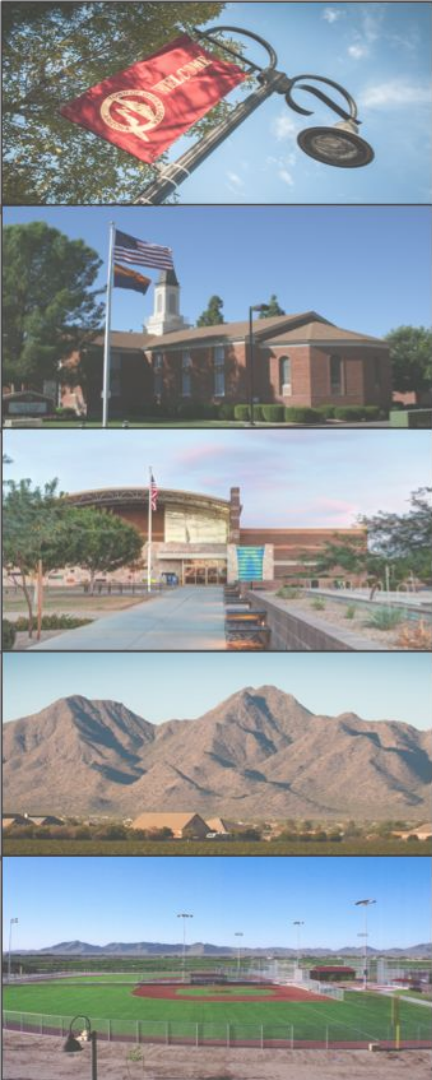


Water Resource Strategy

Central Arizona Groundwater Replenishment District (CAGRDR) Update

Town Council Meeting

June 5, 2019



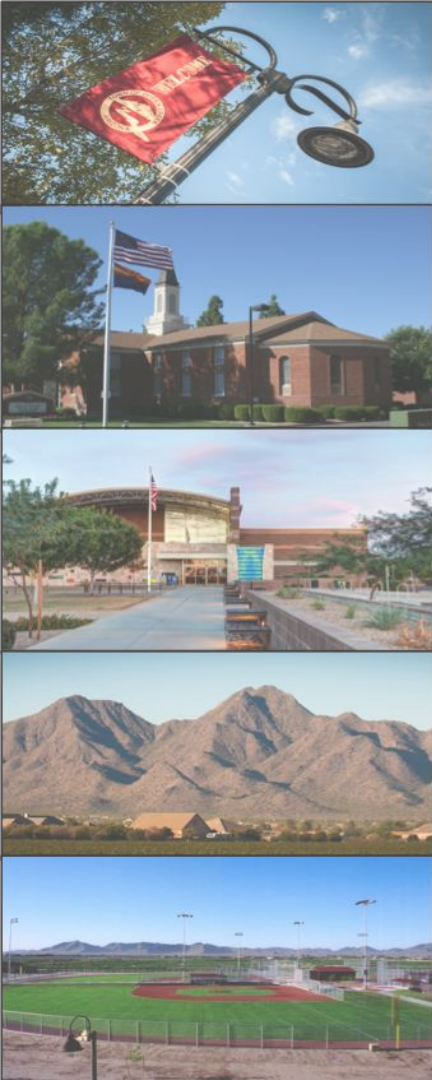
Purpose of Presentation

- Review Water Resource Requirements
- Review Queen Creek's Approach & New Strategies
- Savings Examples - Individual/System
- Outstanding Issues / Future Goals
- Communication Plan



