



WATER RATE REPORT FY2016

City of Casa Grande

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Executive Summary

The City of Casa Grande Water service expenditures are 100% user fee funded. The rates to provide this funding are reviewed annually to ensure the revenue is sufficient to pay for the expenditures. There is also a loan requirement that the City meet certain benchmarks to ensure repayment of the loan issued to finance the water system improvements.

Financial Picture

The following schedule presents the current financial picture of the water operations fund. As shown, water user fees are not generating sufficient revenue to cover ongoing operational costs of the water system and anticipated capital expenses.

The main drivers of this rate increase are operational requirements and federal mandates regarding Nitrate removal. Ongoing capital repairs to the system are projected to be \$50,000 - \$200,000 annually with a corresponding increase in operational expenses related to federally mandated Nitrate removal. Any increase to this projection will have a substantial impact on the required level of rates

Based on current projections additional rate increases will be required on an annual basis to maintain operations and cover federally mandated Nitrate removal. In the following projection this fund is utilizing existing savings to offset ongoing expenditures as rate increases are phased in over the five-year period. Beginning in FY2018 annual revenues are sufficient to cover annual expenditures.

If you have any questions, please contact Doug Sandstrom at dsandstrom@casagrandeaz.gov or by phone at (520)421-8600.



**WATER OPERATING (550)
FIVE YEAR FORECAST**

	Actual FY2014	Forecast FY2015	Budget FY2016	Projected FY2017	Projected FY2018	Projected FY2019	Projected FY2020
Beginning Cash	699,800	629,000	310,000	163,400	35,700	189,700	396,700
User Fees	180,670	200,000	245,300	282,000	320,500	361,300	404,400
Penalty	646	600	800	800	800	800	800
Other	0	0	400	400	400	400	400
Available Cash	881,116	829,600	556,500	446,600	679,100	914,700	1,207,900
Personnel	70,589	40,200	21,100	22,200	23,400	24,600	25,800
Contract/Supplies	163,113	214,300	326,800	223,600	250,900	278,400	296,200
Capital	0	250,000	30,000	150,000	200,000	200,000	200,000
Debt	18,418	15,100	15,200	15,100	15,100	15,000	15,100
ENDING CASH	628,997	310,000	163,400	35,700	189,700	396,700	670,800

	2014	2015	2016	2017	2018	2019	2020
Residential Customers	277	276	277	278	279	280	281
<i>Growth Rate</i>			0.5%	0.5%	0.5%	0.5%	0.5%
Anticipated Consumption	13,682	14,000	14,280	14,566	14,857	15,154	15,457
<i>Growth Rate</i>			2.0%	2.0%	2.0%	2.0%	2.0%
Personnel				5.0%	5.0%	5.0%	5.0%
Contract/Supplies				5.0%	5.0%	5.0%	5.0%

Monthly Rate Increase	2015	2016	2017	2018	2019	2020
5/8 & 3/4" Meter Fee	2.00	1.85	2.04	2.24	2.46	2.71
1" Meter Fee	3.75	3.38	3.38	3.71	4.08	4.49
1-1/2" Meter Fee	4.35	4.04	4.44	4.88	5.37	5.91
2" Meter Fee	5.00	5.00	5.50	6.05	6.66	7.32
3" Meter Fee	5.00	5.50	6.05	6.66	7.32	8.05
4" Meter Fee	7.00	7.70	8.47	9.32	10.25	11.27
6" Meter Fee	10.00	13.00	14.30	15.73	17.30	19.03
Consumption Rate	0.60	0.50	0.50	0.50	0.50	0.50

WATER RATES	Current	2016	2017	2018	2019	2020
3/4" Meter Fee	18.50	20.35	22.39	24.62	27.09	29.79
1" Meter Fee	30.38	33.76	37.14	40.85	44.93	49.43
1-1/2" Meter Fee	40.35	44.39	48.83	53.71	59.08	64.99
2" Meter Fee	50.00	55.00	60.50	66.55	73.21	80.53
3" Meter Fee	55.00	60.50	66.55	73.21	80.53	88.58
4" Meter Fee	77.00	84.70	93.17	102.49	112.74	124.01
6" Meter Fee	130.00	143.00	157.30	173.03	190.33	209.37
Consumption Rate	3.00	3.50	4.00	4.50	5.00	5.50

3/4" Meter Fee	12%	10.0%	10.0%	10.0%	10.0%	10.0%
1" Meter Fee	1%	11.1%	10.0%	10.0%	10.0%	10.0%
1-1/2" Meter Fee	12%	10.0%	10.0%	10.0%	10.0%	10.0%
2" Meter Fee	11%	10.0%	10.0%	10.0%	10.0%	10.0%
3" Meter Fee	10%	10.0%	10.0%	10.0%	10.0%	10.0%
4" Meter Fee	10%	10.0%	10.0%	10.0%	10.0%	10.0%
6" Meter Fee	8%	10.0%	10.0%	10.0%	10.0%	10.0%
Consumption Rate	25%	16.7%	14.3%	12.5%	11.1%	10.0%