

City of Apache Junction Water Utilities Community Facilities District

**Discussion on Proposed
Fiscal Year 2019–2020 Budget
May 21, 2019**

Overview

- **Proposed 2019-20 Budget**
- **Proposed Rates, Fees, and Charges**
- **Classification and Compensation Plan**
- **Budget Schedule Review**

Proposed 2019-20 District Budget SUMMARY

- Resources:

Revenues	\$ 4,985,900
Reserves	<u>420,740</u>
Total Resources	<u>\$ 5,406,640</u>

- Expenditures:

Administration	\$ 2,113,920
System Operations	<u>3,292,720</u>
	<u>\$ 5,406,640</u>

Proposed 2019-20 District Budget

CAPITAL PROJECTS

- 1) Install additional Sludge Tanks at Superstition Area Water Plant - \$150,000
- 2) Replace Coating and Install Cathodic Protection in 1 Million Gallon Tank at Booster #1 - \$350,000
- 3) Replace two F-250 trucks and service bodies for the operations staff - \$80,000

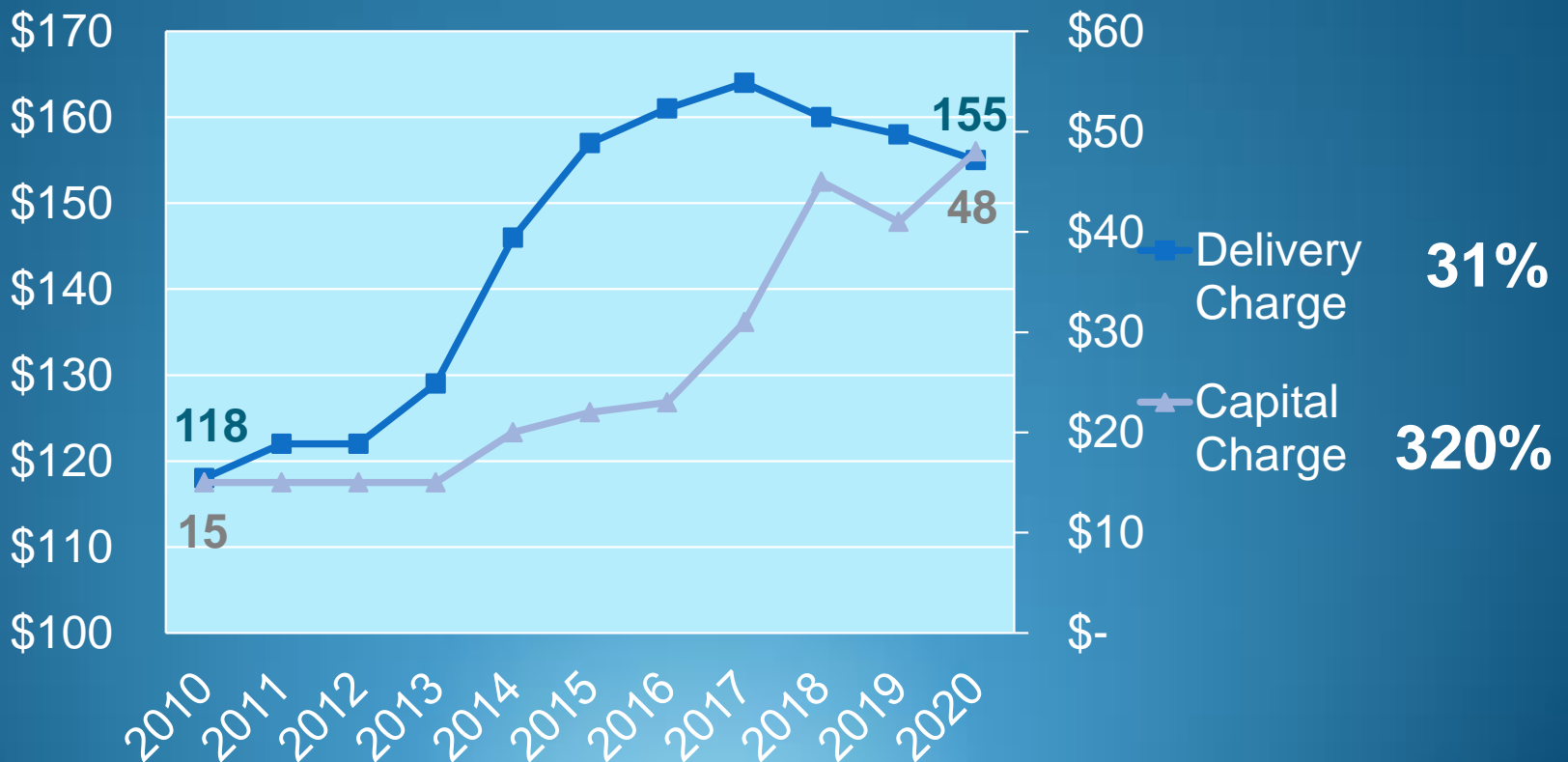
Proposed 2019-20 District Budget EXPENDITURE INCREASES

