



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

ARIZONA MUNICIPAL WATER USERS ASSOCIATION MANAGEMENT BOARD

AMENDED MEETING NOTICE AND AGENDA

June 10, 2026 – 10:00 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: 815 3667 5632
(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 for the May 13, 2026 Meeting
2. Next Meeting Date: August 12, 2026 @ 10:00 a.m.
3. Post-2026 Colorado River Operations and Impacts for Arizona
4. Overview of Secure Water Arizona Program
5. ASU Groundwater CuRVE Project
6. 2026 Legislative Session
7. Agreement with the University of Arizona for the Smartscape Program
8. Office Refurbishment and Reimbursements per Lease Agreement
9. Fiscal Year 2027 AMWUA Budget

C. Member Reports

D. Executive Director's Report

E. Future Agenda Items

F. 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

**MANAGEMENT BOARD
MEETING MINUTES
May 13, 2026
HYBRID MEETING**

MEMBERS PRESENT

Kirk Beaty, Avondale, Chair
David Burks, Peoria, Vice Chair
Jeremy Abbott, Chandler
Jessica Marlow, Gilbert
Ron Serio, Glendale
Silvana Burgos, Goodyear
Joe Giudice, Mesa
Brandy Kelso, Phoenix
Thyra Ryden-Diaz, Scottsdale
Craig Caggiano, Tempe

AMWUA STAFF PRESENT

| | | |
|-------------------------|-----------------------|----------------------|
| Michelle Barclay, AMWUA | Rhett Larson, AMWUA | Sheri Trapp, AMWUA |
| Tyenesha Fields, AMWUA | Aly Slobodzian, AMWUA | Warren Tenney, AMWUA |

A. Call to Order

Kirk Beaty called the meeting to order at 10:01 a.m.

B. General Business – Items for Discussion and Possible Action

1. Approval of the Minutes from the April 8, 2026, Meeting

Upon a motion by David Burks, seconded by Brandy Kelso, the AMWUA Management Board unanimously approved the meeting minutes from April 8, 2026.

2. Next Meeting Date: Wednesday, August 12, 2026 @ 10:00 a.m.

3. Post-2026 Colorado River Operations

Warren Tenney, AMWUA's Executive Director, explained that the Lower Basin States recently proposed a temporary plan to manage water shortages by conserving up to 3.2 million acre-feet of water through 2028. The proposal includes 2.5 million acre-feet in delivery reductions and at least an additional 700,000 acre-feet in system conservation, with Arizona expected to contribute significantly through water savings and cuts to CAP deliveries. Mr. Tenney emphasized that this is not a permanent solution to the Colorado River crisis, but rather a short-term measure intended to buy time while hydrologic conditions remain uncertain.

Mr. Tenney also explained that the Lower Basin Proposal includes operational plans for Lake Powell releases to maintain hydropower production, potential emergency releases from upstream reservoirs such as Flaming Gorge to stabilize water levels, and proposed changes to intentionally created surplus (ICS) water rules, including evaporation accounting and stricter withdrawal conditions to protect Lake Mead. Additionally, he highlighted a proposed tribal water pool to help the federal government meet future tribal water obligations if deeper shortages occur, with tribes potentially contributing conserved water in exchange for federal reimbursement.

Jeremy Abbott asked about the typical evaporation rate for intentionally created surplus (ICS) water and whether the proposed 3% represented a normal loss or a reduction. Ron Serio also asked who holds rights to ICS water and whether ownership is tied to those who contributed to creating it. Mr. Tenney responded that the 3% evaporation loss would only apply to ICS created under the Lower Basin Proposal and it was proposed to encourage federal support. He explained that ICS ownership is tied to those who created it, but it is possible subaccounts could be established for contributors.

4. 2026 Legislative Session

Aly Slobodzian, AMWUA's Government Relations Director, reported that the Legislature passed a partisan Republican budget that was subsequently vetoed by the Governor. While the proposal prompted renewed bipartisan budget negotiations, Ms. Slobodzian explained that the bill moratorium remains in place and the Legislature recessed until June 1. Ms. Slobodzian highlighted several water-related concerns within the vetoed budget, including no new funding for the Colorado River Litigation Fund, a \$1.2 million reduction to the Arizona Department of Water Resources, and significant cuts to WIFA funding, including the Long-Term Augmentation Fund and Water Supply Development Fund. Ms. Slobodzian noted that AMWUA is working with other water stakeholders to oppose continued reductions to WIFA's long-term water augmentation fund.

5. Arizona Water Banking Authority Firming Responsibility

Mr. Tenney presented an overview of the Arizona Water Banking Authority (AWBA) and its growing importance as Colorado River shortages are expected to impact municipal and industrial (M&I) subcontractors beginning in 2027. He explained that the AWBA was established in 1996 to store unused Colorado River water underground and ensure Arizona fully utilized its Colorado River allocation. Since its creation, the AWBA has stored approximately 1.6 million acre-feet of water in the Phoenix Active Management Area, with the primary purpose of firming M&I subcontract deliveries during shortages and supporting certain tribal water obligations.

Mr. Tenney noted that while the AWBA has committed to fully firm M&I subcontract reductions through 2026, there is currently no clear plan for how firming will occur beginning in 2027. He emphasized the need for greater certainty and transparency, stating that AMWUA intends to request that the AWBA Commission consult with M&I subcontractors and clearly outline its firming strategy in its upcoming 10-year recovery plan so water providers can adequately prepare for future Colorado River reductions.

6. Fiscal Year 2026 Financial Statements – Third Quarter

Mr. Tenney presented the third-quarter financial statements for the fiscal year, reporting that AMWUA was \$162,139 under budget as of the end of the third quarter. He noted that the favorable budget position was primarily due to salary savings resulting from vacant positions. While some office operating expenses exceeded budgeted amounts, overall expenditures remained below budget. Mr. Tenney stated that he was available to provide additional information and answer any questions regarding the financial report.

Upon a motion by Jeremy Abbott and a second by Brandy Kelso, the AMWUA Management Board unanimously approved the third-quarter financial statements for Fiscal Year 2026.

7. Proposed Fiscal Year 2027 Budget

Mr. Tenney presented the proposed Fiscal Year 2027 budget of \$1.9 million, a modest 1.7% increase from the current year. The increase is primarily due to continuing AMWUA's partnership with KTAR News' Water Watch program, while the vacant Water Policy Analyst position remains unfunded. He noted that projected budget savings and reserve funds will reduce member assessments, resulting in lower membership dues for FY 2027. Mr. Tenney reviewed the budgetary categories – administration, employee benefits, professional services, occupancy, training and travel, capital outlay, office operating expenses, and water conservation - and explained major increases and decreases under the budget also includes adjustments for employee compensation,

operating costs, software, insurance, and conservation programs, while continuing to support AMWUA's strategic priorities.

He noted that the projected existing budget carry-over meant that overall assessments next year would be less the current fiscal year.

Management Board members had no comments or feedback about the proposed budget.

C. Member Reports

No reports were provided.

D. Executive Director's Report

Mr. Tenney reported that a Maricopa County Superior Court judge ruled against ADWR regarding its groundwater policies, a decision that is expected to be appealed. He also noted that SRP reservoirs are currently 54% full, down from 67% a year ago. Additionally, he also highlighted recent polling showing that Arizona voters view water supply and Colorado River protection as a top legislative priority, demonstrating broad public support for investments in long-term water security and future water planning.

E. Future Agenda Items

No future agenda items were requested.

F. Adjournment

Mr. Beaty adjourned the meeting at 11:04 a.m.

AMWUA Management Board
INFORMATION SUMMARY
June 10, 2026

Post-2026 Colorado River Operations and Impacts for Arizona

ANNUAL PLAN REFERENCE

Sustainable Water Management

Promote policies and actions to sustain and safeguard members' water resources by preparing for Colorado River reductions and managing a stressed aquifer.

- Analyze and evaluate developments related to post-2026 Colorado River operations and their implications for CAP deliveries in 2027.

SUMMARY

As of this writing, Reclamation has yet to issue the Final Environmental Impact Statement for post-2026 Colorado River operations. Reclamation has signaled it intends to use a 10-year framework and would adopt plans to determine deliveries every two years. Releases from Lake Powell would range from 5 million acre-feet to 12 million acre-feet. Reductions would be up to 3 million acre-feet, which would occur only in the Lower Basin and be applied by priority, which means CAP users would be cut first.

The Lower Basin States continue to discuss with Reclamation utilizing their recent proposal for the first two years of Reclamation's 10-year framework. The Lower Basin States have proposed that they would take 1.25 MAF of reductions in 2027 and 2028, which would be distributed similar to what they had previously proposed. Arizona would take a 760,000 AF cut, which would reduce deliveries to Central Arizona Project (CAP) Municipal & Industrial (M&I) subcontracts by 20%. Additionally, the Lower Basin States proposed to conserve at least 700,000 AF in Lake Mead; Arizona is expected to provide a minimum contribution of 300,000 AF. The Lower Basin Proposal would also extend the current framework for Intentionally Created Surplus (with some modifications), establishes a Tribal Pool, and revises how releases from the Upper Initial Units and Lake Powell will be handled.

