



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

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

MEETING NOTICE AND AGENDA

Thursday, April 29, 2021 – 11:00 a.m.

**This meeting will be held via AMWUA Zoom
Access this [Link](#) to join. Meeting ID: 860 3401 3697**

(Option to join by phone: 1-346-248-7799, same Meeting ID as above)

A. Call to Order

B. General Business—Items for Discussion and Possible Action

1. Approval of the Minutes from the March 25, 2021 Meeting
2. Schedule Next Meeting Date: Thursday, May 27, 2021, 11:00 a.m.
3. Introduction to CAWCD Board President and Officers
4. CAWCD Water Rates, Taxes and Capital Charges
5. 2021 Legislative Session
6. Status of the Recovery Planning Advisory Group
7. AMWUA Fiscal Year 2022 Preliminary Draft Budget
8. IRS Form 990 for Fiscal Year 2020

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, or by request.

Arizona Municipal Water Users Association



BOARD OF DIRECTORS
MEETING MINUTES
March 25, 2021
ZOOM TELECONFERENCE

VOTING MEMBERS PRESENT

Councilmember Bart Turner, Glendale, Vice President
Councilmember Scott Anderson, Gilbert
Councilmember Bridget Binsbacher, Peoria,
Councilmember Doreen Garlid, Tempe
Councilmember Sheri Lauritano, Goodyear
Councilmember René Lopez, Chandler
Councilmember Curtis Nielson, Avondale
Mayor David Ortega, Scottsdale
Councilwoman-elect Ann O'Brien, Phoenix

VOTING MEMBERS NOT PRESENT

Councilmember Kevin Thompson, Mesa

OTHERS PRESENT

Barry Aarons, The Aarons Co	Cynthia Campbell, Phoenix	Karen Kruse, Phoenix
Patrick J. Adams, AMWUA	Gregg Capps, Chandler	Penny Parrella, Peoria
Alexis Apodaca, Chandler	Sam Draper, AMWUA	Diana Pina, AMWUA
Amy Arguilez, Gilbert	Gretchen Erwin, Goodyear	Cape Powers, Peoria
Michelle Barclay, AMWUA	Paulette Fenderson, Phoenix	John Raeder, Goodyear
Gretchen Baumgardner, Scottsdale	Kathy Ferris, AMWUA	Kenosha Skinner, Avondale
Kirk Beaty, Avondale	Brett Fleck, Peoria	Drew Swieczkowski, Glendale
Anthony Beckham, SRP	Jessica Fox, AMWUA	Warren Tenney, AMWUA
Eric Braun, Gilbert	Eric Gudino, Phoenix	Sheri Trapp, AMWUA
Craig Caggiano, Tempe	Lacey James, Avondale	Tammi Watson, CAP
		Emily Webb, Peoria

A. Call to Order

Councilmember Turner called the meeting to order at 11:00 a.m. He welcomed Councilwoman-elect Ann O'Brien from Phoenix to the AMWUA Board of Directors.

B. General Business – Items for Discussion and Possible Action

1. Approval of the Minutes from the February 25, 2021 Meeting

Upon a motion made by Councilmember Lopez and a second by Mayor Ortega, the AMWUA Board of Directors unanimously approved the February 25, 2021 meeting minutes.

2. Next meeting scheduled: Thursday, April 29, 2021, 11:00 a.m.

3. 2021 Legislative Session

Mr. Tenney reported that this is the last week for the Legislature to hear bills in Committee. He highlighted two bills that AMWUA is supporting.

SB 1147 would allow the Arizona Water Banking Authority to transfer its long-term storage credits directly to municipal providers when those credits need to be recovered. This bill passed out of the House Natural Resources Committee and should move smoothly through the House.

SB 1366 would extend the exemption for remediated groundwater, which is important to Scottsdale and Goodyear as well as Tucson Water and Metro Water District in Southern Arizona. This bill passed out of the House Natural Resources Committee but as a striker to change in session law the expiration of the exemption from 2025 to 2050.

Mr. Aarons reported that he appreciated Senator Griffin's regular communication with him on SB 1366. He stated that any bills not heard thus far are most likely dead this session, and added that the budget sessions are beginning to hold small group meetings.

4. AMWUA Strategic and Annual Action Plans

Mr. Tenney reported that the current strategic plan has served AMWUA well and that AMWUA remains focused on accomplishing its vision and mission. The AMWUA 2021-2025 Strategic Plan continues to provide guiding principles for the organization and is more succinct and straightforward. The Annual Action Plan provides the details of what actions will be taken during the year to meet AMWUA's vision and mission. Mr. Tenney stated that AMWUA's key intentions remain – facilitate, educate, collaborate and advocate. The overarching objectives of the strategic plan are to safeguard water supplies, strengthen groundwater management, prepare for impacts of drought & shortage, pursue post-2025 water policy, minimize financial impacts, and interconnect disciplines.

Mr. Tenney then introduced the Fiscal Year 2022 Annual Action Plan. He reviewed the day-to-day operations and stated that AMWUA will continue to serve its members by collaborating on issues and advocating for the agreed-upon positions. He asked the AMWUA staff to report on specific areas of the Action Plan.

Patrick Adams, Water Policy Analyst, first noted an accomplishment from this past year – the Water Loss Control Training & Technical Assistance Program. This program is funded by ADWR and the training and technical assistance is provided by the Southwest Environmental Finance Center at the University of New Mexico. Members participating in the training have acknowledged the benefits to their respective utilities.

Mr. Adams reported that AMWUA’s approach to legislation will be consistent with its current efforts. AMWUA will continue to monitor, analyze, and act upon legislation that affects its members, and will engage with Legislators and other stakeholders year-round through venues like the Vetting Forum, Water 101, and individual meetings to inform them on the issues important to the AMWUA cities.

Mr. Adams discussed the 2025 Redesignation process. He stated that AMWUA will continue to produce policy analysis and support that will prepare the AMWUA cities to renew their assured water supply designations. This includes serving as a resource on assured water supply issues and monitoring any related policy developments. AMWUA will continue to coordinate with the various agencies involved and will work to produce a roadmap of critical processes and deadlines that will need to be addressed prior to the submittal of Redesignation applications.

Sam Draper, Conservation & Efficiency Program Manager, reported on Demand Management, noting that AMWUA will continue to engage in efforts to pursue demand management best practices and policies in the 5th Management Plan, Post-2025 AMAs Committee, and through commercial, industrial, and institutional efficiencies. AMWUA will stay focused on further quantifying savings from water conservation efforts, and will remain engaged in regional, statewide, and national demand management efforts and in elevating the AMWUA members’ individual programs and efforts.

Ms. Draper reported that this past year, AMWUA launched and promoted AMWUA’s Landscaping with Style microsite and Water Use Calculator microsite, and created and printed various valuable educational materials for the members to utilize. Ms. Draper stated that it will be important to expand awareness about ongoing conservation efforts to enhance water resource supply sustainability. AMWUA will continue to assist its members in strategizing demand management by remaining focused on researching and developing outdoor water efficiency standards and best practices.

Sheri Trapp, Communications Manager, reported on Enhanced Communications. She stated that AMWUA will continue to improve how it conveys the municipal perspective on water by educating the public, decision-makers, and the media about what the AMWUA cities do to safeguard their water supplies and ensure the delivery of safe and reliable water. AMWUA will continue to create content and materials for its members to utilize, and will continue to use a variety of platforms to educate and inform including AMWUA’s blog, social media, resources materials, and the AMWUA website. AMWUA will continue to collaborate to ensure its communication efforts are well-coordinated and consistent with its members and with regional partners.

Ms. Trapp reported on the importance of utilizing and coordinating messaging that was developed for the Colorado River Shortage Awareness Campaign. AMWUA will continue to facilitate the coordination of consistent messages and will continue to work with AMWUA's advisory groups and communications staff from the AMWUA cities and regional partners to better facilitate information exchange and enhance coordination of complimentary messaging.

