



**FOUNTAIN HILLS
SANITARY DISTRICT**
Recycles Every Drop



Adopted Budget
FISCAL YEAR 2026-2027

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



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Introduction

The Fountain Hills Sanitary District Board of Directors and staff are dedicated to the community's health and well-being and to upholding their fiscal responsibilities with diligence and prudence. With thoughtful planning and proactive solutions, the District works to maintain critical equipment and processes amidst rising costs and supply chain delays. Longer project timelines and higher costs place continued pressure on the District's present and future resources. Despite these challenges, the District operates within its budget each year, ensuring uninterrupted services and an ongoing commitment to "Recycle Every Drop".

Together, the District Manager, District CPA (Certified Public Accountant), department managers, and the Board have evaluated the District's needs and priorities for current and future budgets, considering the impact on customers, partners, and employees. This proposed budget emphasizes careful management of revenues and reserve funds over the next five years and prioritizes the most crucial projects allowing for extended timelines on these projects where needed.

For the 2026-2027 fiscal year (FY '26-'27), the budget outlay totaling \$13,974,730 for all District funds is a 16.9% increase from the previous year. The largest contributor to this increase is commencement of the Headworks and Digester Aeration Systems Replacement project. In order to keep up with inflation, this budget proposes to increase user fees and maintain a level property tax assessment compared to the prior fiscal year.

This budget spans from July 1, 2026 to June 30, 2027, with financial accounts organized into designated funds for specific purposes. It will serve as the District's spending guide for the upcoming fiscal year.

Robert Thomson
Chairperson
Fountain Hills Sanitary District Board of Directors

Introduction

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 1970s, 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 that time, the District has been and remains debt-free.

Collection System

More than 205 miles of sewer piping, over 5,400 manholes and 19 pump stations are the backbone of the District's infrastructure conveying raw sewage to the treatment plant at approximately 2.0 million gallons per day (MGD). The oldest of these components has been in service for over 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 tanks and leach field systems until collection lines and pump stations were constructed to transport sewage from home and business sites to the WWTP.

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. Maintaining the State of Arizona's highest water quality rating for recycled water is a core value of the District.

Introduction

Water Recycling

The District has no permitted means to discharge water produced from the treatment of sewer inflows, historically 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 the majority of this water is now distributed to end users year-round. It is stored in the ground during the winter when ample supply exceeds user demand and is 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.

Introduction

Definitions of Terms & Abbreviations

ADEQ: Arizona Department of Environmental Quality

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

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 necessitated by District "growth" (to accommodate new connections, for facility and/or process expansions, or to implement new processes and procure equipment needed to meet increasing safety and environmental standards and regulations).

Contingencies: An expenditure line within the budget necessary to allow the District to utilize designated reserves for unforeseen events which could necessitate unplanned cash outlays or unanticipated revenue shortfalls. By their nature, contingencies are future events or circumstances which are possible but cannot be predicted with certainty. Such expenditures are not predicted to occur in the budget year, but if they do occur, funds must be identified within the budget as accessible for the purpose of addressing unforeseen events.

CR: Contingency Reserve, is a designation of monies to an account within the General Fund that protects against revenue shortfalls or 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. For purposes of this document CPI refers to the U.S. Bureau of Labor Statistics, West Region.

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

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.

Introduction

FERR: Facilities and Equipment Replacement Reserve, 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.

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

Funds Transfers: 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.

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 operating activities.

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, 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, expenditures of \$15,000 or more that provide the District with long-term benefits 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.

Introduction

Strategies & 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.

Introduction

The budget proposed for FY '26-'27 is prepared with the expectation that local, national and global economic factors will continue to challenge certain aspects of District operations. Just as it has been in recent years, managing change, mitigating risk, and planning for the future remain the focal points of this budget. Risk factors identified by staff include:

- Continued cost escalation resulting from historically high inflation rates in 2022 and 2023, particularly sharp increases in health insurance premiums for District personnel
- Supply chain delays causing significantly longer delivery periods and significant cost fluctuations in planned projects
- The unknown impact of varying tariffs on products imported from other countries that are essential to District operations or necessitated by specific improvement projects
- Regulatory changes pertaining specifically to water conservation and environmental protections that are currently being evaluated by regulatory agencies and could mandate costly changes, upgrades, or alterations to the District's water quality standards

The Facilities & Equipment Replacement Reserve (FERR) and Contingency Reserve (CR) accounts are in place to provide both proactive and, as needed, reactive maintenance and replacement of District assets, equipment, and infrastructure. Most importantly, reserve accounts allow the District to avoid dramatic spikes in fees and/or taxes assessed to customers when unusually large or unanticipated cash outflows may effect a current or future budget period. District staff strives to mitigate risk with a commitment to funding and utilizing reserve accounts in accordance with the District's Reserve Funds Policy.





Budget Overview and Financial Perspectives

Budget Overview

The District operates on a fiscal year from July 1st to June 30th. Every April, staff presents a "Adopted" Budget to the Board, which becomes the "Adopted" Budget, once approved. This budget outlines revenue projections based on trends and sets spending limits for the upcoming year's operations.

A key focus of the budget is ensuring the safety and continuity of sewer services. The budget aims to anticipate operational challenges and ensure uninterrupted service while adhering to the financial objectives presented on page 8.

The budget figures are on a "budgetary basis," which accounts for expected revenues and expenditures, differing from year-end financial statements that use a "modified accrual basis" as per U.S. GAAP. Additionally, fund balances are classified as Spendable or Non-spendable in the annual financial statements but are not designated as such in this budget presentation. These classifications are further explained in the Supplemental Schedules starting on page 51.

This budget excludes transactions involving State Trust Land that is adjacent to but remains outside the District's established boundaries. "District growth" within the budget refers to increases in sewage flows from population density and new connections within existing boundaries. While "growth" related expenditures are aimed at expanding or improving facilities to accommodate these increases along with maintaining regulatory compliance and implementing safety and technology upgrades.

Budget Overview and Financial Perspectives

Budget Approach

The District Manager and District CPA collaborate with department managers annually to draft a proposed budget for the upcoming fiscal year. To properly prepare and balance the budget for the upcoming fiscal year, staff must calculate anticipated expenditures to set the Total Budget Outlay (Expenditures) that will be needed to operate the District for FY '26-'27 (see Table I on page 13). This process involves analyzing past data, acknowledging current spending trends, and evaluating staffing needs. Once total outlay is established, then District staff and the Board of Directors evaluate revenue sources and make assessments as needed to provide for those expenditures.

As evidenced by the implementation of the District's Reserve Accounts Policy and the concerted efforts to fund those reserve accounts annually, it is the goal of the District's Board of Directors, in cooperation with staff and management, to develop a budget that meets statutory requirements for balancing the General Fund to "zero" on an annual basis, but, more importantly that the budget be structurally balanced and financially sustainable. The process by which a government budget is required by statute to balance the General Fund annually is often in conflict with an operations model that is structurally balanced and financially sustainable over time. Reserve accounts are a cornerstone of structural balance within the General Fund budget. For FY '26-'27, reserve funds are earmarked for stabilizing revenue assessments, supporting cash flow management, and mitigating the risk of Contingencies (see definition on page 6). These funds are reserved and made available within the budget as shown in Table III on page 20, for unplanned events or mitigating circumstances and are isolated from the main budget shown in Table II on page 19.

Labor costs, being the District's primary expense, are highlighted in the budget including a 3.0% Cost of Living Adjustment for FY '26-'27 in keeping pace with the 2.9% Consumer Price Index (CPI) increase in the 2025 calendar year (BLS, Western Cities Index). The District also focuses on offering competitive benefits, including health insurance, disability and flexible spending plans and participation in the Arizona State Retirement System (ASRS).

A thorough examination of operating expenses and District needs for systems, facilities, and equipment provides guidance for District staff and the Board to ensure that planned spending is conducted in a fiscally responsible manner. This includes an Adopted System and Facility Improvements (SFI) Five-Year Plan, a Facilities and Equipment Replacement plan and a Vehicle Replacement Plan to properly maintain the District's investment in assets and infrastructure totaling over \$143 million.

Budget Overview and Financial Perspectives

The total budget for FY '26-'27 is 16.8% higher than the previous year, primarily due to planned spending on the District's Headworks and Digester Aeration Systems Replacement project expected to cost \$4.5 million over the next two fiscal years. A dramatic increase in the cost of health insurance benefits for the District's most costly and most valuable resource, its personnel, is a significant contributor to increased operating expenses. In conjunction with Cost of Living and projected merit increases for personnel in budget year, personnel related expenses make up \$582,140 (or 96.8%) of the total \$601,130 increase in operating expenses.

Budget Overview and Financial Perspectives

Table I: Budget Outlay (All Expenditures-All Funds)

| | FY 2026-2027 Adopted | FY 2025-2026 Adopted | % Change |
|--|-------------------------|-------------------------|---------------|
| <u>Operating Expenses</u> | | | |
| Administrative Services & Billing | \$ 2,186,540 | \$ 2,069,360 | 5.7% |
| Collections System | \$ 1,970,380 | \$ 1,926,410 | 2.3% |
| Maintenance Department | \$ 1,478,100 | \$ 1,377,610 | 7.3% |
| Recycled Water Distribution & Disposal | \$ 1,645,350 | \$ 1,521,940 | 8.1% |
| Wastewater Treatment Plant | \$ 2,364,360 | \$ 2,143,280 | 10.3% |
| Operating Expenses Subtotal | \$ 9,644,730 | \$ 9,038,600 | 6.7% |
| <u>Facilities & Equipment Replacement*</u> | | | |
| Administrative Services & Billing | \$ - | \$ - | - |
| Collections System | \$ 365,000 | \$ 817,500 | -55.4% |
| Maintenance Department | \$ 250,000 | \$ 110,000 | 127.3% |
| Recycled Water Distribution & Disposal | \$ 135,000 | \$ 245,000 | -44.9% |
| Wastewater Treatment Plant | \$ 300,000 | \$ 245,000 | 22.4% |
| Facilities & Equipment Replacement Subtotal | \$ 1,050,000 | \$ 1,417,500 | -25.9% |
| <u>System and Facilities Improvements**</u> | | | |
| Administrative Services & Billing | \$ 150,000 | \$ - | - |
| Collections System | \$ 580,000 | \$ 150,000 | 286.7% |
| Maintenance Department | \$ - | \$ 200,000 | - |
| Recycled Water Distribution & Disposal | \$ - | \$ - | - |
| Wastewater Treatment Plant | \$ 2,550,000 | \$ 1,150,000 | 121.7% |
| System and Facilities Improvements Subtotal | \$ 3,280,000 | \$ 1,500,000 | 118.7% |
| Total Budget Outlay | \$ 13,974,730 | \$ 11,956,100 | 16.9% |
| <u>Budget Outlay by Department</u> | | | |
| Administrative Services & Billing | \$ 2,336,540 | \$ 2,069,360 | 12.9% |
| Collections System | \$ 2,915,380 | \$ 2,893,910 | 0.7% |
| Maintenance Department | \$ 1,728,100 | \$ 1,687,610 | 2.4% |
| Recycled Water Distribution & Disposal | \$ 1,780,350 | \$ 1,766,940 | 0.8% |
| Wastewater Treatment Plant | \$ 5,214,360 | \$ 3,538,280 | 47.4% |

Budget Overview and Financial Perspectives

District staff consider several factors when formulating the budget. Not only must the District's operational needs for the fiscal year be assessed, but relevant economic conditions, improvement plans, available staff resources, and project timelines must also be evaluated. Following are some pertinent data points, plans and assumptions applicable to this FY '26-'27 Adopted Budget.

EXPENDITURES

- Total Operating Expenses (page 13) increase 6.7% from the FY '25-'26 Adopted Budget.
- Personnel costs, the largest component of District Operating Expenses, are expected to increase 10.3% from FY '25-'26, due in large part to a more than 50% increase in health insurance costs.
- A 3.0% Cost of Living Adjustment is adopted, in line with the 2.9% increase in western cities CPI in the 2025 calendar year.
- For FY '26-'27, proposed SFI & FERR expenditures increase 3.2% compared to the FY '25-'26 Adopted Budget.

