

**Water & Wastewater
Utility Rates Work Session
October 27, 2015**

**City Council Chambers
826 North Main Street
Cottonwood, Arizona**

Cottonwood Municipal Water



How did we get into the Water Business

- 🌐 Water companies approached us to acquire them
- 🌐 Arsenic Standards were looming
 - 🌐 Technology was unproven
 - 🌐 Costs for the systems were unknown
- 🌐 Annual Outages and Warnings to Conserve
- 🌐 Systems were in ill repair and leaking
 - 🌐 Main valves had not been exercised and plotted
 - 🌐 City found over 300 valves that had not been mapped
 - 🌐 Meters were not functioning properly
- 🌐 Systems were intertwined between City and County
- 🌐 City wanted to preserve its water future

Acquisition of the Water Companies

- 🕒 October 2004 - \$13,580,000 – 2004 MPC Bond Issue
 - 🕒 Cordes Lakes
 - 🕒 Clemenceau
 - 🕒 Verde Santa Fe
- 🕒 January 2006 - \$23,965,000 – 2006 MPC Bond Issue
 - 🕒 Cottonwood Waterworks
 - 🕒 Purchase agreement with Clarkdale
- 🕒 April 2009 - \$825,453 - Spring Creek Water Company – No debt
 - 🕒 Secure our water future to the North
- 🕒 March 2010 - \$889,107 - Quail Canyon Water Company – No debt
 - 🕒 Specifically to support Verde Village Unit #6 & #7
 - 🕒 Additional cost of \$159,994 to link the systems
 - 🕒 Total cost for this well - \$1,049,101
- 🕒 2004 bond will be paid 07/01/2029
- 🕒 2006 bond will be paid 07/01/2035

Security for the Bonds

- The Revenue Bonds are secured by the net operating revenues of the water system (i.e., gross system revenues less operations and maintenance expenses).
- Obligation of the City to make debt service payments is absolute and unconditional.

Legal Provisions

- Require the City to establish and maintain water system rates and other charges sufficient to generate Net Revenues in each fiscal year equal to at least 135% of the principal and interest requirements of the Bonds.
- Require that if the City issues additional Senior Lien Water Revenue Bonds, that historical net system revenues (i.e. previous fiscal year as adjusted) provide coverage of at least **1.35x** debt service on existing Bonds and any new bonds to be issued.

Conservation

- 🌱 Rate structure encourages conservation
 - 🌱 Base rate & 4 tier rate structure
- 🌱 Staff track water usage variations & follows up on high usage flows
- 🌱 Well upgrades include electronic pump drives that reduce pressure surges resulting in less water main & service line leaks
- 🌱 Building up a conservation fund to assist with future conservation programs both inside and outside the city's corporate limits
- 🌱 Leak detection tablets are provided to each new customer

Taking Care of Business

Being good stewards

- Acquired two additional water companies without bonding
- Decommissioned the Clemenceau system (three well sites) due to inefficiency
- Increased storage capacity by nearly 1M gallons
- Improved capacity at most of our wells, pumps and boosters
- Increase fire flows by adding fire hydrants
 - 10 in city
 - 16 - in the County
- Portable generator available as backup for county wells
- 7200 LF of pipe in Old Town
- 46 New valves
- Arsenic treatment compliant at all well sites
- Reduced water loss in the system – from 45% to 11%

Savings to the systems

- Initially we were saving over \$300,000 by maintaining our arsenic systems in-house
- Recently acquired all the arsenic systems and will save \$1.3M in the process
- Moved storage tanks to more strategic locations rather than purchasing new
- Brought most all engineering in house – saving money for city and county customers

Proposed Water Rates



Revised & Projected Financials

OPERATING & COVERAGE SUMMARY

	REVISED	BUDGETED	PROJECTED				
	2015	2016	2017	2018	2019	2020	2021
Operating Revenue	\$6,767,045	\$7,263,080	\$7,490,215	\$8,047,899	\$8,647,774	\$9,035,599	\$9,440,928
Non-operating Revenue	\$18,295	\$11,015	\$15,530	\$15,790	\$15,850	\$15,911	\$15,973
Available Revenue	\$6,785,340	\$7,274,095	\$7,505,745	\$8,063,689	\$8,663,624	\$9,051,510	\$9,456,901
Expenses	\$3,279,775	\$3,796,835	\$3,906,138	\$4,005,686	\$4,173,708	\$3,894,138	\$4,233,650
Income / (Loss)	\$3,505,565	\$3,477,260	\$3,599,607	\$4,058,003	\$4,489,916	\$5,157,372	\$5,223,251
Debt Service	\$2,324,079	\$1,719,465	\$1,201,438	\$2,115,787	\$2,135,719	\$2,155,625	\$2,165,539
Coverage Ratio (minimum 1.35%)	150.8%	202.2%	299.6%	191.8%	210.2%	239.3%	241.2%
Resource Development Fees	\$572,730	\$576,730	\$591,150	\$605,920	\$621,070	\$636,600	\$652,520
Impact Fees	\$60,000	\$0	\$0	\$0	\$0	\$0	\$0
Restricted Revenues	\$632,730	\$576,730	\$591,150	\$605,920	\$621,070	\$636,600	\$652,520
Coverage Ratio + Restricted Revenues	178.06%	235.77%	348.81%	220.43%	239.31%	268.78%	271.33%

Capital Improvements

Account		REVISED	BUDGETED	PROJECTED				
Number	Description	2015	2016	2017	2018	2019	2020	2021
	Arsenic Systems Acquisition	0	0	0	0	0	0	0
	Arsenic Mitigation	750,000	750,000	500,000	500,000	500,000	500,000	500,000
	Well Booster Station	150,000	100,000	0	100,000	0	100,000	0
	Water System Upgrades	160,000	250,000	170,000	170,000	170,000	170,000	170,000
	Well Improvements	75,000	75,000	120,000	120,000	120,000	120,000	120,000
	Fire Hydrant Improvements	400,000	250,000	250,000	250,000	250,000	250,000	250,000
	Well Generators	37,500	50,000	50,000	50,000	50,000	50,000	50,000
	Quail Canyon Booster Pump & Reservoir	0	0	328,000	0	0	0	0
	Arsenic Analyzer	0	0	43,500	3,500	3,500	3,500	43,500
	Investment Expense	0	0	0	0	0	0	0
	Impact Fee Study	0	0	50,000	0	0	0	0
	Bond Refinancing	10,000,000	20,100,000	0	0	0	0	0
	Annual Capital Improvements Needs	11,572,500	21,575,000	1,511,500	1,193,500	1,093,500	1,193,500	1,133,500

