

ADD Water Process

Thomas W. McCann
WRRC Annual Conference
March 17, 2009



CAP
CENTRAL ARIZONA PROJECT

What is ADD Water?

- Acquisition, Development and Delivery of Water for CAP's three-county service area
- Collaborative stakeholder participation process led by CAP
- Outgrowth of 2006 CAP Strategic Plan

Focus Question

Assuming CAP is to be the primary entity that acquires, develops and delivers new water supplies for its three county service area, how should the water be shared and paid for?

5-Step Process

- 1. Identify information needs**
- 2. Define and prioritize criteria**
- 3. Develop alternatives**
- 4. Evaluate alternatives against criteria**
- 5. Develop recommendations**

Status of ADD Water

- **Process started in fall 2007**
- **Step 1 completed May 2008**
- **Step 2 completed October 2008**
- **Step 3 begins March 26, 2009**
- **Goal is to finish ADD Water process by fall 2009**



Oh boy,
another ADD
Water
meeting!

Public Participation Facilitator

- **Guides implementation of the stakeholder participation plan**
- **As a neutral party, maintains the integrity of the process**
- **Leads group through specific processes to reach objectives**

Action Plan

"CAP takes the lead role developing a process that includes water user entities, CAGR and ADWR to decide the who, when, what, and how much questions. CAP, as owner/operator of the CAP system, is lead agency."

What have I gotten myself into?

RENEWABLE SUPPLIES FOR CONSTITUENTS

WATER SUPPLIES

COST ON FUTURE DEVELOPMENT

EFFICIENT WORKABLE SYST FOR MUNIS

INTERESTED IN WHEEL WATER ISSU

PROTECT OUR WATER FUTURE

FAIR & EQUITABLE SOLUTION

IMPACTS ON CURRENT INFRASTRUCTURE

CONNECT NEW TO GROW PLAN

HAVE

Obtain cost of scale operation

Support Team

- **Project administrator**
 - Prepare agendas and meeting highlights
 - Keep records
 - Manage website
 - Prepare team notebooks
- **Support team**
 - Plan project team/stakeholder meetings and prepare materials
 - Perform research as needed



And Control

Measurement

Organization

Work Planning

Management Reporting Control

Scheduling and Coordination

Budgetary Control

Computer Support

Master Plan

Work Order

General Policy and

Cool



**No, no, not
like that!**



Project Team

- **CAP staff and Board**
- **Representatives from:**
 - **Pinal County**
 - **Tucson**
 - **Phoenix**
 - **SAWUA**
 - **AMWUA**
 - **ADWR**
 - **Landowners/developers**
 - **Non-AMWUA west-side cities**
 - **Private utilities**

Project Team Role

- **Plan stakeholder meetings**
 - **Develop agenda and meeting structure**
 - **Develop materials to be provided**
 - **Identify objectives and work products**
- **Prepare summaries of stakeholder meetings for CAP Board**
- **Focus on process, not substance**



Business Question

Business is a continuous process to determine what new solutions need to be created and what solutions get the best results. Examples for production are:

Desired State

CAP is the best option to a continuous process to determine what is needed to meet business goals. It is the best and the most effective way to get the best results. CAP can help to get the best results in a continuous process. The best results are achieved when the results are achieved in a continuous process.

Action Plan

CAP uses the best rate developing a process that includes water user entities, CAGRD and ADIWR to decide the who, when, what, and how much questions. CAP, as a transformation of the CAP system, is

Doc Fuent
CAP
PHOENIX

Doug Kupel
Phoenix
PHOENIX

Marvin
Suzann
PHOENIX





NO SMOKING
OCCUPANCY
BY
DATE OF
FIRE



NO SMOKING
BY DATE OF
FIRE



Ralph

Gary

Sam
CAR

Colette

Maggie

BANNERS 9/26 10/1 10/1
STEP 2

**No one told
me I'd have to
sing for lunch!**

To prepare
report:

