



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

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

MEETING NOTICE AND AGENDA

Thursday, June 27, 2024 – 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: 889 7057 7007
(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 April 25, 2024 Meeting
2. Next Meeting Date: August 22, 2024, 11:00 a.m.
3. 2024 Legislative Session and Preparing for the Next Session
4. Fiscal Year 2025 AMWUA Budget
5. Agreement with the University of Arizona for the Smartscape Program
6. Consultant Agreement with The Aarons Company LLC

C. Executive Director’s Report

D. Future Agenda Items

E. Executive Session

Pursuant to A.R.S. Section 38.431.03.A.1 & 3, the AMWUA Board of Directors may vote to convene in Executive Session to discuss the AMWUA Legal & Policy Advisor agreement.

F. Consideration of Action Pursuant to Executive Session

G. 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.



BOARD OF DIRECTORS
MEETING MINUTES
May 23, 2024
HYBRID MEETING

BOARD MEMBERS PRESENT

Councilmember Sheri Lauritano, Goodyear, President
Vice Mayor Scott Anderson, Gilbert, Vice President
Councilmember Mark Freeman, Mesa, Secretary/Treasurer
Councilmember Curtis Nielson, Avondale
Councilmember Matt Orlando, Chandler
Councilmember Bart Turner, Glendale
Councilmember Jennifer Crawford, Peoria
Councilwoman Kesha Hodge Washington, Phoenix
Mayor David Ortega, Scottsdale
Councilmember Arlene Chin, Tempe

OTHERS PRESENT

Amy Arguilez, Gilbert	Adam Garrett Santiago, Scottsdale	Madeleine Oliver, U Arizona
Barry Aarons, Aarons Co.	Jake Golden, Phoenix	Adam Santiago, Scottsdale
Michelle Barclay, AMWUA	Lauren Hixson, Gilbert	Jonathan Shuffield, Tempe
Liz Barker Alvarez, Avondale	Maegan Johnson, Phoenix	Ginger Spencer, Phoenix
Hayley Barry, Glendale	Judy Keane, Peoria	Martin Stiles, CAP
Paul Bergelin, AMWUA	John Knudson, Chandler	Cherie Stone, Chandler
Cynthia Campbell, Phoenix	Ty Lee, Tempe	Warren Tenney, AMWUA
Wally Campbell, Goodyear	Sina Matthes, Phoenix	Sheri Trapp, AMWUA
Harry Cooper, AMWUA	Kathy McDonald, Mesa	Theresa Ulmer, Ulmer Consulting
Ray Diaz, Goodyear	Craig McGinnis, SRP	Heather Wilkey, Queen Creek
Kathleen Ferris, AMWUA	Ed Mears, Garney Construction	
Brett Fleck, Peoria	Laney Meeker, ADWR	

A. Call to Order

Councilmember Lauritano called the meeting to order at 11:03 a.m.

B. General Business – Items for Discussion and Possible Action

1. Approval of the Minutes from the April 25th, 2024, Meeting

Upon a motion made by Councilmember Orlando and a second from Councilmember Nielson, the AMWUA Board of Directors unanimously approved the April 25, 2024 meeting minutes.

2. Next Meeting Date: Thursday, June 27, 2024 – 11:00 a.m.

Councilmember Lauritano said she was changing the order of the agenda.

4. Selection of Firm for Fiscal Year Audits

Mr. Tenney reported that after evaluating three proposals for a new auditor AMWUA has selected the accounting firm Forvis to conduct AMWUA's audit services. Forvis will perform the FY 2024 audit at a cost not-to-exceed \$38,000, with the option to renew for four subsequent years, with 3% increases.

Upon a motion made by Councilmember Turner and a second from Mayor Ortega, the AMWUA Board of Directors unanimously approved the selection of Forvis to conduct AMWUA's auditing services.

5. AMWUA Fiscal Year 2024 Quarterly Financial Statements – Third Quarter

Mr. Tenney reported that AMWUA is currently under budget by \$1,377 and anticipates still being under budget by the end of the fiscal year. He requested the AMWUA Board of Directors acceptance of the AMWUA financial statements for the third quarter as presented.

Upon a motion made by Councilmember Orlando and a second from Councilmember Chin, the AMWUA Board of Directors unanimously approved the Fiscal Year 2024 Third Quarter Financial Statements.

6. Fiscal Year 2025 AMWUA Budget

Mr. Tenney reported that the preliminary draft budget totals \$1,701,925, which is a 4.5% increase or \$74,038 more than the current budget. Mr. Tenney reviewed various expenses within the next budget, such as Administration and Employee Benefits, hiring an IT consultant for website security, and the new agreement with CliftonLarsonAllen. He reported an annual increase in the Occupancy category per the leasing agreement and increases in Water Conservation. He stated that assessments would be higher due to the budget increase. However, they will also be lowered slightly by applying \$10,000 from the Office Lease Stabilization Fund and the final carry-over from the current budget.

7. Board Room Table Connectivity

Mr. Tenney requested use of no more than \$4,500 from the reserve fund to install power outlets and dual port USB chargers into the AMWUA Board Room table. He explained that this is possible due to AMWUA not requiring \$15,000 of reserve funds approved for website security, as that expense as been absorbed into the annual budget.

Upon a motion by Councilmember Nielson and a second from Councilmember Orlando, the AMWUA Board of Directors unanimously approved to use no more than \$4,500 from the reserve fund to complete the AMWUA Board table connectivity plan.

3. 2024 Legislative Session

Paul Bergelin, AMWUA Water Policy Advisor, reported that the Senate amended and passed HB 2201, so that it is now comprised of seven bills. This water package includes HB 2201, which allows a private water utility to withdraw and transport groundwater from the Harquahala INA (AMWUA supports); SB 1081 – Allow parts of Buckeye’s service area to be designated if it contracted for surface water supplies and effluent from an irrigation district within its service area (AMWUA is neutral); SB 1181 – Allows a newly designated provided to initially delay and then gradually assume from CAGR D the replenishment obligation for CAGR D Member Lands within its service area (AMWUA is neutral); SB 1172 – Allows the relinquishment of an IGFR in return for a credit that authorizes certain volume of pumping that would support Certificated and Designations (AMWUA opposes); and the remaining three bills place additional requirements on wildcat subdivisions – HB 2006, HB 2007, and HB 2101.

Mr. Bergelin explained that SB 1172 would create a physical availability exemption credit in order to incentivize agriculture-to-urban water use. The language related to SB 1172 and included in the now amended HB 2201 had been amended based on negotiations between the Governor’s Office, the proponents, and other stakeholders. Mr. Bergelin explained the concerns addressed and how it was improved.

Brad Moore, AMWUA Water Policy Analyst, provided an analysis to address the concerns of impacts of agriculture-to-urban water use. This analysis assumes that agricultural pumping will phase out over time as it has done historically instead of immediately the following year, and that there would be a relative reduction of this groundwater pumping. The three scenarios provided by AMWUA are that a 1% Annual PAEC Adoption would result in about 400,000 acre-feet of groundwater savings by 2050, a 2% Annual PAEC Adoption resulting in 900,000 acre-feet by 2050, and a 5% Annual PAEC Adoption resulting in 1.5 million acre-feet by 2050. This analysis only applies to the Phoenix AMA, though all AMAs would be affected by SB 1172.

Mr. Bergelin reported that the impact to CAGR D would occur over time and the CAGR D has indicated that it anticipates most of the development that will occur using this agriculture-to-urban provision would be within the service areas of water providers that will be pursuing the Alternative Pathway to Designation.

Mr. Bergelin listed again the bills contained within the amended HB 2201 and stated AMWUA staff is recommending a position of “Neutral” regarding this water package.

Kathleen Ferris, AMWUA Legal & Policy Counsel, provided an overview of concerns regarding the amended language related to SB 1172, which is included in this water package: the lack of data when projecting the bill’s impact on agriculture to urban development; the already overburdened CAGR D that would be obligated to replenish the groundwater pumped; the locations of where the credits can be used; the lack of protections for existing users and wells; and the overall unintended impacts to AMWUA members.

Mr. Tenney reported that AMWUA voiced its concerns in stakeholder meetings about SB 1172 and the new language addressed the main reasons for AMWUA’s initial opposition. Since those issues had been addressed, and that the other bills included in the HB 2201 water package were either neutral or supportive, staff is recommending the position of neutral. This water package provides an opportunity to address lot-splitting issues and help providers become

designated. Mr. Tenney noted that the neutral position means we would not endorse nor oppose the multiple bills within this package. Mr. Barry Aarons provided political context to how this bill came to be packaged together within the legislative process.

Mayor Ortega commented that there is possible more amendments and changes may still be included or removed from this package until it is put before the Governor, and those may or may not benefit AMWUA members.

Councilmember Orlando raised the concern that any legislation that weakens the position in Arizona's negotiations within the Colorado River Basin negotiations should be opposed. He questions whether this package passing would be detrimental to those efforts. Mr. Tenney explained that there is an effort to weaken the Assured Water Supply Program, and that bills that support a path forward to designation falls into sound water management and this bill may provide it. Ms. Ferris commented that the Alternative Designation (ADAWS) proposal does not rely on the agriculture-to-urban concept moving forward. Mr. Tenney responded that the other bills contained within this package are seen as supporting alternative designation efforts, which helps maintain the Assured Water Supply Program. He added that policy has to also be considered within the current political reality. Mr. Aarons noted that the proponents of this package will most likely continue to propose related legislation in future sessions. He noted it will come to this Board to determine the balance between benefits and negatives to AMWUA members when legislation is similarly compiled in a package.

Councilmember Scott Anderson left the meeting.

Councilmember Lauritano noted that while the legislature may be moving to fix an issue, it may create more issues for members in future water management. Councilmember Orlando said that certain provisions of bills within this package are far too nebulous to determine actual impacts presently and in the near future. Mr. Bergelin noted that SB 1172 language states excess credits would be confined to parcels up to 1 mile of the retired acreage it was extinguished from. However, the excess could also be applied to a designation of a service area which adds to the uncertainty of the provision.

Councilmember Freeman commented that the City of Mesa has taken a Neutral position on this bill and the AMWUA must remain diligent to secure their Assured Water Supply Designation at a minimum. Councilmember Turner said AMWUA could continue voicing the concerns of the package or individual bills as language is clarified and how stakeholders can continue that dialogue in future sessions.

Mr. Aarons provided context on how AMWUA's position from "Oppose" to "Neutral" may influence the passage of this package within the legislature. He noted that the "Neutral" position may limit the political ability to voice concerns on the package.

Councilmember Orlando made a motion to take an "Oppose" position on Senate Engrossed Version HB 2201. Mayor Ortega seconded the motion. The motion failed 4 to 5 with Board members Matt Orlando, Curtis Nielson, David Ortega, Sheri Lauritano voting in favor and Board members Mark Freeman, Bart Turner, Jennifer Crawford, Kesha Hodge Washington, and Arlene Chin voting against the motion.

Councilmember Freeman made a motion to take a “Neutral” position on Senate Engrossed Version HB 2201. Councilmember Turner seconded the motion. The motion passed 8 to 1 with Board members Mark Freeman, Curtis Nielson, Bart Turner, Jennifer Crawford, Kesha Hodge Washington, David Ortega, Arlene Chin, Sheri Lauritano voting in favor of the motion, and Councilmember Orlando voting against the motion.

8. [Update on AMWUA Website](#)

Sheri Trapp, AMWUA Communications Director, gave a brief overview of the new amwua.org website. Ms. Trapp reported that as part of recent security updates to the website, AMWUA staff has been working with a consultant to maintain the design of the website for AMWUA members and the public. Ms. Trapp briefly reviewed draft pages of the website that will be going live in the coming month.

C. Executive Director’s Report

Mr. Tenney reported that the SRP reservoir system is 92% full compared the 99% this time last year. Mr. Tenney noted that Leak Mead is currently 34% full at elevation 1,067 feet and Lake Powell is 33% full. The Upper Colorado River Basin snowpack is current 101% of the average, with runoff being predicted at 84% of normal for this year. Mr. Tenney noted Tier 1 shortage conditions are expected to continue through 2025.

Mr. Tenney reported that he participated on a KJZZ panel “The Politics of Water” along with Bruce Halen of ADWR, Stefanie Smallhouse of the Arizona Farm Bureau, and Cora Tso of the Kyl Center for Water Policy. Mr. Tenney noted it was a good opportunity to lend the municipal perspective on water issues.

D. Future Agenda Items

No future agenda items were requested.

E. Adjournment

Councilmember Lauritano adjourned the meeting at 1:18 p.m.

AMWUA BOARD OF DIRECTORS

INFORMATION SUMMARY

June 27, 2024

2024 Legislative Session

ANNUAL PLAN REFERENCE

Legislation

Effectively advocate with one voice at the Legislature.

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

Strategic Plan: Collaborate and Advocate for Solutions, Safeguard Water Supplies, Reinforce Groundwater Management, Prepare for Impacts of Drought & Shortage, Pursue Post-2025 Water Policy

SUMMARY

The Second Regular Session of the 56th Legislature began January 8, 2024, and officially adjourned Sine Die on June 15, 2024 after 160 days in session. The session concluded with lawmakers passing a \$16.1 billion budget, which was smaller than last year's \$17.2 billion budget due to a projected budget deficit. Lawmakers came up with these reductions from a variety of sources, including raiding the Long-Term Water Augmentation Fund, which was designed for the Water Infrastructure Finance Authority (WIFA) to finance a project to import water into Arizona. Originally, this fund was slated to have \$1 billion appropriated to it by this year; now, it has just \$444 million. (A separate bill to allow WIFA to use private financing for these water augmentation projects also failed to pass.) Many state agencies faced budget reductions, though cuts to ADWR were limited to 0.15% of its operating budget. Additionally, there were no additional appropriations made for the Water Conservation Grant Fund or the Temporary Groundwater and Irrigation Efficiency Projects Fund, even though the conservation projects financed by these funds have resulted in demonstrable water savings.

The biggest challenge of this session was tracking and managing the 95 water-related bills, which is the highest number of water bills lawmakers have introduced in recent memory. Many of these bills were focused on either rural groundwater measures or undermining the Assured Water Supply (AWS) Program following the Phoenix AMA groundwater model's projections of unmet demand. This legislative report includes a summary of 29 key water bills that AMWUA focused most of its efforts on and a summary of other legislation we tracked. Due to our collective efforts, we were able to stop several bad bills from passing the Legislature, including HB 2030 (cities; towns; water service; audit) and HB 2366 (physical availability review; designated provider). We also worked to improve several problematic bills such as SB 1081 (exemption area; assured water supply) and SB 1181 (groundwater replenishment; member lands; areas). On the downside, many bills that we supported, such as those that fully incorporated build-to-rent

developments into the AWS Program or established conservation requirements for large industrial users, stalled.

One interesting feature towards the end of this session was the creation of a water package by amending HB 2201 (NOW: groundwater; credit; transportation; turf; designation) in the Senate with six other bills, including SB 1081, SB 1181, and SB 1172 (physical availability credits; water supply). Although it passed out of the Senate, concerns from several stakeholders led it to stall in the House. Many of the bills that had provisions copied into HB 2201 were then moved separately in the final days of session, including an amended version of SB 1172 (NOW: land division; water transportation; turf) and an amended version of SB 1242 (NOW: water conservation grant fund; purpose) that allowed private water utilities to withdrawal and transport groundwater from the Harquahala Irrigation Non-Expansion Area. AMWUA sent letters to the Governor asking her to five bills that we opposed: HB 2017 (assured water supply; commingling), HB 2020 (long-term storage; rainwater; rules), HB 2062 (assured water supply; certificate; model), HB 2127 (assured water supply certificate; effluent) and SB 1172. The Governor vetoed all five bills on June 19th.

On a related note, the Governor's Water Policy Council met on June 18th for the first time this year to further discuss two legislative proposals. The first to continue developing the agriculture to urban incentive from SB 1172. The second proposal is a rural groundwater management framework, which may build upon SB 1221 (basin management areas; appropriation), but failed to pass the House with a 29-28-3 vote. The Governor's Office has indicated a willingness to call a special session if an agreement can be reached on this rural groundwater proposal.

AMWUA staff will provide an update and retrospective overview of the Legislative session, with particular focus on the potential the bills that had been considered in the "water package" and on the contents of the final budget package.

RECOMMENDATION

It is recommended that the AMWUA Board discuss and ask questions regarding legislation impacting AMWUA's members and regarding the 2024 Legislative Session as a whole.

