



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

## ARIZONA MUNICIPAL WATER USERS ASSOCIATION BOARD OF DIRECTORS

### MEETING NOTICE AND AGENDA

**February 26, 2026 – 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 January 22, 2025 Meeting
2. Next Meeting Date: March 26, 2026 @ 11:00 a.m.
3. Post-2026 Colorado River Operations
4. 2026 Legislative Session

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

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

#### **E. Consideration to go into Executive Session**

Pursuant to A.R.S. Section 38.431.03.A.3 and 4, for discussion or consultation with AMWUA’s legal counsel to consider its position and instruct its legal counsel regarding Reclamation’s environmental impact statement; and Pursuant to A.R.S. §38-431.03.A.1 to discuss matters pertaining to Executive Director’s performance.

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

#### **G. Adjournment**

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

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

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Arizona Municipal Water Users Association



**BOARD OF DIRECTORS**  
**MEETING MINUTES**  
**January 22, 2026**  
**HYBRID MEETING**

**BOARD MEMBERS PRESENT**

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

**BOARD MEMBERS NOT PRESENT**

Mayor Lisa Borowsky, Scottsdale

**AMWUA STAFF PRESENT**

Paul Bergelin, AMWUA	Rhett Larson, AMWUA	Warren Tenney, AMWUA
Tyenesha Fields, AMWUA	Aly Slobodzian, AMWUA	Sheri Trapp, AMWUA
Dr. Caitlyn Hall, AMWUA		

**A. Call to Order**

Mayor Scott Anderson called the meeting to order at 11:04 a.m.

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

**1. Approval of the Minutes from the December 11, 2025 Meeting**

Upon a motion by Councilmember Matt Orlando, seconded by Vice Mayor Kesha Hodge Washington, the AMWUA Board of Directors unanimously approved the December 11, 2025, meeting minutes.

2. Next Meeting Date: Thursday, March 26, 2026 @ 11:00 a.m.

3. Post-2026 Colorado River Operation

AMWUA's Executive Director, Warren Tenney, reported the Colorado River situation is not favorable so it is important to confront its current realities with clear understanding. This will put us in a better position to deal with the post-2026 Colorado River world.

Paul Bergelin, AMWUA's Water Policy Advisor, reported that the Bureau of Reclamation's recently released draft Environmental Impact Statement outlines difficult pathways for managing future shortages and that negotiations among Basin states remain unresolved.

Mr. Bergelin explained declining system storage, particularly at Lake Powell, weak snowpack conditions, and increasing risks to reservoir operations. He emphasized that all proposed alternatives place the shortages to protect the Colorado River system on the Lower Basin, with the bulk falling upon Arizona and the Central Arizona Project, while Upper Basin states are not required to take reductions.

Mr. Bergelin concluded that deeper and longer-term shortages are likely to occur and that Arizona must prepare for prolonged reduced deliveries and increased risk to system stability.

Councilmember Bart Turner asked about the impacts of potential dead pool conditions. Mr. Bergelin responded that while impacts depend on tributary inflows, dead pool would prevent normal system operations and water flows. Councilmember Matt Orlando asked about hydropower impacts, and Mr. Bergelin explained that power generation ceases at Lake Mead below approximately 950 feet. He also noted that the draft EIS does not fully address impacts to major urban areas or the national economy and added that agricultural impacts in Central Arizona have largely already occurred, as irrigation districts have not received Colorado River water since around 2020.

Mr. Bergelin outlined the timeline for reaching a decision about post-2026 operations. Comments for the Draft EIA are due March 2<sup>nd</sup>, and a final decision expected by October 1<sup>st</sup>. He emphasized concerns that even aggressive alternatives may not prevent dead pool conditions, that Upper Basin states are not required to conserve, and that deeper shortages will continue to fall on Arizona and the Central Arizona Project. He concluded that Arizona must prepare for significantly reduced Colorado River supplies and transition toward other water sources.

The Board discussed significant concerns with the draft Environmental Impact Statement, including assumptions that could exempt Tribal Nations, presume Mexico will take shortages without obligation, and place the burden of conservation on the Lower Basin while excluding impacts to cities, industries, residents, and the economy.

Members noted the limited timeline for action, the need for coordinated advocacy, and the high likelihood of litigation related to compact compliance, federal authority, and unequal treatment of Basin states. The Board acknowledged that regardless of legal outcomes, reduced Colorado River deliveries will occur and require preparation for long-term shortages including alternative water supplies.

#### 4. 2026 Legislative Agenda

AMWUA Government Relations Director, Aly Slobodzian, reported that more than 1,300 bills have been introduced, including 84 water-related bills, with 17 brought forward for Board consideration (four recommended for support and 13 for opposition). She reviewed key legislative deadlines and highlighted AMWUA's process for evaluating bills and coordinating positions with member cities.

