



Public Notice Pursuant to A.R.S. § 38-431.02
**ARIZONA MUNICIPAL WATER USERS ASSOCIATION
BOARD OF DIRECTORS**

MEETING NOTICE AND AGENDA

Thursday, March 28, 2019 – 11:00 a.m.

**Arizona Municipal Water Users Association
Board Conference Room
3003 North Central Avenue, Suite 1550
Phoenix, Arizona 85012**

A. Call to Order

B. General Business—Items for Discussion and Possible Action

1. Approval of the Minutes from the February 28, 2019 Meeting
2. Schedule Next Meeting Date: Thursday, April 25, 2019, 11:00 a.m.
3. 2019 Legislative Session
4. Status of Lower Basin Drought Contingency Plan
5. Colorado River Shortage Awareness Campaign
6. Fiscal Year 2020 Annual Action Plan

C. Executive Director's Report

D. Future Agenda Items

E. Executive Session

Pursuant to A.R.S. Section 38.431.03.A.1, the AMWUA Board of Directors may vote to convene in Executive Session to discuss the annual evaluation of the AMWUA Executive Director.

F. Consideration of Action Pursuant to Executive Session

G. Adjournment

*The order of the agenda may be altered or changed by the AMWUA Board of Directors. Members of the AMWUA Board of Directors will attend either in person or by telephone or internet conferencing.

More information about AMWUA public meetings is available in the AMWUA office, online at www.amwua.org/what-we-do/public-meetings, or by request.

Arizona Municipal Water Users Association



BOARD OF DIRECTORS
MEETING MINUTES
February 28, 2019

VOTING MEMBERS PRESENT

- Mayor Cathy Carlat, Secretary-Treasurer, Peoria
- Councilmember Eddie Cook, Vice President, Gilbert, via teleconference
- Vice Mayor Lauren Kuby, Tempe
- Councilmember Sheri Lauritano, Goodyear
- Councilmember René Lopez, Chandler
- Councilmember Kevin Thompson, Mesa
- Councilmember Bart Turner, Glendale

VOTING MEMBERS NOT PRESENT

- Councilmember Curtis Nielson, Avondale
- Mayor Jim Lane, President, Scottsdale
- Mayor Thelda Williams, Phoenix

OTHERS PRESENT

- | | | |
|------------------------------|----------------------|---------------------------------|
| Barry Aarons, The Aarons Co. | Alan Dulaney, Peoria | John Raeder, Goodyear |
| Patrick J. Adams, AMWUA | Kathy Ferris, AMWUA | Javier Setovich, Goodyear |
| Anthony Alejandro, Peoria | Brett Fleck, AMWUA | Tony Staffaroni, CAP |
| Anthony Beckham, SRP | Sam Jaskolski, AMWUA | Warren Tenney, AMWUA |
| Jessica Blazina, Avondale | Ryan Lee, Glendale | Sheri Trapp, AMWUA |
| Ned Blum, CLA | Frank Milam, Phoenix | Emily Webb, Avondale |
| Gregg Capps, Chandler | Diana Piña, AMWUA | Theresa Ulmer, Ulmer Consulting |

A. Call to Order

Mayor Carlat called the meeting to order at 11:12 a.m.

B. General Business – Items for Discussion and Possible Action

1. Approval of the Minutes from the January 24, 2019 Meeting

Upon a motion by Councilmember Turner and a second by Councilmember Thompson, the AMWUA Board of Directors unanimously approved the January 24, 2019 meeting minutes.

2. Next meeting scheduled: Thursday, March 28, 2019, 11:00 a.m., in the AMWUA office

3. 2019 Legislative Session

Mr. Tenney reported that AMWUA accomplished much of its 2019 legislative agenda with the passing of the Drought Contingency Plan (DCP) and the removal of the 2025 sunset for effluent recharge credits.

Mr. Tenney reported that at the last AMWUA Board of Directors meeting, the AMWUA Board unanimously supported House Bill (HB) 2394 and HB 2464. He said HB 2394 would have updated Arizona's water efficiency standards for indoor water fixtures, but it did not pass out of committee. He said HB 2464 would raise the threshold for requiring voter authorization to accept Water Infrastructure Finance Authority (WIFA) loans from 50,000 to 150,000 residents. He reported that HB 2464 passed out of the House and is in the Senate.

Mr. Tenney stated that since last month's meeting, 35 water-related bills have been introduced. He said the AMWUA Management Board reviewed 22 of those bills at its last meeting, and many of those bills are no longer moving forward.

Mr. Tenney reviewed the following five bills that AMWUA supports:

- HB 2428: would require counties and cities to install water-free urinals in all new construction or remodeling of existing public buildings. AMWUA recommended supporting this bill, if it can be amended to require either a water-free urinal or to allow urinals with the WaterSense label. Since then, the sponsor has said he would like to amend the bill to address urinals in the House and Senate buildings as a pilot program. AMWUA will be working with Representative Thorpe to ensure the correct language is passed.
- HB 2591: seeks money from the state general fund for the Water Quality Assurance Revolving Fund (WQARF). AMWUA has supported similar legislation in the past to fund WQARF. This bill did not pass out of Appropriations.
- HB 2580 & SB 1450: would appropriate \$15 million from the state general fund for the Game and Fish Commission to provide grants to municipalities and other political jurisdictions to eradicate invasive vegetation. The projects must assist in fire and flood prevention. These bills are moving forward.

- SB 1477: would direct the State Land Commission and State Forester to remove hazardous vegetation on state land for fire suppression and watershed management. This bill is moving.

Mr. Aarons and Councilmember Lopez discussed concerns with the language of HB 2428. Councilmember Turner noted the City of Glendale has been discussing updating its building code and one idea included adding conservation measures for fixtures with conditions based upon building size and savings. Councilmember Thompson and Mr. Aarons discussed that a bill is not needed for a pilot program and that this bill is a demonstration of support for conservation measures.

