



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

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION
MANAGEMENT BOARD**

MEETING NOTICE AND AGENDA

Wednesday, May 12, 2021 – 10:00 a.m.

**This meeting will be held via AMWUA Zoom
Access this [Link](#) to join. Meeting ID: 878 1199 8897**

(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 April 14, 2021 Meeting
2. Schedule Next Meeting Date: Wednesday, June 9, 2021, 10:00 a.m.
3. 2021 Legislative Session
4. Update on Pending Colorado River Shortage
5. AMWUA Quarterly Financial Statements – Third Quarter
6. AMWUA Fiscal Year 2022 Draft Budget
7. Agreement with the University of Arizona for the Smartscape Program

C. Member Reports

D. Executive Director's Report

E. Future Agenda Items

F. Adjournment

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



MANAGEMENT BOARD

MEETING MINUTES

April 14, 2021

ZOOM TELECONFERENCE

VOTING MEMBERS PRESENT

Jessica Marlow, Gilbert, Chair
Brian Biesemeyer, Scottsdale, Vice Chair
Kirk Beaty, Avondale
Craig Johnson, Glendale
John Knudson, Chandler
Karen Peters, Phoenix
Terry Piekarz, Tempe
Cape Powers, Peoria
Javier Setovich, Goodyear
Jake West, Mesa

OTHERS PRESENT

Barry Aarons, The Aarons Co.	Gregg Capps, Chandler	Emily Lewis, Phoenix
Patrick J. Adams, AMWUA	Sam Draper, AMWUA	Diana Pina, AMWUA
Erin Andres, Phoenix	Gretchen Erwin, Goodyear	Jacob Perez Laurent, AMWUA
Michelle Barclay, AMWUA	Paulette Fenderson, Phoenix	Richard Siegel, SRP
Gretchen Baumgardner, Scottsdale	Kathy Ferris, AMWUA	Martin Stiles, CAP
Anthony Beckham, SRP	Brett Fleck, Peoria	Drew Swieczkowski, Glendale
Ned Blum, CliftonLarsonAllen	Jessica Fox, AMWUA	Warren Tenney, AMWUA
Eric Braun, Gilbert	Troy Hayes, Phoenix	Sheri Trapp, AMWUA
Craig Caggiano, Tempe	Simone Kjolsrud, AWBA	Adam Wiechman, ASU Student
Cynthia Campbell, Phoenix	Karen Kruse, Phoenix	

A. Call to Order

Ms. Marlow called the meeting to order at 10:02 a.m.

B. General Business – Items for Discussion and Possible Action

1. Approval of the Minutes from the March 10, 2021 Meeting

Upon a motion made by Mr. Johnson and a second by Mr. Biesemeyer, the AMWUA Management Board unanimously approved the March 10, 2021 meeting minutes.

2. [Next meeting scheduled: Wednesday, May 12, 2021, 10:00 a.m.](#)
3. [2021 Legislative Session](#)

Mr. Tenney reported that SB 1147 passed in the House and was sent to the Governor for signature. SB 1147 allows the Arizona Water Banking Authority to transfer credits to providers directly when recovery is needed. AMWUA appreciates all intergovernmental collaboration to support and pass this legislation.

Mr. Tenney reported that SB 1366 passed in the House and will be formally submitted to the Governor by the Senate.

Mr. Tenney reported AMWUA anticipates a final vote on HB 2691 from the Senate soon. This legislation authorizes water quality for non-WOTUS surface waters by the Arizona Department of Environmental Quality.

Mr. Tenney asked Barry Aarons to provide an update on legislation and current budget negotiations.

Mr. Aarons concurred with Mr. Tenney's report on SB 1147, SB 1366 and HB 2691. In addition, Mr. Aarons gave an overview of the current budget negotiations. He stated that the House has moved forward on compiling a tax package that would consolidate and reduce personal income tax rates. The package must pass within the House and Senate before the House can begin budget expenditure considerations.

Mr. Aarons concluded by thanking Representative Gail Griffin for her contribution towards SB 1366, specifically the 25-year extension.

4. [CAWCD Water Rates, Taxes and Capital Charges](#)

Mr. Tenney gave a brief overview regarding CAWCD's rates, taxes and capital charges and followed with a presentation of AMWUA's analysis and position regarding federal repayment. Mr. Tenney reported that the CAWCD is given two areas of tax authority that provide flexibility for paying the federal repayment of the Central Arizona Project and for operating and maintenance costs.

Mr. Tenney reported that the FAP Committee will be meeting on April 15, 2021 to discuss these rates, cuts, and capital charges and will be basing 2022 Preliminary Rates to be firmed within a Tier 1 shortage classification. The FAP Committee will also be focusing on the 2023 taxes, which would give a projected tax rate determining subsequent capital charges on that year.

Mr. Tenney explained CAWCD's two revenue sources available for federal repayment of the CAP canal: taxes and capital charges. The AMWUA Board has determined both sources of revenue should be used for federal repayment, in lieu of solely capital charges. Mr. Tenney

stated that AMWUA has sent a letter to the FAP Committee supporting a \$0.02 designation of the \$0.10 Ad Valorem Tax Allocation towards federal repayment.

Mr. Tenney stated that the federal repayment is a key expense and a major reason CAWCD was given taxing authority reflective of its tax base. With the closure of NGS, which had provided over 50% of revenue for federal repayment, federal repayment now must be balanced between a designated portion from tax and capital charges. AMWUA believes it is important for CAWCD to demonstrate consistency of the federal repayment moving forward as it would offer M&I users more reliability in projected annual capital charges. AMWUA sent a letter requesting the FAP Committee to support the option that designated \$0.02 toward the federal repayment.

