

Pinal County Water Augmentation Authority

MEETING MINUTES

MINUTES OF DECEMBER 12, 2023:

A meeting of the Pinal County Water Augmentation Authority was convened at 7:00 a.m. both remotely through technological means and in the Pinal County Offices in Casa Grande, Arizona.

Directors Present:

- Bill Collings, Papago Butte DWID
- Bryan Hartman, Maricopa-Stanfield Irrigation & Drainage District
- Bob Marsh, City of Maricopa
- Stephen Q. Miller, Pinal County
- Jake Lenderking, Water utilities without a CAP water subcontract
- Derek McEachern, Central Arizona Irrigation and Drainage District
- José Maldonado, Town of Florence
- Fred Schneider, Water utilities with a CAP water subcontract (until 8:00 a.m.)
- Matt Rencher, City of Eloy (at 7:05 a.m.)

Also Present:

- Joe Singleton, PCWAA Executive Director
- Cheyenne Walsh, Compass Strategies
- Lonnie Frost, Pinal County
- Pat Holbrook

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CALL TO ORDER:

Chairman Bill Collings called the meeting to order at 7:00.

APPROVAL OF MINUTES:

Bob Marsh moved to approve the minutes as drafted from the meeting of November 3, 2023. José Maldonado seconded the motion, which carried 8-0. **COLLINGS, HARTMAN, LENDERKING, MALDONADO, MARSH, McEACHERN, MILLER, SCHNEIDER.**

TREASURER'S REPORT:

Stephen Miller noted the monthly bills presented were for regularly occurring expenses, which included Compass Strategies and MATRIX New World. Miller said that there was a little more than \$10,000 remaining on the latest contract with MATRIX. Bryan Hartman moved to accept the Treasurer's Report and pay the bills as presented. Fred Schneider seconded the motion, which carried 8-0.

LOBBYIST REPORT:

At the prerogative of the Chair, the lobbyist reporting agenda item was moved forward on the agenda. Cheyenne Walsh of Compass Strategies told the group that the next legislative session would begin on January 8, 2024. She said that there were a few water issue proposals that had been made public, including Rep. Kolodin's proposal to create a market for groundwater associated with irrigation grandfathered water rights, a proposal being forwarded by Queen Creek regarding how member lands might transition to member service areas under the Central Arizona Groundwater Replenishment District. Walsh noted the issue overlap with the alternative path to designation work of the Governor's Water Policy Council (GWPC), but told the group that it seemed that the GWPC proposal was more rule based.

Walsh noted that all 90 legislative seats would be up for election in 2024, and opined that it may lead to a shorter session. She further said that the government had been running with budget surpluses for several years but would be facing an estimated shortfall of \$400 million for the current fiscal year and \$450 million for FY 2025. Walsh said that some monies earmarked for WIFA could be in play to address the shortages, and advised the Board to consider if they wished to support protecting WIFA funding, noting that the final \$333 million that was supposed to go the WIFA in FY25 had not yet been appropriated.

RESPONSES TO ADWR COMMENTS:

Joe Singleton noted that Nathan Miller, of MATRIX New World Engineering had texted him earlier this morning. Singleton said that Miller was driving his daughter to school, but that MATRIX had completed revising their report and would be sending out the letters that ADWR had asked for to the effected well owners this week.

BARTLETT DAM MODIFICATION:

Bill Collings told members that the Bartlett Dam Modification Group's Needs subcommittee and Steering Committee had met. Collings said that the Steering Committee had approved an allocation scenario that allows PCWAA 7,139 AF of capacity, or about 2,000 AF of water on an annual average. He said that funding for this supply would need to be revisited soon, and the cost estimates appeared to be around \$3,000 / AF. He reminded members that there were several years of the NEPA process to get through as well as some possible legal calls on the Bartlett water, so that amount that might be eventually available was still subject to change. Collings told members that the assumed availability of Colorado River water that was used in the allocation scenario could be problematic. Collings said that the Needs subcommittee would meet again in January.

Bryan Hartman asked Collings if \$3,000 A/F was an accurate number. Collings clarified that it was the estimate for initial construction costs, while the annual delivery costs were currently estimated at \$300 A/F. Hartman asked if Arizona Water Company or Global Water anticipated covering the initial costs. Collings said that Arizona Water was participating in the own right. Fred Schneider said that while that was true, there was nothing preventing Arizona Water Company from working with PCWAA on the eventual disposition of the water. Jake Lenderking indicated that Global Water was interested in participating in the supply acquisition. Fred Schnieder asked how PCWAA planned to submit a financial commitment for their allocation. Collings said that he would like to have letters from the chief financial officers of PCWAA member entities that are interested in acquiring the supplies in the next several weeks. He told members that he would then write a cover letter from PCWAA stating that the Authority would have the capacity to cover costs for PCWAA's allocation. Schneider clarified that the funding would not be due for several years.