Mr. Tenney reviewed the following bills that AMWUA has opposed: HB 2111 Striker, HB 2586, and HB 2609.

Mr. Tenney stated that HB 2111 Striker would allow a county that is not in an Active Management Area (AMA), through a unanimous vote of its county board of supervisors, to vote not to readopt the mandatory 100-year adequate water supply requirement. He said this bill is similar to the bills that then-Senator Griffin introduced in 2016 and 2018 that AMWUA opposed. He reported that this bill is moving forward.

Mr. Tenney stated that HB 2586 would alter the Groundwater Code and Central Arizona Groundwater Replenishment District (CAGR) statutes, significantly undermine the assured water supply requirements, and put undue pressure on the Arizona Department of Water Resources (ADWR) Director to approve transfers and leases of Colorado River water to CAGR.

Mr. Tenney reported that following the House Natural Resource Committee meeting, AMWUA attended a meeting to discuss HB 2586 where AMWUA outlined its concerns about what the bill would do regarding an analysis of assured water supply in Pinal County and how it changes criteria for assured water supply determination. Following the meeting, AMWUA sent a letter to the bill's sponsor, Representative Cook, to outline the Association's concerns.

Mr. Tenney said yesterday evening, proponents of the bill offered to make adjustments based upon AMWUA's concerns and he agreed to discuss this offer with the AMWUA Board of Directors.

Mr. Tenney and the AMWUA Board of Directors discussed HB 2586, including the proposed changes, and noted appreciation for the invitation to collaborate. The AMWUA Board of Directors maintained that water legislation impacting something as critical to Arizona as the Assured Water Supply regulations needs to be fully vetted in the water community before, not during, a legislative session. The importance of ADWR involvement in the formulation of this bill was also noted.

Mr. Aarons expressed concern for precedent set by HB 2586, regardless of the bill's "no precedent" component. Ms. Ferris agreed.

Ms. Ulmer stated that she feels the act of proponents of the bill coming to AMWUA shows that AMWUA's opposition is impactful. She reiterated that it is important for ADWR to weigh in on the bill.

Councilmember Lopez and Councilmember Lauritano expressed concern for precedent set by HB 2586 and said a neutral position does not help AMWUA. Vice Mayor Kuby and Councilmember Turner agreed.

Mr. Tenney stated that HB 2609 would add a provision to statute allowing private water companies to withdraw groundwater from purchased land in the Harquahala irrigation non-expansion area (INA) and transport that water to an initial AMA where previously only political subdivisions of the state could purchase land and transfer the groundwater to AMAs. He noted that the AMWUA Management Board's main concern is that HB 2609 deepens the acceptable level of the water table for groundwater pumping from 1,000 feet below ground to 1,500 feet. Mr. Tenney reported that subsequent to the AMWUA Management Board meeting, AMWUA staff spoke with the bill's supporters. He said since the Harquahala INA has been designated as a basin in which water can be transferred from, the supporters believe it provides a supply of wet water that could be utilized and pumping to the depth of 1,500 feet would allow access to a larger wet water supply. Mr. Tenney stated that AMWUA staff proposes that AMWUA's position remain opposed because ADWR has not weighed in on this bill.

Mayor Carlat expressed concern for the consequences of drilling deeper.

Ms. Ferris said groundwater transfers have been a hot issue and this has not been vetted or studied, similar to HB 2586.

Councilmember Turner commented on the importance of withholding support until ADWR weighs in, so we have all the information and considerations available before we are willing to support something.

Councilmember Thompson and Mr. Aarons discussed striker bills and legislative process and strategy.

Councilmember Lopez and Mr. Tenney discussed that Senate Bill (SB) 1178 is not moving forward. Ms. Ulmer encouraged anyone who is interested in SB 1178 to contact Senator Otondo because she is passionate about the bill and will bring it back in the future.

Upon a motion by Councilmember Lopez and a second by Councilmember Thompson, the AMWUA Board of Directors unanimously took the following legislative positions:

Support: HB 2009; HB 2110—STRIKER; HB 2013; HB 2428—if amended; HB 2396/SB 1544; HB 2464; HB 2477; HB 2484/SB 1221; HB 2580/SB 1450; HB 2591; HB 2592; SB 1477; SB 1478; SB 1554; HR 2002

Oppose: HB 2111—STRIKER; HB 2449; HB 2476; HB 2586; HB 2609

Monitor: HB 2143; HB 2225; HB 2397/SB 1369; HB 2434; HB 2475; HB 2467; HB 2468; HB 2590; HB 2595; HB 2630/SB 1370; SB 1198

4. Status of Lower Basin Drought Contingency Plan

Mr. Tenney reported that the Governor signed legislation to authorize Arizona's participation in DCP on January 31, 2019. He expressed disappointment that the U.S. Bureau of Reclamation (Reclamation) did not give more acknowledgement to Arizona for achieving legislative approval. He said Reclamation cited intrastate agreements needing to be completed, so Arizona is not done. Mr. Tenney reported that Mr. Buschatzke and Mr. Cooke sent a letter to Reclamation in response explaining that Arizona is done and in support of DCP and those intrastate agreements will be completed.

Mr. Tenney stated that ADWR, the Central Arizona Project (CAP), the Tribes, and other stakeholders continue to work on agreements for implementing DCP within Arizona.

Mr. Tenney reported that the Secretary of the Interior has announced in the Federal Register that the United States is prepared to solicit recommendations from the governors of the seven Colorado River Basin States on federal actions to reduce risk to the Colorado River Basin in the absence of DCP. He said the comment period will be open from March 4 to March 19, 2019. Mr. Tenney said California is now the main focus for completing DCP as the Imperial Irrigation District (IID) is holding out on signing in an effort to get \$200 million to restore the Salton Sea. He said the Basin States are looking to see if there is a possibility to move forward with DCP without IID, similar to Minute 319.

