



Arizona Lower Basin Drought Contingency Plan Steering Committee Meeting #2 August 9, 2018

Presentation Materials Available at:
ADWR's website – new.azwater.gov/lbdcp
CAWCD's website – www.cap-az.com/AZDCP

Arizona LBDPC Steering Committee Meeting #2 Agenda

- Welcome, Introductions, and Recap from Meeting #1
- Update on Meeting Schedule and Locations
- Review of CAP Water Deliveries and CAP Ag Settlement Pool Programs
- Delegates' Presentation on CAP Ag Settlement Pool Mitigation
- Potential CAP Mitigation Water Resources
- Next Steps for CAP Ag Settlement Pool Mitigation
- Additional Information in Response to Data Requests from Meeting #1
- Delegates' Comments
- Preparation for Steering Committee Meeting #3
- Call to the Public

Recap from Meeting #1

- The delegates expressed general support for the Steering Committee mission, objectives, and process as outlined in Meeting #1
- There was support for working on the four key elements of implementing LBDCP in Arizona
- The delegates expressed support for the recommendation of beginning with CAP Ag Settlement Pool mitigation, followed by Tribal ICS
- The delegates agreed to video recording the proceedings
- Requested that delegates meet with their constituents to begin to obtain their feedback

Steering Committee Draft Schedule

- Seven remaining Steering Committee Meetings:
 - August 23rd Central Arizona Project,¹ 1:00 to 4:00 pm
 - September 13th Burton Barr Library,² 1:00 to 4:00 pm
 - September 27th CAP, 1:00 to 4:00 pm
 - October 10th Burton Barr Library, 1:00 to 4:00 pm
 - October 25th CAP, 1:00 to 4:00 pm
 - November 8th [Location TBD], 1:00 to 4:00 pm
 - November 29th CAP, 1:00 to 4:00 pm

¹ 23636 N. 7th Street

² 1221 N. Central



Role of Agriculture in CAP System

- Development and implementation of the Central Arizona Project was premised on three primary objectives:
 - Reduce groundwater overdraft in Central Arizona
 - Preserve irrigated farm land in Central Arizona
 - Provide a water source to meet expanding municipal and industrial needs
- CAP agriculture played a role in all three objectives
 - Districts invested in CAP distribution systems to reduce reliance on groundwater and increase efficiency
 - Lands that were irrigated from 1958 – 1968 and could be irrigated under Arizona law were eligible for CAP water
 - To accommodate the transition from Ag to urban uses, NIA subcontracts were based on a percentage of the supply not used by senior users
- The portion of CAP repayment attributed to non-Indian Ag uses is “non-interest bearing”

CAP Underutilization

- CAWCD and CAP Ag Districts faced economic and water management challenges due to underuse of CAP water
 - 1991 CAP deliveries <500 KAF
 - Potential rate shock for all CAP users due to high O&M
 - CAP Ag Districts had large debt to finance CAP distribution systems to take delivery of CAP water – many faced bankruptcy
 - Governor Symington convened CAP Advisory Committees in 1992 & 1993
 - Secretary of the Interior triggers CAWCD repayment obligation in 1993
 - CAWCD sues the United States over repayment and related issues in 1995

CAP Ag Target Pricing Program

- 1993 Target Pricing Program:
 - Based on recommendations from Governor Symington’s second CAP Advisory Committee
 - To address financial challenges facing CAWCD and Ag districts, and to prepare for repayment, CAWCD initiated a Target Pricing Program
 - Encouraged CAP Ag use, which preserved the interest-free designation of a significant portion of CAP deliveries
 - Reduced rate variability and uncertainty for M&I users by establishing a forward pricing policy based on using interest savings and reserves
 - Three pools of Excess CAP Water of differing volumes and energy rates
 - Implemented through letter agreements between CAWCD and districts

