



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

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION  
BOARD OF DIRECTORS**

**MEETING NOTICE AND AGENDA**

**Thursday, June 25, 2020 – 11:00 a.m.**

**This meeting will be held via Webex video conference  
(Access this [Link](#) to join. Access Code: 146 310 0537)**

*Public Attendees: Please mute audio and disable video when joining the meeting.*

**Join by Phone: 1-408-418-9388 (same access code as above)**

**A. Call to Order**

**B. General Business—Items for Discussion and Possible Action**

1. Approval of the Minutes from the May 28, 2020 Meeting
2. Schedule Next Meeting Date: Thursday, August 27, 2020, 11:00 a.m.
3. Safe-Yield Analysis
4. Development of Conservation Awareness Campaign
5. Office Lease Stabilization Fund Policy
6. AMWUA Fiscal Year 2021 Draft Budget
7. Consultant Agreement with The Aarons Company LLC

**C. Executive Director's Report**

**D. Future Agenda Items**

**E. 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 by internet conferencing.

More information about AMWUA public meetings is available online at [www.amwua.org/what-we-do/public-meetings](http://www.amwua.org/what-we-do/public-meetings), or by request.

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Arizona Municipal Water Users Association



**BOARD OF DIRECTORS**  
**MEETING MINUTES**  
**May 28, 2020**  
**WEBEX VIDEO CONFERENCE**

**VOTING MEMBERS PRESENT**

Mayor Cathy Carlat, Peoria, Vice President  
Vice Mayor Scott Anderson, Gilbert  
Vice Mayor Lauren Kuby, Tempe  
Mayor Jim Lane, Scottsdale  
Councilmember Sheri Lauritano, Goodyear  
Vice Mayor René Lopez, Chandler  
Councilmember Curtis Nielson, Avondale  
Councilmember Kevin Thompson, Mesa  
Councilmember Bart Turner, Glendale  
Councilwoman Thelda Williams, Phoenix

**OTHERS PRESENT**

Barry Aarons, The Aarons Co	Eric Braun, Gilbert	Terry Piekarcz, Tempe
Patrick J. Adams, AMWUA	Gregg Capps, Chandler	Diana Pina, AMWUA
Alexis Apodaca, Chandler	GINNA Carico, Goodyear	Cape Powers, Peoria
Amy Arguilez, Gilbert	Miranda DeWitt, Mesa	Sarah Saenz, AMWUA
Michelle Barclay, AMWUA	Sam Draper, AMWUA	Richard Siegel, SRP
Gretchen Baumgardner	Gretchen Erwin, Goodyear	Drew Swieczkowski, Glendale
Anthony Beckham, SRP	Kathy Ferris, AMWUA	Warren Tenney, AMWUA
Cindy Blackmore, Avondale	Brett Fleck, Peoria	Sheri Trapp, AMWUA
Jessica Blazina, Avondale	Jessica Fox, AMWUA	Tammi Watson, CAP
Ned Blum, CLA	Ian Linssen, Mesa	Emily Webb, Avondale

**A. Call to Order**

Mayor Carlat called the meeting to order at 11:05 a.m.

**B. General Business – Items for Discussion and Possible Action**

1. Approval of the Minutes from the April 23, 2020 Meeting

Upon a motion by Mayor Lane and a second by Councilmember Thompson, the AMWUA Board of Directors unanimously approved the April 23, 2020 meeting minutes.

2. [Next meeting scheduled: Thursday, June 25, 2020, 11:00 a.m.](#)
3. [2020 Legislative Session](#)

Mr. Tenney reported that the State Senate adjourned but the House decided not to adjourn and went back into session during the third week in May to pass bills. The Senate came back during the last week in May but immediately adjourned sine die without considering bills passed by the House the week prior. He explained that the Legislature has had a difficult time deciding how to respond to COVID-19. Mr. Tenney reported that AMWUA will be strategizing over the summer about next year's session including how the Legislature will look in this new era of living with COVID-19 and anticipates the Governor calling a special session to address the budget. Mr. Tenney asked Mr. Aarons to give a brief summary of what to expect for a special session.

Mr. Aarons gave a summary of what has happened prior to the Legislature adjourning sine die. He stated that moving forward, the Governor is expected to call at least one special session during the summer to discuss four important topics including the budget, legislation to assist in the economic recovery, the healthcare industry and preparation for future pandemic issues, and an effort for a limited liability bill to address gross negligence for COVID-19 and help prevent an abundance of potential lawsuits. Mr. Aarons reported that the special session called by the Governor could take place anytime through August 4<sup>th</sup> but it is still undecided on when it will occur and the special session will have a limited call meaning they will only focus on the topics of the agenda.

Mayor Carlat asked about the relationship among legislative leadership. Mr. Aarons stated that there appears to be a unified approach on what needs to happen moving forward.

Vice Mayor Lopez asked about the Governor having an extended special session to consider more bills or if the focus would be mostly on the budget. Mr. Aarons stated that the Governor has given no specifics on what the special session will hold or how many they might have and that they are in the beginning discussions on trying to make those decisions.

Vice Mayor Lopez asked about the limitations on the House and Senate to run campaigns when a session is taking place. Mr. Aarons explained that those limitations expire when regular session ends and that because the regular session is over, special sessions will not impinge on their legal authority to raise money and campaign.

4. [Amend AMWUA Bylaws – Qualifications for Officers](#)

Mr. Tenney reviewed the suggested amendment to the AMWUA Bylaws that was presented in the report given to the AMWUA Board and also in a memo that was given on May 4<sup>th</sup>. He stated that the AMWUA Bylaws give solid guidance for how AMWUA operates as an association but last month's issue when the Board filled the vacancies of President and Vice President, there was a potentially problematic situation specific to the requirements to become President where a member must have also served as Vice President or Secretary-Treasurer for at least 12 months. While Mayor Carlat met all the requirements to be President, there was concern that a situation could arise in which no Board member met all the requirements to be President. Mr. Tenney

stated that in order to prevent this possible issue, he spoke with Mayor Carlat and Legal Counsel, Kathy Ferris, to come up with a simple solution; to delete the requirement to have served as Vice President or Secretary-Treasurer. The President still must meet the other requirements as an Officer to have served for at least one year on the Board and be able to serve at least one year in that position. Mr. Tenney reported that AMWUA proposes to the Board to consider the amendment to the AMWUA Bylaws as described in the Board report.

Councilmember Thompson stated concern about removing the language from the bylaws that must have had a purpose for being placed in the bylaws. He suggested adding additional language in the case that no member meets the initial qualifications.

Mr. Tenney stated that Ms. Ferris and he did not know of a specific reason for the requirement where the President had to serve as Vice President or Secretary-Treasurer but agreed that Councilmember Thompson's suggestion could help solve the issue.

Vice Mayor Anderson suggested making it a preference rather than a requirement.

