

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

WATER COMMITTEE
Thursday, February 13, 2025, 9:30 AM

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

Committee Members: Robert Arnett, Chair; Stephen Williams, Vice Chair; and Nicholas Brown, Mario Herrera, Kevin Johnson, Sandra Kennedy, and Krista O'Brien

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 CHAIR ROBERT ARNETT
 - Request for approval of the minutes for the meeting of January 16, 2025.

2. 2026 Association Water Budget TRAVIS BURNETT

Informational presentation regarding the Association’s proposed Fiscal Year 2026 water function budget, which will include proposed Calendar Year 2026 water pricing. This budget will be included in the District’s overall water function budget.

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

4. Future Agenda Topics CHAIR ROBERT ARNETT

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 THURSDAY, MARCH 13, 2025**

MINUTES
WATER COMMITTEE
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND
POWER DISTRICT

DRAFT

January 16, 2025

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 Thursday, January 16, 2025, from the Hoopes 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 R.C. Arnett, Chair; S.H. Williams, Vice Chair; K.J. Johnson, S.D. Kennedy, K.H. O'Brien; and L.D. Rovey of the Association.

Committee Members absent at roll call were N.R. Brown and M.J. Herrera.

Also present were President D. Rousseau; Vice President C.J. Dobson; Board Members R.J. Miller, J.M. White Jr., and L.C. Williams; Council Chair J.R. Shelton; Council Liaisons M.L. Farmer and M.C. Pedersen; Council Members E.L. Gorseger B.E. Paceley, and C. Resch-Geretti; and D.M. Andersen, I.R. Avalos, A.M. Beckham, M.J. Burger, J.D. Coggins, A.C. Davis, K.A. Delgadillo, J.M. Felty, I.A. Insua, R.T. Judd, B.J. Koch, K.J. Lee, M.S. Mendonca, L.A. Meyers, M.J. O'Connor, B.A. Olsen, J.M. Pratt, J.L. Rodriguez, C.M. Sifuentes, P.B. Sigl, K.J. Tilghman, and J.C. Walter of SRP.

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 Tuesday, January 14, 2025.

Chair R.C. Arnett called the meeting to order.

Consent Agenda

Chair R.C. Arnett requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Vice Chair S.H. Williams and seconded by Board Member K.H. O'Brien, the Committee unanimously approved and adopted the following item on the Consent Agenda:

- Minutes of the Water Committee meeting on December 12, 2024, as presented.

Corporate Secretary J.M. Felty polled the Committee Members on Vice Chair S.H. Williams' motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:

YES:	Board Members R.C. Arnett, Chair; S.H. Williams, Vice Chair; and K.J. Johnson, S.D. Kennedy, and K.H. O'Brien	(5)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Members N.R. Brown and M.J. Herrera	(2)

Horseshoe Dam River Outlet Works (ROW)

Using a PowerPoint presentation, James C. Walter, SRP Manager of Surface Water, stated that the purpose of the presentation was to provide an update on progress towards maintenance, repair, and rehabilitation of the ROW at Horseshoe Dam. They introduced Ivan A. Insua, SRP Director of Hydro Generation.

I.A. Insua provided background details of the ROW. They stated that in April 2023, following sizable watershed runoff and water releases, SRP discovered a circumferential crack inside the ROW, within grouting between the original concrete-lined tunnel and steel pipe and presented an image of the crack. I.A. Insua noted that the crack was a contributor to increased seepage previously observed in the downstream portion of the ROW. They explained that leakage from a drum valve prevented further inspection upstream until pumps were set up. I.A. Insua provided a drawing of the ROW area.

I.A. Insua stated that in July 2023, after pumps were setup to sufficiently drain the upstream portion of the tunnel, SRP and the Bureau of Reclamation (BOR) inspected inside the ROW tunnel and discovered a loss of some concrete-lining immediately downstream of the drum valve (upstream of the circumferential crack), which was another contributor to the increased seepage. They provided images of the inside of the ROW tunnel facing upstream, past the bend, just downstream of the drum valve and a drawing of the approximate location of the larger areas of missing concrete.

