CENTRAL ARIZONA PROJECT 2024 | 2025 BIENNIAL

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YOUR WATER YOUR FUTURE

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Central Arizona Project

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CAP Canal near Picacho Peak

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How to Use the Biennial Budget

The Central Arizona Water Conservation District (CAWCD or District), also known as the Central Arizona Project (CAP), presents the 2024/2025 Biennial Budget in one cohesive document. The budget document includes the following sections:

Executive Summary provides a high-level overview of the District to better understand the business and key issues. The section includes the General Manager's Letter, the CAWCD Board of Directors and the CAP Profile.

Biennial Budget Overview provides an overall summary of the District's revenues, expenses and capital spending. Selected financial data is provided as well.

Planning & Authorities reviews the District's planning and control processes, including strategic planning, financial planning and capital planning. The section identifies the District's strategic framework, plan, and performance measures, as well as providing the District's debt authorities, obligations and fund reserves.

Operating Budget provides the budget information for the day-to-day operations of the District for the General Fund, CAGRD Account, Supplemental Water Account and Captive Insurance Fund.

<u>Capital Budget</u> provides an overview of the capital budget as well as Capital Improvement Program profiles.

Organizational Summaries provides departmental budgets and their business goals and accomplishments.

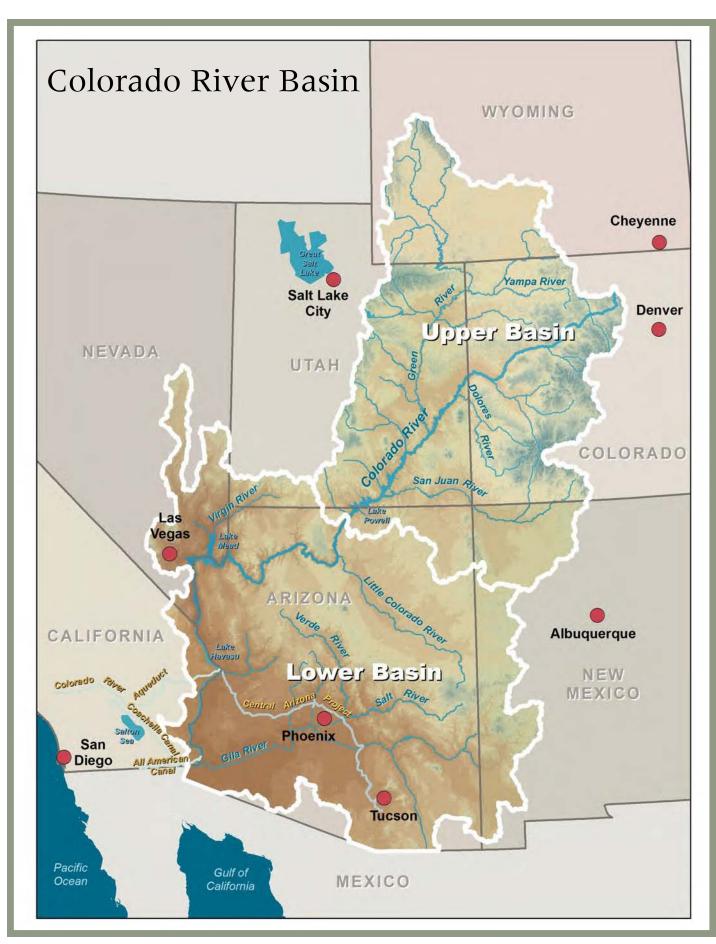
Appendix provides supplemental information such as water deliveries, rate schedule, pumping power costs, debt schedules, reconciliation of operations, maintenance & replacement (OM&R) costs, district policies, county profiles and helpful glossary of terms.







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2024/2025 BUDGET General Manager Introduction - Brenda Burman



Central Arizona Project

I am pleased to present CAWCD's 2024/2025 Biennial Budget. This is the first budget to be considered for approval during my tenure as General Manager and I'm proud of the process and of our financial stability.

Central Arizona Project (CAP) remains focused on its mission to reliably manage and deliver Colorado River water to Maricopa, Pinal, and Pima counties. A lot will be happening during the next two years. We will

be negotiating and the United States will be establishing new operating guidelines for the Colorado River system which will extend decades into the future. Operationally, our system is aging and will require substantial maintenance and replacement of highly specialized infrastructure to be reliable.

Despite these anticipated challenges, I'm confident in CAP. Our stability is a function of several important factors. CAP has a dedicated workforce of nearly 500 highly skilled professionals. Under this budget, we will remain an "employer of choice," able to attract and retain the best in the business. The physical system is an amazing piece of infrastructure designed to move water supplies across our state. We have the tools and responsibility to reliably deliver a critical water supply to 80% of the state's population.

The budget is the foundation which supports the work required to accomplish CAP's mission. It was developed in a transparent process over many months of careful planning. Starting with a grassroots approach, the budget process involved many employees throughout the organization to identify needs and establish costs.

We discussed these issues in open public meetings and solicited input from CAP stakeholders and water users. The budget reflects CAP's desire to offer our customers and contractors financial predictability in addition to dependable water deliveries.

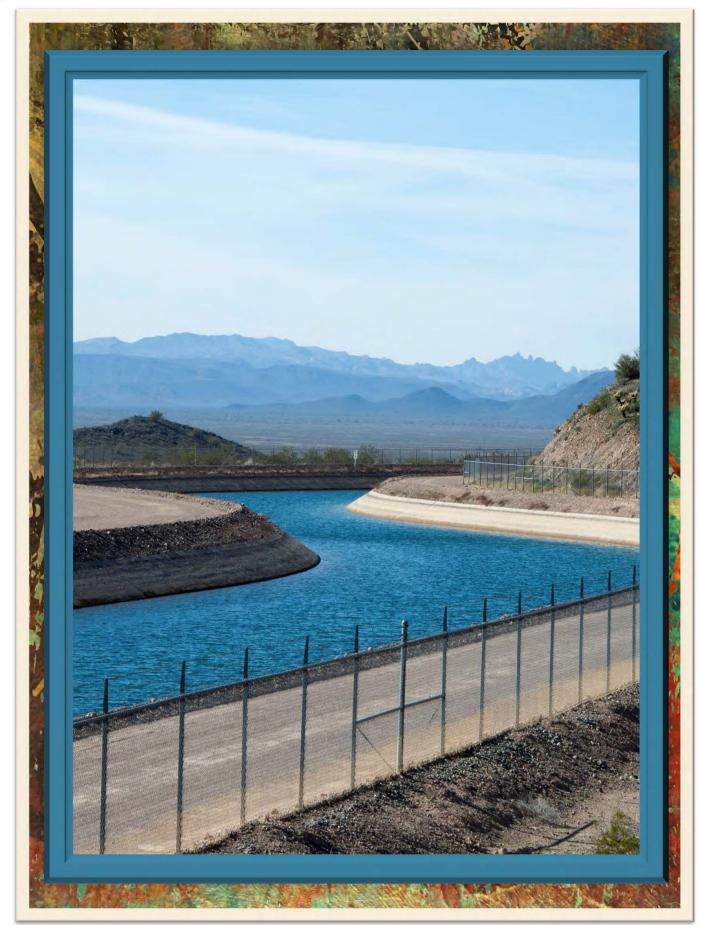
The 2024/2025 Biennial Budget is a signal that CAP is in a strong financial position. It follows in a long line of budgets reflecting top quality work and smart planning.

This budget provides the critical resources during pivotal years to prepare CAP to meet our upcoming challenges.



General Manager Central Arizona Project

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CAP Canal near Mile Post 59

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TO OUR BOARD, CUSTOMERS AND CONSTITUENTS



Central Arizona Project

The CAP 2024/2025 Biennial Budget is built from the bottom-up, meaning that the individual departments, under the guidance of the Management Council, derive requests based on their most pressing needs and work requirements. Senior leadership then review the comprehensive list of requests and make a final determination about what will be brought forth to the Board of Directors in this document. The guiding principle of this exercise is to ensure critical work can be completed over the next two years within the rates adopted by the Board in June 2023.

This is the tenth budget prepared since the Central Arizona Water Conservation District (CAWCD) Board of Directors adopted a two-year financial planning cycle. The two-year process allows for a cycle in which long-range planning is completed in the even-numbered years, feeding into budget development during the odd-numbered years.

Strategic planning, rate setting, establishing reserve targets, and developing financing strategies are also the focus of even-numbered years; however with the volatility on the Colorado River, setting rates has recently become more of an annual exercise.

Despite the challenges we face, CAP's financial position is strong. The CAWCD Board's 2022 Strategic Plan and stakeholder input were used as a guide.

2022 Strategic Plan Key Result Areas (KRA's)

- Water Supply
- Power
- Finance
- Project Reliability
- Groundwater Replenishment
- Workforce
- Stewardship and Sustainability
- Public Trust, Partnerships, and Leadership

CAP has achieved a lot during the past two years. The Colorado River reached critically low levels in 2022, signaling even more drastic action was necessary than contemplated in the Drought Contingency Plan, which had only been finalized in 2019. For the first time, Lake Mead's elevation had a direct impact on CAWCD rates.

As the lake level continued to drop in 2022, CAP and stakeholders along the Colorado River developed conservation programs, mostly compensated, to protect the system. These efforts combined with good hydrology were successful.

Through 2026, multiple efforts have been created to conserve water in Arizona, both through the Bureau of Reclamation's (Reclamation) funding under the Inflation Reduction Act, as well as programs established by the Arizona Legislature and CAWCD Board of Directors. As a result of this compensated conservation, CAP anticipates delivering just over 900,000 acre-feet in 2024. This is roughly equivalent to a Tier 3 volume under the Drought Contingency Plan, even though Lake Mead's elevation put delivery volumes at a Tier 1 level.

Parallel to this effort, the United States published a draft Supplemental Environmental Impact Statement (SEIS) to potentially revise the interim operating guidelines for the nearterm operation of Glen Canyon and Hoover Dams. The draft SEIS produced three alternatives for consideration, none of which were palatable to the seven Basin states. As a result, historic negotiations between the States produced a proposal which would take advantage of a wet winter to buy time for a more permanent agreement.

Meanwhile CAP continued to keep its infrastructure running, despite some challenges. A canal breach in July 2021 brought to light the importance of having a reserve to combat the rate volatility created by expensive one-time events and projects. In 2022, the Extraordinary Cost Reserve target was established by the Board, setting aside tax revenues for large-scale capital or conservation projects that didn't fit well within the existing rate structure. This innovation serves as a mechanism to get the important work done while keeping rates predictable for customers.

Another novel challenge to overcome was the volatile energy market, to which CAP had gained more exposure since the closure of Navajo Generating Station in 2019. The war in Ukraine, natural gas interruptions, the "Texas Freeze" and California wildfires all drove energy prices up. Through careful planning, CAP was able to control the fluctuation in the energy rate, while acquiring the power necessary to lift the water over 3,000 vertical feet along our 336-mile canal.

Energy prices will continue to be a major unknown moving forward, and CAP is working to secure additional firmed longterm resources to insulate CAP from the volatile energy market. One silver lining that has resulted from reduced water delivery volumes is that CAP has greater flexibility to shape power purchases throughout the year to take advantage of more favorable pricing. This has become a powerful tool for rate predictability for CAP water users.









There are many challenges and opportunities on the horizon for CAP, but none more so than the Reconsultation process. On June 16 of this year, Reclamation formally requested comments concerning the post-2026 operational guidelines for Lake Powell and Lake Mead. This effort will require substantial resources from CAP's workforce. This budget includes a request for additional staff to ensure CAP is positioned to advocate CAWCD's position during this process.







Central Arizona Project

Another headline-grabbing concern relates to the 100-year groundwater models in Phoenix and Pinal active management areas. As groundwater sources become scarcer, the Central Arizona Groundwater Replenishment District (CAGRD) must still meet its firming obligations for its members. Every ten years, CAGRD is required to submit a Plan of Operation for approval by the Director of the Arizona Department of Water Resources. The 2025 Plan of Operation will have to contemplate this new reality and is anticipated to be submitted in 2024 for review.

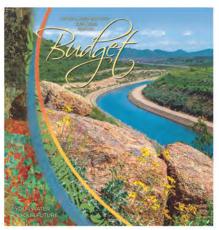
CAP does not function without a well-trained, dedicated staff to operate it. Since the COVID-19 pandemic, there has a been a paradigm shift for how prospective employees view employers. CAP's hiring managers have noticed that there is significantly less interest in positions than there was previously. This is a problem nearly every employer is facing. However, CAP is well-positioned to remain an employer of choice for prospective candidates. This budget includes a package to "right-size" employee pay to align with the changing labor market, without having an impact on water rates.

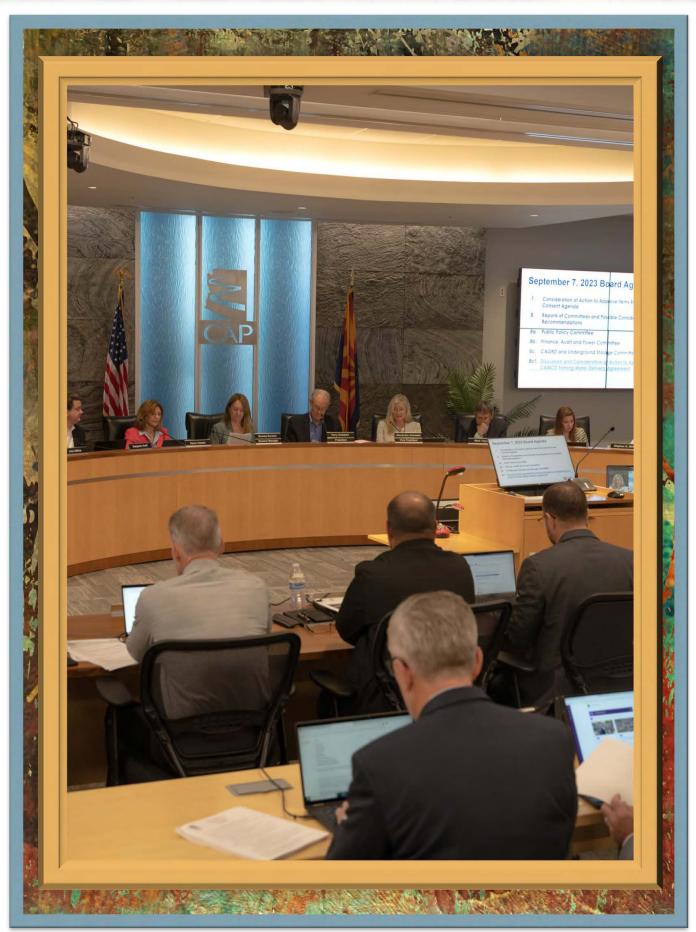
Finally, CAP faces challenges procuring critical equipment and resources, specifically due to inflation and supply chain interruptions. The cost of doing business has gone up. Everything from fuel for our fleet to IT equipment is impacted. Professional service contracts unhindered by price-lock mechanisms will surely jump. The insurance market experienced underwriting losses in 2022 that were six-times greater than the losses in 2021. CAP expects insurance providers will be looking to recoup that at some point in their pricing. Since CAP's operating costs are largely independent of the amount of water

delivered, it should be no surprise this budget increases spending over prior years.

Water is a precious resource, and it may become more so before alternative sources are located and procured. When those new sources of water are realized, whether they are from exchange agreements, groundwater recovery, desalination, or some other source, Central Arizona Project is likely to be the mechanism by which it is transported to over 80% of the state's population.

CAP remains focused on maintaining a reliable infrastructure system. This budget reflects a dedication to ensuring the system is operable 24/7/365 days of the year.





CAWCD Board of Directors Meeting with Staff & Stakeholders

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THE CAWCD BOARD OF DIRECTORS

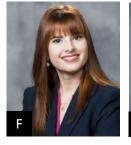
































Terry Goddard President



Alexandra Arboleda Vice President



Karen Cesare Secretary

Maricopa County

- A. Ylenia Aguilar
- B. Alexandra Arboleda
- C. Lisa A. Atkins
- D. Terry Goddard
- E. Benjamin W. Graff
- F. Heather A. Macre
- G. Jennifer Martin
- H. Amanda Monize
- I. April Pinger-Tornquist
- J. Barbara Seago

Pima County

- K. Karen Cesare
- L. L.M. "Pat" Jacobs IV
- M. Justin Manuel
- N. Mark Taylor

Pinal County

O. Stephen Q. Miller

Term ending 2028 Term ending 2028 Term ending 2024 Term ending 2024 Term ending 2028 Term ending 2024 Term ending 2024 Term ending 2028 Term ending 2024 Term ending 2024

Term ending 2026 Term ending 2026 Term ending 2026 Term ending 2026

Term ending 2026



CAWCD GOVERNANCE

CAWCD is a special district governed by a 15-member, popularly elected Board of Directors. Ten members are from Maricopa County, four are from Pima County, and one is from Pinal County. Members serve six-year, unpaid terms. Five members are elected every two years. Subsequent to each election, the Board chooses a President, Vice President and Secretary as well as an Executive Committee.

The Board typically meets publicly the first Thursday of each month to establish policy and set rates and taxes for CAP. There are five established Committees of the Board. Meetings are open to the public and held in person and broadcast via livestream.

EXECUTIVE COMMITTEE

The Executive Committee is comprised of the President, Vice President, Secretary, Immediate Past President and two additional Board Members. Bylaws ensure all three counties represented among the membership. The Committee does not meet regularly but may be called to handle emergencies between Board meetings and to make recommendations to the Board. All actions of the Executive Committee are subject to ratification by the Board.

FINANCE, AUDIT & POWER COMMITTEE

The Finance, Audit and Power Committee (FAP) is chaired by the Board Vice President and provides assistance to the Board in fulfilling its responsibilities to the electorate relating to accounting and reporting, the quality and integrity of the District's financial reports, and the budgetary and fiscal practices of the district, operational security, energy risk management and other power and transmission matters. The Committee also oversees the internal and independent auditors for the District.

CAGRD & UNDERGROUND STORAGE COMMITTEE

The Central Arizona Groundwater Replenishment District (CAGRD) and Underground Storage Committee is chaired by the Board Secretary and provides assistance to the Board by addressing issues, policies and proposed legislative amendments relating to the CAGRD's responsibilities and authorities and CAWCD's underground storage and recovery activities.

PUBLIC POLICY COMMITTEE

The Public Policy Committee is chaired by a Board member(s) appointed by the Board President and provides recommendations to the Board for positions on state legislative issues, federal legislative issues and other public policy issues.

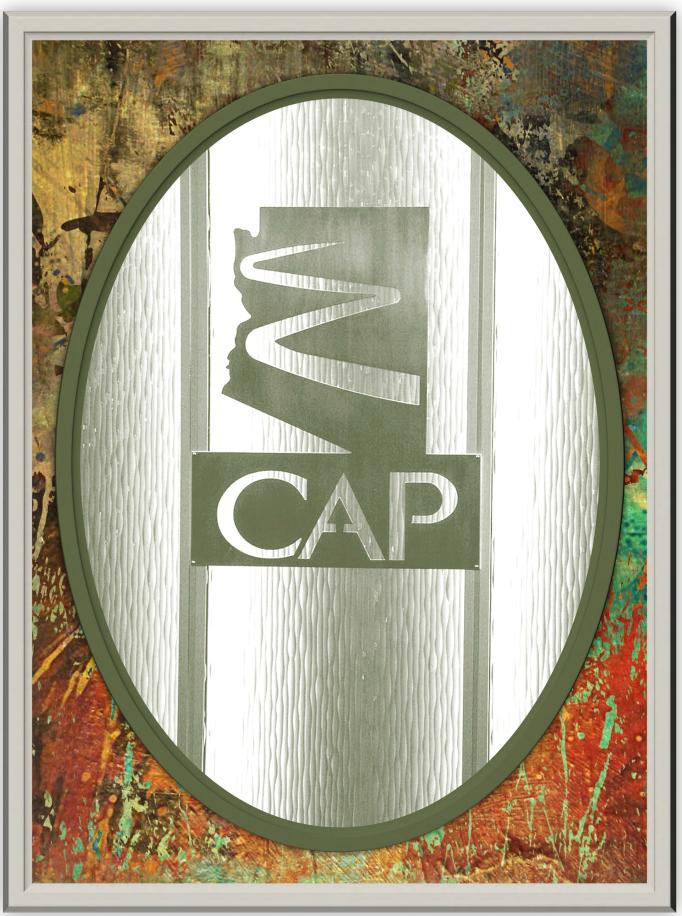
Nominating Committee

Nominating Committee. At least two weeks prior to the election of officers, the President of CAWCD shall appoint a Nominating Committee consisting of at least three (3) Directors to make recommendations for the election of officers and the Executive Committee memberships. Recommendation

Special Committees

In addition to the established committees, the Board President may appoint Special Committees to make recommendations to the Board on issues of significance or to carry out directives of the Board. In recent years, these special committees have been referred to as Task Forces and have been created with a specific scope to address a pertinent policy topic and make recommendations to the Board.





CAP Logo from Headquarters' Board Room

GFOA AWARD

Central Arizona Project

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

Central Arizona Water Conservation District Arizona

For the Biennium Beginning January 01, 2022

Christopher P. Monill

Executive Director

The Government Finance Officers Association (GFOA) of the United States and Canada presented a Distinguished Budget Presentation Award to the Central Arizona Water Conservation District for its Biennial Budget for the Biennium beginning January 1, 2022. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operational guide, as a financial plan and as a communication device.

This award is valid for a period of two years. Central Arizona Project believes the current budget continues to conform to program requirements and will be submitting it to the GFOA to determine its eligibility for another award.



SRP Turnout near Salt Gila Pumping Plant

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Who We Are

Our Mission

Central Arizona Project's dedicated team reliably manages and delivers Colorado River water to Maricopa, Pinal, and Pima Counties

Our Vision

Central Arizona Project serves as a collaborative partner and innovative leader in sustainable management and reliable delivery of water for Central Arizona

Our Values

Teamwork: Working together to reach consensus and achieve common goals
Safety: Keeping coworkers and the workplace safe
Integrity: Doing the right thing with consistency and dedication
Service: Caring for the needs of stakeholders, coworkers, and our community
Professionalism: Delivering superior results



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THE CAP SYSTEM



Aqueduct	Length (Miles)	Pumping Plants	Lift (Feet)	Tunnels & Siphons	Turnouts
Hayden-Rhodes	190	5	1,251	10	17
Fannin-McFarland	63	1	86	1	20
Tucson	83	9	1,569	1	17
Totals	336	15	2,906	12	54

CAP PROFILE

Central Arizona Project (CAP) was created in 1971 as the Central Arizona Water Conservation District (CAWCD), pursuant to state law. CAWCD is a three-county water conservation district. While generally having the same authority as a municipal corporation, CAWCD is a special district with duties focused on managing and providing water to a large region. CAWCD is the largest supplier of renewable water supplies in the state of Arizona. It is the state's largest contractor of Colorado River water with an entitlement of nearly 1.5 million

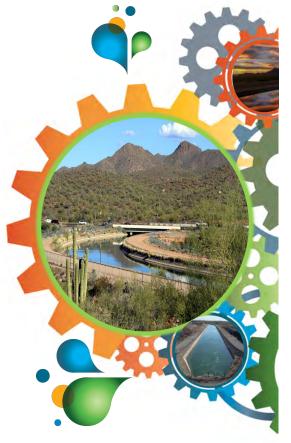
acre-feet during normal supply conditions. An acre-foot of water is equal to approximately 326,000 gallons, enough water to serve about three average homes for a year in the CAP service area.

PURPOSES OF CAWCD

CAWCD has three primary purposes. First, it is the steward of central Arizona's Colorado River water entitlement and a leader in Arizona's water community. The District works with the Arizona Department of Water Resources to meet the current and future water needs for CAWCD customers by: (a) focusing on understanding the current and future reliability of Colorado River supplies; (b) assessing current and future water needs in the CAWCD service area; (c) identifying the mechanics of storing water underground and recovering it for future use; and (d) identifying additional renewable water supplies that could be brought into the CAWCD service area.

Second, CAWCD delivers Arizona's share of Colorado River water through a conveyance system that it also operates and maintains. The CAP aqueduct begins at the Arizona-California

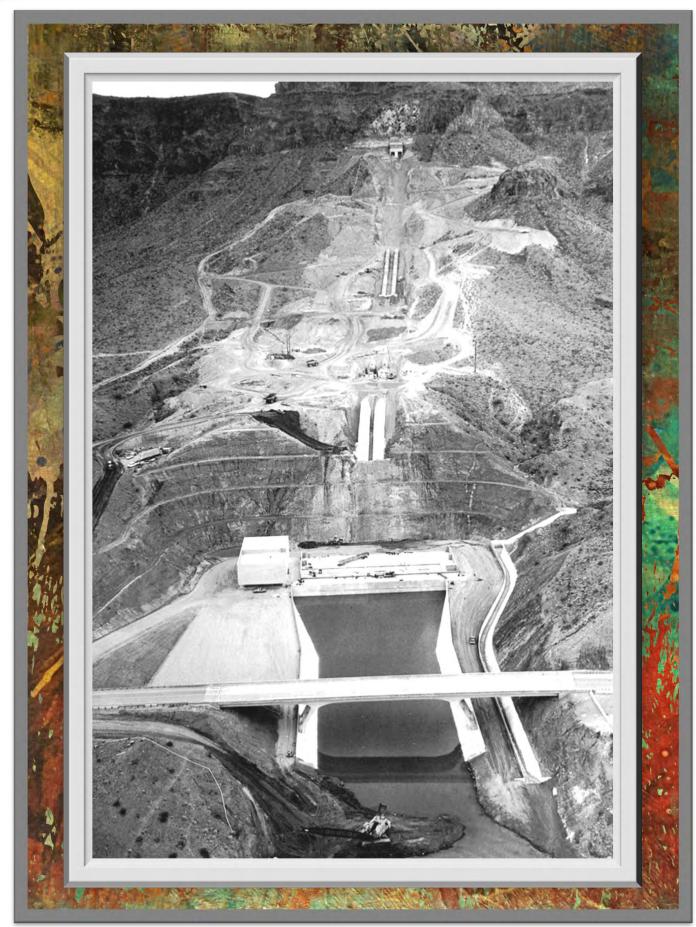
Central Arizona Project



border near the confluence of the Bill Williams and Colorado Rivers at Lake Havasu and extends east and then south past Tucson to the Tohono O'odham Nation. The CAP system includes approximately 336 miles of aqueduct, 14 pumping plants, 1 hydroelectric pump/ generating plant at New Waddell Dam, Lake Pleasant stage reservoir, 39 radial gate structures, 12 tunnels and siphons and 54 turnouts. Using its pumps, CAP lifts water nearly 3,000 feet from the Colorado River to the CAP terminus just south of Tucson.

Finally, CAWCD is responsible for repaying the federal government those reimbursable costs associated with the construction of the CAP.

Over time, CAWCD's statutory responsibilities have expanded to include authorization to provide groundwater replenishment services through the CAGRD, and to build, operate and maintain underground storage projects as well as being a recovery agent of stored water.



Mark Wilmer Pumping Plant

CAP HISTORY

During the early 1900's, the seven states of the Colorado River Basin - -Arizona, California, Nevada, New Mexico, Wyoming, Colorado and Utah - negotiated for shares of Colorado River water. In 1922, representatives from the seven states and the United States government created the Colorado River Compact, which divided the states into lower and upper basins

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and gave each basin 7.5 million acre-feet of water to annually apportion. Arizona, California and Nevada were sectioned into the Lower Basin and were instructed to divide the 7.5 million acre-foot allotment among themselves.

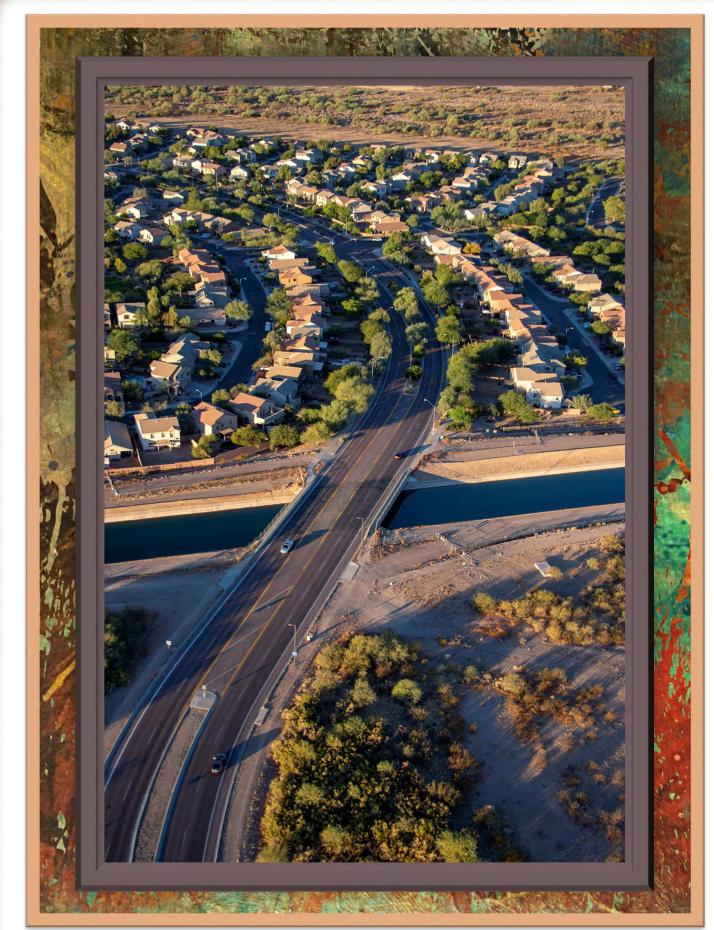
Arizona was in dispute

over its share of the Colorado River, however, and was the last state to approve the Compact in 1944. Today in the Lower Basin, Arizona has rights to 2.8 million acre-feet of Colorado River water per year, California is entitled to 4.4 million acre-feet per year and Nevada has an annual allocation of 300,000 acre-feet.

In 1946, the Central Arizona Project Association was formed to educate Arizonans about the need for the CAP and to lobby Congress to authorize its construction. It took the next 22 years to do so, and in 1968, President Lyndon B. Johnson signed a bill approving construction of the CAP. The bill provided for the U.S. Bureau of Reclamation (Reclamation) of the Department of the Interior to fund and construct CAP and for another entity to repay the federal government for certain costs of construction when the system was complete.

In 1971, CAWCD was created to provide a means for Arizona to repay the federal government for the

reimbursable costs of construction and to manage and operate the CAP. Construction began at Lake Havasu in 1973 and was completed 20 years later south of Tucson. The entire project cost approximately \$4 billion to construct.



CAP Canal - Noterra Bridge Parkway

CAWCD WATER USERS

Through the CAP system, CAWCD delivers Colorado River water to many different types of customers throughout its three-county service area, encompassing Maricopa, Pima and Pinal counties. CAWCD's expansive service area includes approximately 6.1 million people, roughly 80% of the state's population, and spans 24,000 square miles of land, which is 20% of the state's area.

CAP's Headquarters is located along their aqueduct in north-central Phoenix, the capital of Arizona.

CAP delivers water pursuant to delivery agreements between the federal government, Municipal and Industrial (M&I) and Tribal stakeholders. Long-term contracts total 1.415 million acre-feet of water, and when available, excess water is made available for specific agricultural customers. Historically, the combined deliveries totaled about 1.5 million acre-feet of water annually though this amount has been and is projected to be significantly less in the upcoming years, due to reduced availability.

AGRICULTURAL (AG) CUSTOMERS

Central Arizona Project

Representing three of Arizona's five "Cs"— Cattle, Citrus and Cotton — agriculture in Arizona is a multi-billion dollar industry. According to a 2014 study by the University of Arizona's College of Agriculture & Life Sciences, agriculture contributes more than \$17 billion to state output. CAP's agricultural customers are primarily large irrigation districts that deliver water to farmers.

	Maricopa	Pima	Pinal	Arizona
2000 Population	3,072,149	843,746	179,727	5,130,632
2010 Population	3,824,058	981,168	376,369	6,401,569
2022 Estimated Population	4,586,431	1,072,298	453,924	7,409,189
2060 Projected Population	6,529,107	1,305,212	1,230,545	10,662,273
Percent Change Projected Between 2022 and 2060	42.4%	21.7%	171.1%	43.9%
2021 Labor Force (non-farm)	2,311,889	480,903	192,406	3,312,720
2021 Land Area (square miles)	9,222	9,184	5,374	113,635

Based on July 1, 2022 estimates available from the Arizona Commerce Authority (https://www.azcommerce.com)

As part of the Arizona Water Settlements Act (AWSA), agricultural users of CAP water relinquished their long-term non-Indian Agriculture allocations in exchange for a limited volume of water reserved for their exclusive use. Commonly referred to as the Ag Settlement Pool, this volume of excess water declines over time, and is the first priority of excess water made available by the CAWCD Board to CAP's agricultural customers through 2030. When available, CAP reserves and makes available a volume of excess water (currently up to 300,000 acre-feet) for specific agricultural customers. The Ag Settlement Pool has historically represented about 20% of CAP deliveries though, due to shortage, excess water is not projected to be available in 2024 or in 2025.

As with other stakeholders, CAP reaches out regularly to the agricultural community through informational meetings, tours and other briefings. This communication ensures that CAP learns of issues that are important to Arizona agriculture and likewise informs agricultural customers of issues confronting CAP.

More information visit: www.cap-az.com/finances-of-cap/agriculture-and-cap/

MUNICIPAL & INDUSTRIAL SUBCONTRACTORS

CAP does not treat water for drinking, but rather is the wholesaler that provides water to cities, water utilities and other entities. After treating the water, cities deliver it to residents. More than 50 cities and private water companies utilize CAP supplies to augment their water supplies, including Arizona's largest cities: Phoenix, Tucson, Mesa, Chandler, Glendale and Scottsdale. CAP M&I subcontracts total more than 620,000 acre-feet of M&I priority and more than 44,000 acre-feet of NIA priority allocations. Most M&I customers take delivery of their full CAP allocation each year, either directly or through underground storage agreements. As cities build treatment plants and water delivery infrastructure, they are able to use more of their allocated subcontract water.

CAP conducts regular tours and informational meetings to reach out to its M&I water users, and CAP staff members periodically tour city facilities to learn more about their operations and water management.

More information visit: www.cap-az.com/water/cap-system/contractsand-documents/



TRIBAL STAKEHOLDERS

CAP is the largest single provider of Colorado River water to Tribal water users in the river system, delivering water to Indian communities in central and southern Arizona. Almost half (46%) of CAP's water allocations are designated for Indian Tribes. This water is used for a variety of purposes, including municipal (i.e., residential), farming, leases to cities and underground storage.

There are 22 federally recognized tribes in Arizona, of which 14 currently have fully resolved, adjudicated rights or partially resolved water right claims. CAP, along with other stakeholders, continues to engage in settlement discussions with the Tribes, 11 of which still have unresolved claims. Four other Tribes hold senior Colorado River rights adjudicated in *Arizona v. California*.

CAP has been working to develop and maintain long-term relationships with Tribal communities through outreach efforts that include invitations to tours, informational meetings and other public events. CAP has organized and participated with several organizations in events with a Tribal emphasis. For more information visit: www.cap-az.com/about/tribal-water-rights/

CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT

CAGRD has a statutory obligation to replenish groundwater used by members in CAP's threecounty service area. Created in 1993, CAGRD must replenish groundwater withdrawals made by new developments enrolled in the CAGRD, and water providers and homeowners agree to pay the cost to replenish any amount of groundwater pumped beyond limitations set by the state. As of the end of 2022, CAGRD has replenishment obligations for 23 member service areas (MSA) and 1,256 member land (ML) subdivisions representing approximately 310,336 homes. For more information visit: CAGRD.com

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WHAT IS THE CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT?

CAGRD is a special function of Central Arizona Project, replenishing water to foster and enhance responsible groundwater management. It was created by the Arizona State Legislature in 1993 to facilitate the State's adoption of the assured water supply rules requiring new growth to demonstrate a 100-year assured water supply. CAGRD's members are land owners, cities, towns or private water providers in Maricopa, Pima and Pinal counties without adequate access to renewable water supplies. CAGRD serves its members by replenishing the groundwater they pump, providing a way to comply with Arizona's groundwater laws.



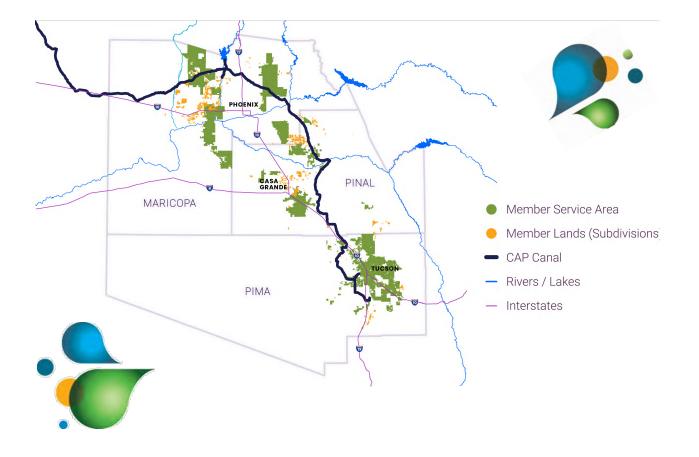
Since its inception, CAGRD has replenished almost 600,000 acre-feet of water on behalf of its members. One acrefoot equals 325,851 gallons.



23 Arizona cities, towns and private water companies and more than 1,200 subdivisions in Maricopa, Pima and Pinal counties are members of CAGRD.

CAGRD provides an effective mechanism for enrollees to comply with Arizona's groundwater management laws.





WHO ARE THE MEMBERS OF CAGRD?

Any city, town, water company, subdivision or homeowner's association located in the Phoenix, Pinal or Tucson Active Management Area with access to a 100-year physical supply of groundwater may voluntarily join CAGRD so long as it meets the State's requirements.

THERE ARE TWO TYPES OF CAGRD MEMBERS:

Member Service Areas (MSA) - a city, town or private water company.

Water providers who become MSAs pay a replenishment assessment directly to CAGRD according to the amount of excess groundwater they deliver within their service areas during a year.

There are 23 CAGRD Member Service Areas—nine in the Phoenix AMA, four in the Pinal AMA and 10 in the Tucson AMA. CAGRD MSAs stretch from Sahuarita Water Company to Surprise.

Central Arizona Project

2 Member Lands (ML) - an individual subdivision or development.

For MLs, an annual replenishment assessment is collected by the County Treasurer from each individual parcel of land based on the amount of excess groundwater delivered to that parcel by its water provider.

There are more than 1,250 CAGRD MLs as of March 2023. These Member Lands represent more than 300,000 homes when fully developed and are served by approximately 60 different water providers.

CAP WATER PRIORITIES



HOW DID THE PRIORITIES EVOLVE?

To fully understand the CAP priorities system, a brief history review is in order.

After authorization in 1968, CAP construction began in 1973. By the early 1980s, as the first part of construction was nearing completion, decisions were made regarding who would have long-term contract entitlements to CAP water.

At that time, long-term contracts were split into three types – municipal and industrial (M&I), Tribal and agricultural.

- M&I subcontracts were issued primarily on the basis of projected future growth and consideration of existing supplies including other water supplies.
- Tribal contracts were the result of a number of federal decisions including Congressionally authorized water settlements.
- Irrigation districts were issued subcontracts for a percentage of the remaining available supply.



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In the early years, it was assumed that agriculture would take the largest portion of the available CAP supply as the other users grew into their entitlements. But once the water started flowing in 1985, reality set in and for many irrigation districts, CAP water was too expensive compared to pumping groundwater. The cost issues came to a head in the early 1990s, which led to a decade of litigation and negotiations, culminating in the 2004 Arizona Water Settlements Act and a reconfiguration of the CAP priority system.

The agricultural entitlements were relinquished by the irrigation districts and converted from percentage of supply to fixed volumes. In exchange for giving up their long-term rights,

the irrigation districts were given access to a lower-cost fixed volume of excess water, which is a lower priority water. Access to this Agricultural Settlement Pool (Ag Pool) water expires in 2030.

The "Non-Indian Agricultural" (NIA) priority water was then allocated to tribes, cities and towns, and some was held back for future allocation. This term is a head-scratcher for many. But that's because it relates to the lineage of the term, not to the way it's used today. NIA refers to water that was originally designated for agriculture use, excluding tribes.

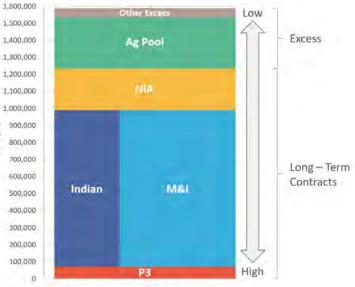
AF)

CAP PRIORITY SYSTEM - A REVIEW

The block chart provided on the right is a pictorial representation on how the priority system works. Here's a quick tutorial on the information being displayed, representing CAP's internal priority system.

The first thing to note is the "up/ down" arrow on the right-hand side with "low" on the top and "high" on the bottom. That means that in this chart, it is better to be closer to the bottom, rather than to the top!

So, going over the chart from the bottom-up:



^{*}Based on estimated 2022 orders prior to DCP contributions, system conservation and ICS creation. Includes NIA reallocation water

LONG-TERM CONTRACTS

P3– This is a small portion of the highest-priority water, termed Third Priority (P3). It shares priority with some of the large irrigation districts in Yuma and elsewhere on the mainstream of the Colorado River.

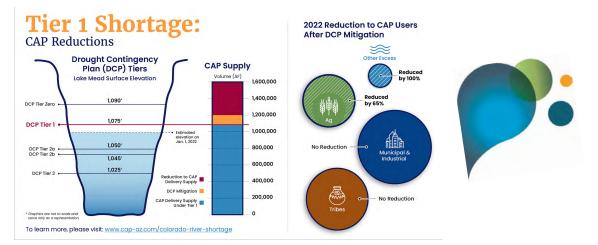
Indian and M&I – Combined, these pools make up the majority of CAP's long-term contracts. These pools are depicted side-by-side because they are roughly co-equal in priority. There is also some cross-over in use of these supplies, as some tribes lease water to cities.

NIA – This is the Non-Indian Agricultural pool priority that has been allocated, referenced above, primarily available to cities, industries and Tribes.

EXCESS WATER

Ag Pool– Any water available to CAP after satisfying the long-term contract is termed "Excess Water" and the agricultural districts that gave up their long-term contracts via Board Policy have priority access to it.

Other Excess – Any Excess Water available after satisfying the Ag Pool is classified as Other Excess and historically has primarily been used by the Arizona Water Banking Authority, Bureau of Reclamation for federal firming and the Central Arizona Groundwater Replenishment District for Replenishment Reserve firming.

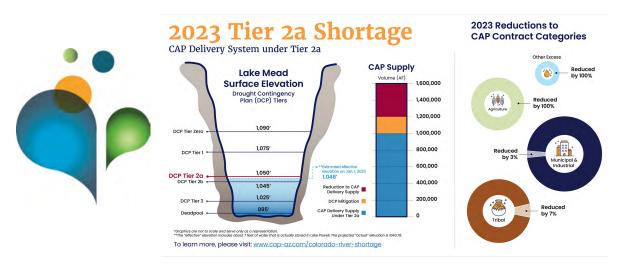


WHY DOES THE CAP PRIORITY SYSTEM MATTER?

There are some differences in cost and other provisions among the priorities, but most importantly, the priorities determine water availability during times of shortage. For example, a Tier 1 shortage was declared on the Colorado River in 2022.

The result of a Tier 1 shortage being declared on the Colorado River is a 512,000 acre-feet of combined shortage reductions and required Drought Contingency Plan (DCP) contributions to Lake Mead by CAP. This is more than 30% of the CAP's historical delivery supply, which significantly affects the "other excess water" — the Ag Pool and the NIA supply. Some of these impacts will be mitigated based on agreements reached in 2019 in conjunction with the Lower Basin DCP.

In 2023, the Colorado River is operating under a Tier 2a shortage. Reductions under a Tier 2a shortage include 400,000 acre-feet of shortage reductions and 192,000 acre-feet of Drought Contingency Plan contributions. Under a Tier 2a shortage, CAP takes more than 34% of reductions in CAP's historical delivery supply which significantly affects the entirety of the excess pool, the Ag pool and almost 100% of the NIA supply.



WHAT ARE THE NEXT STEPS?

Central Arizona Project

There are several additional actions underway in 2023, that could have implications on CAP's water supply in 2024. These actions were taken considering the probability of Lakes Mead and Powell falling to critical elevations following subsequent years of below average inflow that was witnessed between 2020 and 2022.

Reclamation is working on a Supplemental Environmental Impact Statement (SEIS) that could potentially change the way Lakes Mead and Powell are operated through 2026. The SEIS could impose additional reductions on top of those mandated under the 2007 Guidelines and the Lower Basin Drought Contingency Plan. Through the SEIS process, the Lower Basin States of Arizona, California and Nevada submitted a proposal that is based on voluntary contributions from certain lower basin water users. If the Lower Basin States proposal is unchanged and adopted as the preferred alternative by the SEIS, there may not be additional tier based reductions through 2026. However there would be reductions to CAP's diversions based on the voluntary conservation agreements that CAP users have entered into in addition to the shortage reductions under the 2007 Interim Guidelines. Currently, Lake Mead is anticipated to operate under a Tier 1 shortage condition in 2024. As stated previously, several conservation programs are operating and delivery volumes will be close to Tier 3 levels, which have rate impacts.

In June 2023, Reclamation also published a notice of intent to begin work on developing operational guidelines for Lakes Powell and Mead. The 2007 Interim guidelines that govern the operations of Lakes Mead and Powell expire in 2026. It is possible that CAP's water supply may be impacted by the operational guidelines for Lakes Powell and Mead past 2026. Due to the importance of these operational guidelines, CAP actively participates with the Arizona Department of Water Resources, Colorado River basin states as well as the Bureau of Reclamation to ensure CAP's Colorado River supply is maintained. CAP also works with Colorado River stakeholders to launch technical studies and programs to help with the Colorado River supply issues and also to augment the supplies in the system. It is likely that these efforts will ramp up as the work on post-2026 operational guidelines intensify.



Colorado River Tributary - Havasu Creek

THE COLORADO RIVER

The Colorado River is the principal water resource diverted for CAWCD and serves as Central Arizona Project water to its customers. CAWCD has until recently delivered approximately 1.4 million acre-feet of CAP water to customers in central and southern Arizona annually. Under shortage conditions these deliveries have been reduced, some through agreement and some through voluntarily conservation.



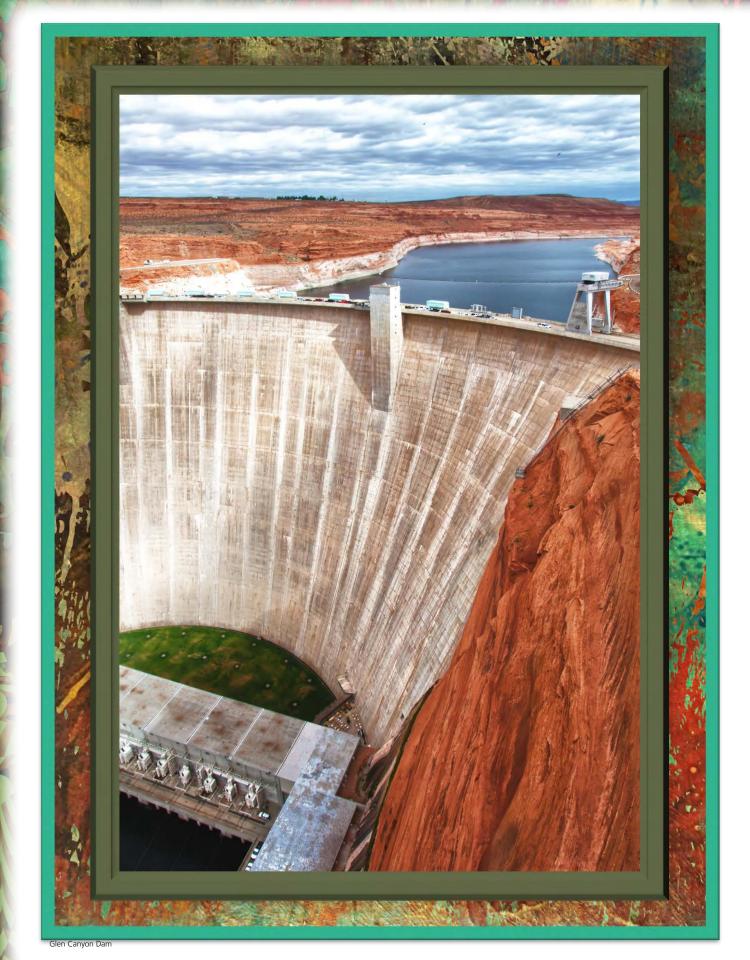
Colorado River Tributary - Havasu Creek

The Colorado River is one of the most significant and important rivers in North America. It is approximately 1,420 miles in length. It originates in the central Rocky Mountains in Colorado, and flows almost 246,000 square miles and empties into the Gulf of California in Mexico. The Colorado River Basin includes Wyoming, Colorado, Utah, New Mexico, Arizona, Nevada, California, and the states of Baja California and Sonora, in Mexico.

The Colorado River provides economic and environmental benefits across the western United States and northwest Mexico. It provides renewable water supplies for more than 40 million people in communities across the Basin. The economic output of areas served by the Colorado River is



estimated to be in excess of \$2 trillion annually or equivalent to the 12th largest Gross Domestic Product (GDP) in the world. The River provides irrigation water to more than 4 million acres of crop lands in the United States and Mexico. The Colorado River Basin is an important agricultural region that includes farms that are the "salad bowl" of the U.S. providing 90% of the nation's winter vegetable crop. The dams along the River provide clean, renewable electricity, with annual hydroelectric production exceeding 10 million megawatt hours of electricity per year. The River also provides vital environmental values and recreational benefits. The River is home to more than 10 endangered species in the U.S. and Mexico. Further, the River is the centerpiece of several internationally recognized national parks and recreation areas, including: Rocky Mountain National Park, Grand Canyon National Park, Glen Canyon National Recreation Area, Lake Mead National Recreation Area, Dinosaur National Monument, and the Colorado River Delta and Gulf of California Biosphere Reserve in Mexico.



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The Colorado River is composed of three major river systems: Green River, Colorado River and the San Juan River. The Colorado River is the lifeblood of the CAP system as well as the southwestern United States and Northwest Mexico. The annual natural flow from the Colorado River is estimated to be about 14.8 million acre-feet per year, calculated from the long-term average of measurements beginning in 1906. The Green River, with headwaters in the Wind River Range in western Wyoming, contributes 33% of the annual natural flow; the Colorado River mainstem, with headwaters in Rocky Mountain National Park in Colorado, provides about 42% of the annual natural flow; and the San Juan River, with its origins near Durango, Colorado, provides about 13% of the annual natural flow to

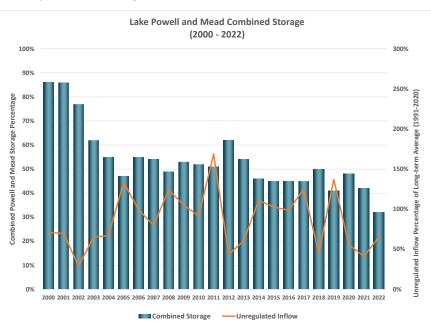
the River. Additional flows are provided from numerous smaller tributaries including the Virgin River system in Utah, Nevada, and Arizona, and the Bill Williams River in Arizona.

CAWCD is the largest diverter of Colorado River water in Arizona and the second largest Colorado River water user in the system, diverting more than half of Arizona's 2.8 million acre-

foot allocation. About one-third of Arizona's economic production can be tied to delivery of CAP water. Wyoming, Colorado, Utah and New Mexico each have a share of the Upper Basin's 7.5 million acre-feet of entitlement; however, the Upper Basin routinely only uses about 4.5 million acre-feet annually.

The Colorado River system includes 10 major dams and reservoirs. The backbone of the system is comprised of the two largest reservoirs in North

Central Arizona Project



America: Glen Canyon Dam/Lake Powell and Hoover Dam/Lake Mead. These two reservoirs have a combined storage capacity of about 50 million acre-feet. They capture flood flows in wet years and release storage during dry years.

At the end of 1999, the combined reservoir storage of Lake Powell and Mead was almost 95% of capacity or about 47.5 million acre-feet of storage. However, since that time, due to prolonged drought and full use of the system, the reservoir storage has declined to almost 50% of capacity or about 24 million acre-feet of combined storage.

The decline in reservoir storage is the result of fewer high-flow years than in previous decades. In addition, there is a structural deficit in the system, where normal uses exceed normal supplies in most years. The drought, along with the structural deficit, creates risks to the reliability of the Colorado River supply. Since 2014, water users, including CAWCD, have undertaken efforts to reduce the impacts of drought and the structural deficit by reducing uses of Colorado River water. These efforts include system conservation programs where water users are paid to reduce their use of water and leave water in the Colorado River system. In addition, the Colorado River Basin States, the United States, Mexico and key water users including CAWCD, are now implementing the 2019 Drought Contingency Plan. This plan reduces Colorado River diversions to protect critical elevations in Lake Powell and Mead. The plan is working to reduce the near-term and longer-term risks in the Colorado River system.



COLORADO RIVER SHORTAGE

The Arizona Department of Water Resources and Central Arizona Project are taking proactive steps to address Colorado River shortages and improve the health of the river system by working in collaboration with the Colorado River Basin states, federal government, Mexico, and local and regional partners, which include Tribes, Yuma agricultural and on-river municipal water users in water resource management. Collaboration is focused on reducing the nearterm risks caused by the ongoing drought as well as addressing the long-term imbalance between supply and demand on the Colorado River system.

In 2007, to prepare for a possible shortage and to guide Colorado River operations during low reservoir conditions, the seven Colorado River Basin states and the Bureau of Reclamation completed an agreement clarifying the triggers and anticipated reductions during shortage conditions, known as the 2007 Interim Guidelines. The 2007 Interim Guidelines defined how "shortage" conditions would be defined during the term of the Guidelines. As part of the 2007 Interim Guidelines, water levels

in Lake Mead and Lake Powell are coordinated to allow more efficient management of the Colorado River supply. Water users across the Basin states continue to work together to promote the benefits of conserving Colorado River water. This agreement runs through 2026.

Frequently Asked Questions:

What is a Colorado River Shortage under the 2007 Interim Guidelines?

A shortage under the 2007 Interim Guidelines is an annual reduction in the amount of Colorado River water available to Arizona, Nevada and Mexico and is determined primarily by the elevation of water in Lake Mead. Each month, the Bureau, which manages the Colorado River system, forecasts the elevation of the surface of Lake Mead for the following two years in a document called the 24-Month Study.

A Tier 2a shortage was declared for 2023 when the August 2022 study showed the end of December 2022 level to be below elevation 1050'. A Tier 1 shortage has been declared for 2024.

Who will be impacted by Colorado River Shortage under the 2007 Interim Guidelines?

A near-term shortage as currently projected will have limited impacts on water supplies for Arizona's cities, towns, industries, mines or Tribes using CAP water. It will, however, eliminate CAP water supplies to the Arizona Water Banking Authority (AWBA). It would also reduce a portion of the CAP water supply identified for groundwater replenishment, delivery of water available for agricultural users in central Arizona and causes an increase in CAP water rates. In the face of potential shortage, farmers in central Arizona may choose to offset supply reductions in their CAP supply by using local supplies including pumping groundwater.



PREPARING FOR COLORADO RIVER SHORTAGE: MILESTONES



The Lower Colorado River Basin has been in a shortage status under the 2007 Interim Guidelines since 2020 (Tier zero for 2020 and 2021; Tier 1 in 2022; and Tier 2a shortage in 2023). To understand how we got to the point of shortage and what this means, it's helpful to review some of the 21st Century's Law of the River milestones. Western water lore includes frequent references to the Law of the River. This refers not just to one law, but a compendium of sorts that includes compacts, treaties, federal laws, court decisions, a decree, contracts, agreements and regulatory guidelines. The Law of the River has evolved continuously over the past century, building upon itself, often providing solutions to rising issues. Each new building block is intertwined with all the former blocks, making the body of the Law of the River quite complex.



2007 Interim Guidelines - Feb 28, 2007

- Established a shortage framework for the Lower Basin
- Incentivized storage of water in Lake Mead (called Intentionally Created Surplus or ICS)
- Coordinated operations of Lake Powell and Lake Mead
- Expires in 2026



Minute 323 - Sept 26, 2017

- Binational agreement that expanded collaboration and sharing of shortage risks and surplus
- Established the Binational Water Scarcity Contingency Plan
- Provided for U.S. Investment in water infrastructure and environmental projects in Mexico
- Established a work group to investigate binational desalination in the Sea of Cortez
- Effective through 2026, consistent with the 2007 interim Guidelines.

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COLORADO RIVER DROUGHT CONTINGENCY PLAN (DCP)

DCP is a set of agreements building upon the 2007 Guidelines that are designed to protect the Colorado River system through voluntary reductions and increased conservation. The agreements were developed through a collaborative process among the federal government, states, water users and Mexico. The Arizona Department of Water Resources and Central Arizona Project were the participants from Arizona.

There is an Upper Basin DCP involving Colorado, New Mexico, Utah, Wyoming and the U.S.; a Lower Basin DCP involving Arizona, California, Nevada and the U.S.; and a companion agreement which connects



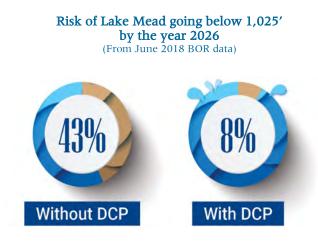
these two programs and links them to Mexico through a U.S.-Mexico agreement.



In 2018 and early 2019, ADWR and CAP jointly led nearly 40 stakeholders through months of public and small group meetings. During this process, new arrangements, which form a package called the Arizona DCP Implementation Plan, were negotiated. The package agreements share the burden of impacts from Colorado River reductions and the benefits of increased reliability for Arizona water users.

There was uncertainty about what would happen if Lake Mead, the Lower Basin's principal reservoir, dipped to the very lowest levels. Arizona participated in DCP in order to reduce this risk by sharing reductions with other states and Mexico.

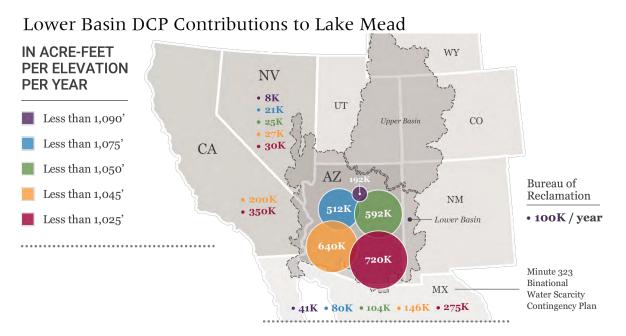
DCP will not prevent a Colorado River shortage, but due to innovative water management programs, conservation and collaborative long-term planning, along with the DCP and



Central Arizona Project

Arizona's water management framework, we are prepared to minimize the effects of drought and potential Colorado River shortage.

The Drought Contingency Plan Authorization Act was signed into law on April 16, 2019 and reductions to Arizona's Colorado River supply under DCP began in 2020; and run through 2026. It is anticipated that new rules will be negotiated and put into effect after 2026.



The risks of Lake Mead falling below critically low reservoir elevations has tripled in the past decade, increasing the risks of large-scale reductions to Arizona's Colorado River supply and threatening the health of the river for all users. Previous agreements and guidelines designed to protect the system against such dry times may not be sufficient to address the current risks to the system.

Projections by the U.S. Bureau of Reclamation in June 2018 showed that DCP would reduce the risks of Lake Mead falling below critical elevations. DCP provides Arizona with greater certainty for reliable and secure water supplies now and in the future.



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DROUGHT CONTINGENCY PLAN AUTHORIZATION ACT



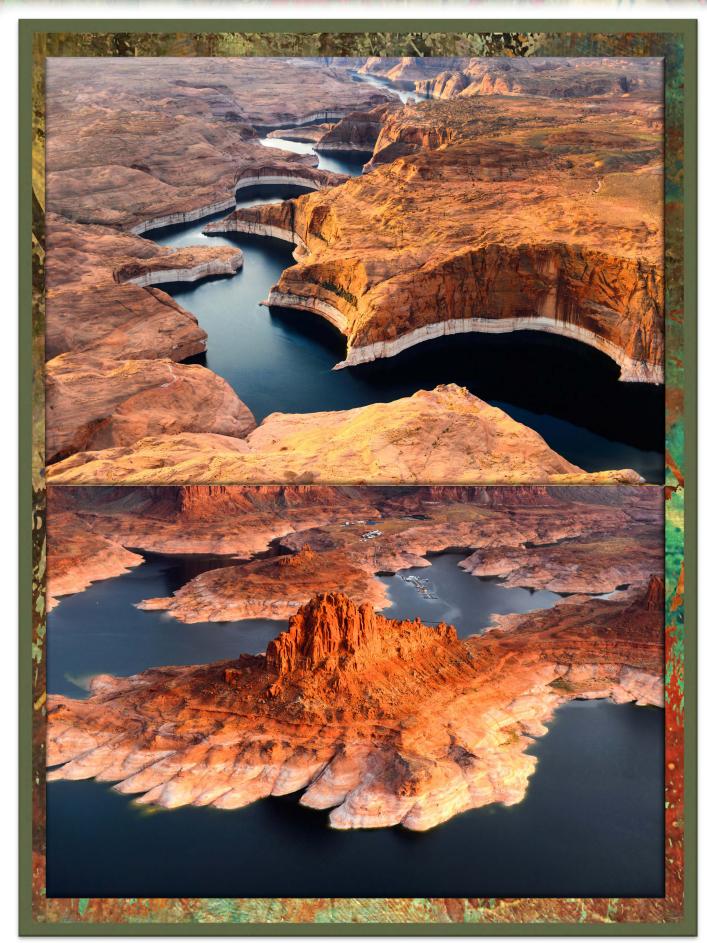
Lower Basin Highlights:

- Supplements the 2007 Interim Guidelines
- Created a "Tier Zero" at Lake Mead, requiring contributions to Lake Mead earlier, starting at elevation 1090', and increased contributions at lower elevations
- California agreed to make contributions to Lake Mead starting at elevation 1045'
- Provided for the protection of Lake Mead

Upper Basin highlights:

- Designed to minimize the risk of Lake Powell falling below elevation 3525"
- Established foundation for the storage of water in the Upper Basin as part of a demand management program that may be developed in the future





Lake Mead & Lake Powell



A LINKED LIFELINE - HOW LAKE POWELL & LAKE MEAD ARE DESIGNED

TO RISE AND FALL TOGETHER

The two largest water supply reservoirs in the United States are part of the Colorado River System - Lake Mead at the Arizona/Nevada border and Lake Powell at the Arizona/Utah border. These two reservoirs are linked by the Colorado River through the Grand Canyon and provide about 90 percent of the system's storage capacity, supplying seven states and Mexico with water.

The enormous storage capacity in these two reservoirs has provided the resiliency to continue Colorado River water supply deliveries during more than two decades of drought. The two lakes also provide vital clean, renewable hydroelectricity used across the western United States, as well as environmental and recreational benefits.

Conjunctive Management

In order to operate the Colorado River system efficiently and make optimal use of the available storage in these vital reservoirs, the operations of Lake Powell and Lake Mead are coordinated, known as conjunctive

Central Arizona Project



management. In fact, conjunctive management is required by the Colorado River Basin Project Act, which was signed more than 50 years ago to provide a program for the comprehensive development and augmentation of the Colorado River supplies throughout the Upper and Lower Colorado River Basins.

One important goal of coordinated long-term management of these reservoirs is to maintain "as nearly as practicable" equal contents of active storage in Lake Powell and Lake Mead. Lake Mead has about 28 million acre-feet (MAF) of storage and Lake Powell can store about 26 MAF.

In 2005, the U.S. Secretary of the Interior directed the Bureau of Reclamation to develop additional strategies for improving the coordinated management of these two reservoirs. The goal was to honor the intent of the Colorado River Basin Project Act, while sharing the water between the Upper (Colorado, New Mexico, Utah and Wyoming) and Lower (Arizona, California and Nevada) Basins during times of lower reservoir levels. The result was guidelines for the coordinated operations for Lake Powell and Lake Mead, contained within the 2007 Interim Guidelines. These guidelines remain in effect through Dec. 31, 2025.

The essence of this coordinated approach is that releases and reductions will be coordinated to share risks to water users in each basin. Detailed descriptions and definitions can be found in the 2007 Guidelines where further scenario explanations are available.



Lake Mead

24 - Month Study & A Linked Lifeline



WHY DO WATER MANAGERS PAY SUCH CLOSE ATTENTION TO THE 24-MONTH STUDY?

Colorado River water users, like CAP, rely upon operating guidelines related to the amount of water stored in the two major Colorado River Basin Reservoirs – Lake Powell and Lake Mead. The operating guidelines determine how much water will be released from those reservoirs to meet water-user needs. Since 2007, the 24-Month Study has been used to implement the operational decisions directed by the guidelines. We have long understood the risks to Arizona's Colorado River supplies and have been planning for decades, including the successful efforts to help craft the Drought Contingency Plan for the Colorado River system in 2019.

Each month, the U.S. Bureau of Reclamation (Reclamation) prepares the 24-Month Study based on hydrologic modeling, including estimates of precipitation, runoff and water uses to forecast operations for these two reservoirs for the next two years. The study considers three hydrologic scenarios, a most likely ("most probable") condition for system inflow into Lake Powell and releases to Lake Mead, and frequently provides "wetter-case" and "drier-case" scenarios. The study uses these hydrologic scenarios combined with the complex operating rules of the system to generate a dense set of tables containing storage and release values for each of the major reservoirs in the Colorado River system. The results of the monthly study forecast the water supplies for the more than 40 million people served by the Colorado River.

The Colorado River System relies on snowpack as the primary source of its water supply. Consequently, there are two particularly important months where data from the Study gives a clearer indication of what the water supply will be for the subsequent 24-month period:

- In April, at the conclusion of the snow accumulation season, when an accurate projection of runoff from snow melt can be determined.
- In August, once the runoff period has fully concluded and the storage contents for the upcoming water year are more fully known.

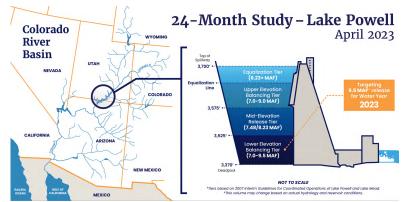
Central Arizona Project

The U.S. Secretary of the Interior relies on the April Study to evaluate releases from Lake Powell and the August Study to make the Colorado River water supply determination for the upcoming year. Here are the particulars regarding the April and August 24-Month Studies:

APRIL 24-MONTH STUDY

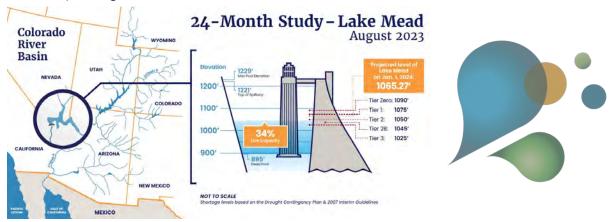
The April 24-Month Study has the best estimate of the likely runoff into Lake Powell, the Upper Basin's primary reservoir. The April 24-Month Study is used to make any necessary adjustments

to the previous year's determination of water releases from Lake Powell to Lake Mead. The previous year's determination was made in August (see below) with assumptions about the coming year's snowpack and runoff. In the event the forecasted inflow to Lake Powell from August was too wet or too dry, the April Study is used to make adjustments.

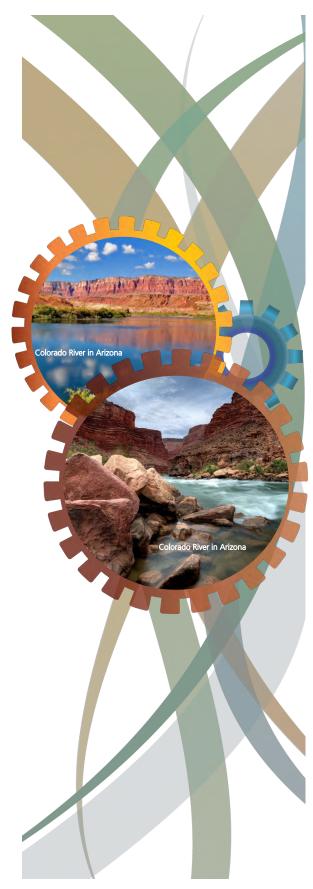


AUGUST 24-MONTH STUDY

The August 24-Month Study forecasts the coming year's precipitation, runoff and water uses in the Colorado River Basin. This study is of particular interest because it projects the level of Lake Mead, the Lower Basin's reservoir, at the end of the calendar year. The projected elevation at the end of the year, which reflects the amount of storage in Lake Mead, determines the operating conditions and supply available for Colorado River water users in California, Nevada, Arizona and Mexico. In summary, the projected end-of-year elevation determines whether there is a shortage triggered for the coming year. If Lake Mead is projected to be below elevation 1090', Arizona, and in particular CAP, will face reductions in its available Colorado River supply. When Lake Mead elevation is between 1090' and 1075' there is a Tier Zero reduction, which reduces the supply to CAP by 192,000 acre-feet or about 12%. When Lake Mead elevation is between 1075' and 1050' there is a Tier 1 shortage, with a reduction of 512,000 acre-feet or about 30%. Here you can see the Lower Basin shortage levels and their corresponding reductions.



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Central Arizona Project

COLORADO RIVER SALINITY CONTROL PROGRAM

In 1975, the seven Colorado River Basin states adopted an EPA-approved salinity standard for the Colorado River. This standard provides criteria for dissolved solids and a plan designed to keep the average annual salinity concentrations at or below 1972 levels. Salinity control is important because increased salt levels can limit or prohibit agricultural productivity and add costs to municipal and industrial water users. All Colorado River water users benefit from investments in improved water quality, including those in Mexico.

The Colorado River Salinity Control Program is managed by a partnership of federal and state agencies that have worked cooperatively with Tribal communities, irrigation companies and individual water users for the past four decades to control the salinity levels of the Colorado River, while allowing development and use of its waters. CAP represents Arizona water users on the Salinity Control Forum, along with the Arizona Department of Water Resources and the Arizona Department of Environmental Quality. Through efforts to date, the salt load of the Colorado River has been reduced by about 1.3 million tons annually. The current plan calls for the creation of an additional 67,000 tons of annual salinity control practices over the next three years.

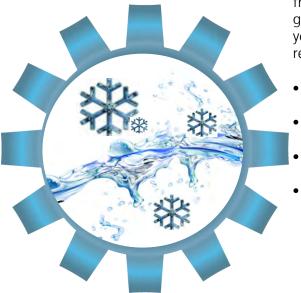
Today, the Colorado River currently meets all applicable water quality standards, but the challenge in an era of drought is to protect and maintain that quality going forward. To meet this challenge, CAP, the Metropolitan Water District of Southern California and Southern Nevada Water Authority joined together in 2011 to form the Lower Colorado River Water Quality Partnership. The Partnership works to identify and implement proactive, collaborative solutions to address Colorado River water quality by identifying the challenges currently facing the River, collaborating on research and policy analysis and developing initiatives and solutions to ensure the River's future health and sustainability.



Snow Melt Run-Off — Rocky Mountains Colorado

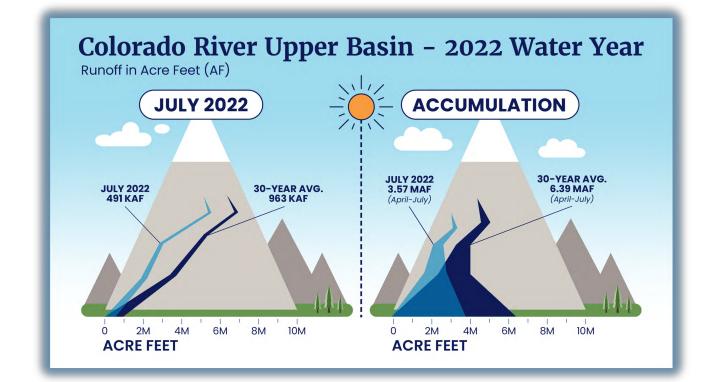
COLORADO RIVER "RUNOFF"

The majority of the winter snow runoff that arrives as inflow into Lake Powell occurs from April through July. In the "water world," our New Year's is October 1st, since the water year extends



from October through the following September to give "water wonks", true hydrologist, a look at the year's snowpack and runoff. Here is a recap of the recently released 2022 water year:

- Winter 2021-2022 resulted in a below-average snowpack
- Spring 2022 runoff into Lake Powell was abnormally low (71% of the 30-yr average)
- Summer 2022 continued hot and dry across the Upper Colorado River watershed
- There was a significant monsoon Precipitation across Arizona, Nevada and southern Utah, which provided unexpected inflow to (and decreased demand from) Lake Mead. This resulted in the lowest August release volume from Lake Mead in more than 20 years.
- The very low inflows contributed to significant depletion of storage in Lake Powell, which will impact releases to lake Mead in Water Years 2023 and 2024, increasing the risk of deeper shortages to Arizona in the coming years.



CAP POWER PORTFOLIO

The Central Arizona Project (CAP) lifts water more than 2,900 feet across its 336-mile system stretching from Lake Havasu to Tucson. Colorado River water is lifted by pumping plants - 14 in all - flowing through the aqueduct by gravity until it needs another lift to continue uphill.

Water is heavy, and pumping it across the state takes a lot of energy. In fact, CAP is one of the largest end users of electric energy in the state.

In the past, most of the power needed to move this water came from a single source, the Navajo Generating Station, which closed in 2019.

Now, to manage its power needs, CAP has developed a diversified power portfolio, which includes a combination of long and short term market purchases.



Market Forward Purchases

Power from the market as needed to supplement the long-term power resources

Market Daily/Short-Term Purchases

Pumping on a seasonal and hourly basis to obtain the lowest cost possible

CAP's Long-Term Contracted Resources Include

CAP's annual cost for energy can range between \$60 - \$80 million, depending on pumping volumes and market prices.



50-year

Contract for power from Hoover Dam



20-year

Power purchase agreement (PPA) for energy from a 30 MW solar facility

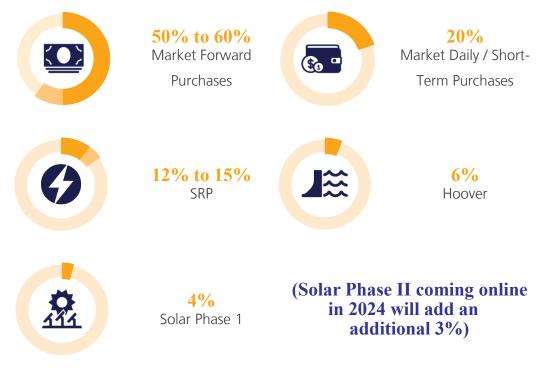


5-year

PPA for 35 MW from Salt River Project (SRP). This will be expiring at the end of 2024.

Sources Of Power

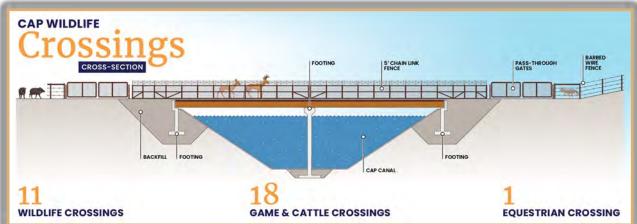
Central Arizona P<u>roject</u>





Coyote seen at CAP HQ

THE CAP AND ARIZONA WILDLIFE



Walk This Way!

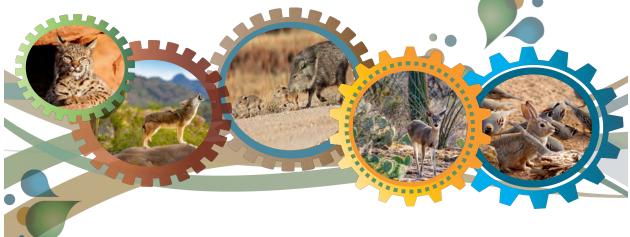
CAP's 336-mile system winds across Arizona, bisects the state and thus, creates a man-made barrier to important wildlife corridors. To ensure this doesn't alter migration patterns, segregate populations of wildlife, and restrict access to natural waters, 30 crossings were constructed over the CAP canal; 11 wildlife crossings, 18 game and cattle crossings, and 1 equestrian crossing.



If You Provide Water, They Will Come

CAP not only delivers water to 80% of Arizona's population, but also to Arizona's wildlife. Environmental impact studies conducted prior to construction of the system indicated that as the canal crossed the state, it created a man-made barrier that could impact wildlife's access to natural waters. The solution? Install wildlife drinkers to ensure access to fresh

water. During 2019 study of five drinkers, the positive impact was evident for all types of animals.



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WATER QUALITY



Water Quality

The Central Arizona Project (CAP) delivers Colorado River water to users in central and southern Arizona.

While CAP does not treat the water it delivers, water quality data has been provided to stakeholders since the first water deliveries in 1985.

Water Quality Monitoring Today

WAT

ANNUAL REPORT

QUA

As a service to water users and stakeholder groups, CAP publishes extensive water quality data on its website. This data gives water providers important information about the water CAP delivers so that treatment plants can be properly equipped and treatments can be applied to meet national drinking water standards. CAP's monitoring program consists of both real-time measurements and more extensive

monthly and quarterly samples.

How Does CAP Notify Water Users About Water Quality?

Along with publishing data on the website, notifications sent to stakeholders provide high-priority updates on issues that impact the quality of water delivered to CAP water users. In addition, CAP publishes a Water Quality Annual Report that summarizes results from CAP's monitoring program, including source water from the Colorado River and Lake Pleasant, and water in the canal.



Where Is Water Quality Tested?

CAP monitors water quality each month at its Colorado River source and quarterly at its storage reservoir, Lake Pleasant. In addition, five sites throughout the 336-mile system are monitored each month. The samples test for more than 400 water quality constituents. Three additional sites are monitored in real time for basic water quality constituents.

Planning For The Future

CAP is facing a variety of challenges, including climate change, water shortage, invasive species, emerging contaminants, and introducing non- Colorado River water into the system. Such challenges are all addressed by CAP and its elected, 15-member Board of Directors in collaboration with stakeholders and other agencies.

These are some of the characteristics that can have a real-time effect on

PARAMETERS

how cities treat the water delivered by CAP to meet drinking water standards.

IMPORTANT MONITORING





TEMPERATURE



DISSOLVED OXYGEN



TOTAL ORGANIC CARBON



MORE INFORMATION

Central Arizona Project

CAP has created a portal for maps and data related to water quality for water users. Visit the CAP AquaPortal at CentralArizonaProject.com/AquaPortal

To sign up for CAP's water quality notifications, email info@cap-az.com.

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CAP CLIMATE ADAPTATION

CAP has long been involved in adaptation activities that mitigate against drought, including groundwater storage, water augmentation (e.g., weather modifications), and water conservation programs. In addition to these adaptation activities that are directly connected to CAP's water supply, CAP has also funded research projects that improve our understanding of how hydrological and meteorological variables influence water supply conditions and forecasts in the Colorado River Basin.

$\mathsf{CAP} \ / \ \mathsf{ASU} \ \mathsf{NASA}\text{-}\mathsf{Funded} \ \mathsf{Study}$

CAP has partnered with Arizona State University on a NASA-funded study to explore the impacts of future climate on CAP's water supply (the Colorado River). ASU received a \$1 million grant from NASA towards conducting modeling and



analysis work that focuses on averting drought shortages in the Colorado River. The end goal of the study is to incorporate new modeling products, tools and enhancements into the existing modeling and analysis used by the CAP. Results from this study were shared with other Colorado River Basin stakeholders to analyze the impacts of climate change on the Colorado River Basin and therefore inform future decisions regarding the Colorado River as a major supply source in the West.



Central Arizona Project

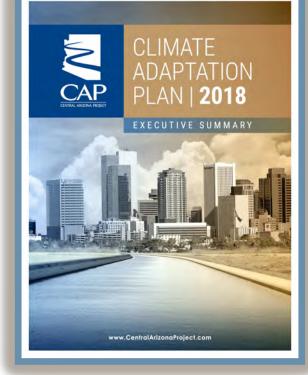
REDUCING CARBON FOOTPRINT OF CAP'S POWER PORTFOLIO

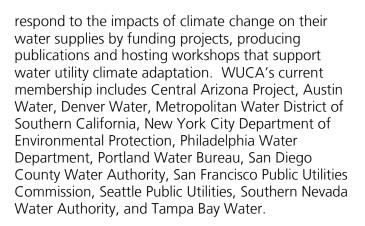
CAP is one of the largest consumer of electricity in Arizona due to the amount of power it takes to lift water more than 2,900 vertical feet over its 336mile system. CAP has developed a diversified power portfolio, which includes renewable sources of energy.

WATER UTILITY CLIMATE ALLIANCE

CAP is a member of the Water Utility Climate Alliance (WUCA) (wucaonline.org), a coalition of 12 of the nation's largest water providers that collectively supply drinking water to more than 50 million people throughout the United States. WUCA is dedicated to ensuring that water utilities are well-positioned to







CAP CLIMATE ADAPTATION PLAN

CAP began the process of developing its own organizational climate adaptation plan in 2017. The process began by assembling a team of CAP staff

members and CAWCD Board of Directors sponsors who collectively represent key areas of the organization that are vulnerable to current and future impacts of climate change.

Through the remainder of 2017 and 2018, the CAP team worked on developing future planning scenarios, climate change impacts, and adaptation strategies relevant to CAP's strategic planning. The step-by-step process of developing this information and a thorough analysis of the results and the impact on each CAP function were compiled into a comprehensive final report that was published in 2019. The climate adaptation plan provides an assessment of how climate change may impact CAP and identifies adaptation strategies that the organization can undertake to address those impacts.

Sixty-one potential implications of climate change are presented in this report, along with 131 adaptation strategies. Additional in-depth analysis of implications and strategies is recommended to identify and prioritize the most important adaptation strategies. The analysis will be used to support an implementation plan that highlights what strategies should be implemented and how to implement them, along with a plan for monitoring conditions to inform additional future action.

The analysis would be used to assess risk to CAP and form the basis of an implementation plan. Risk could be quantified by assessing the likelihood of implications occurring, the severity of the implications, and the ability to mitigate the implications. Costs and benefits of strategies could be assessed. CAWCD is currently finalizing its climate adaptation implementation plan and anticipates releasing it in late 2021 or early 2022.



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SUSTAINABILITY



CAP's dedicated team reliably manages and delivers Colorado River water to Maricopa, Pinal and Pima Counties. Our Environmental Team helps to accomplish this mission in the safest and most environmentally conscious and sustainable way possible. The team ensures CAP complies with all environmental laws and regulations and manages four successful programs that help the organization reduce its impact on our environment.

Green Energy Purchasing

CAP is one of the largest consumers of electricity in Arizona due to the amount of power it takes to lift water nearly 3,000 feet over its 336-mile system. CAP has developed a diversified power portfolio, which includes energy from a 30 MW solar facility that provides 6% of our power needs. A second solar phase,

scheduled to come online in 2023, will add an additional 3%. Since 2020, renewables account for an increasing portion of CAP's electricity use. CAP's practice of purchasing most of its power during daylight hours when solar generation is at its peak accounts for some of this, as does the regional shift from coal to less carbon-intensive sources.

Waste Reduction and Recycling Program

Over the past 20 years, CAP's award-winning environmental management system has recycled, reused, and repurposed more than six million pounds of material that would otherwise have been delivered to a landfill. Both CAP and its employees regularly donate items no longer needed to local teachers and social

service organizations. These and other efforts contribute to a circular economy where waste is minimized, and reuse improves the communities we serve. Recycling reduces greenhouse gas emissions, conserves landfill space, and helps protect our natural resources.

The proceeds CAP receives for recycled materials and the reduction of waste-hauling expenses fund the entire waste reduction program.





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Sustainable Purchasing Program

CAP's Sustainable Purchasing Program identifies and procures environmentally preferable products and services. A convenient one-page checklist serves as a guide to protect the health



and well-being of employees, reduce environmental impacts, lower overall costs and liability, reduce consumption of natural resources, encourage external organizations to adopt a similar program, and help CAP meet its sustainability goals. When buying products and materials CAP chooses materials -- whenever practical -- that are recyclable, repairable, low toxicity, biodegradable, or otherwise prevent or reduce waste and pollution.

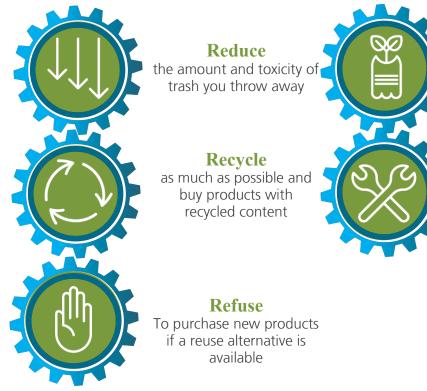
VESP Program

CAP is a Platinum Member of the Arizona Department of Environmental Quality Voluntary Environmental Stewardship Program1 (VESP). The program identifies and rewards



organizations with a strong history of compliance with environmental regulations. The program identifies five levels – copper, bronze, silver, gold, and platinum. To achieve platinum status, an organization must have a fully implemented environmental management system – a set of processes and practices that represent reduced environmental impacts and increased operating efficiency. (1 https://www.azdeg.gov/VESP)

The four environmental programs highlighted in this fact sheet are only a sampling of the many efforts made by CAP and its employees to protect the environment and incorporate green business practices throughout the organization.



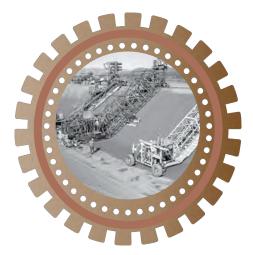
Reuse containers and Products

Repurpose

A product you don't use or haven't used in a while and give it a new life somewhere else

FEDERAL REPAYMENT





Why Is There A CAP Repayment Obligation?

The U.S. government constructed Central Arizona Project (CAP) during a span of 20 years (1973—1993) at a cost of more than \$4 billion. The agreement from the beginning was that Arizona, through the Central Arizona Water Conservation District (CAWCD), would repay the government for a portion (the non-federal share) of construction costs.

What Is Included in Arizona's Repayment Obligation?

Costs that Arizona must repay are directly linked to municipal and industrial (M&I) use, agricultural use and commercial power generation. The cost of construction for supplying water to tribal users is considered a federal cost and is not included in the CAP repayment obligation.

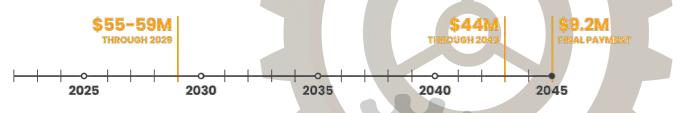
How Much Is CAP's Repayment Obligation?

CAP's repayment obligation is \$1.646 billion, plus interest. Payments started in 1994 and are scheduled to be completed in 2045. As of January 2023, approximately \$737 million of the principal had been paid to date, or approximately 45%. In addition, \$12 million was paid in advance.



How Much Does CAP Pay Each Year?

The annual payment is made in January for the previous year. It is \$55-58 million through 2029, then decreases to \$44 million through 2043 with the final \$9.2 million payment in 2045. There are two portions to the repayment: interest bearing and non-interest bearing. The interest bearing is paid first and will be paid off in 2036. The remaining portion of the repayment is non-interest bearing.



When Will the Federal Debt Be Paid Off?

CAWCD makes its final payment in January 2045. Even though the federal debt will be paid, the Bureau of Reclamation retains ownership of CAP.

How Does CAP Make This Payment?

CAP has three revenue sources to make this annual payment: 1) surplus revenues in the Lower Colorado River Basin Development Fund, 2) ad valorem property taxes, and 3) municipal and industrial capital charges. The CAWCD Board of Directors determines the combination of taxes and capital charges to be applied towards the payment each year.



Colorado River Basin Development Fund revenues are primarily generated through a surcharge on Hoover and Parker-Davis energy sold in Arizona, net transmission revenues and land leases. These are estimated to satisfy approximately \$6-7 million of the debt payment annually.



