


**CAREFREE WATER COMPANY, INC. AND
CAREFREE UTILITIES COMMUNITY FACILITIES DISTRICT**

BOARD COMMUNICATION

TO: PRESIDENT AND BOARD MEMBERS
FROM: MEGHAN OREM, CONTROLLER
THROUGH: GREG CROSSMAN, GENERAL MANAGER 
DATE: MAY 28, 2020
SUBJECT: AGENDA ITEM NO. 2 - FY20-21 WATER COMPANY BUDGET AND RATE SCHEDULE

Attached for your review prior to the June 2, 2020, Board meeting are proposed budget and water rate documents for FY 20-21. The Water Company's fiscal year coincides with the Town's and runs from July 1, 2020, through June 30, 2021.

Proposed for FY 20-21 is a water rate increase of 4.4%. This increase applies to both the monthly base fee and the commodity rates and results in an increase in the average residential customer's water bill of \$4.66 per month. This figure is based on an average residential water use of 12,300 gallons per month. In recognition of the economic impact of the COVID-19 emergency, this rate increase is deferred until October 2020. Rate increases normally take effect on July 1st of the fiscal year.

The Water Company's budget is developed as a balanced budget, with revenues matching expenses. Anticipated revenues for FY 20-21 are \$3.0 million.

The following is a summary of major expenses which are general indicators of overall Company costs:

- APS Power – 4% increase
- CAP Water (Untreated) – 2% increase
- Scottsdale Water (Treated) – unchanged
- General and Administrative Costs – 6% increase
- Replacement and Maintenance Costs – 9% increase
- Capital Improvement Program – 3% increase

BUDGET DETAIL

Included in this packet are the following FY 20-21 documents:

- Water Rates Summary and Spreadsheets (pages 2-5)
- Profit and Loss Summary and Spreadsheet (pages 6-7)
- Cost of Water Summary and Spreadsheet (pages 8-9)
- General and Administrative Budget Summary and Spreadsheet (pages 10-14)
- Replacement and Maintenance Budget Summary and Spreadsheet (pages 15-17)
- Reserve Recommendations (page 18)
- Capital Improvement Program Recommendations and Spreadsheets (pages 19-23)

Please contact Greg Crossman (480-488-9100; greg@carefreewaterco.com) with any questions.

Water Rates Summary Carefree Water Company – FY 20-21

- 4.4% Overall Water Rate Increase – Base Fee and Commodity Rates
- Rate increase takes effect October 2020 instead of July
- Average Monthly Bill Increase (Residential): \$4.66
- Current Average Monthly Residential Bill: \$107.00 – Proposed Average Monthly Residential Bill: \$111.66
- Average Residential Monthly Water Use: 12,300 gallons

- Current Residential Base Fee: \$46.27 – Proposed Residential Base Fee: \$48.31 – Up \$2.04
- Commodity Rates: Remain in 5 Tiers to Encourage Conservation
 - Tier Break Points Have Remained the Same
 - Rate in Each Tier (per 1,000 gallon charge) has Increased 4.4%
- Similar 4.4% adjustments to other rate categories (commercial meters and master meters)