CAP Agricultural Settlement Pool

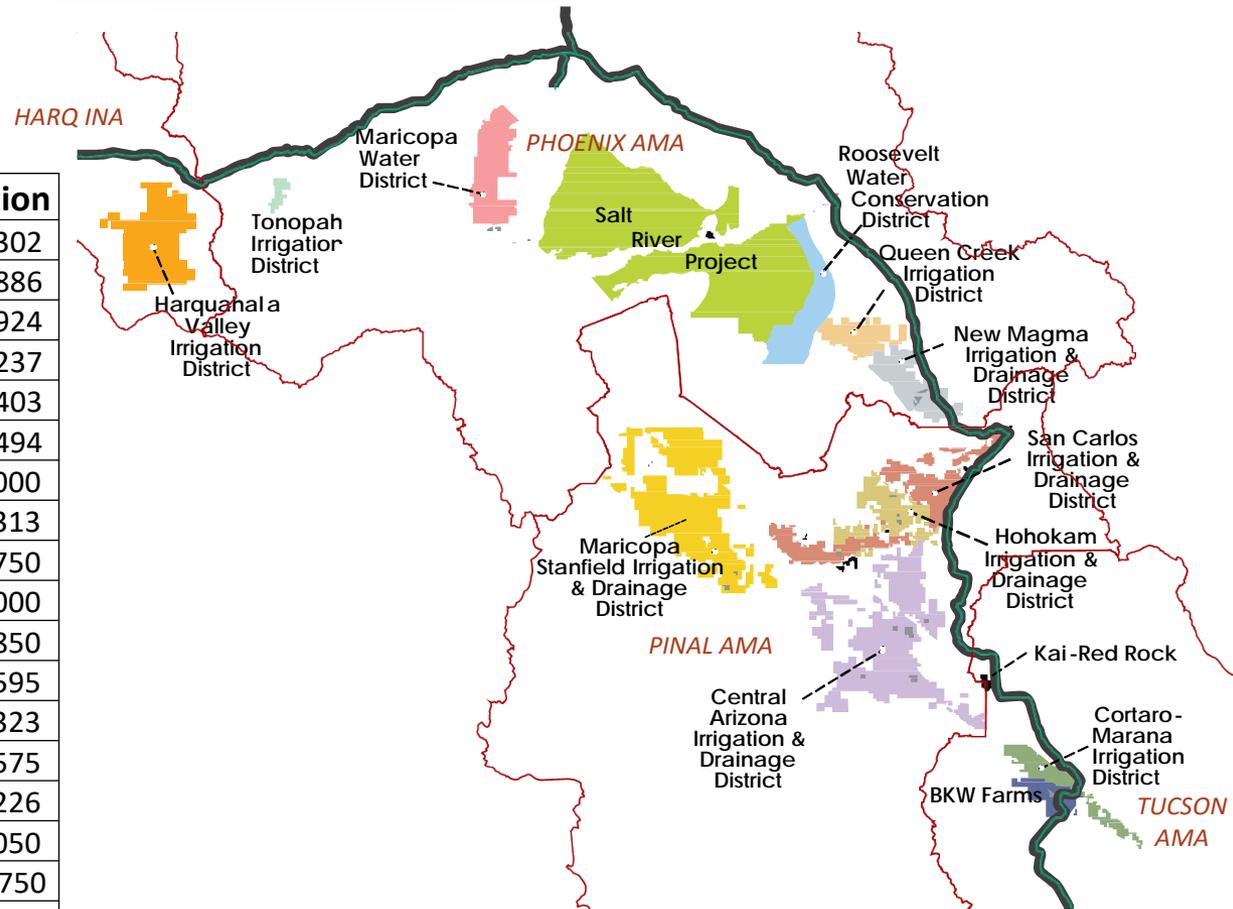
- CAP Ag issues were part of the repayment litigation between the U.S. and CAWCD, but resolved in the Repayment Stipulation and 2004 Arizona Water Settlement Act and Agreement
- Ag districts relinquished their NIA subcontracts in exchange for creation of the Ag Settlement Pool, through 2030, and other considerations
 - The NIA subcontracts were converted to fixed volumes and dedicated for tribal and M&I purposes
- The Ag Settlement Pool has first priority to CAP Excess Water
 - 400,000 AF (2004–2016); 300,000 AF (2017–2023); 225,000 AF (2024–2030)
- Energy-only rates applied for Ag Pool deliveries
 - CAWCD covers the fixed OM&R
- Ag Pool allocations are based on CAP-eligible acres

