



# **FISCAL YEAR 23-24 BUDGET**

**INCLUDING**

**RATES, FEES, CHARGES, AND DEPOSITS**

## **Water Rates and Fees Summary Carefree Water Company – FY 23-24**

### Rates

- 4.4% Overall Water Rate Increase – Base Fee and Commodity Rates
- Consistent with the 5-Year Rate Plan approved in 2021
- Rate increase takes effect July 2023
- Average Monthly Bill Increase (Residential): \$5.29
- Current Average Monthly Residential Bill: \$119.81 – Proposed Average Monthly Residential Bill: \$125.10 (Based on an average monthly use of 12,000 gallons)
  
- Current Residential Base Fee: \$52.66 – Proposed Residential Base Fee: \$54.98 – Up \$2.32
  - \$20.00/mth “Acquisition Fee” - Neighborhoods A, B, and C (“Carefree Service Area”)
- Commodity Rates: Remain in 5 Tiers to Encourage Conservation
  - Tier Break Points Have Remained the Same
  - Rate in Each Tier (per 1,000 gallon charge) has Increased 4.4%
- Similar 4.4% adjustments to other rate categories (commercial meters and master meters)

### Fees

- Fees for all new Service Line installations have been adjusted to reflect the cost of doing business
- Fees now reflect significant increases in cost of labor/material/equipment/contracted services
- New Service Line construction by Water Company currently on hold (staffing constraints)
- New home and subdivision construction must hire a contractor

**Carefree Water Company**  
**Effective July 1, 2023**  
**Rate Sheet @ 4.4% Base and Commodity Increase**

R1, R2 & R4

Gallons	Base Rate			Commodity Change			Subtotal Before Taxes			Taxes			Total With Taxes			Overall % Difference
	Current	New	Difference	Current	New	Difference	Current	New	Difference	Current	New	Difference	Current	New	Difference	
Tier 1 - \$4.44 (Curr - \$4.25)	1,000	52.66	2.32	4.25	4.44	0.19	56.91	59.42	2.51	5.30	5.53	0.23	62.21	64.95	2.74	4.4%
	2,000	52.66	2.32	8.50	8.88	0.38	61.16	63.86	2.70	5.70	5.95	0.25	66.86	69.81	2.95	4.4%
	4,000	52.66	2.32	17	17.76	0.76	69.66	72.74	3.08	6.50	6.79	0.29	76.16	79.53	3.37	4.4%
	6,000	52.66	2.32	25.5	26.64	1.14	78.16	81.62	3.46	7.31	7.63	0.32	85.47	89.25	3.78	4.4%
Tier 2 - \$5.97 (Curr - \$5.72)	8,000	52.66	2.32	34	35.52	1.52	86.66	90.5	3.84	8.11	8.47	0.36	94.77	98.97	4.20	4.4%
	9,000	52.66	2.32	39.72	41.49	1.77	92.38	96.47	4.09	8.65	9.03	0.38	101.03	105.50	4.47	4.4%
	12,000	52.66	2.32	56.88	59.40	2.52	109.54	114.38	4.84	10.27	10.72	0.45	119.81	125.10	5.29	4.4%
	14,000	52.66	2.32	68.32	71.34	3.02	120.98	126.32	5.34	11.34	11.84	0.50	132.32	138.16	5.84	4.4%
Tier 3 - \$7.85 (Curr - \$7.52)	16,000	52.66	2.32	79.76	83.28	3.52	132.42	138.26	5.84	12.42	12.96	0.54	144.84	151.22	6.38	4.4%
	18,000	52.66	2.32	91.20	95.22	4.02	143.86	150.2	6.34	13.50	14.09	0.59	157.36	164.29	6.93	4.4%
	20,000	52.66	2.32	102.64	107.16	4.52	155.3	162.14	6.84	14.57	15.21	0.64	169.87	177.35	7.48	4.4%
	22,000	52.66	2.32	117.68	122.86	5.18	170.34	177.84	7.50	15.98	16.68	0.70	186.32	194.52	8.20	4.4%
Tier 4 - \$10.15 (Curr - \$9.72)	24,000	52.66	2.32	132.72	138.56	5.84	185.38	193.54	8.16	17.40	18.16	0.76	202.78	211.70	8.92	4.4%
	26,000	52.66	2.32	147.76	154.26	6.50	200.42	209.24	8.82	18.81	19.63	0.82	219.23	228.87	9.64	4.4%
	28,000	52.66	2.32	162.80	169.96	7.16	215.46	224.94	9.48	20.22	21.10	0.88	235.68	246.04	10.36	4.4%
	30,000	52.66	2.32	177.84	185.66	7.82	230.5	240.64	10.14	21.63	22.57	0.94	252.13	263.21	11.08	4.4%
Tier 5 - \$13.19 (Curr - \$12.63)	32,000	52.66	2.32	197.28	205.96	8.68	249.94	260.94	11.00	23.45	24.48	1.02	273.39	285.42	12.02	4.4%
	35,000	52.66	2.32	226.44	236.41	9.97	279.1	291.39	12.29	26.18	27.33	1.14	305.28	318.72	13.43	4.4%
	40,000	52.66	2.32	275.04	287.16	12.12	327.7	342.14	14.44	30.74	32.08	1.34	358.44	374.22	15.78	4.4%
	45,000	52.66	2.32	323.64	337.91	14.27	376.3	392.89	16.59	35.29	36.83	1.54	411.59	429.72	18.13	4.4%
Tier 5 - \$13.19 (Curr - \$12.63)	50,000	52.66	2.32	372.24	388.66	16.42	424.9	443.64	18.74	39.84	41.58	1.74	464.74	485.22	20.48	4.4%
	55,000	52.66	2.32	435.39	454.61	19.22	488.05	509.59	21.54	45.75	47.75	2.00	533.80	557.34	23.54	4.4%
	60,000	52.66	2.32	498.54	520.56	22.02	551.2	575.54	24.34	51.65	53.92	2.26	602.85	629.46	26.60	4.4%
	65,000	52.66	2.32	561.69	586.51	24.82	614.35	641.49	27.14	57.56	60.08	2.52	671.91	701.57	29.66	4.4%
Tier 5 - \$13.19 (Curr - \$12.63)	70,000	52.66	2.32	624.84	652.46	27.62	677.5	707.44	29.94	63.46	66.25	2.78	740.96	773.69	32.72	4.4%
	80,000	52.66	2.32	751.14	784.36	33.22	803.8	839.94	35.54	75.27	78.58	3.31	879.07	917.92	38.85	4.4%
	90,000	52.66	2.32	877.44	916.26	38.82	930.10	971.24	41.14	87.08	90.91	3.83	1,017.18	1,062.15	44.97	4.4%
	100,000	52.66	2.32	1,003.74	1,048.16	44.42	1,056.40	1,103.14	46.74	98.90	103.24	4.35	1,155.30	1,206.38	51.09	4.4%

