

Town of Cave Creek, AZ

Water and Wastewater 2025 Rate Study

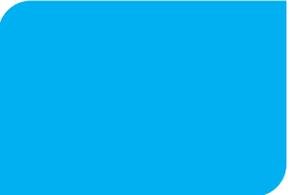




TABLE OF CONTENTS

TABLE OF CONTENTS	i
Section 1 - Introduction	1
1.1 Introduction	1
1.2 Goal and Objectives	1
1.3 Overview of the Rate Study Process	2
1.4 Organization of this Report.....	2
1.5. Reliance on Data.....	3
1.6. Acknowledgements	3
Section 2 – Overview of Utility Rate-Making Principles, Processes and Issues	4
2.1 Introduction	4
2.2 Discussion of General Rate-Making Principles.....	5
2.3 The Revenue Sufficiency Process.....	6
2.3.1 Determination of the Revenue Requirements.....	6
2.4 The Cost Allocation Process	8
2.5 The Rate Design Process	8
2.6 Financial Management Goals of the Town	9
2.6.1 Minimum Unrestricted Working Capital Balance	10
2.6.2 Maintenance of Debt Service Coverage Requirements and Reserves.....	10
2.6.3 Repayment of General Fund Subsidies/Loans	10
Section 3 – Rate Study Development and Results	11
3.1 Revenue Sufficiency Analysis	11
3.1.1 General Methodology	11
3.1.2 Data Items	11
3.1.3 FY 2024-25 Beginning Fund Balance	12
3.1.4 FY 2024-25 Estimated Actual Results and Adopted FY 2025-26 Budgets	12
3.1.5 Bulk Water Costs	13
3.1.6 Capital Improvements Plan (CIP)	13
3.1.7 Outstanding Debt	14
3.1.8 General Assumptions	14



3.2	Rate Design Analysis	19
3.2.1	General Methodology	19
3.2.2	Review of Existing Rate Structure	19
3.2.3	Rate Design Analysis.....	21
Section 4 – Conclusions and Recommendations		28
4.1	Conclusions	28
4.2	Recommendations	28
•	Appendix A – Cave Creek Water System Financial Plan	
•	Appendix B – Desert Hills Water System Financial Plan	
•	Appendix C – Cave Creek Wastewater System Financial Plan	
•	Appendix D – Cave Creek Water Rate Design	
•	Appendix E – Desert Hills Water Rate Design	
•	Appendix F – Cave Creek Wastewater Rate Design	

Section 1 - Introduction

1.1 Introduction

Willdan Financial Services (“Willdan”) was retained by the Town of Cave Creek, Arizona (“Town”) to conduct a Water and Wastewater Rate Study (“Rate Study”) for the Town’s water and wastewater utilities (“Utilities”). This report details the results of the Rate Study analysis for the forecast period, fiscal year (FY) 2025-26 through FY 2033-34, (with a focus on FY 2025-26 through FY 2027-28) the results of which are presented in this Rate Study Report.

The results of the Rate Study presented herein are a financial plan and rate structure designed to provide revenues to fund the ongoing operating and capital costs necessary to operate the Town’s water and wastewater utilities, while striving to meet the financial requirements and goals set forth by the Town for the water and wastewater enterprise funds including a plan to reduce reliance on General Fund subsidies.

This report presents the recommended revenue adjustments and the corresponding rates to recover the utilities’ revenue requirements.

1.2 Goal and Objectives

The primary goal of the Rate Study was to develop cost-based rates that will allow the Town to meet its ongoing costs (operations & maintenance and capital), debt service coverage requirements and to maintain industry standard financially prudent cash reserves for the utilities. More specifically the Rate Study was undertaken to:

- Conduct the analysis in accordance with industry standards consistent with American Water Works (“AWWA”) and Water Environment Federation (“WEF”) guidelines;
- Develop financial plans and rates consistent with industry standards and best practices while recognizing the needs specific to the Town including:
 - Strive to achieve and maintain an operations and maintenance reserve equivalent to 3 months of annual operating expenses;
 - Meet annual debt service coverage provisions; and
- Encourage water conservation.

1.3 Overview of the Rate Study Process

The rate study process consists of three primary study components. First, a determination of the adequacy of system revenues to meet system expenses during the study forecast period must be made. The results of this analysis, known as the Revenue Sufficiency Analysis, is an assessment of the ability of the existing revenue stream to meet the projected financial requirements of the system during the forecast period and, to the extent required, the identification of the magnitude and timing of any required rate adjustments.

Next, a determination of the manner in which the utility incurs costs is made. The results of this analysis, known as the Cost-of-Service Analysis, which allocates costs to functional cost categories, and to customer classes (such as residential or commercial).

Finally, specific rates and charges should be designed to provide sufficient revenue, as identified in the Revenue Sufficiency Analysis, to recover costs in a manner consistent with general rate-making practice, as identified in the Cost-of-Service Analysis. This final step is known as the Rate Design Analysis.

1.4 Organization of this Report

This Rate Study presents an overview of the rate-making concepts employed in the development of the analysis contained herein. The analysis is followed by a discussion of the data, assumptions and results associated with each component of the analysis. Finally, appendices with detailed schedules are presented for further review of data, assumptions and calculations which drive the results presented in this Rate Study.

The report is organized as follows:

- Section 1 - Introduction
- Section 2 – Overview of Utility Rate-Making Principles, Processes and Issues
- Section 3 – Rate Study Development and Results
- Section 4 – Conclusions and Recommendations

- Appendix A – Cave Creek Water System Financial Plan
- Appendix B – Desert Hills Water System Financial Plan
- Appendix C – Cave Creek Wastewater System Financial Plan
- Appendix D – Cave Creek Water Rate Design
- Appendix E – Desert Hills Water Rate Design
- Appendix F – Cave Creek Wastewater Rate Design

1.5. Reliance on Data

During the course of this project the Town (and/or its representatives) provided Willdan with a variety of cost and revenue data for FY 2024-25 as well as forecasting assumptions for the next 9 years. Willdan did not independently assess or test for the accuracy of such data – historic or projected. We have relied on this data in the formulation of our findings and subsequent recommendations, as well as in the preparation of this report. As is often the case, there will be differences between actual and projected data, and these differences may be significant. Therefore, we take no responsibility for the accuracy of data or projections provided by or prepared on behalf of the Town, nor do we have any responsibility for updating this report for events occurring after the date of this report.

1.6. Acknowledgements

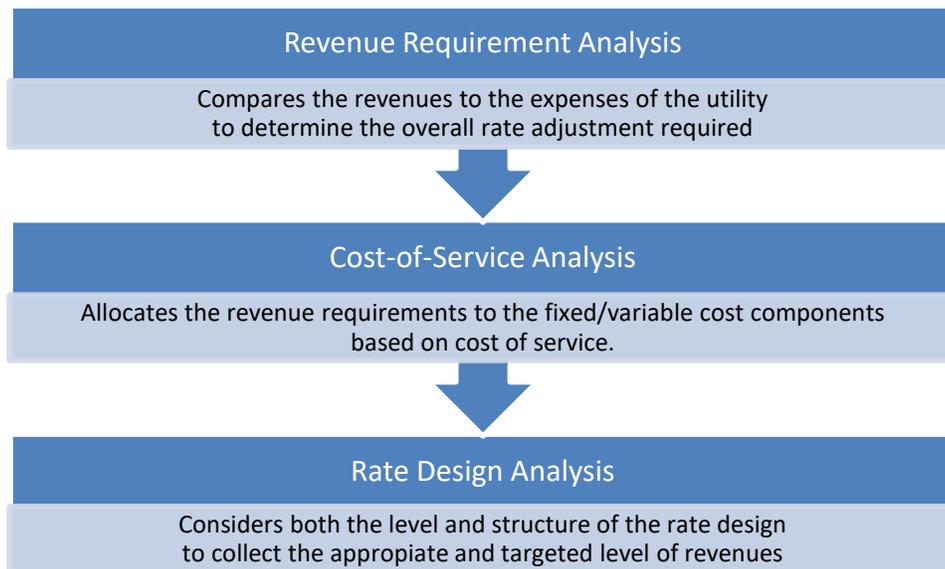
We wish to extend our appreciation to the Town and its staff for their cooperation during the progress of this study. In particular, we would like to thank Ms. Cherie White, Finance Director and Mr. Shawn Kreuzwiesner, Utilities Director.

Section 2 – Overview of Utility Rate-Making Principles, Processes and Issues

2.1 Introduction

The scope of this study included the development of cost-based water and wastewater user charges through a cost-of-service and rate design analysis. Utility rates should be set at a level where operating and capital expenses are met with the revenues received from customers. This is a significant point, as failure to achieve this level could lead to insufficient funds being available to adequately maintain the system. A comprehensive rate study typically consists of following three interrelated analyses:

- I. **Financial Planning/Revenue Requirement Analysis:** Create a ten-year plan to support an orderly, efficient program of on-going maintenance and operating costs, capital improvement and replacement activities, debt financing, and retirement of any outstanding debt. In addition, the long-term plan should fund and maintain reserve balances to adequate levels based on industry standards and the Town of Cave Creek’s fiscal policies.
- II. **Cost-of-Service Analysis:** Identifies and apportions annual revenue requirements to functional cost components based on the demand placed on the utility system.
- III. **Rate Design:** Develops an equitable and proportionate fixed/variable schedule of rates for the Town’s customer base. This is also where other policy objectives can be achieved, such as promoting the efficient use of water. The policy objectives are harmonized with cost-of-service objectives to achieve the delicate balance between customer equity, financial stability and resource conservation goals.



The Rate Study utilized generally accepted rate-making principles established by the American Water Works Association (AWWA) in its “M1 Principles of Water Rates Fees and Charges” manual and by the Water Environment Federation (WEF) in its “Financing and Charges for Wastewater Systems, Manual of Practice No. 27 (2004)”. The principles are intended to result in the development of rates and charges which are projected to: 1) generate sufficient revenue to meet the financial requirements of the water and wastewater utilities, and 2) address the need to recover costs from users in a manner which is proportionate to the cost of providing service on a fair and equitable basis relative to the service provided. A discussion of some of the key principles of rate-making, and how the processes employed herein are guided by those principles, is presented below.

2.2 Discussion of General Rate-Making Principles

While the individual rates for the utility vary based on a variety of factors, the development of rates should, for the most part be consistent with general rate-making principles set forth in utility rate-making practice and literature. The principles by which rate practitioners are guided is that rates designed for any utility should strike a reasonable balance between several key factors. In general, rates designed should:

- Generate a stable rate revenue stream which, when combined with other sources of funds, is sufficient to meet the financial requirements and goals of the utility;
- Be fair and equitable – that is, they should generate revenue from customer classes which is reasonably in proportion to the cost to provide service to that customer class;
- Be easy to understand by customers; and

- Be easy to administer by the utility.

Striking the appropriate balance between the principles of rate-making is the result of a detailed process of evaluation of revenue requirements, cost-of-service, and how those translate into the rate design alternatives which meet legal requirements and the specific objectives of the utility under the circumstances in which the utility operates.

2.3 The Revenue Sufficiency Process

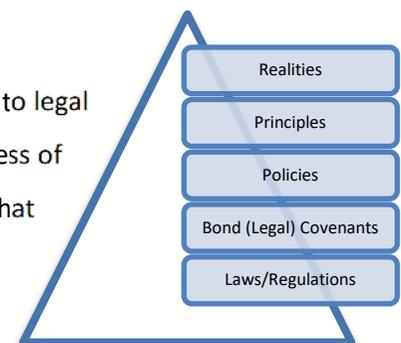
In order to develop rates and charges which will generate sufficient revenue to meet the fiscal requirements of the water and wastewater utilities, a determination of the annual rate revenue required must be completed. The first step in the process is the Revenue Sufficiency Analysis. The Revenue Sufficiency Analysis compares the forecasted revenues of the utility under its existing rates to its forecasted operations and maintenance, capital, and reserve costs to determine the adequacy of the existing rates to recover the utility's costs.

The process employed in the Revenue Sufficiency Analysis involves a rigorous review of operating, maintenance and capital budgets for the utility, and results in the identification of revenue requirements of the system, such as operating expenses, capital expenses (minor and major), debt service expense, transfers in and out, and the maintenance of both restricted and unrestricted reserves at appropriate levels. These revenue requirements are then compared to the total sources of funds available during each year of the forecast period to determine the adequacy of projected revenues to meet projected revenue requirements. To the extent that the existing revenue stream is projected to be insufficient to meet the annual revenue requirements of the system during the projection period, a series of rate revenue increases are calculated which would be required to provide revenue sufficient to meet those needs.

2.3.1 Determination of the Revenue Requirements

Considerations in Setting Revenue Requirements

There are a multitude of considerations, ranging from financial to political to legal that must be analyzed or discussed during the revenue requirements process of a rate analysis. This section provides an overview of the considerations that are reviewed during this process.



Capital Budgeting and Financing

Capital needs are defined by the Town’s water and wastewater Capital Improvement Plan (CIP). As part of its budget and planning process, the Town identifies capital improvements that are necessary for the continued delivery of clean, safe, drinking water, and collection and treatment of wastewater flows. The Capital Improvement Plan may be funded by a variety of sources including water and wastewater rates, capacity fees and capital reserves.

Capital Funding: Debt vs. PAYGO

The selection of the most appropriate funding strategy for capital projects is primarily a policy decision between use of cash (“Pay-as-you-go financing” or PAYGO), the issuance of debt, or a combination. PAYGO is the use or build-up of cash to fund capital improvements. With debt financing, capital improvements are funded with borrowed funds (usually through the issuance of bonds) with the obligation of repayment, typically with interest, in future years. Development of an optimal capital financial plan depends on the definition of optimal. Each funding mechanism has a different impact on water and wastewater rates in the short and long run, different net present values, risks, and legal obligations. Due to the borrowing costs associated with debt, cash funding can be cheaper in the end; however, debt typically ensures greater generational equity for larger and longer lasting capital projects as new customers will pay for a portion of the capital projects they benefit from through debt service payments.

The Town, as is typical for a public utility, operates its water and wastewater utilities on a “cash basis”. Under the “cash basis” approach, revenues and expenses are recognized at the time physical cash is received or paid out. Revenue requirements are determined for a specified period of time (in the case of the Town an annual fiscal year ending June 30th), by summing the total anticipated expenses to be paid out during the fiscal year. Where cash flows and balances are insufficient, the revenue requirements analysis recommends the needed additional cash flows to meet all funding goals. The two primary categories of expenses are as follows:

- Operations and Maintenance (O&M) expenses, such as salaries and benefits of utility personnel, transfers out, existing and anticipated debt service, and reserves; and
- Capital expenses, such as the annual capital improvement program.

Financial Planning

In the development of the revenue requirements, certain parameters are utilized to project future expenditures, growth in customers and consumption, and necessary revenue adjustments. The Town’s budget documents are used as the baseline, which are then projected over a planning horizon to account for

fluctuations in costs from year to year as well as any adjustments to debt service payments. Conservative growth assumptions and prudent financial planning are fundamental in ensuring adequate rate revenue to promote financial stability. The financial model developed for this study considers the Town’s operating cash balances (cash on hand). As existing debt is redeemed, additional debt may be utilized to fund additional capital improvements required due to aging infrastructure.

2.4 The Cost Allocation Process

In order to provide guidance to the Town as to how to appropriately recover the rate revenue requirements identified in the Revenue Sufficiency Analysis, a Cost-of-Service Analysis is required.

The process employed in the Cost-of-Service Analysis results in the identification of the cost to provide water and wastewater service to customers. These water and wastewater cost allocations are then used as the basis for the assignment of revenue requirements to customer classes, upon which the development of rates and charges is based.

The industry standard approach to the development of a water cost-of-service analysis is the Base-Extra Capacity methodology, as detailed in the American Water Works Association (AWWA) M1 Manual – Principles of Water Rates, Fees and Charges.

The general approach to the development of cost-of-service allocations under the Base-Extra Capacity methodology is to: 1) identify the costs by functional cost category, 2) allocate the functionalized costs further to cost categories and then 3) allocate rate revenue requirements to customer classes based on the distribution of costs and customer characteristics.

Wastewater rate design is guided by principles found in the Water Environment Federation “Financing and Charges for Wastewater Systems, Manual of Practice No. 27. Costs are allocated to functional categories such as flow, customer related costs and strength categories of biochemical oxygen demand and suspended solids.

The resulting allocations provide guidance to the rate practitioner which, combined with the other goals and objectives of the utility, provides the necessary information required to proceed to the development of utility rates and charges.

2.5 The Rate Design Process

With the rate revenue requirement determined in the Revenue Sufficiency Analysis, the development of specific rates and charges can be undertaken. Once the rate revenue requirement has been identified, the

manner in which those requirements should be recovered, and the billing units to be used to recover the required revenue are determined, specific rates and charges can then be developed.

Utilities consider a variety of factors in establishing rates, including cost allocation, customer impact, conservation of resources and ease of administration. The rate design process seeks to find the balance between the need to recover sufficient revenue in a fair and equitable manner and the need to do so within the constraints of other objectives which are unique to each utility. By understanding the types of customers served by the utility, and the general usage characteristics of those customers, a system of rates and charges can be developed that balances those many objectives while also generating sufficient revenue.

First, the rate design goals of the utility are reviewed to identify areas the utility wishes to address over the course of the Rate Study. Next, an assessment of the existing rate design is undertaken to identify what has worked well for the utility with regard to their specific goals and objectives, and the general goals and objectives of utility rate-making. This assessment typically also identifies areas for improvement which can provide guidance to the rate practitioner with respect to the design of future rates and charges.

