

ARIZONA WATER BANKING AUTHORITY
Draft Minutes

September 16, 2015
Arizona Department of Water Resources



AUTHORITY MEMBERS
Thomas Buschatzke, Chair
Ray L. Jones, Vice-Chair
Clifford A. Neal, Secretary
Jim Hartdegen
Steven Moss

EX OFFICIO MEMBERS
The Honorable David M. Gowan
The Honorable Gail Griffin

Welcome/Opening Remarks

Chair Thomas Buschatzke welcomed the attendees. All members of the Authority were present. Steven Moss attended via teleconference. *Ex-officio* members, Senator Gail Griffin and Speaker David Gowan, were not in attendance.

Chair Buschatzke introduced new member Ray L. Jones, representing a person appointed by the Governor who is knowledgeable in water resource management. Chair Buschatzke then read a resolution honoring outgoing member John Mawhinney and asked for a motion. Cliff Neal moved to approve the resolution. Jim Hartdegen seconded the motion and the motion passed.

Approval of Minutes

Chair Buschatzke asked for a motion to approve minutes from the June 17, 2015. Mr. Neal moved to approve the minutes. Mr. Hartdegen seconded the motion and the minutes were approved.

Election of Officers

Virginia O'Connell, AWBA manager, explained that Mr. Mawhinney held the position of Vice-Chair. Since Mr. Mawhinney was no longer on the Commission, a new Vice-Chair would need to be elected. Ms. O'Connell then provided a brief overview of the election process. Chair Buschatzke asked for a nomination to elect a Vice-Chair. Mr. Neal nominated Mr. Jones. Mr. Hartdegen seconded the nomination and the Commission voted to approve Mr. Jones as the Vice-Chair.

Preliminary Plan of Operation

Ms. O'Connell presented the 2016 Preliminary Plan of Operation. Current estimates identify 40,000 acre-feet in water storage and nearly 26,000 acre-feet in credit development. The total cost of the plan is \$11.8 million. Mr. Jones asked what the AWBA has been doing to meet the shortfall on the Tucson AMA M&I firming goals. Ms. O'Connell indicated that as in past years, this plan continues to focus on the Tucson AMA firming goal by utilizing all available funds to store water in the AMA. She then described successful efforts in 2015 to purchase credits in addition to storing water.

Staff was directed to present the Preliminary Plan of Operation to the public in conjunction with the Groundwater User Advisory Councils (GUACs). The Pinal GUAC meeting will be held on November 10 at 9:30 a.m., the Phoenix AMA GUAC will be held on November 12, 2015 at 10:00 a.m. and the Tucson GUAC will be held on November 18, 2015 also at 10:00 a.m.

Extension of Water Storage Agreement between the AWBA and Metro Water

Ms. O'Connell explained that the AWBA's water storage agreement with Metro Water will expire at the end of the year. She then briefed the Commission on the amendment

to extend the agreement to December 31, 2035. Commission members asked about the 3% escalator for water storage costs in the existing agreement. Ms. O'Connell explained that the agreement currently allows for re-examination of the escalator and that in fact Metro Water has not exercised the right to increase the cost in past years.

Chair Buschatzke asked for a motion to approve the amendment. Mr. Neal moved to authorize the Chair to sign the First Amendment to the Water Storage agreement between the AWBA and the Metropolitan Domestic Water Improvement District. Mr. Hartdegen seconded the motion and the motion passed.

Discussion on Public Outreach

Chair Buschatzke asked Terri Sue Rossi, Technical Administrator for the AWBA, to brief the Commission on public outreach. Ms. Rossi reminded the Commission of its early action planning work on this topic and given the success of this work, the AWBA would need to establish new objectives. Given new objectives, staff could determine the target audience and craft effective outreach strategies accordingly. Additionally, the Commission could continue to reach out to the Governor's Office and legislative leadership. Finally, staff could also explore opportunities with other regional partners to develop non-money solutions.

