



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

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

**MEETING NOTICE AND AGENDA**

***Thursday, June 23, 2022 – 11:00 a.m.***

***This meeting will be held as a Hybrid meeting.  
Attendance in person is welcomed; Others may join via Zoom.***

***Access this [Link](#) to join via Zoom. Meeting ID: 894 1985 5703  
(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 May 26, 2022 Meeting
2. Schedule Next Meeting Date: August 25, 2022, 11:00 a.m.
3. 2022 Legislative Session and Arizona Water Augmentation Authority Proposal
4. Colorado River Conditions and Shortage
5. CAWCD Conservation Initiative
6. AMWUA Fiscal Year 2023 Proposed Budget
7. Consultant Agreement with The Aarons Company LLC

**C. Executive Director's Report**

**D. Future Agenda Items**

**E. Adjournment**

\*The order of the agenda may be altered or changed by the AMWUA Board of Directors. Members of the AMWUA Board of Directors 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](http://www.amwua.org/what-we-do/public-meetings), or by request.

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Arizona Municipal Water Users Association



**BOARD OF DIRECTORS**  
**MEETING MINUTES**  
**May 26, 2022**  
**HYBRID MEETING**

**VOTING MEMBERS PRESENT**

Councilmember Bart Turner, Glendale, President  
Councilmember Sheri Lauritano, Goodyear, Vice President  
Councilmember Scott Anderson, Gilbert, Secretary-Treasurer  
Councilmember Doreen Garlid, Tempe  
Councilmember Curtis Nielson, Avondale  
Councilwoman Ann O'Brien, Phoenix  
Mayor David Ortega, Scottsdale  
Councilmember Brad Shafer, Peoria

**VOTING MEMBERS NOT PRESENT**

Councilmember René Lopez, Chandler  
Councilmember Kevin Thompson, Mesa

**OTHERS PRESENT**

Patrick J. Adams, AMWUA	Ray Diaz, Goodyear	Diana Pina, AMWUA
Thomas Adkins, Peoria	Brian Draper, Mesa	Cape Powers, Peoria
Erin Andres, Phoenix	Sam Draper, AMWUA	John Raeder, Peoria
Alexis Apodada, Chandler	Paulette Fenderson, Phoenix	Javier Setovich, Goodyear
Amy Arguilez, Gilbert	Kathy Ferris, AMWUA	David Simmons, Scottsdale
Lauren Armour, Phoenix	Brett Fleck, Peoria	Paul Smith-Leonard, Tempe
Gretchen Baumgardner, Scottsdale	Jake Golden, Phoenix	Drew Swieczkowski, Glendale
Kirk Beaty, Avondale	Lauren Hixson, Gilbert	Warren Tenney, AMWUA
Rob Bohr, Gilbert	Jack Lunsford, The Lunsford Group	Sheri Trapp, AMWUA
Craig Caggiano, Tempe	Frank McCune, Phoenix	Theresa Ulmer, Ulmer Consulting
Cynthia Campbell, Phoenix	Penny Parrella, Peoria	Austin Walker, AMWUA
Gregg Capps, Chandler	Marshall Pimentel, Avondale	Tammi Watson, CAP
Ginna Carico, Goodyear	Jacob Perez Laurent, AMWUA	Emily Webb, Peoria
Mark Carlisle, Daily Independent	Ryan Peters, Chandler	Marge Zylla, Tempe

**A. Call to Order**

Councilmember Turner called the meeting to order at 11:02 a.m. Councilmember Turner requested to discuss General Business item B4 following item B2.

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

### 1. Approval of the Minutes from the April 28, 2022 Meeting

Upon a motion made by Councilmember Nielson and a second from Councilmember Garlid, the AMWUA Board of Directors unanimously approved of the April 28, 2022 meeting minutes.

### 2. Schedule Next Meeting Date: June 23, 2022, 11:00 a.m.

### 4. Colorado River Conditions and Messaging

Mr. Tenney reported that the situation on the Colorado River remains serious and is worsening. Currently, there is a projected 50%–60% of average unregulated inflows into Lake Powell. The Bureau of Reclamation will release additional water from Flaming Gorge Reservoir and withhold releases from Lake Powell to protect power generation and the future ability to release water from Glen Canyon Dam. The May 24-month study projects that Lake Mead will be in a Tier 2a shortage in 2023, with an expected Tier 3 shortage in 2024. There have been ongoing conversations of possible shortages deeper than a Tier 3 within the next decade.

Sheri Trapp, AMWUA Communications Manager, reported on the expanded messaging that has been developed to better reflect the increased seriousness of the Colorado River Shortage. Ms. Trapp noted that the enhanced messaging can be adapted by each city for any audience, whether the public, water specialists, or elected officials. These messages provide a foundation to build upon and maneuver, which can then be utilized in any statements, media, or outreach necessary. AMWUA's approach towards the Colorado River Shortage Awareness Campaign is to provide the messaging that can be adjusted to any member's specific needs and portfolios. Ms. Trapp then discussed each of the new messages and reported they would be shared at a Regional Communications meeting in early June with Board approval. In addition, staff is proposing that the next AMWUA blog will be a united letter from the AMWUA Board of Directors, which will provide an example of how this enhanced messaging can be used by members' staff.

Councilmember Garlid commented that the messaging provided is what needs to be conveyed to members' communities and she agrees with the unified letter from all Board members recognizing the seriousness on the Colorado River.

Councilmember Lauritano expressed her appreciation that these messages can be adapted for each city's specific portfolio and need. She added that while each city is different, the messaging of smart growth and water resiliency remains consistent for all members. Ms. Trapp added that the similar messaging designed in this campaign, despite city's different needs, provides a strong foundation that benefits all members of AMWUA.

Councilmember Shafer expressed his approval and support of both the core messaging and the blog letter, noting that these messages cannot be overstated in both the short- and long-term for Arizona.

Councilmember Anderson reported that he was able to share and adapt AMWUA presentations with their Town Council and used it as an opportunity to introduce the phase one of their Shortage Plan.

