the agreements have been approved by the AWBA Commission; and

WHEREAS, in accordance with the IGA, the Board may authorize and set forth the amount available for transfer to the AWBA in the annual resolution it adopts at its June meeting of the

CAWCD Board of Directors and to direct the transfer of Water Storage Tax revenues to the Arizona Water Banking Fund; and

WHEREAS, in accordance with the IGA, the AWBA will provide notice to CAWCD specifying the total price paid for the LTSCs along with a copy of the signed purchase agreement; and

WHEREAS, A.R.S. § 48-3715.03 further provides that a certified copy of such resolution shall be delivered to the Arizona Department of Water Resources.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Central Arizona Water Conservation, as follows:

1. That all of the taxes levied pursuant to A.R.S. § 48-3715.02, subsections B and C, herein referred to as the Water Storage Tax, in the 2019/2020 tax year, except as provided in paragraph 3 below, shall be applied to repayment of the construction costs or payment of the annual operation, maintenance, and replacement costs of the Project, including underground storage for the purpose of M&I firming by the Arizona Water Banking Authority; and
2. That all taxes levied pursuant to A.R.S. § 48-3715.02, subsections B and C, in the 2019/2020 tax year be deposited in a designated District account in the District fund established pursuant to A.R.S. § 48-3712, subsection A, paragraph 5; and
3. That up to \$3,000,000 of the Water Storage Tax, in Maricopa County, in the 2019/2020 tax year and up to \$3,000,000 of the Water Storage Tax, in Pima County, is authorized and shall be available to the AWBA for the purchase of LTSCs at such time there are transactions requiring funding; and
4. That the specific amount of the total purchase price paid for the LTSCs, up to the authorized amount of the Water Storage Tax stated in paragraph 3 above, be transferred and deposited in the Arizona Water Banking Fund established pursuant to A.R.S. §45-2425 upon receipt by CAWCD of any such agreement that is approved by the AWBA Commission for the purchase of LTSCs; and

5. That any remaining authorized amounts made available to the AWBA that are not transferred and deposited in the Arizona Water Banking Fund will carry over to be credited against future requests by the AWBA and remain available to be used for the purchase of LTSCs in subsequent years; and
6. That a certified copy of this resolution be delivered to the Arizona Department of Water Resources.

I, the undersigned, as Secretary of the Central Arizona Water Conservation District, hereby certify that the foregoing is a true and correct copy of the resolutions duly adopted by the Board of Directors of the Central Arizona Water Conservation District at a meeting thereof, duly called and held on June 6, 2019, at which a quorum was present and acting throughout. I further certify that said resolutions have not been modified or revoked since their adoption and are still in full force and effect.

SIGNED THIS 6<sup>th</sup> DAY OF June 2019.

By:   
Sharon B. Megdal  
Secretary

**CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT  
FINAL 2019/2020 - 2023/2024 RATE SCHEDULE  
BASE CASE: SHORTAGE STARTS IN 2021**

