



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

ARIZONA MUNICIPAL WATER USERS ASSOCIATION MANAGEMENT BOARD

MEETING NOTICE AND AGENDA

Wednesday, September 11, 2024, 10:00AM

**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: 845 3218 4774
(Option to join by phone: 602-753-0140, same Meeting ID as above)

- A. Call to Order**
- B. General Business—Items for Discussion and Possible Action**
 - 1. Approval of the Minutes from August 14, 2024, Meeting
 - 2. Next Meeting Date: October 9, 2024, 10:00 a.m.
 - 3. Northern Arizona Forest Fund and Watershed Health
 - 4. CAGR D's 2025 Plan of Operation
 - 5. ADWR's Rulemaking for Alternative Designation Rules
- 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 Management Board. Members of the AMWUA Management Board 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

MANAGEMENT BOARD
MEETING MINUTES
August 14, 2024
HYBRID MEETING

MEMBERS PRESENT

Ron Serio, Glendale, Chair
Tara Ford, Tempe, Vice Chair
Kirk Beaty, Avondale
Kevin Rose for Brian Biesemeyer, Scottsdale
David Burks, Peoria
Barbara Chappell, Goodyear
Troy Hayes, Phoenix
John Knudson, Chandler
Chris Hassert, Mesa
Jessica Marlow, Gilbert

OTHERS PRESENT

Barry Aarons, Aarons Co.	Kathy Ferris, AMWUA	Rachel Ormsby, Forvis
Michelle Barclay, AMWUA	Darrin Francom, CAP	Jacob Perez Laurent, AMWUA
Paul Bergelin, AMWUA	Jake Golden, Phoenix	Chuck Podolak, WIFA
Silvana Burgos, Goodyear	Laura Hixson, Gilbert	Tina Sleeper, Tempe
Brian Buzard, CAP	Simone Kjolsrud, Chandler	Ginger Spencer, Phoenix
Craig Caggiano, Tempe	Kimberley Lyons, AMWUA	Warren Tenney, AMWUA
Harry Cooper, AMWUA	Chelsea McGuire, WIFA	Sheri Trapp, AMWUA
Miranda DeWitt, Mesa	Kathy MacDonald, Mesa	Theresa Ulmer, Ulmer Consulting
Berenice Felix-Baca, Phoenix	Brad Moore, AMWUA	Tammi Watson, CAP

A. Call to Order

Mr. Serio 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 June 12, 2024, Meeting

Upon a motion made by Mr. Hayes and a second made by Mr. Beaty, the AMWUA Management Board unanimously approved the June 12, 2024 meeting minutes.

2. Next Meeting Date: Wednesday, September 11, 2024, at 10:00 a.m.

3. Preparing for the 2025 Legislative Session

Mr. Tenney reported on the need to elevate water security and clarify AMWUA's role in providing that security, specifically addressing how to work with the legislature. He stated that historically water has been a nonpartisan issue, but we are now seeing it becoming more partisan with increasing tensions between rural and urban areas, as well as between the agriculture and municipal sectors. In preparation, it is the goal to increase visibility of AMWUA and your expertise so that state leaders make decisions that support rather than undermine water security efforts, ultimately benefiting 3.7 million residents and businesses crucial to the national economy. Mr. Tenney stated that while many legislators already support water security, we want to shift the focus from just the Groundwater Management Act and assured water supply programs to making water security more tangible and central to legislative discussions. The investments made by AMWUA municipalities in water systems provide a 100-year assured water supply, fostering growth and prosperity for residents and businesses.

However, Arizona faces challenges, such as reduced Colorado River water availability after 2026, highlighting the need for wise decisions to sustain water security amidst growing uncertainties. Mr. Tenney reported that at the same time, the Phoenix area aquifer is under stress, as evidenced by groundwater models and recent restrictions on new growth reliant solely on groundwater outside designated service areas. With this in mind, water users need projects that can help backfill reductions in Colorado River water as well as to support new development without depleting the aquifer. Mr. Tenney stated that this will mean it's going to cost more for water, and we need legislators to remember that an investment in water security has always brought big dividends for Arizona. Mr. Tenney reported that current ideas for new supplies are going to cost a lot, whether it be Bartlett Dam, which is projected at over \$1.1 billion to construct, or looking at advanced water purification. If there was interest in moving and transporting groundwater from Hualapai, that would also cost money, assuming that the federal government approves the water quality standards for that water to be moved through the CAP Canal.