Ms. Slobodzian summarized priority legislation, noting opposition to several bills that would increase administrative burdens at ADWR, weaken Assured Water Supply rules, limit long-term water storage, restrict groundwater management tools, or impose costly infrastructure requirements on cities. She recommended opposition to the Butler Valley groundwater bill due to its restriction of municipal access to that supply.

She reported support for the McMullen Valley groundwater bill, which broadens access while protecting aquifer health, as well as a conservation-focused resolution and funding for Colorado River system redesign efforts. She also recommended support for legislation prohibiting HOA-mandated overseeding during drought years.

Ms. Slobodzian concluded by discussing the reintroduced stormwater bill, noting that while the concept has strong legislative support, the current language is unworkable. AMWUA therefore recommends opposing the bill at this time while continuing discussions with proponents to pursue a more effective approach to stormwater.

Councilmember Bart Turner commented on the proposed increase to the litigation fund, noting that adding another \$1 million would bring the total to \$4 million and expressing concern that litigation costs may exceed that amount. He also asked about the rationale for removing mesquite from the low-water-use plant list.

Ms. Slobodzian responded that the proposal is based on a misconception linking mesquite to salt cedar and associated concerns about excessive groundwater use. Additional discussion noted that the Governor has proposed up to \$30 million annually to support Arizona's post-2026 Colorado River adaptation efforts, separate from the litigation fund. Mr. Tenney and Mr. Aarons added that prior budgets included litigation funding and that while current amounts may be insufficient, they represent an initial step, with the expectation that additional appropriations may be considered if needed.

Upon a motion by Councilmember Matt Orlando, seconded by Vice Mayor Kesha Hodge Washington, the AMWUA Board of Directors unanimously approved to adopt the bill positions as recommended in the staff's presentation, as follows.

**Support**

HB 2116 (appropriation; Colorado River litigation fund)  
HB 2185 (homeowners' associations; lawns; drought)  
HB 2758 (McMullen Valley; eligible entities; groundwater)  
HCR 2006 (environment; natural resources; preservation; maintenance)

**Oppose**

HB 2025 (ADWR; appealable agency actions; exemption)  
HB 2026 (assured water supply; commingling)  
HB 2027 (physical availability; review; designated providers)  
HB 2028 (ADWR; application; administrative completeness)  
HB 2052 (management plan; water loss; percent)  
HB 2095 (assured water supply; well depth)  
HB 2099 (long-term storage credits; shortage; prohibition)  
HB 2146 (mesquite; drought tolerant plants; prohibition)  
HB 2328 (municipal corporations; water supply; rates)  
HB 2757 (Butler Valley; La Paz; groundwater)  
SB 1200 (assured water supply; well depth)  
SB 1201 (long-term storage credits; shortage; prohibition)  
SB 1176 (stormwater storage; replenishment credits)

**5. AMWUA's Conservation Efforts**

Dr. Caitlyn Hall, AMWUA's Water Conservation and Demand Management Coordinator, provided an update on efforts to advance federal tax parity for water conservation rebates. She explained that unlike energy rebates, water conservation rebates are currently considered taxable income, and AMWUA has been working since 2016 to address this disparity. Dr. Hall reported that AMWUA has joined a regional effort led by the Alliance for Water Efficiency to support the Water Conservation Rebate Tax Parity Act sponsored by Senator Gallego. She noted that the AMWUA Management Board has unanimously supported moving forward with coordinated letters to congressional representatives. The Board agreed to proceed with submitting the letters in support of the legislation and signed by the Board.

**C. Executive Director's Report**

Mr. Tenney reminded the Board of AMWUA's upcoming legislative breakfast. He reported that SRP reservoir levels remain at 57% full. He noted a positive initial meeting with development community representatives focused on their perspective of water and the

importance of water security. Mr. Tenney also shared preliminary FY27 budget projections reflecting an approximate 8.25% increase in operating expenses.

**D. Future Agenda Items**

No future agenda items were requested.

**E. Adjournment**

Mayor Scott Anderson adjourned the meeting at 12:12 pm.

## AMWUA BOARD OF DIRECTORS

### INFORMATION SUMMARY

February 26, 2026

## Post-2026 Colorado River Operations

### 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

The seven Colorado River Basin States did not reach an agreement for post-2026 operating guidelines by the February 14, 2026 deadline given by the federal government.

AMWUA, along with other Arizona water stakeholders, has been preparing comments on the draft Environmental Impact Statement (EIS) that the U.S. Bureau of Reclamation issued in January. The draft EIS proposes alternatives that would have a negative impact upon Central Arizona, based on the reductions the Central Arizona Project would face. Comments are due on March 2, 2026.

The river's current hydrology has become dire with the lack of snowfall this winter, which pushed the most probably water year inflow forecast for Lake Powell down by 1.5 million acre-feet in the last month, lower than the projections made just three months ago. Lake Powell could drop to the minimum power pool (3,490 feet) by the end of this year.

