



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

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

**MEETING NOTICE AND AGENDA**

***Thursday, May 22, 2025 – 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: 865 3483 4377**

**(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 24, 2025 Meeting
2. Next Meeting Date: June 26, 2025 @ 11:00 a.m.
3. Ag-to-Urban Concept
4. 2025 Legislative Session
5. Overview of the Central Arizona Groundwater Replenishment District
6. Central Arizona Water Conservation District's Rates and Taxes
7. AMWUA Fiscal Year 2025 Quarterly Financial Statements – Third Quarter
8. Preliminary Fiscal Year 2026 AMWUA Budget

**C. Executive Director's Report**

**D. Future Agenda Items**

**E. Adjournment**

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

More information about AMWUA public meetings is available online at [www.amwua.org/what-we-do/public-meetings](http://www.amwua.org/what-we-do/public-meetings), or by request.

**Arizona Municipal Water Users Association**



**BOARD OF DIRECTORS  
MEETING MINUTES  
April 24, 2025  
HYBRID MEETING**

**BOARD MEMBERS PRESENT**

Mayor Scott Anderson, Gilbert, President  
Mayor Mark Freeman, Mesa, Vice President  
Councilwoman Keshia Hodge Washington, Phoenix, Secretary/Treasurer  
Vice Mayor Curtis Nielson, Avondale  
Councilmember Matt Orlando, Chandler  
Councilmember Bart Turner, Glendale  
Councilmember Laura Kaino, Goodyear  
Vice Mayor Jennifer Crawford, Peoria  
Mayor Lisa Borowsky, Scottsdale  
Councilmember Nikki Amberg, Tempe

**AMWUA Staff**

Michelle Barclay, AMWUA	Rhett Larson, AMWUA	Sheri Trapp, AMWUA
Paul Bergelin, AMWUA	Michael Monti, AMWUA	Simone Williams, AMWUA
Tyenesha Fields, AMWUA	Warren Tenney, AMWUA	

**A. Call to Order**

Mayor Scott Anderson called the meeting to order at 11:02 a.m.

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

**1. Approval of the Minutes from the March 27, 2025, Meeting**

Upon a motion made by Councilmember Laura Kaino and a second made by Councilmember Matt Orlando, the AMWUA Board of Directors unanimously approved the March 27, 2025, meeting minutes.

**2. Next Meeting Date: Thursday, May 22, 2025 – 11:00 a.m.**

### 3. Ag-to-Urban Concept

Warren Tenney, AMWUA's Executive Director, provided an update on the Ag-to-Urban water transfer concept. He explained that Ag-to-Urban remains an ongoing topic at the Arizona Legislature, with multiple stakeholder meetings taking place. The Arizona Department of Water Resources (ADWR) and the Governor's Office have participated in these discussions and indicated their openness to a legislative approach. A key concern raised in a recent meeting hosted by Senator Shope was the potential impact on the Central Arizona Groundwater Replenishment District (CAGR), which was a presentation that showed how Ag-to-Urban transfers could significantly increase CAGR's replenishment obligations—something not accounted for in their current plan of operation.

Mr. Tenney also highlighted an ongoing debate over whether the program should be limited to designated water providers or if it should allow certificates in the short term to help subdivisions begin development. Some stakeholders support allowing certificates with the condition that providers eventually become designated. The Governor's Office expressed openness to this idea, provided limitations and restrictions are in place.

Mr. Tenney explained that the key unresolved issues include determining the conversion rate for farmland to urban use, the number of certificates that could be issued, the potential impact on CAGR, and whether the program would have a measurable benefit to the aquifer. Mr. Tenney concluded that if a legislative agreement is not reached, the Governor's Office said it would move forward with rulemaking.

### 4. 2025 Legislative Session

Paul Bergelin, AMWUA's Water Policy Advisor, provided an update on the 2025 Legislative Session, now in its 102<sup>nd</sup> day. Although most committee work has concluded and the state budget should be the primary focus, progress has been slow, with only a few high-profile developments to report. Mr. Bergelin reviewed key water-related legislation, including seven bills recently vetoed by Governor Hobbs, four of which AMWUA was monitoring.

**HB 2088 – subsequent AMA; director; removal (Oppose)**

**HB 2089 – subsequent AMA; voters; removal (Oppose)**

**HB 2090 – acting in concert; evidence; exemptions (Support)**

**HB 2270 – groundwater model; stormwater recharge; AMAs (Oppose)**

Mr. Bergelin gave an overview of the status of the water legislation that AMWUA is closely watching.

**Support:**

- **HB 2103 – Appropriation; Colorado River Compact; Defense (Griffin):** Appropriates \$1 million for ADWR litigation. Passed Senate.
- **HB 2106 – Advanced Water Purification Permit (Griffin):** Clarifies ADEQ's authority for AWP facility inspections. Never passed House.
- **HB 2125 – Special District; Water (Mesnard):** Prevents assessments on lands not receiving water for 5+ years. Retained on Senate calendar.
- **HB 2691 – Groundwater Replenishment Districts; Annual Dues (Griffin):** Changes dues calculation to reduce fluctuations. Passed Senate, awaiting vote.
- **SB 1523 – Water Use; Landscaping (Dunn):** Bans turf requirements and mandates drought-tolerant plants. Awaiting House vote.

**Oppose:**

- **SB 1236 – Storm Water (Petersen):** Allows "replenishment credits" for storing stormwater in Phoenix AMA to offset pumping obligations. Awaiting Senate vote.
- **SB 1530 – Groundwater Storage Facility; Withdrawals; Area (Petersen):** Expands AOI for recovery wells and USFs. Awaiting Senate vote.
- **HB 2091 – Assured Water Supply; Certificate; Model (Dunn):** Requires outdated groundwater models for Certificate evaluations.
- **HB 2204 – Assured Water Supply; Commingling (Griffin):** Focuses on proposed water source for Certificate applications.
- **HB 2270 – Groundwater Model; Stormwater Recharge; AMAs (Griffin):** No further details.
- **HB 2298 / SB 1611 – Physical Availability Exemption Credit; Groundwater (Griffin & Shope):** Governor vetoed due to policy challenges.
- **HB 2568 – Conservation Requirements; Industrial Water Use (Griffin):** Sets standards for industrial water users using >100 AF/year.
- **HB 2753 – Groundwater Replenishment; Pinal AMA (Martinez):** Applies to all providers, awaiting Senate action.
- **HCR 2038 – Rulemaking; Legislative Ratification; Regulatory Costs (Kolodin):** Lets Legislature eliminate costly rules. Never passed House.
- **SCR 1008 – Municipalities; Counties; Fee Increases; Vote (Peterson):** Requires 2/3 vote for fee/tax increases. Awaiting House action.
- **SB 1114 – Assured Water Supply; Analysis; Availability (Dunn):** Accepts analysis as valid for groundwater availability. Awaiting House vote.

Councilmember Bart Turner asked about the Governor's objection to HB 2270. Mr. Bergelin explained that stormwater recharge was already factored into the Phoenix

groundwater model, the bill was seen as redundant, and created an administrative challenge for ADWR to determine the recharge of stormwater.

Regarding HB 2090, Councilmember Turner inquired why the Governor vetoed it despite AMWUA's support. Mr. Bergelin clarified that AMWUA's support was based on the bill clarifying legal issues around land subdivision. However, the Governor's veto letter did not provide specific criticisms of this bill, only general comments about all the vetoed bills, suggesting they failed to adequately address water-related concerns.

Michael Monti of the Aaron's Company reported that the end of the session seemed to be perpetually delayed due to the ongoing struggle over developmental disability funding. However, an agreement was reached in the House late yesterday, which has now been forwarded to the Senate for consideration. This agreement is expected to pass, removing a key obstacle to concluding the session. Mr. Monti also noted continued haggling over Proposition 123, related to education funding, followed by discussions on the budget.

## **5. Colorado River Post-2026 Operational Guidelines**

Mr. Tenney provided an update on the Colorado River and its post-2026 operational guidelines, emphasizing the uncertainty surrounding future water allocations and management. The current guidelines are set to expire in 2026, and the federal government is expected to implement new guidelines, though the specifics remain unclear. This uncertainty complicates planning for water systems, particularly for Arizona, as reductions in water allocations are anticipated.

Historically, the Colorado River was viewed as a reliable resource for Arizona's growth, providing renewable water supplies and reducing reliance on groundwater. However, since the early 2000s, the river's flow has declined due to prolonged drought and changing hydrology, leading to operational challenges. In response, various plans like the 2007 interim guidelines, the 2019 drought contingency plan, and additional system conservation efforts have been introduced, but the river's long-term health remains uncertain.

Arizona's allocation of 2.8 million acre-feet from the Colorado River is under scrutiny, as the state faces potential deeper cuts following the expiration of current guidelines. The uncertainty surrounding these changes, coupled with ongoing negotiations between the Upper and Lower Basin states, has added to the complexity of managing the river after 2026. With deadlines approaching for new operational guidelines, Arizona could face significant reductions in water delivery, particularly for the Central Arizona Project (CAP), which has already seen reductions in its deliveries.

While negotiations are stalled, the federal government may intervene if an agreement is not reached. Whatever happens, legal action is a possibility. All of which could further impact Arizona's water supply and its ability to meet future needs.

Mayor Anderson emphasized the importance of maintaining focus on the Colorado River issue, despite the temporary reprieve from staying in Tier 1 for a year. He expressed concern that many in the Valley may have become complacent due to this reprieve. Mayor Anderson stressed the dire situation, warning that the Valley may soon face a point where power generation from the dams could also be at risk. He highlighted the need for continued focus on protecting the Colorado River. Additionally, he noted the importance of the appointment of a Bureau of Reclamation commissioner to help address and resolve these critical issues.

Councilmember Nikki Amberg raised concerns about a potential 20% reduction in water supply and questioned whether the remaining \$1.5 billion repayment would still be owed if the supply was cut off completely. Mr. Tenney said it would be.

Councilmember Kaino inquired about the city's engagement with federal representatives on this issue. In response, Mr. Tenney explained that the Arizona Department of Water Resources, along with the Central Arizona Project and Yuma representatives, are in regular discussions with the congressional delegation to emphasize the importance of the issue.

Councilmember Turner followed up by stressing the importance of cities engaging with federal elected officials and using DC lobbyists to ensure the issue is prioritized. He also questioned the sustainability of continued residential growth in Arizona, given the diminishing water supply. Mayor Lisa Borowsky agreed with Councilmember Turner's comments and questioned if State Legislators understood the full impact that recent actions could have on cities in light of Colorado River concerns.

Mr. Monti described the recent legislative session as being largely defined by a tension between certain legislators aligned with homebuilders and those advocating for water conservation. He explained that while there isn't an overt push to promote unchecked expansion, efforts are underway to find ways to bypass current water-use limitations in order to open more areas for single-family home development. In contrast, organizations like AMWUA have continued to push back to preserve existing policies and protect the water supply.

Mayor Borowsky expressed concern that these conversations are not happening in a coordinated manner, particularly in the context of competing interests. Mayor Borowsky inquired about the status of a lawsuit against the Arizona Department of Water Resources (ADWR). Mr. Tenney reported that the Goldwater Institute's lawsuit is questioning ADWR's oversight of the Assured Water Supply Program, which could have negative implications for the cities.

## **6. AMWUA Annual Action Plan**

Mr. Tenney shared that AMWUA's new Annual Plan remains similar to the current one due to ongoing issues like the Colorado River and groundwater challenges. Over the past

year, AMWUA has focused heavily on elevating the importance of water security across Arizona. They successfully navigated a tough legislative session by blocking or improving harmful water bills, engaging with legislators, and hosting regular intergovernmental meetings. This session, AMWUA analyzed a record 124 bills, hosted a breakfast at the State Capitol, and stayed actively involved in key regulatory processes. They also published and distributed an award-winning landscape guide, expanded their water security messaging through weekly blogs, and covered 60 meetings and facilitated 150 meetings. The organization remains committed to supporting its members.

Sheri Trapp, AMWUA's Communication Director, provided an overview of the action plan for the upcoming fiscal year, focusing on sustainable water management, communications, Colorado River challenges, conservation, and finances. She explained the objectives under each category and emphasized the importance of flexibility in the annual plan.

Upon a motion made by Councilmember Turner and a second made by Vice Mayor Curtis Nielson, the AMWUA Board of Directors unanimously approved AMWUA's Annual Action Plan.

#### **7. IRS Form 990 for Fiscal Year 2024**

Mr. Tenney stated that AMWUA is required to file an IRS Form 990 annually. Their financial consultant, CliftonLarsonAllen, completed the draft form, which was shared with the board earlier in the week. He requested the board's approval to accept the draft and authorize him, as Executive Director, to execute it in order to maintain AMWUA's tax-exempt status.

Upon a motion made by Councilmember Orlando and a second made by Mayor Borowsky, the AMWUA Board of Directors unanimously approved the 990 filing.

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

There was no Executive Director's Report

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

There were no requested future agenda items.

#### **E. Executive Session**

Councilmember Amberg made a motion to enter Executive Session, which Vice Mayor Nielson seconded.

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

#### **Consideration of Action Pursuant to Executive Session**

Councilmember Turner made a motion to authorize Director Tenney to proceed as directed by the board during the Executive Session, which Mayor Anderson seconded.

#### **F. Adjournment**

Mayor Anderson adjourned the meeting at 12:56 pm.



**AMWUA BOARD OF DIRECTOR**  
**INFORMATION SUMMARY**  
**MAY 22, 2025**

## **Ag-to-Urban Concept**

### **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**

Legislators and Governor's Office/ADWR have continued discussing a legislative path for an Ag-to-Urban proposal but have yet to agree on what that proposal would be. The three main issues for reaching a compromise continue to be the conversion rate, how to allow Certificates to be issued using Ag-to-Urban for a limited time, and the impact to CAGR's replenishment obligation.

AMWUA staff will provide an update about the Ag-to-Urban discussion and any new proposals that were introduced.

### **RECOMMENDATION**

It is requested that the AMWUA Board of Directors ask questions and discuss the Ag-to-Urban concept.