Councilmember Turner reported on the new level of awareness residents are having due to the shortage on the Colorado River. He added that AMWUA members have been on track in their water resiliency for many years and this is an opportunity to personalize education and reassurances to any willing resident in their communities. Councilmember Nielson added that with varying levels of interest and awareness from different groups of communities, this messaging has allowed greater customization to meet their requests and participation.

Mayor Ortega reported that he supported the messaging to highlight each member's portfolios and added that the sense of urgency should not be downplayed with customers.

Upon a motion made by Councilmember Shafer and a second from Councilmember Lauritano, the AMWUA Board of Directors adopted the enhanced messaging and the proposed message from the Board in the AMWUA blog.

### 3. 2022 Legislative Session and Arizona Water Augmentation Authority Proposal

Mr. Tenney reported that AMWUA has been a voice for municipal water issues this legislative session and listed details of the influenced legislation. SB 1067, water infrastructure finance authority; cities, has been passed and signed by the Governor. Staff from WIFA will present at next month's Management Board meeting. AMWUA worked to amend language of SB 1197, irrigation districts, and it has since been signed by the Governor. AMWUA had also been involved to stop Pinal legislation HB 2055 | SB 1147 that would have negatively affected the Assured Water Supply Program. HB 2129, ADEQ direct potable reuse; rules, has bipartisan support and will be included in budget negotiations. Finally, AMWUA members continue to push back against SB 1171, which has not moved out of a final vote in the House but could be brought back.

Mr. Tenney reported on the status of the Arizona Water Authority proposal. AMWUA has sent a letter and spoken with legislators to express the concerns held by its members. AMWUA, along with a handful of stakeholders, was asked to meet with the Senate President, Speaker of the House, and Governor's Office to collaborate on the Authority. These stakeholders developed principles that should be incorporated within a new Authority proposal and AMWUA provided feedback on key issues from the municipal perspective. Legislative leadership was receptive and have incorporated some stakeholders feedback in the second version of the proposal. The Senate Majority has released a memorandum and a counter-proposal to appropriate funding to existing state agencies, such as WIFA, instead of creating an entirely new agency. Mr. Tenney gave examples of the positive revisions and agreed upon principles in the newer version of the Authority proposal. AMWUA staff recommended the Board of Directors adopt a position that the key principles and protections discussed be incorporated into any augmentation legislation that may move forward.

Councilwoman O'Brien asked if there was action to be taken on these principles. Mr. Tenney clarified that any state augmentation legislation proposal must address the principles stated today at a minimum. He suggested that possible action from the Board of Directors would allow

conversations regarding this legislation to move forward with these minimum protection requirements.

Councilmember Shafer noted his concern regarding the possible loss of local authority, should a new state Authority be enacted. Mr. Tenney reported that this aspect of the first proposal was of major concern to AMWUA members and was improved on in the newer version of the proposal.

Upon a motion made by Councilwoman O'Brien and a second from Councilmember Shafer, the AMWUA Board of Directors unanimously approved to adopt a position that the key principles and protections be incorporated into any augmentation legislation.

Mr. Tenney noted that the other stakeholders that AMWUA has been working with on these principles were Valley Partnership, the Arizona Farmer Bureau, Yuma Agriculture, Salt River Project, and CAP. Councilmember Shafer asked if the stakeholders had their own form of guiding principles and protections, or if they support these ones. Mr. Tenney clarified that the stakeholders had come together to develop these specific principles and agreed they must be included in any newly developed authority.

#### 5. [AMWUA Fiscal Year 2022 Quarterly Financial Statements – Third Quarter](#)

Mr. Tenney reported that AMWUA's expenses are \$71,670 under the year-to-date budget and he anticipates this figure to decrease as expenses are paid in the fourth quarter. The AMWUA Management Board approved to recommend the Third Quarter Financial Statements as presented.

Upon a motion made by Councilmember Nielson and a second from Councilmember Anderson, the AMWUA Board of Directors unanimously approved of the Third Quarter Financial Statements.

#### 6. [AMWUA Fiscal Year 2023 Preliminary Draft Budget](#)

Mr. Tenney reported on the Fiscal Year 2023 Preliminary Draft Budget, which shows a 2.25%, or \$33,046, increase from the last fiscal year. Mr. Tenney reported that this draft budget includes increases in each of the named budget categories. Mr. Tenney reported that the members' assessments proposed within the budget are taken by the Maricopa Association of Government's July 1, 2021 population estimates.

Councilmember Nielson thanked AMWUA staff for the work on the preliminary budget and commented that he was in support of the draft.

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

Mr. Tenney noted that the CAP Board had met earlier this month to discuss their delivery rates. AMWUA had supported the FAP recommendation to stabilize the sharp increase to the 2023 delivery rates. Councilmember Turner provided comments from AMWUA to the CAP Board and answered questions about municipal utilities and financial impacts from the delivery rates. The Board decided to use taxes to stabilize the delivery rates from a \$41 increase to a \$21 increase. The motion from the Board also directed CAP staff to explore how to develop a CAP conservation incentive program, to assist its customers with conservation. Mr. Tenney noted that while this action has good intentions,

AMWUA believes that conservation is the purview of the cities and will report to the Board when more information is provided. Councilmember Turner supported continuing to educate any CAP Board members and the public on the conservation efforts the AMWUA cities have taken for years.

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

Councilmember Nielson asked if AMWUA could collect and present on all the conservation efforts being done by its members. Mr. Tenney reported that one of the projects being developed by AMWUA's Conservation & Efficiency Program is to quantify the conservation efforts and programs being done by AMWUA cities as water conservation becomes a focus. He added that AMWUA will look into providing an overview of conservation efforts as a whole as well. Councilmember Nielson added that it would be beneficial to get expanded information about the water use of Arizona to be available to members. Mr. Shafer added that it would be nice to know what conservation efforts other water users, excluding cities, may be promoting,

#### **E. Adjournment**

Councilmember Turner adjourned the meeting at 12:22 p.m.

