



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

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION
BOARD OF DIRECTORS**

MEETING NOTICE AND AGENDA

November 21, 2024

**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 September 26, 2024 Meeting
 - 2. Next Meeting Date: December 19, 2024
 - 3. Update on Post-2026 Colorado River Operating Guidelines
 - 4. 2025 Legislative Agenda
 - 5. Agreement for Legal Consulting Services
 - 6. First Quarter Fiscal Year 2025 Financial Report
 - 7. Nominating Committee for Board Officers for 2025
- C. Executive Director's Report**
- D. Future Agenda Items**
- E. Adjournment**

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

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

Arizona Municipal Water Users Association



**BOARD OF DIRECTORS
MEETING MINUTES
September 26, 2024
HYBRID MEETING**

BOARD MEMBERS PRESENT

Councilmember Sheri Lauritano, Goodyear, President
Councilmember 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
Councilmember Nikki Amberg, Tempe

OTHERS PRESENT

Barry Aarons, Aarons Co.
Michelle Barclay, AMWUA
Liz Barker Alvarez, Avondale
Hayley Barry, Glendale
Paul Bergelin, AMWUA
Cynthia Campbell, Phoenix
Harry Cooper, AMWUA
Kathleen Ferris, AMWUA

Lauren Hixson, Gilbert
Maegan Johnson, Phoenix
Judy Keane, Peoria
John Knudson, Chandler
Ty Lee, Tempe
Kathy McDonald, Mesa

Jonathan Shuffield, Tempe
Tina Sleeper, Tempe
Ginger Spencer, Phoenix
Warren Tenney, AMWUA
Sheri Trapp, AMWUA
Theresa Ulmer, Ulmer Consulting

A. Call to Order

Councilmember Lauritano called the meeting to order at 11:02 a.m.

B. General Business – Items for Discussion and Possible Action

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

Upon a motion made by Councilmember Freeman and a second from Councilwoman Keisha Hodge Washington, the AMWUA Board of Directors unanimously approved of the August 22, 2024, meeting minutes.

2. Next Meeting Date: Thursday, October 24, 2024 – 11:00 a.m.

3. CAGR D's 2025 Plan of Operation

Paul Bergelin, AMWUA Policy Advisor, provided an overview of the Central Arizona Groundwater Replenishment District's (CAGR D) 2025 Plan of Operation. Mr. Bergelin explained that CAGR D was created in 1993 to allow additional development under the Assured Water Supply Program in areas that lacked renewable water supplies, where groundwater was the only general water supply. These subdivisions outside of a designated water provider's service area would join the CAGR D, and CAGR D is required to replenish any excess groundwater pumping undertaken on behalf of its members. The 2025 Plan of Operation details the CAGR D's replenishment obligations, what it anticipates its replenishment obligations will be over the next 100 years, what water supplies it will call upon to meet those obligations, its replenishment backup supply that it has within storage facilities, and its financial ability to meet its obligations.

Mr. Bergelin reported the CAGR D expects its obligation to grow to about 64,000 acre-feet over the next 20 years and up to about 83,000 acre-feet over the 100-year period. He reported that the plan further elaborated on CAGR D's existing supplies for both short- and long-term uses for replenishment. Mr. Bergelin reported that the Plan is anticipating cuts Colorado River water equivalent to a Tier 3 of the Drought Contingency Plan. Mr. Bergelin reported that CAGR D has been factoring these future cuts within the Plan and will seek acquiring additional supplies to meet its obligation during shortage years. In addition, CAGR D has also discussed how members seeking the Alternative Pathway to Designation (ADAWS) would lower its replenishment obligation over the next 100 years. He continued that the Plan must be approved by the Department of Water Resources (ADWR). ADWR also may request revisions to this Plan following its approval should there be unexpected influences to CAGR D obligations.

Mr. Bergelin reported that AMWUA submitted comments regarding the 2025 Plan, acknowledging CAGR D's important role in the Assured Water Supply Program and concern about the availability of new renewable water supplies. Mr. Bergelin noted that AMWUA suggested additional reporting on water providers that obtain the Alternative Pathway to Designation.

Mayor Ortega noted that Advanced Water Purification (AWP) is developing in Scottsdale, with the potential of keeping up to 8% of its water within its service loop.

4. Overview of Advanced Water Purification

Warren Tenney, AMWUA Executive Director, introduced Kevin Rose, Interim Director for Scottsdale Water, and Troy Hayes, Water Services Director for the City of Phoenix, and invited them to present on the status and importance of Advanced Water Purification as a sustainable source of water in the Phoenix area.

