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

WATER COMMITTEE
Tuesday, February 21, 2023, 9:30 AM
SRP Administration Building
1500 N. Mill Avenue, Tempe, AZ  85288

Committee Members:  Paul Rovey, Chairman; Leslie C. Williams, Vice Chairman; and Anda McAfee, Randy Miller, Krista O’Brien, Mark Pace, and Jack White Jr.

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 PAUL ROVEY

   • Request for approval of the minutes for the meeting of January 17, 2023.

2. **2024 Association Water Budget**................................. MICHAEL MENDONCA

   Informational presentation regarding the Association’s proposed Fiscal Year 2024 water function budget, which will include proposed Calendar Year 2024 water pricing. This budget will be included in the District’s overall water function budget.

3. **Per and Poly-Fluoroalkyl Substances Overview** ..........ROBERT VERTEFEUILLE

   Informational presentation regarding per and poly-fluoroalkyl substances (PFAS) including a description, status of known health risks, and efforts by the Environmental Protection Agency and the Arizona Department of Environmental Quality to address the risk posed by the substances.

4. **Executive Session, Pursuant to A.R.S. §38-431.03(A)(3), to Have Discussion or Consultation with Attorneys and to Give Instructions Related to the Legal Issues and Legal Risks Associated with PFAS, including their Interaction with SRP Water Supply and Operations, and a Report on Anticipated Regulatory Trends from the Environmental Protection Agency and the Arizona Department of Environmental Quality ................................................................. MARIBETH KLEIN and SHARON MORRIS

5. **Report on Current Events by the General Manager and Chief Executive Officer or Designees** ................................................................. MIKE HUMMEL

6. **Future Agenda Topics** ..................................................... CHAIRMAN PAUL ROVEY
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.
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, January 17, 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, R.J. Miller, K.H. O'Brien, M.V. Pace, and J.M. White Jr.


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, January 13, 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 Vice Chairman L.C. Williams and seconded by Board Member M.V. Pace, the Committee unanimously approved and adopted the following item on the Consent Agenda:

- Minutes of the Water Committee meeting on December 8, 2022, as presented
Corporate Secretary J.M. Felty polled the Committee Members on Vice Chairman L.C. Williams’ 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, R.J. Miller, K.H. O’Brien, M.V. Pace, and J.M. White Jr. (7)

**NO:** None (0)

**ABSTAINED:** None (0)

**ABSENT:** None (0)

**SRP Well System and Aquifer Management**

Using a PowerPoint presentation, Sharon S. Morris, SRP Manager of Aquifer Management and Data Analytics, stated that the purpose of the presentation was to provide information regarding the SRP well system infrastructure, aquifer management, storage and recovery, and meeting present and future challenges for SRP shareholders and regional partners.

Ms. S.S. Morris provided a map of SRP’s wells and recharge facilities and stated that 270 wells are active with an age range from 1919 to 2023. She reviewed groundwater pumping data from 1980 to 2020 associated with drought protection.

Ms. S.S. Morris discussed the need for certain wells to be replaced due to aging wellfield, poor water quality, and land development; and she stated that new wells result in system enhancement, strategic partnerships, and power generation. She broke down the design, construction, and installation of new water wells with the use of diagrams.

Ms. S.S. Morris provided images of maintenance and assessment tools used to determine the condition and reliability of wells. She highlighted the cost savings benefits and improved efficiencies between SRP and municipalities with respect to SRP/City Connect Wells.

Ms. S.S. Morris provided aerials of the New River Agua Fria River Underground Storage Project (NAUSP) and the Granite Reef Underground Storage Project (GRUSP) and stated that NAUSP is a collaborative partnership among Chandler, Glendale, Peoria, Avondale, and SRP. She said that GRUSP is a collaborative partnership among Phoenix, Mesa, Chandler, Gilbert, Tempe, Scottsdale, and SRP. Ms. S.S. Morris provided acre-feet storage statuses for GRUSP, NAUSP, and SRP’s Groundwater Savings Facility (GSF) from their inceptions to date.

Ms. S.S. Morris reviewed data from 1985 to 2020 with respect to recovery agreements participating in underground water storage and recovery, along with system optimization and planning data. She concluded with a discussion regarding the following challenges and opportunities: prolonged drought, increasing demand for pumping capacity, infrastructure and land availability, and water quality.
Ms. S.S. Morris responded to questions from the Committee.

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.

Messrs. M.S. Mendonca and R.M. Vertefeuille left the meeting during the presentation. Association Vice President J.R. Hoopes; Board Members K.L. Mohr-Almeida and K.B. Woods; Council Chairman T.M. Francis; and Mr. R.T. Judd entered the meeting during the presentation.

**Executive Session: Status of Gila River General Stream Adjudication and Adjudicating Water Rights Claims on Verde River**

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 and to give instructions on pending and contemplated litigation regarding the status of the Gila River General Stream Adjudication, Contested Case No. W1-106, and procedural matters related to Adjudicating Water Rights Claims on the Verde River.