**BOARD OF DIRECTORS**  
**INFORMATION SUMMARY**  
June 23, 2022

**2022 Legislative Session and Arizona Water Augmentation 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 55<sup>th</sup> Legislature began on January 10, 2022. Since the start of session, over 1,675 measures have been introduced, and to date 302 have been signed by the Governor. Sporadic floor action continues as lawmakers focus on a path forward for budget negotiations.

The Legislature continues to debate proposals for making a major (\$1 billion) water investment, which has focused on the creation of an Arizona Water Augmentation Authority. After significant concerns were raised about the initial Authority legislation, a small group of stakeholders, including AMWUA, were asked by House and Senate leadership to develop conceptual revisions that would address the most problematic aspects of the proposal. The stakeholder group came to agreement on a suite of conceptual principles that would be necessary to make the Water Augmentation Authority concept viable, including more limited powers, increased transparency, and an improved governance structure. Legislative leadership and the Governor's representatives were receptive to the principles provided by stakeholders, which were subsequently incorporated into an updated draft, "Version 2.0" of the legislative language.

On the same day as Version 2.0 of the legislative language was circulated, the Senate Majority Caucus issued a memorandum announcing their concerns with creation of a new governmental entity and proposing an alternative water investment package that utilizes existing agencies including the Arizona Finance Authority, the Water Infrastructure Finance Authority, and ADWR.

The memorandum provides a high-level conceptual overview but does not include legislative language. Senate staff has said that stakeholder principles would be incorporated into any legislative language.

AMWUA and the other stakeholders addressed most of the initial concerns about the Authority through the incorporation of their principles in the Version 2.0 legislative language. Those principles and protections included in the Version 2.0 legislation include the following provisions:

- To provide clarity, the name of the Authority is changed to Arizona Water Augmentation Authority with a clear mission statement that the Authority is to benefit current and future residents, the economy, and environment by facilitating water conservation, reuse, and augmentation projects.
- To address concerns about vast powers, the Authority is prohibited from owning infrastructure or water rights within Arizona, with the exception of conveyance infrastructure for imported water.
- Any agreements between the Authority and end users located within a municipality's incorporated boundaries must be conditioned on the approval of that municipality.
- Funding decisions must be evaluated and determined in transparent, open meetings with project information made available for public review and comment.
- Water providers facing Colorado River shortage reductions must be taken into consideration, and given an opportunity to participate in large, out-of-state water supply development projects.
- The Authority must ensure that projects funded through expenditure from a State Augmentation Fund must be able to secure full cost recovery.
- There must be adequate representation for Arizona's major population centers, including explicit representation from Maricopa, Pinal, and Pima counties.
- A Board committee comprised of the Maricopa, Pinal, Pima counties members as the majority must approve long-term water augmentation projects before they are considered by the full Authority board.

These provisions in the Version 2.0 legislation have addressed AMWUA's major concerns and have greatly improved the Authority proposal, minimizing unintended negative consequences to the AMWUA cities, and providing a more appropriate mechanism for a large investment in water augmentation and infrastructure.

While there is disagreement between the Governor's Office, House, and Senate over the approach, there appears to be broad legislative support for a \$1 billion investment in Arizona's water future. Whether the Version 2.0 proposal from the House and Governor's Office moves

forward, or a compromise approach is reached with the Senate, it will be important that at a minimum, any state augmentation legislation includes the principles and protections developed by the stakeholders.

At its May 26, 2022 meeting, the AMWUA Board of Directors took the position that any state augmentation legislation, at a minimum, needs to include the principles and protections that were outlined above in this Board packet.

### **RECOMMENDATION**

The AMWUA Board of Directors is requested to review the legislative update and ask any questions Board members may have.

It is anticipated that there may be further development regarding the water augmentation legislation before the June 23, 2022 meeting, and the AMWUA Board may be asked to provide direction to Staff.

## 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*

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### **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*

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### **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 23<sup>rd</sup> 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*

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**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*

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**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*

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**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*

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### **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*

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### **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*

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### **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*

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### **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*

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### **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*

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

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

*AMWUA Position: Monitor*

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**[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*

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**[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*

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**[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.*

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**[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*

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**[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*

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**[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*

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**[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*

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**[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*

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**[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*

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**[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*

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**[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*

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**[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*

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**[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*

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**[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*

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**[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*

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**[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 16<sup>th</sup> an amendment to SB 1067 was passed raising the population threshold to 300,000 persons, instead of removing the voter requirement altogether. On March 1<sup>st</sup>, 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*

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### **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*

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### **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*

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### **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.

*Management Board Recommendation: Support amendment, oppose original striker language*

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**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*

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**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*

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**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*

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

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

BWCDD 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 BWCDD under this new statutory authority.

AMWUA has engaged with BWCDD 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*

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### **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*

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**[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*

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**BOARD OF DIRECTORS**  
**INFORMATION SUMMARY**  
June 23, 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 June 24-month study.

### RECOMMENDATION

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

**BOARD OF DIRECTORS**  
**INFORMATION SUMMARY**  
June 23, 2022

## CAWCD Conservation Initiative

### ANNUAL PLAN REFERENCE

#### 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.

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

#### 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.

- Engage in regional, statewide and national demand management efforts and elevate our members' programs including evaluating and improving the Smartscape Program.

*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

At its May 5, 2022 meeting, the CAWCD Board of Directors directed its staff to work with stakeholders to develop a conservation initiative. Based on the discussion leading to this direction, it appears that CAWCD Board members want this yet-to-be developed conservation incentive to target improving municipal conservation efforts. CAWCD Board members have requested that this issue be discussed at the August CAWCD Board meeting, so CAP staff plans to schedule in July a roundtable to solicit stakeholder input on this concept.

This concept has raised a number of questions and concerns, which were discussed with the AMWUA Management Board at its June 8, 2022 meeting. There was consensus from the Management Board that end user conservation is the purview of the municipal water provider, not the wholesaler, and the potential for blurring of roles is a concerning distraction at a time where we need to be collaborating closely to address the current Colorado River situation. While CAWCD Board members' good intentions are appreciated, it was concluded that a CAWCD conservation incentive program would not be effective or appropriate.