Meet
with
Prep
the

CAP

CAGRD

Murray-
Darling

MWD

Remaining Cases

- CA Drought Water
- NT's Main Water
- LSNA
- Tampa Bay

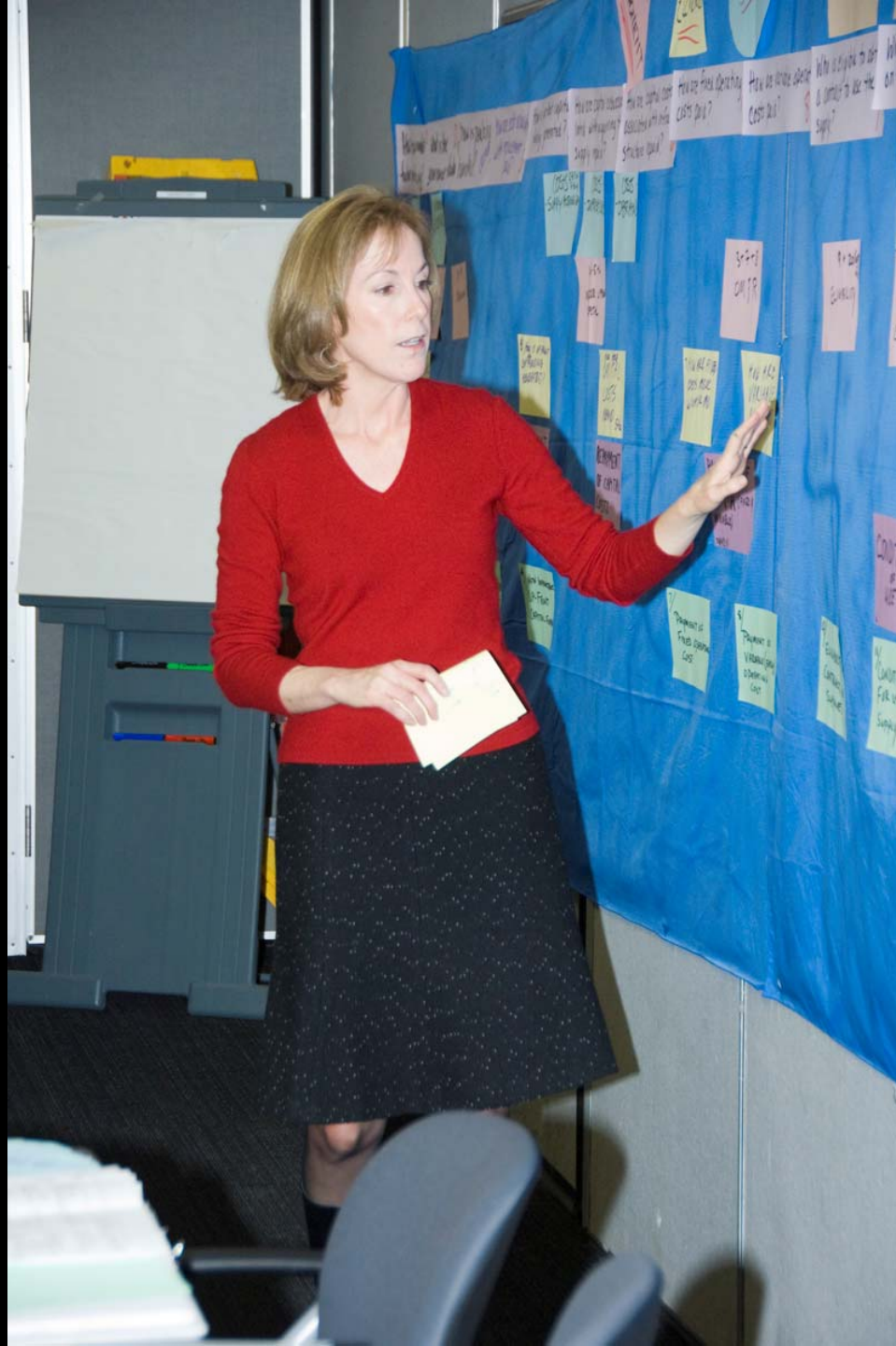
How to assemble future participants?	What is the governance structure?	How is packing handled?	How are capital associated with replacement built?	How is up-front capital funding generated?	How are capital expenditures with expiring the supply repaid?	How are capital costs associated with infra-structure repaid?	How are the costs repaid?
<p>Supply Bank</p> <p>Ad supported</p> <p>North Texas</p> <p>SNWA</p> <p>TAMPA BAY</p> <p>SRP</p> <p>San Diego</p> <p>SDCWA</p> <p>CONCENTRATION INCREASING</p>	<p>Call center</p> <p>Water</p> <p>Utilities</p> <p>Don't know</p> <p>N/A</p> <p>CONCENTRATION INCREASING</p>	<p>N/A</p> <p>Call center</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>Utilities</p> <p>Utilities</p> <p>Utilities</p> <p>Utilities</p> <p>Utilities</p>	<p>N/A</p> <p>Utilities</p> <p>Utilities</p> <p>Utilities</p> <p>Utilities</p>	<p>N/A</p> <p>Utilities</p> <p>Utilities</p> <p>Utilities</p> <p>Utilities</p>	<p>N/A</p> <p>Utilities</p> <p>Utilities</p> <p>Utilities</p> <p>Utilities</p>	<p>Utilities</p> <p>Utilities</p> <p>Utilities</p> <p>Utilities</p> <p>Utilities</p>