I.A. Insua detailed the current state of the ROW at Horseshoe Dam as follows: 1) the ROW tunnel has been dewatered since March 2023 with flows enabled via service spillway; 2) the reservoir has been at various elevations; 3) there has been no seepage; 4) there have been no changes to the drum valve leakage; 5) no observable changes in concrete or rock; and 6) SRP continues its communications with the BOR in pursuit of repair options. They reviewed an action plan schedule for conceptual construction among SRP, BOR, and partners.

I.A. Insua summarized the repair objective and approach as follows: 1) restore operational function of ROW with downstream valves; 2) there is no intention to address sedimentation or impact ongoing sedimentation processes, as studied in the Verde

Reservoirs Sediment Mitigation Project (VRSMP); 3) leverage engineering consultant familiar with dams and the Horseshoe Dam ROW (geology, hydrology, and design); and 4) explore several options in terms of accessibility and methodology. They highlighted that the preferred repair option is to install a new drop shaft at the upstream vent, prefabricated pipe sections that will be installed with the new intake bulkhead and isolation valve at the drop shaft.

I.A. Insua said that this preferred option offers the following benefits: 1) long life tunnel repair; 2) after pipe installation, drop shaft becomes location of new isolation valve; and 3) modern equipment with improved performance, reliability, and repairability. They presented an aerial view of the construction site and discussed public and worker safety, site accessibility, laydown areas, and environmental issues.

I.A. Insua concluded with an overview of the objectives to be completed at the 60% design phase as follows: 1) engineering design details at intake, upstream shutoff valve, transition to ROW; 2) more accurate cost and schedule estimates; 3) better understanding of the design, construction, and other risks; 4) facilitate additional BOR discussions; and 5) enable a construction specification and Request for Proposals (RFP).

I.A. Insua 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.

Board Member P.E. Rovey; and G.A. Mingura of SRP entered the meeting during the presentation.

SRP-Central Arizona Project (CAP) Interconnection Facility (SCIF) Update

Using a PowerPoint presentation, Kyle J. Tilghman, SRP Director of Water Strategy, stated that the purpose of the presentation was to provide an update regarding the SCIF, including the potential uses of the SCIF and the status of the SRP's application for itself and the SCIF participants to participate in the BOR's Lower Colorado River Basin System Conservation and Efficiency Program.

K.J. Tilghman said that on January 15, 2025, the BOR executed the final Financial Assistance Agreement. They stated that the Financial Assistance Agreement funded \$154 million to be used for construction costs only.

K.J. Tilghman reminded the Committee that the BOR is drafting the System Conservation Implementation Agreement (SCIA) which defines the provisions and conditions governing the water conservation commitments. They said that SRP is working with the BOR regarding total conservation commitments. K.J. Tilghman explained that the SCIA could include conservation efforts with respect to the system

water in Lake Mead, Long Term Storage Credits, and other sources agreed to by the parties. They stated that SCIA is expected to be finalized and executed on March 31, 2025.

K.J. Tilghman highlighted that the SCIF improves partners' ability to use non-SRP shareholder water supplies from the Reclamation Project. They summarized the water management benefits of SCIF and showed a video of the SCIF.

K.J. Tilghman 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.

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

There was no report on current events by Jim M. Pratt, SRP General Manager and Chief Executive Officer.

Future Agenda Topics

Chair R.C. Arnett 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 10:33 a.m.