Patrick Adams and Brad Moore of AMWUA left the meeting.

On a motion duly made by Vice Chairman L.C. Williams, seconded by Board Member M.V. Pace and carried, the Water Committee convened into executive session at 10:19 a.m.

Corporate Secretary J.M. Felty polled the Committee Members on Vice Chairman L.C. Williams' 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, R.J. Miller, K.H. O'Brien, M.V. Pace, and J.M. White Jr. (7)
- **NO:** None (0)
- **ABSTAINED:** None (0)
- **ABSENT:** None (0)

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

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

Council Member A.A. Freeman entered the meeting during the report.

Future Agenda Topics

Chairman P.E. Rovey asked the Committee if there were any future agenda topics. Board Member K.B. Woods requested a presentation on groundwater contamination impacts on the operation of the SRP well system.

There being no further business to come before the Water Committee, the meeting adjourned at 10:54 a.m.

John M. Felty
Corporate Secretary
AGENDA

- FY35 Water Support Goal
- Proposed FY24 Association O&M budget
- Proposed 2024 water pricing
APPROVED 2035 WATER SUPPORT GOAL

✓ By 2035, 60% of the Irrigation & Drainage O&M expenses will be met from electric revenues
✓ Total amount of financial support to water system O&M will not exceed 2.5% of total electric revenues
DISTRICT SUPPORT FY35 FORECAST

FP24 FORECAST
DISTRICT SUPPORT OF ASSOCIATION WATER FUNCTIONS

Percentage of Water Expense to water Revenue

- FY24
- FY25
- FY26
- FY27
- FY28
- FY29
- FY30
- FY31
- FY32
- FY33
- FY34
- FY35

District Support Actual
District Support Forecast

FY35 Target 60%
DISTRICT SUPPORT AS PERCENT OF ELECTRIC REVENUES

District Support of Association as Percent of Electric Revenues
Actuals and Forecast

FY21 FY22 FY23 FY24 FY25 FY26 FY27 FY28 FY29 FY30 FY31 FY32 FY33 FY34 FY35

District Support Ratio Actual  District Support Percent Forecast

FY35, 1.0%
# DRAFT STATEMENT OF REVENUES AND EXPENSES ASSOCIATION BUDGET

<table>
<thead>
<tr>
<th></th>
<th>FY23 Budget (000)</th>
<th>FY24 Proposed Budget (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stored and Developed</td>
<td>$10,729</td>
<td>$11,385</td>
</tr>
<tr>
<td>Additional Deliveries</td>
<td>$2,110</td>
<td>$2,213</td>
</tr>
<tr>
<td>Water Delivery Revenues</td>
<td>$1,962</td>
<td>$2,025</td>
</tr>
<tr>
<td>Other Service Revenues</td>
<td>$3,951</td>
<td>$4,329</td>
</tr>
<tr>
<td>Falling Water</td>
<td>$5,362</td>
<td>$9,206</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>$24,114</td>
<td>$29,158</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations &amp; Maintenance</td>
<td>$73,774</td>
<td>$79,811</td>
</tr>
<tr>
<td>Power for Pumping</td>
<td>$6,814</td>
<td>$7,106</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$80,588</td>
<td>$86,917</td>
</tr>
<tr>
<td><strong>Net Operating Revenues (Loss)</strong></td>
<td>($56,474)</td>
<td>($57,759)</td>
</tr>
<tr>
<td><strong>Other Income (Deductions) Net</strong></td>
<td>$607</td>
<td>$2,594</td>
</tr>
<tr>
<td><strong>Net Revenues (Loss)</strong></td>
<td>($55,867)</td>
<td>($55,165)</td>
</tr>
</tbody>
</table>
# Proposed Price Recommendation for CY2024

## Per Acre Foot Prices

<table>
<thead>
<tr>
<th></th>
<th>2023 Approved</th>
<th>2024 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% Increase</td>
<td>Rates</td>
</tr>
<tr>
<td>Basic Stored &amp; Developed</td>
<td>6.2%</td>
<td>$22.73</td>
</tr>
<tr>
<td>Normal Flow</td>
<td>3.0%</td>
<td>$16.88</td>
</tr>
<tr>
<td>Additional Stored and Developed</td>
<td>3.0%</td>
<td>$16.88</td>
</tr>
<tr>
<td>Pump Right Water</td>
<td>6.2%</td>
<td>$54.18</td>
</tr>
<tr>
<td>Additional Subdivision Water</td>
<td>6.2%</td>
<td>$54.18</td>
</tr>
<tr>
<td>Supplemental Supply Program</td>
<td>6.2%</td>
<td>$54.18</td>
</tr>
</tbody>
</table>

[1] Basic Stored & Developed are sold in 2 Acre Feet increments
# PROPOSED FEE RECOMMENDATIONS FOR CY2024

