



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

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

MEETING NOTICE AND AGENDA

Thursday, March 24, 2022 – 11:00 a.m.

**This meeting will be held as a Hybrid meeting.
Only AMWUA Board of Directors may attend in person; Others are to join via Zoom.**

Access this [Link](#) to join. Meeting ID: 838 3180 3038
(Option to join by phone: 602-753-0140, 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 February 24, 2022 Meeting
2. Schedule Next Meeting Date: April 28, 2022, 11:00 a.m.
3. 2022 Legislative Session
4. Arizona Water Authority Legislation

C. Executive Director's Report

D. Future Agenda Items

E. Adjournment

*The order of the agenda may be altered or changed by the AMWUA Board of Directors. Members of the AMWUA Board of Directors may attend in person or by internet conferencing.

More information about AMWUA public meetings is available online at www.amwua.org/what-we-do/public-meetings, or by request.

Arizona Municipal Water Users Association



BOARD OF DIRECTORS
MEETING MINUTES
February 24, 2022
HYBRID – IN PERSON & ZOOM TELECONFERENCE

VOTING MEMBERS PRESENT

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

OTHERS PRESENT

Barry Aarons, Aarons Co.	Gregg Capps, Chandler	Jacob Perez Laurent, AMWUA
Patrick J. Adams, AMWUA	Ginna Carico, Goodyear	Terry Piekarz, Tempe
Alexis Apodaca, Chandler	Miranda DeWitt, Mesa	Marshall Pimentel, Avondale
Michelle Barclay, AMWUA	Ray Diaz, Goodyear	Diana Pina, AMWUA
Gretchen Baumgardner, Scottsdale	Brian Draper, Mesa	Cape Powers, Peoria
Kirk Beaty, Avondale	Gretchen Erwin, Goodyear	Drew Swieczkowski, Glendale
Anthony Beckham, SRP	Paulette Fenderson, Phoenix	Warren Tenney, AMWUA
Rob Bohr, Gilbert	Kathy Ferris, AMWUA	Sheri Trapp, AMWUA
Riggs Brown, Traversant Group	Jake Golden, Phoenix	Theresa Ulmer, Ulmer Consulting
Craig Caggiano, Tempe	Lauren Hixson, Gilbert	Austin Walker, AMWUA
Cynthia Campbell, Phoenix	Simone Kjolsrud, Chandler	Tammi Watson, CAP

A. Call to Order

Councilmember Turner called the meeting to order at 11:01 a.m.

B. General Business – Items for Discussion and Possible Action

1. Approval of the Minutes from the January 27, 2022 Meeting

Upon a motion made by Councilmember Thompson and a second from Councilmember Nielson, the AMWUA Board of Directors unanimously approved of the January 27, 2022 meeting minutes.

2. Schedule Next Meeting Date: Thursday, March 24, 2022, 11:00 a.m.

3. 2022 Legislative Session

Mr. Aarons reported on the status of various committee hearings occurring in the Legislature. Mr. Aarons reported that up to \$1 billion allocated for water augmentation will be directed to the new Arizona Water Authority, which will be granted significant authority to spend funds on requested water projects. Mr. Aarons suspects a legislative amendment will be forthcoming regarding the structure of the actual Authority.

Mr. Adams reported on the new or updated bills recommended for positions by the AMWUA Board of Directors.

Mr. Adams also reported on the bills that the AMWUA Management Board has provided a recommendation of oppose:

SB 1595: irrigation districts; uses; drainage permit

SB 1171: S/E treated process water; definitions

Councilmember Turner agreed with the concerns regarding SB 1171.

Mr. Adams reported on the bill that the AMWUA Management Board has provided a recommendation of monitor:

SB 1611 | HB 2725: Arizona Water Authority

Councilmember Lopez asked how the proposed Arizona Water Authority will elect their director and staff. Mr. Adams responded that there is still developing information being released but this new entity is likely to have its own staff and governing appointees monitoring the organization. Mr. Adams anticipates there will be ex-officio board members from governing entities such as ADWR, though the exact structure of the total board remains unknown at this time.