Average Residential Usage

**CAREFREE WATER COMPANY RATE SCHEDULE**  
**Effective July 1, 2023**  
**Before Taxes**

Meter Type	Meter Size	Meter Classification	Monthly Base Fee	Monthly Commodity (Usage) Charges and Tier Breakdown									
				Tier 1		Tier 2		Tier 3		Tier 4		Tier 5	
				From (gallons)	To (gallons)	From (gallons)	To (gallons)	From (gallons)	To (gallons)	From (gallons)	To (gallons)	From (gallons)	To (gallons)
<b>RESIDENTIAL METERS</b>													
Residential	5/8", 3/4", 1"	R1, R2, R4	\$ 54.98	0	8,000	8,001	20,000	20,001	30,000	30,001	50,000	50,001	and over
Residential	5/8", 3/4", 1"	R1A, R2A, R4A	\$ 74.98	0	8,000	8,001	20,000	20,001	30,000	30,001	50,000	50,001	and over
<b>COMMERCIAL METERS</b>													
Commercial	1 inch	C5/C5A	\$98.97/\$118.97	0	8,000	8,001	16,000	16,001	32,000	32,001	64,000	64,001	and over
Commercial	1-1/2 inch	C6/C6A	\$245.62/\$265.62	0	11,000	11,001	16,000	16,001	35,000	35,001	70,000	70,001	and over
Commercial	2 inch	C8/C8A	\$588.76/\$608.76	0	20,000	20,001	40,000	40,001	80,000	80,001	160,000	160,001	and over
Commercial	3 inch	C9/C9A	\$784.79/\$804.79	0	100,000	100,001	200,000	200,001	400,000	400,001	600,000	600,001	and over
<b>MASTER METERS</b>													
Master Meter 1		MM1 - 8	\$ 417.76	0	30,000	30,001	40,000	40,001	60,000	60,001	80,000	80,001	and over
Master Meter 2		MM2 - 4	\$ 209.89	0	30,000	30,001	50,000	50,001	70,000	70,001	90,000	90,001	and over
Master Meter 3		MM3 - 8	\$ 417.76	0	40,000	40,001	80,000	80,001	100,000	100,001	150,000	150,001	and over
Master Meter 4		MM4 - 6	\$ 313.35	0	50,000	50,001	100,000	100,001	190,000	190,001	250,000	250,001	and over
Master Meter 5		MM5 - 12	\$ 639.66	0	30,000	30,001	50,000	50,001	80,000	80,001	100,000	100,001	and over
Master Meter 6		MM6 - 38	\$ 1,984.39	0	170,000	170,001	270,000	270,001	300,000	300,001	350,000	350,001	and over
Master Meter 7		MM7 - 18	\$ 940.01	0	80,000	80,001	100,000	100,001	120,000	120,001	150,000	150,001	and over
Master Meter 8		MM8 - 11	\$ 574.43	0	90,000	90,001	150,000	150,001	200,000	200,001	250,000	250,001	and over
Master Meter 9		MM9 - 11	\$ 574.43	0	75,000	75,001	105,000	105,001	135,000	135,001	165,000	165,001	and over
Master Meter 10		MM10 - 11	\$ 574.53	0	60,000	60,001	120,000	120,001	190,000	190,001	220,000	220,001	and over
<b>STAND PIPE</b>													
Stand Pipe		CWH											
				-\$7.87 per 1000 gallons - Minimum Billing \$5.00 - Additional Keys \$15.00									
<b>FIRE HYDRANT METER</b>													
Fire Hydrant		FHY	\$ 172.78										

**Temporary Turn-Off Policy** - Customers may request their water service to be turned off temporarily or permanently at any time. If water service is off for less than nine (9) months, at the time service is re-established, the customer will be billed the monthly base fee plus tax for the number of months the water was off. If water service is off for more than nine (9) months, the customer will be billed the New Account Set-Up Fee at the time service is re-established.