After a review of the existing rates and charges, a dialog of how to build on the positive aspects of the existing structure and how to address deficiencies in the existing structure occurs with Town staff and stakeholders.

With an evaluation of the strengths and weaknesses of the existing rate structure and the goals of the utility going forward, the development of a new rate structure can begin. Development of a new rate structure which recovers the costs to provide water and wastewater service in a manner which achieves the goals of the utility in a manner consistent with standard rate-making practice requires an analysis of the projected usage characteristics of the customer base to which the rates will apply.

Besides ensuring compliance with State law, another key principle for a comprehensive Rate Study is found in economic theory, which suggests the price of a commodity must roughly equal its cost or value if equity among customers is to be maintained – i.e., cost-based. In terms of economic theory, the principle is that the price of a commodity (water or wastewater service) must be proportionately equal to its cost (the Town's cost of providing the service).

2.6 Financial Management Goals of the Town

The establishment of specific financial management goals of a utility is a key step in developing financial plans which will ensure the financial health of the utility remains strong. The financial management goals of the Town are described below.

2.6.1 Minimum Unrestricted Working Capital Balance

In order to maintain a certain level of liquidity, the Town has developed a long-term goal of maintaining unrestricted working capital reserves in an amount greater than or equal to approximately 3 months of operating expenses.

2.6.2 Maintenance of Debt Service Coverage Requirements and Reserves

The Town currently has outstanding debt for the water and wastewater utilities. The water related debt issuances carry a debt service coverage requirement of 1.20 times. To meet this requirement the Town's utilities must have \$1.20 in net revenues (revenue less operations and maintenance expenses) for every \$1.00 of debt service for a given year. Unlike the target working capital reserve, the debt service coverage requirement is a legal requirement and failure to meet the requirement would result in the Town being in technical default of its debt obligations. The Town's wastewater utility has outstanding excise tax backed debt. In other words, tax revenues were pledged to support the debt issuance. The wastewater financial plan still tries to achieve a debt service coverage ratio of 1.20 times. Additionally, the financial plans have an assumed debt service reserve with a restricted reserve balance equal to 1 year's debt service.

2.6.3 Repayment of General Fund Subsidies/Loans

Throughout the study period, the Cave Creek water and wastewater utilities are anticipated to be subsidized by the General Fund in order to maintain the financial viability of the utilities. The goal of the ongoing financial planning process is to not only reduce the reliance on General Fund assistance but to repay the General Fund at a future point in time when the utilities are able to fully support themselves. The Desert Hills water system is projected to receive General Fund loans, with repayments to the General Fund expected within the 10 year study period.

Section 3 – Rate Study Development and Results

3.1 Revenue Sufficiency Analysis

3.1.1 General Methodology

In order to develop rates and charges which generate sufficient revenue to meet the fiscal requirements of the Town, a determination of the annual revenue from rates which, combined with other sources of funds, will provide sufficient funds to meet those fiscal requirements must first be completed. This process is typically referred to as a Revenue Sufficiency Analysis.

The process employed in the Revenue Sufficiency Analysis resulted in the identification of revenue requirements of the system, such as operating expenses, capital expenses (minor and major), debt service expense, transfers out and the maintenance of both restricted and unrestricted reserves at appropriate levels. These revenue requirements were then compared to the total sources of funds during each year of the forecast period to determine the adequacy of projected revenues to meet requirements. To the extent that the existing revenue stream was not sufficient to meet the annual revenue requirements of the system, a series of rate revenue increases were calculated to provide sufficient revenue to meet those needs.

3.1.2 Data Items

Key data items reviewed, discussed and incorporated into the Revenue Sufficiency Analysis were:

- Financial management goals of the Town
- FY 2024-25 Beginning Fund Balances
- FY 2024-25 Estimated Actual Results and FY 2025-26 Adopted Budgets
- Bulk Water Costs
- Capital Improvement Needs
- Outstanding Debt Schedules
- General assumptions related to:
 - Customer growth
 - Cost escalation factors

A discussion of the use of each of the above data items is presented below.

3.1.3 FY 2024-25 Beginning Fund Balance

To better understand what funds the Town had on hand to start the forecast period, a detailed review of fund balances as of the beginning of FY 2024-25 was conducted and discussed with Town staff. The fund balances were separated into unrestricted (available for operations and maintenance and capital) and restricted (debt service reserve mandated by current debt obligations). A summary of the fund balances associated with the water and wastewater utility enterprise funds for the beginning of FY 2024-25, as adjusted for use in this analysis, is presented in Table 3-1 below.

Table 3-1			
Beginning Fund Balance			
Fiscal Year Ending June 30, 2025			
Description	Cave Creek Water	Desert Hills Water	Cave Creek Wastewater
Unrestricted	\$0	\$0	\$0
Restricted	<u>1,336,541</u>	<u>466,591</u>	<u>0</u>
Total	\$1,336,541	\$466,591	\$0

3.1.4 FY 2024-25 Estimated Actual Results and Adopted FY 2025-26 Budgets

Staff provided Willdan with the FY 2024-25 estimated actual revenues and expenses as well as FY 2025-26 budgets, including associated line-item detail. The adopted FY 2025-26 budgets were used as the basis for the projection of financial performance for the forecast period beyond FY 2025-26.

Cost escalation factors were reviewed by staff and were used to project line-item costs beyond the adopted FY 2025-26 budgets. Those factors were applied based on line-item cost classifications.

A summary of the adopted FY 2025-26 budgets and subsequent projected expenses are presented below in Table 3-2. A more detailed presentation of the line-item budgeted and projected revenues and expenses are presented in the Appendices.

Table 3-2					
Operating Budget					
Fiscal Years Ending June 30 (\$ thousands)					
Description	25-26	26-27	27-28	28-29	29-30
Cave Creek Water					
O&M	\$4,661	\$4,753	\$4,906	\$4,731	\$4,883
Debt Service	<u>2,647</u>	<u>3,235</u>	<u>1,834</u>	<u>2,119</u>	<u>2,310</u>
Total Expenses	\$7,307	\$7,988	\$6,740	\$6,851	\$7,193
Desert Hills Water					
O&M	\$3,243	\$3,413	\$3,467	\$3,519	\$3,578
Debt Service	<u>852</u>	<u>867</u>	<u>924</u>	<u>1,102</u>	<u>1,226</u>
Total Expenses	\$4,095	\$4,280	\$4,391	\$4,621	\$4,804
Cave Creek Wastewater					
O&M	\$2,115	\$2,174	\$2,240	\$2,300	\$2,372
Debt Service	<u>1,895</u>	<u>1,441</u>	<u>1,490</u>	<u>1,587</u>	<u>308</u>
Total Expenses	\$4,010	\$3,614	\$3,730	\$3,887	\$2,680
Note: Values are rounded to the nearest \$1,000					

3.1.5 Bulk Water Costs

The Town currently provides treated bulk water to the Desert Hills water system through an interconnect site at 24th Street and Cloud Road. The sale of the water is a revenue to the Cave Creek system and an expense to the Desert Hill system, based on the amount transferred annually. The Desert Hills system was constructed with only groundwater supplies. Since 2007, the Desert Hills system has relied on the transfer of Municipal & Industrial (M&I) Central Arizona Project (CAP) water rights from Cave Creek. In 2021, the Town was able to purchase a new Non-Indian Agricultural (NIA) CAP water right for Desert Hills to help reduce the reliance on the Town’s M&I water rights. The proposed rates will account for the cost of each type of CAP water rights being provided to Desert Hills. One rate will cover the cost of Cave Creek to treat and deliver NIA water to Desert Hills. The second rate will cover the cost of the Town’s M&I water resources and the treatment and delivery of the water to Desert Hills. The rates include a small administrative fee for the Cave Creek water utility to provide the water along with a 5% treatment and delivery loss. The bulk water cost calculations can be found in Section 3.2.2.1.

3.1.6 Capital Improvements Plan (CIP)

The Town provided Willdan with a forecast of capital requirements for the study period. The CIP provided by the Town was provided in current day dollars and has been escalated for future years using the Engineering News Record (ENR) construction cost index. The inflationary rate for the study is based on the current ENR Construction Cost Index (CCI), 5-year average of 3.75%. A summary table of the CIP (in inflated dollars) for

the FY 2025-26 – FY 2029-30 forecast period is presented below in Table 3-3. The CIP is presented in the Appendices.

Table 3-3						
Capital Improvement Plan (inflated)						
Fiscal Years Ending June 30 (\$ thousands)						
Description	25-26	26-27	27-28	28-29	29-30	Total
Cave Creek Water	\$24,511	\$2,205	\$4,301	\$2,239	\$2,885	\$36,141
Desert Hills Water	525	1,277	3,847	1,653	1,532	8,833
Cave Creek Wastewater	1,728	1,271	1,346	1,563	3,099	9,007
Note: Values are rounded to the nearest \$1,000						

3.1.7 Outstanding Debt

The Town, like many utilities, has utilized long-term debt to fund capital assets in the past. The Town has both outstanding water and wastewater debt and is exploring options to debt fund capital projects in the future. Future debt is anticipated to be issued through the Water Infrastructure Finance Authority (WIFA) at a 20-year term and 5.0% interest rate.

Issuance of debt provides a reasonable matching between the facilities or infrastructure to be constructed and the rate payers who will be benefiting from the assets. Because the debt is retired over time, new customers who connect to the system in the future will share (through their rates) in the cost of the assets that they will benefit from through their use of the system.

3.1.8 General Assumptions

In order to develop the financial and rate projections, certain assumptions were made with regard to elements of the revenue sufficiency analysis. A summary of those assumptions is presented below.

3.1.8.1. System Growth

The Town anticipates no growth in the Cave Creek water and wastewater systems through 2028. This period will be followed by 13 new connections per year for 2029 through 2031. There is another period of no growth between 2032 and 2034 followed by 46 new connections per year for 5 years beginning in 2035. No growth is anticipated for the Desert Hills water system. The lack of growth in Desert Hills accounts for the adopted Water Resource Policy, which limits new service connections outside the Town’s municipal limits.

3.1.8.2. O&M Escalation Factors

Willdan worked with Town staff to identify reasonable cost escalation factors to be applied to operations and maintenance expenses in recognition of increasing costs over time. It was determined that reasonable inflationary factors were as follows:

- Personnel 3.00%
- Benefits 10.00%
- Electricity and Fuel 4.00%
- CAP Water average rate of 3.44%
- All Other expenses 2.00%

3.1.8.3. Results of the Revenue Sufficiency Analysis

After a thorough review of the above-mentioned data elements, a draft of the Revenue Sufficiency Analysis was developed and reviewed with Town staff. This draft provided the forum in which various alternative assumptions were discussed, tested and evaluated for both their reasonableness and their impact upon the ultimate financial health of the utility.

The resulting financial plan presented herein is the embodiment of the data, assumptions and review process undertaken with Town staff in several meetings. Table 3-4 provides a summary of the annual revenue requirements for the water and wastewater utilities incorporating the assumptions in Section 3 of this report as compared to the projected rate revenue described in more detail in the appendices.

Table 3-4					
Revenue Requirements vs. Revenue Under Existing Rates and Fees					
Fiscal Years Ending June 30 (\$ thousands)					
Description	25-26	26-27	27-28	28-29	29-30
Cave Creek Water					
Revenue Under Existing Rates	\$6,238	\$6,332	\$6,436	\$6,423	\$6,534
Revenue Requirements	<u>33,128</u>	<u>10,781</u>	<u>11,041</u>	<u>9,375</u>	<u>10,269</u>
Difference	(\$26,890)	(\$4,449)	(\$4,605)	(\$2,592)	(\$3,735)
Desert Hills Water					
Revenue Under Existing Rates	\$3,975	\$3,995	\$4,015	\$4,056	\$4,081
Revenue Requirements	<u>5,005</u>	<u>5,558</u>	<u>8,223</u>	<u>6,203</u>	<u>6,087</u>
Difference	(\$1,030)	(\$1,562)	(\$4,208)	(\$2,146)	(\$2,006)
Wastewater					
Revenue Under Existing Rates	\$1,582	\$1,571	\$1,576	\$1,604	\$1,631
Revenue Requirements	<u>5,738</u>	<u>4,948</u>	<u>5,134</u>	<u>5,522</u>	<u>5,895</u>
Difference	(\$4,156)	(\$3,377)	(\$3,558)	(\$3,918)	(\$4,264)
Note: Values are rounded to the nearest \$1,000					

3.1.8.4. Rate Revenue Increases Required

Our analysis of the water and wastewater utilities indicate that without revenue increases the utilities will not generate sufficient revenue to meet their respective operations and maintenance, repair and replacement

capital and debt service throughout the study period. In part, this is because anticipated growth (in the years it is anticipated to occur) is projected to be less than the cost increase associated with operating expenses. Therefore, we recommend increases each year for both water systems and the wastewater utility in order to maintain pace with increasing operating costs, fund capital needs and to pay annual debt service. In addition to revenue increases through utility rates, Town Management intends to transfer funds from the General Fund to the Cave Creek utility systems and loans to the Desert Hills utility system during the study period. The intent of the transfer is to assist the utilities to meet their ongoing costs while limiting the burden to rate payers through what would otherwise be much larger rate revenue increases.

Table 3-5 below reflects our projections of rate revenue increases during the forecast period in order for the Town to move towards meeting its ongoing operational costs.

Table 3-5 Projected Rate Revenue Increases Fiscal Years Ending June 30			
Description	Cave Creek Water Rate Revenue Increases	Desert Hills Water Rate Revenue Increases	Wastewater Rate Revenue Increases
2025-26	6.0%	6.0%	6.0%
2026-27	6.0%	6.0%	6.0%
2027-28	6.0%	6.0%	6.0%
2028-29	6.0%	6.0%	6.0%
2029-30	6.0%	6.0%	6.0%

While Table 3-5, presents a longer range financial forecast the Town is focused on adjustments through FY 2027-28. Revenue increases are projected to be effective on February 9, 2026 (the beginning of a new billing cycle) and January 1 each subsequent year. A more detailed presentation of the pro forma, including a fund balance reconciliation is presented in the appendices. The increases identified in table 3-5 represent the overall increase in revenue required to operate the systems. The increases for individual customers will vary based on their respective usage.

3.1.8.5. Summary of Revenue Sufficiency Analysis

The resulting financial plans are presented in Tables 3-6 through 3-8 which provide for funding of projected revenue requirements during the forecast period.

Table 3-6
 Projected Net Operating Fund Results
 Fiscal Years 2025-26- to 2029-30
 (\$ thousands)

Description	25-26	26-27	27-28	28-29	29-30
Cave Creek Water					
Beginning Fund Balance	\$0	\$582	\$996	\$2,651	\$3,125
Total Operating Revenue	6,351	6,746	7,147	7,452	7,905
General Fund Transfer	4,526	2,200	300	100	100
Capacity Fees	132	0	0	104	104
Grants and WIFA Proceeds	22,701	2,249	3,849	2,193	2,895
Operating Expenses	<u>(4,661)</u>	<u>(4,753)</u>	<u>(4,906)</u>	<u>(4,731)</u>	<u>(4,883)</u>
Cashflow Before CIP & Debt Service	29,049	6,442	7,791	5,118	6,121
<u>Less:</u>					
CIP, Debt Service & Debt Service Reserve	<u>(28,467)</u>	<u>(6,028)</u>	<u>(6,136)</u>	<u>(4,644)</u>	<u>(5,386)</u>
Net Cash Flow	<u>582</u>	<u>414</u>	<u>1,655</u>	<u>474</u>	<u>735</u>
Ending Fund Balance	\$582	\$996	\$2,651	\$3,125	\$3,860
Note: Variances are due to rounding values to the nearest \$1,000					

Table 3-7
 Projected Net Operating Fund Results
 Fiscal Years 2025-26- to 2029-30
 (\$ thousands)

Description	25-26	26-27	27-28	28-29	29-30
Desert Hills Water					
Beginning Fund Balance	\$0	\$1	\$247	\$500	\$783
Total Operating Revenue	4,073	4,357	4,634	4,949	5,263
General Fund Loan/(Repayment)	527	325	566	100	0
Capacity Fees	0	0	0	0	0
Grants and WIFA Proceeds	406	1,137	3,347	1,686	1,562
Operating Expenses	<u>(3,243)</u>	<u>(3,413)</u>	<u>(3,467)</u>	<u>(3,519)</u>	<u>(3,578)</u>
Cashflow Before CIP & Debt Service	1,763	2,406	5,080	3,215	3,248
<u>Less:</u>					
CIP, Debt Service & Debt Service Reserve	<u>(1,762)</u>	<u>(2,160)</u>	<u>(4,827)</u>	<u>(2,932)</u>	<u>(2,883)</u>
Net Cash Flow	<u>1</u>	<u>246</u>	<u>253</u>	<u>283</u>	<u>365</u>
Ending Fund Balance	\$1	\$247	\$500	\$783	\$1,148
Note: Variances are due to rounding values to the nearest \$1,000					

Table 3-8
 Projected Net Operating Fund Results
 Fiscal Years 2025-26- to 2029-30
 (\$ thousands)

Description	25-26	26-27	27-28	28-29	29-30
Wastewater					
Beginning Fund Balance	\$0	\$50	\$165	\$323	\$672
Total Operating Revenue	1,616	1,699	1,795	1,924	2,062
General Fund Transfer	2,907	2,200	2,250	2,300	700
Capacity Fees	0	0	0	166	166
Grants and WIFA Proceeds	1,265	1,164	1,247	1,481	3,073
Operating Expenses	<u>(2,115)</u>	<u>(2,174)</u>	<u>(2,240)</u>	<u>(2,300)</u>	<u>(2,372)</u>
Cashflow Before CIP & Debt Service	3,673	2,889	3,051	3,571	3,628
<u>Less:</u>					
CIP, Debt Service & Debt Service Reserve	<u>(3,622)</u>	<u>(2,775)</u>	<u>(2,894)</u>	<u>(3,221)</u>	<u>(3,523)</u>
Net Cash Flow	<u>50</u>	<u>115</u>	<u>157</u>	<u>349</u>	<u>106</u>
Ending Fund Balance	\$50	\$165	\$323	\$672	\$778

Note: Variances are due to rounding values to the nearest \$1,000

The revenue increases identified in Table 3-6 through 3-8 represent the revenues generated by the rate revenue increases identified in Table 3-5 based on the assumptions contained within this report. Should actual revenues or expenses differ from what is projected, the rate revenue adjustments identified in Table 3-5 may need to be modified (increased or decreased) in order to achieve the revenues identified in Tables 3-6 through 3-8.

