

**Arizona Department of Water Resources
Third Management Plan Stakeholder Meeting Summary
April 14, 2006**

Welcome, Introductions, and Overview of Agenda

Joe Singleton reviewed the stakeholder meeting schedule:

All meetings are from 10:00 a.m. to 3:00 p.m.

May 8th **ADWR, Phoenix, Arizona**
May 25th **Fidelity National Title Building, Casa Grande, Arizona**
June 16th **TBA (possibly Prescott, Arizona)**

In response to a question regarding the time frame for the initial stakeholder process, **Robin Stinnett** explained that the stakeholder meeting schedule is designed to achieve two objectives: 1) to begin draft legislation allowing for a TMP modification (if necessary) in summer 2006 for submittal to the Arizona legislature during the fall 2006 session and 2) to provide the court a substantial progress report in June 2006 for the case brought by Arizona Water Company Arizona American Water.

Working Session: Discussion/Development of Draft BMP Program

Robin Stinnett referenced the BMP draft concept paper emailed to stakeholders on April 12. She noted that it is not an official Department proposal, but a basis for discussion with respect to program structure. The draft concept paper was derived from stakeholder discussions, internal Department discussions, and the proposals submitted thus far.

Bill Garfield: The draft concept paper is an integration of proposals put forth at earlier meetings. Unless there are objections, I suggest focusing on the BMP draft outline.

The following are additions made to the original BMP listing developed during the March 24 stakeholder meeting:

Research/Innovation

- Smart irrigation technology (pilot program)
- Rain harvesting integration with residential development
- Economic development relationships with Green Industry innovations
- Cost-benefit analysis (survey analysis, focus groups)
- Research: any method used to evaluate conservation program effectiveness
- Innovation: any new measure/technology not currently in use

Elisa Klein: Smart irrigation is controlled and updated by a computer based on various user-determined factors.

Pete Smith: The City of Tempe has smart irrigation technology on display in their public demonstration garden and a pilot program underway.

Val Little: The research category should be broad enough to include all cost-benefit analyses regarding water conservation program effectiveness. This includes surveys, focus groups, or any information gathering activity assisting in conservation decisions. The same idea also applies to the innovation category.

Jo Miller: A synthesis between rain harvesting and residential architecture would be advantageous. Current rain harvesting equipment is not aesthetically pleasing.

Rebates/Incentives

- Industrial grants – for sustainable water use reduction
- Monetary reward/incentive for implementing a water efficient practice
- No interest loans available for medium-to-moderate income homes for implementing water conservation innovations

Smith: The City of Tempe offers monies to industries that reduce water use by a minimum of 15%. Example: Our service area has industries with large turf expanses. These industries can meet the 15% water use reduction qualification by removing turf, reusing wastewater for on-site turf, changing in-facility processes if they are high water users or constructing a cooling tower. The water reduction is measured by overall meter use and the water savings must be sustainable for a period of years.

Stinnett: Is this a cash back grant rather than a water bill reduction?

Smith: It is a cash back grant. An additional benefit is the reduction of waste entering the city sewer system.

Little: I view rebates as a subset to the overall incentives category. Incentives are the counter to ordinances, which encourage rather than require the adoption of new water conservation measures. Ms. Little noted that identification, selection and interpretation of BMPs should be left to the provider.

Klein: If we are trying to remove a burdensome negotiation process with ADWR, outlining specific BMPs might be advantageous.

Warren Tenney: I thought a BMP program would not include negotiations with ADWR. I envision the water providers reporting their selected BMPs to ADWR. The providers would then receive points for implementing the self-chosen BMPs during the previous year.

Garfield: The providers need certainty that selected BMPs will be deemed in compliance by ADWR beforehand. Every “approved” BMP could not be listed specifically, but an example list of “approved” BMPs would be helpful.

Klein: What about an ADWR “approved” BMP list that includes an “other” box that would allow for negotiations of additional BMPs?

Little: The definition should say, “BMP examples” not “ADWR approved examples.”

Gregg Capps: What is ADWR position on this issue?