## **AMWUA BOARD OF DIRECTORS**

### **INFORMATION SUMMARY**

**May 22, 2025**

## **2025 Legislative Session**

### **ANNUAL PLAN REFERENCE**

#### **Legislation**

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### **SUMMARY**

This session, the Legislature has introduced 1,677 bills and 125 memorials and resolutions. Of those, a record 130 bills are water related. The AMWUA Board has taken a position of support or oppose on 53 of those bills.

The Legislature is currently focused on budget discussions, which has meant there has been little movement on the key water bills that AMWUA is watching. Attached is the summary of the key water legislation.

Staff will give an update about the legislative session.

### **RECOMMENDATION**

The AMWUA Board of Directors is requested to ask questions, discuss, and if necessary, provide direction on the water bills.

## **KEY WATER LEGISLATION**

### **HB 2091 S/E: assured water supply; certificate; model (Dunn)**

*Position - Oppose*

The HB2091 strike-everything amendment revives the failed HB2299 by requiring ADWR to re-review certain denied or pending Certificate applications in the Phoenix AMA using outdated hydrologic models from 2006–2009. Applicants must request re-review within 90 days, and ADWR must issue a new determination within 15 days. By bypassing updated models, the bill weakens science-based groundwater management and risks overestimating water availability, potentially undermining long-term sustainability in the Phoenix AMA.

HB 2091 strike-everything, like HB 2299, is a repeat of last session's [HB 2062 \(assured water supply; certificate; model\)](#), which was vetoed. It attempts 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 outdated models for these reviews would enable significantly more groundwater pumping, which would undermine aquifer health and could adversely impact some AMWUA members. It also has the potential to have the Central Arizona Groundwater Replenishment District assume more replenishment obligations than its portfolio can support.

*Latest action – HB 2091 passed the Senate Natural Resources Committee (4-3-1) on March 25 after adoption of a strike-everything amendment reviving provisions from the failed HB 2299. It was cleared by the Rules Committee on March 31. No floor action has occurred.*

### **HB 2103 appropriation; Colorado River Compact; defense (Griffin)**

*Position – Support*

HB 2103 appropriates \$1 million from the state General Fund to the Arizona Department of Water Resources to defend, protect, and enforce Arizona's allocation of Colorado River water under the Colorado River Compact.

*Latest action – HB 2103 passed both the Natural Resources Committee (6-0-2) on March 25 and the Appropriations Committee (9-0-1) on April 1. It is held the Senate pending budget negotiations.*

### **HB 2106 S/E: establishment; advanced water purification permit (Griffin)**

*Position – Support*

The strike-everything amendment to HB 2106 provides additional regulatory clarity on the Arizona Department of Environmental Quality's (AQEQ) authority for Advanced Water Purification (AWP) permits. Specifically, it requires AWP permittees to engage in source control of pollutants that interfere with facility operations or endanger public health. Permit applicants must also show they have the local authority to enforce measures necessary for source control

of pollutants. Finally, the bill clarifies ADEQ's authority to inspect AWP facilities and requires monitoring for these facilities. AWP is one of few new water supplies that could come online within the next decade, and we support efforts to provide assurance that it is a clean and safe source.

*Latest action – HB 2106 passed out of the House Natural Resources, Energy & Water Committee unanimously and was approved by the Rules Committee (7-0-0-1) on February 24. It was placed on the COW Consent Calendar but was protested off to allow a floor amendment with ADEQ-requested regulatory changes. However, no action has been taken since February 24, which means that this bill is likely stopped for the session.*

#### **HB 2125 S/E: special district; water (Mesnard)**

*Position – Support*

The Senate Finance Committee adopted a strike-everything amendment on March 24<sup>th</sup>, replacing the original content with new provisions related to irrigation districts and long-term water agreements. The revised bill prohibits irrigation districts from imposing taxes or assessments on lands that have not received water deliveries in the past five years and are currently not serviceable. It also exempts certain long-term agreements between irrigation districts and municipalities from judicial arbitration procedures. The bill applies retroactively and temporarily revives previously barred legal claims related to these issues through the end of 2026.

The measure seeks to prevent landowners from being taxed for undelivered water while limiting legal disputes over historic contracts. However, it may reduce revenue for some irrigation districts. The strike-everything is aimed to encourage irrigation districts to uphold agreements to supply water to municipal providers, which rely on these sources to demonstrate a 100-year water supply.

*Latest action – HB 2125 was retained on the Senate calendar on April 22 following prior advancement through Senate Rules and caucuses.*

#### **HB 2204 assured water supply; commingling (Griffin)**

*Position - Oppose*

HB 2204 would direct the Arizona Department of Water Resources (ADWR) to consider any type of waters that are commingled 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.

HB 2204 also contains 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.

HB 2204 is a repeat of [HB 2017 \(assured water supply; commingling\)](#) from last session, which Governor Hobbs vetoed. AMWUA was opposed to that bill.

*Latest action – HB 2204 was heard by both caucuses on April 1 but has not seen any floor action in the Senate.*

### **[HB 2270](#) groundwater model; stormwater recharge; AMAs (Griffin)**

*Position – Oppose*

HB 2270 would require the Arizona Department of Water Resources (ADWR) to adopt rules to update its groundwater models for active management areas (AMAs) to account for any natural, incidental, or artificial stormwater recharge created through new or existing infrastructure. Any recharge generated by this new or existing infrastructure would be assumed to offset a portion of future groundwater use. Finally, ADWR would be required to annually update these models to reflect any new recharge.

Stormwater recharge have been discussed as a way to improve aquifer health, but there are many logistical challenges to these efforts which may make modeling impractical. The volume of water generated by precipitation and the frequency of precipitation events may vary with each year to the extent that it makes no appreciable difference in the long-term health of aquifers. Whether stormwater recharge actually percolates deep enough to benefit the aquifer is also an unresolved question. The Arizona Tri-University Recharge and Water Reliability Project is currently researching where and when water might be available for recharge. It would be best to wait for this group to conclude its work before proposing legislative changes. Finally, there is the possibility that stormwater recharge is captured by a Designated provider's groundwater allowance, which increases by at least 4% annually based on incidental recharge.

*Latest action – HB 2270 passed the Senate on April 9 with a 17-13 vote. The bill was transmitted back to the House and sent to the Governor on April 10 for final action. It was vetoed shortly thereafter*

**HB 2297 designation; assured water supply; offset (Griffin)**

*Position – Oppose*

HB 2297 would write into statute the recently adopted rules for the Alternative Pathway to Designation (ADWR). However, this version of ADAWS would drastically reduce the cut to groundwater physical availability when a provider incorporates renewable supplies into its designation from 25% to 5% of the 100-year volume for those renewable supplies. We opposed this effort because the 25% “groundwater offset” is essential for ADAWS to work to sufficiently a provider’s reduce long-term groundwater pumping when there is unmet demand in the Phoenix AMA.

*Latest Action – HB 2297 failed to obtain the 2/3 vote necessary to pass the House of Representatives.*

**HB 2298 S/E: physical availability exemption credits; groundwater (Griffin)**

*Position – Oppose*

HB 2298, originally a technical correction bill on AMA management goals, was amended to address physical availability exemption credits for groundwater. The strike-everything amendment to HB 2298 introduces a framework allowing Irrigation Grandfathered Rights (IGFRs) to be relinquished in exchange for Physical Availability Exemption Credits, which permit groundwater withdrawals without demonstrating physical availability under Assured Water Supply (AWS) rules. The bill establishes variable withdrawal and replenishment requirements based on location and allows exemption credits to be transferred within a one-mile radius of the retired IGFR land. Additionally, it permits exemption credits to be incorporated into a municipal provider’s AWS designation if the provider serves the land.

While intended to facilitate agricultural-to-urban water transfers, HB 2298 raises concerns about long-term groundwater sustainability. It could allow large-scale groundwater pumping without sufficient oversight, weaken AWS protections, and create conflicts with the newly approved Alternative Pathway to Designation (ADAWS) rules, which were designed to strengthen groundwater management for urban growth. Without additional safeguards, this policy shift risks permanently impacting aquifer health and diminishing Arizona’s long-term water security.

HB 2298 should be amended to maintain physical availability requirements, ensure consistent replenishment obligations, align exemption credits with municipal water planning, and enhance oversight to safeguard aquifer sustainability.

*Latest Action – HB 2298 passed the House Natural Resources, Energy & Water Committee with a DPA/SE (5-3-0-2) and was approved by the Rules Committee. It was amended on the House floor on February 25, but no final vote has been recorded. There has been no movement on the bill since.*

**HB 2568 conservation requirements; industrial water use (Griffin)**

*Position – Oppose*

HB 2568 would require the Arizona Department of Water Resources (ADWR) to develop conservation requirements for industrial facilities that use more than 100 AF per year and are only required to submit a plan to improve efficiency as part of an active management area's (AMA) management plan. These conservation requirements would include on-site water reuse, recycling, and efficiency improvements. To be subject to this requirement, a facility would need to be in an AMA where the Legislature authorized the Alternative Pathway to Designation of Assured Water Supply (ADAWS) and an agriculture-to-urban program.

While we appreciate efforts to enhance conservation efforts for “new large industrial users” currently regulated under the AMA's management plan, the conditions for requiring these efforts are unacceptable. ADWR—not Legislature—created ADAWS, and we would be very concerned about efforts to put ADAWS in Arizona Revised Statute, where it could be easily altered by lawmakers. It makes no sense to require the creation of an agriculture-to-urban program for a completely unrelated water conservation program.

*Latest action – HB 2568 passed the Senate Natural Resources Committee (4-3-1) on March 25, cleared the Rules Committee on March 31, and was placed on the Senate Consent Calendar for final action.*

**HB 2753 groundwater replenishment; Pinal AMA (Martinez)**

*Position - Oppose*

Building upon SB1181 from the last legislative session, which was specific to the Phoenix AMA, HB 2753 is specific to the Pinal AMA. It outlines a structured transition for newly Designated providers to gradually assume groundwater replenishment responsibilities within their service areas over a ten-year period, starting with at least 10% annually. The bill also restricts the enrollment of new member lands into a provider's service area post-Assured Water Supply designation and permits the use of extinguishment credits and groundwater allowances under specified agreements.

SB 1181 was intended to ease the financial cost of replenishment for water providers that became Designated under the Alternative Pathway to Designation (ADAWS) Rules. In addition to the Phoenix AMA, these rules also established a way for a water provider in the Pinal AMA to obtain an ADAWS. However, SB 1181's provisions only applied to the Phoenix AMA. HB 2753 would apply these provisions to the Pinal AMA and similarly direct ADWR to amend its rules by 2026.



AMWUA had no position on the bill since it applied only to the Pinal AMA. However, an amendment was added to it that specified developers' financial obligations do not apply to additional water supply contributions beyond their own projects, which would limit available funding for regional replenishment efforts. Since this provision applied to all designated providers including the Phoenix AMA, AMWUA has opposed the bill and worked to limit the bill to only ADAWS providers.

HB 2753 is similar to SB 1393, which was amended with a strike-everything (SE) amendment to focus on groundwater replenishment in the Pinal AMA. Following AMWUA's engagement, SB 1393 was further amended to apply only to ADAWS providers. As a result, AMWUA changed its position to "No Position". In contrast, HB 2753 has not yet been amended.

*Latest action – HB 2753 was cleared by the Senate Rules Committee on March 31 and placed on the Senate Consent Calendar for final action. No further Senate floor activity has occurred since then.*

#### **HCR 2038 rulemaking; legislative ratification; regulatory costs (Kolodin)**

*Position – Oppose*

HCR 2038 is a voter referral that contains part of the language in HB 2632. Specifically, it would empower the Legislature to eliminate an agency rule that costs taxpayers more than \$1 million per year. If passed by the Legislature, this measure would appear on the 2026 general election ballot. Our concern is that HCR 2038 could enable the Legislature to repeal any or all the current Assured Water Supply Rules, which would undermine the water security our members have worked to achieve.

*Latest Action – HCR 2038 passed House committees with amendments and was approved in caucus. It was amended on the House floor on February 19, but no final vote has been recorded since.*

#### **SB 1013 municipalities; counties; fee increases; vote (Petersen)**

*Position – Oppose*

SB 1013, originally related to local fee increases, was amended with a strike-everything amendment in the House Judiciary Committee on March 19, changing its subject to fentanyl possession and probation ineligibility.

*Latest Action – No further monitoring of this bill is required.*



### **SB 1114 assured water supply; analysis; availability (Dunn)**

*Position – Oppose*

SB 1114 is a repeat of HB 2589 (assured water supply; analysis; availability) from last legislative session. This bill would require the Arizona Department of Water Resources (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. An Analysis holder would be allowed to reduce the remaining volume of groundwater reserved in that Analysis by 15% after a Certificate has been issued.

SB 1114 is 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 be contrary sound water management or scientific best practices.

*Last Action – SB 1114 passed Senate (17-12-1) on March 3 with amendments and moved to the House. It passed the Natural Resources Committee (5-3-2) on March 18 and was approved by the Rules Committee (8-0) on March 24. However, on April 1, it was retained on the House calendar, and no final vote has occurred.*

### **SB 1236 NOW: stormwater (Petersen)**

*Position – Oppose*

The strike-everything amendment to SB 1236 would allow someone to store “stormwater” at a constructed underground storage facility (USF) to earn a new type of credit called a “replenishment credit.” This credit could be used to offset the storer’s replenishment obligation for pumping that occurred within two miles of the USF or pumping in a provider’s service area if that service area is within two miles of the USF. Any credits would be treated as groundwater and not as stored water.

There are numerous technical problems with this bill that make its implementation impractical. “Stormwater” is not defined anywhere in the bill, so it is unclear how it is different than appropriable surface water. It is also unclear how the Arizona Department of Water Resources should determine who has the rights to stormwater. Additionally, creating a new type of credit seems questionable. Currently, when water is stored at a USF, it generates a long-term storage credit than can be used to offset required replenishment for groundwater pumping. Taken together, these technical issues would undermine the ability of this bill to function as planned.

