



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

ARIZONA MUNICIPAL WATER USERS ASSOCIATION BOARD OF DIRECTORS

MEETING NOTICE AND AGENDA

Thursday, April 28, 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: 854 1591 0529
(Option to join by phone: 602-753-0140, same Meeting ID as above)

- A. Call to Order**
- B. Approval of the Minutes from the March 24, 2022 Meeting**
- C. Schedule Next Meeting Date: May 26, 2022, 11:00 a.m.**
- D. Discussion and Approval of Annual Action Plan**
- E. Executive Session**

Pursuant to A.R.S. Section 38.431.03.A.1, the AMWUA Board of Directors may vote to convene in Executive Session to discuss the annual evaluation of the AMWUA Executive Director and other personnel-related matters.

- F. Consideration of Action Pursuant to Executive Session**
- G. General Business—Items for Discussion and Possible Action**
 - 1. [2022 Legislative Session and Arizona Water Authority Proposal](#)
 - 2. [Colorado River Conditions and Shortage](#)
 - 3. [CAWCD Water Rates and Taxes](#)
- H. Executive Director's Report**
- I. Future Agenda Items**
- J. 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
March 24, 2022
HYBRID MEETING

VOTING MEMBERS PRESENT

Councilmember Bart Turner, Glendale, President
Councilmember Sheri Lauritano, Goodyear, Vice President
Councilmember Bridget Binsbacher, Peoria
Councilmember Doreen Garlid, Tempe
Councilmember Curtis Nielson, Avondale
Councilwoman Ann O’Brien, Phoenix
Mayor David Ortega, Scottsdale

VOTING MEMBERS NOT PRESENT

Councilmember Scott Anderson, Gilbert, Secretary-Treasurer
Councilmember René Lopez, Chandler
Councilmember Kevin Thompson, Mesa

OTHERS PRESENT

| | | |
|----------------------------------|-------------------------------|---------------------------------|
| Patrick J. Adams, AMWUA | Sam Draper, AMWUA | Emily Lewis, Phoenix |
| Erin Andres, Phoenix | Ray Diaz, Goodyear | Marshall Pimentel, Avondale |
| Michelle Barclay, AMWUA | Paulette Fenderson, Phoenix | Diana Pina, AMWUA |
| Gretchen Baumgardner, Scottsdale | Kathy Ferris, AMWUA | Cape Powers, Peoria |
| Anthony Beckham, SRP | Brett Fleck, Peoria | Richard Siegel, SRP |
| Riggs Brown, Traversant Group | Jake Golden, Phoenix | Martin Stiles, CAP |
| Craig Caggiano, Tempe | Lisa Gray, CliftonLarsonAllen | Drew Swieczkowski, Glendale |
| Cynthia Campbell, Phoenix | Lauren Hixson, Gilbert | Warren Tenney, AMWUA |
| Gregg Capps, Chandler | Simone Kjolsrud, Chandler | Sheri Trapp, AMWUA |
| Jennifer Davidson, Avondale | Jacob Perez Laurent, AMWUA | Theresa Ulmer, Ulmer Consulting |
| | | Austin Walker, AMWUA |

A. Call to Order

Councilmember Turner called the meeting to order at 11:04 a.m.

B. General Business – Items for Discussion and Possible Action

1. Approval of the Minutes from the February 24, 2022 Meeting

Upon a motion made by Councilmember Garlid and a second from Councilwoman O'Brien, the AMWUA Board of Directors unanimously approved of the February 24, 2022 meeting minutes.

2. Schedule Next Meeting Date: April 28, 2022, 11:00 a.m.

3. 2022 Legislative Session

Mr. Patrick Adams, Water Policy Advisor, reported updates on two bills within the Legislature that AMWUA has taken a position of support: HB 2129 and SB 1067.

HB 2129, which would provide funding to ADEQ to complete the regulatory framework for direct potable reuse in the State has passed out of the House and passed out of the Senate Resources Committee with bipartisan support.

