



2024 CAGRD Fees

Town Council Meeting

April 3, 2024



Purpose of Presentation

- Review AZ Water Resource Requirements
- Review Role of the Central Arizona Groundwater Replenishment District (CAGRDR)
- Discuss Staff Recommendation Regarding the Intentionally Created Surplus (ICS) Program
- Review and Discuss 2024 CAGRDR Fees



AZ Water Resource Requirements

- Post 1996 Development Must Have a 100-Year Assured Water Supply
- Groundwater Use Requires Annual Replenishment
 - “Must Put Back the Same Amount of Water We Take Out”
- QC Uses CAGRDR to Assist in Meeting Groundwater Replenishment Requirements

CAGRD Rules

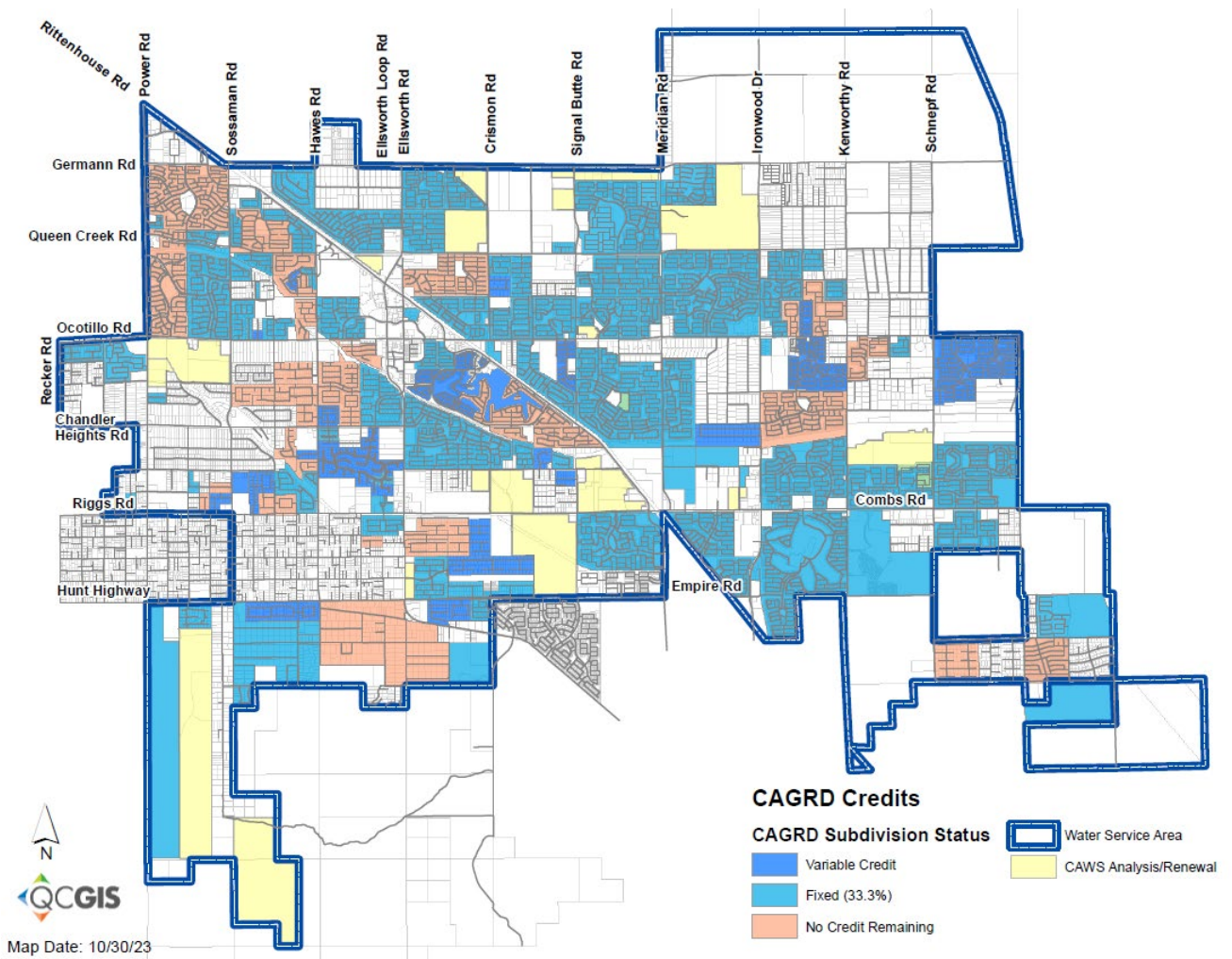
- Applies to All Residential Subdivisions that Use Groundwater
- Options to Meet Replenishment Requirements
 - Pre-2004 Development (1996-2004):
 - **Most Options Available** Including GWECs, Recovered Effluent, Recovered Surface Water, and Stored CAP Water
 - Post-2004 Development:
 - **Less Options Available** Including: Recovered Effluent, Recovered Surface Water, and Stored CAP Water
- Applies Both to Potable and Irrigation Water



