

*MINUTES OF THE  
ARIZONA MUNICIPAL WATER USERS ASSOCIATION  
MANAGEMENT BOARD MEETING  
SEPTEMBER 10, 2008*

MEMBERS PRESENT

Jeff Kulaga, Chairman, Tempe  
Chris Brady, Mesa  
Frank Fairbanks, Phoenix  
Roger Klingler, Scottsdale  
Doug Kukino for Ed Beasley, Glendale  
Charlie McClendon, Avondale  
Pat McDermott, Chandler  
George Pettit, Gilbert  
Carl Swenson, Peoria

ASSOCIATE MEMBER EXCUSED – NOT PRESENT

David Fischbach, Goodyear

OTHERS PRESENT

Marilee Avina, AMWUA	Alan Dulaney, Peoria	Diana Piña, AMWUA
Charlotte Benson, Tempe	Chris Hassert, Scottsdale	Stephanie Prybyl, Gilbert
Tim Bray, CAWCD	Pat Hill, AMWUA	Kathy Rall, Gilbert
Tom Buschatzke, Phoenix	Eric Kamienski, Tempe	Stephen Rot, Glendale
Jo Cook, AMWUA	Carlo Lentini, Glendale	Richard Siegel, SRP
Steve Dalton, Tempe	Cliff Neal, CAGR	Robin Stinnett, Avondale
Val Danos, AMWUA	Chris Ochs, Glendale	Doug Toy, Chandler
Patricia DiRoss, SRP	Steve Olson, AMWUA	Thalia Williams, AMWUA

1. CALL TO ORDER

Mr. Kulaga called the meeting to order at 10:05 a.m.

2. APPROVAL OF MINUTES FROM THE JULY 30, 2008 MEETING

Upon a motion by Mr. Pettit and second by Mr. Klingler, the minutes of the July 30, 2008, AMWUA Management Board meeting were unanimously approved.

3. SET NEXT MEETING DATE

The next meeting date of the AMWUA Management Board was scheduled for Wednesday, October 8, 2008, at 10:00 a.m. at the AMWUA office.

4. SUSTAINABILITY POLICIES STAKEHOLDERS' PROCESS PROGRESS REPORT

Mr. Olson called to the Board's attention the updated letters AMWUA proposes to send to the Arizona Department of Water Resources (ADWR) and the Central Arizona Water Conservation District (CAWCD).

Mr. Olson summarized the content of the first letter to Herb Guenther, Director of the Arizona Department of Water Resources, and reviewed the three things the Stakeholders recommend ADWR implement. Mr. Olson said the first part of the letter asks ADWR to adopt a substantive policy statement that is consistent with the principles and practices contained in the Stakeholders' *White Paper on CAGR D Enrollment*. Specifically, the Stakeholders want ADWR to show how they will interpret the statutory provisions pertaining to an unexpected increase in projected groundwater replenishment obligations or unexpected reduction in water supplies. The Stakeholders are also requesting ADWR's plan of action if the CAGR D Plan no longer demonstrates consistency with the management goal for one or more AMA. In addition to the above requests, the Stakeholders are asking ADWR to establish policies regarding whether municipal water providers will lose their designation of Assured Water Supply if ADWR determines the Plan is no longer consistent with achieving the management goal for an AMA.

The letter also requests ADWR complete the groundwater assessments for the AMAs and work with CAWCD and the Stakeholders to address problems identified during the course of the assessments.

Mr. Pettit asked if ADWR set a target date for completing the assessments. Mr. Olson said ADWR thought they would complete the assessments by the end of the summer and noted that as of September 10, 2008, ADWR had not completed the assessments. Mr. Olson also noted that the Stakeholders would like to see ADWR expand the assessments and said AMWUA staff would be working with ADWR to make that happen.

The last part of the letter asks ADWR to work with Stakeholders when crafting possible changes to their current management plan requirement of only issuing a recovery well permit outside an area of impact of stored water when the well is located in an area experiencing an average annual rate of decline of less than four feet per year. This issue is discussed in detail in the Stakeholders' *Summary and Recommendations of Replenishment/Recharge and Hydrologic Impact of Pumping*.

Mr. Olson directed the Board to the second letter addressed to Susan Bitter Smith of the CAWCD. This letter asks CAWCD to increase the cap on its replenishment obligations in an amount sufficient to cover replenishment obligations associated with Member

Service Areas (MSA) that initiate service to Member Lands (ML) that result in an increased replenishment obligation in excess of the original MSA agreement.

