



Bill Number: S.B. 1740

Otondo Floor Amendment

Reference to: printed bill

Amendment drafted by: Leg Council

## FLOOR AMENDMENT EXPLANATION

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### *Water Conservation Grant Fund (Fund) Establishment*

1. Establishes the Fund, administered by the Water Infrastructure Finance Authority (WIFA), to be maintained in perpetuity consisting of:
  - a) legislative appropriations;
  - b) monies received for water conservation purposes from the U.S. Government;
  - c) interest and other income received from investing monies in the Fund;
  - d) gifts, grants and donations received for water conservation purposes from any public or private source; and
  - e) any other monies received by WIFA.
2. Requires Fund monies to facilitate voluntary water conservation programs or projects expected to result in at least:
  - a) long-term, sustainable reductions in water use; and
  - b) improvements in water use efficiency and reliability.
3. Allows Fund monies to be used, and only used, for:
  - a) education and research programs on how to reduce water consumption, increase water efficiency or increase water reuse;
  - b) programs and projects:
    - i. for rainwater harvesting, gray water systems, efficiency upgrades, drought-resistant landscaping, turf removal and other practices to reduce water use;
    - ii. reduce structural water overuse issues;
    - iii. to promote groundwater recharge and improved aquifer health; or
    - iv. to improve groundwater conservation and surface water flows;
  - c) landscape watershed protection, restoration and rehabilitation, including through green infrastructure and low-impact development to conserve or augment water supplies;
  - d) projects facilitating coordinated water management, including groundwater storage and recovery; and
  - e) implementation and administration costs for eligible programs.

Amendment explanation prepared by Rachel Caldwell

06/23/2022

4. **Allows WIFA to determine the order and priority of water conservation programs and projects proposed to be funded in whole or in part with Fund monies based on, as applicable:**
  - a) **the extent to which the program or project achieves one or more of the required Fund results;**
  - b) **the costs and benefits of the program or project, including environmental costs and benefits;**
  - c) **if the program or project is eligible, but the nature of the program or project makes funding impractical, for Long-Term Water Augmentation Fund or Water Supply Development Revolving Fund monies;**
  - d) **the ability to provide multiple benefits;**
  - e) **the degree to which the program or project will maximize or leverage multiple available funding sources, including federal funding;**
  - f) **the qualifications and capacity of an applicant;**
  - g) **program or project feasibility; and**
  - h) **public comments.**
5. **Allows the State Treasurer, on notice from WIFA, to invest and divest Fund monies and requires monies earned from investment to be credited to the Fund.**
6. **Requires all Fund monies to be held in trust.**
7. **Requires WIFA to establish as many other accounts and subaccounts necessary to administer the Fund.**
8. **Prohibits Fund monies from being appropriated or transferred by the Legislature to fund state general operations or otherwise meet the obligations of the state General Fund unless approved by a 75 percent vote of the members of each house of the Legislature.**
9. **Exempts, from the prohibition on legislative transference of monies, any taxes or other levies.**
10. **Specifies that Fund monies are continuously appropriated and exempt from lapsing.**

#### ***Fund Application***

11. **Allows a city, town, county, district, commission, authority or other public entity that is organized and exists under statute or under a voter-approved charter or initiative to apply to WIFA for and accept grants from the water conservation grant fund for a water conservation program or project that complies with Fund requirements.**
12. **Allows a nongovernment organization that focuses on water conservation or environmental protection to apply to WIFA for and accept grants from the Fund for a water conservation program or project if it partners with a public entity organized and existing under statute or a voter-approved charter or initiative.**

**13. Requires WIFA to:**

- a) prescribe a simplified form and procedure to apply for and approve assistance;
- b) establish by rule criteria consistent with Fund procedures;
- c) determine the order and priority of water conservation programs or projects assisted based on the merits of the application in respect to established criteria and Fund purposes; and
- d) provide that:
  - i. a single water conservation program grant may not exceed \$3,000,000;
  - ii. a single water conservation project grant may not exceed \$250,000; and
  - iii. at least a 25 percent match is required for each water conservation program or project.

