

CITY COUNCIL REPORT



Meeting Date: July 10, 2023
General Plan Element: ***Public Service & Facilities***
General Plan Goal: **Ensure renewable, long-term water supply**

ACTION

Adopt Resolution No. 12886 approving contract number 2023-120-COS, agreement to share cost for the technical review of the SRP-CAP Interconnection Facility (SCIF) Among Cost-Sharing Partners and Salt River Project Agricultural Improvement and Power District.

BACKGROUND

In 1990 the CAP/SRP Interconnection Facility (CSIF) was completed and allows for the ability to put water from Central Arizona Project (CAP) into the SALT River Project (SRP) delivery system. Currently There is not a similar facility that would allow the opposite, SRP water into the CAP system. There is a proposed project called the SRP-CAP Interconnection Facility (SCIF) that would allow for the physical delivery of water from the SRP system into the CAP aqueduct. In the spring of 2021, SRP and CAWCD, working with HDR Engineering, Inc. developed conceptual design and cost estimates for several alternative configurations and alignments for the SCIF.

A Memorandum of Understanding (MOU) was developed in 2022 that defines a basic framework for project phasing and decision-making. The MOU establishes a steering committee comprised of the proposed project participants and sets the development of the phases and associated cost share agreement for each phase. There are four phases as outlined in the MOU. This Phase of the project is the cost share for the engineering technical review. Participation in this phase of the project would allow Scottsdale to evaluate the selected alternative and the utility of capacity ownership should the city desire to participate in subsequent phases of this project.

ANALYSIS & ASSESSMENT

Recent Staff Action

Staff has had in depth conversations with SRP and other interested stakeholders on the value of current participation in this phase of the project.

Action Taken Approved on Consent

Policy Implications

None

Community Involvement

None

RESOURCE IMPACTS

Available funding

A one-time cost of up to \$16,741; current budget can support this.

Staffing, Workload Impact

Current staff will support the program

Future Budget Implications

None

OPTIONS & STAFF RECOMMENDATION

Recommended Approach

Adopt Resolution No. 12886 authoring the cost sharing agreement.

RESPONSIBLE DEPARTMENT(S)

Water Resources Division

STAFF CONTACT(S)

Brian Biesemeyer, Executive Director, Water Resources, BBiesemeyer@scottsdaleaz.gov

Gretchen Baumgardner, Water Policy Manager, GBaumgardner@Scottsdaleaz.gov

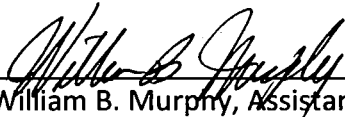
APPROVED BY



Brian K. Biesemeyer, Executive Director, Water Resources
(480) 312-5683, BBiesemeyer@Scottsdaleaz.gov

6-21-2023

Date



William B. Murphy, Assistant City Manager
480-312-7954, bmurphy@scottsdaleaz.gov

6/23/2023

Date

ATTACHMENTS

1. Resolution No. 12886
2. Cost Sharing Agreement contract 2023-120-COS

RESOLUTION NO. 12886

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA APPROVING CONTRACT NO. 2023-120-COS, A COST-SHARING AGREEMENT FOR THE TECHNICAL REVIEW OF THE PROPOSED SRP-CAP INTERCONNECT FACILITY AMONG COST SHARE PARTNERS AND SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT.

WHEREAS, the Salt River Project Agricultural Improvement and Power District ("SRP") has begun planning to design, permit, and construct the SRP-CAP Interconnection Facility ("SCIF") which would connect the SRP water delivery system to the CAP Canal and provide the infrastructure to facilitate the transportation of water from the SRP water delivery system to the CAP Canal ("the Project"); and

WHEREAS, A Memorandum of Understanding (MOU) was developed in 2022 that defines a basic framework for project phasing and decision-making; and

WHEREAS, for this Technical Review phase of the Project, SRP has estimated to cost up to a total of \$1,142,352; and

WHEREAS, the City and other participating entities will contribute to the approval cost according to their proportionate shares of the water; and

WHEREAS, Contract No. 2023-120-COS sets forth the estimated approval costs and proportionate shares with the City's estimated cost of up to \$16,741 based on 1.5% of the facilities capacity equating to 6 cubic-feet-per-second (cfs) or 2,172 acre-feet of water;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Scottsdale, Maricopa County, Arizona, as follows:

Section 1. The City Council hereby authorizes and directs the Mayor to execute Contract number 2023-120-COS, an agreement to share cost for the technical review of the SRP-CAP Interconnection Facility (SCIF) Among Cost-Sharing Partners and Salt River Project Agricultural Improvement and Power District.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona this _____ day of _____, 2023.

CITY OF SCOTTSDALE, an Arizona
municipal corporation

ATTEST:

Ben Lane, City Clerk

David D. Ortega, Mayor

APPROVED AS TO FORM:

Sherry R. Scott, City Attorney

By: Eric C. Anderson, Senior Assistant City Attorney

**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**

1. PARTIES:

This Agreement to Share Costs for the Technical Review of the SRP-CAP Interconnection Facility ("Agreement"), entered into this ____ day of _____, 2023 is by and among those entities listed in Exhibit A ("Cost-Share Partners") and the Salt River Project Agricultural Improvement and Power District ("SRP"). SRP and the Cost-Share Partners are referred to collectively as "Parties" and individually as "Party".

2. RECITALS:

This Agreement is made with regard to the following:

- 2.1. The Central Arizona Water Conservation District ("CAWCD") is responsible for the care, operation, maintenance, and replacement of the Central Arizona Project ("CAP"), including the water delivery works of the CAP (herein "CAP Canal"). CAWCD also has certain groundwater replenishment authorities and responsibilities pursuant to A.R.S. §§ 48-3771, et. seq., commonly referred to as the Central Arizona Groundwater Replenishment District.
- 2.2. SRP is responsible for the care, operation, and maintenance of the Salt River Federal Reclamation Project, including the SRP water delivery system and the CAP-SRP Interconnection Facility ("CSIF") located adjacent to the Granite Reef Diversion Dam, which provides SRP and CAWCD the ability to transport water from the CAP Canal to the SRP water delivery system.
- 2.3. SRP, in collaboration with CAWCD, has begun planning to design, permit, and construct the SRP-CAP Interconnection Facility ("SCIF"), which would connect the SRP water delivery system to the CAP Canal and provide the infrastructure to facilitate the transportation of water from the SRP water delivery system to the CAP Canal.

