

City of Apache Junction Water Utilities Community Facilities District

Agenda Item 2

Discussion on Proposed Fiscal Year 2021–2022 Budget

**May 4, 2021
(Work Session)**

Overview

- **Proposed 2021-22 Budget**
- **Proposed Rates, Fees, and Charges**
- **Classification and Compensation Plan**
- **Budget Schedule Review**

Proposed 2020-21 District Budget SUMMARY

- Resources:

Revenues	\$ 5,343,645
Reserves	<u>1,552,636</u>
Total Resources	<u>\$ 6,896,281</u>

- Expenditures:

Administration	\$ 2,316,979
System Operations	<u>4,579,302</u>
	<u>\$ 6,896,281</u>

Proposed 2021-22 District Budget

CAPITAL PROJECTS

- 1) Build raw water impound at Superstition Area Water Plant Phase 2 of 3 - \$1,325,000.
\$525,000 rolled over from fiscal year 2021
- 2) Drill new well on Superstition Vista Subdivision site, located south of Baseline and east of Cortez - \$500,000

REVENUES

WATER UTILITIES COMMUNITY FACILITIES DISTRICT (dba APACHE JUNCTION WATER DISTRICT) FY 2021-22 BUDGET

SOURCE OF REVENUES	2019-20 ACTUAL	2020-21 BUDGET	ACTUAL REVENUES 4/15/2021*	% of Budget	2020-21 PROJECTED REVENUE	2021-22 DISTRICT BOARD PROPOSED
CHARGES FOR SERVICE:						
<u>Water Charges</u>						
Residential	\$ 3,670,662	\$ 3,650,000	\$ 2,860,533	0.784	\$ 3,765,272	\$ 3,850,000
Non-Residential	704,807	710,000	534,610	0.753	714,250	730,000
Non-Residential/Construction	63,339	20,000	45,235	2.262	63,775	20,000
Establishment Charge	17,850	25,000	13,000	0.520	17,075	25,000
Installation Charge	22,920	3,000	7,525	2.508	16,615	3,000
CAP	20,472	20,000	15,503	0.775	23,430	20,000
Fire Hydrant	900	5,000		0.000		5,000
Other Services and Charges	48,069	65,000	17,656	0.272	24,025	65,000
<u>Engineering</u>						
Abandonments	\$ 900	\$ 1,500	1,350	0.900	\$ 1,350	\$ 1,500
Plan Reviews	6,800	2,000		0.000		50,000
Construction Inspection Fees	19,847	31,000		0.000		50,000
INTEREST ON INVESTMENTS:						
Interest	\$ 68,969	\$ 90,000		0.000	6,897	\$ 7,000
MISCELLANEOUS:						
Corporate Sponsorship	\$ 1,000	\$ 1,000		0.000	\$ -	\$ 1,000
Water Recharges	13,000	24,000		0.000		2,100
Miscellaneous	4,712	3,000	2,309	0.770	3,000	3,000
Physical Property Sales	-	1,000	-	0.000	-	1,000
SUBTOTAL-UNRESTRICTED						
UNDESIGNATED REVENUE	\$ 4,664,247	\$ 4,651,500	3,497,721		\$ 4,635,689	\$ 4,833,600
RESTRICTED AND DESIGNATED REVENUES:						
Capital Facilities Fee	\$ 194,390	\$ 350,000	379,290	1.084	\$ 491,290	\$ 600,000
Water Resource Acquisition Fee	167,548	150,000	4,666	0.031	216,666	220,000
Infrastructure Financing-WIFA	-	-			0	0
Builder/Devel Contribution	-					
TOTAL	\$ 5,026,185	\$ 5,151,500	\$ 3,861,677		\$ 5,343,645	\$ 5,653,600

