



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

ARIZONA MUNICIPAL WATER USERS ASSOCIATION BOARD OF DIRECTORS

MEETING NOTICE AND AGENDA

Thursday, April 25, 2024 – 11:00 a.m.

This meeting will be held as a Hybrid meeting.
Attendance in person is welcomed; Others may join via Zoom.
Access this [Link](#) to join via Zoom. Meeting ID: 889 7057 7007
(Option to join by phone: 602-753-0140, same Meeting ID as above)

A. Call to Order

B. General Business—Items for Discussion and Possible Action

1. Approval of the Minutes from the March 28, 2024 Meeting
2. Next Meeting Date: May 23, 2024, 11:00 a.m.
3. 2024 Legislative Session
4. AMWUA Annual Action Plan
5. IRS Form 990 for Fiscal Year 2023

C. Executive Director’s Report

D. Future Agenda Items

E. Executive Session

Pursuant to A.R.S. Section 38.431.03.A.1, the AMWUA Board of Directors may vote to convene in Executive Session to discuss the annual evaluation of the AMWUA Executive Director and other personnel-related matters.

F. Consideration of Action Pursuant to Executive Session

G. Adjournment

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

More information about AMWUA public meetings is available online at www.amwua.org/what-we-do/public-meetings, or by request.



**BOARD OF DIRECTORS
MEETING MINUTES
March 28, 2024
HYBRID MEETING**

BOARD MEMBERS PRESENT

Councilmember Sheri Lauritano, Goodyear, President
Vice Mayor Scott Anderson, Gilbert, Vice President
Councilmember Mark Freeman, Mesa, Secretary/Treasurer
Councilmember Curtis Nielson, Avondale
Councilmember Matt Orlando, Chandler
Councilmember Bart Turner, Glendale
Councilmember, Jennifer Crawford, Peoria
Councilwoman Kesha Hodge Washington, Phoenix
Mayor David Ortega, Scottsdale

OTHERS PRESENT

Amy Arguilez, Town of Gilbert	Brett Fleck, City of Peoria	Jacob Perez Laurent, AMWUA
Gretchen Baumgardner, City of Scottsdale	Sherry Garcia, AMWUA	Jonathan Shuffield, City of Tempe
Kirk Beaty, City of Avondale	Laura Hixson, Town of Gilbert	Drew Swieczkowski, City of Glendale
Craig Caggiano, City of Tempe	Maegan Johnson, City of Phoenix	Ginger Spencer, City of Phoenix
Cynthia Campbell, City of Phoenix	Simone Kjolsrud, City of Chandler	Cherie Stone
Harry Cooper, AMWUA	Sina Matthes, City of Phoenix	Warren Tenney, AMWUA
Sam Draper	Kathy McDonald, City of Mesa	Sheri Trapp, AMWUA
Kathleen Ferris, AMWUA	Brad Moore, AMWUA	Theresa Ulmer, Ulmer Consulting
		Tammi Watson, CAP

A. Call to Order

Councilmember Lauritano called the meeting to order at 11:01 a.m.

B. General Business – Items for Discussion and Possible Action

1. Approval of the Minutes from the February 22, 2024, Meeting

Upon a motion made by Councilmember Freeman and a second from Councilmember Nielson, the AMWUA Board of Directors unanimously approved the February 22, 2024, meeting minutes.

2. Next Meeting Date: Thursday, April 25, 2024 – 11:00 a.m.

3. 2024 Legislative Session

Mr. Tenney explained that last June the Phoenix Groundwater Model halted growth outside of designated providers and that has created Most of the 90 water bills have arisen from and reflect the political and economic tension between short-term economic gain vs. long-term water management continual economic benefit. Most of the water bills introduced are concerning because they would undermine the Assured Water Supply Program. A few bills are opportunities to prevent water management from backsliding but also could improve on the current status quo of water management and development.

Mr. Tenney reviewed the following key bills that would have the most impact upon AMWUA members and overall water management. .

HB 2008 commercial; industrial; conservation requirements; rules (Griffin)

HB 2014 Strike Everything Amendment: water infrastructure

HB 2020 long-term storage; stormwater; rainwater; rules (Griffin)

HB 2028 groundwater model; unpledged storage credits (Griffin) (not moving forward)

HB 2029 groundwater model; unpledged effluent (Griffin) (not moving forward)

HB 2030 cities; towns; service; audit (Griffin)

HB 2127 assured water supply certificate; effluent (Griffin)

HB 2366 physical availability; review; designated providers (Griffin) (not moving forward)

SB 1041 groundwater savings certificate; assured water (Hoffman)

SB 1081 exemption area; assured water supply (Kerr)

HB 2647 and SB 1172 physical availability credits; water supply (Smith and Shope)

SB 1181 groundwater replenishment; member lands; area (Peterson)

Further discussion regarding some of these bills occurred. Regarding HB 2014 S/E: water infrastructure, Mr. Tenney reported that the proposed strike-everything amendment was meant to show support for WIFA by having the legislature amend the statutes for WIFA's Long-Term Water Augmentation Fund. That intent was sidetracked because the language that would have provided limited confidentiality for potential end users of a water importation project was written too broadly raising transparency questions about WIFA. WIFA is trying to amend the bill for the limited confidentiality. Strike-everything clarifies the ability of WIFA to use bonds. Recommended position is Support, if amended.

Councilmember Orlando asked why not oppose and state that when the language is amended, we will support it? Mr. Tenney explained that it important to build support WIFA to develop new water supplies. Mr. Tenney added that we want to support the WIFA's bill only if it is amended. Councilmember Orlando stated that we would send a stronger message by stating that we don't support this bill unless it's amended. Councilmember Turner said that the language is important, and we should oppose it unless amended. Councilmember Freeman concurred.

Councilwoman Hodge Washington echoed Councilmember Orlando's statements. She also stated that transparency concerns are more dominant, and it would be a more forceful position to state oppose rather than support if amended.

Councilmember Lauritano and Ms. Ferris each asked why legislative council drafted something different from WIFA's intent. Mr. Tenney responded Strike Everything Amendments happen quickly. You find a bill that isn't moving forward, and then you have to go to the sponsor to see if they r will accept changing the purpose of the bill. They drafted the language, but legislative council does the

final draft and to introduce it to the committee members. When WIFA saw the language, there was no time to time change it before the committee hearing. The damage was done to give the wrong perception about WIFA and confidentiality.

Councilmember Turner added that during the legislative process, a bill is introduced, it gets stuck, and then pops up as a Strike Everything. Was this introduced originally during the session? Mr. Tenney responded no; this was a new concept. When the session started, WIFA was hoping to get appropriation for the Long-Term Augmentation Fund, but when they realized the budget limitations, they looked for another way the Legislature could still show support for WIFA but it didn't go as smoothly as intended.

Councilwoman Hodge Washington asked if WIFA is allowed to enter into confidential agreements? She stated that she presumes they can continue to negotiate for alternative water sources. Mr. Tenney stated that this is his understanding. Councilwoman Hodge Washington stated that AMWUA cities support WIFA but want transparency.

Councilmember Turner added, as City Councilmembers, we understand there are certain exceptions to opening meeting law that can be discussed during executive session during negotiations. Councilmember Turner believes this limited confidentiality is good for WIFA but AMWUA cities should be able to see what is actually in there. Ms. Ulmer added that the confidentiality strictly pertains to technology because others coming into the market with new technologies want to protect it.

Mr. Tenney reviewed key points regarding SB 1041 – groundwater savings certificate, assured water. Mr. Tenney reported that this would create a new type of certificate (Groundwater Savings Certificate – GSC) that could be used in place of the current Certificate for a proposed development. An amendment now places additional requirements on Central Arizona Groundwater Replenishment District (CAGR), which makes it more problematic. We continue to oppose SB 1041 along with Central Arizona Project (CAP) and Salt River Project (SRP).

Mr. Tenney reviewed key points regarding SB 1081 – exemption area; assured water supply. This bill would allow a portion of Buckeye's service area within the Buckeye Waterlogged Area (BWLA) to become designated based on receiving water from the Buckeye Water Conservation and Drainage District. With Senate amendment, the bill is limited to surface water and effluent, incorporates in other Assured Water Supply (AWS) criteria, and requires Arizona Department of Water Resources (ADWR) to review the designation. Arizona Department of Water Resources (ADWR) and Central Arizona Water Conservation District (CAWCD) are supportive of amendment. There are still questions about how Arizona Department of Water Resources (ADWR) will handle a partial designation. The Management Board recommended changing our position from monitor to neutral.

Councilmember Lauritano asked what the difference is between neutral and monitor? Mr. Tenney responded that monitor is looking, watching, and seeing what is happening with the bill. Councilmember Orlando asked what are the concerns with SB 1081? Mr. Tenney responded that the concern is how the Arizona Department of Water Resources (ADWR) will administer partial designations. .

Mr. Tenney presented key points regarding SB 1181 – groundwater replenishment; member lands; area. This bill has been discussed previously and would allow a newly designated provider to delay then gradually assume the replenishment obligation for Central Arizona Groundwater Replenishment District (CAGR) member lands within the service area. The purpose is to provide a transition for the financial challenge for undesignated providers to become designated under the proposed Alternative Pathway to Designation. Senate amendment decreases the transition time so that the water provider

must start assuming member lands replenishment obligations within the 10 years of becoming designated. Provider must assume 10% of the member lands replenishment obligations annually so that it reaches 100% within 10 years (or 20 years from when it becomes designated). The Management Board recommended changing our position from monitor to neutral.

Councilmember Orlando asked what happens if there is a dynamic change to aquifers in the East Valley? Mr. Tenney responded that these member lands exist right now and there is a replenishment obligation for membership lands. It is the responsibility of the Central Arizona Groundwater Replenishment District (CAGRDR) to take care of the replenishment – its paid for by the member lands through their property taxes. This bill would allow an undesignated water provider, only if it becomes designated, to not assume the replenishment obligation immediately but have CAGRDR continue the replenishment obligation during the time period when the new designated provider is taking it over. Therefore, either way, the replenishment of those member lands occurs. It will be either CAGRDR or the newly designated provider. If the designation is revoked, CAGRDR will have to meet replenishment obligations just like they would have to if the water provider never got designated. In theory, groundwater pumping will be replenished into the future.

Councilmember Orlando asked what happens if entities don't keep up with costs? Mr. Tenney responded that all designated water providers, including the AMWUA cities have made huge investments to be and to stay designated. The benefit of designation is based on demonstrating we have the water to handle residents, businesses, and industries for the next 100 years. This requires huge investments and a new provider that wants to get a designation has to go through the steps of acquiring the water resources, water supply, and infrastructure. If this is not accomplished, consequences could be that the ADWR could revoke the designation, or instead the amount of designation could be decreased resulting in the amount of growth they would be able to do. This is predicated on ADWR's ability to develop rules for the Alternative Path to Designation and the water provider can meet all the requirements. Until then, this legislation doesn't matter, and groundwater replenishment stays under the status quo of the Central Arizona Groundwater Replenishment District (CAGRDR).

Councilmember Freeman asked what municipalities does this legislation affect? Mr. Tenney responded that it would only affect undesignated providers in the AMA or a provider who wants to pursue an alternative, most likely Buckeye, Queen Creek, or EPCOR - Agua Fria. Mr. Tenney emphasized that this legislation only applies if they become designated. Councilmember Freeman stated that there is only a finite supply of water, and if they can't meet the obligations then they can't grow, expand, or meet the requirements of the municipality.

Ms. Ferris further explained that the Governor's Water Council's Alternative Designation proposal required the water provider to become a member service area of Central Arizona Groundwater Replenishment District (CAGRDR), which requires under current law to assume the replenishment obligation for these members lands immediately. If they get an alternative designation of Assured Water Supply, they would be able get a groundwater allowance to expand within their service area. By making them a member service area, they would have to assume the replenishment obligations immediately and they wouldn't blow through their groundwater allowance, and they could serve a lot of member lands. This is now being negotiated between CAGRDR and primarily Queen Creek about what is politically acceptable. Mr. Tenney added that the financial concern for providers to become designated was also raised during those Water Council discussions.

Councilmember Lauritano reiterated that what is proposed is that for the first 10-year period, CAGRDR is replenishing the groundwater pumping, and then the service provider starts to take on that responsibility Mr. Tenney responded, yes that it correct. Mr. Tenney stated that the Central Arizona

Groundwater Replenishment District (CAGR) would continue for 10 years, then it rolls over the next 10 years, the water provider pays for more each year as it assumes the replenishment obligation.

Councilmember Orlando asked if there was one thing that could be changed regarding this bill, what would it be? Mr. Tenney said it was innovative to amend the bill so rather than tie it to the member land have it linked to the overall replenishment obligation. This amendment was more acceptable to CAGR and ADWR. Councilmember Orlando stated that he is still uncomfortable with the timeframe and what could occur during the 10-year time frame. Councilman Freeman added this replenishment is going to come at a cost to whomever lives in those designated areas. Councilmember Lauritano added that this is her concern as well. Mr. Tenney added that there will be a cost since either way the replenishment obligation has to occur. He noted he understands the concerns that everyone has expressed.

Regarding SB 1172 / HB 2647 – physical availability credits; water supply, Mr. Tenney reported this bill would allow an Irrigated Grandfather Rights to be converted into a new type of credit – a physical availability credit – in an effort to incentivize agricultural lands to urban development. Recent amendments to SB 172 improved it by requiring a physical availability test, pumping is subject to replenishment, the groundwater is limited to use within a mile of retired acreage, and maximum amount that may be pumped has been lowered to 2.1 AF/acre. Discussions among proponents, the Governor’s Office, Arizona Department of Water Resources (ADWR), and other stakeholders are ongoing. Our current position is oppose.

Upon a motion made by Councilmember Turner and a second from Councilmember Orlando, the AMWUA Board of Directors unanimously approved the recommended change of positions regarding SB 1081 and SB 1181 to neutral and to oppose HB 2014 S/E until amended.

6. Printing of Updated Landscape Plants Publication

The Board President moved the discussion of this item out of order of the posted agenda.

Mr. Tenney reported that the *Landscape Plants for the Arizona Desert* has been AMWUA’s premier publication, with over two million copies in circulation. For over a year and a half, AMWUA has been working on updating this publication by expanding and updating the plants included, ensuring the information is consistent with our website, and utilizing new photographs. AMWUA staff and a technical advisory group from AMWUA cities have worked to ensure the information is accurate and up to date.

The updated *Landscape Plants for the Arizona Desert* book is targeted to go to print in April. This provides AMWUA and its members an opportunity to tout our collective conservation efforts to elevate low-water-use landscaping and demonstrate how we continue advancing water conservation. To effectively promote this new publication, we want to ensure all our members have copies available for residents.

To ensure the rollout of the updated *Landscape Plants for the Arizona Desert* is successful, AMWUA staff recommends that AMWUA print the first 150,000 copies and distribute them among its members according to the MAG population numbers used for AMWUA assessments. Members would still have the opportunity to pay for additional copies that they may want.

AMWUA would fund printing the first 150,000 copies, including taxes and delivery cost, by utilizing monies from the reserve fund. With the AMWUA Board’s approval, the reserve fund can be used for

expenses that are not ongoing operational ones, as well as professional services that fall outside of the normal operations of AMWUA. A one-time printing does fall outside of the AMWUA's ongoing operational cost.

It is estimated that the printing, taxes, and delivery of 150,000 copies will be no more than \$165,000. After this expense, more than \$200,000 would remain in the reserve fund, which is an appropriate amount to maintain.

Councilmember Nielson asked if there is a QR code on the publication? Mr. Tenney responded that we do want to encourage individuals to use the electronic version on-line and we are planning to develop cards with a QR code that can be distributed.

Upon a motion made by Councilmember Orlando and a second from Councilmember Nielson, the AMWUA Board of Directors unanimously approved to use no more than \$165,000 from the reserve funds to print and deliver the first 150,000 copies of the updated *Landscape Plants for the Arizona Desert* publication.

4. Colorado River Negotiations

Mr. Tenney reported that the guidelines that have been in place for operating the Colorado River since 2007 expire at the end of the 2026. The Bureau of Reclamation began the process for establishing post-2026 guidelines in June 2023. Creating these guidelines involves creating an Environmental Impact Statement (EIS) under the National Environmental Policy Act (NEPA) process. Lower Basin and Upper Basin States submitted separate alternative proposals for analysis in a draft EIS.

Mr. Tenney reported that the Lower Basin Proposal reductions are based on actual Total System Contents for the Colorado River. All three Lower Basin states and Mexico would take reductions in the Initial Reduction Zone and Static Reduction Zone. Upper Basin States would only start taking reductions in the Basin wide Reduction Zone. These reductions would be evenly shared between these states and the Lower Basin States and Mexico. Allocation of reductions in the Basin wide Maximum Reduction Zone is yet to be determined.

The Upper Basin Proposal focuses on actual storage at Lake Powell and Lake Mead and the Lower Basin States would have a large zone in which they would take 1.5 MAF reductions. Without any specifics, Upper Basin States would make voluntary, temporary, and compensated efforts to reduce their consumptive use at some undefined point in the future.

Negotiations among the Basin States are ongoing. Bureau of Reclamation will issue a Draft EIS with its analysis proposed action and alternatives possible in December. There have been no discussions yet with Mexico.

Mr. Tenney explained that the Lower Basin Proposal is an indication of the best-case post-2026 scenario. Static Reduction Zone would be a tougher new normal compared to the Drought Contingency Plan (DCP). Under the Lower Basin Proposal, the cuts Arizona would take in the Static Reduction Zone are greater than under a current Tier 3 shortage. The Lower Basin Proposal includes deeper cuts to Arizona beyond the Static Reduction Zone – without specifying them. Those deeper cuts could be much closer to happening since they start when the System Content drops below 38%, and we are current at 42%. The transition from 2026 to 2027 could be equivalent to going from DCP Tier 1 shortage to well in excess of a Tier 3 shortage. It is important to assess the implications of at least 760,000 acre-feet reductions each year for Arizona beyond 2027, and continue to prepare water systems, elected officials, and residents.

Councilmember Turner stated that this is a serious proposal that considers what the situation is and prepares us to take bigger cuts now and save in the future. Where is California? Mr. Tenney stated that in the Lower Basin Proposal, there is the reduction of 1.5-million-acre feet in the static area – they believe the river would stay within that area and balance the river under the new normal. Of the 1.5-million-acre feet, 760,000 acre-feet is attributed to Arizona and 440,000 acre-feet is attributed to California and remaining for Mexico and Nevada.

