

MANAGEMENT BOARD

MEETING MINUTES

May 9, 2018

VOTING MEMBERS PRESENT

Mr. Kevin Artz, Avondale, Chairman
Mr. Brian Biesemeyer, Scottsdale
Ms. Cynthia Campbell for Ms. Karen Peters, Phoenix
Mr. John Knudson, Chandler
Mr. Craig Johnson, Glendale
Ms. Jessica Marlow, Gilbert
Mr. David McNeil for 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	Kathy Rall, Scottsdale
Cindy Blackmore, Avondale	Lacey James, Avondale	Don Sehorn, DPS CPA
Jessica Blazina, Avondale	Sam Jaskolski, AMWUA	Tony Staffaroni, CAP
Eric Braun, Gilbert	Pat Kossan, AMWUA	Drew Swieczkowski, Glendale
Gregg Capps, Chandler	Frank Milam, Phoenix	Warren Tenney, AMWUA
Brian Draper, Mesa	Brian Payne, AMWUA	Theresa Ulmer, Ulmer Consulting
Alan Dulaney, Peoria	Stuart Peckham, SRP	Carol Ward-Morris, AMWUA

A. Call to Order

Mr. Artz called the meeting to order at 10:00 a.m.

B. General Business – Items for Discussion and Possible Action

1. Approval of the Minutes from the April 11, 2018 Meeting

Upon a motion by Mr. Johnson and a second by Mr. Biesemeyer, the AMWUA Management Board unanimously approved the April 11, 2018 meeting minutes.

2. Next meeting scheduled: Wednesday, June 13, 2018, 10:00 a.m., in the AMWUA office

3. 2018 Legislative Update

Mr. Tenney stated that the 2018 Legislative Session ended last week. He said during the session there was a lot of talk about water, but no water legislation of significance passed. He noted that AMWUA took a defensive position as legislators showed little concern for Colorado River issues. He reported that the Fiscal Year 2019 budget appropriated nearly \$16 million for the Arizona Department of Water Resources (ADWR) and 139 full-time employees. He also said the Water Quality Assurance Revolving Fund (WQARF) is planned to receive \$15.5 million.

Mr. Tenney reported that external pressures have put attention on Colorado River issues. He said the Upper Basin states wrote a letter to the Central Arizona Water Conservation District (CAWCD) addressing their concerns with CAWCD's statements and messaging. He added that similar concerns were expressed in a meeting of the Lower Basin states and the Bureau of Reclamation. He noted that other Basin states highlighted that Arizona's internal conflicts are preventing the Drought Contingency Plan (DCP) from moving forward, which is critical for the long-term health of the Colorado River system.

Mr. Tenney stated that the fundamental concern is that ADWR and CAWCD are not coordinated, sending mixed messages to the Legislature and other states. He said events over the last few weeks have made it clear that ADWR needs to take the lead on Colorado River issues and speak as one voice for Arizona. He reported positive news that last week: ADWR and CAWCD released a joint statement that they "are committed to bringing DCP to closure in Arizona by addressing a broad range of issues that respect the concerns of all stakeholders across the State. The discussions between ADWR and CAWCD are only the first step in a process that will expand to include participation by stakeholders."

Mr. Tenney noted that AMWUA is already strategizing with Mr. Aarons and Ms. Ulmer on 2019 legislative efforts including working to build a coalition for support on AMWUA's priority issues, especially the 2025 sunset, and educating urban legislators on the importance of water.

Mr. Aarons and Ms. Ulmer discussed the 2018 legislative session. Mr. Aarons agreed that next legislative session Arizona needs to speak with one voice on water issues. Ms. Ulmer thanked Ms. Campbell, Mr. Tenney, Mr. Aarons, and the cities' intergov staffs for their efforts to communicate and educate legislators this session. Mr. Aarons emphasized the importance of educating legislative candidates on water issues that impact their citizens.