Mayor Carlat stated that it would be an issue if a newly elected Councilmember became an Officer and had no prior experience within water and was then considered for Presidency.

Ms. Ferris stated that this qualification for officers was created to add a layer of experience and the purpose was to avoid having an officer that had not served for some time on the Board. She stated that years ago, the practice was to have the members of the Board rotate as President each year and it became a large discussion. The bylaws do require that the officers must have served on the Board for the preceding 12 months.

Councilmember Turner addressed his concern with the current restriction, if there are no members that meet the qualification in the future, there would be an issue in fulfilling the officer positions.

Councilmember Thompson stated that instead of deleting the language, rather add additional language in the situation that no member meets the requirements to become an officer.

Mayor Lane asked for clarification of the proposed amendment. The proposed amendment would delete the last sentence of Section V.6 under Article V that requires the Board President to have served for 12 months as either Vice President or Secretary-Treasurer.

Upon a motion by Vice Mayor Kuby and a second by Councilmember Turner, the AMWUA Board of Directors unanimously approved that the AMWUA Bylaws be amended by deleting the last sentence of Section V.6 under Article V, Officers and Executive Director.

##### 5. [ADEQ State Surface Water Program Development](#)

Mr. Tenney gave a presentation on the efforts by ADEQ to better protect Arizona Surface Water. He explained how the state of Arizona currently follows the federal guidelines under the Waters of the United States (WOTUS) with a regulation on surface water under the EPA.

Mr. Tenney reported that earlier this year, the EPA had a new ruling for WOTUS, removing many regulations, creating a challenge because it does not cover all of Arizona's water. He stated that because of this, ADEQ is looking to develop a State "Waters of Arizona" Program which would not mirror prior or current WOTUS rule. ADEQ set up the Stakeholder Advisory Group to assist them in developing an effective surface water quality program to oversee the Waters of Arizona. Mr. Tenney reported that AMWUA recently became aware of this ADEQ effort and that the Stakeholder Advisory Group had already been meeting. The Arizona City/County Managers Association is the only group that represents the municipal perspective and has only recently been included in the Stakeholder Advisory Group. Mr. Tenney appreciated Assistant City Manager, Gina Montes from Avondale, the chair of the association, along with the League of Arizona Cities and Towns, who have been trying to coordinate input from cities across the state so that Ms. Montes could express them at the Advisory Group meetings. Mr. Tenney stated that AMWUA is now a member of the Stakeholder Advisory Group and will provide another municipal voice. He expressed the importance of the municipal perspective since many of AMWUA's cities and other cities hold discharge permits along with their critical understanding of existing program requirements. He stated that there needs to be regulatory certainty when the new program is developed and stressed the importance of surface water as a drinking water source for the Valley.

Mr. Tenney explained how ADEQ is proposing a "Use Based" approach, identifying different criteria if a waterbody needs protection, whether for drinking water or recreation, etc., establishing regulations based on the protections needed to maintain uses. He stated that the Stakeholder Advisory Group is currently working to define "uses" but that the general consensus is to utilize the existing designated uses.

Mr. Tenney stated that AMWUA will work hard to provide an additional municipal perspective and be helpful in this process due to the importance of this effort.

#### 6. [Update on the Governor's Water Council and ADWR Management Plans](#)

Mr. Tenney gave an update regarding the Governor's Water Augmentation Innovation & Conservation Council and the Management Plans. He reported that ADWR is working to develop the 5th Management Plan (5MP), which by statute requires each AMA to have a plan that oversees the work on how to improve groundwater management from 2020 to 2025. The significance of the 5MP is that it remains in place for how ADWR manages the AMAs beyond 2025 since the statutes are silent about what happens after 2025. He stated that the Governor's Water Council has a committee looking at addressing issues and the structure for managing groundwater post 2025. ADWR has held various meetings on different aspects of the 5MP but there is no significant progress or development to report. Mr. Tenney explained that AMWUA is planning to work with the WRAG and the Conservation Advisory Group to step back and look at what objectives there are to gain from the 5MP since ADWR has been seeking input from stakeholders. He stated that this is a great opportunity to work with ADWR on what would be beneficial for overall water management in the 5MP. The Conservation Group has already begun to look at the Best Management Practices that are part of what is called the non per capita conservation program. ADWR has also had meetings to explain how they calculate safe yield, which is the goal for three of the AMAs. Mr. Tenney reported that

AMWUA has been working on an analysis of how ADWR calculates safe-yield and how safe-yield has functioned as the goal and plans to give a presentation at the next Board meeting.

Mr. Tenney stated that the Governor's Water Council has a committee looking at how to manage the AMAs after 2025. He stated that Tim Thomure of Tucson Water and himself both co-chair the Post 2025 AMAs Committee and wanted to find a way to not lose the momentum that the Committee had made with a goal to build on the same foundation as the Groundwater Management Code and the Assured Water Supply Program and look at what areas could be strengthened and improved to better manage water in the AMAs beyond 2025. To accomplish this objective, the approach is to first agree on what challenges are facing the AMAs and then develop solutions. Mr. Tenney reviewed three issues discussed at the Committee's February meeting including unreplenished groundwater pumping, exempt wells and hydrologic disconnect between recharge & recovery and pumping & replenishment. To document these issues, a draft paper would be created so that the Governor's Water Council and anyone else interested would understand the issues and why it's important to work to find a solution or strategy to address it. Mr. Tenney explained that because of the situation with COVID-19, they decided to proceed with drafting issue briefs on these three subjects, distribute them to the Committee members and get their feedback and comments. AMWUA took the lead with drafting the issue briefs and then working with ADWR. Mr. Tenney appreciated the efforts made by Ms. Fox and Mr. Adams in describing complex issues in a succinct, straightforward, informative manner without having to explain every detail of the entire Groundwater Management Act.

Mr. Tenney summarized the three issues as it pertained to the draft issue briefs. He reported that a second draft or version of the three issue briefs was made based on incorporating comments received from Committee members regarding the 1st drafts. He stated that the second draft was shared with Committee members and that they reviewed the issue briefs to be finalized at the first remote meeting for the Post 2025 AMAs Committee.

Mr. Tenney stated that taking the lead on the Post 2025 issues is a big undertaking for AMWUA but that it is consistent with the annual plan and has major opportunities as well as potential implications for AMWUA.

Mayor Carlat asked if these three substantial issues are not consensually agreed upon, if it could hinder AMWUA from passing the Post 2025 plan. Mr. Tenney stated that it would hinder progress moving forward because the Committee recognizes that the issues need to be defined and taken to the Governor's Water Council in order to work on solutions to address the issues. He stated that any solution will require statutory changes and continue to work on strategies to address the solutions.

Councilwoman Williams requested a copy of the issue briefs in order to better understand the issues. Mr. Tenney stated that he will send over the second drafts to the Board.