Mr. Rose provided a general overview of Scottsdale's Reclamation Facilities and Advanced Water Purification Plant. Mr. Rose noted that a large portion of Scottsdale's water is supplied through the CAP and severe future cuts to the Colorado River would impact their available supplies. Currently, the Scottsdale Advanced Water Treatment facilities is able to treat up to 20 million gallons per day. Mr. Rose then provided a history of Scottsdale's advocacy towards AWP and working with the Arizona Department of Environmental Quality.

Mr. Rose reported that a major goal for implementing AWP is to normalize it with public perception and the city has various education outreach events to demonstrate the safety and quality of AWP water. Mr. Rose anticipates delivery in 2027.

Mayor Ortega commented that Advanced Water Purification reduces the high cost and redundancy of treating water that is then put back into the aquifer and then later withdrawn again for additional treatment and delivery. He also noted that the city is accountable for the allocation of water that is within their system, so it will be important to keep treated water within their jurisdiction.

Councilmember Lauritano asked what percentage of Scottsdale's water could be provided after full implementation. Mr. Rose responded that it is anticipated 5,000 acre-feet, augmented with groundwater, could be treated.

Councilwoman Hodge Washington asked how municipalities can shift the narrative away from harmful rhetoric regarding AWP. Mr. Rose provided examples of how Scottsdale has engaged the public for AWP, such as demonstrating quality through taste tests at community events and educating stakeholders who then become advocates for the project.

Councilmember Turner noted that at least half of delivered water does go to outdoor uses, meaning it is not brought back into the system for reuse. Mr. Rose clarified that outdoor uses, such as with golf courses, is consumed but not credited back as aquifer recharge.

Councilmember Nielson asked what the technology of AWP entails. Mr. Rose responded that AWP uses ultra filtration, reverse osmosis, an ozone layer for disinfection, ultra-violet treatment, and chlorine.

Mr. Hayes explained about the City of Phoenix's water services infrastructure, current water supply portfolio, and the city's plan to further implement AWP at various facilities. Mr. Hayes reported that the City of Phoenix and Arizona as a whole are held to a higher standard for water stewardship and it is driving advancements for the city's investment. Mr. Hayes noted that Advanced Water Purification is not the "silver bullet" towards maintaining sufficient supply, but this infrastructure will benefit the city's water plan. He noted that the City of Phoenix is also examining regional examples to support AWP within the public's perception. Mr. Hayes emphasized the importance to engage with businesses, as water security is essential for future economic investment in the Valley. Mr. Hayes then described the treatment process for water using AWP and reported that city officials have visited regional treatment facility programs. He provided information to the Board on the city's current treatment facilities, their locations, and production.

Mr. Hayes reported on the current agreements held with local municipalities and reported on a feasibility study currently underway to engage the federal government on the issue of AWP.

Councilmember Turner asked if there would be enough effluent or reusable water for AWP to advance forward in Phoenix. Mr. Hayes responded yes, with current agreements in place and with the possibility of Valley wide agreements that may become more interconnected in the future. Councilmember Turner asked if there were downstream users that have claim to any discharged waters. Mr. Hayes responded that effluent is owned by individuals that create it. Councilmember Turner asked what will be done about brine left over in the process. Mr. Hayes responded that regional partners to use solar drying beds or water facilities for brine are in process.

Councilmember Lauritano asked where a demonstration of a working facility could be held for other city officials. Mr. Hayes commented that the City of Scottsdale would be the one area to

witness the process of treatment. The City of Phoenix has begun to identify community stakeholders to vocally support AWP.

Councilmember Nielson asked how this process can assist with treatment of brackish water. Mr. Hayes responded that this facility could treat brackish water and there may be potential for agreements or exchanges of brackish water to be treated in Phoenix.

Councilmember Freeman voiced his concern that there will be large monetary investment to complete these projects, and the timeline will be large as well. He insisted there be a unified message in support for AWP despite any differing water portfolios among providers who may hope to utilize this treatment process. Mr. Hayes added that this process comes at an exciting time, due to the interconnectedness of water systems to Phoenix and vice versa, allowing for movement of water for treatment and deliveries.

C. Executive Director's Report

Mr. Tenney reported that AMWUA will host a "Water 101" for legislators and legislative candidates in conjunction with the Southern Arizona Water Users Association (SAWUA) and the Northern Arizona Municipal Water Users Association (NAMWUA). This informational briefing is an effort to emphasize the importance of water security that is a direct result of municipal water providers meeting their water demands.

Mr. Tenney reported that AMWUA staff had attended the WaterSmart Innovations Conference in Las Vegas to further promote the AMWUA cities collective outreach in water conservation.

Mr. Tenney reported that AMWUA is working with the Kyl Center for Water Policy and the Arizona Hydrologic Society to assemble a voter's guide of the six candidates running for the CAWCD Board in November, and those guides will be available on all three org's websites.

