



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

## **ARIZONA MUNICIPAL WATER USERS ASSOCIATION MANAGEMENT BOARD**

### **MEETING NOTICE AND AGENDA**

***March 11, 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 February 11, 2026 Meeting
2. Next Meeting Date: April 8, 2026 @ 10:00 a.m.
3. Post-2026 Colorado River Operations
4. 2026 Legislative Session
5. AMWUA Annual Action Plan
6. Status of KTAR Partnership
7. Fiscal Year 2026 Quarterly Report – Second Quarter

#### **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](http://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](http://amwua.org)

**MANAGEMENT BOARD  
MEETING MINUTES  
February 11, 2026  
HYBRID MEETING**

**MEMBERS PRESENT**

Kirk Beaty, Avondale, Chair  
David Burks, Peoria, Vice Chair  
Jeremy Abbott, Chandler  
Jessica Marlow, Gilbert  
Ron Serio, Glendale  
Barbara Chappell, Goodyear  
Chris Hassert, Mesa  
Brandy Kelso, Phoenix  
David Walby, Scottsdale  
Tara Ford, Tempe

**AMWUA STAFF PRESENT**

Michelle Barclay, AMWUA	Dr. Caitlyn Hall, AMWUA	Sheri Trapp, AMWA
Paul Bergelin, AMWUA	Warren Tenney, AMWUA	Aly Slobodzian, AMWUA

**A. Call to Order**

Kirk Beaty called the meeting to order at 10:00 a.m.

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

**1. Approval of the Minutes from the January 14, 2026, Meeting**

Upon a motion by Chris Hassert, seconded by Ron Serio, the AMWUA Management Board unanimously approved the amended meeting minutes from January 14, 2026.

**2. Next Meeting Date: Wednesday, March 11, 2026 @ 10:00 a.m.**

### 3. Post-2026 Colorado River Operations

Warren Tenney, AMWUA's Executive Director, said uncertainty remains regarding how the Colorado River will be operated and how much water the Central Arizona Project will deliver to Arizona next year. With the February 14 federal deadline approaching, A consensus among Basin States remains unlikely, though a possible short-term five-year agreement has been discussed. Regardless of the outcome, long-term water reliability will depend on continued investment and hydrology.

Paul Bergelin, AMWUA's Water Policy Advisor, stated that the Colorado River Basin is facing an unprecedented situation with no agreement among seven Basin States and historically low reservoir storage. Mr. Bergelin raised concerns about the Bureau of Reclamation's draft Environmental Impact Statement (EIS), describing it as flawed and inequitable because it places most of the burden on the Lower Basin and does not adequately protect the system from reaching "dead pool" levels. He noted that alternatives in the Draft EIS would require significant reductions in water use, with potential cuts to the Lower Basin ranging from 7% to 44%, while Upper Basin reductions are largely absent in current proposals. The bulk of the Lower Basin cuts would fall on the Central Arizona Project.

He emphasized that worsening hydrology and declining river flows are major concerns, as Lake Mead and Lake Powell storage has dropped significantly and snowpack conditions are poor. Mr. Bergelin concluded that the region will likely face a managed water crisis requiring major demand reductions, continued investment in new water supplies, and coordinated regional planning.

Management Board members inquired about the status of the draft EIS comment letter.

Mr. Tenney added that one of the frustrations with the draft EIS is that it does not address scenarios where Compact obligations must be met or outline what actions would fully protect the river from reaching dead pool. He noted that the draft EIS does not consider the socio-impact analysis for what is proposed would have upon Central Arizona. He added that if a short-term agreement is reached among the Basin States, it would likely need to be quickly incorporated into the EIS process.

Mr. Tenney added that while CAP users had previously been planning around a best-case scenario of approximately 20% reductions, the draft EIS is presenting more severe reductions. He noted that this information would help local leaders communicate the seriousness of the situation and support informed decision-making as communities prepare for potential changes in future water supplies.