NEW ACCOUNT SETUP FEES	
Residential and Commercial	\$50.00
Landlord (Transfer to Info on File)	\$20.00
Fire Hydrant	\$100.00

TAXES	
State Sales Tax	6.3%
Town Sales Tax	3.0%
State Water Tax	\$0.0065 /1,000 gal. billed

REFUNDABLE DEPOSITS	
Residential	\$250.00
Commercial	3X Average Water Bill
Stand Pipe	\$50.00
Fire Hydr. Meter	\$900.00

PAYMENT AND BILLING FEES	
Credit Card Convenience Fee (per transaction)	
Monthly Billings & Other Charges Under \$500	\$4.00
Other Charges Over \$500	3% of Amount
Late Payment or Delinquent Charge (per month)	\$7.00
Foreign Currency Transaction	\$10.00
Foreign Mailing Fee	\$3.00
Insufficient Funds or Returned Check Fee	Bank Charge Amt
Interest on Outstanding Balance	1.5% per month

MISCELLANEOUS SERVICES AND FEES	
Data Log Fee - Beginning With Second Data Log	\$40.00
Meter Re-Read (Customer Request)	\$25.00
Account Re-Establishment Fee	\$125.00
Change-Out or Moving Meter	At Water Co. Cost
Third Party Meter Test (Customer Request)	At Water Co. Cost
Emergency Call Out (If Water Company is Not Responsible for Problem)	\$100.00
Unauthorized Meter Turn-On - Residential	\$150.00
Unauthorized Meter Turn-On - Commercial	\$250.00
Unauthorized Fire Hydrant Use - Per Use	\$300.00

NEW CONSTRUCTION CHARGES AND FEES <sup>3</sup>			
Meter and Service Size	Service Connection Charge	Water Capacity Fee <sup>1</sup>	Total
1" Meter and Service	\$5,730.00	\$4,640.00	\$10,370.00
1" Meter Only-New Subdivision	\$1,230.00	\$4,640.00	\$5,870.00
1-1/2" Meter and Service	\$7,958.00	\$8,409.00	\$16,367.00
2" Meter and Service	\$12,063.00	\$13,061.00	\$25,124.00
3" Compound Meter	\$25,723.00	\$26,528.00	\$52,251.00
4" Compound Meter	\$31,875.00	\$40,647.00	\$72,522.00
1" Meter & Serv. Upgrade(from 3/4")	\$5,010.00	-	\$5,010.00
1" Meter Only Upgrade (from 3/4")	\$510.00	-	\$510.00
Development Category	Water Supply Fee		
Single Family Residential	\$1,445.00 per Unit		
Multi-Family Residential	\$722.50 per Unit		
All Other (Commercial, Common Area, Irrigation, etc.)	\$2,890.00 per AF of Annual Demand <sup>2</sup>		

= FY 23-24 Revisions

<sup>1</sup>Distribution, Storage, and Pumping Capacity

<sup>2</sup>Annual Demand Calculations to be Submitted to and Approved by the Carefree Water Company

<sup>3</sup>Total New Construction Charges/Fees = Service Connection Charge + Water Capacity Fee + Water Supply Fee

SAMPLE RESIDENTIAL WATER BILL CALCULATION <sup>4</sup>				Original Water Service Area (R4)		Acquisition Service Area (R4A)	
1 inch Residential Meter (R4/R4A Classification) @ 24,000 gallons							
Tier 1:	8,000 gallons	@	\$ 4.25 /1000 gal.	=	\$ 34.00	=	\$ 34.00
Tier 2:	12,000 gallons	@	\$ 5.72 /1000 gal.	=	\$ 68.64	=	\$ 68.64
Tier 3:	4,000 gallons	@	\$ 7.52 /1000 gal.	=	\$ 30.08	=	\$ 30.08
Tier 4:	0 gallons	@	\$ 9.72 /1000 gal.	=	\$ -	=	\$ -
Tier 5:	0 gallons	@	\$ 12.63 /1000 gal.	=	\$ -	=	\$ -
Month Total:	24,000 gallons						
				Base Fee	\$ 52.66		\$ 72.66
				Total (Does not include taxes)	\$ 185.38		\$ 205.38

<sup>4</sup> A Residential Water Bill Calculator is available on our website at [www.carefreewaterco.com](http://www.carefreewaterco.com)

## **Profit and Loss Summary Carefree Water Company – FY 23-24**

- “All encompassing” spreadsheet to ensure cash flow needs are met (revenue stream matches expenditures)
- Looks at anticipated revenues (primarily from water sales) in relation to anticipated expenditures (e.g., Cost of Water, General & Administrative, Replacement & Maintenance)
- The Profit and Loss spreadsheet also includes other cash uses such as:
  - 2021 Series Bond Repayment (“Acquisition”)
  - WIFA Loan Repayment (“Capital Lease”)
  - Town of Carefree Repayment (“Capital Advance”)
  - Water Company Office/Shop Rent
  - Reserve Deposits
  - Capital Improvement Program
- Bottom Line: Revenue stream must cover all cash uses (cash flow/expenditures)

