

TOWN OF ORO VALLEY  
WATER UTILITY COMMISSION  
WATER RATES ANALYSIS REPORT

NOVEMBER 2014

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**Executive Summary**

The functions and duties of the Oro Valley Water Utility Commission include reviewing and developing recommendations for water revenue requirements, water rates and fee structures. The Commission annually evaluates staff recommendations based on a rates analysis to assure the recommendations meet Town policies and bond covenants. Water rates and charges shall be reviewed annually under Mayor and Town Council Water Policies – II.A.2.b(4).

The Utility has based its financial analysis on the American Water Works Association (AWWA) Cash Needs Approach. The AWWA is the largest national organization that develops water and wastewater policies, specifications and rate setting guidelines accepted by both government-owned and private water and wastewater utilities worldwide.

This Water Rates Analysis Report contains detailed information on the three funds that comprise the Oro Valley Water Utility:

- Operating Fund
- Alternative Water Resources Development Impact Fee Fund (AWRDIF Fund)
- Potable Water System Development Impact Fee Fund (PWSDIF Fund)

Each fund is individually analyzed with regard to revenue and revenue requirements. The Utility is an enterprise of the Town and generates revenue from rates, fees and charges and does not receive revenue from any taxes or payments from the General Fund.

The Water Utility Commission has made a recommendation for a Preferred Financial Scenario. Under the Preferred Financial Scenario, the Operating Fund will have an ending cash balance of \$1.6 million at the end of the five-year projection period. The cash balance of Groundwater Preservation Fees at the end of the five-year projection period is \$5.8 million. The Preferred Financial Scenario includes cash funding for all capital projects except the Advanced Metering Infrastructure (AMI) and Meter Replacement Project which is funded by a loan from the Water Infrastructure Finance Authority of Arizona (WIFA). The Preferred Financial Scenario proposes no other new debt for capital expenditures.

Each year the water rates analysis is prepared based on the most up-to-date information available for a five-year projection period. Operational needs and capital improvement requirements change annually and are carefully evaluated when they are included in the analysis.

The Preferred Financial Scenario results in increasing cash balances in the AWRDIF Fund and the PWSDIF Fund. These cash balances will be used to finance capital projects to meet the demands of new growth and development. Pursuant to Arizona Revised Statute 9-463.05, revenue from the

individual impact fee funds may not be consolidated nor used for any purpose other than for which they were originally established.

The Preferred Financial Scenario includes five year projections for each fund and evaluates the impact of future costs and the revenue sources that will be required to meet those costs. Based on the data contained within the Preferred Financial Scenario, the Water Utility Commission has made the following recommendations on water rates for FY 2014-15:

- Decrease in the potable and reclaimed Groundwater Preservation Fee (GPF)
- Increase in the potable and reclaimed commodity rates
- No increase in the monthly base rates for potable and reclaimed water
- Increase in the potable and reclaimed construction water rates
- Increase in meter installation fees to recover costs
- Increase in residential security deposits for non-property owner accounts
- Increase in residential security deposits for landlord accounts

Current and proposed commodity rates and GPF are provided in the table below:

Table 1

Customer Classifications	Current Commodity Rate	Proposed Commodity Rate	Increase (Decrease)
<b>Single Family Residential</b>			
Tier 1	2.23	2.27	0.04
Tier 2	3.01	3.10	0.09
Tier 3	4.07	4.23	0.16
Tier 4	5.49	5.76	0.27
<b>Irrigation</b>			
Tier 1	2.23	2.27	0.04
Tier 2	3.01	3.10	0.09
Tier 3	4.07	4.23	0.16
Tier 4	5.49	5.76	0.27
Commercial	2.23	2.27	0.04
Master Metered Multi-Family Residential	2.23	2.27	0.04
Turf	2.23	2.27	0.04
Construction	6.49	6.76	0.27
All Reclaimed Classes	2.20	2.23	0.03
Groundwater Preservation Fee – Potable	0.95	0.90	(0.05)
Groundwater Preservation Fee - Reclaimed	0.50	0.47	(0.03)

*Cost per 1,000 gallons*

With a small increase in commodity rates and a decrease in the GPF, the financial impact of the proposed rates for the average residential customer is a decrease of \$0.03 per month. The average residential customer has a 5/8 x 3/4-inch meter and uses 8,000 gallons of water per month. The average commercial customer with a 2-inch meter using 60,000 gallons of water will experience a \$0.60 decrease per month. Tables providing the financial impact to all meter sizes and customer classifications may be found in Appendix C.

The Commission presents this Water Rates Analysis Report for the review and consideration of the Mayor and Council. The Oro Valley Water Utility Commission is proud to serve the Town of Oro Valley, its citizens and the customers of its water utility.

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NOVEMBER 2014**

## **Introduction**

The Oro Valley Water Utility was established in 1996 as a self-supporting enterprise of the Town. The Utility is comprised of three separate funds that have been established for specific purposes. The Funds are as follows:

- Operating Fund
- Alternative Water Resources Development Impact Fee Fund
- Potable Water System Development Impact Fee Fund

The Operating Fund is the primary fund for the Utility. Revenue for this fund includes water sales, service fees, miscellaneous charges and interest income. The Utility does not receive any revenue from taxes or money from the Town General Fund. The expenditures managed from this fund include personnel, operations and maintenance for both potable and reclaimed water systems, capital costs for existing potable water system improvements and related debt service. The Utility pays the General Fund for services received including finance, human resources, fleet services, information technology, legal, insurance and rental of office space. Groundwater Preservation Fee (GPF) revenue is accounted for within the Operating Fund. GPF revenue is currently dedicated to fund capital expenditures for renewable water resources and related debt. Under current policy, this revenue may not be used to pay for operating costs. More information on the GPF may be found on page 10 of this report.

The Alternative Water Resources Development Impact Fee Fund (AWRDIF) was established in 1996 to manage capital expenditures related to alternative water resources including reclaimed water and Central Arizona Project (CAP) water. Revenue for this fund is received from impact fees collected at the time water meters are purchased and from interest income. Based on the recent impact fee analysis, expenditures include capital repayment obligation charges for the Town's CAP allotment and infrastructure and associated debt service to deliver CAP water to the Town for future growth and development.

The Potable Water System Development Impact Fee Fund (PWSDIF) was established in 1996 to manage capital expenditures related to expansion or growth-related potable water capital projects and related debt service. Revenue for this fund is received from impact fees collected at the time water meters are purchased and from interest income. Expenditures may include wells, pump stations, reservoirs and mains for the potable water system required to meet the demands of future growth and development.

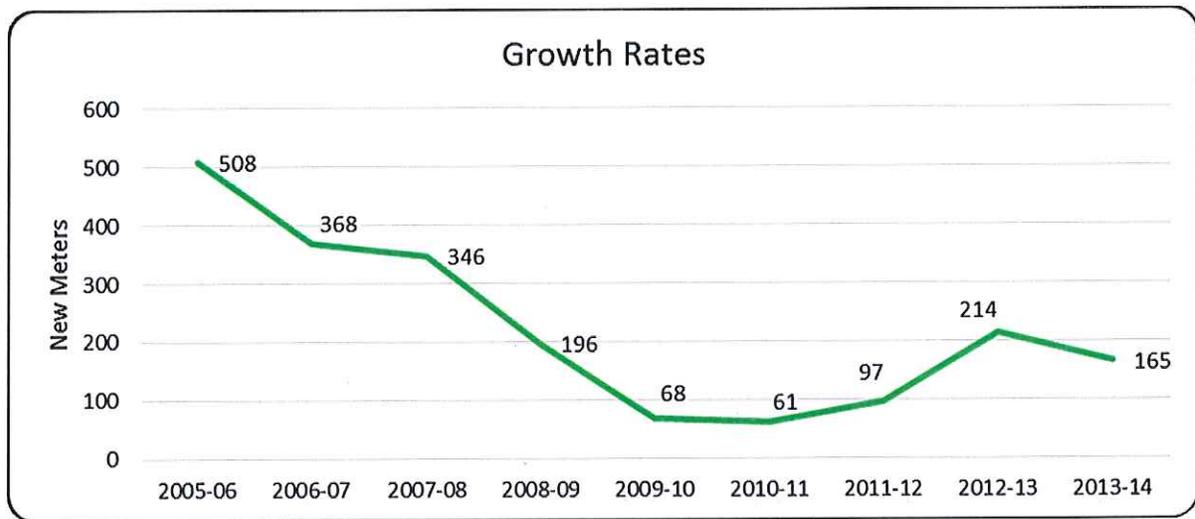
The revenue and expenditures of all three funds are combined to determine if the Utility meets the debt service coverage requirement established in the Mayor and Town Council Water Policies and

current bond covenants. Otherwise, each fund is independent with regard to revenue and expenses. Pursuant to Arizona Revised Statute (ARS) 9-463.05 Section B.9., impact fees must be placed in a separate fund and accounted for separately. ARS 9-463.05 Section B.5. states that the impact fees may not be used for operations and maintenance of existing facilities. Each fund is addressed in more detail on pages 12 and 13 of the report.

## Growth Rates

The Utility's growth rates have fluctuated over the past several years. Figure 1 illustrates the Utility's growth rate of 2,023 new metered connections over the last nine years.

Figure 1



The growth projections used for this report are consistent with the Town's financial forecasting and are shown in following table.

Table 2

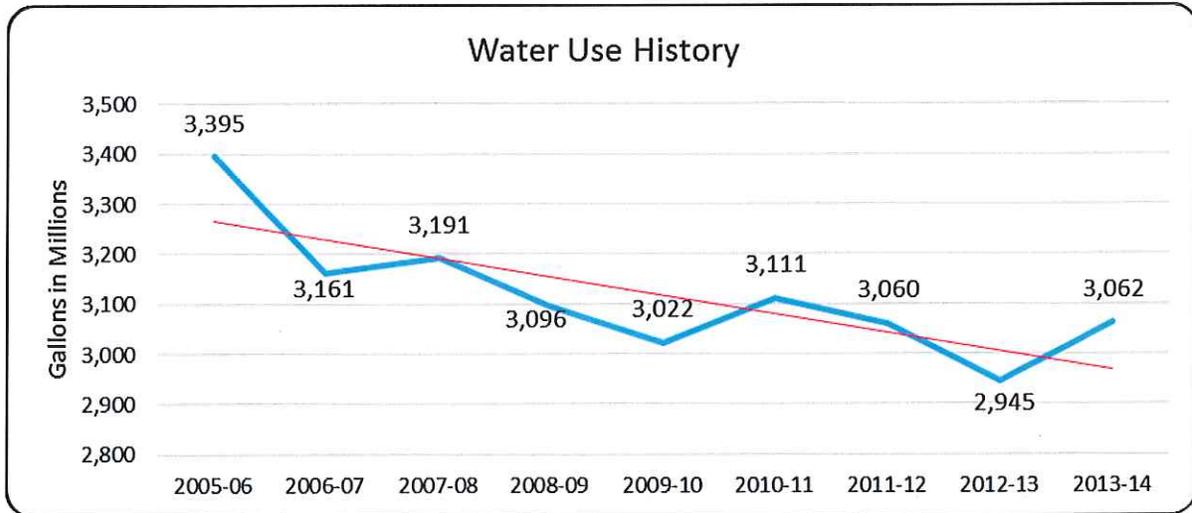
New Metered Connections	2014-15	2015-16	2016-17	2017-18	2018-19
Single Family Residential	200	300	275	200	100
Commercial, Multi-Family, Irrigation	11	15	13	10	5

## Water Use Trends

The Utility has experienced an overall reduction in water use, both potable and reclaimed, over the last nine years. Figure 2 reflects a 9.8 percent reduction in total water use from FY 2005-06 through FY 2013-14. The trend line emphasizes a continuous decline in water use even though the utility experienced growth of 11.9 percent equivalent to 2,023 new connections in that same time frame. During FY 2013-14, the average single family residential customer with a 5/8 x 3/4 inch water meter

used 7,880 gallons. For the analysis in this report, the average monthly water use for a single family residential customer with a 5/8 x 3/4 inch water meter is calculated at 8,000 gallons per month.

Figure 2



## Debt Service

Annual debt obligations are met with the revenue generated in the Operating Fund, the AWRDIF and the PWSDIF. A summary of the existing debt allocated to each of these funds and the outstanding balances at the beginning of FY 2014-15 are provided in Table 3.

Table 3

Fund	Year	Debt	Purpose	Balance
Operating	2005	Excise Tax Bonds	Land for MOC	\$ 1,324,950
Operating	2007	Excise Tax Bonds - Refinance	Existing Potable System	\$ 14,770,440
Operating-GPF	2008	WIFA Loan	Reclaimed Water System	\$ 3,235,942
Operating	2009	WIFA Loan	Existing Potable System	\$ 1,777,300
Operating	2012	Sr. Lien Revenue Bonds - Refinance	Existing Potable System	\$ 4,417,909
Operating-GPF	2012	Sr. Lien Revenue Bonds - Refinance	Reclaimed Water System	\$ 8,052,849
Operating	2013	Excise Tax Bonds - Refinance	Existing Potable System	\$ 4,935,000
Operating	2014	WIFA Loan	AMI & Meter Replacement	\$ 1,000,711
PWSDIF	2012	Sr. Lien Revenue Bonds - Refinance	Potable System Expansion	\$ 2,484,241
Total Debt				\$ 41,999,342

No new debt is proposed throughout the five-year projection period.

## Debt Service Coverage Requirements

The method for calculating the debt service coverage ratio is pursuant to the Town Financial and Budgetary Policies adopted by the Town Council in 2008. Section C.1 – Debt Capacity, Issuance & Management states the following with respect to debt service coverage ratios:

“When utility revenues are pledged as debt service payments, the Town will strive to maintain a 1.3 debt service coverage ratio or the required ratio in the bond indenture (whichever is greater) to ensure debt coverage in times of revenue fluctuation.”

The Water Utility currently pays debt service on a number of outstanding debt issuances and loans. For the Series 2012 Senior Lien Water Revenue Bonds, the 2008, 2009 and 2014 Water Infrastructure Finance Authority (WIFA) Loans, water utility revenues are specifically pledged as the repayment source for these obligations at 1.3 times coverage per the Town’s adopted financial policy.

The remaining outstanding debt obligations of the Water Utility are excise tax pledged obligations meaning that the Town’s unrestricted sources of sales taxes, fines, permit fees and state shared revenues are pledged as the repayment sources for these bonds in the bond indentures. Even though the bond indentures pledge these excise taxes as the repayment source, the Water Utility is and will continue to be responsible for these debt service payments. However, since excise taxes are pledged as coverage, a calculated debt service coverage ratio of 1.0 (rather than the 1.3) is applied to avoid double coverage when calculating the debt service coverage ratio for the water rates analysis.