**Carefree Water Company
Effective October 1, 2020
Rate Sheet @ 4.4% Base and Commodity Increase**

WR1 & WR4

	Gallons	Base Rate			Commodity Charge			Subtotal Before Taxes			Taxes			Total With Taxes			Overall %	
		Current	New	Difference	Current	New	Difference	Current	New	Difference	Current	New	Difference	Current	New	Difference	Difference	
Tier 1 - \$3.90 (Curr - \$3.74)	1,000	46.27	48.31	2.04	3.74	3.90	0.16	50.01	52.21	2.20	4.66	4.86	0.20	54.67	57.07	2.40	4.4%	4.4%
	2,000	46.27	48.31	2.04	7.48	7.8	0.32	53.75	56.11	2.36	5.01	5.23	0.22	58.76	61.34	2.58	4.4%	4.4%
	4,000	46.27	48.31	2.04	14.96	15.6	0.64	61.23	63.91	2.68	5.72	5.97	0.25	66.95	69.88	2.93	4.4%	4.4%
	6,000	46.27	48.31	2.04	22.44	23.4	0.96	68.71	71.71	3.00	6.43	6.71	0.28	75.14	78.42	3.28	4.4%	4.4%
	8,000	46.27	48.31	2.04	29.92	31.2	1.28	76.19	79.51	3.32	7.14	7.45	0.31	83.33	86.96	3.63	4.4%	4.4%
Tier 2 - \$5.25 (Curr - \$5.03)	9,000	46.27	48.31	2.04	34.95	36.45	1.50	81.22	84.76	3.54	7.61	7.94	0.33	88.83	92.70	3.87	4.4%	4.4%
	12,300	46.27	48.31	2.04	51.55	53.78	2.23	97.82	102.09	4.27	9.18	9.57	0.40	107.00	111.66	4.66	4.4%	4.4%
	14,000	46.27	48.31	2.04	60.10	62.70	2.60	106.37	111.01	4.64	9.98	10.41	0.43	116.35	121.42	5.07	4.4%	4.4%
	16,000	46.27	48.31	2.04	70.16	73.20	3.04	116.43	121.51	5.08	10.93	11.40	0.47	127.36	132.91	5.55	4.4%	4.4%
	18,000	46.27	48.31	2.04	80.22	83.70	3.48	126.49	132.01	5.52	11.88	12.39	0.51	138.37	144.40	6.03	4.4%	4.4%
Tier 3 - \$6.90 (Curr - \$6.61)	20,000	46.27	48.31	2.04	90.28	94.20	3.92	136.55	142.51	5.96	12.83	13.38	0.55	149.38	155.89	6.51	4.4%	4.4%
	22,000	46.27	48.31	2.04	103.50	108.00	4.50	149.77	156.31	6.54	14.07	14.68	0.61	163.84	170.99	7.15	4.4%	4.4%
	24,000	46.27	48.31	2.04	116.72	121.80	5.08	162.99	170.11	7.12	15.31	15.98	0.66	178.30	186.09	7.78	4.4%	4.4%
	26,000	46.27	48.31	2.04	129.94	135.60	5.66	176.21	183.91	7.70	16.56	17.27	0.72	192.77	201.18	8.42	4.4%	4.4%
	28,000	46.27	48.31	2.04	143.16	149.40	6.24	189.43	197.71	8.28	17.80	18.57	0.77	207.23	216.28	9.05	4.4%	4.4%
Tier 4 - \$8.92 (Curr - \$8.54)	30,000	46.27	48.31	2.04	156.38	163.20	6.82	202.65	211.51	8.86	19.04	19.87	0.82	221.69	231.38	9.68	4.4%	4.4%
	32,000	46.27	48.31	2.04	173.46	181.04	7.58	219.73	229.35	9.62	20.64	21.54	0.89	240.37	250.89	10.51	4.4%	4.4%
	35,000	46.27	48.31	2.04	199.08	207.80	8.72	245.35	256.11	10.76	23.05	24.05	1.00	268.40	280.16	11.76	4.4%	4.4%
	40,000	46.27	48.31	2.04	241.78	252.40	10.62	288.05	300.71	12.66	27.05	28.23	1.18	315.10	328.94	13.84	4.4%	4.4%
	45,000	46.27	48.31	2.04	284.48	297.00	12.52	330.75	345.31	14.56	31.05	32.41	1.35	361.80	377.72	15.91	4.4%	4.4%
Tier 5 - \$11.59 (Curr - \$11.10)	50,000	46.27	48.31	2.04	327.18	341.60	14.42	373.45	389.91	16.46	35.06	36.59	1.53	408.51	426.50	17.99	4.4%	4.4%
	55,000	46.27	48.31	2.04	382.68	399.55	16.87	428.95	447.86	18.91	40.25	42.01	1.76	469.20	489.87	20.67	4.4%	4.4%
	60,000	46.27	48.31	2.04	438.18	457.50	19.32	484.45	505.81	21.36	45.44	47.43	1.99	529.89	553.24	23.35	4.4%	4.4%
	65,000	46.27	48.31	2.04	493.68	515.45	21.77	539.95	563.76	23.81	50.64	52.85	2.21	590.59	616.61	26.02	4.4%	4.4%
	70,000	46.27	48.31	2.04	549.18	573.40	24.22	595.45	621.71	26.26	55.83	58.27	2.44	651.28	679.98	28.70	4.4%	4.4%
Average Residential Usage	80,000	46.27	48.31	2.04	650.18	689.30	29.12	706.45	737.61	31.16	66.22	69.12	2.90	772.67	806.73	34.06	4.4%	4.4%
	90,000	46.27	48.31	2.04	771.18	805.20	34.02	817.45	853.51	36.06	76.61	79.96	3.35	894.06	933.47	39.41	4.4%	4.4%
	100,000	46.27	48.31	2.04	882.18	921.10	38.92	928.45	969.41	40.96	87.00	90.81	3.81	1,015.45	1,060.22	44.77	4.4%	4.4%

Average Residential Usage

CAREFREE WATER COMPANY RATE SCHEDULE
Effective October 1, 2020
Before Taxes

Meter Type	Meter Size	Meter Classification	Monthly Base Fee	Monthly Commodity (Usage) Charges and Tier Breakdown									
				Tier 1		Tier 2		Tier 3		Tier 4		Tier 5	
				From (gallons)	To (gallons)	From (gallons)	To (gallons)	From (gallons)	To (gallons)	From (gallons)	To (gallons)	From (gallons)	To (gallons)
RESIDENTIAL METERS													
Residential	5/8 x 3/4 inch	WR1	\$ 48.31	0	8,000	8,001	20,000	20,001	30,000	30,001	50,000	50,001	and over
Residential	1 inch	WR4	\$ 48.31	0	8,000	8,001	20,000	20,001	30,000	30,001	50,000	50,001	and over
COMMERCIAL METERS													
Commercial	1 inch	WR5	\$ 86.97	0	8,000	8,001	16,000	16,001	32,000	32,001	64,000	64,001	and over
Commercial	1-1/2 inch	WR6	\$ 215.85	0	11,000	11,001	16,000	16,001	35,000	35,001	70,000	70,001	and over
Commercial	2 inch	WC8	\$ 517.41	0	20,000	20,001	40,000	40,001	80,000	80,001	160,000	160,001	and over
Commercial	3 inch	WC9	\$ 689.68	0	100,000	100,001	200,000	200,001	400,000	400,001	600,000	600,001	and over
MASTER METERS													
Master Meter 1		MM1 - 8	\$ 367.14	0	30,000	30,001	40,000	40,001	60,000	60,001	80,000	80,001	and over
Master Meter 2		MM2 - 4	\$ 183.58	0	30,000	30,001	50,000	50,001	70,000	70,001	90,000	90,001	and over
Master Meter 3		MM3 - 8	\$ 367.14	0	40,000	40,001	80,000	80,001	100,000	100,001	150,000	150,001	and over
Master Meter 4		MM4 - 6	\$ 275.37	0	50,000	50,001	100,000	100,001	190,000	190,001	250,000	250,001	and over
Master Meter 5		MM5 - 12	\$ 562.15	0	30,000	30,001	50,000	50,001	80,000	80,001	100,000	100,001	and over
Master Meter 6		MM6 - 38	\$ 1,743.92	0	170,000	170,001	270,000	270,001	300,000	300,001	350,000	350,001	and over
Master Meter 7		MM7 - 18	\$ 826.09	0	80,000	80,001	100,000	100,001	120,000	120,001	150,000	150,001	and over
Master Meter 8		MM8 - 11	\$ 504.82	0	90,000	90,001	150,000	150,001	200,000	200,001	250,000	250,001	and over
Master Meter 9		MM9 - 10	\$ 458.93	0	75,000	75,001	105,000	105,001	135,000	135,001	165,000	165,001	and over
Master Meter 10		MM10 - 11	\$ 504.82	0	60,000	60,001	120,000	120,001	190,000	190,001	220,000	220,001	and over
STAND PIPE													
Stand Pipe		CWH	\$ -	\$6.91 per 1000 gallons - Minimum Billing \$5.00 - Additional Keys \$10.00									
FIRE HYDRANT METER													
Fire Hydrant		FHY	\$ 151.84	\$6.91 per 1000 gallons after the first 20,000 gallons									