3.1.8.6. Revenue Sufficiency Analysis Conclusions

Based on the revenue requirements identified in our analysis, it is our opinion that:

- Revenue projections based on existing rates are insufficient to meet the revenue requirements for FY 2025-26 through FY 2029-30; and
- Rate revenue adjustments are needed in order to keep pace with increasing costs and capital needs.

3.2 Rate Design Analysis

3.2.1 General Methodology

With the rate revenue requirement determined in the Revenue Sufficiency Analysis, the development of specific rates and charges was completed as described below.

First, the rate design goals of the Town were reviewed to identify areas the Town wanted to address over the forecast period included in this Rate Study. Next, an assessment of the existing rate design was completed to identify areas which have worked well for the Town with regard to their specific goals and objectives, and the general goals and objectives of utility rate-making. In addition to the Town's goals, rate design should seek to achieve the following industry standard objectives:

- Generate a stable rate revenue stream which, when combined with other sources of funds, is sufficient to meet the financial requirements and goals of the utility;
- Be fair and equitable – that is, they should generate revenue from customers which is reasonably in proportion to the cost to provide service to that customer;
- Be easy to understand by customers; and
- Be easy to administer by the utility.

3.2.2 Review of Existing Rate Structure

The Town's current water rates are comprised of a monthly base charge and a volume rate per 1,000 gallons of water use. The Town's wastewater rate structure is comprised of a fixed monthly charge (independent of wastewater flows) for residential customers and a base charge and flow-based rate for commercial customers, with a different unit cost based on assumed strength for different types of commercial customers.

3.2.2.1. Allocation to Cost Categories

Water costs are allocated on their need to meet base demand, peak demand (max day and max hour water needs), as well as customer service costs such as billing and collection. A new cost-of-service was not conducted for this study but rather the rate analysis in this study relies on the cost-of-service allocations developed in the 2021 Rate and Capacity Fee Study.

The Town currently has a tie-in rate for treated bulk water produced by the Cave Creek Water system which is in turn provided to (tied into) the Desert Hills water system for use by its customers. The cost of the bulk water used by Desert Hills customers was calculated and incorporated into the financial plan as a revenue

source for the Cave Creek System and an expense to the Desert Hills system. Table 3-9 summarizes the bulk water rate determination for the Desert Hills and Carefree tie-in.

Table 3-9 Desert Hills and Carefree Bulk Water Tie-In Cost (FY 2026)			
Component	Cost	Allocation	Allocated Cost
Cost to Treat and Deliver Desert Hills NIA Water			
Personnel	\$1,450,605	52%	\$754,315
Services	1,312,774	70%	918,942
Commodities/ Non-Capital	696,610	48%	334,373
Debt Service	2,646,668	100%	2,646,668
Future Capital	<u>551,522</u>	44%	<u>242,670</u>
Subtotal	6,658,179		4,896,967
Administrative Cost Allocation (10%)			<u>489,697</u>
Revised Total			5,386,664
Flows (kgals)			<u>644,209</u>
Rate per kgals			\$8.36
Cost to Treat, Deliver and Purchase Cave Creek M&I Water			
Personnel	\$1,450,605	52%	\$754,315
Services	1,312,774	70%	918,942
Commodities/ Non-Capital	1,420,220	82%	1,164,580
Debt Service	2,646,668	100%	2,646,668
Future Capital	<u>551,522</u>	44%	<u>242,670</u>
Subtotal	7,381,789		5,727,175
Administrative Cost Allocation (10%)			<u>572,717</u>
Revised Total			6,299,892
Flows (kgals)			<u>644,209</u>
Rate per kgals			\$9.78

3.2.3 Rate Design Analysis

3.2.3.1. General Methodology

With the rate revenue requirement determined in the Revenue Sufficiency Analysis, and allocations previously described in the Cost-of-Service Analysis from the 2021 Water and Wastewater Rate and Capacity Fee report, the development of specific rates and charges was completed as described below.

First, the rate design goals of the Town were reviewed to identify areas the Town wanted to address over the forecast period included in this Rate Study. Next, an assessment of the existing rate design was completed to identify areas which have worked well for the Town with regard to their specific goals and objectives, and the general goals and objectives of utility rate-making.

With an evaluation of the existing rate structure, and the goals of the Town going forward, the analysis required for the development of alternative rate structures was then completed. Rate design schedules can be found in Appendices D through F. It is important to note that the revenue requirement portion of the study identifies the additional revenue that is needed, while the cost-of-service and rate design portions of the study identify how the revenue will be generated. As such the percentage revenue increase identified in the revenue requirements may not directly translate to the same percentage increase in rates.

3.2.3.2. Proposed Water Rate Structure Changes

Through discussions with Town staff, it was determined that improvements could be made to the existing water rate structure. The proposed fixed charges were developed to generate approximately 50% of the revenue with volume rates recovering the remaining 50%. The rate differentials between tiers have been updated for all classes in order to promote conservation. Table 3-10 illustrates the proposed Cave Creek and Desert Hills monthly water fixed charges through FY 2029-30.

Table 3-10						
Proposed Fixed Charges						
Fiscal Years 2025-26 through FY 2029-30						
Monthly Charge - \$/Month	Existing	25-26	26-27	27-28	28-29	29-30
Cave Creek Water System						
5/8-inch	\$61.69	\$65.04	\$68.94	\$73.08	\$77.46	\$82.11
5/8-inch Boosted	72.69	80.75	85.60	90.73	96.17	101.95
¾-inch	61.69	65.04	68.94	73.08	77.46	82.11
¾-inch Boosted	72.69	80.75	85.60	90.73	96.17	101.95
1-inch	61.69	65.04	68.94	73.08	77.46	82.11
1-inch Boosted	72.69	80.75	85.60	90.73	96.17	101.95
1 ½-inch	187.49	216.58	229.57	243.35	257.95	273.43
1 ½-inch Boosted	198.56	232.29	246.23	261.00	276.66	293.26
2-inch	300.09	346.66	367.46	389.51	412.88	437.65
2-inch Boosted	311.16	362.37	384.11	407.16	431.59	457.48
Desert Hills Water System						
5/8-inch	\$76.61	\$80.76	\$85.61	\$90.74	\$96.19	\$101.96
5/8-inch Boosted	87.61	82.72	87.68	92.94	98.52	104.43
¾-inch	76.61	80.76	85.61	90.74	96.19	101.96
¾-inch Boosted	87.61	82.72	87.68	92.94	98.52	104.43
1-inch	76.61	80.76	85.61	90.74	96.19	101.96
1-inch Boosted	87.61	82.72	87.68	92.94	98.52	104.43
1 ½-inch	255.13	268.93	285.07	302.17	320.30	339.52
1 ½-inch Boosted	266.12	270.89	287.14	304.37	322.63	341.99
2-inch	408.35	430.45	456.28	483.65	512.67	543.43
2-inch Boosted	419.35	432.41	458.35	485.86	515.01	545.91

The monthly fixed charge is assessed to all customers regardless of class and acts as a “readiness to serve” charge to ensure safe and reliable water systems such that customers can be assured of ongoing system maintenance and available water when the service is needed.

The proposed fixed charges increase by meter size based on the ratio of flow capacities by meter size as identified by AWWA. It should be noted that a 2-inch meter has the ability to provide more water per minute (greater capacity) than a ¾-inch meter and the cost-of-service analysis calculated a higher rate for a 2-inch meter compared to a ¾-inch meter.

The Town provides water service to some customers requiring additional power to deliver water. The incremental power and pumping costs have been calculated at \$15.71 per month for “boosted” Cave Creek water customers and \$1.96 per month for “boosted” Desert Hills customers. As such, a “boosted” rate has been developed for those customers incurring the additional cost of the Town having to re-boost the water

to serve some customers, which reflects an additional \$15.71 and \$1.96 per month respectively above the base monthly charge.

The proposed new rates are illustrated in Table 3-11 through 3-14 for the Cave Creek Water system and Tables 3-15 and 3-16 for the Desert Hills water system. A new rate tier (0 – 4,000 gallons) has been developed in recognition of low volume water users for both the Cave Creek water and Desert Hills systems.

Table 3-11							
Proposed Cave Creek Water Volumetric Rates – Residential (Single and Multifamily)							
Fiscal Years 2025-26 through FY 2029-30							
Rate per 1,000 Gallons of Water Use							
Existing Tiers	Existing	Proposed Tiers	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Gallons per Month	\$/kgals	Gallons per Month	\$/kgals	\$/kgals	\$/kgals	\$/kgals	\$/kgals
		0 – 4,000	\$2.80	\$2.97	\$3.15	\$3.33	\$3.53
0 – 10,000	\$3.09	4,001 – 10,000	3.50	3.71	3.93	4.17	4.42
10,001 – 20,000	4.64	10,001- 20,000	5.08	5.38	5.70	6.04	6.41
20,001- 30,000	7.46	20,001 – 30,000	7.36	7.80	8.27	8.76	9.29
30,001 – 50,000	11.31	30,001 – 40,000	11.41	12.09	12.82	13.58	14.40
> 50,000	17.50	> 40,000	20.53	21.76	23.07	24.45	25.92

Table 3-12
Proposed Cave Creek Water Volumetric Rates – Commercial
Fiscal Years 2025-26 through FY 2029-30

Rate per 1,000 Gallons of Water Use							
Existing Tiers	Existing	Proposed Tiers	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Gallons per Month	\$/kgals	Gallons per Month	\$/kgals	\$/kgals	\$/kgals	\$/kgals	\$/kgals
0 – 10,000	\$3.09	0 – 10,000	\$3.25	\$3.45	\$3.65	\$3.87	\$4.10
10,001 – 20,000	4.64	10,001- 20,000	4.71	5.00	5.29	5.61	5.95
20,001- 30,000	6.96	20,001 – 30,000	7.07	7.49	7.94	8.42	8.92
30,001 – 50,000	11.36	30,001 – 40,000	11.45	12.14	12.87	13.64	14.46
> 50,000	17.04	> 40,000	18.32	19.42	20.59	21.82	23.13

Table 3-13
Proposed Cave Creek Water Volumetric Rates – Common Area and Irrigation
Fiscal Years 2025-26 through FY 2029-30

Rate per 1,000 Gallons of Water Use							
Existing Tiers	Existing	Proposed Tiers	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Gallons per Month	\$/kgals	Gallons per Month	\$/kgals	\$/kgals	\$/kgals	\$/kgals	\$/kgals
0 – 10,000	\$5.62	0 – 10,000	\$5.70	\$6.04	\$6.40	\$6.79	\$7.20
10,001 – 20,000	7.03	10,001- 20,000	7.13	7.55	8.01	8.49	9.00
20,001- 30,000	9.13	20,001 – 30,000	9.26	9.82	10.41	11.03	11.69
30,001 – 50,000	11.87	30,001 – 40,000	12.04	12.76	13.53	14.34	15.20
> 50,000	17.21	> 40,000	17.46	18.51	19.62	20.79	22.04

Table 3-14
Proposed Cave Creek Water Volumetric Rates – Commercial Pools
Fiscal Years 2025-26 through FY 2029-30

Rate per 1,000 Gallons of Water Use							
Existing Tiers	Existing	Proposed Tiers	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Gallons per Month	\$/kgals	Gallons per Month	\$/kgals	\$/kgals	\$/kgals	\$/kgals	\$/kgals
0 – 10,000	\$4.33	0 – 10,000	\$4.40	\$4.66	\$4.94	\$5.24	\$5.55
10,001 – 20,000	5.41	10,001- 20,000	5.50	5.83	6.18	6.55	6.94
20,001- 30,000	7.04	20,001 – 30,000	7.15	7.58	8.03	8.52	9.03
30,001 – 50,000	11.61	30,001 – 40,000	11.80	12.51	13.26	14.05	14.89
> 50,000	17.41	> 40,000	17.70	18.76	19.88	21.08	22.34

Table 3-15
Proposed Desert Hills Water Volumetric Rates – Residential
Fiscal Years 2025-26 through FY 2029-30

Rate per 1,000 Gallons of Water Use							
Existing Tiers	Existing	Proposed Tiers	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Gallons per Month	\$/kgals	Gallons per Month	\$/kgals	\$/kgals	\$/kgals	\$/kgals	\$/kgals
		0 – 4,000	\$4.40	\$4.66	\$4.94	\$5.24	\$5.55
0 – 10,000	\$5.24	4,001 – 10,000	5.94	6.30	6.67	7.07	7.50
10,001 – 20,000	7.85	10,001- 20,000	8.61	9.13	9.68	10.26	10.87
20,001- 30,000	11.78	20,001 – 30,000	12.92	13.69	14.52	15.39	16.31
30,001 – 50,000	17.67	30,001 – 40,000	19.38	20.54	21.77	23.08	24.47
> 50,000	26.50	> 40,000	29.07	30.81	32.66	34.62	36.70

Table 3-16
Proposed Desert Hills Water Volumetric Rates – Commercial
Fiscal Years 2025-26 through FY 2029-30

Rate per 1,000 Gallons of Water Use							
Existing Tiers	Existing	Proposed Tiers	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Gallons per Month	\$/kgals	Gallons per Month	\$/kgals	\$/kgals	\$/kgals	\$/kgals	\$/kgals
0 – 10,000	\$4.87	0 – 10,000	\$4.95	\$5.25	\$5.56	\$5.90	\$6.25
10,001 – 20,000	7.30	10,001- 20,000	7.43	7.87	8.34	8.84	9.37
20,001- 30,000	10.95	20,001 – 30,000	11.14	11.81	12.51	13.26	14.06
30,001 – 50,000	16.43	30,001 – 40,000	17.26	18.30	19.40	20.56	21.79
> 50,000	24.64	> 40,000	26.76	28.36	30.07	31.87	33.78

Most of the year the water system operates an average level of demand and the capacity required to meet peak day and peak hour demand sits idle. However, the system must be sized to meet the peak hour demand when it occurs. This is an expensive way to operate a system and those customers whose demand require peak day and peak hour capacity, should pay for the cost of the peak capacity through their rates. The proposed rate structure recovers these costs through the proposed structure.

While rates are presented through FY 2029-30, the Town is focused on the rates through FY 2027-28 and will re-evaluate the need for rate changes at that time.

The water rate analysis can be found in Appendices D and E.

3.2.3.3. Proposed Wastewater Rate Structure Changes

The rates within the structure were updated to reflect the current flows by customer class that reflects the different customer types within the commercial class, and different discharge strength characteristics. Table 3-17 summarizes the proposed wastewater rates based on the class cost of service analysis that was conducted in the 2021 Rate and Capacity Fee Study.

Table 3-17
Proposed Wastewater Rates
Fiscal Years 2025-26 through FY 2029-30

Customer Class	Existing	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Residential (flat charge per month)	\$89.77	\$95.24	\$100.96	\$107.01	\$113.41	\$120.24
Non-Residential						
Fixed Charge						
¾-inch	\$63.40	\$66.69	\$70.69	\$74.93	\$79.43	\$84.19
1-inch	105.88	111.37	118.05	125.14	132.64	140.60
1 ½-inch and larger	211.14	222.08	235.40	249.53	264.50	280.37
Flow Rates ⁽¹⁾						
General Commercial	\$4.33	\$4.51	\$4.78	\$5.07	\$5.37	\$5.69
Restaurant	12.31	12.82	13.58	14.40	15.26	16.18
Professional Office	1.73	1.76	1.86	1.97	2.09	2.22
Hotel w/o Dining	3.64	3.89	4.13	4.37	4.64	4.91
Car Wash	1.21	1.28	1.36	1.44	1.53	1.62
Laundromat	5.74	6.28	6.66	7.06	7.48	7.93
Service Station	3.56	3.75	3.98	4.21	4.47	4.74
Industrial	2.96	3.06	3.24	3.44	3.64	3.86
Interceptor Devices	97.74	103.60	109.82	116.41	123.39	130.80
(1) Greater than 10,000 gallons a month						

Section 4 – Conclusions and Recommendations

4.1 Conclusions

- Projected operating revenues and operating expenses for the forecast period were developed by, and/or in consultation with, Town staff and are based upon reasonable projections.
- The projected capital project expenses have been developed by Town staff, to address water and wastewater system needs.
- Based on Conclusions 1 and 2 above, we are of the opinion that the financial projections presented herein assist the water and wastewater utilities' ability to meet its obligations with regard to:
 - Operating expenses,
 - Non-operating expenses,
 - Capital project expenses, and
 - Key financial policies, including:
 - A goal of 3 months of O&M as the operating reserve balances.
- The proposed rates presented herein are in conformance with industry standard rate-making practice and/or the Town's rate policies with respect to:
 - The fair and equitable recovery of costs through the water and wastewater rates,
 - Generation of sufficient revenue to recover system revenue requirements and reserve requirements,
 - Recovery of all customer costs and a portion of fixed costs through the water and wastewater fixed charges.

