

**AGENDA ITEM:** \_\_\_\_\_  
**DATE:** 5/20/2013

**CITY OF CASA GRANDE  
REQUEST FOR COUNCIL ACTION**

<b>Date Submitted:</b> 4/30/2013	<b>Date Requested:</b> 5/20/2013
<b>Type of Action Requested</b>	<b>Subject</b>
<input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Formal Action/Motion <input checked="" type="checkbox"/> Public Hearing <input type="checkbox"/> Other	<b>Public Hearing on Proposed Wastewater Rate Changes.</b>

**RECOMMENDATION:**

Staff recommends Council hold a public hearing to consider comments regarding changes to the wastewater rates.

**DISCUSSION:**

The wastewater rates must provide for 100% of the cost of operating the wastewater treatment plant, maintaining the collection system and repay the loan to Water Infrastructure Finance Authority (WIFA). The loan requires rates be maintained that allow for 120% coverage of net revenues for loan repayment.

Growth in the community is less than projected when the expansion of the wastewater treatment plant was anticipated and when the loan was provided. The plant expansion is providing economic development opportunities, but the impact fee collections are less than the amount needed to repay the growth portion of the loan. Interfund loans are necessary to repay the annual loan payments when impact fees are not available. At the time impact fee revenue exceeds loan payments, the operating fund will be repaid with interest and the rates will be favorably impacted.

In addition to the interfund loans for the wastewater treatment plant expansion, the cost of electricity and chemicals is increasing. These general cost adjustments impact the rates.

The following schedule outlines the wastewater operating fund status.

	<b>Actual FY12</b>	<b>Anticipated FY13</b>	<b>Proposed FY14</b>
Beginning Cash	7,057,610	6,028,110	4,957,960
User Fees	6,571,230	6,859,000	7,956,440
Effluent Sales	52,660	65,000	100,000
Other	13,780	25,600	50,000
Available Cash	13,695,280	12,977,710	13,064,400
Personnel	638,600	578,090	860,000
Contract/Supplies	3,042,100	2,785,000	3,949,000
Capital	81,690	34,040	115,000
Debt	2,206,800	2,176,620	2,176,620
Transfers	386,980	380,000	374,990
<b>Ending Cash</b>	<b>7,339,110</b>	<b>7,023,960</b>	<b>5,588,790</b>
<b>LOAN FOR WWTP</b>	<b>(1,311,000)</b>	<b>(2,066,000)</b>	<b>(1,192,000)</b>
<b>ENDING CASH</b>	<b>6,028,110</b>	<b>4,957,960</b>	<b>4,396,790</b>

The proposed changes to wastewater rates are:

	Current	Proposed	Change
Residential Wastewater Collection	\$24.75	\$28.70	\$3.95
Residential Wastewater Collection Outside City Limits	\$37.13	\$43.05	\$5.93
Multi-family (greater than 3 per unit charge)	\$15.40	\$17.85	\$2.45
Industrial Rate per 1,000 Gallons	\$1.85	\$2.15	\$0.30
Commercial Base Charge	\$12.00	\$13.92	\$1.92
Commercial per 1,000 Gallons	\$2.05	\$2.38	\$0.33

**FISCAL IMPACT:**

Revenue is projected to increase by \$1,097,000 with the increase in rates. Without the increase in rates, the operating cash balance will continue to fall to an unacceptable level. The fund needs to have enough reserve for unanticipated expenditures. Repairs to wastewater infrastructure are costly and some of the system is 98 years old.

Reviewed by  
Finance Director: *Diane Archer*

Reviewed by  
City Attorney: *Brett Wallace*

**ALTERNATIVES:**

Prepared by:

Recommended by:

Approved by:

*Diane Archer*  
Finance Director

*Diane Archer*  
Finance Director

*Larry Rains*  
City Manager