5. Overview of Alternative Path to Designation

Mr. Moore provided an overview about the Alternative Path to Designation based on the proposed rules that the Arizona Department of Water Resources (ADWR) drafted. After explaining the benefits of a Designation of Assured Water Supply, he explained that for an, undesignated provider to become designated they must have sufficient renewable supplies to account for water usage before they can obtain designation. Limited customer base for financing new supply acquisitions and necessary infrastructure are also obstacles to a designation.

Mr. Moore explained ADWR released the draft rules for the Alternative Pathway to Designation (ADAWS) to the Assured Water Supply Committee members in late January. The concept was initially developed by the Governor’s Water Policy Council during the Fall of 2023. ADAWS allows development to move forward under the framework of a designation by grandfathering in existing pumping and incentivizing a transition towards renewable supplies. Like traditional Designated providers, for each water supply, ADAWS providers must comply with Assured Water Supply requirements. Providers are required to bring forward a New Alternative Supply if they wish to be designated under the ADAWS rules. This supply is a new volume that was not delivered prior to 2021.

With the release of these draft rules, Mr. Moore explained that AMWUA sought to answer the question of whether ADAWS would benefit the aquifer as compared to the status quo. AMWUA compared the physical availability of groundwater and groundwater allowance in these proposed rules to those in the current “traditional” Designations. We also analyzed these rules to determine how they would impact unreplenished pumping by Queen Creek, Buckeye, and EPCOR (Agua Fria) as compared to their current pumping.

Mr. Moore reported that groundwater will still to be pumped in the next 100 years without ADAWS. The benefit of the ADAWS is that it encompasses all demands within the Assured Water Supply Program and leads to greater replenishment and use of renewable supplies. Based on AMWUA’s analysis of the ADAWS rules, a municipal provider that obtains an ADAWS will pump less unreplenished groundwater in the long-term and will not significantly increase unreplenished groundwater pumping in the short-term. Designations of Assured Water Supply reduce overall long-term groundwater pumping because they capture pumping for all users and aid in acquisition of new supplies. It is beneficial to everyone for more providers to become designated.

Councilmember Turner asked where EPCOR’s Agua Fria Service area is? Mr. Moore responded that it is far west valley – west of Glendale, south of Surprise, north of the I-10 but west of the 101 and around the 303 area.

C. Executive Director's Report

Mr. Tenney had nothing further to report.

D. Future Agenda Items

Councilmember Orlando asked for a review of how best AMWUA can publicly take a position on legislation between the time the Management Board recommends and the Board acts.

E. Adjournment

Councilmember Lauritano adjourned the meeting at 12:48 p.m.

AMWU BOARD OF DIRECTORS INFORMATION SUMMARY

April 25, 2024

2024 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

The Second Regular Session of the 56th Legislature began January 8, 2024. This report has been updated as of April 17, 2024, when 1,756 measures have been introduced of which 95 relate to water.

This legislative report includes first a summary of 29 key water bills that AMWUA is most focusing its efforts on. The report then summarizes and provides updates regarding other legislation that AMWUA is tracking.

AMWUA staff and Lobbyist will provide an overview about the most relevant legislation. Also, AMWUA staff will give an update about key water legislation that is moving forward.

As bills have been moving through the chambers, some have been amended. These amendments have improved by various degrees problematic bills as well as made some worse. Additionally, the AMWUA Management Board has recommended a position of “oppose” on HB 2584 (residential building materials; requirements; prohibition). This is a bill that was recently brought to our attention because it could impact the ability of municipalities to enact building codes meant to save water.

The terms “neutral” and “monitor” apply to bills that we are watching. “Neutral” infers that we do not see the bill having an impact on our members but do not need to or want to take a position of support or oppose. “Monitor” infers that we are watching the bill closely, further analyzing, and may take a position of support, oppose, or neutral at a later date.

RECOMMENDATION

It is recommended that the AMWUA Board of Directors discuss and ask questions regarding legislation impacting AMWUA’s members.

At its April 10, 2024 meeting, the AMWUA Management Board recommended that the AMWUA Board of Directors approve the position of Support for HB 2014 Strike Everything and Oppose on HB 2584.

SUGGESTED MOTION

I move that the AMWUA Board of Directors adopt the following legislative position as outlined in the Board packet:

HB 2014 Strike Everything water infrastructure; bonds (Griffin) ----- *Support*
HB 2584 residential building materials; requirements; prohibition (Gillette) ----- *Oppose*

Key water bills being tracking –

HB 2008 commercial; industrial; conservation requirements; rules (Griffin)

Position – Support

As introduced, HB 2008 required the Arizona Department of Water Resources (ADWR) to adopt rules by 2025 for commercial and industrial water users within and outside of the service areas of designated providers that provide for greater water efficiency, conservation, and on-site water reuse and recycling. It prohibited these rules from requiring a commercial or industrial user to obtain a Certificate of Assured Water Supply, enroll as a Member Land, or otherwise meet a replenishment obligation. We were concerned that targeting industrial and commercial users within a designated provider's service area would be redundant with ADWR's existing industrial conservation requirements in the 5th Management Plan, as well as the existing conservation programs created by municipal water providers to address their own specific commercial and industrial water users.

However, a recent amendment to HB 2008 improved it considerably. Under the amended bill, ADWR would modify the 4th and 5th Management Plans to include conservation requirements for industrial users outside of a designated provider's service area, not currently subject to any management plan's industrial conservation requirements, and that use more than 250 acre-feet of water per year. These conservation requirements would include on-site water reuse, recycling, and efficiency measures. Taken together, these changes help close a hole in the management plans' industrial conservation programs. For those reasons, the AMWUA Board approved changing our position to support.

The Senate NREW committee adopted an amendment which removed the bill's prohibition on requiring an industrial user to obtain a Certificate of Assured Water Supply or enroll as a CAGR Member Land. ADWR has opined that this amendment would address some of its concerns with implementing this bill.

Last Action Taken – This bill passed out of the Senate NREW amended with a 6-0-1 vote on March 14th.

HB 2014 Strike Everything water infrastructure; bonds (Griffin)

Management Board Recommended Position – Support

Due to budgetary constraints, WIFA will not receive funding from the State to complete the committed \$1 billion funding for its Long-Term Water Augmentation Fund. The strike everything amendment is meant to show that the State continues to support WIFA's mission for long-term water augmentation even if funds are not available.

The strike everything amendment gives WIFA additional flexibility in terms of the kinds of financial instruments it can issue and the process for that issuance. Expanding the definition of "bond" makes sure that no potential financial instruments are left out, specifically the ability to issue Commercial Paper, which it cannot do under the current language. The "bond trustee" language is similarly intended to give WIFA flexibility as needed to backstop and facilitate financial agreements.

The strike-everything amendment also contained some language that was intended to give parties interested in entering into an offtake agreement some certainty that the details of their negotiations will not be subject to public disclosure. However, the broad nature of that language raised concerns among stakeholders. The confidentiality language was removed by a floor amendment that Senator Kerr offered.

Last Action Taken – The original bill passed out of the House with a 31-27-1-0-1 vote on February 27th. This bill passed out of the Senate Committee of the Whole with an amendment to remove the confidentiality provisions on April 3rd.

HB 2017 assured water supply; commingling (Griffin)

Position – Oppose

This bill would direct the Arizona Department of Water Resources (ADWR) to consider any type of waters that are commingled together when making an Assured Water Supply (AWS) determination.

Most water providers utilize a combination of water supplies in their systems, such as groundwater, Central Arizona Project water, and Salt River Project water. Water providers that have Designations of Assured Water Supply like the AMWUA cities have their water supplies reviewed every 10-15 years by the ADWR to determine compliance with AWS criteria. This is why subdivisions that receive service from these designated providers do not need to obtain Certificates of Assured Water Supply (CAWS). Water providers that lack designations must have their supplies regularly reviewed by ADWR when it is evaluating whether to issue a CAWS for a proposed development. Since the Phoenix AMA groundwater model projected that groundwater is overallocated over the next 100 years, ADWR has refused to issue any CAWS for proposed developments served by undesignated providers that have groundwater commingled in their distribution system. There has been an effort to allow CAWS to be issued for developments served by undesignated providers if these providers obtain renewable water supplies for these developments. However, the key issue that must be addressed is limiting the amount of groundwater that these undesignated water providers pump. Absent any limitation, a provider could simply shift around renewable supplies in its portfolio to serve a CAWS while pumping greater volumes of groundwater, which is inimical to the AWS Program's goal.

This bill received an amendment on January 11, 2024 that added a provision prohibiting ADWR from requiring a subdivider to obtain a water supply that is more than 100% of the water needed to meet the subdivider's purpose when applying for a CAWS or commitment of water service. There are concerns that this amendment could make this bill conflict with ADWR's upcoming Alternative Pathway to Designation rules which led us to change our recommended position to oppose.

Last Action Taken – This amended bill passed out of the House with a 31-27-0-0-2 vote on January 29th and passed Senate NREW with a 4-3 vote on February 29th.

HB 2020 long-term storage; stormwater; rainwater; rules (Griffin)

Position – Oppose

HB 2020 would allow someone to earn long-term storage credits (LTSCs) by building infrastructure—including roadways and sidewalks—that leads to increased natural, incidental, or artificial recharge of groundwater in an active management area. The Arizona Department of Water Resources would be required to develop rules by 2025 that detail the criteria for this infrastructure and formula for determining how much increased recharge the infrastructure will create over its useful life when determining the amount of LTSCs earned.

While we support efforts to utilize stormwater runoff and floodwaters more efficiently, this bill’s approach is poorly defined. It also takes a big leap from the intention and purpose of the Underground Storage Act. As currently written, anyone could generate LTSCs using infrastructure for which there may not be a clear method of determining how much runoff is actually stored underground. Additionally, there may be water quality issues associated with storm water runoff which would undermine the quality of underlying aquifer and could consequently raise public health concerns for rural communities that rely on wells. Plus, there’s questions about how it may impact surface water rights.

Last Action Taken – This bill passed out of the House with a 31-27-1-0-1 vote on February 27th and passed Senate NREW with a 4-2-1 vote on March 14th.

[HB 2025](#) residential lease community; water; requirements (Griffin)

Position – Oppose

This bill attempts to implement the Governor’s Water Policy Council’s recommendation to fully incorporate build-to-rent developments (which are called “residential lease communities” in the bill) into the Assured Water Supply Program. It would require applications for building permits for six or more detached single-family within a residential lease community in the Prescott, Phoenix, Pinal, Tucson, and Santa Cruz AMAs to either obtain water service from the water provider with a Designation of Assured Water Supply or be located on a parcel of land that already qualifies as Central Arizona Groundwater Replenishment District (CAGRDR) Member Lands. The applicant must also pay applicable fees to CAGRDR. This requirement would not apply to residential lease communities that are existing or that have applied for or received zoning changes before September 30, 2024.

There are concerns that this bill is not consistent with the Governor’s Water Policy Council’s recommendation and could decouple CAGRDR’s replenishment obligation from the AWS Program and create operational challenges for CAGRDR.

Last Action Taken – This bill passed out of the House with a 31-27-1-0-1 vote on February 27th.

[HB 2026](#) residential lease community; water; certificate (Griffin)

Position – Support

This bill would implement the Governor’s Water Policy Council’s recommendation to fully incorporate build-to-rent developments into the Assured Water Supply (AWS) Program. Under the Council’s recommendation, these developments would be considered the same as a subdivision for the purposes of the AWS Program. The Council defined these developments as “six or more detached residential

dwelling on one or more lots, parcels, or fractional interests...offered for the purpose of lease without regard to lease term.”

HB 2026 would require applications for building permits for six or more detached single-family residences in the Phoenix, Pinal, and Tucson AMAs to either obtain a Certificate of Assured Water Supply (CAWS) or water service from the water provider with a Designation of Assured Water Supply (DAWS). The applicant must also pay applicable fees to the Central Arizona Groundwater Replenishment District (CAGR). This requirement would apply regardless of the proposed lease term for these single-family residences. The bill would be limited to applications submitted after September 30, 2023.

Last Action Taken – This bill passed out of the House with a 49-8-2-0-1 vote on February 22nd.

HB 2029 groundwater model; unpledged effluent (Griffin)

Position – Oppose

This bill would require the Arizona Department of Water Resources (ADWR), when making a groundwater model to help evaluate Assured Water Supply determinations, to assume that any effluent created within the active management area (AMA) and not pledged to a specific user will be used to replace groundwater demand. This bill is intended to address a criticism that the Phoenix AMA groundwater model, which projected a 4% overallocation of groundwater over the next 100 years, did not fully consider how future effluent will be used.

The Phoenix AMA model incorporates effluent uses in two ways. First, the model includes existing effluent uses (as of 2021) as reductions in groundwater pumping. It also includes effluent discharges, such as those from the 91st Avenue Wastewater Treatment Plant. Second, the model considers future effluent usage if that effluent is included in an Assured Water Supply (AWS) determination. The model does not account for future effluent that is stored and recovered outside of the area of impact, discharged, or that is committed by contract to third party users.

However, the House adopted a floor amendment that revised this bill considerably although problems remain. HB 2029 now requires any groundwater modeling for AWS applications to include effluent that will be generated from a proposed subdivision if the applicant obtains a commitment of wastewater service from a water or wastewater provider and the applicant shows that the infrastructure to reuse this effluent will be funded by the applicant or the water or wastewater provider. This language would invite ADWR to speculate about future effluent created from a proposed subdivision when modeling physical availability of groundwater. Doing so would undermine the strength of these models—that they deal in concrete realities and do not speculate about the future. Moreover, the provisions seem focused on requiring this future effluent to be used for the benefit of a proposed subdivision, presumably to offset groundwater pumping. However, there are no provisions that require the certificate applicant to contract with a water provider for effluent for 100 years or that specify what would happen if such an arrangement fell through. More broadly, it is unclear how these requirements for modeling effluent could apply to a designation applicant.

When voted on third read, this bill failed to pass. It could possibly be brought back for another vote.

Last Action Taken – This bill failed to pass out of the House with a 29-30-0-0-1 vote on February 29th.

[HB 2030](#) cities; towns; water service; audit (Griffin)

Position – Oppose

This bill would require Phoenix, Tucson, Mesa, Chandler, Gilbert, Glendale, and Scottsdale (cities with more than 240,000 in population) to hire an independent auditor to conduct a full rate audit and cost-of-service study that focuses on various components of their water and sewer services. The House Natural Resources, Energy & Water Committee adopted an amendment that expanded the list of required audit topics to include revenues from commercial and industrial customers, recordkeeping costs, and utility revenue used for non-utility purposes.

Municipal water providers would be required to undergo a duplicate governmental review for their finances when the information requested is already publicly available and subject to transparent reporting requirements. We are additionally concerned that this audit, which would be covered by each municipal provider's rate payers, is an unfunded mandate for the state's largest municipal water providers.

Last Action Taken – HB 2030 passed Senate NREW with a 4-2-1 vote on March 14th and passed out of Senate Committee of the Whole on April 3rd. It failed a 3rd read vote in the Senate (13-14-3-0-0) on April 10th. The Senate voted on April 17th to reconsider HB 2030, which means it could be scheduled for another third read vote next week.

[HB 2055](#) underground water storage; permitting (Dunn)

Position – Support

HB 2055 would alter the internal deadlines ADWR must comply with when reviewing an underground water storage application. It would lengthen the timeframe within which ADWR is required to conduct its due diligence review applications for underground water storage permits from within 100 days to within 180 days. However, this bill would also shorten the timeframe within which ADWR is required to issue a decision on the permit application from within 6 months of ADWR publishing a public notice of the application to within 100 days of the public notice. Taken together, these changes should not alter the overall deadline for ADWR making a determination on an application.

Last Action Taken – This bill passed Senate Third Read with a 29-0-1-0-0 vote on March 27th and was signed by the Governor on April 2nd.

[HB 2062](#) assured water supply; certificate; model (Griffin)

Position – Oppose

This bill would require ADWR to review undecided or denied applications for Certificates of Assured Water Supply (CAWS) if the applicant requests such a review. Only applications filed within the Phoenix AMA and between January 26, 2021 and May 31, 2023 are eligible for review. ADWR must notify all

eligible applicants of the possible review within five days of the effective date of this bill, and the review must be requested within 90 days of the effective date of this bill. ADWR must issue a determination for these reviews within 15 days and must only use the 2006-2009 Salt River Valley Regional Model when conducting these reviews. The committee adopted an amendment that directed ADWR to use the 2006 Lower Hassayampa Sub-basin Model when appropriate.

This bill appears to be an attempt to free up water that is held by certificates that were either denied or had their development put on hold due to the release of the Phoenix AMA Groundwater Model. The requirement for ADWR to use the 2006-2009 Salt River Valley Regional Model for these reviews, and not the more current and accurate Phoenix AMA Groundwater Model is concerning and is certainly not in line with scientific best practices.

Last Action Taken – HB 2062 passed out of the House with a 31-28-0-0-1 vote on February 28th and passed Senate NREW with a 4-2-1 vote on March 14th.

HB 2100 administrative completeness review; licensing (Griffin)

Position – Oppose

This bill requires an agency to make available a comprehensive list of items needed for an application to be deemed administratively complete. This bill also states that an agency may issue a notice of deficiencies, but that even if they do so, the application is still considered administratively complete (this portion of the bill seems to conflict with the sentence that is directly before it, and which has not been removed). This bill also states that an agency cannot issue a final decision on an application that is based on items not in the comprehensive list described in the first sentence.

Crucially, HB 2100 prohibits an agency from making a final decision on an application based on the findings or conclusions of a document not included in the application unless the document or report was “subject to public inspection and the applicant had the opportunity to challenge the document or report and its findings before submitting the application.” Although the bill refers to an “agency” in general terms, our concern is that the “document or report” could include those related to the Phoenix AMA groundwater model. In effect, this requirement would create a backdoor way for implementing a process to challenge the findings of the Phoenix AMA groundwater model similar to HB 2019 (groundwater model; public inspection; challenge). This challenge process could redirect ADWR’s resources away from more pressing matters such as processing recovery well permit applications, accounting for long-term storage credits, or assisting with the general stream adjudications.

Last Action Taken – This bill passed Senate Third Read with a 16-12-2-0-0 vote on March 25th and was vetoed by the Governor on March 29th.

HB 2127 assured water supply certificate; effluent (Griffin)

Position – Oppose

As amended, HB 2127 would allow a Certificate of Assured Water Supply (CAWS) in the Phoenix, Pinal, and Tucson Santa Cruz AMAs to include effluent that is projected to be produced for the purposes of

demonstrating its legal and physical availability if the effluent is used to meet the proposed subdivision's water demands, recharged in the same sub-basin as the subdivision, or some combination thereof. ADWR has raised concerns that these provisions are vaguely written and could create a backdoor way of enabling more pumping on groundwater.

Last Action Taken – This bill passed out of the House with a 31-27-1-0-1 vote on February 27th. It passed out of Senate NREW with a 3-2-2 vote on March 14th.