<table>
<thead>
<tr>
<th>Service</th>
<th>2023</th>
<th>2024</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Delivery Fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per Account</td>
<td>$84.34</td>
<td>$87.29</td>
<td>3.5%</td>
</tr>
<tr>
<td>Per Acre</td>
<td>$0.40</td>
<td>$0.41</td>
<td>2.5%</td>
</tr>
<tr>
<td>City Contracts</td>
<td>$5.49</td>
<td>$5.68</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

[1] Formula for calculation is set by Association By-Laws
## WHAT DOES THIS MEAN?
### COST PER ACRE FOOT EXAMPLES

<table>
<thead>
<tr>
<th>Customer Examples</th>
<th>2023</th>
<th>2024</th>
<th>Increase</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large account over 2,000 Acres</td>
<td>$20.70</td>
<td>$21.61</td>
<td>$0.91</td>
<td>4.4%</td>
</tr>
<tr>
<td>Small account 10 Acres</td>
<td>$23.05</td>
<td>$24.10</td>
<td>$1.05</td>
<td>4.6%</td>
</tr>
<tr>
<td>1 acre sub account</td>
<td>$51.97</td>
<td>$54.62</td>
<td>$2.65</td>
<td>5.1%</td>
</tr>
<tr>
<td>2 acre water balance sub account</td>
<td>$34.97</td>
<td>$36.51</td>
<td>$1.54</td>
<td>4.4%</td>
</tr>
<tr>
<td>All Cities</td>
<td>$25.19</td>
<td>$26.58</td>
<td>$1.39</td>
<td>5.5%</td>
</tr>
</tbody>
</table>
PRICE PER AF COMPARISON TO OTHER DISTRICTS AS OF 2023
## NEXT STEPS

<table>
<thead>
<tr>
<th>Meeting Date</th>
<th>Committee</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 14, 2023</td>
<td>Special Water Committee</td>
<td>FY24 Budget Informational Preview</td>
</tr>
<tr>
<td>March 28, 2023</td>
<td>Special Finance &amp; Budget Committee</td>
<td>FY24 Budget Approval</td>
</tr>
</tbody>
</table>
QUESTIONS?
Overview of the PFAS Category of Emerging Contaminants

Water Committee Meeting

Robert Vertefeuille | February 21, 2023
PFAS Briefing

Background

Regulatory Developments

Executive Session
What are PFAS?

PFAS = per- and polyfluoroalkyl substances

- Widely used, long-lasting
- Stable chemical bonds
- More than 5,000 types of PFAS
- Non-stick/water-resistant properties
- Mobile and bioaccumulate

Source: Agency for Toxic Substances and Disease Registry
PFOA and PFOS

Long-chain PFAS

Most widely studied and used PFAS compounds

Phased out by industry
PFAS Can Be Found in Many Places

- Fire extinguishing foam
- Personal care products
- Household products and dust
- Manufacturing or chemical production facilities
- Food (e.g., fish, dairy products)
- Food packaging
- Drinking water
- Soil/water near waste sites
- Biosolids

Source: U.S. EPA
EPA Research on PFAS

Health effects

• Exposure may be linked to harmful health effects
• Most studies focused on limited number of PFAS compounds

Human exposure examples

• Consumer products
• Industrial exposures
• Contaminated drinking water
EPA PFAS Strategic Roadmap

Strategy: Research, Restrict, Remediate

Proposed Key Actions (2021-2024)

- Drinking water regulations (PFOA, PFOS)
- Unregulated PFAS monitoring
- Clean Water Act permitting
- Hazardous substance designation (Superfund)
### EPA Lifetime Drinking Water Health Advisory Levels

**EPA interim health advisory levels (HALs)**

Combined PFOA/PFOS HAL of 70 parts per trillion (ppt) set in 2016

Revised HALs set in June 2022

<table>
<thead>
<tr>
<th>Chemical</th>
<th>2016 Lifetime HAL (ppt)</th>
<th>2022 Lifetime HAL (ppt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PFOA</td>
<td>70 (Interim)</td>
<td>0.004 (Interim)</td>
</tr>
<tr>
<td>PFOS</td>
<td>70 (Interim)</td>
<td>0.02 (Interim)</td>
</tr>
</tbody>
</table>

* Laboratory Detection Limit – 2 ppt
PFAS Developments in Arizona

Assessment monitoring

• 2013-2015: EPA unregulated contaminant monitoring
• 2018: ADEQ groundwater assessment monitoring
• 2022: ADEQ initiated assessment of 1,200 small drinking water systems (complete by September 2023)

Areas of PFAS detection

• Military sites
• Airports (military and civilian)
• Industrial facilities
• Fire training facilities
SRP’s Approach

Cross-functional team assembled to assess issues

• Monitor PFAS regulatory activity
• Track developing science
• Initiate conversations with municipal drinking water providers