

# Proposed Budget

**FISCAL YEAR 2023-2024**

*Fountain Hills Sanitary District  
16941 E Pepperwood Circle  
Fountain Hills, AZ 85268*



**FOUNTAIN HILLS  
SANITARY DISTRICT**  
Recycles Every Drop

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# Introduction



## **Budget Message**

*The Fountain Hills Sanitary District Board of Directors and District staff are dedicated to the health and well-being of our local community. The District continues in on the path of diligence and prudence to navigate its way through some challenging economic conditions including record breaking inflation rates and unprecedented supply chain delays applicable to many key components of District operations. The extensive supply chain delays have resulted in additional spending, due to for increased costs resulting from these delays and for expenses incurred to extend the service life of items needing replacement. Despite experiencing dramatic price increases over the past year, the District has continued to operate within budget without adverse impact on District services and essential functions. This Proposed Budget is presented with particular focus on revenue stabilization and obtaining the best possible value for District spending over the long-term.*

*The District's financial accounts are organized into funds. Each fund represents a separate set of self-balancing accounts designated for a particular District purpose. The Board of Directors proposes Fiscal Year 2023-2024 budget outlay, for all District funds, of **\$15,812,150** (Total Before Contingencies shown on page 10).*

*The Board of Directors of the Fountain Hills Sanitary District adopts the following budget for the fiscal year beginning July 1, 2023 and ending June 30, 2024 (FY '23-'24). In a cooperative effort, the District CPA, District Manager, Department Managers and the Board have assessed the District's needs and priorities presented for this and future budget years, carefully considering revenue strategies and the budget's overall impact on District customers, partners, and employees.*

Gregory M Dudash  
Chairman  
Fountain Hills Sanitary District Board of Directors

## **District Profile**

### **HISTORY**

Established in 1969 under Title 36 (now Title 48) of the Arizona Revised Statutes, the Fountain Hills Sanitary District (FHSD) collects, treats, and disposes of wastewater and its byproducts. The District is governed by an elected five-member Board of Directors. FHSD serves 11,691 acres within its boundaries including most of the Town of Fountain Hills and a small portion of the City of Scottsdale.

### **BONDS**

In the early 1970's, the District requested and was authorized via elections to issue bonds to finance the construction and expansion of its pumping and treatment facilities. A total of \$20,910,000 in bonds were sold by 1995 and the resulting debt was repaid in full by 2005. Since 2005, the District has been and remains debt-free.

### **COLLECTION SYSTEM**

More than 200 miles of sewer piping, over 5,000 manholes and 19 pump stations are the backbone of the District's infrastructure conveying raw sewage to the treatment plant at an average of 2.0 million gallons per day (MGD). The oldest of these components has been in service for nearly 50 years. Accordingly, careful monitoring, proactive maintenance and significant resources must be dedicated to this critical infrastructure to maintain uninterrupted service under safe and sanitary conditions for the protection of public health.

### **TREATMENT PLANT**

The original wastewater treatment plant (WWTP) was located on seven acres west of the confluence of the Ashbrook and Balboa washes. The first phase of the WWTP was completed in 1974 providing an initial capacity to treat just 0.3 MGD of sewage. At that time, homes were served by individual or community septic tank and leach field systems until wastewater collection lines and pump stations were constructed to transport sewage from home and business sites to the WWTP.

The WWTP site did not originally extend all the way to Saguaro Boulevard as it does today. In 1980, the District acquired land adjacent to the existing site, extending the WWTP footprint to Saguaro Boulevard and providing the space required to expand facilities to serve Fountain Hills' growing population. The WWTP has been expanded and improved by various projects over the years. The WWTP is currently rated to treat up to 2.9 MGD of raw wastewater to Class A+ recycled water standards. Achieving and maintaining the State of Arizona's highest water quality rating for recycled water is a core value of the District.

## **District Profile**

### **WATER RECYCLING**

The District has no permitted means to discharge product water which is water produced from the treatment of sewer inflows. This “product water” has historically been referred to as effluent or reclaimed water. Discharge restrictions necessitate that all reclaimed water produced by the District be beneficially reused, making “recycled water” a more appropriate classification for District effluent. Water produced by the District’s WWTP was originally used to fill Fountain Lake. By the 1980’s, production exceeded the lake’s capacity which made it paramount to develop a plan for distributing recycled water to end-users, including local parks and golf courses.

A storage system, in the form of Aquifer Storage and Recovery (ASR) wells, was needed to manage seasonal fluctuations in supply and demand and facilitate timely distribution of recycled water to these end-users. In February 2001, the District began operating its Advanced Water Treatment Facility (AWTF) to further treat water before its recharge into the ASR wells. This additional treatment allows the District to safely store water below ground without negatively impacting the local groundwater aquifer. Recycled water from the AWTF still keeps Fountain Lake full, but most of this water is now distributed to end-users year-around. It is stored in the ground during the winter when supply is high and demand is low and recovered for distribution in the summer when demand exceeds supply.

The District currently operates a sophisticated system of ultrafiltration membranes, ultraviolet light (UV) disinfection and five ASR wells. The District strives to successfully manage production of recycled water so that all wastewater can be beneficially reused for internal processes, irrigation purposes, or to maintain levels in Fountain Lake. Priding itself on doing its part to protect the desert’s limited water resources, the District has been successfully ***Recycling Every Drop*** since 1974.



## **Definitions of Terms and Abbreviations**

**ADEQ:** Arizona Department of Environmental Quality

**AWTF:** Advanced Water Treatment Facility, the primary component of recycled water processing where product water from the wastewater treatment plant is further treated before recharge or direct reuse.

**ARV:** Air Release Valve

**ASB:** Administrative Services & Billing

**ASR:** Aquifer Storage and Recovery, referring to the process of storing and recovering treated water via underground wells.

**ASRS:** Arizona State Retirement System

**Capital Fund:** One of the District's self-balancing funds, Capital Fund resources are designated for the completion of construction projects and the purchase of assets which are necessitated by District growth (expansion or improvement of systems and facilities necessary to operate at build-out capacity and/or to comply with new regulations).

**Contingencies & Unforeseen Events:** An expenditure line within the budget necessary to allow the District access to utilize designated reserves on an "as-needed" basis during the fiscal year. By their nature, contingencies and other unforeseen events are unplanned. Monies reserved for this purpose are not intended to be spent unless absolutely necessary. The expenditures must be identified and approved as part of a balanced General Fund budget for the year to allow the District access to those resources.

**CR:** Contingency Reserve, is a designation of monies to an account within the General Fund that protects against revenue shortfalls, address temporary cash flow shortages, and can be appropriated to cover extraordinary expenditures occurring in the event of an emergency.

**CPA:** Certified Public Accountant

**CPI:** Consumer Price Index, the instrument used to measure inflation is a composite measurement of trends in the prices of products, at constant quality.

**CS:** Collection System, referring to District infrastructure constructed and maintained for the collection and transport of wastewater to the Wastewater Treatment Plant.

## **Definitions of Terms and Abbreviations**

**Debt Service Fund:** A self-balancing fund used to account for financing improvement projects that cannot be financed from current or accumulated resources. The District has no debt financing currently. The Debt Service Fund has been inactive since 2005.

**FY:** Fiscal Year, the District's fiscal year runs from July 1 to June 30 annually.

**FERR:** Facilities and Equipment Replacement Reserve, is a designation of monies to an account within the General Fund which reserves resources needed for both planned and unanticipated expenditures necessary to replace, restore, repair, or refurbish existing facilities and equipment.

**General Fund:** A self-balancing fund dedicated to District operations. This fund is used to account for resources and expenditures occurring in the course of the District's day-to-day operational activities.

**Interfund Transfer:** The transfer of monies between accounting funds or designations, such as from General Fund Operations to the Contingency Reserve account, reducing the cash balance of one and increasing that of another.

**LPV:** Limited Property Value, a valuation method used by Maricopa County to restrict property taxes. Arizona law establishes that LPV increases cannot exceed 5% annually.

**MCAO:** Maricopa County Assessor's Office

**NAV:** Net Assessed Values, are property values set by Maricopa County Assessor's Office for the purpose of assessing property taxes.

**Product Water:** water produced by District processing of sewer inflows.

**RW:** Recycled Water, incorporating the processes, facilities and infrastructure needed to treat and distribute recyclable water produced by the District's wastewater treatment processes.

**Self-Balancing Accounts:** a method of accounting causing one transaction to trigger the creation of an appropriate transaction that offsets the first transaction.

**Self-Balancing Fund:** a separate set of self-balancing accounts used to report financial transactions designated for specific or general use.

**SFI:** System and Facility Improvements, are expenditures of \$15,000 or more that provide the District with long-term benefit such as major equipment purchases, vehicles, construction projects, and other fixed assets. These expenditures may be funded with General Fund, Capital Fund or FERR account resources as appropriate.

**WWTP:** Wastewater Treatment Plant.

## **Strategies and Considerations**

The District Manager and the District CPA work together to provide relevant financial data and guidance on financial matters to the Board of Directors. Financial matters of the District include but are not limited to the District's overall financial health, reporting of actual revenues and expenditures compared to budget, and projections necessary for successful future planning.

The District's financial objectives are:

- To comply with Board approved District financial policies and to recommend appropriate policy updates to the Board periodically;
- To ensure financial stability and sufficient cash reserves to manage economic variants, adapt to changes in community needs, and respond successfully to unforeseen events;
- To stay within the spending constraints of the Board's adopted annual budget;
- To secure adequate resources to provide safe operations for the protection of staff and public health;
- To provide continuous, quality service to District customers, efficiently and affordably;
- To keep the District debt-free, while maintaining the highest possible bond rating in the event that bond issuance might be considered in the future;
- To promote good stewardship in the community and toward the environment and to contribute to protecting the desert's limited water resources;
- To consider all of the above while consistently operating with fiscal responsibility, integrity, and prudent financial planning.

The budget being proposed for fiscal year (FY) '23-'24 is prepared with the expectation that local, national and global economic factors will continue to challenge certain aspects of District operations. Managing change, mitigating risk, and planning for the future remain the primary focus of this budget. Risk factors identified by staff include:

- the highest inflation rates in decades impacting costs in nearly every aspect of District spending, especially personnel costs, energy, fuel and chemicals;
- unpredictable supply chain issues causing significant delivery delays and cost fluctuations to essential District needs;
- likely future reductions to Net Assessed Values (NAV) which would impact the District's ability to generate future property tax revenues.

FERR & CR: District staff strives to mitigate the aforementioned risks with a commitment to funding reserve accounts in accordance with District's Reserve Funds Policy. Reserve account funds provide for proactive maintenance on District assets and infrastructure. Most importantly, reserve accounts allow the District to avoid dramatic spikes in fees and/or taxes assessed to customers when unusually large cash outflows may be needed in a future period.

# Financial and Budget Overview



## **Budget Approach**

The District Manager and District CPA develop a proposed budget, in cooperation with Department Managers. Careful analysis of historical data, operational priorities, trends and/or anomalies in current fiscal year-to-date spending, and a thorough assessment of staffing needs and availability are the core components of budget development.

As the largest aggregate operating expense of the District, labor costs are a focal point of the operations budget. An unprecedented 6.5% Cost of Living Adjustment (COLA) is proposed for FY '23-'24 in an effort to just keep pace with inflation rates, significantly increasing proposed salary and wage expenses in FY '23-'24. Also contributing to increased labor costs is the District's commitment to offer competitive benefit packages including health insurance plans and participation in the Arizona State Retirement System (ASRS).

The District Manager and staff place emphasis on fiscal responsibility in conducting a detailed review of District operating expenditures and District needs related to systems, facilities, and equipment, both ongoing and upcoming.

System and Facility Improvements (SFI), often referred to in governmental finance as "Capital Outlay" or a "capital improvement plan", contribute to the District's more than \$130 million-dollar investment in assets and infrastructure. As part of the budget process, staff prepares a Proposed SFI: Five-Year Plan. The result is a budget, proposed by staff and adopted by the Board, that presents a prudent plan to provide for uninterrupted daily operations and the District's overall goals to maintain the highest possible level of safety, efficiency, and sustainability.

For FY '23-'24, the proposed budget includes designated reserve funds as an allowance for contingencies and other unforeseen events. By nature, expenditures of this type are unplanned, unpredictable, and not expected to be necessary during the budget year. However, in the unlikely event that a contingency or unforeseen event does occur, the monies must be identified in the budget to be utilized for their intended purpose. Excluding contingencies, the overall proposed budget illustrated on page 10 is 19.1% greater than the FY '22-'23 Adopted Budget. More than a third of this increase is attributable to an increase in planned FERR spending detailed on page 48. Specifically, the necessary replacement of critical pieces of equipment including the sewer cleaning truck priced at \$650,000. The remainder is notably influenced by a 6.5% increase in national CPI during 2022 for the second year in a row.

# Financial And Budget Overview

## Budget Approach

Budget Outlay [Expenditures]	FY 2023-2024 Proposed	FY 2022-2023 Adopted	% Change
<b><u>Administrative Services &amp; Billing</u></b>			
Operations & Maintenance	\$ 1,986,580	\$ 1,854,420	7.1%
Facilities & Equipment Replacement	\$ -	\$ 28,500	-
<b>Administrative Services &amp; Billing Subtotal</b>	<b>\$ 1,986,580</b>	<b>\$ 1,882,920</b>	<b>5.5%</b>
<b><u>Collections System</u></b>			
Operations & Maintenance	\$ 1,889,260	\$ 1,812,140	4.3%
Facilities & Equipment Replacement	\$ 925,000	\$ 150,000	516.7% <sup>(1)</sup>
System and Facilities Improvements	\$ 650,000	\$ 950,000	-31.6%
<b>Collections System Subtotal</b>	<b>\$ 3,464,260</b>	<b>\$ 2,912,140</b>	<b>19.0%</b>
<b><u>Maintenance</u></b>			
Operations & Maintenance	\$ 1,290,630	\$ 1,103,040	17.0%
Facilities & Equipment Replacement	\$ 165,000	\$ 180,000	-8.3%
System and Facilities Improvements	\$ -	\$ -	-
<b>Maintenance Subtotal</b>	<b>\$ 1,455,630</b>	<b>\$ 1,283,040</b>	<b>13.5%</b>
<b><u>Recycled Water Distribution &amp; Disposal</u></b>			
Operations & Maintenance	\$ 1,649,800	\$ 1,447,900	13.9%
Facilities & Equipment Replacement	\$ 132,000	\$ 225,000	-41.3% <sup>(1)</sup>
System and Facilities Improvements	\$ 3,500,000	\$ 2,650,000	32.1%
<b>Recycled Water Subtotal</b>	<b>\$ 5,281,800</b>	<b>\$ 4,322,900</b>	<b>22.2%</b>
<b><u>Wastewater Treatment Plant</u></b>			
Operations & Maintenance	\$ 2,270,880	\$ 2,075,780	9.4%
Facilities & Equipment Replacement	\$ 278,000	\$ 50,000	456.0% <sup>(1)</sup>
System and Facilities Improvements	\$ 1,075,000	\$ 750,000	43.3%
<b>Wastewater Treatment Plant Subtotal</b>	<b>\$ 3,623,880</b>	<b>\$ 2,875,780</b>	<b>26.0%</b>
<b>Total Before Contingencies</b>	<b>\$ 15,812,150</b>	<b>\$ 13,276,780</b>	<b>19.1%</b>
Contingencies & Unforeseen Events			
FERR & CR Accounts*	\$ 3,834,410	\$ 3,285,310	16.7%
<b>Grand Total</b>	<b>\$ 19,646,560</b>	<b>\$ 16,562,090</b>	<b>18.6%</b>

<sup>(1)</sup> Please refer to page 48 for a detailed list of FERR expenditures

\*This item is legally required to be presented in the budget so that reserve account balances can be available during the fiscal year on an as needed basis. Please refer to "General Fund" section of page 13 for additional information.

## **Budget Approach**

When formulating the budget, staff considers several factors in the assessment of District needs, economic conditions, and available resources. Following are some of the pertinent data points, plans and assumptions considered for the FY '23-'24 proposed budget.

### **EXPENDITURES**

- ❖ Total Operating Expenses (page 29) are proposed to increase 9.6% over the FY '22-'23 Adopted Budget.
- ❖ Proposed personnel costs, the largest component of District Operating Expenses, increase 9.6% over FY '22-'23.
- ❖ A proposed 6.5% COLA, the largest cost of living adjustment in recent history, matches the increase to national Consumer Price Index (CPI) in the 2022 calendar year.
- ❖ SFI and FERR expenditures include \$1,750,000 for projects deferred from prior fiscal year budgets. For FY '23-'24, SFI and FERR expenditures are proposed to increase 23.4% over the FY '22-'23 Adopted Budget.