#### 4. 2026 Legislative Session

AMWUA Government Relations Director, Aly Slobodzian, reported that AMWUA is reinforcing to legislators that the previously discussed 20% reduction in Colorado River supplies is no longer the best-case scenario and that more severe cuts are increasingly likely. She emphasized that this message is being shared to underscore the seriousness of the situation and the need for policy decisions that help, not hinder, the region's water challenges.

Ms. Slobodzian noted that the legislative bill introduction deadline has passed, bringing the total to 2,088 bills and resolutions this session, including 118 related to water. The AMWUA Board has taken positions on 16 of those bills. She also reported on two bills heard in committee that week—House Bill 2027 and House Bill 2095 which AMWUA opposed due to concerns that they would undermine existing regional water planning and management frameworks.

Ms. Slobodzian explained that additional bills are sometimes brought forward to the Management Board when new legislation is introduced after the Board of Directors meeting or when amendments or unintended consequences change AMWUA's evaluation of a bill. She noted that 12 bills are presented for Management Board consideration, including House Bill 2824, which was added after the meeting packet was distributed.

Ms. Slobodzian highlighted House Bill 2824, which would establish a Commercial Property Assessed Capital Expenditure financing program. She noted that the program, used in many other states, could support infrastructure investments such as advanced metering, leak detection, and water efficiency improvements, and is supported by several regional organizations.

Mr. Tenney stated that the four bills discussed were introduced after the Management Board had made its earlier recommendations. Mr. Tenney explained that those bills were subsequently presented to the AMWUA Board of Directors at the end of January, where official positions were adopted.

Upon a motion by Brandy Kelso seconded by Jeremy Abbott, the AMWUA Management Board unanimously recommended to the AMWUA Board of Directors the legislative positions as presented and listed below.

**Support:**

HB 2722 – Water; residential lease communities

HB 2824 – Capital improvement financing program

SB 1448 – Aggravated assault protections for utility workers

SB 1560 – CAP Water Supply Development Fund

HCR 2038 – Colorado River seven-state agreement

**Oppose:**

HB 2492 – Prohibition on urban growth boundaries

HB 2946 – Municipal and county development fee limitations

HB 2985 – CAP water allocation by State Land Department

HB 4030 and HCR 2052 – Moratorium on rate, fee, and tax increases

SB 1288 – Assured water supply analysis and availability requirements

SB 1785 – Water storage facility withdrawals and area regulations

**C. Member Reports**

Board members expressed appreciation for Chris Hassert of Mesa and wished him well in retirement.

**D. Executive Director's Report**

Mr. Tenney stated that while much of AMWUA's recent focus has been on the Colorado River and legislative issues, staff continue working on other priorities, including communications and conservation efforts. He also noted that SRP's total reservoir system is currently 57% full, remaining steady from the previous month.

**E. Future Agenda Items**

No future agenda items were requested.

**F. Adjournment**

Mr. Beaty adjourned the meeting at 10:55 am.

## **AMWUA MANAGEMENT BOARD**

### **INFORMATION SUMMARY**

March 11, 2026

## **Post-2026 Colorado River Operations**

### **ANNUAL PLAN REFERENCE**

#### **Colorado River Transition**

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

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

### **SUMMARY**

AMWUA, ADWR, CAWCD and other Arizona water stakeholders submitted comments on the draft Environmental Impact Statement (EIS) that the U.S. Bureau of Reclamation issued in January. Those comments were due March 2, 2026. AMWUA's and others' comments highlighted the negative impact Reclamation's proposed alternatives would have upon Central Arizona, based on the reductions the Central Arizona Project would face.

Reclamation is to review comments and then issue its final EIS for post-2026 Colorado River operating guidelines. The Colorado River Basin States continue to talk but there is no indication those are productive discussions.

The river's current hydrology is staying dismal with the lack of snowfall this winter and the inflow forecast for Lake Powell continues to be adjusted downward. Reclamation's February 24-month forecast projected that Lake Powell could drop to the minimum power pool (3,490 feet) by the end of this year.

AMWUA staff will update on the political, legal, and hydrologic situation for post-2026 Colorado River operations.

### **RECOMMENDATION**

The AMWUA Management is requested to ask questions and discuss the Colorado River.