Joe Singleton: From an administrative point-of-view some definition of the measures is necessary. An “example list” or something similar would provide certainty to all parties involved. My opinion: Examples of tried and true BMP measures should be included in a list. Conservation measures that are more suspect might require discussion beforehand to

insure that long-term goals are achievable from both ADWR and water provider perspectives. ADWR needs to discuss this specific question in-depth.

Mark Frank: Success of a BMP program depends on the relationship between a conservation program and system analysis. Secondly, BMP selections need some level of departmental approval. ADWR needs assurance that selected BMPs will address sector deficiencies.

Stinnett: An “example list” would avoid confusion and reduce the administrative burden of negotiating each BMP. The PWCs need a list providing demonstrable BMP success when approaching the ACC. If a provider deviates from the BMP list, then some detail on the innovative conservation measure should be supplied. The certainty needed by some providers and the Department does not exclude or inhibit innovative measures on the part of others.

Little: How completely should each BMP be defined?

Garfield: The program framework must establish objective tests showing how compliance is measured for each BMP. An exhaustive rebate list is impractical, but the category structure might include methods for substituting BMPs, which would reduce administrative burden

Capps: The RCMs in the NPCCP were narrow in definition and structure and did not address the needs of every service area. A less rigidly defined BMP program should be pursued.

Garfield: We are looking for an effort-based not a result-driven program. The possible failure of one BMP should not discourage future innovations that promote water conservation.

Frank: A broadly defined BMP program increases the chance of negotiations with ADWR.

Tenney: Why is there need for negotiation at all? How is it that providers in the GPCD program have done conservation for six years without any negotiation? Why can't the providers institute a toilet rebate program and get one BMP point from ADWR?

Frank: ADWR needs a degree of certainty that the BMPs selected by a provider will address specific system deficiencies. This reasoning parallels the specificity found in the Agricultural BMP Program definitions.

Garfield: Example: A provider decides to choose two BMPs, a toilet retrofit program and some level of landscape buyback. The providers know ADWR will ask: What level of turf buyback is anticipated? How many toilet retrofits were issued? Are the values based on budgetary amounts or percentage of the service area?

Little: We are headed toward the NPCCP with that type of questioning.

Garfield: There has to be some minimum threshold. I don't know what that threshold should be, but the Department has stated some level of assurance will be required. A balance between ADWR certainty and water provider flexibility needs to be found.

Frank: I don't think we are right back to the NPCCP. I personally don't want a program like the agricultural BMP because it is too farm-specific. There is a middle point between these programs that can be reached.

Little: Doesn't an annual three-page description from a provider detailing the what, why, and how of conservation activities over the previous year prove sufficient? Discussion concerning BMP effectiveness or lack thereof seems to address the need for certainty.

Frank: A three-page annual summary submitted after year one is a reasonable approach. Reporting requirements should be kept to a minimum and water providers should have the flexibility to change BMPs that underperformed.

Little: Are we talking about prior justification for the BMP choices a provider makes and qualification for the program granted by the Department?

Frank: Yes, that information would be supplied initially.

Larson: ADWR isn't going to require a provider to spend a certain number of dollars annually. You can't force people to participate in a rebate program, you can only persuade. A provider can advertise through certain channels, offer a dollar amount and report the results on their annual report to ADWR. The rebates and incentives offered need to be appropriately structured (\$25 for toilet replacement is unacceptable) to generate interest in the population. An agreed upon minimum compliance level needs to be developed.

Little: The ECOBA study showed that the rebate amount did not affect community penetration or interest (in the case of toilet rebates).

Larson: The results of the ECOBA study are questionable because the data set was collected for only two years.

Tenney: Individual service areas should determine rebate amounts. Rebate amounts may depend upon the economic level of the customer base or the water providers' budget. Shouldn't a provider with rebate programs in place receive credit for their effort?

Garfield: The crux of the issue is that providers want to make decisions for themselves, but ADWR is our regulatory agency and regulation requires a level of compliance determination.