CAWCD is authorized to levy two property taxes in Maricopa, Pinal and Pima counties. The first, limited to 10 cents per \$100 of assess valuation, may be used for any authorized CAP purpose. The second, sometimes referred to as the "water storage tax," is limited to 4 cents per \$100 of assessed valuation and is available to be used for CAP repayment, operation, maintenance and replacement costs and the Arizona Water Banking Fund. CAWCD currently levies both ad valorem taxes at the maximum authorized amount.



Cities, water providers and other industrial long-term CAP subcontractors pay capital charges to assist in repaying the federal government for the costs of constructing the CAP infrastructure that supplies their water. Capital charges are based on allocations for M&I use regardless of the quantity of water actually delivered.

CAP System Use Agreement

The Central Arizona Project System Use Agreement, signed by CAP and the Bureau in February 2017, increases the reliability and flexibility of the state's single largest renewable water supply by creating a legal framework to allow wheeling, firming and exchanges in the CAP system.

Wheeling is when the CAP system is used to transport new water supplies; firming refers to the use of water that has been stored underground to increase the reliability of CAP supplies during shortage; and exchanges are arrangements in which a delivery of CAP water is legally swapped with an alternate supply.

Work continues on the implementation of the System Use Agreement, particularly in the establishment of uniform water quality standards for the introduction of Non-Project Water into the CAP system. After extensive public processes, the CAWCD Board adopted introduction and delivery standards for non-Project Water. CAP is also developing an expanded water quality and monitoring program, along with implementation guidelines.

Water quality is a critical component of several wheeling projects under consideration, including proposals to import groundwater from the Harquahala Irrigation Non-Expansion Area.

The System Use Agreement has also played a prominent role in planning efforts related to the recovery of the more than four million acre-feet of CAP water stored by the Arizona Water Banking Authority. The provisions related to exchanges of non-Project Water for Project Water are particularly relevant to cost-effective methods for implementing recovery utilizing existing infrastructure and partnerships.

By establishing an overall framework, the System Use Agreement will allow the CAP infrastructure to be used in more efficient and innovative ways. Those innovations are crucial to the success of efforts by CAP and state water agencies to manage risks from drought and shortages on the Colorado River.

Central Arizona Project



City of Phoenix Skyline

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ECONOMIC IMPACT - OF COLORADO RIVER WATER DELIVERED BY CAP TO ARIZONA



The Colorado River water Central Arizona Project (CAP) deliveries has supported Arizona's gross state product (GSP) with \$2 trillion in economic benefits since water deliveries began. The GSP represents the dollar value of all goods and services produced in the region and is a measurement of the economic output of a state. This economic impact supports 22 sectors of the Arizona economy related to gross state product and job-years of employment.

In Recent Years

Central Arizona Project

Colorado River water delivered by CAP has supported an economic benefit exceeding:



Top Five Sectors

The top five sectors estimated to be impacted the most in terms of contribution to GSP since water deliveries began are:



\$335.2 billion

RETAIL

\$187.9 billion





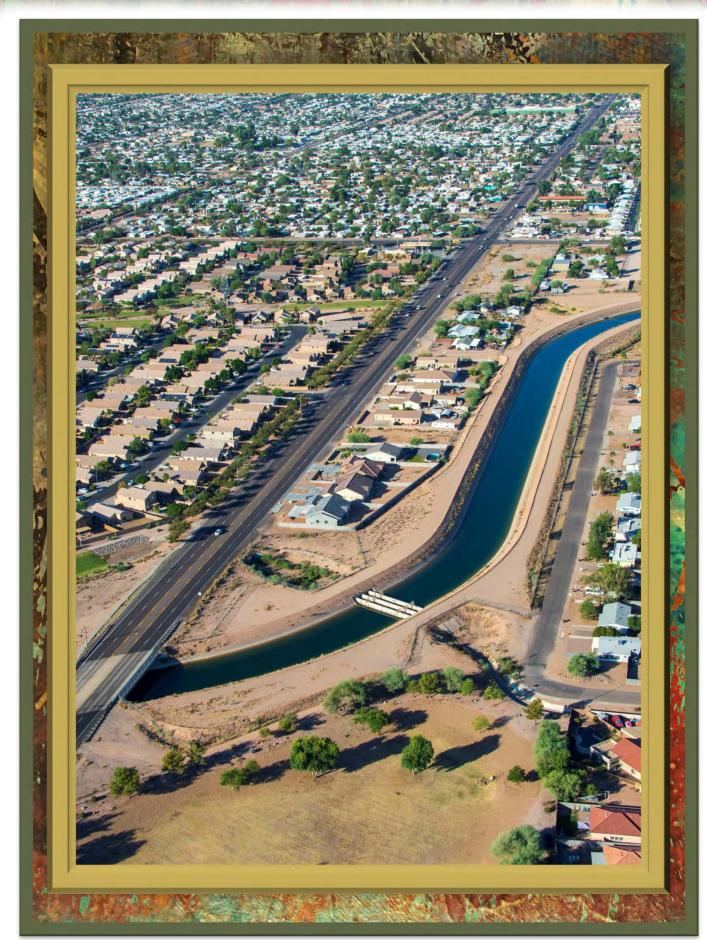




\$302.1 billion



REAL ESTATE & TRAVEL \$286.6 billion



CAP Canal at Broadway Road Bridge

CAP REVENUE SOURCES

CAWCD collects revenues primarily through the delivery of water, through collection of property taxes, and through interest on investments held at the Arizona State Treasurer's office. The CAWCD Board establishes water delivery rates at a level to operate, maintain, repair, and replace CAWCD infrastructure. CAWCD also operates several underground storage facilities or recharge sites and collects revenues from those customers that utilize the sites to cover the costs of operating the facilities. In addition, CAWCD collects rates, fees and dues from CAGRD customers that have joined the CAGRD as a means to meet their assured water supply requirements. CAGRD finances are maintained separate from CAWCD's core business finances.

CAWCD is authorized to assess two property taxes:

- A general ad valorem tax can be assessed up to \$0.10 per \$100 of assessed valuation in Maricopa, Pinal and Pima counties
- A water storage tax can be assessed up to \$0.04 per \$100 of assessed valuation

Proposition 117 took effect in tax year 2015, which established that a property's net assessed valuation (NAV) will be taxed based on the Limited Property Value (LPV). This proposition limits the annual growth in the LPV of all locally assessed property to 5%.

Tax Year July-June	Maricopa County NAV/LPV (\$M)	% Growth	Pinal County NAV/LPV (\$M)	% Growth	Pima County NAV/LPV (\$M)	% Growth	Total NAV/LPV (\$M)	% Growth
2017	\$38,252	5.9%	\$2,239	5.6%	\$8,075	3.3%	\$48,566	5.4%
2018	\$40,423	5.7%	\$2,355	5.2%	\$8,334	3.2%	\$51,113	5.2%
2019	\$43,194	6.9%	\$2,521	7.0%	\$8,730	4.8%	\$54,446	6.5%
2020	\$45,704	5.8%	\$2,689	6.7%	\$9,140	4.7%	\$57,535	5.7%
2021	\$48,724	6.6%	\$2,869	6.7%	\$9,696	6.1%	\$61,289	6.5%
2022	\$51,593	5.9%	\$3,053	6.4%	\$10,275	6.0%	\$64,921	5.9%
2023	\$54,461	5.6%	\$3,246	6.3%	\$10,800	5.1%	\$68,507	5.5%
2024	\$57,347	5.3%	\$3,457	6.5%	\$11,334	4.9%	\$72,137	5.3%
2025	\$60,401	5.3%	\$3,686	6.6%	\$11,896	5.0%	\$75,983	5.3%

Sources: CAP; Maricopa County; Pinal County; Pima County; Elliott D. Pollack & Company (April 2021)

LAKE PLEASANT



CENTRAL ARIZONA RESERVOIR SERVES AS CAP'S STORAGE RESERVOIR AND A POPULAR RECREATION DESTINATION

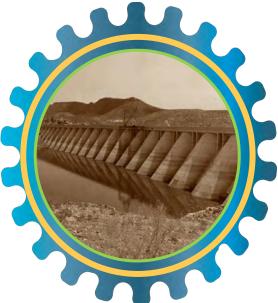
History - Making Dam

In the mid-1920's, the need for reliable sources of water in central Arizona had become evident. As a result, Waddell Dam was designed to contain the Agua Fria River and provide valuable irrigation water to the Maricopa Water District's service area. When completed in 1928, Waddell Dam was the largest multiple arch concrete dam in the world. The "massive" structure stood 76 feet tall and 250 feet long with a crest length of 2,160 feet. The total storage capacity was 157,000 acre-feet.

The Thirst For Water

In 1968, President Lyndon B. Johnson signed the Colorado River Basin Project Act, which authorized the Bureau of Reclamation to construct the Central Arizona Project (CAP). The CAP would supply a majority of Arizona's allocation of Colorado River water to central and southern Arizona. With the creation of the CAP, Lake Pleasant would transform from a reservoir that stored and supplied irrigation water to farmers, to the primary storage reservoir for the CAP and a critical component of its reliable water delivery system.

The storage capacity of the new reservoir would need to increase substantially, so construction of New Waddell Dam began in 1987. The new dam,





constructed 1/2 mile downstream of the old dam, was completed in 1992. At a height of 440 feet, New Waddell Dam overshadows the original, which was left in place and sits approximately 100 feet below the water surface. The storage capacity increased to 811,784 acre-feet, more than five times the previous capacity. Although the Agua Fria River still provides some inflow at the upper end of the reservoir, the primary water source is now the



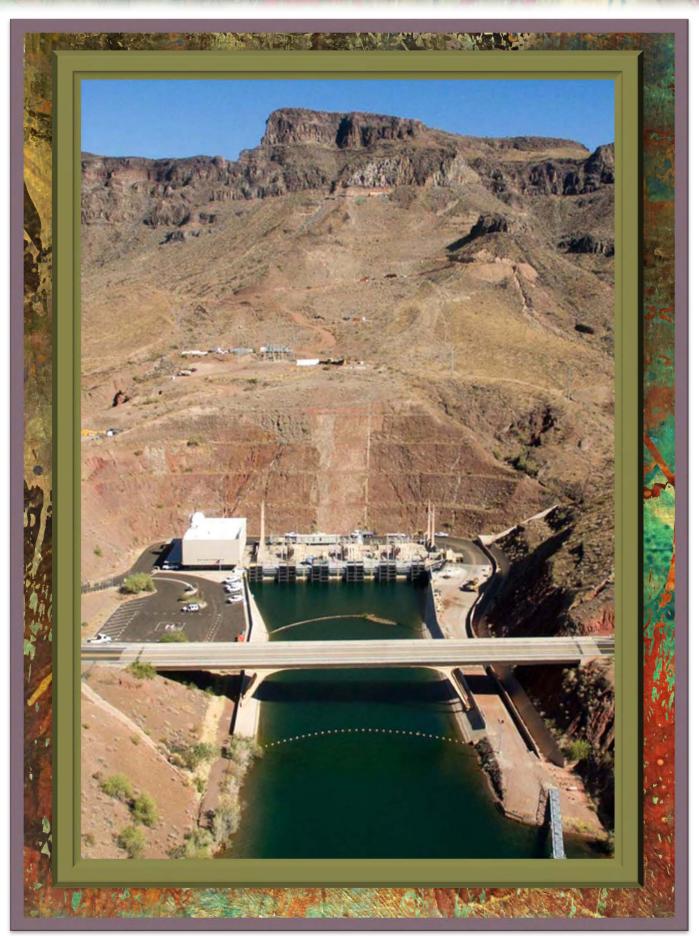
Colorado River.

Present Day Lake Pleasant

Lake Pleasant has become one of the most heavily used recreation areas in Arizona. With numerous boating, fishing, camping, and off-roading opportunities in and around the lake, more than 750,000 visitors frequent Lake Pleasant Regional Park each year.

Reservoir Operations

Lake Pleasant is roughly at the midpoint of the CAP system, just upstream from where CAP will ultimately deliver the majority of water to Arizona cities, agricultural and tribal users. The ability to utilize Lake Pleasant for storage provides flexibility to balance Colorado River water supply diversions and customer deliveries. This also maintains energy costs. CAP's yearly pumping plans take advantage of low energy prices during winter months to move more water into Lake Pleasant. When primary fill season concludes during the end of May, water is released from Lake Pleasant for deliveries to water users. This results in reservoir fluctuations of 30-60 feet annually.



Mark Wilmer Pumping Plant

MARK WILMER PUMPING PLANT



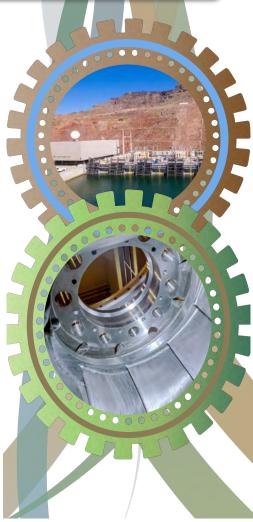
Central Arizona Project

Central Arizona Project (CAP) is Arizona's single largest resource for renewable water supplies, reliably delivering water from the Colorado River to central and southern Arizona every year.

The CAP starts at the Mark Wilmer Pumping Plant near Lake Havasu and continues to the southern boundary of the San Xavier Indian Reservation southwest of Tucson. It is a 336-mile-long system of aqueducts, tunnels, pumping plants and pipelines.

The Mark Wilmer Pumping Plant was the first plant built in the CAP system. Right at the outset, the first engineering challenge was pumping water from the river and then lifting it 800 feet up Buckskin Mountain where it is released into the seven-mile long Buckskin Mountain Tunnel.

This phenomenal construction feat was captured on video and is a fascinating look at the engineering marvel that is CAP.



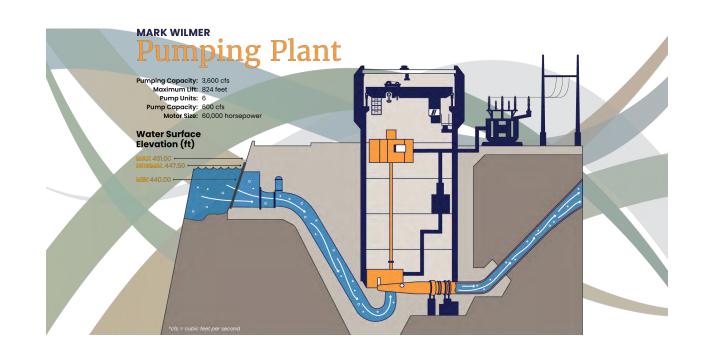
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Central Arizona Project

- Plant construction started in 1973 and CAP first delivered water to the west of Phoenix in 1985.
- The plant contains six, 60,000 horsepower pumps each capable of moving 278,256 gallons per minute, or 16.7 million gallons per hour (400 million gallons per day).
- Water is pumped off the river and lifted 824 feet up Buckskin Mountain, where it is released into Buckskin Mountain Tunnel.
- Buckskin Mountain Tunnel was constructed from 1975 to 1980; it is seven miles long, 22-feet in diameter, and is fully lined with 28,500 concrete segments/panels.
- Each pump unit at Mark Wilmer Pumping Plant requires 50 megawatts of energy; for comparison, Lake Havasu City, with a population of about 57,000 would use about 45 megawatts on the hottest day of the year.
- When all six pumps are running, they could fill an Olympic sized swimming pool in less than 23 seconds, pump 2.3 billion gallons per day or 7,120 acre-feet.



 Mark Wilmer Pumping Plant is a half-plant design, which means that the discharge piping and all the supporting auxiliaries were designed to operate half of the plant while the other half is in a planned or forced outage condition, for example, for maintenance.



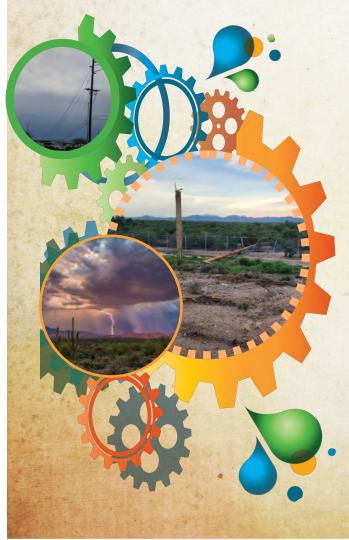
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STORM IMPACT FOR TUCSON AREA

A 2023 article from CAP's Internal Communications - - CAP Connections - By: Rich Weissinger, Director Field Maintenance



It may seem like the monsoon season has been light; however, CAP's southern operations have seen some definite impacts.



On Thursday, August 17, 2023 around 3:30 pm, a severe storm in the Tucson area knocked down power poles/lines on the 115 kV Rattlesnake to Valencia transmission line that feeds all pumping plants from Twin Peaks to Black Mountain (six plants in all). All back-up generators at the plants started up and transferred successfully, which allowed us to have some level of control at the plant, but not operate any of the pumps.

Employees from CAP, WAPA, and AEPCO all worked tirelessly to first assess the situation and then get the plants back operating. Around 27 wooden power poles supporting the 115 kV line were knocked down between the Twin Peaks and Sandario Pumping Plants.

Ultimately, we were able to back feed the plants downstream of Twin Peaks from Valencia Substation (via a procedure created in 2020 after a similar event) and normally feed Twin Peaks from Rattlesnake Substation. We were able to restore power from Black Mountain to Sandario by early Friday. Twin Peaks was restored around 8:00 pm on Friday, restoring full and normal operational capability to the full system. WAPA crews will be working to repair poles between Twin Peaks and Sandario in the



Four Peaks - Arizona

coming weeks. In the meantime, we will be in an abnormal configuration feeding the plants, all crews are aware of this and will work closely with the electrical safety program administrators regarding safe clearance configuration as needed.

One thing unique regarding the event was a downed distribution line at the Tucson Field Office. We kept employees inside the building until it was determined it was safe to exit. The

downed line was blocking access to employees' personal vehicles. Working with plant crews and with advice from TEP, at approximately 7:00 pm it was determined that the area could be safely barricaded, and employees could access CAP vehicles to go home.

Less than a week later, August 22, 2023 at about 4:16 p.m., CAP's 115KV Transmission line was lost again to another fast-moving thunderstorm, affecting pumping capacity from Sandario Pumping Plant through Black Mountain Pumping Plant. It was already in an abnormal power configuration due to last week's event, so WAPA quickly identified a new area of concern. They confirmed another 10 power poles were downed between the Sandario and Brawley Pumping Plants. Although both WAPA and CAP staff were able to restore power from Brawley to Black Mountain Pumping Plants, due to the location of the second incident, CAP will not have pumping capacity at Sandario Pumping Plant until either repair is back online.

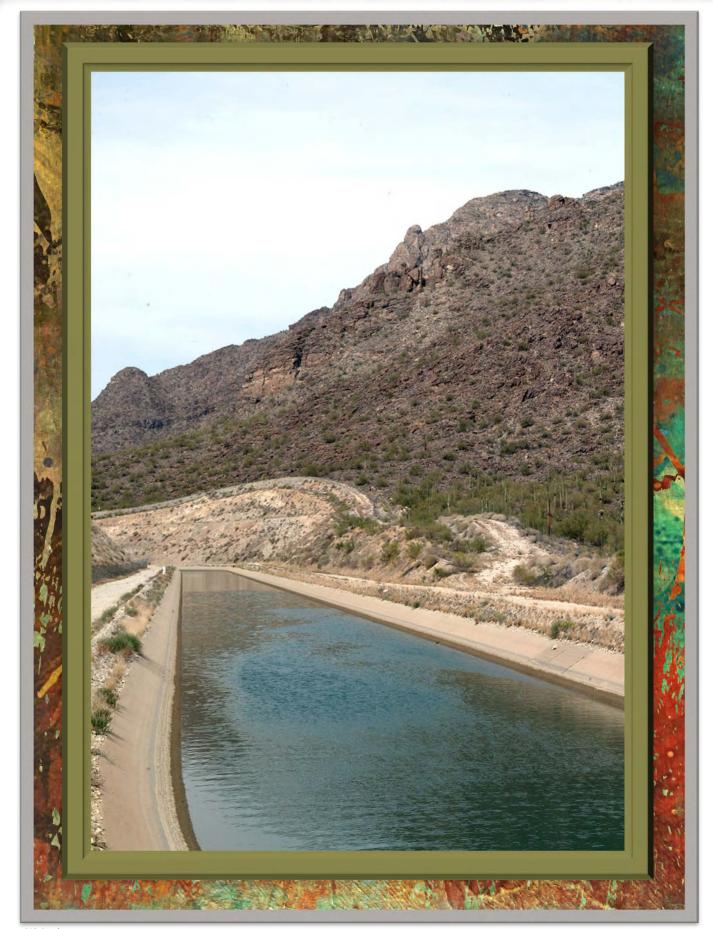
Coincidently, during General Manager Brenda Burman's field visits earlier this month she asked what keeps me up at night. I said it's the issues out of our control, such as monsoons. I mentioned Pool 34, power disruptions, etc. You never know where they will hit or what they will bring. What we do is ensure we are prepared, know

Central Arizona Project

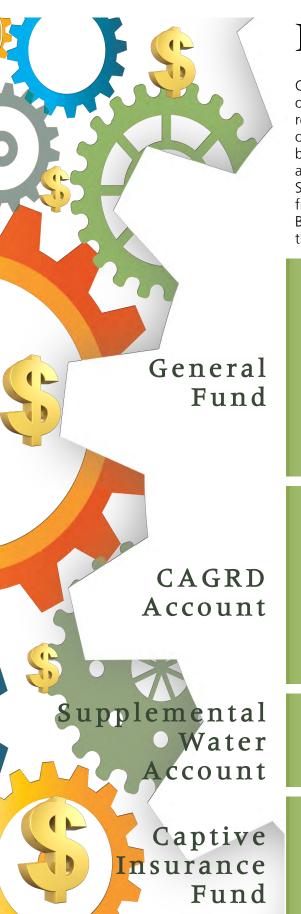


our backup systems (protection systems, generators, etc.) are tested and maintained effectively and emergency procedures (operations and clearance procedures) are available and ready to go, come what may. We don't rely on luck. Luck is what happens when preparation meets opportunity.

So, although these were unfortunate events, it did showcase the communication between our Water Operators, Electrical Safety, Field Maintenance teams, and our external electrical organizations (WAPA and AEPCO). We have a resilient system and many smart employees that were able to safely and quickly address events, without much interruption in service to our water customers.



CAP Canal



DISTRICT FUNDS

Central Arizona Project (CAP) accounts for its activities by means of four separate funds and accounts. Each fund and account represents a separate activity that has its own sources and uses of cash. Within each, revenues and expenses are further divided between operating and non-operating categories. These funds and accounts are further explained in the Operating Budget, Section 4. The following key assumptions provide the framework and guidance for development of the 2024/2025 Biennial Budget. The assumptions and trends are discussed in the sections that follow:

Largest share of Central Arizona Water Conservation District (CAWCD or District) financial activities that include water deliveries, maintenance, underground water storage, federal debt repayment, capital spending and other daily operations

Assumptions

- Water revenues are based on reconciled rates of estimated costs and projected water volumes
- Tax and capital charge revenues are based on current Board approved rates and distributions
- Sufficient funds are included in the budget to ensure that all capital facilities and equipment are properly maintained
- No contingency amount is included in the budget

All activity of the Central Arizona Groundwater Replenishment District (CAGRD) for Member Service Areas (MSA) and Member Lands (ML) revenue collections, water replenishment obligations and related operating expenses

Assumptions

- CAGRD rates include components for the cost of replenishment water, replenishment reserve, water rights, infrastructure and administration
- Membership dues will be collected at maximum each year
- Replenishment obligation expense is based on the anticipated cost of supplies to fulfill obligation

Reserves that are held pursuant to the Ak-Chin Water Rights Settlement to acquire or conserve Colorado River Supplies Assumptions

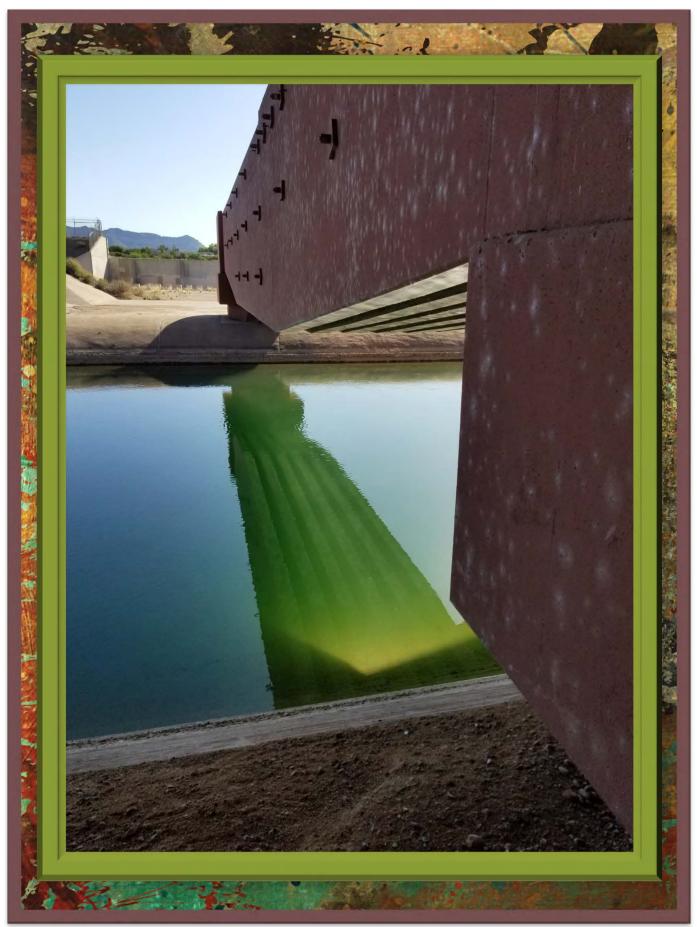
- Interest accrues on the reserve balance
- There are no anticipated costs during the budget period

All activity for the CAWCD Insurance Company (Captive), a taxexempt wholly-owned corporation for CAWCD's self-insurance of property, casualty and health coverage Assumptions

- Premiums will be established based on actuarial estimates
- Reserves will be funded in accordance with legal requirements

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Central Arizona Project



Red Mountain freeway just north of McDowell Rd $\,-\,$ Taken by CAP Employee Pam Saba

DISTRICT REVENUES

CAWCD has four major sources of funding:

Water delivery charges, which include Water Operations and Maintenance (O&M) charges, and capital charges

Power and Basin Development Fund (BDF) revenues

Reimbursement and other revenues

Property taxes

Water O&M charges are the District's most significant revenue source, accounting for approximately 50% of the 2024/2025 Budget. Property taxes comprise approximately 21% of revenues, with the balance comprised of capital charges, Basin Development Fund (BDF) revenues, interest income and other Revenues. Other revenue includes Central Arizona Groundwater Replenishment District (CAGRD) charges, interest income, underground water storage fees, reimbursements and interest income.

Each fund and account is accounted for individually to determine the performance of the specific activities within that fund. At the consolidated level, inter-fund activities are eliminated. For instance, CAGRD purchases water from CAP to meet its obligations. Within the General Fund it is shown as a revenue or sale of water while in the CAGRD account it is shown as an expense. At the consolidated level, the transaction is eliminated, which is shown under eliminations.



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The following table shows the year-over-year revenue changes are explained in the subsequent sections:

(Millions)	2023 Projection	2024 Budget	2025 Budget	24 vs 23 Incr/(Decr)	25 vs 24 Incr/(Decr)
Water O&M Charges	\$ 186.7	\$ 233.9	\$ 258.7	\$ 47.2	\$ 24.8
Capital Charges	36.8	36.5	37.2	(0.3)	0.7
Power & Other BDF	7.2	6.7	6.7	(0.5)	0.0
Other Revenue	57.1	68.8	74.9	11.7	6.1
Property Taxes	97.9	104.4	109.2	6.5	4.8
Interest Income	29.5	25.8	28.6	(3.7)	2.8
Total Revenues	\$ 415.2	\$ 476.1	\$ 515.3	\$ 60.9	\$ 39.2

Water Delivery Charges

Water Volumes

The delivery of wholesale, untreated surface water represents CAWCD's core business with deliveries to customers grouped into three major classes: Municipal and Industrial (M&I), federal (also known as Indian or Tribal) and excess. The M&I and federal deliveries are pursuant to long-term federal contracts and long-term M&I subcontracts. Any amounts not delivered under these agreements are available as excess water under annual short-term agreements. The highest priority of excess water is the agricultural (Ag) settlement pool, which was established pursuant to the Arizona Water Settlement Act (AWSA).

The AWSA established a pool for Ag customers as a settlement for relinquishing their long-term CAP subcontract allocations so that some of the water supply could be used for Indian water right settlements and some could be reallocated to M&I in the future. In 2021, 246,083 acre-feet was delivered to the Ag Settlement pool, but declined to 30,825 acre-feet in 2022. No deliveries are expected in 2023, 2024 or 2025 as there is no excess pool water available. Ag subcontractors were relieved of certain indebtedness to the United States, which was partially assumed by CAWCD (known as 9(d) debt). This 9(d) debt will be paid by M&I reallocation recipients. In addition, Ag Pool customers do not pay Fixed Operations, Maintenance and Replacement (OM&R), which is referred to as the Ag Consideration.

In the event there is excess water, CAWCD has an "Access to Excess" policy for its allocation. In developing the Annual Operating Plan (water deliveries):

- CAWCD shall first use available CAP excess water to fully satisfy the Ag Settlement Pool. Any remaining CAP excess water is "Other Excess".
- CAWCD will then use Other Excess to satisfy commitments associated with the Water Availability Status Contract with the City of Scottsdale, not to exceed 2,910 acre-feet.
- CAWCD will then use Other Excess to satisfy the difference, if any, between the most recent year of reported CAGRD replenishment obligation, and the volume of renewable supplies available for replenishment (excluding Long Term Storage Credits (LTSCs)), up to a limit of 10,000 acre-feet per year.

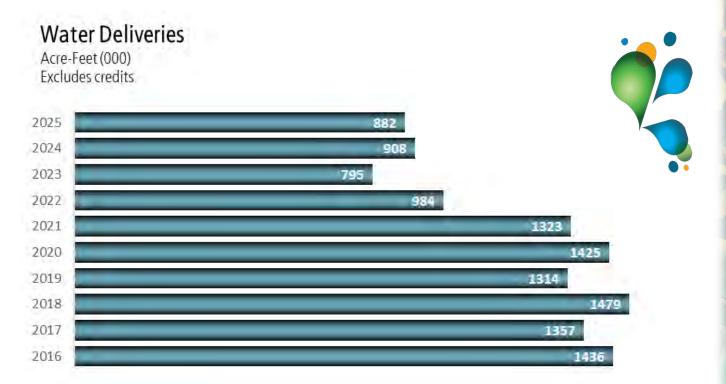
- The Board will further make an annual decision whether to make additional Other Excess available to the Statutory Firming Pool. If the Board decides to make Other Excess available, it will be apportioned among the Arizona Water Banking Authority (AWBA), Reclamation, and CAGRD based on an annual coordination meeting among the three organizations.
- The Board may further establish a Supplemental Firming Pool, comprised of any Other Excess available after satisfying the Statutory Firming Pool. This pool will be made available at the same charge and on the same terms to federal and non-federal long-term contractors holding non-Indian Agriculture (NIA) priority supplies on a proportional basis until all orders are satisfied or the available supply is fully subscribed.
- CAWCD can provide up to 35,000 acre-feet to meet CAGRD annual replenishment obligations.
- All remaining Excess Water goes to the Statutory Firming Pool.

State law, ARS 48-3772(E)(8), provides that the CAGRD replenishment reserve shall have access to excess CAP water equivalent to that of the AWBA for firming CAP M&I subcontracts.

Due to the ongoing drought, structural deficit and Drought Contingency Plan (DCP) implementation, water available to CAWCD has decreased. In addition, as M&I and federal water usage has grown.

Wheeled Water

In 2023, CAWCD delivered its first non-project water that was delivered via a system use agreement with the Bureau of Reclamation. Wheeled water adds to the volume of CAP deliveries and helps decrease the Fixed OM&R rate. It can be wheeled for a customer firming its M&I subcontract, or federal contract supply that was shorted, or simply for water in addition to any other contract. If it is for firming a shortfall in a contract or subcontract, it does not retain losses, otherwise it is subject to a 5% decrease for system losses and is also subject to facility use charges, which are equivalent to M&I capital charges. CAWCD expects to be able to also wheel water under its authority once the System Use Agreement is in place.



CAGRD Credit Transfer

CAWCD holds some LTSCs that are dedicated to CAGRD, who purchases the credits at the current reconciled rate. These transfers increase the water volume that the water delivery costs are spread over.

Major Assumptions

- In 2024 and 2025, CAWCD planned deliveries are based on a Tier 1 DCP level, which includes a total reduction of 512,000 acre-feet of deliveries.
- CAWCD planned deliveries are reduced by anticipated voluntary conservation reductions resulting in decreased deliveries of 267,000 acre-feet in 2024 and 275,000 acre-feet in 2025.
- The Ag Settlement Pool does not have any deliveries anticipated for 2024 and 2025.
- No other excess water is made available during the budget period.
- DCP mitigation is included with CAWCD contributions of:
 - ° 50,307 acre-feet and \$7,866,000 in 2024
 - ° 50,307 acre-feet and \$8,071,200 in 2025
- There will be approximately 2,000 acre-feet of Non-Project water in both 2024 and 2025.

Volume (Acre-feet in Thousands)	2021 Actual	2022 Actual	2023 Projection	2024 Budget	2025 Budget
Project					
Municipal & Industrial	596.4	590.9	500.1	525.6	522.7
Federal	480.2	362.4	293.0	380.9	357.6
Ag Settlement	246.1	30.8	-	-	-
Other	0.7	-	-	-	-
NonProject					
Firming-Federal	-	-	1.0	1.0	1.0
Other Wheeled-Federal	-	-	1.0	1.0	1.0
Total Water Deliveries	1,323.4	984.1	795.0	908.5	882.3
CAGRD Credit Transfer	21.7	14.7	13.6	14.2	15.5
Take or Pay/Adjustment	20.0	15.0	-	-	-
Total Water Volume	1,365.1	1,013.8	808.7	922.7	897.8
Revenues (Millions)					
Total Water O&M Charges	\$ 173.3	\$ 176.8	\$ 186.7	\$ 233.9	\$ 258.7

Water O&M Charges

As prescribed in CAP's rate-setting policy, Water O&M rates are set biennially in June (even years) for the upcoming two calendar years with firm rates for the first year, provisional rates for the second year and advisory rates for the following four years. Provisional rates automatically become firm the next year, unless the Board takes additional action. In 2022, CAP set the provisional rates for 2024. During the 2023 rate setting review, although there appeared to be a high likelihood of a Tier 1 shortage in 2024, it was also known that a significant number of conservation activities were to occur in 2023 though 2025. Many of the conservation programs were being coordinated through the Bureau of Reclamation and were to decrease CAP water delivery volumes. With the additional conservation, the rates will be more closely aligned with the rates that would occur with a Tier 3 shortage. Due to changes with energy market forecasts, transmission costs and the water volumes, the Board revised the 2024 rates as well as the 2025-2028 advisory rates to coincide with the Tier 3 rate. Other Tier level shortages were also provided as a reference. The updated rates can be found in the Rate Schedules in the Appendix (pages 7-3 through 7-7).

Due to the correlation between water delivery volumes and water delivery charges, assumptions used to explain water delivery volumes are pertinent for understanding water delivery revenues. The table on the previous page reflects actual water deliveries and associated revenues for 2021 and 2022 and water delivery volume assumptions and related revenues for 2023 through 2025.

Water Operation & Maintenance (O&M) rates have two major components: Fixed OM&R, and pumping energy. Each of these components is discussed in the subsequent sections.

Fixed OM&R Rate Component

Central Arizona Project

The Fixed OM&R component of the rate is comprised of two parts: O&M costs and a capital replacement component ("Big R"). The O&M costs are calculated to assume that costs associated with fixed O&M are recovered on an annual basis. Water delivery costs for the year are divided by total deliveries for the year to calculate the O&M rate. Since costs are fixed, as deliveries decrease, the rate per acre-foot increases and vice versa.

The "Big R" component funds annual major repairs, replacements and capital improvement programs (CIP) related to water deliveries. However, to mitigate fluctuations in annual capital spending, the model is designed to smooth the rate and to recover the costs over several years rather than 100% in each year.

In consideration for giving up their subcontract water rights, Ag settlement pool stakeholders' Fixed OM&R is paid from property taxes. Since tax revenue is recorded when levied, Water O&M revenue is not recorded on Ag Settlement pool deliveries. With the reduction and elimination of the Ag Settlement pool, more Water O&M revenue is recorded on those deliveries that are delivered to long-term contract holders, thus increasing water delivery revenue.

When the AWBA has deliveries, they can request the water storage revenues be used to pay for the deliveries. This is shown as *Water Revenues Contra WSTA* reversal of water delivery revenue as the deliveries are recorded upon delivery (see page 7-2).

M&I subcontracts and federal contracts have a 'take or pay' provision wherein any orders not taken or successfully remarketed, the contractor must still pay the Fixed OM&R on the undelivered amounts.

Pumping Energy Rate Component

The pumping energy rate component relates to the energy costs associated with delivering water. All customers pay pumping energy, including Ag customers. Energy is provided through long-term contracts, the energy market and the Hoover Power Plant (see pages 2-15 through 2-16 for additional energy information). The use of energy is variable and as deliveries decrease, the total energy cost and subsequently the revenue also decrease. The rate per acre-foot, however, remains fairly consistent.

Major Assumptions

- 2024 and 2025 Water O&M revenues are projected to be the indicated volumes and at reconciled rates for long-term contracts and subcontracts.
- 2024 and 2025 water delivery levels will be at the levels indicated on page 7-1.

CAPITAL CHARGES

Capital charges are used to pay the District's annual repayment obligation to the federal government for building the CAP. CAWCD assesses a capital charge to M&I customers based on subcontract allocations for M&I subcontractors and are not impacted by water delivery volumes. Neither federal nor Ag customers pay a capital charge.

Customers using excess water pay capital charges in the form of a facility use charge based on scheduled water deliveries. Any repayment obligation amount not covered by Basin Development Fund revenues or capital charges are made up from property taxes.

Non-Indian Agricultural Reallocation

Through 2020, CAWCD held 96,295 acre-feet of NIA priority rights that had been set aside for future allocation to M&I users. These NIA priority rights were recorded as an asset of CAWCD at \$88.7 million. In exchange for the relinquishment, CAP incurred a 9(d) debt liability related to loans that had been made to the irrigation districts, which was recorded as an \$88.7 million liability.

The first reallocation of 44,530 acre-feet occurred in 2021 for delivery in 2022. Of these, CAGRD received 18,185 acre-feet. Upon reallocation, the District collected charges from the M&I users, an amount sufficient to repay the District's costs in facilitating the payment of the 9(d) debt. These funds were deposited into a restricted reserve that will be utilized when the repayment begins in 2026 (see appendix (page 7-14).

As a result of this reallocation, the District recorded a write-down of the NIA asset of \$6.8 million in 2021 for the reallocation (excluding CAGRD). In addition, the District recorded back-capital charges for these acre-feet of \$34.2 million. The District offered a 5-year payment option to the recipients, with the first payment due in September 2021 and then equal installments for the next 4 years. The acre-feet allocated to CAGRD impacted the individual funds and accounts, but were eliminated at the District level.

Major Assumptions

- M&I Capital Charge and facility use rates will be \$53/acre-foot for 2024 and \$54/acre-foot for 2025.
- There will be no facility use charges during the budget period.
- There will be no additional NIA reallocation occurs in during the budget period.

BASIN DEVELOPMENT FUND REVENUES

CAP is a multi-purpose water resource project authorized by the Colorado River Basin Project Act and constructed by Reclamation. This act established the Lower Colorado River Basin Development Fund (LCRBDF or BDF) maintained by the U.S. Department of the Treasury. Although the District is responsible for the operation and maintenance of CAP and repayment of the reimbursable construction costs, the United States retains a paramount right or claim in CAP arising from the original construction of CAP as a Federal Reclamation Project. The District's right to the possession and use of all revenues produced by CAP is evidenced by the Master Repayment Agreement, various laws and other agreements with the United States. Legal title to CAP will remain with the United States until otherwise provided by Congress.

BDF revenues are earned from a surcharge on energy sold in Arizona from the Hoover Power Plant and the Parker-Davis Project, net transmission revenues, revenues associated with land-use agreements, sale of excess lands and other miscellaneous revenue. Following are the Power & BDF Revenue year-over-year changes:

(Millions)	2023 Projection	2024 Budget	2025 Budget	24 vs 23 Incr/(Decr)	25 vs 24 Incr/(Decr)
Hoover 4.5 Mil Revenue	\$ 2.3	\$ 2.1	\$ 2.0	\$ (0.2)	\$ (0.1)
Parker-Davis 4.5 Mil Revenue	2.2	1.8	1.9	(0.4)	0.1
Net CAP Transmission Revenues	(1.3)	(0.7)	(0.7)	(0.6)	-
Land-Related Revenue	0.8	0.7	0.7	(0.1)	-
Misc NGS Revenues	3.2	2.8	2.8	(0.4)	-
	\$ 7.2	\$ 6.7	\$ 6.7	(\$ 0.5)	(\$ 0.0)

Major Assumptions

- Hoover 4.5 mil surcharge and Parker Davis revenue will continue
- Transmission revenues will occur as indicated and include transmission losses
- Land sale proceeds and land use fees will occur as indicated



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REIMBURSEMENT AND OTHER REVENUES

Reimbursements and other revenues account for various miscellaneous items, such as CAGRD charges, underground storage revenue and Captive revenues. Other revenues collected by CAWCD or expenses reimbursed to CAWCD by other entities are recorded in this category. Revenues from the Captive are eliminated at the consolidated level.

(Millions)	2023 Projection	2024 Budget	2025 Budget	24 vs 23 Incr/(Decr)	25 vs 24 Incr/(Decr)
CAGRD Assessments	\$ 55.5	\$ 67.3	\$ 73.3	\$ 11.8	\$ 6.1
Underground Storage Facilities O&M	1.0	0.8	0.8	(0.2)	-
Captive Insurance Premiums	12.6	12.7	12.9	0.1	0.2
Other	0.6	0.8	0.8	0.2	-
Eliminations	(12.6)	(12.8)	(12.9)	(0.2)	(0.1)
Total Reimbursements and other revenues	\$ 57.1	\$ 68.8	\$ 74.9	\$ 11.7	\$ 6.1

The following are examples of the type of revenues included in this category:

Underground Storage

CAWCD, through previous State Demonstration Tax proceeds (predecessor to the water storage tax) and some general ad valorem tax proceeds, built several underground storage sites, frequently called recharge sites. These sites continue to serve a variety of purposes, including: storing excess water to allow the AWBA to create long-term storage credits toward meeting its M&I firming goal; providing stakeholders the ability to store unneeded entitlement for self-firming; as well as providing a means to replenish water for CAGRD obligations.

Since the underground storage facilities (USF) were constructed using State Demonstration Project tax revenues and general ad valorem tax revenues, when entities other than municipal, AWBA and



CAGRD (e.g., federal, industrial, etc.) utilize them, an underground water storage Capital Charge is assessed to recover the costs of constructing these facilities.

CAWCD Underground Storage Operational Capacity 338,500 Total Acre-Feet Total Pima Mine Road 23,000

rima Mine Koau	25,000
Lower Santa Cruz	50,000
Agua Fria	24,000
Hieroglyphic Mountains	35,000
Tonopah Desert	150,000
Superstition Mountains	56,500

AD VALOREM TAXES

CAWCD is authorized to collect two ad valorem property taxes. Tax rates are set annually for the next tax year by the Board on or before its August meeting.

General Ad Valorem Tax

The District's enabling legislation authorizes levying a general ad valorem tax throughout CAWCD's three county service area (Maricopa, Pinal and Pima counties), not to exceed \$0.10 per \$100 of Net Assessed Valuation (NAV) based on Limited Property Values (LPV). These taxes have been used for CAP federal debt repayment, Ag Consideration, recharge capital spending, smoothing project O&M spending and other Board-approved programs. This general ad valorem property tax was first levied beginning in the 1974 / 1975 tax year.

In June 2023, the Board set the 2023/2024 General Ad Valorem tax rate to \$0.10.

Water Storage Tax

In 1996, the Arizona state legislature created the Arizona Water Banking Authority and the Arizona Water Banking Fund for purposes of increasing Arizona's use of its Colorado River entitlement. The legislation also authorized CAWCD to levy a water storage tax at a rate of \$0.04 per \$100 of NAV in Maricopa, Pinal and Pima counties, based on LPV. Arizona Revised Statutes (ARS) §48-3715-03.A provides that the Board shall determine whether any or all portion of the water storage tax is to be applied toward the repayment of CAP construction or operating costs. If these monies are not needed by CAWCD for these purposes, they must be transferred to the AWBA.

In 2014, ARS § 45-2423 was revised, allowing the AWBA to purchase LTSCs. The Board subsequently approved an amendment to the existing Intergovernmental Agreement (IGA) among CAWCD, AWBA and Arizona Department of Water Resources (ADWR) that governs the way in which \$.04 taxes can be used to help pay for such purchases. The Board will continue to establish the Water Storage Tax rate and a resolution on its use each June under the existing statutes.

Tax Years (collected October- September)	General Ad Valorem Tax (per \$100 NAV)	Water Storage Ad Valorem Tax (per \$100 NAV)
1984-88	\$ 0.07	N/A
1988-95	0.10	N/A
1995-00	0.10	\$0.04
2000-03	0.09	0.04
2003-07	0.08	0.04
2007-13	0.06	0.04
2013-26	0.10	0.04

In June 2023, the Board set the 2023/2024 Water Storage tax rate at \$0.04.

Calendar Year	General Ad Valorem Tax <i>(Millions)</i>	Water Storage Ad Valorem Tax <i>(Millions)</i>	Total (Millions)
2021	\$ 62.0	\$ 24.9	\$ 86.9
2022	65.9	26.5	92.4
2023	69.8	28.1	97.9
2024	74.4	30.0	104.4
2025	77.9	31.3	109.2

Process for Long Term Storage Credit Purchases

AWBA and CAP staff meet in May each year to discuss AWBA's draft Annual Report and the projected Water Storage Tax revenue. By May, AWBA will identify in its draft Annual Report the amount of revenues it will seek from the CAWCD Water Storage Tax for the purchase of the

projected volume of LTSCs for M&I firming during the following calendar year. In June, staff will bring the water storage tax resolution to the Board, which includes a request to transfer the identified amount to the AWBA. As the AWBA Commission approves a purchase for M&I Firming LTSCs, AWBA will submit the agreement to staff for reimbursement up to the Board's approved level.

AWBA activities generate underground storage credits for the purposes of firming CAP M&I water supplies. Since 2012, the Board has designated the funds for federal repayment and OM&R costs, which includes AWBA M&I firming.

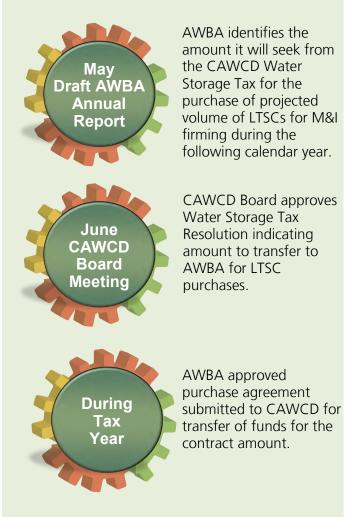
Property Tax Equivalency

Entities that are outside of the three-county area pay a property tax equivalency charge that is equivalent to taxes paid by entities within the CAP delivery area. These proceeds are transferred to the state Water Protection fund as required by statute.

Major Assumptions

- The general ad valorem tax rate will remain at \$0.10 per \$100 of NAV throughout the budget period.
- The water storage tax rate will remain at \$0.04 per \$100 of NAV throughout the budget period.

AWBA LONG-TERM STORAGE CREDIT PURCHASE PROCESS



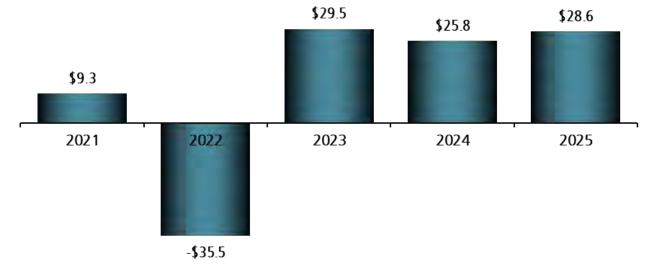
INTEREST INCOME

CAWCD is required by its enabling legislation to invest funds not currently needed for operations or dedicated to the repayment of revenue bonds with the Arizona State Treasurer. Funds invested earn interest and this interest is recorded in the appropriate accounts. The Captive funds are held at First Hawaiian Bank. CAWCD also receives interest on funds that are held in the BDF by the Reclamation.

The following graph shows the historical and projected interest and fair value (FV) adjustments as well as the average annual interest rate on investments at the Arizona State Treasurer.

Major Assumption

- Interest rates for funds invested with the Arizona State Treasurer will be an average of 3.5% for 2024 and 3.7% for 2025.
- Interest will be collected on the annual NIA reallocation payments at 2.5%.





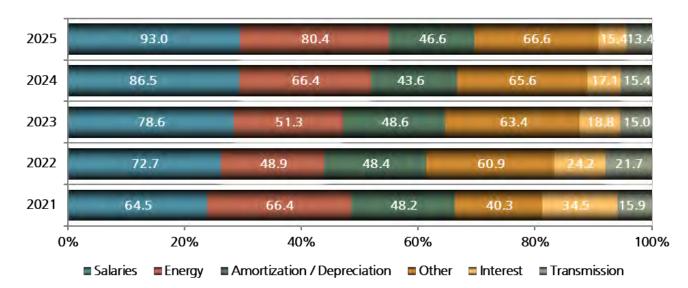
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DISTRICT EXPENSES

District expenses are categorized as either operating or non-operating expenses. Operating expenses include pumping energy, salaries and related costs, amortization and depreciation and other operating costs. Non-operating expenses include interest expense on the federal repayment obligation and bonds and disbursements to AWBA.

Historically, the highest cost has been pumping energy, although with the decreased water volumes, it has fallen below salaries and related costs and other operating costs.

The following table shows the year-over-year expense changes which are explained in the subsequent sections:



Total Expenses

(\$ Millions) - 100% scale

(Millions)	2023 Projection	2024 Budget	2025 Budget	24 vs 23 Incr/(Decr)	25 vs 24 Incr/(Decr)
Salaries & Related Costs	\$ 78.6	\$ 86.5	\$ 93.0	\$ 7.9	\$ 6.5
Pumping Energy	51.3	66.4	80.4	15.1	14.0
Amortization & Depreciation	48.6	43.6	46.6	(5.0)	3.0
Other Operating Costs	63.4	65.6	66.6	2.2	1.0
Interest and Other Non- Operating Expense	18.8	17.1	15.4	(1.7)	(1.7)
Transmission	15.0	15.4	13.4	0.4	(2.0)
	\$275.7	\$294.6	\$315.4	\$ 18.9	\$ 20.8

PUMPING ENERGY

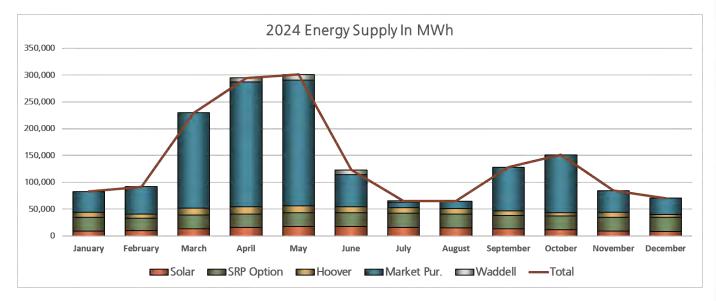
The greatest variable affecting water delivery expenses is the cost of pumping energy. While most General Fund operating costs (Fixed O&M) will not vary with water deliveries, the cost of electricity to pump CAP water does vary. CAWCD anticipates using 1,689 gigawatt hours (GWh) of energy in 2024 and 1,719 GWh in 2025 to meet the District's pumping needs at the projected water volumes.

CAP has developed a diversified power portfolio. Currently, almost 70% of total CAP energy needs are obtained from market purchases. The remaining energy comes from a long-term contract for Hoover Dam generation, a power purchase agreement (PPA) for energy from a 30 megawatt (MW) solar plant with



another PPA for a second solar plant site for 20 MW with a 60 MWh battery bank, a PPA with an Arizona utility for 35 MW of firm energy from their fleet of generation (expiring at the end of 2024), and the hydroelectric generation produced as a result from releasing water from Lake Pleasant.

CAP schedules energy use and develops pumping strategies that most efficiently fulfill customers' requests by using the system's 109 pumps. Although CAP runs 24 hours a day, schedulers utilize an on-peak/off-peak energy schedule to maximize pumping during off-peak times when energy is less in demand and less expensive.



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The District established an Energy Risk Oversight Committee (EROC) that acts as an advisory committee on a variety of energy and transmission-related issues affecting CAP operations. The District uses a portfolio approach for managing CAWCD's contract energy resources and transmission contracts. This approach focuses on designing a portfolio of projects that best meet the following guiding principles:

Minimizing volatility in cost paid by CAWCD without sacrificing reliability

Maintaining options for use of transmission

Leveraging use of existing transmission infrastructure

Willingness to commit capital to secure new transmission

Due to current market conditions, forward energy prices are elevated. CAP has acquired approximately 50% of estimated need for 2024 and 15% of energy needs for 2025, with no forward purchases made yet. CAP will explore best pricing strategies going forward, such as conducting energy auctions to lock in prices of future energy.

CAWCD can increase or lower the water stored in Lake Pleasant to meet CAP operational needs. When water is pumped into the lake, CAWCD increases water inventory and reduces pumping energy costs. Conversely, when water is released from the lake, water inventory is decreased and pumping energy costs are increased.

Major Assumptions

- Long-term contracted power is available at \$51.18/MWH in 2024 and \$38.60/MWH in 2025.
- Market purchases made at an average of \$34.22/MWH in 2024 and \$51.79/MWH in 2025.
- Lake adjustments occur as indicated in the energy section of the Appendix (page 7-9).



TRANSMISSION

- Transmission costs includes operations (delivery of pumping energy) and maintenance activities.
- Western Area Power Administration (WAPA) is implementing a One Transmission Rate, combining the formula rates of transmission systems in the Desert Southwest Region, effectively reducing transmission expenses by over \$4.0 million annually for CAP.

Major Assumptions

- Similar to the energy markets, transmission rates are projected to increase .
- CAP will maintain its contractual agreement with WAPA for transmission line maintenance under the One Transmission Rate.

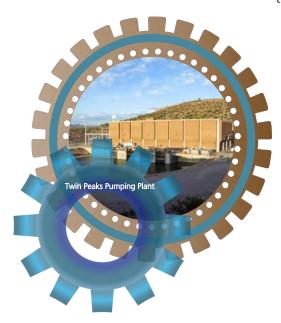
SALARIES AND RELATED COSTS

CAWCD's workforce is projected to be comprised of 495.5 full-time equivalent (FTE) positions for the 2024/2025 budget period. CAGRD has a staff of 9 FTEs that are dedicated to CAGRD operations and the rest are dedicated to CAP operations. Of the FTEs dedicated to CAP operations, about one-third are assigned to the pumping plants and other locations along the aqueduct and the balance are assigned to Headquarters in Phoenix. Approximately 70% of CAWCD's workforce is dedicated to the core water delivery business, including water delivery activities, capital projects and extraordinary maintenance projects. Three positions were added in 2022: Planning Analyst, Executive Strategy Advisor, and Senior GIS Analyst. There are three new FTE additions in the 2024/2025 budget from 2023 levels: Resource Planning Senior Analyst, Senior Attorney and Protective Engineer.

Since the COVID-19 pandemic, CAP has experienced a decline in its ability to recruit and retain high-quality staff to ensure the reliability of its critical and unique infrastructure. During 2023, CAP commissioned a comprehensive compensation study for both Crafts and Trades (CT) and Administrative, Technical, and Professional (ATP) positions. The study demonstrated that CAP employee salaries had not kept pace with the market since the last study had been completed in 2021. To address this issue, market adjustments have been included in the salaries budget for specific positions based on the results of the study. Once these market adjustments have been incorporated, merit increases of 5% have been included for 2024 and 2025. CAP's management is confident that by addressing the salary gap, we will return to being a highly competitive employer in 2024.

Another driver of salary expenses in the operating budget is a change in the type of work being performed. Shifting work from capital to operating projects will move salary expenses into the operating budget and out of the capital budget. The net effect is cost-neutral, but it does have an impact on water rates. This effect is driven by the nature of work being performed and will vary from year-to-year.

Finally, one of the ways CAP controls costs is to assume that a certain number of positions will remain vacant over the course of the year. The savings from these openings are removed from



the budget and staffing is actively managed at a budget level less than full funding. Open positions are reviewed to determine the most effective and efficient manner to fill the needs of that position and are evaluated on supporting the strategic objectives of CAP. In 2024/2025, open positions and the lag time in filling those positions are estimated to create a vacancy savings equivalency of approximately 15 FTEs, the same as in recent years. The Organizational Summary section includes details on the District's organizational structure and FTE detail.

Major Assumptions

- Three new positions are requested in the budget period, and include a factor for vacancy / salary savings equivalent of 15 FTEs to reflect turnover and retirements.
- Include salary market adjustment and an average merit increase of 5% per year to maintain a competitive compensation and benefits package.

AMORTIZATION AND DEPRECIATION

Amortization - The permanent service right (PSR) is an asset that represents the District's right to use the CAP system and collect revenues from operations, for which the District has incurred a repayment obligation to the United States.

Depreciation - The District records a depreciation expense for capital equipment additions and replacements, and for capital projects. It is anticipated that this expense will increase each budget year.

Major Assumptions

- Recording of an amortization expense related to the PSR, which is approximately \$18.1 million for 2024 and \$18.1 million for 2025.
- Include depreciation of \$25.5 million for 2024 and \$28.5 million for 2025.

INTEREST EXPENSE

CAWCD pays interest on the federal repayment obligation and its bonds. CAWCD has two revenue bond issues outstanding: Series 2016 bonds relating to transmission projects and CAGRD 2019 bonds relating to CAGRD water acquisitions. The CAWCD Series 2016 bonds were sold at a premium and there is an annual amortization of the premium that decreases interest expense. Detailed debt schedules are contained in the appendix (page 7-12 through 7-13). Note the federal repayment is made in January but the interest expense for the payment is recorded in the prior year.

Major Assumptions

- Federal debt interest expense is \$15.0 million for 2024 and \$13.6 million for 2025.
- CAWCD bond interest expense is \$1.7 million for 2024 and \$1.6 million for 2025.
- CAGRD bond interest expense is \$0.2 million for 2024 and \$0.1 million for 2025.
- CAWCD bond amortization is \$0.5 million for 2024 and \$0.5 million for 2025.

OTHER EXPENSES

This category represents the remainder of the District's operating expenses. Operating expenses include outside services, materials and supplies, CAGRD water purchases and other business-related expenses (e.g., property and casualty insurance, rentals and Multi-Species Conservation Program expense). Transactions from internal sales and expenses such as water that CAGRD purchases and self-insurance premiums that the General Fund pays to the Captive Insurance Fund are eliminated at the consolidated level. Board elections occur every other year in even years and is one of the larger variances when comparing year-over-year. CAGRD replenishment obligation expense is the largest item in other expenses. Another increase facing the District is the cost of insurance coverage outside of the Captive; the market is seeing significant increases as a whole and CAWCD is anticipating to see increases of 10-15%.

2024/2025 Budget Initiatives

The following list provides some key unique initiatives or expenses during the budget period. These initiatives and expenses are included in costs that are included in the Fixed O&M rate:

(Thousands)	2024 Budge		2025 Budg	
Multi-Species Conservation Program	\$	4,406	\$	3,781
Data Analytics Initiative	\$	485	\$	410
Weather Modification & Augmentation	\$	650	\$	650
Climate Change	\$	250	\$	250
Bureau of Reclamation Work Plan (Reclamation support)	\$	1,275	\$	1,255
Board Elections	\$	1,250	\$	-
Insurance Program-Property & Casualty	\$	2,922	\$	3,221

Also included in the budget are several initiatives that are included in the District's expenses but anticipated to be funded from other sources. These items are excluded from the Fixed O&M rate calculations. Any items that are funded from the Extraordinary Cost Reserve must be approved by the Board prior to execution. In the event the Board chooses to include the items in the Fixed O&M rate, the rate would increase from what the current budget indicates. In the event the Board chooses to not move forward on the initiative, the item would not be utilized and cause an expense variance.

(Thousands)	Funding Source	2024 Budge		202 Bud	
Conservation Initiatives	Extraordinary Cost Reserve	\$	9,250	\$	9,500
Post-2026 Guidelines renegotiation	Extraordinary Cost Reserve	\$	1,830	\$	1,730
SRP-CAP Interconnect Facility	Extraordinary Cost Reserve	\$	900	\$	-
Siphon strategy planning	Extraordinary Cost Reserve	\$	205	\$	50
Hydrological planning studies	Extraordinary Cost Reserve	\$	200	\$	200
Regional Recycled Water with MWD	Water Storage Tax	\$	2,000	\$	2,000
Recovery Planning	Recovery Reserve	\$	1,500	\$	-
Extraordinary Maintenance	'Big R'	\$	2,503	\$	2,525

Compensated Mitigation

The Arizona Implementation Plan for the Drought Protection Plan includes compensating some long-term contract holders for reducing their water deliveries at a pre-established rate per acrefoot. In turn, CAWCD will contribute water and/or Intentionally Created Surplus Credits (ICS) in an amount that when combined with the compensated mitigation payments will not create an increase to the Fixed OM&R rate. The amount of the compensated mitigation and the contributed water/ICS are dependent on the year of shortage, the level of shortage and the actual amount of water ordered. Exact amounts will be determined in late October to early November of each year. The compensated mitigation is included in the outside service costs and causes a significant increase to that line item. As the Board has approved this program and it is contractual, exact amounts may cause variances on actual expenses and water volumes, but will not impact rates.

Major Assumptions

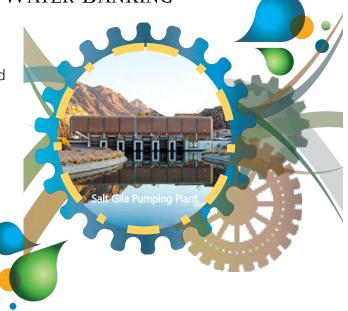
- The budget includes amounts to fund activities to support the Board's 2022 Strategic Plan.
- The General Fund's budget includes amounts for proper maintenance of facilities and equipment.
- The CAGRD Account includes appropriate amounts to meet its replenishment obligation and support its water acquisition program.
- The Captive Insurance Fund expenses are determined through actuarial calculations.
- Key initiatives are included and executed and funded from sources as identified.
- Compensated mitigation payments and CAWCD water/ICS included as follows:
 - 50,307 acre-feet and \$7,866,000 in 2024
 - 50,307 acre-feet and \$8,071,200 in 2025
- Include Salt-Gila Reline Discharge Lines & Manifolds project for \$2.5 million in 2024 and \$2.5 million in 2025 as Extraordinary Maintenance programs.

DISBURSEMENTS TO ARIZONA WATER BANKING AUTHORITY

CAWCD utilizes the water storage tax to support the AWBA in purchasing LTSCs and in paying its administrative costs. These transfers are recorded as Disbursements to AWBA.

Major Assumptions

- In 2024, no disbursements for LTSC purchases and \$0.7 million for administrative costs.
- In 2025, no disbursements for LTSC purchases and \$0.7 million for administrative costs.
- All water storage tax proceeds will be retained to be applied to CAP OM&R costs and repayment.



CAPITAL SPENDING

Along with the District's right to use the aqueduct system, CAWCD is responsible for the maintenance, repair and replacement of its equipment and infrastructure. This responsibility entails a capital improvement plan that may add to the existing asset base, improve or extend the life of existing assets or replace assets as they wear out. In addition, there is ongoing capital spending for vehicles and other equipment.

CAWCD has a capitalization policy to determine whether major maintenance efforts should be capitalized or expensed as repairs. Capital spending will vary year-to-year dependent on the projects being executed and available resources. Costs related to the CIP are summarized in the following table:

(Millions)	Equipment	Capital Projects	Total
2021	\$ 2.2	\$ 26.1	\$ 28.3
2022	4.6	30.4	35.0
2023	5.2	36.0	41.2
2024	6.8	24.6	31.4
2025	4.5	54.9	59.4

Detail on each capital improvement project and a detailed equipment list is located in the Capital Budget section (see pages 5-9 through 5-41).

New projects scheduled to start during the 2024/2025 budget period include:

- Aqueduct hydrology improvements to address cross drainage and canal embankment risks
- Emergency backup generator replacement at pumping plants
- Waddell pump/generating plant fire pump and power supply line replacement
- Roof fall protection at Headquarters

Central Arizona Project

• Parking lot paving at Headquarters replacing distressed parking lot surfaces

Major ongoing projects post 2024/2025 budget period include:

- Electromechanical relay replacements providing new digital relays at pumping plants
- SCADA system replacement to address technology advancements and security concerns
- Water Education Center to provide a public educational space highlighting CAP history and Arizona water supplies
- Tonopah Desert Recovery Project wellfield construction for recovery and CAP wheeling

Major projects that are scheduled to be completed in the 2024/2025 budget period include:

- Discharge valve air compressor replacement at Brady, Picacho, and Red Rock pumping plants
- Discharge valve replacements at western pumping plants
- Motor exciter replacement at Twin Peaks, Sandario, Snyder Hill, and Black Mountain pumping plants
- Backup power system replacement at checks, turnouts, and microwave sites

Capital Project Funding

Most of the CIP is funded by the 'Big R' component of the water delivery rate, while some projects are funded through other established reserves. Each Project itemized in the Capital Budget section identifies the funding source. The following chart indicates those projects that are funded from sources other than 'Big R'.

(Thousands)	Funding Source	Project Total Budget
Aqueduct Hydrology Improvement	Extraordinary Cost Reserve	\$ 153,527
SRP-CAP Interconnection Facility	Extraordinary Cost Reserve	\$ 25,750
Water Education Center	Extraordinary Cost Reserve	\$ 27,473
Monitor Well Agua Fria Recharge	Recovery Reserve	\$ 477
TDRP Recovery Wells	Recovery Reserve	\$ 13,332

Major Assumptions

- Projects must be approved by the Project Steering Committee (PSC).
- Capital equipment over \$100,000 must be supported by a financial/business case analysis.
- Fleet vehicles require a financial analysis to ensure the vehicles are being utilized as intended by CAWCD's fleet vehicle policy.



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RESERVES

STRATEGIC RESERVES

Strategic Reserves are not a single fund, but rather a collection of individual accounts that have been established for a variety of specific purposes. They are cash reserves for unusual or unplanned events, such as equipment failures, business interruption or other unplanned costs. These reserves may be drawn upon if unusual or unplanned events occur, or they may never be used at all.

In 2022, as part of its biennial review of strategic targets, the Board revised its strategic reserve target to \$161 million. A review will be conducted in 2024, and the target may be adjusted as appropriate. Strategic reserves are projected to be at the target of \$161 million for 2024 and 2025.

WORKING CAPITAL

Working capital is available for daily operational needs and includes accounts held by the state treasurer and Bank of America accounts. These

funds are used to smooth out timing differences in revenues and spending within the year, as well as across years. Water rates and other charges are set in such a way as to allow CAWCD to cover its costs and maintain adequate reserve levels. It is impossible to precisely break even every year due to the uncertainties associated with water volume and rate reconciliations. In addition, fluctuations in capital spending as compared to the "Big R" revenue collection will also cause working capital reserves to fluctuate year-to-year.

In 2022, the Board established a working capital target of \$89 million. The 2024 review may adjust this target also. The working capital reserves are forecasted to be at the budget of \$89 million.

EXTRAORDINARY COST RESERVE

Central Arizona Project

The Extraordinary Cost Reserve is a revolving fund meant to pay for large expenses or opportunities that may cause unplanned "spikes" in the water rate. Additionally, the reserve may be utilized to fund large, budgeted projects that might not otherwise fit within the water rate, resulting in large, temporary rate bubbles for relatively short periods of time. It can also be utilized for activities that directly or indirectly support CAWCD's mission to deliver Colorado water reliably for endeavors such as mitigation, conservation, augmentation and other water-related activities. Expenditures from the Extraordinary Cost Reserve require Board approval.

In 2022, the Board established an extraordinary cost reserve target of \$281 million; however, the 2024 review may adjust this target. The extraordinary cost reserve is forecasted to be near the target after anticipated expenditures from the reserve.

OTHER RESERVES

The District maintains several special purpose reserves in addition to the strategic reserves (see pages 3-37 through 3-40). For this reason, even though net position may increase, the cash for the items driving the increase is deposited into these special purpose funds, such as the water storage tax reserve and the CAGRD reserves, and consequently does not result in an associated increase in working capital.

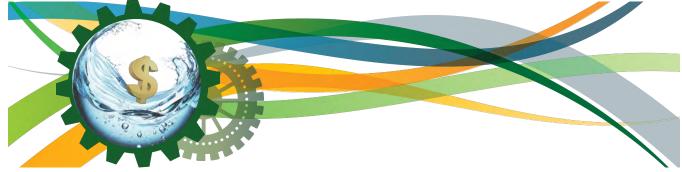
FLOW OF FUNDS

In 2022, the Board approved the Reserve Management Guidelines. The guidelines provide staff with the methodology to fund the strategic reserves, working capital and the extraordinary cost reserve.

The order for bringing reserves to target are in the following order: Strategic Reserves, Working Capital and Extraordinary Cost Reserve. Funds for the establishment of Strategic and Extraordinary Reserves are solely derived from taxes. As tax revenues are received, they shall be utilized in the following order shown immediately below. "Available taxes" include any excess amounts in the Working Capital or the Water Storage Reserves.

- 1. Available 10-cent taxes will be applied towards obligations relating to the Ag Settlement if excess water is available and the "Ag Consideration" is triggered in the given year.
- 2. Available 4-cent taxes and 10-cent taxes will be applied towards the next Repayment installment, as directed by the Board for the current tax year.
- 3. Available 4-cent taxes and 10-cent taxes will be applied to additional expenditures as directed by the Board for the current tax year.
- 4. Available 10-cent taxes will be used to meet the current target for Strategic Reserves.
- 5. Available 10-cent taxes will be used to meet the current target for the Working Capital Reserve.
- 6. Available 4-cent taxes will be reserved for the Arizona Water Banking Authority under the provisions of the IGA between CAWCD and AWBA as directed by the Board for the current tax year.
- 7. Available 4-cent taxes and 10-cent taxes will be used to replenish the Extraordinary Cost Reserve to the extent that there are anticipated extraordinary expenditures over the next 10 years that would otherwise be included in Fixed OM&R.

If the Extraordinary Cost Reserve is at target, any excess 10-cent tax will remain in the Working Capital and any excess 4-cent tax will remain in the Water Storage Reserves. Revenues from the Water Storage Tax will be segregated into a separate account within the Extraordinary Cost Reserve to ensure they are utilized for a purpose authorized in statute (no comingling with other revenues).



Selected Financial Data

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION All Funds

	2021		2022		2023		2024		•	2025
	Ad	ctual	Actual		Projection		Budget		В	udget
Operating Revenues	\$	314.2	\$	278.6	\$	287.8	\$	345.9	\$	377.5
Operating Expenses		(235.3)		(252.6)		(256.9)	(277.5)		(300.0)
Operating Income/(loss)		78.9		26.0		30.9		68.4		77.5
Non-operating Revenues		96.3		56.9		127.4		130.2		137.8
Non-operating Expenses		(34.5)		(24.2)		(18.8)		(17.1)		(15.4)
Total Non-operating Revenues/(Loss)		61.8		32.7		108.6		113.1		122.4
Change in Net Position		140.7		58.7		139.5		181.5		199.9
Cumulative-Effect of Change in Accounting Principles		0.0		0.0		0.0		0.0		0.0
Net Position at Beginning of Period		890.4		1,031.1		1,089.8	1,	229.3		1,410.8
Net Position at End of Period	\$1	,031.1	\$	1,089.8	\$ 1	,229.3	\$1,	410.8	\$	1,610.7



NET POSITION SUMMARY All Funds (Millions)

	2021			2022		2023	202	24	2025
		Actual	/	Actual	Pr	ojection	Bud	get	Budget
Acceta									
Assets Cash and investments	\$	643.7	¢	669.8	¢	673.2	\$ 82	29.6	\$ 942.5
Receivables	Φ	60.5	Þ	72.8	Φ	93.9	-	85.9	\$ 942.5 102.7
Water inventory		220.9		228.2		245.9		47.3	254.0
Capital assets		220.5		220.2		243.5	2-	47.5	234.0
Operating assets, net		337.3		331.2		354.5	3(61.5	398.0
Permanent service right, net		1,019.8		1,006.7		975.1		56.9	938.8
Agricultural water allocation		47.7		47.7		47.7		47.7	47.7
Other Assets		125.7		124.5		121.5		19.8	121.8
Total Assets		2,455.6		2,480.9		2,511.8		48.7	2,805.5
Deferred Outflow of Resources									
Pension valuation		17.5		14.1		14.5		14.5	14.5
Total Deferred Outflow of Resources		17.5		14.1		14.5		14.5	14.5
Total Assets & Deferred Outflow of Resources	\$	2,473.1	\$	2,495.0	\$	2,526.3	\$ 2,6	63.2	\$ 2,820.0
Liabilities									
Repayment obligation	\$	942.9	\$	902.6	\$	897.1	\$ 8!	56.6	\$ 813.8
Bonds	·	91.9		85.8		44.8	-	38.5	32.2
Non-Indian agriculture 9(d) debt		88.7		88.7		88.7	1	88.7	88.7
Other liabilities		223.9		257.9		207.4	2	17.2	223.2
Total Liabilities		1,347.4		1,335.0		1,238.0	1,20	01.0	1,157.9
Deferred Inflow									
Customer deposits		56.7		55.2		44.0	1	36.4	36.4
Pension valuation		37.9		15.0		15.0		15.0	15.0
Total Deferred Inflow		94.6		70.2		59.0	!	51.4	51.4
Net Position									
Investment in Capital Assets, less related debt		308.6		339.7		381.8	42	21.3	488.9
Restricted		93.5		92.4		95.0	9	97.0	100.2
Unrestricted		629.0		657.7		752.5	8	92.5	1,021.6
Total Net Position		1,031.1		1,089.8		1,229.3	1,4	10.8	1,610.7
Total Liabilities, Def Inflows & Net Position	\$	2,473.1	\$	2,495.0	\$	2,526.3	\$ 2,6	63.2	\$ 2,820.0

TOTAL REVENUES

(Millions)

	2021	2022	2023	2024	2025
	Actual	Actual	Projection	Budget	Budget
General Fund Operating					
Water O&M charges	183.0	189.0	198.8	250.2	277.2
Water service capital charges	94.8	36.5	38.6	38.6	39.4
Power & BDF revenues	8.5	9.6	7.2	6.7	6.7
Other revenue	2.2	1.7	1.6	1.5	1.6
Total General Fund Operating	288.5	236.8	246.2	297.0	324.9
General Fund Non-operating					
Property taxes	87.0	92.4	97.9	104.4	109.2
Interest and other	4.4	(34.8)	25.0	21.7	24.2
Total General Fund Non-operating	91.4	57.6	122.9	126.1	133.4
General Fund Total	379.9	294.4	369.1	423.1	458.3
Other Funds and Accounts					
CAGRD	65.4	56.2	59.7	71.1	77.4
Supplemental Water	0.1	(0.7)	0.3	0.3	0.3
Captive Insurance	11.2	11.5	12.6	12.7	12.9
Eliminations	(46.1)	(25.9)	(26.5)	(31.1)	(33.6)
Total Revenue	\$ 410.5	\$ 335.5	\$ 415.2	\$ 476.1	\$ 515.3

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All Funds by Revenue Type (\$ Millions)



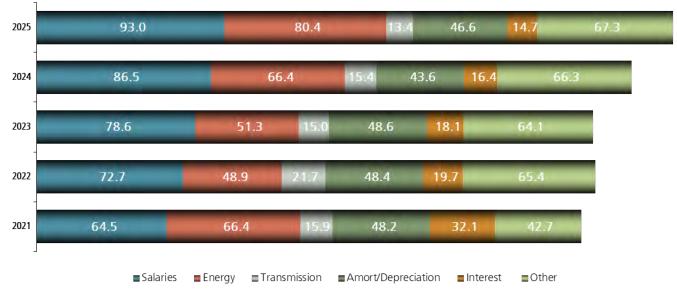
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TOTAL EXPENSES

(Millions)

	2021			2022		2023		2024	Ĩ	2025
	A	ctual	/	Actual	Pre	ojection	Budget		B	udget
General Fund Operating										
Salaries and related costs	\$	63.4	\$	71.4	\$	77.3	\$	85.0	\$	91.5
Pumping energy		66.4		48.9		51.3		66.4		80.4
Transmission		15.9		21.7		15.0		15.4		13.4
Amortization and depreciation		48.1		48.4		48.5		43.6		46.5
Other expenses		34.6		59.2		59.7		61.3		61.6
Total General Fund Operating		228.4		249.6		251.8		271.7		293.4
General Fund Non-operating										
Interest and other		34.0		23.3		18.2		16.8		15.4
Total General Fund Non-operating		34.0		23.3		18.2		16.8		15.4
Total General Fund		262.4		272.9		270.0		288.5		308.8
Other Funds and Accounts										
CAGRD		45.0		21.5		21.3		25.3		28.2
Supplemental Water		-		-		-		-		-
Captive Insurance		8.5		8.3		10.9		11.9		12.0
Eliminations		(46.1)		(25.9)	(26.5)		(31.1)			(33.6)
Total Expenses	\$	269.8	\$	276.8	\$	275.7	\$	294.6	\$	315.4

All Funds by Expense Type (\$ Millions)

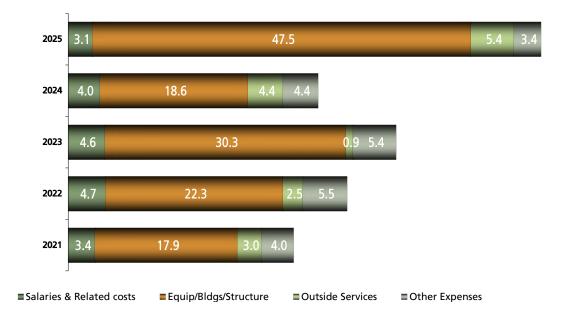


CAPITAL SPENDING

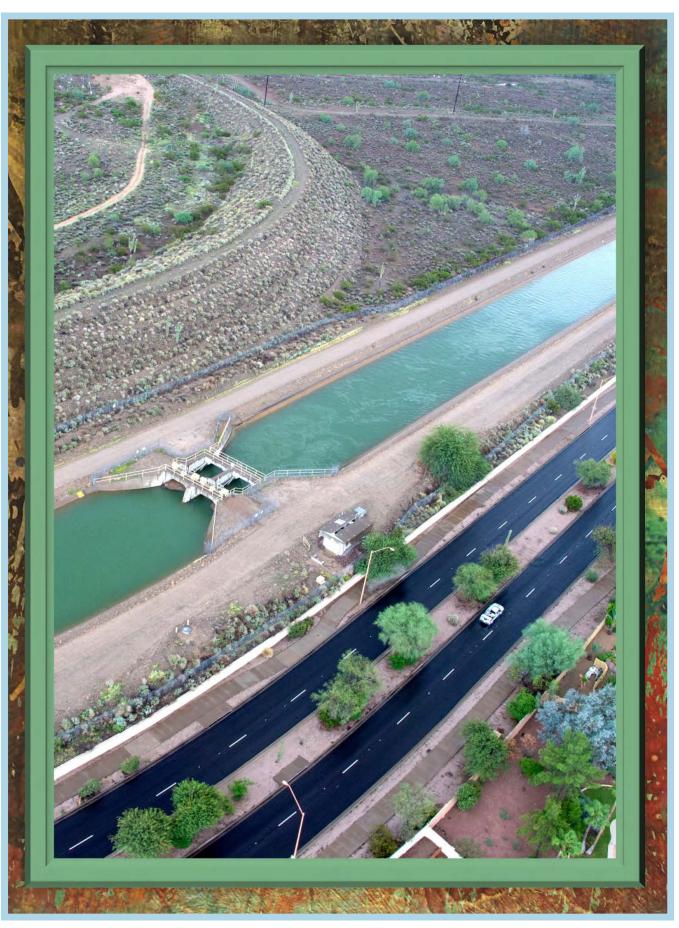
(Millions)

	2021			2022		2023		2024		.025
	Actual		Actual		Projection		Budget		В	udget
Salaries and related costs	\$	3.4	\$	4.7	\$	4.6	\$	4.0	\$	3.1
Equipment, buildings, and structures		17.9		22.3		30.3		18.6		47.5
Outside services		3.0		2.5		0.9		4.4		5.4
Materials, supplies & other expenses		0.4		0.4		0.5		0.2		0.1
Overhead expenses		3.6		5.1		4.9		4.2		3.3
Total Capital	\$	28.3	\$	35.0	\$	41.2	\$	31.4	\$	59.4

Capital Spending by Type (\$ Millions)



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CAP Canal - Check 3 Scottsdale

2022 BOARD STRATEGIC PLAN

For more than two decades, the Central Arizona Water Conservation District (CAWCD) Board of Directors (Board) has emphasized the importance of strategic planning. The first Strategic Plan was published in May 1996, identifying key strategies and specific programs to accomplish objectives. The Board updated or created new plans in 2006, 2010 and 2016.

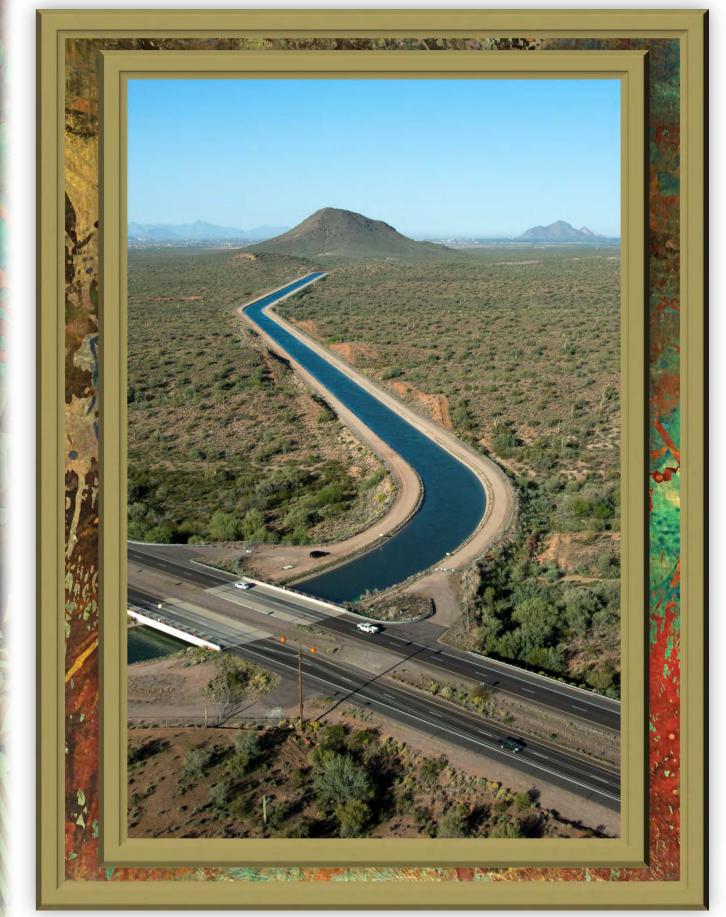
In 2019-2020, the Board developed a new Strategic Plan, facilitated by external consultants. The process included several Board retreats, input from employees, and two rounds of stakeholder forums. Implementation of the new plan began in 2022.

The Plan provides highlevel strategic guidance to the organization and defines CAP's Mission, Vision and Values. It also defines eight Key Result Areas (KRAs) and identifies Strategic Issues

Central Arizona Project

for each area. This hierarchy of issues serves as the context for many other planning activities at CAP, including the biennial budget, the "Big 5" organization -wide objectives, Board reports and employee performance goals. As part of CAP's two-year budget process, staff links the Board Strategic Plan to the biennial Business Plans to ensure that organizational goals are consistent with the strategic direction provided by the Board.

The Strategic Plan can be found in its entirety at: https://library.cap-az.com/documents/board/2022-Strategic-Plan.pdf



CAP Canal Route 87

2022 BOARD STRATEGIC PLAN

The Strategic Plan contains the organization's Vision, Mission, Values, Key Result Areas, and Strategic Issues. It addresses CAP's current challenges and helps to ensure continued success in operations and the management of resources and assets.



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STRATEGIC PLAN - KEY RESULT AREA





KRA: Water Supply

Providing a reliable CAP water supply for the short- and long-term

Strategic Issues:

- Address impacts from Colorado River drought and overallocation
- Actively participate in plans and support relationships to maintain a healthy Colorado River system
- Facilitate deliveries of non-Project water through the CAP system, pursuant to the System Use Agreement
- Collaborate in the development of new water supplies and other water augmentation efforts
- Work collaboratively in the recovery of water stored by the Arizona Water Banking Authority



KRA: Project Reliability

Providing reliable and cost-effective operations, maintenance, and replacement of CAP infrastructure and technology assets

Strategic Issues:

- Implement and improve CAP's strategic asset management program to ensure long-term infrastructure viability
- Maintain and improve the security and reliability of information technology systems
- Advance focused plans to support business continuity



KRA: Power

Building a reliable, diversified, and sustainable energy portfolio

Strategic Issues:

- Address dynamic energy markets as they affect CAP power acquisitions
- Actively engage in the transmission market to ensure access to diversified, low-cost energy resources
- Take advantage of developments in energy efficiency and renewable resources, including storage
- Minimize CAP's carbon footprint, consistent with CAP's mission



KRA: Finance

Maintaining long-term financial strength to achieve CAP's goals and being prepared to address opportunities or challenges

Strategic Issues:

- Generate sufficient revenue to repay the Federal Government
- Manage capital and operations and maintenance budgets, debt, revenues, tax rates, water rates, and reserves effectively and transparently
- Solicit and incorporate input from constituents, customers, and stakeholders on rate setting capital charges and taxes
- Develop risk management and procurement practices to minimize financial exposure and maximize value

Strategic Plan - Key Result Area



KRA: Public Trust, Partnerships, and Leadership

Earning and preserving public trust, building and maintaining partnerships, and providing informed water management leadership

Strategic Issues:

- Recognize the role of the elected CAP Board in balancing the competing needs among customers, taxpayers, and stakeholders
- Increase awareness of CAP and engage the general public on CAP's role in the management of Arizona's water
- Seek feedback and identify opportunities to collaborate and improve customer service
- Continue active Board and staff engagement with constituents



KRA: Groundwater Replenishment

Fulfilling CAP's groundwater replenishment responsibilities in accordance with statutory requirements

Strategic Issues:

Central Arizona Project

- Responsibly meet CAP's statutory replenishment obligation
- Participate actively in dialogues regarding the resilience and longterm role of the Central Arizona Groundwater Replenishment District (CAGRD)
- Consider the hydrologic relationship between member pumping and CAGRD replenishment
- Ensure continued effective management, reasonable pricing, and financial viability of CAGRD
- Enhance public outreach and • education regarding the importance of water conservation and groundwater replenishment



KRA: Stewardship and Sustainability

Serving as proactive leaders in sustainability and responsible, collaborative stewards of CAP's Colorado River supply

Strategic Issues:

- Implement plans for climate change adaptation and mitigation and develop plans to address climate-related impacts
- Explore opportunities to support • sound water management within CAP's jurisdiction and through partnerships
- Support the Multi-Species Conservation Plan (MSCP) and explore future opportunities related to species and habitat conservation
- Evaluate and consider the relevant environmental impacts of moving non-Project water



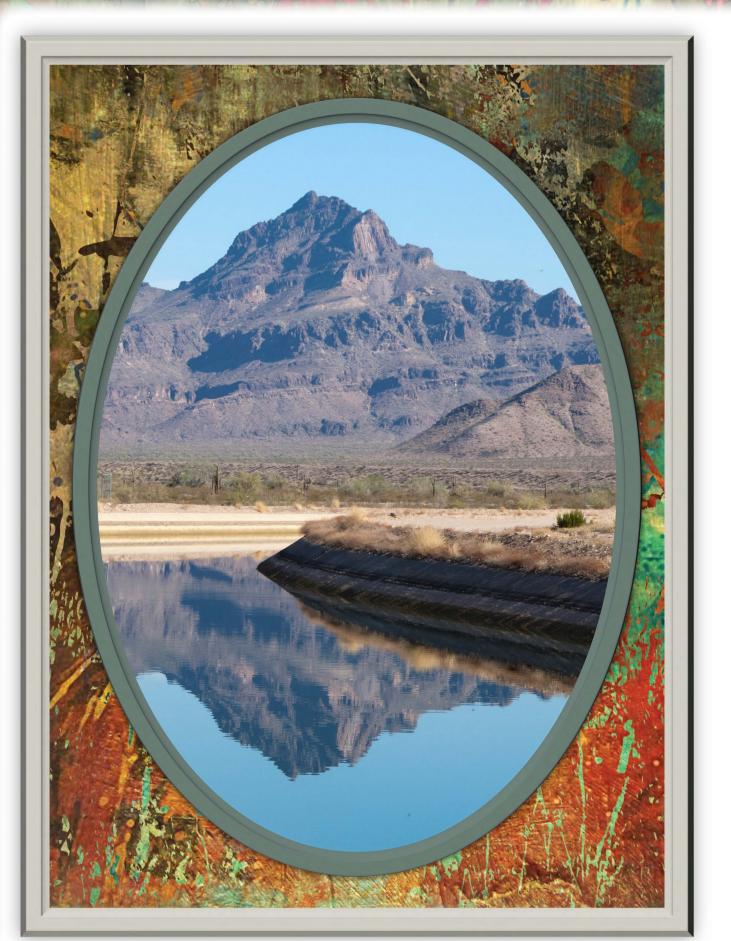
KRA: Workforce

Being a premier employer that attracts and retains an exceptional and diverse workforce

Strategic Issues:

- Develop recruitment strategies to best support CAP's hiring needs
- Implement programs to support building a diverse, inclusive, and representative workforce, emphasizing programs to attract Tribal candidates
- Engage in innovative professional development opportunities to enhance CAP's workforce
- Monitor CAP's workforce climate, employee well-being, and engagement and act upon identified areas needing improvement
- Review and update policies and procedures to protect CAP employees

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CAP Canal Burnt Mountain Conduit Install

PERFORMANCE MEASURES

"BIG 5" Organization-Wide Goals

When the 2011 Integrated Strategic Plan was implemented, one of the Action Plans was to "develop and communicate common, organizationwide performance goals for management and employees annually." It was originally anticipated that this initiative might result in the next generation of the Balanced Scorecard, which was the performance measurement tool at that time.

