



Public Notice Pursuant to A.R.S. § 38-431.02

ARIZONA MUNICIPAL WATER USERS ASSOCIATION MANAGEMENT BOARD

MEETING NOTICE AND AGENDA

Wednesday, August 14, 2019 – 10:00 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 May 8, 2019 Meeting
2. Schedule Next Meeting Date: Wednesday, September 11, 2019, 10:00 a.m.
3. Update on Salt River Project Water Supply System and Resiliency
4. Presentation on Tempe’s Advanced Metering Infrastructure Program
5. Water Loss Control Training and Technical Assistance Program
6. ADWR Funding Agreement for Water – Use It Wisely Program
7. Governor’s Water Augmentation Innovation and Conservation Council and Management Plans

C. Management Board Members’ Updates

D. Executive Director’s Report

E. Future Agenda Items

F. Adjournment

*The order of the agenda may be altered or changed by the AMWUA Management Board. Members of the AMWUA Management Board 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



MANAGEMENT BOARD
MEETING MINUTES
May 8, 2019

VOTING MEMBERS PRESENT

- Mr. John Knudson, Chandler, Chairman
- Mr. Javier Setovich, Goodyear, Vice Chairman
- Mr. Brian Biesemeyer, Scottsdale
- Ms. Cindy Blackmore, Avondale
- Mr. David Burks, Peoria
- Ms. Karen Peters, Phoenix
- Mr. Craig Johnson, Glendale
- Ms. Jessica Marlow, Gilbert
- Mr. Jake West, Mesa

VOTING MEMBERS NOT PRESENT

- Ms. Holly Rosenthal, Tempe

OTHERS PRESENT

- | | | |
|------------------------------|-------------------------|---------------------------------|
| Patrick J. Adams, AMWUA | Alan Dulaney, Peoria | Tony Staffaroni, CAP |
| Trevor Baggione, ADEQ | Kathy Ferris, AMWUA | Drew Swieczkowski, Glendale |
| Anthony Beckham, SRP | Brett Fleck, AMWUA | Warren Tenney, AMWUA |
| Ned Blum, CliftonLarsonAllen | Lacey James, Avondale | Sheri Trapp, AMWUA |
| Eric Braun, Gilbert | Sam Jaskolski, AMWUA | Theresa Ulmer, Ulmer Consulting |
| Cynthia Campbell, Phoenix | David Lelsz, ADEQ | Carol Ward, AMWUA |
| Gregg Capps, Chandler | Diana Piña, AMWUA | |
| Brian Draper, Mesa | Clark Princell, Phoenix | |

A. Call to Order

Mr. Knudson 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 10, 2019 Meeting

Upon a motion by Mr. Johnson and a second by Mr. Biesemeyer, the AMWUA Management Board unanimously approved the April 10, 2019 meeting minutes.

2. [Next meeting scheduled: Wednesday, June 12, 2019, 10:00 a.m., in the AMWUA office](#)
3. [Arizona Department of Environmental Quality – Clean Water Act § 404 Program Assumption](#)

Mr. Trevor Baggiore, Arizona Department of Environmental Quality (ADEQ) Water Quality Division Director, shared a presentation on ADEQ's currently-underway process to consider Arizona's assumption of the Clean Water Act § 404 Dredge and Fill Program. Mr. Baggiore reviewed the Clean Water Act § 404 Program, reasons for the State's assumption, the 404 workgroups exploring various aspects of assumption, the assumption process, proposed process and timeline, challenges and opportunities, and Arizona Waters and Waters of the United States (WOTUS).

Ms. Peters explained that, historically, the City of Phoenix has had concerns from a permittee standpoint about the State taking over regulatory compliance programs due to the cost. She said she understands the fee for service model; however, permittees will be paying much more when the State assumes the 404 Program compared to the current costs while the program is administered by the U.S. Army Corps of Engineers. She asked if Mr. Baggiore anticipates any federal support to subsidize the program and how it would affect fees.