John M. Felty
Corporate Secretary

FISCAL YEAR 2026 ASSOCIATION WATER BUDGET

Water Committee Meeting

February 13, 2025

Travis Burnett, Manager, Water Finance

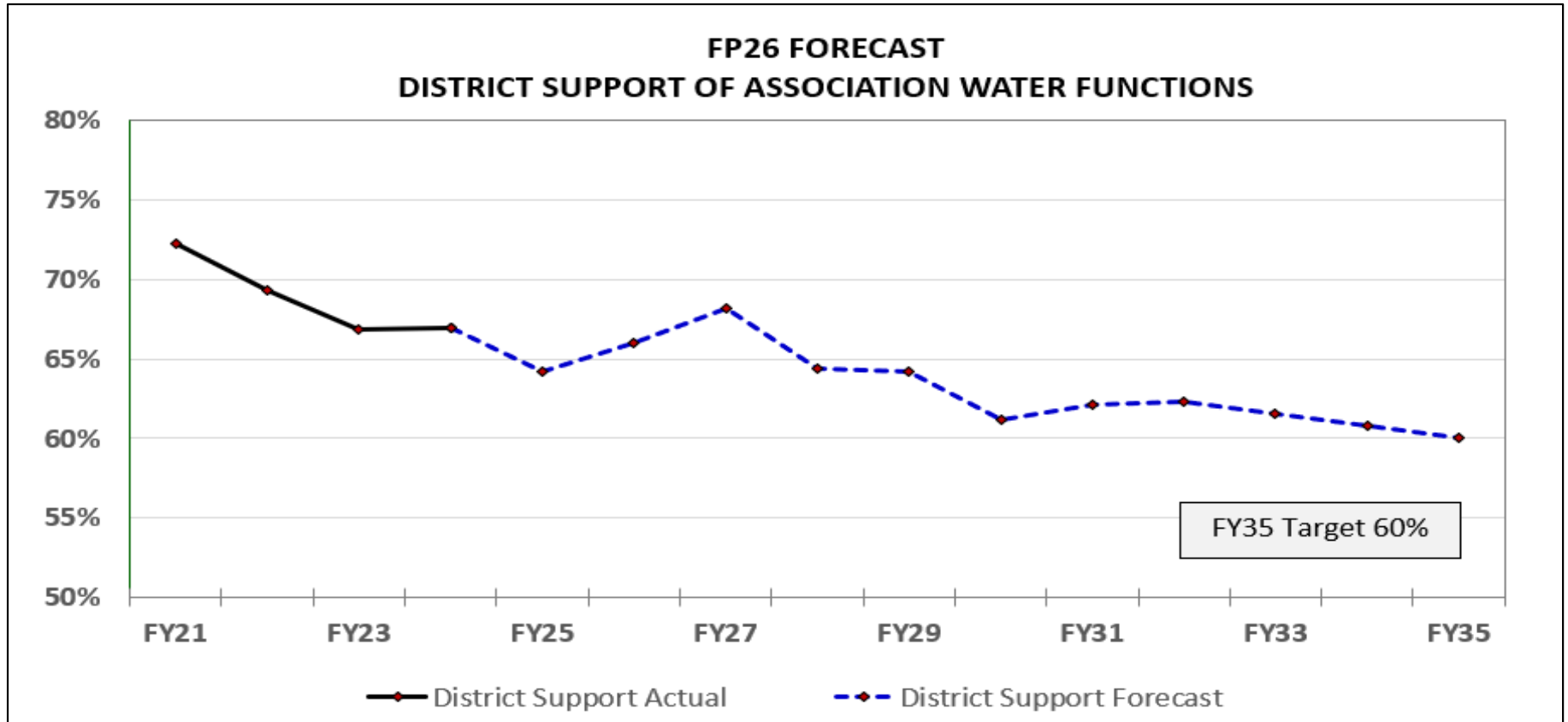
Agenda

- ✓ FY35 Water Support Goal
- ✓ Proposed FY26 Association O&M budget
- ✓ Proposed 2026 water pricing for water types and administrative fees for Association Members