Paul

Eric







structure repaid?

COST allocate - Power revenues - Cost ÷ volume

- Federal
- Capital charge
- postage stamp rate
- CAWED
- taxes
- "Big R" incl

costs subsidized

Cost - volume

- multiple rates by class of use

- Ag
- Indian
- etc.

(3-County mo

POSTAGE STAMP FEES & RATES
UPPAYG

POSTAGE STAMP ASSMTS BASED ON ACTUAL WATER

POSTAGE STAMP ASSMTS (w/in AMA) BASED ON ACTUAL WATER USE

LANDOWNERS WATER PROVIDED IN 3 AMAs TO HAVE PHYS AVAIL GW

Paid by Entity Wanting Water

Anybody in Basin Decoupled w and land

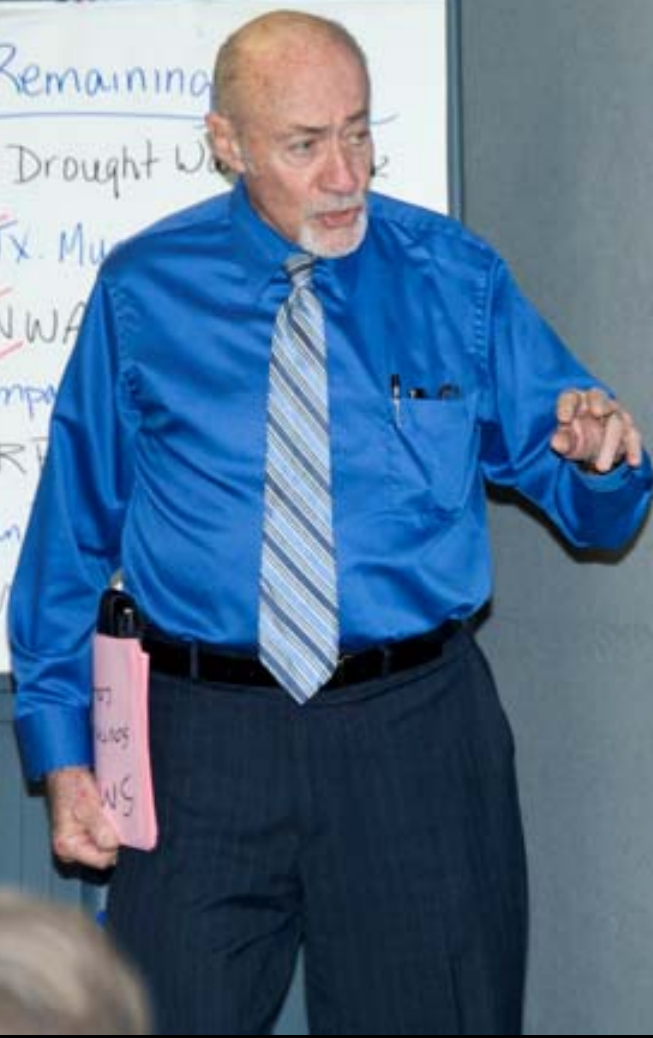
Postage Stamp Rates 2-Tier

Member Cities +



Remaining

- ✓ CA Drought Water
- ✓ NTx. Municipal
- ✓ ONWA
- ✓ Tampa
- SRT
- San
- SM



<p>Count with Eric</p> <p>NORTH TEXAS MUNICIPAL WATER</p> <p>SNWA</p> <p>TAMPA Bay</p> <p>SRP (SRWA)</p> <p>SAN DIEGO SDCWA Transfer</p>	<p>Don't know</p> <p>Unknown</p> <p>Don't know</p> <p>N/A</p> <p>CONSERVATION INCUMBENTS SUBSIDIE</p>	<p>Some of Districts</p> <p>Political Subdivisions</p> <p>BOARD OF GOVERNORS (Average Voting)</p> <p>SOCWA Board of Directors</p>	<p>No revenue impact</p> <p>No billing change</p> <p>N/A</p> <p>WIND CANNY CHARGE</p>	<p>MODERATE RATES, NO TRADING ACTIVITY</p> <p>Unknown</p> <p>in the fixed costs component of rates</p> <p>Built into Assessment/WDRates</p> <p>INFRASTRUCTURE ACCESS CHARGE PER METER EQUIVALENT PROPERTY TAXES WATER RATES</p>	<p>NO TRADING ACTIVITY</p> <p>Federal Funds (from administration)</p> <p>GO Bonds</p> <p>Capital Contributions</p> <p>1. Fed. Loan (FD)</p> <p>2. Revenue Bonds</p> <p>3. Power Contributions (\$)</p> <p>4. Assets/Lease (W. Loan/Lease)</p> <p>5. SOCWA</p> <p>INFRASTRUCTURE ACCESS FEE PER METER EQUIVALENT PROPERTY TAXES WATER RATES</p>
--	---	---	---	---	--

**And that's why
Tucson should get
all the water**





Recommendations

Some support for dev of alternatives by the committee

