

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT MEETING NOTICE AND AGENDA

WATER COMMITTEE
Tuesday, August 15, 2023, 9:30 AM

SRP Administration Building
1500 N. Mill Avenue, Tempe, AZ 85288

Committee Members: Kevin Johnson, Chairman; Robert Arnett, Vice Chairman; and Mario Herrera, Anda McAfee, Kathy Mohr-Almeida, Mark Pace, and Paul Rovey

Call to Order
Roll Call

1. **CONSENT AGENDA:** The following agenda item(s) will be considered as a group by the Committee and will be enacted with one motion. There will be no separate discussion of these item(s) unless a Committee Member requests, in which event the agenda item(s) will be removed from the Consent Agenda and considered as a separate item CHAIRMAN KEVIN JOHNSON

- Request for approval of the minutes for the meeting of June 13, 2023.

2. SRP’s Resilient Water and Forest Initiative ELVY BARTON

Informational presentation regarding an update on SRP’s resilient water and forest initiative, an overview of the SRP commercial customer initiative to attract additional forest thinning funding, and SRP’s carbon and water benefit modeling efforts related to the initiative.

3. Executive Session, Pursuant to A.R.S. §38-431.03(A)(3) and (A)(4), to Have Discussion or Consultation with Attorneys for Legal Advice on the Status of Discussions with EPCOR on the Following: 1) an Agreement to Update the 1991 Exchange Agreement Between Rio Verde Utilities and SRP for the Upstream Exchange of Central Arizona Project (CAP) Water for Verde River Water for Use Within the Rio Verde Utilities Service Area and 2) a Temporary Agreement with EPCOR for EPCOR to Provide Standpipe Water Service to Residents of Rio Verde Foothills
..... PATRICK SIGL and CHRISTA McJUNKIN

4. Rio Verde Utilities Exchange Agreement and Temporary EPCOR Standpipe Service Agreement PATRICK SIGL and CHRISTA McJUNKIN

Request for approval for SRP to enter into agreements with EPCOR 1) to update the 1991 exchange agreement between Rio Verde Utilities and SRP for the upstream exchange of CAP Water for Verde River water for use within the Rio Verde Utilities service area and 2) a temporary agreement with EPCOR for EPCOR to provide standpipe water service to residents of Rio Verde Foothills.

5. Report on Current Events by the General Manager and Chief Executive Officer or Designees JIM PRATT

6. Future Agenda Topics..... CHAIRMAN KEVIN JOHNSON

The Committee may vote during the meeting to go into Executive Session, pursuant to A.R.S. §38-431.03 (A)(3), for the purpose of discussion or consultation for legal advice with legal counsel to the Committee on any of the matters listed on the agenda.

The Committee may go into Closed Session, pursuant to A.R.S. §30-805(B), for records and proceedings relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information.

Visitors: The public has the option to attend in-person or observe via Zoom and may receive teleconference information by contacting the Corporate Secretary's Office at (602) 236-4398. If attending in-person, all property in your possession, including purses, briefcases, packages, or containers, will be subject to inspection.



**THE NEXT WATER COMMITTEE MEETING
IS SCHEDULED FOR TUESDAY, SEPTEMBER 19, 2023**

08/08/2023

MINUTES
WATER COMMITTEE
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND
POWER DISTRICT

DRAFT

June 13, 2023

A meeting of the Water Committee of the Salt River Project Agricultural Improvement and Power District (the District) convened at 9:30 a.m. on Tuesday, June 13, 2023, from the Board Conference Room at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. This meeting was conducted in-person and via teleconference in compliance with open meeting law guidelines. The District and Salt River Valley Water Users' Association (the Association) are collectively known as SRP.

Committee Members present at roll call were P.E. Rovey, Chairman; L.C. Williams, Vice Chairman; and A.G. McAfee, M.V. Pace, and J.M. White Jr.

Committee Members absent at roll call were R.J. Miller and K.H. O'Brien.

