



2010

CAWCD Board of Directors

Strategic
Plan

CAP

CENTRAL ARIZONA PROJECT

CAWCD Board of Directors



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Letter from President Bitter Smith

To Our Customers and Stakeholders:

It is with pride that I present to you the 2010 Strategic Plan of the Central Arizona Water Conservation District. This plan was built using the 2006 strategic plan as its foundation. With the input of the CAWCD Board of Directors, staff, customers, stakeholders and members of the public, the 2010 plan was developed over several months. In addition to posting the plan and soliciting input via the worldwide web, several meetings were held at which the public was invited to comment.

I'd like to personally thank the Board of Directors for their commitment to developing a comprehensive strategic plan that encompasses CAP's critical areas of focus for the upcoming years. A special thanks to Carol Zimmerman for chairing the Strategic Plan Task Force, and to its members Tim Bray, Gayle Burns, Paul Hendricks and Pam Pickard. Together, they developed a program for the Strategic Planning Retreat held in September 2009 that included strategic discussions, playful interactions and team-building opportunities.

I am indebted to session leaders who provided overviews on Key Results Areas that included historical perspectives and considerations for the future. The session leaders – Mark Lewis on Finances; Paul Hendricks on Project Reliability; Pam Pickard on Power; Warren Tenney on Water Supply; Tim Bray on Replenishment; and myself on Leadership & Public Trust – helped get creative juices flowing. They concluded their session topics by organizing the results of table discussions.

I'm grateful for the skillful facilitation provided by the roundtable discussion leaders Lisa Atkins, Gayle Burns and Sharon Megdal. In addition to ensuring all ideas were considered and recorded, these table leaders presented the summarized results of their participants' discussions and posted them to the sticky wall.

During the evening session of the retreat, Pat and Kimberly Jacobs, with assistance from their miniature schnauzers George and Georgia, taught us the finer points of canine competitions. After teaching us what to look for, they challenged the directors to question each other and evaluate the dogs.

Finally, I'd like to acknowledge the dedicated participation and support extended by all directors, customers, stakeholders, members of the public and staff. Without your participation, clarification, expertise and support, the 2010 CAWCD Strategic Plan would not be complete.

With fond appreciation,

Susan Bitter Smith

Our Mission

Central Arizona Project is the steward of central Arizona's Colorado River water entitlement and a collaborative leader in Arizona's water community.

Our Vision

The Central Arizona Project will be a collaborative, innovative leader in the management and delivery of water to central Arizona. It will enhance the state's economy and quality of life and ensure sustainable growth for current and future populations of Arizonans.

Our Values

Reliability: We will use every drop of Colorado River water available to us.

Leadership: We will be a leader in local and regional water issues.

Our Employees: Our employees are our most important resource.

The Public Trust: We respect the trust we have earned from our constituents.

The Environment: We will operate in an environmentally responsible manner.

The Process

After meeting in facilitated discussions for several months, in November 2006 the Board adopted a comprehensive strategic plan. The action items to accomplish the strategic objectives were categorized, prioritized and assigned to senior staff members. Progress on accomplishing each item was tracked internally using Access database software. Regular reports were provided to the Board through the General Manager's Memo, in work/study sessions of the Board and during regular meetings of the Board.

In mid-2009, it became apparent that many of the action items had either been completed, had become a part of regular ongoing operations, or had given rise to potential new initiatives. The Board determined that it was time to review and update the 2006 plan.

March 2009

President Bitter Smith appoints Carol Zimmerman to chair the Strategic Plan Task Force, along with members Timothy Bray, Gayle Burns, Paul Hendricks and Pamela Pickard. Its charge is to plan a Board retreat to review and update the 2006 Strategic Plan.

The task force met and discussed potential dates in late September and possible locations, including Navajo Generating Station in Page, Arizona.

June 2009

September 24-25, 2009, is selected for the retreat dates. Due to the difficulty of travel by customers and stakeholders as a result of the poor economy, the retreat site selected is Hilton El Conquistador Resort in Tucson instead of Navajo Generating Station.

A process is adopted that provides for reviewing the 2006 plan and includes opportunities for directors to lead one of six Key Result Areas (KRAs), facilitate discussions and engage in active participation. Customers, stakeholders and members of the public have opportunities to comment on the plan prior to, during and after the retreat.



August 2009

The 2006 Strategic Plan, including the status of action items, is posted on CAWCD website. Customers and stakeholders are invited to submit comments. Staff summarizes comments and includes them in materials provided to KRA session leaders.

September 2009

Based on comments and discussion, Leadership and Public Trust are combined and a new KRA, Finances, is added.