As the Strategic Plan became the tool to track and manage strategic initiatives, and detailed performance measures were being effectively managed at the department/unit level, CAP senior management sought to identify a short list of unifying essential metrics, fundamental to the achievement of CAP's mission, for which the entire organization shares responsibility and can take individual ownership.

The result of this work was the "Big 5" Organization-Wide Goals. Each of the five goals represents a different portion of the KRA's. As much as possible, objectives have been chosen that can endure from year to year. In addition, CAP implemented a modest incentive compensation program connected to the "Big 5" - each employee is eligible to receive \$100 for each of the goals that is achieved each year, with the exception of Director Goals which will be discussed later. Detailed progress is reported quarterly in CAP publications.

A distinctive "Big 5" symbol was designed to label important communications related to the organization-wide goals. While each of the "Big 5" goals includes one or more detailed, measurable objectives, the basic premise of each goal is captured by a characteristic action verb.

From 2012 to 2014 all five of the "Big 5" goals were met. As this program continues, there are lessons learned and goals modified slightly to reflect refined targets. These goals are chosen because they are challenging, and in 2015 only four of the five goals were met. With renewed focus CAP was successful in achieving the identified goals for 2016. In 2017 and 2018, CAP met four-of-five goals, falling short on the target for preventable vehicle accidents in both years. This led to a renewed focus on vehicle safety and the creation of the Get Out and Look (G.O.A.L.) Initiative.

The goals for 2018 largely mirrored those for 2017, with a few notable exceptions. The District was successful at meeting each of its 2018 goals, with the exception of preventable vehicle accidents. The District had 14 accidents, while the goal remained at 8. For 2019, CAP's "Big 5" goals remained the same as previous year for the goals related to water. In regard to Project Reliability goals, minimizing forced outages (FOX) and compliance with outage work plans continues, but the outage compliance goal was increased from 85% to 90%. CAP also increased its goal of completing required safety awareness and health training during the year to 95%.

The year 2020 was unlike anything CAP has ever faced as an organization. It was particularly difficult to navigate our Big 5 Goals, which were set before any of us had ever heard of COVID-19. Last in March of that year, it was briefly discussed that Big 5 for 2020 should be suspended, because the challenge would be too great. In the end, that idea was rejected because management knew CAP



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employees and culture were capable of overcoming nearly anything. CAP and its employees did not disappoint. When the final reliability metrics came in, it was astonishing to see that not only did we meet the Big 5 goals in the midst of a global pandemic, we had one of our best years ever!

Similarly, because the pandemic caused management to defer and delay large capital projects, it was no longer appropriate to count that as part of the Big 5 goals. However, our operating spending remained easily within our stated goal. We were also successful at making our water delivery goal and our Director Goals. Two areas during 2020 that CAP did not meet its goal was with department visits, and Days Away & Restricted Time (DART). This has been an area of focus going forward since CAP would like to redouble their safety efforts. During a year in which CAP was recertified for VPP, our DART rate actually went in the wrong direction. In addition to CAP standard "Big 5" goals, similar to what occurred in 2020, there were additional Director Goals that will be apart of the Big 5 program going forward and will be listed on the following page for the 2023 goal activity.

The year of 2021 was full of adjustments that resulted from COVID-19, one of which was the introduction of a hybrid telework schedule. Even with the continued challenges each of our 2021 Director Goals were achieved. Unlike the others mentioned, the Director Goals are worth \$225 and is dispersed with the others. CAP also hit nearly every other goal for 2021, the only miss was that 95% of managers making it to two site visits.

Looking at 2022, last year it was confirmed that CAP hit every goal, missing only the Safety Culture Goal. This miss occurred because CAP's Days Away, Restricted, or Transferred (DART) goal rate was less than or equal to 0.9%, however CAP's ended at 1.8%. The 2022 edition of the "Big 5" full year reporting of the Organization-Wide Goals is shown below, and the midyear 2023" Big 5" progress report is shown on the following pages.



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CAP is now in the process of meeting their 2023 goals, these goals will be shown on the following pages, including the current Director Goals which are:

<u>Centralized Maintenance</u>: Complete the Annual Maintenance Plan baselined work assignments for Centralized Maintenance teams with a scheduled end date in 2023 at a rate of 90% excluding unexecuted contingency work.

Field Maintenance: Complete equipment PMs with a compliance end date in 2023 and provide corresponding equipment condition data for main unit motors, pumps, transformers, discharge valves, station battery, and station service Integrated Power Systems (IPSS) at a rate of 90% or higher. **Finance and Administration and Employee Services:** The Analytics and Information Management (AIM) Team will meet with all departments within the Finance and Administration and Employee Services Divisions to review (and update, as needed) each group's record types and retention schedules, followed by assistance with general clean-up of those records (tagging and disposition).

Legal: Legal will work to prepare "information papers" for the media and general public regarding the Colorado River and its operation. The goal is to challenge the generally accepted perception of the meaning of the Law of the River, especially with regard to the effects on CAP as reservoir elevations decline. Topics could include discussion of the Colorado River Basin Project Act and how the so-called junior priority is applied, Secretarial authority pursuant to the Boulder Canyon Project Act and Arizona v. California, the Mexican obligation, the 2007 Interim Guidelines and the Drought Contingency Plan, as well as river operations including evaporation and losses, infrastructure protection, and other losses resulting from river operations. The Legal Department would work as necessary with CAP Communications personnel to prepare the information papers for distribution, which will take place as authorized by the General Manager in consultation with the CAP Board.

<u>Operations, Power, and Engineering</u>: Manage Water Control, Power Programs, and Engineering functions to: : (1)Achieve a full-year pumping energy rate that is at or below \$73/AF (within +10% of our published energy rate of \$65/AF); (2)For the SCADA upgrade project, complete bench scale development and functional testing of four sites by the end of the year.

Public Affairs: Coordinate with the AIM Team to identify all legal and organizational rules and regulations regarding public records retention, inventory the records generated by the Public Affairs Team and determine which require management and then develop a plan by Dec. 31, 2023. Water Policy: Improve our knowledge and understanding of fellow Colorado River states and peers by forming new and deeper relationships on the river. Assistant General Manager commits to personally reaching out to and visiting other water districts and states in 2023. A successful year will include at least 3 separate visits.

OPTIMIZE	MAINTAIN	INCREASE	CONTROL	PROMOTE
RELIABILITY, SUSTAINABILITY AND DELIVERY OF COLORADO RIVER WATER SUPPLIES TO THE SATISFACTION OF CAP'S CUSTOMERS AND STAKEHOLDERS	AND IMPROVE THE LONG-TERM RELIABIITY OF CAP SYSTEM FUNCTIONS BY PERFORMING THE RIGHT MAINTENANCE AT THE RIGHT TIME IN A MANNER THAT IS SAFE, EFFICIENT AND COST-EFFECTIVE	SAFETY AWARENESS, MANAGE SAFETY PERFORMANCE AND PROMOTE SAFE, RESPONSIBLE BEHAVIOR	COSTS AND PROMOTE RATE STABILITY	CAP'S CULTURAL VALUES, FOCUSING ON COMMUNICATION, TEAM-WORK AND COLLABORATION ACROSS ALL UNITS WITH CAP

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2023 DELIVERIES

OPTIMIZE

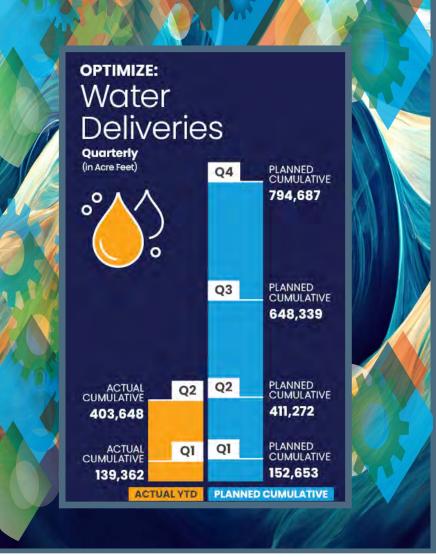
RELIABILITY, SUSTAINABILITY AND DELIVERY OF COLORADO RIVER WATER SUPPLIES TO THE SATISFACTION OF CAP'S CUSTOMERS AND STAKEHOLDERS

This quantity will be measured in acre-feet of deliveries of CAP water to customers set at the beginning of the year based upon orders placed with CAP Water Control Department. The quantity may be adjusted during the year based on changes in customer orders approved / recorded by the CAP Water Control.

For 2023 the adjusted Customer Delivery Target is 794,687 The quantity may be adjusted during the year based on requested changes in customer orders that are approved/recorded by CAP Water Control.

Actual Scheduled:

794,687 in Water Management System (WMS) based on 2023 water orders. End-of-year success will be determined by meeting all scheduled customer requests for water delivery, which may result in adjustments to the targeted budget.





2023 INFRASTRUCTURE

MAINTAIN

AND IMPROVE THE LONG-TERM RELIABIITY OF CAP SYSTEM FUNCTIONS BY PERFORMING THE RIGHT MAINTENANCE AT THE RIGHT TIME IN A MANNER THAT IS SAFE, EFFICIENT AND COST EFFECTIVE

This goal is to measure the effectiveness of CAP's planning, scheduling, work execution and closeout processes with regard to completing identified outage work within the seasonal outage window.

For 2023 the Outage Compliance goal is to meet or exceed 90% completion rate for seasonal outage work orders. The goal for Forced Outages is 2.0% or less.

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A forced outage occurs when a system failure causes a main unit's protection circuit to engage and shut the unit down. A high forced outage rate can impact the safety of the CAP workforce and impede CAP's goal of providing reliable and cost-effective water deliveries.

Outages are planned around assessing the condition of critical equipment, conducting critical maintenance, or modifying assets that are normally required to operate continuously to meet customer deliveries. This metric does not include routine items such as meetings, weekly and monthly PMs, etc. Finished work must be reported as completed within 30 days following the outage.



completion rate for seasonal outage work orders Outages are scheduled to occur in Q3 and Q4. ACTUAL GOAL PLANNED GOAL

90%

MAINTAIN: Forced Outages Ratio (Fox)

2.0% or less YTD

MAINTAIN:

Outage

0%

Actual YTD

Scheduled

Compliance

Q1 Q2 Q3 Q4 4% 3% 2% 1% 3.1% 2.0% 2.8% 2.0%

.



2023 SAFETY PERFORMANCE

INCREASE

SAFETY AWARENESS, MANAGE SAFETY PERFORMANCE AND PROMOTE SAFE, RESPONSIBLE BEHAVIOR

This goal focuses on the training that is provided to meet regulatory and CAP requirements to ensure employees have the necessary skills to perform their jobs safely.



effectively provides refresher training, trains for new programs, and reviews policy updates or procedures in a comfortable environment where employees can retain knowledge at their own pace. Allows the organization to track acknowledgements and completions to maintain compliance with industry requirements.



Our stretching program is important, while CAP doesn't experience a significant number of workplace injuries, many of the ones that do occur are musculoskeletal in nature. Encouraging employees to stretch on a regular basis will help prevent some of these. INCREASE SAFETY: Computer-based safety trainings



For 2023 the goal is to be at or below 3 prior year average



2023 COST CONTROL

CONTROL

COSTS AND PROMOTE RATE STABILITY This goal focuses on financial planning accuracy. Each department builds its budget based on planned work to meet its business plan. Department budgets then are combined to create a District budget that the Board ultimately approves. The budget is used to develop water delivery rates. Accurate planning helps support accurate rate forecasts for stakeholders.

This goal includes both annual operating expenses and annual capital spending. Power, transmission, amortization and depreciation are excluded from this goal as they are dependent on factors that are not controllable by departments, such as water deliveries and accounting guidelines that are managed at a District level.

The 2023 goal can be achieved by both operating and capital spending being no more than **2% OVER** or less than **5% UNDER** the Board-approved budget.

\$34,752 \$77,358 CONTROL: QI Q2 Cost Control 3% Includes both Operating Expense and Capital Expenditures being no more than 2% over or less than 5% under QI Q2 Q3 Q4 \$35,051 \$79,795 \$124,063 \$175,751 (\$ in thousands) ACTUAL YTD PLANNED CUMULATIVE

Costs include both operating expenses and capital spending (\$ in thousands)



2023 COMPANY CULTURE

CONTROL:

Cultural

Values

PROMOTE

CAP'S CULTURAL VALUES, FOCUSING ON COMMUNICATION, TEAM -WORK AND COLLABORATION ACROSS ALL UNITS WITHIN CAP

This goal highlights management's support of the Big Five goal to promote CAP's cultural values, focusing on communication, teamwork and collaboration across all units within CAP.

For 2023 the goal for promoting cultural values, communication, teamwork and collaboration within CAP is at least 95% of Managers and Directors complete 2 in-field visits during the year.



Communication, teamwork & collaboration

across all units within CAP

25%

50%

75%

Managers and Directors complete

24%

48%

72%

two in-field visits during the year

6%

18%

QI

Q2

Q3

Number of Cost Centers visited

7%

20%

by management

Q1

Q2

Q3

CAP's commitment to Safety and Health, VPP, and Leadership competencies identified in POD (Personal & Organizational Development) can be demonstrated through presentations to departments in a location that is not under current Director or current reporting location.



2024 Big 5 Program

In the past, The Big 5 goals were tied to Key Result Areas (KRAs). In 2024, the Big 5 Program will be revamped to highlight each of the five company values in the Board's Strategic Plan: Teamwork, Safety, Integrity, Services, and Professionalism. A secondary goal of the new Big 5 is to make each goal incrementally-measurable so that progress can be updated regularly on a dashboard for all employees to see.

Below is an example of the dashboard tool that will be used to help track and report 2024 Big 5 results. The information provided is of course not actual for 2024, but just a representation of how the results will be reported and displayed within this tool.



Big 5 - 2024

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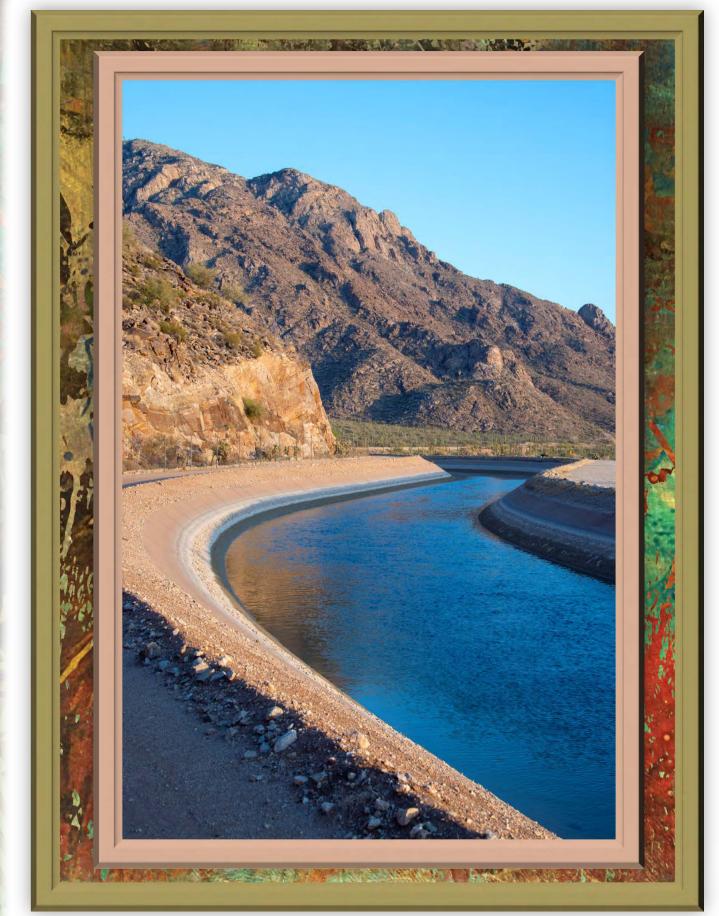
Five organization-wide goals highlighted by the Management Council each year. These goals are updated annually and achieving each goal results in a \$100 payout for each employee. In 2024, the Big 5 Program will highlight each of the five company values in the Board's Strategic Plan: Safety, Professionalism, Teamwork, Integrity, and Service. A secondary goal of the new Big 5 is to make each goal incrementally-measurable so that progress can be updated regularly on a dashboard for all employees to see.

% of Required Training Completed	% Water Order Delivered Cumulative	% Visits Completed	% Managers Implemented process improvement	Water Savings Report
96% 95% 100%	1000	78%~ Goal: 100% (-22%)	36% Goal: 100% (-64%)	Headquarters 🗸
Safety (\$100) Keeping coworkers and the workplace safe	Professionalism (\$100) Delivering superior results 100% of final water orders are successfully delivered.	Teamwork (\$100) Working together to reach consensus & achieve common goals Begin effort to move the organization to a uniform approach to data management and report generation to ensure consistency across departments.	Integrity (\$100) Doing the right thing with consistency and dedication 100% of the managers implement a new process improvement in their area that saves time, money, or improves the quality or efficiency of work.	Service (\$100) Caring for the needs of stakeholders, coworkers, and our community Investigate and issue a report of findings on potential water savings actions at headquarters and Tucson Field Office, including (a) upgrading toilets, sinks, urinals & showers to low flow plumbing fixtures and (b) installing rain sensors on irrigation system.
95% of required Safety training, including cyber security training, is completed by the end of the year.				
Metric: 95% of required training for all staff is completed by December 31, 2024. Exceptions can be made for staff employed at CAP for only a partial year.	Metric: Water Operations is able to account for all water deliveries/conservation/etc.	Metric(s): AIM visits each manager to understand the regularly generated reports. Work begins to validate the data and move source data into data warehouse.	Metric: Each Department leader presents improvement to Management Council member for goal acceptance.	Metric: Complete one or more studies for toilets, sinks, urinals, showers, and irrigation system improvements.
Owner: Safety Department and CLD	Owner: Water Operations	Owner: AIM Department	Owner: Each Manager	Owner: HQM and Facilities

Owners are the group(s) or individual(s) responsible for collecting data and reporting it to the AIM Team on a regular basis so that each metric can be updated on a company-wide dashboard. They are also responsible for taking the lead on any cross-departmental initiatives related to the goal.

Director's Goal: Each Director will still have a single goal for the employees within their reporting structure. This goal may be tailored to a departmental need, rather than a CAP-wide need. These goals will be determined and reported later.

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CAP Canal near mile post 260

FINANCIAL PLANNING & CONTROLS

The CAP budget is a fundamental component of CAP's comprehensive Biennial Financial Planning Process, which integrates and incorporates the financial aspects of planning that occur at every level. The Strategic Framework and Strategic Plan serve as the foundation for the development of the budget.

During the budget process, those portions of the Strategic Plan that pertain to the budget period are selected for inclusion in the business plans for each organizational unit along with critical ongoing activities. In addition to ensuring alignment with the Strategic Plan, the business plans focus on closing gaps between actual and targeted performance measures.

The budget document includes both the business plans for the budget period as well as the financial and human resources necessary to achieve the goals and objectives identified in the business plans.

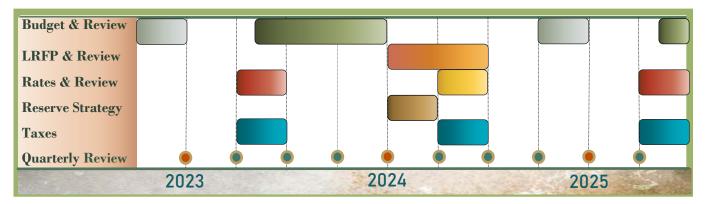
CAP uses enterprise-wide performance measurements to evaluate accomplishment of its strategic objectives.



BIENNIAL FINANCIAL PLANNING PROCESS

CAP utilizes a Biennial Financial Planning Process that includes the strategic plan, the budget and business plan, long-range financial plan (LRFP), rate-setting and reserve planning. Budget and business planning occur in odd years for the subsequent two years and are more tactical in nature. In even years, the focus is on more strategic activities, such as LRFP, rates, and reserves.

The biennial process provides the ability for staff to focus on budget one year and the next year to focus on the more strategic areas requiring more in-depth analysis of issues affecting CAP. As the focus shifts back and forth between short and long-term planning horizons, the work done in each year of the biennium complements and enhances the work in the alternate year; and each year in the process serves as the basis for the work in the following year to allow staff to work more efficiently and effectively. Quarterly reviews provide the means to measure performance against the established goals. The financial planning process is illustrated on the following diagram:



The 2024/2025 biennial budget covers two one-year periods. As the first year (2024) draws to a close, the second year (2025) of the budget will be reviewed to determine if the budget should be amended to incorporate any significant impacts. For further detail, see Biennial Budget Amendment Process on page 3-22.

2023 2024 2025

BUDGET BASIS & FORMAT

Both the financial statements and the budget are reported on a calendar year using the accrual basis of accounting for all funds and on a combined basis. Revenues are recognized in the period they are earned and expenses are recognized in the period they are incurred, regardless of when cash is exchanged. The basis of budgeting and accounting are discussed in more detail on page 7-33.

All financial statements contained in the budget are presented on a comparative basis, including two years of actual activity for 2021 and 2022, financial projection for 2023 and two years of budget activity for 2024 and 2025. The Statement of Net Position summarizes current and long-term obligations (liabilities) and assets available to meet those obligations, as well as deferred inflows and deferred outflows. The Statement of Revenues, Expenses and Changes in Net Position (income statement) summarize operating and non-operating expenses, and the revenues available to cover those expenses resulting in the change in net position.

BIENNIAL BUDGET PROCESS AND CALENDAR

The 2024/2025 budget process began in March 2023 with the distribution of the Board Strategic Plan and the associated action plans to managers and supervisors, in order to provide the basis for development of their budgets and business plans.

Development of the budget is a "bottom-up" process. Each cost center (the lowest organizational level) is required to prepare a detailed budget request; the requests are then consolidated to develop CAP's budget. In addition to the two-year operating budget and business plan, a six-year capital budget is developed, two budget years and four advisory years, that includes projected capital projects and a forecast of capital equipment needs.

The operating and capital budgets are developed simultaneously. By doing so, CAP is able to accomplish manpower planning and allocate resources to ensure the achievement of goals and objectives. In addition, to the extent the capital budget may influence the operating budget, the impact can be analyzed, quantified and incorporated into the operating budget. Business plans are developed at the department level.

As shown on the following page, there are four distinct phases that lead to development and ultimate approval of the budget. Internal review takes place from June through September and external review by CAP's customers and the Board occurs in October and November.

Following approval of the 2024/2025 budget, staff begins work on the next LRFP, incorporating any new strategies, objectives and trends identified during the budget process. Longer-term issues are evaluated to determine the impact on CAP operations and finances, including reserves and rates. This work then becomes the launching point for the subsequent budget.

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FINANCIAL PLANNING CALENDAR

		April-May 2023	Departments develop and submit Strategic Plans	
24 / 2025 BUDGET CYCLE	REQUESTED BUDGET	June-August 2023 Cost centers develop budget and submit to Finance for review & consolidation		
		August - September 2023	General Manager review & changes CAWCD Board Officers' review	
	Staff Proposed	September 28, 2023	Consolidate & mail budget to Board	
	BUDGET	October 12, 2023	Budget briefing to review proposed 2024/2025 budge	
	Committee Recommended Budget	October 19, 2023	Finance, Audit & Power Committee meeting to review budget & make recommendation to Board	
2 0	BOARD APPROVED BUDGET November 2, 20		Board of Directors review & approval of budget	
		June 1, 2023	Board of Directors reviewed and approved Final 2024- 2028 rates update & 2023/2024 tax rate	
ĢΕ YCL	Long-Range Financial Plan Rate-Setting Reserve Planning	January-March 2024	Identify & analyze strategic issues, develop LRFP to include reserve targets, 2025-2030 rate & tax recommendation	
		February 15, 2024	FAP Committee review strategic reserve targets & make update recommendation (as necessary)	
		April 1, 2024	Preliminary 2025-2030 rate schedule posted	
		April 11, 2024	Rate/Tax briefing to review staff preliminary 2025-2030 rates & 2024/2025 tax recommendation	
		April 18, 2024	Finance, Audit & Power Committee to review staff preliminary 2025-2030 rates & 2024/2025 tax recommendations & make recommendations to Board	
		May 5, 2024	Board of Directors adopt Preliminary 2025-2030 rates & 2024/2025 taxes	
		June 6 2024	Board of Directors approve Final 2025-2030 rates & 2024/2025 tax rate	
		June 5, 2025	Board of Directors review and approve Final 2025-2030 rates update (as necessary) & 2024/2025 tax rate	
2025 Budget Amendment		August 2024	Finance develops 2024 budget review and amendment (as necessary)	
		October 2024	Finance, Audit & Power Committee review 2024 budget amendment and recommend update (as necessary)	
		November 2024	Board of Directors review & approval of 2024 budget amendment (as necessary)	

BUDGET GUIDELINES

Organization-wide assumptions are shown in the Biennial Budget Overview on page 2-1. The following budget guidelines and assumptions were conveyed to cost centers to develop the 2024/2025 budget:

- Human resources (staffing)
 - New positions required to address strategic issues identified in the CAP Strategic Plan must be reviewed and approved by the General Manager (GM).
 - Staffing justification must be completed to evaluate alternatives when replacing and requesting new positions.
- Budgets must be developed using the CAP Strategic Plan and associated action plans.
- Budgets must not include any contingency funds.
- Capital projects must meet specified criteria set forth by the Project Steering Committee (PSC) to be included in the budget. Only capital projects approved by PSC and GM to be included in the budget.
- Supporting detail must be provided for training, outside services and capital equipment.

BUDGETARY CONTROLS

The operating and capital budget must be approved by the Board prior to the beginning of the budget period. At the time the budget is approved, the Board delegates budget management authority to the GM within set parameters:

Operating Budget – Execute the budget and approve budget variances on a line item basis as follows:

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- Up to 15% or \$1 million, whichever is less, within any fund, provided that the total expense within the affected fund does not exceed budget by the greater of \$250,000 or 2% of the annual budget.
- Because of market volatility, energy and transmission are excluded from this process and administered by an Energy Risk Oversight Committee.
- Central Arizona Groundwater Replenishment District (CAGRD) Water for Recharge to meet obligations is excluded.
- Due to its contractual and legal nature, underwriting expenses of the Captive are excluded from budgetary controls.
- Regulatory and accounting standard updates are exempted.
- Board approval is required for contracts over \$300,000.

Capital Budget – Execute the budget and approve budget variances for total capital spending up to 102% of the annual budget. Board approval is required for any contracts over \$300,000.

During the budget period, the following controls are in place to manage the budget:

- Cost center managers and supervisors are required to prepare quarterly budget-to-actual variance reports explaining year-to-date and full-year projected variances that fall outside a defined range.
- Finance is required to provide a quarterly budget and financial review to the Management Council and Board. This review reports year-to-date operating and capital budget performance and provides a full-year forecast of revenues and expenses by fund and the capital budget. If the full-year forecast indicates that the GM's variance authority may be exceeded, the Board is requested to provide direction to the GM for variance authority for that item.



- Budget transfers are not allowed between funds and line items.
- End-of-Year Balances Budgeted funds remaining at the end of the budget year are not rolled forward to the next budget year.
- Capital (includes projects and capital equipment) – For a new capital project not in the budget, it must be reviewed and approved by PSC and managed within the capital budgetary controls. Capital equipment not in the budget must be approved by a Management Council member and is managed within the current capital budgetary controls.

BIENNIAL BUDGET AMENDMENT PROCESS

Once the budget is approved by the Board, it is CAP's policy to amend only the second year of the budget if necessary. Prior to the beginning of the second budget year (i.e., budget year 2025), staff will request that the Board review and potentially amend the General Fund budget for items that have significantly changed and will cause budgetary control parameters to be exceeded.

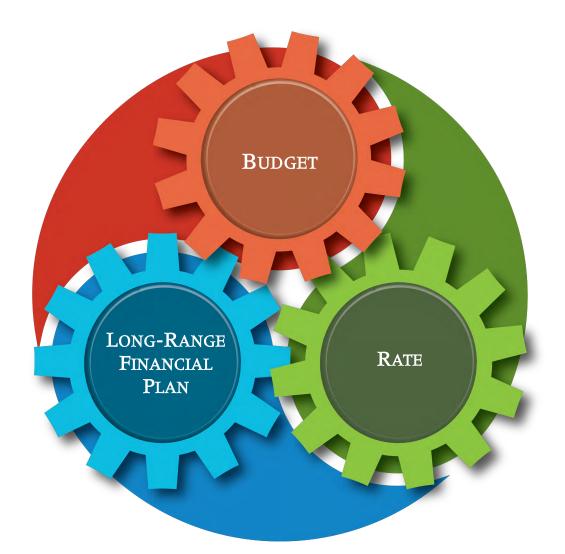
During each budget year, if the GM's budget authority is exceeded, the Board may be asked to either approve additional spending authority or to waive the variance authority on a particular budget line item. Such items do not constitute amendments to the budget, but authorization to exceed the budget. Line item variances that are below \$250,000 will not be taken to the Board, even if it causes the GM's 15% line item threshold to be exceeded.

Any unbudgeted work subsequently approved by the Board is to include incremental budget variance authorization if needed. No budget amendments have been recommended since CAP began producing two-year budgets in 2006 / 2007.

OTHER PLANNING PROCESSES

FINANCIAL PLANNING & MANAGEMENT FRAMEWORK

The budget process is more than a self-contained activity. It is part of a dynamic financial planning and management framework. Formulation of the budget and measurement of budget performance are linked to other management processes within CAP, each of which incorporates and refines the information that is made available by the other processes. Strategies and objectives are identified and incorporated into the LRFP, rate-setting process and the budget. Execution and performance are evaluated by means of an authorization process, quarterly financial reviews and the annual operations, maintenance and replacement (OM&R) cost reconciliation to ensure that CAP accomplishes its strategies and objectives.



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LONG-RANGE FINANCIAL PLAN

The LRFP is a 10-year financial forecasting model designed to assist in evaluating the impact of business strategies, external conditions, rate-setting alternatives, debt assumptions and capital programs, and to provide insight into the long-range financial implications of such factors on CAP's operations, reserves and cash flow. As previously stated, it is completed in even years, separate from the budget.

The LRFP incorporates the latest information available from the recently completed budget, annual financial results and economic indices. Major assumptions that are reviewed and revised include water availability and delivery volumes, energy requirements and pricing, staffing and capital programs. Fixed O&M expenses remain relatively constant year-over-year. As capital projects have longer term impacts, 4 years of projections are shown in the budget. After its completion, the first 6 years of the plan are communicated to the Board of Directors and customers as part of the rate-setting process.

RATE-SETTING PROCESS

Similar to the biennial budget process, CAP has implemented a biennial rate-setting process. A preliminary biennial water rate schedule and analysis is prepared and presented that identifies firm rates for one year (i.e., 2025), provisional rates for the next year (i.e., 2026) and advisory rates for the subsequent four years (i.e., 2027-2030). For planning purposes, rates for various Tier levels are also provided. CAP communicates key items, such as capital spending, operational expenses and projected water volumes as well as preliminary firm, provisional and advisory rates through rate briefings, public board meetings and written briefs. The preliminary rates are adopted or revised to be final rates at the June Board meeting. In the second year of the biennial rate-setting process, the provisional rates become firm unless the Board elects to update them. Like the budget update process, the rate update process is only used if needed. The provisional 2024 rates were reviewed and revised in 2023.

C o s	T RECOVERY	Water rates are set to recover costs, on a long-term basis, net of other revenue sources
	ANCIAL BILITY	Water rates are set to maintain a strong financial position and long-term balanced cash flows
PREI	CE STABILITY & DICTABILITY	Water rates are set to maintain relatively stable and predictable rates
- Effi	R A T I O N A L C I E N C Y	CAP commits to a goal of operating its facilities at the lowest possible cost consistent with maintaining a highly reliable service capability
Acc	O U N T A B I L I T Y	Water delivery policies and rates should be established in a highly public process only after due consideration and analysis of economic and financial impacts
4		
LEG	al COMPLIANCE	Any rate-making processes and policies must be accomplished in accordance with statutory and contractual requirements

WATER DELIVERY RATES

CAP water rates are based on cost of service. Pumping energy and other water delivery expenses are recovered primarily through separate components of the water delivery rates: (1) Fixed Operation, Maintenance and Replacement, and (2) purchased energy. Water delivery rates take into consideration costs that are funded through other programs and means, such as underground storage, system use, recovery, capital charges, and taxes.

Delivery rates for each year are calculated in advance based on expected water deliveries and related costs. Actual water deliveries can fluctuate considerably due to weather conditions and the availability of water. If actual deliveries fluctuate from the estimate used to set rates, total pumping energy costs will fluctuate, but other water delivery expenses are primarily fixed and will not fluctuate based solely on water delivery volumes. This rationale is the primary rational in the 2 key rate components. In general, if water deliveries decrease over the estimate used to set rates, the Fixed OM&R rate will increase. It also holds true that if water deliveries increase, the Fixed OM&R rate will decrease. Energy is variable in nature and does not fluctuate significantly on a per acre-foot basis due to changes in water delivery volumes.

The water delivery rate delivered under long-term subcontracts and contracts are reconciled and differences are settled annually. These contracts currently constitute approximately 1.2 million acre-feet annually based on availability. This reconciliation process is described below as part of the annual OM&R reconciliation discussion.

CAP includes a "Big R" component for capital replacement, capital improvement projects and Extraordinary Cost projects (those maintenance projects with a cost over \$2 million) in the Fixed OM&R rate. It is smoothed over time to prevent significant year-to-year fluctuations. It has been called "Big R" to identify it as part of Fixed OM&R and to distinguish it from the capital charge explained on page 3-30.

From 2012 through 2018, CAP collected a rate stabilization component in the OM&R rate. This rate allowed the accumulation of approximately \$30 million in a rate stabilization reserve by the end of 2020. As indicated above, the Fixed OM&R rate is impacted by delivery volume and in the event of a shortage, it increases significantly. Utilization of this reserve was utilized in 2022 and 2023 with the Tier 1 level shortage. It allowed the rate increases to be phased in over a period of two years, rather than all at once. A Customer Workshop was held to determine the preferred utilization period. A separate Voluntary Rate Stabilization reduction to which customers contributed is planned to be utilized in 2024.

ANNUAL OM&R RECONCILIATION

Central Arizona Project

The objective of the rate-setting process is to estimate water delivery rates that will be as close as possible to actual costs. The LRFP helps accomplish this objective. Since water delivery rates are set in advance, fluctuations in actual water deliveries may result in ongoing Fixed OM&R and Energy rate differences. Shortage mitigation and forbearance programs decrease the water delivery volumes and cause the Fixed OM&R rate to increase in cases where it is not collected.

CAP is party to a number of long-term subcontracts and contracts for water delivery. The subcontracts and contracts with long-term customers and the Settlement Stipulation with the federal government require annual reconciliation and settlement of actual OM&R costs to published water delivery rates.

If the analysis indicates that the rate billed to subcontract and contract customers exceeds the actual reconciled water delivery rate, a refund is required to be paid back to the customers. If, the analysis indicates that the actual water delivery rate was greater than the published rate, the customers are required to reimburse for amounts underpaid.

CAPITAL CHARGES

Municipal and Industrial (M&I) subcontractors are assessed a capital charge on their allocations as specified by their subcontracts. Excess water wheeling customers including non-subcontract customers, CAGRD and the Arizona Water Banking Authority (AWBA) are assessed a "facility use fee" which is equivalent to a capital charge on a delivered per acre-foot basis. The capital charge and facility use fee are not delivery costs but are set to assist in repaying CAP's share of the reimbursable costs for the original construction of the CAP. This charge is combined with other revenue sources, as described in Repayment Obligation on page 3-36, to make up the annual amount due to the federal government.

EVALUATION

AUTHORIZATION PROCESS

Once the Board approves the budget and the new budget year begins, CAP's management is charged with executing the budget's business objectives and financial goals. In order to provide ongoing evaluation of individual commitments and costs for compliance with goals and objectives, CAP has established policies and procedures related to staffing unfilled positions, contracts and purchasing and acquisition of property and capitalization. These policies and procedures apply to all commitments and costs, budgeted or not.



For example, the contracts and purchasing policy, which establishes management approval authorization limits and competitive bidding processes, currently provides that all items over \$300,000 require Board approval. The Project Steering Committee (PSC) was established to be responsible for evaluating, recommending and approving specific capital projects and overseeing capital equipment purchases to ensure they are within the Board-approved capital budget.

The PSC also oversees extraordinary maintenance projects as they are large projects whose costs are removed from operating expenses and added to "Big R" to smooth out year-to-year fluctuations in Fixed O&M.

QUARTERLY FINANCIAL REVIEW

On a quarterly basis, the finance staff analyzes and evaluates actual budget performance, financial activity and trends. In addition to evaluating year-to-date operating and capital budget performance, a full-year forecast is developed for revenues, expenses, capital budget spending, statement of net position rate reconciliation and General Fund strategic reserves. This review

enables management to identify potential weaknesses or activities that may have an adverse impact on CAP and determine an appropriate course of action. The results are provided to the Management Council, FAP Committee as well as the Board. The report is also posted on CAWCD's website under Finance for customers and stakeholders.

Reserve Planning

Central Arizona Project

As part of the two-year financial planning cycle, one of the activities for even years is a review of the Strategic Reserves, Working Capital and Extraordinary Cost Reserve strategies and targets.



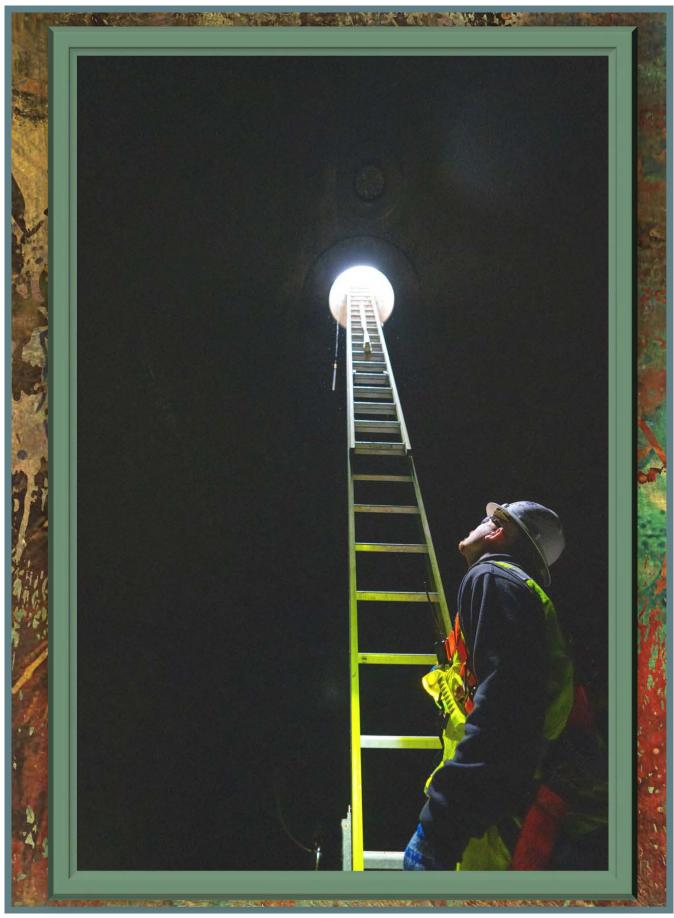
Strategic Reserves are cash reserves for unusual or unplanned events, such as equipment failures, business interruption or unplanned costs. These reserves may be drawn upon if unusual or unplanned events occur, or they may never be used at all.

The Working Capital reserve is a self-replenishing reserve used to smooth out timing differences in revenues and spending within each year. Known or planned spending or events are included in the budget and funded on a "pay as you go" basis through water rates and taxes.

The Extraordinary Cost Reserve is a revolving fund meant to pay for large expenses or opportunities that may cause unplanned "spikes" in the water rate. Additionally, the Reserve may be utilized to fund large, budgeted projects that might not otherwise fit within the water rate, resulting in large, temporary rate bubbles for relatively short periods of time. It can also be utilized for activities that directly or indirectly support CAWCD's mission to deliver Colorado water reliability, such as mitigation, conservation, augmentation and other water-related activities.

Other reserves have been established for specific purposes, such as water storage, rate stabilization and CAGRD and are not included in the Strategic, Working Capital or Extraordinary Cost Reserves planning. See Fund Reserves beginning on page 3-37 for a more detailed description.

The Board reviewed and updated the Strategic, Working Capital and Extraordinary Cost Reserves Reserve strategies and targets in May 2022.



Inside Salt River Siphon

CAPITAL PLANNING

The CAP capital budget is comprised of the Capital Improvement Program (CIP) and capital equipment replacements and additions. Capital projects and equipment included in the capital budget are designed to support CAP's Strategic Plan. CAP is committed to a triple-bottom-line philosophy that incorporates: (1) environmental considerations; (2) social responsibility, including safe and secure workforce conditions; and (3) financial impact that accounts for total costs of ownership. Examples of action plans within the Strategic Plan objectives used in the formation of the capital budget are listed below.

Finance

 Maintain a long-term CIP consistent with CAP's Strategic Asset Management Plan that ensures system reliability, including major equipment replacement and rehabilitation.

 Develop a strategy to maintain stable and predictable rates, including establishing appropriate reserves, a rate-setting methodology and a rate stabilization mechanism to be used during a shortage.



Project Reliability

 Commit to continued environmental improvement in the acquisition of environmentallyfriendly vehicles and increasing facilities' energy efficiencies.

Central Arizona Project

Protect and secure CAP's Information Technology (IT) assets and information.

The six-year capital budget covers the years 2024 through 2029. The Board of Directors is asked to approve capital spending for 2024 and 2025. Capital equipment and projects shown after 2025 are for advisory purposes to inform the Board and constituents of potential future capital budget requirements.

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Power

- Pursue partnership arrangements for maintaining CAP transmission assets to reduce CAP water delivery costs.
- Pursue strategic partnerships to enhance CAP transmission reliability and improve access to alternative-generation resources.

CAPITAL SECTION INCLUDES

A summary of CIP projects for the budget and advisory years

A summary of capital equipment for the budget and advisory years

A description of each CIP project, its justification, total project cost, funding source, operating impact, and strategic issue and key result area (KRA) that the project will support.

BIENNIAL BUDGETING

In the event a new capital project requirement develops in the off-budget year, it can proceed only if the PSC process is followed and is within the Board-approved capital budget limit. PSC and management may reprioritize existing projects in order to accommodate the new project from a budget and resource perspective. If the new project will exceed the spending authority approved by the Board, then additional Board approval is required.

CAPITAL EQUIPMENT

CAP cost centers begin the capital budget process by identifying specific equipment needs for the 2024/2025 budget. CAP has a capitalization threshold of \$25,000, and equipment under that amount is expensed. For equipment that exceeds \$100,000, a business justification analysis is performed prior to inclusion in the budget. For the fleet vehicle budget, a separate analysis is performed to determine if vehicles are being utilized according to CAP's fleet vehicle policy, and to evaluate the need for additional or replacement vehicles. The guidelines established by this policy address the acquisition, assignment, pooling, replacement and disposal of fleet vehicles.

Capital equipment shown during the post-2025 period is advisory and provides an indication of needs for 2026 through 2029. Specific equipment needs will be refined during 2024 and 2025.

CAPITAL IMPROVEMENT PROGRAM

CAP has established a policy to facilitate cost-effective, consistent, and objective project planning, approval, implementation, and completion. To facilitate this, PSC is comprised of a cross-functional management team that has been established to evaluate, prioritize and oversee large projects. The Project Management Office (PMO) in Engineering has been established to manage the execution phase for all engineering projects, regardless of the size and to facilitate communication between project managers and the rest of CAP. Projects related to infrastructure for energy transmission, groundwater recharge and groundwater recovery may be built and managed by other departments. PSC review and approval process consists of two phases: Concept/Prioritization and Assessment.

CONCEPT/PRIORITIZATION

There are two methods to create a concept of a potential project. First, any CAP employee, with approval from their supervisor, may submit an Asset Modification/Project Request to the Strategic Asset Management (SAM) Team for review. Second, the SAM Team may create a concept in the

normal course of its annual review of asset conditions. Regardless of how it originated, a concept must include a justification for the work, impact of current-state problems, a proposed solution, impacts of the proposed solution and a cost estimate.

Concepts are placed onto the Risk Register with an initial priority scoring from Maintenance management. PSC will review the list and:

- Confirm potential projects on the Risk Register are valid work that is in alignment with Strategic Objectives and Reliability Centered Maintenance principles.
- Review the scoring and modify ranking to create alignment with overall Strategic Fit and Opportunity Cost & Organizational Impact scoring.
- Utilize finalized Risk Register scoring as initial priority ranking for consideration of projects to be executive in the next Biennial Budget cycle.

ASSESSMENT

Central Arizona Project

The Project Team will collect information, prepare analysis and draft project documentation for review by PSC in order for a project to move forward. During the review process, PSC will evaluate the project need, the proposed project team, any alternatives considered by the Project Team and the Project Team's recommendation.

PROJECT STEERING COMMITTEE OBJECTIVES

Ensure that CAP executes the RIGHT projects, which is based on an evaluation of Strategic Fit (risk) and Opportunity Cost & Organizational Impact

Evaluate project execution options and SELECT the most effective solution

Oversee the EXECUTION of large projects, with a focus on compliance with defined budget, schedule and resource utilization targets

Help MANAGE the overall CAP Capital Budget, by making decisions on the execution of projects to help achieve alignment with the approved budget or seeking additional spending authority from the Board of Directors

PSC will review and ensure that the Project Team considered each of the following:

- All known current and future risks, within the area of subject matter expertise / CAP functional area that PSC member represents, have been included and addressed.
- The scope and scope limitations of the project are defined, aligned and agreed upon.
- The ideal Project Team has been assembled and the management level project sponsor is well chosen.
- The cost of the project alternatives are well defined and appropriate, and includes consideration of the long-term maintenance and operational cost of the alternative.
 - The schedule addresses known operational, manpower and outage restrictions.
 - Future horizon, or long term items, that the Project Team may not be initially aware of have been identified and addressed.
 - Other items that might have significant impact to the project, if not addressed, have been accommodated within the alternatives analysis.

CIP CONTROLS

Once the project has been approved by PSC, it does not have to return for further review unless the projected cost changes 20% (plus or minus) from the level approved by PSC or a major flaw is uncovered in the detailed project planning phase. If either of these conditions occur, the project reverts back to the "Assessment Phase" and requires an additional decision by PSC to proceed.

PSC MEMBERSHIP

Permanent voting members of PSC include:

- Assistant General Manager Operations, Engineering and Maintenance Committee Chair
- Assistant General Manager Finance and Administration
- Director of Field Maintenance
- Director of Centralized Maintenance and Reliability
- Director of Operations, Power & Engineering

Standing Advisors to PSC (non-voting) include:

- Manager, Maintenance Control
- Manager, Water Control
- Manager, Finance and Accounting
- Manager, Engineering Services
- Manager, Maintenance West
- Manager, Maintenance South
- Manager, Supply Chain and Facilities
- Manager, Environmental Health and Safety
- Supervisor, Project Management

PSC PROCESS AND THE BUDGET

PSC reviews the Capital Project Risk Register, confirms prioritized projects, and compiles all approved project plans for ongoing capital and extraordinary-maintenance projects, as well as those plans for projects approved on an ongoing basis.

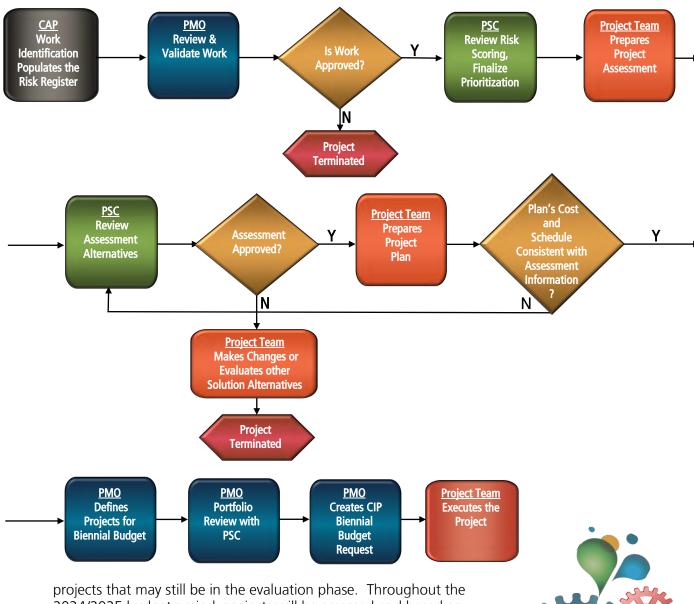
plans for projects approved on an ongoing basis. The projects to be included in the budget is finalized in April of the budget preparation year. As a final step before the new budget's preparation, PSC reviews overall critical resources such as project managers and construction inspectors and may elect to make necessary adjustments to individual project schedules or modify other planning assumptions, in order to balance resources and reduce risk. Resource-balancing also occurs in a more indirect way, on a continuous basis, during the budget-implementation period through: 1) managing the overall budget, 2) exercising PSC controls on individual projects as described above, 3) changing project schedules that may occur over time, 4) introducing new project requirements and 5) cancelling certain planned projects.

ADVISORY PROJECTS POST-2025

CIP projects listed as advisory projects in the years after the 2024 /2025 budget period include those projects that may either be in the design or construction phases in those years, as well as

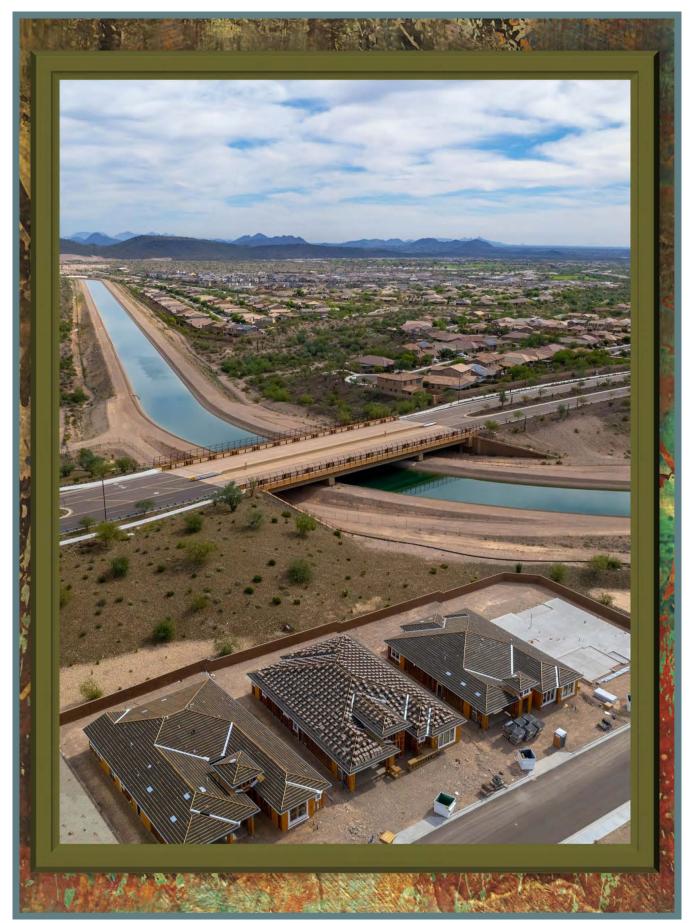


CAPITAL IMPROVEMENT PROGRAM PROCESS



2024/2025 budget period, projects will be assessed and based on appropriate justification, funding and available staff resources. Advisory projects may be implemented during the current budget by PSC but still maintained within the capital budget guidelines. Post-2025 projects will be modified based on need as determined by the state of the equipment through condition-based monitoring and other determining factors. Additional projects will be added while others may be deferred as conditions necessitate. Cost projections are based on projects of similar historical experience and will be refined as the project is brought into the current planning timeframe and therefore will vary from the stated amount. Capital spending for outer years will likely be higher than current estimates indicate as assets are assessed.

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CAP Canal along Vistancia - Peoria AZ

DEBT AUTHORITIES & OBLIGATIONS

BONDING AUTHORITY

Provisions of Arizona Revised Statutes (ARS) authorize CAP, its legal name being Central Arizona Water Conservation District, to incur debt and identify a revenue source for the payment of that debt. CAP has authority to incur debt under the ARS listed below.

ARS § 35-451 ET SEQ.—GENERAL OBLIGATION BONDS

- Provides authority for CAWCD to issue general obligation bonds for any lawful or necessary purpose.
- Legal Restrictions: Does not specify a limit on the amount of bonds that can be issued, only that issuance of bonds requires voter approval. However, taxes to meet debt service requirements are separate from (in addition to) the taxing authority provided in ARS § 48-3751.
- CAWCD has not issued bonds under this statute.

ARS § 48-3713.01—WATER STORAGE BONDS

- Provides: CAWCD may issue revenue bonds for recharge and recovery facilities secured by revenues from recharge contracts to provide monies to acquire, develop, construct, operate and maintain water storage and recovery facilities.
- Legal Restrictions: Aggregate principal amount of such revenue bonds may not exceed \$35 million.
- CAWCD has not issued bonds under this statute.

ARS § 48-3751 ET SEQ.—REVENUE BONDS

- Provides: CAWCD may pledge revenues, including revenues from the sale of services or from contracts and fees from water, toward the payment of bonds. However, CAWCD may NOT pledge taxes or assessments on or against property toward the payment of revenue bonds issued under this article of Title 48. Further, if CAWCD issues revenue bonds to fund CAGRD costs, such bonds are only repayable from revenues generated or collected from members of the CAGRD.
- Legal Restrictions: Aggregate principal amount of bonds issued and outstanding cannot exceed \$500 million, excluding bonds issued before September 21, 1991 (no bonds under this exception).
- CAWCD issued \$45.6 million in bonds in February 2016 to finance its share of the Palo Verde to Morgan Transmission Line (APS), Hassayampa Tap Connection and Transmission Line Rebuild ED2 to Saguaro projects. A portion of the Fixed OM&R rate is pledged toward repayment of these bonds. A detailed schedule is included in the appendix.
- CAWCD issued \$20 million in private placement bonds with BBVA Compass Bank in July 2019 for CAGRD water supply capital projects, which will be repaid through the CAGRD Infrastructure and Water Rights revenues. A detailed schedule is included in the appendix.

TAXING AUTHORITY

ARS § 48-3701 ET SEQ.—CAWCD'S ENABLING LEGISLATION

- Provides CAWCD the authority to:
 - Levy an ad valorem tax in the District's service area (Maricopa, Pima and Pinal counties) to pay administrative costs and expenses of the District and to assist in repayment of the CAP system to the United States.

- Legal Restriction: The ad valorem tax levied under this statute cannot exceed \$0.10 per \$100 assessed valuation and CAWCD may not pledge this tax toward the payment of bonds.
- CAP set the tax at \$0.10 per \$100 assessed valuation in 2023.

ARS §§ 48-3715.02 & A.R.S. 48-3715.03(A) —TAX LEVY FOR WATER STORAGE

- Authorizes CAP to levy a water storage tax The rate must be fixed by the third Monday in August each year.
- In 2015, ARS § 48-3715.02.B was amended to include a step-down in the tax rate from \$0.04 per \$100 of NAV to \$0.03 per \$100 of NAV, with the step-down beginning at a future date. In 2022, the Water Storage tax was extended to repeal in 2035, with the step-down to \$0.03 per \$100 of NAV set to begin in 2029.
- Provides that the Board shall determine whether all or any portion of such tax is to be applied to the payment or repayment of CAP construction or annual operations, maintenance and replacement costs. Any taxes levied for water storage that are not applied to the payment or repayment of CAP construction or annual operations, maintenance and replacement are to be deposited with the State Treasurer in the Arizona Water Banking Fund.
- CAP has set the tax at \$0.04 per \$100 assessed valuation in 2023.

REPAYMENT OBLIGATION

As specified in CAWCD's enabling act (ARS § 48-3701 et seq.), in 1972 CAWCD entered into a Master Repayment Contract with the U.S. Bureau of Reclamation, to repay its allocated share of the reimbursable costs of the CAP system. The 50-year repayment period for each construction stage began upon substantial completion of each stage. The first stage (water supply system) was declared substantially complete on October 1, 1993; CAWCD was then notified on September 30, 1996, that the second stage (regulatory storage facilities) was substantially complete.

Based on the terms of the Master Repayment Contract and the subsequent repayment settlement stipulation, CAWCD is obligated to repay \$1.646 billion to the federal government. The balance is projected to be \$857 million at the end of 2024 and \$814 million at the end of 2025.

Funds available to the CAWCD to make the annual repayment obligation, come from funds held by the federal government in the Basin Development Fund (BDF), capital charges and reserves. Funds available in the BDF include power revenues received from the surcharge on energy sold in Arizona from the Hoover Power Plant and the Parker-Davis Project, land surplus for project needs and other miscellaneous revenues. If funds in the BDF are not sufficient to make the annual repayment obligation, the District will make up the difference from General Fund reserves that were collected through capital charges, property taxes and interest earnings. Revenues from the sale of surplus power from the Navajo Generating Station were available for repayment through the end of 2019 when it was decommissioned.

Non-Indian Agricultural & 9(D) Debt

In 2007, and as the result of the Arizona Water Settlement Act, long-term entitlements to CAP non-Indian Agricultural (NIA) water were relinquished by irrigation districts. Some of the relinquishment went to the federal government to be utilized for future tribal water settlements and 96,295 acre-feet were set aside for future allocation to M&I users. In exchange for the relinquishment, CAP incurred a 9(d) debt liability related to loans that had been made to the irrigation districts. The remaining balance after the 2021 44,530 acre-feet reallocation is 51,765 acre-feet. (see page 2-8 for current impacts of this reallocation).

FUND RESERVES

RESERVES BY CATEGORY

RESTRICTED RESERVES

These funds were established through contracts or legislation that limit the use for specific purposes.

Master Repayment Contract Reserves – The Master Repayment Contract established two reserves, the Emergency OM&R Reserve Fund and the Repayment

Reserve Fund. The Emergency OM&R Reserve Fund was established to fund extraordinary costs of OM&R project work. The Repayment Reserve Fund was established to help assure payments to the United States under the Master Repayment Contract. As part of the Settlement Stipulation, CAWCD is allowed to use these reserves for unforeseen and extraordinary O&M costs, unusual or extraordinary repair or replacement costs and betterment costs.

Major Repair / Replacement Reserve – This fund was established in 2007 pursuant to the Settlement Stipulation, to cover the costs associated with major repair or replacement of CAP features. Cash received from the additional rate component (ARC) that was not needed to pay outstanding revenue bonds (also referred to as the capacity charge) was deposited into this fund and is to be used for the purpose specified.

Supplemental Water Reserve – This fund was established pursuant to legislation to acquire or conserve water to supplement CAP M&I water supplies. Investment income continues to accrue on this fund.



Central Arizona Project

CAGRD Replenishment Reserves – This fund consists of three accounts, one for each Active Management Area (AMA). Funds are to establish and maintain a replenishment reserve of longterm storage credits for each AMA.

CAGRD Water Rights & Infrastructure *Reserves* – This fund is comprised of activation fees and membership dues to support the CAGRD water acquisition program.

Captive Insurance Reserves – Established in 2003, this fund provides a self-insurance mechanism for property, casualty and medical insurance to fund claims.

Bond Reserves – These reserves are held by the Bond Trustee, Zions Bank, for the 2016 CAWCD bonds to be utilized explicitly for bond debt service payments and remaining bond proceeds.

9(d) Reserve – This reserves was established in 2021 as required by the AWSA as a sinking fund to repay the 9(d) debt due as part of the NIA priority relinguishment by the irrigation districts.



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COMMITTED RESERVES

The following reserves have been committed to specific purposes as indicated below:

Extraordinary Cost Reserve – Established in 2013, this fund was committed to address unpredictable cost concerns due to the uncertainty of energy needs and the energy market. All proceeds through the 2018 / 2019 tax collections were subsequently dedicated toward decommissioning costs associated with NGS. Beginning in June 2019, the Board directed general ad valorem tax proceeds to be deposited in the reserve for shortage mitigation or other purposes as the Board deems appropriate

Water Storage Reserves – This fund was established in 2003 for the purpose of funding water delivery expenses incurred for underground storage. Monies deposited into this fund are collected from a water storage ad valorem tax assessed from Maricopa, Pinal and Pima counties.



Rate Stabilization Reserve – This fund was established in 2012 and was funded from rates through 2018. The Rate Stabilization Reserve was created to provide funds to mitigate rate shock due to potential Colorado River shortages and allow them to be "softened" or phased out over a longer period of time, which was utilized in 2022 and 2023.

Voluntary Rate Stabilization Reserve – Established in 2015, this reserve was created to provide additional funds to mitigate rate impacts due to potential Colorado River shortages and allow them to be "softened" or phased out over a longer period of time. Participation in this fund was voluntary and only certain customers elected to participate in this program using 2014 rate reconciliation refunds. This reserve is anticipated to be utilized in 2024.

Navajo Decommissioning Reserves – Established in 2005,

this fund is being utilized to pay CAP's share of costs associated with the decommissioning and remediation of the Navajo Generating Station. Decommissioning costs will continue through 2053.

CAGRD Reserves – These reserves include accounts for water rights and infrastructure (excluding activation fees and membership dues), water obligations for each AMA and an administration account.

ASSIGNED RESERVES

The Board established several funds to provide Strategic Reserves in the event of catastrophic event. These reserves are described below:

Capital Reserve – Established in 1990 for the purpose of funding capital projects and providing funds for significant capital repair or replacement.

Operating Reserve – Established in 1990 for the purpose of funding operating needs.

Contingency Reserve – This fund is set aside to act as a reserve for extraordinary legal, medical or property and liability damages. The fund is to be available to respond to any claims, judgments and related costs against CAP, its officers, directors and employees, if any, in excess of the outstanding insurance coverage.

WORKING CAPITAL

Monies held by this fund are considered General Funds of CAP. They are unassigned reserves that are utilized for daily needs and are referred to as working capital. They are utilized to smooth out timing differences in revenues and spending within each year as well as between years.

STRATEGIC RESERVES

Strategic Reserves are cash reserves for unusual or unplanned events, such as equipment failures, business interruption or unplanned costs. They are made up of a subset of the reserves listed above. Ideally, the Strategic Reserves accounts would never have to be used.

FLOW OF FUNDS

In May 2022, the Board established Reserve Management Guidelines to identify a flow of funds (see pages 2-23 and 2-24). The general rule is to fill Strategic Reserves to target, then fill Working Capital to target, and then to fill Extraordinary Cost Reserves to target. Once that target is met, any excess funds will flow to Working Capital.

RESERVE TARGETS

Central Arizona Project

The Board reviews and establishes targets for Strategic Reserves, Working Capital & Extraordinary Cost Reserve every two years. Each reserve target is based on its own unique basis as appropriate for that reserve. The targets are analyzed based on a consistent methodology, which is important from a financial management perspective. The methodology is based on best practices of the Government Finance Officers Association (GFOA). Following are the current Board established targets:

2022 Strategic Reserves, Working Capital & D Cost Reserve Targets (Millions)	
Capital Reserve	\$ 73
Operating Reserve	\$ 80
Contingency Reserve	\$8
TOTAL STRATEGIC RESERVES TARGET	\$161
WORKING CAPITAL TARGET	\$ 89
Extraordinary Cost Reserve Target	\$281



FUND RESERVES

Unassigned	Assigned	Restricted	Committed
Reserves	Reserves	Reserves	Reserves
Funds at the State Treasurer and Bank of America which are for daily operating purposes.	The Board established these reserves to provide for potential future needs.	These funds are established through contracts or legislation that limit the use for specific purposes.	These funds are established through Board action typically by resolution that identifies reserves to be used for specific purposes. <u>None</u> <u>of these reserves are part</u> <u>of strategic reserves.</u>

UNASSIGNED / UNRESTRICTED	Assigned	RESTRICTED	Committed
Working Capital	Operating Reserve		Extraordinary Cost Reserve
	Contingency Reserve		
These two reserves are managed together	Capital Reserve	Major Repair/Replacement Reserve	

= Working Capital
= Strategic Reserves
= Other Reserves

Repayment	Water Storage
Reserve	Reserve
Emergency O&M	Recovery
Reserve	Reserve
Supplemental Water	Rate Stabilization
Reserve	Reserve
Bond	Navajo Decommissioning
Reserve	Reserve
Captive Insurance	CAGRD
Reserves	Reserves
CAGRD Replenishment Reserves	
CAGRD I&WR Reserve	
9(d) Debt Reserve	

Combined Financial Statements

Central Arizona Water Conservation District accounts for its financial activities in conformance with Generally Accepted Accounting Principles (GAAP) as applicable to a government "enterprise fund." Activity is accounted for using the accrual method and incorporates the requirements of Government Accounting Standards Board (GASB) Statement No. 34. Because the District's activities are primarily business-like in nature, enterprise fund accounting treatment applies.

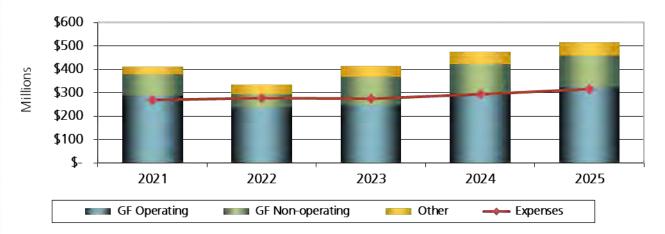
The District is a special-purpose government, as opposed to a general government, such as a city or town. Under GASB Statement No. 14, *The Financial Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, CAWCD is a primary government with a single-blended component unit, the CAWCD Insurance Company, Inc. (Captive). However, the District has identified a number of financial activities that it wishes to track separately, referred to as funds and accounts. The District is not required to have a legally adopted budget and, therefore, these funds are not subject to appropriation. Each fund/account includes financial statements and resulting fund balance or net position.

As fixed operations and maintenance expenses are fairly consistent from year-to-year, CAWCD does not provide advisory year projections beyond the budget period for operating expenses within this document. Longer term operational costs are addressed and communicated in the Long Range Financial Plan (LRFP) process, which is outside of the budget process in even years.

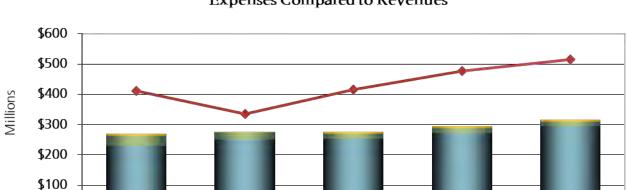
Variability in operating expenses are primarily driven by (1) pumping energy purchases and (2) extraordinary maintenance projects. Pumping energy is dependent on the energy market and projections beyond two years are speculative. Only a small portion of CAWCD's energy needs are covered by contracts that cover up to five years. Extraordinary maintenance projects are excluded from operations from a rate perspective and treated as part of capital spending in the "Big R" rate. While CAWCD provides advisory rates in outer years, they are caveated that they may vary based on energy market volatility. Discussion of the District-level financials are covered in Section 2, the Biennial Budget Overview.

FUND	DESCRIPTION
General Fund	Represents CAWCD's core business, the delivery of Colorado River water to central Arizona through the Central Arizona Project (CAP) and repayment of reimbursable construction costs and is, by an order of magnitude, the largest fund within the District.
Central Arizona Groundwater Replenishment District Account (CAGRD)	Represents the activities of the CAGRD as authorized by Arizona Revised Statutes (ARS) § 48-3771 et. seq.
Supplemental Water Account	Represents the activities related to a trust fund established by Section 7 of Public Law 98-530 and ARS § 45-3715.01 to acquire or conserve water to supplement Colorado River supplies.
Captive Insurance Fund	Represents the activities related to the CAWCD Captive Insurance Company, Inc., to provide a self-insurance mechanism for health, property and casualty insurance.

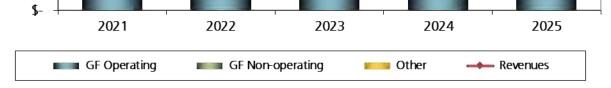
SUMMARY OF REVENUES, EXPENSES & CHANGES IN NET POSITION—COMBINED



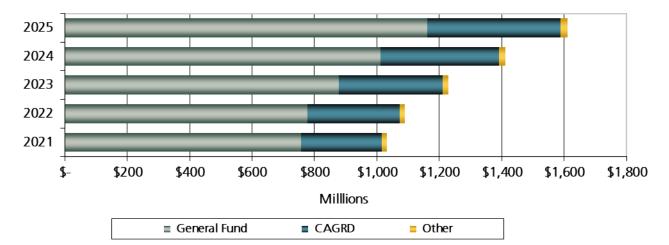
Revenues Compared to Expenses



Expenses Compared to Revenues



Net Position



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STATEMENTS OF REVENUES, EXPENSES & CHANGES IN NET POSITION

All Funds

	2021	2022	2023	2024		2025
	Actual	Actual	Projection	Budget		Budget
Operating Revenues						
Water operations & maintenance charges	\$ 173,325	\$ 176,772	\$ 186,791	\$ 233,895	\$	258,676
Water service capital charges	69,657	34,542	36,785	36,507		37,196
Power and Basin Development Fund revenues	8,478	9,581	7,202	6,699		6,725
Reimbursements and other operating revenues	62,682	57,750	57,055	68,820		74,902
Total Operating Revenues	 314,142	278,645	287,833	345,921		377,499
Operating Expenses						
Salaries and related costs	(64,508)	(72,653)	(78,624)	(86,442)		(92,985)
Energy	(66,386)	(48,915)	(51,271)	(66,412)		(80,370)
Transmission	(15,876)	(21,674)	(14,964)	(15,388)		(13,395)
Amortization of permanent service right	(23,000)	(23,001)	(21,782)	(18,125)		(18,125)
Depreciation	(25,201)	(25,442)	(26,827)	(25,496)		(28,483)
Other operating expenses						
Outside services	(23,007)	(46,084)	(46,282)	(45,431)		(46,208)
Materials and supplies	(8,499)	(9,715)	(9,746)	(10,876)		(9,626)
Water for recharge	(6,956)	(3,082)	(3,127)	(1,844)		(2,553)
Other expenses	 (1,852)	(2,070)	(4,267)	(7,463)		(8,181)
Subtotal	(40,314)	(60,951)	(63,422)	(65,614)		(66,568)
Total Operating Expenses	 (235,285)	(252,636)	(256,890)	(277,477)		(299,926)
Operating Income/(Loss)	78,857	26,009	30,943	68,444		77,573
Non-operating Revenues/(Expenses)						
Property taxes	86,997	92,406	97,846	104,377		109,181
Interest income & other non-operating revenues	9,362	(35,514)	29,518	25,888		28,636
Disbursements to AWBA	(2,378)	(4,485)	(733)	(711)		(732)
Interest expense & other non-operating expenses	 (32,150)	(19,712)	(18,084)	(16,442)		(14,728)
Non-operating Income/(Loss)	 61,831	 32,695	 108,547	 113,112		122,357
Change in Net Position	140,688	58,704	139,490	181,556		199,930
Net Position at beginning of year	 890,386	1,031,074	1,089,778	1,229,268	•	1,410,824
Net Position at end of year	\$ 1,031,074	\$ 1,089,778	\$ 1,229,268	\$ 1,410,824	\$ [•]	1,610,754

Combining Schedule of Revenues, Expenses & Changes in Net Position By Fund & Account

	2024 Budget	Elim	General Fund	Supp Water Account	CAGRD Account	Captive Insurance Fund
Operating Revenues						
Water operations & maintenance charges	\$ 233,89	5 \$ (16,290)	\$ 250,185	\$-	\$-	\$-
Water service capital charges	36,50			-	-	-
Power & basin development fund revenues	6,69		6,699	-	-	-
Reimbursements & other revenues	68,82			-	67,259	12,759
Total Operating Revenues	345,92			-	67,259	12,759
Operating Expenses						
Salaries and related costs	(86,44)	2) -	(85,027)	-	(1,415)	-
Pumping Energy and Capacity charges	(66,41)	<u>2)</u> -	(66,412)	-	-	-
Transmission	(15,38	3) -	(15,388)	-	-	-
Amortization of permanent service right	(18,12	5) -	(18,125)	-	-	-
Depreciation	(25,49)	5) -	(25,435)	-	(61)	-
Other operating expenses			-	-	-	-
Outside services	(45,43	l) -	(43,482)	-	(1,674)	(275)
Materials and supplies	(10,87)	5) -	(10,876)	-	-	-
Overhead	4,14	3 -	5,630	-	(1,482)	-
Water for recharge	(1,84	18 ,347	-	-	(20,191)	-
Other expenses	(11,61) 12,759	(12,543)	-	(185)	(11,642)
Subtotal	(65,61	4) 31,106	(61,271)	-	(23,532)	(11,917)
Total Operating Expenses	(277,47	7) 31,106	(271,658)	-	(25,008)	(11,917)
Operating Income/(Loss)	68,44	1 -	25,351	-	42,251	842
Non-operating Revenues/(Expenses)						
Property taxes	104,37	- 1	104,377	-	-	-
Interest income & other non-operating revenues	25,88	- 3	21,748	279	3,857	4
Disbursements to AWBA	(71	1)	(711)	-	-	-
Interest expense & other non-operating expenses	(16,44)		(16,109)		(333)	-
Total Non-operating Revenues/(Expenses)	113,11	2	109,305	279	3,524	4
Change in Net Position	181,55	5 -	134,656	279	45,775	846
Net Position at beginning of year	1,229,26			8,887	332,372	12,819
Net Position at end of year	\$ 1,410,82	\$ (2,350)	\$ 1,012,196	\$ 9,166	\$ 378,147	\$ 13,665

Combining Schedule of Revenues, Expenses & Changes in Net Position By Fund & Account

		2025 Budget	Elim	(General Fund	Supp Water Account		CAGRD Account	Captive Insurance Fund
Operating Revenues									
Operating Revenues Water operations & maintenance charges	\$	250 676	\$ (18,557)	¢	277,233	¢	\$		\$-
Water operations & maniferance charges Water service capital charges	Þ	258,676 37,196	\$ (18,557) (2,166)		39,362	- ¢	Þ	-	¢ -
Power & basin development fund revenues		6,725	(2,100)		6,725	-		-	-
Reimbursements & other revenues		74,902	(12,887)		1,553	-		- 73,349	- 12,887
Total Operating Revenues		377,499	(33,610)		324,873	-		73,349	12,887
Operating Expenses									
Salaries and related costs		(92,985)	-		(91,534)	-		(1,451)	-
Pumping Energy and Capacity charges		(80,370)	-		(80,370)	-		-	-
Transmission		(13,395)	-		(13,395)	-		-	-
Amortization of permanent service right		(18,125)	-		(18,125)	-		-	-
Depreciation		(28,483)	-		(28,422)	-		(61)	-
Other operating expenses		-	-		-	-		-	-
Outside services		(46,208)	-		(44,246)	-		(1,674)	(288)
Materials and supplies		(9,626)	-		(9,626)	-		-	-
Overhead		3,261	-		4,781	-		(1,520)	-
Water for recharge		(2,553)	20,723		-	-		(23,276)	-
Other expenses		(11,442)	12,887		(12,476)	-		(188)	(11,665)
Subtotal		(66,568)	33,610		(61,567)	-		(26,658)	(11,953)
Total Operating Expenses		(299,926)	33,610		(293,413)	-		(28,170)	(11,953)
Operating Income/(Loss)		77,573	-		31,460	-		45,179	934
Non-operating Revenues/(Expenses)									
Property taxes		109,181	-		109, 181	-		-	-
Interest income & other non-operating revenues		28,636	-		24,204	303		4,125	4
Disbursements to AWBA		(732)			(732)	-		-	-
Interest expense & other non-operating expenses		(14,728)	-		(14,652)	-		(76)	-
Total Non-operating Revenues/(Expenses)		122,357			118,001	303		4,049	4
Change in Net Position		199,930	-		149,461	303		49,228	938
Net Position at beginning of year		1,410,824	(2,350)		1,012,196	9,166		378,147	13,665
Net Position at end of year	\$	1,610,754	\$ (2,350)	\$	1,161,657	\$ 9,469	\$	427,375	\$ 14,603



Arizona Desert

STATEMENTS OF NET POSITION - COMBINED

(Thousands)