### **REVENUES**

- ❖ The proposed 2023 property tax rate is unchanged from the prior year, remaining at 0.9511 per \$100 of NAV. Increased Net Assessed Value (NAV) allows the District to request a property tax assessment adequate to fund increased Operating Activities (see page 29), increased FERR spending, and to build reserve accounts in accordance with the District's Reserve Funds Policy.
- ❖ Sewer User Fees are proposed to increase \$3 per month for residential users, with corresponding increases to commercial rates. The increase is necessary to keep user fee revenue in-line with local inflation rates and in-step with increasing operating expenditures.
- ❖ A decrease in construction activity and development in the District has prompted a reduction in the FY '23-'24 proposed budget for Connection Fees revenue which assumes 65 new residential connections, down from 75 budgeted in FY '22-'23.
- ❖ The base rate charged to end-users for recycled water remains \$380/acre-foot (\$1,167/million gallons). A tiered rate schedule was implemented beginning in FY '22-'23. This schedule encourages end users to be mindful of the recycled water supply which can be depleted by unpredictable influences, such as high temperatures and drought conditions. The volume of recycled water available for delivery at the base rate of \$380/acre-foot rate is expected to be down from 165 to 163 MGD (506.5 to 500.0 acre feet) per user in FY '23-'24. This amount impacts the proposed budget for recycled water sales.

## **Budget Approach**

- ❖ Interest earnings on cash balances are estimated to increase as federal interest rates continued to trend during the 2022 calendar year.
- ❖ The Board is designating \$2,469,200 of General Fund resources, \$2,119,200 and \$350,000 to the FERR and CR accounts, respectively. These resources are designated for identified needs to be addressed in FY '23-'24 and for contribution to the steady accumulation of the desired FERR and CR balances established by the Reserve Funds Policy.
- ❖ The construction portion of the ASR Well 1 Vault Replacement project will again be deferred to the new budget year. This project was originally planned and budgeted for completion in FY '21-'22 at an estimated cost of \$1,000,000. The unspent monies associated with this project are carried forward as revenue in Table I on page 16 and included in Budgetary Fund Balance: Beginning of FY in Table II on page 17. Due to cost escalation, additional funds above the initial estimate are required to complete this project.

## **BEGINNING FUND BALANCE & PROJECTIONS**

- ❖ Beginning Fund Balance in this budget is estimated assuming four components are executed in the following order:
  - Amounts encumbered but not spent as of June 30, 2023,
  - Cash Carried Forward for Deferred Projects as presented in the FY '23-'24 Proposed Budget
  - Funds Transfer budgeted in FY '22-'23, and
  - Anticipated General Fund surpluses at year-end, if any.
- ❖ The Five-Year Budget Projection on page 19 assumes the following:
  - Revenue from Property Taxes may be reduced as much as 5% from FY '23-'24 in future years assuming that an expected market correction of home values will occur in the near future.
  - A \$1/month increase to residential user fees is tentatively projected in future years, subject to annual review. This increase is included in the projection for each fiscal year ending 2025 through 2028.
  - Increased interest rates and higher reserve balances, at times, will generate additional interest income. Projections reflect a 1% increase to interest income per year.
  - A declining rate of increase to Operating Expenses per year from 5% increase in FY '24-'25 down to 3.0% increase year-over-year starting in FY '25-'26.
  - The Proposed SFI Five-Year Plan (page 46) calls for estimated spending of \$24,780,000 over the next five fiscal years.

## **Fund Perspectives**

The financial accounts of the District are organized into three accounting funds: General, Capital, and Debt Service. Each of these three funds is accounted for with a separate set of self-balancing accounts. The Budgetary Fund Balance for each fund (shown on Table II) is increased by revenues and decreased by expenditures during the fiscal year.

**General Fund:** The General Fund is the District's operational fund. This fund accounts for revenues and expenditures used for the day-to-day operations of the District. The primary General Fund revenue sources are user fees, property taxes, and recycled water sales. Disbursements from this fund include labor and other costs to operate and maintain the District's collection system, wastewater treatment plant, advanced water treatment facility, and recycled water distribution system. Administrative expenses are also disbursed from this fund.

The Contingency Reserve (CR) and the Facilities & Equipment Replacement Reserve (FERR) are reserve accounts designated within the General Fund. The FERR account is intended to provide the financial stability required to promptly address planned and unplanned needs for the replacement and/or restorative repair of aged District facilities and equipment. The CR protects against a reduction or interruption of services due to cash flow shortages, temporary revenue shortfalls, or a substantial yet unforeseen one-time event. Each fiscal year, the Board of Directors determines the amount of reserves to be set aside according to Reserve Funds Policy and designates a line item for unanticipated expenditures which allows the District to access reserve funds if and only if needed to maintain the safe and continuous operation of District services. The Board approves planned repair and replacement activities during the budget process and must authorize or ratify any unplanned expenditures made from reserve funds due to unanticipated events during the fiscal year.

When preparing the General Fund budget, District staff must consider the expenditures needed to operate and maintain District processes for the year and ensure that the District has enough operating cash reserves. Based on these considerations, staff requests only the amount of revenue needed to meet appropriations.



## **Fund Perspectives**

**Capital Fund:** Unlike the General Fund, the Capital Fund does not balance to zero each year as revenues are not limited to or required to meet budgeted expenditures for the year. Capital Fund revenues are confined to Connection Fees and interest on cash accumulated within the fund. Connection Fees have been set based on staff assessment of the District's future needs for construction projects or purchases necessitated by District growth. The anticipated cost of those needs was allocated to future connections to be made within the District in order to set fees. Because Connection Fees are determined by and dependent on District growth, the revenues from these fees are restricted, assigned to addressing projects and purchases needed to accommodate that growth. Revenues often exceed expenditures in this fund and are accumulated to address growth driven projects and purchases when they arise, sometimes well into the future. When such a need does arise, this type of project is often very costly resulting in the occasional budget year where Capital Fund expenditures dramatically exceed that year's Capital Fund revenue. Fund balance in the Capital Fund accumulates in preparation for this purpose and is typically classified as either Committed (for growth driven projects actively under contract) or Assigned (for future growth driven projects) as appropriate at fiscal year-end.

**Debt Service Fund:** The District does not carry bonded indebtedness. As a result, the Debt Service Fund has zero activity, zero fund balance, and is not included in budget reporting.



## **Budget Overview**

The District reports, plans, and operates on a fiscal year basis, July 1st to June 30th each year. In March, District staff prepares a "Proposed" Budget and presents it to the Board of Directors for consideration. Once adopted by the Board, the "Adopted" Budget sets revenue requirements considering assumptions made for known variables and observed revenue trends and establishes monetary boundaries for managing the District's day-to-day operations in the upcoming fiscal year.

Safety and continuity are major factors when preparing the budget for Operating Activities beginning on page 27. For the sake of public health, uninterrupted sewer service is vital and requires careful planning and consideration of a broad spectrum of potential operational challenges and outcomes. The District strives to establish a budget sufficient to overcome any such challenges and ensure continuous service to District customers within the parameters of the financial goals set forth on page 8.

Amounts presented in the budget are shown on a "budgetary basis" and therefore may not illustrate direct correlation to year-end financial statements for the same period. Budgetary basis, or "cash plus encumbrances method", presents revenue and expenditures when expected to be assessed or incurred, respectively. When goods and services are incurred but not received at fiscal year-end, budgeted funds are encumbered and carried forward in Beginning Fund Balance to the new budget year.

Alternatively, year-end financial statements are prepared on a "modified accrual basis" in accordance with U.S. Generally Accepted Accounting Principles. Also, of note, Governmental Accounting Standards applied to the District's annual financial statements require that the fund balance should be identified as either Spendable or Nonspendable according, as applicable, to various constraints placed on how District monies can be spent. Although these designations are made in the District's annual financial statements *Governmental Funds Balance Sheet and Statement of Net Position*, they are not presented in this budget. For informational purposes, the designations are described in more detail in Supporting Schedules on page 53.

This budget does not include revenues or expenditures related to providing service to the State Trust Land located adjacent to the District. Although future development of this land could have a significant impact on the District, it is not currently within defined District boundaries. For this budget, "growth" refers to increased sewage flows from increased population density and new sewer connections within the District's existing boundaries. Growth expenditures can expand or improve facilities and/or unit processes to accommodate increased flows, create necessary process redundancies, maintain compliance with current government regulations, or implement new safety and technology standards.

The following two tables present the proposed budget for revenues and expenditures for FY '23-'24 and the anticipated impact of these activities on Budgetary Fund balances.

# Financial And Budget Overview

## Budget Overview

**Table I:**  
**Revenues & Expenditures - All Funds**

	General Fund			Capital Fund	2023-2024 Proposed Budget	2022-2023 Adopted Budget	% Change
	Operations	FERR	CR		All Funds	All Funds	
<b>Revenues</b>							
<i>Current Year</i>							
Property Taxes	6,026,420				6,026,420	5,578,000	8.0%
Sewer User Fees	6,062,100				6,062,100	5,566,840	8.9%
Connection Fees	26,000			711,300	737,300	837,600	-12.0%
Recycled Water	524,260				524,260	600,000	-12.6%
Other Income	176,320		25,360	72,450	274,130	261,070	5.0%
Reserves*	-	225,000	2,614,850	-	2,839,850	2,445,180	16.1%
Fund Transfers	(2,469,200)	2,119,200	350,000	-	-	-	
<i>Subtotal Current Year Revenues</i>	10,345,900	2,344,200	2,990,210	783,750	16,464,060	15,288,690	7.7%
<i>From Prior Fiscal Year</i>							
Cash Carried Forward for Deferred Projects	705,000			1,045,000	1,750,000	1,000,000	
<b>Total Revenues</b>	<b>\$ 11,050,900</b>	<b>\$ 2,344,200</b>	<b>\$ 2,990,210</b>	<b>\$ 1,828,750</b>	<b>\$ 18,214,060</b>	<b>\$ 16,288,690</b>	<b>11.8%</b>
<b>Expenditures</b>							
<i>Operating</i>							
Admin & Billing	1,986,580				1,986,580	1,854,420	7.1%
CS	1,889,260				1,889,260	1,812,140	4.3%
Maintenance	1,290,630				1,290,630	1,103,040	17.0%
RW	1,649,800				1,649,800	1,447,900	13.9%
WWTP	2,270,880				2,270,880	2,075,780	9.4%
<i>Subtotal Operating</i>	9,087,150	-	-	-	9,087,150	8,293,280	9.6%
<i>System &amp; Facility Improvements (SFI)</i>							
Current Year**	1,258,750	1,500,000		2,216,250	4,975,000	3,983,500	24.9%
Deferred Projects (from Prior Year)	705,000			1,045,000	1,750,000	1,000,000	
<i>Subtotal SFI</i>	1,963,750	1,500,000	-	3,261,250	6,725,000	4,983,500	34.9%
<i>Total Operating and SFI</i>	11,050,900	1,500,000	-	3,261,250	15,812,150	13,276,780	19.1%
Contingencies & Unforeseen Events***	-	844,200	2,990,210		3,834,410	3,285,310	16.7%
<b>Total Expenditures</b>	<b>\$ 11,050,900</b>	<b>\$ 2,344,200</b>	<b>\$ 2,990,210</b>	<b>\$ 3,261,250</b>	<b>\$ 19,646,560</b>	<b>\$ 16,562,090</b>	<b>18.6%</b>
<b>Excess of revenues over expenditures****</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,432,500)</b>	<b>\$ (1,432,500)</b>	<b>\$ (273,400)</b>	

\* "Reserves" consist of monies reserved for contingencies and unforeseen events. This is an existing District resource, listed in the revenue section for purposes of this table. Reserves are included in Beginning Fund Balances shown in the table on page 17.

\*\*List of current year projects and detail of planned FERR spending can be found on pages 46 and 48.

\*\*\*For a description of "Contingencies & Unforeseen Events" please see Definition of Terms & Abbreviations on page 6.

\*\*\*\*Capital Fund revenues generally do not equal budgeted expenditures, and therefore, the Capital Fund does not balance to zero each year. (Refer to Capital Fund definition on page 6 and description on page 14).

# Financial And Budget Overview

## Budget Overview

**Table II: Changes in Budgetary Fund Balance - Projected**

	General Fund					Capital Fund
	Operations		Reserve Accounts		2023-2024 Proposed Budget General Fund	2023-2024 Proposed Budget Capital Fund
	Operating Activities	System & Facility Improvements	FERR	CR		
<b>Revenues</b>						
Property Taxes	2,298,470	3,727,950			6,026,420	
Sewer User Fees	6,062,100				6,062,100	
Connection Fees	26,000				26,000	711,300
Recycled Water	524,260				524,260	
Other Income	176,320			25,360	201,680	72,450
Reserves	-		225,000	2,614,850	2,839,850	
Fund Transfers		(2,469,200)	2,119,200	350,000	-	
<b>Total Revenues</b>	<b>\$ 9,087,150</b>	<b>\$ 1,258,750</b>	<b>\$ 2,344,200</b>	<b>\$ 2,990,210</b>	<b>\$ 15,680,310</b>	<b>\$ 783,750</b>
<b>Expenditures</b>						
Operating						
Current Budget Year	9,087,150				9,087,150	
Prior Budget Year*	50,000				50,000	
Subtotal Operating	9,137,150				9,137,150	
System & Facility Improvements (SFI)						
Current Budget Year		1,258,750	1,500,000		2,758,750	2,216,250
Prior Budget Year*		1,805,000	225,000		2,030,000	1,895,000
Subtotal SFI		3,063,750	1,725,000		4,788,750	4,111,250
Contingencies & Unforeseen Events**			619,200	2,614,850	3,234,050	
<b>Total Expenditures</b>	<b>\$ 9,137,150</b>	<b>\$ 3,063,750</b>	<b>\$ 2,344,200</b>	<b>\$ 2,614,850</b>	<b>\$ 17,159,950</b>	<b>\$ 4,111,250</b>
<b>Excess of revenues over expenditures***</b>	<b>\$ (50,000)</b>	<b>\$ (1,805,000)</b>	<b>\$ -</b>	<b>\$ 375,360</b>	<b>\$ (1,479,640)</b>	<b>\$ (3,327,500)</b>
<b>Budgetary Fund Balances</b>						
Beginning of FY	\$ 50,000	\$ 1,805,000	\$ 2,740,060	\$ 2,614,850	\$ 7,209,910	\$ 8,001,980
End of FY****	-	-	\$ 3,359,260	\$ 2,990,210	\$ 6,349,470	\$ 4,674,480

\*Estimated portion of FY '22-'23 budget expected to be encumbered or deferred, at fiscal year-end (as of June 30, 2022)

\*\*For a description of "Contingencies & Unforeseen Events" please see Definition of Terms & Abbreviations on page 6.

\*\*\*Capital Fund revenues generally do not equal budgeted expenditures, and therefore, the Capital Fund does not balance to zero each year. (Refer to Capital Fund definition on page 6 and description on page 14).

\*\*\*\*End of FY in FERR and CR includes the amounts shown in contingencies and unforeseen events as those figures are not anticipated to be spent within the fiscal year (but must be shown as an expense to ensure budget availability if needed).