June 6, 2019

**CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT ASSESSMENT RATES**

Units = \$/acre-foot

<i>Excludes any rate stabilization</i>	2017/18	Firm 2018/19	Firm 2019/20	Advisory			
				2020/21	2021/22	2022/23	2023/24
<b>Phoenix Active Management Area</b>							
Water & Replenishment Component <sup>1</sup>	\$ 214	\$ 192	\$ 238	\$ 323	\$ 334	\$ 339	\$ 344
Administrative Component <sup>2</sup>	36	40	41	41	37	33	30
Infrastructure & Water Rights Component <sup>3</sup>	353	353	353	353	353	353	353
Replenishment Reserve Charge <sup>4</sup>	101	90	95	114	145	170	178
<b>Total Assessment Rate (\$/AF)</b>	<b>\$ 704</b>	<b>\$ 675</b>	<b>\$ 727</b>	<b>\$ 831</b>	<b>\$ 869</b>	<b>\$ 895</b>	<b>\$ 905</b>
<b>Pinal Active Management Area</b>							
Water & Replenishment Component <sup>1</sup>	\$ 204	\$ 204	\$ 211	\$ 253	\$ 265	\$ 280	\$ 290
Administrative Component <sup>2</sup>	36	40	41	41	37	33	30
Infrastructure & Water Rights Component <sup>3</sup>	353	353	353	353	353	353	353
Replenishment Reserve Charge <sup>4</sup>	108	97	103	123	129	136	141
<b>Total Assessment Rate (\$/AF)</b>	<b>\$ 701</b>	<b>\$ 694</b>	<b>\$ 708</b>	<b>\$ 770</b>	<b>\$ 784</b>	<b>\$ 802</b>	<b>\$ 814</b>
<b>Tucson Active Management Area</b>							
Water & Replenishment Component <sup>1</sup>	\$ 238	\$ 221	\$ 242	\$ 267	\$ 276	\$ 282	\$ 286
Administrative Component <sup>2</sup>	36	40	41	41	37	33	30
Infrastructure & Water Rights Component <sup>3</sup>	353	353	353	353	353	353	353
Replenishment Reserve Charge <sup>4</sup>	131	103	102	103	103	105	106
<b>Total Assessment Rate (\$/AF)</b>	<b>\$ 758</b>	<b>\$ 717</b>	<b>\$ 738</b>	<b>\$ 764</b>	<b>\$ 769</b>	<b>\$ 773</b>	<b>\$ 775</b>
<b>Contract Replenishment Tax - Scottsdale <sup>5</sup></b>							
Cost of Water	\$ 195	\$ 205	\$ 199	n.a.	n.a.	n.a.	n.a.
Cost of Transportation	0	0	0	n.a.	n.a.	n.a.	n.a.
Cost of Replenishment	0	0	0	n.a.	n.a.	n.a.	n.a.
Administrative Component <sup>2</sup>	36	40	41	n.a.	n.a.	n.a.	n.a.
<b>Total Tax Rate (\$/AF)</b>	<b>\$ 231</b>	<b>\$ 245</b>	<b>\$ 240</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>

**ENROLLMENT & ACTIVATION FEES**

Units = \$/Unit

<b>Enrollment Fee - Commercial Subdivisions <sup>6</sup></b>	\$ 700	\$ 924	\$ 1,094	\$ 1,184	\$ 1,285	\$ 1,397	\$ 1,512
<b>Enrollment Fee <sup>7</sup></b>	\$ 284	\$ 284	\$ 284	\$ 304	\$ 325	\$ 347	\$ 372
<b>Activation Fee - Minimum <sup>8</sup></b>	\$ 282	\$ 282	\$ 282	\$ 302	\$ 323	\$ 345	\$ 370
<b>Activation Fee - Phoenix AMA <sup>8</sup></b>	\$ 610	\$ 820	\$ 1,080	\$ 1,180	\$ 1,290	\$ 1,400	\$ 1,520
<b>Activation Fee - Pinal Post-2007 <sup>8</sup></b>	\$ 610	\$ 820	\$ 1,080	\$ 1,180	\$ 1,290	\$ 1,400	\$ 1,520
<b>Activation Fee - Tucson AMA <sup>8</sup></b>	\$ 510	\$ 640	\$ 810	\$ 880	\$ 960	\$ 1,050	\$ 1,140

**ANNUAL MEMBERSHIP DUES**

<b>Member Land Annual Membership Dues (\$/Lot) <sup>9</sup></b>							
Phoenix Active Management Area	\$ 22.63	\$ 23.52	\$ 28.59	\$ 35.74	\$ 37.09	\$ 37.43	\$ 29.39
Pinal Active Management Area	\$ 14.88	\$ 15.35	\$ 19.36	\$ 25.20	\$ 27.04	\$ 28.16	\$ 22.63
Tucson Active Management Area	\$ 23.58	\$ 24.54	\$ 31.04	\$ 39.29	\$ 41.30	\$ 42.16	\$ 33.42
<b>Member Service Area Annual Membership Dues (\$/AF) <sup>9</sup></b>							
	\$ 74.44	\$ 76.53	\$ 97.22	\$ 128.79	\$ 140.67	\$ 149.06	\$ 121.57

**CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT**  
**FINAL 2019/2020 - 2023/2024 RATE SCHEDULE**  
**BASE CASE: SHORTAGE STARTS IN 2021**

