

CENTRAL ARIZONA PROJECT  
2026 | 2027  
BIENNIAL

# Budget

YOUR WATER  
YOUR FUTURE



# TABLE OF CONTENTS

## HOW TO USE THE BIENNIAL BUDGET

iii

## EXECUTIVE SUMMARY

General Manager's Letter	1-1
Executive Summary Review	1-2
CAWCD Board of Directors	1-7
GFOA Award	1-11
Who We Are	1-13
CAP Profile	1-15
CAP Water Priorities	1-24
CAP Water Education Center	1-28
The Colorado River	1-31
CAP Power Portfolio	1-53
CAP Informational Articles	1-59

## BIENNIAL BUDGET OVERVIEW

District Funds	2-1
District Revenues	2-3
District Expenses	2-13
Capital Spending	2-21
Reserves	2-23
Selected Financial Data	2-25

## PLANNING & AUTHORITIES

2022 Board Strategic Plan	3-1
Performance Measures	3-7
Financial Planning & Controls	3-11
Other Planning Processes	3-19
Capital Planning	3-25
Debt Authorities & Obligations	3-31
Fund Reserves	3-35

## OPERATING BUDGET

Combined Financial Statements	4-1
General Fund	4-11
CAGRD Account	4-39
Supplemental Water Account	4-53
Captive Insurance Fund	4-55

## CAPITAL BUDGET

Capital Overview	5-1
Capital Budget Summary	5-3
Capital Project Detail	5-11

## ORGANIZATIONAL SUMMARIES

Table of Organization	6-1
Summary of Positions	6-13
General Manager	6-15
Legal	6-19
Public Affairs	6-27
Finance & Administration Group	6-33
Finance & Administration	6-41
Employee Services	6-45
Technology & Governance	6-51
Non-Departmental	6-57
Operations & Maintenance Group	6-59
Centralized Maintenance & Reliability	6-67
Field Maintenance	6-71
Operations, Power & Engineering	6-77
Water Policy Group	6-83

## APPENDIX

Water Deliveries & Related Revenues	7-1
Rate Schedules	7-3
Pumping Power	7-9
Debt Schedules	7-11
Reconciliation of Water Delivery Rates	7-17
Policies, Guidelines & Practices	7-19
County Profiles	7-37
Glossary	7-53



### For more information on the CAP Budget contact:

Christopher H. Hall, MBA  
AGM - Finance and Administration  
chall@cap-az.com  
623.869.2632

Douglas A. Dunlap, CPA, MBA  
Finance and Accounting Manager  
ddunlap@cap-az.com  
623.869.2360





**Special Recognition:**

Fritz Communications  
Tina Brown  
Nick Walter / Travis Dins  
David Routt

*Design*

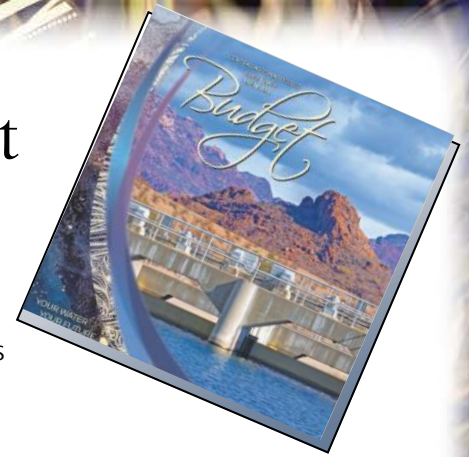
*Finance - Internal Design / Layout*  
*Communication Representatives*  
*Photography (CAP Locations)*

**Cover Location:** *Check gate 8 structure with two large radial gates located at I-10 and Salome Road with Big Horn Mountains in the background - Check gates are used to control the flow of water through the CAP canal*



# 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 2026/2027 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, CAGR Account, Supplemental Water Account and Captive Insurance Fund.

**Capital Budget** 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.

## FINANCIAL PLANNING & CONTROLS

The CAP budget is a fundamental component of CAP's comprehensive financial planning process, which integrates and reconciles the financial aspects of the mission and vision of the District.

During the budget process, the contents of the Strategic Plan are used to identify the key areas for the budget period and to ensure that the budget is aligned with the District's strategic goals.

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

CAP also integrates performance measurements to evaluate accomplishments of its strategic objectives.



## CAPITAL PLANNING

The CAP capital budget is a component of the CAP's comprehensive financial planning process, which integrates and reconciles the financial aspects of the mission and vision of the District.

During the capital planning process, the contents of the Strategic Plan are used to identify the key areas for the capital budget period and to ensure that the capital budget is aligned with the District's strategic goals.

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

CAP also integrates performance measurements to evaluate accomplishments of its strategic objectives.



## CAP - Table of Organization





# Colorado River Basin





# 2026/2027 BUDGET

## GENERAL MANAGER INTRODUCTION - *BRENDA BURMAN*



I am pleased to present the 2026/2027 Biennial Budget. This is the eleventh budget prepared since the Central Arizona Water Conservation District (CAWCD) Board of Directors adopted a two-year financial planning cycle; and the second to be considered for approval during my tenure as General Manager.

At the time of this writing, there is still much uncertainty surrounding our future. The Upper and Lower Basins continue negotiations to share a smaller Colorado River in 2027 and beyond. In Washington D.C. we have a new administration that is appointing key personnel while moving along the process required to develop and approve new operating guidelines. Tribal water settlements that were developed last year have not advanced in Congress yet. And in Arizona, Governor Katie

Hobbs signed several key pieces of water legislation, including the “Ag to Urban” bill and changes to the Central Arizona Groundwater Replenishment District (CAGRD) annual membership dues.

Despite all of this, Central Arizona Project (CAP) remains focused on its mission to reliably manage and deliver Colorado River water to millions of Arizonans and 11 Tribes. Planning is underway to protect the canal from extreme weather events, increase our physical and cyber security, and retain a workforce of 500 exceptionally talented and dedicated employees. Staff is also working diligently with external stakeholders to plan for the eventual introduction of groundwater into the system in alignment with best practices.

One other exciting development that will occur during this budget period is the opening of the Water Education Center at CAP Headquarters. Through careful engagement with the Board and stakeholders, our staff is building a resource to help tell Arizona’s water story and educate future generations on how to manage this precious resource, and perhaps inspire the next generation of Arizona’s water leaders.

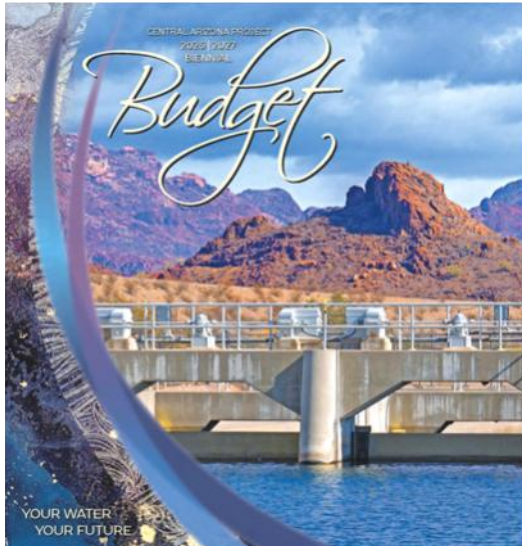
The 2026/2027 Biennial Budget continues to demonstrate CAP’s commitment to responsible budgeting. Despite the many external variables beyond our control, this budget goes a long way in giving our customers financial predictability as our new future on the Colorado River begins to take shape.



General Manager  
Central Arizona Project



# *TO OUR BOARD, CUSTOMERS AND CONSTITUENTS*



The CAP 2026/2027 Biennial Budget, like prior iterations, was initiated at the individual department level in the spring of 2025. Throughout the summer, senior leadership reviewed a comprehensive list of requests and determined those to be brought forth to the Board of Directors in this document. The guiding principle of this biennial exercise was to ensure critical work would be completed over the next budget period, while respecting the 2026 water rates that were adopted by the Board in June 2025.

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 an annual exercise.

This biennial budget is unique in that it encompasses the final year of the 2007 Interim Guidelines (2026) and the first year of whatever comes next (2027). Obviously, there is tremendous uncertainty surrounding the Colorado River negotiations, but because most of CAP's costs are independent of delivery volumes (fixed), the impact on the budget will be easy to isolate.

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.





## 2024/2025 Achievements

While negotiations between the Upper and Lower Basin resumed, CAP employees worked within the state to strengthen existing resources and meet statutory requirements. Staff participated heavily in exploring direct recovery options, exchange and conservation agreements, and partnering with Salt River Project (SRP) to plan a future SRP to CAP Interconnection Facility (SCIF). Technical studies and environmental evaluation on this potential future nonproject water connection are underway on this critical project.

Additionally, CAGRD submitted its 2025 Plan of Operation to the Arizona Department of Water Resources (ADWR) on time and is currently working with ADWR staff to revise the submittal based on the new legislation. This Plan is the culmination of a two-year public process to guide CAGRD operations over the next decade. CAGRD also began the process of modernizing its Member Land tracking application in order to improve the customer experience and create a wealth of new data points from which future decisions can be made.

In 2025, CAP broke ground on the Water Education Center (WEC), which is scheduled to open late 2026. This state-of-the-art facility will host interactive displays and exhibits designed to bolster water knowledge of visitors and also play host to the new Board Room. The WEC's conference space will be scalable to host trade groups, conferences, professional meetings, and stakeholder dinners, while securing the rest of the main CAP campus from outside visitors, a significant improvement in our security posture.

Each year, CAP conducts regular system outages in the summer (western plants) and fall (southern plants) in order to maintain this critical piece of infrastructure. In 2025, a special outage included dewatering the Buckskin Tunnel, which is a 22-foot diameter, seven-mile long concrete tunnel at the beginning of the CAP system, just downstream of the Mark Wilmer Pumping Plant. This engineering marvel has not been inspected in over two decades, but was found to have held up remarkably well, with only minimal and normal wear and tear inside the concrete lined tunnel.

A key component of maintaining the system's reliability is to have a knowledgeable and skilled workforce. In a post-COVID world, CAP began to see an increase in resignations and retirements, and was having difficulty in recruiting their replacements. In 2023, the HR department championed several key changes to address common underlying issues. In 2024, those changes went into effect and after the first full year of



### 2025 CAGRD Plan of Operation







implementation, voluntary resignations are down 50%, candidate applications for each vacancy have more than doubled, and the average time to fill positions was reduced by a full workweek. This was a monumental turnaround and has positioned CAP to remain an employer of choice going into the future. We continue to invest in the development of our employees' skills, as we experience significant technical advancements across our business practices.

#### Concerns and Priorities for 2026/2027 and Beyond



One of the most immediate looming concerns in this budget cycle relates to 9(d) debt repayments scheduled to begin in 2026. As part of the Arizona Water Settlements Act, irrigation districts relinquished their permanent water rights for 96,295 acre-feet in exchange for CAP taking on their 9(d) debt liability. When the relinquished Non-Indian Ag (NIA) water is reallocated to Municipal and Industrial (M&I) customers, CAP collects charges from M&I users to repay \$88.7 million in 9(d) debt. In 2021, 44,530 acre-feet were reallocated and CAP collected \$32.7 million for 9(d) debt payments. This amount is sufficient to make scheduled payments through 2032. ADWR must recommend, and the United States Bureau of Reclamation (USBR) must approve, all NIA reallocations. Currently, there is a pause on any further reallocations due to lower availability in the Colorado River; however, without the remaining NIA water being reallocated, CAP has no established revenue mechanism to make payments beyond 2032. CAP reserves the right to pursue every recourse available to rectify this issue.



Market volatility also continues to influence many of CAP's costs. Inflation and supply chain issues have led to delays and increasing costs in capital projects and increased costs for equipment, supplies, and external contract support, a trend that looks to continue into the near future. Everything from IT licenses to service contracts continue to increase at rates much higher than historical inflation, which puts upward pressure on the water rate. Conversely, there are a couple of areas where CAP can exert more control on the market to keep costs under control, including management of pumping energy and through self-insurance.

The reduced water allocated to the CAP provides an unexpected silver lining. If the canal does not need to run at full capacity 24/7 to meet its diversion and delivery requirements, sections may be taken out of service for longer periods of time to conduct necessary maintenance and asset management activities. In this way, large projects might be completed in a single outage, rather than staged over the course of several years. This has the obvious benefit of minimizing



cost escalation over the course of a single project. Similarly, if CAP does not have to run its pumps nonstop to pull its allocation off the river, staff can time the heavy pumping periods to coincide with the least expensive energy times in the year. As our employees continue to gain more mastery of the power markets in a post-Navajo Generating Station (retired) world, we continue to see opportunities to reduce or stabilize the pumping energy rate for our customers' benefit.



The CAWCD Insurance Company (the Captive) is our mechanism for self-insurance. The Captive provides liability, workers' compensation, property, and health insurance for our employees. The Captive has insulated CAP from massive premium hikes in the health and property insurance markets and instead allows CAP to benefit from its own experience. In 2024 and 2025, there were no health premium increases to our employees, and 2026 is looking like another year where the Captive insulates CAP from runaway healthcare insurance costs. Since its inception, the Captive has saved CAP millions of dollars in premium increases that would have simply flown out the door with no real return on value.



80% of Arizona's population lives within the CAP service area. Despite exponential growth in the region since the 1950s, Arizona continues to use the same amount of water now as it did then. CAP has been a key driver of this economic engine and will continue to do so, reliably, and in a rate-conscious manner. CAP customers have led the way in stabilizing the Colorado River system, reducing deliveries by nearly 50% since the implementation of the Drought Contingency Plan (DCP) in 2019.



These reductions certainly were not painless, and the region's agricultural sector has taken the brunt of the cuts. CAP continues to advocate that future reductions on the Colorado River must be shared fairly across the Upper and Lower Basins; and that hypothetical future growth elsewhere must not be prioritized ahead of the health and safety of 6 million people and 11 Tribes living in the CAP service area today. Whatever the future holds, this budget ensures CAP will be able to deliver its allocation, as well as being positioned to introduce new supplies in the coming years.

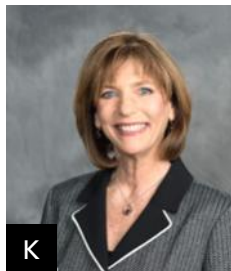
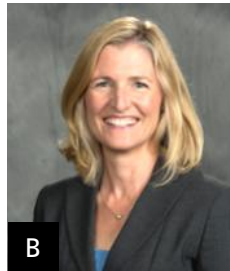
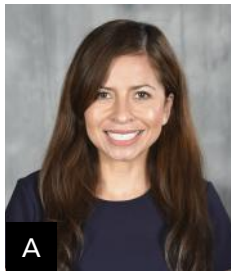




CAWCD Board of Directors Meeting with General Manager, Staff & Stakeholders



## THE CAWCD BOARD OF DIRECTORS



Terry Goddard  
President



Alexandra  
Arboleda  
Vice President



Karen Cesare  
Secretary

### Maricopa County

A. Ylenia Aguilar	Term ending 2028
B. Alexandra Arboleda	Term ending 2028
C. Lisa A. Atkins	Term ending 2030
D. Rudy Fischer	Term ending 2030
E. Terry Goddard	Term ending 2030
F. Benjamin W. Graff	Term ending 2028
G. Heather A. Macre	Term ending 2030
H. Amanda Monize	Term ending 2028
I. April Tornquist	Term ending 2030
J. Barbara Seago	Term ending 2028

### Pima County

K. Karen Cesare	Term ending 2026
L. L.M. "Pat" Jacobs IV	Term ending 2026
M. Justin Manuel	Term ending 2026
N. Mark Taylor	Term ending 2026

### Pinal County

O. Stephen Q. Miller	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.

Arizona law provides for weighted voting based on population, using the Pinal County population as a baseline. Current weighted votes using the 2020 Census are as follows:

Pinal County 1.0  
Pima County 0.61  
Maricopa County 1.04

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 are 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, 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 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 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

At least two weeks prior to the election of officers, the Board President appoints a Nominating Committee consisting of at least three (3) Board Members to make recommendations for the election of officers and the Executive Committee membership.

## 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.









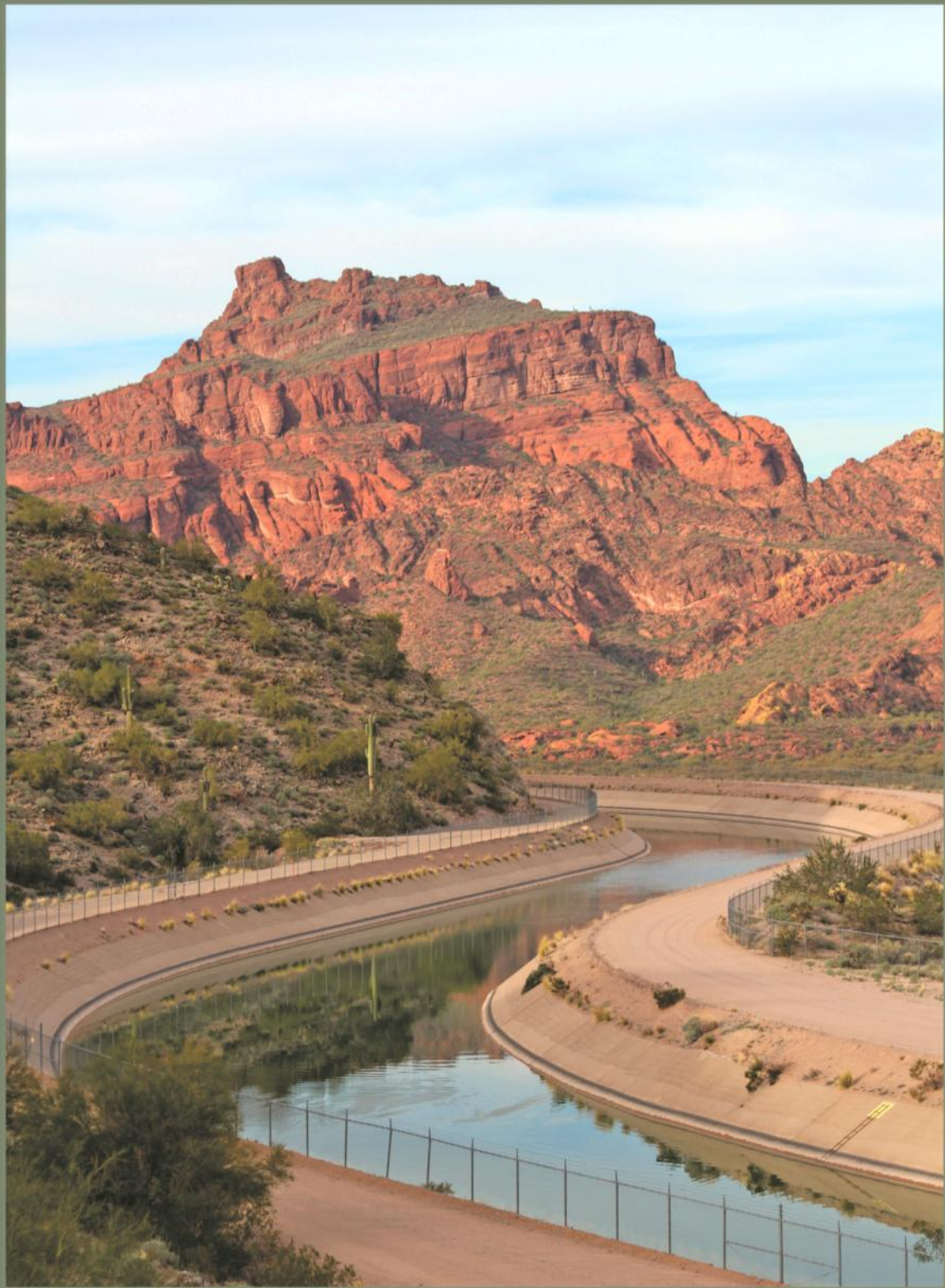
# GFOA AWARD



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, 2024. 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



# 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

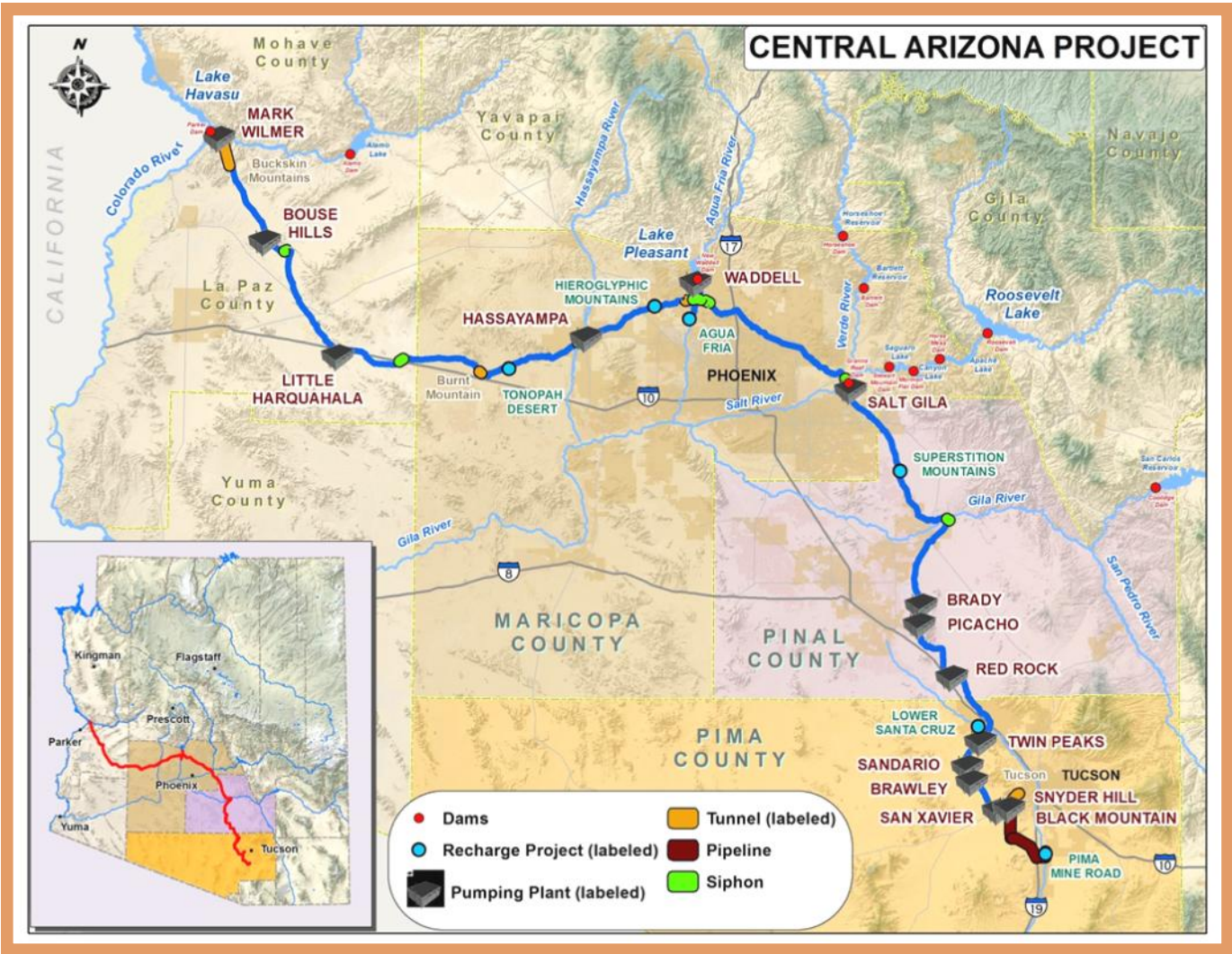
**Service:** Caring for the needs of stakeholders, coworkers, and our community

**Professionalism:** Delivering superior results





# 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 over 1.4 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.

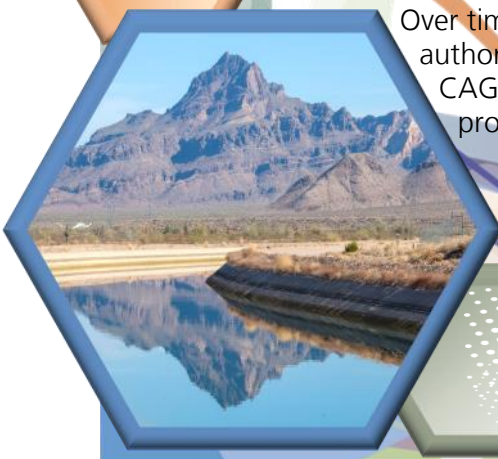
## PURPOSES OF CAWCD

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 (ADWR) 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 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 storage 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 the 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 CAGRDR, and to build, operate and maintain underground storage projects, as well as being a recovery agent of stored water.







Buckskin Mountain at Mark Wilmer





## CAP HISTORY

During the early 1900s, 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 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.

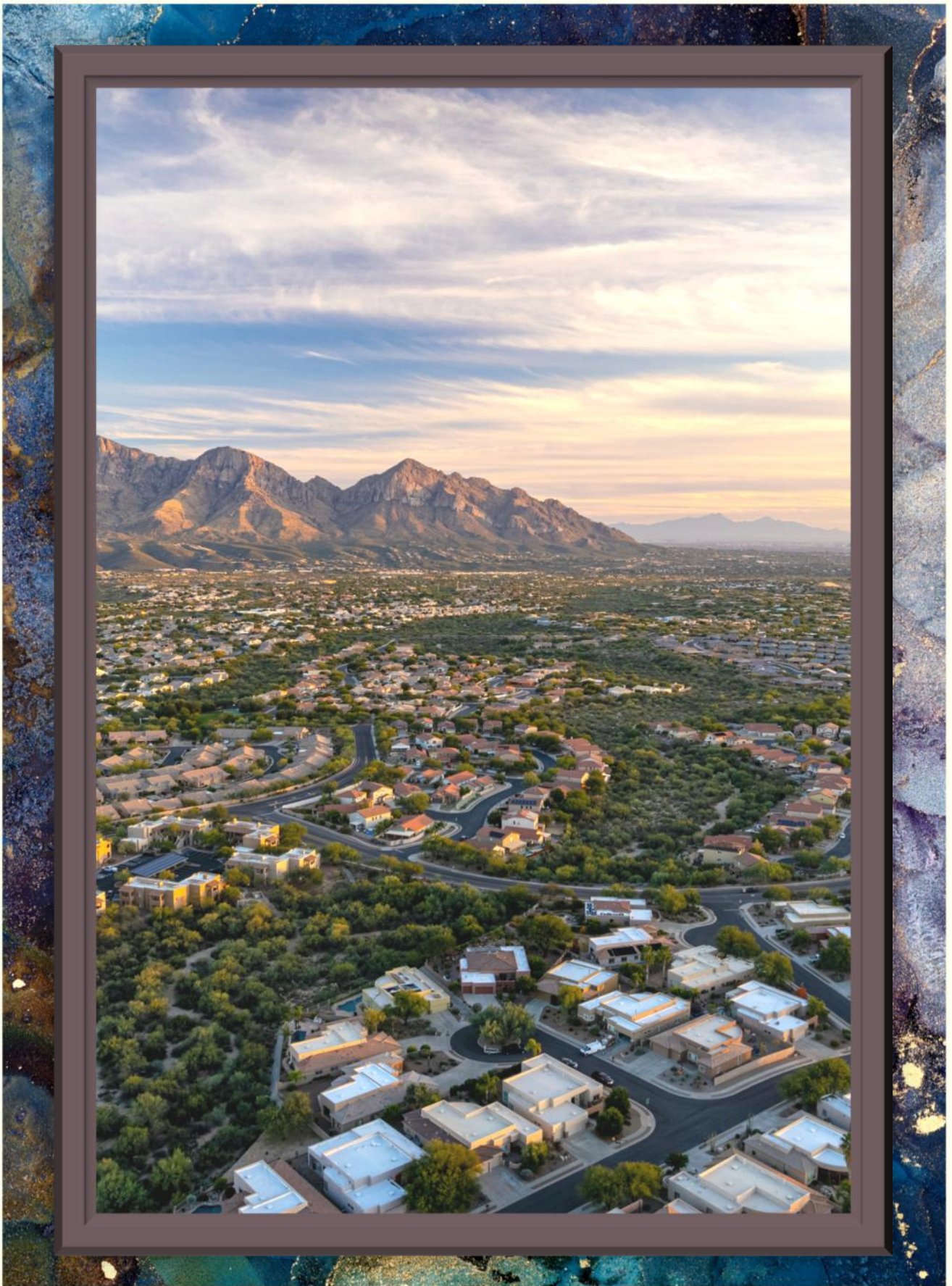
Arizona was in dispute over its share of the Colorado River, however, and was the last state to approve the Compact in 1944. Today in the Lower Basin, Arizona has rights to 2.8 million acre-feet of Colorado River water per year, California is entitled to 4.4 million acre-feet per year and Nevada has an annual allocation of 225,000 acre-feet.

In 1946, the Central Arizona Project Association was formed to educate Arizonans about the need for 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 CAP. The bill provided for USBR 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 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.







Oro Valley Arizona



## CAWCD WATER USERS

Via 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 6.3 million people, roughly 80% of the state's population, and spans nearly 24,000 square miles of land, which is 20% of the state's area.

CAP's Headquarters is located along its 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 allocate a total of 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

Representing three of Arizona's five "Cs" — Cattle, Citrus and Cotton — agriculture in Arizona is a multi-billion dollar industry. According to a 2024 study by the University of Arizona's College of Agriculture & Life Sciences, agriculture contributes more than \$30.9 billion to state economy. 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
2024 Estimated Population	4,726,247	1,086,634	483,944	7,621,703
2060 Projected Population	6,529,107	1,305,212	1,230,545	10,662,273
Percent Change Projected Between 2024 and 2060	38.1%	20.1%	154.3%	39.9%
2025 Labor Force <i>(as of July 2025)</i>	2,543,810	499,888	221,655	3,798,410
2025 Land Area <i>(square miles)</i>	9,222	9,184	5,374	113,635

*Based on information available from the Arizona Office of Economic Opportunity*



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 2026 or in 2027.

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/](http://www.cap-az.com/finances-of-cap/agriculture-and-cap/)

## MUNICIPAL & INDUSTRIAL SUBCONTRACTORS

CAP does not treat water for drinking, but rather is a wholesaler which 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 water 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.

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/contracts-and-documents/](http://www.cap-az.com/water/cap-system/contracts-and-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 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 that have partially resolved or outstanding claims. Four 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/](http://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 three-county service area. Created in 1993, CAGRD must replenish groundwater withdrawals made by new developments enrolled in 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 2024, CAGRD has replenishment obligations for 24 member service areas (MSA) and 1,244 member land (ML) subdivisions representing over 300,000 homes. For more information visit: [CAGRD.com](http://CAGRD.com)





## WHAT IS THE CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT?

CAGRDR 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. CAGRDR's members are land owners, cities, towns or private water providers in Maricopa, Pima and Pinal counties without adequate access to renewable water supplies. CAGRDR serves its members by replenishing the groundwater they pump, providing a way to comply with Arizona's groundwater laws.



Since its inception, CAGRDR has replenished more than 600,000 acre-feet of water on behalf of its members. One acre-foot equals 325,851 gallons.

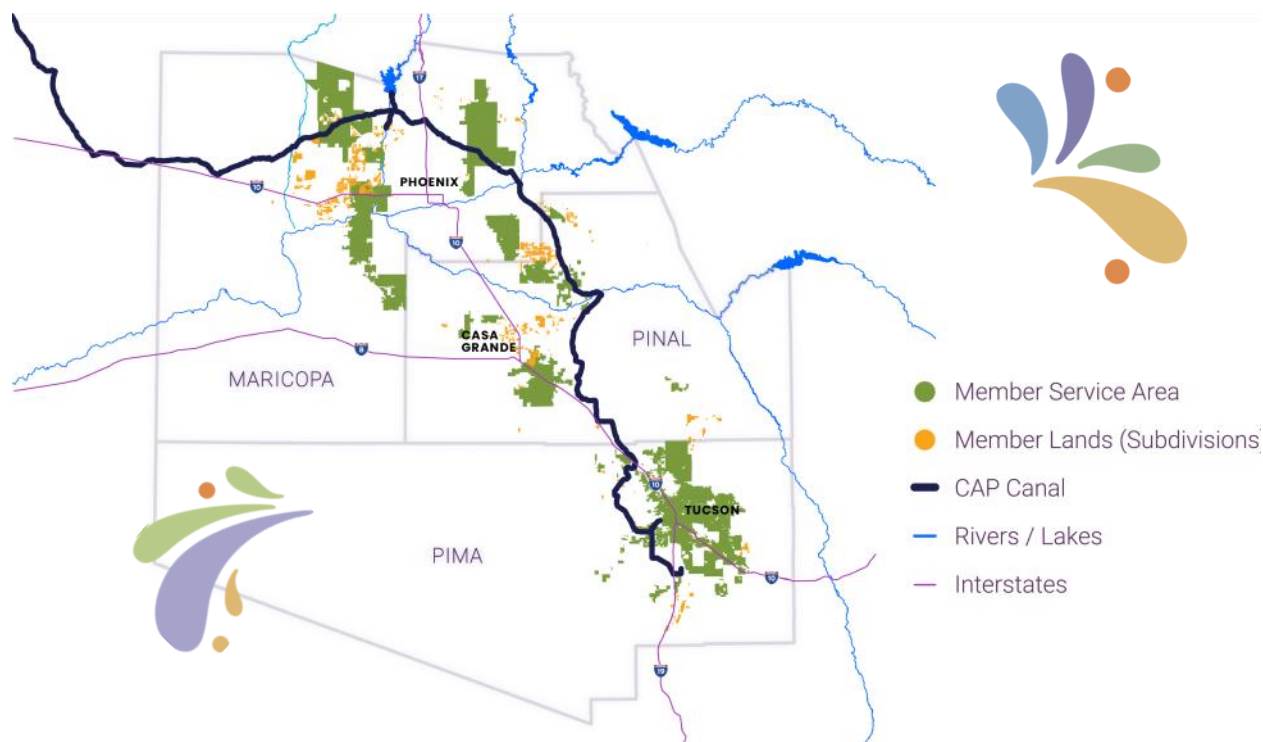


24 Arizona cities, towns and private water companies and almost 1,250 subdivisions in Maricopa, Pima and Pinal counties are members of CAGRDR.



CAGRDR 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 homeowners 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:

**1** 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 24 CAGRD Member Service Areas—10 in the Phoenix AMA, four in the Pinal AMA and 10 in the Tucson AMA. CAGRD MSAs stretch from Sahuarita Water Company to Surprise.

**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 1,244 CAGRD MLs as of the end of 2024. 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.

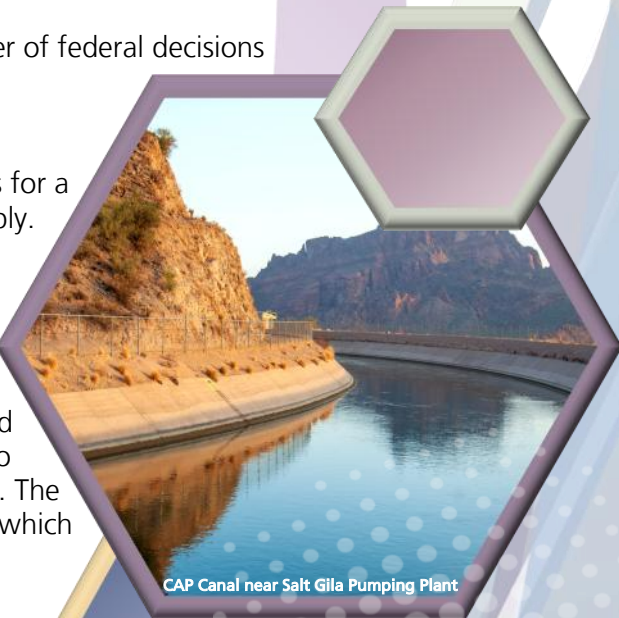
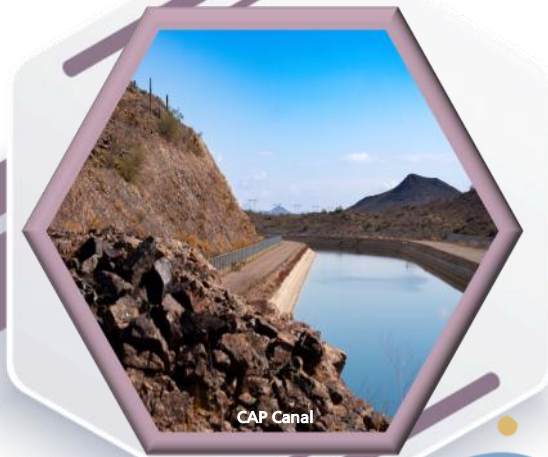
After authorization in 1968, CAP construction began in 1973. By the early 1980s, as the first part of construction was nearing completion, decisions were made regarding who would have long-term contract entitlements to CAP water.

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

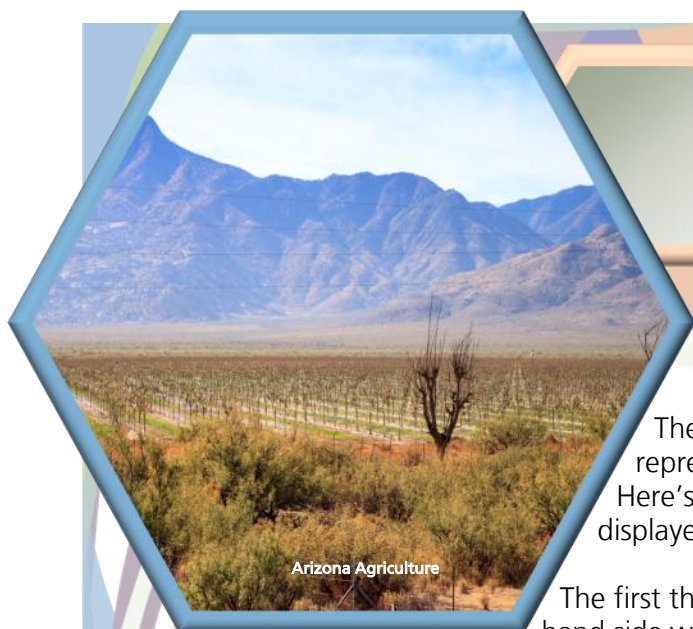
- M&I subcontracts were issued primarily on the basis of projected future growth and consideration of existing supplies, including other water supplies.
- Tribal contracts were the result of a number of federal decisions including congressionally authorized water settlements.
- Irrigation districts were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

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 a 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 non-Tribal agriculture use.

## CAP PRIORITY SYSTEM - A REVIEW

The block chart provided below 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:

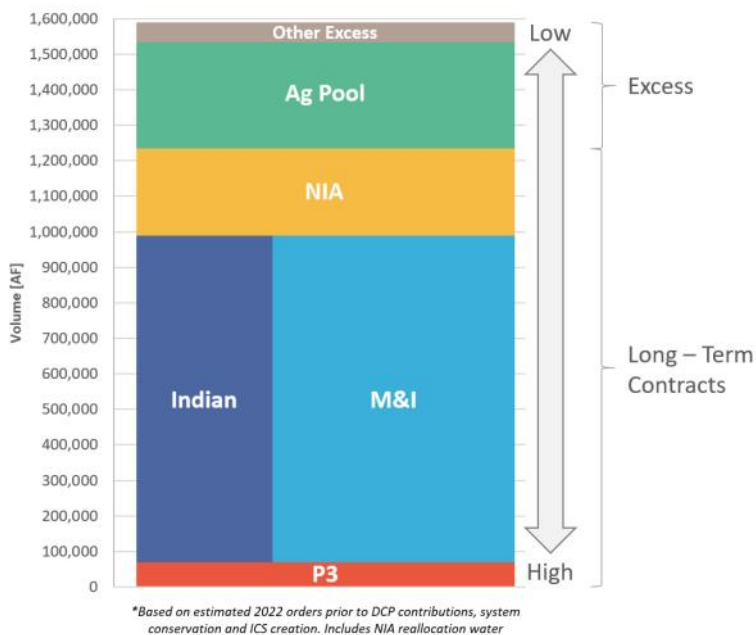
### LONG-TERM CONTRACTS

**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 equal in priority. There is also some crossover 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.

**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.





## EXCESS WATER

**Other Excess** – Any excess water available after satisfying the Ag Pool is classified as “other excess” water and historically has primarily been used by the Arizona Water Banking Authority and USBR for federal firming and by the Central Arizona Groundwater Replenishment District for replenishment reserve firming.

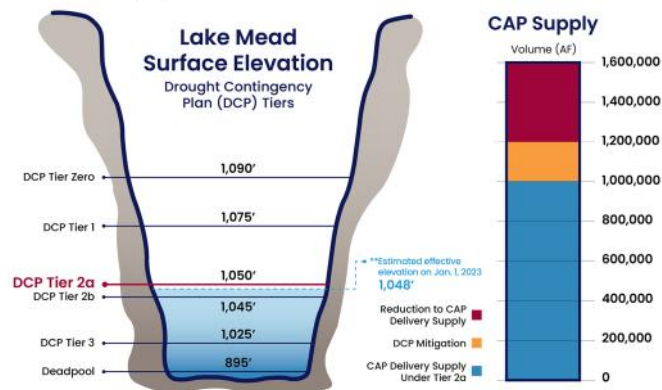
## WHY DOES THE CAP PRIORITY SYSTEM MATTER?

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 2a shortage was declared on the Colorado River in 2023.

The result of the Tier 2a shortage being declared on the Colorado River was a reduction of 592,000 acre-feet, which was the total of a combined 400,000 acre-feet of shortage reductions and 192,000 acre-feet of Drought Contingency Plan (DCP) contributions to Lake Mead by Arizona. This was more than 34% of the CAP’s historical delivery supply, which significantly affected the entirety of the excess pool, the Ag Pool and almost 100% of the NIA supply. Some of these impacts were mitigated based on agreements reached in 2019 in conjunction with the Lower Basin DCP.

## 2023 Tier 2a Shortage

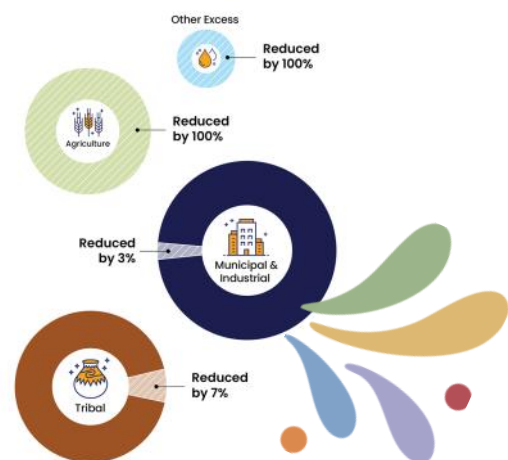
CAP Delivery System under Tier 2a



\*Graphics are not to scale and serve only as a representation.  
\*\*The "effective" elevation includes about 7 feet of water that is actually stored in Lake Powell. The projected "actual" elevation is 1040.75.

To learn more, please visit: [www.cap-az.com/colorado-river-shortage](http://www.cap-az.com/colorado-river-shortage)

## 2023 Reductions to CAP Contract Categories

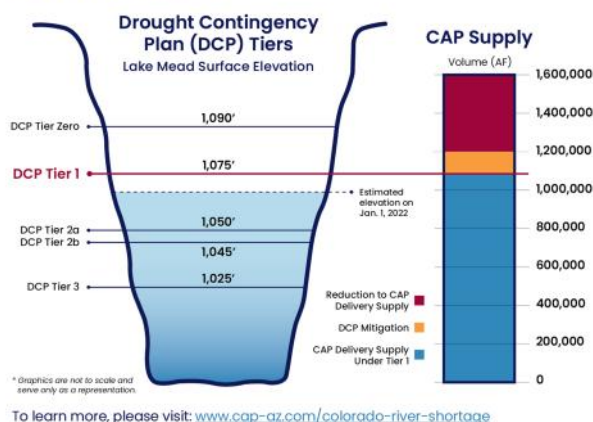


In 2025, the Colorado River is operating under a Tier 1 shortage. Reductions under a Tier 1 shortage include 320,000 acre-feet of shortage reductions and 192,000 acre-feet of Drought Contingency Plan contributions. Under a Tier 1 shortage, CAP takes more than 30% of reductions in CAP’s historical delivery supply which significantly affects the excess pool, the Ag pool and part of the NIA supply.

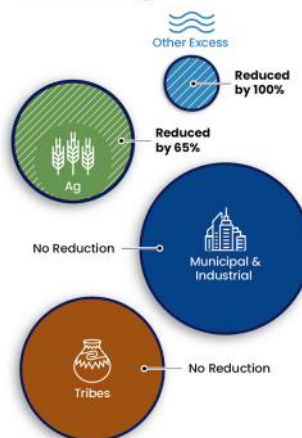




## Tier 1 Shortage: CAP Reductions



## 2022 Reduction to CAP Users After DCP Mitigation



## WHAT ARE THE NEXT STEPS?

There are several additional actions underway in 2025, that could have implications for CAP's water supply in 2026 and beyond. Some of the activities are pursuant to the actions adopted under the 2024 Supplemental Environmental Impact Statement (SEIS). The SEIS actions were implemented following several years of below average inflow that was witnessed between 2020 and 2022. Pursuant to the SEIS, several CAP subcontractors have entered into voluntary, compensated agreements to reduce their water use through 2026. As such, delivery volumes will likely be close to a tier 3 level in 2026.

Other actions underway are the development of operational guidelines for Lakes Powell and Mead beyond 2026. The 2007 Interim guidelines and several related agreements that govern the operations of these two lakes (including DCP and SEIS) expire in 2026. In June 2023, the USBR published a notice of intent to begin work on developing operational guidelines for Lakes Powell and Mead. Given the drying trend, it is possible that Arizona's and consequently CAP's water supply will be impacted by the operational guidelines for Lakes Powell and Mead past 2026. A Record of Decision for the post-2026 operational guidelines is anticipated in mid-2026. Due to the importance of these operational guidelines, CAP actively partners with the Arizona Department of Water Resources, Colorado River basin states, and the USBR to ensure CAP's Colorado River supply is maintained.

Other ongoing activities include CAP's work with other stakeholders and agencies on technical studies and programs to help better understand the Colorado River supply issues and to augment the supplies in the system. It is likely that these efforts will ramp up as the work on post-2026 operational guidelines intensifies.



## CAP WATER EDUCATION CENTER



When elected officials, key stakeholders and members of the media visit Central Arizona Project (CAP) Headquarters, their first question is often the same, “Where’s the canal?” Although CAP has a robust outreach program, opportunities to see the canal and learn about CAP’s history and operations are quite limited. A combination of security concerns – both cyber and physical – has made it difficult for the public to explore this engineering marvel firsthand.

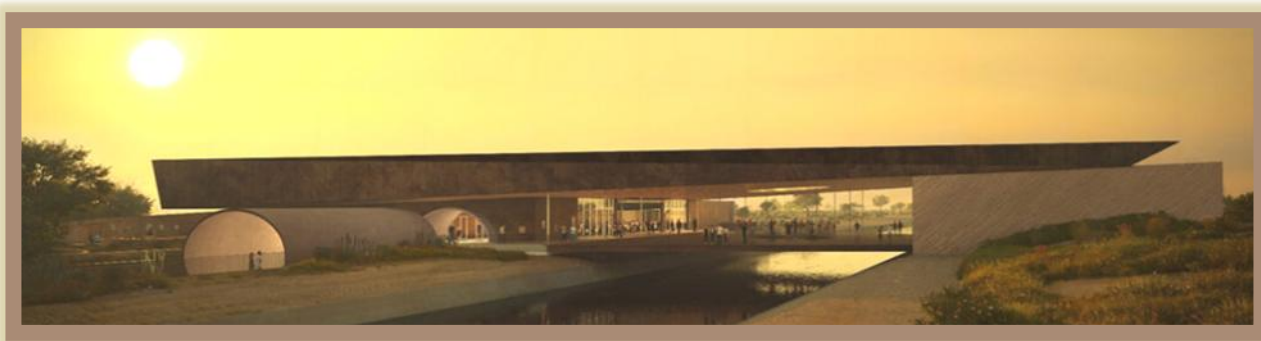
**This is about to change.**

The Central Arizona Water Conservation District (CAWCD) Board approved a contract with M.A. Mortenson Company in January 2025 for the construction of a Water Education Center. The project will provide an accessible and secure space where people can learn about CAP’s history and operations, as well as Arizona’s water story.

“CAP is an integral part of Arizona’s history, and the public has long been interested in learning and seeing more about this engineering marvel,” said Bridget Schwartz-Manock, Assistant General Manager, Public and Intergovernmental Affairs. “Coupled with an interest in western water issues, we’ve seen a steady increase in requests for presentations and tours, as well. This Water Education Center will truly take us to the next level in terms of engaging the public and sharing CAP’s story with them.”







The Water Education Center will give a larger audience an understanding of CAP, complete with safe, up-close views of the canal and hands-on, interactive exhibits. The new space will also support many functions including Central Arizona Water Conservation District Board (CAWCD) meetings, large water stakeholder meetings, elected official briefings and school field trips.

“Arizona needs a space like this,” said Karen Cesare, CAWCD Board Secretary. “We look back at history and ask what can we do today to make an impact in the next 20 to 30 years? It’s projects like this – ones that will inspire the next generation of people to work for our water future – policy makers, hydrologists, journeymen and crafts and trades people.”

The design of the Water Education Center was completed in July 2025, with architects from Jones Studio and experienced designers from Aldrich Pears incorporating feedback from the CAWCD Board members, CAP stakeholders, Arizona’s educational community and the public. Ultimately, the Water Education Center is envisioned as a dynamic and immersive space where Arizona water users, policymakers and scientific experts can come together to discuss the challenges and opportunities surrounding the state’s most vital resource: water.

“The Water Education Center reflects careful and deliberate planning and use of public funds, based on the feedback gained during many conversations with our water users and the public,” said Lisa Atkins, CAWCD Board Member. “This is more than just a building. It is a unique opportunity for all of us to learn and understand more about how precious our water is, as well as providing an opportunity for Arizona’s students of all ages to learn about water in the desert and the history and operations of the Central Arizona Project.”

Construction began in April 2025, with a formal groundbreaking ceremony held on May 1, 2025. The Water Education Center is slated to open by the end of 2026.







Colorado River



## THE COLORADO RIVER

Colorado River water is the principal water supply diverted for CAWCD and serves as Central Arizona Project water to its customers. Under normal conditions, CAWCD has delivered on average 1.5 million acre-feet of CAP water to customers in central and southern Arizona annually. Recently, under shortage conditions these deliveries have been reduced, some through mandatory reductions and some through voluntary conservation.

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.

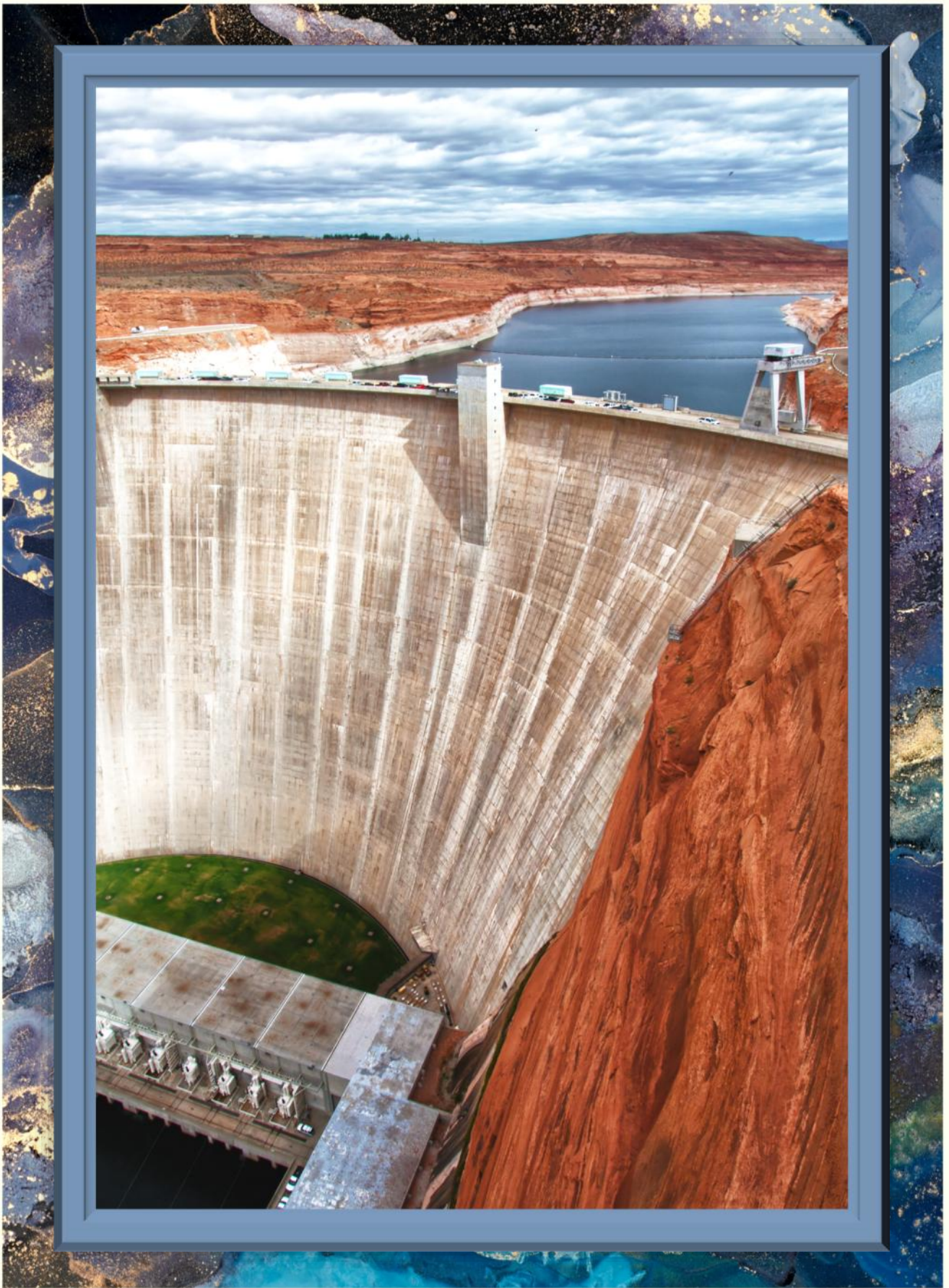


The Colorado River provides economic and environmental benefits across the western United States and northwest Mexico. It provides renewable water supplies for more than 40 million people in communities across the southwest United States and northwest Mexico. The economic output of areas served by the 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 crops. 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 Colorado River is home to more than 10 endangered species in the United States 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.

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.



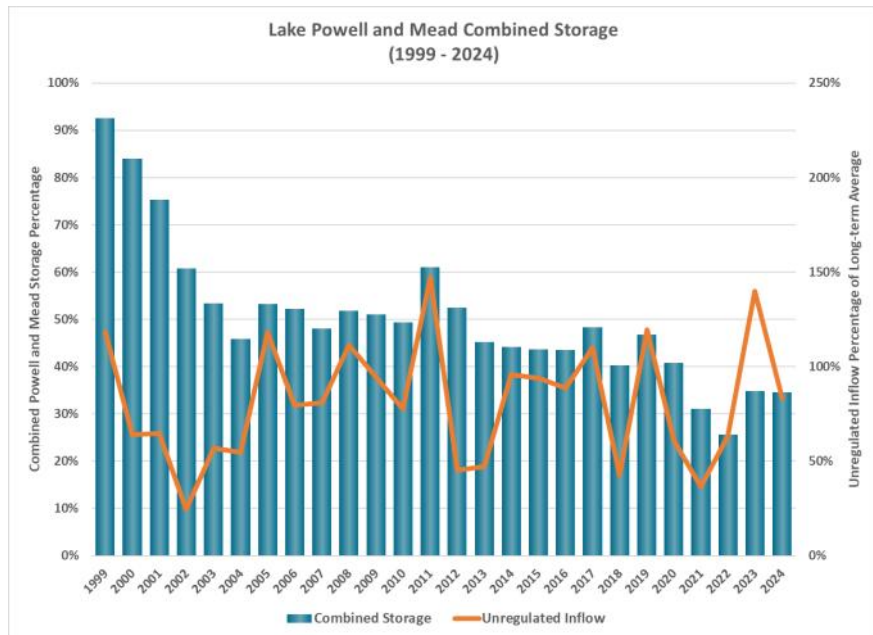


Glen Canyon Dam



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. 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 on average 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 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. At the end of 1999, the



combined reservoir storage of Lake Powell and Lake 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 is projected to decline to almost 31% of capacity, or about 15 million acre-feet, of combined storage as of the end of 2025.

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 and losses exceed normal supplies in most years. The drought, along with the structural deficit, creates risks to the reliability of the Colorado River supply. 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 USBR 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. This agreement runs through 2026.

Water users, including CAWCD, have undertaken several efforts to mitigate the impacts of drought by reducing their use of Colorado River water supplies. These efforts follow an extended drought period and a subsequent recognition that the previous actions identified under the 2007 Interim Guidelines weren't enough to address this poor hydrology. Initial efforts included system conservation programs, where water users were paid to reduce their use of water and leave water in the Colorado River system to prop up Lake Mead elevations. Other efforts have included the 2019 Drought Contingency Plan, the 500 Plus Plan and the actions identified under the Supplemental Environmental Impact Statement to the 2007 Interim Guidelines. These actions have been a collaborative effort among the United States, Mexico and the Lower Basin water users, including CAWCD. These actions have had the impact of reducing





Colorado River diversions to protect critical elevations in Lake Powell and Lake Mead, and have had the positive result of raising Lake Mead elevation by nearly 155 feet. Moreover, these proactive actions have helped with building partnerships and identifying solutions to reduce the near-term and longer-term risks to the Colorado River system.

## COLORADO RIVER SHORTAGE

CAWCD and the Arizona Department of Water Resources continue to take proactive steps to address Colorado River supply deficiencies 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 entities and on-river municipal water users in water resource management. These collaborative efforts are focused on reducing the near-term risks caused by the extended drought as well as addressing the long-term imbalance between supply and demand on the Colorado River system.

The Lower Colorado River Basin has been in a shortage status under the 2007 Interim Guidelines since 2020 (Tier zero shortage for 2020 and 2021; Tier 1 shortage in 2022, 2024 and 2025; 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.



# COLORADO RIVER DROUGHT CONTINGENCY PLAN (DCP)

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

DCP's comprehensive set of agreements reside under: 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.



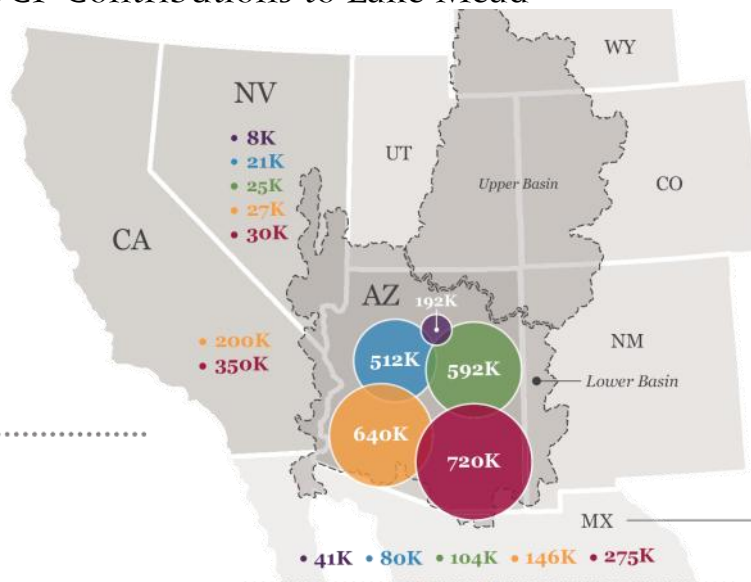
In 2018 and early 2019, ADWR and CAP jointly led nearly 40 stakeholders through months of public and small group meetings. During this process, new arrangements, which form a package called the Arizona DCP Implementation Plan, were negotiated. The package agreements share the burden of impacts from Colorado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

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.

## Lower Basin DCP Contributions to Lake Mead

### IN ACRE-FEET PER ELEVATION PER YEAR

- Less than 1,090'
- Less than 1,075'
- Less than 1,050'
- Less than 1,045'
- Less than 1,025'



Bureau of  
Reclamation  
• 100K / year

Minute 323  
Binational  
Water Scarcity  
Contingency Plan





Colorado River



## COLORADO RIVER SHORTAGE - POST-2026 CONSIDERATIONS



Central Arizona Project, Arizona, and the Lower Basin will continue to advocate for a fair share of the Colorado River, endeavoring for an amount necessary to support some of the largest population centers in the basin. However, until allocations are finalized, it is very difficult, if not impossible, to map out a path forward in a post-2026 reality.

While Arizona continues to negotiate in good faith for an equitable share of the Colorado River, there remains the possibility that the Upper and Lower Basins will remain at an impasse and litigation will be necessary. Understanding that any potential court case is likely to progress to the United States Supreme Court, a legal fight will cost the parties tens of millions of dollars. Therefore, CAP is committing \$6 million in each of 2026 and 2027 in the event it becomes necessary to pursue litigation.

CAP has already borne the brunt of significant reductions, which have all but eliminated Colorado River water for agricultural producers between Phoenix and Tucson. Further reductions will begin to impact the six million residents in the region. To offset these impacts, CAP is exploring a menu of options that may include underground recovery, conservation agreements, lease agreements, exchanges, water right acquisitions, wheeling agreements, capacity improvements, and more. Each of these options comes at a cost and as the course of action becomes more distinct, staff will seek Board approval to execute deals that are in the best interest of CAP customers for the long term.

These expenses are not anticipated to begin until 2027 at the earliest and are anticipated to be funded from the Extraordinary Cost reserve.





## 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 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, which is known as conjunctive 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.





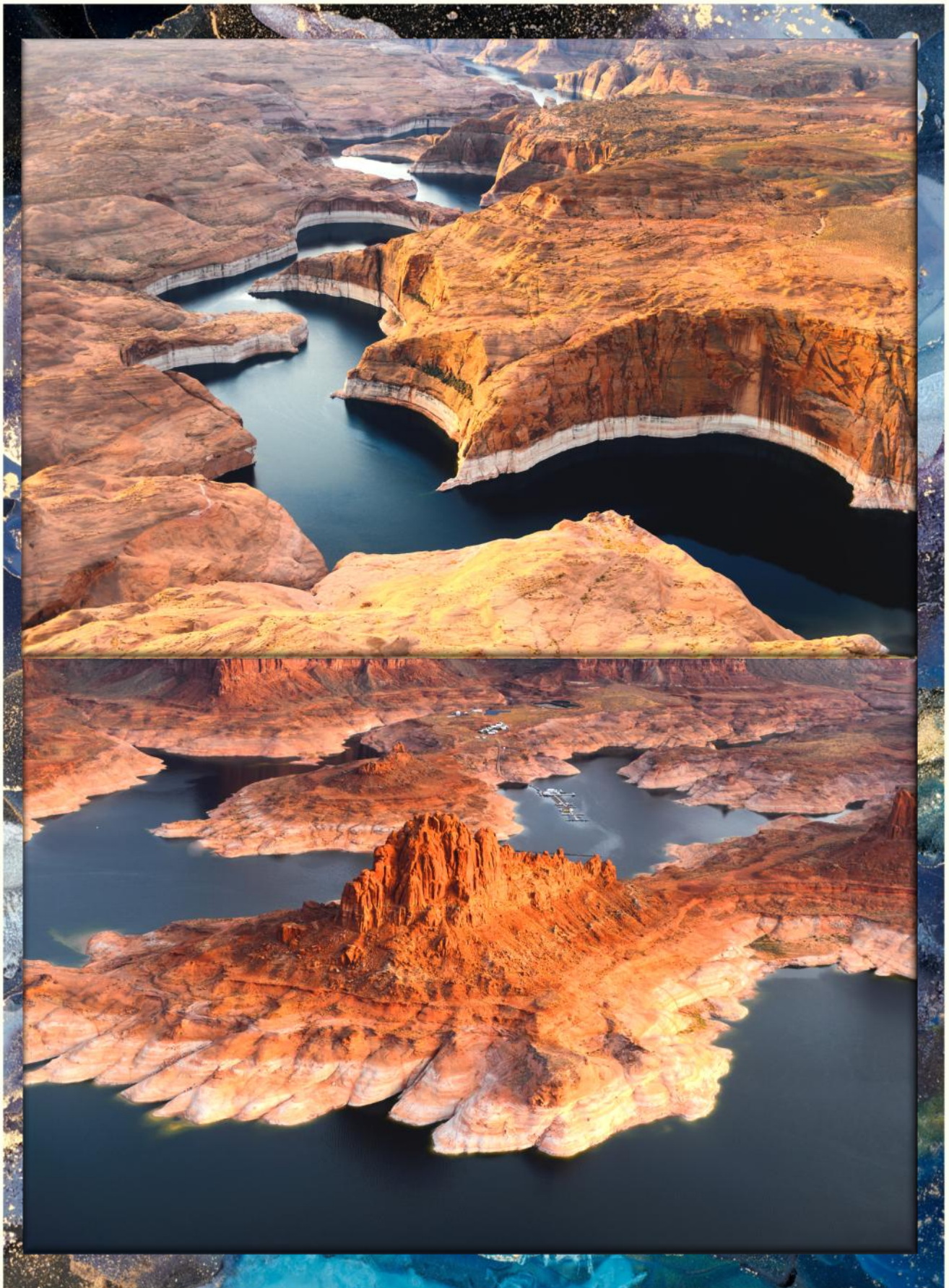
One important goal of coordinated long-term management of these reservoirs is to maintain “as nearly as practicable” equal contents of active storage in Lake Powell and Lake Mead. At its full capacity, Lake Mead offers about 28 million acre-feet (MAF) of storage and Lake Powell can store about 26 MAF.

In 2005, the U.S. Secretary of the Interior directed the USBR to develop additional strategies for improving the coordinated management of both 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 December 31, 2026.

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.



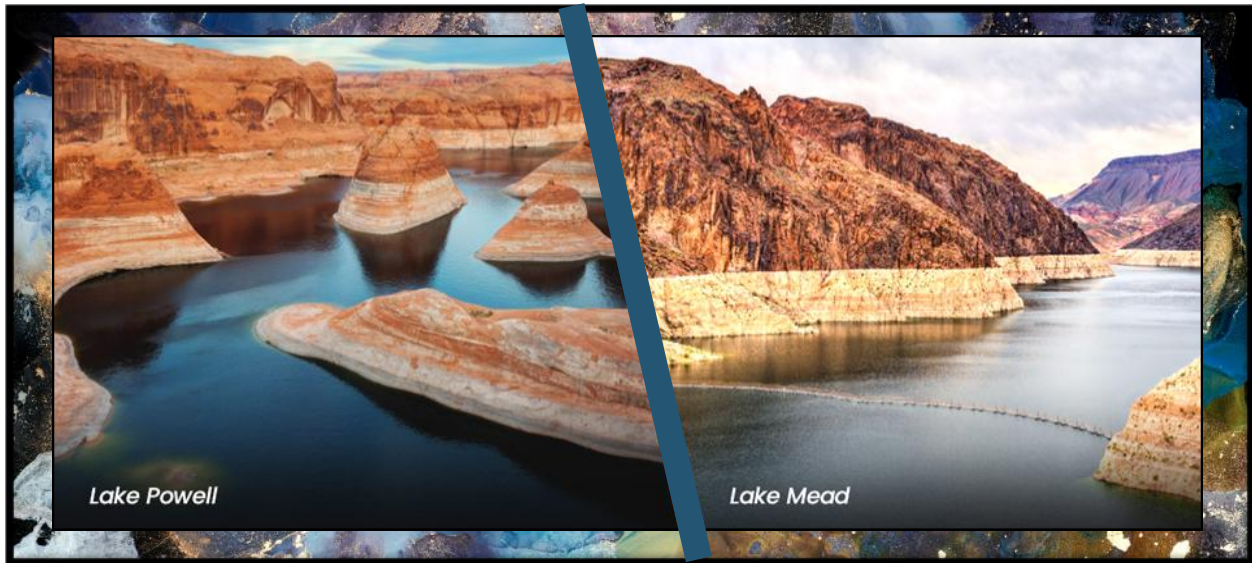




Lake Mead & Lake Powell



## 24-MONTH STUDY



### 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 DCP for the Colorado River system in 2019.

Each month, the USBR 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:

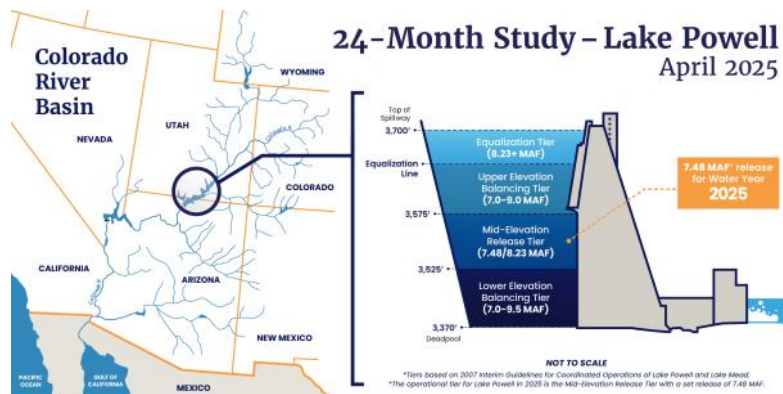
- In April, at the conclusion of the snow accumulation season, when an accurate projection of runoff from snow melt can be determined.
- In August, once the runoff period has fully concluded and the storage contents for the upcoming water year are more fully known.



The USBR 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:

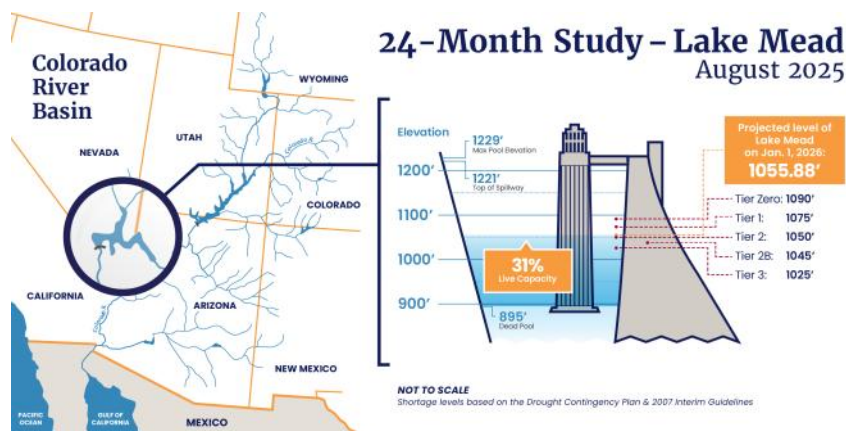
## APRIL 24-MONTH STUDY

The April 24-Month Study is 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, which 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.



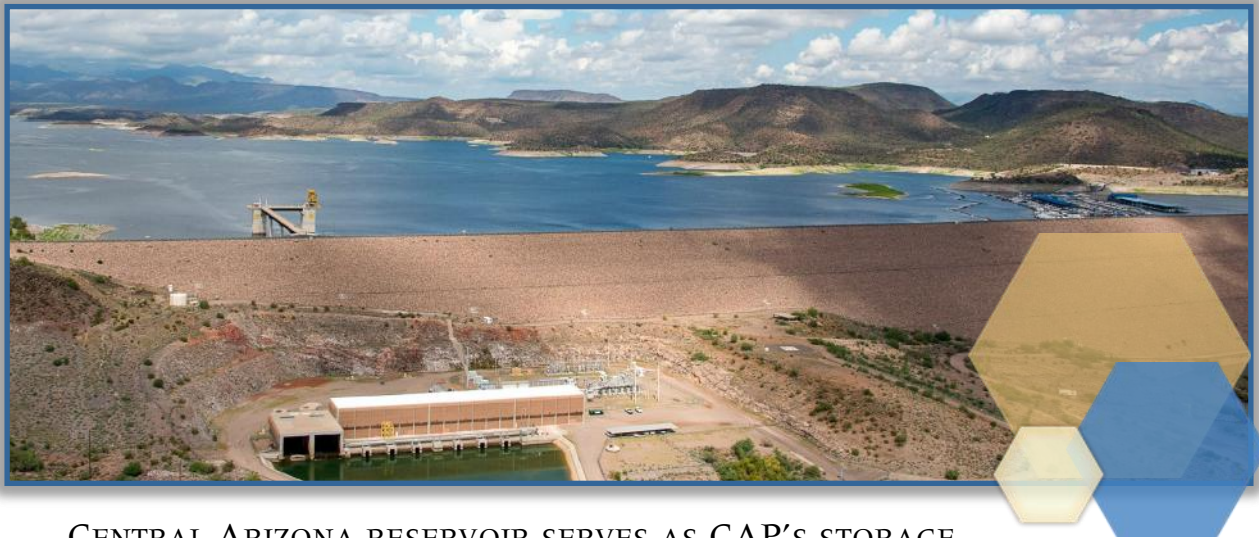
## AUGUST 24-MONTH STUDY

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.





## LAKE PLEASANT



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

#### History-Making Dam

In the mid-1920s, 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 USBR to construct the 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.







Lake Pleasant



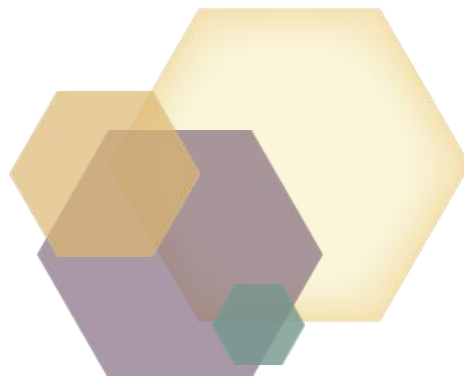
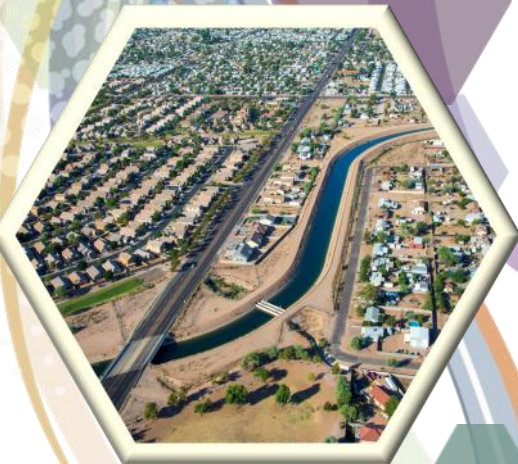


### Present Day Lake Pleasant

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 users 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



## AMAZING — AND IMPRESSIVE — INFRASTRUCTURE



It's frequently said that Central Arizona Project's infrastructure is amazing – because it is! Here is yet another example of why that is true.

At the start of the CAP system, Mark Wilmer Pumping Plant lifts Colorado River water 810 vertical feet into the Buckskin Mountain Tunnel. It's a fact that is stated so often that it is easy to overlook the magnitude of that lift.

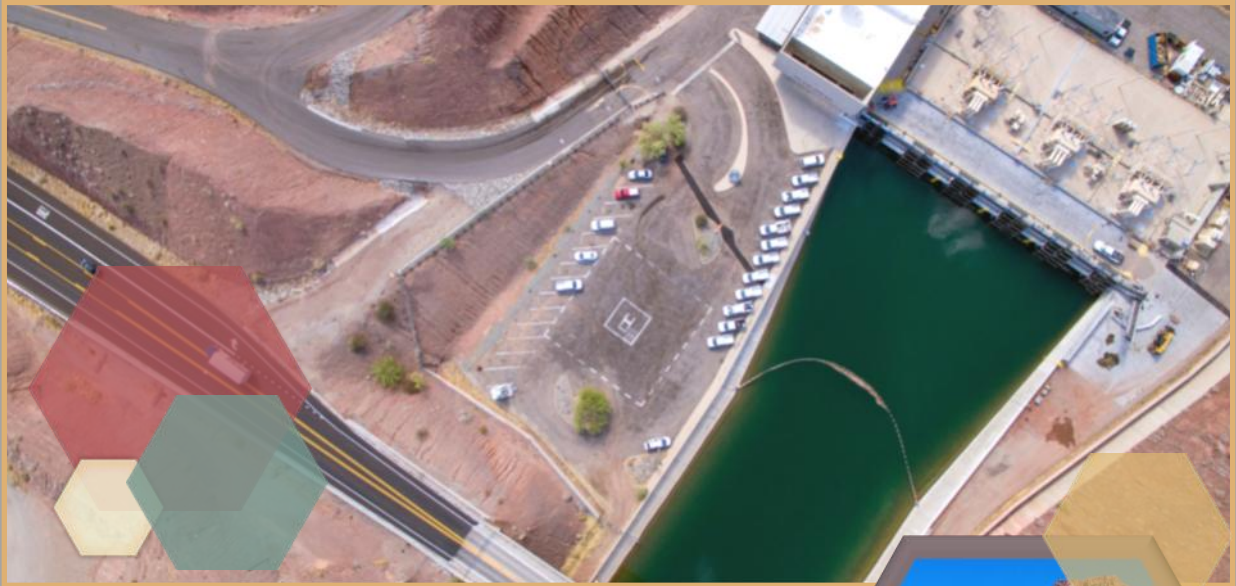
This infographic demonstrates just how significant that height truly is by comparing it to well-known US landmarks, including the Arizona State Capitol, White House, Statue of Liberty and Hoover Dam. Many have stood at the base of Hoover Dam and marveled at its height. It's an impressive site and in fact, was the tallest dam in the world when it was built. Yet, the height the water is lifted from Mark Wilmer Pumping Plant is more than 80 feet higher.

Impressive! No wonder it takes six pumps with 66,000 horsepower motors to initiate the journey of Colorado River water into central and southern Arizona and ensure reliable water deliveries.





## MARK WILMER PUMPING PLANT



### 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 more than 800 feet up Buckskin Mountain where it is released into the seven-mile long Buckskin Mountain Tunnel.

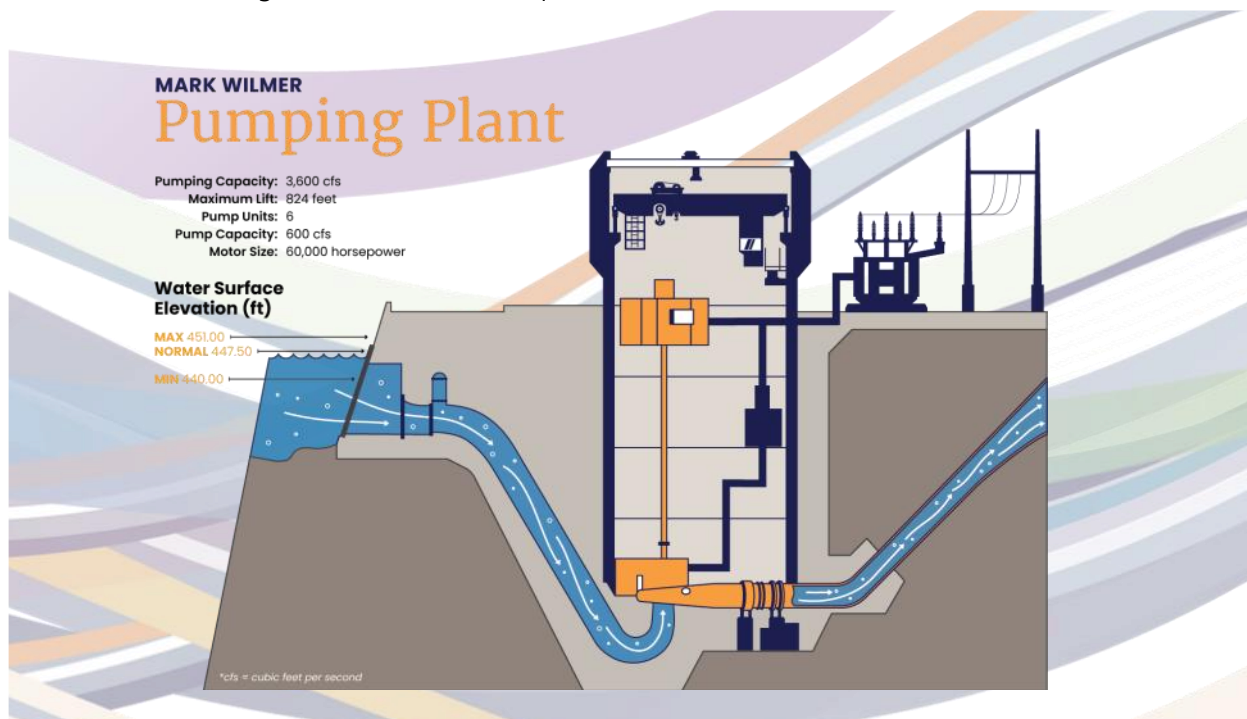
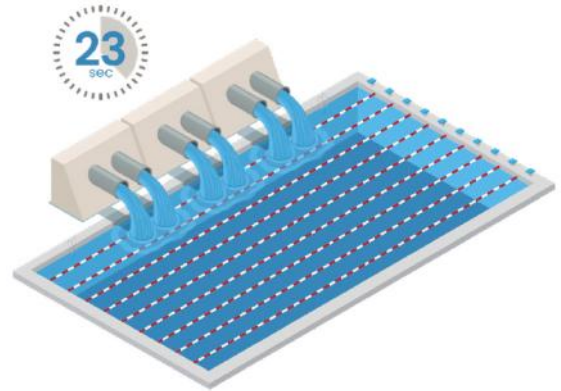
This phenomenal construction feat was captured on video and is a fascinating look at the engineering marvel that is CAP.





## Central Arizona Project

- Plant construction started in 1973 and CAP first delivered water to the west of Phoenix in 1985.
- The plant contains six, 66,000 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 810 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.







CAP Canal near Mile Post 187



## 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 ADWR 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.







Arizona Power Lines





## CAP POWER PORTFOLIO

The Central Arizona Project (CAP) lifts water more than 3,000 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.

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

### CAP's Long-Term Contracted Resources Include



#### 50-year

Contract for power from Hoover Dam



#### 20-year

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



### Sources Of Power



**60% to 70%**  
Market Forward  
Purchases



**20% to 30%**  
Market Daily / Short-  
Term Purchases



**5%**  
Solar Phase 1



**7%**  
Hoover





## LOCAL TO GLOBAL: WHAT IMPACTS REGIONAL POWER PRICES?

Weather, war, drought—there are numerous such events that could affect the supply and demand for energy in the southwestern United States.

CAP delivers Colorado River water to central and southern Arizona. Water is heavy, and so moving it across the state requires a lot of energy. CAP has developed a diversified power portfolio to add the flexibility that would allow us to continue delivering water at a reasonable price, even in the event of any of these uncertain occurrences. The goal is to secure adequate power for CAP to fulfill its mission to deliver water in a stable, cost-effective manner.

What are some primary issues monitored by CAP's power program staff? Here are a few:

### Natural Gas Supply

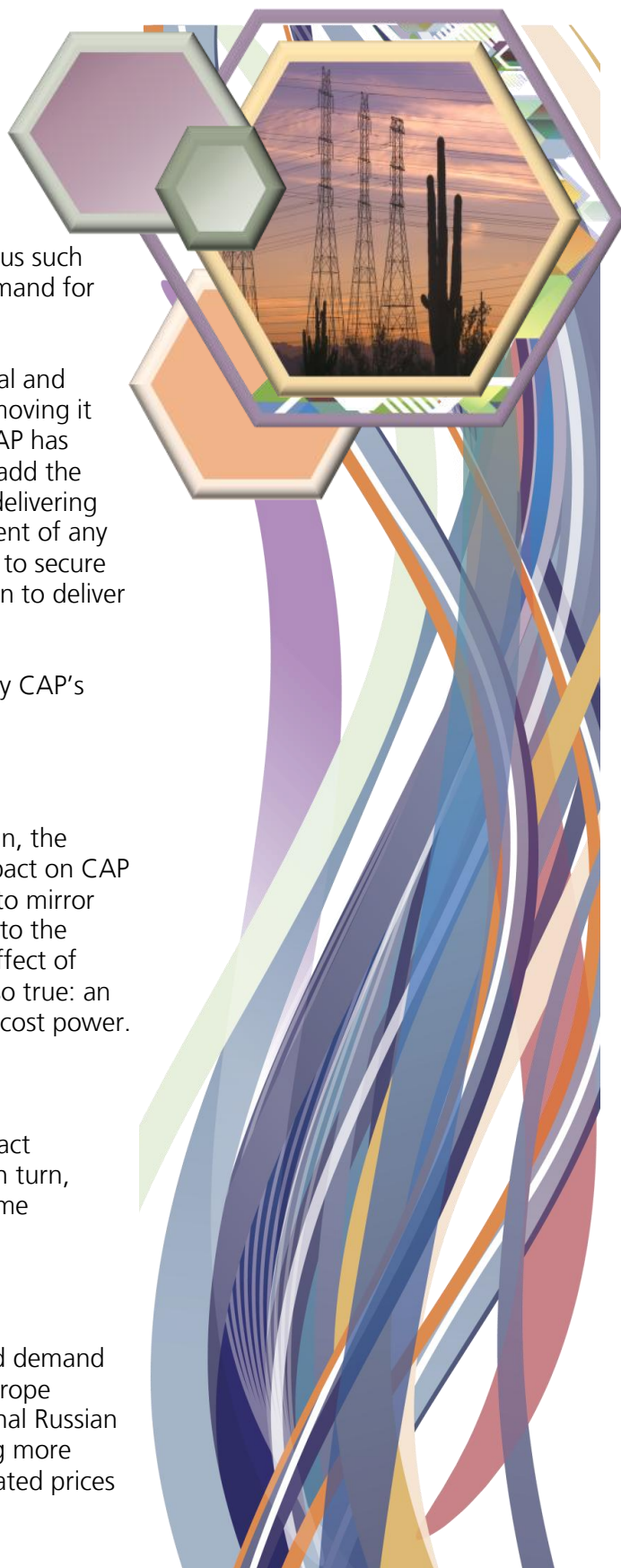
As a major fuel source for power generation, the natural gas supply can have a dramatic impact on CAP energy costs. Wholesale power costs tend to mirror those of natural gas, so when a disruption to the availability of gas occurs, it often has the effect of increasing power prices. The opposite is also true: an abundant supply of gas often leads to low cost power.

### Global Event

There are many global events that can impact commodities, such as oil and natural gas; in turn, these events can indirectly impact CAP. Some examples are:

### War

Russia's 2022 invasion of Ukraine increased demand for non-Russian natural gas, as Western Europe attempted to move away from the traditional Russian supply. In turn, the U.S. has been supplying more natural gas to Europe, contributing to elevated prices domestically.







### Extreme Weather Events

Heatwaves cause increased demand for electricity here in the southwest, primarily because air conditioning units run longer to support indoor comfort. Record high temperatures have further driven up energy demand and prices. For example, in early October 2024 the increased demand and temperatures resulted in Palo Verde peak day prices to jump nearly 40 percent from the prior seven day average.

From the 2021 Texas power crisis to rolling blackouts in California, weather constantly impacts power prices. How do these out of state issues impact CAP? CAP's Power Programs team adjusts its pumping strategy based on market conditions throughout the year, reducing

pumping during periods of elevated pricing, which is mainly during the summer months.

Conversely, we increase pumping when demand, and pricing, is particularly low, typically during the spring and fall seasons.

In general, CAP witnesses a spike in prices during heatwaves in densely populated southern California, which skyrocket demand for power.

Drought conditions also can reduce the availability of hydroelectric generation, particularly in the southwestern U.S., potentially increasing reliance on other power sources.

### Renewable Energy Growth

The majority of new generation resources being connected to the high voltage grid are renewable: solar, wind and batteries. A greater supply of available energy can help to mitigate extreme price spikes during events like heatwaves or power plants unexpectedly going offline.



### Technology Expansion

“Big Tech” companies are bringing their operations to the Valley, and with that, the demand for energy and the associated infrastructure is increasing. Local electric utilities are projected to see their customer load grow significantly during the next 10 years.