As an alternative to looking at municipal conservation, Management Board members agreed that the CAWCD Board should consider how it could assist more with its delivery rate differential that is caused by system conservation or by deeper shortages. There also may be an opportunity for CAP to assist with regional messaging efforts, promoting Arizona's water management accomplishments and longstanding conservation efforts and directing audiences to existing conservation materials and programs. Management Board members also asked if CAP had investigated opportunities to reduce its own system losses before focusing on municipal customer's water use.

The Management Board directed AMWUA staff to express these concerns and perspectives on the proposed CAWCD conservation initiative, and to encourage the pursuit of efforts more in line with CAP's mission.

At the June 23, 2022 AMWUA Board meeting, AMWUA staff will report on its current understanding about this initiative and how it could impact the AMWUA members.

### **RECOMMENDATION**

The AMWUA Board of Directors is encouraged to discuss the CAWCD conservation initiative and to provide AMWUA staff with direction on sharing municipal concerns.

### **SUGGESTED MOTION**

*The AMWUA Board of Directors directs AMWUA to express its members' concerns and perspectives on the proposed CAWCD conservation initiative and to encourage the pursuit of efforts more in line with CAP's mission.*



**BOARD OF DIRECTORS**  
**INFORMATION SUMMARY**  
June 23, 2022

## AMWUA Fiscal Year 2023 Proposed Budget

### ANNUAL PLAN REFERENCE

#### Day-to-Day Operations

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

- AMWUA will continue to wisely manage its financial resources and effectively develop its personnel as an agile team with organizational depth.

*Strategic Plan: Facilitate our Strength in Numbers*

### SUMMARY

Attached is the proposed Fiscal Year 2023 annual budget, which includes a summary page with comments to explain increases or decreases for each line item.

Development of the Fiscal Year 2023 budget was guided by the Annual Action Plan for Fiscal Year 2023, which was approved last month. This budget allows AMWUA to continue to be a forum for its members to collaborate on water issues; to develop and advocate positions that safeguard our water resources; to promote key water policy issues with the Legislature, Arizona Department of Water Resources, Central Arizona Water Conservation District, Salt River Project, and other stakeholders; and to be at the forefront of demand management and water conservation efforts.

This budget shows an increase of \$33,058 (2.25%) from the approved Fiscal Year 2022 budget. The following summarizes the budget categories and provides explanation for line items that have an increase or decrease from last year's budget.

**Administration** – This includes salaries and Arizona State Retirement System (ASRS) contributions reflecting an increase of \$16,242 from the approved Fiscal Year 2022 budget. The increase is consistent with the motion made at the April 28, 2022 AMWUA Board meeting to direct the Executive Director to come forward with a budget for Fiscal Year 2023 reflecting the discussion in executive session regarding salary adjustments for the Executive Director and AMWUA staff. For Fiscal Year 2023, the administration budget strikes a balance between having the necessary staff resources for AMWUA to carry forth its mission and annual plan and being fiscally

conservative. What AMWUA is able to accomplish is directly linked to its staff and their time and effort to perform.

- Salaries include adjustments due to performance awards received half-way through Fiscal Year 2022, which is now reflected during the 12 months of the Fiscal Year 2023 budget.
- Performance Awards – Up to 6% for each full-time employee, except the Executive Director, is recommended for employees who excel in their performance. The percentage amount factors in the rising cost-of-living along with performance. The awards would occur half-way through Fiscal Year 2023.
- The Executive Director's compensation is adjusted based on the AMWUA Board of Directors' review.
- Arizona State Retirement – Includes an annual decrease in the Arizona State Retirement System contribution rate from 12.41% to 12.17% effective July 1, 2022.

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

- Payroll processing, taxes, insurance – The \$2,600 increase is based on processing fees and taxes.
- Health Insurance – The \$5,000 decrease is due to a lower-than-expected rise in insurance costs during calendar year 2022. AMWUA's insurance broker is projecting a 10% increase for calendar year 2023, which is factored into the line item.

**Professional Services** – This includes outside services that AMWUA utilizes throughout the year. The budget reflects two changes from last year.

- Legislative – A new two-year agreement with The Aarons Company for AMWUA's legislative services will be proposed that has a \$2,520 increase for Fiscal Year 2023.
- Audit – The \$1,000 increase is due to the agreement terms with the auditor, HeinfeldMeech.

**Occupancy** – These items are related to the leasing of office and meeting space for AMWUA and reflect an overall \$4,147 increase.

- Office Space – At the February 27, 2020 meeting, the AMWUA Board agreed to a 10-year lease amendment for AMWUA's current office space that began April 1, 2021. Per that amendment, the cost for the Office Space increases by \$4,147 in Fiscal Year 2023.
- Telephone – The \$1,000 increase is due to a new agreement with Cox Communications for AMWUA's landline telephone as well as increased internet speed.
- E-Mail/Webpage/Internet Access – Actual costs along with the above-noted agreement with Cox Communications has allowed this category to be lowered by \$1,000.

**Training and Travel** – This category covers items involved with staff participating in conferences, workshops, and training along with the related travel expenses. This category is slightly increased by \$250. It is expected the benefits of virtual meetings will continue to be recognized and utilized.

**Capital Outlay** – This category covers AMWUA’s primary capital property such as the copier and computer hardware and software. There are no anticipated changes in this category in Fiscal Year 2023.

**Office Operating Expenses** – These items cover AMWUA’s day-to-day office operating expenses. The main changes include:

- Outreach Efforts – The \$500 increase is associated with anticipated opportunities that would be under this category.
- Printing – The \$1,000 decrease is to reflect the decrease in the amount of anticipated printing.
- Postage & Deliveries – The \$1,000 decrease is to represent less mailings and deliveries.
- Subscription & Reference – The \$1,300 increase is due to electronic payment subscriptions.
- Public Liability & Property Damage Insurance – A \$500 increase is anticipated for the actual costs for these policies.

**Water Conservation** – The \$11,500 increase to the full category amount is primarily due to updating the *Landscape Plants for the Arizona Desert* publication as outlined in the new annual plan. This falls under the line item for conservation and demand management-related projects and research.

