

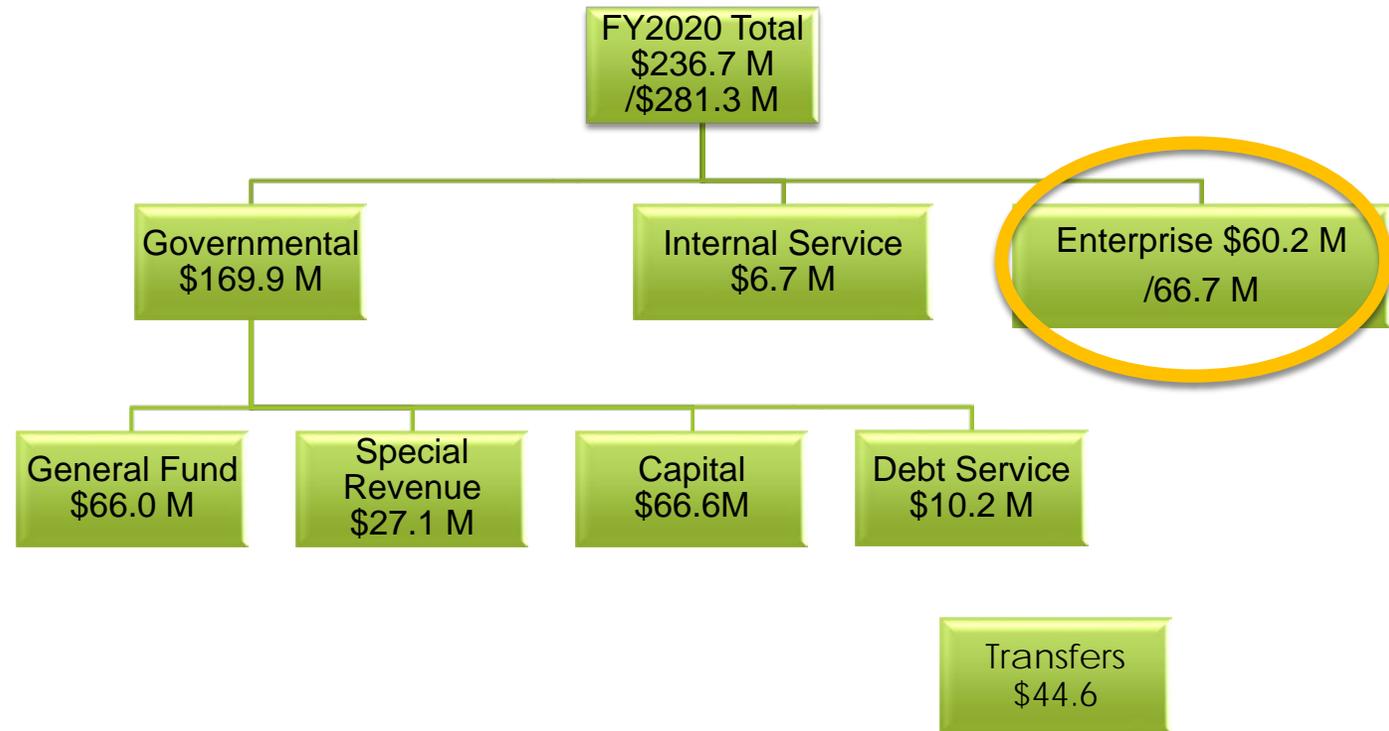


Enterprise Funds Overview

CITY COUNCIL WORK SESSION

MARCH 2, 2020

Fund Structure



Enterprise Funds

- Used to account for business-like activities in which rates are set to recover costs
- Funds Utility Services
 - Water, sewer, residential trash and recycling
- 21% of operating budget
- Funds utility capital and asset replacement