This proposal is intended to prop up Lake Mead, particularly through the sizeable reductions and contributions from California that does not place all the burden on Arizona. The challenge will be for Arizona to meet its 300,000 AF contribution for system conservation. Looming over all of this is the question of whether Reclamation will accept the Lower Basin States' proposal in conjunction with Reclamation's intended preferred alternative for post-2026 operations. As it stands, Reclamation has taken issue with various aspects of the Lower Basin Proposal, including releases from Lake Powell and framework for new Intentionally Created Surplus. It is not yet clear if the Lower Basin States and Reclamation will reach agreement.

As these post-2026 arrangements are being negotiated, the river's hydrology continues to decline. Due to poor snowpack and dismal runoff, Reclamation instituted a plan under the Drought Response Operations Agreement to release up to 1 MAF from Flaming Gorge Reservoir while holding back 1.48 MAF in releases from Lake Powell. Reclamation has also said it will now protect Lake Powell at elevation 3,510 feet, which is ten feet higher than the previously protected elevation. This announcement increases the probability of less water being released from Lake Powell. Finally, a recent report from a consortium of researcher indicates that another bad winter could cause the system to collapse into a run-of-the-river situation in which Lake Powell and other major reservoirs have little to no usable storage capacity and therefore primarily release downstream only the inflow they receive.

AMWUA staff will give an update on the overall political, legal, and hydrologic situation for post-2026 Colorado River operations and its impacts to Arizona.

RECOMMENDATION

The AMWUA Management Board is requested to ask questions and discuss the Colorado River situation and post-2026 impacts to Arizona.

AMWUA Management Board
INFORMATION SUMMARY
June 10, 2026

Overview of Secure Water Arizona Program

ANNUAL PLAN REFERENCE

Sustainable Water Management

Promote policies and actions to sustain and safeguard members' water resources by preparing for Colorado River reductions and managing a stressed aquifer.

- Analyze and evaluate developments related to post-2026 Colorado River operations and their implications for CAP deliveries in 2027.
- Pursue policies that allow flexibility for municipal providers to utilize supplies and meet demands during Colorado River shortages while protecting the aquifer.

SUMMARY

Phoenix and Tucson developed the Secure Water Arizona Program (SWAP) to allow municipal providers and others to mutually aid each other during severe Colorado River reductions that will be more likely post-2026. SWAP is a voluntary program that would enable participants to reduce the impacts of shortage based on their individual water supply portfolios. SWAP includes an emergency reserve to prevent wet-water emergencies that Phoenix and Tucson are willing to stand up. The program could also facilitate opportunities for user-funded arrangements such as conservation programs with on-river irrigation districts.

Phoenix staff will give an overview about benefits and mechanisms for SWAP.

RECOMMENDATION

The AMWUA Management Board is requested to ask questions and discuss the Secure Water Arizona Program.

AMWUA Management Board
INFORMATION SUMMARY
June 10, 2026

ASU Groundwater CuRVE Project

ANNUAL PLAN REFERENCE

Sustainable Water Management

Promote policies and actions to sustain and safeguard members' water resources by preparing for Colorado River reductions and managing a stressed aquifer.

- Analyze and evaluate developments related to post-2026 Colorado River operations and their implications for CAP deliveries in 2027.
- Develop strategies for coordinating recovery to ensure aquifer sustainability in a post-2026 Colorado River world.

SUMMARY

Cynthia Campbell of Arizona State University will provide a presentation about ASU's analysis of the impact that Colorado River reductions will have on the aquifer over time. This is part of the ASU Colorado River Visualization Enterprise (the CuRVE Project) to model the impacts to Arizona of various Colorado River climate, hydrologic, and management scenarios.

RECOMMENDATION

The AMWUA Management Board is requested to ask questions and discuss the ASU Groundwater CuRVE Project.

AMWUA MANAGEMENT BOARD

INFORMATION SUMMARY

June 10, 2026

2026 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-2026 Water Policy

SUMMARY

The House and Senate returned from their extended recess on June 1st. During the break, the two sides continued to make progress on a bipartisan budget agreement. As talks near their conclusion, we expect to see increased floor activity as bills see last-minute amendments and leadership gathers support for the most viable legislation ahead of a full-chamber vote.

The Arizona Constitution requires legislators to pass a budget for the next fiscal year before it begins on July 1st. With that deadline in mind, the fate of AMWUA's priority bills will be determined over the next 20 days. Two bills, [HB 2116](#) (Colorado River litigation fund) and [HB 4026](#) (construction sales tax reimbursement) will be considered within budget negotiations along with ADEQ's statutory authority over Advanced Water Purification. The remaining six bills, [HB 2758](#) (McMullen Valley), [HCR 2016](#) (rate freeze), [SB 1200](#) (Lakes Bill exemption), [SB 1335](#) (Ag-to-Urban implementation fix), [SB 1448](#) (utility worker aggravated assault), and [SB 1785](#) (recovery wells) face floor votes before reaching the governor's desk.

At the June 10th meeting, AMWUA staff will review with the AMWUA Board of Directors priority 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 Management is requested to ask questions, discuss, and if necessary, provide direction on the water bills discussed at the June 10, 2026 meeting.

Active Priority Bills

HB 2116 - appropriation; Colorado River litigation fund

Primary Sponsor: Griffin (R) | **Latest Action:** Passed Senate Appropriations 8-0-2-0 on March 10

Position: Support

Bill content: HB 2116 appropriates \$1 million from to the state General Fund to the Colorado River Litigation Fund in FY 2027. 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.

Historical context: \$3 million was also appropriated to this fund in the 2025 session, which AMWUA supported.

HB 2758 - McMullen Valley; eligible entities; groundwater

Primary Sponsor: Griffin (R) | **Latest Action:** Removed from Senate Consent Calendar on March 24

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.

HB 2758 passed out of the House NREW Committee with an amendment that makes two major changes to this bill. First, it increases the amount of groundwater that La Paz County-affiliated entities may transport from McMullen Valley from 10% to 50% of the total annual volume of groundwater ADWR determines is available for transportation. Second, it limits that the amount of groundwater a La Paz-affiliated entity can sell or lease to Designated provider in the Phoenix, Tucson, or Pinal AMA is limited to 90% of the total cumulative volume of groundwater allocated to La Paz County. (Under the original language, there was no limit on how much groundwater could be sold to a Designated provider.) Taken

together, the amendment increases amount of groundwater La Paz County-affiliated entities can transport from McMullen Valley while somewhat limiting how much of this groundwater may be sold or leased to Designated providers in the Phoenix, Pinal, and Tucson AMAs.

Additionally, a series of floor amendments made several changes major to HB 2758:

- Requires the affidavit of disclosure for land divisions to disclose information about a private well serving the property, whether the property is located in a basin from which groundwater can be transported to an initial AMA, and information about any on-site wastewater treatment systems such as septic tanks.
- Requires that rules adopted for transporting groundwater from the Harquahala INA will also apply to groundwater transported from McMullen Valley.
- Limits La Paz County entities to transporting no more than 10% of the total volume of groundwater available for transportation out of McMullen Valley. It also clarifies that any transported groundwater sold or leased by a La Paz County entity will count towards its maximum per acre withdrawal limit.
- Directs ADWR to post and annual update the fees for transporting groundwater.
- Allows a county to designate a certain amount of the groundwater transportation fees it receives for its water improvements program, which provides financial assistance to residents who need to improve their drinking water well, install a tank to receive hauled water, or prepare their homes to have water directly delivered.
- Allows a county improvement district to be created in a subsequent AMA or basin from which groundwater may be transported to construct and operate a wastewater treatment facility or domestic water delivery system to deliver hauled water to residents. This district would be able to exercise eminent domain to secure a site to build a well and standpipe to make water available for delivery through water hauling.

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

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

Primary Sponsor: Carbone (R) | **Latest Action:** Passed Senate Appropriations, Transportation, and Technology as amended 9-0-1-0 on March 31

Position: Support

Bill content: HB 4026 modifies the structure of the Construction Sales Tax Public Infrastructure Reimbursement program, which has existed since 2012. As amended, the program allows a municipality that hosts an economic development project that brings in significant financial investment to retain up to 75% (down from 80%) of the sales tax generated by the project's construction to reinvest back into the additional public infrastructure needed. Projects must result in \$3B (up from \$500M) in economic investment in Maricopa and Pima Counties to qualify, while smaller counties must meet a \$100M threshold (up from \$50M). 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 raises the cap to \$300M while negotiations for the long-term continuation of the program continue. Additionally, the bill compels qualifying municipalities to contribute at least 5% of construction funding as a skin-in-the-game requirement.