# Financial And Budget Overview

## Historical Comparison

### *Historical Revenues & Expenditures - All Funds*

	2023-2024 Proposed Budget	2022-2023 Adopted Budget	2021-2022 Actual	2020-2021 Actual
<b>Revenues</b>				
Property Taxes	6,026,420	5,578,000	5,392,700	5,151,240
Sewer User Fees	6,062,100	5,566,840	5,291,540	5,180,610
Recycled Water	524,260	600,000	554,490	555,620
Connection Fees & Other Income	1,011,430	1,098,670	2,091,340	1,840,640
<b>Total Revenues</b>	<b>\$ 13,624,210</b>	<b>\$ 12,843,510</b>	<b>\$ 13,330,070</b>	<b>\$ 12,728,110</b>
<b>Expenditures</b>				
Operating Expenditures	9,087,150	8,293,280	7,569,930	6,968,010
Capital outlay (SFI)	6,725,000	4,983,500	2,637,170	2,344,960
<b>Total Expenditures</b>	<b>\$ 15,812,150</b>	<b>\$ 13,276,780</b>	<b>\$ 10,207,100</b>	<b>\$ 9,312,970</b>



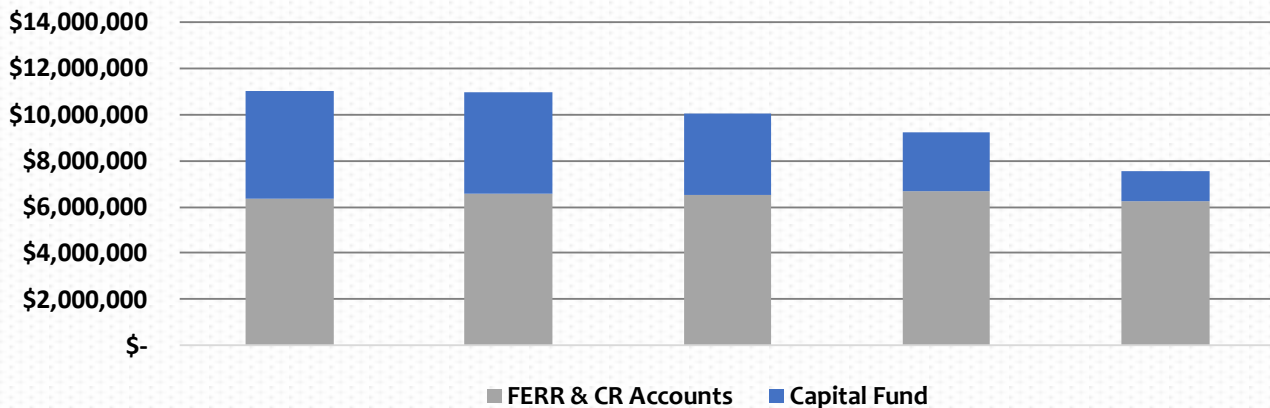
# Financial And Budget Overview

## Five-Year Budget Projection

<i>Five-Year Budget Projection All Funds</i>						
	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	
<b>Revenues</b>						
Property Taxes	6,026,420	5,725,099	5,725,099	5,725,099	5,725,099	
Sewer User Fees	6,062,100	6,245,780	6,429,410	6,613,290	6,797,140	
Connection Fees	737,300	737,300	663,570	597,210	537,490	
Recycled Water	524,260	524,260	524,260	524,260	524,260	
Interest & Other	274,130	276,870	279,640	282,440	285,260	
<b>Total Revenues</b>	<b>\$ 13,624,210</b>	<b>\$ 13,509,310</b>	<b>\$ 13,621,980</b>	<b>\$ 13,742,300</b>	<b>\$ 13,869,250</b>	
<b>Expenditures*</b>						
Operating Expenses	9,137,150	9,594,010	9,881,830	10,178,280	10,483,630	
System & Facility Improvements	7,175,000	3,225,000	3,900,000	3,675,000	4,000,000	
FERR	1,500,000	730,000	775,000	715,000	1,035,000	
<b>Total Expenditures</b>	<b>\$ 17,812,150</b>	<b>\$ 13,549,010</b>	<b>\$ 14,556,830</b>	<b>\$ 14,568,280</b>	<b>\$ 15,518,630</b>	
<b>Budgetary Fund Balances</b>						
Beginning	\$ 15,211,890	\$ 11,023,950	\$ 10,984,250	\$ 10,049,400	\$ 9,223,420	
Ending	\$ 11,023,950	\$ 10,984,250	\$ 10,049,400	\$ 9,223,420	\$ 7,574,040	
<b>Allocation of Ending Budgetary Fund Balances</b>						
<b>FERR &amp; CR Accounts</b>	<b>\$ 6,349,470</b>	<b>\$ 6,565,101</b>	<b>\$ 6,541,007</b>	<b>\$ 6,693,865</b>	<b>\$ 6,254,295</b>	
<b>Capital Fund Growth)</b>	<b>\$ 4,674,480</b>	<b>\$ 4,419,149</b>	<b>\$ 3,508,393</b>	<b>\$ 2,529,555</b>	<b>\$ 1,319,745</b>	

\*Includes Prior Year Budget encumbered amounts from Page 17

**Fiscal Year-End Budgetary Fund Balances**





# Revenue Sources

## **Taxes & Fees Overview**

### **PROPERTY TAX**

Title 48 of the Arizona Revised Statutes authorizes the Fountain Hills Sanitary District to certify to the Board of Supervisors "the amount required for payment of principal and interest on bonds...the amount necessary to maintain, operate, extend and repair the sewerage system...and the treatment plants of the district during the ensuing year". Upon certification, the Board of Supervisors levies and causes to be collected a tax on real property and mobile homes within the District. Taxes are levied on the assessed valuation of property as determined by the Maricopa County Assessor's Office (MCAO).

There are two types of assessed valuation, primary and secondary. By statute, primary valuation can only be increased by a specified amount each year, while secondary valuation can be raised according to market conditions. Although the District's property tax rate is considered a secondary tax, the "full-cash value" or secondary value does not have a direct correlation to the calculation of District property tax assessments. The District's assessment is calculated on the limited primary NAV, a derivative of the Limited Property Value (LPV) established by the MCAO. Although increases to LPV cannot exceed 5% per year, NAV may increase more or less than this amount based on parcel additions, reclassifications, or MCAO adjustments. NAV may also decline based on MCAO adjustments arising from market corrections reducing overall property values within the District. For the 2023 tax year, total limited primary NAV of property within the District is expected to increase 8.0% over the 2022 tax year.

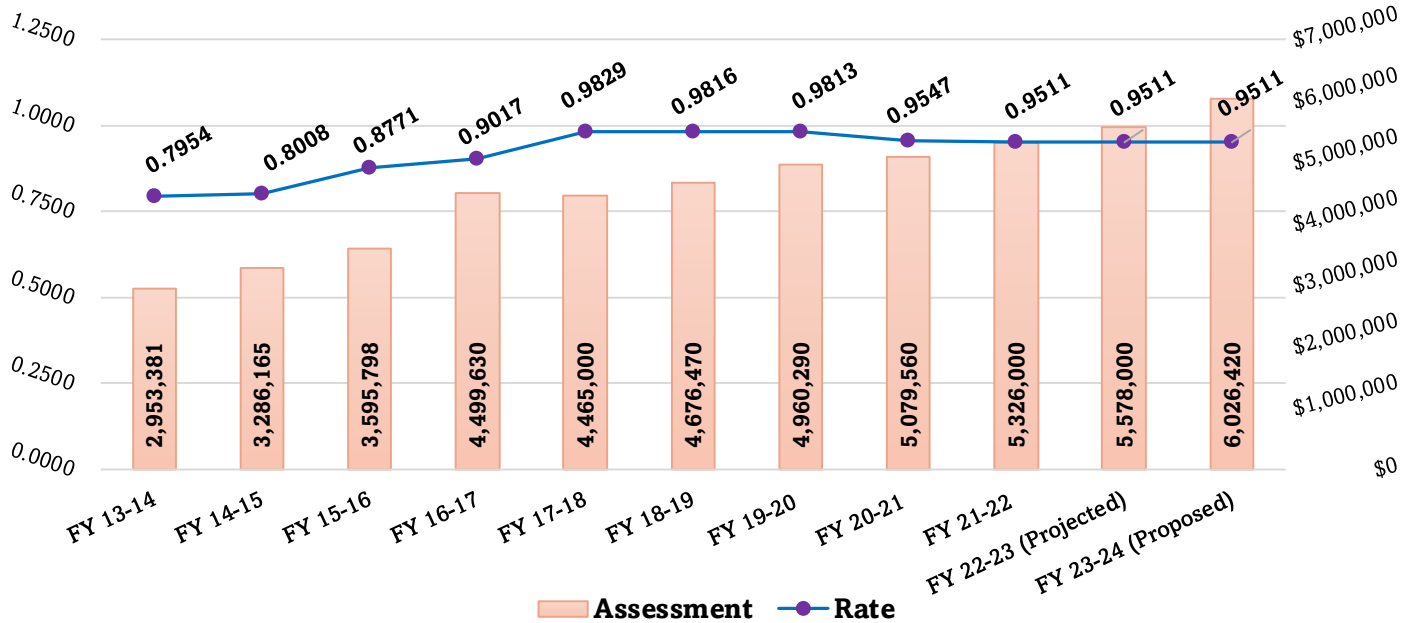
### **SEWER USER FEES**

The FY '23-'24 proposed budget includes an increase to residential and commercial user fees. Sewer User Fees are the primary source for funding the District's day-to-day operations and must keep pace with rising costs of operations over time. To that end, this budget includes a user fee increase of \$3/month and additional increases tentatively projected to occur in July of each calendar year 2025 through 2028 as presented on page 19.

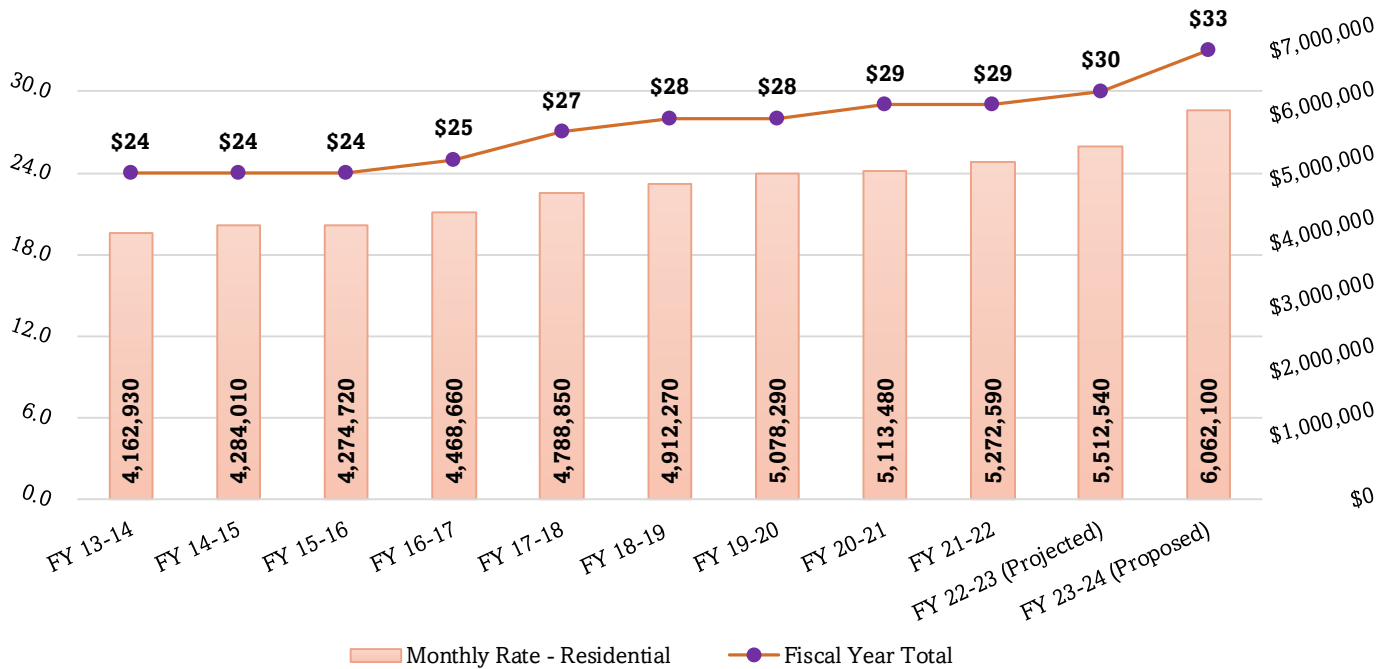
The District offers a low-income assistance program designed to assist qualified customers with a reduced sewer user fee. Information and instructions for participating in this program can be found on the District's website at [az-fhisd.gov](http://az-fhisd.gov).

# Taxes & Fees Overview

**Property Tax Rates (per \$100 of NAV) & Property Tax Assessments 2013-2023**



**Monthly Residential User Fee Rates & Fiscal Year Total User Fee Revenues 2013-2023**



## **Taxes & Fees Overview**

### **CONNECTION FEES**

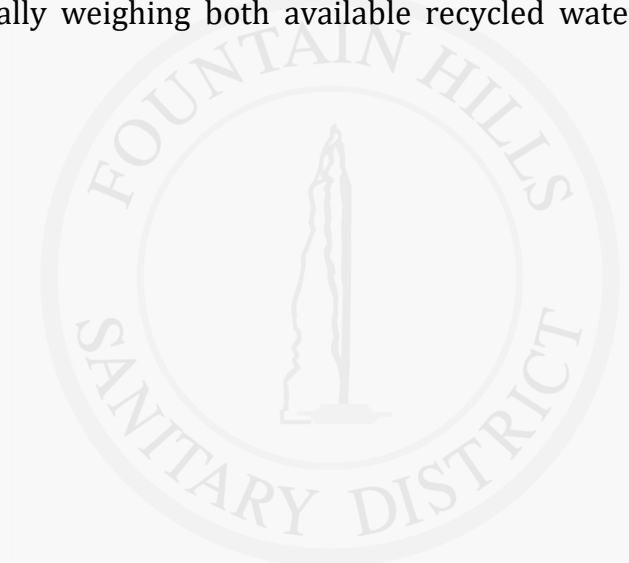
The District charges Connection Fees to new users upon connection to the existing sewer infrastructure. A small portion of these fees is designated to cover the administrative costs of adding a user. The remainder of Connections Fees is the primary revenue source in the District's Capital Fund and contributes to fund balance intended to provide for the following:

- development of additional infrastructure and systems,
- expansion of existing facilities and treatment processes,
- other necessary improvements arising when needed to accommodate increased flow capacity due to growth or new development and/or to comply with increased regulatory, safety and technological standards.

### **RECYCLED WATER**

The District's recycled water is sold to offset a portion of the cost associated its treatment and distribution. In recent years, the District's Board has taken action intended to conscientiously apply the District's core values of sustainability and sound water management by managing its recycled water practices without the benefit of supplemental water rights from outside sources.

As a consequence of this action and in order to stay in compliance with permitting requirements, the District must proactively manage the real possibility that stored water may be depleted in a future year if demand from local end users continues to exceed supply. In an effort to encourage end users to be mindful of their usage in the context of projected supply, the District has implemented a tiered rate schedule for the sale of recycled water. According to this schedule, the first 500 acre feet of recycled water delivered to each end-user will be charged at the current rate of \$380/acre foot. Additional acre feet delivered over 500.2 per end-user within the fiscal year will be charged at a rate of \$1,505/acre foot (the rate equivalent to agricultural water rate charged by EPCOR). The tier break point water volume and second tier rate will be established annually weighing both available recycled water supplies and economic conditions.



## **Taxes & Fees Overview**

### **OTHER INCOME**

Other sources of revenue presented collectively on page 16 as “Other Income” include:

- Interest income, generated by the amount of District cash on deposit with Maricopa County each fiscal quarter;
- Availability fees, fees paid at a rate of \$7 per month by real property parcel owners whose property is situated in the District, lying adjacent to sewer lines, and benefitting from the District’s ability to accommodate the development of that parcel;
- Utility company payments in lieu of property taxes;
- Other Income such as fees for project review and inspection, encroachment and abandonment permits, public records reproduction, and disposal (use of the District’s on-site RV dump station), and other miscellaneous items collected in accordance with the District fee schedule.

In total, Other Income, contributes just 2.0% of the District’s total revenue budget.

### **THE REVENUE PROCESS**

Each year, District staff must determine the amount of revenues that will be required to operate the District and serve District customers in keeping with the financial goals presented on page 8. To prepare and balance the budget for the upcoming fiscal year, staff must calculate anticipated expenditures to set a total budget, then evaluate revenue sources and make assessments as needed to provide for those expenditures. Revenues are adopted based on the following process:

#### **Step 1: Establish Sewer User Fees that:**

- Provide sufficient resources to fund the majority of day-to-day Operating Expenses;
- Keep pace with anticipated future increases to Operating Expenses and acknowledge inflation rates to determine and anticipate how often increases may be needed;
- Maintain increases at a reasonably steady pace over time keeping the economic impact on users in mind.