Enterprise Fund Uses



Funds Utility Services

Water, Sewer, Sanitation



Capital and asset replacement



21% of operating uses

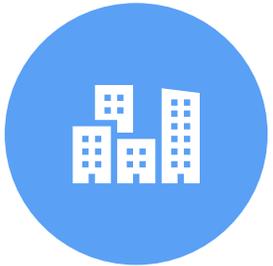
Enterprise Needs



Investment in
capital



Technology



Growth related



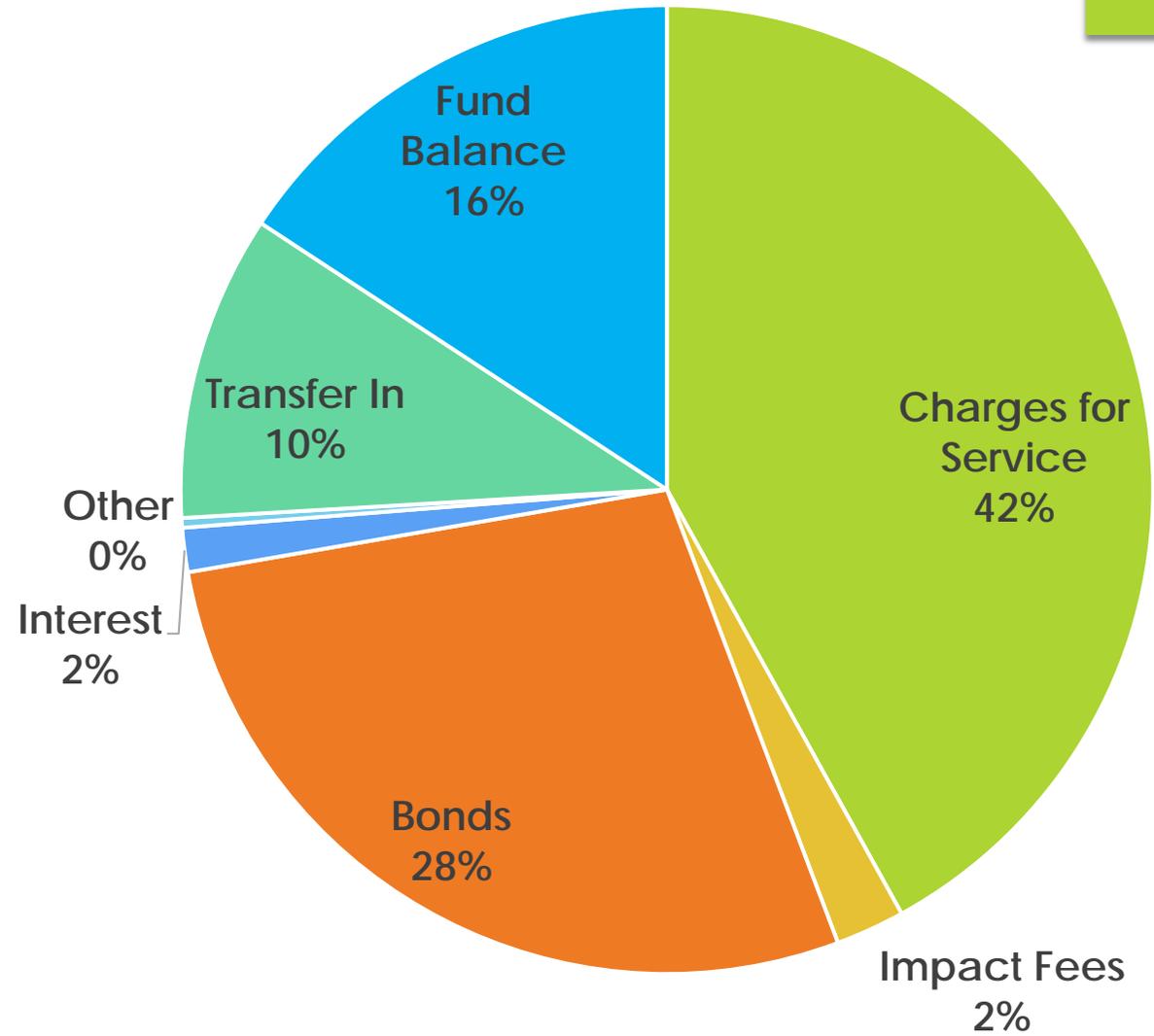
Inflationary

Water Funds

- ▶ Water Operations
 - ▶ Water operations,
 - ▶ Water development,
 - ▶ Water equipment replacement
- ▶ Active accounts
 - ▶ Residential: 22,258, \$25.80 monthly
 - ▶ Non-residential: 1,468