REVENUES

- The 2025 property tax rate drops from .9008 per \$100 of Net Assessed Value (NAV) to .8524 per \$100 of NAV as calculated based on the February abstract report published by Maricopa County. This decrease is made possible by a 5.7% increase in total NAV of parcels served by the District in combination with a reduced demand for revenues needed to accommodate necessary spending in the budget year. This assessment allows the District sufficient revenue to cover the General Fund portion of SFI and FERR spending and those operating expenses not covered by User Fees.
- An increase to Sewer User Fees of \$1 per month is proposed for residential users, with commercial rates to increase pro rata in FY '26-'27. Consistent, planned, nominal increases in user fees helps the District to keep pace with inflation and continue to ensure that the fees charged for services provided by the District are sufficient meet the majority of the cost required to provide those services.
- While the potential development of newly zoned and proposed multi-unit facilities within the District remains, actual development and executed Sewer Service Agreements in recent years has been fairly steady, warranting a proposed budget for Connection Fees revenue for FY '26-'27 equivalent to the 65 new single-family residential connections budgeted in the prior fiscal year.

Budget Overview and Financial Perspectives

- The base rate charged to end-users for recycled water remains \$380/acre-foot (\$1,167/million gallons). A tiered rate schedule encourages end-users to be mindful of the recycled water supply which can be depleted by unpredictable influences, such as hot temperatures and drought conditions. The volume of recycled water available for delivery at the base rate of \$380/acre-foot rate will remain at 160 MG (491.0 acre feet) per user in FY '26-'27. This amount has minimal impact on the Adopted budget for recycled water sales.
- Interest earnings on cash balances are conservatively estimated based on current rates being paid by Maricopa County and anticipated cash balances in District accounts held with the county.

OTHER NOTABLE ITEMS

- This proposed budget designates \$946,860 of property tax revenues to FERR (Table III, page 20). This amount contributes to identified needs in FY '26-'27 and to maintaining the reserve balances required by the District's Reserve Funds Policy. Thanks to strong balances already built up in the FERR and Contingency Reserve (CR) accounts through prudent transfers and budget surpluses, the District plans to draw on existing FERR resources in FY '26-'27 and future years. This will help stabilize — and potentially reduce — the property tax revenue needed for operations
- Planned SFI activity is focused on improvements to treatment plan operations of the Headworks and Digester Aeration systems. In FY '26-'27 staff proposes to complete the design phase, execute construction contracts, order long-lead equipment and potentially start constructions activities. A project of this magnitude, estimated to cost \$4.5 million and span multiple fiscal years will be the focal point of staff resources.
- Other projects will be limited to scheduled equipment replacements, coordinating the Golden Eagle Manhole Protection project with town activities, initiating the design phase of reconfigured Pump Station 10 improvements, and replacing the Districts customer billing system.

Budget Overview and Financial Perspectives

BEGINNING FUND BALANCES & PROJECTIONS

Beginning Fund Balances (see Table III, page 20) are made up of four components accumulated from the prior fiscal year in the following order:

- Amounts expected to be encumbered but not spent as of June 30, 2025
- Unspent amounts from SFI projects deferred to a future budget year
- Execution of Funds Transfers budgeted in FY '24-'25
- Anticipated General Fund surpluses at year-end, if any

The Five-Year Budget Projection on page 22 assumes the following:

- Total revenue from Property Taxes is projected to remain relatively stable over the five-year period. While changes in NAV as determined by Maricopa County will be reflected in the calculated rate per \$100 of NAV each year, total amount of assessments is reduced by 2% each year as the District utilizes reserve fund balances.
- A \$1/month increase to residential user fees is projected every other fiscal year, subject to annual review. This increase is included in the projection for fiscal years ending 2027, 2029 and 2031.
- Interest income projections are adjusted according to anticipated changes in ending fund balance each year.
- A steady increase of 3% per year, reflective of long-term average CPI increases, to Operating Expenses is applied each year for the next five years .
- The Adopted SFI and FERR Five-Year Plan (page 45) calls for estimated spending of \$25,329,600 over the next five fiscal years.

Budget Overview and Financial Perspectives

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 III) 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.

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 budget year appropriations.

Within the General Fund, the District has designated the Contingency Reserve (CR) and the Facilities & Equipment Replacement Reserve (FERR) accounts in accordance with the District's Reserve Funds Policy. Contingency reserves are intended to protect against a reduction or interruption of services due to cash flow shortages, temporary revenue shortfalls, or a substantial yet unforeseen one-time event. The FERR account is intended to provide the financial stability required to address both planned and unplanned needs for the replacement and/or restorative repair of aged District facilities and equipment in a timely manner. The Board approves planned repair and replacement expenditures for the budget year during the budget process.

Together, the reserve accounts make it possible for the District to stabilize revenues from year-to-year, avoiding dramatic spikes in revenue assessments from one year to the next. Without these reserve accounts, one budget year's revenue requirements could be as much as 30% higher than the prior year's, depending on the priority and trajectory of active District SFI projects and/or FERR demands at any given time.

Budget Overview and Financial Perspectives

Each fiscal year, the Board of Directors reviews the reserve account balances available and considers the amount of reserves appropriate for planned and unexpected District needs that may occur in the near future. A line item for "contingencies" is included in Table III which allows the District to access reserve funds in excess of specifically budgeted FERR items if needed to maintain the safe and continuous operation of District services. The Board must authorize or ratify any such "contingency" expenditures made from reserve funds due to unanticipated events, equipment failures or other anomalies that the District may experience during the fiscal year.

CAPITAL FUND

Unlike the General Fund, the Capital Fund does not balance to zero each budget year. The revenues assigned to the Capital Fund are confined to Connection Fees and interest on cash accumulated within the fund. Because Connection Fees are determined by and dependent on District growth, the revenues from these fees are restricted to be used for "growth" purposes. "Growth" purposes encompass District projects and purchases needed to accommodate new connections, for facility and/or process expansions, or to implement new processes and procure equipment needed to meet increasing safety and environmental standards and regulations.

Historically, Connection Fees have been set based on a long-term perspective incorporating staff's assessment and estimations of future needs for construction projects or purchases necessitated by District growth. Staff and the Board of Directors set fees based on the anticipated cost of those needs at a specific moment in time, allocating those costs to remaining connections to be made within the District years into the future.

Revenues restricted within the Capital Fund are difficult to determine on a year-to-year basis and are likely to fluctuate significantly over time. For this reason, revenues are accumulated to address "growth" driven projects and purchases when they may arise, sometimes well into the future. When such a need does arise, this type of project is often very costly, resulting in a budget year in which Capital Fund expenditures considerably exceed that year's Capital Fund revenue. Fund balance in the Capital Fund accumulates in preparation for these purposes and is typically classified in the District's financial statements 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 and Financial Perspectives

The following two tables present the Adopted budget for revenues and expenditures for FY '26-'27 and the anticipated impact of these activities on Budgetary Fund balances.

Table II: FY '26-'27 Adopted Revenues & Expenditures - All Funds

| | General Fund | | | Capital Fund | 2026-2027 Adopted Budget | 2025-2026 Adopted Budget | % Change |
|---|----------------------|---------------------|------------------|-------------------|--------------------------|--------------------------|--------------|
| | Operations | FERR | CR | | All Funds | All Funds | |
| Revenues | | | | | | | |
| Property Taxes | \$ 5,037,630 | 941,860 | | | 5,979,490 | 5,979,490 | 0.0% |
| Sewer User Fees | \$ 6,409,680 | | | | 6,409,680 | 6,183,430 | 3.7% |
| Connection Fees | \$ 29,250 | | | 710,280 | 739,530 | 739,530 | 0.0% |
| Recycled Water | \$ 587,300 | | | | 587,300 | 525,400 | 11.8% |
| Other Income | \$ 260,870 | | 41,720 | 139,050 | 441,640 | 434,970 | 1.5% |
| Deferred From Prior Fiscal Year* | | | | | - | 1,850,750 | -100.0% |
| Total Revenues | \$ 12,324,730 | \$ 941,860 | \$ 41,720 | \$ 849,330 | \$ 14,157,640 | \$ 15,713,570 | -9.9% |
| Expenditures | | | | | | | |
| Operating | | | | | | | |
| Admin & Billing | \$ 2,186,540 | | | | 2,186,540 | 2,069,360 | 5.7% |
| CS | \$ 1,970,380 | | | | 1,970,380 | 1,926,410 | 2.3% |
| Maintenance | \$ 1,478,100 | | | | 1,478,100 | 1,377,610 | 7.3% |
| RW | \$ 1,645,350 | | | | 1,645,350 | 1,521,940 | 8.1% |
| WWTP | \$ 2,364,360 | | | | 2,364,360 | 2,143,280 | 10.3% |
| Subtotal Operating System & Facility | \$ 9,644,730 | | | - | 9,644,730 | 9,038,600 | 6.7% |
| Improvements (SFI) | | | | | | | |
| Projects in Progress | | | | | | 462,500 | -100.0% |
| Projects Starting in FY '26-'27 | \$ 2,680,000 | 1,110,000 | | 600,000 | 4,390,000 | 2,767,500 | |
| Subtotal SFI | \$ 2,680,000 | 1,110,000 | - | 600,000 | 4,390,000 | 3,230,000 | 35.9% |
| Total Expenditures | \$ 12,324,730 | \$ 1,110,000 | \$ - | \$ 600,000 | \$ 14,034,730 | \$ 12,268,600 | 14.4% |
| Excess of revenues over expenditures | \$ - | \$ (168,140) | \$ 41,720 | \$ 249,330 | \$ 122,910 | \$ 3,444,970 | |

*Deferred SFI consists of funds remaining from projects that did not commence as originally planned in FY '25-'26. These amounts are considered FY '26-'27 revenue, reducing the amount of calculated revenue needed to meet budget year expenditures.

Budget Overview and Financial Perspectives

Table III: Schedule of Changes in Budgetary Fund Balances - Projected

| | General Fund | | | | Capital Fund | |
|---|-------------------------|--------------------------------------|---------------------|---------------------|--|--|
| | Operations | | Reserve Accounts | | 2026-2027 Adopted Budget General Fund | 2026-2027 Adopted Budget Capital Fund |
| | Operating Activities | System & Facility Improvements | FERR | CR | | |
| Beginning Fund Balance* | 50,000 | \$ 150,000 | 6,236,090 | 3,065,630 | 9,501,720 | 9,400,000 |
| Inflows (Revenues) | | | | | | |
| Property Taxes | 2,357,630 | \$ 2,680,000 | 941,860 | | 5,979,490 | |
| Sewer User Fees | 6,409,680 | | | | 6,409,680 | |
| Connection Fees | 29,250 | | | | 29,250 | 710,280 |
| Recycled Water | 587,300 | | | | 587,300 | |
| Other Income | 260,870 | | | 41,720 | 302,590 | 139,050 |
| Interfund Transfer | | | | | - | |
| Total Revenues | \$ 9,644,730 | \$ 2,680,000 | \$ 941,860 | \$ 41,720 | \$ 13,308,310 | \$ 849,330 |
| Outflows (Expenditures) | | | | | | |
| Operating | | | | | | |
| Current Budget Year | 9,644,730 | | | | 9,644,730 | |
| Encumbered Prior FY | 50,000 | | | | 50,000 | |
| Subtotal Operating | 9,694,730 | | | | 9,694,730 | |
| System & Facility Improvements (SFI) | | | | | | |
| Current Budget Year | | \$ 2,680,000 | 1,110,000 | | 3,790,000 | 600,000 |
| Encumbered Prior FY | | \$ 150,000 | 500,000 | | 650,000 | - |
| Subtotal SFI | | \$ 2,830,000 | 1,610,000 | | 4,440,000 | 600,000 |
| Total Expenditures | \$ 9,694,730 | \$ 2,830,000 | \$ 1,610,000 | \$ - | \$ 14,134,730 | \$ 600,000 |
| Excess of revenues over expenditures | \$ - | \$ - | \$ 5,567,950 | \$ 3,107,350 | \$ 8,675,300 | \$ 9,649,330 |
| Budget for Contingencies** | | | \$ 5,567,950 | \$ 3,107,350 | \$ 8,675,300 | |
| Ending Fund Balance | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 9,649,330 |

