

MANAGEMENT BOARD

MEETING MINUTES

December 13, 2017

VOTING MEMBERS PRESENT

Mr. Craig Johnson, Glendale, Chairman
Mr. Kevin Artz, Avondale via teleconference
Mr. Brian Biesemeyer, Scottsdale
Mr. John Knudson, Chandler
Ms. Jessica Marlow, Gilbert
Ms. Karen Peters, Phoenix
Ms. Holly Rosenthal, Tempe
Mr. Javier Setovich, Goodyear
Mr. Mike Weber, Peoria
Mr. Jake West, Mesa

OTHERS PRESENT

Barry Aarons, The Aarons Co.	Kathy Ferris, AMWUA	Andrea Odegard-Begay, Garver
Michelle Barclay, AMWUA	Brett Fleck, AMWUA	Brian Payne, AMWUA
Gretchen Baumgardner, Tempe	Patty Kennedy, Phoenix	Stuart Peckham, SRP
Cynthia Campbell, Phoenix	Sam Jaskolski, AMWUA	DeEtte Person, CAP
Gregg Capps, Chandler	Elisa Klein, Scottsdale	Diana Piña, AMWUA
Brian Draper, Mesa	Elise Kulik, The Aarons Co.	Cindy Smith, Phoenix
Alan Dulaney, Peoria	David McNeil, Tempe	Drew Swieczkowski, Glendale
Doug Dunham, ADWR	Frank Milam, Phoenix	Warren Tenney, AMWUA

A. Call to Order

Mr. Johnson called the meeting to order at 10:04 a.m.

Mr. Johnson welcomed Holly Rosenthal, who is the City of Tempe's new Deputy Public Works Director—Water Utilities and representative to the AMWUA Management Board.

B. General Business – Items for Discussion and Possible Action

1. Approval of the Minutes from the November 8, 2017 Meeting

Upon a motion by Mr. Biesemeyer and second by Mr. West, the AMWUA Management Board unanimously approved the November 8, 2017 meeting minutes.

2. Next meeting scheduled: Wednesday, January 10, 2018, 10:00 a.m., in the AMWUA office
3. Governor's Water Solutions Conversation

Mr. Tenney stated that the Governor's Office is working to put together a legislative package based on the proposals that have been considered in the Governor's Water Solutions Conversation. He said AMWUA had been asked to identify which of the proposals are of most importance to the Association and, with input from the Water Resources Advisory Group (WRAG), AMWUA shared what was considered to be the highest priorities with the caveat that AMWUA's support for a legislative package is dependent upon the specific language and how the concepts interrelate. Mr. Tenney noted that the top priority is to protect Lake Mead from going into shortage by having the Drought Contingency Plan (DCP) and DCP Plus in place, including system conservation, Tribal Intentionally Created Surplus (ICS), having the State oversee system conservation and Tribal ICS, excess water, and having the State and the Central Arizona Water Conservation District (CAWCD) work together when excess water is available to protect the Lake. He said other priorities include:

- The State proposing clarifying language on how CAWCD annually decides the use of the 4-cent Water Storage Tax for repayment obligations and O&M costs, and then make the remainder available for the Arizona Water Banking Authority
- Having the Arizona Water Banking Authority be able to enter into agreements directly for recovery of long-term storage credits developed with 4-cent tax funds without distributing the credits first to CAWCD
- Addressing CAWCD's claim to sovereign immunity (which is consistent with the AMWUA Board's position)
- Addressing the importance of having the State take the lead on Colorado River negotiations
- Extending the State's groundwater management goals beyond 2025
- Eliminating the 2025 sunset on long-term storage credit creation from effluent recharge
- Addressing Assured Water Supply availability issues in the Pinal Active Management Area (AMA)

Mr. Tenney introduced Doug Dunham, Arizona Department Water of Resources' (ADWR) legislative liaison, to further discuss the Governor's Water Solutions Conversation and answer any questions.

Mr. Dunham stated that 13 items moved through the Plenary Group and received approval thus far, though none of these items are set in stone as details are being discussed. He noted that the items that have gotten the most pushback are statewide groundwater withdrawal reporting and groundwater transportation outside of the AMAs. He discussed Assured Water Supply issues in the Pinal AMA in regard to

applications for Assured Water Supply analyses from the early 2000s loading the books and locking up groundwater availability.

Ms. Ferris asked if there has been any traction from Pinal AMA for a solution. Mr. Dunham said there has been some cooperation and some push and pull from development groups about giving up analyses. He noted that the State is working with various development groups, irrigation districts, and municipalities, though most of the water services in Pinal County are provided by private water companies.

Ms. Marlowe asked if the plots for the developments have timelines and expirations. Mr. Dunham said once the plot is recorded, it will exist forever, although ADWR has the authority to revoke a Certificate of Assured Water Supply if it no longer meets the requirements and as long as none of the lots have been sold, or the certificate can be invalidated if the plot is significantly changed.

In response to a clarification question from Mr. Johnson, Mr. Dunham said if a certificate has been issued and a plot has been recorded, there is no timeframe; the only timeframe associated is with the analysis of Assured Water Supply, which is based on a general concept plan. Mr. Dunham added that one of the issues being looked into is a concept of continual progress, so additional progress would need to be made and plans would need to be moved forward.

Mr. Setovich said there could be a similar case in the Phoenix AMA in which a developer leaves water for a period of ten years and the ownership of the land could change. He then asked if the certificate goes with the land. Mr. Dunham said the Assured Water Supply determinations are tied to the land and specific plan, so if either of those change, then the certification is invalid.

