

## **BOARD OF DIRECTORS**

### **MEETING MINUTES**

**January 25, 2018**

#### **VOTING MEMBERS PRESENT**

Mayor Jim Lane, President, Scottsdale  
Mayor Cathy Carlat, Peoria, via teleconference  
Councilmember Eddie Cook, Gilbert  
Councilmember Lauren Kuby, Tempe, via teleconference  
Councilmember René Lopez, Chandler  
Councilmember Joanne Osborne, Goodyear  
Councilmember Bart Turner, Glendale  
Councilwoman Thelda Williams, Phoenix

#### **VOTING MEMBERS NOT PRESENT – EXCUSED**

Councilmember Pat Dennis, Avondale  
Councilmember Kevin Thompson, Mesa

#### **OTHERS PRESENT**

Barry Aarons, The Aarons Co	Brett Fleck, AMWUA	Jessica Perry, Goodyear
Gretchen Baumgardner, Tempe	David Iwanski, AZ Water Assoc.	Diana Piña, AMWUA
Cindy Blackmore, Avondale	Lacey James, Avondale	Kathy Rall, Scottsdale
Jessica Blazina, Avondale	Sam Jaskolski, AMWUA	Javier Setovich, Goodyear
Rob Bohr, Goodyear	Pat Kossan, AMWUA	Richard Siegel, SRP
Eric Braun, Gilbert	Ryan Lee, Glendale	Tony Staffaroni, CAP
Gregg Capps, Chandler	Frank Milam, Phoenix	Drew Swieczkowski, Glendale
Barbara Chappell, Goodyear	Andrea Odegard-Begay, Garver	Warren Tenney, AMWUA
Mary Ann Dickinson, AWE	Brian Payne, AMWUA	Theresa Ulmer, Ulmer Consulting
Alan Dulaney, Peoria	Stuart Peckham, SRP	Carol Ward-Morris, AMWUA
Kathy Ferris, AMWUA		

#### **A. Call to Order**

Mayor Lane called the meeting to order at 11:05 a.m.

## B. General Business – Items for Discussion and Possible Action

### 1. Approval of the Minutes from the November 30, 2017 Meeting

Upon a motion by Councilmember Turner and a second by Councilmember Lopez, the AMWUA Board of Directors unanimously approved the November 30, 2017 meeting minutes.

### 2. Next meeting scheduled: Thursday, February 22, 2018, 10:00 a.m., at the AMWUA office

Note the change in time.

### 3. Governor's Water Solutions Conversation & 2018 Legislative Update

Mr. Tenney reported that we are still waiting to see language for a legislative water package. He stated that positive progress is being made through serious negotiations between the Governor's Office and key legislative leaders based upon an agreed framework. He said it appears that the legislative package will be smaller than what was originally anticipated when the Governor's Water Solutions Conversation began last summer and that there are signals that the package will not include a complete plan for the Drought Contingency Plan (DCP) Plus. He noted that the State will not be able to move forward with DCP at this time but will continue to work on the issue. Mr. Tenney said the Governor's Office and Legislators have shown commitment to continue to work on water issues next year and that this legislative package is only the beginning.

Mr. Aarons echoed that there are serious discussions and negotiations occurring while we wait for the legislative water package. He said this year will be the first of consecutive years where water bills will be introduced incrementally. He reported that he has been in constant communication with the Governor's Office and Legislators.

Mayor Lane noted that last year Arizona benefitted from a wet winter, which cannot be counted on as a plan. He feels there needs to be a focus on DCP Plus in order to set it in place. He noted some concern that legislation may run counter to DCP's objectives.

Councilmember Osborne appreciated Mayor Lane's thoughts and said DCP and DCP Plus were her top concerns as well, so she would like to see work on the issues continue.

Ms. Ulmer added that Senator Otondo has been holding Water Wise meetings for Legislators to learn from different speakers each week on the complete issue of water. She said informing the Legislators is very positive. Mr. Tenney added that Senator Otondo asked him to give a presentation to that group at the end of February.