Mr. Baggiore said ADEQ is working with an economist to look into the economic cost and benefit of program assumption. He noted that ADEQ gets some money that can be used for 404 Program administration, but not enough to outweigh the cost. He said ADEQ has not heard back from the federal government about funding and added that other states have asked the federal government for money.

Ms. Peters and Mr. Baggiore discussed that only a few states have taken on program assumption, in part because of regulatory functions such as water jurisdictional determinations and the Endangered Species Act.

Ms. Peters, Mr. Baggiore, Mr. Knudson, Mr. Tenney, and Ms. Ferris discussed Arizona Waters, WOTUS, litigation, and legislation.

4. [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 with the highlight of the session being the approval of the Drought Contingency Plan (DCP) and the Arizona Implementation Plan.

Mr. Tenney reported that House Bill (HB) 2467, which would set up a West Basin Water Users Committee for Mohave and La Paz counties passed the Senate Committee of the Whole. He said HB 2477, which cleans up the statutes dealing with adjudication, was signed by the Governor. He stated that the two strikers that would increase funding for

the Arizona Department of Water Resources (ADWR) and the Administrative Office of the Courts as aid to the Special Water Master who oversees the General Stream Adjudication were approved in committee. He noted that these and other bills that require funding are on hold to see how they will fit into the budget discussion.

Mr. Tenney stated that AMWUA continues to monitor legislation. He said last week HB 2812 was brought to the Association's attention as it could have negative ramifications on water, particularly regarding certificates of assured water supply. AMWUA staff and legislative consultants worked together to quietly raise concerns about this bill with key legislators. Mr. Tenney reported that HB 2812 did not pass the Senate.

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

5. Agreements with University of Arizona for Smartscape Program and IGA with ADWR for Funding

Mr. Tenney stated that 25 years ago, AMWUA was part of the collaborative effort to develop the Smartscape program, a comprehensive training program that instructs landscape professionals on all aspects of low-water-use landscapes. He said Smartscape supports AMWUA members in their efforts to increase water use efficiency and the AMWUA Conservation Committee strongly supports Smartscape's efforts.

Mr. Tenney explained that to support Smartscape, AMWUA and ADWR enter into a two-year agreement in which both entities provide \$30,000 annually to fund the program. AMWUA's monies come from the Regional Conservation Program budget and ADWR's from the Water Management Assistance Program (WMAP). He said AMWUA then enters into a two-year agreement with the University of Arizona for program administration through the Maricopa County Cooperative Extension.

Mr. Tenney reported that the current agreements are concluding and will need to be renewed. He said because the Phoenix AMA Groundwater Users Advisory Council is not meeting until June or July to recommend the use of ADWR funds, it is likely that the agreement with ADWR will not be ready until early in the new fiscal year. He explained that in the meantime, AMWUA proposes entering into an initial six-month agreement with the University of Arizona and then entering into a subsequent 18-month agreement with the University of Arizona in order to fund Smartscape and its operation for another two years.

Mr. Tenney, Ms. Ward, and several of the AMWUA Management Board members discussed the series of agreements, timelines, and funding sources for Smartscape.

Upon a motion by Ms. Peters and a second by Mr. Setovich, the AMWUA Management Board unanimously recommended that the AMWUA Board of Directors approve the Executive Director's ability to enter into the six-month agreement between AMWUA and

the University of Arizona for implementation of the Smartscape Program. It is also recommended that once ADWR authorizes \$60,000 in WMAP funds for the Smartscape program that the AMWUA Board of Directors approve the Executive Director's ability to enter into an intergovernmental agreement with ADWR for program funding and into the subsequent 18-month agreement with the University.

6. AMWUA Quarterly Financial Statements – Third Quarter

Mr. Tenney reported that AMWUA's third quarter statement of revenues and expenses through March 2019 shows overall that AMWUA is under budget by \$39,236.00. He stated that AMWUA remains in a good cash position.

Upon a motion by Mr. Biesemeyer and a second by Ms. Peters, the AMWUA Management Board recommended that the AMWUA Board of Directors accept the quarterly financial statement as presented.