ASSETS Carrent Assets ash and cash equivalents \$ 101,039 \$ 168,570 \$ 199,431 \$ 196,375 \$ 218,677 Stack and cash equivalents \$ 0,050 72,765 39,902 85,878 102,667 Vider inventory 220,945 228,199 224,884 247,334 253,77 Total Current Assets 385,516 473,888 500,804 529,549 575,686 Own-current Assets 13,669 111,083 11,225 112,910 114,600 aplati assets 542,600 501,222 474,721 633,236 723,867 aplati assets 13,669 111,083 132,541 361,502 398,002 aplati assets 2,007,082 2,007,082 2,007,082 2,197,933 956,927 398,002 fortal Assets 2,007,082 2,007,082 2,117,933 2,646,550 2,805,544 ZPERARED OUTFLOWS OF RESOURCES 17,521 14,092 14,527 14,494 14,466 fortal Assets 0,172,71 14,092 14			2021 Actual	2022 Actual	Þ	2023	2024 Pudgot	2025 Pudgot
Lurrent Assets \$ 101,039 \$ 108,431 \$ 196,437 \$ 218,677 Valer inventory 220,945 228,199 245,884 247,334 \$ 196,375 \$ 218,677 Otal Current Assets 385,516 473,888 540,804 \$ 229,549 \$ 253,77 \$ 383,375 \$ 7 7 5 68,374 \$ \$ 383,516 473,888 \$ 50,804 \$ 229,549 \$ 575,686 \$ 7 7 53,326 7 7 53,336 7 7 5,33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,362 7 33,362 7 33,362 7 33,860 7 7 7 <td< th=""><th></th><th></th><th>Actual</th><th>Actual</th><th>r</th><th>rojection</th><th>Buugei</th><th>вийдег</th></td<>			Actual	Actual	r	rojection	Buugei	вийдег
Lurrent Assets \$ 101,039 \$ 108,431 \$ 196,437 \$ 218,677 Valer inventory 220,945 228,199 245,884 247,334 \$ 196,375 \$ 218,677 Otal Current Assets 385,516 473,888 540,804 \$ 229,549 \$ 253,77 \$ 383,375 \$ 7 7 5 68,374 \$ \$ 383,516 473,888 \$ 50,804 \$ 229,549 \$ 575,686 \$ 7 7 53,326 7 7 53,336 7 7 5,33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,336 7 33,362 7 33,362 7 33,362 7 33,860 7 7 7 <td< th=""><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th></td<>								
ash and cash equivalents \$ 101.039 \$ 168,570 \$ 196,375 \$ 218,673 decervables 60,506 72,765 93,902 85,673 \$ 218,673 Valer inventory 220,945 228,193 247,334 253,977 101,600 85,673 \$ 218,674 233,977 101,600 85,673 \$ 218,674 233,977 101,600 85,673 \$ 218,674 233,977 101,600 529,549 575,664 00,600 501,222 247,721 633,236 723,987 542,600 501,222 144,571 144,600 111,083 112,255 133,615 129,910 114,600 144,600 144,600 144,600 144,600 144,600 144,600 144,600 149,692 147,692 147,692 147,692 147,692 144,592 144,944 144,660 142,527 14,494 14,464 144,660 17,521 14,092 14,527 14,494 14,464 144,661 17,521 14,092 14,527 <	ASSETS							
Recirables 60,506 72,765 93,902 85,878 102,667 Vater inventory 200,945 228,199 245,884 247,334 253,974 Otal Current Assets 385,516 473,888 540,804 529,549 575,686 Von-current Assets 385,516 473,888 540,804 529,549 575,686 Von-current Assets 113,669 111,083 112,255 112,910 114,602 Operating assets, less accum depr 373,318 331,241 354,541 361,502 398,602 Agriculture water allocation 47,692 47,693 </td <td>Current Assets</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Current Assets							
Water imentory 220,945 228,199 248,884 247,334 258,97 Other 3,026 4,354 2,587 (38) 37 Otal Current Assets 385,516 473,888 540,804 529,549 575,668 Non-current Assets 8,878 9,081 6,637 6,834 6,877 Sesticated assets 113,669 111,083 112,255 112,910 114,602 apidata assets 133,649 134,541 361,502 398,023 398,023 gridulure water allocation 47,692 47,692 47,692 47,692 47,692 Otal Assets 2,070,082 2,007,050 1,970,899 2,119,101 2,229,566 Otal Assets 2,475,598 2,480,938 2,517,03 2,665,714 4,494 14,466 Total Assets 12,521 14,092 14,527 14,494 14,466 Total Assets 2,475,198 2,490,930 2,526,230 \$ 2,663,144 \$ 2,80,500 Total Assets and Deferred Outflows of Resources	Cash and cash equivalents	\$		\$	\$	-	\$	\$ 218,679
Ther 3.026 4.354 2.587 (38) 377 foal Current Assets 385,516 473,888 540,804 529,549 575,688 Non-current Assets 385,516 473,888 540,804 529,549 575,688 Non-current Assets 542,690 501,222 474,721 633,226 723,885 Contract Service right, less accum amot 1.019,835 1.006,731 975,053 956,927 47,692	Receivables			-		-		102,664
Total Current Assets 385,516 473,888 540,804 529,549 575,680 Von-current Assets unds held by the federal government 8,878 9,081 6,637 6,834 6,877 westments 542,690 501,222 474,721 633,236 723,857 aptial assets 113,669 111,083 112,255 112,910 114,602 aptial assets 133,649 331,241 354,541 361,502 398,023 griculure water allocation 47,692 47,692 47,692 47,692 47,692 foral Assets 2,070,082 2,007,050 1970,899 2,119,101 2,229,665 foral Assets 2,455,598 2,480,938 2,511,703 2,646,50 2,805,540 DEFERRED OUTFLOWS OF RESOURCES 17,521 14,092 14,527 14,494 14,466 Coral Assets and Deferred Outflows of Resources 17,521 14,092 14,527 14,494 14,466 Coral Assets and Deferred Outflows of Resources 17,521 14,092 14,527 14,494								
Non-current Assets 8,878 9,081 6,637 6,834 6,877 unds held by the federal government 542,690 501,222 474,721 633,236 723,853 investments 542,690 501,222 474,721 633,236 723,853 Operating assets 113,669 111,083 112,255 112,2910 114,603 Operating assets, less accum depr 337,318 331,241 354,541 361,502 398,022 Operating assets, less accum amont 1,019,835 1,006,731 975,053 956,927 938,803 Operating assets, less accum amont 1,019,835 1,006,731 975,053 92,119,101 2,229,866 Total Assets 2,070,022 2,400,938 2,511,703 2,648,650 2,805,544 DEFERED OUTFLOWS OF RESOURCES 17,521 14,092 14,527 14,494 14,466 Total Assets and Deferred Outflows of Resources 17,521 14,092 14,527 14,393 1,820,007 LABILITIES Cacounts payale 5 4,4213 5 6,07								
unds held by the federal government 8,878 9,081 6,637 6,834 6,875 mestments 542,690 501,222 474,721 633,236 7223,85 Exercised assets 113,669 111,083 112,255 112,910 114,660 Correling assets, less accum depr 337,318 331,241 354,541 361,502 398,023 Operating assets, less accum amort 1,019,835 1,006,731 975,053 956,927 938,800 Agriculture water allocation 47,692 44,660 7,521 14,092 14,527 14,494 14,466 14,460 14,461 14,460 1	Total Current Assets		385,516	4/3,888		540,804	529,549	575,686
mestments 542,690 501,222 474,721 633,236 723,853 Correcting assets 113,669 111,083 112,255 112,910 114,603 Operating assets, less accum depr 337,318 331,241 354,541 361,502 398,023 Permanent service right, less accum amort 1,019,835 1,006,731 975,053 956,6927 938,803 Gridal Anon-current Assets 2,070,082 2,007,050 1,970,899 2,119,101 2,229,662 Fotal Assets 2,455,598 2,480,938 2,511,703 2,648,650 2,805,544 DEFERRED OUTFLOWS OF RESOURCES Tr5,21 14,092 14,527 14,494 14,466 Fotal Assets 2,473,119 5,24,495,003 5,256,230 \$,263,144 \$,28,0004 LABILITIES Internet Liabilities 17,521 14,092 14,527 14,494 14,466 Cortal Assets and Deferred Outflows of Resources 5,47,731 5,256,230 \$,2663,144 \$,2,820,004 Labilities Cortal Asset set retimened renerue 34,623 37,362 <td>Non-current Assets</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Non-current Assets							
listicted assets 113,669 111,083 112,255 112,910 114,603 apital assets 337,318 331,241 354,541 361,502 398,023 Permanent service right, less accum amort 1,019,835 1,006,731 975,053 956,927 938,002 Agriculture water allocation 47,692 44,693 43,633 41,462 43,833 41,462 43,833 44,693 43,633 44,213 5 5,507 \$ 2,863,144 \$ 2,862,000 5 65 617 14,466 40,55 <td>Funds held by the federal government</td> <td></td> <td>8,878</td> <td>9,081</td> <td></td> <td>6,637</td> <td>6,834</td> <td>6,875</td>	Funds held by the federal government		8,878	9,081		6,637	6,834	6,875
Stapital assets 337,318 331,241 354,541 361,502 398,025 Permanent service right, less accum amort 1,019,835 1,006,731 975,053 956,927 938,802 Agriculture water allocation 47,692 42,603 37,613 52,546 50,514 42,803 41,861 Koccut havoit hows of Resources 52,473 14,861 42,803 </td <td>Investments</td> <td></td> <td>542,690</td> <td>501,222</td> <td></td> <td>474,721</td> <td>633,236</td> <td>723,857</td>	Investments		542,690	501,222		474,721	633,236	723,857
Operating assets, less accum depr Permanent service right, less accum amort 1,019,835 331,241 354,541 361,502 398,025 Permanent service right, less accum amort Qircluture water allocation 47,692 <td>Restricted assets</td> <td></td> <td>113,669</td> <td>111,083</td> <td></td> <td>112,255</td> <td>112,910</td> <td>114,605</td>	Restricted assets		113,669	111,083		112,255	112,910	114,605
Permanent service right, less accum amort sgriculture water allocation 1,019,835 1,006,731 975,053 956,927 938,800 Ar,692 47,692	Capital assets							
Agriculture water allocation 47,692 <td></td> <td></td> <td></td> <td>-</td> <td></td> <td></td> <td></td> <td>398,029</td>				-				398,029
Dial Non-current Assets 2,070,082 2,007,050 1,970,899 2,119,101 2,229,860 Cotal Assets 2,455,598 2,480,938 2,511,703 2,648,650 2,805,544 DEFERRED OUTFLOWS OF RESOURCES 14,527 14,494 14,466 Total Deferred Outflows of Resources 17,521 14,092 14,527 14,494 14,466 Total Deferred Outflows of Resources 2,2473,119 2,2495,030 2,526,230 2,663,144 2,282,000 LABILITIES Current Liabilities 2,2473,119 2,2495,030 2,252,230 2,663,144 2,282,000 LABILITIES Current Liabilities 5,365 44,213 5,65,077 28,264 3,95,68 41,866 Accound payable S 44,213 5,65,077 28,264 2,99,066 40,455 42,800								938,802
Total Assets 2,455,598 2,480,938 2,511,703 2,648,650 2,805,544 DEFERRED OUTFLOWS OF RESOURCES 17,521 14,092 14,527 14,494 14,466 Total Deferred Outflows of Resources 17,521 14,092 14,527 14,494 14,466 Total Assets and Deferred Outflows of Resources 5,2473,119 5,2495,030 5,2526,230 5,2663,144 5,2820,000 LABILITIES Current Liabilities 5,44,213 5,65,077 5,28,264 \$,39,568 \$,41,866 Accrued payroll, payroll taxes & other accrued exp. 9,578 9,445 9,200 7,337 7,855 Jnearned revenue 34,623 37,362 38,116 40,572 46,166 Accrued payroll, payroll taxes & other accrued exp. 9,578 9,445 9,200 7,337 7,555 Sest etriement obligation, due within one year 18,060 4,886 765 765 611 Contract revenue bonds, due within one year 18,060 4,886 725 5,910 2,120 Total Deferred after one year 21,444 </td <td>Agriculture water allocation</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>-</td> <td>47,692</td>	Agriculture water allocation						-	47,692
DEFERRED OUTFLOWS OF RESOURCES 17,521 14,092 14,527 14,494 14,460 Total Deferred Outflows of Resources 2,473,119 5,2493,003 5,2526,230 5 2,663,144 5 2,802,000 LABILITIES Lurrent Liabilities S 2,473,119 5 2,492,000 7,337 7,855 Larent Liabilities S 44,213 5 65,077 5 28,264 5 39,568 \$ 41,867 Larent Liabilities Varrent Liabilities S 44,213 \$ 65,077 \$ 28,264 \$ 39,568 \$ 41,867 Varrent Liabilities 9,578 9,445 9,200 7,337 7,855 hearmed revenue 34,623 37,362 38,116 40,556 42,808 42,800 ksset retirement obligation due within one year 18,060 4,886 765 765 617 Total Current Liabilities 172,431 181,482 139,819 152,850 155,783 Non-current Liabilities								2,229,860
Persion valuation 17,521 14,092 14,527 14,494 14,466 Total Deferred Outflows of Resources \$ 2,473,119 \$ 2,495,030 \$ 2,526,230 \$ 2,663,144 \$ 2,820,000 LABILITES Lurrent Liabilities \$ 2,473,119 \$ 2,495,030 \$ 2,526,230 \$ 2,663,144 \$ 2,820,000 LABILITES Lurrent Liabilities \$ 2,473,119 \$ 2,495,030 \$ 2,526,230 \$ 2,663,144 \$ 2,820,000 LABILITES Lurrent Liabilities \$ 2,473,119 \$ 2,495,030 \$ 2,526,230 \$ 2,663,144 \$ 2,820,000 LABILITES Lurrent Liabilities \$ 2,473,119 \$ 2,495,030 \$ 2,526,230 \$ 2,663,144 \$ 2,820,000 LABILITES Lurrent Liabilities \$ 2,473,119 \$ 2,495,030 \$ 2,566,230 \$ 39,568 \$ 41,860 Accrued payroll, payroll taxes & other accrued exp. 9,578 9,445 9,200 7,337 7,855 Macrued payroll, payroll taxes & other accrued exp. 9,578 9,445 5,725 5,910 2,120 Contract revenue bonds, due within one year 5,365 5,540 </td <td>Total Assets</td> <td></td> <td>2,455,598</td> <td>2,480,938</td> <td></td> <td>2,511,703</td> <td>2,648,650</td> <td>2,805,546</td>	Total Assets		2,455,598	2,480,938		2,511,703	2,648,650	2,805,546
Persion valuation 17,521 14,092 14,527 14,494 14,466 Total Deferred Outflows of Resources \$ 2,473,119 \$ 2,495,030 \$ 2,526,230 \$ 2,663,144 \$ 2,820,000 LABILITES Lurrent Liabilities \$ 2,473,119 \$ 2,495,030 \$ 2,526,230 \$ 2,663,144 \$ 2,820,000 LABILITES Lurrent Liabilities \$ 2,473,119 \$ 2,495,030 \$ 2,526,230 \$ 2,663,144 \$ 2,820,000 LABILITES Lurrent Liabilities \$ 2,473,119 \$ 2,495,030 \$ 2,526,230 \$ 2,663,144 \$ 2,820,000 LABILITES Lurrent Liabilities \$ 2,473,119 \$ 2,495,030 \$ 2,526,230 \$ 2,663,144 \$ 2,820,000 LABILITES Lurrent Liabilities \$ 2,473,119 \$ 2,495,030 \$ 2,566,230 \$ 39,568 \$ 41,860 Accrued payroll, payroll taxes & other accrued exp. 9,578 9,445 9,200 7,337 7,855 Macrued payroll, payroll taxes & other accrued exp. 9,578 9,445 5,725 5,910 2,120 Contract revenue bonds, due within one year 5,365 5,540 </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>								
Total Deferred Outflows of Resources 17,521 14,092 14,527 14,494 14,464 Total Assets and Deferred Outflows of Resources \$ 2,473,119 \$ 2,495,030 \$ 2,526,230 \$ 2,663,144 \$ 2,820,000 IABILITIES Current Liabilities \$ 2,473,119 \$ 2,495,030 \$ 2,526,230 \$ 2,566,31,44 \$ 2,820,000 IABILITIES Succounts payable \$ 44,213 \$ 65,077 \$ 28,264 \$ 39,568 \$ 41,866 Vaccounts payable 9,578 9,445 9,200 7,337 7,855 Jneamed revenue 34,623 37,362 38,116 40,572 46,166 Accrued interest payable 20,136 18,716 17,293 15,890 14,366 Accrued interest payable 20,136 40,456 5,725 5,910 2,120 Contract revenue bonds, due within one year 18,060 4,886 765 765 617 Syster retirement obligation due after one year 24,448 30,448 21,730 20,965 20,355 Contract revenue bonds, due after one year 24,4	Pension valuation		17,521	14,092		14,527	14,494	14,460
LABILITIES Current Liabilities S 44,213 \$ 65,077 \$ 28,264 \$ 39,568 \$ 41,867 Accrued payroll, payroll taxes & other accrued exp. 9,578 9,445 9,200 7,337 7,855 Jneamed revenue 34,623 37,362 38,116 40,572 46,166 Accrued interest payable 20,136 18,716 17,293 15,890 14,365 Lepayment obligation, due within one year 5,365 5,540 40,456 42,808 42,808 Sest retirement obligation due within one year 18,060 4,886 765 765 617 Contract revenue bonds, due within one year 172,431 181,482 139,819 152,850 155,783 Non-current Liabilities 172,431 181,482 139,819 152,850 155,783 Non-current Liabilities 172,431 181,482 139,819 152,850 155,783 Non-current Liabilities 1,717,001 20,965 20,355 30,044 21,730 20,965 20,355	Total Deferred Outflows of Resources							14,460
Current Liabilities \$ 44,213 \$ 65,077 \$ 28,264 \$ 39,568 \$ 41,867 Accounts payable 9,578 9,445 9,200 7,337 7,857 7,857 Jnearned revenue 34,623 37,362 38,116 40,572 46,166 Accrued interest payable 20,136 18,716 17,293 15,890 14,366 Repayment obligation, due within one year 5,365 5,540 40,456 42,808 42,808 Asset retirement obligation, due within one year 18,060 4,886 765 765 611 Contract revenue bonds, due within one year 172,431 181,482 139,819 152,850 155,783 Non-current Liabilities 172,431 181,482 139,819 152,850 155,783 Non-current Liabilities 771,007 5,844 91,975 91,976 91,976 Syster terimernt bilgation, due after one year 24,448 30,448 21,730 20,965 20,355 Contract revenue bonds, due after one year<	Total Assets and Deferred Outflows of Resource	ces \$	2,473,119	\$ 2,495,030	\$	2,526,230	\$ 2,663,144	\$ 2,820,006
Jnearned revenue 34,623 37,362 38,116 40,572 46,166 Accrued interest payable 20,136 18,716 17,293 15,890 14,362 kepayment obligation, due within one year 5,365 5,540 40,456 42,808 42,808 sset retirement obligation due within one year 18,060 4,886 765 765 611 Contract revenue bonds, due within one year 172,431 181,482 139,819 152,850 155,783 Von-current Liabilities 172,431 181,482 139,819 152,850 10,955 20,355 Contract revenue bonds, due after one year 51,484 45,323 39,036 32,625 30,042 Non-current Liabilities 1,175,031 1,153,545 1,098,083 1,048,100 1,002,095 Total Non-current Liabilities <td< td=""><td>Current Liabilities Accounts payable</td><td>\$</td><td></td><td>\$</td><td>\$</td><td></td><td>\$</td><td>\$ 41,861</td></td<>	Current Liabilities Accounts payable	\$		\$	\$		\$	\$ 41,861
Accrued interest payable 20,136 18,716 17,293 15,890 14,365 Repayment obligation, due within one year 5,365 5,540 40,456 42,808 42,808 Syster terirement obligation, due within one year 18,060 4,886 765 765 611 Contract revenue bonds, due within one year 40,456 40,456 5,725 5,910 2,120 Fotal Current Liabilities 172,431 181,482 139,819 152,850 155,785 Non-current Liabilities 24,448 30,448 21,730 20,965 20,355 Contract revenue bonds, due after one year 24,448 30,448 21,730 20,965 20,355 Contract revenue bonds, due after one year 24,448 30,448 21,730 20,965 20,355 Contract revenue bonds, due after one year 51,484 45,323 39,036 32,625 30,044 Non-current Liabilities 1,175,031 1,153,545 1,098,083 1,048,100 1,002,095 Total Non-current Liabilities 1,347,462 1,335,027 1,237,902 1,200,950 1,157,788 Customer deposits								7,855
Repayment obligation, due within one year 5,365 5,540 40,456 42,808 42,808 Asset retirement obligation due within one year 18,060 4,886 765 765 611 Contract revenue bonds, due within one year 40,456 40,456 5,725 5,910 2,120 Total Current Liabilities 172,431 181,482 139,819 152,850 155,783 Non-current Liabilities 937,536 897,080 856,623 813,815 771,007 Asset retirement obligation due after one year 24,448 30,448 21,730 20,965 20,355 Contract revenue bonds, due after one year 51,444 45,323 39,036 32,625 30,047 Non-current liabilities 72,844 91,975 91,976 91,976 91,976 Otal Non-current Liabilities 1,175,031 1,153,545 1,098,083 1,048,100 1,002,099 Total Non-current Liabilities 1,347,462 1,335,027 1,237,902 1,200,950 1,157,882 DEFERRED INFLOWS OF RESOURCES 56,686 55,213 44,048 36,358 36,358 Customer deposits </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>46,166</td>								46,166
Asset retirement obligation due within one year 18,060 4,886 765 765 611 Contract revenue bonds, due within one year 40,456 40,456 5,725 5,910 2,120 Total Current Liabilities 172,431 181,482 139,819 152,850 155,783 Non-current Liabilities 172,431 181,482 139,819 152,850 155,783 Non-current Liabilities 937,536 897,080 856,623 813,815 771,007 Asset retirement obligation, due after one year 24,448 30,448 21,730 20,965 20,355 Contract revenue bonds, due after one year 51,484 45,323 39,036 32,625 30,044 Non-current Liabilities 72,844 91,975 91,976 91,976 91,976 Total Non-current Liabilities 1,347,462 1,335,027 1,237,902 1,200,950 1,157,882 DEFERRED INFLOWS OF RESOURCES 56,686 55,213 44,048 36,358 36,356 Customer deposits 56,686 55,213 44,048 36,358 36,356 Otal Deferred Inflows of Resources 94,58				-		-		
Contract revenue bonds, due within one year 40,456 40,456 5,725 5,910 2,120 Fotal Current Liabilities 172,431 181,482 139,819 152,850 155,783 Non-current Liabilities 937,536 897,080 856,623 813,815 771,007 Asset retirement obligation due after one year 24,448 30,448 21,730 20,965 20,355 Contract revenue bonds, due after one year 24,448 30,448 21,730 20,965 20,355 Contract revenue bonds, due after one year 24,448 30,448 21,730 20,965 20,355 Contract revenue bonds, due after one year 24,448 30,448 21,730 20,965 20,355 Contract revenue bonds, due after one year 51,484 45,323 39,036 32,625 30,042 Non-current Liabilities 72,844 91,975 91,976 91,976 91,976 Total Non-current Liabilities 1,175,031 1,153,545 1,098,083 1,048,100 1,002,095 Lustomer deposits 56,686 55,213						-	-	
Total Current Liabilities 172,431 181,482 139,819 152,850 155,783 Non-current Liabilities 84payment obligation, due after one year 937,536 897,080 856,623 813,815 771,007 Asset retirement obligation, due after one year 24,448 30,448 21,730 20,965 20,355 Contract revenue bonds, due after one year 51,484 45,323 39,036 32,625 30,042 Non-current liabilities 72,844 91,975 91,976 91,976 91,976 Total Non-current Liabilities 1,175,031 1,153,545 1,098,083 1,048,100 1,002,099 Total Liabilities 1,347,462 1,335,027 1,237,902 1,200,950 1,157,882 DEFERRED INFLOWS OF RESOURCES 56,686 55,213 44,048 36,358 36,358 Customer deposits 56,686 55,213 44,048 36,358 36,358 Version valuation 37,897 15,012 15,012 15,012 15,012 Total Deferred Inflows of Resources 94,583 70,225 59,060 51,370 51,370 Verstricted				-				
Non-current Liabilities 937,536 897,080 856,623 813,815 771,007 Asset retirement obligation, due after one year 24,448 30,448 21,730 20,965 20,355 Contract revenue bonds, due after one year 51,484 45,323 39,036 32,625 30,045 Non-lndian agriculture 9(d) debt 88,719 88,719 88,719 88,719 88,719 88,719 Other non-current Liabilities 72,844 91,975 91,976 91,976 91,976 Fotal Non-current Liabilities 1,175,031 1,153,545 1,098,083 1,048,100 1,002,095 Fotal Liabilities 1,347,462 1,335,027 1,237,902 1,200,950 1,157,882 DEFERRED INFLOWS OF RESOURCES 56,686 55,213 44,048 36,358 36,358 Customer deposits 56,686 55,213 44,048 36,358 36,358 Person valuation 37,897 15,012 15,012 15,012 15,012 Total Deferred Inflows of Resources 94,583 70,225 59,060 51,370 51,370 Vet investment in capital assets. <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>								
Repayment obligation, due after one year 937,536 897,080 856,623 813,815 771,007 Asset retirement obligation due after one year 24,448 30,448 21,730 20,965 20,355 Contract revenue bonds, due after one year 51,484 45,323 39,036 32,625 30,042 Non-Indian agriculture 9(d) debt 88,719	Total Current Liabilities		172,431	181,482		139,819	152,850	155,783
Asset retirement obligation due after one year 24,448 30,448 21,730 20,965 20,355 Contract revenue bonds, due after one year 51,484 45,323 39,036 32,625 30,042 Non-Indian agriculture 9(d) debt 88,719 81,705 1,200,950 1,157,882 <td< td=""><td>Non-current Liabilities</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>	Non-current Liabilities							
Contract revenue bonds, due after one year 51,484 45,323 39,036 32,625 30,042 Non-Indian agriculture 9(d) debt 88,719 91,976 91,972 <t< td=""><td>Repayment obligation, due after one year</td><td></td><td>937,536</td><td>897,080</td><td></td><td>856,623</td><td>813,815</td><td>771,007</td></t<>	Repayment obligation, due after one year		937,536	897,080		856,623	813,815	771,007
Non-Indian agriculture 9(d) debt 88,719 88,719 88,719 88,719 88,719 88,719 88,719 88,719 91,976 91,977 91,975 91,975 91,975 91,975 91,975 91,975 91,975 91,975 91,977 91,977 91,977 <td>Asset retirement obligation due after one year</td> <td></td> <td>24,448</td> <td>30,448</td> <td></td> <td>21,730</td> <td>20,965</td> <td>20,355</td>	Asset retirement obligation due after one year		24,448	30,448		21,730	20,965	20,355
Dther non-current liabilities 72,844 91,975 91,976 91,976 91,976 Fotal Non-current Liabilities 1,175,031 1,153,545 1,098,083 1,048,100 1,002,099 Fotal Liabilities 1,347,462 1,335,027 1,237,902 1,200,950 1,157,882 DEFERRED INFLOWS OF RESOURCES 56,686 55,213 44,048 36,358 36,358 Customer deposits 56,686 55,213 44,048 36,358 36,358 Pension valuation 37,897 15,012 15,012 15,012 Total Deferred Inflows of Resources 94,583 70,225 59,060 51,370 51,370 NET POSITION 308,615 339,677 381,755 421,272 488,853 Net investment in capital assets. 308,615 339,677 381,755 421,272 488,853 Interstricted 93,533 92,367 94,962 97,020 100,243 Interstricted 628,926 657,734 752,551 892,532 1,021,658 Total Net Position 1,031,074 1,089,778 1,229,268 1,410,824 1,610,754	Contract revenue bonds, due after one year		51,484	45,323				30,042
Interview 1,175,031 1,153,545 1,098,083 1,048,100 1,002,099 Interview 1,347,462 1,335,027 1,237,902 1,200,950 1,157,882 DEFERRED INFLOWS OF RESOURCES 56,686 55,213 44,048 36,358 36,358 Customer deposits 56,686 55,213 44,048 36,358 36,358 Prension valuation 37,897 15,012 15,012 15,012 15,012 Total Deferred Inflows of Resources 94,583 70,225 59,060 51,370 51,370 NET POSITION 308,615 339,677 381,755 421,272 488,855 Restricted 93,533 92,367 94,962 97,020 100,243 Jnrestricted 628,926 657,734 752,551 892,532 1,021,658 Total Net Position 1,031,074 1,089,778 1,229,268 1,410,824 1,610,754	Non-Indian agriculture 9(d) debt					-		88,719
Total Liabilities 1,347,462 1,335,027 1,237,902 1,200,950 1,157,882 DEFERRED INFLOWS OF RESOURCES 56,686 55,213 44,048 36,358 36,358 Customer deposits 56,686 55,213 44,048 36,358 36,358 Pension valuation 37,897 15,012 15,012 15,012 15,012 Total Deferred Inflows of Resources 94,583 70,225 59,060 51,370 51,370 NET POSITION	Other non-current liabilities							91,976
DEFERRED INFLOWS OF RESOURCES Customer deposits 56,686 55,213 44,048 36,358 36,358 Pension valuation 37,897 15,012 15,012 15,012 15,012 Total Deferred Inflows of Resources 94,583 70,225 59,060 51,370 51,370 NET POSITION								
Customer deposits 56,686 55,213 44,048 36,358 36,358 Pension valuation 37,897 15,012 15,012 15,012 15,012 Total Deferred Inflows of Resources 94,583 70,225 59,060 51,370 51,370 NET POSITION	Total Liabilities		1,347,462	1,335,027		1,237,902	1,200,950	1,157,882
Customer deposits 56,686 55,213 44,048 36,358 36,358 Pension valuation 37,897 15,012 15,012 15,012 15,012 Total Deferred Inflows of Resources 94,583 70,225 59,060 51,370 51,370 NET POSITION								
Prension valuation 37,897 15,012 16,012,02 100,243 100,243			56 686	55 213		44 048	36 358	36 358
Fotal Deferred Inflows of Resources 94,583 70,225 59,060 51,370 51,370 NET POSITION	•			-				
NET POSITION Net investment in capital assets. 308,615 339,677 381,755 421,272 488,855 Restricted 93,533 92,367 94,962 97,020 100,245 Jnrestricted 628,926 657,734 752,551 892,532 1,021,658 Total Net Position 1,031,074 1,089,778 1,229,268 1,410,824 1,610,754								
Net investment in capital assets. 308,615 339,677 381,755 421,272 488,855 Restricted 93,533 92,367 94,962 97,020 100,245 Inrestricted 628,926 657,734 752,551 892,532 1,021,658 Total Net Position 1,031,074 1,089,778 1,229,268 1,410,824 1,610,754			2 ., 505	. 5,225		25,000	21,370	21,070
Restricted 93,533 92,367 94,962 97,020 100,243 Inrestricted 628,926 657,734 752,551 892,532 1,021,658 Total Net Position 1,031,074 1,089,778 1,229,268 1,410,824 1,610,754	NET POSITION							
Jnrestricted 628,926 657,734 752,551 892,532 1,021,658 Total Net Position 1,031,074 1,089,778 1,229,268 1,410,824 1,610,754	Net investment in capital assets.		308,615	339,677		381,755	421,272	488,853
Total Net Position 1,031,074 1,089,778 1,229,268 1,410,824 1,610,754	Restricted		93,533	92,367				100,243
	Unrestricted							1,021,658
Total Liabilities, Def Inflows & Net Position \$ 2,473,119 \$ 2,495.030 \$ 2,526.230 \$ 2,663.144 \$ 2,820.006	Total Net Position		1,031,074	1,089,778		1,229,268	1,410,824	1,610,754
	Total Liabilities, Def Inflows & Net Position	\$	2,473.119	\$ 2,495.030	\$	2,526.230	\$ 2,663,144	\$ 2,820,006

Central Arizona Project

Combining Schedule of Net Position - By Fund & Account

	2024 Budget	E	lim	Gener Fund		Supp Water Account	ļ	CAGRD Account	Captiv Insurar Func	nce
ASSETS										
Current Assets										
Cash and cash equivalents	\$ 196,375	\$	-	\$ 15	8,088	\$-	\$	23,332	\$ 14	4,955
Receivables	85,878		(8,545)		, 5,170	· _		, 19,253		·
Vater inventory	247,334		-		3,136	-		224,198		-
Dther	(38))	(25)		(1,415)	-		1,392		1
Total Current Assets	529,549	/	(8,570)		4,979	-		268,175	14	4,96
Non-current Assets										
Funds held by the federal government	6,834		-		6,834	-		-		-
nvestments	633,236		(2,350)		0,353	-		95,233		_
Restricted assets	112,910		(2,330)		2,407	9,16	6	19,087	-	2,25
Capital assets	359,502				4,064		0	25,438	2	<u>,</u> 23
			-			-		23,430		-
Operating assets, less accum depr	2,000		-		2,000	-		-		-
Permanent service right, less accum amort	956,927		-		6,927	-		-		-
Agriculture water allocation	47,692				7,692	-		-		-
Total Non-current Assets	2,119,101		(2,350)		0,277	9,16		139,758		2,25
Total Assets	2,648,650		(10,920)	2,22	5,256	9,16	6	407,933	17	7,21
DEFERRED OUTFLOWS OF RESOURCES										
ension valuation	14,494		-	1	4,494	-		-		-
otal Deferred Outflows of Resources	14,494		-	1	4,494	-		-		-
otal Assets and Deferred Outflows of Resources	\$ 2,663,144	\$	(10,920)	\$ 2,23	9,750	\$ 9,16	6 \$	407,933	\$ 17	7,21
-										
Current Liabilities	• • • • • • • •									
	\$ 39,568	\$	(8,570)		8,749	\$ -	\$	25,839	\$ 3	3,55
Accrued payroll, payroll taxes & other	7,337		-		7,337	-		-		-
Jnearned revenue	40,572		-	4	0,572	-		-		-
Accrued interest payable	15,890		-	1	5,818	-		72		-
Repayment obligation, due within one yr	42,808		-	4	2,808	-		-		-
Asset retirement obligation due within one year	765				765					
Contract revenue bonds, due within one yr	5,910		-		2,035	-		3,875		-
Total Current Liabilities	152,850		(8,570)	12	8,084	-		29,786	3	3,55
lon-current Liabilities										
Repayment obligation, due after one year	813,815		-	81	3,815	-		-		-
Contact revenue bonds, due after one year	32,625			3	2,625	-		-		-
Non-Indian agriculture 9(d) debt	88,719		-	8	8,719	-		-		-
Asset retirement obligation due after one year	20,965			2	0,965					
Other liabilities	91,976		-	9	1,976	-		-		-
 Fotal Non-current Liabilities	1,048,100		-		8,100	-		-		-
otal Liabilities	1,200,950		(8,570)		6,184	-		29,786	3	3,55
DEFERRED INFLOWS OF RESOURCES										
Customer deposits	36,358		-	3	6,358	-		-		-
Pension valuation	15,012		-	1	5,012	-		-		-
Fotal Deferred Inflows of Resources	51,370		-		,370	-		-		-
NET POSITION										
Net Position Net Investment in capital assets,	421,272			20	9,709			21,563		
אכנ הואכשנווכוונ ווו נמטונמו מששבוש,	421,272					- 9,16	5	19,015	-	- 2,25
-	07 020						רזו	19015	,	۲.۷٦
Restricted	97,020		-		6,589		.0			
-	97,020 <u>892,532</u> 1,410,824		- (2,350) (2,350)	54	5,898 2,196	- 9,16		337,569 378,147	11	1,41 3,66

Combining Schedule of Net Position - By Fund & Account

(Thousands)

	2025 Budget		Elim		General Fund	_\	Supp Vater ccount		AGRD count	Ins	aptive urance ⁻ und
ASSETS:											
Current Assets:											
Cash and cash equivalents	\$ 218,679	\$	-	\$	176,271	\$	-	\$	26,515	\$	15,893
Receivables	102,664		(1,655)		83,128		-		21,191		-
Water inventory	253,972		-		28,646		-		225,326		-
Other	371		-		(1,137)		-		1,498		10
Total Current Assets	575,686		(1,655)		286,908		-		274,530		15,903
Non-current Assets:											
Funds held by the federal government	6,875		-		6,875		-		-		-
Investments	723,857		(2,350)		596,622		-		129,585		-
Restricted assets	114,605		-		86,466		9,469		16,420		2,250
Capital assets	396,029				370,608		-		25,421		2,250
Operating assets, less accum depr	2,000				2,000		-		23,421		-
					,		-		-		-
Permanent service right, less accum amort	938,802		-		938,802		-		-		-
Agriculture water allocation	47,692		-		47,692		-		-		-
Total Non-current Assets	2,229,860		(2,350)		2,049,065		9,469		171,426		2,250
Total Assets	\$ 2,805,546		(4,005)		2,335,973		9,469		445,956		18,153
DEFERRED OUTFLOWS OF RESOURCES											
Pension valuation	14,460		-		14,460		-		-		-
Total Deferred Outflows	14,460		-		14,460		-		-		-
Total Assets and Deferred Outflows of Resources	\$ 2,820,006	\$	(4,005)	\$	2,350,433	\$	9,469	\$	445,956	\$	18,153
LIABILITIES:											
Current Liabilities:											
Accounts payable	\$ 41,861	\$	(1,655)	¢	21,385	¢		\$	18,581	¢	3,550
Accrued payroll, payroll taxes & other	7,855	4	(1,055)	Ŷ	7,855	Ŷ	_	Ŷ	10,501	Ŷ	5,550
Unearned revenue	46,166				46,166						
							-		-		-
Accrued interest payable	14,362		-		14,362		-		-		-
Repayment obligation, due within one yr	42,808		-		42,808		-		-		-
Asset retirement obligation due within one year	611				611						
Contract revenue bonds, due within one yr	2,120		-		2,120		-		-		-
Total Current Liabilities	155,783		(1,655)		135,307		-		18,581		3,550
Non-current Liabilities:											
Repayment obligation, due after one year	771,007		-		771,007		-		-		-
Contact revenue bonds, due after one year	30,042				30,042		-		-		-
Non-Indian agriculture 9(d) debt	88,719		-		88,719		-		-		-
Asset retirement obligation due after one year	20,355				20,355						
Other liabilities	91,976		-		91,976		-		-		-
Total Non-current Liabilities	1,002,099		-		1,002,099		-		-		-
Total Liabilities	1,157,882		(1,655)		1,137,406		-		18,581		3,550
DEFERRED INFLOWS OF RESOURCES											
Customer deposits	36,358				26 260						
Pension Valuation	-				36,358		-		-		-
Total Deferred Inflows of Resources	<u>15,012</u> 51,370		-		15,012 51,370		-				-
	,				,2, 0						
NET POSITION:											
Net Investment in capital assets,	488,853		-		463,432		-		25,421		-
Restricted	100,243		-		72,104		9,469		16,420		2,250
Unrestricted	1,021,658		(2,350)		626,121		-		385,534		12,353
Total Net Position	1,610,754		(2,350)		1,161,657		9,469		427,375		14,603
Total Liabilities, Def Inflows & Net Position	¢ 2 020 006	¢	(4,005)	¢	2,350,433	¢	9,469	\$	445,956	¢	18,153

Central Arizona Project



Arizona Desert

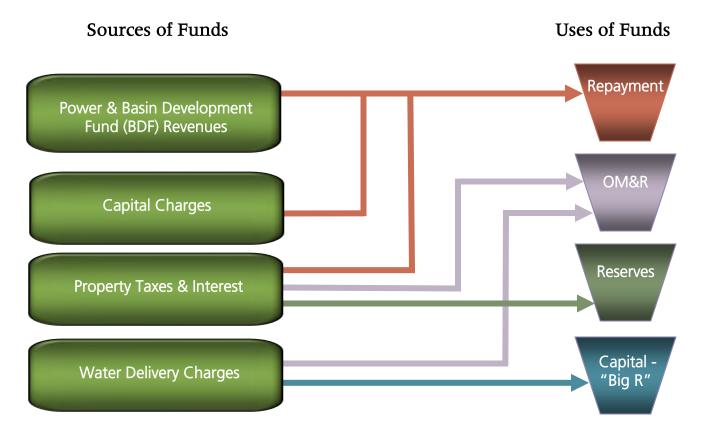
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GENERAL FUND

The General Fund has the largest share of CAWCD's financial activities. The combined financial statement presentation consolidates the General Fund revenues and expenses into operating and non-operating categories. For management reporting purposes, the General Fund is further separated to provide visibility to extraordinary maintenance and operating projects and to underground storage project (recharge) operations and maintenance (O&M) activity.

The District has several sources of revenue used to fund expenses for certain activities. As shown on the following diagram, Power and Basin Development Fund (BDF) revenues and capital charges, along with property taxes and interest income, provide the funds to meet the District's annual federal debt. Water O&M charges, reimbursements, other revenues and, to the extent needed, property taxes and interest income, pay for costs associated with delivering water (Fixed Operations, Maintenance and Replacement (OM&R) and pumping energy), recharge O&M and capital spending. Any excess property taxes or interest goes into reserves. Reserves also address inter-year capital ("Big R") spending variances or any shortfall that is not covered from the available sources.

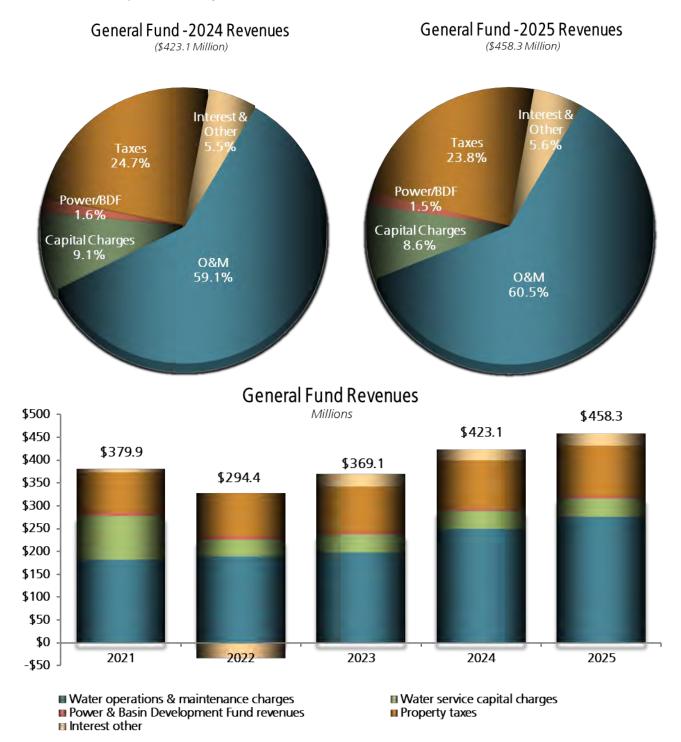
GENERAL FUND SOURCES AND USES OF FUNDS



REVENUES

Revenues consist of water O&M revenue, capital charges, BDF revenues, property taxes, interest income, reimbursements and other revenues.

Water O&M charges are the General Fund's most significant revenue source, accounting for more than 59% of total revenue for both 2024 and 2025. Property taxes (which includes both the general ad valorem tax and the water storage tax) represent the second largest category, followed by capital charges, interest income & other revenue, and BDF revenues.



4-12 • 2024 | 2025 Biennial Budget

EXPLANATION OF CHANGES

Total General Fund revenues are projected to increase \$54.0 million for 2024 and increase another \$35.2 million in 2025. The following discussion further explains the changes in the 2024/2025 revenue budget.

(Millions)	2023 ojection	2024 Budget	2025 Judget	4 vs 23 cr/(decr)	5 vs 24 cr/(decr)
Water O&M charges Capital charges	\$ 198.8 38.6	\$ 250.2 38.6	\$ 277.2 39.4	\$ 51.4	\$ 27.0 0.8
Power & BDF revenues	7.2	6.7	6.7	(0.5)	-
Property taxes	97.9	104.4	109.2	6.5	4.8
Interest income & other	 26.6	23.2	25.8	(3.4)	2.6
Total	\$ 369.1	\$ 423.1	\$ 458.3	\$ 54.0	\$ 35.2

Water O&M Charges

As discussed in the Water Delivery Volumes and Water O&M Charges (see pages 2-4 through 2-8) water O&M revenue is directly linked to the amount of water that is delivered and the rates that are charged (see page 7-3). It is anticipated that 2024 and 2025 will be Tier 1 delivery years with water deliveries (including credits) of 922.7 thousand acre-feet and 897.8 thousand acre-feet after anticipated conservation, respectively. Water deliveries for 2023 are projected to be 808.7 thousand acre-feet. Deliveries are less than in prior years due to the conservation programs that leave water in Lake Mead. When deliveries decrease, the Fixed O&M rate per acre-foot increases as a result of the District's fixed costs being spread over fewer acre-feet. Energy is a variable rate and therefore the per acre-foot rate remains fairly consistent. The impact is that revenue will decrease in direct proportion the change in the energy cost. Another water O&M revenue impact is that in 2023, there were no deliveries to the Ag Settlement Pool. The Ag Settlement Pool does not pay the Fixed OM&R rate as it is covered by taxes and does not result in any water O&M revenue for this rate component. In 2024 and 2025 there are no planned deliveries to the Ag Settlement Pool, the result of which is that the cost allocated to these deliveries that was covered by taxes will be paid by long-term contract holders and therefore increase water O&M revenue.

Water O&M revenue is also impacted by the amount of water storage tax that the Arizona Water Banking Authority uses to pay for its water. Revenue is recorded upon receipt of the water storage tax and consequently is not recorded if the tax is used to pay for water deliveries. Due to the decreased volumes and the lack of excess water, no deliveries have occurred or been planned for AWBA.

Capital Charges

Central Arizona Project

Capital charge revenue is based on \$53 per acre-foot for 2023, \$53 per acre-foot in 2024 and \$54 per acre-foot in 2025. Capital charges are paid on M&I water allocations, not delivery. Excess water, excluding the Ag Settlement Pool, and wheeled water pay a facility use fee, which is equivalent to the capital charge. The Board annually determines if any taxes are being applied toward the repayment, which in turn can decrease capital charges (see pages 7-3 and 7-4 for current tax applications). At the end of 2021, 44,530 acre-feet of non-Indian Agriculture (NIA) water was reallocated. Part of this reallocation included

back capital charges and related interest. The back capital charges of \$57.7 million are included in 2021, of which \$23.6 million was attributed to CAGRD, which was then eliminated in the combined financials. Several contract holders chose to make payments evenly over 5 years, starting in 2021.

Power & BDF Revenues

Certain revenues are sent directly into the Basin Development Fund, which is held by the Bureau of Reclamation (Reclamation) and lowers the amount of the annual cash payment on the federal debt. CAWCD recognizes the revenue going into the fund that is available as a credit against the repayment with a corresponding accounts receivable due from the Reclamation.

(Millions)	_	023 ection	2024 Budget	2025 Budget	s 23 (decr)	25 vs 24 incr/(decr)		
Hoover 4.5 mil revenue	\$	2.3	\$ 2.1	\$ 2.0	\$ (0.2)	\$ ((0.1)	
Parker-Davis 4.5 mil revenue		2.2	1.8	1.9	(0.4)	(0.1	
Net CAP transmission revenues		(1.3)	(0.7)	(0.7)	0.6	-	-	
Land-related revenue		0.8	0.7	0.7	(0.1)	-		
Misc NGS revenues		3.2	2.8	2.8	(0.4)	-		
Total	\$	7.2	\$ 6.7	\$ 6.7	\$ (0.5)	\$ ((0.0)	

Power & BDF revenue is shown in the following table:

Property Taxes

CAWCD is authorized to assess two property taxes in Maricopa, Pinal and Pima Counties a general ad valorem tax and a water storage tax. Currently, all property is taxed based on Limited Assessed Value (LPV). The Board establishes the tax rates each June for the following tax year and may change the rates as it deems appropriate.

In exchange for agricultural customers giving up water rights, there was an agreement to put in place the Ag settlement pool and payment for the associated Fixed OM&R costs (known as the Ag Consideration). This pool was initially 400,000 acre-feet, but decreased to 300,000 in 2017, and will decrease to 225,000 in 2024 and to zero in 2031. As this water is considered excess project water, it is only provided after all contract and subcontract holder water orders have been filled. Due to the shortage, there is no excess water anticipated to be available in 2024 or 2025 for the Ag Settlement Pool. The result is that at a consistent tax rate, additional funds will be available for other purposes or to increase extraordinary cost reserve.

The general ad valorem tax, while available for most District needs, has in recent years been used primarily to pay for the Ag Consideration, Ag Settlement Pool incentives (energy rate reductions), NGS decommissioning costs, non-routine and one-time expenses and federal repayment shortfalls.

In June 2023, the CAWCD Board set the general ad valorem tax rate at \$0.10 per \$100 of LPV and the water storage tax at \$0.04 per \$100 of LPV for the tax year 2023 / 2024. The water storage tax is to be used for repayment or CAWCD operating costs.

These rates and Board directions have been maintained in the 2024/2025 budget. As the Board makes an annual decision on setting the tax rates, these projections may change significantly.

Interest Income

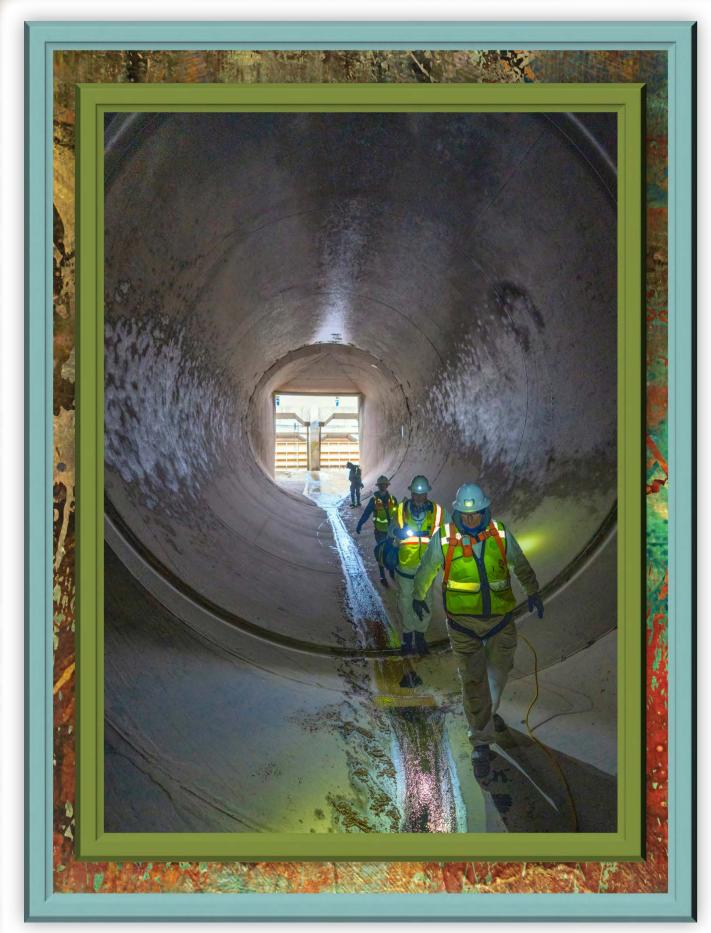
<i>(Millions)</i> Calendar Year	General Ad Valorem Tax	Water Storage Ad Valorem Tax	Total Revenue	Year-over-Year incr/(decr)
2021	\$62.0	\$25.0	\$87.0	\$4.8
2022	65.9	26.5	92.4	5.4
2023	69.8	28.1	97.9	5.5
2024	74.4	30.0	104.4	6.5
2025	77.9	31.3	109.2	4.8

Interest income is projected to be at \$21.7 million in 2024 and \$24.2 million in 2025. Funds are invested with the Arizona State Treasurer and interest is earned on approximately 23% pool 5, (short-term investments under 1 year), and 77% Pool 12, longer term investments (average 4.5 years).

Other Revenue

Other revenue is mostly revenue from Recharge O&M with some smaller revenues associated with customer land use reimbursements and other miscellaneous revenues. These revenues are anticipated to remain stable for 2024 and 2025.



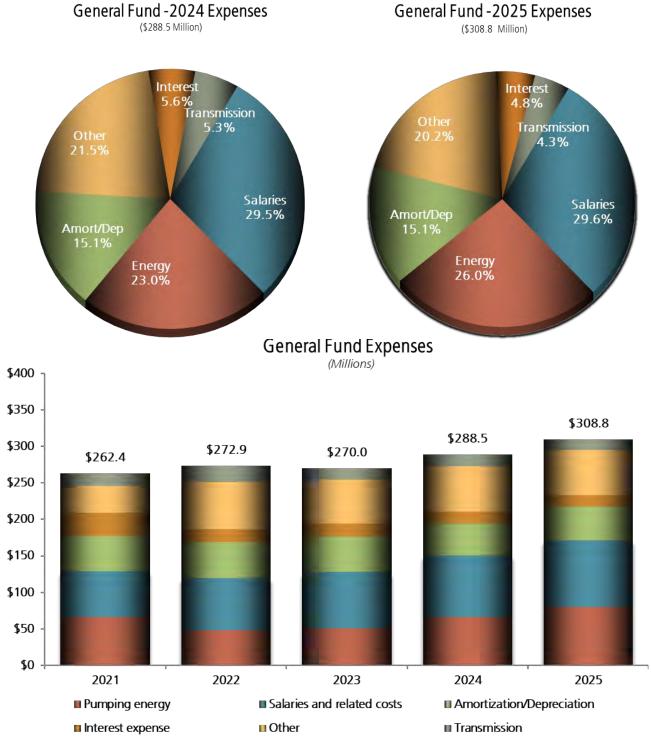


Inside the Salt River Siphon

EXPENSES

Expenses consist of salaries and related costs, pumping energy, amortization and depreciation, interest and other costs, which are primarily outside services, supplies and transfers to AWBA.

Salaries and related costs is the District's most significant expense, accounting for 29.5% of the 2024 expenses and 29.6% of the 2025 expenses. Pumping energy represents the second largest category, followed by other costs, amortization and depreciation, interest expense, and transmission costs.



LARGE PLANNED MAINTENANCE ITEMS FOR 2024/2025

Unit Overhauls

Based on data collected from periodic inspections and testing CAP, pumping units are assessed and prioritized for overhaul. An overhaul is the process of taking apart the entire pump unit and returning the unit to like-new specifications. In the 2024/2025 Budget cycle, CAP will overhaul five main pumping units at various pumping plants.

- Hassayampa Pumping Plant Unit Two Pump Overhaul and Motor Cleaning
- Salt Gila Pumping Plant Unit Three Pump Overhaul and Stator Rewind
- Black Mountain Pumping Plant Unit One Pump Overhaul and Motor Reconditioning
- Hassayampa Pumping Plant Unit 7 Pump Overhaul and Motor Cleaning
- Picacho Pumping Plant Unit Four Pump Overhaul
- Brawley Pumping Plant Unit Four Pump Overhaul

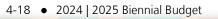
Tunnel Inspections

In 2025 CAP will inspect Buckskin Mountain, Burnt Mountain, and Agua Fria Tunnels. These inspections occur on a 12-year frequency.

Corrective Maintenance items Planned for 2024/25

Mark Wilmer Pumping Plant

- Unit 3 Rotor Pole Replacement
- ③ Unit 5 Service Seal Repair
- Unit 6 Stator Repairs



Corrective Maintenance items Planned 2024/25

Bouse Pumping Plant

- Unit 8 Discharge Valve Replacement
- 🛞 Units 9 and 10 Rotor Crack Repair

Little Harquahala Pumping Plant

- 🛞 Units 2 and 9 Rotor Crack Repair
- Units 7,8,9,&10 Discharge Valve Replacements

Waddell P/G Plant

Cooling Water Strainer Replacement

Brady, Picacho, and Red Rock Pumping Plant

- Station Service Breaker Reconditioning
- Circuit Breaker Air Compressor Replacement

Sandario Pumping Plant

Unit 5 Discharge Valve Replacement

Brawley Pumping Plant

- Unit 3 Discharge Valve Replacement
- 🋞 Check Gate 14 refurbishment

2024 Planned Preventative Maintenance

Pump/Motor Main Unit 5 Year PM

② 21 Units at 13 Pumping Plants

High Voltage Transformers 5 Year PM

Six transformers four plants

High Voltage BUS 5 Year PM

Four Plants

High Voltage Switchgear 5 Year PM

Four Plants

Discharge Manifold & Pipeline 5 Year PM

Four Plants

New River Siphon ROV Insp. - 15 Year PM

Turnout Gates 5 Year PM

14 Gates at 9 sites

2025 Planned Preventative Maintenance

Pump/Motor Main Unit 5 Year PM

20 Units at 12 Pumping Plants

High Voltage Transformer 5 Year PM

7 Transformers at 5 Plants

High Voltage BUS 5 Year PM

6 Plant BUS Systems

Discharge Manifold & Pipeline 5 Year PM

🛞 🛛 At four Plants

Centennial Wash Siphon EM Insp. - 15 Year PM

Salt River Siphon ROV Inspection - 15 Year PM

Turnout Gates 5 Year PM

14 gates at nine sites



PRIMARY INITIATIVES -TECHNOLOGY AND GOVERNANCE 2024/2025

Continued migration from on-premises hardwarebased environments to cloud services, where accessibility, security, and supportability will be enhanced.

- Rationalization of software tools and hardware to further enhance or support capabilities and create continued cost efficiencies.
- Enhancement of CAP's security posture through the implementation of modern security tools, increased penetration testing, and updating the policies that reflect current and future threats.
- Expand cross-functional resources and capabilities to support the data analytics program.
- Enhance data driven decision-making through improved data quality and analysis of that data.
- Further utilize centralized data reporting to contain third-party and licensing costs.
- Review of CAP's document management system and eliminating Redundant, Obsolete, and Transitory (ROT) documents as we prepare the move of the application and repository to the cloud.
- Expand the creation of business requested capabilities and applications that improve safety and efficiency for CAP personnel with GIS tools.
- Optimizing cloud utilization and associated costs to increase performance while practicing cost containment.

EXPLANATION OF CHANGES

There are three major factors that affect expenses: (1) an aging infrastructure resulting in higher maintenance costs and increased depreciation due to greater capital spending; (2) the energy market which impacts pumping energy; and (3) significant Colorado River issues that require investments in an attempt to mitigate the impact on the District and our customers.

Across the District, staff evaluated needed work, such as the specified items on the previous pages. The budgets were built with these activities in mind from the cost center up.

(Millions)	023 ection	2024 Budget	2025 Budget	4 vs 23 cr/(decr)	5 vs 24 cr/(decr)
Salaries and related costs	\$ 77.3	\$ 85.0	\$ 91.5	\$ 7.7	\$ 6.5
Pumping energy	51.3	66.4	80.4	15.1	14.0
Transmission	15.0	15.4	13.4	0.4	(2.0)
Amortization/Depreciation	48.5	43.6	46.5	(4.9)	2.9
Other operating expenses	59.7	61.3	61.6	1.6	0.3
Interest & non-operating expenses	 18.2	16.8	15.4	(1.4)	(1.4)
Total expenses	\$ 270.0	\$ 288.5	\$ 308.8	\$ 18.5	\$ 20.3

The following discussion further explains the 2024 / 2025 expense budget.

Salaries and Related Costs

Prior to replacement of a position, it is reviewed to determine the most effective and efficient manner to fill the needs of that position, whether it be through replacement, consolidation, or restructuring. After thorough analysis of staffing needs, three FTEs were added in 2022 and there are three additional full-time equivalents (FTEs) being added during the current budget period. During 2023, a comprehensive compensation study was completed, and the study found there were several areas that were not competitive, which confirmed the cause of the increased turnover CAWCD has been experiencing and the difficulty in hiring skilled, experienced staff. To address these issues, a market adjustment has been included in the budget. Merit increases are budgeted at an average of 5% for each year.

The amount of labor spent on capital projects will also impact General Fund expenses. If there are more capital projects with internal labor, the labor, benefits and overhead are capitalized as part of the project, rather than being expensed.

CAWCD has established a vacancy and salary savings equivalent adjustment of fifteen positions in both the 2024 and 2025 budget. Overall, salaries and related costs are anticipated to increase \$7.7 million in 2024 and \$6.5 million in 2025 for the General Fund.

Pumping Energy Costs

Central Arizona Project

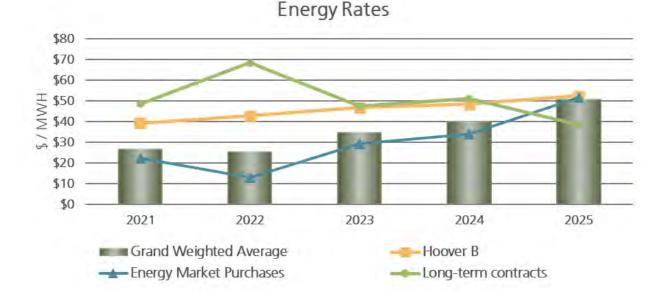
Five factors influence pumping energy costs:

• The amount of energy needed to divert water from the Colorado River;

- The number of pumping stations through which the water travels to get to its delivery point;
- The increase or decrease in water inventory in both Lake Pleasant and Lake Roosevelt;
- The unit cost of purchased energy; and
- The energy trading markets.

Energy costs increase in 2024 and 2025 as a result of the uncertainty of the forward energy prices. The average cost per MWh is anticipated to increase by approximately 15% percent from 2023 to 2024 and increase another 27% from 2024 to 2025. The increases are mainly attributable to the average market purchase price.

Storage in Lake Pleasant is accounted for as water inventory on the statement of net position. If water is released from the lake to meet demands, pumping energy costs increase and water inventory decreases. However, if more water is stored in the lake, water inventory will increase on the statement of net position and pumping energy costs will decrease.



Other costs include scheduling services that are required under the energy arrangements. Detail on pumping energy costs can be found in the Appendix (page 7-9).

Transmission

Transmission costs decrease from 2024 to 2025 with the expiration of a portion of the transmission contract with El Paso Electric, which provides energy to be transmitted from Palo Verde to Westwing. Western Area Power Administration (WAPA) provides transmission line maintenance for the CAP transmission system through an interagency agreement that is included in transmission costs. WAPA implemented a One Transmission rate beginning in January 2024, which combines the transmission service rates in the Desert Southwest Region. The CAP transmission system, Parker-Davis Project, the southern portion of the Pacific Northwest-Pacific Southwest Intertie Project and the Electrical District No. 5 to Palo Verde Hub Project (ED5-PVH) will be combined into one formula rate for transmission service. This results in approximate annual savings to CAP of over \$4.0 million.

Amortization and Depreciation

The permanent service right (PSR) represents the District's right to operate and maintain the CAP system. Amortization is \$18.1 million for 2024 and \$18.1 million for 2025, based on the preset amortization schedule.

Depreciation expense is anticipated to decrease slightly to \$25.4 million in 2024 and increase to \$28.5 million in 2025, due to capital spending to maintain an aging infrastructure and additions to capital equipment, buildings and structures.

Other Operating Expenses

This category includes property and casualty insurance, licenses, fees, permits, Multi-Species Conservation Program (MSCP) fees, outside services, materials and supplies and other costs related to travel, overhead allocation, etc. Other operating expenses are anticipated to be \$61.3 million in 2024 and \$61.6 million in 2025. As discussed in DCP Compensated Mitigation in Section 2 (page 2-20), payments to contract holders to reduce their water deliveries is \$7.9 million in 2024 and \$8.1 million in 2025. Board elections occur in even-numbered years and cause year-over-year variances. Extraordinary cost projects also may cause variability from year-to-year. In 2023, there is projected to be \$2.1 million in 2025. Insurance expense is also seeing a 15% increase in premiums.

Interest & Other Non-Operating Expenses

Interest expense is anticipated to be \$18.2 million in 2023, \$16.8 million in 2024 and \$15.4 million in 2025. It is made up of interest related to the District's federal repayment and the existing CAWCD bond 2016 series issue, offset by the bond premium amortization and capitalized interest.

In 2021, the NIA reallocation occurred, which included a write-down of the NIA asset of \$11.4 million.

The AWBA is receiving \$0.7 million in each 2024 and 2025 for administration costs. In 2021 and 2022 there were transfers for long-term storage credit (LTSC) purchases. Annually, the Board determines the amount to transfer based on the AWBA requested amounts for LTSC purchases based on the AWBA Annual Report. The AWBA has not requested funds for LTSC purchases in 2024 or 2025.

CHANGE IN NET POSITION

Central Arizona Project

Overall, net position will increase. The increase is mainly attributable to the assumption that the collection of general ad valorem tax revenues and water storage tax revenues will be maintained above planned costs.



Statements of Revenues, Expenses & Changes in Net Position

GENERAL FUND

	2021 Actual		2022 ctual	P	2023 rojection	2024 Budget	2025 Budget
Water Deliveries with credits (acre-feet in thousands)	1,365		1,014		809	923	898
Operating Revenues							
Water operations & maintenance charges	\$ 182,966 \$	5	189,038	\$	198,826	\$ 250,185	\$ 277,233
Water service capital charges	94,827		36,509		38,647	38,564	39,362
Power & Basin Development Fund revenues	8,478		9,581		7,202	6,699	6,725
Reimbursements and other revenues	2,234		1,677		1,555	1,561	1,553
Total Operating Revenues	 288,505		236,805		246,230	297,009	324,873
Operating Expenses							
Salaries and related costs	(63,401)		(71,359)		(77,291)	(85,027)	(91,534)
Energy	(66,386)		(48,915)		(51,271)	(66,412)	(80,370)
Transmission	(15,876)		(21,674)		(14,964)	(15,388)	(13,395)
Amortization of permanent service right	(23,000)		(23,001)		(21,782)	(18, 125)	(18,125)
Depreciation and Amortization	(25, 140)		(25,381)		(26,766)	(25,435)	(28,422)
Other operating expenses			(, ,		(, , ,	(,	
Outside services	(22,553)		(45,495)		(45,425)	(43,482)	(44,246)
Materials and supplies	(8,498)		(9,715)		(9,745)	(10,876)	(9,626)
Overhead	4,719		6,551		6,410	5,630	4,781
Other expenses	(8,280)		, (10,588)		, (10,947)	(12,543)	(12,476)
Subtotal	 (34,612)		(59,247)		(59,707)	(61,271)	(61,567)
Total Operating Expenses	 (228,415)	((249,577)		(251,781)	(271,658)	(293,413)
Operating Income/(Loss)	 60,090		(12,772)		(5,551)	25,351	31,460
Non-operating Revenues							
Property taxes							
General ad valorem tax	62,049		65,920		69,757	74,412	77,837
Water storage tax	24,948		26,486		28,089	29,965	31,344
Subtotal	 86,997		92,406		97,846	104,377	109,181
Interest income & other non-operating revenues	4,415		(34,802)		25,016	21,748	24,204
Total Non-operating Revenues	 91,412		57,604		122,862	126,125	133,385
Non-operating Expenses							
Disbursements to AWBA	(2,378)		(4,485)		(733)	(711)	(732)
Interest and uncollectable tax expense	(31,625)		(18,842)		(17,479)	(16,109)	(14,652)
Total Non-operating Expenses	 (34,003)		(23,327)		(18,212)	(16,820)	(15,384)
Total Non-operating Revenues/(Loss)	 57,409		34,277		104,650	109,305	118,001
Change in Net Position	 117,499		21,505		99,099	134,656	149,461
Net Position at beginning of year	639,437		756,936		778,441	877,540	1,012,196
Net Position at end of year	\$ 756,936 \$	5	778,441	\$	877,540	\$ 1,012,196	1,161,657

STATEMENTS OF REVENUES, EXPENSES & CHANGES IN NET POSITION UNDERGROUND STORAGE PROJECTS O&M (INCLUDED IN GENERAL FUND)

	2021 Actual	2022 Actual	Pr	2023 ojection	E	2024 Budget	2025 udget
				,		5	5
Water Deliveries (acre-feet in thousands)	129	73		65		55	55
Revenues							
Reimbursements and other revenues	 1,780	1,030		1,002		793	793
Total Revenues	\$ 1,780	\$ 1,030	\$	1,002	\$	793	\$ 793
Expenses							
Salaries and related costs	(76)	(120)		(215)		(26)	(28)
Other operating expenses Outside services	(207)	(100)		(102)		(204)	(65)
Materials and supplies	(297) (56)	(109) (60)		(192) (52)		(204) (17)	(65) (17)
Other expenses	(764)	(497)		(456)		(217)	(218)
Subtotal	 (1,117)	 (666)		(700)		(438)	(300)
Total Expenses	\$ (1,193)	\$ (786)	\$	(915)	\$	(464)	\$ (328)
Change in Net Position	587	244		87		329	465
Net Position at beginning of year	7,190	7,777		8,021		8,108	8,437
Net Position at end of year	\$ 7,777	\$ 8,021	\$	8,108	\$	8,437	\$ 8,902
Expense Summary							
Aqua Fria	(55)	(40)		(121)		(17)	(17)
Hieroglyphic Mountains	(237)	(225)		(148)		(59)	(40)
Lower Santa Cruz	(499)	(224)		(152)		(121)	(78)
Pima Mine Road	(99)	(72)		(173)		(60)	(60)
Superstition Mountain	(245)	(129)		(300)		(204)	(130)
Tonopah	(58)	(96)		(21)		(3)	(3)
Total Expenses	\$ (1,193)	\$ (786)	\$	(915)	\$	(464)	\$ (328)

EXTRAORDINARY MAINTENANCE & OPERATING PROJECTS

(INCLUDED IN GENERAL FUND)

(Thousands)

	J	2021 Actual		2022 Actual		2023 ojection	2024 Budget	2025 Budget	
Expenses									
Salaries and related costs	\$	(163)	\$	(596)	\$	(262)	\$ (215)	\$	(226)
Other operating expenses						-			
Outside services		(3,296)		(9,405)		(1,515)	(2,060)		(2,060)
Materials and supplies		(7)		(34)		(3)	(2)		(2)
Other costs		(167)		(711)		(306)	(226)		(237)
Subtotal		(3,470)		(10,150)		(1,824)	(2,288)		(2,299)
Total Expenses	\$	(3,633)	\$	(10,746)	\$	(2,086)	\$ (2,503)	\$	(2,525)
Expense Summary									
EM-Reline Discharge Lines & Manifolds SGL*	\$	-	\$	-	\$	-	\$ (2,503)	\$	(2,525)
EM-MWP Suction Tubes & BSH Right Manifold Reline*		(86)		(3,178)		(1,880)	-		-
EM-Storm Damage Repairs Pool 34**		(3,547)		(7,568)		(206)	\$ -	\$	-
Total Expenses	\$	(3,633)	\$	(10,746)	\$	(2,086)	\$ (2,503)	\$	(2,525)

*Funded through "Big R" and not part of Fixed O&M Rate.

**Funded through Extraordinary Cost Reserves and not part of Fixed O&M Rate.



Extraordinary Maintenance Project Included in the General Fund Operating Expenses Salt-Gila Reline Discharge Lines & Manifolds

PROJECT #: 710042 **FUNDING SOURCE:** "Big R" START DATE:1st Quarter 2024COMPLETION DATE:4th Quarter 2025TOTAL PROJECT COST:\$5,028,000

FINANCIAL IMPACT / COST ESTIMATE (IN \$000s):

 Total	Pre	-2024	2024	2025	2026	2	2027	2028	2029	Balance	
\$ 5,028	\$	-	\$ 2,503	\$ 2,525	\$ -	\$	-	\$ -	\$ -	\$	-

DESCRIPTION: The original enamel coating in the discharge manifold at the Salt Gila Pumping Plant is deteriorating. Sections of the enamel have disbonded from the primer coat, and although the primer is still mostly intact, there is "alligatoring" and cracking throughout allowing corrosion of the substrate. Corrosion will continue to expand, accelerating the deterioration of the remaining lining and the steel substrate, which will eventually begin to weaken and develop leaks. To address this, "left plant" will be relined in 2024, "right plant" in 2025.

JUSTIFICATION: The liner is the only protection of the steel from corrosion. Corrosion results in the loss of steel, which can lead to rupture of the system. Corrosion and the depth of

pitting will continue to expand, and while this is a slow process, if not addressed the steel will eventually begin to weaken and develop leaks. The steel liner is encased in concrete so a compromised section of steel liner will not necessarily result in water loss; however, it will result in corrosion of both the interior and exterior surfaces of the steel, accelerating failure of the steel, resulting in more extensive repairs. Having the



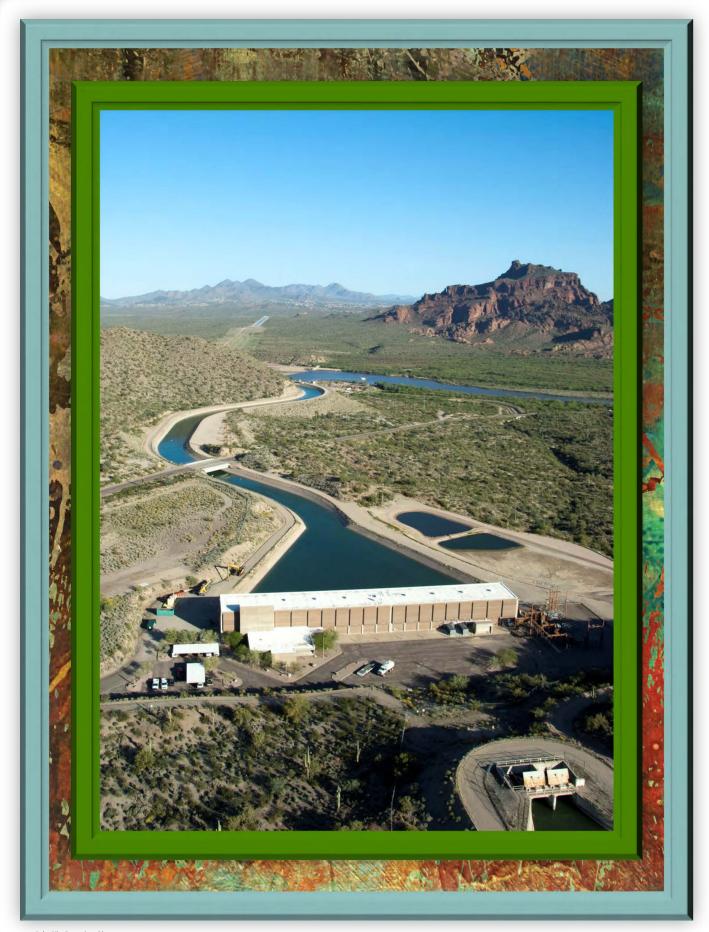
concrete exposed can lead to spalling of the concrete and potential damage to the impellers.

OPERATING IMPACT: The work will be coordinated and completed during the fall outages.

SOCIAL IMPACT: No impacts are anticipated.

Central Arizona Project

ENVIRONMENTAL IMPACT: Ultra-high-pressure spraying may require removing spent water and lining from the discharge manifold and pipelines, as well as spent blast media. Running lines out of the plant will need to be pre-planned. The inspection will help mitigate this risk.



Salt Gila Pumping Plan

CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT ACCOUNT



In 1993, the Arizona legislature authorized the Central Arizona Groundwater Replenishment District (CAGRD). CAGRD is a replenishment authority designed to provide a mechanism by which water providers, cities and developments with adequate groundwater supplies, but with either inadequate or no renewable water supplies, can still develop and comply with the State's Assured Water Supply Rules (AWS Rules). The AWS Rules are designed to protect groundwater supplies within each Active Management Area (AMA) and to ensure that people purchasing or

leasing subdivided land within an AMA have a water supply of adequate quality and quantity. CAGRD is a division of the Central Arizona Water Conservation District (CAWCD). Although it is funded separately by its members, it reports to the same Board of Directors that governs CAWCD.

Membership in CAGRD is voluntary. Any city, town, water company, subdivision or homeowners association located in Maricopa, Pinal or Pima counties may join CAGRD. CAGRD is comprised of two types of members:

Member Service Areas (MSA) — The service area of a city, town or private water company, including any additions to or extensions of the service area and possessing a Designation of Assured Water Supply (DAWS). CAGRD currently serves 23 Member Service Areas.

Member Lands (ML) — An individual subdivision with a defined legal description and possessing a Certificate of Assured Water Supply (CAWS).

CAGRD members are located in the Phoenix, Pinal and Tucson AMAs established by Arizona's 1980 Groundwater Management Code. AMAs are areas that have experienced significant groundwater depletion and have more stringent regulations on the use of groundwater. The CAGRD must recharge (i.e. replenish) the amount of groundwater used by its members that exceeds the pumping limitations imposed by the AWS Rules. This category of water is referred to as excess groundwater.

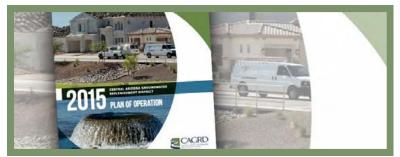
PLAN OF OPERATION



CAGRD is operating under the 2015 Plan of Operation. The Plan, which was developed through a lengthy stakeholder process, was submitted to the Arizona Department of Water Resources (ADWR) on December 29, 2014. On August 15, 2015, the ADWR Director found the Plan to be consistent with the management goals of the Phoenix, Pinal and Tucson AMAs and subsequently

approved the Plan. Statutes require CAGRD to prepare and submit a new plan to ADWR every ten years. The 2015 Plan is effective through December 31, 2024. Development of the 2025 CAGRD Plan of Operation began in mid-2022, with an anticipated submittal to ADWR in late 2024 and subsequent Director's decision in mid-2025.

Central Arizona Project



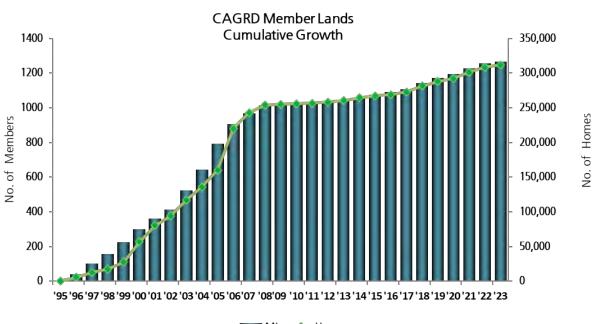
REPLENISHMENT OBLIGATION

The first members were enrolled in CAGRD in 1995. As shown on the following graph, the number of enrolled ML subdivisions has grown to more than 1,256 through 2022 with approximately 308,000 homes enrolled. To date, there have been three distinct periods in CAGRD history: a fast growth period from 1995 through 2008, a slow growth period from 2009 – 2016 and a modest growth period from 2017 – 2022. As of June 2023, with ADWR no longer issuing Certificates of Assured Water Supply (CAWS) based on groundwater in the Phoenix and Pinal AMAs, future enrollment in the CAGRD is expected to be limited.

Despite the pauses in some AMAs, replenishment obligation is expected to increase in the near term as development continues within Member Lands already possessing a CAWS and in existing Member Service Areas. Depletion of Groundwater Allowance and Extinguishment Credits held by Water Providers potentially may increase replenishment obligation. CAGRD's average annual replenishment obligation in recent years is approximately 35,000 acre-feet (af). An af is enough water to serve approximately three families for one year.

CAGRD incurs three different kinds of replenishment obligation:

- Parcel replenishment obligation, which results from excess groundwater deliveries to individual parcels in Member Lands;
- Service area replenishment obligation, which results from excess groundwater deliveries within an MSA; and
- Contract replenishment obligation, which results from contracts executed between CAWCD and the water providers serving MSAs. Under such contracts, CAGRD would perform "advance replenishment" for the contracting MSA. CAGRD has only one active contract in place (City of Scottsdale) and can no longer enter into any new contract replenishment agreements.



ML 🛶 Homes

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REVENUES

Central Arizona Project

CAGRD was established with the requirement that all costs of CAGRD be paid solely by its members. CAGRD has three primary sources of revenue: annual replenishment assessments, up-front fees and membership dues. In addition, CAGRD accrues interest on its reserves. CAGRD rates go into effect the Monday following the Board approval at its June Board meeting.

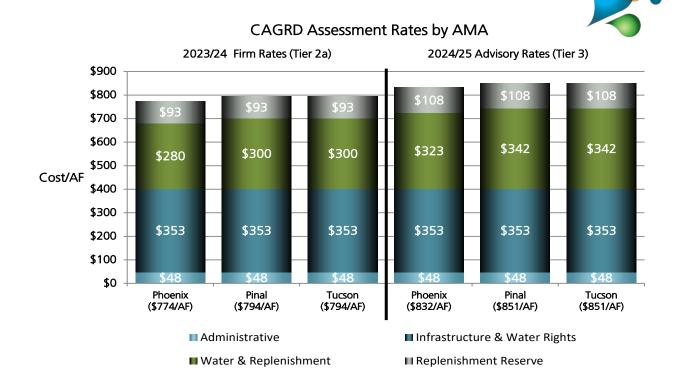
Annual replenishment assessments are collected from CAGRD members based on the volume of excess groundwater they used in the previous year. In accordance with the existing policy, the Board adopts a replenishment assessment rate schedule after a public rate-setting process.

CAGRD's assessment rates are established by the individual AMA and consist of the following four components: (a) water and replenishment; (b) administrative; (c) infrastructure and water rights; and (d) replenishment reserve. Each assessment component is specifically assigned to cover costs incurred by CAGRD.

The water and replenishment component covers annual water and replenishment costs incurred by CAGRD in meeting the replenishment obligation resulting from its members' use of excess groundwater.

The administrative component pays for CAGRD's operating costs, including wages, benefits and overhead. A portion of the administrative component also supports the CAGRD conservation program adopted by the Board in 2006.

The infrastructure and water rights component provides a capital reserve fund to purchase longterm rights to water and to construct additional infrastructure (e.g., replenishment facilities) as the need and opportunity arise.



The replenishment reserve component is designed to cover water and replenishment costs associated with establishing and maintaining a replenishment reserve of long-term storage credits in each AMA, as required by statute.

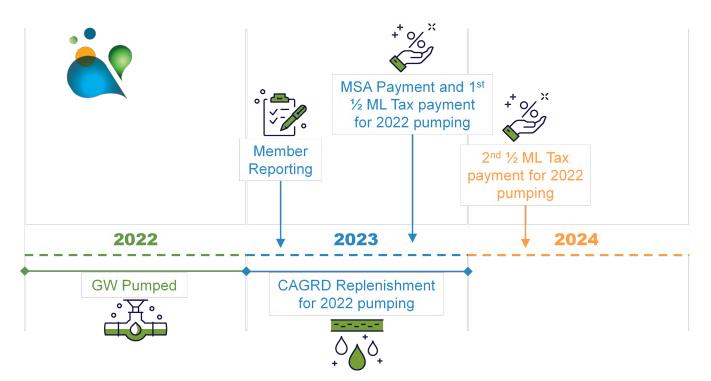
Up-front fees are generally collected from CAGRD members before they begin using excess groundwater. These fees consist of (a) enrollment fees; (b) activation fees; and (c) replenishment reserve fees. The fees are established by the Board and are published with the replenishment assessment rate schedule.

A per-lot enrollment fee is collected from applicants enrolling a subdivision as a Member Land in the CAGRD. Enrollment fees support the Infrastructure and Water Rights and Administrative funds. Two dollars per housing unit of the ML enrollment fee supports the CAGRD Conservation Program. New MSAs also pay an enrollment fee, currently a flat fee of \$5,000, to cover the administration costs.

Like ML enrollment fees, activation fees are collected on a per housing-unit basis and are used to purchase water rights and develop infrastructure. Activation fees are collected on new homes in both ML and MSA subdivisions before the subdivision homes receive a public report and may be offered for sale.

Replenishment reserve fees are used in conjunction with the replenishment reserve rate component to support CAGRD's replenishment reserve program. For MLs, the replenishment reserve fee is collected along with the activation fee and is based on two years of subdivision's projected excess groundwater demand. For MSAs, the replenishment reserve fee is collected with the annual replenishment fee and is based on the increase in excess groundwater delivered within the service area during the previous year.

Membership dues apply to all members, even if they are not yet reporting excess groundwater use. Membership dues provide a reliable revenue source that can assist in establishing creditworthiness for bonding and funds to secure water supplies and related infrastructure.



EXPENSES

CAGRD has ongoing operating expenses and costs related to administration, planning, membership enrollment, water supply acquisition, annual reporting and satisfaction of annual replenishment obligation. The largest expenses incurred by CAGRD result from purchasing and recharging water to meet existing obligation and acquisition of water rights to ensure satisfaction of future replenishment obligation. Following the 2021 acquisition of 18,185 acre-feet of NIA priority rights as part of the NIA reallocation, payments to the CAWCD General Fund of back capital charges are recorded as a \$23.6 million expense to CAGRD, a revenue to the General Fund and eliminated at the District consolidated level.

CAGRD replenishment assessments are established based on the actual volume of excess groundwater delivered to or used by CAGRD members in the previous year. CAGRD has up to three years to replenish water to meet that obligation, and standard practice is to complete replenishment the year following the excess water deliveries. Collection of the assessment may be accomplished earlier or later than the replenishment is completed.

Expenses for the CAGRD Conservation Program include support for Water–Use It Wisely at the Regional Campaign Steering Committee Partner level, funding an incentive program to support construction of WaterSense-certified houses in areas of replenishment obligation, and may include providing support for WIFA Conservation Grant award winning projects in areas of CAGRD membership.

A 2022 project to assess its existing database and administrative platform (CAPTR) determined the CAGRD would be best served by the development of a replacement. A competitive process to select a vendor for the development will be started in 2023, with a new application delivered to CAGRD by the end of 2025.

WATER SUPPLY PROGRAM



CAGRD's Water Supply Program is guided by a series of key principles approved by the CAWCD Board and most currently updated in 2021 and works to acquire a portfolio able to meet the replenishment obligations projected in the Plan of Operation. Potential water supplies to be acquired in this budget cycle include Long Term Storage Credits, and groundwater imported from outside an Active Management Area. CAGRD is also one of 23 local entities participating in the Bartlett Dam Modification Feasibility Study Steering Committee and providing non-federal costshare for the multi-year study. The study is evaluating alternatives to manage sediment build-up in SRP's Verde reservoirs including two alternatives that would modify dam height and create New Verde Space capacity at Bartlett Dam.

CHANGE IN NET POSITION

Central Arizona Project

Net position is anticipated to increase to \$45.8 million in 2024 and \$49.2 million in 2025. This increase is primarily due to the continued generation of revenues and establishment of reserve funds to support the long-term water rights acquisition program identified in CAGRD's Plan of Operation. In addition, CAGRD is collecting revenues and accruing long-term storage credits in the establishment of its replenishment reserve, which also increases CAGRD's net position. In effect, CAGRD is doing just what it should be doing; that is, accumulating credit reserves and building a portfolio of water rights so that it can meet its future replenishment obligations.

CAGRD INCENTIVIZES WATER-EFFICIENT CONSTRUCTION LEADING TO LESS GROUNDWATER USE

Central Arizona Project and CAGRD are proud EPA Water Sense partners. So when the EPA updated it's WaterSense standard for new home construction, an idea was born to couple the WaterSense certification

with CAGRD's desire to inspire additional conservation for its members. The result is CAGRD's new Water-Efficient Construction Incentive Program.



The recently launched program invites homebuilders in CAGRD's Member lands and select Member Service Areas to apply for rebates of up to \$1,000 for new houses earning Water Sense 2.0 certification. According to the EPA, this is the first of its kind in this region. WaterSenselabeled homes use 30 percent less water than typical new construction.

For CAGRD and its members, it's a win-win.

Less groundwater used by CAGRD members means less groundwater to replenish now and less water to acquire in the future. Homebuilders get help with the costs associated with WaterSense certification.

CAGRD collects \$2 per lot from the enrollment fees paid by developers to enroll their land as well as \$2 for every acre-foot of excess groundwater reported annually by its members. This funds conservation efforts such as this water-efficient construction incentive program.



KB Home was the first recipient for 43 homes located in Pima County (the Entrada del Rio development in Sahuarita and the Rocking K community in southeast Tucson). These homes are served by the Spanish Trail Water Company and Sahuarita Water Company, which are both CAGRD Member Service areas.

"KB Home has long championed the important role that EPA's WaterSense program plays in helping to reduce water usage, save our homeowners on utility costs and mitigate drought conditions," as said by Amy McReynolds, President of KB Home's Tucson division. "We take pride in our industry-leading approach to

water conservation and are committed to building all future homes in Arizona communities to EPA's highest water-efficiency standards. We are also proud to be the first homebuilder to partner with CAGRD on a program that helps residents and communities conserve this vital resource."

Homebuilders building in any CAGRD Member land and the Member Service areas of Copper Mountain CFD, El Mirage, EPCOR San Tan, EPCOR San Tan Anthem, Metro Water - Diablo, Sahuarita Water Company and Spanish Trail Water Company are eligible.

The program will offer at least \$150,000 in rebates through May 2024 or until annual funding has been distributed.

STATEMENTS OF REVENUES, EXPENSES & CHANGES IN NET POSITION CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT ACCOUNT

(Thousands)

		2021	2022		2023	2024	2025
		Actual	Actual	P	ojection	Budget	Budget
Operating Revenues							
Revenues-Rates		26,167	27,050		25,967	38,224	41,697
Revenues-Fees		24,985	17,675		18,284	17,915	19,670
Revenues-Dues		9,402	11,515		11,249	11,120	11,982
Total Operating Revenues	\$	60,554	\$ 56,240	\$	55,500	\$ 67,259	\$ 73,349
Operating Expenses							
Salaries and related costs		(1,107)	(1,294)		(1,333)	(1,415)	(1,451)
Depreciation		(61)	(61)		(61)	(61)	(61)
Other operating expenses							
Outside services		(220)	(374)		(613)	(1,674)	(1,674)
Overhead		(1,153)	(1,426)		(1,446)	(1,482)	(1,520)
Water for recharge		(18,296)	(17,481)		(17,025)	(20,191)	(23,276)
Other expenses		(23,600)	(25)		(203)	(185)	(188)
Subtotal		(43,269)	(19,306)		(19,287)	(23,532)	(26,658)
Total Operating Expenses		(44,437)	(20,661)		(20,681)	(25,008)	(28,170)
Net Operating Income/(Loss)		16,117	35,579		34,819	42,251	45,179
Non-operating Revenues/(Expenses)							
Interest income		4,871	(145)		4,203	3,857	4,125
Interest expense		(525)	(870)		(605)	(333)	(76)
Net Non-operating Income/(Loss)	_	4,346	(1,015)		3,598	3,524	4,049
Change in Net Position		20,463	34,564		38,417	45,775	49,228
Net Position as beginning of period		238,928	259,391		293,955	332,372	378,147
Net Position at end of period	\$	259,391	\$ 293,955	\$	332,372	\$ 378,147	\$ 427,375

CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT ACCOUNT

Replenishment Obligation Year & Corresponding Purchased Water

(Acre-Feet)	
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	2021	2022	2023	2024	2025
YEAR OBLIGATION ESTABLISHED	Actual	Actual	Projection	Budget	Budget
Replenishment Obligation by AMA					
Phoenix AMA	33,328	36,656	38,390	41,710	44,312
Pinal AMA	1,228	1,242	1,058	1,215	1,246
Tucson AMA	2,755	2,872	2,958	3,033	3,104
Total Replenishment Obligation	37,311	40,770	42,406	45,958	48,662

	2021	2022	2023	2024	2025
YEAR OVER YEAR OBLIGATION ACTIVITY BY AMA	Actual	Actual	Projection	Budget	Budget
REPLENISHMENT OBLIGATION ACTIVITY					
Phoenix AMA					
Outstanding Obligation - beginning of the year	26,378	33,752	38,031	38,390	41,710
Prior Year obligation adjustments	5,360	(1,704)	(7,265)	-	-
Annual Obligations	33,328	36,656	38,390	41,710	44,312
Annual Credits accrued - purchased water and credits	(31,314)	(30,673)	(30,766)	(38,390)	(41,710)
Outstanding Obligation - end of the year	33,752	38,031	38,390	41,710	44,312
Pinal AMA					
Outstanding Obligation - beginning of the year	899	1,228	1,242	1,058	1,215
Prior Year obligation adjustments	(568)	(635)	(1,034)	-	-
Annual Obligations	1,228	1,242	1,058	1,215	1,246
Annual Credits accrued - purchased water and credits	(331)	(593)	(208)	(1,058)	(1,215)
Outstanding Obligation - end of the year	1,228	1,242	1,058	1,215	1,246
Tucson AMA					
Outstanding Obligation - beginning of the year	2,476	2,216	2,889	2,958	3,033
Prior Year obligation adjustments	443	530	(140)	-	-
Annual Obligations	2,755	2,872	2,958	3,033	3,104
Annual Credits accrued - purchased water and credits	(3,458)	(2,729)	(2,749)	(2,958)	(3,033)
Outstanding Obligation - end of the year	2,216	2,889	2,958	3,033	3,104
TOTAL FOR ALL AMAs					
Outstanding Obligation - beginning of the year	29,753	37,196	42,162	42,406	45,958
Prior Year obligation adjustments	5,235	(1,809)	(8,439)	-	-
Annual Obligations	37,311	40,770	42,406	45,958	48,662
Annual Credits accrued - purchased water and credits	(35,103)	(33,995)	(33,723)	(42,406)	(45,958)
Outstanding Obligation - end of the year	37,196	42,162	42,406	45,958	48,662

CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT ACCOUNT

RESERVE BALANCES

Cash Basis (Thousands)

	_	2021	2022		2023		2024		2025
	1	Actual	Actual	Pr	ojection	l	Budget	B	ludget
Water and Replenishment:									
Beginning Fund Balance	\$	6,102	\$ 6,960	\$	4,702	\$	7,071	\$	10,740
Revenue		8,281	9,154		9,005		14,924		16,743
Water/LTSC Purchases		(7,429)	(11,515)		(6,888)		(11,380)		(13,695)
Interest Income		6	103		252		125		149
Ending Fund Balance	\$	6,960	\$ 4,702	\$		\$		\$	13,937
Replenishment Reserve:									
Beginning Fund Balance	\$	1,245	\$ 1,493	\$	2,443	\$	3,726	\$	5,122
Revenue		5,079	4,575		3,805		5,646		6,341
Water/LTSC Purchases		(4,833)	(3,674)		(2,676)		(4,365)		(5,195)
Interest Income		2	49		154		115		152
Ending Fund Balance	\$	1,493	\$ 2,443	\$	3,726	\$	5,122	\$	6,420
Infrastructure and Water Rights:									
Beginning Fund Balance	\$	38,866	\$ 60,110	\$	76,153	\$	86,184	\$	115,233
Revenue		44,487	39,818		35,661		44,456		47,898
Proceeds from Internal LTSC Transfer		4,961	665		199		266		292
Reimbursement from Water & Replenishment for Obliga	iti	-	-		5,879		9,429		11,073
Proceeds from M&I Allocation Transfer		-	1,205		-		-		-
Long Term Storage Credit Purchases		(7,882)	(9,683)		(12,570)		(4,069)		(4,319)
NIA Reallocation and 9(d) Debt		(7,885)	(7,912)		(7,430)		(7,430)		(7,430)
GRIC and Other Lease Considerations		(2,885)	288		(8,054)		(10,457)		(11,354)
Water Delivery Costs		(4,777)	(4,285)		(2,545)		(4,567)		(5,042)
Technical Studies & Other Operating Expenses		(1,000)	(977)		(163)		(441)		(441)
Debt Service Payments		(3,974)	(3,975)		(3,986)		(1,324)		-
Interest Income		199	899		3,040		3,186		3,675
Ending Fund Balance	\$	60,110	\$ 76,153	\$	86,184	\$	115,233	\$	149,585
Administrative:									
Beginning Fund Balance	\$	1,405	\$ 1,766	\$	1,883	\$	1,990	\$	1,741
Revenue		1,886	1,994		1,841		2,168		2,294
Operating Expenses		(1,526)	(1,895)		(1,814)		(2,468)		(2,331)
Interest Income		1	18		80		51		47
Ending Fund Balance	\$	1,766	\$ 1,883	\$	1,990	\$	1,741	\$	1,751
Conservation									
Beginning Fund Balance	\$	781	\$ 849	\$	911	\$	880	\$	848
Revenue		67	72		75		93		99
Operating Expenses		-	(10)		(150)		(150)		(150)
Interest Income		1	-		44		25		26
Ending Fund Balance	\$	849	\$ 911	\$		\$		\$	823

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Central Arizona Groundwater Replenishment District Account

WATER AND REPLENISHMENT RESERVE TRENDS BY AMA

Cash Basis (Thousands)

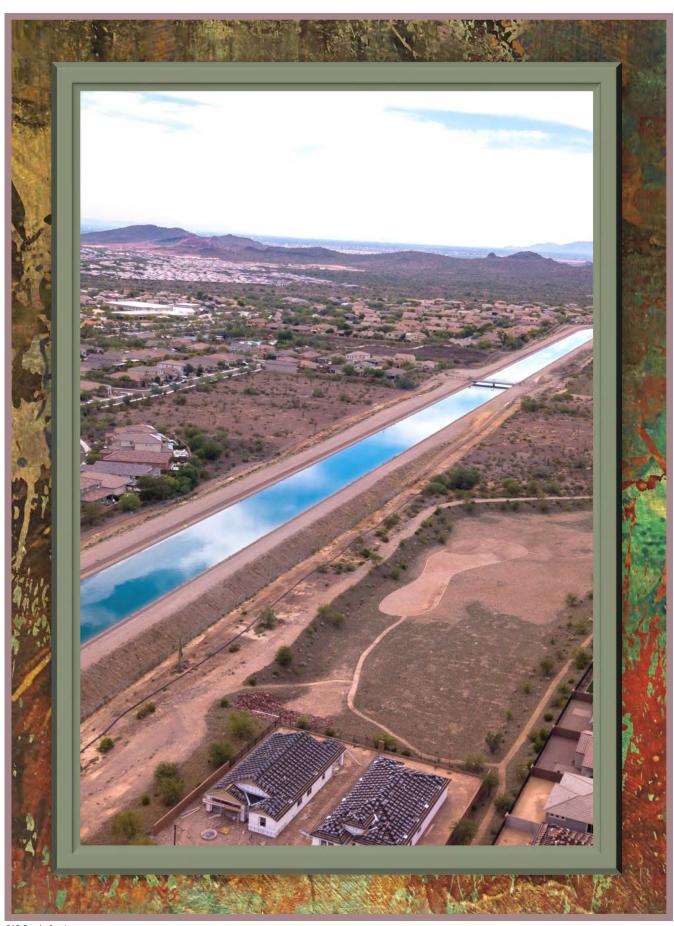
		2021 Actual		2022 Actual	P	2023 rojection		2024 Budget	2025 Budget
Phoenix AMA Beginning Fund Balance	\$	5,661	\$	6,370	\$	3,947	\$	5,985	\$ 9,27
Revenue Water/LTSC Purchases Interest Income		7,439 (6,735) 5		8,194 (10,708) 91		8,142 (6,314) 210		13,472 (10,284) 102	15,199 (12,40 120
Ending Fund Balance	\$	6,370	\$	3,947	\$	5,985	\$	9,275	
Pinal AMA									
Beginning Fund Balance	\$	113	\$	148	\$	171	\$	144	\$ 233
Revenue Water/LTSC Purchases Interest Income		106 (71)		164 (143) 2		11 (46) 8		415 (330) 4	44: (41
Ending Fund Balance	\$	148	\$		\$	144	\$		\$ 262
Fucson AMA Beginning Fund Balance	\$	328	\$	442	\$	584	\$	942	\$ 1,233
Revenue Water/LTSC Purchases		736 (623)		796 (664)		852 (528)		1,037 (766)	1,10 (87
Interest Income Ending Fund Balance	\$	<u>1</u> 442	\$	10 584	\$	34 942	\$	19 1,232	2 \$ 1,48
Total - All AMAs Beginning Fund Balance	\$	6,102	\$	6,960	\$	4,702	\$	7,071	\$ 10,74
Revenue Water/LTSC Purchases	Ļ	8,281 (7,429)	¥	9,154 (11,515)	¥	9,005 (6,888)	¥	14,924 (11,380)	16,74 (13,69
Interest Income Ending Fund Balance	\$	6 6,960	\$	103 4,702	\$	252 7,071	\$	125 10,740	149 \$ 13,93

CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT ACCOUNT

REPLENISHMENT RESERVE TRENDS BY AMA

Cash Basis (Thousands)

	2021 Actual	2022 Actual	Р	2023 rojection	2024 Budget	2025 Budget
Phoenix AMA						
Beginning Fund Balance	\$ 1,220	\$ 1,398	\$	2,258	\$ 3,424	\$ 4,707
Revenue	4,652	4,165		3,487	5,164	5,821
Water/LTSC Purchases	(4,476)	(3,351)		(2,463)	(3,989)	(4,764)
Interest Income	 2	46		142	108	142
Ending Fund Balance	\$ 1,398	\$ 2,258	\$	3,424	\$ 4,707	\$ 5,906
Pinal AMA						
Beginning Fund Balance	\$ 8	\$ 11	\$	2	\$ 35	\$ 56
Revenue	87	61		46	131	142
Water/LTSC Purchases	(84)	(70)		(14)	(110)	(139)
Interest Income	 -	-		1	-	2
Ending Fund Balance	\$ 11	\$ 2	\$	35	\$ 56	\$ 61
Tucson AMA						
Beginning Fund Balance	\$ 17	\$ 84	\$	183	\$ 267	\$ 359
Revenue	340	349		272	351	378
Water/LTSC Purchases	(273)	(253)		(199)	(266)	(292)
Interest Income	 -	3		11	7	8
Ending Fund Balance	\$ 84	\$ 183	\$	267	\$ 359	\$ 453
Total - All AMAs						
Beginning Fund Balance	\$ 1,245	\$ 1,493	\$	2,443	\$ 3,726	\$ 5,122
Revenue	5,079	4,575		3,805	5,646	6,341
Water/LTSC Purchases	(4,833)	(3,674)		(2,676)	(4,365)	(5,195)
Interest Income	 2	49		154	115	152
Ending Fund Balance	\$ 1,493	\$ 2,443	\$	3,726	\$ 5,122	\$ 6,420



CAP Canal - Scenic

SUPPLEMENTAL WATER ACCOUNT

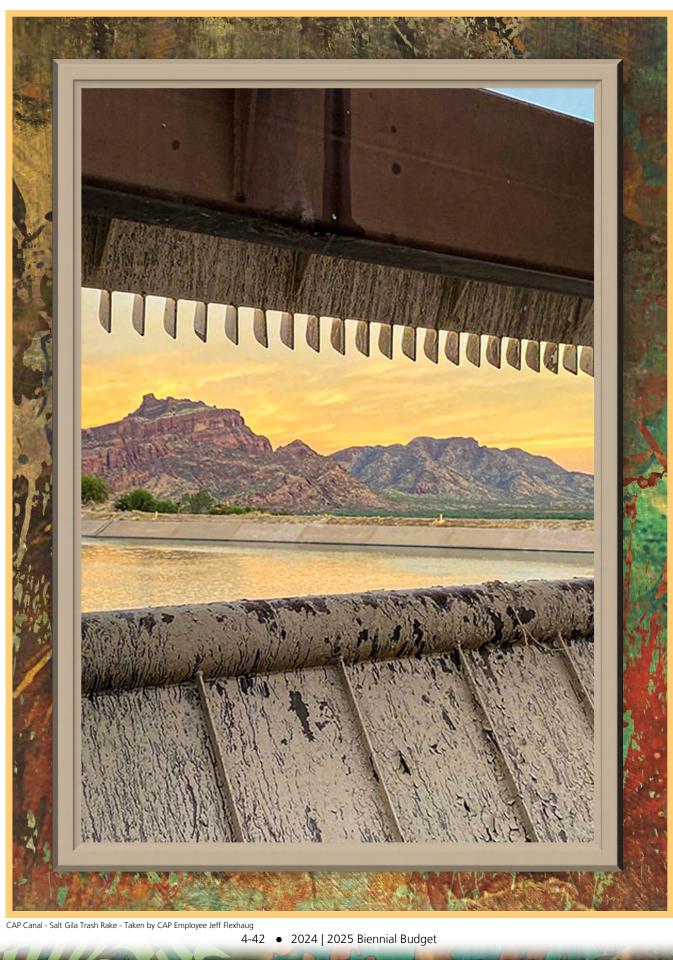
The Supplemental Water account was established as part of a settlement of water right claims by the Ak-Chin Indian Tribe against the federal government. In August 1985, the Board approved participation in the fund which was established pursuant to Section §48-3715.01 of the Arizona Revised Statutes (ARS). In September 1985, the trust fund was established with the federal government and CAWCD each contributing \$1,000,000 to the fund.

