

Pinal County Water Augmentation Authority

MEETING MINUTES

MINUTES OF MAY 9, 2023:

A meeting of the Pinal County Water Augmentation Authority was convened at 7:01 a.m. both remotely through technological means and in the Pinal County Offices in Casa Grande, Arizona.

Directors Present:

- Bill Collings, Papago Butte DWID
- Melissa Campbell, City of Coolidge
- Stephen Q. Miller, Pinal County
- Bob Marsh, City of Maricopa
- Jake Lenderking, Water utilities without a CAP water subcontract
- Jose Maldonado, Town of Florence
- Dick Powell, City of Casa Grande
- Matt Rencher, City of Eloy
- Bryan Hartman, Maricopa-Stanfield Irrigation and Drainage District
- Derek McEachern, Central Arizona Irrigation and Drainage District
- Fred Schneider, Water utilities with a CAP water subcontract (until 8:30)

Also Present:

- Joe Singleton, PCWAA Executive Director
- Jonathan Jennings, Advanced Weather Modification Solutions
- George Bomar, Advanced Weather Modification Solutions
- Lonnie Frost, Pinal County
- Cheyenne Walsh, Compass Strategies
- Hunter Moore, Cazador Consulting
- Kami Ballard, Ivanhoe Electric
- Colin Shaw, Ivanhoe Electric
- Tom White, Ivanhoe Electric
- Glen Kuntz, Ivanhoe Electric
- Buchanan Davis, Water Infrastructure Finance Authority
- Chuck Podolak, Water Infrastructure Finance Authority
- Chelsea McGuire, Water Infrastructure Finance Authority
- Gary Walker

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CALL TO ORDER:

Chairman Bill Collings called the meeting to order at 7:01.

APPROVAL OF MINUTES:

Stephen Miller moved to approve the minutes as drafted from the meeting of April 11, 2023. Fred Schneider seconded the motion, which carried 10-0. **COLLINGS, HARTMAN, LENDERKING, MALDONADO, MARSH, MCEACHERN, MILLER, POWELL, RENCHER, SCHNEIDER.**

TREASURER'S REPORT:

Stephen Miller noted the bank balance and that the Authority was making an annual partnership payment to Salt River Project. He mentioned that there was no incoming revenue shown on the meeting materials, although there was a quarterly check from Casa Grande that had yet to be deposited. Dick Powell moved to accept the Treasurer's Report and pay the bills as presented. Jake Lenderking seconded the motion, which carried 10-0.

UPDATE ON WATER INFRASTRUCTURE FINANCE AUTHORITY:

Chuck Podolak, Director of the Water Infrastructure Finance Authority (WIFA) introduced himself, WIFA Board member Buchanan Davis, and Assistant Director for External Relations Chelsea McGuire to the PCWAA Board. His slide presentation showed that WIFA had been assisting with investment in water infrastructure through low-cost loans. Buchanan Davis, WIFA Board member, said that during his work for the Governor's (Ducey) Office that House Speaker Rusty Bower's had championed \$200 million for the Drought Mitigation fund. He said that the Governor's Office wanted to put more funding into water issues, but wanted additional guidelines and safeguards for the funds. He said that additional discussion indicated that WIFA would be the proper conduit for the funding. He said in addition to the funds placed into the Water Supply Development revolving fund, that the Long-Term Augmentation fund was established to facilitate the importation of water into Arizona. He said that the eventual funding was intended to be \$1 billion over a three-year period.

Podolak noted that WIFA is not a regulatory agency, although the directors of ADWR and ADEQ are WIFA Board members. He said that in addition to the newer programs housed under WIFA that the agency still maintained programs under the Clean Water state revolving fund, the Drinking Water state revolving fund, and the Water Conservation grant fund. He told members that WIFA work was statewide, and not only confined to the central Arizona AMAs. He said that WIFA had spent significant time in getting their Water Conservation grant fund program up and running lately. He noted that unlike some other programs they administer, this program utilizes grants and not loans. He said that conservation programs could apply for up to \$3 million in grant funding. He said that WIFA had \$200 million in funding available in the

Water Conservation grants program through the American Rescue Plan Act that needed to be obligated by June 2024. He said that the 25% match requirement could be met through in-kind contributions or other grants.