Anticipated Cash Position

	REVISED	BUDGETED	PROJECTED				
	2015	2016	2017	2018	2019	2020	2021
Resources Available							
Operating Cash Available	\$1,181,486	\$1,757,795	\$2,398,169	\$1,942,216	\$2,354,197	\$3,001,747	\$3,057,712
Other Financing Sources							
Bonds /Lease Purchase	10,000,000	20,100,000	0	0	0	0	0
Transfers In-CIP Fund	0	0	0	0	0	0	0
Total Other Financing Sources	10,000,000	20,100,000	0	0	0	0	0
Total Resources	\$11,181,486	\$21,857,795	\$2,398,169	\$1,942,216	\$2,354,197	\$3,001,747	\$3,057,712
Capital Improvements							
Debt Refinancing	10,000,000	20,100,000					
Capital Improvement	\$1,572,500	\$1,475,000	\$1,511,500	\$1,193,500	\$1,093,500	\$1,193,500	\$1,133,500
Total Capital Improvements & Refinancing	\$11,572,500	\$21,575,000	\$1,511,500	\$1,193,500	\$1,093,500	\$1,193,500	\$1,133,500
Cash Available / Deficit	(\$391,014)	\$282,795	\$886,669	\$748,716	\$1,260,697	\$1,808,247	\$1,924,212
Cumulative position	(\$670,764)	(\$387,969)	\$498,700	\$1,247,416	\$2,508,113	\$4,316,360	\$6,240,572

Five Year Rate Projections

INSIDE CORPORATE CITY LIMIT RATE PROJECTIONS

<u>Base Charge</u>	PROJECTED						
	2015	2016	2017	2018	2019	2020	2021
5/8"	\$24.76	\$26.00	\$27.30	\$28.67	\$30.10	\$30.70	\$31.31
1"	\$40.07	\$42.07	\$44.17	\$46.38	\$48.70	\$49.67	\$50.66
1 1/2"	\$81.57	\$85.65	\$89.93	\$94.43	\$99.15	\$101.13	\$103.15
2"	\$128.79	\$135.23	\$141.99	\$149.09	\$156.54	\$159.67	\$162.86
3"	\$257.58	\$270.46	\$283.98	\$298.18	\$313.09	\$319.35	\$325.74
4"	\$400.68	\$420.71	\$441.75	\$463.84	\$487.03	\$496.77	\$506.71
6"	\$815.67	\$856.45	\$899.27	\$944.23	\$991.44	\$1,011.27	\$1,031.50
<u>Volume Charge (per 1,000 gal)</u>							
0 – 1,000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1,001 – 5,000	\$3.07	\$3.22	\$3.38	\$3.55	\$3.73	\$3.80	\$3.88
5,001 - 10, 000	\$4.23	\$4.44	\$4.66	\$4.89	\$5.13	\$5.23	\$5.33
10,001 – 15,000	\$6.03	\$6.33	\$6.65	\$6.98	\$7.33	\$7.48	\$7.63
15,000 +	\$8.59	\$9.02	\$9.47	\$9.94	\$10.44	\$10.65	\$10.86
<u>Water Resource Development Fee</u>							
Water Resource Development	\$4.32	\$4.32	\$4.32	\$4.32	\$4.32	\$4.32	\$4.32
Water Source Assurance	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35
Gila River Adjudication	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44
Water Conservation	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27
Total Development Fee	\$5.38	\$5.38	\$5.38	\$5.38	\$5.38	\$5.38	\$5.38
Connection Fees	\$37.00	\$44.25	\$46.00	\$48.00	\$50.00	\$51.00	\$52.00

Five Year Rate Projections

OUTSIDE CORPORATE CITY LIMIT RATE PROJECTIONS

<u>Base Charge</u>	PROJECTED						
	2015	2016	2017	2018	2019	2020	2021
5/8"	\$32.19	\$33.80	\$35.49	\$37.26	\$39.12	\$39.90	\$40.70
1"	\$52.09	\$54.69	\$57.42	\$60.29	\$63.30	\$64.57	\$65.86
1 1/2"	\$106.04	\$111.34	\$116.91	\$122.76	\$128.90	\$131.48	\$134.11
2"	\$167.43	\$175.80	\$184.59	\$193.82	\$203.51	\$207.58	\$211.73
3"	\$334.85	\$351.59	\$369.17	\$387.63	\$407.01	\$415.15	\$423.45
4"	\$520.88	\$546.92	\$574.27	\$602.98	\$633.13	\$645.79	\$658.71
6"	\$1,060.37	\$1,113.39	\$1,169.06	\$1,227.51	\$1,288.89	\$1,314.67	\$1,340.96
<u>Volume Charge (per 1,000 gal)</u>							
0 – 1,000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1,001 – 5,000	\$4.00	\$4.20	\$4.41	\$4.63	\$4.86	\$4.96	\$5.06
5,001 - 10, 000	\$5.50	\$5.78	\$6.07	\$6.37	\$6.69	\$6.82	\$6.96
10,001 – 15,000	\$7.84	\$8.23	\$8.64	\$9.07	\$9.52	\$9.71	\$9.90
15,000 +	\$11.16	\$11.72	\$12.31	\$12.93	\$13.58	\$13.85	\$14.13
<u>Water Resource Development Fee</u>							
Water Resource Development	\$4.32	\$4.32	\$4.32	\$4.32	\$4.32	\$4.32	\$4.32
Water Source Assurance	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35
Gila River Adjudication	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44
Water Conservation	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27
Total Development Fee	\$5.38	\$5.38	\$5.38	\$5.38	\$5.38	\$5.38	\$5.38
Connection Fees	\$48.00	\$44.25	\$46.00	\$48.00	\$50.00	\$51.00	\$52.00

Proposed New Rate Structure






Base Charge	2015		2016	
	CURRENT RATES		PROPOSED RATES	
	in limits	out of limits	in limits	out of limits
5/8"	\$24.76	\$32.19	\$26.00	\$33.80
1"	\$40.07	\$52.09	\$42.07	\$54.69
1 1/2"	\$81.57	\$106.04	\$85.65	\$111.34
2"	\$128.79	\$167.43	\$135.23	\$175.80
3"	\$257.58	\$334.85	\$270.46	\$351.59
4"	\$400.68	\$520.88	\$420.71	\$546.92
6"	\$815.67	\$1,060.37	\$856.45	\$1,113.39
<u>Volume Charge (per 1,000 gal)</u>				
0 – 1,000	\$0.00	\$0.00	\$0.00	\$0.00
1,000 - 5,000	\$3.07	\$4.00	\$3.22	\$4.20
5,001 - 10,000	\$4.23	\$5.50	\$4.44	\$5.78
10,000 - 15,000	\$6.03	\$7.84	\$6.33	\$8.23
15,001+	\$8.59	\$11.16	\$9.02	\$11.72
<u>Water Resource Development Fee</u>				
Water Resource Development	\$4.32	\$4.32	\$4.32	\$4.32
Water Source Assurance	\$0.35	\$0.35	\$0.35	\$0.35
Gila River Adjudication	\$0.44	\$0.44	\$0.44	\$0.44
Water Conservation	\$0.27	\$0.27	\$0.27	\$0.27
Total Development Fee	\$5.38	\$5.38	\$5.38	\$5.38
Connection Fees	\$37.00	\$48.00	\$44.25	\$44.25

