

CENTRAL ARIZONA PROJECT

2024 | 2025
BIENNIAL

Budget

CAWCD 2024/2025 Budget Briefing

October 12, 2023

Chris Hall

Doug Dunlap

Ryan Johnson

questions@cap-az.com

2024/2025 Budget Agenda

- Current Challenges
- Key Budget Messages
- Key Assumptions
- Staffing
- General Fund Overview
- Water Delivery Rates & Rate Reconciliation
- CAGR Account
- Captive Insurance Fund
- Supplemental Water Account
- Capital Improvement Program



2024/2025 Budget

Current Challenges Facing CAWCD

- Ongoing shortage risks and conservation initiatives
- Unknowns related to post-2026 guidelines renegotiations
- Aging Infrastructure & potential for unplanned events resulting in financial and operational impacts
- More severe weather events impacting operations and maintenance
- Staff turnover increasing; difficulty in recruiting qualified, experienced candidates
- Continued increasing material costs are making repairs and capital improvement projects more costly
- Higher energy market forward prices, driving up pumping energy costs and the energy rate
- Insurance market is still seeing 20%+ premium increases in many areas

2024/2025 Budget

Key Budget Messages

- Budget was built from Department detail
- No contingencies built into budget
- Revenue projections based on reconciled rates for long-term contracts
- All known essential work for 2024/2025 is included in the budget
- Capital and extraordinary maintenance costs are within current “Big R” rates
- Strategic reserves & Working Capital remain at target for budget period
- Extraordinary Cost reserve nearing current target, though will be reevaluated early in 2024
- CAGR reserves remains in strong financial position



2024/2025 Budget

Key Assumptions

General Fund

- CAP water volume (including CAGR credit purchases):
 - 808,664 acre-feet in 2023 (Tier 2a shortage with 345,189 acre-feet in conservation)
 - 922,679 acre-feet in 2024 (Tier 1 shortage with 266,330 acre-feet in conservation)
 - 897,805 acre-feet in 2025 (Tier 1 shortage with 274,914 acre-feet in conservation)
- Water Delivery Rate comparisons utilize Firm 2024 rates and Advisory 2025 rates
- Tax rates at \$0.10 for the general ad valorem and \$0.04 for the water storage tax
- No long-term storage credit purchases for Arizona Water Banking Authority with \$0.7 million transfers to AWBA for operations each year
- Budget includes compensated mitigation costs of:
 - 50,307 acre-feet and \$7.9 million in 2024
 - 50,307 acre-feet and \$8.1 million in 2025



2024/2025 Budget

Key Assumptions

General Fund (cont.)

- 3 additional staffing (FTE) requested from 2023 level
- Base salary adjustments to bring to market. Merit increases are budgeted at an average of 5% for 2024 and 2025
- Expenses included in the budget that are being proposed to be funded from alternative sources are \$18.4 million in 2024 and \$16.0 million in 2025
- Capital Projects included in the budget that are being proposed to be funded from alternative sources are \$3.4 million in 2024, \$36.0 million in 2025 with project totals of \$220.6 million
- Energy based on current long-term contracts and projections
 - Long-term contracts account for ~27% of energy needs in 2024 and ~10% in 2025
 - Purchased ~60% of energy needs for 2024 and ~16% of needs for 2025
 - Remainder of cost is based on forward energy price estimates



2024/2025 Budget

Key Assumptions

CAGRD Fund

- Membership dues continued for budget period
- Revenue and water costs based on Tier 3 levels for 2024 and 2025
 - CAWCD water delivery rates remain at this Tier level due to conservation
- CAGRD database refresh/replacement during 2024 and 2025

Captive Account

- Premiums actuarially-based
- No unusual or extraordinary claim expenses

Supplemental Water Account

- No anticipated expenditures

2024/2025 Budget

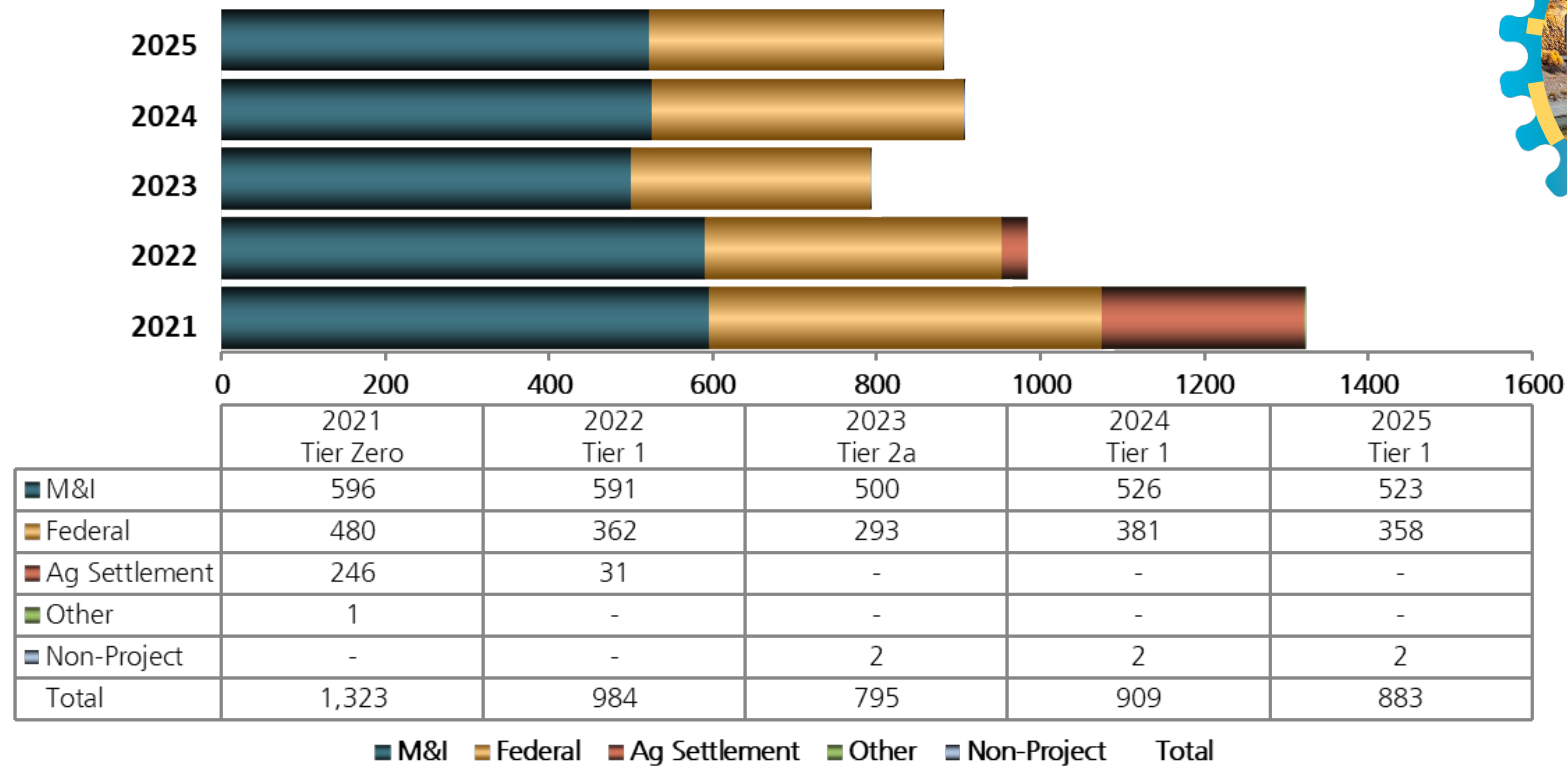
Staffing (Year-End Full Time Equivalents)

