

AGENDA
MCWA Board Meeting
JUNE 8, 2021 @ 11:30 a.m.
LAUGHLIN RANCH, 1360 William Hardy Dr., Bullhead City, AZ 86442
www.mohavecountywaterauthority.com

I. Call to Order

A. Pledge of Allegiance

No flag present. The Pledge of Allegiance was not said.

B. Roll Call

Roll was taken by Jamie Kelley. Members present were Mark Clark, Ken Watkins, (alternate Kingman representative), Travis Lingenfelter, Cal Sheehy and Mary Wall. Members not present were Chip Sherrill and Bill Trotter.

II. Approval of Minutes: March 9, 2021, meeting

The minutes for the March 9, 2021, meeting were considered by the board. Chairman Clark noted a correction had been made on Section B of page 2 of 4, correcting the spelling of Jen. A motion to approve the minutes as corrected was made by Board member Sheehy, seconded by Board member Lingenfelter, and unanimously approved by board.

III. Agenda Modifications

There were no modifications to the agenda.

IV. Approval of Expenses

Tina Moline presented the expenses for the past two quarters. Upon motion made by Board Member Sheehy and seconded by Board member Lingenfelter, the motion passed unanimously.

V. Review and Acceptance of Financial Reports

Tina Moline presented the financial reports for the past two quarters. A motion was made by alternate Board Member Watkins and seconded by Board member Lingenfelter,

to accept the financial reports. The motion passed unanimously.

VI. Discussion and Possible Action to:

- A. To employ an accounting firm to conduct the 2021 financial audit.

Tina Moline presented two proposals to the board for its consideration. Henry Horne, the firm used by the City of Kingman and Hinton Burdick, the firm used by MCWA in the past. The quotes for each are: Henry Horne-\$5,500; Hinton Burdick \$6,000.

Chairman Clark stated that the Authority was unique in that the nature of its assets, long-term water entitlement contracts, was unusual. Board member Sheehy noted that Hinton Burdick had been used for the past five years and thought it would be beneficial to have a different entity conduct the audit. Board member Watkins supported Board member Sheehy's position. A motion was made by Board member Sheehy to use the firm of Henry Horne for \$5,500 to conduct the audit for fiscal year 20/21. The motion was seconded by alternate Board Member Ken Watkins. The motion passed unanimously.

- B. To approve payment of the City of Kingman Invoice #2020-2021

Tina Moline presented the item to the board. The invoice represents fees payable to Kingman for the water under contract but not yet purchased. Ms. Moline advised the board that 90% of the water holding charges are payable to Kingman. Ms. Moline responded to a question from Board member Wall about the structure of the payments. A motion was made by Board member Sheehy to approve the payments. The motion was seconded by Board member Lingenfelter. The motion passed unanimously.

- C. To establish an additional date for executive session meetings

Jamie Kelley presented this item to the board. As a part of the renegotiation process, confidentiality in the negotiation process is critical. As a member of the strategy team, Ms. Kelley will seek input from contract holders on provisions that affect their contract rights. Those negotiations, which are contract negotiations, need to occur in a confidential environment to not only protect the rights of MCWA member contract holders but also other impacted contract holders. The request for a second meeting date was made as an accommodation for those members that travel to these meetings with non-board member representatives who would not attend the executive session. Ms. Kelley advised some of the sessions may be held by Zoom.

Board member Lingenfelter expressed a desire to minimize the number of meetings and stated a preference that executive sessions occur before or after the

regular meeting. Board member Sheehy expressed an interest in the meetings being conducted by Zoom if on a different day. Board member Lingenfelter stated Zoom executive sessions, if to be on a different day, would be more convenient. No action was taken.

- D. To renew professional services contract for the Law Office of Jamie Kelley PLLC for one year

The Chairman advised the board members that this was the time for the annual renewal of the contract for legal services, that the terms remained the same. Alternate Board member Watkins made a motion to approve the contract for legal services for the ensuing year. Board member Lingenfelter seconded the motion, which passed unanimously.

- E. To request presentations or other participation at meetings by ADWR

DWR has attended MCWA meetings for years. I believe it was a courtesy to the river communities/Maureen George. Vineetha Kartha's replacement, Kristen Nelson, has indicated ADWR is no longer willing to attend the meetings but will, if requested, attend and present on current issues.

Chairman Clark stated he believed the MCWA, and its members, benefited from ADWR's attendance at the meetings as it allowed for an exchange of information that otherwise may not occur. Board member Sheehy stated the relationship with ADWR needed to be maintained and suggested MCWA invite ADWR to participate through the Zoom platform but request a once-a-year face to face meeting. The board took no formal action.

VII. Updates and Discussion

- A. Legislative Update

Jeff Kros of HighGround provided a written update on budget negotiations, and the Drought Mitigation Revolving Fund on which very few details are known.

Jamie Kelley outlined the provisions of the Drought Mitigation Revolving fund (obtained from the proposed bill) which is intended to augment water supplies. The Fund can be used for:

- Forbearance of water deliveries that would avoid cuts to Arizona's Colorado River Water Supplies (pay farmers not to take their water).
- Grants for the state land department to pump groundwater, build a treatment plant (because the water is likely not clean enough to put in the CAP Canal), sell the water at fair market rates to benefit the trust, deliver the water to the CAP canal for transport to the end user who pays for the

canal use and the water.