Mr. Tenney reported that in preparation for the next legislative session, AMWUA is trying to be specific on water issues, making sure that legislators make prudent, wise water decisions rather than short-sighted responses. One decision needed is prioritizing investment in long-term water supplies and infrastructure, including the efforts of WIFA. He noted that investment will be crucial, and while there's potential for more leasing of water, to actually develop new supplies, Bartlett Dam and advanced water purification are what will be available in the next 15 years. Therefore, we need legislative support and not actions like trying to stop advanced water purification, as we saw in the last session. We need them to support efforts to keep water in the Central Arizona Project by stressing the importance of Colorado River water to Arizona communities. We need them to only take actions that protect our finite groundwater and reduce stress on our aquifers. If it doesn't achieve this, they shouldn't pursue it. They should prioritize actions that support your ability to meet your community's water demands. This includes upholding the assured water supply program and exploring additional ways to invest in conservation. We saw significant funds allocated for conservation grants, so if there are other opportunities where the state could invest in similar efforts, that would be beneficial.

Mr. Tenney detailed the ways AMWUA seeks to prepare for the next session. First, is to emphasize that this is an effort to elevate water security. This would mean means continuing to pursue opportunities with the local business community and stakeholders as well as engaging with larger organizations such as Valley Partnership and the Greater Phoenix Economic Council. Mr. Tenney reported that he has already reached out and have an opportunity to meet with the Valley Partnership board to help elevate this issue. He noted that an effective approach would be to participate in the existing monthly forums of the East Valley and West Valley city managers. In addition, increasing work to develop legislative proposals that would support water security, collaborating with you and the Water Resources Advisory Group (WRAG) to brainstorm ideas. He noted that there is also increased outreach to legislators, such as the Water 101 session for candidates and working in collaboration with the Southern Arizona Water Users Association and the Northern Arizona Small Water Users Association to generate interest among all legislators. All in all, this effort needs state leaders to collaborate with municipal water providers and prioritize actions that protect overall water security in the state.

Mr. Knudson commented that along with other listed water sources, it would be beneficial to mention how reclaimed water can supplement existing supplies. There must be considerations to ensure reclaimed water isn't overlooked or restricted by legislation in a way that impacts its usage by providers. Lastly, it would be helpful to emphasize the importance of sustainable aquifer recovery, as the next 5- 20 years will be essential to the aquifer's viability.

Mr. Rose agreed about going on the offensive to engage with legislators.

Mr. Hassert agreed on including reclaimed water as a future source, considering all members have long-term plans that involve reclaimed water.

Ms. Marlow commented that while it might be unrealistic to expect the legislature to only support sustainable water operations and supplies for the ten of us, there might be solutions we can propose that could address broader needs while aligning with our goals.

Mr. Hassert commented that, regarding water storage in Tonopah, if that water remains stranded for another 50 years, it won't serve the state's needs. Mr. Tenney added that keeping the dialogue open with the Central Arizona Project (CAP) on their recovery efforts will be crucial. Mr. Knudson added that Tonopah would be potentially another added source of stored water. Mr. Tenney responded that it may not be considered "new water" but the conversations regarding recovery and sustainability can be worked into this preparation.

4. WIFA'S Efforts to Secure Long-Term Augmentation Project

Chuck Podolak, the director of WIFA, highlighted WIFA's efforts in water conservation and how they might inform future conservation strategies. We awarded 189 of those grants for a total of \$200 million in awards over a wide range of sectors. It is estimated that these projects those will save between 3.2 and 5.5 million acre-feet of water over their lifetime. Mr. Podolak reported that there is still demand and opportunities to fund water conservation, should WIFA figure out a way to provide state funding into the conservation grant.

Mr. Podolak reported that WIFA has the successful SRF loan program in the Water Supply Development Revolving Fund. Regarding Long-term Augmentation, WIFA has a mandate in statute that says that it shall investigate the feasibility of entering into agreements with public or private entities for projects to import water into the state.

He reported that the WIFA Board in December of 2022, adopted a resolution that directed with a staff to look at an IDE proposal in the spring of 2024. After rules were in place, the Board formally revoked that resolution and said, the Mr. Podolak reviewed the process of project permission, submittal, and adoption, such as adhering to a thorough NEPA process. He noted that WIFA put out an open call for feedback on future RFI processes and project structure only way that we would entertain ideas and other projects is through a competitive solicitation process.needed before solicitation of projects. Mr. Podolak noted that the first round of solicitation to identify several teams, each with an associated concept and then do a pay for services, model with them regarding a myriad of requirements, such as economic feasibility and permitting. WIFA is operating with the goal of trying to bring a full solicitation to the with their Board for their approval at the November 20th board meeting. He noted that development of the solicitation, while it's in the works, has to be done in a closed body, with much of the work being completed during Long-term Water Augmentation Committee meetings. He continued that there is an opportunity for public input out of every one of those committee meetings, as well as general outreach to us.