June 6, 2019

**NOTES:**

- 1) The Water & Replenishment Component covers the projected annual costs of satisfying replenishment obligations, including the purchase of long-term storage credits (LTSC) and the purchase and replenishment of water and effluent. For the Phoenix Active Management Area (AMA), replenishment is planned to be accomplished at direct underground storage facilities (USFs) and groundwater savings facilities (GSFs). For the Pinal AMA, replenishment is planned to be accomplished by purchase of credits from CAWCD. For the Tucson AMA, replenishment is planned to be accomplished at USFs.
- 2) The Administrative Component covers CAGRDR administrative costs except labor related costs associated with the acquisition of infrastructure and water rights. \$2/AF has been added to this component to fund the Board's CAGRDR conservation program.
- 3) The Infrastructure & Water Rights Component covers the cost to develop additional water supplies and the cost to construct additional infrastructure as the need arises.
- 4) The Replenishment Reserve Charge covers costs associated with establishing a replenishment reserve of LTSCs as provided in ARS Sections 48-3774.01 and 48-3780.01.
- 5) The components of the Contract Replenishment Tax - Scottsdale reflect the provisions in the Water Availability Status Contract to Replenish Groundwater between CAWCD and Scottsdale.
- 6) Enrollment Fees for Commercial Subdivisions are established per the November 5, 2015 CAP Board Amended Enrollment Fee and Activation Fee Policy. Enrollment Fees for Commercial Subdivisions are phased in over a two year period and starting in the 2018/2019 fiscal year forward are equal to the Member Land Enrollment Fee plus the Tucson AMA Activation Fee. If a Commercial Subdivision enrolls with more than 50 parcels, then the Commercial Subdivision Enrollment Fee applies on the first 50 parcels, and only the Member Land Enrollment Fee applies to the number of parcels over 50.
- 7) The Enrollment Fee is collected pursuant to the CAGRDR Enrollment Fee and Activation Fee Policy adopted by the Board on May 1, 2008. A \$2 per housing unit fee is included in the Enrollment Fee to help fund CAGRDR's conservation program.
- 8) The Activation Fees are in accordance with the Preliminary 2014/15 - 2019/20 CAGRDR Activation fee schedule adopted by the Board on November 7, 2013.
- 9) The Annual Membership Dues for Member Lands and Member Service Areas are pursuant to ARS Sections 48-3772.A.8. and 48-3779 as well as the Policy on Collection of CAGRDR Annual Membership Dues adopted by the Board on April 7, 2011.

**ASSUMPTIONS:**

- Annual Membership Dues (AMDs) are set at the maximum allowed by state statutes for all years, except for FY 2019/2020, which were softened by 15% to provide a smooth transition
- Water Replenishment & Replenishment Reserve rates are highly dependent on CAWCD rates
- Includes GRIC/GRWS/CAGRDR Agreement, which has a significant impact on previous Water Replenishment Rate in the Phoenix AMA

ORDINANCE NO. 2019-01

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF CENTRAL ARIZONA WATER CONSERVATION DISTRICT AUTHORIZING AND APPROVING THE ADANCEMENT OF MONIES FROM THE GENERAL FUND FOR THE PAYMENT OF CERTAIN COSTS AND EXPENSES RELATING TO GROUNDWATER REPLENISHMENT OBLIGATIONS; DETERMINING THE INTEREST RATES AT WHICH SUCH FUNDS SHALL BE ADVANCED; DETERMINING THE AMORTIZATION PERIOD FOR SUCH ADVANCEMENT; OR IN THE ALTERNATIVE, AUTHORIZING AND APPROVING THE ISSUANCE OF NOT TO EXCEED \$35,000,000 AGGREGATE PRINCIPAL AMOUNT OF THE DISTRICT'S WATER ACQUISITION REVENUE BONDS (CAGR), IN ONE OR MORE SERIES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST AGREEMENT PURSUANT TO WHICH THE BONDS ARE TO BE ISSUED; AUTHORIZING AN AWARD OF THE CONTRACT FOR THE PURCHASE OF THE BONDS; AUTHORIZING CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF THE BONDS, SECURING SALE OF THE BONDS; RATIFYING ALL PRIOR ACTS WITH RESPECT TO THE BONDS; AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO.**

**WHEREAS**, Central Arizona Water Conservation District (the "*District*") (capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Trust Agreement, defined below) is a multi-county water conservation district, a tax-levying public improvement district of the state and a municipal corporation organized and existing under the authority of Arizona Revised Statutes, Title 48, Chapter 22 (the "*Act*"); and

**WHEREAS**, Article 4 of the Act imposes certain groundwater replenishment obligations on the District, the costs and finances of which are by law segregated from the costs and finances of the District's other activities; and

**WHEREAS**, the activities carried out by the District to meet its groundwater replenishment obligations are collectively referred to as the Central Arizona Groundwater Replenishment District ("*CAGR*"); and

**WHEREAS**, the District is authorized to advance monies for the payment of the operation and administrative costs and expenses of CAGR from the District's general funds, with such advanced monies bearing interest as determined by the District's Board of Directors (the "*Board*") and amortized over a reasonable period, as determined by the Board; and

