



# **Budget, Rates, Fees and Charges Packet**

## **FY 24-25**

## **Water Rates and Fees Summary Carefree Water Company – FY 24-25**

### Rates

- 4.4% Overall Water Rate Increase – Base Fee and Commodity Rates
- Consistent with the 5-Year Rate Plan approved in 2021
- Rate increase takes effect July 2024
- Average Monthly Bill Increase (Residential): \$5.53
- Current Average Monthly Residential Bill: \$125.10 – Proposed Average Monthly Residential Bill: \$130.63 (Based on an average monthly use of 12,000 gallons)
  
- Current Residential Base Fee: \$54.98 – Proposed Residential Base Fee: \$57.40 – Up \$2.42
  - \$20.00/mth “Acquisition Fee” - Neighborhoods A, B, and C (“Carefree Service Area”)
- 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)

### Fees

- Fees for new utility-side Service Line installations has been removed (will no longer be offered)
  - Staffing constraints led to a temporary discontinuation of service in FY 22-23
  - Current process to have private contractors build new utility-side service lines is working well
  - Recommending permanently discontinuing this service by the Water Company
- Water Supply Fee – An update to the Water Supply Fee for new development is being proposed in this budget

**Carefree Water Company**  
**Effective July 1, 2024**  
**Rate Comparison Sheet @ 4.4% Base and Commodity Increase**

R1, R2 & R4

	Gallons	Base Rate			Commodity Charge			Subtotal Before Taxes			Taxes			Total With Taxes			Overall % Difference
		Current	New	Difference	Current	New	Difference	Current	New	Difference	Current	New	Difference	Current	New	Difference	
<b>Tier 1 - \$4.64</b> (Curr - \$4.44)	1,000	54.98	57.40	2.42	4.44	4.64	0.20	59.42	62.04	2.62	5.53	5.78	0.24	64.95	67.82	2.86	4.4%
	2,000	54.98	57.40	2.42	8.88	9.28	0.40	63.86	66.68	2.82	5.95	6.21	0.26	69.81	72.89	3.08	4.4%
	4,000	54.98	57.40	2.42	17.76	18.56	0.80	72.74	75.96	3.22	6.79	7.09	0.30	79.53	83.05	3.52	4.4%
	6,000	54.98	57.40	2.42	26.64	27.84	1.20	81.62	85.24	3.62	7.63	7.97	0.34	89.25	93.21	3.96	4.4%
	8,000	54.98	57.40	2.42	35.52	37.12	1.60	90.5	94.52	4.02	8.47	8.84	0.37	98.97	103.36	4.39	4.4%
<b>Tier 2 - \$6.23</b> (Curr - \$5.97)	9,000	54.98	57.40	2.42	41.49	43.35	1.86	96.47	100.75	4.28	9.03	9.43	0.40	105.50	110.18	4.68	4.4%
	12,000	54.98	57.40	2.42	59.40	62.04	2.64	114.38	119.44	5.06	10.72	11.19	0.47	125.10	130.63	5.53	4.4%
	14,000	54.98	57.40	2.42	71.34	74.50	3.16	126.32	131.9	5.58	11.84	12.36	0.52	138.16	144.26	6.10	4.4%
	16,000	54.98	57.40	2.42	83.28	86.96	3.68	138.26	144.36	6.10	12.96	13.53	0.57	151.22	157.89	6.67	4.4%
	18,000	54.98	57.40	2.42	95.22	99.42	4.20	150.2	156.82	6.62	14.09	14.70	0.62	164.29	171.52	7.24	4.4%
	20,000	54.98	57.40	2.42	107.16	111.88	4.72	162.14	169.28	7.14	15.21	15.87	0.66	177.35	185.15	7.80	4.4%
<b>Tier 3 - \$8.20</b> (Curr - \$7.85)	22,000	54.98	57.40	2.42	122.86	128.28	5.42	177.84	185.68	7.84	16.68	17.41	0.73	194.52	203.09	8.57	4.4%
	24,000	54.98	57.40	2.42	138.56	144.68	6.12	193.54	202.08	8.54	18.16	18.95	0.79	211.70	221.03	9.33	4.4%
	26,000	54.98	57.40	2.42	154.26	161.08	6.82	209.24	218.48	9.24	19.63	20.49	0.86	228.87	238.97	10.10	4.4%
	28,000	54.98	57.40	2.42	169.96	177.48	7.52	224.94	234.88	9.94	21.10	22.03	0.92	246.04	256.91	10.86	4.4%
	30,000	54.98	57.40	2.42	185.66	193.88	8.22	240.64	251.28	10.64	22.57	23.56	0.99	263.21	274.84	11.63	4.4%
<b>Tier 4 - \$10.60</b> (Curr - \$10.15)	32,000	54.98	57.40	2.42	205.96	215.08	9.12	260.94	272.48	11.54	24.48	25.55	1.07	285.42	298.03	12.61	4.4%
	35,000	54.98	57.40	2.42	236.41	246.88	10.47	291.39	304.28	12.89	27.33	28.53	1.20	318.72	332.81	14.09	4.4%
	40,000	54.98	57.40	2.42	287.16	299.88	12.72	342.14	357.28	15.14	32.08	33.49	1.41	374.22	390.77	16.55	4.4%
	45,000	54.98	57.40	2.42	337.91	352.88	14.97	392.89	410.28	17.39	36.83	38.45	1.62	429.72	448.73	19.01	4.4%
	50,000	54.98	57.40	2.42	388.66	405.88	17.22	443.64	463.28	19.64	41.58	43.41	1.83	485.22	506.69	21.47	4.4%
<b>Tier 5 - \$13.77</b> (Curr - \$13.19)	55,000	54.98	57.40	2.42	454.61	474.73	20.12	509.59	532.13	22.54	47.75	49.85	2.10	557.34	581.98	24.64	4.4%
	60,000	54.98	57.40	2.42	520.56	543.58	23.02	575.54	600.98	25.44	53.92	56.28	2.37	629.46	657.26	27.81	4.4%
	65,000	54.98	57.40	2.42	586.51	612.43	25.92	641.49	669.83	28.34	60.08	62.72	2.64	701.57	732.55	30.98	4.4%
	70,000	54.98	57.40	2.42	652.46	681.28	28.82	707.44	738.68	31.24	66.25	69.15	2.91	773.69	807.83	34.15	4.4%
	80,000	54.98	57.40	2.42	784.36	818.98	34.62	839.34	876.38	37.04	78.58	82.02	3.44	917.92	958.40	40.48	4.4%
	90,000	54.98	57.40	2.42	916.26	956.68	40.42	971.24	1,014.08	42.84	90.91	94.89	3.98	1,062.15	1,108.97	46.82	4.4%
	100,000	54.98	57.40	2.42	1,048.16	1,094.38	46.22	1,103.14	1,151.78	48.64	103.24	107.77	4.52	1,206.38	1,259.55	53.16	4.4%