*Latest Action – SB 1236 passed the Senate (17-10-3) on March 6 after committee and floor amendments. It also passed the House Natural Resources Committee (6-4) on March 25 and the Rules Committee. On April 2, it was amended on the House floor based on an SRP-requested change. No final House vote has been recorded yet.*

**SB 1393 NOW: groundwater replenishments; Pinal AMA (Shope)**

*Position – No Position*

SB 1393, originally a technical correction bill, was amended with a strike-everything (SE) amendment to focus on groundwater replenishment in the Pinal AMA.

Same as HB 2753, SB1393 is revises groundwater replenishment requirements in the Pinal Active Management Area (AMA). Key changes include clarifying the obligations of subdividers in securing assured water supplies, adjusting rules for municipal providers assuming groundwater replenishment responsibilities, and restricting requirements on subdivided landowners to pay for off-site groundwater replenishment.

*Latest Action – SB 1393 passed the Senate (17-10-3) on March 6 with amendments and was transmitted to the House. It passed the Natural Resources Committee (5-4) on March 18 and the Rules Committee (8-0) on March 24. Though placed on the Consent Calendar, an objection was raised, requiring full debate. On March 26, a floor amendment—developed in coordination with AMWUA—was adopted, and the bill received a do-pass recommendation. It now awaits final action by the full House.*

**SB 1503 continuation; school facilities board (Farnsworth)**

*Position – Oppose, seek to amend*

SB 1503 primarily continues the School Facilities Oversight Board until July 1, 2030 while making some changes to this state agency’s statutes. However, an amendment adopted by the House Education Committee would adversely impact municipal water providers. Under current law, cities and towns are allowed to assess and collect impact fees from a school district or charter school for water and wastewater service. However, the adopted amendment would prohibit cities and towns from collecting these fees when the development in question is financed with New School Facilities Fund monies. (The New School Facilities Fund, which is administered by the School Facilities Oversight Board, finances the construction of new schools for school districts.)

Limiting how cities and towns can charge water and wastewater impact fees could undermine growing communities that will have more public-school construction in the years to come. We are concerned that the amendment would effectively require others to subsidize the development costs for public schools. If cities and towns cannot collect fees for new infrastructure, they will need to find a way for others to cover these costs.

*Last action—SB 1503 passed out of the House Education Committee amended on March 25th. It is still awaiting a hearing before the House Rules Committee before it can move to the floor.*

### **SB 1522 waterlogged area; exemption area (Dunn)**

*Position – Oppose*

Last year, the Legislature passed SB 1081 (exemption area; assured water supply), which allowed part of Buckeye's service area within the Buckeye Waterlogged Area (BWLA) and Buckeye Water Conservation and Drainage District to obtain a Designation of Assured Water Supply if the city contracted with the district for at least 100 years' of service on those lands and several Assured Water Supply criteria were met.

As amended, SB 1522 would allow Buckeye to pump up to 10,000 acre-feet of water annually from the BWLA to support this partial Designation of its service area. This pumping would be deemed consistent with the Phoenix Active Management Area's (AMA) management goal and not considered excess groundwater for the purposes of reporting to the Central Arizona Groundwater Replenishment District for as long as the BWLA remains legally designated. Additionally, this pumping would be considered sufficient water for an Assured Water Supply determination. This provision would apply retroactively starting in 1989.

This bill could undermine groundwater conservation efforts within the Phoenix AMA, potentially increasing unsustainable groundwater withdrawals and jeopardizing long-term regional water sustainability. Although the BWLA currently exists, there is no guarantee that it will exist into the future—particularly if effluent releases from the 91<sup>st</sup> Avenue Wastewater Treatment Plant are reduced. Declaring that pumping 10,000 acre-feet of groundwater/subflow will be physically available for Assured Water Supply purposes is questionable with the area's future hydrology.

*Latest Action – SB 1522 passed the Natural Resources Committee on February 18th with a 4-3-1 vote after being amended and was approved in caucuses. The amendment broadens the definition of eligible water sources. The bill advanced through the Senate Rules Committee and was adopted on March 3 after further amendment. It now awaits further Senate action.*

### **SB 1523 water use; prohibition; landscaping (Dunn)**

*Position – Support*

SB 1523 as amended, prohibits municipalities in the Prescott, Phoenix, Tucson, and Santa Cruz Active Management Areas (AMAs) from adopting or enforcing landscaping requirements that mandate a minimum numbers or size of trees or shrubs, percentage of ground cover, or amount of turf. It would similarly prohibit requirements for open space that requires irrigation beyond what is necessary for stormwater retention. SB 1523 also bars such municipalities from requiring the use of plants not listed on the Arizona Department of Water Resources' low-water-use and drought-tolerant plant list. While the bill allows exceptions for functional turf in

public recreational areas and other civic spaces, it expressly prohibits municipalities from requiring turf in subdivision drainage areas.

AMWUA worked closely to help shape the amendment language that narrowed the bill's scope, and as a result, changed its position from "Oppose" to "Support."

*Latest Action – SB 1523 passed the House on May 1 with a 54-0-6 vote. It now heads to the Senate for possible concurrence and a final vote.*

### **SB 1530 groundwater storage facility; withdrawals; area (Petersen)**

*Position – Oppose*

SB 1530 would require ADWR to assume that a recovery well located within the area of impact (AOI) if the permit applicant did not submit a hydrologic study, and the recovery well is located within one mile of any of the following:

- The exterior boundary of a constructed underground storage facility (USF) basin or "other water storage infrastructure".
- The middle line of a drainage channel within the storage area of a managed USF; or
- The exterior boundary of a district that has received a permit to operate as a groundwater savings facility (GSF).

The changes made by SB 1530 would increase the area of impact for groundwater savings facilities and could similarly increase the AOI for other storage facilities. Doing so could harm the aquifer by allowing more pumping to qualify as recovery of stored water within the AOI and thus escape the 4-foot decline limitations established in the Phoenix AMA Management Plan. Taken together, these changes may limit the ability of water providers to recover stored water and create a way for a newly Designated water providers to avoid reductions to its physically available groundwater.

The latest amendment removed the proposed expansion of AOIs for GSFs, which AMWUA had opposed. While the bill now appears consistent with existing ADWR policy for recovery well permitting, concerns remain about the inclusion of the vague term "other water storage infrastructure," which introduces ambiguity and could lead to broader interpretations in the future.

*Latest Action – SB 1530 passed in the Senate (16-11-3) on March 4. It also passed the House Natural Resources, Energy & Water Committee (6-3-1), cleared the Rules Committee on March 31 (7-0), passed both caucuses on April 1. On April 2, a floor amendment by Representative Griffin was adopted. The bill awaits final action in the House.*

## **SB 1611 physical availability exemption credit; groundwater (Shope)**

### *Position – Oppose*

SB 1611 would establish a program to convert Irrigation Grandfathered Rights (IGRs) in the Phoenix, Pinal, and Tucson Active Management Areas (AMAs) into a physical availability exemption credit (PAEC) that could be used for Certificates and Designations of Assured Water Supply. Someone who obtains such a credit in the Phoenix or Tucson AMAs may choose to pump one of three pre-established annual volumes per irrigation acre which come with corresponding replenishment requirements:

- 2.0 AF per acre in which 67% of groundwater (1.33 AF per acre) must be replenished.
- 1.5 AF per acre in which 50% of groundwater (0.75 AF per acre) must be replenished; or
- 1.0 AF per acre in which 33% of the groundwater (0.33 AF per acre) must be replenished.

The remaining volume of groundwater would be considered consistent with the AMA's management goal. The Pinal AMA, the annual pumping volumes for a PAEC are smaller:

- 1.5 AF per acre in which 100% of groundwater must be replenished.
- 1.0 AF per acre in which 67% of groundwater (0.67 AF per acre) must be replenished; or
- 0.5 AF per acre in which 33% of groundwater (0.167 AF per acre) must be replenished.

A PAEC may be used for a Certificate or Designation if it meets all the following criteria:

- The groundwater will be used on retired irrigation acres or land within one mile of the retired acreage.
- The groundwater will be pumped from wells used to serve the IGR, wells within a mile of the wells used to serve the IGR, wells located on the retired acreage, or wells within one mile of the retired acreage.
- The applicant uses an Arizona Department of Water Resources-approved method of analysis to show that groundwater can be withdrawn to serve the proposed use for 100 years without causing the depth-to-static water level to drop below 1,000 feet below land surface for the Phoenix and Tucson AMAs and 1,100 feet below land surface for the Pinal AMA. In making this determination, ADWR will not consider other withdrawals of groundwater that exceed this depth-to-static water level over the 100-year period. Additionally, for pumping from wells that are within one mile of a well previously used to serve the IGR, the applicant may rely of ADWR's most recent AMA model run.

The resulting credit may be assigned to a municipal provider or subsequent owner of land associated with the relinquished IGR. Additionally, a credit will transfer to a Designated provider if it begins serving lands with a Certificate based on a credit.

Stakeholder discussions on this bill are ongoing and it is likely that several provisions will be amended. For example, the proponents need to clean up the ambiguous "must be replenished" language to focus on replenishment by the Central Arizona Groundwater Replenishment District. Additionally, there seems to be agreement that the land associated with the IGR must

be irrigated for three of the past five years before the IGR can be relinquished to create a PAEC. However, there are still several concerning aspects of this bill, namely its potential to enable a significant volume of permanent groundwater pumping without requiring a provider to become designated under the Alternative Pathway to Designation. Additional guardrails are needed to ensure it does not undermine the water security of AMWUA's members.

*Latest Action – SB 1611 passed the Senate Natural Resources Committee (4-3-1) on February 18 and was later approved by the Senate Rules Committee on February 24. The bill was placed on the consent calendar and received approval from both caucuses. It awaits further Senate action.*

**SCR 1008 municipalities; counties; vote; fee increases (Petersen)**

*Position – Oppose*

S.C.R. 1008 is similar to S.B. 1013 in that it would require a two-thirds vote by a city, town, or county to approve any increase in assessments, taxes, or fees. The key difference is that S.C.R. 1008 is a legislative referendum. If approved by both legislative chambers, it would be placed on the ballot for the 2026 general election. If passed by voters, the measure would restrict local governments from adjusting taxes and fees without broad council or board approval.

*Latest Action – SCR 1008 passed the Senate (17-12-1) on February 20 after a technical amendment in the Government Committee to correct a spelling error. It was transmitted to the House on the same day, where it was assigned to Ways and Means and Rules. It passed the House Ways & Means Committee on March 19 with a 5-4 vote, but has not been heard in the House Rules Committee.*

## OTHER BILLS THAT THE AMWUA BOARD HAS TAKEN POSITIONS ON

### House Bills

#### HB 2056 **geoengineering; prohibition (Fink)**

*Position – Oppose*

HB 2056 would prohibit someone from engaging in geoengineering, which includes weather modification and cloud seeding. As part of that prohibition, this bill would repeal part of the statutes for the Arizona Department of Water Resources (ADWR) that allows it to regulate and license those who conduct weather control, cloud seeding, or other activities intended to artificially produce rainfall. HB 2056 requires the Arizona Department of Environmental Quality (ADEQ) Director to investigate credible reports of geoengineering within two hours of receipt. The ADEQ Director must also investigate reports of “excessive electromagnetic radiation or fields caused by human activity in any part of the spectrum.” Anyone found guilty of violating this prohibition would be guilty of class 4 felony and liable for a civil penalty of at least \$500,000 per violation with each day of geoengineering constituting a separate violation.

Cloud seeding has not been done in Arizona, but SRP is currently researching the feasibility of cloud seeding in the White Mountains in eastern Arizona. Cloud seeding may produce some increase in precipitation or snowpack, though the amount produced varies with each project. One dilemma in the drought-plagued southwest is that seeding only works when there are seed-able storms. It nonetheless may be premature remove this technology from being used to in Arizona.

*Latest action – Passed House Regulatory Oversight Committee amended on a 3-2 vote. It was never heard in the NREW and RULES committees and is likely stopped for the session.*

#### HB 2088 **subsequent AMA; director; removal (Griffin)**

*Position – Oppose*

HB 2088 introduces a mechanism for periodic review of subsequent AMAs (Active Management Areas) by the ADWR Director. If areas within an AMA no longer meet statutory criteria, the AMA designation can be repealed following a public hearing process. Currently, once an AMA is designated, it cannot be rescinded.

A subsequent active management area (AMA) may be designated by the Arizona Department of Water Resources (ADWR) Director if any one of the following statutory criteria are satisfied:

1. Active management practices are needed to preserve existing groundwater supplies for future needs.
2. Land subsidence or fissuring is endangering property or potential groundwater storage capacity; or
3. Use of groundwater is resulting in actual or threatened water quality degradation.



Under current law, once a subsequent AMA is designated, it cannot be rescinded. ADWR Director Tom Buschatzke designated the Willcox AMA on December 19, 2024, and the process is underway to potentially declare a subsequent AMA in the Gila Bend Groundwater Basin.

In addition to technical concerns, all subsequent AMAs are in rural areas that primarily rely on groundwater. It is difficult to envision a scenario in which aquifer levels in part of an AMA stabilize enough that the AMA is no longer necessary.

We opposed HB 2061 ([subsequent active management area; removal](#)) last session out of concern that it would attempt to repeal the Douglas AMA. Our concern for that AMA and the newly created Willcox AMA remain. An AMA provides more stability by monitoring and managing groundwater pumping than the status quo.

*Latest action – HB 2088 passed the Senate on April 9 with a 16-14 vote after receiving a do-pass recommendation from the Senate Natural Resources Committee (4-3-1) and clearance from the Rules Committee on March 31. The bill was transmitted to the Governor on April 10 and was subsequently vetoed.*

#### **[HB 2089](#) subsequent AMA; voters; removal (Griffin)**

*Position – Oppose*

As noted under HB 2088 (subsequent AMA; director; removal), a subsequent active management area (AMA) may be designated by the Director of the Arizona Department of Water Resources (ADWR) if at least one of three statutory criteria are satisfied or by vote of local residents through a statutorily prescribed process. Once established, there is no way to revoke a subsequent AMA.