4.2 Recommendations

- It is recommended that the Town implement the proposed rates and charges presented in this Report for FY 2025-26 through FY 2027-28.
- It is recommended that the Town update the revenue sufficiency analysis portion of this study each year to ensure projected revenue is sufficient to fund projected expenses going forward as assumptions made during this analysis may change and have a material impact upon the analysis.

Appendix A

Town of Cave Creek - Cave Creek System
Pro Forma with Debt Service Coverage and Fund Balance Reconciliation

Line No	Budget 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030	Projected 2031	Projected 2032	Projected 2033	Projected 2034	
Combined											
1	Water Rate Revenue Increases		6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	
	% of Year Rate Increase Effective		41.67%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	
2	Beginning Unrestricted Fund Balance	\$0	\$0	\$582,023	\$996,337	\$2,651,512	\$2,802,656	\$3,208,508	\$3,397,639	\$3,850,336	\$3,462,879
3	Rate Revenue 1	\$4,418,050	\$4,631,329	\$4,933,156	\$5,229,145	\$5,571,910	\$5,936,983	\$6,325,804	\$6,705,353	\$7,107,674	\$7,534,134
4	Total Rate Revenue	\$4,418,050	\$4,631,329	\$4,933,156	\$5,229,145	\$5,571,910	\$5,936,983	\$6,325,804	\$6,705,353	\$7,107,674	\$7,534,134
5	Other Operating Revenue	1,579,249	1,649,825	1,813,168	1,813,168	1,813,168	1,813,168	1,813,168	1,813,168	1,813,168	1,813,168
6	Interest Income	77,381	70,000	0	104,530	67,371	155,139	153,723	31,418	0	221,948
7	Total Operating Revenue	\$6,074,680	\$6,351,154	\$6,746,324	\$7,146,843	\$7,452,449	\$7,905,290	\$8,292,695	\$8,549,939	\$8,920,842	\$9,569,250
8	Operating Expenses	(3,858,306)	(4,660,607)	(4,753,132)	(4,905,749)	(5,054,056)	(5,212,688)	(5,385,048)	(5,564,685)	(5,752,029)	(5,947,536)
9	Net Revenue	\$2,216,374	\$1,690,547	\$1,993,192	\$2,241,094	\$2,398,393	\$2,692,602	\$2,907,647	\$2,985,253	\$3,168,813	\$3,621,714
Plus:											
<u>Other Sources of Funds</u>											
10	Capacity Fees	131,960	131,960	-	-	103,512	103,512	103,512	-	-	-
11	WIFA Proceeds	4,442,951	21,351,189	2,248,782	3,849,248	2,192,782	2,895,468	10,606,127	14,184,162	1,517,801	1,574,719
12	Grants	1,253,000	1,350,000	-	-	-	-	-	-	-	-
13	GF Transfers In	7,128,758	4,525,632	2,200,000	300,000	100,000	100,000	100,000	1,000,000	1,600,000	1,800,000
14	Debt Service Reserve Release	-	-	-	1,400,432	-	-	-	-	-	-
Less:											
<u>Other Uses of Funds</u>											
15	Minor Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	Major Capital Funded with Existing Reserves/Current Cash	(12,066,320)	(24,510,510)	(2,204,688)	(4,301,212)	(2,239,127)	(2,885,040)	(10,836,930)	(13,999,579)	(1,940,922)	(1,543,841)
17	Non Operating Expenses	-	-	-	-	-	-	-	-	-	-
18	Existing Debt Service	(2,180,968)	(2,646,668)	(2,604,613)	(1,091,742)	(736,264)	(737,333)	(646,323)	(646,323)	(646,323)	(646,323)
19	New Debt Service	-	-	(630,207)	(742,646)	(1,383,138)	(1,572,713)	(1,854,313)	(2,462,564)	(3,274,695)	(3,728,133)
20	Debt Service Reserve Funding	-	(1,310,127)	(588,152)	-	(285,015)	(190,644)	(190,590)	(608,251)	(812,131)	(453,438)
21	Net Cash Flow	\$925,755	\$582,023	\$414,314	\$1,655,175	\$151,143	\$405,853	\$189,130	\$452,698	(\$387,457)	\$624,697
22	Ending Unrestricted Fund Balance	\$0	\$582,023	\$996,337	\$2,651,512	\$2,802,656	\$3,208,508	\$3,397,639	\$3,850,336	\$3,462,879	\$4,087,577
23	Target Unrestricted Fund Balance	964,577	1,165,152	1,188,283	1,226,437	1,263,514	1,303,172	1,346,262	1,391,171	1,438,007	1,486,884
24	Target Unrestricted Fund Balance - WIFA	1,336,541	2,646,668	3,234,820	1,834,388	2,119,402	2,310,046	2,500,636	3,108,887	3,921,018	4,374,456
25	Restricted Fund Balance (Debt Service)	1,336,541	2,646,668	3,234,820	1,834,388	2,119,402	2,310,046	2,500,636	3,108,887	3,921,018	4,374,456
Debt Service Coverage Calculations:											
<u>Bond Debt Service Coverage - (Includes Capacity Fees & GF Transfers)</u>											
Rate Covenant Debt Service Coverage Test (Revenue):											
26	Net Revenue Available for Debt Service Coverage Test	\$2,348,334	\$5,278,117	\$4,193,192	\$2,541,094	\$2,601,905	\$2,896,114	\$3,111,159	\$3,985,253	\$4,768,813	\$5,421,714
Bond Debt Service:											
27	Existing Revenue Bond Debt Service	1,530,088	1,995,788	\$1,953,733	\$1,091,742	\$736,264	\$737,333	\$646,323	\$646,323	\$646,323	\$646,323
28	New WIFA Debt Service	-	-	630,207	742,646	1,383,138	1,572,713	1,854,313	2,462,564	3,274,695	3,728,133
29	Total Debt Service	\$1,530,088	\$1,995,788	\$2,583,940	\$1,834,388	\$2,119,402	\$2,310,046	\$2,500,636	\$3,108,887	\$3,921,018	\$4,374,456
30	Debt Service Coverage	1.53	2.64	1.62	1.39	1.23	1.25	1.24	1.28	1.22	1.24
31	<u>Debt Service Coverage Requirement</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
Debt Service Coverage Test (Excise):											
32	Net Revenue Available for Debt Service Coverage Test	\$818,246	\$3,282,329	\$1,609,252	\$706,707	\$482,503	\$586,068	\$610,523	\$876,366	\$847,794	\$1,047,258
33	Excise Debt Service	650,880	650,880	650,880	-	-	-	-	-	-	-
34	Debt Service Coverage - Excise	1.26	5.04	2.47	-						
35	<u>Debt Service Coverage Requirement</u>	<u>1.20</u>	<u>1.20</u>	<u>1.20</u>	<u>1.20</u>	<u>1.20</u>	<u>1.20</u>	<u>1.20</u>	<u>1.20</u>	<u>1.20</u>	<u>1.20</u>

Town of Cave Creek - Cave Creek System
Revenue

Line No:	Summary										
	Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
1											
2	Rate Revenue 1	\$4,418,050	\$4,631,329	\$4,933,156	\$5,229,145	\$5,571,910	\$5,936,983	\$6,325,804	\$6,705,353	\$7,107,674	\$7,534,134
3	Other Operating Revenue	1,579,249	1,649,825	1,813,168	1,813,168	1,813,168	1,813,168	1,813,168	1,813,168	1,813,168	1,813,168
4	Transfers In - Operations	7,128,758	4,525,632	2,200,000	300,000	100,000	100,000	100,000	1,000,000	1,600,000	1,800,000
5	WIFA Proceeds	4,442,951	21,351,189	2,248,782	3,849,248	2,192,782	2,895,468	10,606,127	14,184,162	1,517,801	1,574,719
6	Capacity Fees	131,960	131,960	0	0	103,512	103,512	103,512	0	0	0
7	Transfers In - Capacity Fees	0	0	0	0	0	0	0	0	0	0
8	Non-Operating Revenue	0	0	0	0	0	0	0	0	0	0
9	Grant Funds	1,253,000	1,350,000	0	0	0	0	0	0	0	0
10	Interest Earnings - Operations	77,381	70,000	0	104,530	67,371	155,139	153,723	31,418	0	221,948
11	Interest Earnings - Capacity Fee	0	0	0	0	0	0	0	0	0	0
12											
13	Detail										
	Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Operations										
14	Rate Revenue 1	\$4,418,050	\$4,518,370	\$4,789,472	\$5,076,840	\$5,381,450	\$5,734,199	\$6,109,904	\$6,510,051	\$6,900,654	\$7,314,693
15	Growth	0.00%	0.00%	0.00%	0.00%	0.52%	0.52%	0.52%	0.00%	0.00%	0.00%
16	Revenue Increase	0.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
17	Pct of Year Revenue Increase Effective	100.00%	41.67%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
18	Total Rate Revenue 1 - After Revenue Increase	\$4,418,050	\$4,631,329	\$4,933,156	\$5,229,145	\$5,571,910	\$5,936,983	\$6,325,804	\$6,705,353	\$7,107,674	\$7,534,134
19	Water Usage Penalty	9,683	9,973	9,973	9,973	9,973	9,973	9,973	9,973	9,973	9,973
20	Water Usage Carefree	74,619	76,858	-	-	-	-	-	-	-	-
21	Water Penalty Carefree	47	48	-	-	-	-	-	-	-	-
22	Outside Participation	-	-	-	-	-	-	-	-	-	-
23	Water Establishment Fee	5,940	6,118	6,118	6,118	6,118	6,118	6,118	6,118	6,118	6,118
24	Meter Set Fee	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160
25	Bulk Water Sales - Desert Hills	1,471,910	1,539,745	1,779,994	1,779,994	1,779,994	1,779,994	1,779,994	1,779,994	1,779,994	1,779,994
26	Water Connection Fee	1,088	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121
27	Developer Contribution for Pressure Zone 9 Fire Booster	-	350,000	-	-	-	-	-	-	-	-
28	Grant for Phoenix Interconnect	-	-	-	-	-	-	-	-	-	-
29	Congressionally Directed Spending Proceeds	1,000,000	1,000,000	-	-	-	-	-	-	-	-
30	WaterSmart Grant Proceeds	253,000	-	-	-	-	-	-	-	-	-
32	Miscellaneous	11,802	11,802	11,802	11,802	11,802	11,802	11,802	11,802	11,802	11,802
33	Transfer from Water Infrastructure	4,645,068	1,070,022	-	-	-	-	-	-	-	-
34	Transfer from Spur Cross	-	-	-	-	-	-	-	-	-	-
35	General Fund Transfer	2,483,690	3,455,610	2,200,000	300,000	100,000	100,000	100,000	1,000,000	1,600,000	1,800,000
41	WIFA Proceeds - Phoenix Interconnect	4,442,951	8,747,049	-	-	-	-	-	-	-	-
42	WIFA Proceeds - CIP	-	12,604,140	2,248,782	3,849,248	2,192,782	2,895,468	10,606,127	14,184,162	1,517,801	1,574,719
43	Interest Earning Calculation										
44	Average Balance	(\$926,137)	(\$2,788,062)	(\$6,803,529)	\$2,986,584	\$1,924,894	\$4,432,538	\$4,392,091	\$897,654	(\$220,044)	\$6,341,368
45	Assumed Interest Earnings Rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
46	Projected Interest Earnings	\$77,381	\$70,000	\$0	\$104,530	\$67,371	\$155,139	\$153,723	\$31,418	\$0	\$221,948
47	Capacity Fee										
48	Capacity Charge	131,960	131,960	-	-	103,512	103,512	103,512	-	-	-
49	Non Operating Revenue	-	-	-	-	-	-	-	-	-	-
	Projected Interest Earnings	-	-	-	-	-	-	-	-	-	-
	Transfers In	-	-	-	-	-	-	-	-	-	-
51	Total Sources	131,960	131,960	-	-	103,512	103,512	103,512	-	-	-

Town of Cave Creek - Cave Creek System
Expenses Other than Major Capital Expenses

Line No:	Summary - Operations										
	Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
1											
2	Operating	\$ 3,858,306	\$ 4,660,607	\$4,753,132	\$4,905,749	\$5,054,056	\$5,212,688	\$5,385,048	\$5,564,685	\$5,752,029	\$5,947,536
3	Non Operating	-	-	-	-	-	-	-	-	-	-
4	Minor Capital	-	-	-	-	-	-	-	-	-	-
5	Transfers	-	-	-	-	-	-	-	-	-	-
6	Existing Bond Debt Service	2,180,968	2,646,668	2,604,613	1,091,742	736,264	737,333	646,323	646,323	646,323	646,323
7	New Bond Debt Service	-	-	630,207	742,646	1,383,138	1,572,713	1,854,313	2,462,564	3,274,695	3,728,133
	Existing SRF Debt Service	-	-	-	-	-	-	-	-	-	-
	New SRF Debt Service	-	-	-	-	-	-	-	-	-	-
8	TOTAL	6,039,274	7,307,275	7,987,952	6,740,137	7,173,458	7,522,734	7,885,684	8,673,573	9,673,047	10,321,992

Detail

Annual Expense Escalation Factor	EXPENSES	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
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Detail

Operations

11	Water										
12	3.0% Salaries & Wages	781,237	909,729	937,021	965,132	994,086	1,023,909	1,054,626	1,086,265	1,118,853	1,152,419
13	3.0% Overtime	50,858	71,750	73,903	76,120	78,404	80,756	83,179	85,674	88,244	90,891
14	3.0% On Call	12,138	17,681	18,211	18,757	19,320	19,900	20,497	21,112	21,745	22,397
15	3.0% PTO-Payout	6,491	12,931	13,319	13,719	6,860	7,065	7,277	7,495	7,720	7,952
16	3.0% FICA/MEDICARE	65,470	77,464	79,788	82,182	84,647	87,186	89,802	92,496	95,271	98,129
17	3.0% Retirement	101,331	119,901	123,498	127,203	131,019	134,950	138,999	143,169	147,464	151,888
18	10.0% Life & Medical Insurance	238,254	188,505	207,356	228,092	250,901	275,991	303,590	333,949	367,344	404,078
19	3.0% Workers Compensation	29,381	31,565	32,512	33,487	34,492	35,527	36,593	37,691	38,822	39,987
20	3.0% Unemployment Insurance	484	969	998	1,028	1,059	1,091	1,124	1,158	1,193	1,229
21	3.0% Recruitment/Retention Pay	20,110	20,110	20,713	21,334	21,974	22,633	23,312	24,011	24,731	25,473
22	3.0% Software Maint./Support Agreements	-	38,500	39,655	40,845	42,070	43,332	44,632	45,971	47,350	48,771
23	2.0% Professional Attorney Services	30,000	-	-	-	-	-	-	-	-	-
24	2.0% Professional Services	100,000	155,000	107,100	109,242	111,427	113,656	115,929	118,248	120,613	123,025
25	4.0% Elec, Water, Sewer, Trash	700,000	740,000	769,600	800,384	832,399	865,695	900,323	936,336	973,789	1,012,741
26	2.0% Telephones	20,000	24,000	24,480	24,970	25,469	25,978	26,498	27,028	27,569	28,120
27	2.0% Other Contract Services	75,000	275,000	280,500	286,110	291,832	297,669	303,622	309,694	315,888	322,206
28	2.0% Maintenance	150,000	-	-	-	-	-	-	-	-	-
29	2.0% Vehicle Maintenance	15,000	10,000	10,200	10,404	10,612	10,824	11,040	11,261	11,486	11,716
30	2.0% Equipment Leases & Rents	5,000	500	510	520	530	541	552	563	574	585
31	2.0% Training and Travel	5,000	7,000	6,630	6,763	6,898	7,036	7,177	7,321	7,467	7,616
32	2.0% Membership, Dues & Subscriptions	-	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172
33	2.0% Bank Service Fees	500	500	510	520	530	541	552	563	574	585
34	2.0% Insurance	58,852	64,738	66,033	67,354	68,701	70,075	71,477	72,907	74,365	75,852
35	2.0% Postage & Copier Expenses	18,000	20,000	20,400	20,808	21,224	21,648	22,081	22,523	22,973	23,432
36	2.0% Computer Equipment	5,000	6,000	5,610	5,722	5,836	5,953	6,072	6,193	6,317	6,443
37	2.0% Computer Software	20,000	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172
38	(1) CAP Water Expense	765,000	805,000	840,288	868,959	895,425	919,685	951,874	985,189	1,019,671	1,055,360
39	2.0% Supplies Repair, and Maintenance	175,000	-	-	-	-	-	-	-	-	-
40	2.0% Supplies	150,000	565,000	576,300	587,826	599,583	611,575	623,807	636,283	649,009	661,989
41	4.0% Chemicals	240,000	-	-	-	-	-	-	-	-	-
42	4.0% Transportation-Mileage Reimbursement	1,000	-	-	-	-	-	-	-	-	-
43	4.0% Fuel and Oil	15,000	15,000	15,600	16,224	16,873	17,548	18,250	18,980	19,739	20,529
44	2.0% Computer Software Subscriptions	4,200	-	-	-	-	-	-	-	-	-
45	2.0% Indirect Cost - Admin Services	-	76,326	77,853	79,410	80,998	82,618	84,270	85,955	87,674	89,427
46	2.0% Indirect Cost - Manager	-	90,347	92,154	93,997	95,877	97,795	99,751	101,746	103,781	105,857
47	2.0% Indirect Cost - IT	-	116,960	128,656	131,229	133,854	136,531	139,262	142,047	144,888	147,786
48	2.0% Indirect Cost - Finance	-	178,131	181,694	185,328	189,035	192,816	196,672	200,605	204,617	208,709
49	2.0% Capital Equipment	-	20,000	-	-	-	-	-	-	-	-
	Debt Service										
50	0.0% WIFA 2007B (Excise Tax Pledge)	-	-	650,880	-	-	-	-	-	-	-
51	0.0% WIFA 2007A	-	-	859,471	-	-	-	-	-	-	-
52	0.0% WIFA 2008	-	-	360,209	360,048	-	-	-	-	-	-
53	0.0% WIFA 2011	-	-	87,729	85,370	89,941	91,010	-	-	-	-
54	0.0% WIFA 2023	-	-	646,323	646,323	646,323	646,323	646,323	646,323	646,323	646,323
55	0.0% WIFA 2025	-	-	-	-	-	-	-	-	-	-
56	0.0% WIFA 2026	-	-	630,207	630,207	1,078,237	1,078,237	1,078,237	1,078,237	1,078,237	1,078,237
57	0.0% WIFA 2027	-	-	-	112,439	112,439	192,375	192,375	192,375	192,375	192,375
58	0.0% WIFA 2028	-	-	-	-	192,462	192,462	329,289	329,289	329,289	329,289
59	0.0% WIFA 2029	-	-	-	-	-	109,639	109,639	187,584	187,584	187,584
60	0.0% WIFA 2030	-	-	-	-	-	-	144,773	144,773	247,696	247,696
61	0.0% WIFA 2031	-	-	-	-	-	-	-	530,306	530,306	907,314
62	0.0% WIFA 2032	-	-	-	-	-	-	-	-	709,208	709,208
63	0.0% WIFA 2033	-	-	-	-	-	-	-	-	-	75,890
64	0.0% WIFA 2034	-	-	-	-	-	-	-	-	-	-
	Total	2,180,968	2,646,668	3,234,820	1,834,388	2,119,402	2,310,046	2,500,636	3,108,887	3,921,018	4,374,456
65	0.0% New Debt Service - WIFA	-	-	-	-	-	-	-	-	-	-