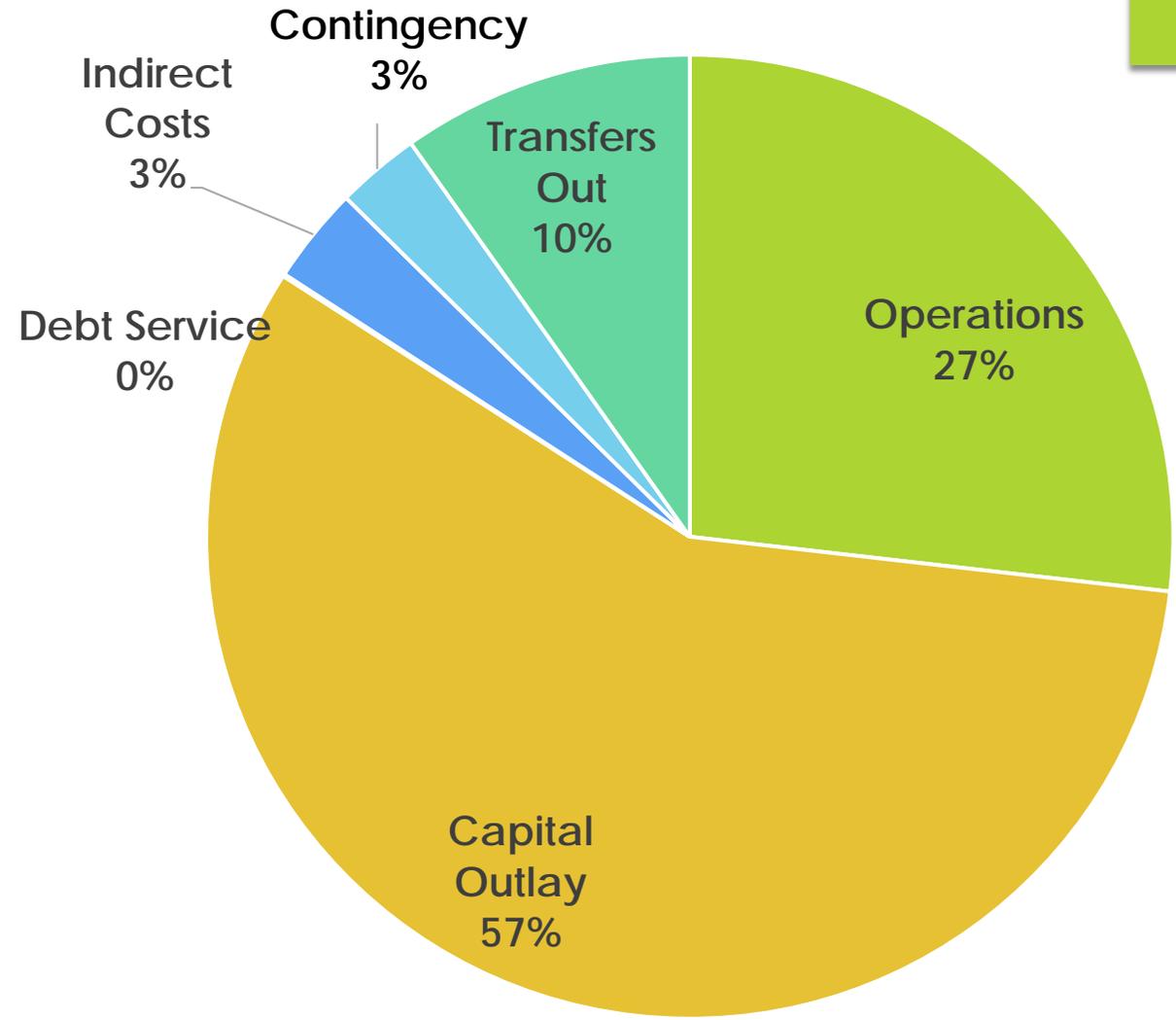
FY2020 Water Fund Sources

\$35.7 M

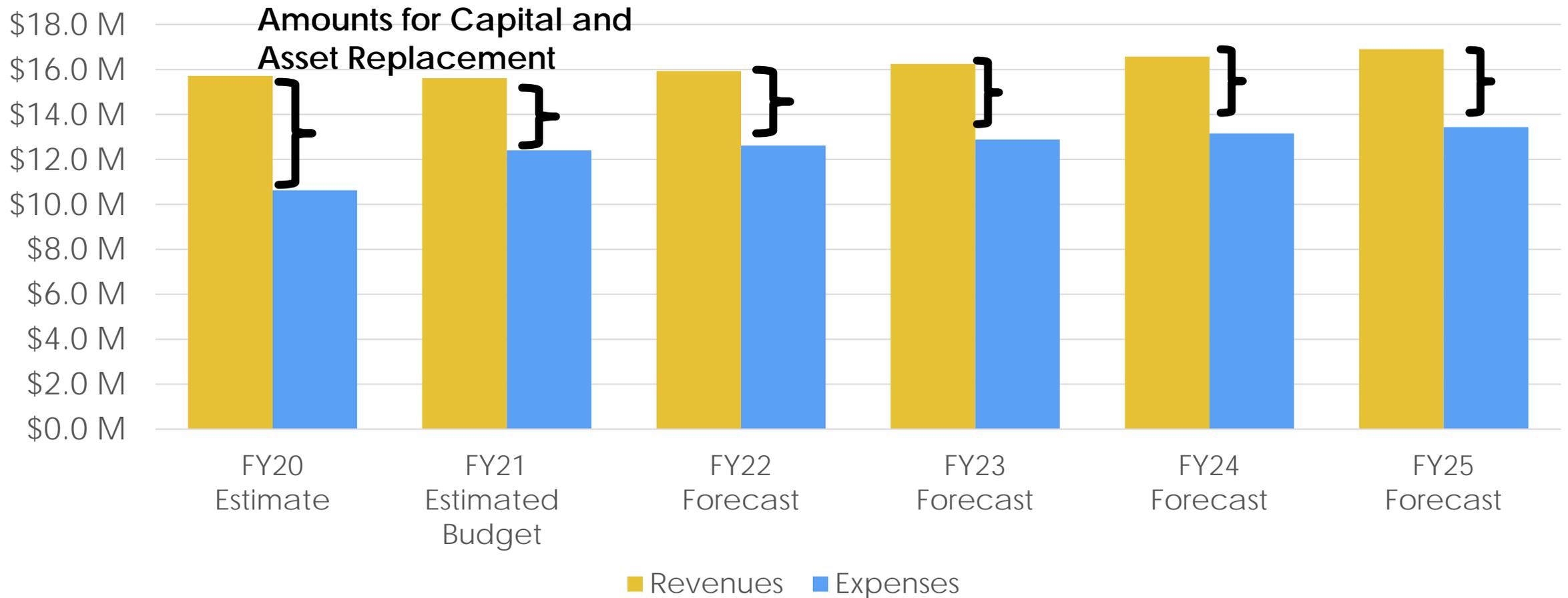


FY2020 Water Fund Uses by Category

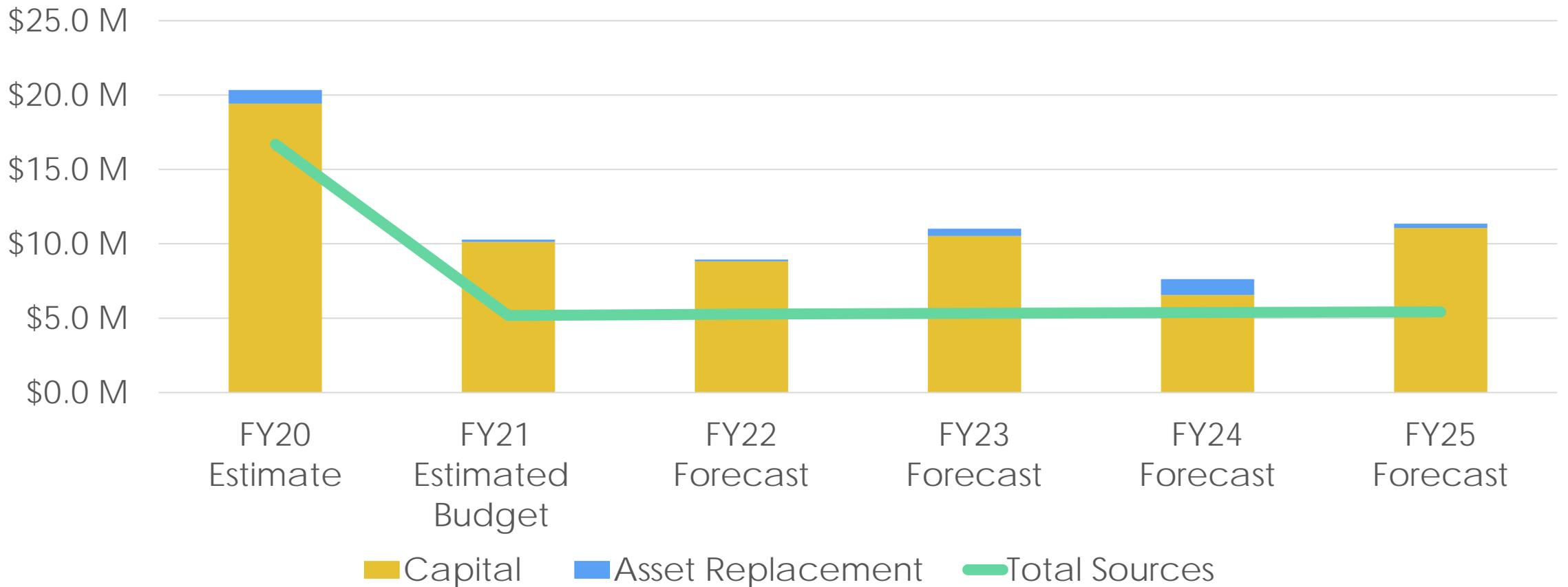
\$35.7 M



Water Operations Forecast



Water Capital



FY2020 Water Fund 5 Year Capital – \$47.1 M

Recommended for Funding (Year 1)

Gateway Nitrate Equipment Replacement - \$2.5 M

Historic Avondale - \$1.3 M

Northside Arsenic Treatment - \$1.0M

Well 7 - \$1.0 M

Rancho Santa Fe Reservoir – \$0.8

Reservoir Coating Repairs and Rehab – \$0.8 M

Garden Lakes Nitrate Equipment Design - \$0.5 M

Planned (Years 2-5)

Historic Avondale – \$13.7 M

Well 22 and Transmission Line - \$4.2 M

Water System Line Replace and Expand - \$4.0 M

Garden Lakes Nitrate Equipment - \$2.5 M

Garden Lakes - 2nd Reservoir and Booster Improvements - \$2.4 M

Distribution Pressure - \$1.7 M

McDowell Recharge Basin - \$0.8M

Unfunded (Years 6+)