CAP Agricultural Settlement Pool

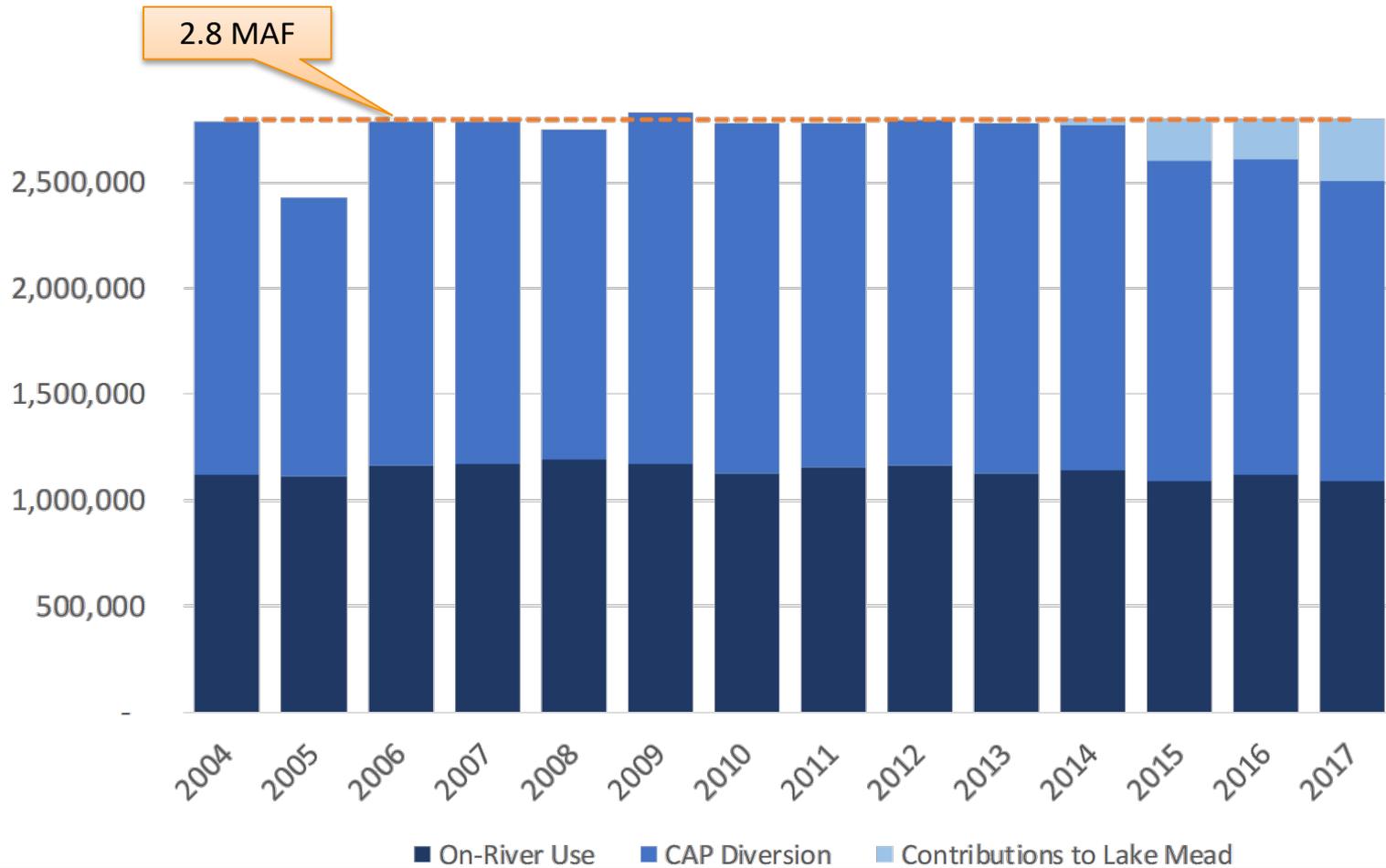
- Repayment Stipulation provided the basis for CAP Ag Settlement Pool:
 - The stipulation authorized CAWCD to enter into contracts for the sale of Excess Water pursuant to multi-year programs established by CAWCD.
- The Arizona Water Settlement Agreement, which was authorized, ratified and confirmed by the Arizona Water Settlements Act established the terms of the Ag Settlement Pool:
 - volume
 - duration
 - priority
 - price

