

Water & Wastewater Enterprises

Public Hearing

February 2016



Aspiring. Achieving. Accelerating.

Water Fund Analysis

<u>Water Operating Fund</u>	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21
Beginning Balances	25,809,542	27,469,282	26,716,520	25,660,995	26,170,718	27,408,721
Water Rate Revenue	12,383,470	14,240,991	14,582,774	17,172,675	17,584,819	20,707,883
Plus: Growth	0%	2%	2%	2%	2%	2%
Water Rate Revenue After Growth	12,383,470	14,582,774	14,932,761	17,584,819	18,006,855	21,204,872
Pct Change in Water Rates	15.00%	0.00%	15.00%	0.00%	15.00%	0.00%
Pct of Year Rate Increase Effective	50%	50%	50%	50%	50%	50%
Water Rate Revenue After Growth and Rate Increase	13,312,230	14,582,774	16,052,718	17,584,819	19,357,369	21,204,872
Other Revenue	771,220	771,220	771,220	771,220	771,220	771,220
Interest Income	266,353	274,560	269,259	266,655	275,462	296,290
Total Revenue	14,349,803	15,628,555	17,093,197	18,622,694	20,404,051	22,272,382
O&M	(10,123,130)	(12,150,073)	(14,685,293)	(15,017,513)	(15,579,843)	(16,237,883)
Debt Service	(36,934)	(1,073,743)	(1,073,430)	(1,095,457)	(1,086,206)	(1,086,127)
Capital Outlay	(530,000)	(407,500)	(390,000)	-	-	-
Transfers Out	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Cash Funded Capital	-	(750,000)	-	-	(500,000)	-
Net Cash Flow	1,659,740	(752,761)	(1,055,526)	509,724	1,238,002	2,948,372
Restricted Reserve for Required New Debt	-	(742,745)	(742,745)	(765,151)	(765,151)	(765,151)
Restricted Reserve for Replacement/Refurbishment	-	(15,046,060)	(15,213,522)	(15,382,847)	(15,554,056)	(15,727,171)
Ending Unrestricted Balances	27,469,282	10,927,715	9,704,728	10,022,721	11,089,514	13,864,771
Working Capital Reserve	7,592,348	9,112,555	11,013,970	11,263,135	11,684,882	12,178,412
Surplus/(Deficit)	19,876,934	1,815,160	(1,309,242)	(1,240,414)	(595,368)	1,686,359

Sewer Fund Analysis

Sewer Operating Fund	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21
Beginning Balances	8,558,727	10,776,762	9,684,458	12,407,982	16,184,161	18,458,150
Sewer Rate Revenue	8,330,190	9,579,719	9,809,632	11,551,822	11,829,066	13,929,908
Plus: Growth	0%	2%	2%	2%	2%	2%
Sewer Rate Revenue After Growth	8,330,190	9,809,632	10,045,063	11,829,066	12,112,964	14,264,226
Pct Change in Sewer Rates	15.00%	0.00%	15.00%	0.00%	15.00%	0.00%
Pct of Year Rate Increase Effective	50%	50%	50%	50%	50%	50%
Sewer Rate Revenue After Growth and Rate Increase	8,954,954	9,809,632	10,798,443	11,829,066	13,021,436	14,264,226
Other Revenue	43,440	1,256,503	1,285,617	1,315,429	1,345,957	1,377,217
Interest Income	186,331	209,854	240,160	290,095	346,991	411,393
Total Revenue	9,184,726	11,275,989	12,324,219	13,434,590	14,714,383	16,052,836
O&M	(5,127,804)	(5,367,803)	(5,448,389)	(5,531,906)	(5,821,112)	(5,968,856)
Debt Service	(1,044,886)	(1,869,980)	(2,126,667)	(2,120,345)	(2,038,174)	(3,180,411)
Capital Outlay	(194,000)	(181,875)	(48,500)	-	(310,400)	-
Transfers Out	(600,000)	(2,568,636)	(1,597,139)	(1,626,160)	(3,655,708)	(2,685,793)
Cash Funded Capital	-	(2,380,000)	(380,000)	(380,000)	(615,000)	-
Net Cash Flow	2,218,035	(1,092,304)	2,723,524	3,776,179	2,273,989	4,217,775
Restricted Reserve for Required New Debt	(410,275)	(410,275)	(674,298)	(674,298)	(721,459)	(721,459)
Restricted Reserve for Replacement/Refurbishment	-	(15,686,362)	(15,971,391)	(16,261,599)	(16,557,081)	(16,857,931)
Ending Unrestricted Balances	10,366,487	(6,412,179)	(4,237,706)	(751,736)	1,179,610	5,096,535
Working Capital Reserve	3,845,853	4,025,852	4,086,291	4,148,930	4,365,834	4,476,642
Surplus/(Deficit)	6,520,634	(10,438,032)	(8,323,998)	(4,900,666)	(3,186,223)	619,893