AMWUA staff will provide an overview regarding the implications of the draft EIS and Colorado River hydrology for Arizona.

### RECOMMENDATION

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

## AMWUA BOARD OF DIRECTORS

### INFORMATION SUMMARY

Amended – February 24, 2026

February 26, 2026

## 2026 Legislative Session

### ANNUAL PLAN REFERENCE

#### Legislation

Effectively advocate with one voice at the Legislature.

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

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

### SUMMARY

The House and Senate bill introduction deadlines have passed, bringing the total legislation count to 2,089 bills and resolutions in circulation for the 2026 session, smashing the record for most legislation introduced set by last year's legislative session. The last week in February marks an important milestone where the most viable bills pass out of the original chamber to move forward through the legislative process. Most introduced bills do not advance past this deadline and will allow AMWUA to focus efforts on the water bills with the highest likelihood to land on the governor's desk. As of February 18, 2026, AMWUA is tracking 120 water-related bills.

In preparation for the 2026 Legislative Session, the AMWUA Board of Directors approved the 2026 Legislative Agenda at its December 11, 2025 meeting.

At the February 11, 2026 meeting, the AMWUA Management Board recommended positions for 12 water bills. Subsequently, additional legislation impacting AMWUA cities have been added for Board consideration. Those bills are marked with an asterisk in the suggested motion.

At the February 26, 2026 meeting, AMWUA staff will review with the AMWUA Board of Directors those bills identified as most relevant to the 2026 legislative agenda and will be prepared to answer questions or provide clarification on the remaining bills.

## RECOMMENDATION

The AMWUA Management Board recommended to the AMWUA Board of Directors the legislative positions presented below based on AMWUA's legislative agenda. Bills with an asterisk have been added for consideration since the February 11, 2026 Management Board meeting.

Depending on the introduction of new legislation or amendment of existing water bills before the February 26, 2026 Board meeting, the AMWUA Board of Directors may be asked to take positions on additional legislation.

## SUGGESTED MOTION

*I move that the AMWUA Board of Directors adopt the following positions:*

### SUPPORT

[HB 2824](#) - capital improvement; financing program (Lopez)

\*[HB 4026](#) - public infrastructure improvements; distribution limit (Carbone)

[HCR 2038](#) - Colorado River; seven-state agreement (Griffin)

[SB 1448](#) - aggravated assault; utility workers (Shope)

[SB 1560](#) - cap; water supply development fund (Dunn)

### OPPOSE

[HB 2492](#) - urban growth boundaries; prohibition (Taylor)

[HB 2946](#) - municipalities; counties; development fees (Powell)

[HB 2985](#) - CAP water; state land; allocation (Griffin)

[HB 4030](#)/[HCR 2052](#) - rates; fees; taxes; increases; moratorium (Olson)

[SB 1288](#) - assured water supply; analysis; availability (Dunn)

[SB 1785](#) - water storage facility; withdrawals; area (Petersen)

## **Bills Recommended by Management Board**

### **HB 2492 - urban growth boundaries; prohibition**

**Primary Sponsor:** Taylor (R) | **Latest Action:** Passed House NREW Committee 4-3-1-2 on February 17

**Recommended Position: Oppose**

**Bill content:** HB 2492 prohibits cities, towns, counties, and state agencies from adopting any laws, rules, ordinances, contracts, or other regulatory measures that establish, recognize or maintain, any urban growth boundaries that effectively prevent new urban or suburban development, restrain trade or commerce, or prevent extending public services outside those boundaries. Since this bill has constitutional implications, it would require a 3/4 affirmative vote in each legislative chamber.

**AMWUA impact:** If enacted, this bill could be used to override the requirements of the Assured Water Supply Program.

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### **HB 2824 - capital improvement; financing program**

**Primary Sponsor:** Lopez (R) | **Latest Action:** Passed House Commerce 7-0-0-0 on February 12

**Recommended Position: Support**

**Bill content:** HB 2824 establishes the Commercial Property Assessed Capital Expenditure (CPACE) program in Arizona. CPACE is an opt-in loan financing tool currently used in 40 states to fund infrastructure redevelopment and improvements, including water and wastewater projects such as advanced metering, leak detection, and low-flow plumbing fixtures. CPACE can be used by municipalities or developers that own commercial private property and utilizes private capital (rather than taxpayer dollars). The loan is repaid through a voluntary special assessment attached to property and may transfer on sale or refinancing.

Organizations that support this program include the League of Cities and Towns, NAMWUA, Valley Partnership, NAIOP (commercial developers), and Chamber of Southern AZ.

**AMWUA impact:** CPACE can be a helpful tool for municipal water providers to use to finance future upgrades to key water and wastewater projects.

