

MANAGEMENT BOARD

MEETING MINUTES

February 14, 2018

VOTING MEMBERS PRESENT

Mr. Kevin Artz, Avondale, Chairman
Mr. Chris Hassert for Mr. Jake West, Mesa
Mr. John Knudson, Chandler
Mr. Craig Johnson, Glendale
Ms. Karen Peters, Phoenix
Ms. Kathy Rall for Mr. Brian Biesemeyer, Scottsdale
Ms. Holly Rosenthal, Tempe
Mr. Javier Setovich, Goodyear
Mr. Mike Weber, Peoria

VOTING MEMBERS NOT PRESENT – EXCUSED

Ms. Jessica Marlow, Gilbert

OTHERS PRESENT

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| Gretchen Baumgardner, Tempe | Brett Fleck, AMWUA | Diana Piña, AMWUA |
| Jessica Blazina, Avondale | Lacey James, Avondale | Michael Schiffer |
| Cynthia Campbell, Phoenix | Sam Jaskolski, AMWUA | Tony Staffaroni, CAP |
| Gregg Capps, Chandler | Pat Kossan, AMWUA | Warren Tenney, AMWUA |
| Brian Draper, Mesa | Brian Payne, AMWUA | Theresa Ulmer, Ulmer Consulting |
| Alan Dulaney, Peoria | Haley Paul, Gilbert | Carol Ward-Morris, AMWUA |
| Kathy Ferris, AMWUA | Stuart Peckham, SRP | |

A. Call to Order

Mr. Artz 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 January 10, 2018 Meeting

Upon a motion by Mr. Johnson and second by Ms. Peters, the AMWUA Management Board unanimously approved the January 10, 2018 meeting minutes.

2. [Next meeting scheduled: Wednesday, March 14, 2018, 10:00 a.m., in the AMWUA office](#)
3. [2018 Legislative Update](#)

Mr. Tenney reviewed a presentation to provide an update on current legislation.

Mr. Tenney stated that SB 1507 and HB 2512: water program amendments, identical omnibus bills, have been introduced by Senator Griffin and Representative Bowers. He said these bills do not include the language that was agreed upon during negotiations between the Arizona Department of Water Resources (ADWR) and key legislators; however, negotiations are still occurring that will determine how things unfold over the next few months. Both bills include language on the following issues: desalination action plan, interstate transportation of water, containerized plants and irrigation grandfathered rights, Pinal Active Management Area (AMA) extinguishment credits, AMA management plans beyond 2025, effluent definition, natural resource conservation districts, adequate water supply requirements, sovereign immunity for the Central Arizona Water Conservation District (CAWCD), and interstate agreements.

Mr. Tenney noted that neither SB 1507 nor HB 2512 address the issue of forbearance programs, which was an item the Governor's Office had requested be included in the water bill. Mr. Tenney reported that AMWUA has been voicing to the legislature its overall concerns with the two bills: the proposed language raises questions rather than clarifies and is regressive in some cases; the proposed language includes the same language that AMWUA actively opposed two years ago regarding adequate water supply requirements (Sierra Vista); and the challenges facing Arizona's Colorado River water are not addressed. He also detailed AMWUA's concerns regarding each issue within each bill.

Ms. Peters asked if the U.S. Bureau of Reclamation has weighed in on the forbearance issue and whether or not there is an interference with CAWCD's Section 5 contract. Ms. Ferris said Reclamation agreed with ADWR that the Tribes are a contractor under the 2007 guidelines and have the ability to create intentionally created surplus (Tribal ICS).

Mr. Tenney discussed that the issues included in SB 1507 were also each introduced as individual component bills: SB 1508, SB 1509, SB 1510, SB 1511, SB 1512, SB 1513, SB 1514, SB 1515, and SB 1516. He stated that AMWUA staff recommends opposing SB 1507, HB 2512, and the individual component bills. He said the bills are moving and as they move forward, AMWUA should support ADWR's position unless it negatively impacts AMWUA members. He also emphasized the importance of having an overall water package rather than individual bills, as was agreed upon during the Governor's Water Solutions Conversation.

Ms. Peters commented that it is disappointing and surprising that the bills introduced do not reflect the urgency of the situation and the need to act on Colorado River issues. She

said this will cause the AMWUA members to be even more aggressive looking ahead and preparing for shortage.

Mr. Knudson noted that a bill regarding construction wages that could drive up construction costs for the cities that may be important to AMWUA. Mr. Payne said AMWUA is following a number of bills—including the one Mr. Knudson was referring to—that were not included in the Management Board packet. Mr. Payne stated that this bill [HB 2429] has not gone forward and he does not think it will move forward, but AMWUA will continue to monitor it. Mr. Tenney said while AMWUA does not assume the bill will go forward, the Management Board may vote to go on the record as having a position.

Mr. Tenney reviewed other introduced legislation of interest to AMWUA. AMWUA recommends monitoring the following bills:

- SB 1475 and HB 2581: would develop standard measures to define ecological water needs in Arizona, problematic due to language and impact to water rights.
- SB 1493: would allow the Arizona Department of Environmental Quality (ADEQ) to establish a Dredge and Permit Program consistent with the federal program, meaning the State would take responsibility for the program rather than the U.S. Environmental Protection Agency (EPA).
- SB 1494: ADEQ would establish a permit program to meet the minimum federal requirements for injection wells. ADEQ would take the responsibility for the program as a state rather than have it be under the EPA.
- HB 2552: would establish a desalination action study committee to look at impediments to using high salinity water.
- HB 2556: would require the ADEQ Director to review existing limitations with high salinity water and determine potential for improving its quality for supplementing supplies.
- HB 2608: would require annual reporting of groundwater withdrawals in Mohave County.