Also present were President D. Rousseau; District Vice President C.J. Dobson; Board Members R.C. Arnett, M.J. Herrera, K.J. Johnson, K.L. Mohr-Almeida, and S.H. Williams; Board Member L.D. Rovey of the Association; Council Vice Chairman J.R. Shelton; Council Liaisons M.L. Farmer and M.A. Freeman; Council Members A.A. Freeman and N.J. Vanderwey; Mmes. M.J. Burger, L.F. Hobaica, C.M. McJunkin, L.A. Meyers, G.A. Mingura, T.M. Parmenter, J.R. Schuricht, and C.M. Sifuentes; Messrs. A.M. Beckham, J.D. Coggins, M. Feder, J.M. Felty, Z.J. Heim, R.T. Judd, A.J. McSheffrey, M.S. Mendonca, R. Navarro, M.J. O'Connor, B.A. Olsen, J.M. Pratt, G. Saint Paul, and P.B. Sigl; Joanna Allhands of The Arizona Republic; and Brad Moore of Arizona Municipal Water Users Association (AMWUA).

In compliance with A.R.S. §38-431.02, Andrew Davis of the Corporate Secretary's Office had posted a notice and agenda of the Water Committee meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Friday, June 9, 2023.

Chairman P.E. Rovey called the meeting to order.

Consent Agenda

Chairman P.E. Rovey requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Board Member M.V. Pace and seconded by Board Member A.G. McAfee, the Committee unanimously approved and adopted the following item on the Consent Agenda:

- Minutes of the Water Committee meeting on May 23, 2023, as presented

Corporate Secretary J.M. Felty polled the Committee Members on Board Member M.V. Pace's motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:

YES:	Board Members P.E. Rovey, Chairman; L.C. Williams, Vice Chairman; and A.G. McAfee, M.V. Pace, and J.M. White Jr.	(5)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Members R.J. Miller and K.H. O'Brien	(2)

Rio Verde Utilities Exchange Agreement and Temporary EPCOR Standpipe Service Agreement

Using a PowerPoint presentation, Christa M. McJunkin, SRP Director of Water Strategy, stated that the purpose of the presentation was to provide an update on the status of discussions related to 1) updating the 1991 exchange agreement between Rio Verde Utilities (RVU) and SRP for the upstream exchange of Central Arizona Project (CAP) water for Verde River water for use within the RVU service area and 2) developing a temporary agreement with EPCOR for EPCOR to provide standpipe service to residents of Rio Verde Foothills (RVF).

Ms. C.M. McJunkin explained that SRP is negotiating an expanded exchange agreement with RVU to protect shareholder resources from pumping impacts. She said that RVU is a small private water company, purchased by EPCOR in 2019, that serves 2,700 homes and four golf courses in the Foothills area. Ms. C.M. McJunkin noted that RVU is regulated by the Arizona Corporation Commission (ACC) and serves subdivisions with Certificates of Assured Water Supply.

Continuing, Ms. C.M. McJunkin said that RVF is an unincorporated community in Maricopa County with no water provider and located in a Wildcat subdivision without an assured water supply. She provided the following background between SRP and RVU: 1) in 1973, SRP and RVU entered into an agreement to develop criteria for well testing, and the agreement included remedies in the event of breach; 2) in 1984, the agreement was modified due to RVU needing to drill a new well and resume use of an existing well with SRP agreeing to modify the agreement in anticipation of RVU obtaining a CAP subcontract as an exchange source for SRP water; 3) in 1991, SRP formalized the RVU exchange of CAP water for SRP Verde River water under an exchange permit from the Arizona Department of Water Resources (ADWR), and the commencement of a 50-year term began on October 1, 1993.

Ms. C.M. McJunkin concluded with a discussion of goals of new agreements between SRP and EPCOR and next steps. She introduced Patrick B. Sigl, SRP Principal Managing Attorney.

Board Member K.H. O'Brien; Council Member R.S. Kolb; and Ms. A.P. Chabrier entered the meeting.

Executive Session

Chairman P.A. Rovey requested a motion to enter into executive session, pursuant to A.R.S. §38-431.03(A)(3) and (A)(4), to have discussion or consultation with attorneys for legal advice regarding legal issues with respect to the RVU Exchange Agreement and temporary EPCOR Standpipe Service Agreement.

Joanna Allhands of The Arizona Republic; and Brad Moore of AMWUA left the meeting.

On a motion duly made by Board Member M.V. Pace, seconded by Board Member J.M. White Jr. and carried, the Water Committee convened into executive session at 9:46 a.m.