Councilmember Thompson voiced his concern regarding this Authority's relationship with ADWR. Mr. Adams expressed confidence that the director of ADWR would be a voting member on this Authority's board and the two entities will have differing roles from each other. The Water Authority appears to be primarily focused on funding augmentation projects.

Councilmember Lauritano asked if the governance of this Authority will be provided in the authorizing legislation. Mr. Adams said that it would.

Councilmember Thompson commented that any development of this Authority's board should be representative of all participating populations across the state. Mr. Aarons reiterated that this Arizona Water Authority may follow a similar structure to the existing Arizona Commerce Authority regarding its governing members and powers.

Councilmember Binsbacher asked if there was any timeframe to have this Authority functioning. Mr. Adams reported that this Authority is anticipated to form quickly with the support of House leadership. AMWUA will continue to monitor this bill as it develops.

Mr. Adams then reported on the bills that the AMWUA Management Board has provided a recommendation of support:

HB 2129: S/E ADEQ direct potable reuse; rules

SB 1489: subdivisions; definition

HB 2761: water efficient plumbing fixtures

HB 2812: rainwater harvesting program

Upon a motion by Mayor Ortega and a second from Councilmember Garlid, the AMWUA Board of Directors unanimously approved of the updated recommended legislative positions.

4. Water Augmentation Principles

Mr. Tenney reported that the Drought Contingency Plan rallied State leaders to take interest in water, and the Tier 1 shortage announced this year presents a new reality of less Colorado River water. Last year's State budget established the Drought Mitigation Revolving Fund, with the State designating money towards efforts to find new water supplies. Recognizing that augmentation would be an increasing focus of interest with State leaders, decision makers, and the water community, AMWUA recognized the importance to have a clear position on what augmentation means for our members as well as how we would evaluate individual augmentation projects. For AMWUA to effectively advocate on behalf of its members, a set of guiding principles have been developed.

Mr. Tenney elaborated on each of the six proposed principles and asked the Board of Directors for comments surrounding adoption of these principles. These principles have been presented to and approved by the AMWUA Management Board.

Councilwoman O'Brien and Councilmember Turner suggested using the term of "restore" as opposed to "backfill" of existing supplies during shortage. Mr. Tenney agreed, as all augmentation projects under these principles must be aimed to support existing M&I subcontractors first.

Councilmember Thompson commented that the principles for water augmentation must plainly reflect the priority of augmentation funding to existing water supplies, locally and regionally.

Upon a motion made by Councilmember Garlid and a second from Councilwoman O'Brien, the AMWUA Board of Directors unanimously approved of the proposed water augmentation principles.

5. Binational Ocean Desalination Initiative

Mr. Adams provided a presentation surrounding desalination in the Sea of Cortez and the most recent binational analysis in 2020 prepared for Minute 323 Desalination Work Group. The exchange framework proposes desalinated water produced for irrigation use in Mexico, with the equivalent amount of Colorado River water being made available by Mexico for use in the United States. The project is projected to yield 200,000 AF of supplies with a projected cost of \$2,050 - \$2,228 per AF, including infrastructure and O&M costs. All proposed Desalination Plants are assumed to comply with environmental and regulatory requirements with no modeled impacts from brine dispersions. Mr. Adams reported that an analysis of similar project timelines and implementation gives a rough estimate of over 20 years for project completion. Both regional power availability and the ability to obtain rights-of-way for conveyance infrastructure remain the primary uncertainties from the 2020 study. In addition, the Binational Exchange Framework will need to be developed and further technical studies are recommended under Minute 323. AMWUA staff has identified additional considerations regarding this initiative: Evaluating project costs

against other alternatives; the 200,000 AF project yield; and that the Binational Desalination Exchange is a Treaty Activity, reliant on the collaboration of both the U.S. and Mexico.