AZ Water Resource Requirements

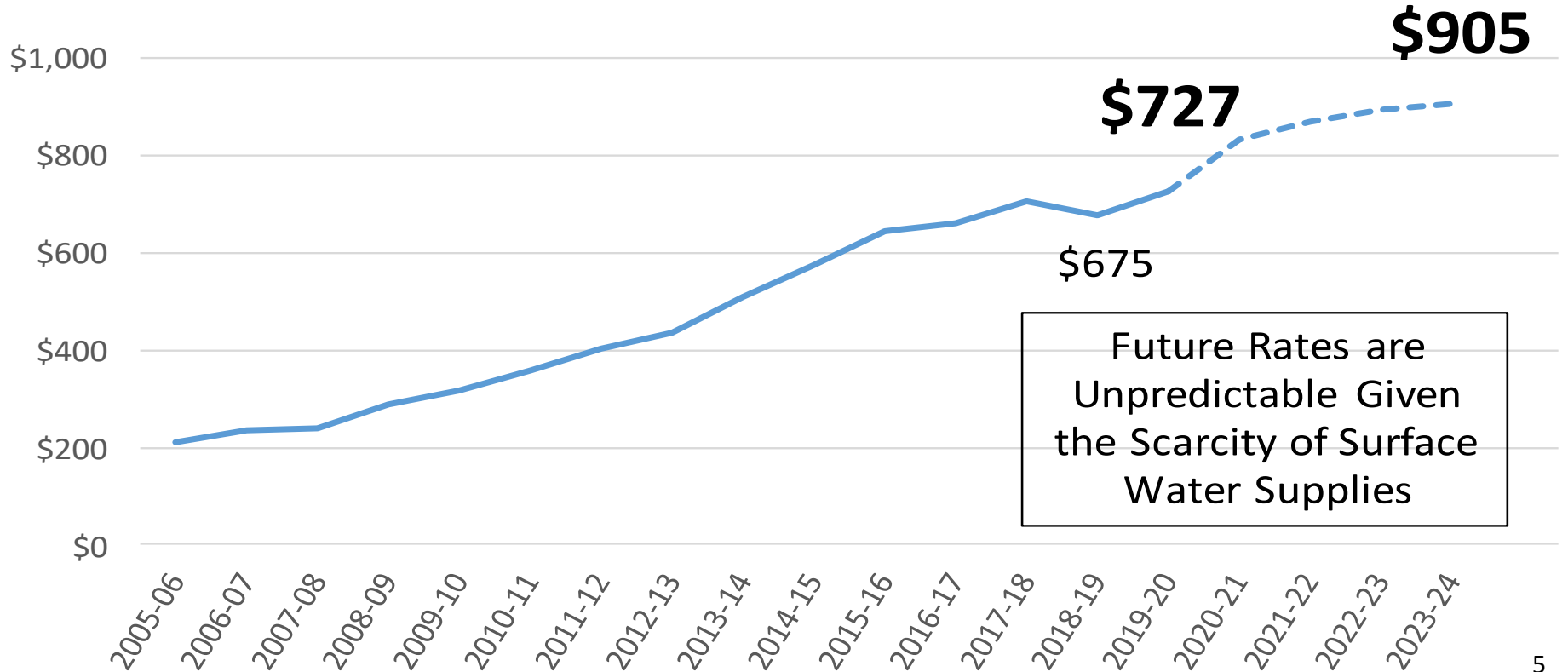
- Post 1996 Development Must Have a 100-Year Assured Water Supply
- “Must Put Back the Same Amount of Water We Take Out”
- Historically Used CAGRDR to Meet Replenishment Requirements



What is CAGRD?

- Separate Entity that the Town Uses to Meet Our Replenishment Requirements
- When a Parcel of Land is Developed, the Parcel is Enrolled into CAGRD
- At Enrolment, the Parcels Starts with a “Credit” Based on Historical Groundwater Use
- Annual Replenishment Costs are Determined Based on Water Use Less “Credit”
- Replenishment Costs are Assessed Annually on the Property Tax Bill

CAGRD HISTORIC PER ACRE FOOT ASSESSMENT





Maricopa County Treasurer's Office
Royce T. Flora, Treasurer

Property Tax Bill

2018 Detailed Tax Statement for Parcel# 304-43-060 9

Total amount due does not reflect any pending payments. Amount may change based on activity to this parcel.

| | | | |
|--|--|---|--|
| Current Mailing Name & Address | | Property (Blind Address) | |
| CENTRAL ARIZONA ASSOCIATION 631 F ROAD STE 102 SILVER PLAZA 85283-4258 | | 9718 S 2020 RD QUEEN CREEK, AZ 85142 | |

| Your 2018 Property Tax Summary | | | |
|--------------------------------|-------------|---------------------------|-------------|
| Previous Year Total | \$81,424.88 | Total 2018 Assessed Taxes | \$81,112.80 |

| | 2017 | Ratio | Assessed | 2018 | Ratio | Assessed |
|-----------------------------|----------|---------|----------|----------|-----------|----------|
| Unimproved Value (Primary) | \$500.00 | 10.00 % | \$500.00 | \$500.00 | 10.00 % | \$500.00 |
| Full Cash Value (Secondary) | \$500.00 | | | \$500.00 | NOT TAXED | |

| Assessed Values | | | | | | |
|-----------------------------|----------|---------|----------|----------------------------------|-----------|----------|
| Primary Linked Values (PLV) | | | | Secondary Full Cash Values (SCV) | | |
| Type | Linked | Ratio | Assessed | Type | Full Cash | |
| Land/Building | \$500.00 | 10.00 % | \$500.00 | Land/Building | | \$500.00 |
| Personal Property | \$0.00 | | \$0.00 | Personal Property | | \$0.00 |
| Exemption | | | \$0.00 | Exemption | | \$0.00 |
| Primary Total | \$500.00 | | \$500.00 | Secondary Total | | \$500.00 |