**14. Allows monies from any other source to satisfy the match requirement.**

***Water Conservation Grant Committee***

**15. Establishes the Water Conservation Grant Committee (Committee) to advise the WIFA Board consisting of:**

- a) one member who represents a public water system that serves 500 or more connections;
- b) one member who represents a public water system that serves fewer than 500 connections;
- c) one member who represents a county with a population of 500,000 or more persons;
- d) one member who represents a county with a population of fewer than 500,000 persons;
- e) one member who represents an advocacy group with a primary focus on water conservation;
- f) one member who represents an Arizona university and has significant knowledge in water conservation;
- g) one member who represents a natural resource conservation district; and
- h) the Director of the Department of Water Resources or a designee.

**16. Specifies that Committee members are appointed by the WIFA Board.**

**17. Requires the Committee to:**

- a) review applications for grant requests from the Fund; and
- b) make recommendations to the WIFA Board regarding the applications.

**18. Requires the Committee to meet at least once a month to review applications, except that the Committee does not need to meet if no applications are pending that month.**

**19. Allows the WIFA Board to require the Committee to hold additional meetings to consider applications that are or may become time sensitive.**

- 20. Requires the Committee to allow members of the public to provide comment on an application considered by the Committee at a meeting.**
- 21. Deems the Committee a subcommittee of the WIFA Board for purposes of ethics requirements outlined for all WIFA Board subcommittees.**

***WIFA Report***

- 22. Requires the annual WIFA report by the Arizona Department of Environmental Quality to include:**
  - a) the expenditures made from the Fund in the previous fiscal year;**
  - b) whether Fund programs or projects from the previous fiscal year met required Fund project results; and**
  - c) the environmental impacts of Fund programs or projects from the previous fiscal year.**

OTONDO FLOOR AMENDMENT  
SENATE AMENDMENTS TO S.B. 1740  
(Reference to printed bill)

1 Page 19, line 9, strike the first "AND" insert a comma; after the second "FUND"  
2 insert "AND THE WATER CONSERVATION GRANT FUND"

3 Page 20, line 32, after "ASSISTANCE" insert "FROM THE WATER CONSERVATION GRANT  
4 FUND,"

5 Page 35, line 13, strike "article" insert "articles"; after "4" insert "and 5"

6 Page 45, after line 43, insert:

7 "ARTICLE 5. WATER CONSERVATION GRANT FUND

8 49-1331. Water conservation grant fund: exemption:  
9 administration: report

10 A. THE WATER CONSERVATION GRANT FUND IS ESTABLISHED TO BE MAINTAINED  
11 IN PERPETUITY CONSISTING OF ALL THE FOLLOWING:

12 1. LEGISLATIVE APPROPRIATIONS.

13 2. MONIES RECEIVED FOR WATER CONSERVATION PURPOSES FROM THE UNITED  
14 STATES GOVERNMENT.

15 3. INTEREST AND OTHER INCOME RECEIVED FROM INVESTING MONIES IN THE  
16 FUND.

17 4. GIFTS, GRANTS AND DONATIONS RECEIVED FOR WATER CONSERVATION  
18 PURPOSES FROM ANY PUBLIC OR PRIVATE SOURCE.

19 5. ANY OTHER MONIES RECEIVED BY THE AUTHORITY IN CONNECTION WITH THE  
20 PURPOSE OF THE FUND.

21 B. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND EXEMPT FROM  
22 THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS. ON  
23 NOTICE FROM THE AUTHORITY, THE STATE TREASURER SHALL INVEST AND DIVEST

1 MONIES IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED FROM  
2 INVESTMENT SHALL BE CREDITED TO THE FUND.

3 C. ALL MONIES DEPOSITED IN THE FUND SHALL BE HELD IN TRUST. THE  
4 MONIES IN THE FUND MAY NOT BE APPROPRIATED OR TRANSFERRED BY THE  
5 LEGISLATURE TO FUND THE GENERAL OPERATIONS OF THIS STATE OR TO OTHERWISE  
6 MEET THE OBLIGATIONS OF THE STATE GENERAL FUND UNLESS APPROVED BY A  
7 THREE-FOURTHS VOTE OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE. THIS  
8 SUBSECTION DOES NOT APPLY TO ANY TAXES OR OTHER LEVIES THAT ARE IMPOSED  
9 PURSUANT TO TITLE 42 OR 43.