7. AMWUA Fiscal Year 2020 Final Draft Budget

Mr. Tenney stated that last month the Fiscal Year 2020 preliminary draft budget was presented to the AMWUA Management Board and Board of Directors. He reported that the AMWUA Board of Directors did not have any comments regarding the budget, which was interpreted as positive. He stated that the final draft budget presented to the AMWUA Management Board is the same as last month with a few edits: the audit line item was decreased from \$35,000 to \$31,000 and the building operating costs increased. He reported that the final draft budget being presented today is \$400 less than the preliminary draft budget.

Ms. Peters and Mr. Tenney discussed the length of AMWUA's office space lease and the potential of the building operating cost to increase again.

Upon a motion by Mr. West and a second by Mr. Burks, the AMWUA Management Board unanimously recommended that the AMWUA Board of Directors adopted the Fiscal Year 2020 Final Draft Budget.

C. Management Board Members' Updates

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

Mr. Burks reported that Cape Powers will be the new City of Peoria Public Works—Utilities Director as the current director steps down on June 4, 2019. He noted that Peoria will now be hiring a new operations manager as that position was previously held by Mr. Powers.

D. Executive Director's Report

Mr. Tenney reported that the Central Arizona Project (CAP) Board, by a narrow margin, voted to use 1.5 cents of tax for federal debt repayment in 2020, meaning the capital charge will be increased to \$56. He noted that it was a surprise that the CAP Board had changed the CAP Finance, Audit and Power (FAP) Committee's recommendation; however, it was still a positive step forward that tax monies were designated for repayment, which AMWUA has been advocating for over the last two years. Mr. Tenney reported that AMWUA requested a broader discussion later this year on how CAP can best balance its federal debt repayment.

Mr. Tenney stated that regardless of projections showing that a Colorado River shortage will be avoided in 2020, AMWUA is still pushing forward with its shortage awareness campaign. He said AMWUA feels it is important to continue to elevate the core messages that 1) a shortage on the Colorado River does not mean a shortage at your tap; 2) we are prepared for a shortage and continue to prepare; and 3) using water wisely increases our resiliency. Mr. Tenney reiterated that AMWUA's shortage awareness campaign is a strategic communications campaign and not a marketing/advertising campaign.

Mr. Tenney reported that Ms. Trapp held a follow-up meeting with the AMWUA member communications staffs to continue to coordinate this public awareness campaign. Mr. Tenney stated that going forward, AMWUA plans to have regular meetings with the public information officers and communications staffs. He said Ms. Trapp has also been having individual discussions with members to learn about their unique challenges and concerns and how she can best assist. Mr. Tenney noted that AMWUA has also provided talking points that can be shared with elected officials.

E. Future Agenda Items

No future agenda items were identified.

F. Adjournment

Mr. Knudson adjourned the meeting at 11:11 a.m.



MANAGEMENT BOARD
INFORMATION SUMMARY
August 14, 2019

Update on Salt River Project Water Supply System and Resiliency

ANNUAL PLAN REFERENCE

Shortage Preparation

Ongoing Coordination – Pursue opportunities to assist and synchronize continuing preparation efforts.

Strategic Plan: Objectives – Safeguard Water Supplies, Prepare for Impacts of Drought & Shortage; Collaboration – Salt River Project

SUMMARY

Salt River Project (SRP) staff will give a presentation regarding SRP’s water portfolio and how SRP manages its reservoir system even through a sustained drought. The presentation will review SRP’s groundwater resources including an overview of its wellfields, average water level changes, and recharge operations. Also, the presentation will explain the assumptions used to determine how much water needs to be kept in the reservoir storage system and how SRP plans to revisit those assumptions. SRP staff will also comment on the potential impact of the Woodbury Fire on the SRP system.

RECOMMENDATION

The Management Board is encouraged to ask questions of SRP staff regarding their presentation.



MANAGEMENT BOARD

INFORMATION SUMMARY

August 14, 2019

Presentation on Tempe's Advanced Metering Infrastructure Program

ANNUAL PLAN REFERENCE

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

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

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.