Area Code 60892

| Primary District Information | | | | | |
|------------------------------|----------|--------|--------|--------|--|
| Tax District | Rate/100 | 2017 | 2018 | Change | |
| County | 1.4323 | \$0.70 | \$0.70 | 0.00 % | |
| Elderly Assistance | Credit | \$0.00 | \$0.00 | 0.00 % | |
| State Aid | Credit | \$0.00 | \$0.00 | 0.00 % | |
| State Equalization Tax | -0.4741 | \$0.24 | \$0.24 | 0.00 % | |
| Town Of Queen Creek | 3.9560 | \$0.00 | \$0.00 | 0.00 % | |

| School District | | | | | |
|------------------------|----------|--------|--------|---------|--|
| Tax District | Rate/100 | 2017 | 2018 | Change | |
| Community College Dist | 1.7328 | \$0.86 | \$0.86 | -1.70 % | |
| Higley Unified | 3.9947 | \$2.04 | \$1.98 | -2.50 % | |
| Primary Tax Totals | 6.9996 | \$4.96 | \$4.96 | -1.30 % | |

| Secondary District Information | | | | | |
|--|----------|--------|--------|--------|--|
| Tax District | Rate/100 | 2017 | 2018 | Change | |
| Central Ar Water Conservation Dist | 0.1400 | \$0.08 | \$0.08 | 0.00 % | |
| Parish Central Of Maricopa County | 0.1762 | \$0.08 | \$0.08 | 0.00 % | |
| Higley Unified Desegregation A.A. #181 | 0.0000 | \$0.00 | \$0.00 | NA | |
| Library District | 0.0556 | \$0.02 | \$0.02 | 0.00 % | |
| Maricopa Special Health Dist | 0.1900 | \$0.10 | \$0.10 | 0.00 % | |

| Voter Approved Overrides | | | | | |
|--------------------------|----------|--------|--------|--------|--|
| Tax District | Rate/100 | 2017 | 2018 | Change | |
| Higley Unified Overrides | 1.6100 | \$0.79 | \$0.80 | 2.00 % | |

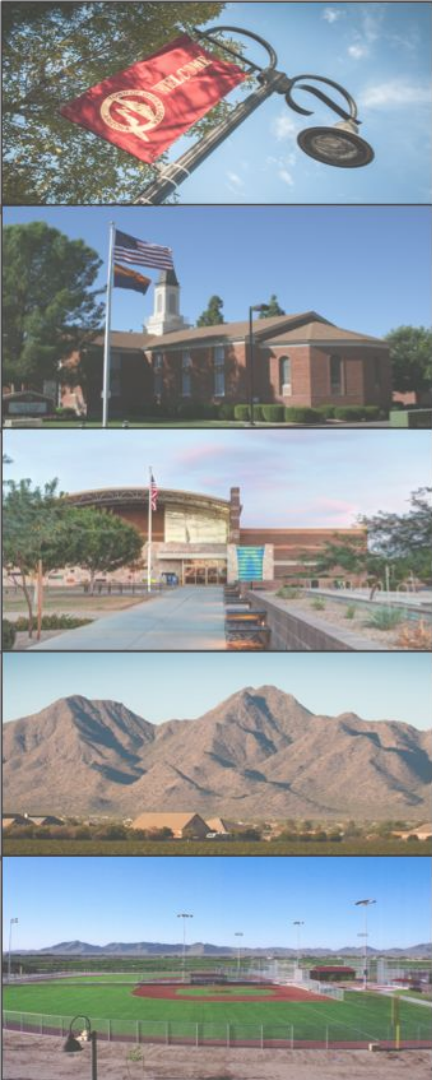
| Voter Approved Bonds | | | | | |
|------------------------------------|----------|--------|--------|---------|--|
| Tax District | Rate/100 | 2017 | 2018 | Change | |
| Community College Dist Bonds | 0.2046 | \$0.11 | \$0.10 | -9.10 % | |
| Higley Unified Bonds | 0.0000 | \$0.00 | \$0.00 | -0.00 % | |
| Maricopa Special Health Dist Bonds | 0.1043 | \$0.05 | \$0.05 | 0.00 % | |
| Secondary Tax Totals | 0.9993 | \$0.56 | \$0.56 | -1.30 % | |

| Special District Information | | | | | |
|-------------------------------|----------|--------|-------------|---------|--|
| Special Districts | Rate/100 | 2017 | 2018 | Change | |
| CENTRAL ARIZONA OSD | 0.0000 | \$0.00 | \$81,102.39 | -0.40 % | |
| EAST VALLEY INSTITUTE OF TECH | 0.0000 | \$0.00 | \$0.00 | 0.00 % | |
| TOTAL FOR SPECIAL DISTRICTS | 0.0000 | \$0.00 | \$81,102.39 | | |

| Grand Totals | | | |
|-------------------------------|-------------|-------------|---------|
| Grand Total For Tax Districts | 2017 | 2018 | Change |
| Grand Total For Tax Districts | \$81,424.88 | \$81,112.80 | -0.48 % |