	2021 Actual	2022 Actual	2023 Projection	2024 Budget	2025 Budget
Management Council	11.7	12.0	11.3	13.0	13.0
Legal Services	5.0	5.0	5.0	6.0	6.0
Public Affairs	16.3	16.3	16.8	17.0	17.0
Finance & Administration	45.6	47.0	48.0	48.0	48.0
Technology & Governance	45.5	45.2	47.9	50.0	50.0
Employee Services	20.9	23.1	22.5	24.5	24.5
Centralized Maint & Reliability	104.0	104.7	107.8	114.0	114.0
Field Maintenance	123.5	122.7	126.2	129.0	129.0
Operations & Engineering	86.0	86.7	87.3	90.0	90.0
Water Policy	16.7	17.0	17.8	19.0	19.0
Vacancy Savings Equivalent	-	-	(6.0)	(15.0)	(15.0)
Total	475.2	479.7	484.6	495.5	495.5
2023 Budget (net)			489.5		

2024/2025 Budget

General Fund: Water Deliveries (excluding credits)

Water Deliveries
(Acre-feet in Thousands)



2024/2025 Budget

General Fund: Operating Revenues and Expenses

	2021 Actual	2022 Actual	2023 Projection	2024 Budget	2025 Budget
Water Deliveries with credits (acre-feet in thousands)	1,365	1,014	809	923	898
Operating Revenues					
Water operations & maintenance charges	\$ 182,966	\$ 189,038	\$ 198,826	\$ 250,185	\$ 277,233
Water service capital charges	94,827	36,509	38,647	38,564	39,362
Basin Development Fund revenues	8,478	9,581	7,202	6,699	6,725
Reimbursements and other revenues	2,234	1,677	1,555	1,561	1,553
Total Operating Revenues	288,505	236,805	246,230	297,009	324,873
Operating Expenses					
Salaries and related costs	(63,401)	(71,359)	(77,291)	(85,027)	(91,534)
Energy	(66,386)	(48,915)	(51,271)	(66,412)	(80,370)
Transmission	(15,876)	(21,674)	(14,964)	(15,388)	(13,395)
Amortization of permanent service right	(23,000)	(23,001)	(21,782)	(18,125)	(18,125)
Depreciation and Amortization	(25,140)	(25,381)	(26,766)	(25,435)	(28,422)
Other operating expenses					
Outside services	(22,553)	(45,495)	(45,425)	(43,482)	(44,246)
Materials and supplies	(8,498)	(9,715)	(9,745)	(10,876)	(9,626)
Overhead	4,719	6,551	6,410	5,630	4,781
Other expenses	(8,280)	(10,588)	(10,947)	(12,543)	(12,476)
Subtotal	(34,612)	(59,247)	(59,707)	(61,271)	(61,567)
Total Operating Expenses	(228,415)	(249,577)	(251,781)	(271,658)	(293,413)
Operating Income/(Loss)	60,090	(12,772)	(5,551)	25,351	31,460