CAGRD Overview

- Number of CAGRD Accounts Billed: 36K
- CAGRD is Based on Account Consumption of Prior Year
- Account Bills Vary Because Consumption Varies
- Components of Customer Cost
 1. Replenishment Costs – Prior Year Groundwater Usage
 2. Less Applied Groundwater Allowance
 3. Less Other Applied Credits / Non-Groundwater Sources
 4. Annual Membership Fee
- Customer Costs Are Assessed Annually on Property Tax Bills (September 2024)





Town's CAGRDR Policy

- Created in 2018
- Last Updated in 2022
- Annual Town Council / Report Requirement
- Outlines CAGRDR Fee Reduction Strategies
 1. Groundwater Credits: Available Amount Maximized per State Law
 2. GWECs: Maximized for Pre-2004 Accounts
 3. Surface Water (CIBOLA): Maximized for Post-2004 Accounts
 4. Groundwater Storage Credits (Certified 7.7K)

NOTE: Annual Account Membership Fee Cannot Be Eliminated and is Paid by the Customer (\$31.26)



ICS Water Preservation Agreement

- Intentionally Created Surplus (ICS)
- One-Time, Voluntary Program Designed to Retain Water in Lake Mead to Address Draught Condition
- Town's Participation
 - 3,617 Acre Feet (2023 NIA and M&I Allocations)
 - \$1.2M One-Time Payment
 - When the ICS Agreement was approved, it was Staff's position that \$600K Would be used to Reduce Post-2004 CAGR D Fees in 2024
 - Amount per Account: ~\$26 (~23.5K Accounts)





ICS Water Preservation Agreement

(concluded)

REVISED RECOMMENDATION

Do Not Provide the Per Account Refunds (~\$26)

Why?

1. \$600K Reduction Has Been Achieved in a Different Manner
2. Helps to Address Water Fund Deficits at June 30, 2023
 - Cash Deficit: \$15.2M
 - “Savings Deficit”: \$9.3M

2024 CAGRD Fees



- **Based on 2023 Water Consumption**
- **2024 Fees: \$4.5M (+\$1.2M)**
 - Pre-2004 Accounts: \$0
 - More Tools Available to Eliminate Fees
 - Post-2004 Accounts: \$4.5M (+\$1.2M)
 - Limited Number of Tools to Reduce Fees (Until QC is a Designated Water Provider)

2024 CAGRD Fees (continued)

- **Savings: \$9.2M (67%)**
 - Bills Reduced from \$13.7M to \$4.5M
- **Cumulative-to-Date Results: \$45.1M**
 - Initiated in 2018 (6 Years Ago)



