

CITY OF PRESCOTT **ARIZONA**

Water and Wastewater Rate Study

Report / April 26, 2024

April 26, 2024

Mr. Lars Johnson
Assistant Budget and Finance Director
City of Prescott
201 S. Cortez St.
Prescott, AZ 86303

Subject: Water and Wastewater Rate Study Report

Dear Mr. Johnson,

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to provide this Water and Wastewater Rate Study Report (Report) for the City of Prescott (City) to address the current and expected financial needs of the City's water and wastewater utilities.

The major objectives of the study include the following:

- Update financial plans for the water and wastewater enterprises to ensure financial sufficiency, meet operation and maintenance (O&M) costs, ensure sufficient funding for capital replacement and refurbishment (R&R) needs, and maintain the financial health of the enterprises.
- Update water system, water resource, and wastewater development impact fees to reflect increased costs and factor in completed projects since the previous analysis completed in 2019.
- Conduct cost of service analyses for both water and wastewater customer classes.
- Design rates consistent with the City's priorities that recover customer class cost of service.

The Report summarizes the key findings and recommendations related to the development of the financial plans for the water and wastewater utilities and the development of the updated water rates.

It has been a pleasure working with you, and we thank you and the City staff for the support provided during this study.

Sincerely,



Andrew Rheem
Senior Manager



Journ Galvan
Lead Analyst

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1. Executive Summary

The City of Prescott (City) retained Raftelis Financial Consultants, Inc. (Raftelis) to complete a water and wastewater rate study and develop a ten-year financial plan with proposed rate revenue adjustments over a five-year period of fiscal year (FY) 2024-25 through FY 2028-29.

1.1. Water Fund

Projected water sales revenue under existing rates is insufficient to meet revenue requirements while maintaining reserve balances. The City’s water fund is currently in a good financial position when including restricted funds, with unrestricted cash balances decreasing through FY 2025-26. Raftelis recommends an annual revenue adjustment of:

- 13% to take effect July 1, 2024,
- 11% taking effect on January 1, 2026 followed by
- 2% annual rate revenue adjustments on January 1, 2027, 2028, and 2029.

Table 1-1 summarizes the key water fund results and drivers including maintaining the operations sub-fund cash balance at 25% of annual operations and maintenance (O&M) expenses as the key driver of indicated rate adjustments. Debt service coverage (DSC) with and without Development Impact Fees (DIFs) are above targets through FY 2028-29.

Table 1-1: Water Fund Key Results and Drivers

Key Results and Drivers	Current Year	Projected				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Operating Fund						
Proposed Revenue Increases						
Annual Increases	0.0%	13.0%	11.0%	2.0%	2.0%	2.0%
Cumulative Increase	0.0%	13.0%	25.4%	27.9%	30.5%	33.1%
Increase/(Decrease) in Fund Balance	(\$11,516,397)	(\$9,604,922)	(\$530,757)	\$3,086,183	\$5,654,567	\$8,578,412
Ending Operating Fund Balance	13,247,964	3,643,043	3,112,286	6,198,469	11,853,036	20,431,448
Operations Sub-Fund Reserve (Target 25%)	114%	30%	25%	47%	87%	146%
Consolidated Water Fund						
Debt Service Coverage Ratio (Target 150%)	195%	228%	246%	264%	260%	292%
Debt Service Coverage Ratio (w/o DIFs - Target 125%)	144%	192%	193%	205%	202%	229%
Increase/(Decrease) in Fund Balance	\$433,680	(\$10,819,882)	(\$816,749)	\$3,121,256	\$5,767,007	\$9,082,629
Beginning Fund Balance	20,933,476	21,367,155	10,547,273	9,730,524	12,851,780	18,618,787
Ending Fund Balance	\$21,367,155	\$10,547,273	\$9,730,524	\$12,851,780	\$18,618,787	\$27,701,416

Revenue requirements and cost of service allocations described in this report provide the basis for designing water rates. Raftelis developed cost of service rates for the FY 2028-29 test year that proportionately recover class cost of service from each customer class. Raftelis developed proposed rates for each year of the study period that provide a smooth transition from existing rates to FY 2028-29 customer class cost of service rates and generate the additional revenue needed to adequately meet revenue requirements. Tables 1-2 and 1-3 summarize current and proposed FY 2024-25 through FY 2028-29 monthly service charges and volume rates. The proposed rates maintain existing tier allowances and price ratios or multipliers for Tiers 2, 3 and 4 relative to Tier 1. The proposed rates phase to the test-year FY 2028-29 total customer class cost of service over the five-year period while generating additional revenues

annually. The first rate adjustments anticipate a July 1, 2024 effective date with subsequent adjustments effective January 1st each year starting in 2026.

Table 1-2: Proposed Monthly Service Charge – per bill

Meter Size	Current	Proposed Water Base Charge (per bill)				
		7/1/2024	1/1/2026	1/1/2027	1/1/2028	1/1/2029
5/8"	\$15.56	\$17.58	\$19.52	\$19.91	\$20.30	\$20.71
3/4"	16.41	18.54	20.58	20.99	21.41	21.84
1"	18.58	20.99	23.30	23.77	24.25	24.73
1 1/2"	22.84	25.81	28.65	29.22	29.80	30.40
2"	30.16	34.08	37.83	38.59	39.36	40.15
3"	44.87	50.70	56.28	57.41	58.56	59.73
4"	65.87	74.43	82.62	84.28	85.96	87.68
6"	118.35	133.73	148.44	151.41	154.44	157.53
8"	181.46	205.05	227.61	232.16	236.80	241.54
Percent Change		13%	11%	2%	2%	2%

Table 1-3: Proposed Water Volume Charges – per 1,000 gallons

Customer Class	Tier Width (1)	Current	Proposed Volume Rate (per 1,000 gallons)					
			7/1/2024	1/1/2026	1/1/2027	1/1/2028	1/1/2029	
	Start to End							
Inside City	Gallons							
Single Family								
Tier 1	0 3,000	\$4.44	\$5.10	\$5.73	\$5.86	\$5.99	\$6.12	
Tier 2	3,001 10,000	6.66	7.65	8.60	8.79	8.98	9.18	
Tier 3	10,001 20,000	9.99	11.47	12.89	13.18	13.47	13.77	
Tier 4	Over 20,001	19.98	22.95	25.79	26.36	26.94	27.54	
Multi-Family								
Tier 1	0 1,700	\$4.18	\$4.80	\$5.40	\$5.52	\$5.64	\$5.77	
Tier 2	1,701 5,000	6.27	7.21	8.11	8.29	8.47	8.66	
Tier 3	5,001 10,000	9.41	10.81	12.15	12.42	12.70	12.98	
Tier 4	Over 10,001	18.81	21.62	24.31	24.85	25.41	25.97	
Non-Residential								
Tier 1	0 6,000	\$4.76	\$5.36	\$5.93	\$6.04	\$6.16	\$6.28	
Tier 2	6,001 28,000	7.14	8.04	8.89	9.06	9.24	9.42	
Tier 3	28,001 60,000	10.71	12.05	13.34	13.60	13.86	14.13	
Tier 4	Over 60,001	21.42	24.11	26.67	27.19	27.72	28.26	
Construction/Hydrant	All Usage	\$5.43	\$7.00	\$8.33	\$8.57	\$8.81	\$9.42	
Water Dispensing Station	All Usage	\$14.00	\$14.69	\$15.27	\$15.38	\$15.49	\$15.76	

(1) Multi-Family tier allocations are provided per dwelling unit. Non-residential customer tier allocations increase by meter size. 5/8" x 3/4" (smallest meter size) are summarized in this table.

The City assesses an Aquifer Protection Fee (APF), established in 2015, to its water customers. The purpose of the APF is to provide a dedicated funding source for design, construction, and operation of facilities and the implementation of other measures and practices necessary to maintain and improve water quality mandated by state and federal law applicable to surface, reuse, and recharge assets. The City maintains a restricted water fund into which all APF revenues are deposited and the water quality activities are funded.

Table 1-4 summarizes the proposed APF for FY 2023-24 through FY 2028-29. The APF is proposed to be maintained at its current rate but may be evaluated in a future rate study.

Table 1-4: Proposed Aquifer Protection Fee

Meter Size	Current	7/1/2024	1/1/2026	1/1/2027	1/1/2028	1/1/2029
5/8"	\$0.72	\$0.72	\$0.72	\$0.72	\$0.72	\$0.72
3/4"	1.08	1.08	1.08	1.08	1.08	1.08
1"	1.20	1.20	1.20	1.20	1.20	1.20
1 1/2"	2.40	2.40	2.40	2.40	2.40	2.40
2"	3.84	3.84	3.84	3.84	3.84	3.84
3"	7.20	7.20	7.20	7.20	7.20	7.20
4"	12.00	12.00	12.00	12.00	12.00	12.00
6"	24.00	24.00	24.00	24.00	24.00	24.00
8"	38.40	38.40	38.40	38.40	38.40	38.40
Percent Change		0%	0%	0%	0%	0%

1.2. Wastewater Fund

Projected wastewater sales revenue under existing rates is insufficient to meet revenue requirements while maintaining reserve balances. The City’s wastewater fund is currently in an acceptable financial position with cash-funded capital expenditures depleting cash reserves. However, future capital expenses are also expected to be debt and cash funded provides sustained rate pressure when combined with annual debt service repayments. Raftelis recommends annual revenue adjustments summarized in Table 1-5 of:

- 18% effective July 1, 2024,
- 17% January 1st 2026,
- 8% January 1st 2027,
- 7% January 1st 2028, and
- 6% January 1st 2029.

The drivers for the wastewater revenue increases include the need to exceed debt service coverage target of 150% annual debt service (including DIFs) from outstanding and planned debt issuances while exceeding an operating fund cash reserve target of 16% (60 days of O&M) is exceeded each year of the five-year planning period. The cumulative effects of inflation in operating costs, interest rates, and capital costs have depleted cash reserves requiring additional debt which combine to place additional pressure on rates and user charges.

Table 1-5: Wastewater Key Results and Drivers

Key Results and Drivers	Current Year	Projected				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Operating Fund						
Proposed Revenue Increases						
Annual Increases	0.0%	18.0%	17.0%	8.0%	7.0%	6.0%
Cumulative Increase	0.0%	18.0%	38.1%	49.1%	59.5%	69.1%
Increase/(Decrease) in Fund Balance	(\$20,355,170)	(\$3,763,407)	(\$1,030,497)	\$1,386,505	\$394,078	(\$1,537,864)
Ending Subfund Balance	6,619,056	2,855,649	1,825,152	3,211,657	3,605,735	2,067,871
Operations Sub-Fund Reserve (Target 16%)	70%	29%	17%	30%	32%	18%
Consolidated Wastewater Fund						
Debt Service Coverage Ratio (Target 150%)	145%	171%	156%	159%	150%	154%
Debt Service Coverage Ratio (w/o DIFs - Target 120%)	133%	160%	142%	137%	131%	136%
Increase/(Decrease) in Fund Balance	(\$910,507)	(\$3,763,407)	(\$1,030,497)	\$1,386,505	\$394,078	(\$1,537,864)
Beginning Fund Balance	7,529,562	6,619,055	2,855,648	1,825,151	3,211,656	3,605,734
Ending Fund Balance	\$6,619,055	\$2,855,648	\$1,825,151	\$3,211,656	\$3,605,734	\$2,067,870
Total Wastewater Fund Reserve (Target 16%)	70%	29%	17%	30%	32%	18%

Revenue requirements and cost of service allocations described in subsequent sections of this report provide the basis for designing wastewater rates. Revenue requirements show the need for adjustments and the level of revenue required. Table 1-6 summarize proposed monthly service charges and volume rates that provide a smooth transition from current rates to FY 2028-29 customer class cost of service rates and generate the additional revenue needed to adequately meet revenue requirements. Proposed rates maintain the current monthly service charge and adjust volume rates per 1,000 gallons to recover customer class cost of service for a FY 2028-29 with annual rate adjustments increasing annual revenues in FY 2024-25 through FY 2028-29.

Table 1-6: Proposed Wastewater Monthly Service Charge and Volume Rates

Line No	Description	Current	7/1/2024	1/1/2026	1/1/2027	1/1/2028	1/1/2029
1	Annual % Increase in Revenue-Rates		18%	17%	8%	7%	6%
	Monthly Service Charge						
2	Residential	\$21.47	\$25.33	\$29.64	\$32.01	\$34.25	\$36.31
3	Nonresidential (General)	21.47	25.33	29.64	32.01	34.25	36.31
	Volume Charge per 1,000 gallons						
4	Residential	\$7.72	\$8.97	\$10.36	\$11.13	\$11.86	\$12.52
5	Nonresidential (General)	7.38	8.72	10.21	11.03	11.81	12.52
6	Septage Hauler	101.25	200.00	206.00	212.18	218.55	225.11

Septage hauler rates were determined by the City with a proposed rate of \$200.00 per kgal increasing the rate from \$101.25 per kgal to be effective July 1, 2024 with subsequent annual increases for inflation, projected at 3% per year and effective January 1st each year.

2. Introduction and Overview

The City retained Raftelis to complete a water and wastewater rate study and develop a ten-year financial plan with proposed revenue adjustments over a five-year period, FY 2024-25 through FY 2028-29.

The City operates a water and wastewater system providing service to City residents within the City's boundaries and to customers located outside the City boundaries within the Yavapai-Prescott Indian Tribe Reservation (Reservation)¹, Yavapai County (Outside City) and the Town of Chino Valley (Chino Valley).

Raftelis is assisting the City in the evaluation of DIFs to be assessed to new development as a revenue source that funds growth-related capital improvements. The current fees were implemented on August 1, 2019 as outlined in the City of Prescott 2019 DIF Report issued by Raftelis. The formal process to update the City water system, water resource and wastewater DIFs has been initiated and draft results have been incorporated within this report. Revenue projections maintain current DIFs for FY 2023-24 through FY 2025-26, an 18-month period, as there is an up to 24-month delay when DIF increases may be assessed to approved developments. If DIFs decrease, they are projected to be effective immediately starting January 1 2025.

As part of the Rate Study, Raftelis assisted the City to:

- Analyze the existing water and wastewater rate structure for appropriateness and sufficiency of revenue generated.
- Develop separate 10-year water and wastewater financial plans based on information gathered during the study including annual system revenue increases.
- Complete a cost of service analysis for the water and wastewater utilities using a FY 2028-29 test year².
- Develop alternative five-year water and wastewater rates for FY 2024-25 through FY 2028-29 that Council can consider for adoption effective July 1, 2024 and January 1st of each year thereafter starting in 2026.

2.1. Report Organization

Our report to the City contains nine sections as follows:

- Executive Summary
- Introduction and Overview
- Utility Customer Data
- Water Fund Financial Plan
- Water Cost of Service
- Water Rate Design
- Wastewater Fund Financial Plan
- Wastewater Cost of Service
- Wastewater Rate Design

¹ Reservation accounts are assessed Inside City customer rates per the contract.

² The City's fiscal year begins July 1 and ends June 30. FY 2024-25 refers to the fiscal year ending June 30, 2025.

The report contains six appendices including the complete water financial plan and customer data (Appendix A), water FY 2028-29 cost of service (Appendix B), water proposed rates FY 2024-25 through FY 2028-29 (Appendix C), wastewater financial plan and customer data (Appendix D), wastewater cost of service (Appendix E), and wastewater proposed rates FY 2024-25 through FY 2028-29 (Appendix F).

2.2. Acknowledgements

On behalf of the project team, we would like to acknowledge the commitment and contributions provided by several members of the City's Public Works and Finance Departments in completing this project. We would like to recognize City staff for their input and guidance throughout the course of this study.

2.3. Reliance on City Provided Data

During this project, the City provided Raftelis with a variety of technical information from master plans, capital improvement project estimates, and audited and unaudited financial results, including customer, cost and revenue data. Raftelis did not independently assess or test for the accuracy of such data – historic or projected. We have relied on this data in the formulation of our findings and subsequent recommendations, as well as in the preparation of this report.

As is often the case, there will be differences between actual and projected data, and some of the assumptions used in this report will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the data or results projected in this report and actual results achieved and those differences may be material. As such, we take no responsibility for the accuracy of data or projections provided by or prepared on behalf of the City, nor do we have any responsibility for updating this report for events occurring after the date of this report.

3. Utility Customer Data

3.1. Water

As of June 2023, the City served approximately 25,000 retail water customers inside the City, outside the City limits (County), and in Chino Valley. The City also serves accounts within the Yavapai-Prescott Indian Tribe Reservation (Reservation) which consists of approximately 1400 acres adjacent to the City. These accounts are divided into the following three customer classes:

- Single Family Residential
- Multi-Family Residential
- Nonresidential

Table 3-1: Customer Accounts, Bills, and Water Use

Customer Class	Number of Accounts	Number of Bills	Avg. Water Use Per Bill (gal)
Inside City			
Single-Family	19,149	229,793	4,374
Multi-Family	770	9,234	21,304
Nonresidential	1,978	23,737	27,111
Reservation	61	731	35,626
Reservation - MF	2	24	508,161
Total Inside City	21,961	263,531	596,576
Outside City			
Single-Family	2,360	28,317	3,894
Multi-Family	16	192	71,708
Nonresidential	38	459	49,096
Total Outside City	2,414	28,968	124,698
Chino Valley			
Single-Family	714	8,571	5,253
Multi-Family	1	12	168,113
Nonresidential	37	444	18,036
Total Chino Valley	752	9,027	191,402
System-Wide Total	25,127	301,526	N/A

Single family residential customers include only those types of residential development, designed as a single housing unit. Multi-family residential customers include all residential structures that contain multiple separate housing units. Nonresidential customers include all other types of customers that are neither single family nor multi-family

residential. Additionally, Reservation accounts have been called out as an additional customer class. Reservation accounts include nonresidential and master metered mixed use which is currently billed as a multi-family connection.

The City also maintains a bulk water dispensing station that provides potable water based on a per thousand gallon volume charge basis. Table 3-1 summarizes the fiscal year FY 2022-23 customer data: number of accounts, number of bills, and the average annual per bill water use for FY 2018-19, FY 2019-20, FY 2021-22, and FY 2022-23 in gallons (gal) for each City customer classification (FY 2020-21 was an outlier and excluded due to COVID).

The water rate and financial plan presented in the balance of this report is based on projections derived from the current number of accounts, dwelling units and volumes in 1,000 gallon increments (kgal) adjusted for growth and reduced for anticipated conservation. Annual bills, water use, and revenues under the current rates are detailed in Appendix A.

3.2. Wastewater

As of November 2023, the City served approximately 21,100 wastewater customers within the City’s service area and these accounts are divided into residential and non-residential customer classes. Residential customers include all types of residential development, including multi-family housing. Non-residential customers include all other types of customers. The City has collapsed non-residential customers to a single rate per kgal. Septage haulers which discharge at the wastewater treatment plant are also included as a final customer class.

Table 3-2 summarizes the number of accounts and number of bills for each City customer classification in FY 2022-23 and the average volume using FY 2021-22 and FY 2022-23 sewer volumes. The wastewater rate and financial plan presented in the balance of this report is based on projections derived from the current number of accounts, dwelling units, and billed volumes in 1,000 gallons (kgals) adjusted for growth and reduced for anticipated conservation.

Table 3-2: Wastewater Customer Accounts and Usage Data

Customer Class	Number of Accounts	Number of Bills	Avg Volume per Bill (gal)
Residential	19,304	231,651	4,217
All Non- Residential	1,401	16,806	20,123
Septage Hauler	1	12	205,875
System-Wide Total	20,706	248,469	N/A

The wastewater rate and financial plan presented in the balance of this report is based on projections derived from the current number of accounts and billed sewer volumes. Billed sewer volume is calculated annually based on each account’s average winter consumption or average monthly water use during October through March monthly water usage. Annual bills, water use, and revenues under the current rates are detailed in Appendix D.

3.3. Growth Assumptions

Annual growth assumptions are included in Appendix A and D projections of increased customer bills, volume sales and one-time DIF revenues. Growth assumptions included within the rate study were adjusted to be lower than the growth assumptions underlying water demand and sewer flow projections developed within the December 2023 City

of Prescott Land Use Assumptions (LUA) and Infrastructure Improvements Plan (IIP) and are incorporated within the rate study. For this Study, growth in water accounts ranges from 0.75% to 1.30% per year over the 10-year study period. Growth in residential wastewater accounts ranges from 0.75% to 1.30% per year over the 10-year study period as there are fewer overall wastewater accounts on the system compared to water accounts. The growth also drives Equivalent Development Units (EDU) which drives one-time water, water resource and wastewater DIF revenues of 0.75% to 1.30% per year for both utilities applied to different number of EDUs by utility and/or service area.

Tables 3-3 and 3-4 summarize annual water and wastewater EDU and account growth over the study period. Account growth is used to project water and wastewater demands for service using the average of FY 2021-22 and FY 2022-23 water use and wastewater volume projected to decrease 0.50% per account per year over the study period to reflect continued conservation and use of more efficient water using devices (e.g., toilets).

Table 3-3: Water EDU and Account Growth

Fiscal Year	Growth	EDUs	Accounts
FY 2023-24	0.75%	237	207
FY 2024-25	0.75%	238	208
FY 2025-26	1.30%	416	364
FY 2026-27	1.30%	422	369
FY 2027-28	1.30%	427	373
FY 2028-29	1.30%	433	378
FY 2029-30	1.30%	438	383
FY 2030-31	1.30%	444	388
FY 2031-32	1.30%	450	393
FY 2032-33	1.30%	456	398

Table 3-4: Wastewater EDU and Account Growth

Fiscal Year	Growth	EDUs	Accounts
FY 2023-24	0.75%	195	155
FY 2024-25	0.75%	197	156
FY 2025-26	1.30%	344	273
FY 2026-27	1.30%	348	277
FY 2027-28	1.30%	353	280
FY 2028-29	1.30%	357	284
FY 2029-30	1.30%	362	288
FY 2030-31	1.30%	367	292
FY 2031-32	1.30%	372	295
FY 2032-33	1.30%	376	299

4. Water Fund Financial Plan

Raftelis developed a financial plan for the five-year rate design study period of FY 2024-25 through FY 2028-29 that is summarized in Table 4-1. Raftelis separated the total water fund into operating, special purpose and capital funds consistent with the City’s budget process and procedures. The water fund financial plan is detailed in Appendix A including results through FY2032-33.

Table 4-1: Water Fund Key Results and Drivers

Key Results and Drivers	Current Year	Projected				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Operating Fund						
Proposed Revenue Increases						
Annual Increases	0.0%	13.0%	11.0%	2.0%	2.0%	2.0%
Cumulative Increase	0.0%	13.0%	25.4%	27.9%	30.5%	33.1%
Increase/(Decrease) in Fund Balance	(\$11,516,397)	(\$9,604,922)	(\$530,757)	\$3,086,183	\$5,654,567	\$8,578,412
Ending Operating Fund Balance	13,247,964	3,643,043	3,112,286	6,198,469	11,853,036	20,431,448
Operations Sub-Fund Reserve (Target 25%)	114%	30%	25%	47%	87%	146%
Consolidated Water Fund						
Debt Service Coverage Ratio (Target 150%)	195%	228%	246%	264%	260%	292%
Debt Service Coverage Ratio (w/o DIFs - Target 125%)	144%	192%	193%	205%	202%	229%
Increase/(Decrease) in Fund Balance	\$433,680	(\$10,819,882)	(\$816,749)	\$3,121,256	\$5,767,007	\$9,082,629
Beginning Fund Balance	20,933,476	21,367,155	10,547,273	9,730,524	12,851,780	18,618,787
Ending Fund Balance	\$21,367,155	\$10,547,273	\$9,730,524	\$12,851,780	\$18,618,787	\$27,701,416

4.1. Cash Flow Analysis

Projected water sales revenue under existing rates is insufficient to meet revenue requirements while maintaining reserve balances. The City’s water fund is currently in a good financial position when including restricted funds, with unrestricted cash balances decreasing through FY 2025-26. Raftelis recommends an annual revenue adjustment of:

- 13% to take effect July 1, 2024,
- 11% taking effect on January 1, 2026 followed by
- 2% annual rate revenue adjustments on January 1, 2027, 2028, and 2029.

The increased revenues are generated through proposed user charges detailed in the water rate design section of the report. Proposed rate increases starting in FY 2026-27 are inflationary adjustments annually to mitigate future rate increases. Table 1-1 summarizes the key water fund results and drivers including maintaining the operations sub-fund cash balance at 25% of annual O&M expenses as the key driver of indicated rate adjustments. Debt service coverage (DSC) with and without Development Impact Fees (DIFs) are above targets through FY 2028-29.

4.2. Debt Proceeds, Issuance Costs and Debt Service

Projected capital funding between cash, grants, and external debt driven by growth and/or non-growth related debt issues/borrowings are summarized in Table 4-2. The resulting annual debt service is discussed in the following sections and summarized in Appendix A.