EXPENSES

WATER UTILITIES COMMUNITY FACILITIES DISTRICT (dba APACHE JUNCTION WATER DISTRICT) FY 2021-22 BUDGET

BUDGET SUMMARY	2019-20 ACTUAL	2020-21 BUDGET	2020-21 PROJECTED	2021-22 DISTRICT BOARD PROPOSED
RESOURCES:				
Beginning Fund Balance				
Total Fund Balance	\$ 17,791,254	\$ 18,086,749	\$ 18,758,699	\$ 19,537,471
Revenues	5,026,185	5,151,500	5,343,645	5,653,600
TOTAL RESOURCES	\$ 22,817,439	\$ 23,238,249	\$ 24,102,345	\$ 25,191,071
EXPENDITURES:				
<u>Administration</u>				
Operations	\$ 729,722	\$ 923,600	\$ 840,215	\$ 1,074,764
Debt Service	275,565	1,189,690	1,189,685	1,061,435
Capital Outlay	-	50,000	-	-
Administration Total	\$ 1,005,287	\$ 2,163,290	\$ 2,144,470	\$ 2,316,979
<u>System Operations</u>				
Operations	\$ 2,903,148	\$ 2,340,105	\$ 1,990,403	\$ 2,367,302
CAP	150,305	190,000	0	0
Contingency	-	500,000	-	562,000
Capital Outlay	0	995,000	430,000	1,650,000
System Operations Total	\$ 3,053,453	\$ 4,025,105	\$ 2,420,403	\$ 4,579,302
TOTAL EXPENDITURES	\$ 4,058,740	\$ 6,188,395	\$ 4,564,873	\$ 6,896,281
ENDING FUND BALANCE	\$ 18,758,699	\$ 17,049,854	\$ 19,537,471	\$ 18,294,790
LESS: Assignments	\$ 14,839,997	\$ 13,946,657	\$ 13,946,657	\$ 13,946,657
ENDING UNASSIGNED FUND BALANCE	\$ 3,918,702	\$ 3,103,197	\$ 5,590,814	\$ 4,348,133

Proposed 2021-22 District Budget EXPENDITURE INCREASES

- \$1,325,000: Design and Construction Raw Water Impound at the SAWP Phase 2 of 3.
- \$100,000: Utility Billing Software
- \$555,000 FY21 to 770,000 FY22: Central Arizona Project proposed rate structure and additional Non-Indian Agriculture water

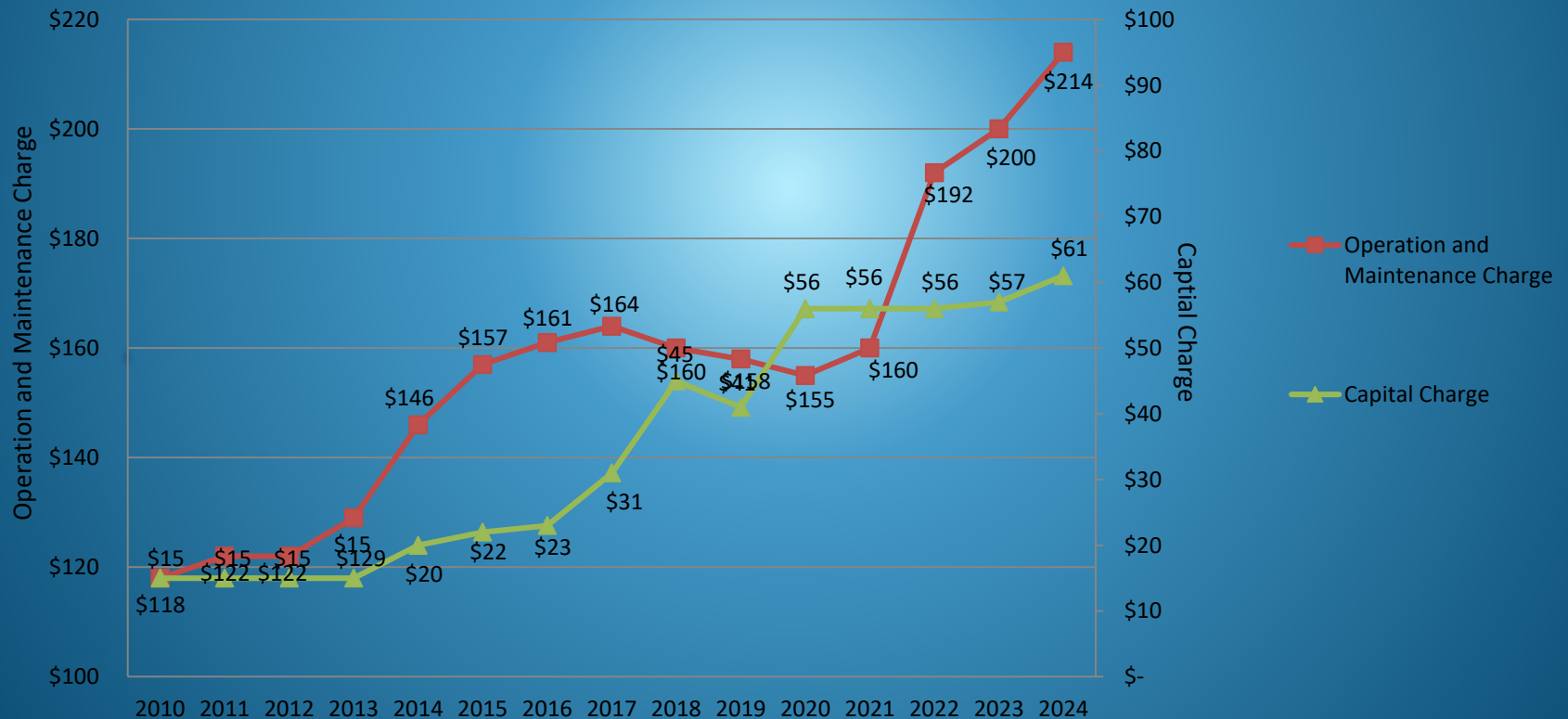
Proposed 2021-22 District Budget EXPENDITURE INCREASES