HB 2089 would establish a process in which local residents could circulate a petition to revoke a subsequent AMA 10 years after it was designated. If at least 10% of residents sign this petition within the prescribed time frame, the applicable county board of supervisors will forward it to the ADWR Director. If the ADWR Director determines that the conditions for declaring a subsequent AMA still exist, the election to revoke the AMA is cancelled. However, if the ADWR Director determines that an AMA is no longer necessary or declines to file an order, an election will be held on whether to remove the AMA. (The ADWR Director's order is an appealable agency action. Depending on the outcome, the ADWR Director may need to file a new determination that could lead to the election being held or cancelled.)

All subsequent AMAs are in rural areas that are primarily reliant on groundwater. It is therefore difficult to imagine any plausible scenario in which aquifer levels would stabilize enough in the long-term that the AMA would no longer be necessary. Additionally, allowing the election to proceed if the ADWR Director declines to file an order on whether the AMA is necessary seems problematic. Given what would be at stake for a community's future when groundwater is the only reliable water supply, affirmative evidence that an AMA is no longer necessary should be required for an election to proceed.



*Latest action – HB 2089 passed the Senate on April 9 with a 16-14 vote, following a do-pass recommendation from the Senate Natural Resources Committee (4-3-1) and clearance from the Senate Rules Committee on March 31. The bill was transmitted to the Governor on April 10 and was subsequently vetoed.*

### **HB 2090 acting in concert; evidence; exceptions (Griffin)**

#### *Position – Support*

Acting in concert to illegally subdivide lands refers to the efforts of different parties to take turns acquiring and then dividing tracts of land among each other until the resulting lots have the same form and appearance as subdivided lands. This effort is seen as contributing to preventing “wildcat” subdivisions and steers clear of many requirements that apply to subdivided lands, including demonstrating a 100-year water supply in an active management area.

HB 2090 would clarify that it is unlawful to act in concert by dividing a parcel into six or more lots within a ten-year time period. It would declare that familial relationships, well sharing agreements, and road maintenance agreements are on their own insufficient grounds for showing acting in concert. For counties outside of Maricopa and Pima, using the same contractor, architect, engineer, home inspector, landscape architect, or surveyor would in and of itself similarly be insufficient grounds for acting in concert.

Representative Griffin introduced a similar bill last session ([HB 2006 – real estate; acting in concert](#)), which passed through the House but was ultimately held on the Senate floor. AMWUA took a neutral position on this bill because while it attempted to address concerns raised by the Governor’s Water Policy Council, the language was inconsistent with the council’s recommendation.

By providing more clarity on what constitutes acting in concert to illegally subdivide land, HB 2090 could make it easier for county attorneys or the State Real Estate Commissioner to take action against “wildcat” subdivisions. However, more information is needed on whether the carve-outs to acting in concert make it difficult to prosecute this offense.

*Latest action – HB 2090 passed the Senate on April 9 with a 17-13 vote, following approval by the Senate RAGE Committee (4-3) on March 5 and clearance by the Senate Rules Committee on March 17. The bill was transmitted to the Governor on April 10 and was subsequently vetoed.*

### **HB 2093 subdivided lands; violations; civil penalties (Griffin)**

#### *Position – Support*

Under current law, those who illegally subdivide lots may be assessed a civil fine of now more than \$2,000 per infraction. However, an infraction that involves more than one lot in a subdivision is considered a single infraction. HB 2093 would amend statute so that the civil fine would apply per lot where a violation occurs.

This change is consistent with a recommendation from the Governor’s Water Policy Council to combat illegally subdividing. Rep. Griffin introduced a similar bill last year (HB 2007 – subdivided lands; civil penalties) that passed the House but never received a floor vote in the Senate. AMWUA supported this bill last session. In AMAs, illegally subdividing lands undermines the Assured Water Supply Program and with it, the Groundwater Management Act. Supporting this bill is warranted.

*Latest action – HB 2093 passed the House (53-0-7) and was transmitted to the Senate. It had its first and second readings in the Senate on February 25<sup>th</sup> and 26<sup>th</sup>, respectively. However, it never received a committee hearing and is likely stopped for the session.*

### **HB 2162 reporting; groundwater pumping; measuring (Crews)**

#### *Position – Support*

There are different requirements for metering and annual reporting pumping from wells in Arizona based on the well’s pumping capacity, location, and use. For example, “exempt wells” which have a pumping capacity of less than 35 gallons per minute are not required to use a water measuring device. By contrast, most nonexempt wells in active management areas (AMAs), irrigation non-expansion areas (INAs), and wells in four groundwater basins and sub-basins that are used to transport groundwater to initial AMAs must have a measuring device and any pumping annually reported. However, there are certain exemptions for AMAs and INAs that apply to nonexempt wells that withdraw 10 or fewer AF annually or that serve 10 or fewer irrigation acres.

HB 2162 would generally require metering and annually reporting for all nonexempt wells in Arizona. However, those using a nonexempt well outside of an AMA or INA to pump 10 or fewer AF annually for a non-irrigation use would be exempt from this requirement. These users would have to annually report an estimate of annual pumping to ADWR. Similarly, those who withdraw groundwater from a nonexempt well outside of an AMA or INA to irrigate lands would be exempt from metering if the groundwater was used to irrigate 10 or fewer acres that are not part of an integrated farming operation. This exemption for smaller farming operations would also apply to annual reporting requirements.

Similar versions of this bill have been introduced in previous sessions (HB 2399 – report; groundwater pumping; measuring [2024], HB 2266 – reporting; groundwater pumping; measuring [2023], HB 2467 – reporting; groundwater pumping; measuring [2022], SB 1022 – groundwater pumping; measuring; reporting [2022]). None of have ever received a committee hearing.

*Latest action – HB 2162 was assigned to the House Natural Resources, Energy & Water Committee and the Rules Committee on January 16. However, it was never heard and is likely stopped for the session.*

### **HB 2203 historical water use; subsequent AMA (Griffin)**

#### *Position – Oppose*

Under current law, the five years preceding the designation of an active management area (AMA) dictate which lands may continue to be irrigated. For example, if land was irrigated any time within the five years preceding the initiation of a process to designate a subsequent AMA, it may continue to be irrigated once the AMA was established. A similar five-year historical period applies when determining the service area of an irrigation district within an AMA and how much groundwater may be pumped from Type 1 and Type 2 non-irrigation grandfathered rights.

HB 2203 would lengthen this historical period from five to ten years. This would increase the amount of land eligible for legally irrigation and expand the volume of groundwater that may be pumped under Type 1 and Type 2 grandfathered rights in a subsequent AMAs. Together, these changes would allow more groundwater pumping and could undermine efforts to reduce aquifer depletion. The bill would apply retroactively from August 29, 2022, affecting the Douglas and Willcox AMAs, and any subsequent AMA designations.

A technical concern arises from how HB 2203 redefines irrigation district service areas. The bill expands those areas to include land irrigated at any time in the past ten years—rather than five—prior to designation. While this expansion technically applies to all AMAs, the changes to irrigation eligibility and groundwater volumes only apply to subsequent AMAs. This discrepancy may require correction to avoid unintended impacts in initial AMAs.

A floor amendment to HB 2203 further broadens eligibility for groundwater use in newly designated AMAs by expanding who may claim historical irrigation and by recalculating historical use over a longer period—potentially increasing the volume of water a user can claim.

*Latest action – HB 2203 passed the Senate on April 9 with a 16-14 vote after adoption of a floor amendment by Senator Dunn. It had previously received a do-pass from the Senate Natural Resources Committee (5-2-1) and was cleared by the Senate Rules Committee on March 17. The House concurred with the Senate amendments and voted it out with a 32-23-5 vote on April 28. It was vetoed on May 2<sup>nd</sup>.*

### **HB 2248 well drilling application; location; GPS (Mathis)**

#### *Position – Support*

To drill a well or deepen an existing well, someone must file a notice of intention to drill with the Arizona Department of Water Resources (ADWR). This notice requires certain information about the well, including a legal description of its location on a tract of land. However, legal descriptions are imprecise measurements of location. HB 2248 would additionally require GPS coordinates for the well's location on any notice of intention to drill. Having this location data would enhance the accuracy of ADWR's datasets and, in turn, lead to better information that can inform policy.

*Latest action – HB 2248 was introduced, read in the House, assigned to the House Natural Resources, Energy & Water Committee and the Rules Committee on January 27. However, it never received a hearing and is likely stopped for the session.*

### **HB 2253 water efficient plumbing fixtures (Mathis)**

*Position – Support*

Starting in 2027, HB 2253 would prohibit someone from distributing, selling, importing, or installing plumbing fixtures in new residential construction or replacing fixtures in existing residential construction that either are not WaterSense-labeled, meet or exceed criteria established by the WaterSense Program, or do not have criteria established by the WaterSense Program. A similar prohibition would apply to evaporative cooling systems and decorative fountains that lack a water recycling or reuse system. ADWR would be allowed to waive this requirement for historic fixtures as determined by rule.

Some water providers have varying levels of requirements to use WaterSense-labeled fixtures for new developments. Although the requirements of HB 2253 may not result in considerable water savings, it would help facilitate a culture of water conservation.

*Latest action – HB 2253 was assigned to the House Natural Resources, Energy & Water Committee and the Rules Committee on January 27. However, it never received a hearing and is likely stopped for the session.*

### **HB 2273 lottery; on-farm irrigation efficiency fund (Dunn)**

*Position – Support*

HB 2273 would annually deposit \$50 million from the State Lottery Fund into the fund that supports the On-Farm Irrigation Efficiency Program in FYs 2026 and 2027. This deposit would occur prior to depositing any remaining monies into the state General Fund. The On-Farm Irrigation Efficiency Program is administered by the University of Arizona Cooperative Extension and provides grants to farmers to install irrigation systems that improve water efficiency by at least 20%. Grants may receive up to \$1,500 per acre for a maximum reimbursement of \$1 million per individual. Grantees must provide information on their crop and water usage to the cooperative extension.

*Latest action – HB 2273 passed out of the House Natural Resources, Energy & Water Committee (9-0-0-1) on February 11. However, has not received a hearing in the House Appropriations or Rules Committees, and is likely stopped for the session.*

## **HB 2276 legislative ratification; rulemaking; regulatory costs (Gress)**

*Position – Oppose*

HB 2276 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 confirming the 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”. An 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.

HB 1153 is similar to [SB 1153 \(regulatory costs; rulemaking; legislative ratification\)](#) from last year’s session, which was vetoed, and [SCR 1012 \(rulemaking; legislative ratification; regulatory costs\)](#), which was voted down as Proposition 315.

HB 2276 is concerning because of the wide-ranging negative impacts it could have on the ability of ADWR, ADEQ, and every other state agency to fulfill their public service missions. It may also violate the separation of powers by overreaching legislative authority into executive branch functions. Oversight of agency rulemaking should be handled through public stakeholder processes, and not through the political machinations of the legislature.

*Latest Action – HB 2276 had its first and second readings in the House on January 21 and 22, respectively. However, it never received any committee hearings and is likely stopped for session.*

## **HB 2317 residential building materials; requirements; prohibition (Gillette)**

*Position – Oppose*

HB 2317 prohibit 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 the municipality’s building 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. 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.

*Latest Action – HB 2317 failed on a 1-6 vote in the House Government Committee. No further action has been taken.*

#### **HB 2319 private property; design; regulations; prohibition (Gillette)**

*Position – Oppose*

HB 2319 would prohibit a municipality from adopting or enforcing any regulation, standard, stipulation or other requirement on an individually owned single-family lot that limits the use of a building material or product unless doing so would violate an applicable building code. This prohibition could have implications for municipalities that require WaterSense certified products. However, HB 2319 similarly limits a municipality from preventing the installation or use of water conservation products or materials.

*Latest Action – HB 2319 was held in the House Government Committee.*

#### **HB 2412 augmentation; Phoenix; Pinal; Tucson; AMA (Kolodin)**

*Position – Oppose*

HB 2412 would allow Long-Term Water Augmentation Fund monies to be used to create new sources of water within Arizona or purchase new water created in Arizona. However, fund monies cannot be used to purchase existing water or rights to existing water unless the purchase is related to creating a “new water source” or rights to “new water” created in Arizona. Fund monies could also be used to acquire or construct facilities to convey or deliver newly created water within Arizona. Finally, HB 2412 would require 75% of fund monies to be used for water supply development projects that benefit end users in the Phoenix, Pinal, and Tucson active management areas (AMAs).

HB 2412 never defines “new water” or “new sources of water” that are created in Arizona and how those differ from “existing water”, which is similarly undefined. Since HB 2412 prohibits fund monies from being used to “purchase existing water or rights to existing water from an in-state user unless the purchase is related to the creation of a new source of water,” it can be plausibly argued that water resulting from advanced water purification or raising Bartlett Dam would not qualify as “new water”. Additionally, the provision limiting the use of fund monies to end users in the Phoenix, Pinal, and Tucson AMAs is problematic because the projects supported by this fund could benefit other users.

*Latest action – HB 2412 was introduced and read in the House but never received any committee hearings and is likely stopped for session.*

### **HB 2413 effluent; proportional share; recharge; compensation (Kolodin)**

*Position – Oppose*

HB 2413 would require a municipal provider that has an exclusive water area and that owns or operates a wastewater system that produces effluent to compensate customers for a proportional share of the effluent that the provider does not recharge into the active management area (AMA) aquifer. The bill would also declare that effluent not recharged into the AMA is an eligible customer's property. Additionally, HB 2413 prescribes a process by which each municipal provider would determine how much to compensate its customers for any wastewater they provide. Finally, HB 2413 authorizes the Arizona Department of Water Resources to enforce its provisions.

HB 2413 attempts to override *APS vs. Long* (1989), which established that effluent is the property right of the entity that produced it. In doing so, it could facilitate a taking and lead to Gift Clause violations. Were HB 2413 implemented, it would undo the long-term planning and economic development efforts that many municipal providers have undertaken. Treated effluent has any number of valuable applications beyond recharge into the aquifer, such as watering turf areas in public spaces or as an input for industrial processes. Moreover, HB 2413 never addresses what happens to effluent once a municipal provider recharges it into the aquifer. For example, could a provider store effluent underground to earn a long-term storage credit and then recover that effluent at a later date? Ultimately, this bill will harm the ability of municipal providers to utilize this important water resource as they determine is best for their residents.