Table 4-2: Water Capital Funding Summary

Total CIP with Inflation	Current Year	Projected				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Total DIF Growth-Related Projects (% Paid by Fees)	\$8,349,992	\$4,461,250	\$1,376,375	\$986,250	\$1,051,375	\$781,250
SIF Projects (Service Area A)	0	0	0	0	0	0
SIF Projects (Service Area B)	8,349,992	4,461,250	1,376,375	986,250	1,051,375	781,250
WRDF Projects	0	0	0	0	0	0
Alternative Water Fund Projects						
Debt Financed	0	0	0	0	0	0
Grant / Developer / County Funded	0	0	0	0	0	0
Cash Financed	179,568	300,000	230,000	230,000	0	0
Renewal and Replacement						
Debt Financed	40,517	10,125,000	2,975,000	4,381,250	3,093,750	0
Grant / Developer Funded	1,000,000	1,771,000	229,000	0	0	0
Cash Financed	17,756,087	11,696,011	7,813,375	6,469,500	4,189,625	2,523,250
Aquifer Protection Capital Projects	317,249	682,751	0	0	0	0
Total CIP with Inflation	\$27,643,413	\$29,036,012	\$12,623,750	\$12,067,000	\$8,334,750	\$3,304,500

Debt by fiscal year reflects the following assumptions and debt funded projects:

- \$23.2 million in outstanding WIFA proceeds are funding FY 2023-24 water projects.
- Future debt issuances of \$30.0 million for FY 2023-24 through FY 2032-33 for individual projects. Debt issuances through FY 2028-29 are projected as follows:
 - \$9.6 million to fund capital project 74W (Zone 41 Mingus Pump Station, Tank and Pipeline),
 - \$9.3 million to fund PFAS Remediation projects
 - \$3.0 million to fund project 162W (Deep Well Ranch DA),
 - \$2.1 million to fund project 108W (North Airport Distribution System Loop).
 - \$4.9 million to fund project 106W (Production Well No. 6)
- The financial plan assumes all loans are for a term of 25 years, 4.5% interest rates, 2% issuance expense, require a debt service reserve equal to one year's payment, and assumes one semi-annual debt service payment in the year of issuance.

The debt funded projects for FY 2023-24 through FY 2028-29 are detailed in Table 4-3.

Table 4-3: Water Fund CIP Debt Funded Projects

Line No.	Project No.	PROJECT NAME	Current Year	Projected				
			FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	74W	Zone 41 Mingus Pump Station, Tank and Pipeline	\$40,517	\$9,550,000	\$0	\$0	\$0	\$0
2		PFAS Remediation	0	125,000	2,975,000	4,100,000	2,850,000	0
3	162W	Deep Well Ranch DA	0	0	0	0	0	300,000
4	108W	North Airport Distribution System Loop	0	0	0	1,125,000	975,000	0
5	106W	Production Well No. 6 AP - New	0	0	0	0	0	400,000
6		Total CIP by Funding Source (with Inflation)	\$40,517	\$9,675,000	\$2,975,000	\$5,225,000	\$3,825,000	\$700,000

Raftelis recommends annual updates be completed for the water utility multi-year financial plan to recognize changes in growth, water sales, operating expenses, debt and debt service, capital improvement needs and capital funding requirements.

4.3. Operating Fund

The operating fund forecasts the revenues and rate revenue requirements of the water fund over the study period. The operating fund receives revenues funding costs as well as transfers to other water funds discussed in this report.

4.3.1. RESERVES AND CASH BALANCE

The operating fund includes a FY 2023-24 starting balance of \$24.8 million. Ending reserves are targeted at 25% or 90 days of O&M. Raftelis recommends that the City exceed this minimum level of operating reserves.

4.3.2. REVENUES

Revenues for the water utility operating fund are derived from water sales, interest income and other miscellaneous revenues. Revenues from water sales are projected to increase based on the annual growth rate of EDUs of 0.75% increasing to 1.30% starting in FY 2025-26 continuing over the study period as previously discussed. Water sales revenues include monthly service charges that vary by meter size, volume rates that vary by water use tier and customer classification and a separate alternative water service volume rate.

Miscellaneous operating revenue is projected to increase 2.5% per year and include miscellaneous customer charges (e.g., turn on / turn off fees) and water connection fees.

Interest income is projected based on the starting fund balance and an interest earnings rate of 1%.

4.3.3. REVENUE REQUIREMENTS

Operating fund revenue requirements include operation and maintenance (O&M), debt service, and transfers to the other special purpose operating funds and loans to water capital funds.

O&M is organized into various divisions and includes personnel, supplies, services and materials to treat and distribute potable water annually based on the adopted City budget. These costs are funded by water sales revenues. O&M is projected to increase from \$13.0 million in FY 2023-24 to \$14.3 million in FY 2028-29. The City is also proposing additional personnel as follows:

- Aquifer Projection Fee funded position in FY 2024-25
- Revenue Services additional position in FY 2024-25
- Water Distribution additional position in FY 2026-27
- Water Administration additional position in FY 2027-28

The projected O&M by department and component are based on FY 2023-24 budget and adjusted annually for inflation as follows:

- 5% in FY 2024-25,
- 4% in FY 2025-26, and
- 3% in FY 2026-27 and annual thereafter.

Annual debt service is based on the non-growth or rate funded portion of outstanding and projected water fund debt issues ranging from a low of \$2.3 million in FY 2023-24 to a high of \$3.6 million in FY 2027-28.

Other cash inflows and outflows are comprised of a variety of sources and uses³.

4.3.4. TRANSFER TO CAPITAL IMPROVEMENT FUND

Non-growth or rate funded capital improvements are funded within the capital improvement fund and annual transfers are made from the operating fund equal to these cash funded capital requirements.

4.3.5. SYSTEM DEVELOPMENT IMPACT FEE FUND LOANS AND LOAN REPAYMENT

Within each service area the uses of funds may not directly match projected growth and timing of new development. The timing of the facility requirements as well as current and future debt service are anticipated to create continued and sustained cash shortfalls which are met from loans from the operating funds. At the end of FY 2032-33, the balance is projected to increase to \$20.4 million. These loans are repaid as DIF revenue exceeds annual expenditure requirements considering cash funding future growth-related capital expenses. Loans from the operating fund are anticipated in FY 2023-24 through FY 2025-26, FY 2031-32, and FY 2032-33 and re-payment to the operating fund is included when funds are available.

4.4. Alternative Water Fund

The Alternative Water fund forecasts the sources and uses over the study period and are summarized in Appendix A. The Alternative Water fund is a special purpose fund established by the City many years ago to fund costs associated with securing additional water sources. An Alternative Water Surcharge was discontinued as part of the 2019 rate study, but the restricted fund has been maintained as reserves are used to fund eligible operating or capital expenses. The Alternative Water fund receives no annual inflows and transfers revenues to other water funds supporting water resource operating and/or capital requirements.

4.4.1. RESERVES AND CASH BALANCE

The alternative water fund includes a FY 2023-24 starting balance of approximately \$6.3 million and this fund does not have a minimum reserve target.

4.4.2. REVENUES

In the past, Alternative Water Surcharge revenues were the primary revenue source, but as this volume rate per 1,000 gallons has been eliminated, there isn't an annual revenue source coming into the fund. Interest income is earned on available balances and is projected for this fund as reserves are being utilized as summarized in Appendix A.

The alternative water fund cash flow analysis summarizes the uses over the study period. The transfers are anticipated to continue until the cash reserves within this fund are depleted while funding only eligible expenses.

³ The City previously paid a water transportation fee of \$9.38 per acre-foot produced at the Chino Valley Water Production facility that was eliminated in June 2019.

4.4.2.1. Alternative Water Funded CIP Projects

The Alternative Water fund funds water resource related projects or those projects within the City's multi-year capital improvement program which are designated as Alternative Water Surcharge funded projects. The cash outflow is equal to the annual requirement.

4.4.2.2. Transfers to the CA No. 1 Monitoring Fund

The Alternative Water fund also funds the City's portion of the CA No. 1 Monitoring Fund annual costs, reduced for payments provided by the Town of Prescott Valley (Prescott Valley) and the Salt River Project (SRP) who are partnering with the City on this water resource project.

4.4.2.3. Transfers to the CA No. 1 Modelling Fund

The Alternative Water fund also funds the City's portion of the CA No. 1 Modelling fund annual costs, reduced for payments provided by the Town of Prescott Valley (Prescott Valley) and the Salt River Project (SRP) who are partnering with the City on this water resource project.

4.4.2.4. Transfers to the Water Resource Development Fee Fund

The Alternative Water fund also funds 20% of the 2014 MPC debt service with the remaining 80% funded by the Water Resource Development Fee fund. The 2014 MPC debt issue funded the Big Chino Water Ranch acquisition with remaining debt service payments through FY 2032-33. The 20% corresponds to the portion of the debt issuance benefiting existing customers at the time of the issuance with 80% corresponding to the portion benefiting future growth.

4.5. CA No. 1 Monitoring Fund

The CA No. 1 Monitoring fund forecasts the sources and uses of the special purpose fund established by the City in FY 2012-13. The special purpose fund was established based on the Comprehensive Agreement No. 1 between the City, Prescott Valley and SRP members approved in September 2012⁴. The purpose is to enhance the monitoring groundwater in the Big Chino Sub-basin. The annual study period costs include both operating and capital costs per the agreement.

The CA No. 1 Monitoring fund receives transfers from the alternative water fund and intergovernmental contributions from Prescott Valley and SRP members. Interest income is projected based on the starting fund balance and an interest earnings rate of 1%.

4.5.1. RESERVES AND CASH BALANCE

The CA No. 1 Monitoring fund includes a FY 2023-24 starting balance of \$0.6 million and this fund does not have a minimum reserve target.

4.5.2. SOURCES AND USES

The CA No. 1 Monitoring fund cash flow analysis summarizes the source and uses over the study period included in Appendix A. Contributions from Prescott Valley and SRP members fund a portion of the expenses consistent with the IGA. Alternative Water fund reserves are transferred providing the funding source for the City's portion of the annual operating and capital requirements are funded within this special purpose fund. A positive fund balance is maintained each year of the study period.

⁴ City Contract No. 2013-058.

4.6. CA No. 1 Modeling Fund

The CA No. 1 Modeling fund was also established to fund water resource modeling the City and Prescott Valley. The purpose is to fund the cost to complete modeling on the effect of ground water withdrawals on the surface water flows in the Upper Verde River. The annual study period costs include both operating and capital costs per the agreement.

The CA No. 1 Modeling fund receives transfers from the Alternative Water fund and intergovernmental contributions from Prescott Valley. Interest income is projected based on the starting fund balance and an interest earnings rate of 1%.

4.6.1. RESERVES AND CASH BALANCE

The CA No. 1 Modeling fund includes a FY 2023-24 starting balance of \$0.2 million and this fund does not have a minimum reserve target.

4.6.2. SOURCES AND USES

The CA No. 1 Modeling Fund cash flow analysis summarizes the source and uses over the study period included in Appendix A.

Contributions from Prescott Valley fund a portion of the CA No. 1 Modeling expenses. The projected expenses and contributions over the five-year study period were provided by City staff consistent with the IGA. Alternative Water fund reserves are transferred from the Alternative Water fund as previously discussed providing the funding source for the City's portion of the CA No. 1 Modeling fund. Annual CA No. 1 Modeling fund operating and capital requirements are funded within this special purpose fund. A positive fund balance is maintained each year of the study period.

4.7. Aquifer Protection Fee Fund

The APF Fund is a separate monthly fee per account created effective January 1, 2015. The APF fund forecasts the sources and uses of the special purpose fund. The special purpose fund is reserved to provide a dedicated funding source for design, construction, and operating of facilities and implementation of other measures necessary to achieve and maintain surface, reuse and recharge water quality standards mandated by State of Arizona and Federal law. The City is anticipating additional capital requirements associated with source water quality protection and proactively establishing the fee prior to developing the specific anticipated projects. Also funded are personnel costs starting in FY 2023-24 of \$50,000 for part of the fiscal year and increasing to \$115,000 in FY 2024-25 and adjusted for inflation thereafter.

The APF Fund is projected to receive transfers from the operating fund equal to the annual revenues generated from APF. Interest income is projected based on the starting fund balance and an interest earnings rate of 1%. The APF is not anticipated to increase at this time.

4.7.1. RESERVES AND CASH BALANCE

The APF Fund includes a FY 2023-24 starting balance of \$2.2 million and this fund does not have a minimum reserve target. Projected sources in excess of future requirements are restricted in the special purpose fund.

4.7.2. SOURCES AND USES

The APF fund cash flow analysis summarizes the source and uses over the study period included in Appendix A. The APF as proposed will provide a dedicated funding source for design, construction and operation of facilities and implementation of other measures and practices necessary to achieve and maintain water quality requirements mandated by state and federal law applicable to surface, reuse and recharge water assets. Sources include the APF revenues generated from the new proposed charge as well as interest income earned on cash balances within the special purpose fund. One capital project has been identified as funded from the APF as well as a new staff member starting in FY 2024-25. Future identified projects, in addition to what is within the CIP over the study period, meeting the defined purpose of the dedicated funding source will be funded by this fee. A positive fund balance is maintained through FY 2028-29.

4.8. Non-Growth Capital Improvement Program Fund

The capital improvement program fund forecasts the annual sources and uses of the water fund over the study period. The capital improvement program fund receives transfers from the operating fund and funds non-growth capital improvement projects on an annual basis but does not maintain a separate fund balance. Total capital improvements are included in Appendix A. Non-growth related or those funded within this fund include capital projects designated as “O” or Operational projects as well as the non-growth related portion of eligible IIP facilities.

4.8.1. SOURCE AND USES

Sources include miscellaneous connection fee revenues or one-time fees assessed to new water connections and transfers from the operating fund equal to annual requirements. Bonds and/or loan proceeds supporting non-growth related portion of future debt are projected to be required reducing the amount that would be required from annual water sales revenues. Uses within the fund include non-growth or rate funded portion of capital projects, excluding Alternative Water Surcharge funded improvements. Total FY 2023-24 through FY 2028-29 non-growth capital projects average \$11.1 million with a high in FY 2024-25 of \$23.8 million and a low of \$2.5 million in FY 2028-29. Uses also include bond and/or loan issuance costs and debt service reserve requirements associated with future debt issues.

The fund does not maintain a cash balance and started FY 2023-24 with \$0.

4.9. Water System Development Impact Fee Funds

The City adopted Water System DIFs that have been assessed within two separate service areas since August 1, 2019.

The City of Prescott Land Use Assumptions and Infrastructure Improvements Plan issued in December 2023 and the City of Prescott Development Impact Fee Report to be issued in June 2024 provide additional details regarding improvements, growth, and water demand forecasts. The adopted fees for equivalent 5/8-inch by 3/4-inch water connections by service area are summarized in Table 4-4.

Table 4-4: Water System Development Impact Fees

DESCRIPTION	Current Year	Projected				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Water System Impact Fees by Service Area						
Service Area A	\$862	\$862	\$862	\$940	\$940	\$940
Service Area B	4,441	4,441	4,441	5,586	5,586	5,586

4.9.1. PROPOSED DIFS

The financial plan assumes that proposed DIFs will be adopted in FY 2024-25 to go into effect in FY 2024-25, but the increases not realized until FY 2025-26. As part of the update, the Water Service Areas are simplified to just two service areas: A and B. The DIF for Service Area A is \$862 for an equivalent 5/8-inch by 3/4-inch water connection, and for Service Area B it is \$4,441. Proposed DIFs increase the Service Area A to \$940 and the Service Area B to \$5,586 for a 5/8 by 3/4-inch water connection. Under the proposed, new development with a 5/8-inch by 3/4-inch water connection in Service Area B is assessed the combined fee of \$6,526.

4.9.2. CASH FLOW ANALYSIS

A cash flow analysis has been compiled for each service area that aggregates the sources and uses of Water System DIF funds in Appendix A. While the separate service areas are compiled into a consolidated fund that summarizes annual source and uses, each service area is a separate fund. Total study period water system DIF fund debt service averages \$2.1 million decreasing from \$2.2 million in FY 2023-24 to \$1.9 million in FY 2028-29. Overall annual debt service increases with additional debt service from new issuances less decreases as existing debt issuances are paid off and retired.

4.9.3. RESERVES AND CASH BALANCE

The Water System DIF fund includes a FY 2023-24 starting deficit balance of \$14.2 and this fund does not have a minimum reserve target. Starting in FY 2014-15, the City began tracking the fund balances of each service area separately and the amount has accumulated. The Water DIF fund is projected to have years with surplus funds and potential to repay loan balances providing future funding source for capital projects.

4.9.4. SOURCE AND USES

The Water System DIF fund cash flow analysis summarizes the source and uses over the study period included in Appendix A. Sources include Water System DIFs by service area or one-time fees assessed to new water connections, projected interest income, WIFA loan distributions on active growth-related portion of WIFA loans, and loans from the operating fund equal to annual requirements. Bonds and/or loan proceeds supporting growth related portion of future debt are projected to be required reducing the amount that would be required from annual water sales revenues. Uses within the fund include growth-related portion of capital projects, growth-related portion of existing and future debt service, and repayment of loans from the operating fund. Uses also include bond and/or loan issuance costs and debt service reserve requirements associated with future growth-related debt issues.

4.9.5. REVENUE PROJECTIONS

Projected Water System DIF revenues are based on the draft fee per EDU by service area applied to projected EDUs over the ten-year period. Revenues are retained within the separate service areas. Current EDU distribution by service area was identified by the City during the water distribution model analysis. Service Areas A and B reflect the entire water system with projected EDUs by corresponding year based on the average growth rate estimated in the Final LUA and IIP. The distribution of EDUs among the various service areas was estimated evaluating the current distribution of development and anticipated areas of the City to develop. The City completed a water distribution model update in 2023 that also contemplated the pace of development as infrastructure water identified in prioritizing capital projects for inclusion the master plan and IIP.

4.10. Water Resource Development Impact Fee

The City adopted a reduced Water Resource DIF that has been assessed within the single service area since August 1, 2014.

The City of Prescott Land Use Assumptions and Infrastructure Improvements Plan issued in December 2023 and the City of Prescott Development Impact Fee Report to be issued in June 2024 provide additional details regarding the fee calculation. The current fees for equivalent 5/8-inch by 3/4-inch water system DIFs are \$1,441 for the single service area. The proposed fees are \$1,182 for an equivalent 5/8-inch by 3/4-inch connection and are proposed to go into effect in FY 2024-25 as a decrease to the existing fee effective immediately.

4.10.1. CASH FLOW ANALYSIS

A cash flow analysis has been compiled for the single service area that summarizes the sources and uses of Water Resource DIF fund summarized in Appendix A. Water Resource DIF fund debt service averages \$0.8 million and maintains a constant \$0.8 million in FY 2023-24 through FY 2028-29.

4.10.2. RESERVES AND CASH BALANCE

The Water Resource DIF fund includes a FY 2023-24 starting balance of \$1.0 million and this fund does not have a minimum reserve target.

4.10.3. SOURCE AND USES

The water resource DIF fund cash flow analysis summarizes the source and uses over the study period included in Appendix A. Sources include water resource DIFs or one-time fees assessed to new water connections, annual transfer from the Alternative Water fund for 20% of the 2014 MPC annual debt service, and projected interest income. Uses within the fund include water resource DIF related portion of existing debt service.

4.10.4. REVENUE PROJECTIONS

Projected Water Resource DIF revenues are based on the draft fee per EDU by service area applied to projected EDUs over the study period. Projected EDUs are based on water service area A as previously discussed.

A positive fund balance is maintained each year of the study period.

5. Water Cost of Service

Equitable water rates should fairly recover the cost of service from each customer class. Determination of cost of service considers volume of water used, peak rates of demand, number of customers, fire protection requirements, and other relevant factors.

5.1. Test-Year

The cost of service analysis was conducted for a FY 2028-29 test-year. FY 2028-29 was selected as the test year for this study to provide a five-year transition period to cost of service based rate recommendations. Appendix B includes tables that show the water cost of service analysis.

FY 2028-29 cost of service (revenue requirements) totals approximately \$28.0 million and includes O&M, debt service, transfers to capital funds and cash funded capital costs. These costs are met from water sales revenue generated from water user charges and rates, miscellaneous revenue sources summarized in Table 5-1.

Table 5-1: Water FY 2028-29 Cost of Service

Line No.	Description	Total
Revenue Requirements		
1	Operation and Maintenance Expense	
2	Operations	\$13,951,217
	Debt Service	
3	Operations	3,395,817
	Transfers	
4	Water Resource Development Fee Subund	130,585
5	Alt Water	0
6	System Impact Fee Subfund	0
7	Capital Improvement Subfund	2,325,254
8	Remaining WIFA Loan Balance	0
9	Total Revenue Requirements	\$19,802,872
Revenue Requirement Adjustments		
10	Miscellaneous Revenue	(\$527,915)
11	Interfund Loan Payment	0
12	Interest Income	(118,530)
13	Annual Surplus/(Deficiency)	8,578,412
14	Revenue Adj. for 6 mo. Increase	271,122
15	Total Revenue Requirement Adjustments	\$8,203,089
16	Total Cost of Service	\$28,005,961

5.1.1. REVENUE REQUIREMENTS

The total FY 2028-29 revenue requirements consist of \$13.8 million of operating expenses and \$5.7 million of capital costs. These costs are increased in total by \$7.5 million in other miscellaneous revenue sources and sources and uses (e.g., miscellaneous system revenue and projected debt) and change in the cash balance of the operations fund for the FY 2028-29 test-year.

5.2. Functional Cost Components

An initial step in the cost of service analysis is to segregate test year costs into water cost components based on the function or water system component using the base-extra capacity demand method. These cost components include base, extra capacity, customer related, and direct fire protection cost components. Base costs vary directly with the quantity of water used under average day load conditions. Extra capacity costs represent those costs incurred to meet peak demands for water in excess of average day usage. Extra capacity costs are subdivided into costs associated with peak day and peak hour demands. Customer costs vary in proportion to the number of customers and the number and size of meters. Customer costs are subdivided into meter, billing and small distribution main costs.

5.3. Allocation Factors

The water utility is comprised of various facilities, each designed and operated to fulfill a given function. To provide adequate service to its customers at all times, the utility must be capable of providing total water demanded as well as water at peak rates of demand.

Since all customers do not exert their maximum demand for water at the same time, capacities of water facilities are designed to meet coincidental demands of all classes of customers. For every facility on the system, there is an underlying average demand or uniform rate of usage exerted coincidentally by customers for which the base cost component applies.

Comparison of historical system coincidental peak day and peak hour demands to average day demands results in appropriate ratios for allocation of capital costs and operating costs to base and extra capacity cost components. Peak day demands are about 1.80 times greater than average day demands in the City's system. This indicates that approximately 56 percent of the capacity of facilities designed and operated for peak day demand is needed for average or base use. Accordingly, the remaining 44 percent is for peak day extra capacity requirements.

Since peak hour water usage also utilizes facilities designed and operated for average day and peak day demands, costs associated with meeting peak hour demand are allocated to base, peak day extra capacity, and peak hour extra capacity. A ratio of peak hour to average day water use of 3.24 is based on peak hour design requirements outlined in the City's 2005 water system master plan and 2023 water model update. This ratio indicates that approximately 44 percent of the capacity of facilities designed and operated for peak hour demand is needed for average or base use, approximately 25 percent is required to meet peak day extra capacity demand, and the remaining 31 percent is for peak hour extra capacity demand.

5.3.1. ALLOCATION TO COST COMPONENTS

Cost of service is allocated to functional cost components according to the design or function of each facility or activity. The allocation of system assets to functional cost components provides the basis for allocating annual capital costs.

The allocation of O&M is similar to the allocation of capital costs. O&M is allocated to functional cost components according to budgeted designation of operating expenses and how it is associated with operating the water system and the design or function of the facility related to cost categories. For example, water production costs are allocated among base and maximum cost components the facilities are designed to meet the maximum day treated water demands. Alternatively, water distribution system costs are allocated among base, maximum day, maximum hour and the customer distribution system cost components. The transmission or portion of the system related to pipelines with 10-inch and greater diameter are allocated among the volume related base-extra capacity components. The 8-inch and smaller distribution system costs are allocated to meter and service component of the customer cost category.

5.3.2. ALLOCATION TO CUSTOMER CLASSES

The separation of costs into functional components provides a means for distributing such costs to various classes of customers based on their respective responsibilities for each particular type of service. Current customer classes include single family, multifamily, nonresidential, bulk water dispensing station, Reservation and Reservation Multi-Family water accounts as previously discussed. The City provides water service to customers located in unincorporated portions of Yavapai County and customers within Chino Valley. These classifications are reasonable and are retained in this study. These classes group together customers with similar service characteristics and provide a means for allocating costs to customers.

Service requirements are based on class average day, peak day and peak hour demands, and metering and billing requirements. The base cost responsibility of each customer class is related to the quantity of water used by each class under average day load conditions. Average day quantities are based on a detailed analysis of the City's water billing records.

The responsibility for extra capacity costs varies with extra capacity requirements for peak day and peak hour demands of each class. Average day usage and capacity factors, representing the estimated relationship between individual class peak demand and average day usage, are used to develop extra capacity requirements for peak day and peak hour demands. The estimated capacity factors are based on an analysis of each class' monthly usage characteristics summarized in Appendix B.

Fire protection costs are either direct or demand related. Direct costs are related to maintenance of fire hydrants. Demand related costs represent the portion of extra capacity costs related to meeting potential fire demands. Peak fire flow requirements of 2,000 gallons per minute for two hours are estimated for the City. Peak fire flow estimates are based on the guidelines set forth in the City code consistent with industry-based standards for Fire Protection.

Class cost of service is the product of unit costs of service times the class service requirements. Unit costs are the quotient of functionalized cost of service divided by the applicable units of service and provide the foundation for rate design.

Fire protection costs are reallocated to non-fire protection classes since a separate public fire charge does not exist. This reallocation recognizes potential fire suppression capacity included in the water system.

Comparison of class cost of service with class revenue under existing rates shows the adjustment needed in class revenue to meet cost of service is summarized in Table 5-2.