Corporate Secretary J.M. Felty polled the Committee Members on Board Member M.V. Pace’s motion to enter into executive session. The vote was recorded as follows:

- YES: Board Members P.E. Rovey, Chairman; L.C. Williams, Vice Chairman; and A.G. McAfee, K.H. O’Brien, M.V. Pace, and J.M. White Jr. (6)
- NO: None (0)
- ABSTAINED: None (0)
- ABSENT: Board Member R.J. Miller (1)

The Committee reconvened into open session at 10:14 a.m. with the following members and others present: President D. Rousseau; District Vice President C.J. Dobson; Board Members R.C. Arnett, M.J. Herrera, K.J. Johnson, A.G. McAfee, K.L. Mohr-Almeida, K.H. O’Brien, M.V. Pace, P.E. Rovey, J.M. White Jr., L.C. Williams, and S.H. Williams; Board Member L.D. Rovey of the Association; Council Vice Chairman J.R. Shelton; Council Liaisons M.L. Farmer and M.A. Freeman; Council Members A.A. Freeman, R.S. Kolb, J.W. Lines, and N.J. Vanderwey; Mmes. M.J. Burger, A.P. Chabrier, L.F. Hobaica, C.M. McJunkin, L.A. Meyers, G.A. Mingura, T.M. Parmenter, J.R. Schuricht, and C.M. Sifuentes; and Messrs. A.M. Beckham, J.D. Coggins, M. Feder, J.M. Felty, Z.J. Heim, R.T. Judd, A.J. McSheffrey, M.S. Mendonca, R. Navarro, M.J. O’Connor, B.A. Olsen, J.M. Pratt, G. Saint Paul, and P.B. Sigl.

Copies of the PowerPoint slides used in this presentation are on file in the Corporate Secretary’s Office and, by reference, made a part of these minutes.

Joanna Allhands of The Arizona Republic and Brad Moore of AMWUA entered the meeting.

Report on Current Events by the General Manager and Chief Executive Officer or Designees

Jim M. Pratt, SRP General Manager and Chief Executive Officer, reported on a variety of federal, state, and local topics of interest to the Committee.

Future Agenda Topics

Chairman P.E. Rovey asked the Committee if there were any future agenda topics. None were requested.

There being no further business to come before the Water Committee, the meeting adjourned at 10:16 a.m.

John M. Felty
Corporate Secretary



Resilient Water and Forests Initiative

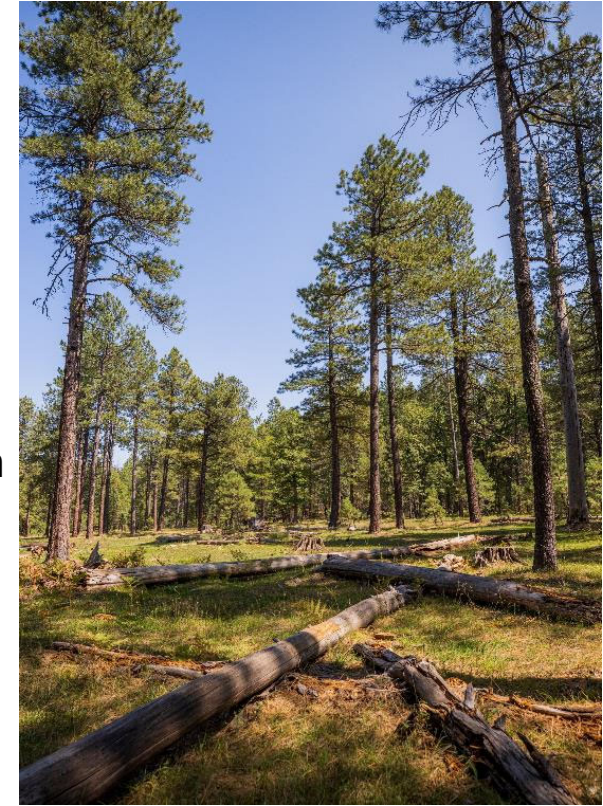
Water Committee

Elvy Barton

August 15, 2023

Forest Health Goal

- Three Strategic Pillars: Partnerships, Projects, Policy
- Forest Project Funding Objectives
 - Diversified portfolio
 - Consistent and long-term
- Funding Sources
 - Federal: U.S. Forest Service, Bureau of Reclamation
 - State: Dept. of Forestry and Fire Management, Game and Fish Dept., Water Infrastructure Finance Authority
 - Local: Gila County, Payson, Phoenix, Mesa, Tempe, Scottsdale, Gilbert
 - Non-Profit: AZ Sportsman for Wildlife Conservation, Conservation 1st USA, Rocky Mountain Elk Foundation