CAP Agricultural Settlement Pool

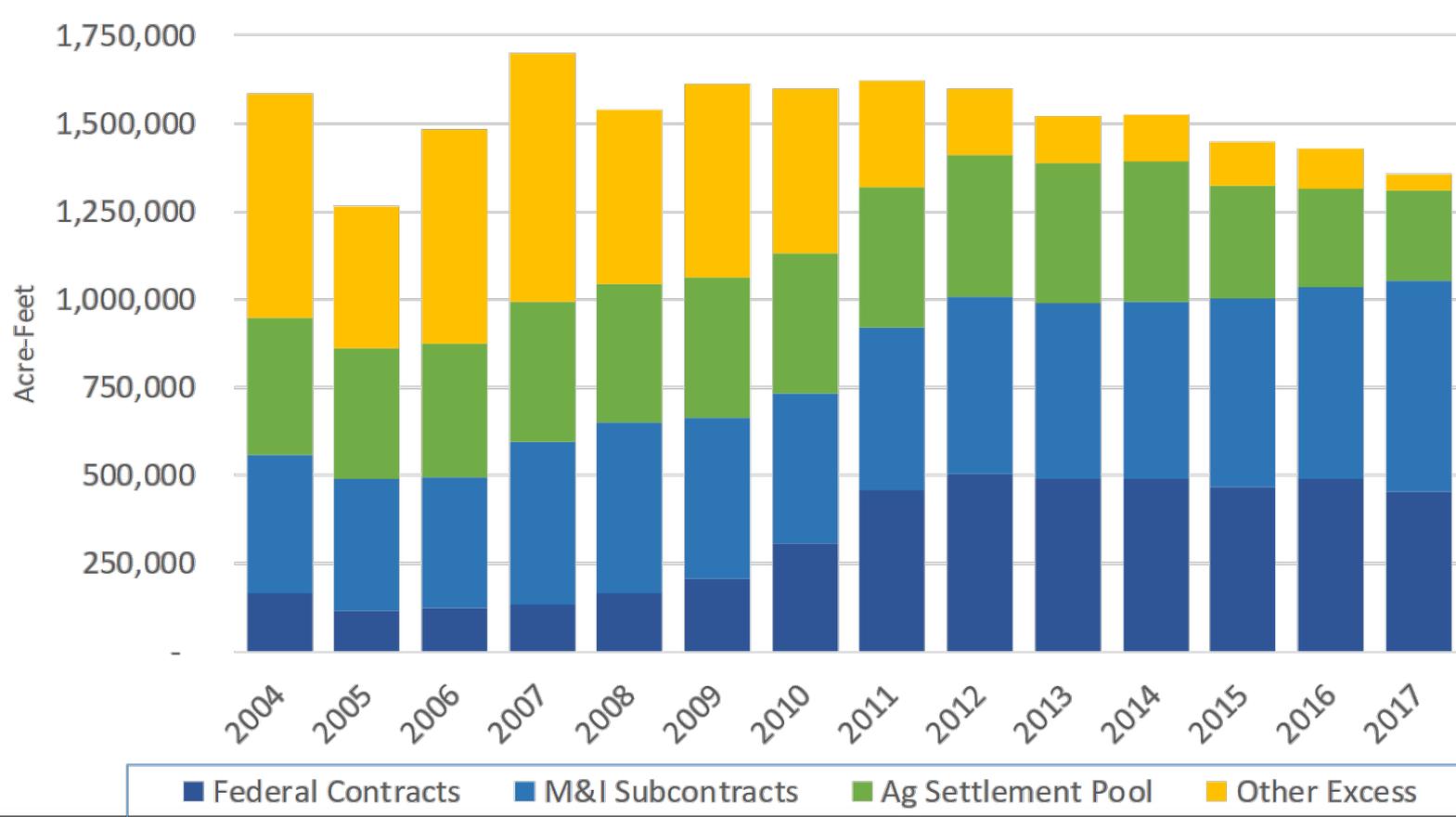
Name	AMA/INA	Allocation
CAIDD	Pinal	83,302
MSIDD	Pinal	81,886
HIDD	Pinal	26,924
SCIDD	Pinal	25,237
HVID	Harquahala	24,403
NMIDD	Phoenix	20,494
QCID	Phoenix	9,000
CMID	Tucson	4,313
RWCD	Phoenix	3,750
MWD	Phoenix	3,000
SRP	Phoenix	2,850
TID	Phoenix	2,595
FICO	Tucson	2,323
Kai-Avra	Tucson	1,575
BKW Farms	Tucson	1,226
San Tan ID	Phoenix	1,050
Kai-Red Rock	Tucson	750
CHCID	Phoenix	407