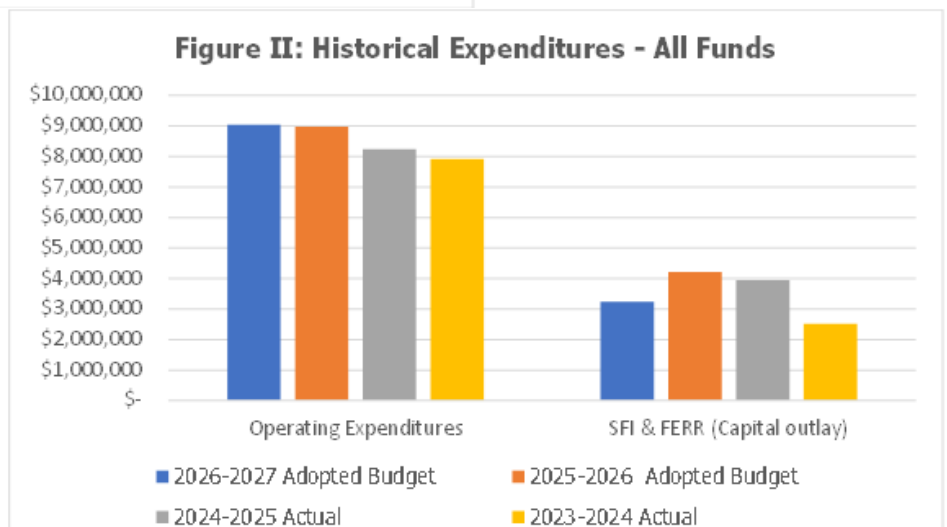
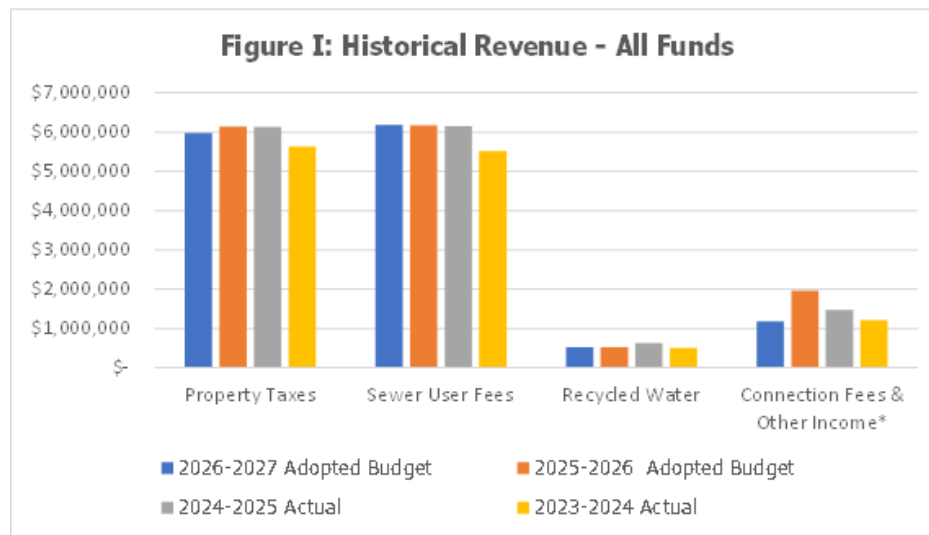
Budget Overview and Financial Perspectives

Historical Comparison

Table IV: Historical Revenues & Expenditures - All Funds

| | 2026-2027 Adopted Budget | 2025-2026 Adopted Budget | 2024-2025 Actual | 2023-2024 Actual |
|------------------------------------|--------------------------------|--------------------------------|----------------------|----------------------|
| Revenues | | | | |
| Property Taxes | 5,979,490 | 5,979,490 | 6,193,670 | 6,134,490 |
| Sewer User Fees | 6,409,680 | 6,183,430 | 6,231,970 | 6,147,270 |
| Recycled Water | 587,300 | 525,400 | 622,900 | 625,720 |
| Connection Fees & Other Income* | 1,181,170 | 1,174,500 | 686,160 | 1,472,350 |
| Total Revenues | \$ 14,157,640 | \$ 13,862,820 | \$ 13,734,700 | \$ 14,379,830 |
| Expenditures | | | | |
| Operating Expenditures | 9,644,730 | 9,038,600 | 8,658,950 | 8,239,730 |
| SFI & FERR (Capital outlay) | 4,390,000 | 3,230,000 | 2,965,380 | 3,948,990 |
| Total Expenditures | \$ 14,034,730 | \$ 12,268,600 | \$ 11,624,330 | \$ 12,188,720 |

*Does not include SFI deferred from prior fiscal year.



Budget Overview and Financial Perspectives

Five-Year Budget Projection

Table V: Five-Year Budget Projection - All Funds

| | 2026-2027 | 2027-2028 | 2028-2029 | 2029-2030 | 2030-2031 |
|------------------------------------|---|----------------------|----------------------|----------------------|----------------------|
| Revenues | | | | | |
| Property Taxes | 5,979,490 | 5,859,900 | 5,742,702 | 5,627,848 | 5,515,291 |
| Sewer User Fees | 6,409,680 | 6,409,680 | 6,582,740 | 6,582,740 | 6,760,470 |
| Connection Fees | 739,530 | 665,580 | 599,020 | 539,120 | 485,210 |
| Recycled Water | 587,300 | 587,300 | 587,300 | 587,300 | 587,300 |
| Interest & Other | 441,640 | 419,560 | 398,580 | 378,650 | 378,650 |
| Total Revenues | \$ 14,157,640 | \$ 13,942,020 | \$ 13,910,340 | \$ 13,715,660 | \$ 13,726,920 |
| Expenditures* | | | | | |
| Operating Expenses | 9,694,730 | 9,985,570 | 10,285,140 | 10,593,690 | 10,911,500 |
| System & Facility Improvements | 3,430,000 | 3,850,000 | 3,025,000 | 3,700,000 | 5,900,000 |
| FERR | 1,610,000 | 1,143,300 | 1,177,600 | 1,212,930 | 1,249,320 |
| Total Expenditures | \$ 14,734,730 | \$ 14,978,870 | \$ 14,487,740 | \$ 15,506,620 | \$ 18,060,820 |
| Budgetary Fund Balances | | | | | |
| Beginning** | \$ 18,901,720 | \$ 18,324,630 | \$ 17,287,780 | \$ 16,710,380 | \$ 14,919,420 |
| Ending | \$ 18,324,630 | \$ 17,287,780 | \$ 16,710,380 | \$ 14,919,420 | \$ 10,585,520 |
| | Allocation of Ending Budgetary Fund Balances | | | | |
| Contingency Reserve Account | \$ 3,107,350 | \$ 3,153,960 | \$ 3,201,270 | \$ 3,249,289 | \$ 3,298,028 |
| FERR Account | \$ 5,567,950 | \$ 4,620,330 | \$ 4,644,590 | \$ 5,015,001 | \$ 4,893,452 |
| Capital Fund | \$ 9,649,330 | \$ 9,513,490 | \$ 8,864,520 | \$ 6,655,130 | \$ 2,394,040 |

*Includes amount encumbered in prior year to be spent in FY '26-'27

**Includes Deferred SFI Expenditures and Encumbrances from Prior FY



Revenue Sources

Taxes and 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 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 2026 tax year, total limited primary NAV of property within the District is expected to increase 5.7% over the 2025 tax year.

During the budget process, MCAO issues a preliminary report of valuations within the District. Based on this report, District staff proposes a tax rate that will generate sufficient revenue to meet District needs for the budget year. The final report of valuations is issued in August each year, after the District's budget process is complete. This August report typically varies a small amount from the preliminary report that the District's budget is based on, so that the actual rate will vary slightly from calculated budget rate depending on the county's final valuations.

SEWER USER FEES

The FY '26-'27 Adopted Budget maintains residential and commercial user fees at FY '25-'26 rates. Sewer User Fees are the primary source for funding the District's day-to-day operations and should keep pace with rising costs of operations over time. This budget includes a residential user fee increase of \$1 per month. 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-fhsd.gov.

Revenue Sources

Figure III: Property Tax Rates (per \$100 of NAV) & Property Tax Assessments 2016-2026

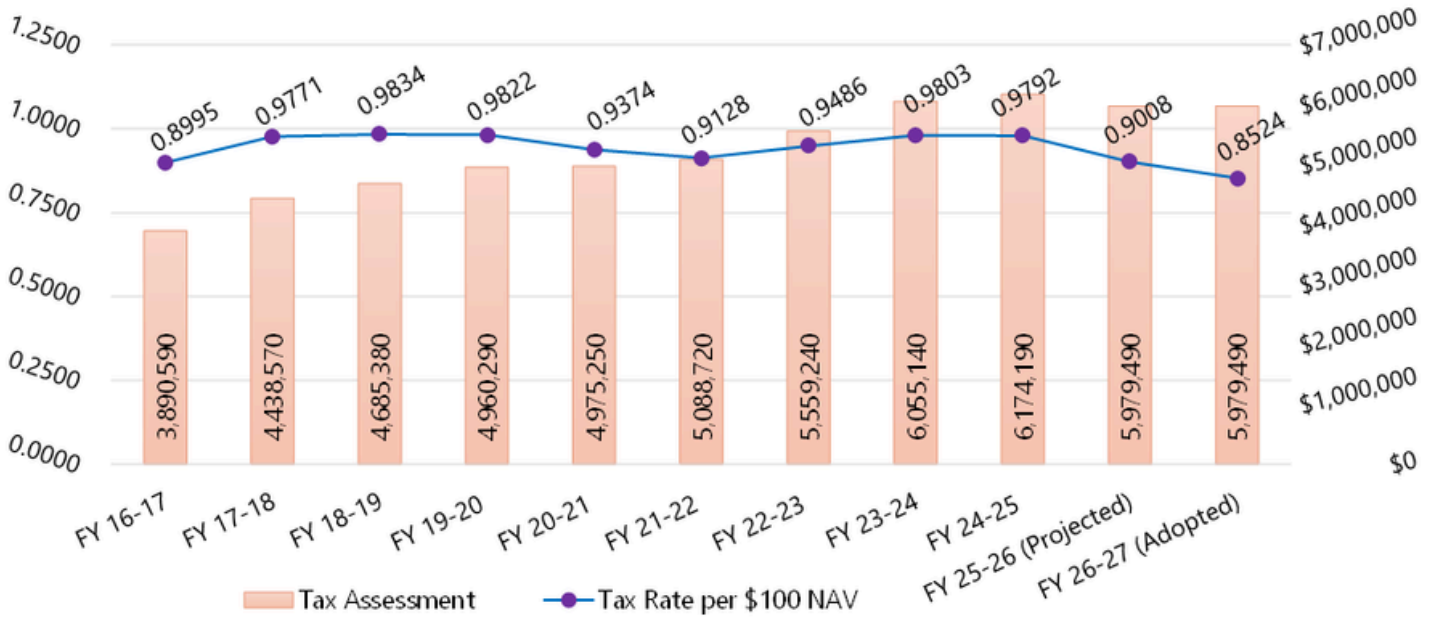
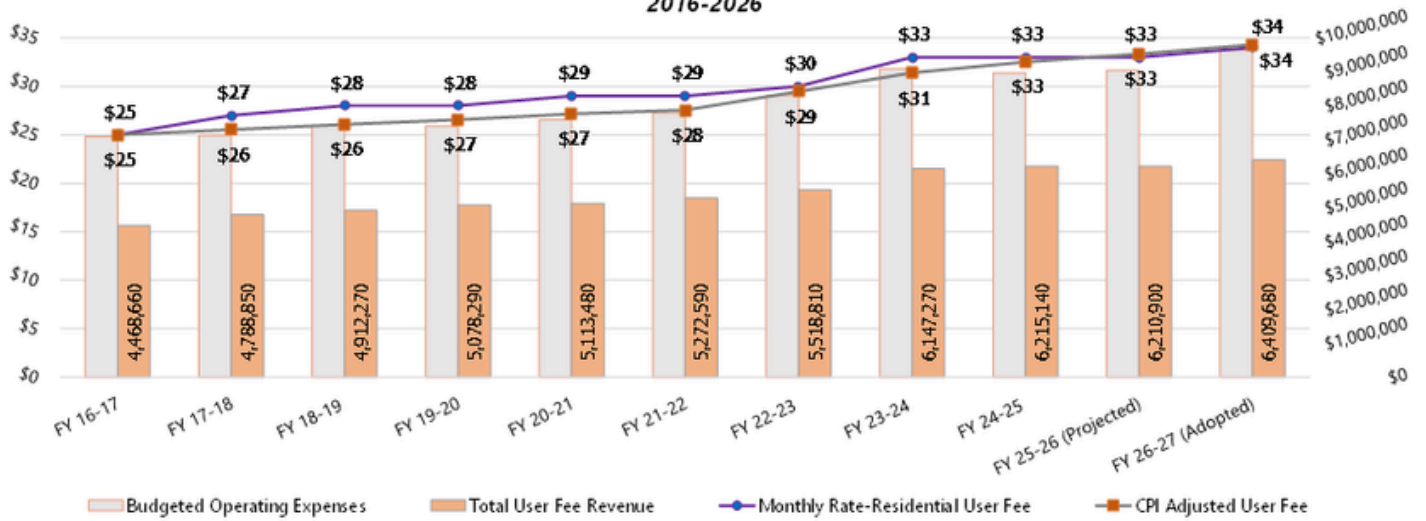


Figure IV: Monthly Residential User Fee Rates Compared to CPI Adjusted User Fee & Fiscal Year Total User Fee Revenues Compared to Operating Expenses 2016-2026



Revenue Sources

CONNECTION FEES

The District charges Connection Fees to new users upon connection to the District's existing sewer infrastructure. A small portion of these fees is designated to cover the administrative costs of adding a user referred to as the Hook Up fee. The remaining Connection Fees are considered Capital Fund revenue source contributing to the Capital 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 new development or increased connections and/or to comply with increased regulatory, safety and technological standards.

