

ARIZONA WATER BANKING AUTHORITY
Draft Minutes

March 15, 2017
Arizona Department of Water Resources



AUTHORITY MEMBERS
Thomas Buschatzke, Chair
Ray L. Jones, Vice-Chair
Kathryn Sorensen, Secretary
Pamela Pickard
Steven Moss

EX OFFICIO MEMBERS
The Honorable Steve Yarbrough
The Honorable J.D. Mesnard

Welcome/Opening Remarks

Chair Thomas Buschatzke welcomed the attendees and introduced new Commission member, Pamela Pickard, who will serve as designee for Central Arizona Water Conservation District Board President Lisa Atkins. Ms. Pickard and Steven Moss attended in person. Kathryn Sorensen, Ray Jones, and new *ex-officio* members, President of the Senate, Steve Yarbrough and Speaker of the House, J.D. Mesnard, were not in attendance.

Upon arrival by former member Jim Hartdegen, Chair Buschatzke asked the Commission to consider a resolution honoring Mr. Hartdegen's service on the AWBA. Ms. Pickard read the resolution and made a motion to approve the resolution. Mr. Moss provided the second to the motion and the resolution was adopted.

Approval of Minutes

Chair Buschatzke asked for a motion to approve the minutes from the December 7, 2016 regular quarterly meeting. Mr. Moss moved to approve the minutes. Ms. Pickard provided the second to the motion and the minutes were approved.

Water Banking Staff Activities

Monthly Deliveries. Ms. O'Connell, AWBA Manager, reviewed deliveries for calendar year 2016. She noted that actual and planned deliveries matched for the year with 65,708 acre-feet delivered for storage. Deliveries for 2017 are also on target with 300 acre-feet of water delivered to the Pinal AMA in January. Planned deliveries for 2017 total 17,630 acre-feet.

Colorado River Status Update. Jeff Inwood, ADWR Colorado River Management, gave a presentation on Colorado River Basin conditions (available online). As of March 7, 2017, total system storage is at 50% of capacity or 29.57 million acre-feet (MAF): 46% in Lake Powell and 41% in Mead. Monthly precipitation has been above normal from November through February and snow pack is at 146% of normal exceeding 2011 levels for the same period that resulted in an equalization tier release. Run-off is projected to be 145% of average through July of 2017. Mr. Inwood cautioned, however, that March and April are critical to maintaining a healthy snow pack, and so far, conditions are proving to be warmer and drier than hoped, which could increase run-off.

The most probable 2017 year-end elevation projection for Lake Mead is 1,078 feet and 1,074.6 feet for 2018. The February 2017 most probable inflow is expected to result in a 9 MAF release into Lake Mead. The probability of any shortage in 2018 and 2019 has decreased substantially, and the probability of equalization has increased dramatically for 2017. Unregulated inflows of 14.84 MAF into Lake Powell are needed to reach equalization and the system is currently at 14.3 MAF.

While much of the news is positive, Mr. Inwood reminded Commission members that one good year does not solve a long-term water supply and demand issue as was evidenced by a good year in 2011. Chair Buschatzke indicated that given preliminary data for March, it looks like the trigger level for equalization will not be reached.

CAP System Update. Marcus Shapiro, CAWCD Water Systems Supervisor, gave an update on the CAP system (presentation available online). In 2016, CAP deliveries totaled 1.49 MAF. Additionally, an estimated 195,000 acre-feet of water was conserved in Lake Mead pursuant to the Memorandum of Understanding (MOU) between the Bureau and the Lower Basin states. For 2017, the plan currently calls for 1.46 MAF in deliveries and 185,000 acre-feet of conservation under the MOU and another 40,000 acre-feet of pursuant to the recent System Conservation Implementation Agreement (SCIA) between the Bureau and the Gila River Indian Community. Chair Buschatzke asked how the 185,000 acre-feet will be developed in 2017. Mr. Shapiro responded saying the volume is already incorporated into the operating plan and is essentially coming from the agricultural forbearance program and a reduction in the Excess pool.

Deliveries to customers are within CAWCD's 2017 Operating Plan. Storage in Lake Pleasant currently exceeds projections. Over 80,000 acre-feet is scheduled for CAWCD recharge projects, which have roughly 73,000 acre-feet of capacity available for additional storage.