Jessica Fox, Water Policy Advisor, reported on Colorado River Management & Shortage Preparation, Finances, and Sustainable Water Management. She stated that AMWUA will continue to assist, monitor, and coordinate on the impacts of shortage declarations on the Colorado River along with the Reconsultation of the 2007 Colorado River Interim Guidelines to ensure its members' interests are forefront. AMWUA will continue to participate in the Recovery Planning Advisory Group to engage in the implementation phases of the recovery of Arizona Water Banking Authority stored water for the benefit of M&I subcontractors. AMWUA will analyze the long-term risks of M&I subcontract shortages to its members to assist in initiating discussions to address growing Colorado River supply uncertainty.

Ms. Fox reported that this past year the CAWCD Board supported its staff and AMWUA's recommendation to designate a portion of its property taxes in 2021 and 2022, specifically for its federal debt repayment. AMWUA will continue to examine, analyze and influence water positions and policies that impact its members' finances. AMWUA will continue to assist its members in understanding and preparing for shortage rate impacts and advocating for effective strategies to utilize the CAWCD rate stabilization funds.

Ms. Fox reported on Sustainable Water Management noting that AMWUA developed and coordinated the drafting of six issue statements and issue briefs for the Post-2025 AMAs Committee of the Governor's Water Council. AMWUA will continue to evaluate and pursue its members' contribution towards efforts and policies that will sustain and safeguard its water resources and prepare for the critical water management issues beyond 2025. AMWUA will continue to analyze how the Water Bank can best benefit municipal users, and will actively participate in ongoing discussions of the Governor's Water Council. AMWUA will continue to lead discussions in the Post-2025 AMAs Committee toward developing strategies and solutions to address the Committee's identified issues and improve long-term water management in the AMAs.

In response to a question raised by Councilmember Anderson, Mr. Tenney stated that he would willingly meet with the Gilbert Town Council to provide an overview about AMWUA.

Board members commented on their appreciation for the efforts made by the AMWUA staff this past year.

Mr. Tenney stated that the AMWUA Management Board recommended approval of the Annual Action Plan by the AMWUA Board of Directors.

Upon a motion made by Mayor Ortega and a second by Councilmember Garlid, the AMWUA Board of Directors unanimously approved the AMWUA Strategic Plan and Annual Action Plan as presented.

5. Update on the Governor's Water Council

Mr. Tenney reported that the Governor's Water Augmentation Innovation & Conservation Council held its quarterly meeting last week. The Council is tasked with looking at how to improve overall water management in Arizona along with augmentation and innovation opportunities. Mr. Tenney noted that AMWUA has been an active participant and that he serves as co-chair of the Post-2025 AMAs Committee. Mr. Tenney asked Jessica Fox to provide a brief overview about the Post-2025 AMAs Committee's activities, and Patrick Adams to provide an update on the Desalination Committee.

Ms. Fox reported that the goal of the Post-2025 AMAs Committee is to identify water management challenges facing the AMAs and generate solutions to those challenges for 2025 and beyond. The six issues identified by the Council consist of Hydrologic Disconnect, Exempt Wells, Unreplenished Groundwater Withdrawals, Groundwater in the AWS Program, CAGRDR Replenishment & Water Supplies, and AMA Management Structure. The next phase is to proceed to develop strategies and solutions to address the interconnected long-term water management challenges. The Council was supportive of the Committee's process. Ms. Fox stated that AMWUA encourages the AMWUA members to review the final packet of issues, and AMWUA continues to be supportive of the Committee's progress.

Mr. Adams reported that the goal of the Desalination Committee is to identify brackish water desalination opportunities within Arizona. The Committee identified six projects, including operation of the Yuma Desalination Plant. The Committee concluded that regulatory barriers were impeding utilization of brackish groundwater. Mr. Adams stated that ADWR produced a white paper outlining the regulatory framework around brackish groundwater. The analysis included that brackish groundwater is not a unique legal classification of a water supply and is treated as groundwater subject to the requirements of the Groundwater Code, and that poor quality groundwater permits exist in statute. The white paper also included various stakeholder viewpoints. Mr. Adams stated that AMWUA submitted comments to ADWR expressing caution against increasing unreplenished groundwater withdrawals, which is in opposition of the goal of safe-yield. The Desalination Committee will not be moving forward with having discussions about incentivizing increased groundwater pumping.

In response to a question raised by Councilmember Garlid on tribal involvement, Mr. Adams stated that the Committee has recognized that any desalination projects would need to consult with stakeholders or entities in that area and have specifically identified that there are tribal nations in that area.

Mr. Tenney stated that AMWUA will continue to follow all of the meetings of the Governor's Water Council and its committees.

6. Office Renovations and FY 2021 Budget

Mr. Tenney reported that when AMWUA negotiated the amendment to the Office Lease Agreement in February 2020, the Landlord agreed to some renovations to the office space. In addition, the Landlord agreed to reimburse AMWUA for \$15,000 of equipment or upgrades that would benefit the office. Mr. Tenney stated that the \$15,000 would best be utilized on audio/visual equipment in both conference rooms to accommodate combinations of remote and in-person meetings. Staff researched and received three proposals and selected Arizona Audio Visual to install the audio/visual equipment for under \$18,500.

In addition, as part of the lease amendment, the Landlord agreed to rent abatement during the construction of the renovations, meaning that AMWUA will be under budget by \$39,780 for the Office Space line item in the Fiscal Year 2021 budget. Mr. Tenney proposed using \$3,500 of this amount to cover the balance of the audio/visual equipment cost, and to also use no more than \$10,000 to purchase new furniture for the lobby and most of the staff offices, which in most cases is more than 30 years old. The remainder of the savings would be carried over to the AMWUA members' assessments in the Fiscal Year 2022 budget.

Upon a motion made by Councilmember Lopez and a second by Councilmember Anderson, the AMWUA Board of Directors unanimously approved the expense of no more than \$13,500 from the Office Space line item in the Fiscal Year 2021 budget for the purpose of purchasing office furniture and the cost for the audio/visual equipment not covered by the \$15,000 reimbursement under the lease amendment.

C. **Executive Director's Report**

Mr. Tenney reported that the Colorado River still remains below average with an overall projection of a Tier 1 shortage in January 2022. He stated that a regional communications meeting is scheduled with ADWR, CAWCD, AMWUA members' PIOs and communications staff to discuss the additional attention on the Colorado River shortage and how to work together for consistent messaging.

Mr. Tenney reported that CAWCD held a stakeholder roundtable to discuss the rate stabilization fund that was collected from all customers between 2013 and 2018 to help smooth out the rate increases when a shortage occurs. AMWUA held discussions with the WRAG to collectively recommend that half the funds be used in 2022 and the other half in 2023.

Mr. Tenney reported that he distributed the AMWUA 2020 Accomplishments information to the AMWUA members. He asked that it be forwarded to companion councilmembers as well as to the management team so that there is an increased understanding about AMWUA and what is accomplished on behalf of its members.

D. **Future Agenda Items**

No future agenda items were discussed.

E. Executive Session

Upon a motion made by Councilwoman-elect O'Brien and a second by Councilmember Garlid, the AMWUA Board of Directors unanimously voted to enter into Executive Session at 12:10 p.m.

The AMWUA Board of Directors re-entered regular session at 12:55 p.m.

F. Consideration of Action Pursuant to Executive Session

Councilmember Lopez made a motion to direct the AMWUA Executive Director to come forward with a budget for Fiscal Year 2022 reflecting the direction in executive session regarding any salary adjustments for the Executive Director and AMWUA staff, and any one-time allocated funds. The motion was seconded by Councilmember Garlid and approved by the majority of the AMWUA Board of Directors. Mayor Ortega was not present after the Executive Session ended.

G. Adjournment

Upon a motion by Councilmember Nielson and a second by Councilwoman-elect O'Brien, the meeting was adjourned at 12:57 p.m.

BOARD OF DIRECTORS

INFORMATION SUMMARY

April 29, 2021

Introduction to CAWCD Board President and Officers

STRATEGIC PLAN REFERENCE

Collaborate and Advocate for Solutions

- Effectively work with and influence the Legislature, the Arizona Department of Water Resources, the Arizona Department of Environmental Quality, U.S. Bureau of Reclamation, Salt River Project, Central Arizona Water Conservation District, the water community, the business community, and other key players to pursue policies and positions beneficial to our members and Arizona.