Councilmember Thompson and Councilmember Lauritano expressed concerns regarding the benefits of this augmentation project as opposed to augmentation projects located closer to existing water supplies. Mr. Adams agreed, reporting that complete analyses on other augmentation projects have yet to be completed and must be evaluated together. Councilmember Lauritano also asked if the Colorado River priority system would also affect the efficiency of this exchange. Mr. Adams answered that the framework between the two countries and how it flows to contributors have yet to be adequately answered.

Councilmember Garlid asked how this project would be properly funded. Mr. Adams responded that he anticipates a cooperative financing structure, though the details have yet to be discussed.

6. AMWUA Fiscal Year 2022 Quarterly Financial Statements – Second Quarter

Mr. Tenney reported on the Statement of Revenues and Expenses for the first half of this fiscal year and the Balance Sheet dated December 31, 2021. He added that AMWUA is currently \$48,891 under the year-to-date budget.

Upon a motion made by Councilmember Nielson and a second from Councilmember Thompson, the AMWUA Board of Directors unanimously approved of the Quarterly Financial Statements for the second quarter as presented.

C. Executive Director's Report

Mr. Tenney reported on a roundtable discussion with the Secretary of the Interior, Deb Haaland, State legislators, and stakeholders including tribal representatives, ADWR, CAP, SRP, Agriculture, and NGOs. The Secretary of the Interior and the members of the Arizona Congressional Delegation emphasized the importance of funding tribal water settlements, the seriousness of the Colorado River and how action is needed now, and the opportunities with desalination and recycling water.

Mr. Tenney shared at the roundtable that the AMWUA cities collectively provide water to 3.7 million residents and do it using only 11% of Arizona's water; the cities have proactive conservation programs in order to instill a conservation ethic and are prepared for shortage; the importance of clarity from the federal government on how the Colorado River will be managed to better plan for the future; and that the responsibility to provide water to residents in the Valley is on the shoulders of the municipalities.

D. Future Agenda Items

Councilmember Nielson and Councilmember Anderson requested more information on any other augmentation projects being proposed throughout the country that could be opportunities in Arizona.

E. Adjournment

Councilmember Turner adjourned the meeting at 12:51 p.m.

BOARD OF DIRECTORS
INFORMATION SUMMARY
March 24, 2022

2022 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 Second Regular Session of the 55th Legislature began on January 10, 2022. To date, over 1,675 measures have been introduced. With the completion of “cross-over” week, committee hearings have resumed, and bills are being heard in each chamber. The next major milestone of the session is March 25th, the last day for bills to be heard in committee. This legislative summary provides a status update on all bills that the AMWUA Board of Directors has adopted a position. Staff will give an update on key bills for the AMWUA Board.

RECOMMENDATION

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

Depending on the introduction of legislative amendments before the March 24, 2022 meeting, the AMWUA Board of Directors may be asked to provide direction regarding additional legislation.

Legislative Positions Adopted by the AMWUA Board of Directors

HB 2037 expenditures; authority; water; wastewater (Cook)

A s/e amendment was adopted and passed out of House NREW that significantly limited the scope of the bill to a sole change in the powers of a Board of Supervisors – allowing a Board to enter into agreements for the management and distribution of federal funds related to water supply projects.

AMWUA Position: Monitor

HB 2053 department of environmental quality; continuation (Griffin)

Extends the sunset date for the Arizona Department of Environmental Quality for eight years, through 2030.

AMWUA Position: Support

HB 2055 Harquahala non-expansion area; groundwater transportation (H: Griffin)

This bill adds a provision to statute allowing private water companies to withdraw groundwater from purchased land in the Harquahala irrigation non-expansion area (INA) and transport that water to an initial AMA. Currently, only political subdivisions of the state can purchase land and transfer the Harquahala groundwater to AMAs. This bill is similar to a measure introduced in 2019 (HB 2609) although previously problematic elements relating to the depth of allowable groundwater withdrawal have been removed.

AMWUA worked with the main proponent, EPCOR, to amend the proposal so that the definition of “private water company” is clearly limited to private utilities regulated by the Arizona Corporation Commission, excluding a broader interpretation of the term that could include entities such as investment firms and developers.