Average Residential Usage

**CAREFREE WATER COMPANY RATE SCHEDULE**  
**Effective July 1, 2024**  
**Before Taxes**

Meter Type	Meter Size	Meter Classification	Monthly Base Fee	Monthly Commodity (Usage) Charges and Tier Breakdown									
				Tier 1 \$4.64 per 1,000 gal.		Tier 2 \$6.23 per 1,000 gal.		Tier 3 \$8.20 per 1,000 gal.		Tier 4 \$10.60 per 1,000 gal.		Tier 5 \$13.77 per 1,000 gal.	
				From (gallons)	To (gallons)	From (gallons)	To (gallons)	From (gallons)	To (gallons)	From (gallons)	To (gallons)	From (gallons)	To (gallons)
<b>RESIDENTIAL METERS</b>													
Residential	5/8", 3/4", 1"	R1, R2, R4	\$ 57.40	0	8,000	8,001	20,000	20,001	30,000	30,001	50,000	50,001	and over
Residential	5/8", 3/4", 1"	R1A, R2A, R4A	\$ 77.40	0	8,000	8,001	20,000	20,001	30,000	30,001	50,000	50,001	and over
<b>COMMERCIAL METERS</b>													
Commercial	1 inch	C5/C5A	\$103.32/\$123.32	0	8,000	8,001	16,000	16,001	32,000	32,001	64,000	64,001	and over
Commercial	1-1/2 inch	C6/C6A	\$256.42/\$276.42	0	11,000	11,001	16,000	16,001	35,000	35,001	70,000	70,001	and over
Commercial	2 inch	C8/C8A	\$614.60/\$634.66	0	20,000	20,001	40,000	40,001	80,000	80,001	160,000	160,001	and over
Commercial	3 inch	C9/C9A	\$819.32/\$839.32	0	100,000	100,001	200,000	200,001	400,000	400,001	600,000	600,001	and over
<b>MASTER METERS</b>													
Master Meter 1		MM1 - 8	\$ 436.14	0	30,000	30,001	40,000	40,001	60,000	60,001	80,000	80,001	and over
Master Meter 2		MM2 - 4	\$ 219.12	0	30,000	30,001	50,000	50,001	70,000	70,001	90,000	90,001	and over
Master Meter 3		MM3 - 8	\$ 436.14	0	40,000	40,001	80,000	80,001	100,000	100,001	150,000	150,001	and over
Master Meter 4		MM4 - 6	\$ 327.13	0	50,000	50,001	100,000	100,001	190,000	190,001	250,000	250,001	and over
Master Meter 5		MM5 - 12	\$ 667.80	0	30,000	30,001	50,000	50,001	80,000	80,001	100,000	100,001	and over
Master Meter 6		MM6 - 38	\$ 2,071.70	0	170,000	170,001	270,000	270,001	300,000	300,001	350,000	350,001	and over
Master Meter 7		MM7 - 18	\$ 981.37	0	80,000	80,001	100,000	100,001	120,000	120,001	150,000	150,001	and over
Master Meter 8		MM8 - 11	\$ 599.70	0	90,000	90,001	150,000	150,001	200,000	200,001	250,000	250,001	and over
Master Meter 9		MM9 - 11	\$ 599.70	0	75,000	75,001	105,000	105,001	135,000	135,001	165,000	165,001	and over
Master Meter 10		MM10 - 11	\$ 599.70	0	60,000	60,001	120,000	120,001	190,000	190,001	220,000	220,001	and over
<b>STAND PIPE</b>													
Stand Pipe		CWH	-	\$8.21 per 1000 gallons - Minimum Billing \$5.00 - Additional Keys \$15.00									
<b>FIRE HYDRANT METER</b>													
Fire Hydrant		FHY	\$ 180.38	\$8.21 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)	\$20.00
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	\$250.00
Commercial	3X Average Water Bill
Stand Pipe	\$50.00
Fire Hydr. Meter	\$900.00

PAYMENT AND BILLING FEES	
Credit Card Convenience Fee (per transaction)	
Monthly Billings & Other Charges Under \$500	\$4.00
Other Charges Over \$500	3% of Amount
Late Payment or Delinquent Charge (per month)	\$7.00
Foreign Currency Transaction	\$10.00
Foreign Mailing Fee	\$3.00
Insufficient Funds or Returned Check Fee	Bank Charge Amt
Interest on Outstanding Balance	1.5% per month

MISCELLANEOUS SERVICES AND FEES	
Data Log Fee - Beginning With Second Data Log	\$40.00
Account Re-Establishment Fee (After Termination of Service)	\$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)	\$100.00
Unauthorized Meter Turn-On - Residential	\$150.00
Unauthorized Meter Turn-On - Commercial	\$250.00
Unauthorized Fire Hydrant Use - Per Use	\$300.00

NEW CONSTRUCTION CHARGES AND FEES <sup>3</sup>			
Meter and Service Size	Meter Set Charge	Water Capacity Fee <sup>1</sup>	Total
1" Meter - New	\$1,230.00	\$4,640.00	\$5,870.00
1" Meter - Upgrade from 3/4"	\$510.00	-	\$510.00
1-1/2" Meter	\$1,714.00	\$8,409.00	\$10,123.00
2" Meter	\$2,589.00	\$13,061.00	\$15,650.00
3" Meter	\$7,700.00	\$26,528.00	\$34,228.00
4" Meter	\$11,948.00	\$40,647.00	\$52,595.00
Development Category	Water Supply Fee		
Single Family Residential	\$1,863.00	per Unit	
Multi-Family Residential	\$932.00	per Unit	
All Other (Commercial, Common Area, Irrigation, etc.)	\$3,727.00	per AF of Annual Demand <sup>2</sup>	

<sup>1</sup>Distribution, Storage, and Pumping Capacity

<sup>2</sup>Annual Demand Calculations to be Submitted to and Approved by the Carefree Water Company

<sup>3</sup>Total New Construction Charges/Fees = Service Connection Charge + Water Capacity Fee + Water Supply Fee

SAMPLE RESIDENTIAL WATER BILL CALCULATION <sup>4</sup>				Original Water Service Area (R4)	Acquisition Service Area (R4A)
<b>1 inch Residential Meter (R4/R4A Classification) @ 24,000 gallons</b>					
Tier 1:	8,000 gallons	@	\$ 4.64 /1000 gal.	= \$ 37.12	= \$ 37.12
Tier 2:	12,000 gallons	@	\$ 6.23 /1000 gal.	= \$ 74.76	= \$ 74.76
Tier 3:	4,000 gallons	@	\$ 8.20 /1000 gal.	= \$ 32.80	= \$ 32.80
Tier 4:	0 gallons	@	\$ 10.60 /1000 gal.	= \$ -	= \$ -
Tier 5:	0 gallons	@	\$ 13.77 /1000 gal.	= \$ -	= \$ -
<b>Month Total:</b>	24,000 gallons			<b>Base Fee</b> \$ 57.40	\$ 77.40
				<b>Total (Does not include taxes)</b> \$ 202.08	\$ 222.08

