

**Central Arizona Groundwater
Replenishment District (CAGRD) –
Staff Recommendation Strategy to
Use \$35.2M Credit**

FINAL PRESENTATION

Town Council Meeting - March 21, 2018



Purpose of Presentation

1. Review of Previous Discussions
2. Discuss Staff Recommendation RE Use of \$35.2M CAGRD Credits
 - Objective
 - Examples
 - Calendar



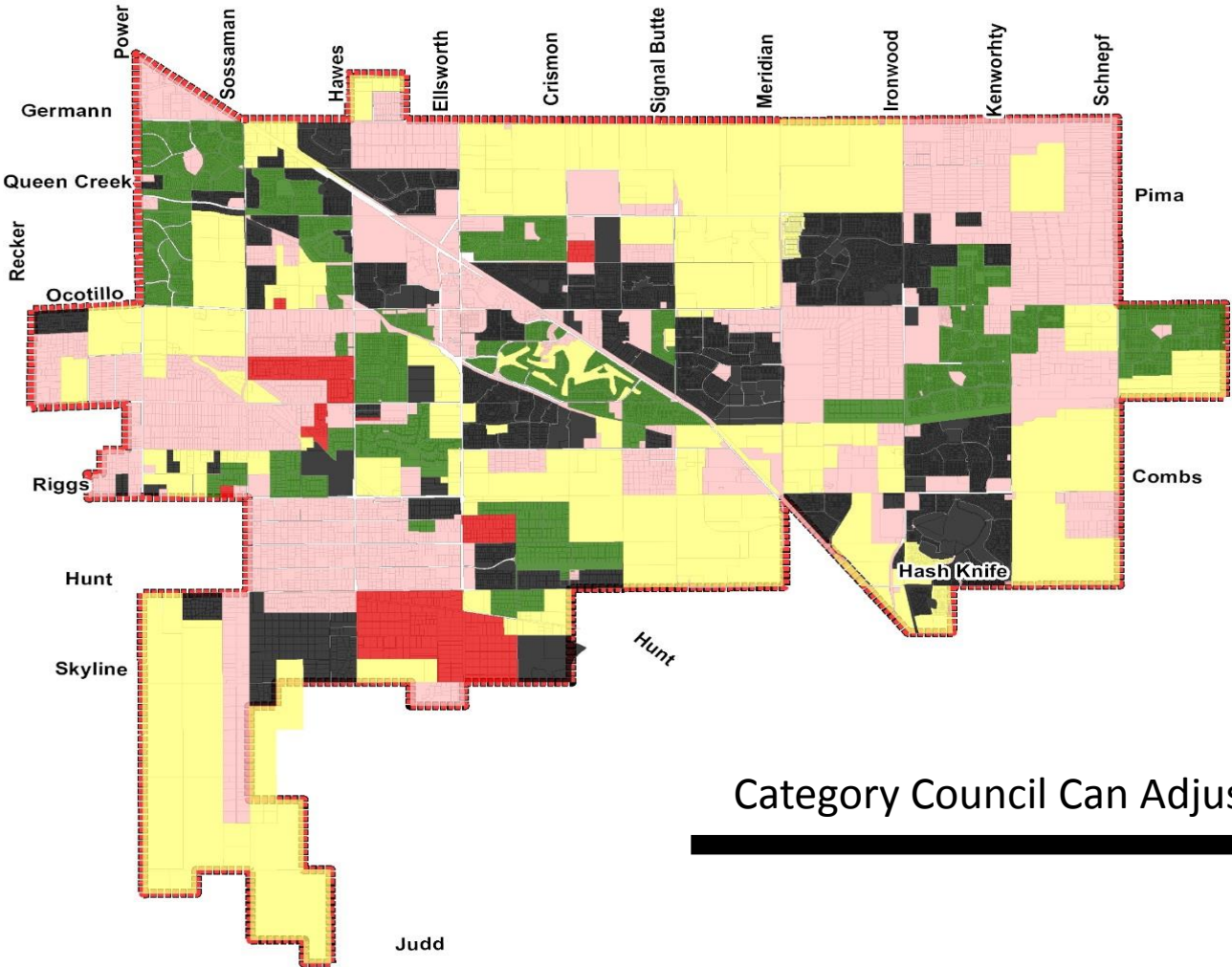
Review of Previous Discussion

AZ Water Resource MGMT

- Beginning in 1996 All Developed Property in AZ Must Have a 100 Year Renewable Assured Water Supply
- Queen Creek Utilizes CAGR^D*
 - * Because Both Water Systems Acquired by QC Did Not Include Significant Surface Water Allocations – QC's Only Current Option