### Looking Ahead

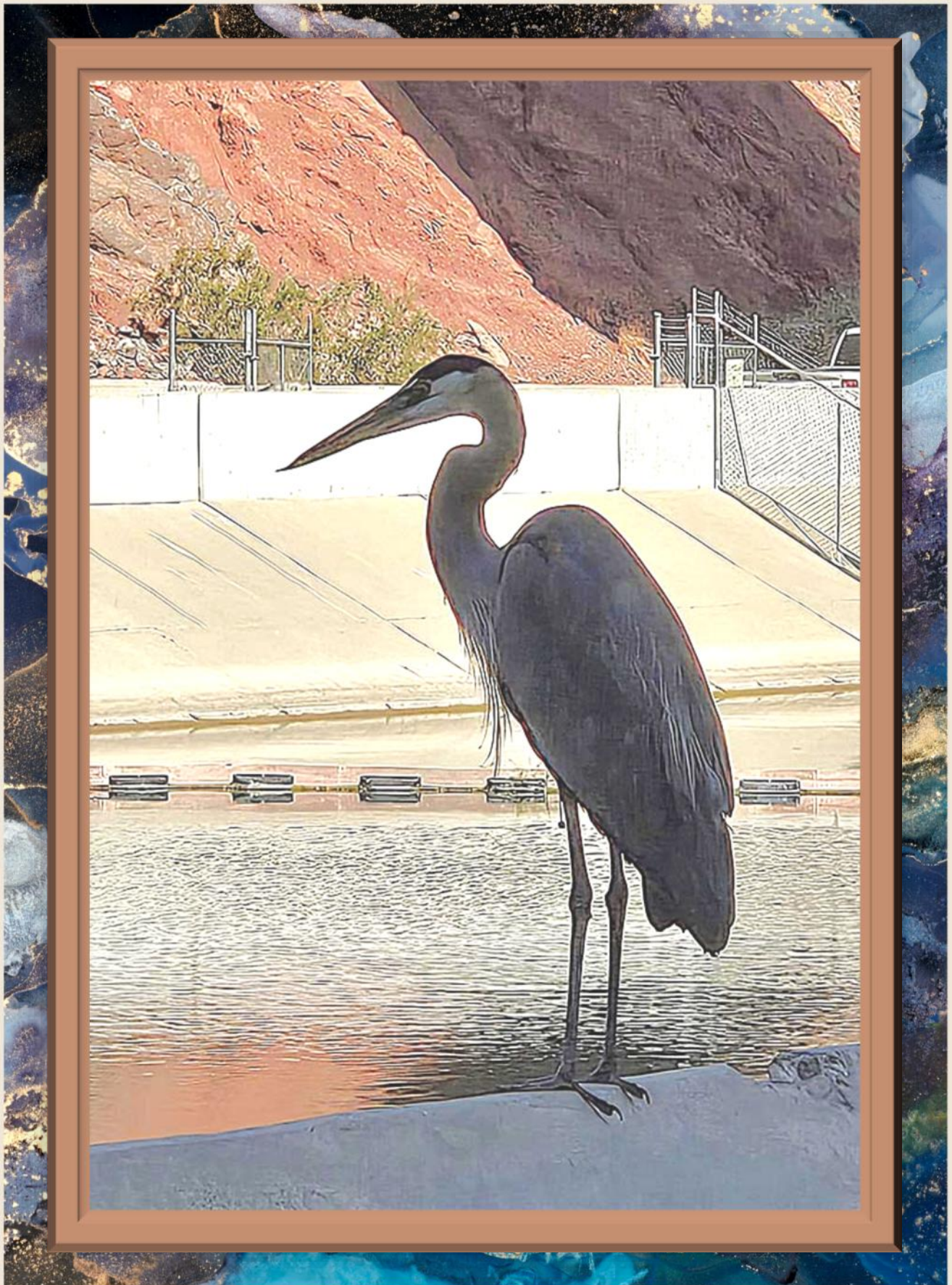
Although periods of high supply and demand constraints could lead to temporary price spikes, CAP has developed a diversified power portfolio, which includes renewable supplies and combination of long-term and market purchases, in order to support deliveries in a cost effective manner.

CAP will continue to use flexibility and coordination in order to provide the best rates for CAP water users. This includes continuing to develop this power portfolio. Our Power and Water Operations staff collaborates to use flexibility in our power acquisition strategy to modify the amount of energy required annually to match our pumping needs. Another strategy is moving water when energy costs are cheaper and regional power demands are slower, generally during the winter/spring months and evening hours.

These are strategies used to buffer against unforeseen circumstances, whether they occur within the valley or on a global scale.



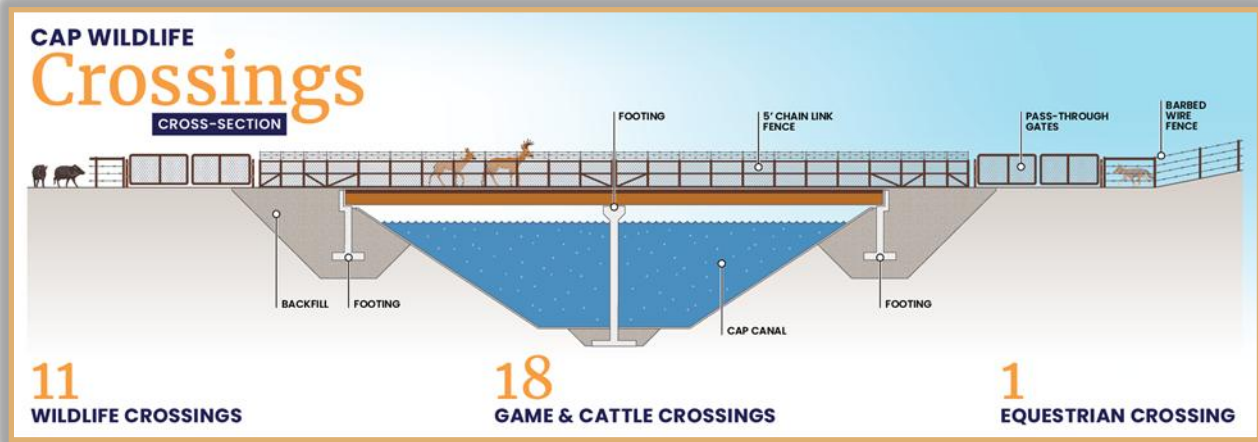




Great Blue Heron along CAP Canal taken by Dale Thompson, CAP Mark Wilmer-Bouse Pumping Plant Supervisor



## 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 does not 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 one 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.





# WATER QUALITY

## Water Quality

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

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.

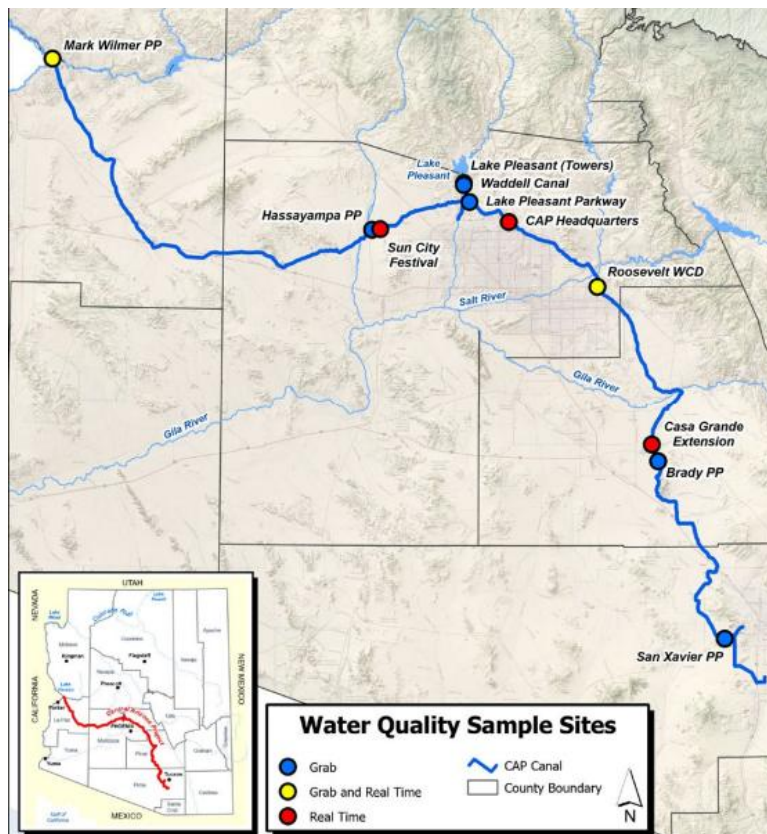


## How Does CAP Notify Water Users About Water Quality?

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, as well as water in the canal.







## IMPORTANT MONITORING PARAMETERS

These are some of the characteristics that can have a real-time effect on how cities treat the water delivered by CAP to meet drinking water standards.

### TURBIDITY



### pH



### TEMPERATURE



### DISSOLVED OXYGEN



### TOTAL ORGANIC CARBON



## 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.

### MORE INFORMATION

CAP has created a portal for maps and data related to water quality for water users. Visit the CAP AquaPortal at [CentralArizonaProject.com/AquaPortal](https://CentralArizonaProject.com/AquaPortal)

To sign up for CAP's water quality notifications, email [info@cap-az.com](mailto:info@cap-az.com).





Stormy Day—Colorado River





## FROM SATELLITES TO STREAMFLOW: CAP AND ASU USE NASA DATA TO INFORM COLORADO RIVER DECISION MAKING

The extended drought in the Colorado River Basin and growing demands of water supply have resulted in a declining reservoir system. This has highlighted the importance of planning for a drier future with the help of objective scientific knowledge and modern technology.

Building from our longstanding partnership with Arizona State University's (ASU) Center for Hydrologic Innovations, ASU applied for and received a three-year, \$1 million grant from NASA's Earth Science Division in 2022 to identify short-term hydrologic indicators and improve CAP's long-range scenario planning capabilities to inform decision making for the Colorado River.

As part of this research, ASU uses cutting edge data from NASA's Earth observing satellites. They combine this with predictions about future climate and land use changes to project how much water will be available. ASU conducts regional hydrologic simulations in the Colorado River system using a computer model, called the Variable Infiltration Capacity (VIC) model. ASU has improved the model to include better ways to account for snow and rainfall partitioning and model calibration. This detailed modeling, combined with satellite data, allows researchers to monitor and track changes in the Colorado River at various scales, from individual counties to the entire river system.



The ASU team works closely with CAP staff members to ensure the satellite data and modeling system are directly useful to plan, adapt and reduce the impact of this unprecedented drought. CAP staff members also help identify relevant project efforts.





Current research priorities include:



**Impact of deep soil moisture:**

Evaluating how deep soil moisture impacts how efficiently water flows into streams (streamflow efficiency)



**Evaluating climate forecasts:**

Comparing seasonal climate predictions to the index sequential method



**Developing new climate change projections:**

Incorporating climate change projections from CMIP5 and CMIP6 into VIC



**Supporting policy decisions:**

Using additional [CRSS](#) modeling at ASU to explore policy options for the Colorado River

Data from these research efforts is being used to analyze how streamflow efficiency in the Upper Colorado River Basin is impacted by spring temperatures, spring precipitation and deep soil moisture.





CAP is committed to sustainability and has been admitted by the Arizona Department of Environmental Quality into its Voluntary Environmental Stewardship Program, joining an elite rank of only six other organizations in Arizona.



- LOWER COLORADO RIVER  
MULTI-SPECIES CONSERVATION PROGRAM (MSCP)**

**GOALS:**

  - BALANCE LOWER RIVER USE OF COLORADO RIVER WATER RESOURCES
  - WITH CONSERVATION OF NATIVE VEGETY AND TRUTH HABITAT

**50** YEAR PROGRAM (2005-2055)

**8,132** ACRES OF FRESH ALLEGEDLY HARBORING

**1.2** MILLION NATIVE FISH STOCKING

**27 COVERED SPECIES**

**8 ESA LISTED SPECIES**

**FIELD OF DREAMS:**

IF WE BUILD IT, THEY WILL COME.  
THESE SPECIES ARE RETURNING AND GROWING IN PLUMBAGE.

**MSCP**

**YUCCA CLAPPER RAIL**

**BAYOU SPOONER**

**YELLOW-BELLIED CUCKOO**

**HOTTENHILL MEXICAN GARTERSNAKE**

**COST:**

**\$632 MILLION**

60% GRANTED  
12.5% FROM ARIZONA

**PROGRAM PARTNERS**

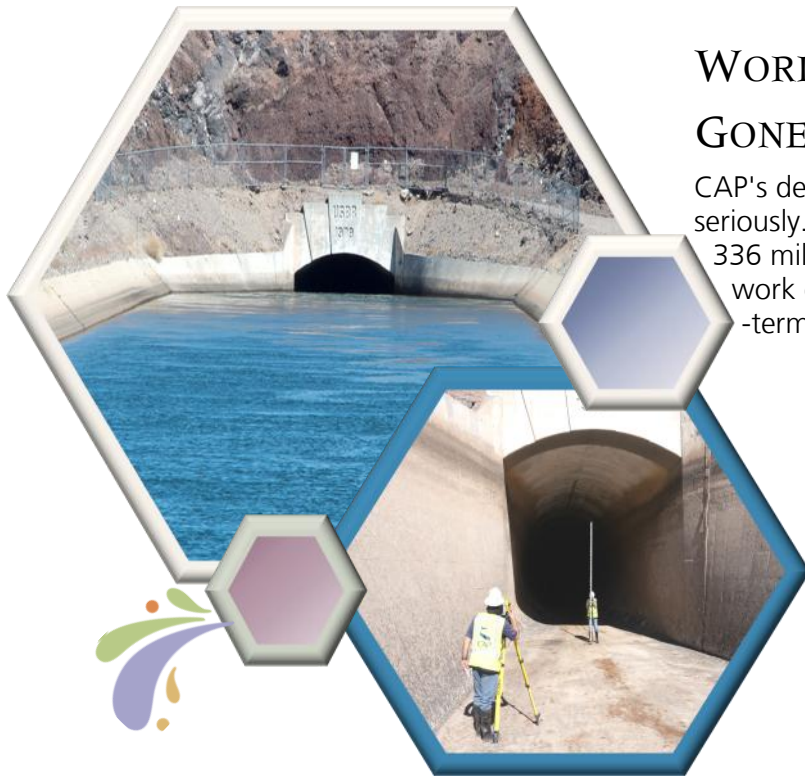
  - CAP (CALIFORNIA ANIMAL PROTECTION)
  - ARIZONA DEPARTMENT OF WATER RESOURCES
  - ARIZONA GAME & FISH DEPARTMENT
  - COLORADO RIVER PRESERVATION SOCIETY
  - DE WATERS



- Entering into purchase agreements for renewable power.
- Incorporating sustainability into everyday work schedules by offering an alternative work week and hybrid work options in addition to participating in a Trip Reduction Program that promotes carpools and vanpools.
- Supporting an employee led ECO Team that promotes internal sustainability efforts such as electric vehicle charging, green purchasing guidelines and a donations program focused on reuse.







## WORKING WHERE FEW HAVE GONE BEFORE!

CAP's dedicated professionals take their job seriously. We are caretakers and stewards of 336 miles of amazing infrastructure, and we work diligently at our jobs to ensure the long-term reliability of this critical water delivery system.

Much of that work is done during an outage where large-scale maintenance is planned months and years in advance. However, at CAP, not all outages are created equal. This winter's outage wasn't actually about performing maintenance. It was a visual inspection of two tunnels and one siphon on the west end of the system, valuable infrastructure that connects

communities in central and southern Arizona. Because the CAP system was built to last, it's an inspection that is only necessary to conduct every 15 years. What happens during this inspection?

The inspection team looks for cracking and breaking in the precast liner panels and loss of mastic, the material that is used to fill the gaps between the liner joints. The team also looks for anomalies that would indicate a larger structural issue. Sounds easy until you consider the difficulties of even entering the tunnels, as they are full of water. It took a team of CAP experts from approximately a dozen different departments to prepare for and conduct the inspection.

Two tunnels and one siphon were inspected; Buckskin Mountain Tunnel, which is nearly seven miles long, Burnt Mountain tunnel which is 0.6 miles long and Cunningham Wash Siphon, which is 0.7 miles long.

Prior to inspection, each had to be dewatered. The process to dewater is slightly different for each tunnel and siphon, but the result is the same; isolate the tunnel or siphon with a barrier, and pump water out so crews have a safe working environment.

During the outage several repairs were made in Buckskin Mountain Tunnel, where old patches had failed or where the precast concrete tunnel liner segments were damaged due to normal use wear and tear. No need for repairs were found in Burnt Mountain Tunnel or Cunningham Wash Siphon.

It is rare to delay repairs in dewatered tunnels and pipelines, since accessing assets such as those are extremely involved, and inspections are many years apart.

Tunnel inspections, another way CAP's water professionals work hard to ensure a reliable water delivery system for Arizona.





## A TALE OF TUNNELS

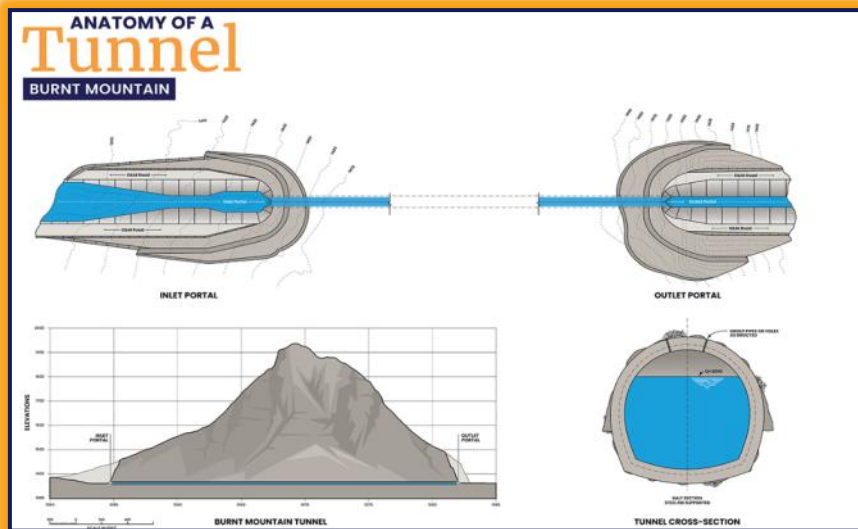
At the beginning of the CAP system, Mark Wilmer Pumping Plant lifts water more than 800 vertical feet up Buckskin Mountain. But then what? How does all that water enter the CAP canal? It enters through a tunnel, specifically Buckskin Mountain Tunnel.

Buckskin Mountain Tunnel is the first of the four primary tunnels in the CAP system. It is nearly seven miles long and 22 feet in diameter, making it both the longest and largest tunnel. The other tunnels – Burnt Mountain, Agua Fria and Tucson – may be smaller and shorter, but have similar basic anatomy. Regardless of size, they're all equally important, ensuring water can pass through mountainous terrain.

This infographic specifically looks at Burnt Mountain Tunnel, which is in Maricopa County, approximately 60 miles west of Phoenix. It is 19.5 feet in diameter and .6 miles in length. At the inlet, water is funneled into the horseshoe-shaped tunnel where it flows, by gravity, to the outlet. There, it transitions from the horseshoe shape back into the trapezoidal shape of the canal where water continues its journey, supplying water to the most populated regions of Arizona.

You may wonder why engineers decided to build a tunnel through the mountain instead of going around the mountain. The bottom line is cost. The shortest distance between two points is a straight line — even when it's through a mountain — making it also the most economical.

Here's the engineering behind it. The slope of the CAP canal is 0.00008 ft/ft which equates to 5 inches of drop in a mile. The USBR optimized the alignment of the canal to maximize the distance the canal could follow the natural grade of the existing ground while steering clear of obstacles like mountains.



Going around a mountain would have cost more because of construction of additional miles of canal, construction of specialized canal sections to maintain the canal slope around the mountain (elevated embankments or excavation through rocky soils) that are more expensive, and increased property costs.

Like inverted siphons, tunnels are another critical, and often hidden, piece of CAP infrastructure, an engineering marvel that ensures reliable water deliveries to Maricopa, Pinal and Pima counties.



## PIPELINES: CRITICAL—AND UNSEEN—INFRASTRUCTURE

By: Kelli Ramirez September 25, 2024



When most Arizonans flush the toilet or turn on the tap, they rarely give it much thought, taking for granted the infrastructure that transports water where it needs to be. Fortunately, there is an entire industry of professionals that spend their careers thinking about that critical, yet unseen infrastructure; the pipelines that move water.

And, these pipelines experts have a national organization, the Utility Engineering & Surveying Institute (UESI), which was established in 2015 for individuals working within the utility, pipeline and surveying industry. The organization hosts an annual conference, providing a forum for pipeline professionals from around the world to share their experiences in meeting the challenges of today's pipeline infrastructure.

CAP has many professionals who meet those challenges every day. Recently, four submitted papers based upon their work in the large diameter pipelines that are an integral part of our system. After peer review, they were selected to present during technical sessions at the UESI pipelines conference in Calgary.

Senior Project Manager Tamara Miller and Senior Mechanical Engineer Jason Foster presented "Lessons Learned—Realigning Large Diameter Water Pipelines." Miller noted that they presented on the dynamics of managing relining projects at CAP, discussing how these projects pose significant challenges for project management teams during initiating, planning, executing, monitoring, and closing phases. Said Miller, "We were able to share the lessons we've learned, provide examples from several reline projects and gave insights to implementing organizational best practices and innovative approaches,"

Senior Reliability Engineer Jim Geisbush presented "Utilities in Multiple Use and Shared Structures" and then teamed up with Senior Industrial Hygienist Christina Collins to present "Developing and Executing Large Diameter Water Pipeline Physical Entry Inspection Protocols."



Collins said for the past eight years, she and Geisbush have worked together on numerous inspections of siphons, pipelines and discharge lines. Those experiences have resulted in unique circumstances. In these smaller pipes we find aquatic mussels and vegetation growing on the surface, and when we dewater the pipes, this growth decomposes releasing ammonia into the air, which can be deadly. Using specialized monitoring equipment for ammonia allows us to ensure levels are safe prior to entry into the pipes.

Collins said they shared CAP's teamwork approach to siphon inspections and the critical contributions of a robust communication team that ensures everyone's safety. Preparation for pipeline work takes months of coordinated planning and includes engineers, safety professionals, electronic communication specialists and more.





## GOING WITH THE FLOW ... MEASURED, UNREGULATED AND NATURAL



When talking about Colorado River hydrology, the term “flow” is used in several different contexts. Although the term may sound complex, the concept is fairly simple and primarily relates to the way water flows into Lake Powell.

Here’s your decoder for our various “flow terms.”

**Measured flows** are actual flows measured at a certain time and location. They include effects from all upstream diversions, return flows (water redirected back into the river or reservoir) and reservoir releases. Measured flows reflect natural processes and human activities over time as climate, vegetation and land use in the basin change.

**Unregulated flows** are measured flows corrected for upstream reservoir regulation.

**Natural flows** are measured flows corrected for *both* upstream reservoir regulation *and* diversions. They are an estimate of what the unimpaired flows would be without human interference.

### Hydrology Flows







## GOAT WEEDS...?

Weeds are no joke, especially when they have invaded a recharge basin. The overgrown vegetation creates operational difficulties, slowing the water percolation speed to a mere trickle.

Bryant Dickens, water resources field engineer, said that weeds have always been a challenge in recharge basins, but the decrease in the amount of water we are recharging has exacerbated the problem.

"When we are recharging a lot of water, it drowns out the weed growth," said Dickens. "Now that we aren't recharging as much water, the vegetation has gone crazy."

At Superstition Mountains Recharge Project there are two basins, each about 20 acres, that are full of unwanted vegetation. Using herbicides near a recharge project isn't wise, and mechanical removal costs have skyrocketed to more than \$100,000 for the project.

So, how do you eliminate the weeds? Goats!

Goats are known for trying to eat nearly everything, so would that natural inclination mean they could excel at weed removal? "Goats are an effective reducer of vegetative material over uneven or rough terrain, they can get into places machines cannot and are more efficient than manual removal," said Dickens. As you can imagine, goat herders are not exactly a dime a dozen. After considerable research that spread throughout the west, Dickens said he found a goat herder that was local that uses Kiko goats. It's an Australian breed that is larger than others and thrives in our desert climate—and they eat nearly every type of vegetation. Not to mention that the cost is less than 1/3 the cost of mechanical removal.

So, in early October, the hungry crew arrived at Superstition Mountains Recharge Project to do their thing. They quickly spread out over the basin and started munching away. The setup is simple; an electric fence netting to keep their wandering contained and predators away, and metal trough for fresh water.

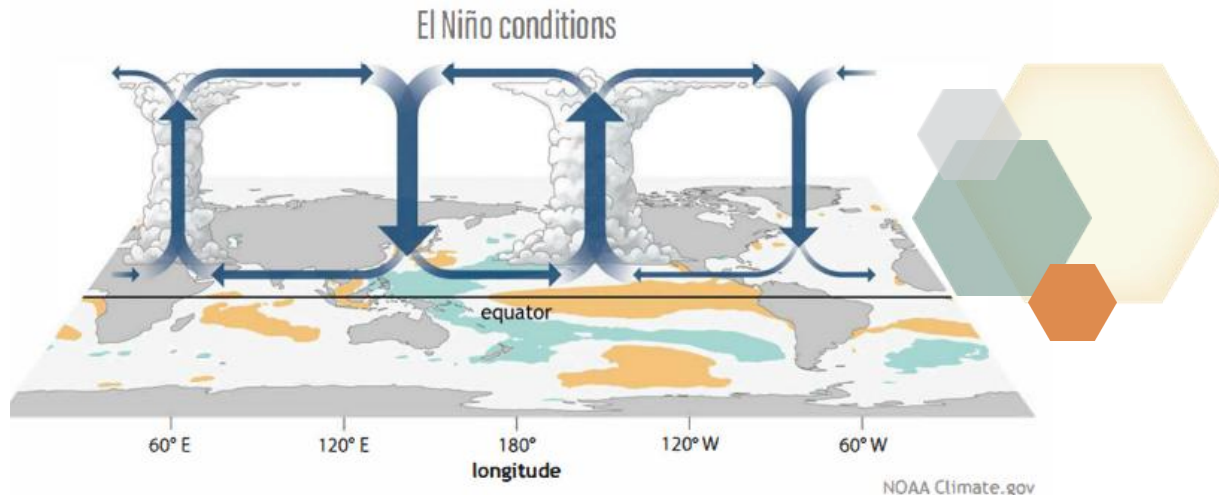
The curious herbivores continued their work through December, enjoying an 11 week "all you can eat" situation. In the end, their work will expose the underlying soil, increasing absorption rates and allowing for faster drainage. At that point, Dickens said he evaluated their use on other projects, saying that the goats may stay pretty busy among the five recharge projects CAP owns and operates.

"If someone would have told me I'd be working with goats, I wouldn't have believed them," said Dickens. "This has definitely proven to be an interesting project."





## EL NIÑO—AND WHY THE POLAR VORTEX AND MJO MATTER



### What is El Niño?

El Niño is often portrayed as a predictable, monolithic event that has the same effect around the globe whenever it appears. In reality, however, the effects of an El Niño event are not guaranteed due to competing oceanic and atmospheric cycles. Context matters - none of these cycles is happening in a vacuum - and the way in which they interact can make or break expectations. So, let's break it down, by looking at the ocean, the atmosphere - and the complicating factors.

### Ocean

It's important to understand El Niño as a *seasonal* pattern: a condition that persists over a period of several months. Defined by the trend in sea surface temperature anomaly (SSTA, or "how different current temperatures are from the long-term average") in a designated region of the Pacific Ocean, it is primarily an *oceanic* phenomenon.

### Atmosphere

In what we think of as a "classic" El Niño, the atmosphere couples with the ocean. The tradewinds weaken and may even stall, stranding a mass of warmer-than-average surface water along the Equator in the eastern Pacific. The cycle the tradewinds follow across the equatorial Pacific is known as the *Walker Circulation* and, in a "classic" El Niño, the entire pattern shifts eastward.

None of this happens in a vacuum, and it's relatively rare that we experience what we'd otherwise expect from a "classic" El Niño here in the Southwestern United States.

### Complicating Factors

The expected effects of El Niño face complicating factors. El Niño now occurs amongst average ocean temperatures which routinely top record highs worldwide. In previous decades, the El Niño signature was easier to differentiate from its surroundings, driving what we think of as



the "classic" pattern and resulting in warmer, wetter winters here in the Southwest. Without a significant difference between El Niño and its surroundings, the ability of a coupled ocean/atmosphere to move energy and mass where it needs to go on the globe is hampered.

The picture is often further complicated by a phenomenon called the *Madden-Julian Oscillation* (MJO). The MJO is an eastward traveling low/high pressure system that arises in the Indian Ocean off the coast of Africa. Unlike El Niño, the MJO does not stand still. It's a short-lived system of *intra-seasonal variability* that circumnavigates the globe on roughly a 30- to 60-day cycle.

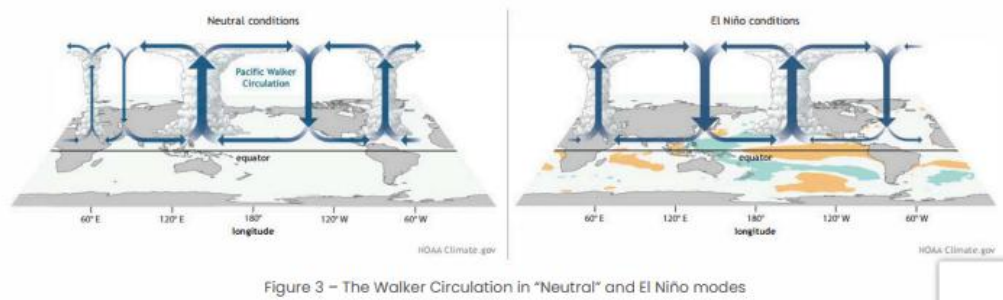


Figure 3 – The Walker Circulation in "Neutral" and El Niño modes

The MJO matters because, depending on its position, it has the power to either suppress or enhance atmospheric convection in the Eastern Equatorial Pacific. As it enters the Pacific from the west, the downward flow on its eastern end can counteract or even temporarily cancel El Niño (in this case: its "destructive phase" with respect to El Niño). On its journey east, the upward convection typical of the MJO may eventually overlap with the convection caused by El Niño (the "enhancing" phase) charging the atmosphere over the Eastern Pacific with heat and moisture.

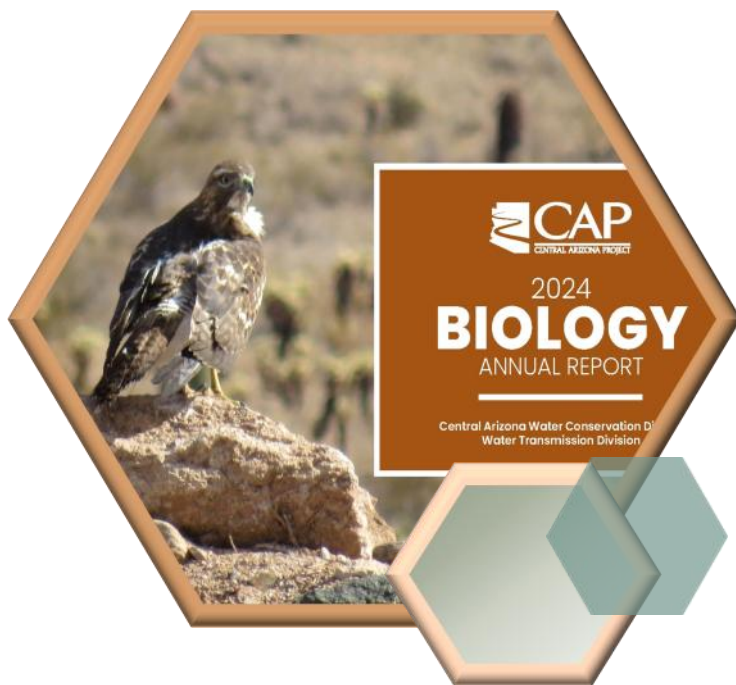
Finally, changes in the Polar Vortex may wreak havoc on the jet stream. The Polar Vortex is a circular band of winds in the stratosphere (the extreme upper atmosphere, far above the zone where weather that affects Earth's surface is typically generated). Normally, the Polar Vortex flows counterclockwise in a tight, well-organized (i.e. "strong") manner. *Occasionally, however, it weakens and breaks down.* The fact that the split is more pronounced in the *lower* stratosphere means it has the potential to disrupt that section of the atmosphere where surface weather is regulated. Extreme cold in the continental US during midwinter is often testimony to this effect.

In sum, effects of a "typical El Niño" may prove more elusive. Historically warmer-than-average global oceans have taken the edge off the El Niño signal in the Pacific and disrupted the "typical" movement of energy and mass in the atmosphere, making it harder for El Niño to deliver on its promise of precipitation to the Southwest US. Add to that the shorter-term atmospheric variations caused by the MJO and the Polar Vortex, and we can expect to see some continued swings in the expected paradigm.

### What does this mean for the Colorado River Basin?

During those periods of time when the MJO is in its "enhancing phase," with respect to El Niño: we can expect more precipitation in the Southwest U.S. (in the Lower Colorado Basin, certainly, but ... how far north into the Upper Basin this might extend is anyone's guess). Apart from that, the other complicating factors make it difficult to say whether or not an El Niño event will have a beneficial effect on the snowpack in the Colorado River Basin headwaters.





## BIOLOGY ANNUAL REPORT

### CAP BIOLOGY PROGRAM

The CAP Biology Program was created in 2011 to address the variety of biological issues that can affect CAP's 40,000 acres of property, the 336-mile aqueduct, and CAP's ability to deliver water. The program focuses on a long-term monitoring program to provide responsible management recommendations based on sound techniques and robust data.

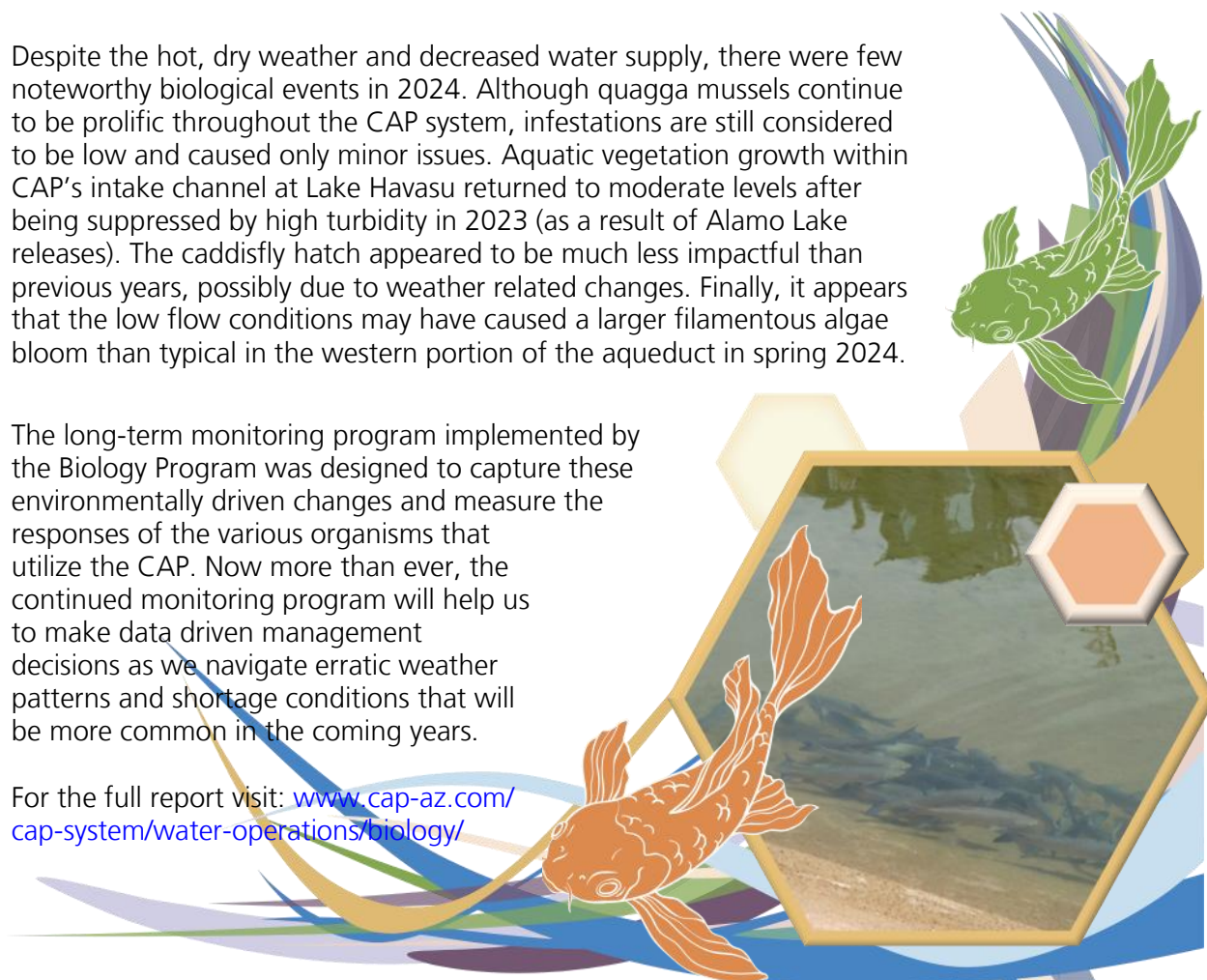
In 2024, the extended drought continued, as it was the warmest year in recorded history in Phoenix and much of the southwest.

Official annual rainfall totals in Phoenix (4.54") were just over 50% of "average". As a result, CAP's water supply continued to be low, with just over 859,000 acre-feet available for deliveries.

Despite the hot, dry weather and decreased water supply, there were few noteworthy biological events in 2024. Although quagga mussels continue to be prolific throughout the CAP system, infestations are still considered to be low and caused only minor issues. Aquatic vegetation growth within CAP's intake channel at Lake Havasu returned to moderate levels after being suppressed by high turbidity in 2023 (as a result of Alamo Lake releases). The caddisfly hatch appeared to be much less impactful than previous years, possibly due to weather related changes. Finally, it appears that the low flow conditions may have caused a larger filamentous algae bloom than typical in the western portion of the aqueduct in spring 2024.

The long-term monitoring program implemented by the Biology Program was designed to capture these environmentally driven changes and measure the responses of the various organisms that utilize the CAP. Now more than ever, the continued monitoring program will help us to make data driven management decisions as we navigate erratic weather patterns and shortage conditions that will be more common in the coming years.

For the full report visit: [www.cap-az.com/cap-system/water-operations/biology/](http://www.cap-az.com/cap-system/water-operations/biology/)





## GEARING UP FOR WEED SEASON



CAP's Fleet Maintenance Department maintains more than 800 pieces of equipment, including two weed harvesting boats.

During summer, aka weed season, it's imperative that both of CAP's weed boats are in top shape. Last year, the older boat (Moody Blues), was refurbished, so it was time for CAP's second weed harvesting boat, the Hydro-Mate AM-2000, to head to the shop.

The crew from Mechanical Maintenance 3 removed the boat from the Mark Wilmer Pumping Plant forebay and transported it to Headquarters in Phoenix. The Fleet Maintenance crew completed the service on it so it could be back in the water in June to start fighting weeds. It's a tough fight because these weeds are not average weeds.

Each spring, aquatic vegetation in the Colorado River (Lake Havasu) starts to grow in CAP's 65-acre intake channel, where water enters the first plant on CAP's system, Mark Wilmer Pumping Plant. By mid-July, the weeds begin to reach the end of their growing cycle and start to die, often uprooting or breaking free and floating to the water surface. This dead/detached vegetation clumps together, forming large mats that move around the lake, based on wind, weather, and water current. These weed mats have the potential to not only impede the flow of water, but also clog critical pumps and other critical infrastructure. CAP and our weed boats will continue the battle to ensure reliable water deliveries.





## STAKEHOLDER SPOTLIGHT: RECOVERY PROJECT TO ENHANCE RESOURCE RELIABILITY IN NORTHWEST TUCSON



This Stakeholder Spotlight is a collaboration between CAP and Pima County water providers

A preface on wise water management: Southern Arizona has been a national leader in efficient use of water for many decades. Having been entirely reliant on groundwater prior to the arrival of CAP, water providers are well aware of the consequences of overusing that resource. Thus, they have invested in both voluntary and mandatory conservation, reuse, and building an ethic of wise water use that begins in childhood and is reinforced through ongoing education, conservation focused water rates, and incentive programming. Combined, the cities using CAP water in the region maintain some of the lowest per-capita water use rates in the southwestern United States.

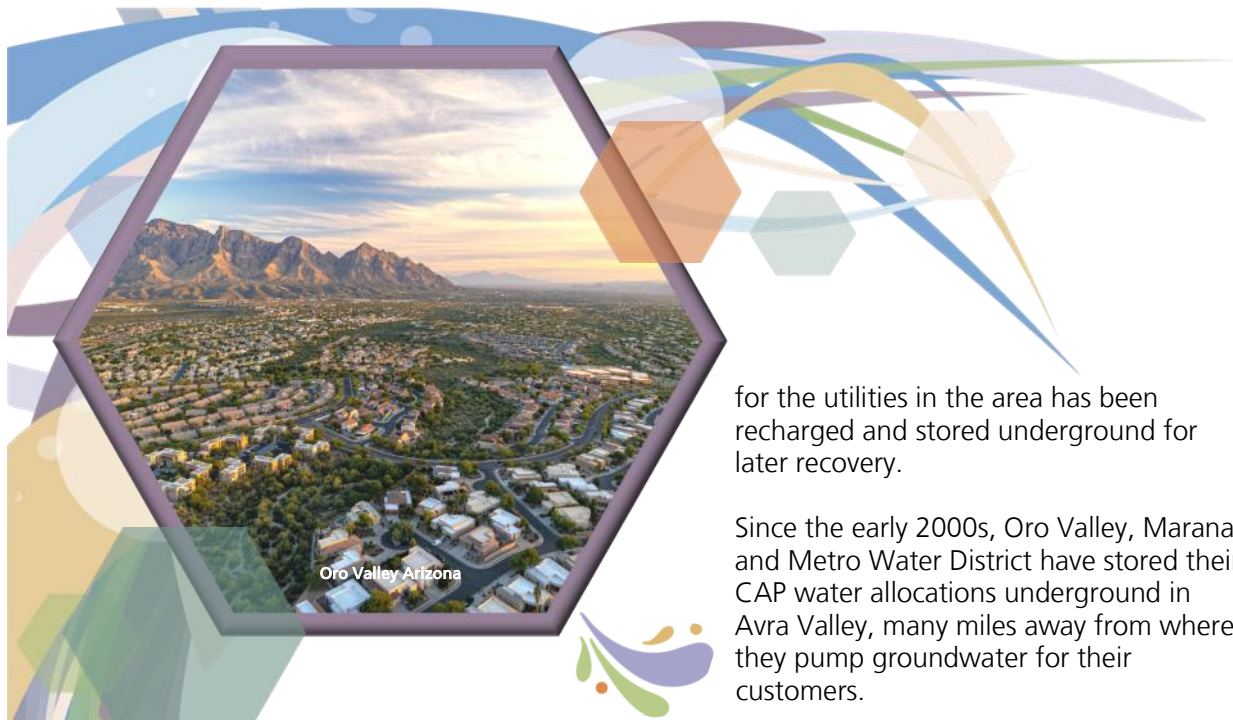
This ethic has continued in the era of CAP water use and has in fact grown more robust over time. Cities and other water providers are expanding their use of renewable supplies. The project highlighted in this article is one example of southern Arizona's commitment to managing all available water supplies as effectively as possible.

CAP water has long been essential to the sustainability and economic well-being of southern Arizona. That's why three CAP stakeholders in this area have been working together on a project to deliver even more of this critical water resource to their customers.

CAP has been delivering this renewable supply to the Tucson region for more than 25 years, and except for a few years of direct delivery by the City of Tucson, every gallon intended as a drinking water supply







for the utilities in the area has been recharged and stored underground for later recovery.

Since the early 2000s, Oro Valley, Marana, and Metro Water District have stored their CAP water allocations underground in Avra Valley, many miles away from where they pump groundwater for their customers.

As a result of the geographical distance between where their CAP water is stored and where groundwater pumping is occurring, the aquifer beneath their service areas has been declining at the rate of about 2.5 feet per year.

Recognizing the hazards associated with continued over-pumping (including worsening water quality, reduced well efficiencies and, most importantly, land subsidence), the three utilities formed a partnership to share in the planning, construction, and operation of a system designed to make use of their recharged CAP supplies.

The Northwest Recharge, Recovery and Delivery System (NWRDRS) consists of a series of recovery wells drilled near where CAP water is recharged, and a recovery pipeline to convey that water to a shared forebay facility. From this facility, the partners will then convey the recovered CAP water the rest of the way to their respective service areas through separate transmission facilities.

To form this innovative partnership, the three entities negotiated an innovative 50 year intergovernmental agreement. The IGA was unanimously approved by their respective Town Councils or Boards in 2017.

The joint portion of NWRDRS is currently estimated to cost around \$43 million, and the total NWRDRS cost, including the additional piping to reach each of the partner's service areas, is approximately \$100 million.







Currently, three recovery wells have been drilled, with two of these in the process of being equipped. More than seven miles of waterline is under construction to convey this water along the shared alignment.

The construction completion and commissioning of NWRD is anticipated in mid-2026 and will provide more than 115,000 customers with direct access to renewable water supplies.

It's an impressive example of the benefits of regional collaboration in resolving shared challenges.

Peter Abraham, Director, Oro Valley Water said "The NWRD project reflects Oro Valley's commitment to southern Arizona's water resource sustainability by reducing Oro Valley's current groundwater pumping up to 80%, further ensuring the community's prosperity and economic vitality."

Joe Olsen, General Manager, Metro Water District, said "For over a decade, Oro Valley, Marana, and Metro Water have worked to resolve localized aquifer declines caused by the hydrologic disconnect between where our water is stored and where our respective demand is occurring. NWRD is a shared solution for this shared problem that eliminates the hydrologic disconnect and enhances aquifer health."

Heidi Lasham, Director, Marana Water said "Marana Water is working in conjunction with Metro Water and Oro Valley on the NWRD project to create a shared solution. Marana Water is investing in long-term water reliability, protecting our aquifers, and ensuring that future generations continue to benefit from a clean, secure, and renewable water supply."





## 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?

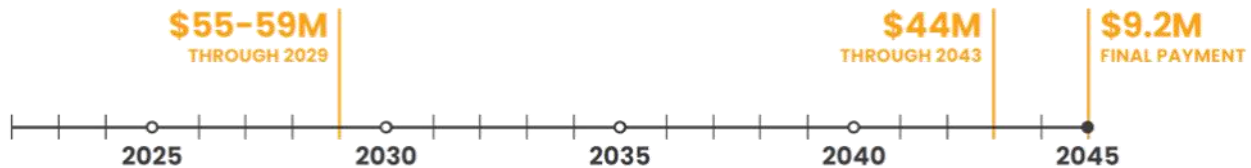
CAP's repayment obligation is \$1.646 billion, plus interest. Payments started in 1994 and are scheduled to be completed in 2045. As of January 2025, approximately \$833 million, or approximately 51%, of the principal had been paid, which includes \$12 million that was paid in advance.





## 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 USBR 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.

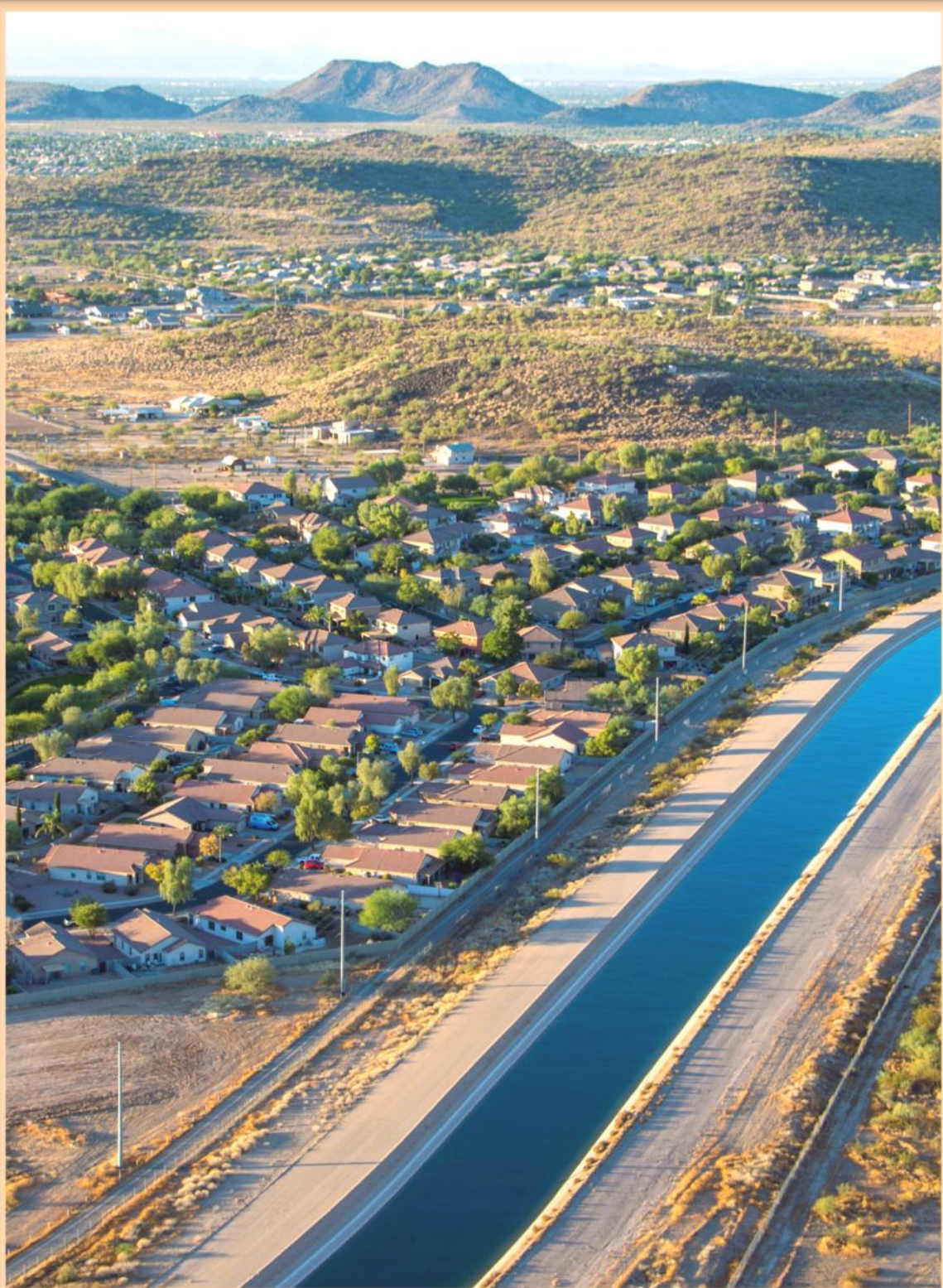


CAWCD is authorized to levy two property taxes in Maricopa, Pinal and Pima counties. The first, limited to 10 cents per \$100 of assessed valuation, may be used for any authorized CAP purpose. The second, sometimes referred to as the "water storage tax," is limited to 4 cents per \$100 of assessed valuation and is solely available to be used for CAP repayment, operation, maintenance and replacement costs or 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.





Aerial View of the CAP Canal



## CAP SYSTEM USE AGREEMENT

The CAP System Use Agreement, signed by CAP and the USBR in February 2017, increases the reliability and flexibility of the state's single largest renewable water supply by creating a legal framework for 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.

The System Use Agreement has facilitated several new exchange agreements between cities in central and southern Arizona, and the wheeling of an additional Colorado River water supply into the CAP service area. Efforts to wheel other water supplies, including proposals to import groundwater from the Harquahala Irrigation Non-Expansion Area, are also underway. A key consideration for those is the satisfaction of the uniform water quality standards that were approved by the CAWCD Board after extensive public processes. The USBR has recently indicated that the numeric standards embodied in the Water Quality Guidance Document satisfy the water quality requirement in the System Use Agreement, and that several wheeling projects are ready to proceed with review under the National Environmental Policy Act (NEPA).

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 AWBA. The provisions related to exchanges of nonproject 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 allows 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.







City of Phoenix Skyline



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



The Colorado River water CAP deliveries have 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

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

**\$100 BILLION PER YEAR**



**ARIZONA'S GROSS  
STATE PRODUCT**



CAP's supply of water to its customers in **2017** is estimated at annual employment of nearly **1.6 million jobs.**

## Top Five Sectors

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



**GOVERNMENT**  
\$335.2 billion



**HEALTHCARE**  
\$302.1 billion



**REAL ESTATE  
& TRAVEL**  
\$286.6 billion



**RETAIL**  
\$187.9 billion



**CONSTRUCTION**  
\$187.0 billion





Havasu London Bridge along the Colorado River—Taken by Michael Seitz, CAP's Electrical Safety Program Administrator



# 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 2026/2027 Biennial Budget. The assumptions and trends are discussed in the sections that follow:

## General Fund

*Largest share of Central Arizona Water Conservation District (CAWCD or District) financial activities that include water deliveries, maintenance, underground water storage, recovery operations, 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
- Sufficient funds are included in the budget to ensure that all capital facilities and equipment are properly maintained

## CAGRD Account

*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

## Supplemental Water Account

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

### Assumptions

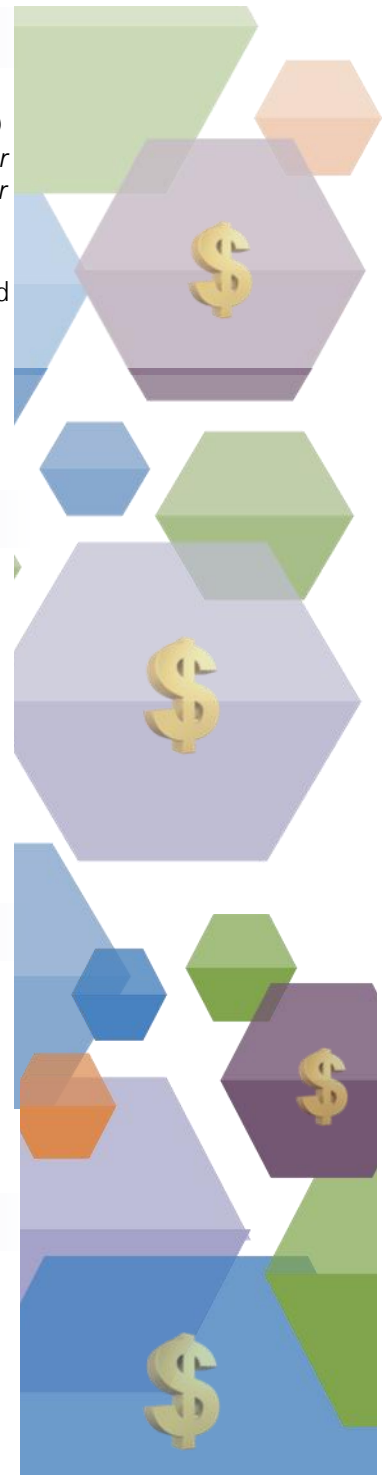
- Interest accrues on the reserve balance
- No planned spending

## Captive Insurance Fund

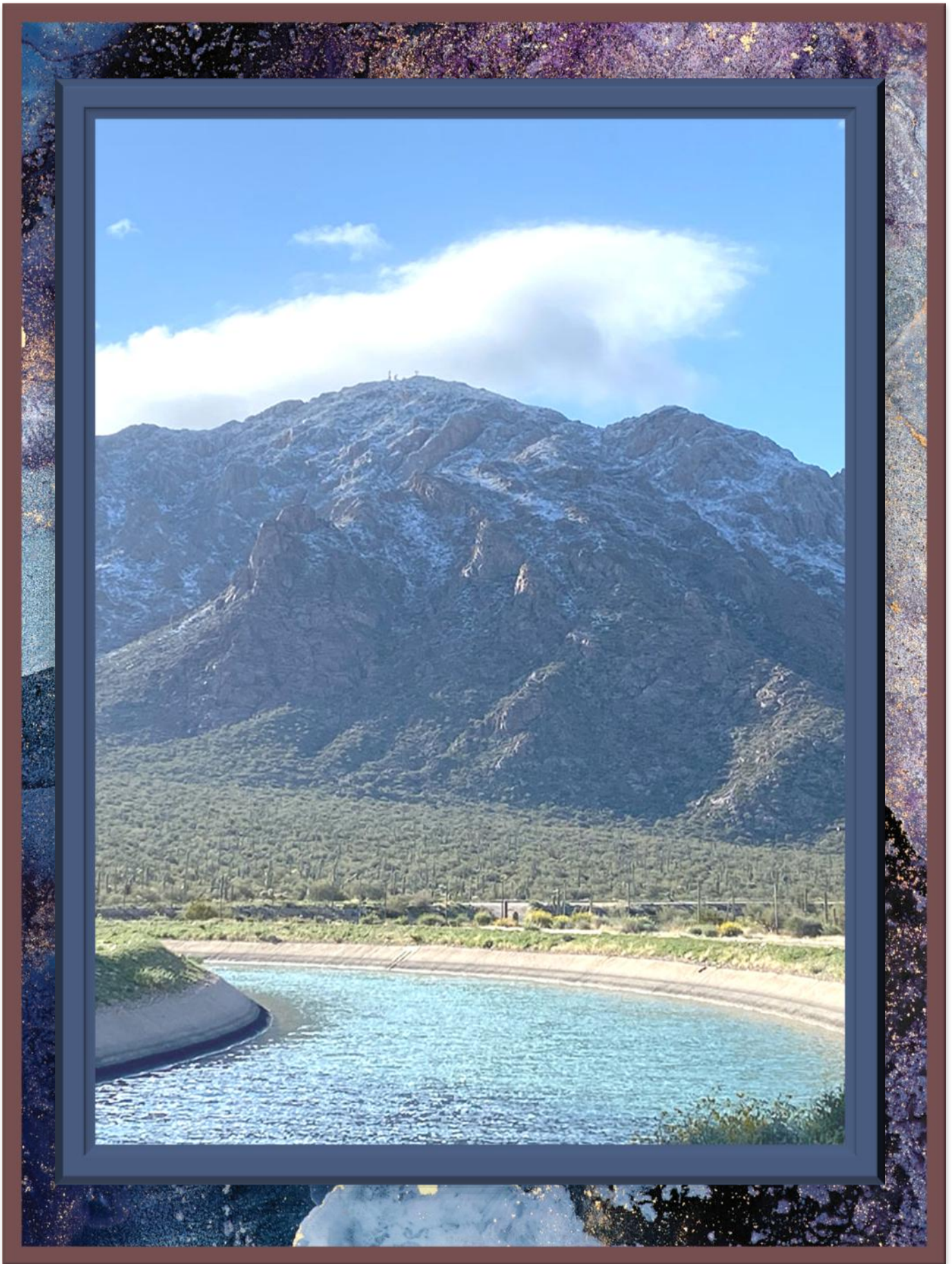
*Activity for the CAWCD Insurance Company (Captive), a tax-exempt wholly-owned corporation for self-insurance of property, casualty and health coverage*

### Assumptions

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







CAP Canal near Newman Peak



# DISTRICT REVENUES

CAWCD has four major sources of funding:

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

Basin Development Fund (BDF) revenues

Reimbursement and other revenues

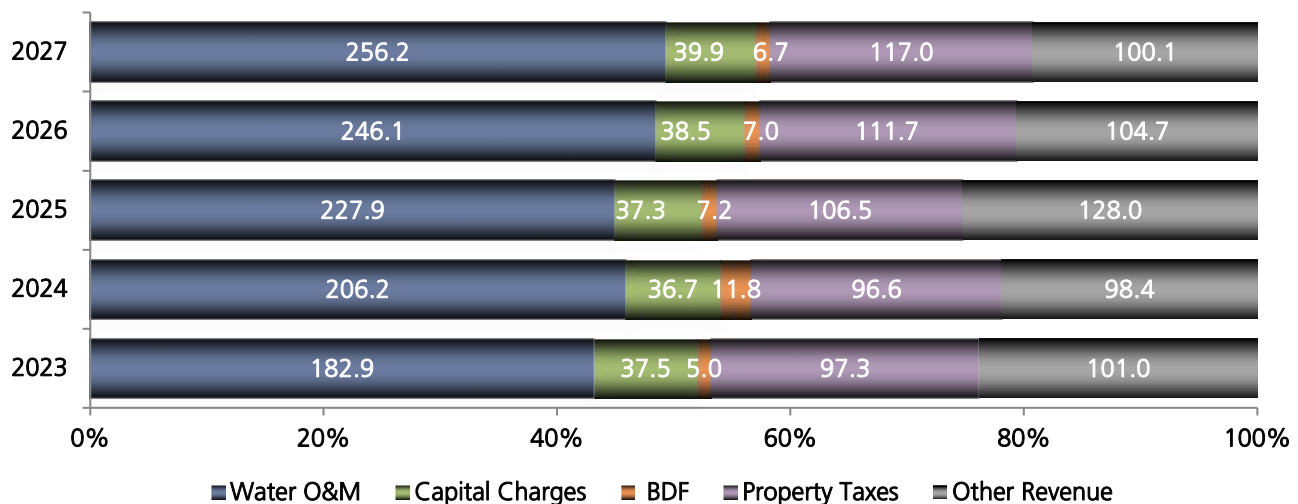
Property taxes

Water O&M charges are the District's most significant revenue source, accounting for approximately 49% of the 2026/2027 budget. Property taxes comprise approximately 22% 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 (CAGR) charges, interest income, underground water storage fees, recovery charges, 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, CAGR 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 CAGR account it is shown as an expense. At the consolidated level, the transaction is eliminated, which is shown under eliminations.

## Total Revenue

(\$ Millions) - 100% scale





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

(Millions)	2025 Projection	2026 Budget	2027 Budget	26 vs 25 Incr/(Decr)	27 vs 26 Incr/(Decr)
Water O&M Charges	\$ 227.9	\$ 246.1	\$ 256.2	\$ 18.2	\$ 10.1
Capital Charges	37.3	38.5	39.9	1.2	1.4
BDF	7.2	7.0	6.7	(0.2)	(0.3)
Reimbursement & Other Revenue	70.2	70.0	75.2	(0.2)	5.2
Property Taxes	106.5	111.7	117.0	5.2	5.3
Interest Income	57.8	34.7	24.9	(23.1)	(9.8)
<i>Total Revenues</i>	<b>\$ 506.9</b>	<b>\$ 508.0</b>	<b>\$ 519.9</b>	<b>\$ 1.1</b>	<b>\$ 11.9</b>

## 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 available to be delivered outside of these agreements is 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 Settlements 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. No deliveries are expected in 2025, 2026 or 2027 as there is no excess 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.

State law, ARS 48-3772(E)(8), provides that the CAGRDR 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.



## Wheeled Water

In 2023, CAWCD delivered its first nonproject water that was delivered via a system use agreement with the U.S. Bureau of Reclamation (USBR). 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 is able to also wheel water under its authority under the System Use Agreement, which is in the process of being finalized in 2025.

## CAGR Credit Transfer

CAWCD holds some long-term storage credits (LTSCs) that are dedicated to CAGR, which purchases the credits at the current reconciled rate. These transfers increase the water volume that the water delivery costs are spread over.

### ***Major Assumptions***

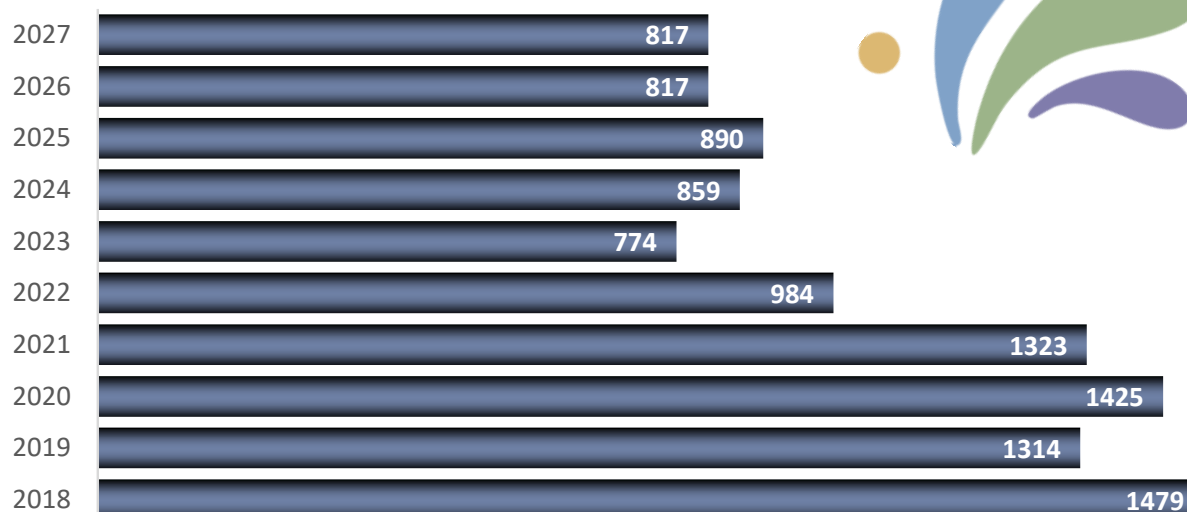
- In 2026 and 2027, CAWCD planned deliveries are based on a Tier 1 DCP level, which includes a total reduction of 512,000 acre-feet of deliveries.
- CAWCD planned deliveries are reduced by anticipated voluntary conservation reductions resulting in decreased deliveries of approximately 260,000 acre-feet in 2026 and 2027.
- No other excess water is made available during the budget period.
- There will be approximately 2,000 acre-feet of Nonproject water in both 2026 and 2027.

Volume (Acre-feet in Thousands)	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>Project</b>					
Municipal & Industrial	494.8	557.7	554.4	514.0	514.0
Federal	277.5	298.9	333.8	301.0	301.0
<b>Nonproject</b>					
Firming-Federal	1.0	1.0	1.0	-	-
Firming-CAWCD	-	-	-	1.0	1.0
Other Wheeled Water-Federal	1.0	1.0	1.0	-	-
Other Wheeled Water-CAWCD	-	-	-	1.0	1.0
<b>Total Water Deliveries</b>	<b>774.3</b>	<b>858.6</b>	<b>890.2</b>	<b>817.0</b>	<b>817.0</b>
CAGR Credit Transfer	11.1	10.3	0.2	10.1	10.1
Take or Pay/Adjustment	20.2	15.0	-	-	-
<b>Total Water Volume</b>	<b>805.6</b>	<b>883.9</b>	<b>890.4</b>	<b>827.1</b>	<b>827.1</b>
<b>Revenues (Millions)</b>					
Total Water O&M Charges	\$ 182.9	\$ 206.2	\$ 227.9	\$ 246.1	\$ 256.2



## Water Deliveries

Acre-Feet (000)  
Excludes credits



### *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 2024, CAP set the provisional rates for 2026. During the 2025 rate setting review, although there appeared to be a high likelihood of a Tier 1 shortage in 2026, it was also known that a significant number of conservation activities were to occur in 2025 and 2026. Many of the conservation programs were being coordinated through the USBR decrease of 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 or approximately 827,000 acre-feet. Due to changes with energy market forecasts, transmission costs and the water volumes, the Board revised the 2026 rates as well as the 2027-2030 advisory rates to coincide with a delivery volume of 825,000 acre-feet. Other water volumes were also provided as a reference for long-term planning. 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. Water Operation & Maintenance (O&M) rates have two major components: Fixed OM&R, and pumping energy. Each of these components is discussed in subsequent sections.

### Fixed OM&R Rate Component

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 extraordinary maintenance projects, capital equipment projects 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 to long-term contract holders, thus increasing water delivery revenue from earlier years.

M&I subcontracts and federal contracts have a ‘take or pay’ provision, wherein for 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 2-14 through 2-15 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***

- 2026 and 2027 Water O&M revenues are projected to be for the indicated volumes at the reconciled rates for long-term contracts and subcontracts.
- 2026 and 2027 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 or wheeling non-firming 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 is 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, CAGRDR 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 thru 2032. These funds were deposited into a restricted reserve that will be utilized when the repayment begins in 2026 (see appendix (page 7-15).

### *Major Assumptions*

- M&I Capital Charge and facility use rates will be \$56/acre-foot for 2026 and \$58/acre-foot for 2027
- There will be no additional NIA reallocation occurrences 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 the USBR. 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 BDF Revenue year-over-year changes:

(Millions)	2025 Projection	2026 Budget	2027 Budget	26 vs 25 Incr/(Decr)	27 vs 26 Incr/(Decr)
Hoover 4.5 Mil Revenue	\$ 2.8	\$ 3.0	\$ 2.8	\$ 0.2	\$ (0.2)
Parker-Davis 4.5 Mil Revenue	2.2	2.2	2.1	-	(0.1)
Net CAP Transmission Revenues	(0.7)	(1.0)	(1.1)	(0.3)	(0.1)
Land-Related Revenue	0.8	0.8	0.8	-	-
Misc NGS Revenues	2.1	2.0	2.1	(0.1)	0.1
	\$ 7.2	\$ 7.0	\$ 6.7	(\$ 0.2)	(\$ 0.3)

### *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





## REIMBURSEMENT AND OTHER REVENUES

Reimbursements and other revenues account for various miscellaneous items, such as underground storage revenue, recovery revenue and miscellaneous reimbursements. Revenues from the Captive and CAGR D are recorded in this category but are eliminated at the consolidated level.

(Millions)	2025 Projection	2026 Budget	2027 Budget	26 vs 25 Incr/(Decr)	27 vs 26 Incr/(Decr)
CAGR D Assessments	\$ 68.3	\$ 67.3	\$ 73.1	\$ (1.0)	\$ 5.8
Underground Storage Facilities O&M	1.1	0.8	0.8	(0.3)	-
Captive Insurance Premiums	13.1	13.4	13.8	0.3	0.4
Other	1.1	1.9	1.3	0.8	(0.6)
Eliminations	(13.4)	(13.4)	(13.8)	-	(0.4)
<b>Total Reimbursements and other revenues</b>	<b>\$ 70.2</b>	<b>\$ 70.0</b>	<b>\$ 75.2</b>	<b>\$ (0.2)</b>	<b>\$ 5.2</b>

## 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 2025, the Board set the 2025/2026 tax year 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 Statute (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.

In June 2025, the Board set the 2025/2026 tax year Water Storage tax rate at \$.04.

Tax Years (collected October- September)	General Ad Valorem Tax (per \$100 NAV)	Water Storage Ad Valorem Tax (per \$100 NAV)
1984/85-88/89	\$ 0.07	N/A
1988/89-95/96	0.10	N/A
1995/96-00/01	0.10	\$0.04
2000/01-03/04	0.09	0.04
2003/04-07/08	0.08	0.04
2007/08-13/14	0.06	0.04
2013/14-28/29	0.10	0.04

Calendar Year	General Ad Valorem Tax (Millions)	Water Storage Ad Valorem Tax (Millions)	Total (Millions)
2023	\$ 69.3	\$ 28.0	\$ 97.3
2024	67.2	29.4	96.6
2025	75.8	30.7	106.5
2026	79.5	32.2	111.7
2027	83.3	33.7	117.0





### 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.

#### *Property Tax Equivalency*

Entities that are outside of the three-county area pay a property tax equivalency charge that is equal 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

**May  
Draft AWBA  
Annual  
Report**

AWBA identifies the amount it will seek from the CAWCD Water Storage Tax for the purchase of projected volume of LTSCs for M&I firming during the following calendar year.

**June  
CAWCD  
Board  
Meeting**

CAWCD Board approves Water Storage Tax Resolution indicating amount to transfer to AWBA for LTSC purchases.

**During  
Tax  
Year**

AWBA approved purchase agreement submitted to CAWCD for transfer of funds for the contracted amount.

## 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 USBR.

#### *Major Assumption*

- Interest rates for funds invested with the Arizona State Treasurer will be an average of 3.59% for 2026 and 2.57% for 2027.



# DISTRICT EXPENSES

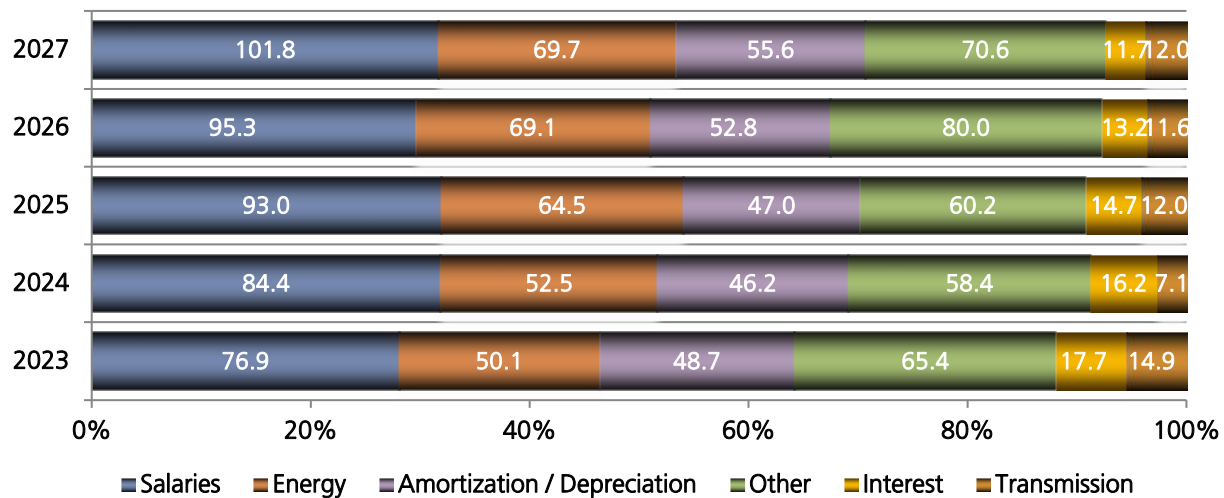
District expenses are categorized as either operating or non-operating expenses. Operating expenses include pumping energy, salaries and related costs, amortization and depreciation and other operating costs. Non-operating expenses include interest expense on the federal repayment obligation and bonds 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)	2025 Projection	2026 Budget	2027 Budget	26 vs 25 Incr/(Decr)	27 vs 26 Incr/(Decr)
Salaries & Related Costs	\$ 93.0	\$ 95.3	\$ 101.8	\$ 2.3	\$ 6.5
Pumping Energy	64.5	69.1	69.7	4.6	0.6
Amortization & Depreciation	47.0	52.8	55.6	5.8	2.8
Other Operating Costs	52.1	79.6	70.2	27.5	(9.4)
Interest and Other Non-Operating Expense	22.8	13.6	12.1	(9.2)	(1.5)
Transmission	12.0	11.6	12.0	(0.4)	0.4
	\$291.4	\$322.0	\$321.4	\$ 30.6	\$ (0.6)

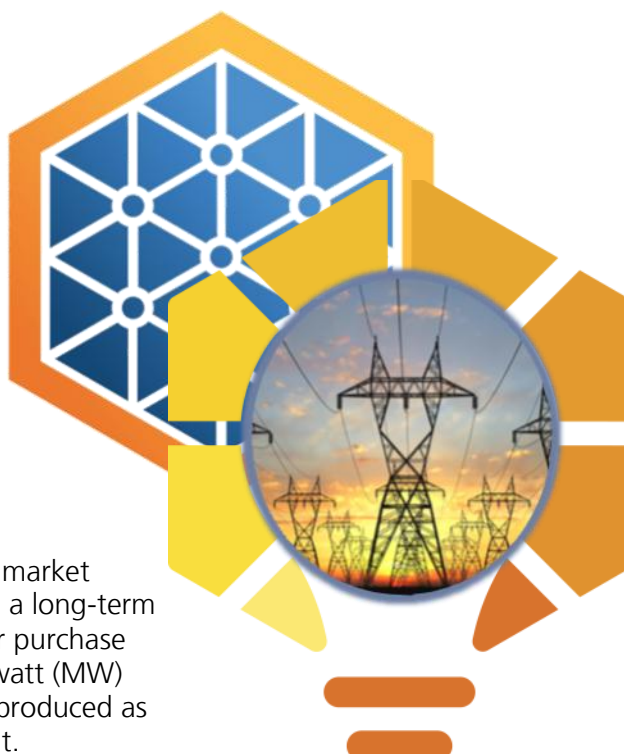


## PUMPING ENERGY

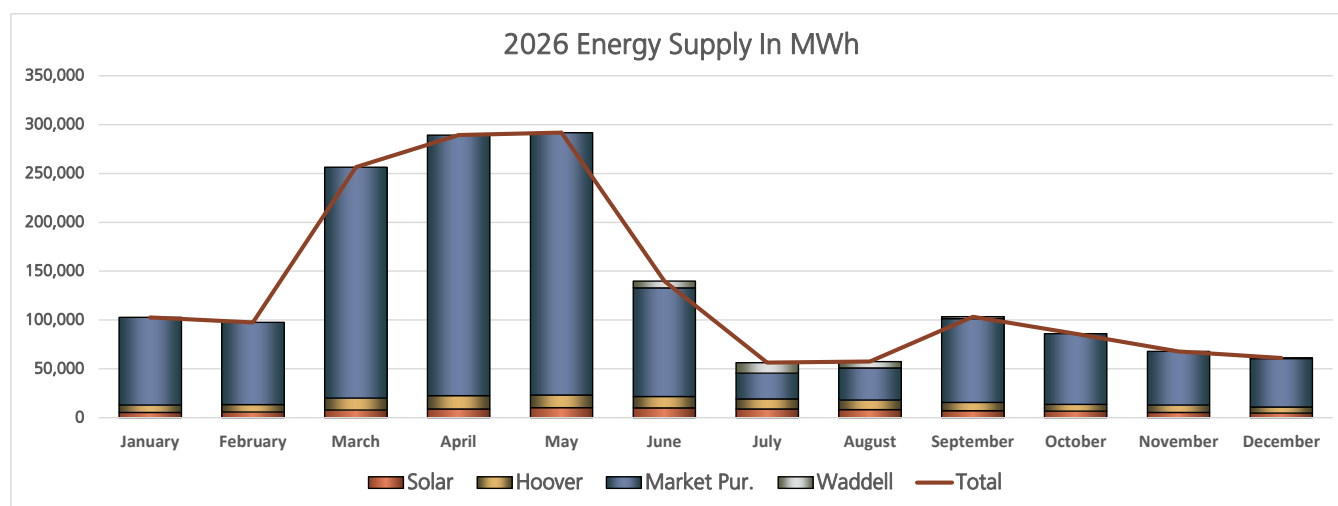
The greatest variable affecting water delivery expenses is the cost of pumping energy. While most General Fund operating costs (Fixed O&M) will not vary with water deliveries, the cost of electricity to pump CAP water does vary. CAWCD anticipates using approximately 1,609 gigawatt hours (GWh) of energy in each of 2026 and 2027 to meet the District's pumping needs at the projected water volumes.

CAP has developed a diversified power portfolio. Currently, approximately 85% 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, and the hydroelectric generation produced as 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.



a





The District established an Energy Risk Oversight Committee (EROC) which 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 46% of estimated need for 2026 and 12% of energy needs for 2027, 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 \$24.99/MWH in 2026 and 2027.
- Market purchases made at an average of \$45.36/MWH in 2026 and \$45.21/MWH in 2027.
- Lake adjustments occur as indicated in the energy section of the Appendix (page 7-9).



## **TRANSMISSION**

- Transmission costs include operations (delivery of pumping energy) and maintenance activities.

### ***Major Assumptions***

- Similar to the energy markets, transmission rates are projected to remain relatively flat.
- 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 498.5 full-time equivalent (FTE) positions for the 2026/2027 budget period. CAGR D has a staff of nine FTEs who are dedicated to CAGR D 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. There are three new FTE additions in the 2026/2027 budget from 2025 levels: Protective Services Agent, Electrician and Program Coordinator for the Water Education Center.

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 2026/2027, 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 of 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 savings equivalent of 15 FTEs to reflect turnover and retirements.
- Include average salary increases of 7% in 2026 and 6% in 2027 to include merit increases, position market alignment and other salary adjustments.





## 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 2026 and \$18.1 million for 2027.
- Include depreciation of \$34.7 million for 2026 and \$37.5 million for 2027.

## INTEREST EXPENSE

CAWCD pays interest on the federal repayment obligation and its bonds. CAWCD currently has one revenue bond issue outstanding: Series 2016 bonds relating to transmission projects. 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 (pages 7-13 through 7-14). 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 \$12.2 million for 2026 and \$10.8 million for 2027.
- CAWCD bond interest expense is \$1.5 million for 2026 and \$1.4 million for 2027.
- CAWCD bond amortization is \$0.4 million for 2026 and \$0.4 million for 2027.

## OTHER EXPENSES

This category represents the remainder of the District's operating expenses. Operating expenses include outside services, materials and supplies, CAGR 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 CAGR 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. CAGR replenishment obligation expense is the largest item in other expenses. Due to the current Colorado River negotiations, a \$6 million expense has been included in each year to cover potential litigation costs, and conservation initiatives of \$4 million in 2026 and \$5 million in 2027 have been included. Another increase facing the District is the cost of excess insurance coverage outside of the Captive; the market is seeing significant increases as a whole and CAWCD is anticipating to see increases of about 10%.

## 2026/2027 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:

<i>(Thousands)</i>	2026 Budget	2027 Budget
Multi-Species Conservation Program	\$ 1,679	\$ 1,713
Weather Modification & Augmentation	\$ 400	\$ 400
Climate & Hydrology Research	\$ 250	\$ 250
Bureau of Reclamation Work Plan	\$ 1,277	\$ 1,450
Board Elections	\$ 700	\$ -
Insurance Program-Property & Casualty	\$ 3,611	\$ 3,918

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.

<i>(Thousands)</i>	Funding Source	2026	2027
Colorado River Litigation Funds	Extraordinary Cost Reserve	\$ 6,000	\$ 6,000
Conservation Initiatives	Extraordinary Cost Reserve	\$ 4,000	\$ 5,000
Post-2026 Communications	Extraordinary Cost Reserve	\$ 550	\$ 50
Water Education Center	Extraordinary Cost Reserve	\$ 690	\$ -
Pure Water SoCA (formerly Regional Recycled Water)	Water Storage Tax	\$ 2,000	\$ 2,000
Recovery Planning	Recovery Reserve	\$ 571	\$ 1,571
Extraordinary Maintenance	'Big R'	\$ 12,918	\$ -
<b>Total</b>		<b>\$ 26,729</b>	<b>\$ 14,621</b>



### *Major Assumptions*

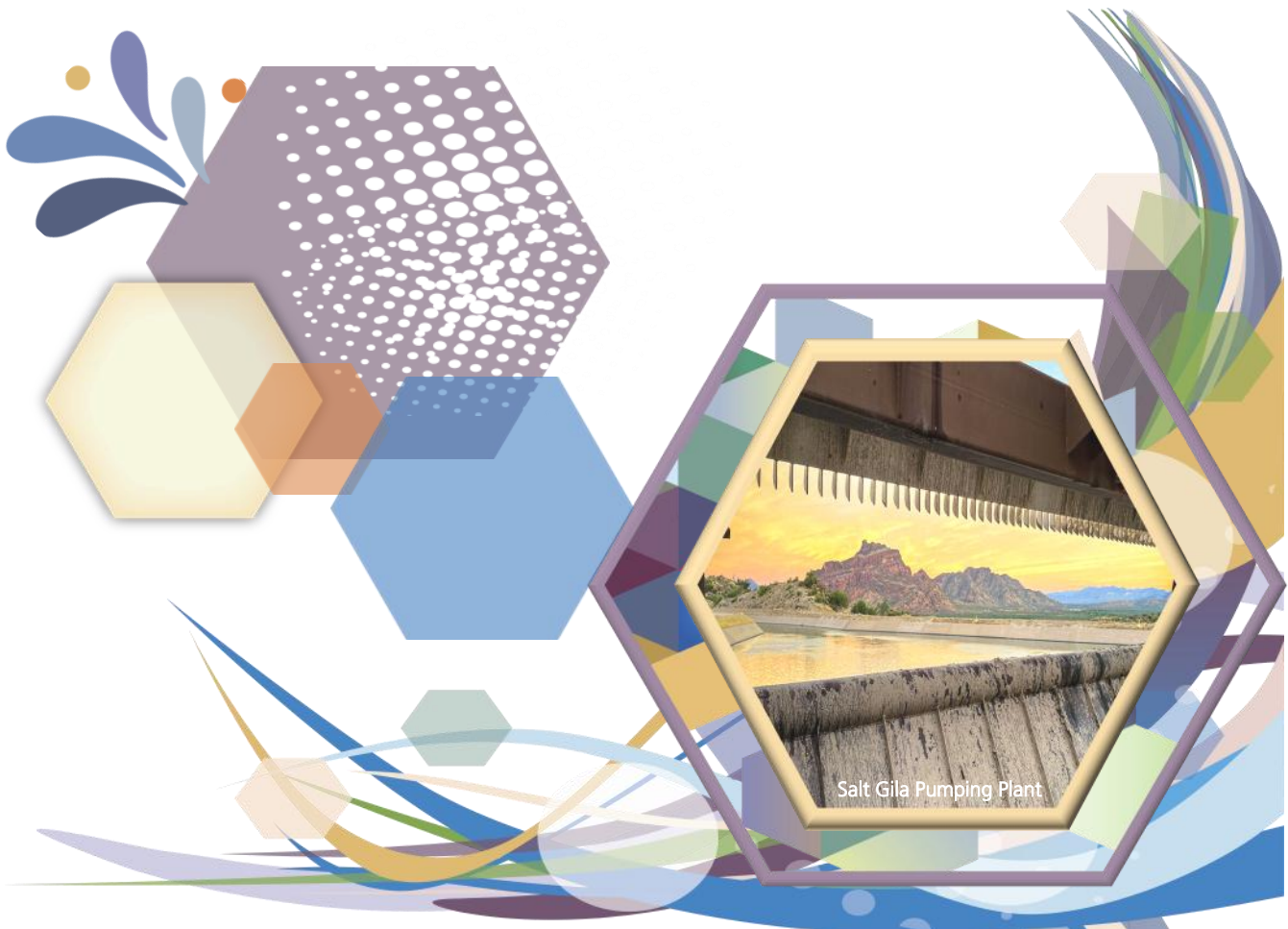
- The budget includes amounts to fund activities to support the Board's 2022 Strategic Plan.
- The General Fund's budget includes amounts for proper maintenance of facilities and equipment.
- The CAGRD Account includes appropriate amounts to meet its replenishment obligation and support its water acquisition program.
- The Captive Insurance Fund expenses are determined through actuarial calculations.
- Key initiatives are included and executed and funded from sources as identified.
- Include Salt Gila Reline Discharge Lines & Manifolds project for \$0.2 million in 2026, Waterline Installation at Pinal Field Office for \$2.2 million in 2026, and Agua Fria Siphon Lining Repairs for \$10.5 million in 2026 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 2026, no disbursements for LTSC purchases and \$0.4 million for administrative costs.
- In 2027, no disbursements for LTSC purchases and \$0.4 million for administrative costs.







CAP Canal - Near Check Gate 8 by I-10 and Salome Road



# 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:

<i>(Millions)</i>	Equipment	Capital Projects	Total
2023	\$ 5.1	\$ 36.6	\$ 41.7
2024	6.1	22.7	28.8
2025	4.8	43.8	48.6
2026	6.4	112.2	118.6
2027	4.6	79.6	84.2

Detail on each capital improvement project is located in the Capital Budget section (see pages 5-11 through 5-45).

New projects scheduled to start during the 2026/2027 budget period include:

- Mark Wilmer transformer upgrades
- Salt Gila transmission line upgrades and hardening
- Roof replacement at multiple pumping plants
- Unit breaker replacement at Hassayampa

Major ongoing projects post 2026/2027 budget period include:

- Aqueduct hydrology improvements to address cross drainage and canal embankment risks
- Electromechanical relay replacements providing new digital relays at pumping plants
- Generator replacements at multiple sites to improve system reliability
- SCADA system replacement to address technology advancements and security concerns

Major projects that are scheduled to be completed in the 2026/2027 budget period include:

- Backup power system replacement at checks and turnouts
- Condition-based monitoring at final site
- Multi-Use Buildings at Headquarters and Bouse Maintenance Yard
- Water Education Center to provide a public educational space highlighting CAP history and Arizona water supplies

## 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 table indicates those projects that are funded from sources other than 'Big R'.

(Thousands)	Funding Source	2026	2027	Project Total
Aqueduct Hydrology Improvement	Extraordinary Cost Reserve	\$ 41,742	\$ 27,325	\$ 176,071
SRP-CAP Interconnection Facility	Extraordinary Cost Reserve	\$ 5,000	\$ 5,000	\$ 25,000
Transmission Feed & Line Hardening SGL	Extraordinary Cost Reserve	\$ 372	\$ 3,166	\$ 3,538
Transformer McCullough	Extraordinary Cost Reserve	\$ 50	\$ 750	\$ 15,000
Water Education Center	Extraordinary Cost Reserve	\$ 26,210	\$ 3,389	\$ 51,062
Basin Improvements Pima Mine Road	Extraordinary Cost Reserve	\$ 24	\$ 473	\$ 3,320
Monitor Well Pima Mine Road	Extraordinary Cost Reserve	\$ 499	\$ -	\$ 499
Total		\$ 73,897	\$ 40,103	\$ 274,490

## Major Assumptions

- Projects must be approved by the Project Steering Committee (PSC).
- Fleet vehicles require a financial analysis to ensure the vehicles are being utilized as intended by CAWCD's fleet vehicle policy.





