

ARIZONA WATER BANKING AUTHORITY
Draft Minutes

June 20, 2018

Arizona Department of Water Resources



AUTHORITY MEMBERS

Thomas Buschatzke, Chair
Ray L. Jones, Vice-Chair
Kathryn Sorensen, Secretary
Mark Clark
Pamela Pickard

Welcome/Opening Remarks

Chair Thomas Buschatzke welcomed the attendees. All Commission members were in attendance. *Ex-officio* members, Speaker J.D. Mesnard and Senator Gail Griffin, were not in attendance.

Election of Officers

Virginia O'Connell, AWBA Manager, described the process for election of officers. Chair Buschatzke opened the floor for nominations for Vice-Chair. Pamela Pickard nominated Ray Jones for Vice-Chair. Mark Clark seconded the motion and Mr. Jones was unanimously elected Vice-Chair. Chair Buschatzke then opened the floor for nominations for Secretary. Mark Clark nominated Kathryn Sorensen for Secretary. Ray Jones seconded the motion and Ms. Sorensen was unanimously elected Secretary.

Approval of Minutes

Chair Buschatzke asked for a motion to approve the minutes from the March 21, 2018 regular quarterly meeting. Secretary Sorensen moved to approve the minutes. Mr. Clark provided the second to the motion and the minutes were unanimously approved.

Water Banking Staff Activities

Monthly Deliveries. Ms. O'Connell stated that deliveries are still ahead of schedule with just over 15,000 AF delivered through May or 40% of overall deliveries for 2018. Interstate deliveries are scheduled to occur starting in June, but they may be pushed back to accommodate operational issues and agricultural demands.

Credit Purchases. Ms. O'Connell explained that in the second quarter of 2018, 3,600 acre-feet of long-term storage credits were purchased from the Ak-Chin and 9,000 acre-feet of firming credits were developed with the Gila River Indian Community bringing total credit purchases to just over 19,000 acre-feet in 2018.

Colorado River Status Update. Bret Esslin, ADWR Colorado River Management, gave an update on the Colorado River system. His presentation is available on the AWBA website. Total system content is at 50% or 30.68 million acre-feet (MAF). Lake Powell is at 53% or 12.9 MAF with a lake elevation of 3,611.99 feet and Lake Mead is at 38% or 9.88 MAF with a lake elevation of 1,078.38 feet. Snowpack for 2018 has ended, and the projected unregulated inflow for 2018 is 5.25 MAF or 48.4% of the 30-year average. Based on existing inflow data to date, the most probable release from Lake Powell is 9 MAF. The probability for shortage in 2019 has decreased from 17% in the January 2018 modeling results to negligible in the April 2018 modeling results. The

probability for shortage in the following years, 2020 through 2022, has also increased to 52% in 2020, escalating to 68% by 2022.

CAP System Update. Marcus Shapiro, CAWCD Water Systems Supervisor, gave an update on the CAP system indicating that there were two additions to forbearance in Arizona since the last meeting totaling 15,000 acre-feet between the Colorado River Indian Tribes and the Tohono O'odham. CAWCD forbearance volumes for conservation efforts total 149,000 AF for 2018. Including Pilot System Conservation activities, total conservation is just over 170,000 AF.

Recovery Planning. Jeff Inwood, ADWR Colorado River Management, described the Recovery Planning Advisory Group process to date, provided a membership list and announced the date of the next meeting, July 17, 2018.

Water Storage Tax. Ms. O'Connell reported that the CAWCD Board of Directors adopted its annual resolution regarding use of the Water Storage Tax for tax year 2018/2019 continuing to set the rate at 4¢ per \$100 of assessed property valuation and to deposit the funds in accounts held by CAWCD. Monies will be used for repayment or operation and maintenance and replacement costs of the Project including CAWCD costs for AWBA M&I firming. Since no excess CAP water is expected in 2019, staff plans to focus on purchasing existing long-term storage credits. Reservation of these funds by the CAWCD Board for this purpose typically occurs in December of each year.

Legislative Authorized Budget Transfers

Ms. O'Connell explained that for FY 2019 \$1,211,400 of AWBA withdrawal fee funds will be authorized for spending by ADWR and \$200,000 will be authorized for spending by the Arizona Navigable Stream Adjudication Commission (ANSAC) for a total of \$1,411,400 in authorized budget transfer. Vice-Chair Jones moved to approve the staff recommendation for transferring \$1,411,400 in funds proportionately from each AMA withdrawal fee subaccount in the Arizona Water Banking Fund for fiscal year 2019 pursuant to Senate bill 1520. Secretary Sorensen seconded the motion. Chair Buschatzke asked for public comment. Seeing none, he called for a vote and the motion passed unanimously.

2017 Annual Report

Ms. O'Connell and Terri Sue Rossi, Technical Administrator for the AWBA, presented the Annual Report and Ten-Year Plan which can be found on the AWBA's website. In 2017, the AWBA stored 17,630 acre-feet of Excess CAP water in the Phoenix, Pinal and Tucson AMAs and the AWBA purchased 80,000 acre-feet of existing long-term storage credits and developed 7,000 acre-feet of tribal firming credits. Total costs for 2017 were nearly \$21.8 million.

The Ten-Year Plan projects the AWBA could develop approximately 380,000 acre-feet of credits between 2019 and 2028 and could have a firming obligation for NIA Indian water of 16,000 acre-feet during the same period. During the planning period, the AWBA expects to meet its M&I firming goals in the Phoenix and Pinal AMAs but still

remaining considerably below its M&I firming goal in the Tucson AMA. The AWBA expects to reach nearly 90% of its Indian settlement obligations during the planning period.

Ms. Pickard moved to approve the 2017 Annual Report and Ten-Year Plan as submitted or with minor or technical changes, based on discussion and direct staff to submit to Governor, Speaker of the House and President of the Senate by July 1. Mr. Clark seconded the motion. Chair Buschatzke asked for public comment. Seeing none, he called for a vote and the motion passed unanimously.

FY 2019 Administrative Budget

Ms. O'Connell described expenses for the FY 2018 budget cycle noting actual expenditures were just under budget by approximately \$80,000. She also briefed the Commission on the proposed budget for FY 2019. The total estimated cost is \$606,125. Mr. Clark moved to adopt the Arizona Water Banking Authority administrative budget for Fiscal Year 2019 as presented with any minor or technical changes. Secretary Sorensen seconded the motion. Chair Buschatzke asked for public comment. Seeing none, he called for a vote and the motion passed unanimously.

Call to the Public

Chair Buschatzke asked for public comment. There were no comments. The meeting adjourned at 11:20 a.m.