Councilwoman Williams asked about the changes set by the Waters of the United States and if it impacts Arizona. Mr. Tenney explained the new ruling by the Waters of the U.S. and summarized how it removes ephemeral streams from being regulated, creating concern with

ADEQ. Mr. Tenney and Councilwoman Williams further discussed the implications of the new ruling by the Waters of the U.S.

Mayor Carlat requested more information on the Waters of the U.S. with a summary of EPA's rule changes. Mr. Tenney stated that AMWUA will get more information to the Board members, summarizing EPA's rule changes earlier this year. Mayor Carlat and Mr. Tenney continued to discuss regulations and changes under the Obama administration and current administration. Mr. Tenney appreciated working with the members' water quality staff so that AMWUA could better participate in the Stakeholder Group.

#### 7. AMWUA Fiscal Year 2021 Preliminary Draft Budget

Mr. Tenney presented the AMWUA Board with AMWUA's Fiscal Year 2021 preliminary draft budget along with the information summary that provided a detailed explanation of each line item that increased or decreased from the current fiscal year budget. He noted that AMWUA was able to keep the overall budget from increasing by balancing both decreases and increases in various categories with additional motivation to keep the budget from increasing due to the possibility of financial uncertainty from the COVID-19 situation. Mr. Tenney requested feedback from the AMWUA Board for the finalization process of the budget in order to get a recommendation for approval at the June meeting.

Councilmember Turner and Councilwoman Williams appreciated AMWUA staff and their efforts to not increase the budget.

### **C. Executive Director's Report**

Mr. Tenney reported that AMWUA staff has continued to work remotely because of the COVID-19 situation and anticipates continuing through the summer until there is direction on having meetings of more than 10 people. He appreciated the AMWUA team for being productive and keeping up with various projects and efforts that are in the annual plan and will continue to facilitate, educate, collaborate and advocate for its members.

### **D. Future Agenda Items**

There were no requests for future agenda items.

### **E. Adjournment**

Upon unanimous approval from the AMWUA Board of Directors, Mayor Carlat adjourned the meeting at 12:18 p.m.

**BOARD OF DIRECTORS**  
**INFORMATION SUMMARY**  
June 25, 2020

## Safe-Yield Analysis

### ANNUAL PLAN REFERENCE

#### **Sustainable Water Management**

Evaluate and pursue our members' contribution towards efforts and policies that will sustain and safeguard our water resources 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 including in leading the Post-2025 AMAs Committee discussions.

#### **Demand Management & Efficiency**

Continue to excel as a leader in water conservation by assisting our members to strategize demand management and to raise awareness about ongoing conservation efforts in order to enhance water resource supply sustainability

- Engage in efforts to pursue demand management best practices and policies in the 4<sup>th</sup> and 5<sup>th</sup> Management Plans, Post 2025 Committee, and with commercial, industrial and institution efficiencies.

*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

The Arizona Department of Water Resources (ADWR) is developing the 5<sup>th</sup> Management Plan and the Governor's Water Augmentation, Innovation and Conservation Council is looking at groundwater management in the Active Management Areas (AMAs) after 2025. Safe-yield is the management goal that the Phoenix, Tucson and Prescott AMAs aim to achieve and thereafter maintain by the end of the 5<sup>th</sup> Management Plan period. The Post-2025 AMAs Committee is to consider whether safe-yield should continue to guide the AMAs in the future or if a different goal should be developed.

Safe-yield means that the amount of groundwater naturally and artificially recharged in an AMA should balance the amount of groundwater being withdrawn. Arizona had a long history of

**Arizona Municipal Water Users Association**

pumping more groundwater in its most populated areas than the amount of water that was being recharged, which led to the passage of the Groundwater Management Act.

For both the Post-2025 AMAs Committee and the development of the 5<sup>th</sup> Management Plan, it is important to understand the implementation and effectiveness of safe-yield as a management goal. AMWUA has completed an analysis to understand how ADWR calculates safe-yield and to consider its effectiveness as a goal over the last 40 years.

AMWUA staff will give a presentation highlighting the conclusions of the safe-yield analysis. The Management Board reviewed and discussed the presentation at its June 10, 2020 meeting.

### **RECOMMENDATION**

The AMWUA Board of Directors is encouraged to ask questions and discuss the analysis of safe-yield.

## BOARD OF DIRECTORS

### INFORMATION SUMMARY

June 25, 2020

## Development of Conservation Awareness Campaign

### ANNUAL PLAN REFERENCE

#### Demand Management & Efficiency

Continue to excel as a leader in water conservation by assisting our members to strategize demand management and to raise awareness about ongoing conservation efforts in order to enhance water resource supply sustainability

- Expand promotion and visibility of existing and new AMWUA and member materials and programs along with the overall messaging about our water conservation efforts.

#### Enhanced Communication

Improve how AMWUA conveys the municipal perspective on water issues, stays in front of water issues, and 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.

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

### SUMMARY

AMWUA is in the process of developing an awareness campaign to promote its members current conservation efforts and to elevate awareness about why conservation matters. The Board of Directors' feedback and direction is being sought to ensure the most effective awareness campaign is developed. AMWUA staff will give a presentation on the strategic outline for creating this conservation awareness campaign.

### RECOMMENDATION

The AMWUA Board of Directors is encouraged to ask questions and provide feedback regarding the conservation awareness campaign.

## BOARD OF DIRECTORS

### INFORMATION SUMMARY

June 25, 2020

## Office Lease Stabilization Fund Policy

### ANNUAL PLAN REFERENCE

#### Day-to-Day Operations

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

- 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*

### SUMMARY

The AMWUA Board has a policy that establishes a Contingency Fund and a Reserve Fund. The Contingency Fund is set at \$600,000 to be used for unanticipated emergency or extraordinary expenses. The AMWUA Board must approve any expenditure of money from the Contingency Fund.

The Reserve Fund may be used for capital expenditures (such as office equipment and furniture), to offset the cost of moves, or for professional services that fall outside of the normal operations of AMWUA. The Reserve Fund may not be used for on-going operational expenses. The balance of the Reserve Fund is not to fall below \$50,000. The AMWUA Board must also approve any expenditure of money from the Reserve Fund. Monies within both funds are held with the State Treasurer in the Local Government Investment Pool.

AMWUA staff would like to propose the creation of an Office Lease Stabilization Fund. The intent is to reduce the impact of the rent increases under the 10-year lease amendment for AMWUA's current office space that the AMWUA Board approved at the February 27, 2020 meeting. Under the lease amendment that begins April 1, 2021, AMWUA's rent will increase, and subsequently increase each fiscal year, by \$0.50 per square foot. However, for the remaining three months of Fiscal Year 2021 and the first three months of Fiscal Year 2022, AMWUA will receive six months of free rent. Rather than reduce the Office Space line item of the Fiscal Year 2021 Budget, AMWUA staff is proposing that it remain the same and use the monies associated with those six months of rent to create a reserve to help smooth the increased rent each year thereafter. The six months of free rent equates to approximately \$90,000 in savings (\$45,000 in each Fiscal Year 2021 and 2022). AMWUA would still budget for the rent during those months and set it aside in

the Office Lease Stabilization Fund. Beginning with Fiscal Year 2022 and continuing until all monies in the Fund have been expended, \$10,000 from the Fund will be used to reduce the Office Space line item in future budgets.

