



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

ARIZONA MUNICIPAL WATER USERS ASSOCIATION BOARD OF DIRECTORS

MEETING NOTICE AND AGENDA

June 26, 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 May 22, 2025 Meeting
2. Next Meeting Date: August 28, 2025 @ 11:00 a.m.
3. 2025 Legislative Session
4. Post-2026 Colorado River Operational Guidelines
5. Agreement with the University of Arizona for the Smartscape Program
6. Agreement with The Aarons Company
7. Fiscal Year 2026 AMWUA Budget
8. Media Partnership Opportunity

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, or by request.

Arizona Municipal Water Users Association

3003 North Central Avenue, Suite 1550, Phoenix, Arizona 85012 • (602) 248-8482 • amwua.org



**BOARD OF DIRECTORS
MEETING MINUTES
May 22, 2025
HYBRID MEETING**

BOARD MEMBERS PRESENT

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

BOARD MEMBERS NOT PRESENT

Vice Mayor Jennifer Crawford, Peoria
Mayor Lisa Borowsky, Scottsdale

AMWUA Staff

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

A. Call to Order

Mayor Scott Anderson called the meeting to order at 11:00 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 Matt Orlando and a second made by Councilwoman Kesha Hodge Washington, the AMWUA Board of Directors unanimously approved the April 24, 2025, meeting minutes.

2. Next Meeting Date: Thursday, August 28, 2025 – 11:00 a.m.

Arizona Municipal Water Users Association

3. Overview of the Central Arizona Groundwater Replenishment District

Warren Tenney, AMWUA's Executive Director, explained that CAGRD has played a key role in water planning, particularly for developers and home builders who have relied on it. However, concerns have been raised about whether CAGRD can meet the growing and diverse demands placed on it. The recent attention is due to CAGRD completing its new 10-year Plan of Operation and proposed legislation that could add further responsibilities. Mr. Tenney said the goal of the presentation was to give an overview about CAGRD's role in Arizona's water management and the increased focus on CAGRD.

Paul Bergelin, AMWUA's Water Policy Advisor, provided an in-depth overview of the CAGRD, explaining its role in Arizona's water management system. He outlined the origins of CAGRD, created in 1993 to help developments on the outskirts of urban areas meet the requirements of a 100-year assured water supply for new subdivisions. CAGRD replenishes excess groundwater pumped by its members with renewable water supplies. He explained how CAGRD operates to fulfill this obligation. The 2025 Plan of Operation is showing that current and projected water supply are barely sufficient to meet current and future replenishment obligations, especially with the expected loss of NIA Colorado River water. This shortfall, compounded by legislative risks and lawsuits, could jeopardize CAGRD's ability to meet its responsibilities. If CAGRD's Plan of Operation is determined not sufficient, the Arizona Department of Water Resources (ADWR) could halt new subdivision approvals in affected areas and revoke designations, posing serious consequences for growth and water management. Mr. Bergelin emphasized the need for thoughtful evaluation of proposed legislative changes and finding a balance between water supply and future development demands.

Councilmember Orlando asked Mr. Bergelin to clarify a slide that illustrated CAGRD's water supply and demand, specifically how it works mathematically and in real-world terms. Mr. Bergelin explained that CAGRD currently has access to a certain amount of non-Indian agricultural (NIA) CAP water, including some acquired through reallocation and leases with tribes such as the White Mountain Apache and the Gila River Indian Community.

4. Ag-to-Urban Concept

Mr. Tenney explained that reaching a compromise on the specific details for an Ag-to-Urban Program has proven difficult. He noted that, despite some progress and the introduction of two new proposals, the situation remains very fluid, and work is still needed to reach a final agreement.

Mr. Bergelin gave an overview of the ongoing efforts to develop an Ag-to-Urban water conversion program. This initiative would allow agricultural landowners to retire irrigated farmland in exchange for credits that permit a finite amount of groundwater pumping, intended to support new developments or water provider designations under

Arizona's Assured Water Supply (AWS) program. The core concept hinges on the logic that agricultural use typically consumes more groundwater than residential or urban development, and thus, this transition could result in overall groundwater savings. However, the program remains highly complex, with multiple proposals from stakeholders, including the Senate and development community, the Governor's Office, and ADWR, each with differing frameworks.

To evaluate the Governor's Office proposal, Mr. Bergelin compared it with the Senate and development community's proposal and ADWR's proposal from January. Mr. Bergelin compared the proposals using ADWR's original seven "guardrails" that included program applicability, eligibility of irrigated land, conversion rates, consistency with safe-yield goals, well modeling requirements, groundwater credit portability, conservation standards, and program sunset timelines. ADWR's and Governor's Office proposals closely aligned on most guardrails, favoring stricter eligibility (such as requiring proof of irrigation use in 3 of the last 5 years), lower and finite conversion rates (1–1.5 acre-feet per acre), and conservation measures that prohibit turf and decorative water features on newly developed land. In contrast, the Senate and development community's proposal featured looser eligibility criteria, higher conversion allowances (up to 2 acre-feet per acre), and limited modeling requirements, raising concerns about long-term aquifer sustainability and enforcement.