A conservative approach is taken when estimating revenues from Connection Fees. The District does not budget for speculative developments. The scope and timing of which specific fiscal year any given project will occur is beyond District control or forecasting abilities.

RECYCLED WATER

The District's recycled water is sold to offset a portion of the cost associated with 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.

Because of this action and to stay in compliance with permitting requirements, the District must proactively manage the real possibility that stored water may be depleted in the future if demand from local end users continues to exceed supply. 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 491 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 491 per end-user within the fiscal year will be charged at a rate of \$1,433/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.

Revenue Sources

Other Income

Other sources of revenue presented collectively on page 19 as "Other Income" include:

- Interest income, generated by the amount of District cash on deposit with Maricopa County
- Availability fees, \$7 per month paid for undeveloped property adjacent to District sewer lines (Property owners benefit from the District's ability to accommodate development of their parcel without having to execute a Sewer Service Agreement or pay the associated Connection Fee until development occurs.)
- Utility company payments in lieu of property taxes
- Other 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 any other fees or revenue that may be collected in accordance with the District Fee Schedule

In total, Other Income contributes 3.1% 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 proposed 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
- Increase fees periodically to keep pace with inflation and the resulting impact on Operating Expenses
- Maintain increases at a steady pace over time keeping the economic impact on users in mind

Revenue Sources

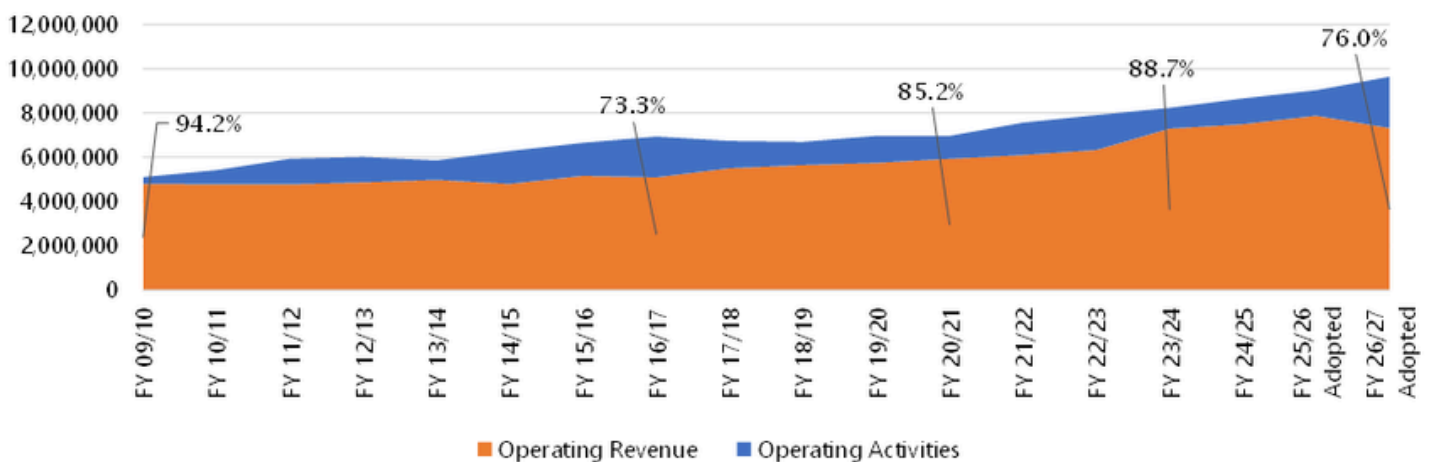
Step 2: Determine the contribution expected from other revenue sources:

- 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;
- Identify and include in total revenue specific items, such as deferred SFI projects, which may result in a budget surplus to be carried forward into the budget year.

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.
- Maintain or reduce the calculated tax rate to reach a total assessment sufficient to balance to the current budget year while aiming to maintain appropriate reserves and consistency in the amount of future assessments.
- Set the property tax assessment request at the amount necessary to satisfy the obligations of the District to produce a structurally balanced budget for the fiscal year.

Figure V: Operating Revenue as a % of Operating Activities



Revenue Sources

Adopted Taxes & Fees

Sewer User Fees

The pace of inflation ticked up a bit in 2025 with regional CPI increasing 2.9% over the calendar year. The proposed Cost of Living Adjustment (COLA) for District personnel aligns with this rate and combined with merit increases and much higher benefit costs, results in a 6.7% increase in budgeted Operating Expenses year-over-year. As a result, staff proposes to implement the planned residential and commercial user fee increase for FY '26-'27.

The District acknowledges specific issues when estimating its budget for Operating Expenses for this and future fiscal years. (1) Over the past decade, the average annual increase in the District's Operating Expenses has outpaced the average rate of inflation due to factors including increased number of users, regional and industrial economic factors, increasing personnel costs, heightened safety requirements, and the age of District equipment and facilities. (2) Western Cities CPI grew at a rate of 2.9% in 2025, consistent with long-term averages.

The District is committed to funding the majority of its Operating Expenses (typically 73–95%) through user fees and other non-tax revenues. This approach reflects the core principle that day-to-day sewer service should be primarily self-sustaining through fees paid by users, with property taxes serving only as a supplemental source.

At time, in prior years, Operating Expenses grew steadily while sewer user fees remained flat. This mismatch caused the District to rely more heavily on property taxes to cover routine operations. Greater dependence on property tax revenue increases the District's exposure to economic downturns and can limit its ability to fund critical System and Facility Improvements (SFI) and Facilities & Equipment Replacement Reserve (FERR) projects in a timely manner.

Incremental increases in sewer user fees over the past five years (totaling \$9 per month) have successfully restored balance. User fees now cover the majority of Operating Expenses, allowing property taxes to be directed primarily toward SFI and FERR needs. This strategy has also enabled the District to maintain stable property tax rates over time, to reduce the overall property tax assessment in FY '25-'26 and to project reduced assessments in the near future.

To sustain this healthy financial structure, the Five-Year Plan includes regular, modest user fee adjustments to keep pace with rising costs in personnel, utilities, chemicals, and construction materials.

Revenue Sources

Property Taxes

For FY '26-'27, the District adopts a tax levy generating \$5,979,490 to "maintain, operate, extend and repair the sewerage system...and treatment plants" per state statute for the 2026 tax year. The tax rate is determined by dividing the requested tax levy of \$5,979,490 by 1% of the District's NAV provided by the MCAO. The NAV for the 2026 tax year is estimated by MCAO at \$701,482,286. This amount is subject to change prior to the Assessor's completion of the 2026 tax levy in August. The District's requested levy reduces tax rate from 0.9008 per \$100 of assessed value to .8524 per \$100 of assessed value (pending MCAO's final NAV figures) while the total dollar value of the property tax assessment remains stable in FY '26-'27.

Connection Fees

Connection Fees are challenging to predict from year-to-year but can be estimated based on economic conditions and knowledge of current development within the District. In FY '25-'26 Connection Fee revenues are trending to exceed budget projections for the fiscal year. Zoning within District boundaries and recent projects proposed by developers indicate that more multi-family units may be coming online over the next few years. However, reflection on actual connection fees executed in the past three years combined with reduced inventory of in-fill lots within the District led staff to propose a budget for Connection Fees for FY '26-'27, that is consistent with the FY '25-'26 budget. Revenues reflected in the proposed budget are based on 65 estimated connections. Although just one moderately sized multi-family development could result in many more than 65 new connections, it has proven to be too difficult to predict the specific timing of service agreement requests unless preliminary development actions are well underway before the beginning of the new fiscal year. At the time of this proposed budget, development activities do not support estimates for increased sewer service agreement activities.

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 and supply is monitored closely.



Operating Activities

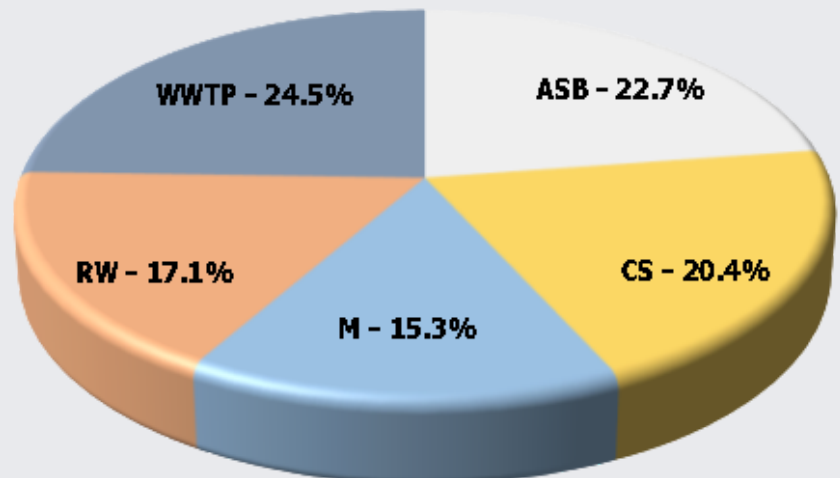
Summary of Operating Activities

Expenses incurred by the District as necessary to conduct everyday operations are considered Operating Expenses. Operating Expenses are a component of the District's Total Expenditures (see page 13). These expenses are differentiated from System and Facility Improvements (SFI) and Facilities & Equipment Replacement Reserve (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, which typically refers to all budgeted outlay including purchases of fixed assets or investments in infrastructure. The District's Operating Activities incorporate both day-to-day Operating Expenses and operational (not "growth" driven) SFI and FERR. 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 the next page 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 as follows:

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

*Figure VI: FY '26-'27
Operating Activities
by Department*



Operating Activities

Table VI: Revenues & Expenditures General Fund - Operating Activities

| | 2026-2027 Adopted Budget | 2025-2026 Adopted Budget | % Change | Increase (Decrease) from 2025-2026 Adopted Budget |
|---|--------------------------------|--------------------------------|-------------|--|
| Revenues | | | | |
| Property Taxes | 2,357,630 | 2,041,050 | 15.5% | 316,580 |
| Sewer User Fees | 6,409,680 | 6,183,430 | 3.7% | 226,250 |
| Connection Fees | 29,250 | 29,250 | 0.0% | - |
| Recycled Water | 587,300 | 525,400 | 11.8% | 61,900 |
| Other Income | 260,870 | 259,470 | 0.5% | 1,400 |
| Total Revenues | \$ 9,644,730 | 9,038,600 | 6.7% | 606,130 |
| Operating Expenses | | | | |
| Administrative & Billing | 2,186,540 | 2,069,360 | 5.7% | 117,180 |
| CS | 1,970,380 | 1,926,410 | 2.3% | 43,970 |
| Maintenance | 1,478,100 | 1,377,610 | 7.3% | 100,490 |
| RW | 1,645,350 | 1,521,940 | 8.1% | 123,410 |
| WWTP | 2,364,360 | 2,143,280 | 10.3% | 221,080 |
| Total Expenses | \$ 9,644,730 | \$ 9,038,600 | 6.7% | 606,130 |
| Excess of revenues over expenses | | | | - |

Operating Activities

The following pages present the Adopted Operating Expenses of each of the five departments mentioned on page 30. The significance of operating activities directly related to personnel are highlighted and summarized for all departments on the next two pages.