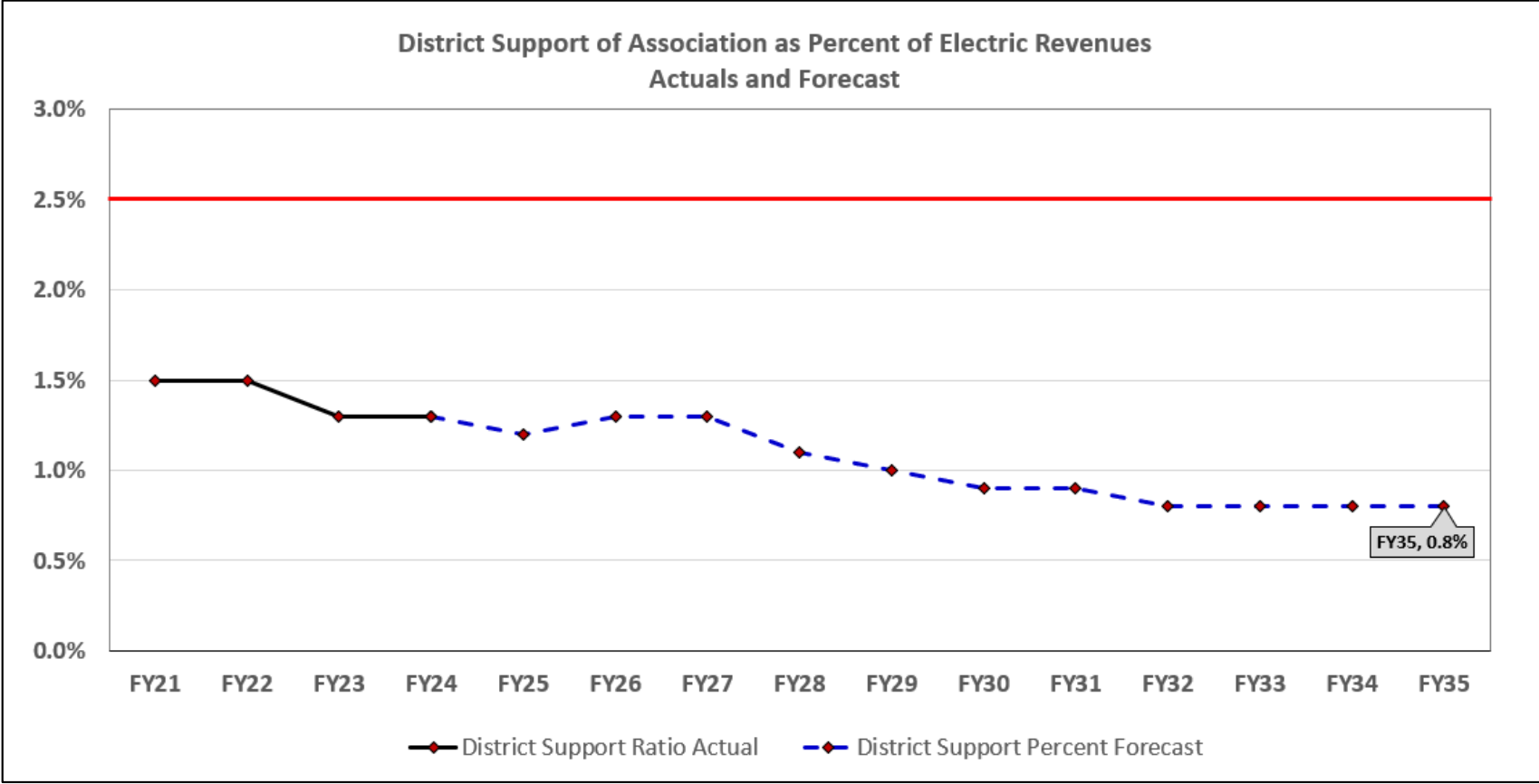
Approved 2035 Water Support Goal

- ✓ 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



District Support As Percent Of Electric Revenues



Draft Statement of Revenues and Expenses Association Budget

	FY25 Budget (000)	FY26 Proposed Budget (000)
<i>Operating Revenues</i>		
Stored and Developed	\$12,006	\$12,625
Additional Deliveries	\$2,315	\$2,407
Water Delivery Revenues	\$1,993	\$2,026
Other Service Revenues	\$4,552	\$4,748
Falling Water	\$6,897	\$7,177
<i>Total Operating Revenues</i>	\$27,763	\$28,983
<i>Operating Expenses</i>		
Operations & Maintenance	\$76,029	\$82,708
Power for Pumping	\$4,191	\$5,268
<i>Total Operating Expenses</i>	\$80,220	\$87,976
<i>Net Operating Revenues (Loss)</i>	(\$52,457)	(\$58,993)
<i>Other Income (Deductions) Net</i>	\$2,751	\$2,872
<i>Net Revenues (Loss)</i>	(\$49,706)	(\$56,121)

Association Members

Association Members hold water rights to water stored and developed from the Reclamation Project and provide revenue to the Association by paying:

1. The price for delivery of such water based on water type, and
2. Administrative fees for such delivery service

Association Water Delivery Types

Basic Stored & Developed

Member lands are entitled to an annual base allocation of stored and developed water that equals 2 acre-feet per acre (AFA).

Normal Flow

Water delivered to lands with rights to the unregulated flows of the Salt and Verde rivers as established in the 1910 Kent Decree; quantity varies based on right.

Additional Stored & Developed

Water delivered to member lands annually as the 3rd AFA of stored and developed water.

Pumped Right Water

Water delivered to eligible member lands with rights to pumped water under programs established in 1929 and 1948; pumped right water service is limited to 2 AFA/year.