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### **HB 2946 - municipalities; counties; development fees**

**Primary Sponsor:** Powell (R) | **Latest Action:** Scheduled for House Rural Economic Development on February 19

**Recommended Position: Oppose**

**Bill content:** HB 2946 makes numerous changes to how counties and municipalities assess development fees, when developers are required to pay development fees, how much development fees can increase, and establishes conditions under which credit must be provided for a development fee. For example, it requires increases of development fees up to 50% to occur in equal annual installments and prohibits increasing a development fee by more than 50% of the current fee, subject to some limitations. It also prohibits a municipality or county from increasing a development fee more than once every four years and assessing development fees on an accessory dwelling unit. Most concerning is that it requires a municipality that increases water or wastewater rate, fees, or service charges to fund new infrastructure or capital improvements to be subject to the same requirements as development fees.

**AMWUA impact:** HB 2946 would radically alter how municipalities handle development fees. The changes to how water and wastewater rates are established is especially alarming. There are already well-established statutory requirements that govern how municipal providers can increase water and wastewater rates, fees, and service charges. Requiring these providers to follow the complicated, involved process for development fees when setting water rates and related charges is unnecessarily burdensome.

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### **[HB 2985](#) - CAP water; state land; allocation**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Retained on Consent Calendar on February 17

**Recommended Position: Oppose**

**Bill content:** HB 2985 directs the Arizona State Land Department (ASLD) to begin a stakeholder process to adopt a procedure to allocate CAP water that is current allocated to it for parcels of state trust land that will be sold or leased. It does not, however, set a deadline for when this procedure must be adopted. As background, the ASLD initially had a CAP M&I allocation 39,006 AF, which was to be used for state trust lands within CAP’s service area. Its subcontract was later amended to include a provision which specified that this water could be used for state trust lands that were within another M&I subcontractor’s service area. These other subcontractors were Phoenix, Scottsdale, Mesa, Goodyear, Carefree, Apache Junction, and Tucson. Over time, ASLD has transferred part of its CAP entitlement to some of these water providers so that at present, it has 28,176 AF remaining.

**AMWUA impact:** We are concerned the unspecified procedure contemplated by HB 2985 could interfere with ASLD transferring the remaining parts of its CAP allocation to the AMWUA cities as has been expected ever since ASLD originally obtained its subcontract.

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### **[HB 4030](#) and [HCR 2052](#) - rates; fees; taxes; increases; moratorium**

**Primary Sponsor:** Olson (R) | **Latest Action:** Removed from Consent Calendar on February 17

**Recommended Position: Oppose**

**Bill content:** HB 4030 prohibits municipalities and counties from increasing fees, taxes, or utility rates beyond increases that have already been approved for their FY26 budgets. This freeze begins on July 1, 2026 (or the beginning of FY27), until June 30, 2030. The bill also explicitly prevents municipalities from adopting new or amending current taxes, fees, or utility rate schedules during FY26 to circumvent the moratorium and attempt to prepare for a 5-year fiscal freeze. HB 4030 also prohibits modifying service areas to keep costs down.

This concept was also introduced as a concurrent resolution (HCR 2052) which, if it passes both chambers with a majority vote, will be referred to voters on the November 2026 ballot.

**AMWUA impact:** Municipal water providers will be forced to deal with severe Colorado River reductions without proper financial resources. Cities will also be expected to provide the same level of services to their customers, despite increasing infrastructure needs, water resource uncertainty, and growing customer bases.

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**[SB 1288](#) - assured water supply; analysis; availability**

**Primary Sponsor:** Dunn (R) | **Latest Action:** Withdrawn from Senate Natural Resources agenda on February 3

**Recommended Position:** Oppose

**Bill content:** This bill would require ADWR to consider an Analysis of Assured Water Supply (that was issued before May 31, 2023, and has not expired) as a valid demonstration of physical availability of groundwater for the amount stated in the analysis. The analysis must have included a finding of physical availability of groundwater. Additionally, ADWR must subtract the amount of groundwater “represented” by all Certificates that were already issued based on the analysis from the amount of groundwater considered physically available based on the analysis. 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 1288 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.

**AMWUA impact:** By overriding the most current groundwater modeling, SB 1288 could generate more than 150,000 acre-feet per year use of groundwater, which would harm current users. Additionally, this bill would dramatically increase CAGR’s obligation at a time when we face major reductions to the Colorado River and without new water supplies developed would threaten the Assured Water Supply Program.

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**[SB 1448](#) - aggravated assault; utility workers**

**Primary Sponsor:** Shope (R) | **Latest Action:** Retained on Consent Calendar on February 17

**Recommended Position:** Support

**Bill content:** SB 1448 expands the protected class for aggravated assault to include public utility employees, including municipal water providers.

**AMWUA impact:** This bill would implement harsher sentences for offenders who attack water utility employees while servicing meters, ideally providing a greater deterrent to offenders and decreasing the likelihood of experiencing assault while on the job.

