



WATER RATE REPORT FY2017

City of Casa Grande

Doug Sandstrom, Finance Director

T: 520-421-8600

E: dsandstrom@casagrandeaz.gov



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 requirement that the City meet certain benchmarks to ensure the water system meets all drinking safety standards which will cause significant increases in operational costs.

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 to maintain an aging system.

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 \$123,000 - \$250,000 annually with a corresponding increases 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 FY2015	Forecast FY2016	Budget FY2017	Projected FY2018	Projected FY2019	Projected FY2020	Projected FY2021
Beginning Cash	628,997	629,000	324,400	200,900	(68,200)	(9,800)	63,500
User Fees	191,483	235,000	277,200	315,000	355,100	397,400	442,200
Penalty	860	1,000	1,000	1,000	1,000	1,000	1,000
Other	(566)	0	400	400	400	400	400
Available Cash	820,774	865,000	603,000	517,300	644,800	787,800	950,700
Personnel	36,021	32,000	22,500	23,700	24,900	26,200	27,500
Contract/Supplies	196,961	132,500	256,600	386,800	429,700	473,100	507,200
Capital	66,144	305,000	123,000	175,000	200,000	225,000	250,000
Debt	4,364	71,100	0	0	0	0	0
ENDING CASH	517,284	324,400	200,900	(68,200)	(9,800)	63,500	166,000

	2015	2016	2017	2018	2019	2020	2021
Residential Customers	0	276	277	278	279	280	281
<i>Growth Rate</i>			0.5%	0.5%	0.5%	0.5%	0.5%
Anticipated Consumption	0	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%

<u>Monthly Rate Increase</u>	2015	2016	2017	2018	2019	2020	2021
5/8 & 3/4" Meter Fee	2.00	1.85	2.04	2.24	2.46	2.71	2.98
1" Meter Fee	3.75	3.38	3.38	3.71	4.08	4.49	4.94
1-1/2" Meter Fee	4.35	4.04	4.44	4.88	5.37	5.91	6.50
2" Meter Fee	5.00	5.00	5.50	6.05	6.66	7.32	8.05
3" Meter Fee	5.00	5.50	6.05	6.66	7.32	8.05	8.86
4" Meter Fee	7.00	7.70	8.47	9.32	10.25	11.27	12.40
6" Meter Fee	10.00	13.00	14.30	15.73	17.30	19.03	20.94
Consumption Rate	0.60	0.50	0.50	0.50	0.50	0.50	0.50

<u>WATER RATES</u>	2015	Current	2017	2018	2019	2020	2021
3/4" Meter Fee	18.50	20.35	22.39	24.62	27.09	29.79	32.77
1" Meter Fee	30.38	33.76	37.14	40.85	44.93	49.43	54.37
1-1/2" Meter Fee	40.35	44.39	48.83	53.71	59.08	64.99	71.49
2" Meter Fee	50.00	55.00	60.50	66.55	73.21	80.53	88.58
3" Meter Fee	55.00	60.50	66.55	73.21	80.53	88.58	97.44
4" Meter Fee	77.00	84.70	93.17	102.49	112.74	124.01	136.41
6" Meter Fee	130.00	143.00	157.30	173.03	190.33	209.37	230.30
Consumption Rate	3.00	3.50	4.00	4.50	5.00	5.50	6.00

3/4" Meter Fee	12%	10%	10.0%	10.0%	10.0%	10.0%	10.0%
1" Meter Fee	1%	11%	10.0%	10.0%	10.0%	10.0%	10.0%
1-1/2" Meter Fee	12%	10%	10.0%	10.0%	10.0%	10.0%	10.0%
2" Meter Fee	11%	10%	10.0%	10.0%	10.0%	10.0%	10.0%
3" Meter Fee	10%	10%	10.0%	10.0%	10.0%	10.0%	10.0%
4" Meter Fee	10%	10%	10.0%	10.0%	10.0%	10.0%	10.0%
6" Meter Fee	8%	10%	10.0%	10.0%	10.0%	10.0%	10.0%
Consumption Rate	25%	17%	14.3%	12.5%	11.1%	10.0%	9.1%