2024 CAGRD Fees (continued)

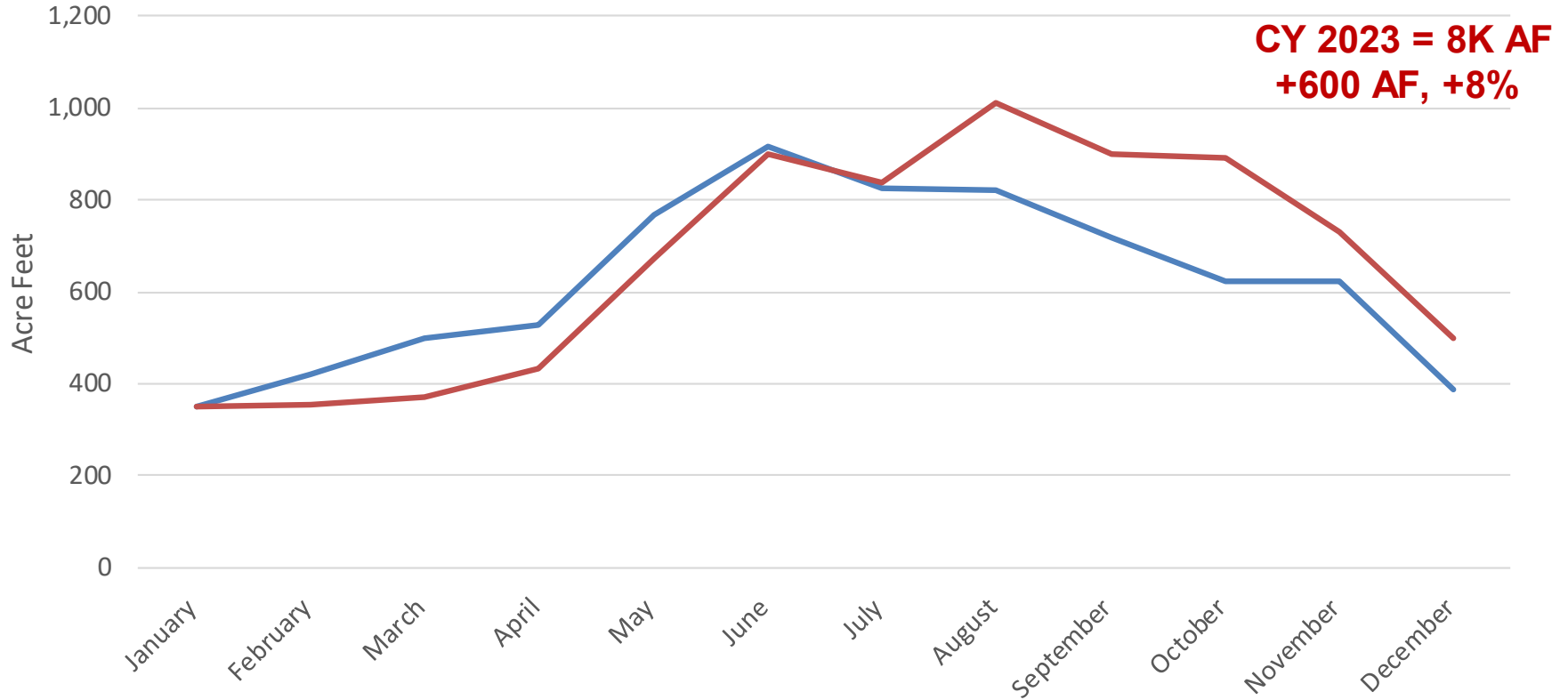
3 Reasons for the Increase

1. Increased Number of Accounts (+1,700, +8%)
2. CAGRD Cost per Acre Foot Increased by \$58 (7%, to \$832 per Acre Foot)
3. Higher Average Temperature Results in Increased Water Use



