

TOWN OF PARADISE VALLEY

Wastewater Rates for FY 2017-2019



Purpose

- Wastewater, or sewer, is an Enterprise Fund
 - Operates as a quasi-business
 - Cost of service recovered by rates
- Ensure proper rate structure to ensure sustainable sewer service



History

- 2009 MPC bonds
 - General Fund contributions for wastewater needs
- 2010 most recent rate increase
- Continued to draw down fund balance
- 2014 fund balance transfer to reimburse GF
- 2015-2017 GF \$650,000/year subsidy



Current Fund Status

- Unrestricted fund balance most recent CAFR \$(772,893)
- Minimum fund balance policy 20%
 - \$439,049 for upcoming year



Paid by Rates

- Scottsdale IGA for operations & maintenance
- Capital improvements
- Repair & replacement
- Minimum reserves



Initial Results

- Double digit increase
- 20% increase to achieve:
 - minimum fund balance year 2
 - with GF contribution year 1
 - Repair & replacement reserves beginning year 3



Modifications

- Deferred capital improvement funding to 2020
- Minimum reserve met in year three
- Can be supported with one more \$650K

General Fund subsidy and:

- FY 2017: 8%
- FY 2018: 4%
- FY 2019: 3%



What if...?

If, rather than 8%, 4%, 3%, we reversed the order to 3%, 4%, 8%

- Continue GF subsidy
- Minimum fund balance policy reached 2023
- R&R funding first available 2025



Staff Recommendation

- Defer capital improvement funding to 2020
- Minimum reserve met in year three
- FY 2017 \$650K General Fund subsidy and:
 - FY 2017: 8%
 - FY 2018: 4%
 - FY 2019: 3%



local
public
service
sewer
rates
equitable

enterprises
sustainable
community

QUESTIONS?