Key water bills being tracked –

HB 2008 commercial; industrial; conservation requirements; rules (Griffin)

Position – Support

As introduced, HB 2008 required the Arizona Department of Water Resources (ADWR) to adopt rules by 2025 for commercial and industrial water users within and outside of the service areas of designated providers that provide for greater water efficiency, conservation, and on-site water reuse and recycling. It prohibited these rules from requiring a commercial or industrial user to obtain a Certificate of Assured Water Supply, enroll as a Member Land, or otherwise meet a replenishment obligation. We were concerned that targeting industrial and commercial users within a designated provider's service area would be redundant with ADWR's existing industrial conservation requirements in the 5th Management Plan, as well as the existing conservation programs created by municipal water providers to address their own specific commercial and industrial water users.

However, a recent amendment to HB 2008 improved it considerably. Under the amended bill, ADWR would modify the 4th and 5th Management Plans to include conservation requirements for industrial users outside of a designated provider's service area, not currently subject to any management plan's industrial conservation requirements, and that use more than 250 acre-feet of water per year. These conservation requirements would include on-site water reuse, recycling, and efficiency measures. Taken together, these changes help close a hole in the management plans' industrial conservation programs. For those reasons, the AMWUA Board approved changing our position to support.

The Senate NREW committee adopted an amendment which removed the bill's prohibition on requiring an industrial user to obtain a Certificate of Assured Water Supply or enroll as a CAGR Member Land. ADWR has opined that this amendment would address some of its concerns with implementing this bill.

Last Action Taken – This bill passed out of the Senate NREW amended with a 6-0-1 vote on March 14th.

HB 2014 Strike Everything water infrastructure; bonds (Griffin)

Position – Support

Due to budgetary constraints, WIFA will not receive funding from the State to complete the committed \$1 billion funding for its Long-Term Water Augmentation Fund. The strike everything amendment is meant to show that the State continues to support WIFA's mission for long-term water augmentation even if funds are not available.

The strike everything amendment gives WIFA additional flexibility in terms of the kinds of financial instruments it can issue and the process for that issuance. Expanding the definition of "bond" makes sure that no potential financial instruments are left out, specifically the ability to issue Commercial Paper, which it cannot do under the current language. The "bond trustee" language is similarly intended to give WIFA flexibility as needed to backstop and facilitate financial agreements.

The strike-everything amendment also contained some language that was intended to give parties interested in entering into an offtake agreement some certainty that the details of their negotiations will not be subject to public disclosure. However, the broad nature of that language raised concerns among stakeholders. The confidentiality language was removed by a floor amendment that Senator Kerr offered.

Last Action Taken – This bill failed to pass Senate Third Read on June 12th with a vote of 13-12-5.

[HB 2017](#) assured water supply; commingling (Griffin)

Position – Oppose

This bill would direct the Arizona Department of Water Resources (ADWR) to consider any type of waters that are commingled together when making an Assured Water Supply (AWS) determination.

Most water providers utilize a combination of water supplies in their systems, such as groundwater, Central Arizona Project water, and Salt River Project water. Water providers that have Designations of Assured Water Supply like the AMWUA cities have their water supplies reviewed every 10-15 years by the ADWR to determine compliance with AWS criteria. This is why subdivisions that receive service from these designated providers do not need to obtain Certificates of Assured Water Supply (CAWS). Water providers that lack designations must have their supplies regularly reviewed by ADWR when it is evaluating whether to issue a CAWS for a proposed development. Since the Phoenix AMA groundwater model projected that groundwater is overallocated over the next 100 years, ADWR has refused to issue any CAWS for proposed developments served by undesignated providers that have groundwater commingled in their distribution system. There has been an effort to allow CAWS to be issued for developments served by undesignated providers if these providers obtain renewable water supplies for these developments. However, the key issue that must be addressed is limiting the amount of groundwater that these undesignated water providers pump. Absent any limitation, a provider could simply shift around renewable supplies in its portfolio to serve a CAWS while pumping greater volumes of groundwater, which is inimical to the AWS Program's goal.

This bill received an amendment on January 11, 2024 that added a provision prohibiting ADWR from requiring a subdivider to obtain a water supply that is more than 100% of the water needed to meet the subdivider's purpose when applying for a CAWS or commitment of water service. There are concerns that this amendment could make this bill conflict with ADWR's upcoming Alternative Pathway to Designation rules which led us to change our recommended position to oppose.

Last Action Taken – This amended bill passed Senate Third Read on June 12th with a vote of 16-11-3 and was transmitted to the Governor.

[HB 2020](#) long-term storage; stormwater; rainwater; rules (Griffin)

Position – Oppose

HB 2020 would allow someone to earn long-term storage credits (LTSCs) by building infrastructure—including roadways and sidewalks—that leads to increased natural, incidental, or artificial recharge of

groundwater in an active management area. The Arizona Department of Water Resources would be required to develop rules by 2025 that detail the criteria for this infrastructure and formula for determining how much increased recharge the infrastructure will create over its useful life when determining the amount of LTSCs earned.

While we support efforts to utilize stormwater runoff and floodwaters more efficiently, this bill's approach is poorly defined. It also takes a big leap from the intention and purpose of the Underground Storage Act. As currently written, anyone could generate LTSCs using infrastructure for which there may not be a clear method of determining how much runoff is actually stored underground. Additionally, there may be water quality issues associated with storm water runoff which would undermine the quality of underlying aquifer and could consequently raise public health concerns for rural communities that rely on wells. Plus, there are questions about how it may impact surface water rights.

Last Action Taken – This bill passed Senate Third Read on June 12th with a vote of 16-11-3 and was sent to the Governor.

[HB 2025](#) residential lease community; water; requirements (Griffin)

Position – Oppose

This bill attempts to implement the Governor's Water Policy Council's recommendation to fully incorporate build-to-rent developments (which are called "residential lease communities" in the bill) into the Assured Water Supply Program. It would require applications for building permits for six or more detached single-family within a residential lease community in the Prescott, Phoenix, Pinal, Tucson, and Santa Cruz AMAs to either obtain water service from the water provider with a Designation of Assured Water Supply or be located on a parcel of land that already qualifies as Central Arizona Groundwater Replenishment District (CAGR) Member Lands. The applicant must also pay applicable fees to CAGR. This requirement would not apply to residential lease communities that are existing or that have applied for or received zoning changes before September 30, 2024.

There are concerns that this bill is not consistent with the Governor's Water Policy Council's recommendation and could decouple CAGR's replenishment obligation from the AWS Program and create operational challenges for CAGR.

Last Action Taken – This bill passed out of the House with a 31-27-1-0-1 vote on February 27th.

[HB 2026](#) residential lease community; water; certificate (Griffin)

Position – Support

This bill would implement the Governor's Water Policy Council's recommendation to fully incorporate build-to-rent developments into the Assured Water Supply (AWS) Program. Under the Council's recommendation, these developments would be considered the same as a subdivision for the purposes of the AWS Program. The Council defined these developments as "six or more detached residential dwellings on one or more lots, parcels, or fractional interests...offered for the purpose of lease without regard to lease term."

HB 2026 would require applications for building permits for six or more detached single-family residences in the Phoenix, Pinal, and Tucson AMAs to either obtain a Certificate of Assured Water Supply (CAWS) or water service from the water provider with a Designation of Assured Water Supply (DAWS). The applicant must also pay applicable fees to the Central Arizona Groundwater Replenishment District (CAGR). This requirement would apply regardless of the proposed lease term for these single-family residences. The bill would be limited to applications submitted after September 30, 2023.

Last Action Taken – This bill passed out of the House with a 49-8-2-0-1 vote on February 22nd.

HB 2029 groundwater model; unpledged effluent (Griffin)

Position – Oppose

This bill would require the Arizona Department of Water Resources (ADWR), when making a groundwater model to help evaluate Assured Water Supply determinations, to assume that any effluent created within the active management area (AMA) and not pledged to a specific user will be used to replace groundwater demand. This bill is intended to address a criticism that the Phoenix AMA groundwater model, which projected a 4% overallocation of groundwater over the next 100 years, did not fully consider how future effluent will be used.

The Phoenix AMA model incorporates effluent uses in two ways. First, the model includes existing effluent uses (as of 2021) as reductions in groundwater pumping. It also includes effluent discharges, such as those from the 91st Avenue Wastewater Treatment Plant. Second, the model considers future effluent usage if that effluent is included in an Assured Water Supply (AWS) determination. The model does not account for future effluent that is stored and recovered outside of the area of impact, discharged, or that is committed by contract to third party users.

However, the House adopted a floor amendment that revised this bill considerably although problems remain. HB 2029 now requires any groundwater modeling for AWS applications to include effluent that will be generated from a proposed subdivision if the applicant obtains a commitment of wastewater service from a water or wastewater provider and the applicant shows that the infrastructure to reuse this effluent will be funded by the applicant or the water or wastewater provider. This language would invite ADWR to speculate about future effluent created from a proposed subdivision when modeling physical availability of groundwater. Doing so would undermine the strength of these models—that they deal in concrete realities and do not speculate about the future. Moreover, the provisions seem focused on requiring this future effluent to be used for the benefit of a proposed subdivision, presumably to offset groundwater pumping. However, there are no provisions that require the certificate applicant to contract with a water provider for effluent for 100 years or that specify what would happen if such an arrangement fell through. More broadly, it is unclear how these requirements for modeling effluent could apply to a designation applicant.

When voted on third read, this bill failed to pass. It could possibly be brought back for another vote.

Last Action Taken – This bill failed to pass out of the House with a 29-30-0-0-1 vote on February 29th.

[HB 2030](#) cities; towns; water service; audit (Griffin)

Position – Oppose

This bill would require Phoenix, Tucson, Mesa, Chandler, Gilbert, Glendale, and Scottsdale (cities with more than 240,000 in population) to hire an independent auditor to conduct a full rate audit and cost-of-service study that focuses on various components of their water and sewer services. The House Natural Resources, Energy & Water Committee adopted an amendment that expanded the list of required audit topics to include revenues from commercial and industrial customers, recordkeeping costs, and utility revenue used for non-utility purposes.

Municipal water providers would be required to undergo a duplicate governmental review for their finances when the information requested is already publicly available and subject to transparent reporting requirements. We are additionally concerned that this audit, which would be covered by each municipal provider's rate payers, is an unfunded mandate for the state's largest municipal water providers.

Last Action Taken – HB 2030 passed Senate NREW with a 4-2-1 vote on March 14th and passed out of Senate Committee of the Whole on April 3rd. It failed a 3rd read vote in the Senate (13-14-3-0-0) on April 10th.

[HB 2055](#) underground water storage; permitting (Dunn)

Position – Support

HB 2055 would alter the internal deadlines ADWR must comply with when reviewing an underground water storage application. It would lengthen the timeframe within which ADWR is required to conduct its due diligence review applications for underground water storage permits from within 100 days to within 180 days. However, this bill would also shorten the timeframe within which ADWR is required to issue a decision on the permit application from within 6 months of ADWR publishing a public notice of the application to within 100 days of the public notice. Taken together, these changes should not alter the overall deadline for ADWR making a determination on an application.

Last Action Taken – This bill passed Senate Third Read with a 29-0-1-0-0 vote on March 27th and was signed by the Governor on April 2nd.

[HB 2062](#) assured water supply; certificate; model (Griffin)

Position – Oppose

This bill would require ADWR to review undecided or denied applications for Certificates of Assured Water Supply (CAWS) if the applicant requests such a review. Only applications filed within the Phoenix AMA and between January 26, 2021 and May 31, 2023 are eligible for review. ADWR must notify all eligible applicants of the possible review within five days of the effective date of this bill, and the review must be requested within 90 days of the effective date of this bill. ADWR must issue a determination for these reviews within 15 days and must only use the 2006-2009 Salt River Valley Regional Model when

conducting these reviews. The committee adopted an amendment that directed ADWR to use the 2006 Lower Hassayampa Sub-basin Model when appropriate.

This bill appears to be an attempt to free up water that is held by certificates that were either denied or had their development put on hold due to the release of the Phoenix AMA Groundwater Model. The requirement for ADWR to use the 2006-2009 Salt River Valley Regional Model for these reviews, and not the more current and accurate Phoenix AMA Groundwater Model is concerning and is certainly not in line with scientific best practices.

Last Action Taken – This bill passed Senate Third Read with a 16-11-3 vote on June 12th and was sent to the Governor.

HB 2100 administrative completeness review; licensing (Griffin)

Position – Oppose

This bill requires an agency to make available a comprehensive list of items needed for an application to be deemed administratively complete. This bill also states that an agency may issue a notice of deficiencies, but that even if they do so, the application is still considered administratively complete (this portion of the bill seems to conflict with the sentence that is directly before it, and which has not been removed). This bill also states that an agency cannot issue a final decision on an application that is based on items not in the comprehensive list described in the first sentence.

Crucially, HB 2100 prohibits an agency from making a final decision on an application based on the findings or conclusions of a document not included in the application unless the document or report was “subject to public inspection and the applicant had the opportunity to challenge the document or report and its findings before submitting the application.” Although the bill refers to an “agency” in general terms, our concern is that the “document or report” could include those related to the Phoenix AMA groundwater model. In effect, this requirement would create a backdoor way for implementing a process to challenge the findings of the Phoenix AMA groundwater model similar to HB 2019 (groundwater model; public inspection; challenge). This challenge process could redirect ADWR’s resources away from more pressing matters such as processing recovery well permit applications, accounting for long-term storage credits, or assisting with the general stream adjudications.

Last Action Taken – This bill passed Senate Third Read with a 16-12-2-0-0 vote on March 25th and was vetoed by the Governor on March 29th.

HB 2127 assured water supply certificate; effluent (Griffin)

Position – Oppose

As amended, HB 2127 would allow a Certificate of Assured Water Supply (CAWS) in the Phoenix, Pinal, and Tucson Santa Cruz AMAs to include effluent that is projected to be produced for the purposes of demonstrating its legal and physical availability if the effluent is used to meet the proposed subdivision’s water demands, recharged in the same sub-basin as the subdivision, or some combination thereof.

ADWR has raised concerns that these provisions are vaguely written and could create a backdoor way of enabling more pumping on groundwater.

Last Action Taken – This bill passed Senate Third Read with a 16-11-3 vote on June 12th and was sent to the Governor.

[HB 2186](#) remedial groundwater incentive; brackish groundwater (Kolodin)

Position – Oppose

This bill recently received a floor amendment that made it considerably worse. Under current law, there is an exemption that allows four municipal water providers (including Goodyear and Scottsdale) to pump up to a total of 65,000 acre-feet annually of remediated groundwater without it counting against their groundwater allowance and physical availability. These four providers have never reached this annual threshold, and this exemption is slated to expire in 2050. However, the amendment to HB 2186 would make this exemption permanent and would allow any water provider to apply for this exemption. Moreover, groundwater with PFAS that exceeds the maximum contaminant level would qualify for this exemption. Taken together, this floor amendment would allow a dramatic expansion of pumping in any AMA, which would be problematic for aquifer levels.

This bill as originally drafted would amend the definition of a hazardous substance under A.R.S. Title 49 to include groundwater with a total dissolved solids (TDS) content between 1,000 and 10,000 milligrams per liter. This bill also adds desalination of such brackish groundwater as a remedial action to be taken by relevant parties that wish to use such groundwater. This bill also makes conforming changes to include brackish groundwater as a hazardous substance that may be included in a remediation plan. This bill also states that this brackish (remedial) groundwater will be considered consistent with AMA management goals when applying for an AWS Certificate or Designation, without ADWR approval, if the applicant meets metering and reporting requirements for said groundwater. ADWR is required to create rules outlining how it will determine compliance with management goals for remedial groundwater. Applicants who wish to use such a supply in their AWS determination must provide ADWR with notice at least 120 days of notice. Lastly, this bill states that “remedial groundwater” will be metered and reported separately from “groundwater” when reporting to ADWR.

TDS is not, on its own, considered a health hazard by environmental regulatory agencies. On its own, TDS is an aesthetic issue that can lead to buildup in pipes and on taps, and certainly does not warrant elevation to the level of a hazardous substance that require remediation. An exceptionally high TDS level can indicate the presence of harmful ions such as copper and lead. However, these ions and TDS itself are already regulated by ADEQ. Requiring such a commonplace water quality measurement as TDS to be handled through a remediation plan would put an unnecessary burden on municipal water providers that are already able to thoroughly treat water for TDS and related ions.