Individual operating expense transactions are classified into one of 178 accounts indicating the department, type and/or specific purpose of the expense. These accounts are summarized into categories for comparative and illustrative purposes. Generally, summary categories consist of:

- Chemicals & Odor Control
- Operations and Maintenance
- Personnel Costs made up of Salaries & 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, everyday, expenses including but not limited to operational supplies and services utilized by each department as well as professional fees, bank fees, postage, building supplies and maintenance costs, incidental utilities, communications, subscriptions, general liability insurance, and permit fees. “Professional Fees” 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 such as office and safety supplies and small tools. Operating expenses encompass expenses recurring on at least an annual basis that fluctuate based on pricing and utilization and expenses that are not considered capitalized expenditures for financial statement purposes. Expenditures for capitalized items are included in the SFI and FERR section starting on page 41.

Operating Activities

District Personnel

District personnel in all departments combine to simultaneously represent the District's greatest asset and the source of its greatest annual operating expense.

The average tenure of District staff is much longer than most local employers, however vacancies in the fairly specialized area of wastewater treatment can be difficult to fill,. This emphasizes the importance of providing a consistent and comparable total compensation package in order to retain talent in a competitive job market.

Health insurance premiums, the District's largest personnel expense after Salaries and Wages is experiencing a market correction following multiple years of high inflation rates compared to minimal premium escalation. This correction, being experienced across multiple industries and carriers, resulted in a more than 45% increase in District premiums beginning in January of 2026. Staff acknowledges that despite these unprecedented spikes in health insurance cost, taking care of District personnel must remain a direct focus of operations. All departments, led by the District Manager and Administrative Services Manager came together in FY '25-'26 to tighten-up and help the District absorb most of this cost increase without passing an exorbitant amount of the overage to the employees while keeping within the FY '25-'26 budget for overall operating expenses.

The impact on the FY '26-'27 Adopted Budget is noticable and combined with a budgeted 3.0% COLA keeping inline with the 2.9% CPI increase in the most recent calendar year and anticipated merit increases and incentive pay for those employees at top of scale, it is established that 96.8% of the overall budget increase in Operating Expenses is directly attributable to personnel-related costs.

The District continues its search for a Project Manager with engineering licensure and experience. The Board has recognized and emphasized the importance of filling this essential position with qualified talent and has included additional allowances for potential placement costs in this proposed budget reflected in the \$24,480 increase in "Other Payroll Expenses".

Long-term, the District expects that steps taken to remain 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.

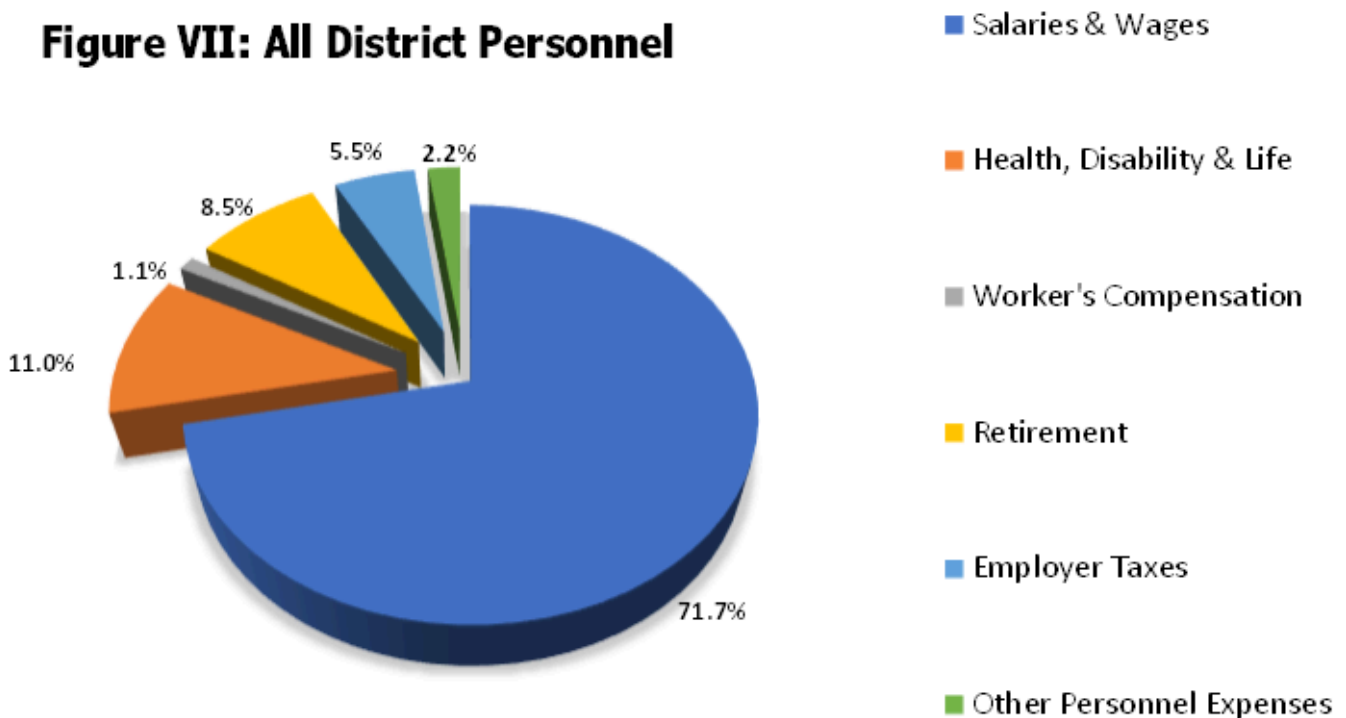
A summary budget comparison of expenses directly related to District Personnel is included on the next page and the FY '26-'27 Wage Schedule and Schedule of Positions are provided in the "Supplemental Schedules" section on pages 51 to 57.

Operating Activities

Table VII: All District Personnel

| | 2026-2027 Adopted Budget | 2025-2026 Adopted Budget | % Change | Increase (Decrease) from 2025-2026 Adopted Budget |
|--|--------------------------------|--------------------------------|--------------|--|
| Salaries & Wages | 4,491,010 | 4,204,300 | 6.8% | 286,710 |
| Benefits | | | | |
| Health, Disability & Life Insurance | 687,150 | 457,000 | 50.4% | 230,150 |
| Worker's Compensation | 71,200 | 72,250 | -1.5% | (1,050) |
| Retirement | 533,080 | 504,510 | 5.7% | 28,570 |
| Employer Taxes | 343,560 | 321,630 | 6.8% | 21,930 |
| Other Personnel Expenses | | | | |
| Physicals & Tests | 5,500 | 5,200 | 5.8% | 300 |
| Training and Professional Development | 55,000 | 61,950 | -11.2% | (6,950) |
| Uniforms | 30,250 | 32,250 | -6.2% | (2,000) |
| Other Payroll Expenses | 45,830 | 16,350 | 180.3% | 29,480 |
| Total Personnel Expenses | \$ 6,262,580 | \$ 5,675,440 | 10.3% | 587,140 |

Figure VII: All District Personnel



Operating Activities

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 all District departments. In addition to overall management of the District carried out by the District Manager, the essential functions of this department include:

- General Administration (billing, accounts receivable and payable, financial reporting, budgeting)
- Payroll, human resources, drug and alcohol programs, and benefits administration
- Information Technology
- Public Information
- Development and permit reviews
- Project management
- Safety training administration
- Customer relations

Noteworthy observations when considering the FY '26-'27 Adopted budget for Administrative Services & Billing (ASB) include:

- \$36,000 in election costs included in the FY '25-'26 Adopted Budget are not included in the FY '26-'27 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 increased 5.1% over the FY '25-'26 Adopted Budget. This increase is fully attributable to personnel related costs including salaries and benefits.

A summary of Administrative Services and Billing expenses Adopted for FY '26-'27 is shown on Table VIII on the next page.

Operating Activities

Table VIII: Administrative Services & Billing

| | 2026-2027 Adopted Budget | 2025-2026 Adopted Budget | % Change | Increase (Decrease) from 2025-2026 Adopted Budget |
|---------------------------------|-------------------------------------|-------------------------------------|-----------------|--|
| Administrative Services | | | | |
| Professional Fees | 139,700 | 139,570 | 0.1% | 130 |
| Operations & Maintenance | 254,500 | 278,490 | -8.6% | (23,990) |
| Personnel | | | | |
| Salaries & Wages | 787,540 | 768,340 | 2.5% | 19,200 |
| Board of Directors | 27,000 | 18,000 | 50.0% | 9,000 |
| Taxes, Benefits, Other | | | | |
| Labor Costs | 287,660 | 233,650 | 23.1% | 54,010 |
| Technology & Supplies | 157,250 | 157,000 | 0.2% | 250 |
| Sub-Total Administrative | \$ 1,653,650 | \$ 1,595,050 | 3.7% | 58,600 |
| Billing | | | | |
| Operations & Maintenance | 107,510 | 104,990 | 2.4% | 2,520 |
| Personnel | | | | |
| Salaries & Wages | 267,200 | 244,160 | 9.4% | 23,040 |
| Taxes, Benefits, Other | | | | |
| Labor Costs | 113,380 | 92,260 | 22.9% | 21,120 |
| Technology & Supplies | 44,800 | 32,900 | 36.2% | 11,900 |
| Sub-Total Billing | \$ 532,890 | \$ 474,310 | 12.4% | \$ 58,580 |
| Combined Total | \$ 2,186,540 | \$ 2,069,360 | 5.7% | \$ 117,180 |

Operating Activities

Collection System

The sewer collection system consists of over 205 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 and the system as a whole. 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.

The FY '26-'27 Adopted Budget for the District's Collections System is increased 2.7% compared to the FY '25-'26 Adopted Budget. Increased costs for personnel benefits are the primary contributor to this increase.

Table IX: Collection System

| | 2026-2027 Adopted Budget | 2025-2026 Adopted Budget | % Change | Increase (Decrease) from 2025-2026 Adopted Budget |
|--------------------------|---|---|-----------------|--|
| Operations & Maintenance | 278,760 | 291,000 | -4.2% | (12,240) |
| Chemicals & Odor Control | 225,000 | 265,000 | -15.1% | (40,000) |
| Personnel | | | | |
| Salaries & Wages | 950,750 | 899,330 | 5.7% | 51,420 |
| Taxes, Benefits, & Other | | | | |
| Labor Costs | 364,820 | 323,780 | 12.7% | 41,040 |
| Technology & Supplies | 44,000 | 36,750 | 19.7% | 7,250 |
| Utilities | 107,050 | 110,550 | -3.2% | (3,500) |
| Total Expenses | \$ 1,970,380 | \$ 1,926,410 | 2.3% | \$ 43,970 |

Operating Activities

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 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 \$143 million-dollar investment in assets and infrastructure.

The Maintenance Department budget increased by 6.9%, mostly due to increased personnel costs.

Table X: Maintenance

| | 2026-2027 Adopted Budget | 2025-2026 Adopted Budget | % Change | Increase (Decrease) from 2025-2026 Adopted Budget |
|--------------------------|---|---|-----------------|--|
| Operations & Maintenance | 241,000 | 243,500 | -1.0% | (2,500) |
| Personnel | | | | |
| Salaries & Wages | 848,480 | 804,980 | 5.4% | 43,500 |
| Taxes, Benefits, Other | | | | |
| Labor Costs | 358,620 | 295,130 | 21.5% | 63,490 |
| Technology & Supplies | 30,000 | 34,000 | -11.8% | (4,000) |
| Total Expenses | \$ 1,478,100 | \$ 1,377,610 | 7.3% | 100,490 |

Operating Activities

Recycled Water

Recycled water management is historically one of the District’s most demanding and challenging operations, yet every drop of wastewater generated in the District’s service area is recycled and beneficially reused. Recycled water provides irrigation at three local golf courses, and three Town parks (Fountain Park and Lake, Golden Eagle Park, and Desert Vista Park). Recycled water can come from: the wastewater treatment plant, advanced water treatment facility, or aquifer storage and recovery wells. All recycled water from the District exceeds water quality standards set by the Arizona Department of Environmental Quality (ADEQ).

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 principal component of the District’s recycled water processes, 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.