Temporary Turn-Off Policy - Customers may request their water service to be turned off temporarily or permanently at any time. If water service is off for less than nine (9) months, at the time service is re-established, the customer will be billed the monthly base fee plus tax for the number of months the water was off. If water service is off for more than nine (9) months, the customer will be billed the New Account Set-Up Fee at the time service is re-established.

NEW ACCOUNT SETUP FEES	
Residential and Commercial	\$50.00
Landlord (Transfer to Info on File)	\$10.00
Fire Hydrant	\$100.00

TAXES	
State Sales Tax	6.3%
Town Sales Tax	3.0%
State Water Tax	\$0.0065 /1,000 gal. billed

REFUNDABLE DEPOSITS	
Residential	\$200.00
Commercial	3X Average Water Bill
Stand Pipe	\$50.00
Fire Hydr. Meter	\$900.00

NEW CONSTRUCTION CHARGES AND FEES			
Meter and Service Size	Service Connection Charge	Water Capacity Fee ¹	Total
1" Meter and Service	\$3,080.00	\$3,639.00	\$6,719.00
1" Meter Only-New Subdivision	\$965.00	\$3,639.00	\$4,604.00
1-1/2" Meter and Service	\$4,275.00	\$6,595.00	\$10,870.00
2" Meter and Service	\$6,480.00	\$10,244.00	\$16,724.00
3" Compound Meter	\$20,175.00	\$20,806.00	\$40,981.00
4" Compound Meter	\$25,000.00	\$31,880.00	\$56,880.00
1" Meter & Serv. Upgrade(from 3/4")	\$2,515.00	-	\$2,515.00
1" Meter Only Upgrade (from 3/4")	\$400.00	-	\$400.00

¹Distribution, Storage, and Pumping Capacity

PAYMENT AND BILLING FEES	
Credit Card Convenience Fee (per transaction)	\$3.50
Monthly Billings & Other Charges Under \$500	3% of Amount
Other Charges Over \$500	\$7.00
Late Payment or Delinquent Charge (per month)	\$5.00
Foreign Currency Transaction	\$2.00
Foreign Mailing Fee	Bank Charge Amt
Insufficient Funds or Returned Check Fee	1.5% per month
Interest on Outstanding Balance	

MISCELLANEOUS SERVICES AND FEES	
Data Log Fee - Beginning With Second Data Log	\$30.00
Meter Re-Read (Customer Request)	\$25.00
Account Re-Establishment Fee	\$125.00
Change-Out or Moving Meter	At Water Co. Cost
Third Party Meter Test (Customer Request)	At Water Co. Cost
Emergency Call Out	
(If Water Company is Not Responsible for Problem)	\$80.00
Unauthorized Meter Turn-On - Residential	\$150.00
Unauthorized Meter Turn-On - Commercial	\$250.00
Unauthorized Fire Hydrant Use - Per Use	\$300.00

SAMPLE RESIDENTIAL WATER BILL CALCULATION ²			
1 inch Residential Meter (WR4 Classification) @ 24,000 gallons			
Tier 1:	8,000 gallons	@ \$ 3.90 /1000 gal.	= \$ 31.20
Tier 2:	12,000 gallons	@ \$ 5.25 /1000 gal.	= \$ 63.00
Tier 3:	4,000 gallons	@ \$ 6.90 /1000 gal.	= \$ 27.60
Tier 4:	0 gallons	@ \$ 8.92 /1000 gal.	= \$ -
Tier 5:	0 gallons	@ \$ 11.59 /1000 gal.	= \$ -
Month Total:	24,000 gallons		Base Fee \$ 48.31
			Total (Does not include taxes) \$ 170.11

² A Residential Water Bill Calculator is available on our website at www.carefreewaterco.com

Profit and Loss Summary Carefree Water Company – FY 20-21

- “All encompassing” spreadsheet to ensure cash flow needs are met (revenue stream matches expenditures)
- Looks at anticipated revenues (primarily from water sales) in relation to anticipated expenditures (e.g., Cost of Water, General & Administrative, Replacement & Maintenance)
- The Profit and Loss spreadsheet also includes other cash uses such as:
 - WIFA Loan Repayment
 - ~~Bond Debt Repayment (original Water Company purchase)~~ – Retired on 7/1/18
 - Town of Carefree Repayment ←
 - Water Company Building Rent
 - Reserve Deposits
 - Capital Improvement Projects
- Bottom Line: Revenue stream must cover all cash uses (cash flow/expenditures)