Monies in the proposed Office Lease Stabilization Fund would be held with the State Treasurer in the Local Government Investment Pool.

Legal Counsel has reviewed the draft policy for the two proposed funds.

### **RECOMMENDATION**

The AMWUA Management Board recommended that the AMWUA Board of Directors establish the Office Lease Stabilization Fund.

### **SUGGESTED MOTION**

*I move to recommend adoption of the policy to establish the Office Lease Stabilization Fund.*

### **ATTACHMENTS**

- **Attachment A** - Office Lease Stabilization Fund Policy
- **Attachment B** - AMWUA Contingency Fund and Reserve Fund Policy

**D R A F T**  
**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**OFFICE LEASE STABILIZATION FUND POLICY**  
**Approved by the Board of Directors**  
**June 25, 2020**

**Office Lease Stabilization Fund**

AMWUA shall establish an Office Lease Stabilization Fund with monies collected from AMWUA Membership Dues for rent during April, May and June of Fiscal Year 2021 and July, August and September of Fiscal Year 2022, when AMWUA receives six months of free rent under the 10-year lease amendment for AWMUA's office that begins April 1, 2021.

Starting with Fiscal Year 2022 and continuing until all monies in the fund have been expended, \$10,000 from the fund shall be used to reduce the Office Space line item in AMWUA's annual budget.

Monies in the Office Lease Stabilization Fund shall be held with the State Treasurer in the Local Government Investment Pool.

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION  
CONTINGENCY FUND AND RESERVE FUND POLICY  
Approved by the Board of Directors  
March 28, 2013**

**Contingency Fund**

AMWUA shall establish a Contingency Fund in the amount of \$600,000 with monies from AMWUA's current reserve amount.

Monies in the Contingency Fund may be used only as authorized by the Board of Directors for unanticipated emergency or extraordinary expenses.

If the Board of Directors approves an expenditure of money from the Contingency Fund, the Board shall also determine whether the Contingency Fund shall be reimbursed and through what methods.

Monies in the Contingency fund shall be held with the State Treasurer in the Local Government Investment Pool.

**Reserve Fund**

AMWUA shall maintain a Reserve Fund. The original balance of the Reserve Fund shall be the difference between AMWUA's current reserve amount and the \$600,000 used to establish the AMWUA Contingency Fund.

Monies in the Reserve Fund shall be used only as approved by the Board of Directors.

Monies in the Reserve Fund may not be used for on-going operational expenses, but may be used for capital expenditures (such as office equipment and furniture), to offset the cost of moves, or for professional services that fall outside of the normal operations of AMWUA.

If the Board of Directors approves an expenditure of monies from the Reserve Fund, it shall also determine whether the Reserve Fund shall be reimbursed and through what methods.

If the balance of the Reserve Fund falls below \$50,000, the Board of Directors shall determine how to restore the balance to at least \$50,000.

Monies in the Reserve Fund shall be held with the State Treasurer in the Local Government Investment Pool.



## BOARD OF DIRECTORS INFORMATION SUMMARY

June 25, 2020

### AMWUA Fiscal Year 2021 Draft Budget

#### ANNUAL PLAN REFERENCE

##### Day-to-Day Operations

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

- 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*

#### SUMMARY

Attached is the draft of the Fiscal Year 2021 annual budget, which includes a summary page with comments to explain increases or decreases for each line item.

Development of the Fiscal Year 2021 budget was guided by the Annual Action Plan for Fiscal Year 2021, which was approved last month. This budget allows AMWUA to continue to be a forum for its members to collaborate on water issues; to develop and advocate positions that safeguard our water resources; to promote key water policy issues with the Legislature, Arizona Department of Water Resources (ADWR), Central Arizona Water Conservation District, Salt River Project, and other stakeholders; and to be at the forefront of demand management and water conservation efforts.

The draft Fiscal Year 2021 annual budget was finalized during the initial six weeks of the ongoing COVID-19 crisis. The financial uncertainty the COVID-19 situation places on the AMWUA municipalities was extra motivation to keep the budget the same or lower than the current Fiscal Year 2020 budget.

This draft budget shows a decrease of \$20,516 (1.40%) from the approved Fiscal Year 2020 budget. The following summarizes the budget categories and provides explanation for line items that have an increase or decrease from last year's budget.

**Administration** – This includes salaries and Arizona State Retirement System (ASRS) contributions reflecting a decrease of \$25,966. What AMWUA is able to accomplish is directly linked to its staff and their time and effort to perform. For Fiscal Year 2021, the administration budget strikes a

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balance between having the necessary staff resources for AMWUA to carry forth its mission and annual plan and being fiscally conservative. This balancing is accomplished due to the following:

- Eight full-time employees based on a restructuring of staff responsibilities, which does not fill the vacant Assistant Director position but does replace the part-time Administrative Assistant position with a full-time Program Assistant. The Program Assistant's primary responsibilities will be to support AMWUA's Conservation & Efficiency efforts.
- Salaries include adjustments to better reflect comparable positions and increases due to performance awards received half-way through the Fiscal Year 2020, which is now reflected during the 12 months of the draft Fiscal Year 2021 budget.
- Performance Awards – Up-to 1.5%, reduced from 3.0%, for each full-time employee except the Executive Director, is recommended for employees who excel in their performance. The awards would occur half-way through Fiscal Year 2021. The reduction is an effort to be fiscally conservative during these uncertain times.

**Employee Benefits** – This includes payroll processing, taxes, various insurances, and cell phone allowances. This category sees an overall increase due to anticipated the health insurance costs. The main changes include:

- Health Insurance – The \$23,500 increase is due to having eight full-time employees, employee status changes, and AMWUA's insurance broker projecting a 12% increase for calendar year 2021.
- Cell Phone Allowance – The \$200 decrease is due to 8 full-time employees and more accurately reflects our employee reimbursement.

**Professional Services** – This includes outside services that AMWUA utilizes throughout the year. The budget reflects an increase of \$6,500 from last year. The main changes include:

- Legislative – A new two-year agreement with The Aarons Company for AMWUA's legislative services will be proposed that has a \$2,900 increase for Fiscal Year 2021.
- Financial & Accounting Services – The \$2,600 increase is due to the addition of an annual tax return preparation fee and data protection fee for covering CliftonLarsonAllen's internal costs for data security for clients.
- Audit – The \$1,000 increase is due to last year's agreement with the auditor, HeinfieldMeech.

**Occupancy** – These items are related to the leasing of office and meeting space for AMWUA and reflect an overall \$7,950 decrease.