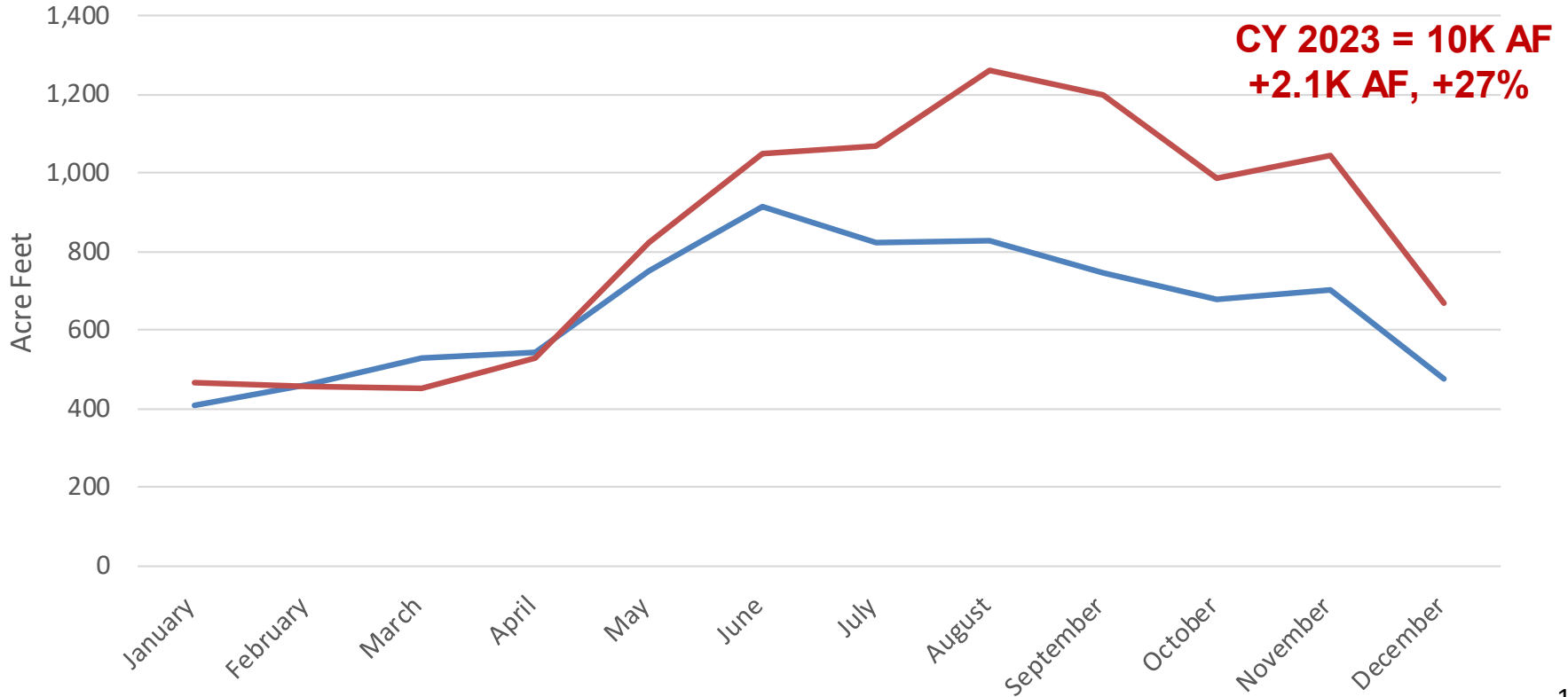
CY 2022 vs. CY 2023 Water Consumption

(Pre-2004 Accounts)



CY 2022 vs. CY 2023 Water Consumption

(Post-2004 Accounts)