Breakdown by Low to Average Usage







5,000 Gallons	2015		2016	
	CURRENT RATES		PROPOSED RATES	
	in limits	out of limits	in limits	out of limits
Base Fee	\$24.76	\$32.19	\$26.00	\$33.80
1,000 - 5,000 Rate	12.28	16.00	12.88	16.80
5,001 - 10,000 Rate	0.00	0.00	0.00	0.00
10,000 - 15,000 Rate	0.00	0.00	0.00	0.00
15,001- Rate	0.00	0.00	0.00	0.00
WRDF	5.38	5.38	5.38	5.38
Monthly 5,000 Gallon Bill	\$42.42	\$53.57	\$44.26	\$55.98

7,500 Gallons	2015		2016	
	CURRENT RATES		PROPOSED RATES	
	in limits	out of limits	in limits	out of limits
Base Fee	\$24.76	\$32.19	\$26.00	\$33.80
1,000 - 5,000 Rate	12.28	16.00	12.88	16.80
5,001 - 10,000 Rate	10.58	13.75	11.10	14.45
10,000 - 15,000 Rate	0.00	0.00	0.00	0.00
15,001- Rate	0.00	0.00	0.00	0.00
WRDF	5.38	5.38	5.38	5.38
Monthly 7,500 Gallon Bill	\$53.00	\$67.32	\$55.36	\$70.43

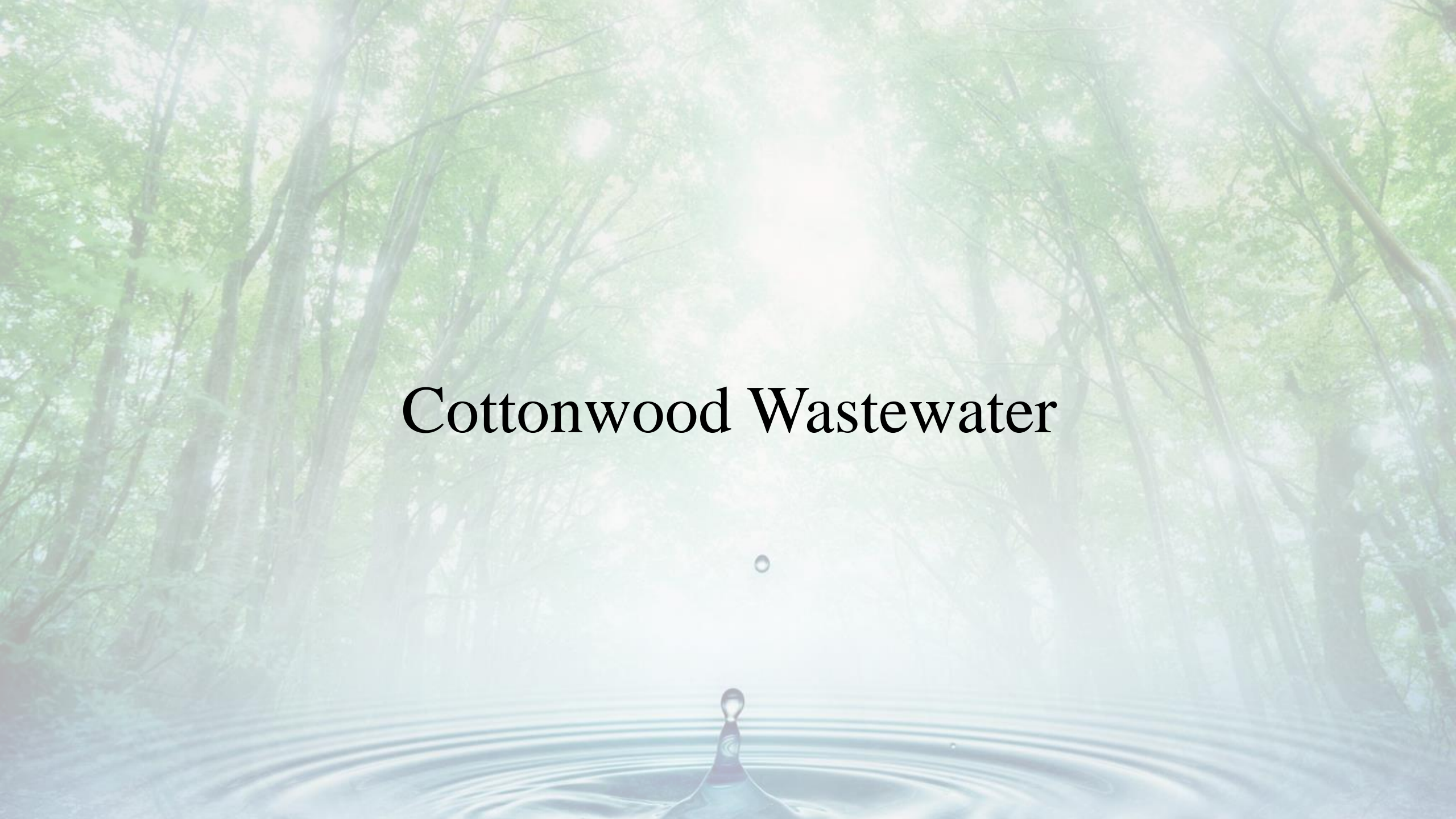
Reasons For Differential Rates

-  The distances are far greater when servicing lines as well as pumps and other equipment outside the corporate limits.
-  The terrain in a much of the village is very different than that inside the city limits which makes repairs more costly.
-  The Cottonwood Municipal Water Utility is a public utility owned by the citizens of Cottonwood. When the utility borrows money for infrastructure, whether inside or outside the city limits, the citizens of Cottonwood bear the risk of the new debt and infrastructure.
-  Inside the city about 70% of the distribution system is fed by gravity versus booster pumps which means the electrical cost to provide water is significantly less per account because the only cost is for the well pumpage into the gravity system. The village system and Verde Santa Fe (VSF) are 100% pressure distribution systems.
-  Approximately 60% of the leaks we repair are in the county (mainly the village since VSF is a relatively new system) and staff has to deal with 3, 7200 volt direct bury APS electrical lines that are joint trenched with the water lines whenever we dig there.