One area of emerging consensus between the Governor's Office and developers involves the portability of groundwater credits. All parties appear to agree that groundwater credits should be usable within a one-mile radius of the retired land. Regarding the issue of duration, both the Governor's and ADWR's proposals include a 10-year sunset with a program review in year eight, providing a mechanism for evaluation and adjustment. The developers' proposal suggested a shorter six-year term, with less clarity on long-term oversight.

Mr. Bergelin explained that critical policy questions remain unresolved, particularly concerning impacts on the aquifer and the CAGRD's ability to manage increased obligations. Preliminary estimates using ADWR's dashboard suggest that the Governor's plan could save up to 7–9.5 million acre-feet of groundwater over the next century. However, that figure is highly contingent on future land use and development trends. As of now, formal legislation has not yet been introduced, but discussions continue as stakeholders work toward a consensus.

Mr. Tenney explained that stakeholders are still waiting to see if the Senate majority and the development community are willing to continue negotiations, particularly around the Governor's proposal. He highlighted that the Governor's proposal was developed in partnership with the ADWR and includes compromises reflective of that collaboration. While the original ADWR concept introduced in January may have evolved, the current proposal, according to ADWR Director Tom Buschatzke, is both feasible and balanced, with built-in safeguards to ensure responsible implementation.

Mr. Tenney echoed the importance of the program's review and sunset provisions, as the actual uptake and effectiveness of the program are still unknown.

Councilmember Nikki Amberg expressed strong reservations about allowing certificates of assured water supply for an additional five years, since it would incentivize continued use of certificates and delay a full transition to designations. She feared that after five years, developers would ask for extensions, making it difficult to ever enforce a designation-only system.

Mr. Tenney acknowledged and echoed her concern, stating that AMWUA has raised this issue consistently in meetings. He emphasized that many of the challenges, such as portability, would not exist with designations. He explained that the development community has pushed back, arguing that obtaining a certificate allows subdivisions to be built more quickly than waiting for a water provider to achieve a designation. Mr. Tenney noted that the five-year allowance for certificates was a compromise proposed by the governor's office as part of a broader negotiation.

Councilmember Orlando asked whether holders of Certificates would be subject to mandatory cuts, such as 10% or 20% reductions, or if they could continue pumping at their previously agreed rates regardless of statewide cuts due to Colorado River reductions. Mr. Tenney responded that the water cuts will apply to Colorado River water allocations, which vary by provider, and those cuts will require reductions on that supply. However, Certificates, which are based on a 100-year groundwater supply and replenishment by the CAGR, would not face cuts in pumping amounts. The key issue is whether the CAGR can continue meeting its replenishment obligations amid Colorado River cuts. Mr. Bergelin added that Colorado River cuts affect specific water providers based on their contracts. Some providers serving lands with groundwater certificates would experience cuts to their Colorado River supplies, requiring them to find alternative water sources, which are increasingly costly. This will likely lead to higher property taxes in those areas to cover replenishment costs, although it doesn't directly reduce water pumped under the certificates, so the impact is less immediately noticeable in terms of water supply cuts.

Councilmember Orlando questioned the potential imbalance where some areas, like Buckeye and Queen Creek, might continue pumping groundwater at full capacity. In contrast, other areas face mandatory cuts to their surface water allocations. He questioned whether there is any provision requiring those drawing groundwater to reduce pumping proportionally when cuts occur elsewhere, to avoid over-reliance on groundwater and maintain fairness. Mr. Tenney responded that it will be important to balance the impact to the aquifer based on increased pumping due to recovering long-term storage credits and using groundwater allowances. Councilmember Orlando encouraged exploring water management that serves the entire region fairly and equitably. Mr. Tenney agreed, noting the importance of avoiding scenarios where parts of the Valley overdraw the aquifer, as that could negatively affect the whole region.

Vice Mayor Curtis Nielson questioned who would be responsible for water quality issues related to converting agricultural land, particularly if the water is contaminated (e.g., with nitrates or PFAs). Mr. Bergelin responded that water quality is a criterion for issuing water supply certificates, meaning that water providers must have the appropriate treatment and infrastructure in place to address contaminated water before Certificates are granted.

Vice Mayor Nielson also pointed out the environmental concern that retired agricultural land without irrigation could become dusty and cause blowing dust problems during the transition period before development. Mr. Bergelin said the current proposal does not address what happens to such land between the time irrigation rights are retired and the land is developed.

Mr. Tenney explained that originally, ADWR and the Governor planned to develop an Ag-to-Urban program through a rule-making process that started in January. The Legislature decided to pursue the Ag-to-Urban program through legislation instead. Two legislative bills were introduced but faced opposition because they conflicted with water management goals, especially regarding replenishment. Subsequently, Senator Shope led stakeholder meetings to discuss and negotiate the components, including those proposed by ADWR. The Governor's Office signaled a willingness to pursue legislation and worked with the Senate Majority to find a compromise. The key compromises included allowing certificates for five years and setting a 1.5 conversion rate, explaining the differences between the initial January proposal and the current one as a result of ongoing negotiations and efforts to reach an agreement.