Mr. Tenney stated that while waiting for the legislative water package, AMWUA has been watching for other water-related legislation that could impact its members. Mr. Tenney reviewed the following bills and AMWUA staff's recommendations:

- **SB 1039** would appropriate \$1 million to the Arizona Water Protection Fund. AMWUA anticipates that appropriations for the Fund will be resolved in budget negotiations, not in a stand-alone bill. AMWUA supported this bill last year and recommends supporting it again.
- **SB 1229** would appropriate \$30 million to the Water Infrastructure Finance Authority (WIFA). It is unlikely this bill will gain traction based on its sponsors. AMWUA recommends monitoring this bill.

Councilmember Lopez asked to clarify if the WIFA creates loans for utilities to take out and asked how long WIFA has been around. Mr. Tenney confirmed that WIFA was set up to create low-interest loans for key water infrastructure. He also stated that WIFA has been around a long time and is tied with a federal program. Councilmember Lopez asked why these are not sustaining funds if the loans are paid back. Mr. Tenney said the loans are paid back and the bulk of WIFA is financed through the federal program; this bill is an attempt to further fund the Authority.

In response to a question from Mayor Lane, Mr. Aarons said it will be difficult to receive additional general fund monies for WIFA this year because a major legislative focus is on K-12 education.

- **HB 2203** would authorize a mayor, chair of a board of supervisors, or a county sheriff to make a formal determination that a "catastrophic wildland fuel load" exists in the borders of their respective city, town, or county. The intent of this bill is to allow a local entity to put a demand for action into motion from federal or state government to eradicate an overgrowth area that could fuel a catastrophic fire. Mr. Tenney added that while the intent of the bill is good and would be positive for protecting the watershed, the language could be made much clearer. AMWUA recommends monitoring this bill.

Mr. Aarons stated that in Apache County, there is a significant amount of biomass that a private interest would like to utilize, but because it is on state land they need to acquire a variety of permissions. He said this bill is designed to provide an easier process by which the land department can grant authority to have organizations use biomass and therefore reduce wildfire threat.

Councilmember Osborne asked to clarify if Mr. Aarons was stating that it is cumbersome for a mayor in certain areas to follow through with these activities. Mr. Aarons said yes because most biomass sits on state or federal land.

Mayor Lane noted that there has been an acceptance across the board on the use of the biomass rather than having it go to a landfill.

Councilmember Turner noted that he found it interesting that the county sheriff is included as a person who can make the determination of the biomass, as well as the chairman of the board of supervisors. He said there could be opportunities for conflict and budgetary issues. He questioned if the Legislature is statutorily giving authority to a mayor rather than a city council. Mr. Aarons said he thinks the bill language needs to be tightened up and will discuss this with the bill's sponsor as soon as the bill is assigned.

Councilmember Lopez commented that this bill seems to be a way of creating a workaround law because there is difficulty abiding by state and federal guidance in order to receive a permit. He said instead of trying to create a law, they should try to fix the process.

Councilmember Turner added that he is not opposed to the concept of the bill, but if the bill does move forward, he would like to see a city/town council or county board of supervisors make the formal determination.

Mayor Carlat stated that in the City of Peoria, the City Council votes on the issue/contract, and then she, as the Mayor, signs the contract to finalize it. She feels that this bill may not be trying to change the current processes. Mr. Aarons stated that in other processes a contract signed by an official must be ratified by the governing body. He said he will talk to the County Supervisors Association and the League of Cities and Towns to confirm that the interests of city councils and county supervisors are protected.

Mr. Aarons noted that HB 2203 includes specific language that its provisions do not overturn the general powers of the common council, A.R.S. § 9-240 B(21).

- **HB 2214** and **SB 1339** would appropriate \$15 million to the Water Quality Assurance Revolving Fund (WQARF) in addition to any other appropriations. These bills will most likely not move forward due to their sponsorship; however, AMWUA recommends supporting both bills. AMWUA is currently looking into how WQARF will be financed this year and in future years.

In response to a question from Mayor Lane, Mr. Tenney said AMWUA is looking into WQARF funding due to concerns based on indications that the State is looking to discontinue general fund financing for WQARF in the future.