10 D. THE AUTHORITY SHALL ADMINISTER THE FUND AND ESTABLISH AS MANY  
11 OTHER ACCOUNTS AND SUBACCOUNTS AS REQUIRED TO ADMINISTER THE FUND.

12 E. MONIES AND OTHER ASSETS IN THE FUND SHALL BE USED SOLELY FOR THE  
13 PURPOSES AUTHORIZED BY THIS ARTICLE.

14 F. THE ANNUAL REPORT REQUIRED BY SECTION 49-1204 SHALL INCLUDE:

15 1. THE EXPENDITURES MADE FROM THE FUND IN THE PREVIOUS FISCAL YEAR.

16 2. WHETHER PROGRAMS OR PROJECTS FUNDED BY THE FUND IN THE PREVIOUS  
17 FISCAL YEAR DID IN FACT:

18 (a) RESULT IN LONG-TERM, SUSTAINABLE REDUCTIONS IN WATER USE.

19 (b) IMPROVE WATER USE EFFICIENCY.

20 (c) IMPROVE WATER RELIABILITY.

21 3. THE ENVIRONMENTAL IMPACTS OF PROGRAMS OR PROJECTS FUNDED BY THE  
22 FUND IN THE PREVIOUS FISCAL YEAR.

23 49-1332. Water conservation grant fund; purposes

24 A. MONIES IN THE WATER CONSERVATION GRANT FUND MUST FACILITATE  
25 VOLUNTARY WATER CONSERVATION PROGRAMS OR PROJECTS THAT ARE EXPECTED TO  
26 RESULT IN AT LEAST ONE OF THE FOLLOWING:

27 1. LONG-TERM REDUCTIONS IN WATER USE.

28 2. IMPROVEMENTS IN WATER USE EFFICIENCY.

29 3. IMPROVEMENTS IN WATER RELIABILITY.

30 B. MONIES IN THE WATER CONSERVATION GRANT FUND MAY BE USED FOR THE  
31 FOLLOWING:

1           1. EDUCATION AND RESEARCH PROGRAMS ON HOW TO REDUCE WATER  
2 CONSUMPTION, INCREASE WATER EFFICIENCY OR INCREASE WATER REUSE.

3           2. PROGRAMS AND PROJECTS FOR RAINWATER HARVESTING, GRAY WATER  
4 SYSTEMS, EFFICIENCY UPGRADES, INSTALLING DROUGHT-RESISTANT LANDSCAPING,  
5 TURF REMOVAL AND OTHER PRACTICES TO REDUCE WATER USE.

6           3. PROGRAMS OR PROJECTS TO PROMOTE GROUNDWATER RECHARGE AND IMPROVED  
7 AQUIFER HEALTH.

8           4. PROGRAMS OR PROJECTS TO IMPROVE GROUNDWATER CONSERVATION AND  
9 SURFACE WATER FLOWS.

10           5. LANDSCAPE WATERSHED PROTECTION, RESTORATION AND REHABILITATION,  
11 INCLUDING THROUGH GREEN INFRASTRUCTURE AND LOW-IMPACT DEVELOPMENT TO  
12 CONSERVE OR AUGMENT WATER SUPPLIES.

13           6. PROJECTS FACILITATING COORDINATED WATER MANAGEMENT, INCLUDING  
14 GROUNDWATER STORAGE AND RECOVERY.

15           7. PROGRAMS OR PROJECTS TO REDUCE STRUCTURAL WATER OVERUSE ISSUES.

16           8. PROGRAM IMPLEMENTATION AND ADMINISTRATION COSTS FOR ELIGIBLE  
17 PROGRAMS.