Some support for dev of alternatives by the committee

Options

Education your client

Group of 7 to develop alternatives

Just in case

EDWARDS IN SCHOOL

VALUES EVERYBODY

PROFESSOR PROJECT TEAM

Don't put the blame on BRUSSARD

Let PT develop example alternative etc.

Opportunity for alternative alternatives @ the end

Too much time + not fully utilizing PT work

Difficult levels of expertise will affect quality of alternatives

No validation of the other alternatives

Bring bring stakeholders up to speed w/ PT

Don't let the demand fear is not enough to get a hold

Lack of consensus could occur @ the end

Remain Stakeholders

Component M...
2. Review M...
3. Stakeholders
4. Develop M...
5. Evaluate M...
6. Submit

What are the strengths of this proposal?



See, right there....they're trying to exclude Ag









Handwritten notes on the blue tarp:

Top strips (from left to right):

- Know what you're doing
- What's the goal of this project?
- What's the budget?
- What's the timeline?
- What's the scope?
- What's the risk?
- What's the communication plan?
- What's the stakeholder map?
- What's the success criteria?
- What's the exit strategy?

Sticky notes (examples):

- Project Name: [unclear]
- Start Date: [unclear]
- End Date: [unclear]
- Responsible: [unclear]
- Status: [unclear]
- Risk: [unclear]
- Dependencies: [unclear]
- Resources: [unclear]
- Issues: [unclear]
- Next Steps: [unclear]
- Review Date: [unclear]

**Anybody seen
the cookies yet?**



Stakeholder Work Group

- **Self-selected by stakeholders**
- **Model worked for CAGRD Plan of Operation**
- **Fills gap between Project Team and full stakeholder meetings**

Stakeholder Participation

- **Identify potential stakeholders**
- **Invite everyone**
- **Ensure facility is big enough**
- **Feed stakeholders**
- **Technology can help**



ZZZZZZ

ZZZZZZ

ZZZZZZ

I wonder what's for lunch?