Mr. Tenney announced that Tyenesha Fields has joined the AMWUA team as the new Office Manager.

D. Future Agenda Items

Councilmember Freeman requested the presentations be provided to the Board, which Mr. Tenney responded that they would be.

E. Adjournment

Councilmember Lauritano adjourned the meeting at 12:08 p.m.

BOARD OF DIRECTORS
INFORMATION SUMMARY
November 21, 2024

Post-2026 Colorado River Operating Guidelines

ANNUAL PLAN REFERENCE

Colorado River Transition

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

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

SUMMARY

Disagreements surrounding the post-2026 operating guidelines remain between the Lower and Upper Basin States. The Bureau of Reclamation (Reclamation) had planned to publish the Draft Environmental Impact Statement by the end of the year but it is clear that will not happen.

Reclamation is in Stage 2 of its four-step approach for modelling the proposed alternatives and concepts it received. Stage 1 focused on overall Lake Powell and Lake Mead operations and water delivery reductions. Stage 2 will examine storage and delivery mechanisms in Lake Mead and/or Lake Powell, which could include features of the current Intentionally Created Surplus as well as new storage ideas.

Brenda Burman, CAP General Manager, has been invited to provide the Board an update on Colorado River negotiations.

RECOMMENDATION

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

BOARD OF DIRECTORS INFORMATION SUMMARY

November 21, 2024

2025 Legislative Agenda

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 2025 Legislative Agenda outlines the principles and priorities that will guide AMWUA's actions throughout the session. The legislative agenda is intentionally more general than specific in order to cover the wide possibility of legislation that could be introduced in 2025.

The 2025 Legislative Agenda is a useful tool for each of the AMWUA members to incorporate into their individual legislative agendas and will increase collaboration and coordination between AMWUA staff and each member's Governmental Relations staff.

Attached is AMWUA's proposed state Legislative Agenda for 2025. AMWUA staff will review this proposed legislative agenda with the Management Board at the November 13, 2024, meeting.

RECOMMENDATION

The AMWUA Management Board recommended that the AMWUA Board of Directors adoption of the proposed Legislative Agenda for the 2025 legislative session.

SUGGESTED MOTION

I move that the AMWUA Board approve and adopt the proposed 2025 Legislative Agenda.

Attachment – Draft AMWUA 2025 Legislative Agenda

**AMWUA 2025
LEGISLATIVE AGENDA
DRAFT**

AMWUA will advocate for Legislators to:

- Understand water security is the foundation of our communities and economy, which is the direct result of municipalities investing in their water systems.
- Recognize that Arizona is facing converging challenges that threaten our water security.
- Invest in new water supplies including support for near-term options like Advanced Water Purification.
- Help ensure water continues to flow through the Central Arizona Project.
- Protect our stressed aquifer to safeguard our finite groundwater sustainability.

AMWUA will support legislation that:

Municipal Water Providers

- Supports the ability of municipal water providers to ensure the long-term viability of their communities.

Arizona State Agencies

- Ensures the Arizona Department of Water Resources and Arizona Department of Environmental Quality can effectively perform their statutory responsibilities .
- Invests in water supplies, infrastructure, and conservation through the Water Infrastructure Finance Authority of Arizona by ensuring its funds are only used for their intended purposes.

Arizona Water Management

- Upholds and enhances the Groundwater Management Act, the 100-Year Assured Water Supply Program and the Phoenix AMA's management plan and safe-yield management goal.

Colorado River

- Protects the existing priorities, rights, and contracts of our members' Colorado River water supplies.
- Supports efforts to stabilize the Colorado River system.

Water Efficiency and Conservation

- Promotes practical, effective water efficiency and conservation.

Safe Drinking Water

- Supports Advanced Water Purification.
- Protects and enhances the quality of AMWUA members' water supplies, including proposals to improve watershed management.
- Supports a sustainable funding mechanism for the Arizona Water Quality Assurance Revolving Fund.

BOARD OF DIRECTORS
INFORMATION SUMMARY
November 21, 2024

Agreement for Legal Consulting Services

STRATEGIC PLAN REFERENCE

Operational Principles – 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.

SUMMARY

The AMWUA Board of Directors is requested to review and approve the attached agreement to retain Rhett Larson for legal consulting services. The agreement was negotiated with Dr. Larson following the interviews conducted and the direction given by the AMWUA Board in September in response to AMWUA's current legal consultant, Kathy Ferris, stepping down at the end of the year. Per the agreement, Mr. Larson would provide up to 200 hours in a fiscal year based on a monthly retainer of \$5,000. The agreement would start on December 1, 2024, which would overlap one month with Ms. Ferris' agreement. This would allow for a smoother transition for Mr. Larson to take on the legal consulting responsibilities.

