

Meeting Minutes

City Council Work Session

February 3, 2025 | 4:00 p.m.
Council Chambers Conference Room
88 E. Chicago St., Chandler, AZ



Call to Order

The meeting was called to order by Mayor Kevin Hartke at 4:02 p.m.

Roll Call

Council Attendance

Mayor Kevin Hartke
Vice Mayor Christine Ellis
Councilmember Angel Encinas
Councilmember Jane Poston
Councilmember Matt Orlando
*Councilmember OD Harris
Councilmember Jennifer Hawkins

Appointee Attendance

Joshua Wright, City Manager
Kelly Schwab, City Attorney
Dana DeLong, City Clerk

*Councilmember Harris attended virtually.

Staff in Attendance

Tadd Wille, Assistant City Manager
Dawn Lang, Deputy City Manager / Chief Financial Officer
Andy Bass, Deputy City Manager
Simone Kjolsrud, Water Resources Manager
Jeremy Abbott, Public Works & Utilities Assistant Director
Kevin Mayo, Planning Administrator
Ryan Peters, Strategic Initiatives Director
Dawn Gingerich, Assistant City Attorney
Jenny Winkler, Assistant City Attorney
Micah Miranda, Economic Development Director
Matt Burdick, Communications & Public Affairs Director

Discussion

1. Presentation and Discussion of the City of Chandler's Water Resources, Water Allocation Policy, and Drought Management Plan

MAYOR HARTKE called for a staff presentation.

JOSHUA WRIGHT, City Manager, introduced the discussion item.

SIMONE KJOLSRUD, Water Resources Manager, presented the following presentation.

- Chandler Water Resources & Policy Update: Protecting our Water Future
- Agenda
 - Chandler's Diverse Water Supplies
 - Salt & Verde System Update
 - Colorado River System Update
 - Phoenix AMA Groundwater Management
 - Water Policy Update
 - Sustainable Water Allocation Policy
 - Drought Management Plan
 - Next Steps
- Where does our water come from?
 - Surface Water: Snow and rain runs off into rivers, lakes and streams. The water is stored in reservoirs behind dams.
 - Groundwater: Water stored underground in the space between sand and gravel.
- Diverse Water Supplies
 - Drinking Water
 - Colorado River
 - Salt & Verde Rivers
 - New Conservation – Raised Roosevelt Dam
 - Roosevelt Flood Control Space
 - Roosevelt Water Conservation District
 - Groundwater
 - Reclaimed Water
 - Gila River Indian Community Exchange
 - Direct use – over 400 customers
 - Aquifer recharge
- Salt & Verde Rivers
 - Delivered via Salt River Project (SRP) canals
 - 2025 Reservoirs ~ 70% full
 - Chandler's SRP water ~ 57% of annual supplies
- Colorado River
 - Delivered via Central Arizona Project (CAP) Canal

- 2024-2026 Tier 1 Shortage
- Chandler's CAP water
- 37% of annual supplies
- Groundwater
 - 33 active wells
 - 72 MGD capacity
 - Groundwater
 - 6;10% of total annual use
- Water Demand Trends
 - Chandler Water consumption: 57% residential, 43% non-residential
 - Since 1998, population has nearly doubled residential gallons per capita per day (GPCD) declined by 20%
 - Improvements in water efficient appliances and xeriscape landscaping can lower residential GPCD
 - Chandler total consumption is roughly the same as 10 years ago (excluding 2020 & 2021)

VICE MAYOR ELLIS asked about the source of water used in a residential capacity.

MS. KJOLSRUD explained the slide displays total water supplied through the municipal water distributions system to residential customers.

VICE MAYOR ELLIS suggested it would be helpful for residents to know where their water is sourced.

MS. KJOLSRUD clarified that the water is 57% sourced from the Salt and Verde Rivers, 37% from the Colorado River, and between 6-10% groundwater.

MS. KJOLSRUD continued the presentation.

- 1980 Groundwater Management Act (GMA)
 - Created groundwater regulation for "Active Management Areas" or AMAs.
 - Goal is a balance between well pumping and aquifer recharge
 - Recharge & Replenishment
 - The GMA requires water providers (in AMAs) to replenish the water they pump or recharge CAP water (or effluent) prior to pumping and accrue underground storage credits.

VICE MAYOR ELLIS asked if Chandler would participate in the recharge and replenishment plan.

MS. KJOLSRUD said Chandler does participate in this plan. The goal is for the entire Phoenix Active Management Area (AMA) to participate. There are many types of water users involved in the AMA such as agricultural, mining, and municipal users.

