



Collection of CAGR D Annual Membership Dues

BACKGROUND

Arizona Revised Statutes (ARS) provides CAWCD with the authority to charge Annual Membership Dues (AMDs) on all parcels of Central Arizona Groundwater Replenishment District (CAGR D) member lands and on all municipal providers having a CAGR D member service area, even if they are not yet reporting excess groundwater use (ARS §48-3779). Revenues generated by the collection of AMDs must be used to pay costs associated with the acquisition, lease or exchange of water or water rights and development of infrastructure necessary for CAGR D to perform its replenishment obligations, including the payment of debt service expenses, and necessary reserves and coverage requirements, on bonds issued for replenishment purposes (ARS §48-3779.B). Revenues generated by the collection of AMDs will not be used to pay the annual costs associated with delivery of water for replenishment purposes.

The objective of this policy is to describe the general methodology that will be used in establishing AMDs. The policy will be applied in any year in which the CAWCD Board proposes to collect AMDs.

METHODOLOGY

Each year, the CAWCD Board of Directors shall decide if AMDs should be collected from CAGR D member lands and member service areas. In determining the total amount of revenues to be generated through the collection of AMDs in a year, CAWCD shall comply with ARS §48-3772.A.8. In determining the AMDs to be charged against each parcel of member land and against each member service area, CAWCD shall comply with the provisions in ARS §48-3779. While most aspects of the methodology that staff will use to implement collection of AMDs are specified in statute, the following describes the supporting data that must be generated to carry out the implementation.

Member Lands

CAGR D Staff will maintain and publish a count of AMD-eligible lots (as defined in ARS §48-3779.E), based on data from plats and county parcel records, summed by Active Management Area.

Member Service Areas

CAGR D Staff will estimate the long-term replenishment obligation for each Member Service Area "associated with the current and committed demands projected within the member service area as of December 31 of the year following the year in which the district is required to submit its next plan under ARS §45-576.02, subsection C" (ARS §48-3779.D.2(a)). That "total planned annual service area replenishment obligation" will be determined based on the water provider's projected demand as indicated in the "Schedule AWS" data submitted to the Arizona Department of Water Resources (ADWR), less supplies available to the Member that are consistent with the management goal of the AMA in which the Member is located. The specific volumes of those supplies will be based upon information contained in each Member's current Designation Order, long-term storage account summary, ADWR Annual Reports and contracts for any additional permanent or long-term (100-year) renewable water supplies. CAGR D staff may request additional information regarding the basis of demand projections and will consider renewable supplies not otherwise included in the Member's Designation of Assured Water Supply.

Staff will also calculate the reliance on CAGR D in the Member's current Designation Order. Unless specifically identified, the volume shall be calculated based on the total groundwater, less the portion that is not subject to a replenishment requirement. That exempted portion shall include the calculated incidental recharge, groundwater allowance (divided by 100, [except Pinal AMA, as applicable]) and extinguishment credits (divided by 100, [except

Pinal AMA, as applicable]). The Assured Water Supply exemption granted to groundwater remediation projects expires in 2050, and is therefore ineligible.

Process:

The process of establishing AMDs will generally coincide with the CAGR D rate-setting process, on a biennial schedule, with the primary rate-setting activity taking place in even years and an update, if required, in odd years. AMDs will be established only after being publicly announced and providing adequate time for public comment. The suggested calendar for establishing AMDs is shown below, and is applicable to both the primary AMD-setting process in even years and any updates that may occur in odd years:

1. February – Staff request updated water supply information from Member Service Areas to best calculate the anticipated dues volume.
2. April – Staff includes proposed AMDs in the preliminary CAGR D rate schedule that is delivered to the CAGR D and Underground Storage Committee of the Board for study.
3. May – Board adopts the preliminary CAGR D rate package, including the proposed AMDs. Announcement is made through public notice, which also invites all interested parties to submit written comments.
4. May – Public comments are analyzed and reviewed by staff and a proposed final CAGR D rate schedule, including proposed AMDs, is disseminated to the Board and interested parties.
5. June – Board adopts the final CAGR D rate schedule, including AMDs.

Forward Announcement of AMDs

CAGR D AMDs will be announced during each primary or update rate-setting process.

The first year of the primary rate schedule will be considered "firm" pricing, subject to change only in emergency circumstances and if a change would be permitted under applicable contracts. The second year of the primary rate schedule will be considered "provisional," and will become firm unless updated by the Board prior to the commencement of the second year during the rate update process. Additional years in the rate schedule are "advisory" for customer planning purposes, but subject to change in subsequent primary rate-setting or rate update processes. Rate updates affecting provisional or advisory rates may be made if there are material changes in assumptions made when these rates were originally published.