RECOMMENDATION

The AMWUA Board of Directors is requested to approve the attached agreement with Rhett Larson for AMWUA's legal consulting services.

SUGGESTED MOTION

I move approval of the agreement with Rhett Larson for AMWUA's legal consulting services.

AGREEMENT FOR LEGAL CONSULTING SERVICES

THIS AGREEMENT ("Agreement") is made and entered into effective December 1, 2024, by and between the Arizona Municipal Water Users Association ("AMWUA") and Rhett Larson ("COUNSEL").

The AMWUA Board of Directors wishes to retain COUNSEL to furnish legal consulting services to AMWUA and COUNSEL wishes to perform those services.

Therefore, AMWUA and COUNSEL agree as follows:

1. COUNSEL agrees to perform legal consulting services, as requested by the AMWUA Board of Directors or the Executive Director of AMWUA, under the supervision of the Executive Director of AMWUA. Such legal consulting services shall be prioritized as follows:

- a. Attending meetings of the AMWUA Board of Directors and the Management Board.
- b. Advising the AMWUA Executive Director and Board of Directors.
- c. Advising AMWUA on legal matters as they arise.
- d. Advising AMWUA on policy, rulemaking, and legislation.

COUNSEL shall not file any action or enter any litigation on behalf of AMWUA without first obtaining permission of the AMWUA Board of Directors. COUNSEL shall cooperate with the Executive Director before final release of any written legal opinion addressed to or affecting AMWUA or any of its members, officers or employees prepared in connection with Counsel's work under this Agreement.

2. AMWUA will furnish COUNSEL all materials it has relative to the services to be provided by COUNSEL.

3. AMWUA agrees to pay COUNSEL for services under this Agreement as follows:

- a. AMWUA shall pay COUNSEL a monthly retainer of \$5,000 for services of up to 200 hours during AMWUA's fiscal year.
- b. The Executive Director, in consultation with the AMWUA Officers, may authorize COUNSEL to perform services more than 200 hours in a fiscal year, but such authorization must occur in advance of COUNSEL performing such services. AMWUA shall pay COUNSEL at the rate of \$500 per hour for services rendered more than 200 hours in a fiscal year.

4. AMWUA and COUNSEL shall, prior to June 30 each year, review the rates for professional services set forth in Section 3 of this Agreement. AMWUA and COUNSEL may agree to modify these rates at any time, pursuant to Section 22 of this Agreement. If AMWUA or COUNSEL believes the current rates are unacceptable and the parties are unable to agree on a modification of the rates, AMWUA or COUNSEL may terminate this Agreement. If AMWUA or COUNSEL terminates this Agreement, AMWUA and COUNSEL shall follow the procedure set forth in Section 20 of this Agreement.

5. COUNSEL agrees that AMWUA or its duly authorized representatives shall have access to and the right to examine any books, documents, papers, records and other evidence reflecting all time charges, compensation and costs billed under this contract. The materials described herein

shall be made available at the office of COUNSEL at any reasonable time for inspection, audit or reproduction until the expiration of three (3) years from date of final payment under this Agreement.

6. COUNSEL shall prepare billings on a monthly basis for services rendered and reimbursable reasonable expenses incurred and shall submit each billing to AMWUA on or before the fifth day of each month during the term of this Agreement. Each billing shall be itemized and detailed to the satisfaction of the Executive Director and include a sufficiently specific description of the work done, number of hours worked during the month, total hours worked to date during the fiscal year, any hours worked during the fiscal year in excess of 200 hours, and reimbursable reasonable expenses incurred. "Reimbursable Reasonable Expenses" means any reasonable cost incurred by Counsel in connection with the performance of services under this Agreement but shall not include any costs associated with travel within the member cities of AMWUA. Upon approval by the Executive Director, AMWUA shall make payment by direct deposit to COUNSEL within 30 days of receipt of the monthly billing.

AMWUA's fiscal year begins July 1 and ends June 30 of each calendar year. Because AMWUA may make payment only during the fiscal year in which the services were performed or costs were incurred, COUNSEL shall submit its billing for the month of June by June 30.