It is important to note that the bond indentures for the excise tax-backed bonds require that the Town’s excise tax collections each fiscal year total at least 2.5 times the annual debt service requirements in order to avoid having to fund a debt service reserve fund. These conditions have been met annually in the past and are expected to continue in the future. For FY 2013-14 the debt service coverage ratio was 8.26 for the General Fund which substantially exceeds the 2.5 requirement.

This methodology of segregating the water utility revenue-pledged debt from the excise tax-pledged debt in the rates analysis process is an accepted practice in the industry and has been reviewed by the Town’s Finance Director and the Town’s financial advisors with Stifel, Nicolaus & Company, Inc.

The debt service coverage ratio is determined by dividing the annual net operating revenue by the annual debt service payments. Using the methodology described above is in accordance with the 2008 policy and reduces the amount of the debt service coverage requirement amount. Applying this methodology has been key in minimizing water rate increases.

Debt service coverage for the Water Utility’s outstanding senior lien debt issuances and loans in the Preferred Financial Scenario is shown in Table 4.

Table 4

	2014-15	2015-16	2016-17	2017-18	2018-19
Debt Service Coverage	2.02	2.11	2.07	1.92	1.73

## Cash Reserve Policy for Operating Fund

The Town of Oro Valley Mayor and Council Water Policies were adopted in 1996. The policy specific to cash reserves may be found in Section II.A.1.d. and states “The Utility shall maintain cash reserves for known future obligations plus an allowance for unbudgeted contingencies set at 5 percent (5%) of the total annual budget.” The Commission is recommending that this policy be reviewed in the coming year. Interpretation of the policy for this analysis is that the Utility must have five percent of the total annual operating budget including debt service and capital expenditures. In the Preferred Financial Scenario, the projected cash reserve balance for the Operating Fund for each year in the analysis is listed in Table 5 showing compliance in all years.

Table 5

Operating Fund	2014-15	2015-16	2016-17	2017-18	2018-19
Cash Reserve Requirement	\$ 731,321	\$ 723,318	\$ 745,380	\$ 745,699	\$ 780,564
Cash Reserve Balance	\$ 6,517,505	\$ 5,291,215	\$ 3,950,866	\$ 2,956,502	\$ 1,612,884

Cash reserve balances in the Operating Fund are the main driver for the proposed changes in water rates. The projected cash reserve balances shown in Table 5 include revenue from the proposed rate changes. Those changes include increases in the commodity rates with corresponding decreases in the GPF. These proposed changes allow for the cash balances to be at appropriate levels for both the Operating Fund and the GPF. The impact to the customers from these proposed changes are minimal except for single family residential and irrigation customers who are high water users. Details of the impact to all water users are in Appendix C.

The use of cash to fund capital expenditures results in a projected decrease of \$6.6 million in cash reserves over the five-year projection period. In light of this, the Commission is recommending that the current cash reserve policy be reviewed. A consideration may be to evaluate implementing a cash reserve policy similar to the one currently in place for the Town’s General Fund. The General Fund cash reserve policy states, “The Town shall maintain, at a minimum, a fund balance contingency reserve in the General Fund that represents 25 percent of the General Fund’s annual expenditures with no use of the General Fund contingency to support ongoing operational expenditures. This minimum reserve amount will be incorporated into the General Fund budget adopted by formal action taken by the Town Council. Accordingly, these reserves will be classified as committed fund balances.” Reviewing the Water Utility’s cash reserve policy will be placed on the Water Utility Commission’s work plan for the coming year.

## Operating Fund

### Revenue Forecast

The Operating Fund had a cash balance of \$8.2 million at the beginning of FY 2014-15 and is projected to have a balance of \$1.6 million at the end of FY 2018-19. These funds may be used for operating costs including personnel, operations and maintenance, capital improvements for the existing potable water system and debt service.

The revenue forecast was based on analysis of the Utility's monthly billing data for FY 2013-14 and a projection of water usage and growth in number of new connections detailed in Table 2 on page 4. Analysis of the water use trends for FY 2013-14 indicated the average monthly use for a single family residence with a 5/8 x 3/4 inch water meter was 7,880 gallons per month. For this analysis, 8,000 gallons per month was used to project water sales revenue. The revenue forecast includes proposed increased commodity rates shown below in Table 6. The GPF revenue is also shown in Table 6 for informational purposes and to illustrate the proposed decrease.

Table 6

<b>Commodity Rate</b>	<b>Current Rates</b>	<b>Proposed Rates 2014-15</b>	<b>Proposed Rates 2015-16</b>	<b>Proposed Rates 2016-17</b>	<b>Proposed Rates 2017-18</b>	<b>Proposed Rates 2018-19</b>
<b>Customer Classifications</b>						
Single Family Residential						
Tier 1	2.23	2.27	2.32	2.37	2.44	2.51
Tier 2	3.01	3.10	3.19	3.29	3.40	3.52
Tier 3	4.07	4.23	4.40	4.58	4.76	4.95
Tier 4	5.49	5.76	6.05	6.36	6.67	7.01
Irrigation						
Tier 1	2.23	2.27	2.32	2.37	2.44	2.51
Tier 2	3.01	3.10	3.19	3.29	3.40	3.52
Tier 3	4.07	4.23	4.40	4.58	4.76	4.95
Tier 4	5.49	5.76	6.05	6.36	6.67	7.01
Commercial	2.23	2.27	2.32	2.37	2.44	2.51
Master Metered Multi-Family	2.23	2.27	2.32	2.37	2.44	2.51
Turf	2.23	2.27	2.32	2.37	2.44	2.51
Construction	6.49	6.76	7.05	7.36	7.67	8.01
All Reclaimed Classes	2.20	2.23	2.26	2.31	2.38	2.45
<b>Groundwater Preservation Fee</b>						
Potable	0.95	0.90	0.85	0.85	0.85	0.85
Reclaimed	0.50	0.47	0.44	0.44	0.44	0.44

Cost per 1,000 gallons.

The water use included in each tier is detailed on the proposed water rates table in Appendix C.

Table 7 provides the water sales revenue forecast for the five-year projection period using the proposed commodity rates in Table 6. The GPF and associated revenues and expenditures are detailed on pages 10 - 11.

Table 7

<b>Water Sales Revenue</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Potable Water	\$10,252,130	\$10,542,605	\$10,852,834	\$11,166,348	\$11,473,209
Reclaimed Water	<u>\$ 1,796,098</u>	<u>\$ 1,818,296</u>	<u>\$ 1,850,323</u>	<u>\$ 1,899,317</u>	<u>\$ 1,949,954</u>
Total Water Sales	\$12,048,228	\$12,360,901	\$12,703,157	\$13,065,665	\$13,423,163

Other revenue generated by the Utility includes interest income and charges for services. Charges for service include, but are not limited to, new service establishment fees, late fees, reconnection fees, convenience fees, and plan review fees. These service fees are projected to generate annual revenue ranging from \$845,000 to \$896,000. Projections for interest income are a cumulative total of \$892,147 over the five-year period. A two percent interest rate was assumed for each year in the projection period. This interest rate is consistent with the Town's financial planning.

### Revenue Requirements

The following table is a summary of revenue requirements for the Operating Fund that were used in the financial analysis. These revenue requirements do not include expenditures to be paid with GPF revenue.

Table 8

Utility Expenditures	2014-15	2015-16	2016-17	2017-18	2018-19
Personnel	\$ 2,874,528	\$ 3,003,882	\$ 3,139,056	\$ 3,280,314	\$ 3,427,928
Operations/Maintenance	2,043,303	2,063,736	2,086,437	2,111,474	2,138,924
Power for Pumping	900,000	900,000	900,000	1,035,000	1,035,000
Water Resource Mgmt.	450,000	450,000	450,000	450,000	450,000
CAP Wheeling Costs	1,164,300	1,188,192	1,198,192	1,208,192	1,214,192
CAP Recharge Costs	1,324,000	1,401,680	1,443,205	1,484,730	1,509,645
Reclaimed Maintenance	890,360	899,264	909,156	920,065	932,026
Subtotal Expenditures	\$ 9,646,491	\$ 9,906,753	\$ 10,126,046	\$ 10,489,775	\$ 10,707,715
Debt Service	3,582,907	3,576,601	3,585,554	3,575,207	3,578,569
Capital Outlay	1,397,020	983,000	1,196,000	849,000	1,325,000
Total Expenditures	\$ 14,626,418	\$ 14,466,354	\$ 14,907,600	\$ 14,913,982	\$ 15,611,284

Projected personnel costs do not include any new personnel; however, a four percent annual merit increase and a 0.5 percent increase in retirement benefits have been projected. These projected increases are consistent with the General Fund's financial planning.

The projected operations and maintenance (O&M) costs for both the potable and reclaimed water systems include inflationary increases that average 1.7 percent annually. The inflation factors were provided by the Arizona Department of Revenue and are consistent with the General Fund's financial planning.

Power for pumping costs were segregated from the traditional O&M costs because they are not subject to annual inflationary increases. A 15 percent rate increase by Tucson Electric Power was projected in FY 2017-18. The Utility recently began implementation of an energy efficiency program which will reduce power costs as the pumps and motors are replaced. After all the equipment has been installed, the projected energy savings will be reflected in the power costs.

The Utility plans to purchase groundwater extinguishment credits. These credits will be pledged to the Groundwater Allowance Account (GWA) to help maintain a balance in the GWA that will facilitate growth in the water service area. It is anticipated that the Utility will purchase approximately 3,000 acre feet of extinguishment credits annually over the five-year projection period.

Projected costs for wheeling CAP water through the Tucson Water delivery system represent 2,000 acre feet annually. The rate charged by Tucson Water is a contract price and remains constant over the five years. The cost to take delivery of the CAP water increases annually. The CAP water delivery rates are established by Central Arizona Project.

CAP water recharge costs represent costs to take delivery of the Utility's entire CAP water allotment of 10,305 acre feet annually. This water will be recharged in various recharge facilities including the 2,000 acre feet in Tucson Water's facilities. Recharge costs increase by \$15 per acre foot when the water is recharged in Central Arizona Water Conservation District (CAWCD) facilities.

Projected capital outlay for existing system improvements in this analysis includes the replacement of approximately 10,000 water meters and installation of AMI equipment in the Oro Valley water service area; water main replacements; and installation of energy efficient pumps and motors. Capital outlay also includes the purchase of vehicles, computer and security equipment. The schedule for five-year capital improvements may be found in Appendix E.

The meter replacement project is being financed with a loan from the Water Infrastructure Finance Authority of Arizona (WIFA) and will be completed in FY 2015-16. This loan was approved by the Town Council in January 2014. There is no additional new debt proposed in this analysis. All other capital expenditures are proposed to be funded with revenue generated from water sales, fees, charges and cash reserves.

### **Groundwater Preservation Fee**

The Groundwater Preservation Fee (GPF) was established in 2003 to generate revenue to finance alternative water resources, capital expenditures for infrastructure needed to deliver alternative water to the Town and related debt service. The current policy for GPF revenue specifically excludes the use of those funds for operations and maintenance costs. The Water Utility Commission will consider making a recommendation to the Town Council to amend this policy. The consideration will be placed on the Commission's work plan in the coming year.

Prior to FY 2013-14, the GPF revenue was transferred from the Operating Fund to the AWRDIF Fund to pay the debt service on the reclaimed water system and the capital component of costs associated with the CAP water allotment and CAP water wheeling costs. The GPF revenue was used to pay these costs in conjunction with the impact fees collected in the AWRDIF Fund.

While updating the impact fees in FY 2013-14, it was determined that construction on the reclaimed water system was complete and beneficiaries of the reclaimed water system were the existing customers. As such, the debt associated with the reclaimed water system was removed from the AWRDIF Fund and placed in the Operating Fund. Additionally, GPF revenue is no longer transferred to the AWRDIF Fund. Revenue from the GPF will continue to pay the debt associated with the reclaimed water system and other authorized capital costs from within the Operating Fund.

As previously mentioned, the current policy for GPF revenue dedicates the use of GPF revenue to alternative water capital expenditures and related debt service. For this reason, the GPF will now be accounted for separately within the Operating Fund. Currently the GPF revenue received is in excess of the allowable expenditures resulting in the cash reserves growing by \$3.1 million over the five-

year projection period. This is inclusive of a projected five percent reduction in the GPF rate in FY 2014-15 and FY 2015-16. Table 9 shows the current and proposed GPF rates.

Table 9

	Current Rate	2014-15 Proposed	2015-16 Proposed	2016-17 Proposed	2017-18 Proposed	2018-19 Proposed
GPF – Potable Rate	\$0.95	\$0.90	\$0.85	\$0.85	\$0.85	\$0.85
GPF – Reclaimed Rate	\$0.50	\$0.47	\$0.44	\$0.44	\$0.44	\$0.44

*Cost per 1,000 gallons.*

The table below provides the revenue forecast for the five-year projection period using the proposed GPF rates in Table 9.

Table 10

GPF Revenue	2014-15	2015-16	2016-17	2017-18	2018-19
Potable Water	\$ 2,181,231	\$ 2,085,419	\$ 2,027,458	\$ 2,044,543	\$ 2,054,097
Reclaimed Water	361,568	339,402	325,105	325,105	325,105
Total GPF Revenue	\$ 2,542,799	\$ 2,424,821	\$ 2,352,563	\$ 2,369,648	\$ 2,379,202

The revenue from the GPF is dedicated to capital expenditures to deliver alternative water resources to the Town and related debt service. Table 11 provides the proposed expenditures that will be funded with GPF revenue.

Table 11

Expenditures	2014-15	2015-16	2016-17	2017-18	2018-19
Debt Service - Reclaimed System	\$1,372,628	\$1,385,641	\$1,380,450	\$1,385,861	\$1,384,754
Capital Costs for CAP Wheeling	142,360	142,360	142,360	142,360	142,360
Capital Cost for CAP Allotment	148,456	155,204	161,952	168,700	168,700
Reclaimed Main Relocation	100,000	350,000			
Total Expenditures	\$1,763,444	\$2,033,205	\$1,684,762	\$1,696,921	\$1,695,814

## Development Impact Fee Funds

### Alternative Water Resources Development Impact Fee Fund

The Alternative Water Resources Development Impact Fee Fund (AWRDIF) had a cash balance of \$3.3 million at the beginning of FY 2014-15 and is projected to have \$5.3 million at the end of FY 2018-19. The revenue sources for the AWRDIF Fund are from impact fees collected when a water meter is purchased and from interest earned on cash balances. Interest income is projected to be a total of \$585,547 for this analysis. A two percent interest rate was assumed for each year in the projection period and is consistent with the Town's financial planning.

The revenue forecast was based on new service units related to the number of new connections. A service unit is the equivalent of one single family residential (SFR) 5/8 x 3/4-inch water meter. The SFR service units are equal to the number of new connections. The other service units are forecast based on historic trends and pending development projects within the Town. Other service units include commercial, multi-family and irrigation units.