# 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 2024, as part of its biennial review of strategic targets, the Board revised its Strategic Reserve target to \$166 million. A review will be conducted in 2026, and the target may be adjusted as appropriate. Strategic Reserves are projected to be at the target of \$166 million for 2026 and 2027.

## 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.

In 2024, the Board established a Working Capital target of \$91 million. The 2026 review may adjust this target also. The Working Capital Reserves are forecasted to be at the target of \$91 million.



## EXTRAORDINARY COST RESERVE

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 2024, the Board established an Extraordinary Cost Reserve target of \$444 million; however, the 2026 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 3-35 through 3-38). 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 CAGR 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 Cost 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

(Millions)

	2023	2024	2025	2026	2027
	Actual	Actual	Projection	Budget	Budget
Operating Revenues	\$ 286.7	\$ 309.8	\$ 342.6	\$ 361.6	\$ 378.0
Operating Expenses	(255.5)	(237.3)	(268.6)	(308.4)	(309.3)
<b>Operating Income/(loss)</b>	<b>31.2</b>	<b>72.5</b>	<b>74.0</b>	<b>53.2</b>	<b>68.7</b>
Non-operating Revenues	137.0	139.9	164.3	146.4	141.9
Non-operating Expenses	(18.2)	(27.5)	(22.8)	(13.6)	(12.1)
<b>Total Non-operating Revenues/(Loss)</b>	<b>118.8</b>	<b>112.4</b>	<b>141.5</b>	<b>132.8</b>	<b>129.8</b>
Change in Net Position	150.0	184.9	215.5	186.0	198.5
Net Position at Beginning of Period	1,089.8	1,239.8	1,424.7	1,640.2	1,826.2
<b>Net Position at End of Period</b>	<b>\$ 1,239.8</b>	<b>\$ 1,424.7</b>	<b>\$ 1,640.2</b>	<b>\$ 1,826.2</b>	<b>\$ 2,024.7</b>



# NET POSITION SUMMARY

## All Funds

(Millions)

By an order of magnitude, the largest amounts of Net Position are the federal repayment liability and the corresponding Permanent Service Right asset. Following is a summarized Statement of Net Position. Detailed statements can be found on pages 4-7 through 4-9.

	2023	2024	2025	2026	2027
	Actual	Actual	Projection	Budget	Budget
<b>Assets</b>					
Cash and investments	\$ 726.3	\$ 894.0	\$ 1,042.0	\$ 1,024.5	\$ 1,128.5
Receivables	84.3	75.3	63.0	76.8	80.3
Water inventory	241.4	245.4	256.5	265.4	265.3
Capital assets					
Operating assets, net	351.8	346.5	370.9	461.7	515.4
Permanent service right, net	975.1	958.8	938.8	920.7	902.6
Agricultural water allocation	47.7	47.7	47.7	47.7	47.7
Other Assets	130.8	147.0	152.6	164.3	171.0
<b>Total Assets</b>	<b>2,557.4</b>	<b>2,714.7</b>	<b>2,871.5</b>	<b>2,961.1</b>	<b>3,110.8</b>
<b>Deferred Outflow of Resources</b>					
Pension valuation	10.4	16.4	16.3	16.2	16.2
<b>Total Deferred Outflow of Resources</b>	<b>10.4</b>	<b>16.4</b>	<b>16.3</b>	<b>16.2</b>	<b>16.2</b>
<b>Total Assets &amp; Deferred Outflow of Resources</b>	<b>\$ 2,567.8</b>	<b>\$ 2,731.1</b>	<b>\$ 2,887.8</b>	<b>\$ 2,977.3</b>	<b>\$ 3,127.0</b>
<b>Liabilities</b>					
Repayment obligation	\$ 862.3	\$ 856.6	\$ 813.8	\$ 771.0	\$ 728.2
Bonds	79.5	38.5	32.0	29.6	27.1
Non-Indian agriculture 9(d) debt	88.7	88.7	88.7	86.0	80.3
Other liabilities	237.2	273.1	258.7	212.6	213.6
<b>Total Liabilities</b>	<b>1,267.8</b>	<b>1,256.9</b>	<b>1,193.2</b>	<b>1,099.2</b>	<b>1,049.2</b>
<b>Deferred Inflow</b>					
Customer deposits	44.0	36.4	41.3	38.8	40.0
Pension valuation	16.2	13.1	13.1	13.1	13.1
<b>Total Deferred Inflow</b>	<b>60.2</b>	<b>49.5</b>	<b>54.4</b>	<b>51.9</b>	<b>53.1</b>
<b>Net Position</b>					
Investment in Capital Assets, less related debt	379.1	408.3	462.1	554.6	635.7
Restricted	104.7	115.3	130.9	143.9	152.2
Unrestricted	756.0	901.1	1,047.2	1,127.7	1,236.8
<b>Total Net Position</b>	<b>1,239.8</b>	<b>1,424.7</b>	<b>1,640.2</b>	<b>1,826.2</b>	<b>2,024.7</b>
<b>Total Liabilities, Def Inflows &amp; Net Position</b>	<b>\$ 2,567.8</b>	<b>\$ 2,731.1</b>	<b>\$ 2,887.8</b>	<b>\$ 2,977.3</b>	<b>\$ 3,127.0</b>

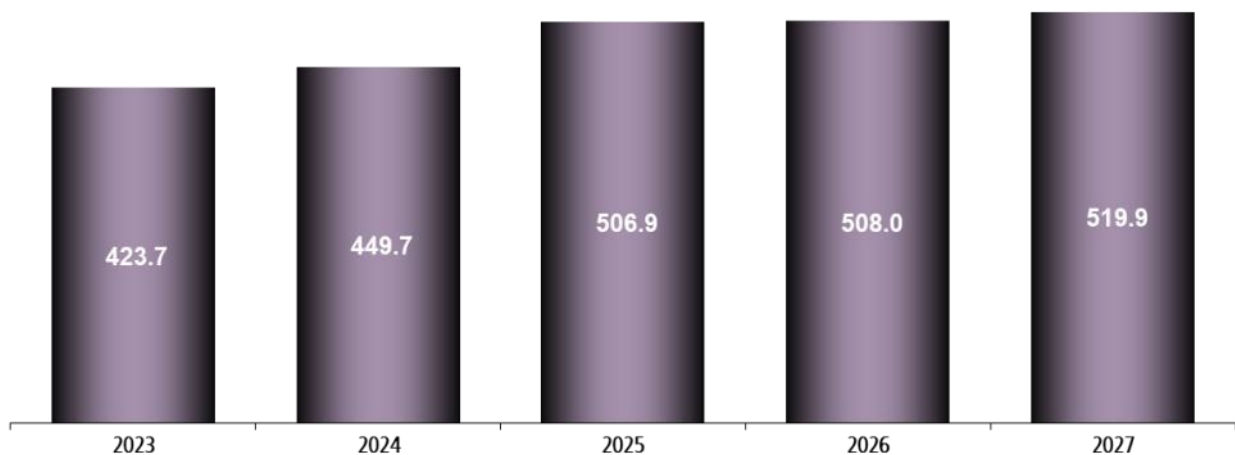


## TOTAL REVENUES

(Millions)

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>Operating</b>					
General Fund	242.9	273.7	289.2	306.0	317.1
CAGRD	57.5	52.3	68.3	67.3	73.1
Captive	12.0	12.9	13.1	13.4	13.8
Supplemental Water	-	-	-	-	-
Elimination	(25.7)	(29.1)	(28.0)	(25.1)	(26.0)
<b>Total Operating</b>	<b>286.7</b>	<b>309.8</b>	<b>342.6</b>	<b>361.6</b>	<b>378.0</b>
<b>Non-Operating</b>					
General Fund	132.3	133.4	157.3	141.5	138.3
CAGRD	4.7	5.8	5.9	4.2	2.9
Captive	-	0.4	0.6	0.5	0.5
Supplemental Water	0.4	0.5	0.6	0.2	0.2
Elimination	(0.4)	(0.2)	(0.1)	-	-
<b>Total Non-operating</b>	<b>137.0</b>	<b>139.9</b>	<b>164.3</b>	<b>146.4</b>	<b>141.9</b>
<b>Total Revenues</b>	<b>423.7</b>	<b>449.7</b>	<b>506.9</b>	<b>508.0</b>	<b>519.9</b>

### All Funds by Revenue Type (\$ Millions)

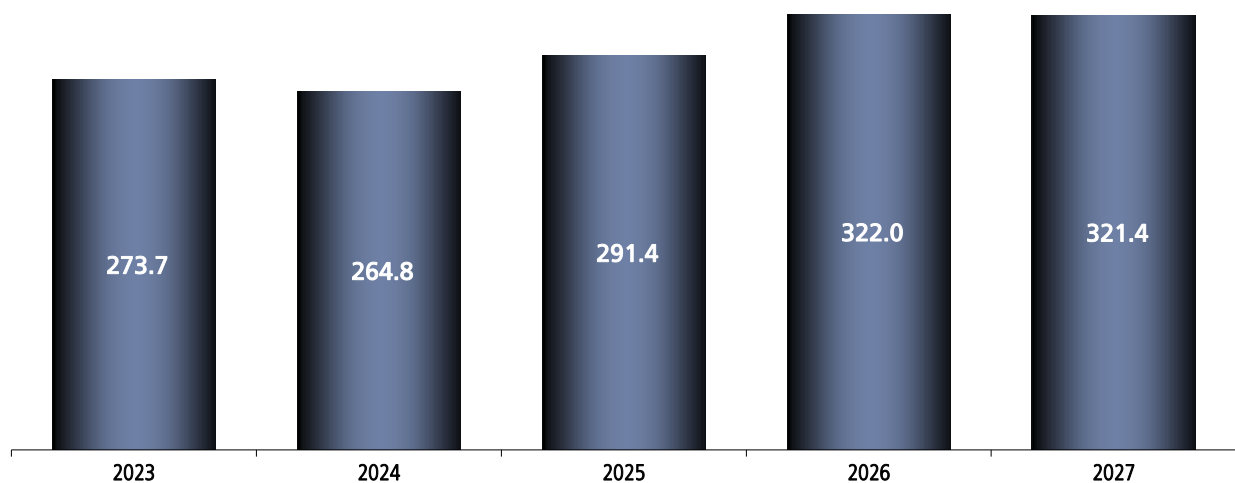


## TOTAL EXPENSES

(Millions)

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>Operating</b>					
General Fund	247.1	233.2	264.1	297.2	297.1
CAGRD	24.3	22.1	20.6	22.2	23.4
Captive	9.8	11.1	11.9	14.1	14.8
Supplemental Water	-	-	-	-	-
Elimination	(25.7)	(29.1)	(28.0)	(25.1)	(26.0)
<b>Total Operating</b>	255.5	237.3	268.6	308.4	309.3
<b>Non-Operating</b>					
General Fund	18.0	27.4	22.8	13.6	12.1
CAGRD	0.6	0.3	0.1	-	-
Captive	-	-	-	-	-
Supplemental Water	-	-	-	-	-
Elimination	(0.4)	(0.2)	(0.1)	-	-
<b>Total Non-operating</b>	18.2	27.5	22.8	13.6	12.1
<b>Total Expenses</b>	273.7	264.8	291.4	322.0	321.4

### All Funds by Expense Type (\$ Millions)



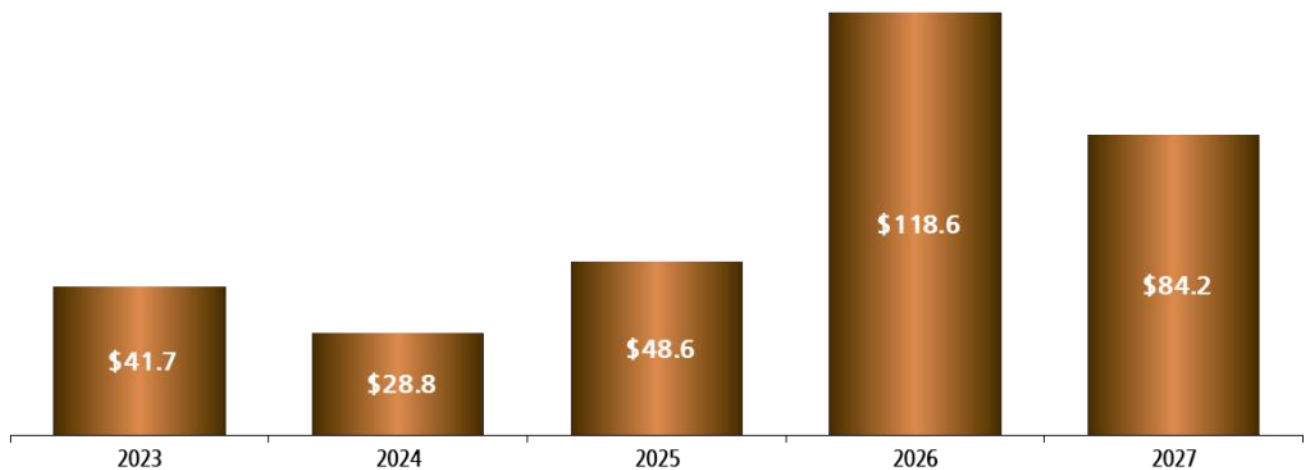


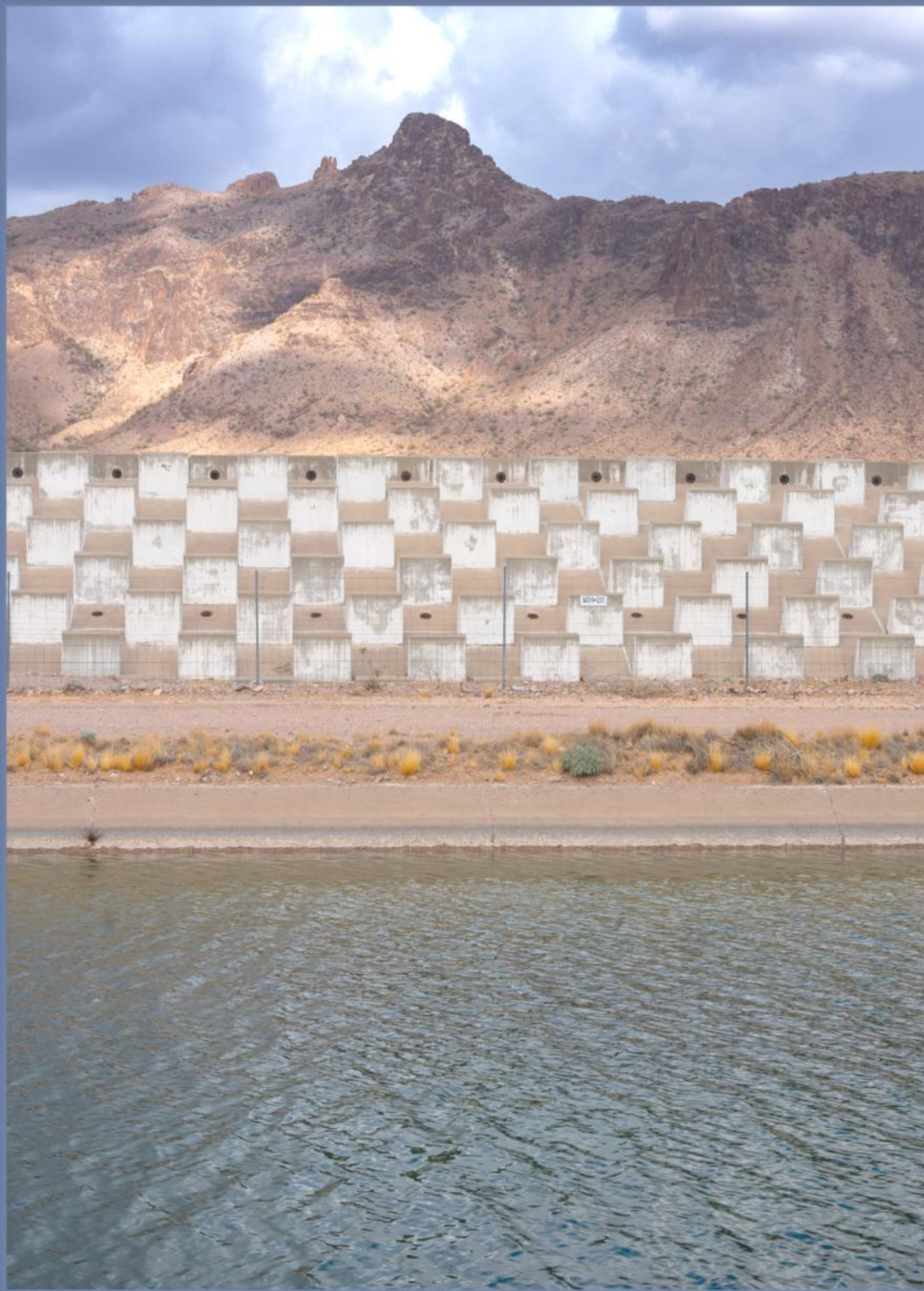
## CAPITAL SPENDING

(Millions)

	2023	2024	2025	2026	2027
	Actual	Actual	Projection	Budget	Budget
Salaries and related costs	\$ 5.2	\$ 5.3	\$ 4.6	\$ 5.8	\$ 5.4
Equipment, buildings, and structures	29.6	20.1	33.0	94.6	59.3
Outside services	0.5	(2.5)	5.2	11.3	14.1
Materials, supplies & other expenses	0.7	0.4	0.9	1.0	0.1
Overhead expenses	5.7	5.5	4.9	5.9	5.3
<b>Total Capital</b>	<b>\$ 41.7</b>	<b>\$ 28.8</b>	<b>\$ 48.6</b>	<b>\$ 118.6</b>	<b>\$ 84.2</b>

Capital Spending by Type (\$ Millions)





CAP Canal and overshoot structure near I-10 and Salome Road



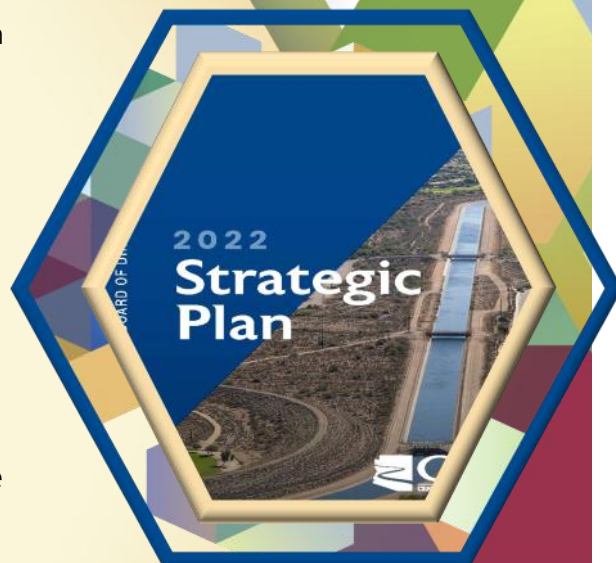
# 2022 BOARD STRATEGIC PLAN

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 high-level 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 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 from the sky

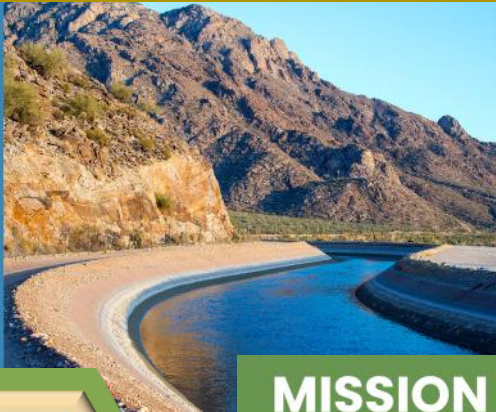


# 2022 BOARD STRATEGIC PLAN

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.

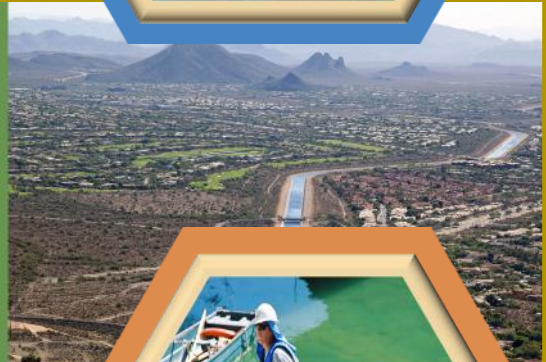
## VISION

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



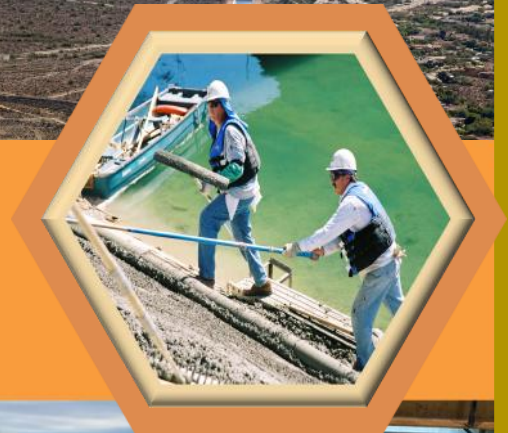
## MISSION

CAP's dedicated team reliably manages and delivers Colorado River water to Maricopa, Pinal, and Pima Counties.



## VALUES

These Value Statements are CAP's most deeply held beliefs, which every employee should embrace.



### 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

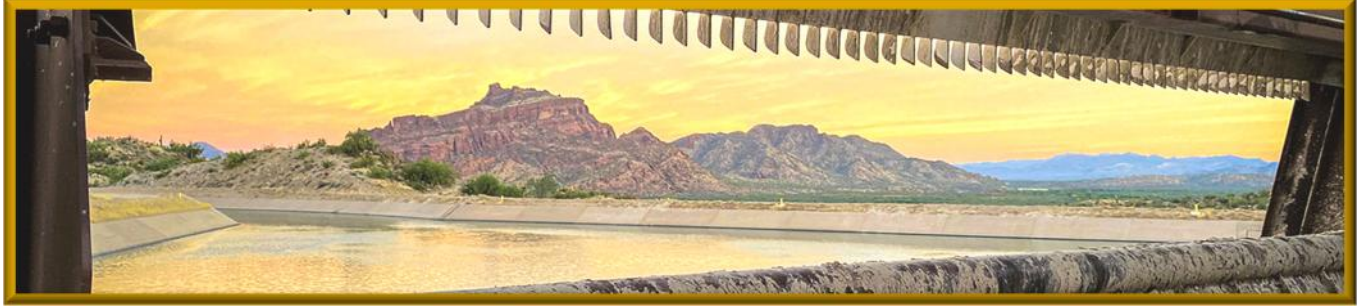


### PROFESSIONALISM

Delivering superior results



# 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 nonproject 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: 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: 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: 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:

- Responsibly meet CAP's statutory replenishment obligation
- Participate actively in dialogues regarding the resilience and long-term role of the Central Arizona Groundwater Replenishment District (CAGRDR)
- Consider the hydrologic relationship between member pumping and CAGRDR replenishment
- Ensure continued effective management, reasonable pricing, and financial viability of CAGRDR
- 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 nonproject water



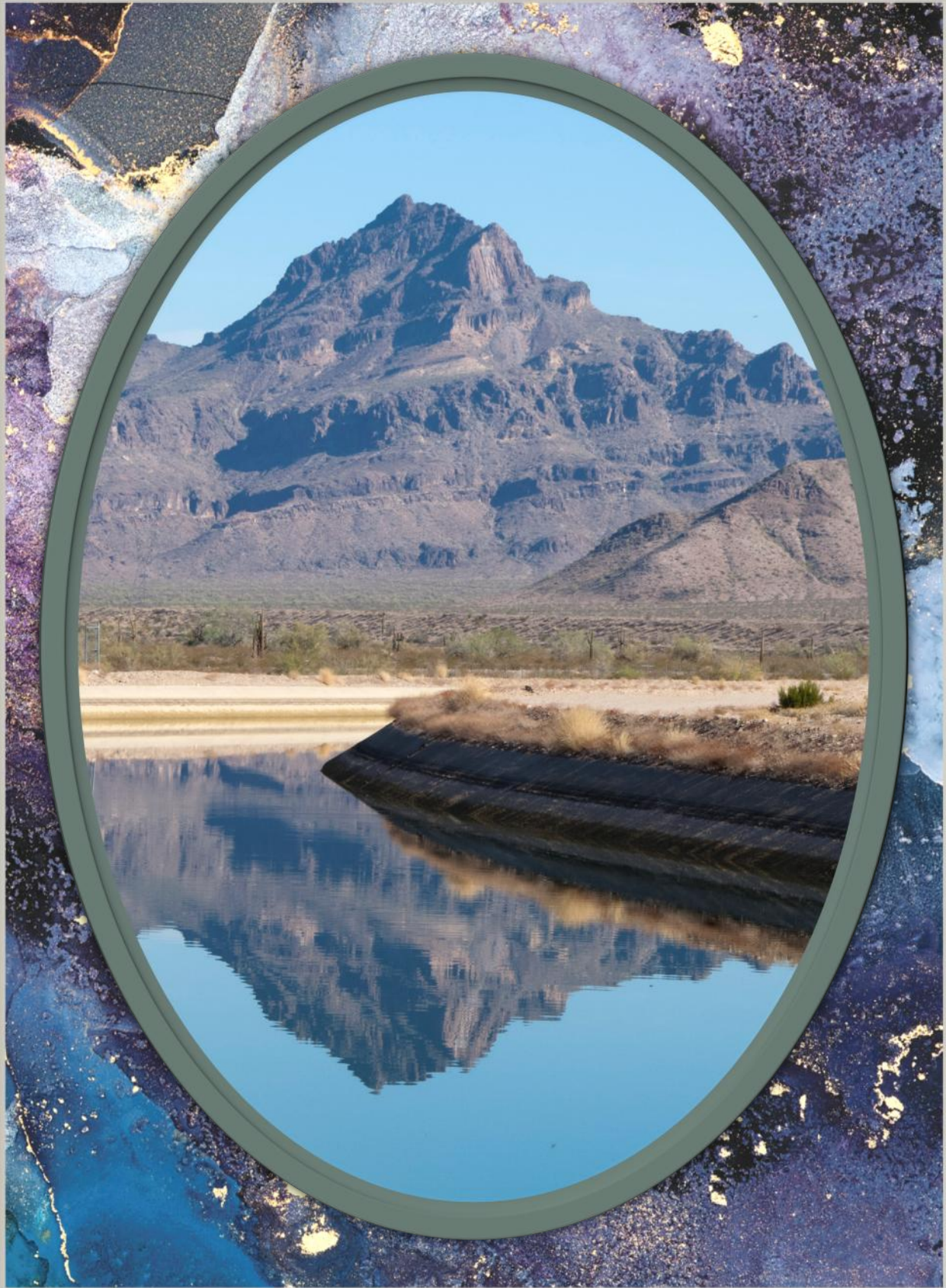
## KRA: Workforce

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



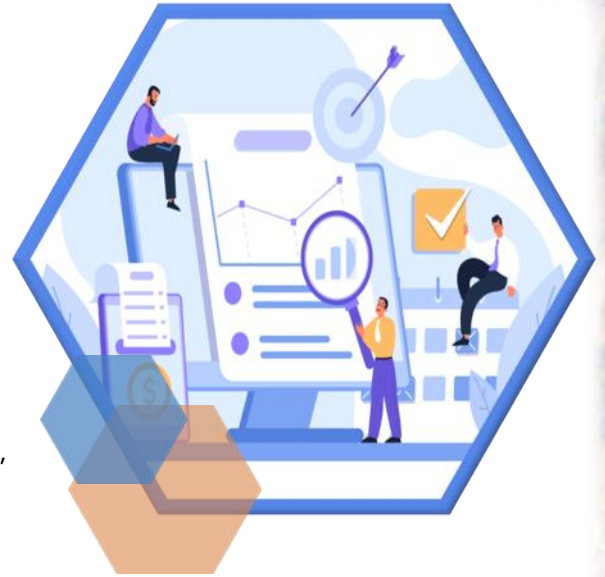


CAP Canal Burnt Mountain Conduit Install



# PERFORMANCE MEASURES

## “BIG 5” AND MORE ORGANIZATION-WIDE GOALS



When the 2011 Integrated Strategic Plan was implemented, one of the Action Plans was to "develop and communicate common, organization-wide 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 KRAs. 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", wherein 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.

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. 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 each year, 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 in meeting each of its 2018 goals, with the exception of preventable vehicle accidents. The District had 14 accidents, while the goal remained at eight. 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 had ever faced as an organization. It was particularly difficult to navigate the Big 5 Goals, which were set before any one had ever heard of COVID-19. Late 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 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 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 a part of the Big 5 program worth an additional \$225.

In 2021 and 2022, CAP achieved four out of five Big 5 goals, as well as every Director Goal. As a result, all employees received a \$650 award. In 2023 all goals were achieved, resulting in a payout of \$750. In 2024, the "Big 5" payout was reduced to \$500 and the Director Goal was increased from \$225 to \$250. Once again, all goals were achieved, resulting in an award of \$750.

2025 brought yet another evolution to the Big 5 program. Rather than set five (5) organization-wide goals worth \$100 each, CAP instead chose to go all-in in preparation for the next VPP audit in January 2026. In order to maintain a singular focus on Safety, a single goal, worth \$500, was introduced. But unlike prior Big 5 goals, this new approach would allow business units to define "success".

Managers were asked to provide a goal for their team to prepare for the upcoming VPP audit by January 16th, 2025. They would then track their progress toward that goal by the year's end. Examples included:

- Inviting the Safety Department staff into a team meeting to review the expectations for VPP.
- Housekeeping to dispose of excess/dated materials and equipment that were no longer necessary but taking up space.
- Walkthroughs of work areas to identify and eliminate potential hazards.

In 2026 and beyond, the Management Council will choose a goal supporting one of CAP's values for the entire organization to target.

Additionally, in 2025, new Director Goals were created. They include:





**Centralized Maintenance (Rettinger):** Complete the Annual Maintenance Plan baselined work assignments for Centralized Maintenance teams with a scheduled end date in 2025 at a rate of 90%, excluding unexecuted contingency work.

**Field Maintenance (Weissinger):** Complete equipment PMs with a compliance end date in 2025 and provide corresponding equipment condition data for main unit motors, pumps, transformers, discharge valves, station batteries, and station service Integrated Power Systems (IPSS) at a rate of 90% or higher.

**Finance and Administration and Employee Services (Hall):** Launch the newly created online HR policies modules (in phases) to all employees and have 95% completion rate by the employees of Finance and Administration by Nov. 30, 2025. Most employees have not read these important policies in years and with the policies' updates and new online format, this will allow employees to be re-educated on important issues that are related to their employment.

**Legal (Johnson) and Operations, Power, Engineering (Francom/Buzard):** Align all turnouts with requirements for land occupancy and water withdrawal (i.e. valid water use authorization, land use authorization, turnout metering and control, and maintenance agreement). Provide information and documents to stakeholders that do not have the necessary agreements, licensing, and/or compliant metering. OP&E and Legal Department to finalize and transmit for signature land use licenses for all sites by Dec. 31, 2025

**Public and Intergovernmental Affairs (Schwartz-Manock):** The Public and Intergovernmental Affairs Team will continue to lead and support the finalization of the design of the Water Education Center by the end of Q2. In addition, the team will begin work on operations planning, programming plans, and finalize a logo and other communication plans for the new center by the end of Q4.

**Water Policy (Dent/Burman):** Improve our knowledge and understanding of fellow Colorado River states and peers by forming new and deeper relationships on the river. The AGM commits to visiting other key Colorado River Partners or coordinating commensurate type visits to CAP in 2025. A successful year will include at least three separate engagements.

At this time, CAP is on its way to achieving both the Big 5 and Director Goals for 2025.





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.

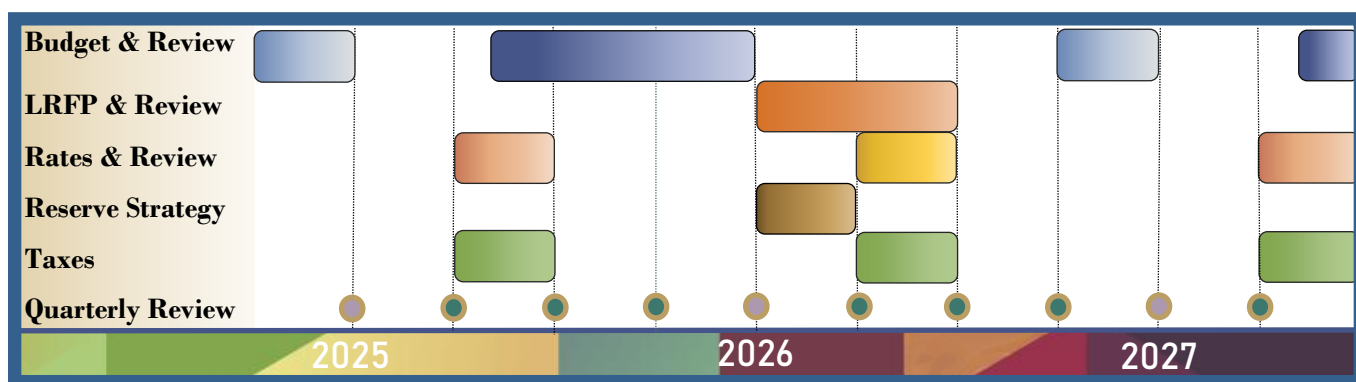
CAP uses enterprise-wide performance measurements to evaluate accomplishment of its strategic objectives.



## 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 2026/2027 biennial budget covers two one-year periods. As the first year (2026) draws to a close, the second year (2027) 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 3-17.





## 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 both budgeting and accounting are discussed in additional 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 2023 and 2024, financial projection for 2025 and two years of budget activity for 2026 and 2027. 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 2026/2027 budget process began in April 2025 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, encompassing two budget years and four advisory years, to include 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 of Directors occurs in October and November.

Following approval of the 2026/2027 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 analysis then becomes the launching point for the subsequent budget.



# 2026/2027 Budget Timeline





# FINANCIAL PLANNING CALENDAR

2026/2027 BUDGET CYCLE	REQUESTED BUDGET	April-May 2025	Departments develop and submit Strategic Plans
		June-August 2025	Cost centers develop budgets and submit to Finance for review & consolidation
		August-September 2025	General Manager review & changes; CAWCD Board Officers' review
	STAFF PROPOSED BUDGET	September 25, 2025	Consolidate & mail budget to Board
		October 7, 2025	Budget briefing to review proposed 2026/2027 budget
	COMMITTEE RECOMMENDED BUDGET	October 16, 2025	Finance, Audit & Power Committee meeting to review budget & make recommendations to Board
	BOARD APPROVED BUDGET	November 6, 2025	Board of Directors review & approval of budget
LONG-RANGE PLANNING CYCLE	LONG-RANGE FINANCIAL PLAN RATE-SETTING RESERVE PLANNING	June 5, 2025	Board of Directors reviewed and approved Final 2026-2030 rates update & 2025/2026 tax rates
		January-April 2026	Identify & analyze strategic issues, develop LRFP to include reserve targets, 2027-2032 rate & tax recommendation
		February 19, 2026	FAP Committee reviews strategic reserve targets & make update recommendations (as necessary)
		May 1, 2026	Proposed 2027-2032 rate schedule posted
		May 14, 2026	Rate/Tax briefing to review staff proposed 2027-2032 rates & 2026/2027 taxes
		May 21, 2026	Finance, Audit & Power Committee, CAGRD and Underground Storage Committee to review staff proposed 2027-2032 rates & 2026/2027 taxes and make recommendations to Board
		June 4, 2026	Board of Directors adopt Final 2027-2032 rates & 2026/2027 taxes
2027 BUDGET AMENDMENT		August 2026	Finance develops 2027 budget review and amendment (as necessary)
		October 2026	Finance, Audit & Power Committee reviews 2027 budget amendment and recommend updates (as necessary)
		November 2026	Board of Directors review & approval of 2027 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 2026/2027 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 budgets 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:



- 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 \$300,000 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 (CAGR) 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 of 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, along with 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 the 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 2027), 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 \$300,000 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.



## LONG RANGE FINANCIAL PLAN (LRFP)

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. As capital projects have longer term impacts, four years of projections are shown in the budget. After its completion, the first six 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 proposed water rate schedule and analysis is prepared and presented that identifies firm rates for one year (i.e., 2027), provisional rates for the next year (i.e., 2028) and advisory rates for the subsequent four years (i.e., 2029-2032). For planning purposes, rates for various water volumes are also provided. CAP communicates key items, such as capital spending, operational expenses and projected water volumes, as well as proposed firm, provisional and advisory rates through rate briefings, public board meetings and written briefs. The staff-proposed rates are posted by May 1st, and discussed at a briefing and at the Finance, Audit and Power Committee meeting. The Committee makes a recommendation to the Board for its decision on final rates at its 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, although due to varying water availability and power cost changes in the last few years, rates have been an annual discussion. The provisional 2026 rates were reviewed and revised in May/June 2025.

### RATE-SETTING GOALS

#### COST RECOVERY

Water rates are set to recover costs, on a long-term basis, net of other revenue sources

#### FINANCIAL STABILITY

Water rates are set to maintain a strong financial position and long-term balanced cash flows

#### PRICE STABILITY & PREDICTABILITY

Water rates are set to maintain relatively stable and predictable rates

#### OPERATIONAL EFFICIENCY

CAP commits to a goal of operating its facilities at the lowest possible cost consistent with maintaining a highly reliable service capability

#### ACCOUNTABILITY

Water delivery policies and rates should be established in a highly public process, only after due consideration and analysis of economic and financial impacts

#### LEGAL 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 primary in the two 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 rates delivered under long-term subcontracts and contracts are reconciled and differences are settled annually. This reconciliation process is described on the following page as part of the annual OM&R reconciliation discussion.

CAP includes a “Big R” component for capital replacement, capital improvement projects and Extraordinary Maintenance 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 capital charges, which are further explained on page 3-22.

## ANNUAL OM&R RECONCILIATION

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 and actual costs 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.

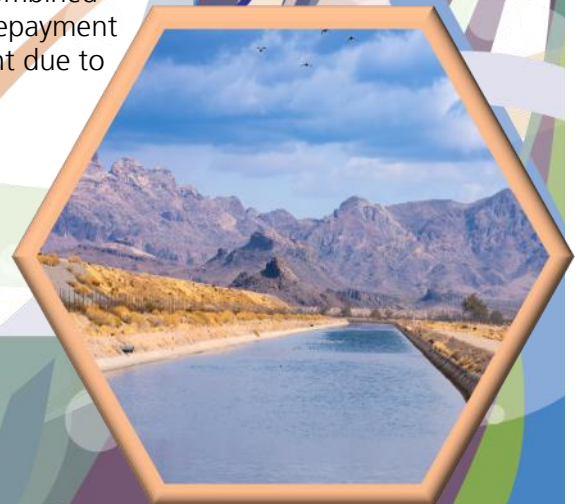
CAP is party to a number of long-term subcontracts and contracts for water delivery. The subcontracts and contracts with long-term customers and the Settlement Stipulation with the federal government require annual reconciliation and settlement of actual OM&R costs to published water delivery rates.

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, customers are required to compensate CAP 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 CAP water or nonproject water wheeling, when not firming a shortage of a CAP contract or non-subcontract, are assessed a "facility use fee". The fee is equivalent to the capital charge and is charged on a per acre-foot delivered 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 Federal Repayment on pages 1-80 & 1-81, 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 reserves. This review enables management to identify potential weaknesses or activities that may have an adverse impact on CAP, and to then determine an appropriate course of action. The results are provided to the Management Council, FAP Committee and the Board. The report is also posted on CAWCD's website under Finance, for customers and stakeholders.

## RESERVE PLANNING

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.

Working capital 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 River 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 CAGR, and are not included in the strategic reserves, working capital or Extraordinary Cost Reserves planning. See Fund Reserves beginning on page 3-35 for a more detailed description.

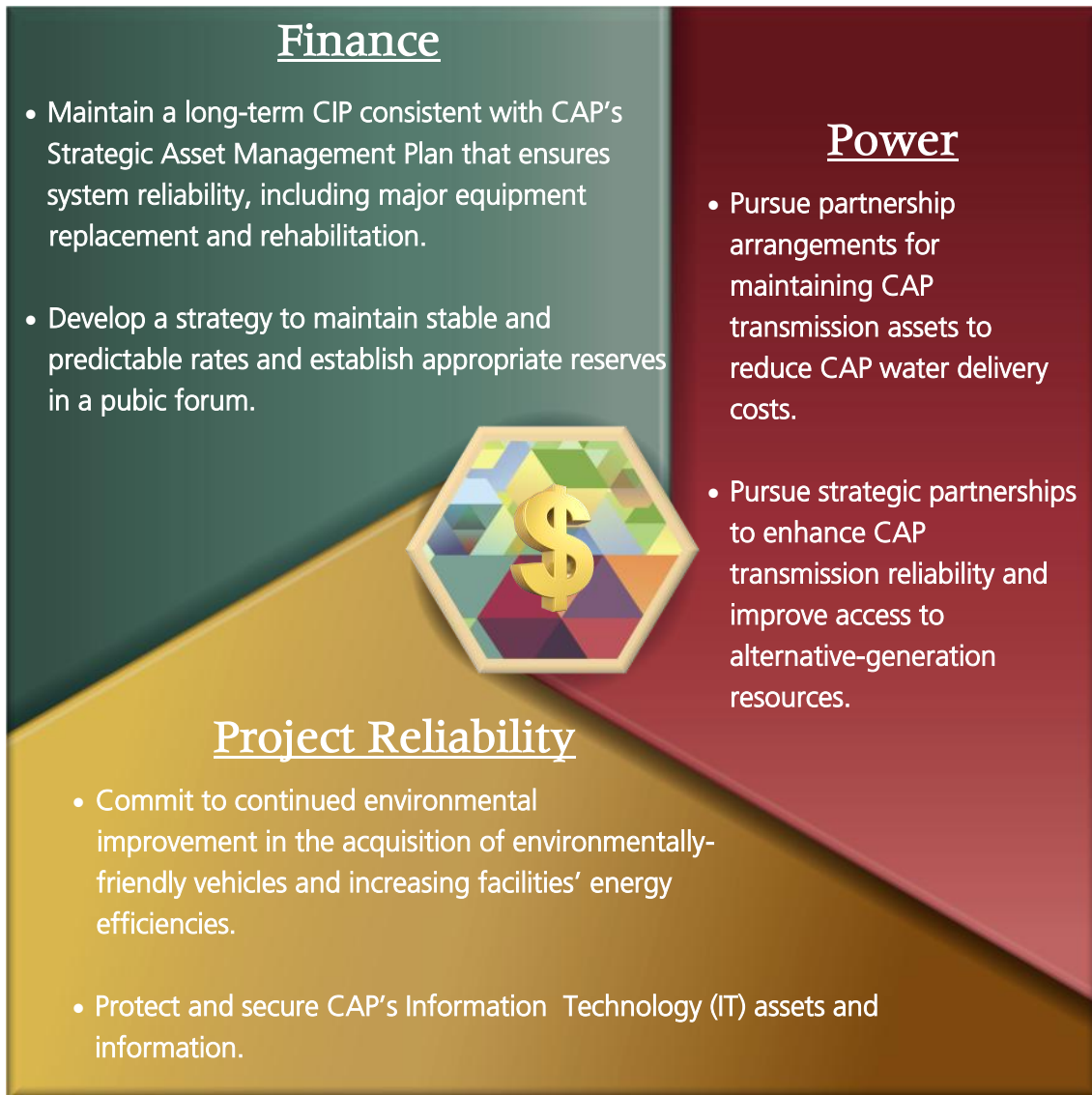
The Board reviewed and updated the strategic, working capital and Extraordinary Cost Reserves reserve strategies and targets in April 2024.





# 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.



The six-year capital budget covers the years 2026 through 2031. The Board is asked to approve capital spending for 2026 and 2027. Capital equipment and projects shown after 2027 are for advisory purposes to inform the Board and constituents of potential future capital budget requirements.

## 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 2026/2027 budget. CAP has a capitalization threshold of \$25,000, and equipment under that amount is expensed. 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-2027 period is advisory and provides an indication of needs for 2028 through 2031. Specific equipment needs will be refined during 2026 and 2027.

## 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 the Engineering Department 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. The 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 executed in the next biennial budget cycle.

## ASSESSMENT

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

### 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

- 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 appropriate Project Team has been assembled and the management level project sponsor is well chosen.
- The cost of the project alternatives are well defined and reasonable, 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 which might have significant impact to the project if not addressed, have been accommodated within the alternative's 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 Centralized Maintenance and Reliability
- Director of Field Maintenance
- Director of Operations, Power & Engineering
- Director of Technology and Governance

Standing Advisors to PSC (non-voting) include:

- Manager, Maintenance Control
- Manager, Maintenance West
- Manager, Maintenance South
- Manager, Centralized Maintenance
- Manager, Operational Technologies
- Manager, Information Technologies
- Manager, Enterprise Security
- Manager, Information Management
- Manager, Water Control
- Manager, Finance and Accounting
- Manager, Engineering Services
- Manager, Supply Chain and Facilities
- Manager, Environmental, Health and Safety
- Manager, Power Programs
- Supervisor, Project Management
- Supervisor, Business Financial Planning

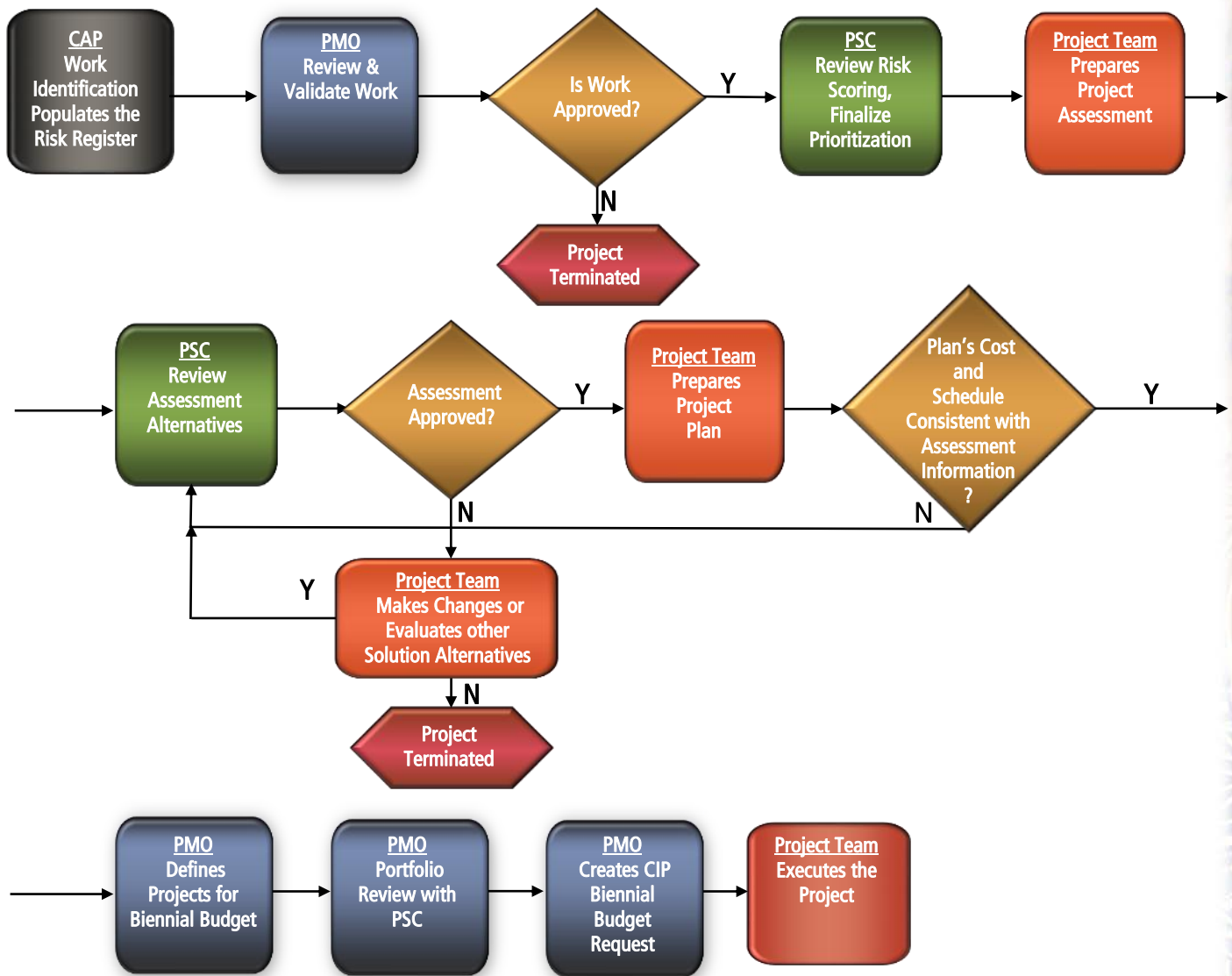


## PSC PROCESS AND THE BUDGET

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. The list of 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.



## CAPITAL IMPROVEMENT PROGRAM PROCESS



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-2027

CIP projects listed as advisory projects in the years after the 2026/2027 budget period include those projects that may either be in the design or construction phases in those years, as well as projects that may still be in the evaluation phase. Throughout the 2026/2027 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-2027 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 may be higher than current estimates indicate, as assets are assessed.





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 CAGR D costs, such bonds are only repayable from revenues generated or collected from members of the CAGR D.
- 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 CAGR D water supply capital projects. Final payment on these bonds was made in January 2025 and there is not a remaining balance.

## 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.
- Proposition 117 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%.
- 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 2025.

### ARS § 48-3715.02 & ARS § 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 2025.

Tax Year July- June	Maricopa County NAV/LPV (\$K)	% Growth	Pinal County NAV/LPV (\$K)	% Growth	Pima County NAV/LPV (\$K)	% Growth	Total NAV/LPV (\$K)	% Growth
2023	\$54,722	6.1%	\$3,390	8.4%	\$10,756	6.1%	\$68,868	6.2%
2024	\$58,329	6.6%	\$3,813	12.5%	\$11,254	4.6%	\$73,396	6.6%
2025	\$60,724	4.1%	\$4,038	5.9%	\$11,743	4.3%	\$76,505	4.2%
2026	\$63,605	4.7%	\$4,349	7.7%	\$12,296	4.7%	\$80,250	4.9%
2027	\$66,517	4.6%	\$4,661	7.2%	\$12,825	4.3%	\$84,003	4.7%

Sources: CAP; Maricopa County; Pinal County; Pima County; Elliott D. Pollack & Company (April 2025)



## REPAYMENT OBLIGATION

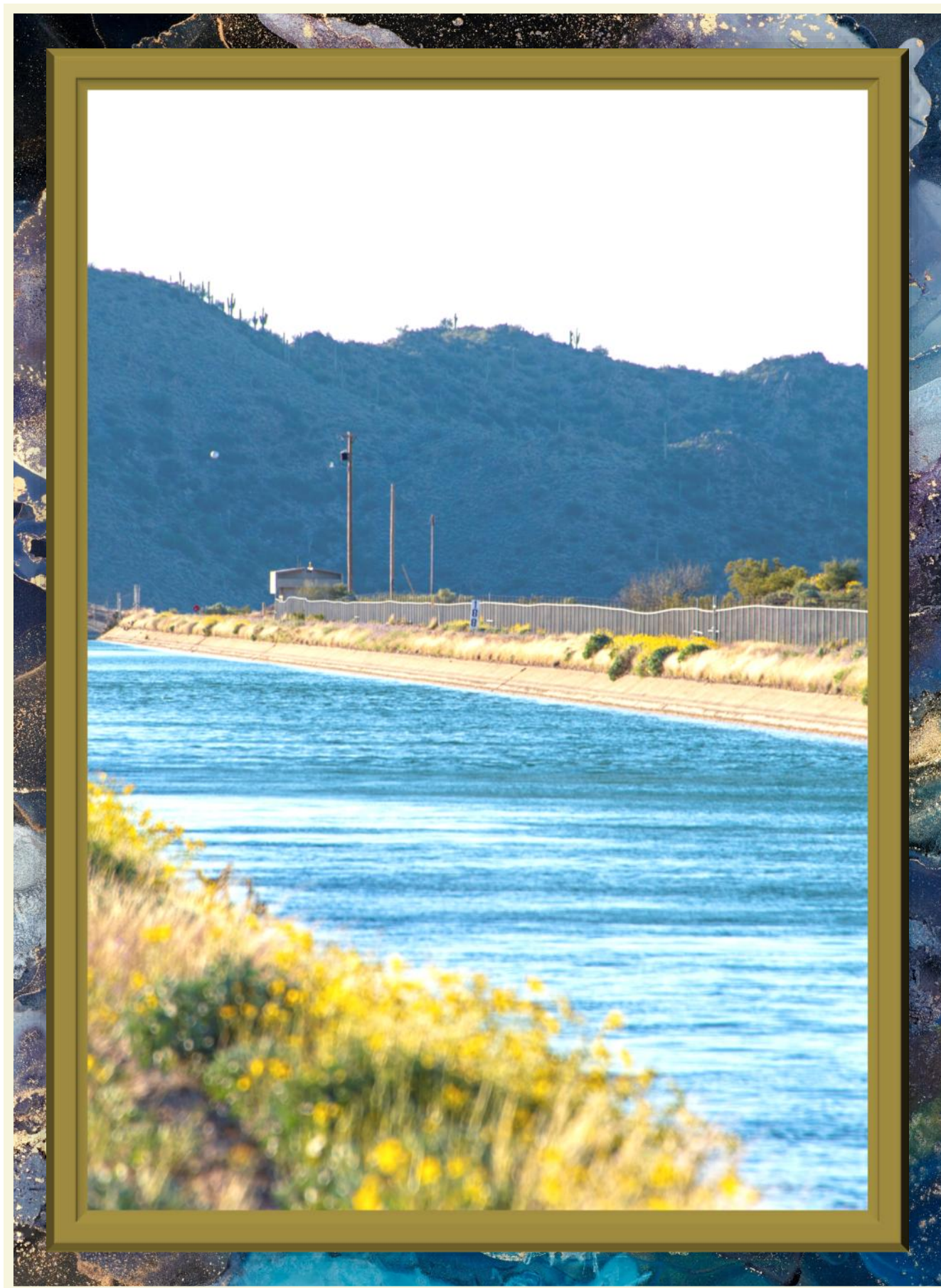
As specified in CAWCD's enabling act (ARS § 48-3701 et seq.), in 1972 CAWCD entered into a Master Repayment Contract with the USBR, to repay its allocated share of the reimbursable costs of the CAP system. The 50-year repayment period for each construction stage began upon substantial completion of each 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 \$771 million at the end of 2026 and \$728 million at the end of 2027.

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).



CAP Canal - Near Check 25



# 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.

*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.

*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 long-term 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. These funds are held by First Hawaiian Bank.

*Bond Reserves* – These reserve 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 reserve 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 relinquishment by the irrigation districts.

### 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, large expenses that either may not be appropriate for the water rate or may cause unplanned “spikes” in the water rate, significant capital projects or other purposes as the Board deems necessary.

***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.



***Recovery Reserve*** – This fund was established with general ad valorem taxes to provide “seed money” to establish and build the recovery program. This fund will be utilized for recovery billing receipts and recovery cost payments in order to separate the activity from regular water delivery.

***Recharge Reserve*** – This fund is for the recharge program and was built up to provide funds to ensure the ability to cover the maintenance costs of the underground recharge sites during years when utilization may be lower and revenues would not cover the costs over a period of time. It was also created to separate the activity from regular water delivery.

***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 a 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.

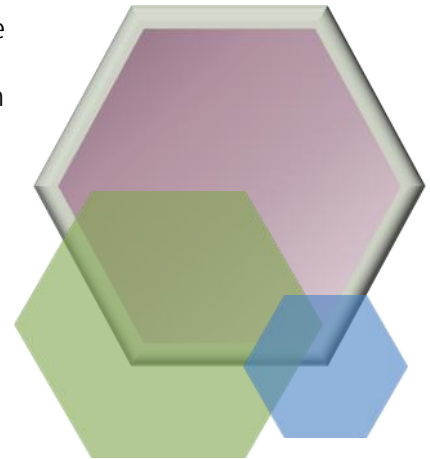


## WORKING CAPITAL

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.

## 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 page 2-24). The general rule is to fill strategic reserves to target, then fill working capital to target, and then to fill the Extraordinary Cost Reserve to target. Once that target is met, any excess funds will flow to working capital.

## RESERVE TARGETS

The Board reviews and establishes targets for strategic reserves, working capital and the 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:

### 2025 STRATEGIC RESERVES, WORKING CAPITAL & EXTRAORDINARY COST RESERVE TARGETS (MILLIONS)

Capital Reserve	\$ 73
Operating Reserve	\$ 85
Contingency Reserve	\$ 8

<b>TOTAL STRATEGIC RESERVES TARGET</b>	<b>\$166</b>
--	--------------

<b>WORKING CAPITAL TARGET</b>	<b>\$ 91</b>
-------------------------------	--------------





<b>EXTRAORDINARY COST RESERVE TARGET</b>	<b>\$444</b>
--	--------------

## FUND RESERVES

UNASSIGNED RESERVES	ASSIGNED RESERVES	RESTRICTED RESERVES	COMMITTED 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 of these reserves are part of strategic reserves.</u>

UNASSIGNED / UNRESTRICTED	ASSIGNED	RESTRICTED	COMMITTED
---------------------------	----------	------------	-----------

Working Capital	Operating Reserve		Extraordinary Cost Reserve
	Contingency Reserve		
	Capital Reserve		

	= Working Capital
	= Strategic Reserves
	= Extraordinary Cost Reserve
	= Other Reserves

Repayment Reserve	Water Storage Reserve
Emergency O&M Reserve	Recovery Reserve
Supplemental Water Reserve	Recharge Reserve
Bond Reserve	Navajo Decommissioning Reserve
Captive Insurance Reserve	CAGRD 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.

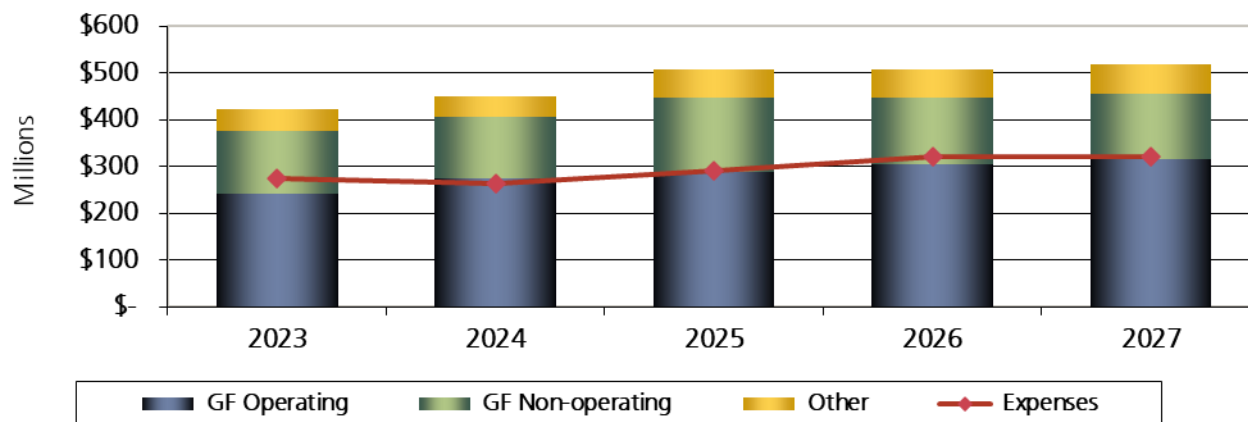
As fixed operations and maintenance expenses are fairly consistent from year-to-year, CAWCD does not provide advisory year projections beyond the budget period for operating expenses within this document. Longer term operational costs are addressed and communicated in the Long Range Financial Plan (LRFP)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

Variability in operating expenses is 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, which cover up to five years. Extraordinary maintenance projects are excluded from operations from a rate perspective and are 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.

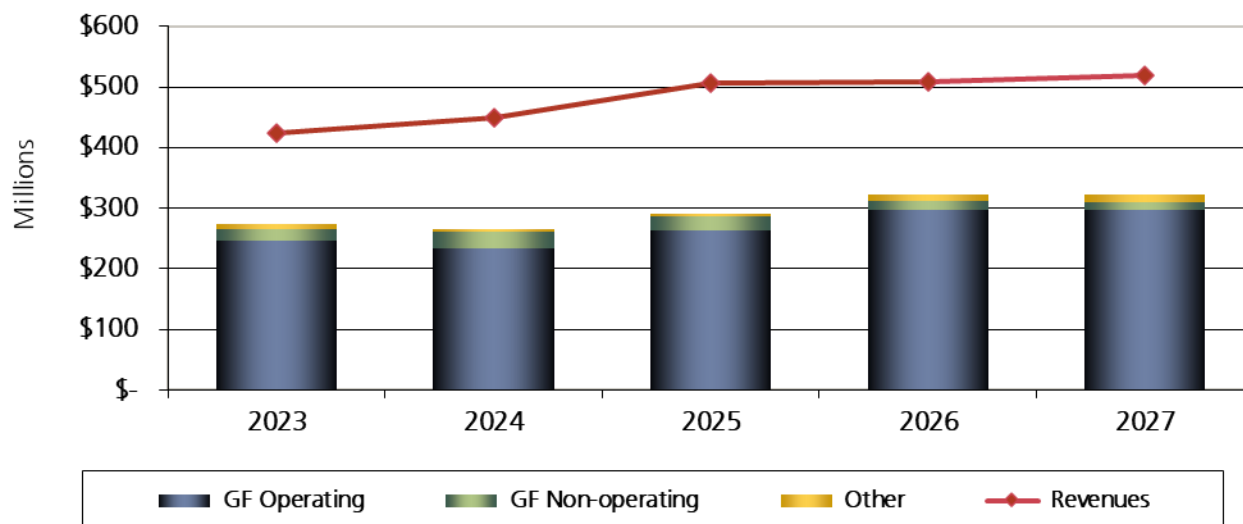
FUND	DESCRIPTION
General Fund	Represents CAWCD's core business, the delivery of Colorado River water to central Arizona through the Central Arizona Project (CAP) and repayment of reimbursable construction costs and is, by an order of magnitude, the largest fund within the District.
Central Arizona Groundwater 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

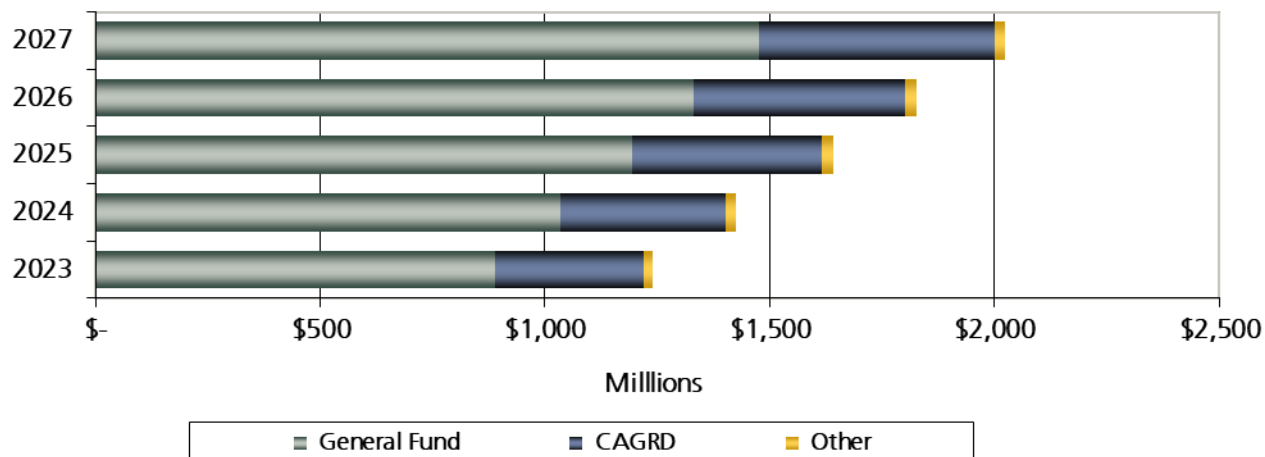
## Revenues Compared to Expenses



## Expenses Compared to Revenues



## Net Position





# STATEMENTS OF REVENUES, EXPENSES & CHANGES IN NET POSITION

## ALL FUNDS

(Thousands)

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>Operating Revenues</b>					
Water operations & maintenance charges	\$ 182,891	\$ 206,170	\$ 227,943	\$ 246,064	\$ 256,210
Water service capital charges	37,535	36,758	37,255	38,576	39,954
Basin Development Fund revenues	5,039	11,841	7,179	6,950	6,751
Reimbursements and other operating revenues	61,269	55,105	70,209	69,967	75,181
<b>Total Operating Revenues</b>	<b>286,734</b>	<b>309,874</b>	<b>342,586</b>	<b>361,557</b>	<b>378,096</b>
<b>Operating Expenses</b>					
Salaries and related costs	(76,898)	(84,396)	(93,014)	(95,341)	(101,760)
Pumping Energy and Capacity Charges	(50,082)	(52,469)	(64,514)	(69,092)	(69,736)
Transmission	(14,938)	(7,145)	(12,045)	(11,564)	(11,971)
Amortization of permanent service right	(21,782)	(18,125)	(18,125)	(18,125)	(18,125)
Depreciation	(26,918)	(28,047)	(28,916)	(34,668)	(37,518)
Other operating expenses					
Outside services	(42,969)	(29,757)	(33,759)	(55,123)	(44,223)
Materials and supplies	(10,502)	(11,053)	(10,426)	(11,930)	(11,450)
Water for recharge	(8,353)	(1,807)	(539)	(5,892)	(6,600)
Other expenses	(3,011)	(4,448)	(7,317)	(6,747)	(7,950)
Subtotal	(64,835)	(47,065)	(52,041)	(79,692)	(70,223)
<b>Total Operating Expenses</b>	<b>(255,453)</b>	<b>(237,247)</b>	<b>(268,655)</b>	<b>(308,482)</b>	<b>(309,333)</b>
<b>Operating Income/(Loss)</b>	<b>31,281</b>	<b>72,627</b>	<b>73,931</b>	<b>53,075</b>	<b>68,763</b>
<b>Non-operating Revenues</b>					
Property taxes	97,291	96,612	106,529	111,708	116,957
Interest income & other non-operating revenues	39,675	43,248	57,809	34,745	24,891
<b>Subtotal Non-operating Revenues</b>	<b>136,966</b>	<b>139,860</b>	<b>164,338</b>	<b>146,453</b>	<b>141,848</b>
<b>Non-operating Expenses</b>					
Disbursements to AWBA	(541)	(11,284)	(8,116)	(420)	(448)
Interest expense & other non-operating expenses	(17,666)	(16,204)	(14,651)	(13,188)	(11,712)
<b>Subtotal Non-operating Expenses</b>	<b>(18,207)</b>	<b>(27,488)</b>	<b>(22,767)</b>	<b>(13,608)</b>	<b>(12,160)</b>
<b>Total Non-operating Revenues/(Expenses)</b>	<b>118,759</b>	<b>112,372</b>	<b>141,571</b>	<b>132,845</b>	<b>129,688</b>
<b>Change in Net Position</b>	<b>150,040</b>	<b>184,999</b>	<b>215,502</b>	<b>185,920</b>	<b>198,451</b>
Net Position at beginning of year	1,089,778	1,239,818	1,424,817	1,640,319	1,826,239
Net Position at end of year	\$ 1,239,818	\$ 1,424,817	\$ 1,640,319	\$ 1,826,239	\$ 2,024,690

# COMBINING SCHEDULE OF REVENUES, EXPENSES & CHANGES IN NET POSITION BY FUND & ACCOUNT

(Thousands)

	2026 Budget	Elim	General Fund	Supp Water Account	CAGR Account	Captive Insurance Fund
<b>Operating Revenues</b>						
Water operations & maintenance charges	\$ 246,064	\$ (9,750)	\$ 255,814	\$ -	\$ -	\$ -
Water service capital charges	38,576	(1,944)	40,520	-	-	-
Basin Development Fund revenues	6,950	-	6,950	-	-	-
Reimbursements & other revenues	69,967	(13,445)	2,701	-	67,266	13,445
<b>Total Operating Revenues</b>	<b>361,557</b>	<b>(25,139)</b>	<b>305,985</b>	<b>-</b>	<b>67,266</b>	<b>13,445</b>
<b>Operating Expenses</b>						
Salaries and related costs	(95,341)	-	(93,734)	-	(1,607)	-
Pumping Energy and Capacity charges	(69,092)	-	(69,092)	-	-	-
Transmission	(11,564)	-	(11,564)	-	-	-
Amortization of permanent service right	(18,125)	-	(18,125)	-	-	-
Depreciation	(34,668)	-	(34,607)	-	(61)	-
Other operating expenses						
Outside services	(55,123)	-	(53,740)	-	(1,109)	(274)
Materials and supplies	(11,930)	-	(11,930)	-	-	-
Overhead	5,883	-	7,511	-	(1,628)	-
Water for recharge	(5,892)	11,694	-	-	(17,586)	-
Other expenses	(12,630)	13,445	(11,962)	-	(244)	(13,869)
Subtotal	(79,692)	25,139	(70,121)	-	(20,567)	(14,143)
<b>Total Operating Expenses</b>	<b>(308,482)</b>	<b>25,139</b>	<b>(297,243)</b>	<b>-</b>	<b>(22,235)</b>	<b>(14,143)</b>
<b>Operating Income/(Loss)</b>	<b>53,075</b>	<b>-</b>	<b>8,742</b>	<b>-</b>	<b>45,031</b>	<b>(698)</b>
<b>Non-operating Revenues</b>						
Property taxes	111,708	-	111,708	-	-	-
Interest income & other non-operating revenues	34,745	-	29,807	279	4,179	480
<b>Subtotal Non-operating Revenues</b>	<b>146,453</b>	<b>-</b>	<b>141,515</b>	<b>279</b>	<b>4,179</b>	<b>480</b>
<b>Non-operating Expenses</b>						
Disbursements to AWBA	(420)	-	(420)	-	-	-
Interest expense & other non-operating expenses	(13,188)	-	(13,188)	-	-	-
<b>Subtotal Non-operating Expenses</b>	<b>(13,608)</b>	<b>-</b>	<b>(13,608)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Non-operating Revenues/(Expenses)</b>	<b>132,845</b>	<b>-</b>	<b>127,907</b>	<b>279</b>	<b>4,179</b>	<b>480</b>
<b>Change in Net Position</b>	<b>185,920</b>	<b>-</b>	<b>136,649</b>	<b>279</b>	<b>49,210</b>	<b>(218)</b>
Net Position at beginning of year	1,640,319	(2,350)	1,194,609	10,131	420,581	17,348
Net Position at end of year	\$ 1,826,239	\$ (2,350)	\$ 1,331,258	\$ 10,410	\$ 469,791	\$ 17,130



COMBINING SCHEDULE OF REVENUES, EXPENSES & CHANGES IN NET POSITION  
 BY FUND & ACCOUNT  
 (Thousands)

	2027 Budget	Elim	General Fund	Supp Water Account	CAGR Account	Captive Insurance Fund
<b>Operating Revenues</b>						
Water operations & maintenance charges	\$ 256,210	\$ (10,151)	\$ 266,361	\$ -	\$ -	\$ -
Water service capital charges	39,954	(2,013)	41,967	-	-	-
Basin Development Fund revenues	6,751	-	6,751	-	-	-
Reimbursements & other revenues	75,181	(13,849)	2,063	-	73,118	13,849
<b>Total Operating Revenues</b>	<b>378,096</b>	<b>(26,013)</b>	<b>317,142</b>	<b>-</b>	<b>73,118</b>	<b>13,849</b>
<b>Operating Expenses</b>						
Salaries and related costs	(101,760)	-	(100,057)	-	(1,703)	-
Pumping Energy and Capacity charges	(69,736)	-	(69,736)	-	-	-
Transmission	(11,971)	-	(11,971)	-	-	-
Amortization of permanent service right	(18,125)	-	(18,125)	-	-	-
Depreciation	(37,518)	-	(37,457)	-	(61)	-
Other operating expenses						
Outside services	(44,223)	-	(43,000)	-	(939)	(284)
Materials and supplies	(11,450)	-	(11,450)	-	-	-
Overhead	5,256	-	6,982	-	(1,726)	-
Water for recharge	(6,600)	12,164	-	-	(18,764)	-
Other expenses	(13,206)	13,849	(12,255)	-	(246)	(14,554)
Subtotal	(70,223)	26,013	(59,723)	-	(21,675)	(14,838)
<b>Total Operating Expenses</b>	<b>(309,333)</b>	<b>26,013</b>	<b>(297,069)</b>	<b>-</b>	<b>(23,439)</b>	<b>(14,838)</b>
<b>Operating Income/(Loss)</b>	<b>68,763</b>	<b>-</b>	<b>20,073</b>	<b>-</b>	<b>49,679</b>	<b>(989)</b>
<b>Non-operating Revenues</b>						
Property taxes	116,957	-	116,957	-	-	-
Interest income & other non-operating revenues	24,891	-	21,303	193	2,915	480
<b>Subtotal Non-operating Revenues</b>	<b>141,848</b>	<b>-</b>	<b>138,260</b>	<b>193</b>	<b>2,915</b>	<b>480</b>
<b>Non-operating Expenses</b>						
Disbursements to AWBA	(448)	-	(448)	-	-	-
Interest expense & other non-operating expenses	(11,712)	-	(11,712)	-	-	-
<b>Subtotal Non-operating Expenses</b>	<b>(12,160)</b>	<b>-</b>	<b>(12,160)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Non-operating Revenues/(Expenses)</b>	<b>129,688</b>	<b>-</b>	<b>126,100</b>	<b>193</b>	<b>2,915</b>	<b>480</b>
<b>Change in Net Position</b>	<b>198,451</b>	<b>-</b>	<b>146,173</b>	<b>193</b>	<b>52,594</b>	<b>(509)</b>
Net Position at beginning of year	1,826,239	(2,350)	1,331,258	10,410	469,791	17,130
Net Position at end of year	\$ 2,024,690	\$ (2,350)	\$ 1,477,431	\$ 10,603	\$ 522,385	\$ 16,621





Arizona Desert—Cholla Cactus



# STATEMENTS OF NET POSITION - ALL FUNDS

(Thousands)

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 235,542	\$ 288,576	\$ 330,362	\$ 293,267	\$ 348,783
Receivables	84,330	75,278	62,964	76,791	80,251
Water inventory	241,367	245,447	256,502	265,356	265,332
Other	3,654	3,165	59	655	603
<b>Total Current Assets</b>	<b>564,893</b>	<b>612,466</b>	<b>649,887</b>	<b>636,069</b>	<b>694,969</b>
<b>Non-current Assets</b>					
Funds held by the federal government	5,227	12,852	7,325	7,133	6,939
Investments	490,843	605,453	711,617	731,102	779,689
Restricted assets	122,026	131,134	145,244	156,745	163,574
Capital assets					
Operating assets, less accum depr	351,754	346,497	370,933	461,651	515,444
Permanent service right, less accum amort	975,053	958,766	938,802	920,677	902,551
Agriculture water allocation	47,663	47,663	47,663	47,663	47,663
<b>Total Non-current Assets</b>	<b>1,992,566</b>	<b>2,102,365</b>	<b>2,221,584</b>	<b>2,324,971</b>	<b>2,415,860</b>
<b>Total Assets</b>	<b>2,557,459</b>	<b>2,714,831</b>	<b>2,871,471</b>	<b>2,961,040</b>	<b>3,110,829</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension Valuation	10,363	16,366	16,280	16,247	16,214
<b>Total Deferred Outflows of Resources</b>	<b>10,363</b>	<b>16,366</b>	<b>16,280</b>	<b>16,247</b>	<b>16,214</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,567,822</b>	<b>\$ 2,731,197</b>	<b>\$ 2,887,751</b>	<b>\$ 2,977,287</b>	<b>\$ 3,127,043</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 56,290	\$ 83,308	\$ 75,762	\$ 35,537	\$ 35,529
Accrued payroll, payroll taxes & other accrued exp.	11,078	5,387	3,977	4,904	5,442
Unearned revenue	44,075	47,794	40,933	42,596	45,207
Accrued interest payable	17,293	15,865	14,362	12,893	11,422
Repayment obligation, due within one year	5,725	42,808	42,808	42,808	42,808
Asset retirement obligation due within one year	2,559	203	2,824	1,062	1,269
Contract revenue bonds, due within one year	40,456	5,910	2,120	2,225	2,335
<b>Total Current Liabilities</b>	<b>177,476</b>	<b>201,275</b>	<b>182,786</b>	<b>142,025</b>	<b>144,012</b>
<b>Non-current Liabilities</b>					
Repayment obligation, due after one year	856,623	813,815	771,007	728,199	685,391
Asset retirement obligation due after one year	21,235	21,870	18,844	17,782	16,513
Contract revenue bonds, due after one year	39,036	32,625	29,926	27,412	24,723
Non-Indian agriculture 9(d) debt	88,689	88,689	88,689	86,001	80,343
Other non-current liabilities	84,776	98,646	101,805	97,711	98,225
<b>Total Non-current Liabilities</b>	<b>1,090,359</b>	<b>1,055,645</b>	<b>1,010,271</b>	<b>957,105</b>	<b>905,195</b>
<b>Total Liabilities</b>	<b>1,267,835</b>	<b>1,256,920</b>	<b>1,193,057</b>	<b>1,099,130</b>	<b>1,049,207</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Customer deposits	44,011	36,357	41,272	38,815	40,043
Pension Valuation	16,158	13,103	13,103	13,103	13,103
<b>Total Deferred Inflows of Resources</b>	<b>60,169</b>	<b>49,460</b>	<b>54,375</b>	<b>51,918</b>	<b>53,146</b>
<b>NET POSITION</b>					
Net investment in capital assets.	379,096	408,266	462,106	554,599	635,742
Restricted	104,734	115,268	130,882	143,852	152,153
Unrestricted	755,988	901,283	1,047,331	1,127,788	1,236,795
<b>Total Net Position</b>	<b>1,239,818</b>	<b>1,424,817</b>	<b>1,640,319</b>	<b>1,826,239</b>	<b>2,024,690</b>
<b>Total Liabilities, Def Inflows &amp; Net Position</b>	<b>\$ 2,567,822</b>	<b>\$ 2,731,197</b>	<b>\$ 2,887,751</b>	<b>\$ 2,977,287</b>	<b>\$ 3,127,043</b>

# COMBINING SCHEDULE OF NET POSITION - BY FUND & ACCOUNT

(Thousands)

	2026 Budget	Elim	General Fund	Supp Water Account	CAGR Account	Captive Insurance Fund
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 293,267	\$ -	\$ 152,060	\$ -	\$ 122,487	\$ 18,720
Receivables	76,791	(1,175)	59,548	-	18,418	-
Water inventory	265,356	-	26,613	-	238,743	-
Other	655	(25)	(1,038)	-	1,708	10
<b>Total Current Assets</b>	<b>636,069</b>	<b>(1,200)</b>	<b>237,183</b>	<b>-</b>	<b>381,356</b>	<b>18,730</b>
<b>Non-current Assets</b>						
Funds held by the federal government	7,133	-	7,133	-	-	-
Investments	731,102	(2,350)	708,332	-	25,120	-
Restricted assets	156,745	-	89,225	10,410	54,860	2,250
Capital assets						
Operating assets, less accum depr	461,651	-	436,263	-	25,388	-
Permanent service right, less accum amort	920,677	-	920,677	-	-	-
Agriculture water allocation	47,663	-	47,663	-	-	-
<b>Total Non-current Assets</b>	<b>2,324,971</b>	<b>(2,350)</b>	<b>2,209,293</b>	<b>10,410</b>	<b>105,368</b>	<b>2,250</b>
<b>Total Assets</b>	<b>2,961,040</b>	<b>(3,550)</b>	<b>2,446,476</b>	<b>10,410</b>	<b>486,724</b>	<b>20,980</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension valuation	16,247	-	16,247	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>16,247</b>	<b>-</b>	<b>16,247</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,977,287</b>	<b>\$ (3,550)</b>	<b>\$ 2,462,723</b>	<b>\$ 10,410</b>	<b>\$ 486,724</b>	<b>\$ 20,980</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 35,537	\$ (1,200)	\$ 15,954	\$ -	\$ 16,933	\$ 3,850
Accrued payroll, payroll taxes & other	4,904	-	4,904	-	-	-
Unearned revenue	42,596	-	42,596	-	-	-
Accrued interest payable	12,893	-	12,893	-	-	-
Repayment obligation, due within one yr	42,808	-	42,808	-	-	-
Asset retirement obligation due within one year	1,062	-	1,062	-	-	-
Contract revenue bonds, due within one yr	2,225	-	2,225	-	-	-
<b>Total Current Liabilities</b>	<b>142,025</b>	<b>(1,200)</b>	<b>122,442</b>	<b>-</b>	<b>16,933</b>	<b>3,850</b>
<b>Non-current Liabilities</b>						
Repayment obligation, due after one year	728,199	-	728,199	-	-	-
Contact revenue bonds, due after one year	27,412	-	27,412	-	-	-
Non-Indian agriculture 9(d) debt	86,001	-	86,001	-	-	-
Asset retirement obligation due after one year	17,782	-	17,782	-	-	-
Other liabilities	97,711	-	97,711	-	-	-
<b>Total Non-current Liabilities</b>	<b>957,105</b>	<b>-</b>	<b>957,105</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,099,130</b>	<b>(1,200)</b>	<b>1,079,547</b>	<b>-</b>	<b>16,933</b>	<b>3,850</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Customer deposits	38,815	-	38,815	-	-	-
Pension Valuation	13,103	-	13,103	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>51,918</b>	<b>-</b>	<b>51,918</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>						
Net Investment in capital assets,	554,599	-	554,599	-	-	-
Restricted	143,852	-	76,332	10,410	54,860	2,250
Unrestricted	1,127,788	(2,350)	700,327	-	414,931	14,880
<b>Total Net Position</b>	<b>1,826,239</b>	<b>(2,350)</b>	<b>1,331,258</b>	<b>10,410</b>	<b>469,791</b>	<b>17,130</b>
<b>Total Liabilities, Def Inflows &amp; Net Position</b>	<b>\$ 2,977,287</b>	<b>\$ (3,550)</b>	<b>\$ 2,462,723</b>	<b>\$ 10,410</b>	<b>\$ 486,724</b>	<b>\$ 20,980</b>



# COMBINING SCHEDULE OF NET POSITION - BY FUND & ACCOUNT

(Thousands)

	2027 Budget	Elim	General Fund	Supp Water Account	CAGR Account	Captive Insurance Fund
<b>ASSETS:</b>						
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 348,783	\$ -	\$ 161,069	\$ -	\$ 170,003	\$ 17,711
Receivables	80,251	(1,500)	62,242	-	19,509	-
Water inventory	265,332	-	28,391	-	236,941	-
Other	603	-	(1,202)	-	1,795	10
<b>Total Current Assets</b>	<b>694,969</b>	<b>(1,500)</b>	<b>250,500</b>	<b>-</b>	<b>428,248</b>	<b>17,721</b>
<b>Non-current Assets:</b>						
Funds held by the federal government	6,939	-	6,939	-	-	-
Investments	779,689	(2,350)	756,542	-	25,497	-
Restricted assets	163,574	-	90,170	10,603	60,551	2,250
Capital assets						
Operating assets, less accum depr	515,444	-	490,074	-	25,370	-
Permanent service right, less accum amort	902,551	-	902,551	-	-	-
Agriculture water allocation	47,663	-	47,663	-	-	-
<b>Total Non-current Assets</b>	<b>2,415,860</b>	<b>(2,350)</b>	<b>2,293,939</b>	<b>10,603</b>	<b>111,418</b>	<b>2,250</b>
<b>Total Assets</b>	<b>\$ 3,110,829</b>	<b>(3,850)</b>	<b>2,544,439</b>	<b>10,603</b>	<b>539,666</b>	<b>19,971</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension valuation	16,214	-	16,214	-	-	-
<b>Total Deferred Outflows</b>	<b>16,214</b>	<b>-</b>	<b>16,214</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 3,127,043</b>	<b>\$ (3,850)</b>	<b>\$ 2,560,653</b>	<b>\$ 10,603</b>	<b>\$ 539,666</b>	<b>\$ 19,971</b>
<b>LIABILITIES:</b>						
<b>Current Liabilities:</b>						
Accounts payable	\$ 35,529	\$ (1,500)	\$ 16,398	\$ -	\$ 17,281	\$ 3,350
Accrued payroll, payroll taxes & other	5,442	-	5,442	-	-	-
Unearned revenue	45,207	-	45,207	-	-	-
Accrued interest payable	11,422	-	11,422	-	-	-
Repayment obligation, due within one yr	42,808	-	42,808	-	-	-
Asset retirement obligation due within one year	1,269	-	1,269	-	-	-
Contract revenue bonds, due within one yr	2,335	-	2,335	-	-	-
<b>Total Current Liabilities</b>	<b>144,012</b>	<b>(1,500)</b>	<b>124,881</b>	<b>-</b>	<b>17,281</b>	<b>3,350</b>
<b>Non-current Liabilities:</b>						
Repayment obligation, due after one year	685,391	-	685,391	-	-	-
Contact revenue bonds, due after one year	24,723	-	24,723	-	-	-
Non-Indian agriculture 9(d) debt	80,343	-	80,343	-	-	-
Asset retirement obligation due after one year	16,513	-	16,513	-	-	-
Other liabilities	98,225	-	98,225	-	-	-
<b>Total Non-current Liabilities</b>	<b>905,195</b>	<b>-</b>	<b>905,195</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,049,207</b>	<b>(1,500)</b>	<b>1,030,076</b>	<b>-</b>	<b>17,281</b>	<b>3,350</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Customer deposits	40,043	-	40,043	-	-	-
Pension Valuation	13,103	-	13,103	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>53,146</b>	<b>-</b>	<b>53,146</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION:</b>						
Net Investment in capital assets,	635,742	-	635,742	-	-	-
Restricted	152,153	-	78,749	10,603	60,551	2,250
Unrestricted	1,236,795	(2,350)	762,940	-	461,834	14,371
<b>Total Net Position</b>	<b>2,024,690</b>	<b>(2,350)</b>	<b>1,477,431</b>	<b>10,603</b>	<b>522,385</b>	<b>16,621</b>
<b>Total Liabilities, Def Inflows &amp; Net Position</b>	<b>\$ 3,127,043</b>	<b>\$ (3,850)</b>	<b>\$ 2,560,653</b>	<b>\$ 10,603</b>	<b>\$ 539,666</b>	<b>\$ 19,971</b>



Arizona Desert



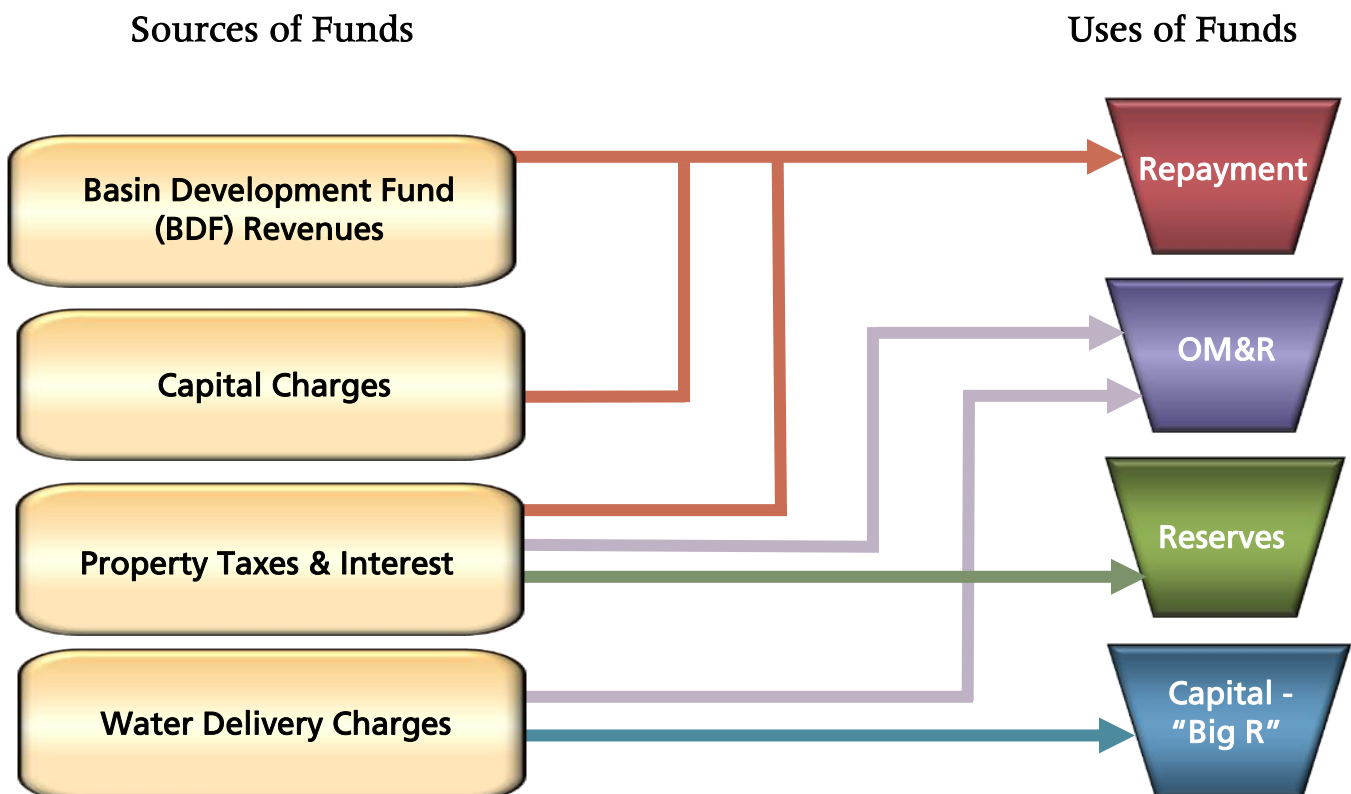
# GENERAL FUND

The General Fund has the largest share of CAWCD's financial activities. The Statement of Revenues, Expenses and Changes in Net Position 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 for extraordinary maintenance projects, underground storage project (recharge) operations, recovery 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, 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 obligation. 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) 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



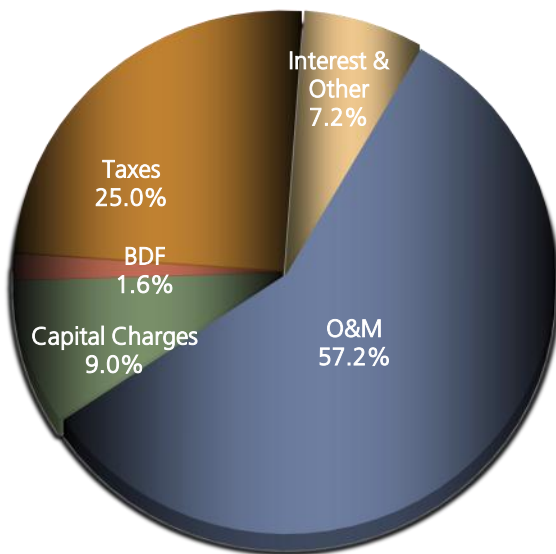
# REVENUES

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 57% of total revenue for both 2026 and 2027. Property taxes (which include 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.