Garden Lakes - 2nd Reservoir and Booster Construction - \$6.0 M

Nitrate Removal System for Coldwater Booster - \$5.0 M

Meter Conversion – \$4.0 M

Future Well for growth - \$2.7 M

Dysart, Roeser Alignment – \$1.0 M

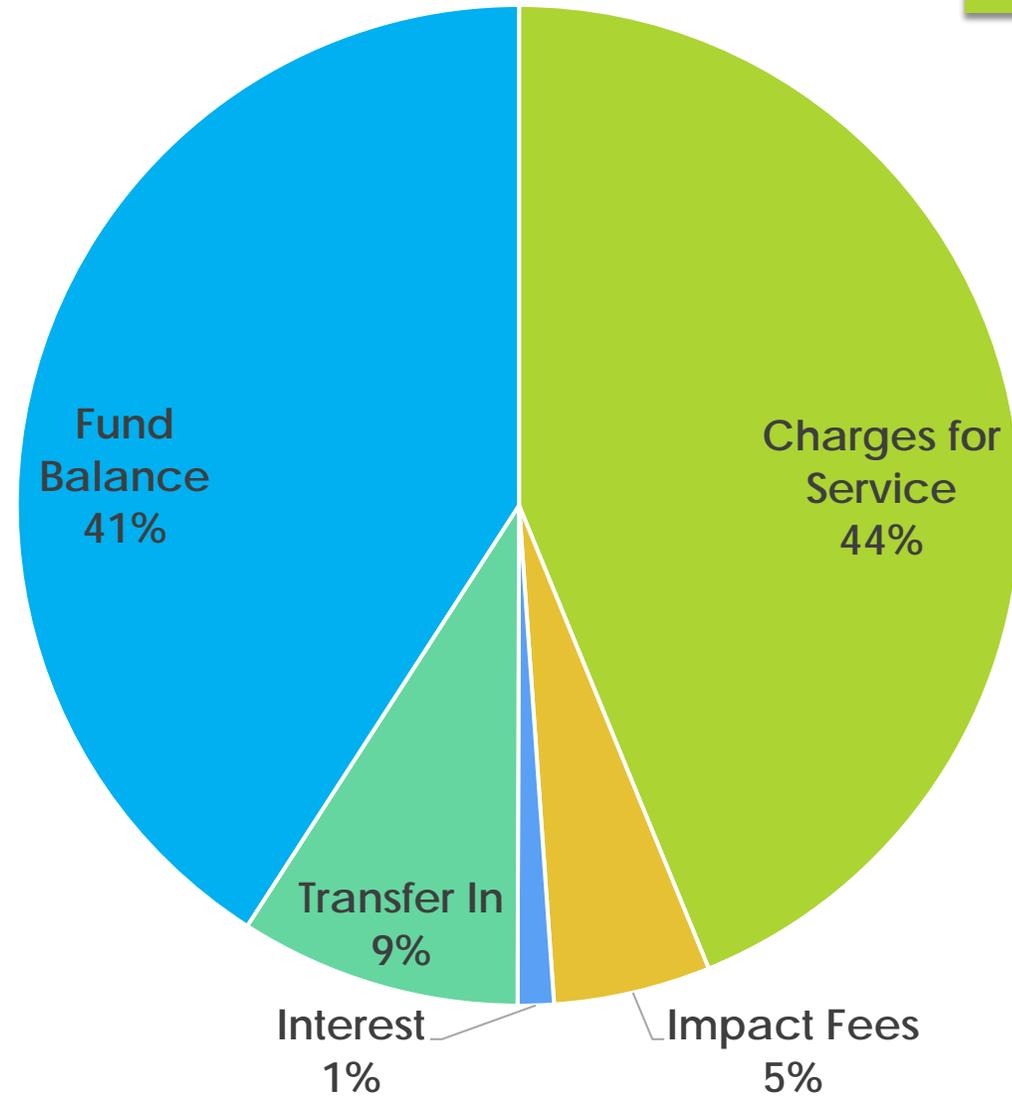
Zone 2/3 SCADA Upgrades - \$0.5M

Sewer Funds

- ▶ Sewer Operations
 - ▶ Sewer operations,
 - ▶ Sewer development,
 - ▶ Sewer equipment replacement
- ▶ Active accounts
 - ▶ Residential: 22,466; \$25.60 monthly
 - ▶ Non-residential: 832