Overall, the Adopted budget for RW for FY '26-'27 is increased 8.4% from the FY '25-'26 Adopted Budget for increased personnel costs and an accounting for relatively nominal increased spending of \$5,650 anticipated for Utilities and Technology & Supplies.

Table XI: Recycled Water

| | 2026-2027 Adopted Budget | 2025-2026 Adopted Budget | % Change | Increase (Decrease) from 2025-2026 Adopted Budget |
|--------------------------|---|---|-----------------|--|
| Operations & Maintenance | 192,600 | 195,500 | -1.5% | (2,900) |
| Chemicals & Odor Control | 100,000 | 100,000 | 0.0% | - |
| Personnel | | | | |
| Salaries & Wages | 718,200 | 654,950 | 9.7% | 63,250 |
| Taxes, Benefits, Other | | | | |
| Labor Costs | 284,150 | 226,740 | 25.3% | 57,410 |
| Technology & Supplies | 43,400 | 42,450 | 2.2% | 950 |
| Utilities | 307,000 | 302,300 | 1.6% | 4,700 |
| Total Expenses | \$ 1,645,350 | \$ 1,521,940 | 8.1% | \$ 123,410 |

Operating Activities

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.

Plant staff and management are continuously working to shore up standard operating practices and procedures, and to identify opportunities for overall efficiencies and potential cost savings.

The Wastewater Treatment Plant (WWTP) has the largest payroll and the highest number of employees of any department in the District. Consequently, while reduced benefit costs have generated significant savings in year-to-year budget comparisons previously, the WWTP is also the most affected by the notable increase in benefit costs, along with the cost-of-living adjustment (COLA) and potential merit increases. Because the WWTP accounts for the largest share of District personnel, both in number of employees and total dollars, these personnel-related cost changes are most pronounced in this department.

The WWTP Department budget is increased by 10.5%, due anticipated increase in personnel costs and utilities.

Table XII: WWTP

| | 2026-2027 Adopted Budget | 2025-2026 Adopted Budget | % Change | Increase (Decrease) from 2025-2026 Adopted Budget |
|------------------------------------|---|---|-----------------|--|
| Operations & Maintenance | 386,100 | 385,600 | 0.1% | 500 |
| Chemicals & Odor Control | 235,000 | 225,000 | 4.4% | 10,000 |
| Personnel | | | | |
| Salaries & Wages | 918,840 | 832,540 | 10.4% | 86,300 |
| Taxes, Benefits, Other Labor Costs | 336,820 | 266,040 | 26.6% | 70,780 |
| Technology & Supplies | 71,600 | 71,300 | 0.4% | 300 |
| Utilities | 416,000 | 362,800 | 14.7% | 53,200 |
| Total Expenses | \$ 2,364,360 | \$ 2,143,280 | 10.3% | 221,080 |



System & 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. These expenditures, typically considered capitalized expenditures for financial statement purposes, include 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 "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 multiple 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 revenues generated by District growth versus "growth" driven 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 typically 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.

System and Facility Improvements

SFI Highlights

The District's adopted System & Facility Improvements (SFI) Five-Year Plan includes spending designated for the FERR account and is revised annually as part of the budget process. Staff consider multiple factors such as priority, cost, timing, staff availability, and scheduling when developing this plan. Staff continually strive to plan and implement efficient and cost-effective solutions to update aging unit processes.

Equipment items that can be replaced in kind using District personnel to source, manage contracts and install are typically identified and funded through the FERR fund. Other equipment that needs to be replaced, upgraded and/or modified with the assistance of an outside design engineer and contractor are typically funded as SFI projects. Managing the outside design engineers and contractors can be time-consuming and is limited by available staff resources.

A decrease in the number of projects actively in the planning, design or construction phase is presented to reflect the pace at which projects can be accomplished. Constrained personnel resources limit the number of active projects that can be administered and completed in each year. In addition, continued delays in the supply chain of electrical components, such as power panels, motors and generators, have stretched project timelines over two to three fiscal years. The District, and wastewater industry in general, is experiencing delivery times of up to one year for the specialized equipment suitable for wastewater conveyance and treatment.

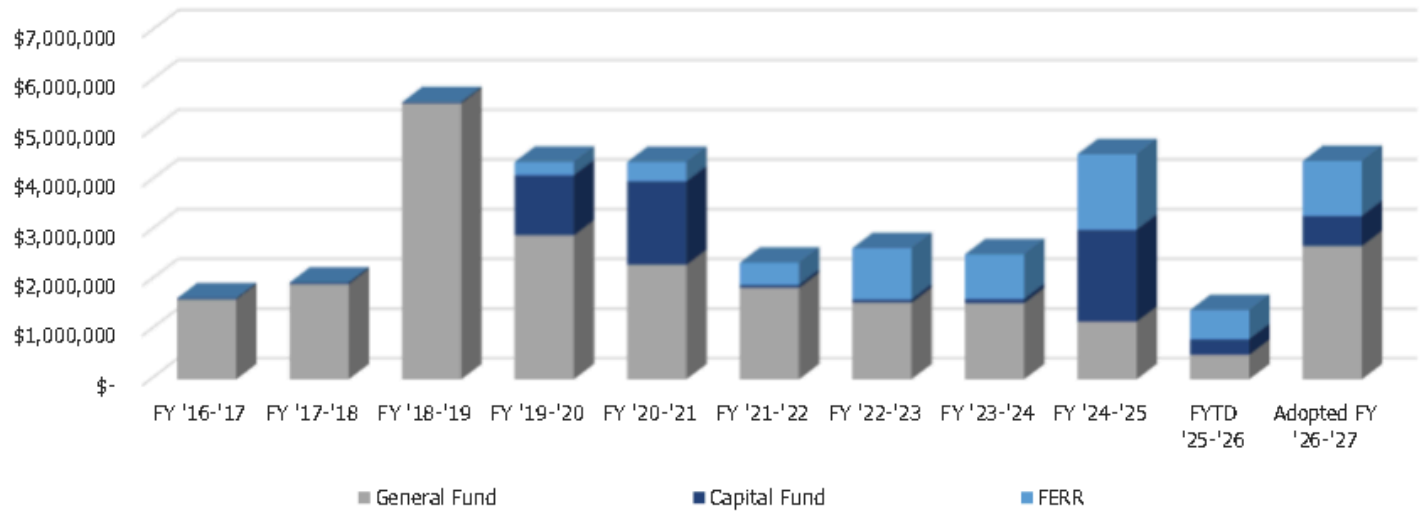
The following SFI projects have been identified for FY '26-'27:

- The replacement of the Digester Aeration System, Headworks Screening Equipment, and Grit Removal Systems are being combined into one project to streamline the management and administration. It is anticipated to encumber a portion of the funds, order long-lead equipment and possibly start construction of the project, depending upon equipment procurement. The project will continue into FY '27-'28.
- Planned improvements to Pump Station 10 were deferred several years ago due to market volatility and sharp increases in costs due to inflation. While costs have not necessarily decreased, the need for such improvements is still warranted. A redesign of the improvements will scale back the project scope to balance needs and manage costs.
- The purchase of a bypass pump will allow field crews to pump around any pump station that is down in an emergency condition, such as power loss, generator loss or other unforeseen conditions.
- The Town of Fountain Hills is embarking on a large grading and drainage project in Golden Eagle Park which will modify the dam. The District would like to reinforce and protect a manhole located immediately upstream of the dam to mitigate flood damage from large storm events.
- The Customer Service Billing software is antiquated and limited in functionality. A new software is desired to streamline billing processes, improve operational efficiencies and integrate with real time online payment processing, elevating the customer experience. A new system will also generate electronic service work orders, improving processes for CSO staff. The cost of a new software system includes transition services from the vendor to move data and records to a new system without losing a 26-year history.

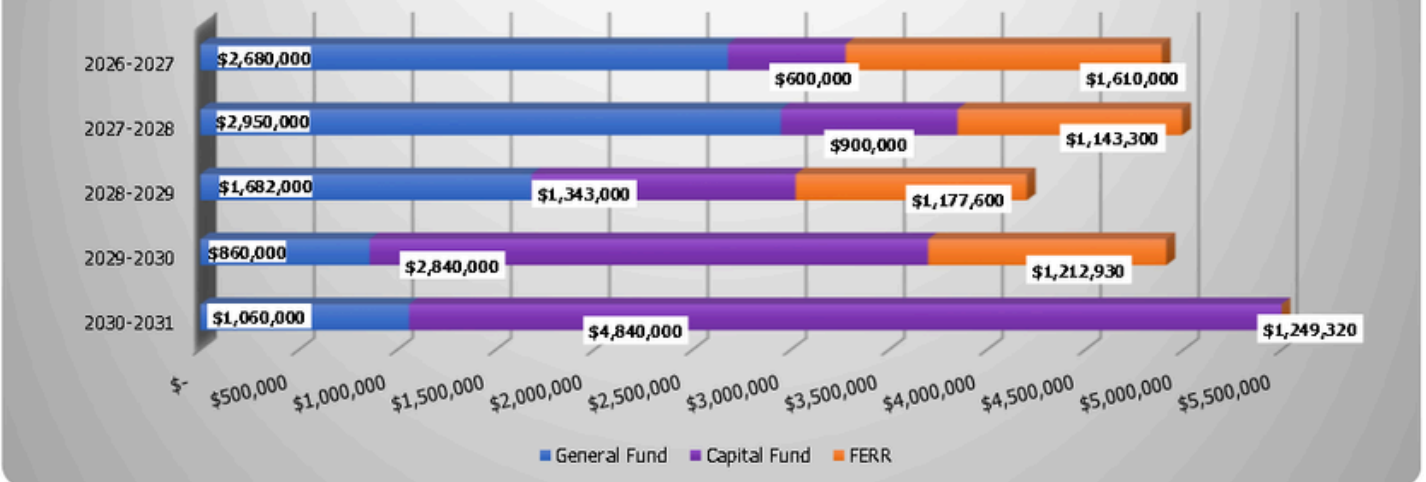
System and Facility Improvements

Historical & Projected SFI

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



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



System and Facility Improvements

Adopted SFI Budget

**Table XIV: SFI & FERR Revenues & Expenditures
All Funds**

| | General Fund | | Capital Fund | 2026-2027 | 2025-2026 | % Change |
|---|---------------------|---------------------|-------------------|---------------------|---------------------|---------------|
| | Operations | FERR | | Adopted Budget | Adopted Budget | |
| | | | | All Funds | All Funds | |
| Revenues | | | | | | |
| Property Taxes | 2,680,000 | 941,860 | | 3,621,860 | 3,938,440 | -8.0% |
| Connection Fees | | | 710,280 | 710,280 | 710,280 | 0.0% |
| Other Income | | | 139,050 | 139,050 | 135,000 | 3.0% |
| Funds Transfer | - | - | | - | (149,660) | -100.0% |
| <i>From Prior Fiscal Year</i> | | | | | | |
| Deferred SFI Expenditures from Prior Fiscal Year | - | - | - | - | 1,850,750 | -100.0% |
| Total Revenues | \$ 2,680,000 | \$ 941,860 | \$ 849,330 | \$ 4,471,190 | \$ 6,484,810 | -31.1% |
| Expenditures | | | | | | |
| System & Facility Improvements | | | | | | |
| WWTP | 2,050,000 | 360,000 | 500,000 | 2,910,000 | 1,707,500 | 70.4% |
| RW | - | 135,000 | - | 135,000 | 245,000 | -44.9% |
| CS | 480,000 | 365,000 | 100,000 | 945,000 | 967,500 | -2.3% |
| Maintenance | - | 250,000 | - | 250,000 | 310,000 | -19.4% |
| Admin & Billing | 150,000 | - | - | 150,000 | - | -- |
| Total Expenditures | \$ 2,680,000 | \$ 1,110,000 | \$ 600,000 | \$ 4,390,000 | \$ 3,230,000 | 35.9% |
| Excess of revenues over expenditures | \$ - | \$ (168,140) | \$ 249,330 | \$ 81,190 | \$ 3,254,810 | |