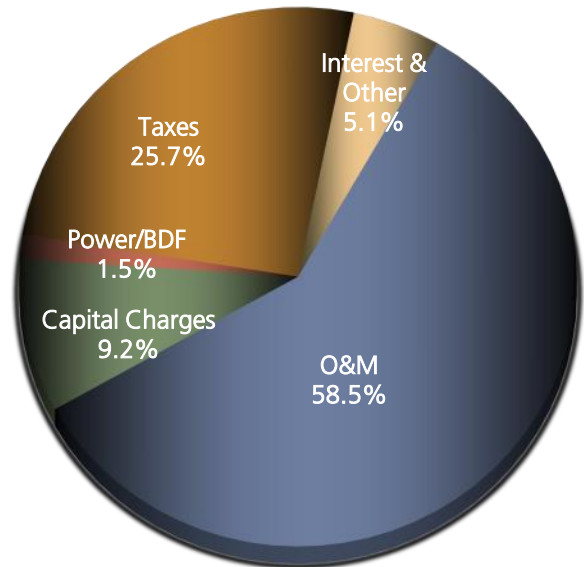
**General Fund -2026 Revenues**

(\$447.5 Million)

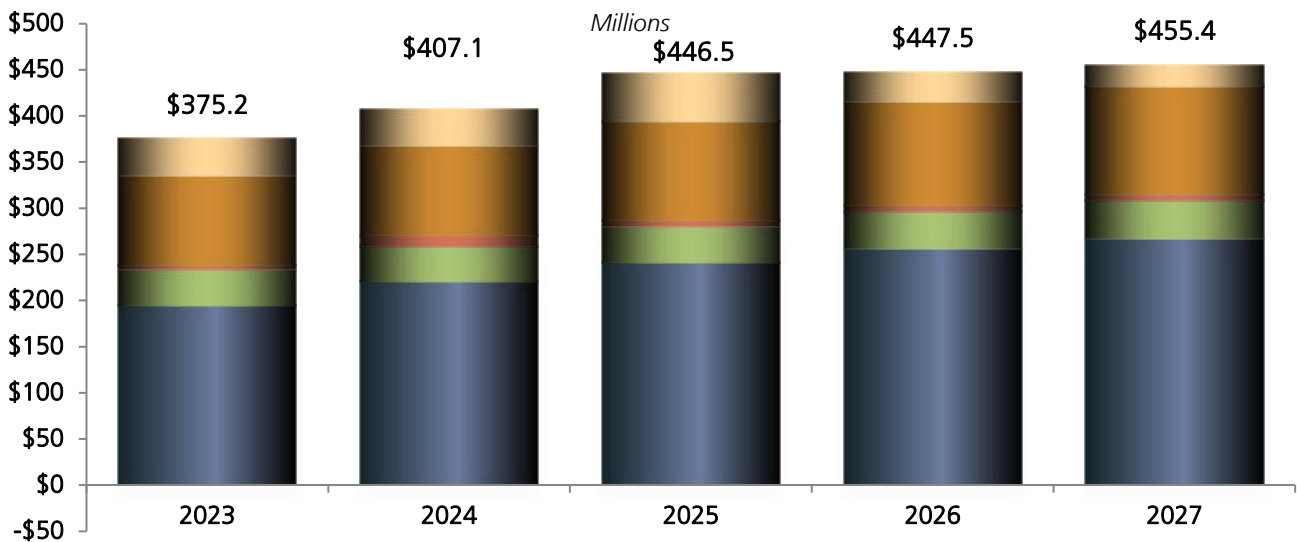


**General Fund -2027 Revenues**

(\$455.4 Million)



**General Fund Revenues**



■ Water operations & maintenance charges  
 ■ Basin Development Fund revenues  
 ■ Interest other

■ Water service capital charges  
 ■ Property taxes



## EXPLANATION OF CHANGES

Total General Fund revenues are projected to increase \$1.0 million for 2026 and increase another \$8.1 million in 2027. The following discussion further explains the changes in the 2026/2027 revenue budget.

(Millions)	2025 Projection	2026 Budget	2027 Budget	26 vs 25 incr/(decr)	27 vs 26 incr/(decr)
Water O&M charges	\$ 241.2	\$ 255.8	\$ 266.4	\$ 14.6	\$ 10.6
Capital charges	38.6	40.5	42.0	1.9	1.5
BDF revenues	7.2	7.0	6.7	(0.2)	(0.3)
Reimbursements & Other Operating	2.2	2.7	2.0	0.5	(0.7)
Property taxes	106.5	111.7	117.0	5.2	5.3
Interest & Other Nonoperating	50.8	29.8	21.3	(21.0)	(8.5)
Total	\$ 446.5	\$ 447.5	\$ 455.4	\$ 1.0	\$ 7.9

### *Water O&M Charges*

As discussed in the Water Delivery Volumes and Water O&M Charges (see pages 2-4 through 2-7) water O&M revenue is directly linked to the amount of water that is delivered and the rates that are charged (see pages 7-3 and 7-4). Although it is anticipated that 2026 and 2027 will be Tier 1 delivery years, conservation reduces the water deliveries (including credits) to 827.1 thousand acre-feet for each year. Water deliveries for 2025 are projected to be 890.4 thousand acre-feet. Deliveries are less than in prior years due to various conservation programs which leave water in Lake Mead.

When deliveries decrease, the Fixed OM&R 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 to the change in the energy cost.

Water O&M revenue is impacted by the amount of water storage tax that the Arizona Water Banking Authority (AWBA) uses to pay for CAP water it receives. 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 lack of excess water, no deliveries have occurred or have been planned for AWBA in the last few years.

### *Capital Charges*

Capital charge revenue is based on \$54 per acre-foot for 2025, \$56 per acre-foot in 2026 and \$58 per acre-foot in 2027. Capital charges are paid on M&I water allocations or entitlements, not delivery. Any 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).

## BDF Revenues

Certain revenues are applied directly to the Basin Development Fund, which is held by the U.S. Bureau of Reclamation (USBR) 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 USBR. BDF revenue is shown in the following table:

(Millions)	2025 Projection	2026 Budget	2027 Budget	26 vs 25 incr/(decr)	27 vs 26 incr/(decr)
Hoover 4.5 mil revenue	\$ 2.8	\$ 3.0	\$ 2.8	\$ 0.2	\$ (0.2)
Parker-Davis 4.5 mil revenue	2.2	2.2	2.1	-	(0.1)
Net CAP transmission revenues	(0.7)	(1.0)	(1.1)	(0.3)	(0.1)
Land-related revenue	0.8	0.8	0.8	-	-
Misc NGS revenues	2.1	2.0	2.1	(0.1)	0.1
Total	\$ 7.2	\$ 7.0	\$ 6.7	\$ (0.2)	\$ (0.3)

## 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 Property Value (LPV). The Board establishes the tax rates each June for the following tax year and may change the tax 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 with payment for the associated Fixed OM&R costs made from property taxes (known as the Ag Consideration). This pool was initially 400,000 acre-feet, but decreased to 300,000 in 2017, then decreased again to 225,000 in 2024 and will finally decrease 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 2026 or 2027 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 the Extraordinary Cost Reserve.

In June 2025, 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 2025/2026.

These rates have been maintained in the 2026/2027 budget; however, as the Board makes an annual decision on setting the tax rates, these projections are subject to change significantly.

(Millions)				
Calendar Year	General Ad Valorem Tax	Water Storage Ad Valorem Tax	Total Revenue	Year-over-Year incr/(decr)
2023	\$69.3	\$28.0	\$97.3	\$5.5
2024	67.2	29.4	96.6	(0.7)
2025	75.8	30.7	106.5	10.2
2026	79.5	32.2	111.7	4.9
2027	83.3	33.7	117.0	4.7



### *Interest & Other Nonoperating Income*

Interest & other nonoperating income is projected to be at \$29.8 million in 2026 and \$21.3 million in 2027. Funds are invested with the Arizona State Treasurer in interest bearing accounts, with approximately 24% of total funds invested in pool 5, (short-term investments under 1 year), and the remaining 76% invested in Pool 12 (longer term investments, averaging 4.5 years).

### *Reimbursements & Other Revenue*

Reimbursements & other revenue is mostly revenue from recharge O&M with some smaller revenues from recovery operations, customer land use reimbursements and other miscellaneous revenues. These revenues are anticipated to remain stable for 2026 and 2027.







The CAP

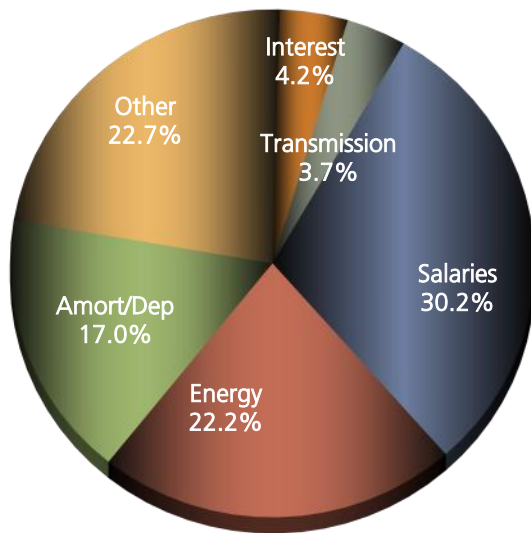


# EXPENSES

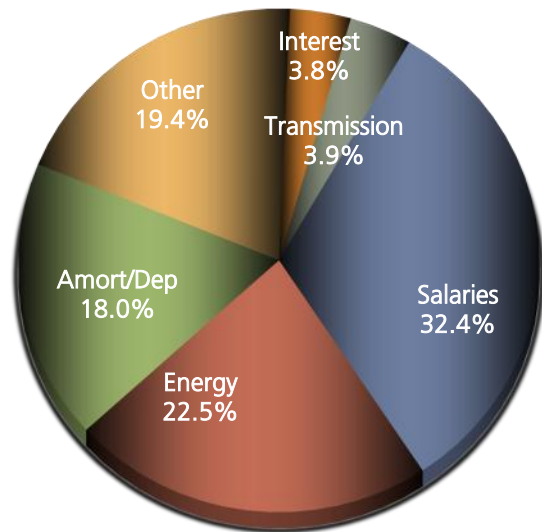
Expenses consist of salaries and related costs, pumping energy; amortization and depreciation; interest; and other costs, which are primarily outside services, supplies and transfers to AWBA.

Salaries and related costs is the District's most significant expense, accounting for 30.1% of the 2026 expenses and 32.4% of the 2027 expenses. Pumping energy represents the second largest category, followed by other costs, amortization and depreciation, interest expense, and transmission costs.

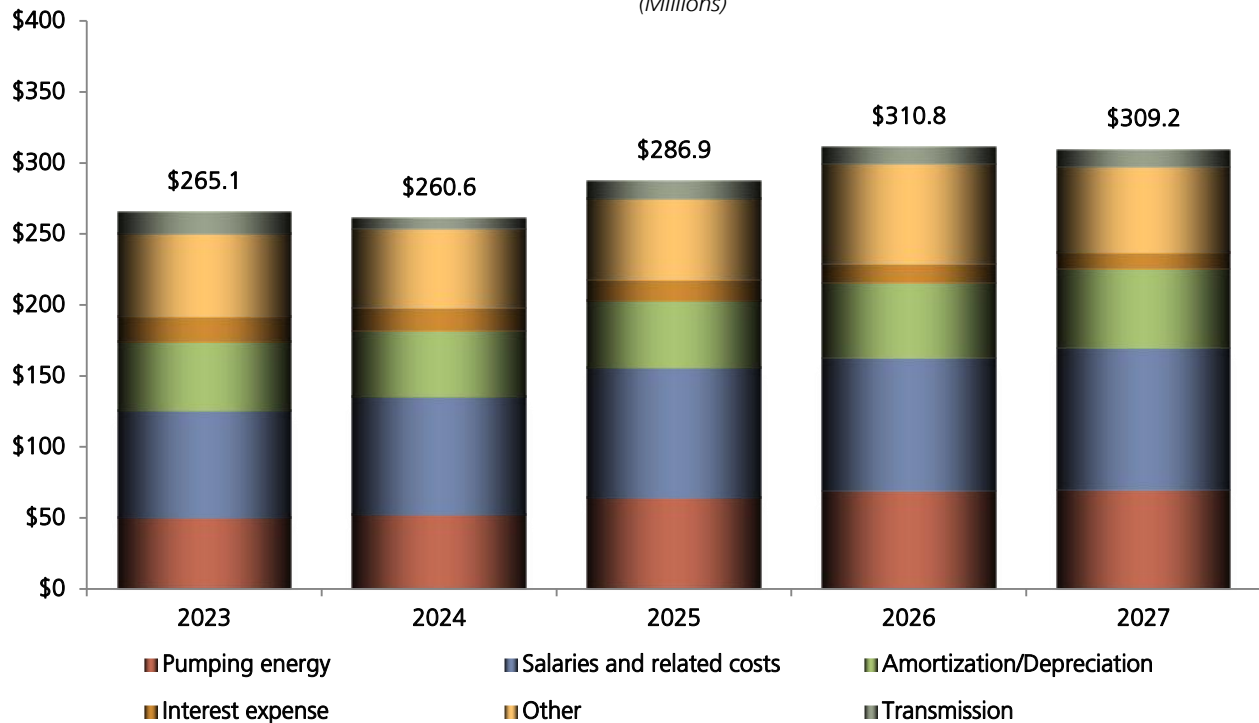
**General Fund -2026 Expenses**  
(\$310.8 Million)



**General Fund -2027 Expenses**  
(\$309.2 Million)



**General Fund Expenses**  
(Millions)







Inside Bouse Hills - Discharge Valve Replacement



# LARGE PLANNED MAINTENANCE ITEMS FOR 2026/2027

## UNIT OVERHAULS

Based on data collected from periodic inspections and testing, 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 2026/2027 budget cycle, CAP will overhaul pumping units at various pumping plants.

### 2026 UNIT OVERHAULS

- Mark Wilmer Unit Three Rotor Pole Replacement
- Little Harquahala Pumping Plant Unit Five Pump Overhaul.
- Salt Gila Pumping Plant Unit Seven Pump Overhaul
- Picacho Pumping Plant Unit One Pump Overhaul
- Picacho Pumping Plant Unit Four Pump Overhaul
- Twin Peaks Pumping Plant Unit Five Pump Overhaul
- Brawley Pumping Plant Unit Two Motor Rewind
- Snyder Hill Pump Plant Unit Seven Stator Rewind

### 2027 UNIT OVERHAULS

- Mark Wilmer Unit Six Motor Foreign Object Damage Repairs
- Bouse Hills Pumping Plant Unit Three Pump Overhaul
- Hassayampa Pumping Plant Unit Two Pump Overhaul
- Salt Gila Pumping Plant Unit Seven Pump Overhaul
- San Xavier Pumping Plant Unit Four Pump Overhaul
- Snyder Hill Pumping Plant Unit Six Pump Overhaul

### 2026 / 2027 TUNNEL INSPECTIONS

- Agua Fria Siphon 10 Year Inspection



## CORRECTIVE MAINTENANCE PLANNED 2026-27

### Brawley Pumping Plant

- Unit 2-4 Discharge Valve Replacement
- Pumping Plant Discharge Air Compressor Controls
- Replace Discharge Valves

### Black Mountain Pumping Plant

- Replace Exciter Rotating Packages

### Hassayampa Pumping Plant

- Unit 4-7 Breaker Replacement Project

### Little Harquahala Pumping Plant

- Inlet Water Level Monitoring

### Mark Wilmer Pumping Plant

- Unit 3 Rotor Pole Replacement
- Transformer KW1A Oil Leak Repair & Process
- Unit 6 Motor Foreign Object Damage Repairs
- Annual Forebay Weed Treatment

### Salt Gila Pumping Plant

- Service Air Compressor Replacement
- Spare Discharge Valve Modifications
- Unit 6-10 Bearing Thermal Probe
- Power Feed Hardening Project

### Sandario Pumping Plant

- Unit 1-3 Pump Column Pipe and Suction Bell Coating Repairs

## CORRECTIVE MAINTENANCE PLANNED 2026-27

### San Xavier Pumping Plant

- Pumping Plant Discharge Air Compressor Controls
- Replace Discharge Valves

### Twin Peaks Pumping Plant

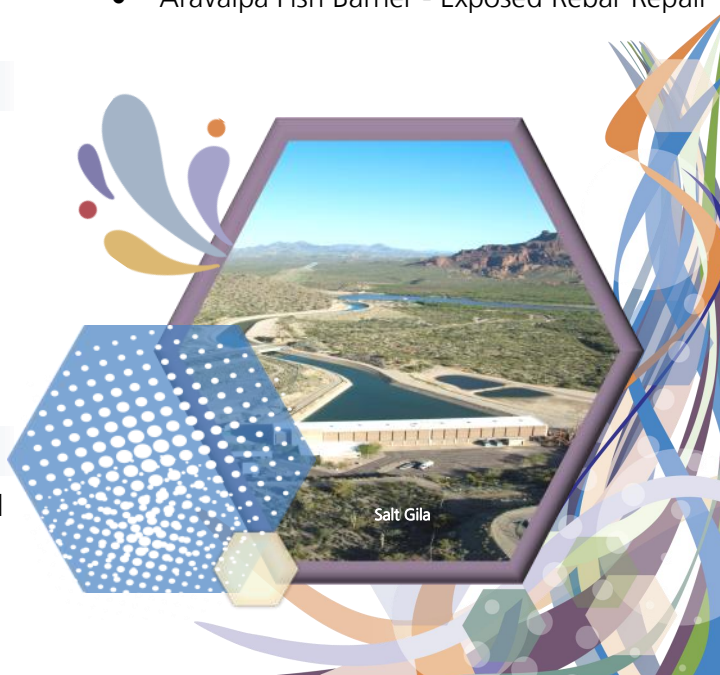
- Unit 1-2 Pump Suction Bell Coating Repairs/ Pump Bearing Housing
- PTWP - Overchute Coatings ROM Recommendation

### Waddell P/G Plant

- Unit Cooling & Raw Water Strainer Replacement
- Towers Left Plant Gate Oil Leak
- Fire Pump Replacement
- UZ1B 480V Non-Seg Bus Replacement
- Fixed Cone Repair

### Miscellaneous

- Aravaipa Fish Barrier - Exposed Rebar Repair





## PREVENTATIVE MAINTENANCE 2026 / 2027

### Bouse Hills Pumping Plant

- EM Inspection of the Right Discharge Manifold and Pipeline 10 Year PM
- Inspection of Discharge Pipe and Discharge Manifold 5 Year PM
- Replace Discharge Valves

### Brady Pumping Plant

- EM Inspection of Discharge Pipeline 10 Year PM
- Inspection of Discharge Pipe and Manifold 5 Year PM

### Hassayampa Pumping Plant

- EM Inspection of the Left Discharge Manifold and Pipeline 10 Year PM
- Inspection of Discharge Pipe and Discharge Manifold 5 Year PM
- Units 6-10 Discharge Valve 5 Year PM

### Little Harquahala Pumping Plant

- Unit 5 Circuit Breaker 5 Year PM

### Picacho Pumping Plant

- Electromagnetic Inspection of Discharge Pipe and Manifold 10 Year PM
- Inspection of Discharge Pipe and Discharge Manifold 5 Year PM

### Sandario Pumping Plant

- Power Circuit Breaker 10 Year PM

## PREVENTATIVE MAINTENANCE 2026 / 2027

### San Xavier Pumping Plant

- Electromagnetic Inspection of Discharge Pipe and Discharge Manifold 10 Year
- Inspection of Discharge Pipe and Manifold 5 Year PM

### Waddell P/G Plant

- Inspection of Left Discharge Intake, Bypass, and Discharge Manifold 5 year
- UZ1B 480V Non-Seg Bus Replacement
- Fixed Cone Valve Replacement

## CHECKS & TURNOUTS - GATES 2026 / 2027

- 2026 MCM - Gate 1 and Gate 2 Turnout 5 Year PM
- 2026 Agua Fria Siphon - Replace 48" Butterfly Guard Valve in blowoff structure
- 2026 10 Gates at Six Sites
- 2027 11 Gates at Seven Sites





## PRIMARY INITIATIVES - TECHNOLOGY AND GOVERNANCE 2026/2027

- With core Enterprise Systems moved into the cloud, Technology and Governance will put resources into assessing current applications for scalability and security to determine future tier 1 system decisions.
- Concept development and education on AI capabilities to implement secured use cases for CAP personnel.
- Enhancement of CAP's security posture through the implementation of modern security tools, implementation of CISA's security recommendations, and broadening CAP's partnership with agencies and security panels.
- Expand skill set training in the technology divisions to maintain pace with security, application, and development modernization requirements.
- Further utilize centralized data reporting to contain third-party and licensing costs.
- Begin the migration and modernization of CAP's Document Management System to increase usability, supportability, and rationalization of unneeded licenses.
- Integration of GIS Capabilities into Teams to allow for efficiency and security. This includes drone mapping and security capabilities, as well as mobility tools to allow for quicker response to canal situations.
- Implementation of modernized and resilient communications capabilities throughout the CAP system.



## 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.

	2025	2026	2027	26 vs 25	27 vs 26
(Millions)	Projection	Budget	Budget	incr/(decr)	incr/(decr)
Salaries and related costs	\$ 91.6	\$ 93.7	\$ 100.1	\$ 2.1	\$ 6.4
Pumping energy	64.5	69.1	69.7	4.6	0.6
Transmission	12.0	11.6	12.0	(0.4)	0.4
Amortization/Depreciation	47.0	52.7	55.6	5.7	2.9
Other operating expenses	49.0	70.1	59.7	21.1	(10.4)
Interest & non-operating expenses	22.8	13.6	12.1	(9.2)	(1.5)
Total expenses	\$ 286.9	\$ 310.8	\$ 309.2	\$ 23.9	\$ (1.6)

The following discussion further explains the 2026/2027 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, there are three additional full-time equivalents (FTEs) being added during the current budget period. Salary increases are budgeted at an average of 7% in 2026 and 6% in 2027, and include merit increases, position market alignment and other salary adjustments. The District performs periodic focused salary surveys to insure market competitiveness.

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 each of 2026 and 2027. Overall, salaries and related costs are anticipated to increase \$2.1 million in 2026 and \$6.4 million in 2027 for the General Fund. The 2027 increase is partly related to fewer salaries and related expenses being charged to capital projects.

### *Pumping Energy Costs*

Five factors influence pumping energy costs:

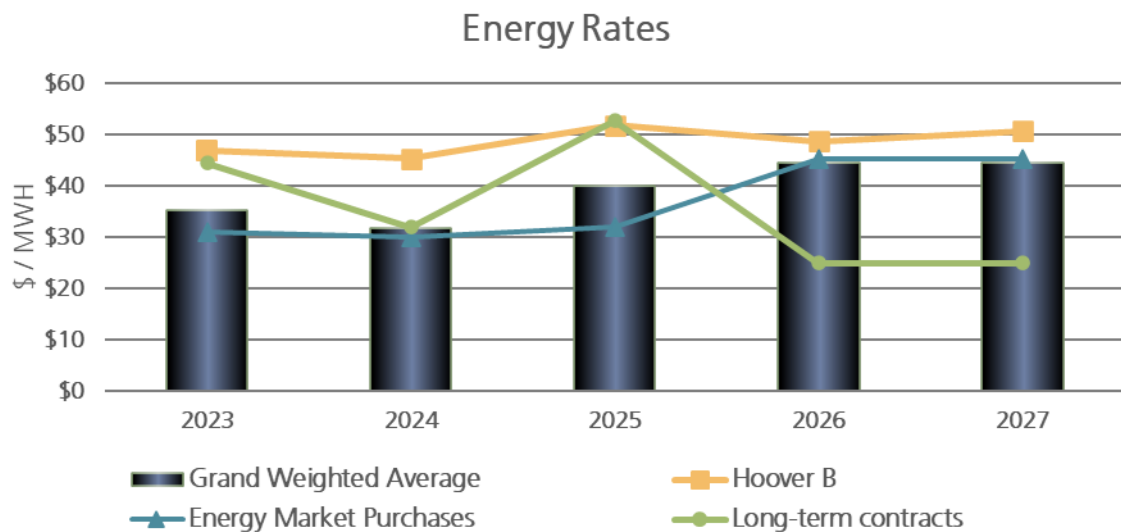
- The amount of energy needed to divert water from the Colorado River;
- The number of pumping stations through which the water travels to arrive at its delivery point;
- The increase or decrease in water inventory in both Lake Pleasant and Lake Roosevelt;

- The unit cost of purchased energy; and
- The energy trading markets

Energy costs increase in 2026 as a result of the uncertainty of the forward energy prices. The average cost per MWh is anticipated to increase by approximately 11% percent from 2025 to 2026, and remain flat from 2026 to 2027. The increase in 2026 is mainly attributable to the average energy 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 increase slightly from 2026 to 2027, due to anticipated increase in expenses on the Navajo Transmission System. 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) were combined into one formula rate for transmission service.



### *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 2026 and \$18.1 million for 2027, based on the preset amortization schedule.

Depreciation expense is anticipated to increase to \$34.6 million in 2026 and \$37.5 million in 2027, due to capital spending to maintain an aging infrastructure and additions to capital equipment, buildings and structures.

### *Other Operating Expenses*

This category includes expenses such as property and casualty insurance, licenses, fees, permits, Multi-Species Conservation Program (MSCP) fees, outside services, materials and supplies and other costs related to travel, and overhead allocation. Other operating expenses are anticipated to be \$70.1 million in 2026 and \$59.7 million in 2027. Board elections occur in even-numbered years and cause year-over-year variances. Certain outside services can also cause fluctuations year-to-year. Due to the current Colorado River negotiations, a \$6 million expense has been included in each year to cover potential litigation costs. Additionally, conservation initiatives of \$4 million in 2026 and \$5 million in 2027 have been included in the budget. Insurance expense continues to see increases of about 10% annually.

Extraordinary maintenance projects also may cause variability from year-to-year. In 2025, there is projected to be \$2.8 million in extraordinary maintenance projects, with \$12.9 million planned in 2026.

### *Interest & Other Non-Operating Expenses*

Interest expense is anticipated to be \$22.8 million in 2025, \$13.6 million in 2026 and \$12.1 million in 2027. 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.

The AWBA is anticipated to receive \$0.4 million in each 2026 and 2027 for administration costs. In 2025 there were transfers totaling \$7.9 million 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 2026 or 2027.

## CHANGE IN NET POSITION

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  
(Thousands)

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>Water Deliveries with credits (acre-feet in thousands)</b>	806	884	890	827	827
<b>Operating Revenues</b>					
Water operations & maintenance charges	\$ 194,419	\$ 220,325	\$ 241,197	\$ 255,814	\$ 266,361
Water service capital charges	38,463	38,606	38,596	40,520	41,967
Basin Development Fund revenues	5,039	11,841	7,179	6,950	6,751
Reimbursements and other revenues	5,026	2,984	2,221	2,701	2,063
<b>Total Operating Revenues</b>	242,947	273,756	289,193	305,985	317,142
<b>Operating Expenses</b>					
Salaries and related costs	(75,567)	(83,050)	(91,622)	(93,734)	(100,057)
Energy	(50,082)	(52,469)	(64,514)	(69,092)	(69,736)
Transmission	(14,938)	(7,145)	(12,045)	(11,564)	(11,971)
Amortization of permanent service right	(21,782)	(18,125)	(18,125)	(18,125)	(18,125)
Depreciation and Amortization	(26,857)	(27,986)	(28,855)	(34,607)	(37,457)
Other operating expenses					
Outside services	(43,523)	(28,487)	(31,498)	(53,740)	(43,000)
Materials and supplies	(10,501)	(11,053)	(10,426)	(11,930)	(11,450)
Overhead	7,112	6,900	6,356	7,511	6,982
Other expenses	(10,965)	(11,752)	(13,479)	(11,962)	(12,255)
Subtotal	(57,877)	(44,392)	(49,047)	(70,121)	(59,723)
<b>Total Operating Expenses</b>	(247,103)	(233,167)	(264,208)	(297,243)	(297,069)
<b>Operating Income/(Loss)</b>	(4,156)	40,589	24,985	8,742	20,073
<b>Non-operating Revenues</b>					
Property taxes					
General ad valorem tax	69,269	67,181	75,854	79,541	83,279
Water storage tax	28,022	29,431	30,675	32,167	33,678
Subtotal	97,291	96,612	106,529	111,708	116,957
Interest income & other non-operating revenues	34,953	36,808	50,737	29,807	21,303
<b>Subtotal Non-operating Revenues</b>	132,244	133,420	157,266	141,515	138,260
<b>Non-operating Expenses</b>					
Disbursements to AWBA	(541)	(11,284)	(8,116)	(420)	(448)
Interest and uncollectable tax expense	(17,479)	(16,109)	(14,651)	(13,188)	(11,712)
<b>Subtotal Non-operating Expenses</b>	(18,020)	(27,393)	(22,767)	(13,608)	(12,160)
<b>Total Non-operating Revenues/(Loss)</b>	114,224	106,027	134,499	127,907	126,100
<b>Change in Net Position</b>	110,068	146,616	159,484	136,649	146,173
Net Position at beginning of year	778,441	888,509	1,035,125	1,194,609	1,331,258
Net Position at end of year	\$ 888,509	\$ 1,035,125	\$ 1,194,609	\$ 1,331,258	\$ 1,477,431



**EXTRAORDINARY MAINTENANCE & OPERATING PROJECTS**  
**(INCLUDED IN GENERAL FUND)**  
*(Thousands)*

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>Expenses</b>					
Salaries and related costs	\$ (278)	\$ (306)	\$ (372)	\$ (537)	\$ -
Other operating expenses					
Outside services	(1,370)	(1,775)	(2,010)	(11,880)	-
Materials and supplies	(4)	(17)	(30)	-	-
Other costs	(343)	(315)	(394)	(501)	-
Subtotal	(1,717)	(2,107)	(2,434)	(12,381)	-
<b>Total Expenses</b>	<b>\$ (1,995)</b>	<b>\$ (2,413)</b>	<b>\$ (2,806)</b>	<b>\$ (12,918)</b>	<b>\$ -</b>

**Expense Summary**

EM-Reline Discharge Lines & Manifolds at Salt Gila*	\$ -	\$ (2,413)	\$ (2,432)	\$ (227)	\$ -
EM-Agua Fria Siphon Lining Repairs*	-	-	(362)	(10,448)	-
EM-Waterline Installation PFO*	-	-	(12)	(2,243)	-
EM-Storm Damage Repairs Pool 34**	(68)	-	-	-	-
EM-MWP Suction Tubes & BSH Right Manifold Reline*	(1,927)	-	-	-	-
<b>Total Expenses</b>	<b>\$ (1,995)</b>	<b>\$ (2,413)</b>	<b>\$ (2,806)</b>	<b>\$ (12,918)</b>	<b>\$ -</b>

\*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.



# Salt Gila Reline Discharge Lines & Manifolds

PROJECT #: 710042

FUNDING SOURCE: "Big R"

START DATE: 1st Quarter 2024

COMPLETION DATE: 2nd Quarter 2026

TOTAL PROJECT COST: \$5,072,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 5,072	\$ 4,845	\$ 227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

## 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" has already been relined during the fall outage of 2024, and the "right plant" has begun work during the fall outage of 2025. Work will complete and closeout by Q2 of 2026.

## 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.

## 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.



# Agua Fria Siphon Lining Repairs

PROJECT #: 710043  
FUNDING SOURCE: "Big R"

START DATE: 2nd Quarter 2025  
COMPLETION DATE: 4th Quarter 2026  
TOTAL PROJECT COST: \$10,810,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 10,810	\$ 362	\$ 10,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

### DESCRIPTION:

The Agua Fria Siphon Reline Project involves removing and replacing the deteriorated coal tar epoxy lining inside the Agua Fria steel siphon pipeline, originally installed in the late 1990s. Work will focus on the pipe invert, where corrosion, rust, and pitting are most extensive. The project will use a 100% solids epoxy coating system, applied after abrasive blasting and substrate restoration. Construction is scheduled for summer 2026, following a scope-confirming inspection in 2025.

### JUSTIFICATION:

Roughly 20% of the original liner has failed, exposing the steel substrate to corrosion, particularly along the pipeline's lower sections. Extensive pitting, blistering, and joint corrosion have been documented, necessitating rehabilitation to prevent further structural degradation and ensure long-term reliability. The reline will restore internal protection and extend the pipeline's service life.

### OPERATING IMPACT:

Two planned outages will be required: a short one in July 2025 for inspection and a full outage from June to September 2026 for relining work. Coordination with Water Control has secured the outage windows, and stoplog seal inspections and staging will be conducted in advance to support dewatering.



### SOCIAL IMPACT:

There are no direct public or community disruptions expected. The project ensures uninterrupted long-term water delivery reliability, benefiting regional stakeholders.

### ENVIRONMENTAL IMPACT:

Environmental impacts are minimal but will be managed through coordination with CAP biologists and environmental staff. Fish removal, nuisance water control, and confined space safety plans will be implemented to protect local ecosystems and ensure regulatory compliance.

# Waterline Installation - Pinal Field Office

PROJECT #: 710044

FUNDING SOURCE: "Big R"

START DATE: 1st Quarter 2026

COMPLETION DATE: 4th Quarter 2026

TOTAL PROJECT COST: \$2,255,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 2,255	\$ 12	\$ 2,243	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

### DESCRIPTION:

The PFO Potable Water Project will construct a new permanent waterline connection to the Pinal Field Office through a partnership with the Arizona Water Company (AWC). The project replaces a previously proposed water tank and delivery system, shifting to a fixed water line due to its greater long-term value. Final design was completed in May 2025, with construction scheduled to begin in mid-2026 and completion expected by the end of that year. CAP will participate as a cost-sharing partner in design and construction managed by AWC.

### JUSTIFICATION:

A cost-benefit analysis determined that the fixed waterline, although more expensive upfront, provides lower life cycle costs and greater reliability. This solution ensures a consistent, safe potable water supply to meet EPA mandates and long-term operational needs. The change was approved by the Project Steering Committee in October 2024 after thorough technical and financial review.

### OPERATING IMPACT:

No operational impacts

### SOCIAL IMPACT:

The project supports staff health and workplace safety by guaranteeing access to safe drinking water. Discussions around potential cost-sharing with neighboring stakeholders like the City of Apache Junction and Pinal County could provide additional regional benefit and collaboration.

### ENVIRONMENTAL IMPACT:

The permanent waterline reduces long-term environmental risks by eliminating the need for a tank system that may require more frequent maintenance and inspections. Construction will follow applicable permitting and environmental standards, minimizing short-term disturbances.





# CENTRAL ARIZONA WATER CONSERVATION DISTRICT

## UNDERGROUND STORAGE (RECHARGE) PROGRAM

In 1996, CAWCD began recharging water in an effort to increase the reliability of long-term water supplies. Recharge is a long-established and effective water management tool that allows renewable surface water supplies, such as the Colorado River, to be stored underground for recovery during of reduced water supply.

The recharging process involves systematically watering a site and allowing water to percolate down through the soil, replenishing underground aquifers. This “recharged” water may then be pumped out and used at a later date.

Artificial recharge is a water management tool commonly used to:

- Store excess surface water for future uses
- Replenish groundwater supplies
- Prevent or mitigate saltwater intrusion
- Improve water quality through natural filtration in the vadose (unsaturated) zone below the surface
- Prevent land subsidence

CAWCD currently operates six recharge projects, which can store more than 300,000 acre-feet of surplus water underground per year. These sites are an important component of operations and will provide Arizonans with a water supply they can rely on for years to come.

### Tonopah Desert Recharge

- **Operations began:** January 2006
- **Construction cost:** \$13 million
- **Infiltration rates:** 4-5 feet per day
- **Number of basins:** 19
- **Basin infiltration area:** 207 acres
- **Turn-out type:** Gravity turnout 300 cubic feet per second
- **Annual permitted volume:** 150,000 acre-feet



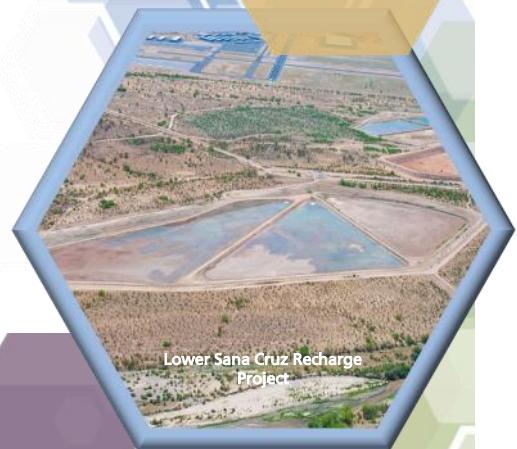
## Superstition Mountains Recharge

- Operations began: June 2011
- Construction cost: \$10 million
- Infiltration rates: 5-6 feet per day
- Number of basins: 2
- Basin infiltration area: 38 acres
- Turn-out Type: Pump 150 cubic feet per second
- Annual permitted volume: 56,500 acre-feet



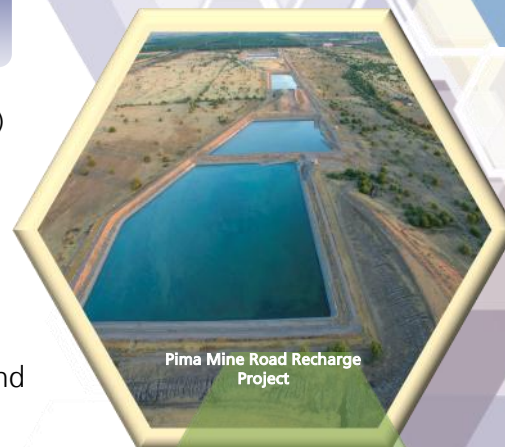
## Lower Santa Cruz Recharge

- Operations began: June 2000
- Construction cost: \$3.9 million
- Infiltration rates: 2.5 feet per day
- Number of basins: 3
- Basin infiltration area: 38 acres
- Turn-out Type: Pump 65 cubic feet per second
- Annual permitted volume: 50,000 acre-feet



## Pima Mine Road Recharge

- Operations began: December 2001 (Full scale)
- Construction cost: \$11 million
- Infiltration rates: 1.9 to 5.8 feet per day
- Number of basins: 5
- Basin infiltration area: 23 acres
- Turn-out Type: Gravity 90 cubic feet per second
- Annual permitted volume: 30,000 acre-feet







Pumping Station at  
Hieroglyphic Mountains  
Recharge Project



Hieroglyphic Mountains  
Recharge Project



Agua Fria Recharge Basins

## Hieroglyphic Mountains Recharge

- Operations began: January 2003
- Construction cost: \$5.7 million
- Infiltration rates: 3 feet per day
- Number of basins: 7
- Basin infiltration area: 38 acres
- Turn-out Type: Pump 100 cubic feet per second
- Annual permitted volume: 35,000 acre-feet

## Agua Fria Recharge

- Operations began: May 2002
- Construction cost: \$10.5 million
- Infiltration rates: 2-4 feet per day
- Number of basins: 7
- Basin infiltration area: 38 acres
- Turn-out Type: Gravity 350 cubic feet per second; operated at 150-175 cubic feet per second
- Annual permitted volume: 24,000 acre-feet



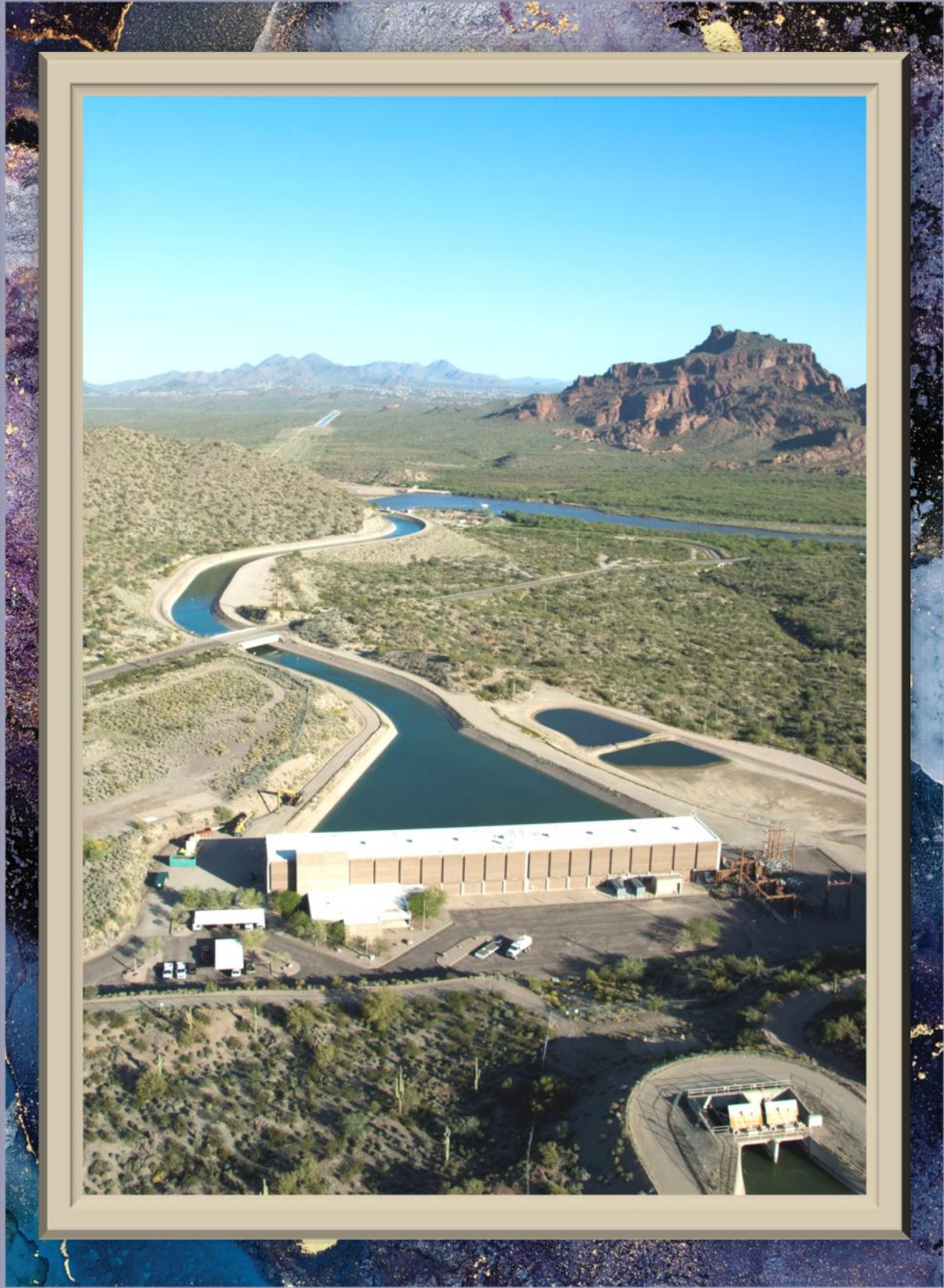


Forebay Red Mountain Unit 2



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

(Thousands)	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>Water Deliveries (acre-feet in thousands)</b>	70	97	76	51	51
<b>Revenues</b>					
Reimbursements and other revenues	969	1,381	1,096	765	765
<b>Total Revenues</b>	\$ 969	\$ 1,381	\$ 1,096	\$ 765	\$ 765
<b>Expenses</b>					
Salaries and related costs	(99)	(185)	(137)	(75)	(59)
Other operating expenses					
Outside services	(103)	(76)	(361)	(295)	(335)
Materials and supplies	(51)	(68)	(43)	(14)	(13)
Other expenses	(374)	(632)	(211)	(137)	(119)
Subtotal	(528)	(776)	(615)	(446)	(467)
<b>Total Expenses</b>	\$ (627)	\$ (961)	\$ (752)	\$ (521)	\$ (526)
<b>Change in Net Position</b>	342	420	344	244	239
Net Position at beginning of year	8,021	8,363	8,783	9,127	9,371
Net Position at end of year	\$ 8,363	\$ 8,783	\$ 9,127	\$ 9,371	\$ 9,610
<b>Expense Summary</b>					
Agua Fria	(44)	(66)	(42)	(61)	(48)
Hieroglyphic Mountains	(137)	(333)	(215)	(123)	(140)
Lower Santa Cruz	(99)	(207)	(129)	(97)	(80)
Pima Mine Road	(140)	(104)	(102)	(190)	(56)
Superstition Mountain	(200)	(205)	(162)	(44)	(196)
Tonopah	(7)	(46)	(102)	(6)	(6)
<b>Total Expenses</b>	\$ (627)	\$ (961)	\$ (752)	\$ (521)	\$ (526)



Salt Gila Pumping Plant



# CENTRAL ARIZONA WATER CONSERVATION DISTRICT RECOVERY PROGRAM

Since its inception in 1996, the AWBA in partnership with CAP, has stored more than four million acre-feet of CAP water in the aquifers of central and southern Arizona. This water has been stored in underground storage and groundwater savings facilities throughout the CAP service area.

The AWBA is not authorized to recover stored water and must rely on recovery partners. The Central Arizona Water Conservation District (CAWCD) has been designated as the primary recovery agent for the AWBA. In this role, CAP is responsible for recovering a portion of this stored water in support of:

- CAP municipal & industrial (M & I) subcontracts when there is a shortage in Colorado River water supplies
- The Southern Nevada Water Authority Agreement
- The Mohave County Water Authority Agreement

Recovery implementation involves the development of cooperative agreements and partnerships, development of recovery facilities including new infrastructure, and coordinating with stakeholders. Funding for recovery implementation is vital for CAP to fulfill its responsibilities.



Recovery well

STATEMENTS OF REVENUES, EXPENSES & CHANGES IN NET POSITION  
 RECOVERY OPERATIONS (INCLUDED IN GENERAL FUND)  
 (Thousands)

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>Revenues</b>					
Other revenues	\$ 129	\$ 32	\$ 71	\$ 71	\$ 71
<b>Total Revenues</b>	<u>129</u>	<u>32</u>	<u>71</u>	<u>71</u>	<u>71</u>
<b>Expenses</b>					
Salaries and related costs					
Other operating costs:					
Outside services	(402)	(260)	(118)	(571)	(1,571)
Materials and supplies					
Other expenses		(1)			
Total other operating costs	<u>\$ (402)</u>	<u>\$ (261)</u>	<u>\$ (118)</u>	<u>\$ (571)</u>	<u>\$ (1,571)</u>
<b>Total Expenses</b>					
Change in Net Position	(273)	(229)	(47)	(500)	(1,500)
Net position at beginning of period		(273)	(502)	(549)	(1,049)
Net position at end of period	<u>(273)</u>	<u>(502)</u>	<u>(549)</u>	<u>(1,049)</u>	<u>(2,549)</u>



# 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 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, but often necessary, if using groundwater to serve new development. Any city, town, water provider, or subdivision 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 24 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. CAGRD is required to prepare and submit a new plan of operation to ADWR every ten years. On December 30, 2024, CAGRD submitted its draft 2025 plan for ADWR's review. The draft 2025 plan was the culmination of three years of work by staff, the CAWCD Board, and stakeholders. The 2015 plan is effective through December 31, 2025, or approval of the 2025 plan, whichever comes first.



# REPLENISHMENT OBLIGATION

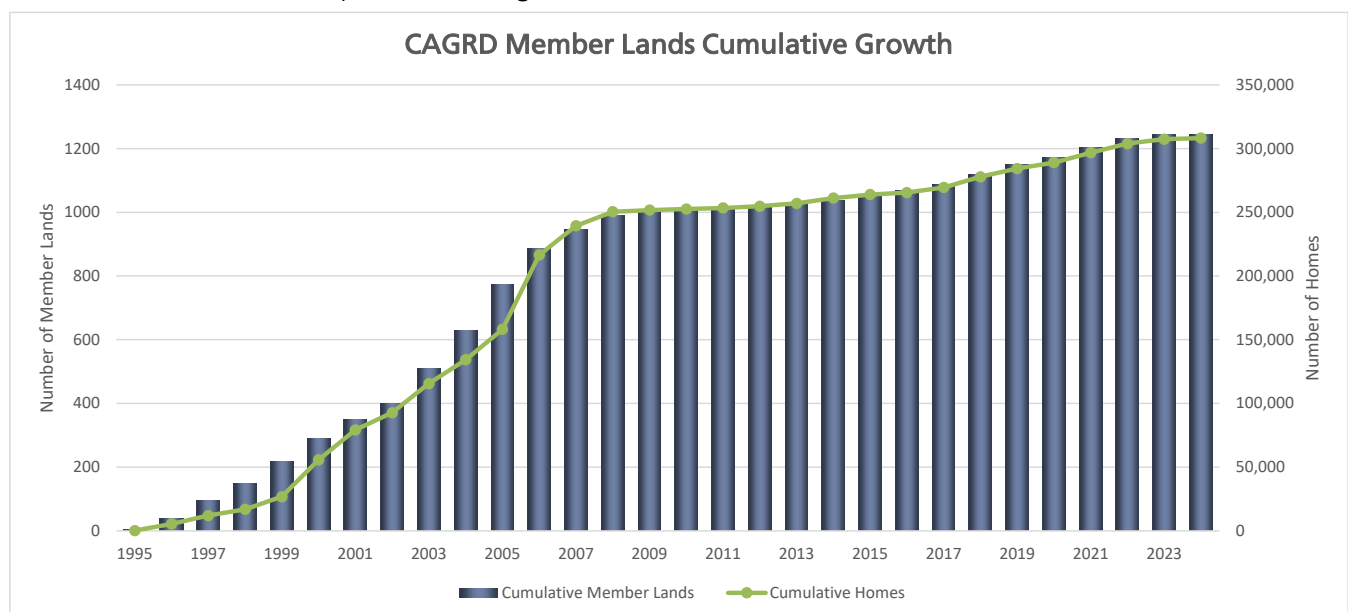
The first members were enrolled in CAGR D in 1995. As shown on the graph below, the number of enrolled ML subdivisions has grown to 1,244 through 2024, with more than 300,000 homes enrolled. To date, there have been three distinct periods in CAGR D's history: a fast growth period from 1995 through 2008, a slow growth period from 2009 – 2016 and a modest growth period from 2017 – 2024. Since June 2023, enrollment in CAGR D has been limited in part due to ADWR's pause on the issuance of new groundwater Certificates of Assured Water Supply (CAWS) in the Phoenix and Pinal AMAs. However, in late 2024 and during the 2025 legislative session, two new water management programs, commonly referred to as the Alternative Path to a Designation of assured Water Supply (ADAWS) and Ag-To-Urban, were created, both of which are anticipated to restart CAGR D enrollment.

The Ag-To-Urban program incentivizes the conversion of irrigated farmland to new housing. ADAWS requires cities, town and private water providers to reduce their future reliance on groundwater pumping through the acquisition of alternative water supplies. Enrollment of new Member Service Areas is also expected in the near term due to the new ADAWS Rules.

Replenishment obligation is also 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, along with new certificates, will likely increase replenishment obligation in the future.

CAGR D 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, CAGR D would perform "advance replenishment" for the contracting MSA. CAGR D has only one active contract in place (City of Scottsdale) and can no longer enter into any new contract replenishment agreements.





# REVENUES

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 Board approval at the June Board meeting.

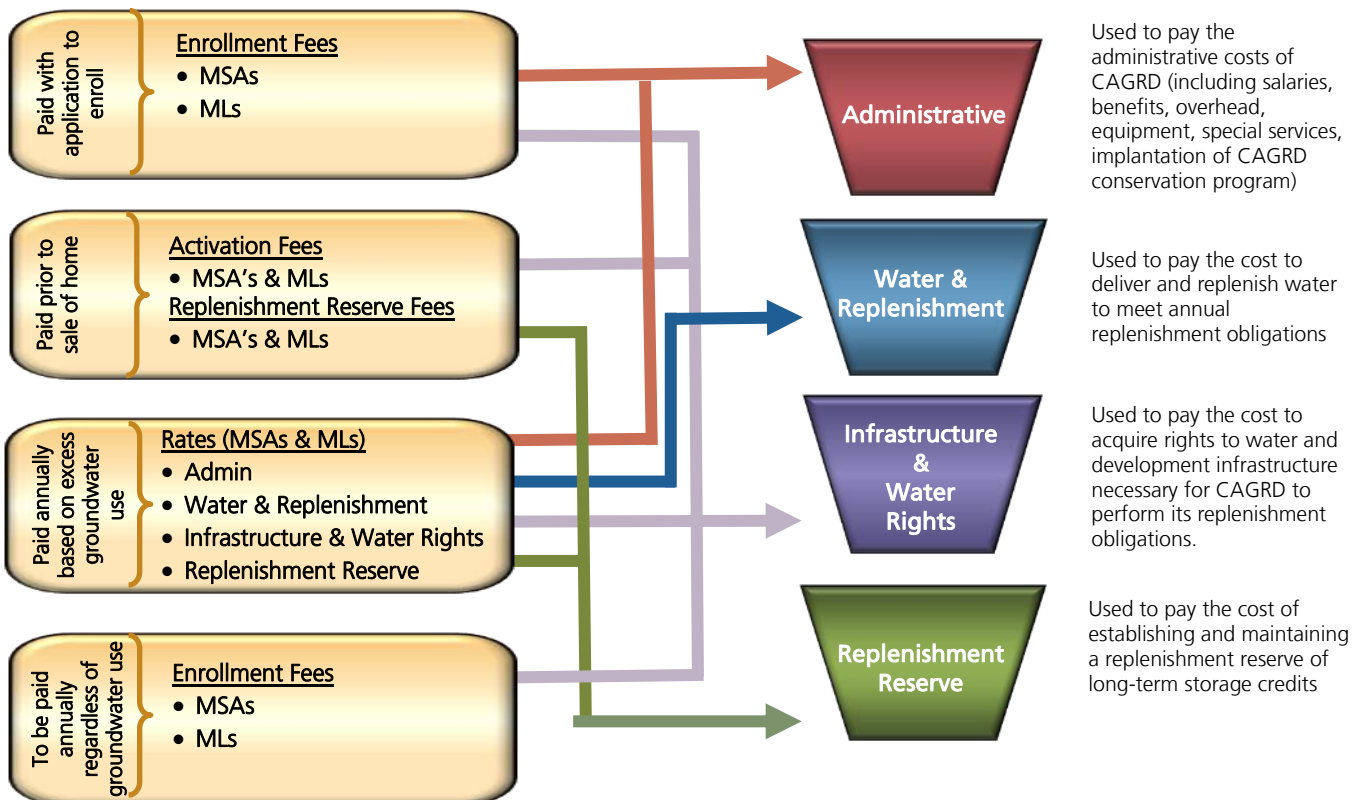
Annual replenishment assessments are collected from CAGRD members based on the volume of excess groundwater they used in the previous year. In accordance with the existing policy, the Board adopts a replenishment assessment rate schedule after a public rate-setting process.

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.

## CAGRD REVENUE STREAM



The infrastructure and water rights component provides a capital reserve fund to purchase long-term 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.

Upfront fees are generally collected from CAGRDR 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 CAGRDR. Enrollment fees support the Infrastructure and Water Rights and Administrative funds. Two dollars per housing unit of the ML enrollment fee support the CAGRDR 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 CAGRDR's replenishment reserve program. For MLs, the replenishment reserve fee is collected along with the activation fee, and is based on two years of the 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, as well as funds to secure water supplies and related infrastructure.





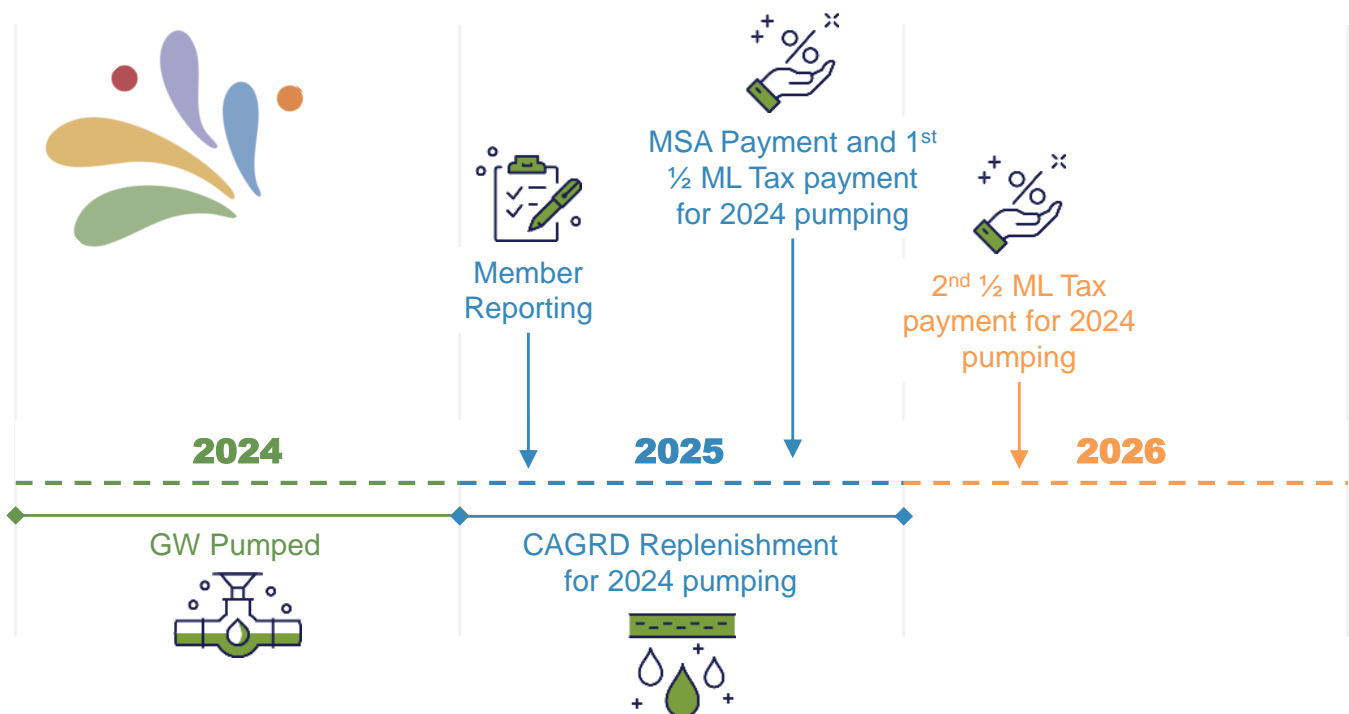
# EXPENSES

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.

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.

In 2023, CAGRD selected a vendor through a competitive process to replace its existing database and administrative platform (CAPTR). Initial development of the new application is anticipated to be completed by the end of 2025, with some potential enhancements scheduled for 2026 and 2027.



# WATER SUPPLY PROGRAM

CAGR D's Water Supply Program is guided by a series of key principles approved by the CAWCD Board 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. CAGR D is also one of 23 local entities participating in the Bartlett Dam Modification Feasibility Study Steering Committee, providing non-federal cost-share 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

Net position is anticipated to increase by \$49.2 million in 2026 and \$52.6 million in 2027. 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 CAGR D's Plan of Operation. In addition, CAGR D is collecting revenues and accruing long-term storage credits, which also increases CAGR D's net position. In effect, CAGR D 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.



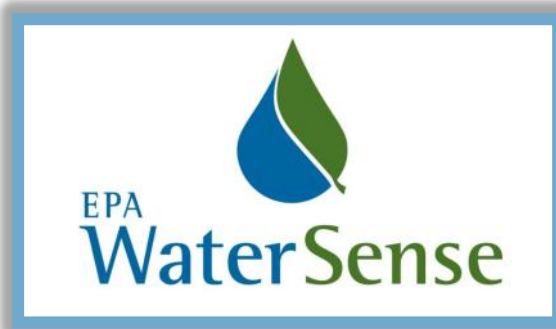


## GRANT CYCLE UNDERWAY FOR CAGRD'S WATER-EFFICIENT CONSTRUCTION INCENTIVE PROGRAM

As proud EPA WaterSense partners, CAP and CAGRD are continuously seeking ways to encourage conservation. This focus led to the creation of the Water-Efficient Construction Incentive Program (WECIP) nearly two years ago. This popular program invites homebuilders in CAGRD's Member Lands and select Member Service Areas to apply for rebates of \$1,000 for each new house earning a WaterSense 2.0 certification.

CAGRD's conservation philosophy encourages less member pumping, which translates to less replenishment. This reduces both member costs and competition for water supplies needed to complete replenishment.

A home that is built to WaterSense certification uses 30 percent less water than typical new construction homes, bringing this philosophy into action.



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 WECIP.

Each year since the program's inception, all funds have been distributed. The third annual cycle is underway, and as with previous years, there is \$150,000 in rebates available. 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, Spanish Trail Water Company, and the Town of Marana are eligible to apply for the program.

The program will offer at least \$150,000 in rebates through May 2026, or until annual funding has been distributed.







CAP Canal - Scenic



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

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>Operating Revenues</b>					
Revenues-Rates	26,076	26,752	36,378	38,290	43,276
Revenues-Fees	16,648	15,644	20,467	17,955	18,062
Revenues-Dues	11,249	9,951	11,445	11,021	11,780
Misc Revenue	3,511	-	-	-	-
<b>Total Operating Revenues</b>	<b>\$ 57,484</b>	<b>\$ 52,347</b>	<b>\$ 68,290</b>	<b>\$ 67,266</b>	<b>\$ 73,118</b>
<b>Operating Expenses</b>					
Salaries and related costs	(1,331)	(1,346)	(1,392)	(1,607)	(1,703)
Depreciation	(61)	(61)	(61)	(61)	(61)
Other operating expenses					
Outside services	(377)	(1,026)	(2,007)	(1,109)	(939)
Overhead	(1,443)	(1,398)	(1,459)	(1,628)	(1,726)
Water for recharge	(20,880)	(18,035)	(15,436)	(17,586)	(18,764)
Other expenses	(171)	(186)	(206)	(244)	(246)
Subtotal	(22,871)	(20,645)	(19,108)	(20,567)	(21,675)
<b>Total Operating Expenses</b>	<b>(24,263)</b>	<b>(22,052)</b>	<b>(20,561)</b>	<b>(22,235)</b>	<b>(23,439)</b>
<b>Net Operating Income/(Loss)</b>	<b>33,221</b>	<b>30,295</b>	<b>47,729</b>	<b>45,031</b>	<b>49,679</b>
<b>Non-operating Revenues/(Expenses)</b>					
Interest income	4,706	5,767	5,921	4,179	2,915
Interest expense	(604)	(333)	(75)	-	-
<b>Net Non-operating Income/(Loss)</b>	<b>4,102</b>	<b>5,434</b>	<b>5,846</b>	<b>4,179</b>	<b>2,915</b>
<b>Change in Net Position</b>	<b>37,323</b>	<b>35,729</b>	<b>53,575</b>	<b>49,210</b>	<b>52,594</b>
Net Position as beginning of period	293,954	331,277	367,006	420,581	469,791
<b>Net Position at end of period</b>	<b>\$ 331,277</b>	<b>\$ 367,006</b>	<b>\$ 420,581</b>	<b>\$ 469,791</b>	<b>\$ 522,385</b>

CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT ACCOUNT  
 REPLENISHMENT OBLIGATION YEAR & CORRESPONDING PURCHASED WATER  
 (Acre-Feet)

<i>YEAR OBLIGATION ESTABLISHED</i>	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>Replenishment Obligation by AMA</b>					
Phoenix AMA	30,664	36,288	37,291	40,603	41,833
Pinal AMA	24	694	284	304	321
Tucson AMA	3,205	3,392	3,066	3,160	3,277
<b>Total Replenishment Obligation</b>	<b>33,893</b>	<b>40,374</b>	<b>40,641</b>	<b>44,067</b>	<b>45,431</b>

<i>YEAR OVER YEAR OBLIGATION ACTIVITY BY AMA</i>	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>REPLENISHMENT OBLIGATION ACTIVITY</b>					
<b>Phoenix AMA</b>					
Outstanding Obligation - beginning of the year	36,656	38,390	35,507	37,330	40,603
Prior Year obligation adjustments	(2,531)	(10,708)	820	-	-
Annual Obligations	38,390	35,507	37,291	40,603	41,833
Annual Credits accrued - purchased water and credits	(34,125)	(27,682)	(36,288)	(37,330)	(40,603)
Outstanding Obligation - end of the year	38,390	35,507	37,330	40,603	41,833
<b>Pinal AMA</b>					
Outstanding Obligation - beginning of the year	1,242	300	(3,126)	(2,425)	(2,121)
Prior Year obligation adjustments	(1,034)	(3,703)	417	-	-
Annual Obligations	300	277	284	304	321
Annual Credits accrued - purchased water and credits	(208)	-	-	-	-
Outstanding Obligation (Credit) - end of the year	300	(3,126)	(2,425)	(2,121)	(1,800)
<b>Tucson AMA</b>					
Outstanding Obligation - beginning of the year	2,872	2,958	2,998	3,164	3,160
Prior Year obligation adjustments	(105)	266	492	-	-
Annual Obligations	2,958	2,979	3,066	3,160	3,277
Annual Credits accrued - purchased water and credits	(2,767)	(3,205)	(3,392)	(3,164)	(3,160)
Outstanding Obligation - end of the year	2,958	2,998	3,164	3,160	3,277



# CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT ACCOUNT

## RESERVE BALANCES

Cash Basis (Thousands)

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>Infrastructure and Water Rights:</b>					
Beginning Fund Balance	\$ 76,153	\$ 92,530	\$ 113,343	\$ 137,550	\$ 179,082
Revenue	38,388	40,937	40,019	44,067	47,103
Proceeds from Internal LTSC Transfer	92	333	-	266	292
Reimbursement from Water & Replenishment for Obligation	6,186	8,962	13,452	16,674	17,773
ICS Preservation Payment	3,511	-	-	-	-
Long Term Storage Credit Purchases	(12,961)	(4,101)	(7,333)	(7,611)	(2,533)
NIA Reallocation and 9(d) Debt	(7,430)	(7,430)	(7,430)	-	-
GRIC and Other Lease Considerations	(8,618)	(16,427)	(16,530)	(13,207)	(13,710)
Water Delivery Costs	(1,178)	(1,373)	(1,546)	(1,697)	(1,746)
Technical Studies & Other Operating Expenses	(1,168)	(1,264)	(1,360)	(1,639)	(1,631)
Debt Service Payments	(3,974)	(3,641)	-	-	-
Interest Income	3,529	4,817	4,935	4,679	3,028
Ending Fund Balance	<u>\$ 92,530</u>	<u>\$ 113,343</u>	<u>\$ 137,550</u>	<u>\$ 179,082</u>	<u>\$ 227,658</u>
<b>Administrative:</b>					
Beginning Fund Balance	\$ 1,883	\$ 1,661	\$ 1,639	\$ 1,148	\$ 1,310
Revenue	1,722	1,990	2,685	2,674	2,896
Operating Expenses	(2,020)	(2,086)	(3,274)	(2,548)	(2,569)
Interest Income	76	74	98	36	22
Ending Fund Balance	<u>\$ 1,661</u>	<u>\$ 1,639</u>	<u>\$ 1,148</u>	<u>\$ 1,310</u>	<u>\$ 1,659</u>
<b>Conservation</b>					
Beginning Fund Balance	\$ 911	\$ 863	\$ 777	\$ 699	\$ 600
Revenue	53	69	76	82	89
Operating Expenses	(146)	(204)	(190)	(200)	(200)
Interest Income	45	49	36	19	8
Ending Fund Balance	<u>\$ 863</u>	<u>\$ 777</u>	<u>\$ 699</u>	<u>\$ 600</u>	<u>\$ 497</u>

**CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT ACCOUNT**  
**WATER AND REPLENISHMENT RESERVE BY AMA**  
*Cash Basis (Thousands)*

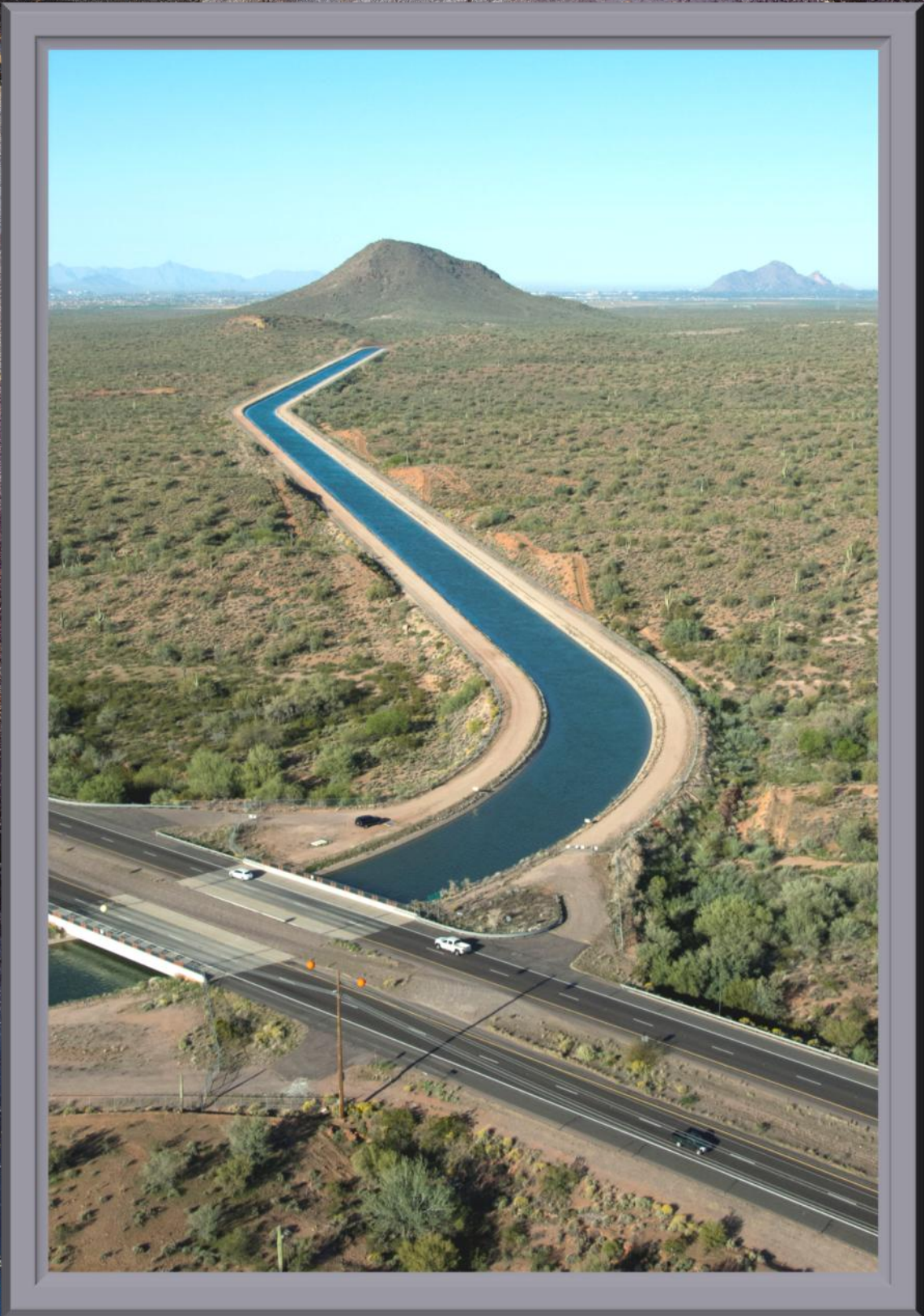
	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>Phoenix AMA</b>					
Beginning Fund Balance	\$ 3,947	\$ 5,403	\$ 7,558	\$ 6,595	\$ 4,907
Revenue	8,130	9,835	11,430	13,612	15,470
Water/LTSC Purchases	(6,939)	(8,062)	(12,665)	(15,470)	(16,482)
Interest Income	265	382	272	170	66
Ending Fund Balance	<u>\$ 5,403</u>	<u>\$ 7,558</u>	<u>\$ 6,595</u>	<u>\$ 4,907</u>	<u>\$ 3,961</u>
<b>Pinal AMA</b>					
Beginning Fund Balance	\$ 171	\$ 146	\$ 214	\$ 472	\$ 532
Revenue	11	62	250	45	54
Water/LTSC Purchases	(46)	(5)	-	-	-
Interest Income	10	11	8	15	8
Ending Fund Balance	<u>\$ 146</u>	<u>\$ 214</u>	<u>\$ 472</u>	<u>\$ 532</u>	<u>\$ 594</u>
<b>Tucson AMA</b>					
Beginning Fund Balance	\$ 584	\$ 882	\$ 1,016	\$ 1,201	\$ 1,176
Revenue	788	974	1,182	1,144	1,229
Water/LTSC Purchases	(531)	(900)	(1,040)	(1,204)	(1,291)
Interest Income	41	60	43	35	17
Ending Fund Balance	<u>\$ 882</u>	<u>\$ 1,016</u>	<u>\$ 1,201</u>	<u>\$ 1,176</u>	<u>\$ 1,131</u>



CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT ACCOUNT  
 REPLENISHMENT RESERVE BY AMA  
 Cash Basis (Thousands)

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>Phoenix AMA</b>					
Beginning Fund Balance	\$ 2,258	\$ 3,570	\$ 4,267	\$ 8,989	\$ 13,810
Revenue	3,591	3,847	4,512	4,484	5,044
Water/LTSC Purchases	(2,463)	(3,421)	-	-	-
Interest Income	184	271	210	337	245
Ending Fund Balance	<u>\$ 3,570</u>	<u>\$ 4,267</u>	<u>\$ 8,989</u>	<u>\$ 13,810</u>	<u>\$ 19,099</u>
<b>Pinal AMA</b>					
Beginning Fund Balance	\$ 2	\$ 23	\$ 11	\$ 3	\$ 3
Revenue	33	4	72	35	38
Water/LTSC Purchases	(14)	(18)	(81)	(35)	(39)
Interest Income	2	2	1	-	-
Ending Fund Balance	<u>\$ 23</u>	<u>\$ 11</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 2</u>
<b>Tucson AMA</b>					
Beginning Fund Balance	\$ 183	\$ 234	\$ 211	\$ 661	\$ 1,047
Revenue	274	305	439	361	384
Water/LTSC Purchases	(236)	(346)	-	-	-
Interest Income	13	18	11	25	19
Ending Fund Balance	<u>\$ 234</u>	<u>\$ 211</u>	<u>\$ 661</u>	<u>\$ 1,047</u>	<u>\$ 1,450</u>





CAP Canal and AZ Route 87



# 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.

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 expenditures of the trust fund 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)

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>Operating Expenses</b>					
Other expenses	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Operating Expenses</b>	-	-	-	-	-
<b>Non-operating Revenues/(Expenses)</b>					
Interest income	431	490	618	279	193
<b>Total Non-operating Revenues</b>	431	490	618	279	193
<b>Change in Net Position</b>	431	490	618	279	193
Net Position at beginning of period	8,592	9,023	9,513	10,131	10,410
Net Position at end of period	\$ 9,023	\$ 9,513	\$ 10,131	\$ 10,410	\$ 10,603



CAP Canal at sunset



# CAPTIVE INSURANCE FUND

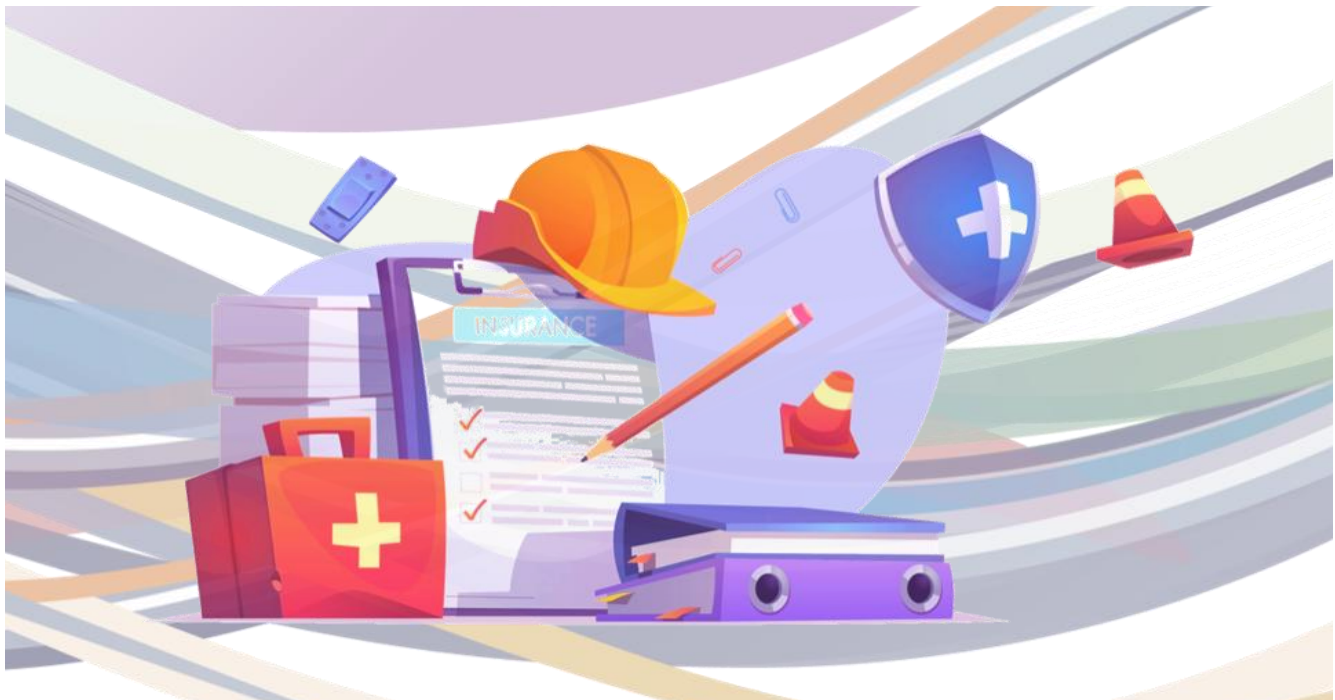
The CAWCD Insurance Company, Inc., “the Captive”, is a tax exempt, wholly owned corporation formed in 2003, for the purpose of providing funds for payment of losses and claims in the lower layers of CAWCD’s property and casualty insurance. In 2012, health benefits were added to the Captive. The Captive 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 standalone 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 and Insurance 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. The Captive remains in compliance with all statutory requirements.



STATEMENTS OF REVENUES, EXPENSES & CHANGES IN NET POSITION  
CAPTIVE INSURANCE FUND  
(Thousands)

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>Operating Revenues</b>					
Reimbursements and other operating revenues	\$ 11,969	\$ 12,889	\$ 13,066	\$ 13,445	\$ 13,849
<b>Total Operating Revenues</b>	11,969	12,889	13,066	13,445	13,849
<b>Operating Expenses</b>					
Other operating expenses					
Outside services	(226)	(225)	(254)	(274)	(284)
Other expenses	(9,527)	(10,920)	(11,595)	(13,869)	(14,554)
<b>Total Operating Expenses</b>	(9,753)	(11,145)	(11,849)	(14,143)	(14,838)
<b>Net Operating Income/(Loss)</b>	2,216	1,744	1,217	(698)	(989)
<b>Non-operating Revenues/(Expenses)</b>					
Interest and other income	2	421	608	480	480
<b>Total Non-operating Revenues/(Loss)</b>	2	421	608	480	480
<b>Change in Net Position</b>	2,218	2,165	1,825	(218)	(509)
Net Position as beginning of period	11,140	13,358	15,523	17,348	17,130
Net Position at end of period	13,358	15,523	17,348	17,130	16,621





# CAPITAL BUDGET

The following pages include a capital budget summary for all capital improvement programs (CIP) in the 2026/2027 budget period, as well as for advisory projects. CIP budgeted amounts are shown for 2026 and 2027 and advisory projections 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 CIPs 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 encompasses fluctuations in annual operating and capital spending. The "Big R" rate component is designed to reduce major fluctuations in annual rates through utilization of reserves to smooth year-to-year fluctuations in capital spending, thus eliminating the risk of rate shock.

Certain capital projects are not included in "Big R". Recharge projects are funded from the Extraordinary Cost Reserve (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 (CAGRDR) may also have capital projects that are funded from appropriate CAGRDR 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 avoided. This efficiency is demonstrated through a relatively level number of planned full-time equivalents (FTEs) in the Maintenance departments over the last several years.

