



BOARD OF DIRECTORS
MEETING MINUTES
April 25, 2019

VOTING MEMBERS PRESENT

Mayor Jim Lane, President, Scottsdale
Vice Mayor Eddie Cook, Vice President, Gilbert
Vice Mayor Lauren Kuby, Tempe
Councilmember Sheri Lauritano, Goodyear
Councilmember René Lopez, Chandler, via teleconference
Councilmember Curtis Nielson, Avondale
Councilmember Kevin Thompson, Mesa
Councilmember Bart Turner, Glendale
Councilwoman Thelda Williams, Phoenix, via teleconference

VOTING MEMBERS NOT PRESENT

Mayor Cathy Carlat, Secretary-Treasurer, Peoria

OTHERS PRESENT

Barry Aarons, The Aarons Co.	Sam Jaskolski, AMWUA
Patrick J. Adams, AMWUA	John Raeder, Goodyear
Erin Andres, Phoenix	Javier Setovich, Goodyear
Ned Blum, CliftonLarsonAllen	Richard Siegel, SRP
Eric Braun, Gilbert	Tony Staffaroni, CAP
Gregg Capps, Chandler	Warren Tenney, AMWUA
Alan Dulaney, Peoria	Sheri Trapp, AMWUA
Gretchen Erwin, Goodyear	Emily Webb, Avondale
Kathy Ferris, AMWUA	Carol Ward, AMWUA
Brett Fleck, AMWUA	Theresa Ulmer, Ulmer Consulting
Dave Iwanski, AZ Water	

A. Call to Order

Mayor Lane called the meeting to order at 11:03 a.m.

B. General Business – Items for Discussion and Possible Action

1. Approval of the Minutes from the March 28, 2019 Meeting

Upon a motion by Councilmember Thompson and a second by Councilmember Lauritano, the AMWUA Board of Directors unanimously approved the March 28, 2019 meeting minutes.

2. Next meeting scheduled: Thursday, May 23, 2019, 11:00 a.m., in the AMWUA office

3. 2019 Legislative Session

Mr. Tenney stated that the majority of the water legislation AMWUA supported or opposed was dealt with in the first couple of months of this legislative session. He said approval of the Drought Contingency Plan (DCP) and the Arizona implementation plan have been the highlight of this session. He reported that earlier this month, Congress swiftly passed federal legislation associated with DCP and President Trump signed that legislation last week. Mr. Tenney noted that AMWUA is pleased that legislators continue to reach out to the Association with questions about water.

Mr. Tenney reported that last month, the two strikers that the AMWUA Board of Directors supported, which would increase funding for both the Arizona Department of Water Resources (ADWR) and the superior court that oversees the general stream adjudication, were both approved in committee. He said those strikers are now on hold to see how they will fit into the budget discussion.

Mr. Aarons and Ms. Ulmer discussed progress at the Legislature on the state budget.

4. Selection of Firm for Fiscal Year Audits

Mr. Tenney stated that every five to six years, AMWUA undertakes a request for proposals process to select a firm to perform the more extensive Sub-Regional Operating Group (SROG) audit as well as the AMWUA audit. He said AMWUA invited proposals from qualified certified public accountant firms and received three responses, which were evaluated by finance staffs from the five SROG cities. Mr. Tenney reported that the review team unanimously selected Heinfeld Meech & Co., P.C. He detailed that the audit contract will be a not-to-exceed cost of \$30,000 with the option to renew for four subsequent years at a cost not-to-exceed \$34,000 by Fiscal Year 2023.

Mr. Tenney reported that at its April 10, 2019 meeting, the AMWUA Management Board unanimously recommended that the AMWUA Board of Directors approve the AMWUA Executive Director to issue an engagement letter with Heinfeld Meech & Co., P.C. for audit services for Fiscal Year 2019/20 at a cost not-to-exceed \$30,000, with the option to renew for four subsequent years at a cost not-to-exceed \$34,000 by Fiscal Year 2023.

Councilmember Turner noted that Heinfeld Meech & Co., P.C. is the same firm that has been conducting the SROG and AMWUA audits for the last five years. He said the AMWUA Management Board's recommendation should be considered but as a practice, it may be concerning to continue with the same firm. Councilmember Nielson agreed.

Mayor Lane stated that these are valid concerns and noted that while the appropriate proposal process was taken, including the evaluation team's participation and consideration, using the same audit firm may raise questions. He suggested reviewing the contract next year and potentially going out to bid again before the contract is renewed for subsequent years.

Vice Mayor Kuby stated that she supports the recommendation and spoke to the weight of the SROG/AMWUA cities finance staffs' evaluation of the proposals received and their unanimous decision.