SUMMARY

In February, the Board of Directors for the Central Arizona Water Conservation District elected a new slate of Board officers: Terry Goddard as President; Mark Taylor as Vice-President; and Alexandra Arboleda as Secretary. Mr. Goddard requested an opportunity to meet with the AMWUA Board of Directors to provide a brief introduction and to introduce the other officers and Chairs of the CAWCD Committees: Mark Taylor, Finance Audit & Power (FAP) Committee; Alexandra Arboleda, CAGR and Underground Storage Committee; and Jennifer Brown, Public Policy Committee.

AMWUA Board President Kevin Thompson extended an invitation for Mr. Goddard to attend the April 29, 2021 Board meeting. We believe this is a good opportunity to strengthen relations between the two organizations. Since the April 29th meeting will include a discussion regarding CAWCD rates, taxes and capital charges, it is also an opportunity for the CAWCD Board President and Officers to listen to the AMWUA Board's deliberation on that subject.

RECOMMENDATION

The AMWUA Board of Directors is requested to use this opportunity to increase understanding between CAWCD and AMWUA.

BOARD OF DIRECTORS
INFORMATION SUMMARY
April 29, 2021

CAWCD Water Rates, Taxes and Capital Charges

ANNUAL PLAN REFERENCE

Finances & Water

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

- CAWCD – Decisions regarding the use of property tax revenue, use of rate stabilization funds, recovery infrastructure financing, costs of System Use Agreement water quality requirements, and costs of shortage-related programs.

Strategic Plan: Collaborate and Advocate for Solutions, Safeguard Water Supplies, Prepare for Impacts of Drought & Shortage, Minimize Financial Impacts

SUMMARY

Since 2017, the AMWUA Board of Directors has taken the formal position that CAWCD's tax revenues should be used along with capital charges to meet its federal repayment rather than solely depending upon capital charges. AMWUA has consistently advocated that CAWCD's taxing authority was granted in large part for the purpose of repaying the federal government for the construction of the Central Arizona Project, which benefits all taxpayers in its three-county service area. Last year, the CAWCD Board agreed to utilize a portion of the property tax receipts for the federal debt repayment in both 2021 and 2022.

On April 15, 2021, the Finance Audit & Power (FAP) Committee of the CAWCD Board met to discuss the collection and allocation of property taxes for 2023 so that municipal and industrial (M&I) subcontractors would know a year in advance how much the capital charges would be in 2023. Staff presented three options to the FAP Committee regarding the allocation of taxes that could go towards federal repayment in 2023. AMWUA had sent a letter of support for the option that would have designated 2 cents towards federal repayment and thus capital charges would be \$51 per acre-foot in 2023.

The FAP Committee decided to recommend that the CAWCD Board approve the option that adjusts the CAP Preliminary 2022-2026 Water Rate Schedule in 2023 to have 1.5 cents from the ad valorem tax go toward federal repayment, which means capital charges in 2023 will be \$56 per acre-foot.

The CAWCD Board will discuss and consider the FAP Committee's recommendation at its May 6, 2021 meeting. While AMWUA had supported the 2-cent option, the FAP Committee's recommendation still includes 1.5 cents of taxes to be designated towards federal repayment, which is consistent with AMWUA's overall position. Plus, the recommendation's inclusion of a designation of taxes towards funding long-term infrastructure needs of the Central Arizona Project also benefits M&I subcontractors over time.

AMWUA staff is recommending that a letter be sent from the AMWUA Board President to the CAWCD Board in support of the FAP Committee's recommendation.

RECOMMENDATION

The AMWUA Board of Directors is requested to discuss and ask questions regarding the proposed CAWCD water rates, taxes and capital charges.

It is also recommended that the AMWUA Board of Directors direct the AMWUA Board President to send a letter to the CAWCD Board expressing support for the FAP Committee's recommendation.

BOARD OF DIRECTORS
INFORMATION SUMMARY
April 29, 2021

2021 Legislative Session

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: Collaborate and Advocate for Solutions, Safeguard Water Supplies, Reinforce Groundwater Management, Prepare for Impacts of Drought & Shortage, Pursue Post-2025 Water Policy

SUMMARY

This legislative summary provides a status update on all bills that the AMWUA Board of Directors has adopted a position. The document identifies bills that continue to advance through the process, and those that are unlikely to move forward.

RECOMMENDATION

Staff recommends that the AMWUA Board of Directors review the legislative update and ask any questions that arise.

Depending on legislative developments before the April 29, 2021 meeting, the AMWUA Board of Directors may be asked to provide direction regarding legislation.

Key Water Legislation

[HB 2035](#) appropriation; Arizona water protection fund (Griffin)

This bill would appropriate \$1 million from the state general fund in Fiscal Year 2021-22 to the Arizona Water Protection Fund. The Arizona Water Protection Fund is a state-run program administered by ADWR that funds projects to protect and enhance water quality and quantity in Arizona's rivers, streams, and riparian areas. Some of these efforts include revegetation, erosion control, channel stabilization, research, and water conservation. AMWUA has supported this legislation in previous years.

AMWUA Position: Support

Status: Passed Senate Appropriations Committee 3/2

[HB 2041](#) | [SB 1446](#) groundwater replenishment reserves (H: Griffin | S: Kerr)

This bill introduces clarifications to the calculation of CAGR's 100-year replenishment obligation for the purpose of calculating the replenishment reserve target. Existing statute could be read to require the CAGR to calculate the replenishment reserve based on each AMA's buildout obligation multiplied by 100. Modifies the statutory calculation of each AMA's projected replenishment obligation to equal the cumulative projected obligation for each year following submission of the Plan of Operation. AMWUA supported this legislation in the 2020 session.

AMWUA Position: Support

Status: HB 2041 signed by Governor 2/18

[HB 2056](#) | [SB 1368](#) water conservation notice; no forfeiture (H: Griffin | S: Kerr)

Allows a water right holder to file a "Water Conservation Plan" with ADWR. Upon filing a plan that outlines water conservation measures that are planned or will be implemented, the water rights included in that notice would be shielded from a claim of abandonment or forfeiture. The Plan can be extended by 10-years, indefinitely. Includes a legislative intent clause specifying that the Legislature intends the provisions to only apply prospectively.

AMWUA Position: Monitor

Status: HB 2056 signed by Governor 2/18

[HB 2074](#) | [SB 1147](#) water banking; storage credits; subcontractors (H: Pratt | S: Kerr)

For nearly three decades the Arizona Water Banking Authority (AWBA) has stored Colorado River water underground to supplement the water supplies of Central Arizona Project (CAP) Municipal & Industrial (M&I) subcontractors. To access the stored water in times of shortage, current statutes require that the AWBA must first transfer the long-term storage credits (LTSC) to CAP for recovery. This bill would provide the AWBA with the option to distribute LTSC directly to M&I subcontractors. The concept of direct distribution is an outcome of a stakeholder effort to plan for the recovery of water supplies stored by the AWBA. This legislative change would provide flexibility and simplicity for recovery of AWBA credits and reduces the cost of recovery to end users. AMWUA took the lead for this legislation in the 2020 session.

AMWUA Position: Support

Status: SB 1147 signed by Governor 4/14

[HB 2078](#) | [SB 1021](#) groundwater; waterlogged area exemption; date (H: Dunn | S: Kerr)

The Buckeye Waterlogged Area (BWLA) was established by the Legislature in 1988, covering an area surrounding the Gila River from confluence with the Salt River west to Gillespie Dam, which includes part of Avondale and Goodyear. Within the BWLA, farmlands are exempt from water duties, certain irrigation districts are exempt from conservation requirements, and entities pumping groundwater are not required to pay withdrawal fees. Statute requires that ADWR review the area's hydrologic conditions and make a recommendation to the Governor and Legislature on whether or not the exemptions should continue. ADWR published its findings in December 2019 and recommended that the BWLA continue through 2034. This bill would extend the BWLA exemptions through 2034, as recommended by ADWR. AMWUA supported this legislation in the 2020 session.