Mr. Johnson discussed possible Assured Water Supply issues that Glendale could face related to viable private water providers serving citizens west of 115th Avenue within Glendale's Municipal Planning Area that ends at Perryville Road. He noted subsidence issues surrounding Luke Air Force Base and the challenge of limited renewable surface water supply availability. He added the positive effects that the 1980 Groundwater Management Act has had.

Mr. Aarons added that the Governor's Water Solutions Conversation has reached a point where political maneuvering is taking place. He said he has been talking with a lot folks and parties need to see the specific language for anything to be determined. He noted that this is an election year, which will have an effect on the session and water issues may be spread across sessions. Mr. Biesemeyer asked if Mr. Aarons was aware of any specific items that may be moved to the next legislative session. Mr. Aarons did not note any specific items, but said there are some issues that may be left on the table because they could result in conflict that could stifle the entire effort.

4. City of Tempe's Grease Cooperative

David McNeil, Tempe's Environmental Program Manager, shared a presentation overviewing the Tempe Grease Cooperative. Mr. McNeil explained that all sewer utilities deal with Fats, Oils, and Grease (FOG) recovery by regulation, which requires restaurants to contract with a third-party grease hauler. He said the transaction between the restaurant and the hauler lacks accountability, which can lead to illegal FOG dumping and harm to a utility's infrastructure. To avoid this problem, the Tempe Grease Cooperative allows for restaurants to enroll/enlist with the sewer utility to handle the contract between the grease hauler and the restaurant, which benefits all parties involved. Mr. McNeil noted that the restaurant receives discounts, compliance assurance, and advocacy/service quality; the sewer utility receives sustainable sewers and feedstock security; and the grease hauler receives administrative savings, free city marketing/sales, and reputation. He stated that the Cooperative's strategic direction is regionalization to increase participation which would have even greater sustainability benefits to the environment, regional utilities' infrastructure, and ease of cost and administration.

Ms. Peters asked where the Tempe Grease Cooperative haulers dump the FOG. Mr. McNeil said the grease haulers either transport FOG directly to a landfill, or the FOG goes to de-watering transfer stations and then eventually to landfills. He noted that the energy is being currently wasted, primarily because there are not monetary incentives in Arizona for recovering the organics.

5. Recommendation for Management Board Chair and Vice-Chair

Mr. Johnson spoke on behalf of the Nominating Committee, (Ms. DeRosa, Mr. West, and himself,) to announce the Committee's agreement to recommend Mr. Kevin Artz, Avondale, as Chair and Mr. John Knudson, Chandler, as Vice-Chair to the AMWUA Management Board for 2018, in accordance with the AMWUA Bylaws.

Upon a motion by Mr. West and a second by Mr. Weber, the AMWUA Management Board unanimously approved the Nominating Committee's recommendation for Mr. Kevin Artz, Avondale, to serve as Chair, and Mr. John Knudson, Chandler, to serve as Vice-Chair to the AMWUA Management Board for 2018.

Mr. Biesemeyer thanked Mr. Johnson for his service and leadership as Chair on the AMWUA Management Board for 2017.

Mr. Johnson thanked Mr. Tenney for his support while he served as Chair and noted that he has learned a lot about AMWUA.

C. Board Members' Updates

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

Chandler: Mr. Knudson reported that Chandler's Ocotillo Water Reclamation Facility membrane bioreactor facility is seeding and will start up this week. He said the facility is co-located with Chandler's old facility, so they have a conventional side that is 10 million gallons per day (mgd) and the new side that is 5 mgd. He extended an invitation to fellow Management Board members and their staffs to come visit the new facility.

Mr. Biesemeyer asked what technology the membranes are. Mr. Knudson said it is GE and very similar to what was built in Peoria.

D. Executive Director's Report

Mr. Tenney reported that the Water Quality Group that AMWUA has been facilitating has met twice with CAWCD and Reclamation staffs to review the Group's proposal for how to set water quality standards for non-project water in the Central Arizona Project (CAP) canal. He said the discussions have been positive and the Group plans to meet again in January after CAWCD and Reclamation have internally discussed how to build upon the Group's proposal.

Mr. Tenney noted that last week, AMWUA met with CAWCD staff to further discuss how CAWCD plans to respond to the proposals from AMWUA and the Environmental Defense Fund on excess water accounting. He reported that CAWCD staff responded positively to AMWUA's proposal and CAWCD will be recommending to its Excess Water Task Force that they expand their accounting, reporting, and publication of information about CAP water, including excess water, as well as recommending that they seek additional input from customers about the content and format for that enhanced reporting. He said further development on this issue is expected later in January.

Mr. Tenney stated that there has not been any new development regarding CAWCD updating its rate setting policy. He said the CAWCD Finance, Audit & Power (FAP) Committee is not scheduled to meet again until the third week in January. Mr. Tenney reported that Jim Holway, CAWCD Board Vice-President, spoke at the November AMWUA Board meeting about his thoughts on the rate setting policy. In response, the AMWUA Board members were clear that they remain firm on AMWUA's position that CAWCD's taxes should continue to be used for CAWCD's federal debt repayment.

Mr. Tenney reported that AMWUA will be hosting its members' InterGovs next week to update them on the Governor's Water Solutions Conversation issues.

E. Future Agenda Items

There were no requests for future agenda items.

F. Adjournment

With no further items to discuss, upon a motion by Ms. Peters and a second by Mr. Biesemeyer, Mr. Johnson unanimously adjourned the meeting at 11:08 a.m.