Ms. Marlow asked whether CAWCD ever allocated any portion of the tax toward federal repayment while NGS was open. Mr. Tenney responded that tax money had been used for federal repayment while NGS was open; however, there was no specific designated amount toward federal repayment when CAWCD levied the tax.

Mr. Biesemeyer commented that the letter was consistent with the AMWUA Board's position and that a minimum threshold of tax use for repayment would provide annual continuity in determining capital charges.

Mr. Tenney stated that any letter or comment from AMWUA Board members to the FAP Committee would help solidify support of this position.

Ms. Peters voiced her support toward the submitted letter and noted Phoenix would provide a comment at the FAP Committee meeting.

5. Status of the Recovery Planning Advisory Group

Mr. Tenney introduced Jessica Fox, AMWUA's Water Policy Advisor, to give an update on the status of the Recovery Planning Advisory Group (RPAG).

Ms. Fox reported that the Arizona Water Banking Authority's obligation to firming requires recovery planning strategies to mitigate a declared shortage of Colorado River water. RPAG has identified a desire for more clarification regarding recovery, and recent meetings have reviewed a 2021 Update of the Recovery of Water Stored by the Arizona Water Banking Authority which provides more certainty regarding storage and recovery plans through 2045.

Ms. Fox reported this 2021 Update allows for greater quantitative modeling, such as the Joint Recovery Model that RPAG will utilize for more effective discussion through all water recovery planning phases between CAWCD and the Water Bank. This 2021 Update also expands upon independent recovery methods for delivery from the Water Bank directly to M&I Users at the time of shortage. Independent recovery from water users increases flexibility and security of recovery, and these stakeholder efforts were reflected into legislation SB 1147.

Ms. Fox reported the 2021 Update is to be finalized and released from the agencies with RPAG meeting regularly to ensure data integrity and use of their recovery models throughout implementation agreements in the future.

Mr. Setovich asked if there is clear accounting of allocation on how much water is stored and available for M&I users. Ms. Fox answered that the Water Bank set a firming target up to 20% of the M&I subcontracted volumes. In the event of a shortage, the Water Bank will firm each allocation pro rata and remains committed to firming any shortage to the M&I pool volume until 2026.

Mr. Tenney added that AMWUA anticipates additional discussion regarding the policy surrounding the Water Banking Authority's distribution of credits under the DCP period.

6. City of Chandler's Water Allocation Process

Ms. Marlow introduced Gregg Capps, Utility Resource Manager for the City of Chandler, to present Chandler's updated water allocation policy process.

Mr. Capps stated that much of Chandler's water allocation policy has been influenced by its rapid growth during the 90s and early 00s. In 2013, there was an opportunity to collaborate between city land use planning and allocation of water resources as the finite supplies of both land and water became more committed. The development of the Water Allocation Policy became crucial as a majority of remaining supplies for land use will be used for key economic development centers.

Mr. Capps reported that the multiple departments from the City of Chandler were required to identify how the water allocation policy may be implemented for all new water meters being regulated. While a vast majority of meters were used residentially, existing data of water use quantities from industrial meters became a large focus of the allocation policy framework.

Mr. Capps reported that the new policy manages new larger volume meters as well as new meters within single parcels while allocating water using a three-tiered method based upon development value. Tier I Allocation is base allocation – projected demand that is equal or less than allocations detailed within the City's Master Plan. If a development has higher demands than base allocation, a Tier II Allocation requires alignment with the City Council's Water Resource Management Strategy and subsequent approval. Mr. Capps stated that if the Director and City Manager determine use remains ineligible, a Tier III Allocation may be approved after the development enters a Water Service Agreement identifying all demand and providing supplies required for development. The policy additionally provides enforcement penalties should a development exceed their commitment towards the signed Water Service Agreement.

Mr. Capps concluded that this policy aligned the City's strategic development goals and instilled collaborative internal communication across departments. The Water Allocation

Policy requirements have allowed ease of understanding for possible developers while limiting the impacts needed to manage allocation of water within Chandler.

Mr. Knudson stated that the real benefit of this policy was uniting each of the cooperating departments together to discuss the challenges facing development and water and bring understanding to all parties involved in water allocation.

Mr. Setovich shared that the City of Goodyear is developing similar practices such as these employed in Chandler for its own growing municipal allocation process. Ms. Marlow echoed this comment regarding the Town of Gilbert's water allocation policy.

Ms. Marlow asked if the new expansion of Intel in the City of Chandler is influenced by this current policy. Mr. Capps responded that this expansion would be classified within a Tier II Allocation, though this expansion has a previous development agreement with the City of Chandler.

7. [AMWUA Fiscal Year 2022 Preliminary Draft Budget](#)

Mr. Tenney reported that the preliminary draft budget for AMWUA's Fiscal Year 2022 has been provided to the AMWUA Management Board for review. He stated there is an anticipated 1.74% increase of the current budget with the possibility of a significant carryover from the Fiscal Year 2020 budget. This preliminary budget provides line-item explanations of expenses but will not include carryover into member assessments until it can be calculated by the end of the fiscal year.

Mr. Tenney stated that he is requesting any feedback from the Management Board and Board of Directors before a finalized budget is presented in May for approval.

There were no questions, comments nor actions regarding the budget at this time.

