



YOUR WATER. YOUR FUTURE.

Capital Charges, Taxes, Rate Stabilization Discussion  
Chris Hall, Director of Finance & Administration  
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# General Assumptions

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1 cent of property tax generates approximately \$5.8 million in revenue

1 cent of property tax offsets approximately \$8.50/AF from Capital Charges



Modified Advisory Rate for 2021 (Tier-Zero)  
Capital Charges is \$66/AF\*

\*Likely to drop \$1-\$2 due to additional ongoing adjustments

# Approved 2020 Tax Year Uses

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## **General Ad Valorem Tax:**

- Ag Consideration (4.5 cents)
- Pinal Agricultural Recovery Infrastructure – DCP (1 cent)
- 2020 Capital Charge Reduction - \$12 (1.5 cents)
- 2021 Repayment “Spike” Reduction of \$8/AF (1 cent)
- Extraordinary Cost Reserves – NGS (2 cents)

## **Water Storage Tax:**

- Water Bank LTSC  
Purchases (4 cents)



# Contemplated 2021 Tax Year Uses

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## **General Ad Valorem Tax:**

- Ag Consideration (4.5 cents)
- Extraordinary Cost Reserve (1-2 cents)
- *NGS Decommissioning (2.5-4.5 cents)*

## **Water Storage Tax:**

- Water Bank LTSC Purchases  
(Up to 4 cents)

## **Other Options:**

- Reduce Capital Charges
- Reduce Tax Rate
- Other





# Voluntary Rate Stabilization

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## Supplemental Shortage Stabilization Program

- Customers Opted-In via Letter of Understanding
- CAP contributed matching funds to pool (54.35%)
- 26 M&I Customers Opted-In
- Minimum pool threshold of \$3 million
- Customers requested a refund if no shortage occurred by the end of 2020

Current balance is approximately \$7 million



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## Questions?

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