**Carefree Water Company**  
**PROFIT AND LOSS**  
**2023-2024 Budget**

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Total
<b>Revenues</b>													
Water Sales	9.8%	9.5%	9.7%	8.7%	8.8%	7.4%	6.7%	6.7%	7.3%	7.6%	8.1%	9.7%	100%
New Meter & Service Fees	457,888	445,023	444,781	409,461	413,738	335,571	311,319	311,452	334,143	353,900	378,239	446,370	4,641,885
DFGC Electrical Fees	3,927		3,927		3,927				3,927			3,927	19,635
Cell Tower Rental Fees (net)	1,879	1,879	1,879	1,879	1,879	1,879	1,879	1,879	1,879	1,879	1,878	5,292	21,168
Other Revenues	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	22,546
<b>Total Revenues</b>	<b>465,694</b>	<b>448,902</b>	<b>457,879</b>	<b>413,340</b>	<b>417,617</b>	<b>348,669</b>	<b>315,198</b>	<b>315,331</b>	<b>347,241</b>	<b>357,779</b>	<b>382,117</b>	<b>459,467</b>	<b>4,729,234</b>
<b>Cost of Water</b>													
Scottsdale CAP	114,356	106,291	109,742	99,388	99,415	77,662	68,615	69,244	79,251	87,260	95,285	118,298	1,124,807
Cave Creek CAP	-	-	-	-	-	-	-	-	-	-	-	-	-
Ground Water Pumped	15,267	12,472	12,778	11,860	11,458	9,619	10,854	8,907	9,753	10,430	11,110	13,055	137,563
Central Ariz Project	32,008	30,293	31,027	28,826	27,862	23,453	24,968	35,127	27,651	29,671	31,694	37,497	360,077
<b>Total Water Costs</b>	<b>161,631</b>	<b>149,056</b>	<b>153,547</b>	<b>140,074</b>	<b>138,735</b>	<b>110,734</b>	<b>104,437</b>	<b>113,278</b>	<b>116,655</b>	<b>127,361</b>	<b>138,089</b>	<b>168,850</b>	<b>1,622,447</b>
<b>General and Administrative</b>													
Maintenance	90,009	90,009	90,009	90,009	90,009	90,009	90,009	90,009	90,009	90,009	90,009	90,008	1,080,107
Depreciation	22,960	22,960	22,960	22,960	22,960	22,960	22,960	22,959	22,959	22,959	22,959	22,959	275,515
<b>Total Other Costs</b>	<b>166,969</b>	<b>166,969</b>	<b>166,969</b>	<b>166,969</b>	<b>166,969</b>	<b>166,969</b>	<b>166,969</b>	<b>166,968</b>	<b>166,968</b>	<b>166,968</b>	<b>166,968</b>	<b>166,967</b>	<b>2,003,622</b>
<b>REVENUES LESS COSTS</b>	<b>137,094</b>	<b>132,877</b>	<b>137,363</b>	<b>106,297</b>	<b>111,913</b>	<b>70,966</b>	<b>43,792</b>	<b>35,085</b>	<b>63,618</b>	<b>63,450</b>	<b>77,060</b>	<b>123,650</b>	<b>1,103,165</b>

**CASH FLOW**

<b>Cash Flow</b>													
Net Gain	1,103,165												
Depreciation	648,000												
Equipment Loss W/O	12,000												
<b>Total Available</b>	<b>1,763,165</b>												
			<b>Total Operating Uses</b>										
			Reserves										
			Bond Trustee Fee	800									
			Bond Payment	849,200									
			Capital Advance	20,000									
			WIFA Payment	244,764									
			UCFD Rent	33,000									
			<b>Total Capital Uses</b>	<b>1,147,764</b>									
			<b>Cash Available</b>	<b>615,401</b>									
			<b>Cash Utilized</b>	<b>615,401</b>									

## **Cost of Water Summary Carefree Water Company – FY 23-24**

- Water use is based on a 3-year average
- Assumes full year of Acquisition Area Water Usage
- The cost of water is the Water Company's single largest expense at over \$1.6M
- Continued Focus on Utilizing Renewable CAP Supply (Saving GW for Emergencies)
  - 72% CAP Water
  - 28% Groundwater
- Water costs are increasing about \$400,000 this FY due to the following:
  - Increased usage from Acquisition Area (300 AF/yr)
  - 5% Increase in Scottsdale Treated Water Costs
  - 5% Increase in APS Costs
  - Overall 16% Increase in CAP Raw Water Costs Reflective of Tier 2A Shortage Conditions