C. Member Reports

Mr. Knudson reported on a new project in the City of Chandler, utilizing existing canal infrastructure for deliveries to water treatment plants and water storage facilities within the municipality. The initial project would deliver CAP water into a modified wastewater treatment facility, and the resulting reclaimed water would be distributed to existing basin and aquifer recovery areas. Once taken to Council, an industry partner would enter development agreements for use of reclaimed water during expansion and manufacturing. The City of Chandler would supply this treated water through its reclaimed system instead of through any potable water system, decreasing cost and maintaining the City's industry development goals. Mr. Knudson concluded by offering a presentation in a future Management Board meeting once the project is further along its development timeline.

Ms. Peters reported that Mr. Troy Hayes was appointed as the new Water Services Director for the City of Phoenix. Ms. Peters reported on the Arizona State Land Department's municipal and industrial subcontract allocation from the State to the City to support industrial development. The

State Selections Board approved the transfer of 3,900 acre-feet, the first of multiple transfers of the entire 12,000 acre-feet allocated within the contract. She added that this effort has spanned over 30+ years.

Ms. Marlow asked whether there was any interest to slowly shift the format of Management Board meetings to hybrid or in-person meetings as municipalities begin to open their offices to employees again. Mr. Setovich stated that hybrid meetings benefit those wishing to remain involved in meetings while continuing to work remotely or otherwise. Mr. Biesemeyer concurred. Mr. Beaty suggested hybrid and quarterly in-person meetings. Ms. Marlow and Mr. Setovich reiterated the possibility of meetings consisting of in-person Board members broadcasting to a remote public audience. Mr. Setovich also commented that the remote work structure remains beneficial in many ways, so any improvement is welcome. Mr. West stated that all Mesa employees will return to in-office work on May 3rd. Mr. Johnson reported that the City of Glendale has a return-to-work target date of June 1st, and he supports any effort to safely hold in-person meetings again.

Mr. Tenney reported that AMWUA will be installing an audio-visual system within its conference room to facilitate any meetings once a consensus for in-person gatherings has been reached. Mr. Tenney added that any information about when municipalities will be reopening their office spaces will assist AMWUA's planning of future in-person collaboration.

D. Executive Director's Report

Mr. Tenney reported that the release of the April 24-month study will require coordinated discussion and messaging for rising media coverage regarding Colorado River shortage. AMWUA will produce a presentation detailing the Colorado River conditions and the anticipated Tier 1 shortage for both Boards in order to maintain consistent messaging across all members.

Mr. Tenney reported AMWUA's support of the Water Quality Guidance Document under consideration by the CAWCD Board. This report would outline quality standards of non-project water that could be introduced within the CAP water system. He stated a letter will be provided reiterating AMWUA's continued support of this water quality standard proposal while also acknowledging concerns of the Ak Chin Indian Community.

Mr. Tenney introduced Jacob Perez Laurent as AMWUA's new Program Assistant. The Program Assistant will support the Conservation & Efficiency Program along with other AMWUA projects and efforts.

E. Future Agenda Items

Ms. Marlow reiterated interest in a future presentation by Mr. Knudson concerning the City of Chandler industry partner agreement. No other future agenda items were discussed.

F. Adjournment

Ms. Marlow adjourned the meeting at 11:39 a.m.

MANAGEMENT BOARD
INFORMATION SUMMARY
May 12, 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

The legislative session has passed the 100th day milestone and continues to be extended in small increments as lawmakers engage in budget negotiations. Nearly all water-related legislation has already passed or stalled completely, with the exception of a few bills that will likely be included in the budget process. This legislative summary provides a status update on all bills that the AMWUA Board of Directors has adopted a position.

RECOMMENDATION

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

Depending on legislative developments before the May 12, 2021 meeting, the AMWUA Management Board 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: 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, transmitted to Governor 4/28

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

MANAGEMENT BOARD
INFORMATION SUMMARY
May 12, 2021

Update on Pending Colorado River Shortage

STRATEGIC 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.

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

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

A record-breaking drought has put stress on an already over-allocated Colorado River system for the last two decades. Based on the U.S. Bureau of Reclamation's April 24-Month Study, the hydrologic conditions of the Colorado River Basin are indicating that the River will be at a Tier 1 shortage in 2022, under the 2007 Interim Operational Guidelines and the 2019 Lower Basin Drought Contingency Plan (DCP). A Tier 1 shortage in 2022 would require Arizona to reduce the Central Arizona Project's (CAP) diversion of Colorado River water by a total of 512,000 acre-feet. High-priority CAP water supplies for cities and tribes are not affected by this reduction due to the implementation of agreements among Arizona water users. Yet, the pending shortage is focusing much media attention and public interest upon Arizona's long-term water issues.

The AMWUA cities have been preparing for eventual shortages on the Colorado River. AMWUA has been assisting through facilitating discussions about the Colorado River and particularly

focusing upon developing a Shortage Awareness Campaign that provides core messages to assist the AMWUA cities in having coordinated communication about Colorado River conditions.

AMWUA staff will give a presentation that explains the significance of the April 24-Month Study and what we can expect for the rest of the year including what a shortage declaration would mean for 2022, and how DCP and Arizona's DCP implementation plan will be initiated. The presentation will also discuss the implications for AMWUA and its members and how we can continue to coordinate our messaging and utilize the Shortage Awareness Campaign. The purpose of the presentation is to increase our collective understanding of Colorado River shortages, generate discussion, and consider how we can continue to coordinate and collaborate on any water supply-related developments that will bring increased attention to the AMWUA cities.

RECOMMENDATION

AMWUA staff is requesting that the AMWUA Management Board ask questions and discuss the Colorado River conditions, pending shortage and the Shortage Awareness Campaign.