Resilient Water and Forest Initiative Goals



Ensure resilient and predictable water supplies for central Arizona



Offer diverse co-benefits to help achieve sustainability commitments



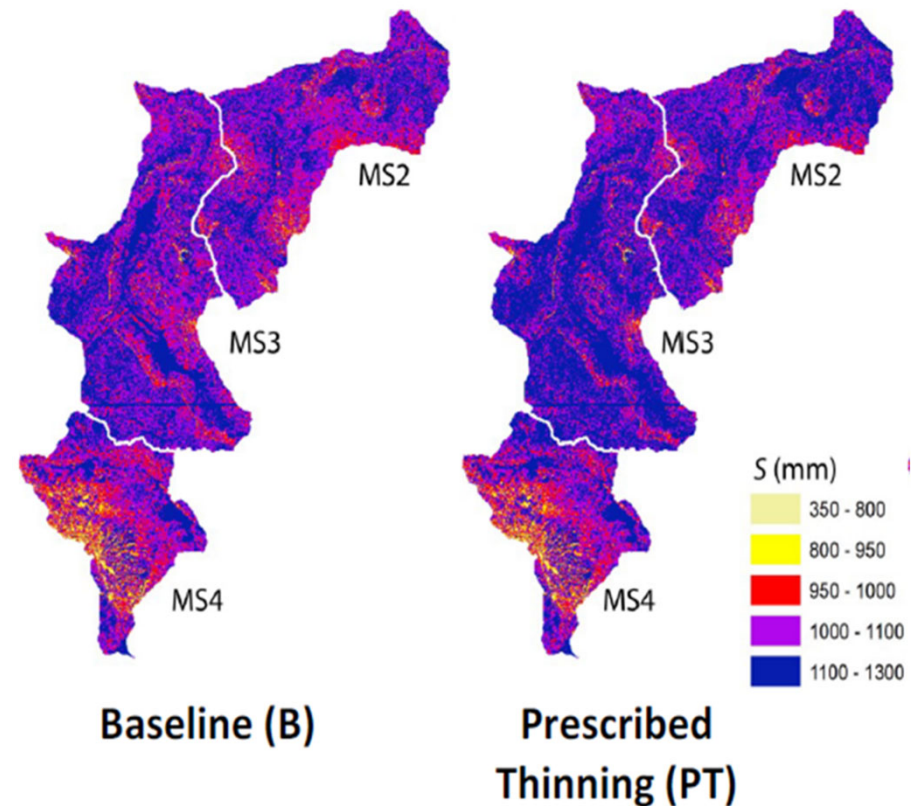
Leverage public, non-profit, and private funding



Water Benefit Specifics

Water Benefit Overview

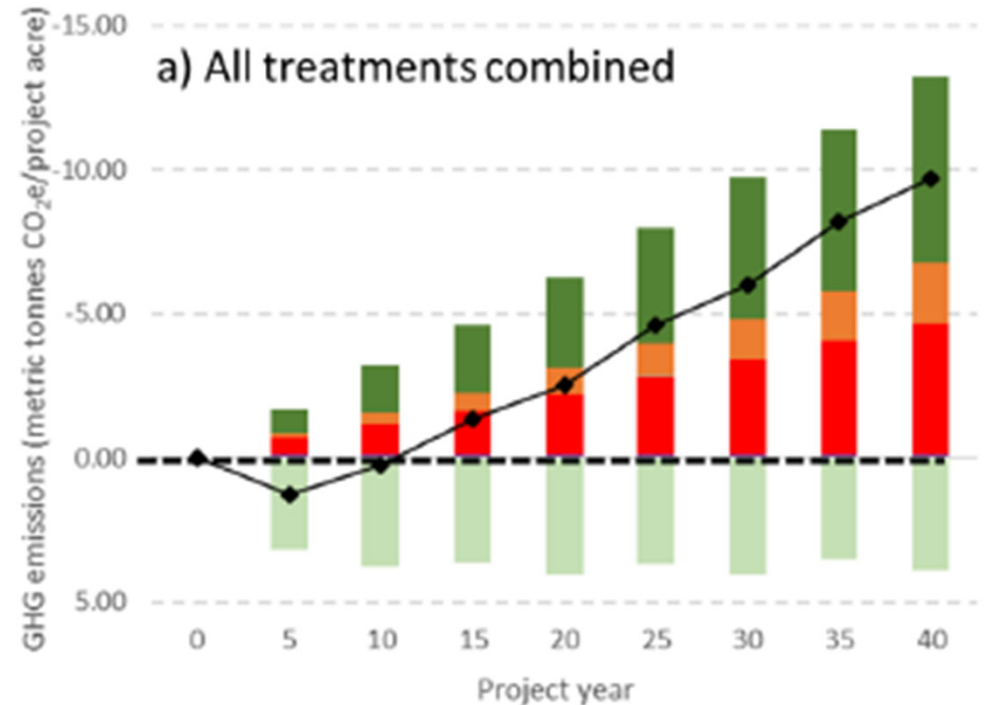
- Watershed Hydrological Response Model
 - Developed in partnership with ASU and SRP
 - Endorsed by Bonneville Environmental Foundation/ Blue Forest Conservation
- Water Benefits from three Categories
 - Reduced evapotranspiration
 - Increased water stored in soils
 - Increased streamflow
- Year 1 Results: 236 acre-feet water benefit