## Taxes & Fees Overview

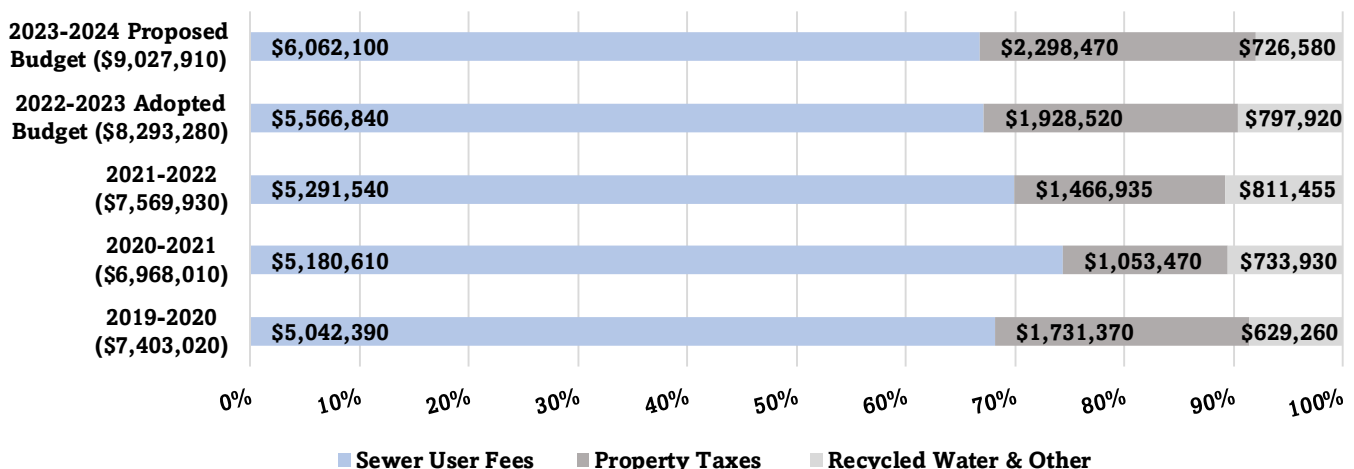
### Step 2: Determine the contribution expected from other revenue sources:

- Assign accumulated Connection Fees to growth projects to be completed in the fiscal year, leaving excess revenues in the Capital Fund for future expenditures necessitated by growth;
- Adjust the expected amount to be collected from other revenue sources (Recycled Water sales, Availability Fees, Hook Up Fees, Interest, etc.) according to the current economic climate and known variables as applicable;
- Include estimated reserve account balances as a current-year revenue source to provide for expenditures for Contingencies and Unforeseen Events, if needed;
- Identify and include in total revenue specific items of budget surplus expected to result from activities in the fiscal year prior to the budget year. Deferred SFI projects or extended openings in District employment positions are examples of specific activities that may result in a budget surplus to be carried forward.

### Step 3: Request tax levy sufficient to balance General Fund budget:

- Ensure that available property tax revenue as determined by LPV set by MCAO will be enough to provide for budgeted expenditures not covered by the other revenue sources.
- Establish the tax rate needed to balance the budget.
- Maintain or reduce total amount of levy if appropriate to balance the current year while aiming to maintain appropriate reserves and consistency in property tax revenue assessments over the long-term.

*Operating Activities by Revenue Source*



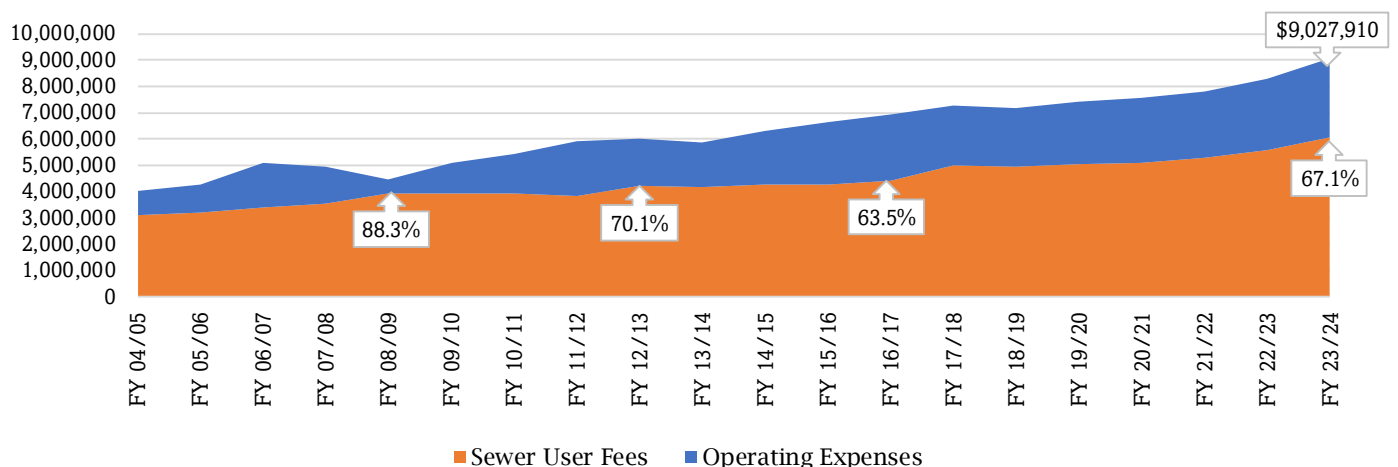
## Proposed Taxes & Fees

### PROPOSED FOR FY '23-'24

**Sewer User Fees:** District Staff is proposing a \$3 per month increase to residential user fees to be effective in July 2023. This increase is comparable to the local inflation rate over the past calendar year and is necessary in order to keep pace with increasing costs of operations. The District must acknowledge two specific issues when estimating its budget for Operating Expenses for this and future fiscal years. (1) Over the past decade, the District's Operating Expenses have outpaced the rate of inflation due to factors including an increased number of users, regional and industrial economic factors, increasing personnel costs, heightened safety requirements, and the age of District equipment and facilities. (2) National CPI grew at a rate of 7% in 2021 and an additional 6.5% in 2022, the highest rate of inflation seen in decades.

The District has historically relied on user fees to cover a majority (65-90%) of Operating Expenses. A noticeable increase in Operating Expenses from FY '12-'13 to FY '15-'16, while user fees remained flat, dropped the Sewer User Fees portion of Operating Activities to 63.5% in FY '16-'17. When Sewer User Fees as a percentage of Operating Expenses declines, the District becomes more reliant on property taxes to cover day-to-day operations, thereby exposing the District to greater risk in the event of an economic downturn and restricting the District's ability to address operational SFI and FERR needs in an organized and timely manner. Incremental increases in user fees for the past five years (a total of just \$6/month in that span) have brought Sewer User Fees back to providing for a larger percentage share of Operating Expenses, allowing property taxes to provide the primary source for SFI and FERR expenditures and for property tax rates to remain stable in recent years. Regular increases to user fees will be necessary to keep pace with the District's consistently increasing costs of doing business including personnel, utilities, chemicals, and construction materials.

***Sewer User Fees as a % of Operating Activities***



### **Proposed Taxes & Fees**

**Property Taxes:** For FY '23-'24 the District proposes a tax levy generating \$6,026,420 to "maintain, operate, extend and repair the sewerage system...and treatment plants" per state statute for the 2023 tax year. The tax rate is determined by dividing the requested tax levy of \$6,026,420 by 1% of the District's NAV provided by the MCAO. The NAV for the 2023 tax year is \$633,626,624. This amount is subject to change prior to the Assessor's completion of the 2023 tax levy. The District's requested levy maintains the FY '22-'23 tax rate of 0.9511 per \$100 of assessed value resulting in \$448,420 more than the total levy for FY '22-'23.

**Connections Fees:** Connection Fees are somewhat challenging to predict from year-to-year but can be estimated based on current economic conditions and knowledge of current development within the District. In FY '22-'23 Connection Fee revenues are projected to fall just short of budget as development within District boundaries has leveled out and multi-unit development has slowed. This trend has led District staff to propose a decreased budget for Connections Fees for FY '23-'24. The overall proposed budget for Connection Fee revenue is decreased 12% from the FY '22-'23 Adopted Budget. One proposed increase is to the rate charged for Lateral Fees from \$4,500 to \$5,500. Lateral fees were last increased in July of 2017 from \$3,000 to \$4,500, however, a current cost analysis prepared by management fully supports the proposed rate increase to \$5,500.

**Recycled Water:** This revenue source is estimated based on three-year averages. Fluctuations in weather and unknown variables in end-user operations can cause actual revenues to vary considerably from budget amounts. Income from Recycled Water distribution is estimated conservatively. Recent Board actions are designed to impact awareness by end users of their recycled water utilization as it compares to District supply. The impact of these actions on future recycled water revenues are yet to be determined.





# Operating Activities

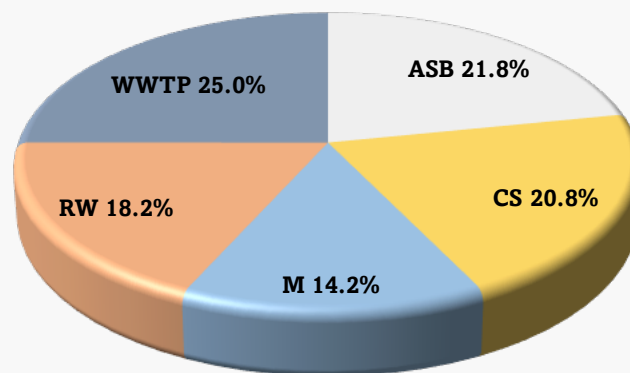
## **Summary of Operating Activities**

Expenses incurred by the District as necessary to carry out everyday operations are considered Operating Expenses. Operating Expenses are a component of the District's Total Expenditures (See page 16). These expenses are differentiated from System and Facility Improvements (SFI) and FERR expenditures by their short-term and consumable nature. From a financial standpoint, this type of day-to-day spending is considered an *expense* as opposed to an *expenditure* for the purchase of a fixed asset or investment in infrastructure. District Operations incorporates both Operating Activities and operational (not growth driven) SFI. Operational revenues and expenditures are accounted for in the General Fund and presented as a "balanced" budget in which operating revenues equal operating expenditures and the bottom line, "Excess of revenues over expenditures", comes to zero each year. The table on page 30 shows the Operating Activities portion of the District's total General Fund budget with details and additional illustrations of Operating Expenses presented in the remainder of this section.

Operating Expenses are organized into five departments or categories as follows:

- Administrative Services and Billing (ASB)
- Collection System (CS)
- Maintenance (M)
- Recycled Water (RW)
- Wastewater Treatment Plant (WWTP)

***FY 2023-2024  
Operating Activities  
by Department***



## **Summary of Operating Activities**

Operations attributable to the treatment, distribution and disposal of recycled water are managed by both the Collection System (CS) and Wastewater Treatment Plant (WWTP) departments. As one of the District's core functions, the expenses of recycled water processes are shown separately.

Certain trends, economic conditions, and operational shifts have an impact on the District's budget for Operating Expenses. Following are some notable factors that are considered in the development of this proposed budget for Operating Expenses:

- A dramatic rate of inflation has continued through the 2022 calendar year with a 14% increase in national CPI occurring from December 2020 to December 2022.
- Supply chain delays in the current economy create a high demand, low supply environment in which prices become over inflated and lead time on delivery of essential items can increase dramatically threatening the efficiency and effectiveness of core functions.
- Construction and mechanical supplies, the necessities of the CSO and Maintenance departments, respectively, are high on the list of products impacted by the current economic climate. Prices for these products are adversely affected by both supply chain challenges and rising fuel costs.
- A change in District Financial Accounting and Capital Assets Policy increasing the threshold for fixed asset tracking from \$5,000 to \$15,000 will shift the classification of certain expenditures from SFI to operations expenses leading to a need for increased budget for Operations and Maintenance expenses.
- As an election year, election costs estimated at \$45,000 are budgeted for FY '23-'24.
- The District continues its commitment to the safety, well-being, and satisfaction of personnel. Ongoing investments in retaining existing employees and attracting potential candidates are evidenced by:
  - ♦ A proposed 6.5% Cost of Living Adjustment (COLA;
  - ♦ Increased budget for the safety training and professional development of staff as the District continues to encourage professional advancement and require various certifications;
  - ♦ Participation in ASRS.

## Summary of Operating Activities

<b>Revenues &amp; Expenditures</b> <b>General Fund - Operating Activities</b>				
	2023-2024 Proposed Budget	2022-2023 Adopted Budget	% Change	Increase (Decrease) from 2022-2023 Adopted
<b>Revenues</b>				
Property Taxes	2,298,470	1,928,520	19.2%	369,950
Sewer User Fees	6,062,100	5,566,840	8.9%	495,260
Connection Fees	26,000	30,000	-13.3%	(4,000)
Recycled Water	524,260	600,000	-12.6%	(75,740)
Other Income	176,320	167,920	5.0%	8,400
<b>Total Revenues</b>	<b>\$ 9,087,150</b>	<b>8,293,280</b>	<b>9.6%</b>	<b>793,870</b>
<b>Operating Expenses</b>				
Administrative & Billing	1,986,580	1,854,420	7.1%	132,160
CS	1,889,260	1,812,140	4.3%	77,120
Maintenance	1,290,630	1,103,040	17.0%	187,590
RW	1,649,800	1,447,900	13.9%	201,900
WWTP	2,270,880	2,075,780	9.4%	195,100
<b>Total Expenses</b>	<b>\$ 9,087,150</b>	<b>\$ 8,293,280</b>	<b>9.6%</b>	<b>793,870</b>
<b>Excess of revenues over expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



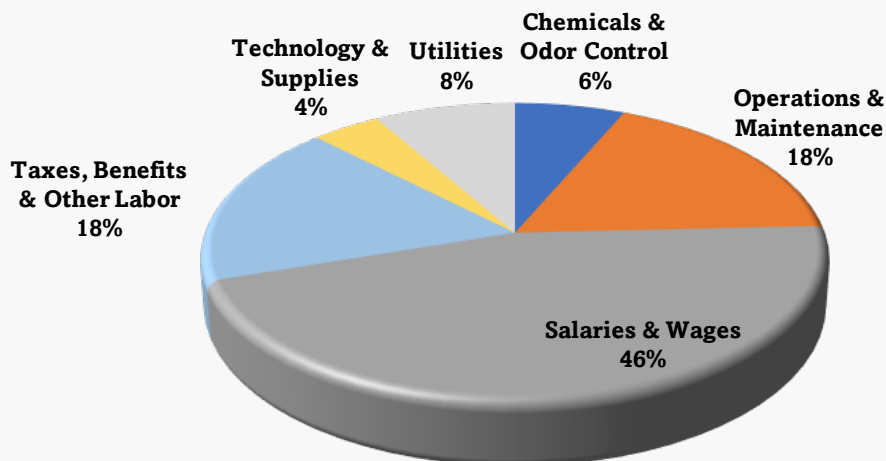
## Summary of Operating Activities

The following pages present the proposed Operating Expenses of each of the five departments mentioned on page 27. Individual operating expense transactions are classified into one of 161 accounts indicating the department, type and/or specific purpose of the expense. These 161 accounts are summarized into categories for comparative and illustrative purposes. Generally, these summary categories consist of:

- Chemicals & Odor Control
- Operations and Maintenance
- Personnel Costs separated between:
  - ♦ Salaries and Wages
  - ♦ Taxes, Benefits, and Other Labor Costs (paid by the District)
- Technology & Supplies
- Utilities

“Operations and Maintenance” is a broad grouping, commonly used to refer to general, every- day type, expenses including but not limited to operational supplies and services utilized by each department as well as bank fees, postage, building supplies and maintenance costs, incidental utilities, communications, subscriptions, general liability insurance, and permit fees. “Professional Fees” primarily include outside services such as legal, accounting, outside engineering and other consulting services. “Technology & Supplies” consists of software, Information Technology tools and services, and supplies in general such as office supplies, safety supplies and small tools.

***FY 2023-2024  
Operating Activities  
by Category***



### **Administrative Services & Billing**

The District's Administrative Services Department, which includes billing activities essential to the District's revenue collection efforts, provides administrative support to the Board of Directors and other District departments. In addition to overall management of the District carried out by this department, essential functions include:

- general administration
- billing
- accounts receivable and payable
- financial reporting
- budgeting
- payroll, human resources, and benefits administration
- drug and alcohol programs
- information technology
- public information
- development and permit reviews
- project management
- safety training administration
- customer relations

Noteworthy observations when considering the FY '23-'24 proposed budget for Administrative Services & Billing (ASB) include:

- The District's transition to the Arizona State Retirement System (ASRS) resulted in some inequities for a handful of employees approaching retirement age. These employees face the likelihood that they will not be fully vested in ASRS at the time of their retirement. In appreciation of these long-term and loyal employees, the District has approved an appropriate amount of additional benefits designed to transition these employees to retirement in a fair and equitable manner. The cost of these additional benefits is included in ASB Taxes, Benefits and Other Employee Costs. This is the last full year of accounting for this additional expense.
- \$45,000 in election costs included in the FY '23-'24 proposed budget for administrative expenses were not included in the FY '22-'23 adopted budget. Elections are scheduled every other year for the District and must only be included in the corresponding fiscal year budget.
- Overall, ASB expenses are proposed to increase from FY '22-'23 Adopted Budget by 7.1%.
- Technology and Supplies account for the highest percentage increases year-to-year.

