

# **CAGRD Annual Membership Dues Roundtable**

**Discussion on the calculation of Annual Membership Dues related to the 2025 Plan of Operation**

**CAP Water User Roundtable Discussion**

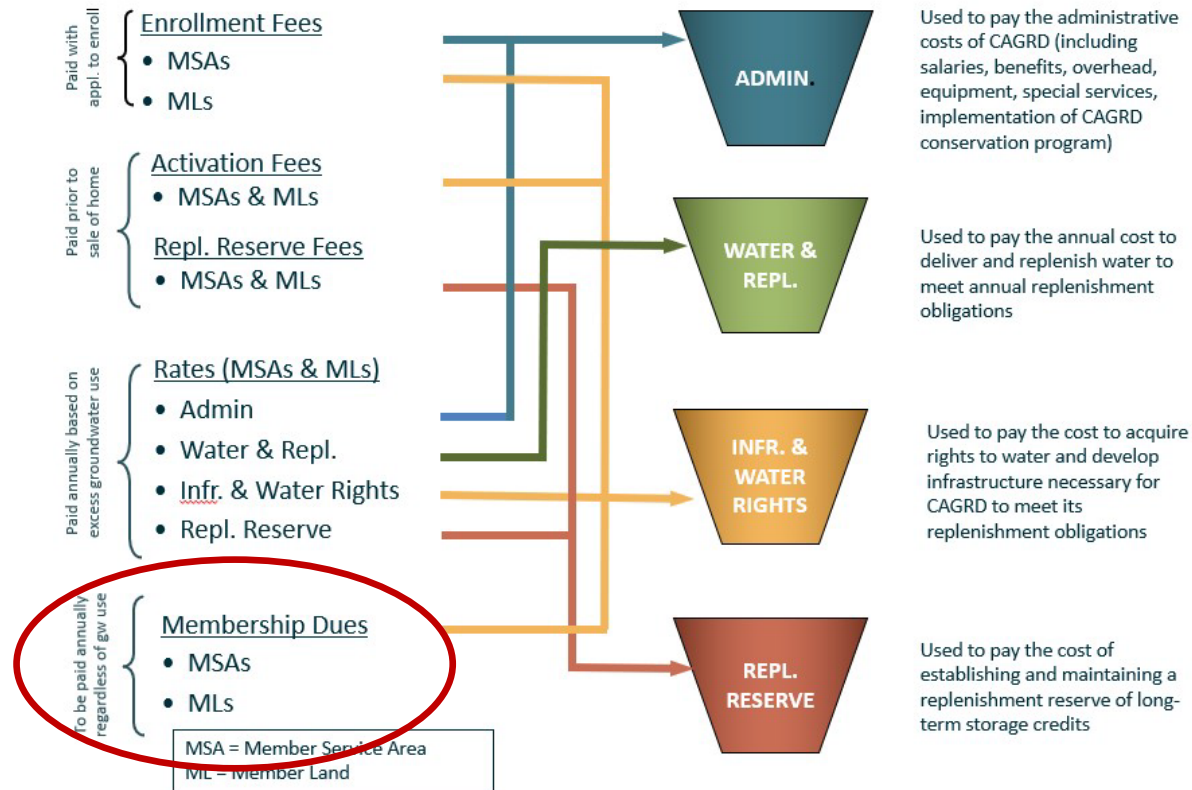
*November 19, 2024*

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# Purpose of Stakeholder Roundtable

- CAGRD staff have been looking at how Annual Membership Dues (AMDs) might be impacted if the draft 2025 Plan of Operation is approved
- Engage stakeholders to explain the issue and seek feedback
- Goal is to continue to maintain rate stability and equity between MLs and MSAs and among AMAs
- Explore the possibility of a new methodology to estimate ML reliance in the AMD calculation
- This concept is likely to require changes to state law

# CAGRD Revenue Stream



# Annual Membership Dues (AMDs)

- Established in 2010 as part of CAWCD's expanded bonding authorization
- A source of revenue for CAGRDR dedicated exclusively to the Infrastructure & Water Rights (I&WR) fund
- Collected annually from all enrolled members, regardless of a replenishment obligation
- Can be used to pledge toward bonding as they can be a dependable revenue stream regardless of obligation levels
- AMD collection and amount must be approved by the Board each year