AMWUA impact: The bill language has been modified from previous years to explicitly include the reclamation, recycling, treatment, and storage of water as qualifying public infrastructure uses that the reimbursed state construction sales tax can be reinvested into support. As a result, municipalities can utilize the changes in this bill to invest funds into more facets of their water systems.

HCR 2016 - NOW: fees; taxes; freeze; affordability

S/E Sponsor: Hoffman (R) | **Latest Action:** Passed Senate Government 4-3-1-0 on March 25

Position: Oppose

Bill content: A copy of HB 4030 and HCR 2052 in strike everything amendment-form, HCR 2016 prohibits municipalities and counties from increasing certain fees, taxes, or utility rates. For a municipal utility perspective, it prohibits municipalities from imposing fees greater than what was approved in their FY 2026 budget. It also prohibits utility rate increases beyond what was approved in the FY 2026 budget or rate schedule. However, municipalities that have not increased utility rates by more than a total of 12% over the preceding four fiscal years are exempt from this prohibition but are nonetheless limited to increasing their rates with inflation. Municipalities are allowed to adopt new or increased rates or development fees to finance acquiring or delivering a “new or additional water source”, which includes storage, treatment, and delivery infrastructure, as well as operations and maintenance costs.

The freeze in rates and fees begins on July 1, 2026 (or the beginning of FY27), until June 30, 2030 (end of FY30). The resolution also explicitly prevents municipalities from adopting new or amending current taxes, fees, or utility rate schedules during FY26 to circumvent the moratorium and also prohibits modifying service areas to keep costs down. If passed, this moratorium will be considered by voters on the November 2026 ballot. HCR 2016 matches the amended versions of HCR 2052 and HB 4030 in the House.

AMWUA impact: Municipal water providers will be forced to prepare for 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.

SB 1200 - NOW: bodies of water; effluent; landscaping

S/E Sponsor: Griffin (R) | **Latest Action:** Retained on House COW Calendar on April 7

Position: Oppose, seek to amend

Bill content: The strike-everything amendment to SB 1200 would add a new exemption to the Lakes Bill for effluent-filled lakes built before 2026 that are used as a conduit for groundwater. These lakes have always been prohibited since the Lakes Bill was passed in 1987. We understand that this amendment was proposed in response to ADWR’s adoption of a policy last year which reiterated these conduit lakes are expressly prohibited. (We understand that ADWR has begun enforcement actions against some lakes.) Under the amendment, effluent-filled lakes built before 2026 could be used as conduit lakes for “landscaping and other purposes.” The owner/operator of the lake would need to meter and annually report the effluent and water used for landscaping. Additionally, a certain volume of effluent would need to be added to offset the other water added to the lake.

AMWUA impact: As written, the bill is too broad, opening up the statute to all lakes to be interpreted as conduit lakes, rather than lakes that are currently engaging in this practice. Additionally, allowing these lakes to be used for landscaping “and other purposes” is unnecessarily vague and may invite unintended

uses. If an amendment is proposed on the floor narrowing SB 1200's scope to grandfather existing such lakes and clarifies "other purposes" as recreation, AMWUA will re-evaluate its opposition.

[SB 1335](#) - NOW: groundwater savings credits; irrigation

S/E Sponsor: Griffin (R) | **Latest Action:** Heard in Majority and Minority Caucuses on March 31

Position: Watch

Bill content: The strike-everything amendment for SB 1335 makes one change to the Ag-to-Urban Program that addresses a timing issue raised by the irrigated grandfathered right (IGFR) holders. Once a farmer relinquishes their IGFR for a groundwater savings credit issued by this program, they must fallow their land. However, it may take two or more years for a developer utilizing this credit to secure a Certificate of Assured Water Supply or to begin construction of the subdivision. During that gap, the farmer may lose income from lack of cultivation or having their lands no longer qualify as agricultural lands for the purposes of property taxes. The strike-everything amendment would allow a farmer to cultivate their lands for up to two years after a groundwater savings credit is issued for relinquishing their IGFR.

ADWR had raised this issue last year during negotiations, but it was not addressed in the Ag-to-Urban Program. ADWR is working with the sponsor and proponents to make some language changes to the strike-everything amendment to ensure it works as intended. They plan to introduce a revised amendment on the House floor.

AMWUA impact: Due to the two-year limit in this amendment, we believe the amount of additional agricultural pumping that will result from this proposed change is minimal when compared to historic pumping patterns.

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

Primary Sponsor: Shope (R) | **Latest Action:** Concurrence recommended on April 14

Position: Support

Bill content: SB 1448 expands the protected class for aggravated assault to include public utility employees, including municipal water providers. AMWUA put forward an amendment with TEP that fixed the definition of "utility" to include 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.

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

Position: Oppose

Primary Sponsor: Petersen (R) | **Latest Action:** Passed House COW on April 7

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, where any lawmaker could amend it, which have not been fully discussed.

Inactive Priority Bills

[HB 2025](#) - DWR; appealable agency actions; exemption

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

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.

[HB 2026](#) - assured water supply; commingling

Position: Oppose

Primary Sponsor: Griffin (R) | **Latest Action:** Governor vetoed on April 13

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 exacerbates the current problems with Certificate-based development. In particular, could lead to increased unreplenished groundwater pumping to offset any renewable supply dedicated to the Certificate.

Historical context: HB 2204 is a repeat of HB 2024 (assured water supply; commingling) which was held in the Senate in the 2025 session and HB 2017 (assured water supply; commingling), which Governor Hobbs vetoed in the 2024 session.

HB 2027 - physical availability; review; designated providers

Primary Sponsor: Griffin (R) | **Latest Action:** Retained on the House COW Calendar on February 25

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.

An amendment adopted in committee would make this bill worse. First, it would allow any Designated water provider enrolled as a CAGR Member Service Area to “carry over” the unused groundwater in its Designation. Doing so would likely allow these providers to remain Designated. However, the second thing the amendment does is exempt Certificate applications from proving that groundwater is physically available. This provision would likely cause CAGR’s Plan of Operation in the Phoenix AMA to implode because CAGR lacks sufficient supplies to meet this increased replenishment obligation. If CAGR’s Plan of Operation in the Phoenix AMA fails, we believe at least six MSA providers—including several private utilities that had up until now been exempt from this bill—could lose their Designations.

AMWUA impact: As amended, this bill would blow up CAGR and question and threaten the Designations of cities, towns, and private water companies in the Phoenix AMA. It would cause incalculable damage to growth and development in Phoenix metropolitan area and the entire state by questioning the designations of water providers.

HB 2028 - DWR; application; administrative completeness

Primary Sponsor: Griffin (R) | **Latest Action:** Latest Action: Scheduled for Senate Judiciary with an unrelated strike everything amendment on March 26

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.

HB 2052 - management plan; water loss; percent

Primary Sponsor: Griffin (R) | **Latest Action:** Senate Second Read on March 4

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. As originally introduced, HB 2052 directed 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 changed 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.

The amended version of HB 2052 that passed out of the House directs ADWR to require a Designated water provider that receives CAP water to limit its lost and unaccounted for water to 10%. Unlike the methodology established in the management plan, which only considers indirect use of effluent, all effluent use is still included in this bill’s calculation. This inclusion will pose a problem for some water providers. Additionally, the amended version of the bill states that achieving 8% or less of lost and unaccounted for water “is a goal that should be considered a best management practice.” Using “best management practices” raises the question of whether this statement should be interpreted as requiring ADWR to amend the management plan to establish a new best management practice in the Non-Per-Capita Conservation Program for municipal providers.

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

HB 2094 - assured water supply; certificate; model

Primary Sponsor: Griffin (R) | **Latest Action:** Removed from Senate Natural Resources agenda on March 10

Position: Oppose

Bill content: HB 2094 requires ADWR to review 20 pending Certificate applications in the Phoenix AMA that were halted as a result of the June 2023 Phoenix AMA groundwater model, and to complete their review using previous groundwater models. To be eligible, the municipal provider serving the

development authorized by the Certificate must offer to sell enough LTSCs for 25% of the development's reported excess groundwater to CAGR. The annual obligation will continue as long as the development retains a replenishment obligation. Additionally, any Certificate authorized by HB 2094 would apply towards the amount of physically available groundwater a municipal provider would have if it applied for the Alternative Pathway to Designation (ADAWS).

AMWUA impact: HB 2094 could enable up to 7,212 AF/year of new pumping if all 20 pending Certificate applications were issued. However, developments for at least 5 Certificate applications (with 4,130 AF/year of pumping) will either be served by currently Designated providers or providers that have submitted an ADAWS application to ADWR. At least one of these pending Certificate applications has now been issued through the Ag-to-Urban Program. Taken together, these new pathways mean that the scope of this bill could perhaps be narrowed.