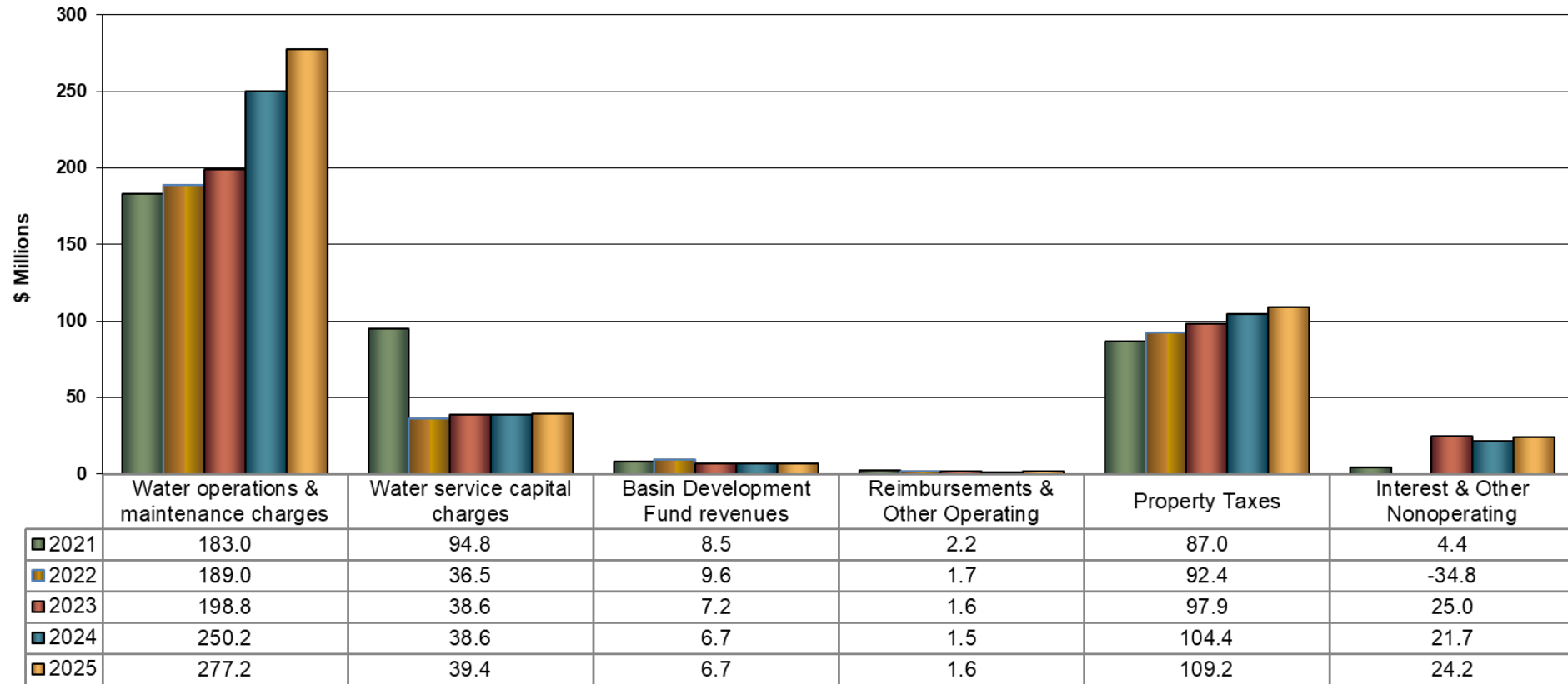
2024/2025 Budget

General Fund: Non-operating Revenues and Expenses

<i>(Thousands)</i>	2021 Actual	2022 Actual	2023 Projection	2024 Budget	2025 Budget
Non-operating Revenues					
Property taxes					
General ad valorem tax	62,049	65,920	69,757	74,412	77,837
Water storage tax	24,948	26,486	28,089	29,965	31,344
Subtotal	86,997	92,406	97,846	104,377	109,181
Interest income & other non-operating revenues	4,415	(34,802)	25,016	21,748	24,204
Total Non-operating Revenues	91,412	57,604	122,862	126,125	133,385
Non-operating Expenses					
Disbursements to AWBA	(2,378)	(4,485)	(733)	(711)	(732)
Interest and uncollectable tax expense	(31,625)	(18,842)	(17,479)	(16,109)	(14,652)
Total Non-operating Expenses	(34,003)	(23,327)	(18,212)	(16,820)	(15,384)
Total Non-operating Revenues/(Loss)	57,409	34,277	104,650	109,305	118,001
Change in Net Position	117,499	21,505	99,099	134,656	149,461

2024/2025 Budget

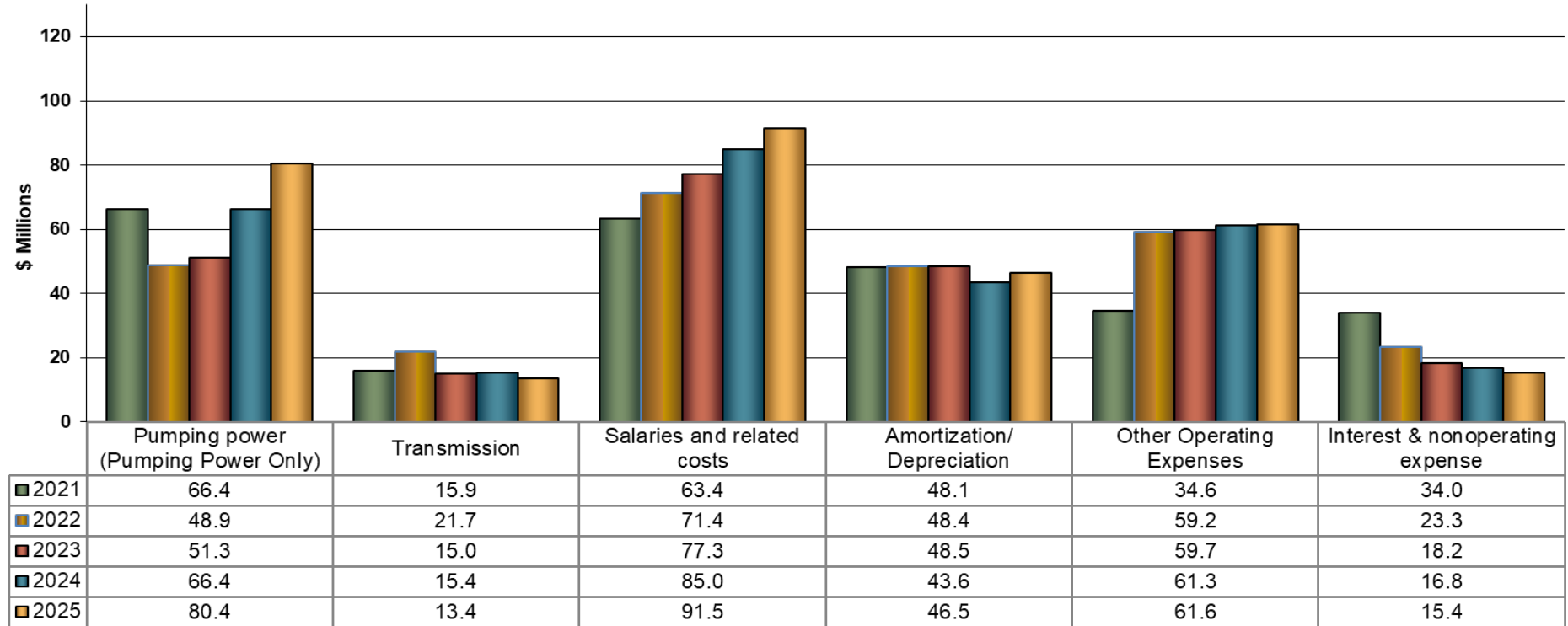
General Fund: Revenues



2021 – Water revenue reduced by Tribal ICS \$3.1M
 2022 – Water revenue reduced by Tribal ICS \$8.1M
 2023 – Water revenue reduced by taxes \$18.6M