CAGRD STATUS









Category Council Can Adjust



Legend

CAGRD Subdivisions

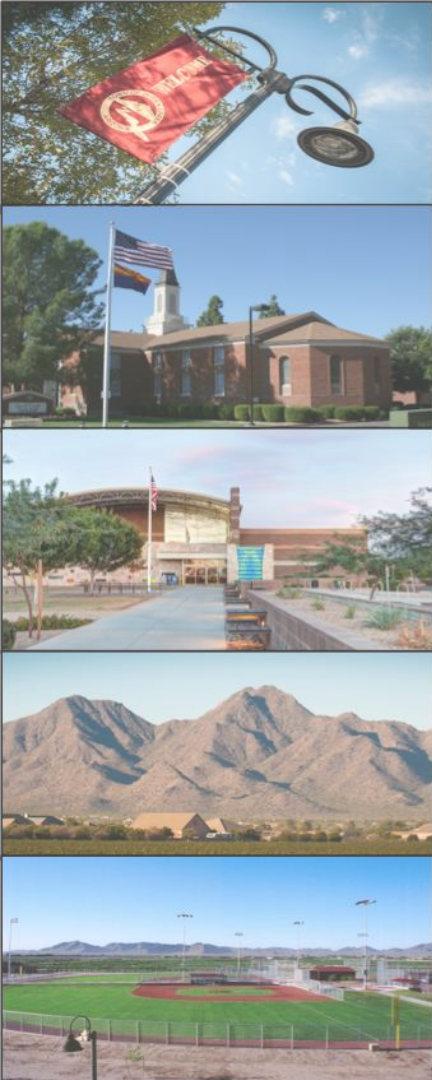
-  CAGRD Exempt
-  No Credit Remaining
-  Credit Variable up to 100%
-  Credit Fixed 33.3%
-  CAGRD Future
-  Water Boundary

CAGRD Member Land Summary

PARCEL TYPE	PARCEL COUNT	CREDIT AMOUNT*
CAGRD EXEMPT	4,726	
NO CREDIT REMAINING	602	
CREDIT VARIABLE UP TO 100% (Council Determined)	12,820	\$35.2M
CREDIT FIXED – CURRENT	14,291	\$39.0M
CREDIT FIXED – FUTURE**	1,138	?
TOTAL	33,577	\$74.2M

* Calculated at \$704 per Acre Foot

** Large Lots – Presubdivision



2017-18 CAGRD Financial Summary

- Total Annual Costs: \$7.2M
- How Were Total Costs Paid?
 - Parcel Bills: \$4.1M
 - Credits Used: \$3.1M (Fixed & Variable)
- Remaining Credits: \$74.2M
 - Fixed Credits: \$39.0M
 - Variable Credits (Town Council): \$35.2M

Member Land Credit Value

- Differs By Subdivision Based On:
 - Enrollment Date
 - Historic GW Use
 - Historic Applied GW Credit



\$35.2M Variable Credits

Inside vs. Outside Town Limits

TOWN LIMITS	PARCELS	CREDIT REMAINING AF	CREDIT VALUE*
INSIDE	7,826	25,860	\$18.2M
OUTSIDE	<u>4,994</u>	<u>24,130</u>	<u>\$17.0M</u>
TOTAL	12,820	49,990	\$35.2M

