

ARIZONA WATER BANKING AUTHORITY
Draft Minutes

June 17, 2015
Arizona Department of Water Resources



AUTHORITY MEMBERS
Thomas Buschatzke, Chair
John Mawhinney, Vice-Chair
Clifford A. Neal, Secretary
Jim Hartdegen
Steven Moss

EX OFFICIO MEMBERS
The Honorable David M. Gowan
The Honorable Gail Griffin

Welcome/Opening Remarks

Chair Thomas Buschatzke welcomed the attendees and expressed his appreciation for returning to the Commission this time as Director of Water Resources. All members of the Authority were present. *Ex-officio* members, Senator Gail Griffin and Speaker David Gowan, were not in attendance.

Chair Buschatzke introduced new member Supervisor Steven Moss, representing Priority Four Colorado River water users. Mr. Moss then read a resolution honoring outgoing member Maureen George. Cliff Neal moved to approve the resolution. John Mawhinney seconded the motion and the motion passed.

Approval of Minutes

Chair Buschatzke asked for a motion to approve minutes from the March 18, 2015. Mr. Neal asked that the language on the top of page two reflect that the Memorandum of Understanding between California, Nevada and Arizona is an agreement to make best efforts and not legally binding. Mr. Neal moved to approve the minutes as amended. Mr. Mawhinney seconded the motion and the minutes were approved.

Election of Officers

Chair Buschatzke described the election process and asked for a motion to elect a Vice-Chair. Mr. Neal nominated Mr. Mawhinney. Mr. Moss seconded the nomination and the Commission voted to approve Mr. Mawhinney as the Vice-Chair. Chair Buschatzke asked for a motion to elect a Secretary. Mr. Mawhinney nominated Mr. Neal. Mr. Moss seconded the nomination and the Commission voted to approve Mr. Neal as the Secretary.

Water Banking Staff Activities

Monthly Deliveries. Virginia O'Connell, AWBA Manager, reported deliveries through April. The AWBA is slightly behind schedule with regard to the Southside Replenishment Bank deliveries because the Gila River Indian Community (GRIC) needed to utilize its surface water supplies from behind San Carlos dam before taking AWBA deliveries.

Water Storage Agreements. Ms. O'Connell reported that the water storage agreements for GRUSP will be heard by the SRP Board on June 18th. She also indicated that the AWBA's water storage agreement with the Metropolitan Domestic Water Improvement District will expire in December of this year. Staff is drafting an amendment to extend the term of the agreement and will be asking the Commission to approve that amendment at the September meeting.

CAWCD 4¢ Tax Resolutions. Ms. O'Connell reported that the CAWCD Board approved two resolutions relevant to the AWBA. In accordance with the procedure for

purchasing long-term storage credits with water storage tax revenues (4¢ tax), CAWCD approved an amendment to the 2014/2015 tax resolution authorizing the transfer of \$3,041,433.59 of Pima County revenues to the Arizona Water Banking (AWB) Fund to fund the AWBA's purchase of long-term storage credits from Tucson Water. The second was the water storage tax resolution for the 2015/2016 tax year (fixed at a rate of 4¢), which determined that collected revenues will be retained by CAWCD and applied toward the repayment of construction costs of the Project or annual operations, maintenance and replacement costs, including underground storage for the purpose of M&I firming by the AWBA.

Final Update on 2015 Legislative Session. Ms. O'Connell noted there were two pieces of legislation that passed during the 2015 session. The first was the AWBA's request to have non-refundable interstate funds in the AWB Fund appropriated for AWBA use. The second was the extension of CAWCD's authority to levy the water storage tax beyond 2016.

Chair Buschatzke asked if staff had developed an outreach plan as requested by the Commission at the last meeting. Ms. O'Connell responded that staff is working on a proposal that will be available at the September meeting.

Colorado River Status Update

Chuck Cullom, CAWCD, gave a presentation on the status of Colorado River conditions (available on AWBA website). He indicated that hydrologic conditions in the Upper Basin had improved substantially due to precipitation events referred to as "Miracle May". The June 24-Month Study prepared by the USBOR now shows projected Lake Mead elevations for January 2016 at 1,081.58 feet and January 2017 at 1,077.59. Should these projections bear out, there would be no shortage declared in 2016 or 2017. Because the probability of shortage is still high for 2018 and the years that follow, efforts will continue to reduce the risk of future shortages.