A floor amendment adopted on February 23rd adds several limitations to the bill – the groundwater must be used by the transporting entity’s customers within five years of transport and cannot be sold for use other than by the transporting entity. A private water company transferring the groundwater must pay for all associated costs from charges to customers where the water is actually transported for use. ADWR must adopt Rules for compliance and reporting related to Harquahala groundwater transfers.

AMWUA Position: Neutral

HB 2056 fifth management period; extension (Griffin and 3 others)

Extends the Fifth Management Period by ten years, lengthening the Period from to 2025 to 2035. Extending the Fifth Management Period by a decade does not alter the end date of the SMP regulations, as the conservation requirements continue to remain in effect indefinitely, whether the Period ends in 2025 or 2035.

ADWR sought to pursue legislative authority to establish a Sixth Management Period; however, it appears that this bill will not be amended to accomplish the Department’s objective. HB 2056 may be utilized as a vehicle.

AMWUA Position: Monitor

HB 2057 water supply development fund; revisions (Griffin & Bowers)

The Water Supply Development Revolving (WSDR) fund was established in 2007 and was intended to assist rural water providers acquire water supplies through loans and grants. The statutory criteria associated with WSDR Fund were substantively modified in the 2021 Legislative Session by HB 2388 which expanded applicant eligibility, as well as a \$46 million appropriation to the Fund.

This bill, HB 2057, makes technical corrections, deletes references to the defunct WSDR Fund Committee, and makes conforming changes to last year’s legislation that expanded the maximum grant limit to \$250,000.

AMWUA Position: Monitor

HB 2099 municipalities; membership dues; limit (Cobb & 2 others)

This bill applies to all organizations whose majority of paid members are cities or towns. HB 2099 establishes a “per capita” metric that divides a city’s membership dues by its total population. No city may pay membership dues to an organization if its “per capita” ratio is greater than the ratio of the largest city within the same organization.

This formula is incompatible with AMWUA’s calculation of membership assessments which are not solely based on population. This legislation would impair the ability of municipalities to establish and participate in organizations that do not follow this narrow structure for establishing membership dues.

AMWUA Position: Oppose

HB 2129 ADEQ direct potable reuse; rules (Griffin)

On November 30, 2021, the Post-2025 AMAs Committee recommended a series of consensus proposals to the Governor’s Water Council, including a request that resources be provided to the Arizona Department of Environmental Quality (ADEQ) to fast track development of a Rulemaking for a Direct Potable Reuse (DPR) permit process.

ADEQ’s Regulatory Agenda anticipates that this Rulemaking and program development will take place in 2022, however no funds were specifically requested for this purpose in the agency’s FY23 Budget Request.

As co-chairs of the Post-2025 AMAs Committee, AMWUA and Valley Partnership have collaborated to pursue a legislative appropriation that would provide ADEQ with the financial resources to complete this Rulemaking, as well as a statutory deadline. Accelerating the implementation of DPR is a long-standing priority for the Arizona water community and an important step towards mitigating the impacts of drought and shortage. HB 2129 requires ADEQ to complete this rulemaking by December 31, 2024 and appropriates \$1,500,000 in FY 23 and \$1,500,000 in FY 24 assist the Department in developing the DPR program.

AMWUA Position: Support

HB 2131 HOAs; artificial grass ban prohibited (Kavanagh)

HB 2131 prevents a homeowner’s association (HOA) from prohibiting installation or use of artificial turf on any member’s property. The HOA may adopt reasonable rules regarding the installation and appearance of artificial grass. An agreement was reached between the Sponsor and the HOA lobby giving more discretion to the HOAs on the rules pertaining to artificial grass. The bill will not be further amended to ban natural turf mandates, but AMWUA staff still feel this is a step forward for encouraging outdoor water conservation.

AMWUA Position: Monitor, seek amendments

HB 2231 universities; water rights adjudication (Griffin)

Authorizes Arizona universities to offer pro bono assistance to General Stream Adjudication claimants who are “small landowners.” The provisions of this bill were included in a section of a 2021 budget reconciliation bill subsequently deemed unconstitutional by the Arizona Supreme Court, thus its reintroduction in this session.