7. COUNSEL is retained by AMWUA only for the purposes and to the extent set forth in this contract. COUNSEL hereby represents and affirms that there is no known conflict of interest existing between a client of COUNSEL and AMWUA as a result of this Agreement, except those potential conflicts already disclosed by Counsel to AMWUA, including short-term water policy consulting contracts with The Nature Conservancy regarding the Verde River Basin and the Central Arizona Water Conservation District regarding Colorado River shortages, all of which do not presently present any conflict and which terminate before 2025. Conflicts of interest that may arise after execution of this Agreement will be resolved as follows:
 - a. All conflicts of interest between COUNSEL's representation of AMWUA and COUNSEL's representation of other clients will be resolved in accordance with the Rules of Professional Conduct. These Rules determine what COUNSEL is ethically and legally allowed to do. Of particular relevance are Ethical Rules ("ER") 1.1 through 1.16. The Rules obligate an attorney to exercise his or her independent judgment.
 - b. New Clients. Before agreeing to represent a new client on a water law or related matter that may in COUNSEL's judgment be directly adverse to AMWUA, COUNSEL will consult with AMWUA's Executive Director. AMWUA recognizes that in some instances rules governing confidentiality may prohibit COUNSEL from disclosing the name of the potential new client or all of the specifics of the potential new client's representation. If, after consultation with AMWUA's Executive Director, COUNSEL believes that representation of the new client will be or is likely to be directly adverse to AMWUA, COUNSEL will decline to represent the new client unless AMWUA consents in writing to the representation of the new client.
 - c. Former Clients. AMWUA recognizes that COUNSEL may not represent AMWUA in the same or a substantially related matter in which COUNSEL has formerly represented another client if AMWUA's interests are materially adverse to the interests of the existing or former client unless the existing or former client consents after consultation.

8. COUNSEL shall review all memoranda, agreements, documents, draft legislation, correspondence, and written statements with the Executive Director, and obtain the approval of the Executive Director prior to filing, mailing or releasing such documents. COUNSEL shall furnish to AMWUA, through the Executive Director, copies of all pleadings, discovery material, investigative reports, expert witness, and other reports, draft legislation and correspondence (other than routine transmittal letters).
9. COUNSEL shall furnish periodic status reports as may be requested by the Executive Director. When, in COUNSEL's opinion, events occur which significantly affect the merits of legislation or a lawsuit or the exposure of AMWUA or its members, COUNSEL will promptly make these events known to AMWUA through its Executive Director.
10. COUNSEL shall promptly transmit all offers of compromise to AMWUA through its Executive Director together with COUNSEL's recommendations. AMWUA shall be responsible for obtaining proper authority to accept a compromise or for obtaining authority to make a counteroffer. COUNSEL may be required to attend meetings to adequately explain the status of a matter in the legislature or in litigation.
11. When notice or correspondence is required to be sent to AMWUA, it shall be sent via electronic mail to the Executive Director.
12. COUNSEL shall not enter into a subcontract with any other person for furnishing any work or services under this Agreement without advance written approval of the Executive Director.
13. COUNSEL shall establish and maintain procedures and controls that are acceptable to the Executive Director for the purpose of assuring that no information contained in COUNSEL'S records or obtained for AMWUA or from others in carrying out COUNSEL'S work under this Agreement shall be used by or disclosed by COUNSEL, except as required to officially perform COUNSEL's work under this Agreement.
14. AMWUA shall have the right to enter into other agreements for consulting services and COUNSEL shall cooperate with any other contractor.
15. COUNSEL shall comply with all applicable federal and state statutes, executive orders, regulations, and other requirements relating to civil rights and non-discrimination in employment.
16. The failure of AMWUA or COUNSEL at any time to require performance of any provision of this Agreement shall in no way affect the right of AMWUA or COUNSEL thereafter to enforce such provision; nor shall the waiver of any succeeding breach of such provision act as a waiver of the provision itself.
17. The AMWUA Board of Directors and COUNSEL shall have the right to terminate this Agreement in whole or in part at any time by giving thirty days written notice to the other party.
19. COUNSEL may withdraw from representation of AMWUA pursuant to ER 1.16 of the Rules of Professional Conduct. In the event COUNSEL withdraws from representation, COUNSEL shall immediately notify the Executive Director of AMWUA in writing and as permitted by the Rules of Professional Conduct set forth in detail the reasons why COUNSEL must withdraw.