**Carefree Water Company  
Estimated Water Costs  
Fiscal Year 2023-24**

5/24/2023

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Total
Water Sold FY22-23 (22 Onlv)	106.1	91.3	99.6	82.2	81.1	65.3							525.6
Water Sold FY21-22	91.9	90.9	85.3	79.0	80.9	64.9	55.1	60.9	69.4	74.4	81.3	98.5	932.5
Water Sold FY20-21	104.3	98.6	105.1	101.2	88.3	64.8	60.9	58.4	71.8	80.3	82.5	111.0	1027.2
Water Sold FY19-20 (20 Onlv)							56.0	54.3	57.8	64.7	76.0	88.8	397.6
3-yr Average Water Sold (Use for 23-24)	100.8	93.6	96.7	87.5	83.4	65.0	57.3	57.9	66.3	73.1	79.9	99.4	961.0
3-yr Average Water Sold (Use for 23-24)	32,835	30,500	31,499	28,501	27,187	21,180	18,682	18,856	21,619	23,831	26,046	32,400	313,136
Percent of Annual Usage (Use for 23-24)	10.5%	9.7%	10.1%	9.1%	8.7%	6.8%	6.0%	6.0%	6.9%	7.6%	8.3%	10.3%	100.0%
Water Sold (Use for 23-24 Adj. for CSA)*	132.2	122.8	126.8	114.8	109.5	85.3	75.2	75.9	87.1	96.0	104.9	130.5	1,261.0
Water Sold (Use for 23-24 Adj. for CSA)*	43,085	40,021	41,332	37,399	35,674	27,792	24,514	24,742	28,368	31,270	34,178	42,515	410,892
Water Supplied (Sold/0.9) (Use for 23-24)*	146.9	136.5	140.9	127.5	121.6	94.8	83.6	84.4	96.7	106.6	116.5	145.0	1,401.1
*Note: Adjusted for CSA Acquisition													
Ground Water A.F. (28%)	41.1	38.2	39.5	35.7	34.1	26.5	23.4	23.6	27.1	29.9	32.6	40.6	392.3
CAP Water A.F. (72%)	105.8	98.3	101.5	91.8	87.6	68.2	60.2	60.7	69.6	76.8	83.9	104.4	1,008.8
CAP Water A.F. +5%	5.3	4.9	5.1	4.6	4.4	3.4	3.0	3.0	3.5	3.8	4.2	5.2	50.4
0% of CAP Water													
Acre-Feet	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1,000's Gallons	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost @\$X.XX/1,000 Gal.	TBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Total
100% of CAP Water	105.8	98.3	101.5	91.8	87.6	68.2	60.2	60.7	69.6	76.8	83.9	104.4	1,008.8
1,000's Gallons	34,468	32,017	33,066	29,919	28,539	22,234	19,611	19,794	22,695	25,016	27,342	34,012	328,713
Cost @\$3.45/1,000 Gal.*	\$113,401	\$105,335	\$108,787	\$98,433	\$98,460	\$76,707	\$67,660	\$68,289	\$78,296	\$86,305	\$94,330	\$117,342	\$1,113,346
Meter Fee	\$955.08	\$955.08	\$955.08	\$955.08	\$955.08	\$955.08	\$955.08	\$955.08	\$955.08	\$955.08	\$955.08	\$955.08	\$11,461
* \$1.29/1,000 Gal. Until Nov. 2023 (5% Increase Thereafter)	\$114,356	\$106,291	\$109,742	\$99,388	\$99,415	\$77,662	\$68,615	\$69,244	\$79,251	\$87,260	\$95,285	\$118,297	\$1,124,807

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Total
Pumped Groundwater (A.F. - From Above)	41.1	38.2	39.5	35.7	34.1	26.5	23.4	23.6	27.1	29.9	32.6	40.6	392.3
Pumped Groundwater ('000 gallons)	13,404	12,451	12,859	11,635	11,099	8,647	7,627	7,698	8,826	9,728	10,633	13,227	127,833
Cost @\$0.75/1,000 Gal. (5% Increase)	\$10,053	\$9,338	\$9,644	\$8,726	\$8,324	\$6,485	\$5,720	\$5,773	\$6,619	\$7,296	\$7,975	\$9,920	\$95,875
Groundwater Withdrawal Fee (ADWR)	\$3,450	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$2,000
Chemicals and Testing	\$13,503	\$10,708	\$11,014	\$10,096	\$9,694	\$7,855	\$9,090	\$7,143	\$7,989	\$8,666	\$9,345	\$11,290	\$116,395

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Total
Groundwater Withdrawal Fee (ADWR)	\$3,450	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$2,000
Chemicals and Testing	\$13,503	\$10,708	\$11,014	\$10,096	\$9,694	\$7,855	\$9,090	\$7,143	\$7,989	\$8,666	\$9,345	\$11,290	\$116,395

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Chemicals and Testing	\$13,503	\$10,708	\$11,014	\$10,096	\$9,694	\$7,855	\$9,090	\$7,143	\$7,989	\$8,666	\$9,345	\$11,290	\$116,395

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Groundwater Withdrawal Fee (ADWR)	\$3,450	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$2,000
Chemicals and Testing	\$13,503	\$10,708	\$11,014	\$10,096	\$9,694	\$7,855	\$9,090	\$7,143	\$7,989	\$8,666	\$9,345	\$11,290	\$116,395

## **General and Administrative (G&A) Summary Carefree Water Company – FY 23-24**

- Overall G&A expenses up only 2% (up approx. \$16,500) compared to last FY
  - Payroll Costs Up only 1% - \$6,500 even with:
    - 4.7% Cost-of-Living Adjustment – All employees
    - 10% Increase in Health/Dental/Vision
  - Younger employee demographic with fewer dependents reduced overall group insurance costs
  
  - Insurance decrease of 58% - \$30,000
    - Reduced Amount of “Subcontracted” Work associated with Carefree WCP
    - Insurance Carrier Assumption: Decreased Risk
  