This bill is likely meant to sidestep ADWR’s stance that brackish groundwater is simply groundwater by designating it as a hazardous substance and making it easier to classify it separately. This bill also more directly classifies brackish groundwater separately by requiring it to be metered and reported separately from other groundwater. Regardless, the reality remains that brackish groundwater is already included in ADWR’s modeling and within the Assured Water Supply Program as simply groundwater. This supply

is already included within providers' portfolios and creating it as a separate category of water will only exacerbate the groundwater challenges Arizona is already facing.

Last Action Taken – HB 2186 passed out of the House with a 31-28-0-0-1 vote on February 22nd and passed Senate NREW with an amendment and a 4-3 vote on March 21st. However, it failed its Senate 3rd read vote (14-12-4-0) on April 10th.

HB 2200 groundwater transportation; Harquahala non-expansion area (Dunn)

Position – Support

This bill would allow a public service corporation that holds a Certificate of Convenience and Necessity in an initial AMA to transport groundwater away from the Harquahala INA for use within an initial AMA. This bill would also require ADWR to adopt rules to govern such transportation, as well as transportation by the state or political subdivisions of the state. This bill would require such transported groundwater to be used by the transporting entity within five years to serve its own customers and would require a transporting public service corporation to recoup fees for transport from customers of its own distribution system.

A floor amendment was adopted that requires annual monitoring and reporting of any groundwater transported from the Harquahala INA, including the end use of that groundwater. The entity transporting the groundwater must also comply with the Assured Water Supply requirements relating to a hydrologic study.

This bill was introduced as an effort to allow EPCOR and other private water companies to transport groundwater from the Harquahala INA, something that these entities have previously pursued. (Currently, only political subdivisions of the State—such as cities and towns—that own legally irrigable land can withdraw and transport groundwater from this INA.) This bill is especially relevant this session because of the need to secure new water supplies that was created by the Governor's Water Policy Council's recommendation to create an Alternative Pathway to Designation.

Last Action Taken – This bill passed out of the House with a 38-18-3-0-1 vote on February 26th.

HB 2201 NOW: water transportation; turf; land divisions (Dunn)

Position - Neutral

This bill would allow a public service corporation that holds a Certificate of Convenience and Necessity in an initial AMA to transport groundwater away from the Harquahala INA for use within an initial AMA or within La Paz County. This bill would also require ADWR to adopt rules to govern such transportation, as well as transportation by the state or political subdivisions of the state. This bill would require such transported groundwater to be used by the transporting entity within five years to serve its own customers and would require a transporting public service corporation to recoup fees for transport from customers of its own distribution system.

Similar to HB 2200, a floor amendment was adopted that requires annual monitoring and reporting of any groundwater transported from the Harquahala INA, including the end use of that groundwater. The entity transporting the groundwater must also comply with the Assured Water Supply requirements relating to a hydrologic study.

This bill is serving the same purpose as HB 2200, except for allowing the transported groundwater to be used in La Paz County in addition to initial AMAs. La Paz County interests have been seeking to obtain transported groundwater from Harquahala INA.

This bill received a floor amendment on May 14th that attached onto it all provisions of SB 1081 (exemption area; assured water supply), SB 1172 (physical availability credits; water supply), and SB 1181 (groundwater replenishment; member lands; areas), creating a sort of water package bill. This package was further amended on May 22nd to include the full language from HB 2006 (real estate; acting in concert), HB 2007 (subdivided lands; civil penalties), and HB 2101 (land division; applicant submissions; review). At its May 23, 2024 meeting, the AMWUA Board of Directors voted to adopt a Neutral position on this bill package.

Last Action Taken – This amended bill passed Senate Third Read with a vote of 16-12-2 on May 22nd, and was transmitted back to the House. However, the bill failed a House motion to consider the bill for a final vote.

[HB 2366](#) physical availability; review; designated providers (Griffin)

Position – Oppose

HB 2366 attempts to endanger the designations of all designated municipal providers in the Phoenix AMA. The bill prohibits ADWR from adopting the Carry-Over Rule in the Phoenix AMA, which allows designated municipal water providers to carry over their unused groundwater allowance when applying for redesignation. Since ADWR has already adopted this rule, we do not believe that this provision would have any impact. However, HB 2366 still directs ADWR to review the physical availability of groundwater and stored water for each designated municipal water provider in the Phoenix AMA.

It is clear that HB 2366 is an attempt to question and undermine the groundwater allowances from all designated municipal providers and consequently threaten their ability to remain designated. This bill could cause incalculable damage to growth and development in Phoenix metropolitan area and the entire state by questioning the designations of water providers.

Last Action Taken – This bill was passed out of House NREW with a 5-4 vote on January 30th.

[HB 2584](#) residential building materials; requirements; prohibition (Gillette)

Position – Oppose

This bill would forbid a municipality from directly or indirectly prohibiting the use of building materials used in construction or modification of a residential building if that material is approved by a relevant

national model code. A municipality would also be prohibited from applying similar restrictions on materials used in construction or modification of prefabricated buildings.

Municipalities use building regulations and plumbing codes to improve water efficiency in residences by requiring certain water efficient appliances and fixtures. For example, some cities and towns require appliances with third-party water efficiency certifications such as EPA WaterSense. Similarly, cities and towns may incorporate green building and graywater regulations into their municipal codes to encourage more efficient water reuse. These regulations may not be part of a national model code but are nonetheless important for reducing water use and stretching every drop of water further here in Arizona. Therefore, this bill is concerning because it could make it harder for cities and towns to require necessary water conservation measures that help ensure water security for all of us.

Last Action Taken – This bill passed Senate GOV with a 7-0-1-0 vote on March 21st, and failed a Senate Third Read vote on May 8th with a vote of 14-14-2-0-0.

HB 2589 assured water supply; analysis; availability (Dunn)

Position – Oppose

An Analysis of Assured Water Supply is used by developers to “reserve” groundwater for future Certificates. An Analysis of Assured Water Supply is not a permanent guarantee and can expire and be revoked. However, numerous developers have argued that larger investments were made because of the analysis and believe it to be an expectation that they will receive the Certificate.

This bill would require ADWR to consider an Analysis of Assured Water Supply (that was issued before May 31, 2023, and has not expired) as a valid demonstration of physical availability of groundwater for the amount stated in the Analysis. The analysis must have included a finding of physical availability of groundwater. Additionally, ADWR must subtract the amount of groundwater “represented” by all Certificates that were already issued based on the Analysis from the amount of groundwater considered physically available based on the Analysis.

This bill was amended in committee to require ADWR to issue a Certificate using current water demand assumptions instead of water demand assumptions used for the initial Analysis. A separate adopted floor amendment would allow an Analysis holder to reduce the remaining volume of groundwater reserved in that Analysis by 15% after a Certificate has been issued.

This bill appears to be an attempt to require ADWR to resume the granting of some Certificates despite the release of the Phoenix AMA groundwater model. Issued Analyses are already considered in the model, and it has been demonstrated that sufficient physical availability does not exist. The Analyses that this bill applies to would not have been issued if they were based on ADWR’s most recent modeling. In fact, ADWR has stopped issuing new Analyses in the Phoenix AMA simply because there is not enough physical availability of groundwater. Requiring ADWR to issue Certificates based on the outdated modeling from these Analyses would not at all be in line with sound water management or scientific best practices.

Last Action Taken – HB 2589 passed out of the House with a 31-27-1-0-1 vote on February 28th and passed Senate NREW with a 3-2-2-0 vote on March 21st.

HB 2647/SB 1172 physical availability credits; water supply (Smith/Shope)

Position – Oppose

HB 2647 and SB 1172 would allow the holder of an irrigation grandfathered right (IGR) to earn a physical availability credit by permanently retiring their land from irrigation for future non-irrigation use if certain criteria were met. The land to be retired must have been farmed in 3 of the last seven years, the new non-irrigation use must remain appurtenant to the retired lands, and the groundwater is delivered by a municipal provider, which will withdraw the groundwater from within its service area.

The physical availability credit could also be used to support Certificates and Designations of Assured Water Supply. In addition to being physically available, any groundwater pumped pursuant to this credit would be considered consistent with the AMA's management goal.

The fundamental problem with this bill is that there is no clear connection between a grandfathered right and physical availability of groundwater. The bill tries to address this issue by limiting its applicability to recently used IGRs that would presumably have been factored into the Phoenix AMA groundwater model. In doing so, the intent seems to be reduction of unmet demand. (As background, the model projects agricultural demand at 2021 pumping rates for 100 years. However, this demand is removed when it is within the footprint of an Analysis or Certificate of Assured Water Supply. ADWR has cautioned that it would need to model the timing and location of any retirement of agricultural lands to determine if it would impact the simulated depths to water and unmet demands.)

A revised version of the language of SB 1172, which was the product of discussions between the Governor's Office and stakeholders, was amended into HB 2201 in Senate Add. COW on May 14th. Under the terms of this amended version, the amount of allowable pumping was reduced to 2.0 AF/acre for applications submitted before 2036 and 1.5 AF/acre for any applications submitted thereafter. All pumping was subject to CAGR D replenishment and any pumped groundwater could only be used on nearby lands. The bill's language also prohibited potable water from being used on non-functional turf for new non-residential uses. These agricultural-to-urban conversion provisions have been contentious and are the subject of ongoing discussions.

After the "water package" attached to HB 2201 failed to gain enough traction, many of the included bills, such as this "ag-to-urban" bill, began to move forward on their own. The final version of SB 1172 sent to the Governor also included language that would increase regulation of land divisions. However, this final version of SB 1172 does not include language that ADWR recommended for maximum aquifer protection, including only allowing the bill's provisions to apply to the Phoenix AMA. Consequently, AMWUA is advocating for the Governor to veto this bill.

Last Action Taken – HB 2647 passed Senate NREW with a 4-3 vote on March 21st. The amended SB 1172 passed a Senate Final Vote 16-12-2 on June 15th and was transmitted to the Governor.

[HCR 2040/SB 1195/SCR 1015](#) public monies; prohibited uses (Kern/Smith)

Position – Oppose

As introduced, this bill would have prohibited any public entity from promoting or becoming a part of an association that promotes (among other things) “reusing water that has touched human feces as a source of municipal drinking water”. The concurrent resolution versions of this legislation would have sought to enact this prohibition through a voter referendum.

All versions of this bill received an amendment that removed the provision that would have effectively banned advanced water purification. However, we are still concerned about the implications these measures could have on water utilities. One of the prohibitions listed in the bill focuses on entities that promote “limiting the increase of average global temperature or producing or adopting a climate action plan.” The term “climate action plan” is not defined, and it could perhaps be interpreted as preventing our cities from adopting drought/shortage preparedness plans or other plans that involve water conservation. This term could also be used to prevent actions based on new post-2026 Colorado River operating guidelines if those guidelines factor in climate change (which they will).

Last Action Taken – HCR 2040 passed out of the Senate Judiciary Committee with a 4-3 vote on March 14th. SB 1195 passed Senate GOV with a 5-4 vote of March 13th. SCR 1015 was never considered for a Senate Third Read vote.

[SB 1041](#) groundwater savings certificate; assured water (Hoffman)

Position – Oppose

SB 1041 would create a new type of a certificate (a Groundwater Savings Certificate) that could be used in place of a Certificate of Assured Water Supply when a developer plans to sell or lease subdivided lands in an active management area (AMA). As amended, the Groundwater Savings Certificate will be issued if all the following conditions are met:

Additionally, the SB 1041 directs ADWR to adopt rules by the start of this year that would provide or a reduction in water demand for a Groundwater Savings Certificate if a gray water system is installed that meets ADEQ’s requirements and the land in the application qualifies as a Member Land.

This bill manifests a criticism of how ADWR interpreted the unmet demand projected in the Phoenix AMA groundwater model. Some have argued that development should be allowed to continue in areas where the model has projected that the aquifer will not fall below 1,000 feet below land surface or bedrock, whichever is shallower. It also encourages the adoption of gray water systems in the belief that these systems will reduce overall water demand.

SB 1041 would significantly alter the 1980 Groundwater Management Act’s principle that the active management area is managed as a hydrologic whole. It would allow for the segregation of property’s presumed groundwater from the rest of the basin is hydrologically questionable since groundwater is not stationary, but flows.

This bill received an amendment on February 15th, 2024 that adds requirements stating that the groundwater to be used under the Groundwater Savings Certificate must be of sufficient quality, and that the provider or the CAGR D must have financial capability to deliver the water. The amendment also requires the groundwater to be used consistent with the management goal and management plan of the AMA, and the bill no longer authorizes ADWR to grant Designations of Assured Water Supply using these certificates. It was further amended in the House to address some issues related to groundwater physical availability determinations to support this certificate. However, this revised language has raised questions about how this bill could be implemented. None of these revisions address the core concerns with this bill—that it does not protect long-term storage credits and groundwater reserved for previous AWS determinations.

Last Action Taken – This bill passed out of the Senate with a 16-12-2-0-0 vote on February 29th. It passed out of the House NREW Committee on March 19th with a 6-4 vote, but was held in the House without a vote.

SB 1081 exemption area; assured water supply (Kerr)

Position – Neutral

SB 1081 intends to incentivize development on agricultural land within the Buckeye Water Conservation and Drainage District. Specifically, the bill would allow ADWR to designate part of city or town that is located in the Phoenix AMA and Buckeye Waterlogged Area as having an Assured Water Supply if several criteria are met. The portion designated must be entirely within an irrigation and water conservation district, the city or town must have contracted with the district for water service for at least 100 years, surface water or effluent of sufficient quality must be continuously available to meet the city or town's needs for 100 years, and the city or town must have sufficient financial capability and infrastructure to treat and deliver the water.

As introduced, the bill had many problems such as requiring ADWR to issue these partial designations based on groundwater and not allowing ADWR to rescind the designation nor require the water provider to meet several Assured Water Supply requirements. CAWCD had been concerned that the bill did not offer any other way to meet the AMA management goal other than through CAGR D membership. Those concerns have been alleviated through an amendment that has this partial designation through surface water and effluent from the district, including all requirements of the Assured Water Supply, and allowing the designation to be rescinded. ADWR and CAWCD are comfortable with the amendment.

The language of SB 1081 in its entirety was amended into HB 2201 in Senate Add. COW on May 14th but the original version of the bill moved forward on June 4th and is now with the Governor.

Last Action Taken – This bill passed House Third Read with a vote of 38-20-2 on June 4th and was transmitted to the Governor.

SB 1181 groundwater replenishment; member lands; areas (Petersen)

Position – Neutral

As introduced, SB 1181 would allow a municipal provider that is seeking a designation to decide whether to assume the replenishment obligation for any Central Arizona Groundwater Replenishment District (CAGRD) Member Lands within its service area or whether to have the replenishment obligation remain with those Member Lands. If the provider chooses for the replenishment obligation to remain with the Member Land, the Arizona Department of Water Resources (ADWR) would have the authority to require the provider to reduce the replenishment obligations for those Member Lands for a period of time after becoming designated.

This bill was introduced to support non-designated water providers that want to become designated through the Alternative Pathway to Designation (ADAWS), which ADWR is currently developing rules to establish an ADAWS, which was a recommendation from the Governor's Water Policy Council. Utilizing the ADAWS would require the water provider to become a Member Service Area, which would mean that it would need to assume the costs for CAGRD replenishing any excess groundwater pumping within its service area. Current CAGRD replenishment obligations have been limited to Member Lands within the water provider's service area. These non-designated water providers have expressed concerns that assuming this increased replenishment obligation in addition to pursuing new water supplies would be a significant financial challenge that would be difficult to gain support from either their governing council or through the Arizona Corporation Commission, if a private water provider. SB 1181 is designed to address that challenge by allowing a gradual assumption of replenishment obligations for Member Lands.

As amended on the floor of the Senate, SB 1181 was approved so it would allow a newly designated provider in the Phoenix AMA to choose whether it will assume the replenishment obligation for Member Lands within its service area (as a Member Service Area) or have these lands retain this obligation. If the provider does not immediately assume the replenishment obligation, the Member Lands would retain their replenishment obligation for either 10 years or the duration of the first term of the Designation, whichever is shorter. During this initial period, the water provider would report Member Land and Member Service Area replenishment obligations to CAGRD separately. Each year after this initial period, the provider would assume an additional 10% of the replenishment obligation for Member Lands within its service area. This assumption of replenishment would increase 10 percentage points each year until the provider would assume all replenishment obligations for Member Lands within 10 years from the initial period, or a maximum of 20 years total from the start of Designation.

