

MANAGEMENT BOARD

MEETING MINUTES

October 11, 2017

VOTING MEMBERS PRESENT

Mr. Craig Johnson, Glendale, Chairman
Mr. Kevin Artz, Avondale
Mr. Brian Biesemeyer, Scottsdale
Ms. Cynthia Campbell for Ms. Karen Peters, Phoenix
Ms. Marilyn DeRosa, Tempe
Mr. John Knudson, Chandler
Ms. Jessica Marlow, Gilbert
Mr. Javier Setovich, Goodyear
Mr. Mike Weber, Peoria
Mr. Jake West, Mesa

OTHERS PRESENT

Gretchen Baumgardner, Tempe	Brett Fleck, AMWUA	Stuart Peckham, SRP
Cindy Blackmore, Avondale	John Wayne Gonzales, Phoenix	Diana Piña, AMWUA
Jessica Blazina, Avondale	Mark Holmes, Goodyear	Kathy Rall, Scottsdale
Eric Braun, Gilbert	Lacey James, Avondale	Michael Schiffer
Greg Capps, Chandler	Sam Jaskolski, AMWUA	Tony Staffaroni, CAP
Brian Draper, Mesa	Frank Milam, Phoenix	Warren Tenney, AMWUA
Alan Dulaney, Peoria	Brian Payne, AMWUA	Thalia Williams, AMWUA
Kathy Ferris, AMWUA		

A. Call to Order

Mr. Johnson called the meeting to order at 10:03 a.m.

B. General Business – Items for Discussion and Possible Action

1. Approval of the Minutes from the September 13, 2017 Meeting

Mr. Biesemeyer requested a spelling correction on page five, in the first sentence of the third paragraph of the September 13th Management Board meeting minutes: the “Annual Water Reuse Symposium” should be “Annual WateReuse Symposium.”

Upon a motion by Mr. Biesemeyer and second, the AMWUA Management Board unanimously approved the minutes of the September 13, 2017 meeting with Mr. Biesemeyer's edits.

2. [Next meeting scheduled for Wednesday, November 8, 2017, at 10:00 a.m., in the AMWUA office](#)
3. [Governor's Water Discussion](#)

Mr. Tenney stated that the Governor's Water Discussion has been in a transition mode as fewer work group meetings are being held and AMWUA is waiting to see how the various conceptual proposals will be developed into legislation. He said the Colorado River Work Group met last week, where Pinal Agriculture expressed again that they want to have a mitigation plan put in place because if Lake Meads drops below 1,075 feet in elevation under the Drought Contingency Plan (DCP), the Ag Pool water would be cut completely. He also noted that at that meeting, a proposal from the stakeholders was introduced, which would entail the Director of the Arizona Department of Water Resources (ADWR) to serve as a non-voting member of the Central Arizona Water Conservation District (CAWCD) Board. Mr. Tenney reported that CAWCD and the Salt River Project (SRP) voiced opposition to this proposal. He said breakout groups are supposed to be formed to look at Ag's mitigation request and the governance proposal.

Mr. Tenney reported that AMWUA will be meeting with its members' InterGovs this afternoon to give an overview of the Governor's Water Discussion, talk about proposals, and discuss rumors about motive which have been attempting to shift the attention away from the issues. He said AMWUA staff has felt it is important to focus not on rumors but on specific proposals and, as directed by the AMWUA Board of Directors, to stay engaged in the process to work to see what specific language is developed.

4. [CAWCD Excess Water Task Force](#)

Mr. Tenney stated that the CAWCD Excess Water Task Force is looking at how CAWCD manages excess water that becomes available during the year after water orders have already been placed. He said excess water became a major issue earlier this year when the first iteration of DCP Plus was being discussed and still remains a topic of conversation. He noted that excess water is listed as a point of discussion in the Governor's Water Discussion, though it has not been specifically discussed in work group meetings. Mr. Tenney referenced the information summary in the Management Board packet, which further explains excess water, including turnback water, unplanned on-River excess water, excess water for the Ag Pool, and how other excess water is divided for the Central Arizona Groundwater Replenishment District (CAGR) and the Arizona Water Banking Authority (AWBA) under the access to excess policy. He reported that the Water Resources Advisory Group (WRAG) had a useful meeting with CAWCD staff last week to learn more about how they manage excess water.

Mr. Tenney stated that the CAWCD Excess Water Task Force is requesting stakeholder proposals about how to manage intra-year excess water. He noted that in discussions with the WRAG, AMWUA is hesitant to try to develop a specific plan without a better accounting of excess water and a better understanding of how CAWCD currently manages this water. He said AMWUA has put together an excess water accounting concept that it would like to present to the Task Force which proposes that CAWCD staff conduct a biannual review of Central Arizona Project (CAP) excess water for the CAWCD Board and stakeholders. He noted that this accounting would be for all excess water including Ag Pool water, scheduled other excess water, and intra-year water.

Mr. Tenney reported that the CAWCD Excess Water Task Force is meeting next Wednesday and proposals were requested to be submitted yesterday, which did not align with the AMWUA Board and Management Board meetings. He said if the Management Board believes this excess water accounting concept would be beneficial for CAWCD to implement, AMWUA staff would request that the Management Board support AMWUA forwarding the proposal to the CAWCD Task Force and also recommend to the AMWUA Board of Directors that the accounting concept be formally supported by AMWUA.

Mr. Biesemeyer and Mr. Tenney discussed the importance of having CAWCD staff conduct a biannual review of CAP excess water for the CAWCD Board to be better informed when setting policy. Mr. Biesemeyer stated that he supported the proposal as it would benefit AMWUA members to have the CAWCD Board more aware and more involved with the process and accounting of excess water.