20. In the event AMWUA or COUNSEL terminates this Agreement, COUNSEL shall send AMWUA an itemized final billing for legal services performed and expenses incurred up to the date of termination for any hours worked above 200 hours in that fiscal year and any Reimbursable Reasonable Expenses. Upon approval by the Executive Director, AMWUA shall pay the final billing at the rates set forth in Section 3 of this Agreement. The monthly retainer payment for the final month worked before the termination of this Agreement by either party shall be paid in accordance with Section 3(a) and Section 6 above.
21. COUNSEL shall procure and maintain, during the term of this Agreement, professional liability insurance and shall be solely responsible for any negligence, error or omission or liability that arises or results from his performance under this Agreement.
22. It is expressly agreed that this written Agreement embodies the entire agreement of the parties in relation to the subject matter, and that no understanding or agreements, verbal or otherwise, in relation thereto, exist between the parties, except as herein expressly set forth. This Agreement may be modified only by a written document signed by the parties. COUNSEL may, with AMWUA's prior written approval, assign all of COUNSEL's rights, duties, benefits, liabilities, and responsibilities under this Agreement to a Limited Liability Company organized and registered in the State of Arizona and owned and operated by COUNSEL as long as Rhett Larson continues to provide the legal consulting services for which COUNSEL is retained under this agreement.
23. It is the expressed intention of the parties that this Agreement and all terms hereof shall be in conformity with and governed by the laws of the State of Arizona, both as to interpretation and performance.
24. It is mutually agreed that COUNSEL shall be an independent contractor in the performance of this Agreement and shall not be considered an employee or agent of AMWUA by virtue of such Agreement.

Rhett Larson

Arizona Municipal Water Users Association

By:  _10/14/2024_

By: _____
Sheri Lauritano, President



MANAGEMENT BOARD
INFORMATION SUMMARY
October 22, 2024

AMWUA Fiscal Year 2025 Quarterly Financial Statements – First Quarter

ANNUAL PLAN REFERENCE

Day-to-Day Operations

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

- AMWUA will continue to wisely manage its financial resources
Strategic Plan: Facilitate our Strength in Numbers, Educate - Excel as an Expert and Resource

SUMMARY

The AMWUA Statement of Revenues and Expenses for the period July 1, 2024 through September 30, 2024 and the Balance Sheet dated September 30, 2024 are presented for your information.

AMWUA actual revenue at the end of the first quarter is \$10,681 over year-to-date budget. This increase is due to the collection of interest revenue.

AMWUA has incurred year-to-date actual expenses that are \$41,041 under the year-to-date budget. This variance is primarily due to the savings in payroll salaries, payroll taxes and personnel due to changes in staff, as well as savings in water conservation expenses. These savings are expected to decrease or be reduced completely as open positions are filled.

RECOMMENDATION

The AMWUA Management Board recommended that the AMWUA Management Board accept the AMWUA quarterly financial statements for the first quarter as presented.

SUGGESTED MOTION

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

ATTACHMENTS

- **Attachment A:** Statement of Revenues and Expenses
- **Attachment B:** Balance Sheet

Substantially all required disclosures are omitted, and no assurance is provided on these financial statements.

Arizona Municipal Water Users Association
Statement of Net Position
 As of September 30, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

	1015 Checking 0592	273,913.86	
	1025 MM #8939	553,840.89	
	1030 Investment Account (LGIP)	805,750.08	
	1050 Prepaid Expenses	56,650.19	
		1,690,155.02	
Total Cash			\$ 1,690,155.02

CAPITAL ASSETS

	1100 Furniture & Equipment	133,700.55	
	1150 Leasehold Improvements	7,101.50	
	1160 Right-of-use Asset - Operating Lease and Short Term Operating Lease Liabilities	1,409,508.16	
	Total Depreciable Assets	1,550,310.21	\$ 1,550,310.21
	Less Accumulated Depreciation		
	1200 Accum Depreciation Furniture	-121,643.48	
	1250 Accum Depreciation Leasehold	-7,101.50	
		-458,090.12	
	1265 Accumulated amortization Right-of-use asset	-	586,835.10
	Total 1260 Accumulated amortization		\$ 963,475.11
	Total Capital Assets		

DEFERRED OUTFLOW OF RESOURCES

	1450 Deferred Outflow - Pension Resources	106,585.00	
		106,585.00	\$ 106,585.00
	Total Deferred Outflow of Resources		

TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES

\$ 2,760,215.13

Substantially all required disclosures are omitted, and no assurance is provided on these financial statements.

Arizona Municipal Water Users Association
Statement of Net Position
 As of September 30, 2024

LIABILITIES, DEFERRED INFLOWS OR RESOURCES AND NET POSITION

CURRENT LIABILITIES

2005 BBVA Compass Credit Card	9,008.41	
2050 Accrued Expenses	80,721.68	
2070 ICMA Withheld	350.00	
2110 Retirees Excess Benefit Clearance	3,556.50	
Total Other Current Liabilities		\$ 93,636.59

NONCURRENT LIABILITIES

2200 Deferred Revenues	22,580.20	
2210 Net Pension Liability	807,454.00	
2230 Lease Liability	1,129,443.84	
Total Noncurrent Liabilities		\$ 1,959,478.04

DEFERRED INFLOWS OF RESOURCES

2220 Deferred Inflow-Pension Resources	101,582.00	
		\$ 101,582.00

TOTAL LIABILITIES

\$ 2,154,696.63

NET POSITION

Restricted Net Position	90,247.28	
Unrestricted Net Position	515,271.22	
Total Net Position		\$ 605,518.50

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

\$ 2,760,215.13

Substantially all required disclosures are omitted, and no assurance is provided on these financial statements.