Carbon Benefit Specifics

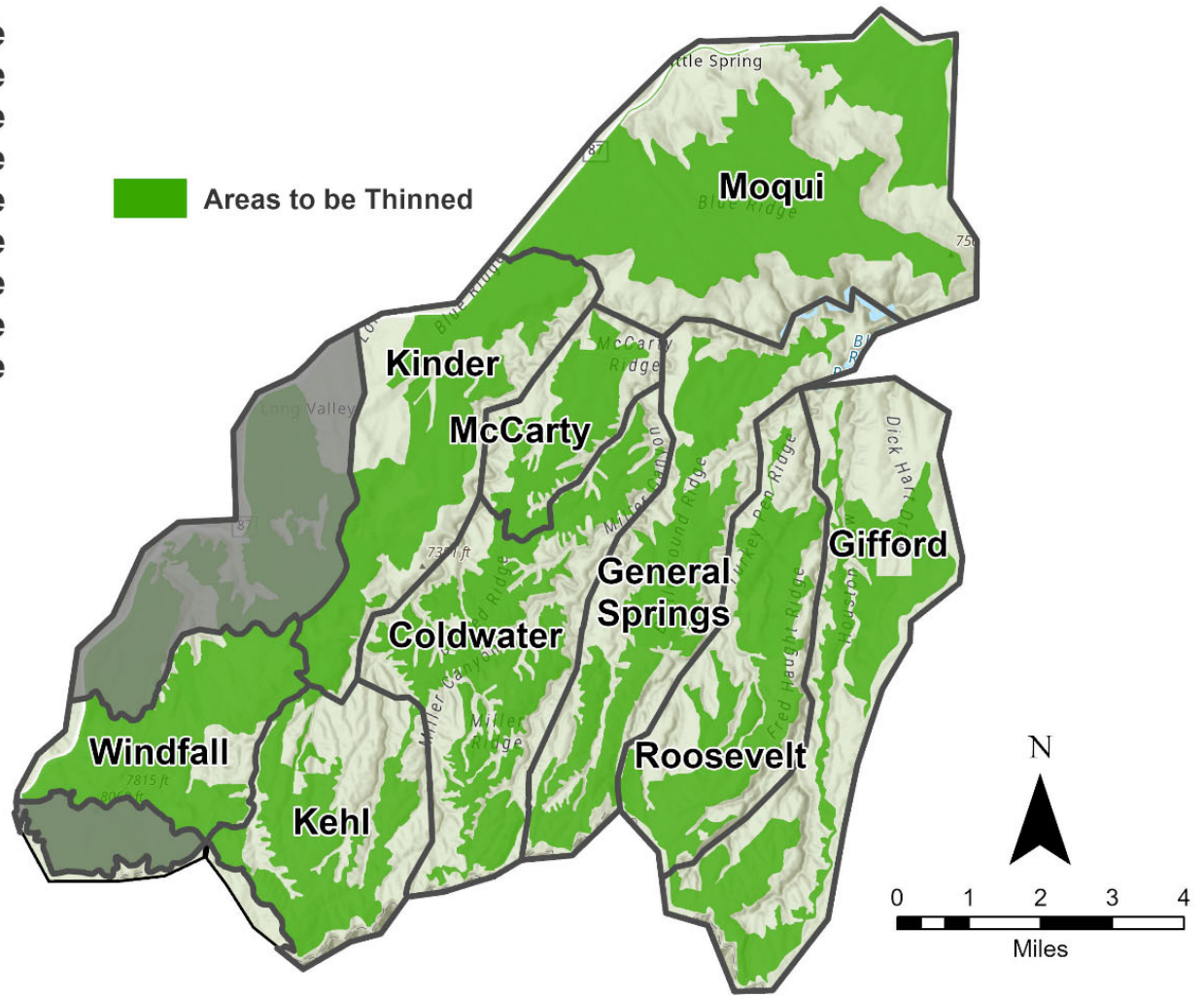
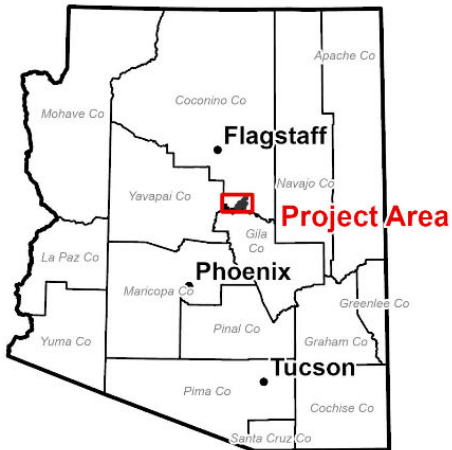
Carbon Benefit Overview