Mr. Olson next turned the Board's attention to the draft of the proposed legislation encompassing the statutory and administrative changes the Stakeholders are proposing for CAWCD, CAGR, and ADWR. He said it is now in a format that can be shown to interest groups and to the Legislature to let them know what Stakeholders are proposing. He noted that this is also an effort to raise the visibility and awareness of this issue.

Next, Mr. Olson said he wanted to highlight a less substantial change to the proposed draft of the legislation, which proposes a change from the use of the term "designation" to the use of the term "determination." He emphasized that using the term "determination" consistently, versus the term "designation", would also diminish any confusion caused by the use of jargon, and make it easier to understand the proposed legislation.

Mr. Olson continued his update regarding the Stakeholders' process and said Stakeholder meetings continue to be held on the first and third Friday of each month. He noted that the focus of the upcoming meetings would briefly touch on the sustainability issues and then allow more time for the CAGR bonding issue. He said this shift is taking place because the sustainability policies and the bonding issue have overlapped. Additionally, spending more time on the bonding issue will facilitate finding common ground between AMWUA, the Stakeholders, and the CAGR.

Upon a motion by Mr. Fairbanks and a second by Mr. Pettit, the AMWUA Management Board unanimously agreed to recommend to the AMWUA Board of Directors to move forward with the letters to ADWR and CAWCD regarding the Stakeholders' recommendations for statutory and administrative changes.

## 5. CAGR REVENUE BONDING PROPOSED LEGISLATION

Mr. Olson began by saying many questions regarding the proposed CAGR revenue bonding authority still need to be addressed, such as: (1) How does the bonding work?, (2) How will revenue be generated?, and (3) What will the impact be on the membership fees? Mr. Olson then turned the floor over to Cliff Neal, General Manager for the CAGR, for a presentation.

Mr. Neal directed the Board to his slide presentation and handouts illustrating how CAGR revenues are currently generated, as well as how they will be generated in the future, and to dispel the myth that CAWCD does not have enough revenue.

Mr. Neal's presentation illustrated the CAGR revenue streams with four separate categories. The four categories mentioned were enrollment fees, activation and replenishment reserve fees, member service areas and member lands' rates, and membership fees. Mr. Neal explained how often the fees were collected, what each fee generated, and which area the fees went to when paying for administrative costs, water

and replenishment costs, infrastructure and water rights acquisition, and replenishment reserve costs.

After a discussion between Mr. Neal and the Board members regarding CAGR, the Board agreed that AMWUA staff should continue to work with CAWCD on answers to the Board's questions regarding the bonding issue. Mr. Kulaga asked that monthly reports chronicling the progress of this topic continue to appear on the Board's agenda. He next requested AMWUA staff continue their work with the Stakeholders to find common ground for AMWUA, CAWCD, and CAGR on this issue.

No motion or vote was called for.

6. STATUS OF 2008 LEGISLATIVE FORUM

Mr. Olson updated the Board on the proposed and upcoming Legislative Forum with state legislators. He said the meeting, tentatively scheduled for Thursday, November 20, 2008, would coincide with the Board of Directors' meeting on that same day. Mr. Olson noted that elections on November 4 would likely alter the status of those currently in office at the State Legislature. Mr. Olson then turned the floor over to Pat Hill to describe the outline of the program for the Legislative Forum.

Ms. Hill related that the Legislative Forum would be held in conjunction with the Board of Directors' meeting on November 20, 2008, with the Board's business meeting taking place prior to the forum. The business meeting would be for the purpose of adopting the 2009 AMWUA Resolutions. After the business meeting, the legislators would join the Board. The Board of Directors would then present various issues AMWUA is concerned about to the legislators, including the 2009 Resolutions, where AMWUA stands on CAGR's request for bonding authority, and the importance of the Water Bank. Ms. Hill said the AMWUA staff would be working with the WRAG and meeting with the members' Intergovernmental Relations staffs to prepare the program.

Mr. Kulaga, as Chairman of the AMWUA Management Board, directed AMWUA staff to move forward with their preparations for the Legislative Forum on November 20, 2008.

No motion or vote was called for.