The water conservation budget also includes a line item of \$30,000 committed to the existing contract with the University of Arizona for ongoing implementation of the long-standing Smartscape program to train landscape professionals in Maricopa County. ADWR provides matching funding for the program in the Phoenix Active Management Area. The remaining \$22,000 is dedicated to supporting sponsorships, events, and regional conservation efforts including educational and promotional materials.

As done the last couple of years, the value of AMWUA’s conservation efforts is based on accomplishing the annual plan, not on the amount set aside for water conservation in the budget in prior years. Therefore, the proposed budget includes the increase to advance AMWUA’s conservation goals per this fiscal year’s annual plan.

**Member Assessments** – This budget is \$33,058 (2.25%) more than the approved Fiscal Year 2022 budget; however, member assessments may be higher or lower depending upon the assessment calculation, which includes the fluctuation from the most recent MAG population numbers. The member assessments will also be higher in Fiscal Year 2023 because the actual member assessments in Fiscal Year 2022 was less than what was anticipated in the budget due to a carryover of \$75,000 from the Fiscal Year 2021 budget. A carryover of approximately \$45,000 is anticipated from the Fiscal Year 2021 budget to the Fiscal Year 2022 budget, along with \$10,000 from the Office Lease Stabilization Fund, that will reduce the member assessments in Fiscal Year 2023. The exact amount will be calculated at the end of the fiscal year. These unspent funds are due in large part to savings on building operating costs due to the office lease amendment and spending less on certain expenditures.

It is anticipated that future budgets will continue to see modest increases to ensure that AMWUA can continue to accomplish its mission. Since 2002, AMWUA's Board has approved budgets between \$1.296 million and \$1.528 million. When adjusted for inflation (CPI-U index), the draft Fiscal Year 2023 budget is \$566,650 lower than the 2002 budget.

The membership assessment is calculated as follows: One-half of the proposed water budget is allocated equally among all members and the other half is allocated based on total population. The population figures are taken from the Maricopa Association of Governments July 1, 2021 official population estimates, which is the most recent. The wastewater portion of the budget continues to be allocated based on percentage of ownership of the 91<sup>st</sup> Avenue Wastewater Treatment Plant.

### **RECOMMENDATION**

At the June 8<sup>th</sup> meeting, the AMWUA Management Board recommended approval of the proposed AMWUA Fiscal Year 2023 budget to the AMWUA Board of Directors.

### **SUGGESTED MOTION**

*I move that the AMWUA Board of Directors approve the proposed AMWUA Fiscal Year 2023 budget.*

### **ATTACHMENT**

- AMWUA Fiscal Year 2023 Proposed Budget

# ***Proposed Budget***

***Fiscal Year 2023***

**As of  
06/08/2022**



**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**Fiscal Year 2023**  
**Proposed Budget**

**ASSESSMENT SUMMARY**

	WATER FY 22	WATER FY 23	WASTEWATER FY 22	WASTEWATER FY 23	TOTAL FY 22	TOTAL FY 23	FY 22 Carryover	ADJ TOTAL FY 23
CITY OF AVONDALE	76,269	78,612			76,269	78,612		78,612
CITY OF CHANDLER	107,426	110,526			107,426	110,526		110,526
TOWN OF GILBERT	106,001	105,539			106,001	105,539		105,539
CITY OF GLENDALE	102,879	109,449	14,837	15,369	117,716	124,818		124,818
CITY OF GOODYEAR	77,562	80,449			77,562	80,449		80,449
CITY OF MESA	146,168	149,376	32,844	34,021	179,012	183,396		183,396
CITY OF PEORIA	92,833	96,273			92,833	96,273		96,273
CITY OF PHOENIX	334,485	337,963	126,791	131,332	461,276	469,295		469,295
CITY OF SCOTTSDALE	103,907	104,350	22,762	23,577	126,669	127,927		127,927
CITY OF TEMPE	94,089	93,908	32,631	33,799	126,720	127,707		127,707
Total from Members	1,241,619	1,266,444	229,864	238,097	1,471,483	1,504,541		1,504,541
Other Funding Sources:								
<b>TOTAL All Sources</b>	<b>1,241,619</b>	<b>1,266,444</b>	<b>229,864</b>	<b>238,097</b>	<b>1,471,483</b>	<b>1,504,541</b>		<b>1,504,541</b>

Note #1. The Assessment Structure is based on the following formula: 50% of the water portion of the budget is allocated equally with the remaining 50% based on population according to the MAG 2021 official population estimates.

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

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**Fiscal Year 2023**  
**Proposed Budget**

**ASSESSMENT SUMMARY**

**FY 21 FY 22 Carryover**

	<b>WATER FY 22</b>	<b>WATER FY 23</b>	<b>WASTEWATER FY 22</b>	<b>WASTEWATER FY 23</b>	<b>TOTAL FY 22</b>	<b>FY 21 Carryover</b>	<b>ADJ TOTAL FY 22</b>	<b>TOTAL FY23</b>
CITY OF AVONDALE	76,269	78,612			76,269	1,714	74,555	78,612
CITY OF CHANDLER	107,426	110,526			107,426	5,478	101,948	110,526
TOWN OF GILBERT	106,001	105,539			106,001	5,306	100,695	105,539
CITY OF GLENDALE	102,879	109,449	14,837	15,369	117,716	4,929	112,787	124,818
CITY OF GOODYEAR	77,562	80,449			77,562	1,870	75,692	80,449
CITY OF MESA	146,168	149,376	32,844	34,021	179,012	10,159	168,853	183,396
CITY OF PEORIA	92,833	96,273			92,833	3,715	89,118	96,273
CITY OF PHOENIX	334,485	337,963	126,791	131,332	461,276	32,909	428,367	469,295
CITY OF SCOTTSDALE	103,907	104,350	22,762	23,577	126,669	5,053	121,616	127,927
CITY OF TEMPE	94,089	93,908	32,631	33,799	126,720	3,867	122,853	127,707
Total from Members	1,241,619	1,266,444	229,864	238,097	1,471,483	75,000	1,396,483	1,504,541
Other Funding Sources:								
<b>TOTAL All Sources</b>	<b>1,241,619</b>	<b>1,266,444</b>	<b>229,864</b>	<b>238,097</b>	<b>1,471,483</b>	<b>75,000</b>	<b>1,396,483</b>	<b>1,504,541</b>

Note #1. The Assessment Structure is based on the following formula: 50% of the water portion of the budget is allocated equally with the remaining 50% based on population according to the MAG 2021 (7.1.21) official population estimates.