*Latest action – HB 2413 was discussed but held at the February 14 House Natural Resources, Energy & Water Committee meeting. No further action has been taken.*

### **HB 2414 remedial groundwater incentives; PFAS (Kolodin)**

*Position – Oppose*

HB 2414 is similar to HB 2186 (remedial groundwater incentive; brackish groundwater) from last session. 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 were specified because they were the only ones who had utilized a previous statute regarding remediated water. They have never reached this annual threshold. In fact, at most these four providers pump close to half that volume of water. This exemption is slated to expire in 2050. However, HB 2413 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 bill would allow a dramatic expansion of pumping in any active management areas (AMA), which would be problematic for aquifer levels. The use of this remediated groundwater could be considered consistent with an AMA's management goal and could be used towards a Certificate or Designation of Assured Water Supply if the applicant meets metering and notice requirements.



Although PFAS contamination is a point of concern for municipal water providers, incentivizing its treatment by exempting its use from requirements of the Assured Water Supply Program is problematic. Aquifers in the Phoenix and Pinal AMAs will already be under considerable stress with anticipated cuts to the CAP M&I pools and enabling up to 65,000 AF/year of unreplenished pumping will only worsen aquifer health.

*Latest action – HB 2414 was discussed but held at the February 14 House Natural Resources, Energy and Water Committee meeting. No further action has been taken.*

#### **HB 2476 appropriation; water conservation grant fund (Stahl Hamilton)**

*Position – Support*

HB 2476 would appropriate \$100 million from the state General Fund to the Water Conservation Grant Fund in FY 2026. The Water Conservation Grant Fund received a \$200 million appropriation in American Rescue Plan Act (ARPA) monies and an additional \$14 million allocation of ARPA monies at the end of this calendar. The Water Conservation Grant Fund lacks a dedicated revenue source, and the infusion of state General Fund dollars could be helpful in meeting Arizona's conservation needs. Unlike ARPA monies, state General Fund dollars would come with less burdensome reporting requirements.

*Latest action – HB 2476 was introduced and read in the House but has not advanced since its first read on January 27. It remains without action in both the House Natural Resources, Energy and Water and the Rules Committees.*

#### **HB 2477 state lands; leases; groundwater use (Stahl Hamilton)**

*Position – Support*

HB 2477 is a repeat of bills offered last legislative session (HB 2358 and SB 1106 – state lands; leases; groundwater use). It would require ADWR to establish rules to govern an annual groundwater withdrawal fee that it will levy upon each lessee of state trust land for agricultural purposes that is located outside of an active management area (AMA) or irrigation non-expansion area (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.

HB 2477 would disincentivize agricultural groundwater use on state trust lands outside of AMAs and INAs, including Butler Valley, which is one of three western Arizona groundwater basins from which groundwater may be withdrawn and transported to AMAs. It would also bring additional revenue to ADWR.

*Latest action – HB 2477 had its first and second readings in the House on Jan. 27-28 but never received a committee hearing and is likely stopped for the session.*



### **HB 2481 adequate water supply; statewide requirements (Stahl Hamilton)**

*Position – Support*

HB 2481 is a repeat of HB 2359 (adequate water supply; statewide requirements) from last session. It 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 active management areas (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.

*Latest action – HB 2481 was introduced and read in the House but has not yet been assigned to a committee or advanced for further consideration. It is likely stopped for the session.*

### **HB 2485 land division; application; attestation (Mathis)**

*Position – Support*

HB 2485 would require the applicant for a building permit for a residential single-family home in an unincorporated area to identify ownership interests in the property. A permit applicant for a home within a subdivision must provide a public report if they own or owns six or more properties within the parent parcel or intend to create a subdivision. An applicant would be exempt from this requirement under certain circumstances. Additionally, HB 2485 would require a land division applicant to disclose any ownership interests in the property and sign an attestation statement on illegally subdividing lands.

*Latest action – HB 2485 was introduced and read in the House but has not yet been assigned to a committee or advanced for further consideration. It is likely stopped for the session.*

### **HB 2550 department of water resources; review (Diaz)**

*Position – Oppose*

HB 2550 would move up the termination date for the Arizona Department of Water Resources (ADWR) to July 1, 2026.

*Latest action – HB 2550 was introduced and read in the House but has not progressed since its referral on January 21. However, it was never heard in committee and is likely stopped for the session.*

### **HB 2571 stormwater infrastructure; groundwater recharge; credit (Griffin)**

*Position – Oppose*

HB 2571 is similar to [HB 2020 \(long-term storage; stormwater; rainwater; rules\)](#) from last legislative session. That bill would have allowed someone to earn long-term storage credits by building infrastructure—including roadways and sidewalks—that lead to increased groundwater recharge in an active management area (AMA). We were concerned about the numerous implementation issues this bill would raise, ranging from which party would get credit for recharging stormwater to the methods used to calculate recharge to the water quality concerns this bill would raise. It was ultimately vetoed last year.

HB 2571 would allow someone that develops infrastructure, including sidewalks and roads, to be deemed as increasing groundwater recharge in an AMA, would then be able to earn and hold “physical availability credits” that cannot exceed the increased recharge or projected increased recharge over a 100-year period. These credits could be used to meet the physical availability requirements for an Assured Water Supply determination. ADWR would be required to adopt rules by 2026 to implement the requirements of this bill. Crucially, any person applying for these credits would be exempt from the requirements for water storage facilities.

According to the supporters of this bill, it is intended to allow stormwater to be recharged to benefit base flows in the Upper Verde River and reduce groundwater overdraft in the Prescott AMA. Though laudable, many provisions of this bill would need to be amended to better reflect those purposes. These changes could include limiting the bill’s applicability to the Prescott AMA and declaring any stormwater stored underground as non-recoverable.

*Latest action – HB 2571 was introduced and read in the House but has not advanced since being assigned to the NREW and Rules Committees on January 21. However, it was never heard in committee and is likely stopped for the session.*

### **HB 2638 on-farm efficiency program; continuation (Griffin)**

*Position – Support*

The On-Farm Efficiency Program provides grants to farmers who install water efficient irrigation systems. The program is scheduled to sunset on December 31, 2026. HB 2638 would push its sunset date back to December 31, 2029.

*Latest action – HB 2638 passed out of the House of Representatives with a 58-0-2-0 vote on February 20 and advanced through the Senate Natural Resources (8-0) and Rules Committees. It passed out of the Senate with a 28-0-2 vote on April 29<sup>th</sup> and is awaiting a Final vote in the House.*

### **HB 2692 – appropriation; department of water resources (Diaz)**

*Position – Oppose*

HB 2692 would appropriate about \$13.3 million from the state General Fund to the Arizona Department of Water Resources (ADWR) in FY 2026. This appropriation is effectively a budget cut because represents approximately 45% of the funding that ADWR typically receives. HB 2692 additionally contains legislative findings that criticize ADWR for the release of the Phoenix AMA groundwater model and taking part in “overt political activities” that include designating subsequent active management areas (AMAs), administering the Governor’s Water Policy Council, the Alternative Pathway to Designation rulemaking, and potential ag-to-urban rulemaking. Threatening ADWR’s budget undermines Arizona’s position in Colorado River discussions and jeopardizes its ability to perform tasks that are directly relevant to AMWUA members, including the processing of Designation of Assured Water Supply applications, recovery well permits, and recharge permits.

*Latest action – HB 2692 has not advanced since being referred to the NREW, Appropriations, and Rules Committees following its first and second readings in the House. However, it was never heard in committee and is likely stopped for the session.*

### **HB 2697 water; residential lease communities (Bliss)**

*Position - Support*

HB 2697 would prohibit cities, towns, and counties in initial active management areas (AMAs) from approving a building permit for dwelling units in a “residential lease community” unless the units have a Certificate of Assured Water Supply (Certificate) or service from a water provider with a Designation of Assured Water Supply. They would also need to pay all applicable fees to the Central Arizona Groundwater Replenishment District. As defined under the bill, a residential lease community would include six or more detached residential dwelling units with one or more lots, parcels, or fractional interests that are offered for lease. This definition essentially captures build-to-rent developments. The bill’s requirements would not apply to existing or planned residential lease communities have received zoning entitlements by September 30, 2025.

HB 2697 is consistent with the recommendations of the Governor’s Water Policy Council and would help ensure that build-to-rent properties could not proliferate outside of a Designated provider’s service unless they had a Certificate.

*Latest action – HB 2697 was introduced and read in the House and referred to the Natural Resources, Energy & Water and Rules Committees. However, it was never heard in committee and is likely stopped for the session.*

### **HB 2574 small land subdivisions, requirements (Griffin)**

*Position – Oppose*

HB 2574 allows county boards of supervisors to adopt ordinances permitting the creation of "small land subdivisions," which divide land into six to ten lots, each at least two acres, without requiring an Assured or Adequate Water Supply determination. Instead, applicants must file a small land subdivision public report with the county to ensure access to each lot. The Arizona Department of Real Estate would then issue a report allowing the sale or lease of the lots. This report must include a land survey, a road maintenance agreement, and information on water access and utility availability.

The bill was amended to clarify that while these subdivisions are exempt from Assured or Adequate Water Supply requirements, they must still report water access and infrastructure details. However, by creating a new method to divide land without verifying a secure water supply, HB 2574 weakens protections for future homeowners and raises concerns about long-term water security.

*The latest action - HB 2574 passed the Senate Government Committee on March 26, with a 4-3 vote, and the Rules Committee on March 31. It passed the Senate with a 16-14 vote on April 16<sup>th</sup> and was subsequently vetoed by the Governor.*

### **HB 2632 regulatory costs; rulemaking; legislative ratification (Kolodin)**

*Recommended Position – Oppose*

HB 2632 would require legislative approval for any proposed state agency rulemaking that increases total regulatory costs in Arizona by more than \$500,000 over five years. Emergency rulemaking would be exempt from this requirement. Additionally, HB 2632 would empower the Legislature to eliminate an agency rule that costs taxpayers more than \$1 million per year. In addition to raising separation of powers concerns, HB 2632 could make it difficult for the Arizona Department of Water Resources or Arizona Department of Environmental Quality to adopt rules that may be necessary for our water utilities to operate. HB 2632 could also allow the Legislature to repeal any or all the current Assured Water Supply Rules, which would undermine the water security our members have worked to achieve.

*Latest action – HB 2632 passed the House (32-26-2) and was transmitted to the Senate for further consideration. It was first read in the Senate on March 27 and assigned to the Government and Rules Committees. As of now, no action has been reported by either committee.*

### **HB 2691 groundwater replenishment districts; annual dues (Griffin)**

#### *Position – Support*

HB 2691 would make changes to the calculation of annual membership dues that members must pay to the Central Arizona Groundwater Replenishment District (CAGR). As part of preparing the 2025 Plan of Operation, CAGR staff had identified inequities in the current AMD calculation that would lead to considerable inequities between Member Service Areas and Member Lands and among Member Lands in different active management areas (AMAs). These inequities arose because the annual membership dues calculation for Member Lands is based on the replenishment projections in the Plan of Operation, which is slated to decrease in the 2025. To remedy this issue, CAGR has proposed revising the calculation so that it will be based on the projected groundwater use per lot of Member Land parcels. The ultimate effect of this change is that it will stabilize the annual membership dues and avoid any instances of rate shock, while still ensuring the CAGR collects the same amount necessary to operate.

*Latest action – HB 2691 passed the House with a 50-6 vote on March 10 after being amended in committee. In the Senate, it passed the Natural Resources Committee (7-0-1) and was cleared by the Rules Committee on March 31. It passed the Senate (27-0-3) on April 30 and has been transmitted to the Governor.*

### **HB 2729 online exchange; groundwater sales (Kolodin)**

#### *Position – Oppose*

This bill is a duplicate of last session's HB 2150 (groundwater sales; online exchange) and SB 1243 (groundwater sales; online exchange). It would establish an online marketplace for buying, selling, and leasing groundwater rights within Arizona's Phoenix, Tucson, and Pinal Active Management Areas (AMAs). The bill permits individuals with grandfathered groundwater rights to transfer these rights through a platform, with ADWR responsible for hosting the exchange and tracking transactions. Notably, water traded could be used for a Certificate of Assured Water Supply, because groundwater traded would be exempt from replenishment requirements and traditional AMA groundwater use limitations.

While the bill aims to create flexibility in groundwater management, it poses significant risks to designated providers. The exemption from replenishment requirements undermines AMA goals for groundwater sustainability, potentially leading to increased groundwater depletion. Additionally, the bill reduces municipal control over groundwater resources, complicating long-term water planning and potentially increasing costs for cities needing to secure alternative supplies. The marketplace could also create equity concerns, favoring entities with existing groundwater rights while disadvantaging others.

*Latest action – HB 2729 was introduced and read in the House. The bill was assigned to the Natural Resources, Energy & Water and Rules Committees but never received a committee hearing. It is likely stopped for the session.*

**HCR 2016 reinstatement; WIFA monies (Griffin)**

*Position – Support*

HCR 2016 is a resolution that states Arizona is committed to investing in long-term solutions for water scarcity in urban and rural Arizona, the Water Infrastructure Finance Authority's mission is critical to Arizona's future, private-public partnerships will be needed for the infrastructure necessary to secure new water supplies, and that the Legislature will work to reinstate the full appropriation needed to secure new water supplies.

*Latest action – HCR 2016 passed the House (38-20-2) and was transmitted to the Senate. It passed Senate Natural Resources and Appropriations Committees with strong support (6-1-1 and 8-2-0 votes, respectively). The resolution passed the Senate with a 18-9-3 vote on April 30 and has been transmitted to the Secretary of State.*

**HCR 2039 assured water supply; legislative intent (Griffin)**

*Position – Oppose*

HCR 2039 expresses the Legislature's disapproval of the Alternative Pathway to Designation rulemaking and Arizona Department of Water Resources' denial of Certificate of Assured Water Supply applications based on projections of unmet demand in groundwater models.