- \$350,000: Salt River Project Verde River Sedimentation Mitigation – 1 of 3 Study will be done over the next 3 years
- \$250,000: Central Arizona Project funding for 817 acre-feet of Non-Indian Agriculture water – Financed over the next 5 years

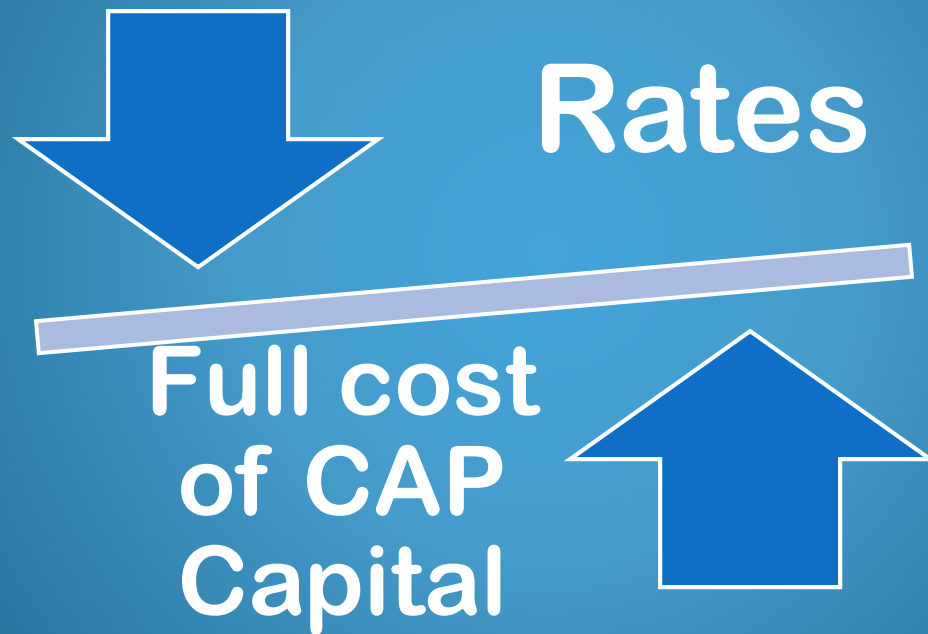
Proposed 2021-22 District Budget

CAP WATER CHARGES

Cost of Central Arizona Project Water

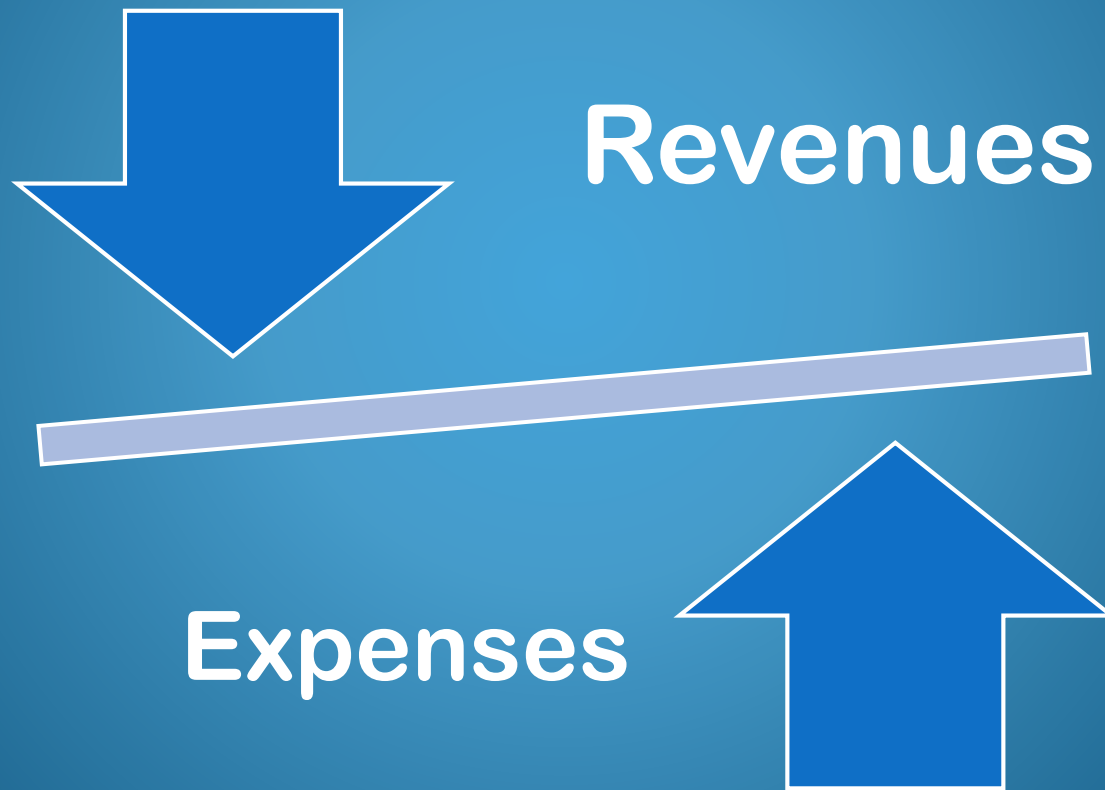


Proposed 2021-22 District Budget



CAP Capital Charges
DID NOT recover the actual cost

Proposed 2021-22 District Budget

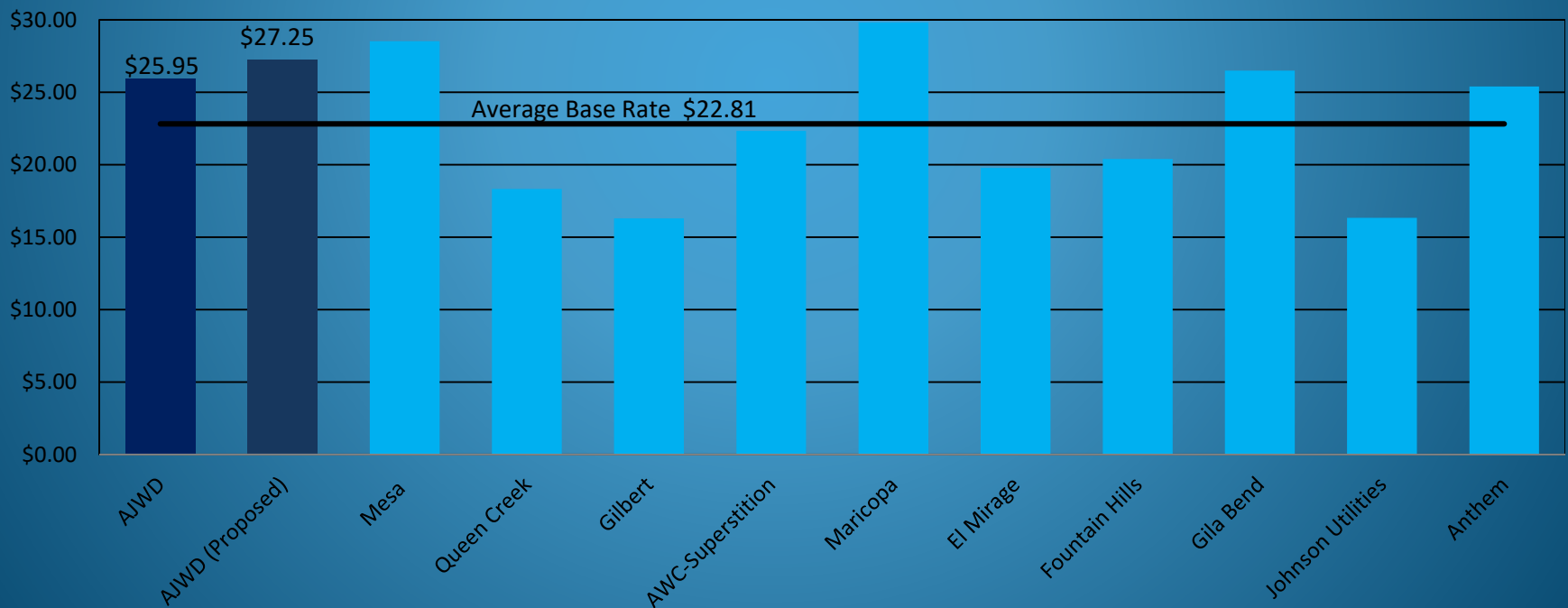


Approach is sensible, reasonable and balanced

Proposed 2021-22 Rates

BASE RATES COMPARISON

Base Water Rates