Arizona's Colorado River Use



CAP Deliveries



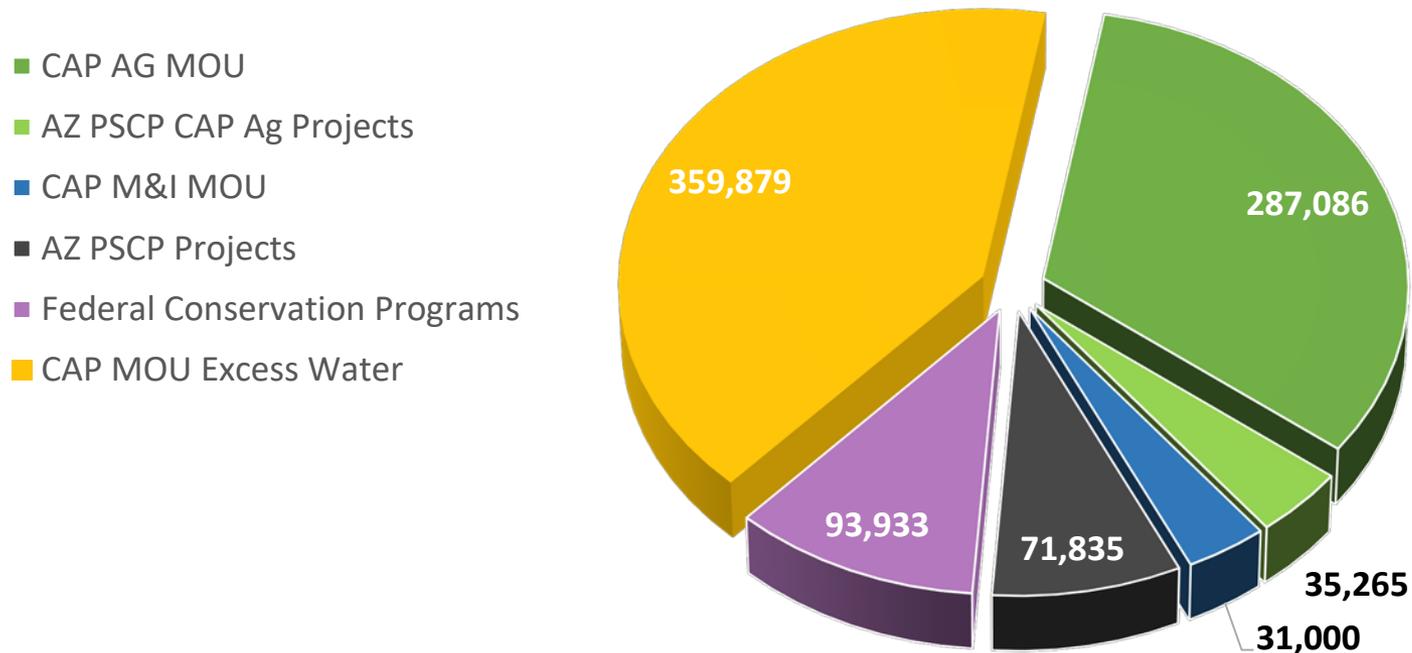
CAP Ag Settlement Pool Deliveries



Arizona's Contributions to Lake Mead

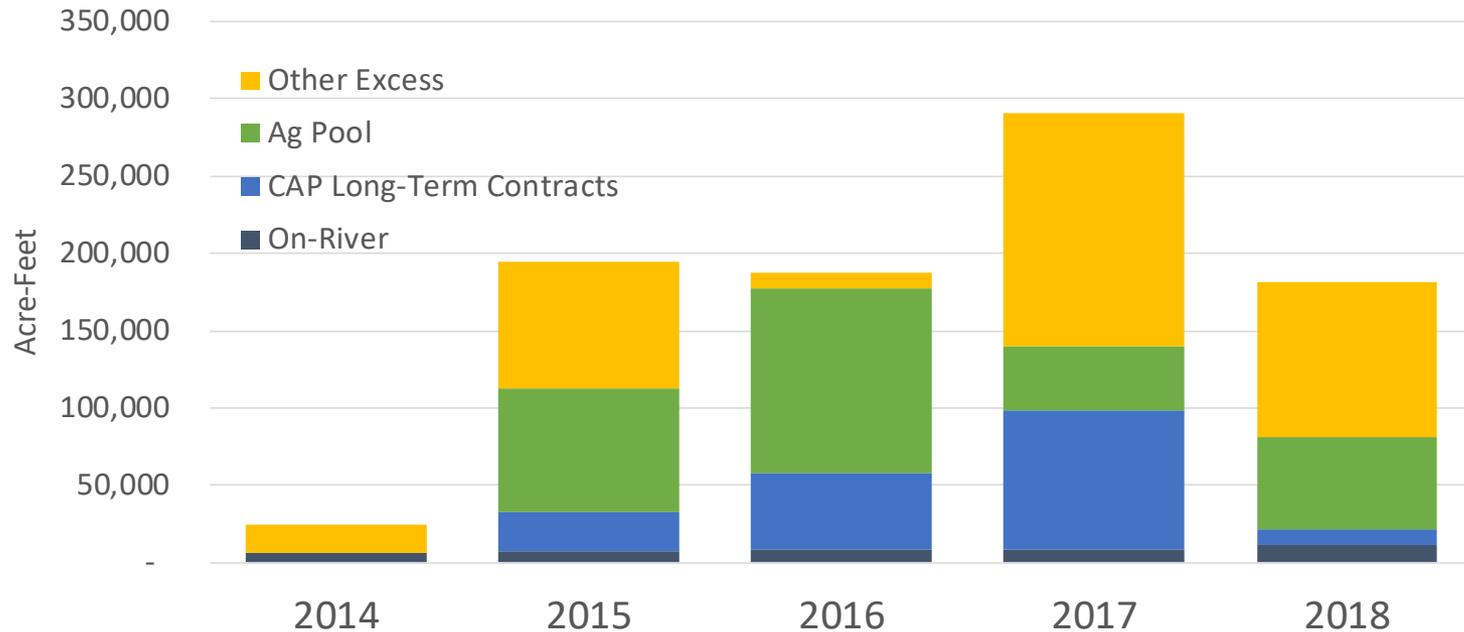
Contributions by Program, 2014 - 2018

Total = 878,998 AF



Arizona's Contributions to Lake Mead

Contributions, by Source and Year
Total = 878,998 AF



CAP Ag Pool Forbearance Programs

- Five programs
- Mix of ICS and System Conservation
- Funding from CAWCD and others
- ADWR & CAWCD have cooperatively adopted policies to facilitate Ag Forbearance programs supporting conservation

Program	Year (s)	Volume (KAF)	ICS?	Participants											
				BKW	CAIDD	HIDD	Kai	MSIDD	MWD	NMIDD	QCID	RWCD	SRP	TID	
Forbearance I	'15-'16	160	X	X	X	X	X	X	X	X	X	X	X	X	X
Forbearance II	'16	26		X	X	X	X	X	X	X	X	X	X	X	X
Forbearance III	'16 - P	10-45/yr	X	X			X		X	X	X	X	X	X	X
Forbearance IV	'18-'19	8	X		X	X		X							
Forbearance V	'18	10			X			X							