Barry Aarons added that while ADWR and the Governor might be less willing to compromise in a rule-making process, legislative processes involve many more stakeholders with influence and votes, requiring more compromises. He questioned if a legislative solution on Ag-to-Urban can pass this session, which means rules probably won't be completed before next year.

Councilmember Laura Kaino expressed appreciation for Mr. Aaron's political insight, noting that if Ag-to-Urban legislation doesn't pass, the region could be left in limbo, which would negatively affect housing availability, costs, and zoning, especially in growing cities like Goodyear. She highlighted that Colorado River cuts will impact cities differently based on their water portfolios and emphasized the importance of the impacts from CAGR.

Mr. Bergelin added that the proposed program allows assured water supply certifications based on groundwater that isn't physically available under current criteria, which could lead to increased groundwater pumping post-2026. This may cause greater stress on aquifers, especially as cities previously relying on renewable water sources

shift to more groundwater use.

5. 2025 Legislative Session

Mr. Tenney provided an update on the 2025 Legislative Session, noting that Legislators have taken a break has caused a lull in legislative activity, particularly on water issues. He highlighted a few positive developments: Senate Bill 1523 on water conservation passed unanimously in the House and is now awaiting a Senate vote for when they return. The bill addressing CAGRD's annual membership dues was approved and signed by the Governor. He also reviewed House Bill 2753, which initially sought to extend provisions from last year's Senate Bill 1811 to the Pinal Active Management Area. Although the bill originally contained problematic language pushed by home builders regarding municipal financing of new supplies, a threat of a veto had the sponsors amend the bill to remove the problematic language. T

Mr. Aarons noted that the session remains complex with ongoing legislation, budget negotiations, and political dynamics. He was glad we were able to influence the sponsor of House Bill 2753. On the budget, Mr. Aarons shared concerns about the lack of clarity from House leadership, and although the Senate appears more prepared, the process remains uncertain. He expressed skepticism that significant legislation, such as Ag-to-Urban conversion, will pass this session, suggesting that developers may wait for a potentially more favorable administration after 2026. Regarding Prop 123 (related to state land trust funds for education), he predicted no action this session, as there's time to address it next year.

6. AMWUA Fiscal Year 2025 Quarterly Financial Statements – Third Quarter

Mr. Tenney reported that the third quarter financial statements (covering July 1, 2024, through March 2025) shows the budget is currently \$22,967 under budget, mainly due to two staff vacancies. However, those savings are being offset by higher expenses in accounting fees, temporary services, and common area maintenance. The Management Board recommended adopting the financial statements as presented.

Upon a motion made by Vice Mayor Nielson and a second made by Councilwoman Hodge Washington, the AMWUA Board of Directors unanimously approved AMWUA's Third Quarter Financial Statement.

7. Preliminary Fiscal Year 2026 AMWUA Budget

Mr. Tenney presented the preliminary fiscal year 2026 budget, traditionally the first step in a two-part process, with final approval expected in June. The proposed budget is \$1,869,000, a 9.9% increase from the current year, primarily due to rising administrative costs related to staffing. A key proposal is the addition of a government relations position to strengthen engagement at the state level and with key stakeholders, reflecting the increasing importance of water security. To offset this cost, he

recommended leaving the currently vacant conservation specialist position unfilled while still filling the conservation coordinator role. Additionally, \$90,000 in projected carryover funds from current-year vacancies would be used to reduce the effective assessment increase for members to around 4%. The AMWUA Board provided no suggested changes.

C. Executive Director's Report

Mr. Tenney provided an overview of Central Arizona Project's (CAP) water delivery rates and taxes for the next calendar year, emphasizing the importance of CAP maintaining financial strength amid Colorado River uncertainties. He explained that delivery rates are based on the cost of service, with a separate capital charge paid by municipal and industrial subcontractors that funds federal repayment for CAP infrastructure. He said it is important to encourage the CAWCD Board continue to levy its full taxing authority, including the 10-cent ad valorem and 4-cent water storage property taxes, due to the unpredictable future of the river.

Mr. Tenney said the Colorado River is expected to have only a 63% runoff projected from snowpack, signaling continued aridification. Tensions among the Basin States negotiations persist. Additionally, there is a growing push for collaborative, statewide messaging around water security and post-2026 Colorado River impacts.

Finally, Mr. Tenney announced the hiring of a new conservation coordinator, who will start in June.

D. Future Agenda Items

There were no requested future agenda items.

E. Adjournment

Mayor Anderson adjourned the meeting at 12:36 pm.