HB 2186 remedial groundwater incentive; brackish groundwater (Kolodin)

Position – Oppose

This bill recently received a floor amendment that made it considerably worse. Under current law, there is an exemption that allows four municipal water providers (including Goodyear and Scottsdale) to pump up to a total of 65,000 acre-feet annually of remediated groundwater without it counting against their groundwater allowance and physical availability. These four providers have never reached this annual threshold, and this exemption is slated to expire in 2050. However, the amendment to HB 2186 would make this exemption permanent and would allow any water provider to apply for this exemption. Moreover, groundwater with PFAS that exceeds the maximum contaminant level would qualify for this exemption. Taken together, this floor amendment would allow a dramatic expansion of pumping in any AMA, which would be problematic for aquifer levels.

This bill as originally drafted would amend the definition of a hazardous substance under A.R.S. Title 49 to include groundwater with a total dissolved solids (TDS) content between 1,000 and 10,000 milligrams per liter. This bill also adds desalination of such brackish groundwater as a remedial action to be taken by relevant parties that wish to use such groundwater. This bill also makes conforming changes to include brackish groundwater as a hazardous substance that may be included in a remediation plan. This bill also states that this brackish (remedial) groundwater will be considered consistent with AMA management goals when applying for an AWS Certificate or Designation, without ADWR approval, if the applicant meets metering and reporting requirements for said groundwater. ADWR is required to create rules outlining how it will determine compliance with management goals for remedial groundwater. Applicants who wish to use such a supply in their AWS determination must provide ADWR with notice at least 120 days of notice. Lastly, this bill states that “remedial groundwater” will be metered and reported separately from “groundwater” when reporting to ADWR.

TDS is not, on its own, considered a health hazard by environmental regulatory agencies. On its own, TDS is an aesthetic issue that can lead to buildup in pipes and on taps, and certainly does not warrant elevation to the level of a hazardous substance that require remediation. An exceptionally high TDS level can indicate the presence of harmful ions such as copper and lead. However, these ions and TDS itself are already regulated by ADEQ. Requiring such a commonplace water quality measurement as TDS to be handled through a remediation plan would put an unnecessary burden on municipal water providers that are already able to thoroughly treat water for TDS and related ions.

This bill is likely meant to sidestep ADWR's stance that brackish groundwater is simply groundwater by designating it as a hazardous substance and making it easier to classify it separately. This bill also more directly classifies brackish groundwater separately by requiring it to be metered and reported separately from other groundwater. Regardless, the reality remains that brackish groundwater is already included

in ADWR's modeling and within the Assured Water Supply Program as simply groundwater. This supply is already included within providers' portfolios and creating it as a separate category of water will only exacerbate the groundwater challenges Arizona is already facing.

Last Action Taken – HB 2186 passed out of the House with a 31-28-0-0-1 vote on February 22nd and passed Senate NREW with an amendment and a 4-3 vote on March 21st. However, it failed its Senate 3rd read vote (14-12-4-0) on April 10th.

HB 2200 groundwater transportation; Harquahala non-expansion area (Dunn)

Position – Support

This bill would allow a public service corporation that holds a Certificate of Convenience and Necessity in an initial AMA to transport groundwater away from the Harquahala INA for use within an initial AMA. This bill would also require ADWR to adopt rules to govern such transportation, as well as transportation by the state or political subdivisions of the state. This bill would require such transported groundwater to be used by the transporting entity within five years to serve its own customers and would require a transporting public service corporation to recoup fees for transport from customers of its own distribution system.

A floor amendment was adopted that requires annual monitoring and reporting of any groundwater transported from the Harquahala INA, including the end use of that groundwater. The entity transporting the groundwater must also comply with the Assured Water Supply requirements relating to a hydrologic study.

This bill was introduced as an effort to allow EPCOR and other private water companies to transport groundwater from the Harquahala INA, something that these entities have previously pursued. (Currently, only political subdivisions of the State—such as cities and towns—that own legally irrigable land can withdraw and transport groundwater from this INA.) This bill is especially relevant this session because of the need to secure new water supplies that was created by the Governor's Water Policy Council's recommendation to create an Alternative Pathway to Designation.

Last Action Taken – This bill passed out of the House with a 38-18-3-0-1 vote on February 26th.

HB 2201 Harquahala non-expansion area; groundwater transportation (Dunn)

Position - Support

This bill would allow a public service corporation that holds a Certificate of Convenience and Necessity in an initial AMA to transport groundwater away from the Harquahala INA for use within an initial AMA or within La Paz County. This bill would also require ADWR to adopt rules to govern such transportation, as well as transportation by the state or political subdivisions of the state. This bill would require such transported groundwater to be used by the transporting entity within five years to serve its own customers and would require a transporting public service corporation to recoup fees for transport from customers of its own distribution system.

Similar to HB 2200, a floor amendment was adopted that requires annual monitoring and reporting of any groundwater transported from the Harquahala INA, including the end use of that groundwater. The entity transporting the groundwater must also comply with the Assured Water Supply requirements relating to a hydrologic study.

This bill is serving the same purpose as HB 2200, except for allowing the transported groundwater to be used in La Paz County in addition to initial AMAs. La Paz County interests have been seeking to obtain transported groundwater from Harquahala INA.

Last Action Taken – This bill passed out of the House with a 33-23-3-0-1 vote on February 26th and passed out of Senate NREW Committee with a 4-3 vote on March 14th.

HB 2366 physical availability; review; designated providers (Griffin)

Position – Oppose

HB 2366 attempts to 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 groundwater allowance when applying for redesignation. Since ADWR has already adopted this rule, we do not believe that this provision would have any impact. However, HB 2366 still directs ADWR to review the physical availability of groundwater and stored water for each designated municipal water provider in the Phoenix AMA.

It is clear that HB 2366 is an attempt to question and undermine the groundwater allowances from all designated municipal providers and consequently threaten their ability to remain designated. This bill could cause incalculable damage to growth and development in Phoenix metropolitan area and the entire state by questioning the designations of water providers.

Last Action Taken – This bill was passed out of House NREW with a 5-4 vote and is awaiting a 3rd Read vote on the House floor.

HB 2584 residential building materials; requirements; prohibition (Gillette)

Recommended Position – Oppose

This bill would forbid a municipality from directly or indirectly prohibiting the use of building materials used in construction or modification of a residential building if that material is approved by a relevant national model code. A municipality would also be prohibited from applying similar restrictions on materials used in construction or modification of prefabricated buildings.

Municipalities use building regulations and plumbing codes to improve water efficiency in residences by requiring certain water efficient appliances and fixtures. For example, some cities and towns require appliances with third-party water efficiency certifications such as EPA WaterSense. Similarly, cities and towns may incorporate green building and graywater regulations into their municipal codes to encourage more efficient water reuse. These regulations may not be part of a national model code but are nonetheless important for reducing water use and stretching every drop of water further here in Arizona.

Therefore, this bill is concerning because it could make it harder for cities and towns to require necessary water conservation measures that help ensure water security for all of us.

Last Action Taken – This bill passed Senate GOV with a 7-0-1-0 vote on March 21st.

[HB 2589](#) assured water supply; analysis; availability (Dunn)

Position – Oppose

An Analysis of Assured Water Supply is used by developers to “reserve” groundwater for future Certificates. An Analysis of Assured Water Supply is not a permanent guarantee and can expire and be revoked. However, numerous developers have argued that larger investments were made because of the analysis and believe it to be an expectation that they will receive the Certificate.

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.

This bill was amended in committee to require ADWR to issue a Certificate using current water demand assumptions instead of water demand assumptions used for the initial Analysis. A separate adopted floor amendment would allow an Analysis holder to reduce the remaining volume of groundwater reserved in that Analysis by 15% after a Certificate has been issued.

This bill appears to be an attempt to require ADWR to resume the granting of some Certificates despite the release of the Phoenix AMA groundwater model. Issued Analyses are already considered in the model, and it has been demonstrated that sufficient physical availability does not exist. The Analyses that this bill applies to would not have been issued if they were based on ADWR’s most recent modeling. In fact, ADWR has stopped issuing new Analyses in the Phoenix AMA simply because there is not enough physical availability of groundwater. Requiring ADWR to issue Certificates based on the outdated modeling from these Analyses would not at all be in line with sound water management or scientific best practices.

Last Action Taken – HB 2589 passed out of the House with a 31-27-1-0-1 vote on February 28th and passed Senate NREW with a 3-2-2-0 vote on March 21st.

[HB 2647/SB 1172](#) physical availability credits; water supply (Smith/Shope)

Position – Oppose

HB 2647 and SB 1172 would allow the holder of an irrigation grandfathered right (IGR) to earn a physical availability credit by permanently retiring their land from irrigation for future non-irrigation use if certain criteria were met. The land to be retired must have been farmed in 3 of the last seven years, the

new non-irrigation use must remain appurtenant to the retired lands, and the groundwater is delivered by a municipal provider, which will withdraw the groundwater from within its service area.

The physical availability credit could also be used to support Certificates and Designations of Assured Water Supply. In addition to being physically available, any groundwater pumped pursuant to this credit would be considered consistent with the AMA's management goal.

The fundamental problem with this bill is that there is no clear connection between a grandfathered right and physical availability of groundwater. The bill tries to address this issue by limiting its applicability to recently used IGRs that would presumably have been factored into the Phoenix AMA groundwater model. In doing so, the intent seems to be reduction of unmet demand. (As background, the model projects agricultural demand at 2021 pumping rates for 100 years. However, this demand is removed when it is within the footprint of an Analysis or Certificate of Assured Water Supply. ADWR has cautioned that it would need to model the timing and location of any retirement of agricultural lands to determine if it would impact the simulated depths to water and unmet demands.)

SB 1172 received an amendment that would make several positive changes. First, the maximum volume of physical availability credits that would be granted to an applicant has been decreased from 3 acre-feet per acre to 2.1 acre-feet per acre. Second, the bill now requires compliance with the AMA Management Goal, which means a requirement for pumped groundwater to be replenished. Third, any groundwater withdrawn pursuant to these credits may now only be used on the appurtenant land or adjacent lands within a one-mile radius of the land. The amendment would also allow a credit to be offered for lands that were retired after an Analysis of Assured Water Supply has been issued. Finally, the amendment would create a variance process for the volume of groundwater that may be withdrawn per acre if the applicant plans to build six or more lots per acre. Some concerns with this bill remain, and discussions are ongoing, but this amendment is certainly a step in the right direction.

Last Action Taken – HB 2647 passed out of the House with a 32-28-0-0 vote on March 4th and passed Senate NREW with a 4-3 vote on March 21st. SB 1172 passed out of Senate with a 16-12-2-0-0 vote on February 29th and passed House NREW with a 6-4 vote and an amendment on March 19th.

[HCR 2040/SB 1195/SCR 1015](#) public monies; prohibited uses (Kern/Smith)

Position – Oppose

As introduced, this bill would have prohibited any public entity from promoting or becoming a part of an association that promotes (among other things) “reusing water that has touched human feces as a source of municipal drinking water”. The concurrent resolution versions of this legislation would have sought to enact this prohibition through a voter referendum.

All versions of this bill received an amendment that removed the provision that would have effectively banned advanced water purification. However, we are still concerned about the implications these measures could have on water utilities. One of the prohibitions listed in the bill focuses on entities that promote “limiting the increase of average global temperature or producing or adopting a climate action plan.” The term “climate action plan” is not defined, and it could perhaps be interpreted as preventing our cities from adopting drought/shortage preparedness plans or other plans that involve water

conservation. This term could also be used to prevent actions based on new post-2026 Colorado River operating guidelines if those guidelines factor in climate change (which they will).

Last Action Taken – HCR 2040 passed out of the Senate Judiciary Committee with a 4-3 vote on March 14th. SB 1195 passed Senate GOV with a 5-4 vote of March 13th. SCR 1015 has yet to be considered for a Senate Third Read vote.

SB 1041 groundwater savings certificate; assured water (Hoffman)

Position – Oppose

SB 1041 would create a new type of a certificate (a Groundwater Savings Certificate) that could be used in place of a Certificate of Assured Water Supply when a developer plans to sell or lease subdivided lands in an active management area (AMA). As amended, the Groundwater Savings Certificate will be issued if all the following conditions are met:

Additionally, the SB 1041 directs ADWR to adopt rules by the start of this year that would provide or a reduction in water demand for a Groundwater Savings Certificate if a gray water system is installed that meets ADEQ’s requirements and the land in the application qualifies as a Member Land.

This bill manifests a criticism of how ADWR interpreted the unmet demand projected in the Phoenix AMA groundwater model. Some have argued that development should be allowed to continue in areas where the model has projected that the aquifer will not fall below 1,000 feet below land surface or bedrock, whichever is shallower. It also encourages the adoption of gray water systems in the belief that these systems will reduce overall water demand.

SB 1041 would significantly alter the 1980 Groundwater Management Act’s principle that the active management area is managed as a hydrologic whole. It would allow for the segregation of property’s presumed groundwater from the rest of the basin is hydrologically questionable since groundwater is not stationary, but flows.

This bill received an amendment on February 15th, 2024 that adds requirements stating that the groundwater to be used under the Groundwater Savings Certificate must be of sufficient quality, and that the provider or the CAGR must have financial capability to deliver the water. The amendment also requires the groundwater to be used consistent with the management goal and management plan of the AMA, and the bill no longer authorizes ADWR to grant Designations of Assured Water Supply using these certificates. It was further amended in the House to address some issues related to groundwater physical availability determinations to support this certificate. However, this revised language has raised questions about how this bill could be implemented. None of these revisions address the core concerns with this bill—that it does not protect long-term storage credits and groundwater reserved for previous AWS determinations.

Last Action Taken – This bill passed out of the Senate with a 16-12-2-0-0 vote on February 29th. It passed out of the House NREW Committee on March 19th with a 6-4 vote.

SB 1081 exemption area; assured water supply (Kerr)

Position – Neutral

SB 1081 intends to incentivize development on agricultural land within the Buckeye Water Conservation and Drainage District. Specifically, the bill would allow ADWR to designate part of city or town that is located in the Phoenix AMA and Buckeye Waterlogged Area as having an Assured Water Supply if several criteria are met. The portion designated must be entirely within an irrigation and water conservation district, the city or town must have contracted with the district for water service for at least 100 years, surface water or effluent of sufficient quality must be continuously available to meet the city or town's needs for 100 years, and the city or town must have sufficient financial capability and infrastructure to treat and deliver the water.

As introduced, the bill had many problems such as requiring ADWR to issue these partial designations based on groundwater and not allowing ADWR to rescind the designation nor require the water provider to meet several Assured Water Supply requirements. CAWCD had been concerned that the bill did not offer any other way to meet the AMA management goal other than through CAGRCD membership. Those concerns have been alleviated through an amendment that has this partial designation through surface water and effluent from the district, including all requirements of the Assured Water Supply, and allowing the designation to be rescinded. ADWR and CAWCD are comfortable with the amendment.

Last Action Taken – This bill passed Senate Third Read on February 19, 2024 with a vote of 19-9 and passed House NREW with a 6-4 vote on March 5th.

SB 1181 groundwater replenishment; member lands; areas (Petersen)

Position – Neutral

As introduced, SB 1181 would allow a municipal provider that is seeking a designation to decide whether to assume the replenishment obligation for any Central Arizona Groundwater Replenishment District (CAGRCD) Member Lands within its service area or whether to have the replenishment obligation remain with those Member Lands. If the provider chooses for the replenishment obligation to remain with the Member Land, the Arizona Department of Water Resources (ADWR) would have the authority to require the provider to reduce the replenishment obligations for those Member Lands for a period of time after becoming designated.

This bill was introduced to support non-designated water providers that want to become designated through the Alternative Pathway to Designation (ADAWS), which ADWR is currently developing rules to establish an ADAWS, which was a recommendation from the Governor's Water Policy Council. Utilizing the ADAWS would require the water provider to become a Member Service Area, which would mean that it would need to assume the costs for CAGRCD replenishing any excess groundwater pumping within its service area. Current CAGRCD replenishment obligations have been limited to Member Lands within the water provider's service area. These non-designated water providers have expressed concerns that assuming this increased replenishment obligation in addition to pursuing new water supplies would be a significant financial challenge that would be difficult to gain support from either their governing council or through the Arizona Corporation Commission, if a private water provider. SB 1181 is designed to

address that challenge by allowing a gradual assumption of replenishment obligations for Member Lands.

As amended on the floor of the Senate, SB 1181 was approved so it would allow a newly designated provider in the Phoenix AMA to choose whether it will assume the replenishment obligation for Member Lands within its service area (as a Member Service Area) or have these lands retain this obligation. If the provider does not immediately assume the replenishment obligation, the Member Lands would retain their replenishment obligation for either 10 years or the duration of the first term of the Designation, whichever is shorter. During this initial period, the water provider would report Member Land and Member Service Area replenishment obligations to CAGR separately. Each year after this initial period, the provider would assume an additional 10% of the replenishment obligation for Member Lands within its service area. This assumption of replenishment would increase 10 percentage points each year until the provider would assume all replenishment obligations for Member Lands within 10 years from the initial period, or a maximum of 20 years total from the start of Designation.

Last Action Taken – This bill passed the Senate with a 21-7-2-0-0 vote on March 4th and passed House NREW with an 8-2 vote on March 12th.

SB 1242 Strike Everything water conservation grant fund; purpose (Shope)

Position – Oppose

SB 1242 would shorten the time frames that the Arizona Department of Water Resources (ADWR) must comply with when processing Assured Water Supply (AWS) applications. It would reduce the administrative completeness review from 150 days to 90 days for all types of applications. Additionally, it would reduce the substantive time frame review from Certificates and Designations from 60 days to 30 days. When combined, all AWS applications would need to be processed within 120 days.

The House NREW Committee adopted a strike-everything amendment that would allow the Water Conservation Grant Fund to finance the Water Infrastructure Finance Authority's cost for administering and promoting the fund. Additionally, a developer could apply for grants from this fund to install gray water systems.

Last Action Taken – This bill passed out of the Senate on February 19, 2024 with a vote of 16-12. This bill passed out of House NREW with a 5-4-0-1 vote and a strike-everything amendment on March 19th.

SB 1243 groundwater sales; online exchange (Wadsack)

Position – Oppose

SB 1243 proposes to allow those with a grandfathered groundwater right in the Phoenix, Pinal and Tucson Active Management Areas (AMAs) to sell or lease a portion of their right or the groundwater itself to anyone in these three AMAs. Any groundwater right or groundwater sold leased may not be withdrawn in another sub-basin but may be transported to that basin. When a transaction occurs, the buyer lessee is entitled to receive the right to receive or withdraw 65% of the total amount of

groundwater that was part of the transaction. The remaining 35% will remain with the land and cannot be pumped, used, or otherwise conveyed.