## Administrative Services & Billing

<i>Administrative Services &amp; Billing</i>				
	<b>2023-2024 Proposed Budget</b>	<b>2022-2023 Adopted Budget</b>	<b>% Change</b>	<b>Increase (Decrease) from 2022-2023 Adopted Budget</b>
<b>Administrative Services</b>				
Professional Fees	134,000	144,500	-7.3%	(10,500)
Operations & Maintenance Personnel	272,150	216,690	25.6%	55,460
Salaries & Wages	638,120	600,590	6.2%	37,530
Board of Directors	9,000	9,000	0.0%	-
Taxes, Benefits, Other Lador Costs	277,570	270,980	2.4%	6,590
Technology & Supplies	148,000	144,000	2.8%	4,000
<b>Sub-Total Administrative</b>	<b>\$ 1,478,840</b>	<b>\$ 1,385,760</b>	<b>6.7%</b>	<b>93,080</b>
<b>Billing</b>				
Operations & Maintenance Personnel	110,500	129,630	-14.8%	(19,130)
Salaries & Wages	268,940	252,690	6.4%	16,250
Taxes, Benefits, Other Lador Costs	86,900	79,540	9.3%	7,360
Technology & Supplies	41,400	6,800	508.8%	34,600
<b>Sub-Total Billing</b>	<b>\$ 507,740</b>	<b>\$ 468,660</b>	<b>8.3%</b>	<b>\$ 39,080</b>
<b>Combined: Administrative &amp; Billing</b>				
Professional Fees	134,000	144,500	-7.3%	(10,500)
Operations & Maintenance Personnel	382,650	346,320	10.5%	36,330
Salaries & Wages	907,060	853,280	6.3%	53,780
Board of Directors	9,000	9,000	0.0%	-
Taxes, Benefits, Other Lador Costs	364,470	350,520	4.0%	13,950
Technology & Supplies	189,400	150,800	25.6%	38,600
<b>Combined Total</b>	<b>\$ 1,986,580</b>	<b>\$ 1,854,420</b>	<b>7.1%</b>	<b>\$ 132,160</b>

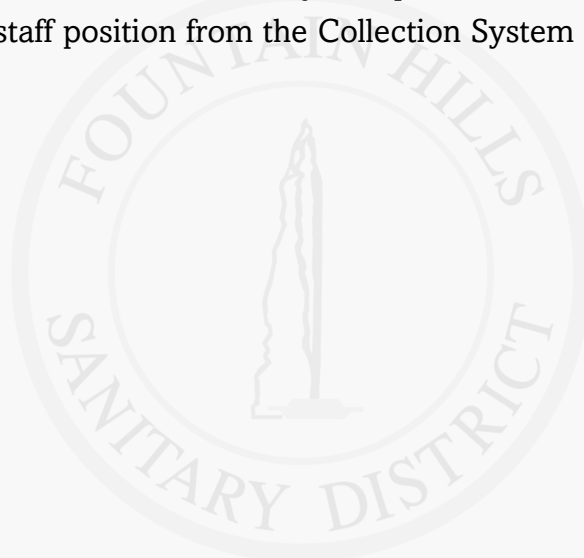
### **Collection System**

The sewer collection system consists of over 200 miles of gravity sewer pipes and more than 5,000 manholes. The mountainous terrain of Fountain Hills necessitates the use of 19 wastewater pump stations. Sewage is collected and pumped up and over hills, sometimes multiple times, before ultimately ending up at the wastewater treatment plant.

The District built and utilizes Geographical Information Systems (GIS) data and sewer capacity modeling software. This software allows the District to plan and track maintenance efforts in the extensive collection system and to analyze the impact of proposed development on localized sewers as well as the entire system. With GIS data, inspections are performed regularly on system components. Inspections include periodic TV inspection of the District's gravity sewer lines. From inspection results, measurements and appropriate actions can be taken by the District to prevent main sewer line blockages or failures. Pump stations must also be carefully monitored and maintained to ensure their uninterrupted safe and efficient operation.

The District's collection system also includes construction services for service lateral repairs when aged connections to the main infrastructure are identified as inadequate or out of compliance with District standards. Expenses of the Collection System shown below include the cost of new service lateral construction, odor control throughout the collection system and manhole maintenance.

In spite of economic factors previously mentioned, the FY '23-'24 proposed budget for the District's Collections System is up just 4.3% overall compared to the FY '22-'23 Adopted Budget. Chemical, water, and supply costs all contribute to this increase. Under direction of a new Department Manager, the Collection System Department has undertaken a system-wide assessment to find and eliminate inefficiencies in sewer odor control methods, optimize current practices and implement new more cost-effective measures. All these combined actions have significantly offset sky-rocketing chemical and odor control costs, resulting in a very modest 0.4% increase to odor control expenses. Although the FY '23-'24 proposed budget includes a 9.6% increase in personnel costs, Collection System personnel costs are increased only 6.5% due to the reclassification of one staff position from the Collection System to the Maintenance department.



## Collection System

<i>Collection System</i>				
	<b>2023-2024 Proposed Budget</b>	<b>2022-2023 Adopted Budget</b>	<b>% Change</b>	<b>Increase (Decrease) from 2022-2023 Adopted Budget</b>
Operations & Maintenance	288,490	276,000	4.5%	12,490
Chemicals & Odor Control	265,000	264,000	0.4%	1,000
Personnel				
Salaries & Wages	843,930	786,790	7.3%	57,140
Taxes, Benefits, Other				
Lador Costs	344,540	328,770	4.8%	15,770
Technology & Supplies	36,750	36,250	1.4%	500
Utilities	110,550	120,330	-8.1%	(9,780)
<b>Total Expenses</b>	<b>\$ 1,889,260</b>	<b>\$ 1,812,140</b>	<b>4.3%</b>	<b>\$ 77,120</b>



### **Maintenance**

The District's Maintenance department is responsible for both routine and unscheduled maintenance and repair of District vehicles, equipment, buildings, and unit process components. Using a Computerized Maintenance Management System (CMMS) software and their collective expertise, Maintenance employees are tasked with keeping the District running. CMMS is used to track maintenance efforts on over 2,000 pieces of equipment, facilitating the District's ability to perform preventive maintenance, often extending the life of District assets. CMMS is key to operating the District efficiently and effectively. Properly tracking and executing maintenance plans is vital to the overall health of District assets, allowing District staff to plan for the replacement of assets to avoid costly emergencies whenever possible.

Maintenance staff assists other District departments with the repair and replacement of pumps, motors, valves, vehicles, structural and other facilities, and basically all-things mechanical. Maintenance is also tasked with the continuing implementation of the District's CMMS providing invaluable data and planning tools for the District's collective operations and maintenance and the protection of its more than \$130 million-dollar investment in assets and infrastructure.

Many of the District's facilities and equipment have lengthy service records. Managing the expenses associated with the increased repair frequency and the rising costs of these repairs is a truly labor-intensive undertaking. By far, the largest expense of the Maintenance department is personnel expenses at 79.0% of the total expenses for this department. Personnel costs are proposed to increase at a higher-than-average rate with the addition of the WW Utility Electrician, which is expected to be an invaluable resource to all departments of the District.

At 39.2%, the largest year-to-year change is found in the Operations and Maintenance category of expenses. The Maintenance department is disproportionately impacted by increases in the cost of consumables, fuel and component parts affected by supply chain issues because these items are essential to the Maintenance department's core functions.



## Maintenance

	<i>Maintenance</i>			
	2023-2024 Proposed Budget	2022-2023 Adopted Budget	% Change	Increase (Decrease) from 2022-2023 Adopted Budget
Operations & Maintenance Personnel	235,500	169,200	39.2%	66,300
Salaries & Wages	738,370	648,440	13.9%	89,930
Taxes, Benefits, Other				
Labor Costs	280,760	252,400	11.2%	28,360
Technology & Supplies	36,000	33,000	9.1%	3,000
<b>Total Expenses</b>	<b>\$ 1,290,630</b>	<b>\$ 1,103,040</b>	<b>17.0%</b>	<b>187,590</b>



### **Recycled Water**

Every drop of wastewater generated in the District's service area is recycled and beneficially reused for internal processes and irrigation purposes. Recycled water is distributed for irrigation at three local golf courses, as well as three Town parks (Fountain Park including Fountain Lake, Golden Eagle Park, and Desert Vista Park). The recycled water supplied can come from any one of the following sources: wastewater treatment plant, advanced water treatment facility, or aquifer storage and recovery wells. All recycled water exceeds water quality standards set by the Arizona Department of Environmental Quality (ADEQ).

Recycled water management is historically one of the District's most demanding and challenging operations. For efficiency purposes, the treatment and distribution of recycled water is incorporated in the responsibilities of the Collection System and WWTP departments, but as a core function of the District, the costs associated with this function are presented separately in the budget as Recycled Water (RW).

The Advanced Water Treatment Facility (AWTF) is a central component of the District's recycled water processes. The AWTF began operation in February of 2001 housing ultra-filtration membranes and ultraviolet (UV) light disinfection processes. The AWTF and five aquifer storage and recovery (ASR) wells allow the District to successfully manage seasonal fluctuations in the supply and demand of recycled water.

The current economic climate is greatly impacting the most significant and essential components of RW operations including chemicals, technology, electrical and mechanical parts and supplies. The District is experiencing cost increases in these areas of up to 25% annually, a rate that is dramatically outpacing the highest national CPI increases in decades. RW accounts for 18.2% of total operating expenditures, yet for FY '23-'24 this function produces 25.4% of the total operating expense increase over FY '22-'23.



## Recycled Water

<i>Recycled Water</i>				
	<b>2023-2024 Proposed Budget</b>	<b>2022-2023 Adopted Budget</b>	<b>% Change</b>	<b>Increase (Decrease) from 2022-2023 Adopted Budget</b>
Operations & Maintenance	216,850	157,840	37.4%	59,010
Chemicals & Odor Control	115,000	85,000	35.3%	30,000
Personnel				
Salaries & Wages	715,360	635,020	12.7%	80,340
Taxes, Benefits, Other				
Lador Costs	268,840	245,890	9.3%	22,950
Technology & Supplies	41,250	34,650	19.0%	6,600
Utilities	292,500	289,500	1.0%	3,000
<b>Total Expenses</b>	<b>\$ 1,649,800</b>	<b>\$ 1,447,900</b>	<b>13.9%</b>	<b>\$ 201,900</b>



## Wastewater Treatment Plant

First constructed in 1974, the Wastewater Treatment Plant (WWTP) has undergone multiple expansions and improvements to its treatment processes over the years. Today, the facility provides tertiary treatment (three levels of treatment) of incoming wastewater. Its finished product (Class A+ recycled water) meets or exceeds all ADEQ standards for reuse.

WWTP has the highest payroll and the most employees of all the District departments. Consequently, increased salaries and associated taxes, benefits, retirement and other labor costs, have the most significant impact effect on WWTP Total Expenses.

Similar to RW, WWTP is also exposed to high product costs in Operations and Maintenance. Pricing on pumps, valves, electrical components, specialty labor and other operational expenses are harshly impacted by supply chain, production, and delivery delays. Combined with a change in District policy which increases its asset recognition threshold from \$5,000 to \$15,000 which shifts a portion of District spending out of SFI and into Operating Expenses, anticipated Operations and Maintenance price increases have caused staff to propose a 21.8% increase in budget for this spending category.

<i>WWTP</i>				
	<b>2023-2024 Proposed Budget</b>	<b>2022-2023 Adopted Budget</b>	<b>% Change</b>	<b>Increase (Decrease) from 2022-2023 Adopted Budget</b>
Operations & Maintenance	355,900	292,300	21.8%	63,600
Chemicals & Odor Control	210,000	230,000	-8.7%	(20,000)
Personnel				
Salaries & Wages	932,390	821,390	13.5%	111,000
Taxes, Benefits, Other				
Lador Costs	348,090	319,390	9.0%	28,700
Technology & Supplies	69,500	60,100	15.6%	9,400
Utilities	355,000	352,600	0.7%	2,400
<b>Total Expenses</b>	<b>\$ 2,270,880</b>	<b>\$ 2,075,780</b>	<b>9.4%</b>	<b>195,100</b>

## **District Personnel**

The District considers its overall employee benefit package to be an important part of total compensation offered to attract and retain talent in a competitive job market.

Like many employers, the District has experienced some staffing shortages over the past few years. Although the average tenure of District staff is much longer than most local employers, filling or retaining quality employees in some positions has been particularly challenging. Improvements to District's total benefit package including a mid-year wage schedule adjustment completed in 2021 and conversion to the Arizona State Retirement System (ASRS) have provided significant and necessary upgrades.

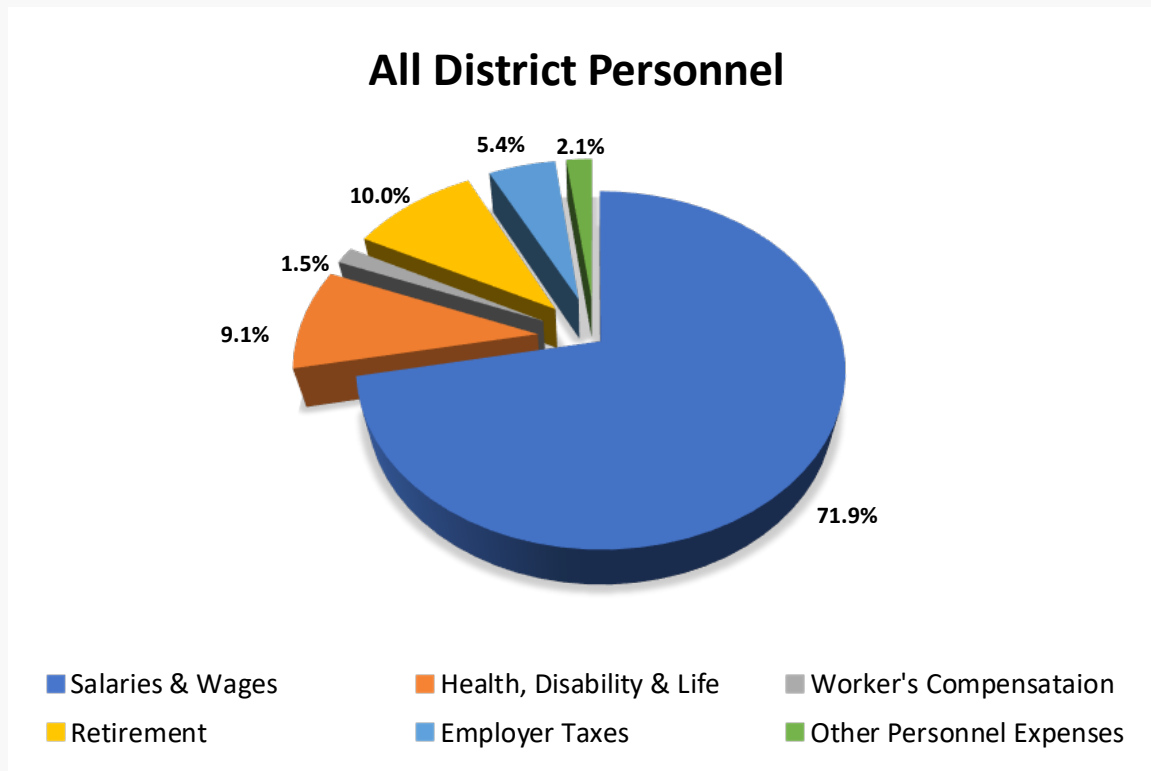
A 6.5% cost of living increase to the District wage schedule is proposed for FY '23-'24. This is a much higher COLA than those typically proposed over the last two decades. However, national, and specifically local area inflation, which increased 9.5% in the 2022 calendar year, is currently moving at a pace three and four times the typical annual rate of years past. Local area inflation is a direct hit to the District's employees, placing their quality of life and financial security at risk. In other words, failing to award COLA at a rate comparable to inflation would be requiring employees to fulfil their duties at lowered rates. Maintaining a competitive wage schedule is vital to both retaining valued District employees and attracting new hires. Total Salaries and Wages for FY '23-'24 is proposed to increase 9.5% over the prior fiscal year. The increase is comprised of the aforementioned COLA, budgeted merit increases, incentive pay for top-of-scale employees, on-call compensation, overtime, shift differentials for 24-hour WWTP operations, and a shift in the positions schedule which converts two entry level positions to one, highly skilled, Maintenance position. Together with correlating increases to worker's compensation insurance, employer taxes, retirement benefits and training the total proposed FY '23-'24 personnel expenses comes to \$5,753,820, an increase of 9.6% over the prior year budget. Other Personnel Costs shown in the illustrations include Uniforms, Training & Travel, Physicals & Tests, and other employee related expenses such as safety training and supplies, professional development, and certifications.