- 2.4 The Parties are considering (i) participating in the planning, design, permitting, construction, and operation of the SCIF and (ii) potentially obtaining capacity in the SCIF to assist in managing their water resources.
- 2.5 SRP and various participating entities signed a memorandum of understanding ("SRP-Participating Entities MOU"), attached as Exhibit B, to describe the: (1) the phases the Parties believe will be necessary to plan, design, permit, and construct the SCIF (collectively, the "Phases"; individually, a "Phase") and (2) the cooperative efforts and roles and responsibilities of the Parties in each of those phases, including the development and execution of the cost-share agreements necessary to complete each of the contemplated Phases.
- 2.6 SRP and the Bureau of Reclamation ("Reclamation") have signed or will sign an Advance Funding Agreement ("SRP-Reclamation Advance Funding Agreement") as a mechanism for SRP to provide the non-federal funding for a technical review and concurrent initial discussions and planning to frame and outline the necessary environmental reviews by Reclamation for the SCIF (the "Technical Review"), including the funds collected under this Agreement.
- 2.7 SRP and HDR, Inc. ("HDR") have signed or will sign a consulting agreement (the "HDR Agreement") with respect to the technical work necessary to facilitate the Technical Review.

3. AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants herein set forth and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

4. INCORPORATION OF RECITALS:

The recitals listed above are hereby incorporated into and expressly made part of this Agreement.

5. SCOPE:

This Agreement sets terms and conditions for (1) the estimated costs the Parties expect to pay in support of the Technical Review of the SCIF, (2) how such costs will be shared among the Parties, (3) the process to remit payment, and (4) the process for voluntary departure, removal, and addition of Parties.

6. EFFECTIVE DATE AND TERM OF AGREEMENT:

- 6.1. This Agreement is effective upon the execution by SRP and another Party. The Agreement becomes effective for any Party that executes it thereafter upon the date of that Party's execution. The Agreement remains effective until terminated as provided in Subparagraphs 6.2 or 6.3.
- 6.2. This Agreement terminates upon the earlier of (i) ten (10) years from the date of execution of this Agreement by the last Party, or (ii) when both of the following have occurred: (1) the Technical Review is completed by Reclamation, and (2) when the last funds are transferred from the Cost-Share Partners to SRP as provided in Subparagraph 11.1.
- 6.3. This Agreement may terminate as provided in this Subparagraph 6.3 in the event that the Parties mutually agree to terminate this Agreement for convenience. In such event, this Agreement will terminate on the date agreed upon by the Parties under this Subparagraph 6.3. Any amounts owed by a Cost-Share Partner with respect to prior or ongoing Phases through the date of termination shall be paid by such partner(s) within forty-five (45) days of such termination.

7. AUTHORIZED REPRESENTATIVES:

Each Party has designated an "Authorized Representative" and an "Authorized Alternate" to administer this Agreement on behalf of the designating Party. The initial Authorized Representatives and Authorized Alternates are set forth in Exhibit C. Written notice of a change of an Authorized Representative or Authorized Alternate shall be provided within thirty (30) days of such change. The Authorized Alternate shall act only in the absence of the Authorized Representative. Neither the Authorized Representatives nor the Authorized Alternates shall have authority to amend, modify, or supplement this Agreement. Notwithstanding the foregoing, SRP shall have the right to update the Exhibits to this Agreement as specifically set forth in the Agreement. Decisions of the Authorized Representatives pursuant to this Agreement shall be in writing and signed by them.

8. ESTIMATED COSTS:

- 8.1. The Parties shall contribute funding towards the estimated costs of the Technical Review, including the expenses incurred pursuant to the SRP-Reclamation Advanced Funding Agreement and the HDR Agreement. The initial estimated cost for the Technical Review is \$[1,142,352], which includes a twenty percent (20%)

contingency (the "Cost-Share Estimate"). In the event the Cost Share Estimate increases above the contingency amount as project plans are developed, the Parties shall convene in accordance with Subparagraph 8.2 to determine how they wish to proceed.

- 8.2. The Parties shall convene as necessary as determined by SRP to discuss and assess issues related to estimated costs for funding the Technical Review. The Parties shall make determinations on issues including but not limited to the adjustment of the Cost-Share Estimate. Such meetings of the Parties shall, to the extent reasonably possible, include an option to participate virtually or by teleconference.
- 8.3. Each Party shall contribute an amount equal to its portion of the Cost Share Estimate (less twenty percent (20%) contingency amount) and remit payment as described in Paragraph 11. Each Parties' initial individual share of the Cost Share Estimate, and contingent share, for the Technical Review is summarized in Exhibit D.

9. VOTING AND DECISION MAKING:

- 9.1. Each Cost-Share Partner will have an equal vote with respect to decisions that SRP brings to the Parties related to the Technical Review. The Parties commit to supporting the Technical Review to completion at the Cost Share Estimate identified in Exhibit D, as such may be adjusted by majority vote of the Parties.
- 9.2. Nothing contained in this Agreement shall be construed as creating any right to specific capacity in the SCIF if constructed. The final allocation of capacity shall be established by the mutual, good faith agreement of all Parties that participate in funding and construction of the SCIF and shall be based, in significant part, on each Parties' respective financial contribution levels as summarized in Exhibit D, as such may be updated pursuant to this Agreement.
- 9.3. SRP shall facilitate and chair all meetings of the Parties and decisions will be made by majority vote of the voting Parties, excluding SRP. In the event of an even split during a vote of the voting Parties, SRP shall act as the tie-breaking vote.