Excerpt of Property Tax Bill

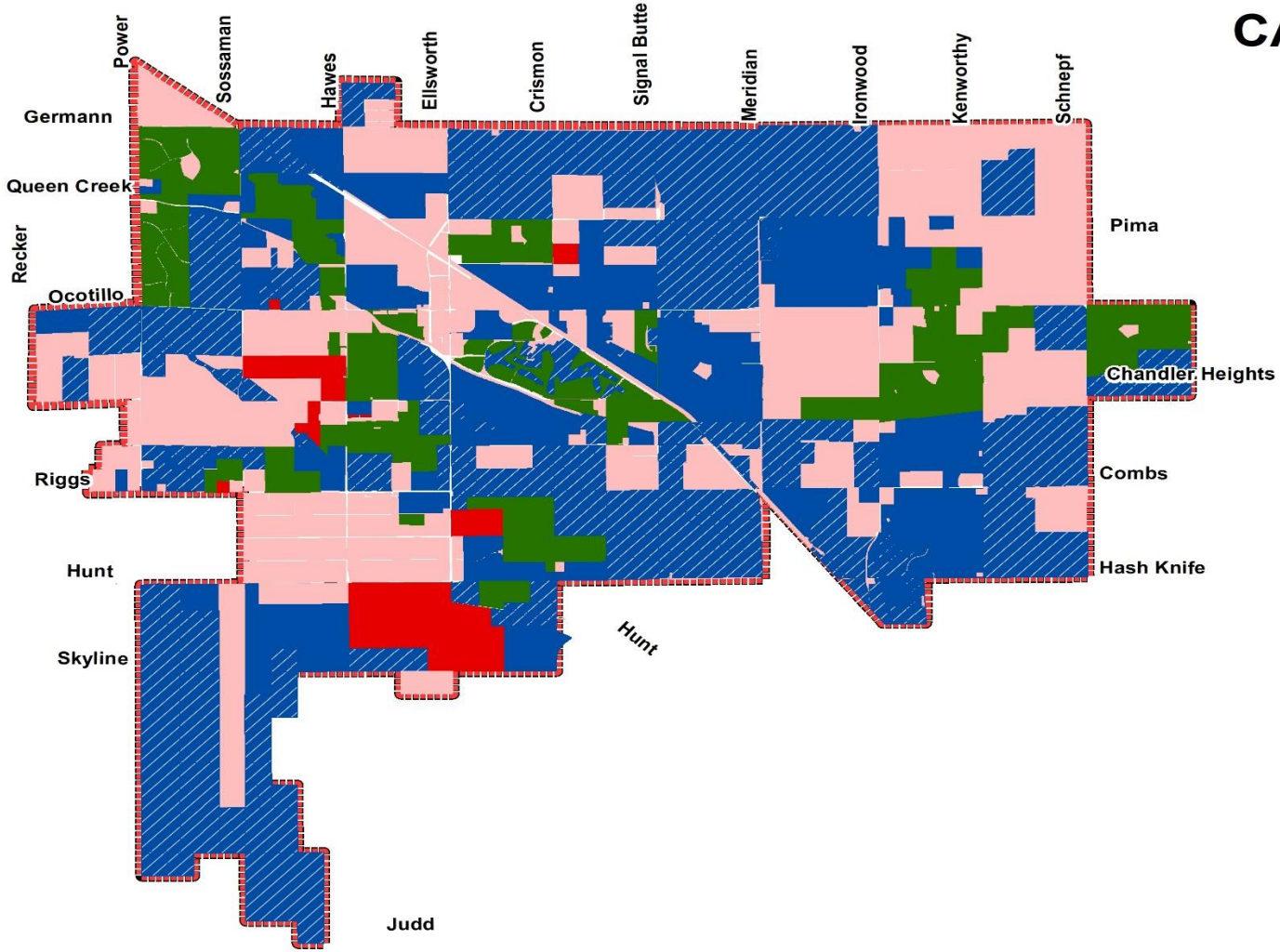
| Special District Information | | | | |
|-------------------------------------|-----------------|--------------------|--------------------|---------------|
| Special Districts | Rate/100 | 2017 | 2018 | Change |
| CENTRAL ARIZONA GRD | 1.0000 | \$81,428.24 | \$81,106.24 | -0.40 % |
| EAST VALLEY INSTITUTE OF TECH | 0.0500 | \$0.02 | \$0.02 | 0.00 % |
| TOTAL FOR SPECIAL DISTRICTS | 1.0500 | \$81,428.26 | \$81,106.26 | |



New Town Strategies

- Moving Away from CAGR D By Increasing Water Resource Inventory
 - Purchase of 175K Groundwater Extinguishment Credits (GWECs)
- “Speeding Up” Use of CAGR D Credits
- Reduce / Eliminate CAGR D Charges (Except for Annual \$29 Parcel Membership Fee)
- Substantially Lower Net Cost
 - ~\$300/AF (GWECs) vs \$727+/AF (CAGR D)
- No Change/Increase in QC Monthly Water Rates