MANAGEMENT BOARD
INFORMATION SUMMARY
May 12, 2021

AMWUA Quarterly Financial Statements – Third Quarter

STRATEGIC PLAN REFERENCE

Operational Principles – Manage an Efficient and Effective Association

SUMMARY

The AMWUA Statement of Revenues and Expenses for the period July 1, 2020 through March 31, 2021, and the Balance Sheet dated March 31, 2021 are presented for your information.

At the end of the third quarter, AMWUA is showing a year-to-date actual of \$55,544 under the year-to-date budget. The variance is primarily due to the savings in occupancy costs due to the credit received during the construction period in Fall 2020 as well as savings in personnel related costs due to changes in benefit elections. There is also general savings due to the timing of when the actual expenditures occur as not all expenditures are made evenly throughout the fiscal year. We do expect to finish the fiscal year under budget, which would create a carryover for the Fiscal Year 2022 budget.

RECOMMENDATION

AMWUA staff is requesting that the AMWUA Management Board recommend to the AMWUA Board of Directors acceptance of the AMWUA quarterly financial statements for the third quarter as presented.

SUGGESTED MOTION

I move that the AMWUA Management Board recommend to the AMWUA Board of Directors acceptance of the AMWUA quarterly financial statements for the third quarter as presented.

ATTACHMENTS

- **Attachment A:** Statement of Revenues and Expenses
- **Attachment B:** Balance Sheet

Attachment A

ARIZONA MUNICIPAL WATER USERS ASSOCIATION

Statement of Revenues and Expenses

(Actual to Budget Comparison)

For Period July 1, 2020 through Mar 31, 2021

	Year-To-Date	Year-To-Date	Over(Under)	Approved	Over(Under)
	Actual	Budget	Year-To-Date	Annual	Budget
			Variance	Budget	Variance
Funding Sources					
Assessment - Water	1,218,566.00	1,218,566.00	0.00	1,218,567.00	(1.00)
Assessment - Wastewater	227,770.00	227,770.00	0.00	227,770.00	-
Water Loss Control Training Program Income	120,000.00	120,000.00	0.00	0.00	120,000.00
2020 Carryover Applied to Reduce Member Assessments	(121,533.00)	(121,533.00)	0.00	(121,533.00)	-
Interest Revenues	1,214.05	0.00	1,214.05	0.00	1,214.05
Other Revenues	260.38	0.00	260.38	0.00	260.38
Net Revenues	1,446,277.43	1,444,803.00	1,474.43	1,324,804.00	121,473.43
Operating Expenses					
Payroll (Salaries)	498,803.89	505,582.50	(6,778.61)	674,110.00	(175,306.11)
Deferred Compensation (ASRS Payments)	60,267.59	60,732.75	(465.16)	80,977.00	(20,709.41)
Payroll Processing, Taxes and Insurance	45,887.37	45,750.00	137.37	61,000.00	(15,112.63)
Medical and Disability Insurance	67,526.67	82,875.00	(15,348.33)	110,500.00	(42,973.33)
Cell Phone Allowance	4,275.00	4,875.00	(600.00)	6,500.00	(2,225.00)
Temporary Services/Receptionist	0.00	0.00	0.00	0.00	-
Legal/Consulting Services (Ferris Contract)	45,000.00	45,000.00	0.00	60,000.00	(15,000.00)
Legislative Services (Aarons Company-Contract)	37,800.00	37,800.00	0.00	50,400.00	(12,600.00)
Audit - Water	15,500.00	9,800.00	5,700.00	9,800.00	5,700.00
Audit - Waste Water	10,850.00	10,850.00	0.00	22,200.00	(11,350.00)
Website Services	0.00	0.00	0.00	5,000.00	(5,000.00)
Communication Services (Kossan Contract)	0.00	0.00	0.00	0.00	-
Consultant-Finance/Accounting	25,949.97	25,950.00	(0.03)	34,600.00	(8,650.03)
Audio/Visual Development	0.00	0.00	0.00	2,000.00	(2,000.00)
IT Services	3,600.00	3,750.00	(150.00)	5,000.00	(1,400.00)
Office Space - Lease	104,025.27	134,250.00	(30,224.73)	179,000.00	(74,974.73)
Common Area Maintenance	0.00	0.00	0.00	1,500.00	(1,500.00)
Telephone	4,333.97	3,750.00	583.97	5,000.00	(666.03)
E-Mail/Webpage/Internet	2,562.57	4,500.00	(1,937.43)	6,000.00	(3,437.43)
Travel/Conferences	165.00	165.00	0.00	9,000.00	(8,835.00)
Milage Reimbursement	200.43	200.43	0.00	4,000.00	(3,799.57)
Continuing Professional Ed	0.00	0.00	0.00	0.00	-
Staff Development	0.00	0.00	0.00	1,000.00	(1,000.00)
Copy Machine - Lease	3,093.16	3,900.00	(806.84)	5,200.00	(2,106.84)
Computer Hardware/Software	3,402.61	6,600.00	(3,197.39)	8,800.00	(5,397.39)
Office Supplies	3,991.52	4,500.00	(508.48)	6,000.00	(2,008.48)
Meetings	0.00	0.00	0.00	5,000.00	(5,000.00)
Outreach Efforts	1,578.11	1,578.11	0.00	10,000.00	(8,421.89)
Printing	0.00	0.00	0.00	2,300.00	(2,300.00)
Postage & Deliveries	1,363.02	1,500.00	(136.98)	2,000.00	(636.98)
Subscription & Reference	2,237.37	975.00	1,262.37	1,300.00	937.37
Dues & Memberships	814.31	1,312.50	(498.19)	1,750.00	(935.69)
Insurance	3,278.06	3,300.00	(21.94)	4,400.00	(1,121.94)
Equipment Maintenance	0.00	0.00	0.00	2,000.00	(2,000.00)
Water Loss Control Program	130,000.00	130,000.00	0.00	0.00	130,000.00
Water Conservation	49,946.25	52,500.00	(2,553.75)	70,000.00	(20,053.75)
Total Operating Expenses	1,126,452.14	1,181,996.29	(55,544.15)	1,446,337.00	(319,884.86)
Reserve and Contingency Funds Summary:					
Contingency Fund Balance on 09/30/20	\$600,000				
Reserve Fund Balance on 09/30/20	251,981				
Total Contingency and Reserve Funds	851,981				