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**[SB 1560](#) - cap; water supply development fund**

**Primary Sponsor:** Dunn (R) | **Latest Action:** Removed from Consent Calendar on February 17

**Recommended Position:** Support

**Bill content:** SB 1560 removes the \$3 million cap on loans from the WIFA-managed Water Supply Development Revolving Fund (WSDRF).

**AMWUA impact:** This bill allows WIFA to meet the demands of their borrowers while maintaining the revolving health of the fund.

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### **[SB 1785](#) - water storage facility; withdrawals; area**

**Primary Sponsor:** Petersen (R) | **Latest Action:** Passed Senate Natural Resources Committee 5-3-0-0 on February 17

**Recommended Position:** Oppose

**Bill content:** SB 1785 attempts to codify part of ADWR’s policy defining the Area of Impact (AOI) for recovery wells. Under ADWR’s policy, water that is recovered within a groundwater savings facility (GSF) or within one mile of underground storage facility (USF) is counted as recovered water instead of groundwater pumping. (This ADWR policy also establishes a way for an applicant to establish an area of hydrologic impact for USFs that is based on sophisticated groundwater modeling. SB 1785 requires ADWR to assume that a recovery well is located within the AOI if it is within a GSF, one mile of the exterior boundary of a constructed USF or “other water storage infrastructure,” or one mile of the middle line of a drainage channel within the storage area of a managed USF.

**AMWUA impact:** The language SB 1785 is vague, which could lead to any number of problematic outcomes for recovery. In particular, the inclusion of “other water storage infrastructure” raises concerns since it is not clearly defined. Plus, there are questions about appropriateness of taking a policy and placing it in statute, which implications have not been fully discussed. AMWUA is reaching out to ADWR and other stakeholders to discuss implications for our member cities.

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### **[HCR 2038](#) - Colorado River; seven-state agreement**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Retained on the Consent Calendar on February 17

**Recommended Position:** Support

**Bill content:** HCR 2038 expresses the legislature's support for a seven-state agreement that may come out of the Colorado River negotiations. Arizona is the only state of the seven Colorado River Basin States that requires approval from the legislature if the Upper and Lower Basin come to a consensus. In order to fulfill that obligation, Rep. Griffin has introduced a resolution in anticipation of any positive movement ahead of the October 1, 2026 deadline. However, this resolution is not effective or necessary if the Basin States cannot come to an understanding and pursue litigation or are subjected to federal intervention.

**AMWUA impact:** Any consensus that comes out of Colorado River negotiations affects AMWUA cities. Municipal water providers will benefit from a timely decision on river allocations post-2026, and the certainty provided will allow cities to plan for the future.

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**Bill Recommended since the February 11<sup>th</sup> Management Board Meeting**

**HB 4026 - public infrastructure improvements; distribution limit**

**Primary Sponsor:** Carbone (R) | **Latest Action:** Passed House Commerce 8-3-0-0 on February 17

**Recommended Position: Support**

**Bill content:** HB 4026 modifies the structure of the Construction Sales Tax Public Infrastructure Reimbursement program, which has existed since 2012. The program allows a municipality that hosts an economic development project that brings in significant financial investment to retain up to 80% of the sales tax generated by the project’s construction to reinvest back into the additional public infrastructure needed. Projects must result in \$500M in economic investment in Maricopa and Pima Counties to qualify, while smaller counties must meet a \$50M threshold. In Maricopa County, only four projects qualify: Intel in Chandler, Amkor Technology in Peoria, Taiwan Semiconductor Manufacturing Company (TSMC) in Phoenix, and the LG Energy in Queen Creek.

Currently, the program has a \$200M lifetime cap, and there is only \$8M left for any future projects. HB 4026 restructures the reimbursement program by decreasing the cap to \$75M but continues the funding on an annual basis. As a result, cities can apply for any unfulfilled reimbursement in later fiscal years.

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## **Bills with Positions Adopted by the AMWUA Board of Directors**

### **HB 2025 - DWR; appealable agency actions; exemption**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Adopted Position: Oppose**

**Bill content:** HB 2025 repeals an exemption ADWR has related to licensing decisions that can be appealed to the Office of Administrative Hearings (OAH). For nearly all state agencies, an applicant can appeal an agency's determination to OAH, where the case will be heard by an administrative law judge. The agency is largely bound by that judge's determination unless it decides to appeal it to a court. Because ADWR is exempt from this process, it has more latitude to accept, reject, or modify that judge's opinion. According to ADWR, it obtained this exemption in 2022 because the complexity of hydrology and water law could lead an administrative law judge to make erroneous decisions that would result in additional litigation.

**AMWUA impact:** HB 2025 could open the door for an administrative law judge to make an incorrect decision on Assured Water Supply determinations which could impact AMWUA's members.