AMWUA Position: Monitor

HB 2256 assured water supply; service area (Cook)

Requires the Director of ADWR, when determining the physical availability of groundwater to be drawn through future wells for an Assured Water Supply (AWS) Determination to assume that:

- The service area of a city or town is coterminous with the boundaries of the city or town;
- The service area of a private water company is coterminous with the boundaries of its certificate of convenience and necessity (CC&N); and
- The service area of a water improvement district is coterminous with the boundaries of the district.

AMWUA and ADWR have identified several concerns with this proposal. First, HB 2256 would establish statutory definitions of “service area” that directly contradict the Groundwater Code’s existing provisions that define and govern service area expansions. This bill would also allow AWS Determinations to be approved on the premise that a future well will be drilled in a location where there is no guarantee the water provider will have access in the future. ADWR has noted that this proposed legislation is inconsistent with the consumer protection goals of the AWS Program.

AMWUA Position: Oppose

HB 2258 assured water; supply; nonlocal water (Cook)

HB 2258 attempts to enable water providers delivering commingled water supplies (surface water, groundwater, effluent) to account for deliveries to an individual end user as if groundwater had not been delivered to that user. Presumably this would allow – or require – a water provider to account for certain water supplies going to specific end users, despite physical deliveries of a blended supply.

The objective of HB 2258 is to authorize water providers to wheel specific supplies to individual customers under this provision, ending the long-standing ADWR requirement that an applicant for a Determination of Assured Water Supply must demonstrate physical availability of any groundwater delivered through the water provider’s distribution system.

AMWUA and ADWR have identified significant concerns with this proposal, including that it undermines the AWS Program by preventing ADWR from evaluating physical availability of groundwater and could create infeasible municipal water provider reporting requirements. Furthermore, the requirement to assign specific water supplies to specific customers despite deliveries of a blended supply could lead to inequities in within a municipal water service area between different customers.

AMWUA Position: Oppose

[HB 2327](#) drought mitigation revolving fund; appropriation (Bowers & Toma)

Appropriates _____ billion dollars (unspecified) to the Drought Mitigation Revolving Fund.

AMWUA Position: Monitor

[HB 2331](#) area of impact; stored water (Cook)

HB 2331 moves statutory definitions of “Area of Impact” (AOI), previously only applicable to Designation applications in the Pinal AMA, to the Recharge Program statutes in Title 45, Chapter 3.1. The bill also expands the AOI for a Groundwater Savings Facility by adding a 1-mile buffer to the irrigation district boundaries.

Moving the AOI definitions as proposed would have broader impacts to the Recharge Program where “AOI” is used in other regulatory processes, such as permitting requirements for an Underground Storage Facility permit. Additionally, the proposed new definition that expands the AOI of a Groundwater Savings Facility by one mile further disconnects recovery from recharge.

AMWUA Position: Oppose

[HB 2406](#) water quality fee fund (Griffin)

Expands the allowable uses of ADEQ’s Water Quality Fee Fund (WQFF) to include total maximum daily load (TMDL) development, nonpoint source rulemakings, and groundwater monitoring and standards development. Also allows ADEQ to pursue a rulemaking to update AZPDES and APP fees which have been static since 2011. Rep. Griffin is running this bill on behalf of ADEQ.

AMWUA Position: Support

[HB 2409](#) multi-county water districts; storage tax (Griffin)

Extends CAWCD’s authority to levy the Water Storage Tax at 4¢ through 2029. The Water Storage Tax subsequently reduces to 3¢ in 2030 and expires in 2035.

CAWCD had originally sought to extend the tax levy at the full 4¢ through 2044. AMWUA has requested that CAWCD provide more specificity regarding the intended use of the tax revenues, and that the legislation clarify that recovery is an authorized use of the Water Storage Tax.