2024/2025 Budget

General Fund: Expenses



2024/2025 Budget

General Fund: Key Initiatives/Activities

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

2024/2025 Budget

General Fund: Expenses with Alternative Funding Sources

(Thousands)	Funding Source	2023 Projection	2024 Budget	2025 Budget
Conservation initiatives	Extraordinary Cost	\$ 6,930	\$ 9,250	\$ 9,500
SRP-CAP Interconnect Facility	Extraordinary Cost	\$ -	\$ 900	\$ -
Siphon strategy planning	Extraordinary Cost	\$ -	\$ 205	\$ 50
Hydrological planning studies	Extraordinary Cost	\$ -	\$ 200	\$ 200
Post-2026 Guidelines renegotiation	Extraordinary Cost	\$ -	\$ 1,830	\$ 1,730
Regional Recycled Water with MWD	Water Storage Tax	\$ 1,605	\$ 2,000	\$ 2,000
Recovery planning	Recovery Reserve	\$ -	\$ 1,500	\$ -
Extraordinary Maintenance	'Big R'	\$ 1,880	\$ 2,503	\$ 2,525
Total		\$ 10,415	\$ 18,388	\$ 16,005

2024/2025 Budget

General Fund: Recharge

<i>(Thousands)</i>	2021 Actual	2022 Actual	2023 Projection	2024 Budget	2025 Budget
Water Deliveries (acre-feet in thousands)	129	73	65	55	55
Reimbursements and other revenues	1,780	1,030	1,002	793	793
Total Expenses	\$ (1,193)	\$ (786)	\$ (915)	\$ (464)	\$ (328)
Change in Net Position	587	244	87	329	465
Expense Summary					
Agua Fria	(55)	(40)	(121)	(17)	(17)
Hieroglyphic Mountains	(237)	(225)	(148)	(59)	(40)
Lower Santa Cruz	(499)	(224)	(152)	(121)	(78)
Pima Mine Road	(99)	(72)	(173)	(60)	(60)
Superstition Mountain	(245)	(129)	(300)	(204)	(130)
Tonopah	(58)	(96)	(21)	(3)	(3)
Total Expenses	\$ (1,193)	\$ (786)	\$ (915)	\$ (464)	\$ (328)

2024/2025 Budget

Water Delivery Rates

Fixed O&M rate

- 2024 is \$2.59 higher than published rate
- 2025 is \$9.22 higher than advisory rate

Fixed O&M variance is mainly related to DCP shortage mitigation implementation.

~\$6.50/acre-foot increase

Energy rate

- 2024 is \$ 1.44 per acre-foot lower than published rate
- 2025 is \$10.57 per acre-foot higher than advisory rate

Energy variance is due to increases in forward market prices

Total rate

- 2024 is \$1.15 per acre-foot higher than published rate
- 2025 is \$19.79 per acre-foot higher than advisory rate



2024/2025 Budget Rate Reconciliation

CALCULATION OF RECONCILED WATER DELIVERY RATES						
	2023		2024		2025	
	Projection	Published	Budget	Published	Budget	Advisory
Water Delivery Costs (Thousands)						
Fixed O&M Expenses	\$ 132,479	\$ 127,045	\$ 136,182	\$ 129,543	\$ 142,051	\$ 133,132
Total Pumping Energy Expenses	55,018	76,276	70,636	70,218	84,905	75,376
Water Deliveries (Acre-Feet)						
Billed Fixed OM&R Water Volume	808,664	1,003,703	922,679	898,801	897,805	901,776
Pumping Energy Rate Water Volume	808,664	1,003,703	922,679	898,801	897,805	901,776
Water Delivery Rate (\$/AF)						
Calculated Fixed O&M Rate	\$ 163.83	\$ 127.00	\$ 147.59	\$ 145.00	\$ 158.22	\$ 149.00
Apply 2.5 cents of 2022/23 Property taxes	(12.00)	(12.00)	-	-	-	-
Adjusted Fixed OM&R	151.83	115.00	147.59	145.00	158.22	149.00
Capital Replacement Component ("Big R")	37.00	37.00	47.00	47.00	56.00	56.00
Calculated Pumping Energy Rate	\$ 68.04	\$ 76.00	\$ 76.56	\$ 78.00	\$ 94.57	\$ 84.00
Apply 2 cents of 2022/23 Property taxes	(11.00)	(11.00)	-	-	-	-
Total Pumping Energy Rate	57.04	65.00	76.56	78.00	94.57	84.00
Total Delivery Rate	\$ 245.87	\$ 217.00	\$ 271.15	\$ 270.00	\$ 308.79	\$ 289.00
Full Rate Stabilization	(12.00)	(12.00)	-	-	-	-
2020 Voluntary Rate Stabilization	-	-	(11.00)	(11.00)	-	-
Net Delivery Rate	\$ 233.87	\$ 205.00	\$ 260.15	\$ 259.00	\$ 308.79	\$ 289.00