Arizona Municipal Water Users Association
Statement of Net Position
As of March 31, 2021

ASSETS		
Current Assets		
1000 Petty Cash	500.00	
1015 Compass Checking 25 287 52333	58,261.43	
1025 Compass Money Market 25 100 20769	509,675.31	
1030 Investment Account (LGIP)	851,981.08	
Total Bank Accounts		\$ 1,420,417.82
Accounts Receivable		
1041 Other Receivables	0.00	
Total Accounts Receivable		\$ -
Other Current Assets		
1050 Prepaid Expenses	2,794.89	
Total Other Current Assets		\$ 2,794.89
Total Current Assets		\$ 1,423,212.71
Fixed Assets		
1100 Furniture & Equipment	183,378.64	
1150 Leasehold Improvements	52,665.08	
1200 Accum Depreciation Furniture	-169,660.15	
1250 Accum Depreciation Leasehold	-52,126.96	
Total Fixed Assets		\$ 14,256.61
Other Assets		
1450 Deferred Outflow - Pension Resources	105,458.23	
Total Other Assets		\$ 105,458.23
TOTAL ASSETS		\$ 1,542,927.55

Arizona Municipal Water Users Association
Statement of Net Position
As of March 31, 2021

LIABILITIES AND EQUITY

Liabilities		
Current Liabilities		
Credit Cards		
2000 Accounts Payable	10,367.16	
2005 BBVA Compass Credit Card	521.23	
Total Credit Cards	<u> </u>	\$ 10,888.39
Other Current Liabilities		
2010 FICA Withheld and Accrued		
2050 Accrued Expenses	88,840.99	
2110 Retirees Excess Benefit Clearance	3,178.00	
Total Other Current Liabilities	<u> </u>	\$ 92,018.99
Total Current Liabilities		\$ 102,907.38
Long-Term Liabilities		
2200 Deferred Revenues	11,828.12	
2210 Net Pension Liability	857,064.00	
2220 Deferred Inflow-Pension Resources	90,547.00	
Total Long-Term Liabilities	<u> </u>	\$ 959,439.12
Total Liabilities		\$ 1,062,346.50
Equity		
3000 Fund Balance	171,590.80	
Opening Balance Equity	0.00	
Net Income	308,990.25	
Total Equity	<u> </u>	\$ 480,581.05
TOTAL LIABILITIES AND EQUITY		<u><u> </u></u> \$ 1,542,927.55

MANAGEMENT BOARD

INFORMATION SUMMARY

May 12, 2021

AMWUA Fiscal Year 2022 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 draft of the AMWUA Fiscal Year 2022 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 draft Fiscal Year 2022 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 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 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 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 AMWUA Board of Directors and the AMWUA Management Board reviewed the preliminary draft Fiscal Year 2022 budget at their respective April 2021 meetings. Neither had feedback regarding the budget.

RECOMMENDATION

The AMWUA Management Board is requested to recommend adoption of the AMWUA Fiscal Year 2022 draft budget by the AMWUA Board of Directors.

SUGGESTED MOTION

I move that the AMWUA Management Board recommend to the AMWUA Board of Directors adoption of the AMWUA Fiscal Year 2022 draft budget.

ATTACHMENT

- AMWUA Fiscal Year 2022 Draft Budget

Draft Budget

Fiscal Year 2022

5/12/2021



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
Computer/Equipment/Software	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>

MANAGEMENT BOARD

INFORMATION SUMMARY

May 12, 2021

Agreement with the University of Arizona for the Smartscape Program

ANNUAL PLAN REFERENCE

Demand Management & Efficiency

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

- Increase outdoor water efficiency including efforts to research and develop outdoor water efficiency standards.
- Engage in regional, statewide and national demand management efforts and elevate our members' programs.
- Expand promotion and visibility of existing and new AMWUA and member materials and programs along with the overall messaging about our water conservation efforts.

Strategic Plan: Facilitate our Strength in Numbers, Educate – Excel as an Expert and Resource, Collaborate and Advocate for Solutions, Safeguard Water Supplies, Strengthen Groundwater Management, Prepare for Impacts of Drought & Shortage, Pursue Post-2025 Water Policy, Minimize Financial Impact, Interconnect Disciplines

SUMMARY

Smartscape is a comprehensive training program that instructs landscape and irrigation professionals on the fundamentals of design, installation, irrigation, and maintenance of sustainable desert-adapted landscapes and irrigation systems. The need for efficient water use, the regulatory environment, methods of landscape water conservation, and the principles of xeriscape are key components of the program. The program was developed collaboratively by AMWUA, Tucson Water, the University of Arizona Cooperative Extension, the Arizona Nursery Association, the Arizona Landscape Contractors Association, and industry representatives. AMWUA has coordinated and funded Smartscape in the Phoenix area since the program's inception in 1994.

In the Phoenix area, 1,824 landscape professionals have completed the 20-hour Smartscape workshop series, and more than 400 have participated in the 15-hour Advanced Smartscape: Irrigation training course. Smartscape en Español has been expanding educational opportunities for Spanish speakers since 2018.