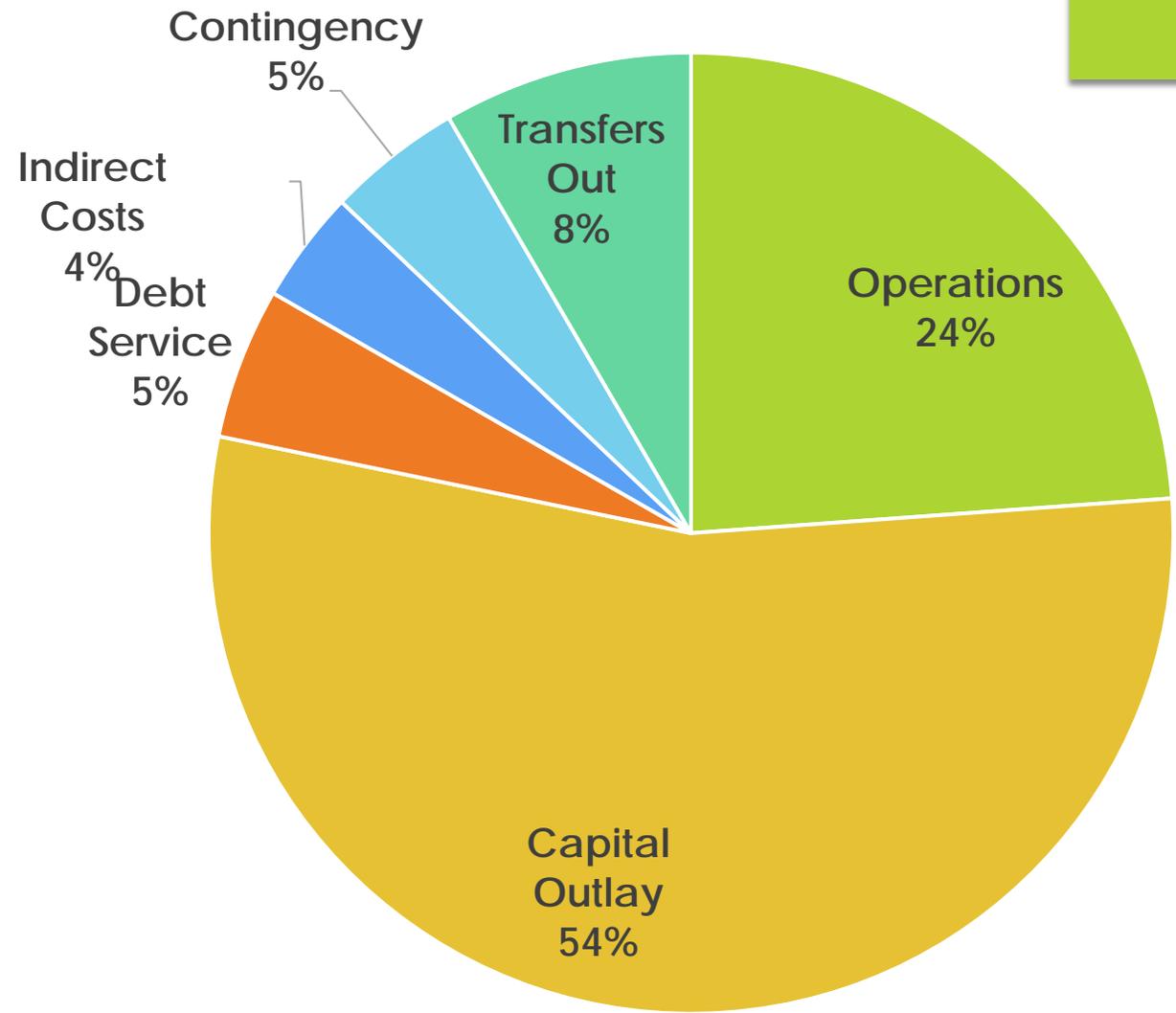
FY2020 Sewer Fund Sources

\$22.1 M

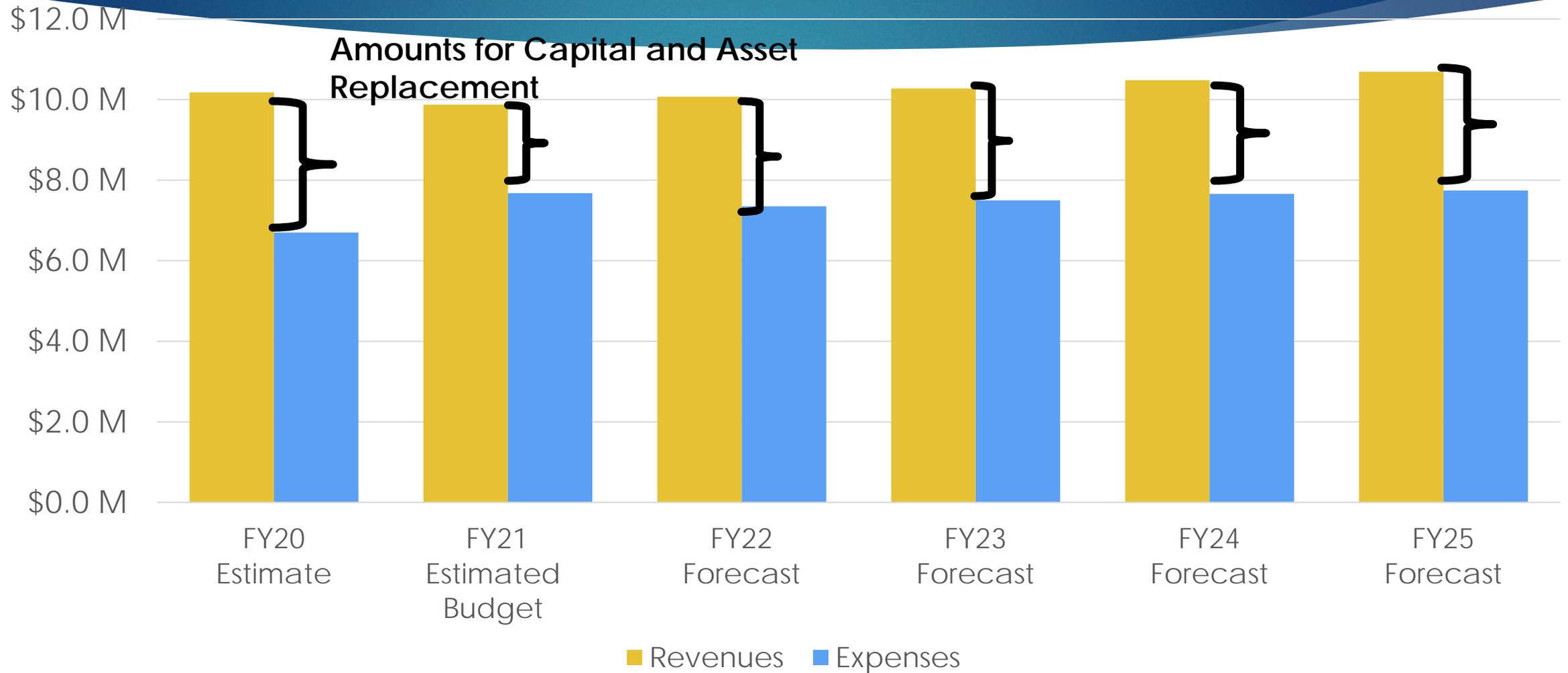


FY2020 Sewer Fund Uses by Category

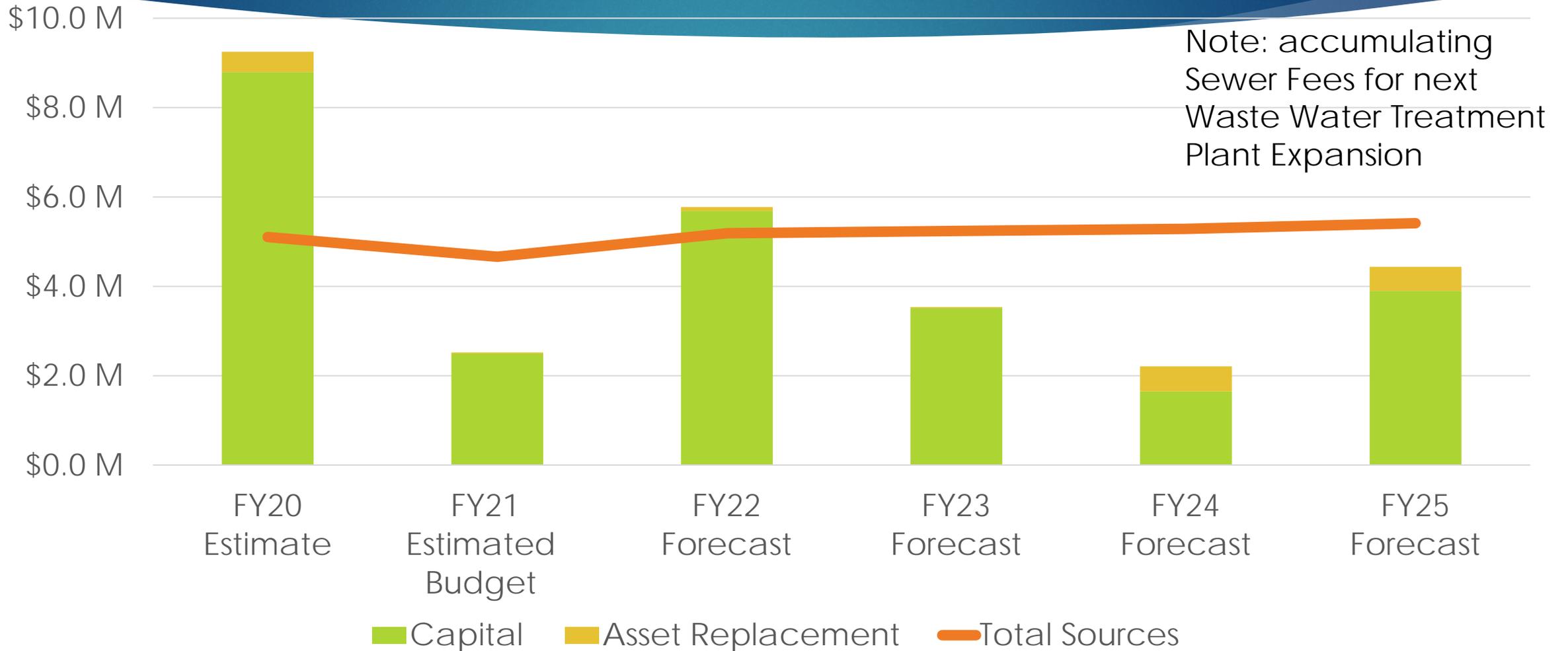
\$22.1 M



Sewer Operations Forecast



Sewer Capital



FY2020 Sewer Fund 5 Year Capital – \$17.3 M

Recommended for Funding (Year 1)

Large Diameter Sewer Line Study - \$0.9M

Water Reclamation Facility Grit System - \$0.8M

Citywide Sewer Improvements - \$0.3 M

Water Reclamation Facility Odor Control Improvements Design - \$0.2 M

Lift Station Rehabilitation - \$0.2 M