*Latest Action – HCR 2039 passed the Senate Natural Resources Committee (4-3-1) on March 25. The resolution was approved by the Senate Rules Committee on March 31 and passed the Senate with a 17-11-2 vote on May 6.*

**SB 1088 ADWR; hydrology reports (Hoffman)**

*Position – Oppose*

SB 1088 would require the Arizona Department of Water Resources and Governor to provide a copy of any report an active management area's (AMAs) hydrologic conditions to members of the House and Senate Natural Resources Committee 30 days before the report is formally issued. In doing so, it would 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.

SB 1088 is identical to [SB 1289 \(DWR; hydrology reports\)](#), which Governor Hobbs vetoed last session. AMWUA opposed SB 1289. No one was given a copy of the reports on the projections and findings of the Pinal AMA or Phoenix AMA groundwater model before those were publicly released. Establishing a special exemption in state law would set a poor precedent.

A strike-everything amendment in the Government Committee removed all references to water resources and replaced them with provisions related to immigration compliance and deportation.

*Last Action – SB 1088 is no longer water-related and is no longer being tracked as such.*

**SB 1260 assured water supply; agricultural water (Dunn)**

*Position – Oppose*

Last session, Governor Hobbs signed into law SB 1081 (exemption area; assured water supply) ([Laws 2024, Chapter 226](#)), which allowed part of Buckeye’s service area that fell within the Buckeye Waterlogged Area (BWLA) to obtain a Designation of Assured Water Supply if certain criteria were met. Among those criteria were that the portion to be designated had to be entirely within the boundaries of the Buckeye Water Conservation and Drainage District and that Buckeye had to contract with the district for at least 100 years to receive water that the district’s landowners have the right to use on their lands.

SB 1260 would modify the criteria for this law by allowing part of Buckeye’s service area that is within the BWLA and located on lands served by an “agricultural water company” to be designated if it had contracted with that company for at least 100 years to receive water that landowners have the right to use on lands served by this company. We have heard that this bill is intended for Arlington Canal Company. However, “agricultural water company” is not defined in the bill or anywhere else in statute, which opens the possibility for multiple entities to qualify. Moreover, this company is not a political subdivision, which raises questions about which lands it currently serves and will serve in the future. Finally, since the rights to the surface water in question have not been adjudicated, there are concerns that SB 1260 could complicate surface water claims from our members.

*Last Action – SB 1260 was on the agenda for the February 5<sup>th</sup> Senate Natural Resources Committee meeting but was held and has seen no further action. It is likely stopped for the session.*

**SB 1448 appropriation; on-farm irrigation efficiency fund (Dunn)**

*Position – Support*

SB 1448 would appropriate \$10 million from the state General Fund to the On-Farm Irrigation Efficiency Program. This appropriation would be exempt from lapsing. This program is administered by the University of Arizona Cooperative Extension and provides grants to farmers who install efficient drip irrigation systems to replace flood irrigation. It was appropriated \$30 million in 2022 and an additional \$15 million 2023 from the state General Fund.

*Latest Action – SB 1448 was approved by the House Rules Committee on April 14 (8-0) as constitutionally proper. However, following the adoption of a strike-everything amendment in the House Appropriations Committee on March 26, the bill now pertains to the dental hygienist compact and no longer addresses water policy. As a result, it is no longer being tracked as a water-related measure.*



## AMWUA BOARD OF DIRECTORS

### INFORMATION SUMMARY

May 22, 2025

## Overview of the Central Arizona Groundwater Replenishment District

### 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.  
*Strategic Plan: Collaborate and Advocate for Solutions, Safeguard Water Supplies, Reinforce Groundwater Management*

#### Sustainable Water Management

Promote efforts and policies that will sustain and safeguard our members' water resources and prepare for critical water management issues.

- Groundwater Management – Lead discussions and develop strategies for aquifer sustainability, including the impact of recovery in a post-2026 Colorado River world.  
*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*

### SUMMARY

More and more attention is being directed toward the Central Arizona Groundwater Replenishment District (CAGRD) and its critical role in Arizona's water management. This increased focus stems from a combination of policies and proposed legislation, ranging from ADWR's adoption of the Alternative Path to Designation rules to ongoing discussions about the shift from agricultural to urban water use. In addition, last December, CAGRD submitted its statutorily required 2025 10-Year Plan of Operation to the Arizona Department of Water Resources (ADWR), which has since requested revisions to the Plan. At the same time, the Central Arizona Water Conservation District (CAWCD)—which oversees CAGRD—has raised concerns about the growing number of responsibilities being assigned or proposed for the district. These added demands, they argue, could jeopardize CAGRD's ability to fulfill its existing obligations. AMWUA staff will provide an overview about CAGRD to provide context for the current concerns being raised about how new policies or legislation would affect the CAGRD.



## **RECOMMENDATION**

The AMWUA Board of Directors is requested to ask questions and discuss the Central Arizona Groundwater Replenishment District.

## AMWUA BOARD OF DIRECTORS

### INFORMATION SUMMARY

May 22, 2025

## Central Arizona Water Conservation District's Rates and Taxes

### ANNUAL PLAN REFERENCE

#### Finances & Water

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

- CAWCD – Influence decisions regarding the use of property tax revenue, OM&R expenditures, recovery infrastructure financing, and costs of shortage-related programs for the benefit of M&I subcontractors.

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

### SUMMARY

The Central Arizona Water Conservation District (CAWCD) has two revenue sources for its operation and maintenance of the Central Arizona Project (CAP) as well as for the repayment to the federal government for the construction of the CAP.

CAWCD's water delivery rate is charged to municipal water providers who have a subcontract with CAWCD to receive the delivery of Colorado River water. The delivery rate is a service charge to recoup the operation and maintenance expenses for the CAP system including the pumping energy cost. Municipal & Industrial subcontractors also pay a capital charge for the full amount of their subcontract, whether they use all of it or not, to contribute to the federal repayment.

CAWCD also has authority to assess two taxes – a 10 cent ad valorem tax and 4 cent water storage tax. Both are to be used for the federal repayment and for operation and maintenance of the CAP infrastructure. The water storage tax also can also be used by the Arizona Water Banking Authority to firm M&I subcontractors during shortages.

Each June, the CAWCD Board sets its tax assessment and the delivery rates for the next calendar year.

AMWUA staff will provide an overview about CAWCD's rates and taxes and their impact upon the AMWUA cities.

## **RECOMMENDATION**

The AMWUA Board of Directors is requested to ask questions and discuss the Central Arizona Water Conservation District's rates and taxes.



## AMWUA BOARD OF DIRECTORS INFORMATION SUMMARY

May 22, 2025

### AMWUA Fiscal Year 2025 Quarterly Financial Statements – Third Quarter

#### 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

*Strategic Plan: Facilitate our Strength in Numbers, Educate - Excel as an Expert and Resource*

#### SUMMARY

The AMWUA Statement of Revenues and Expenses – Cash Basis for the period July 1, 2024 through March 31, 2025 and the Balance Sheet dated March 31, 2025 are presented for your information.

AMWUA net revenue – Cash Basis - at the end of the third quarter is \$38,343 over the year-to-date budget. This increase is due to the collection of interest and other revenue.

AMWUA has incurred year-to-date expenses – Cash Basis - that are \$22,967 under the year-to-date budget. This variance is due to staffing changes creating a large variance that was slightly offset in overages in accounting fees and temporary services, as well as overages in common area maintenance and water conservation expenses.

#### RECOMMENDATION

At the May 14, 2025 meeting, the Management Board recommended that the AMWUA Board of Directors accept the AMWUA quarterly financial statements for the third quarter as presented.

#### SUGGESTED MOTION

*I move that the AMWUA Board of Directors accept the AMWUA quarterly financial statements for the third quarter as presented.*

#### ATTACHMENTS

- **Attachment A:** Statement of Revenues and Expenses – cash basis
- **Attachment B:** Balance Sheet

Substantially all required disclosures are omitted, and no assurance is provided on these financial statements.

## ARIZONA MUNICIPAL WATER USERS ASSOCIATION

Supplementary Information  
Statement of Revenues and Expenses - Cash Basis  
(Actual to Budget Comparison)  
For Period July 1, 2024 through March 31, 2025

	<u>Year-To-Date</u>	<u>Year-To-Date</u>	<u>Over(Under)</u> Year-To-Date	<u>Approved</u> <u>Annual</u>	<u>Over(Under)</u> Budget
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Budget</u>	<u>Variance</u>
<b><u>Funding Sources</u></b>					
Assessment - Water	1,449,748.00	1,449,748.00	0.00	1,449,749.00	(1.00)
Assessment - Wastewater	251,720.00	251,720.00	0.00	251,721.00	(1.00)
Conservation	55,314.60	55,314.60	0.00	0.00	55,314.60
2022 Carryover Applied to Reduce Member Assessments	(21,999.00)	(21,999.00)	0.00	(22,000.00)	1.00
Interest Revenues	35,342.38	0.00	35,342.38	0.00	35,342.38
Other Revenues	3,000.15	0.00	3,000.15	0.00	3,000.15
<b>Net Revenues</b>	<b>1,773,126.13</b>	<b>1,734,783.60</b>	<b>38,342.53</b>	<b>1,679,470.00</b>	<b>93,656.13</b>
<b><u>Operating Expenses</u></b>					
Payroll (Salaries)	517,438.30	606,777.00	(89,338.70)	809,036.00	(291,597.70)
Deferred Compensation (ASRS Payments)	56,476.37	74,451.75	(17,975.38)	99,269.00	(42,792.63)
Payroll Processing, Taxes and Insurance	48,326.56	56,250.00	(7,923.44)	75,000.00	(26,673.44)
Medical, Disability and Life Insurance	59,271.93	77,250.00	(17,978.07)	103,000.00	(43,728.07)
Cell Phone Allowance	4,860.00	6,000.00	(1,140.00)	8,000.00	(3,140.00)
Temporary Services/Receptionist	30,102.93	0.00	30,102.93	0.00	30,102.93
Legal/Consulting Services (Ferris Contract)	50,000.00	45,000.00	5,000.00	60,000.00	(10,000.00)
Legislative Services (Aarons Company-Contract)	39,690.00	39,690.00	0.00	52,920.00	(13,230.00)
Audit - Water	19,000.00	19,000.00	0.00	12,200.00	6,800.00
Audit - Waste Water	19,000.00	19,000.00	0.00	25,800.00	(6,800.00)
Website Services	10,138.75	11,700.00	(1,561.25)	15,600.00	(5,461.25)
Consultant-Finance/Accounting	59,243.29	39,375.00	19,868.29	52,500.00	6,743.29
IT Services	3,200.00	4,500.00	(1,300.00)	6,000.00	(2,800.00)
Office Space - Lease	149,595.21	154,500.00	(4,904.79)	206,000.00	(56,404.79)
Common Area Maintenance	17,310.91	3,000.00	14,310.91	4,000.00	13,310.91
Telephone	858.31	750.00	108.31	1,000.00	(141.69)
E-Mail/Webpage/Internet	4,275.00	4,500.00	(225.00)	6,000.00	(1,725.00)
Travel/Conferences	5,611.92	6,375.00	(763.08)	8,500.00	(2,888.08)
Mileage Reimbursement	636.03	750.00	(113.97)	1,000.00	(363.97)
Staff Development	0.00	1,500.00	(1,500.00)	2,000.00	(2,000.00)
Copy Machine - Lease	2,483.08	3,750.00	(1,266.92)	5,000.00	(2,516.92)
Computer Hardware/Software	0.00	4,500.00	(4,500.00)	6,000.00	(6,000.00)
Supplies	4,923.71	3,000.00	1,923.71	4,000.00	923.71
Meetings	6,627.24	5,625.00	1,002.24	7,500.00	(872.76)
Outreach Efforts	4,856.54	6,375.00	(1,518.46)	8,500.00	(3,643.46)
Printing	0.00	750.00	(750.00)	1,000.00	(1,000.00)
Postage & Deliveries	430.39	600.00	(169.61)	800.00	(369.61)
Software Subscriptions	6,016.93	3,000.00	3,016.93	4,000.00	2,016.93
Dues & Memberships	3,082.60	2,250.00	832.60	3,000.00	82.60
Insurance	4,031.13	4,125.00	(93.87)	5,500.00	(1,468.87)
Equipment Maintenance	1,062.69	1,500.00	(437.31)	2,000.00	(937.31)
Water Conservation Conferences, Sponsorships and Other	105,910.49	79,758.75	26,151.74	106,345.00	(434.51)
Water Conservation - Printing	26,204.66	0.00	26,204.66	0.00	26,204.66
Water Conservation - Projects, Research & Efficiency	2,205.00	0.00	2,205.00	0.00	2,205.00
Bank Charges & Fees	140.61	375.00	(234.39)	500.00	(359.39)
<b>Total Operating Expenses</b>	<b>1,263,010.58</b>	<b>1,285,977.50</b>	<b>(22,966.92)</b>	<b>1,701,970.00</b>	<b>(438,959.42)</b>
<b><u>Reserve and Contingency Funds Summary:</u></b>					
	<b>Balance</b>			<b>Ending Balance</b>	
	<b>1-Jul-24</b>	<b>Used</b>	<b>Additions</b>	<b>31-Mar-25</b>	
Contingency Fund Balance on 07/1/24	\$600,000	-	-	\$600,000	
Reserve Fund Balance on 07/01/24	\$282,307	\$60,000	\$35,257	\$257,564 *	
Office Lease Stabilization Fund on 06/30/24	\$63,686	\$10,000		\$53,686	
Funds	<u>\$945,993</u>	<u>\$70,000</u>	<u>\$35,257</u>	<u>\$911,250</u>	

\*

Interest/Dividends earned on the LGIP Fund are additions to the Reserve Fund. Expenses are recorded as used when payments are made.