Table 5-2: FY 2028-29 Class Cost of Service and Revenue Comparison

Line No.	Customer Class	Adjusted COS Cash Basis	Adjusted COS Utility Basis	Differential
Inside City				
1	Single Family	\$14,838,641	\$19,789,477	33%
2	Multi-Family	1,994,843	2,598,129	30%
3	Nonresidential	7,084,687	9,324,503	32%
4	Bulk Water Station	45,147	58,444	29%
5	Reservation - Non-Residential	292,625	369,473	26%
6	Reservation - MF	106,578	138,057	30%
7	Construction / Hydrant	207,349	196,751	-5%
8	Fire Protection	0	0	0%
9	Total Inside City	24,569,870	32,474,834	32%
Outside City				
10	Single Family	2,137,006	2,188,777	2%
11	Multi-Family	162,758	161,525	-1%
12	Nonresidential	278,624	278,364	0%
13	Total Outside City	2,578,388	2,628,666	2%
Chino Valley				
14	Single Family	754,817	768,755	2%
15	Multi-Family	14,980	14,589	-3%
16	Nonresidential	34,975	88,535	153%
17	Total Chino Valley	804,772	871,880	8%
18	Total Cost of Service	\$27,953,030	\$35,975,381	29%

5.3.3. OUTSIDE CITY AND CHINO VALLEY CHARGES

The City provides water service to customers outside the City and assesses a surcharge increasing the Inside-City charge. Raftelis evaluated the surcharges completing a similar analysis as was done in developing the current surcharges. The proposed surcharges are calculated using the relationship of the total Outside-City and Chino Valley customer class cost of service under the Utility approach compared to the same cost of service under the cash-needs approach for test year FY 2028-29. Municipal water providers typically use the cash-needs approach to evaluate the cost of service for Inside City customers where the annual revenue requirements are determined by the cash-needs of the Utility system. The Utility approach is most often used by investor-owned utilities or by municipal utilities serving non-owner Outside City and/or contract customers. Under the Utility approach, capital costs include depreciation and a rate of return on rate base while under the cash-needs approach, capital costs include debt service and other cash-based capital requirements. Annual O&M expenses are included in the revenue requirements under both the Utility and cash-needs approaches. Table 5-3 summarizes the difference between the test year FY 2028-29 cash-needs and utility approach revenue requirements.

Table 5-3: FY 2028-29 Utility vs. Cash Needs Basis Cost of Service

Line No.	Customer Class	Adjusted COS Cash Basis	Adjusted COS Utility Basis	Differential
	Total System			
1	Inside City	\$24,569,870	\$32,474,834	32.2%
2	Outside City	2,578,388	2,628,666	1.9%
3	Chino Valley	804,772	871,880	8.3%
4	Total System Wide	\$27,953,030	\$35,975,381	28.7%

5.3.3.1. Rate of Return

In order to determine the cost of service under the Utility approach, a rate of return for the assets must be determined. The industry standard for determining this rate of return is to calculate a weighted average cost of capital (WACC). Using City data, Raftelis determined that the rate of return, or WACC, for the City is 5.35%. This calculation is illustrated in Table 5-4.

Table 5-4: Rate of Return for Utility Basis Cost of Service

Rate of Return for Prescott, AZ

Cost Of Debt Capital

Rate of Prescott's Utility Loans (1) **2.68%**

Cost of Equity Capital **6.00%**

Debt Structure (2)

Debt as Percentage of Capital 19.53%

Equity as Percentage of Capital 80.47%

Weighted Average Cost Of Capital (WACC)

Weighted Cost of Debt 0.52%

Weighted Cost of Equity 4.82%

WACC **5.35%**

Notes:

(1) Based on data provided by City for a FY 2028-29 test-year

(2) Based on current assets and CIP through FY 2028-29 net of projected debt issuances through

5.3.3.2. Utility Approach Cost of Service

Once the WACC was determined, Raftelis was able to develop the total COS under the utility approach by determining the return on assets. The return is applied to the utility rate base or the return on assets is the original cost less depreciation (OCLD) of the City's water system assets. Table 5-5 shows the steps used to determine the total cost of service.

Table 5-5: Test-Year FY 2022-23 Utility Basis Cost of Service

Line No.	Description	Total
	Operating Revenue Requirements & Adjustments	
	Operation and Maintenance Expense	
1	Operations	\$13,951,217
2	Alt. Water Source	0
3	Miscellaneous Revenue	(527,915)
4	Interest Income	(118,530)
5	Total Operating Revenue Requirements & Adjustments	<u>\$13,304,772</u>
	Capital Revenue Requirements & Adjustments	
6	Return on Assets	13,934,532
7	Depreciation	8,806,008
8	Total Capital Revenue Requirements & Adjustments	<u>\$22,740,541</u>
9	Total Cost of Service	<u><u>\$36,045,312</u></u>

The revenue requirements, including the return on assets and depreciation, were allocated similarly to the costs used in the cash needs approach to determine the customer class cost of service. Upon comparison of the two methods (Table 5-3), Raftelis determined that the current surcharge differential of 30% remains equitable for Outside City and Chino Valley customers⁵.

⁵ Chino Valley customers include customers within the Chino Valley Improvement District (CVID) and customers outside of the CVID. The agreement between the City and CVID limits the surcharge that may be assessed to 30% in addition to inside-City charges for the same customer class.

6. Water Rate Design

In the development of schedules of water rates, a basic consideration is to establish equitable charges to customers commensurate with the cost of providing service. The only method of assessing entirely equitable water rates would be the determination of each customer's bill based upon their particular service requirements. Since this is impractical, schedules of rates are normally designed to meet average conditions for groups (classes) of customers having similar service requirements. Rates should be reasonably simple in application and subject to as few misinterpretations as possible. Appendix C includes tables that show the development of the proposed water rates. Raftelis developed rates for the five-year study period and July 1st effective date in 2024 followed by January 1st effective dates thereafter. When the effective dates are January 1st or 6 months respectively through the fiscal year and revenues and projected assuming approximately 50% of the bills and billed water use for a particular year are affected by the increased charges.

6.1. Current Rates

Current rates have been in effect since January 1, 2023. Monthly base charges vary by meter size and are applicable to all customers. Volume rates vary by customer class and include a four-block increasing rate structure for all customer classes. As previously discussed, Outside City and Chino Valley rates are 30 percent greater, respectively, than inside City rates.

The City implemented the current water tiered allocations in 2006 to help encourage water conservation as the City implemented capital improvements to expand the City's water resource portfolio to meet State requirements and serve current and future customers. The adopted rate structure has helped to reduce customer water use but has also created additional revenue variability as water sales revenues fluctuated due to weather, seasonal visitors and customer water use behavior changes.

6.2. Proposed Rates

Revenue requirements and cost of service allocations described in previous sections of this report provide the basis for designing water rates. Revenue requirements show the need for adjustments and the level of revenue required. Cost of service allocations lead to unit costs of service, which are used in the rate design process as a basis for determining whether proposed rates will reasonably recover cost of service from customer classes as well as provide the total level of revenue required.

Raftelis developed cost of service rates for the FY 2028-29 test year that proportionately recover class cost of service from each customer class under two alternative rate structures; alternatives which differ in the monthly service charge and the volume rates by tier by customer class and meter size. Raftelis developed proposed rates for each year of the study period that provide a smooth transition from existing rates to FY 2028-29 cost of service rates and generate the additional revenue needed to adequately meet revenue requirements.

6.2.1.1. Proposed Rates

The proposed water rates incorporate the current water allocations by tier, customer class and meter size. Monthly service charges are increased according to the annual rate revenue adjustments. Volume rates by customer class reflect the existing increasing price ratios compared to tier 1 as is also in place for all customer classes. The proposed volume rates reflect the customer class-based revenue requirements and test year FY 2028-29 cost of

service analysis adjusted for revenue from the monthly service charge. The proposed rates maintain the existing structures with increases to both the monthly service charges and volume rates.

Table 6-1 and Table 6-2 summarize existing and proposed FY 2024-25 through FY 2028-29 monthly service charges and volume rates. The proposed rates for each alternative phase to the test year FY 2028-29 total class cost of service over the five-year period.

Table 6-1: Proposed Water Monthly Service Charge (per bill)

Meter Size	Current	Proposed Water Base Charge (per bill)				
		7/1/2024	1/1/2026	1/1/2027	1/1/2028	1/1/2029
5/8"	\$15.56	\$17.58	\$19.52	\$19.91	\$20.30	\$20.71
3/4"	16.41	18.54	20.58	20.99	21.41	21.84
1"	18.58	20.99	23.30	23.77	24.25	24.73
1 1/2"	22.84	25.81	28.65	29.22	29.80	30.40
2"	30.16	34.08	37.83	38.59	39.36	40.15
3"	44.87	50.70	56.28	57.41	58.56	59.73
4"	65.87	74.43	82.62	84.28	85.96	87.68
6"	118.35	133.73	148.44	151.41	154.44	157.53
8"	181.46	205.05	227.61	232.16	236.80	241.54
Percent Change		13%	11%	2%	2%	2%

Table 6-2: Proposed Water Volume Charges (per 1,000)

Customer Class	Tier Width (1)	Current	Proposed Volume Rate (per 1,000 gallons)					
			7/1/2024	1/1/2026	1/1/2027	1/1/2028	1/1/2029	
	Start to End							
	Gallons							
Inside City								
Single Family								
Tier 1	0	3,000	\$4.44	\$5.10	\$5.73	\$5.86	\$5.99	\$6.12
Tier 2	3,001	10,000	6.66	7.65	8.60	8.79	8.98	9.18
Tier 3	10,001	20,000	9.99	11.47	12.89	13.18	13.47	13.77
Tier 4	Over	20,001	19.98	22.95	25.79	26.36	26.94	27.54
Multi-Family								
Tier 1	0	1,700	\$4.18	\$4.80	\$5.40	\$5.52	\$5.64	\$5.77
Tier 2	1,701	5,000	6.27	7.21	8.11	8.29	8.47	8.66
Tier 3	5,001	10,000	9.41	10.81	12.15	12.42	12.70	12.98
Tier 4	Over	10,001	18.81	21.62	24.31	24.85	25.41	25.97
Non-Residential								
Tier 1	0	6,000	\$4.76	\$5.36	\$5.93	\$6.04	\$6.16	\$6.28
Tier 2	6,001	28,000	7.14	8.04	8.89	9.06	9.24	9.42
Tier 3	28,001	60,000	10.71	12.05	13.34	13.60	13.86	14.13
Tier 4	Over	60,001	21.42	24.11	26.67	27.19	27.72	28.26
Construction/Hydrant	All Usage		\$5.43	\$7.00	\$8.33	\$8.57	\$8.81	\$9.42
Water Dispensing Station	All Usage		\$14.00	\$14.69	\$15.27	\$15.38	\$15.49	\$15.76

(1) Multi-Family tier allocations are provided per dwelling unit. Non-residential customer tier allocations increase by meter size. 5/8" x 3/4" (smallest meter size) are summarized in this table.

Table 6-3 summarizes the projected water use by tier.

Table 6-3: Percentage of Annual Water Sales Revenues by Tier

Line No.	Description	Current	Proposed 1/1/2029
1	Tier 1	31.6%	31.7%
2	Tier 2	41.1%	41.0%
3	Tier 3	17.9%	17.8%
4	Tier 4	9.4%	9.5%
5	Total System	100.0%	100.0%

Table 6-4 summarizes the percent of revenue generated by the base charge and Tier 1 of the total monthly service and volume charge revenues under the proposed rates in the FY 2028-29 test year.

Table 6-4: Percentage of Revenue Generated by Base Charge and Tier 1 Rates

Line No.	Total System	Existing	Proposed
Total System Revenue			
1	Base Charge & Tier 1	50.5%	50.3%
2	Tiers 2-4	49.5%	49.7%
3	Total System Wide	100.0%	100.0%

6.3. Aquifer Protection Fee (APF)

Raftelis proposes that the current APF be maintained to water customers. The purpose of the APF is to provide a dedicated funding source for design, construction, and operation of facilities and implementation of other measures and practices necessary to achieve and maintain water quality mandated by state and federal law applicable to surface, reuse, and recharge assets.

The APF is \$0.72 per month for 5/8-inch by 3/4-inch water customers increased by meter size using AWWA capacity relationship. Table 6-5 summarizes the proposed APF for FY 2023-24 through FY 2028-29 which does not change.

Table 6-5: Proposed Aquifer Protection Fee

Meter Size	Current	7/1/2024	1/1/2026	1/1/2027	1/1/2028	1/1/2029
5/8"	\$0.72	\$0.72	\$0.72	\$0.72	\$0.72	\$0.72
3/4"	1.08	1.08	1.08	1.08	1.08	1.08
1"	1.20	1.20	1.20	1.20	1.20	1.20
1 1/2"	2.40	2.40	2.40	2.40	2.40	2.40
2"	3.84	3.84	3.84	3.84	3.84	3.84
3"	7.20	7.20	7.20	7.20	7.20	7.20
4"	12.00	12.00	12.00	12.00	12.00	12.00
6"	24.00	24.00	24.00	24.00	24.00	24.00
8"	38.40	38.40	38.40	38.40	38.40	38.40
Percent Change		0%	0%	0%	0%	0%

6.4. Typical Customer Monthly Water Bills

In order to demonstrate the impact of proposed rate increases on City water customers, Raftelis has run a bill impact analysis. Under proposed rates on July 1, 2024 a typical residential customer (5/8-inch meter) that uses 5,000 gallons per month will see their monthly bill increase \$5.98 from \$42.92 to \$48.90 or an increase of 14%. By FY 2028-29, the same bill is proposed to increase to \$58.15 or an average increase each year of \$3.05 per month.

The same analysis was performed for non-residential customers. Under the proposed rates to be effective July 1, 2024, a non-residential customer with a 2-inch meter that uses 24,000 gallons per month, will see their monthly bill increase \$18.32 from \$148.24 to \$166.56 or an increase of 12%. By FY 2028-29, the same bill is proposed to increase to \$194.71 or an average increase each year of \$9.29 per month.

7. Wastewater Fund Financial Plan

Raftelis developed a financial plan for the ten-year study period as shown in Appendix D. FY 2023-24 through FY 2032-33 is summarized in Table 7-1. Raftelis separated the total wastewater fund into operating, special purpose and capital funds consistent with the City’s budget process and procedures. The wastewater fund financial plan is detailed in Appendix D.

Table 7-1: Wastewater Key Results and Drivers

Key Results and Drivers	Current Year	Projected				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Operating Fund						
Proposed Revenue Increases						
Annual Increases	0.0%	18.0%	17.0%	8.0%	7.0%	6.0%
Cumulative Increase	0.0%	18.0%	38.1%	49.1%	59.5%	69.1%
Increase/(Decrease) in Fund Balance	(\$20,355,170)	(\$3,763,407)	(\$1,030,497)	\$1,386,505	\$394,078	(\$1,537,864)
Ending Subfund Balance	6,619,056	2,855,649	1,825,152	3,211,657	3,605,735	2,067,871
Operations Sub-Fund Reserve (Target 16%)	70%	29%	17%	30%	32%	18%
Consolidated Wastewater Fund						
Debt Service Coverage Ratio (Target 150%)	145%	171%	156%	159%	150%	154%
Debt Service Coverage Ratio (w/o DIFs - Target 120%)	133%	160%	142%	137%	131%	136%
Increase/(Decrease) in Fund Balance	(\$910,507)	(\$3,763,407)	(\$1,030,497)	\$1,386,505	\$394,078	(\$1,537,864)
Beginning Fund Balance	7,529,562	6,619,055	2,855,648	1,825,151	3,211,656	3,605,734
Ending Fund Balance	\$6,619,055	\$2,855,648	\$1,825,151	\$3,211,656	\$3,605,734	\$2,067,870
Total Wastewater Fund Reserve (Target 16%)	70%	29%	17%	30%	32%	18%

7.1. Cash Flow Analysis

Projected wastewater sales revenue under existing rates is insufficient to meet revenue requirements while maintaining reserve balances. The City’s wastewater fund is in an okay financial position with cash-funded capital expenditures depleting cash reserves. Future capital expenses are also expected that will be debt and cash funded provided sustained rate pressure when combined with annual debt service repayments. Raftelis recommends annual revenue adjustments summarized in Table 1-5 of:

- 18% effective July 1, 2024,
- 17% January 1st 2026,
- 8% increase January 1st 2027,
- 7% January 1st 2028, and
- 6% January 1st 2029.

The drivers for the wastewater revenue increases include the need to exceed debt service coverage target of 150% annual debt service (including DIFs) from outstanding and planned debt issuances while exceeding an operating fund cash reserve target of 16% (60 days of O&M) is exceeded each year of the five-year planning period. The

cumulative effects of inflation in operating costs, interest rates, and capital costs have depleted cash reserves requiring additional debt which combine to place additional pressure on rates and user charges.

7.2. Debt Proceeds, Issuance Costs and Debt Service

Projected growth and non-growth related debt issues-borrowings by fund and the overall capital funding is summarized in Table 7-2. The resulting annual debt service is discussed in the following sections and summarized in Appendix D.

Table 7-2: Wastewater Capital Funding Summary

Total CIP with Inflation	Current Year	Projected				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Total DIF Growth-Related Projects (% Paid by Fees)	\$330,142	\$9,866,250	\$8,938,875	\$9,737,500	\$7,928,875	\$7,220,150
Renewal and Replacement	3,153,593	11,173,940	24,576,875	19,990,500	16,306,875	10,720,950
Authorized WIFA Loans						
Debt Financed	212,951	12,255,000	31,105,000	28,120,000	21,035,000	11,165,600
Cash Financed (1)	3,270,784	8,785,190	2,410,750	1,608,000	3,200,750	6,775,500
Total CIP with Inflation	\$3,483,735	\$21,040,190	\$33,515,750	\$29,728,000	\$24,235,750	\$17,941,100

(1) Cash financed projects include on-going WIFA loans in progress.

Debt funded projects are summarized in Table 7-3. \$104 million of debt is projected through FY 2028-29 increasing to \$148 million by FY 2032-33. Debt by fiscal year reflects the following assumptions:

- New debt funding of capital projects as summarized in Table 7-3.
- Funding through on-going WIFA proceeds of \$2.4 million funding FY 2023-24 and FY 2024-25 projects listed as cash for other projects previously debt financed.
- The financial plan assumes all loans are for a term of 25 years, 4.5% interest rate, 2% issuance expense, require a debt service reserve equal to one year’s payment, and assumes one semi-annual debt service payment in the year of issuance.

Table 7-3: Wastewater Debt Funded Projects

Project No.	Project Name	Current Year	Projected				
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
88WW	Section 32 and 33 Wastewater	\$50,000	\$5,230,000	\$0	\$0	\$0	\$0
26WW	Sundog Trunk Main Phase C (WIFA) - Future Loan	0	0	10,000,000	10,000,000	10,000,000	4,250,000
55WW	Centralization - Effluent Tank, Pipeline (WIFA)	45,773	1,500,000	4,350,000	7,125,000	5,425,000	0
62WW	Willow Creek Gravity Sewer	117,178	5,025,000	10,250,000	400,000	2,500,000	0
84WW.1	Centralization - Airport WRF Solids Handling Facility (WIFA)	0	500,000	6,150,000	6,650,000	0	0
32WW	Granite Dells Ranch DA	0	0	355,000	3,195,000	0	0
56WW	Willow Creek Trunk Main Upsize	0	0	0	750,000	3,110,000	4,135,600
54WW	Centralization - Sundog Equalization Basin and Plant Decommissioning	0	0	0	0	0	0
87WW	Yavapai Hills Lift Station Force Main	0	0	0	0	0	0
97WW	Deep Well Ranch Wastewater DA	0	0	0	0	0	830,000
38WW	Hassayampa Sewer Trunk Main Upsizing	0	0	0	0	0	400,000
86WW.2	Ruger Airport Trunk Main Phase 3	0	0	0	0	0	300,000
46WW	Sun Street Sewer Main Upgrade	0	0	0	0	0	250,000
84WW.2	Centralization - WRF Expansion Phase 2 (WIFA)	0	0	0	0	0	1,000,000
101WW	Timber Ridge #1 Regional Lift Station Rehab	0	0	0	0	0	0
52WW	Thumb Butte Road Upsizing	0	0	0	0	0	0
Total Debt Funded Projects (with Inflation)		\$212,951	\$12,255,000	\$31,105,000	\$28,120,000	\$21,035,000	\$11,165,600

Raftelis recommends that annual updates be completed for the wastewater utility multi-year financial plan to recognize changes in growth, wastewater sales, operating expenses, debt and debt service, capital improvement needs and capital funding requirements.

7.3. Operating Fund

The operating fund forecasts the revenues and revenue requirements of the wastewater fund over the study period. The operating fund receives and transfers revenues to other wastewater funds.

7.3.1. RESERVES AND CASH BALANCE

The operating fund includes a FY 2023-24 starting balance of \$27.0 million. The balance will be depleted funding capital requirements in FY 2023-24 and FY 2024-25. Ending reserves are targeted at 16% or 60 days of O&M. Raftelis recommends that the City meet or exceed this “minimum” level of operating reserve.

7.3.2. REVENUES

Revenues for the wastewater utility operating fund are derived from wastewater sales, interest income and other miscellaneous revenues. Revenues from wastewater sales are projected to increase based on annual system wide EDU growth rate of 0.75% for FY 2023-24 and FY 2024-25, 1.30% over the remainder of the study period. Wastewater sales revenues include monthly charge per bill and uniform volume rates that vary by customer class and assessed based on each customer’s average winter consumption.

Miscellaneous operating revenue is projected to increase 2.5% per year and include miscellaneous customer charges (e.g., turn on / turn off fees) and treated effluent customer fees. Interest income is projected based on the starting fund balance and a conservative interest earnings rate of 1%.

7.3.3. REVENUE REQUIREMENTS

Operating fund revenue requirements include O&M, debt service, and transfers to the other special purpose operating funds and loans to wastewater capital funds.

O&M is organized into various divisions and includes personnel, supplies, services and materials to collect, treat and dispose of wastewater effluent annually based on the adopted City budget. These costs are funded by wastewater sales revenues. O&M is projected to increase from \$9.4 million in FY 2023-24 to \$11.6 million in FY 2028-29 due to annual compound inflation. The projected O&M by department and component are based on FY 2022-23 budget and adjusted annually for inflation and including additional personnel as summarized in Appendix D.

Annual debt service is based on the non-growth or rate funded portion of outstanding and projected wastewater fund debt issues ranging from \$3.9 million to \$9.7 million by the end of FY 2028-29. Table 7-3 summarizes projected debt issues, including non-growth related debt repaid through user charges.

Other cash inflows and outflows are comprised of a variety of sources and uses.

7.3.3.1. Transfer to Capital Improvement Fund

Non-growth capital improvements are funded within the capital improvement fund and annual transfers are made from the operating fund equal to the cash funded capital requirements summarized in Table 7-3.

7.3.3.2. System DIF Fund Loans and Loan Repayment

Within each service area the use of funds may not directly match projected growth and timing of new development. The timing of the facility requirements as well as current and future debt service may create cash shortfalls which are met from loans from the operating funds. These loans are repaid as DIF revenue exceeds annual expenditure requirements with loans that may be incurred for some time.

7.3.3.3. WIFA Loan Disbursements

The City has secured multiple loans through the WIFA including one active or on-going loan projected to be completed in FY 2024-25 with remaining balances of \$2.4 million at the start of FY 2023-24. Future loan disbursements tied to future capital projects are included in the capital improvement fund with the annual debt service repaid through rates within the operating fund.

7.4. Capital Improvement Program Fund

The capital improvement program fund forecasts the annual sources and uses of the wastewater fund over the study period. The capital improvement program fund receives transfers from the operating fund and funds non-growth capital improvement projects on an annual basis but does not maintain a separate fund balance. Total capital improvements are included in Appendix D. Non-growth related or those funded within this fund include capital projects designated as “O” or Operational projects as well as the non-growth related portion of eligible IIP facilities.

7.4.1. SOURCE AND USES

Sources include transfers from the operating fund equal to annual requirements adjusted for bond and/or loan proceeds supporting non-growth related portion of future debt. Projected debt reduces the amount that would be required from annual wastewater sales revenues. Uses within the fund include non-growth or rate funded portion of capital projects and bond and/or loan issuance costs and debt service reserve requirements associated with future debt issues. Total study period non-growth capital projects average \$13.9 million with a high in FY 2025-26 of \$32.9 million and a low of \$3.5 million in FY 2023-24.

The fund does not maintain a cash balance with transfers from operations being made annually equal to the portion of cash funded capital projects.

7.5. Wastewater System DIF Fund

The City adopted Wastewater System DIFs that have been assessed within a single separate service area since August 1, 2019.

The City of Prescott Land Use Assumptions and Infrastructure Improvements Plan (dated December 2023) and the City of Prescott Development Impact Fee Report to be issued in June 2024 will provide additional details regarding the separate service areas, fee calculations and improvements funded within each service area. The adopted fees for equivalent 5/8-inch by 3/4-inch wastewater system DIFs and combined fees assessed to new development by service area are summarized in Table 7-4. The City is evaluating current wastewater DIFs to be made effective January 1, 2025.

Table 7-4: Wastewater System Development Impact Fees

Line No.	DESCRIPTION	Current Year	Projected				
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	Wastewater System DIF	\$3,020	\$3,020	\$3,020	\$5,845	\$5,845	\$5,845
2	Wastewater System EDUs	195	197	344	348	353	357
3	Wastewater System DIF Revenues	\$588,900	\$594,940	\$1,038,880	\$2,034,028	\$2,063,253	\$2,086,632

7.5.1. PROPOSED DIFS

The City is currently reviewing water system, water resource and wastewater DIFs which have been incorporated within this report at the draft or preliminary fees. Revenue projections maintain current DIFs for FY 2023-24 through FY 2024-25 as there is an up to 24-month delay when DIF increases may be assessed to new development for approved developments. If DIFs decrease, they are projected to be effective starting January 1, 2025. The financial plan assumes that proposed DIFs will go into effect in FY 2025-26. The proposed DIF for the single service area is \$5,845 for an equivalent 5/8-inch by 3/4-inch water connection.

7.5.2. CASH FLOW ANALYSIS

A cash flow analysis has been compiled for each service area that summarizes the sources and uses of Wastewater System DIF funds summarized in Appendix D. While the separate service areas are compiled into a consolidated fund that summarizes annual source and uses, each service area is a separate fund.

