

# Economic Impact of CAP to Arizona

Central Arizona Project's (CAP) delivery of Colorado River water from 1986 through 2010 has generated in excess of \$1 trillion (\$1,090,000,000,000) of Arizona's gross state product (GSP), according to a study recently commissioned by CAP with the W.P. Carey School of Business at Arizona State University. The GSP represents the dollar values of all goods and services produced in the region and are a measurement of the economic output of a state, a counterpart to the gross domestic product for the nation. In recent years, the existence of CAP has generated an economic benefit approaching \$100 billion per year, accounting for at least one-third, and sometimes more, of the entire Arizona gross state product.

To answer the question "What if CAP was never built and no CAP water was delivered?" researchers at L. William Seidman Research Institute of W.P. Carey School of Business at Arizona State University conducted the analysis to estimate the economic value of CAP during:

- Construction period (1973-1993)\*
- Water delivery period (1986-2010)

The research model calculates impacts in 22 sectors of the economy

- Gross state product
- Job-years of employment

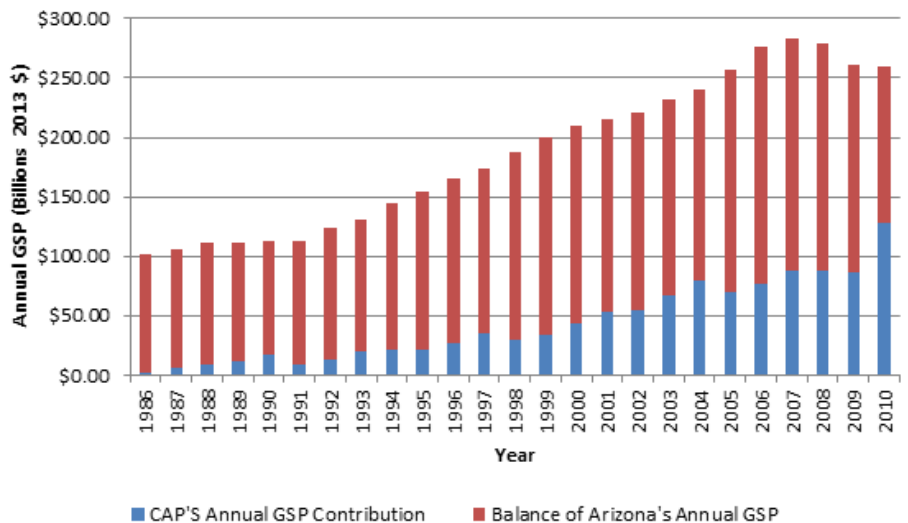


## Key Findings:

- » CAP water deliveries (1986-2010) have accounted for over \$1 trillion of Arizona gross state product - approximately 23% of the gross state product during this 25-year period
- » In the most recent five year of the study, CAP generated an economic benefit averaging over \$90 billion per year, an average of 35% Arizona gross state product each year
- » In the latest year of the study (2010), CAP generated \$128 billion of gross state product, 49.5% of the total for the state of Arizona and more 1.6 million job-years of employment
- » In 2010 alone, total GSP across all 22 sectors would have been lower by almost \$128.6 billion if it weren't for the delivery of CAP water. The top five sectors estimated to have declined the most in terms of contribution to GSP in 2010 are: Government (\$26.4 billion), Healthcare (\$22.6 billion), Real Estate & Travel (\$19.5 billion), Retail (\$13.5 billion), and Finance & Insurance (\$8.4 billion)
- » During the construction period (1973-1993), CAP generated approximately \$2.4 billion of gross state product and annual employment of up to 9,400 job-years. This dollar value is approximately equivalent to the cost of the reimbursable portion of the CAP construction cost (including interest) to the state of Arizona

## Annual Impact of CAP's Water Supply

In total, the contribution made by CAP to statewide GSP has increased annually from an estimated 27.2% in 2005 to almost half of Arizona's GSP (49.5%) in



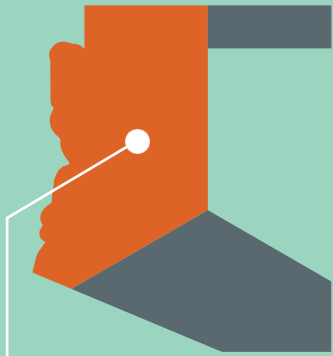
\*The analysis did not take into account any leisure benefits associated with CAP, such as the 10,000-acre Lake Pleasant Park, the Reach 11 recreation area in Phoenix, or the TPC golf course and Westworld in Scottsdale or current 475 staff and suppliers to operate and maintain CAP.

# THE ECONOMIC IMPACT OF CENTRAL ARIZONA PROJECT

## 1986-2010

(since CAP water deliveries began)

\$1 trillion of Arizona gross state product have been generated by the existence of CAP



IN RECENT YEARS

# 1/3

ARIZONA'S GROSS STATE PRODUCT

CAP has generated an economic benefit approaching **\$100 billion per year**, accounting for at least one-third, and sometimes more, of the entire Arizona gross state product.



In 2010, generated

# 1,603,287

## JOB-YEARS

ONE JOB-YEAR = ONE PERSON HAVING A FULLTIME JOB FOR ONE YEAR

Top 5 sectors impacted the most without CAP's water supply are:

- GOVERNMENT
- HEALTHCARE
- REAL ESTATE & TRAVEL
- RETAIL
- FINANCE & INSURANCE