- **HB 2291** requires the Arizona Department of Water Resources (ADWR) to conduct a survey of the groundwater supplies in the Upper Colorado River Planning area, which

includes parts of Mohave and La Paz Counties. AMWUA recommends monitoring this bill.

- **HB 2352** would appropriate \$100,000 to the Arizona Department of Environmental Quality (ADEQ) for screening for lead in drinking water in charter schools. AMWUA recommends monitoring this bill.
- **HB 2410** would eliminate state registration for geologists and landscape architects. Having geologic professionals be certified is important because geologists oversee and conduct hydrogeological studies that municipalities, others, and the State rely upon for making water management decisions. It appears that this bill will not move forward; however, AMWUA recommends going on the record as opposing.

Mr. Aarons noted that AMWUA fought this bill two years ago. He said the sponsor of this bill, Representative Mosely, has a package of twelve bills that would deregulate many professionals. Mr. Aarons does not feel that any of these bills will pass, but rather that Representative Mosely is making an anti-regulatory statement.

Councilmember Osborne asked why AMWUA would want to take a stance on this bill rather than just monitor. Mr. Aarons stated that this bill became relevant two years ago because there are certain requirements for certifications in municipal codes and deregulating these certifications would create a disadvantage in that folks could not meet the requirements. He said it is important to articulate that AMWUA's position has not changed since then, even though this bill will most likely not move forward. Mr. Tenney added that certified geologists are used to verify that cities have assured water supplies, so it is important that those geologists issuing reports are competent.

Upon a motion by Councilwoman Williams and a second by Councilmember Osborne, the AMWUA Board of Directors unanimously took the following positions: support SB 1039, SB 1339, and HB 2214; oppose HB2410; and monitor SB 1229, HB 2203, HB 2291, and HB 2352.

4. [Update on Partnership with Alliance for Water Efficiency including Effort to Authorize the WaterSense Program](#)

Mr. Tenney introduced Mary Ann Dickinson, CEO and President of the Alliance for Water Efficiency, to update the AMWUA Board on the effort to preserve the Environmental Protection Agency (EPA) WaterSense Program as well as discuss other Alliance activities. He said in 2017, the AMWUA Board committed \$10,000 to the national lobbying effort for continued funding and authorization for WaterSense, which was led by the Alliance.

Ms. Dickinson stated that the Alliance for Water Efficiency was created in 2007 to provide leadership on a national level for water efficiency. Today, the Alliance comprises nearly 400 members throughout the United States and Canada, including AMWUA. AMWUA's

assistant director, Carol Ward-Morris, serves on the Alliance's Board of Directors. Ms. Dickinson said the Alliance is stakeholder driven to promote the efficient and sustainable use of water through innovative resources, cutting-edge research, collaboration, high-quality expertise, and interactive dialogue.

Ms. Dickinson highlighted projects, resources, tools, and trainings that the Alliance has completed to meet its members' needs, including its Avoided Cost Research, in which the Town of Gilbert and Tucson Water participated.

Regarding national policy and advocacy, Ms. Dickinson stated that the Alliance is working on WaterSense authorization, tax parity for water conservation rebates, eliminating accounting barriers to efficiency investments, water/energy nexus research, standards and codes, testifying in Congress, and assisting states with their legislative priorities on efficiency.

Ms. Dickinson reported that the EPA WaterSense Program is still targeted for zero funding in the Fiscal Year 2018 budget. She said Congress has indicated a lack of support for not funding the program; however, if a Fiscal Year 2018 budget passed, WaterSense will run out of money in March. She reported that the Alliance sent a letter to EPA Administrator Pruitt asking for continued WaterSense funding with 187 organizations signed on, including AMWUA. The Alliance also wrote an op-ed for *The Hill* to urge continued funding.

Regarding WaterSense authorization, Ms. Dickinson stated that the Alliance has sent three support letters, each in response to a bill supporting WaterSense authorization: HR 3248, S 1137, and S 1700. She noted that the Alliance also sent a support letter for an energy bill, S 1460. She stated that the Alliance has hired Cece Kremer, a Republican lobbyist/advocate and former deputy Chief of Staff at the EPA, to work with on WaterSense authorization. Ms. Dickinson highlighted that the Alliance has a number of coalition partners on this issue. She thanked the AMWUA Board for helping to support these efforts.