SB 1067 passed out of the Senate and House NREQ committee. Recent amendments have removed the population threshold provisions included in the original bill, though key access to Bipartisan Infrastructure Package (BIP) funds still remains.

Councilmember Turner asked how the recent amendment influences the purpose of SB 1067. Mr. Adams responded that the original intent of the bill was aimed to remove the population threshold to receive funds without being placed on the city's ballot. For the purposes of the \$600 million from the BIP, all cities are able to access these funds for 5 years without placing the loan agreement on the ballot.

Mr. Adams provided an update on the bill that AMWUA has taken a position of oppose: SB 1171. The AMWUA cities, homebuilders, Valley Partnership, mining industry and other Phoenix AMA water providers all oppose this bill, as it is viewed as undermining the centralized water management system in Arizona and will lead to more groundwater pumping exemptions. While this bill passed out of committee, there is a wide coalition of users in the water community that stand in direct opposition.

4. Arizona Water Authority Legislation

Mr. Tenney reported on the draft legislative language for the proposed Arizona Water Authority and the current concerns from stakeholders. The purpose of this new State entity would be to finance and develop new water augmentation and infrastructure efforts within the State and region. This proposed authority would contain vast powers throughout the process of acquisition and storing water, constructing, and selling infrastructure, and providing loans or other financial assistance. This Authority would administer two funds with differing eligibility of distribution and would also contain a nine-member Board, the majority of which are appointees nominated to the Governor from an Appointment Recommendation Committee of stakeholders.

Mr. Tenney reported that there are multiple concerns surrounding this Authority as currently proposed. These concerns range from the powers granted to this centralized Authority, the

unrepresentative governance and design of the ruling board, and the lack of transparency and accountability needed from an entity of this nature. There are remaining concerns that do not have clear answers and require additional information from the proposed legislation. Mr. Tenney reported that the proposal of the Arizona Water Authority does not have clear intended goals given for forming such an entity. Mr. Tenney provided suggested revisions to alter the current proposal, such as focusing the authority to mainly financing of projects without powers to buy and hold water rights, representation of the State's population and economy in governance, and that this authority does not impede over current groundwater management across the State. As it stands, AMWUA contains a position of opposition to this authority.

Mayor Ortega concurred with the concerns regarding this authority's accountability and the potential for it to override and undermine existing authority positions, such as CAP or SRP. He stated that the timing of enacting this authority during a mass transition within the Legislature and governorship is also of concern. He added concern about the potential for this authority to create antagonism among the surrounding States in the region.

Councilmember Lauritano commented that the creation of an entirely new organization has the potential to conflict with existing agencies. She added that the lack of representation of the State's population center is concerning. She asked if individual cities are advised to make comments directly in order to share stakeholder concerns. Mr. Tenney responded that there is a tentative plan to create a second draft of this proposed legislation within the next few weeks. He added that if member cities wish to send comments, he suggested waiting until the second draft has been reviewed.

Councilmember Garlid agreed with the concerns of what this authority hopes to achieve in its current form and how it differs from the existing agencies in place. She asked if this legislation has enough votes to pass in its current form. Mr. Tenney responded that it appears there are not enough votes.

Councilwoman O'Brien stated that she has grave concerns surrounding accountability and transparency from this authority. She agreed with identifying what need this authority answers and that service must be ensured to existing water customers.

Councilmember Turner raised another concern that this authority has the potential to control existing water storage or even the right to store water from the work being done by cities. He commented that this authority requires more study of feasibility and an authority of this type cannot be moved forward hastily. He suggested encouraging the Legislature to vote into a study committee for increased stakeholder input towards all the expressed concerns.