Cost of Water Summary Carefree Water Company – FY 20-21

- Water use is based on a 3-year average
- The cost of water is the Water Company's single largest expense at \$969,962
- Continued Focus on Utilizing Renewable CAP Supply (Saving GW for Emergencies)
 - 65% CAP Water
 - 35% Groundwater
- Water costs are increasing about \$27,500 this FY due to the following:
 - 2% Increase in CAP Costs
 - 4% Increase in APS Costs
 - Treated CAP Water Mix - Assumption for Budgeting:
 - 100% Scottsdale/0% from Cave Creek
 - \$3.10/Kgal. vs. \$2.73/Kgal.
 - Cave Creek Working Through Water Quality Issues

**Carefree Water Company
Estimated Water Costs
Fiscal Year 2020-21**

May 2020

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Total
Water Sold FY19-20 (19 Only)	97.7	93.2	84.3	88.5	68.5	57.8	63.1	51.2	55.7	72.8	68.6	77.2	874.0
Water Sold FY18-19	102.9	96.1	87.9	73.2	69.6	63.1	63.1	51.2	55.7	72.8	68.6	77.2	874.0
Water Sold FY17-18	88.2	97.7	85.7	93.5	78.0	65.4	67.0	57.0	66.1	73.5	89.3	89.9	951.3
Water Sold FY16-17 (17 Only)							51.0	50.7	59.9	66.5	83.0	87.6	398.7
3-yr Average Water Sold (Use for 20-21)	96.3	95.7	86.0	85.1	72.0	59.6	60.4	53.0	60.6	70.9	80.3	84.9	904.7
3-yr Average Water Sold (Use for 20-21)	31,369	31,173	28,012	27,719	23,472	19,432	19,671	17,259	19,736	23,114	26,166	27,665	294,787
Percent of Annual Usage (Use for 20-21)	10.6%	10.6%	9.5%	9.4%	8.0%	6.6%	6.7%	5.9%	6.7%	7.8%	8.9%	9.4%	100.0%
Water Supplied (Sold/0.9) (Use for 20-21)	107.0	106.3	95.5	94.5	80.0	66.3	67.1	58.9	67.3	78.8	89.2	94.3	1005.2
Ground Water A.F. (35%)	37.4	37.2	33.4	33.1	28.0	23.2	23.5	20.6	23.6	27.6	31.2	33.0	351.8
CAP Water A.F. (65%)	69.5	69.1	62.1	61.4	52.0	43.1	43.6	38.3	43.7	51.2	58.0	61.3	653.4
CAP Water A.F. +5%	3.5	3.5	3.1	3.1	2.6	2.2	2.2	1.9	2.2	2.6	2.9	3.1	32.7
CAVE CREEK WATER													
0% of CAP Water	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acre-Feet	0	0	0	0	0	0	0	0	0	0	0	0	0
1,000's Gallons	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost @\$2.73/1,000 Gal.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SCOTTSDALE WATER													
100% of CAP Water	69.5	69.1	62.1	61.4	52.0	43.1	43.6	38.3	43.7	51.2	58.0	61.3	653.4
Acre-Feet	22,655	22,514	20,231	20,019	16,952	14,034	14,207	12,465	14,254	16,693	18,898	19,980	212,901
1,000's Gallons	\$70,231	\$69,793	\$62,716	\$62,060	\$52,551	\$43,505	\$44,040	\$38,642	\$44,186	\$51,749	\$58,582	\$61,938	\$659,994
Cost @\$3.10/1,000 Gal. *	\$313.00	\$313.00	\$313.00	\$313.00	\$313.00	\$313.00	\$313.00	\$313.00	\$313.00	\$313.00	\$313.00	\$313.00	\$3,756
Meter Fee	\$70,544	\$70,106	\$63,029	\$62,373	\$52,864	\$43,818	\$44,353	\$38,955	\$44,499	\$52,062	\$58,895	\$62,251	\$663,750
* \$3.19/1,000 Gal. After Oct. 2020													
POTABLE GROUNDWATER													
Pumped Groundwater (A.F. - From Above)	37.4	37.2	33.4	33.1	28.0	23.2	23.5	20.6	23.6	27.6	31.2	33.0	351.8
Pumped Groundwater (1000 gallons)	12,199	12,123	10,894	10,780	9,128	7,557	7,650	6,712	7,675	8,989	10,176	10,759	114,639
Cost @\$0.650/1,000 Gal. (4% increase)	\$7,929	\$7,880	\$7,081	\$7,007	\$5,933	\$4,912	\$4,972	\$4,363	\$4,989	\$5,843	\$6,614	\$6,993	\$74,515
Groundwater Withdrawal Fee (ADWR)	\$5,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$2,000
Chemicals and Testing	\$11,229	\$9,180	\$8,381	\$8,307	\$7,233	\$6,212	\$6,272	\$5,663	\$6,289	\$7,143	\$7,914	\$8,293	\$94,115
GOLF COURSE GROUNDWATER													
A.F. Pumped (2019)													A.F.
(2018)													300.0
(2017)													214.8
(3-yr Ave.)													225.8
Electrical Cost	745.22	0.14	\$2,146.32	\$2,146.32	\$2,146.32	\$2,146.32	\$2,146.32	\$2,146.32	\$2,146.32	\$2,146.32	\$2,146.32	\$2,146.32	\$25,756
CAP COSTS													
Capital Cost	\$56	\$57	\$6,067	\$6,067	\$6,067	\$6,067	\$6,175	\$6,175	\$6,175	\$6,175	\$6,175	\$6,175	\$73,450
M&I Cost	\$155	\$160	\$11,315	\$11,245	\$8,467	\$7,009	\$7,324	\$6,427	\$7,349	\$8,607	\$9,743	\$10,301	\$107,891
CAP Contingency								\$5,000					\$5,000
Total Cost	\$17,382	\$17,311	\$16,171	\$16,066	\$14,534	\$13,076	\$13,499	\$17,602	\$13,524	\$14,782	\$15,918	\$16,476	\$186,341
ALL WATER COSTS	\$101,301	\$98,744	\$89,728	\$88,892	\$76,778	\$65,252	\$68,271	\$64,365	\$66,458	\$76,133	\$84,874	\$89,167	\$969,962