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

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**Fiscal Year 2023**  
**Proposed Budget**

**EXPENDITURE SUMMARY**

	<b>WATER FY 22</b>	<b>WATER FY 23</b>	<b>WASTEWATER FY 22</b>	<b>WASTEWATER FY 23</b>	<b>TOTAL FY 22</b>	<b>TOTAL FY 23</b>
ADMINISTRATION	663,585	673,257	112,643	119,212	776,228	792,469
EMPLOYEE BENEFITS	147,348	144,275	23,652	24,125	171,000	168,400
PROFESSIONAL SERVICES	158,109	160,897	30,891	31,623	189,000	192,520
OCCUPANCY	155,215	159,065	55,590	55,887	210,805	214,952
TRAVEL, TRAINING & CONFER.	8,924	9,137	1,576	1,613	10,500	10,750
CAPITAL OUTLAY	9,574	9,514	1,626	1,686	11,200	11,200
OFFICE OPERATING EXPENSES	28,864	28,799	3,886	3,951	32,750	32,750
WATER CONSERVATION	70,000	81,500			70,000	81,500
<b>TOTAL</b>	<b>1,241,619</b>	<b>1,266,444</b>	<b>229,864</b>	<b>238,097</b>	<b>1,471,483</b>	<b>1,504,541</b>

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**Fiscal Year 2023**  
**Proposed Budget**

**BUDGET COMMENTS**

	BUDGET TOTAL FY 21	BUDGET TOTAL FY 22	ESTIMATED ACTUAL FY 22	BUDGET TOTAL FY 23	
					<b>FY 23 BUDGET COMMENTS</b>
<b>ADMINISTRATION</b>					
Salaries	670,200	678,931	656,067	690,500	8 full-time positions - Increase due to performance awards effective 1/1/22 and Ex. Dir. salary adjustment 7/1/22
Performance Awards	3,910	13,139		15,990	Increase due to up to 6% performance award for staff only
Total Compensation	674,110	692,070	656,067	706,490	
Deferred Compensation:					
Arizona State Retirement	80,977	84,158	80,538	85,980	Increase reflects adjustment to salaries and overall 12.17% required by ASRS 12.17% Effective July 01, 2022 - June 30, 2023
Subtotal	755,087	776,228	736,605	792,470	
<b>EMPLOYEE BENEFITS</b>					
Payroll Processing, Taxes, Insur	61,000	58,000	58,650	60,400	Based on processing fees and taxes
Medical, Dental, Life, Disability	110,500	105,000	86,245	100,000	8 full-time staff - no change but includes 10% increase in calendar year 2023
Cell Phone Allowance	6,500	8,000	7,705	8,000	No change
Subtotal	178,000	171,000	152,600	168,400	
<b>PROFESSIONAL SERVICES</b>					
Website Services	5,000	5,000		5,000	No change
IT Services	5,000	6,000	4,800	6,000	No change
Legal/Policy Consulting	60,000	60,000	60,000	60,000	No change
Legislative	50,400	50,400	50,400	52,920	Increase due to proposed new two year agreement
Financial and Accounting Service	34,600	34,600	37,120	34,600	No Change
Audit	32,000	33,000	32,000	34,000	Increase per audit agreement
Subtotal	187,000	189,000	184,320	192,520	
<b>OCCUPANCY</b>					
Office Space	179,000	192,805	144,445	196,952	Increase per lease agreement
Building Operating Costs	1,500	6,000	4,860	6,000	No change
Telephone	5,000	5,000	6,100	6,000	Increase reflects costs under new agreement
E-Mail/Webpage/Internet Access	6,000	7,000	6,660	6,000	Decrease to better reflect actual costs
Subtotal	191,500	210,805	162,065	214,952	

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION  
Fiscal Year 2023  
Proposed Budget**

**BUDGET COMMENTS**

	<b>BUDGET TOTAL FY 21</b>	<b>BUDGET TOTAL FY 22</b>	<b>ESTIMATED ACTUAL FY 22</b>	<b>BUDGET TOTAL FY 23</b>	
					<b>FY 23 BUDGET COMMENTS</b>
<b>TRAINING AND TRAVEL</b>					
Conferences/Travel	9,000	5,750	3,900	6,000	Increase to reflect anticipated in-person meetings
Mileage Reimbursement	4,000	2,750	2,150	2,750	No change
Staff Development	1,000	2,000		2,000	No change
Subtotal	14,000	10,500	6,050	10,750	
<b>CAPITAL OUTLAY</b>					
Copy Machine Expenses	5,200	5,200	4,215	5,200	No Change
Computer/Equipment/Software	8,800	6,000	6,245	6,000	No Change
Subtotal	14,000	11,200	10,460	11,200	
<b>OFFICE OPERATING EXPENSES</b>					
Supplies	6,000	5,000	5,000	5,000	No Change
Meetings	5,000	4,000	4,000	4,000	No Change
Outreach Efforts	10,000	6,000	4,725	6,500	Increase to reflect anticipated activities
Printing	2,300	2,300	1,000	1,000	Reduction to reflect anticipated expenses
Postage & Deliveries	2,000	2,000	910	1,000	Reduction to reflect anticipated expenses
Subscription & Reference	1,300	3,200	3,920	4,500	Increase due to electronic payments subscription
Dues & Memberships	1,750	3,250	3,170	3,250	No Change
Insurance-Public Liability and Property Damage	4,400	5,000	4,850	5,500	Reflects anticipated increase to insurance cost
Equipment Maintenance	2,000	2,000		2,000	No Change
Subtotal	34,750	32,750	27,575	32,750	
<b>WATER CONSERVATION</b>					
Smartscape Program	30,000	30,000	30,000	30,000	Funding for UA Cooperative Extension to administer Smartscape program in Maricopa County
Projects, Research & Efficiency Initiatives	14,000	14,000	2,000	29,500	Funding for conservation, efficiency and demand management related research projects, including redevelopment of AMWUA Plants Book
Outreach	26,000	26,000	23,500	22,000	Funding for sponsorships, events, and regional conservation efforts including educational and promotional materials
Subtotal	70,000	70,000	55,500	81,500	Increase coordinates with objectives identified in Annual Action Plan
Total Operating Expenses	<u>1,444,337</u>	<u>1,471,483</u>	<u>1,335,175</u>	<u>1,504,541</u>	33,058    2.25%
<b>FUNDING SOURCES</b>					
Office Lease Stabilization Fund, per Board policy adopted 6/25/20 to offset Office Space Expense		10,000	10,000	10,000	
Anticipated carry over from FY 22		65,000		45,000	
Member Assessments	1,446,337	1,396,483	1,314,145	1,449,541	
Total Funding	<u>1,446,337</u>	<u>1,471,483</u>	<u>1,324,145</u>	<u>1,504,541</u>	