MAYOR HARTKE commented that Chandler has a robust recharge program and asked how many other communities have a similar plan.

MS. KJOLSRUD said most Phoenix metro cities use some form of aquifer recharge replenishment, but not all cities have recharge facilities within their boundaries and must utilize regional recharge facilities located outside of their water service area.

MAYOR HARTKE said Chandler conducts this process within city limits, encouraging the replenishment of groundwater for future use.

MS. KJOLSRUD said Chandler has prioritized local recharge processes.

MS. KJOLSRUD continued the presentation.

- Colorado River Post-2026
 - Jan. 2025 – US Bureau of Reclamation published the Post-2026 Alternatives Report, excluding each of the alternatives proposed by the upper basin and lower basin states.
 - The Basin States have recently resumed negotiations. However, the increasing likelihood of litigation over compact compliance is concerning. Absent a consensus solution, Central Arizona Project has junior priority rights and may receive no water.
 - Spring 2026 – Reclamation will publish a preferred alternative and develop any federal legislation needed to grant additional authorities required to implement the preferred alternative.
 - Summer 2026 – June / July deadline for final Environmental Impact Statement (EIS) and August deadline for a Record of Decision. Implementation for calendar year 2027.
- Colorado River Post-2026
 - Hope for the best and plan for the worst...
 - Best Case Scenario – the seven Basin States reach a consensus solution by May/June 2025, the US Bureau of Reclamation accepts the consensus-based alternative as the “preferred alternative” and proceeds with an environmental review. The impact to Chandler will likely result in CAP reductions between 20% to 50% of contract volumes.
 - Worst Case Scenario – the seven Basin States are unable to reach a consensus solution, the US Bureau of Reclamation proceeds with a “preferred alternative” that can be implemented under their existing authorities and implements shortage reductions according to a strict interpretation of the priority system. The impact to Chandler would likely result in CAP reductions between 75% to 100% of contract volumes.
- Colorado River Post-2026
 - Planning for the best (and the worst)

- Best Case Scenario – CAP reductions in the range of 20% to 50% of contract volumes. Chandler would rely on alternative water supplies to make up for the reductions in Colorado River water.
- Worst Case Scenario – CAP reductions in the range of 75% to 100% of contract volumes. Chandler would rely on groundwater supplies to meet customer demand. Groundwater supplies provide a short-term solution to mitigate against the impacts of Colorado River reductions. However, this is not a long-term sustainable solution because groundwater is a finite resource.

MAYOR HARTKE asked if the alternate water resources are finite.

MS. KJOLSRUD said that is correct.

MAYOR HARTKE asked if the contracts Chandler has would continue despite potential shortages.

MS. KJOLSRUD said there is uncertainty surrounding the post-2026 operating guidelines, it is unknown how this may affect tribal settlement water resources.

MAYOR HARTKE asked how other municipalities who rely heavily on Colorado River water are handling potential shortages.

MS. KJOLSRUD answered that other municipalities are looking at options for augmentation supplies and alternative non-groundwater supplies. Some cities are working on advanced water purification projects.

MAYOR HARTKE asked if the reason why Chandler is not working on advanced water purification is because the city has already been assigned for use.

MS. KJOLSRUD said that is correct, the way that wastewater systems were planned in the past means that the wastewater supply is already in use. The portion of wastewater supply that is not contractually obligated for users, is put to direct use through Chandler's customer base.

COUNCILMEMBER ENCINAS asked if the CAP reductions in the range of 75% to 100% were to occur, how long could groundwater be used to supplement.

MS. KJOLSRUD said that it depends on how many other entities draw groundwater at the same time. Chandler is geographically located over a regional aquifer, but it is a finite resource. The aquifer needs to be managed in a sustainable way. Sustained aquifer drawdown may be cause for concern.

COUNCILMEMBER HAWKINS asked how long a preferred alternative set by the US Bureau of Reclamation would be in effect for.

MS. KJOLSRUD said the goal would be to match the prior guidelines – an agreement term for about 20 years. The intention is to select operating guidelines that are adaptable and responsive for the users.

MS. KJOLSRUD continued the presentation.

- Regional Partnerships and Infrastructure
 - Regional projects provide additional operational flexibility
 - Bartlett Dam Modification
 - Funding a feasibility study which evaluates the potential to restore lost capacity due to sedimentation and modify Bartlett Dam height to increase the available storage space
 - SRP/CAP Interconnect Facility
 - Allows for delivery of water stored in the SRP system into the CAP canal for delivery to Chandler's Santan Vista Water Treatment Plant (adjacent to the CAP canal)
 - Roosevelt Dam Flood Control Space
 - Five-year pilot program to optimize the use of Roosevelt flood control space. Opportunities for planned deviations from normal operations, extending from 20 days to 120 days.