(1) O&M Cost - CAP Water

4.38% 3.41% 3.05% 2.71% 3.50% 3.50% 3.50% 3.50%

Town of Cave Creek - Cave Creek System
CIP

Project #	Description	Current Day Dollars										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Capital Projects												
23505001	Phoenix Interconnect - Water Infrastructure Fund	\$4,498,769										
23505001	Phoenix Interconnect - WIFA Bonding	4,442,951	7,677,510									
23505001	Phoenix Interconnect - Grants Congressional Directed	1,000,000	1,000,000									
23505002	Cave Creek Water Meter Replacement - General Fund Subsidy	297,000										
23505002	Cave Creek Water Meter Replacement - Grants	253,000										
24505004	WTP Upgrades and Improvements - Debt		368,478									
24505004	WTP Upgrades and Improvements - General Fund Subsidy	175,000										
24505004	WTP Upgrades and Improvements - Water Infrastructure Dedicated TPT Revenues		231,522									
25505002	Purchase of 2nd Vector Trailer - General Fund Subsidy	118,000										
25505003	38th Street Booster Replacement - Debt				500,000							
25505003	38th Street Booster Replacement - General Fund Subsidy	80,000										
25505004	Pressure Zone 9 Fire Booster - General Fund Subsidy	80,000										
25505004	Pressure Zone 9 Fire Booster - Developer Contribution		350,000									
25505004	Pressure Zone 9 Fire Booster - Water Infrastructure Dedicated TPT Revenues		538,500									
25505005	CAP Booster Station and Pipeline Upgrades - Debt			300,000	250,000				100,000	2,800,000		
25505005	CAP Booster Station and Pipeline Upgrades - General Fund Subsidy	250,000										
25505005	CAP Booster Station and Pipeline Upgrades - Water Infrastructure Dedicated TPT Revenues		300,000									
25505006	Rehab 6" Waterline Across Cave Creek Wash - Debt					75,000	750,000					
25505006	Rehab 6" Waterline Across Cave Creek Wash - General Fund Subsidy	25,000										
25505007	Water System Improvement Program - Debt			150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
25505007	Water System Improvement Program - General Fund Subsidy	184,000										
25505010	Zone 1 Pipeline Improvements - Debt				631,000							
25505010	Zone 1 Pipeline Improvements - General Fund Subsidy	86,000										
50010000	Rebuild Zone 6 PRV and Replace 2" Waterline - Debt		307,000									
50010001	Upgrades at Carol Heights Booster Site - Debt				524,900							
50010002	Zone 9 Pipeline Improvements - Debt			150,000		400,000						
50010003	Zone 8 Pipeline Improvements - Debt			50,000	150,000	500,000	500,000	500,000	500,000	1,000,000	1,000,000	
50010005	Zone 4 to 1 PRV Improvements - Debt		100,000									
50010006	WTP - Process Upgrade to Membranes - Debt						250,000	7,500,000				
50010007	Aeration System for Phoenix Interconnect Reservoir - Debt			750,000								
50010011	Rockaway Reservoir Aeration System - Debt				500,000							
50010012	New Neary Booster Pumps - Debt		250,000									
50010013	New West Cave Creek Waterline - Phase 1 - Debt			125,000	800,000	800,000						
50010013	New West Cave Creek Waterline - Phase 1 - General Fund Subsidy		50,000									
50010014	Rehab 8" Waterline Across Cave Creek Wash - Debt		50,000	600,000								
50010016	Cave Creek Road Pipeline Improvements - Debt					400,000	400,000	400,000				
26010000	New Water Ranch Office - General Fund Subsidy	262,500	87,500									
25505001	Vehicle Replacement Program - Utilities - General Fund Subsidy	63,100										
25505001	Vehicle Replacement Program - Utilities - Utilities Vehicle/Equip Repl Reserve				252,500	80,000	40,000	365,000	75,000	200,000		
50010015	Integrated Utility Master Plan - General Fund Subsidy	15,000			150,000					150,000		
25016500	Fleet Replacement Program - Utilities Vehicle/Equip Repl Reserve				87,500							
WATER RESOURCE PROJECTS												
24505007	Cave Creek Well Rehab Program - Debt		1,400,000									
24505007	Cave Creek Well Rehab Program - General Fund Subsidy	236,000										
50010008	Evaluate Additional Groundwater Wells - CCW & DHW - General Fund Subsidy		50,000									
50010009	Phoenix ASR Recharge Storage - Debt		400,000									
50010010	New Colorado River Water Rights - Debt								7,700,000			
50010017	Harquahala Groundwater - Debt		11,250,000									
50010017	Harquahala Groundwater - General Fund Subsidy		100,000									
		\$12,066,320	\$24,510,510	\$2,125,000	\$3,995,900	\$2,005,000	\$2,490,000	\$9,015,000	\$11,225,000	\$1,500,000	\$1,150,000	

Town of Cave Creek - Cave Creek System
CIP

Inflated Dollars

Line No:	Project #	Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Projects												
1	23505001	Phoenix Interconnect - Water Infrastructure Fund	\$4,498,769	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	23505001	Phoenix Interconnect - WIFA Bonding	4,442,951	7,677,510	0	0	0	0	0	0	0	0
3	23505001	Phoenix Interconnect - Grants Congressional Directed	1,000,000	1,000,000	0	0	0	0	0	0	0	0
4	23505002	Cave Creek Water Meter Replacement - General Fund Subsidy	297,000	0	0	0	0	0	0	0	0	0
5	23505002	Cave Creek Water Meter Replacement - Grants	253,000	0	0	0	0	0	0	0	0	0
6	24505004	WTP Upgrades and Improvements - Debt	0	368,478	0	0	0	0	0	0	0	0
7	24505004	WTP Upgrades and Improvements - General Fund Subsidy	175,000	0	0	0	0	0	0	0	0	0
8	24505004	WTP Upgrades and Improvements - Water Infrastructure Dedicated TPT Revenues	0	231,522	0	0	0	0	0	0	0	0
9	25505002	Purchase of 2nd Vactor Trailer - General Fund Subsidy	118,000	0	0	0	0	0	0	0	0	0
10	25505003	38th Street Booster Replacement - Debt	0	0	0	538,203	0	0	0	0	0	0
11	25505003	38th Street Booster Replacement - General Fund Subsidy	80,000	0	0	0	0	0	0	0	0	0
12	25505004	Pressure Zone 9 Fire Booster - General Fund Subsidy	80,000	0	0	0	0	0	0	0	0	0
13	25505004	Pressure Zone 9 Fire Booster - Developer Contribution	0	350,000	0	0	0	0	0	0	0	0
14	25505004	Pressure Zone 9 Fire Booster - Water Infrastructure Dedicated TPT Revenues	0	538,500	0	0	0	0	0	0	0	0
15	25505005	CAP Booster Station and Pipeline Upgrades - Debt	0	0	311,250	269,102	0	0	120,210	3,492,100	0	0
16	25505005	CAP Booster Station and Pipeline Upgrades - General Fund Subsidy	250,000	0	0	0	0	0	0	0	0	0
17	25505005	CAP Booster Station and Pipeline Upgrades - Water Infrastructure Dedicated TPT Revenues	0	300,000	0	0	0	0	0	0	0	0
18	25505006	Rehab 6" Waterline Across Cave Creek Wash - Debt	0	0	0	0	83,758	868,988	0	0	0	0
19	25505006	Rehab 6" Waterline Across Cave Creek Wash - General Fund Subsidy	25,000	0	0	0	0	0	0	0	0	0
20	25505007	Water System Improvement Program - Debt	0	0	155,625	161,461	167,516	173,798	180,315	187,077	194,092	201,371
21	25505007	Water System Improvement Program - General Fund Subsidy	184,000	0	0	0	0	0	0	0	0	0
22	25505010	Zone 1 Pipeline Improvements - Debt	0	0	0	679,212	0	0	0	0	0	0
23	25505010	Zone 1 Pipeline Improvements - General Fund Subsidy	86,000	0	0	0	0	0	0	0	0	0
24	50010000	Rebuild Zone 6 PRV and Replace 2" Waterline - Debt	0	307,000	0	0	0	0	0	0	0	0
25	50010001	Upgrades at Carol Heights Booster Site - Debt	0	0	0	565,006	0	0	0	0	0	0
26	50010002	Zone 9 Pipeline Improvements - Debt	0	0	155,625	0	0	463,460	0	0	0	0
27	50010003	Zone 8 Pipeline Improvements - Debt	0	0	51,875	161,461	558,386	579,325	601,050	623,589	1,293,948	1,342,471
28	50010005	Zone 4 to 1 PRV Improvements - Debt	0	100,000	0	0	0	0	0	0	0	0
29	50010006	WTP - Process Upgrade to Membranes - Debt	0	0	0	0	0	289,663	9,015,749	0	0	0
30	50010007	Aeration System for Phoenix Interconnect Reservoir - Debt	0	0	778,125	0	0	0	0	0	0	0
31	50010011	Rockaway Reservoir Aeration System - Debt	0	0	0	538,203	0	0	0	0	0	0
32	50010012	New Neary Booster Pumps - Debt	0	250,000	0	0	0	0	0	0	0	0
33	50010013	New West Cave Creek Waterline - Phase 1 - Debt	0	0	129,688	861,125	893,417	0	0	0	0	0
34	50010013	New West Cave Creek Waterline - Phase 1 - General Fund Subsidy	0	50,000	0	0	0	0	0	0	0	0
35	50010014	Rehab 8" Waterline Across Cave Creek Wash - Debt	0	50,000	622,500	0	0	0	0	0	0	0
36	50010016	Cave Creek Road Pipeline Improvements - Debt	0	0	0	0	446,709	463,460	480,840	0	0	0
37	26010000	New Water Ranch Office - General Fund Subsidy	262,500	87,500	0	0	0	0	0	0	0	0
38	25505001	Vehicle Replacement Program - Utilities - General Fund Subsidy	63,100	0	0	0	0	0	0	0	0	0
39	25505001	Vehicle Replacement Program - Utilities - Utilities Vehicle/Equip Repl Reserve	0	0	0	271,793	89,342	46,346	438,766	93,538	258,790	0
40	50010015	Integrated Utility Master Plan - General Fund Subsidy	15,000	0	0	161,461	0	0	0	0	194,092	0
41	25016500	Fleet Replacement Program - Utilities Vehicle/Equip Repl Reserve	0	0	0	94,186	0	0	0	0	0	0
WATER RESOURCE PROJECTS												
42	24505007	Cave Creek Well Rehab Program - Debt	0	1,400,000	0	0	0	0	0	0	0	0
43	24505007	Cave Creek Well Rehab Program - General Fund Subsidy	236,000	0	0	0	0	0	0	0	0	0
44	50010008	Evaluate Additional Groundwater Wells - CCW & DHW - General Fund Subsidy	0	50,000	0	0	0	0	0	0	0	0
45	50010009	Phoenix ASR Recharge Storage - Debt	0	400,000	0	0	0	0	0	0	0	0
46	50010010	New Colorado River Water Rights - Debt	0	0	0	0	0	0	0	9,603,275	0	0
47	50010017	Harquahala Groundwater - Debt	0	11,250,000	0	0	0	0	0	0	0	0
48	50010017	Harquahala Groundwater - General Fund Subsidy	0	100,000	0	0	0	0	0	0	0	0
51		Total	\$12,066,320	\$24,510,510	\$2,204,688	\$4,301,212	\$2,239,127	\$2,885,040	\$10,836,930	\$13,999,579	\$1,940,922	\$1,543,841

Appendix B

Town of Cave Creek - Desert Hills System
Pro Forma with Debt Service Coverage and Fund Balance Reconciliation

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Combined										
Water Rate Revenue Increases		6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	0.00%	0.00%	0.00%
% of Year Rate Increase Effective		41.67%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Beginning Unrestricted Fund Balance	(\$917,461)	\$0	\$645	\$246,950	\$499,751	\$782,560	\$1,147,428	\$6,686	\$877,089	\$683,578
Rate Revenue 1	\$3,863,290	\$4,034,246	\$4,297,161	\$4,554,991	\$4,828,290	\$5,117,988	\$5,425,067	\$5,583,078	\$5,583,078	\$5,583,078
Total Rate Revenue	\$3,863,290	\$4,034,246	\$4,297,161	\$4,554,991	\$4,828,290	\$5,117,988	\$5,425,067	\$5,583,078	\$5,583,078	\$5,583,078
Other Operating Revenue	19,145	18,679	18,679	18,679	18,679	18,679	18,679	18,679	18,679	18,679
Interest Income	23,907	20,000	40,797	60,278	101,545	126,310	159,260	152,101	172,176	146,777
Total Operating Revenue	\$3,906,342	\$4,072,925	\$4,356,637	\$4,633,948	\$4,948,514	\$5,262,977	\$5,603,006	\$5,753,858	\$5,773,933	\$5,748,534
Operating Expenses	(2,844,830)	(3,242,721)	(3,412,655)	(3,466,847)	(3,519,416)	(3,577,677)	(3,639,650)	(3,704,592)	(3,772,703)	(3,844,206)
Net Revenue	\$1,061,512	\$830,204	\$943,981	\$1,167,100	\$1,429,098	\$1,685,300	\$1,963,356	\$2,049,266	\$2,001,230	\$1,904,328
Plus:										
Other Sources of Funds										
Capacity Fees	14,902	-	-	-	-	-	-	-	-	-
Grants	-	115,000	-	-	-	-	-	-	-	-
General Fund Loan In/(Out)	-	527,000	325,000	566,000	100,000	-	175,000	(500,000)	(1,000,000)	(193,000)
WIFA Proceeds	-	290,700	1,136,826	3,347,064	1,685,878	1,562,372	-	-	-	-
Debt Service Reserve Release	-	-	-	-	-	-	269,497	326,079	-	-
Less:										
Other Uses of Funds										
Minor Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Major Capital Funded with Existing Reserves/Current Cash	(295,000)	(525,000)	(1,277,163)	(3,846,548)	(1,652,822)	(1,531,736)	(2,591,727)	(374,154)	(452,882)	(402,741)
Non Operating Expenses	-	-	-	-	-	-	-	-	-	-
Existing Debt Service	(852,269)	(851,925)	(852,598)	(852,598)	(852,598)	(852,598)	(386,006)	-	-	-
New Debt Service	-	-	(14,535)	(71,376)	(249,062)	(373,766)	(570,861)	(630,788)	(686,324)	(686,324)
Debt Service Reserve	-	(385,334)	(15,208)	(56,841)	(177,686)	(124,704)	-	-	(55,536)	-
Net Cash Flow	(\$70,855)	\$645	\$246,305	\$252,801	\$282,809	\$364,868	(\$1,140,742)	\$870,404	(\$193,512)	\$622,263
Ending Unrestricted Fund Balance	(\$988,316)	\$645	\$246,950	\$499,751	\$782,560	\$1,147,428	\$6,686	\$877,089	\$683,578	\$1,305,840
Days of O&M	(127)	0	26	53	81	117	1	86	66	124
Target Unrestricted Fund Balance - WIFA Reserve	466,591	851,925	867,133	923,974	1,101,660	1,226,364	956,867	630,788	686,324	686,324
Restricted Fund Balance (Debt Service)	466,591	851,925	867,133	923,974	1,101,660	1,226,364	956,867	630,788	686,324	686,324
Debt Service Coverage Calculations:										
Debt Service Coverage										
Rate Covenant Debt Service Coverage Test (Revenue):										
Net Revenue Available for Debt Service Coverage Test	\$1,076,414	\$1,357,204	\$1,268,981	\$1,733,100	\$1,529,098	\$1,685,300	\$2,138,356	\$1,549,266	\$1,001,230	\$1,711,328
Debt Service:										
Existing Debt Service	852,269	851,925	852,598	852,598	852,598	852,598	386,006	-	-	-
New Debt Service	-	-	14,535	71,376	249,062	373,766	570,861	630,788	686,324	686,324
Total Debt Service	\$852,269	\$851,925	\$867,133	\$923,974	\$1,101,660	\$1,226,364	\$956,867	\$630,788	\$686,324	\$686,324
Debt Service Coverage	1.26	1.59	1.46	1.88	1.39	1.37	2.23	2.46	1.46	2.49
<i>Debt Service Coverage Requirement</i>	<i>1.50</i>	<i>1.50</i>	<i>1.50</i>	<i>1.50</i>	<i>1.50</i>	<i>1.50</i>	<i>1.50</i>	<i>1.50</i>	<i>1.50</i>	<i>1.50</i>
Debt Service Coverage Test (Excise):										
Net Revenue Available for Debt Service Coverage Test	\$224,145	\$505,279	\$401,849	\$809,127	\$427,438	\$458,936	\$1,181,489	\$918,478	\$314,906	\$1,025,004
Excise Debt Service	386,006	386,006	386,006	386,006	386,006	386,006	386,006	-	-	-
Total Debt Service	386,006	386,006	386,006	386,006	386,006	386,006	386,006	-	-	-
Debt Service Coverage - Excise	0.58	1.31	1.04	2.10	1.11	1.19	3.06	-	-	-
<i>Debt Service Coverage Requirement</i>	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>