General and Administrative (G&A) Summary Carefree Water Company – FY 20-21

- Overall G&A expenses up 6% (up approx. \$56,000) compared to last FY
 - Three significant drivers of increase
 - Unfunded Federal Mandate – AWIA (America’s Water Infrastructure Act)
 - Risk and Resilience Assessment
 - Emergency Response Plan
 - Payroll expenses up about 4%
 - 6% Increase in Health Insurance Costs
 - 2.5% Cost-of-Living Adjustment – All employees
 - Potential for operator certification upgrades – 3 field crew members
 - No merit increases
 - Annual software fees
 - Work Order System

**General and Administrative Budget by Category
for 2020-21**

	2019-2020 Budget	2020-2021 Budget	Difference	
<u>Payroll, Payroll Taxes, Group Insurance & Benefits</u>				
Base Salaries	400,117	425,638		
Overtime	4,000	4,000		
Compensation Time	3,000	3,000		
Bonus	4,000	4,000		
Merit Increase	10,000	-		
Emgr. On-Call	11,000	11,000		
All Health Insurance Combined	100,184	106,405		
IRA and Retirement	44,344	44,367		
All Payroll taxes	28,604	32,282		
Medicare	6,690	7,550		
Unemployment	-	-		
Equalization Taxes	-	-		
	<u>611,938</u>	<u>638,242</u>	<u>26,304</u>	4%
<u>Training Expense A/C 60154</u>				
	<u>4,000</u>	<u>4,000</u>	<u>0</u>	0%
<u>Employee Expenses A/C 60152</u>				
Uniforms	1,800	2,100		
	<u>1,800</u>	<u>2,100</u>	<u>300</u>	14%
<u>Safety Equipment A/C 60156</u>				
Personal Protective Equipment	1,450	1,450		
Safety Equipment	1,500	1,500		
	<u>2,950</u>	<u>2,950</u>	<u>0</u>	0%
<u>Accounting and Professional Services A/C 60201</u>				
Auditors	9,500	6,500		
Dasco	2,000	2,000		
ER System	6,000	6,000		
Payroll Experts	2,000	2,350		
Emergency Response Planning AWIA	-	30,000		
	<u>19,500</u>	<u>46,850</u>	<u>27,350</u>	58%
<u>Legal A/C 60202</u>				
	<u>2,000</u>	<u>3,000</u>	<u>1,000</u>	33%
<u>Cleaning Service A/C 60204</u>				
Regular	6,000	5,500		
	<u>6,000</u>	<u>5,500</u>	<u>(500)</u>	-9%

<u>SCADA A/C 60207</u>				
SCADA	3,200	5,000		
Go to My PC	204	210		
Wonderware/Standard Automation	1,000	1,000		
Specter - WIN 911	500	500		
	<u>4,904</u>	<u>6,710</u>	<u>1,806</u>	27%
<u>Computer A/C 60205</u>				
Continental	2,900	2,900		
Sage	3,000	3,000		
Read Center	900	900		
Beacon Mobile	2,340	2,340		
Computer Repair	4,560	4,560		
Backup Software	50	50		
Printer	500	500		
Bitdefender - Virus Protection	600	600		
Fixed Asset Software	300	300		
Offsite Backup	2,100	2,100		
Log Me In	500	500		
Firewall	140	140		
	<u>17,890</u>	<u>17,890</u>	<u>0</u>	0%
<u>Insurance A/C 60250</u>				
Cincinnati Insurance	48,000	46,000		
Claims (Insurance Deductible- Contingency)	5,000	5,000		
	<u>53,000</u>	<u>51,000</u>	<u>(2,000)</u>	-4%
<u>Postage A/C 60300</u>				
Billings	7,200	6,000		
Mail Pickup	420	500		
Additional mailings	1,300	1,300		
	<u>8,920</u>	<u>7,800</u>	<u>(1,120)</u>	-14%
<u>Telephone A/C 60351</u>				
Cox	2,900	2,900		
Verizon	3,800	3,800		
Replacement Cell Phones	500	500		
	<u>7,200</u>	<u>7,200</u>	<u>0</u>	0%