Objectives

- Validate problem statement and clarify scope of stakeholder participation program
- Stakeholders clarify their interest in ADD Water process
- Help stakeholders gain confidence in the process and determine if they need to participate
- Identify additional information needed to assist in completing work in future steps

White cup, water bottle, and documents on a table.



PROCESS USED
TO CONTROL
GROWTH

ALLOCATION AT

Visitor

Visitor

Visitor

MONITOR THE PROCESS

Fuller Understanding of Goals & Processes for ADD Water

Understand CA's ability to be a water supplier

FACILITATE SINGLE PROVIDER SOLUTION

INTEREST IN REGIONAL SOLUTION

HAVE ADD'L/ALN WATER SUPPLIES THAT COULD BE USED AS ADD'L WATER FOR STAKEHOLDERS

PROTECTION OF LONG-TERM CONTRACTORS

PROTECT INTERESTS OF CAGRD MEM

ENSURE FAIR PROCESS FOR

INFORMED FOR AG

AWBA INTERESTS

REPRESENT DEVELOPMENT INTERESTS

To clarify the

Ground Rules

Everyone participates, no one dominates, listen and speak with respect





Future Supplies

COST ON FUTURE DEVELOPMENT

FAIR & EQUITABLE SOLUTION

NEED MORE WATER

RENEWABLE SUPPLIES FOR CONSTITUENTS

HAVE ADD'L WATER SUPPLIES THAT COULD BE USED AS ADD'L WATER TAKEHOLDERS

SALEM

Visitor
Ken

Ken



INTERESTS
BE PART OF
SOLUTION.
NOT PART OF
MENU

OPTIONS
To Evaluate
Whether to
Continue as a
Participant in
ADD Water
Process

WATER SUPPLIES
THAT COULD
BE USED AS
ADD'L WATER
(SEE ATTACHMENTS)
EFFICIENT
WORKABLE
SYST FOR
MUNIS

SUPPLIES
WATCH
FUTURE
PROTECT
INTERESTS OF
CAGRD MEMBERS

WATCH
FUTURE
Laboratory
Off's duty to
be a water
supplier

CAP customer
expectations
Discuss
page
44

11

Visitor

Operational Capabilities

Assured Water Supply

PROCESS USED TO CONTROL GROWTH

WHAT ARE YOU WORRIED ABOUT?

\$\$\$ REQUIRED UP FRONT

Process Failure

REPEAT OF GOV'S WATER COMMISSION PROCESS

Conal Capacity

INABILITY OF CAGRD TO SECURE SUPPLIES TO MEET OBLIGATIONS

Unfair Sharing

COSTS

SETTING NEEDS AT A REASONABLE COST

CAP BOARD WILL NOT LISTEN TO STAKEHOLDER CONSENSUS

HOW SOON CAN WE GET WATER?

LACK OF AGREED CRITERIA AND ALTERNATIVES

INFRASTRUCTURE CAPABILITY / CAPACITY / ACCESS

Inability to grow w/o renewable supplies

Municipalities get all the water

Postage stamp Rate Applied to All CAP SUBCONTRACTORS

IMPACT ON COST AND AVAILABILITY

ENTRENCHED POINTS OF VIEW

NOT REACH CAP LOOSING CONSENSUS / CONTROL OVER REGIONAL SCAP OPERATION

Regulatory Constraints

ADD WATER DOESN'T MEET NEEDS

ALLOCATION SYSTEM THAT CREATES "HAVES" & "HAVE NOTS"

ENERGY NEEDS

Costs: Supply's Disutility / Benefit Use

INTERIM FIXES THAT DON'T SOLVE THE PROBLEM

NEED ENDS ALTERNATIVE TO MAKE GOOD DECISIONS

Should AZ become solely an import food?