Prior to the introduction of HB 2409, AMWUA requested more specificity about how the Water Storage Tax revenues will be used and noted that it should be clarified that the tax can be utilized for recovery purposes. The Water Storage Tax funded the Arizona Water Banking Authority's storage of excess Colorado River water to firm M&I supplies reduced by shortage, and the same tax should be authorized to fund the recovery of that stored water.

AMWUA Position: "Monitor," but willing to move to "Support" if the statutory amendments include language clarifying that the Water Storage Tax can be used for the purposes of recovery.

[HB 2456](#) | [HB 2511](#) | [SB 1492](#) 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 bill also clarifies 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 has previously supported this legislation.

AMWUA Position: Support

[HB 2459](#) appropriation; WQARF (Cano & 8 others)

Appropriates \$15 million from the general fund in FY2022-23 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 Position: Support

[HB 2460](#) wells; permits; spacing rules (Cano & 5 others)

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 has historically supported similar legislation.

AMWUA Position: Support

[HB 2510](#) | [HB 2661](#) rural management areas (Cobb & Biasiucci)

For Mohave, La Paz, and Yuma counties 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 seven-person Council shall be appointed by the Governor. The Rural Management Area Council must adopt a Management Goal, Management Plan, and voluntary or mandatory best management practices designed to reduce groundwater withdrawals in the area. Any proposed actions to be implemented by ADWR in the Management Plan must be submitted for approval by the Department. HB 2510 also establishes the “Department of Water Resources Heritage Fund” consisting of monies deposited from the State Lottery, to support ADWR administration of the Rural Management Area.

AMWUA Position: Monitor

[HB 2512](#) Colorado River water; local communities (Cobb & Biasiucci)

Prohibits transfer of on-river Priority 4 Colorado River water from outside of a “Colorado River community.”

AMWUA Position: Monitor

[HB 2538](#) water protection fund; appropriation (Griffin)

This bill would appropriate \$1 million from the state general fund in Fiscal Year 2022-23 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

[HB 2549](#) stored water; certificates; impact; accounting (Griffin)

HB 2549 consolidates the legislative proposals of the Pinal AMA stakeholder group contained in HB 2256, HB 2258, and HB 2331. As noted, AMWUA and ADWR have serious concerns that these proposals undermine the Assured Water Supply Program.

AMWUA Position: Oppose

[HB 2556](#) water infrastructure finance; sunset repeal (Griffin)

Repeals the statutory sunset for the Water Infrastructure Finance Authority of Arizona (WIFA), which will now be included under the sunset review of its governing body, the Arizona Office of Economic Opportunity (OEO). The next sunset review for the Arizona OEO and its Boards is July 1, 2023. WIFA supports this alignment.

AMWUA Position: Support

[HB 2560](#) ~~appropriation; DWR; water efficiency projects (Dunn)~~ group homes; monitoring; reporting; appropriation

~~This bill would appropriate \$1 million from the state general fund in Fiscal Year 2022-23 to ADWR “to identify water efficiency projects that have significant potential for water savings but that also have legal impediments hindering implementation.” The policy objective for prioritizing projects that are legally questionable is unclear at this time.~~

This bill was amended with an unrelated strike everything amendment.

AMWUA Position: Monitor

[HB 2761](#) water efficient plumbing fixtures (Mathis & 9 others)

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 has supported this legislation each year since the 2019 session.

AMWUA Position: Support

[HB 2812](#) rainwater harvesting program (Liguori & 11 others)

Establishes the Rainwater Harvesting Grant Program within the Arizona Department of Water Resources. Grants are available to Program applicants at two Levels: Level 1 Grants may be used to reimburse up to 50% of a simple or passive rainwater harvesting system, up to \$500. Level 2 Grants may fund up to a maximum of \$2,000 for an “active and more complex” project, including installation of a rainwater harvesting system and storage tank. Various routine landscaping activities are identified and excluded from eligibility for grant funding. HB 2812 appropriates \$1 million to ADWR to fund the Program.

AMWUA Position: Support

[SB 1022](#) | [HB 2467](#) groundwater pumping; measuring; reporting (S: Steele | H: Cano)

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 has historically supported this legislation, including in the 2020 and 2021 sessions.

