

*MINUTES OF THE
ARIZONA MUNICIPAL WATER USERS ASSOCIATION
MANAGEMENT BOARD MEETING
MARCH 11, 2009*

MEMBERS PRESENT

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

MEMBERS EXCUSED – NOT PRESENT

John Fischbach, Goodyear

OTHERS PRESENT

Marilee Avina, AMWUA	Kathy Ferris, Attorney	Chris Ochs, Glendale
Roger Bailey, Glendale	Don Hawkes, Tempe	Steve Olson, AMWUA
Robin Bain, Peoria	Pat Hill, AMWUA	Diana Piña, AMWUA
Charlotte Benson, Tempe	David Iwanski, Goodyear	Kathy Rall, Gilbert
Tom Buschatzke, Phoenix	Eric Kamienski, Tempe	Jeff Riggs, Phoenix
Marc Campbell, SRP	Paul Kinshella, Phoenix	Stephen Rot, Glendale
Jennifer Campisano, Rose Law Group	Greg Kornrumph, SRP	Cynthia Seelhammer, Phoenix
Steve Dalton, Tempe	Beth Miller, Scottsdale	Carol Ward-Morris, AMWUA
Val Danos, AMWUA	Colette Moore, Mesa	Lori Weiss, ADS Env. Services
Patricia DiRoss, SRP	Lisa Nevitt, Phoenix	

1. CALL TO ORDER

Mr. Kulaga called the meeting to order at 10:08 a.m.

2. APPROVAL OF THE MINUTES FROM THE FEBRUARY 11, 2009, MEETING

Upon a motion by Mr. Fairbanks, a second by Mr. Pettit, and unanimous approval, the minutes of the February 11, 2009, AMWUA Management Board meeting were approved.

3. SET NEXT MEETING DATE

The next regularly scheduled meeting of the AMWUA Management Board was scheduled for Wednesday, April 8, 2009, at 10:00 a.m. at the AMWUA office.

4. SALT RIVER PROJECT

Mr. Olson introduced Mr. Greg Kornrumph of the Salt River Project (SRP) and said he would present to the Board a report on various activities at SRP.

Mr. Kornrumph thanked the Board for letting him update them on current activities at SRP. He turned the Board's attention to a PowerPoint presentation regarding the Big Chino, the Verde Valley, SRP's water supply, and thoughts on the drought.

Mr. Kornrumph's presentation covered SRP's involvement with the Prescott Assured Water Supply Application, as it pertained to the Big Chino and the Verde Valley. He said that the Prescott Active Management Area's (AMA) request to use 8,067 acre-feet of "other water" was approved November 12, 2008, by the Arizona Department of Water Resources (ADWR). SRP, along with fifty-one other parties filed an objection to the approval as they believe the law, A.R.S. 45-555 (E), to be "special law," law that is unconstitutional.

Mr. Kornrumph explained the basis for SRP's complaint, stating that the head waters for the Verde River begin in the Big Chino Springs, with many springs under the stream feeding the river. As the water moves along its path, it joins the Upper Verde Springs and then becomes the Verde River. What the City of Prescott proposed to do was insert a well near the center of the bowl causing a cone of depression in the stream, which would likely cause a reversal in the flow of the water, harming the river by depleting eighty to eighty-six percent of the subflow coming from the springs.

Mr. Kornrumph said SRP was initially involved in talks with the City of Prescott, but were then told they, the representatives for the city, no longer wanted to meet and discuss the Big Chino issue, which spurred SRP to file their complaint. They were later told that ADWR declined to hear SRP's objections based on lack of residency in the Prescott AMA. Mr. Kornrumph said an appeal was then filed, which was also rejected, which led SRP to assisting "resident" appellants.

After additional information on the litigation SRP initiated regarding assured water supply applications in the Prescott AMA, Mr. Kornrumph posed the rhetorical question, "Why is this so important?" to the Board, which generated a question from Ms. Ferris

concerning the definition of surface water. Mr. Kornrumpf said the Water Rights Adjudication Courts' definition of groundwater and surface water does not recognize that groundwater use may impact the streams that feed the river. Ms. Ferris asked Mr. Kornrumpf if ADWR was disputing SRP's analysis, to which Mr. Kornrumpf said, no, they were not. He said the debate was over the assured water supply rules.

Mr. Fairbanks said he felt SRP's complaint was crucial and stressed that the City of Phoenix would support SRP, as long as they were doing the right thing. Mr. Fairbanks said he thought SRP's long-standing 100-year right to use the water of the Verde River for its shareholders and the Phoenix metropolitan area outweighed ADWR's latest determination. Mr. Fairbanks said he thought it came down to simple transfers from one basin to another.

Mr. Klingler asked what ADWR's argument was, to which Mr. Kornrumpf said ADWR is making the assumption that the water in question is groundwater and they, as a state agency, have an obligation to evaluate it as such.

Ms. Ferris asked if the Supreme Court's determination in the litigation considered the streams as part of the alluvium, to which Mr. Kornrumpf said the determination was that the water was groundwater and not subflow.

Mr. Kornrumpf discussed SRP's issues in the Verde Valley, all of which was similar to the Big Chino issues and said SRP is attempting to protect the Verde River.

Mr. Fairbanks said he was also concerned about the riparian habitats and the impact reduced flow on the river would have on the environment, as the two sub-systems of the river were connected. Mr. Fairbanks stressed that endangered species would be affected should the river be impacted. Mr. Kornrumpf agreed.