The Town Council adopted new impact fees that became effective July 1, 2014. The new impact fee for a SFR 5/8 x 3/4-inch water meter or one service unit is \$4,045. Table 12 provides the projected growth in service units and the revenue associated with that growth.

Table 12

Growth / Revenue	2014-15	2015-16	2016-17	2017-18	2018-19
SFR Service Units	200	300	275	200	100
Other Service Units	145	120	104	80	40
Projected Revenue	\$1,409,646	\$1,698,900	\$1,553,055	\$1,132,600	\$566,300

AWRDIF funds may be used for capital expenditures related to alternative water resources including reclaimed water and CAP water. The capital expenditures during this projection period total \$4.9 million and include the capital costs assessed by CAP for 3,557 acre feet of our CAP water allotment; construction of a CAP water blending booster station; and design and construction of facilities that will deliver an additional 1,000 acre feet of CAP water. The table below lists the capital expenditures for the AWRDIF Fund.

Table 13

Capital Expenditures	2014-15	2015-16	2016-17	2017-18	2018-19
CAP Capital Charges	\$ 78,254	\$ 81,811	\$ 85,368	\$ 88,925	\$ 88,925
CAP Facilities	700,000			400,000	3,410,000
Total Capital Expenditures	\$ 778,254	\$ 81,811	\$ 85,368	\$ 488,925	\$ 3,498,925

There is no outstanding debt in the AWRDIF Fund. The outstanding reclaimed water system debt was transferred to the Operating Fund. This is discussed in detail in the Groundwater Preservation Fee section on page 10 of this report.

### Potable Water System Development Impact Fee Fund

The Potable Water System Development Impact Fee Fund (PWSDIF) had a cash balance of \$4.5 million at the beginning of FY 2014-15 and is projected to have \$6.5 million at the end of FY 2018-19. The revenue sources for the PWSDIF Fund are from impact fees collected when a water meter is purchased and from interest earned on cash balances. Interest income is projected to be a total of \$568,624 for this analysis. A two percent interest rate was assumed for each year in the projection period and is consistent with the Town's financial planning.

The revenue forecast was based on new service units related to the number of new connections. A service unit is the equivalent of one single family residential (SFR) 5/8 x 3/4-inch water meter. The SFR service units are equal to the number of new connections. The other service units are forecast based on historic trends and pending development projects within the Town. Other service units include commercial, multi-family and irrigation units.

The Town Council adopted new impact fees that became effective July 1, 2014. The new impact fee for a SFR 5/8 x 3/4-inch water meter or one service unit is \$2,015. Table 14 provides the projected growth in service units and the revenue associated with that growth.

Table 14

Growth / Revenue	2014-15	2015-16	2016-17	2017-18	2018-19
SFR Service Units	200	300	275	200	100
Other Service Units	145	120	104	80	40
Projected Revenue	\$707,691	\$846,300	\$763,685	\$564,200	\$282,100

PWSDIF funds may be used for capital expenditures related to potable water system improvements including wells, booster stations, reservoirs and water mains that are required to meet the demands of new growth. There are no O&M expenditures in this fund. The projections detailed in the Preferred Financial Scenario for the PWSDIF Fund assume no growth-related capital projects throughout the projection period. This will be reviewed annually for changes, but until the growth rate changes, it is unlikely that the Utility will need to construct growth-related facilities. Debt service for previously constructed growth-related facilities will be paid from revenues collected from impact fees and use of cash reserves. The Potable Water System Development Impact Fees are not projected to increase or decrease during the five year period. The table below lists all expenditures forecast for the PWSDIF.

Table 15

Expenditures	2014-15	2015-16	2016-17	2017-18	2018-19
Debt Service	\$ 327,424	\$ 331,478	\$ 329,916	\$ 331,627	\$ 331,328
Capital Projects	-	-	-	-	-
Total Expenditures	\$ 327,424	\$ 331,478	\$ 329,916	\$ 331,627	\$ 331,328

## Preferred Financial Scenario

Prior to developing financial forecasts, financial considerations were evaluated relating to proposed future operating costs, significant short and long term capital expenditures, the Utility's existing cash reserves, existing outstanding debt and the related debt service payments. To develop a Preferred Financial Scenario, the goals of the Commission were to ensure that all existing rate setting policies were met, cash reserves were utilized to minimize future debt and proposed rate increases would not result in rate shock.

The Water Utility Commission has made a recommendation for a Preferred Financial Scenario. The Scenario generates the revenue needed to maintain an adequate cash balance in all funds over the projected five-year period. Additionally, the Scenario uses available cash for capital projects and meets the debt service coverage requirements in each year of the projection period. The Preferred Financial Scenario includes projections for five years; however, water rates are approved annually for the first year in the projection period.

The cash balance in the AWRDIF and PWSDF funds increase over the five year period. The cash balance will be important in the future as the Town moves forward with increased deliveries of CAP water and constructing potable water system infrastructure to meet the demands of new growth. State statutes preclude the use of impact fees for general operating expenses of the Utility.

The financial projections for the Operating Fund, AWRDIF Fund and the PWSDF Fund were combined to evaluate the overall debt service coverage at the end of each fiscal year. Analysis indicates that, under the Preferred Financial Scenario, the Utility will meet the debt service coverage requirement established by the Mayor and Council Water Polices and Bond Covenants for all five years. Proformas for the Preferred Financial Scenario may be found in **Appendix B**.

The assumptions used to develop the financial projections contained in the Preferred Financial Scenario may be found in **Appendix A**.

## Recommendation on Rates, Fees & Charges

After reviewing the analysis of the three funds and their respective revenue requirements contained in the Preferred Financial Scenario, the Water Utility Commission is recommending:

- Decrease in the potable and reclaimed Groundwater Preservation Fee (GPF)
- Increase in the potable and reclaimed commodity rates
- No increase in the monthly base rates for potable and reclaimed water
- Increase in the potable and reclaimed construction water rates
- Increase in meter installation fees to recover costs
- Increase in residential security deposits for non-property owner accounts
- Increase in residential security deposits for landlord accounts

Table 16 illustrates the proposed water rates for a single family residential customer with a 5/8 x 3/4 inch water meter. Approximately 93 percent of the utility's residential customers fall into this category. Other water providers in the region are included for comparison. Tucson Water's commodity rates are assessed on the use of 100 cubic feet which is equivalent to 748 gallons. To simplify the comparison, the rates for Tucson Water have been converted to represent a charge for 1,000 gallons.

Table 16

Water Provider	Monthly Base Rate	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	GPF or Water Resource Fee
Oro Valley <b>Current</b>	14.19	2.20	2.99	4.03	5.38	---	0.95
Oro Valley <b>Proposed</b>	<b>14.19</b>	<b>2.27</b>	<b>3.10</b>	<b>4.23</b>	<b>5.76</b>	---	<b>0.90</b>
Metro Water	22.00	2.00	2.70	4.05	5.62	7.02	0.20
Marana Water	16.18	2.63	3.67	4.77	5.89	8.45	0.43
Tucson Water	11.00	1.85	4.02	9.38	15.08	---	0.84

*Cost per 1,000 gallons.*

For comparison purposes, the following table provides a calculation of a monthly bill amount for a single family residential customer with a 5/8 x 3/4 inch meter for the water utilities surrounding the Oro Valley Water Utility service area. Direct comparison of specific base rates and commodity rates is less effective because of the varying rate structures of each utility. A better comparison is to calculate the cost for specific consumption levels for one month. The following bill comparisons include water rates and water resource fees similar to the Utility's GPF.

Table 17

Water Provider	Cost for 8,000 Gallons	Cost for 15,000 Gallons	Cost for 25,000 Gallons	Cost for 40,000 Gallons
Oro Valley <b>Current</b>	40.41	68.13	117.27	203.16
Oro Valley <b>Proposed</b>	<b>40.38</b>	<b>68.38</b>	<b>118.55</b>	<b>207.74</b>
Metro Water	40.80	68.74	122.71	231.01
Marana Water	40.66	67.28	113.78	202.98
Tucson Water	32.98	87.43	204.33	434.15

The following table illustrates the financial impact to customers with varying meter sizes based on the average monthly water use for specific customer classifications. These charges are for Oro Valley Water Utility customers and include the base rates, commodity rates and groundwater preservation fees.

Table 18

Classification	Meter Size	Water Use	Current Bill	Proposed Bill	Change
SF Residential	5/8	8,000	\$ 40.41	\$ 40.38	- \$ 0.03
SF Residential	5/8	15,000	\$ 68.13	\$ 68.38	\$ 0.25
SF Residential	5/8	25,000	\$117.27	\$118.55	\$ 1.28
SF Residential	5/8	40,000	\$203.16	\$207.74	\$ 4.58
Irrigation	1	27,000	\$129.14	\$129.37	\$ 0.23
Commercial	2	57,000	\$294.79	\$294.22	- \$ 0.57
MF Residential	4	550,000	\$ 2,103.77	\$ 2,098.27	- \$ 5.50
Turf – Potable	4	3,000,000	\$ 9,894.77	\$ 9,864.77	- \$30.00
Reclaimed - Turf	6	15,000,000	\$41,209.54	\$41,209.54	\$ 0.00

Proposed rates for all Oro Valley Water Utility meter sizes may be found in Appendix C. Tables that calculate monthly bills under the existing rates may also be found in Appendix C. Monthly bill amounts are calculated in 1,000 gallon increments for the 5/8 x 3/4 inch meters and a variety of increments for larger meter sizes.

Table 19 contains the proposed reclaimed rates. Tucson Water’s rates have been included for comparison. Tucson Water’s reclaimed rate is assessed on the use of 100 cubic feet which is equivalent to 748 gallons. To simplify the comparison, the rates for Tucson Water have been converted to represent a charge for 1,000 gallons.

Table 19

Water Provider	Commodity Rate	GPF
Oro Valley Water – Current	\$2.20	\$0.50
<b>Oro Valley Water – Proposed</b>	<b>\$2.23</b>	<b>\$0.47</b>
Tucson Water	\$2.50	N/A

Each year the water rates analysis is prepared based on the most up-to-date information available. Operational needs and capital improvement requirements change annually and are carefully evaluated when they are included in the analysis. It is important that the Utility perform a water rates analysis every year because any changes in debt service, operating or capital costs could result in the need for a rate increase.

## **Other Service Fees & Charges**

The Utility charges fees for services rendered in an amount designed to recover the cost to provide that service. These fees and charges are evaluated annually to determine if any adjustments are needed. It is recommended that water meter installation fees be increased to recover labor costs and a price increase in the meters and transceivers. The amount of the increase depends on the size and type of water meter. In some instances, there is a slight decrease in the fees. A complete schedule of the fees may be found in Appendix D.

It is also recommended that residential security deposits for non-property owner accounts be increased to minimize the Utility's risk when these customers move without paying their bills. This would impact customers who are renting homes from the property owners. During FY 2013-14, security deposits totaling \$1,770 were applied to final bills when the tenants moved out. An additional \$2,712 was written off as uncollectible on these accounts. To reduce the potential for financial loss in the future, it is recommended that residential security deposits for non-property owner accounts be increased from \$100 to \$150. These deposits will continue to be held by the Utility until the account is closed. Additionally, the Utility experienced losses when landlords sold their property leaving unpaid balances. Currently, landlord accounts are charged a security deposit of \$50 per account that is refunded after one year. It is recommended that security deposits for landlord accounts be increased from \$50 to \$75 per account and that the deposit be held by the Utility until the landlord agreement is terminated and the account is closed.

## **Conclusion**

The Commission presents this Water Rates Analysis Report for the review and consideration of the Mayor and Council. The Commission and Water Utility Staff are available to discuss this report in greater detail at Council's request. Utility Staff will be requesting Council's approval of the Notice of Intent to increase water rates on December 3, 2014.

The Oro Valley Water Utility Commission is proud to serve the Town of Oro Valley, its citizens and the customers of its water utility. The Commission extends their appreciation to the Mayor and Council for their consideration and guidance and looks forward to their continued direction.

# APPENDIX A

## Assumptions for Preferred Financial Scenario

A-1 Operating Fund

A-5 Alternative Water Resources Development Impact Fee Fund

A-6 Potable Water System Development Impact Fee Fund

**PREFERRED FINANCIAL SCENARIO**  
**ASSUMPTIONS FOR OPERATING FUND**

**Growth**

SFR growth rates were provided by the Finance Department and are consistent with Town financial forecasting. Other growth rates include commercial and irrigation connections.

Connections	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
SFR	200	300	275	200	100
Other	11	15	13	10	5

**Current Water Rate Structure**

The following commodity rates are the cost per 1,000 gallons:

Classifications	Tier 1	Tier 2	Tier 3	Tier 4
SF Residential & Irrigation	\$2.23	\$3.01	\$4.07	\$5.49
MF Residential & Commercial	\$2.23	---	---	---
Construction Water	\$6.49	---	---	---
Reclaimed Water	\$2.20	---	---	---
GPF – Potable	\$0.95	---	---	---
GPF – Reclaimed	\$0.50	---	---	---

**Proposed Water Rate Structure for FY 2014-15**

The following proposed commodity rates are the cost per 1,000 gallons:

Classifications	Tier 1	Tier 2	Tier 3	Tier 4
SF Residential & Irrigation	\$2.27	\$3.10	\$4.23	\$5.76
MF Residential & Commercial	\$2.27	---	---	---
Construction Water	\$6.76	---	---	---
Reclaimed Water	\$2.23	---	---	---
GPF – Potable	\$0.90	---	---	---
GPF – Reclaimed	\$0.47	---	---	---

There are no proposed changes to the usage allowed in each tier of the SF Residential and Irrigation classifications.

**Proposed Potable Water Rate Increases**

The “overall increase” and “monthly impact” are representative of a residential customer with a 5/8 x 3/4 inch water meter averaging 8,000 gallons of water use per month.

	Base Rate	Tier 1	Tier 2	Tier 3	Tier 4	GPF	Overall Change	Monthly Impact
FY 14-15	N/A	2.0%	3.0%	4.0%	5.0%	-5.3%	-0.1%	-\$0.03
FY 15-16	N/A	2.0%	3.0%	4.0%	5.0%	-5.6%	0.1%	\$0.04
FY 16-17	N/A	2.0%	3.0%	4.0%	5.0%	0.0%	1.1%	\$0.45
FY 17-18	N/A	3.0%	3.5%	4.0%	5.0%	0.0%	1.5%	\$0.60
FY 18-19	N/A	3.0%	3.5%	4.0%	5.0%	0.0%	1.5%	\$0.61

**Proposed Reclaimed Water Rate Increases**

The proposed reclaimed rate increases are shown below:

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Base Rate	N/A	N/A	N/A	N/A	N/A
Commodity Rate	\$2.23	\$2.26	\$2.31	\$2.38	\$2.45
Percent Increase	1.5%	1.5%	2.0%	3.0%	3.0%

**PREFERRED FINANCIAL SCENARIO**  
**ASSUMPTIONS FOR OPERATING FUND**

(continued)

**Groundwater Preservation Fee Rates (cost per 1,000 gallons)**

GPF is no longer transferred to the AWRDIF Fund effective FY 13-14.  
 5.3% decrease in GPF in FY 14-15 for both potable & reclaimed (\$0.05 and \$0.03 respectively).  
 5.6% decrease in GPF in FY 15-16 for both potable & reclaimed (\$0.05 and \$0.03 respectively).  
 No other decreases in remaining years of projection period.