Town of Cave Creek - Desert Hills System
Expenses Other than Major Capital Expenses

Line No:	Summary - Operations									
	Description	2025	2026	2027	2028	2029	2030	2031	2032	2033
1										
2	Operating	\$ 2,844,830	\$ 3,242,721	\$3,412,655	\$3,466,847	\$3,519,416	\$3,577,677	\$3,639,650	\$3,704,592	\$3,772,703
3	Non Operating	-	-	-	-	-	-	-	-	-
4	Minor Capital	-	-	-	-	-	-	-	-	-
5	Transfers	-	-	-	-	-	-	-	-	-
6	Existing Bond Debt Service	852,269	851,925	852,598	852,598	852,598	852,598	386,006	-	-
	New Bond Debt Service	-	-	14,535	71,376	249,062	373,766	570,861	630,788	686,324
	Existing SRF Debt Service	-	-	-	-	-	-	-	-	-
	New SRF Debt Service	-	-	-	-	-	-	-	-	-
7	TOTAL	3,697,099	4,094,646	4,279,788	4,390,821	4,621,076	4,804,041	4,596,518	4,335,380	4,459,027
Detail										
8	Annual Expense Escalation									
9	Factor	2025	2026	2027	2028	2029	2030	2031	2032	2033
Detail										
Operations										
10	Water									
11	3.0% Salaries & Wages	424,543	446,941	460,349	474,159	488,384	503,036	518,127	533,671	549,681
12	3.0% Overtime	22,701	21,218	21,855	22,511	23,186	23,882	24,598	25,336	26,096
13	3.0% Per Diem on Call	6,996	8,303	8,552	8,809	9,073	9,345	9,625	9,914	10,211
14	3.0% PTO - Payout	4,268	6,465	6,659	6,859	3,430	3,532	3,638	3,747	3,859
15	3.0% FICA/Medicare	35,295	36,969	38,078	39,220	40,397	41,609	42,857	44,143	45,467
16	3.0% Retirement	58,170	57,177	58,892	60,659	62,479	64,353	66,284	68,273	70,321
17	10.0% LIFE & Medical Insurance	154,628	110,813	121,894	134,083	147,491	162,240	178,464	196,310	215,941
18	3.0% Workers Compensation	14,326	12,925	13,313	13,712	14,123	14,547	14,983	15,432	15,895
19	3.0% Recruitment/Retention Pay	11,401	11,401	11,743	12,095	12,458	12,832	13,217	13,614	14,022
20	3.0% Unemployment Insurance	464	423	436	449	462	476	490	505	520
21	3.0% Software Maint./Support Agreements	-	30,000	30,900	31,827	32,782	33,765	34,778	35,821	36,896
22	3.0% Professional Attorney Services	4,000	-	-	-	-	-	-	-	-
23	3.0% Professional Services	45,000	105,000	108,150	111,395	114,737	118,179	121,724	125,376	129,137
24	4.0% Elec. Water, Sewer, Trash	100,000	110,000	114,400	118,976	123,735	128,684	133,831	139,184	144,751
25	0.0% Bulk Water Purchase	1,476,976	1,500,000	1,779,994	1,779,994	1,779,994	1,779,994	1,779,994	1,779,994	1,779,994
26	2.0% Telephones (All)	6,000	6,000	6,120	6,242	6,367	6,494	6,624	6,756	6,891
27	2.0% Other Contracted Services	20,000	145,000	147,900	150,858	153,875	156,953	160,092	163,294	166,560
28	2.0% Maintenance	75,000	-	-	-	-	-	-	-	-
29	2.0% Vehicle Maintenance	1,000	500	510	520	530	541	552	563	574
30	2.0% Equipment Leases & Rents	4,000	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149
31	2.0% Training and Travel	500	2,700	2,754	2,809	2,865	2,922	2,980	3,040	3,101
32	2.0% Membership Dues & Subscriptions	-	500	510	520	530	541	552	563	574
33	2.0% Bank Service Fees	750	500	510	520	530	541	552	563	574
34	2.0% Insurance	34,000	37,400	38,148	38,911	39,689	40,483	41,293	42,119	42,961
35	2.0% Postage & Copier Expenses	11,000	11,000	11,220	11,444	11,673	11,906	12,144	12,387	12,635
36	2.0% Computer Equipment & Related Impr	500	2,000	2,040	2,081	2,123	2,165	2,208	2,252	2,297
37	2.0% Computer Software	14,000	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149
38	(1) CAP Water Expense	106,400	110,000	114,822	118,740	122,356	125,671	130,070	134,622	139,334
39	2.0% CAP Water Agreement	157,712	157,712	-	-	-	-	-	-	-
40	2.0% Supplies Repair and Maint	20,000	-	-	-	-	-	-	-	-
41	2.0% Supplies	20,000	48,000	48,960	49,939	50,938	51,957	52,996	54,056	55,137
42	4.0% Chemical Supplies	3,000	-	-	-	-	-	-	-	-
43	2.0% Transportation - Mileage Reimbursement	200	-	-	-	-	-	-	-	-
44	4.0% Fuel & Oil	12,000	14,000	14,560	15,142	15,748	16,378	17,033	17,714	18,423
45	2.0% Indirect Cost - Admin Services	-	39,302	40,088	40,890	41,708	42,542	43,393	44,261	45,146
46	2.0% Indirect Cost - Manager	-	46,522	47,452	48,401	49,369	50,356	51,363	52,390	53,438
47	2.0% Indirect Cost - IT	-	60,226	66,249	67,574	68,925	70,304	71,710	73,144	74,607
48	2.0% Indirect Cost - Finance	-	91,724	93,558	95,429	97,338	99,285	101,271	103,296	105,362
49	2.0% Capital Equipment	-	10,000	-	-	-	-	-	-	-
50	0.0% Contingency Account	-	-	-	-	-	-	-	-	-
Debt Service										
51	0.0% WIFA 2007	852,269	851,925	466,591	466,591	466,591	466,592	-	-	-
52	0.0% WIFA 2008 - Excise Pledge	-	-	386,006	386,006	386,006	386,006	386,006	-	-
53	0.0% WIFA 2025	-	-	-	-	-	-	-	-	-
54	0.0% WIFA 2026	-	-	14,535	14,535	24,868	24,868	24,868	24,868	24,868
54	0.0% WIFA 2027	-	-	-	56,841	56,841	97,251	97,251	97,251	97,251
55	0.0% WIFA 2028	-	-	-	-	167,353	167,353	286,329	286,329	286,329
55	0.0% WIFA 2029	-	-	-	-	-	84,294	84,294	144,221	144,221
56	0.0% WIFA 2030	-	-	-	-	-	-	78,119	78,119	133,655
56	0.0% WIFA 2031	-	-	-	-	-	-	-	-	-
57	0.0% WIFA 2032	-	-	-	-	-	-	-	-	-
57	0.0% WIFA 2033	-	-	-	-	-	-	-	-	-
58	0.0% WIFA 2034	-	-	-	-	-	-	-	-	-
59	Total	852,269	851,925	867,133	923,974	1,101,660	1,226,364	956,867	630,788	686,324

Town of Cave Creek - Desert Hills System
CIP

Project #	Description	Current Day Dollars									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Capital Projects										
23555001	Water System Improvement Program - Debt		\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
23555001	Water System Improvement Program - DH Revenues	100,000									
24555001	Steel Storage Tank Reconditioning/Upgrades - Debt			506,000	523,510	380,000	452,000				
24555001	Steel Storage Tank Reconditioning/Upgrades - DH Revenues	3,657									
24555001	Steel Storage Tank Reconditioning/Upgrades - General Fund Cash Loan	56,343	25,000								
25555001	Desert Hills Water Meter Replacements - Debt		135,000	162,000							
25555001	Desert Hills Water Meter Replacements - General Fund Cash Loan	50,000									
25555001	Desert Hills Water Meter Replacements - Grants		115,000	138,000							
25555002	Desert Hills Service Line Replacements - Debt			75,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
25555002	Desert Hills Service Line Replacements - DH Revenues	75,000									
25555003	Well Head Arsenic Treatment System - Debt	-	-	56,250	1,425,000	-	-	-	-	-	-
25555003	Well Head Arsenic Treatment System - Developer Contribution	-	-	18,750	475,000	-	-	-	-	-	-
55010000	Galvin Well Improvements - Debt	-	-	-	-	-	470,000	-	-	-	-
55010001	3rd Avenue Well Improvements - Debt	-	-	-	-	-	100,000	1,856,000	-	-	-
50010013	New West Cave Creek Waterline - Phase 1 - Debt	-	-	125,000	800,000	800,000	-	-	-	-	-
50010013	New West Cave Creek Waterline - Phase 1 - General Fund Cash Loan	-	50,000	-	-	-	-	-	-	-	-
50010015	Integrated Utility Master Plan - DH Revenues	-	-	-	50,000	-	-	-	-	50,000	-
50010015	Integrated Utility Master Plan - General Fund Cash Loan	10,000	-	-	-	-	-	-	-	-	-
	Water Resources										
50010008	Evaluate Additional Groundwater Wells - CCW & DHW - GF Cash loan	-	50,000	-	-	-	-	-	-	-	-
		\$295,000	\$525,000	\$1,231,000	\$3,573,510	\$1,480,000	\$1,322,000	\$2,156,000	\$300,000	\$350,000	\$300,000

Town of Cave Creek - Desert Hills System
CIP

Inflated Dollars

Line No:	Project #	Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
1		Capital Projects										
2	23555001	Water System Improvement Program - Debt	\$0	\$150,000	\$155,625	\$161,461	\$167,516	\$173,798	\$180,315	\$187,077	\$194,092	\$201,371
3	23555001	Water System Improvement Program - DH Revenues	100,000	0	0	0	0	0	0	0	0	0
4	24555001	Steel Storage Tank Reconditioning/Upgrades - Debt	0	0	524,975	563,509	424,373	523,710	0	0	0	0
5	24555001	Steel Storage Tank Reconditioning/Upgrades - DH Revenues	3,657	0	0	0	0	0	0	0	0	0
6	24555001	Steel Storage Tank Reconditioning/Upgrades - General Fund Cash Loan	56,343	25,000	0	0	0	0	0	0	0	0
7	25555001	Desert Hills Water Meter Replacements - Debt	0	135,000	168,075	0	0	0	0	0	0	0
8	25555001	Desert Hills Water Meter Replacements - General Fund Cash Loan	50,000	0	0	0	0	0	0	0	0	0
9	25555001	Desert Hills Water Meter Replacements - Grants	0	115,000	143,175	0	0	0	0	0	0	0
10	25555002	Desert Hills Service Line Replacements - Debt	0	0	77,813	161,461	167,516	173,798	180,315	187,077	194,092	201,371
11	25555002	Desert Hills Service Line Replacements - DH Revenues	75,000	0	0	0	0	0	0	0	0	0
12	25555003	Well Head Arsenic Treatment System - Debt	0	0	58,359	1,533,879	0	0	0	0	0	0
13	25555003	Well Head Arsenic Treatment System - Developer Contribution	0	0	19,453	511,293	0	0	0	0	0	0
14	55010000	Galvin Well Improvements - Debt	0	0	0	0	0	544,566	0	0	0	0
15	55010001	3rd Avenue Well Improvements - Debt	0	0	0	0	0	115,865	2,231,097	0	0	0
16	50010013	New West Cave Creek Waterline - Phase 1 - Debt	0	0	129,688	861,125	893,417	0	0	0	0	0
17	50010013	New West Cave Creek Waterline - Phase 1 - General Fund Cash Loan	0	50,000	0	0	0	0	0	0	0	0
18	50010015	Integrated Utility Master Plan - DH Revenues	0	0	0	53,820	0	0	0	0	64,697	0
19	50010015	Integrated Utility Master Plan - General Fund Cash Loan	10,000	0	0	0	0	0	0	0	0	0
20		Water Resources										
21	50010008	Evaluate Additional Groundwater Wells - CCW & DHW - GF Cash loan	0	50,000	0	0	0	0	0	0	0	0
		Total	\$295,000	\$525,000	\$1,277,163	\$3,846,548	\$1,652,822	\$1,531,736	\$2,591,727	\$374,154	\$452,882	\$402,741

Appendix C

Town of Cave Creek - Wastewater
Pro Forma with Debt Service Coverage and Fund Balance Reconciliation

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Combined										
Wastewater Rate Revenue Increases		6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
% of Year Rate Increase Effective		41.67%	50.00%	50.00%						
Beginning Unrestricted Fund Balance	\$0	\$0	\$50,475	\$165,182	\$322,544	\$672,026	\$777,721	\$960,000	\$959,187	\$894,976
Rate Revenue 1	\$1,358,370	\$1,427,138	\$1,520,146	\$1,611,355	\$1,732,629	\$1,862,656	\$2,002,049	\$2,122,172	\$2,249,502	\$2,384,473
Total Rate Revenue	\$1,358,370	\$1,427,138	\$1,520,146	\$1,611,355	\$1,732,629	\$1,862,656	\$2,002,049	\$2,122,172	\$2,249,502	\$2,384,473
Other Operating Revenue	2,382,451	174,242	178,772	183,437	188,243	193,193	198,291	203,542	208,951	214,522
Interest Income - Operating Fund	16,834	15,000	-	-	2,913	5,724	8,839	11,854	(44,176)	28,451
Total Operating Revenue	\$3,757,655	\$1,616,380	\$1,698,918	\$1,794,792	\$1,923,784	\$2,061,573	\$2,209,179	\$2,337,568	\$2,414,277	\$2,627,446
Operating Expenses	(1,675,637)	(2,115,253)	(2,173,505)	(2,240,193)	(2,300,214)	(2,372,340)	(2,447,580)	(2,526,136)	(2,608,223)	(2,694,076)
Net Revenue	\$2,082,018	(\$498,873)	(\$474,588)	(\$445,401)	(\$376,429)	(\$310,767)	(\$238,401)	(\$188,568)	(\$193,946)	(\$66,630)
Plus:										
Other Sources of Funds										
Capacity Fees	92,924	-	-	-	166,429	166,429	166,429	-	-	-
Transfers In	341,951	2,906,795	2,200,000	2,250,000	2,300,000	700,000	850,000	1,000,000	1,400,000	1,400,000
Grants	-	-	-	725,000	-	-	-	-	-	-
WIFA Proceeds	-	1,264,800	1,164,075	521,519	1,480,837	3,072,742	2,881,434	3,123,696	1,753,522	2,064,936
Debt Service Reserve Release	-	-	-	-	-	-	-	-	-	-
Less:										
Other Uses of Funds										
Minor Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Major Capital Funded with Existing Reserves/Current Cash	(622,500)	(1,727,500)	(1,270,938)	(1,345,508)	(1,563,480)	(3,099,390)	(2,824,935)	(3,062,447)	(1,816,185)	(2,024,446)
Non Operating Expenses	-	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Existing Debt Service	(1,894,393)	(1,894,747)	(1,377,363)	(1,368,600)	(1,394,361)	-	-	-	-	-
New Debt Service	-	-	(63,240)	(121,444)	(192,479)	(307,899)	(480,074)	(676,784)	(942,193)	(1,044,617)
Debt Service Reserve	-	-	(63,240)	(58,204)	(71,035)	(115,420)	(172,175)	(196,710)	(265,409)	(102,424)
Net Cash Flow	\$0	\$50,475	\$114,707	\$157,362	\$349,482	\$105,695	\$182,279	(\$813)	(\$64,211)	\$226,819
Ending Unrestricted Fund Balance	\$0	\$50,475	\$165,182	\$322,544	\$672,026	\$777,721	\$960,000	\$959,187	\$894,976	\$1,121,796
Days of O&M	-	9	28	53	107	120	143	139	125	152
Target Unrestricted Fund Balance - WIFA Reserve	-	-	63,240	121,444	192,479	307,899	480,074	676,784	942,193	1,044,617
Restricted Fund Balance (Debt Service)	-	-	63,240	121,444	192,479	307,899	480,074	676,784	942,193	1,044,617
Restricted Fund Balance (Debt Service & Sales Tax)	-	3,162	9,234	18,858	34,253	58,257	92,096	92,096	92,096	92,096
Debt Service Coverage Calculations:										
Debt Service Coverage										
Rate Covenant Debt Service Coverage Test (Operations Inc GF Transfer):										
Net Revenue Available for Debt Service Coverage Test	\$2,423,969	\$2,407,922	\$1,725,412	\$1,804,599	\$1,923,571	\$389,233	\$611,599	\$811,432	\$1,206,054	\$1,333,370
Debt Service:										
Existing Debt Service	1,894,393	1,894,747	1,377,363	1,368,600	1,394,361	-	-	-	-	-
New Debt Service	-	-	63,240	121,444	192,479	307,899	480,074	676,784	942,193	1,044,617
Total Debt Service	\$1,894,393	\$1,894,747	\$1,440,603	\$1,490,044	\$1,586,840	\$307,899	\$480,074	\$676,784	\$942,193	\$1,044,617
Debt Service Coverage - Rate Covenant	1.28	1.27	1.20	1.21	1.21	1.26	1.27	1.20	1.28	1.28
Debt Service Coverage Requirement	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Debt Service Coverage Test (Combined):										
Net Revenue Available for Debt Service Coverage Test	\$2,516,893	\$2,407,922	\$1,725,412	\$1,804,599	\$2,090,000	\$555,662	\$778,028	\$811,432	\$1,206,054	\$1,333,370
Debt Service	1,894,393	1,894,747	1,440,603	1,490,044	1,586,840	307,899	480,074	676,784	942,193	1,044,617
Debt Service Coverage - All Debt	1.33	1.27	1.20	1.21	1.32	1.80	1.62	1.20	1.28	1.28
Debt Service Coverage Requirement	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50