Shown below are the capital spending that covers 2023 through 2027:

(Millions)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Capital Improvement Programs	\$ 36.6	\$ 22.7	\$ 43.8	\$ 112.2	\$ 79.6
Capital Equipment	5.1	6.1	4.8	6.4	4.6
Total Capital	\$ 41.7	\$ 28.8	\$ 48.6	\$ 118.6	\$ 84.2





Salt Gila Pumping Plant & CAP Canal

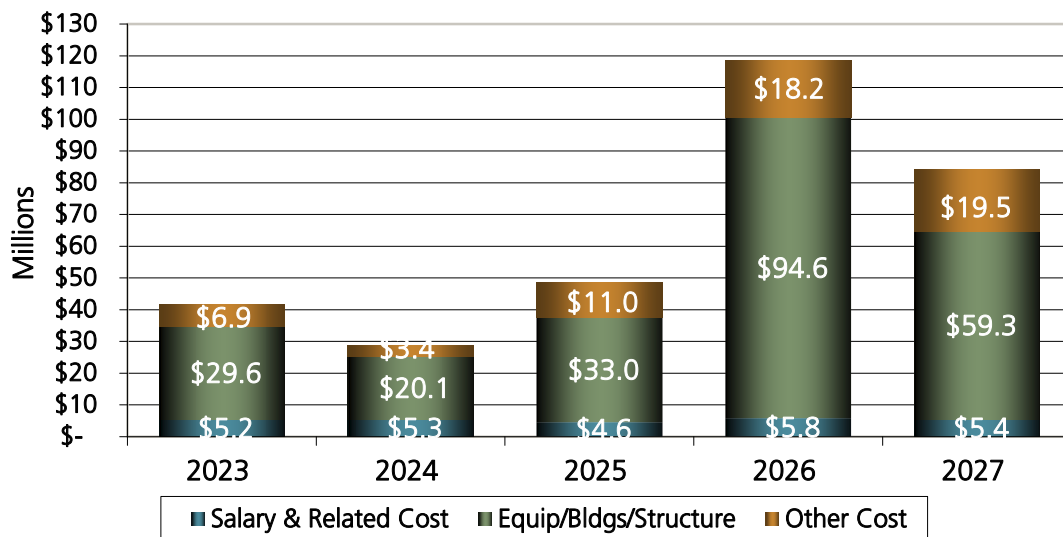


# CAPITAL BUDGET SUMMARY

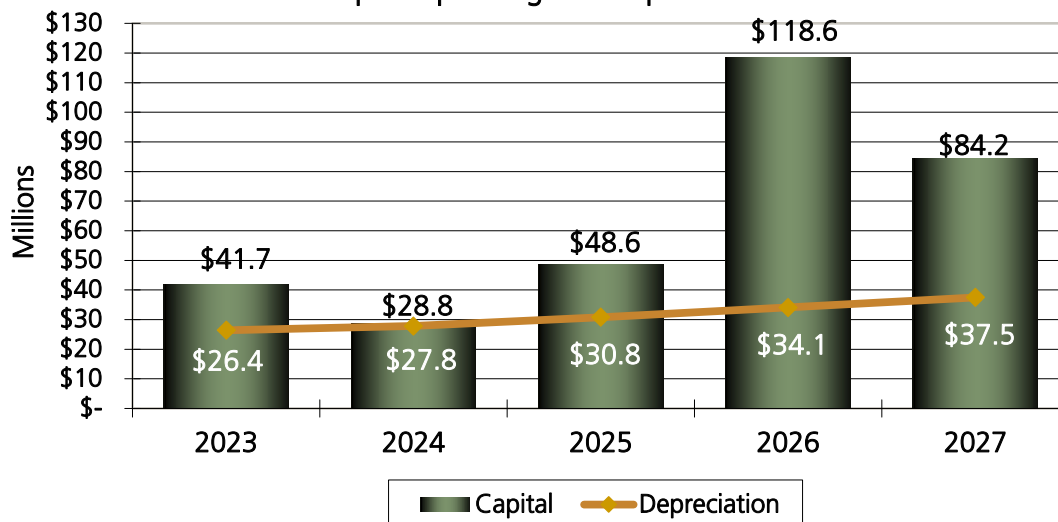
(Thousands)

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
Salaries and related costs	\$ 5,231	\$ 5,269	\$ 4,682	\$ 5,839	\$ 5,352
Equipment, buildings, and structures	29,616	20,172	32,972	94,603	59,342
Other expenses					
Outside services	476	(2,485)	5,189	11,301	14,150
Materials, supplies & other expenses	715	355	877	1,036	88
Overhead expenses	5,670	5,502	4,897	5,845	5,256
Subtotal other expenses:	6,861	3,372	10,963	18,181	19,494
<b>Total Capital</b>	<b>\$ 41,708</b>	<b>\$ 28,813</b>	<b>\$ 48,616</b>	<b>\$ 118,623</b>	<b>\$ 84,188</b>

## Total Capital Spending



## Comparison of Capital Spending and Depreciation



# CAPITAL BUDGET SUMMARY

(Thousands)

	Total Project Cost	Pre-2026 Project Cost	2026 Budget	2027 Budget
<b>CURRENT CAPITAL IMPROVEMENT PROGRAM (CIP) PROJECTS</b>				
Air Compressors BRD/PIC/RED	\$ 2,080	\$ 2,041	\$ 39	\$ -
Aqueduct Hydrology Improvement	176,071	5,849	41,742	27,325
Backup Power Systems Repl at Checks & TO and Microwave Sites	17,923	12,736	5,082	105
Basin Improvement	3,320	-	24	473
Condition-Based Mon	15,851	12,834	2,602	415
Core Yard Rd Upgrade HDQ	1,491	-	261	1,230
Electro Mech Relay Phase Two	41,742	17,871	5,353	3,516
Fire Door Upgrade Multi Site	1,134	-	-	1,134
Gabion Bank Protection NR Siphon	1,130	-	-	1,130
Generator Replacements PPs	30,346	1,278	5,480	6,240
Harcuvar Substation Upgrade	3,758	400	1,793	1,547
HVAC Replacement HQ B2	15,868	444	762	3,521
Iron Mtn Data Cntr Refresh	275	-	138	137
Isolation Valves BLK/SND	3,906	3,873	33	-
Machine Shop Column	2,352	27	2,314	11
Monitor Well	499	-	499	-
Motor Exciters TWP/SAN SND/BLK	2,176	1,961	215	-
Multi Use Building HDQ-BMY	5,704	2,212	3,492	-
Network Refresh 2026	275	-	275	-
Network Refresh 2027	275	-	-	275
Network WAN Refresh	1,600	-	800	800
Potable Water Line TFO	3,411	257	3,124	30
Pump Casing/Improvement SND/BLK	6,797	700	933	1,279
Roof Replacement Multi Site	25,446	-	432	6,750
SCADA Replcmnt/Cntrl Cntr	25,799	10,845	2,789	2,896
Service Spillway Upgrade NWD	1,130	-	-	185
Siphon Regrade JckRbt Wash	920	-	-	147
SRP-CAP Interconnection Facility	25,000	1,000	5,000	5,000
Strainer System Replcmnt WAD	2,028	-	12	569
Transformer McCullough	15,000	-	50	750
Transformer Failure Mitigation MWP	3,817	-	534	1,171
Transmission Line & Hardening SGL	3,538	-	372	3,166
Unit Breaker Relcemnt HSY	5,555	-	1,059	4,351
VAF Filter Relcemnt HSY	2,526	-	526	1,800
Water Education Center	51,062	21,463	26,210	3,389
Windows Server Refresh 2026	275	-	275	-
Windows Server Refresh 2027	275	-	-	275
<b>Current CIP Projects - Subtotals</b>			<b>\$ 112,220</b>	<b>\$ 79,618</b>



# CAPITAL BUDGET SUMMARY

(Thousands)

	2028 Advisory	2029 Advisory	2030 Advisory	2031 Advisory
<b>CURRENT CAPITAL IMPROVEMENT PROGRAM (CIP) PROJECTS</b>				
Air Compressors BRD/PIC/RED	\$ -	\$ -	\$ -	\$ -
Aqueduct Hydrology Improvement	28,605	31,557	37,393	3,600
Backup Power Systems Repl at Checks & TO and Microwave Sites	-	-	-	-
Basin Improvement	2,823	-	-	-
Condition-Based Mon	-	-	-	-
Core Yard Rd Upgrade HDQ	-	-	-	-
Electro Mech Relay Phase Two	7,964	6,079	959	-
Fire Door Upgrade Multi Site	-	-	-	-
Gabion Bank Protection NR Siphon	-	-	-	-
Generator Replacements PPs	6,237	6,002	5,109	-
Harcuvar Substation Upgrade	18	-	-	-
HVAC Replacement HQ B2	5,061	6,080	-	-
Iron Mtn Data Cntr Refresh	-	-	-	-
Isolation Valves BLK/SND	-	-	-	-
Machine Shop Column	-	-	-	-
Monitor Well	-	-	-	-
Motor Exciters TWP/SAN SND/BLK	-	-	-	-
Multi Use Building HDQ-BMY	-	-	-	-
Network Refresh 2026	-	-	-	-
Network Refresh 2027	-	-	-	-
Network WAN Refresh	-	-	-	-
Potable Water Line TFO	-	-	-	-
Pump Casing/Improvement SND/BLK	2,523	1,362	-	-
Roof Replacement Multi Site	2,368	3,892	2,216	3,737
SCADA Replcmnt/Cntrl Cntr	2,990	3,088	3,191	-
Service Spillway Upgrade NWD	945	-	-	-
Siphon Regrade JckRbt Wash	773	-	-	-
SRP-CAP Interconnection Facility	7,000	7,000	-	-
Strainer System Replcmnt WAD	1,447	-	-	-
Transformer McCullough	12,000	2,200	-	-
Transformer Failure Mitigation MWP	902	1,210	-	-
Transmission Line & Hardening SGL	-	-	-	-
Unit Breaker Relcemnt HSY	145	-	-	-
VAF Filter Relcemnt HSY	200	-	-	-
Water Education Center	-	-	-	-
Windows Server Refresh 2026	-	-	-	-
Windows Server Refresh 2027	-	-	-	-
<b>Current CIP Projects - Subtotals</b>	<b>\$ 82,001</b>	<b>\$ 68,470</b>	<b>\$ 48,868</b>	<b>\$ 7,337</b>

# CAPITAL BUDGET SUMMARY

(Thousands)

	Total Project Cost	Pre-2026 Project Cost	2026 Budget	2027 Budget
<b>ADVISORY CIP PROJECTS (POST-2027)</b>				
BLK Embedded 16" Plant Unwatering Line Repairs	\$ 100	\$ -	\$ -	\$ -
Communication Cable Replacement Project, Phase 6	3,000	-	-	-
Elevator Replacement Phase 3	3,500	-	-	-
Exciter Upgrades at MWP	3,500	-	-	-
Flow Meter Replacements	2,000	-	-	-
Implement Alt 2B from LCCA for Agua Fria River Siphon	223,500	-	-	-
Implement Alt 2B from LCCA for Salt River Siphon	229,500	-	-	-
LHQ Discharge Reline	2,000	-	-	-
Multi Site Security System Replacement	2,500	-	-	-
Microwave Fire Alarm System Replacement	1,500	-	-	-
Microwave System Replacement	2,000	-	-	-
Motor Drive Replacements	2,000	-	-	-
Motor Rewinds	1,200	-	-	-
MWP - Discharge Valves	1,500	-	-	-
MWP - Stators	3,000	-	-	-
MWP - Trash Rake Improvements	10,000	-	-	-
Picacho CP System Supplemental Groundbed	250	-	-	-
PLC I/O Optimization	2,000	-	-	-
SND & BMT Feeder Cable Multi-Vault Installation	10,000	-	-	-
Station Service Battery Upgrades, Multi Site	2,000	-	-	-
South Plants Fire Protection Project Phase 2 SAN/TWP/SXV/BRW	13,500	-	-	-
South Area Road Improvements Project	1,600	-	-	-
System Wide Transformer DGA Unit Replacement	3,000	-	-	-
TFO HVAC	1,000	-	-	-
Trashrake SGL	2,500	-	-	-
Turnout HPU Systems	2,000	-	-	-
Turnout Portable Bypass Pumping	2,500	-	-	-
TWP 115kV Power Circuit Breakers Retrofit Replacement	1,500	-	-	-
WAD Fixed Cone Valve	8,000	-	-	-
WAD Point IO Replacement	125	-	-	-
WAD Unit Breaker Replacement (U2, U3, U6, U7))	4,500	-	-	-
WAD UPS Backup System Replacement	4,000	-	-	-
Valve Replacements at BRW & SXV	1,500	-	-	-
Analytics Platform	550	-	-	-
Backup System Refresh	750	-	-	-
Projected Network Refresh	1,100	-	-	-
Projected Server Refresh	1,100	-	-	-
Wifi Refresh	275	-	-	-
Future Information Technology Capital Projects	2,815	-	-	-
Backup System Refresh	1,300	-	-	-
PSB Data Transmission infrastructure (ICON)	1,600	-	-	-
Future Transmission Projects	6,000	-	-	-
<b>Advisory CIP Projects (Post-2027) - Subtotals</b>			<b>\$ -</b>	<b>\$ -</b>
<b>Capital Improvement Plan (CIP) - Totals</b>			<b>\$ 112,220</b>	<b>\$ 79,618</b>
<b>Capital Equipment - Totals</b>			<b>6,403</b>	<b>4,570</b>
<b>CAPITAL BUDGET - TOTALS</b>			<b>\$ 118,623</b>	<b>\$ 84,188</b>

\*Capital equipment detail on following page



# CAPITAL BUDGET SUMMARY

(Thousands)

	2028 Advisory	2029 Advisory	2030 Advisory	2031 Advisory
<b>ADVISORY CIP PROJECTS (POST-2027)</b>				
BLK Embedded 16" Plant Unwatering Line Repairs	\$ -	\$ -	\$ 100	\$ -
Communication Cable Replacement Project, Phase 6	-	-	500	2,500
Elevator Replacement Phase 3	500	3,000	-	-
Exciter Upgrades at MWP	-	-	1,500	2,000
Flow Meter Replacements	1,000	1,000	-	-
Implement Alt 2B from LCCA for Agua Fria River Siphon	-	-	7,500	172,000
Implement Alt 2B from LCCA for Salt River Siphon	-	-	7,500	182,000
LHQ Discharge Reline	2,000	-	-	-
Multi Site Security System Replacement	-	-	-	500
Microwave Fire Alarm System Replacement	500	500	500	-
Microwave System Replacement	-	2,000	-	-
Motor Drive Replacements	-	1,000	1,000	-
Motor Rewinds	300	300	300	300
MWP - Discharge Valves	-	-	500	1,000
MWP - Stators	-	-	1,500	1,500
MWP - Trash Rake Improvements	-	-	-	5,000
Picacho CP System Supplemental Groundbed	250	-	-	-
PLC I/O Optimization	-	-	1,000	1,000
SND & BMT Feeder Cable Multi-Vault Installation	-	-	-	-
Station Service Battery Upgrades, Multi Site	-	-	2,000	-
South Plants Fire Protection Project Phase 2 SAN/TWP/SXV/BRW	2,500	3,000	4,000	4,000
South Area Road Improvements Project	-	-	1,600	-
System Wide Transformer DGA Unit Replacement	-	-	-	1,000
TFO HVAC	1,000	-	-	-
Trashrake SGL	-	-	-	-
Turnout HPU Systems	-	2,000	-	-
Turnout Portable Bypass Pumping	-	500	2,000	-
TWP 115kV Power Circuit Breakers Retrofit Replacement	500	500	500	-
WAD Fixed Cone Valve	-	5,000	3,000	-
WAD Point IO Replacement	-	125	-	-
WAD Unit Breaker Replacement (U2, U3, U6, U7))	-	-	1,000	3,500
WAD UPS Backup System Replacement	-	-	-	-
Valve Replacements at BRW & SXV	-	-	1,500	-
Analytics Platform	300	250	-	-
Backup System Refresh	500	250	-	-
Projected Network Refresh	275	275	275	275
Projected Server Refresh	275	275	275	275
Wifi Refresh	275	-	-	-
Future Information Technology Capital Projects	204	436	1,070	1,105
Backup System Refresh	-	-	1,300	-
PSB Data Transmission infrastructure (ICON)	-	-	-	1,600
Future Transmission Projects	1,500	1,500	1,500	1,500
<b>Advisory CIP Projects (Post-2027) - Subtotals</b>	<b>\$ 11,879</b>	<b>\$ 21,911</b>	<b>\$ 41,920</b>	<b>\$ 381,055</b>
<b>Capital Improvement Plan (CIP) - Totals</b>	<b>\$ 93,880</b>	<b>\$ 90,381</b>	<b>\$ 90,788</b>	<b>\$ 388,392</b>
<b>Capital Equipment - Totals</b>	<b>5,481</b>	<b>4,624</b>	<b>4,646</b>	<b>4,772</b>
<b>CAPITAL BUDGET - TOTALS</b>	<b>\$ 99,361</b>	<b>\$ 95,005</b>	<b>\$ 95,434</b>	<b>\$ 393,164</b>



Inlet Towers - Lake Pleasant



# CAPITAL EQUIPMENT SUMMARY

(Thousands)

	2026 Budget	2027 Budget	2028 Advisory	2029 Advisory	2030 Advisory	2031 Advisory
<b>REPLACEMENTS</b>						
Batteries	\$ -	\$ 80	\$ -	\$ -	\$ -	\$ -
Bulldozer	-	900	-	-	-	-
Cooling Unit	55	-	-	-	-	-
Dump Truck	-	520	-	-	-	-
Electrical Supplies	670	-	-	-	-	-
Forklift	760	-	-	-	-	-
Generator	154	425	-	-	-	-
Grader	-	600	-	-	-	-
Laser	31	-	-	-	-	-
Lathe	130	-	-	-	-	-
Lift	150	-	-	-	-	-
Loader	-	450	-	-	-	-
Mower	-	250	-	-	-	-
Pressure Washer	80	-	-	-	-	-
Pump	100	-	-	-	-	-
Radio/Microwave	500	-	-	-	-	-
Skit Steer	250	-	-	-	-	-
Survey Base & Rover	33	-	-	-	-	-
Trailer	415	160	-	-	-	-
Transformer	175	-	-	-	-	-
Trucks, 1/2 Ton	130.00	65	-	-	-	-
Trucks, 3/4 Ton	955	605	-	-	-	-
Trucks, 4x4	-	120	-	-	-	-
Trucks, Other	1,515	285	-	-	-	-
UTV	-	60	-	-	-	-
<b>Replacements - Totals</b>	<b>\$ 6,103</b>	<b>\$ 4,520</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>ADDITIONS</b>						
Boat	45	-	-	-	-	-
Early Detection	60	-	-	-	-	-
Surface Blaster	145	-	-	-	-	-
UV Camera	50	-	-	-	-	-
Vibration Analyzer	-	50	-	-	-	-
<b>Additions - Totals</b>	<b>\$ 300</b>	<b>\$ 50</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Post-2027 - Totals</b>						
Computer Equipment & Software	-	-	1,829	1,586	1,620	1,655
Field & Communications Equipment	-	-	3,878	3,994	4,114	4,238
Vehicles	-	-	946	974	1,033	1,064
<b>Post-2027 - Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,653</b>	<b>\$ 6,554</b>	<b>\$ 6,767</b>	<b>\$ 6,957</b>
<b>CAPITAL EQUIPMENT - TOTALS</b>	<b>\$ 6,403</b>	<b>\$ 4,570</b>	<b>\$ 6,653</b>	<b>\$ 6,554</b>	<b>\$ 6,767</b>	<b>\$ 6,957</b>



Air Conditioner Install - Mark Wilmer Pumping Plant



# AIR COMPRESSORS – BRADY, PICACHO, RED ROCK

PROJECT #: 610179  
FUNDING SOURCE: "Big R"

START DATE: 1st Quarter 2023  
COMPLETION DATE: 2nd Quarter 2026  
TOTAL PROJECT COST: \$2,080,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 2,080	\$ 2,041	\$ 39	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

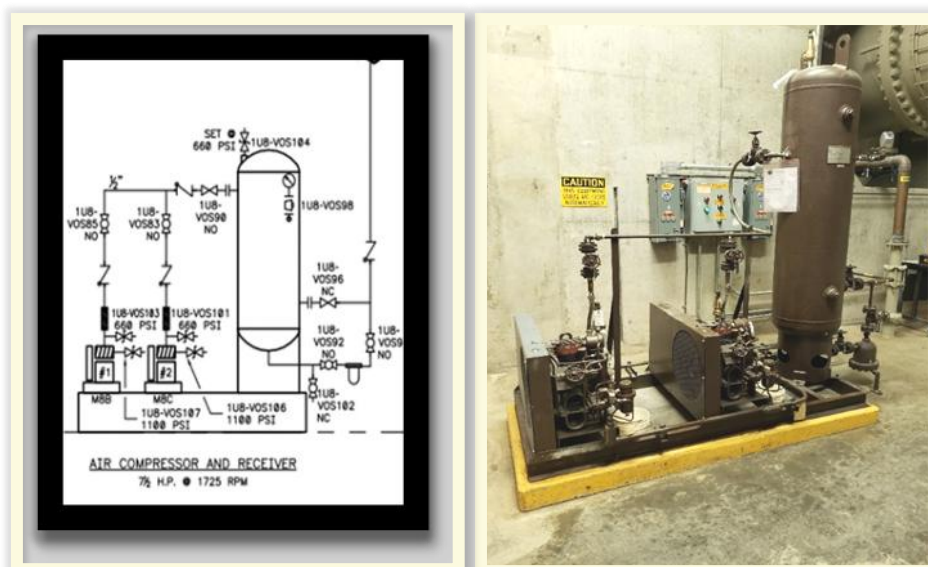
**DESCRIPTION:** The three duplex air compressor systems used to operate the discharge valves at the Brady, Picacho, and Red Rock Pumping Plants are outdated and experiencing failures. Each system has two compressors that work together to ensure there's always a backup. They can also run at the same time, taking turns based on air pressure levels in the storage tank. The system turns on automatically when air pressure drops and shuts off automatically when the desired pressure is reached. To make sure the pressure doesn't get too high, there are safety relief valves. Work will be performed during the fall outage of 2025, and the project will close out and turnover to maintenance in 2026.

**JUSTIFICATION:** The original equipment manufacturer has confirmed that primary components for the air compressors are obsolete and no longer fully supported. The DVOS air compressors were put into service in 1990 (30 years), and they are at an elevated risk of sudden fatigue and age-related failures.

**OPERATING IMPACT:** This work will be performed during the fall outage of 2025.

**SOCIAL IMPACT:** No impacts are anticipated.

**ENVIRONMENTAL IMPACT:** No impacts are anticipated.



# AQUEDUCT HYDROLOGY IMPROVEMENT

**PROJECT #:** 610343  
**FUNDING SOURCE:** Extraordinary Cost Reserve

**START DATE:** 1st Quarter 2024  
**COMPLETION DATE:** 4th Quarter 2031  
**TOTAL PROJECT COST:** \$176,071,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 176,071	\$ 5,849	\$ 41,742	\$ 27,325	\$ 28,605	\$ 31,557	\$ 37,393	\$ 3,600	\$ -

**DESCRIPTION:** The Engineering Project Management Office and the Project Steering Committee have approved the means and methods to address potential vulnerabilities of cross drainage infrastructure, to improve dike embankment heights, and for other construction at the most critical locations along the canal. The project scope includes 21 sites, identified by the JE Fuller evaluation update, that were characterized as the most problematic areas, with the highest risk. The improvements will target potential impacts to the canal and downstream conditions if, for example, a dike or overcrossing failure were to happen.

**JUSTIFICATION:** In 2021, the Aqueduct Resiliency Committee (ARC) was established to evaluate the earthen dikes modern suitability to mitigate risks from damaging floods. The ARC set out to update CAP's hydrologic information from a 2010 study with data collection effort and studies completed after 2010. CAP contracted with JE Fuller Hydrology & Geomorphology, Inc., who completed the evaluation update in November 2022. The update includes additional studies, design of improvements, and the construction of the improvements.

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.





# BACKUP POWER SYSTEM REPLACEMENTS AT CHECKS, TURNOUTS & MICROWAVE SITES

PROJECT #: 610452  
FUNDING SOURCE: "Big R"

START DATE: 2nd Quarter 2015  
COMPLETION DATE: 1st Quarter 2027  
TOTAL PROJECT COST: \$17,923,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 17,923	\$ 12,736	\$ 5,082	\$ 105	\$ -	\$ -	\$ -	\$ -	\$ -

## 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 original project budget was prepared, this project's scope has expanded to 95 sites total - Including 39 checks, 48 turnouts, 8 microwave sites. There are 10 sites remaining for generators and 12 remaining for IPSS installation.

## 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.

# BASIN IMPROVEMENTS – PIMA MINE ROAD

**PROJECT #:** 610537  
**FUNDING SOURCE:** Extraordinary Cost Reserve

**START DATE:** 4th Quarter 2026  
**COMPLETION DATE:** 4th Quarter 2028  
**TOTAL PROJECT COST:** \$3,320,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 3,320	\$ -	\$ 24	\$ 473	\$ 2,823	\$ -	\$ -	\$ -	\$ -

**DESCRIPTION:** The Pima Mine Road Recharge Project will improve basins 4N and 4S by repairing severe slope erosion and removing accumulated sediment. The work includes regrading of slope, sediment removal, road access improvements, and erosion control upgrades to restore recharge efficiency and ensure safe maintenance access.

**JUSTIFICATION:** Erosion and sedimentation have reduced the basins' recharge capacity and created hazardous conditions for maintenance crews. Access roads are impassable, vegetation is overgrown, and existing erosion controls have failed, requiring immediate rehabilitation to prevent further degradation and restore safe, efficient operations.

**OPERATING IMPACT:** The recharge project will be unavailable for operations during the grading repairs.

**SOCIAL IMPACT:** No impacts are anticipated.

**ENVIRONMENTAL IMPACT:** No impacts are anticipated.





# CONDITION-BASED MONITORING

**PROJECT #:** 610317  
**FUNDING SOURCE:** "Big R"

**START DATE:** 1st Quarter 2012  
**COMPLETION DATE:** 3rd Quarter 2027  
**TOTAL PROJECT COST:** \$15,851,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 15,851	\$ 12,834	\$ 2,602	\$ 415	\$ -	\$ -	\$ -	\$ -	\$ -

**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 with CBM work have 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:**

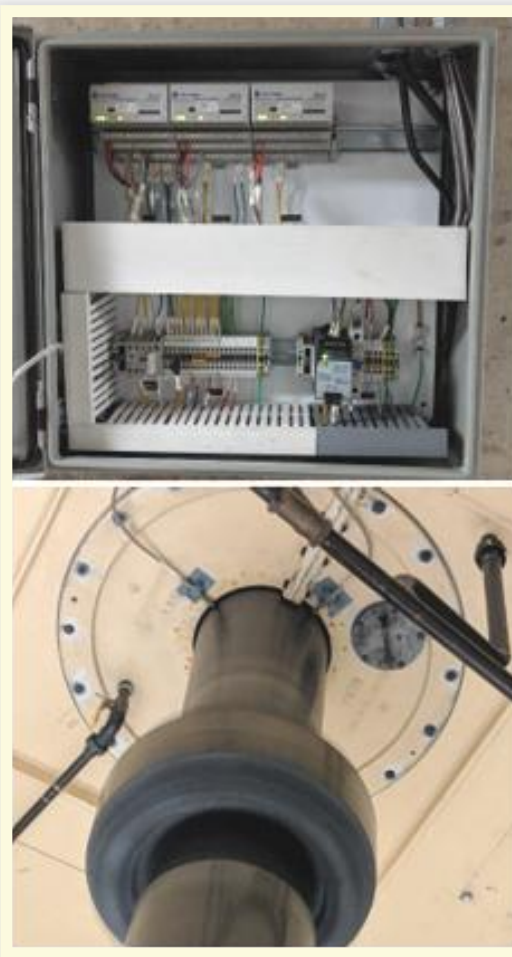
Pump and motor units are essential to water conveyance. CBM improves the operational reliability of all pump units to maintain water deliveries and reduces the likelihood of unplanned and expensive unit failures.

**SOCIAL IMPACT:**

Minimizing outage risk increases CAP's ability to provide customers with water deliveries as scheduled.

**ENVIRONMENTAL IMPACT:**

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



# CORE YARD ROAD UPGRADE – HEADQUARTERS

START DATE:	4th Quarter 2026
COMPLETION DATE:	3rd Quarter 2027
TOTAL PROJECT COST:	\$1,491,000

	Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$	1,491	\$ -	\$ 261	\$ 1,230	\$ -	\$ -	\$ -	\$ -	\$ -



# ELECTROMECHANICAL RELAY REPLACEMENTS

## PHASE TWO (MULTI-SITE)

PROJECT #: 610333  
FUNDING SOURCE: "Big R"

START DATE: 1st Quarter 2020  
COMPLETION DATE: 1st Quarter 2030  
TOTAL PROJECT COST: \$41,742,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 41,742	\$ 17,871	\$ 5,353	\$ 3,516	\$ 7,964	\$ 6,079	\$ 959	\$ -	\$ -

**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 data-logging, 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.

# FIRE DOOR UPGRADE (MULTI-SITE)

PROJECT #: 610536  
FUNDING SOURCE: "Big R"

START DATE: 2nd Quarter 2027  
COMPLETION DATE: 4th Quarter 2027  
TOTAL PROJECT COST: \$1,134,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 1,134	\$ -	\$ -	\$ 1,134	\$ -	\$ -	\$ -	\$ -	\$ -

**DESCRIPTION:** This project involves repairing or replacing damaged fire-rated doors at multiple CAP Pumping Plant facilities. Work includes replacement of door closers, fire-rated hardware, rusted or non-functional door frames, and ensuring compliance with current fire and safety codes.

**JUSTIFICATION:** Many of the existing fire doors are no longer functioning properly due to wear, corrosion, or outdated components, posing a safety and code compliance risk. Replacing or repairing these doors will restore proper fire protection, improve facility security, and reduce liability in the event of an emergency.

**OPERATING IMPACT:** There are no anticipated operational impacts.

**SOCIAL IMPACT:** The project enhances life safety conditions for personnel working at these sites.

**ENVIRONMENTAL IMPACT:** There are no anticipated environmental impacts.





# GABION BANK PROTECTION – NEW RIVER SIPHON

PROJECT #: 610534  
FUNDING SOURCE: "Big R"

START DATE: 1st Quarter 2027  
COMPLETION DATE: 4th Quarter 2027  
TOTAL PROJECT COST: \$1,130,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 1,130	\$ -	\$ -	\$ 1,130	\$ -	\$ -	\$ -	\$ -	\$ -

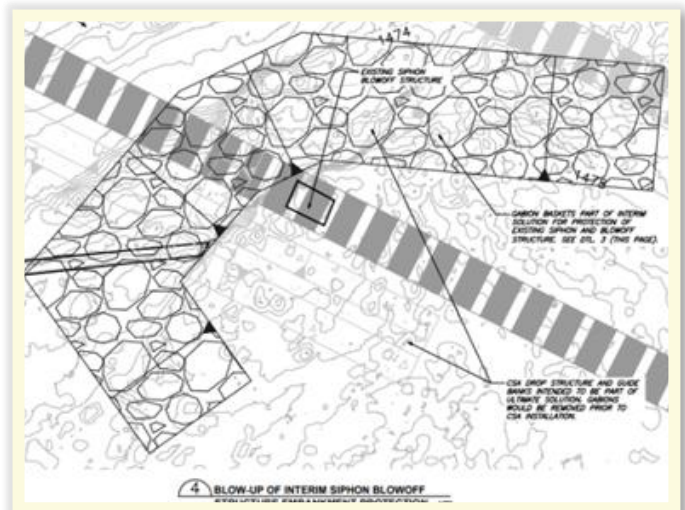
**DESCRIPTION:** The New River Siphon Gabion Bank Protection project involves the construction of a 10-foot-tall gabion bank system to stabilize and protect the exposed blow-off structure from further erosion due to stormwater flows. Over time, channel scouring has exposed approximately 8 feet of the structure, threatening its structural integrity. The proposed work includes grading and compacting the riverbank, installing gabion mattresses, and securing necessary environmental permits. Construction will be completed outside of the structure to ensure uninterrupted operations.

**JUSTIFICATION:** Ongoing erosion has already exposed key infrastructure, presenting risks to both structure integrity and safety. An engineering study determined that gabion protection is the most cost-effective and durable method, avoiding the significantly higher cost of alternatives such as shotcrete. Without intervention, further erosion could compromise CAP's ability to safely manage river discharge. The selected solution aligns with reliability and maintenance needs.

**OPERATING IMPACT:** There are no direct operational impacts anticipated since all construction activities will occur outside the blow-off structure.

**SOCIAL IMPACT:** Improved bank stability ensures continued safe operation of critical infrastructure in a populated region. The project may also enhance public safety by reducing risks of uncontrolled erosion near public access routes.

**ENVIRONMENTAL IMPACT:** The project will comply with environmental regulations via a 404 permit from the U.S. Army Corps of Engineers, ensuring impacts to Waters of the U.S. are minimized. Gabion systems offer a natural, passive erosion control solution with minimal long-term ecological disruption.



# GENERATOR REPLACEMENT (MULTI-SITE)

**PROJECT #:** 610348  
**FUNDING SOURCE:** "Big R"

**START DATE:** 1st Quarter 2024  
**COMPLETION DATE:** 4th Quarter 2030  
**TOTAL PROJECT COST:** \$30,346,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 30,346	\$ 1,278	\$ 5,480	\$ 6,240	\$ 6,237	\$ 6,002	\$ 5,109	\$ -	\$ -

**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, and 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, construction will 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:** 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.





# HARCUVAR SUBSTATION UPGRADE

PROJECT #: 610401  
FUNDING SOURCE: "Big R"

START DATE: 3rd Quarter 2024  
COMPLETION DATE: 4th Quarter 2028  
TOTAL PROJECT COST: \$3,758,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 3,758	\$ 400	\$ 1,793	\$ 1,547	\$ 18	\$ -	\$ -	\$ -	\$ -

**DESCRIPTION:** Harcuvar Substation, located in Yuma County, provides power to Bouse Hills (BSH) and Little Harquahala (LHQ) Pumping Plants via 115-kilovolt (kV) radial transmission lines to each pump-ing plant. The scope of this project at the Harcuvar substation will be to replace station service components, including new equipment foundations, automatic transfer switches, pad mount-ed transformers, and other upgrades. The Western Area Power Administration (WAPA) oper-ates and maintains the Parker-Davis Transmission System and since the Liberty-Parker 230-kV transmission line feeds into the Harcuvar Substation, WAPA is the project lead.

**JUSTIFICATION:** Replacement equipment is obsolete, and the availability of spare parts is becoming a chal-lenge.

**OPERATING IMPACT:** Upgrading to modern equipment will improve system reliability and safety for personnel.

**SOCIAL IMPACT:** Power reliability increases 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.



# HVAC REPLACEMENT – HEADQUARTERS, BUILDING TWO

PROJECT #: 610184  
FUNDING SOURCE: "Big R"

START DATE: 1st Quarter 2026  
COMPLETION DATE: 4th Quarter 2029  
TOTAL PROJECT COST: \$15,868,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 15,868	\$ 444	\$ 762	\$ 3,521	\$ 5,061	\$ 6,080	\$ -	\$ -	\$ -

**DESCRIPTION:** The existing evaporative system requires a high level of maintenance, high water usage, and low human comfort during the warmer/ humid months of the year. It has also been noted that there are material storage issues related to the high humidity climate that the evaporative coolers pose.

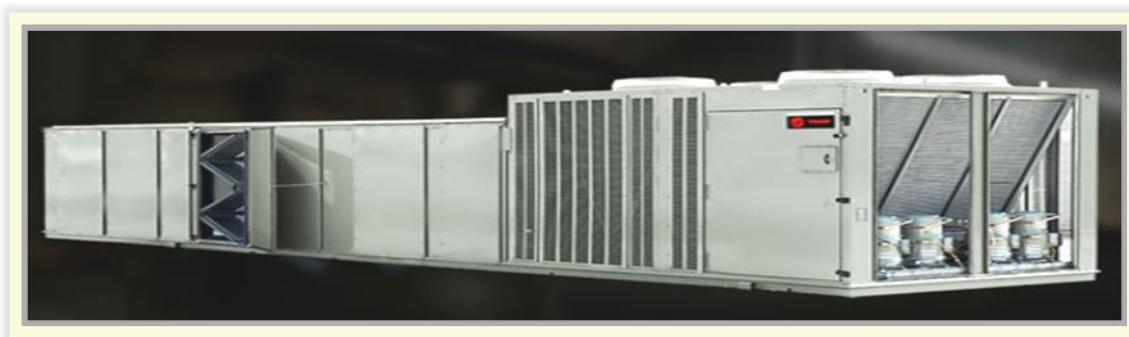
The Machine Shop, Auto Maintenance Shop, Shipping and Receiving Warehouse, and HDQ2 Central Quad will all be upgraded to modern energy efficient HVAC systems. The new HVAC system will include automated Logic DDC Facility Management System (FMS) which will control and monitor the mechanical equipment. Remote access will be provided to ease the burden on maintenance. The demo and new unit installation will be coordinated so as to minimize disruption to employees working on campus.

**JUSTIFICATION:** There are periods during summertime when the evaporative coolers are ineffective at producing a comfortable working environment in the CAP Auto Shop, Warehouse, and Machine Shop. Summer 2020 set several heat records with 145 days above 100°F, 53 days above 110°F, and 14 days above 115°F. Due to the possibility of extreme heat in current and future years, there is a risk to Life Safety of CAP employees, in addition to risk of damage to CAP equipment stored in these areas. Replacing the evaporative cooling systems on the north, south and west quadrants with packaged DX units should result in less unplanned maintenance work. The systems should provide superior environmental control compared to the original EC systems, which should help extend the life of spare parts in the warehouse and help control corrosion issues in the machine shop and auto shop.

**OPERATING IMPACT:** The demo and new unit installation will be coordinated to minimize disruption to employees working on campus.

**SOCIAL IMPACT:** This project will provide a much more comfortable working environment.

**ENVIRONMENTAL IMPACT:** The new system will eliminate the need for R-22 refrigerant. All new systems will only use R-410A refrigerant.





# IRON MOUNTAIN DATA CENTER REFRESH

PROJECT #: 610464  
FUNDING SOURCE: "Big R"

START DATE: 1st Quarter 2026  
COMPLETION DATE: 4th Quarter 2027  
TOTAL PROJECT COST: \$275,000

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

	Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$	275	\$ -	\$ 138	\$ 137	\$ -	\$ -	\$ -	\$ -	\$ -

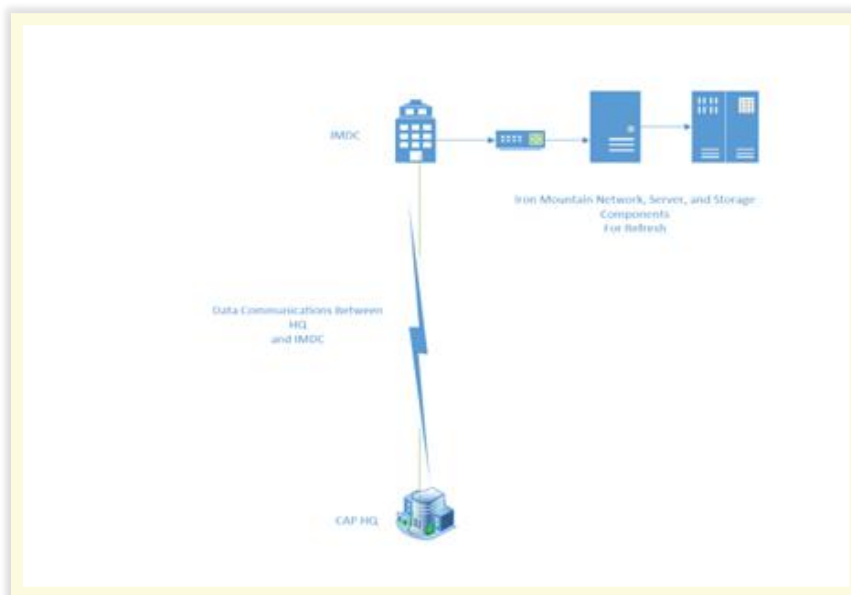
**DESCRIPTION:** The technology that maintains CAP backups and resiliency operations is due to be refreshed. These offsite operations allow flexibility and the capability to recover from hardware and software failures. The footprint of these systems is gradually decreasing based on CAP's continued movement towards cloud infrastructure, but is still required to maintain consistent operations.

**JUSTIFICATION:** System infrastructure enhancements are required to meet project completion schedules and increase productivity, enterprise-wide.

**OPERATING IMPACT:** Reduced cost through lower maintenance requirements.

**SOCIAL IMPACT:** No impacts are anticipated.

**ENVIRONMENTAL IMPACT:** Minimal; newer equipment typically has less environmental impact than older equipment. Some use of higher-powered equipment may offset the environmental benefit of equipment upgrades



# ISOLATION VALVES – BLACK MOUNTAIN & SNYDER HILL (PILOT)

PROJECT #: 610330  
FUNDING SOURCE: "Big R"

START DATE: 1st Quarter 2020  
COMPLETION DATE: 2nd Quarter 2026  
TOTAL PROJECT COST: \$3,906,000

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

	Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance				
\$	3,906	\$	3,873	\$	33	\$	-	\$	-	\$	-	\$	-

## 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.

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 successfully piloted nozzle-check valves address the transient surge issue that persists within these two pumping plant locations. The new valves were installed at Black Mountain Pumping Plant during the 2024 fall outage, and the new valves at Snyder Hill Pumping Plant will be installed during the 2025 fall outage. In 2026 this project will close out and the new assets will be turned over to maintenance.

## OPERATING IMPACT:

Valves will be installed during existing/scheduled outages, so there will be no impact to pumping.

## SOCIAL IMPACT:

No impacts are anticipated.

## ENVIRONMENTAL IMPACT:

No impacts are anticipated.



# MACHINE SHOP COLUMN REHAB – HEADQUARTERS

PROJECT #: 610425  
FUNDING SOURCE: "Big R"

START DATE: 1st Quarter 2026  
COMPLETION DATE: 1st Quarter 2027  
TOTAL PROJECT COST: \$2,352,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 2,352	\$ 27	\$ 2,314	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ -

**DESCRIPTION:** This project will rehabilitate two damaged steel columns that support a 5-ton overhead crane in the CAP Headquarters Machine Shop. The rehabilitation includes removing the crane system, replacing the compromised base plates and grouting, reinforcing the columns, and reinstalling the crane system. Work will also address surrounding concrete floor degradation and add protective bollards to prevent future vehicle impact.

**JUSTIFICATION:** The columns have suffered damage from repeated forklift impacts, leading to concerns about the structural integrity of the crane support system. If unaddressed, this damage could result in unsafe working conditions or failure of the crane system. Repairing and reinforcing the columns will restore safe crane operation and protect the facility's critical fabrication and repair capabilities.

**OPERATING IMPACT:** The crane system will be offline during construction, temporarily affecting shop lifting capacity. Work will be scheduled to minimize disruption, with crane removal and reinstallation coordinated to avoid peak usage periods.

**SOCIAL IMPACT:** The project improves worker safety and preserves the operational effectiveness of the HQ machine shop, supporting broader CAP maintenance activities. Long-term reliability of the crane benefits both internal teams and external stakeholders relying on fabricated components.

**ENVIRONMENTAL IMPACT:** Environmental impacts are minimal and localized to the interior of the facility.



# MONITOR WELL – PIMA MINE ROAD

**PROJECT #:** 610538  
**FUNDING SOURCE:** Extraordinary Cost Reserve

**START DATE:** 1st Quarter 2026  
**COMPLETION DATE:** 4th Quarter 2026  
**TOTAL PROJECT COST:** \$499,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 499	\$ -	\$ 499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

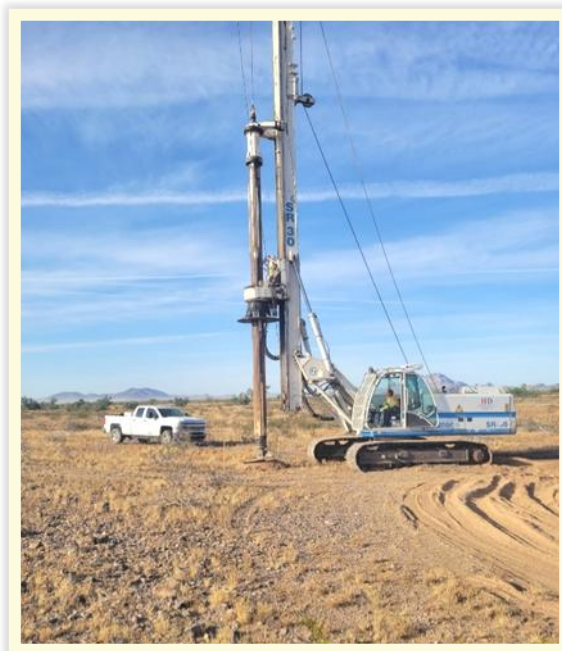
**DESCRIPTION:** This project involves drilling and constructing a new groundwater monitoring well to replace the failed Monitoring Well No. 4 (MW-4) at the Pima Mine Road Recharge Project. The new well will support water level and water quality monitoring required under Arizona Department Water Resources permit conditions. Work includes site preparation, drilling, installation, and well development, with design and construction performed by external consultants and contractors.

**JUSTIFICATION:** MW-4 is no longer operational due to a stuck pump and remaining column pipe, making monitoring impossible. A new well must be installed within 600 feet of the existing location to comply with regulatory requirements and ensure continued monitoring of recharge performance and aquifer health.

**OPERATING IMPACT:** The project is not expected to impact water operations but may temporarily restrict site access during construction. Coordination with Water Transmission will minimize any potential conflicts with concurrent activities.

**SOCIAL IMPACT:** The project supports long-term water resource management and regulatory compliance, ensuring transparency and reliability in CAP's recharge operations. It also contributes to regional water sustainability efforts by maintaining essential monitoring infrastructure.

**ENVIRONMENTAL IMPACT:** No significant environmental impacts are anticipated. Construction will follow standard permitting and dig protocols to avoid utility conflicts and protect surrounding areas.





# MOTOR EXCITERS AT TWIN PEAKS, SANDARIO, SNYDER HILL & BLACK MOUNTAIN

PROJECT #: 610208  
FUNDING SOURCE: "Big R"

START DATE: 1st Quarter 2021  
COMPLETION DATE: 4th Quarter 2026  
TOTAL PROJECT COST: \$2,176,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 2,176	\$ 1,961	\$ 215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**DESCRIPTION:** The twenty-six synchronous motor exciters at Twin Peaks (6), Sandario (6), Snyder Hill (9), and Black Mountain (5) are outdated, and replacement part sourcing is becoming very difficult. The current state of the motor exciters is increasingly unreliable. At Twin Peaks and Sandario the discharge resistors are located internally on the motors; in order to replace a failed OEM resistor, the rotor needs to be removed from the motor which requires extensive work. On the Snyder Hill and Black Mountain motors there have been several failures which have required a costly rewind of the OEM spool-type resistors. Additionally, all motors have established a trend of excitation trips. Commonly, no problem is found, however, and the troubleshooting results in unnecessary expenditures and impacts operation's capability to move water through these plants.

The project scope and description consists of replacing, in kind, the current exciter packages with a brushless package. Similar to the work performed at Brawley and San Xavier in 2012, the existing OEM brushless exciters will be replaced with a new rotating package, which will utilize new control modules and power block SCRs, diodes and rectifiers. This will establish constancy across the plants. A bid was solicited, and Hannon Electric was selected to design the new exciter packages. All exciter wheels have been received and will be installed during annual PM outage windows at Twin Peaks, Sandario, Snyder Hill and Black Mountain. To date, 6 of the 26 unit installations have been completed.

**JUSTIFICATION:** The twenty-six unit pump synchronous motor exciter packages are outdated and sourcing replacement parts for the individual components is becoming very difficult. The current state of the motor exciters is increasingly unreliable.

**OPERATING IMPACT:** The excitation packages will be replaced during the scheduled annual excitation preventative maintenance outages, thus no additional unit outages are anticipated.

**SOCIAL IMPACT:** No impacts are anticipated.

**ENVIRONMENTAL IMPACT:** All replaced parts to be shipped to Environmental, Health and Safety to be recycled.



# MULTI-USE BUILDINGS – BOUSE MAINTENANCE YARD, HEADQUARTERS

PROJECT #: 610344  
FUNDING SOURCE: "Big R"

START DATE: 1st Quarter 2024  
COMPLETION DATE: 4th Quarter 2026  
TOTAL PROJECT COST: \$5,704,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 5,704	\$ 2,212	\$ 3,492	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

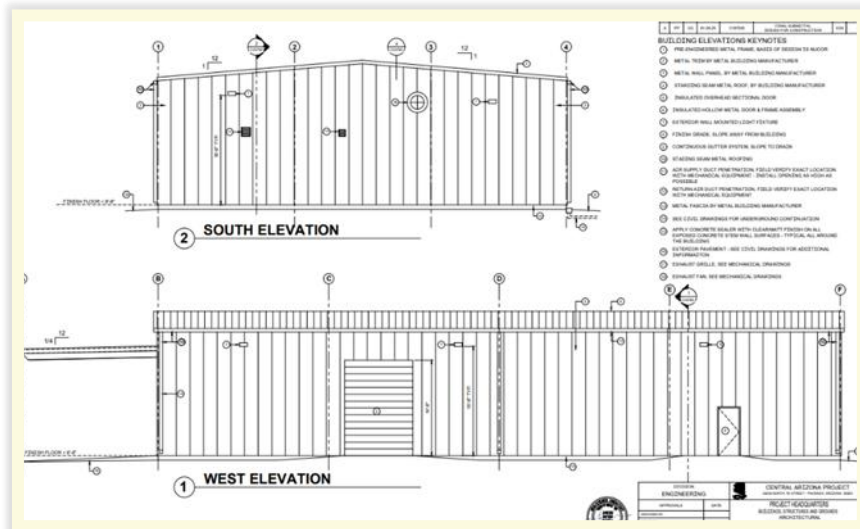
**DESCRIPTION:** The scope of this project includes the design and construction of two new multi-use maintenance buildings that will be located at Headquarters and the Bouse Maintenance Yard. These new spaces are designed to increase safety and efficiency for CAP's maintenance staff. The two buildings 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.





# NETWORK REFRESH 2026/2027

PROJECT #: 610217/ 610219  
FUNDING SOURCE: "Big R"

START DATE: 1st Quarter 2026  
COMPLETION DATE: 4th Quarter 2027  
TOTAL PROJECT COST: \$550,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 550	\$ -	\$ 275	\$ 275	\$ -	\$ -	\$ -	\$ -	\$ -

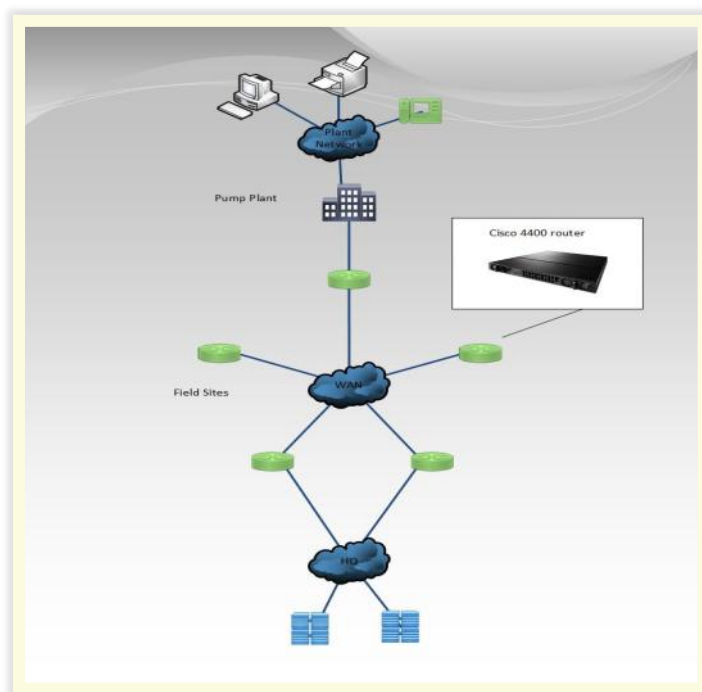
**DESCRIPTION:** As technology moves further into a hybrid environment that merges cloud-based and on-premises solutions, additional network equipment and software is required to meet new project requirements without sacrificing CAP uptime standards.

**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.



# NETWORK WAN REFRESH

PROJECT #: 610390  
FUNDING SOURCE: "Big R"

START DATE: 1st Quarter 2026  
COMPLETION DATE: 4th Quarter 2027  
TOTAL PROJECT COST: \$1,600,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 1,600	\$ -	\$ 800	\$ 800	\$ -	\$ -	\$ -	\$ -	\$ -

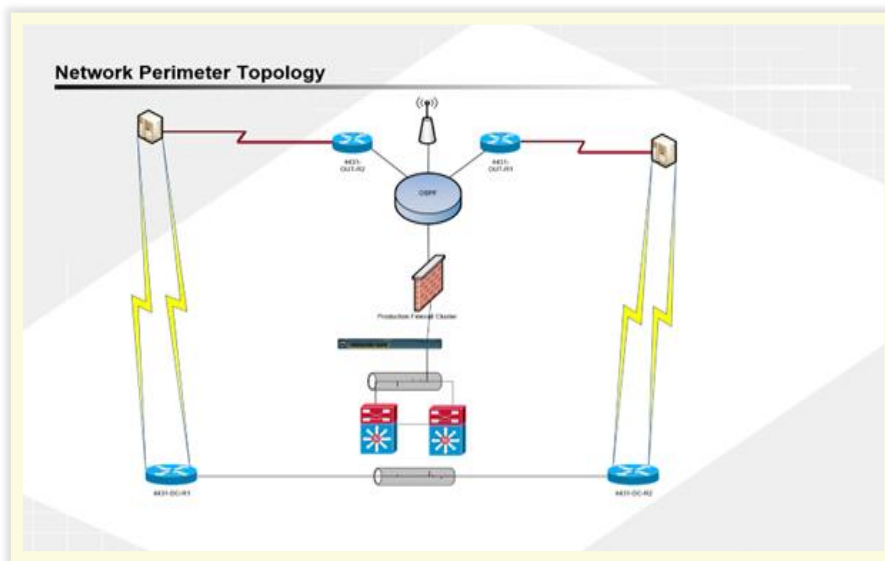
**DESCRIPTION:** The technology that maintains perimeter and internal communication across the length of the CAP system both wired and wireless is due for maintenance, capability, and security upgrades. The requirements placed on this equipment for projects, resilience of the CAP system, and advancement in technology require this investment. The refreshed components will increase stability, resiliency, and security.

**JUSTIFICATION:** System infrastructure enhancements are required to meet project completion schedules and increase productivity, and security 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, AI, and security programs.

**SOCIAL IMPACT:** CAP employees and customers will benefit from increased information system reliability.

**ENVIRONMENTAL IMPACT:** Minimal. Newer equipment typically has less environmental impact than older equipment. Some use of higher-powered equipment may offset the environmental benefit of equipment upgrades





# POTABLE WATER LINE – TUCSON FIELD OFFICE

**PROJECT #:** 610213  
**FUNDING SOURCE:** "Big R"

**START DATE:** 1st Quarter 2025  
**COMPLETION DATE:** 1st Quarter 2027  
**TOTAL PROJECT COST:** \$3,411,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 3,411	\$ 257	\$ 3,124	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ -

**DESCRIPTION:** This project involves constructing a private 6-inch potable water pipeline along the CAP canal alignment to serve the Tucson Field Office (TFO), avoiding the complexity and delay of obtaining public right-of-way. The private pipeline is the preferred path due to timeline certainty and limited third-party involvement. The office facility must meet EPA requirements for potable water service and be completed by the end of 2027.

**JUSTIFICATION:** The private alignment provides a direct, cost-controlled path to delivering potable water to TFO amid rising costs and regulatory pressure related to PFAS contamination. While CAP would absorb long-term maintenance for a private line, it avoids dependencies and delays linked to public infrastructure coordination.

**OPERATING IMPACT:** There are no operating impacts.

**SOCIAL IMPACT:** This project supports clean, compliant, and reliable drinking water for TFO personnel.

**ENVIRONMENTAL IMPACT:** The private pipeline alignment minimizes environmental disruption and avoids delays in PFAS mitigation.



# PUMP CASING/IMPROVEMENT – SNYDER HILLS & BLACK MOUNTAIN

PROJECT #: 610211  
FUNDING SOURCE: "Big R"

START DATE: 1st Quarter 2026  
COMPLETION DATE: 4th Quarter 2029  
TOTAL PROJECT COST: \$6,797,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 6,797	\$ 700	\$ 933	\$ 1,279	\$ 2,523	\$ 1,362	\$ -	\$ -	\$ -

**DESCRIPTION:** This project will replace aging and damaged pump casings, covers, and impellers at the Black Mountain and Snyder Hill Pumping Plants. New pumps will be designed with improved impellers to minimize cavitation and allow in-house repair during future overhauls. The replacements will increase reliability and reduce maintenance effort and duration.

**JUSTIFICATION:** Existing pump casings have proven difficult and unreliable to repair, with previous attempts resulting in stress cracks and long delays. Replacing these components with new, upgraded designs will restore pump reliability, reduce risk of future failures, and support more effective maintenance. Some units have already failed or have been out of service for years, highlighting the urgency.

**OPERATING IMPACT:** There are no expected impacts to water deliveries, as at least one of the affected units is already offline. Installations will be scheduled around equipment delivery, with minimal disruption to plant operations.

**SOCIAL IMPACT:** Improved pump reliability ensures continued delivery of water to downstream users and reduces the risk of emergency outages, benefiting stakeholders.

**ENVIRONMENTAL IMPACT:** Environmental impact is minimal and primarily tied to equipment disposal and material reuse. The project will coordinate with CAP's Environmental and Sustainability team to manage recycling and safe handling of components.





# ROOF REPLACEMENT (MULTI-SITE)

PROJECT #: 610467  
FUNDING SOURCE: "Big R"

START DATE: 3rd Quarter 2022  
COMPLETION DATE: 4th Quarter 2033  
TOTAL PROJECT COST: \$25,446,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 25,446	\$ -	\$ 432	\$ 6,750	\$ 2,368	\$ 3,892	\$ 2,216	\$ 3,737	\$ 6,051

**DESCRIPTION:** This project includes replacing aging spray foam roofing systems at multiple CAP facilities, including remaining pumping plants with older roofs, and Headquarters Buildings 1, 2, and 6. The new roofs will consist of a polyurethane spray-applied system with an elastomeric topcoat and a 3/8" tapered polyisocyanurate underlayment to meet current building code for roof slope. The work also includes a safety assessment for selective fall protection upgrades to comply with OSHA standards.

**JUSTIFICATION:** Condition assessments identified these roofs as nearing or at the end of their service life, with prior replacements completed at higher-priority plants in 2024. Replacing the remaining roofs now will prevent water ponding, organic buildup, and coating degradation, thereby extending the life of the facilities and avoiding future damage. The design ensures compliance with modern building codes and safety requirements.

**OPERATING IMPACT:** Construction impacts to pumping plant operations will be minimal, but coordination with contractors will be critical to preserve roof system warranties and prevent disruptions to rooftop equipment.

**SOCIAL IMPACT:** The project supports safe, reliable facility operations for CAP staff and visitors, and aligns with current safety standards, reducing liability and enhancing workplace safety.

**ENVIRONMENTAL IMPACT:** Polyurethane roofing offers lower environmental impact with the same reliability.



# SCADA REPLACEMENT AT CONTROL CENTER

**PROJECT #:** 610324  
**FUNDING SOURCE:** "Big R"

**START DATE:** 2nd Quarter 2020  
**COMPLETION DATE:** 4th Quarter 2030  
**TOTAL PROJECT COST:** \$25,799,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 25,799	\$ 10,845	\$ 2,789	\$ 2,896	\$ 2,990	\$ 3,088	\$ 3,191	\$ -	\$ -

**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 placed 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 end of its sustainable life.

**OPERATING IMPACT:** A new SCADA system will improve operational efficiency and security.

**SOCIAL IMPACT:** SCADA system failure puts remote operations, including diversions and deliveries, at risk.

**ENVIRONMENTAL IMPACT:** No impacts are anticipated.





# SERVICE SPILLWAY UPGRADE – NEW WADDELL DAM

PROJECT #: 610540  
FUNDING SOURCE: "Big R"

START DATE: 1st Quarter 2027  
COMPLETION DATE: 4th Quarter 2028  
TOTAL PROJECT COST: \$1,130,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 1,130	\$ -	\$ -	\$ 185	\$ 945	\$ -	\$ -	\$ -	\$ -

**DESCRIPTION:** This project involves repairing deteriorated concrete patches on the New Waddell Dam service spillway to restore its original design and structural integrity. Due to the spillway's complex curvature and extensive patching, the work requires specialized equipment and contractor expertise.

**JUSTIFICATION:** The existing patches are numerous and irregular, making in-house repairs unfeasible. A contractor-led effort will allow for larger concrete removal and structural assessment to ensure the spillway meets original design standards and performs safely under high-flow conditions.

**OPERATING IMPACT:** No impacts are anticipated.

**SOCIAL IMPACT:** The project supports dam safety and long-term water delivery reliability.

**ENVIRONMENTAL IMPACT:** No impacts are anticipated.



# SIPHON REGRADE – JACKRABBIT WASH

**PROJECT #:** 610539  
**FUNDING SOURCE:** "Big R"

**START DATE:** 1st Quarter 2027  
**COMPLETION DATE:** 4th Quarter 2028  
**TOTAL PROJECT COST:** \$920,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 920	\$ -	\$ -	\$ 147	\$ 773	\$ -	\$ -	\$ -	\$ -

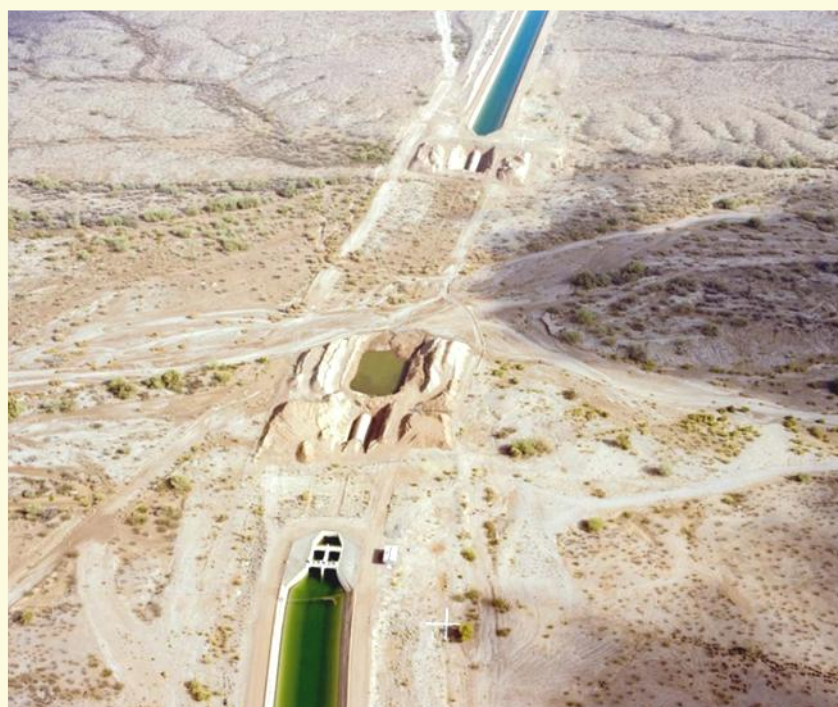
**DESCRIPTION:** This project will develop and implement a grading and drainage plan to prevent water from ponding above buried pipeline segments at the Jackrabbit Wash Siphons. The work includes regrading soil to promote runoff and protect the pipeline infrastructure.

**JUSTIFICATION:** Backfill settlement has led to water ponding above siphon segments, which allows moisture to seep through cracked mortar coatings and corrode prestressing wires. Previous excavations have confirmed water intrusion and wire corrosion, making corrective grading essential to preserve pipeline integrity.

**OPERATING IMPACT:** No impacts are anticipated.

**SOCIAL IMPACT:** Improving drainage will reduce the risk of pipeline failure, ensuring safe and reliable water delivery.

**ENVIRONMENTAL IMPACT:** Excavated material will need to be relocated. The team will review requirements during the design phase, and apply for all necessary permits (specifically 404, Clean Water Act).





# SRP-CAP INTERCONNECTION FACILITY

**PROJECT #:** 610350  
**FUNDING SOURCE:** Extraordinary Cost Reserve

**START DATE:** 3rd Quarter 2024  
**COMPLETION DATE:** 4th Quarter 2029  
**TOTAL PROJECT COST:** \$25,000,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 25,000	\$ 1,000	\$ 5,000	\$ 5,000	\$ 7,000	\$ 7,000	\$ -	\$ -	

**DESCRIPTION:** The SRP-CAP Interconnection Facility (SCIF) is a jointly 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 in the technical review phase. Phase Two will include the design and environmental review process, and Phase Three will be the construction phase of the project. Construction administration will be led by SRP, and CAP's cost-share for the project is 24.4%.

**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 25% of the facility.

**SOCIAL IMPACT:** This project improves CAP's system reliability, which increases the reliability of uninterrupted water deliveries. The input of "nonproject" 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 Arizona 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.



# STRAINER SYSTEM REPLACEMENT – WADDELL

PROJECT #: 610535  
FUNDING SOURCE: "Big R"

START DATE: 4th Quarter 2026  
COMPLETION DATE: 4th Quarter 2028  
TOTAL PROJECT COST: \$2,028,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 2,028	\$ -	\$ 12	\$ 569	\$ 1,447	\$ -	\$ -	\$ -	\$ -

**DESCRIPTION:** This project involves replacing the corroded Hayward strainer in the Waddell Pumping Plant seal water system with a new strainer technology. The replacement is part of a broader program to standardize and upgrade all strainers at the facility.

**JUSTIFICATION:** The existing strainer is in poor condition due to significant internal corrosion, reducing its effectiveness and reliability. Upgrading to a new strainer technology will improve performance, align with facility-wide upgrades, and reduce the risk of equipment failure.

**OPERATING IMPACT:** No impacts are anticipated.

**SOCIAL IMPACT:** This project supports efficient maintenance practices and long-term system performance.

**ENVIRONMENTAL IMPACT:** No impacts are anticipated.





# TRANSFORMER REPLACEMENT – McCULLOUGH SUBSTATION

**PROJECT #:** 610519  
**FUNDING SOURCE:** Extraordinary Cost Reserve

**START DATE:** 3rd Quarter 2026  
**COMPLETION DATE:** 3rd Quarter 2029  
**TOTAL PROJECT COST:** \$15,000,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 15,000	\$ -	\$ 50	\$ 750	\$ 12,000	\$ 2,200	\$ -	\$ -	\$ -

**DESCRIPTION:** Power that serves Mark Wilmer Pumping Plant is provided primarily through a single 400-megavolt ampere (MVA), 500/230-kilovolt (kV) transformer located at the McCullough substation in Nevada. There are three transformers at McCullough, each owned by a different utility. CAP owns the capacity on Transformer Bank I, but has no capacity rights on other transformers or other transmission systems in the area. This sole power source for CAP's intake plant represents a business risk for the Mark Wilmer Pumping Plant.

**JUSTIFICATION:** Transformer Bank I has been in service for over 40 years and nearing the end of its useful service life.

**OPERATING IMPACT:** Replacement of the McCullough transformer will reduce the risk of failure and avoid the costs associated with purchasing alternative transmission capacity.

**SOCIAL IMPACT:** Power supply reliability increases 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.



# TRANSFORMER FAILURE MITIGATION – MARK WILMER

PROJECT #: 610471  
FUNDING SOURCE: "Big R"

START DATE: 1st Quarter 2026  
COMPLETION DATE: 4th Quarter 2029  
TOTAL PROJECT COST: \$3,817,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 3,817	\$ -	\$ 534	\$ 1,171	\$ 902	\$ 1,210	\$ -	\$ -	\$ -

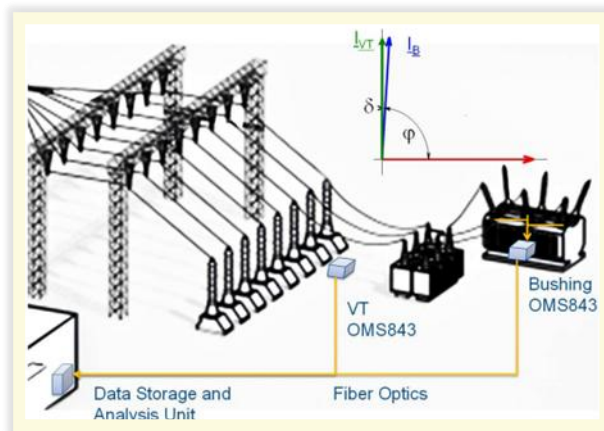
**DESCRIPTION:** This project will replace aging dissolved gas analyzers (DGAs) on transformers at the Mark Wilmer Pumping Plant with modern, high-accuracy units. The upgrade will include installing new monitoring systems, improving transformer health diagnostics, and integrating data into existing CAP software for real-time condition tracking and predictive maintenance.

**JUSTIFICATION:** The current DGA systems are over 10 years old, beyond their expected service life, and have shown signs of failure in multiple transformer bushings. Because bushing failures are a leading cause of transformer fires, upgrading to modern DGAs will significantly reduce the risk of unplanned outages, equipment damage, and high-cost repairs.

**OPERATING IMPACT:** The project will require partial pumping outages, with one transformer taken offline at a time to minimize operational impacts. Each transformer is expected to be out of service for approximately 2–3 weeks during installation and commissioning.

**SOCIAL IMPACT:** The project enhances public service reliability by ensuring uninterrupted water deliveries through improved infrastructure monitoring.

**ENVIRONMENTAL IMPACT:** Environmental impacts are minimal, with oil handling and equipment disposal managed through recycling and reuse protocols. The work supports long-term system sustainability and safety.





# TRANSMISSION LINE & HARDENING – SALT GILA

**PROJECT #:** 610457  
**FUNDING SOURCE:** Extraordinary Cost Reserve

**START DATE:** 1st Quarter 2026  
**COMPLETION DATE:** 4th Quarter 2027  
**TOTAL PROJECT COST:** \$3,538,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 3,538	\$ -	\$ 372	\$ 3,166	\$ -	\$ -	\$ -	\$ -	\$ -

**DESCRIPTION:** This project proposes reliability improvements for the Salt Gila Pumping Plant’s 69kV power line, including selective line hardening, and the addition of an alternate power feed. The goal is to reduce outage duration and improve power resilience by installing steel “stopper” poles and constructing a backup line from the SRP Thunderstone-Fountain corridor.

**JUSTIFICATION:** A September 2023 storm caused downed power poles and a full outage at Salt Gila, halting pumping operations and disrupting water deliveries. The incident exposed vulnerabilities in the power infrastructure. A power hardening project is needed to improve system resilience and maintain operations during future outages.

**OPERATING IMPACT:** There will be scheduled outages for the Salt Gila switchyard, that will impact pumping. These outages will be coordinated with water operations far in advance to minimize operational disruptions.

**SOCIAL IMPACT:** This project enhances water delivery reliability for large downstream municipalities and critical CAP operations

**ENVIRONMENTAL IMPACT:** Environmental impacts are minimal, with improvements focused on existing infrastructure corridors and intended to prevent outages during extreme weather events.



# UNIT BREAKER REPLACEMENT – HASSAYAMPA

**PROJECT #:** 610532  
**FUNDING SOURCE:** "Big R"

**START DATE:** 1st Quarter 2026  
**COMPLETION DATE:** 4th Quarter 2028  
**TOTAL PROJECT COST:** \$5,555,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 5,555	\$ -	\$ 1,059	\$ 4,351	\$ 145	\$ -	\$ -	\$ -	\$ -

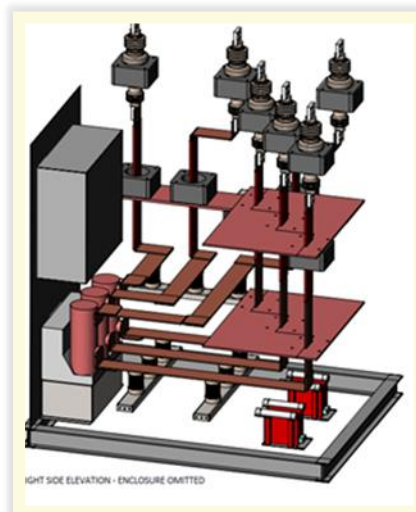
**DESCRIPTION:** This project will replace two aging 230kV circuit breakers at the Hassayampa (HSY) Switchyard, originally installed in 1985. The replacement breakers will be modern gas-insulated (SF<sub>6</sub>) units, installed on new foundations with associated electrical, communication, and civil upgrades. The work also includes minor layout reconfiguration to accommodate the new equipment and improve operational access.

**JUSTIFICATION:** The existing breakers are nearly 40 years old and beyond their recommended service life, with limited spare parts availability and increased maintenance needs. Replacing them is critical for maintaining system reliability, safety, and compliance with current industry standards. This proactive upgrade reduces the risk of failure that could disrupt power delivery to key CAP facilities.

**OPERATING IMPACT:** The project will require planned electrical outages at HSY, carefully coordinated to avoid service interruptions to the pumping plants. Temporary workarounds and outage scheduling will minimize impacts to operations.

**SOCIAL IMPACT:** The project enhances reliability of power supply for essential water infrastructure, benefiting CAP users and regional stakeholders by reducing the risk of unplanned power loss.

**ENVIRONMENTAL IMPACT:** Environmental impacts are expected to be minimal and confined to the switchyard footprint. Proper handling and containment of SF<sub>6</sub>, a potent greenhouse gas, will be implemented to meet environmental compliance and reduce emissions.





# VAF FILTER REPLACEMENT – HASSAYAMPA

**PROJECT #:** 610531  
**FUNDING SOURCE:** "Big R"

**START DATE:** 1st Quarter 2026  
**COMPLETION DATE:** 4th Quarter 2028  
**TOTAL PROJECT COST:** \$2,526,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 2,526	\$ -	\$ 526	\$ 1,800	\$ 200	\$ -	\$ -	\$ -	\$ -

**DESCRIPTION:** This project involves evaluating and replacing the current underperforming VAF filtration system at the Hassayampa facility. The new system will be selected and designed to handle peak water turbidity and biological loads during the most demanding operational seasons. The replacement will improve water filtration reliability for main unit stuffing boxes and domestic water systems.

**JUSTIFICATION:** The existing VAF system is failing due to excessive biological clogging and fine sediment wear, requiring constant cleaning, frequent rebuilds, and disabling of protective trips just to remain operational. Component failures occur monthly, far exceeding the original 6–12 month maintenance cycle, and are starting to damage non-replaceable components like stainless steel shafts. A new system is critical to reduce maintenance costs, manpower hours, and operational risk to the plant's main pumping units.

**OPERATING IMPACT:** During installation, brief outages may be needed but will be coordinated to avoid peak pumping periods. Once in place, the new system will reduce downtime and eliminate the need to bypass essential protection features.

**SOCIAL IMPACT:** Reliable filtration supports uninterrupted delivery of CAP water and reduces emergency maintenance efforts, benefiting staff safety and regional water users. It also supports long-term operational sustainability and workforce efficiency.

**ENVIRONMENTAL IMPACT:** Environmental impact is expected to be minimal, and localized to existing infrastructure. The new system will better handle natural organic and sediment loads, without increasing chemical or waste byproducts.



# WATER EDUCATION CENTER

**PROJECT #:** 610517  
**FUNDING SOURCE:** Extraordinary Cost Reserve

**START DATE:** 3rd Quarter 2023  
**COMPLETION DATE:** 3rd Quarter 2027  
**TOTAL PROJECT COST:** \$51,062,000

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

Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 51,062	\$ 21,463	\$ 26,210	\$ 3,389	\$ -	\$ -	\$ -	\$ -	\$ -

**DESCRIPTION:** The construction of a Water Education Center will advance CAP's goals of serving internal and external stakeholders. 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 officials' briefings, to board meetings, and school field trips. Additionally, the facility could provide much needed overflow space for meetings, trainings, and events that the current Multipurpose Room cannot accommodate. The WEC is on track to open in 2026, with project closeout wrapping up in 2027.

**OPERATING IMPACT:** No impacts are anticipated.

**SOCIAL IMPACT:** Powerful impact: by inviting stakeholders to visit Headquarters to learn more about water in Arizona.

**ENVIRONMENTAL IMPACT:** Minimal construction impact, though vegetation may need to be protected or relocated. Facility will have a positive impact, being partially zero-scaped, and utilizing renewable energy sources.





# WINDOWS SERVER REFRESH 2026/2027

PROJECT #: 610215 / 610216  
FUNDING SOURCE: "Big R"

START DATE: 1st Quarter 2026  
COMPLETION DATE: 4th Quarter 2027  
TOTAL PROJECT COST: \$550,000

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

	Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$	550	\$ -	\$ 275	\$ 275	\$ -	\$ -	\$ -	\$ -	\$ -

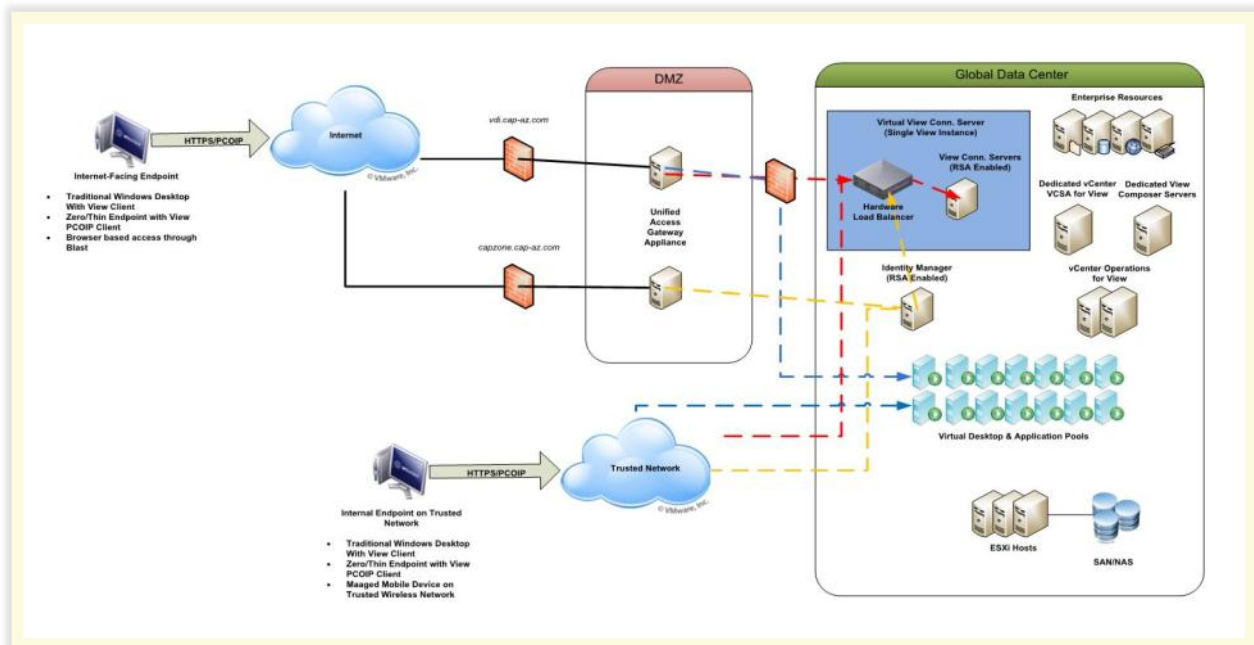
**DESCRIPTION:** As technology moves more into a hybrid environment that merges on-premise solutions with the cloud, Microsoft Windows® server equipment and associated software purchases are required to meet new project requirements without sacrificing CAP uptime standards.

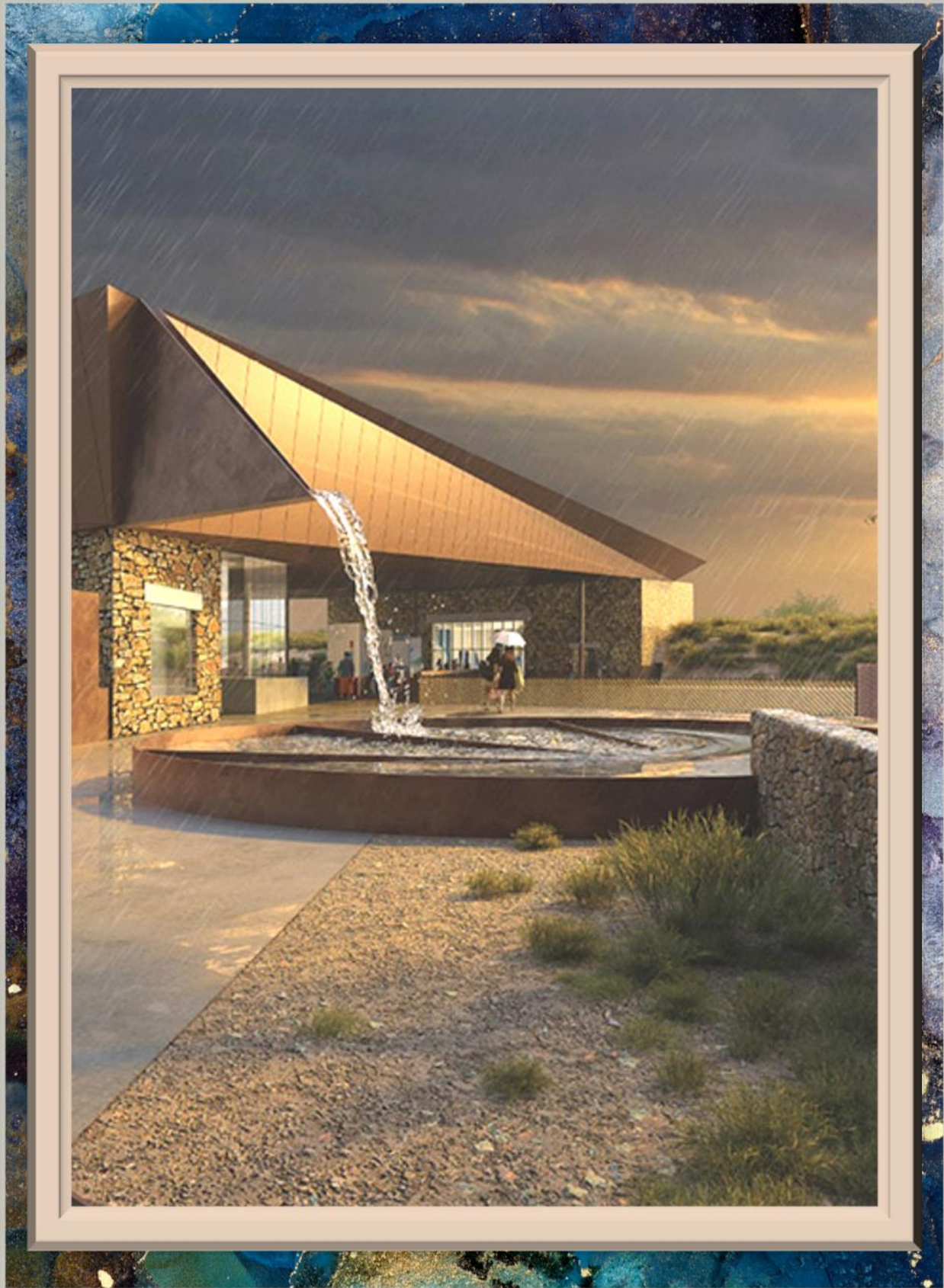
**JUSTIFICATION:** System infrastructure enhancements are required to meet project completion schedules and increase productivity enterprise-wide.

**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.

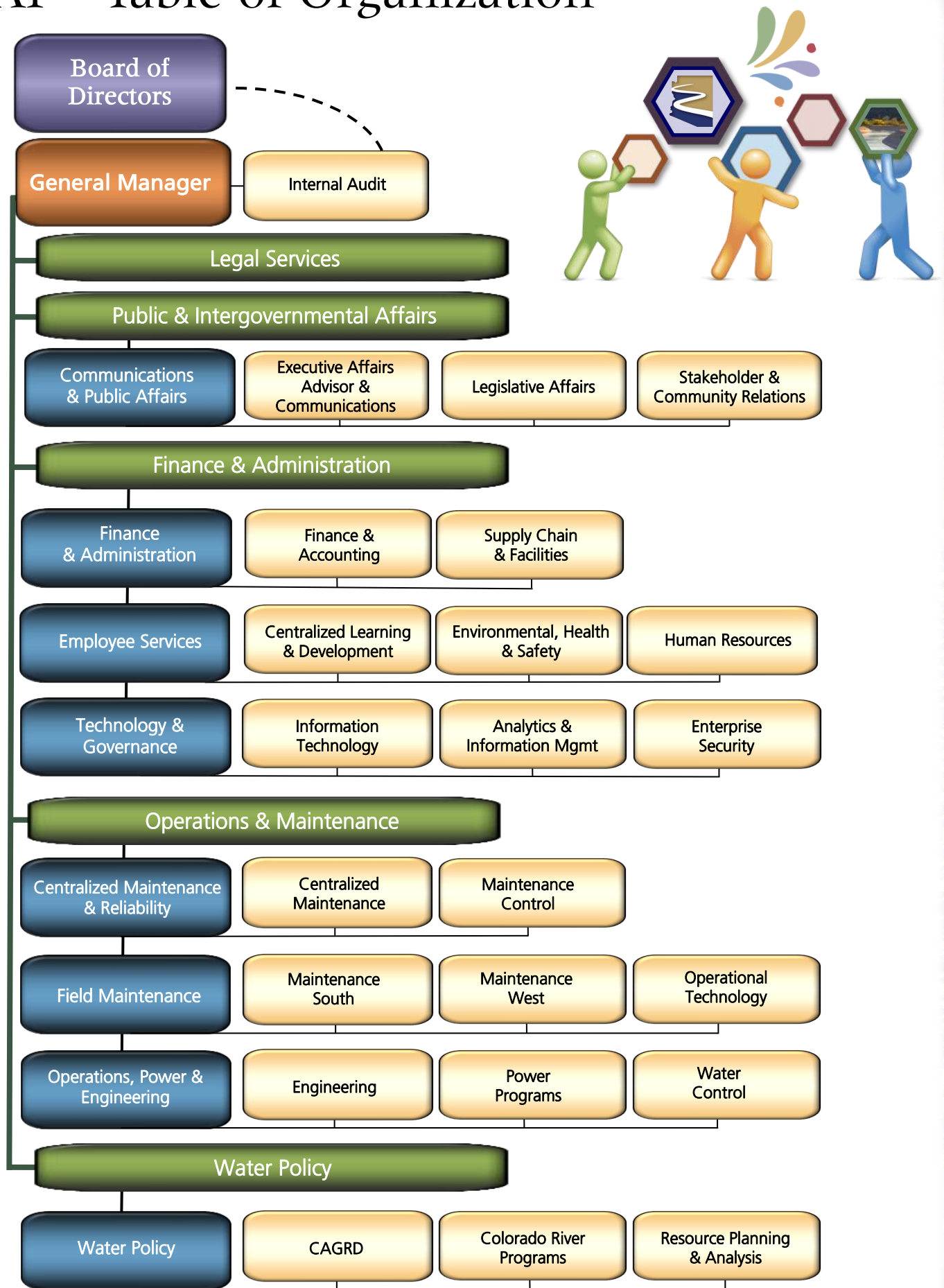




Rain Harvest Rendering - Water Education Center



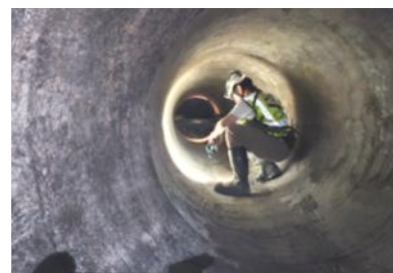
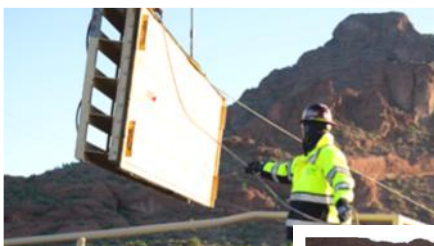
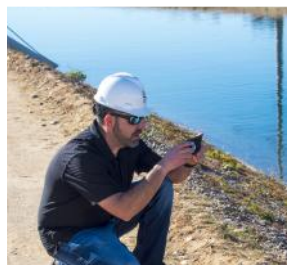
# CAP - Table of Organization



# VALUES

Central Arizona Project employees work with pride to create a safe, supportive and friendly workplace. We believe in:

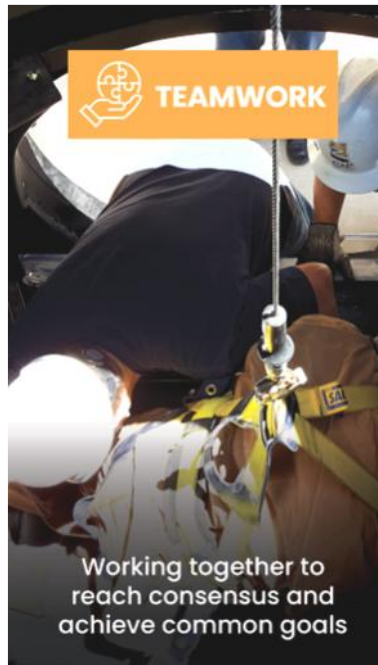
- *Integrity*
- *Professionalism*
- *Safety*
- *Service*
- *Teamwork*



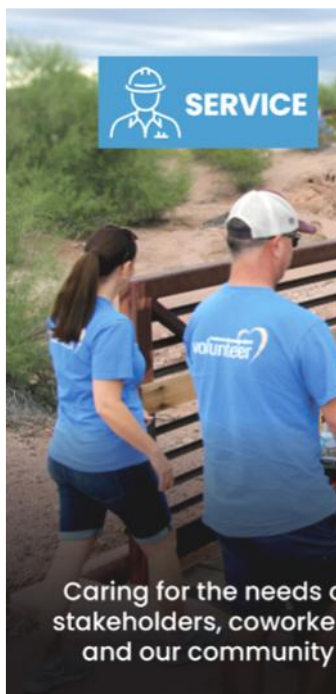




**CAP**  
CENTRAL ARIZONA PROJECT



**CAP**  
CENTRAL ARIZONA PROJECT





# CAP - - MAKING A DIFFERENCE

PROVIDED BY: DEETTE PERSON - PUBLIC INFORMATION OFFICER  
& JENNIFER MILLER - PUBLIC AFFAIRS EVENT SPECIALIST

20 CAP 25  
**President's Award**

CAP salutes these charities for the work they do every day and the CAP employees who dedicate their spare time to contribute to their success.

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:

## CAP TURNOUTS

- Casa Grande Veteran's Day Parade
- Free Arts
- Liberty Wildlife
- Native American Connections
- Little Pink Houses of Hope
- Phoenix PRIDE Parade & Festival
- St. Vincent de Paul
- Southwest Wildlife
- Tempe Exchange Club 9/11 Healing Field
- Tiger Mountain Foundation - Garden of Tomorrow
- Wreaths Across America
- Zoo Walk for Autism Research

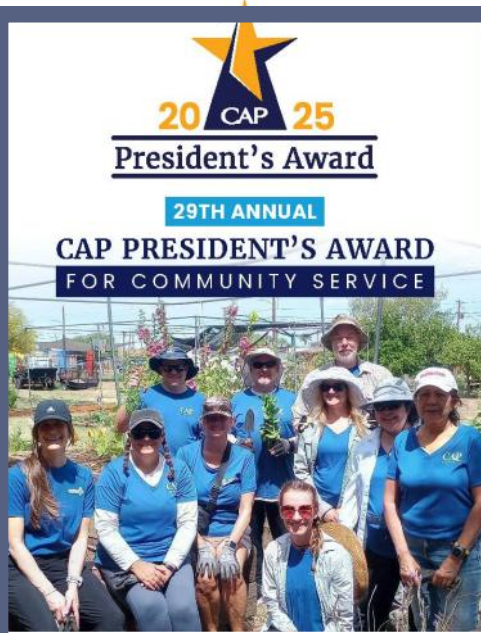


## EMPLOYEE VOLUNTEER ORGANIZATIONS

- Ability360
- Arizona Hydrological Society
- Big Brothers Big Sisters of Central Arizona
- Dewey-Humbolt
- Fur The Paws Rescue
- Lake Havasu Regional Medical Auxiliary
- Pittie Me Rescue
- Rusty's Angel's Sanctuary
- Scouting America (formerly Boy Scouts of America)
- Shine Theatre Company
- Valors Veterans Community AZ
- Vitalant









## CAP EMPLOYEES - - TO THE RESCUE

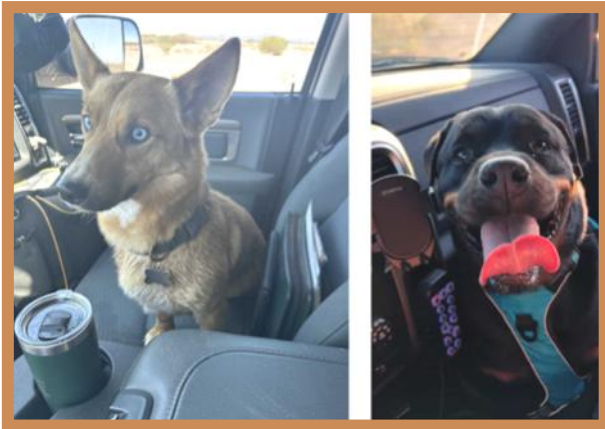
There have been a slew of animal rescues recently, and it's been CAP employees to the rescue. One was by one of CAP's jack-of-all-trades agents who came to the rescue of two furry friends.



Agent Steve West, who works the southern end of the CAP system, was driving down an operations and maintenance (O&M) road when a four-legged explorer caught his eye.

"This little guy was just running along the O&M road in Picture Rocks," said West. "He jumped right in my truck when I stopped ... mud and all."

Fortunately, this friendly hitchhiker had a tag with his owner's information and West was able to safely deliver him home.



Just a day later, Agent Aaron Victor found himself in the middle of a much busier rescue. While working along the canal near Lake Pleasant Parkway, he spotted a large rottweiler in traffic. Other drivers were swerving to avoid the loose dog, so Victor safely intervened, helping the dog to safety and waiting with him until Peoria Police Animal Control could arrive. The rottweiler had no tags, but did have a chip — so hopefully a reunion with its owner is just around the corner.

While CAP agents don't respond to animal calls as part of their daily duties, it's not unusual for them to encounter the occasional dog on the lam, and those who have current tags are always the easiest to return home. These two back-to-back rescues are a reminder that looking out for the community sometimes includes our four-legged neighbors.



Another rescue was thanks to an eagle-eyed citizen – and the swift response of personnel from CAP and Liberty Wildlife – an injured hawk that was stranded near the CAP canal was rescued and is recovering at a wildlife rehabilitation center.

Elizabeth Schubert, a wildlife photographer who lives near the canal, spotted the injured bird and when she realized he couldn't free himself, she called CAP's front desk on a Sunday morning for help.