AMWUA BOARD OF DIRECTORS

INFORMATION SUMMARY

June 26, 2025

2025 Legislative Session

ANNUAL PLAN REFERENCE

Legislation

Effectively advocate with one voice at the Legislature.

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

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

SUMMARY

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.

When the AMWUA Board meets on June 26, 2025, we anticipate that the session will be done. Whether it has or not, AMWUA staff will provide a summary of the legislative session and its impact on water and AMWUA.

RECOMMENDATION

The Board of Directors is requested to discuss and provide comments about the 2025 legislative session.

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 24th, 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.

However, a floor amendment removed the prohibition against an irrigation district board levying assessments on land that has not received water deliveries in the preceding five years and that are incapable of being served by the district or a water provider that contracted to receive water from the district. The amendment also clarified that these districts and municipal water providers could bring claims against each other within 8 years of when the claim accrues for contracts for the district to provide water for at least 20 years. Finally, the amendment specified that the bill's changes apply to any lawsuit that began before or after the bill's effective date.

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 amended on the Senate floor. It now awaits a 3rd read vote.

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.

Latest action – HB 2753 was signed into law on May 23rd.

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 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 that 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 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 – Since HB 2753 was signed into law, we do not expect SB 1393 to move further.

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 91st 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 – No Position

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 that could be used for Certificates and Designations of Assured Water Supply. SB 1611 was amended to reflect the compromise reached between the Governor’s Office and Senate Leadership for an Ag-to-Urban Program.

The first step for an IGFR to qualify would be in the Phoenix and Pinal AMAs. ADWR could extend this program to Tucson AMA through rulemaking if unmet demand is projected for that AMA and ADWR has determined creating this program would be beneficial.

Credits created would apply to Designations the duration of the Program. Credits could also apply to Certificates but only for the first five years of Program. These credits can only be used for meeting physical availability criteria. The applicant would still need to satisfy the six other AWS criteria to obtain a Certificate or Designation.

The IGFRs must have been used in 3 of the last 5 years preceding the date of application and complied with all statutory and regulatory requirements. Retired acreage with an existing Certificate is ineligible.

The conversion rate is 1.5 acre-feet/acre for the Phoenix AMA and 1.0 acre-feet/acre for the Pinal AMA. The credit is based on a 100-year volume. The mechanism to ensure credits issued do not exceed recent pumping. In other words, the number of credits issued cannot exceed 60 times the mean volume of groundwater pumped annually using the IGFR in the highest 3/5 years preceding the date of application.

For any subdivision utilizing this credit, there is prohibition on non-functional turf and lakes, ponds, lagoons, waterparks, or decorative water features on converted acreage. For Certificates that rely on these credits, the municipality may not establish minimum landscaping requirements for residential developments. Plus, if a municipality requires a school or park that is meant to provide regional benefit on the converted acreage, it must provide the water to meet that additional demand.

Credits used by the Ag-to-Urban Program must be 100% consistency with the management goal; however, there is an exemption for Buckeye Waterlogged Area as long as it remains designated.

Regarding portability, under Certificates, credits can be used to support development within 1 mile of retired acreage. For Designations, converted acreage must be within the provider's service area.

The following wells may be used to support credit: 1) Wells that served original agricultural acreage; 2) wells within 1-mile of wells that served the original acreage; 3) wells on the retired acreage; and 4) wells within 1-mile of retired acreage. The model review is required to show that pumping can occur from these wells for 100-years without exceeding regulatory depth.

The Ag-to-Urban Program will have a 10-year sunset, with ADWR able to decide whether to continue the program through rulemaking. ADWR must submit a report on program impacts and outcomes within 8 years.

The amendment for SB 1611 also includes support for CAGRD's supply portfolio. The language includes legislative intent supporting CAWCD to pursue and acquire water supplies to meet its obligations to CAP subcontractors and the CAGRD. Plus, the statutory formula for the Replenishment Reserve target will be revised so that it covers 5 years of CAGRD's replenishment obligation. The current formula for the target requires enough credits to meet 20% of CAGRD's 100-year replenishment obligation less any firm water supplies CAGRD has under lease or contract.

- Gila River Indian Community in talks to lease some of its CAP M&I water to CAGRD.

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 – Awaiting to see if the amended SB 1611 will pass the Senate.

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 clouding 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 25th and 26th, 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 2nd.

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 52-0-8-0 Final vote on June 4. It has been transmitted to the Governor’s Office.

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 16th 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 5th 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

June 26, 2025

Post-2026 Colorado River Operating Guidelines

ANNUAL PLAN REFERENCE

Colorado River Transition

Assist, monitor, and coordinate the impacts of reduced Colorado River water to ensure our members' interests are forefront.

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

SUMMARY

On June 17, 2025, the Arizona Reconsultation Committee met and heard from the Department of the Interior's Acting Assistant Secretary of Science and Water, Scott Cameron, and received updates from ADWR and CAWCD. Assistant Secretary Cameron said that the Administration prefers to have a seven-state agreement for the post-2026 operational guidelines but that the Secretary of the Interior is willing to act if an agreement is not reached. ADWR's Director indicated that the Basin States are willing to consider a new concept for managing the river based on its produced natural flows.