# AMD Calculation

- Statute details a specific relationship between the amounts collected as Membership Dues and the other revenue dedicated to the I&WR fund and how the total amount collected in each year is to be split between Member Lands (MLs) and Member Service Areas (MSAs)
- For MLs, this calculation is tied directly to the estimated current and projected replenishment obligation in the most current approved Plan of Operation
- For MSAs, the volume used in the statutory calculation is less prescriptive and uses the most current estimated reliance on CAGRD during the 10-year planning period

# ARS §48-3779.D.1

1. Total current and projected annual replenishment obligation of all member lands as identified in the most recent plan of operation determined by the director of water resources to be consistent with achieving the management goal for the active management areas pursuant to section 45-576.03, subsection M, O or R.

**2024/2025 AMD Calculation Per ARS  
§48-3779 Using 2015 Plan of  
Operation**

**\$10,336,220**

*Amount of I&WR fund to be  
collected through AMDs  
(ARS §48-3772.A.8)*

Prorate

**Member Lands**  
Total Obligation  
Projected in Current Plan  
of Operation  
**82,779 AF**

84%

**MSAs**  
Sum of Expected  
Reliance on GRD  
**15,376 AF**

16%

\$8,717,049

\$1,619,171

**PHX AMA**  
61,258 AF  
74%

**PIN AMA**  
13,179 AF  
16%

**TUC AMA**  
8,342 AF  
10%

*From Plan of Operation*

**\$105.31/AF**

\$6,450,779

\$1,387,816

\$878,455

*Divide by MOST RECENT # of AMD lots*

239,571 lots