Mr. Kornrumpf reported on the SRP reservoir system. He said the Salt River was 100% full; the Verde River was 76% full, thus bringing the system to 97% its capacity. He said that although the state was still in a drought, the winter precipitation had alleviated some of SRP's concerns.

Mr. Kornrumpf concluded his remarks and thanked the Board for letting him address them.

No motion or vote was called for.

5. UPDATE ON THE 2009 LEGISLATIVE ISSUES

Ms. Hill turned the Board members' attention to the legislative information in their packets and said SB 1288 CAGR Revenue Bonding: Sustainability Policies is currently awaiting hearing in the Senate. Ms. Hill said the majority position of the Central Arizona Water Conservation District (CAWCD) Board is in support of the bill. Ms. Hill said they will continue to meet with legislators and stress the importance of this tool for the Central

Arizona Groundwater Replenishment District (CAGR), as well as the importance of the sustainability policies.

Ms. Hill said HB 2157 Wildlife; Aquatic Invasive Species (quagga mussels) was designed to focus primarily on preventing recreational boaters and those using water-craft on the state's rivers and lakes from transporting quagga mussels into other bodies of water. Ms. Hill said the bill also has ramifications for municipal providers, which SRP, CAWCD, and municipal water providers are working to resolve.

Ms. Hill said HB 2352 Aquifer Protection Permits; Natural Gas is a bill of concern for AMWUA because of the potential implications connected with disposal of the brine stream from the process and the possible impact it may have on groundwater.

Ms. Hill said HB 2181, now Dust Control Practices; Technical Correction, is of concern to AMWUA because of the water dairy farms use for dust abatement. She noted that any decisions should be consistent with existing water conservation and management practices. Ms. Hill said HB 2275 and 2277 also have similar issues and will be monitored.

Mr. Kulaga thanked Ms. Hill for her report and encouraged her to keep up the vigil.

No motion or vote was called for.

6. STATUS REPORT ON ADD WATER, ACCESS TO EXCESS, AND RELATED CAWCD ACTIVITIES

Mr. Olson turned the floor over to Ms. Ferris for an update on the ADD Water process. Ms. Ferris said the crux of the matter for CAWCD regarding excess water was their need to set a policy regarding the allocation and marketing for excess CAP water. Ms. Ferris said in the past, when there was excess water to spare, a policy was not as necessary as it is now, and will be in the future, when the competition for the excess water will be high. With that, Ms. Ferris said AMWUA staff and the WRAG are trying to get ahead of the time when CAWCD will set their policy by agreeing on principles, uses, times, and situations, etc. pertaining to the excess water.

Ms. Ferris said the group has determined that excess water should be used to firm municipal, industrial, and Indian water supplies, should not be subsidized, unless it becomes necessary to encourage full use of the excess water or to fulfill some other public policy, and that speculators should not be able to obtain contracts for excess water.

Mr. Klingler asked if the CAWCD Board was of the same mind as AMWUA and the WRAG members. Ms. Ferris said CAWCD wants maximum flexibility, but has not proposed anything. Ms. Ferris continued, saying CAWCD plans to set their new rates in June of 2009, thus necessitating a swift resolution to AMWUA and the WRAG finalizing their agreed upon principles.

Ms. Sorensen asked if anyone knew if the AMWUA municipalities could expect the rate increase from CAWCD to be between 6% and 10% or something else entirely. Ms. Ferris said she had not heard and Mr. Olson said he also did not know, but reported that Ted Cooke was “crunching numbers.”

Mr. Fairbanks said he had concern over subsidizing water, as subsidies were initially designed to help farmers. Mr. Fairbanks continued his remarks saying, as there are fewer and fewer farmers in the area, excess water should be turned into a market commodity. Mr. Fairbanks further explained that while subsidizing appears to be a “nice thing to do,” in reality it causes the cost of water to go up for those paying the full price and agreeing to subsidize others. He asked those involved with the excess water process to be aware of that fact and consider his suggestion, to which Ms. Ferris said AMWUA staff and the WRAG members would discuss that issue at their next meeting.

No motion or vote was called for.

7. EXECUTIVE DIRECTOR’S REPORT

Mr. Olson reported that, per last month’s direction on the building lease, he met with Jones, Lang, LaSalle, a commercial real estate firm. Mr. Olson said Jones, Lang, LaSalle agreed to review AMWUA’s common area maintenance concerns and assist AMWUA in finding appropriate space for the future, if that is the direction the Board decides to take.

Mr. Olson reported that the Colorado River system was currently at 55% its total capacity, up from 52% last year at this time. He also reported that snowpack in the mountains was above average.

Mr. Olson reported on ADWR’s Modified Non-Per Capita Conservation Program (MNPCCP) workshops for providers, with the latest workshop occurring the day before, March 10, 2009, at ADWR.

Mr. Olson said he wanted to bring to the Board’s attention that “Fix-a-Leak” week was coming up March 16th through the 20th and was being sponsored by the EPA and WaterSense.

8. ADJOURNMENT

Upon a motion by Mr. Pettit, a second by Mr. Fairbanks, and unanimous approval, the members of the AMWUA Management Board agreed to adjourn their meeting.

The meeting adjourned at 11:08 a.m.