ENVIRO CONCERNS SHAPE DECISIONS

WATER IS TIED-UP WELL IN ADVANCE OF NEED

Domination of Process by Powerful Interests

WILL THE NEW SUPPLIES BE AFFORDABLE?

WILL AZ Agri. users get priced out of business?

Decisions based on incorrect data or assumptions

ONE PROVIDER MODEL COULD BE UNIMAGINATIVE AND INEFFICIENT

CONCERN OVER ABIL TO PARTNER W/ FED GOV

LEGISLATORS

"FAVORITE SON" ROLE FOR CAGED

AFFECTS ON OTHERS OUTSIDE 3 Co. AREA

WHETHER THE ACC understands the costs of this process

CONVERGENCE of CLIMATE CHANGE, NEVADA ISSUES, & CAGRD OBLIGATION BEFORE ADD. SUPPLIES ARE ON LINE

WE HAVE MET THE ENEMY, AND WE ARE IT

BY STATUTE, CAP HAS OBLIGATION TO ACQUIRE NEW SUPPLIES FOR CAGRD BUT NOT CAP SUBCONTRACTORS

Non-Urban Development (or outside cities)

Development pressure

Form economies

TREATMENT





IMPLEMENTATION

AMWUA

SWAG

4TH

MANAGEMENT PLAN

OTHERS

OTHERS

'TATION

WHAT DO YOU WANT TO GET OUT OF THIS PROCESS

HOW DO WE

KNOWLEDGE UNDER CLARIFICATION

Workable Solution

SOURCE OPTION IDENTIFICATION

Implement

WHO - JILL SE

LEW WAT

HERE - JILL WE

- IN STAT

- 7 BASIN

- MEXICO

DEFINITION

HOW TH

WILL WO

FUTU

WE

TRIG

ING

SLAT

Need Water Supply

Fair Sharing

sharing concept that doesn't cause hoarding

UNDERSTANDING OF CAP'S AUTHORITY TO DEVELOP, DELIVER, NEW SUPPLIES UNDER CAP'S CHARTER

"Desired State" of Plan

To Ensure That In-Lieu Storage Is Part of the Solution

TERM RENEWABLE SUPPLY

ADEQUATE WATER TO SUSTAIN FUTURE GROWTH/LIFESTYLE

PROGRAM THAT PROVIDES WATER TO SATISFY PWS REQUIREMENTS

FACILITATE DELIVERY OF CURRENT/FUTURE SUPPLIES

RENEWABLE SUPPLY TO REDUCE RELIANCE ON CAGRD

FAIR ACCESS TO ADDL SUPPLIES

For the "have nots" to get a first serving

WORKABLE PROCESS "NON-COMMAND" CUSTOMER DRIVEN

PROTECTION OF CAGRD INTERESTS

The role of CAP DWR US BR

Better understand Supply & Demand

UNDERSTANDING OF ALTERNATIVES ON HOW TO SHARE & PAY FOR WATER

To clarify the CAP Customers' expectations

UNDERSTANDING OF OTHERS' PERSPECTIVE

PROCESS that INCENTIVIZES CONSERVATION & EFFICIENCY

SMOOTH APPROVAL PROCESS

INVESTIGATE PUBLIC/PRIVATE PARTNERSHIP

CONSENSUS ON DIRECTION SECURING WATER SUPPLIES

Water agreements compatible with local water planning

IMPROVE ABILITY TO

BROAD WATER ACCESS

SUPPORTED APPLY

KNOWLEDGE OF CAGRD TRUE SUPPLY PORTFOLIO



Knowledge
Clarification

Workable
Solution

SOURCE
OPTION
IDENTIFICATION

Implementation

Cost

WHY DO YOU NEED
MORE WATER? C

"Desired
State"
of Plan ...

To Ensure That
In-Lieu Storage
Is Part of
the Solution ...

WHO—
JILL SECURE
NEW WATER?