However, after conversations with CAGR and no amendments to the original bills that would reduce replenishment obligation without new supplies, AMWUA recommends an oppose position to both bills as written.

HB 2095 - assured water supply; well depth

Primary Sponsor: Griffin (R) | **Latest Action:** Failed House Third Read as amended 30-24-6-0 on February 26

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.

An amendment offered in the House NREW committee made technical changes to this bill.

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.

HB 2099 - long-term storage credits; shortage; prohibition

Primary Sponsor: Griffin (R) | **Latest Action:** Retained on House Committee of the Whole Calendar on March 4

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.

An amendment adopted in the House NREW Committee narrows the bill's focus to specifically prohibit municipal water providers from storing CAP water at USFs to earn LTSCs during a declared shortage on the Colorado River. The amendment notably excludes transported groundwater and other types of non-

CAP water delivered through the CAP from this prohibition. Doing so would allow municipal water providers to store transported groundwater and certain types of Colorado River water (such as Queen Creek's fourth priority Cibola water) at USFs.

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.

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

Primary Sponsor: Griffin (R) | **Latest Action:** Held in House NREW on January 20

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 is coordinating with Arizona Nursery Association, who is leading the opposition.

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.

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

Primary Sponsor: Willoughby (R) | **Latest Action:** Senate Second Read on March 3

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. HB 2185 passed out of House NREW will amendment that addressed an error in how "drought year" is defined. Specifically, the amendment now clarifies that overseeding or overwatering lawns cannot occur during a drought declaration or drought emergency declaration issued by the governor. Arizona has had a drought emergency declaration in effect since June 1999 and a drought declaration in effect since May 2007, which means that this bill's limitation would become immediately effective.

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

[HB 2263](#) - Colorado River water; replenishment; restriction

Primary Sponsor: Griffin (R) | **Latest Action:** Retained on House COW Calendar on February 25

Position: Oppose

Bill content: HB 2263 prohibits Colorado River from being used for replenishment in an AMA unless the water is delivered to a permitted facility that is owned by the Central Arizona Water Conservation District (CAWCD) or a permitted groundwater savings facility (GSF) on state lands or private land. The implication of this confusing language seems to be that CAGRDR would be limited to pursuing replenishment activities at CAWCD-owned underground storage facilities (USFs) or GSFs on state or private land. Doing so would stop Central Arizona Groundwater Replenishment District (CAGRDR) replenishment at the Granite Reef Underground Storage Project as well as several storage facilities owned about operated by the Gila River Indian Community. CAGRDR replenishment is a viable tool for offsetting groundwater pumping, and it is deeply problematic to limit the scope of its activities to certain storage sites.

An amendment adopted in the House NREW Committee specifies that this bill’s limitation on using Colorado River water for replenishment at CAWCD-owned USFs and GSFs on state lands or private lands only applies to first priority main stem Colorado River.

AMWUA impact: HB 2263 would restrict CAGRDR from completing deliveries to facilities such as Granite Reef USF and other GRIC facilities.

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

Primary Sponsor: Marshall (R) | **Latest Action:** Senate Second Read on March 3

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 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.

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

Primary Sponsors Taylor (R) | **Latest Action:** Failed House Third Read 27-29-3-1 on March 3

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.

HB 2757 - Butler Valley; La Paz; groundwater

Primary Sponsor: Griffin (R) | **Latest Action:** Heard in House Majority and Minority Caucuses on February 24

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.)

An amendment offered in the House NREW Committee limits the amount of Butler Valley groundwater that may be sold or leased to CAGR to 90% of the total cumulative volume of groundwater available in that basin to a depth of 1,200 feet.

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

HB 2824 - capital improvement; financing program

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

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.

HB 2985 - CAP water; state land; allocation

Primary Sponsor: Griffin (R) | **Latest Action:** Governor vetoed on April 13

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 currently 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.

HB 4030 - rates; fees; taxes; increase; moratorium

Primary Sponsor: Olson (R) | **Latest Action:** Amended in House COW Calendar on March 11

Position: Oppose

Bill content: As amended, HB 4030 prohibits municipalities and counties from increasing certain fees, taxes, or utility rates. For a municipal utility perspective, it prohibits municipalities from imposing fees greater than what was approved in their FY 2026 budget. It also prohibits utility rate increases beyond what was approved in the FY 2026 budget or rate schedule. However, municipalities that have not increased utility rates by more than a total of 12% over the preceding four fiscal years are exempt from this prohibition but are nonetheless limited to increasing their rates with inflation. Municipalities are allowed to adopt new or increased rates or development fees to finance acquiring or delivering a “new or additional water source”, which includes storage, treatment, and delivery infrastructure, as well as operations and maintenance costs.

The freeze in rates and fees begins on July 1, 2026 (or the beginning of FY27), until June 30, 2030 (end of FY30). 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 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.

HCR 2006 - environment; natural resources; preservation; maintenance

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

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: While the bill does not directly impact AMWUA cities, the concurrent resolution aligns with the conservation principles outlined in the Legislative Agenda.

HCR 2038 - Colorado River; seven-state agreement

Primary Sponsor: Griffin (R) | **Latest Action:** Withdrawn from Senate Natural Resources agenda on March 17

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.

A floor amendment was adopted that makes technical changes as well as content changes emphasizing the Lower Basin's talking points urging the Upper Basin to share in Colorado River reductions.

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 better address Colorado River reductions.

HCR 2052 - rates; fees; taxes; increases; moratorium

Primary Sponsor: Olson (R) | **Latest Action:** Amended in House COW Calendar on March 11

Position: Oppose

Bill content: As amended, HCR 2052 prohibits municipalities and counties from increasing certain fees, taxes, or utility rates. For a municipal utility perspective, it prohibits municipalities from imposing fees greater than what was approved in their FY 2026 budget. It also prohibits utility rate increases beyond what was approved in the FY 2026 budget or rate schedule. However, municipalities that have not increased utility rates by more than a total of 12% over the preceding four fiscal years are exempt from this prohibition but are nonetheless limited to increasing their rates with inflation. Municipalities are allowed to adopt new or increased rates or development fees to finance acquiring or delivering a "new or additional water source", which includes storage, treatment, and delivery infrastructure, as well as operations and maintenance costs.

The freeze in rates and fees begins on July 1, 2026 (or the beginning of FY27), until June 30, 2030 (end of FY30). The resolution also explicitly prevents municipalities from adopting new or amending current taxes, fees, or utility rate schedules during FY26 to circumvent the moratorium and also prohibits modifying service areas to keep costs down. If passed, this moratorium will be considered by voters on the November 2026 ballot. HCR 2052 was also introduced as a bill (HB 4030) in the House by the same sponsor.

AMWUA impact: Municipal water providers will be forced to prepare for 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.

SB 1054 - NOW: municipalities; emergency measures; vote

S/E Sponsor: Rogers (R) | **Latest Action:** Passed Senate Third Read as amended 16-10-4-0 and transmitted to the House on March 18

Position: Oppose

Bill content: SB 1054 as amended requires any ordinance, resolution, or measure adopted at the council level as an emergency measure to be evaluated by voters on the ballot via a referendum. A referendum petition must be filed with the city clerk within thirty days of the measure’s adoption for referral to the ballot. The emergency measure must receive majority support from voters, otherwise the measure will no longer be in effect.

AMWUA impact: SB 1054 could have serious implications for municipal water providers attempting to plan and adapt to Colorado River reductions. SB 1054 specifies that a petition must be filed within 30 days but does not specify a timeline for the election. As a result, municipalities may be forced to wait until the next election cycle for voters to approve a council decision to take any emergency action related to Colorado River reductions, including deploying Drought Management Plans. Additionally, this bill would make it easier for voters to overturn unpopular yet critical action to maintain water security, including curtailment policies, demand management practices, surcharges, or other enforcement mechanisms.

SB 1176 - stormwater storage; replenishment credits

Primary Sponsor: Petersen (R) | **Latest Action:** Scheduled for Senate Appropriations, Transportation, and Technology with an unrelated strike everything amendment on March 31

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 CAGRDR 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 actually 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: As written, SB 1176 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. However, the sponsor has publicly expressed his desire to convert this bill into a vehicle for a future strike everything amendment for a subject unrelated to water. In the meantime, AMWUA will continue to monitor this bill.

SB 1201 - long-term storage credits; shortage; prohibition.

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

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.

SB 1288 - assured water supply; analysis; availability

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

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: SB 1288 overrides the most current groundwater modeling, which would harm current users. Additionally, depending on which figures are used, this bill could at least double CAGR’s replenishment obligation—if not more—by the time all of these Certificates would be issued. Dramatically increasing 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.

AMWUA MANAGEMENT BOARD

INFORMATION SUMMARY

June 10, 2026

Agreement with the University of Arizona for the Smartscape Program

ANNUAL PLAN REFERENCE

Demand Management

Help cities respond swiftly and effectively during drought and shortage by maximizing demand management.