Mayor Carlat, Mr. Tenney, Vice Mayor Kubby, Ms. Ferris, Councilmember Thompson, Councilmember Lauritano, and Councilmember Lopez discussed the IID's position, senior water rights, and the history, use, and potential environmental hazards of the Salton Sea.

5. AMWUA Quarterly Financial Statements – Second Quarter

Mr. Tenney reported that AMWUA's financial statements for the second quarter of Fiscal Year 2019 show that AMWUA is operating within the resources provided. He noted that the majority of the budget line items are either at or below the approved budget for this fiscal year and the differences are primarily due to the timing of the expenses in relation to the year-to-date totals and should even out by fiscal year end. He reported that the

Water Conservation line item is showing over budget due to the \$50,000 contribution to the *Water—Use It Wisely* campaign; however, that is offset by the \$50,000 over budget in revenue due to the Arizona Department of Water Resources (ADWR) reimbursement.

Mr. Tenney stated that at its February 13th meeting, the AMWUA Management Board unanimously recommended that the AMWUA Board of Directors accept the second quarter financial statements as presented.

Upon a motion by Councilmember Turner and a second by Councilmember Lopez, the AMWUA Board of Directors unanimously accepted the second quarter financial statements as presented.

C. Executive Director’s Report

Mr. Tenney reported that the Governor’s Water Augmentation Council has been changed to the Governor’s Water Augmentation Innovation Conservation Council and it will be meeting next week. He said all members of the original Council are on the new Council, including himself.

Mr. Fleck gave an informational update on precipitation, snowpack, and the statuses of the Colorado River system and the Salt and Verde River systems.

Mr. Tenney noted that the AMWUA Board of Directors should anticipate a longer meeting next month, as it will cover legislation, the AMWUA Annual Plan, and the Executive Director’s annual performance appraisal.

D. Future Agenda Items

There were no requests for future agenda items.

E. Adjournment

Mayor Carlat adjourned the meeting at 12:23 p.m.



BOARD OF DIRECTORS
INFORMATION SUMMARY
March 28, 2019

2019 Legislative Session

ANNUAL PLAN REFERENCE

Legislation

Strategic Plan: Objectives – Advocate for Solutions, Safeguard Water Supplies, Reinforce Groundwater Management, Prepare for Impacts of Drought & Shortage; Collaboration – Legislature, Arizona Department of Water Resources, Central Arizona Project, Salt River Project, Water Community, and Business Community

Actions:

- Identify and track water legislation and other legislation of interest to our members.
- Analyze and respond to legislation that impacts our members by taking positions, working with Legislators and Congressional Delegation, and engaging the media and public as needed.

SUMMARY

The legislative session is moving forward. The next major legislative deadline is March 29, 2019, the last day for House consideration of Senate bills and Senate consideration of House bills, though still subject to exceptions.

This summary will first discuss the key water legislation that AMWUA is tracking closely. The summary then lists other legislation that the AMWUA Board of Directors has taken a position on that is moving through the legislative process. The remainder of this summary will review legislation that, at the present time, appears to be not moving forward. AMWUA staff would be pleased to answer any questions the AMWUA Board of Directors may have regarding the bills included in this summary and any others.

RECOMMENDATION

It is recommended that the AMWUA Board of Directors discuss and ask questions regarding legislation impacting AMWUA's members.

Key Water Legislation

HB 2111 Striker: carbon dioxide emissions committee; repeal (Griffin). This striker would allow a county that is not in an Active Management Area (AMA), through a unanimous vote of its county board of supervisors, to vote not to readopt the mandatory 100-year adequate water supply requirement. Upon rescinding the provision, the county would not be able to readopt the adequacy requirements for five years.

The original bill was modified in committee with a strike everything amendment on February 19, 2019. This bill is similar to legislation introduced by Representative Griffin in 2016 and 2018 that AMWUA opposed.

AMWUA Position: Oppose

Status: Retained on House Committee of the Whole (COW) Calendar 2/28/19

HB 2428: no-water urinals required; public buildings (Thorpe). This bill establishes that counties and municipalities must require the installation of water-free or ultra-low water use (≤ 0.5 gallon) urinals in all new construction or remodeling of existing public buildings where costs exceed \$10,000. The bill also mandates that within two years after the effective date of the legislation, all flushable urinals located in state buildings shall be replaced with the alternative fixtures. This bill has since been amended and Representative Thorpe has expressed that his intention is to execute a pilot test of the low water use fixtures in the House and Senate buildings; however, as written, the amendment would still require municipalities and counties to replace existing restroom fixtures upon initiating any new construction or renovation of existing buildings where costs exceed \$10,000. AMWUA is seeking clarification and amendments to HB 2428 so that AMWUA can support this bill.

AMWUA Position: Support, if amended.

Status: Passed Natural Resources Energy & Water (NREW) Committee 2/19/19

HB 2464: water infrastructure finance; municipal approval (Shope). The Water Infrastructure Finance Authority (WIFA) is an Arizona state agency that provides low interest loans for water and wastewater infrastructure improvement. Under current law, any city or town with a population of more than 50,000 must request voter authorization in order to accept a WIFA loan. HB 2464 raises this threshold, changing the requirement to apply to cities or towns with populations greater than 150,000.

AMWUA Position: Support

Status: Assigned to Senate Consent Calendar 3/11/19

HB 2580 | SB 1450: grants; invasive vegetation reduction (HB: Osborne | SB: Kerr). These bills would appropriate \$15 million from the state general fund for the Game and Fish Commission to provide

grants to municipalities, counties, tribes, and political subdivisions of the State for projects to eradicate invasive vegetation. The projects must assist in fire and flood prevention and conservation of water and wildlife habitat.