While the snowpack in the upper Colorado River Basin was slightly below average this winter, the runoff is projected at 54 percent, making it one of the five driest years in the last 50 to 60 years.

AMWUA staff will provide an update on the Colorado River negotiations as well as the current hydrology for the river.

RECOMMENDATION

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

AMWUA BOARD OF DIRECTORS

INFORMATION SUMMARY

June 26, 2025

Agreement with the University of Arizona for the Smartscape Program

ANNUAL PLAN REFERENCE

Conservation & Efficiency

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

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

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

SUMMARY

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

The Smartscape program has been funded by AMWUA with monies from the Conservation & Efficiency budget and by ADWR with monies from the Phoenix Active Management Area's Water Management Assistance Program (WMAAP). In 2023, AMWUA agreed to increase its contribution to \$48,000 from \$30,000 annually to further implement targeted landscape education opportunities for HOA and property managers, attain Smartscape support staff for future contract periods, explore virtual course options in Maricopa County, and explore new water efficiency technologies within current curriculum. Last year's agreement was for one year because, at the time, it was not clear if ADWR would commit to contributing funding to the Smartscape Program for more than a year. Since ADWR agreed to contribute this year and next fiscal year, AMWUA is wanting to sign another annual agreement with the University of Arizona.

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

RECOMMENDATION

The AMWUA Management Board recommends approving the Executive Director's ability to enter into the one-year agreement between AMWUA and the University of Arizona for implementation of the Smartscape program in Fiscal Year 2026.

SUGGESTED MOTION

I move that the AMWUA Board of Directors approve the Executive Director's ability to enter into the one-year agreement between AMWUA and the University of Arizona for implementation of the Smartscape program in Fiscal Year 2026.

ATTACHMENT

- Agreement between AMWUA and the University of Arizona

UNIVERSITY OF ARIZONA SERVICES AGREEMENT

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

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

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

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

1. **Project Director**

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

2. **Billing and Payment**

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

X FIXED PRICE

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

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

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

If sent by US Mail:

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

If sent by overnight delivery service:

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

University of Arizona EIN number is 74-2652689.

3. Scope of Work and Deliverables

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

A. Training Implementation and Curriculum Refinement

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

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

B. Promotion

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

C. Statewide Coordination

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

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

D. Quantifying Smartscape Impacts

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

Contract Oversight

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

Deliverables

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

Term of Agreement

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

4. Use of Facilities

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

5. Property Administration

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

6. Insurance and Liability

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

7. Reports

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

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

8. **Confidential Information**

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

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

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

9. **Intellectual Property Rights**

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

10. **Termination**

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

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

11. **Arbitration**

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

12. **Conflict of Interest**

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

13. **State Obligation**

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

14. **Notices**

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

SPONSOR:

Arizona Municipal Water Users Association

3003 North Central Avenue, Suite 1550
Phoenix, Arizona 85012

UNIVERSITY:

For U.S. Postal Service:

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

For Fed Ex, UPS or other expedited delivery:

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

15. **General Provisions.**

A. **Compliance**

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

B. **Non-competition**

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

C. **Independence**

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

D. **Audit**

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

E. **Entire Understanding**

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

F. **Waiver, Amendment, Modification**

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

G. Assignment

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

H. Choice of Law

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

I. Severability

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

J. Independent Contractors

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

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

By: _____

Date: _____

Arizona Municipal Water Users Association:

By: _____

Date: _____

Name: _____

Title: _____

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

Date:

Exhibits: A. Budget and Payments

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

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

The anticipated dates and amounts of payments are as follows:

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

AMWUA BOARD OF DIRECTORS

INFORMATION SUMMARY

June 26, 2025

Consultant Agreement with The Aarons Company LLC

ANNUAL PLAN REFERENCE

Legislation

Effectively advocate with one voice at the Legislature.

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

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

SUMMARY

AMWUA utilizes the services of The Aarons Company LLC to advocate, monitor and evaluate legislation before the Arizona Legislature. Barry Aarons, Theresa Ulmer, and Michael Monti have represented AMWUA at the Legislature for 12 years, where they are well respected at the Capitol and have provided valuable expertise and initiative on water-related legislation for the benefit of AMWUA's members.

The annual agreement with The Aarons Company expires on June 30, 2025. AMWUA staff believes it would be beneficial to retain The Aarons Company as AMWUA's outside legislative consultant. Even with the proposed in-house Governmental Relations Manager, an outside lobbyist will be important for continuity, including for the relationships built by Barry Aarons and his team.

The agreement would have The Aarons Company under contract through June 30, 2026, which would cover the next legislative session. The monthly fee would be \$4,500, a modest increase from the current \$4,410. The AMWUA Fiscal Year 2026 budget includes funds for this agreement. AMWUA's Legal Counsel has reviewed the agreement.