10. VOLUNTARY DEPARTURE; REMOVAL; AND ADDITION OF PARTIES

- 10.1 A Party that no longer wishes to be a Party to this Agreement may leave by giving the other Parties at least sixty (60) days' prior written notice in accordance with

Paragraph 14 ("Voluntary Departure"). Parties that Voluntarily Depart this Agreement under this Subparagraph 10.1 shall not be refunded any previous financial contributions. Any Party that Voluntarily Departs this Agreement shall pay the remaining balance that would be due based on that Party's portion of the Cost Share Estimate for the Technical Review, as such may have been adjusted by majority vote of the Parties. Upon the Voluntary Departure of a Party to this Agreement under this Subparagraph 10.1, SRP shall update Exhibits A, C, and D, accordingly.

- 10.2. The Parties may remove a Party from the Agreement if the Parties determine by majority vote that the Party is not acting in good faith or otherwise unnecessarily interfering with making progress towards completion of the SCIF or has not satisfied its obligations under this Agreement. Any Party that is removed from the Agreement under this Subparagraph 10.2 shall not be refunded any previous financial contributions. Upon removing a Party to this Agreement under this Subparagraph 10.2, SRP shall update Exhibits A, C, and D, accordingly.
- 10.3. The Parties, by majority vote, may add a Party to the Agreement upon written request from an entity to support the SCIF Technical Review. Prior to adding a Party to the Agreement, the Parties shall determine the individual share of the Cost Share Estimate of the entity to be added, provided that, the Parties will require any such joining party to contribute an amount no less than the share of all costs previously paid by the original Parties to this Agreement equal to the amount such joining party would have paid, on a proportional basis, had they been a party to this Agreement at its execution plus the full amount of any costs incurred solely as a result of such party joining the Agreement. If an entity that is not a Party to this Agreement seeks to join any subsequent cost-share agreement related to a future Phase, the Parties shall require any such party to pay, in addition to the share of costs set forth in the immediately preceding sentence, a risk premium of [twenty percent (20%)] of the share of costs set forth in the immediately preceding sentence. An example of the calculation of the amount to be paid by a joining party is attached as Exhibit E. Any amounts paid by a joining party, including any risk premium payments associated with joining a future cost share agreement, shall be credited toward the individual estimated cost share for each Cost-Share Partner that participated in the immediately prior Phase in an amount proportionate to the share contributed by each Cost Share Partner to such prior Phase. Upon adding a Party to this Agreement under this Subparagraph 10.3, SRP shall update Exhibits A, C, and D, accordingly.

11. PAYMENT:

- 11.1. Following a Party's execution of this Agreement, SRP shall invoice that Party the Cost-Share in the amount identified in Exhibit D. The Cost-Share Partner shall pay such invoice within thirty (30) days after SRP sends such invoice. If the date for payment is prior to July 1, 2023, the Parties may make such payment, without being considered delinquent, on or before July 7, 2023. SRP shall remit portions of the payments made under this Subparagraph 11.1 to (1) Reclamation as contributions towards the nonfederal portion of costs for the SCIF Technical Review under the SRP-Reclamation Advance Funding Agreement and (2) HDR pursuant to the HDR Agreement.
- 11.2. Any invoices not paid when due shall be delinquent and shall bear interest at the Wall Street Journal Prime Rate, on the date the invoice was due plus 5% (Wall Street Journal Prime Rate plus 5%) per annum from the date when the bill was due until the bill is paid in full (including any accrued interest). In the event the Wall Street Journal no longer publishes the Wall Street Journal Prime Rate, the Authorized Representatives shall select an appropriate substitute.
- 11.3. In the event any portion of any bill is disputed, the disputed amount shall be paid under protest when due and shall be accompanied by a written statement indicating the basis for the protest. If the protest is found to be valid, the disputing Party shall be refunded any overpayment plus interest, accrued at the rate set forth in Subparagraph 11.2, prorated by days from the date payment was credited to the Party to the date the refund check is mailed.
- 11.4. In the event that this Agreement is terminated under Subparagraph 6.3, SRP shall refund the Cost-Share Partners any amount paid to SRP under Subparagraph 11.1 that will not be remitted to Reclamation, HDR or other consultants for services approved prior to termination of this Agreement.

12. DISPUTE RESOLUTION; RECORDS INSPECTION; CHOICE OF LAW:

- 12.1. Any dispute under this Agreement shall first be submitted to the Parties for resolution. The Parties shall make all reasonable efforts to resolve the dispute and may do so by majority vote. If the matter cannot be resolved by majority vote of the Parties, any Party may submit the matter to the SRP General Manager and the Party's chief operating officer. If the matter cannot be resolved by the SRP General Manager and the Party's chief operating officer, any Party may bring suit upon the

matter, provided however, that it is expressly agreed that the venue shall only be in Maricopa County Superior Court or its successor court.

- 12.2. This Agreement shall be governed and construed in accordance with the laws of the State of Arizona and any applicable federal law.
- 12.3. In the event of any future dispute or action arising under this Agreement, the prevailing Party shall be entitled to recover its reasonable attorneys' fees and costs incurred therein, including expert witness fees.
- 12.4. Pending the resolution of a dispute, the Parties shall proceed, to the extent legally permissible, in a manner consistent with this Agreement, and shall make payments required in accordance with the applicable provisions of this Agreement. Amounts paid by a Party under this Subparagraph 12.4 during the pendency of such dispute shall be subject to refund and adjustment upon a final resolution of any dispute involving an amount due.

13. UNCONTROLLABLE FORCES:

No party shall be considered to be in default in the performance of any of its obligations hereunder if failure of performance is due to an uncontrollable force. The term "uncontrollable force" shall mean any cause beyond the control of the party affected, including but not limited to failure of facilities, flood, earthquake, tornado, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, and action or nonaction by or failure to obtain the necessary authorizations or approvals from any governmental agency or authority or the electorate, labor or material shortage, sabotage and restraint by Court order or public authority, which by exercise of due diligence and foresight such party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Nothing herein shall be construed so as to require a Party to settle any strike or labor dispute in which it is involved. Either party rendered able to fulfill any obligation hereunder by reason of an uncontrollable force shall exercise due diligence to remove such inability.

14. NOTICE; CHANGE OF NAME OR ADDRESS:

- 14.1. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been received either when delivered or on the fifth business day following mailing, by registered or certified mail, postage prepaid, return receipt requested, whichever is earlier, or by electronic mail with read receipt requested addressed as set forth in Exhibit F.