Long-term, the District expects that steps currently being taken to stay competitive in the labor market will pay dividends in the form of reduced turnover, shorter duration of vacancies, ability to fill highly skilled and certified positions with better quality candidates, timely exit strategies for employees approaching retirement, and a healthier general working environment.

The FY '23-'24 wage schedule and schedule of positions are provided in the "Supplemental Schedules" section on pages 59 to 60.

## District Personnel

<i>All District Personnel</i>				
	<b>2023-2024 Proposed Budget</b>	<b>2022-2023 Adopted Budget</b>	<b>% Change</b>	<b>Increase (Decrease) from 2022-2023</b>
Salaries & Wages	4,137,110	3,744,910	10.5%	392,200
Benefits				
Health, Disability & Life Insurance	526,410	537,670	-2.1%	(11,260)
Worker's Compensation	88,750	72,070	23.1%	16,680
Retirement	575,310	520,170	10.6%	55,140
Employer Taxes	308,440	279,250	10.5%	29,190
Other Personnel Expenses				
Physicals & Tests	3,200	6,550	-51.1%	(3,350)
Training & Professional Development	57,200	43,400	31.8%	13,800
Uniforms	34,400	29,960	14.8%	4,440
Other Payroll Expenses	23,000	16,250	41.5%	4,440
<b>Total Personnel Expenses</b>	<b>\$ 5,753,820</b>	<b>\$ 5,250,230</b>	<b>9.6%</b>	<b>501,280</b>





# System and Facility Improvements

## **SFI Perspective**

System & Facility Improvements (SFI) are the District's capital outlay activities and are essential to the continued operation of District systems year-to-year. Expenditures that provide the District with long-term benefit such as major equipment purchases, vehicles, construction projects, and other fixed assets are designated as SFI. This includes most improvements to buildings, sewer infrastructure, and other core components of the sewer system designed to last more than one year. Costly construction projects, for new facilities or rehabilitation of existing facilities, typically generate expenditures over many months and often over multiple fiscal years. requiring substantial planning well in advance of their execution. District staff carefully considers the long-term implications and the probability of significant variables when constructing an SFI plan.

Property Taxes, a General Fund revenue source, are the primary resource for funding SFI required to repair, replace, or extend unit processes for ongoing operations. Revenue from Connection Fees, which are primarily a Capital Fund revenue source, are utilized to finance growth driven SFI. District staff evaluates the purpose of each project and allocates expenditures to the General or Capital Fund in accordance with applicable Board designations and assignments. Each SFI expenditure is evaluated to determine what, if any, portion of the project is designed to accommodate District growth. Many SFI expenditures are multi-purpose in nature and are prorated to the applicable revenue source or sources accordingly.

Multimillion-dollar projects may require large cash reserves accumulated over many fiscal years. In addition, certain revenue sources, Connection Fees especially, may fluctuate significantly from one year to the next. Consequently, the Capital Fund budget is not required to match revenues and expenditures so that the bottom line "Excess of revenues over expenditures" is equal to zero each year. Instead, the fund is designed to either accumulate or expend cash based on growth-driven revenues versus expenditures year-to-year. Variations in project timing, completion periods extended over multiple fiscal years and revenue fluctuations are often reflected in large variances when making year-to-year comparisons of Capital Fund activity.

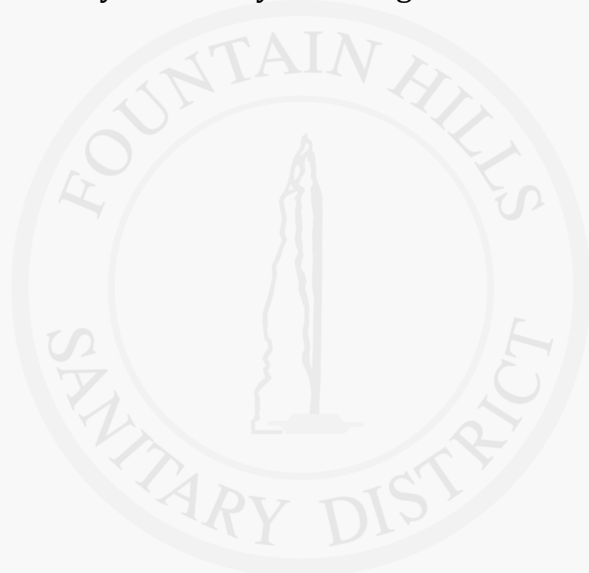
As mentioned above, equipment, vehicles, and other fixed asset purchases are also considered a part of SFI planning and are generally funded by the FERR account. The FERR Account is an essential tool facilitating the District's ability to provide uninterrupted service to its customers. The FERR designation allows General Fund monies to accumulate in reserve, for the specific purpose of funding both planned and unplanned expenditures for the current and future replacement or refurbishment of existing facilities and equipment.

## **SFI Highlights**

The District's proposed System & Facility Improvements (SFI) Five-Year Plan including spending designated to the FERR account is revised annually as part of the budget process. Staff considers multiple factors, including but not limited to need, cost, timing, staff availability and scheduling in developing this plan. Careful consideration of the age and working condition of District facilities, equipment and infrastructure is imperative to prioritizing needed SFI and FERR expenditures. Staff continually strives to plan and implement efficient and cost-effective solutions to update aging unit processes.

District staff exercises its best judgement and collective experience in assessing the District's SFI needs. A conservative approach is taken to requesting funds for these typically "big-ticket" items with thoughtful deliberation in establishing priorities of the larger projects. The most significant of needed improvements proposed for FY '23-'24 are described below.

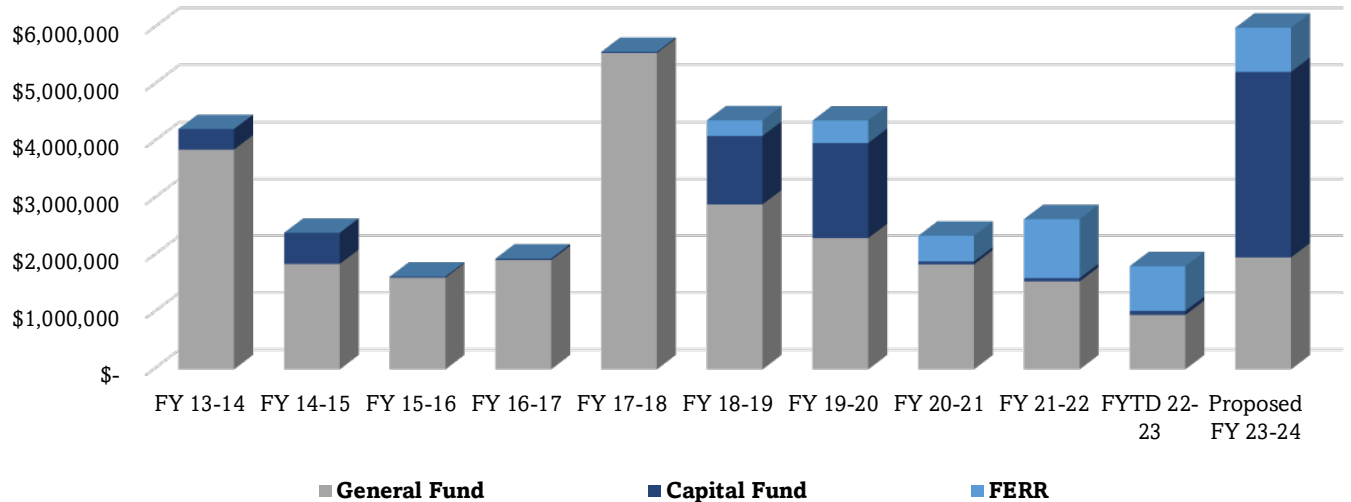
- ❖ Similar to ASR Wells 2 and 4, **ASR Well No. 1 Vault Replacement** is needed in order to replace the existing vault which, over time, has corroded beyond repair. The small, below ground vault is a safety hazard for staff who must enter the buried vault for operation and maintenance duties. The well control equipment will be moved into a free-standing structure, at grade, for easier and safer access. The location of ASR Well No. 1 in Fountain Park makes the project particularly interesting and relatively more time consuming as both design and construction are being coordinated with the Town of Fountain Hills in order to reach the most mutually beneficial project.
- ❖ The **UV System Replacement** project is the scheduled replacement of the ultraviolet (UV) disinfection system located at the AWTF. The UV system and the associated electrical components and control system are all over 15 years old and have reached the end of their useful service life.
- ❖ A long-needed Collection System project will finally be constructed with significant improvements to **Pump Station (PS) 10**. A standby-power generator, enclosed control room, and surrounding block wall will provide the needed the security and redundancy the facility is lacking.



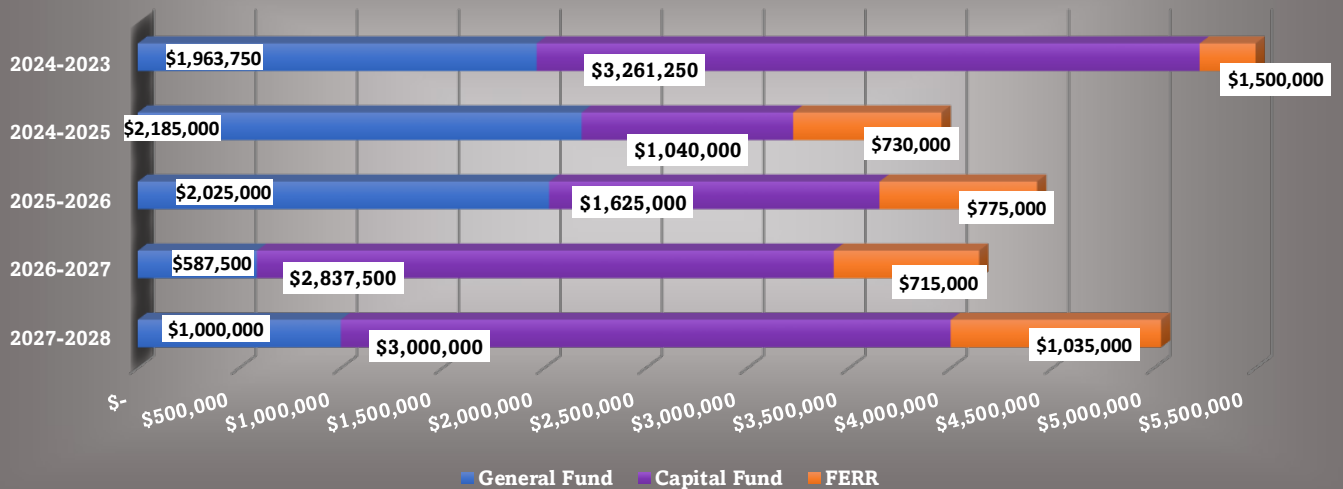
# System and Facility Improvements

## Historical and Projected SFI

**Historical SFI Spending by Fund  
(Actual Totals - Past 10 Years)**



**Projected SFI Spending by Fiscal Year  
(General Fund, Capital Fund, FERR)**



# System and Facility Improvements

## Proposed SFI Budget

<i>SFI Revenues &amp; Expenditures</i>						
<i>All Funds</i>						
	General Fund		Capital Fund	2023-2024 Proposed	2022-2023 Adopted	% Change
	Operations	FERR		All Funds	All Funds	
<b>Revenues</b>						
<b>Current Year</b>						
Property Taxes	3,727,950			3,727,950	3,649,480	2.2%
Connection Fees			711,300	711,300	807,600	-11.9%
Other Income			72,450	72,450	69,000	5.0%
Reserves*		225,000		225,000	293,200	-23.3%
Funds Transfer	(2,469,200)	2,119,200		(350,000)	(261,980)	33.6%
<b>Total Current Year Revenue</b>	1,258,750	2,344,200	783,750	4,386,700	4,557,300	-3.7%
<b>From Prior Fiscal Year</b>						
Cash Carried Forward for projects deferred in prior year	705,000		1,045,000	1,750,000	1,000,000	75.0%
<b>Total Revenues</b>	<b>\$ 1,963,750</b>	<b>\$ 2,344,200</b>	<b>\$ 1,828,750</b>	<b>\$ 6,136,700</b>	<b>\$ 5,557,300</b>	<b>10.4%</b>
<b>Expenditures</b>						
System & Facility Improvements						
WWTP	600,000	278,000	475,000	1,353,000	800,000	69.1%
RW	963,750	132,000	2,536,250	3,632,000	2,875,000	26.3%
CS	400,000	925,000	250,000	1,575,000	1,100,000	43.2%
Maintenance		165,000		165,000	-	-
Admin & Billing				-	208,500	-
Subtotal SFI	1,963,750	1,500,000	3,261,250	6,725,000	4,983,500	34.9%
Contingencies & Unforeseen Events*		844,200		844,200	847,200	-0.4%
<b>Total Expenditures</b>	<b>\$ 1,963,750</b>	<b>\$ 2,344,200</b>	<b>\$ 3,261,250</b>	<b>\$ 7,569,200</b>	<b>\$ 5,830,700</b>	<b>29.8%</b>
<b>Excess of revenues over expenditures**</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,432,500)</b>	<b>\$ (1,432,500)</b>	<b>\$ (273,400)</b>	

\*For a description of "Contingencies & Unforeseen Events" please see Definition of Terms & Abbreviations on page 6.

\*\*Capital Fund revenues generally do not equal budgeted expenditures, and therefore, the Capital Fund does not balance to zero each year. (Refer to Capital Fund definition on page 6 and description on page 14).

# System and Facility Improvements

## Proposed SFI Five-Year Plan

### Five-Year Plan by Category All Funds - SFI (Includes Planned FERR)

PROJECT DESCRIPTION	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
<b>WWTP</b>					
Plant Control Bldg & Lab Mods	\$ 950,000				
Digester Aeration System Replacement	\$ 125,000	\$ 800,000	\$ 400,000		
Clarifier Rehabilitation		\$ 400,000			\$ 400,000
Grit Removal System Upgrades		\$ 150,000	\$ 750,000		
WWTP Refurbish Eff Pump Station		\$ 200,000			
Planned Equipment Replacements	\$ 278,000	\$ 350,000	\$ 300,000	\$ 270,000	\$ 400,000
<b>RW</b>					
ASR Well 1 Vault Replacement Construction*	\$ 1,500,000				
New ASR Well Analysis, Design, Construction			\$ 500,000	\$ 2,000,000	\$ 3,000,000
Scottsdale Interconnect - Design & Construction	\$ 1,500,000				
UV System Replacement	\$ 500,000				
Wells 3 & 5 Vault Replacement		\$ 250,000	\$ 1,500,000	\$ 1,500,000	
AWTF Pump Station Refurbishment		\$ 400,000			
FireRock Pump Station Refurbishment		\$ 400,000			
Planned Equipment Replacements	\$ 132,000	\$ 150,000	\$ 200,000	\$ 120,000	\$ 260,000
<b>CS</b>					
Upgrade PS 10 - Design	\$ 500,000				
Manhole & Wetwell Rehabilitation	\$ 150,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
PS Refurbishment		\$ 75,000	\$ 500,000	\$ 75,000	\$ 500,000
Sewer Slip Lining		\$ 300,000			
Sewer Assessment					
Planned Equipment Replacements	\$ 925,000	\$ 180,000	\$ 200,000	\$ 225,000	\$ 225,000
<b>OTHER</b>					
Master Plan Update		\$ 150,000			
District wide Arch Flash Renewal (5 Yr)			\$ 150,000		
Planned Equipment Replacements - Maintenance	\$ 165,000	\$ 50,000	\$ 75,000	\$ 100,000	\$ 150,000
<b>Total System &amp; Facilities Improvements</b>	<b>\$ 6,725,000</b>	<b>\$ 3,955,000</b>	<b>\$ 4,675,000</b>	<b>\$ 4,390,000</b>	<b>\$ 5,035,000</b>
<b>General Fund Portion of above</b>	<b>\$ 1,963,750</b>	<b>\$ 2,185,000</b>	<b>\$ 2,275,000</b>	<b>\$ 837,500</b>	<b>\$ 1,000,000</b>
<b>FERR Portion of above</b>	<b>\$ 1,500,000</b>	<b>\$ 730,000</b>	<b>\$ 775,000</b>	<b>\$ 715,000</b>	<b>\$ 1,035,000</b>
<b>Capital Fund (Growth) Portion of above</b>	<b>\$ 3,261,250</b>	<b>\$ 1,040,000</b>	<b>\$ 1,625,000</b>	<b>\$ 2,837,500</b>	<b>\$ 3,000,000</b>

\*Projects Deferred from FY '22-'23



## **Facilities & Equipment**

The Facilities and Equipment Replacement Reserve (FERR) Account was established in FY '18-'19 as a designation of General Fund monies to provide for the planned or unplanned expenditures for the replacement, restorative repair, or refurbishment of existing facilities and equipment.