Podolak said that many kinds of programs were eligible under the Water Conservation grant program, noting water-reducing practices, efficiency upgrades and education as examples. Bill Collings said that while working on an application for the program that he only saw quantified reductions in water use listed as benefits. Podolak said that while those were easier to understand, that other improvements, like those that might be offered by efficient improvements or education were still allowed, but might require additional explanation of the benefits. Podolak said that the list of entities eligible to apply under the program was still a moving target. He said that the original legislation allowed for cities and towns, counties and districts, and other public entities to apply. He said that legislation currently moving through the legislature would cleanup several aspects of the WIFA structure, including allowing for private water companies and tribes to apply under the program. Buchanan Davis said that while he hoped that the bill, which has an emergency clause attached to it, would pass quickly that private utilities could partner with a public entity under the current regulatory framework. Podolak and Davis both said that WIFA wished to get the program money out to projects as soon as possible. Podolak said that the WIFA website was constructed with organizational transparency in mind. Chelsea McGuire, Assistant Director for External Affairs for WIFA said that the website was being slightly modified and invited anyone looking for information that they could not find on the website to reach out to her. She included her email address CMcGuire@azwifa.gov in the meeting chat.

Dick Powell said that there had been some preliminary steps into examining bringing water from the Mississippi River into Arizona. Chuck Podolak said that WIFA had received a proposal for a desalination project in Mexico, and thought that there might be a sense from the public that WIFA was only going to do that project. He said that the Board had heard the proposal, but had not committed any funding to it. Podolak added that his Board wanted to see as many proposals as possible to augment Arizona water supplies.

Jake Lenderking thanked the WIFA members for the presentation and for the support of SB 1390, the WIFA cleanup legislation that would allow for private water companies to apply for WIFA conservation grant funds. Chuck Podolak noted that as WIFA was not a cabinet agency that they could support legislation. Lenderking asked about WIFA funding through the budget process. Podolak said that the full \$1 billion in funding was a three-year amount and not appropriated in any one year. He noted, as had Lenderking, that the recent annual budget figure for WIFA feel far short of a \$333 million commitment to WIFA. He called it a “step back” in the commitment to Arizona’s water future. Podolak said that the real issue was not necessarily having the money in hand today, but that the realization of the funding helped to attract partners. He noted that this was important, as the \$1 billion by itself was not enough to build interstate pipelines or desalinization plants. Bryan Hartman asked if individual farmers and ranchers were eligible for funding through WIFA. Podolak said not generally, but that irrigation districts and natural resource conservation districts were eligible. Bill Collings asked if part of the \$1 billion that was to end up in the Augmentation fund could be used for in-state

augmentation. Podolak said it could, noting that the legislature had mandated that at least 75% of the funds be used to import water from outside of Arizona.

UPDATE ON IVANHOE ELECTRIC MINING COMPANY:

Hunter Moore of Cazador Consulting told the Board that his colleagues were from Ivanhoe Electric Mining Project. He said that he wanted to introduce Ivanhoe to the Board and committed to coming back in the future as additional information about their mining project develops. He said that their project in the Casa Grande area was iterative, and they did not yet have all the information that people might want to know. Kami Ballard, the Manager of Permitting and Social Responsibility for Ivanhoe had her colleagues, Tom White, Senior Hydrogeologist and Colin Shaw, Principal for Mine Development introduce themselves to the Board. Glenn Kuntz, Senior Vice President for Mine Development, introduced himself and participated via phone.