  - Other drivers
    - Fuel/Gas – 15% increase, up \$4,900
    - Carefree WCP associated increases:
      - Postage for billings
      - Office supplies

**General and Administrative Budget by Category  
for 2023-24**

	2022-2023 Budget	2023-2024 Budget	Difference	
<u>Payroll, Payroll Taxes, Group Insurance &amp; Benefits</u>				
Base Salaries	536,041	546,045		
Overtime	4,000	4,000		
Compensation Time	3,000	3,000		
Bonus	4,000	4,000		
Merit Increase	-	-		
Emgr. On-Call	14,600	14,600		
All Health Insurance Combined	96,616	90,638		
IRA and Retirement	54,942	56,638		
All Payroll taxes	38,422	39,062		
Medicare	8,145	8,289		
Unemployment	-	-		
Equalization Taxes	-	-		
	<u>759,765</u>	<u>766,272</u>	<u>6,507</u>	1%
<u>Training Expense A/C 60154</u>	<u>4,000</u>	<u>10,000</u>	<u>6,000</u>	60%
<u>Employee Expenses A/C 60152</u>				
Uniforms	3,000	4,500		
	<u>3,000</u>	<u>4,500</u>	<u>1,500</u>	33%
<u>Safety Equipment A/C 60156</u>				
Personal Protective Equipment	1,500	2,000		
Safety Equipment	2,000	2,000		
	<u>3,500</u>	<u>4,000</u>	<u>500</u>	13%
<u>Accounting and Professional Services A/C 60201</u>				
Auditors	7,800	8,120		
Dasco	2,500	2,500		
ER System	6,000	6,000		
Payroll Experts	3,000	3,000		
	<u>19,300</u>	<u>19,620</u>	<u>320</u>	2%
<u>Legal A/C 60202</u>	<u>5,000</u>	<u>7,000</u>	<u>2,000</u>	29%
<u>Cleaning Service A/C 60204</u>				
Regular	8,000	8,000		
	<u>8,000</u>	<u>8,000</u>	<u>0</u>	0%

<u>SCADA A/C 60207</u>				
SCADA	5,000	5,000		
Specter - WIN 911	700	700		
	<u>5,700</u>	<u>5,700</u>	<u>0</u>	0%
<u>Computer A/C 60205</u>				
UMS Annual Fee	4,500	6,000		
Sage	5,300	7,000		
Beacon Mobile	3,360	5,000		
Computer Repair Contract	14,000	16,000		
Computer Repair additional hours	4,000	4,000		
Printer	500	500		
Fixed Asset Software	300	300		
Server Warranty Care Pack	1,015	1,500		
Firewall	140	140		
	<u>33,115</u>	<u>40,440</u>	<u>7,325</u>	18%
<u>Insurance A/C 60250</u>				
Cincinnati Insurance	77,000	47,000		
Claims (Insurance Deductible- Contingency)	5,000	5,000		
	<u>82,000</u>	<u>52,000</u>	<u>(30,000)</u>	-58%
<u>Postage A/C 60300</u>				
Billings	7,500	14,400		
Mail Pickup	550	-		
Additional mailings	1,450	2,500		
	<u>9,500</u>	<u>16,900</u>	<u>7,400</u>	44%
<u>Telephone A/C 60351</u>				
Cox	3,100	4,000		
Verizon	4,000	5,500		
Replacement Cell Phones	650	1,200		
	<u>7,750</u>	<u>10,700</u>	<u>2,950</u>	28%

<u>Promotional A/C 60353</u>				
Truck Magnets	250	250		
Advertisement	500	500		
	<u>750</u>	<u>750</u>	<u>0</u>	0%
<u>Auto Expense A/C 60400</u>				
Repairs, batteries, tires	2,500	2,500		
Fuel *	23,100	28,000		
Fuel Adj.(Potential Increase)	3,000	3,000		
	<u>28,600</u>	<u>33,500</u>	<u>4,900</u>	15%
<u>Office Supplies A/C 60452</u>				
Printing	4,600	6,200		
Stuffing Machine Annual Maint.	1,700	2,300		
All Other	3,500	4,500		
	<u>9,800</u>	<u>13,000</u>	<u>3,200</u>	25%
<u>Security and Emergency A/C 60453</u>				
Safeguard - Office	700	700		
	<u>700</u>	<u>700</u>	<u>0</u>	0%
<u>Office Utilities A/C 60454</u>				
	<u>5,100</u>	<u>5,600</u>	<u>500</u>	9%
<u>Fees and Permits A/C 60501</u>				
Maricopa County	3,100	3,300		
ACC	50	50		
Carefree Shadows HOA	125	125		
Town License	40	40		
	<u>3,315</u>	<u>3,515</u>	<u>200</u>	6%
<u>Dues and Subscriptions A/C 60456</u>				
Blue Stake	1,000	1,000		
AWWA Membership	400	420		
Rural Water Association	1,000	1,500		
WEF	205	210		
AZ Water Association	250	250		
American Society of Civil Engineers	300	300		
Costco	250	-		
Water Operator Certifications	300	500		
	<u>3,705</u>	<u>4,180</u>	<u>475</u>	11%