The purpose of the trust fund was for acquisition or conservation of water for use in central Arizona to supplement CAP water supplies in years when water supplies from the CAP are insufficient to meet the delivery schedules of non-Indian M&I users.

The District is empowered to direct the expenditure of the trust funds in accordance with the provisions of a trust agreement. Funds held in this account will remain until the District needs to acquire or conserve water to supplement Colorado River supplies as established in the specific legislation.

STATEMENTS OF REVENUES, EXPENSES & CHANGES IN NET POSITION SUPPLEMENTAL WATER ACCOUNT (Thousands)

	2021 ctual	2022 Actual	2023 ojection	2024 Budget		2025 udget
Operating Expenses Other expenses	\$ -	\$ -	\$ _	\$ _	\$	-
Total Operating Expenses	-	-	-	-		-
Non-operating Revenues/(Expenses)	52	(570)	205	270		202
Interest income Total Non-operating Revenues	 52 52	(572) (572)	295 295	<u>279</u> 279		<u> </u>
····· ···· ···························	 	(0, 2)				
Change in Net Position	52	(572)	295	279		303
Net Position at beginning of period	9,112	9,164	8,592	8,887		9,166
Net Position at end of period	\$ 9,164	\$ 8,592	\$ 8,887	\$ 9,166	\$	9,469



CAPTIVE INSURANCE FUND

The CAWCD Insurance Company, Inc., "the Captive", is a tax exempt, wholly owned corporation formed in 2003 for the purpose of providing funds for payment of losses and claims in the lower layers of the CAWCD's property and casualty insurance. In 2012, health benefits were added to the Captive. The Captive is a single-parent (or pure) captive that insures risks of its owner (CAWCD) on a direct basis. The decision to form the Captive has served to reduce and stabilize the long-term cost of risk, insulating the district from the volatility often found in the traditional insurance market.

Because of the separate and unique business purpose of the Captive and the requirements for stand -alone reporting, CAWCD chose to account for the Captive in a separate fund. There are no FTEs in the Captive, rather the Finance and Accounting Manager and the Risk Administrator oversee the Captive.

All operating revenues of the Captive come from the General Fund as premiums. Non-operating revenues (i.e., investment income) account for the interest earned on the capital contributions, loss reserves and revenues that have not been used for operating expenses.

Expenses are composed of underwriting expenses, incurred losses (including provision for future claims not reported), and general and administrative expenses (i.e. management fee, premium taxes, actuarial, legal, banking and audit fees).

The State of Hawaii, where the Captive is incorporated and licensed to do business as a nonprofit captive insurance company, pursuant to Article 19 of Chapter 431 of the Hawaii Revised Statutes as amended, requires the Captive to have a minimum reserve of \$2,250,000 plus an amount actuarially determined for prior and future losses.



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STATEMENTS OF REVENUES, EXPENSES & CHANGES IN NET POSITION

CAPTIVE INSURANCE FUND

(Thousands)

	2021 Actual	2022 Actual	2023 Projection	2024 Budget	2025 Budget
			,	5	
Operating Revenues					
Reimbursements and other operating revenues	\$ 11,193	\$ 11,500	\$ 12,619	\$ 12,759	\$ 12,887
Total Operating Revenues	11,193	11,500	12,619	12,759	12,887
Operating Expenses					
Other operating expenses					
Outside services	(234)	(215)	(244)	(275)	(288)
Other expenses	(8,309)	(8,083)	(10,700)	(11,642)	(11,665)
Total Operating Expenses	(8,543)	(8,298)	(10,944)	(11,917)	(11,953)
Net Operating Income/(Loss)	2,650	3,202	1,675	842	934
Non-operating Revenues/(Expenses)					
Interest and other income	24	5	4	4	4
Total Non-operating Revenues/(Loss)	24	5	4	4	4
Change in Net Position	2,674	3,207	1,679	846	938
Net Position as beginning of period	5,259	7,933	11,140	12,819	13,665
Net Position at end of period	7,933	11,140	12,819	13,665	14,603



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CAPITAL BUDGET

The following pages include a capital budget summary for all capital improvement program (CIP) in the 2024/2025 budget period, as well as for advisory projects. CIP budgeted amounts are shown for 2024 and 2025 and advisory budgets are shown for following years. Capital equipment expenditures over the same period are included to complete the total capital budget. A schedule of capital equipment follows the capital budget summary. Individual CIP profiles are shown after the summary tables. Funding sources are indicated for each CIP profile.

CAP's Strategic Plan provides high-level strategic guidance to the organization, supported by several Key Result Areas (KRAs) which identify Strategic Issues for each area. All CIP relate to the Project Reliability KRA, which focuses on providing reliable and cost-effective operations, maintenance, and replacement of CAP infrastructure and technology assets.

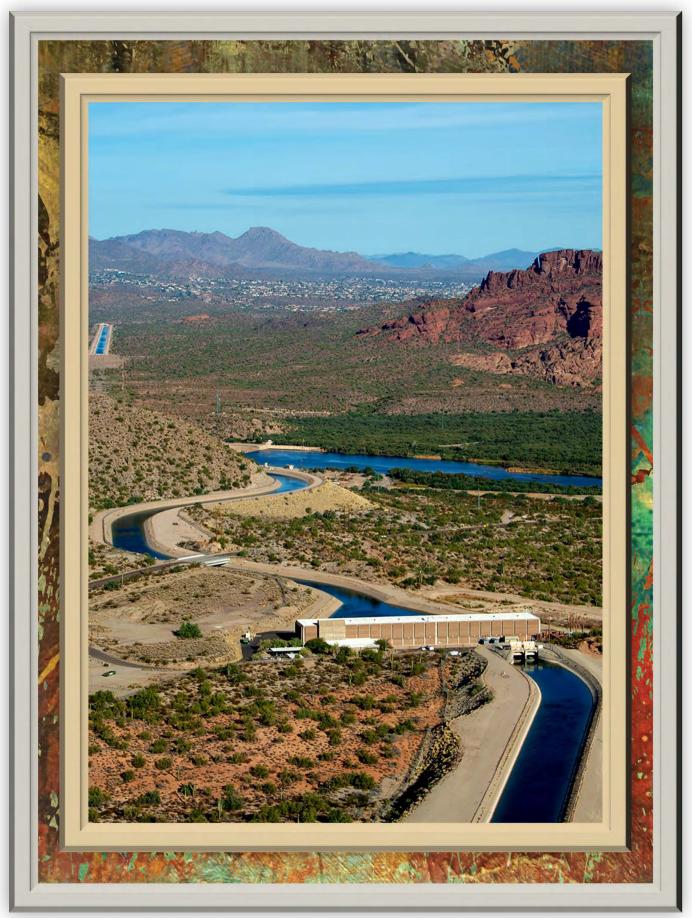
CAP funds the majority of the capital budget on a pay-as-you-go basis from a major repair and replacement ("Big R") rate component, which is included in the Fixed Operation, Maintenance and Replacement (OM&R) water rate. CAP's strategy for reserve targets contemplates fluctuations in annual operating and capital spending. The "Big R" rate component is designed to reduce major fluctuations in annual rates through utilizing reserves to smooth year-to-year fluctuations in capital spending, eliminating the risk of rate shock.

Certain capital projects are not included in "Big R". Recharge projects are funded from property taxes less recharge capital charges received. Spending for other programs such as recovery and system use (increased capacity) are tracked outside of "Big R" and will be paid for by those customers realizing the benefit from those programs. Central Arizona Groundwater Replenishment District (CAGRD) may also have capital projects that are funded from appropriate CAGRD sources.

CAP utilizes a triple-bottom-line set of organizational principles that addresses operating, social, and environmental impacts. To the extent a CIP reduces maintenance requirements, enhances safety or streamlines CAP operations, there may be cost savings or more often there may be cost avoidance. Costs are often not readily quantifiable as the impact is that staff are freed up to perform other duties or worker's compensation costs are lower. This efficiency is demonstrated through a relatively level number of planned full-time equivalents (FTEs) in the maintenance departments over the last several years.

(Millions)	2021 Actuals		2022 Actuals		23 ection	24 dget	2025 Budget		
Capital Improvement Programs	\$ 26.1	\$	30.4	\$	36.0	\$ 24.6	\$	54.9	
Capital Equipment	2.2		4.6		5.2	6.8		4.5	
Total Capital	\$ 28.3	\$	35.0	\$	41.2	\$ 31.4	\$	59.4	

Shown below are the capital spending that covers 2021 through 2025:

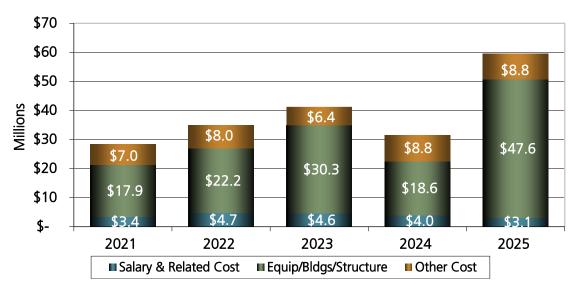


Salt Gila Pumping Plant & CAP Canal

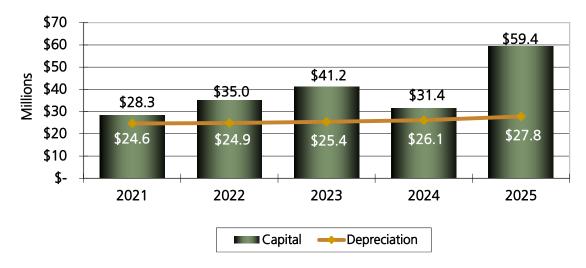
(Thousands)

	2021 Actual	2022 Actual	F	2023 Projection	2024 Budget	2025 Budget
Salaries and related costs Equipment, buildings, and structures	\$ 3,433 17,898	\$ 4,729 22,242	\$	4,578 30,295	\$ 3,959 18,633	\$ 3,112 47,565
Other expenses Outside services	2,990	2,527		859	4,446	5,438
Materials, supplies & other expenses Overhead expenses Subtotal other expenses:	424 3,566 6,980	366 5,125 8,018		542 4,964 6,365	238 4,148 8 832	64 3,260 8 763
Total Capital	\$ 28,311	\$ 34,989	\$	41,238	\$ 8,832 31,424	\$ 8,763 59,440





Comparison of Capital Spending and Depreciation



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(Thousands)

PE

		Total	Pre-2024	2024	2025
	Pro	ject Cost	Project Cost	Budget	Budget
CURRENT CAPITAL IMPROVEMENT PROGRAM (CIP) PROJECTS					
Air Compressors Brady, Picacho, Red Rock	\$	1,359	\$ 452	\$ 894	\$ 13
Aqueduct Hydrology Improvement		153,527	-	1,285	9,068
Backup Power Systems Replacement at Checks & TO		13,223	10,206	2,796	221
Condition Based Monitoring		13,156	9,626	2,284	1,246
Discharge Valves at Bouse Hills, Little Harquahala & Hassayampa		2,721	2,022	699	-
Electromechanical Relay Phase 2		21,282	8,558	1,559	2,940
Elevator System Replacement Phase 2		8,951	8,496	455	-
Financial Planning Refresh 2024		565	-	565	-
Fire Hydrant Valves HQ		2,449	1,877	572	-
Fire Protection Sys Upgrade Mark Wilmer		11,595	10,672	923	-
Fire Pump Replacement WAD		502	2	500	-
Generator Replacements PPs		12,394	-	1,064	4,165
Harcuvar Substation Upgrade		3,195	-	400	1,470
Isolation Valves Black Mountain/Snyder Hill		3,462	2,037	1,418	7
Monitor Well Agua Fria Recharge		424	67	357	-
Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain		1,428	1,217	211	-
Multi Use Buildings Headquarters-Bouse Maintenance Yard		2,317	-	550	1,767
Network Refresh 2024		275	-	275	-
Network Refresh 2025		275	-	-	275
Noise Reduction Project Phase 2 Mark Wilmer		1,420	1,122	298	-
Oracle Cloud Infrastructure 2025		945	-	-	945
Parking Lot Upgrades Headquarters		2,304	-	431	1,873
Programmable Logic Controller Replacement Waddell		6,458	4,861	1,334	263
Roof Fall Protection Headquarters		763	-	26	737
Roof Replacement Black Mountain/Snyder Hill		1,036	87	949	-
SCADA Replacement Control Center		20,036	4,132	2,551	2,210
SRP-CAP Interconnection Facility		25,750	-	85	5,181
Switchyard Security Hardening Delaney		536	486	50	-
TDRP Recovery Wells		13,478	3,114	3	10,361
Water Education Center		27,121	282	1,701	11,357
West Entrance Gate Headquarters		2,151	2,127	24	-
West Entrance Gate Phase 2 ROW Headquarters		637	-	90	547
Windows Server Refresh 2024		275	-	275	-
Windows Server Refresh 2025		275	-	-	275
Current CIP Projects - Subtotals				\$ 24,624	\$ 54,921

(Thousands)

	2026	2027	2028	2029
	Advisory	Advisory	Advisory	Advisory
CURRENT CAPITAL IMPROVEMENT PROGRAM (CIP) PROJECTS				
Air Compressors Brady, Picacho, Red Rock	\$-	\$ -	\$-	\$-
Aqueduct Hydrology Improvement	47,88	0 20,673	29,888	37,864
Backup Power Systems Replacement at Checks & TO	-	-	-	-
Condition Based Monitoring	-	-	-	-
Discharge Valves at Bouse Hills, Little Harquahala & Hassayampa	-	-	-	-
Electromechanical Relay Phase 2	3,34	3 3,127	1,755	-
Elevator System Replacement Phase 2	-	-	-	-
Financial Planning Refresh 2024	-	-	-	-
Fire Hydrant Valves HQ	-	-	-	-
Fire Protection Sys Upgrade Mark Wilmer	-	-	-	-
Fire Pump Replacement WAD	-	-	-	-
Generator Replacements PPs	3,67	6 3,130	359	-
Harcuvar Substation Upgrade	1,31	0 15	-	-
Isolation Valves Black Mountain/Snyder Hill	-	-	-	-
Monitor Well Agua Fria Recharge	-	-	-	-
Motor Exciters Twin Peaks/Sandario Snyder Hill/Black Mountain	-	-	-	-
Multi Use Buildings Headquarters-Bouse Maintenance Yard	-	-	-	-
Network Refresh 2024	-	-	-	-
Network Refresh 2025	-	-	-	-
Noise Reduction Project Phase 2 Mark Wilmer	-	-	-	-
Oracle Cloud Infrastructure 2025	-	-	-	-
Parking Lot Upgrades Headquarters	-	-	-	-
Programmable Logic Controller Replacement Waddell	-	-	-	-
Roof Fall Protection Headquarters	-	-	-	-
Roof Replacement Black Mountain/Snyder Hill	-	-	-	-
SCADA Replacement Control Center	2,11	4 2,167	2,225	2,286
SRP-CAP Interconnection Facility	10,23	6 10,248	-	-
Switchyard Security Hardening Delaney	-	-	-	-
TDRP Recovery Wells	-	-	-	-
Water Education Center	12,51	1 1,270	-	-
West Entrance Gate Headquarters	-	-	-	-
West Entrance Gate Phase 2 ROW Headquarters	-	-	-	-
Windows Server Refresh 2024	-	-	-	-
Windows Server Refresh 2025	-	-	-	-
Current CIP Projects - Subtotals	\$ 81,07	0 \$ 40,629	\$ 34,227	\$ 40,151

(Thousands)

		Total	Pre-	2024		2024		2025
	Pro	ject Cost	Proje	ct Cost	E	Budget	E	Budget
ADVISORY CIP PROJECTS (POST-2025)								
Agua Fria River Siphon Lining Repairs	\$	10,000	\$	-	\$	-	\$	-
Analytics Platform		1,800		-		-		-
Backup System Refresh		1,300		-		-		-
CAP Warehouse Fire Sprinkler Upgrades (Headquarters)		500		-				-
Elevator Replacement Phase 3 (Headquarters)		3,500		-		-		-
Fire Door Upgrade Project		1,000		-		-		-
Fire Sprinkler Upgrades (Headquarters, Warehouse)		700		-		-		-
HSY - Unit Breaker Replacement (U4, U5, U6, U7)		4,400		-		-		-
Implement Alt 2B from LCCA for Agua Fria River Siphon		255,000		-		-		-
Implement Alt 2B from LCCA for Salt River Siphon		257,500		-		-		-
Information Technology Upgrades		2,168		-		-		-
Iron Mountain Data Center Refresh/Move		500		-		-		-
LHQ Right Discharge Manifold Reline		1,500		-		-		-
Microwave Site Fire Alarm Replacement		1,500		-		-		-
Network Refresh WAN System (7 years)		1,600		-		-		-
Projected Network Refresh		1,200		-		-		-
Projected Server Refresh		1,200		-		-		-
PSB Data transmission infrastructure (ICON)		1,600		-		-		-
Pumping Plant Roof Replacement		5,625		-		-		-
Reconfigure Trashrake Monorail to Eliminate Curves		3,500		-		-		-
SCADA Server Room Adaptation - WaterOps		200		-		-		-
Security System Replacement		1,200		-		-		-
TDRP Recovery Facility		1,000		-		-		-
TFO HVAC Replacement for R22 systems		1,000		-		-		-
Transformer McCullough		2,000		-		-		-
Transmission Projects		6,000		-		-		-
WAD Fixed Cone Valve Rebuild		500		-		-		-
Wi-Fi Refresh		200		-		-		-
Advisory CIP Projects (Post-2025) - Subtotals					\$	-	\$	-
Capital Improvement Plan (CIP) - Totals					\$	24,624	\$	54,921
Capital Equipment - Totals					\$	6,800	\$	4,519
CAPITAL BUDGET - TOTALS					\$	31,424	\$	59,440

*Capital equipment detail on following page

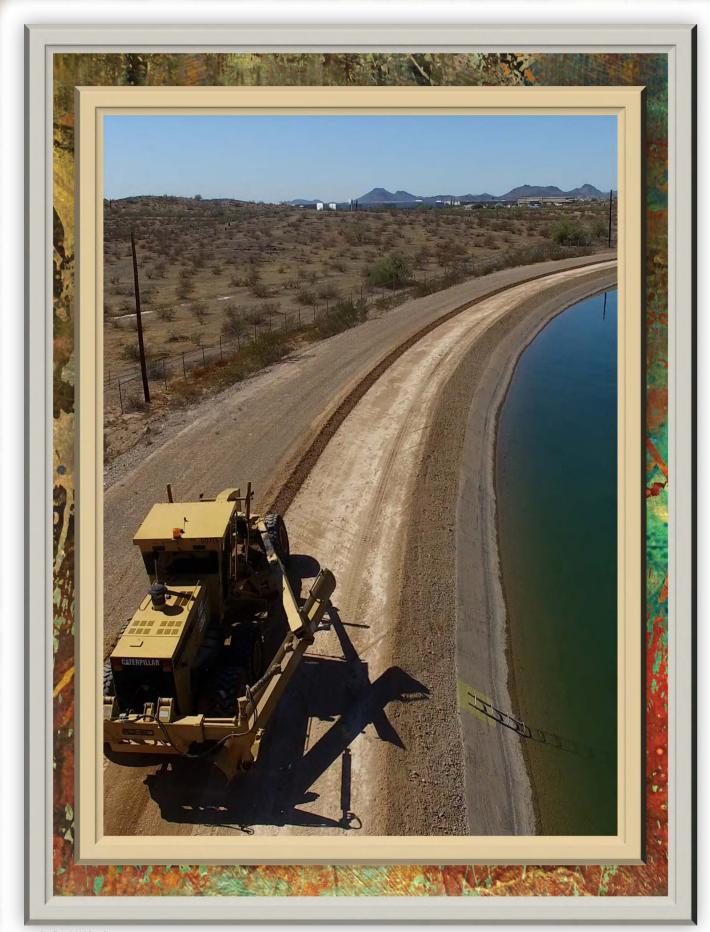
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(Thousands)

	2026	2	2027		2028		2029
	 Advisory	Ac	dvisory	/	Advisory	/	Advisory
ADVISORY CIP PROJECTS (POST-2025)							
Agua Fria River Siphon Lining Repairs	\$ 10,000	\$	-	\$	-	\$	-
Analytics Platform	1,000		-		-		800
Backup System Refresh	-		-		1,300		-
CAP Warehouse Fire Sprinkler Upgrades (Headquarters)	-		500		-		-
Elevator Replacement Phase 3 (Headquarters)	500		3,000		-		-
Fire Door Upgrade Project	1,000		-		-		-
Fire Sprinkler Upgrades (Headquarters, Warehouse)	-		700		-		-
HSY - Unit Breaker Replacement (U4, U5, U6, U7)	4,400		-		-		-
Implement Alt 2B from LCCA for Agua Fria River Siphon	5,000		-		180,000		70,000
Implement Alt 2B from LCCA for Salt River Siphon	7,500		-		190,000		60,000
Information Technology Upgrades	81		47		1,004		1,036
Iron Mountain Data Center Refresh/Move	300		200		-		-
LHQ Right Discharge Manifold Reline	1,500		-		-		-
Microwave Site Fire Alarm Replacement	1,500		-		-		-
Network Refresh WAN System (7 years)	800		800		-		-
Projected Network Refresh	300		300		300		300
Projected Server Refresh	300		300		300		300
PSB Data transmission infrastructure (ICON)	-		-		-		1,600
Pumping Plant Roof Replacement	-		2,250		2,250		1,125
Reconfigure Trashrake Monorail to Eliminate Curves	-		3,500		-		-
SCADA Server Room Adaptation - WaterOps	200		-		-		-
Security System Replacement	1,000		200		-		-
TDRP Recovery Facility	-		1,000		-		-
TFO HVAC Replacement for R22 systems	-		1,000		-		-
Transformer McCullough	2,000		-		-		-
Transmission Projects	1,500		1,500		1,500		1,500
WAD Fixed Cone Valve Rebuild	-		500		-		-
Wi-Fi Refresh	 -		-		200		-
Advisory CIP Projects (Post-2025) - Subtotals	\$ 38,881	\$	15,797	\$	376,854	\$	136,661
Capital Improvement Plan (CIP) - Totals	\$ 119,951	\$	56,425	\$	411,080	\$	176,812
Capital Equipment - Totals	\$ 7,895	\$	6,710	\$	6,951	\$	7,838
CAPITAL BUDGET - TOTALS	\$ 127,846	\$	63,135	\$	418,031	\$	184,650

*Capital equipment detail on following page

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Grading O&M Road

CAPITAL EQUIPMENT SUMMARY

(Thousands)

		2024	2	2025	2	2026	2	2027	·	2028	2	2029
	В	udget	В	udget	Ac	dvisory	A	dvisory	A	dvisory	A	dvisory
REPLACEMENTS		Ŭ		Ŭ								
Air Compressor	\$	237	\$	-	\$	-	\$	-	\$	-	\$	-
Backhoe		150		-		-	•	-	1	-		-
Bulldozer		180		600		-		-		-		-
Cooler Unit		167		-		-		_		-		-
CORS Station		30		-		-		-		-		-
Dump Truck		398		-		-		-		-		-
Flange Facer		306		-		-		-		-		-
Forklift		45		200		-		-		-		-
Grader		1,005		525		_		_		_		_
Guard Valve		165		525		_		_		_		_
Loader		- 105		595		-		_		_		_
Pump Trailer		50		797		-		-		-		-
Repeater		280		-		-		-		-		-
•		280 50		-		-		-		-		-
Spray Rig		50		- 21 Г		-		-		-		-
Stake Bed		-		215		-		-		-		-
Street Sweeper		140		-		-		-		-		-
Sump Pump		70		-		-		-		-		-
Trailer		150		-		-		-		-		-
Truck, Other		440		610		-		-		-		-
Truck, with Crane		-		243		-		-		-		-
Trucks, 1 Ton		-		106		-		-		-		-
Trucks, 1/2 Ton		53		136		-		-		-		-
Trucks, 3/4 Ton		370		175		-		-		-		-
Trucks, Other		-		-		-		-		-		-
Vehicles		45		-		-		-		-		-
Vehicles, 4x4		225		94		-		-		-		-
Water Jet		-		290		-		-		-		-
Water Truck		1,683		430		-		-		-		-
Replacements - Totals	\$	6,239	\$	4,219	\$	-	\$	-	\$	-	\$	-
ADDITIONS												
Condition Monitoring		85		60		-		-		-		-
Fire Protection Enclosure		156		-		-		-		-		-
Manlift		85		115		-		-		-		-
Relay Test Set		85		-		-		-		-		-
Relay Tester		75		75		-		-		-		-
Thermal Camera		50		50		-		-		-		-
Vibration Analyzer		25				-		-		-		-
Additions - Totals	\$	561	\$	300	\$	-	\$	-	\$	-	\$	-
POST-2025												
Computer Equipment & Software		_		_		3,071		1,742		1,804		2,536
Field & Communications Equipment		-		-		3,878		3,994		4,114		4,238
Vehicles		-		-		946		974		1,033		4,238
Post-2025 - Totals	\$	-	\$	-	\$	7,895	\$	6,710	\$	6,951	\$	7,838
CAPITAL EQUIPMENT - TOTALS	¢	6,800	\$	4,519	\$	7,895	\$	6,710	\$	6,951	\$	7,838
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Central Arizona Project

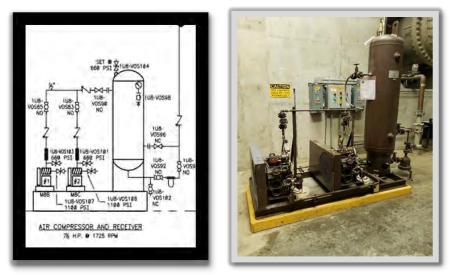
Capital Improvement Program

AIR COMPRESSORS BRADY, PICACHO, RED ROCK PUMPING PLANTS

Project #: Funding Source: Financial Impact /	610179 "Big R" ′ Cost Esti м	1ATE (in \$00	00s):		Start Date: Completion Total Proje	Date:	•	uarter 2 uarter 2 9,000	
Total Pre	-2024	2024	2025	2026	2027	2028	20	29 E	Balance
\$ 1,359 \$	452 \$	894 \$	13 \$	- \$	- \$	-	\$-	\$	-
Description:	Brady, Pice original sk lead / lag compresso circuit. The motor. The located or is set to st prevented	acho, and Re function det pros are powe e current co e actual may n the air rece art the comp from excee	ed Rock pum 1+1 operation ermined by p ered from a co mpressors are kimum system eiver located a pressors at 57	ping plants nal redunda ressure sw ommon ele e rated at 7 n pressure i at the disch 75 psig, and 9 by relief v	Discharge Val are obsolete ancy. Both ca itches on the ctrical feed fr SCFM at 130 s determined arge of the a d stop at 600 alves on the o	The air con n operate air receive om a sing Dopsi, and by a press ir compress psig. The	ompresson simultane er tank, ar gle 30A 3p l are powe sure switc ssors. The system pr	rs on the eously w nd both ph/480V/ ered by a h (63VS pressure ressure is	e vith a AC a 7.5HP AH/L) e switch s
JUSTIFICATION:	are in a m manufactu and no lou	aintainable s urer has con nger fully su	state with bas firmed that p pported. The	sic supplies rimary com DVOS air c	del 1K120) ar available (air ponents for t compressors v den fatigue ar	filters, be he air cor vere put ir	Íts, relief v npressors nto service	valves, e are obso e in 1990	tc.), the olete
Operating Impact:	This work	will be perfo	ormed during	the fall ou	tage of 2023	and 2024	4.		
SOCIAL IMPACT:	No impact	ts are anticip	ated.						
ENVIRONMENTAL	No impact	te are anticin	atad						

IMPACT:

No impacts are anticipated.



Capital Improvement Program AQUEDUCT HYDROLOGY IMPROVEMENT

PROJECT #:	610343
Funding Source:	Extraordinary Cost Reserve

Start Date:	1st Quarter 2024
COMPLETION DATE:	1st Quarter 2030
TOTAL PROJECT COST:	\$153,527,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total	Pre-202	4	2024	2025	2026	2027	2028	2029	Balance
\$ 153,527 \$	-	\$	1,285 \$	9,068 \$	47,880 \$	20,673 \$	29,888 \$	37,864 \$	6,869

Description:	The Engineering Project Management Office and the Proj approved the means and methods to address potential vi infrastructure, to improve dike embankments heights, an critical locations along the canal. The project scope include evaluation update, that were characterized as the most p risk. The improvements will target potential impacts to the if, for example, a dike or overcrossing failure were to hap	ulnerabilities of cross drainage d for other construction at the most des 21 sites, identified by the JE Fuller problematic areas, with the highest ne canal and downstream conditions
JUSTIFICATION:	In 2021, the Aqueduct Resiliency Committee (ARC) was edikes modern suitability to mitigate risks from damaging CAP's hydrologic information from a 2010 study with da completed after 2010. CAP contracted with JE Fuller Hyd completed the evaluation update in November 2022. The design of improvements, and the construction of the impresented the evaluation of the impresented after 2010.	floods. The ARC set out to update ta collection effort and studies lrology & Geomorphology, Inc., who e update includes additional studies,
	The assessment modeled protective feature impacts and performance when exposed to a 100-year, 24- hour storm event. The ARC evaluated the locations and vulnerabilities identified by JE Fuller through a secondary risk assessment and developed a prioritized list of projects and studies to plan for execution. Priority was determined using the following considerations: existing embankment elevations, overtopping and freeboard, downstream urbanization, cut versus fill, upstream or downstream of Lake Pleasant, and impoundment storage volume.	
OPERATING IMPACT:	Work will be done on the aqueduct embankments outside of the canal fence line of O&M roads.	
Social Impact:	Repairs can be completed on canal sections with no customer impact, allowing CAP to deliver water more efficiently and reliably.	
Environmental Impact:	May require some relocation of natural protected vegetation, and access from the Bureau of Reclamation near and around "green-up" areas due	

to the amount of earthwork to be done.

Central Arizona Project

Capital Improvement Program

BACKUP POWER SYSTEM REPLACEMENTS AT CHECKS, TURNOUTS & MICROWAVE SITES

PROJECT #: 610452 **FUNDING SOURCE:** "Big R" START DATE:2nd Quarter 2015COMPLETION DATE:2nd Quarter 2025TOTAL PROJECT COST:\$13,223,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total	Pre-2024	2024	2025	2026	;	202	7	202	3	202	9	Balance
\$ 13,223	\$ 10,206	\$ 2,796	\$ 221	\$ -	\$	-	\$	-	\$	-	\$	-

Description:

This project addresses CAP's need for the replacement of backup power systems at eight mountain-top microwave sites, 33 turnouts and over 30 check structures. These sites currently utilize various direct current (DC) chargers and batteries for multiple voltages, ranging from 120 volts DC (VDC) to -48 VDC. The existing chargers are to be replaced with an integrated uninterruptible power supply (UPS) and DC power distribution system. This system incorporates all existing voltages and also consolidates the power system to 24 VDC. The new battery-charger system integrates voltages that are still in use. This project will also replace emergency backup generators and automatic transfer switches (ATS) at locations where existing equipment is beyond service life and requires high levels of corrective maintenance.

Since the previous budget was prepared, this project's scope has expanded to 48 turnouts, 39 check structures and 16 mountaintop sites, for a total of 103 units. Consistent with the broader scope, project cost has increased. Higher contract costs have also contributed to the project cost increase.

JUSTIFICATION: Replacing the existing UPS with an integrated 24 VDC power distribution system allows for remote monitoring, testing capabilities and a reduction of the number of required replacement



parts system-wide. Additionally, the UPS replacement project decreases the amount of labor required for preventive maintenance. Currently at most sites, generators and ATS's are beyond their service life and require a high level of corrective maintenance work to ensure continued operation.

OPERATING IMPACT: The integrated UPS and DC distribution system reduces ongoing operating costs by decreasing the amount of labor required for preventative maintenance. Reliable backup power systems are necessary for continued, uninterrupted deliveries during power-failure events.

SOCIAL IMPACT: This project improves CAP's system reliability, which increases the reliability of customer water deliveries without interruptions.

ENVIRONMENTAL IMPACT:

The new integrated system creates an efficient use of energy.

Capital Improvement Program **CONDITION-BASED MONITORING**

Project #: Funding Source:	610317 "Big R"	START DATE: COMPLETION DATE:	1st Quarter 2012 3rd Quarter 2025
	COST ESTIMATE (in \$000c).	TOTAL PROJECT COST:	\$13,156,000
FINANCIAL IMPACT /	Cost Estimate (in \$000s):		

Total	Pre-2024	2024	2025	2026	2027	2028	2029	Balance
\$ 13,156 \$	9,626 \$	2,284 \$	1,246 \$	- \$	- \$	- \$	- \$	-

DESCRIPTION:

Condition-Based Monitoring (CBM) is defined as an equipment-maintenance strategy that assesses the state of major equipment for potential failures and identifies actions to prevent any such failures. CBM's original project scope as identified in 2012 was to install monitoring equipment across all pumping plants and one pump-generation plant (a total of

109 pump units) using three diagnostic measures: vibration analysis (109 units), motor analysis (109 units) and partial discharge testing (37 units among the South plants).

At the end of 2022, 10 of the pumping plants associated CBM work has been completed. The remaining work involves design and construction (various stages of completion) at Twin Peaks, Sandario, Brawley and San Xavier Pumping Plants, and Waddell Pump / Generating Plant.

- JUSTIFICATION: CBM aligns with CAP's Maintenance Excellence effort and facilitates improved systems management and identification of potential failures of all CAP pump units, minimizing the risk of unscheduled outages.
- **OPERATING IMPACT:** Pump and motor units are essential to water conveyance. CBM improves the operational reliability of all pump units to maintain water deliveries and reduces the likelihood of unplanned and expensive unit failures.
- Minimizing outage risk increases CAP's SOCIAL IMPACT: ability to provide customers with water deliveries as scheduled. **ENVIRONMENTAL**





Improved monitoring of the CAP system facilitates more efficient system operation and maintenance, which helps to reduce unnecessary power use due to malfunctioning equipment.

IMPACT:

Capital Improvement Program DISCHARGE VALVES - BOUSE HILLS, LITTLE HARQUAHALA & HASSAYAMPA, PHASE TWO PROJECT #: 610180 START DATE: 1st Ouarter 2022 FUNDING SOURCE: "Big R" 4th Quarter 2024 COMPLETION DATE: TOTAL PROJECT COST: \$2,721,000 FINANCIAL IMPACT / COST ESTIMATE (in \$000s): Total Pre-2024 2024 2025 Balance 2,721 \$ 2.022 \$ 699 \$ \$ \$ \$ \$ \$ DESCRIPTION: The pump units cannot operate without a functional discharge valve, and the long lead time (approximately 12 months) renders these assets as a critical risk to operation if there's a unit failure. Early on, it was identified that it would be beneficial to design the replacement valves in a way that emergency standby valves could be used at any of the three plants. The original installed equipment Central Arizona Project used lower pressure class components at the Bouse Hills and Little Harguahala plants due to the lower head at the plants. Fourteen (14) valves at the west plants, plus a valve of each size for emergency standby, will be installed by the CAP Heavy Overhaul Group (HOGs), with fabrication of ancillary components performed by CAP's machine shop and industrial coatings group. Fabrication by Val-Matic occurs over three years, with one of the three (3) emergency standby valves being provided each year; 2022, 2023, and 2024. The final 66-inch valve will be received in 2024. By design, seal replacements on these valves are intrusive and may result in other premature JUSTIFICATION: maintenance-induced failures. In addition, poor sealing performance leads to a number of impacts, including the postponement of critical fifth-year pump project maintenance as the pump unit cannot be fully dewatered due to excessive leakage through the discharge valve. Additionally, seal leakage left unrepaired for extensive timeframes can also cause significant erosion damage to the valve body and seat, which ultimately reduces lifecycle. Of the 30 West plant valves, 70 percent have previously been rebuilt. Rebuilt valves have a decreased lifecycle due to installed sleeves and reduced bearing clearances. The installation of new discharge valves is performed during the west summer outage. During **OPERATING IMPACT:** the outage, the plants typically operate only on one side or the other, so the installation of the valves at each location is matched to which side is inactive in a given year. The installation of the last valve at BSH in 2024 is due to when the right side will be drained thus allowing

SOCIAL IMPACT: No impacts are anticipated.

access.

ENVIRONMENTAL IMPACT: No impacts are anticipated.



Capital Improvement Program

ELECTROMECHANICAL RELAY REPLACEMENTS PHASE TWO

 PROJECT #:
 610333

 FUNDING SOURCE:
 "Big R"

START DATE:1st Quarter 2020COMPLETION DATE:3rd Quarter 2028TOTAL PROJECT COST:\$21,282,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total	Pre-2024	2024	2025	2026	2027	2028	2029	Balance
\$ 21,282	\$ 8,558	\$ 1,559 \$	2,940 \$	3,343 \$	3,127 \$	1,755 \$	- \$	-

DESCRIPTION: CAP pumping plants use a variety of protective relays for large electrical-system protection, including electromechanical (EM) relays, microprocessor-based relays, and solid state relays. CAP currently has some form of protective relay from several of the major equipment vendors. EM relays are reliable and effective, but have a maximum service life of about 30 years. While EM relays are still made, they are becoming more expensive and supplies are limited. Many utilities are switching to digital relays to circumvent the challenge of managing performance and reliability for multiple generations of in-service relays.

Phase two work will replace EM relays with digital relays on transformers and units at Waddell Pump / Generating Plant and the South Plants (Twin Peaks, Sandario, Brawley, San Xavier, Snyder Hills and Black Mountain Pumping Plants). The project also includes integration of relay communications and exciters into the electrical system.

JUSTIFICATION: The EM relays should be replaced prior to the end of their useful life and before they fail completely, as EM failures provide no advanced warning. If an EM relay were to fail to operate during a fault condition. the result could be major damage to critical pumping plant equipment like motors, transformers, and cables. New relays will also be able to provide event reports, waveform capture, and datalogging, which have the potential to greatly reduce



troubleshooting and equipment downtime.

OPERATING IMPACT: Installing new relays will reduce maintenance costs, increase diagnostic capabilities and provide more complete delivery equipment protection.

SOCIAL IMPACT: Replacement relays will minimize the chance of failure, which will increase CAP's reliability to deliver water.

ENVIRONMENTAL IMPACT: No impacts are anticipated.

Central Arizona Project

Capital Improvement Program ELEVATOR SYSTEM REPLACEMENTS PHASE TWO

Project #: Funding Source:	610512 "Big R"		Start Date: Completion Date: Total Project Cost:	1st Quarter 2018 1st Quarter 2024 \$8,951,000
FINANCIAL IMPACT /	COST ESTIMATE (in \$000s):			<i>40,201,000</i>
Total Pre-	2024 2024 2025	2026	2027 2028	2029 Balance
\$ 8,951 \$ 8	3,496 \$ 455 \$ - \$	5 - \$	- \$ - \$	- \$ -
Description:	A priority list of 15 elevators w graded between 2014 and 20 Bouse Hills, Hassayampa, Red Pump / Generating Plant. Exis early 2020, beginning at Mark 2024.	16. This phase Rock, Brawley ting elevators	addresses the seven elev and San Xavier Pumping are typically 20 years old.	ators at Mark Wilmer, Plants and Waddell Installation began in
JUSTIFICATION:	The elevators are essential for different levels within the facil reliability requirements.			
Operating Impact:	Replacement of the elevator c elevator outages at the plants operational efficiency and relia	, decrease asso	ciated maintenance costs	, and increase
Social Impact: Environmental Impact:	Employees will require training on operation of the upgraded elevator controls within each plant. Upgrading the elevator control components minimizes downtime and unplanned outages due to elevator failures, which creates a safer and more reliable work environment. New operating equipment creates a more efficient system that reduces energy usage.			

Capital Improvement Program FINANCIAL PLANNING REFRESH 2024

PROJECT #:	610399
Funding Source:	"Big R"

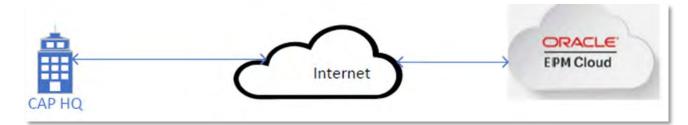
START DATE: COMPLETION DATE: TOTAL PROJECT COST:

1st Quarter 2024 4th Quarter 2024 \$565,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total	Pre-20	24	2024	2025	2026	5	2027	7	2028	3	2029	Balance
\$ 565 \$	-	\$	565 \$	-	\$ -	\$	-	\$	-	\$	-	\$ -

Description:	The Enterprise Financial Planning tool (EFP) is scheduled for an upgrade, and will migrate from the existing IBM Cognos TM1 solution to the Oracle Enterprise Performance Management (EPM) solution. The migration will reduce existing risk of TM1 support by very few individuals in the US to a large pool of companies who provide support and professional services on EPM. A substantial benefit of this move is the migration from an on-premises solution running in our datacenters (Production/Development and Disaster Recovery (DR) sites) to a cloud-based Software as a Service (SaaS) solution hosted and managed by Oracle.
Justification:	The current TM1 solution is difficult to manage, complicated to license, and requires multiple contractors to maintain, upgrade, and configure. These skills are increasingly difficult to find in the US. Oracle EPM has a large presence around the world, not just US. The same solution is used in all markets and is highly configurable and flexible. It is listed as the top solution in the planning/performance management space by Gartner.
	EPM is cloud-based, therefore space will be made available in the datacenter, and there will no longer be a need to maintain a secondary datacenter for disaster recovery, or the infrastructure necessary for disaster recovery, software patching, and upgrades. All feature enhancements will be implemented by Oracle.
OPERATING IMPACT:	Operations will be simplified as computer, storage, backups, disaster recovery, and replication will no longer be configured, performed, or managed on CAP hardware and datacenters.
SOCIAL IMPACT:	CAP employees and customers will benefit from increased information system reliability.
Environmental Impact:	Minimal power requirements reduction in CAP owned datacenters due to reduction in storage, computers, backups, air conditioning.



Capital Improvement Program

FIRE HYDRANT FEEDER VALVES AT

HEADQUARTERS

PROJECT #: 610183 FUNDING SOURCE: "Big R" FINANCIAL IMPACT / COST ESTIMATE (in \$000s):								Start D Comple Total P	TION			3rd Qua 3rd Qua \$2,449,0	rte	r 2024
_	Total Pre-	2024	2024	2025		2026	-	2027		2028	_	2029	-	Balance
\$	2,449 \$ 1	,877 \$	572 \$	-	\$	-	\$	-	\$	-	\$	-	\$	-

DESCRIPTION:

There are forty-three (43) buried gate valves and two (2) above-ground gate valves (sizes 4", 6", and 8"), that control and isolate the flow of water to the fire hydrants, as well as building sprinkler systems at CAP headquarters. Of the forty-three (43) valves, there are seventeen (17) that do not close at all, do not close completely, or are leaking. Many of these valves are from the original construction over thirty years ago. In the event of an emergency or a corrective work order to replace a fire hydrant or riser valve, water isolation is not currently possible with valves frozen open. There is also the possibility of a valve freezing in the closed position, which would leave an area without fire protection. If a fire hydrant is hit, local isolation would not be possible and a valve further upstream would then have to be closed, which increases the area without fire protection. There are currently four (4) fire hydrants that leak, where corrective maintenance cannot be completed due to frozen valves not allowing for hydrant isolation.

This project will replace forty-five (45) gate valves, and add a post indicator to valves in landscaped areas. It is recommended to excavate and examine three frozen gate valves during design to assess cause of failure.

- JUSTIFICATION: Safety and equipment reliability are high CAP priorities.
- OPERATING IMPACT: No impacts to water operations, and minimal impact to parking and travel at headquarters.

SOCIAL IMPACT: No impacts are anticipated.

ENVIRONMENTAL IMPACT:

The existing concrete pipe is listed as an asbestos concrete pipe. The contractor will need to incorporate safe and



environmentally-friendly methods to reduce hazards associated with asbestos-containing materials and proper methods of disposal for any demolished asbestos-containing piping. It is currently assumed that all of the concrete pipe is asbestos concrete. During the pilot phase, CAP staff will test the pipe to confirm Asbestos Containing Material (ACM) is present. This being the case, the project will proceed as planned with ACM abatement methods for both the pilot phase and the full scale project.

Capital Improvement Program

FIRE PROTECTION SYSTEM UPGRADES AT MARK WILMER PUMPING PLANT

 PROJECT #:
 610332

 FUNDING SOURCE:
 "Big R"

START DATE:1st Quarter 2020COMPLETION DATE:3rd Quarter 2024TOTAL PROJECT COST:\$11,595,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total	P	re-2024	2024	2025	5	2026	5	2027	7	2028	3	2029)	Balance
\$ 11,595	\$	10,672	\$ 923 \$	-	\$	-	\$	-	\$	-	\$	-	\$	-

- **DESCRIPTION:** Multiple fire protection systems at Mark Wilmer Pumping Plant are either obsolete, failing or inappropriate for the protection area. A previous system upgrade occurred in 1999-2000, which installed new fire alarm panels and extended sprinkler coverage area, among other features. Personnel occupancy patterns have changed, requiring a reevaluation of existing system viability and vulnerabilities. This project will upgrade all plant fire protection systems, including sprinkler system, fire alarm, stairwell pressurization, motor room carbon dioxide, control room fire suppression, dampers and pump/switchyard suppression systems.
- JUSTIFICATION: The current system does not readily communicate with the Notifier ONYX workstations located across the aqueduct system. New suppression systems will be installed in Mark Wilmer Pumping Plant that will improve fire protection safety.
- **OPERATING IMPACT:** Favorable impacts include reduced risk of injury or fatality from a more reliable protection system, reduced maintenance costs, and increased reliability of general fire suppression systems.
- **SOCIAL IMPACT:** Properly functioning fire protection systems enhance a safety culture that is advocated by CAP and plant operators and enhance compliance with CAP's Voluntary Protection Plan.

ENVIRONMENTAL

Central Arizona Project

IMPACT:

New systems will have environmental safeguards and ensure minimal environmental impact should a suppression event occur. Further, new fire protection equipment establishes a more energyefficient system. A contractor will be responsible for extracting carbon dioxide. Canister returns to CAP Headquarters for reprocessing will be performed for electronic or wire waste.



Capital Improvement Program FIRE PUMP REPLACEMENT - WADDELL

Project #: Funding Source:	610210 "Big R"				Start Date: Completion D Total Project		1st Quarter 2nd Quarter \$502,000	
FINANCIAL IMPACT /	Cost Estimate	e (in \$000)s):			Coon	4000,000	
Total Pre	e-2024 2	.024	2025	2026	2027	2028	2029	Balance
\$ 502 \$	2 \$ 5	500 \$	- \$	- 4	5 - \$	- 9	5 - 5	-
Description:		w pump w	/ill also requi		sociated control led electrical and			
JUSTIFICATION:	can no longer	r serve the	needs of th	e plant, w	erating Plant has hich is a safety les & standards	issue. The	new pump wi	ll be
Operating Impact:		rt duration			ations. The fire p mp, but the plai			
SOCIAL IMPACT:	No impacts ar	nticipated.						
Environmental Impact:	No impacts ar	nticipated.						



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Capital Improvement Program GENERATOR REPLACEMENT (MULTI-SITE)

Project #: Funding Source:	610348 "Big R"	Start Date: Completion Date: Total Project Cost:	1st Quarter 2024 1st Quarter 2028 \$12,394,000
FINANCIAL IMPACT /	Cost Estimate (in \$000s):		

Total	P	re-2024	2024	2025	2026	2027	2028	2029	Balance
\$ 12,394	\$	-	\$ 1,064 \$	4,165 \$	3,676 \$	3,130 \$	359 \$	- \$	-

- **DESCRIPTION:** To ensure reliable operation of critical plant systems during a power outage, each pumping plant has a stationary emergency backup generator that supplies 480 VAC. This project will remove and replace the existing generators, load banks, and diesel tanks at each of the plants with appropriately-sized modern systems. This will include adding additional external power connections at the pumping plants for additional temporary power sources. The generators at Headquarters, Pinal Field Office, Tucson Field Office, all checks and turnouts will be excluded from this project scope. A design concept evaluation is currently underway to examine alternative energy sources in addition to traditional diesel generators. The full design phase will commence in 2024 and is estimated to take 18 months for completion. To accommodate outage constraints at the plants, a 24-month construction period is estimated to begin in late 2025.
- **JUSTIFICATION:** The existing backup generators have reached their end-of-life state and replacement parts are increasingly difficult to procure. The original generators are oversized for the current backup power loads leading to a reduced level of reliability than required which requires a high level of corrective maintenance to ensure continued operations.
- **OPERATING IMPACT:** The construction phase is currently planned to begin late 2025. Coordination will be needed to ensure alternative backup power sources are available for plant operations during construction. When constructed, a remote monitoring system will be utilized to reduce maintenance and inspection needs at the various pumping plants.
- **SOCIAL IMPACT:** The replacement system will utilize increased noise dampening materials and technologies to prevent system noise from spreading into the surrounding areas and communities. Enhancing

the reliability of the pumping plants will help ensure CAP customers receive reliable and predictable water deliveries.

ENVIRONMENTAL IMPACT:

Central Arizona Project

Replacing the existing diesel generators with a modern system will reduce emissions and diesel consumption compared to the existing system during testing and emergency operations at all pumping plants.



Capital Improvement Program HARCUVAR SUBSTATION UPGRADE

Project #: Funding Source:	610401 "Big R"				Start Date: Completion D Total Project		3rd Qua 3rd Qua \$3,195,	arter 20	
FINANCIAL IMPACT	COST ESTIN	1ATE (in \$00	00s) :				<i>-</i> ,,		
Total Pre	e-2024	2024	2025	2026	2027	2028	2029) Ba	alance
\$ 3,195 \$	- \$	400 \$	1,470 \$	1,310 \$	15 \$	- \$	5 -	\$	-
Description:	Harquaha ing plant. componer mounted operates a	la (LHQ) Pur The scope c nts. This inc transformer and maintair	nping Plants of this project ludes new ed s, and other ns the Parker	via 115-kilo t at the Harc quipment fo upgrades. Tl -Davis Trans	provides powe volt (kV) radial uvar substatior undations, auto he Western Are mission System substation, WA	transmiss n will be t omatic tra ea Power and sinc	ion lines to o replace ansfer swit Administra e the Libe	o each p station ches, p ation (V rty-Park	oump- service ad VAPA)
JUSTIFICATION:	Replaceme lenge.	ent equipme	ent is obsolet	te, and the a	wailability of sp	are parts	is becomi	ng a chi	al-
OPERATING IMPACT:	Upgrading) to modern	equipment	will improve	system reliabili	ty and sa	fety for pe	ersonne	Ι.
SOCIAL IMPACT:	Power reli	ability increa	ases reliability	y of CAP wa	ter operations,	benefitin	g custome	ers.	
Environmental Impact:		nmental ass ral and state		be performe	ed prior to cons	struction t	to ensure (complia	nce



Capital Improvement Program

ISOLATION VALVES AT BLACK MOUNTAIN & SNYDER HILL (PILOT)

PROJECT #:	610330
Funding Source:	"Big R"

Start Date:	1st Quarter 2020
COMPLETION DATE:	1st Quarter 2025
Total Project Cost:	\$3,462,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total	Pre-2024	2024	20	25	202	6	2027	7	202	8	202)	Balance
\$ 3,462 \$	2,037	\$ 1,418		7	\$ -	\$	-	\$	-	\$	-	\$	-

DESCRIPTION:

This project replaces the original swing check valve with nozzle check valves at Black Mountain and Snyder Hill Pumping Plants. While the butterfly valves have performed as expected, the associated check valves have had issues since installation. The check valves perform their main function of protecting the pumping units from reverse flow but are unable to function per the final hydraulic transient analysis, which requires a fast-closing, first-stage check-valve closing. The current valves and dampening system have been unable to slow the closure of the valve disk.

This single-stage closure is causing a localized pressure surge on the downstream side of the discharge piping. During a normal unit shutdown, the pump runs until the discharge butterfly valve is closed. Therefore, the potential for a check valve leak only applies



to an emergency shutdown, unit trip or loss of plant power. After an emergency shutdown or trip, the discharge butterfly valve will still close in approximately 60 seconds and stop any reverse flow. The only potential situation for leakage over the long term is if the plant loses power. This would require plant personnel to manually close the discharge valves to prevent draining the discharge line back through the check valves. A pilot valve test at Black Mountain Pumping Plant showed that a nozzle-check valve has the ability to close even faster than a swing-check valve, eliminating the need for the second-stage closing. The advantage of nozzle -check valves is that they fully close, eliminating current concerns with leaking or spinning the pump backwards.

JUSTIFICATION: The newly piloted nozzle check valves are to address the transient surge issue that persists within these pumping plant locations.

- **OPERATING IMPACT:** Reduced cost through lower maintenance requirements.
- **SOCIAL IMPACT:** No impacts are anticipated.

ENVIRONMENTAL No impacts are anticipated.

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Capital Improvement Program MONITOR WELL AGUA FRIA RECHARGE

Project #:	610198
Funding Source:	Recovery Reserve

START DATE:3rd Quarter 2020COMPLETION DATE:4th Quarter 2024TOTAL PROJECT COST:\$424,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total	Pre-2024	2024	2025	2020	6	2027	7	2028	3	2029	Balance
\$ 424 \$	67	\$ 357 \$	-	\$ -	\$	-	\$	-	\$	-	\$ -

DESCRIPTION: The scope of this project is for design, permitting, and construction of a new monitoring well at the Agua Fria Recharge Project. The team will work with a consultant and drilling contractor to coordinate the location and functional requirements of the new well. The new well will help monitor water levels for the recharge project.

JUSTIFICATION: Existing monitoring wells at this site have recently become inoperable. The new well will provide CAWCD with more operational information and control, which will improve operation of the recharge project.

OPERATING IMPACT: Improved visibility and control over the recharge project.

SOCIAL IMPACT: No impacts are anticipated.

ENVIRONMENTAL IMPACT:

No impacts are anticipated.



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Capital Improvement Program MOTOR EXCITERS AT TWIN PEAKS, SANDARIO,										
Snyder Hill & Black Mountain										
Project #: Funding Source:	610208 "Big R"		Start Date: Completion Date: Total Project Cost:	1st Quarter 2022 2nd Quarter 2024 \$1,428,000						
FINANCIAL IMPACT /	Cost Estimate (in S	\$000s):								
	e-2024 2024	2025 2020		2029 Balance						
\$ 1,428 \$	1,217 \$ 211	\$ - \$ -	\$ - \$ -	\$ - \$ -						
Description:	Black Mountain (5) The current state o the discharge resist resistor, the rotor r Snyder Hill and Bla costly rewind of th of excitation trips.) are outdated, and repl of the motor exciters is i tors are located internal needs to be removed fro ck Mountain motors th e OEM spool-type resist Commonly, no problem	citers at Twin Peaks (6), Sa acement part sourcing is b ncreasingly unreliable. At T ly on the motors; in order om the motor which requir ere have been several failu cors. Additionally, all motor n is found, however, and th operation's capability to m	ecoming very difficult. Win Peaks and Sandario to replace a failed OEM es extensive work. On the res which have required a rs have established a trend the troubleshooting results						
	with a brushless pa the existing OEM b utilize new control constancy across th the excitation pack	ackage. Similar to the w brushless exciters will be modules and power ble he plants. The team inte	of a replacing, in kind, the ork performed at Brawley replaced with a new rotat ock SCRs, diodes and rectif ends to solicit bids for the e alled during annual PM ins untain.	and San Xavier in 2012, ing package, which will iers. This will establish quipment and procure						
JUSTIFICATION:	replacement parts		is motor exciter packages a onents becoming very diffi e.							
OPERATING IMPACT:			uring the scheduled annua unit outages are anticipate							
SOCIAL IMPACT:	No impacts are ant	ticipated.								
ENVIRONMENTAL			HI	The way						

IMPACT:All replaced parts to be shipped to
Environmental, Health and Safety to be
recycled.



Capital Improvement Program MULTI USE BUILDINGS - BOUSE MAINTENANCE YARD, HEADQUARTERS

 PROJECT #:
 610344

 FUNDING SOURCE:
 "Big R"

START DATE:1st Quarter 2024COMPLETION DATE:4th Quarter 2025TOTAL PROJECT COST:\$2,317,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total	Pr	e-2024	2024	2025	2026	2027	,	2028	8	2029)	Balance
\$ 2,317	5	-	\$ 550 \$	1,767 \$	- \$	-	\$	-	\$	-	\$	-

Description:	The scope of this project includes the design and construction of two new multi-use maintenance buildings that will be located at Headquarters and the Bouse Maintenance Yard. These new spaces are designed to increase safety and efficiency for CAP's maintenance staff. The two buildings will be pre-engineered metal buildings placed on new concrete foundations. The building and sites will include concrete driveways, air conditioner units, air compressor, restrooms, utility sinks, eye wash stations, and new electrical distribution systems.
JUSTIFICATION:	CAP is seeking to provide the CAP Fleet and Headquarters maintenance teams with dedicated workspaces that will be equipped with all the required tools and features to execute their work efficiently, safely, and ergonomically.

OPERATING IMPACT: Increased safety and efficiency

SOCIAL IMPACT: Improved work environment for CAP employees.

ENVIRONMENTAL IMPACT:

No impacts are anticipated.



Capital Improvement Program NETWORK REFRESH 2024/2025

PROJECT #:	610351/ 610352
Funding Source:	"Big R"

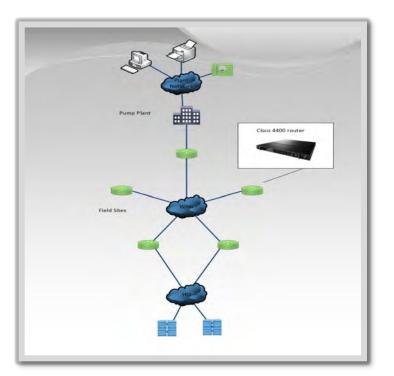
START DATE: COMPLETION DATE: TOTAL PROJECT COST:

1st Quarter 2024 4th Quarter 2025 \$550,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total	Pre-202	24	2024	2025	2026	2027	2028	2029	Balance
\$ 550 \$	-	\$	275 \$	275 \$	- \$	- \$	- \$	- \$	-

DESCRIPTION:	As technology moves further into a hybrid environment that merges cloud-based and on- premises solutions, additional network equipment and software is required to meet new project requirements without sacrificing CAP uptime standards.
JUSTIFICATION:	System infrastructure enhancements are required to meet project completion schedules and increase productivity, enterprise wide.
OPERATING IMPACT:	Consistent uptime that minimizes equipment failure rates and impacts, combined with increased workload management, will continue to be important as Infrastructure Technology expands its analytics program.
SOCIAL IMPACT:	CAP employees and customers will benefit from increased information system reliability.
ENVIRONMENTAL IMPACT:	Minimal impacts are anticipated. Newer equipment typically has less environmental impact than older equipment, though the use of higher-powered equipment may offset any environmental benefit of equipment upgrades.

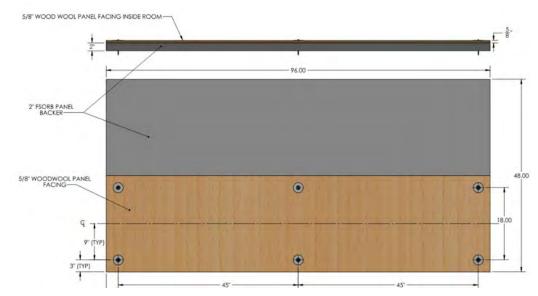


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Capital Improvement Program

NOISE REDUCTION PHASE TWO - MARK WILMER PUMPING PLANT

Project #: Funding Source:	610337 "Big R"	AATE (in \$00		Start Date: Completion Total Projec		4th Quarter 2022 1st Quarter 2024 \$1,420,000						
FINANCIAL IMPACT		•			0007			_				
	-2024	2024	2025	2026	2027	2028	2029	Balance				
\$ 1,420 \$ 1,122 \$ 298 \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$												
JUSTIFICATION:	The Mark Wilmer Plant Noise Reduction project was executed in 2021 and successfully mitigated the hazardous noise present on Levels 1 & 2 of the plant. The project included installation of FSorb acoustic panels that provide soundproofing on walls and ceilings throughout levels 1 & 2 of the plant. During a subsequent annual inspection, CAWCD's commercial property insurance company, FM Global, considered the installation of the FSorb panels a fire risk and potential liability. FM Global's recommendation was to remove, replace, or cover the panels in a material that is inherently nonflammable. A second phase of this project was introduced to address FM Global's concern.											
OPERATING IMPACT:	Modern s employee	•	g and noise r	eduction pr	ovides a safer	working e	environment ⁻	for CAP				
SOCIAL IMPACT:	No impac	ts are anticip	ated.									
Environmental Impact:	No impac	ts are anticip	ated.									



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Capital Improvement Program ORACLE CLOUD INFRASTRUCTURE 2025

Project #: Funding Source:	610400 "Big R"	Start Date: Completion Date: Total Project Cost:	1st Quarter 2025 4th Quarter 2025 \$945,000
Environment la service d	$C \rightarrow - \Gamma \rightarrow + + (1 + 0 - 0 - 1)$		

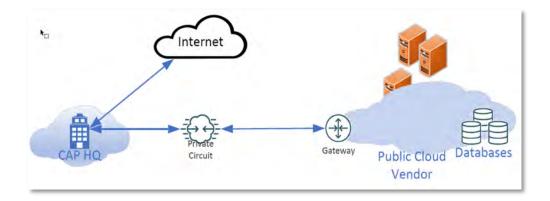
FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total	Pr	e-2024	2024	2025	2026	;	2027	7	2028	3	2029)	Balance
\$ 945	\$	-	\$ -	\$ 945	\$ -	\$	-	\$	-	\$	-	\$	-

DESCRIPTION:	The enterprise resource planning environment (Oracle) will be migrated from on-premises to the Oracle Cloud Infrastructure (OCI). This will include Oracle eBusiness Suite (EBS), Open Text Content Server (OTCS) and Media Manager (OTMM), and Hexagon EAM (Infor). The OCI environment will consist of two regions, one for production in Phoenix, AZ and one for disaster recovery in San Jose, CA. In the Phoenix region, CAP will have a primary production environment for quality assurance, development, and testing.
JUSTIFICATION:	This move will modernize the technology CAP currently uses (AIX) to a more portable system (Linux) and removes the need to provide maintenance support for the current on- premises systems. These workloads will no longer require VMWare for the application servers, reducing licensing costs. They will also no longer require us to maintain on- premises storage, backup, replication for the disaster recovery datacenter, or skillset in AIX. The move to Linux is a more broadly supported technology, alleviating potential support issues.
operating impact:	Oracle's datacenter in San Jose, CA will provide CAP with DR services that is more than the minimum recommended distance of 100 miles from the production datacenter. The IBM servers will no longer need to be upgraded or maintained. All operations of these application will move the OCI. CAP employees will no longer be maintaining hardware for these applications.
SOCIAL IMPACT:	CAP employees and customers will benefit from increased information system reliability.

ENVIRONMENTAL IMPACT:

Minimal power requirements reduction in CAP owned datacenters due to reduction in storage, compute, backups, A/C.



Capital Improvement Program PARKING LOT UPGRADES - HEADQUARTERS

PROJECT #:	610349	START DATE: 1st Quarter	r 2024
Funding Source:	"Big R"	COMPLETION DATE: 4th Quarte	er 2025
		TOTAL PROJECT COST: \$2,304,000	0

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total	Pre-202	24	2024	2025	2026	2027	2028	2029	Balance
\$ 2,304 \$	-	\$	431 \$	1,873 \$	- \$	- \$	- \$	- \$	-

DESCRIPTION: The scope of this project includes the complete replacement of asphalt pavement at Headquarters Lots I and J. The project will also consist of additional improvements at Lots I and J that include regrading, drainage improvements and the installation of electrical conduits for future use.

JUSTIFICATION: CAWCD regularly performs maintenance of asphalt pavement at all CAWCD facilities. Capital costs have been identified in the maintenance and replacement of asphalt pavement at CAWCD's Headquarters facility. The condition of the asphalt across the various lots at headquarters varies, but at its worst, some lots have developed severe fatigue cracking (alligator cracking).

OPERATING IMPACT: Impacts will be minimized by work performed on weekends and after hours as needed.

SOCIAL IMPACT: No impacts are anticipated.

ENVIRONMENTAL IMPACT:

Opportunity to recycle existing asphalt millings in new asphalt pavement.



Capital Improvement Program

PROGRAMMABLE LOGIC CONTROLLER (PLC) REPLACEMENTS AT WADDELL

 PROJECT #:
 610329

 FUNDING SOURCE:
 "Big R"

START DATE:1sCOMPLETION DATE:2rTOTAL PROJECT COST:\$6

1st Quarter 2020 2nd Quarter 2025 \$6,458,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total	Pre-2024	2024	2025	2026	2027	2028	2029	Balance
\$ 6,458 \$	4,861 \$	1,334 \$	263 \$	- \$	- \$	- \$	- \$	-

DESCRIPTION: Waddell Pump/Generating Plant has been controlled by 13 Allen-Bradley programmable logic controllers (PLCs) since operation of the plant began in 1993. PLC components, including CPUs, input/output cards, and network interfaces, all have reached the ends of their lifecycles and are no longer available. Many companies and utilities are preparing, or have migrated, to the newest generation of PLCs.

This project will replace and standardize new equipment for interoperability with existing systems.

- **JUSTIFICATION:** Waddell Pump/Generating plant cannot be operated without functioning PLCs. Since the PLC-5 components are no longer manufactured, spare parts will eventually become unobtainable and before that prohibitively expensive. Depending on the specific component could result in a failure in the current PLC system, and the inability to operate some or all of the plant.
- **OPERATING IMPACT:** No impacts are anticipated.
- **SOCIAL IMPACT:** No impacts are anticipated.
- ENVIRONMENTAL

No impacts are anticipated.



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Capital Improvement Program ROOF FALL PROTECTION - HEADQUARTERS

PROJECT #:	610347
Funding Source:	"Big R"

START DATE:4th Quarter 2024COMPLETION DATE:4th Quarter 2025TOTAL PROJECT COST:\$763,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total	Pre-202	24	2024	2025	2026	2027	2028	2029	Balance
\$ 763 \$	-	\$	26 \$	737 \$	- \$	- \$	- \$	- \$	-

Description:	It is recommended that a combination of fall protection equipment be installed in strategic locations on Headquarters rooftops, to reduce fall hazards. The required fall protection equipment includes the installation of permanent roof edge guardrails at rooftop entry points, temporary guardrails at atrium areas, and ladder safety modifications.
	The work will involve the fabrication and installation of approximately 350 feet of permanent railing, and 450 feet of temporary railing. Installation of permanent guardrailing will require the removal and reinstallation of spray foam roof coatings and lightning protection components.
Justification:	Currently the absence of rooftop fall protection systems poses a significant fall hazard at rooftop entry and exit points. Rooftop fall hazards have been identified at specific locations at Headquarters that this project will address.
OPERATING IMPACT:	Improved fall protection will provide a safer working environment for all working on roofs at CAP headquarters.
SOCIAL IMPACT:	No impacts are anticipated.
Environmental Impact:	No impacts are anticipated.



Capital Improvement Program

ROOF REPLACEMENT AT BLACK MOUNTAIN & SNYDER HILL PUMPING PLANTS

PROJECT #: 610257 **FUNDING SOURCE:** "Big R" START DATE:3rd Quarter 2022COMPLETION DATE:3rd Quarter 2024TOTAL PROJECT COST:\$1,036,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total	Pre-20	24	2024	202	5	2026	\$ 2027	7	2028	3	2029)	Balance
\$ 1,036 \$	5 8	37	\$ 949	\$ -	\$	-	\$ -	\$	-	\$	-	\$	-

DESCRIPTION: Black Mountain (BLK) and Snyder Hill's (SNY) current condition of the roof coatings have been confirmed by both internal and external professional inspections. The polyurethane coating has been repaired numerous times over the past 10-15 years, and has reached the limits of possible repair. The scope of this project will also address the absence of a rooftop fall protection system, which currently poses a significant fall hazard during maintenance.

Removal and disposal of the existing spray foam roofing down to structural concrete deck throughout the area of both pumping plant structures is required. Installation of the new roofing system, will use a foam adhesive to adhere an engineered tapered iso-board substrate system with crickets leading to drains in the roof deck. The new engineered tapered iso-board will re-establish the proper slope to drain, and a new roof coating system will be applied that is warrantied for 20 years.

- **JUSTIFICATION:** The existing roof coatings foam base are in a degraded state resulting in roofing material frequently delaminating and falling off the roof. The continued material degradation will eventually lead to roof leaks and water damage to existing plant systems. Complete replacement of the existing roof system was selected as the best option for correction of these issues.
- **OPERATING IMPACT:** No impacts are anticipated.
- **SOCIAL IMPACT:** No impacts are anticipated.

ENVIRONMENTAL IMPACT:

Removal and proper disposal of the existing roofing materials will minimize the continued loss of roofing material impacting plant area.



Capital Improvement Program SCADA REPLACEMENT AT CONTROL CENTER

Project #: Funding Source:	610324 "Big R"	Start Date: Completion Date: Total Project Cost:	2nd Quarter 2020 2nd Quarter 2030 \$20,036,000						
FINANCIAL IMPACT	/ Cost Estimate (in \$000s):								
Total Pre	-2024 2024 2025 202	.6 2027 2028	2029 Balance						
\$ 20,036 \$	4,132 \$ 2,551 \$ 2,210 \$ 2,11	4 \$ 2,167 \$ 2,225 \$	5 2,286 \$ 2,351						
DESCRIPTION: The CAP system was designed to rely on remote operations to divert and deliver Colorado River water. The current Supervisory Control and Data Acquisition (SCADA) system was place into service in 2012, with most hardware purchased in 2010. A hardware/software replacement is vital to keep up with changes and technological advancements to address security concerns. CAP owns and maintains IT architecture to support multiple SCADA systems (operations and maintenance). There may be an opportunity to optimize the management of these assets, realizing the same or improved functionality of these SCADA systems by consolidating or standardizing the systems used to maximize resources in an efficient manner.									
JUSTIFICATION:	Current SCADA system is approaching the	ne end of its sustainable life.							
OPERATING IMPACT:	A new SCADA system will improve opera	ational efficiency and security.							
SOCIAL IMPACT:	SCADA system failure puts remote opera	ations, including diversions an	d deliveries, at risk.						
Environmental Impact:	No impacts are anticipated.								



Capital Improvement Program SRP-CAP INTERCONNECTION FACILITY

PROJECT #:	610350
Funding Source:	Extraordinary Cost Reserve

START DATE:3rd Quarter 2024COMPLETION DATE:4th Quarter 2027TOTAL PROJECT COST:\$25,750,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Central Arizona Project

Total	Pre-2024	2024	2025	2026	2027	2028	2029	Balance
\$ 25,750	5 -	\$ 85 \$	5,181 \$	10,236 \$	10,248	\$	- \$	-

Description:	The SRP-CAP Interconnection Facility (SCIF) is a joint-funded project with Salt River Project (SRP), CAP, and nine Valley water providers which will allow water to flow between the SRP system and the CAP aqueduct near the Salt River Siphon and Salt Gila Pumping Plant. The project will be broken into three phases and organized under a cost-share agreement approved by the CAWCD Board in 2022.
	Phase One of the cost-share agreement is the technical review phase, which is in progress, and will be completed in 2023. Phase Two will include the design and environmental review process, and Phase Three will be the construction phase of the project. The construction administration of this work will be led by SRP, and CAP's cost-share is 24.4% of the project.
JUSTIFICATION:	SCIF will provide significant new operational flexibility for the CAP system. Current CAP infrastructure allows for water to be discharged from the CAP Canal into the Salt River, but there is no conveyance system for CAP to receive water from SRP.
OPERATING IMPACT:	CAP would gain operational flexibility and interaction with SRP and have capacity rights (leasable) for approximately ¼ of the facility.
Social Impact:	This project improves CAP's system reliability, which increases the reliability of uninterrupted water deliveries. The input of "non-project" water into the CAP system also allows flexibility for CAP water users, including the potential for the transportation of recovered water stored by the Arizona Water Banking Authority, and the possible delivery of water for the Central Trizona Groundwater Replenishment District (CAGRD) that may be developed from the proposed raising of Bartlett Dam.
Environmental Impact:	An environmental assessment will be performed prior to construction to ensure compliance with federal and state laws.

Capital Improvement Program SWITCHYARD SECURITY AT DELANEY

FUND	ect #: Ding Sc Ncial II		"Big		1ATE (ir	n \$0	00s):				Start D. Comple ⁻ Total Pi	TION		1s	st Quai st Quai \$536,0	rter	
	Total	Pre	-2024		2024		2025)	2026		2027		2028		2029	9	Balance
\$	536	\$	486	\$	50	\$	-	\$	-	\$	-	\$	-	\$	-	\$	
Desc	DESCRIPTION: U.S. Federal Energy Regulation Commission (FERC) mandates that certain key transmission infrastructure assets be hardened with reinforced perimeter security, such as walling, fencing or wiring. This project is to bring the Delany switchyard into compliance to improve the security at the site.										, fencing						
Justif	FICATION	1:	miti	gates	risk of	com	oromise	or n	eration ai nore seve is securit	re d	amage. (

OPERATING IMPACT: Upgrading site security will promote system safety for personnel.

SOCIAL IMPACT: Site security improves reliability of CAP water operations, benefiting customers.

ENVIRONMENTAL

IMPACT:

An environmental assessment will be performed prior to construction to ensure compliance with federal and state laws.



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Capital Improvement Program TONOPAH DESERT RECHARGE PROJECT -RECOVERY WELLS

PROJECT #:610342FUNDING SOURCE:Recovery Reserve

START DATE:1st Quarter 2023COMPLETION DATE:4th Quarter 2025TOTAL PROJECT COST:\$13,478,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total	Pre-2024	2024	2025	2026	2027	2028	2029	Balance
\$ 13,478 \$	3,114 \$	3 \$	10,361 \$	- \$	- \$	- \$	- \$	_

- **DESCRIPTION:** The scope of this project includes the design and construction of two pilot recovery wells at the Tonopah Desert Recharge Project (TDRP). The pilot wells will allow CAWCD to assess aquifer hydraulic properties, water quality, and determine the water treatment requirements for future water recovery. After the pilot phase is complete, site construction of additional wells will begin, which will ultimately feed a new treatment and water recovery facility.
- **JUSTIFICATION:** CAWCD is seeking to continue its efforts to directly recover long-term storage credits stored by the Arizona Water Banking Authority and other contractors and subcontractors and channel them into the CAP aqueduct.
- **OPERATING IMPACT:** No impacts are anticipated.
- **SOCIAL IMPACT:** Additional water source for CAP customers.

Environmental

IMPACT: An environmental assessment will be performed prior to construction to ensure compliance with federal and state laws.



Capital Improvement Program WATER EDUCATION CENTER

PROJECT #:	610517
Funding Source:	Extraordinary Cost Reserve

Start Date:	3rd Quarter 2023
COMPLETION DATE:	1st Quarter 2027
TOTAL PROJECT COST:	\$27,121,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Тс	tal I	Pre-2024	2024	2025	2026	2027	2028	2029	Balance
\$ 27,1	21 \$	282	\$ 1,701 \$	11,357 \$	12,511 \$	1,270 \$	- \$	- \$	-

DESCRIPTION:

The Board of Directors has approved pursuing the concept of a Water Education Center, which will include a medium-sized facility (appx. 7,200 sq. ft.) and will advance CAP's goals of serving internal and external stakeholders. A recent market-analysis showed that CAP Headquarters is well-placed for such a facility, and while tourists may not make up a large portion of the Center's attendees, those with a special interest in water issues or educational experiences would.

JUSTIFICATION:

Public interest in water is increasing steadily, and requests for CAP presentations and information are on the rise. There has always been interest in understanding CAP operations and in touring CAP facilities (the headquarters' control center was utilized for this purpose for many years) but there are increasing physical and cyber security limitations on public access to CAP's headquarters, control centers, and pumping plants. In addition, there is no defined space at headquarters to host official briefings, and no view of the canal that is accessible to visitors.

This project will broaden and enrich the CAP visitor experience. It includes a new, accessible space which will explore CAP's history, operations, and impact on Arizona. It will allow a larger audience to expand their understanding of CAP and how it fits into the context of Arizona's water management story, complete with safe, up-close, views of the canal. Information on water issues, conservation, and how water users utilize CAP water will also be a component. The new space will support everything from large water-stakeholder meetings, to elected official's briefings, and school field trips. Additionally, the facility could provide much needed overflow space for meetings, trainings, and events that the current

Operating Impact:	No impacts are anticipated.
Social Impact:	Powerful impact: by inviting stakeholders to visit Headquarters to learn more about water in Arizona.
Environmental	
Імраст:	Minimal, though construction may require relocation of natural protected

vegetation.

Multipurpose Room cannot accommodate.



Capital Improvement Program WEST ENTRANCE GATE - HEADQUARTERS

Project #:	610336
Funding Source:	"Big R"

START DATE:2nd Quarter 2022COMPLETION DATE:1st Quarter 2024TOTAL PROJECT COST:\$2,151,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total	Pre-2024	2024	2025	2026	6	202	7	202	8	2029)	Balance
\$ 2,151 \$	2,127 \$	24 \$	-	\$ -	\$	-	\$	-	\$	-	\$	-

DESCRIPTION: The scope of this project includes the design and construction of a new automated entrance gate and driveway on the west-side of CAP Headquarters that will serve as an additional entry and exit point.

JUSTIFICATION: CAP Headquarters traffic currently enters Headquarters from the east, at the main entrance gate near 7th Street. As traffic in the area has increased, this entrance has been an issue for larger vehicles to safely make the turn to and from the main road. Installing a new automated entrance gate on the west-side of CAP Headquarters (entering from Central Avenue) would address safety concerns and provide an additional point for site access.

OPERATING IMPACT: No impacts are anticipated.

SOCIAL IMPACT: Improved safe access and 2nd entry and exit point to CAP Headquarters.

ENVIRONMENTAL IMPACT: No impacts are anticipated.



Capital Improvement Program

West Entrance Gate Phase Two - Right of Way, Headquarters

PROJECT #:	610345
Funding Source:	"Big R"

Start Date:	4th Quarter 2024
COMPLETION DATE:	4th Quarter 2025
Total Project Cost:	\$637,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total	Pre	-2024	2024	2025	2026	202	7	202	8	2029	9	Balance
\$ 637 \$		-	\$ 90 \$	547 \$	-	\$ -	\$	-	\$	-	\$	-

DESCRIPTION	
DESCIAL HOIR	•

In 2023, CAP constructed Phase One of the West Entrance Gate project that includes a temporary asphalt driveway connection from the west property line of CAP headquarters to Central Avenue, with minimal necessary improvements for safety and traffic flow, along with CAP fence-line modifications for sight visibility compliance.

This project includes Phase Two of the West Entrance Gate project which will include the construction of a new concrete driveway, pavement, curb, and gutter system that meet the City of Phoenix's street classification requirements. The City of Phoenix will oversee the execution of this project, but CAP will pay for all costs associated with the design, construction, and construction administration.

- **JUSTIFICATION:** The Phase Two improvements are required to meet the City of Phoenix's street classification requirements.
- **OPERATING IMPACT:** No impacts are anticipated.
- **SOCIAL IMPACT:** Improved safe access and 2nd exit/entry to CAP Headquarters.

ENVIRONMENTAL IMPACT: No impacts are anticipated.