<sup>4</sup> A Residential Water Bill Calculator is available on our website at [www.carefreewaterco.com](http://www.carefreewaterco.com)

## **Profit and Loss Summary Carefree Water Company – FY 24-25**

- “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:
  - 2021 Series Bond Repayment (“Acquisition”)
  - WIFA Loan Repayment (“Capital Lease”)
  - Town of Carefree Repayment (“Capital Advance”)
  - Water Company Office/Shop Rent
  - Reserve Deposits
  - Capital Improvement Program
- Bottom Line: Revenue stream must cover all cash uses (cash flow/expenditures)

**Carefree Water Company  
PROFIT AND LOSS  
2024-2025 Budget**

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Total
Revenues %	9.8%	11.2%	9.8%	8.9%	8.7%	7.5%	6.3%	6.7%	6.6%	7.3%	8.2%	9.2%	100%
Water Sales	483,776	559,559	476,354	444,402	431,898	360,976	311,178	330,905	316,241	362,701	409,103	448,075	4,935,168
New Meter & Service Fees	3,927		3,927			3,927			3,927			3,927	19,635
DFGC Electrical Fees			6,032			6,032			6,031			6,031	24,126
Cell Tower Rental Fees (net)	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	21,996
Other Revenues	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
<b>Total Revenues</b>	<b>491,536</b>	<b>563,392</b>	<b>490,146</b>	<b>448,235</b>	<b>435,731</b>	<b>374,768</b>	<b>315,011</b>	<b>334,738</b>	<b>330,032</b>	<b>366,534</b>	<b>412,936</b>	<b>461,866</b>	<b>5,024,925</b>
<b>Cost of Water</b>													
Scottsdale CAP	113,228	113,952	109,788	102,918	100,166	79,567	70,505	70,941	81,252	89,441	99,790	115,121	1,146,669
Cave Creek CAP	-	-	-	-	-	-	-	-	-	-	-	-	-
Ground Water Pumped	16,619	14,611	14,197	13,514	12,644	10,720	11,873	9,914	10,877	11,642	12,610	14,048	153,269
Central Ariz Project	36,223	36,405	35,355	33,623	31,415	26,531	25,692	35,802	28,419	30,497	33,122	37,012	390,096
<b>Total Water Costs</b>	<b>166,070</b>	<b>164,968</b>	<b>159,340</b>	<b>150,055</b>	<b>144,225</b>	<b>116,818</b>	<b>108,070</b>	<b>116,657</b>	<b>120,548</b>	<b>131,580</b>	<b>145,522</b>	<b>166,181</b>	<b>1,690,034</b>
<b>General and Administrative</b>	<b>98,208</b>	<b>98,208</b>	<b>98,208</b>	<b>98,208</b>	<b>98,208</b>	<b>98,208</b>	<b>98,208</b>	<b>98,208</b>	<b>98,207</b>	<b>98,207</b>	<b>98,207</b>	<b>98,207</b>	<b>1,178,492</b>
Maintenance	25,222	25,222	25,222	25,222	25,222	25,222	25,222	25,222	25,222	25,222	25,222	25,223	302,665
Depreciation	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	648,000
<b>Total Other Costs</b>	<b>177,430</b>	<b>177,430</b>	<b>177,430</b>	<b>177,430</b>	<b>177,430</b>	<b>177,430</b>	<b>177,430</b>	<b>177,430</b>	<b>177,429</b>	<b>177,429</b>	<b>177,429</b>	<b>177,430</b>	<b>2,129,157</b>
<b>REVENUES LESS COSTS</b>	<b>148,036</b>	<b>220,994</b>	<b>153,376</b>	<b>120,750</b>	<b>114,076</b>	<b>80,520</b>	<b>29,511</b>	<b>40,651</b>	<b>32,055</b>	<b>57,525</b>	<b>89,985</b>	<b>118,255</b>	<b>1,205,734</b>

**CASH FLOW**

Cash Flow		Cash Uses		Capital Projects	
Net Gain	1,205,734	Reserves	40,000	Fire Protection	25,000
Depreciation	648,000	Bond Trustee Fee	800	System Automation & Tech.	-
Equipment Loss W/O	12,000	Bond Payment	1,099,600	System Improvements	318,570
		Capital Advance	48,000	Capital Equipment	10,000
		WIFA Payment	244,764	Water Rights	46,000
		UCFD Rent	33,000	Capital Reserves	-
<b>Total Available</b>	<b>1,865,734</b>	<b>Total Operating Uses</b>	<b>1,466,164</b>	<b>Total Capital Uses</b>	<b>399,570</b>
		<b>Cash Available</b>	<b>399,570</b>	<b>Cash Utilized</b>	<b>399,570</b>

7

## **Cost of Water Summary Carefree Water Company – FY 24-25**

- Includes the full fiscal year of Acquisition Area Water Usage
- Typically water use has been based on historical averages
  - Less than 1 full year of historical data with full Acquisition Area demand
  - FY 24-25 projected water use is therefore hybrid (historical + estimation)
- The cost of water is the Water Company's single largest expense at just under \$1.7M
- Continued Focus on Utilizing Renewable CAP Supply (Saving GW for Emergencies)
  - 70/30 Split (CAP/Groundwater)
- Overall water costs are increasing about \$68,000 (4.2%) this FY due to the following:
  - 6.3% Increase in Scottsdale Treated Water Costs
  - 6.5% Increase in APS Costs
  - 8.3% Increase in CAP Raw Water Costs primarily due to Colorado River Shortage Conditions



