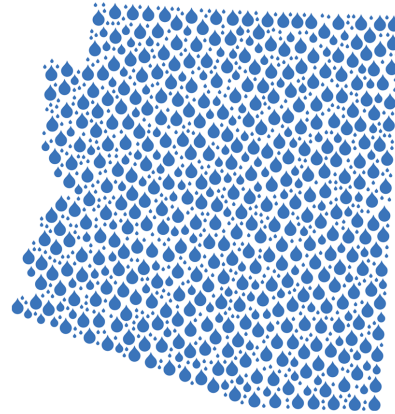


Historic investment in Arizona's water future is an important starting point

This year's lengthy state legislative session will be remembered for the passage of a historic investment in Arizona's water.

The Legislature wrapped up its business with overwhelming bipartisan support to expand the responsibilities of the Water Infrastructure Finance Authority (WIFA). Through the years, this successful state agency has overseen \$3 billion of federal investment in water infrastructure projects. WIFA will now be responsible for managing new funds to facilitate augmentation, conservation, and water recycling projects to address the water needs of communities throughout Arizona. The legislation also balances the water needs for existing communities with new growth. Plus, strong guardrails are in place for public accountability and financial sustainability.



WIFA will now administer the following funds:

- Long-Term Water Augmentation Fund - \$1 billion over three years
- Water Supply Development Revolving Fund - \$200 million
- Water Conservation Grant Fund - \$200 million
- Existing Federal Programs under the Safe Drinking Water Act

Reaching the successful passage of the WIFA water augmentation legislation took much work and effort. It began in January with Governor Ducey stating his desire to invest \$1 billion in Arizona's water future. The initial legislative proposal created a \$1 billion water augmentation fund overseen by a new state agency called the "Arizona Water Authority." AMWUA and other stakeholders raised significant concerns about the proposed new water authority's powers, transparency, and governance.

After struggling to move the proposal forward, the Governor's Office, Senate and House leadership asked a small, diverse stakeholder group to provide suggestions on how to address concerns and issues with the original proposal. The stakeholders – AMWUA, Valley Partnership, Salt River Project, Arizona Farm Bureau, Central Arizona Project, Yuma County Agriculture Water Coalition, and Freeport McMoRan – developed critical principles and protections to ensure that the \$1 billion investment for Arizona's water future was structured successfully and would benefit all water users. The stakeholder feedback was incorporated into the final legislation, placing the augmentation funding with WIFA rather than creating an entirely new state agency.

From the beginning, AMWUA advocated that a \$1 billion investment in Arizona's water future could be a historic milestone if structured with transparency, guardrails, and strong governance. The AMWUA Board of Directors supported the final legislation since it addressed our primary concerns and better positioned Arizona for success. The WIFA water augmentation legislation includes:

- A clear mission statement that directs WIFA to facilitate water conservation, reuse, and augmentation projects.
- Ownership of water rights and infrastructure is limited to water imported from out of state.
- Municipal consent is required when WIFA partners with individual end-users located inside a city.
- Existing water users are given project preference and an opportunity to participate in large projects.
- Funding decisions are made in transparent, open meetings with information available for public review.
- Projects funded by the State are required to secure full cost recovery and repayment.
- Arizona's population centers - Maricopa, Pima, and Pinal counties - must have representation.
- A committee process was established to give urban influence on the \$1 billion Long-Term Augmentation Fund.

Unfortunately, the legislation did not address the conflicting requirements for the new state funds and WIFA's existing federal programs, where an election is required before a public utility can get a loan for federal dollars. Resolving this conflict would help avoid confusion in statutes and ensure Arizona can maximize the use of these under-utilized federal funds. Over 57 percent of the state's population lives in a community that is effectively inhibited from accessing these federal funds. Legislators understand this needs to be corrected, and AMWUA will work for bipartisan resolution in next year's session.

With the worsening conditions on the Colorado River, AMWUA applauds the actions of the Governor and Legislature to wisely invest in Arizona's water future. It is an important starting point to ensure continual planning and investing in our water especially knowing that any major water resource and infrastructure project will cost billions and take many years to complete. Now, WIFA, its new governing board, and Arizona's water community are responsible for ensuring that this unprecedented state investment in water is used in the wisest ways possible to benefit Arizona now and in the future.

For over 50 years, the Arizona Municipal Water Users Association has worked to protect our member cities' ability to provide assured, safe, and sustainable water supplies to their communities. For more water information, visit www.amwua.org.