Smith: The efforts the City of Tempe put into the non-per capita program are not administratively unreachable, but the Department does not provide any feedback on our efforts. I think we are headed towards the NPCCP if the BMPs become overly specific. There are four providers in the non-per capita right now and feedback is an issue. What will ADWR do if all large providers are enrolled in a BMP program that resembles the NPCCP?

Garfield: Every other large provider is enrolled in the total GPCD program except for one in the ACP. Those in compliance now have circumstances in their favor. I thought the stakeholder group agreed on a no harm-no foul approach.

Tenney: The providers have been asking ADWR who is in compliance with the GPCD program. A no harm-no foul approach is simply unknown until a GPCD compliance determination is issued.

Garfield: Arizona Water Company has not received a GPCD notice in the past six years. Nobody knows the current GPCD numbers.

Little: The questions submitted by Water CASA at the first stakeholder meeting addressed the GPCD issue and requires ADWR to reply at some point.

Tenney: During the TMP development discussions, some providers wanted a program focused on conservation not regulation. Revisiting the idea of negotiations quickly brings back memories of the NPCCP. It would be helpful if ADWR explains how the BMP program currently under discussion differs from the NPCCP.

Stinnett: The Department's preference would be to develop a BMP program collaboratively through the stakeholder process, by consensus if possible. The Department had no foregone conclusions regarding a specific conservation program

framework and did not begin with the NPCCP program as a basis for a municipal BMP program. It is not the Department's intention to negotiate every BMP.

Larson: You evaluate the effectiveness of a particular BMP with regard to the whole conservation program. Providers should not be compared and asked why a certain BMP worked in one service area and not in another.

Frank: When a provider chooses a BMP, by definition it should be effective. A question arises when a BMP proves ineffective in achieving the desired water conservation results. I think the Department should discuss with the provider the reasons related to BMP ineffectiveness after the measure has been implemented and running a few years.

Larson: Would ADWR look at GPCD values if a BMP was implemented to ADWR satisfaction, but resulted in mixed water savings values?

Frank: The Department would use GPCD values for informational, not compliance-related, purposes in such a scenario.

Larson: What actions would ADWR take if it was determined that BMP selections were incongruent with the conservation potential of a service area?

Smith: The City of Tempe distributed over 400 toilet rebates last year (a successful year) at a cost of \$60,000. I doubt the distribution noticeably lowered our residential GPCD values. How will the Department determine compliance in this situation?

Frank: ADWR would not look at GPCD numbers as a compliance tool. If providers complete the BMPs in the manner stated, then BMP points are issued and the provider is in compliance.

Stinnett: If residential GPCD numbers begin climbing, it may prompt a redirection of a provider's BMP program.

Smith: I disagree with the fact that higher GPCD values always indicate a reason for concern.

Capps: I disagree also. City councils create land use plans and may develop a code stating that residential lots will be 20,000 square feet in a portion of town. Residential GPCD values will rise in these instances versus high-density development in the same area. I caution using either the total or residential GPCD values in the process.

Hunter-Patel: Until the regulatory framework is established it is unclear how a provider would fit into the program or how to define specific BMP categories.

Stinnett: One goal for the afternoon discussion is to discuss the draft conceptual framework.

The group agreed that it would be helpful to establish a BMP subcommittee to discuss: (1) a listing of BMPs, (2) possible BMP descriptions and (3) how the Tiered approach to BMP requirements might be addressed. Robin Stinnett asked for volunteers that represent a cross section of providers. The following people volunteered to serve on the BMP subcommittee: Elisa Klein – City of Scottsdale, Jo Miller – City of Glendale, Pete Smith – City of Tempe, Keith Larson – Arizona American Water, Bill Garfield – Arizona Water Company, Linda Smith/Fernando Molina – Tucson Water, Gregg Capps – City of Chandler, Shilpa Hunter-Patel – Withey, Anderson & Morris, Mark Holmes – Town of Chino Valley. (Note: Marilyn DeRosa, City of Avondale) also joined the subcommittee at a later date). The first meeting was scheduled for Wednesday, April 26, 2006 from 10:00 until 2:00 at ADWR in Phoenix.