SB 1243 has numerous problems. First, there has been a market for grandfathered groundwater rights since the passage of the Groundwater Management Act in 1980. Second, by allowing quantities of groundwater to be sold or leased, SB 1243 contradicts established caselaw on managing groundwater. Third, allowing grandfathered rights to be sold for use outside of the AMA in which they were issued threatens the ability to reach the unique management goal of that particular AMA. Fourth, physical availability of groundwater is separate and distinct from the right to pump groundwater. Deeming water pumped pursuant to a Grandfathered Right to be physically available for the purpose of obtaining a Certificate of Assured Water Supply is not based on hydrologic reality and is contrary to the consumer protection purpose of the assured water supply provisions.

Last Action Taken – This bill passed out of the Senate on March 6th with a vote of 16-14. This bill passed out of House NREW with a 5-4-1 vote on March 19th. Notably, Chairwoman Griffin voted “present” for this bill.

SB 1289 DWR; hydrology reports (Hoffman)

Position – Oppose

SB 1289 would require the Arizona Department of Water Resources (ADWR) and Governor to provide the House and Senate Committees on Natural Resources, Energy & Water with a copy of any report on the hydrologic conditions of an active management area (AMA) 30 days before that report is issued.

This bill would essentially give lawmakers, and any party that happens to receive this report from a lawmaker, a sneak preview of any projections and findings from an AMA groundwater model. No entity or person was given a physical copy of the report on the projections and findings of the Pinal AMA or Phoenix AMA groundwater model before those were publicly released.

Last Action Taken – This bill passed out of the House NREW Committee with a 6-4 vote on March 5th and passed House Third Read with a 31-28-0-0-1 vote on April 3rd. It was transmitted to the Governor on April 10th.

Other active water bills being tracked –

[HB 2006](#) real estate; acting in concert (Griffin)

Position – Neutral

This bill specifies that familial relationships, well-sharing agreements, road maintenance agreements, and use of the same engineer or contractor do not constitute “acting in concert” to illegally subdivided lands. The bill was amended on the floor to clarify that use of the same contractor or engineer did not constitute “acting in concert” for counties outside of Maricopa or Pima County.

This bill is in response to a recommendation from the Governor’s Water Policy Council to improve oversight of “wildcat” subdivisions, which are lots that are illegally created to circumvent the legal requirements for creating subdivided lands. Specifically, the Council’s recommendation seeks to broaden the applicability of the “acting in concert” statute, which prohibits different parties from working together to divide lands into lots without going through the approval process to formally subdivide those lands.

[HB 2007](#) subdivided lands; civil penalties (Griffin)

Position – Support

This bill implements another recommendation for addressing “wildcat” subdivisions made by the Governor’s Water Policy Council. Under current law, the civil penalty for violating statutes and regulations to unlawfully selling or leasing subdivided lands is a fine of up to \$2,000. However, any infraction involving more than one lot is considered a single infraction. Therefore, someone who illegally subdivided lands to create 100 lots would be fined as if he created a single lot. HB 2007 would apply this civil penalty to each lot where the violation occurred, which means that the aforementioned subdivider would be fined as much as \$200,000 for illegally creating 100 lots.

[HB 2009](#) subdivisions; acting in concert (Griffin)

Position – Support

This bill would add a time-related criteria to the “acting in concert” statutes by specifying that illegally subdividing lands involves dividing a parcel into six or more lots to sell or lease through a series of owners, conveyances or other methods over a 10-year period. It also requires someone who applies to split a parcel to acknowledge this definition of “acting in concert.”

[HB 2013](#) water improvements program; nonprofit corporations (Griffin)

Position – Neutral

This bill would allow a nonprofit corporation to establish a water improvement program to provide finance assistance to low-income or fixed income property owners to either deepen their drinking water

well or replumb their residence for a water delivery system. Although counties have the authority to establish this program, some have declined to do so because they lack the funds necessary to implement it.

[HB 2015](#) subsequent water management areas; basins (Griffin)

Position – Neutral

This bill would limit who can sign a petition to the Arizona Department of Water Resources to designate a subsequent irrigation non-expansion area (INA) or designate an INA as an active management area (AMA). Specifically, this bill would require residents who sign a petition to be receiving their drinking water from the same groundwater basin or sub-basin specified in that petition. HB 2015 would also limit who can sign a petition to hold a local election to designate a subsequent AMA.

The bill was amended to require that any ADWR-initiated public comment session, stakeholder process, or public hearing related to creating a subsequent INA or AMA be held in the groundwater basin or sub-basin that might be designated. The amendment also requires ADWR to explain the potential impact of designation.

[HB 2016](#) grandfathered right; subsequent AMA; extension (Griffin)

Position – Neutral

This bill is an emergency measure that would allow someone within the recently created Douglas active management area (AMA) to file an application for a grandfathered groundwater right with the Arizona Department of Water Resources (ADWR) by September 1, 2024. Within AMAs, pumping groundwater requires some to obtain a right or a permit from ADWR. A grandfathered groundwater right refers to a right pump groundwater based on the individual’s historic water usage; this pumping is essentially “grandfathered” into the AMA.

There have been concerns that some residents of the Douglas AMA (which was designated on December 1, 2022) have not submitted grandfathered groundwater rights applications and therefore might lose their right to pump groundwater. The deadline to apply for these rights is currently March 1, 2024, so HB 2016 would effectively extend that deadline by six months.

This bill received an amendment at Senate NREW that applies the bill’s provisions retroactively to February 29th, 2024. This added provision appears intended to allow Douglas AMA residents to have their applications for grandfathered rights re-evaluated even if they submitted after the due date as it currently stands (March 1st, 2024).

[HB 2019](#) groundwater model; public inspection; challenge (Griffin)

Position – Oppose

As introduced, this bill would have required the Arizona Department of Water Resources (ADWR) to make publicly available “at no cost” all information related to groundwater models it uses for Assured Water Supply determinations. It also would have required ADWR to establish a process to allow anyone to challenge any of its groundwater models. The House Natural Resources, Energy and Water Committee adopted two amendments to this bill. The first amendment removed the public challenge process. The second amendment required ADWR to publicly post the assumptions it would use a groundwater model at least 90 prior to its release. ADWR would also be required to invite public comment and provide a response indicating if each comment led to a change in any of the model’s assumptions.

Since the release of the Pinal Active Management Area (AMA) groundwater model in Fall 2019, ADWR has been exceedingly proactive in working with stakeholders to address any concerns about its groundwater model. In the case of the Pinal AMA model, ADWR formed a stakeholder group and many of the changes made in response to this group’s concerns were carried over to the Phoenix AMA model. ADWR has similarly indicated that it is open to remedying any technical concerns related to Phoenix AMA model. Any changes made would undoubtedly impact the model’s assumptions and projections for unmet demand. If anything, the required public comment process required by HB 2019 would delay the release of the model.

[HB 2024](#) lottery; on-farm irrigation efficiency fund (Griffin)

Position – Support

This bill would annually appropriate \$50 million from the State Lottery Fund to the On-Farm Irrigation Efficiency Fund in FYs 2025 and 2026. This appropriation would occur after nearly all distributions from the State Lottery Fund are made, but before any remaining fund monies are deposited into the state General Fund.

The On-Farm Irrigation Efficiency Program was created in 2022 to provide grants for farmers to adopt water-efficient drip and sprinkler systems in place of flood irrigation. It received an initial appropriation of \$30 million in ARPA monies in 2022 and received \$15 million more from the state General Fund in 2023. To date, this program (which is administered by the University of Arizona Cooperative Extension) has enabled more efficient irrigation on over 18,000 acres of farmlands, resulting in an annual water savings of about 36,000 acre-feet.

[HB 2027](#) subsequent AMAs; assured water supply (Griffin)

Position – Neutral

This bill would not require a subdivision that is within the boundaries of a county or municipality that had adopted a mandatory water adequacy ordinance to show an adequate water supply if that subdivision is included in a subsequent active management area. Any such subdivision that has already been shown to have an adequate water supply would be considered to have an assured water supply.

This bill is intended to resolve some regulatory ambiguities raised by the recently created Douglas AMA in southeastern Arizona. While AMAs require an *assured* water supply before developing subdivided lands, rural communities only require that developers disclose whether subdivided lands have

an *adequate* water supply. However, rural counties and municipalities can adopt ordinances requiring a demonstration of adequate water supply before subdivided lands are developed. Cochise County has adopted one of these mandatory water adequacy ordinances. The creation of the Douglas AMA, which is within Cochise County, raised questions of how the county's mandatory water adequacy ordinance and the subdivisions authorized under it would be treated. HB 2027 is intended to resolve these ambiguities.

[HB 2060](#) irrigation non-expansion area; substitution; acres (Griffin)

Position – Neutral

This bill would allow a person who owns irrigated acres within an irrigation non-expansion area (INA) to permanently retire those acres and transfer the irrigation right to a piece of land that is the same acreage in the same INA and use the associated water for any purpose. The person must demonstrate to ADWR that the transfer of the irrigation right will not lead to a net increase in groundwater withdrawal within the INA. However, ADWR may not condition approval of the acreage substitution on groundwater withdrawal being decreased.

An INA essentially freezes the amount of lands that may be irrigated within its boundaries. With some exceptions, only those lands that were irrigated any time in the five years preceding the INA's creation may continue to be irrigated once the INA is created. One of those exceptions occurs when there is an issue inherent to the lands that are allowed to be irrigated. Specifically, lands irrigated within an INA may be retired from irrigation and replaced with a comparable amount of lands when the lands to be retired are either flood damaged or have a condition that limits the ability to achieve more efficient irrigation.

[HB 2063](#) exempt wells; certificate; groundwater use (Griffin)

Position – Neutral

This bill reiterates that owners of exempt wells are allowed to pump no more than 35 gallons per minute and requires ADWR to issue owners of exempt wells with a "Certificate of Water Rights" that says as much. This bill also clarifies that exempt well owners may not appropriate subflow or surface water out of priority and further specifies that withdrawn water is not exempt from a general stream adjudication.

This bill may be proposed in response to recent actions in the Gila River general stream adjudications. In December 2021, at the request of the adjudication court, ADWR issued a report that proposed a subflow zone for the Verde River Mainstem and the Sycamore Canyon Subwatershed, which will assist the court in distinguishing between subflow and groundwater. ADWR issued a separate report for the remainder of the Verde River watershed in April 2023, which included all tributaries not covered in the 2021 report. Those who filed statements of claim in the Gila River general stream adjudication could file objection with the Maricopa County Superior Court related to ADWR's findings by October 27, 2023. After that date, the court will review these objections and consider further proceedings before ultimately issuing an order on the subflow boundaries for this watershed. Once those boundaries are established, the court will determine wells are located within the subflow zone and which wells are outside this zone. Wells within this zone are presumed to pump surface water. Wells outside this zone may pump surface water depending on how the pumping impacts the subflow zone.

The Senate NREW Committee adopted an amendment that specified that decreed or appropriate rights, surface water, appropriable water, and the general stream adjudication are not pre-empted or affected by the bill's "Certificate of Water Rights."

[HB 2096](#) tiny homes; construction; requirements; exemptions (Parker B)

Position – Neutral

This bill requires that counties ensure "maximum ease" when considering the construction of residences on "residential rural land". The bill also states that counties cannot require building permits for single-family home and accessory dwelling units built on residential rural land, they meet some requirements. These requirements include a maximum size of 600 square feet for the home and a requirement that the home is attached to utility service, or otherwise has on-site electrical generation capacity, on-site water storage, and an on-site wastewater treatment or graywater system. Counties are allowed to require the owners and/or builders of said buildings to sign an affidavit saying that they will abide by the requirements in the bill, and that they are not constructing the building with the intent of selling or leasing it.

This bill, along with HB 2097, is intended to allow for easier construction of tiny homes on county islands and other unincorporated land. While this bill does not necessarily directly impact the AMWUA cities, the proliferation of residential buildings on county islands raises questions about exactly how wastewater will be discharged and treated; and therefore, is something that AMWUA should monitor.

[HB 2097](#) gray water; definition; residential standards (Parker B)

Position – Neutral

This bill prohibits county supervisors from putting additional regulations or zoning restrictions on use of graywater systems or on land improvements that allow for the use of graywater systems. This bill also adds a definition of a "composting toilet" to Title 49 and clarifies that a kitchen sink that includes a garbage disposal does not produce graywater. This bill also clarifies that a graywater treatment and disposal system does not constitute an on-site wastewater treatment facility. This bill prohibits a city, town or county from requiring notice or permit before a resident can use graywater if the resident meets a series of requirements that are meant to prevent the graywater from contaminating aquifers or food sources. Lastly, this bill prevents a city, town, or county from prohibiting a composting toilet on an unincorporated lot of two acres or more that is not adjacent to a city or town.

[HB 2101](#) land division; applicant submissions; review (Griffin)

Position – Support

HB 2101 requires an applicant for a land division to answer two additional questions when submitting an application. The first question asks if them or related parties own or represent any property in the same tax parcel map or subdivision as the lots in the application. The second question asks if them or related

parties have sold or leased any property within the same tax parcel map or subdivision as the lots in the application.

The House Land, Agriculture, and Rural Affairs Committee amended this bill to require applicants for land divisions and building permits for new single-family homes to identify any ownership interest in the property. It also exempted properties for which a public report has been issued within the last 10 years and that have had no material changes to the plat.

[HB 2123](#) wells; water measuring devices; prohibition (Smith)

Position – Oppose

As amended, this bill prohibits the State or any political subdivision of the State from requiring a water measuring device for any well with a location that meets all of the following criteria:

- In a basin or subbasin that is subject to a general adjudication of water rights that has not yet been completed;
- outside of an initial Active Management Area (AMA); and
- outside of a basin from which groundwater can be withdrawn and transported to an AMA.

This bill, despite not applying to initial AMAs or the specific transportation basins, is a threat to ADWR's ability to regulate groundwater in Arizona. This bill is also in obvious opposition to the intent and recommendations of the Governor's Water Policy Council's Rural Groundwater Committee.

[HB 2184](#) brackish groundwater pilot program (Smith)

Position – Neutral

This bill would amend the 2023 General Appropriations Act to state that \$2 million previously appropriated to ADWR for the purpose of a brackish groundwater desalination demonstration program within the AMAs can now be used for such a demonstration program anywhere within Arizona. This bill also states that ADWR may locate this demonstration program within any administrative section of ADWR, rather than within the AMA section. Lastly, this bill states that \$9 million previously appropriated towards dollar-for-dollar matches for brackish water desalination projects by CAP subcontractors within AMAs can now be used for such matches anywhere within Arizona. CAP will be provided \$3 for every dollar it contributes towards such programs that are within AMAs.

Pursuing the use of brackish groundwater as a "new" supply of water continues to be an inappropriate use of state funds and ADWR's time, as brackish groundwater is deemed hydrologically and legally as groundwater within ADWR modeling and the Assured Water Supply Program. However, this funding has already been appropriated, and this bill takes a slightly positive turn by allowing ADWR slightly more flexibility in the use of this funding. One may speculate that ADWR has had trouble putting this funding to use within AMAs, because of the aforementioned reality about brackish groundwater, so the flexibility granted by this bill may allow them to carry out such a study elsewhere in Arizona.

[HB 2195](#) on-site wastewater treatment facilities; permitting (Hendrix)

Position – Monitor

This bill would allow an on-site wastewater treatment facility with a design flow between 3,000 and 75,000 gallons per day to operate under a general Aquifer Protection Permit (APP) rather than having to obtain an individual permit. The facility operator must comply with existing general permit rules, and the bill also requires ADEQ to create requirements for maintenance, monitoring, recordkeeping, and reporting that would apply to such facilities operated under a general permit. The House Natural Resources, Energy and Water Committee adopted an amendment that allowed ADEQ to require an on-site wastewater treatment facility with a design flow of 50,000 gallons or more per day or for a site with multiple facilities with a collective flow of 50,000 gallons or more per day to provide adequate financial assurance.

[HB 2368](#) transportation; groundwater; Douglas AMA (Griffin)

Position - Neutral

HB 2368 would allow a private water company to withdraw groundwater from the Upper San Pedro Groundwater Basin to transport to the Douglas AMA if the groundwater will be used for municipal service, the private water company or its predecessor had been engaged in this transportation since September 30, 1992, and the company holds a Certificate of Convenience and Necessity to provide water service in the Douglas AMA. HB 2368 limits the amount of groundwater that may be annually transported to the annual amount that was transported before December 1, 2022. A floor amendment clarified that the bill's provisions apply to an owner of a non-exempt well. It also required the well owner to report information to ADWR on how much groundwater was annually transported between the Upper San Pedro Groundwater Basin and the Douglas INA between 2012-2022.

HB 2368 is intended to allow Arizona Water Company – Bisbee to continue transporting groundwater to the Town of Douglas. The company's service area is mostly within the Upper San Pedro Groundwater Basin though part of it overlays the Douglas AMA. The Company relies on four wells near Naco to provide groundwater.

[HB 2487](#) residential lease community; Prescott AMA (Bliss)

Position – Neutral

HB 2487 would establish water supply-related criteria to dictate when a city or town in the Prescott AMA or the Yavapai County Board of Supervisors could approve a commercial building plan for a build-to-rent or multi-family housing property. As amended on the House floor, this plan could only be approved if the development in question either

- Obtained water service from a designated water provider;
- Acquired sufficient Type 1 or Type 2 non-Irrigation Grandfathered rights to meet the development's annual demand;
- Retired sufficient Irrigation Grandfathered Rights to meet the development's annual demand;

- Acquired sufficient extinguishment credits or effluent long-term storage credits to meet the development's annual demand; or
- Acquired sufficient renewable or imported water supplies to meet the development's annual demand.

The floor amendment also added an emergency clause to the bill, which would allow it to go into effect on the Governor's signature if at least 2/3 of each legislative chamber vote in favor of the bill.

HB 2628 department of environmental quality; omnibus (Griffin)

Position – Neutral

HB 2628 is an omnibus bill that makes various changes to the Arizona Department of Environmental Quality's statutes, including those related regulating coal combustion residuals and vehicle emissions. The only water-related provisions of this bill involve the Monitoring Assistance Program, which helps smaller water systems comply with the Safe Drinking Water Act, and one change to the Underground Injection Control (UIC) Program.

For the UIC Program, HB 2628 repeals A.R.S. 49-257, which requires the Safe Drinking Water Act's definitions for this program and implementing regulations to apply to the State's UIC Program.