AMWUA Position: Support

Status: HB 2078 signed by Governor 2/5

[HB 2247](#) | [SB 1177](#) forest products; processing; tax credit (H: Griffin | S: Kerr)

This legislation would establish a new tax credit for qualifying entities in the forest product industry that participate in the Arizona Commerce Authority's "Healthy Forest Enterprise Incentive Program." The tax credit is determined by the volume qualifying forest products that the business processes annually. This legislation, developed by SRP, is intended to incentivize increased forest thinning to improve watershed conditions. The tax credit offered in this legislation expires after 10 years.

AMWUA Position: Support

Status: SB 1177 passed House NREW Committee 3/9

[HB 2330](#) | [SB 1370](#) environmental quality programs; terminations; repeal (H: Griffin | S: Kerr)

This bill proposes to remove the statutory termination dates for multiple programs administered by the Arizona Department of Environmental Quality (ADEQ). Current statutes include sunset dates for these individual programs, separate from ADEQ's sunset review as an entire agency. Removing the termination dates for these programs would align their sunset reviews with the ADEQ sunset review. AMWUA supported this legislation in the 2020 session.

AMWUA Position: Support

Status: SB 1370 signed by Governor 3/18

[HB 2336](#) | [SB 1274](#) assured water supply; subdivisions (H: Pratt | S: Shope)

This measure has been introduced on behalf of the Pinal AMA Stakeholder Group; entities working to address groundwater physical availability issues in the Pinal AMA that have resulted in ADWR holding pending AWS applications. HB 2336 would amend statute to allow a water provider in the Pinal AMA to Modify their most recent Designation of Assured Water Supply (AWS) without having to re-demonstrate the physical availability of groundwater if the Provider is not seeking to increase its previously approved physical availability volume.

This bill codifies ADWR's existing policies related to determining the "Area of Impact" for water stored underground that will be included in an AWS application.

The bill also changes the AWS statutes to allow developers to change the land use type or increase the number of housing units on a subdivision plat associated with existing Certificates of AWS, provided that the overall water use does not increase. Current regulations require developers to apply for a new Certificate if a plat is revised and housing units are increased by 10% or more.

AMWUA has worked with the proponents of this bill to incorporate technical amendments related to the AWS Program, as well as to secure a provision that would ensure ADWR can revise its Rules across all AMAs to make conforming changes.

AMWUA Position: Support

Status: SB 1274 signed by Governor 2/12

[HB 2388](#) water supply development fund; appropriation (Griffin)

The Water Supply Development Revolving fund was established in 2007 and was intended to assist rural water providers acquire water supplies through loans and grants. Currently statutory criteria exist that limit the disbursements from the fund to only water providers that are located within an AMA, or a jurisdiction that has voluntarily adopted adequate water supply provisions. This bill would negate those statutory criteria and make the monies available to any water provider outside of Maricopa County. HB 2388 also expands the definition of “water provider” to include additional private water companies and Natural Resource Conservation Districts. Passive stormwater recharge projects are added to the approved statutory list of water supply development projects. An amendment passed on March 11th removed a proposed \$50 million appropriation.

AMWUA Position: Monitor

Status: HB 2388 Signed by Governor 4/20

[HB 2390](#) | [HB 2594](#) | [HB 2778](#) stream adjudications; cooperative extension; appropriation (Griffin & Bowers)

These bills authorize Arizona Universities to represent claimants in the General Stream Adjudications. HB 2778 was introduced with slightly differing language, directing the \$500,000 to the University of Arizona’s cooperative extension, rather than for the establishment of a new UA law clinic. HB 2778 also modifies the qualification criteria of those eligible to receive this assistance from low income claimants to “small land owners.”

AMWUA Position: Support

Status: HB 2778 passed Senate Appropriations Committee 3/16

[HB 2441](#) water; substitute acreage (Griffin)

Adds statutory provisions that would allow an irrigator to retire irrigated acres and apply that water right to new, “substitute” lands. The substitute lands must be contiguous to the retired acres or part of the same farming unit. The irrigator must notify ADWR that the retired acres were damaged by floodwaters or, report that a “condition” (including soil quality or the shape of the farmland) exists that is limiting the efficient irrigation of those original acres and that the substitution of new land will facilitate more efficient water use.

AMWUA Position: Monitor

Status: Signed by Governor 3/23

[HB 2576](#) | [SB 1763](#) water rights; general adjudications; funding (H: Griffin | S: Engel)

This measure establishes the *General Adjudication Personnel and Support Fund*. Monies in the Fund can be used to provide additional full-time staff, equipment, or services for the Adjudication proceedings for both the Court and ADWR. Prior to any monies being allocated from the Fund, ADWR or the Supreme Court must prepare an expenditure plan for review by the Joint Legislative Budget Committee. The bill appropriates nearly \$400,000 for the Court to immediately utilize and \$2 million for the general purposes of the Fund. AMWUA supported this legislation in the 2020 session.

AMWUA Position: Support

Status: HB 2576 passed House NREW Committee 2/16

[HB 2614](#) | [SB 1366](#) remediated water; groundwater; use (H: Osborne | S: Kerr)

In 1997 the Arizona legislature enacted reform measures to the WQARF Program, including creation of incentives for the use of remediated groundwater to facilitate the cleanup of groundwater contamination. Session Law directs ADWR to consider remediated groundwater pumped pursuant to qualifying projects to be consistent with the Management Goal and Plan of the AMA. HB 2614 incorporates the Session Law provisions into A.R.S. Title 45, extends the exemption from 2025 to 2050, and adds a statutory provision that mandates remediated groundwater be put to beneficial use within the service area of the municipal provider where the groundwater was withdrawn, or pursuant to an existing grandfathered right.

AMWUA Position: Support

Status: SB 1366 signed by Governor 4/20

[HB 2691 s/e](#) ADEQ; water quality programs; WOTUS (Griffin)

This bill authorizes ADEQ to adopt water quality standards for surface waters in Arizona that are not classified as “Waters of the United States” (WOTUS) pursuant to the Clean Water Act. The statutory amendments direct ADEQ to establish a list of “protected surface waters” and outlines specific waterbodies that must be listed, as well as criteria and procedures for adding or removing waterbodies to the list of protected surface waters. AMWUA has engaged with ADEQ throughout the formation of this legislation as a member of the Department’s Stakeholder Advisory Group. AMWUA staff recommended adoption of a Monitor position on this bill, in recognition that each member city has specific comments and concerns with the legislation.

AMWUA Position: Monitor

Status: Passed Senate COW 4/5

Stalled Legislation

[HB 2203](#) | [SB 1079](#) well drilling; groundwater basins (H: Cano | S: Steele)

Establishes a well drilling moratorium that prevents new wells in the Upper San Pedro and Verde Valley groundwater subbasins until the conclusion of the General Stream Adjudication unless a well is a replacement well or does not pump subflow.

AMWUA Position: Monitor

Status: Neither bill received a committee hearing

[HB 2204](#) | [SB 1656](#) wells; permits; spacing rules (H: Cano | S: Mendez)

Requires that ADWR adopt rules governing the location of new and replacement wells >35 gpm located outside of AMAs, within groundwater basins that the Director determines to be experiencing declining groundwater levels. AMWUA supported this legislation in the 2020 session.

AMWUA: Support

Status: Neither bill received a committee hearing

[HB 2205](#) | [SB 1562](#) WQARF; Appropriation (H: Cano | S: Peshlakai)

Appropriates \$15 million from the general fund in FY2021-22 to the Water Quality Assurance Revolving Fund. WQARF is a state-sponsored program established by the Legislature and administered by the Arizona Department of Environmental Quality to clean up hazardous soil and groundwater contamination. AMWUA supported this legislation in the 2020 session.