AMWUA Position: Support

[SB 1023](#) | [HB 2463](#) well drilling; groundwater basins (S: Steele | H: Cano)

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 adopted a “Monitor” position on this legislation in the 2020 and 2021 sessions.

AMWUA Position: Monitor

[SB 1067](#) cities; water infrastructure finance authority (Shope)

SB 1067 would streamline the statutory process so that cities and towns with populations over 150,000, can also utilize WIFA financing for critical water infrastructure without having to place the issue on the ballot. This enables all municipalities to apply for WIFA’s infrastructure funds to meet the needs of their communities without delay.

Removing this regulatory hurdle will allow Arizona to capitalize on federal infrastructure funding and will bolster WIFA’s project portfolio. This will strengthen WIFA’s ability to maintain low interest rates and to leverage funds for even more infrastructure investment throughout the state. SB 1067 proposal has been met with positive feedback from WIFA staff as well as the broader water community.

On February 16th an amendment to SB 1067 was passed raising the population threshold to 300,000 persons, instead of removing the voter requirement altogether. On March 1st, a subsequent amendment was introduced and approved that would allow municipalities of any size to access funding authorized by Congress under the Infrastructure Investment and Jobs Act without an election, through FY 2027. The bill as amended was passed by the Senate in a near unanimous vote.

AMWUA Position: Support

[SB 1102](#) homeowners' associations; solar, water devices (Mendez & Salman)

Homeowners Associations (HOA) cannot prohibit the installation of a water saving device or indoor or outdoor water conservation practice. The HOA may adopt reasonable rules governing proposed water conservation practices. AMWUA supported this legislation in 2019.

AMWUA Position: Support

[SB 1171](#) S/E treated process water; definitions (Kerr)

Amends the statutory definition of “Water that cannot reasonably be used directly” (WaterBUD) to include *Treated Process Water*, defined as: “groundwater that is used for nonirrigation use in a facility that manufactures food and beverage products and subsequently treated at the site of use for storage.” This legislation is being introduced on behalf of two beverage manufacturing companies in the Valley who seek to recharge their industrial wastewater and generate long-term storage credits (LTSC) to increase their legally-allowable groundwater pumping. Currently, wastewater generated from industrial processes does not fall under the legal definition of “effluent” and is ineligible to accrue LTSC when stored underground. SB 1171 limits the use of treated process water LTSC to the same subbasin where the water was stored, and also limits the assignment (i.e., transfer or sale) of the LTSC to an affiliate or successor of the original storer.

The AMWUA cities have serious concerns with the proposed statutory amendments, particularly the potential for this bill to incentivize industrial users to extract fossil groundwater and convert it to LTSC for sale, as well as the precedent of allowing groundwater-dependent industrial users to proliferate and remove themselves from centralized water management.

AMWUA Position: Oppose

[SB 1198](#) local governments; lobbying; prohibition (Peterson, Leach, and Cook)

Local governments, including cities and towns, are prohibited from entering into a contract for lobbying services and may not spend monies for lobbying services unless that person is an employee of the city or town. Local governmental entities may not pay membership dues to an organization that engages in lobbying activities. Special taxing districts related to agriculture have specifically been exempted from this prohibition.

AMWUA Position: Oppose

SB 1489 subdivisions; definition; lots (Otondo & 6 others)

Amends the statutory definition of “subdivision.” Currently subdivision is defined as land divided into six or more parcels where at least one parcel is less than 36 acres. SB 1489 would amend the definition to land divided into *four* or more parcels. It is AMWUA’s understanding that this bill is intended to address lot splits and wildcat subdivisions to bring more development under the jurisdiction of the Assured and Adequate Water Supply (AAWS) programs. From a water resource planning perspective, this would reduce the future unreplenished groundwater pumping associated with new developments that are not currently subject to AAWS requirements.