Proposed 2021-22 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 2021-22 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	\$ 25.95	\$ 27.25	\$ 1.30
Consumption Rate	\$ 34.70	\$ 34.70	\$ 0
Subtotal	\$ 60.65	\$ 61.95	\$ 1.30
Tax	\$ 6.43	\$ 6.57	\$ 0.14
TOTAL	\$ 67.08	\$ 68.52	\$ 1.44

2.1% 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	\$ 26.72	\$ 28.06	\$ 1.34
Consumption Rate	\$ 41.41	\$ 43.49	\$ 2.08
Subtotal	\$ 68.13	\$ 71.55	\$ 3.42
Tax	\$ 4.91	\$ 5.15	\$ 0.25
TOTAL	\$ 73.04	\$ 76.70	\$ 3.66

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	\$ 27.25	28.06
Consumption Rate	\$ 34.70	\$ 43.49
Tax	\$ 6.57	\$ 5.15
TOTAL	\$ 68.52	\$ 76.70

**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 2020-2021	PROPOSED 2021-2022
Single Family	\$ 4,650	\$ 4,700
Multi-Family	\$ 4,480	\$ 4,520
Manufactured Home / RV Space	\$ 4,650	\$ 4,700

Proposed 1.0 % Increase

Residential Water Resource Acquisition Fees

Does Not Affect Current Customer Base

SERVICE TYPE	CURRENT 2020-2021	PROPOSED 2021-2022
Single Family	\$ 823	\$ 3,292
Multi-Family	\$ 658	\$ 2,632

Proposed 400% Increase

Proposed 2021-22 District Budget CLASSIFICATION & COMPENSATION

- 3% Increase to the Compensation Plan
- 10% increase on average to health insurance premiums, the District will cover 3% of the cost of the increase and the employee will cover the other 7%

Fiscal Year 2021-22 Budget

UPCOMING SCHEDULE

- Tentative Budget: May 18, 2021 at 6:00 pm
- Final Budget: June 15, 2021 at 6:00 pm

In Apache Junction City Council Chambers