Capital Improvement Program WINDOWS SERVER REFRESH 2024/2025

PROJECT #:	610397 / 610398
Funding Source:	"Big R"

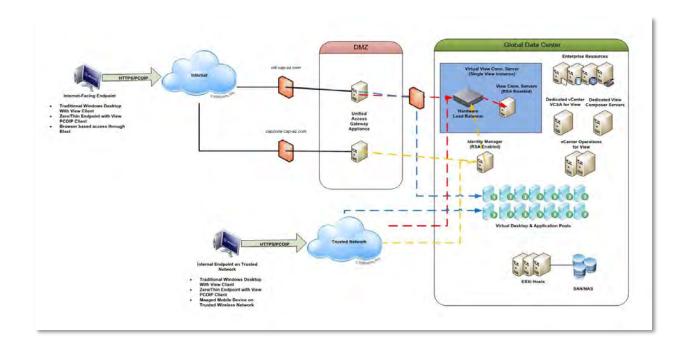
START DATE: COMPLETION DATE: TOTAL PROJECT COST:

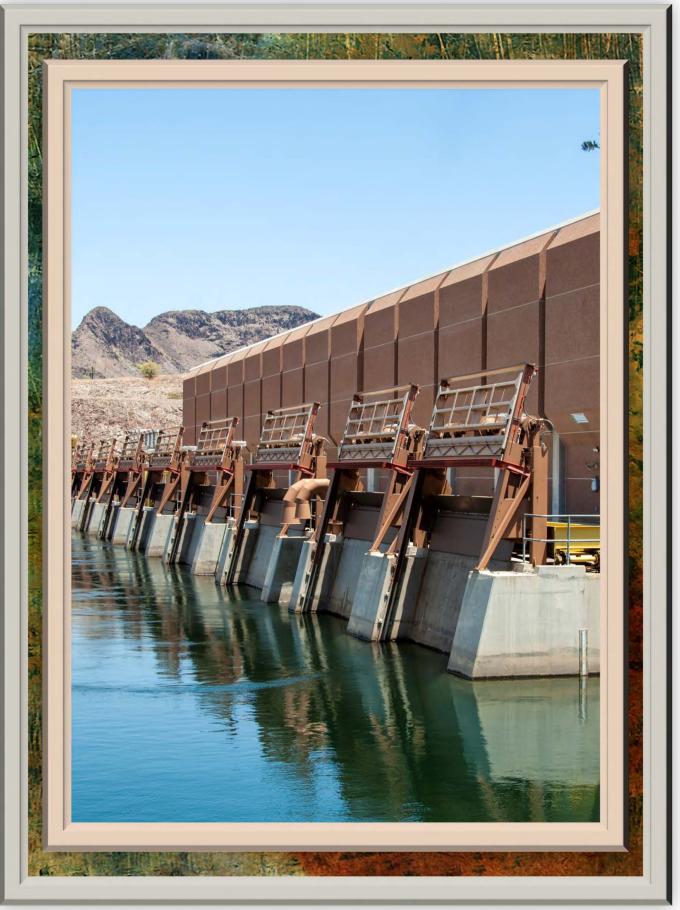
1st Quarter 2024 4th Quarter 2025 \$550,000

FINANCIAL IMPACT / COST ESTIMATE (in \$000s):

Total F	Pre-2024	2024	2025	2026	2027	2028	8	2029)	Balance
\$ 550 \$	-	\$ 275 \$	275 \$	- \$	-	\$ -	\$	-	\$	-

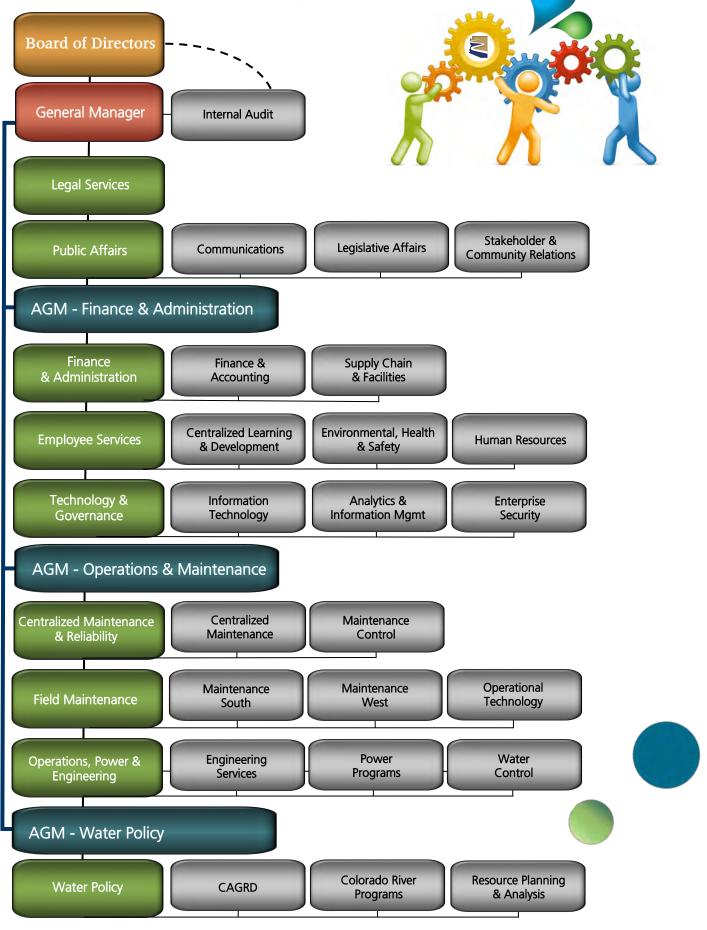
DESCRIPTION:	As technology moves more into a hybrid environment that merges on-premise solutions with the Cloud, Microsoft Windows® server equipment and associated software purchases are required to meet new project requirements without sacrificing CAP uptime standards.
JUSTIFICATION:	System infrastructure enhancements are required to meet project completion schedules and increase productivity enterprise-wide.
OPERATING IMPACT:	No impacts are anticipated.
SOCIAL IMPACT:	CAP employees and customers will benefit from increased information system reliability.
Environmental Impact:	Minimal, as newer equipment typically has less environmental impact than older equipment. Some use of higher-powered equipment may offset the environmental benefit of equipment upgrades.





Little Harquahala Pumping Plant

CAP - Table of Organization



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Central Arizona Project

CAP - - MAKING A DIFFERENCE

BY: DEETTE PERSON - PUBLIC INFORMATION OFFICER

CAP has a long history of celebrating volunteerism and community outreach. This includes our CAP Turnouts volunteer program and our Charities of Choice payroll contribution programs. Additionally, our annual President's Award for Community Service celebrates the employees who support these programs, as well as individual volunteer time for nonprofits in the three counties served by CAP. Through corporate volunteerism, via our CAP Turnouts programs and affiliate groups, we have supported:

- Maggie's Place
- Southwest Wildlife
- Phoenix Pride Festival St. Vincent de Paul
- Tempe Healing Field
- Vitalant
- Zoo Walk for Autism Research

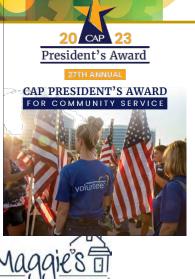
Additionally, CAP has made a donation to the individual charities

- Aksharam Mission
- Alice Cooper's Solid Rock Teen Centers
- Arizona Elk Society
- Arizona Hydrological Society
- Arizona Wildfire Softball
- Banzerini House
- Boy Scouts of America
- Duet
- Fetch Foundation

The Fetch Foundation

- Havasu Regional Medical Center Auxiliary
- Home 'Fur' Good
- Hospice of the Valley
- Liberty Wildlife
- Little Pink Houses of Hope
- MORE Foundation
- Pittie Me Rescue
- Run Your Race
- Rusty's Angels Sanctuary

RUN YOUR RACE



th SOUTHWEST WILDLIFE CONSERVATION CENTER

> HAVASU REGIONAL MEDICAL CENTER DATALY OWNED BY DAVSICIANS



Little **Pink**

Houses or HOPE





- Friends of the Surprise Libraries
- Friends of the Tonto National Forest
- HandsOn Greater Phoenix
- Surrendered Souls Rescue
- Temple Children's Arts Foundation
- Valley Big Brothers/Big Sisters

And finally, via payroll deduction, CAP employees have the opportunity to donate to several employee-chosen charities, including: Duet

- Arizona Friends of Foster Children

- Crossroads
- Duets
- Friends of the Tonto National Forest
- Hospice of the Valley

- Lost our Homes Pet Rescue
- Maggie's Place
- Miracle League of Arizona
- United Way



crossroads

OF ARIZONA















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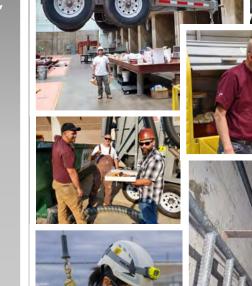
Big Brothers Big Sisters.

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VALUES

Central Arizona Project employees work with pride to create a safe, supportive and friendly workplace. We believe in:

- Integrity
- Professionalism
- Safety
- Service
- Teamwork

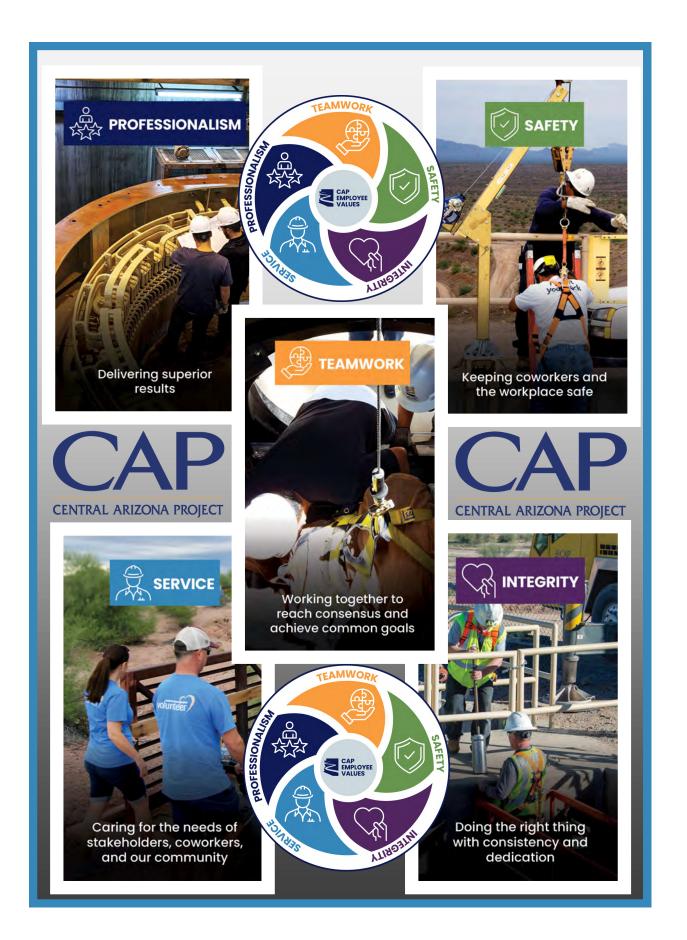




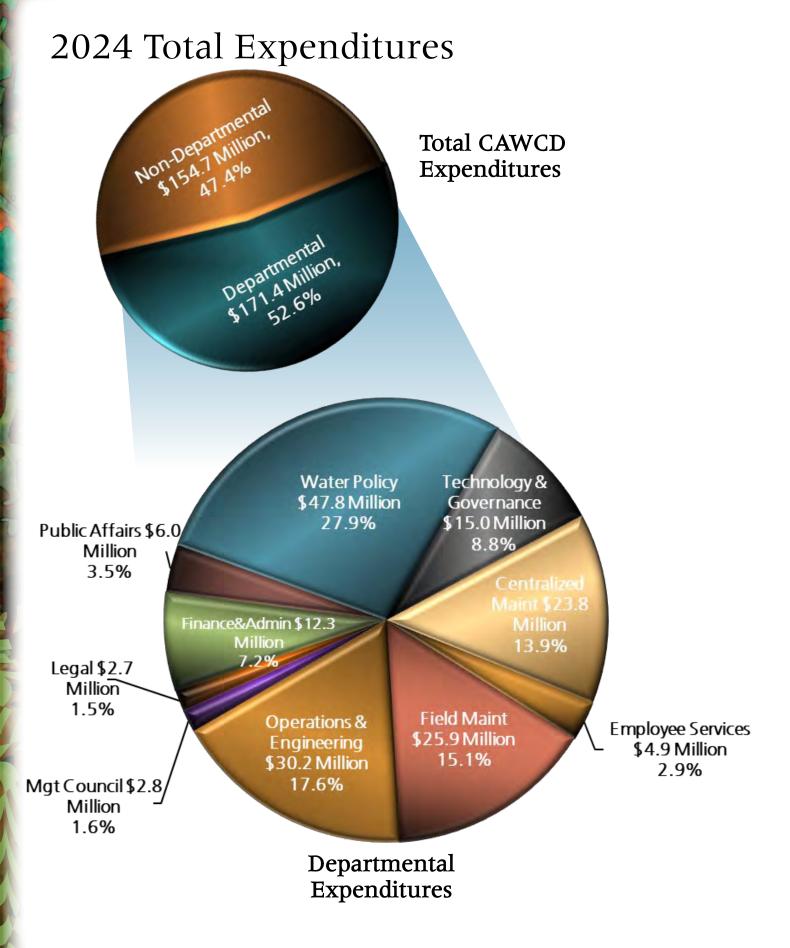
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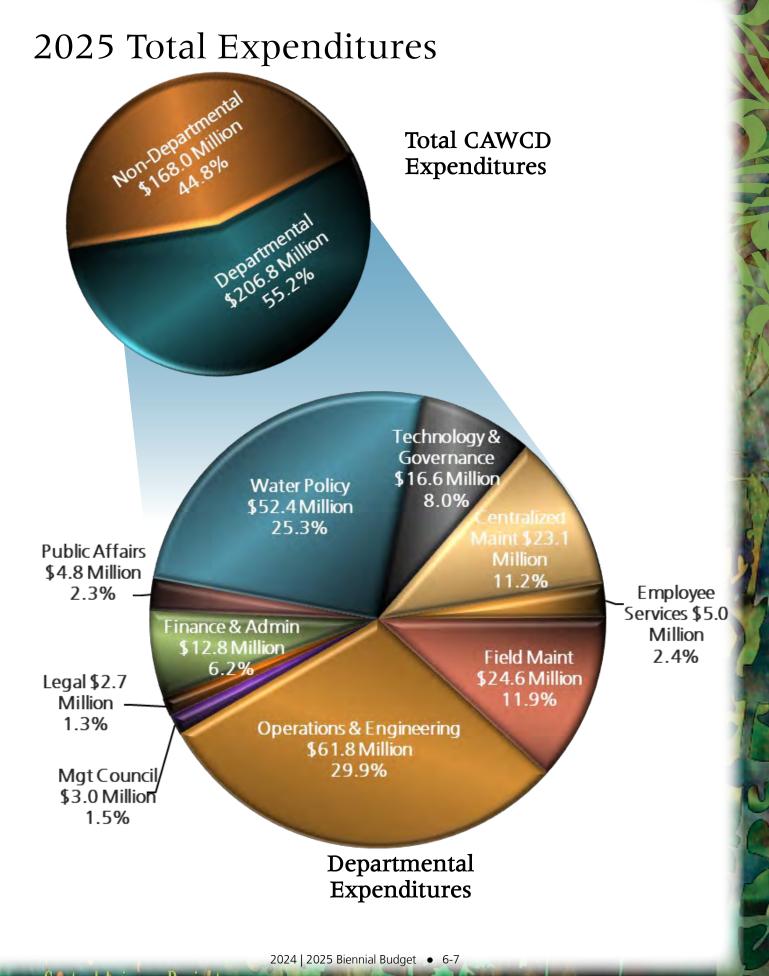
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Summary of Positions Average Full-Time Equivalent (FTE)

	2021 Actuals	2022 Actuals	2023 Projection	2024 Budget	2025 Budget
Management Council	11.7	12.0	11.3	13.0	13.0
Legal Services	5.0	5.0	5.0	6.0	6.0
Public Affairs	16.3	16.3	16.8	17.0	17.0
AGM - Finance & Administration					
Finance & Administration					
Finance & Accounting	19.2	20.1	21.0	21.0	21.0
Supply Chain & Facilities	26.4	26.9	27.0	27.0	27.0
Total Finance & Administration	45.6	47.0	48.0	48.0	48.0
Employee Services					
Centralized Learning & Development	5.5	5.5	5.3	6.0	6.0
Environmental Health & Safety	9.4	10.4	10.0	11.0	11.0
Human Resources	6.0	7.2	7.2	7.5	7.5
Total Employee Services	20.9	23.1	22.5	24.5	24.5
Technology & Governance					
Analytics	5.2	7.3	8.5	9.0	9.0
Information Technology	31.3	27.1	28.1	29.0	29.0
Enterprise Security Total Technology & Governance	9.0 45.5	10.8 45.2	11.3 47.9	12.0 50.0	12.0 50.0
AGM - Operations & Maintenance					
Centralized Maintenance & Reliability					
Centralized Maintenance	66.8	68.1	67.9	71.0	71.0
Maintenance Control	37.2	36.6	39.9	43.0	43.0
Total Centralized Maintenance & Reliability	104.0	104.7	107.8	114.0	114.0
Field Maintenance					
Maintenance South	44.5	42.6	43.5	45.0	45.0
Maintenance West	43.4	44.9	45.9	46.0	46.0
Operational Technology	35.6	35.2	36.8	38.0	38.0
Total Field Maintenance	123.5	122.7	126.2	129.0	129.0
Operations, Power & Engineering					
Engineering	61.2	61.3	61.9	65.0	65.0
Power Program	2.5	2.1	2.1	2.0	2.0
Water Operations	22.3	23.3	23.3	23.0	23.0
Total Operations, Power & Engineering	86.0	86.7	87.3	90.0	90.0
AGM - Water Policy					
Water Policy					
CAGRD *	9.0	9.2	9.0	9.0	9.0
Colorado River Programs	3.7	3.9	4.9	5.0	5.0
Resource Planning & Analysis	4.0	3.9	3.9	5.0	5.0
Total Water Policy Total FTE	<u> </u>	17.0 479.7	17.8 490.6	19.0 510.5	19.0 510.5
Vacancy/Salary Savings Equivalent	4/5.2	4/9./	490.6 (6.0)	(15.0)	(15.0)
Net FTE	475.2	479.7	484.6	495.5	495.5

* CAGRD Fund FTE

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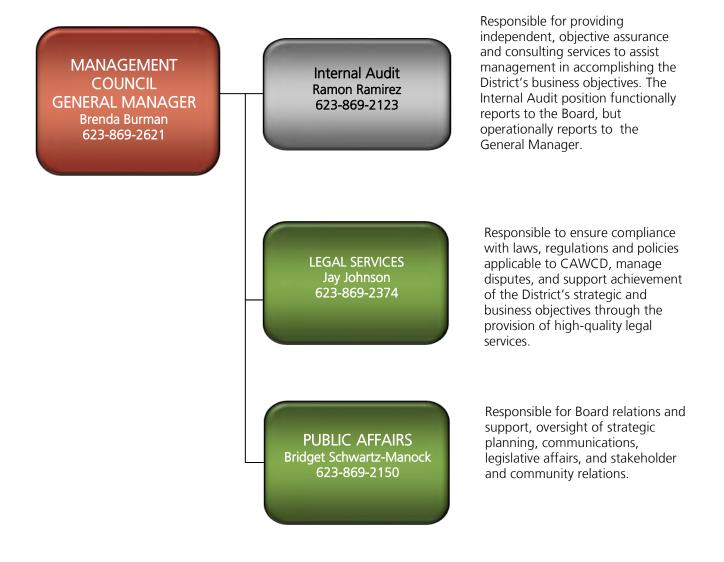
Explanation of Changes in Positions Average Full-Time Equivalent (FTE) (All FTE are General Fund except as noted)

	2023 Projection	2024 Budget	2025 Budget	2024 vs 2023	2025 vs 2024	Notes
Management Council	11.3	13.0	13.0	1.7	-	Filling vacant position
	11.5	15.0	15.0			(Sr. Policy Analyst & Exec. Strategy Adviso
Legal Services	5.0	6.0	6.0	1.0	-	New position (Sr. Attorney)
Public Affairs	16.8	17.0	17.0	0.2	-	Filling vacant position (Spec Board Support)
AGM - Finance & Administration						
Finance & Administration						
Finance & Accounting	21.0	21.0	21.0	-	-	
Supply Chain & Facilities	27.0	27.0	27.0	-	-	
Total Finance & Administration	48.0	48.0	48.0	-	-	-
Employee Services						
Centralized Learning & Development	5.3	6.0	6.0	0.7	-	Filling vacant position
						(Learn Prog Mgr-OC/Health)
Environmental Health & Safety	10.0	11.0	11.0	1.0	-	Filling vacant position (Safety Specialist)
Human Resources	7.2	7.5	7.5	0.3	-	Filling vacant position (Intern)
Total Employee Services	22.5	24.5	24.5	2.0	-	-
Technology & Governance						
Analytics	8.5	9.0	9.0	0.5	-	Filling vacant position (Data Architect)
Information Technology	28.1	29.0	29.0	0.9	-	Filling vacant position (IT Manager)
Enterprise Security	11.3	12.0	12.0	0.7	-	Filling vacant position (Agent & Manager)
Total Technology & Governance	47.9	50.0	50.0	2.1	-	
AGM - Operations & Maintenance						
Centralized Maintenance & Reliability						
Centralized Maintenance	67.9	71.0	71.0	3.1	-	Filling vacant position
						(Mechanic Millwrights & Apprentice)
Maintenance Control	39.9	43.0	43.0	3.1	-	Filling vacant position
Total Centralized Maintenance & Reliability	107.8	114.0	114.0	6.2	-	(Asset Exellence Mgr & Engineers)
Field Maintenance						
Maintenance South	43.5	45.0	45.0	1.5	-	Filling vacant position (Equipment Operator
Maintenance West	45.9	46.0	46.0	0.1	-	
Operational Technology	36.8	38.0	38.0	1.2	-	Filling vacant position
Total Field Maintenance	126.2	129.0	129.0	2.8	-	(Program Administrator & Electrician)
Operations, Power & Engineering						
Engineering	61.9	65.0	65.0	3.1	-	Filling vacant position
						(Eng. & 1 FTE transferred from Water Ops)
Power Program	2.1	2.0	2.0	(0.1)	-	
Water Operations	23.3	23.0	23.0	(0.3)	-	Filling vacant position
Total Operations, Power & Engineering	87.3	90.0	90.0	2.7	-	(Dispatcher & 1 FTE moved to Engineering)
AGM - Water Policy						
Water Policy						
CAGRD *	9.0	9.0	9.0	-	-	
Colorado River Programs	4.9	5.0	5.0	0.1	-	
Resource Planning & Analysis	3.9	5.0	5.0	1.1	-	New position (Sr. Policy Analyst)
Total Water Policy	17.8	19.0	19.0	1.2	-	-
Total FTE	490.6	510.5	510.5	19.9 (9.0)	-	
Vacancy/Salary Savings Equivalent	(6.0)	(15.0)	(15.0)	(9.0)	<u> </u>	-
Net FTE	484.6	495.5	495.5	10.9	•	=



General Manager - Management Council

Mission: Provides leadership and direction in managing the business of the Central Arizona Water Conservation District through implementation of the CAWCD Board of Directors' strategic vision, building and maintaining trust-based relationships with stakeholders, protecting the District's resources and operating in a responsible and environmentally sound manner.



Key Result Area	Strategic Issues	2022/2023 Action Plans & Accomplishments						
Public Trust, Partnerships and Leadership	Increase awareness of CAP and engage the general public on CAP's role in the management of Arizona's water; seek feedback and identify opportunities to collaborate and improve customer service; continue active Board and staff engagement with constituents, stakeholders, and other water entities	Action Plan: Build upon current efforts to increase dialogue and engagement, proactively communicate and share information, particularly in the context of shortage preparedness and sustainability; continue to implement issue-specific briefings, seek feedback and develop and implement outreach strategies and collaborative partnerships. The expected outcome was to increase engagement and collaboration with constituents, stakeholders and other water entities through messaging, meetings, briefings and roundtables. Accomplishment: Began interactive classes called "CAP University", in which Board Members and Staff educated the public on a variety of topics ranging from the basics of CAP to Finances to Infrastructure. These sessions were held quarterly and often had hundreds of online participants. CAP staff also expanded "Joint Coordination Meetings" with municipal and tribal customers, in which the organizations exchanged critical information.						
	Address impacts from Colorado River drought and overallocation; actively participate in plans and support relationships to maintain a healthy Colorado River system;	Action Plan: Support implementation of the Drought Contingency Plan; co-lead Arizona Reconsultation Committee process and participate in the Reconsultation of the 2007 Guidelines; participate in and support implementation of Minute 323 desalination and other augmentation initiatives and fulfilment of Reclamation's DCP and augmentations commitments; advance completion of the Water Quality Guidelines for non-Project water and definition on system improvements; continue and accelerate coordination with AWBA and ADWR and stakeholders on recovery planning and infrastructure. The expected outcome was to Deploy CAWCD						

Water Supply

facilitate deliveries of non-Project water through the CAP system; collaborate in the development of new water supplies and other water augmentation efforts; work collaboratively in the recovery of water stored by the Arizona Water Banking Authority Contingency Plan; co-lead Arizona Reconsultation Committee process and participate in the Reconsultation of the 2007 Guidelines; participate in and support implementation of Minute 323 desalination and other augmentation initiatives and fulfilment of Reclamation's DCP and augmentations commitments; advance completion of the Water Quality Guidelines for non-Project water and definition on system improvements; continue and accelerate coordination with AWBA and ADWR and stakeholders on recovery planning and infrastructure. The expected outcome was to Deploy CAWCD mitigation resources and successfully implement DCP agreements and commitments; actively participate in the Arizona Reconsultation Committee process; actively participate in the Basin States salinity control program and bi-national workgroups and processes in support of implementing Minute 323; complete the Water Quality Guidance Document and establish engineering and related standards for turn-ins; continue to participate as an active member of the Recovery Planning Advisory Group.

Accomplishment: DCP agreements have been successfully implemented and expanded upon, including the 500+ Plan, the Lake Powell plan, and the response to the SEIS. The first wheeling agreement was finalized and implemented with the Town of Queen Creek in June 2023.

Key Result	Strategic	2022/2023
Area	Objectives	Action Plans & Accomplishments

	implement and
	improve CAP's
	strategic asset
	management program
	to ensure long-term
	infrastructure viability;
h.,	maintain and improve
ty	the security and
	reliability of
	information
	technology systems;
	advance focused plans
	to support CAP
	business continuity

Implement and

Action Plan: Engage the asset management/reliability excellence community of practice to gain insights and knowledge of best practices; ensure that operations, maintenance and replacement activities for CAP assets are prioritized based on the condition of the asset and the consequence of a failure; continue to enhance cybersecurity awareness; employ technology to improve access to and evaluation of business information; maintain and modify preparedness and disaster recovery plans based on COVID-19 experience. The expected outcome was to participate in RLI monthly meetings; develop and implement a process/application to measure Preventative Maintenance Compliance on 5 year Condition Assessments; complete quarterly staff cybersecurity training with 95% compliance rate; deploy new technologies as appropriate; complete revised Business Disaster Recovery Plan and conduct mock exercises to implement revised plan.

Accomplishment: The focus on cybersecurity allowed us to meet our goal of over 95% of staff taking quarterly training. The Business Disaster Recovery Plan was completed and the Enterprise Security Department was created to merge cyber and physical security elements within CAP. Reached compliance with five-year condition assessments.

Project Reliabilit

Manage capital and operations and maintenance budgets, debt, revenues, tax rates, water rates, and reserves effectively and transparently; solicit and incorporate input from constituents, customers, and stakeholders on rate setting, capital charges, and taxes Action Plan: Develop 2024-2025 budget and appropriate reserve, rate-setting and property tax strategies consistent with expected shortage scenarios and essential infrastructure maintenance needs; collect and utilize feedback from stakeholder briefings and roundtables. The expected outcome was to adopt 2024-25 budget, 2023-28 water rates and annual tax rates; conduct budget and rate briefings and/or roundtables as budget and rates are developed and include stakeholder perspectives in Board briefs.

Accomplishment: 2023-2028 water rates and 2023-2024 tax rates were finalized by the Board of Directors in public setting. Staff conducted budget and rate briefings to get stakeholder perspectives.

Finance

Central Arizona Project

Key Result	Strategic
Area	Objectives

2022/2023 Action Plans & Accomplishments

change adaptation and mitigation and develop plans to address climaterelated impacts; explore opportunities to support sound water management within CAP's jurisdiction and through partnerships; explore opportunities related to species and habitat conservation; Evaluate and consider the relevant environmental impacts of moving non-Project water

Implement plans for climate

Action Plan: Pursuant to the CAP Climate Adaptation Plan, implement strategies that address climate change impacts in order to maintain high levels of service, protect infrastructure and CAP operational viability; assess CAP's carbon footprint and explore feasible ways to reduce it consistent with CAP's mission; collaborate on developing appropriate species and habitat practices relating to future hydrologic conditions, shortage, climate change and operating rules; complete the Water Quality Guidance and associated modeling to prepare for wheeling. The expected outcome was to Implement short-term strategies in the CAP Climate Adaptation Plan; define the process to guantify and manage carbon footprint; continued participation in the Multi-Species Conservation Program and develop an MSCP process to engage Fish and Wildlife Service on DCP and shortage conditions; completion of Water Quality Guidance Document and CAWCD System Water Quality Model.

Accomplishment: Climate adaptation plan was finalized and the CAP carbon footprint analysis was completed and presented to the Board of Directors. Continued participation in the MSCP.

Action Plan: Increase outreach to create awareness and response to CAP recruitment in targeted areas; expand internship and/or scholarship programs to enhance recruitment in targeted areas; develop vision and goals for well-being and cultural climate; conduct employee engagement assessment and monitor progress in targeted areas. The expected outcome was to Increase in recruitment and internship and/or scholarship program efforts in targeted areas; create vision statements defining success in terms of employee engagement and well-being; demonstrate progress in targeted areas of employee engagement.

Accomplishment: Conducted market rate assessments to ensure CAP salaries remained competitive and improved the salary grades to ensure recruiting efforts were not undercut by internal equity issues. Expanded internship program to specifically recruit at least one tribal student. Began process of restructuring New Employee Orientation and candidate interviews to improve recruiting and onboarding processes.

Sustainability

Stewardship and

Workforce

Implement programs to support building a diverse, inclusive and representative workforce; Monitor CAP's workforce climate, employee well-being and engagement

Key Result Area	Strategic Objectives	2022/2023 Action Plans & Accomplishments
Power	Address dynamic energy markets as they affect CAP power acquisitions; Actively engage in the transmission market to ensure access to diversified, low-cost energy resources; Take advantage of developments in energy efficiency and renewable resources, including storage	Action Plan: Continually monitor energy developments and provide periodic updates to the CAP Board and EROC on market prices for energy, technological advances, cost of renewable generation, and procurement of power resources; strengthen partnerships with entities that have, or may seek to build, transmission capacity in Arizona to position CAP to take appropriate action; incorporate renewable resources and battery storage into the CAP portfolio when economically viable in relation to market purchases. The expected outcome was to Provide regular updates to Board and Finance, Audit and Power Committee and EROC; continue active participation with APA, IEDA, WAPA SRP, APS, and TEP and report on transmission opportunities to FAP and EROC; continuously evaluate opportunities to incorporate renewable resources into CAP's power portfolio. Accomplishment: Provided regular updates to the Board and FAP Committee on the energy market, which was very volatile in 2022-2023. Despite major disruptions to natural gas supply, the war in Ukraine, and major weather events straining the grid, CAP was able to keep its energy rates predictable due to exceptional planning of energy purchases and shaping of water deliveries.
Groundwater Replenishment	Responsibly meet CAGRD's statutory replenishment obligation; Ensure continued effective management, reasonable pricing and financial viability of CAGRD	Action Plan: Continue to administer an effective water acquisition program; prepare and mitigate for shortage impacts to CAGRD; begin to develop the 2025 plan of operation; participate actively in dialogues regarding the resilience and long-term role of CAGRD. The expected outcome was to Successfully implement an updated water supply acquisition strategy and plan for and mitigate shortage impacts to existing wet water supply; evaluate acquiring long-term, higher priority water supplies less susceptible to shortage; complete new Member Land and Member Service Area projections and develop draft outline of Plan of Operation; continue active participation in the GWAICC Post-2025 AMA Committee. Accomplishment: Draft outline of Plan of Operation is underway and there is continued participation in GWAICC Post- 2025 AMA Committee. CAGRD continues to evaluate options for water supply acquisition, given the challenges in Maricopa and Pinal county relating to the 100-year groundwater supply.

General Manager - Management Council BUSINESS GOALS

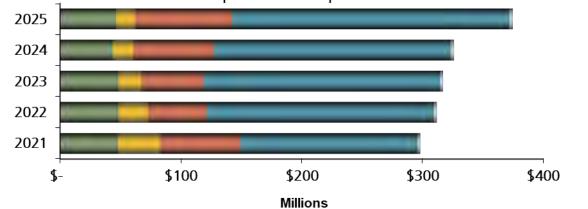
The General Manager's role is to coordinate, guide and direct the Management Council with their individual plans and Strategic Issues. This oversight ensures that the Board's Strategic Plan and Key Result Area's are used as the foundation for the organizational plans and accomplishments during this next 2-year budget period.

As such, the General Manager does not have any direct business goals beyond performance goals established annually by the Board. Feedback and accomplishments are provided to the Board throughout the year.

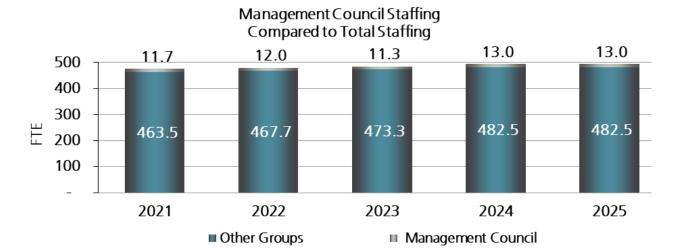
General Manager - Management Council BUDGET SUMMARY

	2021		2022		2023		2024		2025	
(Thousands)	Actuals		Actuals		Projection		Budget		Budget	
Operating Expenses										
Salaries & wages	\$	2,084	\$ 2,339	\$	2,183	\$	2,659	\$	2,845	
Outside services		42	119		127		90		90	
Materials & supplies		1	1		2		2		2	
Other expenses		34	81		47		62		64	
Total Operating Expenses	\$	2,161	\$ 2,540	\$	2,359	\$	2,813	\$	3,001	
Expenses by Fund										
Operating Expenses										
General Fund	\$	2,161	\$ 2,540	\$	2,359	\$	2,813	\$	3,001	
CAGRD		-	-		-		-		-	
Other Funds and Accounts		-	-		-		-		-	
Total Operating Expenses	\$	2,161	\$ 2,540	\$	2,359	\$	2,813	\$	3,001	
Capital Spending		-	-		-		-		-	
Total Expenses	\$	2,161	\$ 2,540	\$	2,359	\$	2,813	\$	3,001	
Staffing (FTE)		11.7	12.0		11.3		13.0		13.0	

Management Council Expenses Compared to Total Expenses









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Legal Services

Mission: The Legal Services Group provides timely, effective and high-quality legal services to the Board of Directors, management and staff of the CAWCD.



Ensure compliance with laws, regulations and policies applicable to CAWCD, manage disputes, and support achievement of the District's strategic and business objectives through the provision of high-quality legal services.

Legal Services ACCOMPLISHMENTS

F.

ork collaboratively the recovery of ater stored by the izona Water inking Authority	Action Plan: Develop recovery implementation agreements as needed. The expected outcome was to facilitate agreements with partners, consistent with the System Use Agreement. Accomplishment: Worked with RPA to develop a firming agreement necessary for implementing firming and recovery for M&I Subcontractors.						
	Action Plan: Support the intrastate and interstate partnerships for reconsultation negotiations. The expected outcome was to work collaboratively with ADWR and other parties within Arizona and within the Lower Basin States.						
aintain a healthy blorado River stem	Accomplishment: Continued work with ADWR on negotiations related to the SEIS; provided support and worked on presentation materials for Arizona Reconsultation Committee and Strategy Team meetings.						
n-Project water rough the CAP stem, pursuant to	Action Plan: Support Engineering in its development of Guidance for parties entering into System Use Agreement in collaboration with the Bureau of Reclamation. The expected outcome was to provide successfully developed guidance.						
greement	Accomplishment: Guidance document completed in Q3 2022.						
ontinue active bard and staff gagement with	Action Plan: Support and facilitate tribal water settlements. The expected outcome was to continue to directly engage and protect the interests of CAP in settlement negotiations and related litigation related to Navajo-Hopi, Tohono O'odham and Hualapai, as well as other tribal negotiations pertaining to CAP that may be initiated.						
her water entities	Accomplishment: Congress approved Hualapai Settlement in Q4 2022.						
	blans and support ationships to intain a healthy lorado River tem illitate deliveries of n-Project water ough the CAP tem, pursuant to system Use reement ntinue active ard and staff gagement with hstituents, keholders and						

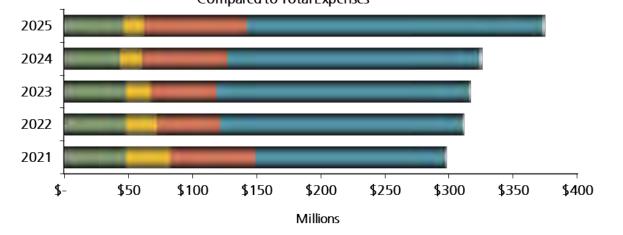
Legal Services BUSINESS GOALS

Key Result Area	Strategic Issue	2024/2025 Action Plans & Expected Outcomes
		Action Plan: Support the intrastate and interstate partnerships for reconsultation negotiations. Expected Outcome: Work collaboratively with ADWR and other parties within Arizona and within the Lower Basin States.
Water Supply	Actively participate in plans and support relationships to maintain a healthy Colorado River System	Action Plan: Collaborate with the Bureau of Reclamation, ADWR and water users on system conservation and ICS preservation agreements. Expected Outcome: Actively work to enter into ICS Preservation Agreements and system conservation agreements.
		Action Plan: Prepare comments to the draft EIS and participate in negotiations for near and long-term river operations and prepare and maintain readiness for possible litigation. Expected Outcome: Complete draft EIS comments and continue to work with CAP management team to develop and implement negotiation strategy and retain necessary litigation team[s] and develop and carryout research related to possible litigation.
	Work collaboratively in the recovery of water stored by the Arizona Water Banking Authority	Action Plan: Prepare and negotiate recovery and firming agreements. Expected Outcome: Work collaboratively with recovery partners and subcontractors to finalize a template for recovery and firming agreements.
Public Trust, Partnerships and Leadership	Continue active Board and staff engagement with constituents, stakeholders and other water entities.	Action Plan: Support and facilitate tribal water settlements. Expected Outcome: Continue to directly engage and protect the interests of CAP in settlement negotiations and related litigation related to Navajo-Hopi, Tohono O'odham and Tonto-Apache, as well as other tribal negotiations pertaining to CAP that may be initiated.

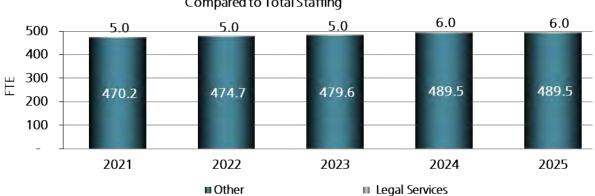
Legal Services BUDGET SUMMARY

	2021		-	2022	-	2023		2024		2025	
(Thousands)	ļ	Actuals		Actuals		Projection		Budget		Budget	
Operating Expenses											
Salaries & wages	\$	917	\$	1,007	\$	1,039	\$	1,294	\$	1,384	
Outside services		316		499		421		1,223		1,123	
Materials & supplies		-		3		3		2		2	
Other expenses		52		68		80		144		144	
Total Operating Expenses	\$	1,285	\$	1,577	\$	1,543	\$	2,663	\$	2,653	
Expenses by Fund											
Operating Expenses											
General Fund	\$	1,285	\$	1,577	\$	1,543	\$	2,663	\$	2,653	
CAGRD		-		-		-		-		-	
Other Funds and Accounts		-		-		-		-		-	
Total Operating Expenses	\$	1,285	\$	1,577	\$	1,543	\$	2,663	\$	2,653	
Capital Spending		-		-		-		-		-	
Total Expenses	\$	1,285	\$	1,577	\$	1,543	\$	2,663	\$	2,653	
Staffing (FTE)		5.0		5.0		5.0		6.0		6.0	

Legal Services Expenses Compared to Total Expenses



Amortization & Depreciation Interest Power Other Groups Legal Services



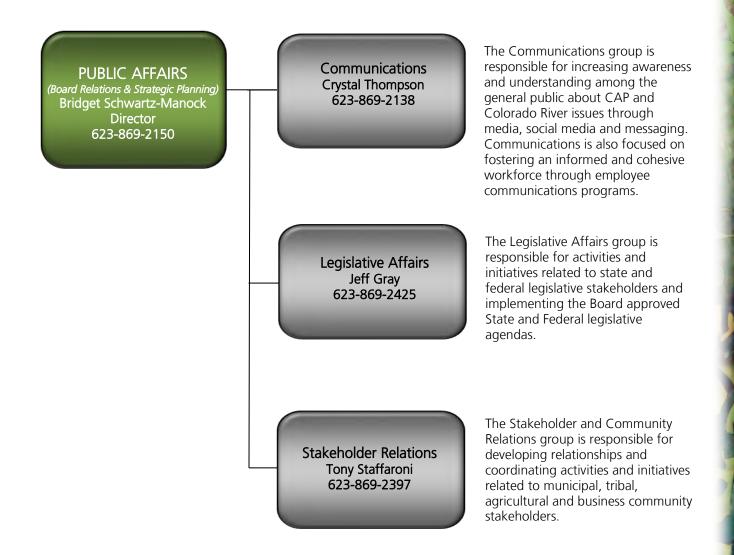
Legal Services Staffing Compared to Total Staffing

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Public Affairs

Mission: Public Affairs will strategically advance CAP's mission by developing a consistent and unified voice and by building collaborative relationships with internal and external stakeholders. Public Affairs will be a leader in outreach, partnership and communications to position CAP as a valued, respected innovator and collaborator in water management regionally and nationally.

CAP's Public Affairs Department has five main functions: Board relations and support, oversight of strategic planning, communications, legislative affairs, and stakeholder and community relations.



Public Affairs ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2022/2023 Action Plans and Accomplishments
Public Trust, Partnerships and Leadership	Seek feedback and identify opportunities to collaborate and improve customer service	Action Plan: Expand the CAP data available to stakeholders. The expected outcome was to identify and explore possible ways to use technology to provide more CAP data online to the public. Accomplishment: Public Affairs published a "CAP Data and Maps" page on cap-az.com that includes select, publicly available maps and data applications on one "portal" page. The project began in earnest Sept. 2021 with a meeting of employees throughout the organization who, during the web redesign process, expressed interest in having data and/or maps accessible on the website. Action Plan: Administer a customer service survey on a biannual basis. The expected outcome was to successfully administer survey in 2023. Accomplishment: Stakeholder Survey launched in fall 2023.
	Increase awareness of CAP and engage the general public on CAP's role in the management of Arizona's water	Action Plan: Continue to offer CAP University learning opportunities to the public and other targeted audiences. To increase the number of participants and variety of courses offered each year. Accomplishment: Conducted nine CAP University courses in 2022- 23. Topics included CAP 101, Finance, Infrastructure and Maintenance, Shortage and Recovery, and Power.

Public Affairs ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2022/2023 Action Plans and Accomplishments
		Action Plan: Develop and implement CAP's state and federal legislative agenda/programs, as approved by the Public Policy Committee and Board of Directors. The expected outcome was to successfully implement legislative guidance by growing and cultivating relationships with key officials and water entities.
Public Trust, Partnerships and Leadership	Continue active Board and staff engagement with constituents, stakeholders, and other water entities	Accomplishment: <u>Federal:</u> Worked to secure federal funding aimed at assisting Reclamation with its obligation to provide Colorado River water augmentation and conservation under DCP, which led to the successful appropriations for Reclamation in the Bipartisan Infrastructure Law and subsequent budget bills, totaling \$325 million. Supported the successful passage of S. 4104 (Hualapai Tribe settlement) and S. 3308 (Colorado River Indian Tribe Water Resiliency Act), both of which were signed into law by the President. <u>State:</u> Worked to pass HB2409 (multi-county water districts; storage tax), which extends the date the 4-cent tax steps down to 3 -cents by an additional five years, from December 31, 2024 to December 31, 2029. It also extends the repeal of the tax by five years, from January 1, 2030 to January 1, 2035. Supported the successful passage of: HB2129 (direct potable reuse); SB1564 (on- farm irrigation efficiency); Water Protection Funds included in state budget, and; elimination of annul budget sweep of Az Water Banking Authority. Participated in stakeholder discussion with the Legislature and Governor's Office to advance CAP priorities as part of the \$1.4B water authority legislation that was signed into law.

Additional Significant Accomplishments:

Central Arizona Project

For the first time, conducted two Tribal Coordination Meetings (TCMs) with the Pascua Yaqui Tribe and the Tohono O'odham Nation in 2022, with 2 additional TCMs scheduled in 2023.

Public Affairs BUSINESS GOALS

The second

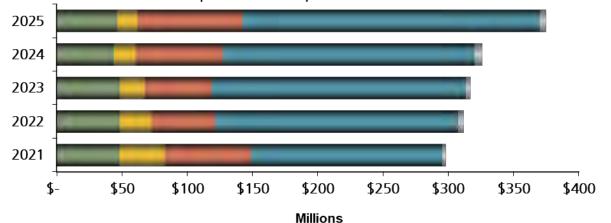
Key Result Area	Strategic Issue	2024/2025 Action Plans & Expected Outcomes
	Increase awareness of CAP and engage the general public on CAP's role in the	Action Plan: Facilitate opportunities for the Board and staff to further engage with the public and increase visibility of CAP among community groups and organizations.Expected Outcome: Continue to facilitate outside presentations to public groups given by Board Members and continue staff engagement with outside boards and committees.
	management of Arizona's water	Action Plan: Continue to offer CAP University learning opportunities to the public and other targeted audiences. Expected Outcome: Continue to develop a variety of courses offered each year.
Public Trust, Partnership and		
Leadership	Seek feedback and identify opportunities to collaborate and improve customer service	Action Plan: Continue to develop and implement outreach strategies for East Valley, West Valley, Pima/Pinal Counties and CAP Tribes. Expected Outcome: Annually develop strategic outreach plans that enhance customer engagement.
	Continue active Board and staff engagement with constituents, stakeholders, and other water entities	Action Plan: Develop and implement CAP's state and federal legislative agenda/ programs, as approved by the Public Policy Committee and Board of Directors. Expected Outcome: Successfully implement legislative guidance by growing and cultivating relationships with key officials and water entities.

Public Affairs BUDGET SUMMARY

(Thousands)	2021 Actuals		2022 Actuals		2023 Projection		2024 Budget		2025 Budget	
Operating Expenses										
Salaries & wages	\$	1,527	\$	1,660	\$	1,799	\$	1,947	\$	2,083
Outside services		1,042		2,296		1,261		3,334		2,079
Materials & supplies		47		43		43		81		81
Other expenses		221		331		474		592		585
Total Operating Expenses	\$	2,837	\$	4,330	\$	3,577	\$	5,954	\$	4,828
Expenses by Fund										
Operating Expenses										
General Fund	\$	2,837	\$	4,330	\$	3,577	\$	5,954	\$	4,828
CAGRD		-		-		-		-		-
Other Funds and Accounts	_	-		-		-		-		-
Total Operating Expenses	\$	2,837	\$	4,330	\$	3,577	\$	5,954	\$	4,828
Capital Spending		-		-		-		-		-
Total Expenses	\$	2,837	\$	4,330	\$	3,577	\$	5,954	\$	4,828
Staffing (FTE)		16.3		16.3		16.8		17.0		17.0

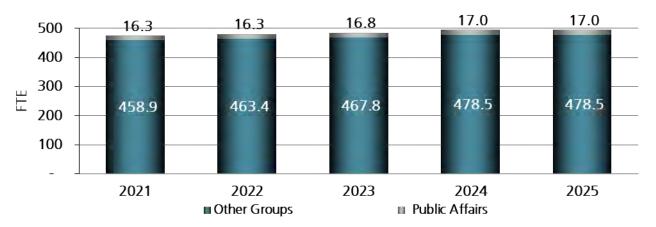
Public Affairs Expenses

Compared to Total Expenses



Amortization & Depreciation
 Interest
 Power
 Other Groups
 Public Affairs
 Public Affairs Staffing

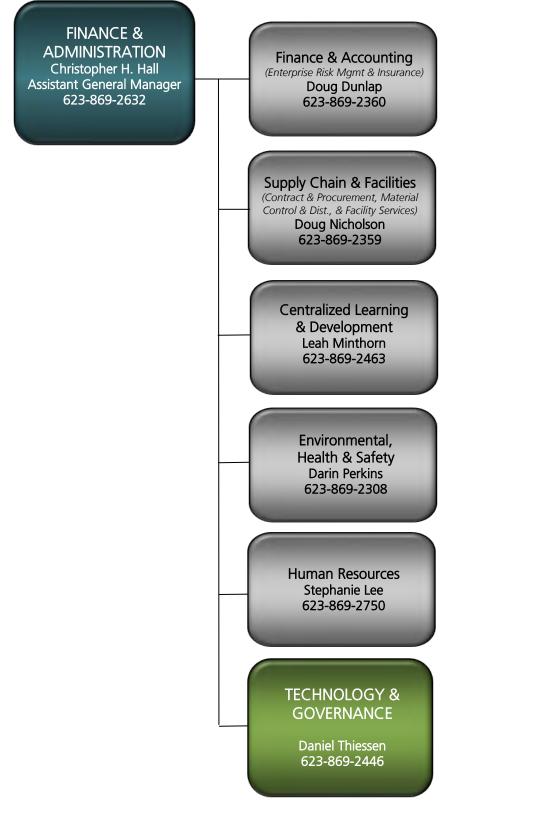
Compared to Total Staffing

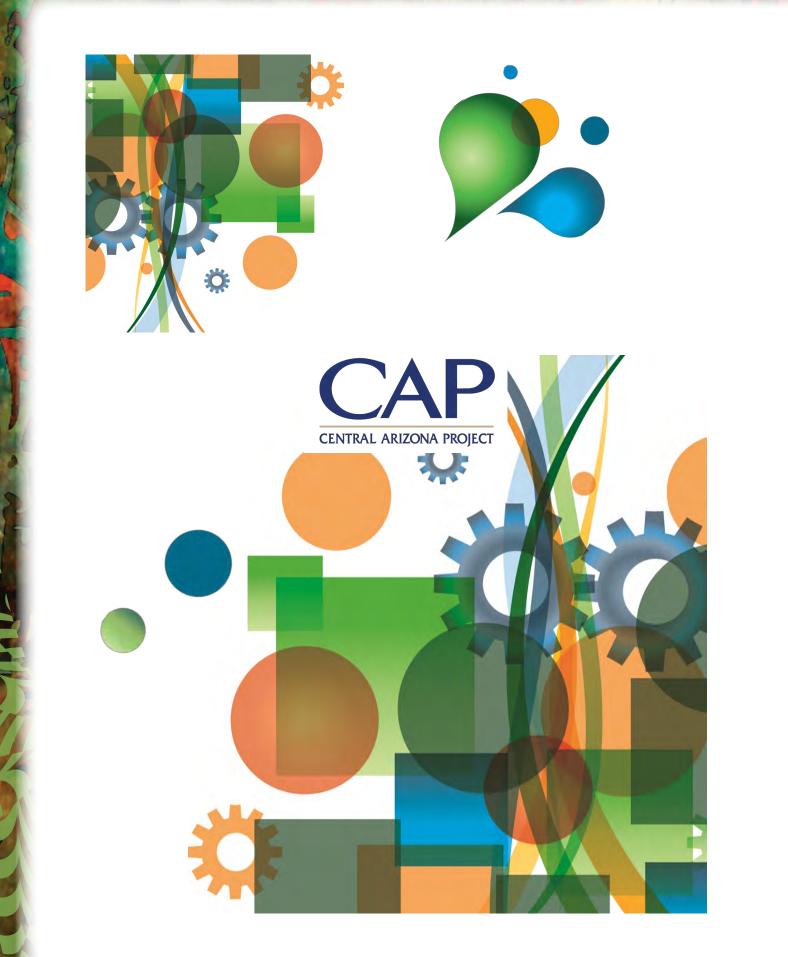




Finance & Administration - Assistant GM

Mission: Provides leadership to the Finance & Accounting, Employee Services, which includes Centralized Learning & Development, Environmental, Health & Safety, and Human Resources, Supply Chain & Facilities, and the Technology and Governance groups to ensure operational excellence for the responsible areas.





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Finance & Administration

Mission: The Finance & Administration Group is responsible for managing financial and administrative activities of the District, including finance and accounting, enterprise risk management, supply chain, and facilities services. Ensures the accuracy and integrity of financial reporting, including planning, rates, budget, and reserves as well as compliance with purchasing policy and oversight of the Captive insurance operations.



Finance & Accounting (Enterprise Risk Mgmt & Insurance) Doug Dunlap 623-869-2360 Responsible for financial analysis and statement reporting according to generally accepted accounting principles (GAAP). Responsible for budget development and management, long-range financial planning (LRFP) and rate development, cash and treasury management, accounts receivable & payable, payroll, accountable property and external audit coordination. Risk management activities, and CAWCD Captive insurance.

Supply Chain & Facilities (Contract & Procurement, Material Control & Dist., & Facility Services) Doug Nicholson 623-869-2359 Responsible for the procurement of goods and services, inventory control, distribution of materials, supplies and equipment to various locations, as well as facilities services for CAP Headquarters and outlying facilities.

Finance & Administration ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2022/2023 Action Plans and Accomplishments
		Action Plan: Ensure budget either meets expectation for currently established rates, or variances can be adequately explained. The expected outcome was to have completed 2022-2023 budget complied through project detail.
	Manage capital and	Accomplishment: 2024-2025 Budget successfully created and submitted to Board for consideration.
Finance	Manage capital and operations and maintenance budgets, debt, revenues, tax rates,	Action Plan: Evaluate strategic reserve and working capital reserve targets based on current environment and present findings to the Board. The expected outcome was to communicate and confirm strategic and working capital targets.
	water rates, and reserves effectively and transparently	Accomplishment: In early 2022, staff updated reserve targets updated and communicated them to the FAP Committee. Also communicated Reserve Management Guidelines to FAP Committee per Board request. The final FAP Committee recommendation and Board action occurred in Quarter 2 of 2022. Reserve targets were reviewed and new targets approved by Board, including reserve flow of funds process. An additional update on reserve targets was presented to the FAP Committee in February 2023, with a staff recommendation to maintain current targets for another year.
		Action Plan: Enhance individual awareness regarding cybersecurity threats by providing appropriate training and education to employees. The expected outcome was for 95% employee compliance to complete Security Awareness Training.
Project Reliability	Maintain and improve the security and reliability of information technology systems	Accomplishment: The anticipated compliance rate for Security Awareness Training met the 95% target. The IT division continues to provide articles concerning cybersecurity practices and collaborates with the Enterprise Security Team to ensure the quarterly training is completed in a timely manner (100%). CAP continues to engage employees to educate and ensure proper security standards are followed and documented as well as affirmed through the Technology Review Board. IT is working with Enterprise Security related training.
	Advance focused plans to support business continuity	Action Plan: Maintain preparedness and disaster recovery for potential pandemics. Review existing plans based on COVID-19 experience and update on actual experience. The expected outcome was to assess CAP response to current pandemic and update policies to address lessons learned. Complete awareness and application of business disaster recovery plans at the department level. Conduct tabletop exercise with a mock pandemic/workforce shortage in 2023.
		Accomplishment: Completed fourth department tabletop exercise from late 2022. Business Disaster Recovery in 2022 developed Enterprise wide security planning with internal partners and external support agencies. Table top exercise planned for 2023.

Finance & Administration BUSINESS GOALS

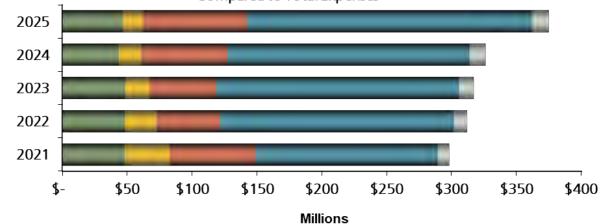
Key Result Area	Strategic Issue	2024/2025 Action Plans & Expected Outcomes
	Manage capital and operations and maintenance budgets, debt, revenues, tax rates, water rates, and reserves effectively and transparently	Action Plan: Evaluate extraordinary cost and strategic reserves and working capital targets based on current environment and present findings to the Board. Expected Outcome: Communicate and confirm extraordinary cost, strategic and working capital targets.
Finance	Develop risk management and procurement practices to minimize financial exposure and maximize value	Action Plan: Implement improved work processes that are integrated with maintenance, procurement, supply chain and facilities processes. Expected Outcome: Evaluate and determine path forward for process improvements. Action Plan: Ensure all employees take an active role in information management at CAP to minimize risk and increase efficiency. Expected Outcome: Educate employees on records and information management, and enforce retention and disposition rules within the document management system.

	Maintain and improve the security	Action Plan: Protect and secure CAP's Information Technology assets and sensitive business information assets.
Project Reliability		Expected Outcome: Conduct regular Security assessments (Cloud, Network, Storage) and work with ESM (Enterprise Security Management) to implement remediation activities from penetration test findings.

Finance & Administration BUDGET SUMMARY

	2021			2022		2023		2024		2025
(Thousands)	Actuals		Actuals		Projection		Budget			Budget
Operating Expenses										
Salaries & wages	\$	3,541	\$	3,892	\$	4,185	\$	4,464	\$	4,776
Outside services		3,025		3,181		3,664		3,732		3,555
Materials & supplies		566		810		731		968		1,014
Other expenses		1,802		2,309		2,691		3,148		3,455
Total Operating Expenses	\$	8,934	\$	10,192	\$	11,271	\$	12,312	\$	12,800
Expenses by Fund Operating Expenses										
General Fund	\$	8,934	\$	10,192	\$	11,271	\$	12,312	\$	12,800
CAGRD		-		-		-		-		-
Other Funds and Accounts		-		-		-		-		-
Total Operating Expenses	\$	8,934	\$	10,192	\$	11,271	\$	12,312	\$	12,800
Capital Spending		-		53		-		-		-
Total Expenses	\$	8,934	\$	10,245	\$	11,271	\$	12,312	\$	12,800
Staffing (FTE)		45.6		47.0		48.0		48.0		48.0

Finance & Administration Expenses Compared to Total Expenses



Amortization & Depreciation
Interest
Power
Other Groups
Finance & Administration Staffing
Compared to Total Staffing



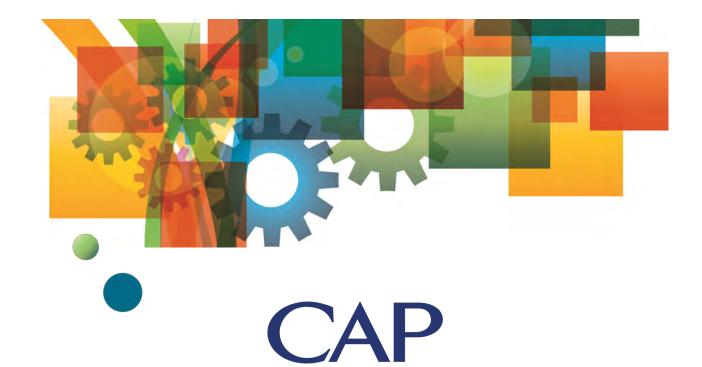
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Finance & Administration FINANCE & ACCOUNTING

(Thousands)	2021 Actuals				Pr	2023 Projection		2024 Budget		2025 Budget	
Operating Expenses											
Salaries & wages	\$	1,602	\$	1,800	\$	1,991	\$	2,128	\$	2,277	
Outside services		, 1,585	•	, 1,376		, 1,547	•	1,558	•	1,553	
Materials & supplies		18		. 6		. 17		11		19	
Other expenses		1,759		2,246		2,624		3,074		3,380	
Total Operating Expenses	\$	4,964	\$	5,428	\$	6,179	\$	6,771	\$	7,229	
Expenditures by Fund Operating Expenses											
General Fund CAGRD Account Other Funds and Accounts	\$	4,964	\$	5,428	\$	6,179	\$	6,771 -	\$	7,229	
Total Operating Expenses	\$	4,964	\$	5,428	\$	6,179	\$	6,771	\$	7,229	
Capital Expenditures		-		-		-		-		-	
Total Expenditures	\$	4,964	\$	5,428	\$	6,179	\$	6,771	\$	7,229	
Staffing (FTE)		19.2		20.1		21.0		21.0		21.0	

Finance & Administration SUPPLY CHAIN

	2021		-	2022	-	2023	2024		_	2025
(Thousands)	F	Actuals		Actuals		Projection		Budget	E	Budget
Operating Expenses										
Salaries & wages	\$	1,939	\$	2,092	\$	2,194	\$	2,336	\$	2,499
Outside services	4	1,440	4	1,805	Ψ	2,117	*	2,174	*	2,002
Materials & supplies		548		804		714		957		995
Other expenses		43		63		67		74		75
Total Operating Expenses	\$	3,970	\$	4,764	\$	5,092	\$	5,541	\$	5,571
· · · · · · · · · · · · · · · · · · ·	•	- /	•	.,	-	-,	•	-,	•	-,
Expenditures by Fund										
Operating Expenses										
General Fund	\$	3,970	\$	4,764	\$	5,092	\$	5,541	\$	5,571
CAGRD Account	Ψ	-	4	-	Ψ	-	Ψ	-	4	-
Other Funds and Accounts		_		_		_		_		_
Total Operating Expenses	\$	3,970	\$	4,764	\$	5,092	\$	5,541	\$	5,571
Capital Expenditures	4	-	4	53	¥	-	Ψ	-	÷	-
Total Expenditures	\$	3,970	\$	4,817	\$	5,092	\$	5,541	\$	5,571
Staffing (FTE)	*	26.4	*	26.9	*	27.0	4	27.0	4	27.0



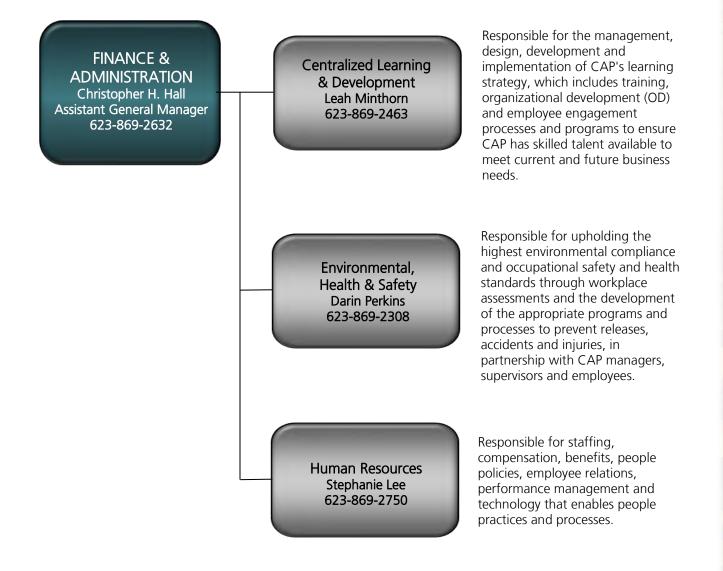
CENTRAL ARIZONA PROJECT



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Employee Services

Mission: The Employee Services Group provides strategic support through talent and organizational programs, processes and practices that promote a safe and secure work environment with competitive pay and benefits; while enhancing effectiveness by increasing employees' knowledge, skills, and abilities through continued learning, growth and development opportunities. Through these efforts CAWCD will remain an employer of choice able to recruit and retain highly qualified workers while also being a leader in workplace safety, health and sustainability.



Employee Services ACCOMPLISHMENTS

1

Key Result Area	Strategic Issue	2022/2023 Action Plans and Accomplishments
		Action Plan: Revise CAP salary grade structure and definition of "midpoint" to clarify misunderstandings about market rate and to ensure CAP salaries are competitive and attractive to outside candidates. The expected outcome was to establish new salary grade structures effective 1/2022 that are current with market data and education about market rate that creates more realistic expectations regarding salary ranges.
	Develop recruitment strategies to best support CAP's hiring needs	Accomplishment: Completed market rate study for all individual contributor positions in 2021 to design new salary and grade structure. Successfully implemented new salary and grade structure for CAP individual contributors that were implemented in 2022. Will conduct additional market rate study in 2023 with the opportunity to refine changes beginning in 2024.
		Action Plan: Review position descriptions to ensure they meet the skills and competencies of the organization. The expected outcome was to ensure all position descriptions will be reflective of current responsibilities and will be reviewed on a set timeline to ensure they are always accurate.
Workforce		Accomplishment: Successfully reviewed all position descriptions to ensure proper alignment within new salary and grade structure. Continue to evaluate position description changes using proprietary scoring tool in order to ensure continued correct placement.
		Action Plan: Review all CAP policies to determine creation date, revised date and determine if the policies are being followed and what should be updated. The expected outcome was to update outdated policies and create a repository of policy history.
	Review and update policies and procedures to protect CAP employees	Accomplishment: All policies with creation date and any revised dates have been documented in a spreadsheet for an official record. A new policy template has also been created that documents the department owner of the policy and any other departments that should be consulted when updates occur. A policies and procedures guidelines document has been created that states policies should be updated at least every 3 years, the difference between a policy and a procedure and standard formatting.

Employee Services ACCOMPLISHMENTS

Key Result	Strategic	2022/2023
Area	Issue	Action Plans and Accomplishments
		Action Plan: Develop customized roadmap for onboarding new and existing employees and their leaders. The expected outcome was to determine level of employee engagement and performance.
\\/	divis cont enha Safe New pres Bega wha	Accomplishment: Completed initial roadmap design for specific divisions, (i.e. Maintenance & Control and Engineering), but will continue to build upon this goal to expand our reach into enhancing CAP's new hire orientation in 2023. Met with HR, CLD, Safety & Environmental to identify all topic areas included in CAP New Hire Orientation. Re-designed and standardized all presentation documents to create continuity of message delivery. Began a feedback log from new employees to better understand what information is most valuable for them for their first week on the job.
Workforce	opportunities to enhance CAP's workforce	Action Plan: Create a coaching community for various learning programs where we can leverage participants newly learned leadership skills to model the way for their peers. The expected outcome was to increase employee content created and utilized.
		Accomplishment: Kicked off the first Academy Short: CLD Bookclub in January 2023. The Academy Short provides a deeper dive into topics covered in the Supervisor Academy (content can also be built around identified company needs). The format of each Academy Short will be dictated by the content, but many Shorts will take the form of micro-cohorts that run 4-8 weeks in length with classes running 2-3 hours every other week. The micro -cohort format allows folks to build deeper relationships with others, and the short classes are designed accommodate busy schedules.

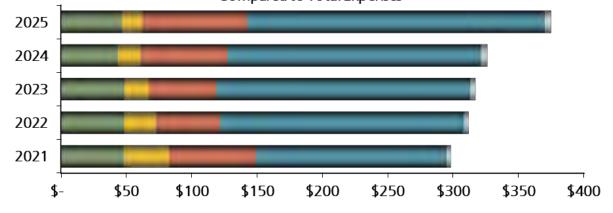
Employee Services BUSINESS GOALS

Key Result Area	Strategic Issue	2024/2025 Action Plans & Expected Outcomes
	Develop recruitment strategies to best support CAP's hiring needs	Action Plan: Conduct compensation market study to ensure CAP salaries are competitive, research solutions to compression issues, and determine if leadership salary structures need to be revised. Expected Outcome: Analyze compensation data and implement appropriate changes.
	Implement programs to support building a diverse, inclusive, and representative workforce, emphasizing programs to attract Tribal candidates	Action Plan: Continue the focus on hiring tribal candidates for summer internships and gather feedback from the interns on how CAP could be an employer of choice for them. Expected Outcome: At least 2 internships are reserved for tribal candidates and survey completed.
Workforce	Engage in innovative professional development opportunities to enhance CAP's workforce	Action Plan: Develop customized roadmap(s) for onboarding new and existing employees and their leaders. Expected Outcome: Determine level of employee readiness, engagement and performance.
	Review and update policies and procedures to protect CAP employees	Action Plan: Implement online trainings and review of CAP policies to improve NEO and reinforcement for current employees. Expected Outcome: Online trainings for high priority policies are launched and 100% completion rate for new hires and 85% completion rate for current staff. Action Plan: Offer employee training on personal safety and risk mitigation for physical and cybersecurity. Expected Outcome: Include in Safety Week courses, employee communications and quarterly trainings.

Employee Services BUDGET SUMMARY

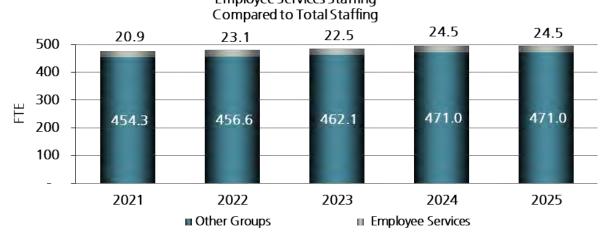
	2021		2022		2023		2024		2025
(Thousands)	ŀ	Actuals	Actuals		Projection		Budget	В	udget
Operating Expenses									
Salaries & wages	\$	1,865	\$ 2,027	\$	2,083	\$	2,447	\$	2,619
Outside services		860	1,102		1,139		1,379		1,371
Materials & supplies		42	70		68		83		75
Other expenses		505	715		804		967		944
Total Operating Expenses	\$	3,272	\$ 3,914	\$	4,094	\$	4,876	\$	5,009
Expenses by Fund Operating Expenses									
General Fund	\$	3,272	\$ 3,914	\$	4,094	\$	4,876	\$	5,009
CAGRD		-	-		-		-		-
Other Funds and Accounts		-	-		-		-		-
Total Operating Expenses	\$	3,272	\$ 3,914	\$	4,094	\$	4,876	\$	5,009
Capital Spending		-	-		-		-		-
Total Expenses	\$	3,272	\$ 3,914	\$	4,094	\$	4,876	\$	5,009
Staffing (FTE)		20.9	23.1		22.5		24.5		24.5

Employee Services Expenses Compared to Total Expenses



Millions

Amortization & Depreciation Interest Power Other Groups Employee Services
Employee Services Staffing



Employee Services CENTRALIZED LEARNING & DEVELOPMENT

(Thousands)	2021 Actuals		2022 Actuals		2023 Projection		2024 Budget		2025 udget
Operating Expenses Salaries & wages	\$ 500	\$	507	\$	523	\$	637	\$	682
Outside services	3		139		216		301		154
Materials & supplies Other expenses	6 398		28 600		7 617		7 781		10 765
Total Operating Expenses	\$ 907	\$	1,274	\$	1,363	\$	1,726	\$	1,611
Expenditures by Fund Operating Expenses General Fund CAGRD Account Other Funds and Accounts Total Operating Expenses	\$ 907 907	\$	1,274	\$	1,363	\$	1,726	\$	1,611
Capital Expenditures	 -		-		-		-		-
Total Expenditures	\$ 907	\$	1,274	\$	1,363	\$	1,726	\$	1,611
Staffing (FTE)	5.5		5.5		5.3		6.0		6.0

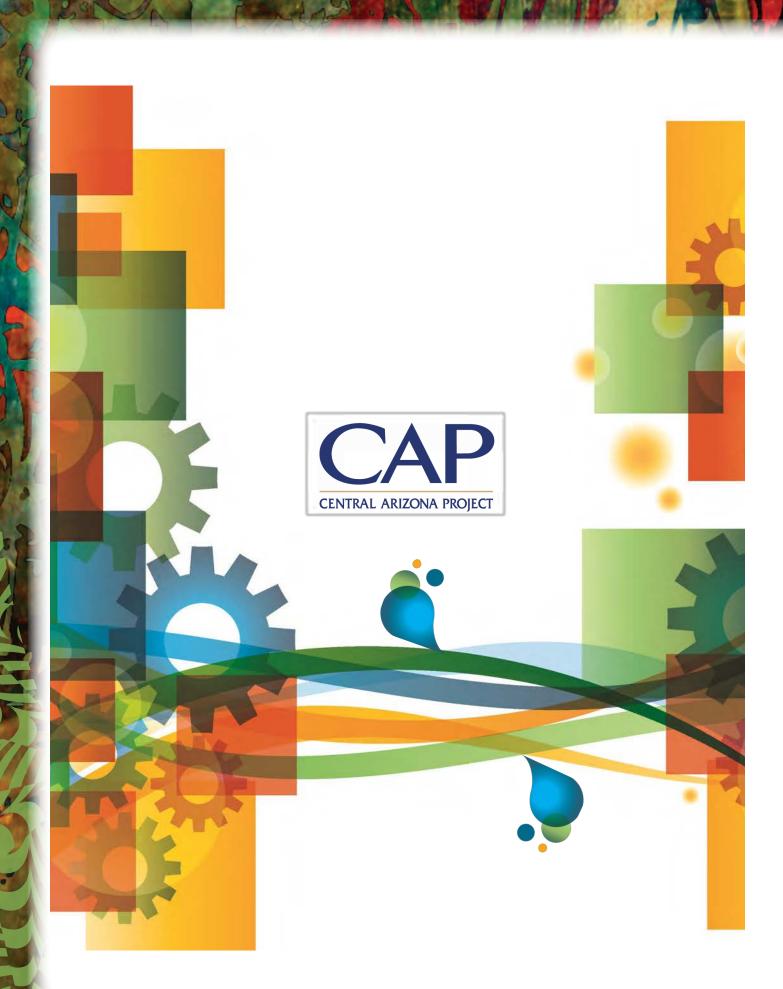
Employee Services ENVIRONMENTAL, HEALTH & SAFETY

	_	2021	_	2022	_	2023	_	2024	_	2025
(Thousands)	A	Actuals		Actuals	P	rojection		Budget	E	Budget
On anothing Francisco										
Operating Expenses	¢	017	<i>~</i>	000	<i>*</i>	004	*	4 004	*	4 457
Salaries & wages	\$	817	≯	892	\$	904	\$	1,081	\$	1,157
Outside services		79		169		201		194		195
Materials & supplies		34		39		59		72		61
Other expenses		79		81		113		95		88
Total Operating Expenses	\$	1,009	\$	1,181	\$	1,277	\$	1,442	\$	1,501
Expenditures by Fund										
Operating Expenses										
General Fund CAGRD Account Other Funds and Accounts	\$	1,009 -	\$	1,181 -	\$	1,277 -	\$	1,442 -	\$	1,501 -
Total Operating Expenses	\$	1,009	\$	1,181	\$	1,277	\$	1,442	\$	1,501
Capital Expenditures		-		-		-		-		-
Total Expenditures	\$	1,009	\$	1,181	\$	1,277	\$	1,442	\$	1,501
Staffing (FTE)		9.4		10.4		10.0		11.0		11.0

Employee Services HUMAN RESOURCES

(Thousands)	2021 ctuals	 2022 Actuals	Р	2023 rojection	2024 Budget	2025 Sudget
Operating Expenses						
Salaries & wages	\$ 548	\$ 628	\$	656	\$ 729	\$ 780
Outside services	778	794		722	884	1,022
Materials & supplies	2	3		2	4	4
Other expenses	 28	34		74	91	91
Total Operating Expenses	\$ 1,356	\$ 1,459	\$	1,454	\$ 1,708	\$ 1,897
Expenditures by Fund Operating Expenses						
General Fund CAGRD Account Other Funds and Accounts	\$ 1,356 -	\$ 1,459 -	\$	1,454 -	\$ 1,708 -	\$ 1,897 -
Total Operating Expenses	\$ 1,356	\$ 1,459	\$	1,454	\$ 1,708	\$ 1,897
Capital Expenditures	-	-		-	-	-
Total Expenditures	\$ 1,356	\$ 1,459	\$	1,454	\$ 1,708	\$ 1,897
Staffing (FTE)	6.0	7.2		7.2	7.5	7.5

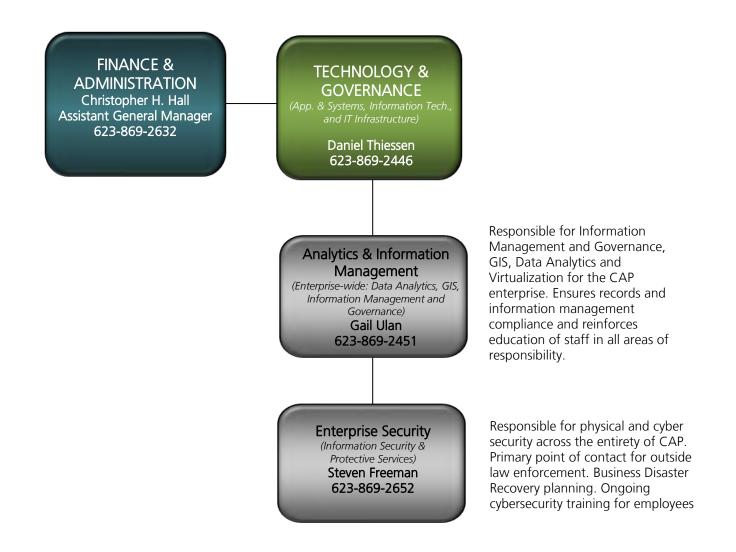


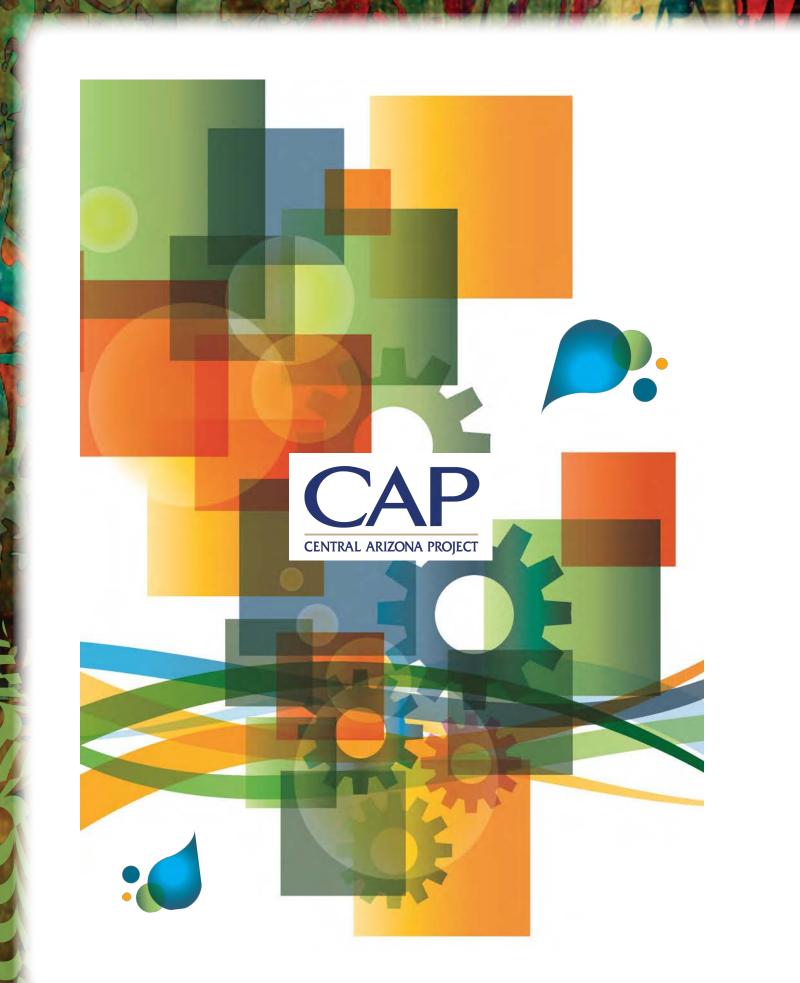


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Director - Technology & Governance

Mission: The mission of the Technology & Governance Group is to promote and support the District's effective use of Information Technology, Security Operations, and management of its data assets. It recommends, implements, and maintains the relevant technologies furthering the strategic goals of the District. Through dedication and focus on outstanding customer service, promotes collaboration, stability, and unrivaled innovation. insurance operations.



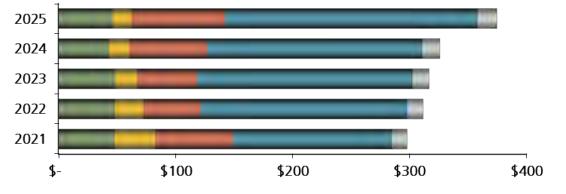


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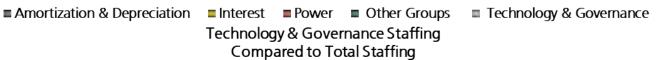
Technology & Governance Group BUDGET SUMMARY

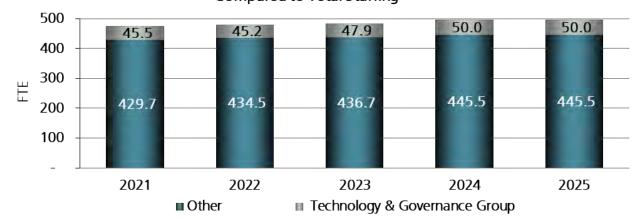
(Thousands)	2021 Actuals		2022 Actuals	2023 Projection		2024 Budget		2025 Budget	
Operating Expenses									
Salaries & wages	\$	4,597	\$ 4,998	\$	5,603	\$	6,320	\$	6,761
Outside services		6,504	5,311		6,715		6,614		6,992
Materials & supplies		767	418		509		583		609
Water for recharge		-	-		-		-		-
Other expenses		491	450		550		371		721
Total Operating Expenses	\$	12,359	\$ 11,177	\$	13,377	\$	13,888	\$	15,083
Expenditures by Fund									
Operating Expenses									
General Fund	\$	12,359	\$ 11,177	\$	13,377	\$	13,888	\$	15,083
CAGRD Account		-	-		-		-		-
Other Funds and Accounts		-	-		-		-		-
Total Operating Expenses	\$	12,359	\$ 11,177	\$	13,377	\$	13,888	\$	15,083
Capital Expenditures		608	2,410		786		1,115		1,495
Total Expenditures	\$	12,967	\$ 13,587	\$	14,163	\$	15,003	\$	16,578
Staffing (FTE)		45.5	45.2		47.9		50.0		50.0

Technology & Governance Expenses Compared to Total Expenses



Millions





Technology & Governance Group ANALYTICS

		2021		2022	2023		2024		2025
(Thousands)	ŀ	Actuals		Actuals	P	rojection		Budget	Budget
Operating Expenses									
Salaries & wages	\$	492	\$	837	\$	1,000	\$	1,176	\$ 1,258
Outside services		143		953		1,023		606	715
Materials & supplies		-		-		1		2	2
Other expenses		11		85		109		164	320
Total Operating Expenses	\$	646	\$	1,875	\$	2,133	\$	1,948	\$ 2,295
Expenses by Fund Operating Expenses General Fund CAGRD Account Other Funds and Accounts	\$	646		1,875		2,133	-	1,948	\$ 2,295
Total Operating Expenses	\$	646.0	\$	1,875	\$	2,133	\$	1,948	\$ 2,295
Capital Spending		-		-		-		-	 -
Total Expenses	\$	646	\$	1,875	\$	2,133	\$	1,948	\$ 2,295
Staffing (FTE)		5.2		7.3		8.5		9.0	9.0

Technology & Governance Group ENTERPRISE SECURITY DEPARTMENT

	2021		2022	2023		2024			2025
(Thousands)	A	ctuals	Actuals	Ρ	rojection	ł	Budget	B	udget
Operating Expenses									
Salaries & wages	\$	743	\$ 996	\$	1,122	\$	1,270	\$	1,358
Outside services		719	729		819		1,151		1,161
Materials & supplies		57	83		82		82		82
Other expenses		2	18		16		65		64
Total Operating Expenses	\$	1,521	\$ 1,826	\$	2,039	\$	2,568	\$	2,665
Expenditures by Fund Operating Expenses General Fund CAGRD Account Other Funds and Accounts	\$	1,521 -	1,826		2,039	-	2,568 -	\$	2,665 -
Total Operating Expenses	\$	1,521	\$ 1,826	\$	2,039	\$	2,568	\$	2,665
Capital Expenditures		-	-		-		-		-
Total Expenditures	\$	1,521	\$ 1,826	\$	2,039	\$	2,568	\$	2,665
Staffing (FTE)		9.0	10.8	_	11.3		12.0		12.0

Technology & Governance Group INFORMATION TECHNOLOGY

		2021		2022	2023			2024	2025		
(Thousands)	A	ctuals		Actuals	P	rojection		Budget	i	Budget	
Operating Expenses											
Salaries & wages	\$	3,362	\$	3,165	\$	3,481	\$	3,874	\$	4,145	
Outside services		5,642		3,629		4,873		4,857		5,116	
Materials & supplies		710		335		426		499		525	
Other expenses		478		347		425		142		337	
Total Operating Expenses	\$	10,192	\$	7,476	\$	9,205	\$	9,372	\$	10,123	
Expenditures by Fund											
Operating Expenses General Fund CAGRD Account Other Funds and Accounts	\$	10,192	\$	7,476	\$	9,205	\$	9,372	\$	10,123	
Total Operating Expenses	\$	- 10,192	\$	7,476	\$	9,205	\$	9,372	\$	- 10,123	
Capital Expenditures	Ļ	608	Ψ	2,410	Ψ	786	Ψ	1,115	Ψ	1,495	
Total Expenditures	\$	10,800	\$	9,886	\$	9,991	\$	10,487	\$	11,618	
Staffing (FTE)	-	31.3	4	27.1	4	28.1	4	29.0	-	29.0	





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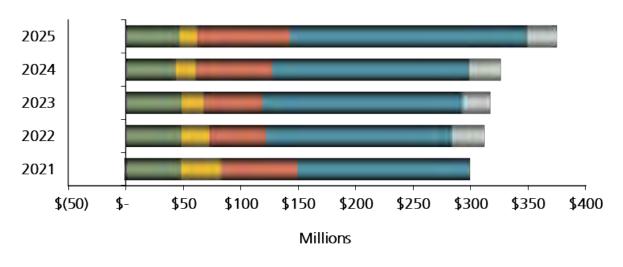
Non Departmental BUDGET SUMMARY

Central Arizona Project

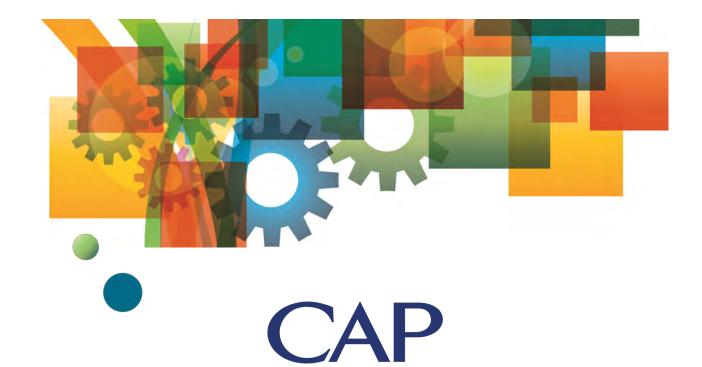
The Non Departmental expenditures consist of items that are not managed at a department level, such as depreciation, amortization, employer taxes, allocated overhead, pumping power, transmission and interest. These items are managed primarily through the Finance department with the exception of power and transmission that are managed by the Power Programs department.