Reasons For Differential Rates

-  The meters in the village are primarily in small overgrown backyard easements which makes meter reading significantly more labor intensive.
-  There are more small wells (14) outside the limits as opposed to larger wells inside the limits (9), all require daily monitoring and regular maintenance regardless of size.
-  There are thirteen (13) arsenic systems outside the limits as opposed to nine (9) arsenic systems inside the corporate boundaries. Each of these systems require regular maintenance regardless of the size of the well.
-  The leak repair figures outside the city used to be higher until we invested in new pumps and variable speed controllers in the village which has reduced the pressure variations and associated water hammer.
-  The City purchased the Quail Canyon Water system exclusively to service Verde Village #6 & #7. Final cost to run the lines was over \$1M.
-  There were differential rates throughout the privately owned companies

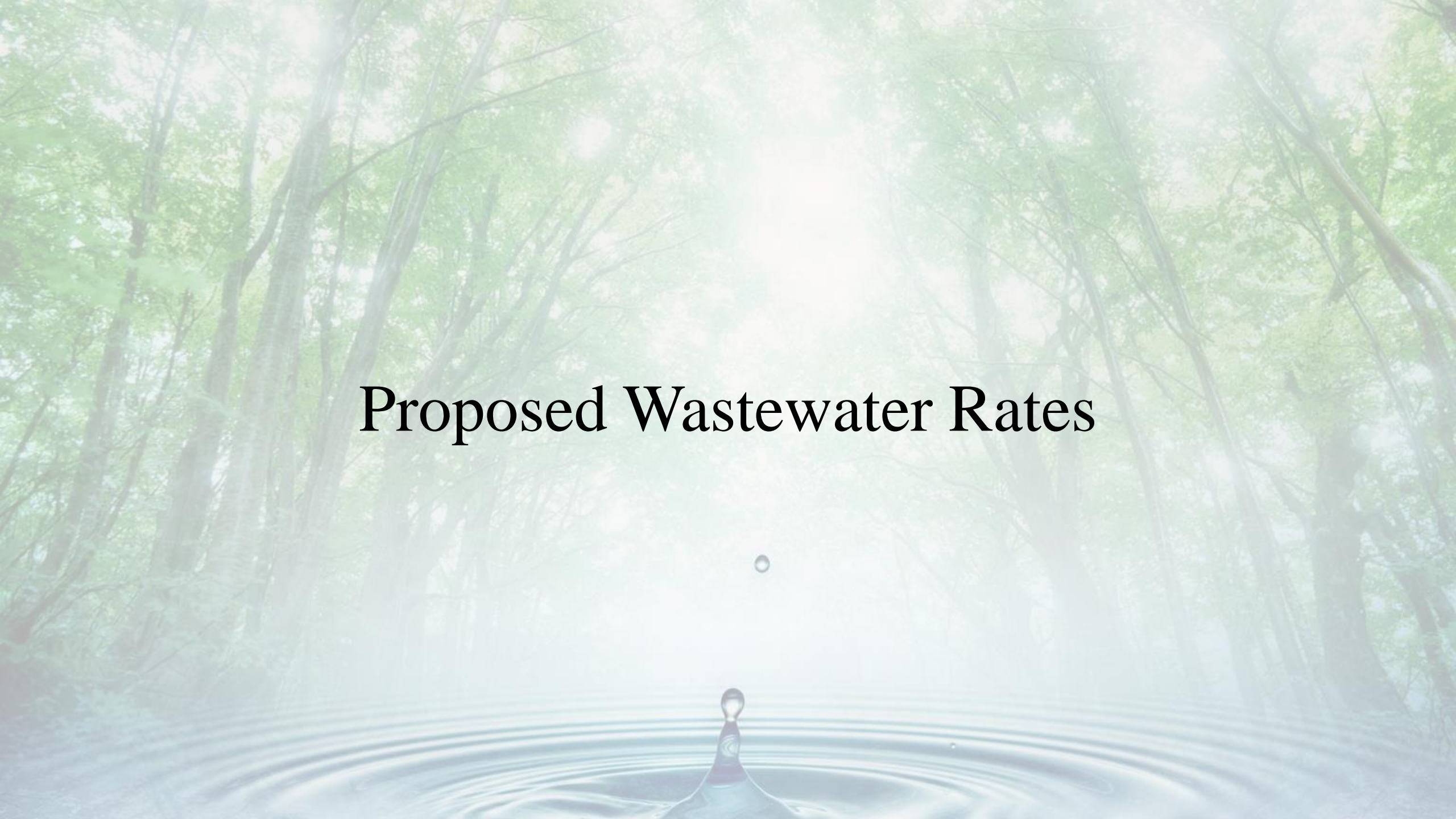
Cottonwood Wastewater



Getting Into The Wastewater Business

- 🌐 Idea started in 1987
- 🌐 All new collection and treatment system
- 🌐 1% sales tax was created
 - 🌐 Construction
 - 🌐 Improvements
 - 🌐 Operations & maintenance
- 🌐 Initial rate was \$6.75 monthly
- 🌐 Only eight increases since inception
- 🌐 Last increase was 01/01/2015

Proposed Wastewater Rates



Revised & Projected Wastewater Financials

OPERATING & COVERAGE SUMMARY

	REVISED	BUDGETED	PROJECTED				
	2015	2016	2017	2018	2019	2020	2021
Operating Revenues	\$2,158,389	\$2,510,074	\$2,722,825	\$2,956,277	\$3,212,492	\$3,521,158	\$3,863,107
Non-operating Revenues	19,520	600	2,000	2,000	2,000	2,000	2,000
Available Revenues	2,177,909	2,510,674	2,724,825	2,958,277	3,214,492	3,523,158	3,865,107
Operating & Administrative Expenses	1,747,677	1,991,705	2,112,394	2,225,533	2,274,317	2,405,398	2,550,269
Income / (Loss) from Operations	430,232	518,969	612,431	732,744	940,175	1,117,760	1,314,838
Debt Service & Coverage	0	95,420	223,836	223,334	224,195	225,014	226,570
Net of Debt Service	430,232	423,549	388,595	509,410	715,980	892,746	1,088,267
Other Financing Sources	0	13,824,730	0	0	0	0	0
Total Available for Capital Improvements	430,232	14,248,279	388,595	509,410	715,980	892,746	1,088,267
Total Capital Improvement Needs	258,166	13,108,010	794,600	1,046,810	739,130	751,560	1,595,500
Net Total	\$172,066	\$1,140,269	(\$406,005)	(\$537,400)	(\$23,150)	\$141,186	(\$507,233)

Capital Improvements

Account		REVISED	BUDGETED	PROJECTED				
Number	Description	2015	2016	2017	2018	2019	2020	2021
51-7120-620021	INVESTMENT EXPENSE	595	0	0	0	0	0	0
51-7120-620230	IMPACT FEE STUDY	1,049	10,000	0	0	0	0	0
51-7120-620710	ADVERTISING	0	500	500	500	500	500	500
51-7120-800040	FURNISHING & EQUIPMENT	40,528	221,850	90,000	250,000	0	100,000	0
51-7120-800070	CONSTRUCTION	64,535	11,500,000	0	0	0	0	0
51-7120-801000	LINE EXTENSIONS	0	0	150,000	0	165,000	0	0
51-7120-801200	LIFT STATION SCADA UPGRADES	0	0	10,000	0	0	0	10,000
51-7120-801210	WWTP HEADWORKS	0	0	0	0	0	0	10,000
51-7120-801230	RIVERFRONT WWTP-DESIGN/FEASIBILITY	142,501	0	0	0	0	0	0
51-7120-801240	LIFT STATIONS	0	300,000	0	600,000	0	600,000	0
51-7120-801260	WWTP UPGRADES	8,958	0	0	0	0	0	0
	UV SYSTEM REPLACEMENT	0	530,000	0	0	0	0	0
	TURBINE BLOWERS	0	0	0	0	525,000	0	1,575,000
	CENTRIFUGE CONTROLS	0	0	0	150,000	0	0	0
	CLARIFIERS	0	0	500,000	0	0	0	0
51-7120-801270	EFFLUENT DISPOSAL SYSTEM	0	0	44,100	46,310	48,630	51,060	0
51-7120-990000	BUDGET RESERVE	0	545,660	0	0	0	0	0
Total Capital Improvements		258,166	13,108,010	794,600	1,046,810	739,130	751,560	1,595,500