2024/2025 Budget

CAGR

<i>(Thousands)</i>	2021 Actual	2022 Actual	2023 Projection	2024 Budget	2025 Budget
Operating Revenues					
Revenues-Rates	26,167	27,050	25,967	38,224	41,697
Revenues-Fees	24,985	17,675	18,284	17,915	19,670
Revenues-Dues	9,402	11,515	11,249	11,120	11,982
Total Operating Revenues	\$ 60,554	\$ 56,240	\$ 55,500	\$ 67,259	\$ 73,349
Operating Expenses					
Salaries and related costs	(1,107)	(1,294)	(1,333)	(1,415)	(1,451)
Depreciation	(61)	(61)	(61)	(61)	(61)
Other operating expenses					
Outside services	(220)	(374)	(613)	(1,674)	(1,674)
Overhead	(1,153)	(1,426)	(1,446)	(1,482)	(1,520)
Water for recharge	(18,296)	(17,481)	(17,025)	(20,191)	(23,276)
Other expenses	(23,600)	(25)	(203)	(185)	(188)
Subtotal	(43,269)	(19,306)	(19,287)	(23,532)	(26,658)
Total Operating Expenses	(44,437)	(20,661)	(20,681)	(25,008)	(28,170)
Net Operating Income/(Loss)	16,117	35,579	34,819	42,251	45,179
Non-operating Revenues/(Expenses)					
Interest income	4,871	(145)	4,203	3,857	4,125
Interest expense	(525)	(870)	(605)	(333)	(76)
Net Non-operating Income/(Loss)	4,346	(1,015)	3,598	3,524	4,049
Change in Net Position	\$ 20,463	\$ 34,564	\$ 38,417	\$ 45,775	\$ 49,228
Obligations (year reported)-000 acre-feet	35.4	33.7	42.4	46.0	48.7

2024/2025 Budget

Captive Fund

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

2024/2025 Budget

Supplemental Water Account

<i>(Thousands)</i>	2021 Actual	2022 Actual	2023 Projection	2024 Budget	2025 Budget
Operating Expenses					
Other expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	-	-	-	-	-
Non-operating Revenues/(Expenses)					
Interest income	52	(572)	295	279	303
Total Non-operating Revenues	52	(572)	295	279	303
Change in Net Position	52	(572)	295	279	303
Account Balance	\$ 9,163	\$ 8,592	\$ 8,887	\$ 9,166	\$ 9,469

2024/2025 Budget Capital Spending Summary

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

2024/2025 Budget

Capital Spending Breakdown

	2021	2022	2023	2024	2025
<i>(Millions, except where noted)</i>	Actual	Actual	Projection	Budget	Budget
FTEs (nearest tenth)	21.2	24.0	24.5	22.7	17.2
Salaries and related costs	\$ 3.4	\$ 4.7	\$ 4.6	\$ 4.0	\$ 3.1
Equipment, buildings, and structures	17.9	22.2	30.3	18.6	47.6
Other expenses					
Outside services	3.0	2.5	0.9	4.4	5.4
Materials, supplies & other expenses	0.4	0.4	0.5	0.2	0.1
Overhead expenses	3.6	5.1	5.0	4.1	3.3
Subtotal - Other Expenses	7.0	8.0	6.4	8.8	8.8
Total Capital	\$ 28.3	\$ 35.0	\$ 41.2	\$ 31.4	\$ 59.4

2024/2025 Budget

Capital Spending with Alternative Funding Sources

<i>(Thousands)</i>	Funding Source	2024	2025	Project Total Budget
Aqueduct Hydrology Improvement	Extraordinary Cost Reserve	\$ 1,285	\$ 9,068	\$ 153,527
SRP-CAP Interconnection Facility	Extraordinary Cost Reserve	\$ 85	\$ 5,181	\$ 25,750
Water Education Center	Extraordinary Cost Reserve	\$ 1,701	\$ 11,357	\$ 27,473
Monitor Well Agua Fria Recharge	Recovery Reserve	\$ 357	\$ -	\$ 477
TDRP Recovery Wells	Recovery Reserve	\$ 3	\$ 10,361	\$ 13,332
Total		\$ 3,431	\$ 35,967	\$ 220,559

CENTRAL ARIZONA PROJECT

2024 | 2025
BIENNIAL

Budget

Capital Improvement Projects Overview

Ryan Johnson

Engineering Services Manager

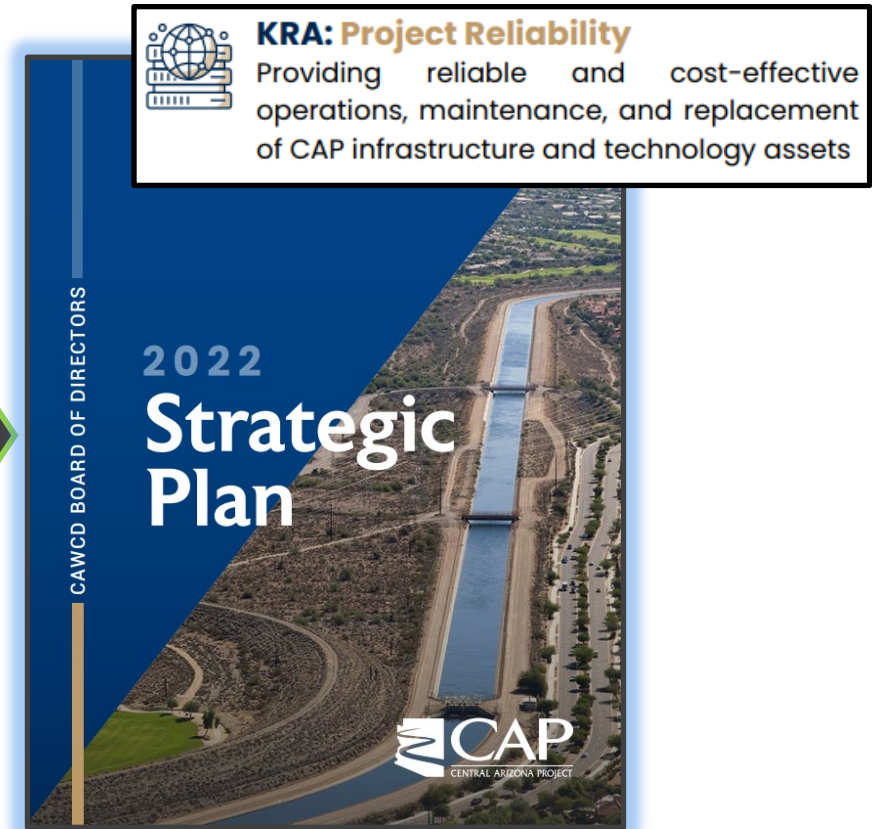


Capital Improvement Projects

- ❖ Project Selection and Project Steering Committee
- ❖ 2024-2025 Capital Project Highlights