AMWUA Position: Support

Status: Neither bill received a committee hearing. WQARF will be addressed through the Budget

[HB 2206](#) | [HB 2595](#) | [SB 1765](#) subsequent irrigation non-expansion areas; procedures (H: Cano, Cobb | S: Otondo)

These measures introduce a number of modifications to the procedures for establishment of new irrigation non-expansion areas (INA). This proposal would allow ADWR to consider projected rates of groundwater withdrawal as part of the determination of a new INA. The bills also clarify which entities are eligible to petition the State to create a new INA and would mandate that petitioners submit a groundwater model and hydrologic assessment using methodology approved by the ADWR Director. The language aligns with the suggested

statutory changes presented by ADWR in the summer of 2017 during the Governor's Water Solutions Conversations. AMWUA supported this legislation in the 2020 session.

AMWUA Position: Support

Status: None of the bills received a committee hearing

[HB 2209](#) | [SB 1314](#) groundwater pumping; measuring; reporting (H: Cano | S: Steele)

Requires monitoring and annual reporting for nonexempt groundwater wells throughout the state. Water users who irrigate 10 or fewer acres that are not part of a larger farming operation, or water users who pump <10 acre-feet per year for non-irrigation use are exempted from this requirement. AMWUA supported this legislation in the 2020 session.

AMWUA Position: Support

Status: Neither bill received a committee hearing

[HB 2286](#) | [SB 1037](#) water efficient plumbing fixtures (H: Lieberman | S: Engel)

Arizona adopted water-efficiency standards for indoor plumbing fixtures in 1992 which have since been superseded by various federal laws and requirements. This bill would update Arizona's water-efficiency standards to align with criteria established by the WaterSense Program, a public-private partnership between industry, utilities, and regulators. AMWUA supported this legislation in the 2020 session.

AMWUA Position: Support

Status: Neither bill received a committee hearing

[HB 2456](#) Colorado River fourth priority water (Cobb & 5 others)

This bill would add statutory language prohibiting the transfer of any Priority 4 (P4) Colorado River water to non-Colorado river communities.

AMWUA Position: Monitor

Status: HB 2456 was never assigned to a committee

[HB 2679](#) water; rural management areas (Cobb)

For counties bordering the Colorado River, this bill would allow the County Board of Supervisors to establish a new type of water management jurisdiction called a *Rural Management Area* if a particular groundwater basin or subbasin meet certain criteria, generally related to

groundwater depletion. For any Rural Management Area that is formed, a five-person advisory council shall be appointed by the Governor, and ADWR shall appoint a Director of the area. Rural Management Areas may develop a Management Goal, Management Plan, and voluntary or mandatory best management practices designed to reduce groundwater withdrawals in the area. The proposed Management Plan must be submitted for approval by ADWR.

AMWUA Position: Monitor

Status: HB 2679 never received a committee hearing

[HB 2740](#) | [SB 1474](#) watershed health; use; survey (H: Dalessandro | S: Engel)

This bill directs ADWR to conduct a triennial assessment of watershed health throughout Arizona and to establish by 2024 a set of recommendations for how much “ecological water” is needed to sustain ecosystems, wildlife habitat, or communities that may rely on a watershed. The bill also provides for the appropriation of water for “watershed health uses,” defined as the conservation of water within a natural watercourse that supports the health of an individual watershed. Current statutes allow for the appropriation and beneficial use of water instream for fish, wildlife, and recreation purposes but not explicitly for the benefit of the watershed or ecosystem as a whole.

AMWUA Position: Monitor

Status: Neither bill received a committee hearing

[SB 1386](#) water; augmentation authority; special districts (Shope)

This measure has been introduced on behalf of the Pinal County Water Augmentation Authority (CWAA). The bill would create a statutory framework for a CWAA to levy an assessment (similar to an ad valorem property tax) upon request of property owners for the purposes of financing water supply development projects that will ultimately allow that property to be eligible for a Certificate of Assured Water Supply. SB 1386 also adds to the existing statutory authorities of County Improvement Districts the ability to acquire water supplies and develop infrastructure for water conveyance, reuse, or replenishment. Finally, this bill would require ADWR to transfer a minimum of \$200,000 per year of groundwater withdrawal fee monies to the Pinal CWAA. Currently, statute specifies that ADWR may transfer up to \$200,000 by annual determination.

AMWUA Position: Monitor

Status: Held in Senate NREW Committee 2/17

BOARD OF DIRECTORS INFORMATION SUMMARY

April 29, 2021

Status of the Recovery Planning Advisory Group

ANNUAL PLAN REFERENCE

Colorado River Management & Shortage Preparation

Assist, monitor and coordinate on the impacts of shortage declarations on the Colorado River along with the Reconsultation of the 2007 Colorado River Interim Guidelines to ensure our members' interests are forefront.

- Recovery Planning - Participate in the Recovery Planning Advisory Group to engage in the implementation phases of recovery of AWBA stored water for the benefit of M&I subcontractors.

Strategic Plan: Facilitate our Strength in Numbers, Collaborate and Advocate for Solutions, Safeguard Water Supplies, Prepare for Impacts of Drought & Shortage, Minimize Financial Impacts

SUMMARY

In January 2018, the Arizona Water Banking Authority (AWBA), Arizona Department of Water Resources (ADWR), and Central Arizona Water Conservation District (CAWCD) jointly convened the Recovery Planning Advisory Group (RPAG). The objective of the group is to provide greater planning clarity on how the 2014 Joint Recovery Plan will be implemented to firm M&I subcontracts. AMWUA, along with the cities of Phoenix and Mesa, have been participating in the RPAG. The RPAG met throughout 2018 and 2019 to discuss recovery planning and implementation issues. Throughout 2020, the three agencies began drafting the Update to the 2014 Plan. The RPAG reviewed and commented on each of the chapters within the Update.

Since 2014, M&I subcontract firming methods have changed based on the input from the RPAG along with the subsequent approval of the CAP System Use Agreement. A key change has been the concept of "Independent Recovery" in which subcontractors would recover AWBA credits on their own or with a partner. This concept relates to the legislation that AMWUA has been pursuing that would allow the AWBA to directly distribute its credits to M&I subcontractors. The three agencies also updated the firming analysis to better understand the impacts to direct uses to estimate the need for recovery wells and related infrastructure in specific years. Both of these concepts have resulted in less of a projected direct reliance on CAWCD for recovery.

The Update to the 2014 Joint Recovery Plan is being finalized by the three agencies based on comments received from the RPAG. The Update is expected to be released publicly within the next month.

AMWUA staff will give an overview of what is anticipated in the Update to the 2014 Joint Recovery Plan. The Management Board received the same presentation at its April 14, 2021 meeting.

RECOMMENDATION

The AMWUA Board of Directors is encouraged to ask questions about the Recovery Planning Advisory Group and the development of the Update to the 2014 Joint Recovery Plan.



BOARD OF DIRECTORS

INFORMATION SUMMARY

April 29, 2021

AMWUA Fiscal Year 2022 Preliminary 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: Facilitate our Strength in Numbers

SUMMARY

Attached is the preliminary draft of the Fiscal Year 2022 annual budget, which includes a summary page with comments to explain increases or decreases for each line item.

Development of the Fiscal Year 2022 budget was guided by the Annual Action Plan for Fiscal Year 2022, 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, 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 preliminary draft Fiscal Year 2022 annual budget was developed after a full year into the ongoing COVID-19 situation. The COVID-19 situation continues to cast uncertainty about what to expect in the coming months though circumstances appear to be moving towards a positive direction including increased in-person interaction. Yet, even if COVID-19 is brought under complete control, it is anticipated that certain practices including the utilization of audio/video conferencing will continue, which may have positive or negative impacts on the budget.

This preliminary draft budget shows an increase of \$25,146 (1.74%) from the approved Fiscal Year 2021 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 an increase of \$21,141 from the approved Fiscal Year 2021 budget. The increase is consistent with the motion made at the March 25, 2021 AMWUA Board meeting to direct the Executive Director to come forward with a budget for Fiscal Year 2022 reflecting the direction in executive session regarding any salary adjustments for the Executive Director and AMWUA staff. It should be noted the Administration category is almost \$5,000 less than the Fiscal Year 2020 budget. For Fiscal Year 2022, the administration budget strikes a balance between having the necessary staff resources for AMWUA to carry forth its mission and annual plan and being fiscally conservative. What AMWUA is able to accomplish is directly linked to its staff and their time and effort to perform.