## AMWUA MANAGEMENT BOARD

### INFORMATION SUMMARY

March 11, 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-2025 Water Policy*

### SUMMARY

This session, the Legislature has introduced 2,120 bills, memorials, and resolutions. Of those, 120 bills are water-related. The AMWUA Board has taken a position of support or oppose on 28 of those bills. This report summarizes those bills including their status as of March 3, 2026.

This report also requests the Management Board to recommend positions on three bills.

Staff will give an update on the key bills that AMWUA is closely tracking.

### RECOMMENDATION

The AMWUA Management Board is requested to make a recommendation for the AMWUA Board of Directors to adopt positions on the bills noted in this report.

The Management Board is also requested to discuss and ask questions about the bills being tracked.

## **SUGGESTED MOTION**

*I move that the AMWUA Management Board recommend the following legislative positions to the AMWUA Board of Directors as outlined in the Management Board packet:*

### **OPPOSE**

**[HB 2094/SB 1200](#) - assured water supply; certificate; model (Griffin/Shope)**

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

## New Bills for Management Board Consideration

### HB 2094/SB 1200 - assured water supply; certificate; model

**Primary Sponsor:** Griffin (R)/Shope (R) | **Latest Action:** Advanced to Opposite Chambers

**Recommended Position: Oppose**

**Bill content:** HB 2094 and SB 1200 are mirror bills that require 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/SB 1200 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/SB 1200 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 staff recommends an oppose position to both bills as written.

---

### HB 2263 - Colorado River water; replenishment; restriction

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

**Recommended 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 CAGR 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 (CAGR) replenishment at the Granite Reef Underground Storage Project as well as several storage facilities owned about operated by the Gila River Indian Community. CAGR 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 CAGR from completing deliveries to facilities such as Granite Reef USF and other GRIC facilities.

## Bills with Adopted Positions

### 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

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

**Position:** Oppose

**Bill content:** HB 2026 would direct the Arizona Department of Water Resources (ADWR) to only consider the proposed water source for Certificate of Assured Water Supply (Certificate) application, and not 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, it could lead to increased unreplenished groundwater pumping to offset any renewable supply dedicated to the Certificate.

---

## **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:** Passed House Third Read 32-25-3-0 and transmitted to the Senate on February 23

**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 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 2116 - appropriation; Colorado River litigation fund**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Passed Senate Natural Resources 8-0-0-0 on March 3

**Adopted Position:** Support

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

---

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

**Primary Sponsor:** Griffin (R) | **Latest Action:** Removed from Senate Natural Resources agenda on March 3

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

**Primary Sponsor:** Powell (R) | **Latest Action:** Pending Reconsideration vote after failing House Third Read 26-30-3-1

**Position:** Oppose

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

An amendment adopted in the Rural Economic Development Committee made three changes to this bill:

- Eliminates the part of the bill that makes changes to how counties assess development fees.
- Changes the calculation a municipality makes for determining the required offset to development fees if the municipality imposes a construction contracting or similar excise tax rate.
- Allows necessary public services to include libraries of up to 10,000 square feet and certain neighborhood parks and recreational facilities.

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

---

### **HB 2985 - CAP water; state land; allocation**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Passed House Third Read 32-25-3-0 and transmitted to the Senate on February 23

**Position:** Oppose

**Bill content:** HB 2985 directs the Arizona State Land Department (ASLD) to begin a stakeholder process to adopt a procedure to allocate CAP water that is current allocated to it for parcels of state trust land that will be sold or leased. It does not, however, set a deadline for when this procedure must be adopted. As background, the ASLD initially had a CAP M&I allocation 39,006 AF, which was to be used for state trust lands within CAP's service area. Its subcontract was later amended to include a provision which specified that this water could be used for state trust lands that were within another M&I

subcontractor's service area. These other subcontractors were Phoenix, Scottsdale, Mesa, Goodyear, Carefree, Apache Junction, and Tucson. Over time, ASLD has transferred part of its CAP entitlement to some of these water providers so that at present, it has 28,176 AF remaining.