The District has more than \$130 million of assets, (\$56 million net of depreciation) each with a finite life of 5 to 50 years. Most of the necessary equipment required for the safe, effective, and continuous collection and treatment of wastewater has a useful service life of 5 to 20 years. The eventual replacement of such assets is best done when appropriately planned and funded by stable revenue sources. Likewise, aged tools and machinery should be promptly replaced if their operation compromises employee safety.

The objectives of FERR are as follows:

- To provide adequate resources for the planned and systematic replacement of District equipment and facilities.
- To have sufficient reserves to cover the unplanned replacement of District equipment and facilities necessitated by early equipment failure or safety concerns.
- To accumulate reserves for large and expensive facility replacement projects that require more funds than can be generated from property tax and user fee revenues in one or two fiscal years.

By planning for a slow and steady accumulation of reserves needed for large and expensive facility replacement projects, the District can avoid significant changes in the tax levy from year to year, thereby stabilizing tax rates for its constituents.

## Facilities & Equipment

<i>PLANNED EQUIPMENT REPLACEMENTS</i>	
PROJECT DESCRIPTION	2023-2024
<b>WWTP</b>	
Replace One Plant Service Vehicle - S-18	\$ 75,000
Replace WWTP to AWT Flow meter	\$ 18,000
Replace Chlorine/Propane Gas Detection Equipment	\$ 35,000
WWTP EFF Pump 801 (SRC), New Motor and Pump Assembly	\$ 30,000
WWTP Pond Pump #2, New Motor/Pump-Submersible	\$ 20,000
Unscheduled Equipment Replacements	\$ 100,000
<b>RW</b>	
AWTF MFP-PMP-104, New Motor and Pump Assembly	\$ 25,000
Monitor Well 2 (2000) Pump/Motor Replacement	\$ 7,000
RW Valve Repair and/or Replacement	\$ 50,000
Unscheduled Equipment Replacements	\$ 50,000
<b>CS</b>	
Replace S-9 Sewer Vacuum/Cleaning Equipment & Vehicle	\$ 650,000
Pump Station Pump Replacements	\$ 80,000
Replace 1 Pump Station Generator	\$ 100,000
Replace Propane Gas Detection Equipment (8)	\$ 45,000
Unscheduled Equipment Replacements	\$ 50,000
<b>MAINTENANCE</b>	
Replace AC for Admin Bldg	\$ 25,000
Replace Various Plant Bldg Roofs	\$ 40,000
Unscheduled large equipment refurb/replace	\$ 100,000
<b>ADMINISTRATION &amp; BILLING</b>	
<b>Total FERR</b>	<b>\$ 1,500,000</b>



## **Vehicle Replacement Program**

The purpose of the Vehicle Replacement Program is to provide a reasonable decision-making process for the evaluation, selection, and multi-year scheduling of vehicle replacements based on the vehicle's age, mileage, engine hours, repair costs, and criticality to the continuous maintenance and operation of the sewer collection and treatment systems. The objectives of the program are to:

- Ensure the timely purchase and replacement of the District's vehicles;
- Plan for and minimize expensive long-term repair costs;
- Plan for and stabilize long-term cash flow expenditures for replacement of costly vehicles and specialty equipment; and
- Exercise efficient and effective vehicle acquisition and replacement.

A vehicle is defined as a piece of rolling stock with a final cost of at least \$10,000 and a useful life of 7 years. The table below identifies the general guidelines for the classification and replacement of the District's vehicles.

<b>Classification</b>	<b>Descriptions</b>	<b>Cost Effective Useful Life</b>
Light Duty Trucks	General Work Trucks (1-ton work trucks), 0 – 7,000 GVWR	10 years/100,000 miles
Medium Duty Trucks	Field and Maintenance Work Trucks (2 and 3-ton work trucks), 7,001 – 11,000 GVWR	12 years/100,000 miles
Heavy Duty Trucks	11,001 and higher GVWR	15 years/100,000 miles
Passenger Vehicles		10 years/100,000 miles
Specialty Sewer Inspection Vehicles (Camera)	Truck and Camera Operation Station	15 years/100,000 miles
Specialty Sewer Equipment and Construction Vehicles	Dump Trucks, Water Trucks, Sewer Vacuum and Cleaner Trucks, Cranes	20 years/100,000 miles
Backhoes		20 years/15,000 engine hours
Trailers		10 years
Gator or Golf Cart		10 years/15,000 engine hours

When making recommendations for the replacement of a vehicle, Department Managers and/or District Manager shall review the utilization, maintenance records, overall condition of the vehicle, age, availability and expense of replacement parts, and the criticality of its function in the continuous maintenance and operation of the sewer collection and treatment systems.

**SOURCE OF FUNDS:** Vehicle replacement shall be scheduled and funded within the Facilities & Equipment Replacement Reserve (FERR) Account. The Vehicle Replacement Schedule is included in the "Supplemental Schedules" section of this document.

# Supplemental Schedules

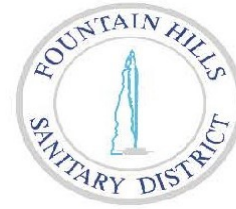


## **Schedule of Budget Activities**

<b><u>Date</u></b>	<b><u>Day</u></b>	<b><u>Event</u></b>
02/15/23	Wednesday, 4:30pm	Regular Board Meeting: State of the budget presentation with preliminary information and estimates.
03/17/23	Friday	Preliminary budget and Fee Schedule delivered to Directors.
03/24/23	Friday, 12:00pm	Budget & Fee Schedule Workshop; Regular Meeting.
04/19/23	Wednesday, 4:30pm	Regular Meeting: Present 2 <sup>nd</sup> DRAFT of budget with Accounting report on substantive changes since workshop along with items for publication. Board to finalize proposed Fee Schedule and tax rate for Public Hearing.
04/20/23	Thursday	Proposed Budget, Fee Schedule and Public Meeting Notice to Times for publication.
04/26/23 & 05/03/23	Wednesday	Proposed Budget, Fee Schedule, and Public Meeting Notice published in Times; Send .pdf copy of Budget to Times staff upon request.
05/18/23	Thursday, 4:30pm	Regular Meeting; Public Hearing for Fee Schedule; Public Hearing for Budget.
06/21/23	Wednesday, 4:30pm	Regular Meeting; Approve Budget and Fee Schedule.
06/23/23	Friday	Budget Submitted to County.

## **Board of Directors**

### **FOUNTAIN HILLS SANITARY DISTRICT BOARD OF DIRECTORS**



Bob Hendrix	January 1, 1969-December 31, 1973
Carol Hendrix	January 1, 1969-December 31, 1973
Mary Louise Price	January 1, 1969-December 31, 1975
Bob Williams	January 1, 1974-December 31, 1981
Raymond Reed	January 1, 1974-December 31, 1977
Doyle Bauserman	January 1, 1976-December 31, 1979
Sy Seidner	January 1, 1978-December 31, 1981
Don Martin	January 1, 1980-October 31, 1980
Margaret Jeffrey	November 1, 1980-December 31, 1983
Leo Cunningham	January 1, 1982-March 31, 1984
Clint Foreman	April 1, 1984-December 31, 1985
Cy Blasing	January 1, 1982-December 31, 1985
Dr. Robinson	January 1, 1984-December 31, 1987
Cliff Auble	January 1, 1986-May 31, 1987
Harry Thrasher	June 1, 1987-December 31, 1989
Greg Phillips	January 1, 1986-December 31, 1989
Jim Tognacci	January 1, 1988-December 31, 1991
M. Shawn Fleming	January 1, 1990-December 31, 1997
Bruce Hansen	January 1, 1990-December 31, 1993
Dennis Regeski	January 1, 1992-December 31, 1995
Bert Putterman	January 1, 1994-December 31, 2006
Walter Franklin	January 1, 1996-December 31, 1999
Dennis Regeski	January 1, 1998-December 31, 2001
Bruce Hansen	January 1, 1998-December 31, 2001
Wallace Nichols	January 1, 2000-December 31, 2003
Jim Garvin	March 9, 2002-December 31, 2006
Bruce Hansen	January 1, 2004-August 11, 2016
Michael Howard	January 1, 2007-December 31, 2011
Glenn Panaro	January 1, 2007-September 30, 2014
Thomas Besett	January 1, 2012-April 18, 2017
Tom Reski	March 9, 2002- December 31, 2020
Jerry Butler	October 18, 2016-December 31, 2022
Robert Thomson	August 9, 1999-January 31, 2023
Gregg Dudash	March 1, 2015-PRESENT
Michael Maroon	July 18, 2017-PRESENT
Tammy Bell	January 1, 2021-PRESENT
Jeffrey Lessig	January 1, 2023-PRESENT
Clayton Corey	January 1, 2023-PRESENT

#### **Current Terms of Office**

**January 1, 2020-December 31, 2023**

**Michael Maroon**

**Jeffrey Lessig**

**Clayton Corey**

**January 1, 2022-December 31, 2025**

**Gregg Dudash**

**Tammy Bell**

### **Fund Balance Designations**

As discussed in the Financial & Budget Overview section on page 15, annual financial statements prepared by the District are presented on a modified accrual basis in accordance with U.S. Generally Accepted Accounting Principles. Amounts presented in the budget are shown on a budgetary basis and may not present a direct correlation to year-end financial statements for the same period. Governmental Accounting Standards applied to the District's annual financial statements also indicate that fund balance should be identified as either Spendable or Nonspendable, with Spendable funds further classified as Restricted, Committed, Assigned, or Unassigned. These classifications are made according to internal, external, or legislative constraints placed on how District monies can be spent. These designations made in the District's annual Financial Statements, *Governmental Funds Balance Sheet and Statement of Net Position* are not presented in this budget but are described in more detail below for informational purposes.

**Nonspendable:** Nonspendable refers to the portion of fund balance which is not in spendable form or is legally or contractually required to remain intact (i.e., Inventory or other nonliquid assets).

**Spendable:** Spendable refers to the portion of fund balance which is in spendable form and is further categorized as follows:

- ❖ **Restricted** indicates those funds with restrictions imposed externally by creditors or by legislation.
- ❖ **Committed** funds can only be used for a specific purpose imposed by action of the District's Board of Directors (i.e., amounts committed under executed contracts). These funds cannot be used for any other purpose unless a formal action of the Board removes or changes the specified use.
- ❖ **Assigned** refers to the amount of fund balance constrained only by the District's intent that it be used for a specific purpose, not by form or legislative, legal, or Board action.
- ❖ **Unassigned** the fund balance amount remaining after the previous classifications have been applied.



## Taxes & Fees: Five-Year History

		2019-2020	2020-2021	2021-2022	2022-2023	2023-2024 Proposed	% Change
<b>Sewer User Fees</b>	Quarterly Fees:						
	Residential	\$84.00	\$84/\$87	\$87.00	\$90.00	\$99.00	10.0%
	Hotel/Motel per unit	\$33.75	\$33.75	\$33.75	\$35.25	\$38.25	8.5%
	Assisted Living per occupant	\$33.75	\$33.75	\$33.75	\$35.25	\$38.25	8.5%
	Commercial Minimum	\$105.00	\$105.00	\$105.00	\$108.00	\$117.00	8.3%
	Commercial (by water usage)	varies	varies	varies	varies	varies	
	Schools	\$270	\$270	\$270	\$270	\$270	0.0%
<b>Connection Fees</b>	One-Time Fees:						
	Hook-up Fee	\$400	\$400	\$400	\$400	\$400	0.0%
	Lateral Fee	\$4,500	\$4,500	\$4,500	\$4,500	\$5,500	22.2%
	Residential Capacity Fee (Single Family)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	0.0%
	Residential Capacity Fee (Multi-Family, per unit)	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	0.0%
	Hotel/Motel Capacity Fee (per unit)	\$4,145	\$4,145	\$4,145	\$4,145	\$4,145	0.0%
	Assisted Living Capacity Fee (per occupant)	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	0.0%
	Commercial Capacity Fee (per unit)	varies	varies	varies	varies	varies	
	Shea Corridor Surcharge (Non-residential varies)	\$1,260	\$1,260	\$1,260	\$1,260	\$1,260	0.0%
	Shea Corridor Surcharge Hotel/Motel (per unit)	\$450	\$450	\$450	\$450	\$450	0.0%
<b>Other Charges</b>	Annual Fees:						
	Availability Fee	\$84	\$84	\$84	\$84	\$84	0.0%
	Property Taxes (per \$100 in AV)	\$0.981	\$0.955	\$0.951	\$0.951	\$0.951	0.0%
	Fees Per Occurrence:						
	Project Review/Inspection Fee (Per Lineal Foot)	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	0.0%
	plus (per pump station)	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	0.0%
	RV Dump Fee - Nonresident	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	0.0%
	RV Dump Fee - Commercial	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	0.0%
	Recycled Water - Tier I (per acre foot)	\$380	\$380	\$380	\$380	\$380	0.0%
	Recycled Water - Tier II (per acre foot)	\$380	\$380	\$380	\$1,505	\$1,505	0.0%
	Encroach/Abandonments	\$25/\$75	\$25/\$75	\$25/\$75	\$25/\$75	\$25/\$75	
	Sewer User Establishment Fee	\$30	\$30	\$30	\$30	\$30	0.0%
	Public Records (Copies/Postage)	varies	varies	varies	varies	varies	
	Interest on late payments	10%	10%	10%	10%	10%	0.0%
	Sewer User Fee Late charge	\$25	\$25	\$25	\$25	\$25	0.0%
<b>Penalties and Interest</b>	Non-sufficient funds fee	\$30	\$30	\$30	\$30	\$30	0.0%
	Failure to obtain Service Agr.	\$750	\$750	\$750	\$750	\$750	0.0%
	Lien Fee	\$150	\$150	\$150	\$150	\$150	0.0%
	User Service Discontinue Fee	actual costs	actual costs	actual costs	actual costs	actual costs	
	User Fee Deposit	\$162	\$174	\$174	\$180	\$180	0.0%
	<b>Consumer Price Index Change**</b>	<b>1.90%</b>	<b>2.30%</b>	<b>1.40%</b>	<b>7.00%</b>	<b>7.00%</b>	

\*\*From U.S. Department of Labor, Bureau of Labor Statistics (<http://www.bls.gov>, "12-month % change, CPI, U.S. all items)

**Taxes & Fees: Summary Schedule**

**FOUNTAIN HILLS SANITARY DISTRICT**

Proposing fee schedule for the period July 1, 2023 to June 30, 2024

<b>Residential <sup>(1)</sup></b>	<b>Monthly User Fees</b>
Residential (single family homes, duplexes, condominiums, townhouses, apartment buildings, or other multi-family housing units).	<b>\$33.00</b> per month for each living unit of housing – billed quarterly.
Hotel, motel units, and bed and breakfast units.	<b>\$12.75</b> per unit per month – billed quarterly.
Assisted living units, independent living units, or other similar multi-unit facilities.	<b>\$12.75</b> per occupant per month – billed quarterly.