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**Fiscal Year 2023**  
**Proposed Budget**

**EXPENDITURES DETAIL**

	<b>FY 22 BUDGET WATER</b>	<b>FY 22 ACTUAL WATER</b>	<b>FY 23 BUDGET WATER</b>	<b>FY 22 BUDGET WASTEWATER</b>	<b>FY 22 ACTUAL WASTEWATER</b>	<b>FY 23 BUDGET WASTEWATER</b>	<b>FY 22 BUDGET TOTAL</b>	<b>FY 22 ACTUAL TOTAL</b>	<b>FY 23 BUDGET TOTAL</b>
<b>ADMINISTRATION</b>									
Salaries	578,966	473,485	584,222	98,381	100,997	106,278	678,931	656,067	690,500
Performance Awards	13,139		15,990				13,139		15,990
Total Wages	592,105	473,485	600,212	98,381	100,997	106,278	692,070	656,067	706,490
Deferred Compensation:									
Arizona State Retirement	71,480	68,405	73,045	12,678	12,133	12,934	84,158	80,538	85,979
Subtotal	663,585	541,890	673,257	111,059	113,130	119,212	776,228	736,605	792,469
<b>EMPLOYEE BENEFITS</b>									
Payroll Processing, Taxes, Insur	49,584	49,512	51,315	8,416	9,138	9,085	58,000	58,650	60,400
Medical, Dental, Life, Disability	89,764	72,807	84,960	15,236	13,438	15,040	105,000	86,245	100,000
Cell Phone Allowance	8,000	6,504	8,000		1,201		8,000	7,705	8,000
Subtotal	147,348	128,823	144,275	23,652	23,777	24,125	171,000	152,600	168,400
<b>PROFESSIONAL SERVICES</b>									
Temporary Services/Receptionist									-0-
Website Services	5,000		5,000				5,000		5,000
Audio/Visual Development									
IT Services	5,129	3,840	5,097	871	960	903	6,000	4,800	6,000
Communication									
Legal/Policy Consulting	60,000	60,000	60,000				60,000	60,000	60,000
Legislative	50,400	50,400	52,920				50,400	50,400	52,920
Financial and Accounting Services	27,680	29,696	27,680	6,920	7,424	6,920	34,600	37,120	34,600
Audit	9,900	8,200	10,200	23,100	23,800	23,800	33,000	32,000	34,000
Subtotal	158,109	152,136	160,897	30,891	32,184	31,623	189,000	184,320	192,520
<b>OCCUPANCY</b>									
Office Space	139,828	121,940	143,774	52,977	22,505	53,178	192,805	144,445	196,952
Building Operating Costs	5,129	4,102	5,097	871	758	903	6,000	4,860	6,000
Telecommunications	4,274	5,149	5,097	726	951	903	5,000	6,100	6,000
E-Mail/Webpage/Internet Access	5,984	5,622	5,097	1,016	1,038	903	7,000	6,660	6,000
Subtotal	155,215	136,813	159,065	55,590	25,252	55,887	210,805	162,065	214,952

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**Fiscal Year 2023**  
**Proposed Budget**