66,251 lots

28,684 lots

**\$26.93/lot**

**\$20.95/lot**

**\$30.63/lot**

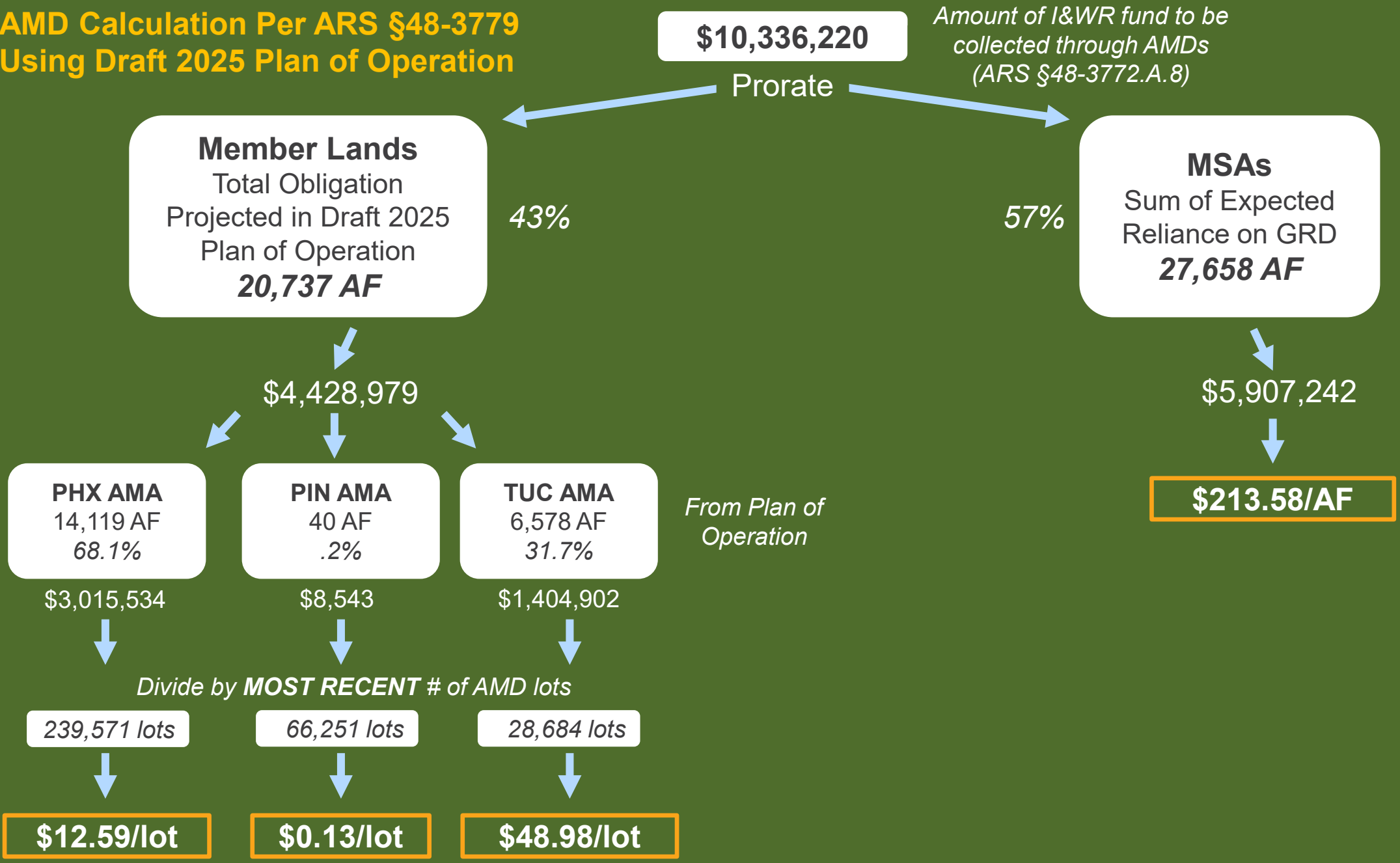


# AMD Calculation Issue

- The Draft 2025 Plan of Operation's current and projected replenishment obligation assumes a significant shift in ML obligation to MSA (through new designations) which has not yet occurred and therefore is not reflected in the current projected MSA reliance
- This potential shift in membership type puts the current calculation out of balance and was not contemplated when the AMD calculations were established in 2010
- MSA stakeholders and new MSAs could experience instability/rate shock and ML property owners could experience large inequities among AMAs



# AMD Calculation Per ARS §48-3779 Using Draft 2025 Plan of Operation



# Rate Comparison (\$10,336,220 - Amount of I&WR fund to be collected through AMDs (ARS §48-3772.A.8))

	MSA (AF)	Phoenix ML (lots)	Pinal ML (lots)	Tucson ML (lots)
2024/2025 Rates using 2015 Plan current statute	\$105.31	\$26.93	\$20.95	\$30.63
Rates using Draft 2025 Plan current statute	\$213.58	\$12.59	\$0.13	\$48.98

Estimates Only

# Discussion with Stakeholders

- Goal is to maintain AMD rate stability and equity between MLs and MSAs and among AMAs
- Explore new methodology to estimate ML reliance in the AMD calculation
- Decouple the ML reliance from the Plan of Operation projections as there is too much uncertainty about whether and when membership category will change (MLs to MSAs)
- This concept is likely to require changes to state law

