

MINUTES OF THE
ARIZONA MUNICIPAL WATER USERS ASSOCIATION
MANAGEMENT BOARD
MEETING
MAY 14, 2008

MEMBERS PRESENT:

George Pettit, Chairman, Gilbert
Stephen Bontrager for Terry Ellis, Peoria
Chris Brady, Mesa
David Cavazos, Phoenix
Roger Klingler, Scottsdale
Doug Kukino for Ed Beasley, Glendale
Jeff Kulaga, Tempe
Charlie McClendon, Avondale
Dave Siegel for Pat McDermott, Chandler

MEMBERS EXCUSED - NOT PRESENT:

Brian Dalke, Goodyear

OTHERS PRESENT:

Marilee Avina, AMWUA	Kathy Ferris, AMWUA	Diana Piña, AMWUA
Charlotte Benson, Tempe	Deb Gullett, ASU	Stephanie Prybyl, Gilbert
Lawrence Brotman, Glendale	Pat Hill, AMWUA	Kathy Rall, Gilbert
Tom Buschatzke, Phoenix	David Iwanski, Goodyear	Sandra Rode, Goodyear
Marc Campbell, SRP	Eric Kamienski, Tempe	Stephen Rot, Glendale
Jo Cook, AMWUA	Doug Kukino, Glendale	Don Sehorn, AMWUA
Steve Dalton, Tempe	Beth Miller, Scottsdale	Richard Siegel, SRP
Val Danos, AMWUA	David Modeer, Phoenix	Robin Stinnett, Avondale
Patricia DiRoss, SRP	Colette Moore, Mesa	Doug Toy, Chandler
Cathy Eden, ASU	Steve Olson, AMWUA	Thalia Williams, AMWUA

1. CALL TO ORDER

Mr. Pettit called the meeting to order at 9:50 a.m.

2. EXECUTIVE SESSION

Upon a motion by Mr. Kulaga and a second by Mr. Klingler, the AMWUA Management Board unanimously agreed to go into an Executive Session at 9:52 a.m. The Executive Session recessed at 10:25 a.m. and the meeting returned to regular session at 10:26 a.m.

3. APPROVAL OF THE MINUTES FROM THE APRIL 9, 2008 MEETING

Upon a motion by Mr. Kulaga and a second by Mr. Bontrager, the minutes of the AMWUA Management Board meeting for April 9, 2008, were unanimously approved.

4. SET NEXT MEETING DATE

The next meeting date was scheduled for Wednesday, July 9, 2008, at 10:00 a.m. at the AMWUA office.

5. REPORT ON CERTIFIED PUBLIC MANAGEMENT FOR WATER MANAGERS PROGRAM

Deb Gullet introduced the Management Board to ASU's Certified Public Management for Water Manager's program. She said the first class is scheduled to begin the end of August 2008, with tuition for the program set at \$3,500.00. She said certification takes between twelve and eighteen months to complete and has twenty-eight classroom sessions. Ms. Gullet said the program was designed to help organizations develop middle and top-level management teams successfully manage changing roles and resource challenges in today's unpredictable world.

Ms. Gullet provided the Management Board members with a handout covering the course descriptions, an overview of the program, the topics to be covered, and a schedule for the first semester of the program.

Mr. Olson thanked Ms. Gullet and Ms. Eden for joining the Management Board at this meeting and for introducing this new program to the members of AMWUA.

6. AMWUA FISCAL YEAR 2008-09 FINAL DRAFT BUDGET

Mr. Olson began by saying that the budget before the Management Board reflected the feedback he received from the members of the Management Board and the AMWUA Board of Directors, thus far. He identified the reserve fund earnings being listed in the budget as an offset for building costs. He noted that the expenditure for the computer system was also included in the budget. He added that a comparative study for employee compensation was also being addressed.

Mr. Pettit said he appreciated the categories being broken down and seeing the disclosure of the reserve fund and how it is being used.

Mr. McClendon commented that a schedule for the expenditures from the reserve fund would also help. He then noted that he did not want to see AMWUA members paying higher fees than necessary. Mr. Pettit replied that a schedule for the next five years would be put in place and would show more disclosure.