Mayor Lane appreciated Vice Mayor Kuby's comment as well as the time and expertise put in by the evaluation committee. He also noted the optics of the situation and the Board's responsibilities.

Councilmember Turner stated that he would vote in support of the recommendation, but he would like to see something added to the next proposal process that includes how long the firm has been working with AMWUA. Mayor Lane agreed to adding another factor to the proposal that includes duration of continuing contracts with AMWUA.

Upon a motion by Vice Mayor Kuby and a second by Councilmember Thompson, the AMWUA Board of Directors unanimously approved the AMWUA Executive Director to issue an engagement letter with Heinfeld Meech & Co., P.C. for audit services for Fiscal Year 2019/20 at a cost not-to-exceed \$30,000, with the option to renew for four subsequent years at a cost not-to-exceed \$34,000 by Fiscal Year 2023.

5. [AMWUA Fiscal Year 2020 Preliminary Draft Budget](#)

Mr. Tenney reported that AMWUA's Fiscal Year 2020 preliminary draft budget shows an increase of \$68,239 or 4.88% from the current budget. He noted that no carryover from Fiscal Year 2019 is anticipated, so membership dues will increase accordingly. He said the preliminary draft budget included in the meeting packet, along with the information summary, provide a detailed explanation for the line items that have either increased or decreased from the current fiscal year budget.

Mr. Tenney stated that the preliminary draft Fiscal Year 2020 budget was presented to the AMWUA Management Board on April 10, 2019 and they did not have any feedback or comments on the budget. He said the final Fiscal Year 2020 budget will be presented

to the AMWUA Management Board in May for consideration to recommend approval to the AMWUA Board of Directors.

Board members had no questions or comments.

6. IRS Form 990 for Fiscal Year 2018

Mayor Lane spoke to the importance and seriousness of the Internal Revenue Service (IRS) Form 990 and asked for a motion.

Upon a motion by Councilwoman Williams and a second by Councilmember Nielson, the AMWUA Board of Directors unanimously accepted the draft IRS Form 990 as presented and authorized the AMWUA Executive Director to execute the final IRS Form 990 if no substantive changes from the presented draft.

C. **Executive Director's Report**

Mr. Tenney reported that the Central Arizona Water Conservation District's (CAWCD) Finance, Audit & Power (FAP) Committee met last week to review and discuss the Central Arizona Project (CAP) rates and taxes for 2020. He said the proposed rates are consistent with what had been projected for 2020. He stated that the FAP Committee agreed with CAWCD staff's recommendation to designate 2.5 cents of taxes for federal repayment in 2020. He noted that in its comments, AMWUA encouraged the FAP Committee to have a discussion on how the federal debt repayment can be balanced between capital charges and taxes going forward. He said AMWUA feels the Committee members listened to AMWUA's concerns, asked good questions to the Association, and had a positive discussion amongst themselves about repayment. He noted that the FAP Committee's recommendation will be considered by the full CAWCD Board next week.

Mr. Tenney reported that AMWUA launched the Spanish-language version of the Smart Home Water Guide website on Earth Day this week. He said the Smart Home Water Guide effort includes printed publications, websites, and marketing materials in English and Spanish, and thanked Ms. Ward for her work. He noted that the English version of this website garners more than 80,000 visitors a year.

Mr. Tenney stated that Ms. Ward attended this month's Chandler City Council meeting where Councilmember Lopez read a proclamation for Water Awareness Month and shared information about AMWUA in recognition of the Association's 50th anniversary.

Mr. Tenney reported that earlier this week, he gave a presentation to the Glendale City Council about AMWUA and its 50 years of experience.

Mr. Tenney stated that the U.S. Bureau of Reclamation's April 24-month study indicated that this year's wet winter will help us avoid a Colorado River shortage in 2020. He said AMWUA

is staying active in its communication endeavors to highlight its members' efforts to prepare for shortages and draw attention to their conservation programs.

Mayor Lane noted that CAP hosted a dinner for East Valley CAP customer/subcontractors that several AMWUA Board of Directors members attended, including himself, Vice Mayor Cook, Vice Mayor Kuby, and Councilmember Thompson. He said good questions were raised, including about DCP and winter snowpack. Vice Mayor Kuby noted that at the event, she commented that the cities have been focused on conservation and preparation for a long time and were not surprised or caught off-guard by potential Colorado River shortage as some other water users were.

D. Future Agenda Items

There were no requests for future agenda items.

E. Adjournment

Upon a motion by Councilmember Turner, a second by Councilmember Thompson, and unanimous approval, Mayor Lane adjourned the meeting at 11:35 a.m.