Anticipated Cash Position

	REVISED	BUDGETED	PROJECTED				
	2015	2016	2017	2018	2019	2020	2021
Resources Available							
Operating Cash Available	\$430,232	\$423,549	\$388,595	\$509,410	\$715,980	\$892,746	\$1,088,267
Other Financing Sources							
Bonds/Lease Purchase	0	2,324,730	0	0	0	0	0
Transfers In-CIP Fund	0	11,500,000	0	0	0	0	0
Total Other Financing Sources	0	13,824,730	0	0	0	0	0
Total Resources	\$430,232	\$14,248,279	\$388,595	\$509,410	\$715,980	\$892,746	\$1,088,267
Capital Improvements							
Capital Improvement	258,166	13,108,010	794,600	1,046,810	739,130	751,560	1,595,500
Total Capital Improvements	258,166	13,108,010	794,600	1,046,810	739,130	751,560	1,595,500
Cash Available / Deficit	172,066	1,140,269	(406,005)	(537,400)	(23,150)	141,186	(507,233)
Cumulative position	\$267,742	\$1,408,011	\$1,002,006	\$464,606	\$441,456	\$582,642	\$75,409

CALCULATION WITHOUT DEBT SERVICE AND CAPITAL EXPENSE

CHARGE CALCULATIONS

Recommendation \$30.56 \$33.98

Administrative Charge - Use Prior Year's Estimated Numbers

Formula: Administrative operating budget / # of users = cost per user / 12 months = monthly charge

\$487,545 / 5,506 = \$88.55 / 12 = \$7.38 (cost per month)

Recommendation \$7.38 \$7.38

Depreciation of Equipment - Use Estimated Numbers

Formula: Net annual depreciation / annualized usage of gallons (in thousands) = cost per thousand

\$532,178 / 382,964 = \$1.39 /1000 (cost per thousand)

Recommendation \$3.53 \$6.95

Maintenance & Operations (M & O) - Use Prior Year's Estimated Numbers

Formula: Net M & O operating budget / annualized usage of gallons sold (in thousands) = cost per thousand

\$1,503,560 / 382,964 = 3.93 /1000 (cost per thousand)

Net Maintenance & Operations Budget Calculations

FY 2016		\$1,504,160
Less:	Miscellaneous Revenue Items (non-operational revenues)	
	Interest Income	100
	Impact Fees	0
	Sale of Property	500
	Building Rental	0
		<hr/>
	Less None Operational Revenue	600
		<hr/>
	Net M & O Fee Recovery	<u>\$1,503,560</u>

Recommendation \$19.65 \$19.65

Five Year Rate Projections

Calculated Rates

	REVISED	BUDGETED	PROJECTED				
	2015	2016	2017	2018	2019	2020	2021
Administrative Rate	\$6.95	\$7.38	\$7.54	\$7.80	\$8.12	\$8.49	\$8.79
Depreciation Rate (per 1,000)	3.15	6.95	14.00	14.20	14.30	14.45	14.55
O&M Rate (per 1,000)	19.05	19.65	20.95	22.45	22.70	24.10	25.75
DS Rate	0.00	1.44	3.35	3.31	3.29	3.27	3.26
Total Monthly Residential Rate	\$29.15	\$35.42	\$45.84	\$47.76	\$48.41	\$50.31	\$52.35
Calculated \$ Increase	\$2.90	\$6.27	\$10.42	\$1.92	\$0.65	\$1.90	\$2.04
Calculated % Increase	11.1%	21.5%	29.4%	4.2%	1.4%	3.9%	4.1%

Proposed Smoothing Rates

	REVISED	BUDGETED	PROJECTED				
	2015	2016	2017	2018	2019	2020	2021
Administrative Rate	\$6.95	\$7.38	\$7.54	\$7.80	\$8.12	\$8.49	\$8.79
Depreciation Rate (per 1,000)	3.15	\$3.53	\$3.46	\$5.44	\$8.84	\$11.64	\$14.70
O&M Rate (per 1,000)	19.05	\$19.65	\$20.95	\$22.45	\$22.70	\$24.10	\$25.75
DS Rate	0.00	\$1.44	\$3.35	\$3.31	\$3.29	\$3.27	\$3.26
Total Monthly Residential Rate	\$29.15	\$32.00	\$35.30	\$39.00	\$42.95	\$47.50	\$52.50
Calculated \$ Increase	\$2.90	\$2.85	\$3.30	\$3.70	\$3.95	\$4.55	\$5.00
Calculated % Increase	11.00%	10.00%	10.00%	10.00%	10.00%	11.00%	11.00%

Proposed Wastewater Rate

CHARGE DESCRIPTION	CURRENT RATE	PROPOSED RATE
Administrative Rate	\$6.95	\$7.38
Depreciation Rate (per 1,000)	\$3.15	\$3.53
O&M Rate (per 1,000)	\$19.05	\$19.65
DS Rate	\$0.00	\$1.44
Total Monthly Residential Rate	\$29.15	\$32.00

Increase is \$2.85 monthly

Rate Comparisons



Area Rate Comparisons

Community	Notes	2010 Census Population	5,000 gallons of water		5,000 gallons wastewater		Combined Charges	
			Inside	Outside	Inside	Outside	Inside	Outside
Cottonwood		11,265	\$44.26	\$55.98	\$32.00	\$32.00	\$76.26	\$87.98
Camp Verde	1	10,873	\$40.50	\$40.50	\$35.00	\$35.00	\$75.50	\$75.50
Chino Valley		10,817	\$27.60	\$27.60	\$70.55	\$70.55	\$98.15	\$98.15
Clarkdale		4,097	\$53.12	\$53.12	\$48.00	\$48.00	\$101.12	\$101.12
Flagstaff		65,870	\$33.14	\$36.44	\$19.00	\$20.90	\$52.14	\$57.34
Payson	4	15,301	\$39.77	\$39.77	\$20.00	\$20.00	\$59.77	\$59.77
Prescott		39,843	\$37.21	\$51.88	\$46.31	\$46.31	\$83.52	\$98.19
Prescott Valley	5	38,822	\$24.10	\$24.10	\$29.59	\$29.59	\$53.69	\$53.69
Sedona	2	10,031	\$43.04	\$43.04	\$56.50	\$56.50	\$99.54	\$99.54
Show Low		10,660	\$28.59	\$35.36	\$28.04	\$28.04	\$56.63	\$63.40
Verde Santa Fe	3		\$55.98	\$55.98	\$50.00	\$50.00	\$105.98	\$105.98
Wickenburg		6,363	\$11.24	\$22.48	\$21.24	\$21.24	\$32.48	\$43.72
Williams		3,023	\$42.25	\$42.25	\$45.00	\$45.00	\$87.25	\$87.25
Winslow		9,655	\$28.30	\$53.76	\$34.89	\$69.78	\$63.19	\$123.54
Average			\$35.76	\$40.48	\$38.78	\$41.61	\$74.54	\$82.09