ARIZONA MUNICIPAL WATER USERS ASSOCIATION
 Statement of Revenues and Expenses
 (Actual to Budget Comparison)
 For Period July 1, 2024 through September 30, 2024

	<u>Year-To-Date</u> <u>Actual</u>	<u>Year-To-Date</u> <u>Budget</u>	<u>Over(Under)</u> Year-To-Date <u>Variance</u>	<u>Approved</u> <u>Annual</u> <u>Budget</u>	<u>Over(Under)</u> Budget <u>Variance</u>
Funding Sources					
Assessment - Water	706,684.00	706,684.00	0.00	1,449,749.00	(743,065.00)
Assessment - Wastewater	251,720.00	251,720.00	0.00	251,721.00	(1.00)
Water Loss Control Training Program Income	0.00	0.00	0.00	0.00	-
2022 Carryover Applied to Reduce Member Assessments	(13,011.50)	(13,011.50)	0.00	(22,000.00)	8,988.50
Interest Revenues	10,681.24	0.00	10,681.24	0.00	10,681.24
Other Revenues	0.00	0.00	0.00	0.00	-
Net Revenues	956,073.74	945,392.50	10,681.24	1,679,470.00	(723,396.26)
Operating Expenses					
Payroll (Salaries)	184,271.48	202,259.00	(17,987.52)	809,036.00	(624,764.52)
Deferred Compensation (ASRS Payments)	22,558.04	24,817.25	(2,259.21)	99,269.00	(76,710.96)
Payroll Processing, Taxes and Insurance	16,518.46	18,750.00	(2,231.54)	75,000.00	(58,481.54)
Medical, Disability and Life Insurance	21,975.45	25,750.00	(3,774.55)	103,000.00	(81,024.55)
Cell Phone Allowance	1,800.00	2,000.00	(200.00)	8,000.00	(6,200.00)
Temporary Services/Receptionist	900.00	0.00	900.00	0.00	900.00
Legal/Consulting Services (Ferris Contract)	15,000.00	15,000.00	0.00	60,000.00	(45,000.00)
Legislative Services (Aarons Company-Contract)	13,230.00	13,230.00	0.00	52,920.00	(39,690.00)
Audit - Water	0.00	0.00	0.00	12,200.00	(12,200.00)
Audit - Waste Water	0.00	0.00	0.00	25,800.00	(25,800.00)
Website Services	4,033.65	3,900.00	133.65	15,600.00	(11,566.35)
Communication Services (Kossan Contract)	0.00	0.00	0.00	0.00	-
Consultant-Finance/Accounting	16,657.92	13,125.00	3,532.92	52,500.00	(35,842.08)
Audio/Visual Development	0.00	0.00	0.00	0.00	-
IT Services	1,200.00	1,500.00	(300.00)	6,000.00	(4,800.00)
Office Space - Lease	53,489.67	51,500.00	1,989.67	206,000.00	(152,510.33)
Common Area Maintenance	6,414.66	1,000.00	5,414.66	4,000.00	2,414.66
Telephone	386.43	250.00	136.43	1,000.00	(613.57)
E-Mail/Webpage/Internet	1,483.83	1,500.00	(16.17)	6,000.00	(4,516.17)
Travel/Conferences	3,252.70	2,125.00	1,127.70	8,500.00	(5,247.30)
Mileage Reimbursement	315.57	250.00	65.57	1,000.00	(684.43)
Continuing Professional Ed	0.00	0.00	0.00	0.00	-
Staff Development	0.00	500.00	(500.00)	2,000.00	(2,000.00)
Copy Machine - Lease	774.37	1,250.00	(475.63)	5,000.00	(4,225.63)
Computer Hardware/Software	1,389.05	1,500.00	(110.95)	6,000.00	(4,610.95)
Office Supplies	1,472.14	1,000.00	472.14	4,000.00	(2,527.86)
Meetings	1,316.11	1,875.00	(558.89)	7,500.00	(6,183.89)
Outreach Efforts	0.00	2,125.00	(2,125.00)	8,500.00	(8,500.00)
Printing	0.00	250.00	(250.00)	1,000.00	(1,000.00)
Postage & Deliveries	65.13	200.00	(134.87)	800.00	(734.87)
Subscription & Reference	583.92	1,000.00	(416.08)	4,000.00	(3,416.08)
Dues & Memberships	492.37	750.00	(257.63)	3,000.00	(2,507.63)
Insurance	1,343.73	1,375.00	(31.27)	5,500.00	(4,156.27)
Equipment Maintenance	0.00	500.00	(500.00)	2,000.00	(2,000.00)
Water Loss Control Program	0.00	0.00	0.00	0.00	-
Water Conservation	4,026.71	26,586.25	(22,559.54)	106,345.00	(102,318.29)
Water Conservation - Printing	0.00	0.00	0.00	0.00	-
Bank Charges & Fees	0.00	125.00	(125.00)	500.00	(500.00)
Total Operating Expenses	374,951.39	415,992.50	(41,041.11)	1,701,970.00	(1,327,018.61)