- \$50,000: Design Raw Water Impound at the SAWP
- \$50,000: Site study for Superstition Area Recharge Project

Proposed 2019-20 District Budget

CAP WATER CHARGES

Cost of Central Arizona Project Water

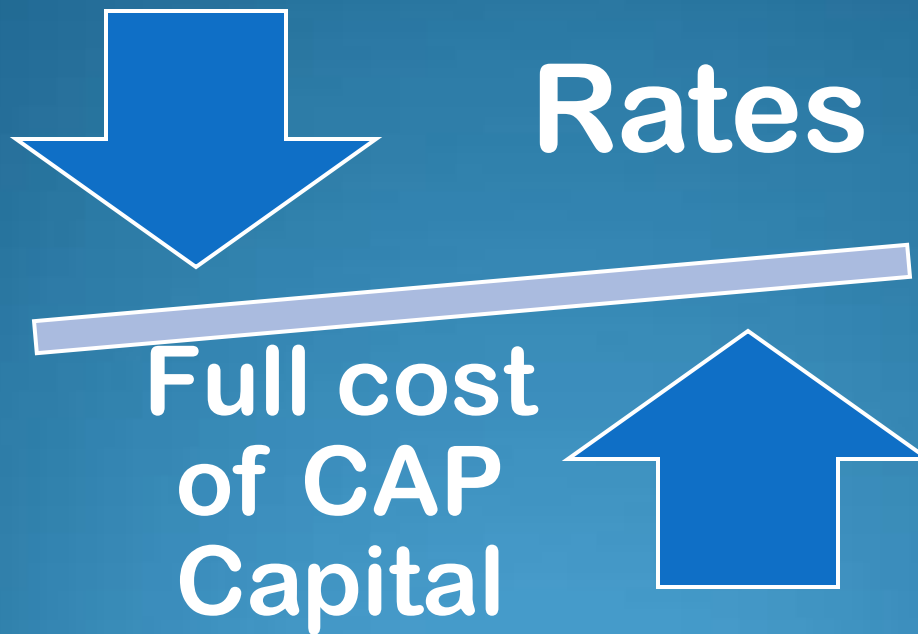


Proposed 2019-20 District Budget

CAP WATER CHARGES

- Capital charge helps pay debt of more than a billion dollars for the construction of CAP canal system
- Obligation amounts to about \$55 million
- Until recently CAP covered most of that using revenue from the Navajo Generating Station.
- CAP has been forced to dip into strategic reserves, pulling out \$10 to \$20 million a year.