<b>Non-Residential <sup>(1)(2)</sup></b>	
Schools	<b>\$90.00</b> per month – billed quarterly
Restaurants, Bars, Bakeries or Supermarkets	<b>\$ 3.69</b> (Rate per 1,000 gallons)
Food Preparation (Non-Restaurant), Dry Cleaners, Laundries or Mortuaries	<b>\$ 2.67</b> (Rate per 1,000 gallons)
Nursing Facilities, Hospitals, Clinics, Laboratories, Salons, Daycare Facilities or Automobile/Equipment Repair Facilities	<b>\$ 2.31</b> (Rate per 1,000 gallons)
Carwashes, Offices, Retail Stores or Other	<b>\$ 2.17</b> (Rate per 1,000 gallons)

(1) user fees apply separately to each use category for mixed-use properties

(2) The average monthly water usage is determined by meter readings provided by EPCOR-Chaparral District for the prior calendar year. In no event shall the fees for non-residential users be less than **\$39.00** per month or **\$117.00** per quarter. If a building with multiple businesses is serviced by only one water meter, the owner will be billed at the rate for the business with the highest user classification.

## Taxes & Fees: Summary Schedule

Other Fees and Charges	
Availability Fee	<b>\$84.00</b> billed annually (\$7.00 per month)
Establishment Fee	<b>\$30.00</b> charged to set up an account
Late Fee	<b>\$25.00</b> for accounts delinquent for more than 15 days
Interest Charges	<b>10% (.0833% per month)</b> applied to delinquent balances on the 20 <sup>th</sup> of each month
Lien Fee	<b>\$150.00</b> lien fee filed against the property after the account is 90 days delinquent
Deposit	An amount equal to two quarters of User Fees charged after the account has been late two consecutive quarters
Returned Payment Fee	<b>\$30.00</b> for all payments returned unpaid by any financial institution in addition to the amount of the check
Project Review Fee	<b>\$2.00</b> per lineal foot plus the sum of <b>\$2,000.00</b> for each pump station to be constructed. Additional fees may be charged on a time and material basis.
Encroachment or Abandonment Permit Fee	<b>\$75.00</b> if a physical site visit is required, or <b>\$25.00</b> if no site visit is required.
Fees for Reproduction and Delivery of Requested Public Records	Copy Fee - <b>\$0.18</b> per 8.5"x11" standard, <b>\$0.20</b> per 8.5"x14" legal, <b>\$0.23</b> per 11"x17" page
Disposal Fees (Use of RV Dump Station)	RV disposal by District resident – <b>No Charge</b> RV disposal by non-resident - <b>\$5.00</b> Commercial waterborne waste disposal - <b>\$25.00</b>
Recycled Water Fee	<b>Tier I: \$380.00</b> per acre-foot up to 500.2 acre feet delivered; <b>Tier II: \$1,505.00</b> per acre foot for delivery in excess of 500.2 acre feet per fiscal year.

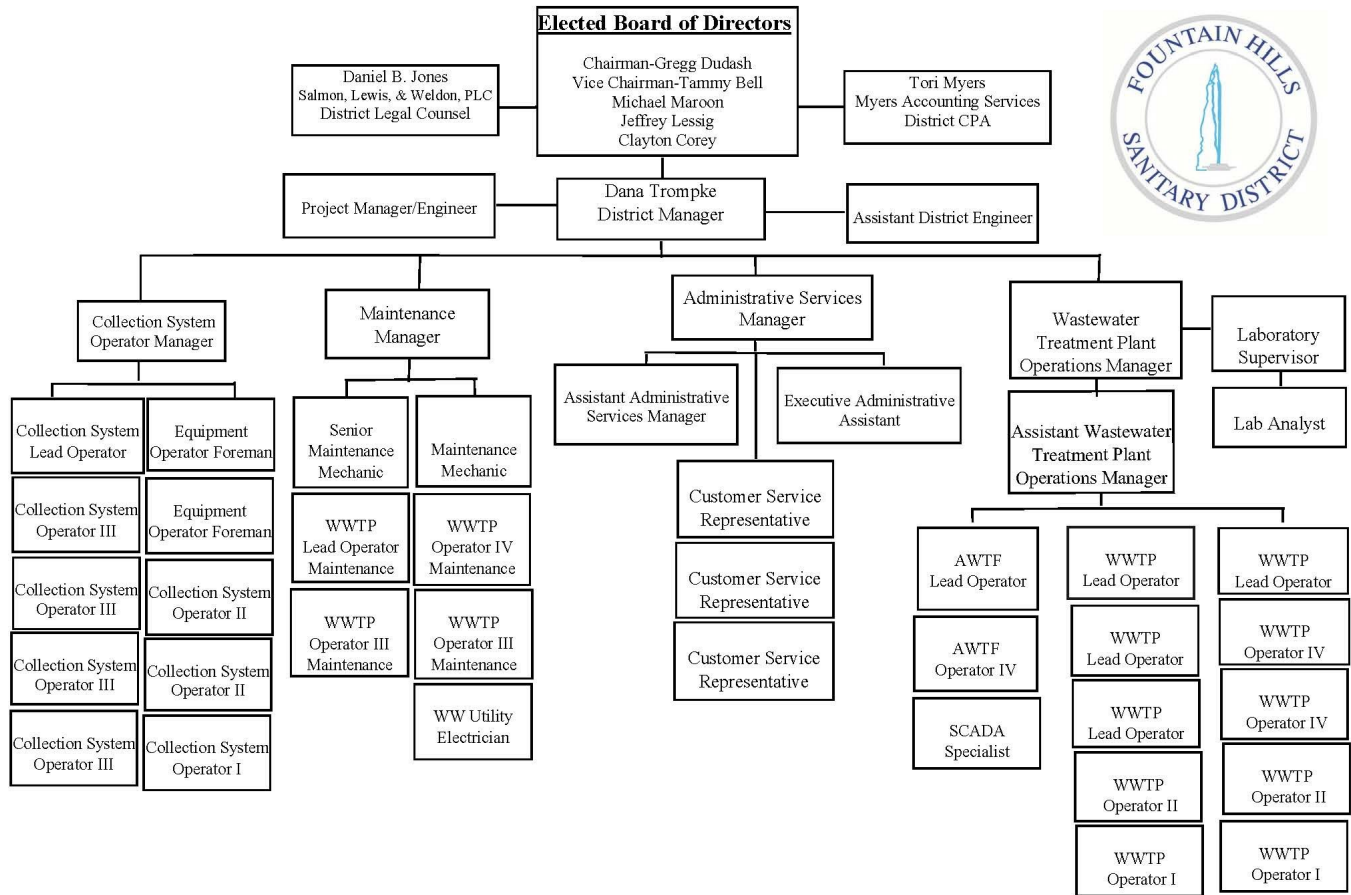
New Sewer Connection Fees	
Hook-up Fee	<b>\$400.00</b> per connection
Lateral Fee, if required	<b>\$5,500.00</b> per connection
Capacity Fees - Residential	
Capacity Fees – Residential (single family homes)	<b>\$10,000.00</b> per unit
Capacity Fees – Residential (Duplexes, condominiums, townhouses, apartment buildings, or other multi-family housing units)	<b>\$5,200.00</b> per unit
Shea Corridor Capacity Fee Surcharge – Residential (single family homes, duplexes, condominiums, townhouses, apartment buildings, or other multi-family housing units), if required	<b>\$1,260.00</b> per unit

## **Taxes & Fees: Summary Schedule**

Capacity Fees – Non-residential	
Water Meter Size – 1" or less	\$ 10,000.00
Water Meter Size – 1-1/2"	\$ 14,883.00
Water Meter Size – 2"	\$ 29,757.00
Water Meter Size – 2-1/2"	\$ 47,634.00
Water Meter Size – 3"	\$ 68,500.00
Water Meter Size – 4"	\$ 89,372.00
Water Meter Size – 6"	\$148,884.00
Capacity Fees – Hotel and motel units and bed and breakfast units	\$4,145.00 per unit
Capacity Fees – Assisted living units, independent living units, or other similar multi-unit facilities	\$3,500 per occupant
Shea Corridor Capacity Fee Surcharge - Water Meter Size – 1" or less	\$ 1,260.00 per meter
Shea Corridor Capacity Fee Surcharge - Water Meter Size – 1-1/2"	\$ 1,875.00 per meter
Shea Corridor Capacity Fee Surcharge - Water Meter Size – 2"	\$ 3,750.00 per meter
Shea Corridor Capacity Fee Surcharge - Water Meter Size – 2-1/2"	\$ 6,002.00 per meter
Shea Corridor Capacity Fee Surcharge - Water Meter Size – 3"	\$ 8,631.00 per meter
Shea Corridor Capacity Fee Surcharge - Water Meter Size – 4"	\$11,261.00 per meter
Shea Corridor Capacity Fee Surcharge - Water Meter Size – 6"	\$18,760.00 per meter
Shea Corridor Capacity Fee Surcharge – Hotel and motel units, bed and breakfast units, assisted living units, independent living units, or other similar multi-unit facilities, if required	\$ 450.00 per unit or per occupant

## Organization Chart

### FOUNTAIN HILLS SANITARY DISTRICT ORGANIZATIONAL CHART



## Wage Schedule

### WAGE SCHEDULE - EFFECTIVE JULY 1, 2023 \*

<u>Exempt Positions (Salaried)</u>	<u>Minimum</u>	<u>Maximum</u>
District Manager	\$ 150,000.00	\$ 213,000.00
Administrative Services Manager	\$ 96,400.00	\$ 135,600.00
Collection System Manager	\$ 96,400.00	\$ 135,600.00
WW Treatment Plant Manager	\$ 96,400.00	\$ 135,600.00
Maintenance Manager	\$ 96,400.00	\$ 135,600.00
Asst. District Engineer	\$ 84,300.00	\$ 122,000.00
Capital Project Manager Engineer	\$ 84,300.00	\$ 122,000.00
Asst. Administrative Services Manager	\$ 78,300.00	\$ 111,900.00
Asst. Collection System Manager	\$ 78,300.00	\$ 111,900.00
Asst. WW Treatment Plant Manager	\$ 78,300.00	\$ 111,900.00
Laboratory Supervisor	\$ 78,300.00	\$ 111,900.00
SCADA Specialist, Lead	\$ 74,400.00	\$ 107,200.00
Laboratory Analyst	\$ 64,900.00	\$ 90,400.00
Customer Service Supervisor	\$ 64,900.00	\$ 90,400.00
Construction Superintendent	\$ 64,900.00	\$ 90,400.00
Safety Coordinator	\$ 64,900.00	\$ 90,400.00
 <u>Non-Exempt Positions (Hourly)</u>	 <u>Minimum</u>	 <u>Maximum</u>
Executive Administrative Assistant & Purchasing	\$ 30.16	\$ 42.55
Administrative Assistant	\$ 26.94	\$ 37.91
Customer Service Representative	\$ 23.04	\$ 32.28
Collection System Lead Operator	\$ 33.79	\$ 47.84
Collection System Operator IV	\$ 32.28	\$ 45.63
Collection System Operator III	\$ 30.16	\$ 42.55
Collection System Operator II	\$ 26.94	\$ 37.91
Collection System Operator I	\$ 23.04	\$ 32.28
Equipment Operator/Foreman	\$ 30.16	\$ 42.55
Maintenance Mechanic IV	\$ 32.28	\$ 45.63
Maintenance Mechanic III	\$ 30.16	\$ 42.55
Maintenance Mechanic III	\$ 26.94	\$ 37.91
Maintenance Technician I	\$ 23.04	\$ 32.28
WWTP Lead Operator	\$ 33.79	\$ 47.84
WWTP Operator IV	\$ 32.28	\$ 45.63
WWTP Operator III	\$ 30.16	\$ 42.55
WWTP Operator II	\$ 26.94	\$ 37.91
WWTP Operator I	\$ 23.04	\$ 32.28

\* Cost of Living Adjustment of 6.5% above FY 2022-2023

\* Note, not all positions are filled each year



## Schedule of Positions

SCHEDULE OF POSITIONS				
Dept.	Position	FY 21-22	FY 22-23	FY 23-24
	FTE = Full Time Equivalents	FTE	FTE	FTE
<u>MANAGEMENT/ENGINEERING</u>				
	District Manager	1	1	1
	Asst. District Engineer	1	1	1
	Safety Coordinator	-	-	-
	Project Manager/Engineer	1	1	1
	<b>Total Dept. Positions</b>	<b>3</b>	<b>3</b>	<b>3</b>
<u>ADMINISTRATION</u>				
	Administration Services Manager	1	1	1
	Asst. Administration Services Manager	1	1	1
	Executive Admin. Assistant & Purchasing	1	1	1
	Customer Service Representatives (CSR)	3	3	3
	CSR Supervisor	-	-	-
	<b>Total Dept. Positions</b>	<b>6</b>	<b>6</b>	<b>6</b>
<u>COLLECTIONS SYSTEMS</u>				
	Manager	1	1	1
	Asst. Manager	-	-	-
	Operators (I - IV)	11	11	10
	Construction Superintendent	-	-	-
	<b>Total Dept. Positions</b>	<b>12</b>	<b>12</b>	<b>11</b>
<u>PLANT OPERATIONS</u>				
	Manager	1	1	1
	Asst. Manager	1	1	1
	SCADA Technician	1	1	1
	Operators (I - IV)	12	12	12
	Laboratory Staff	2	2	2
	<b>Total Dept. Positions</b>	<b>17</b>	<b>17</b>	<b>17</b>
<u>MAINTENANCE</u>				
	Manager	1	1	1
	Fleet Mechanics	2	2	2
	Equipment & Facilities Mechanics	4	4	4
	WW Utility Electrician	-	-	1
	Maint. Technician (In-Training)	1	1	-
	<b>Total Dept. Positions</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>TOTAL STAFF</b>		<b>46</b>	<b>46</b>	<b>45</b>

## Vehicle Replacement Schedule

### VEHICLE REPLACEMENT SCHEDULE

FY	DEPARTMENT	VEHICLE	YEAR	MAKE	DESCRIPTION	FUNCTION	REPLACEMENT BUDGET*
<b>FY 23-24</b>							
2023	Treatment	S-18	2008	Ford	F-250 Pickup w/ small crane	Plant/Wells	\$ 75,000
2023	Treat/Maint	Varies	Varies	Varies	Replace 3 of 7 Golf Carts	Plant Operations	\$ 30,000
2024	Collections	S-9	2014	Freightliner	Combo Vacuum Sewer Cleaner	Sewer Combo Pump/Clean	\$ 650,000
<b>Future Years</b>							
2024	Maintenance	S-6	2002	Chevrolet	3500 HD Utility Truck	to be Electrician	\$ 75,000
2025	Shared	S-11	2003	Ford	F-350 Stakebed Truck	Hauling Equipment	\$ 65,000
2025	Treatment	S-3	2009	Ford	F-150 Pickup	Plant/Sampling	\$ 45,000
2029	Collections	S-5	2014	Ford	F-150 Pickup	Blue Stakes/Inspections	\$ 45,000
2029	Collections	S-25	2014	Ford	F-150 Pickup	FOG/Permits	\$ 45,000
2030	Shared	S-15	2015	Ford	F150 Supercrew Pickup	Managers	\$ 45,000
2031	Administration	A-1	2021	Ford	Hybrid Escape	Admin	\$ 40,000
2031	Treatment	S-23	2021	Ford	F-150 Pickup	Plant/Sampling	\$ 45,000
2032	Collections	S-20	2017	Ford	F-350 Utility Truck	Pump Stations	\$ 125,000
2032	Maintenance	S-21	2017	Ford	F-350 Utility Truck	Maint. Work Crew	\$ 125,000
2034	Collections	S-14	2019	Ford	F-250 Utility Truck	Field Crew	\$ 85,000
2034	Collections	S-19	2019	Ford	F-450 Water Truck	Construction	\$ 120,000
2037	Maintenance	S-16	2022	Ford	F-350 Utility Truck	Maint. Work Crew	\$ 100,000
2036	Collections	S-17	2021	Ford	F-350 Utility Truck	Sewer Tap/Pump Station Crews	\$ 100,000
<b>SPECIALTY TRUCKS</b>							
2024	Collections	S-9	2014	Freightliner	Vac-Con Combo Sewer Cleaner	Sewer Combo Pump/Clean	\$ 650,000
2026	Collections	S-7	2006	Ford	F-750 Dump Truck	Construction/Dump Truck	\$ 150,000
2025	Shared	S-28	2005	Freightliner	w/BT3470 Crane	Shared	\$ 250,000
2026	Collections	S-4	2006	International	7400 Pumper Truck	Sewer Pumper	\$ 350,000
2030	Collections	S-27	2010	International	7300 SFA Rodder Truck	Sewer Rodder	\$ 350,000
2029	Collections	S-24	2014	Isuzu	NPR HD Camera Truck	Sewer Camera	\$ 400,000
2044	Treatment	E553	2019	Case	586D Forklift	Plant Operations	\$ 80,000
* Budget Costs escalated over time to account for inflation							