Mr. Podolak reported that from all of our stakeholder conversations, WIFA believes that there's realistic demand in the next 10 to 15 years for between 100,000 and 500,000 acre-feet of additional water. He noted that one of the main things that accounted for that variability are uncertainty on the Colorado River and if things turn out bad in 2026 and subsequent hydrology for Arizona.

Chelsea McGuire, WIFA Assistant Director of External Affairs, stated that through each of these processes, WIFA does not wish to create something untenable to participate in and to ensure there is input on the front end from

stakeholders. Ms. McGuire also noted on efforts to engage the legislator and advocate that augmentation is essential to sustain growth and sustain our economy.

Mr. Hassert asked if brackish groundwater or desalination are feasible augmentation projects from what WIFA has heard of so far. Mr. Podolak responded that there are cheaper ways of gaining new supplies other than importation out of the state. Mr. Podolak also stated that groundwater pumping and brackish treatment is a good bridge towards completing other long-term augmentation projects.

Mr. Hassert asked if there is any intent to continue on with the conservation grants. Mr. Podolak answered that SFR funds can only be spent on specific projects and the Water Conservation Grant Fund is currently empty for funding within the AMAs, though WIFA is working to secure monies for that fund in the future.

5. [ADWR's Rulemaking for Alternative Designation Rules](#)

Paul Bergelin reported that the rules governing water resources will be established through the rulemaking process by the Department of Water Resources rather than through direct legislation. The aim is to finalize and approve these rules by the end of the calendar year, which is an aggressive timeline. This urgency is partly driven by Proposition 315, which mandates legislative approval for any rulemaking that increases regulatory costs by more than \$1 million over five years. There is concern about navigating these rules through the legislature, especially with potential involvement from outside actors. To adhere to this tight schedule, the Department of Water Resources submitted the rules to the Secretary of State on August 7th, and they were recently posted online. By mid-to-late September, public hearings and comment sessions will be held, and by late September or early October, a complete rules package will be sent to the Governor's Regulatory Review Council for approval.

Mr. Bergelin reported that the department's goal is to have the rulemaking approved by early November. Normally, after submitting final rules, there is a 60-day waiting period before they become effective, but the department is seeking immediate implementation. To expedite this process, approval from a significant portion of relevant groups is required. The urgency is further underscored by recent groundwater models for the Phoenix and Pinal areas, which indicate potential issues over the next century due to current groundwater usage. Despite this, developments such as built-for-rent housing and large industrial facilities, which are not covered by the Assured Water Supply Program, continue to expand. Political and economic pressures for further development have also fueled attempts to weaken the Assured Water Supply Program and the existing groundwater management framework.

Mr. Bergelin reported that the new rules aim to shift water supply for housing developments from reliance on groundwater certificates to obtaining water from designated providers. This shift is intended to improve water management by ensuring that developments are supplied by water already designated within the service area, reducing the need for groundwater replenishment from the Central Arizona Groundwater Replenishment District (CAGR). Analyses indicate that these changes could result in less groundwater pumping compared to current practices over the next century. This 100-year timeframe is crucial as it aligns with long-term water supply planning goals. Under these rules, providers must demonstrate access to new alternative water supplies that were not delivered to their service areas in 2023. These supplies need to meet several criteria, including physical availability, continuous availability, legal permissions, financial capability, and adherence to water quality standards. Furthermore, water providers are required to join the CAGR as a member service area and meet specific reporting requirements. The rules also introduce adjustments to how groundwater availability is calculated, aiming to reduce dependency on groundwater by accounting for the introduction of new alternative supplies.

Mr. Bergelin stated that a provider also has a groundwater allowance, which indicates how much pumping it can undertake without needing to replenish that groundwater. There are two formulas for determining groundwater allowances: one based on the volume of groundwater pumping for non-member lands within the provider service area, and the other based on total water deliveries within the provider service area, excluding member lands where pumping is replenished at launch. Mr. Bergelin noted that the penalty for misusing credits is complicated due to policy debates over the past ten years, essentially stating that extinguishment credits can be used to reduce

groundwater use, but providers would have to use their groundwater allowance in place of those credits, which is finite. Providers cannot use extinguishment credits for commercial or industrial developments within the service area; they are restricted to those for subdivisions. Additionally, the rules intersect with the Central Arizona Groundwater Replenishment District, where a provider under these rules must be a member service area, with rules that generally involve reporting a certain percentage of their annual groundwater pumping to qualify for replenishment. The minimum reporting requirement is set by the Central Arizona Groundwater Replenishment District contracts that water providers enter into when they become member service areas. To summarize, current designations of water providers include a certain amount of physically available groundwater and/or groundwater loads, with allowances to avoid using extinguishment credits for groundwater use. The calculations for groundwater levels and fiscal availability may differ from designations.