The language of SB 1181 in its entirety was amended into HB 2201 in Senate Add. COW on May 14th.

Last Action Taken – This bill passed a Final Senate Vote 25-4-1 on June 15th and was transmitted to the Governor.

SB 1242 Strike Everything water conservation grant fund; purpose (Shope)

Position – Oppose

SB 1242 would shorten the time frames that the Arizona Department of Water Resources (ADWR) must comply with when processing Assured Water Supply (AWS) applications. It would reduce the administrative completeness review from 150 days to 90 days for all types of applications. Additionally, it would reduce the substantive time frame review from Certificates and Designations from 60 days to 30 days. When combined, all AWS applications would need to be processed within 120 days.

The House NREW Committee adopted a strike-everything amendment that would allow the Water Conservation Grant Fund to finance the Water Infrastructure Finance Authority's cost for administering and promoting the fund. Additionally, a developer could apply for grants from this fund to install gray water systems.

Last Action Taken – This bill passed a Senate Final Vote 21-5-4 on June 15th and was transmitted to the Governor.

SB 1243 groundwater sales; online exchange (Wadsack)

Position – Oppose

SB 1243 proposes to allow those with a grandfathered groundwater right in the Phoenix, Pinal and Tucson Active Management Areas (AMAs) to sell or lease a portion of their right or the groundwater itself to anyone in these three AMAs. Any groundwater right or groundwater sold leased may not be withdrawn in another sub-basin but may be transported to that basin. When a transaction occurs, the buyer lessee is entitled to receive the right to receive or withdraw 65% of the total amount of groundwater that was part of the transaction. The remaining 35% will remain with the land and cannot be pumped, used, or otherwise conveyed.

SB 1243 has numerous problems. First, there has been a market for grandfathered groundwater rights since the passage of the Groundwater Management Act in 1980. Second, by allowing quantities of groundwater to be sold or leased, SB 1243 contradicts established caselaw on managing groundwater. Third, allowing grandfathered rights to be sold for use outside of the AMA in which they were issued threatens the ability to reach the unique management goal of that particular AMA. Fourth, physical availability of groundwater is separate and distinct from the right to pump groundwater. Deeming water pumped pursuant to a Grandfathered Right to be physically available for the purpose of obtaining a Certificate of Assured Water Supply is not based on hydrologic reality and is contrary to the consumer protection purpose of the assured water supply provisions.

Last Action Taken – This bill passed out of the Senate on March 6th with a vote of 16-14. This bill passed out of House NREW with a 5-4-1 vote on March 19th, and passed House COW on April 4th.

SB 1289 DWR; hydrology reports (Hoffman)

Position – Oppose

June 27, 2024 – AMWUA Board of Directors Meeting – Agenda Item #3

SB 1289 would require the Arizona Department of Water Resources (ADWR) and Governor to provide the House and Senate Committees on Natural Resources, Energy & Water with a copy of any report on the hydrologic conditions of an active management area (AMA) 30 days before that report is issued.

This bill would essentially give lawmakers, and any party that happens to receive this report from a lawmaker, a sneak preview of any projections and findings from an AMA groundwater model. No entity or person was given a physical copy of the report on the projections and findings of the Pinal AMA or Phoenix AMA groundwater model before those were publicly released.

Last Action Taken – This bill passed out of the House NREW Committee with a 6-4 vote on March 5th and passed House Third Read with a 31-28-0-0-1 vote on April 3rd. It was transmitted to the Governor on April 10th and vetoed by the Governor on April 16th.

Other active water bills being tracked –

[HB 2006](#) real estate; acting in concert (Griffin)

Position – Neutral

This bill specifies that familial relationships, well-sharing agreements, road maintenance agreements, and use of the same engineer or contractor do not constitute “acting in concert” to illegally subdivided lands. The bill was amended on the floor to clarify that use of the same contractor or engineer did not constitute “acting in concert” for counties outside of Maricopa or Pima County.

This bill is in response to a recommendation from the Governor’s Water Policy Council to improve oversight of “wildcat” subdivisions, which are lots that are illegally created to circumvent the legal requirements for creating subdivided lands. Specifically, the Council’s recommendation seeks to broaden the applicability of the “acting in concert” statute, which prohibits different parties from working together to divide lands into lots without going through the approval process to formally subdivide those lands.

[HB 2007](#) subdivided lands; civil penalties (Griffin)

Position – Support

This bill implements another recommendation for addressing “wildcat” subdivisions made by the Governor’s Water Policy Council. Under current law, the civil penalty for violating statutes and regulations to unlawfully selling or leasing subdivided lands is a fine of up to \$2,000. However, any infraction involving more than one lot is considered a single infraction. Therefore, someone who illegally subdivided lands to create 100 lots would be fined as if he created a single lot. HB 2007 would apply this civil penalty to each lot where the violation occurred, which means that the aforementioned subdivider would be fined as much as \$200,000 for illegally creating 100 lots.

[HB 2009](#) subdivisions; acting in concert (Griffin)

Position – Support

This bill would add a time-related criteria to the “acting in concert” statutes by specifying that illegally subdividing lands involves dividing a parcel into six or more lots to sell or lease through a series of owners, conveyances or other methods over a 10-year period. It also requires someone who applies to split a parcel to acknowledge this definition of “acting in concert.”

[HB 2013](#) water improvements program; nonprofit corporations (Griffin)

Position – Neutral

This bill would allow a nonprofit corporation to establish a water improvement program to provide finance assistance to low-income or fixed income property owners to either deepen their drinking water well or replumb their residence for a water delivery system. Although counties have the authority to establish this program, some have declined to do so because they lack the funds necessary to implement it.

[HB 2015](#) subsequent water management areas; basins (Griffin)

Position – Neutral

This bill would limit who can sign a petition to the Arizona Department of Water Resources to designate a subsequent irrigation non-expansion area (INA) or designate an INA as an active management area (AMA). Specifically, this bill would require residents who sign a petition to be receiving their drinking water from the same groundwater basin or sub-basin specified in that petition. HB 2015 would also limit who can sign a petition to hold a local election to designate a subsequent AMA.

The bill was amended to require that any ADWR-initiated public comment session, stakeholder process, or public hearing related to creating a subsequent INA or AMA be held in the groundwater basin or sub-basin that might be designated. The amendment also requires ADWR to explain the potential impact of designation.

[HB 2016](#) grandfathered right; subsequent AMA; extension (Griffin)

Position – Neutral

This bill is an emergency measure that would allow someone within the recently created Douglas active management area (AMA) to file an application for a grandfathered groundwater right with the Arizona Department of Water Resources (ADWR) by September 1, 2024. Within AMAs, pumping groundwater requires some to obtain a right or a permit from ADWR. A grandfathered groundwater right refers to a right pump groundwater based on the individual’s historic water usage; this pumping is essentially “grandfathered” into the AMA.

There have been concerns that some residents of the Douglas AMA (which was designated on December 1, 2022) have not submitted grandfathered groundwater rights applications and therefore might lose their right to pump groundwater. The deadline to apply for these rights is currently March 1, 2024, so HB 2016 would effectively extend that deadline by six months.

This bill received an amendment at Senate NREW that applies the bill's provisions retroactively to February 29th, 2024. This added provision appears intended to allow Douglas AMA residents to have their applications for grandfathered rights re-evaluated even if they submitted after the due date as it currently stands (March 1st, 2024).

[HB 2019](#) groundwater model; public inspection; challenge (Griffin)

Position – Oppose

As introduced, this bill would have required the Arizona Department of Water Resources (ADWR) to make publicly available “at no cost” all information related to groundwater models it uses for Assured Water Supply determinations. It also would have required ADWR to establish a process to allow anyone to challenge any of its groundwater models. The House Natural Resources, Energy and Water Committee adopted two amendments to this bill. The first amendment removed the public challenge process. The second amendment required ADWR to publicly post the assumptions it would use a groundwater model at least 90 prior to its release. ADWR would also be required to invite public comment and provide a response indicating if each comment led to a change in any of the model's assumptions.

Since the release of the Pinal Active Management Area (AMA) groundwater model in Fall 2019, ADWR has been exceedingly proactive in working with stakeholders to address any concerns about its groundwater model. In the case of the Pinal AMA model, ADWR formed a stakeholder group and many of the changes made in response to this group's concerns were carried over to the Phoenix AMA model. ADWR has similarly indicated that it is open to remedying any technical concerns related to Phoenix AMA model. Any changes made would undoubtedly impact the model's assumptions and projections for unmet demand. If anything, the required public comment process required by HB 2019 would delay the release of the model.

[HB 2024](#) lottery; on-farm irrigation efficiency fund (Griffin)

Position – Support

This bill would annually appropriate \$50 million from the State Lottery Fund to the On-Farm Irrigation Efficiency Fund in FYs 2025 and 2026. This appropriation would occur after nearly all distributions from the State Lottery Fund are made, but before any remaining fund monies are deposited into the state General Fund.

The On-Farm Irrigation Efficiency Program was created in 2022 to provide grants for farmers to adopt water-efficient drip and sprinkler systems in place of flood irrigation. It received an initial appropriation of \$30 million in ARPA monies in 2022 and received \$15 million more from the state General Fund in 2023. To date, this program (which is administered by the University of Arizona Cooperative Extension)

has enabled more efficient irrigation on over 18,000 acres of farmlands, resulting in an annual water savings of about 36,000 acre-feet.

[HB 2027](#) subsequent AMAs; assured water supply (Griffin)

Position – Neutral

This bill would not require a subdivision that is within the boundaries of a county or municipality that had adopted a mandatory water adequacy ordinance to show an adequate water supply if that subdivision is included in a subsequent active management area. Any such subdivision that has already been shown to have an adequate water supply would be considered to have an assured water supply.

This bill is intended to resolve some regulatory ambiguities raised by the recently created Douglas AMA in southeastern Arizona. While AMAs require an *assured* water supply before developing subdivided lands, rural communities only require that developers disclose whether subdivided lands have an *adequate* water supply. However, rural counties and municipalities can adopt ordinances requiring a demonstration of adequate water supply before subdivided lands are developed. Cochise County has adopted one of these mandatory water adequacy ordinances. The creation of the Douglas AMA, which is within Cochise County, raised questions of how the county’s mandatory water adequacy ordinance and the subdivisions authorized under it would be treated. HB 2027 is intended to resolve these ambiguities.

[HB 2060](#) irrigation non-expansion area; substitution; acres (Griffin)

Position – Neutral

This bill would allow a person who owns irrigated acres within an irrigation non-expansion area (INA) to permanently retire those acres and transfer the irrigation right to a piece of land that is the same acreage in the same INA and use the associated water for any purpose. The person must demonstrate to ADWR that the transfer of the irrigation right will not lead to a net increase in groundwater withdrawal within the INA. However, ADWR may not condition approval of the acreage substitution on groundwater withdrawal being decreased.

An INA essentially freezes the amount of lands that may be irrigated within its boundaries. With some exceptions, only those lands that were irrigated any time in the five years preceding the INA’s creation may continue to be irrigated once the INA is created. One of those exceptions occurs when there is an issue inherent to the lands that are allowed to be irrigated. Specifically, lands irrigated within an INA may be retired from irrigation and replaced with a comparable amount of lands when the lands to be retired are either flood damaged or have a condition that limits the ability to achieve more efficient irrigation.

[HB 2063](#) exempt wells; certificate; groundwater use (Griffin)

Position – Neutral

This bill reiterates that owners of exempt wells are allowed to pump no more than 35 gallons per minute and requires ADWR to issue owners of exempt wells with a “Certificate of Water Rights” that says as much. This bill also clarifies that exempt well owners may not appropriate subflow or surface water out of priority and further specifies that withdrawn water is not exempt from a general stream adjudication.

This bill may be proposed in response to recent actions in the Gila River general stream adjudications. In December 2021, at the request of the adjudication court, ADWR issued a report that proposed a subflow zone for the Verde River Mainstem and the Sycamore Canyon Subwatershed, which will assist the court in distinguishing between subflow and groundwater. ADWR issued a separate report for the remainder of the Verde River watershed in April 2023, which included all tributaries not covered in the 2021 report. Those who filed statements of claim in the Gila River general stream adjudication could file objection with the Maricopa County Superior Court related to ADWR’s findings by October 27, 2023. After that date, the court will review these objections and consider further proceedings before ultimately issuing an order on the subflow boundaries for this watershed. Once those boundaries are established, the court will determine wells are located within the subflow zone and which wells are outside this zone. Wells within this zone are presumed to pump surface water. Wells outside this zone may pump surface water depending on how the pumping impacts the subflow zone. The Senate NREW Committee adopted an amendment that specified that decreed or appropriate rights, surface water, appropriable water, and the general stream adjudication are not pre-empted or affected by the bill’s “Certificate of Water Rights.”

[HB 2096](#) tiny homes; construction; requirements; exemptions (Parker B)

Position – Neutral

This bill requires that counties ensure “maximum ease” when considering the construction of residences on “residential rural land”. The bill also states that counties cannot require building permits for single-family home and accessory dwelling units built on residential rural land, they meet some requirements. These requirements include a maximum size of 600 square feet for the home and a requirement that the home is attached to utility service, or otherwise has on-site electrical generation capacity, on-site water storage, and an on-site wastewater treatment or graywater system. Counties are allowed to require the owners and/or builders of said buildings to sign an affidavit saying that they will abide by the requirements in the bill, and that they are not constructing the building with the intent of selling or leasing it.

This bill, along with HB 2097, is intended to allow for easier construction of tiny homes on county islands and other unincorporated land. While this bill does not necessarily directly impact the AMWUA cities, the proliferation of residential buildings on county islands raises questions about exactly how wastewater will be discharged and treated; and therefore, is something that AMWUA should monitor.

[HB 2097](#) gray water; definition; residential standards (Parker B)

Position – Neutral

This bill prohibits county supervisors from putting additional regulations or zoning restrictions on use of graywater systems or on land improvements that allow for the use of graywater systems. This bill also adds a definition of a “composting toilet” to Title 49 and clarifies that a kitchen sink that includes a garbage disposal does not produce graywater. This bill also clarifies that a graywater treatment and disposal system does not constitute an on-site wastewater treatment facility. This bill prohibits a city, town or county from requiring notice or permit before a resident can use graywater if the resident meets a series of requirements that are meant to prevent the graywater from contaminating aquifers or food sources. Lastly, this bill prevents a city, town, or county from prohibiting a composting toilet on an unincorporated lot of two acres or more that is not adjacent to a city or town.

[HB 2101](#) land division; applicant submissions; review (Griffin)

Position – Support

HB 2101 requires an applicant for a land division to answer two additional questions when submitting an application. The first question asks if them or related parties own or represent any property in the same tax parcel map or subdivision as the lots in the application. The second question asks if them or related parties have sold or leased any property within the same tax parcel map or subdivision as the lots in the application.

The House Land, Agriculture, and Rural Affairs Committee amended this bill to require applicants for land divisions and building permits for new single-family homes to identify any ownership interest in the property. It also exempted properties for which a public report has been issued within the last 10 years and that have had no material changes to the plat.

[HB 2123](#) wells; water measuring devices; prohibition (Smith)

Position – Oppose

As amended, this bill prohibits the State or any political subdivision of the State from requiring a water measuring device for any well with a location that meets all of the following criteria:

- In a basin or subbasin that is subject to a general adjudication of water rights that has not yet been completed;
- outside of an initial Active Management Area (AMA); and
- outside of a basin from which groundwater can be withdrawn and transported to an AMA.

This bill, despite not applying to initial AMAs or the specific transportation basins, is a threat to ADWR’s ability to regulate groundwater in Arizona. This bill is also in obvious opposition to the intent and recommendations of the Governor’s Water Policy Council’s Rural Groundwater Committee.

[HB 2184](#) brackish groundwater pilot program (Smith)

Position – Neutral

This bill would amend the 2023 General Appropriations Act to state that \$2 million previously appropriated to ADWR for the purpose of a brackish groundwater desalination demonstration program within the AMAs can now be used for such a demonstration program anywhere within Arizona. This bill also states that ADWR may locate this demonstration program within any administrative section of ADWR, rather than within the AMA section. Lastly, this bill states that \$9 million previously appropriated towards dollar-for-dollar matches for brackish water desalination projects by CAP subcontractors within AMAs can now be used for such matches anywhere within Arizona. CAP will be provided \$3 for every dollar it contributes towards such programs that are within AMAs.