**Carefree Water Company  
Estimated Water Costs  
Fiscal Year 2024-25**

5/24/2023

		Acre-Feet												Total
325.851		July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Total
<b>POST-TRANSITION WATER USE</b>														
Water Sold FY 23-24 (23 Only)	AF	120.7	142.3	119.7	120.4	100.8	82.8							686.7
Water Sold FY 22-23 (23 Only)*	AF							73.7	73.7	84.7	93.3	108.9		541.2
* Jan thru Apr Adjusted to Reflect Full CSA Transition														Total 1,227.9
<b>PRE-TRANSITION WATER USE</b>														
Water Sold FY 22-23 (22 Only)	AF	106.1	91.3	99.6	82.2	81.1	65.3							525.6
Water Sold FY21-22	AF	91.9	90.9	85.3	79.0	80.9	64.9	55.1	60.9	69.4	74.4	81.3	98.5	932.5
Water Sold FY20-21	AF	104.3	98.6	105.1	101.2	88.3	64.8	60.9	58.4	71.8	80.3	82.5	111.0	1027.2
Water Sold FY19-20 (20 Only)	AF							56.0	54.3	57.8	64.7	76.0	88.8	397.6
3-yr Average Water Sold (Use for 23-24)	AF	100.8	93.6	96.7	87.5	83.4	65.0	57.3	57.9	66.3	73.1	79.9	99.4	961.0
3-yr Average Water Sold (Use for 23-24)	'000 Gal.	32,835	30,500	31,499	28,501	27,187	21,180	18,682	18,856	21,619	23,831	26,046	32,400	313,136
Percent of Annual Usage (Use for 23-24)		10.5%	9.7%	10.1%	9.1%	8.7%	6.8%	6.0%	6.0%	6.9%	7.6%	8.3%	10.3%	100.0%
Water Sold Using Post-Transition Deliveries	AF	120.7	142.3	119.7	120.4	100.8	82.8	73.7	73.7	84.7	93.3	108.9	106.9	1,227.9
Water Sold Using Pre-Transition Deliveries**	AF	132.2	122.8	126.8	114.8	109.5	85.3	75.2	75.9	87.1	96.0	104.9	130.5	1,261.0
** Adjusted to Reflect Full CSA Transition														
Water Sold (Use for 24-25) Weighted 1/3 Post, 2/3 Pre	AF	128.4	129.2	124.5	116.6	106.6	84.5	74.7	75.2	86.3	95.1	106.2	122.7	1,250.1
Water Sold (Use for 24-25) Weighted 1/3 Post, 2/3 Pre	'000 Gal.	41,846	42,116	40,564	38,004	34,741	27,524	24,350	24,502	28,115	30,984	34,609	39,980	407,334
Water Supplied (Sold/0.9) (Use for 24-25)	AF	142.7	143.6	138.3	129.6	118.5	93.9	83.0	83.6	95.9	105.7	118.0	136.3	1,389.0
Ground Water A.F (30%)		42.8	43.1	41.5	38.9	35.5	28.2	24.9	25.1	28.8	31.7	35.4	40.9	416.7
CAP Water A.F. (70%)		99.9	100.5	96.8	90.7	82.9	65.7	58.1	58.5	67.1	74.0	82.6	95.4	972.3
CAP Water A.F. +5%		5.0	5.0	4.8	4.5	4.1	3.3	2.9	2.9	3.4	3.7	4.1	4.8	48.6
<b>CAVE CREEK WATER</b>														
0% of CAP Water														
Acre-Feet		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
1,000's Gallons		0	0	0	0	0	0	0	0	0	0	0	0	0
Cost @\$X.XX/1,000 Gal.	Total Cost	TBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>SCOTTSDALE WATER</b>														
100% of CAP Water														
Acre-Feet		99.9	100.5	96.8	90.7	82.9	65.7	58.1	58.5	67.1	74.0	82.6	95.4	972.3
1,000's Gallons		32,547	32,757	31,550	29,558	27,021	21,408	18,939	19,057	21,867	24,098	26,918	31,096	316,816
Cost @\$3.45/1,000 Gal.*	\$3.45	\$3.67	\$112,287	\$113,011	\$108,847	\$101,977	\$99,165	\$78,567	\$69,505	\$69,941	\$80,251	\$88,441	\$98,790	\$114,121
Meter Fee		\$941.00	\$941.00	\$941.00	\$941.00	\$1,000.28	\$1,000.28	\$1,000.28	\$1,000.28	\$1,000.28	\$1,000.28	\$1,000.28	\$1,000.28	\$1,176.66
* \$3.45/1,000 Gal. until Nov. 2024 (6.3% Increase Thereafter)	Total Cost		\$113,228	\$113,952	\$109,788	\$102,918	\$100,166	\$79,567	\$70,505	\$70,941	\$81,252	\$89,441	\$99,790	\$115,122
<b>POTABLE GROUNDWATER</b>														
Pumped Groundwater (A.F. - From Above)		42.8	43.1	41.5	38.9	35.5	28.2	24.9	25.1	28.8	31.7	35.4	40.9	416.7
Pumped Groundwater ('000 gallons)		13,949	14,039	13,521	12,668	11,580	9,175	8,117	8,167	9,372	10,328	11,536	13,327	135,778
Cost @\$0.80/1,000 Gal. (6.5% Increase)	\$0.80	\$11,159	\$11,231	\$10,817	\$10,134	\$9,264	\$7,340	\$6,493	\$6,534	\$7,497	\$8,262	\$9,229	\$10,661	\$108,623
Groundwater Withdrawal Fee (ADWR)							\$2,000							\$2,000
Chemicals and Testing		\$3,450	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$18,520
Total Cost		\$14,609	\$12,601	\$12,187	\$11,504	\$10,634	\$8,710	\$9,863	\$7,904	\$8,867	\$9,632	\$10,599	\$12,031	\$129,143
<b>GOLF COURSE GROUNDWATER</b>														
A.F. Pumped (2023)														A.F. 237.4
(2022)														184.3
(2021)														149.6
(3-yr Ave.)														190.4
Electrical Cost	kWh/AF \$/kWh (From Desert Forest Agreement)	745.22	0.17	\$2,010.46	\$2,010.46	\$2,010.46	\$2,010.46	\$2,010.46	\$2,010.46	\$2,010.46	\$2,010.46	\$2,010.46	\$2,010.46	\$2,010.46
<b>CAP COSTS</b>														
Capital Cost (per AF)	2024 2025	\$53	\$54	\$7,906	\$7,906	\$7,906	\$7,906	\$7,906	\$7,906	\$8,055	\$8,055	\$8,055	\$8,055	\$8,055
Delivery Cost (per AF)		\$270	\$289	\$28,317	\$28,499	\$27,449	\$25,717	\$23,509	\$18,626	\$17,637	\$17,747	\$20,364	\$22,442	\$25,068
CAP Contingency										\$10,000				\$10,000
Total Cost		\$36,223	\$36,405	\$35,355	\$33,623	\$31,415	\$26,531	\$25,692	\$35,802	\$28,419	\$30,497	\$33,123	\$37,013	\$390,096
ALL WATER COSTS		\$166,070	\$164,968	\$159,341	\$150,055	\$144,225	\$116,819	\$108,070	\$116,658	\$120,548	\$131,580	\$145,522	\$166,177	\$1,690,034

## **General and Administrative (G&A) Summary Carefree Water Company – FY 24-25**

- Overall G&A expenses up 8% (up approx. \$100,000) compared to last FY
  - Payroll Costs Up Only 4% - \$35,000 even with:
    - 5% COLA – All employees
    - Addition of one part-time Field Staff and part-time Office Staff one for entire year
  - Cost increases have been tempered by employee demographics
    - Group health insurance costs down \$40,000
  - Other drivers
    - Water Company insurance rates up 21%
    - Auto Expenses (incl. fuel) up 11%

