

## Arizona Navigable Stream Adjudication Commission

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 BASELINE
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	2.0	2.0	2.0
Personal Services	70,000	70,000	70,000
Employee Related Expenditures	28,000	31,000	31,000
Professional and Outside Services	208,000	208,000	208,000
Travel - In State	5,000	0	0
Other Operating Expenditures	16,400	17,600	17,600
<b>AGENCY TOTAL</b>	<b>327,400</b>	<b>326,600</b>	<b>326,600</b>
<b>FUND SOURCES</b>			
General Fund	127,400	126,600	126,600
<u>Other Appropriated Funds</u>			
Arizona Water Banking Fund	200,000	200,000	200,000
SUBTOTAL - Other Appropriated Funds	200,000	200,000	200,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>327,400</b>	<b>326,600</b>	<b>326,600</b>
<b>TOTAL - ALL SOURCES</b>	<b>327,400</b>	<b>326,600</b>	<b>326,600</b>

**AGENCY DESCRIPTION** — The Arizona Navigable Stream Adjudication Commission (ANSAC) is a 5-member body charged with determining the ownership of watercourses in the state by establishing whether the watercourses were navigable at the time of statehood. If navigable, title to the watercourse belongs to the state based on a series of court rulings. If non-navigable, the title to the watercourse belongs to the current title holder.

### Operating Budget

The Baseline includes \$326,600 and 2 FTE Positions in FY 2017 for the operating budget. These amounts consist of:

	<b>FY 2017</b>
General Fund	\$126,600
Arizona Water Banking Fund	200,000

These amounts are unchanged from FY 2016.

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**FORMAT** — Lump Sum by Agency

### STATUTORY CHANGES

The Baseline would, as session law, continue to allow up to \$200,000 from the Water Banking Fund to be spent for the commission's unpaid legal obligations. This provision was included for FY 2016 in the Environment Budget Reconciliation Bill (Laws 2015, Chapter 13). In FY 2015, the commission spent \$200,000 from the Water Banking Fund for unpaid legal obligations.

### Other Issues

#### Litigation

The commission is responsible for determining the navigability of state watercourses at the time of statehood. If navigable, the watercourses are considered State Trust Land and any related proceeds from the waterbeds would be deposited in the Riparian Trust Fund, pursuant to A.R.S. § 37-1156. The monies in this fund are primarily used to acquire and maintain land adjacent to the waterbeds for conservation purposes.

As of May 2006, ANSAC had determined all watercourses in Arizona to be non-navigable at the time of statehood. In June 2006, the first appeal was filed against the commission by the Arizona Center for Law in the Public Interest and the State Land Department regarding the commission's determination for the Lower Salt River. Five other appeals have been filed and stayed pending the completion of the Lower Salt River case.

In August 2007, the Maricopa County Superior Court affirmed the commission's determination. The Superior Court decision was appealed to the Arizona Court of Appeals. A decision by the Arizona Court of Appeals in May 2010 did not overturn the commission's

determination concerning the Lower Salt River. Instead, the Court of Appeals set aside the Superior Court’s original decision, and remanded the Lower Salt River case to the Maricopa County Superior Court to determine the “ordinary and natural condition” of the watercourses by considering navigability in the period prior to statehood.

In October 2011, the Maricopa County Superior Court remanded the 4 cases appealed in Maricopa County back to the commission to address issues raised by the May 2010 Arizona Court of Appeals opinion. The 2 cases appealed in Pima County were also returned to the commission to address the same issues.

As of October 2015, the commission indicates that hearings for the San Pedro River, Santa Cruz River, Gila

River, and Verde River cases have been completed. The Upper Salt River and the Lower Salt River cases have been consolidated into a single Salt River case for hearing purposes. The Salt River case requires additional hearings in order to further address questions raised by the Arizona Court of Appeals and a related 2012 U.S. Supreme Court ruling. The latter ruling requires the commission to resolve whether individual “segments” of the affected streambeds were navigable prior to statehood rather than making that determination only for each streambed as a whole. Hearings for the Salt River case are expected to continue into the 2016 calendar year. The commission is scheduled to sunset on June 30, 2020 pursuant to Laws 2015, Chapter 58.

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
<b>Risk Management Revolving Fund (NSA4216/A.R.S. § 41-622)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Actuarial charges assessed to all state agencies, boards, and commissions insured under the state's risk management system, as well as recoveries by the state through litigation. The Environment Budget Reconciliation Bill (Laws 2014, Chapter 13) allowed up to \$80,000 from the fund to be spent for the commission’s unpaid legal obligations in FY 2015.		
<b>Purpose of Fund:</b> To pay for the legal expenses associated with appeals filed against the commission.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Water Banking Fund (NSA2110/A.R.S. § 45-2425)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> General Fund appropriations and fees associated with the purchase, lease, storage, accreditation, and delivery of Colorado River water to municipalities and industrial water users. Revenue also comes from a portion of the 4% property tax collected by CAWCD to pay for water storage. By law, each Active Management Area (AMA) has its own sub-account within the fund. This fund operates on the calendar year. Because fees and taxes are collected at the end of the fiscal year, the Year-End Fund Balances are not reflective of the calendar year-end balances. Pursuant to an interstate water banking agreement with Nevada, the fund received a combined total of \$100,000,000 in FY 2005 and FY 2006. In 2004, the Southern Nevada Water Authority (SNWA) agreed to pay the Arizona Water Banking Authority (AWBA) an additional \$230,000,000 for delivery and storage of water. Equal payments of \$23,000,000 per year from Nevada to the AWBA were to begin in 2009 and continue through 2018. The agreement was amended allowing SNWA to delay payment until FY 2015. The agreement was further amended in 2013 to remove the FY 2015 payment resumption date and allow SNWA to pay as water is stored. In FY 2010, the AWBA received \$12,685,000 for storage and delivery of Nevada's own water in lieu of water purchased from Arizona. Appropriations from this fund may include monies received through the water banking agreement with Nevada that are used for purposes outside of contractual agreement with Nevada (Laws 2009, Chapter 332). Laws 2015, Chapter 8 appropriates \$359,300 for a one-time supplemental from the Arizona Water Banking Fund in FY 2015 to address a shortfall in funding for outside legal counsel and related hearing expenses for the commission. The FY 2016 Environment Budget Reconciliation Bill (Laws 2015, Chapter 13) makes this supplemental and any other monies appropriated to it from the Arizona Water Banking Fund non-lapsing through 2016.		
<b>Purpose of Fund:</b> To purchase and store the unused portion of Arizona's Colorado River water allotment. The department provides administrative support for this fund, but control of expenditures is vested with AWBA. In addition, pursuant to an interstate water banking agreement with Nevada, to obtain, store, and retrieve water for Nevada.		
<b>Funds Expended</b>	200,000	200,000
<b>Year-End Fund Balance*</b>	(200,000)	(400,000)

\*As reported by the agency. Actual ending balance will not be negative.