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

---

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

**Primary Sponsor:** Carbone (R) | **Latest Action:** Passed House Third Read 38-17-4-1 and transmitted to the Senate on March 3

**Position:** Support

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

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

**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.

---

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

**Primary Sponsor:** Olson (R) | **Latest Action:** Retained on the House COW Calendar on February 23

**Position:** Oppose

**Bill content:** HB 4030 prohibits municipalities and counties from increasing fees, taxes, or utility rates beyond increases that have already been approved for their FY26 budgets. This freeze begins on July 1, 2026 (or the beginning of FY27), until June 30, 2030. The bill also explicitly prevents municipalities from adopting new or amending current taxes, fees, or utility rate schedules during FY26 to circumvent the moratorium and attempt to prepare for a 5-year fiscal freeze. HB 4030 also prohibits modifying service areas to keep costs down. This concept was also introduced as a concurrent resolution (HCR 2052) which, if it passes both chambers with a majority vote, will be referred to voters on the November 2026 ballot.

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

---

**[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:** Passed House Third Read as amended 54-0-6-0 and transmitted to the Senate on February 26

**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:** Removed from Consent Calendar on February 17

**Position:** Oppose

**Bill content:** HCR 2052 prohibits municipalities and counties from increasing fees, taxes, or utility rates beyond increases that have already been approved for their FY26 budgets. This freeze begins on July 1, 2026 (or the beginning of FY27), until June 30, 2030. The bill also explicitly prevents municipalities from adopting new or amending current taxes, fees, or utility rate schedules during FY26 to circumvent the moratorium and attempt to prepare for a 5-year fiscal freeze. HCR 2052 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 1176 - stormwater storage; replenishment credits**

**Primary Sponsor:** Petersen (R) | **Latest Action:** Passed Senate Third Read 16-11-3-0 and transmitted to the House on February 26

**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 CAGR D 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.

---

### **SB 1448 - aggravated assault; utility workers**

**Primary Sponsor:** Shope (R) | **Latest Action:** Passed Senate Third Read 23-4-3-0 and transmitted to the House on February 26

**Position:** Support

**Bill content:** SB 1448 expands the protected class for aggravated assault to include public utility employees, including municipal water providers. AMWUA is working on an amendment that will fix 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 1560 - cap; water supply development fund**

**Primary Sponsor:** Dunn (R) | **Latest Action:** Passed Senate Third Read as amended 28-0-2-0 and transmitted to the House on February 26

**Position:** Support

**Bill content:** As amended, SB 1560 increases the \$3 million cap on loans from the WIFA-managed Water Supply Development Fund (WSDF) to \$20 million. WIFA requested this change in statute to help distributions run more smoothly and is content with the amendment.

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

---

**SB 1785 - water storage facility; withdrawals; area**

**Primary Sponsor:** Petersen (R) | **Latest Action:** Passed Senate Third Read 17-13-0-0 and transmitted to the House on March 3

**Position: Oppose**

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

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



## MANAGEMENT BOARD

### INFORMATION SUMMARY

March 11, 2026

## AMWUA Annual Action Plan

### STRATEGIC PLAN REFERENCE

Operational Principles – Manage an Efficient and Effective Association

### SUMMARY

AMWUA staff is proposing the Annual Action Plan to drive AMWUA's efforts through the remainder of this fiscal year and for Fiscal Year 2027. This action plan is more succinct and proactive to deal with the various challenges posed by a post-2026 Colorado River world.

The Annual Action Plan highlights the focus areas that AMWUA will act on through Fiscal Year 2027. These focus areas include Legislation, Strategic Outreach & Communications, Sustainable Water Management, and Demand Management.

It is anticipated that other issues may arise during the upcoming year that will also need to be addressed. Such issues would be identified with the AMWUA Management Board and the Water Resources Advisory Group to ensure consistency with AMWUA's overall mission and objectives.

AMWUA staff will review the proposed Annual Action Plan.

### RECOMMENDATION

The AMWUA Management Board is requested to review the proposed Annual Action Plan and provide comments and feedback.

Staff proposes that the AMWUA Management Board direct AMWUA staff to incorporate comments from the AMWUA Management Board and recommend to the AMWUA Board of Directors' approval of the Annual Action Plan through Fiscal Year 2027.