Source: Communities websites & personal contacts

1 - Municipal WaterWater is privately owned - Camp Verde Water System, Inc. & Verde Lakes Water System & Wastewater
Camp Verde Sanitation District collects property taxes

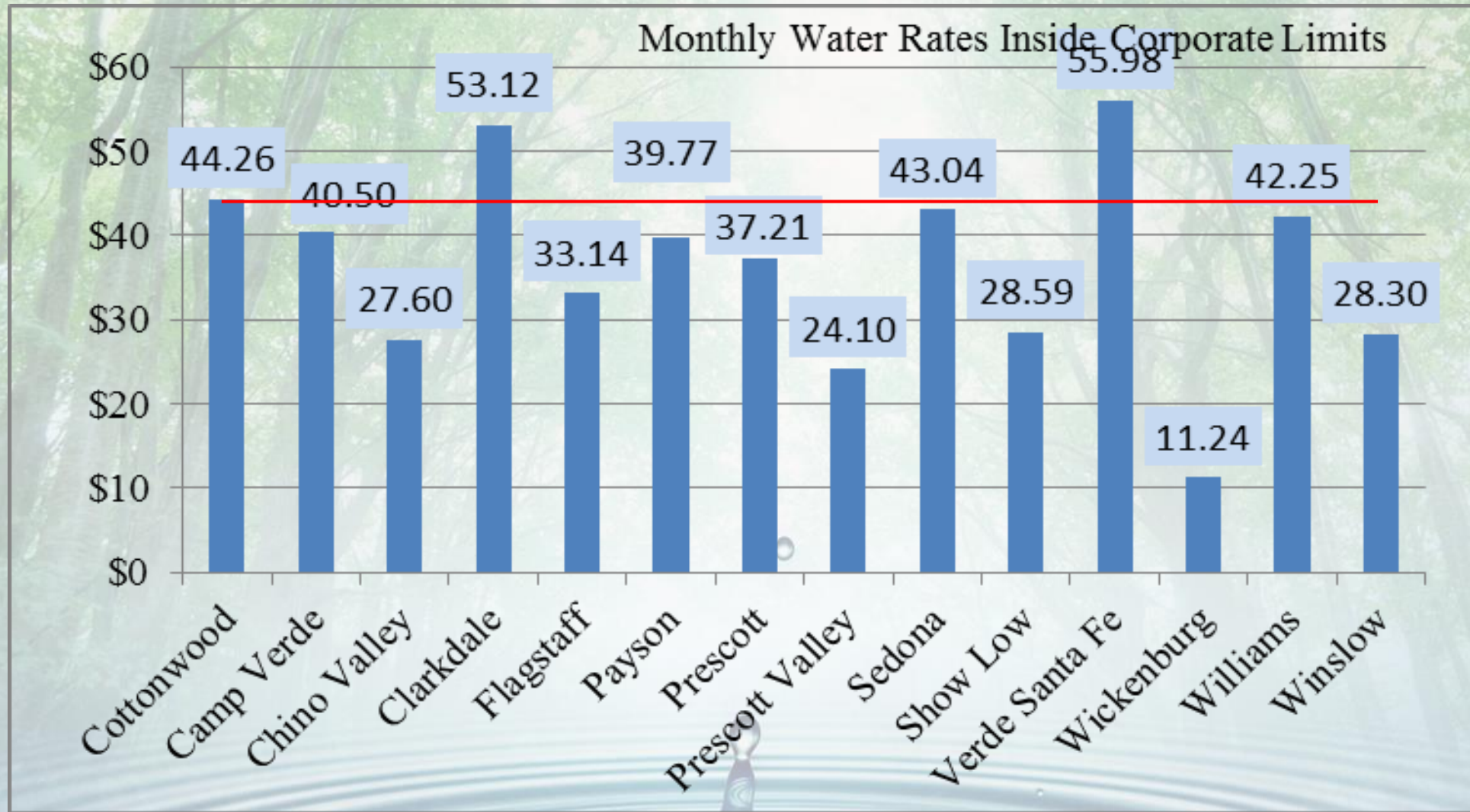
2 - Water is operated by Arizona Water Company

3 - Cottonwood Water provides water services, wastewater is provided by Verde Santa Fe Wastewater Co.