Strategic Plan: Objectives – Prepare for Impacts of Drought & Shortage, Interconnect Disciplines; Collaboration – Water Community

Finances & Water

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

Strategic Plan: Objectives – Minimize Financial Impacts

SUMMARY

Tempe Water Utilities' staff will present about its Advanced Metering Infrastructure Program.

RECOMMENDATION

The Management Board is encouraged to ask questions and discuss Tempe's Advanced Metering Infrastructure Program.



MANAGEMENT BOARD INFORMATION SUMMARY

August 14, 2019

Water Loss Control Training & Technical Assistance Program

ANNUAL PLAN REFERENCE

Demand Management & Sustainability

Strategic Plan: Objectives – Prepare for Impacts of Drought & Shortage, Augment Supplies, Interconnect Disciplines

Action:

- 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

SUMMARY

Water loss control is an increasingly important part of water resource management for water utilities and state agencies throughout the country. AMWUA's members have long worked to limit water loss in their distribution systems, meeting and exceeding state requirements.

Last September, the AMWUA Board endorsed an AMWUA proposal to seek funding from the Arizona Department of Water Resources' (ADWR) Water Management Assistance Program to move beyond historic leak detection efforts to assisting our members to learn more advanced water loss control practices. This proposal had arisen from interest of our member staffs for detail about the American Water Works Association (AWWA) M36 Methodology (the international standard for water loss control best practice), the potential for recovery of revenue lost to non-revenue water, and examples of programs in place across the country. The AMWUA proposal was to create a program to enhance existing water loss control efforts by equipping AMWUA members' utilities with the knowledge, skills, and experience necessary to implement the M36 methodology, including its more advanced practices.

In March, AMWUA presented its proposal to the Phoenix AMA Groundwater Users Advisory Council (GUAC). The GUAC agreed to recommend funding up to \$300,000 for a water loss control training and technical assistance program for large water providers. ADWR had previously provided a water loss technical assistance pilot program for utilities outside of the Active Management Areas (AMAs), where the need for such assistance was considered the greatest. AMWUA has been advocating that such training and assistance should also be available for large utilities within the AMAs.

With ADWR's approval to fund this program, AMWUA prepared and issued a request for qualifications from consultants to implement the program. AMWUA targeted the advertisement to 11 firms with relevant experience in water loss control. Three firms – Cavanaugh & Association, PA; M.E. Simpson Co., Inc.; and Southwest Environmental Finance Center at the University of New Mexico – submitted proposals. AMWUA convened a selection panel to review the proposals including representatives from ADWR, AMWUA, Phoenix, Scottsdale, the Water Infrastructure Financing Authority, which had partnered with ADWR on the initial water loss pilot program for rural Arizona. Based on their review of the proposals and references, the selection panel unanimously decided that Southwest Environmental Finance Center is the best firm to conduct the water loss control training and technical assistance program.

AMWUA will administer the contract with the funds coming from ADWR. The contract with Southwest Environmental Finance Center is currently being drafted and will be presented for the AMWUA Board of Directors' approval at the end of August. The AMWUA Board will also need to accept the funding from ADWR via an Intergovernmental Agreement for this training and technical assistance program.

RECOMMENDATION

Staff requests that the AMWUA Management Board recommend that the AMWUA Board of Directors support the water loss control training and technical assistance program by accepting the funding from ADWR and selecting Southwest Environmental Finance Center as the consultant to conduct the training.



MANAGEMENT BOARD INFORMATION SUMMARY

August 14, 2019

ADWR Funding Agreement for Water—Use It Wisely Program

ANNUAL PLAN REFERENCE

Shortage Preparation

- Assist and coordinate for the impacts of Tier 1 shortage declaration on the Colorado River and future shortages
- Enhanced Messaging – coordination of regional messages

Strategic Plan: Objectives – Safeguard Water Supplies, Prepare for Impacts of Drought & Shortage; Collaboration – ADWR, SRP, CAP, 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

- 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

Strategic Plan: Objectives – Advocate for Solutions; Collaboration; ADWR, SRP, CAP, Water Community

SUMMARY

The award winning *Water—Use It Wisely* campaign was launched by Valley cities in 1999 to help reinforce a water conservation ethic throughout the region. It was built in response to the sentiment voiced by area residents in research conducted through AMWUA: “Don’t tell us to save water. Show us how.” It empowers people to take action through simple steps built into the messaging.