**Water Use Trends**

Projections include similar water use trends as those in FY 13-14. The average monthly water use for a residential customer with a 5/8 x 3/4 inch water meter decreased to 7,880 gallons per month in FY 13-14 from 8,200 gallons in FY 12-13. For this analysis 8,000 gallons was used as the average monthly water use.

**Other Revenue**

Other revenue is based on FY 14-15 proposed budget. Other revenue is not projected to increase because misc. charges fluctuate annually. Other revenue includes late fees, reconnect fees, new service establishment fees, sewer billing, stormwater billing, and meter income.

**Beginning Cash Balance**

Taken from 6/30/14 Balance Sheet of respective funds (MUNIS reports dated 9/17/14)

**Interest Income**

The interest rate for all 5 years in the analysis period is projected to be 2.0%. Information provided by the Finance Department on 7/02/14.

**Personnel Costs**

No new employees were added over the 5 year projection period. The following increases were provided by the Finance Department on 7/26/14 and are consistent with Town financial forecasting.

Fiscal Year	Merit	ASRS	New FTE
14-15	4.0%	0.5%	N/A
15-16	4.0%	0.5%	N/A
16-17	4.0%	0.5%	N/A
17-18	4.0%	0.5%	N/A
18-19	4.0%	0.5%	N/A

**O&M Costs - Potable**

Based on Utility's proposed budget for FY 14-15 updated with the most recent information. Projected 15% increase in power costs for potential Tucson Electric rate increase in FY 17-18.

**O&M Costs - Reclaimed**

Based on Utility's proposed budget for FY 14-15 updated with the most recent information. Projected 15% increase in power costs for potential Tucson Electric rate increase in FY 17-18.

**PREFERRED FINANCIAL SCENARIO**  
**ASSUMPTIONS FOR OPERATING FUND**

(continued)

**Inflation Rates**

The following inflation rates were provided by the Arizona Department of Revenue:

FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
1.7%	1.6%	1.7%	1.8%	1.7%

**Water Resource Management Costs**

Costs are for the purchase of groundwater extinguishment credits. These credits will be pledged to the Groundwater Allowance Account to help maintain a balance that will facilitate growth in the water service area. Annual costs are based on purchasing 3,000 AF at \$150/AF.

**Reclaimed Water Wheeling Costs**

Pursuant to the existing IGA, the reclaimed water rate is non-interruptible at an interruptible rate. It is assumed that when the IGA is renegotiated, the utility will opt for an interruptible rate; therefore, only inflationary increases are included annually. The rate for FY 14-15 is \$292 / AF plus a monthly base rate.

**CAP Wheeling Costs**

Costs include the CAP water delivery costs – rates adopted by CAP on 6/5/14 (refer to CAP recharge costs table below). Costs also include fees charged by Tucson Water to wheel the CAP water through their recharge and recovery system. Tucson Water fees are fixed pursuant to an IGA and subject to re-negotiation.

Tucson Water Rates	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
CAP Volume Wheeled	2,000 AF				
Commodity Rate per AF	\$ 499.89	\$ 499.89	\$ 499.89	\$ 499.89	\$ 499.89
Base Rate 4-inch Meter (2)	\$ 203.83	\$ 203.83	\$ 203.83	\$ 203.83	\$ 203.83
Base Rate 8-inch Meter (1)	\$ 323.32	\$ 323.32	\$ 323.32	\$ 323.32	\$ 203.83

**CAP Recharge Costs**

Based on the rate schedule adopted by CAP 6/5/14. The following table reflects the amount projected to be recharged annually:

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Recharge at Tucson Water	2,000 AF				
Recharge at Kai Farms	4,000 AF				
Recharge at CAWCD	4,305 AF				
Cost to Recharge	\$ 157.00	\$ 161.00	\$ 166.00	\$ 171.00	\$ 174.00
Additional for CAWCD	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00

**PREFERRED FINANCIAL SCENARIO**  
**ASSUMPTIONS FOR OPERATING FUND**

(continued)

**Debt Service**

The following table describes the debt service included in this proforma:

Bonds	Type	Description	Amortization Schedule By
2005	Excise Tax	Land – MOC	Stone & Youngberg
2007	Excise Tax	Refunding (1996 & 1999)	Stone & Youngberg
2008	Sr. Lien	Reclaimed Ph. 2	WIFA
2009	Sr. Lien	Existing System CIP	WIFA
2012	Sr. Lien	Refunding (Reclaim Ph. 1)	Stone & Youngberg
2012	Sr. Lien	Refunding (2003)	Stone & Youngberg
2013	Sr. Lien	Refunding (2003)	Stifel & Nicolaus & Co.
2014	Sr. Lien	AMI Project	WIFA

**Debt Service Coverage**

1.30 debt service coverage ratio for 2012 & 2013 Sr. Lien Bonds & WIFA Loans  
 1.00 debt service coverage ratio for all Excise Tax Pledged Bonds

**Capital Improvements – Operating Fund**

The following table identifies the amount of the capital projects for each fiscal year and the related financing as identified in the revised 5-Year CIP dated 8/27/14:

Fiscal Year	Total Capital Costs	Project Financing		
		Cash Reserves	Existing WIFA Loan	New Debt
2014-15	\$ 3,597,020	\$1,397,020	\$2,200,000	N/A
2015-16	\$ 2,783,000	\$ 983,000	\$1,800,000	N/A
2016-17	\$ 1,196,000	\$1,196,000		N/A
2017-18	\$ 849,000	\$ 849,000		N/A
2018-19	<u>\$ 1,325,000</u>	<u>\$1,325,000</u>		N/A
	\$ 9,750,020	\$5,750,020	\$4,000,000	

Assumed no additional debt in throughout the 5-year forecast period.

**Capital Improvements – Groundwater Preservation Fee**

The following table identifies the amount of the capital projects for each fiscal year and the related financing as identified in the revised 15-Year CIP dated 8/27/14:

Fiscal Year	Total Capital Costs	Project Financing	
		Cash Reserves	New Debt
2014-15	\$ 100,000	\$ 100,000	N/A
2015-16	\$ 350,000	\$ 350,000	N/A
2016-17	N/A	N/A	N/A
2017-18	N/A	N/A	N/A
2018-19	N/A	N/A	N/A

**PREFERRED FINANCIAL SCENARIO**

**ASSUMPTIONS FOR AWRDIF FUND**

**Growth**

SFR growth rates were provided by the Finance Department and are consistent with Town financial forecasting. Other Service Units (SU's) include commercial and irrigation connections.

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
SFR SU's	200	300	275	200	100
Other SU's	145	120	104	80	40

**AWRD Impact Fees**

Decreased to \$4,045 per EDU, Ordinance No. (O) 14-05, effective 7/1/14  
Not projected to change in the 5 year projection period.

**Beginning Cash Balance**

Taken from 6/30/14 Balance Sheet of respective funds (MUNIS reports dated 9/17/14).

**Interest Income**

The interest rate for all 5 years in the analysis period is projected to be 2.0%. Information provided by the Finance Department on 7/02/14.

**CAP Capital Costs**

Based on 3,557 AF at rate schedule adopted by CAP 6/5/14.

**Debt Service**

Debt service for the reclaimed water system has been moved to the Operating Fund.

**Capital Improvements**

The following table identifies the amount of the capital projects for each fiscal year and the related financing as identified in the revised 5-Year CIP dated 8/27/14:

Fiscal Year	Total Capital Costs	Project Financing	
		Cash Reserves	New Debt
2014-15	\$ 700,000	\$ 700,000	N/A
2015-16	\$ 0	\$ 0	N/A
2016-17	\$ 0	\$ 0	N/A
2017-18	\$ 400,000	\$ 400,000	N/A
2018-19	\$3,410,000	\$3,410,000	N/A

## PREFERRED FINANCIAL SCENARIO

### ASSUMPTIONS FOR PWSDIF FUND

#### Growth

SFR growth rates were provided by the Finance Department and are consistent with Town financial forecasting. Other Service Units (SU's) include commercial and irrigation connections.

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
SFR SU's	200	300	275	200	100
Other SU's	145	120	104	80	40

#### PWSD Impact Fees

Decreased impact fees to \$2,015 per EDU, Ordinance No. (O) 14-05, effective 7/1/14.  
Not projected to change in the five year projection period.

#### Beginning Cash Balance

Taken from 6/30/14 Balance Sheet of respective funds. (MUNIS reports dated 9/17/14).

#### Interest Income

The interest rate for all 5 years in the analysis period is projected to be 2.0%. Information provided by the Finance Department on 7/02/14.

#### Debt Service

The following table describes the debt service included in this proforma:

Bonds	Type	Description	Amortization Schedule By
2012	Sr. Lien	Refunding (2003)	Stone & Youngberg

#### Debt Service Coverage

1.30 debt service coverage ratio for 2012 Sr. Lien Bonds

#### Capital Improvements

No capital projects were identified in the revised 5-year CIP dated 8/27/14.

# APPENDIX B

## Preferred Financial Scenario

- B-1 Operating Fund
- B-2 Groundwater Preservation Fee
- B-3 Alternative Water Resources Development Impact Fee Fund
- B-4 Potable Water System Development Impact Fee Fund
- B-5 Summary of All Funds

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>REVENUES</b>					
<b>Water Sales</b>					
Potable Water Sales (excluding golf courses)	\$ 10,065,575	\$ 10,229,109	\$ 10,397,653	\$ 10,585,864	\$ 10,809,196
Potable Water Sales from Growth - Res. & Com.	58,508	182,973	322,133	443,572	523,122
Potable Water Sales - Golf Courses	128,047	130,523	133,048	136,912	140,891
<b>Total Potable Water Sales</b>	<b>10,252,130</b>	<b>10,542,605</b>	<b>10,852,834</b>	<b>11,166,348</b>	<b>11,473,209</b>
Reclaimed Water Sales	1,796,098	1,818,296	1,850,323	1,899,317	1,949,954
<b>Total Water Sales</b>	<b>12,048,228</b>	<b>12,360,901</b>	<b>12,703,157</b>	<b>13,065,665</b>	<b>13,423,163</b>
<b>Other Operating Revenue</b>					
Service Fees & Charges	689,200	689,200	689,200	689,200	689,200
Interest Income	207,233	189,964	174,894	164,753	155,303
<b>Total Other Operating Revenue</b>	<b>896,433</b>	<b>879,164</b>	<b>864,094</b>	<b>853,953</b>	<b>844,503</b>
<b>Total Operating Revenue</b>	<b>\$ 12,944,661</b>	<b>\$ 13,240,065</b>	<b>\$ 13,567,251</b>	<b>\$ 13,919,618</b>	<b>\$ 14,267,666</b>
<b>OPERATING EXPENSES</b>					
<b>Potable Operating Expenses</b>					
Personnel	2,874,528	3,003,882	3,139,056	3,280,314	3,427,928
Operations & Maintenance	2,043,303	2,063,736	2,086,437	2,111,474	2,138,924
Power for Pumping	900,000	900,000	900,000	1,035,000	1,035,000
Water Resource Management Costs	450,000	450,000	450,000	450,000	450,000
CAP Wheeling Costs	1,164,300	1,188,192	1,198,192	1,208,192	1,214,192
CAP Water Recharge Costs	1,324,000	1,401,680	1,443,205	1,484,730	1,509,645
<b>Total Potable Operating Expenses</b>	<b>\$ 8,756,131</b>	<b>\$ 9,007,490</b>	<b>\$ 9,216,890</b>	<b>\$ 9,569,710</b>	<b>\$ 9,775,688</b>
<b>Reclaimed Operating Expenses</b>					
Operating & Maintenance	890,360	899,264	909,155	920,065	932,026
<b>Total Reclaimed Operating Expenses</b>	<b>\$ 890,360</b>	<b>\$ 899,264</b>	<b>\$ 909,155</b>	<b>\$ 920,065</b>	<b>\$ 932,026</b>
<b>Total Operating Expenses</b>	<b>\$ 9,646,491</b>	<b>\$ 9,906,753</b>	<b>\$ 10,126,046</b>	<b>\$ 10,489,775</b>	<b>\$ 10,707,715</b>
<b>Net Operating Revenue</b>	<b>\$ 3,298,170</b>	<b>\$ 3,333,312</b>	<b>\$ 3,441,205</b>	<b>\$ 3,429,843</b>	<b>\$ 3,559,951</b>
<b>DEBT SERVICE - POTABLE</b>					
P&I - Excise Tax Bonds - Land for MOC (2005)	152,516	152,227	151,691	152,417	152,668
P&I - Excise Tax Bonds - Refinance 1996 (2007)	1,255,948	1,258,530	1,259,936	1,255,326	1,258,553
P&I - WIFA Loan - Exist. System CIP (2009)	149,368	149,322	149,275	149,226	149,175
P&I - Sr. Lien Bonds - Existing System (2012)	582,284	589,494	586,716	589,759	589,227
P&I - Refunding - Excise (2013)	1,046,558	1,022,420	1,033,428	1,024,073	1,024,645
P&I - WIFA Loan - Sr. Lien - AMI (2014)	396,233	404,608	404,508	404,406	404,301
<b>Total Potable System Debt Service</b>	<b>\$ 3,582,907</b>	<b>\$ 3,576,601</b>	<b>\$ 3,585,554</b>	<b>\$ 3,575,207</b>	<b>\$ 3,578,569</b>
<b>Other Obligations</b>					
Machinery & Equipment	\$ 103,020	\$ 98,000	\$ 91,000	\$ 69,000	\$ 200,000
Vehicles	234,000	155,000	230,000	70,000	75,000
Capital Improvements: Existing System	1,060,000	730,000	875,000	710,000	1,050,000
<b>Total Other Obligations</b>	<b>\$ 1,397,020</b>	<b>\$ 983,000</b>	<b>\$ 1,196,000</b>	<b>\$ 849,000</b>	<b>\$ 1,325,000</b>
<b>Net Balance From Operations</b>	<b>\$ (1,681,757)</b>	<b>\$ (1,226,289)</b>	<b>\$ (1,340,349)</b>	<b>\$ (994,365)</b>	<b>\$ (1,343,618)</b>
<b>Beginning Cash Balance</b>	<b>\$ 8,199,262</b>	<b>\$ 6,517,505</b>	<b>\$ 5,291,215</b>	<b>\$ 3,950,866</b>	<b>\$ 2,956,502</b>
<b>Net Balance From Operations</b>	<b>(1,681,757)</b>	<b>(1,226,289)</b>	<b>(1,340,349)</b>	<b>(994,365)</b>	<b>(1,343,618)</b>
<b>Ending Cash Balance</b>	<b>\$ 6,517,505</b>	<b>\$ 5,291,215</b>	<b>\$ 3,950,866</b>	<b>\$ 2,956,502</b>	<b>\$ 1,612,884</b>