RECOMMENDATION

AMWUA staff recommends that the AMWUA Board of Directors authorize the AMWUA Executive Director to enter into the proposed agreement with The Aarons Company LLC at a monthly rate of \$4,500 from July 1, 2025 through June 30, 2026, but may be extended for an additional fiscal year.

SUGGESTED MOTION

I move to authorize the AMWUA Executive Director to enter into the proposed agreement with The Aarons Company LLC.

ATTACHMENT

- The Aarons Company LLC Agreement

THE AARONS COMPANY LLC

4315 N. 12th Street Suite 200 Phoenix Arizona 85014

Barry M. Aarons – email – baaronsaz@gmail.com - mobile 602 315 0155

Michael L. Monti – email – mlmontiaz@gmail.com – mobile – 480 212 6902

Christen Monti – email – cmontiaz@gmail.com – mobile 480 647 4065

Theresa Ulmer – theresa.ulmer@gmail.com – 928 271 1226

CONSULTANT’S AGREEMENT

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

Both AMWUA and AaronsCo agree as follows:

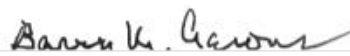
- 1. Appointment.** AMWUA appoints AaronsCo to render services as described herein. AaronsCo accepts such appointment and agrees to perform such services to the full extent of its ability.
- 2. Term.** The term of this Agreement shall commence July 1, 2025 and conclude on June 30, 2026 but may be extended for up to one additional fiscal year by mutual written agreement between the AMWUA’s Executive Director or designee and any duly authorized owner, member, manager, or director of AaronsCo.
- 3. Duties and Responsibilities.** AaronsCo agrees to represent AMWUA as follows:
 - Provide advocacy, monitoring and evaluation of legislation before the Arizona Legislature and its impact on AMWUA;
 - Attend legislative committee hearings, stakeholder meetings and other such meetings and to articulate the position of AMWUA on legislation being considered before committees and meetings;
 - Prepare and distribute update reports at the direction of AMWUA.
 - AaronsCo will report directly to the AMWUA Executive Director or designee.
- 4. Compliance and Ethical Standards.** AaronsCo shall comply with all standards of conduct pursuant to the laws of the United States and the laws of the State of Arizona under which AaronsCo undertakes activities on behalf of AMWUA.
 - AaronsCo acknowledges and agrees that any failure to comply with such standards of conduct described above shall result in the waiver and release of AMWUA from any liability resulting from AaronsCo’s actions and/or activities and may further result as cause for termination of this Agreement for just and substantial clause by AMWUA pursuant to Section 7 below.

- 5. Confidentiality.** If during the term of this appointment, AMWUA provides AaronsCo with information that is designated as confidential, AaronsCo agrees to keep the material confidential, use the confidential information only to perform services under this Agreement and return any confidential materials upon termination of the contract or, if earlier, upon request of AMWUA's Executive Director.
- 6. Compensation.**
- **Compensation.** AMWUA shall pay AaronsCo a retainer for the services described herein in the amount of \$4,500.00 per month upon receipt of invoice and payable on or before the 30th of each month. Compensation will commence in July of 2025 and conclude in June of 2026 or under such extended deadline agreed upon in accordance with Section 2 above of this Agreement.
 - **Expenses.** AaronsCo shall be reimbursed for normal and customary expenses incurred by him for postage, printing, courier and other communication charges reasonably incurred in the performance of his duties and responsibilities. Any and all extraordinary expenses not previously mentioned including travel, meals and entertainment must have prior written approval from AMWUA's Executive Director, his designee or successor prior to their being incurred or AMWUA will not be responsible for their reimbursement.
- 7. Termination.** Either party may terminate this contract for any reason by mutual consent at any time. AaronsCo's contract may also be terminated for just and substantial cause. "Just and substantial cause" shall mean (i) refusal to perform duties assigned in accordance with the terms of this Agreement or overt and willful disobedience of assignments made there under, (ii) conviction of commission of illegal acts in connection with performance of Consultant's duties and responsibilities, or (iii) violation of the compliance and ethical standards set forth in Section 4 of this Agreement.
- 8. Reports.** AaronsCo will render reports from time to time upon request of AMWUA's Executive Director or designee reflecting status of its duties and responsibilities as outlined in this Agreement.
- 9. Interpretation.** This Agreement embodies the entire agreement and understanding of the parties in relation to the subject matter thereof and may be modified only by a written document signed by AMWUA's Executive Director or designee and any duly authorized owner, member, manager, or director of AaronsCo. This Agreement and all terms hereof shall be in conformity with, and interpreted according to, the laws of the State of Arizona.
- 10. Notices.** Any reports, notices, requests, demands, or other communications hereunder shall be delivered in writing by USPS mail or e-mail to AMWUA and AaronsCo as follows:

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

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

Warren Tenney – Date
Arizona Municipal Water Users Association



Barry M. Aarons – Date
The Aarons Company LLC

AMWUA BOARD OF DIRECTORS INFORMATION SUMMARY

June 26, 2025

Fiscal Year 2026 AMWUA 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 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 in April. This budget allows AMWUA to continue to be a forum for its members to collaborate on water issues; to develop and advocate positions that safeguard our water resources; to promote key water policy issues with the Legislature, Arizona Department of Water Resources, Central Arizona Water Conservation District, Salt River Project, and other stakeholders; and to be at the forefront of demand management and water conservation efforts.