14.2. Any Party may change the addressee or address to which communications or copies are to be sent by giving notice of such change under Subparagraph 14.1.

15. SEVERABILITY:

Should any part of this Agreement be declared, in a final decision by a court or tribunal of competent jurisdiction, to be unconstitutional, invalid, or beyond the authority of a Party to enter into or carry out, such decision shall not affect the validity of the remainder of this Agreement, which shall continue in full force and effect, provided that the remainder of this Agreement, absent the excised portion, can be reasonably interpreted to give effect to the intentions of the Parties.

16. WAIVER:

The failure of any Party to insist on any one or more instances upon strict performance of any of the obligations of the other pursuant to this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of the performance of any such obligation or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

17. BINDING AGREEMENT:

All of the provisions of this Agreement shall be binding upon, and inure to the benefit of, the Parties and their heirs, successors and assigns; provided, however, that no Party shall assign its rights and obligations under this Agreement to another entity without the written consent of the other Parties. Such consent to assignment shall not, however, be unreasonably withheld, conditioned, or delayed.

18. NO THIRD-PARTY BENEFICIARIES:

This Agreement is solely for the benefit of the Parties and does not create nor shall it be construed to create rights to any third party. No third party may enforce the terms and conditions of this Agreement.

19. NO PARTNERSHIP AND NO JOINT VENTURE:

Nothing contained in this Agreement shall be construed as creating a partnership or joint venture between the Parties hereto. The covenants, obligations, and liabilities contained in this Agreement are intended to be several and not joint or collective, and nothing contained herein shall be construed to create an association, joint venture, agency, trust, or partnership, or to impose a trust or partnership covenant, obligation, fiduciary duty, or

liability between the Parties. Each Party shall be individually responsible for its own covenants, obligations, and liabilities as provided herein.

20. AUTHORITY:

The undersigned representative of each Party certifies that he or she is fully authorized by the Party whom he or she represents to enter into the terms and conditions of this Agreement and to legally bind the Party to it.

21. CONFLICT OF INTEREST:

Pursuant to A.R.S. § 38-511, a Party who is a political subdivision of the State may cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of a Party is, at any time while this Agreement is in effect, an employee of another Party in any capacity, or a consultant to another Party with respect to the subject matter of this Agreement. The cancellation shall be effective when written notice is received unless the notice specifies a later time.

22. ENTIRE AGREEMENT; MODIFICATION; COUNTERPARTS:

The terms, covenants and conditions of this Agreement constitute the entire Agreement between the Parties, and no understandings or obligations not herein expressly set forth shall be binding upon them. This Agreement may not be modified or amended in any manner unless in writing and signed by the Parties. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[signatures on the following pages]

IN WITNESS WHEREOF, this Agreement was executed by the Parties on the date first hereinabove written.

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: _____

Name: Leslie A. Meyers

Title: Associate General Manager
Water Resources

APPROVED AS TO FORM

By: _____

Name: Patrick B. Sigl

Title: Supervising Attorney, Environment, Land
& Water Rights

**CENTRAL ARIZONA WATER CONSERVATION
DISTRICT**

By: _____

Name: Brenda Burman

Title: General Manager

APPROVED AS TO FORM

By: _____

Name: Jay Johnson

Title: General Counsel

CITY OF APACHE JUNCTION

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM

By: _____

Name: _____

Title: _____

CAREFREE WATER COMPANY

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM

By: _____

Name: _____

Title: _____

CITY OF CHANDLER

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM

By: _____
Name: _____
Title: _____

ATTEST

By: _____
Name: _____
Title: _____

TOWN OF GILBERT

By: _____

Name: Brigette Peterson

Title: Mayor

APPROVED AS TO FORM

By: _____

Name: Chris Payne

Title: Town Attorney

Attest

By:

Name: Chaveli Herrera

Title: Town Clerk

CITY OF GLENDALE

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM

By: _____

Name: _____

Title: _____

CITY OF MESA

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM

By: _____
Name: _____
Title: _____

CITY OF PEORIA

By: _____

Name: _____

Title: _____

ATTEST

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM

By: _____

Name: _____

Title: _____

CITY OF PHOENIX, ARIZONA,
a municipal corporation

ATTEST:

JEFFREY BARTON, City Manager

City Clerk, City of Phoenix

By: _____
Troy Hayes
Director, Water Services Department

APPROVED AS TO FORM:
JULIE M. KRIEGH, City Attorney

By: _____
Name: _____
Title: _____

TOWN OF QUEEN CREEK

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM

By: _____
Name: _____
Title: _____

CITY OF SCOTTSDALE,
an Arizona Municipal Corporation

David D. Ortega, Mayor

ATTEST:

Ben Lane, City Clerk

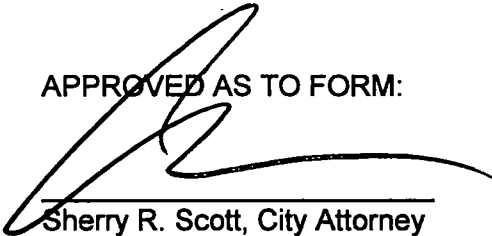
APPROVED:



Brian K. Biesemeyer
Water Resources Director

DATE: 6/22/23

APPROVED AS TO FORM:



Sherry R. Scott, City Attorney
By: Eric C. Anderson, Sr. Assistant City Attorney

DATE: 6/20/23

**AGREEMENT TO SHARE COSTS FOR THE SCIF
AMONG COST-SHARE PARTNERS
AND
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT**

EXHIBIT A

COST-SHARE PARTNERS

Central Arizona Water Conservation District
City of Apache Junction
Carefree Water Company
City of Chandler
City of Glendale
Town of Gilbert
City of Mesa
City Peoria
City of Phoenix
Town of Queen Creek
City of Scottsdale
Salt River Project Valley Water Users' Association and Salt River Project Agricultural Improvement and Power District