Historic Avondale - \$0.1 M

Planned (Years 2-5)

Water Reclamation Facility – Phase II (start FY28) - \$63.1 M

Large Diameter Sewer Line Repair - \$3.0 M

Water Reclamation Facility Odor Control Improvements - \$2.5 M

Dysart Road Sewer Replacement Corral to Lower Buckeye - \$2.3 M

Garden Lakes Sewer Improvements - \$1.8 M

10th Street Lift Station - \$1.8 M

Historic Avondale - \$0.4 M

Unfunded (Years 6+)

Large Diameter Sewer Line Repair - \$4.0 M

Lift Station Rehabilitation - \$0.8 M

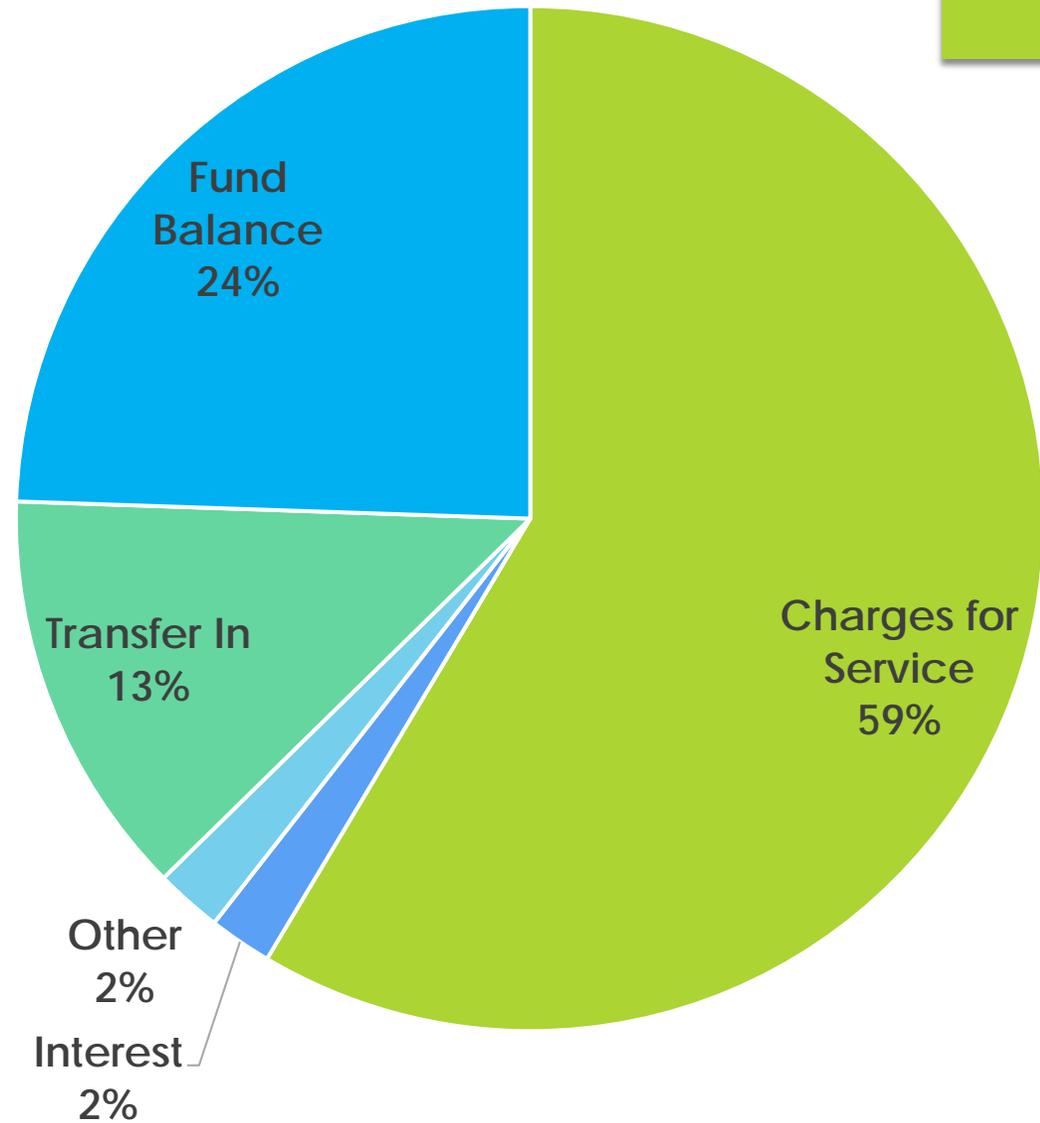
Citywide Sewer Line Improvements - \$0.6 M