**EXPENDITURES DETAIL**

	<b>FY 22 BUDGET WATER</b>	<b>FY 22 ACTUAL WATER</b>	<b>FY 23 BUDGET WATER</b>	<b>FY 22 BUDGET WASTEWATER</b>	<b>FY 22 ACTUAL WASTEWATER</b>	<b>FY 23 BUDGET WASTEWATER</b>	<b>FY 22 BUDGET TOTAL</b>	<b>FY 22 ACTUAL TOTAL</b>	<b>FY 23 BUDGET TOTAL</b>
<b>TRAINING AND TRAVEL</b>									
Conferences/Travel	4,887	3,705	5,100	863	195	900	5,750	3,900	6,000
Milage Reimbursement	2,337	2,042	2,337	413	108	413	2,750	2,150	2,750
Continuing Professional Ed									
Staff Development	1,700		1,700	300		300	2,000		2,000
Subtotal	8,924	5,747	9,137	1,576	303	1,613	10,500	6,050	10,750
<b>CAPITAL OUTLAY</b>									
Copy Machine Expenses	4,445	2,529	4,417	755	1,686	783	5,200	4,215	5,200
Computer/Equipment/Software	5,129	3,122	5,097	871	3,123	903	6,000	6,245	6,000
Subtotal	9,574	5,651	9,514	1,626	4,809	1,686	11,200	10,460	11,200
<b>OFFICE OPERATING EXPENSES</b>									
Supplies	4,274	4,220	4,248	726	780	752	5,000	5,000	5,000
Meetings	3,419	3,376	3,398	581	624	602	4,000	4,000	4,000
Outreach Efforts	6,000	5,065	6,500		935		6,000	6,000	6,500
Printing	1,966	844	849	334	156	151	2,300	1,000	1,000
Postage & Deliveries	1,709	1,688	849	291	312	151	2,000	2,000	1,000
Subscription & Reference	2,735	2,701	3,823	465	499	677	3,200	3,200	4,500
Dues & Memberships	2,778	2,743	2,761	472	507	489	3,250	3,250	3,250
Insurance	4,274	4,220	4,672	726	780	828	5,000	5,000	5,500
Equipment Maintenance	1,709	1,688	1,699	291	312	301	2,000	2,000	2,000
Subtotal	28,864	26,545	28,799	3,886	4,905	3,951	32,750	31,450	32,750
<b>WATER CONSERVATION</b>									
Smartscape with Cooperative Ext.	30,000	30,000	30,000				30,000	30,000	30,000
Sponsorship, Events & Memberships	16,000	4,095	29,500				16,000	4,095	29,500
Projects and Messaging	24,000	6,500	22,000				24,000	6,500	22,000
Subtotal	70,000	40,595	81,500				70,000	40,595	81,500
Total Operating Expenses	<u>1,241,619</u>	<u>1,118,152</u>	<u>1,266,444</u>	<u>229,864</u>	<u>205,993</u>	<u>238,097</u>	<u>1,471,483</u>	<u>1,324,145</u>	<u>1,504,541</u>
<b>FUNDING SOURCES</b>									
Office Lease Stabilization Fund									10,000
2020-2021 carryover applied to member assessments	65,000						65,000		45,000
Member Assessments	1,166,619	1,114,309	1,266,444	229,864	222,088	238,097	1,396,483	1,314,145	1,449,541
Total Funding	<u>1,241,619</u>	<u>1,114,309</u>	<u>1,266,444</u>	<u>229,864</u>	<u>232,088</u>	<u>238,097</u>	<u>1,471,483</u>	<u>1,324,145</u>	<u>1,504,541</u>

**BOARD OF DIRECTORS**  
**INFORMATION SUMMARY**  
June 23, 2022

## **Consultant Agreement with The Aarons Company LLC**

### **ANNUAL PLAN REFERENCE**

#### **Legislation**

Effectively advocate with one voice at the Legislature.

- Monitor, analyze and clarify state and federal legislation of interest to our members.
- Engage with legislators to inform them about the issues important to AMWUA including identifying and working with legislators to champion water issues.

*Strategic Plan: Objectives – Advocate for Solutions, Safeguard Water Supplies, Reinforce Groundwater Management, Prepare for Impacts of Drought & Shortage; Collaboration – Legislature, Arizona Department of Water Resources, Central Arizona Project, Salt River Project, Water Community, and Business Community*

### **SUMMARY**

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

The current agreement with The Aarons Company expires on June 30, 2022. For the reasons noted above, AMWUA staff believes it would be beneficial to retain The Aarons Company to continue to represent AMWUA at the Legislature. The agreement would have The Aarons Company under contract through June 30, 2024, which would cover the next two legislative sessions. The monthly fee is increased to \$4,410.00 based both on The Aarons Company's performance and also the increasing hours spent on water legislation and AMWUA's more proactive approach at the Legislature such as with the Vetting Forum.

The AMWUA Fiscal Year 2023 budget includes funds for this agreement. AMWUA's Legal Counsel has reviewed the agreement.

### **RECOMMENDATION**

AMWUA staff recommends that the AMWUA Board of Directors authorize the AMWUA Executive Director to enter into the proposed agreement with The Aarons Company LLC at a monthly rate of \$4,410.00 from July 1, 2022 through June 30, 2024.

### **SUGGESTED MOTION**

*I move to authorize the AMWUA Executive Director to enter into the proposed agreement with The Aarons Company LLC at a monthly rate of \$4,410.00 from July 1, 2022 through June 30, 2024.*

### **ATTACHMENT**

- The Aarons Company LLC Agreement

# THE AARONS COMPANY LLC

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4315 N. 12<sup>th</sup> Street Suite 200 Phoenix Arizona 85014  
Barry M. Aarons – email – [baaronsaz@gmail.com](mailto:baaronsaz@gmail.com) – 602 315 0155  
Hayley Howard – email [hhowardaz@gmail.com](mailto:hhowardaz@gmail.com) – 602 489 0063  
Theresa Ulmer – email [theresa.ulmer@gmail.com](mailto:theresa.ulmer@gmail.com) – 928 271 1226

## CONSULTANT’S AGREEMENT

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

Both AMWUA and Aarons agree as follows:

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

**Term.** The term of this agreement shall commence July 1, 2022 and conclude on June 30, 2024 but may be extended at any time for any period by mutual agreement of both parties.

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

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

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

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

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

**Compensation.**

- Compensation. AMWUA shall pay Aarons a retainer for the services described herein in the amount of \$4,410.00 per month upon invoice on or before the 30<sup>th</sup> of each month. Compensation will commence in July of 2022 and conclude in June of 2024.
- Expenses. Aarons shall be reimbursed for normal and customary expenses incurred by him for postage, printing, courier and other communication charges reasonably incurred in the performance of his duties and responsibilities. Any and all extraordinary expenses not previously mentioned including travel, meals and entertainment must have prior written approval from AMWUA’s Executive Director, his designee or successor prior to their being incurred or AMWUA will not be responsible for their reimbursement.

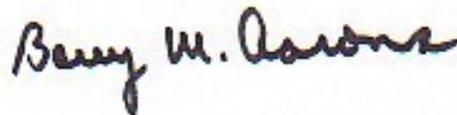
**Termination.** Either party may terminate this contract for any reason by mutual consent at any time. Aarons’ contract may also be terminated for just and substantial cause. “Just and substantial cause” shall mean (i) refusal to perform duties assigned in accordance with the terms of this Agreement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

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

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

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

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



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Warren Tenney, Executive Director  
Arizona Municipal Water Users Association

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Barry M. Aarons  
The Aarons Company LLC