Proposed 2019-20 District Budget

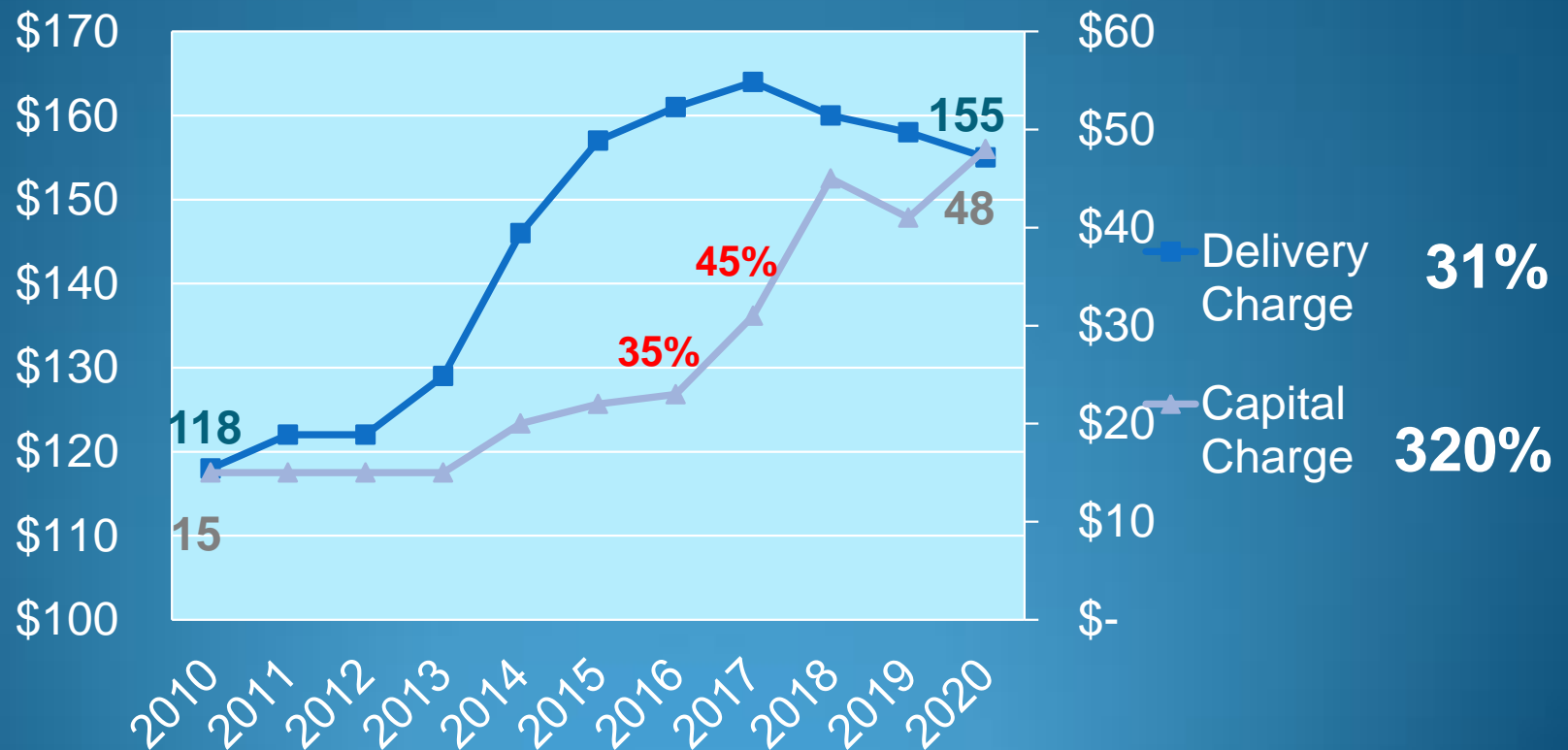


CAP Capital Charges
DID NOT recover the actual cost

Proposed 2019-20 District Budget

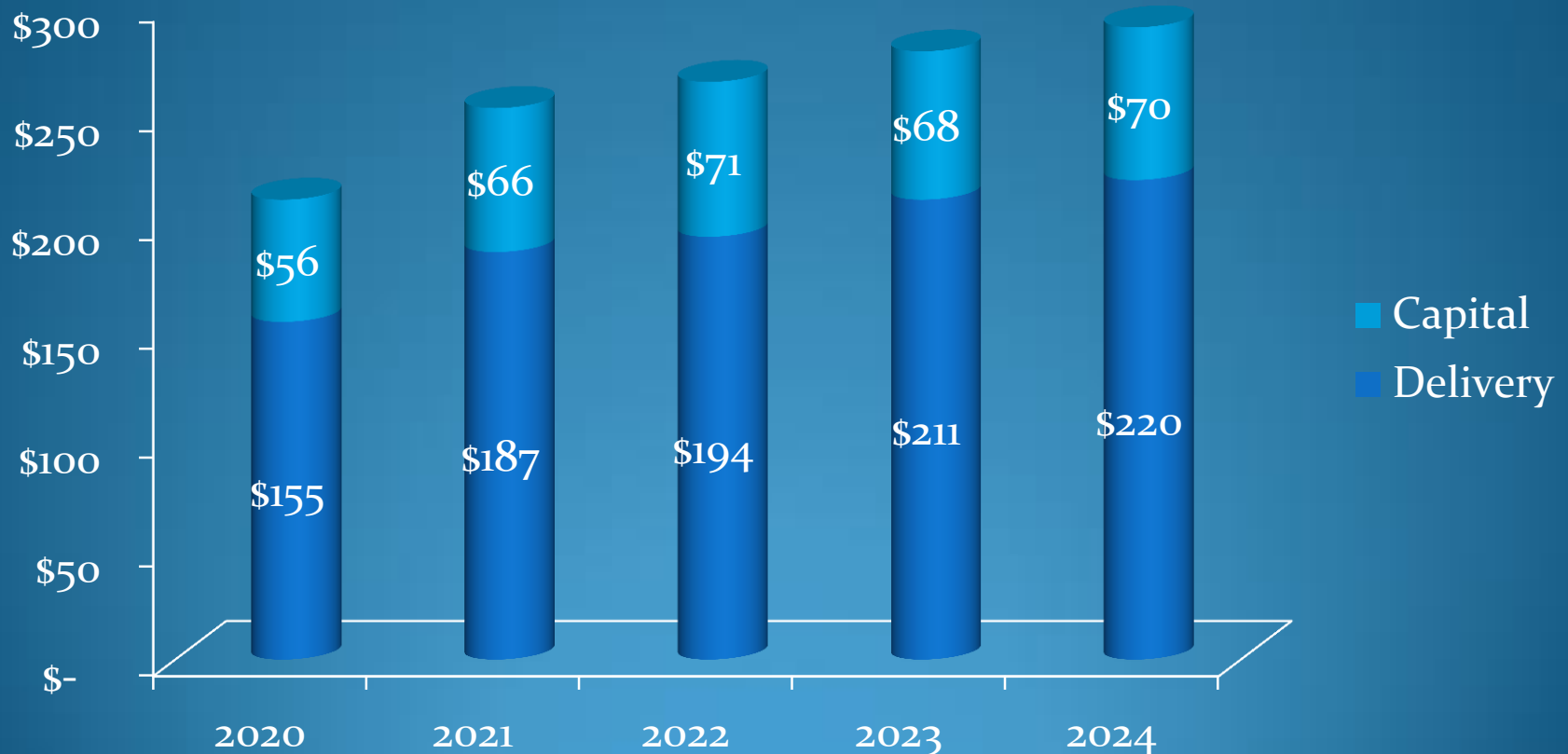
CAP WATER CHARGES

Cost of Central Arizona Project Water

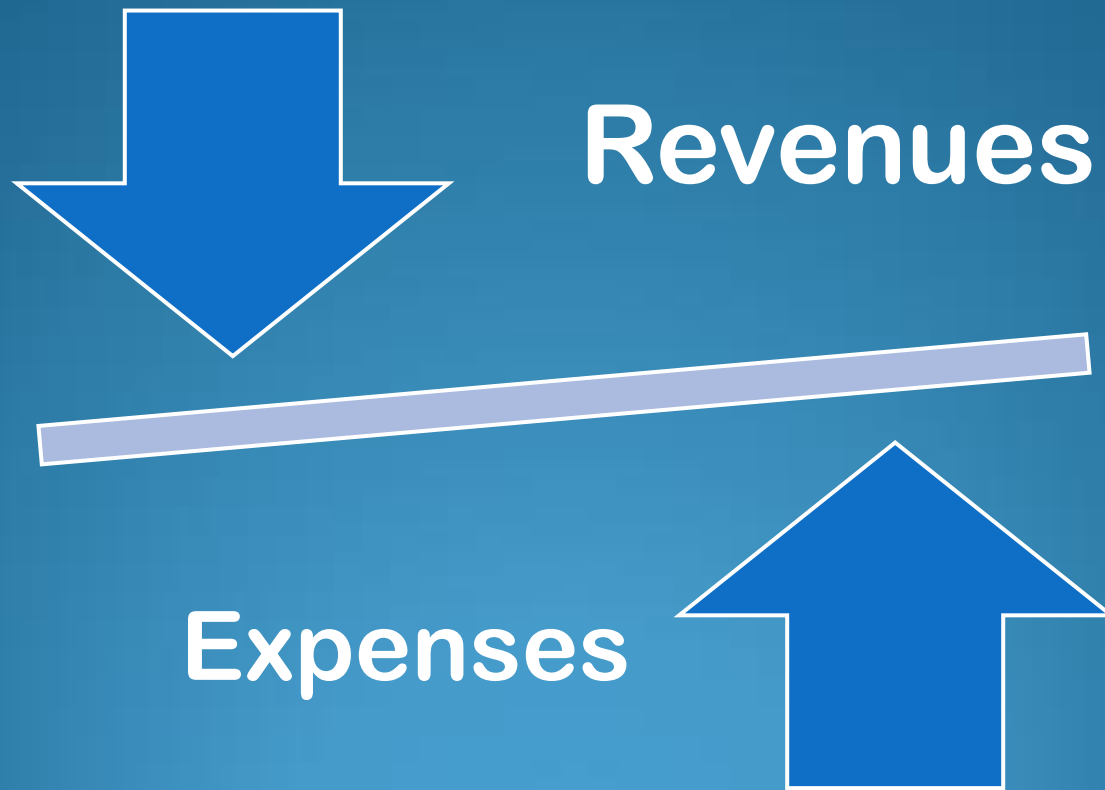


Proposed 2019-20 District Budget

Future CAP Water Charges



Proposed 2019-20 District Budget

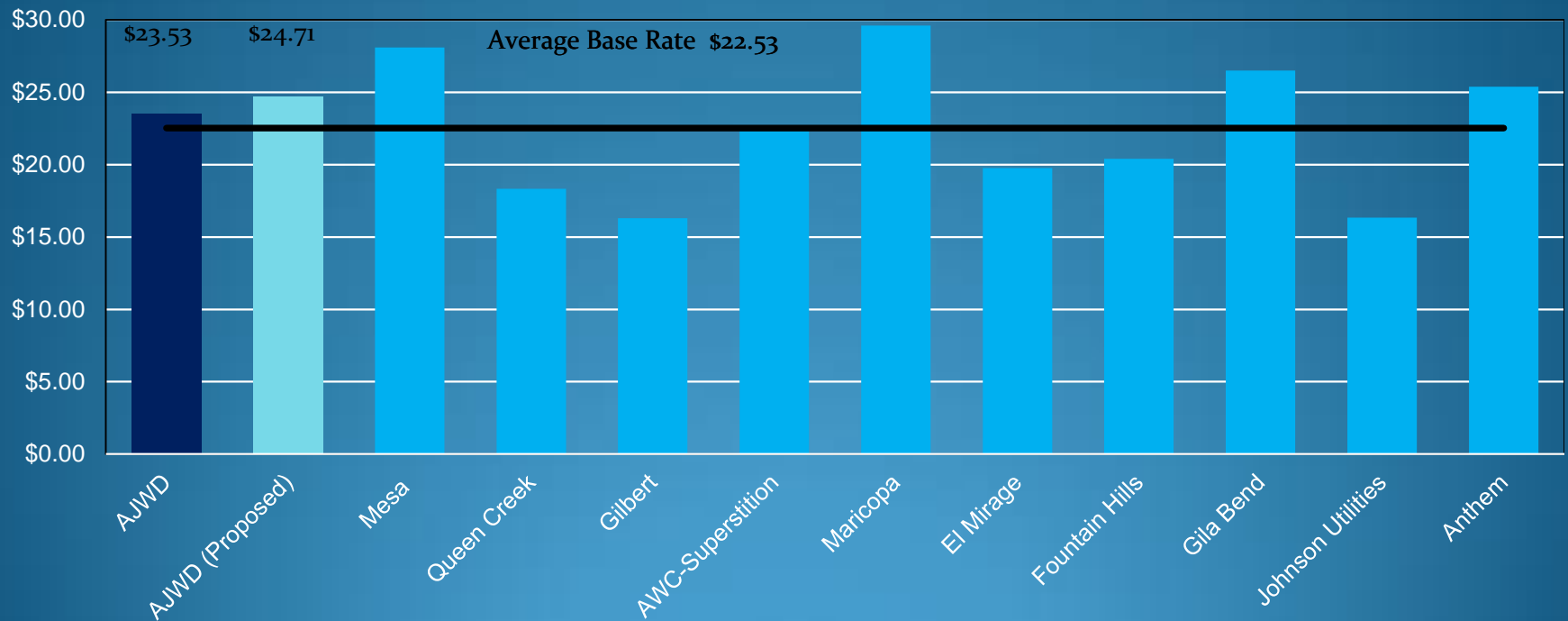


Approach is sensible, reasonable and balanced

Proposed 2019-2020 Rates

BASE RATES COMPARISON

Base Water Rates



Proposed 2019-20 District Budget

PROPOSED RATE ADJUSTMENTS

- Customers Within the City Limits of Apache Junction
