

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**

**CAGRDR Revenue Bonding Legislation  
Draft of 10-29-08**

**Summary of CAWCD Responses to AMWUA Concerns**

- 1. Issue: CAWCD may loan funds to CAGRDR, potentially adversely affecting CAP subcontractors.**

CAWCD opposes a blanket prohibition on the loaning of funds to CAGRDR. However, the draft legislation now provides that "monies advanced from CAWCD shall not be used to pay the principal of, or interest or premium on, revenue bonds" issued for CAGRDR. *See § 48-3713.B. 9 and 10.* CAWCD also maintains that, without revenue bonding authority, it is more likely that CAWCD would need to loan funds to CAGRDR.

- 2. Issue: Reliance on annual membership dues may become too great.**

The draft legislation authorizes CAWCD to charge annual membership dues on member lands and members service areas to help pay "costs associated with the acquisition, lease or exchange of water or water rights and development of infrastructure necessary for the District to perform its replenishment obligations." The draft now provides that "total projected revenues from revenue sources other than the annual membership dues . . . shall be at least three times the total projected revenues from the annual membership dues in that year." The previous draft required the revenues from other sources to be at least two times the projected revenues from annual membership dues. *See § 48-3772.A.8.*

- 3. Issue: Annual membership dues for member service areas should be adjusted based on their actual replenishment obligations.**

The draft legislation now provides that the annual membership dues for a member service area shall be based on the maximum annual replenishment obligation established in the service area's designation of assured water supply unless the service area satisfactorily demonstrates that its actual maximum annual replenishment obligation is less than that established in its designation. However, the annual membership dues for a member service area shall not be less than the greater of the per acre-foot dues multiplied by:

- a. Ten percent of the maximum annual replenishment obligation established in the designation; or
- b. The volume of excess groundwater delivered within the service area during the preceding calendar year. *See § 48-3787.D & F.*

4. **Issue: CAWCD should not be required to charge annual membership dues in years when CAGR D does not have, or expect to have, outstanding revenue bonds.**

The draft legislation provides that CAWCD may charge annual membership dues in years when CAGR D does not have outstanding revenue bonds.

5. **Issue: Allowing CAWCD to charge annual membership dues beginning in 2010 does not give member service areas sufficient time to plan for these charges in their budgeting cycles.**

The draft legislation retains the 2010 date.

6. **Issue: Combining the revenue bonding legislation with the AMWUA sustainability legislation may not be prudent.**

The draft legislation combines the provisions on revenue bonding and sustainability.

### **Policy Questions**

1. Do the proposed prohibitions on CAWCD loaning funds to pay outstanding revenue bonds issued for CAGR D purposes provide enough protection for CAP subcontractors?
2. Are the proposed limitations on how the annual membership dues will be calculated:
  - a. Acceptable to the AMWUA members who are CAGR D member service areas?
  - b. Adequate to address concerns that growth should pay for itself?
3. Should CAWCD be allowed to charge annual membership dues before 2012?
4. Should the AMWUA sustainability legislation be introduced as a separate bill?