18           49-1333. Water conservation grant fund; procedures

19           A. IN COMPLIANCE WITH ANY APPLICABLE REQUIREMENTS, A CITY, TOWN,  
20 COUNTY, DISTRICT, COMMISSION, AUTHORITY OR OTHER PUBLIC ENTITY THAT IS  
21 ORGANIZED AND THAT EXISTS UNDER THE STATUTORY LAW OF THIS STATE OR UNDER A  
22 VOTER-APPROVED CHARTER OR INITIATIVE OF THIS STATE MAY APPLY TO THE  
23 AUTHORITY FOR AND ACCEPT GRANTS FROM THE WATER CONSERVATION GRANT FUND FOR  
24 A WATER CONSERVATION PROGRAM OR PROJECT THAT COMPLIES WITH THE REQUIREMENTS  
25 OF SECTIONS 49-1332 AND 49-1334. A NONGOVERNMENT ORGANIZATION THAT FOCUSES  
26 ON WATER CONSERVATION OR ENVIRONMENTAL PROTECTION MAY APPLY TO THE  
27 AUTHORITY FOR AND ACCEPT GRANTS FROM THE WATER CONSERVATION GRANT FUND FOR  
28 A WATER CONSERVATION PROGRAM OR PROJECT IF IT PARTNERS WITH A CITY, TOWN,  
29 COUNTY, DISTRICT, COMMISSION, AUTHORITY OR OTHER PUBLIC ENTITY THAT IS  
30 ORGANIZED AND THAT EXISTS UNDER THE STATUTORY LAW OF THIS STATE OR UNDER A  
31 VOTER-APPROVED CHARTER OR INITIATIVE OF THIS STATE.

32           B. THE AUTHORITY SHALL:

1           1. PRESCRIBE A SIMPLIFIED FORM AND PROCEDURE TO APPLY FOR AND  
2 APPROVE ASSISTANCE.

3           2. ESTABLISH BY RULE CRITERIA THAT IS CONSISTENT WITH THIS ARTICLE  
4 BY WHICH ASSISTANCE WILL BE AWARDED.

5           3. DETERMINE THE ORDER AND PRIORITY OF WATER CONSERVATION PROGRAMS  
6 OR PROJECTS ASSISTED UNDER THIS SECTION BASED ON THE MERITS OF THE  
7 APPLICATION WITH RESPECT TO THE REQUIREMENTS OF SECTIONS 49-1332 AND  
8 49-1334.

9           4. PROVIDE THAT A SINGLE WATER CONSERVATION PROGRAM GRANT MAY NOT  
10 EXCEED \$3,000,000, A SINGLE WATER CONSERVATION PROJECT GRANT MAY NOT EXCEED  
11 \$250,000 AND AT LEAST A TWENTY-FIVE PERCENT MATCH IS REQUIRED FOR EACH  
12 WATER CONSERVATION PROGRAM OR PROJECT. MONIES FROM ANY OTHER SOURCE MAY  
13 SATISFY THE MATCH REQUIREMENT.

14           49-1334. Evaluation criteria for water conservation programs  
15                                   and projects from the water conservation grant  
16                                   fund; procedures

17           THE AUTHORITY SHALL DETERMINE THE ORDER AND PRIORITY OF WATER  
18 CONSERVATION PROGRAMS AND PROJECTS PROPOSED TO BE FUNDED IN WHOLE OR IN  
19 PART WITH MONIES FROM THE WATER CONSERVATION GRANT FUND BASED ON THE  
20 FOLLOWING, AS APPLICABLE:

21           1. THE EXTENT TO WHICH THE WATER CONSERVATION PROGRAM OR PROJECT  
22 ACHIEVES ONE OR MORE OF THE RESULTS PRESCRIBED BY SECTION 49-1332,  
23 SUBSECTION A.

24           2. THE COSTS AND BENEFITS OF THE WATER CONSERVATION PROGRAM OR  
25 PROJECT, INCLUDING ENVIRONMENTAL COSTS AND BENEFITS.

26           3. IF THE WATER CONSERVATION PROGRAM OR PROJECT IS ELIGIBLE FOR  
27 FUNDING FROM THE LONG-TERM WATER AUGMENTATION FUND ESTABLISHED BY SECTION  
28 49-1302 OR THE WATER SUPPLY DEVELOPMENT REVOLVING FUND ESTABLISHED BY  
29 SECTION 49-1271 AND IF THE NATURE OF THE WATER CONSERVATION PROGRAM OR  
30 PROJECT MAKES FUNDING FROM THE LONG-TERM WATER AUGMENTATION FUND OR THE  
31 WATER SUPPLY DEVELOPMENT REVOLVING FUND IMPRACTICAL.