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### **HB 2026 - Assured water supply; commingling**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Retained on the Consent Calendar on February 17

**Adopted Position: Oppose**

**Bill content:** HB 2026 would direct the Arizona Department of Water Resources (ADWR) to only consider the proposed water source for Certificate of Assured Water Supply (Certificate) application, and no other sources such as groundwater that are commingled in a provider's system. 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 with Designations of Assured Water Supply (Designations) like the AMWUA cities have their water supplies reviewed every 10-15 years by the ADWR to determine compliance with Assured Water Supply (AWS) criteria. This regular review is why subdivisions that receive service from Designated providers do not need to obtain Certificates. Water providers that lack Designations must have their supplies regularly reviewed by ADWR when evaluating whether to issue a Certificate 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 Certificates for proposed developments served by undesignated providers that have groundwater commingled in their distribution system.

HB 2026 is part of an effort to allow Certificates 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 Certificate while pumping greater volumes of groundwater, which runs counter to the goals of the AWS Program and Groundwater Management Act.

**AMWUA impact:** This bill could lead to increased unreplenished groundwater pumping to offset any renewable supply dedicated to the Certificate.

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### **HB 2027 - Physical availability; review; designated providers**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Placed on House Majority and Minority Caucus Calendars on February 17

**Adopted Position:** Oppose

**Bill content:** HB 2027 would endanger the Designations of all designated municipal providers in the Phoenix AMA. The bill prohibits ADWR from adopting the Carry-Over Rule in the Phoenix AMA, which allows Designated municipal water providers to carry over their unused physically availability groundwater when renewing their Designations. We do not know the ramifications since ADWR has already adopted this rule. However, HB 2027 directs ADWR to review the physical availability of groundwater and stored water for each Designated municipal water provider in the Phoenix AMA, which is different ADWR's current review of the designations, which are nearing completion.

**AMWUA impact:** This bill is an attempt to question and undermine the physically available groundwater for all Designated municipal providers and consequently threaten their ability to retain their Designations. This bill could cause incalculable damage to growth and development in Phoenix metropolitan area and the entire state by questioning the designations of water providers.

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### **HB 2028 - DWR; application; administrative completeness**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Retained on Consent Calendar on February 17

**Adopted Position:** Oppose

**Bill content:** Under current law, a state agency's determination that an application is not administratively complete is an appealable agency action that entitles the applicant to adjudication before the Office of Administrative Hearings. However, ADWR is exempt from this provision of state law, likely owing to the complexity of water law and hydrology.

**AMWUA impact:** HB 2028 could open the door for litigation on whether Certificate applications using outdated groundwater models are administratively complete. The result of this litigation could be averse to the interests of AMWUA's members.

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### **HB 2052 - Management plan; water loss; percent**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Placed on House Majority and Minority Caucus Calendars on February 3

**Adopted Position:** Oppose

**Bill content:** Like previous management plans, the 5th Management Plan requires municipal providers to limit the amount of Lost and Unaccounted for Water in their distribution systems. This limit is 10% for large water providers and 15% for small water providers (those that serve less than 250 AF/year). The 10% limit is significantly below the national average.

Lost and Unaccounted for Water is currently calculated based the total quantity of water from any source that enters the provider's system except for direct use of effluent. It is calculated on either an annual or three-year basis. HB 2052 directs ADWR to amend its management plan to lower this requirement to 8% for all providers, regardless of being a small or large provider. It also changes the methodology for this calculation to include all effluent usage. While all water providers strive to operate efficiently, there are concerns about how expensive it will be meet this requirement and whether this expense is worth the volume of water saved. Moreover, ADWR's calculation of Lost and Unaccounted

for Water is not entirely aligned with the American Water Works Association’s guidance on calculating water loss.

**AMWUA impact:** This bill will likely require significant, expensive infrastructure replacement investments to comply, which will lead to water rate increases.

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### **HB 2095 - Assured water supply; well depth**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Placed on House Majority and Minority Caucus Calendars on February 17

**Adopted Position: Oppose**

**Bill content:** HB 2095 redefines the statutory criteria for Assured Water Supply related to groundwater. Specifically, it directs ADWR to narrowly limit its modeling of whether groundwater is physically available by focusing on the groundwater level at the exact point of withdrawal after 100 years. This approach sharply contrasts with ADWR’s current approach of using regional groundwater models when making determinations about physically available groundwater. SB 1200 (Shope) is the mirror bill in the Senate.

**AMWUA impact:** HB 2095 would increase the amount of pumping in the Phoenix AMA, which will jeopardize the groundwater set aside in AMWUA members’ Designations of Assured Water Supply and the water they have stored underground.

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### **HB 2099 - Long-term storage credits; shortage; prohibition**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Passed House NREW as amended 6-3-0-1 on February 17

**Adopted Position: Oppose**

**Bill content:** HB 2099 prohibits municipal providers from earning Long-Term Storage Credits (LTSCs) or storing Colorado River water or Central Arizona Project water during a period of shortage on the Colorado River. It similarly prohibits municipal provider from ordering Central Arizona Project water that it intends to store at an Underground Storage Facility during a period of shortage. Finally, it requires ADWR to “reject and invalidate” any assignment of LTSCs inconsistent with this prohibition. SB 1201 (Shope) is the mirror bill in the Senate.