Legislative Activities. Ms. O'Connell informed Commission members that with the election, the AWBA has two new ex officio members: House Speaker J.D. Mesnard and Senate President Steve Yarbrough. Letters were sent to the ex officio members notifying them of their role on the Commission and their option to designate an alternate to represent them.

Ms. O'Connell described two bills of interest: SB 1203 and HB 2179. SB 1203, a striker that has progressed to the house, would change the AWBA's Annual Report submittal date from July 1 to December 31. HB 2179 would prohibit political subdivisions from entering into any agreement unless approved by a majority of the members of the applicable governing body. Additionally, the political subdivision would need to affirm all existing agreements by majority vote. The term of any agreements is limited to eight years. Ms. O'Connell noted that the bill, as written, could have long-term water supply implications. Staff continues to watch both bills.

Lastly, Ms. O'Connell noted that both the executive and legislative budgets for fiscal year (FY) 2018 propose transfers of \$1.41 million from the Arizona Water Banking (AWB) Fund: \$200,000 for the Arizona Navigable Stream Adjudication Commission and \$1.21 for the Arizona Department of Water Resources. The amounts are the same as FY 2017 transfers. If adopted, the only funds available to cover this transfer are groundwater withdrawal fee revenues from the Phoenix, Pinal and Tucson AMA. In previous years, the transfers were shared pro rata between the AMA subaccounts based on available funds. She added that because ADWR did not expend the monies allocated for FY 2016, they have been reallocated to the AWBA. Chair Buschatzke indicated that he and Hunter Moore, Water Advisor to the Governor, have and will continue to explain to budget analysts the implications of these legislative transfers.

Recovery Planning Update

Ms. O'Connell indicated that since the Joint Recovery Plan was released in 2014, staff from ADWR, CAWCD and the AWBA have continued to work on tasks so the plan can be implemented when needed. For example, the AWBA has entered agreements with the Gila River Indian Community consistent with the State's obligations under the Arizona Water Settlements Act. Staff has also been meeting with cities that intend to lease water from the White Mountain Apache Tribe once the Quantification Act becomes enforceable. Additionally, staff continues to coordinate with ADWR and CAWCD staff on other recovery planning issues identified in the recovery plan, including hydrologic modeling, potential recovery volumes and costs. The three organizations recently met with AMWUA representatives and Tucson Water regarding stakeholder involvement going forward and returning to a concept similar to the Ad Hoc Recovery Group used during the development of the 2014 Joint Recovery Plan.

Laura Grignano, CAWCD, gave a presentation on the status of recovery planning at CAWCD (available online). She described three major categories including (1) developing cooperative agreements to implement recovery, (2) permitting and constructing facilities needed to implement recovery and evaluate need for treatment and (3) implementing the recovery plan in cooperation with stakeholders. Highlights included the completion of the CAP System Use Agreement, exploratory work at Tonopah Desert Recharge Project and CAWCD's interstate recovery agreements with Southern Nevada Water Authority (SNWA) and Arizona Water Company (AWC). Chair Buschatzke agreed with Ms. Grignano's comments about the CAP System Use Agreement and lauded CAWCD's work to get the agreement signed.

Letter Agreement between Arizona and Nevada

Ms. O'Connell clarified that under Subsection 3.3.3 of the Third Amended and Restated Agreement for Interstate Water Banking among the AWBA, SNWA, and CRCN, recovery facilities used to meet SNWA's request for water in a given year are at the discretion of the AWBA. The letter agreement allows for compliance with the Interstate Water Banking Agreement and confirms SNWA's first right to 2,500 acre-feet of annual recovery capacity at the AWC underground storage facility between 2025 and 2030 at no additional charge. The letter agreement also recognizes the 50,000 acre-feet of long-term storage credit recognized as pre-paid in the same Interstate Water Banking Agreement. Pam Pickard moved to approve Chair Buschatzke to sign the letter agreement between the AWBA, Central Arizona Water Conservation District, Southern Nevada Water Authority and the Colorado River Commission of Nevada confirming recovery for SNWA. Ms. Moss seconded the motion the motion was passed.

Call to the Public

There were no public comments. Mr. Moss moved to adjourn the regular meeting and to convene the Executive Session. Ms. Pickard seconded the motion and the Commission moved to Executive Session at 11:02 a.m.

Discussion and Potential Action Regarding Executive Session

The regular session reconvened at 11:25 a.m. There was no discussion or potential action regarding the Executive Session. The meeting adjourned at 11:26 a.m.