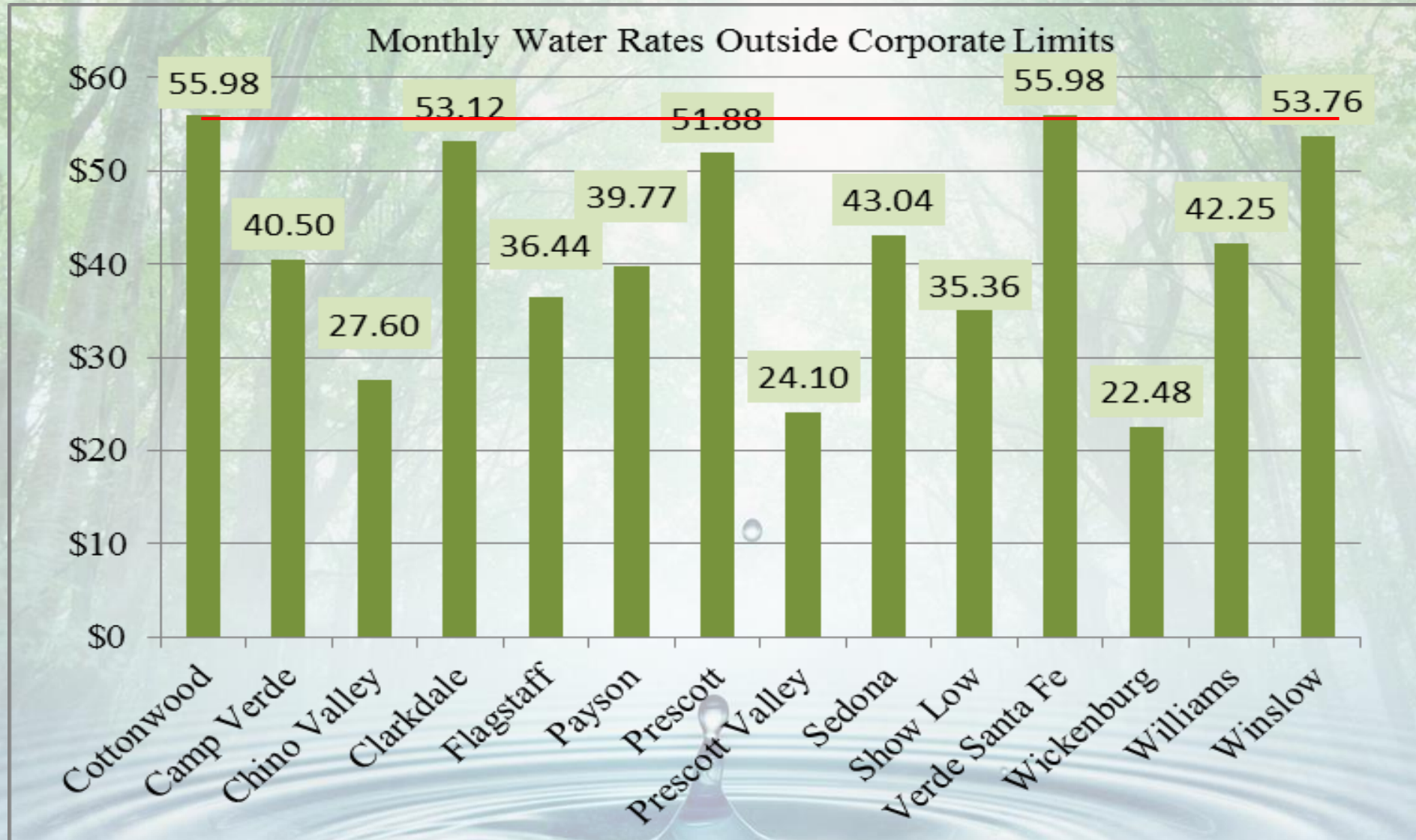
4 - Wastewater is provided by the No. Gila County Sanitary District-collects \$0.60 per \$100 of secondary assessed value

5 - Prescott Valley Sewer not a fixed monthly cost, but based on usage at \$4.54 per 1,000 gallons

