

BOARD OF DIRECTORS

MEETING MINUTES

April 26, 2018

VOTING MEMBERS PRESENT

Mayor Jim Lane, President, Scottsdale
Councilmember Eddie Cook, Vice President, Gilbert
Mayor Cathy Carlat, Secretary-Treasurer, Peoria
Councilmember Pat Dennis, Avondale, via teleconference
Councilmember Lauren Kuby, Tempe, via teleconference
Councilmember René Lopez, Chandler
Councilmember Joanne Osborne, Goodyear
Councilmember Kevin Thompson, Mesa
Vice Mayor Thelda Williams, Phoenix

VOTING MEMBERS NOT PRESENT—EXCUSED

Councilmember Bart Turner, Glendale

OTHERS PRESENT

Barry Aarons, The Aarons Co.	Sam Jaskolski, AMWUA
Anthony Alejandro, Peoria	Pat Kossan, AMWUA
Cindy Blackmore, Avondale	Elise Kulik, The Aarons Co.
Rob Bohr, Goodyear	Brian Payne, AMWUA
Eric Braun, Gilbert	Stuart Peckham, SRP
Cynthia Campbell, Phoenix	Jessica Perry, Goodyear
Gregg Capps, Chandler	Diana Piña, AMWUA
Alan Dulaney, Peoria	Kathy Rall, Scottsdale
Kathy Ferris, AMWUA	Javier Setovich, Goodyear
Brett Fleck, AMWUA	Tony Staffaroni, CAP
David Iwanski, AZ Water Association	Warren Tenney, AMWUA
Lacey James, Avondale	Carol Ward-Morris, AMWUA

A. Call to Order

Mayor Lane called the meeting to order at 11:09 a.m.

B. General Business – Items for Discussion and Possible Action

1. Approval of the Minutes from the March 22, 2018 Meeting

Upon a motion by Mayor Carlat and a second by Vice Mayor Williams, the AMWUA Board of Directors unanimously approved the March 22, 2018 meeting minutes.

2. Next meeting scheduled: Thursday, May 24, 2018, 11:00 a.m., in the AMWUA office

3. 2018 Legislative Update

Mr. Tenney stated that expectations for any significant water legislation to pass are low, particularly as the Legislature is focused on the budget and education issues.

Mr. Tenney reported that since the last AMWUA Board meeting, there has been an effort to address issues with the Central Arizona Water Conservation District's (CAWCD) claim to sovereign immunity. He said meetings between the Governor's Office and CAWCD have been held but nothing has materialized from those meetings.

Mr. Tenney reported that Legislative Council recently issued a legal opinion that the Arizona Department of Water Resources (ADWR) does not have authority to forbear water. He said ADWR's legal counsel immediately issued a response stating that Legislative Council was erroneously incorrect, citing three cases in which the Legislature has granted ADWR forbearance authority, the most recent having been last year.

Mr. Tenney stated that on Tuesday, AMWUA attended the Arizona Capitol Times' Morning Scoop meeting which was titled, "Troubled Waters." He said it was clear from Senator Griffin and Representative Bowers, who were participating on the panel, that sovereign immunity is not viewed as a priority for them, nor are Colorado River issues.

Regarding Colorado River issues, Mr. Tenney reviewed CAWCD's expressed concern about conserving too much water in Lake Mead and argument that the water level must be kept within a "sweet spot" to generate allowable annual releases from Lake Powell to Lake Mead. He then discussed that CAWCD's promotion of the "sweet spot" directly counters ADWR's position as the lead on Colorado River issues. Mr. Tenney stated that the Upper Basin states found CAWCD's messaging inflammatory and dismissive of collaborative efforts to save water. He said the Upper Basin states wrote a letter to CAWCD addressing their concerns with CAWCD's statements. He noted that Denver Water issued a separate letter stating it is looking to pull out of contributing to the System Conservation Pilot Program; Pueblo Colorado issued a separate letter as well, officially withdrawing from the System Conservation Pilot Program.

Mayor Lane asked if there is any indication from the Governor's Office as to what the plan will be for next year to address CAWCD's claim to sovereign immunity. Mr. Tenney said

he has not directly heard of any plans moving forward other than the ADWR Director stating that he does not want to repeat the same process as that of summer 2017.

Mr. Aarons stated that water legislation was not completely fleshed out in time for the 2018 Legislative Session and there was a lack of time and understanding from the legislators to be able to fully comprehend water issues. He noted that upcoming elections will have an impact on what AMWUA's and the Governor's effectiveness will be next legislative session. He said AMWUA will refine its approach once it is clear what the election results are and who the different committee chairs will be.

Mayor Lane, Mr. Aarons, and Councilmember Lopez discussed that AMWUA needs to regroup, rebuild coalitions, and talk with ADWR in preparation for the next legislative session. Mr. Aarons added that in the current environment with thousands of protestors at the Capitol for teacher pay, it would be difficult to explain water issues to legislators. He said standing down right now is not a bad thing because we are not making enemies. He also emphasized the importance of using the time between legislative sessions to meet with legislative candidates and educate them on water issues before they have a bias on the issue.