### ATTACHMENT

- **Attachment A:** Draft Annual Action Plan for Fiscal Year 2027

Adopted \_\_\_\_\_, 2026 by the AMWUA Board of Directors

The Annual Plan guides AMWUA's efforts to continue to achieve the organization's vision and mission through Fiscal Year 2027 and beyond.<sup>1</sup> To achieve this plan, AMWUA will pursue ways to increase dialogue with its members, foster a common understanding of Arizona water management, and conduct necessary research and analysis. AMWUA will also remain flexible and vigilant in addressing emerging issues beyond those identified in the plan.

### **Legislation**

Actively advocate for the municipal water perspective at the Legislature.

- Engage in state and federal legislation aligned with the Legislative Agenda and our members' collective interests.
- Position AMWUA as the premier voice on municipal water issues at the Legislature.

### **Strategic Outreach & Communications**

Simplify complex water issues and clearly link policy impacts to residents' daily lives to strengthen AMWUA's influence.

- Leverage strategic media partnerships to proactively inform the public and decision-makers about long-term water security.
- Develop post-2026 Colorado River messaging and coordinate with member PIOs and partner agencies to present a unified front to a broader audience.
- Collaborate with business organizations and other stakeholders on policies that protect water security and support the economic foundation that municipal water systems provide.
- Expand AMWUA's influence by securing speaking opportunities to ensure the municipal perspective shapes the narrative beyond digital platforms.

### **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.
- Work with Arizona Water Banking Authority, CAP, and stakeholders to develop an acceptable plan for firming M&I subcontracts in 2027.
- Develop strategies for coordinating recovery to ensure aquifer sustainability in a post-2026 Colorado River world.
- Pursue policies that allow flexibility for municipal providers to utilize supplies and meet demands during Colorado River shortages while protecting the aquifer.
- Support efforts for development of new water supplies and necessary infrastructure and advocate for establishment of a dedicated revenue source to ensure Arizona's long-term water security.

### **Demand Management**

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

- Translate research into emergency shortage actions to be implemented in a provider's overall demand management strategy.
- Develop Colorado River shortage strategy options to enhance members' drought preparedness plans and demand management and curtailment strategies.
- Strengthen coordinated implementation of demand management actions across members and increase engagement in state and national policy discussions.

---

<sup>1</sup> **Vision** - The Arizona Municipal Water Users Association will be a successful advocate, expert, and leader on water issues, working to protect its members' water supplies by ensuring that laws and regulations support the sustainability of water resources enabling continued prosperity in the desert.

**Mission** - The Arizona Municipal Water Users Association protects our members' ability to provide assured, safe, and sustainable water supplies to their communities. Working collaboratively, we advocate responsible water stewardship that supports economic prosperity and safeguards Arizona's water supplies for future generations.

## MANAGEMENT BOARD

### INFORMATION SUMMARY

March 11, 2026

## KTAR Media Partnership

### ANNUAL PLAN REFERENCE

#### Enhanced Communication

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

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

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

### SUMMARY

At the June 26, 2025 meeting, the AMWUA Board of Directors approved the year-long proposal for AMWUA to become KTAR's exclusive sponsor of the station's weekly *Water Watch* to increase attention to the municipal perspective on water issues in Arizona. The KTAR sponsorship cost \$81,000, which was viewed as a minimal cost based on the exposure. It was paid for by utilizing AMWUA's reserve fund.

At the midpoint of the annual partnership, AMWUA staff will provide an update, focusing on how this collaboration has amplified the municipal perspective and expanded outreach to a broader, more diverse audience.

### RECOMMENDATION

It is requested that the AMWUA Management Board ask questions regarding the KTAR Media Partnership.



## MANAGEMENT BOARD INFORMATION SUMMARY

December 31, 2025

### AMWUA Fiscal Year 2026 Quarterly Financial Statements – Second Quarter

#### ANNUAL PLAN REFERENCE

##### Day-to-Day Operations

Maintain the daily operations of an effective organization and the services members rely on.