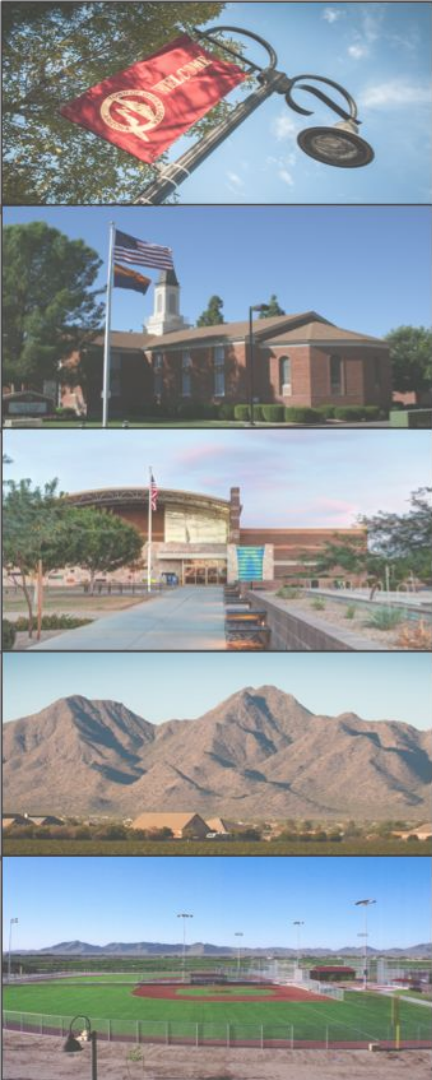
CAGR D STATUS



Legend

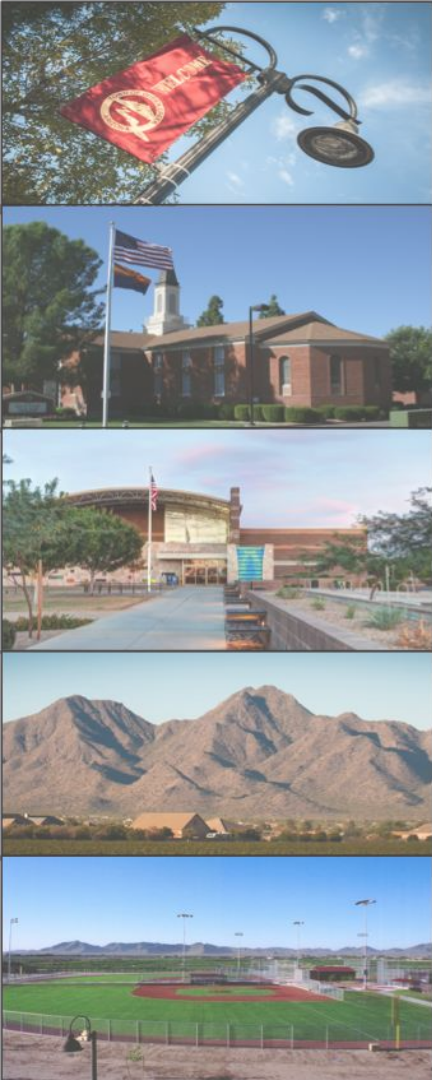
CAGR D Subdivisions

- Pre-1995 Development
- No Credit Remaining
- Credit Variable up to 100%
- Credit Fixed 33.3%
- CAGR D Future
- Water Boundary



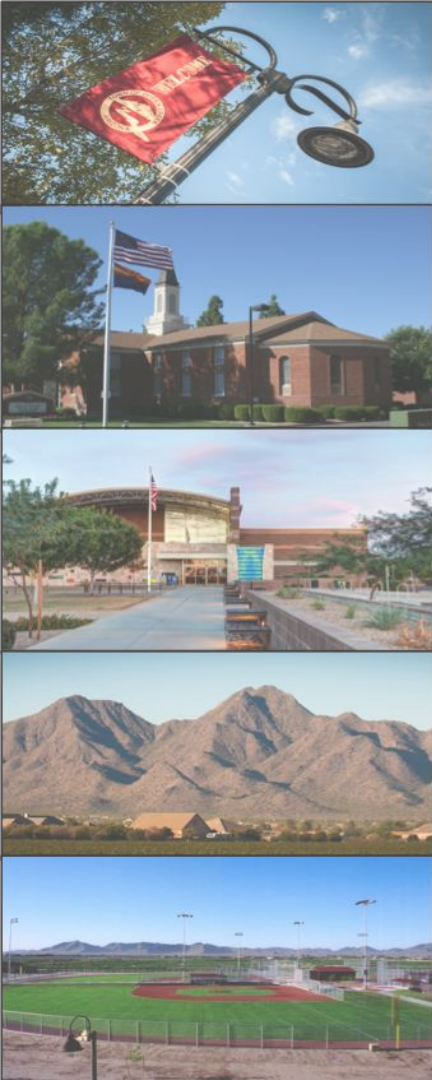
Subdivision Breakdown

| | Subdivisions | # of Lots | 2018 Consumption |
|------------------|--------------|---------------|-----------------------|
| Pre-2004 | 69 | 13,405 | 7,145 AF (60%) |
| Post-2004 | <u>77</u> | <u>17,790</u> | <u>4,850 AF (40%)</u> |
| TOTAL | 146 | 31,195 | 11,995 AF |