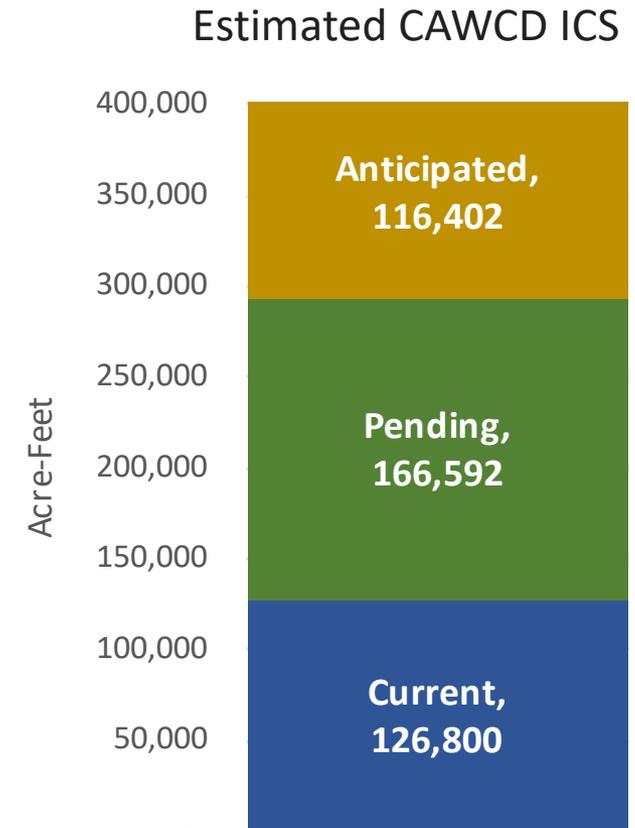


DELEGATES' PRESENTATION ON CAP AG MITIGATION



Potential Resources for Mitigation

- CAWCD has accrued storage in Lake Mead through the funding and implementation of conservation, generating Intentionally Created Surplus (ICS)
- If LBDCP is adopted, ICS may be used to offset LBDCP reductions, thus mitigating LBDCP reductions to some CAP users



Lake Pleasant

- Lake Pleasant Reservoir is a multi-use facility that CAP shares with Maricopa Water District (MWD)
- CAP operates and maintains the New Waddell Dam which impounds Lake Pleasant
- CAP and MWD have independent water delivery plans and separate water storage accounts of water in the Lake
- Lake Pleasant has a conservation pool of 812 KAF (roughly 80/20 split between CAP/MWD)
- MWD stores Agua Fria water
- CAP stores Project Water from the Colorado River

Lake Pleasant Operations

- Lake Pleasant is CAP's regulatory reservoir with the following purposes
 - Operational reserve of a 60-90 day water supply
 - Energy management for the CAP system
 - Maintain sufficient project water supply to ensure scheduled CAP water is available for delivery
 - Flood Control
 - Recreation
- Lake Pleasant operational water could be available as a potential resource for mitigation
 - 50,000 to 70,000 acre-feet could be withdrawn from Lake Pleasant
 - Using this storage could increase the probability that releases through New Waddell Dam will not generate electricity in future years
- The operational storage in Lake Pleasant is CAP Project Water

Proposed Next Steps for CAP Ag Settlement Pool Mitigation

- Convene a Work Group
- Delegates that expressed interest or participated in earlier discussions: ADWR, CAWCD, CAP Ag, Gila River Indian Community, Arizona Legislature, Phoenix, Tucson, and WFF
- Other delegates are invited to volunteer
- Initial Ground Rule – not public meetings but a commitment to report proceedings to the Steering Committee, in open session including opportunity for public comment
- Scope - review of potential mitigation resources, and identify mitigation concepts to discuss with the Steering Committee
- Proposed meeting dates: August 15th (ADWR at 2:00 – 5:00) and 21st (CAP 2:00 – 5:00) with a progress report to the Steering Committee on August 23rd

Information Requested at Meeting #1

- Table and Chart of CAP Long-Term Contracts
 - Handouts include a link CAWCD contracting/subcontracting status report
- Map and Table of CAP Agriculture

Next Steps

- Next meeting - **August 23rd** (CAP 23636 N. 7th St. 1 – 4 pm)
- CAP Ag Mitigation Work Group meetings – August 15th (ADWR at 2:00 – 5:00) and 21st (CAP at 2:00-5:00)
- Update on draft LBDCP documents
- At the next meeting we hope to:
 - Discuss Tribal ICS
 - Progress report on CAP Ag Settlement Pool Mitigation from the Work Group

CALL TO THE PUBLIC





With additional questions contact:

ADWR at sslee@azwater.gov

CAWCD at cthompson@cap-az.com

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