 - Base Rate: 5% Increase
 - Consumption Rates: NO CHANGE
 - Consumption Tiers: NO CHANGE

Proposed 2019-20 District Budget

PROPOSED RATE ADJUSTMENTS

- Customers in County and County Islands
 - Base Rate: 5.0% Increase
 - Consumption Rates: 5.0% Increase
 - Consumption Tiers: NO CHANGE

COMPARISON – PROPOSED RATES

District Customers within City Limits

5/8" METER RATE	EXISTING	PROPOSED	DIFFERENCE
Base Rate	\$ 23.53	\$ 24.71	\$ 1.18
Consumption Rate	\$ 34.70	\$ 34.70	\$ 0
Subtotal	\$ 58.23	\$ 59.41	\$ 1.18
Tax	\$ 6.17	\$ 6.30	\$ 0.13
TOTAL	\$ 64.40	\$ 65.71	\$ 1.31

2.0% overall increase

Based on AVERAGE Customer (i.e. small household) using
7,500 gallons per month

COMPARISON – PROPOSED RATES

District Customers in County Areas

5/8" METER RATE	EXISTING	PROPOSED	DIFFERENCE
Base Rate	\$ 24.24	\$ 25.45	\$ 1.21
Consumption Rate	\$ 37.56	\$ 39.45	\$ 1.89
Subtotal	\$ 61.80	\$ 64.90	\$ 3.10
Tax	\$ 4.45	\$ 4.67	\$ 0.22
TOTAL	\$ 66.25	\$ 69.57	\$ 3.32

4.8% overall increase

Based on AVERAGE Customer (i.e. small household) using
7,500 gallons per month

COMPARISON – PROPOSED RATES

5/8" METER RATE	CITY	COUNTY
Base Rate	\$ 24.71	\$ 25.45
Consumption Rate	\$ 34.70	\$ 39.45
Tax	\$ 6.30	\$ 4.67
TOTAL	\$ 65.71	\$ 69.57

**Based on AVERAGE Customer (i.e. small household)
using 7,500 gallons per month**

Residential System Connection Fees

Does Not Affect Current Customer Base

SERVICE TYPE	CURRENT 2018-2019	PROPOSED 2019-2020
Single Family	\$ 4,490	\$ 4,580
Multi-Family	\$ 4,320	\$ 4,410
Manufactured Home / RV Space	\$ 4,490	\$ 4,580

Proposed 2.5 % Increase

Proposed 2019-2020 Rates

Potable Water station

- 725 E. Baseline Ave.



Existing Base Rate \$13.50

Non-Potable Water station

- Baseline Ave. at CAP canal



Proposed Base Rate \$20.25

Proposed 2019-20 District Budget CLASSIFICATION & COMPENSATION

- Will use same Classification and Compensation Plans as the City
- Recommend 2.5% step increase
- 1% increase on average to health insurance premiums