**MEMORANDUM OF UNDERSTANDING TO SUPPORT THE
PLANNING, DESIGN, PERMITTING, CONSTRUCTION, AND OPERATION
OF THE SRP-CAP INTERCONNECTION FACILITY**

AMONG

**SALT RIVER VALLEY WATER USERS' ASSOCIATION,
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT,
CENTRAL ARIZONA WATER CONSERVATION DISTRICT,
AND PARTICIPATING ENTITIES**

June __, 2022

1. PARTIES:

This nonbinding memorandum of understanding (“MOU”) to support the planning, design, permitting, construction, and operation of the SRP-CAP Interconnection Facility (“SCIF”), is entered into by the Salt River Valley Water Users' Association (“Association”), Salt River Project Agricultural Improvement and Power District (“District”), Central Arizona Water Conservation District (“CAWCD”), and the entities listed as “Participating Entities” in Exhibit A. The Association and District are referred to collectively as “SRP.” SRP, CAWCD, and the Participating Entities are referred to collectively as “Parties.”

2. BACKGROUND AND PURPOSE:

- 2.1. The CAWCD is responsible for the care, operation, maintenance, and replacement of the Central Arizona Project (“CAP”), including the water delivery works of the CAP (herein “CAP Canal”). CAWCD also has certain groundwater replenishment authorities and responsibilities pursuant to A.R.S. §§ 48-3771, et. seq., commonly referred to as the Central Arizona Groundwater Replenishment District.
- 2.2. SRP is responsible for the care, operation, and maintenance of the Salt River Federal Reclamation Project, including the SRP water delivery system and the CAP/SRP Interconnection Facility (“CSIF”) located adjacent to the Granite Reef Diversion Dam, which provides SRP and CAWCD the ability to transport water from the CAP Canal to the SRP water delivery system.

- 2.3. SRP, in collaboration with CAWCD, has begun planning to design, permit, and construct the SCIF, which would connect the SRP water delivery system to the CAP Canal and provide the infrastructure to facilitate the transportation of water from the SRP water delivery system to the CAP Canal.
- 2.4. The Parties are considering participating in the planning, design, permitting, construction, and operation of the SCIF and potentially obtaining capacity in the SCIF to assist in managing their water resources.
- 2.5. The purpose of this MOU is to generally describe: (1) the phases the Parties believe will be necessary to plan, design, permit, and construct the SCIF and (2) the cooperative efforts and roles and responsibilities of the Parties in each of those phases. As described below, included in those cooperative efforts is supporting the formation of steering committees to facilitate collaboration and timely decision making and developing cost share agreements to fund the necessary work to complete the planning, design, permitting, construction, and operation of the SCIF.

3. TERM AND TERMINATION:

- 3.1. This MOU shall become effective upon execution by the Parties and, unless terminated under Subparagraph 3.2, will remain in effect until the construction of the SCIF is complete.
- 3.2. This MOU may be terminated upon mutual written agreement of the Parties.
- 3.3. This MOU and the provisions of the MOU may only be modified upon mutual written agreement of the Parties.
- 3.4. Any Participating Entity may terminate its participation in this MOU upon thirty (30) days written notice to the other Parties of its intention to do so.

4. AUTHORIZED REPRESENTATIVES:

Within thirty (30) days after execution of this MOU, each Party shall designate in writing to the other Parties an Authorized Representative and an alternate to administer this MOU on behalf of the designating Party. Written notice of a change of an Authorized

Representative or alternate shall be provided within thirty (30) days of such change. The alternate shall act only in the absence of the Authorized Representative. Neither the Authorized Representatives nor the alternates shall have authority to amend or modify this MOU, except as provided in Paragraph 7. Agreements of the Authorized Representatives pursuant to this MOU shall be in writing and signed by them.

5. DESCRIPTION OF PHASES FOR THE PLANNING, DESIGN, PERMITTING, AND CONSTRUCTION OF THE SCIF:

5.1. PHASE ONE: SELECTING A PREFERRED ALTERNATIVE

SRP and CAWCD retained HDR Engineering, Inc. ("HDR") to produce a preliminary design report, dated March 29, 2021, and additional supplemental analysis ("HDR Technical Reports"), wherein SRP and CAWCD developed conceptual design and cost estimates for several alternative configurations and alignments for the SCIF. The Parties shall review the SCIF HDR Technical Reports and select a preferred alternative for the configuration and alignment of the SCIF. If after reviewing the HDR Technical Reports, the Parties determine that additional technical work is necessary to select a preferred alternative, SRP, CAWCD, and the Participating Entities interested in funding additional work shall negotiate and enter into a cost share agreement to fund additional technical work (herein "Phase One Cost Share Agreement"). The Phase One Cost Share Agreement shall provide for the formation of a steering committee to direct the additional technical work. Once the additional technical work is completed, the Parties shall select a preferred alternative for the configuration and alignment of the SCIF. In the event the preferred alternative is identified through the additional technical work, the cost of the additional technical work shall be eligible for reimbursement during Phase Two. SRP shall collaborate, as necessary, with the Bureau of Reclamation ("Reclamation") to complete Phase One.

5.2. PHASE TWO: DESIGN AND PERMITTING

SRP, in collaboration with CAWCD, Reclamation and other federal agencies, shall complete all design and permitting work necessary for the construction of the preferred alternative selected in Phase One. This work includes but is not limited to preparing design plans, obtaining necessary approvals of such design plans from Reclamation, and seeking environmental compliance and necessary permits under the National Environmental Policy Act, Endangered Species Act, Clean Water Act,

and the National Historical Preservation Act. SRP, CAWCD, and the Participating Entities interested in funding the design and permitting work shall negotiate and enter into an agreement to share the costs for the design and permitting work (including the technical work previously completed by HDR for the SCIF HDR Technical Reports and the additional technical work described in Paragraph 5.1, if applicable) (herein "Phase Two Cost Share Agreement"). Participation in the Phase Two Cost Share Agreement is required for Participating Entities that wish to obtain capacity in the SCIF, unless approved by the Phase Two Cost Share Agreement participants. The Phase Two Cost Share Agreement shall provide for the formation of a steering committee to facilitate collaboration, review of technical work, and decision-making related to the design and permitting of the SCIF. Such decision making shall include determining the total capacity of the SCIF and relative shares of such capacity for the Parties that wish to obtain capacity in the SCIF. SRP shall collaborate, as necessary, with Reclamation, United States Army Corps of Engineers ("USACE"), U.S. Fish and Wildlife Service ("FWS"), United States Forest Service ("USFS"), and other federal agencies (herein collectively "Federal Agencies") for such environmental compliance and permitting. SRP will also, as necessary, negotiate and enter into reimbursement agreements with the Federal Agencies to fund their review and approval of design and permitting work and issuance of permits, approvals, and permissions to construct and operate the SCIF. Such reimbursement agreements shall account for the federal cost share in the event Reclamation desires federal capacity in the SCIF.