- Office Space – At the February 27, 2020 meeting, the AMWUA Board agreed to a 10-year lease amendment for AMWUA's current office space. Under the lease amendment that begins April 1, 2021, AMWUA's rent increases, and subsequently increases each fiscal year, by \$0.50 per square foot. However, for the remaining three months of Fiscal Year 2021 and the first three months of Fiscal Year 2022, AMWUA receives six months of free rent. Rather than reduce the Office Space line item, AMWUA staff is proposing that it remain the same for Fiscal Year 2021 and use the monies collected during those six

months of free rent to create a reserve to help smooth the increased rent each year thereafter. In other words, the six months of free rent is approximately \$90,000 in savings (\$45,000 in each Fiscal Year 2021 and 2022). AMWUA would still collect the rent during those months, set it aside as an office space lease stabilization reserve, and use \$10,000 of the reserve each subsequent fiscal year to reduce the Office Space line item.

- **Building Operating Costs** – While the lease amendment term does not begin until April 1, 2021, an incentive for approving it in 2020 is that the building operating cost immediately resets the base year for calculating the building operating costs. This means a \$8,150 decrease for Fiscal Year 2021.
- **Telecommunications** – This line item reflects a \$200 increase in teleconference services costs.

**Training and Travel** – This category covers items involved with staff participating in conferences, workshops, and training along with the related travel expenses. The only adjustment is mileage reimbursement with a \$750 increase to better reflect the travel reimbursement involved for covering meetings.

**Capital Outlay** – This category covers AMWUA’s primary capital property such as the copier and computer hardware and software. The \$3,050 increase is due to computer hardware and software upgrades that are needed as AMWUA annually paces its computer needs rather than making a large purchase every three to five years.

**Office Operating Expenses** – These items cover AMWUA’s day-to-day office operating expenses. Most line items remain the same under this category except for a \$500 reduction in office supplies and a \$300 increase for public liability and property insurance coverage, for a total \$200 decrease in office operating expenses.

**Water Conservation** – The \$20,000 reduction in this category reflects the objectives for demand management & efficiency outlined in the new annual plan. It was determined that the value of AMWUA’s conservation efforts should be based on accomplishing the annual plan, not on the amount set aside for water conservation in the budget. The \$70,000 supports what AMWUA plans to accomplish in water conservation in Fiscal Year 2021 including an increased focus on policies and quantification. In the future, if projects are identified that will advance AMWUA’s conservation goals that require more monies, then such an increase would be advocated for in that year’s fiscal budget.

The water conservation budget includes a line item of \$30,000 committed to the contract with the University of Arizona for ongoing implementation of the long-standing Smartscape program to train landscape professionals in Maricopa County. ADWR provides matching funding for the program in the Phoenix Active Management Area. A line item of \$14,000 is designated for sponsorships, events, and memberships that AMWUA supports. The remaining \$26,000 is dedicated to support regional conservation efforts, develop the conservation awareness campaign and to maintain AMWUA’s various conservation materials.

**Member Assessments** – The draft Fiscal Year 2021 budget is \$20,516 (1.40%) less than the approved Fiscal Year 2020 budget, which means a reduction in the total assessment to members for the new fiscal year.

In addition to that reduction, there will be a significant carryover from the Fiscal Year 2020 budget in the estimated amount of \$120,000. The exact amount will be calculated at the end of the fiscal year. These unspent funds are due in large part to having one less full-time employee than anticipated during Fiscal Year 2020, savings on building operating costs due to the office lease amendment, and spending less on certain expenditures due to the COVID-19 situation such as travel, meetings and conferences. The Management Board discussed these unspent funds at its June 10, 2020 meeting and recommended that they be used as a carryover in the Fiscal Year 2021 budget to further reduce the total assessment to members by at least an additional eight percent.

The membership assessment is calculated as follows: One-half of the proposed water budget is allocated equally among all members and the other half is allocated based on total population. The population figures are taken from the most-recent Maricopa Association of Governments July 1, 2019 official population estimates. The wastewater portion of the budget continues to be allocated based on percentage of ownership of the 91<sup>st</sup> Avenue Wastewater Treatment Plant.

The proposed budget balances increases in health care costs, professional services, computer upgrades, and mileage reimbursement with the decreases in overall salaries, occupancy costs, and office operating expenses. It is anticipated that future budgets will see modest increases to ensure that AMWUA can continue to accomplish its mission. Since 2000, AMWUA's Board has approved budgets between \$1.220 million and \$1.528 million. When adjusted for inflation (CPI-U index), the draft Fiscal Year 2021 budget is \$417,000 lower than the 2000 budget.

## **RECOMMENDATION**

The AMWUA Management Board is recommending adoption of the AMWUA Fiscal Year 2021 draft budget by the AMWUA Board of Directors.

## **SUGGESTED MOTION**

*I move to adopt the AMWUA Fiscal Year 2021 draft budget as presented.*

## **ATTACHMENT**

- AMWUA Fiscal Year 2021 Draft Budget

# ***Draft Budget***

***Fiscal Year 2021***

***June 25, 2020***



**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**Fiscal Year 2021**  
**Draft Budget**

**ASSESSMENT SUMMARY**

	WATER FY 20	WATER FY 21	WASTEWATER FY 20	WASTEWATER FY 21	TOTAL FY 20	TOTAL FY 21	FY 20 Carryover	ADJ TOTAL FY 21
CITY OF AVONDALE	76,908	74,956			76,908	74,956	6,219	68,737
CITY OF CHANDLER	108,009	105,169			108,009	105,169	8,725	96,444
TOWN OF GILBERT	106,402	103,939			106,402	103,939	8,624	95,315
CITY OF GLENDALE	104,465	101,265	13,853	14,702	118,318	115,967	9,621	106,346
CITY OF GOODYEAR	77,263	75,665			77,263	75,665	6,278	69,387
CITY OF MESA	147,225	143,412	30,665	32,545	177,890	175,957	14,599	161,358
CITY OF PEORIA	93,091	90,802			93,091	90,802	7,533	83,269
CITY OF PHOENIX	339,114	329,112	118,378	125,635	457,493	454,748	37,730	417,018
CITY OF SCOTTSDALE	105,084	102,042	21,251	22,554	126,335	124,596	10,338	114,258
CITY OF TEMPE	94,680	92,204	30,466	32,333	125,146	124,537	10,333	114,204
Total from Members	1,252,240	1,218,567	214,613	227,770	1,466,853	1,446,337	120,000	1,326,337
Other Funding Sources:								
<b>TOTAL All Sources</b>	<b>1,252,240</b>	<b>1,218,567</b>	<b>214,613</b>	<b>227,770</b>	<b>1,466,853</b>	<b>1,446,337</b>	<b>120,000</b>	<b>1,326,337</b>

Note #1. The Assessment Structure is based on the following formula: 50% of the water portion of the budget is allocated equally with the remaining 50% based on population according to the MAG 2019 official population estimates.