AMWUA Position: Support

Status: HB 2580 assigned to Senate Committees 3/4/18 | SB 1450 transmitted to House 2/28/19

HB 2586: groundwater replenishment; water supply; credits (Cook). This bill raises concerns about how it would undermine the assured water supply requirements and set a negative precedent for all AMAs. Following the House Natural Resource Committee meeting, AMWUA attended a meeting to discuss the bill where we outlined our concerns about what the bill would do regarding an analysis of assured water supply in Pinal County and how it changes criteria for assured water supply determination. Following the meeting, AMWUA sent a letter to the sponsor, Representative Cook, to outline our concerns.

Before the February 28, 2019 AMWUA Board of Directors meeting, proponents of the bill offered to make adjustments based upon AMWUA's concerns. The AMWUA Board of Directors discussed HB 2586 including the proposed changes and noted appreciation for the invitation to collaborate. The offered changes are positive, but do not fully address AMWUA's concerns, including the lack of Arizona Department of Water Resources (ADWR) involvement in the formulation of this bill. The AMWUA Board of Directors maintained that water legislation impacting something as critical to Arizona as the Assured Water Supply regulations needs to be fully vetted in the water community before, not during, a legislative session.

Subsequently, the sponsor suggested holding the bill and having an ad hoc committee convene this summer to develop a solution to the issues raised in HB 2586. AMWUA has voiced its support for participating in such an effort.

AMWUA Position: Oppose

Status: Retained on House COW Calendar

HB 2609: Harquahala non-expansion area; groundwater transfer (Peterson & Cook). This bill adds a provision to statute allowing private water companies to withdraw groundwater from purchased land in the Harquahala irrigation non-expansion area (INA) and transport that water to an initial AMA. Previously, only political subdivisions of the state could purchase land and transfer the groundwater to AMAs. HB 2609 also deepens the acceptable level of the water table for groundwater pumping from 1,000 feet below ground to 1,500 feet.

The AMWUA Board of Directors took a position to oppose HB 2609 because like HB 2586, these issues and their implications warrant a broader stakeholder discussion outside of the legislative session. Subsequently, Speaker Bowers convened a meeting with stakeholders to discuss the bill. La Paz County interest expressed concern about increasing the amount of water that could be

transferred from the Harquahala non-expansion area by adding private water companies to other entities that can transfer groundwater. A portion of the Harquahala is in La Paz County, which is worried about lost economic opportunities by moving water out of the County. Speaker Bowers requested La Paz County representatives come back with an idea of how much water La Paz County needs for its economic development. It was agreed in the meeting to leave the current allowed groundwater pumping level at 1,000 feet and to ensure that the definition for private water companies is referring to public service corporations regulated by the Arizona Corporation Commission.

AMWUA Position: Oppose

Status: Passed House COW 2/27/19

SB 1477: appropriation; best land management practices (Otondo and 16 others). This bill directs the State Land Commissioner and State Forester to establish a program promoting best land management practices for the removal of hazardous vegetation on state land for the purposes of fire suppression and watershed management. SB 1477 amends the program requirements to specifically include a plan for removal of hazardous vegetation from federal and tribal lands for the purposes of protecting infrastructure and municipal water supplies. The bill would appropriate \$4 million from the state general fund for the program.

AMWUA Position: Support

Status: Transmitted to House 3/4/19

Other Legislation

HB 2009: navigable stream adjudication commission; extension (Griffin and 12 others). This bill extends the legislative authorization for the Arizona Navigable Stream Adjudication Commission (ANSAC) for four years to June 30, 2024. The ANSAC is charged with determining which of Arizona's rivers and streams were navigable at time of statehood. If determined to be navigable at time of statehood, the land beneath the watercourse is subject to ownership by the State to be held in public trust. If non-navigable, the watercourse is subject to ownership by the person whose property it crosses. The commission was previously scheduled to sunset on June 30, 2020.

AMWUA Position: Support

Status: Transmitted to Governor 3/19/19

HB 2013: appropriation; Arizona water protection fund (Griffin & Townsend). This bill would appropriate \$1 million from the state general fund in Fiscal Year 2019-20 to the Arizona Water Protection Fund. The Arizona Water Protection Fund is a state-run program administered by ADWR that funds projects to protect and enhance water quality and quantity in Arizona's rivers, streams, and riparian areas. Some of these efforts include revegetation, erosion control, channel

stabilization, research, and water conservation. AMWUA has supported this legislation in previous years.

AMWUA Position: Support

Status: Passed Senate Water and Agriculture (WAG) Committee 3/7/19

HB 2098 Striker: delinquent property taxes; payment plans (Cook). This striker, originally introduced as HB 2590, would appropriate \$20 million from the state general fund in Fiscal Year 2019-20 for the development of groundwater infrastructure projects in Pinal County.

AMWUA Position: Monitor

Status: Passed Senate Appropriations Committee 3/12/19

HB 2467: west basin water users; committee (Cobb). This bill provides for the establishment of a West Basin Water Users Committee to serve Mohave and La Paz counties. Comprised of elected officials and other water-use stakeholders, the Committee is tasked with reviewing groundwater withdrawal data and recommending programs and policies to ADWR for the regional groundwater basins. The Committee is required to submit a report on its findings to ADWR, the Governor, and the Legislature by December 31, 2021. The Committee terminates on July 1, 2022.

AMWUA Position: Monitor

Status: Assigned to Senate committees 3/12/19

HB 2475: water use; criminal penalty; wells (Bowers). Arizona law classifies the act of unauthorized “taking water that another is entitled to” as a Class 2 Misdemeanor. This bill exempts a person from criminal charges for taking water, including subflow of a river or stream, through a registered well.