5.3. PHASE THREE: CONSTRUCTION

SRP, in collaboration with CAWCD and Reclamation, shall complete all activities to construct the preferred alternative designed and permitted in Phase Two. SRP, CAWCD, and the Participating Entities that wish to obtain capacity in the SCIF shall negotiate and enter into an agreement to share the costs related to constructing the SCIF (herein "Phase Three Cost Share Agreement"). The Phase Three Cost Share Agreement shall provide for the formation of a steering committee to facilitate collaboration and decision making in the construction process. SRP shall collaborate and enter into reimbursement agreements, as necessary, with Federal Agencies to review and approve construction work. Such reimbursement agreements shall account for the federal cost share in the event Reclamation desires federal capacity in the SCIF.

5.4. PHASE FOUR: OPERATION

SRP shall operate the SCIF, in collaboration with CAWCD, Reclamation and the Participating Entities that acquire capacity in the SCIF. SRP, CAWCD, Reclamation, and the Participating Entities that acquire capacity in the SCIF shall negotiate and enter into an operating agreement outlining the procedures for how SRP will operate the SCIF (herein "Operating Agreement").

6. ROLES AND RESPONSIBILITIES:

6.1. MUTUAL RESPONSIBILITIES:

6.1.1. The appropriate Parties will work cooperatively to develop the cost share agreements described in Subparagraph 5.1 to 5.3 and the Operating Agreement described in Subparagraph 5.4.

6.1.2. The appropriate Parties will work cooperatively to form and participate in the steering committees identified in Subparagraph 5.1 to 5.3 and will be further described in the cost share agreements.

6.1.3. The appropriate Parties will support the planning, design, permitting, construction, and operation of the SCIF. This support is expected to include funding for the planning, design, permitting, construction, and operation of the SCIF by some or all of the Parties to this MOU, as will be specified by the cost share agreements and operating agreement described in Paragraph 5. The Parties will also provide to each other data and information relevant to the planning, design, permitting, construction, and operation of the SCIF.

6.2. SRP & CAWCD RESPONSIBILITIES:

6.2.1. SRP, in collaboration with CAWCD, shall be responsible for completing, managing, and directing all work associated with the planning, design, permitting, construction, and operation of the SCIF.

6.2.2. SRP, in collaboration with CAWCD and Federal Agencies, shall be responsible for retaining, managing, and directing all consultants,

contractors, or others, as needed, to complete work associated with the planning, design, permitting, construction, and operation of the SCIF.

- 6.2.3. SRP, in collaboration with CAWCD, shall be responsible for collaborating and entering into reimbursement agreements with Federal Agencies to reimburse the Federal Agencies for costs incurred to review and approve design, permitting, and construction work and issue permits, approvals, and permissions to construct and operate the SCIF.
- 6.2.4. SRP, in collaboration with CAWCD, will be the point of contact with Reclamation and other Federal Agencies on behalf of Parties and will lead communications with Reclamation and other Federal Agencies related to the planning, design, permitting, construction, and operation of the SCIF.
- 6.2.5. SRP shall serve as chair of the steering committees described in Paragraph 5 which will include communication and sharing relevant information regarding the planning, design, permitting, and construction of the SCIF with appropriate Parties.

6.3. PARTICIPATING ENTITIES RESPONSIBILITIES:

- 6.3.1. Appropriate Participating Entities will provide relevant data, information, opinions, and analyses related to the planning, design, permitting, construction, and operation of the SCIF as reasonably requested by SRP or CAWCD.
- 6.3.2. Participating Entities will serve on the steering committees described in Paragraph 5 as appropriate to engage in collaboration and coordination with SRP and CAWCD to support the planning, design, permitting, construction, and operation of the SCIF, as will be further defined in the relevant cost share agreements.
- 6.3.3. Participating Entities will coordinate and collaborate with SRP and CAWCD in efforts to communicate information related to the planning, design, permitting, construction, and operation of the SCIF with elected officials and other relevant stakeholders on the project.

7. ADDITION AND WITHDRAWAL OF PARTICIPATING ENTITY:

- 7.1. Any Participating Entity may voluntarily withdraw from this MOU by providing thirty (30) days written notice to the other Parties as provided in Paragraph 8.
- 7.2. Additional Participating Entities may be added to this MOU by the written mutual agreement of the Parties' Authorized Representatives.
- 7.3. A Participating Entity may be a party to the cost share agreements described in Paragraph 5 which will include independent obligations including provisions for addition and withdrawal of parties to such agreements.

8. ADDRESSES FOR COMMUNICATIONS:

- 8.1. All notices and communications under this MOU shall be addressed to the contacts set forth in Exhibit B. Electronic communication is acceptable for notices and communications under this MOU. In the event a Participating Entity is added to this MOU pursuant to Subparagraph 7.2, the Parties' Authorized Representatives shall update Exhibit B accordingly and distribute the updated exhibit to the Parties.
- 8.2. The Parties may change the address to which communications or copies are to be sent by giving written notice of such change of address to each Party.

[signatures on the following pages]

IN WITNESS WHEREOF, the Parties hereto have executed this MOU as of the dates set forth below.