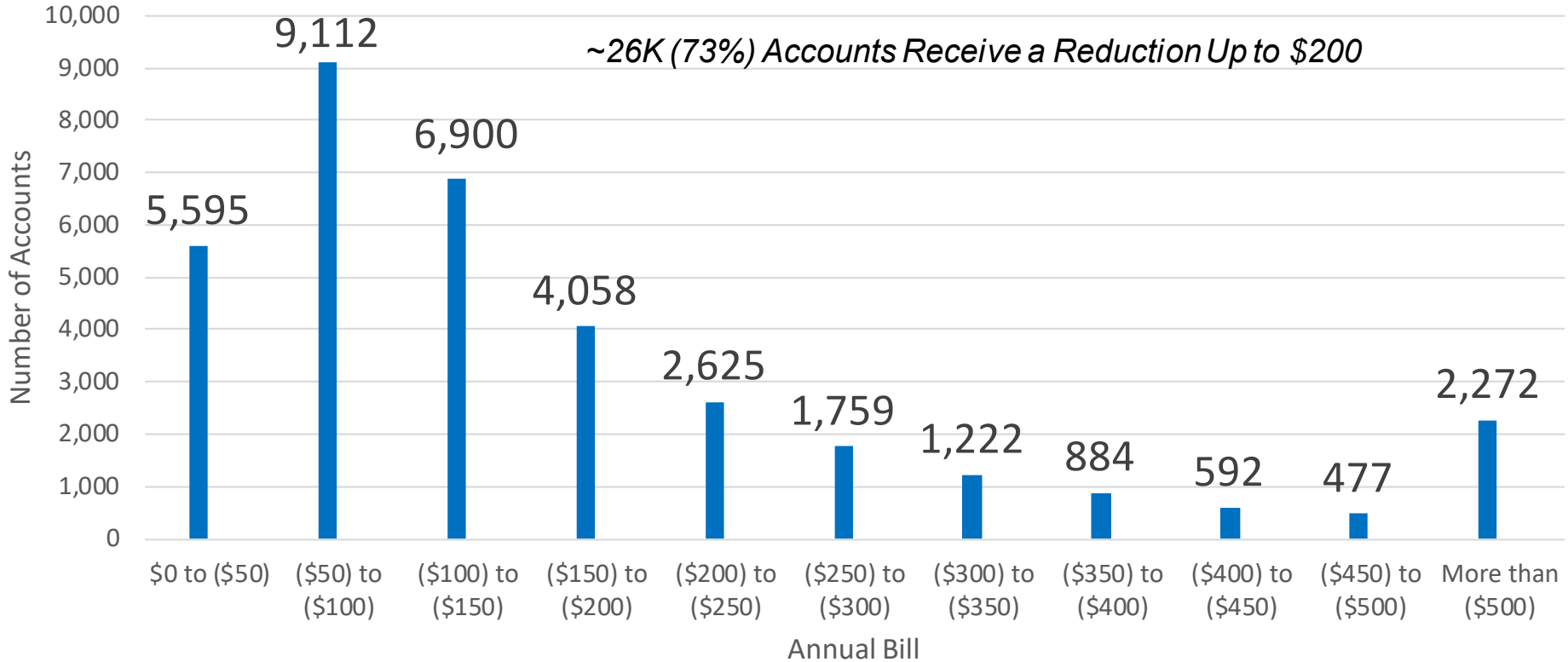


2024 CAGR D Account Summary*

	Pre-2004 Accounts	Post-2004 Accounts	Total
Number of Accounts	~12.5K	~23.5K	~36K
Usage Charge	\$5.4M	\$8.3M	\$13.7M
Total Reductions	<u>(\$5.4M)</u>	<u>(\$3.8M)</u>	<u>(\$9.2M)</u>
ANNUAL BILL	\$0M	\$4.5M	\$4.5M

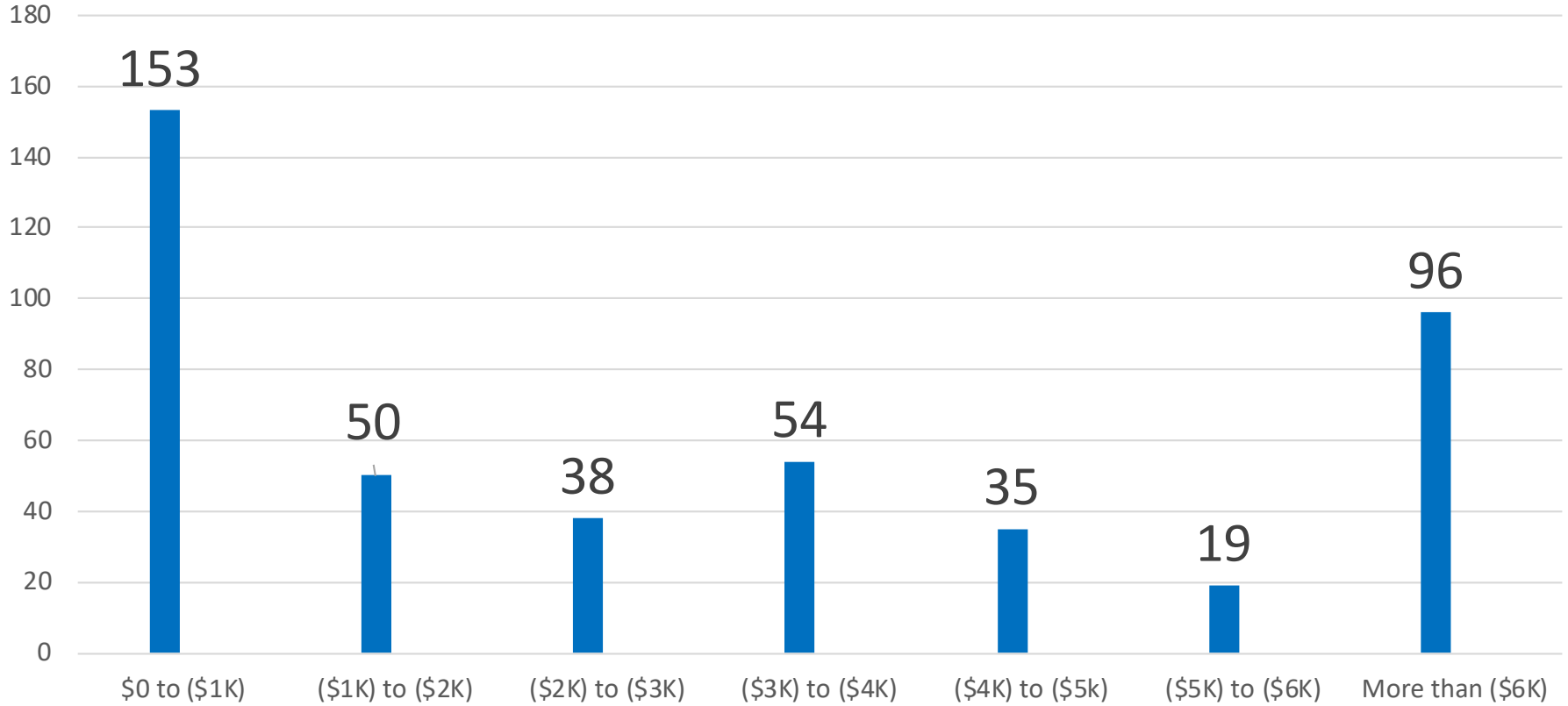
*Does not include \$31.26 per parcel CAGR D Membership Fee