Ballard said that Ivanhoe was engaged in exploration around the Francisco Grande area. She said that there was a significant deposit in the area that had been previously studied. Ballard used slides to share Ivanhoe's company background and specific information about the Santa Cruz project. She said that Ivanhoe seeks to use innovative practices to engage in low carbon footprint mining. She added the site had historically been in agriculture, an in-situ pilot facility, and for a time consider for housing development. Ballard said that at least 121 drill holes had been completed over the life of the site. She added that Ivanhoe was engaged in stakeholder outreach. In addition to community presentations, such as the Groundwater Users Advisory Council (GUAC), she said that Ivanhoe has been in contact with the regional Indian tribes.

Tom White said that they had installed some vibrating wiring piezometers (VWP) into some of the existing core holes as part of Ivanhoe's characterization efforts. He said that a network of these VWPs were being installed, and that packer testing was being conducted in order to generate information on subsurface water conditions. White said that Ivanhoe was planning on putting in bigger test wells in order to develop better information.

Bill Collings asked if in-situ was not possible because of the depth of the copper deposit. Ballard said that the depth of the deposit, from 1,500 to 3,000 feet deep, precluded using an in-situ process. Steve Miller asked if the project was located within the city limits of Casa Grande. Ballard said that most of it was, while a small portion was in Pinal County. Miller asked if Ivanhoe was going to engage in a rezoning process. Ballard said that they would after the land deals were concluded. She said that there was currently a PAD for the area and Ivanhoe would apply for a general plan amendment and rezoning. Ballard said that they would form a community working group that she hoped would be in place by the end of the year.

PCWAA BUDGET, FY24:

Joe Singleton told members that the draft FY 24 budget that had been sent to members largely represented a continuation budget from the approved FY 23 budget. He said that on page 2 the line item that had been called "Acquisition of Water Resources" was split into subcategories in the proposed FY24 budget. He noted that the proposed overall total of \$500,000 for the category in FY24 was the same as FY23, but had been broken into three parts--\$200,000 for cloud seeding, \$100,000 for the Bartlett Dam Modification project and \$200,000 for Acquisition of Water Resources. He noted that the Executive Director pay being proposed represented a raise to cover inflation. Bob Marsh moved to approve the draft FY 2024 budget as presented. Bryan Hartman seconded the motion, which carried 9-0. **CAMPBELL, COLLINGS, HARTMAN, LENDERKING, MARSH, MCEACHERN, MILLER, POWELL, RENCHER.**

SUMMER CLOUD SEEDING STUDY:

Jonathan Jennings from Advanced Weather Modification Solutions introduced his colleagues George Bomar and Gary Walker. Jennings told the Board that he had submitted a draft report to Joe Singleton last night. Jennings said that the report was lengthy and aimed to be thorough. He said that they were open to feedback and suggestions as they finalized the report, and hoped to be at the July PCWAA meeting, as they would be attending the Water Resources Research Center annual conference in Tucson in July. George Bomar said that the report covered every major rain enhancement program that has been done in the United States during the last 60 years. Bill Collings asked Gary Walker if the crop-dusting airplanes used in Pinal County could do service as a delivery vehicle for cloud seeding. Walker said that they were not best suited for cloud seeding, as seeding operations took place at 7,000' or higher. He said that multi-engine pressurized planes were normally used at those altitudes. He added that the equipment that needed to be used needed permitting from the FAA. Collings thanked the group.

RESPONSES TO ADWR COMMENTS:

Nathan Miller said that there was a little progress, but that some of the big questions still needed answers. He said that he hoped to have those answers and be running models next month.

EXECUTIVE DIRECTOR REPORT:

Joe Singleton told members that the Pinal AMA GUAC had met on April 12, 2023 where he had briefed the GUAC on the Augmentation Authority's activities. He said that the GUAC also heard an update on the activities of the Irrigation Management Services. Singleton told member that the Bartlett Dam's Needs subcommittee had met since the last Authority meeting

and had continued to work on the needs assessment for the members. Singleton said that the group would meet two more times during May, on the 16th and 31st to continue those efforts.