- Strengthen coordinated implementation of demand management actions across members and increase engagement in state and national policy discussions.

SUMMARY

Since 2009, AMWUA has partnered with the University of Arizona Cooperative Extension to administer Smartscape, a training program that supports water-efficient landscape design, irrigation, and maintenance practices. Smartscape helps AMWUA members improve outdoor water efficiency, reduce future water demand, and support long-term water sustainability.

During Fiscal Year 2026, AMWUA and the University of Arizona began realigning Smartscape to better support member conservation and demand management priorities through curriculum updates, expanded outreach, and improved program evaluation.

In Fiscal Year 2027, Smartscape will support AMWUA's broader goals to translate best practices and research into practical demand management and conservation strategies by:

- Delivering core, Spanish-language, and advanced Smartscape trainings.
- Updating curriculum to address irrigation efficiency, large-landscape management, drought preparedness, and urban forestry.
- Expanding outreach to landscape professionals, HOAs, and property managers.
- Improving program evaluation to better measure outcomes and support future program development.

The program is funded through AMWUA's Conservation & Efficiency budget and ADWR's Water Management Assistance Program. AMWUA is seeking approval to enter into another one-year agreement with the University of Arizona for continued implementation of Smartscape.

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 2027.

SUGGESTED MOTION

I move that the AMWUA Management Board recommends to the AMWUA Board of Directors to 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 2027.

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 Emily Webb, a UNIVERSITY employee; Maricopa County Cooperative Extension.

2. **Billing and Payment**

The SPONSOR will provide UNIVERSITY the sum of \$48,000 by July 1, 2026 for the period of July 1, 2026 through June 30, 2027. 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 Municipal Water Users Association in the amount of \$56,448.00 for the period of July 1, 2026 – June 30, 2027.

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.
- Implement a minimum of one Advanced Smartscape: Plant Materials course per fiscal year.
- 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.
- Develop Smartscape instructor roster/listing and identify potential instructor substitute/replacement availability.
-

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, 2026, and June 30, 2027. 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, 2027. 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: 5/28/2026

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 |
|--------------------------|-----------------------|
| 07/01/2026 to 06/30/2027 | \$48,000 |

The anticipated dates and amounts of payments are as follows:

| <u>DATE</u> | <u>AMOUNT</u> |
|---------------------|-------------------------|
| 07/01/2026 | \$ 48,000 |
| <u>TOTAL</u> | <u>\$ 48,000</u> |



AMWUA MANAGEMENT BOARD

INFORMATION SUMMARY

June 10, 2026

Office Refurbishment per Lease Agreement

OBJECTIVE

Maintain the daily operations of an effective organization and the services that members rely on by AMWUA continuing to wisely manage its financial resources and effectively develop its personnel as an agile team with organizational depth.

SUMMARY

The AMWUA office lease agreement, which was entered into in April 2021, allows certain office refurbishment expenses incurred during the fifth year of the lease term to be reimbursed by the landlord. Per the lease terms, AMWUA is required to remit payment for the approved work upfront and subsequently provide proof of completed work and payment documentation to the landlord for reimbursement.

AMWUA is eligible to utilize up to \$40,295 for office refurbishment. AMWUA staff has identified the replacement of the carpet throughout the office as an appropriate use of these funds. The existing carpet is the original carpet that has been in place since AMWUA began leasing the office space in November 2010. AMWUA has obtained an estimate of \$31,715 from Canyon Floors LLC for the proposed office carpet replacement project. Pursuant to the lease requirements, AMWUA is required to utilize a carpet company recommended by the property management company.

Per AMWUA's procurement policy, the Executive Director is authorized to execute contracts up to \$30,000 without approval from the Board of Directors. Therefore, the Executive Director is seeking approval to proceed with the carpet replacement project, even though the \$31,715 cost will be fully reimbursed by the property owner.

AMWUA staff intends to utilize the remaining refurbishment funds to replace the chairs in the Board Room and Small Conference Room.

RECOMMENDATION

The AMWUA Management Board is requested to recommend to the AMWUA Board of Directors the approval to use of \$31,715 to replace the office carpet, which will be reimbursed per AMWUA’s lease agreement.

SUGGESTED MOTION

I move that the AMWUA Management Board recommends to the AMWUA Board of Directors to approve the use of \$31,715 to replace the office carpet, which will be reimbursed per AMWUA’s lease agreement.

AMWUA MANAGEMENT BOARD

INFORMATION SUMMARY

June 10, 2026

Fiscal Year 2027 AMWUA Budget

OBJECTIVE

Maintain the daily operations of an effective organization and the services that members rely on by AMWUA continuing to wisely manage its financial resources and effectively develop its personnel as an agile team with organizational depth.

SUMMARY

Attached is the Fiscal Year 2027 annual budget, which includes a summary page with comments to explain the increases or decreases for each line item. The proposed budget was presented in May to the AMWUA Board of Directors and the AMWUA Management Board. No comments or feedback were received from regarding the Fiscal Year 2027 budget; therefore, no changes have been made to the budget line items.

Development of the Fiscal Year 2027 budget was guided by the Annual Action Plan for Fiscal Year 2027, which was approved in March by the AMWUA Board of Directors. This budget allows AMWUA to continue to be a forum for its members to collaborate on water resource and policy issues; to develop and advocate for the water security provided by our members; 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 including ensuring Arizona's long-term viability with post-2026 Colorado River reductions; and to be at the forefront of demand management and water conservation efforts.

Based on the Fiscal Year 2027 annual plan along with remaining fiscally responsible, the draft Fiscal Year 2027 budget totals \$1,901,717, which is an increase of \$32,287 (1.7%) from the current Fiscal Year 2026 budget. The increase to the budget will be offset by a projected carryover from the current budget of \$190,000, which will reduce the Fiscal Year 2027 membership assessments to be less than the current assessments. The following summarizes the budget categories and provides explanations for line items that have increased or decreased from the current budget.

Administration – This category includes salaries and Arizona State Retirement System (ASRS) contributions, reflecting a decrease of \$59,393 from the current budget.

For Fiscal Year 2027, the administration budget is 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.

- Seven full-time positions are including the Fiscal Year 2027 budget – Executive Director, Water Policy Advisor, Communications Director, Governmental Relations Manager, Water Conservation & Demand Management Coordinator, SROG Manager, and Office Manager. These positions enable AMWUA to meet the actions outlined in the Fiscal Year 2027 annual plan.
- The administration budget is overall less because it does not include funding for the Water Policy Analyst position, which had been included in the current fiscal year budget but was not filled. Since it was determined that the annual plan can still be accomplished without filling that position, the Fiscal Year 2027 budget errs on being fiscally prudent. Plus, the current year budget did not include filling the previous Conservation Specialist position. AMWUA may want to revisit in subsequent fiscal years the addition of another team member as we better assess how AMWUA can supports its members for a post-2026 water landscape.
- Salaries also include adjustments to ensure AMWUA remains competitive with compensating employees as well as due to performance awards received halfway through Fiscal Year 2026, which are now reflected in the 12 months of the Fiscal Year 2027 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 2027.
- Arizona State Retirement – This line items reflects the Arizona State Retirement System contribution rate being 11.98% effective July 1, 2026.

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

- Payroll Processing, Taxes, Insurance – The \$11,515 decrease is based on processing fees and taxes, which are directly linked to salaries.
- Medical, Dental, Life, Disability Insurance – The amount is \$13,500 less than the current budget, which is based on the coverage for current employees for 12 months and not adding the Water Policy Analyst position. This line item also factors AMWUA’s insurance broker’s projection of a 10% increase for calendar year 2027.

Professional Services – This category 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.

- Financial & Accounting Service – The \$3,800 increase is reflective of the agreement with CliftonLarsonAllen as AMWUA’s financial consultant.
- Audit – The \$2,665 increase is reflective of the agreement with AMWUA’s auditors, Forvis Mazar.

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 \$6,410 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 \$4,500 based on the estimated actual expenses for the current year.

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. With the addition of the Government Relations Director position, there is an increase for anticipated increased mileage reimbursement and for attending conferences. This overall category is increased by \$2,550.

Capital Outlay – This category covers AMWUA’s primary capital property, which includes the copier and computer hardware. The copy machine expenses are to decrease by \$250 due to a new negotiated agreement. The computer hardware line item is to remain the same.

Office Operating Expenses – This category, which includes items to cover AMWUA’s day-to-day office operating expenses, is seeing a sizeable overall increase of \$96,450 primarily due to the inclusion of AMWUA’s media partnership with KTAR, increase for software, addition of new memberships, and higher costs for liability and property damage insurances.