		2021		2022		2023		2024		2025	
(Thousands)	ŀ	Actuals	ŀ	Actuals	Pr	ojection		Budget		Budget	
Operating & Non-operating Expenses											
Salaries & benefits	\$	18,233	\$	22,261	\$	24,924	\$	29,478	\$	31,479	
Pumping power & capacity charges		66,386		48,915		51,271		66,412		80,370	
Transmission		15,876		21,674		14,964		15,388		13,395	
Depreciation & amortization		48,201		48,443		48,609		43,621		46,608	
Interest expense		34,528		24,197		18,817		17,153		15,460	
Other expenses		(42,453)		(24,297)		(22,170)		(23,213)		(25,009)	
Total Operating & Non-operating Expense	\$	140,771	\$	141,193	\$	136,415	\$	148,839	\$	162,303	
Expenses by Fund											
Operating & Non-operating Expenses											
General Fund	\$	176,267	\$	155,983	\$	149,415	\$	165,700	\$	181,839	
CAGRD Account		2,070		2,811		2,572		2,328		2,121	
Other Funds & Eliminations		(37,566)		(17,601)		(15,572)		(19,189)		(21,657)	
Total Operating & Non-operating Expense	\$	140,771	\$	141,193	\$	136,415	\$	148,839	\$	162,303	
Capital Spending		7,109		8,591		6,434		5,862		5,726	
Total Expenses	\$	147,880	\$	149,784	\$	142,849	\$	154,701	\$	168,029	
Vacancy/Salary Savings Equivalent		-		-		-		-		-	

Non-Departmental Expenses Compared to Total Expenses



■ Amortization & Depreciation ■ Interest ■ Power ■ Other Groups ■ Non-departmental



CENTRAL ARIZONA PROJECT



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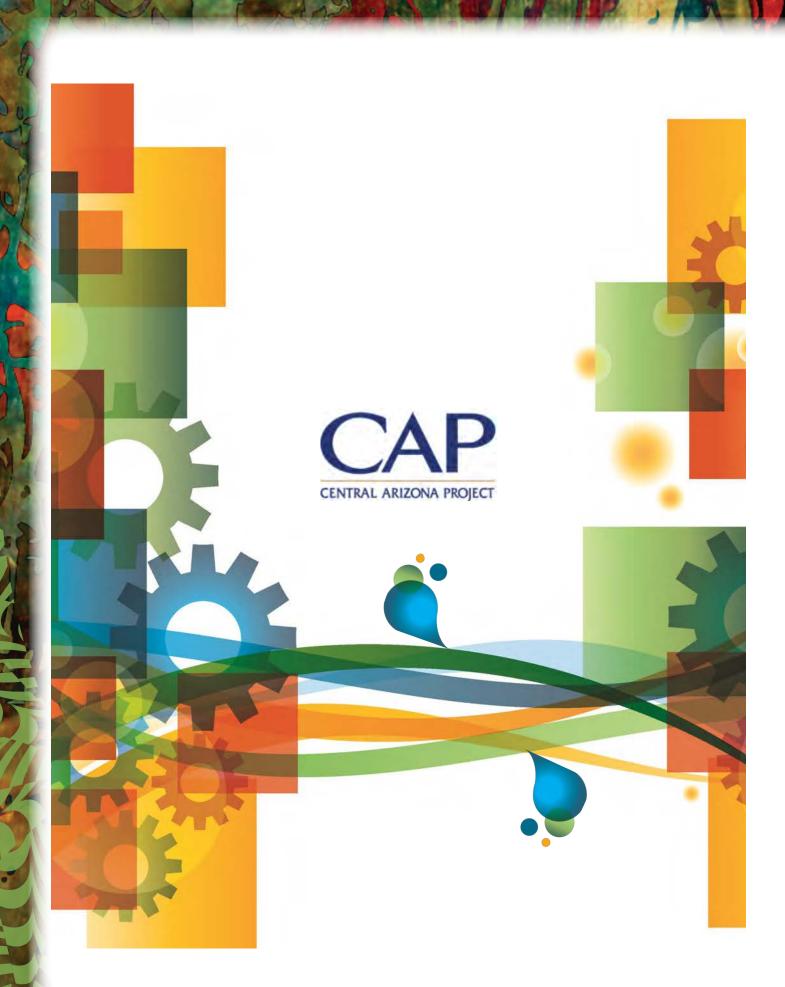
Operations & Maintenance - Assistant GM

Mission: Provides leadership in maintaining and operating the Central Arizona Project to ensure reliability through maintenance, replacement and operational activities

OPERATIONS & MAINTENANCE Assistant General Manager Darrin Francom 623-869-2276 DIRECTOR CENTRALIZED MAINTENANCE & RELIABILITY (Centralized Maintenance, Maintenance Control) Philip Rettinger 623-869-2398 Responsible for maintaining and improving the long-term reliability of CAP system functions in a cost-effective, safe and environmentally sound manner. Ensures that the Maintenance Groups perform the right maintenance at the right time.

DIRECTOR FIELD MAINTENANCE Maintenance West/South & Operational Technology) Richard Weissinger 623-869-2817 Responsible for maintaining the integrity, capacity and reliability of the CAP water delivery system and related infrastructure through the application of proactive, Reliability Centered Maintenance (RCM) practices.

DIRECTOR OPERATIONS, POWER & ENGINEERING (Water Operations, Engineering Services, Power Programs) Brian Buzard 623-869-2545 Responsible for operational control of the water supply facilities, deliveries to customers, accounting for water diversion and deliveries, engineering support for maintenance and capital improvement of CAP facilities, administration of CAP lands and management of CAP power and transmission resources.



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Centralized Maintenance & Reliability

Mission: The Maintenance Group protects and preserves the integrity and capacity of CAP's water delivery system and related infrastructure through proactive, reliability-based maintenance practices and a continuous improvement management philosophy, while valuing employee input and placing the highest priority on employee safety, health and welfare.

CENTRALIZED MAINTENANCE &

RELIABILITY Phillip Rettinger Director 623-869-2398 Centralized Maintenance (Protective Coatings, Machine Shop, Fleet , Mechanical Maintenance, Machine Shop, HQ Maintenance) Frank Barbaro 623-869-2636 Responsible for the overhaul of heavy mechanical equipment at the pumping plants, and check and turnout structures; managing a centralized machine shop and weld shop; application and maintenance of protective coatings; maintenance of fleet vehicles and heavy equipment; and maintenance of the Headquarters facility.

Maintenance Control (Maintenance Planning, Reliability Engineering & Maintenance Engineering) Bob Hitchcock 623-869-2126 Responsible for planning, scheduling and coordinating all maintenance activities; performing maintenance and reliability engineering functions; and managing the functionality of the computerized maintenance management system.

Centralized Maintenance & Reliability ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2022/2023 Action Plans and Accomplishments
		Action Plan: Engage the Asset Management/Reliability Excellence community of practice and peer utilities to gain insights and knowledge of "best practices" and implement as appropriate for CAP. The expected outcome was to conduct a Maintenance/Asset Management assessment in 2022-2023. Participation in Reliability Leadership Institute monthly meetings. Execute Reliability Centered Design (RCD) training.
Project Reliability	Implement and improve CAP's strategic asset management program to ensure long-term infrastructure viability	Accomplishment: We continued to partner with the Reliability Leadership Institute on asset management through extended learning and best practice sharing throughout 2022 and 2023. Two Certified Reliability Leadership (CRL) workshops were completed in 2022. The workshops were an onsite event to help prepare attendees to sit for the Certified Reliability Leader examination. Employees from our Reliability and Maintenance Engineering, Planning, Engineering Services, Operations, and Purchasing participated in the workshop events with 46 employees being certified. Many team members from different parts of the organization attended the International Maintenance Conference (IMC). The conference allows attendees to gain knowledge and perspective in advancing reliability and asset management through people, processes, data, and technology. It also promotes networking with other organization that are striving to become a high reliability organization. As a past recipient of the Best Asset Management Program, we had the honor of presenting the award to a peer organization at IMC. Reliability Centered Maintenance (RCM3) and Reliability Centered Design (Rcd) training were both completed across 2022-2023. An Asset Management assessment process will be solicited to third parties at the end of 2023 for execution in 2024.

Implement and improve CAP's strategic asset management program to ensure long-term infrastructure viability Action Plan: Maintain high levels of operational reliability by scheduling maintenance outages and eliminating unplanned outages. The target $\leq 2\%$ total forced unit outage

Accomplishment: Forced unit outage rates continued to remain under our target for both 2022 and 2023 at <2%

Centralized Maintenance & Reliability ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2022/2023 Action Plans and Accomplishments
		Action Plan: Plan, Forecast, execute, monitor & control the completion of major maintenance work for West and South outage windows. The expected outcome was to achieve a target of \geq 90% Outage Schedule Compliance
Project Reliability	Implement and improve CAP's strategic asset management program to ensure long-term infrastructure viability	Accomplishment: The result for 2022 is a combined schedule compliance of 94% between both West and South outage windows which achieves the goal to be above 90%. We are confident that the same level of performance will be achieved in 2023. We are also tracking performance of our Annual Maintenance Plan to schedule for assigned work tasks monthly. The overall compliance within the total Annual Maintenance Plan for 2022 achieved a schedule compliance of 71% which was under the newly established goal of 90%. 2023 is seeing improvements on this large goal across an entire year of planned and scheduled work.
		Action Plan: Develop an annual state of the fleet report and present out to OPEM Directors and Managers. The expected outcome was to produce the annual State of the Fleet report by October 1.
		Accomplishment: This action plan is complete, and reporting is provided within our Enterprise reporting system. Annual reports for many attributes is included along with a long range financial planning model.

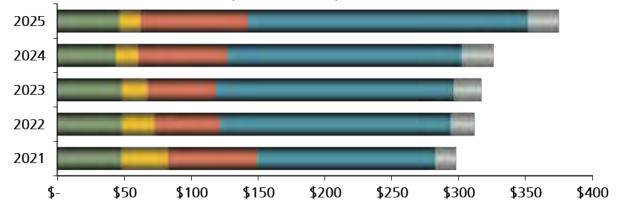
Centralized Maintenance & Reliability BUSINESS GOALS

Key Result	Strategic	2024/2025
Area	Issue	Action Plans & Expected Outcomes
		Action Plan: Engage the Asset Management/Reliability Excellence community of practice and peer utilities to gain insights and knowledge of "best practices" and implement as appropriate for CAP.
		Expected Outcome: Conduct a Maintenance/Asset Management assessment in 2024-2025.
		Action Plan: Ensure that operations, maintenance and replacement activities for CAP assets are coordinated and prioritized within a risk register based on the condition of the asset and the consequence of a failure.
		Expected Outcome: Risk register is utilized for 2024-25 budget, annual maintenance plan and capital replacement plan development.
	Implement and improve CAP's strategic asset management program to ensure long-term infrastructure	Action Plan: Expand and enhance utilization of data visualizations to improve operations and asset management.
		Expected Outcome: Integrate utilization of the data into current processes and update training materials. Expand integration of SCADA data and potential pilot of predictive analytics.
Project Reliability	viability	Action Plan: Maintain high levels of operational reliability by scheduling maintenance outages and eliminating unplanned outages.
		Expected Outcome: Target \leq 2% total forced unit outage
		Action Plan: Plan, Forecast, execute, monitor & control the completion of major maintenance work for West and South outage windows.
		Expected Outcome: Target of \geq 90% Outage Schedule Compliance
		Action Plan: Utilizing the risk register and equipment maintenance plans, produce an Annual Maintenance Plan.
		Expected Outcome: Produce the Annual Maintenance Plan by October 1
	Advance focused plans to support business continuity	Action Plan: Assess critical spare parts and other means to improve CAP's ability to recover from disruptions in service in a timely manner.
		Expected Outcome: Analyze critical spares, identify gaps and develop an acquisition program for items we do not have. Reassess priorities for maintaining spare parts to assure current operational needs are met.

Centralized Maintenance & Reliability BUDGET SUMMARY

(Thousands)	,	2021 Actuals	2022 Actuals	Pr	2023 ojection	2024 Budget	2025 Budget
Operating Expenses							
Salaries & wages	\$	10,025	\$ 10,977	\$	11,524	\$ 13,025	\$ 14,029
Transmission		-	-		-	-	-
Outside services		975	1,092		1,128	1,156	1,200
Materials & supplies		1,879	2,171		1,969	2,119	2,127
Other expenses		721	1,023		1,138	1,235	1,284
Total Operating Expenses	\$	13,600	\$ 15,263	\$	15,759	\$ 17,535	\$ 18,640
Expenses by Fund							
Operating Expenses							
General Fund	\$	13,600	\$ 15,263	\$	15,759	\$ 17,535	\$ 18,640
CAGRD Account		-	-		-	-	-
Other Funds and Accounts		-	-		-	-	-
Total Operating Expenses	\$	13,600	\$ 15,263	\$	15,759	\$ 17,535	\$ 18,640
Capital Spending		2,245	2,437		4,984	6,275	4,504
Total Expenses	\$	15,845	\$ 17,700	\$	20,743	\$ 23,810	\$ 23,144
Staffing (FTE)		104.0	 104.7		107.8	 114.0	114.0

Centralized Maint & Reliability Expenses Compared to Total Expenses



Millions

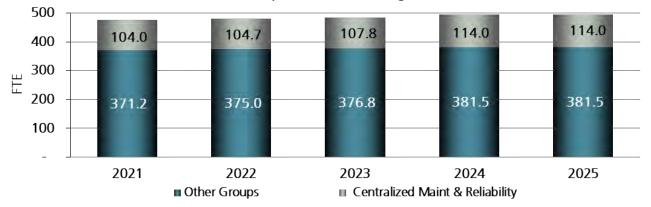
Other Groups

Centralized Maint & Reliability

Centralized Maint & Reliability Staffing Compared to Total Staffing

Power

Interest



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Amortization & Depreciation

Centralized Maintenance & Reliability CENTRALIZED MAINTENANCE

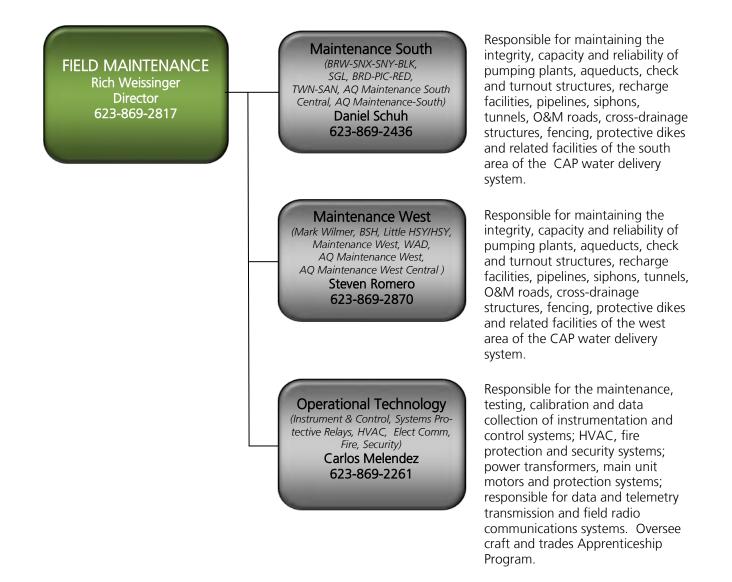
(Thousands)	2021 Actuals	,	2022 Actuals	Pr	2023 ojection	E	2024 Budget	l	2025 Budget
Operating Expenses									
Salaries & wages	\$ 6,172	\$	7,121	\$	7,193	\$	7,917	\$	8,557
Outside services	699		807		668		756		798
Materials & supplies	1,812		2,084		1,861		2,030		2,039
Other expenses	 601		835		806		870		921
Total Operating Expenses	\$ 9,284	\$	10,847	\$	10,528	\$	11,573	\$	12,315
Expenditures by Fund Operating Expenses General Fund CAGRD Account Other Funds and Accounts	\$ 9,284	-	10,847	\$	10,528	\$	11,573	\$	12,315
Total Operating Expenses	\$ 9,284	\$	10,847	\$	10,528	\$	11,573	\$	12,315
Capital Expenditures	 2,245		2,437		4,984		6,275		4,504
Total Expenditures	\$ 11,529	\$	13,284	\$	15,512	\$	17,848	\$	16,819
Staffing (FTE)	66.8		68.1		67.9		71.0		71.0

Centralized Maintenance & Reliability MAINTENANCE CONTROL

	_	2021	_	2022	_	2023	_	2024	_	2025
(Thousands)	A	ctuals		Actuals	Р	rojection		Budget	B	udget
Operating Expenses										
Salaries & wages	\$	3,853	\$	3,856	\$	4,331	\$	5,108	\$	5,472
Outside services		276		285		460		400		402
Materials & supplies		67		87		108		89		88
Other expenses		120		188		332		365		363
Total Operating Expenses	\$	4,316	\$	4,416	\$	5,231	\$	5,962	\$	6,325
Expenditures by Fund										
Operating Expenses										
General Fund	\$	4,316	\$	4,416	\$	5,231	\$	5,962	\$	6,325
CAGRD Account		,		,		,	•	•	-	•
Other Funds and Accounts										
Total Operating Expenses	\$	4,316	\$	4,416	\$	5,231	\$	5,962	\$	6,325
Capital Expenditures	4	-	4	-	4	5,251	Ψ	5,502	4	-
Total Expenditures	\$	4,316	\$	1 / 16	\$	- 5 221	\$	- 5 062	\$	- 6 225
	⊅		⊅	4,416	¢	5,231	Þ	5,962	⊅	6,325
Staffing (FTE)		37.2		36.6		39.9		43.0		43.0

Field Maintenance

Mission: The Maintenance Group protects and preserves the integrity and capacity of CAP's water delivery system and related infrastructure through proactive, reliability-based maintenance practices and a continuous improvement management philosophy, while valuing employee input and placing the highest priority on employee safety, health and welfare.



Field Maintenance ACCOMPLISHMENTS

PL

Key Result	Strategic	2022/2023
Area	Issue	Action Plans and Accomplishments
Finance	Manage capital, operations, and maintenance budgets, debt, revenues, tax rates,	Action Plan: Manage and coordinate budgetary resources within and across each Field Maintenance divisions. The expected outcome was that the budget will be managed within + 2% and - 5% of the approved budget. Accomplishment: Maintenance expenditures were managed within 2022 and 2023 with significant supply chain disruptions.
	and reserves effectively and transparently	This created a need to reprioritize work items from the established maintenance budgets and work plans to ensure the highest priority work was completed. Therefore, budget impacts were minimized, and roll-up maintenance expenditures were maintained at the historical norm of 2% over and 5% under budget.
	Review and update policies and	Action Plan: Review and update Hazardous Energy Control Program and Electrical Safety Program as per policy review frequency. Ensure proper arc flash labeling is completed within study areas completed by Engineering. Publish a personal protective grounding manual. The expected outcome was to have HECP and ESP reviewed as per schedule. Arc flash labeling is applied for all study areas. Personal Protective Grounding Manual is published.
Workforce	procedures to protect employees	Accomplishment: The Electrical Safety Committee, with representation from Maintenance, Engineering, and Safety was established to provide program support and review per industry regulations. Program binders including the Electrical Safety Program, Hazardous Energy Control Program, and newly developed Personal Protective Grounding Manual were created and distributed to all plant facilities. ARC flash labels have been applied at several locations and will continue in coordination with completed arc flash studies.
Project	Implement and improve CAP's strategic asset	Action Plan: Create compliance for the scheduled completion of asset classes for major frequency PMs that leads to an equipment condition assessment. The expected outcome was to have completed greater than 90% schedule compliance for these PMs.
Reliability	management program to ensure long-term infrastructure viability	Accomplishment: For 2022 and 2023, 231 high-value PMs were identified for execution. Maintenance teams executed 214 of them that included the completed maintenance tasks, data collected, photos uploaded, and work orders scanned into the record for 92% compliance. This exceeded the goal of 90%.

Field Maintenance ACCOMPLISHMENTS

Action Plan: Ensure that needed work execution deliverab	
Project ReliabilityImplement and improve CAP's strategic asset management program to ensure long-term infrastructure viabilityconsistently received as part of capital and replacement in activities turnover processes. The expected outcome was to develop internal maintenance checklists and processes and they are utilized for new project turnovers.Project ReliabilityAccomplishment: A project turnover checklist is in place a utilized by project teams. Additional resource needs were identified to address the turnover of complex technical pro- that involve Exciters and Protective Relays which require a collaborative turnover process. Continue to refine this pro- through involvement with Reliability/Maintenance Enginee	kind b l ensure nd jects more cess

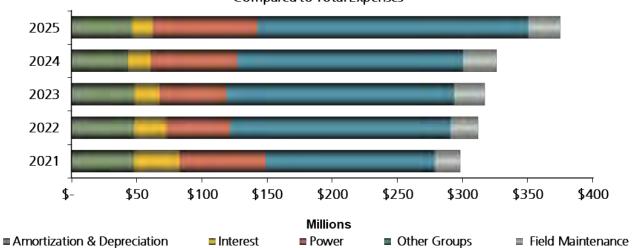
Field Maintenance BUSINESS GOALS

Key Result Area	Strategic Issue	2024/2025 Action Plans & Expected Outcomes
Project Reliability	Implement and improve CAP's strategic asset management program to ensure long-term infrastructure viability Maintain and improve the security and reliability of information technology systems	Action Plan: Ensure Tactical Asset Management (TAM) teams are identifying and resolving repetitive service-affecting issues utilizing defect elimination processes. Expected Outcome: For each TAM team, annually implement at least one defect elimination process. Action Plan: In collaboration with IT and Enterprise Security, Maintain the integrity of industrial control systems. Expected Outcome: Develop and document refresh cycles, patching, and administration duties that align with CAP policies and industry best practices.
	Advance focused plans to support business continuity	Action Plan: Document Apprenticeship processes in compliance with federal and state standards to ensure continuity and consistency of the Apprenticeship Program. Expected Outcome: Processes documented: FTE and Trade selection, Selection Process, Orientation/Onboarding, Progress Reporting, Level Change, and Job Training Standards

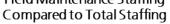
Field Maintenance BUDGET SUMMARY

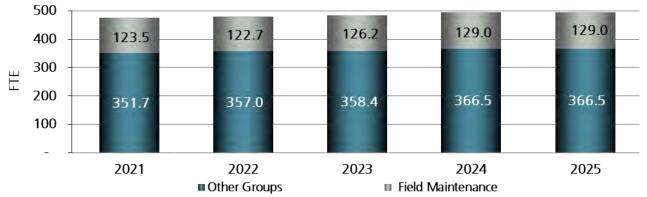
(Thousands)	2021 Actuals			2022 Actuals		2023 rojection		2024 Budget	2025 Budget	
(Thousands)	ŀ	ACLUAIS		ACTUAIS		гојесноп		buuget		Suuget
Operating Expenses										
Salaries & wages	\$	10,807	\$	12,117	\$	13,221	\$	14,354	\$	15,478
Outside services		2,045		2,124		2,615		2,803		2,247
Materials & supplies		4,740		5,368		5,583		6,688		5,576
Other expenses		632		835		904		970		997
Total Operating Expenses	\$	18,224	\$	20,444	\$	22,323	\$	24,815	\$	24,298
Expenses by Fund										
Operating Expenses										
General Fund	\$	18,224	\$	20,444	\$	22,323	\$	24,815	\$	24,298
CAGRD Account	-	-	-		-		•	,	•	,
Other Funds and Accounts		-		-		-		-		-
Total Operating Expenses	\$	18,224	\$	20,444	\$	22,323	\$	24,815	\$	24,298
Capital Spending		1,267		770		1,183		1,127		306
Total Expenses	\$	19,491	\$	21,214	\$	23,506	\$	25,942	\$	24,604
Staffing (FTE)		123.5		122.7		126.2		129.0		129.0

Field Maintenance Expenses Compared to Total Expenses



Field Maintenance Staffing





Field Maintenance MAINTENANCE SOUTH

(Thousands)	A	2021 Actuals	2022 Actuals	P	2023 rojection	2024 Budget	2025 Judget
Operating Expenses							
Salaries & wages	\$	3,832	\$ 4,097	\$	4,463	\$ 4,886	\$ 5,264
Outside services		1,005	960		1,176	1,164	586
Materials & supplies		1,808	2,077		2,105	2,295	2,341
Other expenses		243	207		257	197	211
Total Operating Expenses	\$	6,888	\$ 7,341	\$	8,001	\$ 8,542	\$ 8,402
Expenditures by Fund Operating Expenses							
General Fund CAGRD Account Other Funds and Accounts	\$	6,888	\$ 7,341	\$	8,001	\$ 8,542	\$ 8,402
Total Operating Expenses	\$	6,888	\$ 7,341	\$	8,001	\$ 8,542	\$ 8,402
Capital Expenditures		137	31		106	142	30
Total Expenditures	\$	7,025	\$ 7,372	\$	8,107	\$ 8,684	\$ 8,432
Staffing (FTE)		44.5	42.6		43.5	45.0	45.0

Field Maintenance MAINTENANCE WEST

	2021		_	2022		2023		2024		2025
(Thousands)	A	ctuals		Actuals	P	rojection	Budget		В	udget
Operating Expenses										
Salaries & wages	\$	3,800	\$	4,447	\$	4,771	\$	5,141	\$	5,481
Outside services	4	721	+	711	4	1,044	•	1,159	•	1,179
Materials & supplies		2,307		2,538		, 2,716		3,675		2,455
Other expenses		147		240		237		231		227
Total Operating Expenses	\$	6,975	\$	7,936	\$	8,768	\$	10,206	\$	9,342
Expenditures by Fund										
Operating Expenses										
General Fund	\$	6,975	\$	7,936	\$	8,768	\$	10,206	\$	9,342
CAGRD Account										
Other Funds and Accounts										
Total Operating Expenses	\$	6,975	\$	7,936	\$	8,768	\$	10,206	\$	9,342
Capital Expenditures		223		89		206		187		41
Total Expenditures	\$	7,198	\$	8,025	\$	8,974	\$	10,393	\$	9,383
Staffing (FTE)		43.4		44.9		45.9		46.0		46.0

Field Maintenance OPERATIONAL TECHNOLOGY

(Thousands)	A	2021 Actuals		2022 Actuals	Р	2023 rojection		2024 Budget		2025 Judget
Operating Expenses										
Salaries & wages	\$	3,175	\$	3,573	\$	3,987	\$	4,327	\$	4,733
Outside services		319		453		395		480		482
Materials & supplies		625		753		762		718		780
Other expenses		242		388		410		542		559
Total Operating Expenses	\$	4,361	\$	5,167	\$	5,554	\$	6,067	\$	6,554
Expenditures by Fund Operating Expenses General Fund CAGRD Account	\$	4,361	\$	5,167	\$	5,554	\$	6,067	\$	6,554
Other Funds and Accounts Total Operating Expenses	\$	4,361	\$	5,167	\$	5,554	\$	6,067	\$	6,554
Capital Expenditures	-	907	-	650	•	871	7	798	-	235
Total Expenditures	\$	5,268	\$	5,817	\$	6,425	\$	6,865	\$	6,789
Staffing (FTE)		35.6		35.2		36.8		38.0		38.0





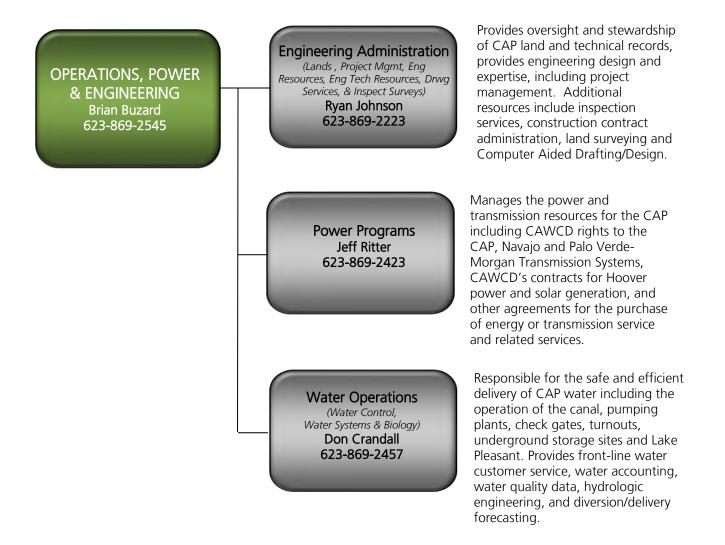




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Operations, Power & Engineering

Mission: The Operations and Engineering Group manages the operation of the CAP water delivery system, designs and oversees infrastructure improvements and new construction and manages CAP power and transmission resources.



Operations, Power & Engineering ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2022/2023 Action Plans and Accomplishments						
	Evaluate and consider	Action Plan: CAWCD System Water Quality Model has been completed and calibrated. The expected outcome was to have model peer reviewed and calibrated with historic data.						
Stewardship and Sustainability	the relevant environmental impacts of moving non-Project water	Accomplishment: The 2017 System Use Agreement details requirements for water quality as it relates to the introduction of non-project water. The Water Quality Model evaluates water quality data provided by a proposed project to ensure that it meets introductory standards. The Water Quality Model is complete, calibrated, and ready to use in the analysis for potential introduction of non-project water into the CAP system.						
Project Reliability	Implement and improve CAP's strategic asset management program to ensure long-term infrastructure viability	Action Plan: Ensure that operations, maintenance and replacement activities for CAP assets are coordinated and prioritized within a risk register based on the condition of the asset and the consequence of a failure. The expected outcome was to develop and implement a process/application to measure PM Compliance on 5 year Condition Assessments. After a baseline is established, set annual compliance target. Accomplishment: The Risk Register has been updated within CAP's Infor Computerized Maintenance Management System. Replacement and major repair activities are initiated with a Concept Form that includes impact of failure and consequence of failure scoring according to asset condition that now allows prioritization of work through the Project Steering Committee Process.						
Power	Minimize CAP's carbon footprint,	Action Plan: Evaluate and implement as appropriate effective methods to reduce the carbon footprint, while considering the impact to water rates and reliability. The expected outcome was to prepare yearly evaluation of CAP's carbon footprint for pumping energy use developed, trended, and reported on.						
	consistent with CAP's mission	Accomplishment: CAP continues to work with the Alliance for Cooperative Energy Services (ACES) on the sale of renewable energy credits from our solar resource. There is a significant market for these credits, and CAP is working to sell banked REC in 2023.						

Operations, Power & Engineering ACCOMPLISHMENTS

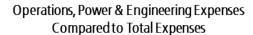
Key Result Area	Strategic Issue	2022/2023 Action Plans and Accomplishments
	Take advantage of developments in	Action Plan: Incorporate renewable resources and battery storage into the CAP portfolio when economically viable in relation to market purchases. The expected outcome was to provide semiannual report to the Board/FAP on total utilized renewable resources (renewable resources compared to non- renewable).
Power	energy efficiency and renewable resources, including storage	Accomplishment: CAP has a 20-year power purchase agreement for 30 MW of solar form the Solar Phase 1 site near Salome. We are adding an additional 20 MW site, Solar Phase 2, which will include 60 MWh of battery storage and is scheduled for completion by the end of 2023. We continue to monitor the cost of firm renewable resources, with a target of further incorporation as pricing falls below our other firm energy resources.

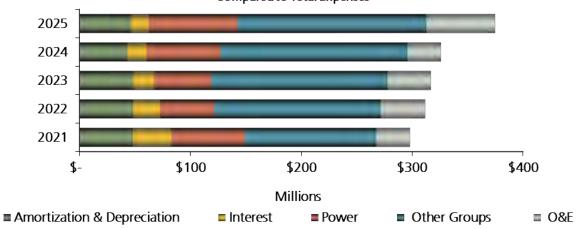
Operations, Power & Engineering BUSINESS GOALS

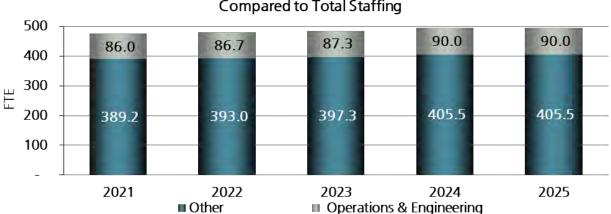
Key Result	Strategic	2024/2025
Area	Issue	Action Plans & Expected Outcomes
	Actively engage in the transmission market to ensure access to diversified, low-cost energy resources	Action Plan: Monitor and evaluate the development of new generation facilities in determination of energy needs and purchases. Expected Outcome: Continue active participation with APA, IEDA, WAPA SRP, APS, TEP and others that are planning for the development of future generation resources.
Power		
	Take advantage of developments in energy efficiency and renewable resources, including storage	Action Plan: Incorporate renewable resources and battery storage into the CAP portfolio when economically viable in relation to market purchases. Expected Outcome: Semi-annually, track renewable industry index pricing for solar, wind, and storage and compare to other resources.
Project Reliability	Implement and improve CAP's strategic asset management program to ensure long-term infrastructure viability	Action Plan: Ensure that operations, maintenance and replacement activities for CAP assets are coordinated and prioritized within a risk register based on the condition of the asset and the consequence of a failure. Expected Outcome: Risk register is utilized for 2024-25 budget, annual maintenance plan and capital replacement plan development.
Water Supply	Facilitate deliveries of non-Project water through the CAP system, pursuant to the System Use Agreement	Action Plan: Finalize approval from Reclamation for definition of Operational Capability and approval of a system improvement project (s). Expected Outcome: Develop and submit to Reclamation, a System Improvement Project (SIP) proposal as required by the System Use Agreement (SUA).

Operations, Power & Engineering **BUDGET SUMMARY**

		2021	2022		2023	2024	2025
(Thousands)	Actuals		Actuals	Projection		Budget	Budget
Operating Expenses							
Salaries & wages	\$	6,896	\$ 7,020	\$	7,368	\$ 8,311	\$ 9,281
Outside services		5,637	11,983		3,137	4,044	4,305
Materials & supplies		140	164		211	225	231
Water for recharge		-	-		-	-	-
Other expenses		732	548		470	531	531
Total Operating Expenses	\$	13,405	\$ 19,715	\$	11,186	\$ 13,111	\$ 14,348
Expenses by Fund							
Operating Expenses							
General Fund	\$	13,405	\$ 19,715	\$	11,186	\$ 13,111	\$ 14,348
CAGRD Account		-	-		-	-	-
Other Funds and Accounts		-	-		-	-	-
Total Operating Expenses	\$	13,405	\$ 19,715	\$	11,186	\$ 13,111	\$ 14,348
Capital Spending		17,082	20,506		27,851	17,045	47,409
Total Expenses	\$	30,487	\$ 40,221	\$	39,037	\$ 30,156	\$ 61,757
Staffing (FTE)		86.0	86.7		87.3	90.0	90.0







Operations, Power & Engineering Staffing Compared to Total Staffing

Operations, Power & Engineering ENGINEERING SERVICES

(Thousands)	β	2021 Actuals		2022 2023 Actuals Projectio		2023 rojection	2024 Budget I		2025 Budget	
Operating Expenses										
Salaries & wages	\$	4,109	\$	3,986	\$	4,230	\$ 5,062	\$	5,821	
Outside services		4,434		11,215		2,098	3,150		3,495	
Materials & supplies		79		112		104	140		151	
Other expenses		117		156		182	192		192	
Total Operating Expenses	\$	8,739	\$	15,469	\$	6,614	\$ 8,544	\$	9,659	
Expenditures by Fund Operating Expenses General Fund CAGRD Account Other Funds and Accounts	\$	8,739	\$	15,469	\$	6,614	\$ 8,544	\$	9,659	
Total Operating Expenses	\$	8,739	\$	15,469	\$	6,614	\$ 8,544	\$	9,659	
Capital Expenditures		17,082		20,506		27,851	17,045		47,409	
Total Expenditures	\$	25,821	\$	35,975	\$	34,465	\$ 25,589	\$	57,068	
Staffing (FTE)		61.2		61.3		61.9	65.0		65.0	

Operations, Power & Engineering POWER PROGRAMS

	_	2021		2022		2023		2024	_	2025
(Thousands)	F	Actuals		Actuals	Р	rojection		Budget		Budget
Operating Expenses										
Salaries & wages	\$	310	\$	296	\$	297	\$	301	\$	322
Outside services		69		16		96		42		50
Materials & supplies		-		1		1		-		-
Water for recharge										
Other expenses	_	1		7		15		44		44
Total Operating Expenses	\$	380	\$	320	\$	409	\$	387	\$	416
Expenditures by Fund Operating Expenses General Fund CAGRD Account Other Funds and Accounts Total Operating Expenses Capital Expenditures	\$	380 380.0	\$	320 320 -	\$	409	\$	387 	\$	416
	\$	- 380	\$	320	\$	409	\$	387	\$	416
Total Expenditures	₽		₽		₽		¢		Ą	
Staffing (FTE)		2.5		2.1		2.1		2.0		2.0

Operations, Power & Engineering WATER OPERATIONS

(Thousands)	ļ	2021 Actuals	2022 Actuals	P	2023 rojection	2024 Budget	2025 Judget
Operating Expenses							
Salaries & wages	\$	2,477	\$ 2,738	\$	2,841	\$ 2,948	\$ 3,138
Outside services		1,134	752		943	852	760
Materials & supplies		61	51		106	85	80
Other expenses		614	385		273	295	295
Total Operating Expenses	\$	4,286	\$ 3,926	\$	4,163	\$ 4,180	\$ 4,273
Expenditures by Fund Operating Expenses General Fund CAGRD Account Other Funds and Accounts	\$	4,286	 3,926		4,163	\$ 4,180	\$ 4,273
Total Operating Expenses	\$	4,286	\$ 3,926	\$	4,163	\$ 4,180	\$ 4,273
Capital Expenditures		-	-		-	-	-
Total Expenditures	\$	4,286	\$ 3,926	\$	4,163	\$ 4,180	\$ 4,273
Staffing (FTE)		22.3	23.3		23.3	 23.0	 23.0

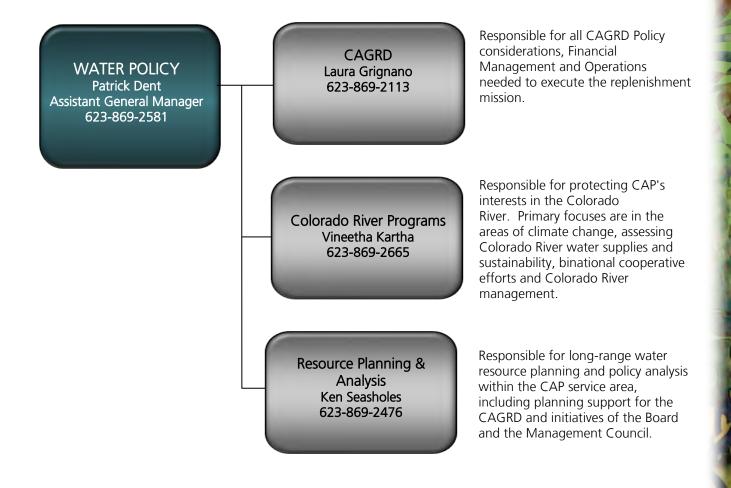




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Water Policy- Assistant GM

Mission: The Water Policy Group is responsible for working closely with the General Manager, the Board of Directors, employees and stakeholders for long-range planning, policy analysis and development and program implementation for the CAP Service Area, the Colorado River, and the CAGRD.



Water Policy ACCOMPLISHMENTS

PL

Key Result Area	Strategic Issue	2022/2023 Action Plans and Accomplishments
	Responsibly meet CAP's statutory	Action Plan: Prepare and mitigate for shortage impacts to CAGRD. The expected outcome was to evaluate acquiring long-term, higher priority water supplies less susceptible to shortage. Provide context for new acquisitions in terms of existing supply portfolio and shortage impact scenarios.
Groundwater Replenishment	replenishment obligation	Accomplishment: CAGRD staff continues its ongoing efforts to evaluate and ultimately acquire higher priority/drought-resistance water supplies as shortage conditions deepen in the near term. CAGRD staff entered into and IGA with the AWBA for CAP M&I Water Firming. CAGRD is expected to contribute approximately 10,600 acre-feet of its NIA water to the ICS Preservation Program.
	Ensure continued effective management, reasonable pricing, and financial viability of CAGRD	Action Plan: Begin to develop the 2025 Plan of Operation. The expected outcome was to complete New Member Land and Member Service Area (MSA) Projections in CAP: Service Area Model and develop draft Plan of Operation Sections for Review.
		Accomplishment: CAGRD officially kicked off the 2025 Plan of Operation in August 2022. CAGRD and RPA staff have developed methodology and replenishment obligation projections and have completed stakeholder meetings and briefings throughout the process.
	Work collaboratively in the recovery of	Action Plan: Continue coordination with AWBA and ADWR and stakeholders on recovery planning and infrastructure. The expected outcome was to continue to participate as an active member of the Recovery Planning Advisory Group.
Water Supply	water stored by the Arizona Water Banking Authority	Accomplishment: AWBA, ADWR and CAP meet monthly to discuss recovery planning and implementation. Future work for 2023 will include approval of a CAWCD Standard Form Firming Agreement and Firming Rate.

Water Policy ACCOMPLISHMENTS

Key Result	Strategic	2022/2023							
Area	Issue	Action Plans and Accomplishments							
	Address impacts	Action Plan: Action Plan: Analyze a range of impacts of drought and overallocation to the CAP water supply and water users. The expected outcome was to conduct analysis and prepare results of analyses to regularly report to CAWCD Board and stakeholders. Accomplishment: Prepared information for presentations to the CAWCD Board and stakeholders to discuss impacts to CAP water users resulting from shortage reductions along with an analysis of the Supplementation Environmental Impact Statement Alternatives.							
	from Colorado River drought and overallocation	Action Plan: Co-lead Arizona Reconsultation Committee process and participate in the Reconsultation of the 2007 Guidelines for the Colorado River. The expected outcome was that CAWCD would actively participate directly in the Reclamation, Basin States and Arizona Reconsultation processes.							
Water Supply	r Supply	Accomplishment: CAWCD as co-chair of the Arizona Reconsultation Committee, and its two workgroups - MAWG and the strategy team - has collaborated with ADWR to keep the strategy team abreast of the events in the Colorado River basin including any updates on the reconsultation process and the supplemental environmental impact statement process.							
	Address impacts from Colorado River	Action Plan: Support implementation of the Drought Contingency Plan including management of CAWCD mitigation resources. The expected outcome was to effectively deploy CAWCD mitigation resources and successfully implement appropriate Drought Contingency Plan agreements and commitments.							
	drought and overallocation	Accomplishment: Created an internal Shortage Preparation Group with staff from various departments. Conducted water user briefings. Worked to review and implement the Tier 2a shortage impacts on CAP priority pools in 2023 and resulting mitigation per the DCP Agreements.							

Water Policy BUSINESS GOALS

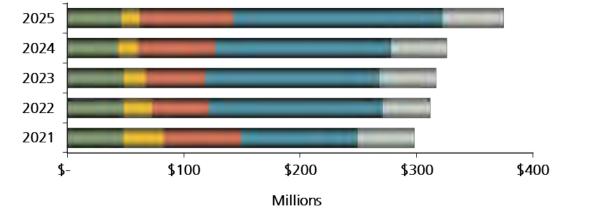
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Key Result Area	Strategic Issue	2024/2025 Action Plans & Expected Outcomes
		Action Plan: Develop and submit the 2025 Plan of Operation to ADWR.
Groundwater Replenishment	Ensure continued effective management, reasonable pricing, and financial	Expected Outcome: Provide quarterly updates, solicit feedback and support from Stakeholders, the CAGRD and US Committee and Board on the development of the Plan. Submit the 2025 Plan of Operation to ADWR by end of 2024. Respond and provide additional information requested by ADWR.
	viability of CAGRD	Action Plan: Modernize CAGRD Member Land tracking application (CAPTR) using enterprise class technology.
		Expected Outcome: Engage in an RFP process to better define cost and select vendor to build a new version of CAPTR application.
Stewardship and	Implement plans for climate change adaptation and mitigation and	Action Plan: Collaborate with external groups engaged in adaptation efforts (e.g. Water Utility Climate Alliance and the Association of Metropolitan Water Agencies).
Sustainability	develop plans to address climate- related impacts	Expected Outcome: Successful co-production or information exchange of adaptation knowledge and best practices through WUCA/AMWA and other peer agencies.
		Action Plan: Co-lead Arizona Reconsultation Committee process and participate in the Reconsultation of the 2007 Guidelines for the Colorado River.
	Address impacts from Colorado River drought and	Expected Outcome: CAWCD will actively participate directly in the Reclamation, Basin States and Arizona Reconsultation processes.
	overallocation	Action Plan: Participate in the Bi-national process in the development of successor Minutes in coordination with the 2007 Guidelines.
		Expected Outcome: Participate directly in the Bi-national process.
Water Supply	Facilitate deliveries of non-Project water through the CAP system,	Action Plan: Work collaboratively with SRP and project participants on SRP/CAP Interconnection Facility.
	pursuant to the System Use Agreement	Expected Outcome: Progress is made on technical studies and environmental evaluation of the proposed SCIF.
	Work collaboratively in the recovery of water stored by the	Action Plan: Evaluate, plan and construct facilities needed to implement direct recovery by CAP.
	Arizona Water Banking Authority	Expected Outcome: Conduct technical studies to select direct recovery sites.

Water Policy BUDGET SUMMARY

		2021	2022		2023		2024	2025
(Thousands)	Actuals		Actuals	Projection		Budget		Budget
Operating Expenses								
Salaries & wages	\$	1,572	\$ 1,688	\$	1,857	\$	2,143	\$ 2,251
Outside services		2,284	18,071		25,773		20,777	22,808
Water for recharge		18,296	17,479		17,025		20,191	23,276
Materials & supplies		1	-		1		1	1
Other expenses		26,691	3,344		4,027		4,712	4,088
Total Operating Expenses	\$	48,844	\$ 40,582	\$	48,683	\$	47,824	\$ 52,424
Expenses by Fund								
Operating Expenses								
General Fund	\$	5,952	\$ 21,862	\$	29,969	\$	24,811	\$ 26,299
CAGRD Account		42,892	18,720		18,714		23,013	26,125
Other Funds and Accounts		-	-		-		-	-
Total Operating Expenses	\$	48,844	\$ 40,582	\$	48,683	\$	47,824	\$ 52,424
Capital Spending		-	222		-		-	-
Total Expenses	\$	48,844	\$ 40,804	\$	48,683	\$	47,824	\$ 52,424
Staffing (FTE)		16.7	17.0		17.8		19.0	19.0

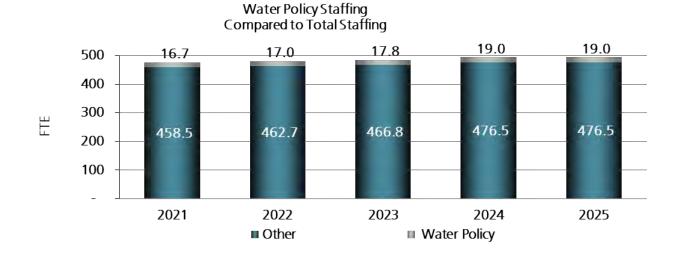
Water Policy Expenses Compared to Total Expenses



Other Groups

Water Policy

■ Interest ■ Power



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Amortization & Depreciation

Water Policy CAGRD

(Thousands)	A	2021 Actuals	2022 Actuals		2023 Projection		2024 Budget		2025 Budget
Operating Expenses									
Salaries & wages	\$	777	\$ 840	\$	872	\$	963	\$	987
Outside services		220	374		613		1,674		1,674
Water for recharge		18,296	17,479		17,025		20,191		23,276
Materials & supplies		1	-		1		1		1
Other expenses		23,598	27		203		184		187
Total Operating Expenses	\$	42,892	\$ 18,720	\$	18,714	\$	23,013	\$	26,125
Expenditures by Fund									
Operating Expenses									
General Fund	\$	-	\$ -	\$	-	\$	-	\$	-
CAGRD Account		42,892	18,720		18,714		23,013		26,125
Other Funds and Accounts		-	-		-		-		-
Total Operating Expenses	\$	42,892	\$ 18,720	\$	18,714	\$	23,013	\$	26,125
Capital Expenditures		-	-		-		-		-
Total Expenditures	\$	42,892	\$ 18,720	\$	18,714	\$	23,013	\$	26,125
Staffing (FTE)		9.0	9.2		9.0		9.0		9.0

Water Policy COLORADO RIVER PROGRAMS

(Thousands)		2021 ctuals	-	2022 Actuals		2023 Projection		2024 Budget		2025 Budget
Operating Expenses								Judget		Julget
Salaries & wages	\$	399	\$	441	\$	546	\$	590	\$	632
Outside services	4	2,014	4	15,611	4	24,819	Ŧ	16,548	*	20,979
Materials & supplies		_,		-		,		-		-
Water for recharge										
Other expenses		3,087		3,309		3,812		4,521		3,894
Total Operating Expenses	\$	5,500	\$	19,361	\$	29,177	\$	21,659	\$	25,505
										•
Expenditures by Fund										
Operating Expenses										
General Fund	\$	5,500	\$	19,361	\$	29,177	\$	21,659	\$	25,505
CAGRD Account		-		-		-		-		-
Other Funds and Accounts		-		-		-		-		-
Total Operating Expenses	\$	5,500	\$	19,361	\$	29,177	\$	21,659	\$	25,505
Capital Expenditures		-		222		-		-		-
Total Expenditures	\$	5,500	\$	19,583	\$	29,177	\$	21,659	\$	25,505
Staffing (FTE)		3.7		3.9		4.9		5.0		5.0

Water Policy RESOURCE PLANNING & ANALYSIS

(Thousands)	2021 Actuals		2022 Actuals		2023 Projected		2024 Budget			2025 Budget
Operating Expenses										
Salaries & wages	\$	396	\$	407	\$	439	\$	590	\$	632
Outside services	Ψ	50	Ψ	2,086	Ψ	341	Ψ	2,555	Ψ	155
Materials & supplies		- 50		2,000		-		2,555		-
Other expenses		6		8		12		7		7
Total Operating Expenses	\$	452	\$	2,501	\$	792	\$	3,152	\$	794
Expenditures by Fund										
Operating Expenses										
General Fund	\$	452	\$	2,501	\$	792	\$	3,152	\$	794
CAGRD Account		-		-		-		-		-
Other Funds and Accounts		-		-		-		-		-
Total Operating Expenses	\$	452	\$	2,501	\$	792	\$	3,152	\$	794
Capital Expenditures		-		-		-		-		-
Total Expenditures	\$	452	\$	2,501	\$	792	\$	3,152	\$	794
Staffing (FTE)		4.0		3.9		3.9		5.0		5.0





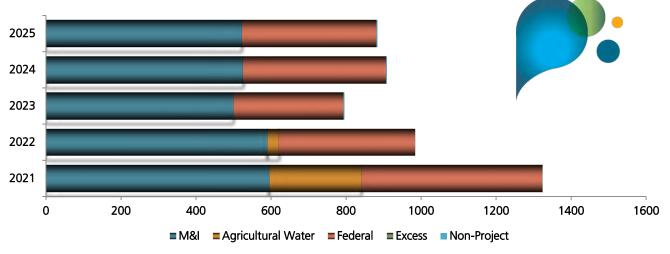
WATER DELIVERIES

(Acre-Feet)

	2021	2022	2023	2024	2025
	Actual	Actual	Projection	Budget	Budget
PROJECT WATER REVENUES					
Municipal & Industrial Water	596,419	590,923	500,067	525,571	522,674
Federal Contract	480,219	362,346	292,997	380,931	357,639
Subtotal Federal & M&I Contract Water	1,076,638	953,269	793,064	906,502	880,313
Excess					
Ag Settlement Pool (includes Ag Forbearance)	246,083	30,825	-	-	-
CAGRD Obligation	-	-	-	-	-
CAGRD Obligation @ Scottsdale IWDS	-	-	-	-	-
AWBA	-	-	-	-	-
AWBA Interstate Banking Water	-	-	-	-	-
USBR Firming	-	-	-	-	-
CAGRD Replenishment Reserve	-	-	-	-	-
Temporary water use permits	731	-	-	-	-
Full Cost Excess (Unscheduled overruns)	-	-	-	-	-
Subtotal Excess	246,814	30,825	-	-	-
NON PROJECT WATER DELIVERIES					
Firming - Federal	-	-	1,040	1,040	1,040
Firming - CAWCD	-	-	-	-	-
Other Wheeled Water-Federal			943	943	943
Other Wheeled Water - CAWCD	-	-	-	-	-
- Subtotal Non Project Water	-	-	1,983	1,983	1,983
Total Water Deliveries	1,323,452	984,094	795,047	908,485	882,296
Transfer of credits to CAGRD	21,743	14,733	13,617	14, 194	15,509
Take or Pay/Adjustment	20,017	15,035	-	-	-
Billed Fixed OM&R Water Volumes	1,365,212	1,013,862	808,664	922,679	897,805

Water Deliveries

(Acre-feet in Thousands)





WATER REVENUE GENERAL FUND

(Thousands)

	2021 Actual		2022 Actual			2023 rojection	2024 Budget			2025 Budget
PROJECT WATER REVENUES										
Municipal & Industrial Water Subcontract	\$	90,381	\$	113,457	\$	122,951	\$	142,509	\$	161,397
Federal Contract		72,772		89,028		72,039		103,289		110,435
Subtotal Federal & M&I Contract Water		163,154		202,485		194,990		245,798		271,832
Excess										
Ag Settlement Pool (includes Ag Forbearance)		13,781		1,726.0		-		-		-
CAGRD Obligation CAGRD Obligation @ Scottsdale IWDS		-		-		-		-		-
AWBA		-		-		-		-		-
AWBA Interstate Banking Water		-		-		-		-		-
USBR Firming		-		-		-		-		-
CAGRD Replenishment Reserve		-		-		-		-		-
Water Revenues Contra WSTA		-		-		-		-		-
Temporary water use permits		586		(190)		-		-		-
Full Cost Excess (Unscheduled overruns)		-		-		-		-		-
Subtotal Excess		14,367		1,536		-		-		-
NON PROJECT WATER REVENUES										
Firming - Federal		-		-		256		282		321
Firming - CAWCD		-		-		-		-		-
Other Wheeled Water-Federal		-		-		232		256		291
Other Wheeled Water - CAWCD		-		-		-		-		-
Subtotal Non Project Water		-		-		488		538		612
Total Water Deliveries		177,521		204,021		195,478		246,336		272,444
Transfer of credits to CAGRD		3,479		2,828		3,348		3,849		4,789
Take/Pay Adj.		1,966		1,647		-		-		-
Total Water O&M Charges		182,966		208,496		198,826		250,185		277,233
CAPITAL & FACILITY USE CHARGES										
M&I subcontractors		93,137		35,626		37,875		37,762		38,474
M&I non-subcontract		1,152		(713)		722		752		837
Facility Use Charges - Pima&Maricopa (Interstate)		18		26		-				
Facility Use Charges - Non Project Water						50		50		51
Underground storage facilities		520		120		-		-		-
Total Capital & Facility Use Charges	\$	94,827	\$	35,059	\$	38,647	\$	38,564	\$	39,362

CENTRAL ARIZONA PROJECT RATE SCHEDULE

DELIVERY RATES FOR VARIOUS CLASSES OF WATER SERVICE										
(The Letter Designations in the Formulas refer to the Rate Components shown below) Units = \$/acre-foot										
	Tier 0		Tie	Tier 1		Tier 3 Firm		Tier 3 Firm		er 3 risory
	20	021	20	022		023		<u>)24</u>) <u>25</u>
Municipal and Industrial Subcontract (B+C)	\$	160	\$	192	\$	217	\$	270	\$	289
Federal (B+C)	\$	160	\$	192	\$	217	\$	270	\$	289
Agricultural Settlement Pool (C) ¹	\$	56	\$	56	\$	65	\$	78	\$	84
Excess (A+B+C) ²	\$	213	\$	242	\$	270	\$	323	\$	343
Interstate (A+B+C+D)		TBD		TBD		TBD		TBD		TBD
		/IPONE /acre-foo		-	-	-	-	-	-	_
Capital Charges										
(A) Municipal and Industrial - Long Term Subcontract ³	\$	53	\$	50	\$	53	\$	53	\$	54
Delivery Charges Fixed O&M ⁴	\$	78	\$	103	\$	115	\$	145	\$	149
"Big R" ⁴	Φ	26	Φ	33	Φ	37	ъ.	47	φ	56
(B) Fixed OM&R ^₄		104		136		152		192		205
(C) Pumping Energy Rate 1 ^₅		56		56		65		78		84
(D) Property Tax Equivalency		TBD		TBD		TBD		TBD		TBD
(E) Full Rate Stabilization ⁶		-		(13)		(12)		-		-
(F) 2020 Voluntary Rate Stabilization ⁷		-		-		-		(11)		-
	-	-	-	-	-	-	-	-	-	
Underground Water Storage O&M ⁷										
Phoenix AMA	\$	13	\$	13	\$	13	\$	14	\$	14 15
Tucson AMA		15		15		15		15		15
Underground Water Storage Capital Charge®										
Phoenix AMA	\$	15	\$	15	\$	15	\$	15	\$	15
Tucson AMA		9		9		9		9		9

Long-Term Municipal and Industrial (M&I) Subcontract: M&I subcontractors

Central Arizona Project

Non-Subcontract: M&I users who are not subcontractors and the Central Arizona Groundwater Replenishment District (CAGRD).

<u>Recharge (Arizona Water Banking Authority (AWBA)/CAGRD and M&I Underground Water Storage)</u>: The AWBA and M&I subcontractors, Bureau of Reclamation (Reclamation) and other Arizona entities who have valid Arizona Department of Water Resources (ADWR) permits and accrue long-term recharge/storage credits from this activity.

CENTRAL ARIZONA PROJECT RATE SCHEDULE

NOTES:

- 1 Agricultural Settlement Pool only pays the energy rate in accordance with the Arizona Water Settlement Agreement.
- 2 Excess water is administered via Board Policy "Procedure For Distributing CAP Excess Water and Turn-Back Water for the Period of 2020 Through 2024."
- 3

For M&I use water, the Capital Charge is paid on full allocation regardless of amount delivered and is not included in delivery rates. The Capital Charge rate is impacted by the following:

- 2022 -2 1/2 cents of 2020/21 property taxes are being applied to the federal repayment, resulting in a reduction of \$21/AF.
- 2023 -1 1/2 cents of 2021/22 property taxes are being applied to the federal repayment, resulting in a reduction of \$13/AF.
- 2024 -1 1/2 cents of 2022/23 property taxes are being applied to the federal repayment, resulting in a reduction of \$19/AF.
- 2025 -1 1/2 cents of 2023/24 property taxes are being applied to the federal repayment, resulting in a reduction of \$15/AF.
- Fixed OM&R charge consists of Fixed O&M and "Big R" (Water delivery capital, large extraordinary maintenance projects and bond debt service). Debt service on CAP's Water Delivery O&M Revenue Bonds, Series 2016 is about \$3.6 million annually and is included in "Big R". This rate is collected on all scheduled water whether delivered or not. For 2023, 2 1/2 cents of 2022/23 property taxes are being applied to the Fixed OM&R charge, resulting in a \$12/AF reduction.
- 5 The pumping energy rate applies to all actual water volumes delivered as opposed to scheduled. For 2023, 2cents of 2022/23 property taxes are being applied to the pumping energy rate, resulting in a \$11/AF reduction.
- 6 If Tier 1 or higher occurs, the Full Rate Stabilization takes effect, resulting in a reduction in the Fixed OM&R rate. Posted rates do not include this reduction. This is a customer funded program.
- 7 If Tier 1 or higher occurs, the 2020 Voluntary Rate Stabilization program takes effect for those entities participating, resulting in a reduction in the Energy rate. Posted rates do not include this reduction. This is a customer funded program.
- 8 Underground Water Storage O&M is paid by all direct recharge customers using CAP recharge sites.
- 9 Underground Water Storage Capital Charge is paid by all direct recharge customers except AWBA for M&I firming, the CAGRD, municipal providers within the CAP service area and co-owners of CAWCD recharge facilities using no more than their share of capacity.

Key Assumptions

- 2023 includes 93,000 acre-feet of reduction for the 500+ Plan, which equates to approximately \$11/acre-foot increase
- 2024 and beyond do not include any additional volume reductions related to potential system conservation plans; additional reductions would increase rates
- 2024 and beyond do not include the Hohokam Cliff Dam Replacement allocations
- Wheeling starts in 2026 at 4,000 acre-foot/year and remains at that level
- Rates are in accordance with Arizona Implementation Plan for Drought Contingency Plan

FIXED OM&R RATE AT DCP TIERS (For Planning Purposes Only) Units = \$/acre-foot													
	Fi	rm	F	irm	Advisory								
	<u>20</u>)23	<u>2</u>	024	<u>2</u>	<u>025</u>	20	026	<u>20</u>	27	20	028	
Tier Zero Tier 1	\$	152	\$ \$	122 157	\$ \$	128 168	\$ \$	138 176	\$ \$	145 183	\$ \$	148 188	
Tier 2a Tier 2b Tier 3	\$	162	\$ \$ \$	170 178 198	\$ \$ \$	182 190 205	\$ \$ \$	190 198 215	\$ \$ \$	198 207 225	\$ \$ \$	201 211 230	

CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT (CAGRD) ASSESSMENT RATES

CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT (CAGRD) ASSESSMENT RATES Units = \$/acre-foot

	Units = $\frac{3}{\text{acre-toot}}$	7	Them	4	T '	2-	T !		T '-	- 2
	Tier 2	<u>ero</u>	Tier	1	Tier Fir			Tier 3 Advisory		r 3
	202	(22	2022					-	Advi	
Dhaaniy Active Management Area	2021	122	2022/	23	<u>2023</u>	<u> 8/24</u>	<u>2024</u>	<u>725</u>	<u>202</u>	5/26
Phoenix Active Management Area Water & Replenishment Component ¹	\$	251	\$	260	\$	280	\$	323	đ	343
	₽	251 50	Φ	200 49	Þ	280 48	Þ	525 48	\$	
Administrative Component ²		353		49 353						48
Infrastructure & Water Rights Component ³						353		353		353
Replenishment Reserve Charge ^₄ Total Assessment Rate (\$/AF)	¢	114	¢	103	*	93	¢	108	đ	114
TOTAL ASSESSMENT RATE (\$/AF)	\$	768	\$	765	\$	774	\$	832	\$	858
Pinal Active Management Area										
Water & Replenishment Component ¹	\$	272	\$	280	\$	300	\$	342	\$	355
Administrative Component ²		50		49		48		48		48
Infrastructure & Water Rights Component ³		353		353		353		353		353
Replenishment Reserve Charge ⁴		114		103		93		108		114
Total Assessment Rate (\$/AF)	\$	789	\$	785	\$	794	\$	851	\$	870
Tucson Active Management Area										
Water & Replenishment Component ¹	\$	272	\$	280	\$	300	\$	342	\$	355
Administrative Component ²		50		49		48		48		48
Infrastructure & Water Rights Component ³		353		353		353		353		353
Replenishment Reserve Charge ⁴		114		103		93		108		114
Total Assessment Rate (\$/AF)	\$	789	\$	785	\$	794	\$	851	\$	870
Contract Replenishment Tax - Scottsdale 5										
Cost of Water	\$	213	\$	247	\$	280	\$	323	\$	343
Cost of Transportation		0		0		0		0		0
Cost of Replenishment		0		0		0		0		0
Administrative Component ²		50		49		48		48		48
Total Tax Rate (\$/AF)	\$	263	\$	296	\$	328	\$	371	\$	391
	1ent & Activat		EES	-	-	-	-	-	-	-
U Enrollment Fee - Commercial Subdivisions ⁶	Inits = \$/Housing Un \$	it 1,205	\$ 1	,307	\$	1,422	\$	1,493	\$	1,568
Enrollment Fee ⁶	\$	325	\$,307 347	\$	372	\$	391	\$	410
Activation Fee-Minimum ⁸	♪ \$	323	.₽ \$	347 345	\$	370	₽ \$	389	\$	408
Activation Fee-Phoenix AMA ⁸		1,290		,400	•	1,520	•	1,596	•	1,676
Activation Fee-Pinal Post-2007 ⁸		1,290		,400		1,520		1,596		1,676
Activation Fee-Tucson AMA [®]	\$	880	\$	960		1,050		1,103		1,158
ANNU	al membershif	P DUE	S				_	-		
Member Land Annual Membership Dues (\$/Lot) ⁹										
Phoenix Active Management Area	\$ 2	25.46	\$3	0.00	\$ 2	29.11	\$ 3	31.26	\$	32.54
Dinal Active Management Area	đ	10 00	¢ つ	2 20	¢ .	22 61	đ ·		đ	26.06

Member Service Area Annual Membership Dues (\$/AF)⁹

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\$ 95.51

\$ 18.90 \$ 23.38 **\$ 22.61 \$ 25.09**

\$ 29.07 \$ 35.73 **\$ 35.50 \$ 38.38**

\$ 117.19 **\$ 113.42 \$ 125.88 \$ 135.26**

\$ 26.96

\$ 40.21

Central Arizona Project

Pinal Active Management Area

Tucson Active Management Area

CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT (CAGRD) ASSESSMENT RATES

NOTES:

1

The Water & Replenishment Component covers the projected annual costs of satisfying replenishment obligations, including the purchase of long-term storage credits (LTSC) from the infrastructure & Water Rights reserve and from CAWCD. The purchase of LTSC are at the market value, which is based on the CAWCD delivery rates and capital charges.

- 2 The Administrative Component covers CAGRD administrative costs except labor-related costs associated with the acquisition of infrastructure and water rights. \$2/AF has been added to this component to fund the Board's CAGRD conservation program.
- 3 The Infrastructure & Water Rights Component covers the cost to develop additional water supplies and the cost to construct additional infrastructure as the need arises.
- 4 The Replenishment Reserve Charge covers costs associated with progress toward the replenishment reserve target as provided in ARS Sections 48-3774.01 and 48-3780.01.
- 5 The components of the Contract Replenishment Tax -Scottsdale reflect the provisions in the Water Availability Status Contract to Replenish Groundwater between CAWCD and Scottsdale. Only available if CAGRD has access to excess CAWCD water which is currently not forecasted.
- 6 The Enrollment Fee is collected pursuant to the Board's CAGRD Enrollment Fee and Activation Fee Policy.A \$2 per housing unit fee is included in the Enrollment Fee to help fund CAGRD's conservation program.
- 7 The Activation Fees are in accordance with the Board's CAGRD Enrollment Fee and Activation Fee Policy and updated schedule through 2023/24 and escalate at 5% thereafter pursuant to member discussions.
- 8 The Annual Membership Dues for Member Lands and Member Service Areas are pursuant to ARS Sections 48-3772.A.8. and 48-3779 as well as the Policy on Collection of CAGRD Annual Membership Dues adopted by the Board on April 7, 2011.

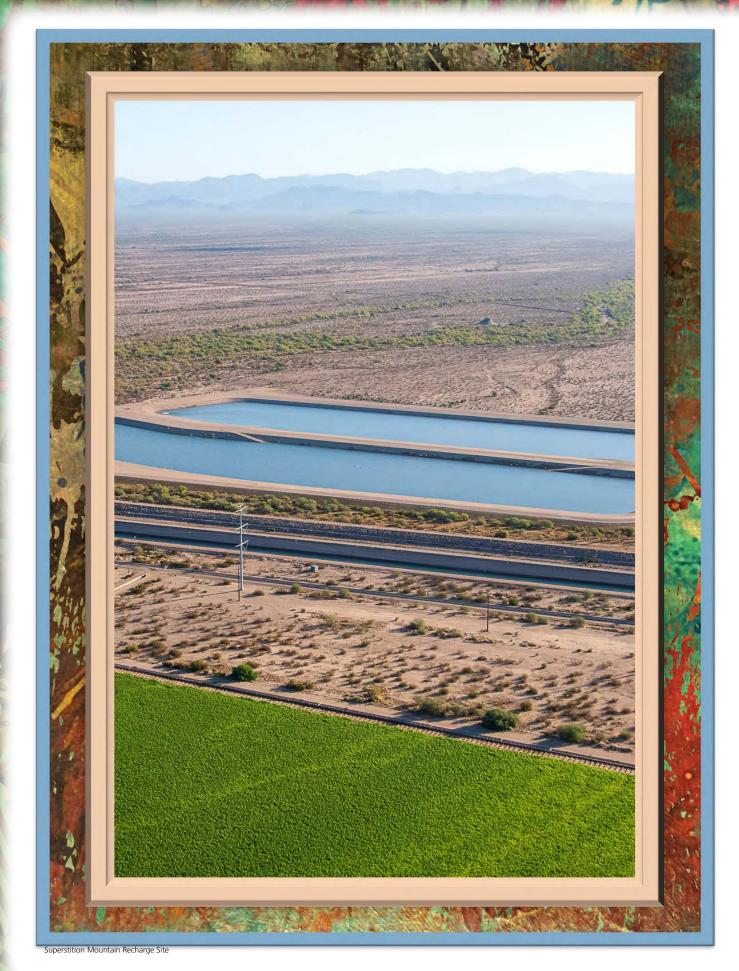
ASSUMPTIONS:

- Annual Membership Dues (AMDs) are set at the maximum allowed by state statutes for all years.
- Water Replenishment & Replenishment Reserve rates are dependent on CAWCD rates.

CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT (CAGRD) ASSESSMENT RATES

SHORTAGE RATES - For Planning Purposes Only All Other Rates Remain The Same

	Advisory	Advisory
Water & Replenishment Component	<u>2024/25</u>	<u>2025/26</u>
Phoenix AMA	\$ 253	\$ 266
Phoenix AMA	\$ 288	\$ 306
Phoenix AMA	\$ 301	\$ 320
Phoenix AMA	\$ 309	\$ 328
Phoenix AMA	\$ 323	\$ 343
Replenishment Reserve Charge		
Phoenix AMA	\$ 85	\$88
Phoenix AMA	\$ 96	\$ 102
Phoenix AMA	\$ 101	\$ 106
Phoenix AMA	\$ 103	\$ 109
Phoenix AMA	\$ 108	\$ 114
	<u>2024/25</u>	<u>2025/26</u>
Water & Replenishment Component		
Pinal AMA	\$ 272	\$ 278
Pinal AMA	\$ 307	\$ 318
Pinal AMA	\$ 320	\$ 332
Pinal AMA	\$ 328	\$ 340
Pinal AMA	\$ 342	\$ 355
Replenishment Reserve Charge		
Pinal AMA	\$ 85	\$88
Pinal AMA	\$ 96	\$ 102
Pinal AMA	\$ 101	\$ 106
Pinal AMA	\$ 103	\$ 109
Pinal AMA	\$ 108	\$ 114
Water & Replenishment Component	<u>2024/25</u>	<u>2025/26</u>
Tucson AMA	\$ 272	\$ 278
Tucson AMA	\$ 307	\$ 318
Tucson AMA	\$ 320	\$ 332
Tucson AMA	\$ 328	\$ 340
Tucson AMA	\$ 342	\$ 355
Replenishment Reserve Charge		
Tucson AMA	\$ 85	\$ 88
Tucson AMA	\$ 96	\$ 102
Tucson AMA Tucson AMA	\$ 101	\$ 106 \$ 100
Tucson AMA	\$ 103 \$ 108	\$ 109 \$ 114
	\$ 108	.⊅ I 14

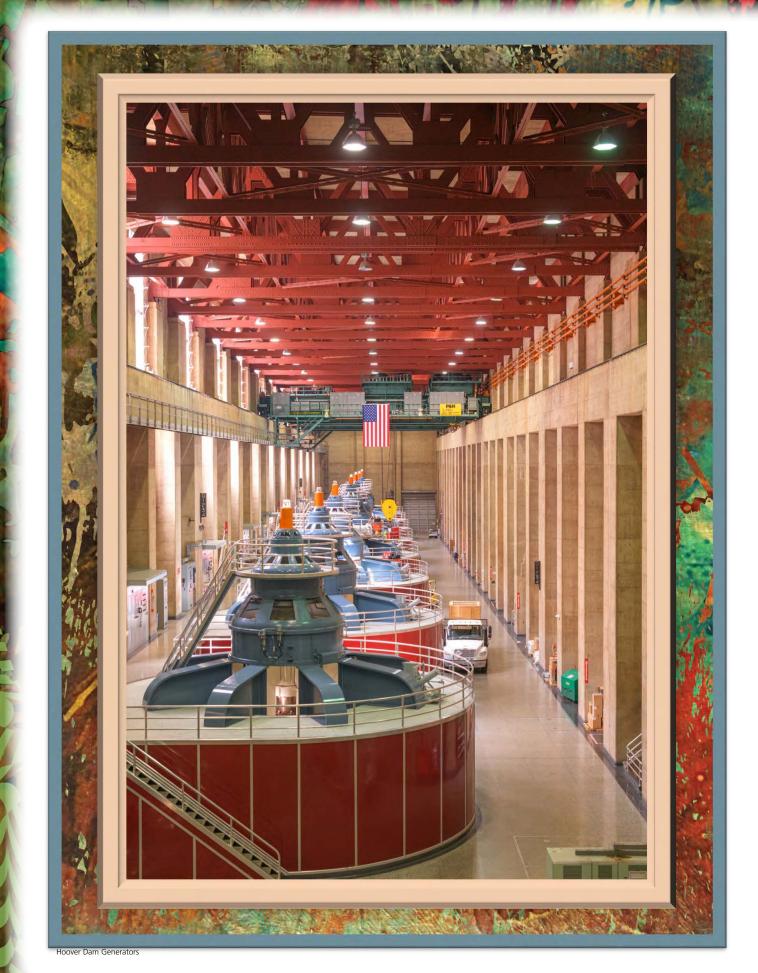


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PUMPING POWER / ENERGY COSTS

(General Fund)

		2021		2022		2023		2024		2025
		Actual		Actual	Pr	ojection		Budget		Budget
Energy (MWH)										
Waddell		37,647		32,382		26,587		30,017		31,111
Hoover B		133,306		121,467		112,155		116,247		116,248
Long-term contracts		298,854		310,377		346,447		464,474		157,874
Market purchases	-	1,939,388		1,253,075		1,073,238		1,078,541		1,413,916
Total MWH		2,409,195		1,717,301		1,558,427		1,689,279		1,719,149
Energy Data (¢/MW/H)										
Energy Rate (\$/MWH)		39.38		12.02		46.84		49.40		E3 E0
Hoover B				42.92				48.49		52.58
Long-term contracts		48.61		68.40		47.56		51.18		38.60
Market purchase	*	22.51	*	13.20	¢	29.49	*	34.22	*	51.79
Grand Weighted Average \$/MWH	\$	26.74	\$	25.51	\$	34.84	\$	39.97	\$	50.61
Energy Costs (\$000)										
Hoover B		5,250		5,213		5,253		5,637		6,112
Long-term contracts		14,527		21,229		16,477		23,770		6,094
Market purchase		43,646		16,542		31,645		36,909		73,222
Gross Energy Costs (\$000)	\$	63,423	\$	42,984	\$	53,375	\$	66,316	\$	85,428
	<u> </u>	007120	Ŧ	.2/501	Ŧ	00/070	•		•	
Energy scheduling services	\$	1,053	\$	1,161	\$	849	\$	892	\$	936
MWD agreement expense	Ŧ	59	Ŧ	73	Ŧ	80	Ť	80	•	80
Lake Pleasant adjustment		1,332		4,003		(3,364)		(1,637)		(6,075)
Lake Roosevelt adjustment		519		693		331		761		-
Total Energy (\$000)	\$	66,386	\$	48,914	\$	51,271	\$	66,412	\$	80,369
	-	00,000	*	10,911	*	51,271	*	00,112	Ψ	00,000
Transmission Adjustment										
Elec Trans-losses	\$	4,326	\$	5,508	\$	3,369	\$	3,798	\$	4,091
Transmission - SRP	Ŧ	310	Ŧ	285	Ŧ	185	•	249	•	259
Transmission - Brady, Picacho & RR		505		485		428		-		-
Transmission - WECC		181		201		171		177		185
Total Transmission Adjustment (\$000)	\$	5,322	\$	6,479	\$	4,153	\$	4,224	\$	4,535
		-		-		-		-		
Other Adjustment	*		÷		¢	(400)	÷		¢	
Other income	\$	-	\$	-	\$	(406)		-	\$	-
Total Energy, Transmission & Other Adjustments (\$000)	\$	/1,/08	\$	55,393	\$	55,018	\$	70,636	\$	84,904



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CAWCD DEBT INFORMATION

CAWCD is currently carrying four debt vehicles: CAP Repayment Obligation (Federal Debt), Revenue Bonds Series 2016, CAGRD Revenue Bonds Series 2019 and 9(d) Debt.

CAP Repayment Obligation (Federal Debt)

The CAP Repayment Obligation, also known as the CAWCD Federal Debt, is a master repayment contract which CAP entered into with the Bureau of Reclamation in 1972, to repay its share of the reimbursable construction costs of the CAP system. The 50 year repayment period for each construction stage began upon substantial completion of each stage. The first stage was declared substantially complete on October 1, 1993; as a result, repayment of this obligation began in 1994. Based on the terms of the Master Repayment Contract and the subsequent repayment settlement stipulation, CAWCD is obligated to repay a total of \$1.646 billion to the federal government. The balance of the obligation is projected to be \$856.62 million at the end of 2024, and \$813.82 million at the end of 2025. The federal debt payment does not have an impact on water delivery operations.

Revenue Bonds Series 2016

Water Delivery O&M Revenue Bonds Series 2016 are secured by District revenues derived from Fixed O&M and capital replacement charges, to the extent attributable to the debt service on the bonds. The Bonds maturing on or after January 1, 2027 will be subject to call for redemption prior to maturity, at the option of the District, in whole or in part, on January 1, 2026 or on any date thereafter. The Bonds maturing prior to January 1, 2027 will not be subject to redemption prior to their stated maturity dates. The bonds have an original maturity amount of \$45.46 million, due in varying amounts through 2036; interest rates vary among individual maturities ranging from 2.00% to 5.00%, with an overall interest rate of 3.305% (NIC). The bonds have an Original Issue Premium (OIP) of \$8.85 million, which equates to a total issuance cost of \$54.31 million. The balance of the obligations, including premium amortization, is projected to be \$35.16 million at the end of 2024, and \$32.62 million at the end of 2025. The bonds are paid as part of "Big R" and do not impact water delivery operations.

CAGRD Revenue Bonds Series 2019

CAWCD, on behalf of CAGRD, entered into an agreement with the Gila River Indian Community (GRIC) and Gila River Water Storage (GRWS) for the purchase of 375,000 AF of Long Term Storage Credits (LTSCs) for the Pinal AMA, and 70,375 AF of LTSCs for the Phoenix AMA. The purchase price was \$95 million, consisting of an initial payment of \$65 million due 30 days after signing, and the remaining payment of \$30 million due 6 months subsequent to the signing. Bonds were issued on 7/24/19 in the aggregate amount of \$20 million, with the final bond maturing on January 1, 2025, and each bond carrying an interest rate of 2.45%. The balance of the obligations is projected to be \$3.88 million at the end of 2024, and \$0 at the end of 2025. These bonds are paid from the CAGRD Infrastructure & Water Rights revenues and do not impact operations.

Non-Indian Agriculture 9(d) Debt

As part of the Arizona Water Settlement Act, Non-Indian Agricultural Districts gave up their water rights. Part of these rights are held by CAWCD. In exchange for these rights, CAWCD incurred this debt, which was a portion of federal funds previously provided to the impacted irrigation districts for infrastructure. This debt is to be paid by entities receiving the reallocation and does not have an impact on operations.

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Central Arizona Project

FEDERAL REPAYMENT OBLIGATION

(Thousands)

	_	2021		2022	P	2023	2024	2025
	/	Actual		Actual	Pr	ojection	Budget	Budget
Sources of Funds								
Net line rental revenue	\$	3,044	\$	2,711	\$	2,225	\$ 2,770	\$ 2,785
Hoover 4.5 mil surcharge		3,232		2,924		2,061	2,049	2,056
Parker-Davis		2,816		2,712		2,121	1,847	1,854
Net CAP transmission revenues including line losses		(1,050)		(75)		(95)	(692)	(695)
Transmission revenues SWTC		-				-		
Transmission line loss revenues		-				-	-	-
Land-related revenues:		-		-		-	-	-
Land use (net)		714		654		800	725	725
Land sales (net)		-		-		-		
Interest on deposits		122		155		174	135	150
Total Credits Toward Repayment	\$	8,878	\$	9,081	\$	7,286	\$ 6,834	\$ 6,875
Uses of Funds								
Principal	\$	40,456	\$	40,456	\$	40,456	\$ 42,808	\$ 42,808
Interest		19,021		17,689		16,357	15,025	13,609
Gross Payment <i>(Due Jan. 20th following year-end)</i>		59,477		58,145		56,813	57,833	56,417
(Net Due) / Excess Funds for Repayment	\$	(50,599)	\$	(49,064)	\$	(49,527)	\$ (50,999)	\$ (49,542)
CAP NGS Energy Reconciliation		(277)		654		-	-	-
Net Funds (Due to)/from Federal Government	\$	(50,876)	\$((48,410)	\$	(49,527)	\$ (50,999)	\$ (49,542)

The Department of the Interior and the CAWCD entered into a contract for delivery of water and repayment of costs of the Central Arizona Project in December 1972. The contract was amended in December 1988 and further modified by the repayment stipulations in May 2000 and November 2007; this contract is known as the Master Repayment Contract. The Master Repayment Contract requires the District to repay the reimbursable costs of the CAP over a 50-year period for each construction stage.



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FEDERAL DEBT SCHEDULE

(\$ Thousands)

Payment Made		Payment Due		Principal B	alance (Decen	nber 31st)
January 20th	Principal	Interest	Total	Interest Bearing	Non- Interest Bearing	Total
2023	40,456	17,689	58,145	489,436	407,644	897,080
2024	40,456	16,357	56,813	449,579	407,044	856,623
2025	42,808	15,025	57,833	407,221	406,594	813,815
2026	42,808	13,609	56,417	364,863	406,144	771,007
2027	42,808	12,194	55,002	322,505	405,694	728,199
2028	42,808	10,778	53,586	280,147	405,244	685,391
2029	44,063	9,363	53,426	236,535	404,794	641,329
2030	44,063	7,905	51,968	192,922	404,344	597,266
2031	44,063	6,447	50,510	149,310	403,894	553,204
2032	44,454	4,990	49,444	105,285	403,465	508,749
2033	44,454	3,519	47,973	61,238	403,056	464,295
2034	44,454	2,047	46,501	21,167	398,674	419,840
2035	44,454	707	45,161	10,583	364,802	375,386
2036	44,454	354	44,808	-	330,931	330,931
2037	44,454	-	44,454	-	286,477	286,477
2038	44,454	-	44,454	-	242,022	242,022
2039	44,454	-	44,454	-	197,568	197,568
2040	44,454	-	44,454	-	153,113	153,113
2041	44,454	-	44,454	-	108,659	108,659
2042	44,454	-	44,454	-	64,204	64,204
2043	44,454	-	44,454	-	19,750	19,750
2044	10,583	-	10,583	-	9,167	9,167
2045	9,167	-	9,167	-	-	-

REVENUE BONDS, SERIES 2016 - DEBT SERVICE SCHEDULE (\$ Thousands)

Payment Date: January 1st	Principal	Coupon	Interest	Annual Debt Service	Principal Balance December 31st
2023	1,845	5.00%	1,775	3,620	34,070
2024	1,940	5.00%	1,683	3,623	32,130
2025	2,035	4.00%	1,586	3,621	30,095
2026	2,120	5.00%	1,505	3,625	27,975
2027	2,225	5.00%	1,399	3,624	25,750
2028	2,335	5.00%	1,288	3,623	23,415
2029	2,450	5.00%	1,171	3,621	20,965
2030	2,575	5.00%	1,048	3,623	18,390
2031	2,705	5.00%	920	3,625	15,685
2032	2,840	5.00%	784	3,624	12,845
2033	2,980	5.00%	642	3,622	9,865
2034	3,130	5.00%	493	3,623	6,735
2035	3,285	5.00%	337	3,622	3,450
2036	3,450	5.00%	173	3,623	-

CAGRD REVENUE BONDS, SERIES 2019—DEBT SERVICE SCHEDULE (\$ Thousands)

Payment Date: January 1	Principal	Coupon	Interest	Annual Debt Service	Principal Balance December 31st
2023	3,695	2.45%	278	3,973	7,660
2024	3,785	2.45%	188	3,973	3,875
2025	3,875	2.45%	95	3,970	-

Dated Date	07/24/2019
Delivery Date	07/24/2019
First Coupon	01/01/2020
Par Amount	\$20,000,000

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NON-INDIAN AGRICULTURE 9(D) DEBT (\$ Thousands)

Payment Date: December 31	Beginning Balance	Principal Payment	Ending Balance
2023	88,719	-	88,719
2024	88,719	-	88,719
2025	88,719	-	88,719
2026	88,719	2,718	86,001
2027	86,001	5,658	80,343
2028	80,343	5,658	74,685
2029	74,685	5,658	69,027
2030	69,027	5,658	63,369
2031	63,369	5,658	57,711
2032	57,711	5,658	52,053
2033	52,053	5,591	46,462
2034	46,462	4,968	41,494
2035	41,494	4,692	36,802
2036	36,802	4,692	32,110
2037	32,110	4,692	27,418
2038	27,418	4,692	22,726
2039	22,726	4,692	18,034
2040	18,034	3,539	14,495
2041	14,495	2,132	12,363
2042	12,363	2,170	10,193
2043	10,193	2,170	8,023
2044	8,023	2,170	5,853
2045	5,853	2,170	3,683
2046	3,683	2,170	1,513
2047	1,513	1,513	-

RECONCILIATION OF WATER DELIVERY RATES

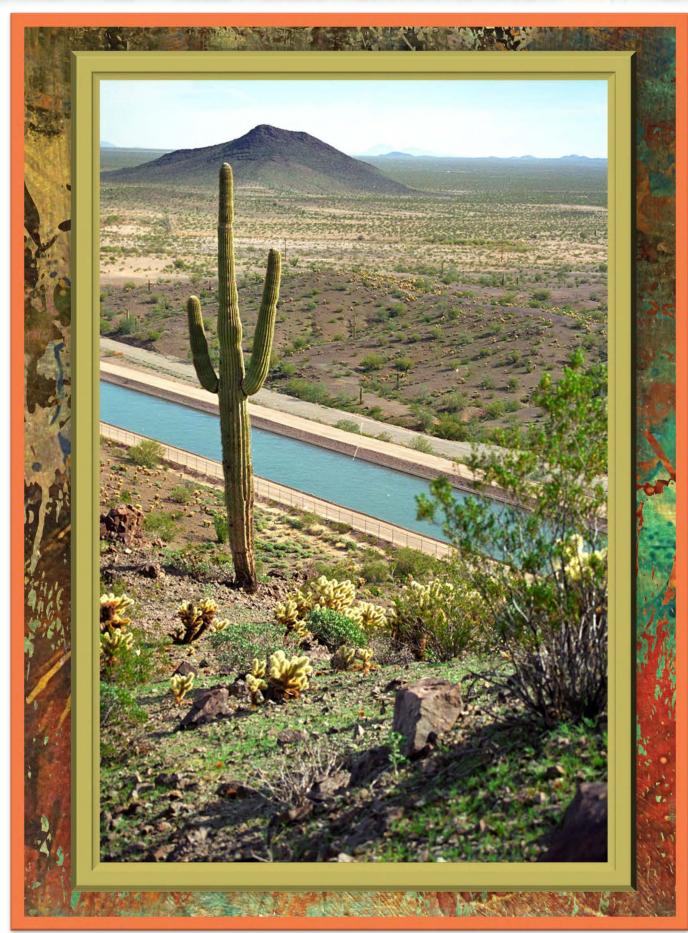
CALCULATION OF WATER DELIVERY COSTS

		202	3	 202	24	202	5
(Thousands)	Projection		Published	Budget	Published	Budget	Advisory
(,
General Fund Operating Expenses	\$ 251,781	\$	280,422	\$ 271,658	\$ 265,868	\$ 293,413	280,366
Adjustments for O&M Expenses							
Depreciation & Amortization	(48,548)		(49,951)	(43,560)	(48,207)	(46,547)	(50,802)
Energy	(51,271)		(72,098)	(66,412)	(65,698)	(80,370)	(70,676)
Transmission & Other Adjustments	(3,747)		(4,178)	(4,224)	(4,520)	(4,535)	(4,700)
Underground storage site O&M	(915)		(1,518)	(464)	(1,737)	(328)	(1,921)
Extraordinary Maintenance (when part of "Big R")	(1,880)		(2,572)	(2,503)	(10,318)	(2,525)	(14,636)
Other income	(650)		(514)	(768)	(487)	(760)	(499)
Compensated mitigation (Funded by 'Big R')	(3,535)		-	(1,660)	-	(2,817)	-
Program Funded by System Use Reserve	(15)		(20)	-	-	-	-
Programs Funded by Water Storage Tax Reserve	(1,605)		(1,000)	(2,000)	(1,000)	(2,000)	(1,000)
Programs Funded by Recovery Reserve	-		(3,750)	(1,500)	(3,000)	-	(3,000)
Programs Funded by Extraordinary Cost Reserve	(7,136)		(17,776)	(12,385)	(1,358)	(11,480)	-
Total Adjustments	(119,302)		(153,377)	(135,476)	(136,325)	(151,362)	(147,234)
Fixed O&M Expenses	\$132,479	\$	127,045	\$ 136,182	\$ 129,543	\$ 142,051	133,132
Pumping Energy & Hoover capacity charges							
Pumping Energy and Capacity Charges	51,271		72,098	66,412	65,698	80,370	70,676
Transmission to be Included in Energy	3,747		4,178	4,224	4,520	4,535	4,700
Total Pumping Energy & Hoover capacity charges	\$ 55,018	\$	76,276	\$ 70,636	\$ 70,218	\$ 84,905	5 75,376

CALCUL	ATIO	N OF RE	CC	DNCILED WA	\TE	R DELIVER	Y	RATES	-	_	-	_
			20			20	24			20	25	
	Р	rojection		Published		Budget		Published		Budget		Advisory
Water Delivery Costs (Thousands)												
Fixed O&M Expenses	\$	132,479	\$	127,045	\$	136, 182	\$	129,543	\$	142,051	\$	133,132
Total Pumping Energy Expenses		55,018		76,276		70,636		70,218		84,905		75,376
Water Deliveries (Acre-Feet)												
Billed Fixed OM&R Water Volume		808,664		1,003,703		922,679		898,801		897,805		901,776
Pumping Energy Rate Water Volume		808,664		1,003,703		922,679		898,801		897,805		901,776
Water Delivery Rate (\$/AF)												
Calculated Fixed O&M Rate	\$	163.83	\$	127.00	\$	147.59	\$	145.00	\$	158.22	\$	149.00
Apply 2.5 cents of 2022/23 Property taxes		(12.00)		(12.00)		-		-		-		-
Adjusted Fixed OM&R		151.83		115.00		147.59		145.00		158.22		149.00
Capital Replacement Component ("Big R")		37.00		37.00		47.00		47.00		56.00		56.00
Calculated Pumping Energy Rate	\$	68.04	\$	76.00	\$	76.56	\$	78.00	\$	94.57	\$	84.00
Apply 2 cents of 2022/23 Property taxes		(11.00)		(11.00)		-		-		-		-
Total Pumping Energy Rate		57.04		65.00		76.56		78.00		94.57		84.00
Total Delivery Rate	\$	245.87	\$	217.00	\$	271.15	\$	270.00	\$	308.79	\$	289.00
Full Rate Stabilization		(12.00)		(12.00)		-		-		-		-
2020 Voluntary Rate Stabilization		-		-		(11.00)		(11.00)		-		-
Net Delivery Rate	\$	233.87	\$	205.00	\$	260.15	\$	259.00	\$	308.79	\$	289.00

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Central Arizona Project



CAP Canal

POLICIES, GUIDELINES & PRACTICES OPERATIONAL AND FINANCIAL OBJECTIVES

Board

The policies and governing principles subscribed to by the Central Arizona Water Conservation District (CAWCD or District) Board of Directors (Board) provide direction to staff in accomplishing the financial and operational objectives of Central Arizona Project (CAP). These policies and principles ensure that decisions are made with full public disclosure and opportunity for public input. As the state's largest provider of renewable water supplies, open and interactive public discussions of financial and budget issues will ensure that public trust is maintained and enhanced.