System and Facility Improvements

Adopted SFI Five-Year Plan

Table XV: Five-Year Plan by Category
All Funds - SFI (Includes Planned FERR)

| PROJECT DESCRIPTION | 2026-2027 | 2027-2028 | 2028-2029 | 2029-2030 | 2030-2031 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| WWTP | | | | | |
| Headworks & Digester Aeration Systems Replacement | \$ 2,500,000 | \$ 2,000,000 | \$ - | \$ - | \$ - |
| Clarifier Rehabilitation | \$ - | \$ 400,000 | \$ 400,000 | \$ - | \$ - |
| Treatment Process Improvements | \$ - | \$ - | \$ - | \$ - | \$ 2,000,000 |
| Engineering and/or Consultant Study (ies) | \$ 50,000 | \$ - | \$ - | \$ - | \$ - |
| Planned Equipment Replacements | \$ 360,000 | \$ 370,800 | \$ 381,920 | \$ 393,380 | \$ 405,180 |
| RW | | | | | |
| Scottsdale Interconnect | \$ - | \$ - | \$ 75,000 | \$ 1,500,000 | \$ 1,000,000 |
| Wells 3 & 5 Vault Replacement | \$ - | \$ - | \$ 400,000 | \$ 2,000,000 | \$ 2,000,000 |
| New ASR Well - Study and Design | \$ - | \$ - | | | \$ 500,000 |
| Planned Equipment Replacements | \$ 135,000 | \$ 139,050 | \$ 143,220 | \$ 147,520 | \$ 151,940 |
| CS | | | | | |
| Golden Eagle Manhole Protection | \$ 150,000 | | | | |
| Purchase Bypass Pump | \$ 80,000 | | | | |
| Upgrade PS 10 - Redesign, Pre-Purchase and Construction | \$ 200,000 | \$ 1,000,000 | \$ 2,000,000 | | |
| Manhole & Wetwell Improvements | \$ 150,000 | \$ 150,000 | \$ 150,000 | \$ 200,000 | \$ 200,000 |
| Sewer Sliplining | | \$ 300,000 | | | |
| Planned Equipment Replacements | \$ 365,000 | \$ 375,950 | \$ 387,230 | \$ 398,850 | \$ 410,810 |
| OTHER | | | | | |
| Replace Customer Billing Software | \$ 150,000 | \$ - | \$ - | \$ - | \$ - |
| District wide Arch Flash Renewal (5 Yr) | \$ - | \$ - | \$ - | \$ - | \$ 200,000 |
| Planned Equipment Replacements - Maintenance | \$ 250,000 | \$ 257,500 | \$ 265,230 | \$ 273,180 | \$ 281,380 |
| Total System & Facilities Improvements | \$ 4,390,000 | \$ 4,993,300 | \$ 4,202,600 | \$ 4,912,930 | \$ 7,149,310 |
| General Fund Portion of above | \$ 2,680,000 | \$ 2,950,000 | \$ 1,682,000 | \$ 860,000 | \$ 3,060,000 |
| FERR Portion of above | \$ 1,110,000 | \$ 1,143,300 | \$ 1,177,600 | \$ 1,212,930 | \$ 1,249,310 |
| Capital Fund ("Growth") Portion of above | \$ 600,000 | \$ 900,000 | \$ 1,343,000 | \$ 2,840,000 | \$ 2,840,000 |

*Includes project funds deferred from FY '25-'26



Facilities & Equipment Replacement Reserve

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 \$143 million in assets (\$__ million net of depreciation), each with a finite service life ranging from 5 to 50 years. Most of the equipment required for the safe, effective, and continuous collection and treatment of wastewater has a useful service life of only 5 to 20 years. The eventual replacement of these assets is best accomplished through planned, stable funding sources rather than reactive, large one-time expenditures. Likewise, aged tools and machinery should be replaced promptly when their continued operation could compromise employee safety.

The objectives of the FERR are as follows:

- To provide adequate resources for the planned and systematic replacement of District equipment and facilities.
- To maintain 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 any single fiscal year.

By planning for the slow and steady accumulation of reserves needed for these large and expensive projects, the District can avoid significant year-to-year increases in the tax levy and thereby stabilize tax rates for its constituents.

In the current budget, the largest FERR spending request is to purchase a replacement pump for Pump Station 4A. As the District's largest pump station in both size and capacity, it conveys approximately 65% of the entire District's daily flow. The existing pumps are 17 years old. The second-largest expense is to replace and combine two aged maintenance trucks into one more robust work truck equipped with a utility body to serve multiple purposes. The costs of vehicles have increased significantly in recent years due to mandatory technology and safety features as well as recent tariffs. The remaining items will replace various pumps, fans, electrical gear, and a vehicle shop lift that is over 20 years old.

Facilities & Equipment Replacement Reserve

Table XVI: Planned Equipment Replacements

| PROJECT DESCRIPTION | 2026-2027 |
|--|---------------------|
| WWTP | \$ 360,000 |
| Replace Plant Flowmeters | \$ 30,000 |
| Refurbish Pumps | \$ 50,000 |
| Replace Odor Control Fans | \$ 40,000 |
| Replace Generator Transfer Swtiches | \$ 160,000 |
| Refurbish Plant Access Hatches | \$ 30,000 |
| Unscheduled Equipment Replacements | \$ 50,000 |
| RW | \$ 135,000 |
| Replace RW Flowmeters | \$ 25,000 |
| Refurbish One Pump | \$ 30,000 |
| Refurbish AWT Valves | \$ 30,000 |
| Unscheduled Equipment Replacements | \$ 50,000 |
| CS | \$ 365,000 |
| Replace One PS 4A Pump | \$ 165,000 |
| Refurbish Two Pump Stations (doors, valves, paint) | \$ 50,000 |
| Pump Station Pump Replacements (as needed) | \$ 100,000 |
| Unscheduled Equipment Replacements | \$ 50,000 |
| MAINTENANCE | \$ 250,000 |
| Replace/Combine Two Maintenance Vehicles | \$ 150,000 |
| Replace Fleet Shop Lift | \$ 50,000 |
| Replace Roofs, A/Cs, Evap Coolers (as needed) | \$ 50,000 |
| Total FERR | \$ 1,110,000 |

Facilities & Equipment Replacement Reserve

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 \$15,000 and a useful life of at least 7 years. The table below identifies the general guidelines for the classification and replacement of the District's vehicles.

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.

Vehicle replacement shall be scheduled and funded within the Facilities & Equipment Replacement Reserve (FERR) Account. The Vehicle Replacement Schedule is included on the next page.

Facilities & Equipment Replacement Reserve

VEHICLE REPLACEMENT SCHEDULE

| FY | DEPARTMENT | VEHICLE | YEAR | MAKE | DESCRIPTION | FUNCTION | REPLACEMENT BUDGET* | Age at Time of Replacement |
|-----------------|--------------|---------|------|--------------|--------------------------------|------------------------------|-------------------------|----------------------------|
| FY 26-27 | | | | | | | | |
| 2026 | Maintenance | S-6 | 2002 | Chevrolet | 3500 HD Utility Truck w/ crane | Maint. Shop/Generator Maint. | \$ 150,000 | 24 |
| 2027 | Shared/Maint | S-11 | 2003 | Ford | F-350 Stakebed Truck | Hauling Equipment | <i>Combine w/ above</i> | 24 |
| Future | | | | | | | | |
| 2027 | Admin | S-25 | 2014 | Ford | F-150 Pickup | FOG/Permits | \$ 40,000 | 13 |
| 2027 | Collections | E-00001 | 2006 | John Deere | Backhoe 710G | Construction | \$ 200,000 | 21 |
| 2028 | Collections | S-7 | 2006 | Ford | F-750 Dump Truck | Construction/Dump Truck | \$ 200,000 | 22 |
| 2029 | Collections | S-24 | 2014 | Isuzu | NPR HD Camera Truck | Sewer Camera | \$ 485,000 | 15 |
| 2029 | Collections | S-14 | 2019 | Ford | F-250 Utility Truck | Field Crew | \$ 50,000 | 10 |
| 2030 | Shared | S-28 | 2005 | Freightliner | w/BT3470 Crane | Shared | \$ 450,000 | 25 |
| 2030 | Shared | S-15 | 2015 | Ford | F150 Supercrew Pickup | Managers | \$ 60,000 | 15 |
| 2031 | Admin | A-1 | 2021 | Ford | Escape Hybrid | Admin/Billing | \$ 40,000 | 10 |
| 2032 | Collections | S-20 | 2017 | Ford | F-350 Utility Truck | Pump Stations | \$ 150,000 | 15 |
| 2032 | Maintenance | S-21 | 2017 | Ford | F-350 Utility Truck | Maint. Work Crew | \$ 100,000 | 15 |
| 2034 | Collections | S-19 | 2019 | Ford | F-450 Water Truck | Construction | \$ 120,000 | 15 |
| 2036 | Treatment | S-23 | 2021 | Ford | F-150 Pickup | Plant | \$ 50,000 | 15 |
| 2036 | Maintenance | S-17 | 2021 | Ford | F-350 Utility Truck | Electrician | \$ 100,000 | 15 |
| 2037 | Maintenance | S-16 | 2022 | Ford | F-250 Pickup | Maintenance (Fleet) | \$ 80,000 | 15 |
| 2037 | Collections | S-29 | 2022 | Ford | F550 Utility Truck | Construction | \$ 150,000 | 15 |
| 2037 | Maintenance | S-30 | 2022 | Ford | F550 Utility Truck w/ crane | Maintenance (Equipment) | \$ 150,000 | 15 |
| 2032 | Treatment | S-31 | 2022 | Ford | F350 SuperDuty Utility Truck | AWT/Wells | \$ 100,000 | 10 |
| 2033 | Treatment | S-32 | 2023 | Ford | Maverick XLT Hybrid | Plant | \$ 50,000 | 10 |
| 2039 | Collections | S-34 | 2024 | Ford | F-150 Pickup | Bluestakes/Inspection | \$ 50,000 | 15 |
| 2038 | Treatment | S-35 | 2023 | Ford | Ford Transit Van - Hybrid | SCADA/Instrumentation | \$ 100,000 | 15 |
| 2039 | Collections | S-33 | 2024 | Freightliner | Combo Sewer Cleaning Truck | Sewer Combo Pump/Clean | \$ 600,000 | 15 |

* Budget Costs escalated over time to account for inflation



Debt Service

Debt Service Fund

The Debt Service Fund is a fund designed to account strictly for financing secured by a District bond issue and ensuring repayment of those bonds. When in use, the Debt Service Fund provides the accounting for any public financing secured by the District. Funds generated by public financing such as a bond issue are typically used to fund improvement projects that are too large to be financed from current or accumulated fund balances.

Revenue sources available through District Debt Service include a line of credit, a Water Infrastructure Finance Authority (WIFA) loan or the sale of voter approved bonds. Expenditures accounted for in the Debt Service Fund are debt repayments, interest, and fees on debt and potential expenditures by the bond or loan purpose.

The District originally utilized the Debt Service Fund to account for the bonds requested and authorized by voter election to finance the construction and expansion of its pumping and treatment facilities in the early 1970's. By 1995 a total of \$20,910,000 in bonds were sold and the resulting debt was repaid in full by 2005.

Since 2005 the District has been, and remains, debt-free and therefore, does not currently utilize the Debt Service Fund.



Supplemental Schedules

Fund Balance Designations

As discussed in the Budget Overview & Financial Perspectives section on page 10, 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 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 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.