EXECUTIVE DIRECTOR REPORT:

Joe Singleton said that the Governor's Water Policy Council had met several times since the last PCWAA Board meeting. He said that the Council had been originally tasked with considering assured water supply issues and rural groundwater issues. Singleton said that the Council had forwarded a recommendation on an alternative path to a designation of assured water supply that ADWR feels would address their concerns with modelled groundwater deficiencies in the Phoenix and Pinal AMAs as well as the Department's issue with commingled water supplies. Singleton told members that as of now, ADWR has not taken issue with water

providers in either the Phoenix or Pinal AMAs that have current designations of assured water supply, but that applications for projects that plan on utilizing other, non-designated water providers have not been getting approved in the Pinal AMA for a long time and had not been moving in the Phoenix AMA since June 2023. Singleton said that while the proposal seeks to provide a way forward for those non-designated water providers, that the ultimate policy change appears to still need work.

Singleton told members that the group had also forwarded a recommendation on so-called build-to-rent subdivisions. Singleton reminded the Board that projects consisting of housing that will be rented or leased for a term of less than one-year fall outside of the State of Arizona's current definition of a subdivision, and as such outside of the assured water supply process. He said that the proposal would allow such projects to be subjected to the assured water supply requirements. Singleton said that the group had also put forth a recommended change for wildcat development, which consisted largely of changes addressing issues that the Arizona Department of Real Estate brought to the Council and identified as problematic in their work.

Singleton said that the Council had also forwarded recommendation on a rural groundwater management framework and a rural groundwater measuring and reporting tool. Singleton said that the rural groundwater management framework proposal embodied a more community-driven voluntary structure than an AMA. Singleton said that the process of developing recommendations for the rural issues was sometimes contentious, noting that two members had left the Council in protest of the direction of the proposals from the subgroup. Singleton said that it seemed that the Council would be tasked with examining other issues, but that no additional meetings had been scheduled yet.

Singleton told members that the Arizona Water Banking Authority (AWBA) had met and approved their 2024 Plan of Operations, as well as a budget to support their work. He said that the 2024 Plan, like the 2023 Plan anticipated no available excess CAP and would utilize long-term storage credits and Intentionally Created Surplus firming credits to meet AWBA goals. Singleton said that the 2024 Plan called for about 39,000 AF of credits purchases in the Phoenix and Tucson AMAs at a cost of around \$13.7 million. He additionally noted that Pinal AMA withdrawal fees were diverted by the Drought Contingency Plan through the end of 2026, so that the 2024 Plan did not contemplate storage in the Pinal AMA.

Singleton said that since the last PCWAA Board meeting that he had met with Sen. Sundareshan regarding the Authority's Cloud Seeding study and intention to pursue a cloud seeding project in the Pinal AMA. Singleton said that he and the consultants continued to pursue licensure through ADWR, but that Jonathan Jennings was pursuing a job opportunity in Utah. Singleton said that he was told that the consultants intended to continue pursuing the cloud seeding application on PCWAA's behalf, but were unclear on Jennings' role in that process moving forward.

He told the group that he wanted to get the PCWAA partnership funding letters sent out by Christmas. He said that several had already been sent out to accommodate different

timelines by various partners. Singleton added that he was engaging in year-end activities with Baker Tilly to facilitate the Authority's filing of its 2023 tax documents, as well as other end-of-the-year filings.

Bryan Hartman asked if there was any reason for local concern regarding the recent ADWR announcement regarding analysis of water supplies in all state basins. Singleton said that he was not concerned about the Pinal AMA, as ADWR had already doing this in the AMAs for a while. He said that the recent ADWR announcement was indicative a more recent charge to cover more basins statewide. Fred Schneider asked if a small stakeholder group might be helpful in collating concerns about the assured water supply proposals that could be taken back to the Council. Singleton said that he thought it could be helpful to work on the issues, but said that he was not sure that the process had not moved beyond the Governor's Water Council. Schnider said that ADWR had briefly reached out to Arizona Water Company, but that it did not allow for a meaningful dialogue about the alternative path to designation issues.

Jake Lenderking said that Global Water had several pending designations of assured water supply, and interests in some of their other Pinal AMA systems. Lenderking said that he like the idea of pursuing small group discussions among the effected non-designated providers.

PINAL STAKEHOLDER PROCESS REPORT:

Stephen Miller said that he might want the stakeholders briefed about the proposals that were forwarded by the Governor's Water Council.

CHAIR'S REPORT:

Ther was no report from the chair.

CALL TO THE AUTHORITY:

There was a call to the Authority. Derek McEachern thanked Supervisor Miller for his support of the Central Arizona Irrigation and Drainage District's WIFA grant application.

CALL TO THE PUBLIC:

There was a call to the public. Pat Holbrook said that PCWAA may be behind on the timeline needed to implement a cloud seeding project for next summer. He cited examples of previous work he had been involved with in Idaho and Saudi Arabia which suggested several possible challenges to cloud seeding in Pinal.

NEXT MEETING DATE:

The next meeting will be held on January 9, 2024 at 7:00 a.m.

ADJOURN

The meeting was adjourned at 8:02 a.m.

ATTEST:


William Collings, Chairman


Stephen Q. Miller, Secretary-Treasurer