2024 Residential Bill Reductions: \$7.0M (~35K+ Accounts)



2024 HOA Bill Reductions: \$2.2M*

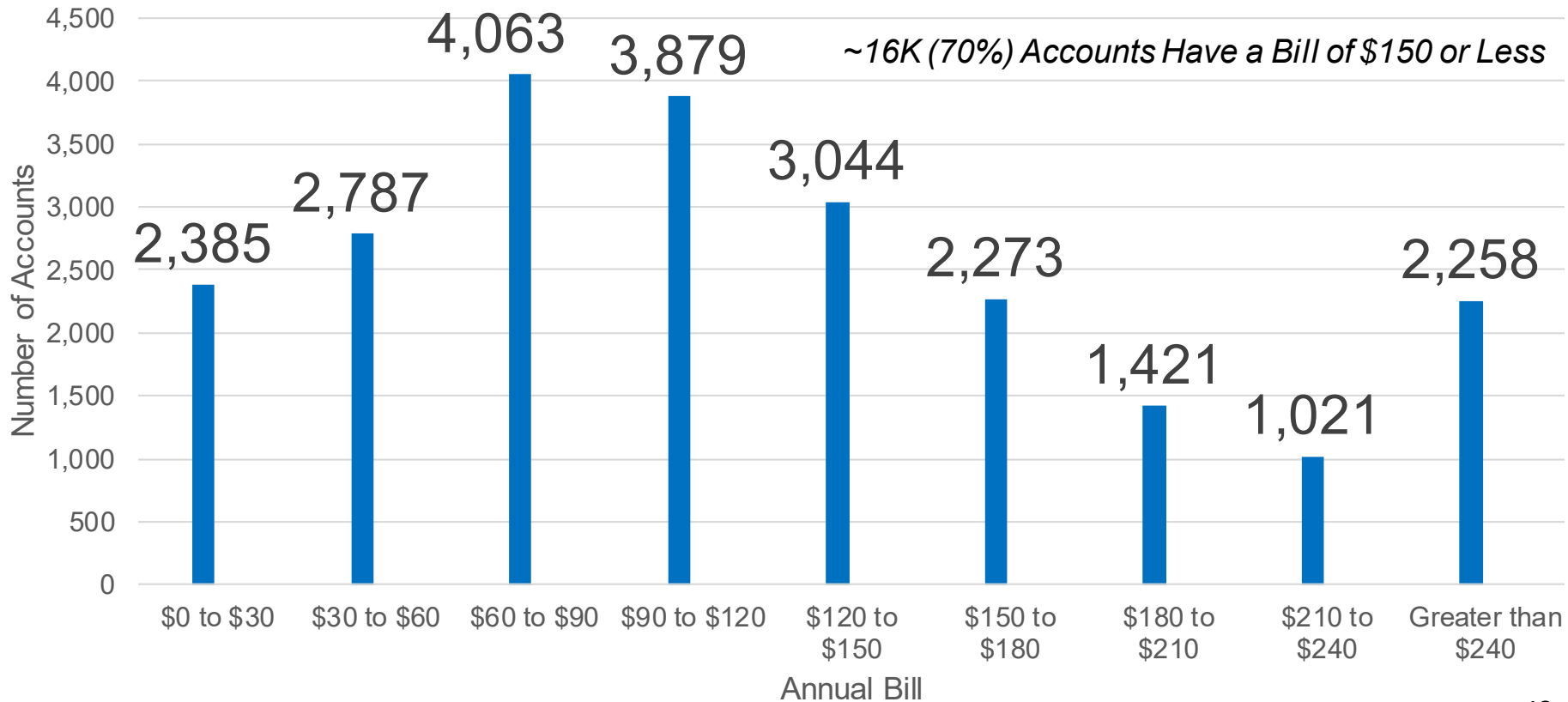
(445 Accounts)