Smartscape supports AMWUA members in their efforts to increase water use efficiency, extending existing supplies, reducing future water demand, and preparing for potential shortage restrictions. The program is accepted as a Best Management Practice (BMP) under the Non-Per Capita Conservation Program, assisting members in complying with the Arizona Department of Water Resources (ADWR) Management Plan requirements.

Since 2009, AMWUA has contracted with the University of Arizona to administer the Smartscape program through the Maricopa County Cooperative Extension. The agreements have been for two years to provide stability for the staff hired to coordinate the program. The current agreement expires on June 30, 2021.

The Smartscape program has been funded by AMWUA with monies from the Conservation & Efficiency budget and by ADWR with monies from the Phoenix Active Management Area (AMA) Water Management Assistance Program (WMAP). AMWUA's agreement with the University of Arizona is to contribute \$30,000 in Fiscal Year 2021 and \$30,000 in Fiscal Year 2022 upon completion of specified deliverables. Further, AMWUA's agreement to provide the funding to the University is contingent upon the University also receiving funding from ADWR. The Phoenix AMA Groundwater Users Advisory Council (GUAC) unanimously recommended renewing its Smartscape program contract at its February 4, 2021 meeting.

RECOMMENDATION

Staff proposes that the AMWUA Management Board recommend that the AMWUA Board of Directors approve the Executive Director's ability to enter into the two-year agreement between AMWUA and the University of Arizona for implementation of the Smartscape program.

SUGGESTED MOTION

I move that the AMWUA Management Board recommend that the AMWUA Board of Directors approve the Executive Director's ability to enter into the two-year agreement between AMWUA and the University of Arizona for implementation of the Smartscape program.

ATTACHMENT

- **Attachment A:** Agreement between AMWUA and the University of Arizona

UNIVERSITY OF ARIZONA SERVICES AGREEMENT

This Agreement is effective on the date of the last authorized signature below (the "Effective Date"), between the Arizona Board of Regents (ABOR) for The University of Arizona (UNIVERSITY) and the Arizona Municipal Water Users Association, (SPONSOR) a non-profit corporation having a principal place of business at 3003 N. Central Avenue, Suite 1550, Phoenix, AZ 85012, and also known as the Party or Parties.

WHEREAS, SPONSOR desires UNIVERSITY to perform certain services for a project entitled Smartscape ("Project"), and is willing to provide funds for such Project; and

WHEREAS, UNIVERSITY is willing to undertake such Project, and to provide such resources as may be necessary.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, SPONSOR and UNIVERSITY agree as follows:

1. **Project Director**

The Project will be under the supervision and direction of Dr. Edward C. Martin, a UNIVERSITY employee; Maricopa County Cooperative Extension and Department of Biosystems Engineering.

2. **Billing and Payment**

The SPONSOR will provide UNIVERSITY the sum of \$30,000 by July 1, 2021 for the period of July 1, 2021 through June 30, 2022 and the sum of \$30,000 by July 1, 2022 for the period of July 1, 2022 through June 30, 2023. This agreement type is:

X FIXED PRICE

Invoices will be sent to the following address of the SPONSOR:

Arizona Municipal Water Users Association
3003 North Central Avenue, Suite 1550
Phoenix, Arizona 85012

Payment by SPONSOR shall be made within 30 days of receipt of invoices from UNIVERSITY. Checks shall be made payable only to The University of Arizona and shall identify this Agreement or a UNIVERSITY invoice. Checks should NOT be made payable to or identify individuals. Payments shall be sent to the following addresses:

If sent by US Mail:

The University of Arizona Sponsored Projects Services/Bursar ACCT #4208730
1303 E University Blvd, Box 3
Tucson, Arizona 85719-0521

If sent by overnight delivery service:

University of Arizona Bursar's Office
888 N Euclid, Room 104
Tucson AZ, 85719
(520) 621-1998

University of Arizona EIN number is 74-2652689.

3. **Scope of Work and Deliverables**

The UNIVERSITY will be responsible for the following activities, which will be conducted through the Cooperative Extension office, Maricopa County. Deliverables are contingent on successful support from Arizona Department of Water Resources in the amount of \$93,930 for the period of July 1, 2021 – June 30, 2023.

A. Training Implementation and Curriculum Refinement

- Implement a minimum of two 30-hour Smartscape courses per fiscal year, utilizing established curriculum and local experts to present the classes.
- Implement a minimum of one 30-hour Spanish Smartscape course per fiscal year.
- Implement a minimum of one Advanced Smartscape: Irrigation course per fiscal year.
- Develop and implement a minimum of one Advanced Smartscape: Plant Identification & Maintenance course per fiscal year.
- Develop and implement a minimum of one Spanish Advanced Smartscape: Plant Identification & Maintenance course per fiscal year.
- Review and revise Smartscape curriculum, content, and materials of training courses as necessary, integrating current research-based University of Arizona, industry, and municipal documents.
- Explore potential opportunities and methods to connect with HOAs and property management companies to educate them on best management practices for water-efficient landscapes.
- Continue to update the Smartscape Implementation Guide operating procedures manual.

B. Promotion

- Maintain the Smartscape website and social media sites, including links to AMWUA and ADWR, as well as the most current landscape industry and water conservation publications.
- Develop additional guidelines to inform Smartscape graduates as to the appropriate use of the trademarked logo and ideas for marketing.
- Promote Smartscape training opportunities to landscape professionals and coordinate promotional efforts with industry organizations.
- Continue to provide information regarding local and national opportunities for landscape training and certification, including the role each plays and where each fits in the educational hierarchy.
- Coordinate promotional effort with AMWUA to include developing materials, information, and displays to educate consumers.