**AMWUA impact:** HB 2099 undermines the ability of AMWUA’s members to serve their customers during times of unprecedented Colorado River shortages. In addition to illegal overriding their M&I subcontracts for CAP water, HB 2099 also jeopardizes the ability of several municipal providers to participate in exchanges with Tucson, which were designed to ensure reliable water service.

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### **HB 2116 - Appropriation; Colorado River litigation fund**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Transmitted to the Senate on February 2

**Adopted Position: Support**

**Bill content:** HB 2116 appropriates \$1 million from to the state General Fund to the Colorado River Litigation Fund in FY 2027, in addition to the \$1 million appropriated last session for the same fund. This fund was created as part of the FY 2026 budget and is administered by ADWR. Fund monies may only be used to initiate, defend, or participate in litigation related to Arizona’s apportionment of Colorado River

water or any other rights Arizona has to the river's waters. The fund received a \$1 million appropriation as part of the FY 2026 budget.

**AMWUA impact:** AMWUA's members all have CAP subcontracts. The state's ability to defend Arizona's claims to the Colorado River's waters is vital to the AMWUA cities.

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### **[HB 2146](#) - Mesquite; drought tolerant plants; prohibition**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Withdrawn from House NREW agenda on January 20

**Adopted Position: Oppose**

**Bill content:** ADWR maintains a low water use and drought tolerant plant list for each AMA. Each list regulates landscaping in medians and public rights-of-way irrigated with groundwater. The plants contained in these lists are tied to the requirements of other conservation programs detailed in each management plan. Recently, as part of the legislation establishing the Ag-to-Urban Program, municipalities in initial AMAs were prohibited from requiring the installation of plants not included in the low water use plant list. HB 2146 amends this requirement to prohibit ADWR from including any mesquite species in its list. There are currently five species of mesquite listed in ADWR's low water use and drought tolerant plant list.

**AMWUA impact:** HB 2146 would remove a well-recognized drought tolerant tree from ADWR's low water use plant. Politicizing which plants are included on this list is a dangerous precedent that would undermine our long-term conservation efforts to reduce outdoor watering and promote low-water-use landscapes.

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### **[HB 2185](#) - Homeowners' associations; lawns; drought**

**Primary Sponsor:** Willoughby (R) | **Latest Action:** Removed from Consent Calendar on February 3

**Adopted Position: Support**

**Bill content:** A homeowner's association (HOA) may not require overseeding during a "drought year," defined as any year that a municipality receives less than 80% of its contracted CAP or surface water allocation. Overseeding is the practice of adding new grass seed directly on top of previous seed, a water-intensive strategy mandated by many Arizona HOAs to improve lawn visual aesthetics. A technical correction does need to be made with defining "drought year."

**AMWUA impact:** Cities gain another conservation tool to protect their water supplies.

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### **[HB 2328](#) - Municipal corporations; water supply; rates**

**Primary Sponsor:** Marshall (R) | **Latest Action:** Passed House Committee of the Whole on February 5

**Adopted Position: Oppose**

**Bill content:** HB 2328 would prohibit municipalities in Pima County from charging higher water rates to customers that reside outside of city limits, but within their service area. This bill is likely in response to a 2021 ordinance the City of Tucson adopted that increased water rates on some ratepayers who lived in unincorporated areas of Pima County. Pima County successfully sued, arguing that these residents were overcharged for their water. The City of Tucson has since revised rate-setting methodology and adopted new rate increase for these residents.

**AMWUA impact:** While HB 2328 applies only to municipalities in Pima County, this bill sets a dangerous precedent that infringes on municipal water providers' ability to oversee the necessary finances and operations to serve their customers.

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### **HB 2757 - Butler Valley; La Paz; groundwater**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Passed House NREW as amended 5-2-0-3

**Adopted Position:** Oppose

**Bill content:** In Butler Valley, groundwater can be withdrawn and transported to initial AMAs from land owned by the state or a political subdivision of this state. HB 2757 would limit transportation from this basin to only land that the La Paz County Board of Supervisors owns or leases. This transported groundwater could be use by La Paz County or a political subdivision or municipal provider within that county. It could also be sold or leased to CAGR to meet its replenishment obligation.

Butler Valley largely consists of state trust land. Under the current framework, a city or town could theoretically acquire or lease land for transporting groundwater at a better price than purchasing land in the Harquahala INA. (Whether that lower land price makes up for the costs of treating and transporting that groundwater to the CAP, which lies outside the basin, is a separate question.)

**AMWUA impact:** HB 2757 effectively removes Butler Valley groundwater as a future supply for municipal providers in the Phoenix AMA.