Sanitation Funds

- ▶ Sanitation Operations
 - ▶ Sanitation operations,
 - ▶ Sanitation development,
 - ▶ Sanitation equipment replacement
- ▶ Active accounts
 - ▶ Residential: 22,623; \$20.00 monthly
 - ▶ Non-residential: 413

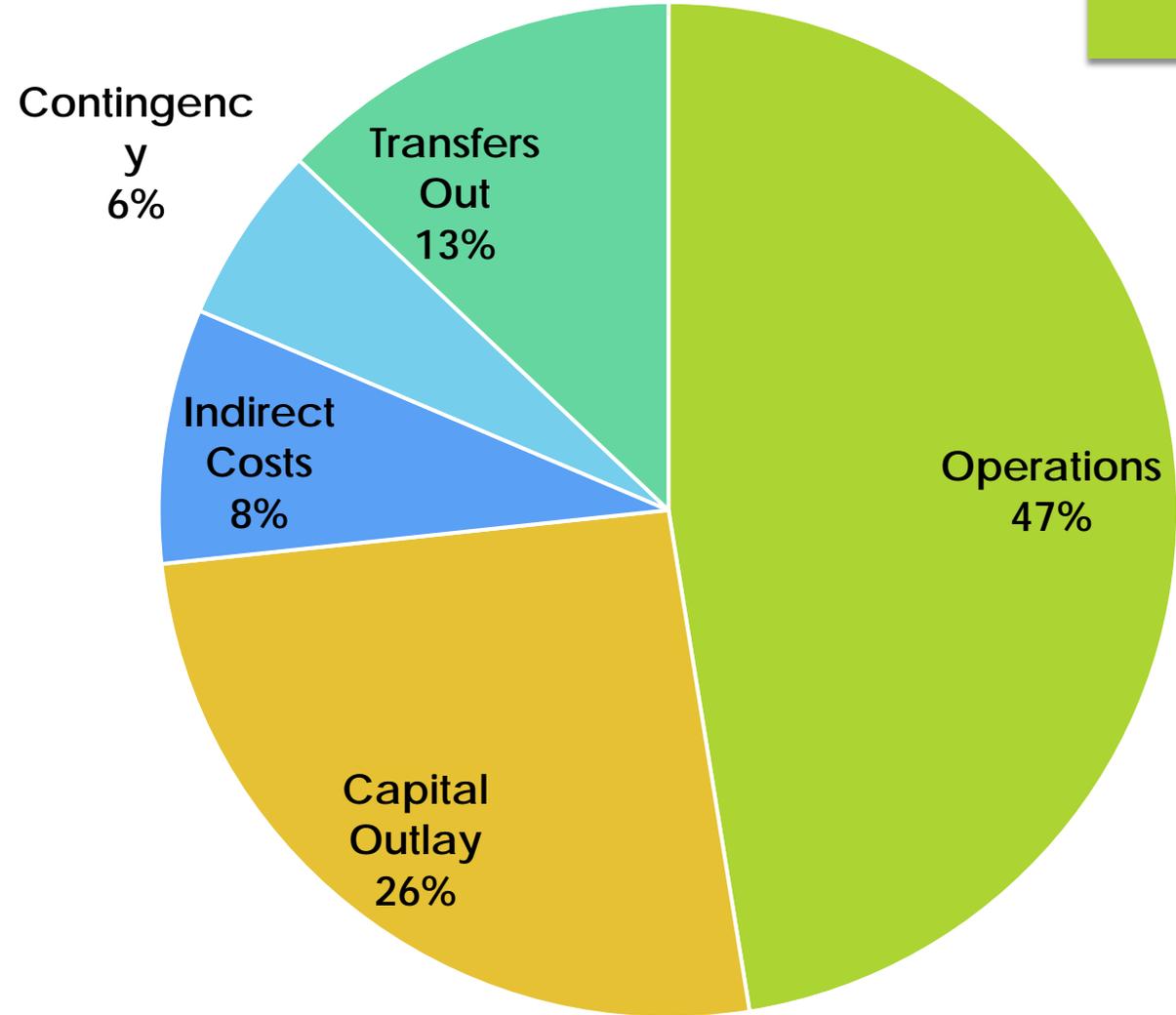
FY2020 Sanitation Fund Sources

\$8.8 M

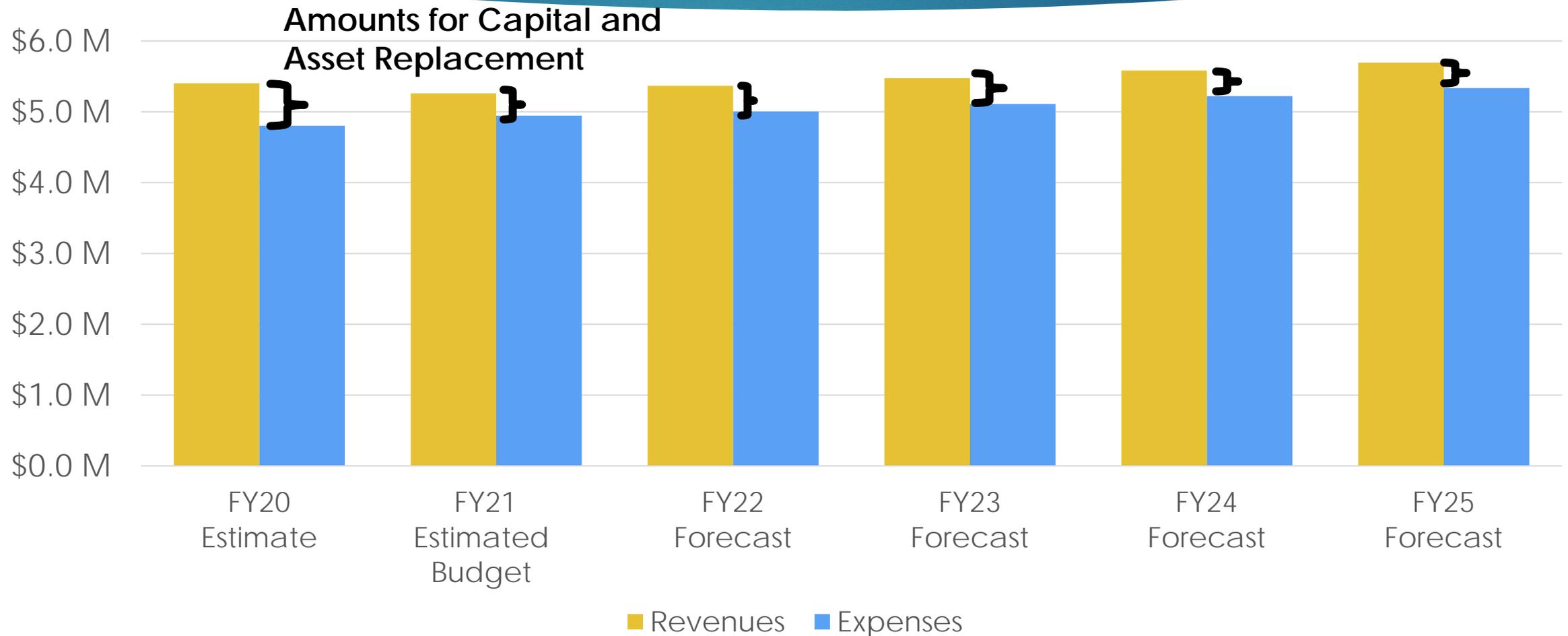


FY2020 Sanitation Fund Uses by Category

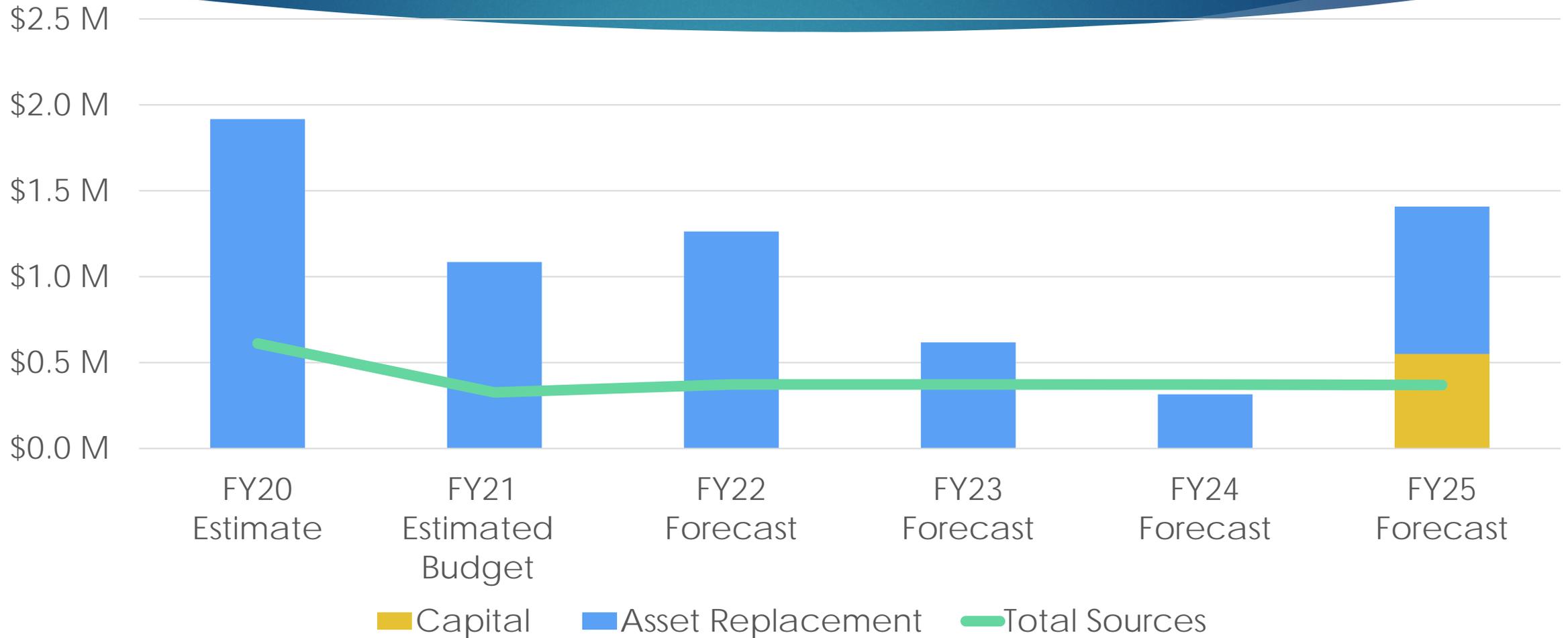
\$8.8 M



Sanitation Operations Forecast



Sanitation Capital



FY2020 Sanitation Fund 5 Year Capital – \$4.7 M

Recommended for Funding (Year 1)

- ▶ Vehicle Replacements - \$1.1 M

Planned (Years 2-5)

- ▶ Vehicle Replacements - \$3.0 M
- ▶ New Sanitation Vehicle – \$0.6 M

Rate Study Process



Fall 2020

Community and
HOA outreach



Winter 2020

Notice of Intent
to Change Rates



Winter 2020

Public Hearing /
Consider
Ordinance



Spring 2021

New rates
become
effective

| Source | Capital | Equipment Replacement |
|-----------------------|----------------|-----------------------|
| Water Operations | \$3.0 M | \$0.5 M |