2024-2025 Capital Budget - Projects

(Millions)	2021 Actual	2022 Actual	2023 Projection	2024 Budget	2025 Budget
Capital Equipment	\$ 2.2	\$ 4.6	\$ 5.2	\$ 6.8	\$ 4.5
Capital Projects	26.1	30.4	36.0	24.6	54.9
Total	\$ 28.3	\$ 35.0	\$ 41.2	\$ 31.4	\$ 59.4
<i>Previous Budget</i>		\$ 38.1	\$ 41.9		



Prioritizing and Constructing Capital Projects

- **Implementation Strategy**

- Decisions Based on Asset Criticality and Condition
- Risk Register – Communicate and Collaborate Across All Departments
- Balance Resources with Unit Availability – Cost and Timing

CONDITION ASSESSMENTS

Motors

PLEASE USE CTRL+CLICK TO NAVIGATE TO CORRESPONDING GIS LOCATION.

Plant	M01	M02	M03	M04	M05	M06	M07	M08	M09	M10
MWP	C	A	B	B	B	A				
BSH	A	A	A	A	A	B	A	C	A	A
LHQ	A	A	B	A	A	B	A	A	A	
HSY	A	A	A	A	A	A	B	A	A	
WAD	A	A	B	A	A	B	B	A		
SGL	C	C	C	B	B	C	C	B	C	C
BRD	A	B	B	B	A	B	A	A		
PIC	B	B	A	A	A	A				

CAP CENTRAL ARIZONA PROJECT Risk Register

ID	Type	Status	RPN	PPN	Impact Score	Location	Description	Phase	Planned Budget Year	Est Labor Hours	Est Non Labor Costs	Equipment	Parent WO	Work Mgmt MRC
5	Project Request	RPA	9	1	6 - Critical	SGL	Discharge Pipe and Manifold Reline (LT)	Planning	2023	0	\$1,500,000	SGLDISCHLT	781274	545
6	Project Request	RPA	9	5	6 - Critical	SGL	Discharge Pipe and Manifold Reline (LT)	Planning	2024	0	\$2,500,000	SGLDISCHLT		545
7	Project Request	U	9	4	6 - Critical	WAD	RT - Discharge Manifold, Pipes, Tunnels, and Bypass Pipes Reline	Forecast	2024	0	\$4,556,538	WADDISCHRT		545
8	Project Request	U	9	5	6 - Critical	WAD	LT - Discharge Manifold, Pipes, Tunnels, and Bypass Pipes Reline	Forecast	2026	3,000	\$4,556,538	WADDISCHLT		545
9	Project Request	U	9	3	6 - Critical	LHQ	LHQ Right Discharge Manifold Reline	Forecast	2026	3,500	\$1,500,000	LHQDISCHRT		545
10	Project Request	AM	9	9	4 - Severe	Multi	EM Relay Replacement	Approved	2019	25,000	\$8,000,000	PP	659233	545
11	Project Request	AM	9	8	6 - Critical	WAD	PLC-5 Replacement	Approved	2021	12,500	\$5,500,000	PP		545
12	Project Request	AM	9	5	4 - Severe	MWP	MWP Cooling Water Treatment System	Approved	2020	3,500	\$1,400,000	PP	728928	545
13	Project Request	RPA	9	9	4 - Severe	TWP, SAN, SND & BLK	Replace TWP/SAN/SND/BLK Unit Motor Exciter Rotating Packages	Planning	2022	8,000	\$8,000,000	PP	749644	545
193	Project Request	CAN	9	5	4 - Severe	Waddell P/G	Waddell High Voltage Non Segregated Phase Bus Evaluation	Rejected/Cancelled	2022	4,000	\$3,000,000	WADHVDKW1A	745837	545
138	Project Request	RPA	9	4	6 - Critical	Bouse Hills Pumping Plant	BSH Reline Discharge Manifold - Right	Planning	2024	1,000	\$1,000,000	BSHDISCH		545
114	Project Request	RPA	9	4	6 - Critical	Mark Wilmer Pumping Plant	Reline Mark Wilmer Suction Tube Liners and Stilling Well	Planning	2023	2,000	\$3,600,000	MWPINLET	728718	545
10040	Project Request	RPA	8	NULL	2 - Serious	Multiple	Flowmeter Replacements - Multiple Locations Along the CAP Canal	Planning	2022	0	\$400,000	AFSTO	785596	545
369	Project Request	U	8	6	6 - Critical	WAD	Unit Breaker Replacement (U2, U3, U6, U7)	Forecast	2028	4,500	\$4,400,000	PP		545
369	Project Request	U	8	6	6 - Critical	HSY	Unit Breaker Replacement (U4, U5, U6, U7)	Forecast	2028	4,500	\$4,400,000	PP		545
354	Project Request	AM	8	9	4 - Severe	Multi	Condition Based Monitoring Project	Approved	2019	40,000	\$11,000,000	PP	625402	545

Project Steering Committee (PSC)



- **Scope**

- Capital Portfolio Management
 - \$300K and up
 - Monthly meetings
- Approve the right projects for CAP Biennial Budget
 - Strategic fit & Opportunity Cost
- Project cost and schedule variance