32           4. THE ABILITY TO PROVIDE MULTIPLE BENEFITS.



1           5. THE DEGREE TO WHICH THE WATER CONSERVATION PROGRAM OR PROJECT  
2 WILL MAXIMIZE OR LEVERAGE MULTIPLE AVAILABLE FUNDING SOURCES, INCLUDING  
3 FEDERAL FUNDING.

4           6. THE QUALIFICATIONS AND CAPACITY OF AN APPLICANT.

5           7. THE FEASIBILITY OF THE WATER CONSERVATION PROGRAM OR PROJECT.

6           8. PUBLIC COMMENTS.

7           49-1335. Water conservation grant committee; membership;  
8                                   recommendations

9           A. THE WATER CONSERVATION GRANT COMMITTEE IS ESTABLISHED TO ADVISE  
10 THE BOARD AND CONSISTS OF THE FOLLOWING MEMBERS WHO ARE APPOINTED BY THE  
11 BOARD:

12           1. ONE MEMBER WHO REPRESENTS A PUBLIC WATER SYSTEM THAT SERVES FIVE  
13 HUNDRED OR MORE CONNECTIONS.

14           2. ONE MEMBER WHO REPRESENTS A PUBLIC WATER SYSTEM THAT SERVES LESS  
15 THAN FIVE HUNDRED CONNECTIONS.

16           3. ONE MEMBER WHO REPRESENTS A COUNTY WITH A POPULATION OF FIVE  
17 HUNDRED THOUSAND OR MORE PERSONS.

18           4. ONE MEMBER WHO REPRESENTS A COUNTY WITH A POPULATION OF LESS THAN  
19 FIVE HUNDRED THOUSAND PERSONS.

20           5. ONE MEMBER WHO REPRESENTS AN ADVOCACY GROUP WITH A PRIMARY FOCUS  
21 ON WATER CONSERVATION.

22           6. ONE MEMBER WHO REPRESENTS A UNIVERSITY IN THIS STATE AND WHO HAS  
23 SIGNIFICANT KNOWLEDGE IN WATER CONSERVATION.

24           7. ONE MEMBER WHO REPRESENTS A NATURAL RESOURCE CONSERVATION  
25 DISTRICT ESTABLISHED PURSUANT TO TITLE 37, CHAPTER 6.

26           8. THE DIRECTOR OF THE DEPARTMENT OF WATER RESOURCES OR THE  
27 DIRECTOR'S DESIGNEE.

28           B. THE WATER CONSERVATION GRANT COMMITTEE SHALL REVIEW APPLICATIONS  
29 FOR GRANT REQUESTS FROM THE WATER CONSERVATION GRANT FUND AND SHALL MAKE  
30 RECOMMENDATIONS TO THE BOARD REGARDING THOSE APPLICATIONS.

31           C. THE WATER CONSERVATION GRANT COMMITTEE SHALL MEET AT LEAST ONCE A  
32 MONTH TO REVIEW GRANT APPLICATIONS, EXCEPT THAT THE COMMITTEE NEED NOT MEET

1 IN ANY MONTH IN WHICH NO APPLICATIONS ARE PENDING BEFORE THE COMMITTEE. THE  
2 BOARD MAY REQUIRE THE COMMITTEE TO HOLD ADDITIONAL MEETINGS TO CONSIDER  
3 APPLICATIONS THAT ARE OR MAY BECOME TIME SENSITIVE. THE COMMITTEE SHALL  
4 ALLOW MEMBERS OF THE PUBLIC TO PROVIDE COMMENT ON AN APPLICATION CONSIDERED  
5 BY THE COMMITTEE AT A MEETING.

6 D. THE WATER CONSERVATION GRANT COMMITTEE IS CONSIDERED A  
7 SUBCOMMITTEE OF THE BOARD FOR THE PURPOSES OF SECTION 49-1206."

8 Amend title to conform

LISA OTONDO

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06/24/2022  
04:29 PM  
C: ED