**General and Administrative Budget by Category  
for 2024-25**

	2023-2024 Budget	2024-2025 Budget	Difference	
<u>Payroll, Payroll Taxes, Group Insurance &amp; Benefits</u>				
Base Salaries	546,045	611,903		
Overtime	4,000	5,000		
Compensation Time	3,000	2,000		
Bonus	4,000	4,500		
Merit Increase	-	-		
Emgr. On-Call	14,600	14,600		
All Health Insurance Combined	90,638	50,995		
IRA and Retirement	56,638	60,261		
All Payroll taxes	39,062	43,176		
Medicare	8,830	9,251		
Unemployment	-	-		
Equalization Taxes	-	-		
	<u>766,812</u>	<u>801,686</u>	<u>34,874</u>	4%
<u>Training Expense A/C 60154</u>				
	<u>10,000</u>	<u>10,000</u>	<u>0</u>	0%
<u>Employee Expenses A/C 60152</u>				
Uniforms	4,500	4,500		
	<u>4,500</u>	<u>4,500</u>	<u>0</u>	0%
<u>Safety Equipment A/C 60156</u>				
Personal Protective Equipment	2,000	2,000		
Safety Equipment	2,000	2,000		
	<u>4,000</u>	<u>4,000</u>	<u>0</u>	0%
<u>Accounting and Professional Services A/C 60201</u>				
Auditors	8,120	7,550		
Part Time office help	-	56,500		
Dasco	2,500	2,500		
ER System	6,000	6,000		
Payroll Experts	3,000	3,000		
	<u>19,620</u>	<u>75,550</u>	<u>55,930</u>	74%
<u>Legal A/C 60202</u>				
	<u>7,000</u>	<u>5,000</u>	<u>(2,000)</u>	-40%
<u>Cleaning Service A/C 60204</u>				
Regular	8,000	6,000		
	<u>8,000</u>	<u>6,000</u>	<u>(2,000)</u>	-33%

<u>SCADA A/C 60207</u>				
SCADA	5,000	5,000		
Specter - WIN 911	700	800		
	<u>5,700</u>	<u>5,800</u>	<u>100</u>	2%
 <u>Computer A/C 60205</u>				
UMS Annual Fee	6,000	6,000		
Sage	7,000	6,000		
Beacon Mobile	5,000	5,000		
Computer Repair Contract	16,000	16,000		
Computer Repair additional hours	4,000	4,000		
Printer	500	500		
Meter Tablet	-	2,000		
Fixed Asset Software	300	300		
Server Warranty Care Pack	1,500	1,500		
Firewall	140	140		
	<u>40,440</u>	<u>41,440</u>	<u>1,000</u>	2%
 <u>Insurance A/C 60250</u>				
Cincinnati Insurance	47,000	60,816		
Claims (Insurance Deductible- Contingency)	5,000	5,000		
	<u>52,000</u>	<u>65,816</u>	<u>13,816</u>	21%
 <u>Postage A/C 60300</u>				
Billings	14,400	9,000		
Mail Pickup	-	-		
Additional mailings	2,500	1,000		
	<u>16,900</u>	<u>10,000</u>	<u>(6,900)</u>	-69%
 <u>Telephone A/C 60351</u>				
Cox	4,000	3,500		
Verizon	5,500	5,000		
Replacement Cell Phones	1,200	1,200		
	<u>10,700</u>	<u>9,700</u>	<u>(1,000)</u>	-10%

<u>Promotional A/C 60353</u>				
Truck Magnets	250	250		
Advertisement	500	500		
	<u>750</u>	<u>750</u>	<u>0</u>	0%
<u>Auto Expense A/C 60400</u>				
Repairs, batteries, tires	2,500	5,000		
Fuel *	28,000	29,500		
Fuel Adj. (Potential Increase)	3,000	3,000		
	<u>33,500</u>	<u>37,500</u>	<u>4,000</u>	11%
<u>Office Supplies A/C 60452</u>				
Printing	6,200	6,200		
Stuffing Machine Annual Maint.	2,300	2,700		
All Other	4,500	4,500		
	<u>13,000</u>	<u>13,400</u>	<u>400</u>	3%
<u>Security and Emergency A/C 60453</u>				
Safeguard - Office	700	750		
	<u>700</u>	<u>750</u>	<u>50</u>	7%
<u>Office Utilities A/C 60454</u>				
	<u>5,600</u>	<u>5,700</u>	<u>100</u>	2%
<u>Fees and Permits A/C 60501</u>				
Maricopa County	3,300	3,300		
ACC	50	50		
Carefree Shadows HOA	125	125		
Town License	40	40		
	<u>3,515</u>	<u>3,515</u>	<u>0</u>	0%
<u>Dues and Subscriptions A/C 60456</u>				
Blue Stake	1,000	1,000		
AWWA Membership	420	420		
Rural Water Association	1,500	1,500		
WEF	210	210		
AZ Water Association	250	250		
American Society of Civil Engineers	300	300		
Water Operator Certifications	500	750		
	<u>4,180</u>	<u>4,430</u>	<u>250</u>	6%

<u>Office Equipment Rental A/C 60457</u>				
Postage Machine	1,800	1,800		
	<u>1,800</u>	<u>1,800</u>	<u>0</u>	0%
<u>Bad Debt Write-off A/C 60550</u>				
	4,000	4,000	0	0%
<u>Loss Write Off - Meters</u>				
	12,000	12,000	0	0%
<u>Income Tax</u>				
State	55	55		
	<u>55</u>	<u>55</u>	<u>0</u>	0%
<u>Credit Card Charges A/C 60652</u>				
	6,000	9,000	3,000	33%
<u>Bank Charges A/C 60653</u>				
All Other Banks	500	500		
Chase (Electronic Banking)	10,500	11,000		
	<u>11,000</u>	<u>11,500</u>	<u>500</u>	4%
<u>GIS Mapping A/C 60206</u>				
GPS Annual Fee	2,400	1,500		
Monthly MIFI Fee	500	600		
ARC Service Agreement	1,475	-		
I-Pads for Field	2,000	-		
Support	20,000	20,000		
Elements Annual Maintenance	10,000	10,000		
	<u>36,375</u>	<u>32,100</u>	<u>(4,275)</u>	-13%
<u>Water Conservation Costs A/C 6100</u>				
Literature/Community Events	2,500	2,500		
	<u>2,500</u>	<u>2,500</u>	<u>0</u>	0%
<u>Total Costs</u>				
	<u>1,080,647</u>	<u>1,178,492</u>	<u>97,845</u>	8%

## **Replacement and Maintenance (R&M) Summary Carefree Water Company – FY 24-25**

- 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
- Budget is up 10% this fiscal year, \$27,000, reflecting:
  - Additional R&M in Carefree Service Area (Neighborhoods A, B, and C)
    - Focus: Fire Hydrant Maintenance and Repair
  - Supply-Chain Related Issues
  - Material/Contract Labor/Equipment Rental Increases