Regarding the Monitoring Assistance Program, HB 2628 authorizes ADEQ to adopt rules that establish criteria for public water systems to opt out of this program. The bill also allows ADEQ to conduct additional sampling when a system's sample exceeds a limit established in the Safe Drinking Water Act's rules. Finally, HB 2628 allows the program's fund to receive federal monies and private grants, gifts, and contributions and provides more flexibility to ADEQ when a fund surplus occurs.

SB 1056 municipalities; counties; fee increases; vote (Petersen)

Position – Oppose

This bill would require a two-thirds vote in favor by the common council of a municipality or the board of supervisors of a county before any increase of any assessment, tax, or fee.

This bill would make it harder for city councils to pass any increase of assessments, taxes, or fees. This would certainly make it harder to increase development fees and may make it harder to increase other fees associated with water service in the AMWUA cities. While it is necessary that assessment, tax, and fee increases are run through city councils, requiring a two-thirds majority is unnecessarily cumbersome. The additional barrier this creates makes it even harder for city water departments to recoup their costs for providing quality water and wastewater services to their residents.

SB 1153 regulatory costs; rulemaking; legislative ratification (Kern/Carroll)

Position – Oppose

This bill would require any proposed rule that is “estimated to increase regulatory costs” in Arizona by more than \$100,000 within five years to be submitted to the Office of Economic Opportunity (OEO) for review. Any proposed rule that the OEO confirms will cost the state more than \$500,000 within five years may not become effective until the Legislature enacts legislation ratifying the proposed rule. After confirmation of cost, the OEO would submit the proposed rule to the Administrative Rules Oversight Committee, and the Committee would submit the rule to the Legislature “as soon as practicable”. The agency is prohibited from submitting a finalized rule until the Legislature ratifies the rule, and the agency must terminate the proposed rule if the Legislature fails to ratify it within the same legislative session that it was submitted to the Committee. Additionally, any person regulated by an agency proposing a rule and any State Legislator may submit a rule to the OEO for review.

This bill is troubling because of the wide-ranging impacts it could have on ADWR, ADEQ, and every other state agency. Oversight of agency rulemaking should be handled through public stakeholder processes, and not through the political machinations of the legislature.

This bill received an amendment on February 15th that added the requirement that any bill costing more than \$100,000 be submitted to the OEO, and that any person or Legislator may submit a bill for review.

SB 1221 basin management areas; appropriation (Kerr)

Position – Neutral

This bill would establish a type of rural groundwater management framework called a Basin Management Area (BMA). These areas may only be initiated through a petition by voters who live within the groundwater subbasin or basin covered by the area. These areas may be turned into Active Basin Management Areas if there is a unanimous vote by all County Boards of Supervisors that govern land contained within the Management Area. Active Management Areas are managed by a five-person council that works in conjunction with ADWR and the State Legislature to develop a management plan for the Area and provide financial assistance for water conservation.

Despite Senator Kerr’s decision to leave the Governor’s Water Policy Council last year, this bill is in some ways consistent with the recommendations developed by the Council’s Rural Groundwater Management Committee. A concern that exists with the bill is that it may inhibit the formation of new Active Management Areas (AMA) or Irrigation Non-Expansion Areas (INA) because of a provision that prohibits an area that is currently a Basin Management Area from becoming an AMA or INA. Additionally, the process that this bill creates to establish a Basin Management Area in the first place is so convoluted that it is possible one of these areas will never be created.

This bill received amendments on February 7th and 9th that established criteria under which ADWR may submit an area to a County Board of Supervisors for designation as a Basin Management Area. ADWR may submit an area if it is an INA that is not a groundwater transport basin or if it is any basin that has experienced mean groundwater level declines more than 50 feet between 2000 and 2020. A separate floor amendment modified several other provisions, such as reducing the required annual decline in

index well levels from 10 feet to 5 feet to create a BMA and establishing processes to convert agricultural groundwater rights to municipal or industrial user and to transfer groundwater rights.

SB 1264 Colorado River; pumping; notice; objection (Borrelli)

Position – Neutral

SB 1264 requires, as part of a notice of intent to drill filed with the Arizona Department of Water Resources (ADWR), a statement indicating that there is no objection from a municipality, county, irrigation district, or the Mohave County Water Authority with a Colorado River entitlement when the well is an exempt well that will be drilled either:

- Within the city limits or water service area (as defined in a Colorado River entitlement contract) of a municipality in a county adjacent to the Colorado River;
- Within the service area of an irrigation district in a county adjacent to the Colorado River;
- Within 5 miles of the Colorado River in a county adjacent to the Colorado River; or
- Within the water service area of the Mohave County Water Authority.

The person intending to drill this well must first submit a notice of intent to drill to the applicable municipality, county, irrigation district, or county water authority. If the applicable governing body does not object to this application within 45 days, ADWR is directed to assume that the governing body does not object and process the application.

Water bills no longer active –

[HB 2010](#) cities; towns; water reuse plans (Griffin)

Position – Neutral

This bill would allow a municipality’s common council to participate in water reuse and recycling programs and regional wastewater recharge projects and related infrastructure. We do not currently know the intent or need for this legislation.

[HB 2011](#) lottery; water infrastructure finance authority (Griffin)

Position – Support

This bill would annually appropriate \$50 million from the State Lottery Fund to the Water Infrastructure Finance Authority (WIFA). This appropriation would occur after nearly all distributions from the State Lottery Fund are made, but before any remaining fund monies are deposited into the state General Fund. This \$50 million appropriation would be evenly divided between the Water Supply Development Revolving Fund and the Water Conservation Grant Fund.

While the Water Supply Development Revolving Fund can receive revenue from fund bonds and loan repayments, the Water Conservation Grant Fund lacks a dedicated revenue source. The Water Conservation Grant Fund received a single \$200 million appropriation in American Rescue Plan Act monies, and those funds are set to be fully encumbered by the end of the calendar year.

[HB 2018](#) subsequent irrigation non-expansion area; removal (Griffin)

Position – Oppose but Seek to Amend

HB 2018 would require the Arizona Department of Water Resources (ADWR) to periodically review subsequent irrigation non-expansion areas (INAs) to determine whether they still meet the criteria to qualify for an INA. ADWR would also have the authority to rescind an INA’s designation if it no longer meets these criteria. Additionally, the bill would establish a process by which local residents could petition ADWR to rescind a subsequent INA’s designation. Finally, HB 2018 would restrict who can sign a petition requesting that ADWR designate a subsequent INA to registered voters who receive their drinking water from the basin or sub-basin specified in the petition.

INAs—which were originally established in 1948 as “critical groundwater areas”—are designed to preserve groundwater for future agriculture by essentially prohibiting the expansion of any irrigated acreage. In A.R.S. 45-431, initial irrigation expansion areas are listed as the Douglas critical groundwater area and Joseph City critical groundwater area. The Harquahala INA was designated by ADWR in 1982, which means it would be considered a subsequent INA. Aside from the Harquahala INA, the only other subsequent INA is the Hualapai Valley INA, which was designated by ADWR in October 2022.

[HB 2028](#) groundwater model; unpledged storage credits (Griffin)

Position – Oppose

This bill would require the Arizona Department of Water Resources (ADWR), when making a groundwater model to help evaluate Assured Water Supply determinations, to assume that any long-term storage credits (LTSCs) not pledged to a current water user or Assured Water Supply application will be available for use.

This bill is intended to address a criticism that the Phoenix AMA groundwater model, which projected a 4% overallocation of groundwater over the next 100 years, did not fully consider the availability of future LTSCs that could be used in place of groundwater.

[HB 2056](#) appropriation; on-farm efficiency fund (Dunn)

Position – Support

This bill would appropriate \$30 million from the State General Fund for FY 225 to be used for the On-Farm Irrigation Efficiency Fund.

The On-Farm Irrigation Efficiency Program was established in 2022 and is administered by the University of Arizona’s Cooperative Extension. The program provides grants and collects data for the purpose of reducing on-farm use of Colorado River water, surface water, and groundwater, while also seeking to reduce use of flood irrigation and instances of fallowing. Essentially, the program seeks to reduce water use through efficiency gains rather than reducing farmed acres.

[HB 2057](#) appropriation; long-term water augmentation fund (Dunn)

Position – Support

This bill would appropriate \$143.8 million from the State General Fund for FY 2024 for WIFA’s Long-Term Water Augmentation Fund. This appropriation would also be exempt from lapsing at the end of FY 2024.

This appropriation would make WIFA’s Long-Term Water Augmentation Fund whole again, after \$143.8 million in funding was directed elsewhere instead of to that fund in the 2023 session. AMWUA is supportive of funding that can help WIFA secure additional water sources for our state and our member cities.

[HB 2058](#) Yuma water banking; study committee (Dunn)

Position – Oppose but Seek to Amend

This bill would establish the Yuma Area Water Banking Study Committee. This committee would consist of two Yuma-area senators and four Yuma-area representatives from the State Legislature, as well as

seven members of the Yuma Area Agricultural Council, each of whom would represent one of the seven irrigation districts in Yuma County. The purpose of the committee would be to develop legislation to establish a water banking authority for the “Yuma County area” that would bank excess Colorado River water. The committee would submit a report of its findings to the Governor and State Legislature by 2025. This bill would also require ADWR to assign staff and provide services to the committee.

The biggest concern raised by the potential creation of a water banking authority for Yuma County are the implications for lower priority Colorado River users. If this authority would bank higher priority excess Colorado River water for Yuma-area agricultural users, many of whom have senior Colorado River water rights, it could adversely impact the Central Arizona Project and other lower priority Colorado River users by leaving less water in the river.

[HB 2059](#) contiguous real estate; definition (Griffin)

Position – Neutral

This bill would amend the definition of “contiguous” in reference to subdivisions to include lots, parcels or fractional interests that are separated by a private road or street. This bill also clarifies that lots separated by a public road or street are not considered contiguous.

This bill is in response to the recommendations made by the Governor’s Water Policy Council in relation to wildcat subdivisions. However, this bill does not appear to capture the spirit of what was recommended by the Council. The Council’s recommendations stated that only highways would be able to separate lots and make them “non-contiguous”, whereas this bill states that any public road would make lots “non-contiguous”, which would include any city or town road

[HB 2061](#) subsequent active management area; removal (Griffin)

Position - Oppose

This bill would require ADWR to periodically review all areas that are included within subsequent Active Management Areas (AMAs) and determine whether the areas still meet the criteria for inclusion within an AMA. This bill would also require voters to obtain their drinking water from within a groundwater basin before they can vote on whether that basin should be designated as a subsequent AMA. This bill would also allow a subsequent AMA designation to be removed if ten percent of voters within the AMA sign a petition calling for the removal and then a majority of voters approve this removal in a general election.

[HB 2099](#) active management area; groundwater right (Griffin)

Position – Oppose

This bill would prohibit ADWR, in an AMA that had previously been an INA, from granting a water duty acre that is less than the highest annual withdrawal of the user since the basin was designated as an INA. This bill also requires ADWR to grant any person who owns legally irrigated land (in an AMA that

was previously an INA) an irrigation water duty and a designation of the number of farm units that is consistent with the user's highest annual withdrawal since the basin was designated as an INA. ADWR would be required to provide groundwater users with notice of their granted water duty and farm units and cannot charge the user any fee or require any application. The user can contest the granted water duty and farm units. Lastly, this bill states that on the effective date of the act ADWR will grant all groundwater users in the Douglas AMA an irrigation water duty consistent with this act. This is an emergency measure.

This bill is would essentially eliminate ADWR's ability to regulate agricultural groundwater pumping in the recently designated Douglas AMA.

[HB 2150](#) groundwater sales; online exchange (Kolodin)

Position – Oppose

HB 2150 proposes to allow those with a grandfathered groundwater right in the Phoenix, Pinal and Tucson Active Management Areas (AMAs) to sell or lease a portion of their right or the groundwater itself to anyone in these three AMAs. Any groundwater right or groundwater sold leased may not be withdrawn in another sub-basin but may be transported to that basin. When a transaction occurs, the buyer lessee is entitled to receive the right to receive or withdraw 65% of the total amount of groundwater that was part of the transaction. The remaining 35% will remain with the land and cannot be pumped, used, or otherwise conveyed.

Any groundwater or right conveyed would be exempt from replenishment by the Central Arizona Groundwater Replenishment District, excluded from a designated water provider's groundwater allowance, deemed consistent with the AMA's management goal, and deemed physically available for obtaining a Certificate of Assured Water Supply.

[HB 2182](#) augmentation; Phoenix; Pinal; Tucson; AMA (Kolodin)

Position – Monitor

This bill would change the allowable uses of WIFA's Long-Term Water Augmentation Fund to include creating new water sources and purchasing new water or purchasing rights to use new water created within Arizona. The bill also states that the fund cannot be used to purchase water or rights to water from in-state users unless the purchase is related to the creation of new water. The bill also states that the funds can be used to construct infrastructure to convey or deliver new water created in Arizona. Lastly, the bill states that 75% of any money left in the fund for FY22, FY23, or FY24 as of the effective date of the bill must be used to supply imported or new water to users within the Phoenix, Pinal, or Tucson AMAs.

[HB 2214](#) water treatment facilities; loan repayment (Terech)

Position – Support

This bill would remove from Title 9 a requirement that cities and towns with a population of more than 150,000 must hold a public vote before the city or town may enter into a federal financial assistance loan repayment program through the Water Infrastructure Finance Authority (WIFA). This bill would also remove a similar requirement that applies to all counties.

Requiring municipalities with a population of more than 150,000 people to ask for a vote before entering a federal loan repayment program through WIFA puts an unfair barrier between most of the state’s population and crucial water resources development funding. No such requirement exists for any other loan repayment program or funding source, and the fact that the State Legislature put a five year stay on this provision shows that it is unnecessary and harmful.

[HB 2320](#) watersheds; beneficial use; instream flows (Travers)

Position – Monitor

This bill would allow the Game and Fish Commission to acquire and lease surface water rights for “watershed health uses and instream uses”. This bill also defines “watershed health uses” as water that is conserved in a natural watercourse and not otherwise used and that supports watershed health. This bill also requires ADWR to conduct a watershed health survey every three years after the initial survey (which is not described in this bill). The survey will evaluate the overall health of each watershed in the state based on hydrology, geomorphology, plant and animal biodiversity, landscape condition, and other factors. This bill also adds watershed health as a reason why a water right may be severed and transferred from the land to which it is appurtenant.

While it is a laudable goal to evaluate the overall health of Arizona’s watersheds, it is worrying that another large responsibility would be placed on ADWR without additional funding or other resources.

[HB 2355/SB 1108](#) subsequent active management area; designation (Stahl Hamilton/Sundareshan)

Position - Monitor

This bill would require ADWR to designate as an AMA any area that meets the AMA designation criteria. The criteria include water quality degradation from groundwater use, land fissures, and active management to preserve groundwater for future use.

[HB 2356/SB 1328](#) subsequent irrigation; non-expansion areas; procedures (Stahl Hamilton/Sundareshan)

Position – Monitor

This bill would allow ADWR to consider “reasonable projections” of future irrigation groundwater use when considering whether to designate an area as a subsequent INA, rather than only considering current irrigation groundwater use. This bill also defines the acceptable amount of groundwater available for irrigation as a 100-year supply. This bill also specifies who may sign a petition to designate a subsequent INA, including someone who is the owner of irrigated land, has irrigated two or more acres in the basin in the past five years, or “is capable of irrigating the land in the future”. This bill requires these petitions to be submitted along with a numeric groundwater model and hydrologic report prepared by a professional geologist or hydrologist. Lastly, this bill states that ADWR’s final decision on the designation of a subsequent INA are not an appealable agency action but are subject to judicial review, and that after a refusal another petition to designate the area may not be submitted for three years.

[HB 2357/SB 1329](#) watershed health; use; survey (Stahl Hamilton/Sundareshan)

Position – Monitor

This bill would require ADWR to establish criteria to evaluate the status of the relationship between “ecological water needs”, groundwater withdrawal, and surface water appropriations in Arizona. This bill also requires ADWR to complete a survey of the status of the waters of Arizona by December 31, 2026. This survey must include an assessment of the overall health of all watersheds in the state, and a lesser assessment of the health of sub-watersheds and the health of the ecosystems they support. ADWR must also determine the appropriate steps to be taken to remedy the problems in these watersheds and recommend legislation through which to take these steps. ADWR is also required to hold public meetings and receive and publish public comments on this survey and make the survey public when it is complete. This bill also includes the same requirements for follow-up surveys and the same definitions that are included in HB 2320.

Again, while it is laudable goal to evaluate the overall health of Arizona’s watersheds, it is worrying that another large responsibility would be placed on ADWR without additional funding or other resources.

[HB 2358/SB 1106](#) state lands; leases; groundwater use (Stahl Hamilton/Sundareshan)

Position – Support

This bill would require ADWR to establish rules to govern an annual groundwater withdrawal fee that it will levy upon each lessee of State Land for agricultural purposes that is located outside of an AMA or INA. These lessees would be required to submit a report to ADWR each year that details the locations of any wells, the amount of groundwater withdrawn from these wells, and why the groundwater was used.

This bill would disincentivize agricultural groundwater use on State Land outside of AMAs and INAs and would also bring additional revenue to ADWR.

[HB 2359](#) adequate water supply; statewide requirements (Stahl Hamilton)

Position – Support

This bill would require a city, town, or county to ensure that a subdivision has an adequate water supply or will be served by a provider with an adequate water supply before it may be platted. This bill would also require the Department of Real Estate to ensure that a subdivision has an adequate water supply or will be served by a provider with an adequate water supply before it may issue a public report and allow sale or lease of the land. This bill would also repeal provisions that allow capital investment and infrastructure assurances that would allow development to continue despite no adequate water supply existing.

Currently, most areas outside of AMAs do not require an adequate water supply before development can occur. Developers may apply for determination of adequate water supply with ADWR, but it is not required. Some areas (e.g. Yuma County, Town of Clarkdale) do require an adequate water supply before development, despite not being located in an AMA. This bill would place that “mandatory adequacy” requirement on all areas of the state outside of AMAs and is therefore a big step forward in ensuring that we have water first, and then development.

[HB 2399/SB 1246](#) reporting; groundwater pumping; measuring (Crews/Sundareshan)

Position – Support

This bill would require measurement and reporting by anyone who owns a non-exempt well outside of an AMA or INA if the well withdraws more than 10 acre-feet per year for a non-irrigation use or is used to irrigate 10 or fewer acres for an irrigation use. This bill also lists the reporting requirements for the well owner.

Accurate measurement and reporting of groundwater use within Arizona is essential to sound groundwater management. Groundwater availability in Arizona is more threatened now than it has been in at least the past 40 years, and now is exactly when we should be showing the rest of the world that we are serious about sound water management.