Note #2. Wastewater Assessments based on ownership in 91st Avenue Wastewater Treatment Plant @ 204.50 MGD.

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**Fiscal Year 2021**  
**Draft Budget**

**EXPENDITURE SUMMARY**

	<b>WATER FY 20</b>	<b>WATER FY 21</b>	<b>WASTEWATER FY 20</b>	<b>WASTEWATER FY 21</b>	<b>TOTAL FY 20</b>	<b>TOTAL FY 21</b>
ADMINISTRATION	674,506	643,738	106,547	111,349	781,053	755,087
EMPLOYEE BENEFITS	134,512	152,703	20,188	25,297	154,700	178,000
PROFESSIONAL SERVICES	153,718	158,942	28,782	30,058	182,500	189,000
OCCUPANCY	147,243	138,252	52,207	53,248	199,450	191,500
TRAVEL, TRAINING & CONFER.	11,262	11,900	1,988	2,100	13,250	14,000
CAPITAL OUTLAY	9,455	11,935	1,495	2,065	10,950	14,000
OFFICE OPERATING EXPENSES	31,544	31,097	3,406	3,653	34,950	34,750
WATER CONSERVATION	90,000	70,000			90,000	70,000
<b>TOTAL</b>	<b>1,252,240</b>	<b>1,218,567</b>	<b>214,613</b>	<b>227,770</b>	<b>1,466,853</b>	<b>1,446,337</b>

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**Fiscal Year 2021**  
**Draft Budget**

**BUDGET COMMENTS**

	<b>BUDGET TOTAL FY 19</b>	<b>BUDGET TOTAL FY 20</b>	<b>ESTIMATED ACTUAL FY 20</b>	<b>BUDGET TOTAL FY 21</b>	<b>COMMENTS</b>
<b>ADMINISTRATION</b>					
Salaries	607,441	686,889	603,626	670,200	8 full-time positions - Overall decrease due to restructuring of staff and not filling Assist. Director position, but adds a FT Programs Assist. To replace PT Admin. Assist., includes increases per performance awards effective 1.1.20 and adjustments to better reflect comparable positions.
Performance Awards	6,608	9,845		3,910	Decrease due to Performance Award budgeted at 1.5%
Total Compensation	614,049	696,734	603,626	674,110	
Deferred Compensation:					
Arizona State Retirement	74,266	84,319	70,977	80,977	Decrease due to restructuring of staff and not filling Assistant Director position
Subtotal	688,315	781,053	674,603	755,087	
<b>EMPLOYEE BENEFITS</b>					
Payroll Processing, Taxes, Insur	57,700	61,000	57,350	61,000	No increase anticipated
Medical, Dental, Life, Disability	78,000	87,000	89,700	110,500	8 full-time staff - increases due respective employee statuses and anticipated 12% increase in 2021
Cell Phone Allowance	5,700	6,700	6,100	6,500	Adjusted for 8 full-time positions and more accurately reflect previous under budget amount
Subtotal	141,400	154,700	153,150	178,000	
<b>PROFESSIONAL SERVICES</b>					
Website Services	5,000	5,000		5,000	No change
Audio/Visual Development	2,500	2,000		2,000	No change
IT Services	5,000	5,000	4,800	5,000	No change
Communication	40,000				No change
Legal/Policy Consulting	60,000	60,000	60,000	60,000	No change
Legislative	47,500	47,500	47,500	50,400	Adjusted due to new agreement
Financial and Accounting Service	32,000	32,000	32,000	34,600	Increase due to addition of annual tax return prep and data protection fee
Audit	31,400	31,000	30,000	32,000	Increase per audit agreement
Subtotal	223,400	182,500	174,300	189,000	
<b>OCCUPANCY</b>					
Office Space	174,200	179,000	178,293	179,000	No increase - new lease amendment
Building Operating Costs	4,500	9,650	9,169	1,500	Decrease due to agreed lease amendment
Telephone	6,500	4,800	4,800	5,000	Increase due teleconference service
E-Mail/Webpage/Internet Access	4,400	6,000	3,460	6,000	No change
Subtotal	189,600	199,450	195,722	191,500	

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**Fiscal Year 2021**  
**Draft Budget**

**BUDGET COMMENTS**

	<b>BUDGET TOTAL FY 19</b>	<b>BUDGET TOTAL FY 20</b>	<b>ESTIMATED ACTUAL FY 20</b>	<b>BUDGET TOTAL FY 21</b>	<b>COMMENTS</b>
<b>TRAINING AND TRAVEL</b>					
Conferences/Travel	9,000	9,000	2,200	9,000	No Change
Mileage Reimbursement	3,000	3,250	3,394	4,000	Increase to better reflect the travel involved to attend meetings
Continuing Professional Ed	1,000				Funding not needed for professional license or credits
Staff Development	1,500	1,000	1,000	1,000	No Change
Subtotal	14,500	13,250	6,594	14,000	
<b>CAPITAL OUTLAY</b>					
Copy Machine Expenses	5,200	5,200	4,583	5,200	No Change
Computer/Equipment/Software	6,000	5,750	5,602	8,800	Anticipated expenses for FY21
Subtotal	11,200	10,950	10,185	14,000	
<b>OFFICE OPERATING EXPENSES</b>					
Supplies	7,000	6,500	6,000	6,000	Reduction to match anticipated actuals
Meetings	5,000	5,000	4,316	5,000	No Change
Outreach Efforts	15,000	10,000	8,665	10,000	No Change
Printing	2,300	2,300	1,300	2,300	No Change
Postage & Deliveries	2,000	2,000	1,600	2,000	No Change
Subscription & Reference	1,300	1,300	1,300	1,300	No Change
Dues & Memberships	2,000	1,750	1,400	1,750	No Change
Insurance-Public Liability and Property Damage	4,000	4,100	4,205	4,400	Increase to match anticipated actuals
Equipment Maintenance	2,000	2,000	875	2,000	No Change
Subtotal	40,600	34,950	29,661	34,750	
<b>WATER CONSERVATION</b>					
Smartscape with Cooperative Ext.	-	30,000	90,000	30,000	Funding for Cooperative Extension to administer the Smartscape program in Maricopa County.
Sponsorship, Events & Memberships		14,500		14,000	Funding for sponsorships, event and memberships
Outreach and Messaging		45,500		26,000	Funding for regional conservation efforts, Conservation Awareness Campaign, and promotional materials.
Subtotal	70,000	90,000	90,000	70,000	Reduction coordinates with objectives identified in Annual Action Plan
Total Operating Expenses	<u>1,379,015</u>	<u>1,466,853</u>	<u>1,334,215</u>	<u>1,446,337</u>	
<b>FUNDING SOURCES</b>					
Carryover applied to members assessments				120,000	
Member Assessments	<u>1,399,015</u>	<u>1,466,853</u>	<u>1,466,853</u>	<u>1,326,337</u>	
Total Funding	<u>1,399,015</u>	<u>1,466,853</u>	<u>1,466,853</u>	<u>1,446,337</u>	