Groundwater Preservation Fee

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>GPF Beginning Balance</b>	\$ 2,670,948	\$ 3,450,303	\$ 3,841,919	\$ 4,509,720	\$ 5,182,447
GPF Revenue (existing + growth)	2,542,799	2,424,821	2,352,563	2,369,648	2,379,202
Less Capital Component of TW Wheeling Costs	(142,360)	(142,360)	(142,360)	(142,360)	(142,360)
Less Capital Charge for CAP Allotment 6,748 AF	(148,456)	(155,204)	(161,952)	(168,700)	(168,700)
Less Reclaimed Project - Main Relocation	(100,000)	(350,000)			
Less P&I - Sr. Lien - WIFA -Reclaimed Ph.2 (2008)	(311,256)	(311,130)	(311,001)	(310,866)	(310,727)
Less P&I - Sr. Lien Bonds - Reclaimed Ph.1 (2012)	(1,061,372)	(1,074,511)	(1,069,449)	(1,074,995)	(1,074,027)
<b>GPF Ending Balance</b>	\$ 3,450,303	\$ 3,841,919	\$ 4,509,720	\$ 5,182,447	\$ 5,865,835

Alternative Water Resources Development Impact Fee Fund

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>REVENUES</b>					
AWRD Impact Fee Revenue	\$ 1,409,646	\$ 1,698,900	\$ 1,553,055	\$ 1,132,600	\$ 566,300
<b>Subtotal Revenue</b>	<b>1,409,646</b>	<b>1,698,900</b>	<b>1,553,055</b>	<b>1,132,600</b>	<b>566,300</b>
<b>Other Operating Revenue</b>					
Interest Income	72,510	95,623	128,508	152,879	136,027
<b>Subtotal Other Operating Revenue</b>	<b>72,510</b>	<b>95,623</b>	<b>128,508</b>	<b>152,879</b>	<b>136,027</b>
<b>Total Operating Revenue</b>	<b>\$ 1,482,156</b>	<b>\$ 1,794,523</b>	<b>\$ 1,681,563</b>	<b>\$ 1,285,479</b>	<b>\$ 702,327</b>
<b>OPERATING EXPENSES</b>					
N/A	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ -</b>				
<b>Net Operating Revenue</b>	<b>\$ 1,482,156</b>	<b>\$ 1,794,523</b>	<b>\$ 1,681,563</b>	<b>\$ 1,285,479</b>	<b>\$ 702,327</b>
<b>DEBT SERVICE</b>					
N/A	-	-	-	-	-
<b>Total Debt Service</b>	<b>\$ -</b>				
<b>OTHER OBLIGATIONS</b>					
Capital Improvements:					
CAP Capital Charges 3557 acre feet	\$ 78,254	\$ 81,811	\$ 85,368	\$ 88,925	\$ 88,925
CAP Facilities Engineering & Construction	700,000	-	-	400,000	3,410,000
<b>Total Other Obligations</b>	<b>\$ 778,254</b>	<b>\$ 81,811</b>	<b>\$ 85,368</b>	<b>\$ 488,925</b>	<b>\$ 3,498,925</b>
<b>Net Balance From Operations</b>	<b>\$ 703,902</b>	<b>\$ 1,712,712</b>	<b>\$ 1,596,195</b>	<b>\$ 796,554</b>	<b>\$ (2,796,598)</b>
<b>Beginning Cash Balance</b>	<b>\$ 3,336,099</b>	<b>\$ 4,040,001</b>	<b>\$ 5,752,713</b>	<b>\$ 7,348,908</b>	<b>\$ 8,145,462</b>
<b>Net Balance From Operations</b>	<b>\$ 703,902</b>	<b>\$ 1,712,712</b>	<b>\$ 1,596,195</b>	<b>\$ 796,554</b>	<b>\$ (2,796,598)</b>
<b>Ending Cash Balance</b>	<b>\$ 4,040,001</b>	<b>\$ 5,752,713</b>	<b>\$ 7,348,908</b>	<b>\$ 8,145,462</b>	<b>\$ 5,348,864</b>

Potable Water System Development Impact Fee Fund

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>REVENUES</b>					
Development Impact Fees	\$ 707,691	\$ 846,300	\$ 763,685	\$ 564,200	\$ 282,100
<b>Subtotal Revenue</b>	<b>\$ 707,691</b>	<b>\$ 846,300</b>	<b>\$ 763,685</b>	<b>\$ 564,200</b>	<b>\$ 282,100</b>
<b>Other Operating Revenue</b>					
Interest Income	93,598	104,309	115,949	125,099	129,669
<b>Subtotal Other Operating Revenue</b>	<b>93,598</b>	<b>104,309</b>	<b>115,949</b>	<b>125,099</b>	<b>129,669</b>
<b>Total Operating Revenue</b>	<b>\$ 801,289</b>	<b>\$ 950,609</b>	<b>\$ 879,634</b>	<b>\$ 689,299</b>	<b>\$ 411,769</b>
<b>OPERATING EXPENSES</b>					
N/A	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ -</b>				
<b>Net Operating Revenue</b>	<b>\$ 801,289</b>	<b>\$ 950,609</b>	<b>\$ 879,634</b>	<b>\$ 689,299</b>	<b>\$ 411,769</b>
<b>DEBT SERVICE</b>					
P&I - Sr. Lien Bonds - Expansion Related (2012)	\$ 327,424	\$ 331,478	\$ 329,916	\$ 331,627	\$ 331,328
<b>Total Water System Debt Service</b>	<b>\$ 327,424</b>	<b>\$ 331,478</b>	<b>\$ 329,916</b>	<b>\$ 331,627</b>	<b>\$ 331,328</b>
<b>OTHER OBLIGATIONS</b>					
N/A	-	-	-	-	-
<b>Total Other Obligations</b>	<b>\$ -</b>				
<b>Net Balance From Operations</b>	<b>\$ 473,865</b>	<b>\$ 619,131</b>	<b>\$ 549,718</b>	<b>\$ 357,672</b>	<b>\$ 80,441</b>
<b>Beginning Cash Balance</b>	<b>\$ 4,505,635</b>	<b>\$ 4,979,500</b>	<b>\$ 5,598,631</b>	<b>\$ 6,148,349</b>	<b>\$ 6,506,021</b>
<b>Net Balance From Operations</b>	<b>\$ 473,865</b>	<b>\$ 619,131</b>	<b>\$ 549,718</b>	<b>\$ 357,672</b>	<b>\$ 80,441</b>
<b>Ending Cash Balance</b>	<b>\$ 4,979,500</b>	<b>\$ 5,598,631</b>	<b>\$ 6,148,349</b>	<b>\$ 6,506,021</b>	<b>\$ 6,586,462</b>

Oro Valley Water Utility  
 Potable & Reclaimed Water Systems  
 Prepared: October 22, 2014

PREFERRED FINANCIAL SCENARIO  
 Summary of all Funds

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>REVENUES</b>					
<b>Water Sales</b>					
Potable Water Sales (exclude golf courses)	\$ 10,065,575	\$ 10,229,109	\$ 10,397,653	\$ 10,585,864	\$ 10,809,196
Potable Water Sales from Growth	58,508	182,973	322,133	443,572	523,122
Potable Water Sales - Golf Courses	128,047	130,523	133,048	136,912	140,891
<b>Total Potable Water Sales</b>	<b>10,252,130</b>	<b>10,542,605</b>	<b>10,852,834</b>	<b>11,166,348</b>	<b>11,473,209</b>
Reclaimed Water Sales	1,796,098	1,818,296	1,850,323	1,899,317	1,949,954
<b>Total Water Sales</b>	<b>12,048,228</b>	<b>12,360,901</b>	<b>12,703,157</b>	<b>13,065,665</b>	<b>13,423,163</b>
<b>Other Operating Revenue</b>					
<b>Groundwater Preservation Fees</b>					
Groundwater Preservation Fee - Potable	2,168,917	2,052,785	1,974,252	1,974,252	1,974,252
Groundwater Preservation Fee - Reclaimed	361,568	339,402	325,105	325,105	325,105
Groundwater Preservation Fee - Growth	12,314	32,634	53,206	70,291	79,845
<b>Total Groundwater Preservation Fees</b>	<b>2,542,799</b>	<b>2,424,821</b>	<b>2,352,563</b>	<b>2,369,648</b>	<b>2,379,202</b>
Potable Water Impact Fees	707,691	846,300	763,685	564,200	282,100
Alternative Water Impact Fees	1,409,646	1,698,900	1,553,055	1,132,600	566,300
Service Fees & Charges	689,200	689,200	689,200	689,200	689,200
Interest Income	373,341	389,896	419,351	442,731	420,999
<b>Total Other Operating Revenue</b>	<b>5,722,677</b>	<b>6,049,117</b>	<b>5,777,854</b>	<b>5,198,379</b>	<b>4,337,801</b>
<b>Total Operating Revenue</b>	<b>\$ 17,770,905</b>	<b>\$ 18,410,018</b>	<b>\$ 18,481,011</b>	<b>\$ 18,264,044</b>	<b>\$ 17,760,964</b>
<b>OPERATING EXPENSES</b>					
<b>Potable Operating Expenses</b>					
Personnel	2,874,528	3,003,882	3,139,056	3,280,314	3,427,928
Operations & Maintenance	2,043,303	2,063,736	2,086,437	2,111,474	2,138,924
Power for Pumping	900,000	900,000	900,000	1,035,000	1,035,000
Water Resource Management Costs	450,000	450,000	450,000	450,000	450,000
CAP Wheeling Costs	1,164,300	1,188,192	1,198,192	1,208,192	1,214,192
CAP Recharge Costs	1,324,000	1,401,680	1,443,205	1,484,730	1,509,645
Costs paid by GPF Revenue	290,816	297,564	304,312	311,060	311,060
<b>Total Potable Operating Expenses</b>	<b>\$ 9,046,947</b>	<b>\$ 9,305,054</b>	<b>\$ 9,521,202</b>	<b>\$ 9,880,770</b>	<b>\$ 10,086,748</b>
<b>Reclaimed Operating Expenses</b>					
Operating & Maintenance	890,360	899,264	909,155	920,065	932,026
<b>Total Reclaimed Operating Expenses</b>	<b>\$ 890,360</b>	<b>\$ 899,264</b>	<b>\$ 909,155</b>	<b>\$ 920,065</b>	<b>\$ 932,026</b>
<b>Total Operating Expenses</b>	<b>\$ 9,937,307</b>	<b>\$ 10,204,317</b>	<b>\$ 10,430,358</b>	<b>\$ 10,800,835</b>	<b>\$ 11,018,775</b>
<b>Net Operating Revenue</b>	<b>\$ 7,833,598</b>	<b>\$ 8,205,701</b>	<b>\$ 8,050,653</b>	<b>\$ 7,463,209</b>	<b>\$ 6,742,189</b>
<b>Debt Service</b>					
<b>Debt Service - Potable- Existing System</b>					
P&I - Excise Tax Bonds - Land for MOC (2005)	152,516	152,227	151,691	152,417	152,668
P&I - Excise Tax Bonds - Refinance 1996 (2007)	1,255,948	1,258,530	1,259,936	1,255,326	1,258,553
P&I - WIFA Loan - Exist. System CIP (2009)	149,368	149,322	149,275	149,226	149,175
P&I - Sr. Lien Bonds - Existing System (2012)	582,284	589,494	586,716	589,759	589,227
P&I - Refunding - Excise (2013)	1,046,558	1,022,420	1,033,428	1,024,073	1,024,645
P&I - WIFA Loan - Meter Replacement (2014)	396,233	404,608	404,508	404,406	404,301
<b>Total Potable Existing System Debt Service</b>	<b>\$ 3,582,907</b>	<b>\$ 3,576,601</b>	<b>\$ 3,585,554</b>	<b>\$ 3,575,207</b>	<b>\$ 3,578,569</b>
<b>Debt Service - Potable - Expansion Related</b>					
P&I - Sr. Lien Bonds - Expansion Related (2012)	327,424	331,478	329,916	331,627	331,328
<b>Total Potable Expansion Related Debt Service</b>	<b>\$ 327,424</b>	<b>\$ 331,478</b>	<b>\$ 329,916</b>	<b>\$ 331,627</b>	<b>\$ 331,328</b>
<b>Debt Service - Non-Potable</b>					
P&I - Sr. Lien - WIFA -Reclaimed Ph.2 (2008)	\$ 316,526	\$ 316,402	\$ 316,273	\$ 316,140	\$ 316,002
P&I - Sr. Lien Bonds - Reclaimed Ph.1 (2012)	1,061,372	1,074,511	1,069,449	1,074,995	1,074,027
<b>Total Non-Potable System Debt Service</b>	<b>\$ 1,377,898</b>	<b>\$ 1,390,913</b>	<b>\$ 1,385,722</b>	<b>\$ 1,391,135</b>	<b>\$ 1,390,029</b>
<b>Total Water System Debt Service</b>	<b>\$ 5,288,229</b>	<b>\$ 5,298,992</b>	<b>\$ 5,301,192</b>	<b>\$ 5,297,969</b>	<b>\$ 5,299,926</b>

Oro Valley Water Utility  
 Potable & Reclaimed Water Systems  
 Prepared: October 22, 2014