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### **HB 2758 - McMullen Valley; eligible entities; groundwater**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Failed to pass Committee of the Whole 28-29-0-3 on February 17

**Adopted Position:** Support

**Bill content:** HB 2758 replaces the criteria for transporting groundwater from the McMullen Valley groundwater with criteria that are similar to those governing groundwater transportation from the Harquahala INA. In doing so, it broadens the entities that can transport groundwater from this basin and could increase the volume of groundwater that can be transported. Currently, only the City of Phoenix (if it still owned farmland in that basin) or a person who bought land that was in the Maricopa County side of the basin before 1988 could transport groundwater. HB 2758 would expand the eligible entities to include the state, its political subdivisions (such as cities and CAGR), and public service corporations, including those in La Paz County. Additionally, under current law, the annual volume of groundwater that could be transported was limited to 3 AF/acre for each acre of historically irrigated land owned on average over a 10-year rolling period. Up to 6 million acre-feet could be transported from this basin, though it's unclear if that limit applies to each transporting entity or all transporting entities. HB 2758 replaces these volumetric limits with a more complicated set of criteria focused on limiting groundwater pumping to a depth of 1,200 feet provided doing so does not cause the groundwater table to decline by more than 10 feet per year over a 100-year period. The amount withdrawn per acre of historically irrigated land cannot exceed 36 AF over a 10-year rolling period. However, ADWR can allow for greater volumes to be withdrawn if doing so will either not unreasonably increase damage to nearby residents or the transporting entities will mitigate the damage cause. Notably, La Paz County entities are limited to transporting only 10% of the annual volume of groundwater available for transportation.

HB 2758 also establishes metering and reporting requirements for transporting groundwater as well as some more specific criteria on how La Paz County entities can utilize transported groundwater.

**AMWUA impact:** HB 2758 could allow AMWUA cities and other municipal providers to transport groundwater from McMullen Valley.

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**[SB 1176](#) - stormwater storage; replenishment credits**

**Primary Sponsor:** Petersen (R) | **Latest Action:** Passed Senate Natural Resources 4-2-1-0 on February 18

**Adopted Position:** Oppose

**Bill content:** SB 1176 is a repeat of the amended version of SB 1236 (NOW: storm water) from last legislative session. It would allow someone in the Phoenix AMA to recharge stormwater at a constructed underground storage facility (USF) to earn a “replenishment credit.” This credit can be used to offset the storer’s CAGRD replenishment obligation if pumping occurred within 2 miles of the USF where storage occurred or a portion of the service area of the water provider that pumped the groundwater is within 2 miles of USF where storage occurred. ADWR would treat these credits as groundwater, which means that stormwater recharge could benefit modeling for Assured Water Supply purposes.

SB 1176 is a novel approach for incentivizing stormwater recharge, but several components of it will need to be overhauled so that this approach could be implemented without harming other water users. “Stormwater” is very narrowly defined in this bill, which raises question as to whether any significant volume of this water would be available for recharge. There are also administrative hurdles related to ADEQ’s authority to require an aquifer protection permit for this type of recharge and how ADWR would permit a USF that for this use. Finally, there are questions about whether it would be financially practical to build or modify USF that could include stormwater recharge.

**AMWUA impact:** SB 1176, as currently written, does not provide enough clarity for how it would work and be administered. However, stormwater recharge could, if done correctly, be a tool for mitigating aquifer drawdown.

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**[SB 1201](#) - long-term storage credits; shortage; prohibition.**

**Primary Sponsor:** Shope (R) | **Latest Action:** Senate Second Read on January 21

**Adopted Position:** Oppose

**Bill content:** SB 1201 prohibits municipal providers from earning Long-Term Storage Credits (LTSCs) or storing Colorado River water or Central Arizona Project water during a period of shortage on the Colorado River. It similarly prohibits municipal provider from ordering Central Arizona Project water that it intends to store at an Underground Storage Facility during a period of shortage. Finally, it requires ADWR to “reject and invalidate” any assignment of LTSCs inconsistent with this prohibition.

HB 2099 (Griffin) is the mirror bill in the House.

**AMWUA impact:** SB 1201 undermines the ability of AMWUA’s members to serve their customers during times of unprecedented Colorado River shortages. In addition to illegal overriding their M&I subcontracts for CAP water, SB 1201 also jeopardizes the ability of several municipal providers to participate in exchanges with Tucson, which were designed to ensure reliable water service.

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**[HCR 2006](#) - environment; natural resources; preservation; maintenance**

**Primary Sponsor:** De Los Santos (D) | **Latest Action:** House Second Read on January 26

**Adopted Position:** Support

**Resolution content:** Amends the Arizona Constitution to establish an inherent, inalienable right for all residents to a clean and healthy environment, including clean air and water with an emphasis on preservation.

**AMWUA impact:** No direct impact.

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