BMP Program Draft Concept Paper

Stinnett: The concept paper is a compilation of internal and external conversations to aid discussion of the BMP program framework. This is not an official ADWR proposal, but is based on a compilation of thoughts and ideas brought forward to date.

Singleton: The earliest compliance year for a BMP-style conservation program would be 2010. A legislative change is anticipated which would allow for the BMP program framework loosely sketched out so far. Legislation allowing for the new program would be sent to the legislature next session (Fall 2006) and with approval become effective in summer of 2007. Until the statutory changes become effective the Department could not modify the TMP. The latter half of 2007 would include TMP modification discussions that incorporate the newly developed program. These discussions might continue until early 2008. After TMP modification, the water providers are sent notices of their new conservation requirements, which would become effective two years later in 2010.

(The above summary is based on an ideal timeline.)

Ken Slowinski: The statute as written requires a two-year period for a provider to meet its conservation requirements. I believe a provider voluntarily participating in a BMP program at an earlier date (before 2010) would be possible.

Little: Why would the Department go through this extra work when the providers are asking for a pilot BMP program? The BMP program as outlined now, eliminates evaluation based on changes in climate, political frameworks, etc. The next four-years (2006 to 2010) should be used as a BMP program trial period.

Danos: The idea of applying a BMP program to all large municipal providers in the Fourth Management Plan is not held by everyone. AMWUA prefers a voluntary BMP program (perhaps required for PWCs and undesignated providers) that allows providers currently in the GPCD and NPCCP programs to remain there if desired. A BMP program should be another conservation program option, not a replacement for every provider.

Larson: If a BMP program is required for certain providers and voluntary for others, then maybe only the PWCs should meet with ADWR to work on a new conservation program. I think PWCs should be on a level playing field with cities and towns. Providers, both public and private are meeting GPCD based on circumstantial "luck of the draw." Non-designation should not be the basis for required participation in the program.

Stinnett: Are you looking for all providers to do something, but that an AWS designation should not be the deciding factor in determining who participates in the program?

Larson: Yes, it should not be the deciding factor.

Garfield: PWCs would still need the support of cities and towns when adopting legislative changes. I am under the impression that ADWR would like a base BMP program, but their position has not been expressly stated.

Singleton: The Department is not attempting to move the stakeholder process in a particular direction. The charge of this group was to address, (1) the administrative burden of the current conservation programs, (2) the structural and compliance concerns of the conservation programs, and (3) remaining issues stemming from the lawsuit.

Capps: If a BMP-style program proved easier to administer providers would enroll. There would be no need to force people to leave their current programs. Make the BMP program optional and people will follow.

Garfield: PWCs need a program prescriptive enough that allows for BMP options, but also requires some conservation choices within specific BMP categories.

Little: (To **Bill Garfield**) Does a BMP point system help you? I am unclear whether you are more uncomfortable with having the choice to opt into a BMP-type program or being required to do so by ADWR.

Garfield: AWC has certain systems that would comply with the GPCD program and others that would not. Perhaps noncompliance with the GPCD program should automatically trigger a provider being placed into the BMP program? A trigger system would illustrate to the ACC that a provider had no other alternatives.

Little: What about providers, public or private, enrolled in the GPCD program, currently not implementing any conservation measures?

Garfield: There is a sense that certain providers are not doing anything or enough in terms of conservation. We need a program that requires them to do more.

Little: How were GPCD numbers decided? Certain providers have not achieved 75% of their assigned GPCD number while other providers simply cannot make their target number.

Garfield: I don't want to revisit how GPCD values are determined. If the BMP program was transitional, then ADWR and the providers could organize resources in accordance with a pilot program and address the learning curve.

Frank: The Department's resources have been inadequate over the last four to five years. Whether this situation changes in the future is uncertain.

Tenney: Except for ADWR staff, I have not heard anybody suggest that the BMP program become the base and only program for the remainder of the TMP.