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

By: Christa M. Sunkin
Name: Christa M. Sunkin
Title: Director of Water Strategy
Date: 9/26/22

Approved as to Form:

By: Patrick Sigl
Name: Patrick Sigl
Title: Principal Managing Attorney, Water, Land and Environment
Date: 9/26/22

**SALT RIVER VALLEY
WATER USERS' ASSOCIATION**

By: Christa McJunkin
Name: Christa McJunkin
Title: Director of Water Strategy
Date: 9/26/22

Approved as to Form:

By: [Signature]
Name: Patrick Sigl
Title: Principal Managing Attorney, Water, Land and Environment
Date: 9/26/02

CENTRAL ARIZONA WATER CONSERVATION DISTRICT


By: 
Name: *Theodore Cooke*
Title: *General manager*
Date: *9/26/22*

Exhibit B
Page 10 of 25
Contract No. 2023-120-COS

CITY OF MESA

By: _____

Name: Brian Draper

Title: Water Resources Advisor

Date: September 6, 2022

Exhibit B
Page 11 of 25
Contract No. 2023-120-COS

CITY OF TEMPE

By: _____

Name:

Title:

Date:

TOWN OF GILBERT

By: _____

Name: Patrick Banger

Title: Town Manager

Date: 10/05/2022

Exhibit B

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Contract No. 2023-120-COS

CITY OF CHANDLER

By: 

Name: John Knudson

Title: Director, Public Works & Utilities

Date:

Approved as to Form:

By: 

Name: Jerry J. Winkler

Title: Assistant City Attorney

Date: 10-6-2022

EPCOR

By: _____

Name:

Title:

Date:

CITY OF SCOTTSDALE


By: 
Name: BRIAN K. BIESEMEYER
Title: EXECUTIVE DIRECTOR
Date: OCT 4, 2022

Exhibit B
Page 16 of 25
Contract No. 2023-120-COS

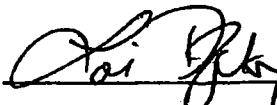
CITY OF PEORIA

SIGNED:



Jeff Tyne, Peoria City Manager

ATTEST:



Lori Dyckman, Peoria City Clerk

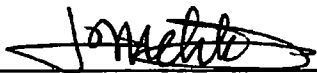


APPROVED AS TO FORM:



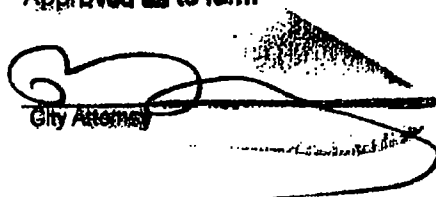
Vanessa P. Hickman, Peoria City Attorney

CITY OF GLENDALE

By: 
Name: Jamshedd Mehta
Title: Assistant City Manager
Date: Oct - 3 - 2022

ATTEST:

City Clerk

Approved as to form

City Attorney

CAREFREE WATER COMPANY

By: 

Name: Greg Crossman

Title: General Manager

Date: November 15, 2022

Exhibit B
Page 19 of 25
Contract No. 2023-120-COS

SCIF MOU

WATER UTILITIES COMMUNITY FACILITIES DISTRICT APACHE JUNCTION

By: _____

Name:

Title:

Date:

CITY OF PHOENIX

By: _____

Name:

Title:

Date:

TOWN OF QUEEN CREEK

By: _____

Name:

Title:

Date:

EXHIBIT A
PARTICIPATING ENTITIES

City of Mesa Contact: Brian Draper Contact: Kathy Macdonald	City of Tempe Contact: Craig Caggiano
Town of Gilbert Contact: Lauren Hixson	City of Chandler Contact: Simone Kjolsrud
EPCOR Contact: Doug Dunham	City of Scottsdale Contact: Gretchen Baumgardner
City of Peoria Contact: Brett Fleck	City of Glendale Contact: Drew Swieczkowski
Carefree Water Company Contact: Greg Crossman	Water Utilities Community Facilities District Apache Junction Contact: Mike Loggins
CAWCD Contact: Ken Seasholes Contact: Jason Sversvold	City of Phoenix Contact: Erin Andres Contact: Darren Sversvold
Town of Queen Creek Contact: Paul Gardner Contact: Doug Toy Contact: Keith DeVore	

EXHIBIT B
MAILING ADDRESS & EMAIL ADDRESS FOR COMMUNICATIONS

SRP	CAWCD
Mailing Address:	Mailing Address:
Email Address:	Email Address:
City of Mesa, Water Resources	City of Tempe
Mailing Address:	Mailing Address:
PO Box 1466	Email Address:
Mesa, AZ 85211-1466	
Email Address: brian.draper@mesaaz.gov	
Town of Gilbert	City of Chandler
Mailing Address:	Mailing Address:
Email Address:	Email Address:
EPCOR	City of Scottsdale
Mailing Address:	Mailing Address:
Email Address:	Email Address:
City of Peoria	City of Glendale
Mailing Address:	Mailing Address:
c/o Water Services Department	Email Address:
8401 W. Monroe St	
Peoria, AZ 85345	
Email Address:	
Carefree Water Company	Water Utilities Community Facilities District
Mailing Address:	Apache Junction
P.O. Box 702	Mailing Address:
Carefree, AZ 85377	Email Address:
Email Address:	
CAWCD	City of Phoenix
Mailing Address:	Mailing Address:
Email Address:	Email Address:

Town of Queen Creek Mailing Address: Email Address:	
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**AGREEMENT TO SHARE COSTS FOR THE SCIF
AMONG COST-SHARE PARTNERS
AND
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT**

EXHIBIT C

AUTHORIZED REPRESENTATIVES AND AUTHORIZED ALTERNATES

Authorized Representatives

Central Arizona Water Conservation District	
City of Apache Junction	
Carefree Water Company	
City of Chandler	Simon Kjolsrud, Water Resources Manager
City of Glendale	
Town of Gilbert	
City of Mesa	
City Peoria	
City of Phoenix	
Town of Queen Creek	
City of Scottsdale	
Salt River Project Valley Water Users' Association and Salt River Project Agricultural Improvement and Power District	

Alternate Authorized Representatives

Central Arizona Water Conservation District	
City of Apache Junction	
Carefree Water Company	
City of Chandler	John Knudson, Public Works and Utilities Director
City of Glendale	
Town of Gilbert	