<u>Office Equipment Rental A/C 60457</u>				
Postage Machine	1,800	1,800		
	<u>1,800</u>	<u>1,800</u>	<u>0</u>	0%
<u>Bad Debt Write-off A/C 60550</u>				
	3,000	4,000	1,000	
	<u>3,000</u>	<u>4,000</u>	<u>1,000</u>	25%
<u>Loss Write Off - Meters</u>				
	12,000	12,000	0	
	<u>12,000</u>	<u>12,000</u>	<u>0</u>	0%
<u>Income Tax</u>				
State	55	55		
	<u>55</u>	<u>55</u>	<u>0</u>	0%
<u>Credit Card Charges A/C 60652</u>				
	4,800	6,000	1,200	
	<u>4,800</u>	<u>6,000</u>	<u>1,200</u>	20%
<u>Bank Charges A/C 60653</u>				
All Other Banks	500	500		
Chase (Electronic Banking)	10,000	10,500		
	<u>10,500</u>	<u>11,000</u>	<u>500</u>	5%
<u>GIS Mapping A/C 60206</u>				
GPS Annual Fee	2,400	2,400		
Monthly MIFI Fee	500	500		
ARC Service Agreement	1,475	1,475		
I-Pads for Field	2,000	2,000		
Support	20,000	20,000		
Elements Annual Maintenance	10,000	10,000		
	<u>36,375</u>	<u>36,375</u>	<u>0</u>	0%
<u>Water Conservation Costs A/C 6100</u>				
Literature/Community Events	2,500	2,500		
	<u>2,500</u>	<u>2,500</u>	<u>0</u>	0%
<u>Total Costs</u>				
	<u>1,063,630</u>	<u>1,080,107</u>	<u>16,477</u>	2%

## **Replacement and Maintenance (R&M) Summary Carefree Water Company – FY 23-24**

- Funds the normal water system maintenance items we do everyday
- Unscheduled repair/replacement costs are the hardest to predict
- Utilized historical expenses from the last 3 years, plus knowledge of what needs to be done
- Budget is up 18% this fiscal year, \$42,000, reflecting:
  - Additional R&M in Carefree Service Area (Neighborhoods A, B, and C)
    - Focus: Fire Hydrant Maintenance and Repair
  - Supply-Chain Related Issues
  - Material/Contract Labor/Equipment Rental Increases

**Replacement and Maintenance Budget  
2023-2024**

	2022-2023 Budget	2023-2024 Budget	Variance	Percentage
<u>R &amp; M Tanks</u>				
Tank Maint.	32,000	36,000		
Misc.	3,000	3,000		
	<u>35,000</u>	<u>39,000</u>	4,000	<u>11%</u>
<u>R &amp; M Pumps and Wells</u>				
Pumps Stations	10,300	10,300		
Wells	5,150	5,150		
	<u>15,450</u>	<u>15,450</u>	0	<u>0%</u>
<u>R &amp; M Mains and Valves</u>				
Valves	61,500	30,000		
Mains Repairs	28,750	60,250		
Other Distribution Repairs	0	0		
	<u>90,250</u>	<u>90,250</u>	0	<u>0%</u>
<u>R &amp; M Services/Meters</u>	<u>34,500</u>	<u>50,000</u>	15,500	<u>45%</u>
<u>R &amp; M Easements &amp; Right of Way Landscape</u>	<u>2,000</u>	<u>2,000</u>	0	<u>0%</u>
<u>R &amp; M Equipment</u>				
Backhoe	4,500	4,500		
Ditch Witch	1,500	2,000		
Mini Excavator	1,000	1,500		
Trucks	1,500	5,000		
Chlorination	1,725	2,000		
Town Equipment Cost Sharing	4,000	4,000		
	<u>14,225</u>	<u>19,000</u>	4,775	<u>34%</u>
<u>Fire Hydrant Maintenance</u>	<u>5,000</u>	<u>10,000</u>	5,000	<u>100%</u>
<u>R &amp; M Generator</u>	<u>25,000</u>	<u>25,000</u>	0	<u>0%</u>
<u>R &amp; M Interconnect</u>	<u>2,300</u>	<u>3,000</u>	700	<u>30%</u>
<u>R &amp; M Supplies</u>	<u>5,175</u>	<u>7,000</u>	1,825	<u>35%</u>



<u>R &amp; M General</u>				
AC Units	2,300	3,500		
Fire Protection	700	700		
Exterminating	615	615		
	<u>3,615</u>	<u>4,815</u>	<u>1,200</u>	<u>33%</u>
<u>Equipment Rental</u>	<u>1,000</u>	<u>10,000</u>	<u>9,000</u>	<u>900%</u>
 Total Maint. and Replacement	 <u>233,515</u>	 <u>275,515</u>	 <u>42,000</u>	 <u>18%</u>

**Reserve Recommendations  
Carefree Water Company – FY 23-24**

- **Target Balance:** **\$1,000,000** (based on AWWA recommendations)
- **Current Reserve Balance:** **\$1,000,000**  
**Shortfall:** \$ 0

**Recommendation: Reanalyze and re-target for future years.**

## Capital Improvement Program Recommendations Carefree Water Company – FY 23-24

**Total FY 23-24 Capital Budget - \$615,401**

- Fire Protection – \$0 (14 New Hydrants as Part of the Silver Saddle and Peaceful Place Projects)
- System Automation and Technology - \$100,000
- System Improvements – \$386,030
- Capital Equipment - \$75,000
- Water Rights - \$54,371
- Capital Reserves (Large Project Improvement Fund) - \$0