Supplemental Schedules

Taxes & Fees: Five-Year History

Table VI: Taxes & Fees 5-Year History

| | | 2022-2023 | 2023-2024 | 2024-2025 | 2025-2026 | 2026-2027 Adopted | % Change |
|--------------------------------------|---|---------------------------|--------------|--------------|--------------|----------------------|----------|
| Sewer User Fees | Quarterly Fees: | | | | | | |
| | Residential | \$90 | \$99 | \$99 | \$99 | \$102 | 3.0% |
| | Hotel/Motel per unit | \$35.25 | \$38.25 | \$38.25 | \$38.25 | \$39.75 | 3.9% |
| | Assisted Living per occupant | \$35.25 | \$38.25 | \$38.25 | \$38.25 | \$39.75 | 3.9% |
| | Commercial Minimum | \$108 | \$117 | \$117 | \$117 | \$120 | 2.6% |
| | Commercial (by water usage) | varies | varies | varies | varies | varies | |
| Connection Fees | Schools | \$270 | \$270 | \$270 | \$270 | \$270 | 0.0% |
| | One-Time Fees: | | | | | | |
| | Hook-up Fee | \$400 | \$400 | \$400 | \$450 | \$450 | 0.0% |
| | Lateral Fee | \$4,500 | \$5,500 | \$5,500 | \$5,650 | \$5,650 | 0.0% |
| | 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% |
| Other Charges | Shea Corridor Surcharge Hotel/Motel (per unit) | \$450 | \$450 | \$450 | \$450 | \$450 | 0.0% |
| | Annual Fees: | | | | | | |
| | Availability Fee | \$84 | \$84 | \$84 | \$84 | \$84 | 0.0% |
| | Property Taxes (per \$100 in AV) | \$0.903 | \$0.903 | \$0.903 | \$0.900 | \$0.009 | -99.1% |
| | Fees Per Occurrence: | | | | | | |
| | Project Review/Inspection Fee (Per Linear Foot) | \$2 | \$2 | \$2 | \$2 | \$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 | \$5 | \$5 | \$6 | \$6 | 0.0% |
| | RV Dump Fee - Commercial | \$25 | \$25 | \$25 | \$30 | \$30 | 0.0% |
| | Recycled Water - Tier I (per acre foot) | \$380 | \$380 | \$380 | \$380 | \$380 | 0.0% |
| | Recycled Water - Tier II (per acre foot) | \$1,505 | \$1,505 | \$1,433 | \$1,433 | \$1,433 | 0.0% |
| | Encroach/Abandonments | \$25/\$75 | \$25/\$75 | \$25/\$75 | \$25/\$75 | \$25/\$75 | |
| | Sewer User Establishment Fee | \$30 | \$30 | \$30 | \$35 | \$35 | 0.0% |
| | Public Records (Copies/Postage) | varies | varies | varies | varies | varies | |
| | Penalties and Interest | Interest on late payments | 10% | 10% | 10% | 10% | 10% |
| Sewer User Fee Late/NSF fee | | \$25/\$30 | \$25/\$30 | \$25/\$30 | \$25/\$30 | \$25/\$30 | 0.0% |
| Service Termination Fee | | - | - | - | - | \$50 | New |
| Failure to obtain Service Agr. | | \$750 | \$750 | \$750 | \$750 | \$750 | 0.0% |
| Lien Fee | | \$150 | \$150 | \$150 | \$150 | \$250 | 66.7% |
| User Service Discontinue Fee | | actual costs | actual costs | actual costs | actual costs | actual costs | |
| User Fee Deposit | | 2x Qtrly Fee | 2x Qtrly Fee | 2x Qtrly Fee | 2x Qtrly Fee | 2x Qtrly Fee | |
| Consumer Price Index Change** | | 7.00% | 6.50% | 3.60% | 2.50% | 2.90% | |

**From U.S. Department of Labor, Bureau of Labor Statistics

Supplemental Schedules

Taxes & Fees: Summary Schedule

FOUNTAIN HILLS SANITARY DISTRICT

Proposing fee schedule for the period July 1, 2026 to June 30, 2027

Pursuant to **Paragraph H of A.R.S. Section 48-2027**, notice is hereby given by the Board of Directors of the Fountain Hills Sanitary District held a public meeting **4:30 P.M. on Wednesday, May 20, 2026** in the District's Board Room, located at 16941 E. Pepperwood Circle, Fountain Hills, Arizona, to set the amount of Fees and Charges for the District at the levels set forth below. The District reserves the right to set different Fees and Charges as it deems to be just and reasonable and to amend the Fees and Charges of the District at any time after providing notice and conducting a public meeting thereon.

| Residential ⁽¹⁾ | Monthly User Fees |
|--|--|
| Residential (single family homes, duplexes, condominiums, townhouses, apartment buildings, or other multi-family housing units). | \$34.00 per month for each living unit of housing – billed quarterly. |
| Hotel, motel units, and bed and breakfast units. | \$13.25 per unit per month – billed quarterly. |
| Assisted living units, independent living units, or other similar multi-unit facilities. | \$13.25 per occupant per month – billed quarterly. |

| Non-Residential ⁽¹⁾⁽²⁾ | |
|--|---|
| Schools | \$90.00 per month – billed quarterly |
| Restaurants, Bars, Bakeries or Supermarkets | \$ 3.80 (Rate per 1,000 gallons) |
| Food Preparation (Non-Restaurant), Dry Cleaners, <u>Laundries</u> or Mortuaries | \$ 2.75 (Rate per 1,000 gallons) |
| Nursing Facilities, Hospitals, Clinics, Laboratories, Salons, Daycare Facilities or Automobile/Equipment Repair Facilities | \$ 2.38 (Rate per 1,000 gallons) |
| Carwashes, Offices, Retail Stores or Other | \$ 2.24 (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 **\$40.00** per month or **\$120.00** 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.

Supplemental Schedules

| Other Fees and Charges | |
|--|---|
| Availability Fee | \$84.00 billed annually (\$7.00 per month) |
| Establishment Fee | \$35.00 charged to set up an account |
| Late Fee | \$25.00 for <u>accounts delinquent</u> for more than 15 days |
| Interest Charges | 10% (.0833% per month) applied to delinquent balances on the 20 th of each month |
| Lien Fee | \$250.00 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 |
| Service Termination Fee | \$50.00 fee for service termination and reconnection due to <u>unpaid sewer</u> service fees |
| Returned Payment Fee | \$30.00 for all payments returned unpaid by any financial institution in addition to the amount of the check |
| Project Review Fee | \$2.00 per lineal foot plus the sum of \$2,000.00 for each pump station to be constructed. Additional fees may be charged on a time and material basis. |
| Encroachment or Abandonment Permit Fee | \$75.00 if a physical site visit is required, or \$25.00 if no site visit is required. |
| Fees for Reproduction and Delivery of Requested Public Records | Copy Fee - \$0.18 per 8.5"x11" standard, \$0.20 per 8.5"x14" legal, \$0.23 per 11"x17" page |
| Disposal Fees (Use of RV Dump Station) | RV disposal by District resident – No Charge RV disposal by non-resident - \$6.00 Commercial waterborne waste disposal - \$30.00 |
| Recycled Water Fee | Tier I: \$380.00 per acre-foot up to <u>491 acre</u> feet delivered; Tier II: \$1,433.00 per acre foot for delivery <u>in excess of 491 acre</u> feet per fiscal year. |

| New Sewer Connection Fees | |
|---|---------------------------|
| Hook-up Fee | \$450.00 per connection |
| Lateral Fee, if required | \$5,650.00 per connection |
| Capacity Fees - Residential | |
| Capacity Fees – Residential (single family homes) | \$10,000.00 per unit |
| Capacity Fees – Residential (Duplexes, condominiums, townhouses, apartment buildings, or other multi-family housing units) | \$5,200.00 per unit |
| Shea Corridor Capacity Fee Surcharge – Residential (single family homes, duplexes, condominiums, townhouses, apartment buildings, or other multi-family housing units), if required | \$1,260.00 per unit |
| 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 |

Supplemental Schedules

| | |
|---|---|
| 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 |

Supplemental Schedules

Wage Schedule

WAGE SCHEDULE - EFFECTIVE JULY 1, 2026 *

| <u>Exempt Positions (Salaried)</u> | <u>Minimum</u> | <u>Maximum</u> |
|---------------------------------------|----------------|----------------|
| District Manager | \$ 154,500.00 | \$ 219,400.00 |
| Assistant District Manager | \$ 125,000.00 | \$ 168,000.00 |
| Administration Senior Manager | \$ 115,000.00 | \$ 160,000.00 |
| Collection System Manager | \$ 105,000.00 | \$ 150,000.00 |
| WW Treatment Manager | \$ 105,000.00 | \$ 150,000.00 |
| Maintenance Manager | \$ 105,000.00 | \$ 150,000.00 |
| Asst. District Engineer | \$ 98,500.00 | \$ 140,000.00 |
| Project Manager/ Engineer | \$ 98,500.00 | \$ 140,000.00 |
| Administrative Services Assistant | \$ 85,500.00 | \$ 123,000.00 |
| Laboratory Supervisor | \$ 85,500.00 | \$ 123,000.00 |
| Controls & Instrumentation Specialist | \$ 85,500.00 | \$ 123,000.00 |
| Laboratory Analyst | \$ 71,300.00 | \$ 99,300.00 |
| Customer Service Supervisor | \$ 71,300.00 | \$ 99,300.00 |
| Safety Coordinator | \$ 71,300.00 | \$ 99,300.00 |

| <u>Non-Exempt Positions (Hourly)</u> | <u>Minimum</u> | <u>Maximum</u> |
|---|----------------|----------------|
| Executive Administrative Assistant & Purchasing | \$ 33.10 | \$ 46.72 |
| Administrative Assistant | \$ 29.58 | \$ 41.63 |
| Senior Customer Service Representative | \$ 29.58 | \$ 41.63 |
| Customer Service Representative | \$ 25.30 | \$ 35.44 |
| Collection System Lead Operator | \$ 37.10 | \$ 52.52 |
| Collection System Operator IV | \$ 35.44 | \$ 50.11 |
| Collection System Operator III | \$ 33.10 | \$ 46.72 |
| Collection System Operator II | \$ 29.58 | \$ 41.63 |
| Collection System Operator I | \$ 25.30 | \$ 35.44 |
| Collection System Operator Trainee | \$ 23.23 | \$ 23.23 |
| Equipment Operator/Foreman | \$ 33.10 | \$ 46.72 |
| Maintenance Mechanic Lead | \$ 35.44 | \$ 50.11 |
| Maintenance Mechanic III | \$ 33.10 | \$ 46.72 |
| Maintenance Mechanic II | \$ 29.58 | \$ 41.63 |
| Maintenance Technician I | \$ 25.30 | \$ 35.44 |
| WW Utility Electrician | \$ 35.44 | \$ 50.11 |
| WWTP Lead Operator | \$ 37.10 | \$ 52.52 |
| WWTP Operator IV | \$ 35.44 | \$ 50.11 |
| WWTP Operator III | \$ 33.10 | \$ 46.72 |
| WWTP Operator II | \$ 29.58 | \$ 41.63 |
| WWTP Operator I | \$ 25.30 | \$ 35.44 |
| WWTP Operator Trainee | \$ 23.23 | \$ 23.23 |

* Cost of Living Adjustment of 3.0% above FY 2025-2026

* Note, not all positions are filled each year

Supplemental Schedules

Schedule of Positions

SCHEDULE OF POSITIONS

| Dept. | Position | FY 24-25 | FY 25-26 | FY 26-27 |
|--------------------------------------|---|-----------|-----------|-----------|
| | FTE = Full Time Equivalents | FTE | FTE | FTE |
| <u>MANAGEMENT/ENGINEERING</u> | | | | |
| | District Manager | 1 | 1 | 1 |
| | Asst. District Manager | - | 1 | 0.5 |
| | Asst. District Engineer | 1 | 1 | 1 |
| | Safety Coordinator | - | - | - |
| | Project Manager/Engineer | 1 | - | 0.5 |
| | Total Dept. Positions | 3 | 3 | 3 |
| <u>ADMINISTRATION</u> | | | | |
| | Administration Services Manager | 1 | 1 | 1 |
| | Asst. Administration Services Manager | - | - | - |
| | Administrative Services Assistant | 1 | 1 | 1 |
| | Executive Admin. Assistant & Purchasing | 1 | 1 | 1 |
| | Customer Service Representatives (CSR) | 3 | 3 | 3 |
| | Total Dept. Positions | 6 | 6 | 6 |
| <u>COLLECTIONS SYSTEMS</u> | | | | |
| | Manager | 1 | 1 | 1 |
| | Operators (I - IV) | 10 | 10 | 10 |
| | Total Dept. Positions | 11 | 11 | 11 |
| <u>PLANT OPERATIONS</u> | | | | |
| | Manager | 1 | 1 | 1 |
| | Asst. Manager | - | - | - |
| | SCADA & Controls Specialist | 1 | 1 | 1 |
| | Operators (I - IV) | 11 | 11 | 11 |
| | Laboratory Staff | 2 | 2 | 2 |
| | Total Dept. Positions | 15 | 15 | 15 |
| <u>MAINTENANCE</u> | | | | |
| | Manager | 1 | 1 | 1 |
| | Fleet Mechanics | 2 | 2 | 2 |
| | Equipment & Facilities Mechanics | 4 | 4 | 4 |
| | WW Utility Electrician | 1 | 1 | 1 |
| | Maint. Technician (In-Training) | - | - | - |
| | Total Dept. Positions | 8 | 8 | 8 |
| TOTAL STAFF | | 43 | 43 | 43 |