- Salaries include adjustments due to performance awards received half-way through the Fiscal Year 2021, which is now reflected during the 12 months of the preliminary draft Fiscal Year 2022 budget. Based on last year's uncertainty regarding the financial implications due to COVID-19, the performance awards adjustments were set at 1.5%.
- Performance Awards – Up to 5% 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 2022.
- The Executive Director's compensation is adjusted based on the AMWUA Board of Directors' review.
- Arizona State Retirement – Includes an annual increase in the Arizona State Retirement System contribution rate from 12.22% to 12.41% effective July 1, 2021.

Employee Benefits – This includes payroll processing, taxes, various insurances, and cell phone allowances. The main changes include:

- Health Insurance – The \$5,500 decrease is due to a lower-than-expected rise in insurance costs during calendar year 2021. AMWUA's insurance broker is projecting a 12% increase for calendar year 2022, which is factored into the line item.
- Cell Phone Allowance – The \$1,500 increase is so each employee has the same monthly allowance allotment. This would have been included in the Fiscal Year 2021 budget if the full extent of working remotely had been known.

Professional Services – This includes outside services that AMWUA utilizes throughout the year. The budget reflects no overall change from last year; however, three line items did change, which are:

- Audio/Visual Development – This item no longer needs to be funded, which is a \$2,000 decrease.
- IT Services – The \$1,000 increase is for the service provided to maintain and troubleshoot the server and computer equipment.
- Audit – The \$1,000 increase is due to the agreement terms with the auditor, HeinfeldMeech.

Occupancy – These items are related to the leasing of office and meeting space for AMWUA and reflect an overall \$19,305 increase.

- Office Space – At the February 27, 2020 meeting, the AMWUA Board agreed to a 10-year lease amendment for AMWUA’s current office space that begins April 1, 2021. Per that amendment, the cost for the Office Space increases by \$13,805 in Fiscal Year 2022.
- Building Operating Costs – The \$4,500 increase is based on the building operating costs, which are similar to an HOA fee. The size of the increase is in part due to the incentivized decrease we received for approving the lease agreement in 2020.
- Telecommunications – This line item reflects a \$1,000 increase in internet costs.
- Office Lease Stabilization Fund - Under the lease amendment that begins April 1, 2020, 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. Last year, the Board approved AMWUA to still collect dues toward 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. The use of \$10,000 of that reserve in Fiscal Year 2022 is reflected at the end of the budget under funding sources, which reduces the members’ assessment.

Training and Travel – This category covers items involved with staff participating in conferences, workshops, and training along with the related travel expenses. This category is reduced overall by \$3,250 in anticipation that even with increased in-person meetings in Fiscal Year 2022, it will not be the same as before COVID-19. It is expected the benefits of virtual meetings will continue to be recognized and utilized, reducing the need for conferences and travel reimbursement involved for meetings. As we progress to the other side of the COVID-19 situation, this line item may be increased again in Fiscal Year 2023.

Capital Outlay – This category covers AMWUA’s primary capital property such as the copier and computer hardware and software. The \$2,800 decrease reflects that fewer computer hardware and software upgrades are anticipated in the new fiscal year.

Office Operating Expenses – These items cover AMWUA’s day-to-day office operating expenses. Overall, there is a \$1,250 decrease in office operating expenses but several of the line items have been adjusted.

- Supplies and Meetings – Each expense has been decreased by \$1,000 to better reflect actual needs. Depending on how in-person meetings proceed in Fiscal Year 2022, the Meetings line item may need readjusting in subsequent budgets.
- Outreach Efforts – The \$3,250 reduction is associated with the uncertainty of what outreach efforts we would pursue not knowing yet the opportunities post-COVID-19 impacts.
- Subscription & Reference – The \$1,900 increase is due to the addition of audio/video conferencing subscriptions.
- Dues & Membership – The \$1,500 increase is due to having all of AMWUA’s memberships and dues captured under one line item. Previously, specific conservation-related membership and dues had been included under the Water Conservation category.

AMWUA's memberships and dues include AZ Water Association, American Water Works Association, Alliance for Water Efficiency, Colorado River Water Users Association, Greater Phoenix Chamber, and Arizona Nursery Association.

- Public Liability & Property Damage Insurance – A \$600 increase is anticipated for the actual costs for these policies.

Water Conservation – There is no change to the full category amount, which reflects the objectives for demand management & efficiency continued from the current annual plan and outlined in the new annual plan. Last year, 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 in prior years. The \$70,000 budget supports what AMWUA plans to accomplish in water conservation in Fiscal Year 2022 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 to be included in that fiscal year's 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 \$16,000 is designated for conservation, efficiency, and demand management-related research and initiatives. The remaining \$24,000 is dedicated to supporting sponsorships, events, and regional conservation efforts including educational and promotional materials.

Member Assessments – This preliminary draft budget is \$25,146 (1.74%) more than the approved Fiscal Year 2021 budget. The member assessments will also be higher in Fiscal Year 2022 because the actual member assessments in Fiscal Year 2021 were much less than what was anticipated in the budget due to a significant carryover of \$121,553 from the Fiscal Year 2020 budget. A carryover of approximately \$65,000 is anticipated from the Fiscal Year 2021 budget to the Fiscal Year 2022, along with \$10,000 from the Office Lease Stabilization Fund, that will reduce the member assessments in Fiscal Year 2022. The exact amount will be calculated at the end of the fiscal year. These unspent funds are due in large part to savings on building operating costs due to the office lease amendment and spending less on certain expenditures due to the COVID-19 situation.

The proposed budget balances the increases in overall administration and occupancy costs with the decreases in health care costs, professional services, training and travel, computer upgrades, and office operating expenses. It is anticipated that future budgets will continue to see modest increases to ensure that AMWUA can continue to accomplish its mission. Since 2002, AMWUA's Board has approved budgets between \$1.296 million and \$1.528 million. When adjusted for inflation (CPI-U index), the draft Fiscal Year 2022 budget is \$331,000 lower than the 2002 budget.

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, 2020 official population estimates. The wastewater portion of the budget continues to be allocated based on percentage of ownership of the 91st Avenue Wastewater Treatment Plant.

The preliminary draft budget was presented to the Management Board at its April 14, 2021 meeting. The Management Board had no feedback or comments regarding the preliminary draft budget.

RECOMMENDATION

The AMWUA Board of Directors is requested to review and provide feedback regarding the preliminary draft Fiscal Year 2022 budget.

The final budget for Fiscal Year 2022 will be presented to the AMWUA Board of Directors to adopt at its May 27, 2021 meeting.

ATTACHMENT

- AMWUA Fiscal Year 2022 Preliminary Draft Budget

Draft Budget

Fiscal Year 2022

4/14/2021



ARIZONA MUNICIPAL WATER USERS ASSOCIATION
Fiscal Year 2022
Draft Budget

ASSESSMENT SUMMARY

	WATER FY 21	WATER FY 22	WASTEWATER FY 21	WASTEWATER FY 22	TOTAL FY 21	TOTAL FY 22	FY 21 Carryover	ADJ TOTAL FY 22
CITY OF AVONDALE	74,956	76,269			74,956	76,269	1,714	74,555
CITY OF CHANDLER	105,169	107,426			105,169	107,426	5,478	101,948
TOWN OF GILBERT	103,939	106,001			103,939	106,001	5,306	100,695
CITY OF GLENDALE	101,265	102,879	14,702	14,837	115,967	117,716	4,929	112,787
CITY OF GOODYEAR	75,665	77,562			75,665	77,562	1,870	75,692
CITY OF MESA	143,412	146,168	32,545	32,844	175,957	179,012	10,159	168,853
CITY OF PEORIA	90,802	92,833			90,802	92,833	3,715	89,118
CITY OF PHOENIX	329,112	334,485	125,635	126,791	454,748	461,276	32,909	428,367
CITY OF SCOTTSDALE	102,042	103,907	22,554	22,762	124,596	126,669	5,053	121,616
CITY OF TEMPE	92,204	94,089	32,333	32,631	124,537	126,720	3,867	122,853
Total from Members	1,218,567	1,241,619	227,770	229,864	1,446,337	1,471,483	75,000	1,396,483
Other Funding Sources:								
TOTAL All Sources	1,218,567	1,241,619	227,770	229,864	1,446,337	1,471,483	75,000	1,396,483