AMWUA Position: Monitor

Status: Held in Senate WAG Committee 3/14/19

HB 2477: adjudication statutes; unconstitutional provisions; repeal (Bowers). In 1995, the Arizona State Legislature enacted multiple bills with the intent of simplifying and expediting the General Stream Adjudication. After passage, these bills were legally challenged in the Supreme Court by multiple parties. The Court ultimately found that some of the legislative provisions affecting water rights and the adjudication were unconstitutional. HB 2477 repeals the provisions of statute that were deemed unconstitutional by the Arizona Supreme Court in 1999 but have remained in State statute to the present day.

AMWUA Position: Support

Status: Passed Senate Rules Committee 3/18/19

HB 2484 | SB 1221: irrigation grandfathered right; containerized plants (HB: Griffin | SB: Kerr). These bills state that in an initial AMA, a person who holds a certificate of irrigation grandfathered right may exercise that right to withdraw groundwater to water plants in containers on or above the ground surface. Among other things, these bills also require the right holder to separately measure any groundwater used for watering plants in containers and groundwater for irrigation; however, the total amount of water may not exceed the amount allowed by the irrigation water duty for the farm.

AMWUA Position: Support

Status: HB 2484 was substituted for SB 1221 and signed by Governor 2/19/19

HR 2002: Arizona water professionals appreciation week (Gabaldón). Designates April 14-20, 2019 as Arizona Water Professionals Appreciation Week to express gratitude and appreciation for the water professionals who contribute to the delivery and management of Arizona's safe and reliable water supplies.

AMWUA Position: Support

Status: Has not been heard in committee

Stalled Legislation

HB 2110 Striker: water efficient plumbing (Engel and six others). This striker, originally introduced as HB 2394, updates Arizona's water efficiency standards for indoor water fixtures, starting in 2020. Arizona's efficiency requirements for plumbing fixtures have not been updated since they were last aligned with federal standards in 1992. HB 2110 striker would bring these efficiency standards into alignment with the voluntary Environmental Protection Agency WaterSense standards, a national water efficiency certification program.

AMWUA testified in support of this bill; however, the House NREW Committee rejected HB 2110 along party lines.

AMWUA Position: Support

Status: Failed in NREW Committee 2/19/19

HB 2143: water, west basin advisory councils (Cobb & Biasiucci). This bill provides for the establishment of a Mohave County West Basin and a La Paz County West Basin Water Users Advisory Council, each made up of 10 appointed members. The Councils are tasked with reviewing groundwater withdrawal data and recommending programs and policies to ADWR for the regional groundwater basins. The Councils are required to submit a report of their respective findings to

ADWR, the Governor, and the Legislature by December 31, 2022. The Councils terminate on July 1, 2027.

AMWUA Position: Monitor

Status: Awaiting committee assignment

HB 2225: exempt wells; capacity (Blanc, Chavez, Peten). The Groundwater Code defines exempt wells as those with a maximum pumping capacity of less than 35 gallons per minute (gpm) used to withdraw groundwater for non-irrigation uses. These wells are exempt from most of the provisions of the Groundwater Code. This bill alters that criterion, changing the threshold for exemption to a maximum capacity of 20 gpm of pumping capacity.

AMWUA Position: Monitor

Status: Awaiting committee assignment

HB 2396 | SB 1368: water; well metering; nonexempt wells (HB: Engel | SB: Mendez). These bills mandate measuring and annual reporting for nonexempt groundwater wells throughout the state. Nonexempt wells include those with a pumping capacity greater than 35 gpm. Current law contains no measuring requirements for wells outside of the AMAs or INAs except for a person who withdraws groundwater for transportation to an initial AMA.

AMWUA Position: Support

Status: HB 2396 awaiting committee assignment | SB 1368 assigned to committee 2/4/19

HB 2397 | SB 1369: water adequacy requirements; statewide applicability (HB: Engel | SB: Mendez and five others). This bill would mandate that counties outside of the AMAs adopt an adequate water requirement for subdivided lands within the county. Currently, counties outside of an AMA have an option to adopt the mandatory adequacy provisions upon unanimous vote of the county board of supervisors.

AMWUA Position: Monitor

Status: HB 2397 assigned to committee 1/30/19 | SB 1369 assigned to committee 2/4/19

HB 2434: Colorado River Transfers; limitation (Cobb). This bill would add statutory language prohibiting the transfer of any Priority 4 Colorado River water from Mohave County irrigation and water conservation districts to any other county that does not border the Colorado River. Transfers from Mohave County to La Paz or Yuma counties would not be prohibited.

AMWUA Position: Monitor

Status: Awaiting committee assignment

HB 2449: adequate water supply; county review (Griffin). This bill would allow a county that is not in an AMA, through a unanimous vote of its county board of supervisors, to vote not to readopt the mandatory 100-year adequate water supply water requirement, if certain conditions are met. The conditions, which must be met by the county or largest city in the county, include participation in the following: groundwater recharge, reclaimed water reuse, water conservation programs, and use of low water use plants in certain publicly owned areas. This bill reflects proposals that were put forth in the 2016 and 2018 legislative sessions and opposed by AMWUA.

AMWUA Position: Oppose

Status: Assigned to committee 2/7/19

HB 2468: Colorado River transfers; emergency rulemaking (Cobb). Requires the Director of ADWR to adopt an emergency rule that describes the policies and procedures of the Department when providing review and consultation of any transfers of Colorado River water rights and contracts. The emergency rule would also be required to outline the criteria the Department will use to evaluate any proposed transfers, leases, or allocations of mainstream Colorado River water.

