

MANAGEMENT BOARD

Information Summary

October 8, 2008

Subject

CAGRDR Revenue Bonding Proposed Legislation

Policy Questions

Have the concerns raised by AMWUA members regarding the proposed CAGRDR Revenue Bonding proposed legislation been addressed? What position should AMWUA take regarding proposed CAGRDR Bonding legislation?

Summary

AMWUA members have expressed a number of concerns regarding proposed legislation authorizing the Central Arizona Water Conservation District (CAWCD) to issue bonds and assess an annual membership fee to finance acquisition of water rights and development of related infrastructure for the Central Arizona Groundwater Replenishment District (CAGRDR). The CAWCD Board of Directors Public Policy Committee directed CAWCD staff "to continue working with Stakeholders and Board members and refine the language, as necessary, so the process of seeking a sponsor and generating legislative support can begin."

CAWCD staff has continued to work with AMWUA members and other Stakeholders to address concerns raised regarding proposed legislation. The CAGRDR staff will meet with Stakeholders in a meeting on October 3, 2008. This agenda item will provide an update on the status of the proposed legislation.

Considerations

The concerns raised by AMWUA, to date, regarding draft legislation, in summary, are:

1. Bonds issued on behalf of the CAGRDR may impact the financial stability of the CAP functions of CAWCD. There are no guarantees that the CAWCD will not fail in repaying the bonds. A clear identification of projection of income streams must show the sources of revenue to back up the bond repayment.
2. Rather than passing the cost of development on to existing members, the CAGRDR should be funded by the development that is creating the need to acquire more water. Growth should pay for itself. The cost of \$146.00 is not a lot of money for a water supply.

3. Member service areas should not subsidize member lands.
4. Member service areas that wish to acquire water outside the CAGR D should not have to provide funds to the CAGR D that the CAGR D will use in competition to acquire future water sources.
5. Existing members joined for specific reasons that should be recognized.
6. Discussing this issue at the State Legislature during the next session, given the current state budget issues, may not be advantageous.
7. AMWUA's position on the revenue bonding bill may affect positions taken on the AMWUA sustainability legislation.
8. Given the current financial difficulties faced by member water providers, it may not be an appropriate time to authorize assessment of a new fee.

Prior Committee Action

At the July 30, 2008 AMWUA Management Board and the August 6, 2008 AMWUA Board of Directors meetings, the Boards discussed the proposed legislation. At their July 30 meeting, the Management Board recommended that "the AMWUA Board of Directors direct AMWUA and members' staff to work with the CAWCD Board and other Stakeholders to balance the interests of the AMWUA Sustainability Policies with the interests of the Stakeholders who are supporting the revenue bonding legislation; and that the AMWUA staff be directed to work with the CAWCD Board to identify concerns raised regarding proposed legislation." The AMWUA Board of Directors asked for further information regarding the bonding proposal.

At the September 10, 2008 AMWUA Management Board meeting and the September 18, 2008 AMWUA Board of Directors' meeting, CAWCD staff and members of the CAWCD Board of Directors discussed the proposed legislation.

Recommendation

AMWUA staff recommends that the AMWUA Management Board recommend that staff continue to work with the CAWCD Board and staff to resolve questions that remain.

Attachment

- **Attachment A** - CAGR D Draft Legislation dated August 27, 2008