PREFERRED FINANCIAL SCENARIO  
 Summary of all Funds

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>Other Obligations</b>					
Machinery & Equipment	\$ 103,020	\$ 98,000	\$ 91,000	\$ 69,000	\$ 200,000
Vehicles	234,000	155,000	230,000	70,000	75,000
Capital Improvements:					
Existing System	1,060,000	730,000	875,000	710,000	1,050,000
GPF Projects	100,000	350,000	-	-	-
Alternative Water Resources	778,254	81,811	85,368	488,925	3,498,925
<b>Total Other Obligations</b>	<b>\$ 2,275,274</b>	<b>\$ 1,414,811</b>	<b>\$ 1,281,368</b>	<b>\$ 1,337,925</b>	<b>\$ 4,823,925</b>
<b>Net Balance From Operations</b>	<b>\$ 270,095</b>	<b>\$ 1,491,898</b>	<b>\$ 1,468,093</b>	<b>\$ 827,314</b>	<b>\$ (3,381,662)</b>
Growth - New Connections	200	300	275	200	100
Increase from Water Rates	1.1%	1.3%	1.1%	1.5%	1.5%
Decrease from Groundwater Preservation Fees	-1.2%	-1.2%	0.0%	0.0%	0.0%
Increase(Decrease) to Residential Customer using 8K gals.	-0.1%	0.1%	1.1%	1.5%	1.5%
Increase(Decrease) to Residential Customer using 8K gals.	(\$0.03)	\$0.04	\$0.45	\$0.60	\$0.61
<b>Required Cash Reserves (5% of budget)</b> (does not include depreciation/amortization)	<b>\$ 875,041</b>	<b>\$ 845,906</b>	<b>\$ 850,646</b>	<b>\$ 871,836</b>	<b>\$ 1,057,131</b>
<b>Debt Service Coverage Requirement Amount</b>	<b>\$ 6,452,159</b>	<b>\$ 6,465,462</b>	<b>\$ 6,468,062</b>	<b>\$ 6,465,037</b>	<b>\$ 6,466,538</b>
<b>DS Coverage Ratio: Sr. Lien Bonds &amp; WIFA</b>	<b>2.02</b>	<b>2.11</b>	<b>2.07</b>	<b>1.92</b>	<b>1.73</b>
Debt Service Coverage Requirement = 1.30					
<b>Beginning Cash Balance</b>	<b>\$ 18,711,944</b>	<b>\$ 18,982,038</b>	<b>\$ 20,473,936</b>	<b>\$ 21,942,029</b>	<b>\$ 22,769,344</b>
<b>Net Balance From Operations</b>	<b>270,095</b>	<b>1,491,898</b>	<b>1,468,093</b>	<b>827,314</b>	<b>(3,381,662)</b>
<b>Ending Cash Balance</b>	<b>\$ 18,982,038</b>	<b>\$ 20,473,936</b>	<b>\$ 21,942,029</b>	<b>\$ 22,769,344</b>	<b>\$ 19,387,682</b>
Operating Fund	\$ 6,517,505	\$ 5,291,215	\$ 3,950,866	\$ 2,956,502	\$ 1,612,884
Groundwater Preservation Fees	3,450,303	3,841,919	4,509,720	5,182,447	5,865,835
AWRD Impact Fee Fund	4,040,001	5,752,713	7,348,908	8,145,462	5,348,864
PWSD Impact Fee Fund	4,979,500	5,598,631	6,148,349	6,506,021	6,586,462
<b>Total Ending Cash Balance</b>	<b>\$ 18,987,308</b>	<b>\$ 20,484,478</b>	<b>\$ 21,957,843</b>	<b>\$ 22,790,432</b>	<b>\$ 19,414,045</b>
<b>Contingent Reserve Fund:</b>	<b>359%</b>	<b>387%</b>	<b>414%</b>	<b>430%</b>	<b>366%</b>
Contingent Reserve Requirement = 130%					

# APPENDIX C

## Preferred Financial Scenario Rate Schedules & Tables for Bill Comparisons

C-1 Potable & Reclaimed Water Rates

C-2 Tables for Bill Comparisons by Meter Size

**ORO VALLEY WATER UTILITY  
PREFERRED FINANCIAL SCENARIO  
PROPOSED WATER RATES**

<b>BASE RATES POTABLE &amp; RECLAIMED</b>	
METER SIZE (in inches)	BASE RATE
5/8 x 3/4	\$14.19
3/4 x 3/4	\$21.29
1	\$35.48
1.5	\$70.95
2	\$113.53
3	\$227.05
4	\$354.77
6	\$709.54
8	\$1,135.26

<b>COMMODITY RATES - POTABLE WATER</b>				
<b>RESIDENTIAL &amp; IRRIGATION CLASSIFICATIONS</b>				
METER SIZE	COMMODITY TIER 1 \$2.27 COST PER 1000 GALS.	COMMODITY TIER 2 \$3.10 COST PER 1000 GALS.	COMMODITY TIER 3 \$4.23 COST PER 1000 GALS.	COMMODITY TIER 4 \$5.76 COST PER 1000 GALS.
5/8 x 3/4	0 - 7,000	7,001 - 16,000	16,001 - 32,000	OVER 32,000
3/4 x 3/4	0 - 10,000	10,001 - 24,000	24,001 - 48,000	OVER 48,000
1	0 - 17,000	17,001 - 40,000	40,001 - 80,000	OVER 80,000
1.5	0 - 35,000	35,001 - 80,000	80,001 - 160,000	OVER 160,000
2	0 - 56,000	56,001 - 128,000	128,001 - 256,000	OVER 256,000
3	0 - 112,000	112,001 - 256,000	256,001 - 512,000	OVER 512,000
4	0 - 175,000	175,001 - 400,000	400,001 - 800,000	OVER 800,000
6	0 - 860,000	860,001 - 2,000,000	2,000,001 - 3,500,000	OVER 3,500,000
8	0 - 860,000	860,001 - 2,000,000	2,000,001 - 3,500,000	OVER 3,500,000
<b>COMMERCIAL CLASSIFICATION</b>			\$2.27 per 1000 gallons for all water use	
<b>MASTER-METERED MULTIFAMILY CLASSIFICATION</b>			\$2.27 per 1000 gallons for all water use	
<b>CONSTRUCTION WATER</b>			\$6.76 per 1000 gallons for all water use	

<b>COMMODITY RATES - RECLAIMED WATER</b>	
<b>ALL RECLAIMED WATER USES &amp; CLASSIFICATIONS</b>	\$ 2.23 per 1000 gallons for all water use

<b>GROUNDWATER PRESERVATION FEES</b>	
<b>POTABLE WATER</b>	\$ 0.90 per 1000 gallons for all water use
<b>RECLAIMED WATER</b>	\$ 0.47 per 1000 gallons for all water use

TABLE FOR MONTHLY CHARGES & PERCENT INCREASE COMPARISON  
 RESIDENTIAL & IRRIGATION CUSTOMERS WITH A 5/8 X 3/4" METER

GALLONS USED	CURRENT WATER RATE	PROPOSED WATER RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	14.19	14.19	0.00	0.0%	0.00	0.00	0.00	0.00	14.19	0.0%
1,000	16.42	16.46	0.04	0.2%	0.95	0.90	-0.05	-0.01	17.36	-0.1%
2,000	18.65	18.73	0.08	0.4%	1.90	1.80	-0.10	-0.02	20.53	-0.1%
3,000	20.88	21.00	0.12	0.6%	2.85	2.70	-0.15	-0.03	23.70	-0.1%
4,000	23.11	23.27	0.16	0.7%	3.80	3.60	-0.20	-0.04	26.87	-0.1%
5,000	25.34	25.54	0.20	0.8%	4.75	4.50	-0.25	-0.05	30.04	-0.2%
6,000	27.57	27.81	0.24	0.9%	5.70	5.40	-0.30	-0.06	33.21	-0.2%
7,000	29.80	30.08	0.28	0.9%	6.65	6.30	-0.35	-0.07	36.38	-0.2%
8,000	32.81	33.18	0.37	1.1%	7.60	7.20	-0.40	-0.03	40.38	-0.1%
9,000	35.82	36.28	0.46	1.3%	8.55	8.10	-0.45	0.01	44.38	0.0%
10,000	38.83	39.38	0.55	1.4%	9.50	9.00	-0.50	0.05	48.38	0.1%
11,000	41.84	42.48	0.64	1.5%	10.45	9.90	-0.55	0.09	52.38	0.2%
12,000	44.85	45.58	0.73	1.6%	11.40	10.80	-0.60	0.13	56.38	0.2%
13,000	47.86	48.68	0.82	1.7%	12.35	11.70	-0.65	0.17	60.38	0.3%
14,000	50.87	51.78	0.91	1.8%	13.30	12.60	-0.70	0.21	64.38	0.3%
15,000	53.88	54.88	1.00	1.9%	14.25	13.50	-0.75	0.25	68.38	0.4%
16,000	56.89	57.98	1.09	1.9%	15.20	14.40	-0.80	0.29	72.38	0.4%
17,000	60.96	62.21	1.25	2.1%	16.15	15.30	-0.85	0.40	77.51	0.5%
18,000	65.03	66.44	1.41	2.2%	17.10	16.20	-0.90	0.51	82.64	0.6%
19,000	69.10	70.67	1.57	2.3%	18.05	17.10	-0.95	0.62	87.77	0.7%
20,000	73.17	74.90	1.73	2.4%	19.00	18.00	-1.00	0.73	92.90	0.8%
21,000	77.24	79.13	1.89	2.4%	19.95	18.90	-1.05	0.84	98.03	0.9%
22,000	81.31	83.36	2.05	2.5%	20.90	19.80	-1.10	0.95	103.16	0.9%
23,000	85.38	87.59	2.21	2.6%	21.85	20.70	-1.15	1.06	108.29	1.0%
24,000	89.45	91.82	2.37	2.6%	22.80	21.60	-1.20	1.17	113.42	1.0%
25,000	93.52	96.05	2.53	2.7%	23.75	22.50	-1.25	1.28	118.55	1.1%
26,000	97.59	100.28	2.69	2.8%	24.70	23.40	-1.30	1.39	123.68	1.1%
27,000	101.66	104.51	2.85	2.8%	25.65	24.30	-1.35	1.50	128.81	1.2%
28,000	105.73	108.74	3.01	2.8%	26.60	25.20	-1.40	1.61	133.94	1.2%
29,000	109.80	112.97	3.17	2.9%	27.55	26.10	-1.45	1.72	139.07	1.3%
30,000	113.87	117.20	3.33	2.9%	28.50	27.00	-1.50	1.83	144.20	1.3%
31,000	117.94	121.43	3.49	3.0%	29.45	27.90	-1.55	1.94	149.33	1.3%
32,000	122.01	125.66	3.65	3.0%	30.40	28.80	-1.60	2.05	154.46	1.3%
33,000	127.50	131.42	3.92	3.1%	31.35	29.70	-1.65	2.27	161.12	1.4%
34,000	132.99	137.18	4.19	3.2%	32.30	30.60	-1.70	2.49	167.78	1.5%
35,000	138.48	142.94	4.46	3.2%	33.25	31.50	-1.75	2.71	174.44	1.6%
36,000	143.97	148.70	4.73	3.3%	34.20	32.40	-1.80	2.93	181.10	1.6%
37,000	149.46	154.46	5.00	3.3%	35.15	33.30	-1.85	3.15	187.76	1.7%
38,000	154.95	160.22	5.27	3.4%	36.10	34.20	-1.90	3.37	194.42	1.8%
39,000	160.44	165.98	5.54	3.5%	37.05	35.10	-1.95	3.59	201.08	1.8%
40,000	165.93	171.74	5.81	3.5%	38.00	36.00	-2.00	3.81	207.74	1.9%
41,000	171.42	177.50	6.08	3.5%	38.95	36.90	-2.05	4.03	214.40	1.9%
42,000	176.91	183.26	6.35	3.6%	39.90	37.80	-2.10	4.25	221.06	2.0%
43,000	182.40	189.02	6.62	3.6%	40.85	38.70	-2.15	4.47	227.72	2.0%
44,000	187.89	194.78	6.89	3.7%	41.80	39.60	-2.20	4.69	234.38	2.0%
45,000	193.38	200.54	7.16	3.7%	42.75	40.50	-2.25	4.91	241.04	2.1%
46,000	198.87	206.30	7.43	3.7%	43.70	41.40	-2.30	5.13	247.70	2.1%
47,000	204.36	212.06	7.70	3.8%	44.65	42.30	-2.35	5.35	254.36	2.1%
48,000	209.85	217.82	7.97	3.8%	45.60	43.20	-2.40	5.57	261.02	2.2%
49,000	215.34	223.58	8.24	3.8%	46.55	44.10	-2.45	5.79	267.68	2.2%
50,000	220.83	229.34	8.51	3.9%	47.50	45.00	-2.50	6.01	274.34	2.2%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON  
**FOR RESIDENTIAL & IRRIGATION CUSTOMERS WITH A 3/4" x 3/4" METER**

BASE RATE \$ 21.29

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 10,000 GALLONS  
 TIER 2 = \$ 3.10 FOR 10,001 - 24,000 GALLONS  
 TIER 3 = \$ 4.23 FOR 24,001 - 48,000 GALLONS  
 TIER 4 = \$ 5.76 FOR ALL USAGE OVER 48,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	21.29	21.29	-	0.0%	0.00	0.00	0.00	0.00	21.29	0.0%
7,000	36.90	37.18	0.28	0.8%	6.65	6.30	-0.35	-0.07	43.48	-0.2%
11,000	46.60	47.09	0.49	1.1%	10.45	9.90	-0.55	-0.06	56.99	-0.1%
28,000	102.01	104.31	2.30	2.3%	26.60	25.20	-1.40	0.90	129.51	0.7%
50,000	194.39	200.43	6.04	3.1%	47.50	45.00	-2.50	3.54	245.43	1.5%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON  
**FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 3/4" x 3/4" METER**

BASE RATE \$ 21.29

COMMODITY RATE: TIER 1 = \$ 2.27 FOR ALL WATER USAGE  
 TIER 2 = N/A  
 TIER 3 = N/A  
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	21.29	21.29	-	0.0%	0.00	0.00	0.00	0.00	21.29	0.0%
7,000	36.90	37.18	0.28	0.8%	6.65	6.30	-0.35	-0.07	43.48	-0.2%
11,000	45.82	46.26	0.44	1.0%	10.45	9.90	-0.55	-0.11	56.16	-0.2%
28,000	83.73	84.85	1.12	1.3%	26.60	25.20	-1.40	-0.28	110.05	-0.3%
50,000	132.79	134.79	2.00	1.5%	47.50	45.00	-2.50	-0.50	179.79	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON  
**FOR RESIDENTIAL & IRRIGATION CUSTOMERS WITH A 1" METER**

BASE RATE \$ 35.48

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 17,000 GALLONS  
 TIER 2 = \$ 3.10 FOR 17,001 - 40,000 GALLONS  
 TIER 3 = \$ 4.23 FOR 40,001 - 80,000 GALLONS  
 TIER 4 = \$ 5.76 FOR ALL USAGE OVER 80,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	35.48	35.48	-	0.0%	0.00	0.00	0.00	0.00	35.48	0.0%
16,000	71.16	71.80	0.64	0.9%	15.20	14.40	-0.80	-0.16	86.20	-0.2%
27,000	103.49	105.07	1.58	1.5%	25.65	24.30	-1.35	0.23	129.37	0.2%
38,000	136.60	139.17	2.57	1.9%	36.10	34.20	-1.90	0.67	173.37	0.4%
50,000	183.32	187.67	4.35	2.4%	47.50	45.00	-2.50	1.85	232.67	0.8%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 1" METER**