The objective of the coordinated regional conservation awareness campaign is to keep conservation at the front of the public’s mind. There is greater visibility and efficiency in that shared, consistent message. Few cities have the budget to independently create and effectively buy media for a large-scale awareness campaign. By pooling resources, *Arizona’s Water—Use It Wisely* partners have been better able to accomplish that. Campaign partners include AMWUA and most of the AMWUA members, along with Arizona Department of Water Resources (ADWR), the Salt River Project (SRP), the Central Arizona Project (CAP), and other municipalities and groups throughout the State.

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Water—Use It Wisely was most visible during the early 2000s, a period when SRP deliveries were reduced due to lowering reservoir levels. *Water—Use It Wisely* has continued its efforts to promote water conservation in the years since, moving beyond traditional media into social media. The campaign supports and promotes each provider’s unique programs and individual messages, driving the public to the many rebates, resources, programs and assistance available through the cities, AMWUA, and other partners. During the last year, *Water-Use It Wisely* has strived to increase its visibility and has partnered with a new advertising firm, HAPI.

Since 2016, ADWR has contributed funds from the Water Management Assistance Program to the campaign annually, per recommendations of the Phoenix Active Management Area Groundwater Users Advisory Council (GUAC). This is accomplished through an intergovernmental agreement with AMWUA. AMWUA, in turn, is invoiced by HAPI, the advertising firm contracted to implement the campaign.

At its July meeting, the GUAC voted to recommend that the ADWR Director fund *Water-Use It Wisely* for two years at \$50,000 each year. The ADWR Director has accepted the GUAC’s recommendation and approved the two-year funding of \$50,000 each year. ADWR would then again use AMWUA to convey the funds to support *Water—Use It Wisely*.

AMWUA’s Financial Statements Policy directs that staff should bring any revenue source in excess of \$5,000 to the Board of Directors for formal acceptance.

RECOMMENDATION

Staff requests that the AMWUA Management Board recommend that the AMWUA Board of Directors accept the \$50,000 this fiscal year and the following year in funding from ADWR to support the *Water—Use It Wisely* campaign.



MANAGEMENT BOARD

INFORMATION SUMMARY

August 14, 2019

Governor's Water Augmentation Innovation and Conservation Council & Management Plans

ANNUAL PLAN REFERENCE

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.

- Governor's Water Augmentation, Innovation and Conservation Council – Actively participate to protect and promote our members' perspectives.
- 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.

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

SUMMARY

With the passage of legislation for the Lower Basin Drought Contingency Plan, Governor Ducey issued an executive order to establish the Governor's Water Augmentation Innovation and Conservation Council (Water Council). The Water Council replaced and expanded the Governor's Water Augmentation Council. The membership to the Council includes legislative leaders, tribes, cities, CAWCD, SRP, on-river interests, Pinal agriculture, and rural Arizona, many who participated in the DCP process. The AMWUA Executive Director is a member of the Water Council.

The Water Council has four committees: Long-term Water Augmentation Committee, Desalination Committee, Non-AMA Groundwater Committee, and AMA's Post 2025 Committee. These committees have or will start meeting soon.

While not part of the Water Council, the Arizona Department of Water Resources has presented the draft Fourth Management Plan for the Phoenix Active Management Area (AMA). Comments were due August 2nd and AMWUA submitted comments regarding the draft Plan. ADWR wants to complete the Fourth Management Plan, which is already well overdue, so that it can focus on

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the development of the Fifth Management Plan. ADWR will be convening working groups for that purpose, which include M&I, Agriculture, Industry and Safe-Yield Technical.

AMWUA staff will give the Management Board a presentation updating the activities of the Water Council and ADWR's Management Plan efforts.

RECOMMENDATION

The AMWUA Management Board is encouraged to ask questions and discuss the Governor's Water Augmentation Innovation Conservation Council and ADWR's management plan efforts.