Impact to Customers

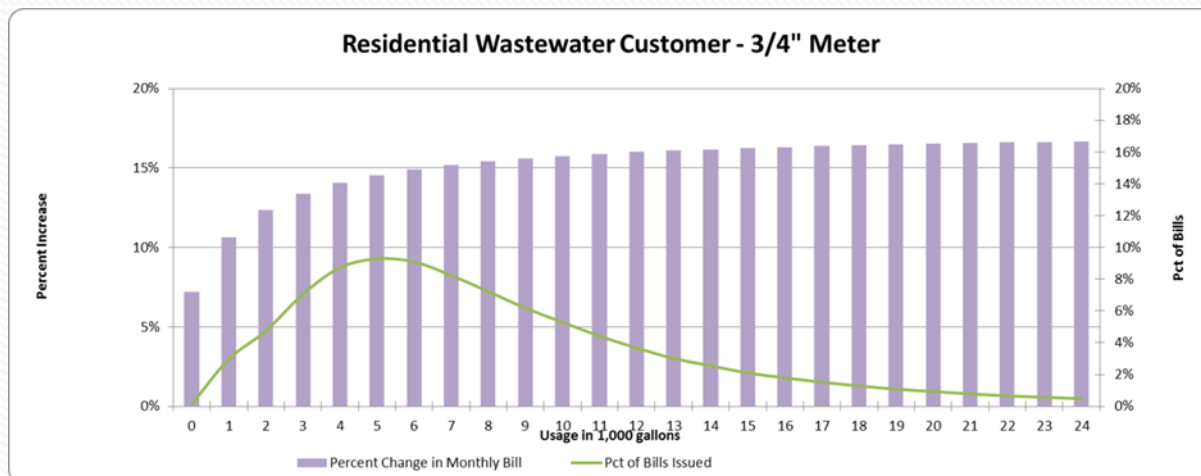
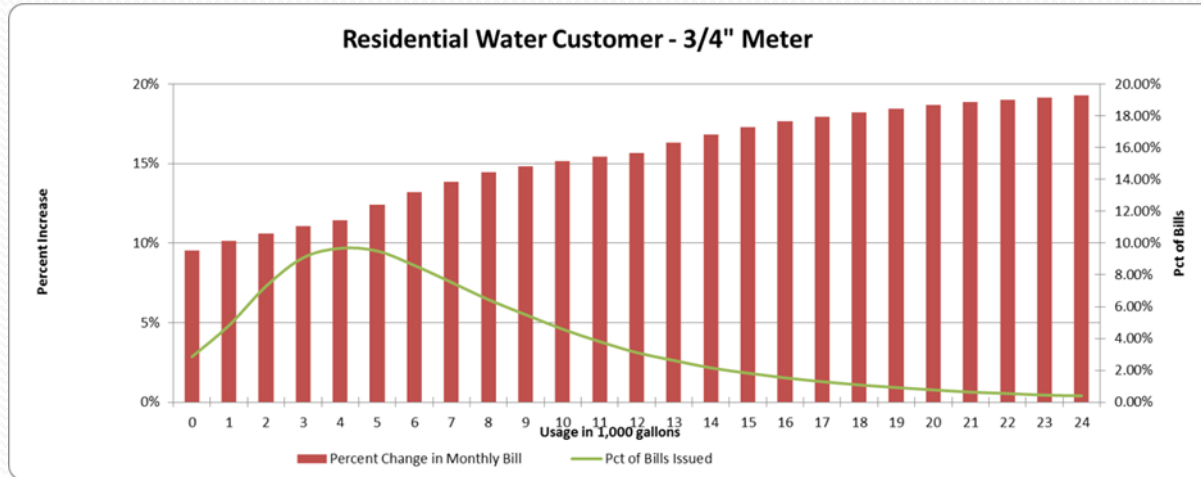
- Average customer in the City of Avondale uses 9kgal of water per month and currently pays \$22.18
- Average customer will pay \$25.47 or \$3.29 more per month in water fees.
- Average customer in the City generates 6 kgal of sewer per month and currently pays \$22.10
- Average sewer customer will pay \$25.35 or \$3.25 more per month in sewage costs.
- Relative to other bills, water and sewer is still a low cost commodity.

Public Information Sessions Update

- January 25-Cashion Police Substation
- January 27-Fire Station (107th and McDowell)
- February 8-Sam Garcia Library
- February 10-Estrella Mountain Community College

- 1 Resident at Each (2 Residents at EMCC)
 - Understood the need for increase
 - Would prefer the smaller annual increases
 - Concern about the impact on HOAs
 - Budgets already complete
- Hallway Conversation with 2 Residents
 - Would prefer the smaller annual increases

Impact to Customers by Usage



Public Hearing Questions?