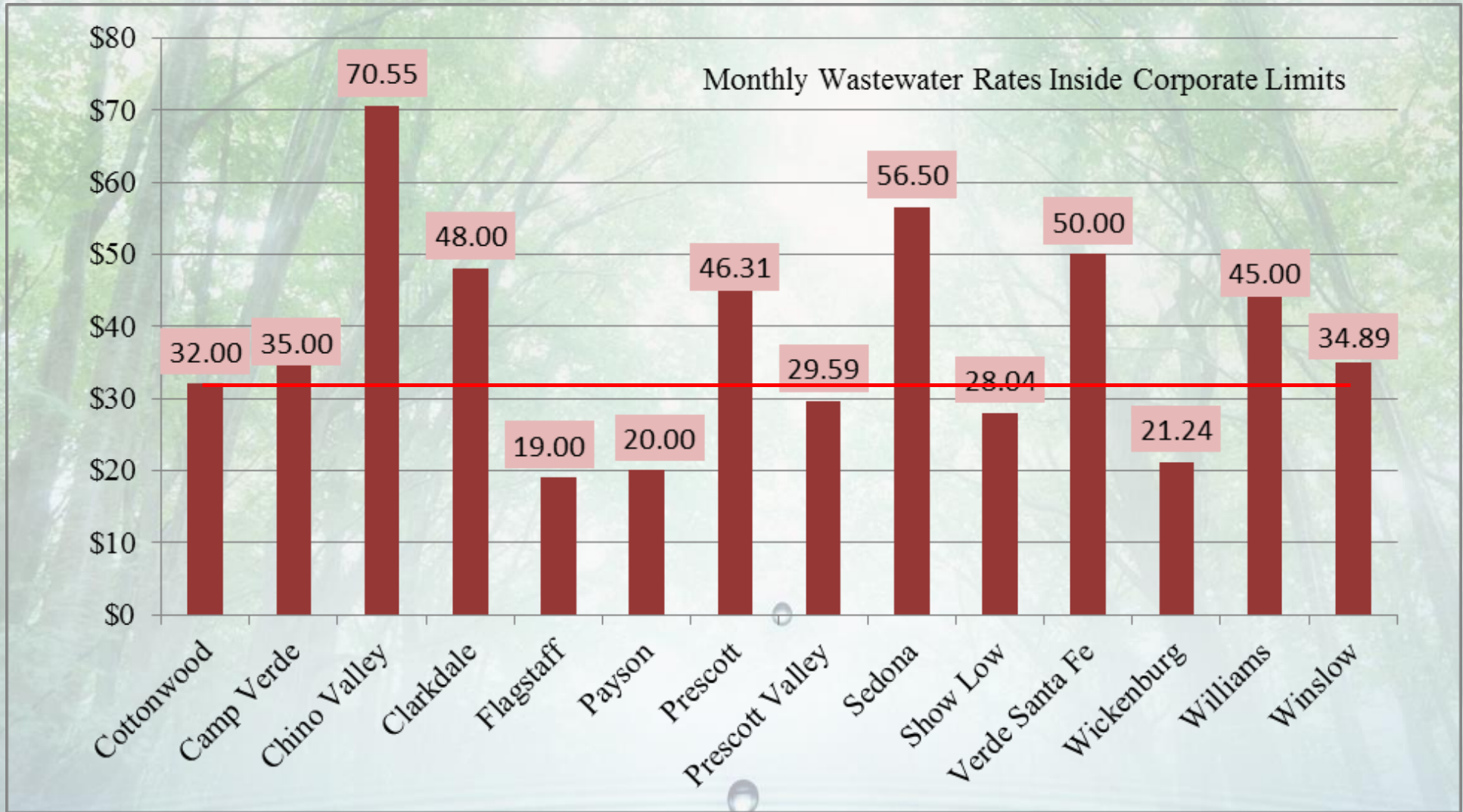
In City Limits Comparisons



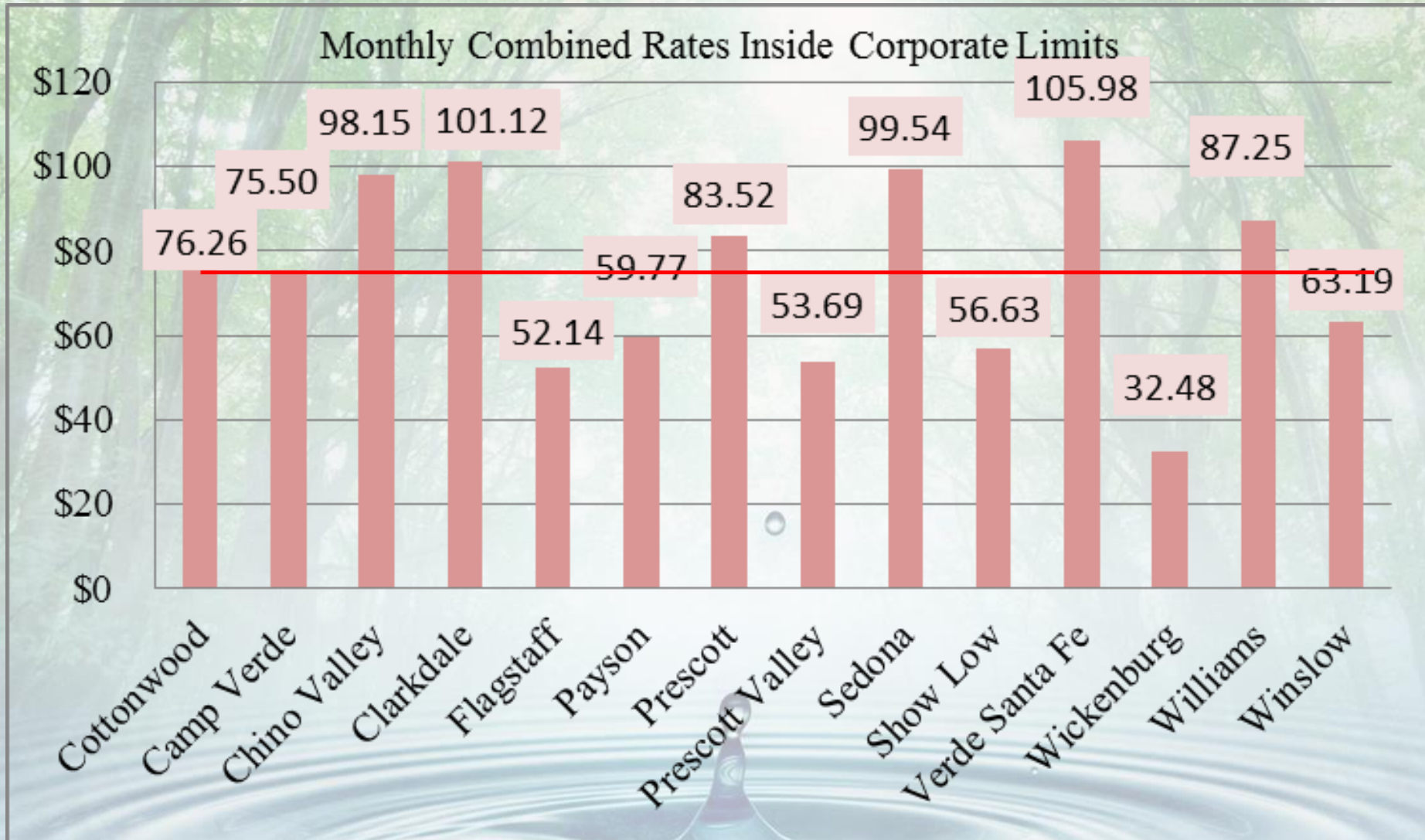
Outside of City Limits Comparisons



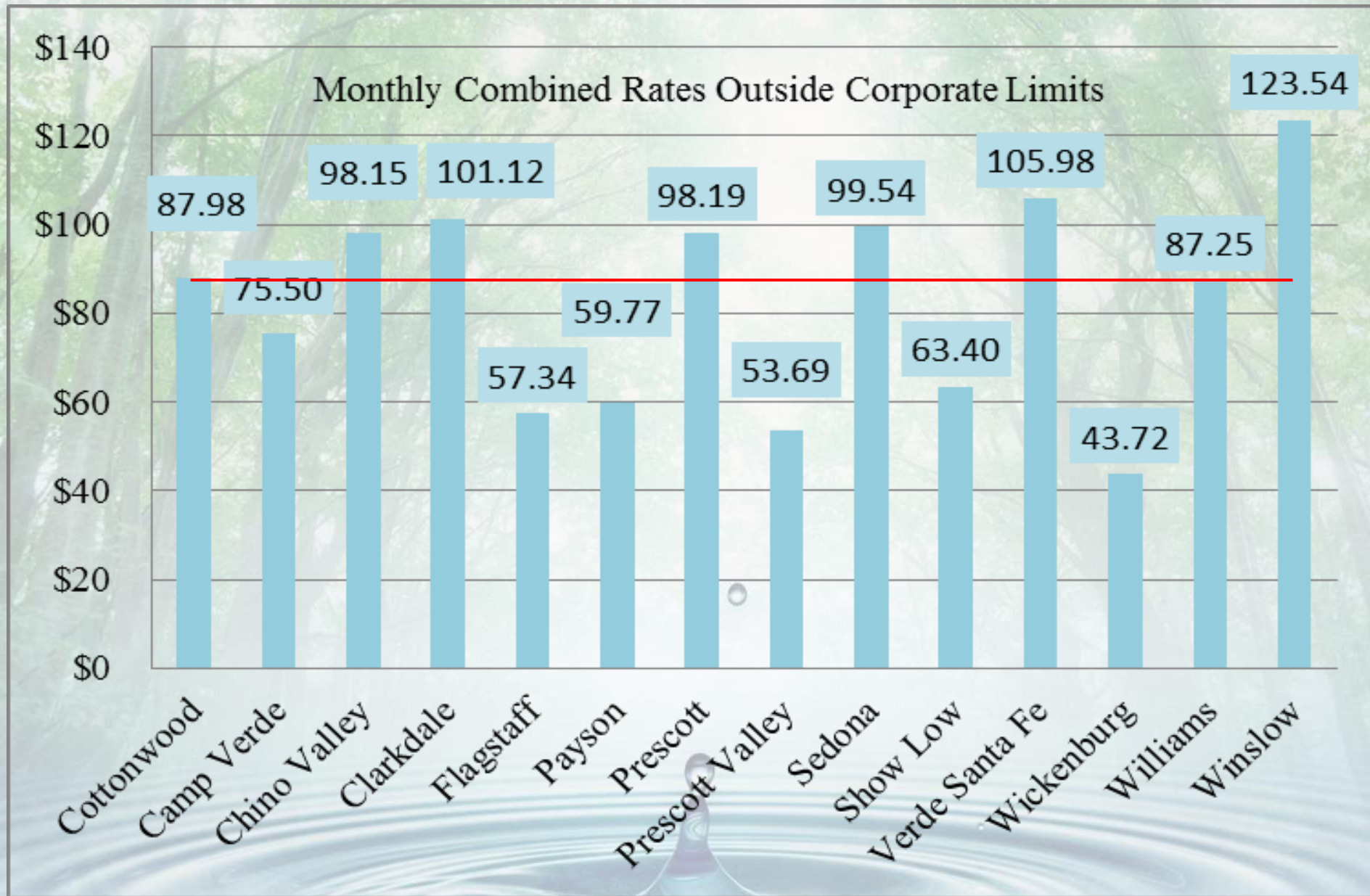
Wastewater Comparisons



In City Limits Combined Comparisons



Out of City Limits Combined Comparisons



Questions