7.5.3. RESERVES AND CASH BALANCE

The wastewater system DIF fund includes a FY 2023-24 starting deficit balance of \$19.4 million and this fund does not have a minimum reserve target. Since FY 2014-15, the City has tracked fund balances separately and has accumulated an aggregate deficit of \$64.3 million due in part to the timing of growth-related capital and debt service payments exceeding cash generated through annual wastewater DIFs. This deficit is projected to continue as growth-related debt service and annual capital project requirements are more than the annual revenues from the wastewater DIFs.

7.5.4. SOURCE AND USES

The Wastewater System DIF fund cash flow analysis summarizes the source and uses over the study period included in Appendix D. Sources include wastewater system DIFs by service area or one-time fees assessed to new wastewater connections, projected interest income, WIFA loan distributions on active growth-related portion of WIFA loans or approximately \$2.4 million, new debt of approximately \$35.0 million and loans from the operating fund equal to approximately \$25.0 million from FY 2023-24 through FY 2028-29. Bonds and/or loan proceeds supporting non-growth related portion of future debt are projected to be required reducing the amount that would be required from annual wastewater sales revenues. Uses within the fund include growth-related portion of capital projects, growth-related portion of existing and future debt service, and repayment of loans from the operating fund. Uses also include bond and/or loan issuance costs and debt service reserve requirements associated with future growth-related debt issues. Wastewater System DIF fund debt service averages \$4.2 million increasing from \$3.1 million in FY 2023-24 to \$5.3 million in FY 2028-29.

7.5.5. REVENUE PROJECTIONS

Projected Wastewater System DIF revenues are based on the adopted fee per EDU by service area applied to projected EDUs over the five-year period. Revenues are retained within the separate service areas. Current EDU distribution by service area was identified by the City during the wastewater distribution model analysis. EDUs are projected as summarized in Appendix E. Service Area A reflects the entire wastewater system with projected EDUs

by corresponding year based on the growth projections provided in the Final LUA and IIP and is anticipated to be implemented January 1, 2025. The City completed a wastewater collection system model update in 2023 that contemplated the pace of development and wastewater infrastructure prioritizing capital projects for inclusion the master plan and IIP and provided a refined distribution of growth by service area.

8. Wastewater Cost of Service

Equitable wastewater rates fairly recover cost of service from each customer class. Determination of cost of service takes into account volume of wastewater received, discharge strength characteristics, number of customers, and other relevant factors.

8.1. Test-Year

The cost of service analysis is conducted for the FY 2028-29 test year to provide a five-year period to transition to test-year rates. Appendix E includes tables that show the wastewater cost of service analysis.

Test year cost of service (revenue requirements) totals approximately \$27.5 million and includes O&M, debt service, transfers to capital funds and cash funded capital costs. These costs are met from wastewater sales revenue generated from wastewater rates and miscellaneous revenue sources summarized in Table 8-1.

Table 8-1: Wastewater – Total Cost of Service

Line No.	Description	Total
Revenue Requirements		
1	Operation and Maintenance Expense	\$11,574,417
2	Operating Debt Service	6,253,117
Transfers/Loans		
3	WIFA Authorized Remaining	0
4	System Impact Fee Subfund	6,879,392
5	Capital Improvement Subfund	4,150,511
6	Total Revenue Requirements	\$28,857,437
Revenue Requirement Adjustments		
7	Miscellaneous Revenue (1)	(\$805,563)
8	Interfund Loan Receivable	\$0
9	Interest Income	(36,057)
10	Operating Fund Reserve Increase (Decrease)	(1,794,932)
11	Revenue Adjustment for full 12 Months	514,135
12	Total Revenue Requirement Adjustments	(\$2,122,417)
13	Total Cost of Service	\$26,735,020

(1) Includes Effluent water fund (\$200,000) payment.

8.2. Revenue Requirements

The total FY 2028-29 revenue requirements consist of \$11.6 million of operating expenses and \$16.9 million of capital costs. These costs are reduced in total by \$1.6 million in other miscellaneous revenue sources and sources

and uses (e.g., miscellaneous system revenue and projected debt) and change in the cash balance of the operations fund.

8.3. Units of Service

Service requirements for each class are based on contributed wastewater volume and biological oxygen demand (BOD) and total suspended solids (TSS) strengths, and number of bills.

Wastewater volume consists of two elements: contributed sanitary flow and infiltration/inflow (I/I) from storm event water runoff, snow melting and/or ground water that seeps into the wastewater collection and interceptor system. Contributed wastewater flow is that portion of the annual water use that enters the sanitary wastewater system. Estimates of the contributed wastewater volume are based on annualized average winter period water use from October through March for each customer classification during periods of the year which generally excludes non-wastewater water uses such as lawn sprinkling. Raftelis estimated annualized winter water use period for residential, non-residential, and septicage customers as summarized in Appendix E.

I/I represents approximately 12% of the total wastewater flow reaching the City's wastewater treatment plant. Each customer class should bear its proportionate share of the costs associated with I/I, as the wastewater system must be adequate to convey and process the total wastewater flow. For these customers, Raftelis estimates that 67% of I/I is based on the number of customers or size of the system and 33% is based on contributed volume. The results of the incorporation of annualized winter water use and volume and customer-related I/I are detailed in Appendix E.

Raftelis estimates that the City will contribute 1.7 billion gallons of sewer volume, generate 2.3 million pounds of biochemical oxygen demand (BOD) and 2.2 million pounds of total suspended solids (TSS) in FY 2028-29 based on average historical loadings and expected loadings by customer type adjusted for customer and discharge growth.

The City also incurs customer costs related to local wastewater collectors as meter replacement and billing costs are recovered fully within the water fund. Local wastewater collector costs are allocated based on the number of bills.

A final cost component includes the effluent delivery costs recovered through charges for non-potable or treated effluent service to contract and non-contract customers. The effluent delivery costs are recovered directly by these charges with additional amounts treated as miscellaneous revenue adjustments.

8.4. Allocation to Cost Components

An initial step in the cost of service analysis allocates revenue requirements to the functional cost components. The second step allocates the functional costs among service characteristics. For example, wastewater treatment expenses are separated into volume, BOD, and TSS. Collection system expense is allocated to volume and customer costs (based on the proportion of interceptors and local collection lines) regardless of wastewater flow providing a stable revenue source funding line replacement and maintenance costs. Interceptors, or the system component that conveys wastewater effluent to the WWTP and WRF, are allocated based on the volume of wastewater flows.

There are three basic wastewater flow based components: volume, strength, and customer. Volume costs vary with the quantity of wastewater contributed. Strength costs vary with the strength of wastewater contributed. Customer costs vary in proportion to the number of bills.

Administration and general expenses are identified with system facilities or activities to the extent possible to simplify the allocation process. Those expenses that are not specifically assigned are allocated in proportion to all other operating expenses.

Capital costs are allocated to functional cost components according to the design or function of each facility or activity. The allocation of system assets to functional cost components provides the basis for allocating annual capital costs.

The allocation of O&M is similar to the allocation of capital costs. O&M is allocated to functional cost components according to budgeted designation of operating expenses associated with operating the wastewater system and the design or function of the facility related to cost categories. For example, wastewater treatment costs are allocated among volume, BOD and TSS cost components the facilities are designed to meet. Alternatively, wastewater collection system costs are allocated among volume the customer local collection system cost components. The interceptor or portion of the system related to wastewater interceptor and collection system pipelines with 12-inch and greater diameter are allocated among the volume related cost component. The 10-inch and smaller local collection system costs are allocated per wastewater bill component of the customer cost category.

Net cost of service equals total cost of service less adjustments for miscellaneous revenue sources and other sources as previously discussed and summarized in Appendix E.

8.5. Allocation to Customer Classes

The separation of costs into functional components provides a means for distributing such costs to various classes of customers based on their respective responsibilities for each type of service. Current customer classes include residential, nonresidential, septage, and effluent accounts. These classes group together customers with similar service characteristics and provide a means for allocating costs to customers.

Service requirements are based on class wastewater volume contributed, estimated BOD and TSS concentrations, customer cost per bill and effluent delivery cost per kgal of treated effluent sales.

Class cost of service is the product of unit costs of service times the customer class service requirements. Unit costs are the quotient of functionalized cost of service divided by the applicable units of service and provide the foundation for rate design. Comparison of class cost of service with class revenue under existing rates shows the adjustment needed in class revenue to meet cost of service.

8.5.1. UNIT COST OF SERVICE

Unit cost of service forms the basis for rate design and is the quotient of net cost of service divided by the applicable units of service. The unit cost of service is based on the proportional demands of all customers.

The summary of the cost of service for each customer classification is compared to the projected FY 2028-29 revenues generated from the same customers, adjusted for growth, without a revenue adjustment. Overall, as summarized in Table 8-2, the system increases required by FY 2028-29 totals approximately 64%. The difference between the cost of service customer costs and the revenue generated from the current rates provides the necessary adjustment to user charges necessary to achieve cost of service results by FY 2028-29 discussed in the next section.

Table 8-2: FY 2028-29 Class Cost of Service and Revenue Comparison

Line No.	Customer Class	Cost of Service	Revenue at Existing Rates	Indicated Revenue Adjustment
1	Residential	\$21,309,646	\$13,138,221	62.2%
2	Nonresidential (general)	4,913,597	2,974,608	65.2%
3	Septage Hauler	511,777	242,727	110.8%
4	Total System	\$26,735,020	\$16,355,555	63.5%

9. Wastewater Rate Design

In the development of schedules of wastewater rates, a basic consideration is to establish equitable charges to customers commensurate with the cost of providing service. The only method of assessing entirely equitable wastewater rates would be the determination of each customer’s bill based upon their particular service requirements including individually measured discharges. Since this is impractical, schedules of rates are normally designed to meet average conditions for groups (classes) of customers having similar service requirements. Appendix F includes tables that show the development of the proposed wastewater rates. Raftelis developed rates for the five-year study period and July 1st effective date in 2024 followed by January 1st effective dates thereafter. The effective dates are 12 months and 6 months respectively through the fiscal year and revenues and projected assuming 25% and 50% of the bills and billed wastewater use for a particular year are affected by the increased charges.

9.1. Current Rates

Current rates have been in effect since January 1, 2023. A separate base charge is assessed monthly per bill to residential and non-residential customers. Volume rates vary by customer class estimated monthly average winter consumption based on October through March water use.

9.2. Proposed Rates

Table 9-1 summarizes proposed wastewater monthly service charge and volume rates by customer class for the single alternative.

Table 9-1: Proposed Monthly Service Charge and Volume Rates

Proposed Rates

Line No	Description	Current	7/1/2024	1/1/2026	1/1/2027	1/1/2028	1/1/2029
1	Annual % Increase in Revenue-Rates		18%	17%	8%	7%	4%
	Monthly Service Charge						
2	Residential	\$21.47	\$25.33	\$29.64	\$32.01	\$34.25	\$35.62
3	Nonresidential (General)	21.47	25.33	29.64	32.01	34.25	35.62
	Volume Charge per 1,000 gallons						
4	Residential	\$7.72	\$8.96	\$10.35	\$11.11	\$11.83	\$12.27
5	Nonresidential (General)	7.38	8.72	10.20	11.02	11.80	12.27
6	Septage Hauler	101.25	200.00	206.00	212.18	218.55	225.11

9.3. Typical 2024 Monthly Wastewater Bills

In order to demonstrate the impact of proposed rate increases and the current Aquifer Protection Fee on City water customers, Raftelis has run a bill impact analysis. Under the proposed rates, after the rate increase of July 1, 2024 a typical residential customer that uses 5,000 gallons per month will see their monthly bill increase \$10.51 from \$60.07 to \$70.15. By FY 2028-29, the same bill is projected to increase to \$96.97 or an average monthly increase each year of \$7.38.

The same analysis was performed for non-residential customers. Under the proposed rates, a non-residential customer that uses 24,000 gallons per month, will see their monthly bill increase \$35.91 from \$198.59 to \$234.50.

By FY 2028-29, the same bill is projected to increase to \$330.10 or an average monthly increase each year of \$26.30.

APPENDIX A:
WATER FINANCIAL PLAN

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Key Results and Drivers

Key Results and Drivers	Current Year	Projected					Projected			
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33
Operating Fund										
Proposed Revenue Increases										
Annual Increases	0.0%	13.0%	11.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Cumulative Increase	0.0%	13.0%	25.4%	27.9%	30.5%	33.1%	35.8%	38.5%	41.3%	44.1%
Increase/(Decrease) in Fund Balance	(\$11,516,397)	(\$9,604,922)	(\$530,757)	\$3,086,183	\$5,654,567	\$8,578,412	\$5,306,704	(\$2,813,491)	\$3,630,506	\$1,065,389
Ending Operating Fund Balance	13,247,964	3,643,043	3,112,286	6,198,469	11,853,036	20,431,448	25,738,151	22,924,660	26,555,166	27,620,556
Operations Sub-Fund Reserve (Target 25%)	114%	30%	25%	47%	87%	146%	179%	155%	175%	177%
Consolidated Water Fund										
Debt Service Coverage Ratio (Target 150%)	195%	228%	246%	264%	260%	292%	290%	296%	308%	318%
Debt Service Coverage Ratio (w/o DIFs - Target 125%)	144%	192%	193%	205%	202%	229%	228%	234%	245%	254%
Increase/(Decrease) in Fund Balance	\$433,680	(\$10,819,882)	(\$816,749)	\$3,121,256	\$5,767,007	\$9,082,629	\$5,314,909	(\$2,413,152)	\$2,278,871	\$931,231
Beginning Fund Balance	20,933,476	21,367,155	10,547,273	9,730,524	12,851,780	18,618,787	27,701,416	33,016,325	30,603,173	32,882,044
Ending Fund Balance	\$21,367,155	\$10,547,273	\$9,730,524	\$12,851,780	\$18,618,787	\$27,701,416	\$33,016,325	\$30,603,173	\$32,882,044	\$33,813,275

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Consolidated Water Fund Cash Flow

Line No.	DESCRIPTION	Current Year					Projected					Test Year 2029
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	
Consolidated Water Fund Cash Flow												
Revenues and Sources of Funds												
1	Water Resource Development Fee	\$340,970	\$312,650	\$492,080	\$498,480	\$504,960	\$511,520	\$518,170	\$524,910	\$531,730	\$538,650	\$511,520
2	System Impact Fees	1,254,782	1,264,193	2,207,703	2,752,172	2,787,950	2,824,194	2,860,908	2,898,100	2,935,775	2,973,940	2,824,194
3	Bond & Loan Proceeds	0	10,100,000	3,000,000	5,200,000	3,800,000	700,000	7,200,000	0	0	0	700,000
4	Grants / Developer Funded	1,000,000	1,771,000	229,000	0	0	0	0	0	0	0	0
5	Water Sales Revenue	19,677,960	22,360,343	23,880,762	25,688,614	26,522,810	27,383,353	28,270,423	29,185,252	30,128,136	31,100,234	27,383,353
6	Aquifer Protection Fee	284,666	287,341	292,009	296,739	301,528	306,383	311,299	316,280	321,324	326,432	306,383
7	Miscellaneous Revenue	641,600	657,640	674,081	690,933	708,206	725,912	744,059	762,661	781,727	801,270	725,912
8	Intergovernmental Contributions	799,022	203,723	211,872	218,228	224,775	231,518	238,463	245,617	252,986	260,575	231,518
9	Remaining WIFA Loan Balance	23,154,191	0	0	0	0	0	0	0	0	0	0
10	Interest Income	362,185	225,852	118,554	112,796	143,473	202,321	291,840	348,716	324,454	364,689	202,321
11	Total Revenues	47,515,376	37,182,742	31,106,062	35,457,962	34,993,702	32,885,200	40,435,162	34,281,537	35,276,132	36,365,791	40,435,162
Expenditures and Uses of Funds												
12	Water Fund O&M (1)	11,641,558	12,132,064	12,643,231	13,122,915	13,558,625	13,951,217	14,355,233	14,771,006	15,198,881	15,639,210	13,951,217
13	Water Resource Projects	0	0	0	0	0	0	0	0	0	0	0
14	System Infrastructure Growth-Related Projects	8,349,992	4,461,250	1,376,375	986,250	1,051,375	781,250	7,215,000	117,500	1,917,500	2,893,250	781,250
15	Alternative Water Source Projects	1,279,568	300,000	230,000	230,000	0	0	0	0	0	0	0
16	Aquifer Protection Fee Projects (2)	317,249	682,751	0	0	0	0	0	0	0	0	0
17	CA No. 1 Monitoring Costs (2)	1,230,475	136,999	142,479	146,753	151,156	155,690	160,361	165,172	170,127	175,231	155,690
18	CA No. 1 Modeling Costs (2)	173,000	181,650	188,916	194,583	200,421	206,434	212,627	219,005	225,576	232,343	206,434
19	System Infrastructure Non-Growth Related Projects	18,796,604	23,592,011	11,017,375	10,850,750	7,283,375	2,523,250	6,167,000	14,964,500	9,094,500	10,100,250	2,523,250
20	Bond Issuance Costs and Reserve Deposits	0	883,134	262,317	454,683	332,268	61,207	629,561	0	0	0	61,207
21	Debt Service - Existing	5,293,251	5,292,198	5,279,825	5,291,979	5,287,207	4,609,516	4,600,082	4,434,334	4,367,507	4,371,105	4,609,516
22	Debt Service - New	0	340,567	782,293	1,058,793	1,362,268	1,514,006	1,780,390	2,023,171	2,023,171	2,023,171	1,514,006
23	Total Uses of Funds	47,081,697	48,002,624	31,922,811	32,336,706	29,226,695	23,802,571	35,120,254	36,694,689	32,997,261	35,434,560	35,120,254
24	Increase/(Decrease) in Fund Balance	433,680	(10,819,882)	(816,749)	3,121,256	5,767,007	9,082,629	5,314,909	(2,413,152)	2,278,871	931,231	5,314,909
25	Water Utility Beginning Balance	20,933,476	21,367,155	10,547,273	9,730,524	12,851,780	18,618,787	27,701,416	33,016,325	30,603,173	32,882,044	27,701,416
26	Consolidated Water Fund Ending Balance	\$21,367,155	\$10,547,273	\$9,730,524	\$12,851,780	\$18,618,787	\$27,701,416	\$33,016,325	\$30,603,173	\$32,882,044	\$33,813,275	\$33,016,325

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Debt Service Coverage

Line No.	DESCRIPTION	Current Year					Projected				
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33
Revenues											
1	Water Resource Development Fee	\$340,970	\$312,650	\$492,080	\$498,480	\$504,960	\$511,520	\$518,170	\$524,910	\$531,730	\$538,650
2	System Impact Fees	1,254,782	1,264,193	2,207,703	2,752,172	2,787,950	2,824,194	2,860,908	2,898,100	2,935,775	2,973,940
3	Water Sales Revenue	19,677,960	22,360,343	23,880,762	25,688,614	26,522,810	27,383,353	28,270,423	29,185,252	30,128,136	31,100,234
4	Aquifer Protection Fees	284,666	287,341	292,009	296,739	301,528	306,383	311,299	316,280	321,324	326,432
5	Miscellaneous Revenue	641,600	657,640	674,081	690,933	708,206	725,912	744,059	762,661	781,727	801,270
6	Intergovernmental Contributions	799,022	203,723	211,872	218,228	224,775	231,518	238,463	245,617	252,986	260,575
7	Interest Income	362,185	225,852	118,554	112,796	143,473	202,321	291,840	348,716	324,454	364,689
8	Subtotal	\$23,361,185	\$25,311,742	\$27,877,062	\$30,257,962	\$31,193,702	\$32,185,200	\$33,235,162	\$34,281,537	\$35,276,132	\$36,365,791
9	Operation and Maintenance Expense	\$13,045,033	\$12,450,712	\$12,974,626	\$13,464,251	\$13,910,201	\$14,313,341	\$14,728,221	\$15,155,184	\$15,594,584	\$16,046,784
10	Net Revenue Available for Debt Service	\$10,316,152	\$12,861,030	\$14,902,435	\$16,793,711	\$17,283,501	\$17,871,859	\$18,506,942	\$19,126,353	\$19,681,549	\$20,319,007
Total Debt Service											
11	Existing Debt Service	\$5,293,251	\$5,292,198	\$5,279,825	\$5,291,979	\$5,287,207	\$4,609,516	\$4,600,082	\$4,434,334	\$4,367,507	\$4,371,105
12	Future Debt Service	0	340,567	782,293	1,058,793	1,362,268	1,514,006	1,780,390	2,023,171	2,023,171	2,023,171
13	Subtotal	\$5,293,251	\$5,632,765	\$6,062,118	\$6,350,772	\$6,649,476	\$6,123,523	\$6,380,472	\$6,457,505	\$6,390,678	\$6,394,276
14	Debt Service Coverage Ratio (Target 150%)	195%	228%	246%	264%	260%	292%	290%	296%	308%	318%
15	Debt Service Coverage Ratio (w/o DIFs - Target 125%)	144%	192%	193%	205%	202%	229%	228%	234%	245%	254%

City of Prescott, Arizona
Water Impact Fee and Rate Study
Water Operations Fund Cash Flow

Line No.	DESCRIPTION	Current Year					Projected					Test Year 2029
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	
Operations Fund												
Operating Revenues												
1	Revenue Under Existing Rates	\$19,677,960	\$19,787,914	\$20,031,675	\$20,277,662	\$20,525,634	\$20,776,074	\$21,028,534	\$21,283,350	\$21,540,145	\$21,799,163	\$20,776,074
2	Additional Revenue Required	0	2,572,429	3,849,087	5,410,952	5,997,176	6,607,279	7,241,889	7,901,902	8,587,991	9,301,071	6,607,279
3	Total Water Sales Revenue	19,677,960	22,360,343	23,880,762	25,688,614	26,522,810	27,383,353	28,270,423	29,185,252	30,128,136	31,100,234	27,383,353
4	Interest Income	247,644	132,480	36,430	31,123	61,985	118,530	204,314	257,382	229,247	265,552	118,530
5	Miscellaneous Revenue	466,600	478,265	490,222	502,477	515,039	527,915	541,113	554,641	568,507	582,719	527,915
6	Total Operating Revenues	20,392,204	22,971,088	24,407,414	26,222,214	27,099,834	28,029,798	29,015,850	29,997,274	30,925,889	31,948,506	28,029,798
7	Total Operating Expenditures	11,591,558	12,132,064	12,643,231	13,122,915	13,558,625	13,951,217	14,355,233	14,771,006	15,198,881	15,639,210	13,951,217
8	Net Operating Income Available For Debt Service	8,800,646	10,839,024	11,764,183	13,099,299	13,541,209	14,078,581	14,660,617	15,226,268	15,727,008	16,309,295	14,078,581
Debt Service												
9	Debt Service - Existing	2,338,019	2,336,808	2,335,560	2,334,273	2,332,947	2,006,573	2,000,616	1,894,035	1,825,978	1,825,119	2,006,573
10	Debt Service - New	0	340,567	782,293	1,031,817	1,284,713	1,389,244	1,389,244	1,389,244	1,389,244	1,389,244	1,389,244
11	Total Debt Service	2,338,019	2,677,375	3,117,852	3,366,090	3,617,661	3,395,817	3,389,860	3,283,279	3,215,222	3,214,363	3,395,817
12	Income Available After Debt Service	6,462,627	8,161,649	8,646,330	9,733,209	9,923,549	10,682,764	11,270,757	11,942,989	12,511,786	13,094,933	10,682,764
Other Cash Inflows/(Outflows)												
13	Interfund Loan Receivable Payment	0	0	0	0	0	351,486	0	0	0	0	351,486
Capital Fund Loans												
14	Water Resource Development Fee Fund	0	0	0	0	(7,713)	(130,585)	0	0	0	0	(130,585)
15	System Impact Fee Fund by Service Area											0
16	Service Area A	0	0	0	0	0	0	0	0	0	0	0
17	Service Area B	(11,934,515)	(5,341,801)	(1,310,255)	0	0	0	0	0	0	(2,147,844)	0
18	Capital Improvement Fund	(17,621,604)	(12,424,770)	(7,866,833)	(6,647,026)	(4,261,269)	(2,325,254)	(5,964,054)	(14,756,480)	(8,881,279)	(9,881,699)	(2,325,254)
19	Remaining WIFA Loan Balance - Non-Growth Portion	11,577,096	0	0	0	0	0	0	0	0	0	0
20	Other Cash Inflows/(Outflows)	(17,979,024)	(17,766,571)	(9,177,088)	(6,647,026)	(4,268,982)	(2,104,352)	(5,964,054)	(14,756,480)	(8,881,279)	(12,029,543)	(2,104,352)
21	Increase/(Decrease) in Fund Balance	(11,516,397)	(9,604,922)	(530,757)	3,086,183	5,654,567	8,578,412	5,306,704	(2,813,491)	3,630,506	1,065,389	8,578,412
22	Operation Fund Beginning Balance	24,764,362	13,247,964	3,643,043	3,112,286	6,198,469	11,853,036	20,431,448	25,738,151	22,924,660	26,555,166	11,853,036
23	Operation Fund Ending Balance	\$13,247,964	\$3,643,043	\$3,112,286	\$6,198,469	\$11,853,036	\$20,431,448	25,738,151	22,924,660	26,555,166	27,620,556	20,431,448
24	Target Reserve (25% of O&M)	114%	30%	25%	47%	87%	146%	179%	155%	175%	177%	
Revenue Adjustments												
25	Annual Increase	0.0%	13.0%	11.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
26	Cumulative Increase	0.0%	13.0%	25.4%	27.9%	30.5%	33.1%	35.8%	38.5%	41.3%	44.1%	33.1%

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Comprehensive Agreement No. 1 Monitoring Fund

Line No.	DESCRIPTION	Current Year		Projected							Test Year 2029	
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32		FY 2032-33
Comprehensive Agreement No. 1 Monitoring Fund												
Sources of Funds												
1	Interest Income	\$7,328	\$2,452	\$2,477	\$2,502	\$2,527	\$2,553	\$2,579	\$2,606	\$2,632	\$2,659	\$2,553
2	Intergovernmental Contributions (1)	688,417	87,588	91,091	93,824	96,639	99,538	102,524	105,600	108,768	112,031	99,538
3	Transfer from Alt Water Fund	47,101	49,457	51,435	52,978	54,567	56,204	57,890	59,627	61,416	63,258	56,204
4	Total Sources of Funds	742,847	139,496	145,003	149,304	153,733	158,295	162,994	167,833	172,816	177,948	158,295
Uses of Funds												
5	Comprehensive Agreement No. 1 Monitoring (2)	1,230,475	136,999	142,479	146,753	151,156	155,690	160,361	165,172	170,127	175,231	155,690
6	Debt Service - Existing	0	0	0	0	0	0	0	0	0	0	0
7	Debt Service - New	0	0	0	0	0	0	0	0	0	0	0
8	Total Uses of Funds	1,230,475	136,999	142,479	146,753	151,156	155,690	160,361	165,172	170,127	175,231	155,690
9	Increase/(Decrease) in Fund Balance	(487,628)	2,497	2,524	2,551	2,578	2,605	2,633	2,661	2,689	2,718	2,605
10	Beginning Year Fund Balance	732,802	245,173	247,671	250,195	252,746	255,324	257,929	260,562	263,222	265,911	255,324
11	End of Year Fund Balance	245,173	247,671	250,195	252,746	255,324	257,929	260,562	263,222	265,911	268,629	257,929

(1) Intergovernmental contributions provided by City based on CA Agreement No. 1 between the City, Town of Prescott Valley, and Salt River Project members.