**WHEREAS**, the District is also authorized pursuant to the provisions of the Act to issue bonds and other obligations payable solely from CAGR infrastructure and water rights revenues comprised of (i) enrollment fees, (ii) activation fees, (iii) the infrastructure on water rights component and (iv) annual membership dues (the "*Pledged Revenues*"). Pledged Revenues do not include any income or moneys derived from taxes or assessments authorized by Article 1 of the Act, Power Revenues, District Operating and Maintenance Revenue, Water Delivery Charges, Replacement Charges other than that portion of the Replacement Charges attributable to debt service for the Bonds (each as defined in the Trust Agreement), or the proceeds or investment income of any bonds of the District, other than the Bonds; and

**WHEREAS**, the Board has determined to finance the acquisition of long-term storage credits for groundwater replenishment purposes as authorized by the Act, (the "*Project*") with either (i) the advancement of District funds to CAGR or (ii) the proceeds of bonds or other obligations; and

**WHEREAS**, said bonds, if issued, shall be issued pursuant to Trust Agreement, to be dated as of the initial issuance of bonds to be issued thereunder (the "*Trust Agreement*"), to be entered into by the District and a bank having trust powers, as Trustee (the "*Trustee*"), which shall provide the terms and conditions for the issuance and securing of the District's Water Acquisition Revenue Bonds (CAGR) Series 2019 (the "*Bonds*") and any additional bonds and obligations issued thereafter; and

**WHEREAS**, the Bonds may be payable from and secured by a pledge and assignment of the Trust Estate; and

**WHEREAS**, the District intends to sell the Bonds, if issued, to a purchaser through a negotiated bond purchase agreement (the "*Bond Purchase Agreement*").

**NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF CENTRAL ARIZONA WATER CONSERVATION DISTRICT**, as follows:

**Section 1. Definitions.** All Capitalized terms used in this Ordinance that are not otherwise defined in this ordinance shall have the definitions set forth in the form of Trust Agreement on file with the District.

**Section 2. Selection of Financing Method.** The Board shall, by motion, direct the General Manager and the Director of Finance and Administration (the "*Finance Director*") to finance the Project through one of the following methods: (i) the advancement of available monies from the general fund of the District to the CAGR account (the "*Advancement*"), as more fully described in Sections 3 through 5 below; (ii) the sale of the Bonds (the "*Bond Financing*"), as more fully described in Sections 6 through 11 below; or (iii) some other method, which method will require further approval by the Board.

**Section 3. Advancement of Monies from the General Fund.** If Board orders financing of the Project through the Advancement, the Finance Director shall be authorized and directed to carry out the Advancement in an amount not to exceed \$12,000,000. Proceeds of the Advancement shall not be used to pay interest or premium on any revenue bonds issued to acquire, lease or exchange water or water rights and develop infrastructure necessary for the District to perform its replenishment obligations.

**Section 4. Interest Rates and Amortization of the Advancement.** If the Advancement is carried out, the Finance Director shall cause the general fund of the District to be reimbursed from the CAGR account using CAGR revenues at an interest rate of 3.00%. The general fund shall be reimbursed over a period of not to exceed one year.

**Section 5. Use of Advancement Proceeds.** The proceeds of the Advancement shall be used to finance the Project and to pay costs associated therewith.

**Section 6. Purchaser; Approval of Documents.** If Board orders financing of the Project through the Bond Financing, the General Manager or the Finance Director may select a purchaser of the Bonds (the "*Purchaser*"), if issued, with the assistance of the District's financial advisor, based on the terms, rates and other features in the best interest of the District. The Trust Agreement, the Bond Purchase Agreement, the Tax Certificate and the Bonds shall be approved by the President, the General Manager or the Finance Director. The President, the General Manager and the Finance Director (each an "*Authorized Officer*") are each hereby authorized to execute and deliver the Trust Agreement, the Bond Purchase Agreement and the Tax Certificate (collectively, the "*District Documents*") in the name of and on behalf of the District, in substantially the forms as specified with such changes, insertions and deletions as may be approved by the Authorized Officers executing the respective documents. Execution



of the District Documents by an Authorized Officer shall be conclusive evidence of such approval of the terms of the each of the District Documents. The President, or in the President's absence, any other member of the Board of Director's, is hereby authorized to execute the Bonds. The Secretary of the District, or in the Secretary's absence, any other member of the Board of Directors, is hereby authorized to attest to any or all of the Bonds and the District Documents as necessary.