7. PRINTING CONSERVATION MATERIALS

Mr. Olson reviewed the three items being presented for reprint. He directed the Board to the *Landscape Watering by the Numbers – A Guide for the Arizona Desert* booklet, the watering guide card, and the water depth ruler. Mr. Olson noted that funds from the AMWUA Conservation budget would be spent on the booklet, with outside orders funding the reprint of the watering guide cards and the rulers. Simply put, AMWUA would act as the clearinghouse for the three items and be the entity to sign the contracts.

Mr. Olson also emphasized that the per-piece-price would continue to go down as more outside orders were acquired.

Mr. McDermott asked if the guide was available on the AMWUA Web site. Mr. Olson said it was not at this time. He added that getting permission to put the guide on the AMWUA Web site was in the works.

Upon a motion by Mr. Pettit and a second by Mr. Fairbanks, the AMWUA Management Board unanimously agreed to recommend to the AMWUA Board of Directors that the AMWUA Executive Director enter into contracts for the reprint of *Landscape Watering by the Numbers – A Guide for the Arizona Desert*, the production of the watering guidelines cards, and the production of the water depth rulers.

## 8. EXECUTIVE DIRECTOR'S REPORT

Mr. Olson reported that AMWUA recently received a request from SRP to comment on Prescott's assured water supply application. He continued by saying Prescott's request is to transfer water from the Big Chino basin into Prescott to use as their water supply. Mr. Olson said he would be working with the WRAG to determine if it is appropriate to comment on this issue. He emphasized that AMWUA members have their own interests, which could be impacted by commenting on another's assured water supply application and possibly affect relationships with those applying for assured water supplies.

Mr. Olson said, in reference to Prescott transferring water from the Big Chino basin, an impact on the flow of the Verde River may occur, which in turn would impact some AMWUA municipalities. He added that the meeting with SRP was just the day before and the deadline for comments was in two days, making it likely AMWUA would not provide any comments. Mr. Olson did say that, once the WRAG had an opportunity to discuss the issue, a letter to ADWR could be sent outlining AMWUA's concerns.

Mr. Fairbanks addressed the Board and said he had concerns that Prescott's request to transfer water from the Big Chino basin would negatively impact the environment, including the possibility of causing the Verde River to go dry. He also expressed concern over the impact the transfers could have on riparian habitats and the birds and animals that live in those areas along the river. He added that it is the responsibility of all people to protect the environment and said he would consider it a real mistake to turn our backs on our stewardship over the river and its future.

Mr. Olson said AMWUA and others also have concerns over the permitting of transfers from the Big Chino basin and the impact those transfers could have on the Verde River. He said AMWUA has been involved in discussions regarding that issue and has written a letter to ADWR expressing those concerns, specifically addressing water transfers from the Big Chino basin.

Mr. Olson said another issue in the forefront is that of excess CAP water. Due to increased demand for excess CAP water, that supply of water is quickly diminishing.

Mr. Olson said AMWUA is monitoring CAP's discussions and ascertaining their priorities in terms of distribution of excess water that is still available. He said additional discussions AMWUA is monitoring are the future of the Arizona Water Bank, the use of excess water for the CAGR, and the role of speculators in buying, storing, and selling at a higher rate, the excess CAP water.

Mr. Olson said the CAWCD has expressed interest in meeting again with the AMWUA Board of Directors before the 2009 legislative session begins. He said a meeting with the CAWCD Board has been tentatively scheduled for Friday, November 14, 2008. The agenda would cover AMWUA's sustainability policies, the bonding issue for the CAGR, and other issues of common concern.

Mr. Olson said another item in his report was to inform the AMWUA Management Board that the AMWUA Board of Directors recently voted to amend Mr. Olson's contact which, from this time forward, would have the AMWUA Board of Directors perform Mr. Olson's evaluations. He said he would be working with them to determine how they want to conduct his review and how they want to set up the evaluation process.

Mr. Olson reported that the annual audit was underway. He noted that, due to recent discussions with the AMWUA Boards, AMWUA staff was attempting to find ways to link the budget to the outcome of the audit to better facilitate AMWUA operations.

Mr. Olson reported that he wanted to ensure the Board knew when he was going to make or give major speeches. He said, for example, he and Mr. Cliff Neal recently went to Tucson to present at the Water Resources Research Center where the presentation centered on the CAGR bonding issue. In the near future, Mr. Olson said he would be presenting/speaking at a water and growth seminar for CLE.

9. ADJOURN

With no further items of business to discuss, the AMWUA Management Board agreed unanimously to adjourn their meeting.

The meeting adjourned at 11:19 a.m.