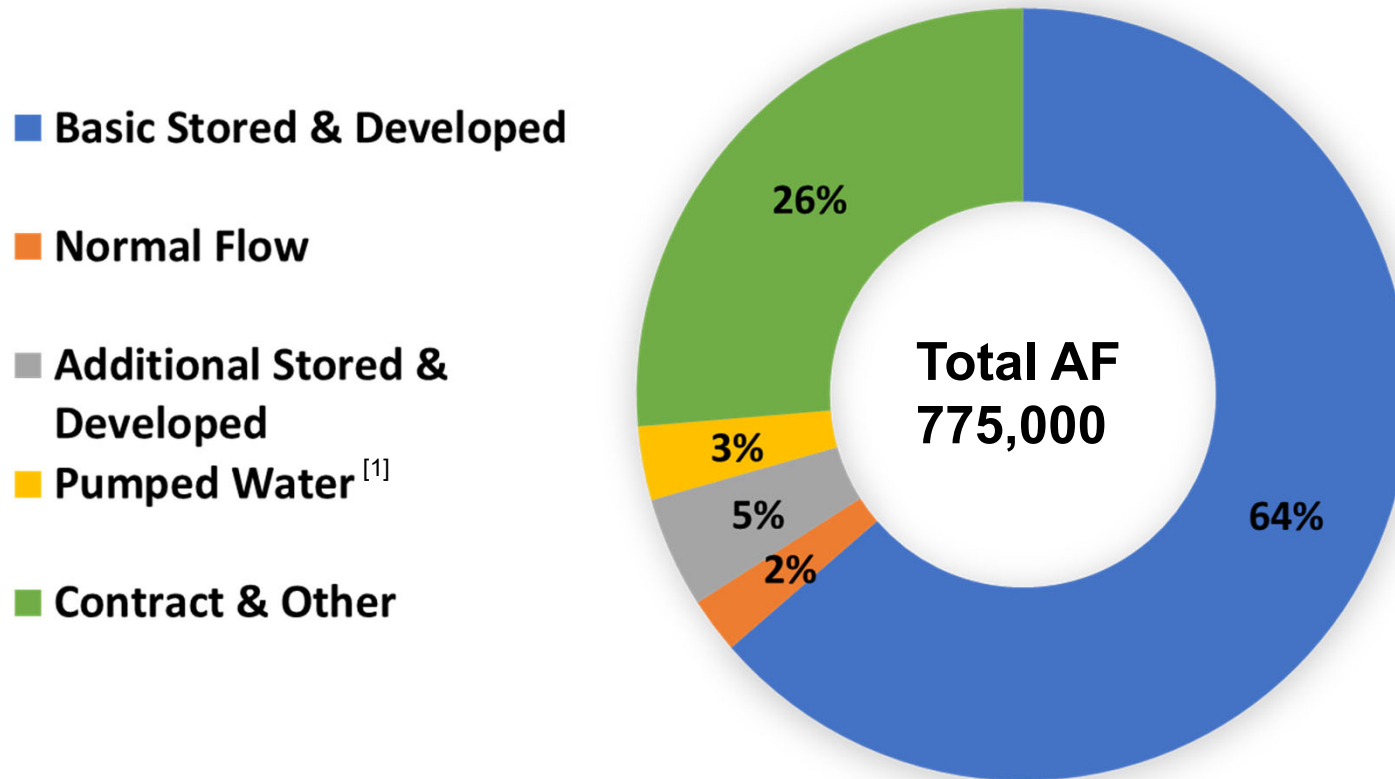
Additional Subdivision Water

Water delivered to subdivision member lands with rights to additional pumped water.

Supplemental Supply Program

Water delivered to member lands as additional pumped right water.

2026 Budgeted Delivery % by Water Type



^[1] Pumped Water includes Pump Right Water, Additional Subdivision Water, and Supplemental Supply Program

Proposed Price Recommendation for Water Delivery Types for CY2026

<u>Per Acre Foot Prices</u>	2025 Approved		2026 Proposed	
	<u>% Increase</u>	<u>Rates</u>	<u>% Increase</u>	<u>Rates</u>
Basic Stored & Developed ^[1]	4.7%	\$25.17	6.3%	\$26.76
Normal Flow	3.0%	\$17.91	3.0%	\$18.45
Additional Stored and Developed	3.0%	\$17.91	3.0%	\$18.45
Pump Right Water	4.7%	\$59.99	6.3%	\$63.77
Additional Subdivision Water	4.7%	\$59.99	6.3%	\$63.77
Supplemental Supply Program	4.7%	\$59.99	6.3%	\$63.77

[1] Basic Stored & Developed are provided in 2 Acre Feet per Acre increments

Association Water Delivery Administrative Fees

Water Delivery Fee

Fee covers the cost of servicing active accounts and includes record keeping of water orders, water charges, and scheduling of subdivision accounts.

City Contracts Fee

Fee is specific to the management of inactive accounts that have been closed and “cut to the city” under the SRP-City water delivery and use agreements; customer entitlement water is then delivered through the city water system; a customer can elect to reactivate their account and receive direct deliveries.

Proposed Administrative Fee Recommendations for CY2026

	<u>2025</u>	<u>2026</u>	<u>% Increase</u>
<u>Water Delivery Fee</u> ^[1]			
Per Account	\$90.52	\$93.87	3.7%
Per Acre	\$0.43	\$0.45	4.7%
<u>City Contracts Fee</u> ^[2]	\$5.89	\$6.11	3.7%