- Methodology: Reduced Emissions from Megafires
 - Approved by Climate Forward
- Carbon Benefits From Four Categories:
 - Avoiding catastrophic wildfire
 - Sequestering carbon in remaining trees
 - Sequestering carbon in wood products
 - Avoiding delayed forest regeneration
- 3.3M metric tons CO₂e benefit to thin the Cragin Watershed



Roosevelt	269,913 MT CO2e
Gifford	235,063 MT CO2e
McCarty	246,750 MT CO2e
Coldwater	261,331 MT CO2e
Kehl	262,954 MT CO2e
Kinder	242,056 MT CO2e
Moqui	218,629 MT CO2e
Windfall	188,190 MT CO2e
General Springs	211,247 MT CO2e

**includes a 10% uncertainty discount*



Thinning Project: Dude Phase 1

Overview

- Acres: 1,450
- Implementation: 2023 – 2024
- Water Benefits: 98 acre-feet or 35,517,806 gallons
- Biodiversity Benefits
 - 1,450 Chiricahua leopard frog habitat
- Scalable Partner Contributions:
 - 50% U.S. Forest Service
 - 50% SRP and partners



Innovative Finance for National Forests Grant

IFNF Grant Objectives

- Streamline water benefit modeling
- Scale carbon and water benefit modeling to attract forest restoration investment
- Develop forest financing strategies
- Share strategies with western water/electric utilities

FUNDING FOR 3 PROJECT TYPES



IFNF AWARD WINNERS LEADING BY EXAMPLE

PROJECT TYPE: FEASIBILITY

Coalitions & Collaboratives, Inc., CO: \$150,000 to explore creating RiverBANK, a revolving loan fund for forest and watershed health and wildfire resilience projects in Colorado adjacent to the Pike-San Isabel National Forest.

PROJECT TYPE: PILOT

Maine Mountain Collaborative: \$160,000 to pilot a financial approach to secure recreation revenues to support management of private timber lands acquired by the Exemplary Forestry Investment Fund (a previous IFNF grantee) that are adjacent to the White Mountain National Forest.

PROJECT TYPE: SCALING

Salt River Project (SRP), AZ: \$500,000 to quantify the co-benefits of water and carbon from forest restoration activities in Arizona. SRP will develop a comprehensive project portfolio and finance strategy that packages the water, carbon, and additional co-benefits to help diversify project funding.

Questions



Rio Verde Utilities/EPCOR Agreements

Patrick Sigl and Christa McJunkin

Water Committee

August 15, 2023

Request for Approval

In accordance with the terms discussed herein, request the Committee recommend that the Board authorize the Associate General Manager & Chief Water Resources and Services Executive, President, Vice-President, or General Manager and Chief Executive Officer to execute:

- The Temporary Standpipe Well Agreement between EPCOR and SRP;
- The Amended and Restated Agreement for Upstream Exchange of CAP Water and other Matters between EPCOR and SRP; and
- Any subsequent amendments to such agreements that do not materially modify the terms of the agreements

thank you!