| Sewer Operations | 1.5 M | 0.4 M |
| Sanitation Operations | 0.1 M | 1.1 M |
| Total | \$4.6 M | \$1.9 M |

| Source | Capital | Equipment Replacement |
|--------------------|---------|-----------------------|
| Dedicated 0.5% Tax | \$0.3 M | \$0.0 M |

FY2020 Enterprise Transfers Out \$6.5 M

Reserves

- ▶ Water and Sewer
 - ▶ 6 months of operating expenditures
- ▶ Sanitation
 - ▶ 4 months of operating expenditures
 - ▶ 1 x annual debt service

FY2020 Reserves

| Type | Water | Sewer | Sanitation |
|---------------------|----------------|----------------|----------------|
| 6 month operating | \$4.8 M | \$2.6 M | |
| 4 month operating | | | \$1.4 M |
| 1 year debt service | | | 0.0 M |
| Total | \$4.8 M | \$2.6 M | \$1.4 M |

Council Work Sessions

| Month | Activity |
|-------------|--------------------|
| January 21 | Process Overview |
| February 3 | Revenue Discussion |
| February 18 | General Fund(s) |
| March 2 | Enterprise Funds* |
| March 23 | Capital Funds* |
| April 6 | Recommended Budget |

* Enterprise and Capital presentations switched



Questions/Comments?