C. Executive Director's Report

Mr. Tenney reported that the inflow into Lake Powell is expected to be 6.5 MAF, or 69% of the average. The March 24-month study indicates that Lake Mead is expected to fall below elevation 1050' in the next year, meaning a Tier 2a Shortage Declaration for 2023. The situation on the Colorado River remains volatile and it is clear there will be less Colorado River water moving forward. Mr. Tenney reported that water elevation at Lake Powell has fallen below 3525', the marked level where power generation at Glen Canyon Dam is uncertain. Current concern now surrounds how to secure power generation at the Dam if lake levels continue to drop.

Mayor Ortega commented that the Bureau of Reclamation is expected to report on the water levels downstream as well as the power capacities of Glen Canyon Dam. He asked for more information regarding power generation at the Dam. He reported that the City of Scottsdale will be able to conserve almost as much water as it recharges under a voluntary 5% reduction of water use.

Councilmember Turner stated that as municipal elected officials, providing water to municipal customers is of top priority and the ten AMWUA cities should all take pride in their water stewardship over the decades.

D. Future Agenda Items

There were no future agenda items at this time.

E. Adjournment

Councilmember Turner adjourned the meeting at 12:09 p.m.



BOARD OF DIRECTORS

INFORMATION SUMMARY

April 28, 2022

Annual Action Plan

STRATEGIC PLAN REFERENCE

Operational Principles – Manage an Efficient and Effective Association

SUMMARY

The AMWUA Board of Directors approved the Strategic Plan for 2021-2026 at its March 2021 meeting. At the same meeting, the AMWUA Board of Directors approved an Annual Action Plan that detailed how the Strategic Plan would be accomplished during the current fiscal year.

AMWUA staff has drafted a new Annual Action Plan to guide AMWUA's efforts through the remainder of this fiscal year and for Fiscal Year 2023. Based on the water issues that AMWUA's members continue to face in the current Annual Plan, it was not deemed necessary to make any major changes to the new one.

The Annual Action Plan serves to highlight focus areas for AMWUA though it is understood that staff will most likely need to address other issues that may arise during the upcoming year. Such issues would be identified with the AMWUA Management Board and the Water Resources Advisory Group to ensure consistency with AMWUA's Strategic Plan.

The Annual Action Plan's key areas of focus through Fiscal Year 2022 include: Day-to-Day Operations, Enhanced Communication, Legislation, Prepare for Redesignation, Demand Management & Efficiency, Sustainable Water Management, Finances & Water, and Colorado River Management & Shortage Preparation.

AMWUA staff prepared a presentation that reviews both the Strategic Plan and the proposed Annual Action Plan.

RECOMMENDATION

The AMWUA Board of Directors is requested to review both the Strategic Plan and the proposed Annual Action Plan and provide comments and feedback.

At the April 11th meeting, the AMWUA Management Board recommended that the AMWUA Board of Directors approve the Annual Action Plan through Fiscal Year 2023.

SUGGESTED MOTION

I move the approval of AMWUA's Annual Action Plan through Fiscal Year 2023.

ATTACHMENTS

- **Attachment A:** Draft Annual Action Plan for Fiscal Year 2023
- **Attachment B:** Strategic Plan for 2021-2026

**Arizona Municipal Water Users Association
DRAFT Annual Action Plan - Fiscal Year 2023**

AMWUA will pursue the following actions to ensure it achieves the vision and mission outlined in the 2021-2026 Strategic Plan. This Action Plan will guide the development of the Fiscal Year 2023 budget and will drive the organization’s efforts through Fiscal Year 2023. Although this plan outlines primary areas of focus, AMWUA will remain flexible and vigilant to address unforeseen issues.

Enhanced Communication

Improve how AMWUA conveys the municipal perspective on water issues, stays in front of water issues, and personalizes water issues to better communicate how they affect the average citizen.

- Work with member and partner PIOs and communications staff to facilitate information exchange, identify shared challenges and opportunities, and enhance coordination of messaging and communication of water resource issues and information.
- Facilitate the coordination of regional messages to ensure the public and decision makers understand the various implications of Colorado River shortages on municipalities.
- Utilize various communication platforms, including the website, weekly blog, social media, and public presentations.