* Calculated at \$704 per Acre Foot

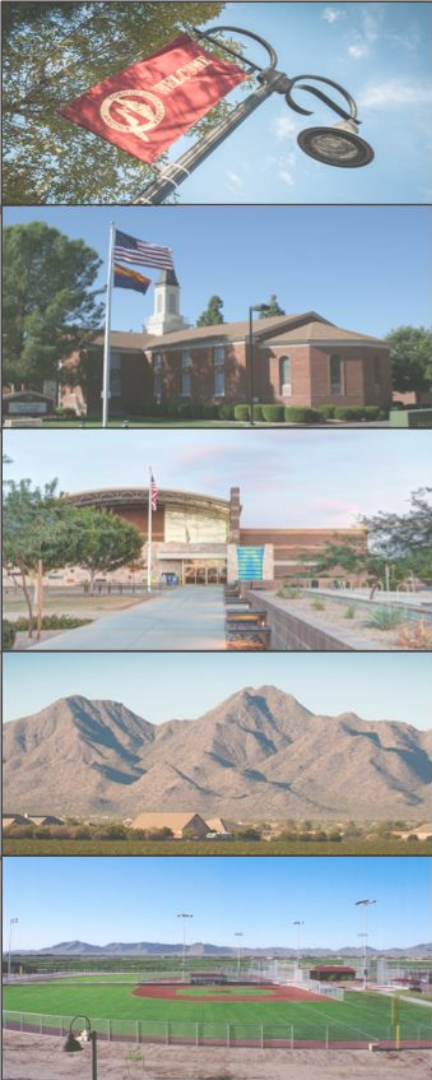


Discuss Staff Recommendation

2017-18 Practice

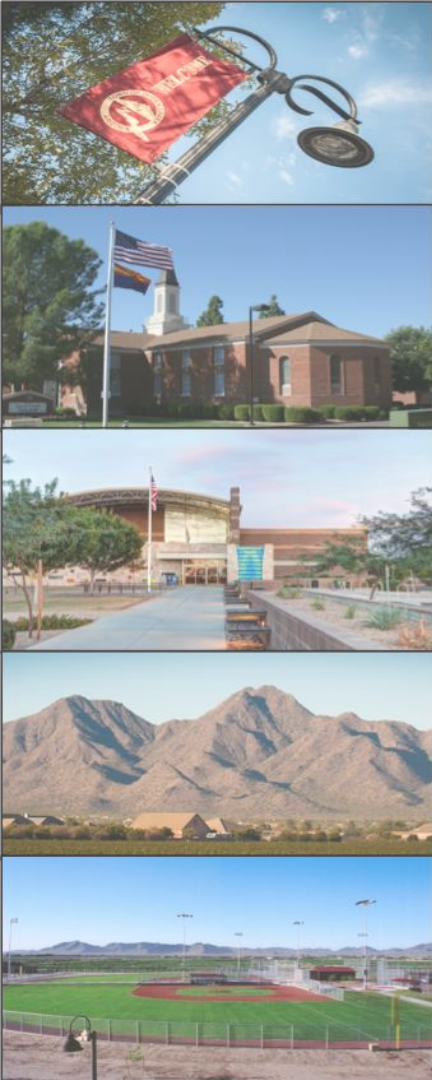
- 2017-18 Credit was Applied Over a **10-Year Period**
 - Low Subdivision: 11% Credit
 - High Subdivision: 100% Credit





Recommended Policy

- Apply Credits Over a **5- Year Period Beginning FY 2018-19**
 - Time Required for Queen Creek to Establish its own Renewable Water Resource Program
 - Low Subdivision: 20% Credit
 - High Subdivision: 100% Credit



Recommended Policy (concluded)

Expected Financial Outcomes

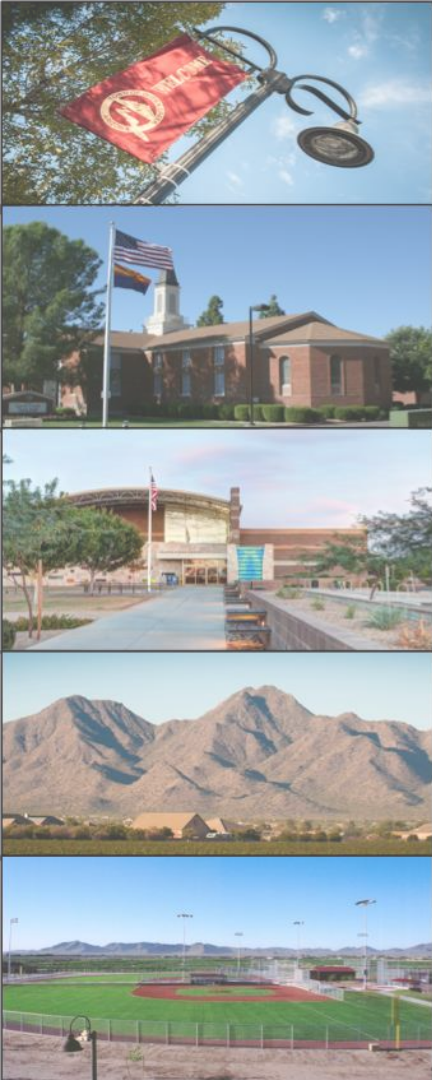
- Most CAGR D Assessments Will Decrease
 - Customer Assessment Will Go Up Only if Consumption Increased
 - Increase in Consumption Cost was Greater than Increase in Credit Benefit

Use of Credits Increasing by \$0.9M

	FY 17-18	FY 18-19
Credits Used	\$2.2M	\$3.1M
Billed	<u>\$2.0M</u>	<u>\$1.5M</u>
Total	\$4.2M	\$4.6M