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**Fiscal Year 2021**  
**Draft Budget**

**EXPENDITURES DETAIL**

	<b>FY 20 BUDGET WATER</b>	<b>FY 20 ACTUAL WATER</b>	<b>FY 21 BUDGET WATER</b>	<b>FY 20 BUDGET WASTEWATER</b>	<b>FY 20 ACTUAL WASTEWATER</b>	<b>FY 21 BUDGET WASTEWATER</b>	<b>FY 20 BUDGET TOTAL</b>	<b>FY 20 ACTUAL TOTAL</b>	<b>FY 21 BUDGET TOTAL</b>
<b>ADMINISTRATION</b>									
Salaries	592,382	439,520	571,394	93,127	93,727	98,806	686,889	603,626	670,200
Performance Awards	9,845		3,910				9,845		3,910
Total Wages	602,227	439,520	575,304	93,127	93,727	98,806	696,734	603,626	674,110
Deferred Compensation:									
Arizona State Retirement	72,279	60,842	68,434	12,040	10,135	12,543	84,319	70,977	80,977
Subtotal	674,506	500,362	643,738	105,167	103,862	111,349	781,053	674,603	755,087
<b>EMPLOYEE BENEFITS</b>									
Payroll Processing, Taxes, Insur	52,679	42,537	52,002	8,321	14,813	8,998	61,000	57,350	61,000
Medical, Dental, Life, Disability	75,133	66,531	94,201	11,867	23,169	16,299	87,000	89,700	110,500
Cell Phone Allowance	6,700	4,524	6,500		1,576		6,700	6,100	6,500
Subtotal	134,512	113,592	152,703	20,188	39,558	25,297	154,700	153,150	178,000
<b>PROFESSIONAL SERVICES</b>									
Temporary Services/Receptionist									-0-
Website Services	5,000		5,000				5,000		5,000
Audio/Visual Development	2,000		2,000				2,000		2,000
IT Services	4,318	3,840	4,262	682	960	738	5,000	4,800	5,000
Communication									
Legal/Policy Consulting	60,000	60,000	60,000				60,000	60,000	60,000
Legislative	47,500	47,500	50,400				47,500	47,500	50,400
Financial and Accounting Services	25,600	25,600	27,680	6,400	6,400	6,920	32,000	32,000	34,600
Audit	9,300	8,200	9,600	21,700	21,800	22,400	31,000	30,000	32,000
Subtotal	153,718	145,140	158,942	28,782	29,160	30,058	182,500	174,300	189,000
<b>OCCUPANCY</b>									
Office Space	129,584	132,242	127,597	49,416	46,051	51,403	179,000	178,293	179,000
Building Operating Costs	8,333	6,800	1,278	1,317	2,369	222	9,650	9,169	1,500
Telecommunications	4,145	3,560	4,262	655	1,240	738	4,800	4,800	5,000
E-Mail/Webpage/Internet Access	5,181	2,566	5,115	819	894	885	6,000	3,460	6,000
Subtotal	147,243	145,168	138,252	52,207	50,554	53,248	199,450	195,722	191,500

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**Fiscal Year 2021**  
**Draft Budget**

**EXPENDITURES DETAIL**

	<b>FY 20 BUDGET WATER</b>	<b>FY 20 ACTUAL WATER</b>	<b>FY 21 BUDGET WATER</b>	<b>FY 20 BUDGET WASTEWATER</b>	<b>FY 20 ACTUAL WASTEWATER</b>	<b>FY 21 BUDGET WASTEWATER</b>	<b>FY 20 BUDGET TOTAL</b>	<b>FY 20 ACTUAL TOTAL</b>	<b>FY 21 BUDGET TOTAL</b>
<b>TRAINING AND TRAVEL</b>									
Conferences/Travel	7,650	2,090	7,650	1,350	110	1,350	9,000	2,200	9,000
Milage Reimbursement	2,762	3,224	3,400	488	170	600	3,250	3,394	4,000
Continuing Professional Ed									
Staff Development	850	950	850	150	50	150	1,000	1,000	1,000
Subtotal	<u>11,262</u>	<u>6,264</u>	<u>11,900</u>	<u>1,988</u>	<u>330</u>	<u>2,100</u>	<u>13,250</u>	<u>6,594</u>	<u>14,000</u>
<b>CAPITAL OUTLAY</b>									
Copy Machine Expenses	4,490	2,749	4,433	710	1,834	767	5,200	4,583	5,200
	<u>4,965</u>	<u>2,801</u>	<u>7,502</u>	<u>785</u>	<u>2,801</u>	<u>1,298</u>	<u>5,750</u>	<u>5,602</u>	<u>8,800</u>
Subtotal	<u>9,455</u>	<u>5,550</u>	<u>11,935</u>	<u>1,495</u>	<u>4,635</u>	<u>2,065</u>	<u>10,950</u>	<u>10,185</u>	<u>14,000</u>
<b>OFFICE OPERATING EXPENSES</b>									
Supplies	5,613	4,450	5,115	887	1,550	885	6,500	6,000	6,000
Meetings	4,318	3,201	4,262	682	1,115	738	5,000	4,316	5,000
Outreach Efforts	10,000	6,426	10,000		2,239		10,000	8,665	10,000
Printing	1,986	964	1,960	314	336	340	2,300	1,300	2,300
Postage & Deliveries	1,727	1,186	1,705	273	414	295	2,000	1,600	2,000
Subscription & Reference	1,122	964	1,108	178	336	192	1,300	1,300	1,300
Dues & Memberships	1,511	1,038	1,491	239	362	259	1,750	1,400	1,750
Insurance	3,540	3,118	3,751	560	1,087	649	4,100	4,205	4,400
Equipment Maintenance	1,727	648	1,705	273	227	295	2,000	875	2,000
Subtotal	<u>31,544</u>	<u>21,995</u>	<u>31,097</u>	<u>3,406</u>	<u>7,666</u>	<u>3,653</u>	<u>34,950</u>	<u>29,661</u>	<u>34,750</u>
<b>WATER CONSERVATION</b>									
Smartscape with Cooperative Ext.	30,000	90,000	30,000				30,000	90,000	30,000
Sponsorship, Events & Memberships	14,500		14,000				14,500		14,000
Projects and Messaging	45,500		26,000				45,500		26,000
Subtotal	<u>90,000</u>	<u>90,000</u>	<u>70,000</u>				<u>90,000</u>	<u>90,000</u>	<u>70,000</u>
Total Operating Expenses	<u>1,252,240</u>	<u>1,028,071</u>	<u>1,218,567</u>	<u>214,613</u>	<u>235,765</u>	<u>227,770</u>	<u>1,466,853</u>	<u>1,334,215</u>	<u>1,446,337</u>
<b>FUNDING SOURCES</b>									
2019-2020 carryover applied to member assessments									120,000
Member Assessments	1,252,240	1,114,309	1,218,567	214,613	222,088	227,770	1,466,853	1,466,853	1,326,337
Total Funding	<u>1,252,240</u>	<u>1,114,309</u>	<u>1,218,567</u>	<u>214,613</u>	<u>222,088</u>	<u>227,770</u>	<u>1,466,853</u>	<u>1,466,853</u>	<u>1,446,337</u>

