



MANAGEMENT BOARD
MEETING MINUTES
March 13, 2019

VOTING MEMBERS PRESENT

- Mr. John Knudson, Chandler, Chairman
- Mr. Javier Setovich, Goodyear, Vice Chairman
- Mr. Brian Biesemeyer, Scottsdale
- Ms. Cindy Blackmore, Avondale
- Mr. Eric Braun for Ms. Jessica Marlow, Gilbert
- Mr. David Burks, Peoria
- Mr. Craig Johnson, Glendale
- Ms. Karen Peters, Phoenix
- Ms. Holly Rosenthal, Tempe

VOTING MEMBERS NOT PRESENT

- Mr. Jake West, Mesa

OTHERS PRESENT

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| Barry Aarons, The Aarons Co. | Gretchen Erwin, Goodyear | Tony Staffaroni, CAP |
| Patrick J. Adams, AMWUA | Kathy Ferris, AMWUA | Drew Swieczkowski, Glendale |
| Michelle Barclay, AMWUA | Brett Fleck, AMWUA | Warren Tenney, AMWUA |
| Anthony Beckham, SRP | Lacey James, Avondale | Sheri Trapp, AMWUA |
| Cynthia Campbell, Phoenix | Sam Jaskolski, AMWUA | Theresa Ulmer, Ulmer Consulting |
| Gregg Capps, Chandler | Diana Piña, AMWUA | Carol Ward, AMWUA |
| Alan Dulaney, Peoria | Clark Princell, Phoenix | |

A. Call to Order

Mr. Knudson called the meeting to order at 10:07 a.m.

B. General Business – Items for Discussion and Possible Action

- Approval of the Minutes from the February 13, 2019 Meeting

Upon a motion by Mr. Johnson and a second by Mr. Biesemeyer, the AMWUA Management Board unanimously approved the February 13, 2019 meeting minutes.

2. Next meeting scheduled: Wednesday, April 10, 2019, 10:00 a.m., in the AMWUA office
3. 2019 Legislative Session

Mr. Tenney reported that on Monday, AMWUA received a commendation from the Governor's Office for AMWUA's 50th anniversary and the Association's accomplishments over that period of time. He said the commendation was read on the floor of the House by Representative Osborne and on the floor of the Senate by Senator Otondo.

Mr. Tenney stated that the legislative session has reached the point where House bills are being heard in the Senate and Senate bills are being heard in the House. He then provided an update on the following key legislation that AMWUA is following:

- HB 2111 Striker: would allow a county that is not in an Active Management Area (AMA), through a unanimous vote of its county board of supervisors, to vote not to readopt the mandatory 100-year adequate water supply requirement. This bill is similar to the bills that then-Senator Griffin introduced in 2016 and 2018 that AMWUA opposed. This bill is currently not moving forward.
- HB 2428: "the urinal bill" would require counties and cities to install water-free urinals in all new construction or remodeling of existing public buildings. The bill's sponsor has expressed his intention to execute a pilot test of the low water use fixtures in the House and Senate buildings. This bill is currently held in the Rules Committee.
- HB 2464: would raise the threshold for requiring voter authorization to accept Water Infrastructure Finance Authority (WIFA) loans from 50,000 to 150,000 residents. This bill passed the House and is moving in the Senate.
- HB 2580 & SB 1450: would appropriate \$15 million from the state general fund for the Game and Fish Commission to provide grants to municipalities and other political jurisdictions to eradicate invasive vegetation. The projects must assist in fire and flood prevention. These bills are moving forward.
- SB 1477: would direct the State Land Commission and State Forester to remove hazardous vegetation on state land for fire suppression and watershed management. This bill is moving forward.
- HB 2586: would alter the Groundwater Code and Central Arizona Groundwater Replenishment District (CAGRD) statutes, significantly undermine the Assured Water Supply requirements, and put undue pressure on the Arizona Department of Water Resources (ADWR) Director to approve transfers and leases of Colorado River water to CAGRD. The AMWUA Board opposes this bill and maintains that water legislation impacting something as critical to Arizona as the Assured Water Supply requirements needs to be fully vetted in the water community before, not during, a legislative session and should have ADWR involvement in the bill's formulation. The bill's sponsor suggested holding the bill and having an ad hoc committee convene this summer to develop a solution to the issues raised in HB

2586. AMWUA has voiced its support for participating in such an effort since these issues are not going away and will eventually impact the Phoenix AMA.