**Replacement and Maintenance Budget  
2024-2025**

	2023-2024 Budget	2024-2025 Budget	Variance	Percentage
<u>R &amp; M Tanks</u>				
Tank Maint.	36,000	36,600		
Misc.	3,000	3,000		
	<u>39,000</u>	<u>39,600</u>	<u>600</u>	<u>2%</u>
<u>R &amp; M Pumps and Wells</u>				
Pumps Stations	10,300	11,000		
Wells	5,150	6,000		
	<u>15,450</u>	<u>17,000</u>	<u>1,550</u>	<u>10%</u>
<u>R &amp; M Mains and Valves</u>				
Valves	30,000	35,000		
Mains Repairs	60,250	62,250		
Other Distribution Repairs	0	0		
	<u>90,250</u>	<u>97,250</u>	<u>7,000</u>	<u>8%</u>
<u>R &amp; M Services/Meters</u>	<u>50,000</u>	<u>60,000</u>	<u>10,000</u>	<u>20%</u>
<u>R &amp; M Easements &amp; Right of Way Landscape</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>0%</u>
<u>R &amp; M Equipment</u>				
Backhoe	4,500	4,500		
Ditch Witch	2,000	2,000		
Mini Excavator	1,500	1,500		
Trucks	5,000	7,000		
Chlorination	2,000	2,000		
Town Equipment Cost Sharing	4,000	4,000		
	<u>19,000</u>	<u>21,000</u>	<u>2,000</u>	<u>11%</u>
<u>Fire Hydrant Maintenance</u>	<u>10,000</u>	<u>25,000</u>	<u>15,000</u>	<u>150%</u>
<u>R &amp; M Generator</u>	<u>25,000</u>	<u>20,000</u>	<u>(5,000)</u>	<u>-20%</u>
<u>R &amp; M Interconnect</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>0%</u>
<u>R &amp; M Supplies</u>	<u>7,000</u>	<u>10,000</u>	<u>3,000</u>	<u>43%</u>



<u>R &amp; M General</u>				
AC Units	3,500	3,500		
Fire Protection	700	700		
Exterminating	615	615		
	<u>4,815</u>	<u>4,815</u>	<u>0</u>	<u>0%</u>
<u>Equipment Rental</u>	<u>10,000</u>	<u>3,000</u>	<u>(7,000)</u>	<u>-70%</u>
Total Maint. and Replacement	<u>275,515</u>	<u>302,665</u>	<u>27,150</u>	<u>10%</u>

## **RESERVE BALANCE RECOMMENDATIONS/CALCULATION (Updated for FY 24-25)**

### **Operating Reserve**

AWWA Recommendation<sup>1</sup>: 45-90 days  
Use a 60 day (2 month) Operating Reserve  
FY 23-24 Operating Budget: \$3.0 M  
 $(\$3.0 \text{ M}/12 \text{ months}) \times 2 \text{ months} = \$500,000$

### **Repair and Replacement Reserves**

AWWA Recommendation<sup>1</sup>: 1% – 2% of Original Asset Value  
Use 1% of Original Asset Value  
Original Asset Value = \$30.9 M  
 $\$30.9 \text{ M} \times 1.0\% = \$309,000$

### **Contingency**

AWWA Recommendation<sup>1</sup>: Open  
Use a Conservative Approach in Other Categories and Defer Additional Contingency

### **Debt Reserves**

AWWA Recommendation<sup>1</sup>: 120% of Annual Debt Service  
Base Fee in Rates Essentially Pays Annual Debt Service  
Use 50% of Annual Series 2021 Bond Debt Service for Reserves  
Annual Debt Service = \$1.1M  
 $\$1.1\text{M} \times 50\% = \$550,000$

**Total Target Reserves: \$500,000 + \$309,000 + \$0 + \$550,000 = \$1,359,000 → Use \$1.4M**

<b>New Target:</b>	<b>\$1,400,000</b>
<b>Previous Target:</b>	<b><u>\$1,000,000</u></b>
<b>Increase:</b>	<b>\$ 400,000 over 10 years → \$40,000/yr.</b>

**Recommendation for FY 24-25: \$40,000 Reserve Deposit**

<sup>1</sup>AWWA: American Water Works Association

## **Capital Improvement Program Recommendations Carefree Water Company – FY 24-25**

**Total FY 24-25 Capital Budget - \$399,570**

- **Fire Protection – \$25,000 (5 Replacement Hydrants)**
- **System Automation and Technology - \$0**
- **System Improvements – \$318,570**
- **Capital Equipment Fund - \$10,000**
- **Water Rights - \$46,000**

### **CAPITAL IMPROVEMENT PROGRAM DETAILS**

#### **Fire Protection - \$25,000**

- 5 Replacement Fire Hydrant Installations

#### **System Automation and Technology - \$0**

- SCADA System Upgrades

#### **System Improvements - \$318,570**

- Annual Meter Replacements - \$50,000
- Pipeline Upgrade Projects - \$268,570

#### **Capital Equipment Account – \$10,000 (Annual FY 24-25 Deposit)\***

\* See Attached 10-year Capital Equipment Plan

#### **Water Rights – \$46,000**

NIA Payment	\$16,000
Modified Bartlett Dam	\$30,000
Total	\$46,000

**CAREFREE WATER COMPANY  
10-YEAR CAPITAL IMPROVEMENT PLAN  
FY 24-25 THRU FY 33-34**

Capital Improvement Description	Fiscal Year (FY)										Line Item Total	Category Total
	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34		
<b>Fire Protection</b>												
Number of Fire Hydrant Replacements	5	5	5	5	5	5	5	3	3	3	56	
Fire Hydrants - Cost	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 220,000	\$ 220,000
<b>System Automation and Technology</b>												
SCADA System Improvements		\$ 100,000			\$ 50,000					\$ 75,000	\$ 225,000	
Billing System Upgrades				\$ 30,000					\$ 30,000		\$ 60,000	\$ 285,000
<b>System Improvements</b>												
Annual Meter Replacement (Typically 150 per year)	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 65,000	\$ 65,000	\$ 570,000	
Valve Replacement Program		\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 285,000	
Pipeline Upgrade Projects	\$ 268,570	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 2,968,570	\$ 3,823,570
<b>Capital Equipment</b>												
Annual Contribution**	\$ 10,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 460,000	\$ 460,000
<b>Water Rights</b>												
Non-Indian Ag CAP	\$ 16,000	\$ 15,688									\$ 31,688	
New Bartlett Dam	\$ 30,000	\$ 30,000	\$ 325,000	\$ 325,000	\$ 325,000	\$ 325,000	\$ 325,000	\$ 325,000	\$ 325,000	\$ 325,000	\$ 2,660,000	
SCIF				\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 700,000	\$ 3,391,688
<b>Capital Reserve</b>												
	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 900,000	\$ 900,000
<b>Total FY Expenditure</b>	<b>\$ 399,570</b>	<b>\$ 700,688</b>	<b>\$ 880,000</b>	<b>\$ 1,010,000</b>	<b>\$ 1,040,000</b>	<b>\$ 990,000</b>	<b>\$ 990,000</b>	<b>\$ 985,000</b>	<b>\$1,020,000</b>	<b>\$1,065,000</b>	<b>\$ 9,080,258</b>	<b>\$ 9,080,258</b>