With no other comments, Mr. Pettit entertained a motion for the Management Board to recommend to the Board of Directors to approve the budget as submitted. Upon a motion by Mr. McClendon and a second by Mr. Klingler, the Management Board unanimously agreed to approve the recommendation that the Board of Directors approve the budget as submitted.

7. WATER-RELATED LEGISLATION IN THE 2008 LEGISLATIVE SESSION

Ms. Hill reported that the legislative session was winding down and the water bills of concern for AMWUA were being finalized. Of note, Ms. Hill said HB 2772 Groundwater Transfers; Coconino Plateau was scheduled for final passage today. She said it was amended to prohibit future transfers across basin boundaries unless the Arizona Department of Water Resources' (ADWR) director deemed that erroneous information had been provided to ADWR.

Ms. Hill reported that HB 2132, the bill amending ARS § 45-2244 to eliminate the industrial use restriction on a portion of Mohave County Water Authority's Colorado River allocation was caught up in the budget process. She said this was due to a member of the legislature from the Mohave County area that refuses to vote for the state budget if HB 2132 moves forward.

Ms. Hill said AMWUA would continue to monitor SB 1491 Subdivision Reports; Notice as it pertains to subdivisions having an assured water supply. Ms. Hill said, to date, AMWUA's concerns have been addressed.

Ms. Hill reported that SB 1044 Haulage Roads; Technical Correction, as it relates to recharge efforts, was terminated in the legislature and oral arguments will commence this week regarding this issue in the Court of Appeals. Ms. Hill said she is hopeful the Court of Appeals will uphold the lower court's ruling on this issue, as a reversal would be detrimental to recharge efforts.

8. STATUS OF SUSTAINABILITY POLICIES STAKEHOLDERS PROCESS

Mr. Olson reported that at the beginning of the year, a schedule outlining what the Stakeholders would achieve throughout the Stakeholder process was given to the Management Board members. He noted that the Stakeholders would be taking the next few meetings to identify the issues that can effectively be addressed in this forum, out of the many identified by the Stakeholders during their first few meetings. He said once the issues are identified, the Stakeholders would home-in on ways to address them. He added that in the fall, with a good understanding of the issues achieved, it would then be possible to move forward with legislation.

Mr. Olson reported that the discussion of revenue bonding for the Central Arizona Groundwater Replenishment District (CAGRDR) to finance future acquisition of water supplies is not part of the AMWUA Stakeholder process, but is related and is of concern to AMWUA.

Mr. Olson turned the floor over to Ms. Ferris to discuss the issues AMWUA is concerned about and to provide a description of the White Paper.

Ms. Ferris said two major issues of concern for AMWUA and the Stakeholders, as they relate to CAGRDR are: 1) CAGRDR enrollment: the management of that process and whether or not true limits have been placed on future enrollment; and 2) the location of groundwater pumping versus the location of replenishment activities. With those issues in mind, Ms. Ferris said the White Paper is close to finalization. She noted that the purpose of the White Paper is to memorialize, in writing, the current situation as it relates to CAGRDR, to get in writing how CAGRDR thinks it operates, and also to get in writing how ADWR reviews the Plan of Operation of CAGRDR. She said that, in reviewing those issues, it became apparent there was a disconnect between what the state statutes said, what ADWR and CAGRDR thought they were supposed to be doing, and what was actually occurring.

Ms. Ferris continued by saying the group, consisting of individuals from ADWR, CAGRDR, the City of Tucson, the development community, the staff of AMWUA, and various AMWUA members, has come to terms with what is happening with CAGRDR and what ought to be happening. She noted that by the end of the summer the Stakeholders should be ready to recommend to the Board statutory and administrative changes that will result in making the situation better. She said ADWR has said they are willing to adopt a substantive policy statement showing how they will review the CAGRDR Plan of Operation and how they will work to determine if CAGRDR is exceeding its replenishment capabilities.

Ms. Ferris said the second topic of importance the group has been addressing, the location of groundwater pumping versus the location of replenishment, has several aspects to it. One of the aspects of discussion relates to the protection of stored water without regard to those who replenished it, including the AMWUA members. She emphasized that this issue has been difficult because there is no consensus among all involved about how to handle it.