Current law (A.R.S. § 45-107(D)) already requires that any party preparing to transfer an allocation or entitlement of Colorado River water is obligated to submit the proposed contract to the Director of ADWR for review prior to its execution. ADWR presently operates under Substantive Policy Statement CR10 which governs the procedures for obtaining Departmental consultation and outlines the criteria that the Department uses to evaluate water transfers. The Director of ADWR adopted CR10 on January 16, 2019 and revised previous substantive policy statements on this issue.

AMWUA Position: Monitor

Status: Awaiting committee assignment

HB 2476: surface water forfeiture; repeal (Bowers). Under Arizona law, the owner of a water right that fails to put the appropriated water to beneficial use for five consecutive years forfeits that right. This is a primary tenant of western water law and can be found within the statutes of 16 western states. HB 2476 would remove this statutory provision, which could have a wide impact on nearly every water right in the state, and the proceedings of the General Stream Adjudication. This change conflicts with a prior Arizona Supreme Court ruling that found a previous attempt to retroactively modify the forfeiture of water rights through legislative changes to be unconstitutional.

The bill also removes statutory clauses that specifically protect certain types of beneficial use for surface waters of the state, including underground storage and the exchange of effluent or Central Arizona Project water for surface water. While removal of these beneficial use protections may be

congruent with removing all grounds for water right forfeiture, AMWUA staff is cautious of any legislation that would eliminate safeguards on underground storage or water exchanges as beneficial uses.

AMWUA Position: Oppose

Status: Held in committee 2/19/19

HB 2591: appropriation; WQARF (HB: Gabaldón). This bill appropriates \$20 million from the state general fund to the Water Quality Assurance Revolving Fund (WQARF) in Fiscal Year 2019-20. WQARF is a state-sponsored program established by the Legislature and administered by the Arizona Department of Environmental Quality to clean up hazardous soil and groundwater contamination.

AMWUA Position: Support

Status: HB 2591 passed NREW Committee 2/19/19

HB 2592: appropriation; DWR; hydrologists (Gabaldón). This bill would appropriate \$6.1 million to ADWR for the purpose of hiring hydrologists and other support staff. ADWR has stated that it faces challenges in competing with California for the hiring of technical hydrologic staff.

AMWUA Position: Support

Status: Awaiting committee assignment

HB 2595: adequate water supply; designation; standards (Gabaldón). On August 8, 2018, the Arizona Supreme Court held that ADWR is not required to consider unquantified federal reserved water rights as part of the legal or physical availability analysis in its determination of an adequate water supply. This decision addressed ongoing litigation over a large development near Sierra Vista. The Court's opinion was predicated on its interpretation of the adequate water supply statutes, reasoning that, (1) ADWR is not required to consider the impacts of an applicant's groundwater withdrawals on existing uses, but rather that the agency must consider existing groundwater uses on the supply of the applicant, (2) the legislature did not specify that unquantified federal reserved water rights must be considered in the determination of legally available water supplies, and that (3) a private water company's possession of a Certificate of Convenience & Necessity is, in effect, consumer protection for the legal availability of water.

HB 2595 attempts to alter adequate water supply statute to address these considerations. AMWUA staff have identified technical issues with the bill and do not anticipate its movement through the legislature.

AMWUA Position: Monitor

Status: Awaiting committee assignment

HB 2630 | SB 1370: freshwater ecosystems; ecological water; survey (HB: Engel | SB: Dalessandro)
This bill adds a statutory definition and provides for the appropriation of “ecological water.” Current statutes allow for the appropriation and beneficial use of water for fish and wildlife purposes but not explicitly for the benefit of the watershed or ecosystem as a whole.

SB 1370 would also require the Director of ADWR to perform a one-time survey of Arizona’s watersheds, identifying any ecological water needs and recommending any necessary environmental or policy improvements.

AMWUA Position: Monitor

Status: HB 2630 assigned to committee 2/12/19 | SB 1370 assigned to committee 2/4/19

SB 1198: water infrastructure finance authority; appropriation (Mendez and six others). This bill appropriates \$30 million from the state general fund to WIFA, a state agency that provides low-interest loans to water providers. It is assumed that the intent is to provide funds for the Water Supply Development Revolving Fund.

AMWUA Position: Monitor

Status: Assigned to committee 1/28/19

SB 1478: municipalities; counties; wildfire hazard removal (Otondo and 13 others). The Wildland-Urban Interface (WUI) is a federal land classification for areas where communities are located in and around forests. SB 1478 would require that cities or towns that contain a WUI must adopt an ordinance requiring private property within the WUI to remove any vegetation, natural fuels, or trash that constitute a wildfire hazard. This bill appropriates \$1 million for cities or towns to use in matching programs for the wildfire fuel removal.

AMWUA Position: Support

Status: Assigned to committee 2/5/19

SB 1544: water conservation; landscaping; rent; notice (Mendez and three others). This bill would forbid the owner of a property or Homeowners Association from prohibiting the use of a water saving device or water conservation practice as part of a property contract or rental agreement.

AMWUA Position: Support

Status: Assigned to committee 2/6/19



BOARD OF DIRECTORS
INFORMATION SUMMARY
March 28, 2019

Status of the Lower Basin Drought Contingency Plan

ANNUAL PLAN REFERENCE

Colorado River Drought / Shortage

Strategic Plan: Objectives – Prepare for Impacts of Drought & Shortage, Minimize Financial Impacts; Collaboration – Arizona Department of Water Resources, Central Arizona Project, Business Community

Actions:

- Remain engaged with developments to protect the Colorado River from drought and address the structural deficit.
- Seek ways AMWUA and its members can best individually and cooperatively respond to the increasing probability of a shortage declaration.