## PIPELINE UPGRADE PROJECTS - PRIORITIZATIONS

Priority	Project Description	Lineal Feet	Project Cost
1	Silver Saddle Gravity Zone Upgrades - Ph. 1*	4,050	\$ 1,649,925
2	Black Mtn. Foothills - Ph. 1	2,575	\$ 1,030,000
3	Grandview Estates - Ph. 1	4,095	\$ 1,638,000
4	Spanish Boot/Golden Spur - Ph. 1	3,025	\$ 1,058,750
5	Grandview Estates - Ph. 2	2,570	\$ 1,028,000
6	Black Mtn. Foothills - Ph. 2	3,400	\$ 1,190,000
7	Spanish Boot/Golden Spur - Ph. 2	1,825	\$ 638,750
8	Silver Saddle Gravity Zone Upgrades - Ph. 2	5,200	\$ 1,820,000
9	Milky Way Fire Protection Upgrades	2,150	\$ 645,000
10	Sidewinder Fire Protection Upgrades	3,200	\$ 1,120,000
11	Carefree Drive Fire Protection Upgrades	2,000	\$ 700,000
		<b>34,090</b>	<b>\$ 12,518,425</b>

\* Federal Community Grant Funding of \$800,000 Available

**CAREFREE WATER COMPANY  
10-YEAR CAPITAL EQUIPMENT PROGRAM  
FY 24-25 THRU FY 33-34**

Capital Equipment Description	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	10-Yr Total
<b>Vehicles and Heavy Equip.</b>											
Work Truck #1		\$ 50,000								\$ 50,000	\$ 100,000
Work Truck #2			\$ 50,000								\$ 50,000
Work Truck #3	\$ 50,000								\$ 50,000		\$ 100,000
Towing Vehicle					\$ 30,000						\$ 30,000
Work Vehicle - GM	\$ 50,000								\$ 50,000		\$ 100,000
Backhoe (50/50 Cost Split w/Town)				\$ 80,000							\$ 80,000
Vactor Equipment (Ditch Witch)						\$ 70,000					\$ 70,000
Large Tools	\$ 3,000		\$ 5,000		\$ 5,000		\$ 5,000		\$ 5,000		\$ 23,000
<b>Technology &amp; Misc. (Computers, Printers, Work Stations, etc.)</b>											
Computer Replacements (\$1500/computer)	\$ 1,500			\$ 3,000	\$ 3,000			\$ 3,000	\$ 3,000		\$ 13,500
Server and Components		\$ 11,000					\$ 11,000				\$ 22,000
Meter Reading Technology Upgrades		\$ 6,000			\$ 8,000			\$ 8,000		\$ 8,000	\$ 30,000
<b>Total FY Expenditure</b>	<b>\$ 104,500</b>	<b>\$ 67,000</b>	<b>\$ 55,000</b>	<b>\$ 83,000</b>	<b>\$ 46,000</b>	<b>\$ 70,000</b>	<b>\$ 16,000</b>	<b>\$ 11,000</b>	<b>\$ 108,000</b>	<b>\$ 58,000</b>	<b>\$ 618,500</b>
<b>Prior FY Balance</b>	<b>\$ 140,226</b>	<b>\$ 50,726</b>	<b>\$ 38,726</b>	<b>\$ 38,726</b>	<b>\$ 10,726</b>	<b>\$ 19,726</b>	<b>\$ 4,726</b>	<b>\$ 43,726</b>	<b>\$ 87,726</b>	<b>\$ 34,726</b>	
<b>Annual FY Contribution</b>	<b>\$ 10,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 460,000</b>
<b>Misc. Sales</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 50,000</b>
<b>End of FY Balance</b>	<b>\$ 50,726</b>	<b>\$ 38,726</b>	<b>\$ 38,726</b>	<b>\$ 10,726</b>	<b>\$ 19,726</b>	<b>\$ 4,726</b>	<b>\$ 43,726</b>	<b>\$ 87,726</b>	<b>\$ 34,726</b>	<b>\$ 31,726</b>	

# Water Supply Fee Carefree Water Company – FY 24-25 Update

**PURPOSE**

This report presents recommendations to update the one-time “Water Supply Fee” for new development and redevelopment projects within the service area of the Carefree Water Company. This fee was originally approved in FY 22-23. The purpose of the Water Supply Fee is two-fold:

- 1) Collect from new development and redevelopment projects their reasonable share of costs already expended for securing the water supplies/water rights.
- 2) Provide the Water Company one mechanism to facilitate and fund the acquisition of new water supplies to bolster Carefree’s water portfolio.

**BACKGROUND AND HISTORY**

A significant amount of planning and capital expenditures have been committed to assure that Carefree has an adequate supply of water into the future. Our existing customer base has fully paid for these efforts.

The current drought situation within the western United States and particularly the desert southwest has highlighted the fact that our water supplies and water rights are limited resources and that even these resources could be curtailed in times of drought.

In order for Carefree to have an adequate supply of water into the future, we must manage and plan our finite water resources today and balance those resources with the need for reasonable growth, redevelopment, and revitalization.

**CURRENT SUPPLY SITUATION**

The Carefree Water Company has secured the following water supplies which will be used as shown below in the Water Supply Fee calculation:

<b>Water Supply</b>	<b>Year</b>	<b>Amount Used in Fee Calculation [Acre Feet (AF)/yr]</b>
CAP M&I (Original Allocation)	1990	400
CAP M&I (BHP Reallocation)	2001	900
CAP NIA (60% Availability Assumed)	2021	67 (112 x 0.6)
CAP M&I (Cave Creek Transfer)	2023	378
Groundwater	Grandfathered	500*
<b>Total</b>		<b>2245</b>

\* Annual groundwater pumping shown (500 AF) is the maximum non-emergency groundwater volume established in the Scottsdale Treatment and Transportation Agreement. The only other legal limitation is Carefree’s historic groundwater pumping capability.

Carefree has obtained various CAP water rights over its history as detailed in the table above. The Carefree Water Company also has the right to pump groundwater within the Carefree Subbasin which is part of the East Salt River Valley aquifer. Although we exercise this right every year, the Arizona Department of Water Resources does not consider this groundwater resource as an “assured supply” that is continually available for the next 100-years and therefore we cannot utilize our groundwater resources to support new subdivision development within the Carefree community. Subdivision development is regulated by the ADWR and must obtain a “Certificate of Assured Water Supply” in order to be approved for development. Recent dealings with ADWR have indicated that currently only Carefree’s CAP M&I allocations can be utilized to demonstrate water availability to meet our existing demand and future demand for assured water supply purposes.