Capital Project Highlights for 2024-2025 Budget

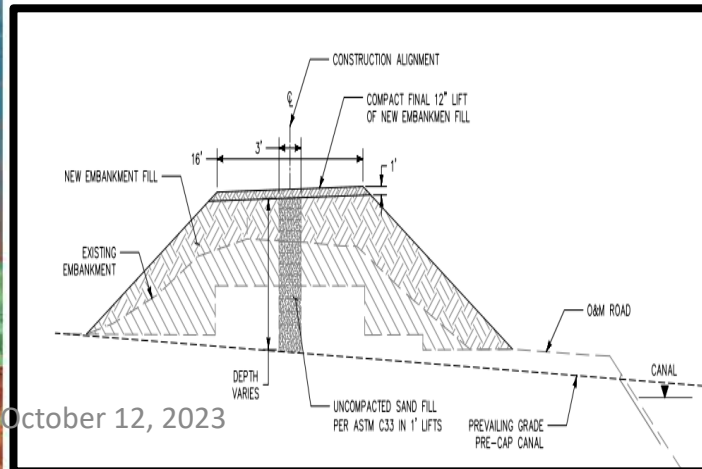
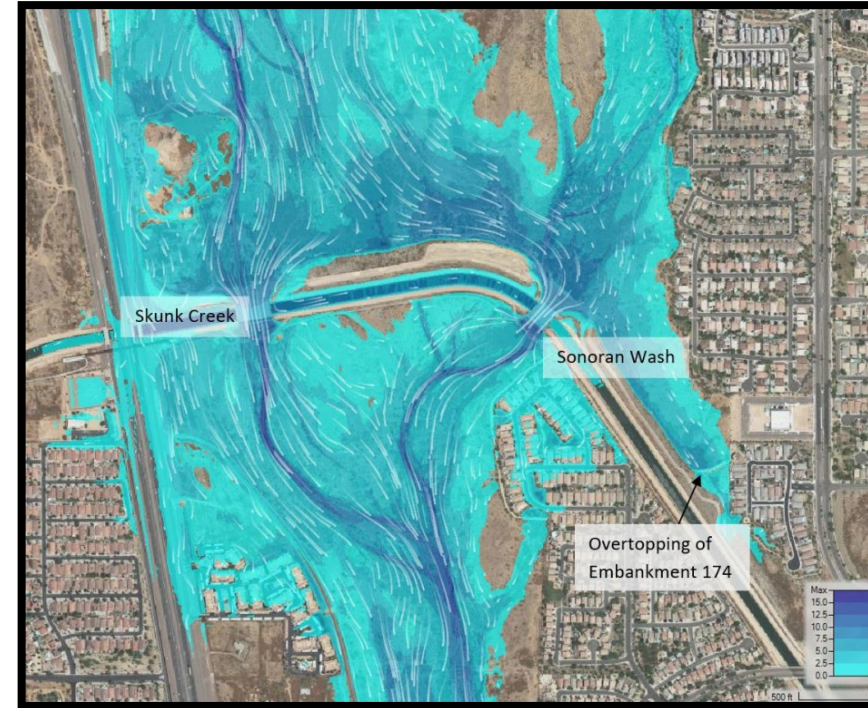
- ❖ Aqueduct Hydrology Improvement Program
- ❖ Water Education Center
- ❖ Electromechanical Relay Phase Two
- ❖ SCADA Replacement Control Center
- ❖ Tonopah Desert Recharge Project Recovery Wells
- ❖ Programmable Logic Controller (PLC) Replacements at Waddell

Aqueduct Hydrology Improvement Program

- Address potential vulnerabilities of cross drainage infrastructure, to improve dike embankments heights, and for other construction at the most critical locations along the canal
- Project scope includes 21 sites with the highest risk
- Improvements will target potential impacts to the canal and downstream conditions if a dike or overcrossing failure were to happen

Funding Source: Extraordinary Cost Reserve

Cost (in \$000s)								
Total	Pre-2024	2024	2025	2026	2027	2028	2029	Balance
\$153,527	\$-	\$1,285	\$9,068	\$47,880	\$20,673	\$29,888	\$37,864	\$6,869



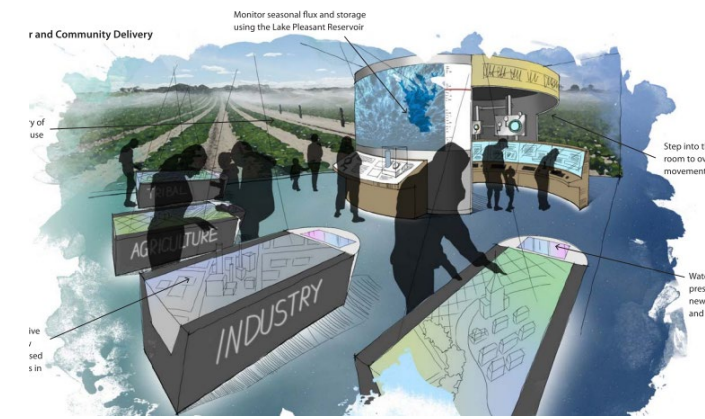
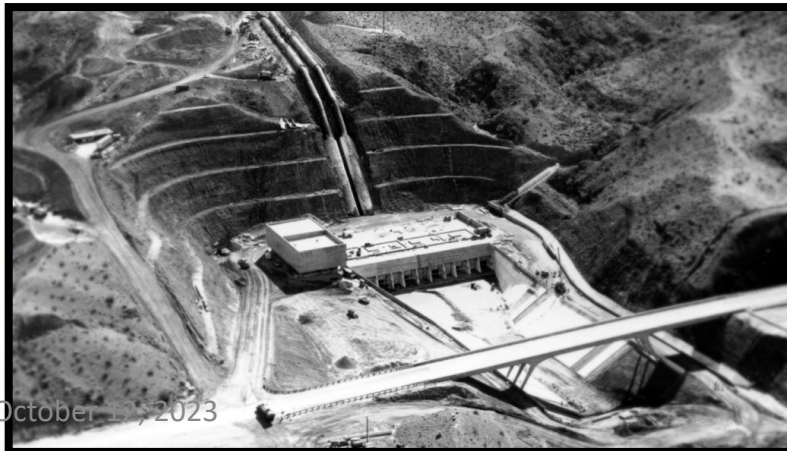
Water Education Center

- Public interest in water is increasing steadily
- Provide a public educational space highlighting CAP's story and critical Arizona water supplies
- Complete with safe, up-close experience with water & canal system
- New space will support large water-stakeholder meetings, elected official's briefings, and school field trips

Cost (in \$000s)

Total	Pre-2024	2024	2025	2026	2027
\$27,121	\$282	\$1,701	\$11,357	\$12,511	\$1,270