The preliminary Fiscal Year 2026 budget was reviewed in May by both the AMWUA Board of Directors and the AMWUA Management Board.

This 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 \$100,000, 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 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 91st Avenue Wastewater Treatment Plant.

This budget is \$167,460 (9.9%) more than the approved Fiscal Year 2025 budget. A carryover of \$100,000 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 \$110,000 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.

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 AMWUA Management Board recommends adoption of the Fiscal Year 2026 budget.

SUGGESTED MOTION

I move that the AMWUA Board of Directors adopt the Fiscal Year 2026 budget, as presented.

ATTACHMENT

- AMWUA Fiscal Year 2026 Budget

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

June 2025



ARIZONA MUNICIPAL WATER USERS ASSOCIATION
Fiscal Year 2026
Proposed Budget

ASSESSMENT SUMMARY

	WATER FY 25	WATER FY 26	WASTEWATER FY 25	WASTEWATER FY 26	TOTAL FY 25	TOTAL FY 26	FY 25 Carryover	ADJ TOTAL FY 26
CITY OF AVONDALE	90,189	99,829	-	-	90,189	99,829	6,858	92,971
CITY OF CHANDLER	125,730	138,483	-	-	125,730	138,483	9,516	128,967
TOWN OF GILBERT	120,640	133,290	-	-	120,640	133,290	9,159	124,131
CITY OF GLENDALE	124,826	139,660	16,248	17,278	141,074	156,939	9,597	147,342
CITY OF GOODYEAR	93,302	103,885	-	-	93,302	103,885	7,137	96,749
CITY OF MESA	169,753	187,131	35,967	38,248	205,720	225,380	12,861	212,518
CITY OF PEORIA	110,228	121,499	-	-	110,228	121,499	8,348	113,152
CITY OF PHOENIX	386,466	426,308	138,846	147,652	525,313	573,960	29,309	544,651
CITY OF SCOTTSDALE	118,881	131,058	24,926	26,507	143,807	157,565	9,005	148,559
CITY OF TEMPE	109,733	120,602	35,733	37,999	145,467	158,601	8,211	150,390
Total from Members	1,449,749	1,601,745	251,721	267,685	1,701,470	1,869,430	110,000	1,759,430
Other Funding Sources:								
TOTAL All Sources	1,449,749	1,601,745	251,721	267,685	1,701,470	1,869,430	110,000	1,759,430

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

	WATER FY 25	WATER FY 26	WASTEWATER FY 25	WASTEWATER FY 26	TOTAL FY 25	FY 24 Carryover	ADJ TOTAL FY 25	TOTAL FY 25
CITY OF AVONDALE	90,189	99,829	-	-	90,189	537	89,652	99,829
CITY OF CHANDLER	125,730	138,483	-	-	125,730	1,617	124,113	138,483
TOWN OF GILBERT	120,640	133,290	-	-	120,640	1,461	119,179	133,290
CITY OF GLENDALE	124,826	139,660	16,248	17,278	141,074	1,588	139,486	156,939
CITY OF GOODYEAR	93,302	103,885	-	-	93,302	632	92,670	103,885
CITY OF MESA	169,753	187,131	35,967	38,248	205,720	2,952	202,768	225,380
CITY OF PEORIA	110,228	121,499	-	-	110,228	1,145	109,083	121,499
CITY OF PHOENIX	386,466	426,308	138,846	147,652	525,313	9,529	515,784	573,960
CITY OF SCOTTSDALE	118,881	131,058	24,926	26,507	143,807	1,409	142,398	157,565
CITY OF TEMPE	109,733	120,602	35,733	37,999	145,467	1,130	144,337	158,601
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:								
TOTAL All Sources	1,449,749	1,601,745	251,721	267,685	1,701,470	22,000	1,679,470	1,869,430

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

	WATER FY 25	WATER FY 26	WASTEWATER FY 25	WASTEWATER FY 26	TOTAL FY 25	TOTAL FY 26
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
TOTAL	1,449,749	1,601,745	251,721	267,685	1,701,470	1,869,430

ARIZONA MUNICIPAL WATER USERS ASSOCIATION

Fiscal Year 2026

Proposed Budget

EXPENDITURES DETAIL

	FY 25 BUDGET WATER	FY 25 ACTUAL WATER	FY 26 BUDGET WATER	FY 25 BUDGET WASTEWATER	FY 25 ACTUAL WASTEWATER	FY 26 BUDGET WASTEWATER	FY 25 BUDGET TOTAL	FY 25 ACTUAL TOTAL	FY 26 BUDGET TOTAL
ADMINISTRATION									
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
EMPLOYEE BENEFITS									
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
PROFESSIONAL SERVICES									
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
OCCUPANCY									
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