(2) CA Agreement No. 1 Modeling expenses provided by City Staff per IGA between the City, Town of Prescott Valley, and Salt River Project members.

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Comprehensive Agreement No. 1 Modeling Fund

Line No.	DESCRIPTION	Current Year					Projected					Test Year 2029
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	
Comprehensive Agreement No. 1 Modeling Fund												
Sources of Funds												
1	Interest Income	\$1,730	\$1,748	\$1,766	\$1,784	\$1,803	\$1,821	\$1,840	\$1,859	\$1,879	\$1,898	\$1,821
2	Intergovernmental Contributions (1)	110,605	116,135	120,780	124,404	128,136	131,980	135,939	140,017	144,218	148,545	131,980
3	Transfer from Alt Water Fund	62,453	65,576	68,199	70,245	72,352	74,523	76,758	79,061	81,433	83,876	74,523
4	Total Sources of Funds	174,788	183,458	190,745	196,433	202,290	208,324	214,538	220,938	227,529	234,319	208,324
Uses of Funds												
5	Comprehensive Agreement No. 1 Modeling (2)	173,000	181,650	188,916	194,583	200,421	206,434	212,627	219,005	225,576	232,343	206,434
6	Debt Service - Existing	0	0	0	0	0	0	0	0	0	0	0
7	Debt Service - New	0	0	0	0	0	0	0	0	0	0	0
8	Total Uses of Funds	173,000	181,650	188,916	194,583	200,421	206,434	212,627	219,005	225,576	232,343	206,434
9	Increase/(Decrease) in Fund Balance	1,788	1,808	1,829	1,849	1,869	1,890	1,911	1,932	1,954	1,976	1,890
10	Beginning Year Fund Balance	172,991	174,779	176,587	178,416	180,265	182,134	184,024	185,936	187,868	189,822	182,134
11	End of Year Fund Balance	174,779	176,587	178,416	180,265	182,134	184,024	185,936	187,868	189,822	191,797	184,024

(1) Intergovernmental contributions provided by City based on CA Agreement No. 1 between the City, Town of Prescott Valley, and Salt River Project members.

(2) CA Agreement No. 1 Modeling expenses provided by City Staff per IGA between the City, Town of Prescott Valley, and Salt River Project members.

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Aquifer Protection Fee Fund

Line No.	DESCRIPTION	Current Year					Projected					Test Year 2029
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	
Aquifer Protection Fee Fund												
Sources of Funds												
1	Aquifer Protection Fee Revenue	\$284,666	\$287,341	\$292,009	\$296,739	\$301,528	\$306,383	\$311,299	\$316,280	\$321,324	\$326,432	\$306,383
2	Interest Income	22,279	21,676	16,788	18,680	20,603	22,555	24,538	26,550	28,592	30,663	22,555
3	Total Sources of Funds	306,945	309,017	308,798	315,419	322,131	328,938	335,837	342,830	349,916	357,095	328,938
Uses of Funds												
4	Operating Expenditures	50,000	115,000	119,600	123,188	126,884	130,690	134,611	138,649	142,809	147,093	130,690
5	Aquifer Protection Fee Capital Projects	317,249	682,751	0	0	0	0	0	0	0	0	0
6	Total Uses of Funds	367,249	797,751	119,600	123,188	126,884	130,690	134,611	138,649	142,809	147,093	130,690
7	Increase/(Decrease) in Fund Balance	(60,304)	(488,734)	189,198	192,231	195,247	198,248	201,226	204,181	207,107	210,002	198,248
8	Beginning Year Fund Balance	2,227,882	2,167,578	1,678,844	1,868,042	2,060,274	2,255,521	2,453,769	2,654,995	2,859,176	3,066,283	2,255,521
9	End of Year Fund Balance	\$2,167,578	\$1,678,844	\$1,868,042	\$2,060,274	\$2,255,521	\$2,453,769	\$2,654,995	\$2,859,176	\$3,066,283	\$3,276,285	\$2,453,769

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Alternative Water Capital Fund

Line No.	DESCRIPTION	Current Year					Projected					Test Year 2029
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	
Alternative Water Capital Fund Cash Flow												
Sources of Funds												
1	Alternative Water Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Bond & Loan Proceeds	0	0	0	0	0	0	0	0	0	0	0
3	Grants	0	0	0	0	0	0	0	0	0	0	0
4	Transfer from Operations Fund	0	0	0	0	0	0	0	0	0	0	0
5	Interest Income	62,787	47,926	42,654	38,003	33,241	30,699	28,090	25,416	22,678	19,866	30,699
6	Miscellaneous Revenue	0	0	0	0	0	0	0	0	0	0	0
7	Total Sources of Funds	62,787	47,926	42,654	38,003	33,241	30,699	28,090	25,416	22,678	19,866	28,090
Uses of Funds												
8	Alternative Water Funded Projects	1,279,568	300,000	230,000	230,000	0	0	0	0	0	0	0
9	Bond Issuance & Reserve Deposits	0	0	0	0	0	0	0	0	0	0	0
10	Transfer to CA No. 1 Monitoring Fund	47,101	49,457	51,435	52,978	54,567	56,204	57,890	59,627	61,416	63,258	56,204
11	Transfer to CA No. 1 Modeling Fund	62,453	65,576	68,199	70,245	72,352	74,523	76,758	79,061	81,433	83,876	74,523
12	Transfer to the WRDF for 20% of MPC 2014 Debt Issue	159,830	160,080	158,080	161,000	160,550	160,850	160,850	160,550	160,950	162,000	160,850
13	Total Uses of Funds	1,548,952	575,112	507,713	514,222	287,469	291,577	295,499	299,238	303,799	309,134	291,577
14	Increase/(Decrease) in Fund Balance	(1,486,165)	(527,187)	(465,060)	(476,219)	(254,228)	(260,878)	(267,409)	(273,822)	(281,121)	(289,268)	(260,878)
15	Beginning Fund Balance	6,278,719	4,792,553	4,265,367	3,800,307	3,324,088	3,069,859	2,808,981	2,541,572	2,267,750	1,986,629	3,069,859
16	Ending Fund Balance	\$4,792,553	\$4,265,367	\$3,800,307	\$3,324,088	\$3,069,859	\$2,808,981	\$2,541,572	2,267,750	1,986,629	1,697,361	2,808,981

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Water Non-Growth Capital Improvement Fund

Line No.	DESCRIPTION	Current Year					Projected					Test Year 2029
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	
Capital Improvement Program Fund Cash Flow												
Sources of Funds												
1	Bond and Loan Proceeds	\$0	\$10,100,000	\$3,000,000	\$4,400,000	\$3,100,000	\$0	\$0	\$0	\$0	\$0	\$0
2	Grants	1,000,000	1,771,000	229,000	0	0	0	0	0	0	0	0
3	Transfer From (To) Operations Fund	17,621,604	12,424,770	7,866,833	6,647,026	4,261,269	2,325,254	5,964,054	14,756,480	8,881,279	9,881,699	2,325,254
4	Interest Income	0	0	0	0	0	0	0	0	0	0	0
5	Miscellaneous Revenue	175,000	179,375	183,859	188,456	193,167	197,996	202,946	208,020	213,221	218,551	197,996
6	Total Sources of Funds	18,796,604	24,475,145	11,279,692	11,235,482	7,554,436	2,523,250	6,167,000	14,964,500	9,094,500	10,100,250	2,523,250
Uses of Funds												
7	Non-Growth Capital Projects	18,796,604	23,592,011	11,017,375	10,850,750	7,283,375	2,523,250	6,167,000	14,964,500	9,094,500	10,100,250	2,523,250
8	Bond Issuance Costs and Reserve Deposits	0	883,134	262,317	384,732	271,061	0	0	0	0	0	0
9	Total Uses of Funds	18,796,604	24,475,145	11,279,692	11,235,482	7,554,436	2,523,250	6,167,000	14,964,500	9,094,500	10,100,250	2,523,250
10	Increase/(Decrease) in Fund Balance	0	0	0	0	0	0	0	0	0	0	0
11	Beginning Fund Balance	0	0	0	0	0	0	0	0	0	0	0
12	Ending Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Water Resource Development Fund Cash Flow

Line No.	DESCRIPTION	Current Year					Projected					Test Year 2029
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	
Water Resource Development Fund												
1	Water Resource Development Fee	\$1,441	\$1,182	\$1,182	\$1,182	\$1,182	\$1,182	\$1,182	\$1,182	\$1,182	\$1,182	
2	Fee Escalation Factor		-18.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
3	Annual Added EDUs (1)	237	238	416	422	427	433	438	444	450	456	
Sources of Funds												
4	Water Resource Development Fee (2)	\$340,970	\$312,650	\$492,080	\$498,480	\$504,960	\$511,520	\$518,170	\$524,910	\$531,730	\$538,650	\$511,520
5	Interest Income	10,170	7,289	4,085	2,723	1,295	13	0	0	0	0	13
6	Bond & Loan Proceeds	0	0	0	0	0	0	0	0	0	0	0
7	Intergovernmental Contributions	0	0	0	0	0	0	0	0	0	0	0
8	Loans from Operations Fund	0	0	0	0	7,713	130,585	0	0	0	0	130,585
9	Alt. Water Fund Debt Service Transfer From Op. Fund	159,830	160,080	158,080	161,000	160,550	160,850	160,850	160,550	160,950	162,000	160,850
10	Total Sources of Funds	510,970	480,019	654,245	662,203	674,518	802,968	679,020	685,460	692,680	700,650	802,968
Uses of Funds												
11	Water Resource Projects	0	0	0	0	0	0	0	0	0	0	0
12	Bond Issuance Costs and Reserve Deposits	0	0	0	0	0	0	0	0	0	0	0
13	Debt Service - Existing	799,150	800,400	790,400	805,000	802,750	804,250	804,250	802,750	804,750	810,000	804,250
14	Debt Service - New	0	0	0	0	0	0	0	0	0	0	0
15	Loan Repayment to Operations Fund	0	0	0	0	0	0	0	0	0	0	0
16	Other Services and Charges	0	0	0	0	0	0	0	0	0	0	0
17	Total Uses of Funds	799,150	800,400	790,400	805,000	802,750	804,250	804,250	802,750	804,750	810,000	804,250
18	Increase/(Decrease) in Fund Balance	(288,180)	(320,381)	(136,155)	(142,797)	(128,232)	(1,282)	(125,230)	(117,290)	(112,070)	(109,350)	(1,282)
19	Beginning Year Fund Balance	1,017,040	728,861	408,479	272,324	129,527	1,295	13	(125,217)	(242,507)	(354,577)	1,295
20	End of Year Fund Balance	\$728,861	\$408,479	\$272,324	\$129,527	\$1,295	\$13	(125,217)	(242,507)	(354,577)	(463,927)	13

(1) Based on 3/4-inch meter capacity ratios.

(2) Fee multiple by the Incremental EDUs. Fee decrease to be effective January 1, 2025.

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Total System Impact Fee Fund (Service Area A through B) (1)

Line No.	DESCRIPTION	Current Year					Projected					Test Year 2029
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	
1	System Impact Fee	\$5,303	\$5,303	\$5,303	\$6,526	\$6,526	\$6,526	\$6,526	\$6,526	\$6,526	\$6,526	
2	Fee Escalation Factor	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
3	Annual Added EDUs	237	238	416	422	427	433	438	444	450	456	
Sources of Funds												
4	System Impact Fees	\$1,254,782	\$1,264,193	\$2,207,703	\$2,752,172	\$2,787,950	\$2,824,194	\$2,860,908	\$2,898,100	\$2,935,775	\$2,973,940	\$2,824,194
5	Interest Income	10,247	12,283	14,354	17,981	22,019	26,149	30,479	34,904	39,428	44,051	26,149
6	Bond & Loan Proceeds	0	0	0	800,000	700,000	700,000	7,200,000	0	0	0	700,000
7	Grants / Developer Funded	0	0	0	0	0	0	0	0	0	0	0
8	Loans from Operations Fund	11,934,515	5,341,801	1,310,255	0	0	0	0	0	0	2,147,844	0
9	Authorized WIFA Loan Disbursements	11,577,096	0	0	0	0	0	0	0	0	0	0
10	Total Sources of Funds	24,776,640	6,618,277	3,532,312	3,570,153	3,509,969	3,550,343	10,091,387	2,933,004	2,975,203	5,165,835	3,550,343
Uses of Funds												
11	System Infrastructure Growth-Related Projects	8,349,992	4,461,250	1,376,375	986,250	1,051,375	781,250	7,215,000	117,500	1,917,500	2,893,250	781,250
12	Bond Issuance Costs and Reserve Deposits	0	0	0	69,951	61,207	61,207	629,561	0	0	0	61,207
13	Debt Service - Existing	2,156,082	2,154,991	2,153,865	2,152,706	2,151,510	1,798,693	1,795,216	1,737,549	1,736,779	1,735,987	1,798,693
14	Debt Service - New	0	0	0	26,976	77,555	124,762	391,146	633,927	633,927	633,927	124,762
15	Loan Repayment to Operations Fund	0	0	0	0	0	351,486	0	0	0	0	351,486
16	Total Uses of Funds	10,506,074	6,616,241	3,530,240	3,235,883	3,341,647	3,117,399	10,030,923	2,488,976	4,288,206	5,263,164	3,117,399
17	Increase/(Decrease) in Fund Balance	14,270,566	2,036	2,072	334,270	168,322	432,944	60,464	444,028	(1,313,002)	(97,329)	432,944
18	Beginning Fund Balance	(14,260,320)	10,247	12,283	14,354	348,625	516,946	949,890	1,010,354	1,454,382	141,379	516,946
19	Ending Fund Balance	\$10,247	\$12,283	\$14,354	\$348,625	\$516,946	\$949,890	\$1,010,354	\$1,454,382	\$141,379	\$44,051	\$949,890

(1) Summary of total projected service area impact fee fund sources and uses annually.

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 System Impact Fee Fund: Service Area A

Line No.	DESCRIPTION	Current Year					Projected					Test Year 2029
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	
1	Water Impact Fee (Service Area A)	\$862	\$862	\$862	\$940	\$940	\$940	\$940	\$940	\$940	\$940	
Sources of Funds												
2	System Impact Fees (1)	\$203,964	\$205,494	\$358,861	\$396,421	\$401,574	\$406,795	\$412,083	\$417,440	\$422,867	\$428,364	\$406,795
3	Interest Income	10,247	12,283	14,354	17,981	22,019	26,149	30,479	34,904	39,428	44,051	26,149
4	Bond & Loan Proceeds	0	0	0	0	0	0	0	0	0	0	0
5	Grant / Developer Funded	0	0	0	0	0	0	0	0	0	0	0
6	Loans from Operations Fund	0	0	0	0	0	0	0	0	0	0	0
7	Authorized WIFA Loan	0	0	0	0	0	0	0	0	0	0	0
8	Total Sources of Funds	214,211	217,777	373,215	414,402	423,593	432,944	442,562	452,344	462,295	472,415	432,944
Uses of Funds												
9	System Infrastructure Growth-Related Projects	0	0	0	0	0	0	0	0	0	0	0
10	Bond Issuance Costs and Reserve Deposits	0	0	0	0	0	0	0	0	0	0	0
11	Debt Service - Existing	10,613	10,601	10,588	10,575	10,562	0	0	0	0	0	0
12	Debt Service - New	0	0	0	0	0	0	0	0	0	0	0
13	Loan Repayment to Operations Fund	0	0	0	0	0	0	0	0	0	0	0
14	Total Uses of Funds	10,613	10,601	10,588	10,575	10,562	0	0	0	0	0	0
15	Increase/(Decrease) in Fund Balance	203,598	207,176	362,627	403,827	413,031	432,944	442,562	452,344	462,295	472,415	432,944
16	Beginning Fund Balance	1,024,655	1,228,253	1,435,429	1,798,056	2,201,883	2,614,914	3,047,858	3,490,420	3,942,764	4,405,059	2,614,914
17	Ending Fund Balance (A)	\$1,228,253	\$1,435,429	\$1,798,056	\$2,201,883	\$2,614,914	\$3,047,858	\$3,490,420	\$3,942,764	\$4,405,059	\$4,877,473	\$3,047,858

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 System Impact Fee Fund: Service Area B

Line No.	DESCRIPTION	Current Year					Projected					Test Year 2029
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	
1	Water Impact Fee (Service Area B)	\$4,441	\$4,441	\$4,441	\$5,586	\$5,586	\$5,586	\$5,586	\$5,586	\$5,586	\$5,586	
	Sources of Funds											
2	System Impact Fees (1)	\$1,050,818	\$1,058,699	\$1,848,842	\$2,355,751	\$2,386,376	\$2,417,399	\$2,448,825	\$2,480,660	\$2,512,908	\$2,545,576	\$2,417,399
3	Interest Income	0	0	0	0	0	0	0	0	0	0	0
4	Bond & Loan Proceeds	0	0	0	800,000	700,000	700,000	7,200,000	0	0	0	700,000
5	Grant / Developer Funded	0	0	0	0	0	0	0	0	0	0	0
6	Loans from Operations Fund	11,934,515	5,341,801	1,310,255	0	0	0	0	0	0	2,147,844	0
7	Authorized WIFA Loan	11,577,096	0	0	0	0	0	0	0	0	0	0
8	Total Sources of Funds	24,562,430	6,400,500	3,159,097	3,155,751	3,086,376	3,117,399	9,648,825	2,480,660	2,512,908	4,693,420	3,117,399
	Uses of Funds											
9	System Infrastructure Growth-Related Projects	8,349,992	4,461,250	1,376,375	986,250	1,051,375	781,250	7,215,000	117,500	1,917,500	2,893,250	781,250
10	Bond Issuance Costs and Reserve Deposits	0	0	0	69,951	61,207	61,207	629,561	0	0	0	61,207
11	Debt Service - Existing	2,145,469	2,144,390	2,143,277	2,142,131	2,140,949	1,798,693	1,795,216	1,737,549	1,736,779	1,735,987	1,798,693
12	Debt Service - New	0	0	0	26,976	77,555	124,762	391,146	633,927	633,927	633,927	124,762
13	Loan Repayment to Operations Fund	0	0	0	0	0	351,486	0	0	0	0	351,486
14	Total Uses of Funds	10,495,461	6,605,640	3,519,652	3,225,307	3,331,086	3,117,399	10,030,923	2,488,976	4,288,206	5,263,164	10,030,923
15	Increase/(Decrease) in Fund Balance	14,066,968	(205,140)	(360,555)	(69,556)	(244,710)	0	(382,098)	(8,316)	(1,775,297)	(569,743)	0
16	Beginning Fund Balance	(15,284,975)	(1,218,007)	(1,423,147)	(1,783,702)	(1,853,258)	(2,097,968)	(2,097,968)	(2,480,066)	(2,488,382)	(4,263,680)	(2,097,968)
17	Ending Fund Balance (B)	(\$1,218,007)	(\$1,423,147)	(\$1,783,702)	(\$1,853,258)	(\$2,097,968)	(\$2,097,968)	(\$2,480,066)	(\$2,488,382)	(\$4,263,680)	(\$4,833,423)	(\$2,097,968)

City of Prescott, Arizona
Water Impact Fee and Rate Study
Existing Debt Service

DESCRIPTION (1)	Current Year		Projected							Op
	2024	2025	2026	2027	2028	2029	2030	2031	2032	
Drinking Water Alt Water	\$36,762	\$36,720	\$36,676	\$36,631	\$36,584	\$0	\$0	\$0	\$0	\$0
Drinking Water Impact Fee Proj	217,167	216,919	216,662	216,395	216,119	0	0	0	0	0
Drinking Water Projects	426,846	426,359	425,853	425,329	424,786	0	0	0	0	0
JWK Ranch Purchase 20% / 80%	799,150	800,400	790,400	805,000	802,750	804,250	804,250	802,750	804,750	810,000
Small Water Mains	67,633	67,579	67,524	67,467	67,408	67,347	67,284	67,219	0	0
Water Res 12, 19 & 27 - 39% / 61%	896,810	896,265	895,705	895,129	894,537	893,928	893,303	892,659	891,998	891,318
Zone 39 Improvements 56% / 44%	171,212	171,072	170,928	170,779	170,625	170,467	162,618	0	0	0
Intermediate Pump (2020 Series) 50% / 50%	1,043,360	1,043,186	1,043,009	1,042,829	1,042,647	1,042,461	1,042,273	1,042,081	1,041,887	1,041,689
Intermediate Pump (2023 Series) 50% / 50%	1,634,310	1,633,698	1,633,068	1,632,420	1,631,751	1,631,063	1,630,354	1,629,624	1,628,872	1,628,098
UNUSED	0	0	0	0	0	0	0	0	0	0
Total Existing Debt Service	5,293,251	\$5,292,198	\$5,279,825	\$5,291,979	\$5,287,207	\$4,609,516	4,600,082	4,434,334	4,367,507	4,371,105

(1) Debt service is allocated between growth and non-growth funds for repayment included within Cashflow analysis results.

City of Prescott, Arizona
Water Impact Fee and Rate Study
Future Debt Service by Issue (All Funds)

Line No.	DESCRIPTION (1)	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33
1	FY 2023-24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	FY 2024-25		340,567	681,134	681,134	681,134	681,134	681,134	681,134	681,134	681,134
3	FY 2025-26			101,159	202,317	202,317	202,317	202,317	202,317	202,317	202,317
4	FY 2026-27				175,341	350,683	350,683	350,683	350,683	350,683	350,683
5	FY 2027-28					128,134	256,268	256,268	256,268	256,268	256,268
6	FY 2028-29						23,604	47,207	47,207	47,207	47,207
7	FY 2029-30							242,781	485,561	485,561	485,561
8	FY 2030-31								0	0	0
9	FY 2031-32									0	0
10	FY 2032-33										0
11	Water Fund Total	\$0	\$340,567	\$782,293	\$1,058,793	\$1,362,268	\$1,514,006	\$1,780,390	\$2,023,171	\$2,023,171	\$2,023,171

(1) Debt service is allocated between growth and non-growth funds for repayment included within Cashflow analysis results.