[HB 2708](#) WIFA; water augmentation fund (Villegas)

Position – Support

This bill would allow WIFA’s Long-Term Water Augmentation Fund to be used to fund water supply development projects that utilize sources of water found within Arizona. This bill would also remove the requirement that 75% of the Fund be used to bring in new water supplies from outside of Arizona.

This bill would accomplish mostly the same thing as HB 2182. However, this bill does not include the requirement from HB 2182 that most of the Fund be used within the Phoenix, Tucson, or Pinal AMAs. Still, this bill is certainly a step in the right direction.

[HB 2842](#) basin-fill aquifers; groundwater; correlative rights (Kolodin)

Position – Neutral

This bill repeals A.R.S. 45-544, which sets parameters for transporting groundwater outside active management areas (AMAs). In its place, the bill creates a new statute to govern groundwater transportation in these areas, which it refers to as basin-fill aquifer areas. In these areas, groundwater may be transported within the same basin or sub-basin. Any transportation would not be subject to any claims of damages from other groundwater users. It also may be withdrawn and used consistent with correlative rights of landowners. The Arizona Department of Water Resources (ADWR) would determine these correlative rights based on a formula that considers the area of the owner’s land, the volume of groundwater available in the basin or sub-basin, and annual natural recharge. The resulting correlative right would be converted into a lump volume of groundwater that would be assigned to an account for each landowner. This volume would effectively limit the amount of groundwater that a landowner could pump. HB 2842 would also require a regular audit and hydrological audit of these accounts.

[HB 2857](#) rural groundwater management (Mathis)

Position – Neutral

This bill would allow the creation of rural groundwater management areas in areas not currently included within an Active Management Area. These areas could be designated by ADWR if it is found that there is significant land subsidence or if current groundwater pumping is threatening current or future groundwater supply or quality. These areas could also be designated if a petition is signed by either the majority of the members of a County Board of Supervisors with lands within the area, or by ten percent of registered voters residing within the area. ADWR will be required to hold a public hearing where they present data and solicit public comments about the establishment of the area.

[HB 2860](#) water conservation infrastructure; reimbursement (Livingston)

Position – Monitor

HB 2860 would create a new program that allows cities, towns, and counties to reimburse themselves for up to 80% of the costs of constructing water conservation improvement infrastructure that supports manufacturing facilities. This reimbursement would come from state transaction privilege tax revenues that had been collected within that particular city, town, or county. This bill is modeled off an existing program that allows qualifying cities, towns, and counties to be similarly reimbursed for public infrastructure for manufacturing facilities. (The existing program has been used to support Intel’s facility in Chandler and Phoenix’s planned TSMC facility.) The water conservation improvement infrastructure in HB 2860 includes wastewater reclamation, recycling, treatment, storage, and delivery facilities. Similar to the existing public infrastructure program, the program proposed by HB 2860 is limited to allocating up to \$200 million among all qualifying political subdivisions and would expire in 2033.

[HB 2894](#) rainwater harvesting; appropriation (Hernandez M)

Position – Monitor

This bill would appropriate \$1 million from the State General Fund for Fiscal Year 2024-2025 to ADWR for the purpose of establishing a rainwater harvesting grant program. This program would provide grants to people that wish install either a “passive” or “active” rainwater harvesting system. The award would be up to \$500 for people who install a “simple and passive” rainwater harvesting system, and up to \$2,000 for those who install a more complex system. The grant money would be able to be used towards rain storage tanks and associated items, such as gutters.

[SB 1107](#) long-term storage accounts; credits; percentage (Sundareshan)

Position – Oppose

This bill would change the amount of recoverable stored water that ADWR will credit to long-term storage accounts from 95% to 70%. In other words, this bill increases the so-called “cut to the aquifer” for most long-term storage from 5% to 30%.

[SB 1109](#) water augmentation fund; appropriation; rights (Sundareshan)

Position – Oppose

This bill would transfer \$30 million from WIFA’s Long-Term Water Augmentation Fund for FY 2024 to ADWR to be used to purchase and retire irrigation grandfathered rights. This bill also requires ADWR to begin purchasing and retiring these rights by the end of 2024.

This bill has a laudable goal. Voluntarily purchasing and retiring irrigation grandfathered rights could be an essential tool in reducing groundwater pumping within AMAs and will include developing a monetary incentive. However, the Long-Term Water Augmentation Fund is not the place to get the funding for such a project. WIFA has already faced numerous budget cuts at a time when we need new water supplies more than ever.

[SB 1241](#) tax credit; gray water systems (Shope)

Position – Neutral

This bill would establish a tax credit of up to \$5,000 for both individuals and corporations that install a graywater system that complies with ADEQ regulations established in ARS § 49-204(C). This tax credit would be available for tax years 2025 through 2035.

[SB 1245](#) drinking water standards; pollutants (Sundareshan)

Position – Monitor

This bill would require ADEQ to establish Aquifer Water Quality Standards (AWQS) for chromium-6 (hexavalent chromium), 1,4-dioxin, and all PFAS chemicals. This bill would also remove a requirement that state regulations established by ADEQ are no more stringent than federal regulations about the same subject matter.

EPA and ADEQ are already in the process of developing monitoring rules for the compounds listed in this bill. This bill would simply seek to accelerate the process for ADEQ specifically to regulate these compounds and would seek to allow ADEQ to impose regulations stricter than those of the EPA.

[SB 1325](#) aquifer management; conservation; priority (Sundareshan)

Position – Monitor

This bill would require ADWR to prioritize the “conservation and maintenance” of Arizona’s aquifers above all else, followed in priority by the protection of Arizona’s “consumers” and then finally the protection of “all other users”.

[SB 1326](#) subdivisions; assured water supply; lots (Sundareshan)

Position – Support

This bill would require anyone who proposes to offer one or more lots, parcels, or fractional interests for sale or lease (regardless of the lease term) within an AMA to obtain a Certificate of Assured Water Supply (CAWS) or a commitment of service from a Designated Provider. In cases where approval of the plat is not required, this bill would require a CAWS or commitment of water service before a building permit may be issued. This bill would also require the plat to obtain a CAWS or commitment before it was approved for development, even in areas where approval is not required, which seems redundant. This bill would separate the existing requirement to obtain a CAWS or a commitment of service from the definition of a subdivision.

[SB 1327](#) assured water supply; building permits (Sundareshan)

Position – Support

This bill would require anyone who proposes to offer one or more lots, parcels, or fractional interests for sale or lease within an AMA to obtain a Certificate of Assured Water Supply (CAWS) or a commitment of service from a Designated Provider. In cases where approval of the plat is not required, this bill would require a CAWS or commitment before a building permit may be issued. This bill would separate the existing requirement to obtain a CAWS or a commitment of service from the definition of a subdivision.

SB 1339 regulatory costs; rulemaking; legislative ratification (Carroll)

Position – Oppose

This bill would prohibit any proposed rule that will cost the state more than \$500,000 within five years from going into effect until the Legislature enacts legislation ratifying the proposed rule. An agency would be required to submit the proposed rule to the (newly created?) Administrative Rules Oversight Committee, and the Committee would submit the rule to the Legislature “as soon as practicable”. The agency is prohibited from submitting a finalized rule until the Legislature ratifies the rule, and the agency must terminate the proposed rule if the Legislature fails to ratify it within the same legislative session that it was submitted to the Committee.

This bill is troubling because of the wide-ranging impacts it could have on ADWR, ADEQ, and every other state agency. \$500,000 is not a lot of money, and most substantive agency rules would probably cost the state that amount within five years. Oversight of agency rulemaking should be handled through public stakeholder processes, and not through the political machinations of the legislature. Requiring agency rulemaking to be approved by the legislature effectively opens these agencies up to political influence and means that rules would likely be passed through that were politically advantageous rather than those that follow actual best practices.

SB 1520 appropriation; Page water infrastructure project (Hatathlie)

Position – Monitor

This bill would appropriate \$6 million from the State General Fund for Fiscal Year 2024-2025 to WIFA to be used for the City of Page in order to create an intake pump near Glen Canyon Dam.

SB 1551 rural management areas (Mendez)

Position – Monitor

This bill establishes a rural groundwater management framework called a Rural Management Area. These areas would be established by County Boards of Supervisors. This bill would require ADWR to analyze all groundwater basins not included within an AMA every five years and to notify counties if any of several criteria are met to allow for the establishment of these Management Areas.

This bill arguably has the same spirit as Senator Kerr’s SB 1221, but with some noticeable differences that make this bill more directly in-line with what was recommended by the Governor’s Water Policy Council. It is also notable that the Management Areas in this bill would be established by County Boards of Supervisors in conjunction with ADWR, and not through a regional popular vote.

SB 1606 residential lease communities; building permits (Wadsack)

Position – Support

This bill would require that any residential lease community obtain either a Certificate of Assured Water Supply or a commitment of service from a Designated Provider before being issued a building permit. This bill also requires these developments to pay all relevant fees to the CAGR. This bill appears to be a complete and more preferable version of HB 2025 and HB 2026.

SB 1650 subdivisions; assured water supply; lots (Bennett)

Position – Support

This bill would require anyone who proposes to offer one or more lots, parcels, or fractional interests for sale or lease (regardless of the lease term) within an AMA to obtain a Certificate of Assured Water Supply (CAWS) or a commitment of service from a Designated Provider. In cases where approval of the plat is not required, this bill would require a CAWS or commitment of water service before a building permit may be issued. This bill would also require the plat to obtain a CAWS or commitment before it was approved for development, even in areas where approval is not required, which seems redundant. This bill would separate the existing requirement to obtain a CAWS or a commitment of service from the definition of a subdivision.



AMWUA BOARD OF DIRECTORS

INFORMATION SUMMARY

April 25, 2024

AMWUA Annual Action Plan

STRATEGIC PLAN REFERENCE

Operational Principles – Manage an Efficient and Effective Association

SUMMARY

The AMWUA Board of Directors approved the Strategic Plan for 2021-2026 at its March 2021 meeting. At the same meeting, the AMWUA Board of Directors approved an Annual Action Plan that detailed how the Strategic Plan would be accomplished during the current fiscal year.

AMWUA staff has drafted a new Annual Action Plan to guide AMWUA's efforts through the remainder of this fiscal year and for Fiscal Year 2025. Based on the water issues that AMWUA's members continue to face, the new Annual Plan is very similar to the current one.

The Annual Action Plan serves to highlight focus areas for AMWUA though it is understood that other issues may arise during the upcoming year that will 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 Strategic Plan.

The Annual Action Plan's key areas of focus through Fiscal Year 2025 include: Enhanced Communication, Conservation & Efficiency, Sustainable Water Management, Colorado River Transition, and Finances & Water.

AMWUA staff have prepared a presentation that reviews the proposed Annual Action Plan.

RECOMMENDATION

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

Staff proposes that the AMWUA Board of Directors approve of the Annual Action Plan through Fiscal Year 2025 upon receiving the AMWUA Board's feedback.

Arizona Municipal Water Users Association

ATTACHMENTS

- **Attachment A:** Draft Annual Action Plan for Fiscal Year 2025
- **Attachment B:** Strategic Plan for 2021-2026

Adopted _____ 2024 by the AMWUA Board of Directors

AMWUA will pursue the following actions to ensure it achieves the vision and mission outlined in the 2021-2026 Strategic Plan. This Action Plan will assist the development of the Fiscal Year 2025 budget and will guide the organization's efforts through Fiscal Year 2025. Although this plan outlines primary areas of focus, AMWUA will remain flexible and vigilant to address unforeseen issues.

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 financing infrastructure to store, recover, and deliver water.
- Engage with regional partners, agencies, and media to facilitate the coordination of consistent messaging to educate the public and decision-makers on a variety of topics, including the implications of reduced Colorado River water and groundwater challenges.
- 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

Legislation

Effectively advocate with one voice at the Legislature.

- Analyze and engage on state and federal legislation of interest to our members.
- Engage with legislators to inform them about the issues important to AMWUA, including identifying and working with legislators to champion water issues.
- Increase engagement with business organizations and other stakeholders on water policy issues to protect the economic foundation provided by municipal water systems.

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

Conservation & Efficiency

Excel as a leader in water conservation by effectively strategizing with members on program development and implementation and coordinating awareness about conservation efforts to enhance sustainable water resources.

- Enhance outdoor water efficiency efforts through research of data-driven practices, promotion of enhanced outdoor watering best practices, and expansion of the Smartscape Program's outreach to landscape industry and allied professionals, HOAs, and commercial property managers.
- Further explore methods to measure the impacts of new and existing water conservation efforts through streamlined data collection and analyses, prioritizing the use of efficiency-based technologies and geospatial resources.
- Encourage the development and support of innovative conservation and efficiency practices and policies for residential, commercial, industrial, and institutional sectors.
- Engage in regional, statewide, and national conservation and efficiency discussions to elevate our members' programs.
- Sustain and enhance AMWUA's resource materials, including publications and websites that our members rely upon and the public utilize.

- Expand the visibility of AMWUA members’ programs and elevate overall messaging about our water conservation and efficiency efforts.

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

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, and post-2025 management issues in the AMAs.
- Redesignation – Assist our members in working with ADWR on issues that may arise in the Assured Water Supply Designation process.
- Watershed Management – Work with SRP, the Nature Conservancy, and others to improve and sustain healthy rural and urban watersheds.
- Governor’s Water Council – Actively protect and promote our members’ perspectives and work with others to generate solutions that preserve and enhance the Assured Water Supply Program.

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.

- Evaluate negotiations and advocate for the municipal perspective in post-2026 Colorado River operations.
- Facilitate opportunities to assist and synchronize continuing preparation for less Colorado River water in the future.
- Support collaboration for actions to replace Colorado River water with other long-term supplies, including Advanced Water Purification, Bartlett Dam expansion, stormwater capture and reuse, and other long-term augmentation alternatives.

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

Finances & Water

Examine, analyze, and influence water positions and policies that impact our members’ finances.

- CAWCD – Influence decisions regarding the use of property tax revenue, OM&R expenditures, recovery infrastructure financing, and costs of shortage-related programs for the benefit of M&I subcontractors.
- SRP – Better understand the impact of SRP’s long-term water costs, including the expansion of Bartlett Dam.
- WIFA – Promote investment in projects that align with the Augmentation Principles and support permanent funding for water conservation at the state level.

Strategic Plan: Collaboration and Advocate for Solutions, Safeguard Water Supplies, Prepare for Impacts of Drought & Shortage, Minimize Financial Impacts



AMWUA Strategic Plan 2021–2026

Adopted March 25, 2021

We are ten Valley cities, representing more than half of Arizona's population, working in collaboration for over 50 years to protect and ensure sustainable water supplies for our communities,

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.

Objectives

Guided by its vision, AMWUA will facilitate discussion among our members on how to best pursue and advocate for the following objectives to accomplish AMWUA's mission. To achieve these objectives by 2026, AMWUA will advocate with one voice for those agreed-upon solutions to water management challenges affecting its members and Arizona.

Facilitate our Strength in Numbers

- Ensure AMWUA's organizational strength for facilitating discussion, encouraging consensus, and best serving its members is maximized through the full utilization, efficient structuring, and retention of a knowledgeable, effective, and productive staff and consultants.
- Research and analyze issues, legislation, and policies impacting water supplies and management and propose solutions that AMWUA members can collectively support and advance with one voice.
- Maximize the policy, administrative, and technical expertise of the AMWUA Board, AMWUA Management Board, Water Resources Advisory Group, and Conservation & Efficiency Advisory Group by providing timely information and engaging on issues in regular meetings.
- Support the long-term viability and partnership of the Sub-Regional Operating Group to oversee the 91st Avenue Wastewater Treatment Facility.
- Annually implement a resourceful, effective operating budget that demonstrates how AMWUA's mission and objectives will be accomplished.

Educate - Excel as an Expert and Resource

- Communicate effectively about water from the perspective of AMWUA members by maximizing the impact of AMWUA's website, digital platforms, media, and other public forums to advance the importance of planning and investing in water resources and infrastructure.
- Communicate the successes of our members in water management while highlighting the importance of efficient water use and strong statewide water management to ensure economic success.
- Promote AMWUA's expertise among its membership, the water community, and the public by having a presence at meetings, forums, events, and in the media while participating in regional, state, and national organizations to represent and advance the interests of our members.

Collaborate and Advocate for Solutions

- Effectively work with and influence the Legislature, the Arizona Department of Water Resources, the Arizona Department of Environmental Quality, U.S. Bureau of Reclamation, Salt River Project, Central Arizona Water Conservation District, the water community, the business community, and other key players to pursue policies and positions beneficial to our members and Arizona.

Safeguard Water Supplies

- Protect our members' existing water supplies, including groundwater, Salt & Verde Rivers water, Colorado River water, recycled water, and stored water.
- Advance awareness and the shared responsibility of our *One Water*, which represents all water sources, including the full reuse of water.
- Explore concepts for how our members can plan and invest in future water resources and infrastructure.
- Assist members in developing and implementing programs and policies that could further extend supplies through the efficient use and conservation of water.

Strengthen Groundwater Management

- Support and protect the Groundwater Management Act and the AMA management goal of safe-yield.
- Support policies and efforts that enhances and strengthens the responsible use of groundwater in the Phoenix Active Management Area, particularly during a shortage.
- Promote ways ADWR can more effectively administer programs essential to AMWUA members.

Prepare for Impacts of Drought & Shortage

- Assist our members with the development and implementation of measures to ensure the resiliency of their water supplies even during drought and shortage.
- Collaborate with AWBA, CAWCD, and ADWR to have a recovery implementation plan for M&I water firmed by AWBA to allow municipalities to better prepare for a shortage.
- Assist members with the ongoing development and implementation of programs and policies that promote water-efficiency and encourage conservation to manage demand.

Pursue Post-2025 Water Policy

- Develop concepts for policies and programs that build on the accomplishments of the Groundwater Management Act and will carry forward sound water management for AMWUA members and Arizona beyond 2025.

Minimize Financial Impacts

- Increase our members' understanding of CAWCD and SRP's respective finances and encourage CAWCD and SRP's financial stability.
- Work with CAWCD and SRP to convey how their respective rates and taxes impact the AMWUA members and collaborate to ensure the best benefits of those rates and taxes for AMWUA members.

Interconnect Disciplines

- Develop ways to better maximize and connect the knowledge, practices, and activities of water resource planning, demand management, water quality, water/energy nexus, sustainability, economic development, and finance efforts.



BOARD OF DIRECTORS INFORMATION SUMMARY

April 25, 2024

IRS Form 990 for Fiscal Year 2023

STRATEGIC PLAN REFERENCE

Operational Principles – Manage an Efficient and Effective Association

SUMMARY

The IRS Form 990 is an annual information return required to be filed with the IRS by most organizations exempt from paying income tax. The Form 990 must be filed no later than the 15th day of the fifth month following the organization's fiscal year end, which for AMWUA is November 15th. A copy of the Form 990 must also be submitted to the Arizona Department of Revenue.