Pursuing the use of brackish groundwater as a “new” supply of water continues to be an inappropriate use of state funds and ADWR’s time, as brackish groundwater is deemed hydrologically and legally as groundwater within ADWR modeling and the Assured Water Supply Program. However, this funding has already been appropriated, and this bill takes a slightly positive turn by allowing ADWR slightly more flexibility in the use of this funding. One may speculate that ADWR has had trouble putting this funding to use within AMAs, because of the aforementioned reality about brackish groundwater, so the flexibility granted by this bill may allow them to carry out such a study elsewhere in Arizona.

[HB 2195](#) on-site wastewater treatment facilities; permitting (Hendrix)

Position – Monitor

This bill would allow an on-site wastewater treatment facility with a design flow between 3,000 and 75,000 gallons per day to operate under a general Aquifer Protection Permit (APP) rather than having to obtain an individual permit. The facility operator must comply with existing general permit rules, and the bill also requires ADEQ to create requirements for maintenance, monitoring, recordkeeping, and reporting that would apply to such facilities operated under a general permit. The House Natural Resources, Energy and Water Committee adopted an amendment that allowed ADEQ to require an on-site wastewater treatment facility with a design flow of 50,000 gallons or more per day or for a site with multiple facilities with a collective flow of 50,000 gallons or more per day to provide adequate financial assurance.

[HB 2368](#) transportation; groundwater; Douglas AMA (Griffin)

Position - Neutral

HB 2368 would allow a private water company to withdraw groundwater from the Upper San Pedro Groundwater Basin to transport to the Douglas AMA if the groundwater will be used for municipal service, the private water company or its predecessor had been engaged in this transportation since September 30, 1992, and the company holds a Certificate of Convenience and Necessity to provide water service in the Douglas AMA. HB 2368 limits the amount of groundwater that may be annually transported to the annual amount that was transported before December 1, 2022. A floor amendment clarified that the bill’s provisions apply to an owner of a non-exempt well. It also required the well owner to report information to ADWR on how much groundwater was annually transported between the Upper San Pedro Groundwater Basin and the Douglas INA between 2012-2022.

HB 2368 is intended to allow Arizona Water Company – Bisbee to continue transporting groundwater to the Town of Douglas. The company’s service area is mostly within the Upper San Pedro Groundwater Basin though part of it overlays the Douglas AMA. The Company relies on four wells near Naco to provide groundwater.

[HB 2487](#) residential lease community; Prescott AMA (Bliss)

Position – Neutral

HB 2487 would establish water supply-related criteria to dictate when a city or town in the Prescott AMA or the Yavapai County Board of Supervisors could approve a commercial building plan for a build-to-rent or multi-family housing property. As amended on the House floor, this plan could only be approved if the development in question either

- Obtained water service from a designated water provider;
- Acquired sufficient Type 1 or Type 2 non-Irrigation Grandfathered rights to meet the development’s annual demand;
- Retired sufficient Irrigation Grandfathered Rights to meet the development’s annual demand;
- Acquired sufficient extinguishment credits or effluent long-term storage credits to meet the development’s annual demand; or
- Acquired sufficient renewable or imported water supplies to meet the development’s annual demand.

The floor amendment also added an emergency clause to the bill, which would allow it to go into effect on the Governor’s signature if at least 2/3 of each legislative chamber vote in favor of the bill.

[HB 2628](#) department of environmental quality; omnibus (Griffin)

Position – Neutral

HB 2628 is an omnibus bill that makes various changes to the Arizona Department of Environmental Quality’s statutes, including those related regulating coal combustion residuals and vehicle emissions. The only water-related provisions of this bill involve the Monitoring Assistance Program, which helps smaller water systems comply with the Safe Drinking Water Act, and one change to the Underground Injection Control (UIC) Program.

For the UIC Program, HB 2628 repeals A.R.S. 49-257, which requires the Safe Drinking Water Act’s definitions for this program and implementing regulations to apply to the State’s UIC Program.

Regarding the Monitoring Assistance Program, HB 2628 authorizes ADEQ to adopt rules that establish criteria for public water systems to opt out of this program. The bill also allows ADEQ to conduct additional sampling when a system’s sample exceeds a limit established in the Safe Drinking Water Act’s rules. Finally, HB 2628 allows the program’s fund to receive federal monies and private grants, gifts, and contributions and provides more flexibility to ADEQ when a fund surplus occurs.

SB 1056 municipalities; counties; fee increases; vote (Petersen)

Position – Oppose

This bill would require a two-thirds vote in favor by the common council of a municipality or the board of supervisors of a county before any increase of any assessment, tax, or fee.

This bill would make it harder for city councils to pass any increase of assessments, taxes, or fees. This would certainly make it harder to increase development fees and may make it harder to increase other fees associated with water service in the AMWUA cities. While it is necessary that assessment, tax, and fee increases are run through city councils, requiring a two-thirds majority is unnecessarily cumbersome. The additional barrier this creates makes it even harder for city water departments to recoup their costs for providing quality water and wastewater services to their residents.

SB 1153 regulatory costs; rulemaking; legislative ratification (Kern/Carroll)

Position – Oppose

This bill would require any proposed rule that is “estimated to increase regulatory costs” in Arizona by more than \$100,000 within five years to be submitted to the Office of Economic Opportunity (OEO) for review. Any proposed rule that the OEO confirms will cost the state more than \$500,000 within five years may not become effective until the Legislature enacts legislation ratifying the proposed rule. After confirmation of cost, the OEO would submit the proposed rule to the Administrative Rules Oversight Committee, and the Committee would submit the rule to the Legislature “as soon as practicable”. The agency is prohibited from submitting a finalized rule until the Legislature ratifies the rule, and the agency must terminate the proposed rule if the Legislature fails to ratify it within the same legislative session that it was submitted to the Committee. Additionally, any person regulated by an agency proposing a rule and any State Legislator may submit a rule to the OEO for review.

This bill is troubling because of the wide-ranging impacts it could have on ADWR, ADEQ, and every other state agency. Oversight of agency rulemaking should be handled through public stakeholder processes, and not through the political machinations of the legislature.

This bill received an amendment on February 15th that added the requirement that any bill costing more than \$100,000 be submitted to the OEO, and that any person or Legislator may submit a bill for review.

SB 1221 basin management areas; appropriation (Kerr)

Position – Neutral

This bill would establish a type of rural groundwater management framework called a Basin Management Area (BMA). These areas may only be initiated through a petition by voters who live within the groundwater subbasin or basin covered by the area. These areas may be turned into Active Basin Management Areas if there is a unanimous vote by all County Boards of Supervisors that govern land

contained within the Management Area. Active Management Areas are managed by a five-person council that works in conjunction with ADWR and the State Legislature to develop a management plan for the Area and provide financial assistance for water conservation.

Despite Senator Kerr's decision to leave the Governor's Water Policy Council last year, this bill is in some ways consistent with the recommendations developed by the Council's Rural Groundwater Management Committee. A concern that exists with the bill is that it may inhibit the formation of new Active Management Areas (AMA) or Irrigation Non-Expansion Areas (INA) because of a provision that prohibits an area that is currently a Basin Management Area from becoming an AMA or INA. Additionally, the process that this bill creates to establish a Basin Management Area in the first place is so convoluted that it is possible one of these areas will never be created.

This bill received amendments on February 7th and 9th that established criteria under which ADWR may submit an area to a County Board of Supervisors for designation as a Basin Management Area. ADWR may submit an area if it is an INA that is not a groundwater transport basin or if it is any basin that has experienced mean groundwater level declines more than 50 feet between 2000 and 2020. A separate floor amendment modified several other provisions, such as reducing the required annual decline in index well levels from 10 feet to 5 feet to create a BMA and establishing processes to convert agricultural groundwater rights to municipal or industrial user and to transfer groundwater rights.

SB 1264 Colorado River; pumping; notice; objection (Borrelli)

Position – Neutral

SB 1264 requires, as part of a notice of intent to drill filed with the Arizona Department of Water Resources (ADWR), a statement indicating that there is no objection from a municipality, county, irrigation district, or the Mohave County Water Authority with a Colorado River entitlement when the well is an exempt well that will be drilled either:

- Within the city limits or water service area (as defined in a Colorado River entitlement contract) of a municipality in a county adjacent to the Colorado River;
- Within the service area of an irrigation district in a county adjacent to the Colorado River;
- Within 5 miles of the Colorado River in a county adjacent to the Colorado River; or
- Within the water service area of the Mohave County Water Authority.

The person intending to drill this well must first submit a notice of intent to drill to the applicable municipality, county, irrigation district, or county water authority. If the applicable governing body does not object to this application within 45 days, ADWR is directed to assume that the governing body does not object and process the application.

Water bills no longer active –

[HB 2010](#) cities; towns; water reuse plans (Griffin)

Position – Neutral

This bill would allow a municipality’s common council to participate in water reuse and recycling programs and regional wastewater recharge projects and related infrastructure. We do not currently know the intent or need for this legislation.

[HB 2011](#) lottery; water infrastructure finance authority (Griffin)

Position – Support

This bill would annually appropriate \$50 million from the State Lottery Fund to the Water Infrastructure Finance Authority (WIFA). This appropriation would occur after nearly all distributions from the State Lottery Fund are made, but before any remaining fund monies are deposited into the state General Fund. This \$50 million appropriation would be evenly divided between the Water Supply Development Revolving Fund and the Water Conservation Grant Fund.

While the Water Supply Development Revolving Fund can receive revenue from fund bonds and loan repayments, the Water Conservation Grant Fund lacks a dedicated revenue source. The Water Conservation Grant Fund received a single \$200 million appropriation in American Rescue Plan Act monies, and those funds are set to be fully encumbered by the end of the calendar year.

[HB 2018](#) subsequent irrigation non-expansion area; removal (Griffin)

Position – Oppose but Seek to Amend

HB 2018 would require the Arizona Department of Water Resources (ADWR) to periodically review subsequent irrigation non-expansion areas (INAs) to determine whether they still meet the criteria to qualify for an INA. ADWR would also have the authority to rescind an INA’s designation if it no longer meets these criteria. Additionally, the bill would establish a process by which local residents could petition ADWR to rescind a subsequent INA’s designation. Finally, HB 2018 would restrict who can sign a petition requesting that ADWR designate a subsequent INA to registered voters who receive their drinking water from the basin or sub-basin specified in the petition.

INAs—which were originally established in 1948 as “critical groundwater areas”—are designed to preserve groundwater for future agriculture by essentially prohibiting the expansion of any irrigated acreage. In A.R.S. 45-431, initial irrigation expansion areas are listed as the Douglas critical groundwater area and Joseph City critical groundwater area. The Harquahala INA was designated by ADWR in 1982, which means it would be considered a subsequent INA. Aside from the Harquahala INA, the only other subsequent INA is the Hualapai Valley INA, which was designated by ADWR in October 2022.

[HB 2028](#) groundwater model; unpledged storage credits (Griffin)

Position – Oppose

This bill would require the Arizona Department of Water Resources (ADWR), when making a groundwater model to help evaluate Assured Water Supply determinations, to assume that any long-term storage credits (LTSCs) not pledged to a current water user or Assured Water Supply application will be available for use.

This bill is intended to address a criticism that the Phoenix AMA groundwater model, which projected a 4% overallocation of groundwater over the next 100 years, did not fully consider the availability of future LTSCs that could be used in place of groundwater.

[HB 2056](#) appropriation; on-farm efficiency fund (Dunn)

Position – Support

This bill would appropriate \$30 million from the State General Fund for FY 225 to be used for the On-Farm Irrigation Efficiency Fund.

The On-Farm Irrigation Efficiency Program was established in 2022 and is administered by the University of Arizona’s Cooperative Extension. The program provides grants and collects data for the purpose of reducing on-farm use of Colorado River water, surface water, and groundwater, while also seeking to reduce use of flood irrigation and instances of fallowing. Essentially, the program seeks to reduce water use through efficiency gains rather than reducing farmed acres.

[HB 2057](#) appropriation; long-term water augmentation fund (Dunn)

Position – Support

This bill would appropriate \$143.8 million from the State General Fund for FY 2024 for WIFA’s Long-Term Water Augmentation Fund. This appropriation would also be exempt from lapsing at the end of FY 2024.

This appropriation would make WIFA’s Long-Term Water Augmentation Fund whole again, after \$143.8 million in funding was directed elsewhere instead of to that fund in the 2023 session. AMWUA is supportive of funding that can help WIFA secure additional water sources for our state and our member cities.

[HB 2058](#) Yuma water banking; study committee (Dunn)

Position – Oppose but Seek to Amend

This bill would establish the Yuma Area Water Banking Study Committee. This committee would consist of two Yuma-area senators and four Yuma-area representatives from the State Legislature, as well as

seven members of the Yuma Area Agricultural Council, each of whom would represent one of the seven irrigation districts in Yuma County. The purpose of the committee would be to develop legislation to establish a water banking authority for the “Yuma County area” that would bank excess Colorado River water. The committee would submit a report of its findings to the Governor and State Legislature by 2025. This bill would also require ADWR to assign staff and provide services to the committee.

The biggest concern raised by the potential creation of a water banking authority for Yuma County are the implications for lower priority Colorado River users. If this authority would bank higher priority excess Colorado River water for Yuma-area agricultural users, many of whom have senior Colorado River water rights, it could adversely impact the Central Arizona Project and other lower priority Colorado River users by leaving less water in the river.

[HB 2059](#) contiguous real estate; definition (Griffin)

Position – Neutral

This bill would amend the definition of “contiguous” in reference to subdivisions to include lots, parcels or fractional interests that are separated by a private road or street. This bill also clarifies that lots separated by a public road or street are not considered contiguous.

This bill is in response to the recommendations made by the Governor’s Water Policy Council in relation to wildcat subdivisions. However, this bill does not appear to capture the spirit of what was recommended by the Council. The Council’s recommendations stated that only highways would be able to separate lots and make them “non-contiguous”, whereas this bill states that any public road would make lots “non-contiguous”, which would include any city or town road

[HB 2061](#) subsequent active management area; removal (Griffin)

Position - Oppose

This bill would require ADWR to periodically review all areas that are included within subsequent Active Management Areas (AMAs) and determine whether the areas still meet the criteria for inclusion within an AMA. This bill would also require voters to obtain their drinking water from within a groundwater basin before they can vote on whether that basin should be designated as a subsequent AMA. This bill would also allow a subsequent AMA designation to be removed if ten percent of voters within the AMA sign a petition calling for the removal and then a majority of voters approve this removal in a general election.

[HB 2099](#) active management area; groundwater right (Griffin)

Position – Oppose

This bill would prohibit ADWR, in an AMA that had previously been an INA, from granting a water duty acre that is less than the highest annual withdrawal of the user since the basin was designated as an INA. This bill also requires ADWR to grant any person who owns legally irrigated land (in an AMA that

was previously an INA) an irrigation water duty and a designation of the number of farm units that is consistent with the user's highest annual withdrawal since the basin was designated as an INA. ADWR would be required to provide groundwater users with notice of their granted water duty and farm units and cannot charge the user any fee or require any application. The user can contest the granted water duty and farm units. Lastly, this bill states that on the effective date of the act ADWR will grant all groundwater users in the Douglas AMA an irrigation water duty consistent with this act. This is an emergency measure.

This bill would essentially eliminate ADWR's ability to regulate agricultural groundwater pumping in the recently designated Douglas AMA.

[HB 2150](#) groundwater sales; online exchange (Kolodin)

Position – Oppose

HB 2150 proposes to allow those with a grandfathered groundwater right in the Phoenix, Pinal and Tucson Active Management Areas (AMAs) to sell or lease a portion of their right or the groundwater itself to anyone in these three AMAs. Any groundwater right or groundwater sold leased may not be withdrawn in another sub-basin but may be transported to that basin. When a transaction occurs, the buyer lessee is entitled to receive the right to receive or withdraw 65% of the total amount of groundwater that was part of the transaction. The remaining 35% will remain with the land and cannot be pumped, used, or otherwise conveyed.

Any groundwater or right conveyed would be exempt from replenishment by the Central Arizona Groundwater Replenishment District, excluded from a designated water provider's groundwater allowance, deemed consistent with the AMA's management goal, and deemed physically available for obtaining a Certificate of Assured Water Supply.