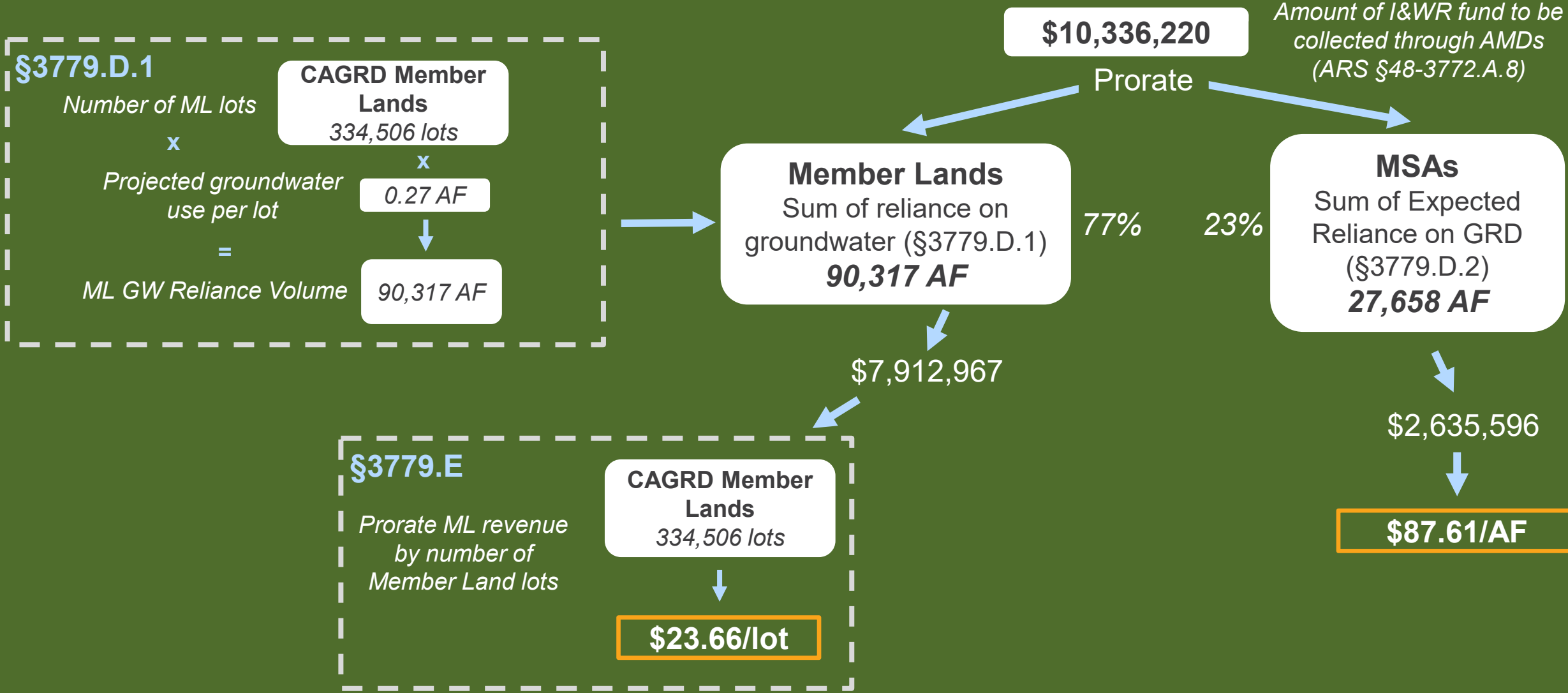
# DRAFT Potential Change to ARS §48-3779.D.1

1. FOR MEMBER LANDS, THE PROJECTED GROUNDWATER USE PER LOT MULTIPLIED BY THE TOTAL NUMBER OF RESIDENTIAL, COMMERCIAL AND COMMON AREA LOTS INCLUDED, OR INTENDED TO BE INCLUDED, IN EACH PARCEL OF MEMBER LAND. ~~Total current and projected annual replenishment obligation of all member lands as identified in the most recent plan of operation determined by the director of water resources to be consistent with achieving the management goal for the active management areas pursuant to section 45-576.03, subsection M, O or R.~~

# DRAFT Potential Change to ARS §48-3779.E

E. The total amount allocated to member lands in any year, as calculated pursuant to subsection D of this section, ~~shall be prorated among the Phoenix, Pinal and Tucson active management areas based on the current and projected annual replenishment obligation of all member lands in that active management area as identified in the most recent plan of operation determined by the director of water resources to be consistent with achieving the management goal for the active management area pursuant to section 45-576.03, subsection M, O or R. The prorated amount within each active management area~~ shall be further prorated among all parcels of member land ~~located within that active management area~~ based on a uniform fee per lot levied against the total number of residential, commercial and common area lots included, or intended to be included, in each parcel of member land, **AS DETERMINED IN SUBSECTION D**. These dues are a lien on each parcel of member land and shall be certified, collected and enforced with respect to member land in the same manner as the annual assessment pursuant to section 48-3778. However, any parcel of member land that is included in the service area of a municipal provider that has been designated as having an assured water supply under section 45-576 is not subject to the annual membership dues.

# DRAFT AMD Calculation with Potential Statute Language Change



# Rate Comparison (\$10,336,220 - Amount of I&WR fund to be collected through AMDs (ARS §48-3772.A.8))

	MSA (AF)	Phoenix ML (lots)	Pinal ML (lots)	Tucson ML (lots)
2024/2025 Rates using 2015 Plan current statute	\$105.31	\$26.93	\$20.95	\$30.63
Rates using Draft 2025 Plan current statute	\$213.58	\$12.59	\$0.13	\$48.98
Rates using draft new methodology	\$87.61	\$23.66	\$23.66	\$23.66

**Estimates Only**

# Discussion

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# Next Steps

- Share stakeholder feedback with the CAGRD Committee, Public Policy Committee and Board
- Consider running a bill in 2025 to address the issue to maintain AMD rate stability



**Thank you.**

**Questions?**

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