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 2020 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 2022
Draft Budget

ASSESSMENT SUMMARY
FY 20 FY 21 Carryover

	WATER FY 21	WATER FY 22	WASTEWATER FY 21	WASTEWATER FY 22	TOTAL FY 21	FY 20 Carryover	ADJ TOTAL FY 21	TOTAL FY22	FY 21 Carryover	ADJ TOTAL FY 22
CITY OF AVONDALE	74,956	76,269			74,956	6,298	68,658	76,269	1,714	74,555
CITY OF CHANDLER	105,169	107,426			105,169	8,837	96,332	107,426	5,478	101,948
TOWN OF GILBERT	103,939	106,001			103,939	8,734	95,205	106,001	5,306	100,695
CITY OF GLENDALE	101,265	102,879	14,702	14,837	115,967	9,745	106,222	117,716	4,929	112,787
CITY OF GOODYEAR	75,665	77,562			75,665	6,358	69,307	77,562	1,870	75,692
CITY OF MESA	143,412	146,168	32,545	32,844	175,957	14,785	161,172	179,012	10,159	168,853
CITY OF PEORIA	90,802	92,833			90,802	7,630	83,172	92,833	3,715	89,118
CITY OF PHOENIX	329,112	334,485	125,635	126,791	454,748	38,211	416,537	461,276	32,909	428,367
CITY OF SCOTTSDALE	102,042	103,907	22,554	22,762	124,596	10,470	114,126	126,669	5,053	121,616
CITY OF TEMPE	92,204	94,089	32,333	32,631	124,537	10,465	114,072	126,720	3,867	122,853
Total from Members	1,218,567	1,241,619	227,770	229,864	1,446,337	121,533	1,324,804	1,471,483	75,000	1,396,483
Other Funding Sources:										
TOTAL All Sources	1,218,567	1,241,619	227,770	229,864	1,446,337	121,533	1,324,804	1,471,483	75,000	1,396,483

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 2020 (7.1.20) 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 2022
Draft Budget

EXPENDITURE SUMMARY

	WATER FY 21	WATER FY 22	WASTEWATER FY 21	WASTEWATER FY 22	TOTAL FY 21	TOTAL FY 22
ADMINISTRATION	643,738	663,585	111,349	112,643	755,087	776,228
EMPLOYEE BENEFITS	152,703	147,348	25,297	23,652	178,000	171,000
PROFESSIONAL SERVICES	158,942	158,109	30,058	30,891	189,000	189,000
OCCUPANCY	138,252	155,215	53,248	55,590	191,500	210,805
TRAVEL, TRAINING & CONFER.	11,900	8,924	2,100	1,576	14,000	10,500
CAPITAL OUTLAY	11,935	9,574	2,065	1,626	14,000	11,200
OFFICE OPERATING EXPENSES	31,097	28,864	3,653	3,886	34,750	32,750
WATER CONSERVATION	70,000	70,000			70,000	70,000
TOTAL	1,218,567	1,241,619	227,770	229,864	1,446,337	1,471,483

ARIZONA MUNICIPAL WATER USERS ASSOCIATION
Fiscal Year 2022
Draft Budget

BUDGET COMMENTS

	BUDGET TOTAL FY 20	BUDGET TOTAL FY 21	ESTIMATED ACTUAL FY 21	BUDGET TOTAL FY 22	COMMENTS
ADMINISTRATION					
Salaries	686,889	670,200	657,804	678,931	8 full-time positions - Increase due to performance awards effective 1/1/21 and Ex. Dir. salary adjustment 7/1/21
Performance Awards	9,845	3,910		13,139	Increase due to up to 5% performance award for staff only
Total Compensation	696,734	674,110	657,804	692,070	
Deferred Compensation:					
Arizona State Retirement	84,319	80,977	79,297	84,158	Increase reflects adjustment to salaries and overall ASRS percentage increase
Subtotal	781,053	755,087	737,101	776,228	
EMPLOYEE BENEFITS					
Payroll Processing, Taxes, Insur	61,000	61,000	61,037	58,000	Based on processing fees and taxes
Medical, Dental, Life, Disability	87,000	110,500	89,412	105,000	8 full-time staff - increases due to respective employee statuses and anticipated 12% increase in 2022
Cell Phone Allowance	6,700	6,500	5,700	8,000	Adjusted for 8 full-time positions
Subtotal	154,700	178,000	156,149	171,000	
PROFESSIONAL SERVICES					
Website Services	5,000	5,000		5,000	No change
Audio/Visual Development	2,000	2,000			Decrease due to lack of use or need
IT Services	5,000	5,000	4,800	6,000	Increase for services
Legal/Policy Consulting	60,000	60,000	60,000	60,000	No change
Legislative	47,500	50,400	50,400	50,400	No change. Second year of current agreement
Financial and Accounting Service	32,000	34,600	34,600	34,600	No change
Audit	31,000	32,000	31,000	33,000	Increase per audit agreement
Subtotal	182,500	189,000	180,800	189,000	
OCCUPANCY					
Office Space	179,000	179,000	104,325	192,805	Increase due to new lease agreement
Building Operating Costs	9,650	1,500		6,000	Increase due to anticipated shared maintenance costs following new lease incentives in FY21
Telephone	4,800	5,000	5,693	5,000	No change - covers only telephone service for office
E-Mail/Webpage/Internet Access	6,000	6,000	3,417	7,000	Increase for upgrade in internet service
Subtotal	199,450	191,500	113,435	210,805	

ARIZONA MUNICIPAL WATER USERS ASSOCIATION
Fiscal Year 2022
Draft Budget

BUDGET COMMENTS

	BUDGET TOTAL FY 20	BUDGET TOTAL FY 21	ESTIMATED ACTUAL FY 21	BUDGET TOTAL FY 22	COMMENTS
TRAINING AND TRAVEL					
Conferences/Travel	9,000	9,000	165	5,750	Reduced to reflect anticipated in-person events
Mileage Reimbursement	3,250	4,000	275	2,750	Reduced to reflect anticipated in-person meetings
Staff Development	1,000	1,000		2,000	Increase to allow for on-line training
Subtotal	13,250	14,000	440	10,500	
CAPITAL OUTLAY					
Copy Machine Expenses	5,200	5,200	4,293	5,200	No Change - current copier lease expires end of 2021 but future costs not anticipated to increase
Computer/Equipment/Software	5,750	8,800	3,493	6,000	Decrease due to fewer anticipated expenses
Subtotal	10,950	14,000	7,786	11,200	
OFFICE OPERATING EXPENSES					
Supplies	6,500	6,000	5,042	5,000	Reduction to match anticipated actuals
Meetings	5,000	5,000		4,000	Reduction to match anticipated actuals
Outreach Efforts	10,000	10,000	1,578	6,000	Reduction to reflect anticipated outreach efforts
Printing	2,300	2,300		2,300	No Change
Postage & Deliveries	2,000	2,000	1,667	2,000	No Change
Subscription & Reference	1,300	1,300	2,863	3,200	Increase due to audio/video conferencing subscriptions
Dues & Memberships	1,750	1,750	954	3,250	Increase due to addition of conservation memberships
Insurance-Public Liability and Property Damage	4,100	4,400	4,362	5,000	Increase to match anticipated actuals
Equipment Maintenance	2,000	2,000		2,000	No Change
Subtotal	34,950	34,750	16,466	32,750	
WATER CONSERVATION					
Smartscape with Cooperative Ext.	30,000	30,000	64,000	30,000	Funding for UA Cooperative Extension to administer Smartscape program in Maricopa County
Research and Efficiency Initiatives	14,500	14,000		16,000	Funding for conservation, efficiency, and demand management related research and initiatives
Outreach	45,500	26,000		24,000	Funding for sponsorships, events, and regional conservation efforts including educational and promotional materials
Subtotal	90,000	70,000	64,000	70,000	Reduction coordinates with objectives identified in Annual Action Plan
Total Operating Expenses	<u>1,466,853</u>	<u>1,446,337</u>	<u>1,276,177</u>	<u>1,471,483</u>	
FUNDING SOURCES					
Office Lease Stabilization Fund, per Board policy adopted 6/25/20 to offset Office Space Expense				10,000	
Anticipated carry over from FY 21				65,000	
Member Assessments	<u>1,466,853</u>	<u>1,446,337</u>	<u>1,324,804</u>	<u>1,396,483</u>	
Total Funding	<u>1,466,853</u>	<u>1,446,337</u>	<u>1,324,804</u>	<u>1,471,483</u>	