Reserve and Contingency Funds Summary:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Used</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2025</u>
Contingency Fund Balance on 06/30/24	\$600,000			\$600,000
Reserve Fund Balance on 07/01/24	\$279,741			\$279,741
Board Approved Connectivity Plan Outlay to be paid from Reserve Fund - see June 27, 2024 Minutes	\$401.00			\$401
Board Approved Water Conservation Outlay to be paid from Reserve Fund - March 28, 2024 Minutes	\$120,000.00	(\$11,820.37)		\$108,180
Balance of Reserve Fund and Contingency Funds				<u>\$988,322</u>

Reserve and Contingency Funds Summary

Fund Restructuring:

On March 28, 2013 the Board of Directors established a Contingency Fund in the amount of \$600,000 with monies from AMWUA's current reserve amount. The Reserve Fund shall be the difference between AMWUA's current reserve amount and the \$600,000 used to establish the AMWUA Contingency Fund.

Substantially all required disclosures are omitted, and no assurance is provided on these financial statements.

Arizona Municipal Water Users Association
Selected Information
For the three months ended September 30, 2024

The accompanying historical financial statements and budgeted financial statements include the following departures from accounting principles generally accepted in the United States of America and the guidelines for presentation established by the AICPA. The effects of these departures have not been determined.

Historical

- The financial statements omit substantially all the disclosures required by accounting principles generally accepted in the United States of America.
- The Statement of Cash Flows has been omitted.
- The Statement of Activities does not report changes in net assets between restrictions and does not include a reconciliation of beginning net assets that agrees to net assets on the statement of financial position.
- Accrued vacation and payroll accruals are not calculated monthly. These amounts will be calculated and updated at year-end.

Budget

- The budgeted financial statements omit substantially all of the disclosures required by the accounting principles generally accepted in the United States of America.
- The budgeted financial information omits substantially all of significant accounting policies.

Summary of Significant Assumptions

The financial budget present, to the best of managements knowledge and belief, the Association's expected results of operations for the budget periods. Accordingly, the budget reflects its judgment as of June 12, 2024, the date the budget was approved by the Board of Directors, of the expected conditions and course of action. The assumptions disclosed herein are those that management believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Budget Assumptions

- Salaries and benefits are based upon anticipated staffing changes and payroll data.
- Additional pay increases have been built into the budget.
- Annual water assessments are allocated based upon MAG population estimates.
- Annual waste water assessments are assessed based upon flow ownership in the 91st Avenue WWTP at 204.50 mgd.
- Office space expenses are based upon actual increases as stated in the office lease.

BOARD OF DIRECTORS
INFORMATION SUMMARY
November 21, 2024

Nominating Committee for AMWUA Board Officers for 2025

STRATEGIC PLAN REFERENCE

Operational Principles – Facilitate our Strength in Numbers

SUMMARY

The AMWUA Board of Directors is to elect a President, Vice President, and Secretary-Treasurer by its December meeting. The officers serve from January 1, 2025 through December 31, 2025. To meet this requirement, the current President of the Board is to appoint a three-member nominating committee to recommend a slate of officers.

According to the AMWUA By-laws, the officers are to each have served on the current Board of Directors at least from January 1, 2024 through December 31, 2024. Each officer must be able to serve for a one year period. Each officer also may serve a maximum of two consecutive years in the same position. A member of the Board of Directors may serve a maximum of six consecutive years as an officer.

The Board members who meet the requirements to serve as President, Vice-President and Secretary-Treasurer include Scott Anderson, Jennifer Crawford, Mark Freeman, Kesha Hodge Washington, Matt Orlando, Curtis Nielson, and Bart Turner.

Any Board member who is interested in serving as an officer and meets the above-noted requirements should submit a letter by December 5th to the Executive Director. All letters of interest will be forwarded to the appointed nominating committee.

RECOMMENDATION

The President of the AMWUA Board of Directors is requested to appoint three members of the Board as a nominating committee to recommend a slate of officers for President, Vice President and Secretary-Treasurer for calendar year 2025.