CAP's Protective Services Agent Kevin Kraayenbrink took the call and coordinated the rescue efforts. He asked Agent Kevin Jex to respond and contacted Arizona Game and Fish, who



dispatched a volunteer hawk specialist from Liberty Wildlife Rescue. Once on the scene, Jex located the hawk sitting along the canal's cement liner which was about 20 feet down the raised embankment

"When I saw how far down the embankment he was, I had to give some thought as to the best way to rescue him," said Jex. "Then I realized my extending hook pole was just long enough to reach him."

Jex slipped the end of the pole under the hawk to persuade him up the embankment and after moving him a short distance, the hawk stepped on the pole and Jex quickly lifted him to the rescuer.

"I really felt like this hawk wanted help, which made the rescue much easier," said Jex. "It was a perfect rescue, from the caller, to the wildlife bird rescuer to having the proper equipment and then having the hawk's cooperation."

After being rescued, Liberty Wildlife took the hawk to their care facility for treatment.

"If it wasn't for the immediate response from the great people from CAP and Liberty Wildlife, this beautiful bird wouldn't have made it after three days in the Arizona heat with no food or water," said Schubert. "It was a smooth, professional effort that made a real difference."

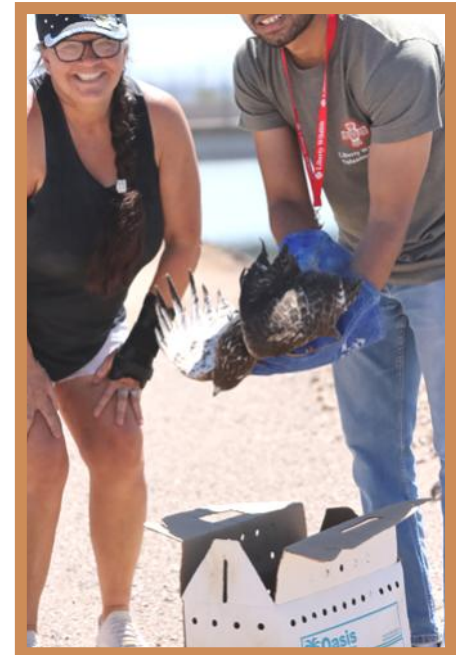
Another successful rescue from CAP's jack-of-all-trades professionals!

For this next recent rescue, it may appear as though this deer is walking on water near the edge of a CAP canal – but of course, he is not! If deer find a way through CAP's fence, they can walk down the sloped side of the canal.

Below the waterline there is better traction for their hooves, so it might appear as though they are walking on water, when in fact, they are walking on the side of the canal.

Getting into the water is easy, but walking out of the water is not. When they step above the waterline, they are unable to get traction on the bare concrete and become stranded in the canal.

Fortunately for this fellow, CAP's Aqueduct Maintenance supervisor and Protective Services agents were onsite to assist in the rescue.





For this next rescue, it involves our four-legged furry friends found out by Lake Pleasant.

As mentioned, CAP's dedicated employees have been in the right place at the right time to rescue Arizona's wildlife, and they have been busier than normal with these animal rescues.

One of the most recent is when Kevin Jex and Aaron Victor rescued a baby burro who was separated from his mother. They were able to brave the heat to ensure the security of the CAP system and the safety of its employees, as well as its neighbors and wildlife, including this baby burro.



This next and last rescue is one that was shared by our Water Quality and Biology Administrator, Scott Bryan. It is a rescue that occurs on the occasion a portion of the CAP canal is drained for maintenance work.

Due to relatively high flows, a lack of cover and habitat, and sparse food resources, the CAP canal is not an ideal location for fish from the Colorado River to thrive. Despite this, fish populations in the canal



persist at a reasonably high rate. Sportfish species, like largemouth and smallmouth bass, bluegill, redear sunfish, and striped bass enter as eggs or larvae at Lake Havasu and Lake Pleasant, grow into adults, and can be found throughout the system. Common carp, also from our source waters, do very well and grass carp and channel catfish are stocked annually for vegetation and insect control.

So, what happens to the fish when we drain sections of the canal for maintenance work?

Typically, fish detect the movement of equipment and people and move out of busy work areas. However, sometimes when we set coffer dams and stop logs, fish are often trapped within the work area and if all of the water is removed, or if the water is extremely low for a long period of time, these fish perish.

For several reasons, CAP attempts to "rescue" these trapped fish whenever possible. Other than being the right thing to do, here are some of those reasons:

The Operating Agreement between CAWCD and the USBR (Environmental Appendix, Section B10) requires that we "Notify Arizona Game and Fish (AZGFD) and the Project Manager (USBR) sufficiently in advance of any complete dewatering of any section of the canal and provide access to the canal and cooperate with fish salvage activities."



Stocked fish represent a relatively large expense to CAP and if these fish are allowed to perish, they must be replaced. Fish left in small pools of water create a slipping and tripping hazard for employees working in a partially dewatered section of canal, pipe or siphon.

Fish that are left to die and decompose emit toxic, foul-smelling compounds that can be dangerous to employees working in confined spaces.

Opportunistic predators, like coyotes, mountain lions, javelina, snakes, hawks and others are attracted to the easy prey fish that are left in shallow water or no water at all. This exposes employees and contractors on the job site to wildlife that may be aggressive. Flies and other nuisance insects are attracted to the foul odor of decomposing fish.

Recently, AZGFD and USBR have left the fish salvage work to CAP, but they still need to be informed of the activities. This fish salvage work requires significant coordination among work groups, including Water Transmission (Biology), Water Control, Engineering, Project Management, Planning, Maintenance, Safety and Environmental. Although this work may add some extra time to a project, it is usually minimal; however, for the reasons outlined above, it is something we need to do.

During the 2025 winter outage (mid-January to mid-February), Buckskin Tunnel, Cunningham Wash Siphon and Burnt Mountain Tunnel were all dewatered for inspection. As soon as water levels in each structure were low enough, crews began the process of removing fish. Seines and dip nets were used to capture the fish, and they were placed into a custom-made mesh barrel that was lifted out of the canal with a crane. Once on the surface, fish were transferred to a fish hauling trailer and re-introduced to a downstream watered section of the canal.

The following fish were removed from each work area:

#### **Buckskin Tunnel (Jan. 23) – Approximately 145 fish**

105 Striped Bass      40 Grass Carp

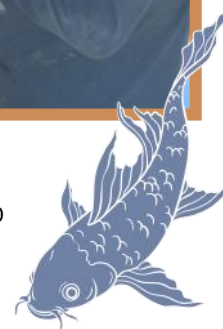
#### **Burnt Mountain Tunnel (Jan. 26) – Approximately 120 fish**

80 Common Carp      30 Channel Catfish      5 Largemouth Bass      3 Grass Carp  
1 Flathead Catfish      1 Redear Sunfish

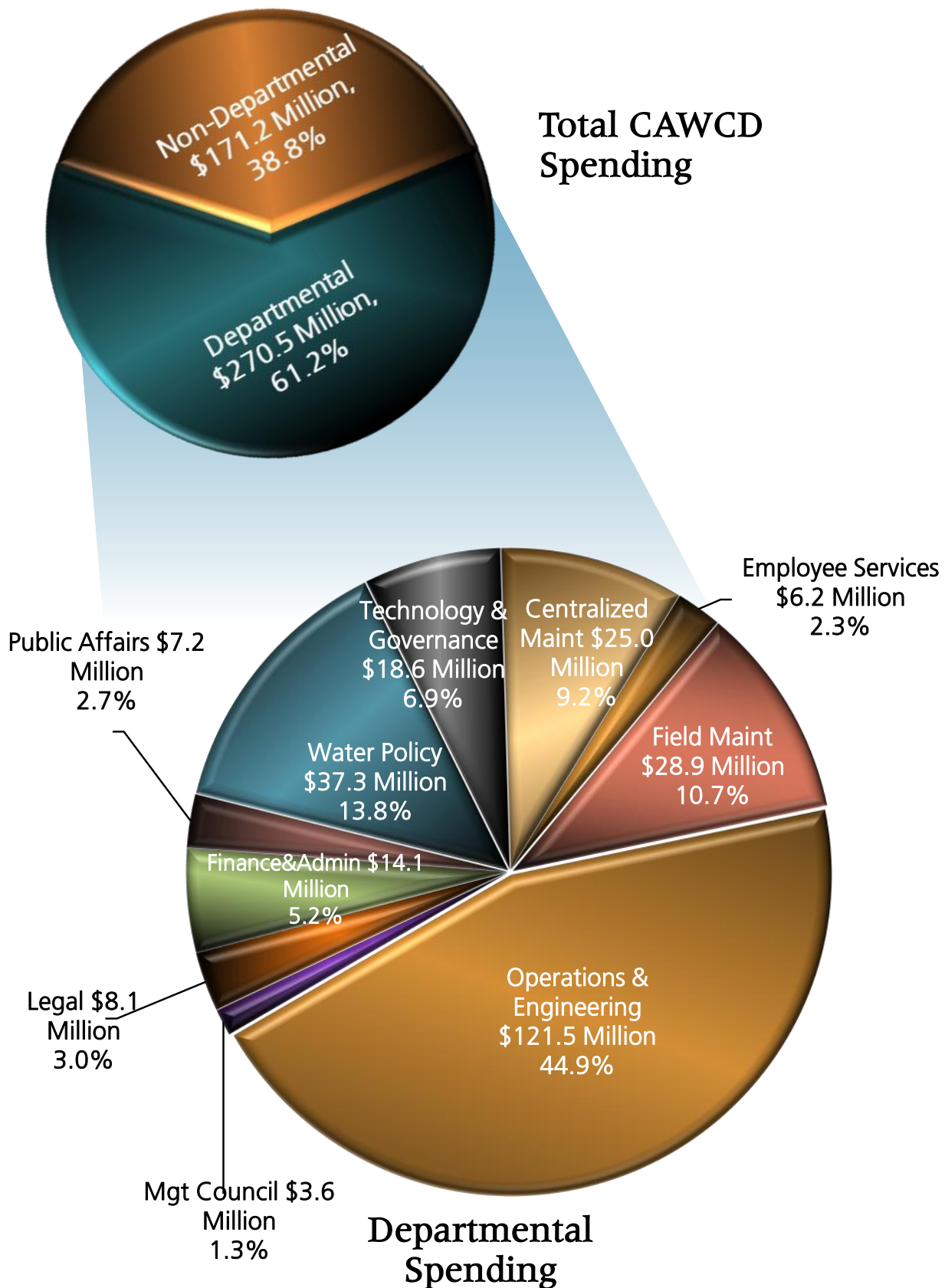
#### **Cunningham Wash (Jan. 30) – Approximately 75 fish**

65 Channel Catfish      5 Common Carp      2 Smallmouth Bass      2 Flathead Catfish  
1 Redear Sunfish      \*Several of the channel catfish in Cunningham Wash weighed more than 20 pounds, much larger than we have ever seen in the canal!

Special thanks to everyone who helped with fish removal efforts!

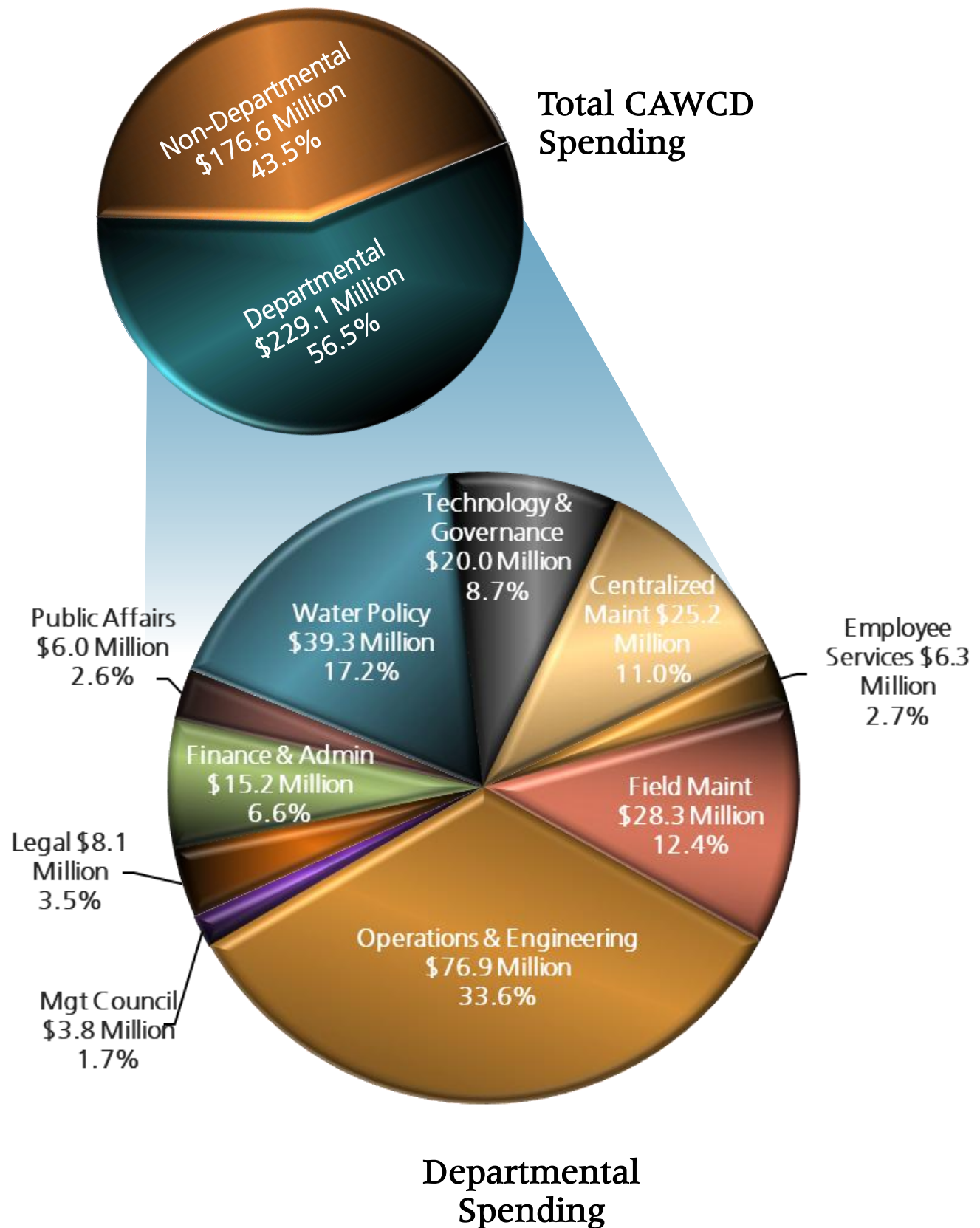


# 2026 Total Spending





# 2027 Total Spending



# CAP

CENTRAL ARIZONA PROJECT





# Summary of Positions

Average Full-Time Equivalent (FTE)  
(All FTE are General Fund except as noted)

	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
<b>Management Council</b>	11.0	11.0	11.0	13.0	13.0
<b>Legal Services</b>	5.0	6.0	6.0	6.0	6.0
<b>Public Affairs</b>	16.4	16.7	16.7	18.0	18.0
<b>AGM - Finance &amp; Administration</b>					
<b>Finance &amp; Administration</b>					
Finance & Accounting	20.7	20.7	20.6	21.0	21.0
Supply Chain & Facilities	27.0	26.2	26.6	27.0	27.0
<b>Total Finance &amp; Administration</b>	47.7	46.9	47.2	48.0	48.0
<b>Employee Services</b>					
Centralized Learning & Development	5.0	5.8	6.3	6.0	6.0
Environmental Health & Safety	9.7	10.9	11.0	11.0	11.0
Human Resources	7.3	7.5	6.6	7.5	7.5
<b>Total Employee Services</b>	22.0	24.2	23.9	24.5	24.5
<b>Technology &amp; Governance</b>					
Analytics	8.5	9.0	9.0	9.0	9.0
Information Technology	27.4	28.5	27.8	29.0	29.0
Enterprise Security	11.2	11.7	11.4	13.0	13.0
<b>Total Technology &amp; Governance</b>	47.1	49.2	48.2	51.0	51.0
<b>AGM - Operations &amp; Maintenance</b>					
<b>Centralized Maintenance &amp; Reliability</b>					
Centralized Maintenance	66.9	67.2	68.2	72.0	72.0
Maintenance Control	38.9	41.4	42.9	42.0	42.0
<b>Total Centralized Maintenance &amp; Reliability</b>	105.8	108.6	111.1	114.0	114.0
<b>Field Maintenance</b>					
South Area Maintenance	43.0	42.5	44.8	45.0	45.0
West Area Maintenance	45.8	45.5	45.2	46.0	46.0
Operational Technology	36.7	37.5	36.4	36.0	36.0
<b>Total Field Maintenance</b>	125.5	125.5	126.4	127.0	127.0
<b>Operations, Power &amp; Engineering</b>					
Engineering	62.2	65.5	66.3	66.0	66.0
Power Program	2.0	2.0	2.0	2.0	2.0
Water Operations	23.3	22.5	23.2	25.0	25.0
<b>Total Operations, Power &amp; Engineering</b>	87.5	90.0	91.5	93.0	93.0
<b>AGM - Water Policy</b>					
<b>Water Policy</b>					
CAGRD *	9.1	8.2	8.0	9.0	9.0
Water Policy	8.8	9.0	9.0	10.0	10.0
<b>Total Water Policy</b>	17.9	17.2	17.0	19.0	19.0
<b>Total FTE</b>	485.9	495.3	499.0	513.5	513.5
Vacancy/Salary Savings Equivalent	-	-	(3.2)	(15.0)	(15.0)
<b>Net FTE</b>	485.9	495.3	495.8	498.5	498.5

# Explanation of Changes in Positions

Average Full-Time Equivalent (FTE)

(All FTE are General Fund except as noted)

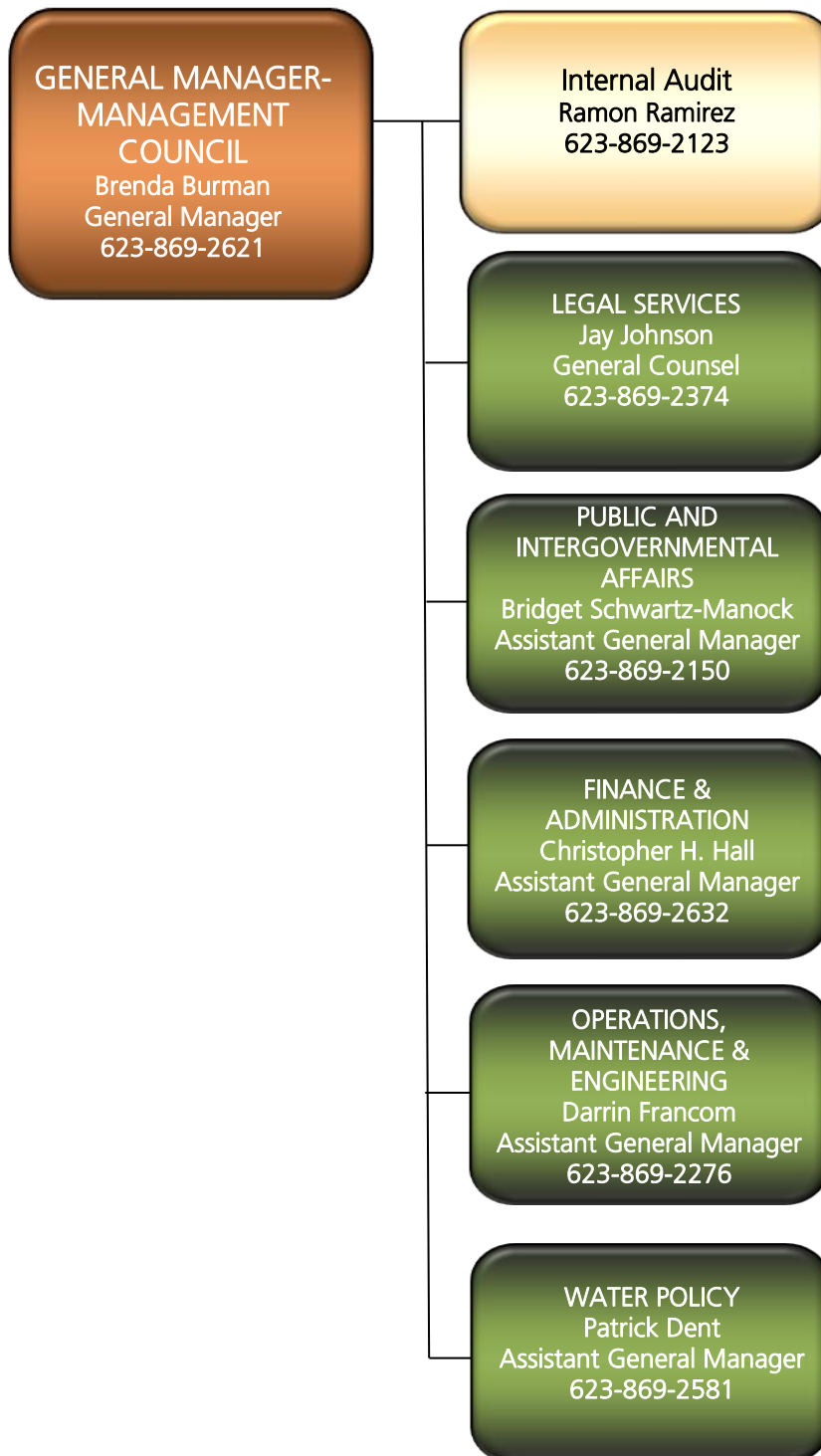
	2025 Projection	2026 Budget	2027 Budget	2026 vs 2025	2027 vs 2026	Notes
<b>Management Council</b>	11.0	13.0	13.0	2.0	-	Filling vacant position (Sr. Policy Analyst & Exec. Strategy Advisor)
<b>Legal Services</b>	6.0	6.0	6.0	-	-	
<b>Public Affairs</b>	16.7	18.0	18.0	1.3	-	Filling vacant position (New Executive Assistant & Coordinator)
<b>AGM - Finance &amp; Administration</b>						
<b>Finance &amp; Administration</b>						
Finance & Accounting	20.6	21.0	21.0	0.4	-	
Supply Chain & Facilities	26.6	27.0	27.0	0.4	-	
<b>Total Finance &amp; Administration</b>	47.2	48.0	48.0	0.8	-	
<b>Employee Services</b>						
Centralized Learning & Development	6.3	6.0	6.0	(0.3)	-	
Environmental Health & Safety	11.0	11.0	11.0	-	-	
Human Resources	6.6	7.5	7.5	0.9	-	Filling vacant position (Intern)
<b>Total Employee Services</b>	23.9	24.5	24.5	0.6	-	
<b>Technology &amp; Governance</b>						
Analytics	9.0	9.0	9.0	-	-	
Information Technology	27.8	29.0	29.0	1.2	-	Filling vacant position (IT Architect & System Admin)
Enterprise Security	11.4	13.0	13.0	1.6	-	Filling vacant position (New Agent & Security Analyst)
<b>Total Technology &amp; Governance</b>	48.2	51.0	51.0	2.8	-	
<b>AGM - Operations &amp; Maintenance</b>						
<b>Centralized Maintenance &amp; Reliability</b>						
Centralized Maintenance	68.2	72.0	72.0	3.8	-	Filling vacant position (Mechanic Millwrights & Apprentice)
Maintenance Control	42.9	42.0	42.0	(0.9)	-	Filling vacant position & Re-org)
<b>Total Centralized Maintenance &amp; Reliability</b>	111.1	114.0	114.0	2.9	-	
<b>Field Maintenance</b>						
Maintenance South	44.8	45.0	45.0	0.2	-	Filling vacant position (Equipment Operators)
Maintenance West	45.2	46.0	46.0	0.8	-	Filling vacant position (New Electrician)
Operational Technology	36.4	36.0	36.0	(0.4)	-	
<b>Total Field Maintenance</b>	126.4	127.0	127.0	0.6	-	
<b>Operations, Power &amp; Engineering</b>						
Engineering	66.3	66.0	66.0	(0.3)	-	
Power Program	2.0	2.0	2.0	-	-	
Water Operations	23.2	25.0	25.0	1.8	-	Re-organization
<b>Total Operations, Power &amp; Engineering</b>	91.5	93.0	93.0	1.5	-	
<b>AGM - Water Policy</b>						
<b>Water Policy</b>						
CAGR * Water Policy	8.0 9.0	9.0 10.0	9.0 10.0	1.0 1.0	- -	Filling vacant position (Specialist) Filling vacant position (Senior Policy)
<b>Total Water Policy</b>	17.0	19.0	19.0	2.0	-	
<b>Total FTE</b>	499.0	513.5	513.5	14.5	-	
Vacancy/Salary Savings Equivalent	(3.2)	(15.0)	(15.0)	(11.8)	-	
<b>Net FTE</b>	495.8	498.5	498.5	2.7	-	

\* CAGR Fund FTE



# General Manager - Management Council

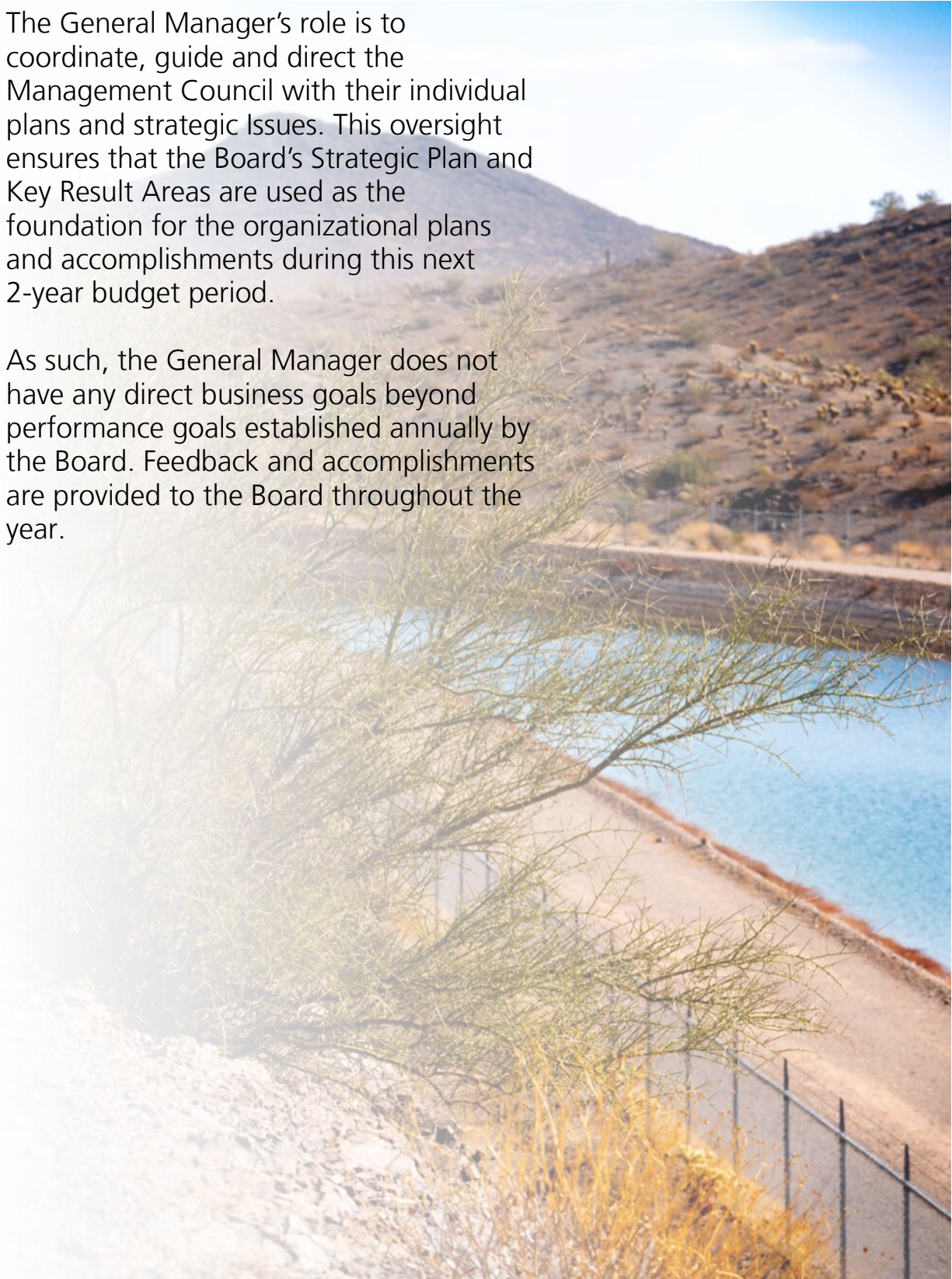
**Mission:** Provides leadership and direction in managing the business of the Central Arizona Water Conservation District through implementation of the CAWCD Board of Directors' strategic vision, building and maintaining trust-based relationships with stakeholders, protecting the District's resources and operating in a responsible and environmentally sound manner.



## 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 Areas 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.



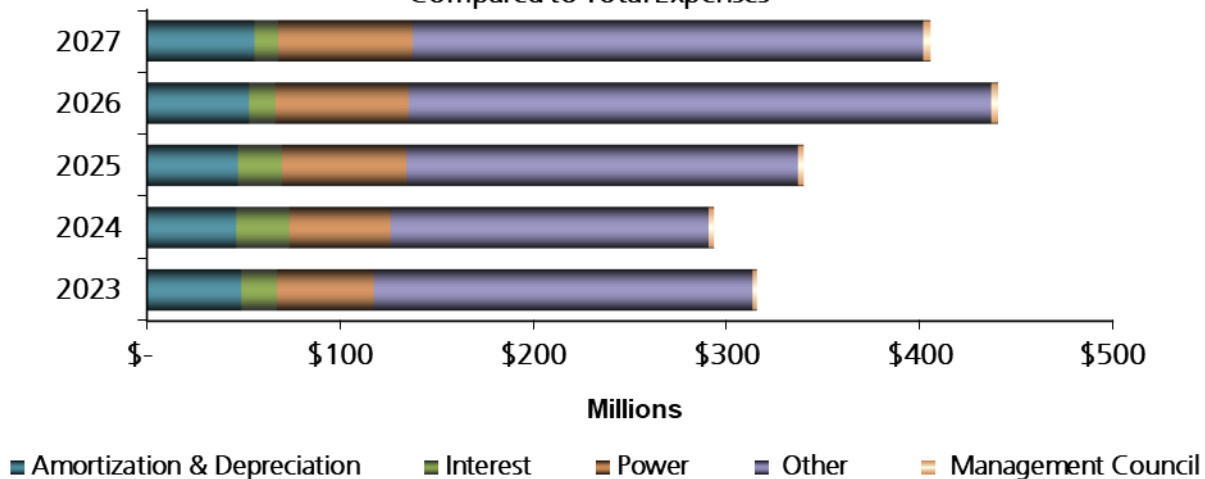


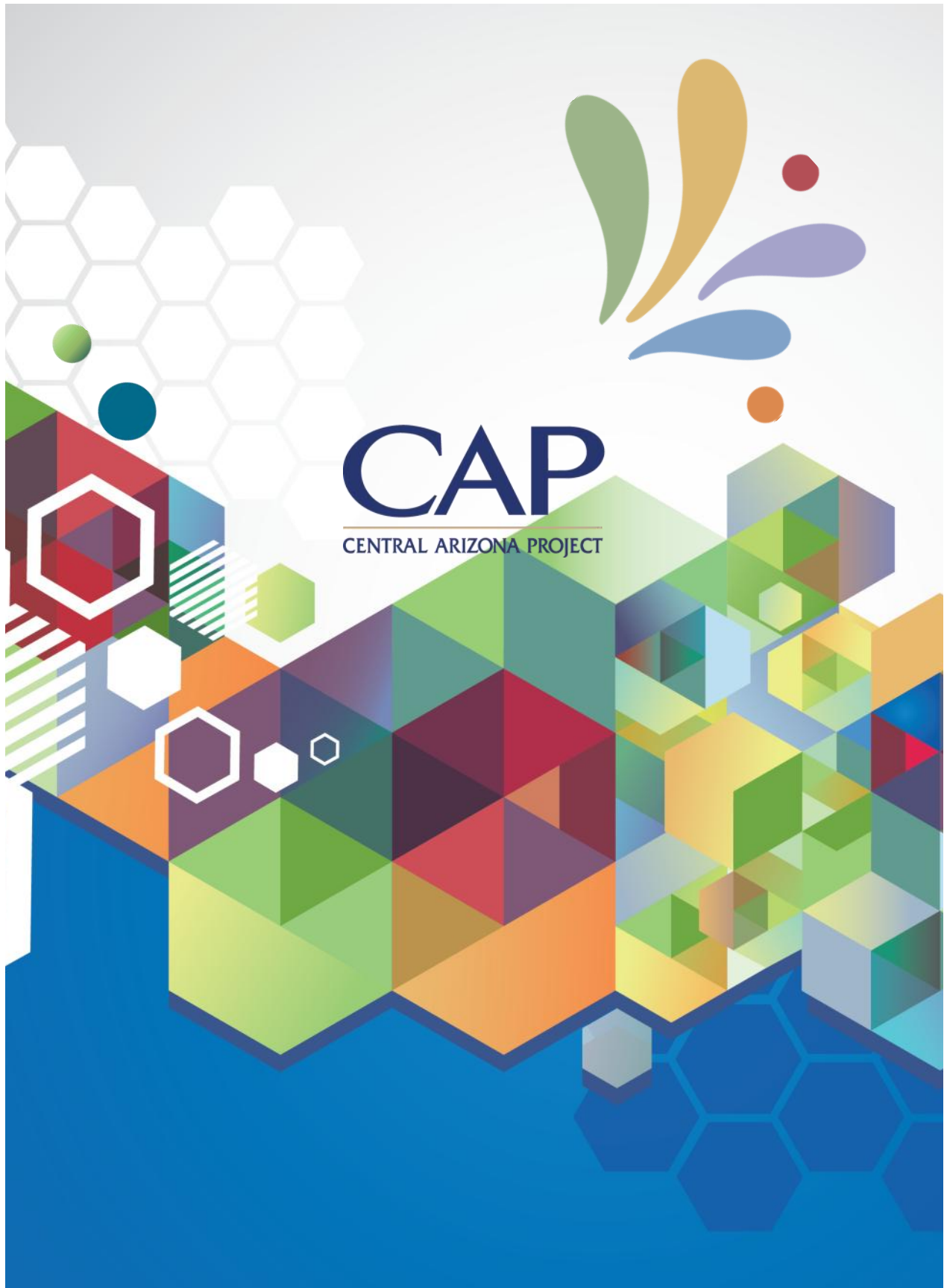
## General Manager - Management Council

### BUDGET SUMMARY

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
<b>Operating Expenses</b>					
Salaries & wages	\$ 2,172	\$ 2,651	\$ 2,849	\$ 3,440	\$ 3,646
Outside services	69	70	91	71	80
Materials & supplies	1	2	9	10	3
Other expenses	47	36	66	62	81
<b>Total Operating Expenses</b>	<b>\$ 2,289</b>	<b>\$ 2,759</b>	<b>\$ 3,015</b>	<b>\$ 3,583</b>	<b>\$ 3,810</b>
<b>Expenses by Fund</b>					
<b>Operating Expenses</b>					
General Fund	\$ 2,289	\$ 2,759	\$ 3,015	\$ 3,583	\$ 3,810
CAGR	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 2,289</b>	<b>\$ 2,759</b>	<b>\$ 3,015</b>	<b>\$ 3,583</b>	<b>\$ 3,810</b>
<b>Capital Spending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>\$ 2,289</b>	<b>\$ 2,759</b>	<b>\$ 3,015</b>	<b>\$ 3,583</b>	<b>\$ 3,810</b>
<b>Staffing (FTE)</b>	<b>11.0</b>	<b>11.0</b>	<b>11.0</b>	<b>13.0</b>	<b>13.0</b>

Management Council Expenses  
Compared to Total Expenses







# 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.

## LEGAL SERVICES

Jay Johnson  
General Counsel  
(623) 869-2374

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

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
		<p>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.</p> <p>Accomplishment: Legal has continued to effectively collaborate with ADWR, Arizona and basin attorneys regarding the negotiations. This has included multiple meetings regarding legal strategies and entry into a Lower Basin Common Interest Agreement. This is ongoing.</p>
	Actively participate in plans and support relationships to maintain a healthy Colorado River System	<p>Action Plan: Collaborate with the USBR, ADWR and water users on system conservation and ICS preservation agreements. The expected outcome was to actively work to enter into ICS Preservation Agreements and system conservation agreements.</p> <p>Accomplishment: In 2024, CAP coordinated with the conserving parties and USBR to ensure the consumed water was left in Lake Mead. The Board approved extensions to the conservation agreements. The Board approved the agreements, extending them to 2026.</p>
Water Supply		<p>Action Plan: Prepare comments to the draft Entry Into Service (EIS) and participate in negotiations for near and long-term river operations and prepare and maintain readiness for possible litigation. The expected outcome was to complete the 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 carry out research related to possible litigation.</p> <p>Accomplishment: The legal department has worked internally and with outside counsel to conduct research and strategize for negotiations and possible litigation. When a draft EIS is published, legal will lead in preparing comments. This item is ongoing.</p>
	Work collaboratively in the recovery of water stored by the Arizona Water Banking Authority	<p>Action Plan: Prepare and negotiate recovery and firming agreements. The expected outcome was to work collaboratively with recovery partners and subcontractors to finalize a template for recovery and firming agreements.</p> <p>Accomplishment: The template for recovery and firming agreements has been finalized. This item is complete.</p>



## Legal Services

### ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
Public Trust, Partnerships and Leadership		<p>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 Tonto-Apache, as well as other Tribal negotiations pertaining to CAP that may be initiated.</p>
		<p>Accomplishment: Significant negotiations took place in 2023 and 2024 on water right settlements with Arizona Tribes, including the Navajo Nation, the Hopi Tribe, the San Juan Southern Paiute Tribe, the Yavapai Apache Nation (and the Tonto Apache Tribe.</p>
		<p>CAWCD, the State of Arizona, Salt River Project and several northeastern Arizona entities reached a settlement agreement with the Navajo Nation, the Hopi Tribe and the San Juan Southern Paiute Tribe over those Tribes’ water right claims, resulting in the Northeastern Arizona Indian Water Rights Settlement (NAIWRS). The CAWCD Board approved the NAIWRS Agreement on June 6, 2024. CAWCD worked with the Arizona Congressional Delegation to have the NAIWRS introduced in Congress to secure federal approval of and funding for the agreement. The NAIWRS Act was introduced in Congress in July 2024; however, the legislation ultimately stalled. The NAIWRS Act was reintroduced in Congress on March 11, 2025.</p>
	Continue active Board and staff engagement with constituents, stakeholders and other water entities.	<p>CAWCD, the State of Arizona, Salt River Project and a number of Verde Valley entities reached a settlement agreement with the Yavapai Apache Nation. The CAWCD Board approved the settlement agreement on September 4, 2024. The settlement was introduced in Congress in July 2024; however, that legislation ultimately stalled. We anticipate that YAN settlement will be reintroduced into Congress this year.</p>
		<p>Despite significant negotiations with the Tonto Apache Nation throughout 2023 and 2024, the parties have not been able to reach a settlement as of April 2025.</p> <p>Settlement negotiations with these Tribal parties required hundreds of hours of work for each Tribe from legal department staff. Additionally, legal department staff traveled to Washington D.C. to petition Congress to approve the settlements.</p>

## Legal Services

### ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
-----------------	-----------------	---

#### Additional Significant Accomplishments:

Legal advised and supported the Power Program and Finance with legal analysis on why CAP had the right to, and should request, a refund of more than \$7.8 million in advance payments from the USBR related to the McCullough Transformer project. There had been no project costs incurred to date for the project. It did not have a start date, nor was it included in the most recent funding proposal. These funds were excess advance payments into the Development Fund with no foreseeable date for expenditure. In accordance with the Contract, Section 11.2, if CAWCD advances an amount into the Development Fund for Capital Project costs in excess of CAWCD's share of such costs, CAWCD has at its sole discretion to request a direct refund of the excess payment. Therefore, CAWCD requested a refund of the full balance of those funds. Once the McCullough project is planned in the Capital Funding Project Proposal, CAWCD will once again provide the funding in accordance with the current contract, as amended.



## Legal Services

### BUSINESS GOALS

Key Result Area	Strategic Issue	2026/2027 Action Plans & Expected Outcomes
-----------------	-----------------	---

Water Supply	Actively participate in plans and support relationships to maintain a healthy Colorado River system	Action Plan: Support USBR's efforts to implement their conservation commitments under the Drought Contingency Plan, Bipartisan Infrastructure Law, and Inflation Reduction Act.	
		Expected Outcome: Advocate to ensure that USBR has sufficient tools and support to successfully implement their commitments. Draft appropriate forbearance and related agreements.	
		<hr/>	
		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.	

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, related litigation and implementing legislation related to Navajo-Hopi, Yavapai Apache, Tohono O'odham and Tonto-Apache, as well as other Tribal negotiations pertaining to CAP that may be initiated.



# CAP

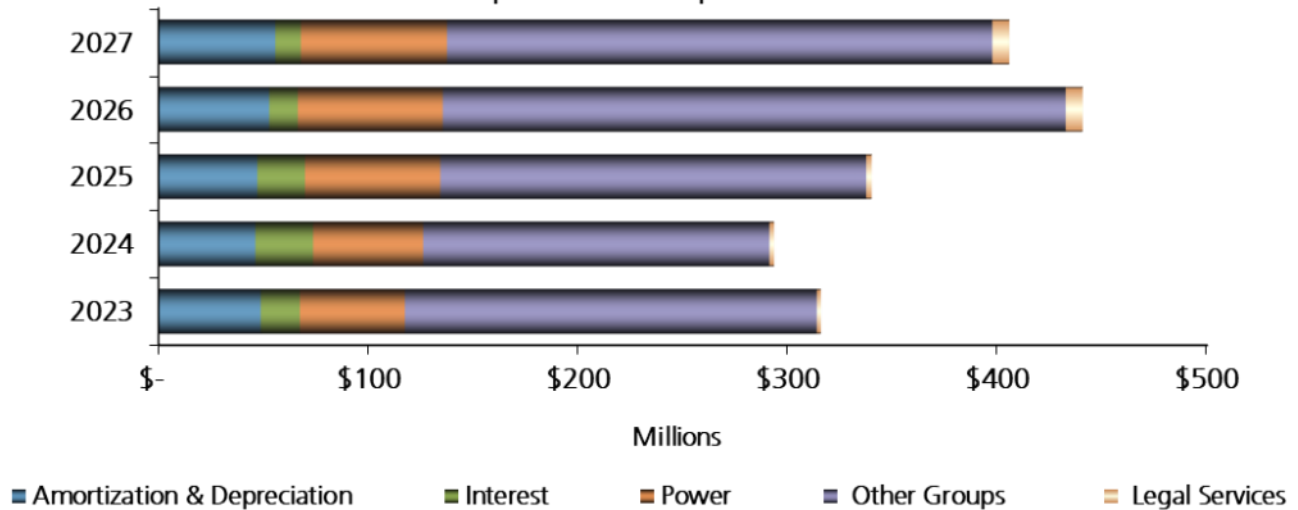
CENTRAL ARIZONA PROJECT



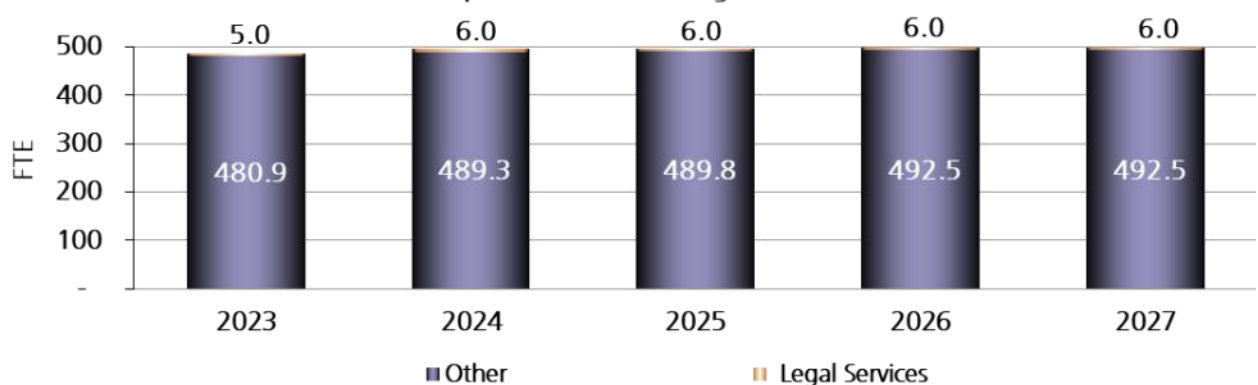
## Legal Services BUDGET SUMMARY

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
<b>Operating Expenses</b>					
Salaries & wages	\$ 1,052	\$ 1,340	\$ 1,405	\$ 1,486	\$ 1,575
Outside services	781	782	1,043	6,478	6,378
Materials & supplies	1	1	2	2	2
Other expenses	75	125	145	162	162
<b>Total Operating Expenses</b>	<b>\$ 1,909</b>	<b>\$ 2,248</b>	<b>\$ 2,595</b>	<b>\$ 8,128</b>	<b>\$ 8,117</b>
<b>Expenses by Fund</b>					
<b>Operating Expenses</b>					
General Fund	\$ 1,909	\$ 2,248	\$ 2,595	\$ 8,128	\$ 8,117
CAGR	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 1,909</b>	<b>\$ 2,248</b>	<b>\$ 2,595</b>	<b>\$ 8,128</b>	<b>\$ 8,117</b>
<b>Capital Spending</b>	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 1,909</b>	<b>\$ 2,248</b>	<b>\$ 2,595</b>	<b>\$ 8,128</b>	<b>\$ 8,117</b>
<b>Staffing (FTE)</b>	5.0	6.0	6.0	6.0	6.0

Legal Services Expenses  
Compared to Total Expenses



Legal Services Staffing  
Compared to Total Staffing





# CAP

CENTRAL ARIZONA PROJECT

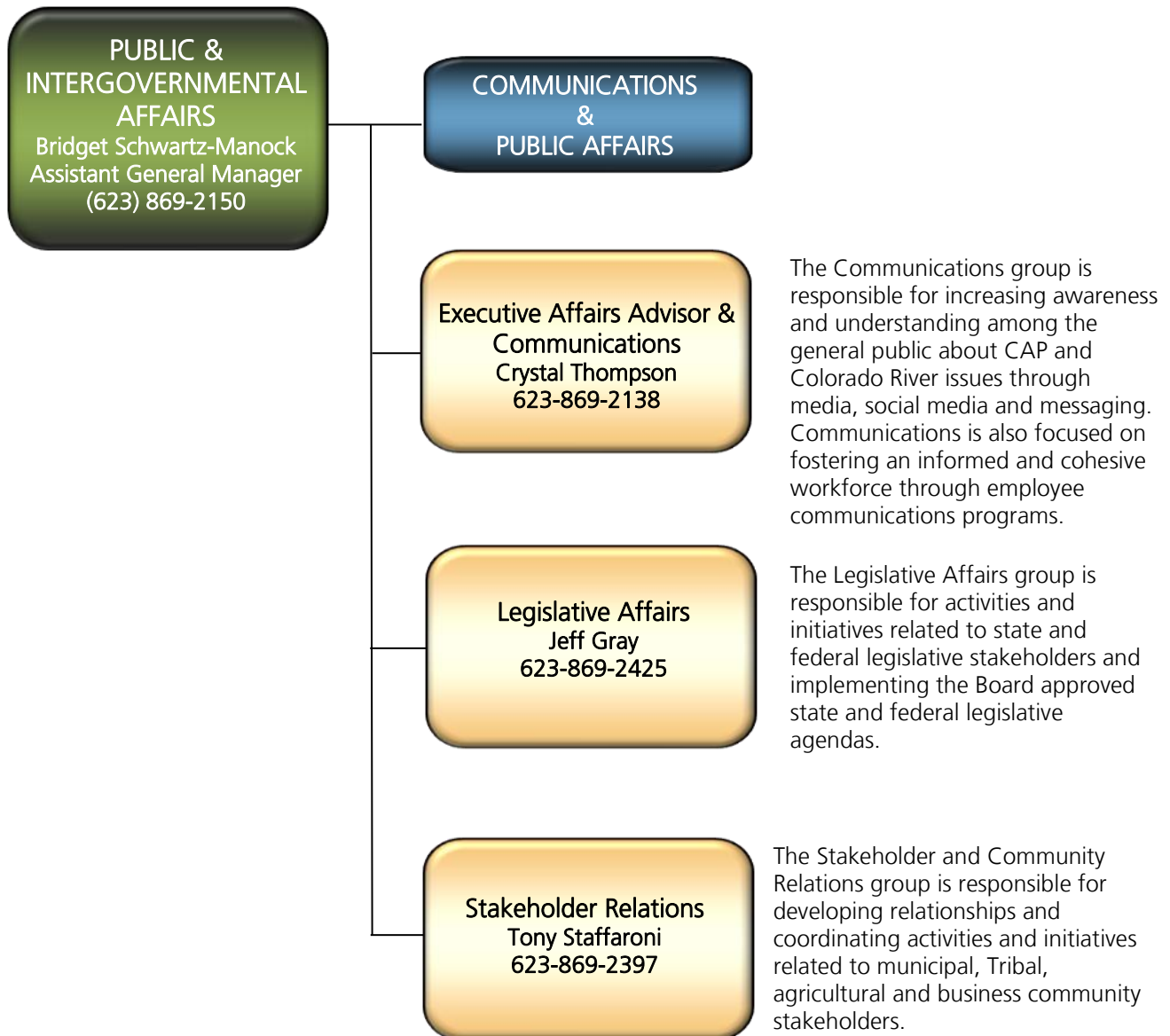




# Public & Intergovernmental Affairs

**Mission:** Public & Intergovernmental 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 & Intergovernmental 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 & Intergovernmental Affairs Group oversees Board Relations and support and has oversight of strategic planning. It is also responsible for communications, legislative affairs, and stakeholder and community relations.



## Public & Intergovernmental Affairs

### ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
Public Trust, Partnership and Leadership	Increase awareness of CAP and engage the general public on CAP's role in the management of Arizona's water	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. The expected outcome was to continue to facilitate outside presentations to public groups given by Board members and continue staff engagement with outside boards and committees.
		Accomplishment: Staff continues to include stakeholder perspectives on Board briefs. Board members presented to several community groups each month. In 2024, the Board was invited to observe stakeholder briefings for rates and the annual water users briefing, as well as a roundtable on CAGR annual dues calculation. In 2025, the Board was invited to observe stakeholder briefings for rates and the annual water users briefing, as well as a roundtable on system improvement fees.
		Action Plan: Continue to offer CAP University learning opportunities to the public and other targeted audiences. The expected outcome was to continue to develop a variety of courses offered each year.
		Accomplishment: Staff developed and implemented three CAP University courses in 2024, a general course and a deeper dive on water quality, and physical asset reliability. Each course was led by Stakeholder & Community Relations staff, subject matter experts, and CAP Board members. In 2024, nearly 600 individuals registered for the courses. Staff will offer three courses in 2025 as well, including a general course, a deeper dive on finance, and one additional deeper dive course to be developed for October 2025.
	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. The expected outcome was to annually develop strategic outreach plans that enhance customer engagement.
		Accomplishment: Stakeholder & Community Relations staff developed and executed outreach plans for 2024 that saw an increase of 17% in the total number of meetings with stakeholders versus 2023. In addition, the special events and briefings conducted also saw increases in participation and attendance. Staff has developed outreach plans for 2025 and is in the process of executing those plans. An increase in the number of CAP briefings and tours is expected in 2025.



## Public & Intergovernmental Affairs

### ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
Public Trust, Partnership and Leadership	Continue active Board and staff engagement with constituents, stakeholders, and other water entities	<p>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.</p> <p>Accomplishment: State: CAWCD took positions on 14 bills during the 2024 state legislative session and sought input from the Legislative Review Committee (LRC) on over 150 bills that had the potential to impact CAP. No legislation passed in 2024 that negatively impacted CAWCD. Legislation that did pass included CAWCD amendments and input.</p> <p>Federal: The introduced federal budget included language supported/requested by CAWCD to continue to provide USBR \$50M to create or conserve Colorado River water in the Lower Basin. This is the third year that such language has been included in the introduced federal budget. After extensive coordination with Lower Basin parties, federal MSCP interest-bearing account legislation was introduced that was co-sponsored by Arizona Senators and House members. Worked with CAP legal to submit testimony in support of both the Northern Arizona and Yavapai Apache settlement bills.</p>

## Public & Intergovernmental Affairs

### BUSINESS GOALS

Key Result Area	Strategic Issue	2026/2027 Action Plans & Expected Outcomes
-----------------	-----------------	---

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.

---

Increase awareness of CAP and engage the general public on CAP's role in the management of Arizona's water

Action Plan: Develop and implement programming for the Water Education Center.

Expected Outcome: Develop a programming plan focused on field trip opportunities, hosting groups, and other events in 2026. Implement in 2027.

---

Public Trust, Partnerships and Leadership

Action Plan: Complete construction of the Water Education Center.

Expected Outcome: Complete construction on time and within the Board approved budget.

---

Continue active Board and staff engagement with constituents, stakeholders, and other water entities

Action Plan: Facilitate opportunities for the Board and staff to further engage with key public officials and elected leaders.

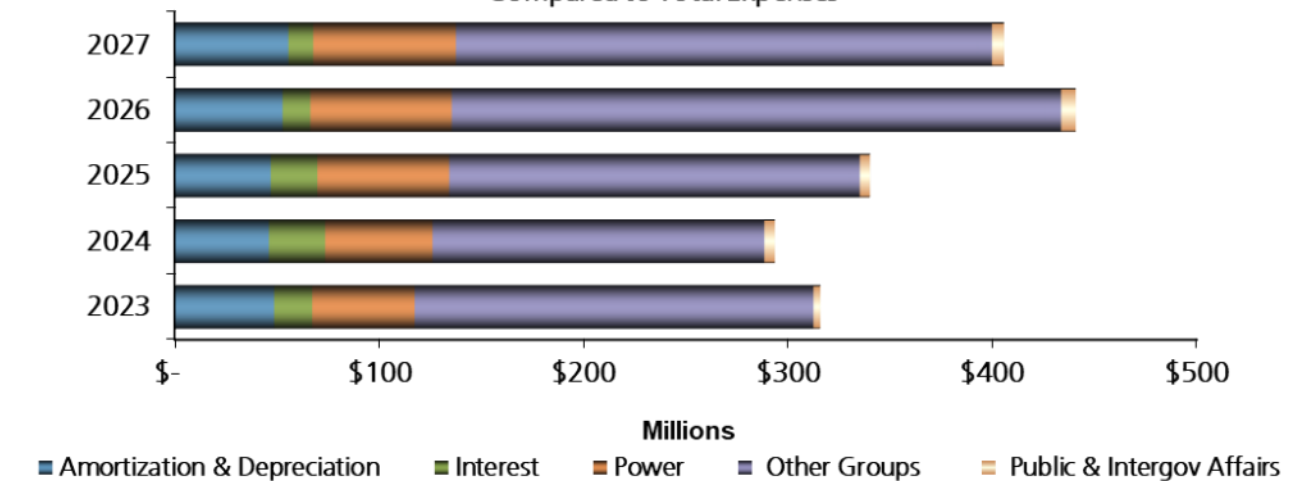
Expected Outcome: Continue to identify events and engagement opportunities with local, state and federal elected and appointed officials.



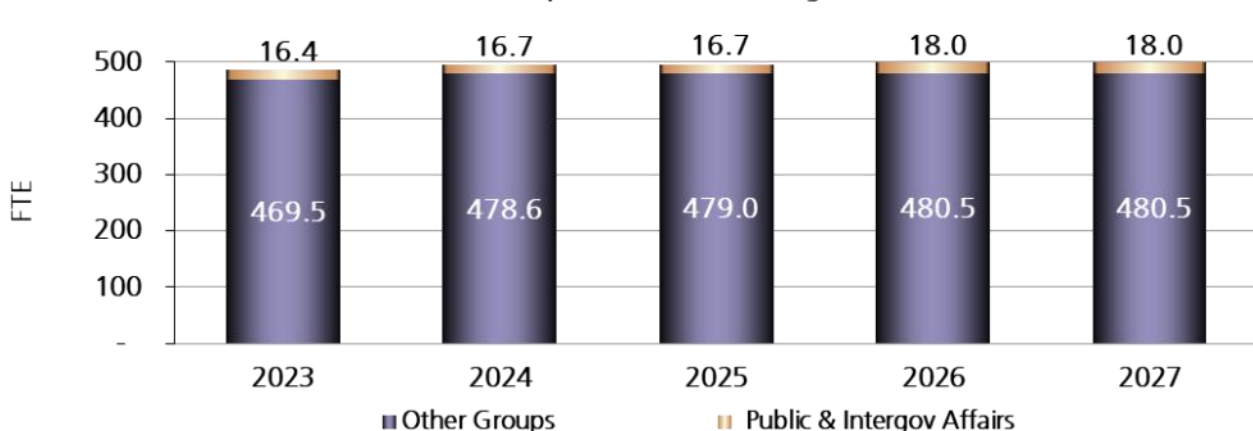
## Public & Intergovernmental Affairs BUDGET SUMMARY

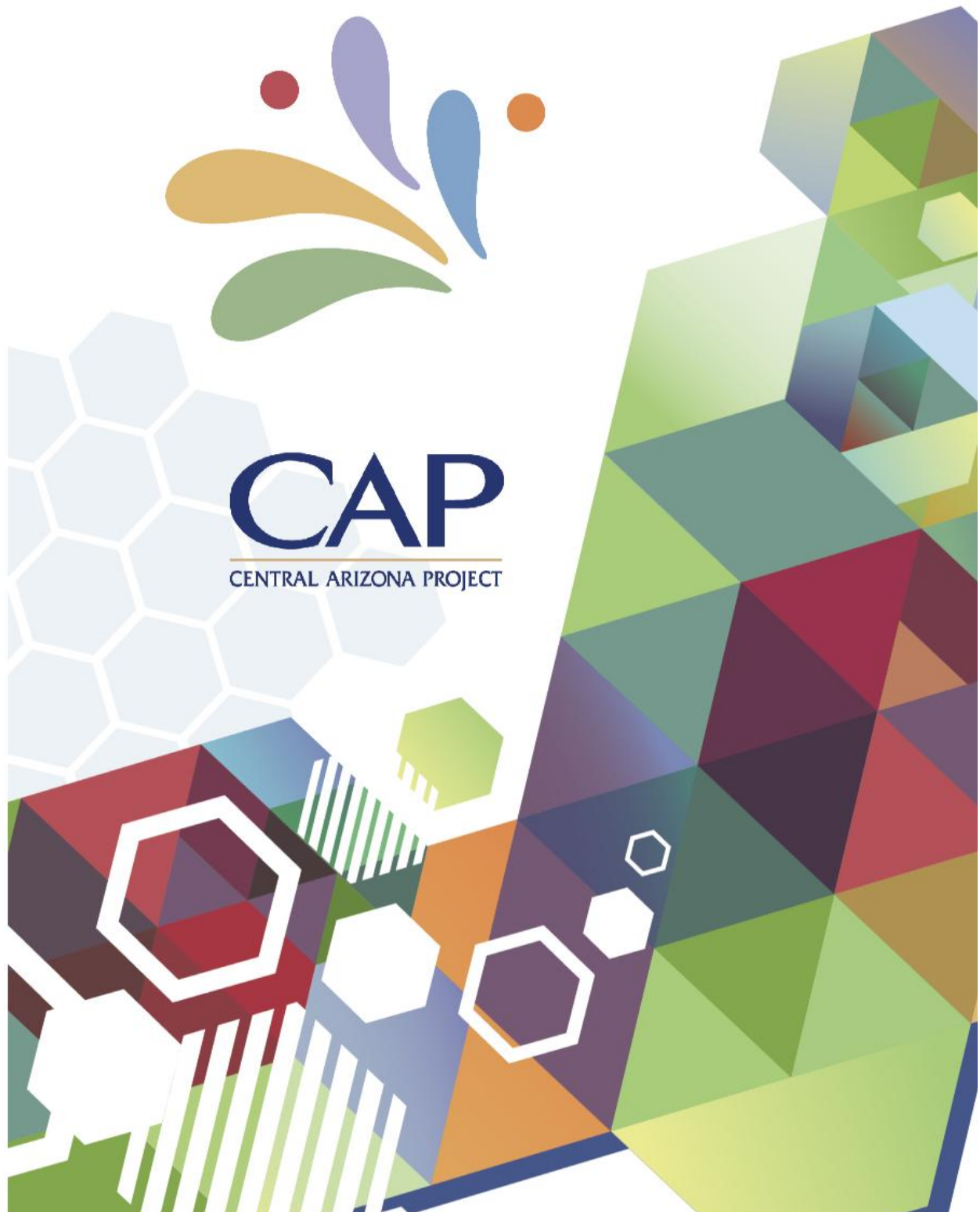
(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
<b>Operating Expenses</b>					
Salaries & wages	\$ 1,785	\$ 2,072	\$ 2,146	\$ 2,386	\$ 2,529
Outside services	1,070	2,514	2,073	3,549	2,224
Materials & supplies	32	58	99	140	160
Other expenses	454	559	634	1,127	1,092
<b>Total Operating Expenses</b>	<b>\$ 3,341</b>	<b>\$ 5,203</b>	<b>\$ 4,952</b>	<b>\$ 7,202</b>	<b>\$ 6,005</b>
<b>Expenses by Fund</b>					
<b>Operating Expenses</b>					
General Fund	\$ 3,341	\$ 5,203	\$ 4,952	\$ 7,202	\$ 6,005
CAGR	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 3,341</b>	<b>\$ 5,203</b>	<b>\$ 4,952</b>	<b>\$ 7,202</b>	<b>\$ 6,005</b>
<b>Capital Spending</b>	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 3,341</b>	<b>\$ 5,203</b>	<b>\$ 4,952</b>	<b>\$ 7,202</b>	<b>\$ 6,005</b>
<b>Staffing (FTE)</b>	16.4	16.7	16.7	18.0	18.0

Public & Intergovernmental Affairs Expenses  
Compared to Total Expenses



Public & Intergovernmental Affairs Staffing  
Compared to Total Staffing

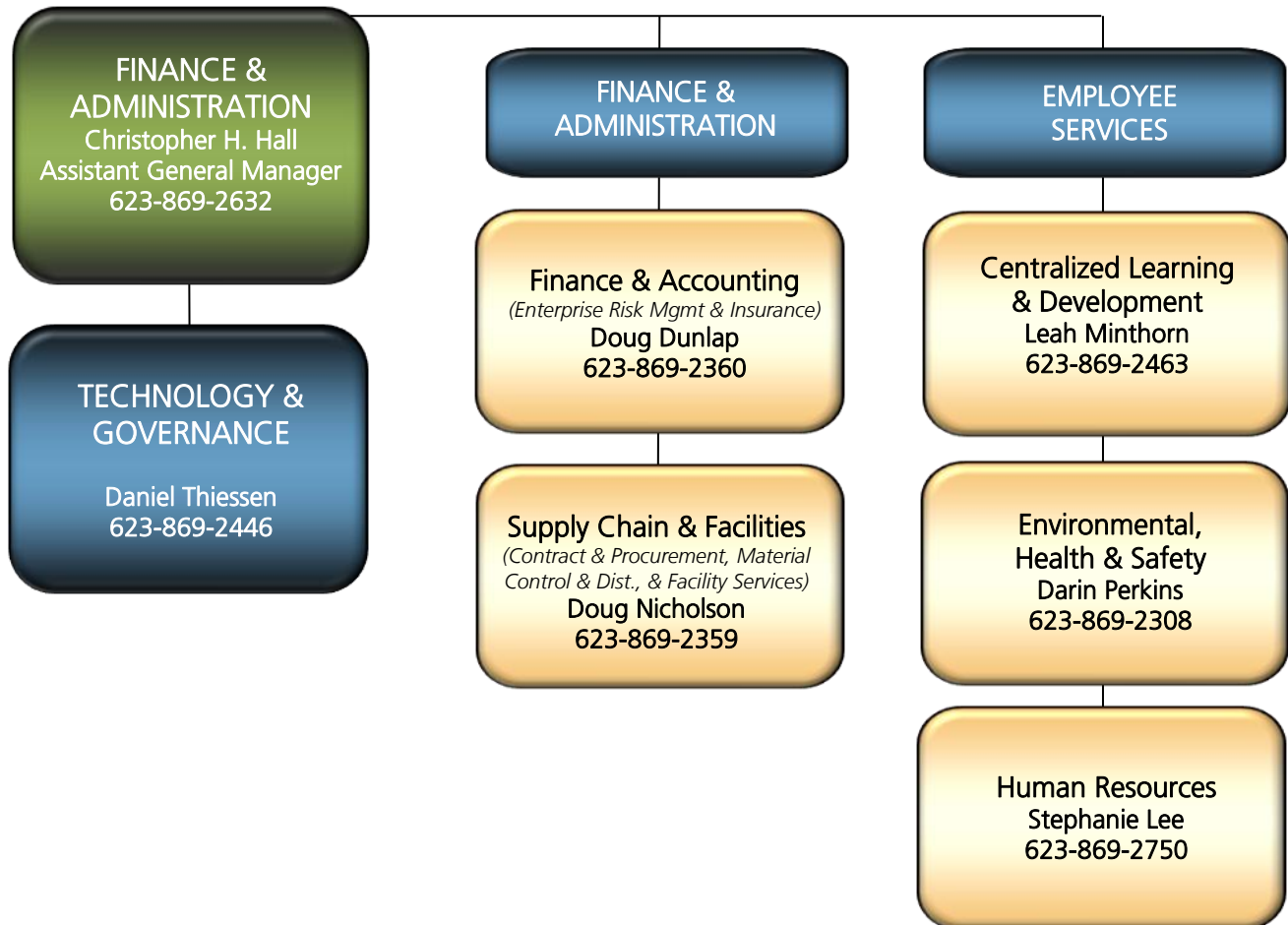






# Finance & Administration

**Mission:** Provides leadership to Technology & Governance, Finance & Administration, and Employee Services Groups. Finance & Administration includes Finance & Accounting, Supply Chain and Facilities. Employee Services includes Centralized Learning & Development, Environmental Health & Safety and Human Resources.



## Finance & Administration

### ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
Finance	Manage capital and operations and maintenance budgets, debt, revenues, tax rates, water rates, and reserves effectively and transparently	<p>Action Plan: Evaluate extraordinary cost and strategic reserves and working capital targets based on current environment, and present findings to the Board. The expected outcome was to communicate and confirm extraordinary cost, strategic and working capital targets.</p> <p>Accomplishment: Updated extraordinary cost, strategic, and working capital targets with consistent methodology. Presented updates to CAWCD FAP Committee and CAWCD Board, which approved the new targets.</p>
		<p>Action Plan: Implement improved work processes that are integrated with maintenance, procurement, supply chain and facilities processes. The expected outcome was to evaluate and determine path forward for process improvements.</p> <p>Accomplishment: Implemented new PCard and Fleet Card process, which reduced paper, increased efficiency and streamlined the process. Also implemented new budget/forecast system, which is enhancing the development of both.</p>
	Develop risk management and procurement practices to minimize financial exposure and maximize value	<p>Revised warehouse new stock request form adding a new field to the form asking if the new part was replacing an existing stock item, and if yes, which item was being replaced. This improvement allows the Material Control staff to proactively designate the replaced part as obsolete and delete it from the inventory.</p> <p>Facilities Services collaborated with IT to define roles in the board meeting streaming and AV processes as well with IT and Electronics Communication management to define roles and processes for facility project technology requirements, which resulted in streamlining service and project delivery.</p> <p>Developed and implemented a mandatory computer-based training module for any contract administrator and developed a program for training delivery and renewal at regular intervals</p>
	Develop risk management and procurement practices to minimize financial exposure and maximize value	<p>Action Plan: Ensure all employees take an active role in information management at CAP to minimize risk and increase efficiency. The expected outcome was to educate employees on records and information management, and enforce retention and disposition rules within the document management system.</p> <p>Accomplishment: Policy updates, with distribution to the CAP Enterprise were completed, and a communication campaign with training information on information management, including disposition, was executed. The disposition effort was reinstated, and over 100,000 documents that had met their retention requirements have been disposed since 2023. Over 165,000 pages have been digitized for long term retention and improved access.</p>



## Finance & Administration

### ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
Project Reliability	Maintain and improve the security and reliability of information technology systems	Action Plan: Protect and secure CAP's Information Technology assets and sensitive business information assets. The expected outcome was to conduct regular Security assessments (Cloud, Network, Storage) and work with ESM (Enterprise Security Management) to implement remediation activities from penetration test findings.
		Accomplishment: Replacement and movement of Financial Planning/Budgeting software to Oracle EPM in the cloud. The result was excellent collaboration with Finance and end-users, a cost effective solution, and employee support mitigation where the maintenance has been moved to the vendor.
		Policy updates, with distribution to the CAP Enterprise were completed, and a communication campaign with training information on information management, including disposition, was executed. The disposition effort was reinstated, and over 100,000 documents that had met their retention requirements have been disposed of since 2023. Over 165,000 pages have been digitized for long-term retention and improved access.
		Conducted tabletop exercises testing the resiliency of incident and emergency response plans, to include workforce shortages. Physical security assessment of sites, conducted by subject matter experts collaborating with CAP teams. Established internal/external asset vulnerability scanning and patching cycles. BC/DR testing of network redundancy and the ability to absorb attacks. Managed a gap analysis of roles and responsibilities for IT and OT teams, leading to new policies and procedures.

#### Additional Significant Accomplishments:

2024 - Contract & Procurement Services won the AEP award for the 17th consecutive year. The Achievement of Excellence in Procurement Award symbolizes organizational excellence in innovation, professionalism, productivity, e-procurement and leadership.

2024 & 2025—Finance & Accounting received GFOA ACFR award for prior year-end and received 2024-2025 GFOA Budget Award.

## Finance & Administration

### ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
-----------------	-----------------	---

#### Employee Services

		<p>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.. The expected outcome was to analyze compensation data and implement appropriate changes.</p>
	Develop recruitment strategies to best support CAP's hiring needs	<p>Accomplishment:</p> <p>In 2024, CAP implemented the second phase of moving ATP employees to target market rate. In 2024, ATP voluntary resignations decreased by 28%. Implemented ATP supervisor salary grade structure to be in alignment with the CT supervisor salary structure. Launched a recognition program to recognize outstanding performers. For 2025, a full compensation market study is being conducted.</p>
Workforce	Implement programs to support building a diverse, inclusive, and representative workforce, emphasizing programs to attract Tribal candidates	<p>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. The expected outcome was to have at least two internships that are reserved for Tribal candidates, and to have surveys completed.</p> <p>Accomplishment:</p> <p>In 2024, two internship positions were reserved for Tribal candidates, and one was filled.</p> <p>In 2025, all six internships were posted, and Tribal candidates are encouraged to apply for any of the six positions.</p>
	Engage in innovative professional development opportunities to enhance CAP's workforce	<p>Action Plan: Develop customized roadmap(s) for onboarding new and existing employees and their leaders. The expected outcome was to determine level of employee readiness, engagement and performance.</p> <p>Accomplishment:</p> <p>Partnered with individual leaders that hired or promoted new or existing employees to design and implement a customized learning roadmap within the learning management system (post new hire orientation), that includes all required and recommended training, spread throughout their first 90+ days in their position, accompanied with on-the-job learning opportunities to ensure readiness for that employee to perform their job safely and independently. Learning roadmaps are fully customizable to align with learners' needs.</p>



## Finance & Administration ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
-----------------	-----------------	---

Action Plan: Use technology and an adaptive learning model to train or up-skill employees when and where they need it.

Accomplishment:

Example 1: Improved employee motivation, as well as seat time to complete required cyber-security training, by designing 4, customized distance-based learning modules, including custom animation, which provided immediate feedback, aligning/adapting content to learners' responses. Example 2: Reduced roster sign-in and administration process by 50% during Safety Week, by implementing QR code sign-in for each class. Utilizing this technology also significantly improved recordkeeping process by capturing participant information directly into the learning management system, eliminating the extra step of data entry from paper to electronic capture.

Engage in innovative professional development 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.

Accomplishment:

Enhanced and increased Electrical Safety Program(s) participation by providing instructional design, facilitation support, coaching, and tools to Administrators for them to expand their reach across the canal, providing more engaging learning programs and initiatives. Learners are given the opportunity to receive structured and engaging learning content from their Subject Matter Experts.

Workforce

Action Plan: Implement online trainings and review of CAP policies to improve New Employee Orientation (NEO) and reinforcement for current employees. The expected outcome was to ensure online trainings for high priority policies are launched and 100% completion rate for new hires and 85% completion rate for current staff.

Accomplishment:

In 2024, employment policy online modules were launched for all new hires. The new online modules improved new hire orientation by educating new employees over a period of time, rather than on day one of employment.

In 2025, the online employment policy modules have been launched to the departments in Finance and Administration as a pilot for current employees. The completion rate goal is 95%.

Review and update policies and procedures to protect CAP employees

## Finance & Administration

### ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
Workforce	Review and update policies and procedures to protect CAP employees	<p>Action Plan: Offer employee training on personal safety and risk mitigation for physical and cybersecurity. The expected outcome was to include in Safety Week courses, employee communications and quarterly trainings.</p> <p>Accomplishment:</p> <p>Safety Week 2024 and 2025, offered training classes on both personal safety (Situational Awareness, and Active Shooter) as well as cybersecurity.</p>

#### Additional Significant Accomplishments:

In 2024, CAP's New Employee Orientation was completely revised, and a refreshed program was implemented. The new updated NEO focuses on a general introduction to CAP, touring headquarters and Waddell pumping plant, safety training and spending time with the supervisor. After NEO, a structured months long on-boarding process begins with the focus on training, education on CAP policies and developing relationships.



## Finance & Administration

### BUSINESS GOALS

Key Result Area	Strategic Issue	2026/2027 Action Plans & Expected Outcomes
-----------------	-----------------	---

		<p>Action Plan: Develop 2028-2029 expense budget from cost center input on cost support needed to meet CAWCD goals.</p> <p>Expected Outcome: Complete 2028-2029 budget compiled through cost center detail.</p>
Finance	Manage capital and operations and maintenance budgets, debt, revenues, tax rates, water rates, and reserves effectively and transparently	<p>Action Plan: Develop 2028-2029 capital budget from project management needed to meet CAWCD goals.</p> <p>Expected Outcome: Complete 2028-2029 budget compiled through project detail.</p> <p>Action Plan: Evaluate extraordinary cost and strategic reserves and working capital targets based on current environment and present findings to the Board.</p> <p>Expected Outcome: Communicate and confirm extraordinary cost, strategic and working capital targets.</p>
Project Reliability	Advance focused plans to support business continuity	<p>Action Plan: Prepare and plan for potential threats to CAP water operations and facilities.</p> <p>Expected Outcome: Consolidate and implement security and safety recommendations performed by CISA/DHS. Report enhancements to policies, procedures, asset and physical location recommendations.</p>

### Employee Services

Workforce	Implement programs to support building a diverse, inclusive, and representative workforce, emphasizing programs to attract Tribal candidates	<p>Action Plan: Encourage diversity in the hiring process by establishing new interview panel guidelines encouraging hiring managers to change up their panel with each new recruitment, focusing on selecting a panel member from outside their department to give different perspectives.</p> <p>Expected Outcome: At least 75% of all interviews have a panel member that is outside the department to inspire diversity of thought, reduce unconscious bias and "like me" hiring decisions.</p>
-----------	--	---





# 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.



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.



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.