- Develop a promotional plan to advertise Smartscape classes to ensure that the industry is aware of training opportunities and that attendance is maximized.
- Develop a plan to promote hiring trained, certified landscape professionals, with a focus on Smartscape, to the public.
- Participate in public events and conferences such as the SRP Water Expo, Arbor Day events, Home & Garden Shows, and the Desert Horticulture, SHADE, and WaterSmart Innovations conferences.
- Renew the distribution of *The Smartscape Update* newsletter to maintain contact with our Smartscape audience.
- Provide a Smartscape program update to the AMWUA Conservation & Efficiency Advisory Group (CEAG) at least twice per fiscal year to maintain their support and engagement in the program.

C. Statewide Coordination

Coordinate efforts with Pima County Smartscape in order to ensure statewide program consistency. Overall course content and messaging should be consistent, with minor variations based on regional conditions. Collaborative content updates or revisions will be made as needed based upon University of Arizona research, or developments outlined by our respective sponsoring organizations, to maintain curriculum consistency and the integrity of the training. This would also include other County Extension offices that develop a Smartscape program.

D. Quantifying Smartscape Impacts

Investigate methods to demonstrate the impacts and value of the Smartscape program. Possible approaches would be sending questionnaires to past participants, or conducting interviews by phone or in the field. The latter would afford the opportunity to assess the application of Smartscape principles.

Contract Oversight

The SPONSOR will have the authority to review the program of work and materials to ensure that the program continues to meet the objectives of the SPONSOR.

Deliverables

A report of contract activities will be completed by the UNIVERSITY and submitted to the SPONSOR no later than December 31, 2021, June 30, 2022, December 31, 2022, and June 30, 2023. The report will include a summary of ongoing contract activities - trainings, overall course evaluations, promotion, and coordination.

Term of Agreement

This Agreement shall commence on the date of execution of the Agreement and continue through June 30, 2023. The Period of Performance may be extended upon the mutual agreement of both parties.

4. **Use of Facilities**

Insofar as the facilities of UNIVERSITY permit, UNIVERSITY will furnish facilities and such other equipment as may be reasonably required to perform this Agreement.

5. **Property Administration**

Upon termination of this Agreement, any equipment, material, or supplies remaining in stock will become the property of UNIVERSITY.

6. **Insurance and Liability**

The UNIVERSITY maintains general liability insurance and workmen's compensation coverage as required by state law and pertinent federal laws and regulations. In the event SPONSOR undertakes to perform any work on the Project on the premises of UNIVERSITY, then SPONSOR shall give assurances to UNIVERSITY of SPONSOR's adequate general liability insurance and workmen's compensation coverage. It is understood, however, that neither party to this Agreement is the agent of the other and neither is liable for the wrongful acts or negligence of the other.

7. **Reports**

After the Scope of Work is fully performed, and within the time period specified in the Scope of Work, UNIVERSITY will submit to the SPONSOR a detailed technical report of the activities carried out, as required. It is understood, however, that UNIVERSITY shall not be restricted from publishing the results of this Project. When the results of the Project are published, UNIVERSITY agrees to acknowledge the support received from the SPONSOR.

8. **Confidential Information**

SPONSOR and UNIVERSITY may choose, from time to time, in connection with work contemplated under this Agreement, to disclose confidential information to each other. All such disclosures must be in writing and marked as Confidential Information. The Parties will use reasonable efforts to prevent the disclosure to unauthorized third parties of any Confidential Information of the other Party and will use such information only for the purposes of this Agreement, and for three (3) years after the termination of this Agreement, provided that the receiving Party's obligations hereunder shall not apply to information that:

- A. is already in the receiving Party's possession at the time of disclosure; or,
- B. is or later becomes part of the public domain through no fault of the receiving Party; or,
- C. is received from a third party with no duty of confidentiality to the disclosing party; or,
- D. was developed independently by the receiving party prior to disclosure; or,
- E. is required to be disclosed by law or regulation.

Any information that is transmitted orally or visually, in order to be protected hereunder, shall be identified as such by the disclosing party at the time of disclosure and identified in writing to the receiving party, as Confidential Information, within thirty (30) days after such oral or visual disclosure.

9. **Intellectual Property Rights**

Title to any trade secrets, inventions, developments, or discoveries, works of authorship, whether patentable or not (collectively referred to as "Intellectual Property"), resulting directly from the Scope of Work, shall be allocated according to applicable employment contracts and U. S. Patent Law (Title 35 U. S. Code) and U.S. Copyright Law (Title 17 U.S. Code) in effect at the time the Intellectual Property was created. For that Intellectual Property determined to be solely owned by UNIVERSITY, the SPONSOR is granted an option to negotiate a license, on reasonable terms, to such Intellectual Property, such option to be exercised within six (6) months of notification of the Intellectual Property. For that Intellectual Property determined to be jointly owned by SPONSOR and UNIVERSITY, an exclusive option is provided to SPONSOR to negotiate for an exclusive license, on reasonable terms, to UNIVERSITY's rights, such option to be exercised within six (6) months of notification of the Intellectual Property. For that Intellectual Property determined to be solely owned by SPONSOR, UNIVERSITY shall claim no rights. SPONSOR is granted a non-exclusive license, for internal use only, to all original works developed within the Scope of Work for which UNIVERSITY owns the copyright.