BASE RATE \$ 35.48

COMMODITY RATE: TIER 1 = \$ 2.27 FOR ALL WATER USAGE  
 TIER 2 = N/A  
 TIER 3 = N/A  
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	35.48	35.48	-	0.0%	0.00	0.00	0.00	0.00	35.48	0.0%
16,000	71.16	71.80	0.64	0.9%	15.20	14.40	-0.80	-0.16	86.20	-0.2%
27,000	95.69	96.77	1.08	1.1%	25.65	24.30	-1.35	-0.27	121.07	-0.2%
38,000	120.22	121.74	1.52	1.3%	36.10	34.20	-1.90	-0.38	155.94	-0.2%
50,000	146.98	148.98	2.00	1.4%	47.50	45.00	-2.50	-0.50	193.98	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR IRRIGATION CUSTOMERS WITH A 1.5" METER**

BASE RATE \$ 70.95

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 35,000 GALLONS  
 TIER 2 = \$ 3.10 FOR 35,001 - 80,000 GALLONS  
 TIER 3 = \$ 4.23 FOR 80,001 - 160,000 GALLONS  
 TIER 4 = \$ 5.76 FOR ALL USAGE OVER 160,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	70.95	70.95	-	0.0%	0.00	0.00	0.00	0.00	70.95	0.0%
38,000	158.03	159.70	1.67	1.1%	36.10	34.20	-1.90	-0.23	193.90	-0.1%
64,000	236.29	240.30	4.01	1.7%	60.80	57.60	-3.20	0.81	297.90	0.3%
90,000	325.15	332.20	7.05	2.2%	85.50	81.00	-4.50	2.55	413.20	0.6%
125,000	467.60	480.25	12.65	2.7%	118.75	112.50	-6.25	6.40	592.75	1.1%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 1.5" METER**

BASE RATE \$ 70.95

COMMODITY RATE: TIER 1 = \$ 2.27 FOR ALL WATER USAGE  
 TIER 2 = N/A  
 TIER 3 = N/A  
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	70.95	70.95	-	0.0%	0.00	0.00	0.00	0.00	70.95	0.0%
38,000	155.69	157.21	1.52	1.0%	36.10	34.20	-1.90	-0.38	191.41	-0.2%
64,000	213.67	216.23	2.56	1.2%	60.80	57.60	-3.20	-0.64	273.83	-0.2%
90,000	271.65	275.25	3.60	1.3%	85.50	81.00	-4.50	-0.90	356.25	-0.3%
125,000	349.70	354.70	5.00	1.4%	118.75	112.50	-6.25	-1.25	467.20	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR IRRIGATION CUSTOMERS WITH A 2" METER**

BASE RATE \$ 113.53

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 56,000 GALLONS  
 TIER 2 = \$ 3.10 FOR 56,001 - 128,000 GALLONS  
 TIER 3 = \$ 4.23 FOR 128,001 - 256,000 GALLONS  
 TIER 4 = \$ 5.76 FOR ALL USAGE OVER 256,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	113.53	113.53	-	0.0%	0.00	0.00	0.00	0.00	113.53	0.0%
57,000	241.42	243.75	2.33	1.0%	54.15	51.30	-2.85	-0.52	295.05	-0.2%
128,000	455.13	463.85	8.72	1.9%	121.60	115.20	-6.40	2.32	579.05	0.4%
250,000	951.67	979.91	28.24	3.0%	237.50	225.00	-12.50	15.74	1,204.91	1.3%
325,000	1,354.90	1,402.73	47.83	3.5%	308.75	292.50	-16.25	31.58	1,695.23	1.9%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 2" METER**

BASE RATE \$ 113.53

COMMODITY RATE: TIER 1 = \$ 2.27 FOR ALL WATER USAGE  
 TIER 2 = N/A  
 TIER 3 = N/A  
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	113.53	113.53	-	0.0%	0.00	0.00	0.00	0.00	113.53	0.0%
57,000	240.64	242.92	2.28	0.9%	54.15	51.30	-2.85	-0.57	294.22	-0.2%
128,000	398.97	404.09	5.12	1.3%	121.60	115.20	-6.40	-1.28	519.29	-0.2%
250,000	671.03	681.03	10.00	1.5%	237.50	225.00	-12.50	-2.50	906.03	-0.3%
325,000	838.28	851.28	13.00	1.6%	308.75	292.50	-16.25	-3.25	1,143.78	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR IRRIGATION CUSTOMERS WITH A 3" METER**

BASE RATE \$ 227.05

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 112,000 GALLONS  
 TIER 2 = \$ 3.10 FOR 112,001 - 256,000 GALLONS  
 TIER 3 = \$ 4.23 FOR 256,001 - 512,000 GALLONS  
 TIER 4 = \$ 5.76 FOR ALL USAGE OVER 512,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	227.05	227.05	-	0.0%	0.00	0.00	0.00	0.00	227.05	0.0%
50,000	338.55	340.55	2.00	0.6%	47.50	45.00	-2.50	-0.50	385.55	-0.1%
150,000	591.19	599.09	7.90	1.3%	142.50	135.00	-7.50	0.40	734.09	0.1%
300,000	1,089.33	1,113.81	24.48	2.2%	285.00	270.00	-15.00	9.48	1,383.81	0.7%
500,000	1,903.33	1,959.81	56.48	3.0%	475.00	450.00	-25.00	31.48	2,409.81	1.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 3" METER**

BASE RATE \$ 227.05

COMMODITY RATE: TIER 1 = \$ 2.27 FOR ALL WATER USAGE  
 TIER 2 = N/A  
 TIER 3 = N/A  
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	227.05	227.05	-	0.0%	0.00	0.00	0.00	0.00	227.05	0.0%
50,000	338.55	340.55	2.00	0.6%	47.50	45.00	-2.50	-0.50	385.55	-0.1%
150,000	561.55	567.55	6.00	1.1%	142.50	135.00	-7.50	-1.50	702.55	-0.2%
300,000	896.05	908.05	12.00	1.3%	285.00	270.00	-15.00	-3.00	1,178.05	-0.3%
500,000	1,342.05	1,362.05	20.00	1.5%	475.00	450.00	-25.00	-5.00	1,812.05	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR IRRIGATION CUSTOMERS WITH A 4" METER**

BASE RATE \$ 354.77

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 175,000 GALLONS  
 TIER 2 = \$ 3.10 FOR 175,001 - 400,000 GALLONS  
 TIER 3 = \$ 4.23 FOR 400,001 - 800,000 GALLONS  
 TIER 4 = \$ 5.76 FOR ALL USAGE OVER 800,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	354.77	354.77	-	0.0%	0.00	0.00	0.00	0.00	354.77	0.0%
300,000	1,121.27	1,139.52	18.25	1.6%	285.00	270.00	-15.00	3.25	1,409.52	0.2%
550,000	2,032.77	2,084.02	51.25	2.5%	522.50	495.00	-27.50	23.75	2,579.02	0.9%
700,000	2,643.27	2,718.52	75.25	2.8%	665.00	630.00	-35.00	40.25	3,348.52	1.2%
850,000	3,324.77	3,429.52	104.75	3.2%	807.50	765.00	-42.50	62.25	4,194.52	1.5%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 4" METER**

BASE RATE \$ 354.77

COMMODITY RATE: TIER 1 = \$ 2.27 FOR ALL WATER USAGE  
 TIER 2 = N/A  
 TIER 3 = N/A  
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	354.77	354.77	-	0.0%	0.00	0.00	0.00	0.00	354.77	0.0%
300,000	1,023.77	1,035.77	12.00	1.2%	285.00	270.00	-15.00	-3.00	1,305.77	-0.2%
550,000	1,581.27	1,603.27	22.00	1.4%	522.50	495.00	-27.50	-5.50	2,098.27	-0.3%
700,000	1,915.77	1,943.77	28.00	1.5%	665.00	630.00	-35.00	-7.00	2,573.77	-0.3%
850,000	2,250.27	2,284.27	34.00	1.5%	807.50	765.00	-42.50	-8.50	3,049.27	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR RESIDENTIAL & IRRIGATION CUSTOMERS WITH A 6" METER**

BASE RATE \$ 709.54

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 860,000 GALLONS  
 TIER 2 = \$ 3.10 FOR 860,001 - 2,000,000 GALLONS  
 TIER 3 = \$ 4.23 FOR 2,000,001 - 3,500,000 GALLONS  
 TIER 4 = \$ 5.76 FOR ALL USAGE OVER 3,500,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	709.54	709.54	-	0.0%	0.00	0.00	0.00	0.00	709.54	0.0%
425,000	1,657.29	1,674.29	17.00	1.0%	403.75	382.50	-21.25	-4.25	2,056.79	-0.2%
1,000,000	3,048.74	3,095.74	47.00	1.5%	950.00	900.00	-50.00	-3.00	3,995.74	-0.1%
1,500,000	4,553.74	4,645.74	92.00	2.0%	1,425.00	1,350.00	-75.00	17.00	5,995.74	0.3%
2,000,000	6,058.74	6,195.74	137.00	2.3%	1,900.00	1,800.00	-100.00	37.00	7,995.74	0.5%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 6" METER**

BASE RATE \$ 709.54

COMMODITY RATE: TIER 1 = \$ 2.27 FOR ALL WATER USAGE  
 TIER 2 = N/A  
 TIER 3 = N/A  
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	709.54	709.54	-	0.0%	0.00	0.00	0.00	0.00	709.54	0.0%
425,000	1,657.29	1,674.29	17.00	1.0%	403.75	382.50	-21.25	-4.25	2,056.79	-0.2%
1,000,000	2,939.54	2,979.54	40.00	1.4%	950.00	900.00	-50.00	-10.00	3,879.54	-0.3%
1,500,000	4,054.54	4,114.54	60.00	1.5%	1,425.00	1,350.00	-75.00	-15.00	5,464.54	-0.3%
2,000,000	5,169.54	5,249.54	80.00	1.5%	1,900.00	1,800.00	-100.00	-20.00	7,049.54	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR CUSTOMERS WITH A 8" METER**

BASE RATE \$ 1,135.26

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 860,000 GALLONS  
 TIER 2 = \$ 3.10 FOR 860,001 - 2,000,000 GALLONS  
 TIER 3 = \$ 4.23 FOR 2,000,001 - 3,500,000 GALLONS  
 TIER 4 = \$ 5.76 FOR ALL USAGE OVER 3,500,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	1,135.26	1,135.26	-	0.0%	0.00	0.00	0.00	0.00	1,135.26	0.0%
425,000	2,083.01	2,100.01	17.00	0.8%	403.75	382.50	-21.25	-4.25	2,482.51	-0.2%
1,000,000	3,474.46	3,521.46	47.00	1.4%	950.00	900.00	-50.00	-3.00	4,421.46	-0.1%
1,500,000	4,979.46	5,071.46	92.00	1.8%	1,425.00	1,350.00	-75.00	17.00	6,421.46	0.3%
2,000,000	6,484.46	6,621.46	137.00	2.1%	1,900.00	1,800.00	-100.00	37.00	8,421.46	0.4%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON  
**FOR COMMERCIAL AND MULTIFAMILY CUSTOMERS WITH A 8" METER**

BASE RATE \$ 1,135.26

COMMODITY RATE: TIER 1 = \$ 2.27 FOR ALL WATER USAGE  
 TIER 2 = N/A  
 TIER 3 = N/A  
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	1,135.26	1,135.26	-	0.0%	0.00	0.00	0.00	0.00	1,135.26	0.0%
425,000	2,083.01	2,100.01	17.00	0.8%	403.75	382.50	-21.25	-4.25	2,482.51	-0.2%
1,000,000	3,365.26	3,405.26	40.00	1.2%	950.00	900.00	-50.00	-10.00	4,305.26	-0.2%
1,500,000	4,480.26	4,540.26	60.00	1.3%	1,425.00	1,350.00	-75.00	-15.00	5,890.26	-0.3%
2,000,000	5,595.26	5,675.26	80.00	1.4%	1,900.00	1,800.00	-100.00	-20.00	7,475.26	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR CUSTOMERS WITH A 1.5" METER - RECLAIMED WATER USE**

BASE RATE \$ 70.95

COMMODITY RATE: TIER 1 = \$ 2.23 FOR ALL WATER USAGE  
 TIER 2 = N/A  
 TIER 3 = N/A  
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	70.95	70.95	-	0.0%	0.00	0.00	0.00	-	70.95	0.0%
50,000	180.95	182.45	1.50	0.8%	25.00	23.50	(1.50)	(0.00)	205.95	0.0%
135,000	367.95	372.00	4.05	1.1%	67.50	63.45	(4.05)	0.00	435.45	0.0%
200,000	510.95	516.95	6.00	1.2%	100.00	94.00	(6.00)	-	610.95	0.0%
250,000	620.95	628.45	7.50	1.2%	125.00	117.50	(7.50)	-	745.95	0.0%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR CUSTOMERS WITH A 2" METER - RECLAIMED WATER USE**

BASE RATE \$ 113.53

COMMODITY RATE: TIER 1 = \$ 2.23 FOR ALL WATER USAGE  
 TIER 2 = N/A  
 TIER 3 = N/A  
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	113.53	113.53	-	0.0%	0.00	0.00	0.00	-	113.53	0.0%
150,000	400.95	405.45	4.50	1.1%	75.00	70.50	(4.50)	-	475.95	0.0%
300,000	730.95	739.95	9.00	1.2%	150.00	141.00	(9.00)	-	880.95	0.0%
450,000	1,060.95	1,074.45	13.50	1.3%	225.00	211.50	(13.50)	-	1,285.95	0.0%
600,000	1,390.95	1,408.95	18.00	1.3%	300.00	282.00	(18.00)	-	1,690.95	0.0%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR CUSTOMERS WITH A 3" METER - RECLAIMED WATER USE**

BASE RATE \$ 227.05

COMMODITY RATE: TIER 1 = \$ 2.23 FOR ALL WATER USAGE  
 TIER 2 = N/A  
 TIER 3 = N/A  
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	227.05	227.05	-	0.0%	0.00	0.00	0.00	-	227.05	0.0%
20,000	271.05	271.65	0.60	0.2%	10.00	9.40	(0.60)	0.00	281.05	0.0%
50,000	337.05	338.55	1.50	0.4%	25.00	23.50	(1.50)	-	362.05	0.0%
100,000	447.05	450.05	3.00	0.7%	50.00	47.00	(3.00)	(0.00)	497.05	0.0%
150,000	557.05	561.55	4.50	0.8%	75.00	70.50	(4.50)	-	632.05	0.0%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR CUSTOMERS WITH A 4" METER - RECLAIMED WATER USE**

BASE RATE \$ 354.77

COMMODITY RATE: TIER 1 = \$ 2.23 FOR ALL WATER USAGE  
 TIER 2 = N/A  
 TIER 3 = N/A  
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	354.77	354.77	-	0.0%	0.00	0.00	0.00	-	354.77	0.0%
150,000	684.77	689.27	4.50	0.7%	75.00	70.50	(4.50)	-	759.77	0.0%
300,000	1,014.77	1,023.77	9.00	0.9%	150.00	141.00	(9.00)	-	1,164.77	0.0%
450,000	1,344.77	1,358.27	13.50	1.0%	225.00	211.50	(13.50)	-	1,569.77	0.0%
600,000	1,674.77	1,692.77	18.00	1.1%	300.00	282.00	(18.00)	-	1,974.77	0.0%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR CUSTOMERS WITH A 6" METER - RECLAIMED WATER USE**

BASE RATE \$ 709.54

COMMODITY RATE: TIER 1 = \$ 2.23 FOR ALL WATER USAGE  
 TIER 2 = N/A  
 TIER 3 = N/A  
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	709.54	709.54	-	0.0%	0.00	0.00	0.00	-	709.54	0.0%
5,000,000	11,709.54	11,859.54	150.00	1.3%	2,500.00	2,350.00	(150.00)	-	14,209.54	0.0%
10,000,000	22,709.54	23,009.54	300.00	1.3%	5,000.00	4,700.00	(300.00)	-	27,709.54	0.0%
15,000,000	33,709.54	34,159.54	450.00	1.3%	7,500.00	7,050.00	(450.00)	-	41,209.54	0.0%
20,000,000	44,709.54	45,309.54	600.00	1.3%	10,000.00	9,400.00	(600.00)	-	54,709.54	0.0%

# APPENDIX D

## Other Service Fees & Charges

D-1 Security Deposits

D-2 Proposed Meter Installation Fees

D-3 Supporting Documentation for Meter Installation Fees

## SERVICE FEES AND CHARGES

### Proposed Security Deposits

**Purpose:** To reduce the Utility's financial loss when tenants and landlords leave their premises with unpaid balances on the accounts.