Warren Tenney  
AMWUA Executive Director

Councilmember Kesha Hodge Washington, Phoenix  
AMWUA Secretary-Treasurer

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION  
STATEMENT OF NET POSITION  
AS OF MARCH 31, 2025**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

	<u><b>3/31/2025</b></u>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 336,199
Investments	1,198,849
Prepaid expenses and other assets	<u>20,227</u>
Total current assets	1,555,275
<b>OTHER ASSETS</b>	
Net OPEB asset	27,590
Capital assets, net	<u>889,681</u>
Total other assets	<u>917,271</u>
<b>TOTAL ASSETS</b>	<u>2,472,546</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
OPEB plan items	2,640
Pension plan items	<u>106,585</u>
Total deferred outflows of resources	<u>109,225</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 2,581,771</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 16,244
Compensated absences payable	73,731
Lease liability, current portion	<u>120,899</u>
Total current liabilities	<u>210,874</u>
<b>NONCURRENT LIABILITIES</b>	
Net pension liability	807,454
Lease liability, noncurrent portion	<u>953,077</u>
Total noncurrent liabilities	<u>1,760,531</u>
<b>TOTAL LIABILITIES</b>	<u>1,971,405</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
OPEB plan items	12,146
Pension plan items	<u>101,582</u>
Total deferred inflows of resources	<u>113,728</u>
<b>TOTAL NET POSITION</b>	<u>496,638</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u><u>\$ 2,581,771</u></u>

## **Arizona Municipal Water Users Association**

### **Selected Information – Substantially All Disclosures Required by Accounting Principles Generally Accepted in the United States of America are not Included For the Nine Months Ended March 31, 2024**

The accompanying historical financial statements and budgeted financial statements include the following departures from accounting principles generally accepted in the United States of America as applied to governmental units as set by the Governmental Accounting Standards Board (GASB) and the guidelines for presentation established by the AICPA.

#### **Historical**

- The financial statements omit the statement of revenues, expenses, and change in net position, the statement of cash flows, and substantially all the disclosures required by accounting principles generally accepted in the United States of America. A supplementary statement of revenues and expenses prepared using the cash basis of accounting has been provided for management purposes.
- The following items are adjusted only at fiscal year-end:
  - Accrued vacation and accrued payroll liabilities.
  - The net OPEB and net pension assets or liabilities, as applicable.
  - Deferred Inflows and Outflows of resources pertaining to the pension and OPEB.
- All membership commitments are recognized in the first quarter of the fiscal year, instead of being amortized ratably over the membership period.
- The components of net position have not been reported separately on these interim financial statements.

#### **Budgeted**

- The budgeted financial statements omit substantially all the disclosures required by accounting principles generally accepted in the United States of America.
- The budgeted financial statements omit substantially all of the significant accounting policies.

The effects of these departures have not been determined.

#### **Summary of Significant Assumptions**

The financial budget presents, to the best of management's knowledge and belief, the Association's expected results of operations for the budget periods. Accordingly, the budget reflects its judgment as of June 27, 2024, the date the budget was approved by the Board of Directors, of the expected conditions and course of action. The assumptions disclosed herein are those that management believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

#### **Budget Assumptions**

- Salaries and benefits are based upon anticipated staffing changes and payroll data.
- Additional pay increases have been built into the budget depending on the position and performance of employees within that position.
- Annual water assessments are allocated based upon MAG population estimates.
- Annual wastewater assessments are assessed based upon flow ownership in the 91st Avenue WWTP at 204.50 mgd.
- Office space expenses are based upon an approximate 4.2% increase as stated in the office lease agreement.

No assurance is provided on these financial statements and supplementary information.



## BOARD OF DIRECTORS

### INFORMATION SUMMARY

May 22, 2025

## Fiscal Year 2026 Preliminary 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 preliminary Fiscal Year 2026 annual budget, which includes a summary page with comments to explain the increases or decreases for each line item.

Development of the Fiscal Year 2026 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.

This preliminary Fiscal Year 2026 budget totals \$1,869,430, which is an increase of \$167,460 (9.9%) from the current Fiscal Year 2025 budget. The increase to the new budget will be partially offset by a projected carryover from the current budget of \$95,000, which will reduce the overall impact to the membership assessments for Fiscal Year 2026 and keep those assessments under the 6.5% increase that had been projected last December. The following summarizes the budget categories and provides explanations for line items that have increased or decreased from last year's budget.

**Administration** – This category includes salaries and Arizona State Retirement System (ASRS) contributions, reflecting an increase of \$106,920 from the current budget.

For Fiscal Year 2026, the administration budget is increased to ensure that AMWUA has the necessary staff resources to carry forth its mission and annual plan and still be fiscally conservative. What AMWUA is able to accomplish is directly linked to its staff and their time and effort to perform.

- The increase to the administration category is primarily due to the addition of a Government Relations Manager position, which is intended to strengthen AMWUA's interactions at the Capitol as well as with business organizations. The last couple of years have demonstrated that water is increasingly a more critical and political issue for the State, particularly attacks on policies that are crucial to the water security provided by AMWUA's members, including the 100-year Assured Water Supply Program. We believe this trend will continue for years to come. Therefore, it is all the more important that the municipal perspective on water be at the forefront in State water discussions. While AMWUA has strengthened and improved its interaction at the Legislature, having an in-house Government Relations Manager will position AMWUA to be more proactive in addressing the challenges and politics of State water issues over the next decade. Based on salary comparisons, the salary range for this position would be between \$110,000 and \$130,000.
- To offset the budgetary increase of this position, AMWUA will not fill its vacant Conservation Specialist position; therefore, AMWUA will maintain eight full-time positions. The eight full-time positions are Executive Director, Office Manager, SROG Manager, Water Policy Advisor, Water Policy Analyst, Communications Director, Water Conservation & Demand Management Coordinator, and Government Relations Manager.
- Salaries also include adjustments due to performance awards received halfway through Fiscal Year 2025, which are now reflected in the 12 months of the preliminary Fiscal Year 2026 budget.
- Performance Awards – Up to 5% of the annual salary 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 2026.
- Arizona State Retirement – Increase is due to adjustments to salaries, along with the Arizona State Retirement System contribution rate being 12.00% effective July 1, 2025.

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

- Payroll Processing, Taxes, Insurance – The \$19,500 increase is based on processing fees and taxes, which are directly linked to salaries.
- Medical, Dental, Life, Disability Insurance – The amount is \$20,500 more than the current budget, which is based on the coverage for current employees for 12 months. This line item also factors AMWUA's insurance broker's projection of a 10% increase in calendar year 2026. The overall amount will fluctuate depending on the filling of the Conservation Coordinator and Governmental Relations Manager positions.

**Professional Services** – This includes outside services that AMWUA utilizes throughout the year, including legal, lobbying, and financial. The overall costs for these services basically remain the same as the current budget.

- Website Services – The \$3,600 decrease is due to Sirius Office Solutions, LLC completing the update of AMWUA’s website and having the line item reflect the cost for ongoing oversight and security of the AMWUA site.
- Legislative – The \$1,080 increase is a modest adjustment to continue having The Aarons Company as AMWUA’s outside legislative consultant. Even with an in-house Governmental Relations Manager, an outside lobbyist will be important for continuity, including the relationships built by Barry Aarons and his team.
- Financial & Accounting Service – The \$4,500 increase is reflective of the agreement with CliftonLarsonAllen as AMWUA’s financial consultant. The annualized actual for the current fiscal year is due to CliftonLarsonAllen’s additional oversight while AMWUA’s Office Manager position was vacant and then training the new Office Manager.

**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 \$3,390 increase is per the AMWUA’s 10-year lease agreement that began April 1, 2021.
- Building Operating Costs – The shared maintenance costs for the office building have been higher than anticipated in the current fiscal year; therefore, the next year’s building operating costs are projected to increase by \$6,500 based on the actual expenses from the current year.
- Internet Access & Phone – This line item combines two previous line items (Telephone and Internet Access), which are both provided by Cox Communications.

**Training and Travel** – This category covers items related to staff participation in conferences, workshops, and training, along with the related travel expenses, including mileage reimbursement. While the annualized actual for this overall category was less than the budget, which was due to not attending AZ Water’s annual conference, this overall category is increased by \$1,000 to better enable staff, including the new Governmental Relations Manager, to attend conferences and seminars.

**Capital Outlay** – This category covers AMWUA’s primary capital property, which includes the copier and computer hardware. Both line items have been decreased by a total of \$1,750 to reflect anticipated actuals in Fiscal Year 2026.

**Office Operating Expenses** – These items cover AMWUA’s day-to-day office operating expenses.

- Supplies – This category has been reduced by \$750 to align with anticipated purchases, while also accounting for potential cost increases for basic office supplies.
- Meetings – This line item covers expenses associated with meetings, including providing lunches following AMWUA Board and Management Board meetings, as well as refreshments for other meetings. The \$500 increase is to better reflect anticipated costs.

- Software Subscriptions – This line item now includes all software subscription utilized by AMWUA, including Microsoft, Zoom, Adobe, Shutterstock, Otter, etc. The line item is increased by \$3,000 to also include ArcGIS Professional Pro, a comprehensive geospatial platform that allows users to create, share, and analyze maps and data.
- Insurance – This line item is increased by \$500 to reflect an update to the policy coverage for AMWUA and the Board’s public liability.

**Water Conservation** – These items cover AMWUA’s conservation and demand management-related efforts. 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 homeowner associations. ADWR also renewed its two-year contract in August 2023 and is anticipated to renew it again in 2025.
- Research and Efficiency – This line item covers funding for conservation, efficiency, and demand management related research and projects, including 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. It also reflects conference sponsorships, and 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 based on the Maricopa Association of Governments’ July 1, 2024, official population estimates, which are the most recent available. The wastewater portion of the budget continues to be allocated based on a percentage of ownership of the 91<sup>st</sup> Avenue Wastewater Treatment Plant.

This preliminary budget is \$167,460 (9.9%) more than the approved Fiscal Year 2025 budget. A carryover of \$95,000 is conservatively projected from the Fiscal Year 2025 budget to the Fiscal Year 2026 budget, along with \$10,000 from the Office Lease Stabilization Fund, for a total of \$105,000 that will reduce the member assessments in Fiscal Year 2025. The primary reason for the carryover is due to the vacancy of two positions since December. The exact carryover amount will be determined before the budget is approved next month.

While the overall budget has increased by 9.9% primarily due to administration and employee benefits costs, the member assessments will only increase approximately 4.0% or less in Fiscal Year 2026 because of the projected carry-over from the current budget. This is less than the 6.5% increase that was projected last December. The actual assessment for each member is dependent

on the assessment calculation, which includes the fluctuation from the most recent MAG population numbers.

## **RECOMMENDATION**

The Management Board reviewed the budget at its May 14, 2025 meeting and did not suggest any changes to the preliminary budget.

The AMWUA Board of Directors is requested to review and provide feedback on the preliminary Fiscal Year 2026 budget.

The final budget for Fiscal Year 2026 will be presented at the June 11, 2025, Management Board meeting for consideration for a recommendation to the AMWUA Board of Directors. The AMWUA Board of Directors will then consider adoption of the budget at its June 26, 2025, meeting.

## **ATTACHMENT**

- AMWUA Fiscal Year 2026 Preliminary Budget

***Arizona Municipal Water Users Association  
Fiscal Year 2026  
Preliminary Budget***

**May 2025**



**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**Fiscal Year 2026**  
**Proposed Budget**

**ASSESSMENT SUMMARY**

	<b>WATER FY 25</b>	<b>WATER FY 26</b>	<b>WASTEWATER FY 25</b>	<b>WASTEWATER FY 26</b>	<b>TOTAL FY 25</b>	<b>TOTAL FY 26</b>	<b>FY 25 Carryover</b>	<b>ADJ TOTAL FY 26</b>
CITY OF AVONDALE	90,189	99,856	-	-	90,189	99,856	6,546	93,310
CITY OF CHANDLER	125,730	138,562	-	-	125,730	138,562	9,083	129,479
TOWN OF GILBERT	120,640	133,362	-	-	120,640	133,362	8,742	124,620
CITY OF GLENDALE	124,826	139,741	16,248	17,278	141,074	157,019	9,161	147,859
CITY OF GOODYEAR	93,302	103,918	-	-	93,302	103,918	6,812	97,105
CITY OF MESA	169,753	187,277	35,967	38,248	205,720	225,525	12,277	213,248
CITY OF PEORIA	110,228	121,556	-	-	110,228	121,556	7,968	113,587
CITY OF PHOENIX	386,466	426,778	138,846	147,652	525,313	574,430	27,977	546,454
CITY OF SCOTTSDALE	118,881	131,127	24,926	26,507	143,807	157,634	8,596	149,038
CITY OF TEMPE	109,733	119,569	35,733	37,999	145,467	157,568	7,838	149,730
Total from Members	1,449,749	1,601,745	251,721	267,685	1,701,470	1,869,430	105,000	1,764,430
Other Funding Sources:								
<b>TOTAL All Sources</b>	<b>1,449,749</b>	<b>1,601,745</b>	<b>251,721</b>	<b>267,685</b>	<b>1,701,470</b>	<b>1,869,430</b>	<b>105,000</b>	<b>1,764,430</b>

Note #1. The Assessment Structure is based on the following formula: 50% of the water portion of the budget is allocated equally with the remaining 50% based on population according to the MAG 2025 official population estimates.

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

Note #3. FY 2025 Carryover amount above includes \$95,000 Carryover amount from 2025 and \$10,000 from the Office Lease Stabilization Fund.