Mr. Bergelin reported that an analysis of three different water providers found that, in the short-term over a 30 to 50-year time frame, there is no noticeable uptick in pumping under ADAWS. However, in the long term, there is a reduction in pumping. A similar analysis by DWR last month found that the rules would significantly reduce groundwater mining over a hundred years. Recently, the CAGRDR published a draft of its plan of operation. This plan examined four providers and concluded that if these providers are expected to need or be funded from the obligation, obtaining new supplies under the updated regulations would reduce the Central Arizona Groundwater Replenishment District's obligation by about 23% by 2044. This reduction represents a shift from an anticipated replenishment obligation of 83,000 acre-feet in 2044 to 64,100 acre-feet, according to CAGRDR. The reduction occurs because these providers serve a significant portion of CAGRDR member lands and are expected to require additional water supplies under the new regulations. The initial analysis by CAGRDR, which was driven by labor certification for subdivisions, suggests that these new supplies will influence the replenishment obligation. However, the analysis often focuses on the long term, spanning over a hundred years, while our concern is more immediate, particularly with the impacts expected from the 2026 Colorado River guidelines. During discussions about the new rules, several concerns were raised regarding the near-term impacts, which may need to be addressed over the next 20 to 30 years.

Mr. Knudson asked whether long-term analyses for providers included considerations for adding large volumes of either surface water treatment, local groundwater replenishment, or reclaimed water replenishment. Mr. Bergelin reported that this analysis primarily focused on calculations without addressing infrastructure impacts or specific methods for new supplies. Mr. Knudson stated then that new supplies must be used locally to effectively offset groundwater pumping, as simply bringing in new supplies without local recharge or use does not necessarily offset their pumping or local aquifer.

Mr. Hassert asked for more clarification on the 25% reduction from new supplies. Mr. Bergelin provided the example that if a provider imported 2,000 acre-feet of new water and reported onto their designation, this volume would be multiplied by 100 and then multiple by 25% to calculate a deduction of 50,000 acre-feet in the provider's groundwater allowance over 100 years. Mr. Bergelin reported that there were efforts to reduce this percentage to 20%, allowing providers to retain more groundwater availability with each new supply, but current rules maintain the 25% reduction.

Mr. Hassert asked for a summary of the findings to the analysis of long-term pumping. Mr. Bergelin reported that In summary, the long-term analysis shows a reduction in groundwater use over the 100-year period. The analysis indicated a gradual decline in availability due to assumptions of increasing growth and new supplies, assuming that new water supplies would offset groundwater use. However, the analysis did not factor in replenishment, which could affect the overall reduction.

6. [ADEQ's Rulemaking for Advanced Water Purification](#)

Mr. Tenney reported that that ADEQ was accepting comments on the rules as of last Friday and it was important to include this agenda item in case there were any additional conversations needed. Mr. Serio reported that the City of Glendale submitted comments, as did most other members. This agenda item will be revisited at a later time when ADEQ returns with comment review.

C. Member Reports

Mr. Hassert reported that in July, City of Mesa council updated an ordinance that had been in place for five years concerning very large water users. The original ordinance, from 2019, set a ceiling for what any single customer could take from our portfolio, which was 550 acre-feet per year. This led to a noticeable downturn in the number of very large water users interested in developing in our area. Based on the information we gathered over those five years, we decided to lower that threshold to 330 acre-feet per year on a 12-month rolling average. Anything above that amount can still be developed in Mesa, but the developer would need to secure their own water supplies. To date, we continue to see that this change either causes very large users to avoid Mesa entirely or to adjust their technology to use less water. Mr. Hassert reported that Mesa is seeing lower water consumption and sewage generation figures from these new projects, indicating that those who choose to develop in Mesa are adopting more water-efficient technologies.

We've implemented a permit model for this updated ordinance. Developers need to fill out a Sustainable Water Service Application, which details their water use plans and is consistent with their project design documents. A permit is also required if they come in with a four-inch meter or a combination of meters equating to a four-inch meter as part of the ordinance refinement approved in July.

Mr. Serio asked if any existing customers were over the 330-acre-foot threshold. Mr. Hassert reported that they did have users over the limit, and Mesa has included provisions to issue them permits and align their water usage close to current levels. However, if they want to expand further, they will need to comply with the new threshold.

