

BOARD OF DIRECTORS

Information Summary

November 20, 2008

Subject

CAGRDR Revenue Bonding Legislation and Sustainability Policies Legislation

Policy Questions

Have the concerns raised by AMWUA members regarding the proposed CAGRDR Revenue Bonding legislation been addressed to the satisfaction of the AMWUA members?

What position should AMWUA take regarding the proposed CAGRDR Bonding legislation?

Should the AMWUA Sustainability legislation be combined with the CAGRDR Bonding legislation in a single legislative proposal?

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 regarding the proposed legislation. Key issues still being discussed include:

1. Whether to delay the initial year for collection of annual membership dues to 2012, rather than beginning collection in 2010, thus enabling municipal water providers the ability to respond to current financial conditions.
2. The effect on private water companies serving CAGRDR Member Lands, if they are unable to recover costs through water rates.
3. Whether the statutory changes developed by the AMWUA Sustainability Stakeholders should be combined with the CAGRDR revenue bonding language into a single legislative proposal.

Considerations

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

1. Bonds issued on behalf of the CAGR D may impact the financial stability of the CAP functions of CAWCD.
2. Rather than passing the cost of development on to existing members, the CAGR D should be funded by the development that is creating the need to acquire more water.
3. Member service areas should not subsidize member lands.
4. Member service areas wishing 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 CAGR D members joined CAGR D 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.

The CAWCD Public Policy Committee's November 6 meeting agenda contains a recommendation from staff that the "Public Policy Committee recommend Board approval of the proposed legislative language for CAGR D revenue bonding authority combined with language resulting from the Arizona Municipal Water Users Association (AMWUA) Sustainability Policies Stakeholder Process." This issue and recommendation are also on the November 6 CAWCD Board Agenda.

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.

Discussion continued at the October Board meetings. AMWUA staff was directed by the AMWUA Board of Directors to continue to work with the CAWCD staff to try to resolve outstanding issues.

At the November 12, 2008, Management Board meeting, the Management Board voted to recommend to the Board of Directors to support the concepts in the CAGR D Bonding Legislation, as attached. They also strongly recommend that AMWUA work with the CAWCD Board to run two bills, which may be combined at some point in the legislative process.

Recommendation

AMWUA staff recommends that the AMWUA Board of Directors review the current legislative proposal and recommend a position on the CAGR D Revenue Bonding legislation and whether the legislation should be combined with the Sustainability Policies legislation.

Attachments

- Attachment A – Water Sustainability Legislation Overview
- Attachment B – CAGR D Revenue Bonding Legislation and Sustainability Policies Legislation
- Attachment C – Summary of AMWUA Concerns and Policy Questions on CAGR D Revenue Bonding Legislation Draft of 10-29-08