Focus of Tonight's Presentation

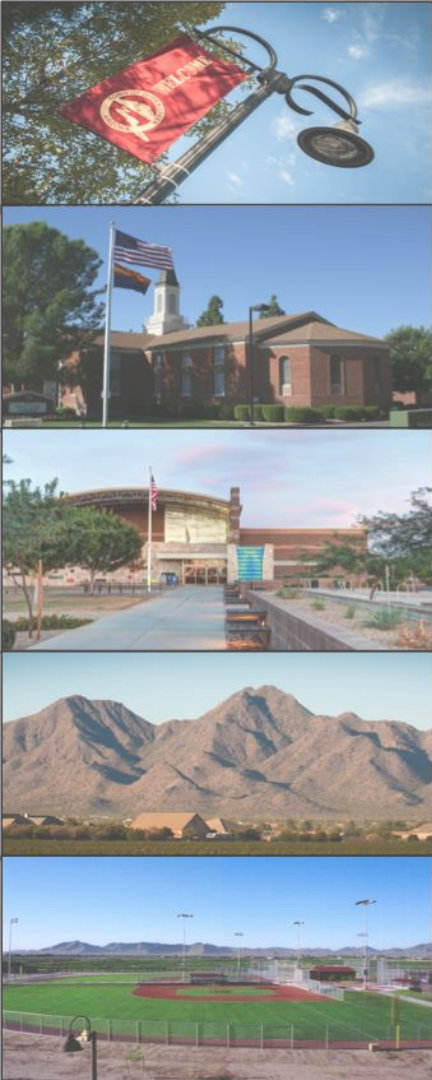
- “Green” Subdivisions Developed Between 1996 and 2003
 - Represents 60% of Water Use Reported to CAGR D
 - 69 Subdivisions
 - 13,405 Accounts
- Town Council Adopted CAGR D Credit Use Policies
 - 2018: Use CAGR D Credits Over 5 Years
 - 2019: Use CAGR D Credits ASAP



HOA Water Bill Example: Cortina

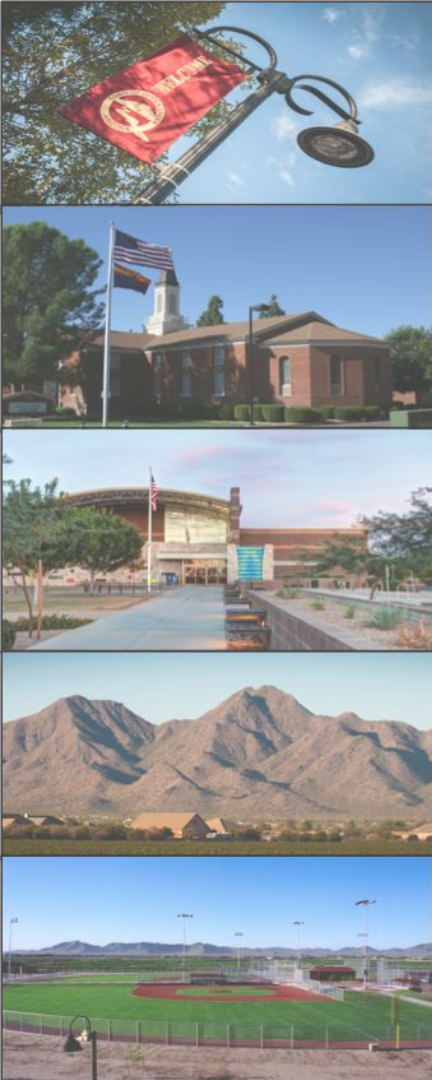
| Cortina HOA | 2018/19 |
|------------------------------|-----------|
| 1. QC MONTHLY WATER BILL | \$229,300 |
| 2. CAGR D (ON PROPERTY TAX)* | \$132,100 |
| TOTAL COST | \$361,400 |

** Actual CAGR D Assessment is \$165,200, the Shown Assessment Reflects CAGR D Credits (\$33,100) Applied Through Council's 2018-19 Policy (5-Year Use Rate)*



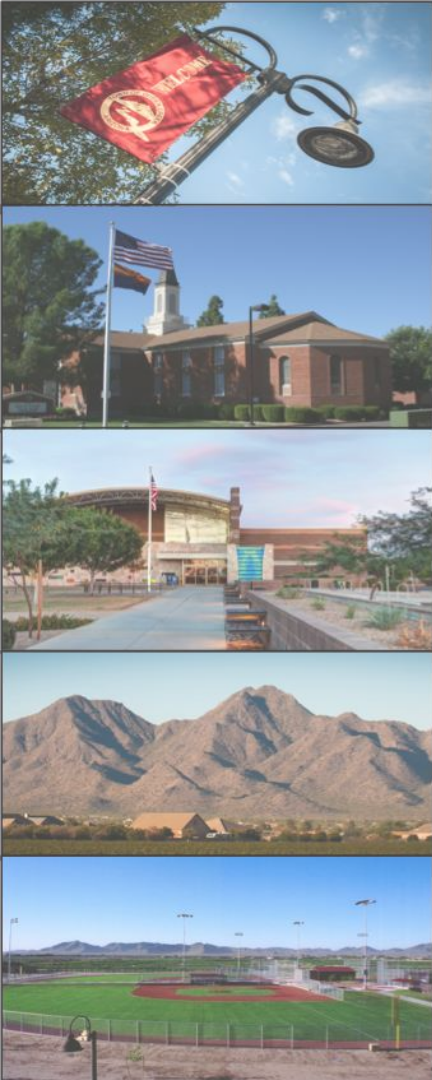
HOA Example: Cortina Water Consumption, Credit, and GWEC Use in *Acre Feet*

| CORTINA | 2018/19 | 2019/20 | 2020/21 |
|-------------------|---------|---------|---------|
| Water Delivered | 245 | 229 | 229 |
| CAGRD Credit Used | - 49 | - 187 | 0 |
| GWECs Used | 0 | 0 | - 229 |
| CAGRD Assessment | 196 | 42 | 0 |