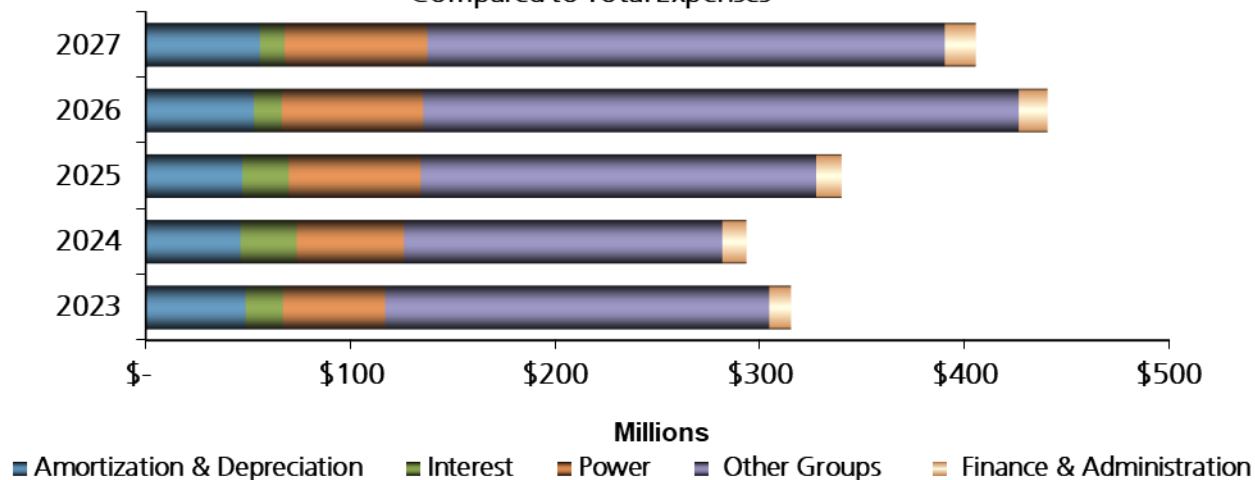
**CAP**  
CENTRAL ARIZONA PROJECT



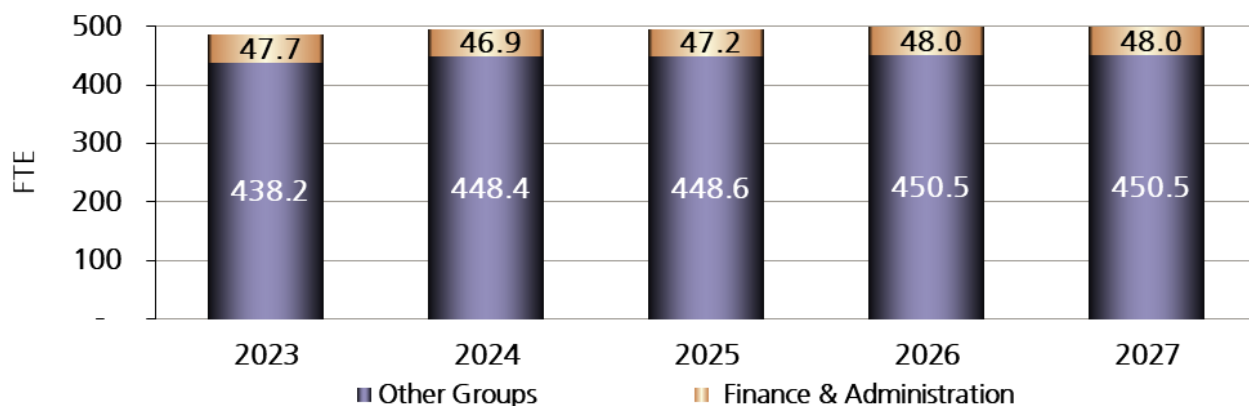
## Finance & Administration BUDGET SUMMARY

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
<b>Operating Expenses</b>					
Salaries & wages	\$ 4,173	\$ 4,667	\$ 4,751	\$ 5,136	\$ 5,442
Outside services	3,085	3,262	3,358	4,090	4,749
Materials & supplies	774	930	1,018	1,122	931
Other expenses	2,623	2,938	3,225	3,791	4,099
<b>Total Operating Expenses</b>	<b>\$ 10,655</b>	<b>\$ 11,797</b>	<b>\$ 12,352</b>	<b>\$ 14,139</b>	<b>\$ 15,221</b>
<b>Expenses by Fund</b>					
<b>Operating Expenses</b>					
General Fund	\$ 10,655	\$ 11,797	\$ 12,352	\$ 14,139	\$ 15,221
CAGRD	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 10,655</b>	<b>\$ 11,797</b>	<b>\$ 12,352</b>	<b>\$ 14,139</b>	<b>\$ 15,221</b>
<b>Capital Spending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>\$ 10,655</b>	<b>\$ 11,797</b>	<b>\$ 12,352</b>	<b>\$ 14,139</b>	<b>\$ 15,221</b>
<b>Staffing (FTE)</b>	<b>47.7</b>	<b>46.9</b>	<b>47.2</b>	<b>48.0</b>	<b>48.0</b>

Finance & Administration Expenses  
Compared to Total Expenses



Finance & Administration Staffing  
Compared to Total Staffing



## Finance & Administration

### FINANCE & ACCOUNTING

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 1,971	\$ 2,232	\$ 2,318	\$ 2,492	\$ 2,640
Outside services	1,125	1,288	1,361	1,622	1,806
Materials & supplies	20	4	26	9	21
Other expenses	2,574	2,880	3,151	3,713	4,020
Total Operating Expenses	\$ 5,690	\$ 6,404	\$ 6,856	\$ 7,836	\$ 8,487

#### Expenditures by Fund

Operating Expenses					
General Fund	\$ 5,690	\$ 6,404	\$ 6,856	\$ 7,836	\$ 8,487
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 5,690	\$ 6,404	\$ 6,856	\$ 7,836	\$ 8,487
Capital Spending	-	-	-	-	-
Total Expenses	\$ 5,690	\$ 6,404	\$ 6,856	\$ 7,836	\$ 8,487
Staffing (FTE)	20.7	20.7	20.6	21.0	21.0

## Finance & Administration

### SUPPLY CHAIN

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 2,202	\$ 2,435	\$ 2,433	\$ 2,644	\$ 2,802
Outside services	1,960	1,974	1,997	2,468	2,943
Materials & supplies	754	926	992	1,113	910
Other expenses	49	58	74	78	79
Total Operating Expenses	\$ 4,965	\$ 5,393	\$ 5,496	\$ 6,303	\$ 6,734

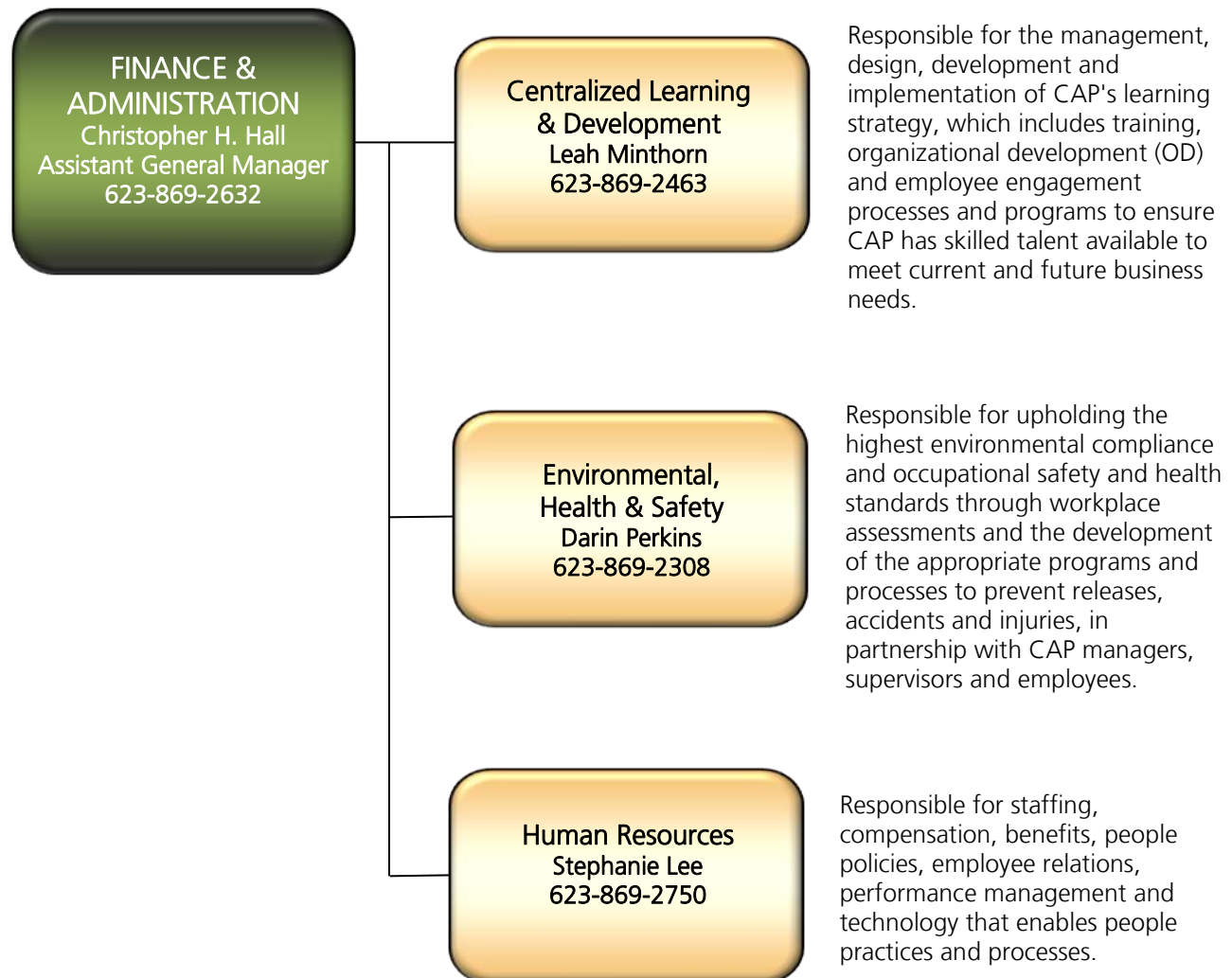
#### Expenditures by Fund

Operating Expenses					
General Fund	\$ 4,965	\$ 5,393	\$ 5,496	\$ 6,303	\$ 6,734
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 4,965	\$ 5,393	\$ 5,496	\$ 6,303	\$ 6,734
Capital Spending	-	-	-	-	-
Total Expenses	\$ 4,965	\$ 5,393	\$ 5,496	\$ 6,303	\$ 6,734
Staffing (FTE)	27.0	26.2	26.6	27.0	27.0



# 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.





# CAP

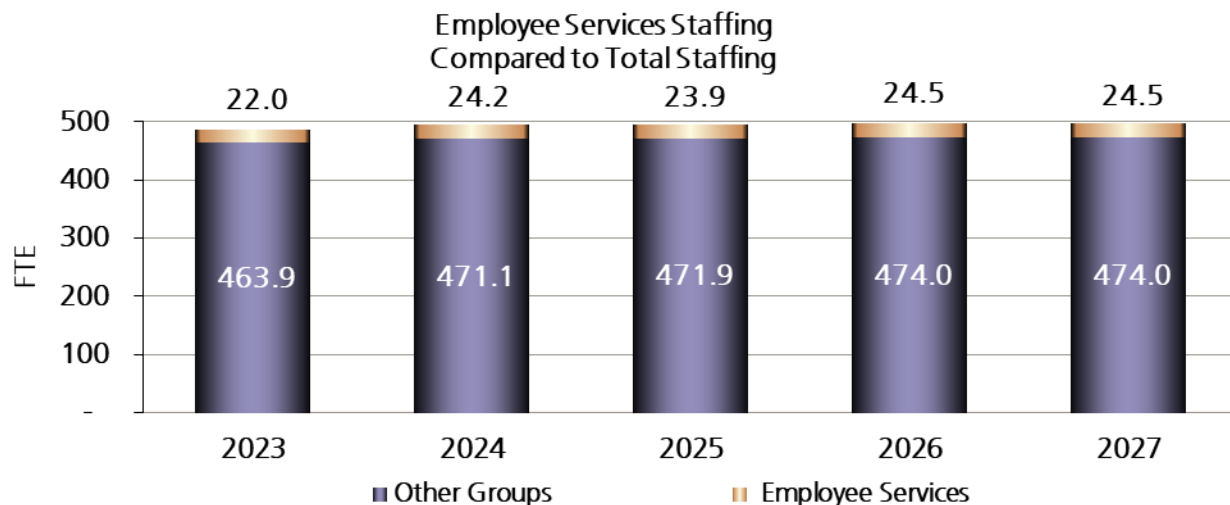
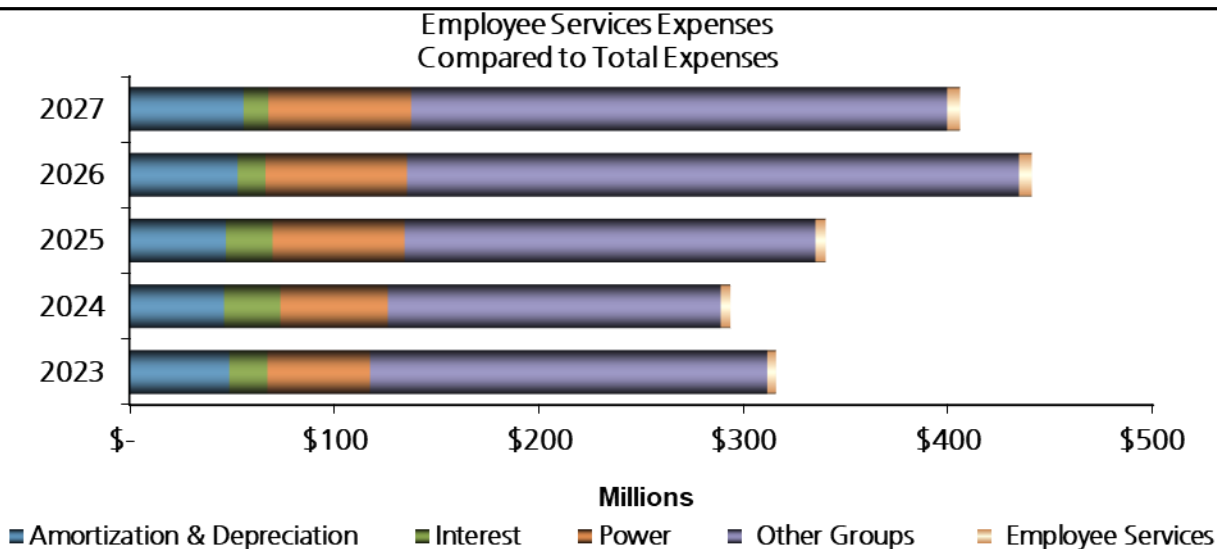
CENTRAL ARIZONA PROJECT





## Employee Services BUDGET SUMMARY

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
<b>Operating Expenses</b>					
Salaries & wages	\$ 2,039	\$ 2,469	\$ 2,608	\$ 2,786	\$ 2,962
Outside services	1,370	1,294	1,304	1,577	1,695
Materials & supplies	88	72	103	93	84
Other expenses	761	1,007	966	1,715	1,590
<b>Total Operating Expenses</b>	<b>\$ 4,258</b>	<b>\$ 4,842</b>	<b>\$ 4,981</b>	<b>\$ 6,171</b>	<b>\$ 6,331</b>
<b>Expenses by Fund</b>					
<b>Operating Expenses</b>					
General Fund	\$ 4,258	\$ 4,842	\$ 4,981	\$ 6,171	\$ 6,331
CAGRD	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 4,258</b>	<b>\$ 4,842</b>	<b>\$ 4,981</b>	<b>\$ 6,171</b>	<b>\$ 6,331</b>
<b>Capital Spending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>\$ 4,258</b>	<b>\$ 4,842</b>	<b>\$ 4,981</b>	<b>\$ 6,171</b>	<b>\$ 6,331</b>
<b>Staffing (FTE)</b>	<b>22.0</b>	<b>24.2</b>	<b>23.9</b>	<b>24.5</b>	<b>24.5</b>



## Employee Services

### CENTRALIZED LEARNING & DEVELOPMENT

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 506	\$ 652	\$ 710	\$ 737	\$ 781
Outside services	325	293	164	276	291
Materials & supplies	21	11	38	26	27
Other expenses	535	840	794	1,497	1,374
Total Operating Expenses	\$ 1,387	\$ 1,796	\$ 1,706	\$ 2,536	\$ 2,473

#### Expenditures by Fund

Operating Expenses					
General Fund	\$ 1,387	\$ 1,796	\$ 1,706	\$ 2,536	\$ 2,473
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 1,387	\$ 1,796	\$ 1,706	\$ 2,536	\$ 2,473
Capital Spending	-	-	-	-	-
Total Expenses	\$ 1,387	\$ 1,796	\$ 1,706	\$ 2,536	\$ 2,473
Staffing (FTE)	5.0	5.8	6.3	6.0	6.0

## Employee Services

### ENVIRONMENTAL, HEALTH & SAFETY

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 882	\$ 1,095	\$ 1,154	\$ 1,243	\$ 1,318
Outside services	194	155	191	259	198
Materials & supplies	65	59	63	64	54
Other expenses	132	79	88	118	115
Total Operating Expenses	\$ 1,273	\$ 1,388	\$ 1,496	\$ 1,684	\$ 1,685

#### Expenditures by Fund

Operating Expenses					
General Fund	\$ 1,273	\$ 1,388	\$ 1,496	\$ 1,684	\$ 1,685
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 1,273	\$ 1,388	\$ 1,496	\$ 1,684	\$ 1,685
Capital Spending	-	-	-	-	-
Total Expenses	\$ 1,273	\$ 1,388	\$ 1,496	\$ 1,684	\$ 1,685
Staffing (FTE)	9.7	10.9	11.0	11.0	11.0



## Employee Services HUMAN RESOURCES

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 651	\$ 722	\$ 744	\$ 806	\$ 863
Outside services	851	846	949	1,042	1,206
Materials & supplies	2	2	2	3	3
Other expenses	94	88	84	100	101
Total Operating Expenses	\$ 1,598	\$ 1,658	\$ 1,779	\$ 1,951	\$ 2,173

### Expenditures by Fund

#### Operating Expenses

General Fund	\$ 1,598	\$ 1,658	\$ 1,779	\$ 1,951	\$ 2,173
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 1,598	\$ 1,658	\$ 1,779	\$ 1,951	\$ 2,173
Capital Spending	-	-	-	-	-
Total Expenses	\$ 1,598	\$ 1,658	\$ 1,779	\$ 1,951	\$ 2,173
Staffing (FTE)	7.3	7.5	6.6	7.5	7.5

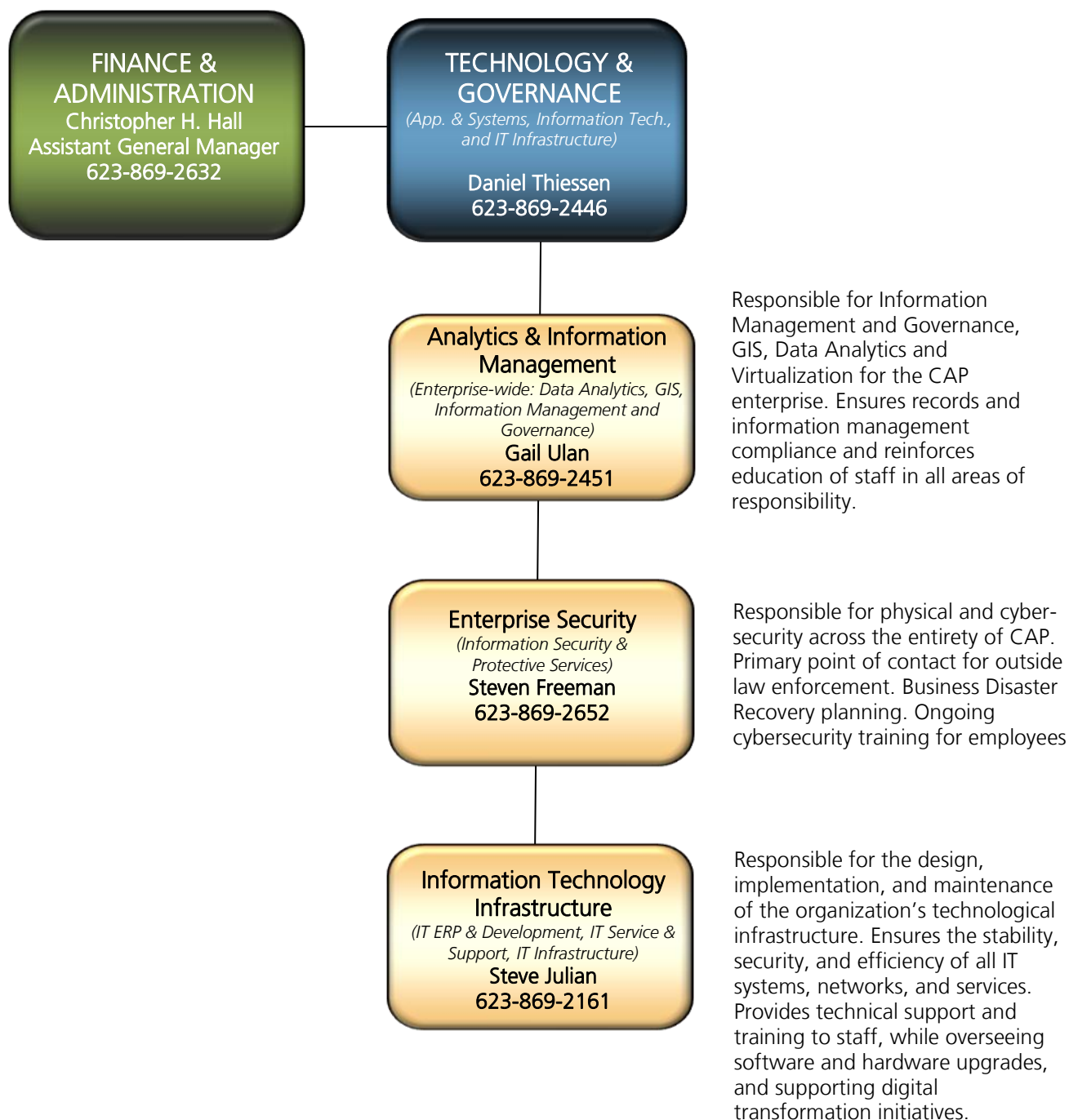






# Director - Technology & Governance

**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.





# CAP

CENTRAL ARIZONA PROJECT

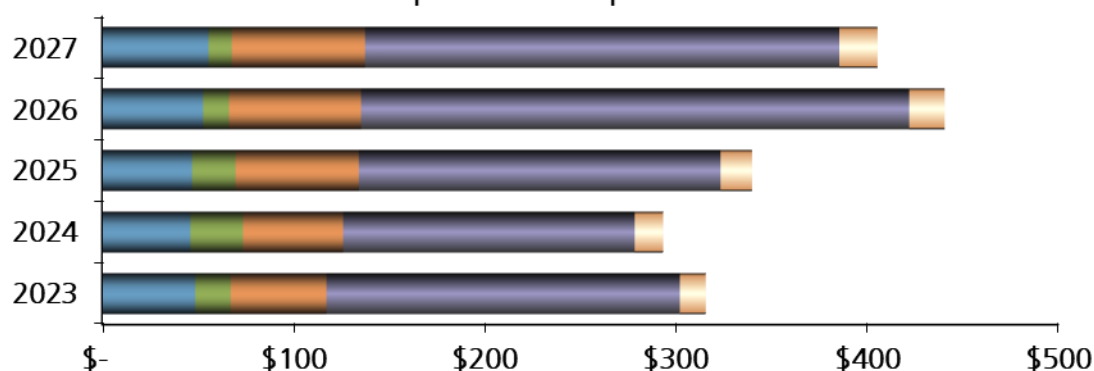




## Technology & Governance Group BUDGET SUMMARY

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
<b>Operating Expenses</b>					
Salaries & wages	\$ 5,549	\$ 6,438	\$ 6,643	\$ 7,355	\$ 7,798
Outside services	6,065	6,453	7,025	8,982	9,897
Materials & supplies	507	555	600	786	818
Other expenses	447	258	698	733	791
<b>Total Operating Expenses</b>	<b>\$ 12,568</b>	<b>\$ 13,704</b>	<b>\$ 14,966</b>	<b>\$ 17,856</b>	<b>\$ 19,304</b>
<b>Expenditures by Fund</b>					
<b>Operating Expenses</b>					
General Fund	\$ 12,568	\$ 13,704	\$ 14,966	\$ 17,856	\$ 19,304
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 12,568</b>	<b>\$ 13,704</b>	<b>\$ 14,966</b>	<b>\$ 17,856</b>	<b>\$ 19,304</b>
<b>Capital Spending</b>	<b>1,039</b>	<b>1,148</b>	<b>1,495</b>	<b>687</b>	<b>687</b>
<b>Total Expenses</b>	<b>\$ 13,607</b>	<b>\$ 14,852</b>	<b>\$ 16,461</b>	<b>\$ 18,543</b>	<b>\$ 19,991</b>
<b>Staffing (FTE)</b>	<b>47.1</b>	<b>49.2</b>	<b>48.2</b>	<b>51.0</b>	<b>51.0</b>

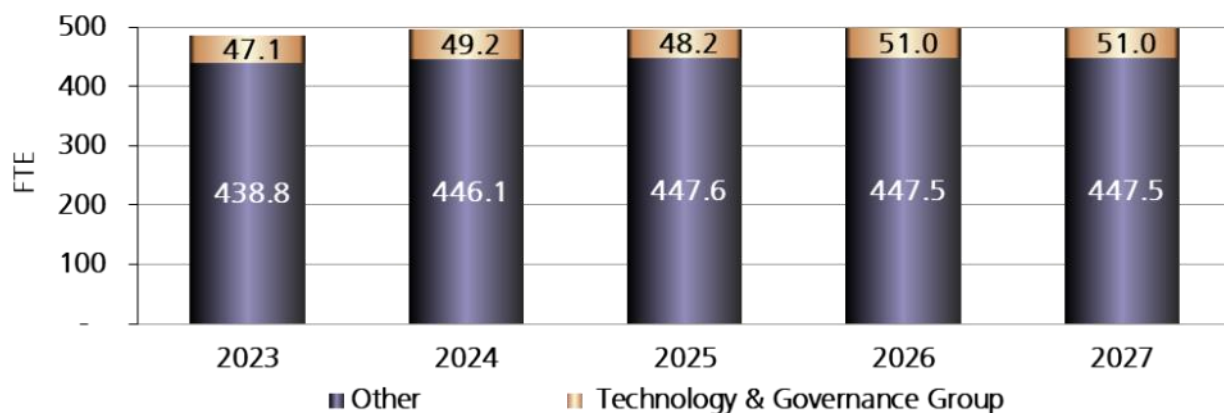
Technology & Governance Expenses  
Compared to Total Expenses



Millions

■ Amortization & Depreciation ■ Interest ■ Power ■ Other Groups ■ Technology & Governance

Technology & Governance Staffing  
Compared to Total Staffing



## Technology & Governance Group ANALYTICS

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 1,000	\$ 1,139	\$ 1,206	\$ 1,266	\$ 1,342
Outside services	888	604	714	779	1,045
Materials & supplies	1	-	2	2	3
Other expenses	84	125	320	357	397
Total Operating Expenses	\$ 1,973	\$ 1,868	\$ 2,242	\$ 2,404	\$ 2,787
Expenses by Fund					
Operating Expenses					
General Fund	\$ 1,973	\$ 1,868	\$ 2,242	\$ 2,404	\$ 2,787
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 1,973.0	\$ 1,868	\$ 2,242	\$ 2,404	\$ 2,787
Capital Spending	-	-	-	-	-
Total Expenses	\$ 1,973	\$ 1,868	\$ 2,242	\$ 2,404	\$ 2,787
Staffing (FTE)	8.5	9.0	9.0	9.0	9.0

## Technology & Governance Group ENTERPRISE SECURITY DEPARTMENT

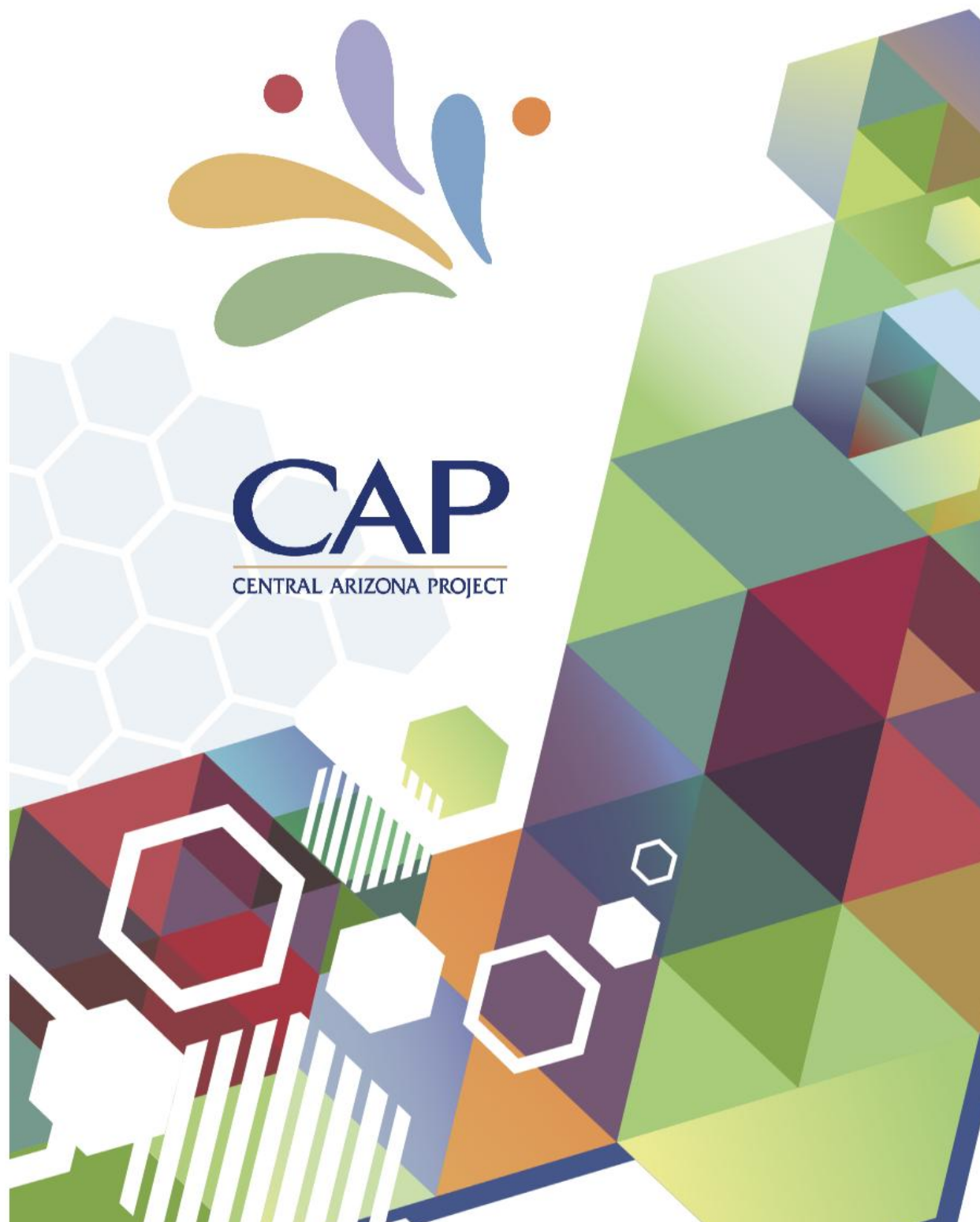
(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 1,120	\$ 1,223	\$ 1,260	\$ 1,470	\$ 1,560
Outside services	850	1,029	1,201	1,490	1,783
Materials & supplies	72	74	73	255	260
Other expenses	12	36	57	64	64
Total Operating Expenses	\$ 2,054	\$ 2,362	\$ 2,591	\$ 3,279	\$ 3,667
Expenditures by Fund					
Operating Expenses					
General Fund	\$ 2,054	\$ 2,362	\$ 2,591	\$ 3,279	\$ 3,667
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 2,054	\$ 2,362	\$ 2,591	\$ 3,279	\$ 3,667
Capital Spending	-	-	-	-	-
Total Expenses	\$ 2,054	\$ 2,362	\$ 2,591	\$ 3,279	\$ 3,667
Staffing (FTE)	11.2	11.7	11.4	13.0	13.0



## Technology & Governance Group INFORMATION TECHNOLOGY

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 3,429	\$ 4,076	\$ 4,177	\$ 4,619	\$ 4,896
Outside services	4,327	4,820	5,110	6,713	7,069
Materials & supplies	434	481	525	529	555
Other expenses	351	97	321	312	330
Total Operating Expenses	\$ 8,541	\$ 9,474	\$ 10,133	\$ 12,173	\$ 12,850
Expenditures by Fund					
Operating Expenses					
General Fund	\$ 8,541	\$ 9,474	\$ 10,133	\$ 12,173	\$ 12,850
CAGRD Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 8,541	\$ 9,474	\$ 10,133	\$ 12,173	\$ 12,850
Capital Spending	1,039	1,148	1,495	687	687
Total Expenses	\$ 9,580	\$ 10,622	\$ 11,628	\$ 12,860	\$ 13,537
Staffing (FTE)	27.4	28.5	27.8	29.0	29.0





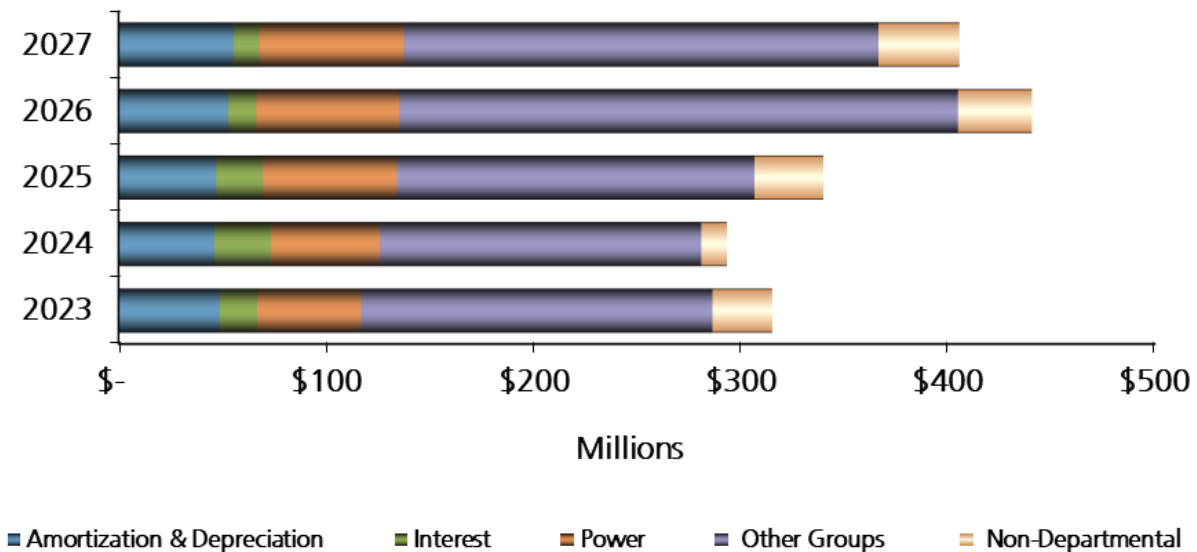


## Non-Departmental BUDGET SUMMARY

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.

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
<b>Operating &amp; Non-operating Expenses</b>					
Salaries & benefits	\$ 26,365	\$ 28,072	\$ 33,522	\$ 30,968	\$ 33,282
Pumping power & capacity charges	50,082	52,469	64,514	69,092	69,736
Transmission	14,938	7,145	12,045	11,564	11,971
Depreciation & amortization	48,700	46,172	47,041	52,793	55,643
Interest expense	18,207	27,488	22,767	13,608	12,160
Other expenses	(20,803)	(23,025)	(18,913)	(16,372)	(15,425)
<b>Total Operating &amp; Non-operating Expense</b>	<b>\$ 137,489</b>	<b>\$ 138,321</b>	<b>\$ 160,976</b>	<b>\$ 161,653</b>	<b>\$ 167,367</b>
<b>Expenses by Fund</b>					
<b>Operating &amp; Non-operating Expenses</b>					
General Fund	\$ 151,252	\$ 154,309	\$ 175,065	\$ 170,439	\$ 176,203
CAGR Account	2,567	2,222	2,100	2,210	2,339
Other Funds & Accounts, incl Eliminations	(16,330)	(18,210)	(16,189)	(10,996)	(11,175)
<b>Total Operating &amp; Non-operating Expense</b>	<b>\$ 137,489</b>	<b>\$ 138,321</b>	<b>\$ 160,976</b>	<b>\$ 161,653</b>	<b>\$ 167,367</b>
<b>Capital Spending</b>	<b>8,376</b>	<b>249</b>	<b>6,577</b>	<b>9,559</b>	<b>9,237</b>
<b>Total Expenses</b>	<b>\$ 145,865</b>	<b>\$ 138,570</b>	<b>\$ 167,553</b>	<b>\$ 171,212</b>	<b>\$ 176,604</b>
Vacancy/Salary Savings Equivalent	-	-	(3.2)	(15.0)	(15.0)

### Non-Departmental Expenses Compared to Total Expenses





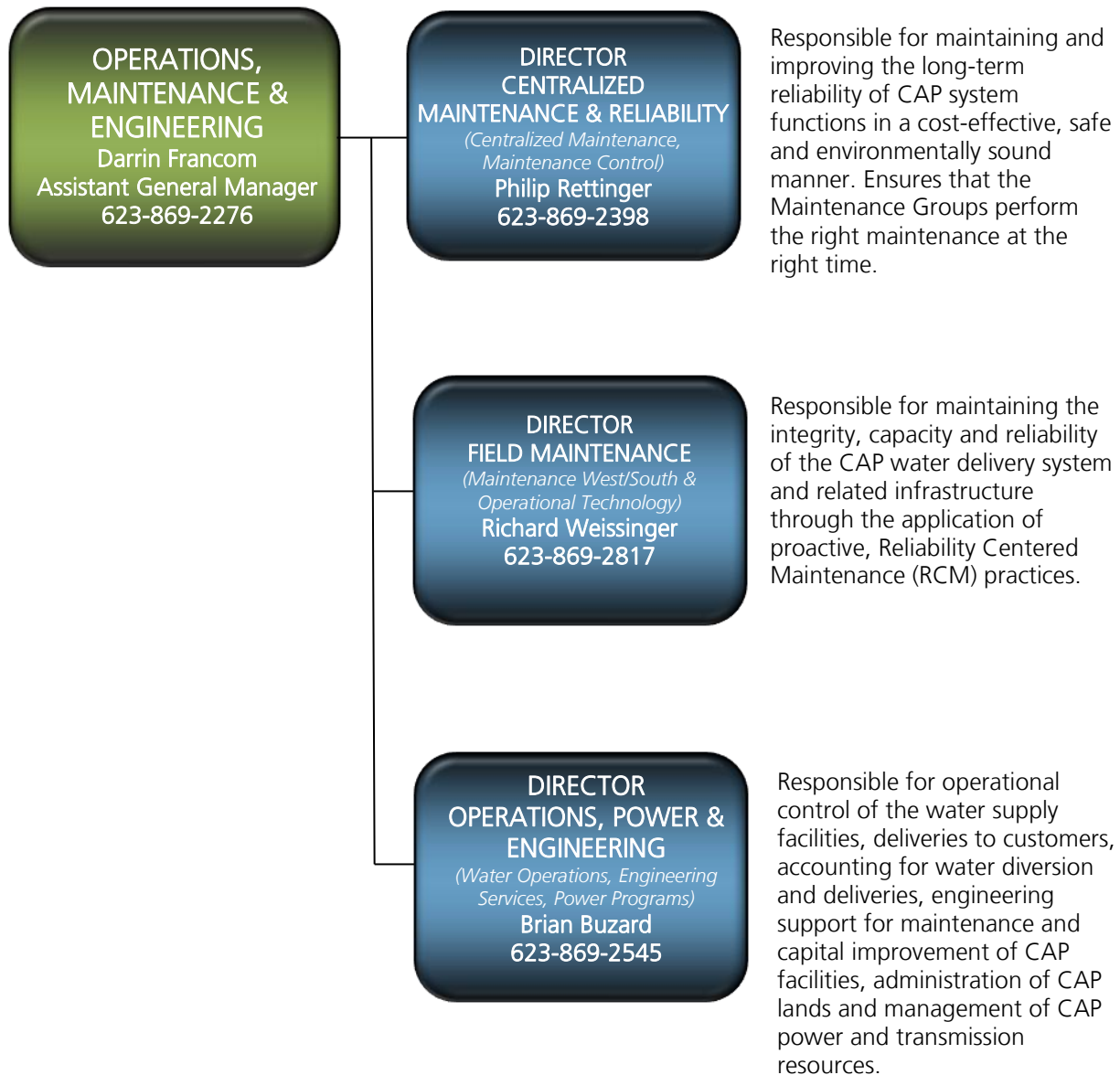
# CAP

CENTRAL ARIZONA PROJECT



# Operations, Maintenance & Engineering

**Mission:** Provides leadership in maintaining and operating the Central Arizona Project to ensure reliability through maintenance, replacement and operational activities



## Operations, Maintenance & Engineering

### ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
-----------------	-----------------	--

#### Centralized Maintenance & Reliability

Implement and improve CAP's strategic asset management program to ensure long-term infrastructure viability

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 2024-2025.

Accomplishment: CAP has been involved in numerous formal exchanges with other organizations pursuing best practices in maintenance and reliability. Additionally, many CAP employees (120 +) have been exposed to asset management training and now have certification as a Certified Reliability Leader from the Association of Asset Management Professionals. In 2025 a maintenance, reliability and asset management assessment was performed to identify successes and areas of improvement for our programs. Closing gaps in the findings were worked on in 2025 and will continue into the next budget cycle.

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 have risk register be utilized for 2024-25 budget, annual maintenance plan and capital replacement plan development.

#### Project Reliability

Accomplishment: A risk register utilizing a risk prioritization number (RPN) was developed and enhanced in 2024. The risk prioritization number is being utilized for decision making within any new capital improvement projects to prioritize project development and scheduling. The RPN is calculated using both consequence of failure (loss of operation capacity, cost, and environmental / health / safety) and likelihood (failure rate). The register is also utilized with the annual maintenance plan to accomplish the most value-added work to CAP in minimizing risk.

Action Plan: Maintain high levels of operational reliability by scheduling maintenance outages and eliminating unplanned outages. The expected outcome is to have a target  $\leq 2\%$  total forced unit outage.

Accomplishment: Operational reliability has been maintained at under 2% forced unit outages for both 2024 and 2025. Weekly failure reporting on forced unit outages has improved visibility across the Maintenance teams to be able to understand and facilitate corrective action as needed.



## Operations, Maintenance & Engineering ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
Project Reliability	Implement and improve CAP's strategic asset management program to ensure long-term infrastructure viability	<p>Action Plan: Expand and enhance utilization of data visualizations to improve operations and asset management. The expected outcome was to integrate utilization of the data into current processes and update training materials. Expand integration of SCADA data and potential pilot of predictive analytics.</p> <p>Accomplishment: Numerous maintenance metric and KPI reports have been updated with the use of PowerBI to create enterprise access for employees and decision makers within the organization. They are presented to inform performance on leading and lagging indicators of success. A data project is currently being pursued to pilot machine learning potential at CAP.</p>
		<p>Action Plan: Plan, forecast, execute, monitor &amp; control the completion of major maintenance work for West and South outage windows. The expected outcome was to have a target of <math>\geq 90\%</math> Outage Schedule Compliance.</p> <p>Accomplishment: Outage schedule compliance has been maintained at more than 90% throughout 2024 and 2025. The utilization of the Annual Maintenance Plan process has increased effectiveness in accomplishing the most important work throughout the outage window and other large scale maintenance projects.</p>
		<p>Action Plan: Utilizing the risk register and equipment maintenance plans, produce an Annual Maintenance Plan. The expected outcome was to produce the Annual Maintenance Plan by October 1.</p> <p>Accomplishment: The Annual Maintenance Plan has been created and utilized in both 2024 and 2025. The plan includes the highest priority preventive and corrective maintenance requirements based upon risk to CAP equipment. Tracking of progress is reported on monthly to ensure that work is being accomplished at rate of 90% for the year.</p>
		<p>Action Plan: Assess critical spare parts and other means to improve CAP's ability to recover from disruptions in service in a timely manner. The expected outcome was to 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.</p> <p>Accomplishment: Critical spare assessments are currently underway utilizing criticality of the system and locally within CAP pumping plants. Work has been focused on the high voltage distribution systems at both Mark Wilmer and Salt Gila Pumping Plants to date. This work will continue into future budget cycles.</p>

## Operations, Maintenance & Engineering

### ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
-----------------	-----------------	--

#### Field Maintenance

Action Plan: Ensure Tactical Asset Management (TAM) teams are identifying and resolving repetitive service-affecting issues utilizing defect elimination processes. The expected outcome was for each TAM team, annually implement at least one defect elimination process.

Implement and improve CAP's strategic asset management program to ensure long-term infrastructure viability

#### Accomplishment:

Tactical Asset Management Teams have evolved to focus on addressing the underlying causes of equipment failures through a defect elimination process. These teams are now referred to as Defect Elimination (DE) Teams. The process was developed in 2024 and continued to be refined in 2025, with each maintenance group completing at least one DE Process. Plant crews are empowered to take ownership of recurring equipment issues by understanding how equipment fails and implementing solutions that address the root causes through the execution of the DE Process.

#### Project Reliability

Action Plan: In collaboration with IT and Enterprise Security, Maintain the integrity of industrial control systems. The expected outcome was to develop and document refresh cycles, patching, and administration duties that align with CAP policies and industry best practices.

Maintain and improve the security and reliability of information technology systems

#### Accomplishment:

With representation from Information Technology, Enterprise Security, Water Operations, and Operational Technology, the Industrial Control System (ICS) Steering Committee has successfully organized efforts to support the operation, administration, maintenance, and security of the ICS. An inventory of ICS assets and ownership has been developed. Enterprise Security has collaboratively developed a Security Policy that encompasses Operational Technology systems. The policy and processes align with industry best practices.



## Operations, Maintenance & Engineering ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
Project Reliability	Advance focused plans to support business continuity	<p>Action Plan: Document Apprenticeship processes in compliance with federal and state standards to ensure continuity and consistency of the Apprenticeship Program. The expected outcome was to processes documented: FTE and Trade selection, Selection Process, Orientation/Onboarding, Progress Reporting, Level Change, and Job Training Standards.</p> <p>Accomplishment:</p> <p>Through collaboration with the Maintenance Group, Centralized Learning and Development, and the Apprenticeship Committee, apprenticeship processes have been reviewed and updated as required, ensuring compliance with the Arizona Department of Economic Security Apprenticeship Standards. Maintenance Management determines Apprenticeship staffing levels and trades needed through an annual review of potential future openings within the Maintenance Group. The Apprenticeship Committee utilizes documented Job Training Standards (JTSs) to monitor apprentices' progress throughout their programs.</p>

## Operations, Power & Engineering

Power	Actively engage in the transmission market to ensure access to diversified, low-cost energy resources	<p>Action Plan: Monitor and evaluate the development of new generation facilities in determination of energy needs and purchases. The expected outcome was to continue active participation with APA, IEDA, WAPA SRP, APS, TEP and others that are planning for the development of future generation resources.</p> <p>Accomplishment: Power staff negotiated an energy purchase from TEP for 2025 which was approved by the Board in October. We continue evaluating the potential AEPCO fleet contract and how it fits into our portfolio.</p>
	Take advantage of developments in energy efficiency and renewable resources, including storage	<p>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 semi-annually, track renewable industry index pricing for solar, wind, and storage and compare to other resources.</p> <p>Accomplishment: Increased costs made the Solar Phase II project significantly less viable from a financial perspective. Solar Phase II contract was mutually terminated by Origis and CAP.</p>

## Operations, Maintenance & Engineering

### ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
Project Reliability	Implement and improve CAP's strategic asset management program to ensure long-term infrastructure viability	<p>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: Risk register is utilized for 2024-25 budget, annual maintenance plan and capital replacement plan development.</p> <p>Accomplishment: The Risk Register has been updated within CAP's Hexagon Computerized Maintenance Management System. Replacement activities are now initiated with a Concept Form that includes the impact and consequence of failure scoring according to asset condition that now allows prioritization of work through the Project Steering Committee process. New work is evaluated monthly to ensure validity before being placed into the Risk Register. The Risk Register is a fundamental piece of the Long-Range Work Identification process and Long-Range Financial Planning process.</p>
Water Supply	Facilitate deliveries of nonproject water through the CAP system, pursuant to the System Use Agreement	<p>Action Plan: Finalize approval from USBR for definition of Operational Capability and approval of a system improvement project(s). The expected outcome was to develop and submit to USBR, a System Improvement Project (SIP) proposal as required by the System Use Agreement (SUA).</p> <p>Accomplishment: Water Transmissions Staff successfully led the development and submission of a Western Pumping Plant Impeller System Improvement Project that not only aligns with our strategic objectives to wheel nonproject water in the CAP but sets the precedent for future system improvement project submittals. USBR evaluated and approved the SIP proposal in February of 2025.</p>



## Operations, Maintenance & Engineering

### BUSINESS GOALS

Key Result Area	Strategic Issue	2026 / 2027 Action Plans & Expected Outcomes
-----------------	-----------------	---

#### Centralized Maintenance & Reliability

Project Reliability	Implement and improve CAP's strategic asset management program to ensure long-term infrastructure viability	Action Plan: Plan and implement the improvements identified in the 2024 Maintenance Reliability and Asset Management Assessment (MRAM).  Expected Outcome: Complete 90% of items planned for each year in 2026 and 2027.
	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 and Asset Management Plan for Mark Wilmer transformers.

#### Field Maintenance

Project Reliability	Implement and improve CAP's strategic asset management program to ensure long-term infrastructure viability	Action Plan: Improve the application of Defect Elimination Teams across Maintenance execution groups.  Expected Outcome: For each Defect Elimination Team, increase levels of defects being addressed.
---------------------	---	--

#### Operations, Power & Engineering

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 2026-27 budget, annual maintenance plan and capital replacement plan development
---------------------	---	---

## Operations, Maintenance & Engineering

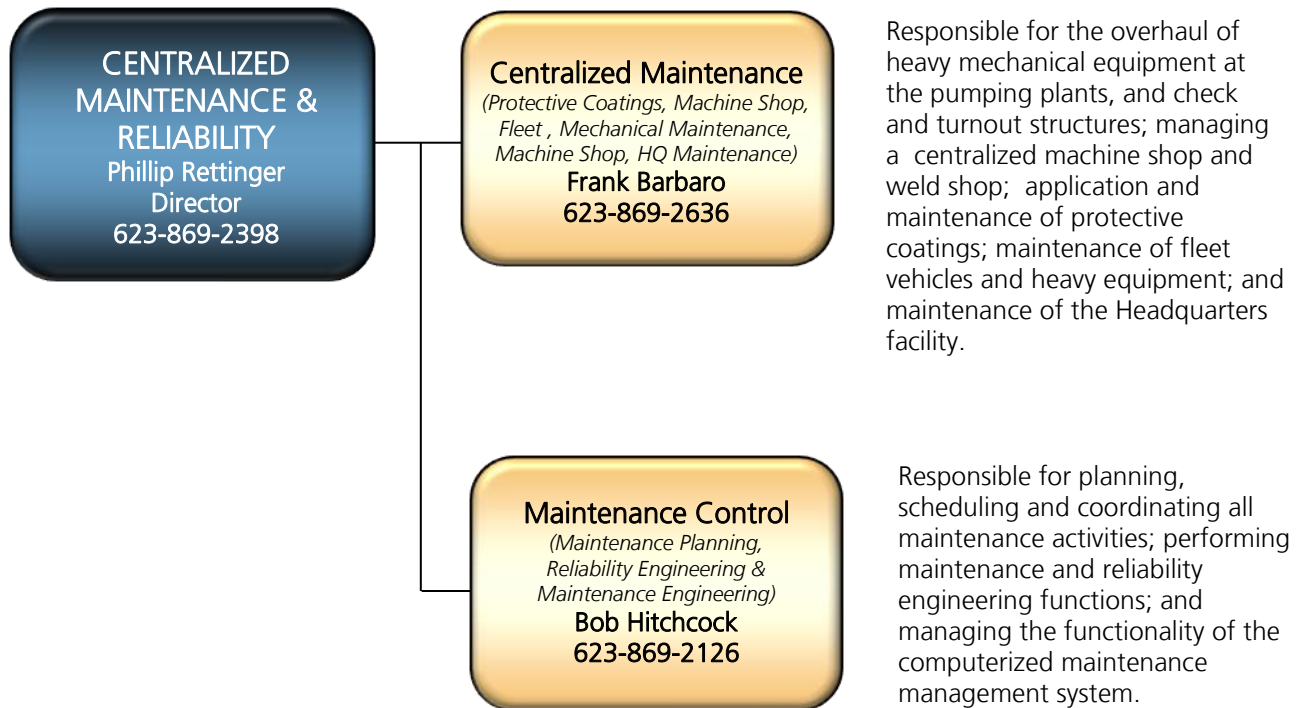
### BUSINESS GOALS

Key Result Area	Strategic Issue	2026 / 2027 Action Plans & Expected Outcomes
Power	Address dynamic energy markets as they affect CAP power acquisitions	<p>Action Plan: Through active participation with energy leaders and utilities, stay abreast of energy market developments impacting prices and resources and monitor the development of organized energy markets in the west and the potential impact on CAP.</p> <p>Expected Outcome: Continue active membership in IEDA and APA and facilitate continued partnerships with WAPA, TEP, APS, and SRP. Provide semi-annual reports to FAP/Board/EROG.</p>
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	<p>Action Plan: Complete construction of the Water Education Center.</p> <p>Expected Outcome: Complete construction on time and within the Board-approved budget.</p>
Stewardship and Sustainability	Evaluate and consider the relevant environmental impacts of moving nonproject water	<p>Action Plan: Provide access to CAP water quality information and relevant modeling data on CAP's website.</p> <p>Expected Outcome: Post water quality summary data from modeling results on CAP's website.</p>
Water Supply	Address impacts from Colorado River drought and overallocation	<p>Action Plan: Manage Colorado River diversions to optimize CAP's Colorado River entitlement, use of shortage mitigation resources, if required, and support efforts to protect Lake Mead.</p> <p>Expected Outcome: Divert CAP's full entitlement, less water that is targeted for protection of Lake Mead, plus the deployment of mitigation resources committed through DCP agreements.</p>



# 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.





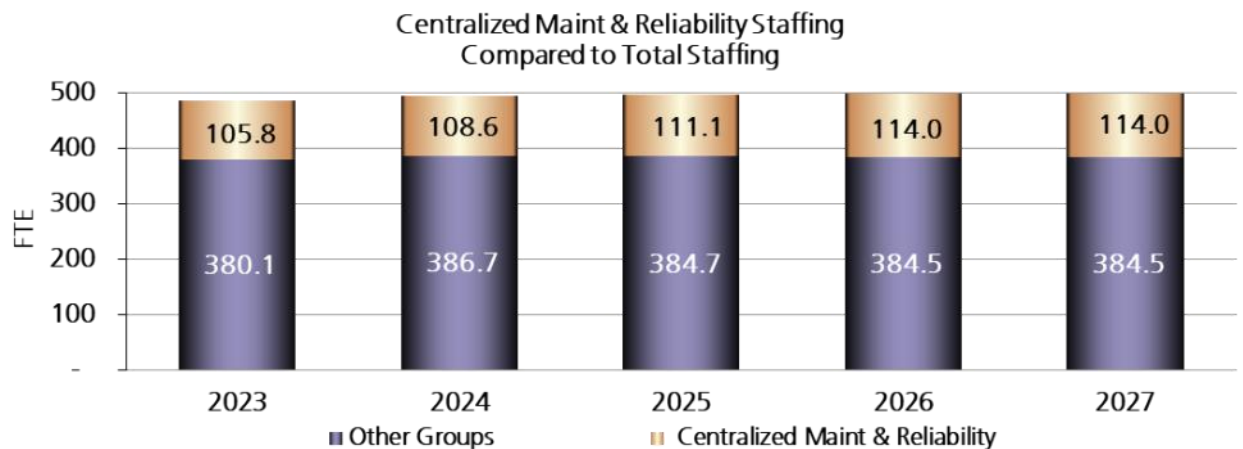
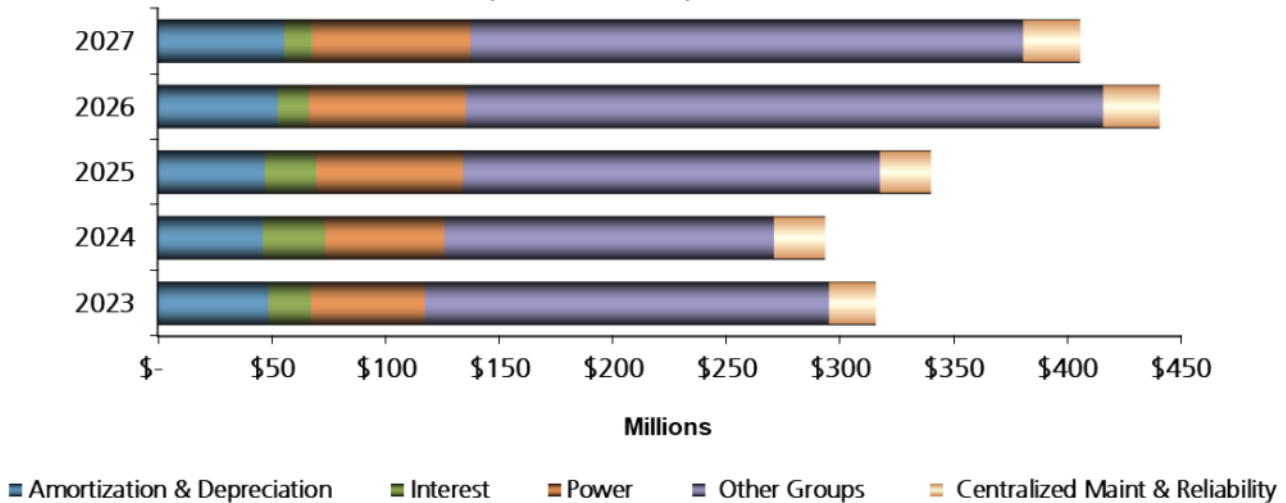
**CAP**  
CENTRAL ARIZONA PROJECT



## Centralized Maintenance & Reliability BUDGET SUMMARY

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
<b>Operating Expenses</b>					
Salaries & wages	\$ 11,348	\$ 12,124	\$ 13,184	\$ 14,428	\$ 15,295
Outside services	1,132	1,443	1,190	1,560	1,494
Materials & supplies	2,115	2,213	2,268	2,438	2,485
Other expenses	1,028	944	1,188	1,221	1,198
<b>Total Operating Expenses</b>	<b>\$ 15,623</b>	<b>\$ 16,724</b>	<b>\$ 17,830</b>	<b>\$ 19,647</b>	<b>\$ 20,472</b>
<b>Expenses by Fund</b>					
<b>Operating Expenses</b>					
General Fund	\$ 15,623	\$ 16,724	\$ 17,830	\$ 19,647	\$ 20,472
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 15,623</b>	<b>\$ 16,724</b>	<b>\$ 17,830</b>	<b>\$ 19,647</b>	<b>\$ 20,472</b>
<b>Capital Spending</b>	<b>4,928</b>	<b>5,905</b>	<b>4,668</b>	<b>5,333</b>	<b>4,657</b>
<b>Total Expenses</b>	<b>\$ 20,551</b>	<b>\$ 22,629</b>	<b>\$ 22,498</b>	<b>\$ 24,980</b>	<b>\$ 25,129</b>
<b>Staffing (FTE)</b>	<b>105.8</b>	<b>108.6</b>	<b>111.1</b>	<b>114.0</b>	<b>114.0</b>

Centralized Maint & Reliability Expenses  
Compared to Total Expenses



## Centralized Maintenance & Reliability

### CENTRALIZED MAINTENANCE

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 7,120	\$ 7,138	\$ 7,833	\$ 8,851	\$ 9,372
Outside services	840	1,026	801	1,044	1,002
Materials & supplies	2,015	2,127	2,181	2,333	2,401
Other expenses	769	660	815	840	841
Total Operating Expenses	\$ 10,744	\$ 10,951	\$ 11,630	\$ 13,068	\$ 13,616

#### Expenditures by Fund

Operating Expenses					
General Fund	\$ 10,744	\$ 10,951	\$ 11,630	\$ 13,068	\$ 13,616
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 10,744	\$ 10,951	\$ 11,630	\$ 13,068	\$ 13,616
Capital Spending	4,798	5,654	4,484	5,123	4,454
Total Expenses	\$ 15,542	\$ 16,605	\$ 16,114	\$ 18,191	\$ 18,070
Staffing (FTE)	66.9	67.2	68.2	72.0	72.0

## Centralized Maintenance & Reliability

### MAINTENANCE CONTROL

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 4,228	\$ 4,986	\$ 5,351	\$ 5,577	\$ 5,923
Outside services	292	417	389	516	492
Materials & supplies	100	86	87	105	84
Other expenses	259	284	373	381	357
Total Operating Expenses	\$ 4,879	\$ 5,773	\$ 6,200	\$ 6,579	\$ 6,856

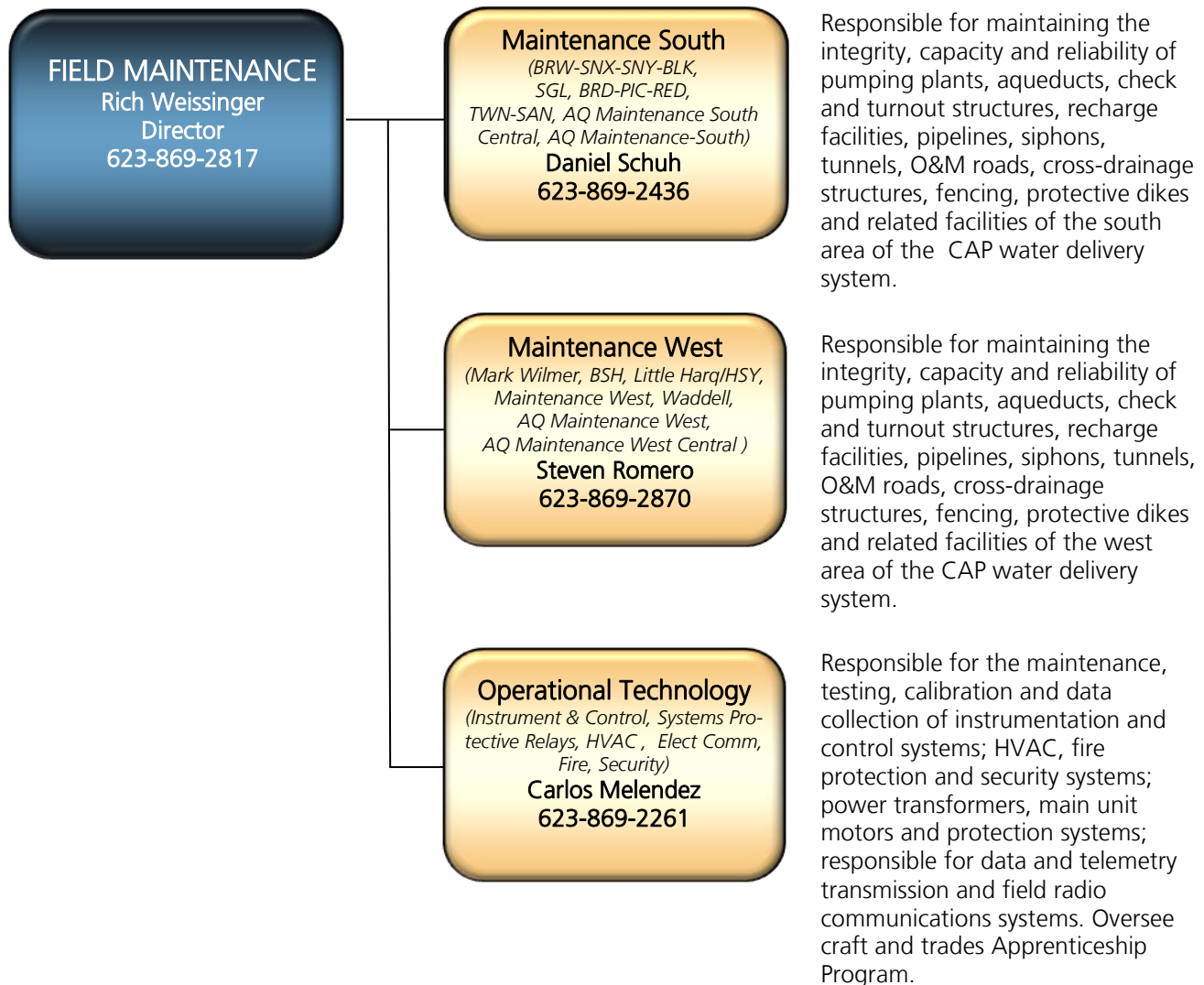
#### Expenditures by Fund

Operating Expenses					
General Fund	\$ 4,879	\$ 5,773	\$ 6,200	\$ 6,579	\$ 6,856
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 4,879	\$ 5,773	\$ 6,200	\$ 6,579	\$ 6,856
Capital Spending	130	251	184	210	203
Total Expenses	\$ 5,009	\$ 6,024	\$ 6,384	\$ 6,789	\$ 7,059
Staffing (FTE)	38.9	41.4	42.9	42.0	42.0



# 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.





# CAP

CENTRAL ARIZONA PROJECT

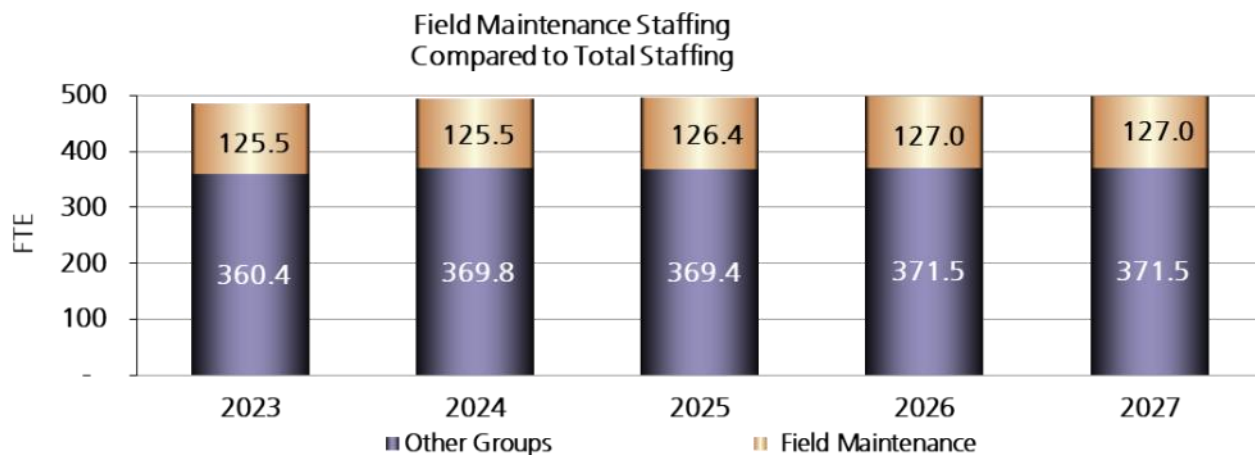
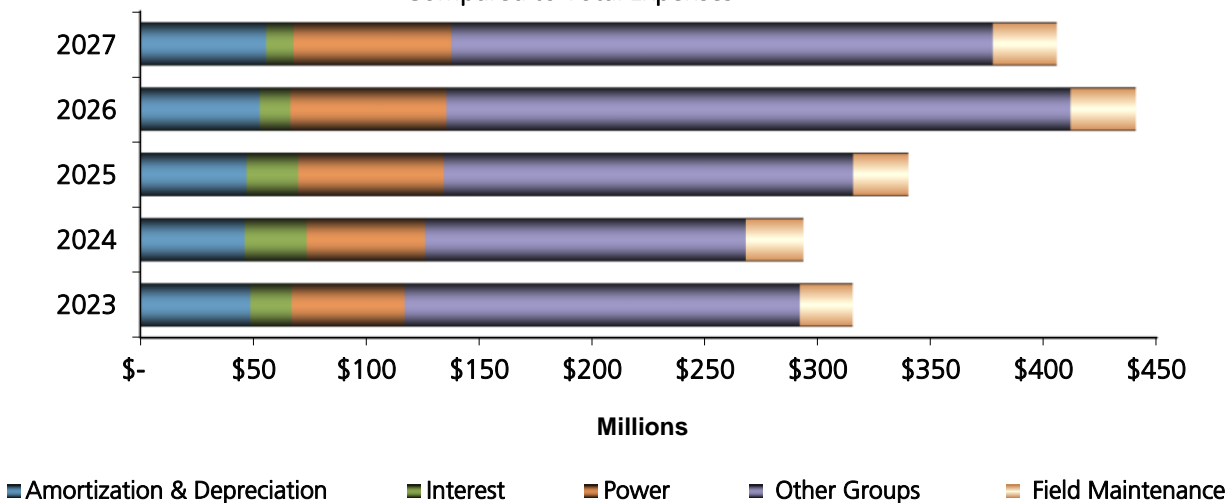




## Field Maintenance BUDGET SUMMARY

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
<b>Operating Expenses</b>					
Salaries & wages	\$ 12,985	\$ 13,952	\$ 14,631	\$ 15,631	\$ 16,624
Outside services	2,527	2,967	2,504	4,065	4,502
Materials & supplies	6,007	6,549	5,555	6,601	5,738
Other expenses	899	971	1,073	1,058	1,112
<b>Total Operating Expenses</b>	<b>\$ 22,418</b>	<b>\$ 24,439</b>	<b>\$ 23,763</b>	<b>\$ 27,355</b>	<b>\$ 27,976</b>
<b>Expenses by Fund</b>					
<b>Operating Expenses</b>					
General Fund	\$ 22,418	\$ 24,439	\$ 23,763	\$ 27,355	\$ 27,976
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 22,418</b>	<b>\$ 24,439</b>	<b>\$ 23,763</b>	<b>\$ 27,355</b>	<b>\$ 27,976</b>
<b>Capital Spending</b>	<b>1,026</b>	<b>1,025</b>	<b>774</b>	<b>1,570</b>	<b>322</b>
<b>Total Expenses</b>	<b>\$ 23,444</b>	<b>\$ 25,464</b>	<b>\$ 24,537</b>	<b>\$ 28,925</b>	<b>\$ 28,298</b>
<b>Staffing (FTE)</b>	<b>125.5</b>	<b>125.5</b>	<b>126.4</b>	<b>127.0</b>	<b>127.0</b>

Field Maintenance Expenses  
Compared to Total Expenses



## Field Maintenance MAINTENANCE SOUTH

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 4,425	\$ 4,556	\$ 5,026	\$ 5,378	\$ 5,715
Outside services	1,093	1,138	981	1,992	1,868
Materials & supplies	2,163	2,229	2,148	2,472	2,519
Other expenses	261	163	234	260	264
Total Operating Expenses	\$ 7,942	\$ 8,086	\$ 8,389	\$ 10,102	\$ 10,366

### Expenditures by Fund

Operating Expenses					
General Fund	\$ 7,942	\$ 8,086	\$ 8,389	\$ 10,102	\$ 10,366
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 7,942	\$ 8,086	\$ 8,389	\$ 10,102	\$ 10,366
Capital Spending	79	131	133	55	31
Total Expenses	\$ 8,021	\$ 8,217	\$ 8,522	\$ 10,157	\$ 10,397
Staffing (FTE)	43.0	42.5	44.8	45.0	45.0

## Field Maintenance MAINTENANCE WEST

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 4,703	\$ 5,054	\$ 5,309	\$ 5,650	\$ 5,983
Outside services	1,079	1,354	1,039	1,635	2,203
Materials & supplies	3,094	3,598	2,624	3,306	2,372
Other expenses	193	204	242	245	245
Total Operating Expenses	\$ 9,069	\$ 10,210	\$ 9,214	\$ 10,836	\$ 10,803

### Expenditures by Fund

Operating Expenses					
General Fund	\$ 9,069	\$ 10,210	\$ 9,214	\$ 10,836	\$ 10,803
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 9,069	\$ 10,210	\$ 9,214	\$ 10,836	\$ 10,803
Capital Spending	100	210	180	586	35
Total Expenses	\$ 9,169	\$ 10,420	\$ 9,394	\$ 11,422	\$ 10,838
Staffing (FTE)	45.8	45.5	45.2	46.0	46.0



## Field Maintenance OPERATIONAL TECHNOLOGY

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 3,857	\$ 4,342	\$ 4,296	\$ 4,603	\$ 4,926
Transmission					
Outside services	355	475	484	438	431
Materials & supplies	750	722	783	823	847
Other expenses	445	604	597	553	603
Total Operating Expenses	\$ 5,407	\$ 6,143	\$ 6,160	\$ 6,417	\$ 6,807

### Expenditures by Fund

Operating Expenses					
General Fund	\$ 5,407	\$ 6,143	\$ 6,160	\$ 6,417	\$ 6,807
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 5,407	\$ 6,143	\$ 6,160	\$ 6,417	\$ 6,807
Capital Spending	847	684	461	929	256
Total Expenses	\$ 6,254	\$ 6,827	\$ 6,621	\$ 7,346	\$ 7,063
Staffing (FTE)	36.7	37.5	36.4	36.0	36.0

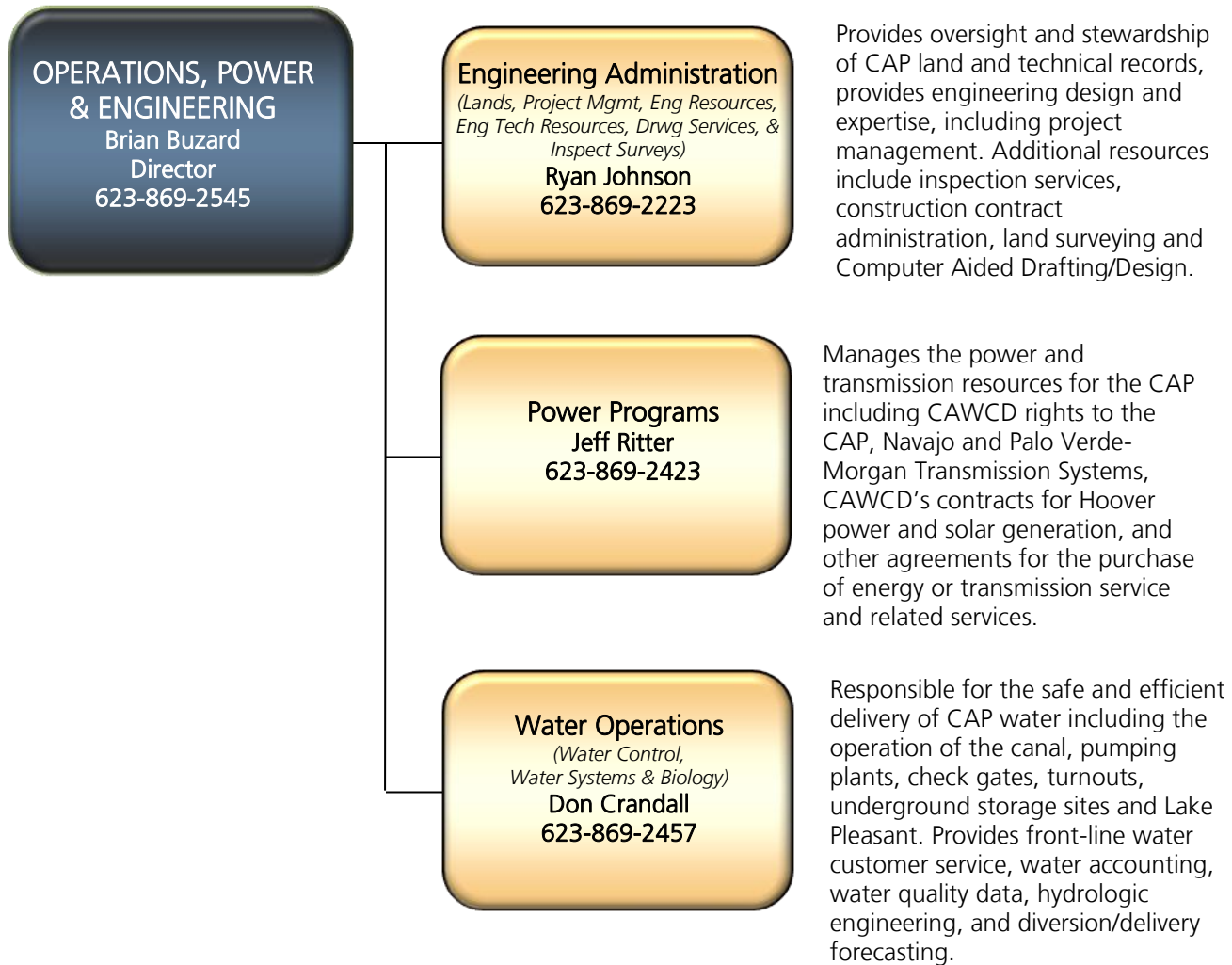






# Operations, Power & Engineering

**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.





# CAP

---

CENTRAL ARIZONA PROJECT

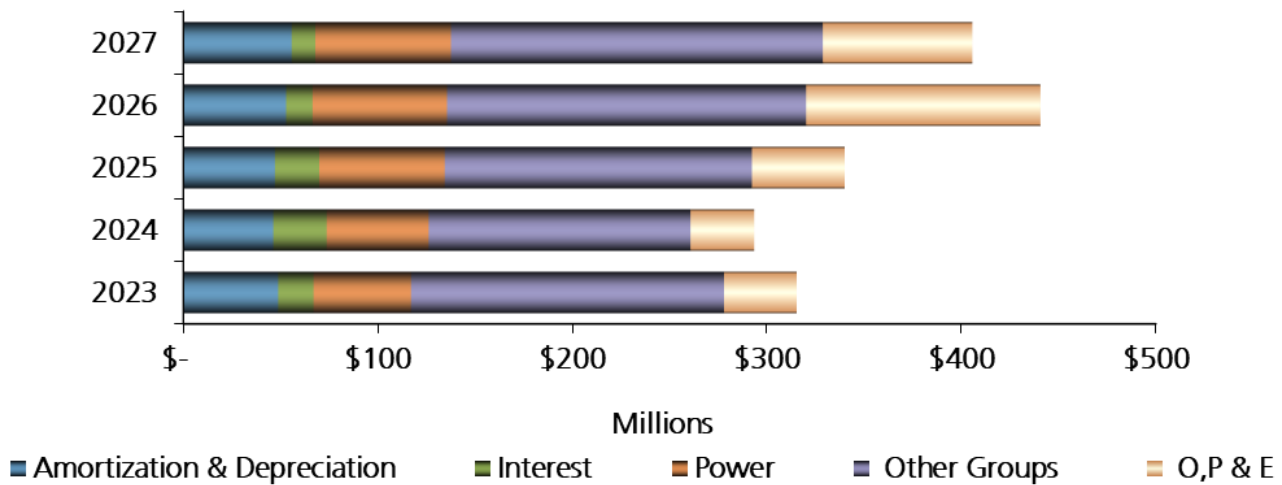




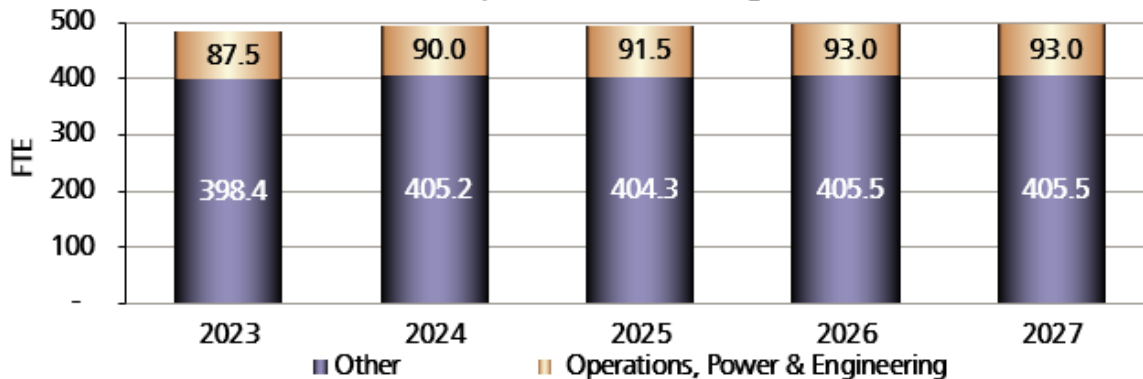
## Operations, Power & Engineering BUDGET SUMMARY

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
<b>Operating Expenses</b>					
Salaries & wages	\$ 7,570	\$ 8,485	\$ 9,097	\$ 9,145	\$ 9,873
Outside services	2,844	3,190	3,739	14,144	1,989
Materials & supplies	219	224	185	236	228
Other expenses	417	375	536	516	510
<b>Total Operating Expenses</b>	<b>\$ 11,050</b>	<b>\$ 12,274</b>	<b>\$ 13,557</b>	<b>\$ 24,041</b>	<b>\$ 12,600</b>
<b>Expenses by Fund</b>					
<b>Operating Expenses</b>					
General Fund	\$ 11,050	\$ 12,274	\$ 13,557	\$ 24,041	\$ 12,600
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 11,050</b>	<b>\$ 12,274</b>	<b>\$ 13,557</b>	<b>\$ 24,041</b>	<b>\$ 12,600</b>
<b>Capital Spending</b>	<b>26,339</b>	<b>20,486</b>	<b>34,102</b>	<b>96,474</b>	<b>64,285</b>
<b>Total Expenses</b>	<b>\$ 37,389</b>	<b>\$ 32,760</b>	<b>\$ 47,659</b>	<b>\$ 120,515</b>	<b>\$ 76,885</b>
<b>Staffing (FTE)</b>	<b>87.5</b>	<b>90.0</b>	<b>91.5</b>	<b>93.0</b>	<b>93.0</b>

Operations, Power & Engineering Expenses  
Compared to Total Expenses



Operations, Power & Engineering Staffing  
Compared to Total Staffing



## Operations, Power & Engineering ENGINEERING SERVICES

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 4,405	\$ 5,015	\$ 5,491	\$ 5,129	\$ 5,629
Outside services	1,972	2,220	2,911	13,174	959
Materials & supplies	129	113	95	145	152
Other expenses	157	150	213	240	237
Total Operating Expenses	\$ 6,663	\$ 7,498	\$ 8,710	\$ 18,688	\$ 6,977
Expenditures by Fund					
Operating Expenses					
General Fund	\$ 6,663	\$ 7,498	\$ 8,710	\$ 18,688	\$ 6,977
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 6,663	\$ 7,498	\$ 8,710	\$ 18,688	\$ 6,977
Capital Spending	26,338	20,429	34,059	96,358	64,162
Total Expenses	\$ 33,001	\$ 27,927	\$ 42,769	\$ 115,046	\$ 71,139
Staffing (FTE)	62.2	65.5	66.3	66.0	66.0

## Operations, Power & Engineering POWER PROGRAMS

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 297	\$ 318	\$ 342	\$ 353	\$ 374
Outside services	100	69	52	52	52
Materials & supplies	-	-	1	1	1
Other expenses	13	10	27	15	15
Total Operating Expenses	\$ 410	\$ 397	\$ 422	\$ 421	\$ 442
Expenditures by Fund					
Operating Expenses					
General Fund	\$ 410	\$ 397	\$ 422	\$ 421	\$ 442
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 410.0	\$ 397	\$ 422	\$ 421	\$ 442
Capital Spending	-	-	-	-	-
Total Expenses	\$ 410	\$ 397	\$ 422	\$ 421	\$ 442
Staffing (FTE)	2.0	2.0	2.0	2.0	2.0



## Operations, Power & Engineering

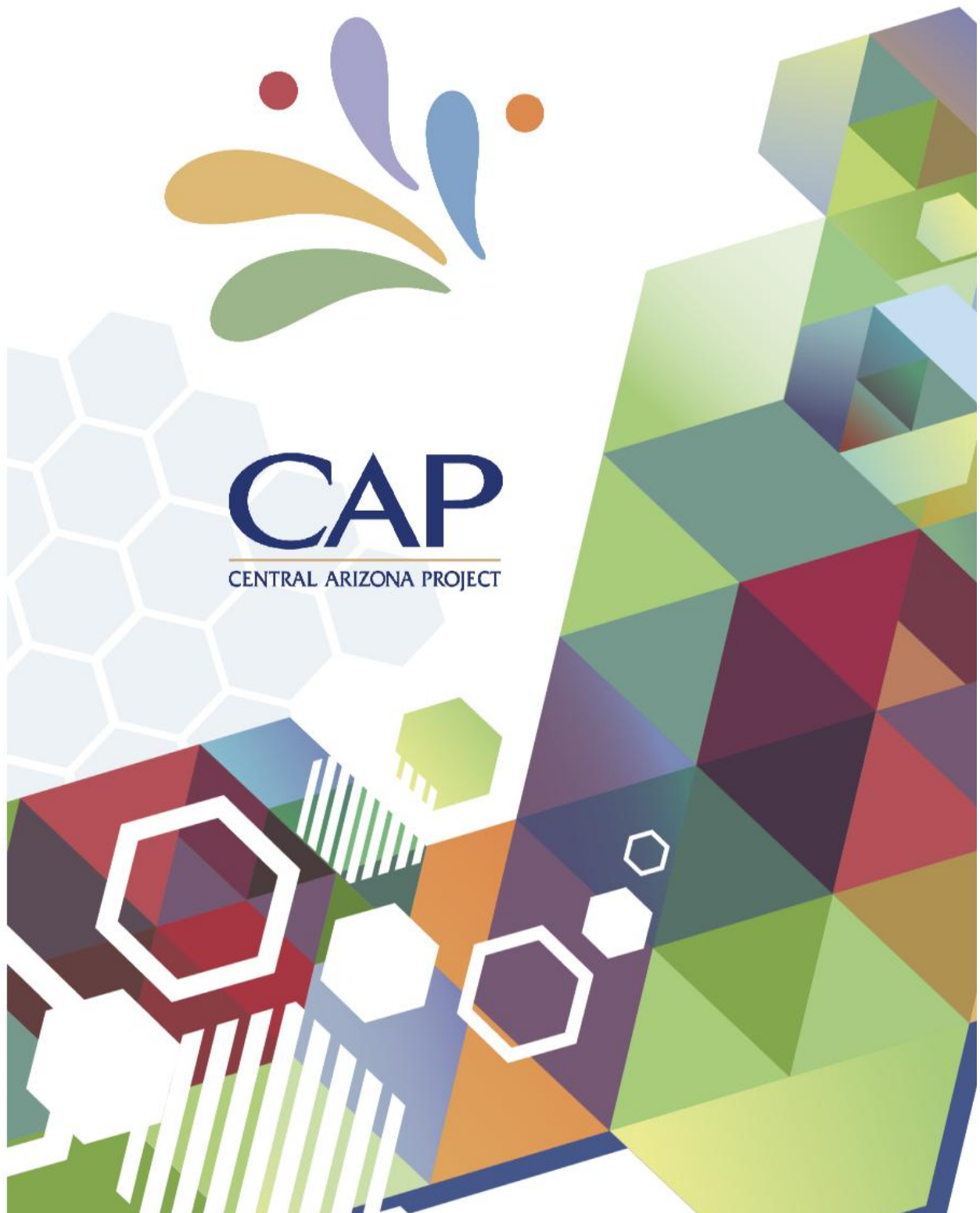
### WATER OPERATIONS

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 2,868	\$ 3,152	\$ 3,264	\$ 3,663	\$ 3,870
Outside services	772	901	776	918	978
Materials & supplies	90	111	89	90	75
Other expenses	247	215	296	261	258
Total Operating Expenses	\$ 3,977	\$ 4,379	\$ 4,425	\$ 4,932	\$ 5,181

#### Expenditures by Fund

Operating Expenses					
General Fund	\$ 3,977	\$ 4,379	\$ 4,425	\$ 4,932	\$ 5,181
CAGRD Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 3,977	\$ 4,379	\$ 4,425	\$ 4,932	\$ 5,181
Capital Spending	1	57	43	116	123
Total Expenses	\$ 3,978	\$ 4,436	\$ 4,468	\$ 5,048	\$ 5,304
Staffing (FTE)	23.3	22.5	23.2	25.0	25.0

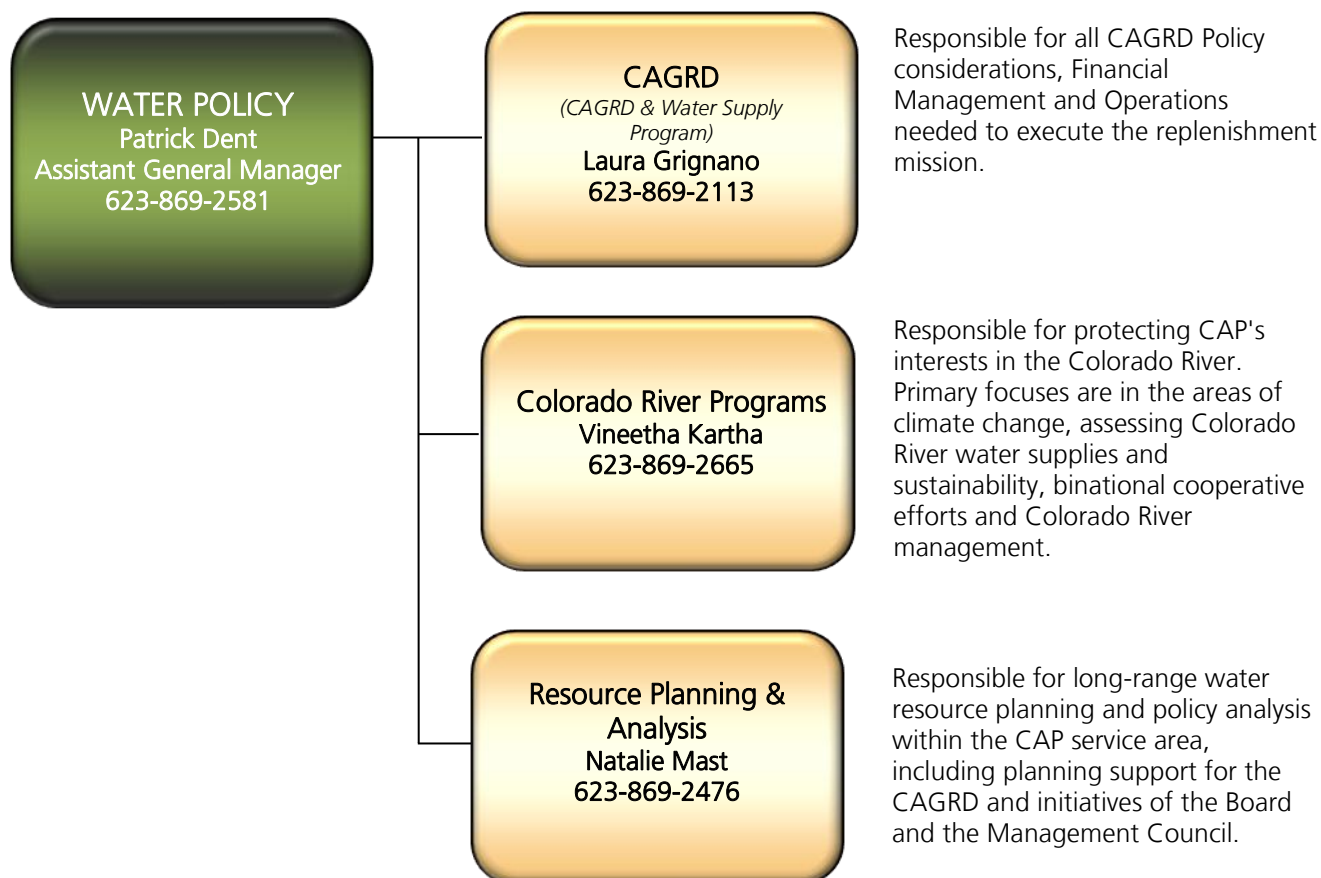






# Water Policy

**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

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
Groundwater Replenishment	Ensure continued effective management, reasonable pricing, and financial viability of CAGRD	<p>Action Plan: Develop and submit the 2025 Plan of Operation to ADWR. The expected outcome was to 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.</p>
		<p>Accomplishment:</p> <p>CAGRD staff submitted the draft CAGRD 2025 Plan of Operation to ADWR on December 30, 2024. In 2025, CAGRD staff will work closely with ADWR and the public through the review and approval process. Staff will provide additional information requested by ADWR, attend associated public hearings, and respond to all public comments. Staff will also provide periodic updates to the CAGRD and Underground Storage Committee on the status of the Plan's review.</p>
Stewardship and Sustainability	Implement plans for climate change adaptation and mitigation and develop plans to address climate-related impacts	<p>Action Plan: Collaborate with external groups engaged in adaptation efforts (e.g. Water Utility Climate Alliance and the Association of Metropolitan Water Agencies).. The expected outcome was to successful co-production or information exchange of adaptation knowledge and best practices through WUCA/AMWA and other peer agencies.</p>
		<p>Accomplishment:</p> <p>2024 Accomplishments:</p> <p>In 2024, CAP co-led an effort to develop and publish a CMIP6 FAQ Guide, aimed to help water utilities use the latest climate projections to support water resilience efforts. This action furthered CAP and WUCA goals regarding water utility climate adaptation and resiliency.</p> <p>2025 Forecast:</p> <p>CAWCD is involved in a climate risk finance group to understand the climate risk/adaptation measures needed on the financial side.</p> <p>CAWCD is co-lead on two WUCA projects, one to develop case studies to capture and understanding of the usage of climate data for planning purposes, and second to understand the impact of case studies in climate adaptation decision support.</p>



## Water Policy

### ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
Water Supply	Address impacts from Colorado River drought and overallocation	<p>Action Plan: Co-lead Arizona Reconsultation Committee process and participate in the Reconsultation of the 2007 Guidelines for the Colorado River. The expected outcome is that CAWCD will actively participate directly in the USBR, Basin States and Arizona Reconsultation processes.</p>
		<p>Accomplishment: 2024 Accomplishment:</p> <p>CAWCD was instrumental in developing the Lower Basin alternative that was submitted to the Post-2026 Environmental Impact Statement process for consideration. CAWCD in partnership with ADWR chaired two ARC meetings and two MAWG meetings to provide deeper analysis on Lower Basin alternative as well as to update AZ stakeholders on the renegotiation process.</p>
		<p>2025 Forecast: CAWCD will continue to maintain a strong presence in the Post-2026 renegotiation process. CAWCD will also continue the collaborative partnership with ADWR to update and inform the Arizona stakeholders on the Post-2026 renegotiation process.</p>
		<p>Action Plan: Participate in the Bi-national process in the development of successor Minutes in coordination with the 2007 Guidelines. The expected outcome: is to participate directly in the Bi-national process.</p> <p>Accomplishment:</p> <p>2024 Accomplishment:</p> <p>CAWCD ensured monitoring of activities under the Min 323 Projects and salinity work group. Min 330 was signed in 2024, under which Mexico will undertake efforts to conserve 400,000 AF of water by December 31, 2026, proportion with the lower basin states.</p> <p>2025 Forecast:</p> <p>CAWCD will continue to monitor activities under the Min 323 Projects and Salinity work groups. CAWCD also anticipates participating in work groups that are by-products of Min 330, once established.</p>

## Water Policy

### ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
	Facilitate deliveries of nonproject water through the CAP system, pursuant to the System Use Agreement	<p>Action Plan: Work collaboratively with SRP and project participants on SRP/CAP Interconnection Facility. The expected outcome was for progress to be made on technical studies and environmental evaluation of the proposed SCIF.</p> <p>Accomplishment:</p> <p>2024 Accomplishment:</p> <p>CAWCD continued to engage with SRP on SCIF planning and implementation. Discussions included addressing water quality concerns.</p> <p>2025 Forecast:</p> <p>CAWCD will continue to engage with SRP on the planning and implementation of SCIF with a particular focus on water quality modeling.</p>
Water Supply	Work collaboratively in the recovery of water stored by the Arizona Water Banking Authority	<p>Action Plan: Evaluate, plan and construct facilities needed to implement direct recovery by CAP.. The expected outcome was to conduct technical studies to select direct recovery sites.</p> <p>Accomplishment:</p> <p>2024 Accomplishment:</p> <p>CAWCD continued to engage with AWBA in ongoing meetings on recovery planning and implementation. Ongoing work on recovery modeling was a focus in the latter portion of 2024. CAWCD initiated the conceptual well feasibility study at TDRP.</p> <p>2025 Forecast:</p> <p>CAWCD will continue to engage with AWBA on recovery planning and implementation particularly with the post-2026 renegotiations and resulting impacts on AWBA firming. CAWCD received the finalized conceptual well feasibility study and the recovery wellfield is considered a longer-term direct recovery option. CAWCD will refocus efforts for the development of recovery capacity in the vicinity of TDRP in the short-term including identifying existing high-capacity wells.</p> <p>Additional Significant Accomplishments:</p> <p>USBR accepted the proposed System Improvement Project providing an additional 41,000 AF of capacity to wheel nonproject water in the CAP canal.</p>



## Water Policy

### ACCOMPLISHMENTS

Key Result Area	Strategic Issue	2024 / 2025 Action Plans & Accomplishments
-----------------	-----------------	--

Additional Significant Accomplishments:

Draft 2025 CAGRD Plan of Operation (KRA Replenishment)

On October 10th at its annual Tucson meeting, the CAWCD Board unanimously approved the draft CAGRD 2025 Plan of Operation (2025 Plan) for submission to the Director of ADWR. The multi-year planning effort was an effective collaboration of several divisions of CAP, which incorporated real-time and evolving Assured Water Supply rule changes for the ADAWS. The 2025 Plan covers CAGRD water supply and projected replenishment obligations through 2034. The draft 2025 Plan was submitted in late December of 2024 in timely accordance with Arizona statute.

CAPTR Database Upgrade (KRA Replenishment)

For nearly 20 years, CAGRD has utilized the CAGRD Application, Parcelization, Tracking, and Reporting (CAPTR) Database. CAPTR is a Microsoft Access Database Management System. To best serve our members and support staff, CAGRD is upgrading CAPTR to improve efficiency and security. This large project began early in 2024 when GRD entered into a contract with Lifecycle Delivery to develop a new web-based system to replace CAPTR.

## Water Supply

Colorado River Post-2026 Lower Basin States Alternative (KRA Water Supply)

The Colorado River Post 2026 Operations is of critical importance to CAP and is the focus of discussion and negotiation among the seven Basin States, the United States and Mexico. In 2024 the Lower Basin submitted an alternative to be evaluated through USBR's National Environmental Policy Act (NEPA) process for the Colorado River Post 2026 Operations. The Alternative included consideration of how storage in the Colorado River system should be managed along with prescribing a framework for determining releases from the systems two major reservoirs, Lake Powell and Lake Mead.

Recovery Investigations and Planning (KRA Water Supply)

In 2024 work on recovery of water stored by the AWBA continues. CAP provided technical and policy support to the AWBA, including data and analysis on CAP projected uses and firming for the AWBA's Annual Plan, and facilitated the development of new modeling tools to evaluate credit distribution scenarios.

CAP completed the drilling of the second of two pilot recovery wells at Tonopah Desert Recharge Project and received the completed report. Requested additional work to determine the feasibility of a recovery well field on the 40-acre parcel located to the east of TDRP.

## Water Policy

### BUSINESS GOALS

Key Result Area	Strategic Issue	2026 / 2027 Action Plans & Expected Outcomes
Groundwater Replenishment	Participate actively in dialogues regarding the resilience and long-term role of the Central Arizona Groundwater Replenishment District (CAGRDR)	Action Plan: Assist water providers transitioning to the Alternative Path to Designation of Assured Water Supply (ADAWS) process.
		Expected Outcome: Develop and implement MSA agreements in collaboration with applicable water providers, ADWR, and stakeholder relations. Apprise CAGRDR Committee and Board of progress.
		Action Plan: Implement new CAPTR system.
		Expected Outcome: Evaluate data accuracy and customer satisfaction of the new system. Refine CAGRDR administrative processes for the new system.
Water Supply	Address impacts 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.
		Expected Outcome: CAWCD will actively participate directly in the USBR, Basin States and Arizona Reconsultation processes.
		Action Plan: Continue to develop cooperative agreements for recovery partnerships.
		Expected Outcome: Actively work to enter into recovery partnerships.