More information visit: CAP Website at CAWCD Board Policies (cap-az.com)

Management

The General Manager (GM), in consultation with the Management Council (MC), using the directives provided in the Board's Human Resources Policy, establishes policies, programs and practices that protect the assets of CAP. Policies are in place that strive to recruit, select and retain qualified employees who, using established policies, programs and practices, will protect the resources that have been entrusted to their use and care by the public.

Finance and Accounting

The finance and accounting guidelines and practices establish the basis for the overall financial planning and management framework at CAP. These guidelines and practices are established by accounting guidelines (i.e., Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB)), laws and regulations, and internally developed procedures that help ensure the prudent and professional financial management practices needed to achieve and maintain long-term financial stability.

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Central Arizona Project

BOARD POLICIES AND GUIDELINES

Policy Name	Board Approval	Synopsis
	CA	WCD Board of Directors
CAWCD Bylaws	11/02/17	Provides organization structure and regulations for the governing Board.
Executive Sessions and Executive Session Minutes	09/06/18 Reviewed 01/05/23	Establishes procedures for executive sessions and minutes in compliance with Arizona Open Meeting Law.
Finance, Audit and Power Committee Mission Statement	05/07/09 Reviewed 01/05/23	Outlines the responsibilities of the FAP Committee and relationships with internal and external auditors.
	CAP	Water Use and Allocations
Procedures for Distributing Excess Water and Turn-Back Water 2020 – 2024	06/04/09 03/06/14 09/05/19 Reviewed 01/05/23	Establishes: • Process for allocation of excess water for: • Ag Settlement Pool • Water Availability contract • CAGRD Replenishment Obligation • Statutory firming pool including Arizona Water Banking Authority, Bureau of Reclamation and CAGRD Replenishment Reserve • Supplemental Firming Pool Expires 12/31/24
Marketing of Excess Water for Non-Indian Agriculture Use 2004 – 2030	05/18/00 Reviewed 01/05/23	 Establishes: Promotes use of excess CAP water by non-Indian agriculture (NIA) Provides: High priority pools of excess water for NIA use through 2030 Charges to be equal to Pumping Energy Rate charged to long-term subcontractors Monthly capacity rights equal to long-term subcontractors' rights Program for allocating NIA pool to be determined (12/5/2002 supplemental policy) Expires 12/31/30
Supplemental Policy for Marketing Excess Water for NIA Use 2004 through 2030	12/05/02 11/04/10 10/02/14 Reviewed 01/05/23	 Promotes use of excess CAP water by non-Indian agriculture (NIA) Provides: Allocation of NIA pool Eligibility requirements for participation as GSF Guidelines for incentive recharge water availability and priority Expires 12/31/30
Dedication of CAWCD's Existing Underground Storage Credits to CAGRD	10/06/05 11/03/16 Reviewed 01/05/23	 Provides for: Dedication of long-term stored water credits for use by CAGRD in establishing a replenishment reserve Payment by CAGRD to CAP for credits in the year in which credits are used

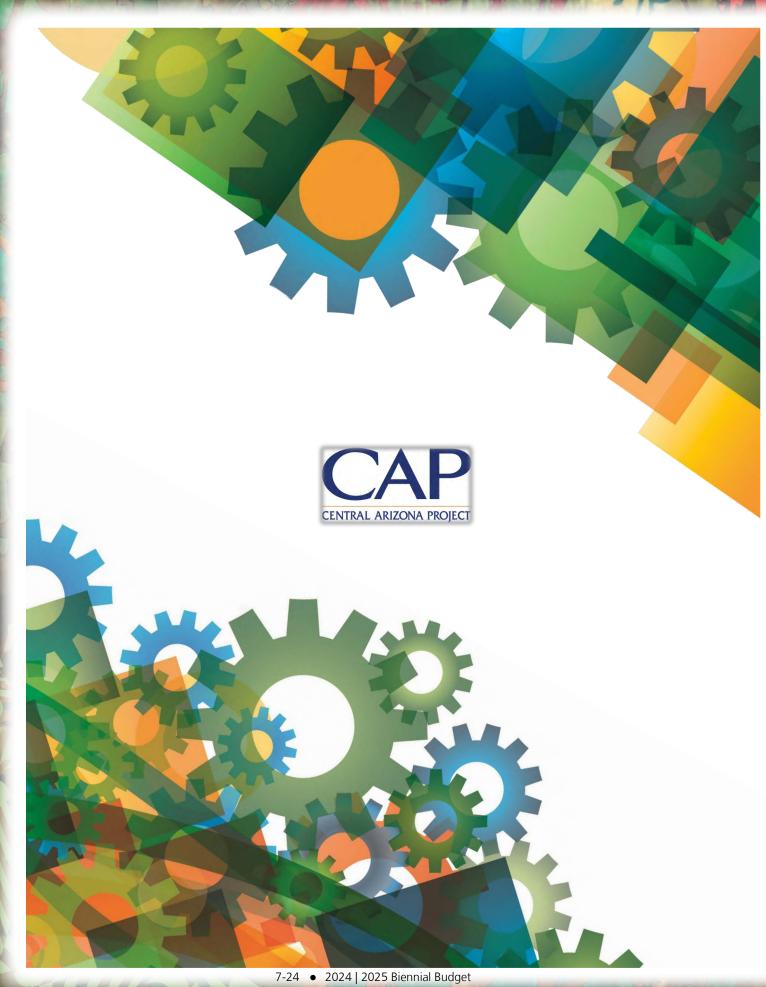
Policy Name	Board Approval	Synopsis
	CAP	Water Use and Allocations
Compensated Conservation Program	06/06/19 Reviewed 01/05/23	Establishes a voluntary, transparent and competitive process for CAWCD to solicit proposals from CAP M&I and Indian Priority contractors and subcontractors who are willing to reduce historical, beneficial consumptive use of their CAP entitlements for compensation by CAWCD. Expires 12/31/30
Relinquishment and Transfer of CAP M&I Subcontract Allocation	09/05/96 06/04/98 11/07/02 12/01/17 Reviewed 01/05/23	 Requires: CAP to work with Arizona Department of Water Resources (ADWR) in all transfers and relinquishments All financial transactions be made through CAP Financial arrangements be made in accordance with the policy No financial benefit to the transferring entity Subcontractors outside CAP service area to notify CAP and ADWR of their intent to transfer
		Financial
CAP Rate Setting Policy	11/06/97 01/08/04 10/06/05 05/06/10 02/01/18 03/02/23	Establishes strategy, philosophy and process regarding goals, cost measurement, charges for subcontract water delivery, capital and excess water, and forward announcement of prices, pools and price stability. Provides for biennial rate-setting, in accordance with the biennial budget process.
Rate Setting Policy Supplemental Guidance for Collection of Fixed OM&R for System Conservation	03/05/20	 Provides for: Supplemental Guidance intended to provide transparency in Fixed OM&R rate-setting Provides a process consistent with current water ordering Procedures to enable CAP rate payers to better understand water supply and Fixed OM&R rate impacts stemming from system conservation projects in the CAP system Expires 12/31/26
Recharge Rate Setting Policy	10/02/03 01/08/04 10/06/05 05/06/10 03/02/23	Establishes process and methodology for setting recharge rates that provides for cost recovery, rate predictability and stability, operational efficiency, accountability and legal compliance.
		CAGRD
CAGRD Water Supply Program Principles	11/07/13 12/02/21	Provides principles for the CAGRD acquisition of long-term water supplies to meet its replenishment obligations.
Collection of CAGRD Annual Membership Dues	04/07/11 11/03/16 03/03/22	Provides methodology and process for establishing annual membership dues for CAGRD Member Lands (ML) and Member Service Areas (MSA).

Policy Name	Board Approval	Synopsis				
		CAGRD				
CAGRD Assessment Rate Setting Policy	04/05/01 06/14/04 10/06/05 05/06/10 03/03/22	Establishes purpose, process and methodology for computing components of CAGRD assessment rates.				
CAGRD Enrollment Fee and Activation Fee Policy	05/06/04 05/01/08 11/05/15 03/03/22 11/03/22	Provides mechanism to collect fees from Member Lands and Member Service Areas to be used to acquire water rights and develop infrastructure necessary for the CAGRD.				
CAGRD Conservation Program Policy	5 51 1 71					
Allowing the Use of CAGRD Water Supplies to Satisfy the Arizona Water Banking Authority's Firming or Interstate Obligations	06/08/17 03/02/23	Allows CAGRD to accept Long-Term Storage Credits that have been transferred to CAWCD from the AWBA in lieu of delivery of water supplies available to CAGRD				
Inspection Standards and Retention Requirements for Water Provider Records Relating to CAGRD Annual Reports	03/02/06 11/03/16 03/02/23	 Provides for: Inspection procedures to be followed by CAP when inspecting records of CAGRD water providers Record retention requirements for CAGRD water providers 				
		CAP Facilities				
Energy Risk Management	10/04/04 11/02/06 02/15/15 10/06/22	Establishes CAWCD's philosophy toward risk, gives the General Manager specific transactional authority, establishes organizational responsibilities in carrying out transmission and energy risk management activities and provides guidance for strategies and transactions involving the use of physical and financial products				
Underground Storage Facility Capacity Priority	05/13/13 Reviewed 01/05/23	Provides methodology for scheduling and, if necessary, prioritizing recharge capacity at underground storage facilities owned by CAWCI				

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Policy Name	Board Approval	Synopsis
		CAP Facilities
Recreational Trail Policy	06/20/22 06/01/23	Provides for the development of trails along the canal, including location of the trail and facilitation of agreements between municipalities and Reclamation.
		Administration
Human Resources and Management Practices Policy	09/05/02 Reviewed 01/05/23	Provides for development of policies, programs and procedures in the areas of administration, compensation, benefits, employment, environment, health, safety and security.





MANAGEMENT POLICIES

Policy Name	Policy Approved	Synopsis
	_	Administration
Purchasing	03/02/00 07/25/17 05/06/21 02/23/23	 Provides for: Maintaining and administering a procurement program to acquire goods and services Achieving balance between minimizing the cost for goods and services and striving for reasonable response and flexibility Specifying the approval authority of staff positions and the GM
Fleet Vehicles	01/05/01 01/01/07 08/14/20 02/27/23	 Provides for: Management and control of the acquisition, delivery, assignment, pooling, replacement, disposal and maintenance of fleet vehicles Control of vehicle administration, costs and integration of fleet vehicles into company operations
Purchasing and Fleet Credit Card Program	10/06/03 10/20/15	 Provides: Guidelines and establishes specific limitations for the use of purchasing and fleet credit cards by employees as part of normal operations
Project Approval and Implementation	04/11/01 04/09/08	 Provides for: Structure to evaluate, prioritize and oversee capital projects Facilitation of planning, approval, implementation and completion of capital projects Communication method among project managers and management
Travel	06/04/01 10/20/15 01/28/19 09/29/22	 Provides for: Prudent expenditure of funds budgeted for travel Proper authorization and recording of travel-related expenses Reimbursement of authorized business-related expenses incurred while on travel status
General Signature Authority	1/17/11 4/11/11 11/07/22	Provides:Standard guidance and reference point regarding signing authorization
Property	06/15/01 08/28/14 01/25/18	 Provides for: Physical tracking and accounting of the acquisition, assignment, transfer, capitalization, depreciation and disposal of property Safeguarding against loss, theft or misuse
Business Continuity Management	11/23/16 06/06/21	 Ensures: That all business activities remain at normal or near-normal performance levels following an event that has the potential to disrupt or destroy the organization's ability to provide uninterrupted services to its key stakeholders
Asset Management	02/27/18	 Provides: Provides general guidance for asset management at CAP and is intended to ensure decisions throughout the organization are informed by an understanding of service, risk and life cycle cost

Central Arizona Project

Policy Name	Policy Approved	Synopsis
Records and Information Management	05/12/00 08/31/10 02/10/22	 Provides for: Management of CAP records, including all information, paper and electronic data Use of a Uniform File Coding System, retention system and disposition/destruction schedule
Risk Management	11/01/04 10/16/08	 Assigns: Responsibility for managing risk and protecting CAP from financial harm
Business Meals	05/20/02 11/03/15 11/05/18 03/02/23	 Provides: Guidelines and sets limits for business meals, meetings events and recognition/reward functions
Extraordinary Event	05/18/09 11/23/16 11/01/21	Establishes:Special operating procedures that may be implemented by the GM as a result of an extraordinary, emergency event
Media Relations	04/18/11 10/07/21	 Identifies: CAP's Public Affairs Group as the principal point of contact for all members of the media
Social Media Use	04/18/11 03/07/22	 Provides: Protocol and procedures for the use of social media to promote and publicize CAP Prohibits postings and comments that violate CAP policies, are offensive to others or are discriminatory
	(Compensation and Benefits
Time Away from Work (formerly Paid Leave)	09/20/90 05/10/17 05/30/19 08/15/22	 Provides for: Paid time off for vacations based on years of service and hours worked Paid time off for holidays and personal time based on hours worked Paid time off for specific absences (e.g., jury duty, court summons, marriage, funeral of co-worker, death of family member Leave of Absence options
Uniformed Service Absence	09/20/90 05/12/06	 Provides for: Income protection when on short-term and long-term tours of duty Leave of absence when on voluntary and involuntary active duty, training for active duty, and full-time National Guard duty Reinstatement or reemployment opportunities upon honorable discharge
Employee Recognition Programs	03/01/08 07/22/13 04/11/18	 Provides for: Guidelines and establishes a process to promote and recognize exceptional employee effort that provides immediate and visible recognition for employee contributions
Victim's Leave Act	01/14/04 04/29/09	 Provides for: Time off to attend juvenile and adult criminal court proceedings associated with being a crime victim
Short Term and Long Term Disability Benefits	08/15/22	 Provides for: Income protection options for employees unable to work for extended time periods

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Policy Name	Policy Approved	Synopsis
Overtime	09/20/90 02/09/16 05/30/19	 Provides for: Scheduling of overtime hours Compensation for overtime hours worked in accordance with Fair Labor Standards Act Compensation for call out pay
Employee Assistance Program	11/01/04	 Provides for: Confidential and voluntary assistance to employees and family members Opportunity to find solutions to personal problems before such problems interfere with work performance
Pay Administration	09/20/90 11/03/15 05/30/19 10/04/21	 Provides for: Pay evaluation and administration program that enables CAP to attract and retain a qualified workforce Maintaining internal equity through defined compensable factors Maintaining external equity through pay practices and pay ranges Consideration to the external labor market Compensation flexibility to address changing business needs and economic conditions Rewarding employees based on performance achievement
Life Insurance Benefits	09/20/90 08/21/12	Provides for:Employer paid group term life insuranceEmployer paid accidental death and dismemberment insurance
Health Benefits	09/20/90 11/29/12	 Provides for: Making group medical and dental health plans available to employees and eligible dependents with cost sharing by the employee and employer
Tuition Reimbursement	12/03/98 07/17/17 03/27/23	 Provides for: Job related educational assistance upon successful completion of courses taken at colleges, universities and trade schools
Family and Employee Medical Leave	12/01/97 12/08/15	 Provides for: Compliance with FMLA Usage for the birth or adoption of a child, to care for a family member with a serious health condition or the employee's serious health condition
Americans with Disabilities Act (ADA)	10/17/11	 Provides for: Equal opportunity to all qualified individuals with disabilities Compliance with legal and regulatory requirements to ensure full accessibility to all aspects of employment Reasonable accommodations for applicants and employees with disabilities
Certifications and Memberships	05/01/02 11/01/04	 Assigns: Financial assistance for job-related certifications, certification activities and professional or technical memberships
Certifications and Memberships	05/01/02 11/01/04	 Assigns: Financial assistance for job-related certifications, certification activities and professional or technical memberships

Policy Name	Policy Approved	Synopsis
		Employment
Recruitment and Selection	12/02/99 11/19/12 02/12/20	Provides:Process for recruiting and selecting the candidate with the greatest chance of success to fill job vacancies
Relocation Assistance	01/14/04 10/04/11	 Provides for: Reimbursement of covered expenses associated with relocating a household for prospective and current employees
Temporary Employee	11/01/04 06/13/17	 Provides for: Employment of temporary employees and independent contractors for a specified period of time for a specified purpose
Corrective Action	12/03/98 10/04/10	 Provides for: Coaching and counseling of employees based on documented or observed facts in response to unsatisfactory employee performance or conduct Progressive discipline and termination for violations of work rules or for unsatisfactory performance
Conflict Resolution (formerly) CAP Resolve	08/01/96 11/01/04 03/27/23	Provides for:Options for employees to resolve concerns
Vehicle Use	09/20/90 09/13/13 05/24/21 10/27/22	 Provides for: Employees who are required to drive during the course of employment to have a valid driver's license and maintain a good driving record
Ethical Business Conduct	02/04/99 09/27/06 11/01/22	 Provides for: Employees to refrain from engaging in conduct or activity that could raise questions about the company's honesty, impartiality or reputation, or could otherwise cause embarrassment to the company
Nepotism	12/01/97 11/01/16	Provides for:Restricted work relationships of grandfathered family members
Workplace Harassment, Bullying, discrimination and Harassment (formerly) Discrimination and Harassment-Free Workplace	12/03/98 11/22/16 03/27/23	 Provides for: Treating individuals with dignity and respect equal employment opportunities Relationships among employees to be businesslike and free of bias, prejudice and harassment Non-discriminatory practices, including a policy against harassment Employees to report perceived incidents of discrimination or harassment

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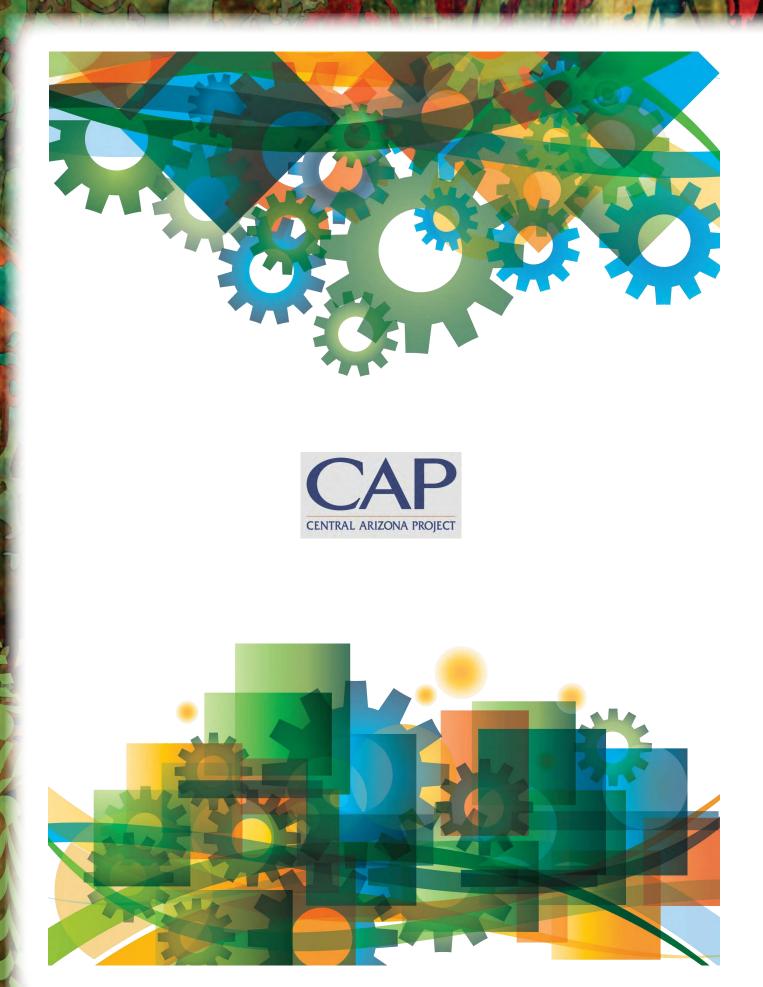
Policy Name	Policy Approved	Synopsis
Apprenticeship Program	06/26/98 08/08/16	 Provides for: Non- and semi-skilled employees to become proficient and skilled in a selected trade through on-the-job training and supplemental technical and theoretical study
Work Schedules	07/22/98 06/05/11	 Provides for: Various work schedules that meet the needs of the company, customers and employees
Attendance	03/30/98 11/01/04	Clarifies:Expectations regarding attendance, punctuality and reliability
Attendance of Headquarters Events	08/13/03 08/17/10	 Ensures: Consistent application of benefits and opportunities across the company by providing policy guidelines for attending management-approved events at headquarters (HQ) for employees whose reporting point or primary job duties/responsibilities are not at HQ
Personal Appearance	01/12/05	Clarifies:Expectations regarding personal appearance, personal hygiene and appropriate attire
Travel for Training	07/15/02 07/07/14	 Provides for: Flexible scheduling, compensation and other employment conditions while on travel status associated with training
Portal to Portal	03/30/98 11/01/04	 Provides: Expectations regarding travel to and from temporary living accommodations while on travel status
Telecommunications	06/04/10 01/01/12 12/19/17	 Provides for: Management and control of company telephones, mobile phones, tablets, laptops or hybrid devices which access CAP information systems
Diversity and Inclusion	12/13/10 02/27/18	 Provides for: CAP's intent to foster an atmosphere of acceptance and support for employees of diverse backgrounds
Vehicle Accident Review	06/27/11 06/27/21	 Provides for: Improvement in overall safety of operations Establishing fair and impartial review system for all accidents Establishing accident cause, whether accident was preventable, uniformity of accountability and make recommendations for corrective action

Policy Name	Policy Approved	Synopsis
	Environ	ment, Health, Safety and Security
Workers' Compensation and Work-Related Illnesses and Injuries	09/20/90 04/04/11	 Provides for: Income protection for employees disabled as a result of work-related illnesses or injuries Opportunities to return to work on light duty or restricted duty
Drug & Alcohol Abuse	12/03/98 07/15/13 06/14/21	 Provides for: Establishing and maintaining a workplace free from the effects of alcohol, misuse of legal drugs and the use, possession or distribution of drugs Pre-employment drug testing Reasonable suspicion testing
Information Security	11/14/02 06/25/12 12/19/17 04/18/19	 Provides for: Authorized use of computers, networks and other information system resources Protecting the confidentiality, integrity and availability of information and information systems Reporting information security violations and incidents
Safety	12/03/98 10/04/10	 Provides for: Maintaining a safe work environment Reducing the number of incidents of injury, lost time associated with injuries and property damage accidents through the use of proper equipment, training & education, accident investigation and consistent improvement
Weapon-Free Workplace	12/08/99	 Provides for: Safe work environment Prohibiting firearms, explosives or dangerous offensive weapons on company property or in company vehicles
Environmental Compliance	10/09/03 02/28/11	 Provides for: Compliance with all applicable environmental laws and regulations Identification of policies, plans, guides, programs and permits governing CAP's compliance with laws and regulations Employees to report violations and environmental contaminations
Identification Badges	11/17/03 11/01/04	 Provides for: Employees, contractors and visitors to wear identification badges at all times while at Headquarters
Return to Work (RTW) Program	12/01/97 06/13/11	 Provides for: Reasonable accommodation to employees during medical recovery from a work or non-work related injury or illness

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Policy Name	Policy Approved	Synopsis
Violence-Free Workplace	12/01/97 04/11/11	 Provides for: Safe work environment Zero tolerance of threats or acts of violence, acts of intimidation or coercion Employees to report incidents of violence and cooperate in investigations
Tobacco-Free Workplace	03/30/98 08/19/14	Provides for:Restrictions on tobacco and e-cigarette use in work areas
Safety Incident Review	03/12/03 10/04/10 12/21/20	 Provides: Process for timely and thorough investigation of safety incidents, including accidents, safety policy or rule violations, job safety analysis violations, unsafe practices in the workplace and work related illness and injury, to determine root cause and prevent recurrence Opportunities for coaching, action planning and corrective action
Hazardous Substance Control	11/01/10 07/30/14	 Provides: Guidelines for the purchase, storage, distribution, disposal and reporting of hazardous substances used at CAP
Remote Access	10/06/06 04/18/11 12/19/17 08/23/22	 Provides: Definition of security requirements for connecting to CAP's network from a non-CAP network.
Telework	08/09/21 04/26/22	 Provides: A formal arrangement with an employee that allows the use of telecommunications and computer technologies to perform job functions at an alternative workspace that can be in an employee's home, or other approved location, for one day a week in lieu of a designated office, cubicle or desk on CAP premises. Improved employee safety via reduced commute times Reduction to CAP's carbon footprint by cutting down on vehicle emissions. Strengthened work-life balance and improved productivity for employees. Discovery of appropriate balance of telework and in-person work necessary to achieve CAP's operating goals.

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Finance & Accounting Practices

	Synopsis
Accounting & Financial Practices	 It is the practice of CAP to: Maintain an accounting and financial reporting system that conforms to GAAP adopted by the GASB Perform an independent audit of CAP's financial statements annually and have the statements completed within 120 days of the end of the fiscal year to ensure compliance with CAP's bond indentures (if applicable) Establish and maintain internal controls that promote the reliability, integrity and timeliness of financial and operational information
Basis of Accounting	CAP's activities are accounted for under the accrual method and in compliance with GASB Statement No. 34. Under Enterprise Fund accounting, CAP is a single accounting entity for financial reporting purposes. However, within this single accounting entity, CAP has identified a number of financial activities that it wishes to track separately, referred to as "funds." These funds are as follows: General Fund, CAGRD Account, Supplemental Water Account and Captive Insurance Fund. The use of the term "fund" for these separate activities does not have any particular accounting significance. CAP is not required to, and does not, publish separate financial statements for any of the individual funds, except for the consolidated statements and CAP's captive insurance company.
Basis of Budgeting	The annual budget includes a series of financial statements that follow the accrual basis of accounting. Revenues are recognized in the period they are earned and expenses are recognized in the period they are incurred. Because the annual budget, audited financial statements and quarterly budget reviews follow a consistent format, the readers are able to compare and understand the information contained in each document.
Budget Approval	CAP is not required to have a legally adopted budget; therefore, funds are not subject to appropriation. However, it is the practice of CAP to develop a budget that is reviewed and approved by the Board. CAP is not required to prepare a balanced budget where total estimated revenues equal total estimated expenditures.
Capital Assets	CAP will maintain its infrastructure and equipment at a level sufficient to b able to divert CAP's full entitlement of Colorado River water, maintain water deliveries, protect CAP's capital investment and minimize future maintenance and replacement costs.
Capitalization Policy	 The following criteria is used to determine whether the cost of an asset is capitalized or expensed: Non-capitalized Expenditures: In general, all expenditures which do not add significantly to the value or utility of an existing asset should be expensed in the current period and included in the Operating Budget; such expenditures include, but are not limited to, normal repairs, spare parts, routine maintenance, relocation and storage.

Central Arizona Project

	Synopsis	
Capitalization Policy (cont'd)	 Capitalized Expenditures: Movable property: should be capitalized if the property has: (a) a useful life of 3 years or more; and (b) an acquisition cost of \$25,000 or more Land and Improvements: land acquisition shall be capitalized; land improvements shall be capitalized and depreciated; long-term leases, easements, or rights-of-way shall be capitalized and depreciated over the term of the transaction. Buildings and other structures: new structures with a cost of \$25,000 or more shall be capitalized. Newly installed plant machinery & equipment: installed units of machinery and equipment with a cost of \$25,000 or more shall be capitalized Costs subsequent to acquisition:	
Cash Management	The objectives of CAP's cash management guidelines are to ensure the: (a) safety of principal by maximizing investment income while maintaining the preservation of capital (b) cash and investment fund balances will remain sufficiently liquid to enable CAP to meet all operating requirements and expenses that might be reasonably anticipated; and (c) investment pools and fund balances shall be managed with the objective of attaining at a minimum, a market-average rate of return, taking into account the constraints of state-mandated statutes and cash flow needs.	
Debt Policy	 Debt Limitations CAP's debt, aside from the debt to the federal government for the repayment of the reimbursable costs of CAP, is limited to \$500 million for revenue bonds and is not limited to general obligation bonds. General obligation bonds are subject to voter approval. The general policy of CAP is to fund Operations, Maintenance and Replacement (OM&R) and the Capital Improvement Program (CIP) on a "pa as you go" basis from the water delivery and property tax revenues each year. Extraordinary expenditures will be funded from reserves. If reserves are not sufficient, CAP may issue either revenue bonds or general obligation bonds, subject to applicable law. 	
	 Derivatives CAP will not invest in derivatives without specific approval from the Board. Debt Structuring CAP will attempt to match the term of issued debt with the useful lives of assets funded by such debt, without limitation. CAP may issue fixed or variable rate debt, as conditions dictate. CAP may issue debt with premiums or discounts, as conditions dictate. CAP may issue debt with equal payment provisions, equal principal amortization, deferred principal payments, or any other structure that meets the needs of CAP, without limitation. 	

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	Synopsis
	 Debt Issuance Practices CAP will issue new or refunding debt only under the advice of a qualified financial advisor and underwriter, who will be selected according to CAP's purchasing policy. Pricing will be negotiated between CAP and the underwriter with input from the financial advisor. CAP will seek credit ratings from at least two nationally recognized rating agencies. The Board will determine the minimum acceptable credit rating for any issuance of debt. The Board will determine the refunding provisions for any issuance of debt.
	 Debt Management Practices Bond proceeds will be invested according to applicable Arizona law. Guaranteed Investment Contracts will be utilized as available and applicable Arbitrage rebate calculations will be completed annually and payments submitted to the federal government as required. Appropriate market disclosures will be filed. Investor communications will be provided according to applicable debt covenants
Federal Grant Awards	Defines financial policies for working with federal grant awards, as required by Code of Federal Regulations §200.303 Internal controls. These policies are in addition to Board, CAP, and other department policies and are meant to address additional responsibilities for administering federal grants.
	 The Financial Department is primarily responsible for all FP&A federal grant activity, including these policies, and is the financial point of contact for other CAP departments and federal agencies. Other responsibilities will be assigned as needed
	 Copies of all grant agreements and other applicable documentation will be stored a central location for the duration of the grant and for three years following the fir Single Audit that follows the applicable grant's period of performance.
	• These policies will be communicated to all FP&A employees responsible for preparing, reviewing, submitting, or completing any federal document, report, or activity. Employees will have access to the policies for additional review, if needed.
	Reimbursement requests:
	 In accordance with the grant agreement, reimbursement requests (requests) will be submitted through ASAP.gov (Automated Standard Application for Payment).
	 Individuals in Financial Operations with appropriate financial and accounting knowledge of the program will be assigned ASAP's "Payment Requester" role, as needed.
	 Requests will be prepared by a Payment Requester and reviewed for allowability, completeness, and accuracy prior to being submitted for reimbursement.
	NOTE: These procedures apply to reimbursement grants. If other types of grants are awarded to CAP, these procedures will be modified.

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	Synopsis
Financial Reporting	 It is the practice of CAP to: Prepare and issue financial reports on a monthly, quarterly and annual basis; these reports are prepared at a hierarchical level, from the lowest (cost center) to the highest (consolidated financial statements) On a quarterly basis, require cost center managers to prepare a variance analysis tha explains significant variances to budget for year-to-date actual expenditures and projected full-year expenditures On a quarterly basis, require Finance to prepare and publish a Quarterly Financial Review for the Management Council and the Finance, Audit and Power Committee of the Board
Investment Management	ARS Title 48, Chapter 22, Article 1.0 governs all funds received on behalf of CAP. ARS 48-3712(A)(5) specifies that excess funds not immediately required must be invested with the Arizona State Treasurer pursuant to ARS 35-313. A listing of State Treasurer investments permitted by law is detailed under ARS 35-313.
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ARIZONA'S LARGEST EMPLOYERS

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1	State of Arizona	39,172		ALC / COM
2	Arizona State Univer- sity	34,421	12 100	AN AN
3	University of Arizona	19,823	And the second	11 States
4	City of Phoenix	15,645	1 Read	Red Mar
5	Maricopa County	13,149	A State	DAN DEPEN

Arizona's Largest Non-Governmental Employers

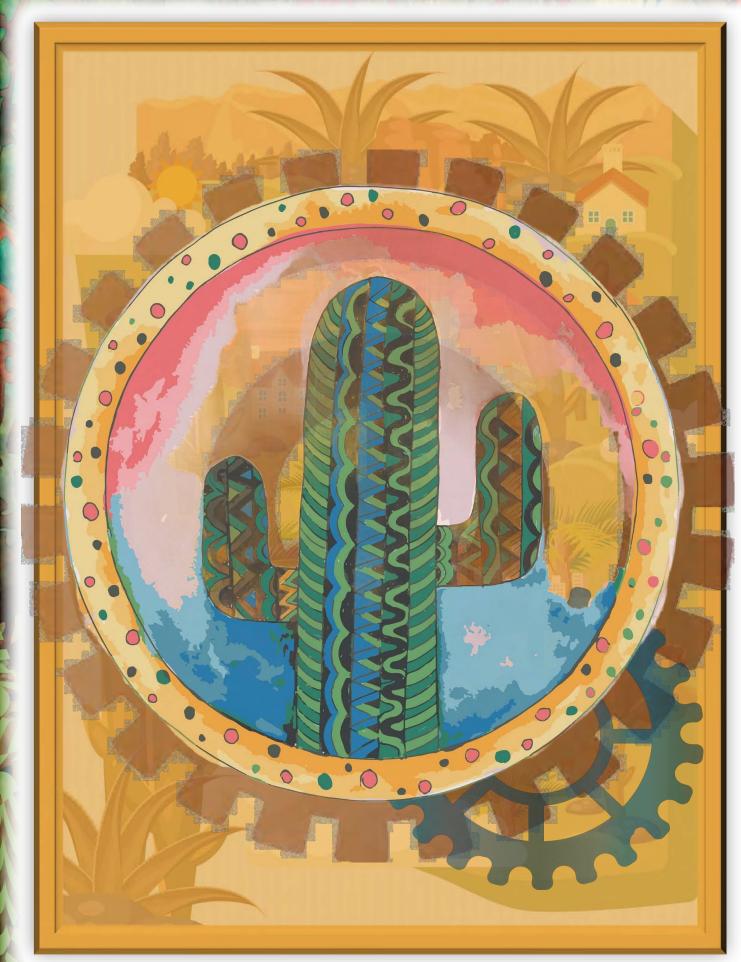
Rank	2022 Emp	Rank		2022 Emp	Rank	and Da	2022 Emp
1 Banner Health	41,435	12	Mayo Clinic	9,300	23	Northrop Grum- man	4,475
2 Amazon.com In	c. 40,000	13	Freeport McMo- Ran	9,140	24	The Boeing Co.	4,428
3 Walmart, Inc.	38,309	14	Bank of America	9,000	25	Abrazo Health	4,244
4 Fry's Food Stor	es 21,012	15	Honeywell Aerospace	8,255	26	U-Haul Interna- tional	3,921
5 Dignity Health	AZ 16,525	16	Bashas' Family of Stores	7,766	27	Valleywise Health	3,717
6 Wells Fargo & O	Co. 15,500	17	UnitedHealthcare	7,478	28	W.I. Gore & Asso- ciates	3,700
7 HonorHealth	13,347	18	Phoenix Children's	6,033	29	Sonora Quest Labs	3,500
8 Intel Corporation	on 12,000	19	AZ Public Service Co.	5,576	30	Cox Communications	3,100
9 American Expre	ess 11,484	20	United Parcel Service	5,545	31	Pride Group LLC	2,883
10 Grand Canyon Univ.	9,798	-21	Salt River Project	5,073	32	Shamrock Foods Co.	2,793
JP Morgan Cha & Co.	se 9,500	22	Cigna	4,800			

2022 COUNTY POPULATIONS (ESTIMATIONS)

UPDATED BASED ON ESTIMATES AS OF JULY 1, 2022, INCLUDING THE POPULATION ESTIMATES BELOW. THE FULL COUNTY PROFILES ON THE FOLLOWING PAGES WERE PREPARED BY THE ARIZONA COMMERCE (WWW.AZCOMMERCE.COM)

MARICO	OPA COUNTY	PINAL COUNTY				
City / Town	Estimated Population	City / Town	Estimated Population			
		_				
Total Population	4,586,431	Total Population	453,924			
Apache Junction	400	Apache Junction	38,851			
Avondale	92,324	Casa Grande	58,648			
Buckeye	106,316	Coolidge	15,984			
Carefree	3,721	Eloy	16,748			
Cave Creek	5,173	Florence	25,207			
Chandler	282,891	Hayden	0			
El Mirage	36,275	Kearney	1,743			
Fountain Hills	23,972	Mammoth	1,079			
Gila Bend	1,893	Marana	0			
Gilbert	277,486	Maricopa	64,742			
Glendale	254,005	Queen Creek	10,618			
Goodyear	106,090	Superior	2,426			
Guadalupe	5,333	Winkelman	0			
Litchfield Park	7,012	Unincorporated	217,878			
Mesa	516,429					
Paradise Valley	12,700	Pima County				
Peoria	199,424					
Phoenix	1,657,035	City / Town	Estimated Population			
Queen Creek	60,338		*			
Scottsdale	244,959					
Surprise	155,384	Total Population	1,072,298			
Tempe	187,354	Marana	56,758			
Tolleson	7,315	Oro Valley	48,908			
Wickenburg	6,779	Sahuarita	36,179			
Youngtown	7,060	Tucson	554,021			
Unincorporated	328,763	Unincorporated	371,835			

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County Profile for Maricopa County

Central Arizona Project

Maricopa County, named after the Maricopa Tribe, was created from portions of Pima and Yavapai counties in 1871. It was the fifth county formed in Arizona, and eventually portions were used to create Gila and Pinal counties.

In the late 19th century, citizens living far south of Prescott, the territorial capital and site of the Territorial Legislature, petitioned for a more local seat of government. Residents of the Salt River Valley and the Gila River area wanted a new county in their respective locations. After weighing both proposals, the legislature agreed with the Salt River Valley group and created Maricopa County. In 1889, Phoenix became the final site of the territorial capital and retains its status as Arizona's capital city.

More than half of the state's population resides in Maricopa County, which includes the cities of Phoenix, Mesa, Glendale, Scottsdale, Tempe, Chandler, Peoria and the town of Gilbert. This metropolitan area is the state's major center of political and economic activity. In addition to housing the state capital, the county is home to a growing high-tech industry; manufacturing and agricultural industries; 15 institutions of higher learning, including



OMMERCE AUTH

County Seat: Phoenix

Arizona State University and the Thunderbird Garvin School of International Management; various cultural attractions; major league professional basketball (Phoenix Suns and Phoenix Mercury), football (Arizona Cardinals), hockey (Phoenix Coyotes) and baseball's 2001 World Champion Arizona Diamondbacks; and Phoenix Sky Harbor International Airport, fifth busiest in the world with over 1,300 daily flights.

Today Maricopa County measures 9,222 square miles, 98 square miles of which is water. Twenty-nine percent of this area is owned individually or by corporation, and 28 percent is owned by the U.S. Bureau of Land Management. The U.S. Forest Service and the State of Arizona each control 11 percent of the county; an additional 16 percent is owned by other public entities. Almost 5 percent is Indian reservation land.

County Profile for Maricopa County, Arizona



POPULATION

	2000	2010	2021
Arizona	5,130,632	6,401,569	7,285,370
Maricopa County	3,072,149	3,824,058	4,507,419
Incorporated Cities & To	wns		
Phoenix	1,321,045	1,449,242	1,630,195
Mesa	396,375	439,929	510,792
Scottsdale	202,705	217,365	243,528
Gilbert	109,697	209,048	273,796
Glendale	218,812	227,217	250,585
Chandler	176,581	236,687	280,189
Tempe	158,625	161,974	181,548
Peoria	108,364	154,171	195,585
Surprise	30,848	117,688	149,710
El Mirage	7,609	31,911	36,101
Queen Creek	4,316	26,448	66,275
Goodyear	18,911	65,404	101,662
Buckeye	6,537	51,019	101,987
Avondale	35,883	76,468	90,755
Apache Junction	31,814	35,828	39,009
Fountain Hills	20,235	22,444	23,906
Paradise Valley	13,664	12,810	12,707
Tolleson	4,974	6,573	7,309
Wickenburg	5,082	6,353	6,687
Litchfield Park	3,810	5,467	6,957
Youngtown	3,010	6,154	7,060
Guadalupe	5,228	5,540	5,329
Cave Creek	3,955	5,005	5,021
Carefree	2,790	3,358	3,708
Gila Bend Office of Economic Opportunity	1,980	1,932	1,893

	Labor Force	Unemployment Rate
Arizona	3,312,720	4.9 %
Maricopa County	2,311,889	4.5 %
Incorporated Cities & Towns		
Phoenix	863,731	4.9 %
Mesa	261,960	4.4 %
Scottsdale	148,944	3.5 %
Gilbert	142,725	3.4 %
Glendale	126,539	5.0 %
Chandler	152,461	3.8 %
Tempe	120,296	4.0 %
Peoria	93,608	4.2 %
Surprise	62,146	4.7 %
El Mirage	17,104	5.4 %
Queen Creek	28,722	3.4 %
Goodyear	43,488	4.5 %
Buckeye	34,970	5.9 %
Avondale	46,429	5.5 %
Apache Junction	15,835	5.6 %
Fountain Hills	13,302	3.4 %
Paradise Valley	6,531	1.9 %
Tolleson	3,513	3.6 %
Wickenburg	3,319	1.3 %
Litchfield Park	3,248	2.6 %
Youngtown	3,017	4.7 %
Guadalupe	2,825	6.1 %
Cave Creek	3,500	2.5 %
Carefree	1,343	0.1 %
Gila Bend Office of Economic Opportunity	944	0.8 %

LABOR FORCE

AGE DISTRIBUTION

0-14	20.9 %
15-24	13.8 %
25-44	27.5 %
45-64	24.0 %
65+	13.8 %
American Community Survey	

EMPLOYMENT BY SECTOR (INTHOUSANDS)

Education, health care & social assistance	442.4	20.8 %	
Professional, scientific, & administrative services	287.1	13.5 %	
Retail trade	253.9	11.9 %	
Finance, insurance & real estate	218.9	10.3 %	
Arts, entertainment, food & recreation services	209.6	9.8 %	
Manufacturing	158.0	7.4 %	
Construction	154.1	7.2 %	

County Profile for Maricopa County, Arizona

PROPERTYTAX.



SALESTAX / TRANSACTION PRIVILEGE TAX

	Schools (City/Fire	County	Total		City	County	State	Total
Apache Junction (Maricopa County)	0.00	0.00	4.06	4.06	Apache Junction (Maricopa County)	2.40%	0.70%	5.60%	8.70%
Avondale	9.96	1.70	4.06	15.71	Avondale	2.50%	0.70%	5.60%	8.80%
Buckeye	9.23	1.80	4.06	15.09	Buckeye	3.00%	0.70%	5.60%	9.30%
Carefree	2.41	0.00	4.06	6.47	Carefree	3.00%	0.70%	5.60%	9.30%
Cave Creek	2.41	2.17	4.06	8.64	Cave Creek	3.00%	0.70%	5.60%	9.30%
Chandler	6.57	1.16	4.06	11.79	Chandler	1.50%	0.70%	5.60%	7.80%
El Mirage	7.21	3.78	4.06	15.05	El Mirage	3.00%	0.70%	5.60%	9.30%
Fountain Hills	3.25	0.45	4.06	7.75	Fountain Hills	2.60%	0.70%	5.60%	8.90%
Gila Bend	2.98	0.38	4.06	7.42	Gila Bend	3.50%	0.70%	5.60%	9.80%
Gilbert	6.99	1.06	4.06	12.11	Gilbert	1.50%	0.70%	5.60%	7.80%
Glendale	10.82	2.15	4.06	17.03	Glendale	2.90%	0.70%	5.60%	9.20%
Goodyear	7.10	1.86	4.06	13.02	Goodyear	2.50%	0.70%	5.60%	8.80%
Guadalupe	8.23	0.00	4.06	12.29	Guadalupe	4.00%	0.70%	5.60%	10.30%
Litchfield Park	7.37	0.00	4.06	11.43	Litchfield Park	2.80%	0.70%	5.60%	9.10%
Mesa	7.61	1.16	4.06	12.82	Mesa	1.75%	0.70%	5.60%	8.05%
Paradise Valley	7.05	2.17	4.06	13.28	Paradise Valley	2.50%	0.70%	5.60%	8.80%
Peoria (Maricopa County)	8.13	1.44	4.06	13.63	Peoria (Maricopa County)	1.80%	0.70%	5.60%	8.10%
Phoenix	12.29	2.17	4.06	18.52	Phoenix	2.30%	0.70%	5.60%	8.60%
Queen Creek (Maricopa County)	8.10	1.95	4.06	14.10	Queen Creek (Maricopa County)	2.25%	0.70%	5.60%	8.55%
Scottsdale	3.91	1.13	4.06	9.10	Scottsdale	1.65%	0.70%	5.60%	7.95%
Surprise	5.49	0.76	4.06	10.31	Surprise	2.20%	0.70%	5.60%	8.50%
Tempe	8.23	2.53	4.06	14.82	Tempe	1.80%	0.70%	5.60%	8.10%
Tolleson	8.45	3.97	4.06	16.48	Tolleson	2.50%	0.70%	5.60%	8.80%
Wickenburg (Maricopa County)	5.45	1.54	4.06	11.05	Wickenburg (Maricopa County)	2.20%	0.70%	5.60%	8.50%
Youngtown	7.21	0.00	4.06	11.27	Youngtown	3.00%	0.70%	5.60%	9.30%

Arizona Dept. of Revenue & Arizona Tax Research Association

Arizona Dept. of Revenue & Arizona Tax Research Association

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County Profile for Maricopa County, Arizona

CONTACT INFORMATION

Arizona Commerce Authority Phone: 602-845-1200 Website: www.azcommerce.com

Pinal County Economic Development Phone: 520-866-6309 Website: pinalcountyaz.gov

Greater Phoenix Economic Council Phone: 602-256-7700 Website: http://www.gpec.org

Town of Carefree Phone: 480-488-3686 Website: <u>http://www.carefree.org</u>

Chandler Chamber of Commerce Phone: 480-963-4571 Website: www.chandlerchamber.com

Fountain Hills Chamber of Commerce Phone: 480-837-1654 Website: www.fountainhillschamber.com

Town of Gilbert Phone: 480-503-6912 Website: www.gilbertaz.gov

City of Goodyear Phone: 623-882-7547 Website: <u>www.goodyearaz.gov</u>

Town of Guadalupe, Economic Development Phone: 480-730-3080 Website: www.guadalupeaz.org

City of Mesa, Office of Economic Development Phone: 480-644-3962 Website: mesaaz.gov/business/economicdevelopment Local First Arizona Phone: 602-956-0909 Website: www.localfirstaz.com

Apache Junction Chamber of Commerce Phone: 480-982-3141 Website: <u>www.ajchamber.com</u>

City of Buckeye Phone: 623-349-6992 Website: <u>www.buckeyeaz.org</u>

Town of Cave Creek Phone: 480-488-6612 Website: <u>www.cavecreekaz.gov</u>

City of El Mirage Phone: 623-972-8116 Website: www.cityofelmirage.org

Town of Gila Bend Phone: 928-683-2255 Website: www.gilabendaz.org

City of Glendale Phone: 623-930-2000 Website: www.glendaleaz.com

City of Goodyear, Economic Development Department Phone: 623-932-3025 Website: <u>www.developgoodyearaz.com</u>

City of Litchfield Park Phone: 623-935-5033 Website: www.litchfield-park.org

Town of Paradise Valley Phone: 480-348-3522 Website: <u>https://www.paradisevalleyaz.gov/</u>



Apache Junction Economic Development Phone: 480-474-5076 Website: www.apachejunctionaz.gov

City of Avondale Economic Development Phone: 623-333-1411 Website: https://www.avondaleaz.gov/

WESTMARC (Western Maricopa Coalition) Phone: 623-435-0431 Website: www.westmarc.org

City of Chandler, Economic Development Office Phone: 480-782-3035 Website: www.chandleraz.gov

Town of Fountain Hills Phone: 480-816-5104 Website: www.fh.az.gov

Town of Gila Bend, Economic Development Phone: 928-683-2255 Website: <u>www.gilabendaz.org</u>

City of Glendale Economic Development Phone: 623-930-2984 Website: http://www.glendaleaz.com

Town of Guadalupe Phone: 480-505-5376 Website: www.guadalupeaz.org

City of Mesa Phone: 480-644-3457 Website: www.mesaaz.gov

Paradise Valley Chamber of Commerce Website: http://www.paradisevalleychamber.com/

County Profile for Pinal County

County Seat: Florence



Pinal County was formed from portions of Maricopa and Pima counties on Feb. 1, 1875, in response to the petition of residents of the upper Gila River Valley, as "Act #1" of the Eighth Territorial Legislature. Florence, established in 1866, was designated and has remained the county seat. The county encompasses 5,374 square miles, of which 4.5 are water.

In both economy and geography, Pinal County has two distinct regions. The eastern portion is characterized by mountains with elevations to 6,000 feet and copper mining. The western area is primarily low desert valleys and irrigated agriculture.

The communities of Mammoth, Oracle, San Manuel, and Kearny have traditionally been active in copper mining, smelting, milling and refining. Arizona City, Eloy, Maricopa, Picacho, Red Rock and Stanfield have agriculture based-economies. Apache Junction, Arizona City, Coolidge, Eloy, and particularly Casa Grande have diversified their economic base to include manufacturing, trade and services. This expansion and diversification has been facilitated by their location in the major growth corridor between Phoenix and Tucson near the junction of I-10 and I-8, except for Apache Junction, which is to the east of burgeoning Mesa.

Central Arizona Project



The county is home to many attractions, including the Old West Highway 60, Casa Grande Ruins National Monument, Picacho Peak State Park, Picacho Reservoir, Boyce Thompson Southwestern Arboretum, Oracle State Park and the University of Arizona's Biosphere II, McFarland State Park, Lost Dutchman State Park, Skydive Arizona, the world's largest skydiving drop-zone, and the Florence Historical District, with 120 buildings on the National Register.

The state of Arizona is the county's largest landholder with 35 percent, followed by individuals and corporations, 22 percent; Indian reservations, 23 percent; the U.S. Forest Service and Bureau of Land Management, 14 percent, and the remaining 6 percent is other public land.

County Profile for Pinal County, Arizona

POPULATION

2000	2010	2021
5,130,632	6,401,569	7,285,370
179,727	376,369	439,128
owns		
25,224	48,664	56,242
31,814	35,828	39,009
13,556	35,051	55,174
0	43,598	61,109
4,316	26,448	66,275
17,054	25,537	25,250
10,375	16,657	16,485
7,786	11,855	14,291
3,254	2,835	2,415
2,249	1,947	1,741
1,762	1,425	1,079
443	352	294
2		
	179,727 25,224 31,814 13,556 0 4,316 17,054 10,375 7,786 3,254 2,249 1,762 443	5,130,632 6,401,569 179,727 376,369 25,224 48,664 31,814 35,828 13,556 35,051 0 43,598 4,316 26,448 17,054 25,537 10,375 16,657 7,786 11,855 3,254 2,835 2,249 1,947 1,762 1,425 443 352

AGE DISTRIBUTION

0-14	20.4 %
15-24	11.8 %
25-44	26.6 %
45-64	23.0 %
65+	18.2 %
American Community Survey	

DISTANCE TO MAJOR CITIES (FROM FLORENCE)

Phoenix	61 miles
Tucson	70 miles
Los Angeles	435 miles
San Diego	380 miles
Las Vegas	356 miles

LABOR FORCE

	Labor Force	Unemployment Rate
Arizona	3,312,720	4.9 %
Pinal County	192,406	4.7 %

ARIZONA COMMERCE AUTHORITY

EMPLOYMENT BY SECTOR (IN THOUSANDS)

Education, health care & social assistance	36.3	21.7 %	
Retail trade	21.5	12.8 %	
Professional, scientific, & administrative services	18.0	10.8 %	
Arts, entertainment, food & recreation services	15.5	9.2 %	
Manufacturing	14.3	8.5 %	
Public administration	12.0	7.1 %	
Construction	11.3	6.7 %	
Finance, insurance & real estate	11.3	6.7 %	
Transportation, warehousing, & utilities	9.7	5.8 %	
Other services, except public administration	7.3	4.3 %	
Agriculture, forestry, fishing, hunting, & mining	4.4	2.6 %	
Wholesale trade	3.3	2.0 %	
Information American Community Survey	2.8	1.7 %	

FROPERTY TAX

	Schools	City/Fire	County	Total	
Apache Junction (Pinal County)	5.44	3.47	7.47	16.38	
Casa Grande	6.80	1.63	7.47	15.90	
Coolidge	5.37	1.93	7.47	14.77	
Eloy	9.39	1.23	7.47	18.09	
Florence	5.72	1.12	7.47	14.31	
Keamy	5.30	2.25	7.47	15.01	
Mammoth	5.86	2.36	7.47	15.69	
Marana (Pinal County)	0.00	0.00	7.47	7.47	
Maricopa	5.95	4.91	7.47	18.33	
Queen Creek (Pinal County)	0.00	0.00	7.47	7.47	
Superior	7.37	7.34	7.47	22.18	
Winkelman (Pinal County)	0.00	0.00	7.47	7.47	
Arizona Dept. of Revenue & Arizona Tax Re	search Asso	ciation			

SALESTAX / TRANSACTION PRIVILEGE TAX

	City	County	State	Total
Apache Junction (Pinal County)	2.40%	1.10%	5.60%	9.10%
Casa Grande	2.00%	1.10%	5.60%	8.70%
Coolidge	3.00%	1.10%	5.60%	9.70%
Eloy	3.00%	1.10%	5.60%	9.70%

County Profile for Pinal County, Arizona

CONTACT INFORMATION

Arizona Commerce Authority Phone: 602-845-1200 Website: <u>www.azcommerce.com</u>

Pinal County Economic Development Phone: 520-866-6309 Website: <u>pinalcountyaz.gov</u>

Greater Casa Grande Chamber of Commerce Phone: 520-836-2125 Website: <u>casagrandechamber.org</u>

Coolidge Chamber of Commerce Phone: 520-723-3009 Website: www.coolidgechamber.org

Town of Florence Phone: 520-868-7542 Website: www.florenceaz.gov

Town of Mammoth Phone: 520-487-2331 Website: http://townofmammoth.us/

Marana Chamber of Commerce Phone: 520-682-4314 Website: www.maranachamber.com

Town of Queen Creek Phone: 480-358-3522 Website: <u>www.queencreek.org</u>

Town of Superior Phone: 520-689-5753 Website: www.superior-arizona.com

Gila County Community Development Phone: 928-402-4224 Website: www.gilacountyaz.gov Local First Arizona Phone: 602-956-0909 Website: www.localfirstaz.com

Apache Junction Chamber of Commerce Phone: 480-982-3141 Website: <u>www.ajchamber.com</u>

Access Arizona Phone: 520-836-6868 Website: accessarizona.org

City of Eloy Phone: 520-464-3178 Website: <u>eloyaz.gov</u>

Town of Kearny Phone: 520-363-5547 Website: <u>www.townofkearny.com</u>

Town of Marana Phone: 520-382-1938 Website: <u>www.marana.com</u>

City of Maricopa Phone: 520-316-6939 Website: www.maricopa-az.gov

Queen Creek Chamber of Commerce Phone: 480-888-1709 Website: www.gueencreekchamber.org

Superior Chamber of Commerce Phone: 602-625-3151 Website: www.superiorarizonachamber.org



Apache Junction Economic Development Phone: 480-474-5076 Website: <u>www.apachejunctionaz.gov</u>

City of Casa Grande Phone: 520-421-8636 Website: casagrandeaz.gov

City of Coolidge Phone: 520-723-6075 Website: www.coolidgeaz.com

Eloy Chamber of Commerce Phone: 520-466-3411 Website: www.EloyChamber.com

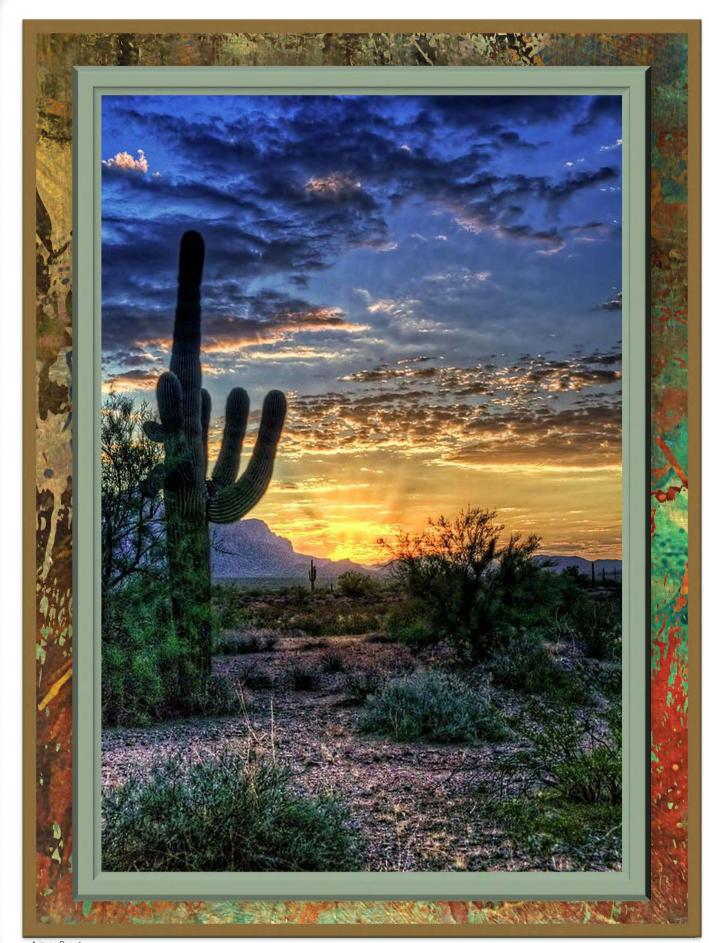
Copper Basin Chamber of Commerce Phone: 520-363-7607 Website: www.copperbasinaz.com

Pima County Economic Development Phone: 520-724-8126 Website: www.webcms.pima.gov

Maricopa Chamber of Commerce Phone: 520-568-9573

Greater Phoenix Economic Council Phone: 602-256-7700 Website: www.gpec.org

Town of Winkelman Phone: 520-356-7854 Website: http://winkelmanaz.com/



Arizona Desert

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County Profile for Pima County

County Seat: Tucson



Pima County, the second-largest of the four original counties, was created in 1864 and included approximately all of southern Arizona acquired from Mexico by the Gadsen Purchase. Settlement of the region goes back to the arrival in the 1690s of the Spanish who encountered Native Americans already living there. About the middle of the 18th century, silver and gold were discovered and prospectors from Mexico entered the area in droves. The latter part of the century saw expansion of mining and ranching in Pima County and an increase in population, despite the threat of attack from Apaches.

The Royal Presidio de San Augustín del Tucson was completed by 1781, and it remained the northern-most outpost of Mexico until the Gadsden Purchase transferred the land to the United States in 1854. Soldiers later arrived in 1856 and the population began to rise. From a population of 395 in 1820, Tucson has grown to be the second largest city in Arizona. It has always served as the Pima County seat and was the Arizona Territorial capital from 1867 to 1877. Tucson is home to the University of Arizona and offers many historical and cultural attractions.

Just south of Tucson is the Mission San Xavier del Bac, founded in 1697 by Father Kino and still in use today.

Central Arizona Project

COCONINO APACHE MOHAVE NAVAJO YAVAPAI LA PAZ GILA GREENLEE MARICOPA PINAL GRAHAM YUMA St County Seat COCHISE U.S. Highways SANTA Interstate Highways

Within Pima County are two cactus forests – Saguaro National Park to the northeast and Organ Pipe Cactus National Monument in the southwestern portion.

Although greatly reduced from its original size, Pima County still covers 9,184 square miles. It ranges in elevation from 1,200 feet to the 9,185-foot peak of Mount Lemmon. The San Xavier, Pascua Yaqui and Tohono O'odham reservations together account for ownership of 42 percent of land located in Pima County. The state of Arizona owns 15 percent; the U.S. Forest Service and Bureau of Land Management, 12 percent; other public lands, 17 percent; and individual or corporate ownership, 14 percent.

County Profile for Pima County, Arizona

POPULATION

2000 2010 2021 Arizona 5,130,632 6,401,569 7,285,370 843,746 Pima County 981,168 1,058,318 Incorporated Cities & Towns 546,061 Tucson 486,699 520,795 Marana 13,556 35,051 55,174 29,700 40,984 48,222 **Oro Valley** 25,347 35,588 Sahuarita 3,242 5,672 South Tucson 5,490 4,603 Office of Economic Opportunity

AGE DISTRIBUTION

0-14	18.1 %
15-24	15.8 %
25-44	23.7 %
45-64	24.6 %
65+	17.8 %
American Community Survey	

DISTANCE TO MAJOR CITIES (FROM TUCSON)

Phoenix	111 miles
Los Angeles	488 miles
San Diego	410 miles
Las Vegas	409 miles

LABOR FORCE

	Labor Force	Unemployment Rate
Arizona	3,312,720	4.9 %
Pima County	480,903	5.0 %
Incorporated Cities &	Towns	
Tucson	257,721	5.5 %
Marana	25,127	3.3 %
Oro Valley	19,616	3.9 %
Sahuarita	13,295	4.3 %
South Tucson	2,145	11.6 %
Office of Economic Opportun	ity	

ARIZONA

EMPLOYMENT BY SECTOR (IN THOUSANDS)

Education, health care & social assistance	115.2	25.5 %	
Professional, scientific, & administrative services	59.1	13.1 %	
Retail trade	53.5	11.8 %	
Arts, entertainment, food & recreation services	49.0	10.8 %	
Manufacturing	30.7	6.8 %	
Construction	28.2	6.2 %	
Public administration	26.9	6.0 %	
Finance, insurance & real estate	26.1	5.8 %	
Other services, except public administration	22.1	4.9 %	
Transportation, warehousing, & utilities	21.6	4.8 %	
Wholesale trade	7.9	1.8 %	
Information	7.2	1.6 %	
Agriculture, forestry, fishing, hunting, & mining	4.4	1.0 %	

PROPERTYTAX

	Schools	City/Fire	County	Total	
Marana (Pima County)	6.44	0.00	7.90	14.34	
Oro Valley	5.54	0.00	7.90	13.44	
Sahuarita	7.42	2.10	7.90	17.42	
South Tucson	7.18	0.25	7.90	15.33	
Tucson	7.18	1.60	7.90	16.67	
Arizona Dept. of Revenue & Arizona	Tax Research A	ssociation			

SALESTAR/TRANSACTION PRIVILEGE TAX

	City	County	State	Total	
Marana (Pima County)	2.50%	0.50%	5.60%	8.60%	
Oro Valley	2.50%	0.50%	5.60%	8.60%	
Sahuarita	2.00%	0.50%	5.60%	8.10%	
South Tucson	4.50%	0.50%	5.60%	10.60%	
Tucson	2.50%	0.50%	5.60%	8.60%	
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Arizona Dept. of Revenue & Arizona Tax Research Association

County Profile for Pima County, Arizona

CONTACT INFORMATION

Arizona Commerce Authority Phone: 602-845-1200 Website: www.azcommerce.com

Pima County Economic Development Phone: 520-724-8126 Website: <u>www.webcms.pima.gov</u>

Town of Sahuarita Phone: 520-822-8818 Website: www.ci.sahuarita.az.us Local First Arizona Phone: 602-956-0909 Website: www.localfirstaz.com

Marana Chamber of Commerce Phone: 520-682-4314 Website: www.maranachamber.com

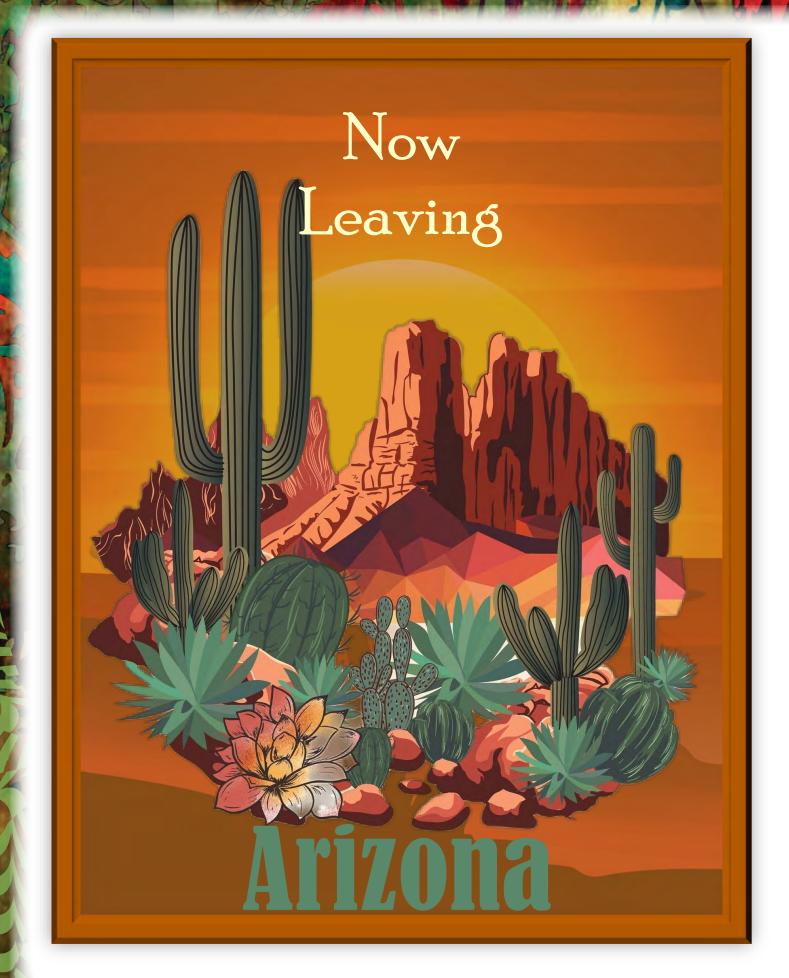
City of South Tucson Phone: 520-792-2424 Website: www.southtucsonaz.gov

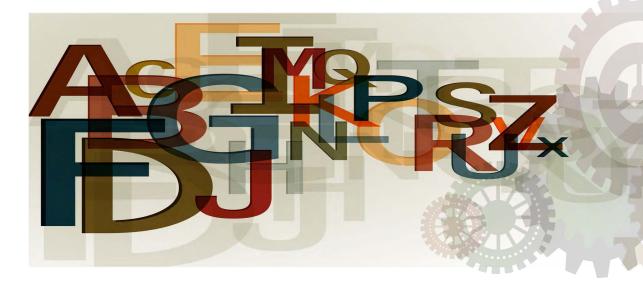


Town of Marana Phone: 520-382-1938 Website: www.marana.com

Town of Oro Valley Phone: 520-229-4714 Website: www.orovalleyaz.gov

City of Tucson Phone: 520-837-4069 Website: https://connecttucson.com/





GLOSSARY



9(D) DEBT

A debt owed to the federal government related to agriculture irrigation systems.

A2x

Access to Excess policy

ACC

Arizona Corporation Commission

ACCRUAL BASIS OF ACCOUNTING

Revenue is recorded when earned and expenses recognized in the period incurred, without regard to the time of receipt or payment of cash (e.g., accrue if work is done but invoice not received).

ACM

Asbestos Containing Material

ACRE-FOOT (A/F)

A unit of water volume which covers an area of one acre to a depth of one foot and equals 43,560 cubic feet, 1,233 cubic meters or 325,851 gallons.

ACTIVE MANAGEMENT AREA (AMA)

Central Arizona Project

An Arizona geographical region subject to regulation under the Groundwater Management Act.

AD VALOREM TAX

A levy upon the assessed valuation of property within the District's service area (Maricopa, Pima and Pinal counties).

ADA

Americans with Disabilities Act

ADEQ

Arizona Department of Environmental Quality

ADWR

Arizona Department of Water Resources

A/F

Acre-feet

AFRP

Aqua Fria Recharge Project

AG CONSIDERATION

The Fixed OM&R portion of the CAWCD water delivery rate that must be paid for by CAWCD for Ag Settlement Pool participants as part of the AWSA.

AG SETTLEMENT

Set amount of excess water for Agricultural use through 2030 as part of the AWSA.

AMA

Active Management Area

AMORTIZATION

The repayment of loan principal by installment payments.

AMWUA

Arizona Municipal Water Users Association

APA

Arizona Power Authority

AQUEDUCT

A pipe or channel for transporting water from a remote source, usually by gravity.

AQUIFER

A body of rock or sediments that is sufficiently permeable to conduct groundwater and to yield economically significant quantities of water to wells and springs.

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY (ADEQ)

A department of state government responsible for groundwater quality protection, water quality standards, and wastewater reclamation and reuse permits.

ARIZONA DEPARTMENT OF WATER RESOURCES (ADWR)

A department of state government responsible for water management and administration of waterrelated programs within the State.

ARIZONA WATER BANKING AUTHORITY (AWBA)

A specially created state agency that stores unused Arizona apportionment of Colorado River water in recharge sites around the state to help meet future needs.

ARS

Arizona Revised Statute

ASRS

Arizona State Retirement System

ASSESSED VALUATION

The dollar value assigned to a property for purposes of measuring applicable taxes.

ATS

Automatic Transfer Switches

AWBA

Arizona Water Banking Authority

AWSA

Arizona Water Settlements Act

B

BALANCED BUDGET

A budget in which estimated revenues equal estimated expenditures.

BDF

Basin Development Fund

BIA

Bureau of Indian Affairs

"BIG R"

A CAWCD rate component for major repairs and replacements of capital equipment.

BLK

Black Mountain Pumping Plant

BRD

Brady Pumping Plant

BRW

Brawley Pumping Plant

BSH

Bouse Hills Pumping Plant

BUREAU OF RECLAMATION (BOR, USBR, BUREAU OR RECLAMATION)

A branch of the Department of the Interior responsible for the construction of the CAP.



CAGRD

Central Arizona Groundwater Replenishment District

CAP

Central Arizona Project

CAPITAL BUDGET

Fixed assets and capital projects to be acquired or constructed during the budget period.

CAPITAL CHARGES

A charge assessed to M&I subcontractors to assist with the District's annual repayment obligation to the federal government for the reimbursable construction costs of the CAP.

CAPITAL EXPENDITURE

Expenditures that result in the acquisition of, or addition to, fixed assets including land, buildings, improvements, machinery and equipment.

CAPITAL PROJECT

Projects meeting a minimum threshold that: (a) increase the useful life of the asset by three years or more; (b) constitute replacement of the majority of the asset; or (c) enhance or upgrade the asset.

CAPTIVE INSURANCE COMPANY (CAPTIVE)

A closely held insurance company whose insurance business is primarily supplied by and controlled by its owner(s).

CAWCD

Central Arizona Water Conservation District

CBM

Condition-Based Monitoring

CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT (CAGRD)

Created by the State Legislature as part of CAWCD in 1993 to replenish groundwater in Pima, Pinal and Maricopa counties in order to provide a mechanism for water providers and landowners to demonstrate an Assured Water Supply.

CENTRAL ARIZONA PROJECT (CAP)

A 336-mile long water conveyance system built to carry water from the Colorado River to central and southern Arizona; also the term "CAP" is used to refer to the CAWCD.

CENTRAL ARIZONA WATER CONSERVATION DISTRICT (CAWCD OR DISTRICT)

The multi-county water conservation district established as a special taxing district for the purpose of contracting with the United States for the delivery of CAP water and the repayment of the reimbursable share of construction costs.

CIP

Capital Improvement Program

CONJUNCTIVE USE

The planned and coordinated use of surface water and groundwater supplies to improve water supply reliability.

CONTROL CENTER

Manned 24 hours per day, the Control Center controls the entire CAP system using the SCADA computer system.



DC Direct Current

DCP

Drought Contingency Plan

Central Arizona Project

DEBT SERVICE

Principal and interest payments on outstanding bonds.

DECOMMISSION

Planned shutdown or removal of a building, equipment, plant, etc., from operation or usage.

DEPRECIATE

To allocate the cost of an asset over its service, or useful life.

DESALINATION

Specific treatment process to demineralize sea water or brackish (saline) water for use.

DISPLACEMENT (ENERGY)

The process whereby energy available is sold at a location with a higher market price and replacement energy is purchased at a location with a lower market price.

DVOS

Discharge Valve Operating System



EFFLUENT

Water that has been collected in a sanitation sewer for subsequent treatment in a facility that is regulated as a sewage system, disposal plant or wastewater treatment facility.

EIS

Environmental Impact Statement

ELIMINATION

An accounting method used to simplify the consolidated financial statement of affiliated companies. Though removal of sales and expenses between affiliated entities.

EM

Electromechanical

ENTERPRISE FUND

A fund established to account for operations financed and operated in a manner similar to private business enterprises, wherein the stated intent is that the costs of providing goods and services be financed from revenues recovered primarily through user fees.

ENVIRONMENTAL PROTECTION AGENCY (EPA)

A federal agency formed by Congress in 1970 in response to growing public demand for cleaner water, air and soil.

EROC

Energy Risk Oversight Committee

EXCESS WATER

All Project Water that is in excess of the amounts used, resold, or exchanged pursuant to long-term contracts and subcontracts for Project Water service.

EXPENDITURE

The outflow of funds paid or to be paid for an asset obtained or goods and services obtained regardless of when the expense is actually paid.

EXTRAORDINARY MAINTENANCE PROJECT

Repair or maintenance to an existing facility that has a cost of \$2 million or more and maintains the original condition or level of utility.



FACILITY USE CHARGES

A charge assessed to non-subcontractors to assist with the District's annual repayment obligation to the federal government for the reimbursable construction costs of the CAP.

FERC

Federal Energy Regulatory Commission

FEDERAL WATER

Water used for federal purposes (e.g., Tribal, construction water, etc.).

FIRMING

The act of securing Colorado River water supplies by recharging and storing available excess supply in order to meet anticipated future declared shortages on the Colorado River.

FIXED ASSETS

Assets that are used in a productive capacity, have physical substance, are relatively long-lived, and provide future benefit, which is readily measurable, such as land, buildings, machinery, furniture, vehicles, other equipment and capital projects.

FULL-TIME EQUIVALENT (FTE)

The conversion of a position to a decimal based on the number of hours worked per year - For example, a full-time position is based on 2,080 hours per year and would be equivalent to 1.0 FTE. A parttime position working 20 hours per week would be equivalent to 0.5 of a full-time position.

FUND

A fiscal and accounting entity created by a government for the purpose of tracking the finances of a particular activity, group of activities or revenue source.

FUND BALANCE

The difference between assets and liabilities. Also referred to as "net position."



GAAI

Generally Accepted Accounting Principles

GASB

Governmental Accounting Standards Board

GENERAL OBLIGATION DEBT

Bonds that are secured by the full faith and credit of the issuer and secured by a pledge of the issuer's ad valorem taxing power.

GIS

Geographic Information System

GROUNDWATER

Water that has seeped beneath the earth's surface, is stored in aquifers, and is drawn to the surface through pumping.

GROUNDWATER SAVINGS FACILITY (GSF)

Water exchange program where surface water is delivered to a water user traditionally reliant upon groundwater; through replacing the use of groundwater, the groundwater is saved and thereby counted as recharge.

GSF

Groundwater Savings Facility

GSP

Gross State Product

GWh

Gigawatt hour



HMRP

Hieroglyphic Mountains Recharge Project

HOOVER CAPACITY CHARGE

A charge assessed to assist in the repayment of upgrading the Hoover power plant to increase generating capacity at the plant.

HOOVER 4.5 MIL SURCHARGE

A surcharge established by the 1984 Hoover Power Plant Act on energy from Hoover power plant that is sold in Arizona, of which the revenues generated from this surcharge are credited to the Lower Colorado River Basin Development Fund and used to offset the District's annual federal repayment obligation.

HSY

Hassayampa Pumping Plant

HVAC

Heating, Ventilation and Air Conditioning

HVAC

Heating, Ventilation and Air Conditioning



I & WR

Infrastructure & Water Rights

ICS

Intentionally Created Surplus

ICMA

Intentionally Created Mexican Apportionment (ICS credits for benefit of Mexico)

ICUA

Intentionally Created Unused Apportionment

IGA

Inter-Governmental Agreement

INFRASTRUCTURE

Long-lasting capital assets that are stationary, can be preserved for significantly greater periods than most capital assets, and typically are part of a large system of capital assets; examples include bridges, tunnels, roads, water mains and sewers.



Key Result Area



LHQ

Little Harquahala Pumping Plant

Central Arizona Project

LINE ITEM

A specific detailed item of revenue or expense

LOWER COLORADO RIVER BASIN DEVELOPMENT FUND (LCRBDF OR BDF)

A special fund established within the United States Treasury to account for all revenues and expenses associated with CAP.

LIMITED PROPERTY VALUE (LPV)

A value calculated according to a statutory formula, designed to reduce the effect of inflation on property taxes.

LOTO

Lock Out Tag Out

LRFP

Long Range Financial Plan

LSCRP

Lower Santa Cruz Recharge Project



M&I

Municipal and Industrial

MASTER REPAYMENT CONTRACT

A contract entered into between the Bureau and the CAWCD for the delivery of water and repayment of costs of the CAP.

MATS

Mercury Air Toxic Standard

MEMBER LAND (ML)

An individual subdivision that has met the qualifications for membership in the CAGRD

MEMBER SERVICE AREA (MSA)

The service area of a municipal water provider that has met the qualifications for membership in the CAGRD.

MOU

Memorandum of Understanding

MSCP - MULTI-SPECIES CONSERVATION PROGRAM

Program with a goal to balance the Lower Basin use of Colorado River water resources with conservation of native species and their habitats. The program, operated in partnership with Reclamation, as well as water users in Arizona, California, and Nevada, is creating opportunities for these species to persist and survive.

MVA

Megavolt ampere

MWh

Megawatt hour

MWP

Mark Wilmer Pumping Plant



NET ASSESSED VALUE (NAV)

The dollar value assigned to a property to measure applicable taxes that takes comparable home sales and inspections into consideration.

NEPA

National Environmental Protection Act

NET POSITION

The difference between assets and liabilities

NGS - NAVAJO GENERATING STATION

The NGS was a coal-fired electrical generating station that supplied energy to pump water through the Central Arizona Project and served electric customers in Arizona, Nevada and California, it was decommissioned in 2019.

NIA

Non-Indian Agriculture priority water entitlements relinquished by the irrigation districts, a significant portion of which was reserved by the United States for Indian settlement purposes with up to 96,295 acre-feet to be reallocated for non-Indian M&I purposes.

NON-SUBCONTRACT

A short-term contract between CAWCD and a water customer for the delivery of CAP water.

NWD

New Waddell Dam



О&М

Operations and Maintenance

OEM

Original equipment manufacturer

OM&R

Operations, Maintenance and Replacement

OM&R RECONCILIATION

An analysis performed to determine the actual cost to deliver CAP water on a per acre-foot basis (reconciled rate) compared to the water rate set by the Board in advance of delivery.

OPERATING BUDGET

That portion of the budget that pertains to daily operations that provides basic services (e.g., salaries, materials, travel, services, etc.).

OPERATING PROJECT

A routine project that maintains or restores the original condition or level of utility and is expensed as it is completed.

OPERATION, MAINTENANCE, AND REPLACEMENT (OM&R)

Costs incurred for the operation, maintenance, and replacement of the CAP system.

OSHA

Occupational Safety and Health Administration

OTHER EXCESS

CAP Excess water after the Ag Settlement Pool has been satisfied.



Performance Based Design

PERMANENT SERVICE RIGHT (PSR)

Represents the District's right to operate and maintain the CAP, though title to the Project remains with the federal government.

PIC

Picacho Pumping Plant

PLC

Programmable Logic Controller

PM

Preventative Maintenance

PMRRP

Pima Mine Road Recharge Project

POTABLE WATER

Water having no impurities present in amounts sufficient to cause disease or harmful physiologic effects; also conforms in its bacteriological and chemical quality to the requirements of the U.S. Environmental Protection Agency's Safe Drinking Water Act or meets the regulations of other agencies having jurisdiction.

PRIORITY

The order in which Colorado River water and CAP water is delivered. The highest or senior priority water is delivered first and the lowest or junior priority water is delivered last.

PUMPING PLANT

CAP facilities that lift water to the next elevation in the canal. There are 13 pumping plants in the CAP system. The largest is the Mark Wilmer Pumping Plant on the Colorado River at Lake Havasu.

PSC

Project Steering Committee, which is comprised of a cross-functional management team that has been established to evaluate, prioritize and oversee large projects.



RATE

A charge or payment calculated in relation to a particular sum or quantity (e.g., water rates).

RECHARGE

The process of replenishing underground aquifers with water by putting water in basins so it can percolate through the soil. Direct recharge can be accomplished via surface basins, streambeds or injection wells. Indirect or in-lieu recharge occurs when another water supply, such as the CAP water, is used instead of groundwater, thereby saving the groundwater for use at a later time.

RECOVER

To pump water that was recharged or stored in the aquifer at an earlier date.

RED

Red Rock Pumping Plant

RENEWABLE GROUNDWATER

The amount of groundwater naturally replenished that could be annually withdrawn without causing significant water-level declines.

REPAYMENT STIPULATION (OR STIPULATION)

Central Arizona Project

The 2003 agreement between the United States and CAWCD, approved by the U.S. District Court, that resolved litigation regarding CAWCD's repayment obligation for the CAP and other matters.

REPLENISHMENT

Replacement of groundwater supplies that have been pumped.

RESERVE

An account established with the Arizona State Treasurer to invest funds, which can be categorized as designated, assigned, restricted or unrestricted.

Reservoir

A man-made body of water where water is stored for future use. The CAP system has three storage reservoirs: Lake Pleasant, Black Mountain Reservoir and Reach 1. The Lower Colorado River Basin reservoir is Lake Mead and the Upper Colorado River Basin is Lake Powell.

REVENUE BOND

A type of bond that is backed solely by the revenues from a specific source.

RIPARIAN RIGHT

A water right based on the ownership of land adjacent to a river or waterway.



SAN

Sandario Pumping Plant

SCADA

Supervisory Control & Data Acquisition

SGL

Salt Gila Pumping Plant

SHAPING (ENERGY)

The process of shifting pumping activity times to allow for the sale of energy when prices are higher and the purchase of replacement energy when prices are lower.

SHORTAGE

A reduction in the amount of Colorado River available to the Lower Basin based on projected water levels in Lake Mead at the end of the year.

SMRP

Superstition Mountains Recharge Project

SNX

San Xavier Pumping Plant

SNY

Snyder Hill Pumping Plant

STANDARD OPERATING PROCEDURES (SOP)

A comprehensive single-source document covering all aspects of operation and maintenance and emergency procedures.

SRP

Salt River Project

STORAGE CAPACITY

The maximum volume of water that can be impounded by a reservoir when there is no discharge of water.

STORAGE FACILITY

Refers to either a groundwater savings facility or an underground storage facility.

STORED WATER

Water that is stored underground for subsequent recovery pursuant to an underground water storage, savings, and replenishment permit.

STATE DEMONSTRATION PROJECT

A project for the storage of excess CAP water at an underground storage facility.

STRUCTURAL DEFICIT

Commitments to the Lower Basin states and Mexico for more water from the Colorado River each year than the River can reliably produce, depleting levels in Lake Powell and Lake Mead, and increasing the likelihood of a declared shortage.

SUBCONTRACT

Long-term contract among the CAWCD, Bureau and a water customer for the delivery of CAP water.

SUBSIDENCE

Sinking elevation of the ground surface; the process may occur over an aquifer that is over drafted.

SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA)

Computer system used by Water Operations to operate the CAP.

SURCHARGE

An additional levy added to a charge.

SURPLUS WATER

Colorado River water declared as surplus by the Secretary of the Interior.

SURFACE WATER

Water located on the earth's surface, in rivers, streams, lakes, and reservoirs.

SYSTEM USE AGREEMENT (SUA)

Is a legal framework that allows the CAP canal to be used to transport water other than our normal Colorado River supplies (non-project water), referred to as wheeling.



Tonopah Desert Recharge Project

TUNNELS

The CAP system includes 4 tunnels that move water through mountainous terrain: Buckskin Mountain, Burnt Mountain, Agua Fria and Tucson.

TURNOUT

Features of the CAP aqueduct where water is delivered from the aqueduct to a CAP water user. Includes measuring device or meter that documents the amount of water delivered to each customer.

TWN

Twin Peaks Pumping Plant



UHF

Ultra-high filtration

UNDERGROUND STORAGE FACILITY (USF)

There are two types of underground storage facilities: constructed and managed. A constructed facility requires the construction of infiltration structures (basins, furrows, ditches, etc.), while a managed facility uses preexisting natural channels for recharge.

UPPER BASIN STATES

The Colorado River Basin was divided into the Upper Basin and Lower Basin in 1922. The Upper Basin states are Colorado, Utah, New Mexico and Wyoming.

U.S. BUREAU OF RECLAMATION (RECLAMATION)

A division of the federal government led by the U.S. Secretary of the Interior. Established in 1902, Reclamation is most notably known for water infrastructure in the Western United States.



VPP

Voluntary Protection Program is a workplace Occupational Safety and Health Administration (OSHA) designation.



WAPA

WATER O&M CHARGES

delivery of water.

WATER RIGHTS

Western Area Power Administration

Revenues collected from customers that offset the

specifically identified expenses associated with the

A property right to designate specific beneficial use of a particular amount of water with a specified

WATER STORAGE TAX

Tax levied under ARS § 48-3715 which authorizes CAP to levy a Water Storage tax, currently up to \$0.04 cents per \$100 of net assessed valuation.

WATER TABLE

The top of the water surface in the saturated area of an unconfined aquifer.

WATERSHED

The region or land area drained by a river; also called a drainage basin.

WHEELED WATER OR WHEELING

Water transferred between two agencies whereby one agency uses its system infrastructure to convey water owned by another agency.





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