The retreat begins with lunch and opening remarks by Carol Zimmerman on September 24, 2009, at Hilton El Conquistador, Tucson. Directors were assigned to one of three tables and discussed each of the KRAs and strategic objectives and action plans that should be considered in the 2010 plan. A sticky wall for each of the six KRAs is developed that includes items to carry forward from the 2006 plan and the results of table discussions that included Directors, customers, stakeholders and members of the public. Additional comments to add to the sticky walls were solicited from Directors, customers, stakeholders, and members of the public throughout the two-day retreat.

A special visioning presentation is given by Director Jacobs and his wife, with the assistance of their miniature schnauzers, George and Georgia. They demonstrate that a vision is mandatory in order to determine success. In canine competitions, standards are established. Organizations develop strategic plans.



October/November 2009

The contents of the sticky walls are interpreted and an initial draft 2010 Strategic Plan is developed. It is posted to the CAWCD website and distributed to Directors for initial review.

December 2009

Meetings are held with KRA session leaders to fine-tune draft plan.

January 2010

The draft 2010 Strategic Plan is discussed by the Board. Public comment is invited. Additional modifications are made to KRAs pertaining to Finances, Water Supply, Power, and Replenishment.

February 2010

The CAWCD Board of Directors adopts the 2010 Strategic Plan.

Future Activities

March/April 2010

Action items will be categorized, prioritized and assigned to a senior staff member.

Ongoing

Progress on accomplishment of each item will be tracked internally using an electronic tracking system. Reports will be provided to the Board on a regular basis in work/study sessions of the Board and during regular meetings of the Board.

An analysis of staff, capital and monetary resources will be completed and appropriate resources scheduled prior to beginning work on action items. Those items requiring significant resource allocations will be determined during reviews of tasks required to complete actions. Action items requiring funding in excess of \$250,000 will be presented to the Board for consideration and approval prior to commitment of funding.

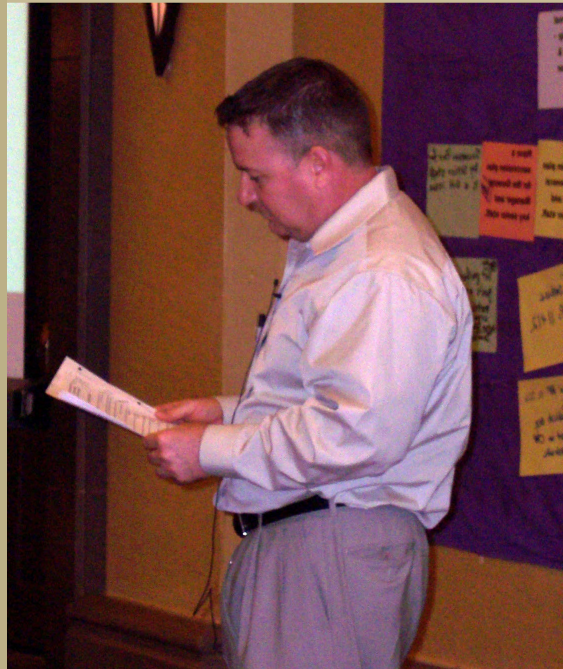
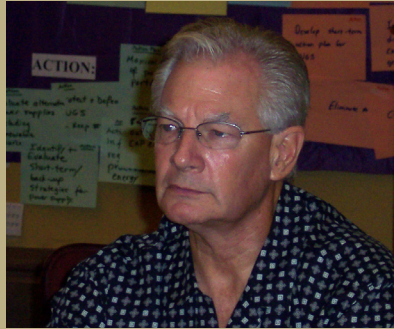


The Plan



Key Result Area: Leadership & Public Trust

STRATEGIC ISSUE	STRATEGIC OBJECTIVE	ACTION PLAN
Image - Education/ Knowledge and Visibility of CAP	Educate about CAP and improve understanding of water and power issues for canal safety	Increase opportunities for Board and stakeholder interaction by further developing and identifying public speaking opportunities and public presentations. Develop and distribute canal safety educational curriculum for K-12 and include segment on same in H204U annual student competition.
	Increase Board members' understanding of the electric power environment, operation and policies	Continue to provide training for Board members and customers in electric power economics.
		Continue to provide power primer for orientation of new Board members and as a reference.
		Continue to conduct periodic work/study sessions on electric power policy.
Relationships- Customers	Improve relationships with customers	Cooperatively identify goals and logistics for public processes with appropriate Board, staff and stakeholders. Be sensitive and cognizant to all stakeholders and their respective interests, e.g., Native Americans, rural issues, etc.
Relationships- Other Stakeholders	Improve relationships with constituents	Continue to educate, inform, participate, engage and respect broad range of stakeholders including CAP employees, the organization's greatest asset.
	Improve relationships with other stakeholders	Provide more detailed information on website regarding responsibilities and activities of the Board, including specific contact information.
Future Water Leadership	Educate future water leaders	Identify and develop opportunities for involvement in leadership organizations. Coordinate workshops on federal and state legislative processes and activities regarding water quality, power generation and similar areas of interest to CAP and stakeholders.
CAP Board Leadership	Define how Board members effectively represent CAP and its positions	Adopt Board Operations manual
		Produce issue/action sheets on significant issues addressed by Board
		Publish organizational chart on CAP website