- 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.
- Outreach–Stakeholder Engagement – This line item includes efforts to increase interactions and outreach with stakeholders including sponsorships of select conferences. This line item is decreased by \$500.
- Outreach-Community Partnership – This is a new line item for AMWUA’s media partnership with KTAR’s Water Watch. The AMWUA Board approved this partnership in June 2025 through a one-time funding from the reserve fund. As reported at the March Board and Management Board meetings, AMWUA’s engagement with KTAR has increased more attention to water issues impacting the AMWUA municipalities and Arizona as well as increased recognition of AMWUA. It has also increased traffic to AMWUA’s website along with reaching a wider audience. Based on the observed benefits from working with KTAR, the budget includes \$81,000 to continue this effort through the Fiscal Year 2027.
- Software Subscriptions – This line item now includes all software subscription utilized by AMWUA, including Microsoft, Zoom, Adobe, Constant Contact, Shutterstock, Otter, etc. The line item is increased by \$4,000 due to higher subscription costs for Adobe and to

also acquire ArcGIS Professional Pro, a comprehensive geospatial platform to create, share, and analyze maps and data.

- Dues and Memberships – This line item covers membership and dues with key associations that AMWUA engages with along with dues for media services. This line item increased by \$7,500 to support the Government Relations Director’s ability to interact with different business organizations as well as online access to effectively track legislation through Lola Pro Tools. The memberships include Greater Phoenix Chamber, Arizona Association for Economic Development, Valley Partnership, Agribusiness Council, Alliance for Water Efficiency, and Arizona Nursery Association. The media subscriptions utilized included access to AZCentral, Arizona Daily Star, State Affairs, and Arizona Agenda.
- Insurance – This line item is increased by \$5,000 to reflect a jump in the cost for updating the policy coverage for Board’s public liability and AMWUA’s property damage insurances.

Water Conservation – These items cover AMWUA’s conservation and demand management-related efforts. The budget reflects funding to advance AMWUA’s conservation goals per this fiscal year’s annual plan. This category is increased by \$1,500 for additional efforts under the outreach line item.

- Smartscape – The water conservation budget has for years included a line item for our agreement with the University of Arizona for ongoing implementation of the long-standing Smartscape program to train landscape professionals in Maricopa County.
- 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 – AMWUA’s membership assessment is calculated as follows: One-half of the 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, 2025, 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.

The Fiscal Year 2027 budget is \$32,287 (1.7%) more than the current approved Fiscal Year 2026 budget. A carryover of \$180,000 is conservatively projected from the Fiscal Year 2026 budget to the Fiscal Year 2027 budget, along with \$10,000 from the Office Lease Stabilization Fund, for a total of \$190,000 carryover that will reduce the member assessments in Fiscal Year 2027 to less than the current fiscal year. The primary reason for the carryover is due to various administrative savings from the vacancy of the Water Policy Analyst position and not filing the Government Relations Director position until October.

The actual assessment for each member is dependent on the assessment calculation, which includes the fluctuation from the most recent MAG population numbers and participation in SROG.

RECOMMENDATION

The AMWUA Management Board is requested to review and then recommend that the AMWUA Board of Directors adopt the Fiscal Year 2027 budget.

SUGGESTED MOTION

I move that the AMWUA Management Board recommend that the AMWUA Board of Directors adopt the Fiscal Year 2027 budget, as presented.

ATTACHMENT

- Fiscal Year 2027 AMWUA Budget

***Arizona Municipal Water Users Association
Fiscal Year 2027
Budget***

June 2026



ARIZONA MUNICIPAL WATER USERS ASSOCIATION
Fiscal Year 2027
Proposed Budget

ASSESSMENT SUMMARY

| | WATER FY 26 | WATER FY 27 | WASTEWATER FY 26 | WASTEWATER FY 27 | TOTAL FY 26 | TOTAL FY 27 | FY 26 Carryover | ADJ TOTAL FY 27 |
|--------------------------|------------------------|------------------------|-----------------------------|-----------------------------|------------------------|------------------------|----------------------------|----------------------------|
| CITY OF AVONDALE | 99,829 | 101,366 | - | - | 99,829 | 101,366 | 11,910 | 89,456 |
| CITY OF CHANDLER | 138,483 | 139,584 | - | - | 138,483 | 139,584 | 16,400 | 123,184 |
| TOWN OF GILBERT | 133,290 | 140,886 | - | - | 133,290 | 140,886 | 16,553 | 124,333 |
| CITY OF GLENDALE | 139,660 | 134,960 | 17,278 | 18,372 | 156,939 | 153,332 | 15,857 | 137,475 |
| CITY OF GOODYEAR | 103,885 | 105,823 | - | - | 103,885 | 105,823 | 12,434 | 93,390 |
| CITY OF MESA | 187,131 | 188,697 | 38,248 | 40,668 | 225,380 | 229,365 | 22,171 | 207,194 |
| CITY OF PEORIA | 121,499 | 122,832 | - | - | 121,499 | 122,832 | 14,432 | 108,400 |
| CITY OF PHOENIX | 426,308 | 429,095 | 147,652 | 156,993 | 573,960 | 586,088 | 50,416 | 535,672 |
| CITY OF SCOTTSDALE | 131,058 | 131,986 | 26,507 | 28,184 | 157,565 | 160,170 | 15,508 | 144,662 |
| CITY OF TEMPE | 120,602 | 121,867 | 37,999 | 40,403 | 158,601 | 162,271 | 14,319 | 147,952 |
| Total from Members | 1,601,745 | 1,617,098 | 267,685 | 284,619 | 1,869,430 | 1,901,717 | 190,000 | 1,711,717 |
| Other Funding Sources: | | | | | | | | |
| TOTAL All Sources | 1,601,745 | 1,617,098 | 267,685 | 284,619 | 1,869,430 | 1,901,717 | 190,000 | 1,711,717 |

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 2026 Carryover amount above includes \$180,000 Carryover amount from 2026 and \$10,000 from the Office Lease Stabilization Fund.

ARIZONA MUNICIPAL WATER USERS ASSOCIATION
Fiscal Year 2027
Proposed Budget

EXPENDITURE SUMMARY

| | <u>WATER</u> <u>FY 26</u> | <u>WATER</u> <u>FY 27</u> | <u>WASTEWATER</u> <u>FY 26</u> | <u>WASTEWATER</u> <u>FY 27</u> | <u>TOTAL</u> <u>FY 26</u> | <u>TOTAL</u> <u>FY 27</u> |
|----------------------------|------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|------------------------------|
| ADMINISTRATION | 893,734 | 826,053 | 135,966 | 144,254 | 1,029,700 | 970,307 |
| EMPLOYEE BENEFITS | 197,224 | 172,288 | 28,776 | 28,697 | 226,000 | 200,985 |
| PROFESSIONAL SERVICES | 187,110 | 189,909 | 39,230 | 41,967 | 226,340 | 231,875 |
| OCCUPANCY | 166,666 | 175,015 | 56,224 | 58,785 | 222,890 | 233,800 |
| TRAVEL, TRAINING & CONFER. | 10,795 | 12,962 | 1,905 | 2,288 | 12,700 | 15,250 |
| CAPITAL OUTLAY | 8,029 | 7,661 | 1,221 | 1,339 | 9,250 | 9,000 |
| OFFICE OPERATING EXPENSES | 37,187 | 130,710 | 4,363 | 7,290 | 41,550 | 138,000 |
| WATER CONSERVATION | 101,000 | 102,500 | - | | 101,000 | 102,500 |
| TOTAL | 1,601,745 | 1,617,098 | 267,685 | 284,619 | 1,869,430 | 1,901,717 |

