

**TOWN OF PRESCOTT VALLEY  
REQUEST FOR COUNCIL ACTION**

**Date: February 7, 2013**

**SUBJECT:** Resolution 1824 – Resolution of the Mayor and Council of the Town of Prescott Valley, Yavapai County, Arizona, Supporting Arizona House Bill 2338 and the creation of Regional Water Augmentation Authorities.

**SUBMITTING DEPARTMENT:** Management

**PREPARED BY:** John Munderloh, Water Resources Manager

**AGENDA LOCATION:** Comments/Communications , Consent , Work/Study ,  
New Business , Public Hearing , Second Reading

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**ATTACHMENTS:** a) Resolution 1824 b) HB 2338 c) Questions and Answers on HB 2338

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**SUMMARY BACKGROUND:** In 2010, House Bill 2661 established the Water Resources Development Commission (WRDC), and tasked the WRDC with examining the projected water needs of the entire state. This detailed study was the first time that Arizona had examined water needs in a comprehensive study. The study discovered that Arizona water users would require another 1.5 million acre-feet of water per year by 2060 and that meeting those needs would be very costly.

In addition to examining water needs, the 17-member WRDC Board was asked to make recommendations to the Arizona Legislature on how to meet those future water needs. In the fall of 2012, the WRDC submitted its final report to the Legislature which included 1) a recommendation to create legislation allowing for the formation of Regional Water Augmentation Authorities and 2) recommended development of a meaningful level of dependable funding for the Water Supply Development Revolving Fund. House Bill 2338 is the result of these recommendations

The Regional Water Augmentation Authority concept would allow community water providers to pool resources in order to jointly purchase, develop and transport water to meet current and future needs. In addition, Water Augmentation Authorities will be able to gain access to the Water Supply Development Revolving fund, provided the Authority adopts State water adequacy standards. The Water Augmentation Authority concept is unique from the concepts of water districts in several aspects:

1. Membership in the Augmentation Authority is strictly voluntary
2. The Board of Directors of the Augmentation Authority is made up of appointments by its voluntary members so it does not create another body of elected officials
3. The Water Augmentation Authority does not have the ability to tax

Perhaps even more important, HB 2338 proposes to allocate \$30 million to the Water Supply Development Revolving Fund. This fund was established by the Legislature in 2007 with the intent to provide communities in need with the financial resources to develop water supplies. However, no money was ever allocated to this fund. Water development funds are features of states neighboring Arizona and help provide financial assistance to develop secure water resources. The proposed allocation in the revolving fund would help Arizona communities develop water for economic security and better compete with neighboring states for job growth. The funds would be administered by the Water Infrastructure Financing Authority, an existing State agency, and would consist of low-interest, long-term loans.

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**PREVIOUS ACTIONS:** The proposed legislation was discussed with Council on December 13, 2012 with members of the Legislature

The Town of Prescott Valley is a founding member of the Northern Arizona Municipal Water Users Association. NAMWUA has been intimately involved in the creation of Water Augmentation Authority concept and development of HB 2338. On January 18, 2013, the NAMWUA Board voted to support HB 2338.

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**OPTION ANALYSIS:** The Council may vote to:

- 1.) approve this Resolution, **OR**
- 2.) not approve this Resolution, **AND/OR**
- 3.) direct staff to pursue other options.

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**ACTION OPTION:** Motion to Approve Resolution 1824 - Resolution of the Mayor and Council of the Town of Prescott Valley, Yavapai County, Arizona, Supporting Arizona House Bill 2338 and the creation of Regional Water Augmentation Authorities **OR** Motion not to Approve Resolution 1824. **VOTE.**

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**RECOMMENDATION:** Town staff recommends approval of Resolution 1824

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**FISCAL ANALYSIS:** No direct fiscal impacts are involved with this discussion.

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**REVIEWED BY:**

Management Services Director \_\_\_\_\_

Town Clerk \_\_\_\_\_

Town Attorney \_\_\_\_\_

Town Manager \_\_\_\_\_

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**COUNCIL ACTION:**

Approved    Denied    Tabled/Deferred    Assigned to \_\_\_\_\_