[HB 2182](#) augmentation; Phoenix; Pinal; Tucson; AMA (Kolodin)

Position – Monitor

This bill would change the allowable uses of WIFA's Long-Term Water Augmentation Fund to include creating new water sources and purchasing new water or purchasing rights to use new water created within Arizona. The bill also states that the fund cannot be used to purchase water or rights to water from in-state users unless the purchase is related to the creation of new water. The bill also states that the funds can be used to construct infrastructure to convey or deliver new water created in Arizona. Lastly, the bill states that 75% of any money left in the fund for FY22, FY23, or FY24 as of the effective date of the bill must be used to supply imported or new water to users within the Phoenix, Pinal, or Tucson AMAs.

[HB 2214](#) water treatment facilities; loan repayment (Terech)

Position – Support

This bill would remove from Title 9 a requirement that cities and towns with a population of more than 150,000 must hold a public vote before the city or town may enter into a federal financial assistance loan repayment program through the Water Infrastructure Finance Authority (WIFA). This bill would also remove a similar requirement that applies to all counties.

Requiring municipalities with a population of more than 150,000 people to ask for a vote before entering a federal loan repayment program through WIFA puts an unfair barrier between most of the state’s population and crucial water resources development funding. No such requirement exists for any other loan repayment program or funding source, and the fact that the State Legislature put a five year stay on this provision shows that it is unnecessary and harmful.

[HB 2320](#) watersheds; beneficial use; instream flows (Travers)

Position – Monitor

This bill would allow the Game and Fish Commission to acquire and lease surface water rights for “watershed health uses and instream uses”. This bill also defines “watershed health uses” as water that is conserved in a natural watercourse and not otherwise used and that supports watershed health. This bill also requires ADWR to conduct a watershed health survey every three years after the initial survey (which is not described in this bill). The survey will evaluate the overall health of each watershed in the state based on hydrology, geomorphology, plant and animal biodiversity, landscape condition, and other factors. This bill also adds watershed health as a reason why a water right may be severed and transferred from the land to which it is appurtenant.

While it is a laudable goal to evaluate the overall health of Arizona’s watersheds, it is worrying that another large responsibility would be placed on ADWR without additional funding or other resources.

[HB 2355/SB 1108](#) subsequent active management area; designation (Stahl Hamilton/Sundareshan)

Position - Monitor

This bill would require ADWR to designate as an AMA any area that meets the AMA designation criteria. The criteria include water quality degradation from groundwater use, land fissures, and active management to preserve groundwater for future use.

[HB 2356/SB 1328](#) subsequent irrigation; non-expansion areas; procedures (Stahl Hamilton/Sundareshan)

Position – Monitor

This bill would allow ADWR to consider “reasonable projections” of future irrigation groundwater use when considering whether to designate an area as a subsequent INA, rather than only considering current irrigation groundwater use. This bill also defines the acceptable amount of groundwater available for irrigation as a 100-year supply. This bill also specifies who may sign a petition to designate a subsequent INA, including someone who is the owner of irrigated land, has irrigated two or more acres in the basin in the past five years, or “is capable of irrigating the land in the future”. This bill requires these petitions to be submitted along with a numeric groundwater model and hydrologic report prepared by a professional geologist or hydrologist. Lastly, this bill states that ADWR’s final decision on the designation of a subsequent INA are not an appealable agency action but are subject to judicial review, and that after a refusal another petition to designate the area may not be submitted for three years.

[HB 2357/SB 1329](#) watershed health; use; survey (Stahl Hamilton/Sundareshan)

Position – Monitor

This bill would require ADWR to establish criteria to evaluate the status of the relationship between “ecological water needs”, groundwater withdrawal, and surface water appropriations in Arizona. This bill also requires ADWR to complete a survey of the status of the waters of Arizona by December 31, 2026. This survey must include an assessment of the overall health of all watersheds in the state, and a lesser assessment of the health of sub-watersheds and the health of the ecosystems they support. ADWR must also determine the appropriate steps to be taken to remedy the problems in these watersheds and recommend legislation through which to take these steps. ADWR is also required to hold public meetings and receive and publish public comments on this survey and make the survey public when it is complete. This bill also includes the same requirements for follow-up surveys and the same definitions that are included in HB 2320.

Again, while it is laudable goal to evaluate the overall health of Arizona’s watersheds, it is worrying that another large responsibility would be placed on ADWR without additional funding or other resources.

[HB 2358/SB 1106](#) state lands; leases; groundwater use (Stahl Hamilton/Sundareshan)

Position – Support

This bill would require ADWR to establish rules to govern an annual groundwater withdrawal fee that it will levy upon each lessee of State Land for agricultural purposes that is located outside of an AMA or INA. These lessees would be required to submit a report to ADWR each year that details the locations of any wells, the amount of groundwater withdrawn from these wells, and why the groundwater was used.

This bill would disincentivize agricultural groundwater use on State Land outside of AMAs and INAs and would also bring additional revenue to ADWR.

[HB 2359](#) adequate water supply; statewide requirements (Stahl Hamilton)

Position – Support

This bill would require a city, town, or county to ensure that a subdivision has an adequate water supply or will be served by a provider with an adequate water supply before it may be platted. This bill would also require the Department of Real Estate to ensure that a subdivision has an adequate water supply or will be served by a provider with an adequate water supply before it may issue a public report and allow sale or lease of the land. This bill would also repeal provisions that allow capital investment and infrastructure assurances that would allow development to continue despite no adequate water supply existing.

Currently, most areas outside of AMAs do not require an adequate water supply before development can occur. Developers may apply for determination of adequate water supply with ADWR, but it is not required. Some areas (e.g. Yuma County, Town of Clarkdale) do require an adequate water supply before development, despite not being located in an AMA. This bill would place that “mandatory adequacy” requirement on all areas of the state outside of AMAs and is therefore a big step forward in ensuring that we have water first, and then development.

[HB 2399/SB 1246](#) reporting; groundwater pumping; measuring (Crews/Sundareshan)

Position – Support

This bill would require measurement and reporting by anyone who owns a non-exempt well outside of an AMA or INA if the well withdraws more than 10 acre-feet per year for a non-irrigation use or is used to irrigate 10 or fewer acres for an irrigation use. This bill also lists the reporting requirements for the well owner.

Accurate measurement and reporting of groundwater use within Arizona is essential to sound groundwater management. Groundwater availability in Arizona is more threatened now than it has been in at least the past 40 years, and now is exactly when we should be showing the rest of the world that we are serious about sound water management.

[HB 2708](#) WIFA; water augmentation fund (Villegas)

Position – Support

This bill would allow WIFA’s Long-Term Water Augmentation Fund to be used to fund water supply development projects that utilize sources of water found within Arizona. This bill would also remove the requirement that 75% of the Fund be used to bring in new water supplies from outside of Arizona.

This bill would accomplish mostly the same thing as HB 2182. However, this bill does not include the requirement from HB 2182 that most of the Fund be used within the Phoenix, Tucson, or Pinal AMAs. Still, this bill is certainly a step in the right direction.

[HB 2842](#) basin-fill aquifers; groundwater; correlative rights (Kolodin)

Position – Neutral

This bill repeals A.R.S. 45-544, which sets parameters for transporting groundwater outside active management areas (AMAs). In its place, the bill creates a new statute to govern groundwater transportation in these areas, which it refers to as basin-fill aquifer areas. In these areas, groundwater may be transported within the same basin or sub-basin. Any transportation would not be subject to any claims of damages from other groundwater users. It also may be withdrawn and used consistent with correlative rights of landowners. The Arizona Department of Water Resources (ADWR) would determine these correlative rights based on a formula that considers the area of the owner’s land, the volume of groundwater available in the basin or sub-basin, and annual natural recharge. The resulting correlative right would be converted into a lump volume of groundwater that would be assigned to an account for each landowner. This volume would effectively limit the amount of groundwater that a landowner could pump. HB 2842 would also require a regular audit and hydrological audit of these accounts.

[HB 2857](#) rural groundwater management (Mathis)

Position – Neutral

This bill would allow the creation of rural groundwater management areas in areas not currently included within an Active Management Area. These areas could be designated by ADWR if it is found that there is significant land subsidence or if current groundwater pumping is threatening current or future groundwater supply or quality. These areas could also be designated if a petition is signed by either the majority of the members of a County Board of Supervisors with lands within the area, or by ten percent of registered voters residing within the area. ADWR will be required to hold a public hearing where they present data and solicit public comments about the establishment of the area.

[HB 2860](#) water conservation infrastructure; reimbursement (Livingston)

Position – Monitor

HB 2860 would create a new program that allows cities, towns, and counties to reimburse themselves for up to 80% of the costs of constructing water conservation improvement infrastructure that supports manufacturing facilities. This reimbursement would come from state transaction privilege tax revenues that had been collected within that particular city, town, or county. This bill is modeled off an existing program that allows qualifying cities, towns, and counties to be similarly reimbursed for public infrastructure for manufacturing facilities. (The existing program has been used to support Intel’s facility in Chandler and Phoenix’s planned TSMC facility.) The water conservation improvement infrastructure in HB 2860 includes wastewater reclamation, recycling, treatment, storage, and delivery facilities. Similar to the existing public infrastructure program, the program proposed by HB 2860 is limited to allocating up to \$200 million among all qualifying political subdivisions and would expire in 2033.

[HB 2894](#) rainwater harvesting; appropriation (Hernandez M)

Position – Monitor

This bill would appropriate \$1 million from the State General Fund for Fiscal Year 2024-2025 to ADWR for the purpose of establishing a rainwater harvesting grant program. This program would provide grants to people that wish install either a “passive” or “active” rainwater harvesting system. The award would be up to \$500 for people who install a “simple and passive” rainwater harvesting system, and up to \$2,000 for those who install a more complex system. The grant money would be able to be used towards rain storage tanks and associated items, such as gutters.

[SB 1107](#) long-term storage accounts; credits; percentage (Sundareshan)

Position – Oppose

This bill would change the amount of recoverable stored water that ADWR will credit to long-term storage accounts from 95% to 70%. In other words, this bill increases the so-called “cut to the aquifer” for most long-term storage from 5% to 30%.

[SB 1109](#) water augmentation fund; appropriation; rights (Sundareshan)

Position – Oppose

This bill would transfer \$30 million from WIFA’s Long-Term Water Augmentation Fund for FY 2024 to ADWR to be used to purchase and retire irrigation grandfathered rights. This bill also requires ADWR to begin purchasing and retiring these rights by the end of 2024.

This bill has a laudable goal. Voluntarily purchasing and retiring irrigation grandfathered rights could be an essential tool in reducing groundwater pumping within AMAs and will include developing a monetary incentive. However, the Long-Term Water Augmentation Fund is not the place to get the funding for such a project. WIFA has already faced numerous budget cuts at a time when we need new water supplies more than ever.

[SB 1241](#) tax credit; gray water systems (Shope)

Position – Neutral

This bill would establish a tax credit of up to \$5,000 for both individuals and corporations that install a graywater system that complies with ADEQ regulations established in ARS § 49-204(C). This tax credit would be available for tax years 2025 through 2035.

[SB 1245](#) drinking water standards; pollutants (Sundareshan)

Position – Monitor

This bill would require ADEQ to establish Aquifer Water Quality Standards (AWQS) for chromium-6 (hexavalent chromium), 1,4-dioxin, and all PFAS chemicals. This bill would also remove a requirement that state regulations established by ADEQ are no more stringent than federal regulations about the same subject matter.

EPA and ADEQ are already in the process of developing monitoring rules for the compounds listed in this bill. This bill would simply seek to accelerate the process for ADEQ specifically to regulate these compounds and would seek to allow ADEQ to impose regulations stricter than those of the EPA.

[SB 1325](#) aquifer management; conservation; priority (Sundareshan)

Position – Monitor

This bill would require ADWR to prioritize the “conservation and maintenance” of Arizona’s aquifers above all else, followed in priority by the protection of Arizona’s “consumers” and then finally the protection of “all other users”.

[SB 1326](#) subdivisions; assured water supply; lots (Sundareshan)

Position – Support

This bill would require anyone who proposes to offer one or more lots, parcels, or fractional interests for sale or lease (regardless of the lease term) within an AMA to obtain a Certificate of Assured Water Supply (CAWS) or a commitment of service from a Designated Provider. In cases where approval of the plat is not required, this bill would require a CAWS or commitment of water service before a building permit may be issued. This bill would also require the plat to obtain a CAWS or commitment before it was approved for development, even in areas where approval is not required, which seems redundant. This bill would separate the existing requirement to obtain a CAWS or a commitment of service from the definition of a subdivision.

[SB 1327](#) assured water supply; building permits (Sundareshan)

Position – Support

This bill would require anyone who proposes to offer one or more lots, parcels, or fractional interests for sale or lease within an AMA to obtain a Certificate of Assured Water Supply (CAWS) or a commitment of service from a Designated Provider. In cases where approval of the plat is not required, this bill would require a CAWS or commitment before a building permit may be issued. This bill would separate the existing requirement to obtain a CAWS or a commitment of service from the definition of a subdivision.

SB 1339 regulatory costs; rulemaking; legislative ratification (Carroll)

Position – Oppose

This bill would prohibit any proposed rule that will cost the state more than \$500,000 within five years from going into effect until the Legislature enacts legislation ratifying the proposed rule. An agency would be required to submit the proposed rule to the (newly created?) Administrative Rules Oversight Committee, and the Committee would submit the rule to the Legislature “as soon as practicable”. The agency is prohibited from submitting a finalized rule until the Legislature ratifies the rule, and the agency must terminate the proposed rule if the Legislature fails to ratify it within the same legislative session that it was submitted to the Committee.

This bill is troubling because of the wide-ranging impacts it could have on ADWR, ADEQ, and every other state agency. \$500,000 is not a lot of money, and most substantive agency rules would probably cost the state that amount within five years. Oversight of agency rulemaking should be handled through public stakeholder processes, and not through the political machinations of the legislature. Requiring agency rulemaking to be approved by the legislature effectively opens these agencies up to political influence and means that rules would likely be passed through that were politically advantageous rather than those that follow actual best practices.

SB 1520 appropriation; Page water infrastructure project (Hatathlie)

Position – Monitor

This bill would appropriate \$6 million from the State General Fund for Fiscal Year 2024-2025 to WIFA to be used for the City of Page in order to create an intake pump near Glen Canyon Dam.

SB 1551 rural management areas (Mendez)

Position – Monitor

This bill establishes a rural groundwater management framework called a Rural Management Area. These areas would be established by County Boards of Supervisors. This bill would require ADWR to analyze all groundwater basins not included within an AMA every five years and to notify counties if any of several criteria are met to allow for the establishment of these Management Areas.

This bill arguably has the same spirit as Senator Kerr’s SB 1221, but with some noticeable differences that make this bill more directly in-line with what was recommended by the Governor’s Water Policy Council. It is also notable that the Management Areas in this bill would be established by County Boards of Supervisors in conjunction with ADWR, and not through a regional popular vote.

SB 1606 residential lease communities; building permits (Wadsack)

Position – Support

This bill would require that any residential lease community obtain either a Certificate of Assured Water Supply or a commitment of service from a Designated Provider before being issued a building permit. This bill also requires these developments to pay all relevant fees to the CAGRD. This bill appears to be a completer and more preferable version of HB 2025 and HB 2026.

SB 1650 subdivisions; assured water supply; lots (Bennett)

Position – Support

This bill would require anyone who proposes to offer one or more lots, parcels, or fractional interests for sale or lease (regardless of the lease term) within an AMA to obtain a Certificate of Assured Water Supply (CAWS) or a commitment of service from a Designated Provider. In cases where approval of the plat is not required, this bill would require a CAWS or commitment of water service before a building permit may be issued. This bill would also require the plat to obtain a CAWS or commitment before it was approved for development, even in areas where approval is not required, which seems redundant. This bill would separate the existing requirement to obtain a CAWS or a commitment of service from the definition of a subdivision.

AMWUA BOARD OF DIRECTORS

INFORMATION SUMMARY

June 27, 2024

Fiscal Year 2025 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 2025 annual budget, which includes a summary page with comments to explain increases or decreases for each line item.