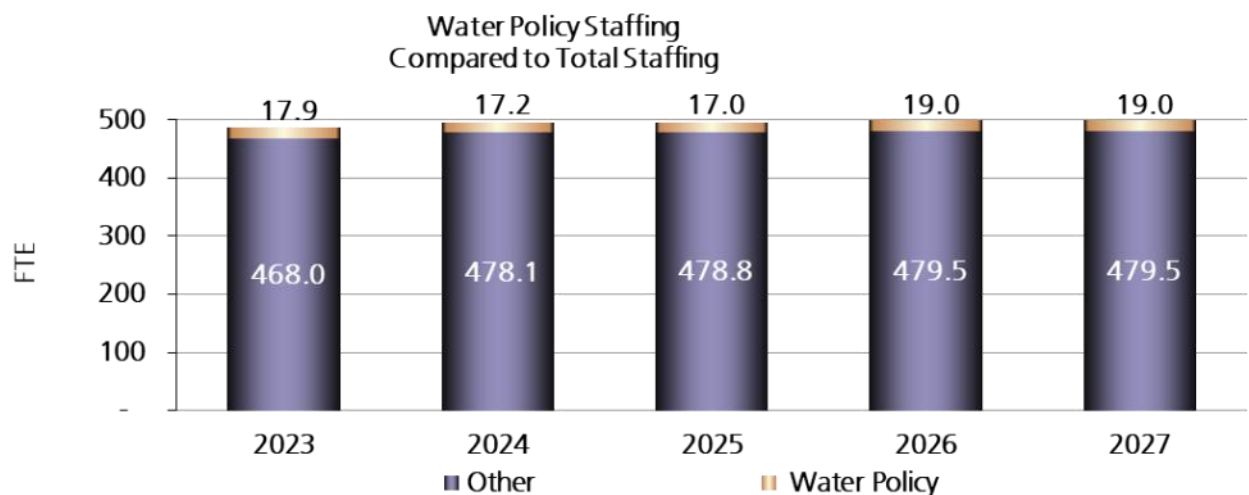
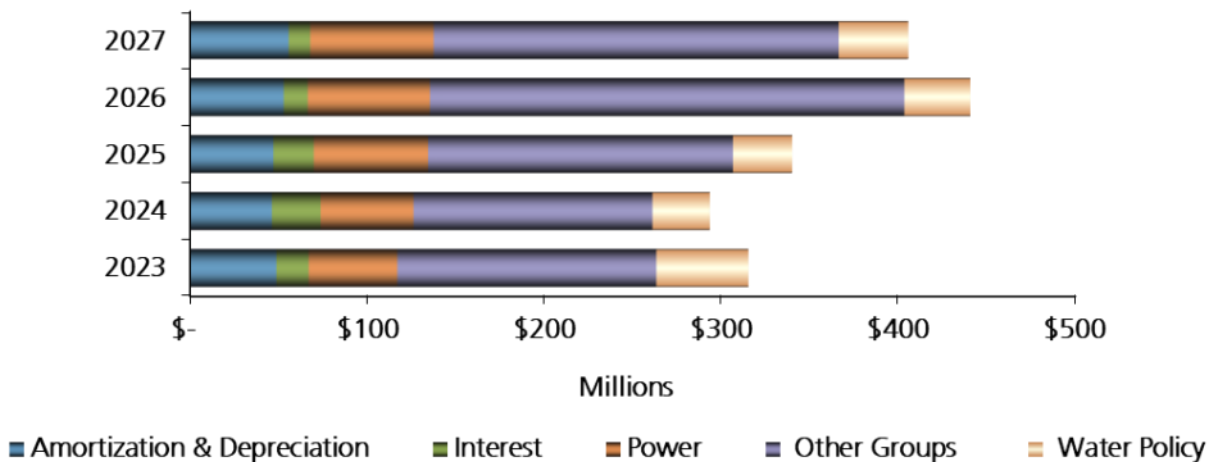


# Water Policy

## BUDGET SUMMARY

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
<b>Operating Expenses</b>					
Salaries & wages	\$ 1,860	\$ 2,126	\$ 2,178	\$ 2,580	\$ 2,734
Outside services	24,917	7,525	11,022	10,110	10,710
Water for recharge	20,880	18,035	15,436	17,586	18,764
Materials & supplies	1	-	1	2	2
Other expenses	4,403	4,738	3,799	2,042	2,085
<b>Total Operating Expenses</b>	<b>\$ 52,061</b>	<b>\$ 32,424</b>	<b>\$ 32,436</b>	<b>\$ 32,320</b>	<b>\$ 34,295</b>
<b>Expenses by Fund</b>					
<b>Operating Expenses</b>					
General Fund	\$ 29,761	\$ 12,261	\$ 13,900	\$ 12,295	\$ 13,195
CAGR Account	22,300	20,163	18,536	20,025	21,100
Other Funds and Accounts	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 52,061</b>	<b>\$ 32,424</b>	<b>\$ 32,436</b>	<b>\$ 32,320</b>	<b>\$ 34,295</b>
<b>Capital Spending</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>5,000</b>	<b>5,000</b>
<b>Total Expenses</b>	<b>\$ 52,061</b>	<b>\$ 32,424</b>	<b>\$ 33,436</b>	<b>\$ 37,320</b>	<b>\$ 39,295</b>
<b>Staffing (FTE)</b>	<b>17.9</b>	<b>17.2</b>	<b>17.0</b>	<b>19.0</b>	<b>19.0</b>

Water Policy Expenses  
Compared to Total Expenses



## Water Policy CAGR

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 871	\$ 916	\$ 887	\$ 1,086	\$ 1,151
Outside services	377	1,026	2,007	1,109	939
Water for recharge	20,880	18,035	15,436	17,586	18,764
Materials & supplies	1	-	1	1	1
Other expenses	171	186	205	243	245
Total Operating Expenses	\$ 22,300	\$ 20,163	\$ 18,536	\$ 20,025	\$ 21,100
Expenditures by Fund					
Operating Expenses					
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
CAGR Account	22,300	20,163	18,536	20,025	21,100
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 22,300	\$ 20,163	\$ 18,536	\$ 20,025	\$ 21,100
Capital Spending	-	-	-	-	-
Total Expenses	\$ 22,300	\$ 20,163	\$ 18,536	\$ 20,025	\$ 21,100
Staffing (FTE)	9.1	8.2	8.0	9.0	9.0

## Water Policy COLORADO RIVER PROGRAMS

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 546	\$ 669	\$ 719	\$ 760	\$ 805
Outside services	24,112	5,943	8,850	8,250	8,000
Materials & supplies	-	-	-	1	1
Other expenses	4,215	4,538	3,585	1,789	1,830
Total Operating Expenses	\$ 28,873	\$ 11,150	\$ 13,154	\$ 10,800	\$ 10,636
Expenditures by Fund					
Operating Expenses					
General Fund	\$ 28,873	\$ 11,150	\$ 13,154	\$ 10,800	\$ 10,636
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 28,873	\$ 11,150	\$ 13,154	\$ 10,800	\$ 10,636
Capital Spending	-	-	-	-	-
Total Expenses	\$ 28,873	\$ 11,150	\$ 13,154	\$ 10,800	\$ 10,636
Staffing (FTE)	4.9	5.0	5.0	5.0	5.0



## Water Policy RESOURCE PLANNING & ANALYSIS

(Thousands)	2023 Actuals	2024 Actuals	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Salaries & wages	\$ 443	\$ 541	\$ 572	\$ 734	\$ 778
Outside services	428	556	165	751	1,771
Materials & supplies	-	-	-	-	-
Other expenses	17	14	9	10	10
Total Operating Expenses	\$ 888	\$ 1,111	\$ 746	\$ 1,495	\$ 2,559

### Expenditures by Fund

Operating Expenses					
General Fund	\$ 888	\$ 1,111	\$ 746	\$ 1,495	\$ 2,559
CAGR Account	-	-	-	-	-
Other Funds and Accounts	-	-	-	-	-
Total Operating Expenses	\$ 888	\$ 1,111	\$ 746	\$ 1,495	\$ 2,559
Capital Spending	-	-	1,000	5,000	5,000
Total Expenses	\$ 888	\$ 1,111	\$ 1,746	\$ 6,495	\$ 7,559
Staffing (FTE)	3.9	4.0	4.0	5.0	5.0







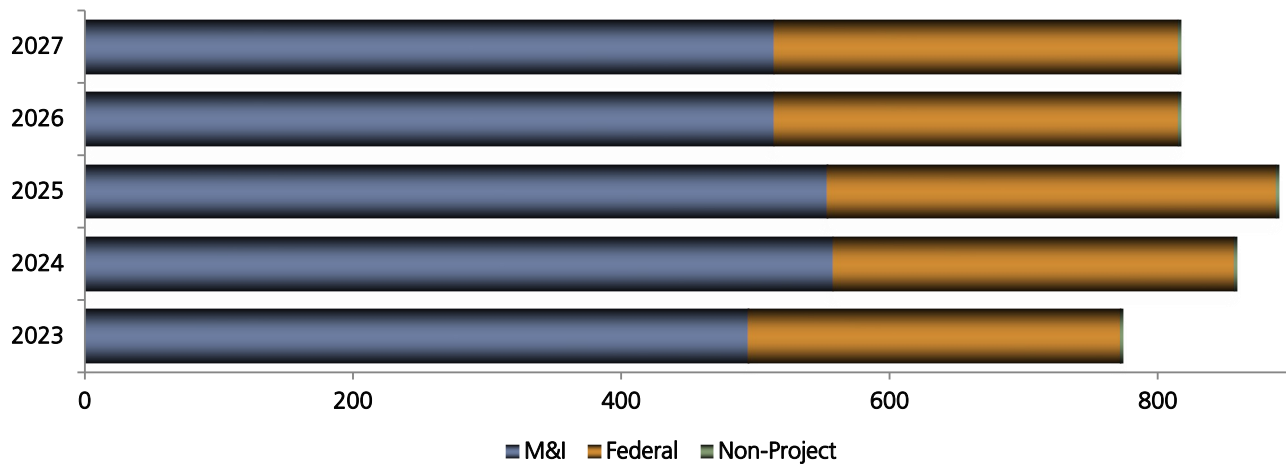
## WATER DELIVERIES

(Acre-Feet)

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>PROJECT WATER REVENUES</b>					
Municipal & Industrial Water	494,844	557,725	554,364	513,997	513,997
Federal Contract	277,478	298,940	333,783	300,980	300,980
Subtotal Federal & M&I Contract Water	772,322	856,665	888,147	814,977	814,977
<b>NON-PROJECT WATER DELIVERIES</b>					
Firming - Federal	1,040	1,040	1,040	-	-
Firming - CAWCD	-	-	-	1,040	1,040
Other Wheeled Water-Federal	943	943	943	-	-
Other Wheeled Water - CAWCD	-	-	-	943	943
Subtotal Non Project Water	1,983	1,983	1,983	1,983	1,983
<b>Total Water Deliveries</b>	<b>774,305</b>	<b>858,648</b>	<b>890,130</b>	<b>816,960</b>	<b>816,960</b>
Transfer of credits to CAGRD	11,084	10,261	231	10,095	10,102
Take or Pay/Adjustment	20,203	15,028	-	-	-
<b>Billed Fixed OM&amp;R Water Volumes</b>	<b>805,592</b>	<b>883,937</b>	<b>890,361</b>	<b>827,055</b>	<b>827,062</b>

## Water Deliveries

(Acre-feet in Thousands)



# WATER REVENUE GENERAL FUND

(Thousands)

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>PROJECT WATER REVENUES</b>					
Municipal & Industrial Water Subcontract	\$ 120,138	\$ 139,570	\$ 150,146	\$ 158,984	\$ 165,535
Federal Contract	67,366	74,803	90,403	93,096	96,932
Subtotal Federal & M&I Contract Water	187,504	214,373	240,549	252,080	262,467
<b>NON PROJECT WATER REVENUES</b>					
Firming - Federal	252	281	307	-	-
Firming - CAWCD	-	-	-	321	336
Other Wheeled Water-Federal	229	255	278	-	-
Other Wheeled Water - CAWCD	-	-	-	291	305
Subtotal Non Project Water	481	536	585	612	641
<b>Total Water Deliveries</b>	<b>187,985</b>	<b>214,909</b>	<b>241,134</b>	<b>252,692</b>	<b>263,108</b>
Transfer of credits to CAGR	2,691	2,576	63	3,122	3,253
Take/Pay Adj.	3,743	2,840	-	-	-
<b>Total Water O&amp;M Charges</b>	<b>194,419</b>	<b>220,325</b>	<b>241,197</b>	<b>255,814</b>	<b>266,361</b>
<b>CAPITAL &amp; FACILITY USE CHARGES</b>					
M&I subcontractors	37,763	37,787	38,527	39,955	41,381
M&I non-subcontract	587	544	12	565	586
Facility Use Charges - Pima&Maricopa (Interstate)	-	-	-	-	-
Facility Use Charges - Non Project Water	50	25	-	-	-
Underground storage facilities	63	250	57	-	-
<b>Total Capital &amp; Facility Use Charges</b>	<b>\$ 38,463</b>	<b>\$ 38,606</b>	<b>\$ 38,596</b>	<b>\$ 40,520</b>	<b>\$ 41,967</b>





# CENTRAL ARIZONA PROJECT RATE SCHEDULE

## Water Rates

Units = \$/acre-foot

(The Letter Designations in the Formulas Refer to the Rate Components Shown Below)

Water Volume (acre feet)	900K	900K	825K	825K	825K	825K	825K
		Firm	Firm		Advisory		
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<b>Water Delivery Rates</b>							
Fixed O&M	145	160	175	185	187	199	209
"Big R"	<u>47</u>	<u>40</u>	<u>49</u>	<u>50</u>	<u>52</u>	<u>52</u>	<u>52</u>
Fixed OM&R <sup>1</sup>	\$ 192	\$ 200	\$ 224	\$ 235	\$ 239	\$ 251	\$ 261
Pumping Energy Rate <sup>2</sup>	\$ 78	\$ 95	\$ 85	\$ 88	\$ 91	\$ 94	\$ 97
<b>Water Delivery Rate<sup>3</sup></b>	\$ 270	\$ 295	\$ 309	\$ 323	\$ 330	\$ 345	\$ 358

## Capital Charges<sup>4</sup>

Full Rate	\$ 72	\$ 69	\$ 67	\$ 64	\$ 64	\$ 61	\$ 59
Board applied taxes to repayment	\$ (19)	\$ (15)	\$ (11)	(6)	TBD	TBD	TBD
<b>Net Rate</b>	\$ 53	\$ 54	\$ 56	\$ 58	\$ 64	\$ 61	\$ 59

## DIRECT UNDERGROUND WATER STORAGE

Units = \$/acre-foot

	<u>2024</u>	Firm	Firm		Advisory		
		<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<b>Underground Water Storage O&amp;M<sup>5</sup></b>							
Phoenix AMA	\$ 14	\$ 14	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Tucson AMA	15	15	15	15	15	15	15
<b>Underground Water Storage Capital Charge<sup>6</sup></b>							
Phoenix AMA	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Tucson AMA	9	9	9	9	9	9	9

# CENTRAL ARIZONA PROJECT RATE SCHEDULE

## NOTES:

- 1) Fixed OM&R charge consists of Fixed O&M and "Big R" (water delivery capital spending, large extraordinary maintenance projects and bond debt service). Both components are reconciled to actual expenses and water volumes. 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.
- 2) The pumping energy rate applies to all actual water volumes delivered as opposed to scheduled.
- 3) All contracts and subcontracts pay the water delivery rate. When available, the Agricultural Settlement Pool only pays the energy rate in accordance with the Arizona Water Settlement Agreement. In the event excess water is available, charges would include the water delivery rate plus a capital charge equivalent.
- 4) 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:
  - 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.
  - 2026 - 1 cent of 2024/25 property taxes is being applied to the federal repayment, resulting in a reduction of \$11/AF.
  - 2027 - 1/2 cent of 2025/26 property taxes is being applied to the federal repayment, resulting in a reduction of \$6/AF
- 5) Underground water storage O&M is paid by all direct recharge customers using CAP recharge sites .
- 6) Underground water storage capital charge is paid by all direct recharge customers except AWBA for M&I firming, the CAGRDR, municipal providers within the CAP service area and co-owners of CAWCD recharge facilities using no more than their share of capacity.

### Key Assumptions

- Hohokam CDR allocations are not ordered, and therefore do not incur capital charges
- Water volume for Fixed OM&R includes water deliveries, take or pay, and CAGRDR long-term storage credit purchases
- Water volume for Energy includes water deliveries and CAGRDR long-term storage credit purchases

## FIXED OM&R RATE AT DCP TIERS (For Planning Purposes Only)

Units = \$/acre-foot

<u>Water Volume (acre-foot)</u>	Firm	Firm	Advisory			
	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
600,000	\$ 299	\$ 309	\$ 323	\$ 329	\$ 345	\$ 359
700,000	\$ 257	\$ 265	\$ 277	\$ 283	\$ 296	\$ 308
800,000	\$ 224	\$ 232	\$ 242	\$ 247	\$ 259	\$ 270
900,000	\$ 200	\$ 206	\$ 215	\$ 220	\$ 230	\$ 240
1,000,000	\$ 180	\$ 186	\$ 194	\$ 198	\$ 207	\$ 216



# CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT (CAGRD) ASSESSMENT RATES

## CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT (CAGRD) ASSESSMENT RATES

Units = \$/acre-foot

CAWCD Delivery Volumes (acre-feet)	900K Firm 2023/24	900K Firm 2024/25	825K Firm 2025/26	825K Advisory 2026/27	825K Advisory 2027/28	825K Advisory 2028/29	825K Advisory 2029/30
------------------------------------	-------------------------	-------------------------	-------------------------	-----------------------------	-----------------------------	-----------------------------	-----------------------------

### Phoenix Active Management Area

Water & Replenishment Component <sup>1</sup>	\$ 280	\$ 323	\$ 349	\$ 365	\$ 381	\$ 394	\$ 406
Administrative Component <sup>2</sup>	48	65	67	67	67	67	67
Infrastructure & Water Rights Component <sup>3</sup>	353	360	371	389	409	429	451
Replenishment Reserve Charge <sup>4</sup>	93	108	116	123	127	131	135
Total Assessment Rate (\$/AF)	\$ 774	\$ 856	\$ 903	\$ 944	\$ 984	\$ 1,021	\$ 1,059

### Pinal Active Management Area

Water & Replenishment Component <sup>1</sup>	\$ 300	\$ 342	\$ 361	\$ 373	\$ 389	\$ 394	\$ 406
Administrative Component <sup>2</sup>	48	65	67	67	67	67	67
Infrastructure & Water Rights Component <sup>3</sup>	353	360	371	389	409	429	451
Replenishment Reserve Charge <sup>4</sup>	93	108	116	123	127	131	135
Total Assessment Rate (\$/AF)	\$ 794	\$ 875	\$ 915	\$ 952	\$ 992	\$ 1,021	\$ 1,059

### Tucson Active Management Area

Water & Replenishment Component <sup>1</sup>	\$ 300	\$ 342	\$ 361	\$ 373	\$ 389	\$ 394	\$ 406
Administrative Component <sup>2</sup>	48	65	67	67	67	67	67
Infrastructure & Water Rights Component <sup>3</sup>	353	360	371	389	409	429	451
Replenishment Reserve Charge <sup>4</sup>	93	108	116	123	127	131	135
Total Assessment Rate (\$/AF)	\$ 794	\$ 875	\$ 915	\$ 952	\$ 992	\$ 1,021	\$ 1,059

### Contract Replenishment Tax - Scottsdale <sup>5</sup>

Cost of Water	\$ 323	\$ 349	\$ 365	\$ 387	\$ 394	\$ 406	\$ 417
Cost of Transportation	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Cost of Replenishment	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Administrative Component <sup>2</sup>	48	65	67	67	67	67	67
Total Tax Rate (\$/AF)	\$ 371	\$ 414	\$ 432	\$ 454	\$ 461	\$ 473	\$ 484

## ENROLLMENT & ACTIVATION FEES

Units = \$/Housing Unit

Enrollment Fee - Commercial Subdivisions <sup>6</sup>	\$ 1,422	\$ 1,494	\$ 1,568	\$ 1,647	\$ 1,729	\$ 1,815	\$ 1,906
Enrollment Fee <sup>6</sup>	\$ 372	\$ 391	\$ 411	\$ 431	\$ 453	\$ 475	\$ 499
Activation Fee-Minimum <sup>7</sup>	\$ 370	\$ 389	\$ 409	\$ 429	\$ 451	\$ 473	\$ 497
Activation Fee-Phoenix AMA <sup>7</sup>	\$ 1,520	\$ 1,596	\$ 1,676	\$ 1,760	\$ 1,840	\$ 1,940	\$ 2,037
Activation Fee-Pinal Post-2007 <sup>7</sup>	\$ 1,520	\$ 1,596	\$ 1,676	\$ 1,760	\$ 1,840	\$ 1,940	\$ 2,037
Activation Fee-Tucson AMA <sup>7</sup>	\$ 1,050	\$ 1,103	\$ 1,158	\$ 1,216	\$ 1,276	\$ 1,340	\$ 1,407

## ANNUAL MEMBERSHIP DUES

### Member Land Annual Membership Dues (\$/Lot) <sup>8</sup>

Phoenix Active Management Area	\$ 29.11	\$ 26.93	\$ 29.47	\$ 27.13	\$ 28.87	\$ 30.13	\$ 32.05
Pinal Active Management Area	\$ 22.61	\$ 20.95	\$ 22.93	\$ 22.93	\$ 28.87	\$ 30.13	\$ 32.05
Tucson Active Management Area	\$ 35.50	\$ 30.63	\$ 33.52	\$ 27.13	\$ 28.87	\$ 30.13	\$ 32.05

<u>Member Service Area Annual Membership Dues (\$/AF)</u>	\$ 113.42	\$ 105.31	\$ 115.26	\$ 100.26	\$ 106.70	\$ 111.34	\$ 118.44
---	-----------	-----------	-----------	-----------	-----------	-----------	-----------

# 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 those administrative 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. Please view this document to see the current applicable Activation Fees for each Member Service Area: [MSA-Enrollment-History-Member-Service-Area-List.pdf](#)
- 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.
- Using CAWCD Final 2026-2030 Rate Schedule



# CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT (CAGRD) ASSESSMENT RATES

## SHORTAGE RATES - For Planning Purposes Only

All Other Rates Remain The Same

		Advisory			
		<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>2029/2030</u>
<b><u>Water &amp; Replenishment Component</u></b>	Acre-feet				
Phoenix AMA	600,000	\$ 483	\$ 492	\$ 511	\$ 525
Phoenix AMA	700,000	\$ 437	\$ 446	\$ 462	\$ 474
Phoenix AMA	800,000	\$ 402	\$ 410	\$ 425	\$ 436
Phoenix AMA	900,000	\$ 375	\$ 383	\$ 396	\$ 406
Phoenix AMA	1,000,000	\$ 354	\$ 361	\$ 373	\$ 382

<b><u>Replenishment Reserve Charge</u></b>					
Phoenix AMA	600,000	\$ 162	\$ 164	\$ 170	\$ 175
Phoenix AMA	700,000	\$ 147	\$ 149	\$ 154	\$ 158
Phoenix AMA	800,000	\$ 135	\$ 137	\$ 141	\$ 145
Phoenix AMA	900,000	\$ 126	\$ 128	\$ 132	\$ 135
Phoenix AMA	1,000,000	\$ 119	\$ 120	\$ 124	\$ 127

		<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>2029/2030</u>
<b><u>Water &amp; Replenishment Component</u></b>	Acre-feet				
Pinal AMA	600,000	\$ 491	\$ 500	\$ 511	\$ 525
Pinal AMA	700,000	\$ 445	\$ 454	\$ 462	\$ 474
Pinal AMA	800,000	\$ 410	\$ 418	\$ 425	\$ 436
Pinal AMA	900,000	\$ 383	\$ 391	\$ 396	\$ 406
Pinal AMA	1,000,000	\$ 362	\$ 369	\$ 373	\$ 382

<b><u>Replenishment Reserve Charge</u></b>					
Pinal AMA	600,000	\$ 162	\$ 164	\$ 170	\$ 175
Pinal AMA	700,000	\$ 147	\$ 149	\$ 154	\$ 158
Pinal AMA	800,000	\$ 135	\$ 137	\$ 141	\$ 145
Pinal AMA	900,000	\$ 126	\$ 128	\$ 132	\$ 135
Pinal AMA	1,000,000	\$ 119	\$ 120	\$ 124	\$ 127

		<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>2029/2030</u>
<b><u>Water &amp; Replenishment Component</u></b>	Acre-feet				
Tucson AMA	600,000	\$ 491	\$ 500	\$ 511	\$ 525
Tucson AMA	700,000	\$ 445	\$ 454	\$ 462	\$ 474
Tucson AMA	800,000	\$ 410	\$ 418	\$ 425	\$ 436
Tucson AMA	900,000	\$ 383	\$ 391	\$ 396	\$ 406
Tucson AMA	1,000,000	\$ 362	\$ 369	\$ 373	\$ 382

<b><u>Replenishment Reserve Charge</u></b>					
Tucson AMA	600,000	\$ 162	\$ 164	\$ 170	\$ 175
Tucson AMA	700,000	\$ 147	\$ 149	\$ 154	\$ 158
Tucson AMA	800,000	\$ 135	\$ 137	\$ 141	\$ 145
Tucson AMA	900,000	\$ 126	\$ 128	\$ 132	\$ 135
Tucson AMA	1,000,000	\$ 119	\$ 120	\$ 124	\$ 127





Superstition Mountain Recharge Site



# PUMPING POWER / ENERGY COSTS

(General Fund)

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>Energy (MWH)</b>					
Waddell	29,671	28,911	34,547	26,900	26,900
Hoover B	107,136	123,433	119,436	115,316	115,316
Long-term contracts	341,012	375,816	465,050	89,413	89,413
Market purchases	1,012,578	1,071,863	1,049,734	1,378,051	1,377,682
<b>Total MWH</b>	<b>1,490,397</b>	<b>1,600,023</b>	<b>1,668,767</b>	<b>1,609,680</b>	<b>1,609,311</b>
<b>Energy Rate (\$/MWH)</b>					
Hoover B	46.97	45.37	46.33	48.73	50.71
Long-term contracts	44.53	31.98	47.21	24.99	24.99
Market purchase	31.11	30.19	33.56	45.36	45.21
<b>Grand Weighted Average \$/MWH</b>	<b>\$ 35.41</b>	<b>\$ 31.81</b>	<b>\$ 38.37</b>	<b>\$ 44.46</b>	<b>\$ 44.47</b>
<b>Energy Costs (\$000)</b>					
Hoover B	5,032	5,600	5,533	5,619	5,848
Long-term contracts	15,186	12,018	21,956	2,234	2,234
Market purchase	31,505	32,357	35,225	62,512	62,288
<b>Gross Energy Costs (\$000)</b>	<b>\$ 51,723</b>	<b>\$ 49,975</b>	<b>\$ 62,714</b>	<b>\$ 70,365</b>	<b>\$ 70,370</b>
Energy scheduling services	\$ 850	\$ 803	\$ 852	\$ 1,150	\$ 1,063
MWD agreement expense	39	101	80	80	80
Lake Pleasant adjustment	(2,845)	971	881	(2,503)	(1,777)
Lake Roosevelt adjustment	315	619	(13)	-	-
<b>Total Energy (\$000)</b>	<b>\$ 50,082</b>	<b>\$ 52,469</b>	<b>\$ 64,514</b>	<b>\$ 69,092</b>	<b>\$ 69,736</b>
<b>Transmission Adjustment</b>					
Elec Trans-losses	\$ 3,613	\$ 2,207	\$ 2,315	\$ 2,387	\$ 2,435
Transmission - SRP	120	66	225	74	77
Transmission - Brady, Picacho & RR	343	-	-	-	-
Transmission - WECC	171	191	121	178	185
<b>Total Transmission Adjustment (\$000)</b>	<b>\$ 4,247</b>	<b>\$ 2,464</b>	<b>\$ 2,661</b>	<b>\$ 2,639</b>	<b>\$ 2,697</b>
<b>Other Adjustment</b>					
Other income	\$ (514)	\$ (956)	\$ (178)	\$ (650)	\$ -
<b>Total Energy, Transmission &amp; Other Adjustments (\$000)</b>	<b>\$ 53,815</b>	<b>\$ 53,977</b>	<b>\$ 66,997</b>	<b>\$ 71,081</b>	<b>\$ 72,433</b>





Hoover Dam Generators



# CAWCD DEBT INFORMATION

CAWCD is currently carrying three debt vehicles: CAP Repayment Obligation (Federal Debt), Revenue Bonds Series 2016, 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 USBR 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 \$771.01 million at the end of 2026, and \$728.20 million at the end of 2027. 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 \$30.04 million at the end of 2026, and \$27.41 million at the end of 2027. The bonds are paid as part of "Big R" and do not impact water delivery 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.

# FEDERAL REPAYMENT OBLIGATION

(Thousands)

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
<b>Sources of Funds</b>					
Net line rental revenue	\$ 2,925	\$ 4,371	\$ 2,049	\$ 1,975	\$ 2,093
Hoover 4.5 mil surcharge	2,587	2,847	2,801	2,997	2,879
Parker-Davis	2,721	2,673	2,193	2,215	2,097
Net CAP transmission revenues including line losses	(4,332)	2,085	(673)	(1,046)	(1,127)
Transmission line loss revenues	-	-	-	-	-
Land use (net)	1,195	524	809	809	809
Land sales (net)	-	-	-	-	-
Interest on deposits	131	353	146	183	189
<b>Total Credits Toward Repayment</b>	<b>\$ 5,227</b>	<b>\$ 12,853</b>	<b>\$ 7,325</b>	<b>\$ 7,133</b>	<b>\$ 6,940</b>
<b>Uses of Funds</b>					
Principal	\$ 40,456	\$ 42,808	\$ 42,808	\$ 42,808	\$ 42,808
Interest	16,357	15,025	13,609	12,194	10,778
Gross Payment <i>(Due Jan. 20th following year-end)</i>	56,813	57,833	56,417	55,002	53,586
<b>(Net Due) / Excess Funds for Repayment</b>	<b>\$ (51,586)</b>	<b>\$ (44,980)</b>	<b>\$ (49,092)</b>	<b>\$ (47,869)</b>	<b>\$ (46,646)</b>
CAP NGS Energy Reconciliation	(57)	(659)	-	-	-
<b>Net Funds (Due to)/from Federal Government</b>	<b>\$ (51,643)</b>	<b>\$ (45,639)</b>	<b>\$ (49,092)</b>	<b>\$ (47,869)</b>	<b>\$ (46,646)</b>





# FEDERAL DEBT SCHEDULE

(\$ Thousands)

Payment Made	Payment Due			Principal Balance (December 31st)		
January 20th	Principal	Interest	Total	Interest Bearing	Non-Interest Bearing	Total
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	-	-	-
2046	-	-	-	-	-	-

# REVENUE BONDS, SERIES 2016 - DEBT SERVICE SCHEDULE

(\$ Thousands)

Payment Date: January 1st	Principal	Coupon	Interest	Annual Debt Service	Principal Balance December 31st
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	-



## NON-INDIAN AGRICULTURE 9(D) DEBT

(\$ Thousands)

Payment Date: December 31	Beginning Balance	Principal Payment	Ending Balance
2025	88,689	-	88,689
2026	88,689	2,688	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	-





CAP Canal—Agua Fria Tunnel Outlet



# RECONCILIATION OF WATER DELIVERY RATES

## CALCULATION OF WATER DELIVERY COSTS

(Thousands)

	2025		2026		2027	
	Projection	Published	Budget	Published	Budget	Advisory
<b>General Fund Operating Expenses</b>	\$ 264,208	\$ 296,679	\$ 297,243	\$ 287,487	\$ 297,069	\$ 291,147
<b>Adjustments for O&amp;M Expenses</b>						
Depreciation & Amortization	(46,980)	(48,737)	(52,732)	(50,356)	(55,582)	(51,456)
Energy	(64,514)	(80,292)	(69,092)	(66,641)	(69,736)	(69,160)
Transmission & Other Adjustments	(2,483)	(4,481)	(1,989)	(3,492)	(2,697)	(3,597)
Underground storage site O&M	(752)	(600)	(521)	(569)	(526)	(661)
Extraordinary Maintenance (when part of "Big R")	(2,806)	(2,525)	(12,918)	(14,000)	-	-
Other income	(941)	(760)	(1,870)	(773)	(1,231)	(786)
Compensated mitigation (Funded by 'Big R')	(382)	(2,817)	-	-	-	-
Programs Funded by Water Storage Tax Reserve	(1,395)	(2,000)	(2,000)	(1,000)	(2,000)	(2,000)
Programs Funded by Recovery Reserve	(118)	-	(571)	(1,500)	(1,571)	(1,500)
Programs Funded by Extraordinary Cost Reserve	(5,687)	(11,480)	(11,240)	(5,000)	(11,050)	(10,000)
Total Adjustments	(126,058)	(153,692)	(152,933)	(143,331)	(144,393)	(139,160)
<b>Fixed O&amp;M Expenses</b>	<b>\$ 138,150</b>	<b>\$ 142,987</b>	<b>\$ 144,310</b>	<b>\$ 144,156</b>	<b>\$ 152,676</b>	<b>\$ 151,987</b>
<b>Pumping Energy &amp; Hoover capacity charges</b>						
Pumping Energy and Capacity Charges	64,514	80,292	69,092	66,641	69,736	69,160
Transmission to be Included in Energy	2,483	4,481	1,989	3,492	2,697	3,597
<b>Total Pumping Energy &amp; Hoover capacity charges</b>	<b>\$ 66,997</b>	<b>\$ 84,773</b>	<b>\$ 71,081</b>	<b>\$ 70,133</b>	<b>\$ 72,433</b>	<b>\$ 72,757</b>

## CALCULATION OF RECONCILED WATER DELIVERY RATES

	2025		2026		2027	
	Projection	Published	Budget	Published	Budget	Advisory
<b>Water Delivery Costs (Thousands)</b>						
Fixed O&M Expenses	\$ 138,150	\$ 142,987	\$ 144,310	\$ 144,156	\$ 152,676	\$ 151,987
Total Pumping Energy Expenses	66,997	84,773	71,081	70,133	72,433	72,757
<b>Water Deliveries (Acre-Feet)</b>						
Billed Fixed OM&R Water Volume	890,361	900,000	827,055	825,000	827,062	825,000
Pumping Energy Rate Water Volume	890,361	900,000	827,055	825,000	827,062	825,000
<b>Water Delivery Rate (\$/AF)</b>						
Calculated Fixed O&M Rate	\$ 155.16	\$ 160.00	\$ 174.49	\$ 175.00	\$ 184.60	\$ 185.00
Capital Replacement Component ("Big R")	40.43	40.00	48.88	49.00	49.88	50.00
<b>Total Fixed OM&amp;R</b>	<b>195.59</b>	<b>200.00</b>	<b>223.37</b>	<b>224.00</b>	<b>234.48</b>	<b>235.00</b>
<b>Total Pumping Energy Rate</b>	<b>75.25</b>	<b>95.00</b>	<b>85.94</b>	<b>85.00</b>	<b>87.58</b>	<b>88.00</b>
<b>Total Delivery Rate</b>	<b>\$ 270.84</b>	<b>\$ 295.00</b>	<b>\$ 309.31</b>	<b>\$ 309.00</b>	<b>\$ 322.06</b>	<b>\$ 323.00</b>





CAP Canal—Route 87



# POLICIES, GUIDELINES & PRACTICES

## OPERATIONAL AND FINANCIAL OBJECTIVES

### Board

The CAWCD Board of Directors is responsible for setting policy for the organization. When needed, the Board has adopted formal policies to provide guidance to staff and to provide information to the public. The Board may create policies at any time when a need is identified. The policies are reviewed every five years to ensure they remain relevant. The last review was completed in 2023.

More information visit: CAP Website at [CAWCD Board Policies \(cap-az.com\)](http://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.

# BOARD POLICIES AND GUIDELINES

Policy Name	Board Approval	Synopsis
CAWCD 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		
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: <ul style="list-style-type: none"> <li>Allocation of NIA pool</li> <li>Eligibility requirements for participation as GSF</li> <li>Guidelines for incentive recharge water availability and priority</li> </ul> Expires 12/31/30
Dedication of CAWCD's Existing Underground Storage Credits to CAGR	10/06/05 11/03/16 Reviewed 01/05/23	Provides for: <ul style="list-style-type: none"> <li>Dedication of long-term stored water credits for use by CAGR in establishing a replenishment reserve</li> <li>Payment by CAGR to CAP for credits in the year in which credits are used</li> </ul>
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: <ul style="list-style-type: none"> <li>CAP to work with Arizona Department of Water Resources (ADWR) in all transfers and relinquishments</li> <li>All financial transactions be made through CAP</li> <li>Financial arrangements be made in accordance with the policy</li> <li>No financial benefit to the transferring entity</li> <li>Subcontractors outside CAP service area to notify CAP and ADWR of their intent to transfer</li> </ul> Expires:12/31/25

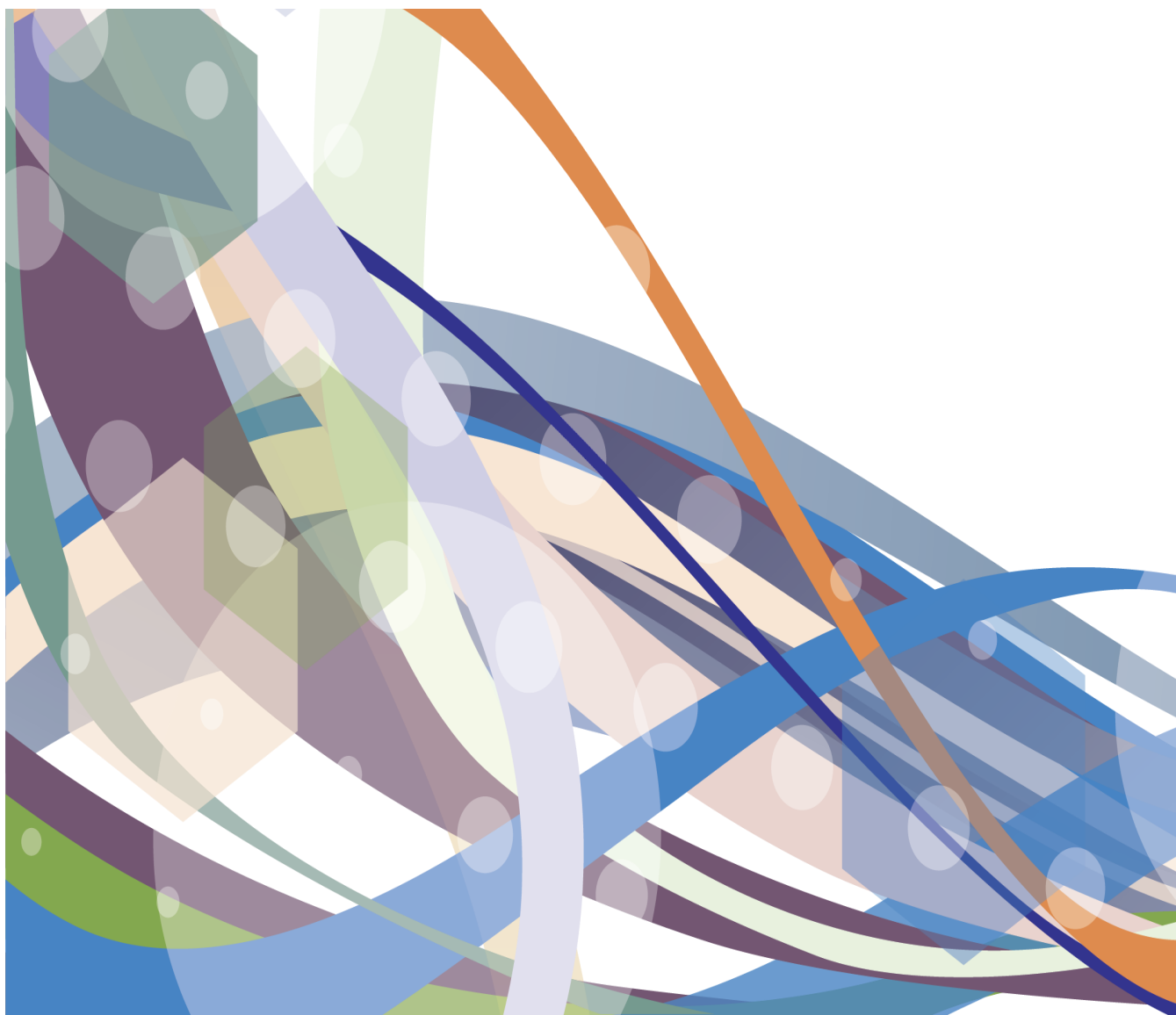


Policy Name	Board Approval	Synopsis
Financial		
CAP Rate Setting Policy	11/06/97 01/08/04 10/06/05 05/06/10 02/01/18 03/02/23 03/07/24	Establishes strategy, philosophy and process regarding goals, cost measurement, charges for subcontract water delivery, capital and excess water, and forward announcement 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: <ul style="list-style-type: none"> <li>• Supplemental Guidance intended to provide transparency in Fixed OM&amp;R rate-setting</li> <li>• Provides a process consistent with current water ordering</li> </ul> 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 03/07/24	Establishes process and methodology for setting recharge rates which provide for cost recovery, rate predictability and stability, operational efficiency, accountability and legal compliance.
CAGR D		
CAGR D Long-Term Storage Credit Transfer Policy	05/01/25	Provides criteria for CAGR D approval of requests to transfer Long-Term Storage Credits.
CAGR D Water Supply Program Principles	11/07/13 12/02/21 03/07/24	Provides principles for the CAGR D acquisition of long-term water supplies to meet its replenishment obligations.
Collection of CAGR D Annual Membership Dues	04/07/11 11/03/16 03/03/22 03/07/24	Provides methodology and process for establishing annual membership dues for CAGR D Member Lands (ML) and Member Service Areas (MSA).
CAGR D Assessment Rate Setting Policy	04/05/01 06/14/04 10/06/05 05/06/10 03/03/22 03/07/24	Establishes purpose, process and methodology for computing components of CAGR D assessment rates.

Policy Name	Board Approval	Synopsis
CAGR D		
CAGR D 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 CAGR D.
CAGR D Conservation Program Policy	11/03/22	Establishes guiding principles, specific actions and general actions for CAGR D Conservation Program
Allowing the Use of CAGR D Water Supplies to Satisfy the Arizona Water Banking Authority's Firming or Interstate Obligations	06/08/17 03/02/23	Allows CAGR D to accept Long Term Storage Credits that have been transferred to CAWCD from the AWBA in lieu of delivery of water supplies available to CAGR D
Inspection Standards and Retention Requirements for Water Provider Records Relating to CAGR D Annual Reports	03/02/06 11/03/16 03/02/23	Provides for: <ul style="list-style-type: none"> <li>• Inspection procedures to be followed by CAP when inspecting records of CAGR D water providers</li> <li>• Record retention requirements for CAGR D water providers</li> </ul>
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 CAWCD.



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 USBR.
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.





# CAP

CENTRAL ARIZONA PROJECT



# MANAGEMENT POLICIES

Policy Name	Policy Approved	Synopsis
Administration		
Purchasing	03/02/00 07/25/17 05/06/21 02/23/23 10/01/24	Provides for: <ul style="list-style-type: none"> <li>• Maintaining and administering a procurement program to acquire goods and services</li> <li>• Achieving balance between minimizing the cost for goods and services and striving for reasonable response and flexibility</li> <li>• Specifying the approval authority of staff positions and the GM</li> </ul>
Fleet Vehicles	01/05/01 01/01/07 08/14/20 02/27/23	Provides for: <ul style="list-style-type: none"> <li>• Management and control of the acquisition, delivery, assignment, pooling, replacement, disposal and maintenance of fleet vehicles</li> <li>• Control of vehicle administration, costs and integration of fleet vehicles into company operations</li> </ul>
Purchasing and Fleet Credit Card Program	10/06/03 10/20/15 11/27/23	Provides: <ul style="list-style-type: none"> <li>• Guidelines and establishes specific limitations for the use of purchasing and fleet credit cards by employees as part of normal operations</li> </ul>
Project Approval and Implementation	04/11/01 04/09/08	Provides for: <ul style="list-style-type: none"> <li>• Structure to evaluate, prioritize and oversee capital projects</li> <li>• Facilitation of planning, approval, implementation and completion of capital projects</li> <li>• Communication method among project managers and management</li> </ul>
Travel	06/04/01 10/20/15 01/28/19 09/29/22 06/02/25	Provides for: <ul style="list-style-type: none"> <li>• Prudent expenditure of funds budgeted for travel</li> <li>• Proper authorization and recording of travel-related expenses</li> <li>• Reimbursement of authorized business-related expenses incurred while on travel status</li> </ul>
General Signature Authority	1/17/11 4/11/11 11/07/22	Provides: <ul style="list-style-type: none"> <li>• Standard guidance and reference point regarding signing authorization</li> </ul>
Property	06/15/01 08/28/14 01/25/18 10/16/23	Provides for: <ul style="list-style-type: none"> <li>• Physical tracking and accounting of the acquisition, assignment, transfer, capitalization, depreciation and disposal of property</li> <li>• Safeguarding against loss, theft or misuse</li> </ul>
Business Continuity Management	11/23/16 06/06/21	Ensures: <ul style="list-style-type: none"> <li>• 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</li> </ul>
Asset Management	02/27/18	Provides: <ul style="list-style-type: none"> <li>• 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</li> </ul>

Policy Name	Policy Approved	Synopsis
Records and Information Management	05/12/00 08/31/10 02/10/22 02/26/24	Provides for: <ul style="list-style-type: none"> <li>Management of CAP records, including all information, paper and electronic data</li> <li>Use of a Uniform File Coding System, retention system and disposition/destruction schedule</li> </ul>
Risk Management	11/01/04 10/16/08 06/29/24	Assigns: <ul style="list-style-type: none"> <li>Responsibility for managing risk and protecting CAP from financial harm</li> </ul>
Business Meals	05/20/02 11/03/15 11/05/18 03/02/23 03/02/25	Provides: <ul style="list-style-type: none"> <li>Guidelines and sets limits for business meals, meetings events and recognition/reward functions</li> </ul>
Extraordinary Event	05/18/09 11/23/16 11/01/21	Establishes: <ul style="list-style-type: none"> <li>Special operating procedures that may be implemented by the GM as a result of an extraordinary, emergency event</li> </ul>
Media Relations	04/18/11 10/07/21	Identifies: <ul style="list-style-type: none"> <li>CAP's Public Affairs Group as the principal point of contact for all members of the media</li> </ul>
Social Media Use	04/18/11 03/07/22 01/10/24	Provides: <ul style="list-style-type: none"> <li>Protocol and procedures for the use of social media to promote and publicize CAP</li> <li>Prohibits postings and comments that violate CAP policies, are offensive to others or are discriminatory</li> </ul>
Compensation and Benefits		
Time Away from Work (formerly Paid Leave)	09/20/90 05/10/17 05/30/19 08/15/22 07/18/24	Provides for: <ul style="list-style-type: none"> <li>Paid time off for vacations based on years of service and hours worked</li> <li>Paid time off for holidays and personal time based on hours worked</li> <li>Paid time off for specific absences (e.g., jury duty, court summons, marriage, funeral of co-worker, death of family member)</li> <li>Leave of Absence options</li> </ul>
Uniformed Service Absence	09/20/90 05/12/06	Provides for: <ul style="list-style-type: none"> <li>Income protection when on short-term and long-term tours of duty</li> <li>Leave of absence when on voluntary and involuntary active duty, training for active duty, and full-time National Guard duty</li> <li>Reinstatement or reemployment opportunities upon honorable discharge</li> </ul>
Employee Recognition Programs	03/01/08 07/22/13 04/11/18	Provides for: <ul style="list-style-type: none"> <li>Guidelines and establishes a process to promote and recognize exceptional employee effort that provides immediate and visible recognition for employee contributions</li> </ul>
Victim's Leave Act	01/14/04 04/29/09	Provides for: <ul style="list-style-type: none"> <li>Time off to attend juvenile and adult criminal court proceedings associated with being a crime victim</li> </ul>
Short Term and Long Term Disability Benefits	08/15/22 12/11/24	Provides for: <ul style="list-style-type: none"> <li>Income protection options for employees unable to work for extended time periods</li> </ul>



Policy Name	Policy Approved	Synopsis
Overtime	09/20/90 02/09/16 05/30/19 08/07/24	Provides for: <ul style="list-style-type: none"> <li>Scheduling of overtime hours</li> <li>Compensation for overtime hours worked in accordance with Fair Labor Standards Act</li> <li>Compensation for call out pay</li> </ul>
Employee Assistance Program	11/01/04	Provides for: <ul style="list-style-type: none"> <li>Confidential and voluntary assistance to employees and family members</li> <li>Opportunity to find solutions to personal problems before such problems interfere with work performance</li> </ul>
Pay Administration	09/20/90 11/03/15 05/30/19 10/04/21 07/18/24	Provides for: <ul style="list-style-type: none"> <li>Pay evaluation and administration program that enables CAP to attract and retain a qualified workforce</li> <li>Maintaining internal equity through defined compensable factors</li> <li>Maintaining external equity through pay practices and pay ranges</li> <li>Consideration to the external labor market</li> <li>Compensation flexibility to address changing business needs and economic conditions</li> <li>Rewarding employees based on performance achievement</li> </ul>
Life Insurance Benefits	09/20/90 08/21/12	Provides for: <ul style="list-style-type: none"> <li>Employer paid group term life insurance</li> <li>Employer paid accidental death and dismemberment insurance</li> </ul>
Health Benefits	09/20/90 11/29/12	Provides for: <ul style="list-style-type: none"> <li>Making group medical and dental health plans available to employees and eligible dependents with cost sharing by the employee and employer</li> </ul>
Tuition Reimbursement	12/03/98 07/17/17 03/27/23	Provides for: <ul style="list-style-type: none"> <li>Job related educational assistance upon successful completion of courses taken at colleges, universities and trade schools</li> </ul>
Family and Employee Medical Leave	12/01/97 12/08/15 10/10/24	Provides for: <ul style="list-style-type: none"> <li>Compliance with FMLA</li> <li>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</li> </ul>
Employees with Disabilities (formerly Americans with Disabilities Act (ADA))	10/17/11 01/22/24	Provides for: <ul style="list-style-type: none"> <li>Equal opportunity to all qualified individuals with disabilities</li> <li>Compliance with legal and regulatory requirements to ensure full accessibility to all aspects of employment</li> <li>Reasonable accommodations for applicants and employees with disabilities</li> </ul>
Certifications and Memberships	05/01/02 11/01/04	Assigns: <ul style="list-style-type: none"> <li>Financial assistance for job-related certifications, certification activities and professional or technical memberships</li> </ul>

Policy Name	Policy Approved	Synopsis
Employment		
Recruitment and Selection	12/02/99 11/19/12 02/12/20 05/20/25	Provides: <ul style="list-style-type: none"> <li>Process for recruiting and selecting the candidate with the greatest chance of success to fill job vacancies</li> </ul>
Relocation Assistance	01/14/04 10/04/11 05/20/25	Provides for: <ul style="list-style-type: none"> <li>Reimbursement of covered expenses associated with relocating a household for prospective and current employees</li> </ul>
Temporary Employee	11/01/04 06/13/17 01/27/25	Provides for: <ul style="list-style-type: none"> <li>Employment of temporary employees and independent contractors for a specified period of time for a specified purpose</li> </ul>
Corrective Action	12/03/98 10/04/10 07/25/24	Provides for: <ul style="list-style-type: none"> <li>Coaching and counseling of employees based on documented or observed facts in response to unsatisfactory employee performance or conduct</li> <li>Progressive discipline and termination for violations of work rules or for unsatisfactory performance</li> </ul>
Conflict Resolution (formerly) CAP Resolve	08/01/96 11/01/04 03/27/23	Provides: <ul style="list-style-type: none"> <li>Options for employees to resolve concerns</li> </ul>
Vehicle Use	09/20/90 09/13/13 05/24/21 10/27/22 12/11/23	Ensures: <ul style="list-style-type: none"> <li>Employees who are required to drive during the course of employment have a valid driver's license and maintain a good driving record</li> </ul>
Ethical Business Conduct	02/04/99 09/27/06 11/01/22 04/01/24	Provides for: <ul style="list-style-type: none"> <li>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</li> </ul>
Nepotism	12/01/97 11/01/16 11/14/24	Provides for: <ul style="list-style-type: none"> <li>Restricted work relationships of grandfathered family members</li> </ul>
Workplace Harassment, Bullying, discrimination and Harassment (formerly) Discrimination and Harassment-Free Workplace	12/03/98 11/22/16 03/27/23	Provides for: <ul style="list-style-type: none"> <li>Treating individuals with dignity and respect equal employment opportunities</li> <li>Relationships among employees to be businesslike and free of bias, prejudice and harassment</li> <li>Non-discriminatory practices, including a policy against harassment</li> <li>Employees to report perceived incidents of discrimination or harassment</li> </ul>



Policy Name	Policy Approved	Synopsis
Apprenticeship Program	06/26/98 08/08/16 11/08/21	Provides for: <ul style="list-style-type: none"> <li>Non-skilled and semi-skilled employees to become proficient and skilled in a selected trade through on-the-job training and supplemental technical and theoretical study</li> </ul>
Work Schedules	07/22/98 06/05/11	Provides for: <ul style="list-style-type: none"> <li>Various work schedules that meet the needs of the company, customers and employees</li> </ul>
Attendance	03/30/98 11/01/04 01/22/24	Clarifies: <ul style="list-style-type: none"> <li>Expectations regarding attendance, punctuality and reliability</li> </ul>
Attendance of Headquarters Events	08/13/03 08/17/10 03/25/25	Ensures: <ul style="list-style-type: none"> <li>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</li> </ul>
Personal Appearance	01/12/05	Clarifies: <ul style="list-style-type: none"> <li>Expectations regarding personal appearance, personal hygiene and appropriate attire</li> </ul>
Travel for Training	07/15/02 07/07/14 06/02/25	Provides for: <ul style="list-style-type: none"> <li>Flexible scheduling, compensation and other employment conditions while on travel status associated with training</li> </ul>
Portal to Portal	03/30/98 11/01/04	Provides: <ul style="list-style-type: none"> <li>Expectations regarding travel to and from temporary living accommodations while on travel status</li> </ul>
Telecommunications	06/04/10 01/01/12 12/19/17	Provides for: <ul style="list-style-type: none"> <li>Management and control of company telephones, mobile phones, tablets, laptops or hybrid devices which access CAP information systems</li> </ul>
Diversity and Inclusion	12/13/10 02/27/18 04/01/24 03/25/25	Provides for: <ul style="list-style-type: none"> <li>CAP's intent to foster an atmosphere of acceptance and support for employees of diverse backgrounds</li> </ul>
Vehicle Accident Review	06/27/11 06/27/21 02/06/25	Provides for: <ul style="list-style-type: none"> <li>Improvement in overall safety of operations</li> <li>Establishing fair and impartial review system for all accidents</li> <li>Establishing accident cause, whether accident was preventable, uniformity of accountability and make recommendations for corrective action</li> </ul>

Policy Name	Policy Approved	Synopsis
Environment, Health, Safety and Security		
Work Related Injuries (formerly Workers' Compensation and Work-Related Illnesses and Injuries)	09/20/90 04/04/11 10/23/23	Provides for: <ul style="list-style-type: none"> <li>Income protection for employees disabled as a result of work-related illnesses or injuries</li> <li>Opportunities to return to work on light duty or restricted duty</li> </ul>
Drugs and Alcohol in the Workplace (formerly Drug & Alcohol Abuse)	12/03/98 07/15/13 06/14/21 04/01/24	Provides for: <ul style="list-style-type: none"> <li>Establishing and maintaining a workplace free from the effects of alcohol, misuse of legal drugs and the use, possession or distribution of drugs</li> <li>Pre-employment drug testing</li> <li>Reasonable suspicion testing</li> </ul>
Information Security	11/14/02 06/25/12 12/19/17 04/18/19 02/24/25	Provides for: <ul style="list-style-type: none"> <li>Authorized use of computers, networks and other information system resources</li> <li>Protecting the confidentiality, integrity and availability of information and information systems</li> <li>Reporting information security violations and incidents</li> </ul>
Safety	12/03/98 10/04/10 10/18/23	Provides for: <ul style="list-style-type: none"> <li>Maintaining a safe work environment</li> <li>Reducing the number of incidents of injury, lost time associated with injuries and property damage accidents through the use of proper equipment, training &amp; education, accident investigation and consistent improvement</li> </ul>
Weapons-Free Workplace	12/08/99 08/29/24	Provides for: <ul style="list-style-type: none"> <li>Safe work environment</li> <li>Prohibiting firearms, explosives or dangerous offensive weapons on company property or in company vehicles</li> </ul>
Environmental Compliance	10/09/03 02/28/11	Provides for: <ul style="list-style-type: none"> <li>Compliance with all applicable environmental laws and regulations</li> <li>Identification of policies, plans, guides, programs and permits governing CAP's compliance with laws and regulations</li> <li>Employees to report violations and environmental contaminations</li> </ul>
Identification Badges	11/17/03 11/01/04	Provides for: <ul style="list-style-type: none"> <li>Employees, contractors and visitors to wear identification badges at all times while at Headquarters</li> </ul>



Policy Name	Policy Approved	Synopsis
Violence-Free Workplace	12/01/97 04/11/11 08/24/24	Provides for: <ul style="list-style-type: none"> <li>• Safe work environment</li> <li>• Zero tolerance of threats or acts of violence, acts of intimidation or coercion</li> <li>• Employees to report incidents of violence and cooperate in investigations</li> </ul>
Tobacco-Free Workplace	03/30/98 08/19/14	Provides for: <ul style="list-style-type: none"> <li>• Restrictions on tobacco and e-cigarette use in work areas</li> </ul>
Safety Incident Review	03/12/03 10/04/10 12/21/20	Provides: <ul style="list-style-type: none"> <li>• 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</li> <li>• Opportunities for coaching, action planning and corrective action</li> </ul>
Hazardous Substance Control	11/01/10 07/30/14	Provides: <ul style="list-style-type: none"> <li>• Guidelines for the purchase, storage, distribution, disposal and reporting of hazardous substances used at CAP</li> </ul>
Remote Access	10/06/06 04/18/11 12/19/17 08/23/22	Provides: <ul style="list-style-type: none"> <li>• Definition of security requirements for connecting to CAP's network from a non-CAP network.</li> </ul>
Telework	08/09/21 04/26/22 01/25/24	Provides: <ul style="list-style-type: none"> <li>• 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 up to two days per week, in lieu of a designated office, cubicle or desk on CAP premises.</li> <li>• Improved employee safety via reduced commute times</li> <li>• Reduction to CAP's carbon footprint by cutting down on vehicle emissions.</li> <li>• Strengthened work-life balance and improved productivity for employees.</li> <li>• Discovery of appropriate balance of telework and in-person work necessary to achieve CAP's operating goals.</li> </ul>



# CAP

CENTRAL ARIZONA PROJECT





# 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 be 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.

## 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:
    - ◆ Additions costing \$25,000 or more that extend, enlarge or expand an existing asset shall be capitalized.
    - ◆ Replacements and betterments that are not recurring in nature and increase the use value and extend the useful life of the asset shall be capitalized.

### 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 "pay 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.



## 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 in a central location for the duration of the grant and for three years following the final 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.

## 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 that 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

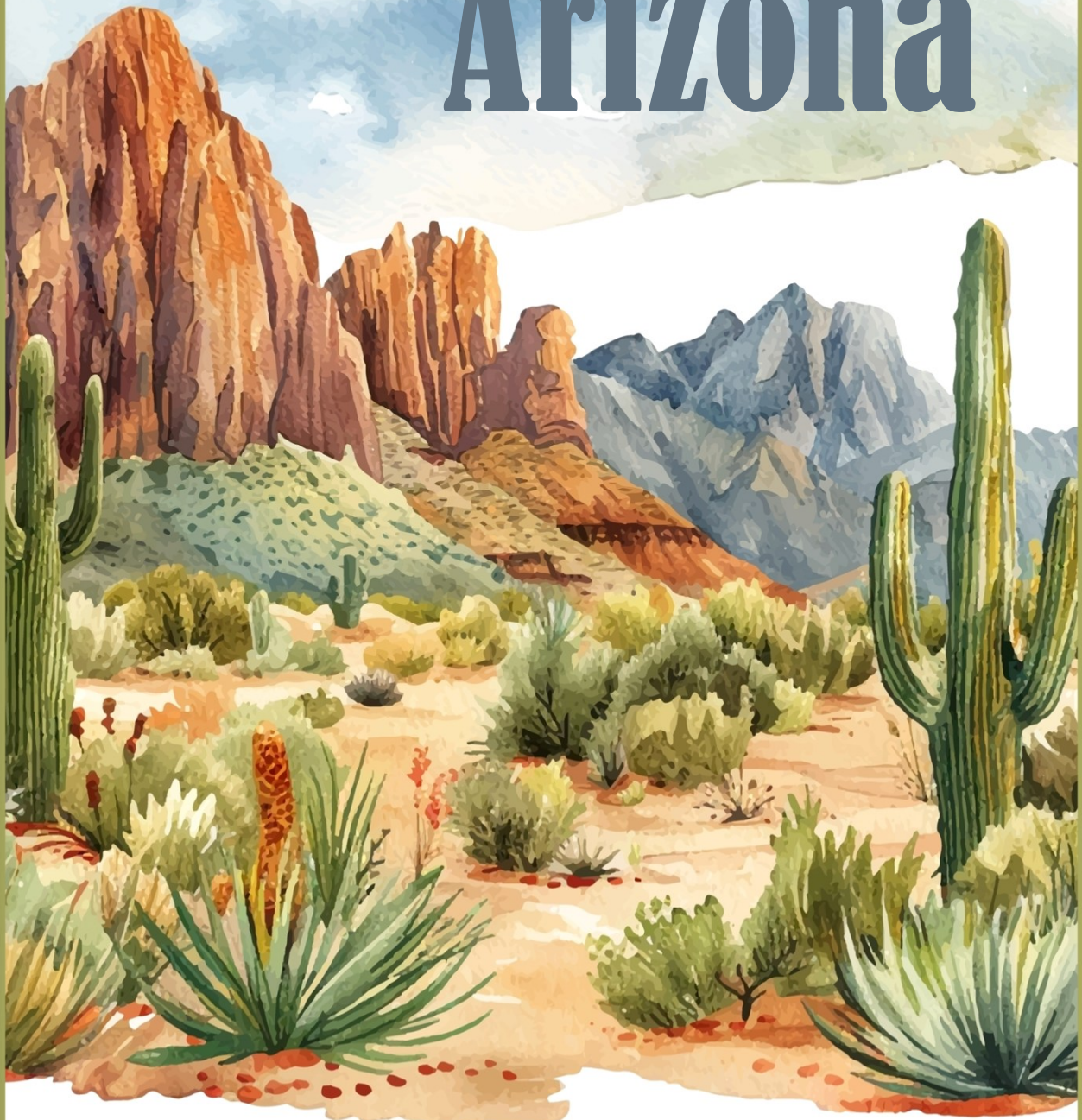
### Investment Management

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.





# Welcome To Arizona



## County Profiles



# ARIZONA'S LARGEST EMPLOYERS

## Arizona's 5 Largest Government Employers

Rank		2024 Emp
1	State of Arizona	41,531
2	Arizona State University	37,402
3	University of Arizona	23,439
4	City of Phoenix	15,018
5	U.S. Postal Service	13,000

## Arizona's Largest Non-Governmental Employers

Rank		2024 Emp	Rank		2024 Emp	Rank		2024 Emp
1	Banner Health	46,602	11	Bashas' Family of Stores	8,118	21	Northrop Grumman	4,200
2	Amazon.com Inc.	40,000	12	UnitedHealthcare	7,868	22	W.L. Gore & Associates	3,964
3	Walmart Inc.	37,648	13	American Express	7,560	23	U-Haul International Inc.	3,652
4	Frys Food Store	21,000	14	Phoenix Children's	7,310	24	Grand Canyon Education Inc.	3,641
5	HonorHealth	14,801	15	Honeywell Aerospace Technologies	7,124	25	Pride Group LLC	3,628
6	Wells Fargo & Co.	13,000	16	United Parcel Service	6,582	26	Sonora Quest Laboratories	3,616
7	Intel Corporation	12,000	17	Arizona Public Service Co.	5,845	27	Blue Cross Blue Shield of Arizona	3,071
8	Freeport-McMoRan Inc.	10,100	18	Salt River Project	5,410	28	Empire Southwest	3,070
9	Bank of America	9,080	19	The Boeing Co.	5,208	29	Cox Communications Arizona	2,936
10	JPMorgan Chase & Co.	8,300	20	Cigna Healthcare	4,700	30	Shamrock Foods Company	2,879



# 2025 COUNTY POPULATIONS (ESTIMATIONS)

UPDATED BASED ON ESTIMATES AS OF JULY 1, 2024, INCLUDING THE POPULATION ESTIMATES BELOW. THE FULL COUNTY PROFILES ON THE FOLLOWING PAGES WERE PREPARED BY THE ARIZONA OFFICE OF ECONOMIC OPPORTUNITY ([HTTPS://OEO.AZ.GOV](https://oeo.az.gov))

MARICOPA COUNTY		PINAL COUNTY	
City / Town	Estimated Population	City / Town	Estimated Population
Total Population	4,726,247	Total Population	483,944
Apache Junction	403	Apache Junction	41,240
Avondale	96,803	Casa Grande	65,883
Buckeye	113,349	Coolidge	18,945
Carefree	3,738	Eloy	18,994
Cave Creek	5,259	Florence	24,175
Chandler	286,342	Hayden	0
El Mirage	36,958	Kearney	1,755
Fountain Hills	24,163	Mammoth	1,078
Gila Bend	1,894	Marana	0
Gilbert	292,116	Maricopa	73,300
Glendale	260,878	Queen Creek	13,669
Goodyear	116,694	Superior	2,470
Guadalupe	5,327	Winkelman	0
Litchfield Park	7,016	Unincorporated	222,435
Mesa	52,892		
Paradise Valley	12,781		
Peoria	203,065		
Phoenix	1,697,696		
Queen Creek	68,109		
Scottsdale	249,935		
Surprise	165,916		
Tempe	193,336		
Tolleson	8,627		
Wickenburg	6,785		
Youngtown	7,161		
Unincorporated	337,004		
		PIMA COUNTY	
		City / Town	Estimated Population
		Total Population	1,086,634
		Marana	62,780
		Oro Valley	49,159
		Sahuarita	37,713
		Tucson	557,219
		Unincorporated	375,198





Arizona Desert



# MARICOPA COUNTY PROFILE



# Maricopa County

## County Profile : Revenues

### GENERAL FUND REVENUES

In FY 2024, Maricopa County General Fund revenues were approximately  
**\$2,047.1 million.**

#### PROPERTY TAX Primary

**\$659.1M** **\$1.2044**  
Levy Rate

#### STATE SHARED SALES TAX

**\$951.2M**  
Distribution

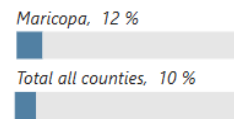
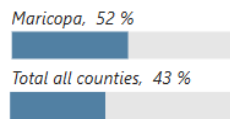
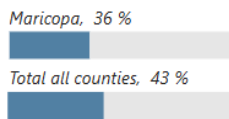
#### LOCAL EXCISE TAX General Fund

**NA** **No Authority**  
Collections Rate

#### VEHICLE LICENSE TAX General Fund

**\$213.2M**  
Distribution

#### Share of Major Revenues



Major revenues only include revenue streams listed. Does not include other general fund revenue sources, like federal PILT payments, which are significant for some counties.

### TAX BASE

#### PROPERTY TAX

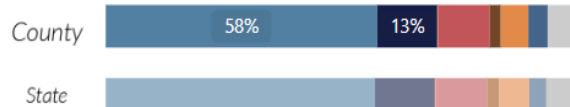
FY 2024 Net Assessed Value: **\$58,328,686,360**  
1 cent on property tax yields: **\$5,832,869**



- 1 Commercial
- 2 Agricultural
- 3 Residential
- 4 Residential Rental
- 5 Railroads
- All Other

#### SALES TAX

FY 2024 Taxable Sales: **\$142,862,880,787**  
0.10% tax rate yields: **\$142,862,881**



- Retail & Remote
- Contracting
- MRRA
- Restaurant & Bar
- Hotel/Motel
- Utilities
- Personal Prop. Rental
- All Other

### SPECIAL DISTRICTS & TAXES

FY 2024

Authority	Property	Sales
Regional Transporta...		0.50%
Library	\$0.0488	
Jail Excise		0.20%
Flood Control	\$0.1536	

County Special Districts



Jail Excise Tax is not a special district and is governed by separate statutory authority.

### TRANSPORTATION FUNDING

FY 2024

Transp. VLT HURF Revenue Road Excise



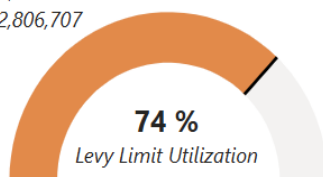
Distribution of road excise tax revenues may include resources allocated to municipalities. Does NOT include resources from RTA excise taxes, if applicable.

### LEVY LIMITS

FY 2024 Levy Limit: **\$891,864,210**

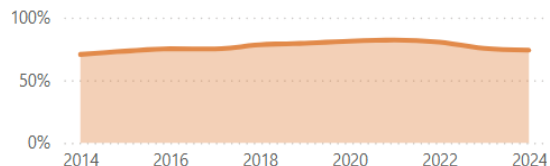
Levy: \$659,057,503

Capacity: \$232,806,707



### Levy Limit Utilization

FY 2014 to FY 2024

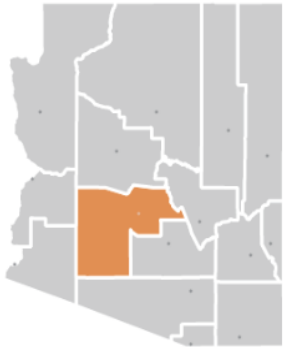




# Maricopa County

## County Profile : Expenditures & Cost Drivers

County expenditures are heavily influenced by constitutional and state mandates.

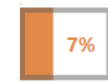


2024 Population Est: **4,726,247**

2020 Census Population: **4,420,568**

**Unincorporated** Population: 337,004 - 7 %

**Statewide:** 1,496,164 - 20 %



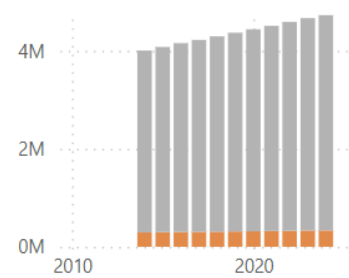
0%

50%

100%

### County Population

2014 to 2024

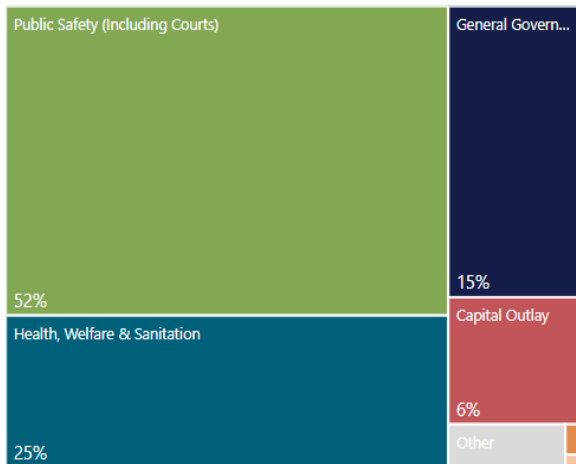


### FY 2024 General Fund Spending

**\$1.56bn**

### FY 2024 Total Fund Spending

**\$3.74bn**



Fund      General Government (Incl. Constitutional Offices)      Public Safety (Including Courts)

General Fund	14.7%	51.8%	25.4%	5.9%	0.0%	0.2%	0.1%	1.9%
Total Governmental Funds	7.1%	41.7%	23.0%	13.4%	2.5%	0.4%	1.6%	10.4%



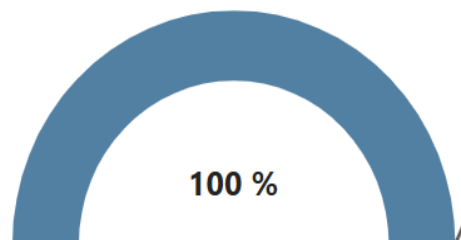
### Spending Limits

**FY 2022 Expenditure Limit: \$1,527,423,478**

FY 2022 Spending Subject to Limit: \$1,527,423,477

Capacity: \$1

### FY 2022 Expenditure Limit Utilization



[County Profiles](#) | [County Supervisors Association of Arizona](#)





Arizona Desert



# Pinal County Profile



# Pinal County

## County Profile : Revenues

### GENERAL FUND REVENUES

In FY 2024, Pinal County General Fund revenues were approximately  
**\$284.6 million.**

#### PROPERTY TAX Primary

**\$120.7M**  
Levy

**\$3.5600**  
Rate

#### STATE SHARED SALES TAX

**\$66.2M**  
Distribution

#### LOCAL EXCISE TAX General Fund

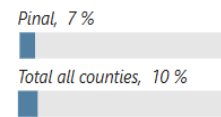
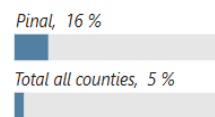
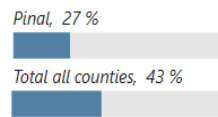
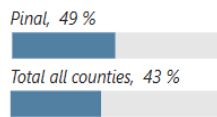
**\$39.4M**  
Collections

**0.50%**  
Rate

#### VEHICLE LICENSE TAX General Fund

**\$18.2M**  
Distribution

#### Share of Major Revenues



Major revenues only include revenue streams listed. Does not include other general fund revenue sources, like federal PILT payments, which are significant for some counties.

### TAX BASE

#### PROPERTY TAX

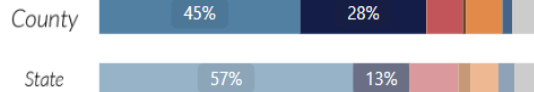
FY 2024 Net Assessed Value: **\$3,772,917,916**  
 1 cent on property tax yields: **\$377,292**



- 1 Commercial
- 2 Agricultural
- 3 Residential
- 4 Residential Rental
- 5 Railroads
- All Other

#### SALES TAX

FY 2024 Taxable Sales: **\$8,185,849,978**  
 0.10% tax rate yields: **\$8,185,850**



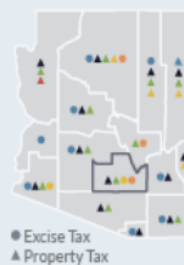
- Retail & Remote
- Contracting
- MRRRA
- Restaurant & Bar
- Hotel/Motel
- Utilities
- Personal Prop. Rental
- All Other

### SPECIAL DISTRICTS & TAXES

FY 2024

Authority	Property	Sales
Road		0.50%
Public Health		0.10%
Library	\$0.0921	
Flood Control	\$0.1631	

#### County Special Districts



### TRANSPORTATION FUNDING

FY 2024

● Transp. VLT ● HURF Revenue ● Road Excise



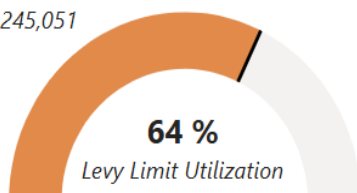
Distribution of road excise tax revenues may include resources allocated to municipalities. Does NOT include resources from RTA excise taxes, if applicable.

### LEVY LIMITS

FY 2024 Levy Limit: **\$187,961,292**

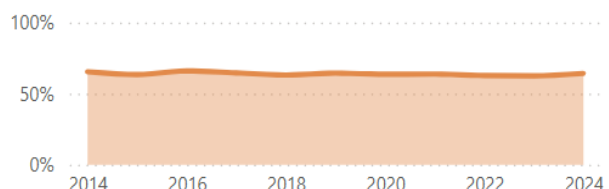
Levy: \$120,716,241

Capacity: \$67,245,051



### Levy Limit Utilization

FY 2014 to FY 2024

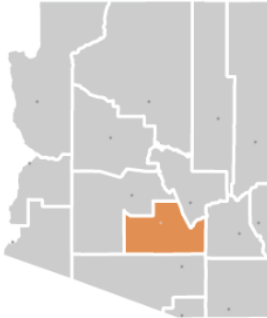




# Pinal County

## County Profile : Expenditures & Cost Drivers

County expenditures are heavily influenced by constitutional and state mandates.



2024 Population Est: **483,944**

2020 Census Population: **425,264**

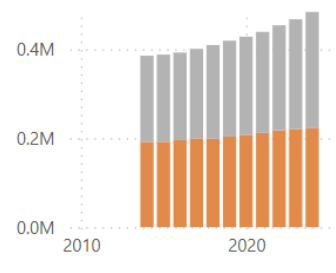
**Unincorporated** Population: 222,435 - 46 %

**Statewide**: 1,496,164 - 20 %



### County Population

2014 to 2024

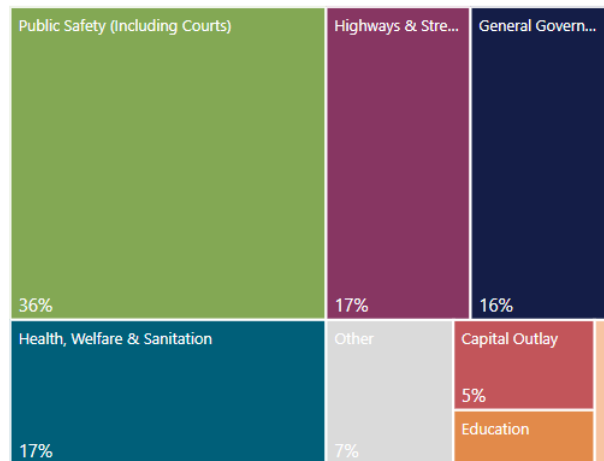
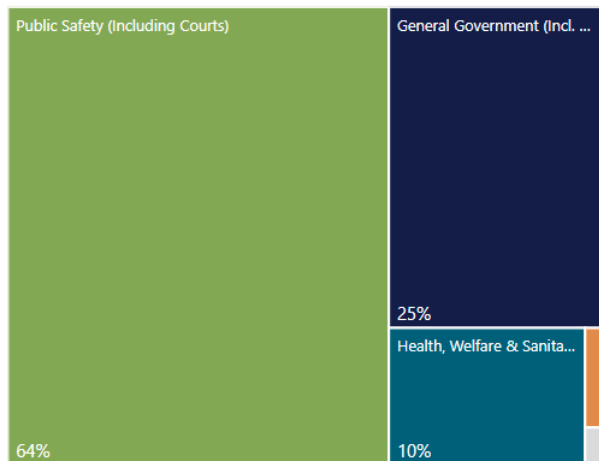


### FY 2022 General Fund Spending

**\$182.79M**

### FY 2022 Total Fund Spending

**\$379.24M**



Fund	General Government (Incl. Constitutional Offices)	Public Safety (Including Courts)	Health, Welfare & Sanitation	Capital Outlay	Highways & Streets	Education	Culture & Recreation	Other
General Fund	25.4%	63.7%	9.8%	0.0%	0.0%	0.8%	0.0%	0.3%
Total Governmental Funds	15.6%	36.2%	16.8%	4.7%	16.6%	2.8%	0.6%	6.8%

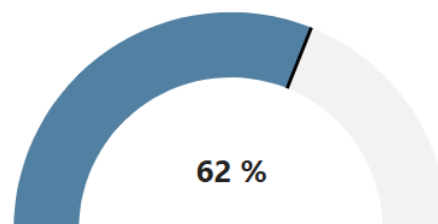
### Spending Limits

**FY 2022 Expenditure Limit: \$306,395,851**

FY 2022 Spending Subject to Limit: \$190,262,000

Capacity: \$116,133,851

### FY 2022 Expenditure Limit Utilization



[County Profiles](#) | [County Supervisors Association of Arizona](#)





Arizona Desert



# Pima County Profile



# Pima County

## County Profile : Revenues

### GENERAL FUND REVENUES

In FY 2024, Pima County General Fund revenues were approximately  
**\$730.0 million.**

#### PROPERTY TAX Primary

**\$427.0M**  
Levy

**\$4.0102**  
Rate

#### STATE SHARED SALES TAX

**\$186.9M**  
Distribution

#### LOCAL EXCISE TAX General Fund

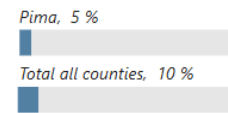
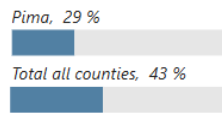
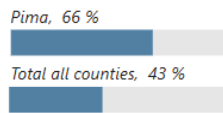
**NA**  
Collections

**0.00%**  
Rate

#### VEHICLE LICENSE TAX General Fund

**\$35.5M**  
Distribution

#### Share of Major Revenues



Major revenues only include revenue streams listed. Does not include other general fund revenue sources, like federal PILT payments, which are significant for some counties.

### TAX BASE

#### PROPERTY TAX

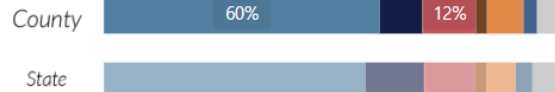
FY 2024 Net Assessed Value: **\$11,254,511,170**  
1 cent on property tax yields: **\$1,125,451**



- 1 Commercial
- 2 Agricultural
- 3 Residential
- 4 Residential Rental
- 5 Railroads
- All Other

#### SALES TAX

FY 2024 Taxable Sales: **\$24,267,058,570**  
0.10% tax rate yields: **\$24,267,059**



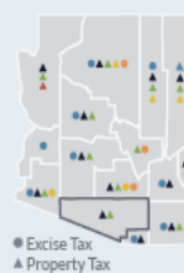
- Retail & Remote
- Contracting
- MRRA
- Restaurant & Bar
- Hotel/Motel
- Utilities
- Personal Prop. Rental
- All Other

### SPECIAL DISTRICTS & TAXES

FY 2024

Authority	Property	Sales
Regional Transporta...		0.50%
Library	\$0.5493	
Flood Control	\$0.3253	
FDAT	\$0.0384	
Debt Service	\$0.2200	

#### County Special Districts



### TRANSPORTATION FUNDING

FY 2024

● Transp. VLT ● HURF Revenue ● Road Excise



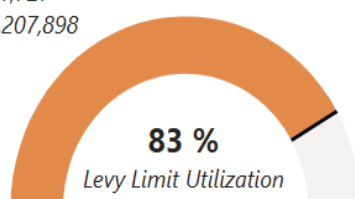
Distribution of road excise tax revenues may include resources allocated to municipalities. Does NOT include resources from RTA excise taxes, if applicable.

### LEVY LIMITS

FY 2024 Levy Limit: **\$513,169,625**

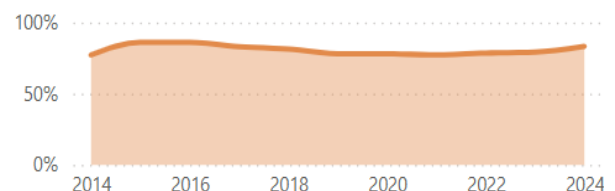
Levy: **\$426,961,727**

Capacity: **\$86,207,898**



### Levy Limit Utilization

FY 2014 to FY 2024

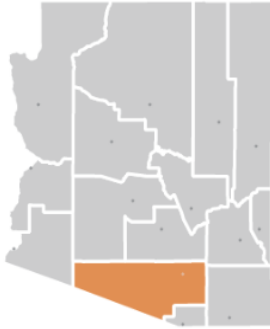




# Pima County

## County Profile : Expenditures & Cost Drivers

County expenditures are heavily influenced by constitutional and state mandates.



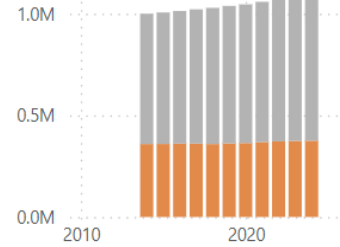
2024 Population Est: **1,086,634**

2020 Census Population: **1,043,433**

**Unincorporated** Population: 375,198 - 35 %  
**Statewide:** 1,496,164 - 20 %



County Population  
2014 to 2024

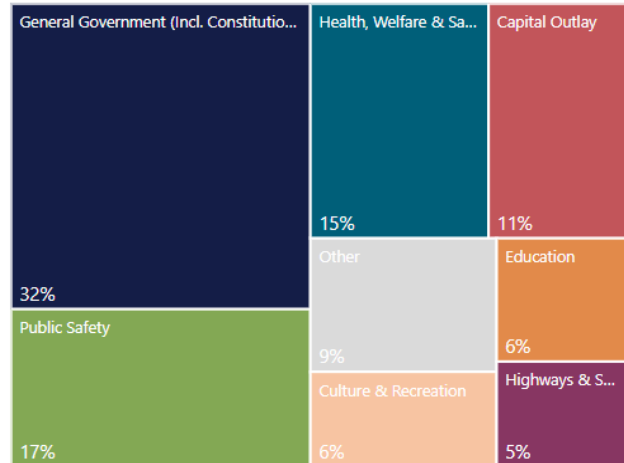
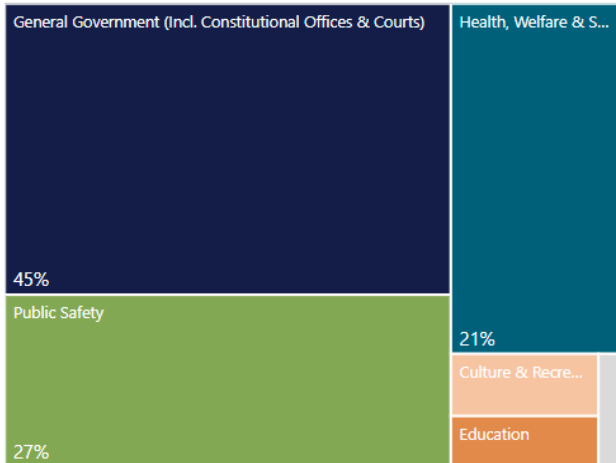


**FY 2024 General Fund Spending**

**\$652.11M**

**FY 2024 Total Fund Spending**

**\$1.26bn**



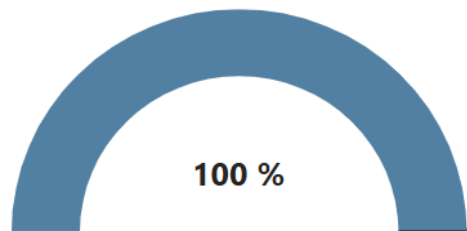
Fund	General Government (Incl. Constitutional Offices & Courts)	Public Safety	Health, Welfare & Sanitation	Capital Outlay	Highways & Streets	Education	Culture & Recreation	Other
General Fund	45.4%	26.8%	21.0%	0.0%	0.0%	2.6%	3.2%	0.9%
Total Governmental Funds	32.1%	16.5%	14.7%	11.4%	4.8%	5.6%	6.2%	8.7%

### Spending Limits

**FY 2023 Expenditure Limit: \$653,974,610**

FY 2023 Spending Subject to Limit: \$653,974,000  
 Capacity: \$610

### FY 2023 Expenditure Limit Utilization







Now  
Leaving

Arizona





## GLOSSARY

### 9(D) DEBT

A debt owed to the federal government related to agriculture irrigation systems.



### 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).

### 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)

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

### ALTERNATIVE PATH TO DESIGNATION OF ASSURED WATER SUPPLY (ADAWS)

A proposal that allows Arizona communities to acquire new water supplies other than groundwater outside the Phoenix Metro area and use 30% of other water supplies.

### 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 water-related 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.

**AWBA**

Arizona Water Banking Authority

**AWSA**

Arizona Water Settlements Act

**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 (USBR)**

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.



### DCP

Drought Contingency Plan

### 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.



### 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. Through removal of sales and expenses between affiliated entities.

### 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 part-time 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."



## **GAAP**

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



## **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.



## **KRA**

Key Result Area



## **LHQ**

Little Harquahala Pumping Plant

## **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.

**LRFP**

Long Range Financial Plan

**LSCR**

Lower Santa Cruz Recharge Project



**M&I**

Municipal and Industrial

**MASTER REPAYMENT CONTRACT**

A contract entered into between the USBR and the CAWCD for the delivery of water and repayment of costs of the CAP.

**MEMBER LAND (ML)**

An individual subdivision that has met the qualifications for membership in the CAGR

**MEMBER SERVICE AREA (MSA)**

The service area of a municipal water provider that has met the qualifications for membership in the CAGR.

**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 USBR, as well as water users in Arizona, California, and Nevada, is creating opportunities for these species to persist and survive.

**MWh**

Megawatt hour

**MWP**

Mark Wilmer Pumping Plant



**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.

**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

**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.

**NONPROJECT WATER**

Water that does not come from a government-run water project.

**NON-SUBCONTRACT**

A short-term contract between CAWCD and a water customer for the delivery of CAP water.

**NWD**

New Waddell Dam



**O&M**

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.

## P

### 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 15 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.

## R

### 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)

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.

## S

### SAN

Sandario Pumping Plant

### SCADA

Supervisory Control and Data Acquisition



## **SGL**

Salt Gila Pumping Plant

## **SHAPING (ENERGY)**

The process of shifting pumping activity times to allow for energy transactions 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, USBR 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 (nonproject water), referred to as wheeling.



## **TDRP**

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



## **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 (USBR)

A division of the federal government led by the U.S. Secretary of the Interior. Established in 1902, USBR is most notably known for water infrastructure in the Western United States.

### 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.

### VPP

Voluntary Protection Program is a workplace Occupational Safety and Health Administration (OSHA) designation.

### WAD

Waddell Pumping Plant

### WAPA

Western Area Power Administration

### WATER RIGHTS

A property right to designate specific beneficial use of a particular amount of water with a specified priority date.







CENTRAL ARIZONA PROJECT

PO Box 43020

Phoenix, Arizona

85080-3020

623-869-2333

[www.cap-az.com](http://www.cap-az.com)



CENTRAL ARIZONA PROJECT