ARIZONA MUNICIPAL WATER USERS ASSOCIATION

Fiscal Year 2027

Proposed Budget

EXPENDITURES DETAIL

| | FY 26 BUDGET WATER | FY 26 ACTUAL WATER | FY 27 BUDGET WATER | FY 26 BUDGET WASTEWATER | FY 26 ACTUAL WASTEWATER | FY 27 BUDGET WASTEWATER | FY 26 BUDGET TOTAL | FY 26 ACTUAL TOTAL | FY 27 BUDGET TOTAL |
|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--|--|--|-----------------------------------|-----------------------------------|-----------------------------------|
| ADMINISTRATION | | | | | | | | | |
| Salaries | 775,354 | 663,438 | 715,627 | 124,846 | 115,096 | 133,873 | 900,200 | 778,534 | 849,500 |
| Performance Awards | 18,300 | 18,300 | 17,000 | | | | 18,300 | 18,300 | 17,000 |
| Total Wages | 793,654 | 681,738 | 732,627 | 124,846 | 115,096 | 133,873 | 918,500 | 796,834 | 866,500 |
| Deferred Compensation: | | | | | | | | | |
| Arizona State Retirement | 100,080 | 83,160 | 93,426 | 11,120 | 9,240 | 10,381 | 111,200 | 92,400 | 103,807 |
| Subtotal | 893,734 | 764,898 | 826,053 | 135,966 | 124,336 | 144,254 | 1,029,700 | 889,234 | 970,307 |
| EMPLOYEE BENEFITS | | | | | | | | | |
| Payroll Processing, Taxes, Insur | 82,026 | 59,256 | 70,645 | 12,474 | 10,350 | 12,340 | 94,500 | 69,606 | 82,985 |
| Medical, Dental, Life, Disability | 107,198 | 76,617 | 93,643 | 16,302 | 13,383 | 16,357 | 123,500 | 90,000 | 110,000 |
| Cell Phone Allowance | 8,000 | 6,720 | 8,000 | | | | 8,000 | 6,720 | 8,000 |
| Subtotal | 197,224 | 142,593 | 172,288 | 28,776 | 23,733 | 28,697 | 226,000 | 166,326 | 200,985 |
| PROFESSIONAL SERVICES | | | | | | | | | |
| Website Services | 12,000 | 11,400 | 12,000 | | | | 12,000 | 11,400 | 12,000 |
| IT Services | 5,208 | 3,840 | 4,086 | 792 | 960 | 714 | 6,000 | 4,800 | 4,800 |
| Legal/Policy Consulting | 60,000 | 60,000 | 60,000 | | | | 60,000 | 60,000 | 60,000 |
| Legislative | 54,000 | 54,000 | 54,000 | | | | 54,000 | 54,000 | 54,000 |
| Financial and Accounting Services | 44,160 | 43,936 | 47,200 | 11,040 | 10,984 | 11,800 | 55,200 | 54,920 | 59,000 |
| Audit | 11,742 | 10,000 | 12,623 | 27,398 | 29,140 | 29,453 | 39,140 | 39,140 | 42,075 |
| Subtotal | 187,110 | 183,176 | 189,909 | 39,230 | 41,084 | 41,967 | 226,340 | 224,260 | 231,875 |
| OCCUPANCY | | | | | | | | | |
| Office Space | 154,948 | 155,179 | 159,692 | 54,442 | 54,522 | 56,108 | 209,390 | 209,701 | 215,800 |
| Building Operating Costs | 5,642 | 7,507 | 9,364 | 858 | 2,638 | 1,636 | 6,500 | 10,145 | 11,000 |
| E-Mail/Webpage/Internet Access | 6,076 | 5,180 | 5,959 | 924 | 1,820 | 1,041 | 7,000 | 7,000 | 7,000 |
| Subtotal | 166,666 | 167,866 | 175,015 | 56,224 | 58,980 | 58,785 | 222,890 | 226,846 | 233,800 |

ARIZONA MUNICIPAL WATER USERS ASSOCIATION

Fiscal Year 2027

Proposed Budget

EXPENDITURES DETAIL

| | FY 26 BUDGET WATER | FY 26 ACTUAL WATER | FY 27 BUDGET WATER | FY 26 BUDGET WASTEWATER | FY 26 ACTUAL WASTEWATER | FY 27 BUDGET WASTEWATER | FY 26 BUDGET TOTAL | FY 26 ACTUAL TOTAL | FY 27 BUDGET TOTAL |
|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--|--|--|-----------------------------------|-----------------------------------|-----------------------------------|
| ADMINISTRATION | | | | | | | | | |
| Salaries | 775,354 | 663,438 | 715,627 | 124,846 | 115,096 | 133,873 | 900,200 | 778,534 | 849,500 |
| Performance Awards | 18,300 | 18,300 | 17,000 | | | | 18,300 | 18,300 | 17,000 |
| Total Wages | 793,654 | 681,738 | 732,627 | 124,846 | 115,096 | 133,873 | 918,500 | 796,834 | 866,500 |
| Deferred Compensation: | | | | | | | | | |
| Arizona State Retirement | 100,080 | 83,160 | 93,426 | 11,120 | 9,240 | 10,381 | 111,200 | 92,400 | 103,807 |
| Subtotal | 893,734 | 764,898 | 826,053 | 135,966 | 124,336 | 144,254 | 1,029,700 | 889,234 | 970,307 |
| EMPLOYEE BENEFITS | | | | | | | | | |
| Payroll Processing, Taxes, Insur | 82,026 | 59,256 | 70,645 | 12,474 | 10,350 | 12,340 | 94,500 | 69,606 | 82,985 |
| Medical, Dental, Life, Disability | 107,198 | 76,617 | 93,643 | 16,302 | 13,383 | 16,357 | 123,500 | 90,000 | 110,000 |
| Cell Phone Allowance | 8,000 | 6,720 | 8,000 | | | | 8,000 | 6,720 | 8,000 |
| Subtotal | 197,224 | 142,593 | 172,288 | 28,776 | 23,733 | 28,697 | 226,000 | 166,326 | 200,985 |
| PROFESSIONAL SERVICES | | | | | | | | | |
| Website Services | 12,000 | 11,400 | 12,000 | | | | 12,000 | 11,400 | 12,000 |
| IT Services | 5,208 | 3,840 | 4,086 | 792 | 960 | 714 | 6,000 | 4,800 | 4,800 |
| Legal/Policy Consulting | 60,000 | 60,000 | 60,000 | | | | 60,000 | 60,000 | 60,000 |
| Legislative | 54,000 | 54,000 | 54,000 | | | | 54,000 | 54,000 | 54,000 |
| Financial and Accounting Services | 44,160 | 43,936 | 47,200 | 11,040 | 10,984 | 11,800 | 55,200 | 54,920 | 59,000 |
| Audit | 11,742 | 10,000 | 12,623 | 27,398 | 29,140 | 29,453 | 39,140 | 39,140 | 42,075 |
| Subtotal | 187,110 | 183,176 | 189,909 | 39,230 | 41,084 | 41,967 | 226,340 | 224,260 | 231,875 |
| OCCUPANCY | | | | | | | | | |
| Office Space | 154,948 | 155,179 | 159,692 | 54,442 | 54,522 | 56,108 | 209,390 | 209,701 | 215,800 |
| Building Operating Costs | 5,642 | 7,507 | 9,364 | 858 | 2,638 | 1,636 | 6,500 | 10,145 | 11,000 |
| E-Mail/Webpage/Internet Access | 6,076 | 5,180 | 5,959 | 924 | 1,820 | 1,041 | 7,000 | 7,000 | 7,000 |
| Subtotal | 166,666 | 167,866 | 175,015 | 56,224 | 58,980 | 58,785 | 222,890 | 226,846 | 233,800 |

ARIZONA MUNICIPAL WATER USERS ASSOCIATION
Fiscal Year 2027
Proposed Budget

EXPENDITURES DETAIL

| | FY 26 BUDGET WATER | FY 26 ACTUAL WATER | FY 27 BUDGET WATER | FY 26 BUDGET WASTEWATER | FY 26 ACTUAL WASTEWATER | FY 27 BUDGET WASTEWATER | FY 26 BUDGET TOTAL | FY 26 ACTUAL TOTAL | FY 27 BUDGET TOTAL |
|---|-----------------------------------|-----------------------------------|-----------------------------------|--|--|--|-----------------------------------|-----------------------------------|-----------------------------------|
| TRAINING AND TRAVEL | | | | | | | | | |
| Conferences/Travel | 8,075 | 8,075 | 8,500 | 1,425 | 1,425 | 1,500 | 9,500 | 9,500 | 10,000 |
| Mileage Reimbursement | 1,445 | 1,627 | 2,975 | 255 | 288 | 525 | 1,700 | 1,915 | 3,500 |
| Staff Development | 1,275 | 1,275 | 1,487 | 225 | 225 | 263 | 1,500 | 1,500 | 1,750 |
| Subtotal | 10,795 | 10,977 | 12,962 | 1,905 | 1,938 | 2,288 | 12,700 | 12,915 | 15,250 |
| CAPITAL OUTLAY | | | | | | | | | |
| Copy Machine Expenses | 3,472 | 3,405 | 3,192 | 528 | 595 | 558 | 4,000 | 4,000 | 3,750 |
| Computer/Equipment/Software | 4,557 | 4,469 | 4,469 | 693 | 781 | 781 | 5,250 | 5,250 | 5,250 |
| Subtotal | 8,029 | 7,874 | 7,661 | 1,221 | 1,376 | 1,339 | 9,250 | 9,250 | 9,000 |
| OFFICE OPERATING EXPENSES | | | | | | | | | |
| Supplies | 4,123 | 4,085 | 3,405 | 627 | 665 | 595 | 4,750 | 4,750 | 4,000 |
| Meetings | 6,944 | 8,889 | 7,236 | 1,056 | 1,445 | 1,264 | 8,000 | 10,334 | 8,500 |
| Outreach - Stakeholder Engagement | 8,500 | 6,881 | 8,000 | | 1,119 | | 8,500 | 8,000 | 8,000 |
| Outreach - Community Partnership | | | 81,000 | | | | | | 81,000 |
| Printing | 868 | | 681 | 132 | | 119 | 1,000 | | 800 |
| Postage & Deliveries | 694 | 688 | 595 | 106 | 112 | 105 | 800 | 800 | 700 |
| Subscription & Reference | 6,076 | 7,562 | 9,364 | 924 | 1,230 | 1,636 | 7,000 | 8,792 | 11,000 |
| Dues & Memberships | 2,604 | 10,494 | 8,938 | 396 | 1,706 | 1,562 | 3,000 | 12,200 | 10,500 |
| Insurance and Property Damage | 5,208 | 9,031 | 9,364 | 792 | 1,469 | 1,636 | 6,000 | 10,500 | 11,000 |
| Bank Fees | 434 | 411 | 425 | 66 | 67 | 75 | 500 | 478 | 500 |
| Equipment Maintenance | 1,736 | 2,580 | 1,702 | 264 | 420 | 298 | 2,000 | 3,000 | 2,000 |
| Subtotal | 37,187 | 50,621 | 130,710 | 4,363 | 8,233 | 7,290 | 41,550 | 58,854 | 138,000 |
| WATER CONSERVATION | | | | | | | | | |
| Smartscape with Cooperative Ext. | 48,000 | 48,000 | 48,000 | | | | 48,000 | 48,000 | 48,000 |
| Research and Efficiency Initiatives | 30,000 | 30,000 | 30,000 | | | | 30,000 | 30,000 | 30,000 |
| Outreach | 23,000 | 23,000 | 24,500 | | | | 23,000 | 23,000 | 24,500 |
| Subtotal | 101,000 | 101,000 | 102,500 | | | | 101,000 | 101,000 | 102,500 |
| Total Operating Expenses | 1,601,745 | 1,429,005 | 1,617,098 | 267,685 | 259,680 | 284,619 | 1,869,430 | 1,688,685 | 1,901,717 |
| FUNDING SOURCES | | | | | | | | | |
| Office Lease Stabilization Fund | | | | | | | | | 10,000 |
| Carryover applied to member assessments | | | | | | | | | 180,000 |
| Member Assessments | 1,601,745 | 1,429,005 | 1,617,098 | 267,685 | 259,680 | 284,619 | 1,869,430 | 1,688,685 | 1,711,717 |
| Total Funding | 1,601,745 | 1,429,005 | 1,617,098 | 267,685 | 259,680 | 284,619 | 1,869,430 | 1,688,685 | 1,901,717 |