	<u>Current</u>	<u>Proposed</u>
Non-Property Owner Accounts	\$100.00	\$150.00
Landlord Accounts	\$50.00	\$75.00

#### NOTES:

There are no proposed changes to the single family residential owner occupied accounts.  
There are no proposed changes to the commercial, multifamily or construction accounts.

## SERVICE FEES AND CHARGES

### Proposed Meter Installation Fees

**Purpose:** To provide the Utility a means of recovering labor and material costs related to installing water meters.

**Costs:** The costs related to installing water meters include staff labor, water meters and travel. Refer to page D-3 for an itemized description of all costs.

Due to increased costs to perform this service, it is recommended that the Meter Installation Fees increase as shown:

Proposed Meter Installation Fees			
Meter Size	Meter Type	Current Fees	Proposed Fees
5/8 x 3/4	standard	\$ 296.00	\$ 299.25
3/4 x 3/4	standard	\$ 296.00	\$ 312.75
1	standard	\$ 370.00	\$ 376.75
1.5	irrigation (turbine) T2	\$ 1,105.00	\$ 1,111.73
1.5	high use (compound) C2	\$ 1,568.00	\$ 1,571.73
2	irrigation (turbine) T2	\$ 1,280.00	\$ 1,261.73
2	high use (compound) C2	\$ 1,795.00	\$ 1,792.63
3	irrigation (turbine)	\$ 1,575.00	\$ 1,637.33
3	high use (compound)	\$ 2,224.00	\$ 2,222.33
4	irrigation (turbine)	\$ 2,868.00	\$ 3,038.37
4	high use (compound)	\$ 3,758.00	\$ 3,745.37
6	irrigation (turbine)	\$ 5,093.00	\$ 5,442.85
6	high use (compound)	\$ 6,452.00	\$ 6,442.85
8	irrigation (turbine)	\$ 7,635.00	\$ 8,398.60
8	high use (compound)	N/A	\$ 9,698.60

Meter installation fees are paid by developers at the time a new meter is purchased.

**Meter installation fees are subject to 8.1% sales tax.**

The proposed fees include the cost of meter plus labor costs to install.

## Service Fees and Charges

### Supporting Documentation for Proposed Meter Installation Fees:

Meter Size	Meter Type	Meter	AMI Equip.	Total Meter Costs	FTEs Req'd	Hours to Install	Labor Cost Per Hour	Total Labor Costs	Total Labor & Materials
5/8 x 3/4	standard iPerl	\$ 122.50	\$ 151.00	\$ 273.50	1	1.00	\$ 25.75	\$ 25.75	\$ 299.25
3/4 x 3/4	standard iPerl	\$ 136.00	\$ 151.00	\$ 287.00	1	1.00	\$ 25.75	\$ 25.75	\$ 312.75
1	standard iPerl	\$ 200.00	\$ 151.00	\$ 351.00	1	1.00	\$ 25.75	\$ 25.75	\$ 376.75
1.5	irrigation (turbo) Omni T2	\$ 850.00	\$ 151.00	\$ 1,001.00	2	2.15	\$ 25.75	\$ 110.73	\$ 1,111.73
1.5	high use (compound) Omni C2	\$ 1,310.00	\$ 151.00	\$ 1,461.00	2	2.15	\$ 25.75	\$ 110.73	\$ 1,571.73
2	irrigation (turbo) Omni T2	\$ 1,000.00	\$ 151.00	\$ 1,151.00	2	2.15	\$ 25.75	\$ 110.73	\$ 1,261.73
2	high use (compound) Omni C2	\$ 1,500.00	\$ 151.00	\$ 1,651.00	2	2.75	\$ 25.75	\$ 141.63	\$ 1,792.63
3	irrigation (turbo) Omni T2	\$ 1,315.00	\$ 151.00	\$ 1,466.00	2	2.75	\$ 31.15	\$ 171.33	\$ 1,637.33
3	high use (compound) Omni C2	\$ 1,900.00	\$ 151.00	\$ 2,051.00	2	2.75	\$ 31.15	\$ 171.33	\$ 2,222.33
4	irrigation (turbo) Omni T2	\$ 2,593.00	\$ 151.00	\$ 2,744.00	3	3.15	\$ 31.15	\$ 294.37	\$ 3,038.37
4	high use (compound) Omni C2	\$ 3,300.00	\$ 151.00	\$ 3,451.00	3	3.15	\$ 31.15	\$ 294.37	\$ 3,745.37
6	irrigation (turbo) Omni T2	\$ 4,700.00	\$ 151.00	\$ 4,851.00	4	4.75	\$ 31.15	\$ 591.85	\$ 5,442.85
6	high use (compound) Omni C2	\$ 5,700.00	\$ 151.00	\$ 5,851.00	4	4.75	\$ 31.15	\$ 591.85	\$ 6,442.85
8	irrigation (turbo)	\$ 7,500.00	\$ 151.00	\$ 7,651.00	4	6.00	\$ 31.15	\$ 747.60	\$ 8,398.60
8	high use (compound) Omni C2	\$ 8,800.00	\$ 151.00	\$ 8,951.00	4	6.00	\$ 31.15	\$ 747.60	\$ 9,698.60

#### Assumptions:

Sensus Meter & AMR equipment costs quoted by Dana Kepner 11/22/13.

Average hourly rate for an Operator 1 is \$18.05 per hour plus benefits of \$7.70 per hour.

Average hourly rate for an Operator 2 and above is \$22.95 per hour plus benefits of \$8.20 per hour.

Hours to install includes travel time of 15 minutes each way.

Use of iPerl meters for 5/8, 3/4 and 1-inch are proposed because of the following reasons:

iPerl meters measure flow as low as .03 gpm and up to 25 gpm (for 5/8-inch)

The current meters being used measure flow from .25 gpm and up to 20 gpm

The iPerl meter contain no moving parts & have a 20-year life

The current meters being used contain moving parts & have a 10-year life

Use of Omni meters for 1.5 and 2-inch meters are proposed because of the following reasons:

C2 meters measure flow as low as .5 gpm and up to 200 gpm

The current meters being used measure flow from 2 gpm to 200 gpm

T2 meters measure flow as low as 1.25 gpm up to 200 gpm (1.5-inch)

The current meters being used measure flow from 4 gpm to 120 gpm

T2 meters measure flow as low as 1.5 gpm up to 200 gpm (2-inch)

The current meters being used measure flow from 4 gpm to 160 gpm

Additionally C2 & T2 meters can be tested without removing the meter and has data logging capability to record up to 31 days of water use on an hourly basis.

# APPENDIX E

## 5-Year Capital Improvement Schedules

E-1 Operating Fund

E-2 Groundwater Preservation Fee

E-2 Alternative Water Resource Development Impact Fee Fund

E-2 Potable Water System Development Impact Fee Fund

**Water Utility Operating Fund  
Existing System Capital Improvements**

Project No.	Project Name	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5 YearTotal
<b>Wells</b>							
1	Steam Pump Drill and Construct				\$ 600,000	\$ 800,000	\$ 1,400,000
2	Well E2 Upgrade			\$ 100,000			\$ 100,000
3	Hydropneumatic Tank Replace.		\$ 60,000				\$ 60,000
4	Replace Well Pumps			\$ 75,000		\$ 75,000	\$ 150,000
<b>Subtotal</b>		\$ -	\$ 60,000	\$ 175,000	\$ 600,000	\$ 875,000	\$ 1,710,000
<b>Reservoirs</b>							
5	El Con Storage - Ops. Improve.				\$ 50,000		\$ 50,000
6	Big Wash Reservoir Coating			\$ 100,000			\$ 100,000
<b>Subtotal</b>		\$ -	\$ -	\$ 100,000	\$ 50,000	\$ -	\$ 150,000
<b>Boosters</b>							
7	Energy Efficiency Bstr. Upgrades	\$ 150,000	\$ 100,000				\$ 250,000
8	Deer Run Booster PRV Installation			\$ 40,000			\$ 40,000
9	Hydropneumatic Tank Replace.		\$ 20,000	\$ 60,000	\$ 60,000		\$ 140,000
10	Reclaimed Bstr. & Pump Replace.			\$ 200,000			\$ 200,000
<b>Subtotal</b>		\$ 150,000	\$ 120,000	\$ 300,000	\$ 60,000	\$ -	\$ 630,000
<b>Mains</b>							
11	W. Lambert Ln. 12" Main Relo	\$ 75,000	\$ 350,000				\$ 425,000
12	Naranja Shannon / La Cholla Main Relo	\$ 50,000					\$ 50,000
13	Tangerine Shannon/ La Canada Main Relo	\$ 75,000	\$ 100,000				\$ 175,000
14	Relocate 3 PRV'S OV Area			\$ 100,000			\$ 100,000
15	New "F to D" 6 Inch PRV Cliff Dweller	\$ 60,000					\$ 60,000
16	Rancho Verde Hydrants			\$ 200,000			\$ 200,000
17	Main Valve Replacements	\$ 50,000					\$ 50,000
18	CS1 to CS2 12 Inch Main Replace.	\$ 500,000					\$ 500,000
19	El Con. Patio Homes/Casitas Main Repl.					\$ 100,000	\$ 100,000
20	System Connection Upgrades	\$ 100,000	\$ 100,000				\$ 200,000
<b>Subtotal</b>		\$ 910,000	\$ 550,000	\$ 300,000	\$ -	\$ 100,000	\$ 1,860,000
<b>Structures &amp; Walls</b>							
21	Security Walls					\$ 75,000	\$ 75,000
<b>Subtotal</b>		\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 75,000
<b>Meters &amp; Equipment</b>							
22	AMI Meter Replacement - Oro Valley	\$ 2,200,000	\$ 1,800,000				\$ 4,000,000
23	Machinery & Equipment	\$ 103,020	\$ 98,000	\$ 91,000	\$ 69,000		\$ 361,020
24	SCADA server and monitors					\$ 50,000	\$ 50,000
25	SCADA Legacy Replacement					\$ 100,000	\$ 100,000
26	Golf Course Metering Stations Mod.					\$ 50,000	\$ 50,000
<b>Subtotal</b>		\$ 2,303,020	\$ 1,898,000	\$ 91,000	\$ 69,000	\$ 200,000	\$ 4,561,020
<b>Vehicles</b>							
27	Meters Vehicles		\$ 70,000	\$ 45,000			\$ 115,000
28	Distribution Vehicles	\$ 85,000		\$ 70,000		\$ 50,000	\$ 205,000
29	Production Vehicles	\$ 30,000	\$ 50,000		\$ 70,000		\$ 150,000
30	Director Vehicle		\$ 35,000				\$ 35,000
31	Pool Vehicles			\$ 25,000		\$ 25,000	\$ 50,000
32	Backhoe & Trailer	\$ 119,000					\$ 119,000
33	On Call Service Truck s			\$ 90,000			\$ 90,000
<b>Subtotal</b>		\$ 234,000	\$ 155,000	\$ 230,000	\$ 70,000	\$ 75,000	\$ 764,000
<b>Total Existing System Improvements</b>		<b>\$ 3,597,020</b>	<b>\$ 2,783,000</b>	<b>\$ 1,196,000</b>	<b>\$ 849,000</b>	<b>\$ 1,325,000</b>	<b>\$ 9,750,020</b>

**Groundwater Preservation Fee Revenue  
Renewable Water Capital Projects**

Project No.	Project Name	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5 Year Total
1	24 Inch Reclaim Main Tangerine (DIS) RTA	\$ 100,000	\$ 350,000				\$ 450,000
<b>Total Expansion Related Capital Improvements</b>		<b>\$ 100,000</b>	<b>\$ 350,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 450,000</b>

**Alternative Water Resources Development Impact Fee Fund  
CAP Water Capital Projects**

Project No.	Project Name	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5 Year Total
1	CAP La Cholla D-E Blending Booster Station	\$ 700,000					\$ 700,000
2	CAP Wheeling TW Naranja 1000 AF/Yr				\$ 400,000	\$ 400,000	\$ 800,000
3	24" pipe Naranja/ La Cholla/Tangerine					\$ 1,600,000	\$ 1,600,000
4	TW Naranja Booster Station Upgrade					\$ 1,200,000	\$ 1,200,000
5	TW Oasis Booster Station Upgrades					\$ 30,000	\$ 30,000
6	TW 12" Pipe					\$ 80,000	\$ 80,000
7	TW 16" Pipe Oasis Rd.					\$ 100,000	\$ 100,000
<b>Total Alternative Water Capital Improvements</b>		<b>\$ 700,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 400,000</b>	<b>\$ 3,410,000</b>	<b>\$ 4,510,000</b>

**Potable Water System Development Impact Fee Fund  
Expansion Related Capital Projects**

Project No.	Project Name	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5 Year Total
<b>Total Expansion Related Capital Improvements</b>		<b>\$ -</b>					