

ADD Water Process



March 4, 2008

Board Direction

CAP 2006 Strategic Plan describes:

- Strategic Objective
- Action Plan
- Desired State

Strategic Objective

"Establish a collaborative process to determine when new supplies need to be acquired and what entities get those supplies. Encourage fair competition and eliminate perceptions of unfair advantage."

Action Plan

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

Desired State

"CAP is the lead agency in a collaborative process to determine when to acquire [new water supplies], who gets it, how much, and the cost of new supplies. ... As CAP is the single point of acquisition, CAP can shop for the most cost effective new supply without competition from other three-county entities. One buyer considering a variety of sources that results in lowest reasonable cost. Established rules exist that are acknowledged as fair. "

Board Directive - Process

- Collaborative
- Led by CAP
- Participants include:
 - Water users
 - CAGRD
 - ADWR

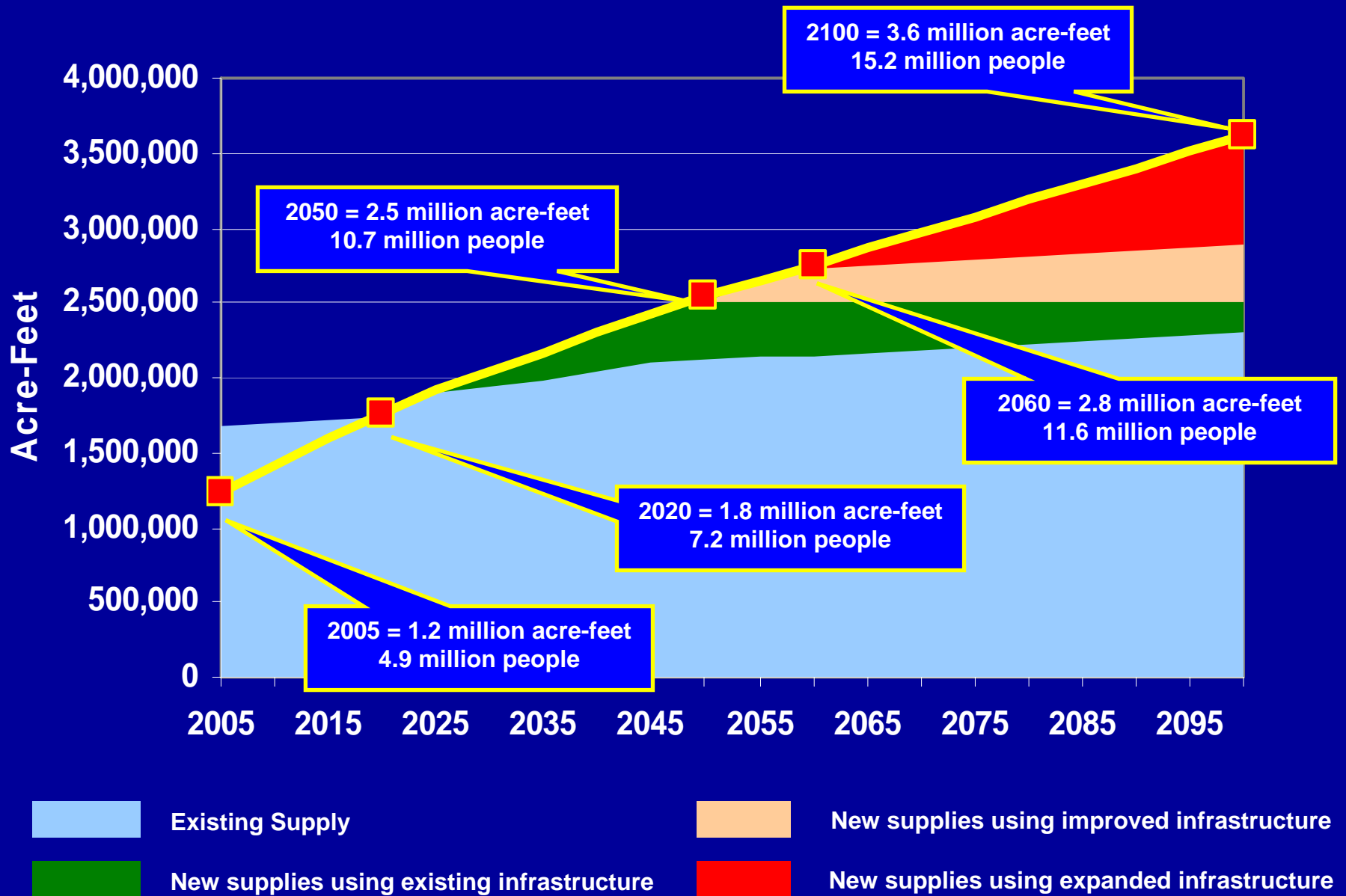
Problem Statement

Long-term water demands in CAP's three-county service area are projected to exceed currently available supplies. There is not a comprehensive strategy to acquire and deliver enough water to meet these future demands.

More information is needed on:

- How much water is needed?
- When is the water needed?
- Where will the water come from?
- Who will acquire, develop and deliver the water?
- How will the water be shared?
- How will the water be paid for?

CAP Service Area Supply & Demand



Logical Order

- Who will acquire new water supplies?
 - How will the water be shared?
 - How will the water be paid for?
- } **Program Development**
- How much water is needed?
 - When is the water needed?
 - Where will the water come from?
- } **Implementation**

Initial Public Process

- Who will acquire new water supplies?
- How will the water be shared?
- How will the water be paid for?

Acquiring New Water

Alternatives include:

- CAP is single entity to acquire new water supplies for 3-county area (presumption in CAP Strategic Plan)
- Individual water providers acquire their own supplies and, if necessary, ask CAP to wheel water
- New entity created to be single acquirer of new water for central Arizona

Sharing New Water

Alternatives include:

- ADWR allocation process, such as was used for CAP M&I subcontracts
- Water available on first-come, first-served basis each year to those that need it
- Water providers enter into fixed quantity contracts up front with acquiring entity
- Some combination of the above

Paying for New Water

Alternatives include:

- Water providers pay for water (capital and OM&R) when and as they use it each year
- Water providers pay acquisition costs up front for fixed quantity of water, then pay delivery costs each year as they use the water
- Water providers acquire their own water and, if necessary, pay wheeling charges to use CAP for transportation

Process Steps

- Gather information
- Identify and define criteria
- Develop alternatives
- Evaluate alternatives against criteria
- Develop recommendations