SUMMARY

On March 19, 2019, the Colorado River Basin States signed a letter to Congress requesting their swift approval for the Lower Basin Drought Contingency Plan (DCP). The U.S. Bureau of Reclamation has stated that it views DCP completed by the Basin States. The next step is to get Congressional approval that the Secretary of the Interior will comply with managing the Colorado River during shortage as agreed upon in DCP.

California's Imperial Irrigation District (IID) has not approved DCP because of its demand for \$200 million to mitigate the Salton Sea. The Metropolitan Water District of Southern California agreed to make all of California's DCP contributions (cuts) in lieu of IID's participation in order for California to be supportive of DCP. It is not clear if IID will take any further action in support or against DCP.

RECOMMENDATION

The AMWUA Board of Directors is encouraged to ask questions regarding the status of DCP.



BOARD OF DIRECTORS
INFORMATION SUMMARY
March 28, 2019

Colorado River Shortage Awareness Campaign

STRATEGIC PLAN REFERENCE

Colorado River Drought / Shortage

Strategic Plan: Objectives – Prepare for Impacts of Drought & Shortage, Minimize Financial Impacts; Collaboration – Arizona Department of Water Resources, Central Arizona Project, Salt River Project, Business Community

- Coordinate communications efforts among agencies and the membership to promote clear, consistent messaging to the public regarding drought and shortage.

SUMMARY

A shortage declaration on the Colorado River has loomed over the Colorado River Basin for years and attention has been heightened due to the coverage of the Drought Contingency Plan. Although it now appears a Tier 1 shortage declaration for 2020 may be avoided due to a bountiful winter snowpack, there has been increased scrutiny towards how water providers will respond to and be affected by shortage when it does come.

AMWUA staff has developed a Colorado River Shortage Awareness Campaign for our members to communicate a coordinated message about what a shortage on the Colorado River means to the cities. The goal for this communications campaign is to increase awareness about how the AMWUA cities have prepared for a Colorado River shortage and how the public can engage in using water wisely to increase our resiliency.

AMWUA staff will present this campaign at the March 28, 2019 meeting in order to receive comments and feedback from the AMWUA Board of Directors. AMWUA staff has discussed this effort with our members' communications, water resources, and conservation staffs.

RECOMMENDATION

At its March 13, 2019 meeting, the AMWUA Management Board unanimously recommended that the AMWUA Board of Directors support the Colorado River Shortage Awareness Campaign.



BOARD OF DIRECTORS
INFORMATION SUMMARY
March 28, 2019

AMWUA Annual Action Plan

STRATEGIC PLAN REFERENCE

Operational Principles – Manage an Efficient and Effective Association

SUMMARY

The AMWUA Board of Directors approved the Strategic Plan for 2016-2020 at its September 2016 meeting. The current annual plan gave detail on how the Strategic Plan would be accomplished from February 2018 through Fiscal Year 2019. Most of the achievements under the current action plan were touted in the Accomplishments 2018 pamphlet that was distributed in January 2019.

AMWUA staff has drafted an annual action plan to guide AMWUA's efforts through Fiscal Year 2019. The Water Resources Advisory Group and the AMWUA Management Board have reviewed this plan.

The annual action plan highlights areas of focus for AMWUA, but it is certain that during the upcoming year AMWUA will also need to address other issues that arise. The plan's key areas of focus through Fiscal Year 2020 include: Day-to-Day Operations, Shortage Preparation, Enhanced Communication, Recovery Implementation Plan, Legislation, Demand Management & Sustainability, Prepare for Redesignations, Achieving Safe-Yield, Finances & Water, and Colorado River Management.

RECOMMENDATION

The AMWUA Board of Directors is encouraged to review the proposed annual plan and to provide comments and feedback.

At its March 13, 2019 meeting, the AMWUA Management Board unanimously recommended that the AMWUA Board of Directors approve the annual plan through Fiscal Year 2020.

ATTACHMENT

- Annual Action Plan – Fiscal Year 2020

Arizona Municipal Water Users Association Annual Action Plan - Fiscal Year 2020

AMWUA will pursue the following actions to ensure it achieves the vision and mission outlined in the 2016-2020 strategic plan. This action plan will guide the development of the Fiscal Year 2020 budget and will drive the organization's efforts through Fiscal Year 2020. Although this plan outlines primary areas of focus, AMWUA will remain flexible and vigilant to address unforeseen issues.

Day-to-Day Operations

Maintain the daily operations of an effective organization and services its members rely on.

- AMWUA will continue to serve its members through collaborating on issues and then advocating for the agreed-upon positions. Regular meetings of the AMWUA Board of Directors, Management Board, Water Resources Advisory Group, Conservation Committee, Sub-Regional Operating Group, and Water Finance Group will be used to facilitate such collaboration.
- AMWUA will continue to communicate with the public and decision makers about water and the important responsibilities of its members.
- AMWUA will continue to address ad hoc research and informational requests from members as well as address questions from the public regarding regional water issues.
- AMWUA will continue to provide timely notification of water issues as well as summaries of key water meetings held throughout the year.
- AMWUA will continue to wisely manage its financial resources and effectively develop its personnel as an agile team with organizational depth.

Strategic Plan: Operational Principles – Facilitate our Strength in Numbers, Excel as an Expert and Resource, Manage an Efficient and Effective Association

Shortage Preparation

Assist and coordinate for the impacts of a Tier 1 shortage declaration on the Colorado River and future shortages.

- Enhanced Messaging – Facilitate the coordination of regional messages to ensure the public and decision makers understand how Colorado River shortage affects our water supplies; what our members have done, and continue to do, to prepare; our collective resilience to shortages; and increase the visibility and frequency of conservation awareness messaging.
- Ongoing Coordination – Pursue opportunities to assist and synchronize continuing preparation efforts such as identifying ways to strengthen members' drought (shortage) preparedness plans.