## BOARD OF DIRECTORS

### INFORMATION SUMMARY

June 25, 2020

# Consultant Agreement with The Aarons Company LLC

## ANNUAL PLAN REFERENCE

### 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*

## SUMMARY

AMWUA has utilized the services of The Aarons Company LLC to advocate, monitor and evaluate legislation before the Arizona Legislature. Barry Aarons and Theresa Ulmer have represented AMWUA professionally and effectively at the Legislature. They are well respected at the Capitol and have provided valuable expertise and initiative to prevent or amend water-related legislation for the benefit of AMWUA's members. Furthermore, AMWUA's relationship with The Aarons Company has created operational efficiencies. Representation by The Aarons Company allows AMWUA to leverage relationships at the Legislature without retaining a full-time in-house lobbyist.

The current agreement with The Aarons Company expires on June 30, 2020. For the reasons noted above, AMWUA staff believes it would be beneficial to retain The Aarons Company to continue to represent AMWUA at the Legislature. The agreement would have The Aarons Company under contract through June 30, 2022, which would cover the next two legislative sessions. The monthly fee is increased to \$4,200.00 based both on The Aarons Company's performance and also the increasing hours spent on water legislation and AMWUA's more proactive approach at the Legislature such as with the Vetting Forum.

The AMWUA Fiscal Year 2021 budget includes funds for this agreement. AMWUA's Legal Counsel has reviewed the agreement.

## **RECOMMENDATION**

AMWUA staff recommends that the AMWUA Board of Directors authorize the AMWUA Executive Director to enter into the proposed agreement with The Aarons Company LLC at a monthly rate of \$4,200.00 from July 1, 2020 through June 30, 2022.

## **SUGGESTED MOTION**

*I move to authorize the AMWUA Executive Director to enter into the proposed agreement with The Aarons Company LLC at a monthly rate of \$4,200.00 from July 1, 2020 through June 30, 2022.*

## **ATTACHMENT**

- The Aarons Company LLC Agreement

# THE AARONS COMPANY LLC

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4315 N. 12<sup>th</sup> Street Suite 200 Phoenix Arizona 85014  
Barry M. Aarons – email [baaronsaz@gmail.com](mailto:baaronsaz@gmail.com) - mobile 602 315 0155  
Angelica Terrazas – email [aterrazasaz@gmail.com](mailto:aterrazasaz@gmail.com) – 602 739 5713

## CONSULTANT’S AGREEMENT

This Consultant’s Agreement is made and entered into between the Arizona Municipal Water Users Association 3003 N. Central, Suite 1550 Phoenix, AZ 85012 (herein after called “AMWUA”) and The Aarons Company LLC, 4315 N. 12<sup>th</sup> Street Suite 200, Phoenix, Arizona 85014 (herein after called “Aarons”).

Both AMWUA and Aarons agree as follows:

**Appointment.** AMWUA appoints Aarons to render services as described herein. Aarons accepts such appointment and agrees to perform such services to the full extent of his ability.

**Term.** The term of this agreement shall commence July 1, 2020 and conclude on June 30, 2022 but may be extended at any time for any period by mutual agreement of both parties.

**Duties and Responsibilities.** Aarons agrees to represent AMWUA as follows:

- Provide advocacy, monitoring and evaluation of legislation before the Arizona Legislature and its impact on AMWUA;
- Attend legislative committee hearings, stakeholder meetings and other such meetings and to articulate the position of AMWUA on legislation being considered before committees and meetings;
- Prepare and distribute update reports at the direction of AMWUA.
- Aarons will report directly to the AMWUA Executive Director, his successor or his designee.

**Compliance and Ethical Standards.** Aarons shall comply with all standards of conduct pursuant to the laws of the United States and the laws of the State of Arizona under which Aarons undertakes activities on behalf of AMWUA.

Aarons acknowledges and agrees that his failure to comply with such standards of conduct described above shall result in the waiver and release of AMWUA from any liability resulting from Aarons’ actions and/or activities and may further result as cause for termination of this agreement.

**Confidentiality.** If during the term of this appointment, AMWUA provides Aarons with information that is designated as confidential, Aarons agrees to keep the material confidential, use the confidential information only to perform services under the agreement and return any confidential materials upon termination of the contract or, if earlier, upon request of AMWUA.

**Compensation.**

- **Compensation.** AMWUA shall pay Aarons a retainer for the services described herein in the amount of \$4,200.00 per month upon invoice on or before the 30<sup>th</sup> of each month. Compensation will commence in July of 2020 and conclude in June of 2022.
- **Expenses.** Aarons shall be reimbursed for normal and customary expenses incurred by him for postage, printing, courier and other communication charges reasonably incurred in the performance of his duties and responsibilities. Any and all extraordinary expenses not previously mentioned including travel, meals and entertainment must have prior written approval from AMWUA’s Executive Director, his designee or successor prior to their being incurred or AMWUA will not be responsible for their reimbursement.

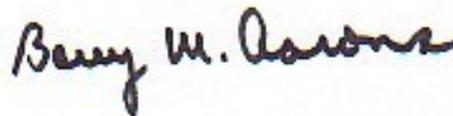
**Termination.** Either party may terminate this contract for any reason by mutual consent at any time. Aarons’ contract may also be terminated for just and substantial cause. “Just and substantial cause” shall mean (i) refusal to perform duties assigned in accordance with the terms of this Agreement or overt and willful disobedience of assignments made there under, (ii) conviction of commission of illegal acts in connection with performance of Consultant’s duties and responsibilities, or (iii) violation of the compliance and ethical standards section of this Agreement.

**Reports.** Aarons will render reports from time to time upon request of AMWUA reflecting status of its duties and responsibilities as outlined in this Agreement.

**Notices.** Any reports, notices, requests, demands, or other communications hereunder shall be delivered in writing by USPS mail or e-mail to AMWUA and Aarons as follows:

For CLIENT:  
Warren Tenney, Executive Director  
Arizona Municipal Water Users Association  
3003 N. Central Avenue, Suite 1550  
Phoenix, AZ 85012  
Phone: 602-248-8482  
Cell: 520-904-0743  
Email: wtenney@amwua.org

For CONSULTANT:  
Barry M. Aarons  
The Aarons Company LLC  
4315 N. 12<sup>th</sup> Street, Suite 200  
Phoenix, AZ 85014  
Cell: 602 315 0155  
Email: baaronsaz@gmail.com



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Warren Tenney – Date  
Arizona Municipal Water Users Association

Barry M. Aarons – Date  
The Aarons Company LLC