EQUITABLE COST
ALLOCATION
"POSTAGE STAMP"
RATE ...

PROCESS
that
INCENTIVIZES
CONSERVATION
&
EFFICIENCY ...

SMOOTH
APPROVAL
PROCESS

Water acquisition
compatible
with local
water planning

HERE—
WILL WE LOOK
— IN STATE
— 7 BASIN STATES
— MEXICO ...

SELF
SUSTAINING
~~AND~~
FINANCIALLY

Leverage

INVESTIGATE
PUBLIC/
PRIVATE
PARTNERSHIP

DEFINITION OF
HOW THINGS
WILL WORK
IN FUTURE ...

AFFORDABLE
ACCESS TO NEW
WATER SUPPLIES

WATER = Power

CONSENSUS
ON DIRECTION
IN SECURING
WATER SUPPLIES

WHEN—
WILL WE PULL
THE TRIGGER?
— FUNDING
— LEGISLATION ...

NEW WATER
PAID BY
BENEFICIARIES
NO
SUBSIDIES

Sustainability

BROADLY SUPPORTED
WATER SUPPLY
ACQUISITION PROCESS

IMPROVE
ABILITY TO
PLAN

WHAT—
ARE THE
BARRIERS

UNDERSTAND
COST STRUCTURE
RELATIVE TO
END-USE

ENSURE
SUSTAINABLE
LONG-TERM
OPERATIONS

KNOWLEDGE
OF
TRUED
PORTFOLIO



I'm telling you, our pipeline is the best.





INTEREST: To share water and to provide access to new supplies by all participants in the three county area

Stakeholder Participation Program Question

Assuming CAP is to be the primary entity that acquires, develops and delivers new water supplies for its three county service area, how should the water be shared and paid for?



INTEREST: To share water and to provide access to new supplies by all participants in the three county area

What are the indicators of excellence that we have shared water and provided access to new supplies for all participants in the 3-county area?

everyone keeps their current supplies

Some pumping facilities get their water from local to what they're capable

EVERYONE GETS WHAT THEY WANT

Capitans retain control of its system at all times

Equal Access to Physical Water

Long-term Feasibility of System

NO REDIST OF EXISTING SUP/WFRS

PRIORITY 4. PWS & OTHER VALID, PENDING PROJECTS

Reservoir Conservation, or Rehabilitation, or Flood

Participates of current "State" that everyone negotiating with their ability







INTEREST: To share water and to provide access to new supplies by all participants in the three county area.

Watermaster Participation Program Overview

Ensuring CWP is to be the primary entity that provides oversight and ensures the water supplies for its three county service area. How should the water be stored and used?

- AGENCIA**
- INTERACTIVE
 - AGRICULTURAL PRODUCTION
 - LOGGING
 - WATER SUPPLY
 - WASTEWATER TREATMENT
 - WATER COLLECTION