Stinnett: The concept paper changes the base program from the GPCD program to the BMP program. At this point, it does not preclude one or more alternative programs.

Tenney: Allowing optional BMP enrollment is very different from the concept paper language.

Little: Why would ADWR make providers enroll in a BMP program then reapply to enter the conservation program they just exited?

Danos: The problem is that denial is an option when a provider applies or reapplies for program enrollment.

Tenney: I think the stakeholder group proposes that a BMP program be an alternative program for the remainder of the TMP with possible inclusion in the Fourth Management Plan. It seems strange that all of sudden a BMP program would be the only conservation program available.

Stinnett: The stakeholder group has proposed several suggestions:

- Let's make this a voluntary program, except it would be required for PWCs and undesignated providers. The non-per capita program should also be an option throughout the TMP. – Val Danos
- Have this be a pilot program with providers having the option to participate – all large providers are eligible. – Val Little
- Perhaps the BMP becomes the base program and the GPCD becomes an alternative program. – Warren Tenney

- A parallel is evident with the agricultural BMP program. The original agricultural program did not disappear completely and the BMP program was supplemental. I don't think broad support exists for a BMP program only option. -Bill Garfield

Singleton: The agricultural BMP program accomplishes a different end than a municipal BMP program. The agricultural BMP program was not developed to accommodate *every* grower. If one could grow crops according to the BMPs then they were freed from the conservation requirements of the base agricultural program. The ADWR perspective is to develop a program accommodating *every* municipal large provider.

Miller: If providers were forced into a BMP-style program, changes might be necessary to meet the new requirements. Where will the extra resources come from? We would participate in less regional programs and apply that time to address our individual needs. This scenario is counter-productive to statewide and regional water conservation objectives.

Garfield: (To Ken Slowinski) Would the legislative changes necessary to put a BMP program in place include the continuation of a GPCD program, later to be made an optional program? There are flexibilities in the management plans that could be used.

Slowinski: The statute as written does not allow an alternative program without a groundwater cap. The statute currently requires a GPCD program, so either GPCD is left in as an alternative for certain individuals or removed from the relevant statutes.

Hunter-Patel: Is a BMP only base program an issue to decide now? Before implementation discussions can start the BMP program framework should be established.

Singleton: At our first meeting the Department expressed the desire to arrive at one conservation program because it is easier to administer. The Department will discuss transitional BMP program issues internally and report back to the stakeholders.

BMP Tiers

Robin Stinnett discussed BMP implementation based on population tiers. Additionally, a water-use tracking tool (GPCD, GPHUD) proposed by several providers during the preliminary meetings is included in the concept. The tracking tool would not be used as a compliance measure, but instead to monitor trends over time.

The stakeholders debated the relative advantages and disadvantages of using a population-based tier structure versus one based on service area accounts and connections. The question then became whether commercial, residential, and industrial entities should be viewed the same under a service connection structure. The PWCs advocated a connection based tier structure.

Tenney: I disapprove of the population tier idea. BMP point values should be identically weighted regardless of service area population.

Klein: I support the population tier concept. If a large provider only has to commit the same conservation resources as a small provider, city councils would instruct large providers to do the minimum required.

Stinnett: Would residential and non-residential accounts be viewed the same?

Garfield: I advocate a tier based on total number of accounts/connections only.

Larson: I support a tier based total number of accounts/connections also.

Lost and Unaccounted Water

Larson: How does the Department envision enforcing the >10% L & U water threshold with the inherent subjectivity of the BMPs? Can a provider enroll in the BMP program if they have more than 10% L& U water? L & U water is related more toward distribution system faults than overall water auditing.

Garfield: Perhaps the 10% over/under threshold could be a tier system? If over 10% a provider does a certain set(s) of BMPs. If over 15% then different BMPs might be necessary. If you are above a certain percentage, a water loss reduction plan might be required of the provider (leak detection, asset management, aging infrastructure replacement). I think water loss reduction efforts make solid BMPs.

Little: Would a provider under 10% L & U water receive a BMP point?