- HB 2609 would add a provision to statute allowing private water companies to withdraw groundwater from purchased land in the Harquahala irrigation non-expansion area (INA) and transport that water to an initial AMA, where previously only political subdivisions of the state could purchase land and transfer the groundwater to AMAs. This bill would also deepen the acceptable level of the water table for groundwater pumping from 1,000 feet below ground to 1,500 feet. AMWUA is opposed to this bill and, yesterday, was approached by legislative leadership who said the Harquahala has been designated as a basin in which groundwater can be transferred to the AMAs. Legislative leadership wants this water to be another option of wet water besides transferring water from the Colorado River.

AMWUA understands that the provision to deepen the acceptable level of groundwater pumping from 1,000 feet to 1,500 feet has been removed from this bill, leaving the provision to allow private water companies to also transfer water from the Harquahala. Legislative leadership has convened a meeting this afternoon with a number of stakeholders, including AMWUA.

Regarding HB 2609, Mr. Biesemeyer, Mr. Tenney, Mr. Knudson, and Ms. Ferris discussed how the term “private water provider” is defined for the purposes of this provision and transferring water.

Mr. Tenney reported that Ms. Ward gave a presentation on water conservation at Senator Otondo’s weekly water luncheon. He said the presentation went very well and based on the conversations with some legislators, AMWUA has an opportunity to develop legislation with them to improve the State’s conservation efforts and generate support before next session.

Ms. Ulmer noted that the bill appropriating \$20 million for Pinal Ag groundwater withdrawal infrastructure [HB 2098] passed out of the Senate Appropriations Committee. Mr. Aarons said this bill will ultimately have to be a budget item.

Ms. Peters asked for an update on the state budget process’ current status. Mr. Aarons said the Legislature has started its small group conversations. He also noted that there will be a lot of budget reconciliation bills (BRB) this year because the House Rules Committee chairman has been holding an exceptional amount of bills.

4. Status of Lower Basin Drought Contingency Plan

Mr. Tenney stated that in response to California’s Imperial Irrigation District (IID) withholding approval of the Drought Contingency Plan (DCP) in an attempt to secure \$200 million in funding for Salton Sea mitigation, the Metropolitan Water District of Southern

California (MWD) has proposed to make all of California's DCP contributions (cuts), in lieu of IID's participation. He reported that the MWD Board approved the concept, paving the way for DCP completion.

Mr. Tenney noted that as of March 4, 2019, the U.S. Bureau of Reclamation is formally soliciting comments from each Basin State on how the Secretary of the Interior might take action on the Colorado River to reduce risk in the absence of DCP. He said no comments have been submitted yet with hope that all the States come to an agreement on DCP before the March 19, 2019 deadline. He reported that there is a meeting of the Basin States early next week in Phoenix.

Regarding intrastate DCP agreements, Mr. Tenney stated that AMWUA members staffs are working on Non-Indian Agriculture (NIA) mitigation agreements and agreements for Underground Storage Facility (USF) to Groundwater Saving Facility (GSF) agreements.

Mr. Setovich asked if there is a sequence of agreements that need to take place for the USF to GSF agreements before the cities can move forward and take them to Council. Mr. Tenney said he would look into the answer.

Ms. Peters questioned what the Governor of Arizona would say in the event that everything is wrapped up by March 19, 2019 and a flurry of comments are submitted to the Federal Register. Mr. Tenney said he has not received any feedback from the Governor's Office. Ms. Ulmer said Director Buschatzke stated during his testimony that the hope is we won't be in that situation; however, ADWR is prepared either way.

5. Colorado River Shortage Awareness Campaign

Ms. Trapp shared a presentation on AMWUA's proposed Colorado River Shortage Awareness – Regional Engagement Campaign (Shortage Awareness Campaign). She noted that this regional awareness effort is a strategic communications campaign, not a marketing-specific campaign. She stated that messaging and public outreach must be priorities as attention on water will continue to increase, and the media, public, and elected officials will have questions and concerns. Ms. Trapp highlighted the benefits of the Shortage Awareness Campaign: it would create consistent and well-coordinated regional messaging; it would educate and inform, eliminating any surprises; and it would help us control the messages, allowing us to be proactive and not reactive. She then outlined the Shortage Awareness Campaign's three core messages, action plan, and supporting materials. She stated that the Shortage Awareness Campaign will be underway in April and the AMWUA communications staff, public information officers, and conservation staffs will have a follow-up meeting on April 16, 2019.