**Town of Cave Creek - Wastewater
Revenue**

Summary										
Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Rate Revenue 1	\$1,358,370	\$1,427,138	\$1,520,146	\$1,611,355	\$1,732,629	\$1,862,656	\$2,002,049	\$2,122,172	\$2,249,502	\$2,384,473
Other Operating Revenue	2,382,451	174,242	178,772	183,437	188,243	193,193	198,291	203,542	208,951	214,522
Transfers In - Operations	341,951	2,906,795	2,200,000	2,250,000	2,300,000	700,000	850,000	1,000,000	1,400,000	1,400,000
Grants	-	-	-	725,000	-	-	-	-	-	-
Capacity Fees	92,924	-	-	-	166,429	166,429	166,429	-	-	-
Transfers In - Capacity Fees	-	-	-	-	-	-	-	-	-	-
Bonds	-	1,264,800	1,164,075	521,519	1,480,837	3,072,742	2,881,434	3,123,696	1,753,522	2,064,936
Interest Earnings - Operations	16,834	15,000	-	-	-	2,812	-	-	(62,164)	-
Interest Earnings - Capacity Fee	-	-	-	-	2,913	2,913	8,839	11,854	17,988	28,451

Detail										
Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operations										
Rate Revenue 1	\$1,358,370	\$1,392,330	\$1,475,870	\$1,564,422	\$1,658,287	\$1,783,094	\$1,916,908	\$2,060,361	\$2,183,983	\$2,315,022
Growth	0.00%	0.00%	0.00%	0.00%	1.44%	1.42%	1.40%	0.00%	0.00%	0.00%
Revenue Increase	0.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Pct of Year Revenue Increase Effective	100.00%	41.67%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Total Rate Revenue 1 - After Revenue Increase	\$1,358,370	\$1,427,138	\$1,520,146	\$1,611,355	\$1,732,629	\$1,862,656	\$2,002,049	\$2,122,172	\$2,249,502	\$2,384,473
1/2 Cent Sales Tax	1,969,120	-	-	-	-	-	-	-	-	-
Sales Tax - Construction	245,110	-	-	-	-	-	-	-	-	-
Sewer Billing Admin Fee	22,572	23,249	23,249	23,249	23,249	23,249	23,249	23,249	23,249	23,249
Effluent Sales (Rancho Manana)	145,190	150,993	155,523	160,188	164,994	169,944	175,042	180,293	185,702	191,273
Wastewater Connection Fee	-	-	-	-	-	-	-	-	-	-
Miscellaneous	457	-	-	-	-	-	-	-	-	-
Sewer Usage Penalty	2	-	-	-	-	-	-	-	-	-
Grants	-	-	-	725,000	-	-	-	-	-	-
Transfer In General Fund	341,951	2,906,795	2,200,000	2,250,000	2,300,000	700,000	850,000	1,000,000	1,400,000	1,400,000
WIFA Proceeds - CIP	-	1,264,800	1,164,075	521,519	1,480,837	3,072,742	2,881,434	3,123,696	1,753,522	2,064,936
Interest Earning Calculation										
Average Balance	\$0	\$17,000	\$72,000	\$163,000	\$332,000	\$483,000	\$579,000	\$640,000	\$618,000	\$672,000
Assumed Interest Earnings Rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Projected Interest Earnings	\$16,834	\$15,000	\$0	\$0	\$0	\$2,812	\$0	\$0	(\$62,164)	\$0

Capacity Fee										
Capacity Charge	92,924	-	-	-	166,429	166,429	166,429	-	-	-
Non Operating Revenue - Miscellaneous	-	-	-	-	-	-	-	-	-	-
Projected Interest Earnings	-	-	-	-	2,913	2,913	8,839	11,854	17,988	28,451
Transfers In	-	-	-	-	-	-	-	-	-	-
Total Sources	92,924	-	-	-	169,341	169,341	175,268	11,854	17,988	28,451

Town of Cave Creek - Wastewater
Expenses Other than Major Capital Expenses

Line No:	Summary - Operations										
	Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
1	Operating	\$ 1,675,637	\$2,115,253	\$2,173,505	\$2,240,193	\$2,300,214	\$2,372,340	\$2,447,580	\$2,526,136	\$2,608,223	\$2,694,076
2	Non Operating	-	-	-	-	-	-	-	-	-	-
3	Minor Capital	-	-	-	-	-	-	-	-	-	-
4	Transfers	-	-	-	-	-	-	-	-	-	-
5	Existing Bond Debt Service	1,894,393	1,894,747	1,377,363	1,368,600	1,394,361	-	-	-	-	-
6	New Bond Debt Service	-	-	63,240	121,444	192,479	307,899	480,074	676,784	942,193	1,044,617
	Existing SRF Debt Service	-	-	-	-	-	-	-	-	-	-
	New SRF Debt Service	-	-	-	-	-	-	-	-	-	-
7	TOTAL	3,570,030	4,010,000	3,614,108	3,730,237	3,887,053	2,680,239	2,927,654	3,202,920	3,550,416	3,738,693

Detail												
Annual Expense Escalation	Factor	EXPENSES	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034

Detail												
Operations												
Wastewater												
11	3.0%	Salaries and Wages	417,260	526,744	542,546	558,822	575,587	592,855	610,641	628,960	647,829	667,264
12	3.0%	Overtime	40,279	48,503	49,958	51,457	53,001	54,591	56,229	57,916	59,653	61,443
13	3.0%	Per Diem on Call Pay	12,419	11,634	11,983	12,342	12,712	13,093	13,486	13,891	14,308	14,737
14	3.0%	PTO - Payout	2,576	16,790	17,294	17,813	8,907	9,174	9,449	9,732	10,024	10,325
15	3.0%	FICA/Medicare	36,956	46,216	47,602	49,030	50,501	52,016	53,576	55,183	56,838	58,543
16	3.0%	Retirement	60,555	70,427	72,540	74,716	76,957	79,266	81,644	84,093	86,616	89,214
17	10.0%	Life & Medical Insurance	125,862	111,718	122,890	135,179	148,697	163,567	179,924	197,916	217,708	239,479
18	3.0%	Workers Compensation	18,356	19,943	20,541	21,157	21,792	22,446	23,119	23,813	24,527	25,263
19	3.0%	Unemployment Insurance	293	451	465	479	493	508	523	539	555	572
20	3.0%	Recruitment/Retention Pay	10,981	10,981	11,310	11,649	11,998	12,358	12,729	13,111	13,504	13,909
21	3.0%	Software Maint./Support Agreements	-	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,001
22	2.0%	Professional Attorney Services	500	-	-	-	-	-	-	-	-	-
23	2.0%	Professional Services	40,000	52,000	53,040	54,101	55,183	56,287	57,413	58,561	59,732	60,927
24	4.0%	Elec, Water, Sewer, Trash	240,000	260,000	270,400	281,216	292,465	304,164	316,331	328,984	342,143	355,829
25	2.0%	Telephones (ALL)	11,000	14,000	14,280	14,566	14,857	15,154	15,457	15,766	16,081	16,403
26	2.0%	Other Contracted Services	65,000	275,000	280,500	286,110	291,832	297,669	303,622	309,694	315,888	322,206
27	2.0%	Maintenance	186,000	-	-	-	-	-	-	-	-	-
28	2.0%	Vehicle Maintenance	3,000	3,000	3,060	3,121	3,183	3,247	3,312	3,378	3,446	3,515
29	2.0%	Equipment Leases & Rents	5,000	5,000	5,100	5,202	5,306	5,412	5,520	5,630	5,743	5,858
30	2.0%	Training and Travel	1,500	3,000	3,060	3,121	3,183	3,247	3,312	3,378	3,446	3,515
31	2.0%	Membership, Dues & Subscriptions	-	500	510	520	530	541	552	563	574	585
32	2.0%	Bank Service Fees	2,100	2,100	2,142	2,185	2,229	2,274	2,319	2,365	2,412	2,460
33	2.0%	Insurance	60,000	33,000	33,660	34,333	35,020	35,720	36,434	37,163	37,906	38,664
34	2.0%	Postage & Copier Expense	-	500	510	520	530	541	552	563	574	585
35	2.0%	Computer Equipment & Related Items	1,000	3,000	2,040	2,081	2,123	2,165	2,208	2,252	2,297	2,343
36	2.0%	Computer Software	15,000	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172
37	2.0%	Supplies, Repair & Maintenance	50,000	-	-	-	-	-	-	-	-	-
38	2.0%	Operating Supplies	50,000	310,000	316,200	322,524	328,974	335,553	342,264	349,109	356,091	363,213
39	2.0%	Chemical Supplies	210,000	-	-	-	-	-	-	-	-	-
40	4.0%	Transportation-Mileage Reimbursement	1,000	-	-	-	-	-	-	-	-	-
41	4.0%	Fuel & Oil	9,000	4,000	4,160	4,326	4,499	4,679	4,866	5,061	5,263	5,474
42	2.0%	Indirect Costs - Admin Services	-	43,099	43,961	44,840	45,737	46,652	47,585	48,537	49,508	50,498
43	2.0%	Indirect Costs - Manager	-	51,017	52,037	53,078	54,140	55,223	56,327	57,454	58,603	59,775
44	2.0%	Indirect Costs - IT	-	66,044	72,648	74,101	75,583	77,095	78,637	80,210	81,814	83,450
45	2.0%	Indirect Costs - Finance	-	100,586	102,598	104,650	106,743	108,878	111,056	113,277	115,543	117,854
46	2.0%	Capital Equipment	-	10,000	-	-	-	-	-	-	-	-
Debt Service												
47	0.0%	WIFA 2007 - Excise Tax Pledge	-	-	-	-	-	-	-	-	-	-
48	0.0%	WIFA 2009 - Excise Tax Pledge	1,894,393	1,894,747	1,377,363	1,368,600	1,394,361	-	-	-	-	-
49	0.0%	WIFA 2025	-	-	-	-	-	-	-	-	-	-
50	0.0%	WIFA 2026	-	-	63,240	63,240	108,199	108,199	108,199	108,199	108,199	108,199
51	0.0%	WIFA 2027	-	-	-	58,204	58,204	99,582	99,582	99,582	99,582	99,582
52	0.0%	WIFA 2028	-	-	-	-	26,076	26,076	44,614	44,614	44,614	44,614
53	0.0%	WIFA 2029	-	-	-	-	-	74,042	74,042	126,680	126,680	126,680
54	0.0%	WIFA 2030	-	-	-	-	-	-	153,637	153,637	262,861	262,861
55	0.0%	WIFA 2031	-	-	-	-	-	-	-	144,072	144,072	246,496
56	0.0%	WIFA 2032	-	-	-	-	-	-	-	-	156,185	156,185
57	0.0%	WIFA 2033	-	-	-	-	-	-	-	-	-	-
58	0.0%	WIFA 2034	-	-	-	-	-	-	-	-	-	-
		Total - Excluding Excise Tax	-	-	63,240	121,444	192,479	307,899	480,074	676,784	942,193	1,044,617

**Town of Cave Creek - Wastewater
CIP**

Project #	Description	Current Day Dollars									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Projects											
23402101	Manhole Rehabilitation - Debt	\$0	\$150,000	\$150,000	\$150,000	\$150,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
23402101	Manhole Rehabilitation - General Fund Subsidy	250,000									
23402102	WW Collection System Improvement - Debt		350,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
23402102	WW Collection System Improvement - General Fund Subsidy	50,000									
25402101	Reclaimed Water Exchange with Phoenix - Debt		125,000	800,000							
25402102	WWTP Equipment Improvements - Debt		100,000		100,000				100,000		
25402102	WWTP Equipment Improvements - General Fund Subsidy	50,000									
25402103	Retrofit Existing Neighborhoods with Sewer Lines - Debt					150,000	2,150,000				
25402103	Retrofit Existing Neighborhoods with Sewer Lines - WW Revenue			50,000							
25402104	Churaposa Lift Station Improvements - Debt		140,000								
40010000	WWTP Process Improvement - Debt							150,000	2,155,500		
40010001	Force Main Assessment and Cleaning - General Fund Subsidy		200,000								
40010002	Replace WWTP Odor Control Units - Grants				725,000						
40010003	Rancho Manana Irrigation Efficiency Upgrades Study - General Fund Subsidy		50,000								
40010004	Inspect Dry Sewer Areas - WW Revenue						100,000				
40010005	Reroute Stagecoach Lift Station Flows - Debt									375,000	
	Stagecoach Pass Lift Station Improvements - Debt									100,000	
	Rancho Manana Lift Station Replacement - Debt									453,600	1,008,000
40010006	Churaposa Lift Station Force Main Improvements - Debt				75,000	850,000					
	Retrofit Existing Neighborhoods w/ Sewer Lines - Phase 2 - Debt						150,000	2,000,000			
	Black Mountain Septic to Sewer - Debt									200,000	200,000
40010007	Rancho Manana Lift Station Improvements - Debt		375,000								
40010008	Collection System Evaluation - General Fund Subsidy		150,000								
26010000	New Water Ranch Office - General Fund Subsidy	262,500	87,500								
25505001	Utilities Vehicles Replacement Program - Utilities			75,000			75,000				
50010015	Integrated Utilities Master Plan - General Fund Subsidy	10,000			50,000					75,000	
Total		\$622,500	\$1,727,500	\$1,225,000	\$1,250,000	\$1,400,000	\$2,675,000	\$2,350,000	\$2,455,500	\$1,403,600	\$1,508,000

Town of Cave Creek - Wastewater
CIP

Line No:	Project #	Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
1		Capital Projects										
2	23402101	Manhole Rehabilitation - Debt	\$0	\$150,000	\$155,625	\$161,461	\$167,516	\$57,933	\$60,105	\$62,359	\$64,697	\$67,124
3	23402101	Manhole Rehabilitation - General Fund Subsidy	250,000	-	-	-	-	-	-	-	-	-
4	23402102	WW Collection System Improvement - Debt	-	350,000	155,625	161,461	167,516	173,798	180,315	187,077	194,092	201,371
5	23402102	WW Collection System Improvement - General Fund Subsidy	50,000	-	-	-	-	-	-	-	-	-
6	25402101	Reclaimed Water Exchange with Phoenix - Debt	-	125,000	830,000	-	-	-	-	-	-	-
7	25402102	WWTP Equipment Improvements - Debt	-	100,000	-	107,641	-	115,865	-	124,718	-	134,247
8	25402102	WWTP Equipment Improvements - General Fund Subsidy	50,000	-	-	-	-	-	-	-	-	-
9	25402103	Retrofit Existing Neighborhoods with Sewer Lines - Debt	-	-	-	-	167,516	2,491,098	-	-	-	-
10	25402103	Retrofit Existing Neighborhoods with Sewer Lines - WW Revenue	-	-	51,875	-	-	-	-	-	-	-
11	25402104	Churaposa Lift Station Improvements - Debt	-	140,000	-	-	-	-	-	-	-	-
12	40010000	WWTP Process Improvement - Debt	-	-	-	-	-	-	180,315	2,688,293	-	-
13	40010001	Force Main Assessment and Cleaning - General Fund Subsidy	-	200,000	-	-	-	-	-	-	-	-
14	40010002	Replace WWTP Odor Control Units - Grants	-	-	-	780,395	-	-	-	-	-	-
15	40010003	Rancho Manana Irrigation Efficiency Upgrades Study - General Fund Subsidy	-	50,000	-	-	-	-	-	-	-	-
16	40010004	Inspect Dry Sewer Areas - WW Revenue	-	-	-	-	111,677	-	-	-	-	-
17	40010005	Reroute Stagecoach Lift Station Flows - Debt	-	-	-	-	-	-	-	-	485,230	-
18	0	Stagecoach Pass Lift Station Improvements - Debt	-	-	-	-	-	-	-	-	129,395	-
19	0	Rancho Manana Lift Station Replacement - Debt	-	-	-	-	-	-	-	-	586,935	1,353,211
20	40010006	Churaposa Lift Station Force Main Improvements - Debt	-	-	-	80,730	949,256	-	-	-	-	-
21	0	Retrofit Existing Neighborhoods w/ Sewer Lines - Phase 2 - Debt	-	-	-	-	-	173,798	2,404,200	-	-	-
22	0	Black Mountain Septic to Sewer - Debt	-	-	-	-	-	-	-	-	258,790	268,494
23	40010007	Rancho Manana Lift Station Improvements - Debt	-	375,000	-	-	-	-	-	-	-	-
24	40010008	Collection System Evaluation - General Fund Subsidy	-	150,000	-	-	-	-	-	-	-	-
25	26010000	New Water Ranch Office - General Fund Subsidy	262,500	87,500	-	-	-	-	-	-	-	-
26	25505001	Utilities Vehicles Replacement Program - Utilities	-	-	77,813	-	-	86,899	-	-	-	-
27	50010015	Integrated Utilities Master Plan - General Fund Subsidy	10,000	-	-	53,820	-	-	-	-	97,046	-
Total			\$ 622,500	\$ 1,727,500	\$ 1,270,938	\$ 1,345,508	\$ 1,563,480	\$ 3,099,390	\$ 2,824,935	\$ 3,062,447	\$ 1,816,185	\$ 2,024,446

