

**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: _____

Name:

Title:

Date:

Approved as to Form:

By: _____

Name: Patrick Sigl

Title: Principal Managing Attorney, Water, Land and Environment

Date:

**SALT RIVER VALLEY
WATER USERS' ASSOCIATION**

By: _____

Name:

Title:

Date:

Approved as to Form:

By: _____

Name: Patrick Sigl

Title: Principal Managing Attorney, Water, Land and Environment

Date:

CENTRAL ARIZONA WATER CONSERVATION DISTRICT

By: _____

Name:

Title:

Date:

CITY OF MESA

By: _____

Name:

Title:

Date:

CITY OF TEMPE

By: _____

Name:

Title:

Date:

TOWN OF GILBERT

By: _____

Name:

Title:

Date:

CITY OF CHANDLER

By: _____

Name: John Knudson

Title: Director, Public Works & Utilities

Date:

Approved as to Form:

By: _____

Name: Jenny J. Winkler

Title: Assistant City Attorney

Date:

EPCOR

By: _____

Name:

Title:

Date:

CITY OF SCOTTSDALE

By: _____

Name:

Title:

Date:

CITY OF PEORIA

By: _____

Name:

Title:

Date:

CITY OF GLENDALE

By: _____

Name:

Title:

Date:

CAREFREE WATER COMPANY

By: _____

Name:

Title:

Date:

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**

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

**EXHIBIT B
MAILING ADDRESS & EMAIL ADDRESS FOR COMMUNICATIONS**

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

Town of Queen Creek Mailing Address: Email Address:	
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