**Section 7. Terms and Parameters of Bonds.** The issuance of the Bonds on the terms and conditions set forth in the Trust Agreement, and subject to the parameters specified in this Ordinance, is hereby authorized and approved, subject to the determination made as described in Section 2 above. The aggregate principal amount of the Bonds shall not exceed \$35,000,000. The Bonds may be authorized in one or more series and shall bear interest at either a fixed or variable rate as set forth in the Bond Purchase Agreement. The 2019 Bonds will be dated as provided and will bear interest at the rates set forth in the Bond Purchase Agreement, but in no event shall the interest rate on any Bonds exceed 6% per annum. The Bonds shall have a final maturity not later than January 1, 2025. The Bonds will be issued with the terms, maturity dates, redemption provisions, sinking fund provisions, and payment dates described in the Bond Purchase Agreement and Trust Agreement, which shall be completed within the parameters set forth in this Ordinance.

**Section 8. Use of Proceeds.** The proceeds of the sale of the Bonds, if issued, shall be used to finance the Project and to pay certain costs of issuance all as shall be set forth further in the Trust Agreement.

**Section 9. Execution and Delivery of Documents.** The District's President, the General Manager and the Finance Director acting singly, and each of them is hereby authorized to execute and deliver any and all documents (including, without limitation, all documents submitted to the meeting at which this Ordinance was adopted) and instruments and to do and cause to be done any and all acts and things necessary or convenient in carrying out the transactions contemplated by the documents and instruments approved or authorized by this Ordinance, including without limitation, entering into any tax agreements or agreements with respect to continuing disclosure required by the Rule and making any determinations or submission of any documents or reports which are required by any rule or regulation of any governmental entity in connection with the issuance and sale of the Bonds and the authorization, execution, delivery and performance by the District of its obligations under the documents and instruments approved or authorized by this Ordinance. Each and every covenant and condition contained in the Bonds, the Trust Agreement, and any and all documents and instruments necessary or convenient in carrying out the transactions contemplated by this Ordinance are hereby deemed necessary and appropriate to achieve the purposes for which the Bonds are issued and for the security of the Owners of the Bonds. The General Manager or Finance Director is authorized to sign any and all documents necessary for issuing said Bonds, consistent with the Act.

**Section 10. Tax Exemption.** The District covenants that it shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds, if issued, under Section 103 of the United States Internal Revenue Code. The District shall not directly or indirectly use or permit the use of any proceeds of the Bonds in such a manner that would adversely affect the exclusion of interest on any Bond or any other tax-exempt financings of the District (collectively, the "*Tax-Exempt Obligations*") from gross income under Section 103 of the Internal Revenue Service Code (the "*Code*"). The District shall not directly or indirectly use or permit the use of any proceeds of any Bonds, or of any facilities financed or refinanced thereby, or other funds of the District, or take or omit to take any action that would cause any of the Tax-Exempt Obligations to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the District shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the

time, in effect and applicable to the Bonds. In the event that at any time the District is of the opinion that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee, the District shall so instruct the Trustee in writing, and the Trustee shall take such action as may be directed in such instructions.

The District specifically covenants that:

(a) It will pay or cause to be paid all Rebate Requirements.

(b) It will determine the amount of the Rebate Requirement and cause the same to be deposited in the Rebate Fund. Subject to the provisions of this Section, moneys held in the Rebate Fund are hereby pledged to secure payments to the United States of America, and the District and the Owners of the Bonds shall have no rights in or claim to such moneys. The Trustee shall invest all amounts held in the Rebate Fund in Permitted Investments as directed in writing by the District.

**Section 11. Selection of Trustee.** If the Project is financed by the Bond Financing, The General Manager of Finance Director shall solicit pricing quotes from financial institutions to act as Trustee with respect to the Bonds and shall select a Registrar and Paying Agent in the best interests of the District.

**Section 12. Ratification of Actions.** All actions heretofore taken by the Board or any officer, representative, attorney or agent of or for the District in connection with the Advancement or the Bond Financing, the Project or the authorization, execution, delivery, or performance of the District's obligations under the documents and instruments approved or authorized by this Ordinance and the other actions contemplated by this Ordinance are hereby ratified, approved and confirmed.