Mayor Lane thanked Ms. Dickinson and asked about the difference between efficiency and conservation. Ms. Dickinson said the equipment used, like a WaterSense showerhead, is the efficiency aspect, while consumer behavior, like the amount of time spent showering under a WaterSense showerhead, is the conservation aspect.

Councilmember Osborne noted appreciation for the Alliance's Commercial Kitchens Guide and consumer videos on water rates, which she said Goodyear's Water Citizens Committee would like as well. Ms. Dickinson said the videos can be freely linked and even embedded into websites.

Mayor Lane asked if the WaterSense Program is currently being funded with off-budget funds. Ms. Dickinson confirmed and said Congress cannot include WaterSense as a line

item in its budget because it is not currently authorized. She added that WaterSense is funded out of the EPA Administrator's discretionary budget and the Alliance has been advocating for the program's authorization for the past six years.

#### 5. Analysis of Water Transfers

Mr. Tenney stated that the topic of water transfers could arise this legislative session as the issue has risen in priority with the Central Arizona Groundwater Replenishment District's (CAGR) proposed acquisition of 2,200 acres of farmland with Colorado River rights in Mohave County.

Mr. Payne reviewed a presentation on the role of water transfers in Arizona's water management, particularly in regard to Colorado River water. He highlighted the history of water transfers in Arizona, the impact on municipalities, benefits and challenges, and what water transfers could mean for Arizona's water future. Mr. Payne said this presentation is an overview of the analysis AMWUA is drafting that will be discussed with the WRAG for feedback and then brought to the AMWUA Board of Directors and Management Board for review in February.

Mayor Lane asked if these water transfers are strictly intrastate water transfers. Mr. Payne confirmed that they are intrastate water transfers.

### **C. Executive Director's Report**

Mr. Tenney reported that ADWR, the Central Arizona Water Conservation District (CAWCD), and the Arizona Water Banking Authority have initiated the Recovery Planning Advisory Group. Mr. Tenney was asked to participate in the Recovery Planning Advisory Group and will be discussing the issues with AMWUA's members including getting input on the process and generating proposals. At the first Recovery Planning Advisory Group meeting, Mr. Tenney handed out the AMWUA 2016 analysis on recovery planning.

Mr. Tenney stated that CAWCD's Finance, Audit, and Power Committee agreed on an updated rate setting policy to recommend to the full CAWCD Board at last week's meeting. He said the language regarding capital charges was made more flexible and takes AMWUA's concerns into account that taxes should also be considered for federal debt repayment. AMWUA will update its members on how the discussion with the full CAWCD Board goes.

Mr. Tenney reported that CAWCD's Excess Water Task Force will be meeting next week and considering a recommendation that incorporates AMWUA's proposal for better accounting of excess water.

Mr. Tenney said AMWUA's Water Quality Group met with CAWCD and Reclamation staff this week regarding a water quality standard for non-project water that could be put in the Central Arizona Project (CAP) canal. He reported that CAWCD staff presented a new concept

that AMWUA plans to further discuss with them next week. The CAWCD Water Quality Standard Task Force will meet in early February to receive an update on all of these efforts.

Mr. Tenney stated that by Monday, he will be sending the AMWUA Board of Directors and Management Board members the projected AMWUA membership fees for Fiscal Year 2019. He noted there will be a modest increase and he plans to have the draft budget sent out by the end of March to allow for a discussion in April.

Mr. Tenney stated that the AMWUA Board members were mailed copies of AMWUA's 2017 Achievements brochure early this month to share with fellow councilmembers to familiarize them with AMWUA and their memberships. He said copies of the brochure were also given to the Management Board and the Water Resources Advisory Group (WRAG).

#### **D. Future Agenda Items**

Councilmember Osborne requested an executive summary or future agenda item that follows up on the CAWCD audit. Mr. Tenney stated that he would complete an executive summary on the topic and send it to the AMWUA Board of Directors. He said if further discussion beyond the executive summary would be helpful, this item would certainly be added to a future agenda.

#### **E. Adjournment**

Mayor Lane adjourned the meeting at 12:26 p.m.