HOA Savings: Examples

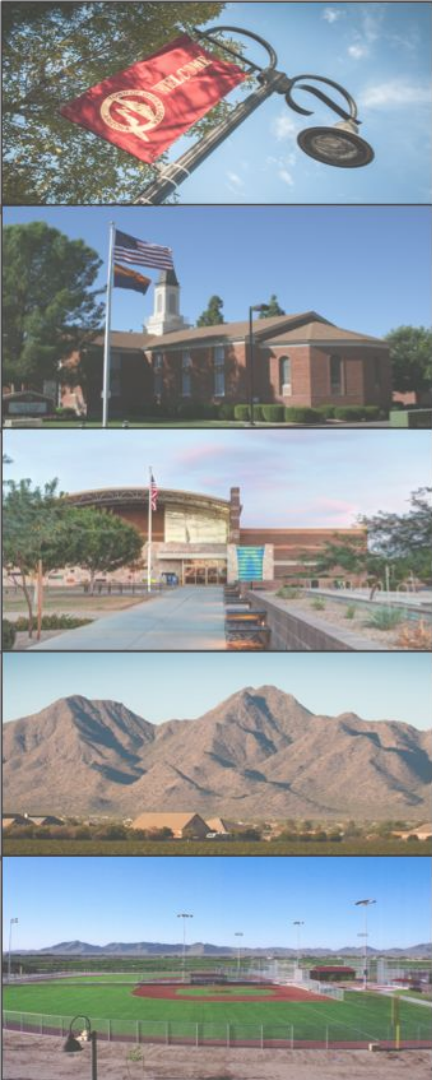
| | 2018/19 | 2019/20 | 2020/21 |
|-------------------|-----------|----------|---------|
| Cortina | \$132,100 | \$30,200 | \$0 |
| Sossaman Estates | \$ 75,700 | \$35,500 | \$0 |
| Pecan Creek North | \$ 16,000 | \$0 | \$0 |
| Montelena | \$ 14,000 | \$0 | \$0 |
| Wayne Ranch | \$ 15,700 | \$0 | \$0 |



Subdivision Savings: Examples

| | Lots | 2018/19 | 2019/20 | 2020/21 |
|-------------------|-------|------------|------------|---------|
| Cortina* | 1,294 | \$ 442,746 | \$ 105,709 | \$0 |
| Sossaman Estates* | 781 | \$ 302,690 | \$ 131,048 | \$0 |
| Pecan Creek North | 1,321 | \$ 84,200 | \$0 | \$0 |
| Montelena | 442 | \$ 67,150 | \$0 | \$0 |
| Wayne Ranch | 424 | \$ 40,115 | \$0 | \$0 |

** Subdivisions Exhausted Available CAGRD Credits in 2019/20 That Will Be Replenished with GWECs Going Forward*



HOA Meetings

- Town Staff Has Met with Several HOA Managers and Board Members
- General Comments
 - Awareness About CAGR D Varied
 - Appreciative of Town Council Leadership to Eliminate CAGR D Costs