Development of the Fiscal Year 2025 budget was guided by the Annual Action Plan for Fiscal Year 2025, which was approved last month. This budget allows AMWUA to continue to be a forum for its members to collaborate on water issues; to develop and advocate positions that safeguard our water resources; to promote key water policy issues with the Legislature, Arizona Department of Water Resources, Central Arizona Water Conservation District, Salt River Project, and other stakeholders; and to be at the forefront of demand management and water conservation efforts.

The draft Fiscal Year 2025 budget was reviewed in May by both the AMWUA Board of Directors and the AMWUA Management Board.

This proposed budget totals \$1,701,970 which is an increase of \$74,083 (4.55%) from the approved Fiscal Year 2024 budget. The following summarizes the budget categories and provides an explanation for line items that have an increase or decrease from last year's budget.

Administration – This category includes salaries and Arizona State Retirement System (ASRS) contributions reflecting an increase of \$25,780 from the current budget.

For Fiscal Year 2025, 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 reflect having eight full-time positions filled with two of those positions filled after last year's budget was adopted. Salaries also include adjustments due to performance awards received halfway through Fiscal Year 2024, which is now reflected during the 12 months of the proposed Fiscal Year 2025 budget.
- The actual salaries expenses for Fiscal Year 2024 are higher than the budgeted amount due to the PTO payout for a retiring employee and are included under this line item.
- Performance Awards – Up to 5% for each full-time employee, except the Executive Director, is recommended for employees who excel in their performance. The awards would occur halfway through Fiscal Year 2025.
- Arizona State Retirement – Increase is due to adjustments to salaries along with the Arizona State Retirement System contribution rate being 12.27%, effective July 1, 2024.

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

- Payroll Processing, Taxes, Insurance – The \$5,000 increase is based on processing fees and taxes, which are directly linked to salaries.
- Medical, Dental, Life, Disability Insurance – The amount is \$7,000 less than the current budget but still reflects the current expense for the eight full-time employees including the AMWUA's insurance broker projecting a 10% increase for calendar year 2025.

Professional Services – This includes outside services that AMWUA utilizes throughout the year, including legal, lobbying, and financial services. The costs for three of these services have increased due to new agreements.

- Website Services – The \$10,600 increase is due to the hiring of Sirius Office Solutions, LLC, to augment the management and security of the AMWUA site.
- Financial & Accounting Service – The \$2,000 increase is reflective of the agreement with CliftonLarsonAllen as AMWUA's financial consultant,
- Audit – The \$4,000 increase is due to the agreement with a new audit firm that was approved at the May 23, 2024 AMWUA Board meeting.

Occupancy – These items are related to the leasing of office and meeting space for AMWUA as well as telephone and internet access.

- Office Space – The \$3,000 increase is per AMWUA's 10-year lease agreement that began April 1, 2021.
- Building Operating Costs – The shared maintenance costs for the office building are anticipated to increase by \$500 based on the actual expenses from the current year.
- Telephone – The \$5,000 decrease is based on savings from removing all but two landlines from the office.

Training and Travel – This category covers items involved with staff participating in conferences, workshops, and training along with the related travel expenses including mileage

reimbursement. This overall category remains the same amount even though conference and travel were increased by \$1,000 to better enable staff to attend conferences and seminars. However, mileage reimbursement has been decreased to reflect actuals from this year.

Capital Outlay – This category covers AMWUA’s primary capital property such as the copier and computer hardware and software. It is anticipated that we will spend \$500 less on computer hardware.

Office Operating Expenses – These items cover AMWUA’s day-to-day office operating expenses. These expenses are projected to remain the same as the current budget except in two categories. The line item for meetings is increased by \$2,750 to cover increased expenses associated with meetings including providing lunches following AMWUA Board and Management Board meetings. Outreach Efforts have increased by \$1,000 due to anticipated opportunities under this category. Bank Fees is an added line item to have a category to reflect charges that occur from transferring funds.

Water Conservation – These items cover AMWUA’s conservation and demand management-related efforts. As done in the last few 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. Therefore, the proposed budget reflects funding to advance AMWUA’s conservation goals per this fiscal year’s annual plan.

- Smartscape - The water conservation budget has for years included a line item committed to our agreement with the University of Arizona for ongoing implementation of the long-standing Smartscape program to train landscape professionals in Maricopa County. The AMWUA Board approved a new agreement in June 2023 that increased our contribution from \$30,000 to \$48,000 to better sustain the Smartscape educational program and expand the outreach to include allied landscape professionals and homeowners associations. ADWR also renewed its two-year contract in August 2023.
- Research and Efficiency – This line item covers funding for conservation, efficiency, and demand management related research and projects, including \$20,000 for the redevelopment of AMWUA’s publication – *Xeriscape: Landscaping with Style*.
- Outreach – This line item covers funding for sponsorships, events, and regional conservation efforts including educational and promotional materials. The higher amount reflects increases in conference sponsorships and increases to the irrigation text alerts service that AMWUA offers.

Member Assessments – The membership assessment is calculated as follows: One-half of the proposed water budget is allocated equally among all members and the other one-half is allocated based on total population. The population figures are taken from the Maricopa Association of Governments July 1, 2023 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 91st Avenue Wastewater Treatment Plant.

This proposed budget is \$74,038 (4.55%) more than the approved Fiscal Year 2024 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 2025 because the actual member assessments in Fiscal Year 2024 were less than what was anticipated in the budget due to a carry-over of \$85,000 from the Fiscal Year 2024 budget. Approximately \$12,000 from the Fiscal Year 2024 budget is projected to carry-over to the Fiscal Year 2025 budget, along with \$10,000 from the Office Lease Stabilization Fund, which will reduce the member assessments in Fiscal Year 2025.

RECOMMENDATION

The AMWUA Board of Directors is requested to ask questions and seek clarification regarding the proposed Fiscal Year 2025 Budget.

The AMWUA Management Board recommends that the AMWUA Board of Directors adopt the Fiscal Year 2025 AMWUA budget, as presented.

SUGGESTED MOTION

I move that the AMWUA Board of Directors adopt the Fiscal Year 2025 AMWUA budget, as presented.

ATTACHMENT

- AMWUA Fiscal Year 2025 Proposed Budget

***Arizona Municipal Water Users Association
Fiscal Year 2025
Budget***

July 1, 2024



**ARIZONA MUNICIPAL WATER USERS ASSOCIATION
Fiscal Year 2025
Proposed Budget**

ASSESSMENT SUMMARY

	WATER FY 24	WATER FY 25	WASTEWATER FY 24	WASTEWATER FY 25	TOTAL FY 24	TOTAL FY 25	FY 24 Carryover	ADJ TOTAL FY 25
CITY OF AVONDALE	85,801	90,189	-	-	85,801	90,189	537	89,652
CITY OF CHANDLER	120,288	125,730	-	-	120,288	125,730	1,616	124,114
TOWN OF GILBERT	115,060	120,640	-	-	115,060	120,640	1,461	119,178
CITY OF GLENDALE	119,309	124,826	16,012	16,248	135,321	141,074	1,588	139,486
CITY OF GOODYEAR	88,292	93,302	-	-	88,292	93,302	632	92,670
CITY OF MESA	162,550	169,753	35,446	35,967	197,996	205,720	2,952	202,768
CITY OF PEORIA	105,183	110,228	-	-	105,183	110,228	1,145	109,082
CITY OF PHOENIX	368,963	386,466	136,833	138,846	505,796	525,313	9,529	515,784
CITY OF SCOTTSDALE	113,423	118,881	24,564	24,926	137,987	143,807	1,408	142,399
CITY OF TEMPE	102,998	109,733	35,215	35,733	138,213	145,467	1,130	144,336
Total from Members	1,381,867	1,449,749	248,070	251,721	1,629,937	1,701,470	22,000	1,679,470
Other Funding Sources:								
TOTAL All Sources	1,381,867	1,449,749	248,070	251,721	1,629,937	1,701,470	22,000	1,679,470

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 2023 official population estimates.

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

Note #3. FY 2024 Carryover amount above includes \$12,000 Carryover amount from 2024 and \$10,000 from the Office Lease Stabilization Fund.

ARIZONA MUNICIPAL WATER USERS ASSOCIATION
Fiscal Year 2025
Proposed Budget

ASSESSMENT SUMMARY
FY 24 CARRYOVER

	WATER FY 24	WATER FY 25	WASTEWATER FY 24	WASTEWATER FY 25	TOTAL FY 24	FY 23 Carryover	ADJ TOTAL FY 24	TOTAL FY 24
CITY OF AVONDALE	85,801	90,189	-	-	85,801	2,128	83,673	90,189
CITY OF CHANDLER	120,288	125,730	-	-	120,288	6,520	113,768	125,730
TOWN OF GILBERT	115,060	120,640	-	-	115,060	5,854	109,206	120,640
CITY OF GLENDALE	119,309	124,826	16,012	16,248	135,321	6,396	128,925	141,074
CITY OF GOODYEAR	88,292	93,302	-	-	88,292	2,445	85,847	93,302
CITY OF MESA	162,550	169,753	35,446	35,967	197,996	11,903	186,093	205,720
CITY OF PEORIA	105,183	110,228	-	-	105,183	4,596	100,587	110,228
CITY OF PHOENIX	368,963	386,466	136,833	138,846	505,796	38,193	467,603	525,313
CITY OF SCOTTSDALE	113,423	118,881	24,564	24,926	137,987	5,646	132,341	143,807
CITY OF TEMPE	102,998	109,733	35,215	35,733	138,213	4,319	133,894	145,467
Total from Members	1,381,867	1,449,749	248,070	251,721	1,629,937	88,000	1,541,937	1,701,470
Other Funding Sources:								
TOTAL All Sources	1,381,867	1,449,749	248,070	251,721	1,629,937	88,000	1,541,937	1,701,470

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 2023 (7.1.23) 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 2025
Proposed Budget

EXPENDITURE SUMMARY

	<u>WATER FY 24</u>	<u>WATER FY 25</u>	<u>WASTEWATER FY 24</u>	<u>WASTEWATER FY 25</u>	<u>TOTAL FY 24</u>	<u>TOTAL FY 25</u>
ADMINISTRATION	752,022	781,584	123,503	126,721	875,525	908,305
EMPLOYEE BENEFITS	162,602	161,168	25,398	24,832	188,000	186,000
PROFESSIONAL SERVICES	173,273	187,083	34,647	37,937	207,920	225,020
OCCUPANCY	163,140	161,905	55,552	55,095	218,692	217,000
TRAVEL, TRAINING & CONFER.	9,775	9,350	1,725	1,650	11,500	11,500
CAPITAL OUTLAY	9,876	9,465	1,624	1,535	11,500	11,000
OFFICE OPERATING EXPENSES	29,181	32,849	3,569	3,951	32,750	36,800
WATER CONSERVATION	82,000	106,345	-	-	82,000	106,345
TOTAL	1,381,869	1,449,749	246,018	251,721	1,627,887	1,701,970

ARIZONA MUNICIPAL WATER USERS ASSOCIATION

Fiscal Year 2025

Proposed Budget

EXPENDITURES DETAIL

	FY 24 BUDGET WATER	FY 24 ACTUAL WATER	FY 25 BUDGET WATER	FY 24 BUDGET WASTEWATER	FY 24 ACTUAL WASTEWATER	FY 25 BUDGET WASTEWATER	FY 24 BUDGET TOTAL	FY 24 ACTUAL TOTAL	FY 25 BUDGET TOTAL
ADMINISTRATION									
Salaries	653,580	576,386	676,487	111,920	115,651	116,793	767,500	795,993	793,280
Performance Awards	12,200		15,756				12,200		15,756
Total Wages	665,780	576,386	692,243	111,920	115,651	116,793	779,700	795,993	809,036
Deferred Compensation:									
Arizona State Retirement	86,242	87,990	89,341	9,583	9,778	9,928	95,825	97,768	99,269
Subtotal	752,022	664,376	781,584	121,503	125,429	126,721	875,525	893,761	908,305
EMPLOYEE BENEFITS									
Payroll Processing, Taxes, Insur	60,123	60,013	64,537	9,877	9,987	10,463	70,000	70,000	75,000
Medical, Dental, Life, Disability	94,479	78,874	88,631	15,521	13,126	14,369	110,000	92,000	103,000
Cell Phone Allowance	8,000	6,978	8,000		1,162		8,000	8,140	8,000
Subtotal	162,602	145,865	161,168	25,398	24,275	24,832	188,000	170,140	186,000
PROFESSIONAL SERVICES									
Website Services	5,000	12,000	15,600				5,000	12,000	15,600
IT Services	5,153	3,840	5,163	847	960	837	6,000	4,800	6,000
Legal/Policy Consulting	60,000	60,000	60,000				60,000	60,000	60,000
Legislative	52,920	52,920	52,920				52,920	52,920	52,920
Financial and Accounting Services	40,000	39,280	42,000	10,000	9,820	10,500	50,000	49,100	52,500
Audit	10,200	10,000	11,400	23,800	24,000	26,600	34,000	34,000	38,000
Subtotal	173,273	178,040	187,083	34,647	34,780	37,937	207,920	212,820	225,020
OCCUPANCY									
Office Space	149,828	172,408	152,440	53,364	28,690	53,560	203,192	201,098	206,000
Building Operating Costs	3,006	5,572	3,442	494	928	558	3,500	6,500	4,000
Telecommunications	5,153	3,943	860	847	657	140	6,000	4,600	1,000
E-Mail/Webpage/Internet Access	5,153	5,658	5,163	847	942	837	6,000	6,600	6,000
Subtotal	163,140	187,581	161,905	55,552	31,217	55,095	218,692	218,798	217,000

ARIZONA MUNICIPAL WATER USERS ASSOCIATION
Fiscal Year 2025
Proposed Budget

EXPENDITURES DETAIL

	FY 24 BUDGET WATER	FY 24 ACTUAL WATER	FY 25 BUDGET WATER	FY 24 BUDGET WASTEWATER	FY 24 ACTUAL WASTEWATER	FY 25 BUDGET WASTEWATER	FY 24 BUDGET TOTAL	FY 24 ACTUAL TOTAL	FY 25 BUDGET TOTAL
TRAINING AND TRAVEL									
Conferences/Travel	6,375	5,213	6,800	1,125	275	1,200	7,500	5,488	8,500
Mileage Reimbursement	1,700	463	850	300	25	150	2,000	488	1,000
Continuing Professional Ed Staff Development	1,700		1,700	300		300	2,000		2,000
Subtotal	9,775	5,676	9,350	1,725	300	1,650	11,500	5,976	11,500
CAPITAL OUTLAY									
Copy Machine Expenses	4,294	2,190	4,302	706	1,460	698	5,000	3,650	5,000
Computer/Equipment/Software	5,582	2,306	5,163	918	2,306	837	6,500	4,612	6,000
Subtotal	9,876	4,496	9,465	1,624	3,766	1,535	11,500	8,262	11,000
OFFICE OPERATING EXPENSES									
Supplies	3,435	3,000	3,442	565	500	558	4,000	3,500	4,000
Meetings	4,079	5,579	6,453	671	929	1,047	4,750	6,508	7,500
Outreach Efforts	7,500	3,129	8,500		521		7,500	3,650	8,500
Printing	858	754	860	142	126	140	1,000	880	1,000
Postage & Deliveries	858	557	688	142	93	112	1,000	650	800
Subscription & Reference	3,435	2,314	3,442	565	386	558	4,000	2,700	4,000
Dues & Memberships	2,576	1,303	2,581	424	217	419	3,000	1,520	3,000
Insurance	4,723	4,458	4,732	777	742	768	5,500	5,200	5,500
Equipment Maintenance	1,717	514	1,721	283	86	279	2,000	600	2,000
Subtotal	29,181	21,608	32,419	3,569	3,600	3,881	32,750	25,208	36,300
WATER CONSERVATION									
Smartscape with Cooperative Ext.	48,000	48,000	48,000				48,000	48,000	48,000
Sponsorship, Events & Memberships	12,000	11,000	32,000				12,000	11,000	32,000
Projects and Messaging	22,000	20,300	26,345				22,000	20,300	26,345
Subtotal	82,000	79,300	106,345				82,000	79,300	106,345
Total Operating Expenses	1,381,869	1,389,920	1,449,749	246,018	225,968	251,721	1,627,887	1,615,888	1,701,970
FUNDING SOURCES									
Office Lease Stabilization Fund									10,000
Carryover applied to member assessments	78,000						78,000		12,000
Member Assessments	1,303,869	1,381,869	1,449,749	246,018	248,070	251,721	1,549,887	1,605,888	1,679,970
Total Funding	1,381,869	1,381,869	1,449,749	246,018	258,070	251,721	1,627,887	1,615,888	1,701,970