- Low-cost, long-term loans for the planning, designing, constructing, or financing of water supply development projects to import water supplies from outside Arizona into this state, and
- Administrative costs.

- **FUNDS MAY NOT BE USED TO FINANCE THE MOVEMENT OF WATER OF THE RIVER**
- Creates a 7-member oversight drought mitigation board comprised of the Department of Water Resources (DWR) director and 6 appointed members with a background in water issues within the state for 5-year terms.
 - 2 members from Maricopa, Pima, or Pinal
 - 1 member from Yuma, La Paz or Mohave
 - 1 from Cochise, Graham, Greenlee, or Santa Cruz
 - 1 from Gila or Yavapai
 - 1 from Apache, Coconino, or Navajo
- The Governor, Senate President, and Speaker of the House of Representatives are each to make 2 appointments that must meet geographic residential requirements.
- The Senate President, Speaker of the House of Representatives, and state land commissioner are non-voting advisory members of the board. Sets administration and procedures for the fund. Includes a provision that a water study must be conducted prior to development of any infrastructure.

At MCWA's request, HighGround has reached out to several rural communities to test the interest to form an informal rural coalition much like we have done on along the river. Initial responses have been positive. Jamie Kelley will be sending out an introductory email to start that process.

B. MSCP

The last meeting was in April. Staff presented an update on progress. The razor back and bony tail chub were discussed. The program is struggling to meet reintroduction numbers as survival rates are low. In an adaptive management

process, they are evaluating the survival rate of 12" V 10" razorback. 12' as you would expect has a higher survival rate. They will be working with FWL to evaluate the bony tail chub.

C. Recovery/CAWCD

The Updated Recovery Plan by the AWB, CAP and DWR has been released. The biggest change is the ability of AMWUA cities to recover banked water on their own or with a partner other than CAWCD. Our recovery partner remains CAWCD given the complexity of recovery. CAWCD advises recovery costs are anticipated to be the same as delivery costs. MCWA members have additional costs on top of that, namely the equalization tax. No request has been made for that amount as no one is considering recovering credits at this time. Also, the replacement cost of the water remains an unknown. Demand for effluent in the valley is on the rise as Colorado River water excess water supplies shrink.

D. Arizona Water Bank Report

The Chairman presented an update on water bank activities, noting he had recently been elected vice-chair.

E. Colorado River Supplies

a. Arizona Drought Conditions

60-90% below last year's average precipitation levels for the month
.5 inches of rain in Coconino Yavapai Gila and Apache
95% of the state is in Server to Exceptional drought-no improvement
anticipated in June.

b. Lake Mead and Lake Powell Levels

Lake Mead was anticipated to reach its lowest level since being filled in
June. The teacup diagrams for the lower and upper basin were reviewed.
Inflows less than 40% of average

c. Colorado River supplies for delivery

Tier 1 is anticipated declaration following Aug 24 month study.
Lake Mead is anticipated to go down about a foot a week this time of year
due to irrigation demand.

Equalization lines likely to be talked about. UB is starting discussion on
demand management. UB agreed to implement demand management, but
no numbers attached.

F. Governor's Water Augmentation, Innovation and Conservation Council

The only activity with this group has been the dam/water storage sub-committee of the LTWA committee. They are looking to identify the most beneficial sites to slow water down for recharge purposes—a concept similar to what Mohave County and Kingman have been doing for the past three or four years.

G. Arizona Reconsultation Committee

The committee itself met in May. It received a presentation on the status of the river and an update on the process. The process has not yet started. Other basins states do not appear to be as ready to go as AZ. And it maybe they are ready to go but have not made their positions public. AZ is being very careful to not disclose its negotiation strategies before the process begins. Many in the water world expect the process to begin in January, after the Dec. CRWUA meetings.

The modeling advisory group, or the MAWG, as it is called has been meeting. It has been an education process by DWR and CAP to educate those of us without modelers on staff on modeling and the “assumptions” and “dials” that can be turned. At the last meeting, the MAWG broke out into small groups to discuss scenarios. Based upon the results of those scenario sessions, the MAWG, at its last meeting adopted, 6 initial scenarios to run. Only one of which had origin outside of the options presented by CAWCD and ADWR.

From MCWA’s perspective, Ms. Kelley reported she requested the growth rate for on-river P1-P3 use have a realistic, and possibly, over-realistic growth rate. Ms. Kelley initially have advocated for at 2% but agreed to a 1%. Ms. Kelley desires to ensure the growth rate to take into account increased use of Tribal water and possible increased use in ag given the dry conditions.

MAWG presented a spreadsheet on the shortage sharing agreement. A printout was handed out. Herb Guenther’s summary of the shortage sharing agreement, and two letters authored this year relative to the shortage sharing agreement were also handed out. Right now, at current use levels, On-river P4 experience no shortage. Overall quantity of water available is reduced or our use increases, that changes.

VIII. Call to the Public

No comments were received.

IX. Next Meeting: September 14, 2021, in Lake Havasu City, Lake Havasu City Council Chambers, Arizona; discuss agenda items for that meeting

X. Possible action to convene in Executive Session of the Board pursuant to A.R.S. §38-431-03. A.3 to obtain legal advice from the Authority’s attorney on any matter listed on the agenda.

XI. No Executive Session was held.

XII. The meeting was adjourned.

These Minutes of the June 8, 2021 meeting were approved at the September 14, 2021, Regular Board Meeting.

Secretary-Treasurer
MOHAVE COUNTY WATER AUTHORITY