An application was submitted to the IRS for an extension of time to file the Form 990 since the AMWUA financial contractor recommends the Form 990 be filed after the completion of the audit. The extension was granted by the IRS to May 15, 2024.

The Draft IRS Form 990 has been completed by CliftonLarsonAllen based on the Audited Financial Statements as of June 30, 2023. The return is in the final review stages and there are no expected changes to this draft.

RECOMMENDATION

Staff recommends that the AMWUA Board of Directors accept the draft IRS Form 990 as presented and authorize the AMWUA Executive Director to execute the final IRS Form 990.

SUGGESTED MOTION

I move to accept the draft IRS Form 990 as presented and authorize the AMWUA Executive Director to execute the final IRS Form 990 if no substantive changes are required from the presented draft.

ATTACHMENT

- AMWUA Draft IRS Form 990 for Fiscal Year 2023

Caution: Forms printed from within Adobe Acrobat products may not meet IRS or state taxing agency specifications. When using Acrobat, select the "Actual Size" in the Adobe "Print" dialog.

CLIENT'S COPY

DRAFT



April 17, 2024

Arizona Municipal Water Users
Association
3003 N Central Avenue 1550
Phoenix, AZ 85012
Attention: Warren Tenney

Dear Warren:

Enclosed is the organization's 2022 Exempt Organization return.

Specific filing instructions are as follows.

FORM 990 RETURN:

This return has qualified for electronic filing. After you have reviewed the return for completeness and accuracy, please sign, date and return Form 8879-TE to our office. We will transmit the return electronically to the IRS and no further action is required. Please return Form 8879-TE to us as soon as possible, but no later than by May 15, 2024 the filing deadline.

In addition, tax-exempt organizations must make available for public inspection a copy of their annual returns for the preceding three years and exemption application, if applicable. An organization generally must furnish filings to anyone who requests them in person or in writing. An exempt organization may meet this requirement by posting all the documents on its website or at another organizations site as part of a database of similar materials. Specific requirements must be met to meet this exception.

A few final reminders relating to your tax return filings:

- There are substantial penalties for failure to properly disclose and report foreign financial accounts and foreign activity. Please make sure you have informed us of any foreign financial accounts or foreign activity so that we have the necessary information to complete any required disclosures or filings.
- Be sure to review the returns prior to signing as you have final responsibility for all information included in the returns. Please contact us if you have any questions or concerns.
- We recommend you keep a paper or electronic copy of your tax returns permanently. Supporting documentation should be kept for a minimum of seven years based on IRS guidance.

CLA exists to create opportunities – for our clients, our people, and our communities. We value our relationship with you and thank you for your trust and confidence in allowing us to serve you. If we can assist you in making strategic, informed decisions in areas of tax or beyond, please contact us as questions arise throughout the year.

Sincerely,

CliftonLarsonAllen LLP



CliftonLarsonAllen LLP
CLAconnect.com

**ARIZONA MUNICIPAL WATER USERS
ASSOCIATION**

FORM 990 INCOME TAX RETURN

FOR YEAR ENDED JUNE 30, 2023

DRAFT

Form **8879-TE**

IRS e-file Signature Authorization for a Tax Exempt Entity

OMB No. 1545-0047

For calendar year 2022, or fiscal year beginning JUL 1, 2022, and ending JUN 30, 2023

2022

Department of the Treasury
Internal Revenue Service

Do not send to the IRS. Keep for your records.

Go to www.irs.gov/Form8879TE for the latest information.

Name of filer **ARIZONA MUNICIPAL WATER USERS ASSOCIATION**

EIN or SSN
86-0389936

Name and title of officer or person subject to tax **WARREN TENNEY
EXECUTIVE DIRECTOR**

Part I Type of Return and Return Information

Check the box for the return for which you are using this Form 8879-TE and enter the applicable amount, if any, from the return. Form 8038-CP and Form 5330 filers may enter dollars and cents. For all other forms, enter whole dollars only. If you check the box on line **1a, 2a, 3a, 4a, 5a, 6a, 7a, 8a, 9a, or 10a** below, and the amount on that line for the return being filed with this form was blank, then leave line **1b, 2b, 3b, 4b, 5b, 6b, 7b, 8b, 9b, or 10b**, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. **Do not complete more than one line in Part I.**

1a Form 990 check here	<input checked="" type="checkbox"/>	b Total revenue , if any (Form 990, Part VIII, column (A), line 12)	1b <u>1,454,138.</u>
2a Form 990-EZ check here	<input type="checkbox"/>	b Total revenue , if any (Form 990-EZ, line 9)	2b _____
3a Form 1120-POL check here	<input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b _____
4a Form 990-PF check here	<input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part V, line 5)	4b _____
5a Form 8868 check here	<input type="checkbox"/>	b Balance due (Form 8868, line 3c)	5b _____
6a Form 990-T check here	<input type="checkbox"/>	b Total tax (Form 990-T, Part III, line 4)	6b _____
7a Form 4720 check here	<input type="checkbox"/>	b Total tax (Form 4720, Part III, line 1)	7b _____
8a Form 5227 check here	<input type="checkbox"/>	b FMV of assets at end of tax year (Form 5227, Item D)	8b _____
9a Form 5330 check here	<input type="checkbox"/>	b Tax due (Form 5330, Part II, line 19)	9b _____
10a Form 8038-CP check here	<input type="checkbox"/>	b Amount of credit payment requested (Form 8038-CP, Part III, line 22)	10b _____

Part II Declaration and Signature Authorization of Officer or Person Subject to Tax

Under penalties of perjury, I declare that I am an officer of the above entity or I am a person subject to tax with respect to (name of entity) _____, (EIN) _____ and that I have examined a copy of the 2022 electronic return and accompanying schedules and statements, and, to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the electronic return and, if applicable, the consent to electronic funds withdrawal.

PIN: check one box only

I authorize CLIFTONLARSONALLEN LLP to enter my PIN 12345
ERO firm name Enter five numbers, but do not enter all zeros

as my signature on the tax year 2022 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

As an officer or person subject to tax with respect to the entity, I will enter my PIN as my signature on the tax year 2022 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Signature of officer or person subject to tax

Date

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN.

86889112345

Do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2022 electronically filed return indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 4163**, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature MELISSA HANGSLEBEN

Date 04/17/24

ERO Must Retain This Form - See Instructions

Do Not Submit This Form to the IRS Unless Requested To Do So

LHA For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Form **8879-TE** (2022)

Application for Automatic Extension of Time To File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

▶ **File a separate application for each return.**
▶ **Go to www.irs.gov/Form8868 for the latest information.**

Electronic filing (e-file). You can electronically file Form 8868 to request a 6-month automatic extension of time to file any of the forms listed below with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, for which an extension request must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/e-file-providers/e-file-for-charities-and-non-profits.

Automatic 6-Month Extension of Time. Only submit original (no copies needed).

All corporations required to file an income tax return other than Form 990-T (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Type or print	Name of exempt organization or other filer, see instructions. ARIZONA MUNICIPAL WATER USERS ASSOCIATION	Taxpayer identification number (TIN) 86-0389936
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. 3003 N CENTRAL AVENUE, 1550	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. PHOENIX, AZ 85012	

Enter the Return Code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12
Form 990-T (corporation)	07		

WARREN TENNEY

- The books are in the care of ▶ 3003 N CENTRAL AVENUE, 1550 - PHOENIX, AZ 85012
- Telephone No. ▶ 602-248-8482 Fax No. ▶ _____
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and TINs of all members the extension is for.

1 I request an automatic 6-month extension of time until MAY 15, 2024, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
 ▶ calendar year _____ or
 ▶ tax year beginning JUL 1, 2022, and ending JUN 30, 2023.

2 If the tax year entered in line 1 is for less than 12 months, check reason: Initial return Final return
 Change in accounting period

3a If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	0.
b If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	0.
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	0.

Caution: If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-TE and Form 8879-TE for payment instructions.

Return of Organization Exempt From Income Tax

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
Do not enter social security numbers on this form as it may be made public.
Go to www.irs.gov/Form990 for instructions and the latest information.

2022
Open to Public Inspection

A For the **2022** calendar year, or tax year beginning **JUL 1, 2022** and ending **JUN 30, 2023**

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization ARIZONA MUNICIPAL WATER USERS ASSOCIATION Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite 3003 N CENTRAL AVENUE 1550 City or town, state or province, country, and ZIP or foreign postal code PHOENIX, AZ 85012	D Employer identification number 86-0389936 E Telephone number 602-248-8482
I Tax-exempt status: <input type="checkbox"/> 501(c)(3) <input checked="" type="checkbox"/> 501(c)(4) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		G Gross receipts \$ 1,454,138.
J Website: WWW.AMWUA.ORG		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. See instructions H(c) Group exemption number
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other		L Year of formation: 1969 M State of legal domicile: AZ

Part I Summary

	1 Briefly describe the organization's mission or most significant activities: ADVOCATES RESPONSIBLE WATER STEWARDSHIP THAT SUPPORTS ECONOMIC PROSPERITY AND SAFEGUARDS		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
Activities & Governance	3 Number of voting members of the governing body (Part VI, line 1a)	3	9
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	9
	5 Total number of individuals employed in calendar year 2022 (Part V, line 2a)	5	9
	6 Total number of volunteers (estimate if necessary)	6	14
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
	b Net unrelated business taxable income from Form 990-T, Part I, line 11	7b	0.
	Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year
9 Program service revenue (Part VIII, line 2g)		1,396,484.	1,419,541.
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)		45,000.	0.
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		2,464.	34,593.
12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)		1,444,198.	1,454,138.
Expenses		13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	864,904.	892,470.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b Total fundraising expenses (Part IX, column (D), line 25)	0.	0.
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	593,568.	569,902.
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	1,458,472.	1,462,372.	
19 Revenue less expenses. Subtract line 18 from line 12	-14,274.	-8,234.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 26)	2,696,152.	2,571,515.
	22 Net assets or fund balances. Subtract line 21 from line 20	2,457,791.	2,341,388.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer WARREN TENNEY, EXECUTIVE DIRECTOR	Date
	Type or print name and title	
Paid Preparer Use Only	Print/Type preparer's name MELISSA HANGSLEBEN	Preparer's signature MELISSA HANGSLEBEN
	Date 04/17/24	Check if self-employed <input type="checkbox"/> PTIN P02087031
	Firm's name CLIFTONLARSONALLEN LLP	Firm's EIN 41-0746749
	Firm's address 20 EAST THOMAS ROAD, SUITE 2300 PHOENIX, AZ 85012	Phone no. 602-266-2248

May the IRS discuss this return with the preparer shown above? See instructions Yes No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III [X]

1 Briefly describe the organization's mission: THE ARIZONA MUNICIPAL WATER USERS ASSOCIATION PROTECTS ITS MEMBERS' ABILITY TO PROVIDE ASSURED, SAFE, AND SUSTAINABLE WATER SUPPLIES TO THEIR COMMUNITIES. WORKING COLLABORATIVELY, THE ASSOCIATION ADVOCATES RESPONSIBLE WATER STEWARDSHIP THAT SUPPORTS ECONOMIC PROSPERITY AND

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [] Yes [X] No If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [] Yes [X] No If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 1,000,108. including grants of \$ 0.) (Revenue \$ 0.) ADVOCATED BEFORE STATE AND LOCAL ENTITIES FOR WATER POLICIES THAT PROMOTE ECONOMIC PROSPERITY AND SAFEGUARD ARIZONA'S WATER SUPPLIES. WORKED WITH OUR MEMBER CITIES AND TOWN IN THE CONTINUED DEVELOPMENT AND MANAGEMENT OF URBAN WATER POLICY; PROVIDED A FORUM FOR THE DISCUSSION OF AND PLANNING FOR THE SOLUTION OF REGIONAL WATER PROBLEMS TO INSURE MAXIMUM EFFICIENCY AND ECONOMY IN MAINTAINING AND SECURING WATER AND WATER RIGHTS, AND IN PRODUCING, TREATING (WATER AND WASTEWATER), CONSERVING, REUSING, AND DISTRIBUTING WATER FOR URBAN USES THROUGH POOLING OF COMMON RESOURCES AND INTERGOVERNMENTAL COOPERATION.

4b (Code:) (Expenses \$ 50,353. including grants of \$ 0.) (Revenue \$ 0.) COLLABORATED WITH THE MARICOPA COUNTY COOPERATIVE EXTENSION TO FUND, IMPLEMENT, AND PROMOTE THE SMARTSCAPE PROGRAM, A TRAINING PROGRAM FOR LANDSCAPE AND IRRIGATION PROFESSIONALS. PARTNERED WITH TUCSON WATER AND THE PIMA COUNTY COOPERATIVE EXTENSION TO REALIGN THE MARICOPA AND PIMA COUNTY SMARTSCAPE PROGRAMS CURRICULUMS AND BRANDING. WORKED WITH RADIANT DEVELOPERS TO ENHANCE THE SMARTSCAPE WEBSITE AND DATABASE AS WELL AS IMPLEMENT UPDATES. PARTNERED WITH THE ALLIANCE FOR WATER EFFICIENCY ON RESEARCH, CODES AND STANDARDS, POLICY, AND PROJECTS TO ADVANCE THE EFFICIENT AND SUSTAINABLE USE OF WATER. PARTNERED WITH THE ARIZONA NURSERY ASSOCIATION TO PROMOTE, ADVANCE, AND EFFECT THE NURSERY INDUSTRY AND EDUCATE THE PUBLIC AND INDUSTRY PROFESSIONALS ON LOW-WATER-USE LANDSCAPES. CONTINUED TO OFFER AND PROMOTE A TEXT ALERT

4c (Code:) (Expenses \$ 0. including grants of \$ 0.) (Revenue \$ 0.) THE AMWUA WATER LOSS CONTROL TRAINING & TECHNICAL ASSISTANCE PROGRAM (PROGRAM) WAS A JOINT COLLABORATION BETWEEN AMWUA, THE AMWUA MEMBERS, AND THE ARIZONA DEPARTMENT OF WATER RESOURCES (ADWR) TO REDUCE WATER LOSS WITHIN THE MUNICIPAL WATER SYSTEMS OF THE AMWUA MEMBERS. THIS PROGRAM WAS COMPLETED DURING FISCAL 2023.

4d Other program services (Describe on Schedule O.) (Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses 1,050,461.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>		X
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ? See instructions	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Rev. Proc. 98-19? <i>If "Yes," complete Schedule C, Part III</i>	X	
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		X
10 Did the organization, directly or through a related organization, hold assets in donor-restricted endowments or in quasi endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X, as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
b Did the organization report an amount for investments - other securities in Part X, line 12, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		X
c Did the organization report an amount for investments - program related in Part X, line 13, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d Did the organization report an amount for other assets in Part X, line 15, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	X	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>		X
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i> See instructions		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		X

Part IV Checklist of Required Schedules (continued)

Table with 3 columns: Question ID, Question Text, Yes, No. Rows include questions 22 through 38 regarding organizational reporting, compensation, tax-exempt bonds, and business transactions.

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

Table with 3 columns: Question ID, Question Text, Yes, No. Rows include questions 1a, 1b, and 1c regarding Form 1096, Forms W-2G, and backup withholding rules.

Part V Statements Regarding Other IRS Filings and Tax Compliance (continued)

Table with columns for question number, question text, and Yes/No response boxes. Includes questions 2a through 17 regarding employee reporting, tax returns, gross income, foreign accounts, prohibited transactions, and charitable contributions.

Part VI Governance, Management, and Disclosure. For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes on Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O.		
1b	Enter the number of voting members included on line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders?	X	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		X
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
8a	The governing body?	X	
8b	Each committee with authority to act on behalf of the governing body?		X
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses on Schedule O.		X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		X
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
11b	Describe on Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13		X
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?		
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe on Schedule O how this was done		
13	Did the organization have a written whistleblower policy?		X
14	Did the organization have a written document retention and destruction policy?		X
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official	X	
15b	Other officers or key employees of the organization		X
	If "Yes" to line 15a or 15b, describe the process on Schedule O. See instructions.		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed NONE
- 18** Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain on Schedule O)
- 19** Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records
 WARREN TENNEY - 602-248-8482
 3003 N CENTRAL AVENUE, 1550, PHOENIX, AZ 85012

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
 - List all of the organization's **current** key employees, if any. See the instructions for definition of "key employee."
 - List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (box 5 of Form W-2, box 6 of Form 1099-MISC, and/or box 1 of Form 1099-NEC) of more than \$100,000 from the organization and any related organizations.
 - List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
 - List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.
- See the instructions for the order in which to list the persons above.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC/1099-NEC)	(E) Reportable compensation from related organizations (W-2/1099-MISC/1099-NEC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) WARREN TENNEY EXECUTIVE DIRECTOR	40.00			X			152,478.	0.	40,870.	
(2) BART TURNER PRESIDENT	0.50	X		X			0.	0.	0.	
(3) SHERI LAURITANO VICE PRESIDENT	0.50	X		X			0.	0.	0.	
(4) SCOTT ANDERSON SECRETARY/TREASURER	0.50	X		X			0.	0.	0.	
(5) MAYOR BECK COUNCIL MEMBER	0.50	X					0.	0.	0.	
(6) ARLENE CHIN COUNCIL MEMBER	0.50	X					0.	0.	0.	
(7) MARK FREEMAN COUNCIL MEMBER	0.50	X					0.	0.	0.	
(8) CURTIS NIELSON COUNCIL MEMBER	0.50	X					0.	0.	0.	
(9) ANN O'BRIEN COUNCIL MEMBER	0.50	X					0.	0.	0.	
(10) DAVID ORETEGA COUNCIL MEMBER	0.50	X					0.	0.	0.	
(11) DOREEN GARLID COUNCIL MEMBER (THRU 8/22)	0.50	X					0.	0.	0.	
(12) RENE LOPEZ COUNCIL MEMBER (THRU 1/23)	0.50	X					0.	0.	0.	
(13) BRAD SCHAFAER COUNCIL MEMBER (THRU 2/23)	0.50	X					0.	0.	0.	
(14) KEVIN THOMPSON COUNCIL MEMBER (THRU 1/23)	0.50	X					0.	0.	0.	