10. **Termination**

UNIVERSITY may terminate this Agreement at any time upon thirty (30) days written notice to SPONSOR, if: (a) if cost-reimbursement, funding for the Project is fully expended in accordance with the scope of work and deliverables; or (b) performance of the Project is completed; or (c) if circumstances beyond its control preclude continuation of the Project, in which case, University shall refund to SPONSOR any unexpended funding for the Project as of the termination date. SPONSOR may terminate this Agreement at any time upon ninety (90) days written notice to UNIVERSITY if circumstances beyond its control preclude continuation of the Project. In the event that either Party shall commit any breach of or default in any of the terms or conditions of this Agreement, and also shall fail to remedy such default or breach within ninety (90) days after receipt of written notice thereof from the other Party hereto, the Party giving notice may, at its option and in addition to any other remedies which it may have at law or in equity, terminate this Agreement by sending notice of termination in writing to the other Party to such effect, and such termination shall be effective as of the date of the receipt of such notice. The defaulting Party shall be responsible for all costs and expenses associated with the termination and shall reimburse the non-defaulting Party for such.

11. **Arbitration**

In the event of a dispute hereunder that involves the sum of Fifty Thousand Dollars (\$50,000) or less, in money damages only, exclusive of interest, costs and attorneys' fees, the parties will submit the matter to binding arbitration pursuant to the Arizona Arbitration Act, ARS 12-1501, et seq., (the "Act") whose rules shall govern the interpretation, enforcement and proceedings pursuant to this paragraph. Except as otherwise provided in the Act, the decision of the arbitrator(s) shall be final and binding upon the parties.

12. **Conflict of Interest**

This Agreement is subject to the provisions of A.R.S. § 38-511 regarding Conflict of Interest. The State of Arizona may cancel this Agreement if any person significantly involved in negotiating,

drafting, securing or obtaining this Agreement for or on behalf of the Arizona Board of Regents becomes an employee in any capacity of any other party or a consultant to any other party with reference to the subject matter of this Agreement while the Agreement or any extension thereof is in effect.

13. **State Obligation**

The Parties recognize that the performance by the Arizona Board of Regents on behalf of The University of Arizona may be dependent upon the appropriation of funds by the State Legislature of Arizona. Should the Legislature fail to appropriate the necessary funds or if the UNIVERSITY's appropriation is reduced during the fiscal year, the Board of Regents may reduce the scope of the agreement or cancel the agreement without further duty or obligation. The Board agrees to notify the SPONSOR as soon as reasonably possible after the unavailability of said funds comes to the Board's attention.

14. **Notices**

Notices shall be in writing and deemed effective when sent, postage prepaid to:

SPONSOR:

Arizona Municipal Water Users Association
3003 North Central Avenue, Suite 1550
Phoenix, Arizona 85012

UNIVERSITY:

For U.S. Postal Service: SPONSORED PROJECTS SERVICES
PO BOX 210158
TUCSON AZ 85721-0158

For Fed Ex, UPS or other expedited delivery:
SPONSORED PROJECTS SERVICES
888 N EUCLID AVE RM 510
TUCSON AZ 85719-4824
Phone (520) 626-6000

15. **General Provisions.**

A. **Compliance**

The Parties agree to comply with the provisions of applicable State and Federal regulations governing Equal Employment Opportunity and Non-discrimination and Immigration.

B. **Non-competition**

This Project shall not involve competition with local business units that generally offer similar goods and services.

C. Independence

Permission to use UNIVERSITY facilities and other resources under this Agreement does not constitute endorsement by the UNIVERSITY of the SPONSOR's views or objectives.

D. Audit

It is understood that if the ultimate source of at least a portion of the SPONSOR's funds for this project is Federal, this Agreement is subject to Federal Audit.

E. Entire Understanding

This Agreement embodies the entire understanding of the Parties and supersedes any other agreement or understanding between the Parties relating to the subject matter hereof.

F. Waiver, Amendment, Modification

No waiver, amendment or modification of this Agreement shall be valid or binding unless written and signed by the Parties. Waiver by either Party of any breach or default of any clause of this Agreement by the other Party shall not operate as a waiver of any previous or future default or breach of the same or different clause of this Agreement.

G. Assignment

This Agreement may not be assigned by either Party without the prior written consent of the other Party, which consent will not be unreasonably withheld; provided that this Agreement shall be binding upon and inure to each Party's respective successors in interest.

H. Choice of Law

This Agreement shall be interpreted pursuant to the laws of the State of Arizona. Any arbitration or litigation between the parties shall be conducted in Pima County, Arizona, and SPONSOR hereby submits to venue and jurisdiction in Pima County, Arizona.

I. Severability

If any provision of the Agreement is held void or unenforceable, the remaining provisions shall nevertheless be effective, the intent being to effectuate the Agreement to the fullest extent possible.

J. Independent Contractors

The Parties are deemed independent contractors and may not bind each other, except as provided for herein or authorized in writing by the other Party.

The Arizona Board of Regents for and on behalf of The University of Arizona:

By: _____

Date: _____

Arizona Municipal Water Users Association:

By: _____

Date: _____

Name: _____

Title: _____

I have read this Agreement, and understand the obligations placed on me and my laboratory and other UNIVERSITY employees under my supervision and agree to be bound by it.

PRINCIPAL INVESTIGATOR

Date: xxxxxx, 2021

Exhibits: A. Budget and Payments

The following budget represents the anticipated costs and funding for conducting the Scope of Work pursuant to this Agreement.

Program Year	Program Budget
07/01/2021 to 06/30/2022	\$30,000
07/01/2022 to 06/30/2023	\$30,000

The anticipated dates and amounts of payments are as follows:

<u>DATE</u>	<u>AMOUNT</u>
07/01/2021	\$ 30,000
07/01/2022	\$ 30,000
<u>TOTAL</u>	<u>\$ 60,000</u>