Strategic Plan: Educate – Facilitate our Strength in Numbers, Excel as an Expert and Resource, Collaborate and Advocate for Solutions, Prepare for Impacts of Drought & Shortage, 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

Prepare for Redesignation

Continue to assist our members in preparing for the Assured Water Supply Redesignation process.

- Identify issues that our members will need to address including the physical availability of surface water, groundwater, and CAP NIA supplies.
- Engage with ADWR to work through policy issues and ensure coordination throughout the Redesignation process.

Strategic Plan: Collaborate and Advocate for Solutions, Safeguard Water Supplies, Strengthen Groundwater Supplies, Pursue Post-2025 Water Policy

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.
- Further quantify savings from water conservation efforts.
- Engage in efforts to pursue demand management best practices and policies of the State and of our members and through commercial, industrial and institutional efficiencies.

- Engage in regional, statewide and national demand management efforts and elevate our members' programs including evaluating and improving the Smartscape Program.
- Sustain AMWUA's resource materials including publications and websites that are utilized by our members and the public including updating *Landscape Plants for the Arizona Desert*.
- 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

Sustainable Water Management

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

- Governor's Water Augmentation, Innovation and Conservation Council – Actively participate to protect and promote our members' perspectives.
- Post-2025 – Lead discussions and develop strategies and solutions to address groundwater management issues in the AMAs including ADWR's review of its Recharge & Recovery Program.
- Augmentation – Engage in water augmentation discussions and advocate for our members perspective per the Augmentation Principles.
- Watershed Management – Work with SRP, the Nature Conservancy and others on improving and sustaining a healthy watershed.

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

Finances & Water

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

- CAWCD – Influence decisions regarding the use of property tax revenue, use of rate stabilization funds, recovery infrastructure financing, costs of System Use Agreement water quality requirements, and costs of shortage-related programs for the benefit of M&I subcontractors.
- SRP – Better understand the impact of SRP's long-term water costs.

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

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 and assist with implementation of members' drought (shortage) preparedness plans.
- Recovery Planning - Participate in the Recovery Planning Advisory Group to engage in the implementation phases of recovery of AWBA stored water for the benefit of M&I subcontractors.
- Risks – Analyze long-term risks of shortages to our members.

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



AMWUA Strategic Plan 2021 – 2026

Adopted March 25, 2021

We are ten Valley cities, representing more than half of Arizona's population, working in collaboration for over 50 years to protect and ensure sustainable water supplies for our communities,

Vision

The Arizona Municipal Water Users Association will be a successful advocate, expert, and leader on water issues, working to protect its members' water supplies by ensuring laws and regulations support water resources sustainability enabling continued prosperity in the desert.

Mission

The Arizona Municipal Water Users Association protects our members' ability to provide assured, safe, and sustainable water supplies to their communities. Working collaboratively, we advocate responsible water stewardship that supports economic prosperity and safeguards Arizona's water supplies for future generations.

Objectives

Guided by its vision, AMWUA will facilitate discussion among our members on how to best pursue and advocate for the following objectives to accomplish AMWUA's mission. To achieve these objectives by 2026, AMWUA will advocate with one voice for those agreed-upon solutions to water management challenges affecting its members and Arizona.

Facilitate our Strength in Numbers

- Ensure AMWUA's organizational strength for facilitating discussion, encouraging consensus, and best serving its members is maximized through the full utilization, efficient structuring, and retention of a knowledgeable, effective, and productive staff and consultants.
- Research and analyze issues, legislation, and policies impacting water supplies and management and propose solutions that AMWUA members can collectively support and advance with one voice.
- Maximize the policy, administrative, and technical expertise of the AMWUA Board, AMWUA Management Board, Water Resources Advisory Group, and Conservation & Efficiency Advisory Group by providing timely information and engaging on issues in regular meetings.
- Support the long-term viability and partnership of the Sub-Regional Operating Group to oversee the 91st Avenue Wastewater Treatment Facility.
- Annually implement a resourceful, effective operating budget that demonstrates how AMWUA's mission and objectives will be accomplished.