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512 - 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a	Federated campaigns	1a				
	b	Membership dues	1b	1,419,541.			
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above ...	1f				
	g	Noncash contributions included in lines 1a-1f	1g	\$			
	h	Total. Add lines 1a-1f		1,419,541.			
Program Service Revenue	2 a	_____	Business Code				
	b	_____					
	c	_____					
	d	_____					
	e	_____					
	f	All other program service revenue					
	g	Total. Add lines 2a-2f					
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		34,593.		34,593.	
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
	6 a	Gross rents	6a	(i) Real	(ii) Personal		
	b	Less: rental expenses ...	6b				
	c	Rental income or (loss)	6c				
	d	Net rental income or (loss)					
	7 a	Gross amount from sales of assets other than inventory	7a	(i) Securities	(ii) Other		
	b	Less: cost or other basis and sales expenses	7b				
	c	Gain or (loss)	7c				
	d	Net gain or (loss)					
8 a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	8a					
b	Less: direct expenses	8b					
c	Net income or (loss) from fundraising events						
9 a	Gross income from gaming activities. See Part IV, line 19	9a					
b	Less: direct expenses	9b					
c	Net income or (loss) from gaming activities						
10 a	Gross sales of inventory, less returns and allowances	10a					
b	Less: cost of goods sold	10b					
c	Net income or (loss) from sales of inventory						
Miscellaneous Revenue	11 a	OTHER REVENUE	Business Code	900099	4.	4.	
	b	_____					
	c	_____					
	d	All other revenue					
	e	Total. Add lines 11a-11d		4.			
12	Total revenue. See instructions		1,454,138.	0.	0.	34,597.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 ...				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	202,644.	192,512.	10,132.	
6 Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	503,699.	478,514.	25,185.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	67,620.	67,620.		
9 Other employee benefits	64,061.	60,858.	3,203.	
10 Payroll taxes	54,446.	49,001.	5,445.	
11 Fees for services (nonemployees):				
a Management				
b Legal	60,000.	60,000.		
c Accounting	76,651.		76,651.	
d Lobbying	52,920.	47,628.	5,292.	
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A), amount, list line 11g expenses on Sch O.)				
12 Advertising and promotion				
13 Office expenses	22,699.	4,850.	17,849.	
14 Information technology	17,807.	17,807.		
15 Royalties				
16 Occupancy	2,519.	2,519.		
17 Travel	1,568.	1,568.		
18 Payments of travel or entertainment expenses for any federal, state, or local public officials ...				
19 Conferences, conventions, and meetings	11,756.	11,756.		
20 Interest	104,225.		104,225.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	150,806.		150,806.	
23 Insurance	7,074.		7,074.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A), amount, list line 24e expenses on Schedule O.)				
a WATER CONSERVATION	50,353.	50,353.		
b OUTREACH	6,049.		6,049.	
c SUBSCRIPTIONS AND REFER	5,475.	5,475.		
d _____				
e All other expenses _____				
25 Total functional expenses. Add lines 1 through 24e	1,462,372.	1,050,461.	411,911.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash - non-interest-bearing	77,802.	1	48,177.
	2 Savings and temporary cash investments	1,074,648.	2	1,146,043.
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net		4	
	5 Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	3,848.	9	53,005.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 1,550,310.		
	b Less: accumulated depreciation	10b 399,030.	1,302,086.	10c 1,151,280.
	11 Investments - publicly traded securities		11	
	12 Investments - other securities. See Part IV, line 11		12	
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	237,768.	15	173,010.
16 Total assets. Add lines 1 through 15 (must equal line 33)	2,696,152.	16	2,571,515.	
Liabilities	17 Accounts payable and accrued expenses	70,152.	17	121,290.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	2,387,639.	25	2,220,098.
	26 Total liabilities. Add lines 17 through 25	2,457,791.	26	2,341,388.
Net Assets or Fund Balances	Organizations that follow FASB ASC 958, check here <input type="checkbox"/> and complete lines 27, 28, 32, and 33.			
	27 Net assets without donor restrictions		27	
	28 Net assets with donor restrictions		28	
	Organizations that do not follow FASB ASC 958, check here <input checked="" type="checkbox"/> and complete lines 29 through 33.			
	29 Capital stock or trust principal, or current funds	0.	29	0.
	30 Paid-in or capital surplus, or land, building, or equipment fund	0.	30	0.
	31 Retained earnings, endowment, accumulated income, or other funds	238,361.	31	230,127.
	32 Total net assets or fund balances	238,361.	32	230,127.
33 Total liabilities and net assets/fund balances	2,696,152.	33	2,571,515.	

Form 990 (2022)

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,454,138.
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,462,372.
3	Revenue less expenses. Subtract line 2 from line 1	3	-8,234.
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	238,361.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain on Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	230,127.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

- 1 Accounting method used to prepare the Form 990: Cash Accrual Other _____
If the organization changed its method of accounting from a prior year or checked "Other," explain on Schedule O.
- 2a Were the organization's financial statements compiled or reviewed by an independent accountant?
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- b Were the organization's financial statements audited by an independent accountant?
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O.
- 3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Uniform Guidance, 2 C.F.R. Part 200, Subpart F?
- b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why on Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a		X
2b	X	
2c	X	
3a		X
3b		

Form 990 (2022)

Schedule B
(Form 990)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Attach to Form 990 or Form 990-PF.
Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2022

Name of the organization ARIZONA MUNICIPAL WATER USERS ASSOCIATION	Employer identification number 86-0389936
--	--

Organization type (check one):

Filers of:

Section:

- Form 990 or 990-EZ 501(c)(4) (enter number) organization
- 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
- 527 political organization
- Form 990-PF 501(c)(3) exempt private foundation
- 4947(a)(1) nonexempt charitable trust treated as a private foundation
- 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

- For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** \$5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I (entering "N/A" in column (b) instead of the contributor name and address), II, and III.
- For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year \$ _____

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990).

Name of organization ARIZONA MUNICIPAL WATER USERS ASSOCIATION	Employer identification number 86-0389936
--	---

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	N/A	\$ 76,559.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	N/A	\$ 104,190.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	N/A	\$ 99,872.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4	N/A	\$ 118,626.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5	N/A	\$ 78,150.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6	N/A	\$ 171,845.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization ARIZONA MUNICIPAL WATER USERS ASSOCIATION	Employer identification number 86-0389936
--	--

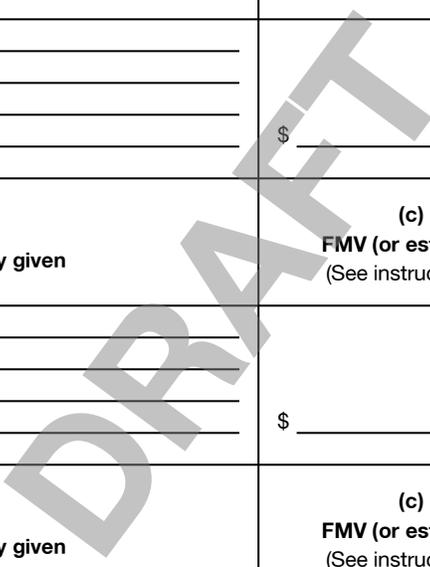
Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7	N/A <hr/> <hr/> <hr/>	\$ 91,850.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
8	N/A <hr/> <hr/> <hr/>	\$ 432,429.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
9	N/A <hr/> <hr/> <hr/>	\$ 122,419.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
10	N/A <hr/> <hr/> <hr/>	\$ 123,601.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization ARIZONA MUNICIPAL WATER USERS ASSOCIATION	Employer identification number 86-0389936
--	--

Part II Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed.

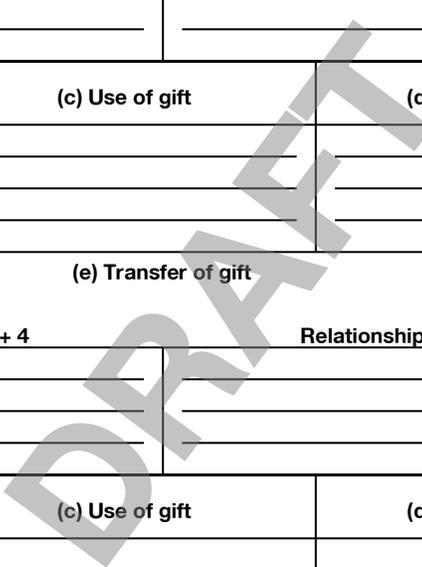
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____



Name of organization ARIZONA MUNICIPAL WATER USERS ASSOCIATION	Employer identification number 86-0389936
--	--

Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info. once.) \$ _____
Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	



SCHEDULE C
(Form 990)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2022

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527
Complete if the organization is described below. Attach to Form 990 or Form 990-EZ.
Go to www.irs.gov/Form990 for instructions and the latest information.

If the organization answered "Yes," on Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered "Yes," on Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes," on Form 990, Part IV, line 5 (Proxy Tax) (See separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (See separate instructions), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization	ARIZONA MUNICIPAL WATER USERS ASSOCIATION	Employer identification number	86-0389936
----------------------	---	--------------------------------	------------

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.
- 2 Political campaign activity expenditures \$ _____
- 3 Volunteer hours for political campaign activities _____

Part I-B Complete if the organization is exempt under section 501(c)(3).

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 \$ _____
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 \$ _____
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? Yes No
- 4a Was a correction made? Yes No
- b If "Yes," describe in Part IV.

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities \$ _____
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities \$ _____
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b \$ _____
- 4 Did the filing organization file Form 1120-POL for this year? Yes No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule C (Form 990) 2022

LHA

232041 11-08-22

Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A** Check if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
- B** Check if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grassroots lobbying)														
b Total lobbying expenditures to influence a legislative body (direct lobbying)														
c Total lobbying expenditures (add lines 1a and 1b)														
d Other exempt purpose expenditures														
e Total exempt purpose expenditures (add lines 1c and 1d)														
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.															
<table border="1"> <thead> <tr> <th>If the amount on line 1e, column (a) or (b) is:</th> <th>The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e.														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.														
Over \$17,000,000	\$1,000,000.														
g Grassroots nontaxable amount (enter 25% of line 1f)														
h Subtract line 1g from line 1a. If zero or less, enter -0-														
i Subtract line 1f from line 1c. If zero or less, enter -0-														
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?														

Yes No

4-Year Averaging Period Under Section 501(h)
 (Some organizations that made a section 501(h) election do not have to complete all of the five columns below.
 See the separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

Table with 3 columns: (a) Yes, (a) No, (b) Amount. Rows include: 1 During the year, did the filing organization attempt to influence foreign, national, state, or local legislation...; 2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

Table with 3 columns: Question, Yes, No. Rows include: 1 Were substantially all (90% or more) dues received nondeductible by members?; 2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?; 3 Did the organization agree to carry over lobbying and political campaign activity expenditures from the prior year?

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

Table with 2 columns: Question, Amount. Rows include: 1 Dues, assessments and similar amounts from members; 2 Section 162(e) nondeductible lobbying and political expenditures; 3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues; 4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditures next year?; 5 Taxable amount of lobbying and political expenditures.

Part IV Supplemental Information

Provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, lines 1 and 2 (See instructions); and Part II-B, line 1. Also, complete this part for any additional information.

Blank lines for providing supplemental information as required by the instructions.

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. Attach to Form 990.

Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2022

Open to Public Inspection

Name of the organization ARIZONA MUNICIPAL WATER USERS ASSOCIATION Employer identification number 86-0389936

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include total number at end of year, aggregate value of contributions, grants, and end of year, and two Yes/No questions regarding donor property and grant fund usage.

Part II Conservation Easements. Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include purpose(s) of conservation easements, a table for lines 2a-2d (Total number, acreage, certified historic structures, acquired after 2006), and questions 3-9 regarding monitoring, expenses, and reporting.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include questions 1a, 1b, 2, and 3 regarding reporting of art and historical treasures.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

- 3 Using the organization's acquisition, accession, and other records, check any of the following that make significant use of its collection items (check all that apply):
- a Public exhibition
 - b Scholarly research
 - c Preservation for future generations
 - d Loan or exchange program
 - e Other _____
- 4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
- 5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b If "Yes," explain the arrangement in Part XIII and complete the following table:
- | | Amount |
|---------------------------------|--------|
| c Beginning balance | 1c |
| d Additions during the year | 1d |
| e Distributions during the year | 1e |
| f Ending balance | 1f |
- 2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No
- b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

Part V Endowment Funds. Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

- 2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
- a Board designated or quasi-endowment _____ %
 - b Permanent endowment _____ %
 - c Term endowment _____ %
- The percentages on lines 2a, 2b, and 2c should equal 100%.
- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- | | Yes | No |
|---|--------|----|
| (i) Unrelated organizations | 3a(i) | |
| (ii) Related organizations | 3a(ii) | |
| b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R? <input type="checkbox"/> | 3b | |
- 4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements		7,101.	7,101.	0.
d Equipment		133,701.	110,027.	23,674.
e Other		1,409,508.	281,902.	1,127,606.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				1,151,280.

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.)		

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.)		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) DEFERRED OUTFLOW OF PENSIONS RESOURCES (PER GASB68)	149,510.
(2) REFUNDABLE DEPOSITS	23,500.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.)	173,010.

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) NET PENSION LIABILITY (GASB68)	900,987.
(3) DEFERRED INFLOW PENSION RESOURCES (GASB68)	64,159.
(4) LEASE LIABILITY	1,254,952.
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.)	2,220,098.

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FASB ASC 740. Check here if the text of the footnote has been provided in Part XIII ...

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
Complete if the organization answered "Yes" on Form 990, Part IV, line 23.
Attach to Form 990.
Go to www.irs.gov/Form990 for instructions and the latest information.

2022

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization **ARIZONA MUNICIPAL WATER USERS ASSOCIATION**

Employer identification number
86-0389936

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (such as maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?

3 Indicate which, if any, of the following the organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- | | |
|--|---|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
- b** Participate in or receive payment from a supplemental nonqualified retirement plan?
- c** Participate in or receive payment from an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.

5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?
- If "Yes" on line 5a or 5b, describe in Part III.

6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
- b** Any related organization?
- If "Yes" on line 6a or 6b, describe in Part III.

7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b		
2		
4a		X
4b		X
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

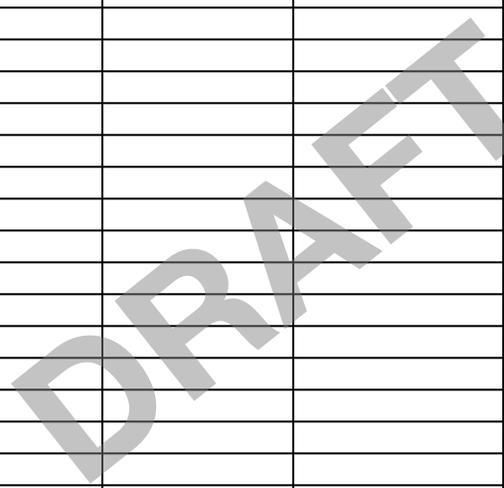
Schedule J (Form 990) 2022

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

Note: The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC and/or 1099-NEC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) WARREN TENNEY EXECUTIVE DIRECTOR	(i)	152,478.	0.	0.	18,072.	22,798.	193,348.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
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	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							



Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

DRAFT

**SCHEDULE O
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
Attach to Form 990 or Form 990-EZ.
Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2022

Open to Public
Inspection

Name of the organization	ARIZONA MUNICIPAL WATER USERS ASSOCIATION	Employer identification number	86-0389936
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FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

ARIZONA'S WATER SUPPLIES FOR FUTURE GENERATIONS.

FORM 990, PART III, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

SAFEGUARDS ARIZONA'S WATER SUPPLIES FOR FUTURE GENERATIONS.

FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS:

SERVICE, ALLOWING CITIZENS TO SUBSCRIBE TO RECEIVE MONTHLY WATERING
REMINDERS TO WATER THEIR LANDSCAPES PROPERLY AND EFFICIENTLY. WORKED
WITH MUNICIPAL STAFF AND PLANT EXPERTS ON THE UPDATE OF THE LANDSCAPE
PLANTS FOR THE ARIZONA DESERT BOOK. WORKED WITH ARIZONA DEPARTMENT OF
WATER RESOURCES (ADWR) ON THE UPDATE TO THE PHOENIX AMA LOW WATER,
DROUGHT TOLERANT REGULATORY PLANT LIST.

FORM 990, PART VI, SECTION A, LINE 6:

THE ORGANIZATION HAS MEMBERS. THE MEMBERS ARE THE ARIZONA MUNICIPALITIES OF
AVONDALE, CHANDLER, GILBERT, GLENDALE, GOODYEAR, MESA, PEORIA, PHOENIX,
SCOTTSDALE, AND TEMPE. THE ORGANIZATION HAS NO STOCKHOLDERS.

FORM 990, PART VI, SECTION A, LINE 8B:

THE ORGANIZATION DOES NOT HAVE ANY COMMITTEES THAT HAVE THE AUTHORITY TO
ACT ON BEHALF OF THE GOVERNING BODY.

FORM 990, PART VI, SECTION B, LINE 11B:

THE FORM 990 IS REVIEWED FIRST BY THE EXECUTIVE DIRECTOR; IT IS THEN
PRESENTED TO THE FULL BOARD OF DIRECTORS FOR THEIR REVIEW AND ACCEPTANCE.

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990) 2022

Name of the organization ARIZONA MUNICIPAL WATER USERS ASSOCIATION	Employer identification number 86-0389936
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THESE REVIEWS ARE ALL COMPLETED BEFORE THE FORM IS FILED WITH THE INTERNAL REVENUE SERVICE BY THE FILING DEADLINE.

FORM 990, PART VI, SECTION B, LINE 15A:

THE COMPENSATION FOR THE EXECUTIVE DIRECTOR WAS BASED ON OTHER COMPARABLE SALARIES OF SIMILAR ORGANIZATIONS, ANALYSIS OF IRS GUIDELINES, AND THE JUDGEMENT AND EXPERIENCE OF THE BOARD OF DIRECTORS. THE COMPENSATION IS INCLUDED IN THE ANNUAL BUDGET, APPROVED BY THE BOARD AND DOCUMENTED IN THE BOARD MINUTES.

COMPENSATION FOR ALL OTHER EMPLOYEES IS SET BY THE EXECUTIVE DIRECTOR PURSUANT TO COMPARABLE JOB DESCRIPTIONS AMONG THE AMWUA MEMBERSHIP. THE SALARIES FOR ALL EMPLOYEES ARE INCLUDED IN THE ANNUAL BUDGET WHICH ARE REVIEWED AND APPROVED BY THE BOARD OF DIRECTORS.

THE PROCESS DESCRIBED HERE WAS LAST COMPLETED IN 2023.

FORM 990, PART VI, SECTION C, LINE 19:

THE ORGANIZATION MAKES ITS GOVERNING AND FINANCIAL DOCUMENTS AVAILABLE TO THE PUBLIC AT THE BOARD OF DIRECTORS' MEETINGS UPON REQUESTS.

FORM 990, PART XII, LINE 2C:

THIS PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR.