AMWUA Position: Support

SB 1564 domestic water districts; wastewater; annexation (Shope)

Amends A.R.S. § 48-959, relating to the dissolution of domestic water and wastewater improvement districts. Under SB 1564, when any portion of a District is annexed into a city or town, if the municipality elects to provide water service to the newly annexed area, the District’s assets and liabilities from the newly annexed area are assumed by the city. If applicable, the District shall continue to operate outside of the boundaries of the newly annexed area. If the city determines that the District does not have the capacity to maintain peak domestic demand and fire flow requirements in the newly annexed area, the District is dissolved and the city assumes its assets and liabilities.

AMWUA Position: Monitor

SB 1595 irrigation districts; uses; drainage permit (Kerr)

This legislation would allow the Buckeye Water Conservation & Drainage District (BWCCD) to serve groundwater to municipal and industrial water users up to the volume approved in its Drainage Water Withdrawal Permit.

BWCCD has described this legislation as an effort to help nearby cities with an additional water supply as the groundwater would not carry a replenishment obligation because it originates from the Buckeye Waterlogged Area. It is unclear what local cities or users would seek to receive groundwater service from BWCCD under this new statutory authority.

AMWUA has engaged with BWCCD representatives and other stakeholders to better understand the intent and consequences of this legislation. AMWUA staff and member cities have expressed significant concerns regarding the ramifications of this proposal, however SB 1595 as introduced has not been modified substantively from earlier drafts shared with stakeholders.

This bill would lead to increased groundwater mining in the Buckeye Waterlogged Area, up to 30,000 AF per year, which would reduce physical availability of groundwater and count against the Phoenix AMA goal of safe-yield. The pumping and sale of this water has no conservation requirements, no replenishment obligations, and no withdrawal fees to contribute to the AMA water management objectives. Of most concern is the potential for future development to become reliant on groundwater from the waterlogged area that is temporary in nature as well as the precedence for irrigation districts to serve groundwater outside of their service area.

AMWUA Position: Oppose

[SB 1600](#) water recharge; direct use (Shope)

Amends the definition of “Water that cannot reasonably be used directly” (WaterBUD) to include Central Arizona Project water stored underground in the Pinal AMA by a water provider located in the Pinal AMA. WaterBUD generally prohibits entities from earning or purchasing long-term storage credits (LTSC) if they are simultaneously pumping groundwater. SB 1600 would remove this prohibition from Pinal AMA water providers recharging CAP water in the Pinal AMA.

AMWUA Position: Neutral

[SB 1611](#) | [HB 2725](#) Arizona Water Authority (S: Fann & Kerr | H: Bowers & Griffin)

SB 1611 establishes the “Arizona Water Authority.” This bill is a placeholder for legislation under development by the Governor’s Office and House & Senate leadership. It is anticipated to restructure the Drought Mitigation Revolving Fund Board that was established in 2021 and create an entity to fund and oversee large augmentation projects.

AMWUA Position: Monitor

BOARD OF DIRECTORS
INFORMATION SUMMARY
March 24, 2022

Arizona Water Authority Legislation

ANNUAL PLAN REFERENCE

Sustainable Water Management

Evaluate and pursue our members' contribution towards efforts and policies that will sustain and safeguard our water resources and prepare for the critical water management issues beyond 2025.

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, Interconnect Disciplines

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

In recent years, Arizona decision makers have increasingly focused on concepts to augment water supplies throughout the state. These discussions have been punctuated by Governor Ducey's Executive Budget proposal and the anticipated restructuring of the Drought Mitigation Revolving Fund into a "Arizona Water Authority" to fund and oversee large augmentation projects.

The Governor's Office and Legislative Leadership have released proposed legislative language to establish the Arizona Water Authority. The stated purpose of this new state agency is to oversee the funding for regional and statewide augmentation efforts. It is proposed that the \$200 million appropriated last legislative session would be transferred to the Authority, and that additional state funds, up to \$1 billion, would be appropriated to the new entity.

AMWUA staff will provide an overview of proposed legislation establishing the Arizona Water Authority.

RECOMMENDATION

The AMWUA Board of Directors is requested to discuss and ask questions about the proposed Arizona Water Authority.