D. Executive Director's Report

Mr. Tenney reported that Lake Mead is currently around 33% full and at an elevation of 1062 feet. The August 24th reclamation study should confirm that we will still be under a water shortage for next year and most likely again in 2026. This 24-month study will become less significant in just two years when new operating guidelines for the river will be in place. We continue to expect that these new guidelines will result in less water coming down the canal, though we don't yet know how much. There are ongoing concerns about whether the Upper and Lower Basin States will reach a consensus and whether the Bureau of Reclamation will take a more active leadership role.

Mr. Tenney reported that regarding the SRP system, it is currently 82% full, compared to 90% full at the same time last year.

Mr. Tenney reported that Brad Moore, AMWUA Water Policy Analyst, has accepted a job with King County in the Seattle area to work in their stormwater division. He has been a great help over the past two years, and we've seen a lot of progress thanks to his efforts. Mr. Tenney stated that Kimberly Lyons, AMWUA Office Manager, is also unfortunately leaving AMWUA at the end of this month, due to an unforeseen family situation that is taking her to Texas. We are working to fill both positions and appreciate your understanding as we juggle a smaller staff in the near term.

E. Future Agenda Items

Mr. Rose requested to have the Northern Forest Foundation come present on with all the work they're doing on the Salt and Verde watershed.

F. Adjournment

Mr. Serio adjourned the meeting at 11:18 p.m.

MANAGEMENT BOARD

INFORMATION SUMMARY

September 11, 2024

Northern Arizona Forest Fund and Watershed Health

ANNUAL PLAN REFERENCE

Sustainable Water Management

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

- Watershed Management – Work with SRP, the Nature Conservancy, and others to improve and sustain healthy rural and urban watersheds.

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

SUMMARY

The National Forest Foundation has been working in Arizona for almost a decade now to improve forest and watershed health, largely for the purpose of enhancing water sustainability and quality throughout the Salt and Verde watersheds. The Northern Arizona Forest Fund is the name for the foundation's overarching program. Since 2015, the Northern Arizona Forest Fund projects have sought to reduce wildfire and post-fire flood risks, minimize erosion and sedimentation in streams and reservoirs, improve sustainable water flows, and restore and regenerate native trees and vegetations along wetlands, rivers, streams, and springs.

Rebecca Davidson, Senior Director of Conservation Programs for the National Forest Foundation, will give an overview about the Northern Arizona Forest Fund and its recent efforts.

This agenda item was requested by Scottsdale at the August 14, 2024 Management Board meeting.

RECOMMENDATION

The AMWUA Management Board is encouraged to ask questions and discuss the Northern Arizona Forest Fund.

MANAGEMENT BOARD

INFORMATION SUMMARY

September 11, 2024

CAGRDR's 2025 Plan of Operation

ANNUAL PLAN REFERENCE

Sustainable Water Management

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

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

Colorado River Transition

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

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

SUMMARY

The Central Arizona Groundwater Replenishment District (CAGRDR) is required to submit to ADWR a plan every ten years to describe how it will meet its current replenishment obligations over the next 20 years and its projected obligations over the next 100 years. CAWCD staff overseeing the CAGRDR have been developing the 2025 Plan of Operation for the last year and half and intend to seek CAWCD Board approval in October.

AMWUA staff will present an overview about the CAGRDR 2025 Plan of Operation including the statutory requirement for the Plan and the Plan's components along with AMWUA's perspective about the Plan.

RECOMMENDATION

The AMWUA Management Board is encouraged to ask questions and discuss CAGRDR's 2025 Plan of Operation



MANAGEMENT BOARD

INFORMATION SUMMARY

September 11, 2024

ADWR'S Rulemaking for Alternative Designation Rules

ANNUAL PLAN REFERENCE

Sustainable Water Management

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

- Groundwater Management - Lead discussions and develop strategies to safeguard groundwater, including recovery's impact on the aquifer, post-2025 management issues in the AMAs, and legislation.
- Governor's Water Council – Actively protect and promote our members' perspectives.

Strategic Plan: Facilitate our Strength in Numbers, Collaborate and Advocate for Solutions, Safeguard Water Supplies, Strengthen Groundwater Management, Pursue Post-2025 Water Policy

SUMMARY

At the August 14, 2024 Management Board meeting, AMWUA staff gave an overview about the Alternative Designation (ADAWS) rules, how ADAWS would work, and the rulemaking process. Subsequently, AMWUA staff has gained further clarification from the Arizona Department of Water Resources on some aspects of the ADAWS rules. AMWUA staff will give an update about ADAWS.

RECOMMENDATION

The AMWUA Management Board is encouraged to ask questions and discuss the proposed Alternative Designation rules.