MAYOR HARTKE asked if SRP has a prescribed area where they can sell water.

MS. KJOLSRUD said that is correct. The current rules are for the water stored in the original reservoirs only used in the SRP watershed service area that have historic rights. The water store in the reservoirs is pertinent to the land. This would not change the SRP prescribed area, however there are alternate supplies that can be used outside the service areas.

MAYOR HARTKE asked if this is expected to change.

MS. KJOLSRUD said Arizona water law has SRP's rights entrenched to the land itself.

KELLY SCHWAB, City Attorney, agreed.

MS. KJOLSRUD continued the presentation.

- Bartlett Dam Modification
 - Restore lost capacity due to sedimentation and add height to increase available storage space
 - The feasibility study is scheduled to be completed in 2026. The project team will seek congressional approval in 2026/2027 if the project meets the criteria for financial, environmental, technical and economic feasibility.
 - Chandler will benefit from the construction of a new dam in two ways:

- Restoration of capacity lost due to sedimentation (SRP rights)
 - Up to 14,000 acre feet of storage capacity in the new storage space
- SRP/CAP Interconnect Facility
 - Provides operational flexibility to deliver supplies to stored in the Salt River Project system into the Central Arizona Project Canal system
 - The project design and environmental compliance are scheduled to be completed in 2027, with construction to begin in 2028.
 - Chandler benefits from construction of the SRP/CAP Interconnect Facility with additional operational flexibility during a severe CAP shortage. The facility allows for delivery of water stored in the SRP system into the CAP canal for delivery to Chandler's Santan Vista Water Treatment Plant (adjacent to the CAP canal).
- Roosevelt Dam Flood Control Space
 - Temporary Deviation from the Flood Control Manual extends to 120 Days
 - The US Army Corps of Engineers has approved a request for a temporary deviation period, expiring in Sept. 2028. The goal of this project will be to request a permanent change to the Flood Control Manual after the initial pilot phase.
 - Chandler will benefit from this project by gaining access to a new water supply that can be stored in the SRP system and used to meet customer demand in portions of our service area that currently receive Colorado River water.
- Water Conservation Successes
 - Since increasing our grass removal rebates in October 2023, all programs have seen a significant increase in participation.
 - Single Family Grass Removal – total participation has increased 234% since increasing the incentive to \$2 per square foot (sq. ft.) of grass removed and lowering the minimum from 1,000 to 500 sq. ft.
 - Commercial/HOA Grass Removal – total participation has increased 260% since increasing the incentive to \$75,000 per project. Nearly 300,000 sq. ft. of grass removed since October 2023, with roughly \$600,000 paid out since Oct. 2023 (\$18,000 in same period prior to change)
 - Smart Controller Rebate – residential smart controller rebates nearly doubled to 216 rebates (\$14,500 since Oct. 23, compared to \$7,700 in the prior period)
 - Water Efficient Technology Rebate – Actively working with roughly a dozen customers on projects not yet complete. Four rebates complete since Oct. 2023, totaling \$13,500.

MAYOR HARTKE asked if there is any update on the Governor renewing this program in the state budget.

MS. KJOLSRUD said there is expected to be a general fund appropriation to this program.

MS. KJOLSRUD continued the presentation.

- 2024 Water Infrastructure Investments

- Upgrades to Chandler's water treatment capabilities and replacement of wastewater and reclaimed metering infrastructure
- Reclaimed Water Interconnect Facility (RWIF) – First deliveries, in Oct. 2024, to a new membrane treatment facility constructed to increase Chandler's aquifer recharge deliveries, as well as provide additional water for industrial cooling at Intel's expanded facilities.
- Two new aquifer injection wells at Tumbleweed Park for Aquifer Storage & Recovery (ASR) and improvements to the reclaimed water conveyance infrastructure between the RWIF and Tumbleweed.
- Pecos Water Treatment Plant upgrades to improve water quality – new Granular Activated Carbon (GAC) filters
- Wastewater and reclaimed water metering infrastructure upgrades

RYAN PETERS, Strategic Initiatives Director, continued the presentation.