**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**Fiscal Year 2026**  
**Proposed Budget**

**ASSESSMENT SUMMARY**  
**FY 25 CARRYOVER**

	<b>WATER FY 25</b>	<b>WATER FY 26</b>	<b>WASTEWATER FY 25</b>	<b>WASTEWATER FY 26</b>	<b>TOTAL FY 25</b>	<b>FY 24 Carryover</b>	<b>ADJ TOTAL FY 25</b>	<b>TOTAL FY 25</b>
CITY OF AVONDALE	90,189	99,856	-	-	90,189	537	89,652	99,856
CITY OF CHANDLER	125,730	138,562	-	-	125,730	1,617	124,113	138,562
TOWN OF GILBERT	120,640	133,362	-	-	120,640	1,461	119,179	133,362
CITY OF GLENDALE	124,826	139,741	16,248	17,278	141,074	1,588	139,486	157,019
CITY OF GOODYEAR	93,302	103,918	-	-	93,302	632	92,670	103,918
CITY OF MESA	169,753	187,277	35,967	38,248	205,720	2,952	202,768	225,525
CITY OF PEORIA	110,228	121,556	-	-	110,228	1,145	109,083	121,556
CITY OF PHOENIX	386,466	426,778	138,846	147,652	525,313	9,529	515,784	574,430
CITY OF SCOTTSDALE	118,881	131,127	24,926	26,507	143,807	1,409	142,398	157,634
CITY OF TEMPE	109,733	119,569	35,733	37,999	145,467	1,130	144,337	157,568
Total from Members	1,449,749	1,601,745	251,721	267,685	1,701,470	22,000	1,679,470	1,869,430
Other Funding Sources:								
<b>TOTAL All Sources</b>	<b>1,449,749</b>	<b>1,601,745</b>	<b>251,721</b>	<b>267,685</b>	<b>1,701,470</b>	<b>22,000</b>	<b>1,679,470</b>	<b>1,869,430</b>

Note #1. The Assessment Structure is based on the following formula: 50% of the water portion of the budget is allocated equally with the remaining 50% based on population according to the MAG 2025 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 2026**

**Proposed Budget**

**EXPENDITURE SUMMARY**

	<b>WATER FY 25</b>	<b>WATER FY 26</b>	<b>WASTEWATER FY 25</b>	<b>WASTEWATER FY 26</b>	<b>TOTAL FY 25</b>	<b>TOTAL FY 26</b>
ADMINISTRATION	781,584	893,734	126,721	135,966	908,305	1,029,700
EMPLOYEE BENEFITS	161,168	197,224	24,832	28,776	186,000	226,000
PROFESSIONAL SERVICES	187,083	187,110	37,937	39,230	225,020	226,340
OCCUPANCY	161,905	166,666	55,095	56,224	217,000	222,890
TRAVEL, TRAINING & CONFER.	9,350	10,795	1,650	1,905	11,000	12,700
CAPITAL OUTLAY	9,465	8,029	1,535	1,221	11,000	9,250
OFFICE OPERATING EXPENSES	32,849	37,187	3,951	4,363	36,800	41,550
WATER CONSERVATION	106,345	101,000	-	-	106,345	101,000
<b>TOTAL</b>	<b>1,449,749</b>	<b>1,601,745</b>	<b>251,721</b>	<b>267,685</b>	<b>1,701,470</b>	<b>1,869,430</b>

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**

**Fiscal Year 2026**

**Proposed Budget**

**EXPENDITURES DETAIL**

	<b>FY 25 BUDGET WATER</b>	<b>FY 25 ACTUAL WATER</b>	<b>FY 26 BUDGET WATER</b>	<b>FY 25 BUDGET WASTEWATER</b>	<b>FY 25 ACTUAL WASTEWATER</b>	<b>FY 26 BUDGET WASTEWATER</b>	<b>FY 25 BUDGET TOTAL</b>	<b>FY 25 ACTUAL TOTAL</b>	<b>FY 26 BUDGET TOTAL</b>
<b>ADMINISTRATION</b>									
Salaries	676,487	577,753	655,104	116,793	107,120	115,096	793,280	687,055	900,200
Performance Awards	15,756		18,300				15,756		18,300
Total Wages	692,243	577,753	673,404	116,793	107,120	115,096	809,036	687,055	918,500
Deferred Compensation:									
Arizona State Retirement	89,341	67,400	100,080	9,928	7,490	11,120	99,269	74,890	111,200
Subtotal	781,584	645,153	773,484	126,721	114,610	126,216	908,305	761,945	1,029,700
<b>EMPLOYEE BENEFITS</b>									
Payroll Processing,Taxes, Insur	64,537	55,987	82,026	10,463	10,136	12,474	75,000	66,123	94,500
Medical, Dental, Life, Disability	88,631	68,351	107,198	14,369	12,375	16,302	103,000	80,726	123,500
Cell Phone Allowance	8,000	5,520	8,000		1,000		8,000	6,520	8,000
Subtotal	161,168	129,858	197,224	24,832	23,511	28,776	186,000	153,369	226,000
<b>PROFESSIONAL SERVICES</b>									
Temporary Services		18,062			12,041			30,103	
Website Services	15,600	12,934	12,000				15,600	12,934	12,000
IT Services	5,163	3,840	5,208	837	960	792	6,000	4,800	6,000
Legal/Policy Consulting	60,000	65,000	60,000				60,000	65,000	60,000
Legislative	52,920	52,920	54,000				52,920	52,920	54,000
Financial and Accounting Services	42,000	52,985	44,160	10,500	13,246	11,040	52,500	66,232	55,200
Audit	11,400	10,000	11,742	26,600	28,000	27,398	38,000	38,000	39,140
Subtotal	187,083	215,741	187,110	37,937	54,248	39,230	225,020	269,988	226,340
<b>OCCUPANCY</b>									
Office Space	152,440	174,423	154,948	53,560	31,577	54,442	206,000	206,000	209,390
Building Operating Costs	3,442	13,631	5,642	558	2,468	858	4,000	16,099	6,500
Telecommunications	860	984		140	179		1,000	1,163	
E-Mail/Webpage/Internet Access	5,163	4,826	6,076	837	874	924	6,000	5,700	7,000
Subtotal	161,905	193,864	166,666	55,095	35,098	56,224	217,000	228,962	222,890

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**Fiscal Year 2026**  
**Proposed Budget**

**EXPENDITURES DETAIL**

	<b>FY 25 BUDGET WATER</b>	<b>FY 25 ACTUAL WATER</b>	<b>FY 26 BUDGET WATER</b>	<b>FY 25 BUDGET WASTEWATER</b>	<b>FY 25 ACTUAL WASTEWATER</b>	<b>FY 26 BUDGET WASTEWATER</b>	<b>FY 25 BUDGET TOTAL</b>	<b>FY 25 ACTUAL TOTAL</b>	<b>FY 26 BUDGET TOTAL</b>
<b>TRAINING AND TRAVEL</b>									
Conferences/Travel	6,800	6,650	8,075	1,200	350	1,425	8,000	7,000	9,500
Mileage Reimbursement	850	1,164	1,445	150	62	255	1,000	1,226	1,700
Continuing Professional Ed									
Staff Development	1,700	190	1,275	300	10	225	2,000	200	1,500
Subtotal	9,350	8,004	10,795	1,650	422	1,905	11,000	8,426	12,700
<b>CAPITAL OUTLAY</b>									
Copy Machine Expenses	4,302	1,821	3,472	698	1,214	528	5,000	3,035	4,000
Computer/Equipment/Software	5,163	3,000	4,557	837	3,000	693	6,000	6,000	5,250
Subtotal	9,465	4,821	8,029	1,535	4,214	1,221	11,000	9,035	9,250
<b>OFFICE OPERATING EXPENSES</b>									
Supplies	3,442	5,832	4,123	558	1,056	627	4,000	6,888	4,750
Meetings	6,453	7,777	6,944	1,047	1,409	1,056	7,500	9,186	8,000
Outreach Efforts	8,500	9,040	8,500		1,637		8,500	10,677	8,500
Printing	860		868	140		132	1,000		1,000
Postage & Deliveries	688	515	694	112	94	106	800	609	800
Subscription & Reference	3,442	5,319	6,076	558	963	924	4,000	6,282	7,000
Dues & Memberships	2,581	1,320	2,604	419	240	396	3,000	1,560	3,000
Insurance	4,732	4,547	5,208	768	824	792	5,500	5,371	6,000
and Property Damage									
Bank Fees	430	58	434	70	11	66	500	69	500
Equipment Maintenance	1,721	899	1,736	279	164	264	2,000	1,063	2,000
Subtotal	32,849	35,307	37,187	3,951	6,399	4,363	36,800	41,706	41,550
<b>WATER CONSERVATION</b>									
Smartscape with Cooperative Ext.	48,000	48,000	48,000				48,000	48,000	48,000
Sponsorship, Events & Memberships	32,000	32,000	30,000				32,000	32,000	30,000
Projects and Messaging	26,345	16,000	23,000				26,345	16,000	23,000
Subtotal	106,345	96,000	101,000				106,345	96,000	101,000
<b>Total Operating Expenses</b>	<b>1,449,749</b>	<b>1,328,747</b>	<b>1,601,745</b>	<b>251,721</b>	<b>240,683</b>	<b>267,685</b>	<b>1,701,470</b>	<b>1,569,431</b>	<b>1,869,430</b>
<b>FUNDING SOURCES</b>									
Office Lease Stabilization Fund									10,000
Carryover applied to member assessments							78,000		95,000
Member Assessments	1,371,749	1,320,398	1,601,745	251,721	239,033	267,685	1,623,470	1,559,431	1,764,430
<b>Total Funding</b>	<b>1,449,749</b>	<b>1,320,398</b>	<b>1,601,745</b>	<b>251,721</b>	<b>249,033</b>	<b>267,685</b>	<b>1,701,470</b>	<b>1,569,431</b>	<b>1,869,430</b>

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**Fiscal Year 2026**  
**Proposed Budget**

**BUDGET COMMENTS**

	<b>BUDGET TOTAL FY 24</b>	<b>BUDGET TOTAL FY 25</b>	<b>Annualized ACTUAL FY 25</b>	<b>BUDGET TOTAL FY 26</b>	<b>FY 26 BUDGET COMMENTS</b>
<b>ADMINISTRATION</b>					
Salaries	767,500	793,280	687,055	900,200	8 full-time positions - Increase due to performance awards effective 1/1/25, new hires in positions, and a new FTE position
Performance Awards	12,200	15,756	-	18,300	Increase due to up to 5% performance award for staff only
Total Compensation	779,700	809,036	687,055	918,500	
Deferred Compensation:					
Arizona State Retirement	95,825	99,269	74,890	111,200	12.00% for ASRS & LTD along with adjustment to salaries
Subtotal	875,525	908,305	761,945	1,029,700	
<b>EMPLOYEE BENEFITS</b>					
Payroll Processing, Taxes, Insur	70,000	75,000	66,123	94,500	Based on processing fees and taxes
Medical, Dental, Life, Disability	110,000	103,000	80,726	123,500	8 full-time staff - increase due to respective employee statuses and anticipated 10% increase in 2026
Cell Phone Allowance	8,000	8,000	6,520	8,000	No change
Subtotal	188,000	186,000	153,369	226,000	
<b>PROFESSIONAL SERVICES</b>					
Temporary Services			30,103		Costs associated with temporary labor from temp agency and training for office manager.
Website Services	5,000	15,600	12,934	12,000	Decrease reflects current website maintenance and safety need
IT Services	6,000	6,000	4,800	6,000	No change
Legal/Policy Consulting	60,000	60,000	65,000	60,000	No change
Legislative	52,920	52,920	52,920	54,000	Increase per proposed agreement
Financial and Accounting Services	50,000	52,500	66,232	55,200	Increase per agreement approved by Board 1/26/23
Audit	34,000	38,000	38,000	39,140	Increase per agreement with new firm
Subtotal	207,920	225,020	269,988	226,340	
<b>OCCUPANCY</b>					
Office Space	203,192	206,000	206,000	209,390	Increase due to lease agreement
Building Operating Costs	3,500	4,000	16,099	6,500	Increase in anticipated shared maintenance costs per lease agreement
Telephone					
Internet Access/Phone	12,000	7,000	6,863	7,000	Combined internet access and office phone services into one line item
Subtotal	218,692	217,000	228,962	222,890	

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**

**Fiscal Year 2025**

**Proposed Budget**

**BUDGET COMMENTS**

	BUDGET TOTAL FY 24	BUDGET TOTAL FY 25	Annualized ACTUAL FY 25	BUDGET TOTAL FY 26	FY 26 BUDGET COMMENTS
<b>TRAINING AND TRAVEL</b>					
Conferences/Travel	7,500	8,500	7,000	9,500	Increase to allow additional staff to attend conferences
Mileage Reimbursement	2,000	1,000	1,226	1,700	Increase to match anticipated actuals
Staff Development	2,000	2,000	200	1,500	Decrease reflects anticipated actuals
Subtotal	11,500	11,500	8,426	12,700	
<b>CAPITAL OUTLAY</b>					
Copy Machine Expenses	5,000	5,000	3,035	4,000	Decrease reflects anticipated actuals
Computer Hardware	6,500	6,000	6,000	5,250	Decrease reflects anticipated actuals
Subtotal	11,500	11,000	9,035	9,250	
<b>OFFICE OPERATING EXPENSES</b>					
Supplies	4,000	4,000	6,888	4,750	Increase reflects anticipated actuals
Meetings	4,750	7,500	9,186	8,000	Increase reflects more in-person meeting expenses
Outreach Efforts	7,500	8,500	10,677	8,500	Increase to reflect anticipated outreach efforts
Printing	1,000	1,000		1,000	No change
Postage & Deliveries	1,000	800	609	800	No change
Software Subscriptions	4,000	4,000	6,282	7,000	Increase is to include ArcGIS Professional Pro
Dues & Memberships	3,000	3,000	1,560	3,000	No change
Insurance-Public Liability and Property Damage	5,500	5,500	5,371	6,000	Increase reflects Calendar year
Bank Fees		500	69	500	
Equipment Maintenance	2,000	2,000	1,063	2,000	No change
Subtotal	32,750	36,800	41,706	41,550	
<b>WATER CONSERVATION</b>					
Smartscape with Cooperative Ext.	48,000	48,000	48,000	48,000	Funding for UA Cooperative Extension to administer Smartscape program in Maricopa County
Research and Efficiency Initiatives	12,000	32,000	32,000	30,000	Funding for conservation, efficiency, and demand management related research and initiatives
Outreach	22,000	26,345	16,000	23,000	Funding for sponsorships, events, and regional conservation efforts including educational and promotional materials
Subtotal	82,000	106,345	96,000	101,000	
Total Operating Expenses	1,627,887	1,701,970	1,569,431	1,869,430	
<b>FUNDING SOURCES</b>					
Carry over from previous fiscal year	78,000	22,000		105,000	
Member Assessments	1,549,887	1,679,970		1,764,430	
Total Funding	1,627,887	1,701,970		1,869,430	