**Section 13. Authorized Representative.** The District's General Manager is hereby designated the District's authorized representative for all purposes of the Trust Agreement. The District reserves the right to change the authorized representative at any time while the Bonds are outstanding. For all purposes of the Trust Agreement, the District's General Manager will cause to be completed, executed and filed with the United States Internal Revenue Service (the "IRS"), IRS form 8038-G pertaining to the Bonds, and to file a report concerning the issuance of the Bonds with the Arizona Department of Revenue, as required by Section 35-502, Arizona Revised Statutes.

**Section 14. Effective Date.** This Ordinance shall become effective immediately upon its passage and thereupon and thereafter the same shall be in full force and effect.

PASSED AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

**CENTRAL ARIZONA WATER  
CONSERVATION DISTRICT**

By: *Sinal A. Atkins*  
President, Board of Directors

**ATTEST:**

*Sharon B. Megdal*  
Secretary, Board of Directors

**APPROVED AS TO FORM**

**GUST ROSENFELD P.L.C.**

\_\_\_\_\_  
Timothy A. Stratton  
Bond Counsel to the District

**CERTIFICATION**

I, \_\_\_\_\_, Secretary of the Board of Directors of Central Arizona Water Conservation District, hereby certify that the foregoing Ordinance was adopted by the Board of Directors of Central Arizona Water Conservation District on \_\_\_\_\_, 2019, and that the vote was 13 ayes, 0 nays, 0 abstained, 2 were absent, and that 13 members of the Board of Directors were present thereat.

**DATED** this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

*Sharon B. Megdal*  
Secretary, Board of Directors



## **BOARD POLICY**

**Approved by the CAWCD Board  
June 6, 2019**

### **CAWCD COMPENSATED CONSERVATION PROGRAM POLICY**

CAWCD has developed the CAWCD Compensated Conservation Program (“Program”), as described below, as a potential tool to support the AZ DCP Implementation Plan, and more specifically, the NIA Mitigation Agreement among CAWCD, City of Chandler, Gila River Indian Community, Town of Gilbert, City of Glendale, City of Mesa, City of Phoenix, City of Scottsdale and City of Tempe.

**Background:** On November 15, 2018, the CAWCD Board authorized the creation of a compensated conservation program to obtain necessary quantities of mitigation water for the AZ DCP Implementation Plan, at a cost of up to \$60 million, to be included in CAP Fixed OM&R rates. As development of the AZ DCP Implementation Plan progressed, the concept of using all or a portion of up to \$60 million to pay CAP NIA priority users for DCP reductions to their NIA priority entitlements, in lieu of wet water delivery, emerged. The NIA Mitigation Agreement provides that CAWCD may, in its discretion: (i) use up to \$60 million to compensate CAP NIA Priority users for reductions to their NIA Priority supplies resulting from DCP contributions (compensated mitigation); and/or (ii) seek to enter into compensated conservation agreements with CAP M&I and Indian Priority contractors, to develop wet water supplies for NIA mitigation (wet water NIA mitigation).

**Overview:** The Program establishes a voluntary, transparent and competitive process for CAWCD to solicit proposals from CAP M&I and Indian Priority contractors and subcontractors who are willing to reduce historic, beneficial consumptive use of their CAP entitlements for compensation by CAWCD. CAWCD will apply the compensated water use reductions to: (i) satisfy a portion of CAWCD’s DCP contribution in the year of creation; or (ii) create ICS for deployment during the Program Term as wet water NIA mitigation or satisfaction of a portion of CAWCD’s DCP contribution.

**Term and Annual Process:** The term of the Program runs from adoption through 2025.

Each September during the term of the Program, CAWCD will determine a target volume for compensated conservation for the following year and issue a request for proposals (“RFP”) to achieve that target. CAWCD’s target volume will be based on, among other things, the anticipated shortage for the following year, anticipated orders for the following year and planned deployment of other mitigation resources. CAWCD may decide to set the target at zero for years when the Lower Basin is not in a Tier 1 or deeper shortage. The RFP will outline the terms and timing for the submittal of responses and award of contracts.

**Program Eligibility Criteria:** Any CAP subcontractor or contractor holding an entitlement to CAP water with a priority senior to CAP NIA Priority water is eligible to participate in the Program. CAWCD will establish a baseline volume for each proponent, which will be the average of the proponent’s highest water use in 3 out of the 5 previous years. The proponent’s proposed conservation volume will be deducted from the baseline. The calculation of the baseline will include any volumes of conservation created pursuant to conservation programs during the previous 5 years.

**Selection Criteria:** CAWCD will use low cost as the primary criteria for selection of qualified proposals.