LEGISLATIVE TRANSFERS FROM THE AWBA FOR FY 2018

Sections 103, 64 and 129 of Senate Bill 1522, identify total fund transfers of \$1,611,400 from the Arizona Water Banking Fund for Fiscal Year 2018. The transfers will be used in support of the following:

٠	Sec. 103.	Arizona Department of Water Resources (ADWR)	\$1,211,400
٠	Sec. 64.	Arizona Navigable Stream Adjudication Commission (ANSAC)	\$ 200,000
•	Sec. 129	Auditor General, for a special audit of the	<u>\$ 200,000</u>
		Central Arizona Water Conservation District (CAWCD)	\$1,611,400

Based on the previous actions of the AWBA Commission and stakeholder input, staff recommends that the funds needed for this transfer be taken from each of the three Active Management Area withdrawal fee subaccounts on a proportional basis. The following table identifies the share from each subaccount based on revenues collected in 2017.

Water Banking Fund (withdrawal fees)	Revenues (\$ million)	Pro Rata Share of Transfer	Transfer Amount
Phoenix AMA	\$2.30	57%	\$918,498
Pinal AMA	\$1.37	34%	\$547,876
Tucson AMA	\$0.39	10%	\$161,140

Because the timing of the transfers for ANSAC and the Auditor General cannot be known in advance, staff assumes the transfers from the AWB Fund will occur during the first half of the fiscal year (Calendar Year 2017). These transfers are not expected to impact the AWBA Plan of Operation for this year. Additionally, the monies made available for ADWR for FY 2017 were not transferred until the second half of the fiscal year. Because ADWR has indicated the monies would be expended similarly for FY 2018, staff recommends that monies be made available to ADWR using withdrawal fee revenues collected in 2018. A fund transfer during the second half of the fiscal year would allow the AWBA to carry out its 2017 Plan of Operation as adopted. In addition, it would allow any reductions in withdrawal fees to be incorporated into the 2018 Plan of Operation, giving the AWBA's water storage partners more certainty. Staff is assuming the same pro rata share for revenues collected in calendar year 2018.