- AMWUA will continue to wisely manage its financial resources

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

#### SUMMARY

The AMWUA Statement of Revenues and Expenses for the period October 1, 2025 through December 31, 2025 and the Balance Sheet dated December 31, 2025 are presented for your information.

**The Statement of Revenues and Expenses has been summarized to show expenses by major category to align with budget presentation.**

#### RECOMMENDATION

AMWUA staff is requesting that the AMWUA Management Board recommend to the AMWUA Board of Directors acceptance of the AMWUA quarterly financial statements for the second quarter as presented.

#### SUGGESTED MOTION

*I move that the AMWUA Management Board recommend to the AMWUA Board of Directors acceptance of the AMWUA quarterly financial statements for the second quarter as presented.*

#### ATTACHMENTS

- **Attachment A:** Executive Summary
- **Attachment B:** Statement of Net Position
- **Attachment C:** Statement of Revenues and Expenses

## **Executive Summary**

### **Arizona Municipal Water Users Association**

#### **Actual to Budget comparison for the six months ended December 31, 2025, and compared to the budget for the year ending June 30, 2026**

#### **Observations**

- Salaries are under budget by \$98,000, and benefits are under budget by \$43,000 due to 2 vacant positions during the quarter.
- Professional services and water conservation are over budget due to the timing of payments.
- Occupancy is over budget by \$19,000 due to the recording of 4 months of rent expense in the first quarter of the fiscal year.
- Total expenses are \$851,225 for the six months ended December 31, 2025, which is \$83,490 under budget.

#### **Notes to the Reader:**

The accompanying historical financial statements and budgeted financial statements include the following departures from accounting generally accepted in the United States of America and the guidelines for presentation of a forecast established by the AICPA:

#### **Historical**

- The financial statements omit the statement of cash flows and substantially all the disclosures ordinarily included in financial statements required by accounting principles general accepted in the United States of America.
- The statement of revenues and expenses omits the change in net position.
- The following items are adjusted only at fiscal year-end:
  - Prepaid Expenses
  - Depreciation
  - Accrued liabilities, accrued vacation and accrued payroll liabilities.
  - The net OPEB and net pension assets or liabilities, as applicable.
  - Deferred Inflows and Outflow of resources pertaining to the pension and OPEB.
  - Right of Use Asset amortization and change in liabilities.
- All membership commitments are recognized in the first quarter of the fiscal year, instead of being amortized ratably over the membership period.
- The components of net position have not been reported separately on these interim financial statements.

#### **Budgeted**

- The budgeted financial statements omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting.
- The budgeted financial statements omit substantially all the significant accounting policies.

## **Summary of Significant Assumptions**

The financial budget presents, to the best of management's knowledge and belief, the Association's expected results of operations for the budget periods. Accordingly, the budget reflects its judgment as of June 20, 2025, the date the fiscal year 2026 budget was approved by the Board of Directors, of the expected conditions and course of action. The assumptions disclosed herein are those that management believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

## **Budget Assumptions**

- Salaries and benefits are based upon anticipated staffing and payroll data.
- Additional pay increases have been built into the budget depending on the position and performance of employees within that position.
- Annual water assessments are based on a 50/50 formula, with half allocated equally and the other half allocated based upon MAG 2024 population estimates.
- Annual wastewater assessments are assessed based upon flow ownership in the 91st Avenue WWTP at 204.50 mgd.
- Office space expenses are based upon an approximate 4.2% increase as stated in the office lease agreement.

The financial statements and budget financial statements are developed by the Association to comply with accounting principles general accepted in the United States of America ("GAAP"), although there may be departures from GAAP not identified. These statements are primarily intended for use in managing the Association's operations and may not be suitable for other purposes. Users should be aware of these limitations when utilizing the financial statements.