Commission members discussed passed legislative transfers and indicated that more work needed to be done to discourage use of funds held by the AWBA for purposes other than water banking. Additionally, Commission members reinforced the idea that actions taken by the AWBA not inadvertently effect the priority of CAP water use by subcontractors. Commission members directed staff to prepare a list of bullet points on the AWBA, its purpose and its accomplishments so that Commission members and others could use them to discuss the AWBA with legislators and others. Chair Buschatzke asked that the bullet points be made available at the next meeting and that, once approved by the Commission, be made available on the AWBA's website for others seeking to support the objectives of the AWBA.

Water Banking Staff Activities

Colorado River Update. Mohammed Mahmoud, CAWCD analyst, updated the Commission on the status of the Colorado River. Elevations in Powell are such that the system will be operating with the Upper Elevation Balancing Tier meaning releases will be no lower than 8.23 million acre-feet (MAF) and may potentially be as high as 9 MAF. Mr. Neal asked what would need to happen in the April 24-Month Study for the release to be increased. Mr. Mahmoud explained that as conditions change, specifically, if levels in Lake Powell increase, the USBR could adjust the volume up to but not greater than 9 MAF. He added that current data now shows there will be no shortage in 2016. The probability of a shortage in 2017 has also dropped to 18% largely due to improved hydrology in May and June of 2015. The probability increases to 52% in 2018, and 65% in 2019, but then decreases back to 59% in 2020. Mr. Neal asked about the percent of normal inflows. Mr. Mahmoud did not have immediate access to that information but indicated that snowpack is at 94% of normal.

Monthly Deliveries. Ms. O'Connell reported that deliveries through August were generally on target. She also indicated that CAP has made an additional 34,400 acre-feet of water available to the AWBA, a 75% increase in the volume originally identified

under the 2015 Plan of Operation. She indicated that 1,500 acre-feet will be stored in the Pinal AMA and the remainder will be stored in the Phoenix AMA. No additional supplies will be stored in Tucson AMA since there are no additional funds available for storage for that AMA this year. Mr. Neal asked if the current chart includes the additional water. Ms. O'Connell indicated that it did not so actual deliveries will show substantially higher than planned at the next meeting.

Chair Buschatzke asked where the additional 34,400 acre-feet came from. Patrick Dent with CAP responded that water use on the Colorado River was lower than projected. He added that the volume provided takes into account activities associated with the Memorandum of Understanding between the Lower Basin States. Mr. Buschatzke asked if recent wet conditions in Yuma could result in additional water being available. Mr. Dent responded that it is possible. Mr. Neal asked if CAP intends to re-open the Tonopah Desert Recharge Project (TDRP). Mr. Dent indicated that with the recent additional volume of water, CAP is maximizing its existing capacity. CAP is currently evaluating bringing TDRP back on line if more water becomes available as a result of recent precipitation.

Credit Development Update. Ms. O'Connell reported that the AWBA's credit purchase transactions with Tucson Water and the Tohono O'odham Nation, as well as the firming credits developed with the Gila River Indian Community, have been fully executed. Over 34,000 acre-feet of credits were developed at a cost of \$6.1 million.

Water Storage Agreements. Ms. O'Connell informed Commission members that the agreements for water storage at GRUSP have been executed and that the water storage permit was also issued by ADWR. The AWBA began storing water at GRUSP in August. She added that staff would now pursue a water storage permit for SRP groundwater savings facility.

Recovery Planning Implementation Update. Laura Grignano, CAP, updated the Commission on recovery planning implementation. Ms. Grignano described three areas of focus for CAP: recovery agreements, feasibility and cost estimates and discussions between CAP and USBOR on a firming framework. Commission members had questions regarding the cost of treating recovered water relative to the expenditures presented. Ms. Grignano noted that this issue is being actively discussed with the USBOR. Commission members inquired if the recovery agreements would include the AWBA. Ms. Grignano responded that the agreements would be between CAP and its recovery partners. Chair Buschatzke also asked how well our recovery planning is working and if any adjustments are needed. Ms. Grignano responded that things were going well, but that the modeling analysis should be updated. Ms. O'Connell noted that updated projections are also presented in the AWBA's Ten-Year Plan. Chair Buschatzke asked that in any case this information be made available to customers so they are kept up to date.

Call to the Public

There were no public comments. Chair Buschatzke asked for a motion to adjourn. Mr. Neal made motion, Mr. Hartdegen seconded the motion. The meeting adjourned at 11:09 a.m.