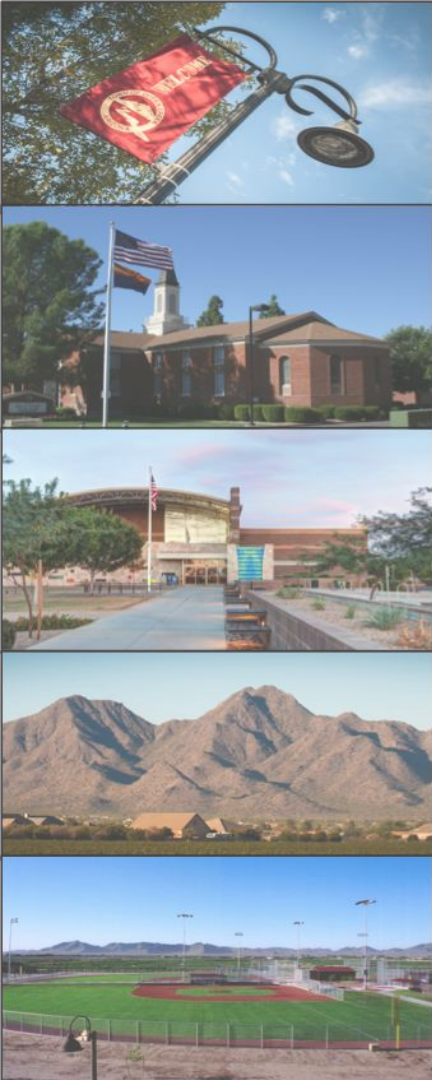
Pending Issue

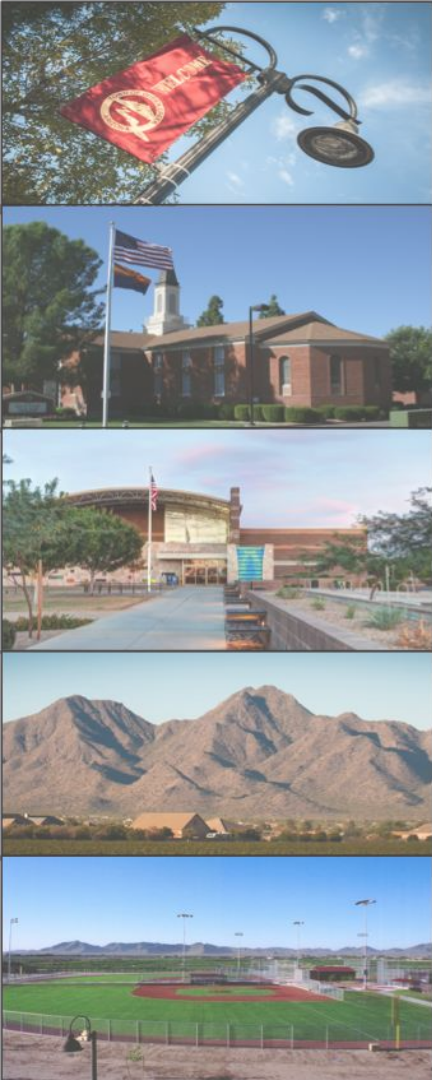
- Develop a Program to Prevent Excessive Water Consumption Increases by HOAs
 - “Consumption Cap”
 - Work with HOAs on Different Approaches to Water Conservation
 - General Water Management
 - Landscape Design Improvements



“Green Parcel” Savings

| | 2017/18 | 2018/19 (Use Credits Over 5 Years) | 2019/20 (Use Credits ASAP) |
|---------------------------|---------------|---|----------------------------------|
| CAGRD Credits Used | \$2.2M | \$2.9M | \$4.2M |
| CAGRD Assessment | \$2.4M | \$1.7M | \$0.6M |
| Total | \$4.6M | \$4.6M | \$4.8M |
| Annual Savings | | \$0.7M | \$1.1M |
| Cumulative Savings | | \$0.7M | \$1.8M |
| Customers Impacted | | 13,405 | |

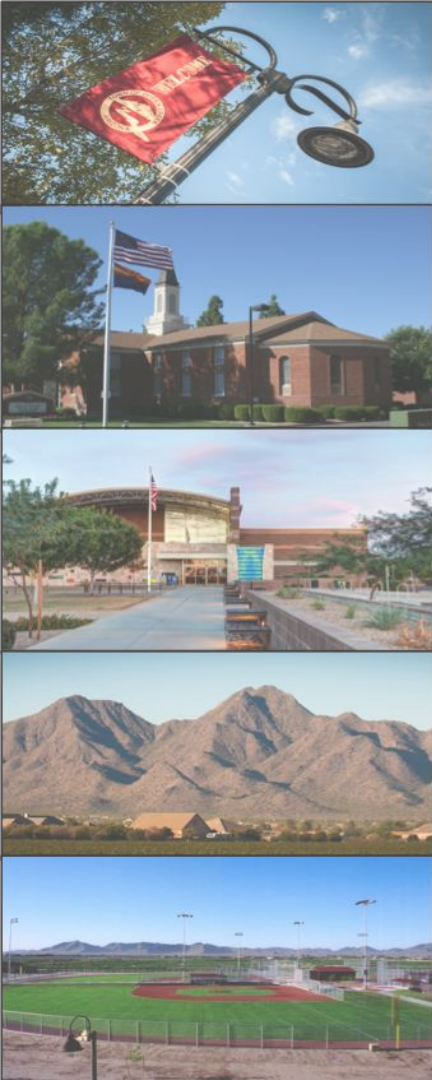




Communication Plan

Designed to Address the Following:

- What are AZ Groundwater Requirements?
- What Has Been Our Historical Approach?
- How is Our Approach Changing?
- What Benefit Does This Mean to Queen Creek Water Customers?



Communication Plan (concluded)

| DATES | ACTION ITEM |
|--|---|
| June 5, 2019 Town Council Meeting | Review of Preliminary CAGR D Results & Communication Plan |
| June – July 2019 | CAGR D / Town Reconcile Reported Usage and Finalize Assessments |
| May 2019 | Targeted Communication to Large Water Users |
| May – June 2019 | Direct Customer Outreach |
| May – October 2019 | Indirect Customer Outreach |
| September – October 2019 | Direct Customer Reminder |



Comments and Questions