Legislative Transfers from the Arizona Water Banking Fund

Ms. O'Connell updated the Commission on public input regarding the two proposed alternatives for satisfying the legislative transfer of \$1.769 million from the AWB Fund for Fiscal Year (FY) 2016, which included 1) distributing the transfer based on the ratio of withdrawal fees available in each AMA subaccount (Alternative #1), or 2) transferring the monies entirely from the Phoenix AMA withdrawal fee subaccount (Alternative 2). Ms. O'Connell noted that either alternative would limit the AWBA's progress on achieving its Indian firming goals because withdrawal fees are the only funds currently available for this purpose. In addition, Alternative #1 would limit storage in the Pinal and Tucson AMAs if additional water becomes available during the year. Staff recommended Alternative #1 based on stakeholder response.

Chair Buschatzke asked for clarification on whether the transfer of withdrawal fees would directly affect Indian firming and if the AWBA has dedicated any credits for this purpose to date. Ms. O'Connell responded saying that the transfers could potentially impact Indian firming because it would reduce the amount of withdrawal fees available for meeting water management objectives, which includes storage for Indian firming. She noted that the credits previously accrued on-reservation at the Gila River Indian Irrigation and Drainage District have been applied toward the firming goal for the GRIC.

Vice-Chair Mawhinney moved to approve Alternative #1 and to direct the AWBA Manager to transfer \$1,233,080, \$433,170, and \$102,750 from the Phoenix, Pinal, and Tucson AMA withdrawal fee subaccounts, respectively, for FY 2016 pursuant to Senate Bill 1469. Mr. Neal seconded the motion and the motion carried.

Offer to Purchase Tohono O'odham Credits

Ms. O'Connell reviewed the letter from the Tohono O'odham Nation offering the sale of long-term storage credits accrued from storage at the Asarco Mission Mine Complex. Vice-Chair Mawhinney moved to approve the purchase of 3,665 acre-feet of long-term storage credits using \$579,842.00 in Shortage Reparation funds. Mr. Hartdegen seconded the motion and the motion carried.

Annual Report

Ms. O'Connell presented the Annual Report and Ten-Year Plan to the Commission and briefed the Commission on public comments received in advance of the meeting. Chair Buschatzke asked for public comment specific to the Annual Report and Ten-Year Plan. There were no comments. Vice-Chair Mawhinney moved to approve the 2014 Annual Report and Ten-Year Plan as submitted, or with minor or technical changes based on discussion, and to direct staff to submit the report to Governor, Speaker of the House and President of the Senate pursuant to statute. Mr. Neal seconded the motion and the motion passed.

Fiscal Year 2016 Administrative Budget

Ms. O'Connell reviewed the results of the FY 2015 AWBA Administrative Budget and then presented the proposed Administrative Budget for FY 2016. The Commission directed staff to revise the FY 2016 Budget to include potential travel expenses for newly appointed member Steven Moss. Vice-Chair Mawhinney moved to adopt the AWBA Administration Budget for FY 2016 as presented with minor or technical changes. Mr. Hartdegen seconded the motion and the motion passed.

Call to the Public

Vice-Chair Mawhinney addressed the Commission in the call to the public asking for the September agenda to include an item to begin the process of requesting a general fund appropriation from the Legislature. Grant Buma, Colorado River Indian Tribe, addressed the Commission stating the CRIT have announced that it will entertain proposals to meet the needs of Arizona communities as the Tribe would like to be a part of the solution.

Potential Water Acquisitions

Chair Buschatzke asked for a motion to go into Executive Session of the Commission to discuss and consult with its attorneys on negotiations concerning potential water acquisitions. Vice-Chair Mawhinney made a motion and Mr. Neal seconded the motion.

Chair Buschatzke indicated the Commission would return no sooner than 12:30 p.m. and the Commission entered into Executive Session at 11:37 a.m.

At 12:30 p.m., the Commission reconvened. No action was taken as a result of the Executive Session.

The meeting adjourned at 12:32 p.m.