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Operation and Maintenance Expense

Line No.	DESCRIPTION	Budget					Projected				
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33
Water Resources Management											
1	Personnel Services	\$272,772	\$286,411	\$297,867	\$306,803	\$316,007	\$325,487	\$335,252	\$345,310	\$355,669	\$366,339
2	Supplies	11,250	11,813	12,285	12,654	13,033	13,424	13,827	14,242	14,669	15,109
3	Internal Charges	72,626	76,257	79,308	81,687	84,137	86,662	89,261	91,939	94,697	97,538
4	CA No. 1 One-Time (City / PV Funded)	1,100,000	0	0	0	0	0	0	0	0	0
5	CA No. 1 Monitoring (City / PV/SRP Funded)	130,475	136,999	142,479	146,753	151,156	155,690	160,361	165,172	170,127	175,231
6	CA No. 1 Modeling (City / PV/SRP Funded)	173,000	181,650	188,916	194,583	200,421	206,434	212,627	219,005	225,576	232,343
7	Legal Services	210,000	220,500	229,320	236,200	243,286	250,584	258,102	265,845	273,820	282,035
8	Effluent Charge	200,000	210,000	218,400	224,952	231,701	238,652	245,811	253,185	260,781	268,604
9	All Other Services	212,740	223,377	232,312	239,281	246,460	253,854	261,469	269,313	277,393	285,715
10	Total Water Resources Management	2,382,863	1,347,006	1,400,886	1,442,913	1,486,200	1,530,786	1,576,710	1,624,011	1,672,732	1,722,914
Aquifer Protection Fee Fund											
11	Personnel Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0
12	Additional Personnel	50,000	115,000	119,600	123,188	126,884	130,690	134,611	138,649	142,809	147,093
13	Supplies	0	0	0	0	0	0	0	0	0	0
14	Internal Charges	0	0	0	0	0	0	0	0	0	0
15	Other Services & Consultants	0	0	0	0	0	0	0	0	0	0
16	Total Aquifer Protection Fee Fund	50,000	115,000	119,600	123,188	126,884	130,690	134,611	138,649	142,809	147,093
Revenue Services											
18	Personnel Services	\$664,994	\$698,244	\$726,173	\$747,959	\$770,397	\$793,509	\$817,315	841,834	867,089	893,102
19	Additional Personnel	0	76,130	79,175	81,550	83,997	86,517	89,112	91,786	94,539	97,376
20	Supplies	7,000	7,350	7,644	7,873	8,110	8,353	8,603	8,861	9,127	9,401
21	Internal Charges	40,215	42,226	43,915	45,232	46,589	47,987	49,426	50,909	52,437	54,010
22	Other Services & Consultants	345,800	363,090	377,614	388,942	400,610	412,629	425,007	437,758	450,890	464,417
23	Cost Recovery (Enterprise Fund Utility Billing)	(705,074)	(791,360)	(823,014)	(847,704)	(873,136)	(899,330)	(926,310)	(954,099)	(982,722)	(1,012,203)
24	Total Finance	352,935	395,680	411,507	423,852	436,568	449,665	463,155	477,049	491,361	506,102
Public Works Projects											
25	Personnel Services	\$178,223	\$187,134	\$194,620	\$200,458	\$206,472	\$212,666	\$219,046	225,617	232,386	239,357
26	All Other Services	200,000	210,000	218,400	224,952	231,701	238,652	245,811	253,185	260,781	268,604
27	Total Public Works Water	378,223	397,134	413,020	425,410	438,172	451,318	464,857	478,803	493,167	507,962
Water Administration											
28	Personal Services	\$575,352	\$604,120	\$628,284	\$647,133	\$666,547	\$686,543	\$707,140	728,354	750,204	772,711
29	Additional Personnel	0	0	0	0	55,844	57,519	59,244	61,022	62,852	64,738
30	Supplies	6,775	7,114	7,398	7,620	7,849	8,084	8,327	8,577	8,834	9,099
31	Internal Charges	2,872,866	3,016,509	3,137,170	3,231,285	3,328,223	3,428,070	3,530,912	3,636,839	3,745,945	3,858,323
32	All Other Services	214,130	219,483	224,970	230,595	236,359	242,268	248,325	254,533	260,897	267,419
33	Total Water Administration	3,669,123	3,847,226	3,997,823	4,116,633	4,294,822	4,422,485	4,553,948	4,689,325	4,828,732	4,972,289
Water Production											
34	Personnel Services	\$1,174,792	\$1,233,532	\$1,348,223	\$1,388,670	\$1,430,330	\$1,473,240	\$1,517,437	1,562,960	1,609,849	1,658,144
35	Additional Personnel	0	0	0	0	0	0	0	0	0	0
36	Supplies	644,475	676,699	703,767	724,880	746,626	769,025	792,096	815,858	840,334	865,544
37	Internal Charges	57,000	59,850	62,244	64,111	66,035	68,016	70,056	72,158	74,323	76,552
38	All Other Services	2,084,912	2,137,035	2,190,461	2,245,222	2,301,353	2,358,887	2,417,859	2,478,305	2,540,263	2,603,769
39	Total Water Production	3,961,179	4,107,115	4,304,694	4,422,883	4,544,343	4,669,167	4,797,447	4,929,281	5,064,768	5,204,010
Water Distribution											
40	Personal Services	\$1,385,890	\$1,455,185	\$1,513,392	\$1,615,729	\$1,664,201	\$1,714,127	\$1,765,550	1,818,517	1,873,072	1,929,264
41	Additional Personnel	0	0	0	56,935	58,643	60,402	62,214	64,081	66,003	67,983
42	Supplies	520,050	546,053	567,895	584,931	602,479	620,554	639,170	658,345	678,096	698,439
43	Internal Charges	77,000	80,850	84,084	86,607	89,205	91,881	94,637	97,476	100,401	103,413
44	All Other Services	267,770	274,464	281,326	288,359	295,568	302,957	310,531	318,294	326,252	334,408
45	Total Water Distribution	2,250,710	2,356,551	2,446,696	2,632,561	2,710,096	2,789,921	2,872,103	2,956,714	3,043,824	3,133,507
46	Total Operation and Maintenance Expense	\$13,045,033	\$12,565,712	\$13,094,226	\$13,587,439	\$14,037,085	\$14,444,031	\$14,862,831	\$15,293,833	\$15,737,392	\$16,193,877

Description	Current Year	Projected					Projected				Total
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	
CIP With Inflation											
Total DIF Growth-Related Projects (% Paid by Fees)	\$8,349,992	\$4,461,250	\$1,376,375	\$986,250	\$1,051,375	\$781,250	\$7,215,000	\$117,500	\$1,917,500	\$2,893,250	\$29,149,742
SIF Projects (Service Area A)	0	0	0	0	0	0	0	0	0	0	0
SIF Projects (Service Area B)	8,349,992	4,461,250	1,376,375	986,250	1,051,375	781,250	7,215,000	117,500	1,917,500	2,893,250	29,149,742
WRDF Projects	0	0	0	0	0	0	0	0	0	0	0
Alternative Water Fund Projects											0
Debt Financed	0	0	0	0	0	0	0	0	0	0	0
Grant / Developer / County Funded	0	0	0	0	0	0	0	0	0	0	0
Cash Financed	179,568	300,000	230,000	230,000	0	0	0	0	0	0	939,568
Renewal and Replacement											0
Debt Financed	40,517	10,125,000	2,975,000	4,381,250	3,093,750	0	0	0	0	0	20,615,517
Grant / Developer Funded	1,000,000	1,771,000	229,000	0	0	0	0	0	0	0	3,000,000
Cash Financed	17,756,087	11,696,011	7,813,375	6,469,500	4,189,625	2,523,250	6,167,000	14,964,500	9,094,500	10,100,250	90,774,098
Aquifer Protection Capital Projects	317,249	682,751	0	0	0	0	0	0	0	0	1,000,000
Total CIP with Inflation	\$27,643,413	\$29,036,012	\$12,623,750	\$12,067,000	\$8,334,750	\$3,304,500	\$13,382,000	\$15,082,000	\$11,012,000	\$12,993,500	\$145,478,925

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Capital Improvement Plan

Line No	CIP Type (1)	Percent Growth	Percent Non-growth	Functional Designation	Service Area (2)	Available for Debt	Project Number	PROJECT NAME	Current Year		Projected						10-Year Total			
									FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31		FY 2031-32	FY 2032-33	
1	C	0%	100%	4	B	Cash	163&164W	Citywide Water Main Replacement Program	\$2,910,051	\$3,000,000	\$1,500,000	\$2,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$18,910,051		
2	C	0%	100%	5	B	Cash	Program	Misc. Water Projects	46,831	352,000	352,000	352,000	352,000	352,000	352,000	352,000	352,000	3,214,831		
3	C	0%	100%	54	B	Cash		Vehicle Replacements - Water	26,460	604,661	515,000	430,000	670,000	210,000	50,000	0	0	2,506,121		
4	C	50%	50%	3	B	Cash		Water Production and Intermediate Pump Station, Tanks and Pipeline (WIFA)	14,385,155	3,625,000	0	0	0	0	0	0	0	18,010,155		
5	C	25%	75%	1	B	Cash	44W	Zone 56 Tank and Pipeline and Zone 7 Pump Station	4,183,293	75,000	0	0	0	0	0	0	0	4,258,293		
6	C	30%	70%	4	B	Cash	68W	Zone 24/27 Water Pipeline Upsizing - Thumb Butte Road to Upper Thumb Butte Tank	65,082	1,400,000	2,600,000	0	0	0	0	0	0	4,065,082		
7	C	0%	100%	1	B	Y	74W	Zone 41 Mingus Pump Station, Tank and Pipeline	40,517	10,000,000	0	0	0	0	0	0	0	10,040,517		
8	C	0%	100%	4	B	Cash	76W	Quaka Crossing-YPIT Water Main Upgrade	1,004,742	200,000	0	0	0	0	0	0	0	1,204,742		
9	C	35%	65%	4	B	Cash	114W	Zone 52 Water Main Connect to Northwest Regional Tank	73,980	1,900,000	0	0	0	0	0	0	0	1,973,980		
10	A	0%	100%	6	A	Cash		Big Chino Water Ranch Water Delivery Pipeline and Well Field	179,568	300,000	230,000	230,000	0	0	0	0	0	939,568		
11	C	0%	100%	4	B	Cash		Copper and Lead Pipe Inventory	240,400	159,600	0	0	0	0	0	0	0	400,000		
12	C	100%	0%	4	B	Cash		Deep Well Ranch Water Infrastructure DA	0	250,000	0	0	0	0	0	0	0	250,000		
13	C	100%	0%	4	B	Cash	161W	Section 32 and 33 Water	50,000	1,270,000	0	0	0	0	0	0	0	1,320,000		
14	C	0%	100%	51	B	Cash		Water Meter Replacement Program (Cash Funded)	500,000	1,500,000	3,341,000	2,970,000	1,470,000	0	0	0	0	9,781,000		
15	C	0%	100%	51	B	GDF		Water Meter Replacement Program (Grant Funded)	1,000,000	1,771,000	229,000	0	0	0	0	0	0	3,000,000		
16	C	0%	100%	3	B	Y		PFAS Remediation	0	125,000	2,975,000	4,100,000	2,850,000	0	0	0	0	10,050,000		
17	C	100%	0%	4	B	Y	162W	Deep Well Ranch DA	0	0	0	0	0	300,000	2,700,000	0	0	3,000,000		
18	C	100%	0%	4	B	Cash	166W	Storm Ranch DA	0	0	595,000	0	0	0	0	0	0	595,000		
19	C	75%	25%	4	B	Y	108W	North Airport Distribution System Loop	0	0	0	1,125,000	975,000	0	0	0	0	2,100,000		
20	C	50%	50%	4	B	Cash	92W	Zone 110 New Transmission Main	0	0	0	285,000	0	0	0	3,485,000	4,460,000	8,230,000		
21	C	75%	25%	4	B	Cash	112W	Wilkinson/Larry Caldwell Drive Water Main Upsizing	0	0	0	0	305,000	0	0	0	0	305,000		
22	C	100%	0%	2	B	Y	106W	Production Well No. 6 AP - New	0	0	0	0	0	400,000	4,515,000	0	0	4,915,000		
23	C	0%	100%	4	B	Cash	118W	Arrowhead Distribution System Loop	0	0	0	0	0	80,000	865,000	0	0	945,000		
24	C	0%	100%	4	B	Cash	88W	Zone 42 Pipeline Upgrade	0	0	0	0	0	0	150,000	0	0	150,000		
25	C	0%	100%	4	B	Cash	120W	Zone 48 Distribution System Loop	0	0	0	0	0	0	535,000	0	0	535,000		
26	C	0%	100%	4	B	Cash	122W	Stoney Creek and Northridge Upsize	0	0	0	0	0	0	915,000	0	0	915,000		
27	C	0%	100%	4	B	Cash		Downtown Water Main Replacement Program	0	0	0	0	0	0	800,000	2,800,000	0	0	3,600,000	
28	C	0%	100%	2	B	Cash		Production Well No. 2 CV - Replacement	0	0	0	0	0	0	400,000	4,500,000	0	0	4,900,000	
29	C	0%	100%	4	B	Cash	158W	Upper Yavapai Hills Booster Pump Station	0	0	0	0	0	0	250,000	2,120,000	0	0	2,370,000	
30	C	0%	100%	1	B	Cash	98W	Zone 40 Cedarwood Tank Upsizing	0	0	0	0	0	0	350,000	2,940,000	0	0	3,290,000	
31	C	0%	100%	2	B	Cash		Production Well No. 1 CV - Rehabilitation	0	0	0	0	0	0	0	400,000	4,500,000	0	0	4,900,000
32	C	25%	75%	4	B	Cash	64W	SR69 Corridor Water Main	0	0	0	0	0	0	470,000	700,000	2,653,000	3,823,000		
33	C	0%	100%	4	B	Cash	154W	Evergreen Main Upsizing	0	0	0	0	0	0	0	475,000	0	475,000		
34	C	0%	100%	4	B	Cash	126W	Gall Gardner Upsizing from Fair to Linwood	0	0	0	0	0	0	0	0	1,728,000	1,728,000		
35	C	0%	100%	4	B	Cash	80W	Zone 61 Water Main Upgrade	0	0	0	0	0	0	0	0	2,300,500	2,300,500		
36	C	0%	100%	1	B	Cash		Frontier Village Demo of Water Tank, PRV	0	0	0	0	0	0	0	0	0	0		
37	C	0%	100%	4	B	Cash		Mountain Club Water System Study	0	0	0	0	0	0	0	0	0	0		
38	C	0%	100%	2	B	Cash		Production Well No. 3 CV - Rehabilitation	1,587,738	0	0	0	0	0	0	0	0	1,587,738		
39	Q	0%	100%	2	B	Cash		Watson Lake Improvements	317,249	682,751	0	0	0	0	0	0	0	1,000,000		
40	C	0%	100%	54	B	Cash		Vehicle - New FTEs	0	0	55,000	75,000	0	0	0	0	0	130,000		
41	C	50%	50%	5	B	Cash		Impact Fee Ordinance Project	29,646	50,000	2,750	0	2,750	162,500	0	0	0	247,646		
42	C	50%	50%	5	B	Cash		Water and Wastewater Models	2,701	0	0	0	180,000	0	0	0	0	182,701		
43	C	0%	100%	4	B	Cash		McCormick/Sheldon Street Recon	0	0	0	0	30,000	300,000	0	0	0	330,000		
44	Total Capital Improvement Program with Inflation								\$26,643,413	\$27,265,012	\$12,394,750	\$12,067,000	\$8,334,750	\$3,304,500	\$13,382,000	\$15,082,000	\$11,012,000	\$12,993,500	\$142,478,925	

City of Prescott, Arizona
Development Impact Fee and Rate Study
Fund Balances (1)

	<u>6/30/2023</u>
Water Resource Development Fund	1,017,040
Comprehensive Agreement No. 1 Monitoring	732,802
Water Impact Fee Fund A	1,024,655
Water Impact Fee Fund B	(15,284,975)
Capital Improvement Fund	0
Aquifer Protection Fee Fund	2,227,882
Operating Fund	24,764,362
Alt Water Fund	6,278,719
Comprehensive Agreement No. 1 Modeling	172,991
Total Funds on Hand	<u>20,933,476</u>

(1) Water and Wastewater Cash Balances Year End FY23 - 1.0%
Updated w Fund Names Jan 2024.xlsx

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Water Cash Flow Assumptions

	Current Year					Projected				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33
Water Resource Development Fee Fund										
Bond & Loan Proceeds	0	0	0	0	0	0	0	0	0	0
Debt Service Split - Resource Development Fund/Operations	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Loan from Operations Fund	0	0	0	0	7,713	130,585	0	0	0	0
Loan Repayment to Operations Fund	0	0	0	0	0	0	0	0	0	0
Intergovernmental Contributions	0	0	0	0	0	0	0	0	0	0
Other Services and Charges	0	0	0	0	0	0	0	0	0	0
Ending Fund Balance	728,861	408,479	272,324	129,527	1,295	13	(125,217)	(242,507)	(354,577)	(463,927)
Comprehensive Agreement No. 1 Monitoring Fund										
Intergovernmental Contributions - Prescott Valley	\$644,925	\$41,922	\$43,598	\$44,906	\$46,254	\$47,641	\$49,070	\$50,543	\$52,059	\$53,621
Intergovernmental Contributions - Prescott Alt Water	47,101	49,457	51,435	52,978	54,567	56,204	57,890	59,627	61,416	63,258
Intergovernmental Contributions - Salt River Project	43,492	45,666	47,493	48,918	50,385	51,897	53,454	55,057	56,709	58,410
CA 1 Monitoring (OPS)	130,475	136,999	142,479	146,753	151,156	155,690	160,361	165,172	170,127	175,231
CA 1 Monitoring (CAP)	0	0	0	0	0	0	0	0	0	0
City / Prescott Valley Shared Costs (OPS)	1,100,000	0	0	0	0	0	0	0	0	0
City / Prescott Valley Shared Costs (CAP)	0	0	0	0	0	0	0	0	0	0
Operations Fund Transfer	0	0	0	0	0	0	0	0	0	0
Alt Water Fund Transfer	0	0	0	0	0	0	0	0	0	0
Ending Fund Balance	245,173	247,671	250,195	252,746	255,324	257,929	260,562	263,222	265,911	268,629
Water System Impact Fee Fund										
Bond and Loan Proceeds	\$0	\$0	\$0	\$800,000	\$700,000	\$700,000	\$7,200,000	\$0	\$0	\$0
Loan from Operations Fund	11,934,515	5,341,801	1,310,255	0	0	0	0	0	0	2,147,844
Authorized Remaining WIFA Loan Outstanding	11,577,096	0	0	0	0	0	0	0	0	0
Ending Fund Balance	\$10,247	\$12,283	\$14,354	\$348,625	\$516,946	\$949,890	\$1,010,354	\$1,454,382	\$141,379	\$44,051
Non-Growth Capital Improvement Fund										
Bond & Loan Proceeds	0	10,100,000	3,000,000	4,400,000	3,100,000	0	0	0	0	0
Max Allowable Growth-Related Debt Financed Projects	40,517	10,125,000	2,975,000	4,381,250	3,093,750	0	0	0	0	0
Transfer from Operations Fund	17,621,604	12,424,770	7,866,833	6,647,026	4,261,269	2,325,254	5,964,054	14,756,480	8,881,279	9,881,699
Ending Fund Balance	0	0	0	0	0	0	0	0	0	0

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Water Cash Flow Assumptions

DESCRIPTION	Current Year					Projected				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33
Debt Assumptions										
Payment Period, years	25	25	25	25	25	25	25	25	25	25
Interest Rate, %	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Month of Issue (1-12)	7	7	7	7	7	7	7	7	7	7
Repayment Delay, years	0	0	0	0	0	0	0	0	0	0
Debt Service Reserve, %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Debt Issuance Expense	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Include Interest During Construction/Repayment Delay?	N	N	N	N	N	N	N	N	N	N
Cashflow Assumptions										
Interest on Fund Balances	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

City of Prescott, Arizona
Water Impact Fee and Rate Study
Projected Revenue - Water Development Impact Fees

	Current Year		Projected							
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33
Service Area A										
EDUs Added	237	238	416	422	427	433	438	444	450	456
Water System Impact Fee	\$862	\$862	\$862	\$940	\$940	\$940	\$940	\$940	\$940	\$940
Revenue	\$203,964	\$205,494	\$358,861	\$396,421	\$401,574	\$406,795	\$412,083	\$417,440	\$422,867	\$428,364
Service Area B										
EDUs Added	237	238	416	422	427	433	438	444	450	456
Water System Impact Fee	\$4,441	\$4,441	\$4,441	\$5,586	\$5,586	\$5,586	\$5,586	\$5,586	\$5,586	\$5,586
Revenue	\$1,050,818	\$1,058,699	\$1,848,842	\$2,355,751	\$2,386,376	\$2,417,399	\$2,448,825	\$2,480,660	\$2,512,908	\$2,545,576
All Service Areas										
EDUs Added	237	238	416	422	427	433	438	444	450	456
Water System Impact Fee	\$5,303	\$5,303	\$5,303	\$6,526	\$6,526	\$6,526	\$6,526	\$6,526	\$6,526	\$6,526
Revenue	\$1,254,783	\$1,264,193	\$2,207,703	\$2,752,172	\$2,787,950	\$2,824,194	\$2,860,908	\$2,898,100	\$2,935,775	\$2,973,940
Total Impact Fee Revenue	\$2,509,565	\$2,528,387	\$4,415,406	\$5,504,344	\$5,575,901	\$5,648,387	\$5,721,816	\$5,796,200	\$5,871,550	\$5,947,881

City of Prescott, Arizona
Water Impact Fee and Rate Study
Revenue at Existing Rates
Historical Number of Bills

<u>Customer Class</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>
Inside City					
Single-Family	212,822	217,686	222,535	226,916	229,793
Multi-Family	8,569	8,857	9,048	9,105	9,234
Nonresidential	22,670	22,782	23,055	23,290	23,737
Water Dispensing Station	12	12	12	12	12
Reservation	732	731	732	731	731
Reservation - MF	24	24	24	24	24
Hydrant/Construction	12	12	12	12	12
	0	0	0	0	0
Total Inside City	244,841	250,104	255,418	260,090	263,543
Outside City					
Single-Family	27,813	28,022	28,118	28,244	28,317
Multi-Family	192	192	192	192	192
Nonresidential	533	483	470	474	459
Total Outside City	28,538	28,697	28,780	28,910	28,968
Chino Valley					
Single-Family	8,082	8,244	8,378	8,477	8,571
Multi-Family	12	12	12	12	12
Nonresidential	418	428	432	429	444
Total Chino Valley	8,512	8,684	8,822	8,918	9,027
Total Bills	281,891	287,485	293,020	297,918	301,538

City of Prescott, Arizona
Water Impact Fee and Rate Study
Revenue at Existing Rates
Historical Volume

<u>Customer Class</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>
Inside City					
Single-Family	919,070	996,838	1,140,997	1,041,146	955,759
Multi-Family	188,953	185,960	208,537	200,395	190,209
Nonresidential	603,325	625,134	709,611	663,488	610,861
Water Dispensing Station	4,177	4,570	6,244	4,891	3,642
Reservation	28,543	26,433	25,219	26,972	25,113
Reservation - MF	13,687	12,669	13,759	11,807	12,584
Hydrant/Construction	24,299	25,260	72,332	34,283	21,917
Total Inside City (1,000 gallons)	1,782,055	1,876,864	2,176,699	1,982,981	1,820,085
Outside City					
Single-Family	104,592	115,300	133,140	116,563	103,670
Multi-Family	13,761	13,627	15,577	13,857	13,679
Nonresidential	22,271	21,421	21,200	22,347	23,431
Total Outside City (1,000 gallons)	140,624	150,348	169,917	152,767	140,780
Chino Valley					
Single-Family	39,649	44,138	49,010	46,855	42,673
Multi-Family	1,706	1,894	1,324	1,436	2,599
Nonresidential	7,261	7,102	8,640	8,542	7,176
Total Chino Valley (1,000 gallons)	48,616	53,134	58,974	56,833	52,448
Total Billable Volume (1,000 gallons)	1,971,294	2,080,345	2,405,590	2,192,581	2,013,313

City of Prescott, Arizona
Water Impact Fee and Rate Study
Revenue at Existing Rates
Historical Use Per Bill (gal)

<u>Customer Class</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>Average</u>	<u>2024 Use</u>
Inside City							
Single-Family	4,318.5	4,579.2	5,127.3	4,588.2	4,159.2	4,373.7	4,411.3
Multi-Family	22,050.8	20,995.9	23,047.9	22,009.3	20,598.8	21,304.0	21,413.7
Nonresidential	26,613.4	27,439.8	30,779.1	28,488.1	25,734.5	27,111.3	27,069.0
Water Dispensing Station	348,069.3	380,794.3	520,296.3	407,597.7	303,536.9	355,567.3	359,999.6
Reservation	38,993.5	36,159.5	34,451.9	36,897.4	34,354.2	35,625.8	36,601.2
Reservation - MF	570,302.7	527,861.8	573,295.8	491,971.4	524,350.5	508,161.0	528,621.6
Hydrant/Construction	2,024,937.2	2,104,971.1	6,027,676.8	2,856,884.7	1,826,426.7	2,341,655.7	1,985,445.0
Outside City							
Single-Family	3,760.5	4,114.6	4,735.0	4,127.0	3,661.1	3,894.0	3,915.8
Multi-Family	71,671.0	70,975.1	81,128.9	72,171.3	71,245.7	71,708.5	71,515.8
Nonresidential	41,784.6	44,350.0	45,106.8	47,144.6	51,047.0	49,095.8	46,081.6
Chino Valley							
Single-Family	4,905.8	5,353.9	5,849.8	5,527.4	4,978.8	5,253.1	5,191.5
Multi-Family	142,166.7	157,800.0	110,325.0	119,625.0	216,600.0	168,112.5	159,047.9
Nonresidential	17,370.9	16,594.3	19,999.8	19,910.9	16,161.5	18,036.2	17,509.4

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Revenue at Existing Rates
 Projected Number of Bills

Customer Class		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	Test Year 2029
Inside City Added Bills/Year		2,482	2,500	4,366	4,423	4,481	4,539	4,598	4,658	4,719	4,780	
Inside City	Bills by Area											
Single-Family	87.45%	231,963	234,149	237,967	241,835	245,753	249,722	253,743	257,816	261,942	266,122	249,722
Multi-Family	3.51%	9,321	9,409	9,562	9,717	9,874	10,034	10,196	10,360	10,526	10,694	10,034
Nonresidential	9.03%	23,961	24,187	24,581	24,981	25,386	25,796	26,211	26,632	27,058	27,490	25,796
Water Dispensing Station	0.00%	12	12	12	12	12	12	12	12	12	12	12
Reservation	0.28%	738	745	757	769	781	794	807	820	833	846	794
Reservation - MF	0.01%	24	24	24	24	24	24	24	24	24	24	24
Hydrant/Construction	0.00%	12	12	12	12	12	12	12	12	12	12	12
Total Inside City		266,031	268,538	272,915	277,350	281,842	286,394	291,005	295,676	300,407	305,200	286,394
		1%	1%	2%	2%	2%	2%	2%	2%	2%	2%	
Outside City Added Bills/Year		273	275	480	486	492	499	505	512	518	525	
Outside City	Bills by Area											
Single-Family	97.75%	28,584	28,853	29,322	29,797	30,278	30,766	31,260	31,760	32,267	32,780	30,766
Multi-Family	0.66%	194	196	199	202	205	208	211	214	217	220	208
Nonresidential	1.58%	463	467	475	483	491	499	507	515	523	531	499
Total Outside City		29,241	29,516	29,996	30,482	30,974	31,473	31,978	32,489	33,007	33,531	31,473
		0.94%	0.94%	1.63%	1.62%	1.61%	1.61%	1.60%	1.60%	1.59%	1.59%	
Chino Valley Added Bills/Year		85	86	150	151	153	155	157	159	161	163	
Chino Valley	Bills by Area											
Single-Family	93.91%	8,651	8,731	8,871	9,013	9,157	9,303	9,451	9,601	9,752	9,905	9,303
Multi-Family	0.13%	12	12	12	12	12	12	12	12	12	12	12
Nonresidential	4.75%	448	452	459	466	473	480	487	495	503	511	480
Total Chino Valley		9,111	9,195	9,342	9,491	9,642	9,795	9,950	10,108	10,267	10,428	9,795
		1%	1%	2%	2%	2%	2%	2%	2%	2%	2%	
Total Projected Bills		304,383	307,249	312,253	317,323	322,458	327,662	332,933	338,273	343,681	349,159	327,662
Total Growth		0.94%	0.94%	1.63%	1.62%	1.62%	1.61%	1.61%	1.60%	1.60%	1.59%	
Annual Residential Growth		0.75%	0.75%	1.29%	1.29%	1.28%	1.28%	1.28%	1.27%	1.27%	1.27%	
Annual Non-Residential Growth		0.07%	0.07%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	