	FY 25 BUDGET WATER	FY 25 ACTUAL WATER	FY 26 BUDGET WATER	FY 25 BUDGET WASTEWATER	FY 25 ACTUAL WASTEWATER	FY 26 BUDGET WASTEWATER	FY 25 BUDGET TOTAL	FY 25 ACTUAL TOTAL	FY 26 BUDGET TOTAL
TRAINING AND TRAVEL									
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
CAPITAL OUTLAY									
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
OFFICE OPERATING EXPENSES									
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
WATER CONSERVATION									
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
Total Operating Expenses	1,449,749	1,328,747	1,601,745	251,721	240,683	267,685	1,701,470	1,569,431	1,869,430
FUNDING SOURCES									
Office Lease Stabilization Fund									10,000
Carryover applied to member assessments							78,000		100,000
Member Assessments	1,371,749	1,320,398	1,601,745	251,721	239,033	267,685	1,623,470	1,559,431	1,759,430
Total Funding	1,449,749	1,320,398	1,601,745	251,721	249,033	267,685	1,701,470	1,569,431	1,869,430

ARIZONA MUNICIPAL WATER USERS ASSOCIATION
Fiscal Year 2026
Proposed Budget

BUDGET COMMENTS

	BUDGET TOTAL FY 24	BUDGET TOTAL FY 25	Annualized ACTUAL FY 25	BUDGET TOTAL FY 26	FY 26 BUDGET COMMENTS
ADMINISTRATION					
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	
EMPLOYEE BENEFITS					
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	
PROFESSIONAL SERVICES					
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	
OCCUPANCY					
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
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
TRAINING AND TRAVEL					
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	
CAPITAL OUTLAY					
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	
OFFICE OPERATING EXPENSES					
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 1 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	
WATER CONSERVATION					
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	<u>1,627,887</u>	<u>1,701,970</u>	<u>1,569,431</u>	<u>1,869,430</u>	
FUNDING SOURCES					
Office Lease Stabilization Fund	10,000	10,000		10,000	
Carry over from previous fiscal year	78,000	12,000		100,000	
Member Assessments	1,549,887	1,679,970		1,759,430	
Total Funding	<u>1,627,887</u>	<u>1,691,970</u>		<u>1,869,430</u>	

AMWUA BOARD OF DIRECTORS

INFORMATION SUMMARY

June 26, 2025

Media Partnership Opportunity

ANNUAL PLAN REFERENCE

Enhanced Communication

Advance how AMWUA conveys the municipal perspective on water, stays in front of water issues, and better communicates and personalizes the impact to the average citizen.

- Work with member and partner PIOs and communications staff to facilitate information exchange, and enhance messaging coordination on water resource issues, the importance of conservation, and investing in water supplies and infrastructure.
- Engage with regional partners, agencies, and media to facilitate the coordination of consistent messaging that educates the public and decision-makers on key topics, including reduced Colorado River water, groundwater challenges, and other emerging issues.
- Maximize AMWUA's various communication platforms, including website, weekly blog, social media, and public presentations and events.

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

SUMMARY

AMWUA is continually exploring ways to expand its outreach efforts and share the municipal perspective with a more diverse audience. This includes educating on critical topics, projects, and initiatives, enhancing our water security messaging, and responding more effectively to current issues, such as legislation.

AMWUA produces a weekly blog, develops messaging for coordinated and consistent communication among the cities and partners, and utilizes social media and its website for communication efforts. AMWUA has been presented with an opportunity to expand its education and outreach to a broader audience.

KTAR is launching a new ongoing content series designed to educate the community about water. AMWUA has the opportunity to partner with KTAR as the exclusive presenting sponsor of *Water Watch*. Throughout the year-long partnership, AMWUA will receive extensive exposure and regularly scheduled opportunities to share relevant messaging and insights with a broader and more diverse audience.

AMWUA staff believes this is a prime opportunity to take the next step in enhancing our outreach initiatives. It will position us more effectively to be recognized as "water experts," provide opportunities to advocate for policies and legislation that address the needs of the AMWUA communities, expand our reach and allow us to better explain the complexities of water management and how the AMWUA cities collaborate on solutions, enable us to communicate the municipal perspective more effectively and address issues and initiatives in a timely manner, and give us ongoing flexibility with the content— all of which can be achieved at minimal cost.

RECOMMENDATION

The AMWUA Board is requested to discuss this media partnership opportunity.

The AMWUA Management Board recommends using no more than \$85,000 from the reserve fund for this year-long media partnership with KTAR.

SUGGESTED MOTION

I move that the AMWUA Board of Directors approve using up to \$85,000 from the revenue fund for AMWUA to be the sponsor of KTAR's Water Watch for the next 12 months.