Funding Source: Extraordinary Cost Reserve



Electromechanical (EM) Relay Phase Two

- EM relays have been reliable and effective in protecting transformers and motors from extensive electrical damage, but have a maximum service life of approximately 30 years and can fail without notice
- Phase two replaces EM relays with digital relays on transformers and units at Waddell Pump/Generating Plant and the South Plants
- Installing new relays will reduce maintenance costs, increases diagnostic capabilities and enables faster return-to-service times

Cost (in \$000s)						
Total	Pre-2024	2024	2025	2026	2027	2028
\$21,282	\$8,558	\$1,559	\$2,940	\$3,343	\$3,127	\$1,755

Funding Source: "Big R"



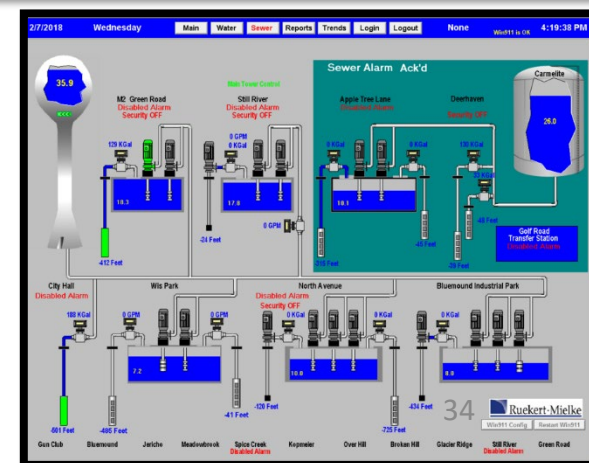
SCADA Replacement At Control Center

- Primary computerized system enabling canal operation from control center - “visualizes” operational data from field devices and automatically adjusts equipment throughout CAP system to ensure precise volume and delivery control
- Existing hardware and software at end of life and at risk
- New standards, network configuration, hardware, databases, security, and control system design
- Phased strategy – numerous hold points for successful testing along the way



Cost (in \$000s)								
Total	Pre-2024	2024	2025	2026	2027	2028	2029	Balance
\$20,036	\$4,132	\$2,551	\$2,210	\$2,114	\$2,167	\$2,225	\$2,286	\$2,351

Funding Source: “Big R”

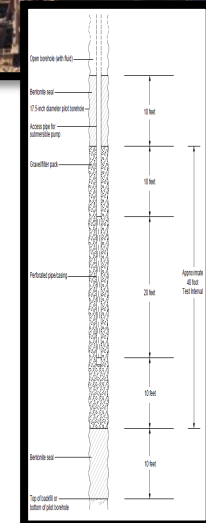
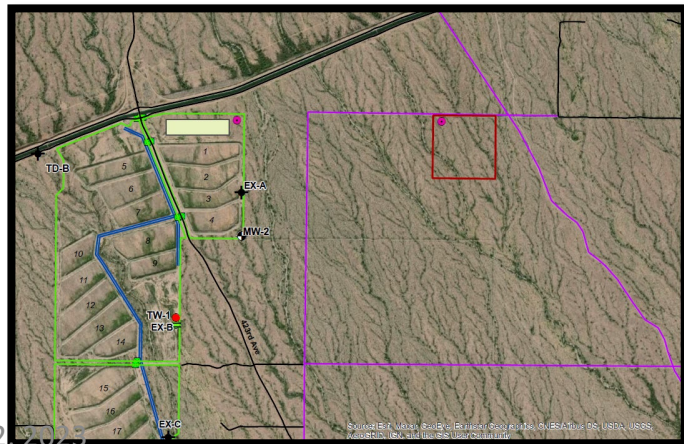


Tonopah Desert Recharge Project Recovery Wells

- Design and construction of two pilot recovery wells at TDRP
- Assess aquifer hydraulic properties, water quality, and determine the water treatment requirements for future water recovery, which will ultimately feed a new treatment and water recovery facility
- Supports efforts to directly recover long-term storage credits stored by the Arizona Water Banking Authority and other contractors and subcontractors and wheel non-project water supplies using the CAP aqueduct

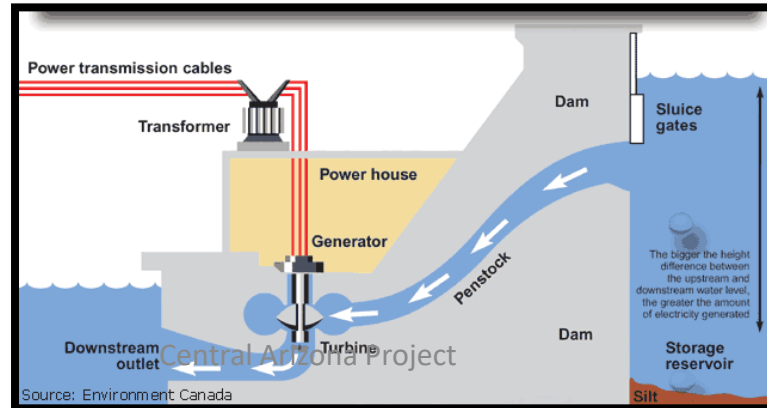
Funding Source: Recovery Reserve

Cost (in \$000s)			
Total	Pre-2024	2024	2025
\$13,478	\$3,114	\$3	\$10,361



Programmable Logic Controller Replacements at Waddell

- Waddell is a special plant – ability to both pump and generate from Lake Pleasant requires sophisticated computerized systems to control and operate the plant
- Original Programmable Logic Controllers (PLCs) have been in operation at Waddell Pump/Generating Plant since it opened in 1993
- PLC components, including CPUs and network interfaces all have reached ends of their lifecycles – critical system for synchronizing power generation with volume control, automatically adjusting depending on lake levels and delivery requirements
- Project will replace and standardize new modern equipment for interoperability with plant controls for switchyard electrical gear, valve operation, and pumping



Funding Source: "Big R"

Cost (in \$000s)

Total	Pre-2024	2024	2025
\$6,458	\$4,861	\$1,334	\$263



Questions?

questions@cap-az.com