<u>Promotional A/C 60353</u>			
Truck Magnets	120	240	
Advertisement	500	500	
	<u>620</u>	<u>740</u>	<u>120</u>
			16%
<u>Auto Expense A/C 60400</u>			
Repairs, batteries, tires	2,000	2,000	
Fuel *	15,500	15,500	
Fuel Adj.(Potential Increase)	3,000	3,000	
	<u>20,500</u>	<u>20,500</u>	<u>0</u>
			0%
<u>Office Supplies A/C 60452</u>			
Printing	3,500	3,500	
All Other	3,500	3,500	
	<u>7,000</u>	<u>7,000</u>	<u>0</u>
			0%
<u>Security and Emergency A/C 60453</u>			
Safeguard - Office	700	700	
	<u>700</u>	<u>700</u>	<u>0</u>
			0%
<u>Office Utilities A/C 60454</u>			
	<u>5,000</u>	<u>4,500</u>	<u>(500)</u>
			-11%
<u>Fees and Permits A/C 60501</u>			
Maricopa County	5,000	3,100	
ACC	46	50	
Carefree Shadows HOA	124	125	
PO Boxes	106	125	
TPT License	24	-	
Town License	40	40	
	<u>5,340</u>	<u>3,440</u>	<u>(1,900)</u>
			-55%
<u>Dues and Subscriptions A/C 60456</u>			
Blue Stake	1,000	1,000	
AWWA Membership	340	350	
Rural Water Association	750	750	
WEF	205	205	
American Society of Civil Engineers	280	300	
AZ State Board of Accountancy	300	300	
Costco	260	260	
Water Operator Certifications	-	300	
	<u>3,135</u>	<u>3,165</u>	<u>30</u>
			1%

<u>Office Equipment Rental A/C 60457</u>				
Postage Machine	2,000	2,500		
Folding and Stuffing Machine	5,700	6,000		
	<u>7,700</u>	<u>8,500</u>	<u>800</u>	9%
<u>Bad Debt Write-off A/C 60550</u>				
	<u>3,000</u>	<u>3,000</u>	<u>0</u>	0%
<u>Loss Write Off - Meters</u>				
	<u>12,000</u>	<u>12,000</u>	<u>0</u>	0%
<u>Income Tax</u>				
State	52	52		
	<u>52</u>	<u>52</u>	<u>0</u>	0%
<u>Credit Card Charges A/C 60652</u>				
	<u>6,500</u>	<u>4,000</u>	<u>(2,500)</u>	-63%
<u>Bank Charges A/C 60653</u>				
All Other Banks	500	500		
Chase (Electronic Banking)	8,500	9,500		
	<u>9,000</u>	<u>10,000</u>	<u>1,000</u>	10%
<u>GIS Mapping A/C 60206</u>				
GPS Annual Fee	2,400	2,400		
Monthly MIFI Fee	400	400		
ARC Service Agreement	1,475	1,475		
Support	20,000	20,000		
Elements Annual Maintenance	1,500	7,500		
True Image Backup	40	-		
	<u>25,815</u>	<u>31,775</u>	<u>5,960</u>	19%
<u>Water Conservation Costs A/C 6100</u>				
Literature/Community Events	2,000	2,000		
	<u>2,000</u>	<u>2,000</u>	<u>0</u>	0%
<u>Total Costs</u>				
	<u>848,464</u>	<u>904,614</u>	<u>56,150</u>	6%

Replacement and Maintenance (R&M) Summary Carefree Water Company – FY 20-21

- Funds the normal water system maintenance items we do everyday
- Unscheduled repair/replacement costs are the hardest to predict
- Utilized historical expenses from the last 3 years, plus knowledge of what needs to be done
- Last year R&M went up 21%, 6 years prior to that had been very flat, even decreased
- This FY expecting 9% increase in costs
 - Two primary drivers:
 - “Routine” cleaning of our 1 MG water tank, hub of system
 - Moved Town Equipment Cost Sharing (\$8,850) into this category

**Replacement and Maintenance Budget
2020-2021**

	2019-2020 Budget	2020-2021 Budget	Variance	Percentage
<u>R & M Tanks</u>				
Tank Maint.	30,000	41,000		
Misc.	3,000	3,000		
	<u>33,000</u>	<u>44,000</u>	11,000	<u>33%</u>
<u>R & M Pumps and Wells</u>				
Pumps Stations	10,000	10,000		
Wells	5,000	5,000		
	<u>15,000</u>	<u>15,000</u>	0	<u>0%</u>
<u>R & M Mains and Valves</u>				
Valves	10,000	10,000		
Mains Repairs	18,000	20,000		
Other Distribution Repairs	0	0		
	<u>28,000</u>	<u>30,000</u>	2,000	<u>7%</u>
<u>R & M Services/Meters</u>	<u>25,000</u>	<u>25,000</u>	0	<u>0%</u>
<u>R & M Easements & Right of Way Landscape</u>	<u>2,000</u>	<u>2,000</u>	0	<u>0%</u>
<u>R & M Equipment</u>				
Backhoe	3,000	3,000		
Mini Excavator	1,000	1,000		
Trucks	1,500	1,500		
Chlorination	250	1,500		
Town Equipment Cost Sharing	0	8,850		
	<u>5,750</u>	<u>15,850</u>	10,100	<u>176%</u>
<u>Fire Hydrant Maintenance</u>	<u>3,000</u>	<u>3,000</u>	0	<u>0%</u>
<u>R & M Generator</u>	<u>25,000</u>	<u>14,500</u>	(10,500)	<u>-42%</u>
<u>R & M Interconnect</u>	<u>2,000</u>	<u>2,000</u>	0	<u>0%</u>
<u>R & M Supplies</u>	<u>4,000</u>	<u>4,000</u>	0	<u>0%</u>

<u>R & M General</u>				
AC Units	1,700	1,700		
Fire Protection	400	400		
Exterminating	540	540		
	<u>2,640</u>	<u>2,640</u>	<u>0</u>	<u>0%</u>
<u>Equipment Rental</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>0%</u>
Total Maint. and Replacement	<u>146,390</u>	<u>158,990</u>	<u>12,600</u>	<u>9%</u>