* Most of this activity is HOAs but does include all other miscellaneous accounts.

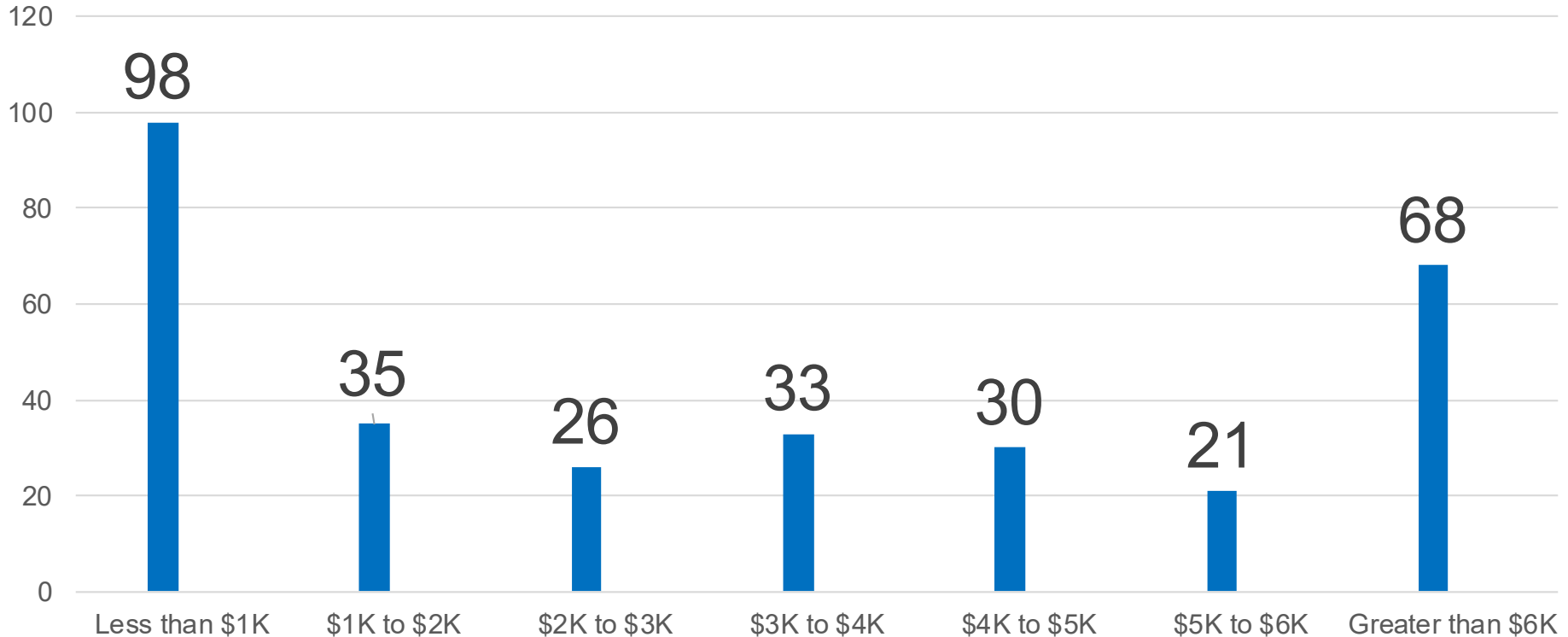
2024 CAGRD Residential Bills: \$3.0M

(~23K+ Post-2004 Accounts)



2024 CAGRD HOA Bills: \$1.5M*

(311 Post-2004 Accounts)



* Most of this activity is HOAs but does include all other miscellaneous accounts.