Key Result Area: Finance

STRATEGIC ISSUE	STRATEGIC OBJECTIVE	ACTION PLAN
Maintaining CAP's financial health	Effectively communicate financial issues to Board and stakeholders	Continuously evaluate & resolve financial threats
	Maintain coordinated financial strategies (budget, reporting, revenues, expenditures, rates, taxes, reserves)	Develop and maintain an appropriate reserve strategy
	Maintain a rate-setting methodology that accurately reflects cost of service and provides for transparency and predictability	Establish a mid-term rate update mechanism (odd years)
		Explore and identify approaches to stabilize rates and/or establish reserves for shortages and other events that may interfere with predictable rates
Financing Major Expenditures	Establish a flexible financing strategy	Evaluate appropriate pass-through mechanisms for unpredictable costs, including rate reconciliation and rate stabilization
		Evaluate financing mechanisms appropriate for CAP, including pay-as-you-go (rates and taxes), reserves and bonding
	Coordinate projected uses of funds with appropriate sources of financing	Coordinate financing strategy with reserve strategy
		Identify resources required and financing sources prior to approval of major initiatives
Managing Assets	Optimize use of CAP assets to meet customer needs and generate opportunities to enhance revenues	Evaluate how costs of major expenditures can be properly allocated to the beneficiaries of those expenditures under appropriate contracts and policies
		Maintain a capital replacement plan consistent with maintaining reliability of the system
		Develop and implement post-2011 strategies for use of power generation and transmission assets



Key Result Area: Project Reliability

STRATEGIC ISSUE	STRATEGIC OBJECTIVE	ACTION PLAN
Managing our Workforce	Maintain a safe and secure working environment	Maintain VPP Star status with ADOSH or equivalent
		Reduce/eliminate workplace injuries
	Establish CAP as the regional "Employer of Choice"	Maintain competitive pay and benefits
		Manage employee turnover
		Promote diversity in the work force
	Maintain high levels of skills and job proficiency among employees	Maintain an effective apprenticeship program while balancing the need for available work hours and taking advantage of skilled personnel that can be hired from outside the organization
		Manage an effective pay for performance system
Investigate incentives that promote employee job improvement and success		
Encourage employee development		
Effectively Operate and Maintain CAP Assets	Provide reliable and cost effective water deliveries	Maintain high levels of operational reliability consistent across all user groups
		Consistently deliver CAP's full annual Colorado River apportionment
	Achieve industry best maintenance practices	Investigate and participate in external benchmarking with similar utilities
		Investigate external reviews and assessments of CAP maintenance practices
		Assess CAP's maintenance practices against established internal processes utilizing proactive asset management protocols
Maintain Business Continuity	Prepare for business disasters and threats	Prepare for potential pandemics
		Protect and secure CAP's Information Technology assets and information
		Protect sensitive business information
		Prepare and plan for potential threats to CAP water operations
		Establish mutual aid partnerships with other regional utilities

Key Result Area: Water Supply



STRATEGIC ISSUE	STRATEGIC OBJECTIVE	ACTION PLAN
Reliability of the CAP Water Supply	Manage Colorado River to optimize CAP water availability	Actively influence Colorado River management decisions
		Actively participate in decision making regarding binational programs (e.g., Mexico shortage-sharing, ICMA)
		Support studies and pilot programs to advance the long-term operation of the YDP
		Develop strategy for maximizing CAP's use of surplus Colorado River water
	Augment Colorado River water supply	Support new and updated augmentation studies and pilot programs (e.g., Basin States Augmentation Program, ocean desalination, weather modification, watershed management, phreatophyte removal)
	Reduce risk associated with CAP's junior priority	Continue to look for opportunities to change priority in Congress
	Manage risk posed by climate change	Identify potential impacts of climate change on CAP supplies and develop adaptation strategies
	Complete and implement recovery plan	Complete recovery plan in cooperation with stakeholders to improve connection between AWBA storage and CAP recovery
		Develop and adopt policy regarding a portion of M&I subcontract entitlements to be protected during shortage
		Develop cooperative agreements to implement recovery where appropriate
Develop and adopt policy regarding portion of M&I subcontract entitlements to be protected by CAP during shortage (assuming AWBA protects up to 20%)		
Develop cooperative agreements to implement recovery through exchange (where appropriate)		
Permit and construct facilities needed to implement recovery		
New water supplies for the CAP service area	Complete and implement ADD Water Program	Develop a comprehensive plan for ADD Water program, including policies, procedures and budget
		Develop a legislative strategy in support of ADD Water
		Develop a formal contract structure between CAP and ADD Water participants
		Complete and implement appropriate wheeling agreements
	Identify and acquire new water supplies without harming existing CAP contractors	Identify water supplies to be acquired and begin making acquisitions
		Analyze availability and viability of reclaimed water as a component of new supplies to be acquired by CAP
		Explore demand management as a component of water supply planning
	Prepare for CAP NIA reallocation	Explore possibilities for public/private partnerships
		Work with ADWR and stakeholders to develop an appropriate strategy for reallocation of CAP NIA water