Reserve Recommendations Carefree Water Company – FY 20-21

- **Target Balance:** **\$1,000,000** (based on AWWA recommendations)
- **Current Reserve Balance:** **\$ 960,000**
- Shortfall:** **\$ 40,000**

Recommended Reserve Deposits:

FY 20-21: \$ 20,000

FY 21-22: \$ 20,000

Capital Improvement Program Recommendations Carefree Water Company – FY 20-21

Total FY 20-21 Capital Budget - \$288,919

- Fire Protection - \$20,000
- System Automation and Technology - \$20,000
- System Improvements - \$220,419
- Capital Equipment - \$28,500
- Water Rights - \$0 (Fully Funded)
- Capital Reserves (Large Project Improvement Fund) - \$0

CAPITAL IMPROVEMENT PROGRAM DETAILS

Fire Protection - \$20,000

- 2 Replacement Fire Hydrants – \$10,000
1969-1990 Hydrants, non-standard, hard to operate
- 2 New Fire Hydrants - \$10,000

System Automation and Technology - \$20,000

Billing System Upgrades

System Improvements - \$220,419

- Annual Meter Replacement Program – \$31,250 (125 meters)
- Valve Replacement Program – \$20,000
- Pipeline Upgrade Projects - \$169,169

Capital Equipment Account – \$28,500 (Annual FY 20-21 Deposit)

Anticipated Available Funds FY 20-21	\$ 67,395
<u>Anticipated Account Expenditures for FY 20-21*</u>	<u>\$ 39,000</u>
End of FY 20-21 Account Balance	\$ 28,395

*FY 20-21 Planned Expenditures:

Vehicles (Work Truck):	\$30,000
Large Tools (Welder)	\$ 2,000
<u>Technology:</u>	<u>\$ 7,000</u>
FY 20-21 Account Expenditures	\$39,000*

Water Rights - \$0

Fully Funded for 112 AF @ \$1,288/AF = \$144,332

Capital Reserve Account – FY 20-21 Deposit - \$0

Account Balance (Carry Over) \$127,700
(To be utilized for Pipeline Upgrade Projects)

**CAREFREE WATER COMPANY
10-YEAR CAPITAL IMPROVEMENT PLAN
FY 20-21 THRU FY 29-30**

Capital Improvement Description	Fiscal Year (FY)										Line Item Total	Category Total	
	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30			
Fire Protection													
Number of Fire Hydrants	4*	3	3	3	3	3	3	3	3	3	3	30	
Fire Hydrants	\$ 20,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 155,000	\$ 155,000
System Automation and Technology													
SCADA System Improvements													
Billing System Upgrades	\$ 20,000									\$ 30,000		\$ 50,000	\$ 100,000
System Improvements													
Annual Meter Replacement (125 per year)	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 312,500	
Valve Replacement Program	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 200,000	
Pipeline Upgrade Projects**	\$ 267,670	\$ 169,169	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 1,786,839	\$ 2,289,339
Capital Equipment													
Annual Contribution*	\$ 33,985	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 296,485	\$ 296,485
Water Rights													
Non-Indian Ag CAP	\$ 144,379											\$ 144,379	\$ 144,379
Capital Reserve	\$ 127,700			\$ 50,000		\$ 50,000		\$ 50,000		\$ 50,000		\$ 477,700	\$ 477,700
Total FY Expenditure	\$ 573,734	\$ 288,919	\$ 292,250	\$ 292,250	\$ 242,250	\$ 322,250	\$ 342,250	\$ 292,250	\$ 242,250	\$ 292,250	\$ 292,250	\$ 3,472,903	\$ 3,472,903