ARIZONA MUNICIPAL WATER USERS ASSOCIATION
Fiscal Year 2025
Proposed Budget

BUDGET COMMENTS

	BUDGET TOTAL FY 23	BUDGET TOTAL FY 24	Annualized ACTUAL FY 24	BUDGET TOTAL FY 25	FY 25 BUDGET COMMENTS
ADMINISTRATION					
Salaries	690,500	767,500	795,993	793,280	8 full-time positions - Increase due to performance awards effective 1/1/24
Performance Awards	15,990	12,200	-	15,756	Increase due to up to 5% performance award for staff only
Total Compensation	706,490	779,700	795,993	809,036	
Deferred Compensation:					
Arizona State Retirement	85,979	95,825	97,768	99,269	Increase due to 12.27% for ASRS & LTD along with adjustment to salaries
Subtotal	792,469	875,525	893,761	908,305	
EMPLOYEE BENEFITS					
Payroll Processing, Taxes, Insur	60,400	70,000	70,000	75,000	Based on processing fees and taxes
Medical, Dental, Life, Disability	100,000	110,000	92,000	103,000	8 full-time staff - decreases due to respective employee statuses and anticipated 10% increase in 2025
Cell Phone Allowance	8,000	8,000	8,140	8,000	No change
Subtotal	168,400	188,000	170,140	186,000	
PROFESSIONAL SERVICES					
Website Services	5,000	5,000	12,000	15,600	Increase to ensure proper website maintenance and safety
IT Services	6,000	6,000	4,800	6,000	No change
Legal/Policy Consulting	60,000	60,000	60,000	60,000	No change
Legislative	52,920	52,920	52,920	52,920	No change
Financial and Accounting Service:	34,600	50,000	49,100	52,500	Increase per agreement approved by Board 1/26/23
Audit	34,000	34,000	34,000	38,000	Increase per agreement with new firm
Subtotal	192,520	207,920	212,820	225,020	
OCCUPANCY					
Office Space	196,952	203,192	201,098	206,000	Increase due to lease agreement
Building Operating Costs	6,000	3,500	6,500	4,000	Increase in anticipated shared maintenance costs per lease agreement
Telephone	6,000	6,000	4,600	1,000	Reduction from reducing landlines in the office
E-Mail/Webpage/Internet Access	6,000	6,000	6,600	6,000	No change
Subtotal	214,952	218,692	218,798	217,000	

ARIZONA MUNICIPAL WATER USERS ASSOCIATION
Fiscal Year 2025
Proposed Budget

BUDGET COMMENTS

	BUDGET TOTAL FY 23	BUDGET TOTAL FY 24	Annualized ACTUAL FY 24	BUDGET TOTAL FY 25	FY 25 BUDGET COMMENTS
TRAINING AND TRAVEL					
Conferences/Travel	6,000	7,500	5,488	8,500	Increase to allow additional staff to attend conferences
Mileage Reimbursement	2,750	2,000	488	1,000	Reduced to match anticipated actuals
Staff Development	2,000	2,000	-	2,000	No change
Subtotal	10,750	11,500	5,976	11,500	
CAPITAL OUTLAY					
Copy Machine Expenses	5,200	5,000	3,650	5,000	No change
Computer/Equipment/Software	6,000	6,500	4,612	6,000	Reduced to match anticipated actuals
Subtotal	11,200	11,500	8,262	11,000	
OFFICE OPERATING EXPENSES					
Supplies	5,000	4,000	3,500	4,000	No change
Meetings	4,000	4,750	6,508	7,500	Increase to reflect more in-person meeting expenses
Outreach Efforts	6,500	7,500	3,650	8,500	Increase to reflect anticipated outreach efforts
Printing	1,000	1,000	880	1,000	No change
Postage & Deliveries	1,000	1,000	650	800	No change
Subscription & Reference	4,500	4,000	2,700	4,000	No change
Dues & Memberships	3,250	3,000	1,520	3,000	No change
Insurance-Public Liability and Property Damage	5,500	5,500	5,200	5,500	No change
Bank Fees			500	500	
Equipment Maintenance	2,000	2,000	600	2,000	No change
Subtotal	32,750	32,750	25,708	36,800	
WATER CONSERVATION					
Smartscape with Cooperative Ext.	30,000	48,000	48,000	48,000	Funding for UA Cooperative Extension to administer Smartscape program in Maricopa County
Research and Efficiency Initiatives	22,000	12,000	11,000	32,000	Funding for conservation, efficiency, and demand management related research and initiatives
Outreach	29,500	22,000	20,300	26,345	Funding for sponsorships, events, and regional conservation efforts including educational and promotional materials
Subtotal	81,500	82,000	79,300	106,345	
Total Operating Expenses	<u>1,504,541</u>	<u>1,627,887</u>	<u>1,614,765</u>	<u>1,701,970</u>	
FUNDING SOURCES					
Office Lease Stabilization Fund, per Board policy adopted 6/25/20 to offset Office Space Expense		10,000		10,000	
Anticipated carry over from FY 24		78,000		12,000	
Carry over from FY 23	85,000	-		-	
Member Assessments	1,419,541	1,549,887		1,679,970	
Total Funding	<u>1,504,541</u>	<u>1,627,887</u>		<u>1,701,970</u>	

AMWUA BOARD OF DIRECTORS

INFORMATION SUMMARY

June 27, 2024

Agreement with the University of Arizona for the Smartscape Program

ANNUAL PLAN REFERENCE

Conservation & Efficiency

Excel as a leader in water conservation by assisting our members with strategizing their program implementation and coordinating awareness about ongoing and new conservation efforts that enhance water resource supply sustainability.

- Enhance outdoor water efficiency efforts through research of data-driven practices, promotion of enhanced outdoor watering best practices, and expansion of Smartscape Program's targeted outreach to landscapers and HOAs/property managers.
- Further explore methods to measure the impact of water conservation efforts through data analysis, including geospatial resources.

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

SUMMARY

Since 2009, AMWUA has contracted with the University of Arizona to administer the Smartscape program through the Maricopa County Cooperative Extension. Smartscape is a comprehensive training program that instructs landscape and irrigation professionals on the fundamentals of design, installation, irrigation, and maintenance of sustainable desert-adapted landscapes and irrigation systems.

The Smartscape program has been funded by AMWUA with monies from the Conservation & Efficiency budget and by ADWR with monies from the Phoenix Active Management Area's Water Management Assistance Program (WMAP). Last year, AMWUA agreed to increase its contribution to \$48,000 from \$30,000 annually to further implement targeted landscape education opportunities for HOA and property managers, attain Smartscape support staff for future contract periods, explore virtual course options in Maricopa County, and explore new water efficiency technologies within current curriculum. Last year's agreement was for one year because at the time it was not clear if ADWR would commit to contributing funding the Smartscape Program for more than a year. Since ADWR agreed to contribute this year and next fiscal year, AMWUA is wanting to sign another annual agreement with the University of Arizona.

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

RECOMMENDATION

The AMWUA Management Board recommends that the AMWUA Board of Directors approve the Executive Director's ability to enter into the one-year agreement between AMWUA and the University of Arizona for implementation of the Smartscape program in Fiscal Year 2025.

SUGGESTED MOTION

I move that the AMWUA Board of Directors approve the Executive Director's ability to enter into the one-year agreement between AMWUA and the University of Arizona for implementation of the Smartscape program in Fiscal Year 2025.

ATTACHMENT

- Agreement between AMWUA and the University of Arizona

UNIVERSITY OF ARIZONA SERVICES AGREEMENT

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

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

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

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

1. **Project Director**

The Project will be under the supervision and direction of Ayman Mostafa, a UNIVERSITY employee; Maricopa County Cooperative Extension.

2. **Billing and Payment**

The SPONSOR will provide UNIVERSITY the sum of \$48,000 by July 1, 2024 for the period of July 1, 2024 through June 30, 2025. This agreement type is:

X FIXED PRICE

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

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

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

If sent by US Mail:

Sponsored Projects Services
PO Box 210158B, Rm 538
Tucson, Arizona 85719-0158

If sent by overnight delivery service:

UArizona - Sponsored Projects Services
2100 E Speedway Blvd, #41867 Tucson AZ, 85717
(520) 621-6000

University of Arizona EIN number is 74-2652689.

3. **Scope of Work and Deliverables**

The UNIVERSITY will be responsible for the following activities, which will be conducted through the Cooperative Extension office, Maricopa County. Deliverables are contingent on successful support from Arizona Department of Water Resources in the amount of \$56,448.00 for the period of July 1, 2024 – June 30, 2025.

A. Training Implementation and Curriculum Refinement

- Implement a minimum of two 30-hour Smartscape courses per fiscal year, utilizing established curriculum and local experts to present the classes.
- Implement a minimum of one 30-hour Spanish Smartscape course per fiscal year.
- Implement a minimum of one Advanced Smartscape: Irrigation course per fiscal year.
- Development and implement a minimum of one Spanish Advanced Smartscape: Irrigation course per fiscal year.
- Implement a minimum of one Advanced Smartscape: Plant Materials course per fiscal year.
- Develop and implement a minimum of one Advanced Smartscape: Urban Forest Management course per fiscal year.
- Develop and implement a Smartscape course targeted towards HOAs and property managers to educate them on best management practices for water-efficient landscapes.
- Review and revise Smartscape curriculum, content, and materials of training courses as necessary, integrating current research-based University of Arizona, industry, and municipal documents.

- Continue to update the Smartscape Implementation Guide operating procedures manual.
- Explore feasibility of implementing hybrid (virtual and in-person) Smartscape courses and develop implementation plan, if a suitable system is available.
- Develop Smartscape instructor roster/listing and identify potential instructor substitute/replacement availability.
- Explore options to hire and attain Smartscape support staff (part-time or full-time program assistant) to assist in accomplishing Contract Deliverables in future contract periods.

B. Promotion

- Maintain the Smartscape website and social media sites, including links to AMWUA and ADWR, as well as the most current landscape industry and water conservation publications.
- Continue to provide guidelines to inform Smartscape graduates as to the appropriate use of the trademarked logo and ideas for marketing.
- Promote Smartscape training opportunities to landscape professionals and coordinate promotional efforts with industry organizations.
- Continue to provide information regarding local and national opportunities for landscape training and certification, including the role each plays and where each fits in the educational hierarchy.
- Coordinate promotional effort with AMWUA to include developing materials, information, and displays to educate consumers.
- Develop a promotional plan to advertise Smartscape classes to ensure that the industry is aware of training opportunities and that attendance is maximized.
- Develop a plan to promote hiring trained, certified landscape professionals, with a focus on Smartscape, to the public.
- Collaborate with AMWUA staff and the AMWUA Conservation & Efficiency Advisory Group to explore targeted-outreach opportunities for landscapers, HOAs, and property managers.
- Participate in public events and conferences such as the SRP Water Expo, Arbor Day events, Home & Garden Shows, and the Desert Horticulture, SHADE, and WaterSmart Innovations conferences.
- Provide Smartscape program updates to the AMWUA Conservation & Efficiency Advisory Group at least once per fiscal year to maintain their support and engagement in the program.
- Explore potential opportunities and methods to connect with HOAs and property management companies to educate them on best management practices for water-efficient landscapes.

C. Statewide Coordination

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

integrity of the training. This would also include other County Extension offices that develop a Smartscape program.

D. Quantifying Smartscape Impacts

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

Contract Oversight

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

Deliverables

A report of contract activities will be completed by the UNIVERSITY and submitted to the SPONSOR no later than December 31, 2024, and June 30, 2025. The report will include a summary of ongoing contract activities - trainings, overall course evaluations, promotion, and coordination.

Term of Agreement

This Agreement shall commence on the date of execution of the Agreement and continue through June 30, 2025. The Period of Performance may be extended upon the mutual agreement of both parties.

4. Use of Facilities

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

5. Property Administration

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

6. Insurance and Liability

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

7. Reports

After the Scope of Work is fully performed, and within the time period specified in the Scope of Work, UNIVERSITY will submit to the SPONSOR a detailed technical report of the activities carried out, as required. It is understood, however, that UNIVERSITY shall not be restricted from

publishing the results of this Project. When the results of the Project are published, UNIVERSITY agrees to acknowledge the support received from the SPONSOR.

8. **Confidential Information**

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

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

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

9. **Intellectual Property Rights**

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

10. **Termination**

UNIVERSITY may terminate this Agreement at any time upon thirty (30) days written notice to SPONSOR, if: (a) if cost-reimbursement, funding for the Project is fully expended in accordance with the scope of work and deliverables; or (b) performance of the Project is completed; or (c) if

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

11. **Arbitration**

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

12. **Conflict of Interest**

This Agreement is subject to the provisions of A.R.S. § 38-511 regarding Conflict of Interest. The State of Arizona may cancel this Agreement if any person significantly involved in negotiating, drafting, securing or obtaining this Agreement for or on behalf of the Arizona Board of Regents becomes an employee in any capacity of any other party or a consultant to any other party with reference to the subject matter of this Agreement while the Agreement or any extension thereof is in effect.

13. **State Obligation**

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

14. **Notices**

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

SPONSOR:

Arizona Municipal Water Users Association

3003 North Central Avenue, Suite 1550
Phoenix, Arizona 85012

UNIVERSITY:

For U.S. Postal Service:

SPONSORED PROJECTS SERVICES
PO Box 210158B, Rm 538
TUCSON AZ 85721-0158

For Fed Ex, UPS or other expedited delivery:

UArizona - Sponsored Projects Services
2100 E Speedway Blvd, #41867
TUCSON AZ 85717
Phone (520) 626-6000

15. **General Provisions.**

A. **Compliance**

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

B. **Non-competition**

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

C. **Independence**

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

D. **Audit**

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

E. **Entire Understanding**

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

F. **Waiver, Amendment, Modification**

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

G. Assignment

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

H. Choice of Law

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

I. Severability

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

J. Independent Contractors

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

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

By: _____

Date: _____

Arizona Municipal Water Users Association:

By: _____

Date: _____

Name: _____

Title: _____

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

Date:

Exhibits: A. Budget and Payments

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

Program Year	Program Budget
07/01/2024 to 06/30/2025	\$48,000

The anticipated dates and amounts of payments are as follows:

<u>DATE</u>	<u>AMOUNT</u>
07/01/2024	\$ 48,000
<u>TOTAL</u>	<u>\$ 48,000</u>

AMWUA BOARD OF DIRECTORS

INFORMATION SUMMARY

June 27, 2024

Consultant Agreement with The Aarons Company LLC

ANNUAL PLAN REFERENCE

Legislation

Effectively advocate with one voice at the Legislature.

- Analyze and engage on 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.
- Increase engagement with business organizations and other stakeholders on water policy issues to protect the economic foundation provided by municipal water systems.

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

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 at the Legislature, where they are well respected at the Capitol and have provided valuable expertise and initiative on water-related legislation for the benefit of AMWUA's members.

The current agreement with The Aarons Company expires on June 30, 2024. 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, 2025, which would cover the next legislative session. The monthly fee remains at \$4,410.00. 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, 2024 through June 30, 2025.

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, 2024 through June 30, 2025.

ATTACHMENT

- The Aarons Company LLC Agreement

THE AARONS COMPANY LLC

4315 N. 12th Street Suite 200 Phoenix Arizona 85014
Barry M. Aarons – email – baaronsaz@gmail.com - mobile 602 315 0155
Christen Monti – email – cmontiaz@gmail.com – mobile 480 647 4065
Theresa Ulmer – 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. 12th 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, 2024 and conclude on June 30, 2025 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 30th of each month. Compensation will commence in July of 2024 and conclude in June of 2025..
- **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.

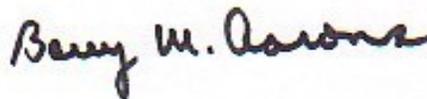
Termination. Either party may terminate this contract for any reason by mutual consent at any time. Aarons’ contract may also be terminated for just and substantial cause. “Just and substantial cause” shall mean (i) refusal to perform duties assigned in accordance with the terms of this Agreement or 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. 12th Street, Suite 200
Phoenix, AZ 85014
Cell: 602 315 0155
Email: baaronsaz@gmail.com



Warren Tenney – Date
Arizona Municipal Water Users Association

Barry M. Aarons – Date
The Aarons Company LLC

June 5, 2024