Strategic Plan: Objectives – Safeguard Water Supplies, Prepare for Impacts of Drought & Shortage; Collaboration – Arizona Department of Water Resources, Salt River Project, Central Arizona Project, Water Community; Operational – Facilitate our Strength in Numbers

Enhanced Communication

Improve how AMWUA conveys the municipal perspective on water issues, stays in front of water issues, and finds ways to personalize water issues to better communicate how they affect the average citizen

- Work with member and partner PIOs and communications staffs to facilitate information exchange, identify shared challenges and opportunities, and enhance coordination of messaging and communication of water resource issues and information.
- Utilize a variety of communication platforms including the website, weekly blog, social media, and public presentations.
- Maximize promotion of AMWUA's 50 years of accomplishments and continued relevance.

Strategic Plan: Objectives – Advocate for Solutions, Prepare for Impacts of Drought & Shortage, Interconnect Disciplines; Collaboration – Legislature; Arizona Department of Water Resources, Salt

River Project, Central Arizona Project, Water Community; Operational – Facilitate our Strength in Numbers

Recovery Implementation Plan

Represent AMWUA interests in the Recovery Planning Advisory Group to complete a recovery implementation plan for M&I water firmed by the AWBA.

Strategic Plan: Objectives – Prepare for Impacts of Drought & Shortage; Collaboration – Arizona Department of Water Resources, Central Arizona Project, Arizona Water Banking Authority

Legislation

Effectively advocate with one voice at the Legislature.

- Monitor, analyze and clarify state and federal legislation of interest to our members.
- Engage with Legislators to inform them about the issues important to AMWUA including identifying and working with legislators to champion water issues.

Strategic Plan: Objectives – Advocate for Solutions, Safeguard Water Supplies, Reinforce Groundwater Management, Prepare for Impacts of Drought & Shortage; Collaboration – Legislature, Arizona Department of Water Resources, Central Arizona Project, Salt River Project, Water Community, and Business Community

Demand Management & Sustainability

Continue to identify, develop, and promote policies, programs, research, and practices that assist our members to manage demand to enhance water resource supply reliability and sustainability.

- Increase awareness of and build upon AMWUA and member accomplishments in conservation and efficiency.
- Expand promotion and visibility of existing and new AMWUA and member materials and programs, including the new Smartscape website and the AMWUA sites *Landscape Plants for the Arizona Desert* and *Landscaping with Style in the Arizona Desert*.
- Facilitate sharing of information and resources, training, and technical assistance to members in support of efforts to enhance distribution system water loss control and revenue recovery.
- Work with Legislators to develop legislation supportive of water conservation efforts.
- Develop and pursue ways to increase interaction between demand management and water resource planning to increase synergy for water management opportunities.
- Support national advocacy efforts to secure line item funding for the EPA WaterSense Program and secure tax exemption status for water conservation rebates.
- Pursue ways to further quantify the benefits of conservation efforts.

Strategic Plan: Objectives – Prepare for Impacts of Drought & Shortage, Augment Supplies, Interconnect Disciplines; Collaboration – Arizona Department of Water Resources, Salt River Project, Central Arizona Project, Water Community, Business Community

Prepare for Redesignations

Begin strategizing how best to prepare our members to renew their assured water supply designations

- Identify issues that our members will need to address including impacts of the Salt River Project's supply mix and NIA water reliability.
- Engage with ADWR to understand what they envision for the designation process.

Strategic Plan: Objectives – Advocate for Solutions; Safeguard Water Supplies, Initiate Post-2025 Water Policy; Interconnect Disciplines; Collaboration – Central Arizona Project, Salt River Project, Water Community

Achieving Safe-Yield

Evaluate and pursue our members' contribution towards achieving and maintaining safe-yield and prepare for the critical water management issues beyond 2025.

- Strategic Aquifer Protection - Work with ADWR and relevant stakeholders to build support for Strategic Aquifer Protection ideas to be incorporated into the Management Plan for the Phoenix AMA.
- Governor's Water Augmentation, Innovation and Conservation Council – Actively participate to protect and promote our members' perspectives.
- CAGR – Assess the impact CAGR has upon our members. Work with CAWCD to consider how CAGR issues that remain post-2015 Plan of Operation may impact our members.
- Watershed Management – Work with SRP, the Nature Conservancy and others on improving and sustaining a healthy watershed.
- Arizona Water Banking Authority – Analyze how the Water Bank can best benefit municipal users moving forward.

Strategic Plan: Objectives – Advocate for Solutions; Safeguard Water Supplies, Reinforce Groundwater Management, Prepare for Impacts of Drought & Shortage, Augment Supplies, Initiate Post-2025 Water Policy; Collaboration – Arizona Department of Water Resources, Salt River Project, Central Arizona Project, Water Community, Business Community

Finances & Water

Examine, analyze and influence water positions and policies that impact our members' finances.

- CAWCD – Decisions regarding the use of property tax revenue, use of rate stabilization funds, recovery infrastructure financing, costs of System Use Agreement water quality requirements, and costs of shortage programs.
- SRP – Better understand the 2016 water pricing principles' impact on long-term water costs

Strategic Plan: Objectives – Minimize Financial Impacts, Prepare for Impacts of Drought & Shortage, Interconnect Disciplines; Collaboration – Central Arizona Project, Salt River Project, Arizona Department of Environmental Quality, Water Community

Colorado River Management

Monitor the Drought Contingency Plan, the Arizona DCP Implementation Plan, and reconsultation of the 2007 Colorado River Interim Guidelines to ensure our members' interests are considered.

Strategic Plan: Objectives – Safeguard Water Supplies; Prepare for Impacts of Drought & Shortage, Minimize Financial Impacts; Collaboration – Arizona Department of Water Resources, Central Arizona Project, Business Community