4. Presentation about Agreement between City of Peoria and the Arizona Water Banking Authority

Mr. Dulaney shared a presentation on the City of Peoria-Arizona Water Banking Authority (AWBA) agreement for long-term storage credits (LTSCs). He explained that after discussions in 2017, Peoria and AWBA came to an agreement for 6,500 acre-feet/year, in

which Peoria stores the water; AWBA reimburses Peoria for the cost of storage, including capital charges; and Peoria transfers the LTSCs to AWBA. Mr. Dulaney noted that this agreement is mutually beneficial to the parties for several reasons: AWBA acquires additional LTSCs for firming purposes in Maricopa County, Peoria saves money on capital charges assessed against excess water that is never delivered, and the physical water is stored in the Northwest Valley. Mr. Dulaney reported that this agreement is active from 2018 to 2022, during which Peoria could save \$1.9 million over the life of the agreement.

5. [AMWUA Financial Statements through Third Quarter Ending March 2018](#)

Mr. Tenney reported that as of the third quarter of the fiscal year, AMWUA is showing a year-to-date actual of \$14,395 less than the year-to-date budget. He said it is still anticipated that AMWUA will complete this fiscal year on budget with no carryover.

Mr. Tenney noted that AMWUA has conducted a competitive process to select a new financial and accounting consultant due to Don Sehorn having decided to conclude his consultant work with AMWUA at the end of the fiscal year. He said that last month, AMWUA held interviews with a panel that included Kevin Artz, Avondale's Assistant City Manager and Chair of the AMWUA Management Board; Gina Kirklin, Scottsdale's Enterprise and Finance Director; Don Sehorn, AMWUA's Finance and Accounting Consultant; Diana Piña, AMWUA's Office Manager; and himself. Mr. Tenney reported that the panel will be recommending to the AMWUA Board of Directors that AMWUA enter into an agreement with the firm CliftonLarsonAllen to perform the Association's financial and accounting services.

There were no questions or comments raised.

Upon a motion by Mr. Biesemeyer and a second by Mr. Weber, the AMWUA Management Board unanimously recommended that the AMWUA Board of Directors accept the third quarter financial statements as presented.

6. [AMWUA Fiscal Year 2019 Draft Budget](#)

Mr. Tenney stated that last month the Fiscal Year 2019 preliminary draft budget was presented to the AMWUA Management Board and Board of Directors. He 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 said there is no anticipated carryover from the Fiscal Year 2018, which equates to a \$62,618, or 4.69%, increase for the total assessment to members. There were no questions or comments raised.

Upon a motion by Mr. Weber and a second by Mr. Setovich, the AMWUA Management Board unanimously recommended that the AMWUA Board of Directors adopt the draft Fiscal Year 2019 budget as presented.

C. Management Board Members' Updates

There were no member updates shared.

D. Executive Director's Report

Mr. Tenney reported that on Monday, the AMWUA-facilitated Water Quality Stakeholder group met with CAWCD staff and Reclamation staff and there was a breakthrough that will allow the process to move forward. He explained that it was agreed upon to use the Central Arizona Project's (CAP) proposal as the framework with key changes added, including: water quality standards would be reviewed every five years, CAP would pursue a more robust water quality monitoring program, groundwater projects would be allowed to have startup changing water quality per the monitoring, and Scottsdale's project will start so experience can be gained. He noted that the delivery standards will remain as proposed by the stakeholders while some introductory standards will change, including arsenic, nitrate, and total dissolved solids (TDS). He said it is anticipated that this will be presented as a consensus proposal to the Water Quality Task Force at tomorrow's meeting with the knowledge that additional work will need to be done to flesh out the proposal.

Mr. Tenney reported that AMWUA is discussing with the Water Resources Advisory Group 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 the CAWCD Customer Service Task Force meeting will be held on May 17th at 2:00 p.m.

Mr. Tenney noted that in addition to the agreement for Finance and Accounting Services, AMWUA will be bringing two other agreements to the AMWUA Board of Directors: one to renew lobbying services with The Aarons Company and another to extend communication services with Pat Kossan.

E. Future Agenda Items

There were no requests for future agenda items.

F. Adjournment

With no further items to discuss, upon a motion by Mr. Biesemeyer and a second by Mr. West, Mr. Artz unanimously adjourned the meeting at 10:41 a.m.