- 2024 Legislative Session
 - Focus on Assured Water Supply Program and solutions to address unmet demand for groundwater in the Phoenix AMA
 - 2024 Session Summary – 95 total water related bills, 8 were signed by the Governor, 15 vetoed
 - Bills Signed – Douglas Ama, ADWR licensing timeframes, ADEQ, WIFA Conservation Grant
 - Bills Vetoed – wildcat subdivisions, assured water supply, brackish groundwater, physical availability credits (Ag-to-urban), well measuring, stormwater recharge, groundwater model
 - Alternative Pathway to Assured Water Supply Designation – Provides a new option for undesignated water providers to become designated and resume subdivision development. Those expected to utilize this path include Queen Creek, Buckeye, Arizona Water Co. and Epcor.
- Water Policy
 - Work with lawmakers, stakeholders and other leaders to support policies that:
 - Long-term planning – promote the ability of municipal water providers to ensure the long-term viability of their communities
 - Sustainable aquifer management – protect our stressed aquifers and support the sustainability of finite groundwater supplies
 - Conservation – encourage water conservation and efficiency programs
 - Continued investment – make wise investments in water supplies, water infrastructure, and water conservation
 - Colorado River – support the long-term sustainability of the Colorado River system and protect Arizona's rights
 - 100-Year Assured Water Supply – support the 100-year Assured Water Supply Program, the Phoenix AMA groundwater model and the management plan goal of safe yield.

- Water Policy
 - Water security is vital to ensure our community and economy continue to thrive
 - Long-range planning and investments in municipal water systems have had a direct impact on water security in Arizona
 - The state is facing intersecting challenges that are putting pressure on our water security
 - Investments in new water supplies are key to ensuring preservation of the aquifer, sustainability of finite groundwater supplies and long-term water security

COUNCILMEMBER ORLANDO commented that Council should receive more detail on policies to support or oppose as the legislative session begins.

MR. PETERS agreed and invited Council to participate in advocacy activities.

MS. KJOLSRUD continued the presentation.

- Preparing for Shortages
 - With increasing pressure on our local aquifer and uncertainty of future Colorado River availability, it is a good time to review the steps we are taking to prepare:
 - Water Allocation Policy – update the policy to include redevelopment, high density residential and reclaimed water
 - Colorado River Shortage – continue to invest in aquifer recharge and advocate for state policies to protect groundwater supplies and water stored underground
 - Water Conservation – Encourage xeriscape landscaping by offering grass removal incentives and water budget evaluations
 - Drought Management Plan – update drought plan triggers to match more current water supply expectations and further evaluate demand management strategies
- 2015 Water Allocation Policy
 - Tier I Base Allocation – Sufficient Water for most projects
 - Tier II Quality of Life Allocation – new user needs more water, allocated by City's Water Resource Mgmt. Strategy
 - Tier III Market Based Allocation – new user purchases a new 100-year water supply
- Allocation Policy – Proposed Amendments
 - As Chandler approaches build-out, changes in water availability and land use may require amendments to the sustainable water allocation policy:
 - Redevelopment – add redevelopment to the definition for “multiple of large meter users” (MLM users). The new proposed use can not exceed the Tier I water allocation.
 - Tier II water – update the definition of “Tier II water” to be allocated to an MLM user based on the water and wastewater Master Plan
 - HDR & Mixed Use – add applicability for high density residential (HDR) and mixed-use developments that exceed 12 dwelling units per acre and include a 70% return flow credit

- Reclaimed / Landscape Water – add applicability for *all* types of water use, including reclaimed and landscape meters

COUNCILMEMBER ENCINAS asked how this would affect current and proposed residential and commercial developments slated for Chandler.

MICAH MIRANDA, Economic Development Director, said the allocation policy which was introduced in 2015 was controversial at the time, there was pushback from the business community. However, business attraction projects gave companies investing in Chandler confidence that Chandler was investing in long-term resources. State and local policies let Chandler look into the future and protect investments in that way.

COUNCILMEMBER ORLANDO asked if developers using water conserving fixtures and features would receive credit or incentives.

MS. KJOLSRUD said the credit included in the proposed amendments was the return-flow credit specifically for high-density residential developments. However, an addition to these amendments could require water conservation plans to be submitted by developers.

COUNCILMEMBER ORLANDO said developers with a higher density development would want to stay under Tier 1 usage of water through water efficiency practices.

MS. KJOLSRUD said there is a natural incentive to try to keep water use as efficient as possible.

MAYOR HARTKE asked if there is any potential crossover for water conservation and housing and development efficiency in the state legislature.