**FUTURE SUPPLY SITUATION**

The original Water Supply Fee calculations performed for FY 22-23 used simplifying assumptions in order to generate a reasonable Water Supply Fee until additional details on the amount and cost of future supplies were obtained. These original assumptions were conservatively low in order to not inflate the initial Water Supply Fee. This Water Supply Fee update contains more clarity on the cost of future water supplies, even though there are still cost uncertainties.

The future water supply assumption for this analysis continues to be new Bartlett Dam water rights. This new Bartlett Dam water would only be used to “firm”, or back-up, Carefree’s current CAP supply and/or reduce our groundwater pumping, thus new Bartlett Dam water is not considered an additional water supply even though 1,155 AF of storage behind new Bartlett Dam would result in an average of yield of 330 AF of water annually.

For Carefree, new Bartlett Dam water would be delivered to the CAP canal through the future Salt River/CAP Interconnection Facility (SCIF), allowing delivery of this water to one of our neighboring communities that we have Treatment and Transportation Agreements with (Scottsdale and Cave Creek). This still appears to be a the most likely future water resource from a cost and viability perspective.

### **WATER SUPPLY FEE**

Appendix A contains the methodology and calculation for a Water Supply Fee update to \$3,727/AF. The Policy Statements below provides guidance on how this fee will be applied.

### **POLICY STATEMENTS AND ADMINISTRATIVE GUIDANCE**

- 1) All single-family residential units (SFRs) are assumed to require 0.5 AF/yr of water supply/water rights, setting the Water Supply Fee at \$1,863 per SFR dwelling unit.
- 2) All multi-family residential units (MFRs) are assumed to require 0.25 AF/yr of water supply/water rights, setting the Water Supply Fee at \$932 per MFR dwelling unit.
- 3) The Water Supply Fee for all other future water uses (commercial, irrigation, subdivision common areas including pools and recreational facilities, etc.) shall utilize the fee amount of \$3,727/AF multiplied by a calculated annual water demand. The calculated annual water demand shall be reviewed and approved by the Carefree Water Company. Carefree Water Company staff shall develop and implement future policies and procedures for the calculation of annual water demand calculations to ensure consistency and reasonableness.
- 4) Any future water use and proposed project that has an annual water demand greater than 15 AF is deemed to have a significant impact on Carefree’s existing water resources and may be required to provide a viable source of water that is physically available to the Carefree Water Company in lieu of payment of the Water Supply Fee. Proposed projects meeting this criterion will be reviewed on a case-by-case basis in consultation with the Town of Carefree considering the nature of the development, the volume of annual water needed, and best interest of the Town of Carefree and Carefree Water Company.
- 5) It is the intent of this policy to protect the Carefree/Cave Creek Groundwater Subbasin and to that extent, any water resource that would require direct or indirect use of groundwater within the Subbasin would not qualify as a viable source of water.
- 6) Redevelopment/revitalization projects shall qualify for a reasonable “credit” for existing annual water demand based on historic water use at a property. This historic annual water use shall be reviewed and approved by the Carefree Water Company and is exempt from the Water Supply Fee. The Water Supply Fee does apply to all newly generated annual water demand.
- 7) Rebuilding/refurbishing existing SFRs and MFRs are exempt from Water Supply Fees as long as the usage on the property remains SFR or MFR, even if characteristics change (i.e. total square footage changes, number of water fixtures changes, etc.).
- 8) Any land division that generates a new developable lot will require a Water Supply Fee at the time of development.
- 9) Water Supply Fees can be included/acknowledged in negotiated Development Agreements.
- 10) Water Supply Fees cannot be “prepaid”. Water supply Fees may only be paid at the time of development/redevelopment permit issuance.
- 11) Water Supply Fees once paid, are non-refundable.



**APPENDIX A  
VALUE/COST OF CURRENT AND FUTURE WATER SUPPLIES**

**Original CAP M&I Allocation and Cave Creek Transfer – 778 AF**

Basis of water supply valuation

- CAP M&I Capital Charges (paid regardless of water usage) – 1993 thru 2024
  - Assumed Time Value of Money - 5%
  - 2024 Per AF Value - \$2,390.11/AF
  - Total 2024 Value of Water Rights (778 AF x \$2,390.11/AF) = \$1,859,505.58

**Supplemental CAP M&I Allocation (BHP Copper) – 900 AF**

Basis of water supply valuation

- Upfront Cost - \$329,389.15
  - Assumed Time Value of Money - 5% (2001 thru 2024)
  - 2024 Value - \$1,011,726.60
- CAP M&I Capital Charges (paid regardless of water usage) – 2001 thru 2024
  - Time Value of Money - 5%
  - 2024 Per AF Value - \$1,172.81/AF
  - 2024 Value - \$1,055,529.00
- Total 2024 Value of Water Rights = \$1,011,726.60 + \$1,055,529.00 = \$2,067,255.60

**Supplemental CAP NIA Allocation – (60% Availability = 112 AF x 0.6 = 67 AF)**

Basis of water supply valuation

- Upfront Cost - \$219,688.00

**Groundwater – (500 AF)**

- Upfront Capital Cost - \$0

**Future Allocations – New Bartlett Dam Water & Salt River/CAP Interconnect Facility (SCIF) - 330 AF\*\***

Basis of water supply valuation

- New Bartlett Dam Water Estimate - \$3,220,140.00
- SCIF Estimate = \$1,000,000.00
- Total = \$3,220,140.00/AF + \$1,000,000.00 = \$4,220,140.00

\*\* New Bartlett Dam storage yields a long-term average of 330 AF/yr of water supply although 1,155 AF of Bartlett Dam storage capacity would be available to Carefree in wet years. This water will only be used to “firm”, or back-up existing supplies and/or reduce groundwater pumping, therefore, no new water supplies are assumed to be generated from participation in the new Bartlett Dam project.

**Cost Allocation – Future Development and Redevelopment**

Assumptions

- A cost for all current and anticipated water supplies will be calculated and weighted on a per acre-foot basis considering all water supplies reasonably available to Carefree.
- Future development’s and redevelopment’s share of these water supply costs will be based on this weighted per acre-foot calculation.

Calculation

CAP Allocation – Original & CC Transfer	\$1,859,505.58
CAP Allocation – BHP Copper	\$2,067,255.60
CAP Allocation – NIA Water	\$ 219,688.00
Groundwater	\$ 0.00
Bartlett & SCIF	\$4,220,140.00
TOTAL	\$8,366,589.18/2245 AF = <span style="border: 1px solid black; padding: 2px;">\$3,727/AF</span>