City of Prescott, Arizona
Water Impact Fee and Rate Study
Revenue at Existing Rates
Projected Volume per Bill

Percent Reduction for Conservation	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>	<u>FY 2031-32</u>	<u>FY 2032-33</u>
Single-Family	0.0%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Multi-Family	0.0%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Nonresidential	0.0%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Water Dispensing Station	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reservation	0.0%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Reservation - MF	0.0%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Hydrant/Construction	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

<u>Customer Class</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>	<u>FY 2031-32</u>	<u>FY 2032-33</u>	Cu Re	Test Year <u>2029</u>
Inside City												
Single-Family	4,411	4,389	4,367	4,345	4,324	4,302	4,281	4,259	4,238	4,217	#	4,302
Multi-Family	21,414	21,307	21,200	21,094	20,989	20,884	20,779	20,675	20,572	20,469	#	20,884
Nonresidential	27,069	26,934	26,799	26,665	26,532	26,399	26,267	26,136	26,005	25,875	#	26,399
Water Dispensing Station	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	#	360,000
Reservation	36,601	36,418	36,236	36,055	35,875	35,695	35,517	35,339	35,162	34,987	#	35,695
Reservation - MF	528,622	525,978	523,349	520,732	518,128	515,538	512,960	510,395	507,843	505,304	#	515,538
Hydrant/Construction	1,985,445	1,985,445	1,985,445	1,985,445	1,985,445	1,985,445	1,985,445	1,985,445	1,985,445	1,985,445	#	1,985,445
Outside City												
Single-Family	3,916	3,896	3,877	3,857	3,838	3,819	3,800	3,781	3,762	3,743		3,819
Multi-Family	71,516	71,158	70,802	70,448	70,096	69,746	69,397	69,050	68,705	68,361		69,746
Nonresidential	46,082	45,851	45,622	45,394	45,167	44,941	44,716	44,493	44,270	44,049		44,941
Chino Valley												
Single-Family	5,191	5,166	5,140	5,114	5,088	5,063	5,038	5,012	4,987	4,962		5,063
Multi-Family	159,048	158,253	157,461	156,674	155,891	155,111	154,336	153,564	152,796	152,032		155,111
Nonresidential	17,509	17,422	17,335	17,248	17,162	17,076	16,991	16,906	16,821	16,737		17,076

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Revenue at Existing Rates
 Projected Volume (000's) Gallons

<u>Customer Class</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>	<u>FY 2031-32</u>	<u>FY 2032-33</u>	<u>Test Year 2029</u>
Inside City											
Single-Family	1,023,258	1,027,736	1,039,271	1,050,882	1,062,567	1,074,329	1,086,170	1,098,087	1,110,081	1,122,157	1,074,329
Multi-Family	199,597	200,474	202,715	204,971	207,242	209,547	211,865	214,197	216,541	218,897	209,547
Nonresidential	648,600	651,444	658,745	666,118	673,532	680,988	688,484	696,045	703,643	711,303	680,988
Water Dispensing Station	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320
Reservation	27,012	27,132	27,431	27,726	28,018	28,342	28,662	28,978	29,290	29,599	28,342
Reservation - MF	12,687	12,623	12,560	12,498	12,435	12,373	12,311	12,249	12,188	12,127	12,373
Hydrant/Construction	23,825	23,825	23,825	23,825	23,825	23,825	23,825	23,825	23,825	23,825	23,825
Total Inside City	1,939,299	1,947,554	1,968,868	1,990,340	2,011,940	2,033,724	2,055,638	2,077,702	2,099,889	2,122,228	2,033,724
Outside City											
Single-Family	111,929	112,418	113,674	114,938	116,209	117,492	118,781	120,078	121,385	122,698	117,492
Multi-Family	13,874	13,947	14,090	14,231	14,370	14,507	14,643	14,777	14,909	15,039	14,507
Nonresidential	21,336	21,412	21,670	21,925	22,177	22,426	22,671	22,914	23,153	23,390	22,426
Total Outside City	147,139	147,777	149,434	151,094	152,756	154,424	156,095	157,768	159,447	161,128	154,424
Chino Valley											
Single-Family	44,911	45,100	45,594	46,092	46,594	47,101	47,611	48,125	48,637	49,153	47,101
Multi-Family	1,909	1,899	1,890	1,880	1,871	1,861	1,852	1,843	1,834	1,824	1,861
Nonresidential	7,844	7,875	7,957	8,038	8,118	8,196	8,274	8,368	8,461	8,553	8,196
Total Chino Valley	54,664	54,874	55,440	56,010	56,583	57,159	57,737	58,336	58,932	59,530	57,159
Total Projected Volume	2,141,102	2,150,205	2,173,742	2,197,443	2,221,278	2,245,307	2,269,470	2,293,806	2,318,268	2,342,885	2,245,307

City of Prescott, Arizona
Water Impact Fee and Rate Study
Revenue at Existing Rates
Customer Bills by Meter Size

<u>Customer Class</u>	<u>5/8"</u>	<u>3/4"</u>	<u>1"</u>	<u>1 1/2"</u>	<u>2"</u>	<u>3"</u>	<u>4"</u>	<u>6"</u>	<u>8"</u>	<u>10"</u>
Inside City										
Single-Family	207,527	191	21,799	240	36	0	0	0	0	0
Multi-Family	4,441	24	2,139	873	1,577	132	36	12	0	0
Nonresidential	11,051	36	5,269	2,671	3,527	763	288	96	36	0
Water Dispensing Station	0	0	0	0	0	0	0	0	0	0
Reservation	144	0	179	132	276	0	0	0	0	0
Reservation - MF	0	0	0	0	0	0	0	12	0	0
Hydrant/Construction	0	0	0	0	0	0	0	0	0	0
Total Inside City	223,163	251	29,386	3,916	5,416	895	324	120	36	0
Outside City										
Single-Family	27,186	24	968	120	19	0	0	0	0	0
Multi-Family	96	0	48	0	12	0	0	36	0	0
Nonresidential	243	0	48	24	108	12	0	12	0	0
Total Outside City	27,525	24	1,064	144	139	12	0	48	0	0
Chino Valley										
Single-Family	6,650	0	1,910	11	0	0	0	0	0	0
Multi-Family	0	0	0	0	12	0	0	0	0	0
Nonresidential	156	0	156	0	120	0	12	0	0	0
Total Chino Valley	6,806	0	2,066	11	132	0	12	0	0	0
Total Customers by Meter Size	257,494	275	32,516	4,071	5,687	907	336	168	36	0

City of Prescott, Arizona
Water Impact Fee and Rate Study
Revenue at Existing Rates

Meter Size Distribution	<u>5/8"</u>	<u>3/4"</u>	<u>1"</u>	<u>1 1/2"</u>	<u>2"</u>	<u>3"</u>	<u>4"</u>	<u>6"</u>	<u>8"</u>	<u>10"</u>
Meter Capacity Ratio	1.00	1.50	1.67	3.33	5.33	10.00	16.67	33.33	53.33	115.00
Meter Cost Ratio	1.00	1.17	1.35	2.08	2.81	10.25	15.99	22.59	30.00	
Inside City										
Single-Family	90.3%	0.1%	9.5%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Multi-Family	48.1%	0.3%	23.2%	9.5%	17.1%	1.4%	0.4%	0.1%	0.0%	0.0%
Nonresidential	46.6%	0.2%	22.2%	11.3%	14.9%	3.2%	1.2%	0.4%	0.2%	0.0%
Water Dispensing Station	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reservation	19.7%	0.0%	24.5%	18.1%	37.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Reservation - MF	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Hydrant/Construction	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Outside City										
Single-Family	96.0%	0.1%	3.4%	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Multi-Family	50.0%	0.0%	25.0%	0.0%	6.3%	0.0%	0.0%	18.8%	0.0%	0.0%
Nonresidential	54.4%	0.0%	10.7%	5.4%	24.2%	2.7%	0.0%	2.7%	0.0%	0.0%
Chino Valley										
Single-Family	77.6%	0.0%	22.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Multi-Family	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Nonresidential	35.1%	0.0%	35.1%	0.0%	27.0%	0.0%	2.7%	0.0%	0.0%	0.0%

City of Prescott, Arizona
Water Impact Fee and Rate Study
Revenue at Existing Rates
Volume Percent Included in block

FY 2021-23 Combined Bill Frequency

<u>Customer Class</u>	% Included			
	Block 1	Block 2	Block 3	Block 4
Inside City				
Single-Family	48.4%	38.2%	9.9%	3.4%
Multi-Family	50.7%	35.0%	10.1%	4.2%
Nonresidential	40.3%	43.3%	14.4%	2.0%
Water Dispensing Station	100.0%	0.0%	0.0%	0.0%
Reservation	42.6%	44.2%	12.1%	1.1%
Reservation - MF	12.6%	24.5%	33.0%	30.0%
Hydrant/Construction	100.0%	0.0%	0.0%	0.0%
Outside City				
Single-Family	49.3%	36.0%	10.3%	4.4%
Multi-Family	49.3%	38.6%	10.1%	1.9%
Nonresidential	37.9%	37.9%	20.9%	3.3%
Chino Valley				
Single-Family	44.2%	41.2%	11.7%	3.0%
Multi-Family	44.8%	48.6%	6.6%	0.0%
Nonresidential	57.0%	36.9%	5.1%	1.0%

City of Prescott, Arizona
Water Impact Fee and Rate Study
Revenue at Existing Rates
2023 Volume Charge

<u>Customer Class</u>	Volume Charge (000's) Gallons			
	Block 1	Block 2	Block 3	Block 4
Inside City				
Single-Family	\$4.44	\$6.66	\$9.99	\$19.98
Multi-Family	4.18	6.27	9.41	18.81
Nonresidential	4.76	7.14	10.71	21.42
Water Dispensing Station	14.00	14.00	14.00	14.00
Reservation	4.76	7.14	10.71	21.42
Reservation - MF	4.18	6.27	9.41	18.81
Hydrant/Construction	5.43	5.43	5.43	5.43
Outside City	1.30			
Single-Family	\$5.77	\$8.66	\$12.99	\$25.97
Multi-Family	5.43	8.15	12.23	24.45
Nonresidential	6.19	9.28	13.92	27.85
Chino Valley	1.30			
Single-Family	\$5.77	\$8.66	\$12.99	\$25.97
Multi-Family	5.43	8.15	12.23	24.45
Nonresidential	6.19	9.28	13.92	27.85

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Revenue at Existing Rates
 Current Monthly Service Charge

Customer Class	<u>5/8"</u>	<u>3/4"</u>	<u>1"</u>	<u>1 1/2"</u>	<u>2"</u>	<u>3"</u>	<u>4"</u>	<u>6"</u>	<u>8"</u>	<u>10"</u>	
Inside City											
Single-Family	15.56	16.41	18.58	22.84	30.16	44.87	65.87	118.35	181.46	177.90	
Multi-Family	15.56	16.41	18.58	22.84	30.16	44.87	65.87	118.35	181.46	177.90	
Nonresidential	15.56	16.41	18.58	22.84	30.16	44.87	65.87	118.35	181.46	177.90	
Water Dispensing Station	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Reservation	15.56	16.41	18.58	22.84	30.16	44.87	65.87	118.35	181.46	177.90	
Reservation - MF	15.56	16.41	18.58	22.84	30.16	44.87	65.87	118.35	181.46	177.90	
Hydrant/Construction	15.56	16.41	18.58	22.84	30.16	44.87	65.87	118.35	181.46	177.90	
Outside City											
	1.30										
Single-Family	20.23	21.33	24.15	29.69	39.21	58.33	85.63	153.86	235.90	231.27	
Multi-Family	20.23	21.33	24.15	29.69	39.21	58.33	85.63	153.86	235.90	231.27	
Nonresidential	20.23	21.33	24.15	29.69	39.21	58.33	85.63	153.86	235.90	231.27	
Chino Valley											
	1.30										
Single-Family	20.23	21.33	24.15	29.69	39.21	58.33	85.63	153.86	235.90	231.27	
Multi-Family	20.23	21.33	24.15	29.69	39.21	58.33	85.63	153.86	235.90	231.27	
Nonresidential	20.23	21.33	24.15	29.69	39.21	58.33	85.63	153.86	235.90	231.27	
2022	Rates Inside	15.26	16.09	18.22	22.39	29.57	43.99	64.58	116.03	177.90	177.90
2023	Rates Inside	15.56	16.41	18.58	22.84	30.16	44.87	65.87	118.35	181.46	177.90
2024	Rates Inside	15.56	16.41	18.58	22.84	30.16	44.87	65.87	118.35	181.46	177.90

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Revenue at Existing Rates

Development of Equivalent Development Units (EDUs) Based on Number of Monthly Bills and AWWA Capacity Ratios

Customer Class	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>	<u>FY 2031-32</u>	<u>FY 2032-33</u>	Test Year <u>2029</u>
Inside City											
Single-Family	20,621	20,815	21,155	21,499	21,847	22,200	22,557	22,919	23,286	23,658	22,200
Multi-Family	1,824	1,841	1,871	1,901	1,932	1,963	1,995	2,027	2,060	2,093	1,963
Nonresidential	5,480	5,532	5,622	5,714	5,806	5,900	5,995	6,091	6,189	6,288	5,900
Water Dispensing Station	0	0	0	0	0	0	0	0	0	0	0
Reservation	198	200	203	206	210	213	217	220	224	227	213
Reservation - MF	67	67	67	67	67	67	67	67	67	67	67
Hydrant/Construction	0	0	0	0	0	0	0	0	0	0	0
Total Inside City	28,190	28,455	28,918	29,387	29,862	30,343	30,831	31,325	31,825	32,332	30,343
Annual EDU Increase	263.0	265.1	462.7	468.9	474.9	481.4	487.6	494.0	500.2	506.8	
Outside City											
Single-Family	2,541	2,565	2,607	2,649	2,692	2,735	2,779	2,823	2,868	2,914	2,735
Multi-Family	38	38	39	40	40	41	41	42	42	43	41
Nonresidential	106	107	109	110	112	114	116	118	120	121	114
Total Outside City	2,685	2,710	2,754	2,799	2,844	2,890	2,936	2,983	3,031	3,079	2,890
Annual EDU Increase	25.0	25.2	44.1	44.6	45.2	45.8	46.3	46.9	47.5	48.0	
Chino Valley											
Single-Family	769	776	789	801	814	827	840	854	867	881	827
Multi-Family	2	2	2	2	2	2	2	2	2	2	2
Nonresidential	102	103	105	107	108	110	111	113	115	117	110
Total Chino Valley	874	882	896	910	925	939	954	969	984	1,000	939
Annual EDU Increase	8.0	8.0	14.0	14.2	14.4	14.6	14.8	15.2	15.3	15.4	

City of Prescott, Arizona
Water Impact Fee and Rate Study
Revenue at Existing Rates

Development of Equivalent Meters Based on Meter Replacement Cost Equivalents

<u>Customer Class</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>	<u>FY 2031-32</u>	<u>FY 2032-33</u>	<u>2029</u>
Inside City											
Single-Family	19,994	20,183	20,512	20,845	21,183	21,525	21,872	22,223	22,578	22,939	21,525
Multi-Family	1,329	1,341	1,363	1,385	1,407	1,430	1,453	1,477	1,500	1,524	1,430
Nonresidential	4,149	4,188	4,256	4,325	4,395	4,466	4,538	4,611	4,685	4,760	4,466
Water Dispensing Station	0	0	0	0	0	0	0	0	0	0	0
Reservation	121	122	124	126	128	130	132	134	136	138	130
Reservation - MF	45	45	45	45	45	45	45	45	45	45	45
Hydrant/Construction	0	0	0	0	0	0	0	0	0	0	0
Total Inside City	25,637	25,879	26,300	26,726	27,159	27,597	28,040	28,490	28,945	29,406	27,597
Outside City											
Single-Family	2,424	2,447	2,487	2,527	2,568	2,609	2,651	2,694	2,737	2,780	2,609
Multi-Family	85	86	87	88	90	91	92	94	95	96	91
Nonresidential	91	92	93	95	97	98	100	101	103	104	98
Total Outside City	2,600	2,625	2,667	2,710	2,754	2,798	2,843	2,889	2,934	2,981	2,798
Chino Valley											
Single-Family	777	785	797	810	823	836	849	863	876	890	836
Multi-Family	3	3	3	3	3	3	3	3	3	3	3
Nonresidential	75	76	77	78	79	81	82	83	85	86	81
Total Chino Valley	856	863	877	891	905	920	934	949	964	979	920

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Revenue at Existing Rates
 Projected Service Charge Revenue

Customer Class	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>	<u>FY 2031-32</u>	<u>FY 2032-33</u>	Test Year <u>2029</u>
Inside City											
Single-Family	\$3,678,257	\$3,712,921	\$3,773,463	\$3,834,798	\$3,896,926	\$3,959,863	\$4,023,624	\$4,088,210	\$4,153,637	\$4,219,919	3,959,863
Multi-Family	188,211	189,988	193,077	196,207	199,377	202,608	205,879	209,191	212,543	215,935	202,608
Nonresidential	513,725	518,571	527,018	535,594	544,278	553,068	561,966	570,992	580,125	589,387	553,068
Water Dispensing Station	0	0	0	0	0	0	0	0	0	0	0
Reservation	17,067	17,229	17,507	17,784	18,062	18,362	18,663	18,964	19,264	19,565	18,362
Reservation - MF	2,840	2,840	2,840	2,840	2,840	2,840	2,840	2,840	2,840	2,840	2,840
Hydrant/Construction	0	0	0	0	0	0	0	0	0	0	0
Total Inside City	4,400,101	4,441,549	4,513,906	4,587,224	4,661,483	4,736,742	4,812,973	4,890,197	4,968,409	5,047,647	4,736,742
Outside City											
Single-Family	583,571	589,062	598,638	608,335	618,155	628,118	638,204	648,412	658,763	669,236	628,118
Multi-Family	9,205	9,300	9,443	9,585	9,727	9,870	10,012	10,154	10,297	10,439	9,870
Nonresidential	14,054	14,175	14,418	14,661	14,904	15,146	15,389	15,632	15,875	16,118	15,146
Total Outside City	606,830	612,538	622,498	632,581	642,786	653,134	663,605	674,198	684,934	695,793	653,134
Chino Valley											
Single-Family	182,666	184,355	187,311	190,310	193,350	196,433	199,558	202,725	205,914	209,144	196,433
Multi-Family	471	471	471	471	471	471	471	471	471	471	471
Nonresidential	12,770	12,884	13,084	13,283	13,483	13,682	13,882	14,110	14,338	14,566	13,682
Total Chino Valley	195,907	197,710	200,866	204,064	207,304	210,586	213,911	217,306	220,722	224,181	210,586
Total Projected Service Charge Rev.	\$5,202,838	\$5,251,797	\$5,337,270	\$5,423,869	\$5,511,573	\$5,600,462	\$5,690,488	\$5,781,701	\$5,874,066	\$5,967,621	5,600,462

City of Prescott, Arizona
Water Impact Fee and Rate Study
Revenue at Existing Rates
Projected Volume Charge Revenue

Customer Class	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	Test Year 2029
Inside City											
Single-Family	\$6,516,587	\$6,545,103	\$6,618,562	\$6,692,506	\$6,766,923	\$6,841,828	\$6,917,236	\$6,993,132	\$7,069,516	\$7,146,417	6,841,828
Multi-Family	1,209,887	1,215,203	1,228,789	1,242,464	1,256,226	1,270,200	1,284,254	1,298,386	1,312,594	1,326,876	1,270,200
Nonresidential	4,530,823	4,550,691	4,601,696	4,653,196	4,704,993	4,757,076	4,809,440	4,862,256	4,915,332	4,968,840	4,757,076
Water Dispensing Station	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480
Reservation	181,367	182,172	184,180	186,165	188,124	190,299	192,448	194,570	196,667	198,737	190,299
Reservation - MF	137,016	136,331	135,649	134,971	134,296	133,624	132,956	132,291	131,630	130,972	133,624
Hydrant/Construction	129,372	129,372	129,372	129,372	129,372	129,372	129,372	129,372	129,372	129,372	129,372
Total Inside City	12,765,531	12,819,351	12,958,728	13,099,154	13,240,414	13,382,880	13,526,185	13,670,488	13,815,590	13,961,694	13,382,880
Outside City											
Single-Family	945,027	949,150	959,756	970,428	981,162	991,991	1,002,880	1,013,826	1,024,862	1,035,949	991,991
Multi-Family	104,601	105,151	106,227	107,289	108,338	109,374	110,397	111,407	112,404	113,388	109,374
Nonresidential	206,609	207,352	209,849	212,317	214,754	217,162	219,540	221,890	224,210	226,501	217,162
Total Outside City	1,256,237	1,261,653	1,275,832	1,290,034	1,304,254	1,318,527	1,332,817	1,347,122	1,361,475	1,375,838	1,318,527
Chino Valley											
Single-Family	377,269	378,854	383,004	387,189	391,408	395,661	399,946	404,262	408,567	412,902	395,661
Multi-Family	13,746	13,677	13,608	13,540	13,473	13,405	13,338	13,272	13,205	13,139	13,405
Nonresidential	62,339	62,581	63,233	63,876	64,511	65,139	65,758	66,504	67,241	67,969	65,139
Total Chino Valley	453,354	455,112	459,845	464,605	469,392	474,205	479,042	484,038	489,014	494,010	474,205
Total Projected Volume Rev.	\$14,475,122	\$14,536,117	\$14,694,405	\$14,853,793	\$15,014,061	\$15,175,612	\$15,338,045	\$15,501,649	\$15,666,078	\$15,831,543	15,175,612

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Revenue at Existing Rates

Projected Total Revenue for Study Period Before Revenue Adjustments

Customer Class	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Adjustment		FY 2032-33	Test Year 2029
								0.0%			
Inside City											
Single-Family	\$10,373,009	\$10,437,869	\$10,574,802	\$10,713,052	\$10,852,607	\$10,993,497	\$11,135,754	\$11,279,365	\$11,424,345	\$11,570,739	10,993,497
Multi-Family	1,413,857	1,421,099	1,438,033	1,455,100	1,472,297	1,489,772	1,507,371	1,525,092	1,542,932	1,560,891	1,489,772
Nonresidential	5,091,900	5,117,059	5,177,291	5,238,157	5,299,438	5,361,122	5,423,203	5,485,878	5,548,928	5,612,553	5,361,122
Water Dispensing Station	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480
Reservation	200,145	201,128	203,443	205,732	207,997	210,503	212,982	215,436	217,863	220,264	210,503
Reservation - MF	140,432	139,747	139,065	138,387	137,712	137,041	136,373	135,708	135,046	134,388	137,041
Hydrant/Construction	129,372	129,372	129,372	129,372	129,372	129,372	129,372	129,372	129,372	129,372	129,372
Total Inside City	17,409,195	17,506,754	17,722,485	17,940,280	18,159,903	18,381,786	18,605,535	18,831,330	19,058,966	19,288,686	18,381,786
Outside City											
Single-Family	1,556,315	1,566,192	1,586,827	1,607,657	1,628,678	1,649,943	1,671,397	1,693,036	1,714,914	1,736,972	1,649,943
Multi-Family	115,169	115,828	117,067	118,292	119,505	120,704	121,890	123,063	124,224	125,371	120,704
Nonresidential	222,116	222,993	225,758	228,494	231,199	233,875	236,521	239,138	241,726	244,286	233,875
Total Outside City	1,893,600	1,905,012	1,929,652	1,954,443	1,979,381	2,004,522	2,029,808	2,055,237	2,080,864	2,106,629	2,004,522
Chino Valley											
Single-Family	569,260	572,620	579,877	587,214	594,629	602,121	609,691	617,336	624,992	632,723	602,121
Multi-Family	14,276	14,207	14,139	14,071	14,003	13,936	13,869	13,802	13,736	13,670	13,936
Nonresidential	76,296	76,662	77,532	78,393	79,247	80,092	80,930	81,925	82,911	83,888	80,092
Total Chino Valley	659,831	663,490	671,548	679,678	687,878	696,149	704,489	713,063	721,639	730,280	696,149
Total Projected Revenue	\$19,962,626	\$20,075,255	\$20,323,685	\$20,574,401	\$20,827,163	\$21,082,457	\$21,339,832	\$21,599,630	\$21,861,468	\$22,125,596	21,082,457

APPENDIX B:
WATER COST OF SERVICE

City of Prescott, Arizona
Water Impact Fee and Rate Study
Total Cost Of Service
Test Year 2029