ARIZONA MUNICIPAL WATER USERS ASSOCIATION
Fiscal Year 2022
Draft Budget

EXPENDITURES DETAIL

	FY 21 BUDGET WATER	FY 21 ACTUAL WATER	FY 22 BUDGET WATER	FY 21 BUDGET WASTEWATER	FY 21 ACTUAL WASTEWATER	FY 22 BUDGET WASTEWATER	FY 21 BUDGET TOTAL	FY 21 ACTUAL TOTAL	FY 22 BUDGET TOTAL
ADMINISTRATION									
Salaries	571,394	644,647	578,966	97,246	13,157	99,965	670,200	657,804	678,931
Performance Awards	3,910		13,139				3,910		13,139
Total Wages	575,304	644,647	592,105	97,246	13,157	99,965	674,110	657,804	692,070
Deferred Compensation:									
Arizona State Retirement	68,434	67,014	71,480	12,543	12,283	12,678	80,977	79,297	84,158
Subtotal	643,738	711,661	663,585	109,789	25,440	112,643	755,087	737,101	776,228
EMPLOYEE BENEFITS									
Payroll Processing, Taxes, Insur	52,002	58,930	49,584	8,998	2,107	8,416	61,000	61,037	58,000
Medical, Dental, Life, Disability	94,201	86,325	89,764	16,299	3,087	15,236	110,500	89,412	105,000
Cell Phone Allowance	6,500	5,503	8,000		197		6,500	5,700	8,000
Subtotal	152,703	150,758	147,348	25,297	5,391	23,652	178,000	156,149	171,000
PROFESSIONAL SERVICES									
Temporary Services/Receptionist									-0-
Website Services	5,000		5,000				5,000		5,000
Audio/Visual Development	2,000						2,000		
IT Services	4,262	3,840	5,129	738	960	871	5,000	4,800	6,000
Communication									
Legal/Policy Consulting	60,000	60,000	60,000				60,000	60,000	60,000
Legislative	50,400	50,400	50,400				50,400	50,400	50,400
Financial and Accounting Services	27,680	27,680	27,680	6,920	6,920	6,920	34,600	34,600	34,600
Audit	9,600	8,200	9,900	22,400	22,800	23,100	32,000	31,000	33,000
Subtotal	158,942	150,120	158,109	30,058	30,680	30,891	189,000	180,800	189,000
OCCUPANCY									
Office Space	127,597	100,724	139,828	51,403	3,601	52,977	179,000	104,325	192,805
Building Operating Costs	1,278		5,129	222		871	1,500		6,000
Telecommunications	4,262	5,496	4,274	738	197	726	5,000	5,693	5,000
E-Mail/Webpage/Internet Access	5,115	3,298	5,984	885	119	1,016	6,000	3,417	7,000
Subtotal	138,252	109,518	155,215	53,248	3,917	55,590	191,500	113,435	210,805

ARIZONA MUNICIPAL WATER USERS ASSOCIATION
Fiscal Year 2022
Draft Budget

EXPENDITURES DETAIL

	FY 21 BUDGET WATER	FY 21 ACTUAL WATER	FY 22 BUDGET WATER	FY 21 BUDGET WASTEWATER	FY 21 ACTUAL WASTEWATER	FY 22 BUDGET WASTEWATER	FY 21 BUDGET TOTAL	FY 21 ACTUAL TOTAL	FY 22 BUDGET TOTAL
TRAINING AND TRAVEL									
Conferences/Travel	7,650	156	4,887	1,350	9	863	9,000	165	5,750
Milage Reimbursement	3,400	261	2,337	600	14	413	4,000	275	2,750
Continuing Professional Ed									
Staff Development	850		1,700	150		300	1,000		2,000
Subtotal	11,900	417	8,924	2,100	23	1,576	14,000	440	10,500
CAPITAL OUTLAY									
Copy Machine Expenses	4,433	2,575	4,445	767	1,718	755	5,200	4,293	5,200
	7,502	1,746	5,129	1,298	1,747	871	8,800	3,493	6,000
Subtotal	11,935	4,321	9,574	2,065	3,465	1,626	14,000	7,786	11,200
OFFICE OPERATING EXPENSES									
Supplies	5,115	4,867	4,274	885	175	726	6,000	5,042	5,000
Meetings	4,262		3,419	738		581	5,000		4,000
Outreach Efforts	10,000	1,523	6,000		55		10,000	1,578	6,000
Printing	1,960		1,966	340		334	2,300		2,300
Postage & Deliveries	1,705	1,609	1,709	295	58	291	2,000	1,667	2,000
Subscription & Reference	1,108	2,764	2,735	192	99	465	1,300	2,863	3,200
Dues & Memberships	1,491	921	2,778	259	33	472	1,750	954	3,250
Insurance	3,751	4,211	4,274	649	151	726	4,400	4,362	5,000
Equipment Maintenance	1,705		1,709	295		291	2,000		2,000
Subtotal	31,097	15,895	28,864	3,653	571	3,886	34,750	16,466	32,750
WATER CONSERVATION									
Smartscape with Cooperative Ext.	30,000	64,000	30,000				30,000	64,000	30,000
Sponsorship, Events & Memberships	14,000		16,000				14,000		16,000
Projects and Messaging	26,000		24,000				26,000		24,000
Subtotal	70,000	64,000	70,000				70,000	64,000	70,000
Total Operating Expenses	<u>1,218,567</u>	<u>1,206,690</u>	<u>1,241,619</u>	<u>227,770</u>	<u>69,487</u>	<u>229,864</u>	<u>1,446,337</u>	<u>1,276,177</u>	<u>1,471,483</u>
FUNDING SOURCES									
Office Lease Stabilization Fund									10,000
2020-2021 carryover applied to member assessments									65,000
Member Assessments	1,218,567	1,114,309	1,241,619	227,770	222,088	229,864	1,446,337	1,324,804	1,396,483
Total Funding	<u>1,218,567</u>	<u>1,114,309</u>	<u>1,241,619</u>	<u>227,770</u>	<u>222,088</u>	<u>229,864</u>	<u>1,446,337</u>	<u>1,324,804</u>	<u>1,471,483</u>



BOARD OF DIRECTORS
INFORMATION SUMMARY

April 29, 2021

IRS Form 990 for Fiscal Year 2020

STRATEGIC PLAN REFERENCE

Operational Principles – Manage an Efficient and Effective Association

SUMMARY

The IRS Form 990 is an annual information return required to be filed with the IRS by most organizations exempt from paying income tax. The Form 990 must be filed no later than the 15th day of the fifth month following the organization's fiscal year end, which for AMWUA is November 15th. A copy of the Form 990 must also be submitted to the Arizona Department of Revenue.

An application was submitted to the IRS for an extension of time to file the Form 990 since the AMWUA financial contractor recommends the Form 990 be filed after the completion of the audit. The extension was granted by the IRS to May 15, 2021.

The Draft IRS Form 990 has been completed by CliftonLarsonAllen based on the Audited Financial Statements as of June 30, 2020. The return is in the final review stages and there are no expected changes to this draft prior to the May 15th due date.

RECOMMENDATION

Staff recommends that the AMWUA Board of Directors accept the draft IRS Form 990 as presented and authorize the AMWUA Executive Director to execute the final IRS Form 990.

SUGGESTED MOTION

I move to accept the draft IRS Form 990 as presented and authorize the AMWUA Executive Director to execute the final IRS Form 990 if no substantive changes are required from the presented draft.