Mr. Setovich, Ms. Trapp, and Mr. Biesemeyer discussed that the Shortage Awareness Campaign messaging can be used for years and sets the foundation for when shortage or DCP cuts occur.

Mr. Burks noted that it is a good idea to have this educational regional awareness campaign to get more information out to the public because a lot of negative articles are being written with little facts and a lot of assumptions.

Ms. Trapp noted that she will be meeting individually with each AMWUA member to learn about their unique challenges, so AMWUA can tie that into a feature piece that targets misconceptions and highlights great things that have been done in water.

Upon a motion by Mr. Biesemeyer and a second by Ms. Peters, the AMWUA Management Board unanimously recommended that the AMWUA Board of Directors support the Colorado River Shortage Awareness – Regional Engagement Campaign.

6. Fiscal Year 2020 Annual Plan

Mr. Tenney presented AMWUA's proposed annual action plan for Fiscal Year 2020 that serves as a road map for how AMWUA can accomplish its overall strategic plan that was approved in 2016. He said AMWUA received feedback from the Water Resources Advisory Group and is now seeking comments from the Management Board. Mr. Tenney detailed the annual action plan's areas of focus and briefly described each: Day-to-Day Operations; Shortage Preparation; Enhanced Communication; Recovery Implementation Plan; Legislation; Demand Management & Sustainability; Prepare for Redesignations; Achieving Safe-Yield; Finances & Water; and Colorado River Management.

Mr. Biesemeyer stated that he felt the annual action plan was good and ambitious.

Upon a motion by Ms. Blackmore and a second by Mr. Setovich, the AMWUA Management Board unanimously recommended that the AMWUA Board of Directors approve the annual plan through Fiscal Year 2020 after providing feedback.

C. Management Board Members' Updates

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

Ms. Peters reported that the City of Phoenix has a new mayor. She also stated that Phoenix's interim Mayor, Thelda Williams, has declared interest in creating an ad hoc committee to discuss water conservation and make recommendations to the Phoenix City Council. Ms. Peters also reported that Phoenix's new water rates were adopted and implemented on March 1, 2019.

In response to Ms. Peters report, Mr. Setovich noted that a conservation committee comprised of citizens, developers, and other stakeholders presented recommendations to the Goodyear City Council last April and that the Council was very receptive to the committee's recommendations.

Mr. Braun reported that the Gilbert Town Council voted to enter into a new public-private partnership with The Strand @ Gilbert to develop a water park at the Gilbert Regional Park. He said the Town piloted a “Bring Your Own Water” policy that requires the developer to provide its own water resources, leaving the Town’s water portfolio unharmed. He said the developer will also pay for the necessary infrastructure. Mr. Knudson noted that the City of Chandler piloted a “Bring Your Own Water” policy with Intel during its latest expansion and it worked well.

D. Executive Director’s Report

Mr. Tenney reported that the Governor’s Water Augmentation Council has been changed to the Governor’s Water Augmentation, Innovation and Conservation Council and it convened last week. He said all members of the original Council are on the new Council, including himself.

Mr. Tenney stated that the Central Arizona Project (CAP) will be hosting a roundtable to discuss capital charges and taxes on March 19, 2019.

E. Future Agenda Items

Mr. Knudson requested that AMWUA staff review a presentation on the new requirements of the Environmental Protection Agency’s Risk and Resilience Assessment [instated by the signing of S. 3021 Sec. 2013] at a future AMWUA Management Board meeting.

Ms. Peters stated that it would be good for the AMWUA Management Board to hear a presentation from the Arizona Department of Environmental Quality (ADEQ) regarding its vision for taking on the Section 404 Permit Program of the Clean Water Act because it will impact all AMWUA members. She noted that she has been asked to sit on an executive working group at ADEQ to explore how ADEQ would tackle, fund, and staff this effort.

F. Adjournment

Mr. Knudson adjourned the meeting at 11:15 a.m.