Educate - Excel as an Expert and Resource

- Communicate effectively about water from the perspective of AMWUA members by maximizing the impact of AMWUA's website, digital platforms, media, and other public forums to advance the importance of planning and investing in water resources and infrastructure.
- Communicate the successes of our members in water management while highlighting the importance of efficient water use and strong statewide water management to ensure economic success.
- Promote AMWUA's expertise among its membership, the water community, and the public by having a presence at meetings, forums, events, and in the media while participating in regional, state, and national organizations to represent and advance the interests of our members.

Collaborate and Advocate for Solutions

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

Safeguard Water Supplies

- Protect our members' existing water supplies, including groundwater, Salt & Verde Rivers water, Colorado River water, recycled water, and stored water.
- Advance awareness and the shared responsibility of our *One Water*, which represents all water sources, including the full reuse of water.
- Explore concepts for how our members can plan and invest in future water resources and infrastructure.
- Assist members in developing and implementing programs and policies that could further extend supplies through the efficient use and conservation of water.

Strengthen Groundwater Management

- Support and protect the Groundwater Management Act and the AMA management goal of safe-yield.
- Support policies and efforts that enhances and strengthens the responsible use of groundwater in the Phoenix Active Management Area, particularly during a shortage.
- Promote ways ADWR can more effectively administer programs essential to AMWUA members.

Prepare for Impacts of Drought & Shortage

- Assist our members with the development and implementation of measures to ensure the resiliency of their water supplies even during drought and shortage.
- Collaborate with AWBA, CAWCD, and ADWR to have a recovery implementation plan for M&I water firmed by AWBA to allow municipalities to better prepare for a shortage.
- Assist members with the ongoing development and implementation of programs and policies that promote water-efficiency and encourage conservation to manage demand.

Pursue Post-2025 Water Policy

- Develop concepts for policies and programs that build on the accomplishments of the Groundwater Management Act and will carry forward sound water management for AMWUA members and Arizona beyond 2025.

Minimize Financial Impacts

- Increase our members' understanding of CAWCD and SRP's respective finances and encourage CAWCD and SRP's financial stability.
- Work with CAWCD and SRP to convey how their respective rates and taxes impact the AMWUA members and collaborate to ensure the best benefits of those rates and taxes for AMWUA members.

Interconnect Disciplines

- Develop ways to better maximize and connect the knowledge, practices, and activities of water resource planning, demand management, water quality, water/energy nexus, sustainability, economic development, and finance efforts.

BOARD OF DIRECTORS
INFORMATION SUMMARY
April 28, 2022

2022 Legislative Session and Arizona Water Authority Proposal

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. Committee deadlines have passed, and the session will now progress to continued floor action and budget negotiations. 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 and the current status of the proposed Arizona Water Authority for the AMWUA Board of Directors.

RECOMMENDATION

Staff recommends that the AMWUA Board of Directors adopt the legislative position(s) recommended by the Management Board.

Depending on legislative developments that occur before the April 28, 2022 meeting, the AMWUA Board of Directors may be asked to provide direction to Staff.

SUGGESTED MOTION

I move that the AMWUA Board of Directors adopt the position on SB 1197 recommended by the AMWUA Management Board.

Bills Recommended for Action by the AMWUA Board of Directors

SB 1197 s/e irrigation districts; service area; WIFA (Martinez)

A strike-everything amendment was heard and passed out of House NREW committee on March 22. The new language makes two changes: (1) allows an irrigation district to access WIFA funds that originate from the Clean Water Act funding for an eligible project, and (2) allows an irrigation district to operate infrastructure that was not within its service area at the time the 1980 Groundwater Management Act was passed.