Entwined in the pumping and replenishment issue is pumping by those without assured water supply designations, such as those with Type II rights, those with General Industrial Use Permits, and mining companies. Also intermixed with this issue is the concept of allowing CAGRDR to deliver water directly to certain CAGRDR water providers, rather than using the system now in place where groundwater is pumped, delivered, and then replenished. Ms. Ferris said this idea makes more sense than what is currently being done, but will require legislation in order to put it in place.

Finally, Ms. Ferris said the issue of cities and towns being allowed to apply for a longer designation period would be another way of protecting water supplies. She noted that

ADWR is looking at longer designation periods and how best to implement that in their next round of designations.

In all, Ms. Ferris said she felt the Stakeholder meetings and small group meetings were important. She emphasized that she believed the process was on track, as well as on schedule.

Mr. Pettit asked if attendance at the Stakeholder meetings was getting better with more attendees or getting worse with fewer people coming to the meetings. Ms. Ferris replied that the number of attendees had leveled off and a core group had emerged. She added that the Small Group, twelve or so people, which were self-designated, was well attended.

Mr. Klingler asked if there were other issues or one specific issue, other than CAGRD enrollment, AMWUA could make progress on and have success with when drafting legislation. Ms. Ferris said the core issues of concern for the Stakeholders were CAGRD enrollment, groundwater pumping versus the location of replenishment, and the process of obtaining an assured water supply. She noted that the other issues identified were not for the Stakeholder venue.

Mr. Klingler then asked if a key issue of concern was the ability of CAGRD to acquire supplies to meet and deliver their existing enrollment projections and those for the future. Ms. Ferris answered yes to Mr. Klingler's inquiry and noted that ADWR currently has the authority to review the CAGRD Plan of Operation between the second and the sixth year of the plan. She said that the review looks at whether CAGRD's projected replenishment obligations are greater than they thought they would be or if they experienced an unexpected increase in enrollment.

She noted that those two standards were the keys behind the white paper and the issues ADWR has said they will develop, based on what the Stakeholders come up with in the meetings. Based on that, ADWR will be able to write a substantive policy statement laying out exactly how it will review the CAGRD Plan of Operation. She emphasized that ADWR's willingness to write such a policy was because there was nothing, anywhere in the past, which defined how the two standards mentioned above would be interpreted by ADWR and what process it would use to do that.

Mr. Pettit asked if there were any other questions. Mr. Olson said he wanted to add a few thoughts and noted that, as Ms. Ferris said, many of the issues initially identified by the Stakeholders fall outside of the realm of this forum. He said Non-Indian Agricultural Water is one of those issues that falls outside of this forum. Mr. Olson then added that the question of, "How does a municipality obtain water supplies that are not CAGRD water supplies?" has come up and emphasized that what is done regarding CAGRD operations has an impact on AMWUA members. He added that through the Stakeholder process those things are being addressed.

9. JOINT AMWUA/CAWCD BOARD MEETING

Mr. Olson reported on the joint meeting, held Friday, May 9, 2008, between the CAWCD Board and the AMWUA Board of Directors. He reported that the meeting was well attended by both Boards, with all participants actively involved in the proceedings. He said the meeting was an opportunity for the lines of communication to be opened up between the two groups and also provided them an opportunity to learn the history of both organizations and how they relate to one another. He said it was also an opportunity for the CAWCD board members to put names with faces and familiarize themselves with the AMWUA members. He said the outcome of the meeting was positive and both groups agreed they should meet regularly, but no suggestion was made as to when the next meeting would take place.

10. AUTHORIZING THE PUBLICATION OF THE WATER MANAGEMENT AND THE "WHAT IS AMWUA?" BROCHURES

Mr. Olson reported that this topic was discussed during the April Board meetings and was being brought back to the Board for a vote. He reminded the Board that the water management brochure, highlighting AMWUA members' water management, would be the second in a series, the first being the Regional Conservation brochure, highlighting AMWUA's accomplishments. Regarding the "What is AMWUA?" brochure, Mr. Olson said it needed updating to include the City of Avondale as an AMWUA member. Mr. Olson reminded the Board that Avondale's membership fees were used, thus far, to update the sound system in the AMWUA boardroom. He proposed the remaining \$25,000 be spent on the publication of the two brochures, as mentioned above.

Mr. Bontrager moved that the AMWUA Management Board recommend to the AMWUA Board of Directors that they approve the expenditure of \$25,000 to publish the water management brochure and to update and reprint the "What is AMWUA?" brochure. Mr. Kukino seconded the motion. The Board unanimously agreed.