Ms. Peters commented that, years ago, Phoenix was opposed to the change that required ADEQ to take on the National Pollutant Discharge Elimination System (NPDES) from EPA for reasons due to capability and resources. She said the EPA did not charge for NPDES permits, but ADEQ does and she sees a pattern that the same will occur with the Dredge and Permit Program and the Underground Injection Control permit program if SB 1493 and SB 1494 are passed into law.

Upon a motion by Ms. Peters and a second by Mr. Johnson, the AMWUA Management Board unanimously approved to recommend that the AMWUA Board of Directors take the following legislative positions:

Oppose: SB 1507 & HB 2512 and the individual component bills. As bills move forward, support ADWR's position unless it negatively impacts AMWUA's members.

Monitor: SB 1475 & HB 2581, SB 1493, SB 1494, HB 2552, HB 2556, HB 2608, HB 2429

4. Analysis of Water Transfers

Mr. Payne shared a presentation overviewing his analysis on water transfers in Arizona, *The Transfer and Movement of Water in Arizona*. Mr. Payne explained what water transfers are, what they mean for Arizona and its future, and highlighted the three types of transfers explored in the analysis: Colorado River mainstem transfers, groundwater transportation transfers, and sever and transfers. Regarding groundwater transportation transfers, Mr. Payne gave an example of the City of Scottsdale acquiring 1,200 acres in the Harquahala Valley, which would allow Scottsdale to wheel approximately 3,600 acre feet of water per year through the Central Arizona Project (CAP).

Mr. Weber asked if the water rights involved in the City of Scottsdale example are Type 2 rights. Ms. Ferris said this water right is not an irrigation grandfathered right because the Harquahala Valley is outside of an AMA, but rather located in an irrigation non-expansion area. She said state statute specifies a certain quantity of water that can be transferred by a political subdivision after they buy the land.

5. Contract for Reprinting of Landscape Plants for the Arizona Desert Publication

Mr. Tenney stated that AMWUA's popular publication, *Landscape Plants for the Arizona Desert*, is currently being updated and will be reprinted this Fiscal Year. He reported that after receiving three bids, AMWUA has selected a printer and is currently taking orders to determine the exact quantity to be printed. He noted that AMWUA will recover the cost of printing and delivery from the organizations placing orders as they will be invoiced for their order's share; however, because the cost of printing will be over \$30,000, AMWUA Board approval is required. .

Mr. Weber asked if any significant changes are included in the update to the publication. Ms. Ward-Morris stated that no major changes to the book are planned for this reprint other than AMWUA updating the botanical and common names of the plants in coordination with the recent update of ADWR's Phoenix AMA regulatory plant list

Ms. Rosenthal asked which edition this reprint of *Landscape Plants* will be. Ms. Ward-Morris said this reprint will be the sixth edition of the book and noted there are currently more than 1.5 million copies of it in circulation.

Mr. Setovich asked how this expense appears in the budget. Ms. Ward-Morris said this expense will not appear in AMWUA's budget because it is a pass-through expense. She added that AMWUA takes orders, coordinates with the printer, pays the printer, and then recovers the cost of printing and delivery only from the members and partners.

Upon a motion by Mr. Weber and second by Mr. Johnson, the AMWUA Management Board unanimously voted to recommend that the AMWUA Board of Directors approve

the Executive Director to enter into a contract based on the estimate provided for the reprint of *Landscape Plants for the Arizona Desert*.

6. AMWUA Quarterly Financial Statements – Second Quarter

Mr. Tenney reported that AMWUA's second quarter Statement of Revenues and Expenses show that AMWUA is operating efficiently within its resources and is roughly \$9,000 under budget as of December 2017.

Upon a motion by Mr. Johnson and a second by Mr. Setovich, the AMWUA Management Board unanimously voted to recommend that the AMWUA Board of Directors accept the quarterly financial statements as presented.

C. Board Members' Updates

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

Goodyear: Mr. Setovich reported that the City of Goodyear will be getting a new city manager on February 20th: Julie Arendall from the City of Peoria.

D. Executive Director's Report

Mr. Tenney reported that last week, the CAWCD Water Quality Standards Task Force met for an update on the effort to develop a water quality standard for non-project water introduced into the CAP canal. At the meeting, Mr. Tenney gave an update on AMWUA's stakeholder group's efforts and emphasized the concern of overanalyzing every possible scenario of non-project water being introduced and the importance of regular reviews of the water quality standard and allowing known projects to move forward so we can learn from them. Leslie Meyers of the U.S. Bureau of Reclamation also noted the importance of creating flexibility while recognizing the risk. The Task Force requested that CAWCD staff develop a proposal for how to proceed, present it at a meeting in March, and then allow one month for stakeholders to respond. Mr. Tenney said the understanding is that CAWCD staff will build from AMWUA's stakeholder proposal.

Mr. Tenney stated that CAWCD's Excess Water Task Force presented a recommendation that incorporates AMWUA's proposal for better accounting of excess water to the CAWCD Board and will be voted upon at the March 1st meeting. AMWUA voiced appreciation to the Excess Water Task Force and staff for working with them.

Mr. Tenney reported that at this week's Groundwater Users Advisory Council meeting, ADWR staff stated that the 4th Management Plan for the Phoenix AMA will be further delayed due to staffing changes.

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. Setovich, Mr. Artz unanimously adjourned the meeting at 11:06 a.m.