Assets Used to Reduce CAGR D Fees (\$234.5M)

	Groundwater Allowance (CARGD Value)	GWECs (CARGD Value)*	Effluent Water Credits (CARGD Value)
June 30, 2023 Valuation	\$71.2M (85.5K AF)	\$167M (200.8K AF)	\$6.4M (7.7K)
Used to Reduce 2024 CAGR D Fees	<u>\$4.3M (5.2K AF)</u>	<u>\$3.9M (4.6K AF)</u>	<u>\$1.8M (2.2K AF)</u>
June 30, 2024 Valuation	\$66.9M (80.3K AF)	\$163M (196.2K AF)	\$4.6M (5.5K AF)

*The Town's Cost to acquire this asset is less than the per acre foot charged by CAGR D. The Town's Valuation at June 30, 2024 is \$70M for GWECs.



Appendix:
Pre-2004 Account Summary
Post-2004 Account Summary
CAGRD Bill Examples

Pre-2004 Accounts

	2022 Usage	2023 Usage	Difference
Number of Accounts	~12.5K	~12.5K	-
Water Usage (AF)	7.4K	8.0K	+0.6K (+8%)
Usage Charge	\$4.7M	\$5.4M	+\$0.7M
Town Groundwater Allowance	(\$1.6M)	(\$1.6M)	-
GWECs	<u>(\$3.1M)</u>	<u>(\$3.8M)</u>	<u>(\$0.7M)</u>
Total Reductions	(\$4.7M)	(\$5.4M)	(\$0.7M)
ANNUAL BILL	\$0M	\$0M	\$0M

Post-2004 Accounts

	2022 Usage	2023 Usage	Difference
Number of Accounts	~21.8K	~23.5K	+1.7K (+8%)
Water Usage (AF)	7.9K	10.0K	+2.1K (+27%)
Usage Charge	\$6.1M	\$8.3M	+\$2.2M
Town Groundwater Allowance	(\$2.0M)	(\$2.8M)	(\$0.8M)
NIA Allocation	(\$0.8M)	Not Available	+\$0.8M
CIBOLA	Not Available	(\$0.5M)	(\$0.5M)
Effluent Water Credits	<u>\$0</u>	<u>(\$0.5M)</u>	<u>(\$0.5M)</u>
Total Reductions	(\$2.8M)	(\$3.8M)	(\$1.0M)
ANNUAL BILL	\$3.3M	\$4.5M	\$1.2M

CAGRD Bills: 3 Examples*



	Pre-2004 Account	Post-2004 Account	Post-2004 Account
CY 2023 Water Usage (Acre Feet)	0.10	0.28	1.03
Reduce For:			
Groundwater Allowance	N/A	-0.09	-0.34
GWECs	-0.10	N/A	N/A
Cibola	N/A	-0.02	-0.06
Effluent	<u>N/A</u>	<u>-0.02</u>	<u>-0.06</u>
<i>Total Reductions</i>	-0.10	-0.13	-0.46
CY 2023 Water Usage for CARGD Calculation	0.00	0.15	0.56
CAGRD Charge per Acre Foot	\$832	\$832	\$832
2024/25 CAGRD Bill	\$0	\$127.55	\$466.31

*Does not include \$31.26 per parcel CAGRD Membership Fee

Example: Cortina Subdivision, Total Water Bill

\$532K Savings (61%)

	Cortina Residential Bills (~1,300 Accounts)	Cortina HOA	Total
1. QC Monthly Bills	\$659,000	\$211,000	\$870,000
2. CAGR Bill			
Consumption Charges	\$379,000	\$153,000	\$532,000
Application of GWECs	(\$379,000)	(\$153,000)	(\$532,000)
Administration Fees	<u>\$37,000</u>	<u>\$2,700</u>	<u>\$39,700</u>
CAGR Total	\$37,000	\$2,700	\$39,700
TOTAL Water Bill	\$696,000	\$213,700	\$909,700