

ACTION BRIEF

BOARD OF DIRECTORS



Agenda Number 7.g

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MEETING DATE: Thursday, June 1, 2023

AGENDA ITEM: Cost Share Agreement for SRP-CAP Interconnection Facility Proposed Phase 1 (*Water Supply*[^]) - Seasholes

RECOMMENDATION: Staff recommends approval of the Phase 1 Cost Share Agreement for the SRP-CAP Interconnection Facility.

FISCAL IMPLICATIONS: Yes

Impact on Budget:

CAWCD's proposed share of the Study cost is \$232,516, plus a 20% contingency, for a maximum of \$279,019.

Additional spending authority requested: None

Impact on Reserves:

None

Impact on Rates:

None

LINKAGE TO STRATEGIC PLAN, POLICY, STATUTE OR GUIDING PRINCIPLE:

2022 CAWCD Board Strategic Plan

Water Supply: Providing a reliable CAP water supply for the short- and long-term

PREVIOUS BOARD ACTION/ACTIVITY:

August 4, 2022 Discussion and Consideration of Action to Enter into a Memorandum of Understanding to Support the Planning, Design, Permitting, Construction, and Operation of the SRP-CAP Interconnection Facility Among SRP and Participating Entities

March 2, 2023 Report on Wheeling Contracts and System Use Agreement

May 4, 2023 Discussion on SRP-CAP Interconnection Facility Proposed Phase 1 Cost Share Agreement

ISSUE SUMMARY/DESCRIPTION:

Salt River Project, CAP and nine Valley water providers are proposing to move forward with the next phase of planning work for the proposed SRP-CAP Interconnection Facility (SCIF). CAP's interests in the SCIF include enhanced operational flexibility, the potential for the transportation of recovered water stored by the Arizona Water Banking Authority and for the possible delivery of water for the CAGR D that may be developed from the proposed raising of Bartlett Dam.

The SCIF Memorandum of Understanding approved by the Board on August 4, 2022, provides an overall framework for cooperation among project participants, but contemplates separate cost-share agreements as the work proceeds. There are three anticipated phases of that work—updating previous technical work, environmental clearance, and construction. A draft cost-share agreement for the first phase has been prepared (attached). This phase will update and refine design work performed by HDR Inc. in 2021. CAP's

proposed share is based on 25% of project capacity, with SRP also sharing 25% of the cost, and the remainder divided among the other parties based on individual capacity requests.

On May 8th, the SCIF participants met to discuss proposed edits to the version of the draft Agreement that was shared with the Board on May 4th. While the changes to the text were not deemed substantive, the proposed costs increased substantially (from \$750,000 to \$951,960, plus a proposed 20% contingency). The increases arise from the inclusion of an estimated \$100,000 for administrative and pre-NEPA planning work by Reclamation's Phoenix Area Office, and an additional \$101,960 for HDR, Inc. to perform geotechnical investigations along the proposed alignment. While Reclamation's cost had not been contemplated in this phase, discussions among participants and Reclamation concluded that this preparatory work would assist and potentially expedite in the next phase, which is the formal NEPA review process. The additional geotechnical work was also deemed necessary given that the preferred alignment of the SCIF involves substantial tunneling and earthworks. To limit the possibility of having to modify the financial terms of the Agreement, the 20% contingency has also been added. In spite of the increased costs, CAP Staff support moving forward with this phase of the SCIF Study.

SUGGESTED MOTION:

I move that the CAWCD Board approve the "Agreement to Share Costs for the Technical Review of the SRP-CAP Interconnection Facility Among Cost-Share Partners and Salt River Project Agricultural Improvement and Power District"

ATTACHMENTS:

1. Cost Share Agreement (redline of final changes)
2. Cost Share Agreement (clean for execution)