City of Mesa	
City Peoria	
City of Phoenix	
Town of Queen Creek	
City of Scottsdale	
Salt River Project Valley Water Users' Association and Salt River Project Agricultural Improvement and Power District	

**AGREEMENT TO SHARE COSTS FOR THE SCIF
AMONG COST-SHARE PARTNERS
AND
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT**

EXHIBIT D

COST-SHARE ESTIMATE FOR SCIF TECHNICAL REVIEW

Estimated Cost Allocation (for Technical Review Phase) Based on Initial Capacity Requests

Participant	AF/yr	CFS	% Share	\$ Share¹	\$ Share²	\$ Share³
Apache Junction	9,050	25	6.1%	\$45,797	\$58,129	\$69,755
Carefree	1,086	3	0.7%	\$5,496	\$6,975	\$8,371
Chandler	7,240	20	4.9%	\$36,637	\$46,503	\$55,804
Gilbert	6,154	17	4.2%	\$31,142	\$39,528	\$47,433
Glendale	7,000	19	4.7%	\$35,425	\$44,964	\$53,956
Mesa	12,669	35	8.5%	\$64,116	\$81,381	\$97,657
Peoria	11,250	31	7.6%	\$56,932	\$72,263	\$86,716
Phoenix	18,099	50	12.2%	\$91,594	\$116,258	\$139,510
Queen Creek	1,086	3	0.7%	\$5,496	\$6,975	\$8,371
Scottsdale	2,172	6	1.5%	\$10,991	\$13,951	\$16,741
CAP	36,198	100	24.4%	\$183,187	\$232,516	\$279,019
SRP	36,198	100	24.4%	\$183,187	\$232,516	\$279,019
Total	148,202	409	100.0%	\$750,000	\$951,960	\$1,142,352
Per CFS				\$1,832	\$2,325	\$2,790

Notes:

¹ Initial estimates from Reclamation and HDR

² Updated estimates to include pre-NEPA coordination and geotech helicopter/contingency

³ Updated estimates with 20% contingency applied per cost share agreement revisions

**AGREEMENT TO SHARE COSTS FOR THE SCIF
AMONG COST-SHARE PARTNERS
AND
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT**

EXHIBIT E

EXAMPLE CALCULATION OF CONTRIBUTION OF LATE-JOINING PARTY

Risk Premium Scenario/Example Based on Estimated Cost Allocation

Participant	CFS¹	% Share²	\$ Share
Entity X	15	3.7%	\$27,478
Risk premium for late joining ³			\$5,496
Total contribution for Entity X ⁴			\$32,974

Participants to receive a credit from late contribution(s) based on their proportional share of phase cost.
Credits will be applied during the next phase of the project.

Notes:

¹ Example capacity

² Proportional share for Entity X if they had been part of the total capacity

³ 20% per cost share agreement

⁴ Includes only costs incurred as part of Technical Review Phase

**AGREEMENT TO SHARE COSTS FOR THE SCIF
AMONG COST-SHARE PARTNERS
AND
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT**

**EXHIBIT F
CONTACT LIST**

Party	Contact
Central Arizona Water Conservation District	<u>Copy to:</u>
City of Apache Junction	City of Apache Junction c/o Michael Loggins 300 E. Superstition Blvd. Apache Junction, AZ 85119 <u>Copy to:</u> Bryant Powell 300 E. Superstition Blvd. Apache Junction, AZ 85119
Carefree Water Company	Greg Crossman, General Manager Carefree Water Company PO Box 702 Carefree, Arizona 85377 <u>Copy to:</u> <u>Gary Neiss, Town Administrator</u> Town of Carefree PO Box 740 Carefree, Arizona 85377

Party	Contact
City of Chandler	<p>John Knudson, Director, Public Works & Utilities City of Chandler P.O. Box 4008, MS 403 Chandler, AZ 85244-4008</p> <p><u>Copy to:</u></p> <p>Kelly Schwab, City Attorney City of Chandler P.O. Box 4008, MS 602 Chandler, AZ 85244-4008</p>
Town of Gilbert	<p>Lauren Hixson, Water Resources Manager Town of Gilbert 50 East Civic Center Drive Gilbert, Arizona 85296</p> <p><u>Copy to:</u></p> <p>Chris Payne, Town Attorney Town of Gilbert 50 East Civic Center Drive Gilbert, Arizona 85296</p>
City of Glendale	<p>City of Glendale c/o City Clerk-Julie K. Bower 5850 W. Glendale Ave. Glendale, AZ 85301</p> <p><u>Copy to:</u></p> <p>City of Glendale Drew Swieczkowski 7070 W. Northern Ave. Glendale, AZ 85303</p>
City of Mesa	<p>City of Mesa c/o City Manager's Office P.O. Box 1466 Mesa, Arizona 85211-1466</p> <p><u>Copy to:</u></p> <p>Brian Draper Water Resources Advisor City of Mesa P.O. Box 1466 Mesa, Arizona 85211-1466</p>

Party	Contact
City of Peoria	<u>Copy to:</u>
City of Phoenix	<p>Water Resources Management Advisor City Manager's Office City of Phoenix 200 West Washington Street, 12th Floor Phoenix, Arizona 85003-1611</p> <p><u>Copy to:</u></p> <p>City Attorney City of Phoenix 200 West Washington Street, 13th Floor Phoenix, Arizona 85003-1611</p>
Town of Queen Creek	<p>Town of Queen Creek Paul Gardner, Water Resources Director</p> <p><u>Copy to:</u></p>
Salt River Project Agricultural Improvement and Power District	<p>Salt River Project c/o Corporate Secretary P.O. Box 52025 Phoenix, AZ 85072-2205</p> <p><u>Copy to:</u></p> <p>Christa McLunkin Director Water Strategy Salt River Project P.O. Box 52025 Phoenix, AZ 85072-2205</p>
City of Scottsdale	<p>City of Scottsdale – Scottsdale Water c/o Executive Director 9312 N. 94th Street Scottsdale, AZ 85258</p>

Party	Contact
	Copy to: City of Scottsdale – City Attorney 3939 N. Drinkwater Blvd. Scottsdale, AZ 85251