Frank: If a provider exceeds the 10% value, a water system audit occurs to develop ways of lowering the L& U value to an acceptable level. The cost associated with L & U water reduction takes on different perspectives.

Garfield: One would have to develop a cost effective program to lower L & U water values. This is similar to implementing cost-effective BMPs.

Little: This is an example where a provider should directly target the water system to achieve a lower percentage. This could happen with water system capital improvements or cost effective BMPs that achieve a less than 10% L & U water value.

Frank: Distribution system losses exceeding 10% might trigger a BMP(s) designed to address specific system losses. If a provider is under 10% then the provider might not be allowed to pick a BMP that addresses system losses.

Singleton: The Department requests additional time to discuss distribution system questions internally. ADWR will inform the stakeholders once the Department revisits the ideas brought up today on this subject.

Required Program Components

Stinnett: The first element in the *Required Program Components* section is similar to **Fernando Molina's** proposal. A service area analysis, written in narrative form, would be completed upon entering the BMP program and then updated every three years (specific length of time still to be determined).

Tenney: My concern is similar to **Tom Buschatzke's** comment regarding HB 2277 made at a previous meeting. Providers within an AMA would not have to provide a water conservation plan. I envision the reporting more as a BMP check sheet. The narrative description is fine as long as the report is not used by the Department to question the BMPs selected by a provider at a later date.

Stinnett: The provider self-analysis would inform the Department of characteristics of each provider's service area. The analysis would provide the link between the users and uses in a service area and the BMPs implemented by the provider.

Singleton: Another way to word "service area analysis" is "provider profile." A "provider profile" would serve as validation for BMP choices a made by a provider.

Virginia Welford: The Tucson AMA has two-page provider profiles that could be provided as a template for the stakeholder group. Virginia offered to prepare a generic provider profile to distribute to the group for review and discussion.

Gordon Wahl: I suggest using provider profiles for establishment of BMP tiers. The profile would detail current operating and water conservation conditions and match appropriate BMPs to a service area. Strict population numbers are difficult to determine and rarely correlate from one entity to another.

BMP Reporting Issues

Reporting deadline and framework suggestions:

- In conjunction with the Annual Water Withdrawal and Use Report (March 31st)
- During the summer off-season or at the end-of-year
- A staggered approach with provider specific deadlines throughout the year
- Total service area connections by a certain date
- Average annual service area connections
- Reports covering the calendar year (January 1, 2007 to December 31, 2007)
- Reports covering fiscal year (usu. July 1st to June 30th)

Required BMPs

See *Draft Concept Paper* for BMP listing.

Next Meeting

10:00 a.m. – 3:00 p.m.

May 8th, 2006

ADWR, Phoenix, AZ

In Attendance

Stakeholders

Bill Garfield	Arizona Water Company
Carol Ward-Morris	AMWUA
Christina Klien	City of Peoria
Cliff Neal	CAGRD
Colette Moore	City of Mesa
Donna DiFrancesco	City of Mesa
Elisa Klein	City of Scottsdale
Gregg Capps	City of Chandler
Jo Miller	City of Glendale
Karen Young	Town of Gilbert
Keith Larson	Arizona American Water
Linda Smith	City of Tucson
London Lacy	City of Surprise
Lynne Fisher	Bureau of Reclamation
Mark Holmes	Town of Chino Valley

Pete Smith	City of Tempe
Philip Saletta	Oro Valley Water
Sally Ceccarelli-Wolf	Arizona American Water
Shaun Rydell	City of Prescott
Shilpa Hunter-Patel	Withey, Anderson & Morris
Tasila Banda	City of Goodyear
Tom Harrell	Arizona Water Company
Val Danos	AMWUA
Val Little	Water CASA
Warren Tenney	Metro Water District

ADWR

Andrew Craddock	Phoenix AMA
Gordon Wahl	Prescott AMA
Joe Singleton	Pinal AMA
Ken Slowinski	Legal
Mark Frank	Phoenix AMA
Patricia Hill	Legislative Liaison
Robin Stinnett	Phoenix AMA
Virginia Welford	Tucson AMA