ARIZONA MUNICIPAL WATER USERS ASSOCIATION
Fiscal Year 2027
Proposed Budget

BUDGET COMMENTS

| | BUDGET TOTAL FY 25 | BUDGET TOTAL FY 26 | Annualized ACTUAL FY 26 | BUDGET TOTAL FY 27 | FY 27 BUDGET COMMENTS |
|-----------------------------------|--------------------------|--------------------------|-------------------------------|--------------------------|--|
| ADMINISTRATION | | | | | |
| Salaries | 793,280 | 900,200 | 778,534 | 849,500 | 7 full-time positions - Increase due to performance awards effective 1/1/26, and new hires |
| Performance Awards | 15,756 | 18,300 | 18,300 | 17,000 | Performance awards for staff only |
| Total Compensation | 809,036 | 918,500 | 796,834 | 866,500 | |
| Deferred Compensation: | | | | | |
| Arizona State Retirement | 99,269 | 111,200 | 92,400 | 103,807 | 11.98% (estimate) for ASRS & LTD along with adjustment to salaries |
| Subtotal | 908,305 | 1,029,700 | 889,234 | 970,307 | |
| EMPLOYEE BENEFITS | | | | | |
| Payroll Processing, Taxes, Insur | 75,000 | 94,500 | 69,606 | 82,985 | Based on processing fees and taxes |
| Medical, Dental, Life, Disability | 103,000 | 123,500 | 90,000 | 110,000 | Coverage for current employees' statuses and anticipated 10% increase in 2027 |
| Cell Phone Allowance | 8,000 | 8,000 | 6,720 | 8,000 | No change |
| Subtotal | 186,000 | 226,000 | 166,326 | 200,985 | |
| PROFESSIONAL SERVICES | | | | | |
| Website Services | 15,600 | 12,000 | 11,400 | 12,000 | No change |
| IT Services | 6,000 | 6,000 | 4,800 | 4,800 | Decrease reflects current agreement |
| Legal/Policy Consulting | 60,000 | 60,000 | 60,000 | 60,000 | No change |
| Legislative | 52,920 | 54,000 | 54,000 | 54,000 | No change |
| Financial and Accounting Services | 52,500 | 55,200 | 54,920 | 59,000 | Increase per approved agreement |
| Audit | 38,000 | 39,140 | 39,140 | 42,075 | Increase per approved agreement |
| Subtotal | 225,020 | 226,340 | 224,260 | 231,875 | |
| OCCUPANCY | | | | | |
| Office Space | 206,000 | 209,390 | 209,701 | 215,800 | Increase due to lease agreement |
| Building Operating Costs | 4,000 | 6,500 | 10,145 | 11,000 | Increase in anticipated shared maintenance costs per lease agreement |
| Internet Access/Phone | 7,000 | 7,000 | 7,000 | 7,000 | No change |
| Subtotal | 217,000 | 222,890 | 226,846 | 233,800 | |

ARIZONA MUNICIPAL WATER USERS ASSOCIATION
Fiscal Year 2027
Proposed Budget

BUDGET COMMENTS

| | BUDGET TOTAL FY 25 | BUDGET TOTAL FY 26 | Annualized ACTUAL FY 26 | BUDGET TOTAL FY 27 | |
|---|--------------------------|--------------------------|-------------------------------|--------------------------|---|
| TRAINING AND TRAVEL | | | | | FY 27 BUDGET COMMENTS |
| Conferences/Travel | 8,500 | 9,500 | 9,500 | 10,000 | Increase to enable staff to attend conferences |
| Mileage Reimbursement | 1,000 | 1,700 | 1,915 | 3,500 | Increase for anticipated actuals |
| Staff Development | 2,000 | 1,500 | 1,500 | 1,750 | Increase to enable development opportunities |
| Subtotal | 11,500 | 12,700 | 12,915 | 15,250 | |
| CAPITAL OUTLAY | | | | | |
| Copy Machine Expenses | 5,000 | 4,000 | 4,000 | 3,750 | Decrease due to new contract |
| Computer Hardware | 6,000 | 5,250 | 5,250 | 5,250 | No change |
| Subtotal | 11,000 | 9,250 | 9,250 | 9,000 | |
| OFFICE OPERATING EXPENSES | | | | | |
| Supplies | 4,000 | 4,750 | 4,750 | 4,000 | Decrease reflects anticipated actuals |
| Meetings | 7,500 | 8,000 | 10,334 | 8,500 | Increase reflects more in-person meeting expenses |
| Outreach - Stakeholder Engagement | 8,500 | 8,500 | 8,000 | 8,000 | Reflects anticipated outreach efforts |
| Outreach - Community Partnership | | | | 81,000 | Cost to continue sponsorship for KTAR Water Watch |
| Printing | 1,000 | 1,000 | | 800 | Decrease reflects anticipated actuals |
| Postage & Deliveries | 800 | 800 | 800 | 700 | Decrease reflects anticipated actuals |
| Software Subscriptions | 4,000 | 7,000 | 8,792 | 11,000 | Increase for inclusion of ArcGIS Professional Pro and higher Adobe cost |
| Dues & Memberships | 3,000 | 3,000 | 12,200 | 10,500 | Increase is for memberships tied to Govt Relations efforts |
| Insurance-Public Liability and Property Damage | 5,500 | 6,000 | 10,500 | 11,000 | Increase reflect higher costs for insurance coverage |
| Bank Fees | 500 | 500 | 478 | 500 | No change |
| Equipment Maintenance | 2,000 | 2,000 | 3,000 | 2,000 | No change |
| Subtotal | 36,800 | 41,550 | 58,854 | 138,000 | |
| 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 | 32,000 | 30,000 | 30,000 | 30,000 | Funding for conservation, efficiency, and demand management related research and initiatives |
| Outreach | 26,345 | 23,000 | 23,000 | 24,500 | Funding for sponsorships, events, and regional conservation efforts including educational and promotional materials |
| Subtotal | 106,345 | 101,000 | 101,000 | 102,500 | |
| Total Operating Expenses | <u>1,701,970</u> | <u>1,869,430</u> | <u>1,688,685</u> | <u>1,901,717</u> | |
| FUNDING SOURCES | | | | | |
| Office Lease Stabilization Fund | 10,000 | 10,000 | | 10,000 | |
| Carry over from from previous fiscal year | 12,000 | 100,000 | | 180,000 | |
| Member Assessments | 1,679,970 | 1,759,430 | | 1,711,717 | |
| Total Funding | <u>1,701,970</u> | <u>1,869,430</u> | | <u>1,901,717</u> | |