Key Result Area: Power

STRATEGIC ISSUE	STRATEGIC OBJECTIVE	ACTION PLAN
Generation Resources	Effectively manage costs	Continue to participate in NGS O&M committee
		Continue use of Energy Risk Oversight Committee to make decisions on energy purchases
		Continue to participate in NGS audits
		Create procedures to sell NGS energy scheduled for project use and buy replacement energy at a lower cost to reduce CAP energy costs
	Maintain existing generation resources until appropriate alternatives are available	Aggressively oppose all legislative, legal and regulatory threats to NGS
		Support renewal of NGS land, water, participation and coal agreements
		Effect Hoover reallocation for Arizona through federal legislation or Western Area Power Administration allocation process
	Develop new, reliable, sustainable, cost-effective generation resources	Investigate feasibility of distributed generation
		Explore possible partnerships with municipalities, utilities, merchants and public or private parties to develop new generation resources
		Identify and evaluate short-term/back-up generation resources
		Evaluate alternative generation resources including renewables
		Prepare for eventual replacement of NGS
Transmission Resources	Effectively manage costs	Pursue partnership arrangements for maintaining CAP transmission assets to reduce CAP water delivery costs
		Secure control over non-integrated CAP transmission assets
		Pursue transmission interconnection agreements that will reduce net CAP energy costs
	Enhance transmission reliability	Continue to participate in regional transmission planning and influence line siting to benefit CAP
		Participate in projects to create CAP transmission redundancy where feasible and appropriate
		Pursue strategic partnerships to enhance CAP transmission reliability and improve access to alternative generation resources

Key Result Area: Replenishment



STRATEGIC ISSUE	STRATEGIC OBJECTIVE	ACTION PLAN
Water Supply	Obtain sufficient water supplies to meet replenishment obligation	Reevaluate water supply acquisition program in Plan of Operation (e.g., timing, types of supply and projected costs)
		Aggressively acquire water supplies as outlined in Plan of Operation
		Develop and implement revenue generation mechanisms (e.g., bonding, rates, fees) that are sufficient to carry out water supply acquisition plan
		Work w/ State Land Dept on the transfer of 2,906 AF of its M&I subcontract water to CAGRD
		Collaborate with stakeholders to evaluate conservation measures that could reduce CAGRD's replenishment
Long-term role of the CAGRD	Identify and implement appropriate conditions on membership	Secure enactment of CAGRD Bonding and Sustainability Legislation
		Evaluate implications of ADD Water program on CAGRD enrollment conditions
		Evaluate requirement that prospective CAGRD members commit effluent to reduce CAGRD's replenishment obligation
		Investigate establishing maximum replenishment obligation for a member at time of enrollment
Hydrologic relationship between member pumping and CAGRD replenishment	Identify CAGRD roles, responsibilities and capabilities	Encourage ADWR's efforts to investigate areas where excessive groundwater declines are possible
		Investigate feasibility of developing new recharge projects in identified areas of excessive groundwater declines
		To extent feasible, replenish in areas of hydrologic impact of groundwater withdrawals by CAGRD members
		Investigate possibility of direct delivery to CAGRD members with water treatment capability
CAGRD management and oversight	Review CAGRD status as compared to projections in the Plan of Operation often enough to provide comfort to the Board, staff, stakeholders and legislators	Perform and document a formal review of CAGRD at least every 5 years
		Prepare annual report showing membership and corresponding projections of obligations and include it as part of annual report filed with ADWR
	Improve coordination between ADWR and CAGRD	Establish communication protocols regarding application review and issuance of designations of assured water supply (including modifications) that rely on CAGRD replenishment