Upon a motion by Mr. Biesemeyer and a second, the AMWUA Management Board unanimously approved to support AMWUA forwarding the proposal to the CAWCD Task Force and to recommend to the AMWUA Board of Directors that the accounting concept be formally supported by AMWUA.

5. CAWCD Rate Setting Policy

Mr. Tenney reported that the CAWCD Finance, Audit, and Power (FAP) Committee met on Tuesday to discuss updating its CAWCD Rate Setting Policy, which was last revised in 2010. He said this effort stems from Chairman Jim Holway wanting to have the Committee consider making the policy more current as well as provide guidance in annual rates setting, particularly with regard to capital charge and incentives for agricultural users. Mr. Tenney, along with Grant Ward, whom was representing Pinal agricultural interests, sat with the Committee to comment and ask questions throughout the presentation. Mr. Tenney reported that the primary message he conveyed was that property taxes should continue to be used in federal debt repayment rather than solely using capital charges, per the AMWUA Board's position. Prior to that meeting, Mr. Tenney sent the FAP Committee members a video with narration of

AMWUA's PowerPoint on property taxes and the federal repayment, which was presented to the AMWUA Board earlier in the year.

Mr. Tenney stated that based on the discussion at the FAP Committee meeting and in talking with the WRAG, AMWUA believes it would not be prudent to have a formula for setting the capital charge formalized in CAWCD's rate setting policy. He noted that having a set formula could have unintended consequences that may not always be beneficial to subcontractors and could reduce the CAWCD Board and staff's flexibility. Mr. Tenney said AMWUA would like to see language in the rate setting policy that requires property taxes be considered in fulfilling the annual debt repayment and that there is a clear distinction between capital charges and water delivery rates. He stated that AMWUA believes CAWCD should look at a balanced combination of the three available revenues for repayment (taxes, capital charges, and the Basin Development Fund,) rather than looking at having only one sector bear the cost through capital charges alone. He noted that AMWUA would also encourage CAWCD to look more holistically at how to best utilize all of its revenue sources to meet its financial responsibilities.

Mr. Tenney stated that AMWUA believes that these suggestions are consistent with the AMWUA Board's position regarding continuing to use taxes for repayment, but is open to suggestions from the Management Board on how best to proceed and how to engage the AMWUA Board.

Mr. Setovich commented that after attending the FAP Committee meeting, he reviewed the CAWCD Board's Strategic Plan (2016) and noticed that the action plan calls for finding ways to stabilize rates. He noted that addressing this aspect of the CAWCD Board's Strategic Plan as a point of reference in AMWUA's recommendations may be beneficial for moving forward. Mr. Tenney said the FAP Committee is scheduled to meet later this month, and at that meeting AMWUA will continue to push these points as well as note the CAWCD Board's Strategic Plan.

6. Water Quality Standards Proposal for Non-Project Water under the System Use Agreement

Mr. Tenney reported that the Water Quality Group met last month to work on addressing the issue of not-to-exceed parameters for discharge. He said the Group considered a concept that establishes maximum discharge levels based on a rational, scientific approach that looks at setting a maximum discharge level based on a percentile of what naturally occurring constituents we find in Arizona that traditionally require treatment for beneficial use. He said that Dr. Peter Mock, consultant for the Gila River Indian Community (GRIC), ran calculations for the concept to see if it would be acceptable. Dr. Mock looked at the 90th, 75th, and 50th percentiles and Central Arizona members of the Group felt that the 90th percentile would be the most rational. Mr. Tenney said AMWUA just received a counter proposal from Southern Arizona, which the full Water Quality Group is currently reviewing. He noted that AMWUA believes it is

important to continue to emphasize among AMWUA, CAWCD, and the Bureau of Reclamation that the Group agrees to 90% of the proposal and to keep the focus there, rather than get distracted by differing opinions on not-to-exceed proposals.

Mr. Weber asked if there was a sense that the Water Quality Group members were working collaboratively to find a solution that works for all. Mr. Tenney agreed and said the issue is the differing public perception concerns throughout the State.

Ms. Marlow asked what the end point of this process will be. Mr. Tenney said CAWCD will have a strong voice, but Reclamation will be the ultimate decision maker.

Mr. Knudson asked if there was precedence in other states regarding a decision that Reclamation made on a similar process and, if so, what methodology did they choose. Mr. Tenney said Reclamation has indicated that different approaches, including approaches similar to the Group's proposal, have been chosen in the past. He noted that Reclamation was generally favorable to the Group's proposal and felt that it was a good foundation for them to take forward.

Mr. Setovich asked if the Group has discussed basing maximum limits on flows. Mr. Tenney said the Group has had such conversations and tried to incorporate those concepts.

C. Board Members' Updates

The Management Board members were invited to report on water activities in their city/town.

Peoria: Mr. Weber reported that at its September 19th meeting, Peoria's City Council approved an Intergovernmental Agreement (IGA) with the AWBA. He said the IGA entails the transfer and purchase of long-term storage credits for Peoria's unused M&I water. He noted that Peoria views this IGA as a positive regional agreement.

D. Executive Director's Report

Mr. Tenney did not have any further items to share in his Executive Director's Report.

E. Future Agenda Items

There were no requests for future agenda items.

F. Adjournment

Upon a motion by Mr. Weber and a second, Mr. Johnson unanimously adjourned the meeting at 10:34 a.m.