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

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 178,467
Investments	1,890,790
Prepaid expenses and other assets	-
	-
Total current assets	2,069,257

**NON CURRENT ASSETS**

Net OPEB asset	34,743
Capital assets, net	856,433
	856,433
Total noncurrent assets	891,176

**TOTAL ASSETS**

2,960,433

**DEFERRED OUTFLOWS OF RESOURCES**

OPEB plan items	2,104
Pension plan items	189,566
	189,566
Total deferred outflows of resources	191,670

**TOTAL ASSETS AND DEFERRED OUTFLOWS  
OF RESOURCES**

\$ 3,152,103

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 38,856
Compensated absences payable	67,039
Lease liability, current portion	124,347
	124,347
Total current liabilities	230,242

**NONCURRENT LIABILITIES**

Net pension liability	897,684
Lease liability, noncurrent portion	921,055
	921,055
Total noncurrent liabilities	1,818,739

**TOTAL LIABILITIES**

2,048,981

**DEFERRED INFLOWS OF RESOURCES**

OPEB plan items	12,898
Pension plan items	81,267
	81,267
Total deferred inflows of resources	94,165

**TOTAL NET POSITION**

1,008,957

**TOTAL LIABILITIES, DEFERRED INFLOWS OF  
RESOURCES, AND NET POSITION**

\$ 3,152,103

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
**Statement of Revenues and Expenses**  
**Actual to Budget comparison for the six months ended December 31, 2025**  
**and compared to the budget for the year ending June 30, 2026**

	Year-to-Date			Approved	Over(under)
	Actual	Budget	over (under) Budget	Annual Budget	Annual Budget
<b>Income</b>					
Assessment - Water	1,601,746	1,601,745	1	1,601,745	1
Assessment - Wastewater	267,684	267,685	-1	267,685	(1)
Prior Year Carryover Credit	-110,000	-110,000	0	(110,000)	-
Interest and Dividend Revenues	29,377	0	29,377		29,377
<b>Total Income</b>	<b>1,788,807</b>	<b>1,759,430</b>	<b>29,377</b>	<b>1,759,430</b>	<b>29,377</b>
<b>Expenses</b>					
Total ADMINISTRATIVE	417,263	514,850	-97,587	1,029,700	(612,437)
Total EMPLOYEE BENEFITS	69,619	113,000	-43,381	226,000	(156,381)
Total PROFESSIONAL SERVICES	131,702	113,170	18,532	226,340	(94,638)
Total OCCUPANCY	130,680	111,445	19,235	222,890	(92,210)
Total TRAVEL & TRAINING	8,769	6,350	2,419	12,700	(3,931)
Total CAPITAL OUTLAY	1,146	4,625	-3,479	9,250	
Total OFFICE OPERATING EXPENSES	27,022	20,775	6,247	41,550	(14,528)
Total WATER CONSERVATION PROGRAM	65,024	50,500	14,524	101,000	(35,976)
<b>Total Expenses</b>	<b>851,225</b>	<b>934,715</b>	<b>-83,490</b>	<b>1,869,430</b>	<b>(1,018,205)</b>
<b>Net Operating Income</b>	<b>937,582</b>	<b>824,715</b>	<b>112,867</b>	<b>(110,000)</b>	<b>1,047,582</b>
<b>Other Expenses</b>					
Reserve Fund - Expenses	81,003	0	81,003	-	-
Total OTHER	<b>81,003</b>	<b>0</b>	<b>81,003</b>	-	-
<b>Change in Net Position</b>	<b>856,579</b>	<b>824,715</b>	<b>31,864</b>	<b>(110,000)</b>	<b>966,579</b>
<b>Reserve and Contingency Funds Summary:</b>					
	<b>Balance</b>			<b>Balance</b>	
	<b>7/1/2025</b>	<b>Used</b>	<b>Additions</b>	<b>12/31/2025</b>	
<b>Contingency Fund Balance</b>	600,000	-	-	600,000	
<b>Reserve Fund Balance</b>	268,639	(81,000)	29,157	216,796	
<b>Office Lease Stabilization Fund Balance</b>	53,686			53,686	
<b>Total</b>	<b>922,325</b>	<b>(81,000)</b>	<b>29,157</b>	<b>870,482</b>	

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

Warren Tenney  
AMWUA Executive Director

Councilmember Kesha Hodge Washington, Phoenix  
AMWUA Secretary-Treasurer