**CAPITAL IMPROVEMENT PROGRAM DETAILS**

**Fire Protection - \$0**

- 14 New Fire Hydrant Installations
  - Silver Saddle Gravity Zone Improvement Project (7)
  - Peaceful Place BPS Improvement Project (7)

**System Automation and Technology - \$100,000**

- SCADA System Upgrades

**System Improvements - \$386,030**

- Priorities to be established with system assessments

**Capital Equipment Account – \$75,000 (Annual FY 23-24 Deposit)\***

\* See Attached 10-year Capital Equipment Plan

**Water Rights – \$16,000**

NIA Payment	\$16,000
Modified Bartlett Dam	\$30,000
SCIF Technical Review	<u>\$8,371</u>
Total	\$54,371

**Capital Reserve Account – FY 22-23 Deposit - \$0**

**CAREFREE WATER COMPANY  
10-YEAR CAPITAL IMPROVEMENT PLAN  
FY 23-24 THRU FY 32-33**

Capital Improvement Description	Fiscal Year (FY)										Line Item Total	Category Total	
	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33			
<b>Fire Protection</b>													
Number of Fire Hydrants	14*	3	3	3	3	3	3	3	3	3	3	39	
Fire Hydrants	\$ -	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 135,000	\$ 135,000
<b>System Automation and Technology</b>													
SCADA System Improvements	\$ 100,000												
Billing System Upgrades				\$ 30,000	\$ 50,000							\$ 75,000	\$ 225,000
<b>System Improvements</b>													
Annual Meter Replacement (Typically 125 per year)	\$ 386,030												
Valve Replacement Program		\$ 35,000	\$ 35,000	\$ 35,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 355,000	
Pipeline Upgrade Projects		\$ 25,000	\$ 25,000	\$ 25,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 270,000	
		\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 2,700,000	\$ 3,325,000
<b>Capital Equipment</b>													
Annual Contribution**	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 750,000	\$ 750,000
<b>Water Rights</b>													
Non-Indian Ag CAP	\$ 54,371	\$ 46,000	\$ 46,000	\$ 46,000								\$ 192,371	\$ 192,371
<b>Capital Reserve</b>													
	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 900,000	\$ 900,000
<b>Total FY Expenditure</b>	<b>\$ 615,401</b>	<b>\$ 596,000</b>	<b>\$ 596,000</b>	<b>\$ 628,000</b>	<b>\$ 610,000</b>	<b>\$ 560,000</b>	<b>\$ 560,000</b>	<b>\$ 565,000</b>	<b>\$ 600,000</b>	<b>\$ 645,000</b>	<b>\$ 645,000</b>	<b>\$ 5,587,371</b>	<b>\$ 5,587,371</b>

\* As Part of the Silver Saddle and Peaceful Place Projects

\*\* See Supplemental Capital Equipment Plan Spreadsheet

**CAREFREE WATER COMPANY  
10-YEAR CAPITAL EQUIPMENT PROGRAM  
FY 23-24 THRU FY 32-33**

Capital Equipment Description	Fiscal Year (FY)										10-Yr Total	
	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33		
<b>Vehicles and Heavy Equip.</b>												
Work Truck #1		\$ 75,000										\$ 155,000
Work Truck #2			\$ 75,000							\$ 80,000		\$ 155,000
Work Truck #3												\$ 155,000
Towing Vehicle	\$ 75,000											\$ 15,000
Work Vehicle - GM	\$ 15,000											\$ 15,000
Backhoe (75/25 Cost Split w/Town)		\$ 50,000										\$ 100,000
Vactor Equipment (Ditch Witch)				\$ 90,000								\$ 90,000
Large Tools		\$ 5,000		\$ 5,000	\$ 70,000					\$ 5,000		\$ 70,000
												\$ 25,000
<b>Technology &amp; Misc. (Computers, Printers, Work Stations, etc.)</b>												
Computer Replacements (\$1500/computer)	\$ 3,000	\$ 3,000			\$ 3,000							\$ 18,000
Server and Components			\$ 11,000						\$ 3,000			\$ 22,000
Meter Reading Technology Upgrades	\$ 6,000		\$ 6,000						\$ 8,000			\$ 22,000
<b>Total FY Expenditure</b>	\$ 99,000	\$ 133,000	\$ 92,000	\$ 95,000	\$ 73,000	\$ 16,000	\$ 130,000	\$ 96,000	\$ 91,000	\$ 8,000		\$ 833,000
<b>Prior FY Balance</b>	\$ 105,208	\$ 86,208	\$ 33,208	\$ 21,208	\$ 6,208	\$ 13,208	\$ 77,208	\$ 27,208	\$ 11,208	\$ 208		\$ 750,000
<b>Annual FY Contribution</b>	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 750,000
<b>Misc. Sales</b>	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 50,000
<b>End of FY Balance</b>	\$ 86,208	\$ 33,208	\$ 21,208	\$ 6,208	\$ 13,208	\$ 77,208	\$ 27,208	\$ 11,208	\$ 208	\$ 72,208		