INTEREST: To share water
new supplies by all participa

Consensus Workshop

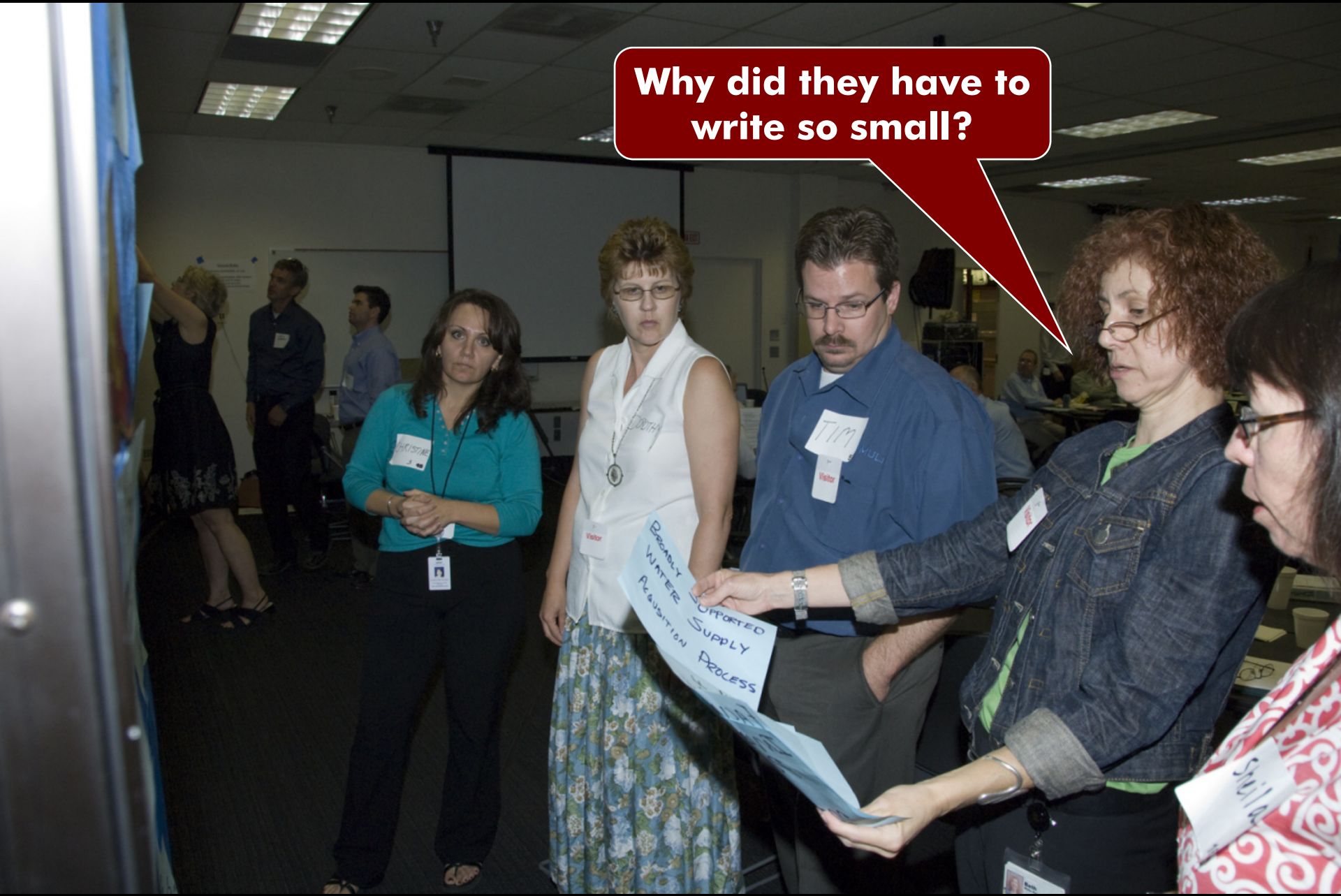
- Context
- Brainstorm
- Cluster
- Name
- Reflect

What are the
indicators of
excellence
that we have
shared. Water and
provides access to new
supplies for all participants
in the three county
area?

Handwritten notes on sticky paper attached to the purple banner, including phrases like "What are the indicators of excellence..." and "What are the indicators of excellence..."



Why did they have to write so small?





INTEREST: To share water and to provide a new supplies by all participants in the three c

What are the desires of...

What are the...

What are the...

What are the...

What are the...

What are the...

What are the...

What are the...

What are the...



INTEREST: To share water and to provide access to new supplies by all participants in the three county area

What are the indicators of excellence that we have shared water and provided access to supplies for participants in the three county area?

Sustainability
Community

Participatory
Equity

Open
Process

Agenda
Introduction
Agreement on 5 Indicators
Lunch
Developing Indicator Spectrum
Reflection on our day

Participatory





**How long is this
going to last?**

Avoid Bad Acronyms

- **Development & Acquisition of Water Group (DAWG)**
- **Potential Acquisition of Supplemental Supplies (PASS)**
- **Supplemental Water Acquisition Team (SWAT)**
- **Water Acquisition Investigation Team (WAIT)**