11. LANDSCAPE PLANTS FOR THE ARIZONA DESERT BOOKLET PRINTING

Mr. Olson said this agenda item, being one of AMWUA's most successful publications, was also presented to the Board in April and was being brought back for a vote. He noted that many outside entities, such as nurseries, landscape designers, outlying cities, and those in other states around the country have sought out this particular book, currently in its third print run. He added that the request for this reprint was also to add the City of Avondale as one of the AMWUA members.

Mr. Olson reviewed the spreadsheet with the Management Board and pointed out that the AMWUA members would be receiving over 220,000 copies of the book, with additional outside orders being solicited, thus lowering the per-piece-cost. He added that depending upon the number of outside orders; the cost could go even lower. He said the Regional Conservation Committee, in their 5-year plan, had accounted for the reprint of several

AMWUA brochures, with this being one of them. The request for this item was to allow Mr. Olson, as Executive Director of AMWUA, permission to enter into a contact with Courier Graphics for the reprint of Landscape Plants for the Arizona Desert.

Upon a motion by Mr. Brady and a second by Mr. Kukino, the Management Board unanimously agreed to recommend to the AMWUA Board of Directors to allow Mr. Olson to enter into a contract with Courier Graphics to reprint the booklet.

12. EXECUTIVE DIRECTOR'S REPORT

Mr. Olson reported on the ADD Water process (the development, distribution, and financing of future water supplies for the region) being conducted by the Central Arizona Water Conservation District (CAWCD). He said their first stakeholder meeting would be held May 21, 2008, at CAWCD, from 9:30 a.m. to 3:00 p.m. Mr. Olson noted that this would be a fairly important meeting, as it is the kickoff of the ADD Water process.

Mr. Olson said another item in his report was the development of the AMWUA web site by Jo Cook. He said he was very excited that the web site was close to completion and being put online. He said he especially liked the Landscape Plants book being on the AMWUA web site. He said one could easily select a plant; see all that was associated with that particular plant, including a variety of pictures of the plant.

Mr. Olson said ADWR is beginning to meet with the AMWUA members regarding their designations for an assured water supply, as many of their designations will be expiring in the next few years. He also noted that ADWR is pursuing the groundwater transfer policy rule package, with hearings expected to being in June.

Mr. Olson said some members of AMWUA might be involved in AZ 1 - Visioning for Regional Water Development coming this Friday.

Mr. Olson reminded the Management Board that the succession of Chairmanships within the AMWUA organizations would take place July 1. He said that if current procedures are followed, the new Chairman for each of the AMWUA Boards would be a member from Tempe, the Vice Chair would be a member from Scottsdale, and the Treasurer would be from Phoenix. He said that the rotation has historically gone in this manner, but said it could be changed or adjusted should the Board so desire.

Mr. Klingler addressed the Chairman and the Board and requested instruction on how best to go about recessing the current meeting to hold a short SROG meeting.

Ms. Ferris said the appropriate way would be to make a motion to recess the current meeting, hold the SROG meeting, and then return to the regular session of the Management Board meeting.

Upon a motion by Mr. Klingler and a second by Mr. Kulaga, the AMWUA Management Board unanimously agreed to recess the regular Management Board meeting to allow the Sub-regional Operating Group (SROG) to hold its meeting.

At the conclusion of the SROG meeting, Mr. Klingler motioned and Mr. Kulaga seconded for the Management Board to reconvene their regular session. The Board unanimously agreed to reconvene the regular session of their meeting.

Upon reconvening the meeting, Mr. Klingler motioned and Mr. Kulaga seconded the motion to return the Management Board to Executive Session. The Management Board unanimously agreed and excused themselves to continue the Executive Session.

At the conclusion of the Executive Session, Mr. Klingler motioned and Mr. Kulaga seconded the motion to have the regular meeting reconvene. The Management Board unanimously agreed. The regular session of the meeting reconvened at 11:26 a.m.

13. ADJOURNMENT

With no further items of business to discuss, Mr. Kulaga motioned and Mr. Klingler seconded the adjournment of the AMWUA Management Board meeting. The Board unanimously agreed. The meeting adjourned at 11:28 a.m.