

MANAGEMENT BOARD

MEETING MINUTES

October 10, 2018

VOTING MEMBERS PRESENT

Mr. Kevin Artz, Avondale, Chairman
Mr. John Knudson, Chandler, Vice Chairman
Mr. David Burks, Peoria
Mr. Craig Johnson, Glendale
Ms. Jessica Marlow, Gilbert
Ms. Karen Peters, Phoenix
Mr. Kevin Rose for Mr. Brian Biesemeyer, Scottsdale
Ms. Holly Rosenthal, Tempe
Mr. Jake West, Mesa

VOTING MEMBERS NOT PRESENT—EXCUSED

Mr. Javier Setovich, Goodyear

OTHERS PRESENT

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| Gretchen Baumgardner, Tempe | Kathy Ferris, AMWUA | Clark Princell, Phoenix |
| Anthony Beckham, SRP | Brett Fleck, AMWUA | Tony Staffaroni, CAP |
| Jessica Blazina, Avondale | Sam Jaskolski, AMWUA | Warren Tenney, AMWUA |
| Gregg Capps, Chandler | Frank Milam, Phoenix | Theresa Ulmer, Ulmer Consulting |
| Brian Draper, Mesa | Stuart Peckham, SRP | Carol Ward-Morris, AMWUA |
| Alan Dulaney, Peoria | Diana Piña, 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 September 12, 2018 Meeting

Upon a motion by Mr. Johnson and a second by Ms. Marlow, the AMWUA Management Board unanimously approved the September 12, 2018 meeting minutes.

2. Next meeting scheduled: Wednesday, November 14, 2018, 10:00 a.m., in the AMWUA office

3. Status of Lower Basin Drought Contingency Plan and DCP Steering Committee

Mr. Tenney shared an update on the Lower Basin Drought Contingency Plan (DCP). He said the Arizona Department of Water Resources (ADWR) and the Central Arizona Project (CAP) have been holding small group meetings with different sectors, including a meeting yesterday with municipalities who have Non-Indian Agriculture (NIA) priority water. He reported that AMWUA is engaged with other municipal interests to find solutions, though developing solutions has been challenging as current proposals have put municipalities on the defense.

Mr. Tenney stated that implementing DCP in Arizona hinges on the issue of ag mitigation. He noted that homebuilders also want mitigation for DCP impacts. He reported that in response, ADWR and CAP have emphasized a set of tools to pull water together for a “mitigation pool,” which includes incentivizing existing users to order less of their Non-Indian Agricultural (NIA) water, so it can go to Pinal County Ag. Mr. Tenney said this ag mitigation proposal bypasses the priority system, a system that provides certainty for how Colorado River water is delivered by CAP. He noted that NIA water is a critical component of the AMWUA members’ water portfolios and seven of AMWUA’s members have NIA water that is being used today. He added that being asked to modify the priority system sets a troubling precedent for the future.

Mr. Tenney stated that some have suggested that cities do not want to feel the effects of DCP; however, under DCP, municipalities are already agreeing to earlier supply cuts as shortage progresses, to lose certainty on recent allocations for additional NIA water, and to pay higher costs for water delivered by CAP during DCP shortages.

Mr. Tenney noted that AMWUA is willing to be engaged in Ag mitigation efforts because it knows the impacts and understands Ag’s concerns about losing Colorado River water sooner than expected. He said AMWUA feels these mitigation efforts can be done without asking cities to undermine the work they have done over the last 35 years. He stated that AMWUA has been suggesting mitigation tools that benefit Pinal County farmers and has been supportive of two-way agreements and securing funding mechanisms that will allow farmers to access and develop their existing water rights to the groundwater supplies that they currently do not fully utilize.

Mr. Tenney said as the DCP process progresses, AMWUA needs its members to continue to convey the message that they are willing to support DCP as long as it protects the Colorado River system as well as Arizona’s established priority system and water rights. He stated that both can be achieved if all parties continue to focus on what benefits Arizona long-term.

Mr. Knudson and Mr. Tenney discussed that Pinal Ag would need three to four years of additional supplies to help transition from surface water to groundwater. Mr. Tenney said

there has been concern that going to groundwater too soon would make the land less valuable for future development.

4. Agenda for 2019 Legislative Session

Mr. Tenney stated that in an effort to build upon the Legislative Policies and Procedures approved by the AMWUA Board of Directors in 2015, AMWUA staff and its Legislative Contractor developed a legislative agenda for the 2019 session. He said this agenda identifies key issues that AMWUA members can incorporate into their individual legislative agendas. He described the three proposed items on the agenda: Colorado River system; reclaimed water and recharge; and Arizona water management.

Ms. Peters stated that she endorses this focused approach and discussed the importance of the cities and water in regard to the long-term economic sustainability of the State and the cities. Mr. Burks agreed and noted that Ag will be lobbying hard, and the cities in addition to AMWUA need to do the same.

Ms. Rosenthal said Ag will have all of the numbers to justify their benefit to the State and asked if AMWUA has numbers prepared to add to that discussion. Mr. Tenney stated that AMWUA is working on that effort. He added that AMWUA has been working closely with its members' intergov staff and their discussions have included voicing the repercussions of weakening the Phoenix area's water on the State's economy.

Upon a motion by Ms. Rosenthal and a second, the AMWUA Management Board unanimously recommended that the AMWUA Board of Directors adopt the proposed agenda for the 2019 legislative session.

5. Communications Efforts & Communications Specialist Position

Mr. Tenney stated that AMWUA entered into a professional services agreement with Pat Kossan five years ago to assist in elevating AMWUA's communications efforts. He reported that Ms. Kossan is retiring in December and AMWUA proposes moving from using a communications consultant to having an in-house communications specialist to continue to build upon the Association's communications and messaging efforts.

Upon a motion by Ms. Peters and a second by Mr. Burks, the AMWUA Management Board unanimously recommended that the AMWUA Board of Directors approve the communications specialist position.

C. Management Board Members' Updates

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

Gilbert: Ms. Marlow reported that the Gilbert Town Council adopted new water and wastewater fees. She said this is the first rate increase the Town has adopted since 2009.

Phoenix: Ms. Peters reported that the City of Phoenix's Notice of Intent to increase water rates by 6 percent in 2019 and 6 percent in 2020 was unanimously endorsed yesterday by its water rate advisory committee.

D. Executive Director's Report

There was no executive director's report shared.

E. Future Agenda Items

There were no requests for future agenda items.

F. Adjournment

With no further items to discuss, Mr. Artz adjourned the meeting at 10:47 a.m.