[1] Direct Delivery for Active Accounts

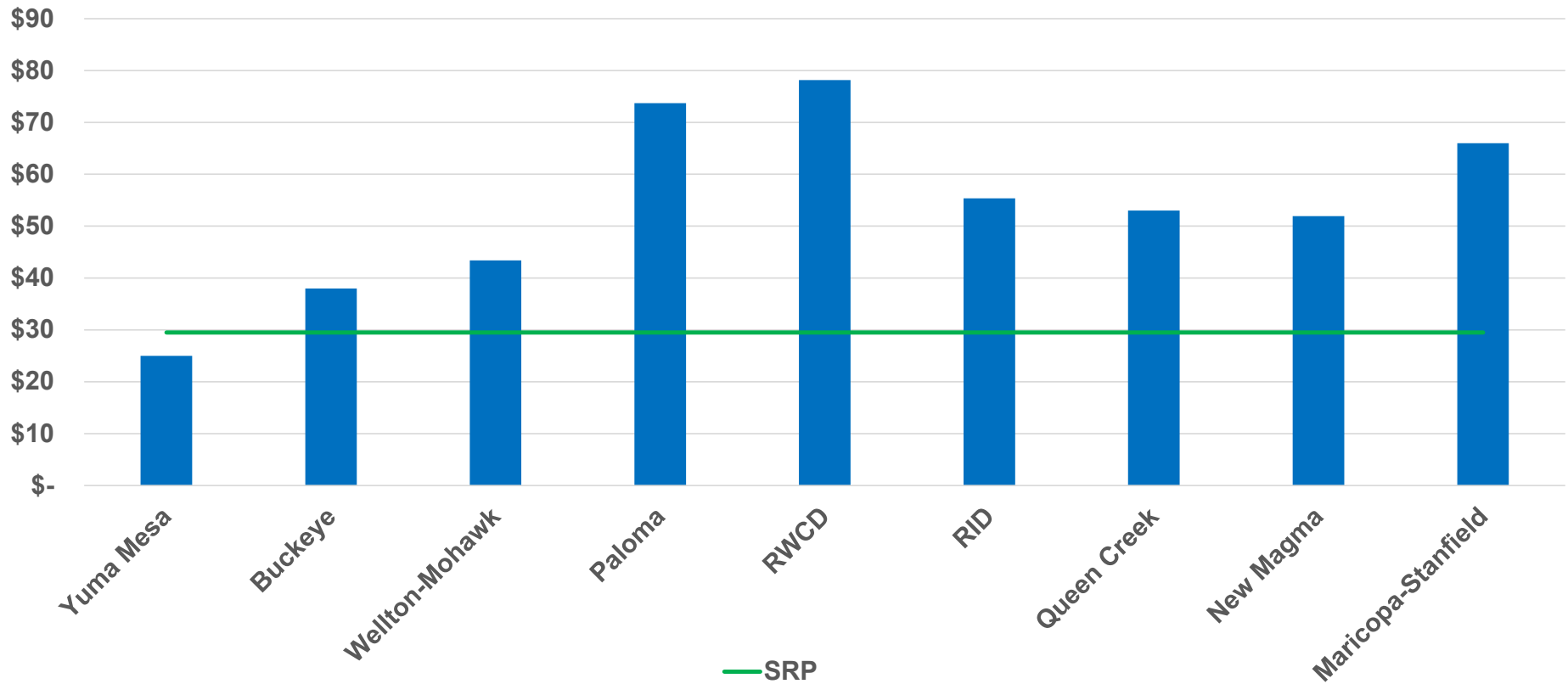
Formula for calculation is set by Association By-Laws

[2] Admin fee per parcel for inactive accounts.

What Does This Mean? Cost Per Acre Foot Examples

<u>Customer Examples</u>	<u>2025</u>	<u>2026</u>	<u>Increase</u>	<u>Percent</u>
Large account over 1,500 Acres	\$23.84	\$25.21	\$1.37	5.7%
Small account 10 Acres	\$29.90	\$31.70	\$1.80	6.0%
1 acre sub account	\$57.02	\$60.18	\$3.16	5.5%
2 acre water balance sub account	\$37.98	\$39.78	\$1.80	4.7%
All Cities	\$32.96	\$34.83	\$1.87	5.7%

Price Per AF Comparison to Other Districts as of 2025



Based on 100 Acres & 5 AF per Acre

QUESTIONS?