Appendix D

Rate Design

Development of Proposed 2025-26 Single Family Rates

Service Charge, \$ per Bill	Rate	Bills	Revenue	2027	2028	2029	2030
5/8"	\$65.04	7,944	\$516,678	\$68.94	\$73.08	\$77.46	\$82.11
5/8" Boosted	80.75	1,476	119,187	85.60	90.73	96.17	101.95
3/4"	65.04	11,028	717,261	68.94	73.08	77.46	82.11
3/4" Boosted	80.75	3,012	243,219	85.60	90.73	96.17	101.95
1"	65.04	36	2,341	68.94	73.08	77.46	82.11
1" Boosted	80.75	12	969	85.60	90.73	96.17	101.95
1 1/2"	216.58	12	2,599	229.57	243.35	257.95	273.43
1 1/2" Boosted	232.29	0	0	246.23	261.00	276.66	293.26
2"	346.66	0	0	367.46	389.51	412.88	437.65
2" Boosted	362.37	36	13,045	384.11	407.16	431.59	457.48
	Total	23,556					
Total Service Charge Revenue				\$1,615,300			

Block	% Volume in Block	Billed Volume (kgals)	Cumulative Factor	Volume Rate (\$/kgals)	Rate Revenue	2027	2028	2029	2030
0 - 4,000 gallons	5.81%	15,380	1.00	\$2.80	\$43,065	\$2.97	\$3.15	\$3.33	\$3.53
4,001 - 10,000 gallons	19.32%	51,153	1.25	3.50	179,034	3.71	3.93	4.17	4.42
10,001 - 20,000 gallons	26.00%	68,828	1.45	5.08	349,304	5.38	5.70	6.04	6.41
20,001 - 30,000 gallons	15.61%	41,323	1.45	7.36	243,271	7.80	8.27	8.76	9.29
30,001 - 40,000 gallons	9.13%	24,169	1.55	11.41	220,542	12.09	12.82	13.58	14.40
Over 40,000 gallons	23.97%	63,454	1.80	20.53	1,042,222	21.76	23.07	24.45	25.92
Total	100%	264,724			\$2,077,439				

Rate Design

Development of Proposed 2025-26 Multifamily Rates

Service Charge, \$ per Bill	Rate	Bills	Revenue	2027	2028	2029	2030
5/8"	\$65.04	2,016	\$131,121	\$68.94	\$73.08	\$77.46	\$82.11
5/8" Boosted	80.75	0	0	85.60	90.73	96.17	101.95
3/4"	65.04	0	0	68.94	73.08	77.46	82.11
3/4" Boosted	80.75	0	0	85.60	90.73	96.17	101.95
1"	65.04	2,064	134,243	68.94	73.08	77.46	82.11
1" Boosted	80.75	0	0	85.60	90.73	96.17	101.95
1 1/2"	216.58	12	2,599	229.57	243.35	257.95	273.43
1 1/2" Boosted	232.29	0	0	246.23	261.00	276.66	293.26
2"	346.66	48	16,640	367.46	389.51	412.88	437.65
2" Boosted	362.37	0	0	384.11	407.16	431.59	457.48
	Total	4,140	-----				
Total Service Charge Revenue				\$284,602			

Block	% Volume in Block	Billed Volume (kgals)	Cumulative Factor	Volume Rate (\$/kgals)	Rate Revenue	2027	2028	2029	2030
0 - 4,000 gallons	26.86%	4,300	1.00	\$2.80	\$12,039	\$2.97	\$3.15	\$3.33	\$3.53
4,001 - 10,000 gallons	24.14%	3,864	1.25	3.50	13,525	3.71	3.93	4.17	4.42
10,001 - 20,000 gallons	15.41%	2,467	1.45	5.08	12,519	5.38	5.70	6.04	6.41
20,001 - 30,000 gallons	7.67%	1,228	1.45	7.36	7,228	7.80	8.27	8.76	9.29
30,001 - 40,000 gallons	3.52%	563	1.55	11.41	5,142	12.09	12.82	13.58	14.40
Over 40,000 gallons	22.41%	3,587	1.80	20.53	58,921	21.76	23.07	24.45	25.92
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Total	100%	16,008			\$109,374				

Rate Design

Development of Proposed 2025-26 Commercial Rates

Service Charge, \$ per Bill	Rate	Bills	Revenue	2027	2028	2029	2030
5/8"	\$65.04	744	\$48,390	\$68.94	\$73.08	\$77.46	\$82.11
5/8" Boosted	80.75	336	27,132	85.60	90.73	96.17	101.95
3/4"	65.04	0	0	68.94	73.08	77.46	82.11
3/4" Boosted	80.75	0	0	85.60	90.73	96.17	101.95
1"	65.04	888	57,756	68.94	73.08	77.46	82.11
1" Boosted	80.75	96	7,752	85.60	90.73	96.17	101.95
1 1/2"	216.58	84	18,193	229.57	243.35	257.95	273.43
1 1/2" Boosted	232.29	24	5,575	246.23	261.00	276.66	293.26
2"	346.66	240	83,198	367.46	389.51	412.88	437.65
2" Boosted	362.37	0	0	384.11	407.16	431.59	457.48
	Total	2,412					
Total Service Charge Revenue							\$247,995

Block	% Volume in Block	Billed Volume (kgals)	Cumulative Factor	Volume Rate (\$/kgals)	Rate Revenue	2027	2028	2029	2030
0 - 10,000 gallons	7.87%	4,274	1.00	\$3.25	\$13,891	\$3.45	\$3.65	\$3.87	\$4.10
10,001 - 20,000 gallons	4.64%	2,520	1.45	4.71	11,875	5.00	5.29	5.61	5.95
20,001 - 30,000 gallons	9.79%	5,317	1.50	7.07	30,067	7.49	7.94	8.42	8.92
30,001 - 40,000 gallons	5.94%	3,226	1.62	11.45	29,553	12.14	12.87	13.64	14.46
Over 40,000 gallons	71.76%	38,972	1.60	18.32	571,246	19.42	20.59	21.82	23.13
Total	100%	54,309			\$656,633				

Rate Design

Development of Proposed 2025-26 Common Area & Commercial Irrigation Rates

Service Charge, \$ per Bill	Rate	Bills	Revenue	2027	2028	2029	2030
5/8"	\$65.04	60	\$3,902	\$68.94	\$73.08	\$77.46	\$82.11
5/8" Boosted	80.75	12	969	85.60	90.73	96.17	101.95
3/4"	65.04	0	0	68.94	73.08	77.46	82.11
3/4" Boosted	80.75	0	0	85.60	90.73	96.17	101.95
1"	65.04	204	13,268	68.94	73.08	77.46	82.11
1" Boosted	80.75	24	1,938	85.60	90.73	96.17	101.95
1 1/2"	216.58	24	5,198	229.57	243.35	257.95	273.43
1 1/2" Boosted	232.29	0	0	246.23	261.00	276.66	293.26
2"	346.66	24	8,320	367.46	389.51	412.88	437.65
2" Boosted	362.37	12	4,348	384.11	407.16	431.59	457.48
	Total	360	-----				
Total Service Charge Revenue							\$37,944

Block	% Volume in Block	Billed Volume (kgals)	Cumulative Factor	Volume Rate (\$/kgals)	Rate Revenue	2027	2028	2029	2030
0 - 10,000 gallons	10.78%	1,195	1.00	\$5.70	\$6,812	\$6.04	\$6.40	\$6.79	\$7.20
10,001 - 20,000 gallons	6.14%	681	1.25	7.13	4,850	7.55	8.01	8.49	9.00
20,001 - 30,000 gallons	7.70%	854	1.30	9.26	6,721	9.82	10.41	11.03	11.69
30,001 - 40,000 gallons	6.85%	759	1.30	12.04	7,316	12.76	13.53	14.34	15.20
Over 40,000 gallons	68.53%	7,598	1.45	17.46	106,122	18.51	19.62	20.79	22.04
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Total	100%	11,087			\$131,821				

Rate Design

Development of Proposed 2025-26 Commercial Pool Rates

	Rate	Bills	Revenue	2027	2028	2029	2030
Service Charge, \$ per Bill							
5/8"	\$65.04	36	\$2,341	\$68.94	\$73.08	\$77.46	\$82.11
5/8" Boosted	80.75	0	0	85.60	90.73	96.17	101.95
3/4"	65.04	0	0	68.94	73.08	77.46	82.11
3/4" Boosted	80.75	0	0	85.60	90.73	96.17	101.95
1"	65.04	60	3,902	68.94	73.08	77.46	82.11
1" Boosted	80.75	0	0	85.60	90.73	96.17	101.95
1 1/2"	216.58	0	0	229.57	243.35	257.95	273.43
1 1/2" Boosted	232.29	0	0	246.23	261.00	276.66	293.26
2"	346.66	0	0	367.46	389.51	412.88	437.65
2" Boosted	362.37	0	0	384.11	407.16	431.59	457.48
	Total	96					
Total Service Charge Revenue							\$6,244

Block	% Volume in Block	Billed Volume (kgals)	Cumulative Factor	Volume Rate (\$/kgals)	Rate Revenue	2027	2028	2029	2030
0 - 10,000 gallons	19.96%	369	1.00	\$4.40	\$1,625	\$4.66	\$4.94	\$5.24	\$5.55
10,001 - 20,000 gallons	10.88%	201	1.25	5.50	1,108	5.83	6.18	6.55	6.94
20,001 - 30,000 gallons	6.50%	120	1.30	7.15	731	7.58	8.03	8.52	9.03
30,001 - 40,000 gallons	10.80%	200	1.65	11.80	2,004	12.51	13.26	14.05	14.89
Over 40,000 gallons	51.86%	960	1.50	17.70	13,588	18.76	19.88	21.08	22.34
Total	100%	1,851			\$19,057				

Appendix E

Rate Design

Development of Proposed 2025-26 Single Family Rates

Service Charge, \$ per Bill	Rate	Bills	Revenue	2027	2028	2029	2030
5/8"	\$80.76	3,252	\$262,632	\$85.61	\$90.74	\$96.19	\$101.96
5/8" Boosted	82.72	17,412	1,440,321	87.68	92.94	98.52	104.43
3/4"	80.76	0	0	85.61	90.74	96.19	101.96
3/4" Boosted	82.72	0	0	87.68	92.94	98.52	104.43
1"	80.76	24	1,938	85.61	90.74	96.19	101.96
1" Boosted	82.72	972	80,404	87.68	92.94	98.52	104.43
1 1/2"	268.93	0	0	285.07	302.17	320.30	339.52
1 1/2" Boosted	270.89	0	0	287.14	304.37	322.63	341.99
2"	430.45	12	5,165	456.28	483.65	512.67	543.43
2" Boosted	432.41	0	0	458.35	485.86	515.01	545.91
Total		21,672					
Total Service Charge Revenue				\$1,790,460			

Block	% Volume in Block	Billed Volume (kgals)	Cumulative Factor	Volume Rate (\$/kgals)	Rate Revenue	2027	2028	2029	2030
0 - 4,000 gallons	5.42%	12,281	1.00	\$4.40	\$54,037	\$4.66	\$4.94	\$5.24	\$5.55
4,0001 - 10,000 gallons	24.08%	54,562	1.35	5.94	324,101	6.30	6.67	7.07	7.50
10,001 - 20,000 gallons	29.60%	67,070	1.45	8.61	577,675	9.13	9.68	10.26	10.87
20,001 - 30,000 gallons	16.97%	38,452	1.50	12.92	447,103	13.69	14.52	15.39	16.31
30,001 - 40,000 gallons	8.54%	19,351	1.50	19.38	300,001	20.54	21.77	23.08	24.47
Over 40,000 gallons	15.39%	34,872	1.50	29.07	810,951	30.81	32.66	34.62	36.70
Total	100%	226,588			\$2,513,869				

Rate Design

Development of Proposed 2025-26 Commercial Rates

Service Charge, \$ per Bill	Rate	Bills	Revenue	2027	2028	2029	2030
5/8"	\$80.76	36	\$2,907	\$85.61	\$90.74	\$96.19	\$101.96
5/8" Boosted	82.72	0	0	87.68	92.94	98.52	104.43
3/4"	80.76	0	0	85.61	90.74	96.19	101.96
3/4" Boosted	82.72	0	0	87.68	92.94	98.52	104.43
1"	80.76	0	0	85.61	90.74	96.19	101.96
1" Boosted	82.72	96	7,941	87.68	92.94	98.52	104.43
1 1/2"	268.93	0	0	285.07	302.17	320.30	339.52
1 1/2" Boosted	270.89	48	13,003	287.14	304.37	322.63	341.99
2"	430.45	0	0	456.28	483.65	512.67	543.43
2" Boosted	432.41	72	31,134	458.35	485.86	515.01	545.91
Total		252					
Total Service Charge Revenue							\$54,985
Volume Charge Revenue to be Recovered							\$171,652

Block	% Volume in Block	Billed Volume (kgals)	Cumulative Factor	Volume Rate (\$/kgals)	Rate Revenue	2027	2028	2029	2030
0 - 10,000 gallons	13.18%	2,401	1.00	\$4.95	\$11,886	\$5.25	\$5.56	\$5.90	\$6.25
10,001 - 20,000 gallons	14.44%	2,631	1.50	7.43	19,534	7.87	8.34	8.84	9.37
20,001 - 30,000 gallons	16.68%	3,039	1.50	11.14	28,769	11.81	12.51	13.26	14.06
30,001 - 40,000 gallons	11.00%	2,004	1.55	17.26	27,678	18.30	19.40	20.56	21.79
Over 40,000 gallons	44.70%	8,144	1.55	26.76	174,332	28.36	30.07	31.87	33.78
Total	100%	18,219			\$262,199				

Appendix F

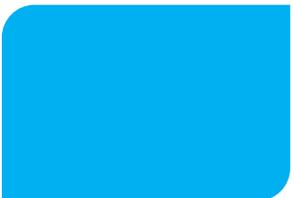
Rate Design - Current

Development of Proposed 2025-26 Residential Rates

Residential - Cost of Service Component								
	Bills	Rate	Revenue	Current	2027	2028	2029	2030
Residential	9,240	\$95.24	\$880,027	\$89.77	\$100.96	\$107.01	\$113.43	\$120.24
			----- \$880,027					

Development of Proposed 2025-26 Commercial Rates

Commercial - Cost of Service Component								
	Bills/Volume	Rate	Revenue					
Commercial - Fixed Charge								
5/8 & 3/4-Inch Meter	936	\$66.69	\$62,422	\$63.40	\$70.69	\$74.93	\$79.43	\$84.19
1-Inch Meter	648	111.37	72,168	105.88	118.05	125.14	132.64	140.60
1 1/2-Inch Meter	288	222.08	63,959	211.14	235.40	249.53	264.50	280.37
Commercial - Volume Rate (greater than 10,000 gallons)								
General Commercial	25,379	\$4.51	114,451	\$4.33	\$4.78	\$5.07	\$5.37	\$5.69
Restaurant	14,971	12.82	191,852	12.31	13.58	14.40	15.26	16.18
Hotel w/o Dining	872	3.89	3,395	3.64	4.13	4.37	4.64	4.91
Car Wash	3,795	1.28	4,868	1.21	1.36	1.44	1.53	1.62
Service Station	448	3.75	1,681	3.56	3.98	4.21	4.47	4.74
Professional Office	60	1.76	106	1.73	1.86	1.97	2.09	2.22
Laundromat	94	6.28	592	5.74	6.66	7.06	7.48	7.93
Industrial	0	3.06	3	2.96	3.24	3.44	3.64	3.86
			----- \$515,496					
Interceptor Devices		\$103.60		\$97.74	\$109.82	\$116.41	\$123.39	\$130.80



3190 S. Vaughn Way
Suite 550, Office 523
Aurora, CO 80014
800.755.6864 | Fax: 888.326.6864
www.willdan.com