Use of Credits Increasing by \$0.9M

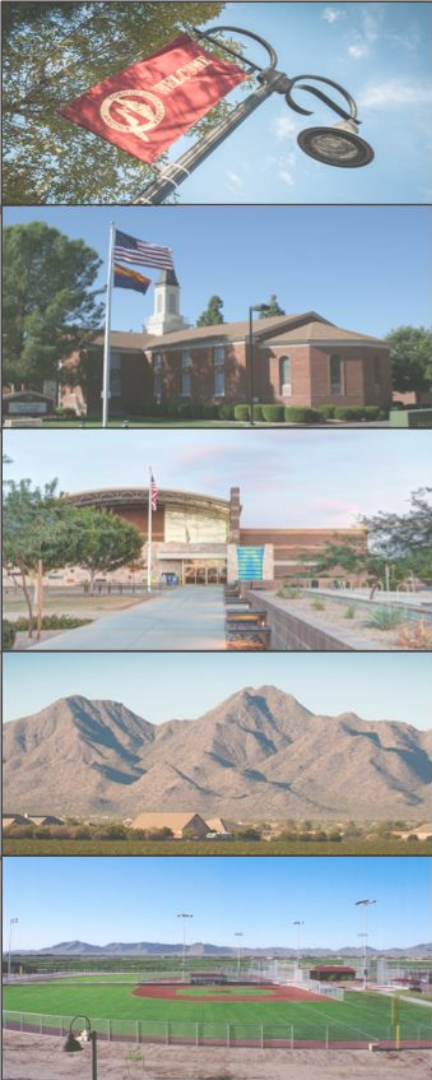
Example Subdivisions	# of Parcels	2017 Credit	2018 Credit	INCREASE
Pecan Creek North	1,321	\$165K	\$290K	\$125K
CastleGate	933	\$270K	\$350K	\$80K
Cortina	1,295	\$65K	\$115K	\$50K
Montelena	442	\$75K	\$115K	\$40K
The Pecans	311	\$145K	\$165K	\$20K



Example #1: \$23 Annual Decrease

- CORTINA SUBDIVISION
- 10,000 Average Gallon Monthly Use
- 12% Credit 2017 VS 20% Credit 2018

ANNUAL	2017	2018	DECREASE
QC WATER BILL	\$411	\$411	\$0
CAGR ASSMT	\$228	\$205	(\$23)
TOTAL COST	\$639	\$616	(\$23)



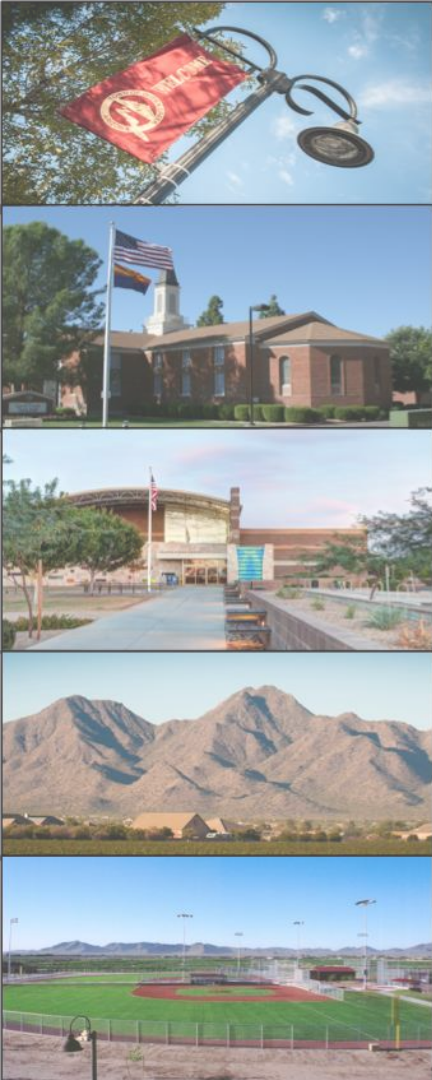
Example #2: \$441 Annual Decrease

- PECAN CREEK NORTH SUBDIVISION
- 50,000 Average Gallon Monthly Use
- 45% Credit 2017 VS 78% Credit 2018

ANNUAL	2017	2018	DECREASE
QC WATER BILL	\$1,761	\$1,761	\$0
CAGR D ASSMT	\$713	\$272	(\$441)
TOTAL COST	\$2,474	\$2,033	(\$441)

\$32.1M Credits Remain

Example Subdivisions	# of Parcels	Remaining Credit
CastleGate	933	\$6.5M
Pegasus Airpark	55	\$4.4M
The Pecans	311	\$3.6M
Cambria	827	\$2.0M



Staff Recommendation

Adopt Resolution No. 1204-18

- Creates a Policy to Use CARGD Credits Over the Next 5 Years
- Most CAGR D Assessments Will Decrease

Calendar

March 21
Council Meeting

- Approval of FY 18-19 Credit Policy

March 31

- Town CAGRDR Report Due Declaring Use of Variable Credits

April – June

- CAGRDR / Town Reconcile Reported Usage and Finalize Assessments

August

- CAGRDR Amounts Certified by Maricopa County



Questions and Comments