MR. PETERS said some criticisms are about materials which adds to cost of property. This could be an indirect way of addressing cost of property. This could demonstrate to other states as well in Colorado River water negotiations that is the state is acting on water conservation. There have been criticisms that the designs municipalities require add additional costs, but the marketplace also demands it.

MS. KJOLSRUD continued the presentation.

- Allocation Policy Procedures
 - Implementation of Chandler's Sustainable Water Allocation Policy requires early coordination between multiple city departments - Public Works & Utilities, Economic Development, and Development Services (Planning, Civil Engineering, and Building Safety).
 - Policy amendments will involve updates to the timing of when a proposed project is asked to submit a sustainable water use application.
- Allocation Policy Amendment Goals

- The 2015 policy was designed to address non-residential development of vacant land. As redevelopment becomes more prevalent, amendments are needed to ensure Chandler's finite water resources are allocated as planned.
- Redevelopment – if the new proposed use will exceed the Tier I allocation, the city will review the proposed use to ensure consistency with water demand planning. High volume water users may be required to purchase Tier III water.
- Tier II water – anticipated Colorado River shortages have reduced the volume of available “Tier II water”. Future allocations of Tier II water should be consistent with planning assumptions for each parcel.
- HDR & Mixed Use – adding high volume residential uses ensures water and sewer needs are considered early in the development entitlement discussions and includes water efficiency and conservation.
- Reclaimed / Landscape Water – the current policy excludes reclaimed water and water served through landscape meters. These are valuable and limited water supplies which require careful management.
- Drought Management Plan – Proposed Updates
 - Update drought plan triggers to match current water supply expectations, remove reclaimed exemption and update outdated language
 - Stage Triggers – Update to reflect new shortage projections for post-2026 Colorado River reductions and modify triggers to evaluate supplies based on all surface water supplies
 - Reclaimed Water – remove reclaimed exemption and add language to clarify the availability of reclaimed water during a shortage. Reclaimed water uses may also be asked to conserve during shortages.
 - Update Language – Update references to more current resources available online. Existing text refers to outdated unavailable resources.
 - Expiration of Drought Stage – one year after issuance or January 1st of a normal water supply year. Current plan does not address procedures to determine when a drought stage expires.
- Drought Plan Triggers- Proposed Updates
 - Current triggers for Stage 2 and Stage 3 are no longer appropriate
- Next Steps
 - Water Allocation Policy – amendments to city code will be proposed on the February 20th city council agenda
 - Drought Management Plan – proposed updates to Chandler's Drought Management Plan
 - Water Conservation – evaluate effectiveness of existing programs and submit recommendations for additional actions (summer 2025)
 - Regional Infrastructure – participate in feasibility of Bartlett Dam Modification, construction of the SRP/CAP Interconnect Facility, and maximize investments in the temporary deviation for Roosevelt Dam Flood Control Space

MAYOR HARTKE thanked staff for the presentation and commented that Chandler has been forward-thinking on water and these ideas and procedures provide certainty and clarity for the future.

- Thank you! Questions?

COUNCILMEMBER ENCINAS asked if there are any municipalities with the same drought plan triggers.

MS. KJOLSRUD said there is some alignment between Phoenix-area cities. These new triggers outlined are in line with Mesa's water plan. The Phoenix-area cities mostly have similar sources of water, it is the percentage makeup of each of the water resources that is different. Some cities have more general language in the drought plan triggers.

COUNCILMEMBER ORLANDO commented that the drought trigger numbers are subjective.

MS. KJOLSRUD said that is correct. The recommendation of combining the supplies in the calculation of surface water is to look at how does this impact Chandler's ability to meet customers' demands.

COUNCILMEMBER ORLANDO said having an objective number makes it easier to understand for us and the residents. He asked about voluntary water reductions for businesses and residents in Tier I and Tier II.

MS. KJOLSRUD said part of the request in a Tier I and Tier II shortage is the voluntary water reductions including skipping overseeding for common areas in HOAs. Tier III would request other voluntary reductions through public messaging campaigns requesting specific actions.

MR. PETERS added that part of this is part of public messaging campaigns, the impact of moving between stages affects users differently.

MS. KJOLSRUD said along with the proposed amendments, staff will bring forward potential options for voluntary water reductions and public messaging.

Public Comment

None.

Adjourn

The meeting was adjourned at 5:41 p.m.

ATTEST: _____
City Clerk

Mayor

Approval Date of Minutes: February 20, 2025

Certification

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Work Session of the City Council of Chandler, Arizona, held on the 3rd day of February 2025. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this _____ day of February, 2025.

City Clerk