Mayor Carlat asked if by standing down, we run the risk of the water conversation being changed and no longer aligning with AMWUA's priorities. Mr. Aarons did not express concern and said the people at the epicenter of the conversation know the priorities in water. He added that it would be helpful to remind urban legislators from Maricopa, Pinal, and Pima counties that the vast majority of Central Arizona Project (CAP) customers' concerns are not being discussed and that AMWUA represents the largest population of those concerns. Councilmember Osborne echoed Mr. Aarons statement about the weight AMWUA's customers hold. Mayor Lane noted that AMWUA's priorities are not just what the organization wants but are beneficial to the State as a whole.

Ms. Ferris stated that it is clear that the entire water community does not support sovereign immunity for CAWCD; AMWUA is not alone on this issue. She noted that Senator Griffin called for "win-win" legislation; however, there is no win-win solution on sovereign immunity because it is a black and white issue. She said the legislation that was put forth this session with proposed comprises would have implied that CAWCD does have sovereign immunity and would open the door for other Title 48 Districts to claim sovereign immunity. She said it is better to have no legislation than bad legislation. Mayor Lane agreed and said AMWUA will hold its position any time sovereign immunity and CAWCD comes up and invite others to join.

Councilmember Cook asked how AMWUA can help the perception of ADWR, so the Department is seen as the authority on Arizona water and legislators can go to ADWR as the source. Mr. Tenney said one way to help would be for AMWUA to continue to work on strategies with its members' intergovs to help elevate the importance of Colorado River issues, so the coordinated voices and consistent message provide support.

Mr. Aarons and Mayor Lane discussed the importance of the Central Arizona Project (CAP) to the State and respectfully disagreeing because the intent is not to destroy the CAP or undermine its work but rather to help. Vice Mayor Williams agreed.

4. Update on Water Quality Standards for Non-Project Water

Mr. Payne shared an overview on the status of the water quality standards for non-project water efforts. He reviewed a timeline of the stakeholder proposal process, an overview of the stakeholder proposal and the CAWCD staff proposal, as well as the points to resolve between the two proposals: equity and certainty versus flexibility; delivery standard versus introductory standard; modifying standards for small projects; Southern Arizona and Salt River Project's (SRP) proposed project; and frequency of review standards. He said the next steps include another meeting among stakeholders, CAWCD, and the Bureau of Reclamation; CAWCD Task Force meeting(s); CAWCD Board recommendation; and the Bureau of Reclamation process and decision.

Mayor Lane and Mr. Payne discussed concerns about strict introductory standards that could impose a lot of costs. Mayor Lane asked if these induction standards are related to the Environmental Protection Agency's (EPA) induction standards on blending water. Mr. Payne said CAP is not currently a Water of the United States subject to EPA Clean Water Act regulation, an issue which CAP staff is working on with outside legal counsel.

Mayor Carlat and Mr. Payne discussed that Southern Arizona stakeholders are very concerned with public perception of water, especially CAP water, so they don't feel they can risk a flexible approach that Central Arizona stakeholders are looking for.

Councilmember Lopez and Mr. Payne discussed scenarios of different introductory water qualities. Mr. Payne reviewed the Central Arizona stakeholder's flexibility approach versus CAWCD staff's proposal which focuses on a stricter introduction standard. He said the approach that is chosen will determine ultimate treatment and cost that project participants will have to incur up front.

5. AMWUA Fiscal Year 2019 Preliminary Draft Budget

Mr. Tenney reported that the Fiscal Year 2019 preliminary draft budget shows an increase of \$48,748 from the current budget, which is a 3.61% increase. He noted that no carryover from the Fiscal Year 2018 budget is anticipated, which equates to a \$62,618, or 4.69%, increase for the total assessment of members. He said the preliminary draft budget included in the meeting packet, along with the information summary, provide detail and summarize each line item noting any changes from last year's budget.

Mr. Tenney stated that this preliminary draft budget was presented to the AMWUA Management Board at its April 11th meeting. He said the Fiscal Year 2019 draft budget

will be presented to the AMWUA Management Board in May for consideration to recommend adoption to the AMWUA Board of Directors on May 24th.

There were no questions or comments raised.

C. Executive Director's Report

Mr. Tenney reported that AMWUA is discussing with the Water Resources Advisory Group (WRAG) to develop fundamental principles that would be critical for a recovery implementation plan. He said working with ADWR and CAP on a recovery plan is a key part of AMWUA's recently adopted Annual Action Plan.

Mr. Tenney stated that SRP had a meeting last week with the water community to review SRP's communication message in response to the extra dry winter to ensure there is a consistent message that emphasizes that the utilities are prepared for drought and there is no need for alarm. He said AMWUA reviewed its own communication messages regarding drought with the Conservation Committee and WRAG. He noted that AMWUA is coordinated with ADWR and SRP and is ready to respond to any media inquiries.

Mr. Tenney reported that recent attempts for congressional funding for the White Mountain Apache Tribe Water Settlement passed in the House but failed in the Senate last week.

Mr. Tenney stated that AMWUA's Finance Group met last week and discussed CAP rates, the AMWUA Budget, member updates, and information sharing.

Mr. Tenney stated that AZ Water Association's Annual Conference will be held May 2-4, 2018.

D. Future Agenda Items

There were no requests for future agenda items.

Mayor Lane recognized Councilmember Osborne's efforts and service on the AMWUA Board of Directors and wished her good luck in her future endeavors as she runs for higher office. Councilmember Osborne thanked the AMWUA Board.

E. Adjournment

Upon a motion by Mayor Carlat and a second by Vice Mayor Williams, Mayor Lane unanimously adjourned the meeting at 12:17 p.m.