Singleton informed members that Governor Hobbs had appointed members to her Water Policy Council, and that their initial meeting would be on May 17, 2023. Singleton said the whole Council included about three dozen members, including himself. He told members that they might want to have some informal meetings or study sessions for information exchange as the Council's work proceeds.

Singleton said that he had been working putting together a draft PCWAA budget, and a publication notice for the PCWAA audit work, which should be getting published soon. He confirmed that he did have the draft report on regional Cloud Seeding from Advanced Weather Modification Solutions and would send it out to members shortly.

LOBBYIST REPORT:

Cheyenne Walsh of Compass Strategies said that state legislature was working on the budget, and might be nearing the point where they had an agreement. She said that the Appropriation committees of both chambers were scheduled to meet soon and consider budget bills. She said that if the votes were in place, that the bills (representing collectively the state budget) should quickly proceed to floor action. Walsh said that there was still-pending legislation to allocate 30 new employees to ADWR to assist in the implementation of last years' revamp of the Water Infrastructure Finance Authority (WIFA). She told members that the funding for the positions was included in previous legislative action, but that authorization to hire the actual employees was not. She said that a bill allocating \$16.2 million to the University of Arizona for agricultural efficiency grants was pending, noting that it was a \$30 million appropriation last year. Walsh added that the bill allocating \$25 million for the Santa Rosa canal settlement was still in the process. She told members that there was a \$138.8 million reduction from the anticipated appropriation of \$333 million to WIFA. Walsh told members that the WIFA funding contained notes that the \$138.8 million had been allocated to other water projects.

Bill Collings asked that the bills addressing residential housing and the Assured Water Supply program continue to be tracked. Walsh said that both bills dealing with the topic, H.B. 2445 sponsored by Rep. Griffin and S.B 1432 sponsored by Sen. Wadsack were still active.

PINAL STAKEHOLDER PROCESS REPORT:

Stephen Miller echoed the sentiment of Nathan Miller regarding progress on the submittal to ADWR. He said that the Stakeholder Group's leadership had not met for a while, but did have a meeting scheduled for next week.

BARTLETT DAM MODIFICATION REPORT:

Bill Collings said that the Bartlett Dam Modification Group's Needs subcommittee was doing the bulk of the current work. Collings told the Board that the supply and demand criteria established by this group would be the basis for the allocations of new water made by the modification project. Joe Singleton said that the process had been iterative, and was progressing. He said that while the current requests for capacity by members of the project were known, that they were distributed to members anonymously. Singleton said that both he and Collings had disclosed the amount (15,00 AF) of capacity that PCWAA was requesting and it seemed to move the process forward. Collings clarified for members that that the 100-year average of capacity to wet water was projected at about 33%, so the Authority was effectively hoping to get about 5,000 AF of water per year on average. He said that the Authority's share of construction costs at that level would be \$45 - \$50 million.

CHAIR'S REPORT:

There was no report from the Chair.

CALL TO THE AUTHORITY:

There was a call to the Authority. Bryan Hartman said that he had been told that the hydrology of the Colorado River was improving, and that water levels at Lake Mead could rise back to 1,075'. Hartman asked if agricultural water deliveries would be resumed in such a case, as he had heard from legal counsel that the level for agriculture to receive water again might be moved to 1,090'. Hartman said that this was not the concept presented to the agricultural community during the process of negotiating the Drought Contingency Plan. He said that growers in his area were still trying to transition back to groundwater. Stephen Miller, who is the Pinal County representative to the CAWCD Board of Directors, said that negotiations were ongoing and that the public comment period would end at the end of the month. Bill Collings asked Jake Lenderking to update the Board concerning the status of the Basin Study at the next Board meeting.

CALL TO THE PUBLIC:

Chairman Collings made a call to the public. There was no response.

NEXT MEETING DATE:


The next meeting will be held on June 13, 2023 at 7:00 a.m.

ADJOURN

The meeting was adjourned at 8:56 a.m.

ATTEST:


William Collings, Chairman


Stephen Q. Miller, Secretary-Treasurer