* See Supplemental Capital Equipment Plan Spreadsheet

** See Supplemental Pipeline Upgrade Projects Spreadsheet

* 2 Replacement Hydrants, 2 New Hydrants

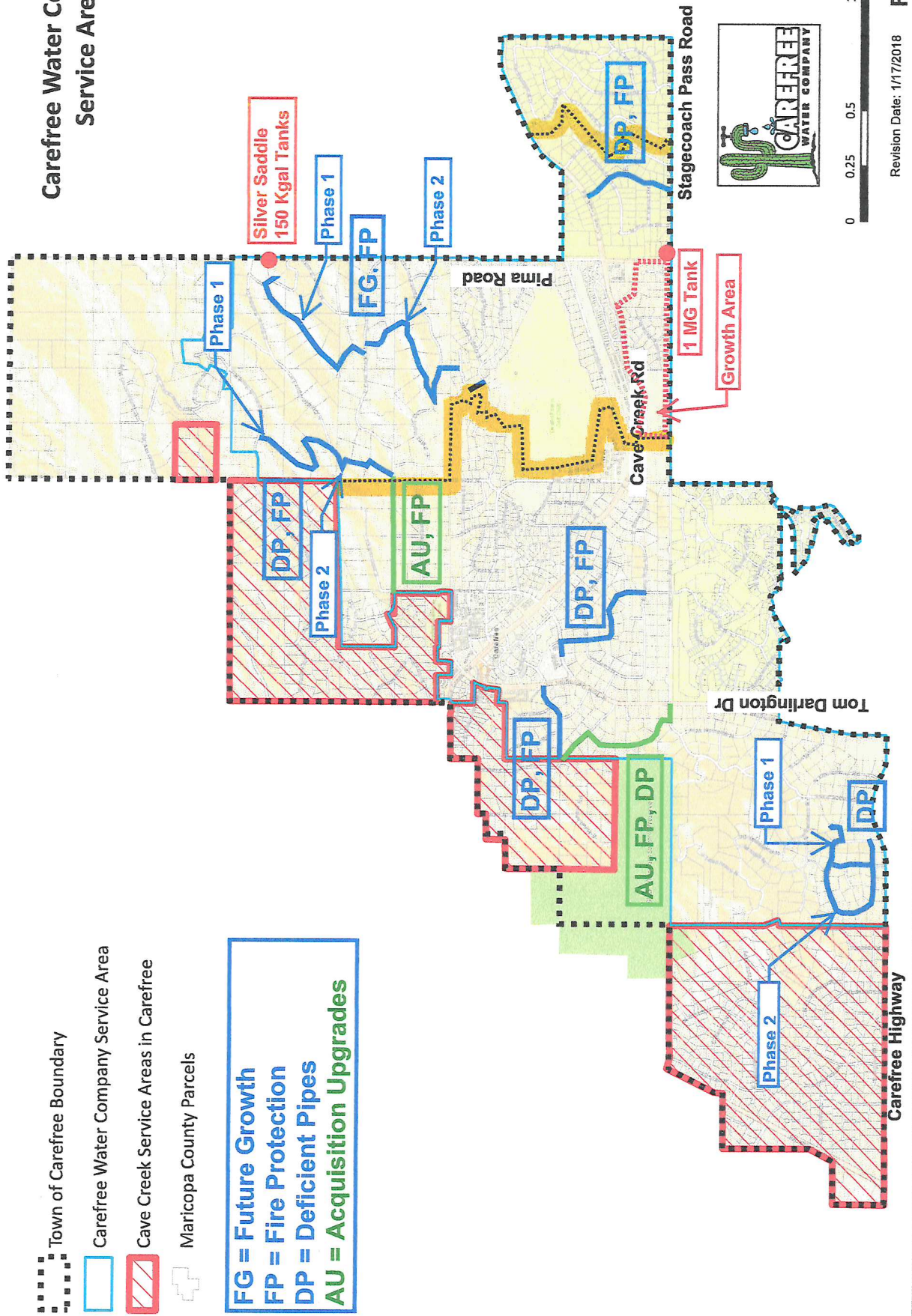
**CAREFREE WATER COMPANY
10-YEAR CAPITAL EQUIPMENT PROGRAM
FY 20-21 THRU FY 29-30**

Capital Equipment Description	Fiscal Year (FY)									
	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	28-29
Vehicles and Heavy Equip.										
Work Truck #1		\$ 34,000						\$ 34,000		
Work Truck #2			\$ 34,000						\$ 34,000	
Work Vehicle - GM	\$ 30,000						\$ 30,000			
Backhoe (75/25 Cost Split w/Town)					\$ 52,000					
Large Tools	\$ 2,000		\$ 2,000		\$ 2,000		\$ 2,000		\$ 2,000	
Technology & Misc. (Computers, Printers, Work Stations, etc.)										
Computer Replacements (\$1500/computer)	\$ 3,000			\$ 3,000	\$ 3,000			\$ 3,000	\$ 3,000	
Server and Components		\$ 11,000			\$ 8,500					
Meter Reading Technology Upgrades	\$ 4,000		\$ 6,000					\$ 8,000		
Total FY Expenditure	\$ 39,000	\$ 45,000	\$ 42,000	\$ 3,000	\$ 65,500	\$ -	\$ 32,000	\$ 45,000	\$ 39,000	\$ -
Prior FY Balance	\$ 33,895	\$ 28,395	\$ 15,395	\$ 5,395	\$ 34,395	\$ 895	\$ 32,895	\$ 32,895	\$ 19,895	\$ 12,895
Annual FY Contribution	\$ 28,500	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Misc. Sales	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
End of FY Balance	\$ 28,395	\$ 15,395	\$ 5,395	\$ 34,395	\$ 895	\$ 32,895	\$ 32,895	\$ 19,895	\$ 12,895	\$ 44,895

PIPELINE UPGRADE PROJECTS - PRIORITIZATION SUMMARY

Priority	Project Description	Lineal Feet	Project Cost	FY 19-20 Expenditures	FY 20-21 Funding			Unfunded Balance
					Capacity Fees	Carryover & Capital Reserves	CIP	
1	Silver Saddle Gravity Zone Upgrades - Ph. 1	3,800	\$ 760,000	\$ 25,270	\$ 568,320	\$ 166,410	\$ -	\$ -
2	Black Mtn. Foothills - Ph. 1	2,850	\$ 511,875	\$ 25,810		\$ 228,960	\$ 169,169	\$ 87,936
3	Spanish Boot/Golden Spur - Ph. 1	3,025	\$ 529,375					\$ 529,375
4	Black Mtn. Foothills - Ph. 2	3,125	\$ 546,875					\$ 546,875
5	Spanish Boot/Golden Spur - Ph. 2	1,825	\$ 319,375					\$ 319,375
6	Silver Saddle Gravity Zone Upgrades - Ph. 2	5,200	\$ 910,000					\$ 910,000
7	Milky Way Fire Protection Upgrades	2,150	\$ 322,500					\$ 322,500
8	Sidewinder Fire Protection Upgrades	3,200	\$ 560,000					\$ 560,000
9	Carefree Drive Fire Protection Upgrades	2,000	\$ 350,000					\$ 350,000
		27,175	\$ 4,810,000	\$ 51,080	\$ 568,320	\$ 395,370	\$ 169,169	\$ 3,626,061
				Total FY 20-21 Funding	\$ 1,132,859			

Carefree Water Company Service Area



Revision Date: 1/17/2018

FIGURE 1