The objective of the WIFA-related provision is to allow the irrigation district(s) in Pinal to potentially access WIFA funds to treat the contaminated groundwater they currently pump into the Santa Rosa canal which is the driver of Ak-Chin litigation. Resolution of this lawsuit is needed before non-Project water can be introduced into the CAP canal.

The objective of the second, service area-related provisions is to allow the irrigation districts to access groundwater wells just outside of District boundaries under the DCP mitigation program that appropriated \$20 million for groundwater pumping infrastructure rehabilitation. AMWUA has worked with proponents of the bill to limit the service area expansion provisions to irrigation districts who were not engaged in the distribution of groundwater as of 1980. This amendment language will prevent potential negative impacts to the AMWUA members and is expected to be introduced on the floor.

Management Board Recommendation: Support amendment, oppose original striker language

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 2619](#) rainwater harvesting program (Liguori & 11 others)

The strike-everything amendment 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 2619 as amended appropriates \$1 million to ADWR to fund the Program.

AMWUA Position: Support

[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

[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 AOI where the credits were created, 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 (BWCD) to serve groundwater to municipal and industrial water users up to the volume approved in its Drainage Water Withdrawal Permit.

BWCD 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 BWCD under this new statutory authority.

AMWUA has engaged with BWCD 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
April 28, 2022

Colorado River Conditions and Shortage

ANNUAL PLAN REFERENCE

Colorado River Management & Shortage Preparation

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

- Ongoing Coordination – Pursue opportunities to assist and synchronize continuing preparation efforts such as identifying ways to strengthen members' drought (shortage) preparedness plans.
- Risks – Analyze long-term risks of shortages to our members
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

AMWUA staff will give an update regarding current Colorado River conditions and shortage-related developments including the April 24-month study and the outlook for the spring run-off into Lake Powell.

RECOMMENDATION

The AMWUA Board of Directors is requested to ask questions and discuss the Colorado River conditions and shortage.

BOARD OF DIRECTORS
INFORMATION SUMMARY
April 28, 2022

CAWCD Water Rates and Taxes

ANNUAL PLAN REFERENCE

Finances & Water

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

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

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

SUMMARY

On April 21, 2022, the Finance Audit & Power (FAP) Committee of the CAWCD Board is scheduled to discuss and recommend setting the water delivery rates for 2023 and a provisional rate for 2024. Assuming a Tier 1 shortage in 2023, the 2023 delivery rate includes significant increases due primarily to the volatile energy market and less water deliveries through CAP due to the 500+ Plan in addition to the cuts from a Tier 1 shortage. The 2023 delivery rate is 25 percent higher than the 2022 delivery rate, which is already a 24 percent increase from 2021. These unexpected increases create a difficult situation for M&I subcontractors in being able to plan and factor such increases in a timely manner into municipal rates. Therefore, rate stability is needed from CAP, which is possible considering CAP has taxes as a second revenue stream.

AMWUA has been supportive of CAWCD's efforts to have funds set aside for major expensive infrastructure projects that have been identified as needing to be done between now and 2030. It is understood that such proactive funding will help reduce spikes to delivery rates in the coming years. Now, with the significant increase to the delivery rates in 2023, it is all the more reason to utilize CAWCD's tax for operation and maintenance costs, which is a primary purpose for the taxes.

In addition, the AMWUA Board of Directors has taken the formal position that CAWCD's tax revenues should be used along with capital charges to meet its federal repayment rather than solely depending upon capital charges. AMWUA has consistently advocated that CAWCD's taxing

authority was granted in large part for the purpose of repaying the federal government for the construction of the Central Arizona Project, which benefits all taxpayers in its three-county service area. The CAWCD Board has utilized a portion of its property tax receipts for the federal debt repayment since 2021.

AMWUA intends to prepare comments for the FAP Committee based on the report and presentation that CAWCD staff will publish one week prior to the FAP Committee meeting.

AMWUA staff will discuss with the AMWUA Board of Directors the delivery rates for 2023 that the FAP Committee will be considering for its recommendation to the CAWCD Board.

RECOMMENDATION

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