Line No.	Description	Operating Expense	Capital Cost	FY 2028-29 Total
Revenue Requirements				
	Operation and Maintenance Expense			
1	Operations	\$13,951,217		\$13,951,217
2	Alt. Water Source			0
	Debt Service			
3	Operations		\$3,395,817	3,395,817
4	Rev. Transfer to Alt Water		0	0
	Transfers			
5	Water Resource Development Fee Subfund		130,585	130,585
6	Alt Water		0	0
7	System Impact Fee Subfund		0	0
8	Capital Improvement Subfund		2,325,254	2,325,254
9	Remaining WIFA Loan Balance		0	0
10	Total Revenue Requirements	<u>\$13,951,217</u>	<u>\$5,851,655</u>	<u>\$19,802,872</u>
Revenue Requirement Adjustments				
11	Miscellaneous Revenue	(\$527,915)		(\$527,915)
12	Interfund Loan Payment		0	0
13	Interest Income	(83,505)	(35,025)	(118,530)
14	Annual Surplus/(Deficiency)		8,578,412	8,578,412
15	Revenue Adj. for 6 mo. Increase		271,122	271,122
16	Total Revenue Requirement Adjustments	<u>(\$611,420)</u>	<u>\$8,814,509</u>	<u>\$8,203,089</u>
17	Total Cost of Service	<u>\$13,339,797</u>	<u>\$14,666,165</u>	<u>\$28,005,961</u>

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Allocation of Water System Assets
 Test Year 2029

Line No.	Description	Assets	CIP to Test-Year	Total	Base	Extra Capacity		Customer			Fire Protection
						Maximum Day	Maximum Hour	Distribution System	Meters & Services	Billing	
Water System Asset Allocations											
1	Storage			100%	31%	25%	44%				
2	Source of Supply			100%	56%	44%					
3	Treatment			100%	56%	44%					
4	Transmission and Distribution Admin / Misc			100%	14%	11%	20%	54%			
5	Meters and Services			100%					50%	50%	
6	General Plant/Equipment			100%	35%	28%	13%	19%	2%	2%	0%
7	Fleet			100%	35%	28%	13%	19%	2%	2%	0%
Water System Assets											
8	Storage	\$25,094,867	\$14,298,810	39,393,677	12,158,542	9,726,834	17,508,301	0	0	0	0
9	Source of Supply	51,820,035	2,987,738	54,807,773	30,448,763	24,359,010	0	0	0	0	0
10	Treatment	50,926,773	28,060,155	78,986,928	43,881,627	35,105,301	0	0	0	0	0
11	Transmission and Distribution Admin / Misc	77,832,922	26,118,855	103,951,777	14,672,859	11,738,287	21,128,917	56,411,713	0	0	0
12	Meters and Services	64,616	12,781,000	12,845,616	0	0	0	0	6,422,808	6,422,808	0
13	General Plant/Equipment	5,374,918	2,237,178	7,612,096	2,655,487	2,124,389	1,014,223	1,480,802	168,598	168,598	0
14	Fleet	2,469,610	2,586,121	5,055,731	1,763,696	1,410,957	673,617	983,505	111,978	111,978	0
15	Total Water System Assets	\$213,583,742	\$89,069,857	\$302,653,599	\$105,580,974	\$84,464,779	\$40,325,058	\$58,876,019	\$6,703,384	\$6,703,384	\$0
16	<i>Percent of Total</i>			100.0%	34.9%	27.9%	13.3%	19.5%	2.2%	2.2%	0.0%
17	Annual Capital Expenditures			\$14,666,165	\$5,116,304	\$4,093,044	\$1,954,095	\$2,853,049	\$324,836	\$324,836	\$0

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Allocation of Operations and Maintenance Expense
 Test Year 2029

Line No.	Description	Total	Base	Extra Capacity		Customer			Fire Protection
				Maximum Day	Maximum Hour	Distribution System	Meters & Services	Billing	
Water System O&M Allocations									
1	Water Resources Management	100%	100%	0%	0%	0%	0%	0%	
2	Aquifer Protection Fee Fund	100%	0%	0%	0%	0%	100%	0%	
3	Utility Billing	100%	0%	0%	0%	0%	50%	50%	
4	Public Works Water	100%	35%	28%	13%	19%	2%	2%	0%
5	Water Administration	100%	47%	25%	6%	16%	4%	2%	0%
6	Water Production	100%	56%	44%	0%	0%	0%	0%	
7	Water Distribution	100%	14%	11%	20%	54%	0%	0%	
Water System O&M Expenses									
8	Water Resources Management	\$1,530,786	\$1,530,786	\$0	\$0	\$0	\$0	\$0	\$0
9	Aquifer Protection Fee Fund	130,690	0	0	0	0	130,690	0	0
10	Utility Billing	449,665	0	0	0	0	224,832	224,832	0
11	Public Works Water	451,318	157,443	125,954	60,133	87,796	9,996	9,996	0
12	Water Administration	4,422,485	2,063,512	1,110,384	276,783	706,874	161,303	103,629	0
13	Water Production	4,669,167	2,593,981	2,075,185	0	0	0	0	0
14	Water Distribution	2,789,921	393,799	315,039	567,071	1,514,012	0	0	0
15	Total Operation and Maintenance Expense	\$14,444,031	\$6,739,522	\$3,626,562	\$903,987	\$2,308,682	\$526,821	\$338,458	\$0
16	<i>Percent of Total</i>	<i>100.0%</i>	<i>46.7%</i>	<i>25.1%</i>	<i>6.3%</i>	<i>16.0%</i>	<i>3.6%</i>	<i>2.3%</i>	<i>0.0%</i>
17	Total Revenue Requirements	\$14,444,031	\$6,739,521	\$3,626,562	\$903,987	\$2,308,682	\$526,821	\$338,458	\$0

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Units of Service
 Test Year 2029

Line No.	Customer Class	Base Annual Use		Maximum Day			Maximum Hour			EDU	Equiv. Cost Meters	Annual Bills	Fire Protection
		Billed Water	Average Day	Capacity Factor	Total Capacity	Extra Capacity	Capacity Factor	Total Capacity	Extra Capacity				
		kgal	kgal/day		kgal/day	kgal/day		kgal/day	kgal/day				
Inside City													
1	Single Family	1,074,329	2,943	2.20	6,475	3,532	4.00	11,772	5,297	22,200	21,525	249,722	
2	Multi-Family	209,547	574	1.70	976	402	3.10	1,779	803	1,963	1,430	10,034	
3	Nonresidential	680,988	1,866	2.00	3,732	1,866	3.60	6,718	2,986	5,900	4,466	25,796	
4	Bulk Water Station	4,320	12	2.50	30	18	4.50	54	24	0	0	12	
5	Reservation - Non-Residential	28,342	78	2.00	156	78	3.60	281	125	280	175	818	
6	Reservation - MF	12,373	34	1.70	58	24	3.10	105	47	67	45	36	
7	Construction / Hydrant	23,825	65	2.00	130	65	3.60	234	104	0	0	12	
8	Fire Protection	0	0		240	240		2,880	2,880				1,500
9	Total Inside City	2,033,724	5,572		11,797	6,225		23,823	12,266	30,410	27,642	286,430	1,500
Outside City													
10	Single Family	117,492	322	2.30	741	419	4.10	1,320	579	2,735	2,609	30,766	
11	Multi-Family	14,507	40	1.80	72	32	3.20	128	56	41	91	208	
12	Nonresidential	22,426	61	2.00	122	61	3.60	220	98	114	98	499	
13	Total Outside City	154,424	423		935	512		1,668	733	2,890	2,798	31,473	0
Chino Valley													
14	Single Family	47,101	129	2.10	271	142	3.80	490	219	827	836	9,303	
15	Multi-Family	1,861	5	1.10	6	1	2.00	10	4	2	3	12	
16	Nonresidential	8,196	22	1.20	26	4	2.20	48	22	110	81	480	
17	Total Chino Valley	57,159	156		303	147		548	245	939	920	9,795	0
18	Total System	2,245,307	6,151		13,035	6,884		26,039	13,244	34,239	31,360	327,698	1,500

City of Prescott, Arizona
Water Impact Fee and Rate Study
Unit Cost of Service
Test Year 2029

Line No.	Description	Total	Base	Extra Capacity		Customer			Fire Protection
				Maximum Day	Maximum Hour	Distribution System	Meters & Services	Billing	
Revenue Requirements									
1	Operation and Maintenance Expense								
2	Operations	\$13,951,217	\$6,509,576	\$3,502,828	\$873,144	\$2,229,912	\$508,847	\$326,910	\$0
	Debt Service								
3	Operations	3,395,817	1,184,634	947,707	452,453	660,597	75,213	75,213	0
	Transfers								
4	Water Resource Development Fee Subund	130,585	130,585						
5	Alt Water	0	0						
6	System Impact Fee Subfund	0	0	0	0	0	0	0	0
7	Capital Improvement Subfund	2,325,254	811,168	648,933	309,813	452,338	51,501	51,501	0
8	Remaining WIFA Loan Balance	0	0	0	0	0	0	0	0
9	Total Revenue Requirements	\$19,802,872	\$8,635,962	\$5,099,468	\$1,635,410	\$3,342,847	\$635,561	\$453,624	\$0
Revenue Requirement Adjustments									
10	Miscellaneous Revenue	(\$527,915)	(\$230,222)	(\$135,944)	(\$43,598)	(\$89,115)	(\$16,943)	(\$12,093)	\$0
11	Interfund Loan Payment	0	0	0	0	0	0	0	0
12	Interest Income	(118,530)	(55,306)	(29,760)	(7,418)	(18,945)	(4,323)	(2,777)	0
13	Annual Surplus/(Deficiency)	8,578,412	2,992,587	2,394,069	1,142,973	1,668,782	190,001	190,001	0
14	Revenue Adj. for 6 mo. Increase	271,122	126,504	68,073	16,968	43,335	9,889	6,353	0
15	Total Revenue Requirement Adjustments	\$8,203,089	\$2,833,563	\$2,296,438	\$1,108,925	\$1,604,057	\$178,624	\$181,484	\$0
16	Total Cost of Service	\$28,005,961	\$11,469,526	\$7,395,906	\$2,744,335	\$4,946,904	\$814,185	\$635,108	\$0
Units of Service									
			kgal	kgal/day	kgal/day	EDU	Equiv Meters	Annual Bills	gpd
17	Inside City		2,033,724	6,225	12,266	30,410	27,642	286,430	1,500
18	Outside City		154,424	512	733	2,890	2,798	31,473	0
19	Chino Valley		57,159	147	245	939	920	9,795	0
20	Total Units of Service		2,245,307	6,884	13,244	34,239	31,360	327,698	1,500
Unit Cost of Service, \$ per unit									
21	Inside City		\$4.968	\$1,044.369	\$202.722	\$139.792	\$25.071	\$1.868	\$0.000
22	Outside City		6.458	1,357.679	263.539	181.730	32.592	2.428	0.000
23	Chino Valley		6.458	1,357.679	263.539	181.730	32.592	2.428	0.000

City of Prescott, Arizona
Water Impact Fee and Rate Study
Allocation to Customer Class
Test Year 2029

Line No.	Description	Total	Base	Extra Capacity		Customer			Fire Protection
				Maximum Day	Maximum Hour	Distribution System	Meters & Services	Billing	
Unit Cost of Service, \$ per unit									
1	Inside City		\$4,968	\$1,044,369	\$202,722	\$139,792	\$25,071	\$1,868	\$0.000
2	Outside City		6,458	1,357,679	263,539	181,730	32,592	2,428	0.000
3	Chino Valley		6,458	1,357,679	263,539	181,730	32,592	2,428	0.000
Inside City									
Single Family									
4	Units of Service		1,074,329	3,532	5,297	22,200	21,525	249,722	0
5	Allocated Cost of Service	\$14,208,941	\$5,337,032	\$3,688,710	\$1,073,821	\$3,103,356	\$539,658	\$466,364	\$0
Multi-Family									
6	Units of Service		209,547	402	803	1,963	1,430	10,034	0
7	Allocated Cost of Service	\$1,952,673	\$1,040,983	\$419,836	\$162,786	\$274,473	\$35,856	\$18,739	\$0
Nonresidential									
8	Units of Service		680,988	1,866	2,986	5,900	4,466	25,796	0
9	Allocated Cost of Service	\$6,922,068	\$3,383,001	\$1,948,792	\$605,329	\$824,798	\$111,973	\$48,175	\$0
Bulk Water Station									
10	Units of Service		4,320	18	24	0	0	12	0
11	Allocated Cost of Service	\$45,147	\$21,461	\$18,799	\$4,865	\$0	\$0	\$22	\$0
Reservation - Non Residential									
12	Units of Service		28,342	78	125	280	175	818	0
13	Allocated Cost of Service	\$292,625	\$140,797	\$81,461	\$25,340	\$39,110	\$4,389	\$1,528	\$0
Reservation - MF									
14	Units of Service		12,373	24	47	67	45	36	0
15	Allocated Cost of Service	\$106,578	\$61,466	\$25,065	\$9,528	\$9,320	\$1,133	\$67	\$0
Construction / Hydrant									
16	Units of Service		23,825	65	104	0	0	12	0
17	Allocated Cost of Service	\$207,349	\$118,359	\$67,884	\$21,083	\$0	\$0	\$22	\$0
Fire Protection									
18	Units of Service			240	2,880				1,500
19	Allocated Cost of Service	\$834,489		\$250,648	\$583,841				\$0
Outside City									
Single Family									
20	Units of Service		117,492	419	579	2,735	2,609	30,766	0
21	Allocated Cost of Service	\$2,137,006	\$758,775	\$568,868	\$152,589	\$497,037	\$85,044	\$74,694	\$0
Multi-Family									
22	Units of Service		14,507	32	56	41	91	208	0
23	Allocated Cost of Service	\$162,758	\$93,689	\$43,446	\$14,758	\$7,396	\$2,964	\$505	\$0
Nonresidential									
24	Units of Service		22,426	61	98	114	98	499	0
25	Allocated Cost of Service	\$278,624	\$144,827	\$82,818	\$25,827	\$20,741	\$3,199	\$1,211	\$0
Chino Valley									
Single Family									
26	Units of Service		47,101	142	219	827	836	9,303	0
27	Allocated Cost of Service	\$754,817	\$304,182	\$192,790	\$57,715	\$150,294	\$27,249	\$22,586	\$0
Multi-Family									
28	Units of Service		1,861	1	4	2	3	12	0
29	Allocated Cost of Service	\$14,980	\$12,021	\$1,358	\$1,054	\$427	\$92	\$29	\$0
Nonresidential									
30	Units of Service		0	4	22	110	81	480	0
31	Allocated Cost of Service	\$34,975	\$0	\$5,431	\$5,798	\$19,952	\$2,629	\$1,165	\$0
32	Total Allocated Cost of Service	\$27,953,030	\$11,416,592	\$7,395,906	\$2,744,335	\$4,946,904	\$814,185	\$635,108	\$0

*City of Prescott, Arizona
Water Impact Fee and Rate Study
Customer Class Cost of Service
Test Year 2029*

Line No.	Customer Class	Cost of Service	Fire Protection Adjustment	Adjusted COS	Total Adjusted COS
Inside City					
1	Single Family	\$14,208,941	\$629,700	\$14,838,641	\$14,838,641
2	Multi-Family	1,952,673	42,170	1,994,843	1,994,843
3	Nonresidential	6,922,068	162,619	7,084,687	7,084,687
4	Bulk Water Station	45,147	0	45,147	45,147
5	Reservation - Non-Residential	292,625	0	292,625	292,625
6	Reservation - MF	106,578	0	106,578	106,578
7	Construction / Hydrant	207,349	0	207,349	207,349
8	Fire Protection	834,489	(834,489)	0	0
9	Total Inside City	24,569,870	0	24,569,870	24,569,870
Outside City					
10	Single Family	2,137,006	0	2,137,006	2,137,006
11	Multi-Family	162,758	0	162,758	162,758
12	Nonresidential	278,624	0	278,624	278,624
13	Total Outside City	2,578,388	0	2,578,388	2,578,388
Chino Valley					
14	Single Family	754,817	0	754,817	754,817
15	Multi-Family	14,980	0	14,980	14,980
16	Nonresidential	34,975	0	34,975	34,975
17	Total Chino Valley	804,772	0	804,772	804,772
18	Total Cost of Service	27,953,030	0	27,953,030	27,953,030

City of Prescott, Arizona
Water Impact Fee and Rate Study
Comparison of COS Against Revenue Under Existing Rates
Test Year 2029

Line No.	Customer Class	Adjusted Cost of Service	Revenue Under Existing Rates	Indicated Adjustment
Inside City				
1	Single Family	\$14,838,641	\$10,993,497	35.0%
2	Multi-Family	1,994,843	1,489,772	33.9%
3	Nonresidential	7,084,687	5,361,122	32.1%
4	Bulk Water Station	45,147	60,480	-25.4%
5	Reservation - Non-Residential	292,625	210,503	39.0%
6	Reservation - MF	106,578	137,041	-22.2%
7	Construction / Hydrant	207,349	129,372	60.3%
8	Fire Protection	0	0	N/A
9	Total Inside City	24,569,870	18,381,786	33.7%
Outside City				
10	Single Family	2,137,006	1,649,943	29.5%
11	Multi-Family	162,758	120,704	34.8%
12	Nonresidential	278,624	233,875	19.1%
13	Total Outside City	2,578,388	2,004,522	28.6%
Chino Valley				
14	Single Family	754,817	602,121	25.4%
15	Multi-Family	14,980	13,936	7.5%
16	Nonresidential	34,975	80,092	-56.3%
17	Total Chino Valley	804,772	696,149	15.6%
18	Total Cost of Service	\$27,953,030	\$21,082,457	32.6%

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 COS Assumptions
 Test Year 2029

	FY 2022-23 Total Usage (Kgal)	FY 2022-23 Total Bills	FY 2022-23 Average Monthly Use Per Bill (Kgal)	July 2022 Peak Monthly Use Per Bill	Ratio Max Month to Avg Month	Estimated Ratio Peak Day to Average Day (Coincidental)	Noncoincidental Diversification Factor	Coincidental Max Day Demand Factors	Coincidental Max Hour Demand Factors
Inside City									
Single Family	955,759	229,793	4.16	6.43	1.55	1.90	1.15	220%	400%
Multi-Family	190,209	9,234	20.60	24.64	1.20	1.47	1.15	170%	310%
Nonresidential	610,861	23,737	25.73	37.19	1.45	1.78	1.15	200%	360%
Bulk Water Station	3,642	12	303.54	529.58	1.74	2.15	1.15	250%	450%
Reservation - Non-Res	25,113	731	34.35	48.14	1.40	1.73	1.15	200%	360%
Reservation - MF	12,584	24	524.35	639.26	1.22	1.50	1.15	170%	310%
Construction / Hydrant	21,917	12	1,826.43	2,527.59	1.38	1.70	1.15	200%	360%
Outside City									
Single Family	103,670	28,317	3.7	6.04	1.65	2.03	1.15	230%	410%
Multi-Family	13,679	192	71.2	91.93	1.29	1.59	1.15	180%	320%
Nonresidential	23,431	459	51.0	70.85	1.39	1.71	1.15	200%	360%
Chino Valley									
Single Family	42,673	8,571	5.0	7.54	1.51	1.86	1.15	210%	380%
Multi-Family	2,599	12	216.6	162.60	0.75	0.92	1.15	110%	200%
Nonresidential	7,176	444	16.2	14.10	0.87	1.07	1.15	120%	220%
Total	2,013,313	301,538	6.7	9.76	1.46	1.80	1.15	210%	380%

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 COS Assumptions
 Test Year 2029

System Coincidental Demands		
	Factor	Allocation
Max Day Extra Capacity		
Base	1.00	55.56%
Max Day	0.80	44.44%
	1.80	100.00%
Max Hour Extra Capacity		
Base	1.00	30.86%
Max Day	0.80	24.69%
Max Hour	1.44	44.44%
	3.24	100.00%

Rate Surcharges	
Inside City	1.00
Outside City	1.30
Chino Valley	1.30

Waterline Diameter	Length	Inch-ft	% Distribution
0.75	0	0	
1.00	3,182	3,182	
1.25	67	84	
1.50	1,793	2,689.91	
2.00	72,271	144,542	
2.50	1,693	4,231	
3.00	18,598	55,794	
4.00	103,499	413,996	
6.00	1,002,994	6,017,963	
8.00	961,828	7,694,623	54.3%
10.00	59,528	595,282	
12.00	431,679	5,180,153	
14.00	31,562	441,871	
16.00	24,302	388,836	
18.00	113,326	2,039,871	
20.00	22,019	440,376	
24.00	10,319	247,665	
30.00	22,408	672,235	
36.00	57,669	2,076,075	45.7%
TOTAL	2,938,737.3	26,419,468.3	100.0%

Unknown 36,913

Estimated Fire Flows	Accounts	gpm	hours	Factor	Weighted Ave
System Wide		2,000	2		
Single Family	20,810	1,500	2	62,430,510	75%
Multi-Family	836	2,500	2	4,180,850	5%
Nonresidential	2,150	2,500	3	16,122,525	19%
Total				82,733,885	100%

City of Prescott, Arizona
Water Impact Fee and Rate Study
Comparison of COS Under Cash Basis and Utility Basis
Test Year 2029

Line No.	Customer Class	Adjusted COS Cash Basis	Adjusted COS Utility Basis	Differential
Inside City				
1	Single Family	\$14,838,641	\$19,789,477	33.4%
2	Multi-Family	1,994,843	2,598,129	30.2%
3	Nonresidential	7,084,687	9,324,503	31.6%
4	Bulk Water Station	45,147	58,444	29.5%
5	Reservation - Non-Residential	292,625	369,473	26.3%
6	Reservation - MF	106,578	138,057	29.5%
7	Construction / Hydrant	207,349	196,751	-5.1%
8	Fire Protection	0	0	0.0%
9	Total Inside City	24,569,870	32,474,834	32.2%
Outside City				
10	Single Family	2,137,006	2,188,777	2.4%
11	Multi-Family	162,758	161,525	-0.8%
12	Nonresidential	278,624	278,364	-0.1%
13	Total Outside City	2,578,388	2,628,666	1.9%
Chino Valley				
14	Single Family	754,817	768,755	1.8%
15	Multi-Family	14,980	14,589	-2.6%
16	Nonresidential	34,975	88,535	153.1%
17	Total Chino Valley	804,772	871,880	8.3%
18	Total Cost of Service	\$27,953,030	\$35,975,381	28.7%

APPENDIX C:
WATER RATE DESIGN

City of Prescott, Arizona
Water Impact Fee and Rate Study
Rate Design by Customer Class - Proposed

Proposed FY 2028-29 Base Charge
BASE CHARGE BY METER SIZE

Meter Size (in.)	Meter Capacity Ratio	Meter Cost Ratio	Inside City				Use \$/bill
			Monthly Distribution System \$/bill	Monthly Meters & Services \$/bill	Monthly Billing \$/bill	Monthly Service Charge \$/bill	
5/8"	1.00	1.00	\$11.65	\$2.09	\$0.16	\$13.90	\$20.71
3/4"	1.50	1.17	17.47	2.45	0.16	20.08	21.84
1"	1.67	1.35	19.42	2.81	0.16	22.39	24.73
1 1/2"	3.33	2.08	38.83	4.34	0.16	43.33	30.40
2"	5.33	2.81	62.13	5.88	0.16	68.17	40.15
3"	10.00	10.25	116.49	21.41	0.16	138.06	59.73
4"	16.67	15.99	194.16	33.40	0.16	227.72	87.68
6"	33.33	22.59	388.31	47.19	0.16	435.66	157.53
8"	53.33	30.00	621.30	62.68	0.16	684.14	241.54

City of Prescott, Arizona
Water Impact Fee and Rate Study
Rate Design by Customer Class - Proposed
Proposed FY 2028-29 Rates

Single Family Residential - Inside City

Total Class Cost of Service \$
\$14,838,641

Meter Size inches	Bills	Monthly Service Charge \$	Revenue \$	
5/8"	225,525	\$20.71	\$4,670,622	
3/4"	208	21.84	4,533	
1"	23,690	24.73	585,842	
1 1/2"	261	30.40	7,929	
2"	39	40.15	1,571	
3"	0	59.73	0	
4"	0	87.68	0	
6"	0	157.53	0	
8"	0	241.54	0	
Total	<u>249,722</u>		<u>\$5,270,497</u>	\$5,270,497

Volume Rate Revenue Required **\$9,568,144**

Calculated Volume Rate (\$ per gal)

Block	Block Ending gal	Volume in Block %	Billed Volume kgal	Cumulative Factor	Volume Rate \$ per kgal	Rate Revenue \$
First	3,000	48.4%	520,446	1.000	\$6.12	\$3,185,127
Next	7,000	38.2%	410,901	1.500	9.18	3,772,069
Next	10,000	9.9%	106,341	2.250	13.77	1,464,312
All Over	20,000	3.4%	36,642	4.500	27.54	1,009,121
Total		<u>100.00%</u>	<u>1,074,329</u>			<u>\$9,430,628</u>

Total Revenue **\$14,701,125**

Revenue Surplus (Deficiency) (\$137,516)

City of Prescott, Arizona
Water Impact Fee and Rate Study
Rate Design by Customer Class - Proposed
Proposed FY 2028-29 Rates

Multi-Family Residential - Inside City

Total Class Cost of Service \$
\$1,994,843

Meter Size inches	Bills	Monthly Service Charge \$	Revenue \$	
5/8"	4,826	\$20.71	\$99,941	
3/4"	26	21.84	570	
1"	2,324	24.73	57,480	
1 1/2"	949	30.40	28,838	
2"	1,714	40.15	68,802	
3"	143	59.73	8,567	
4"	39	87.68	3,430	
6"	13	157.53	2,054	
8"	0	241.54	0	
Total	10,034		\$269,683	\$269,683

Volume Rate Revenue Required **\$1,725,159**

Calculated Volume Rate (\$ per gal)

Block	Block Ending gal	Volume in Block %	Billed Volume kgal	Cumulative Factor	Volume Rate \$ per kgal	Rate Revenue \$
First	1,700	50.7%	106,159	1.000	\$5.77	\$612,535
Next	3,300	35.0%	73,253	1.500	8.66	634,373
Next	5,000	10.1%	21,243	2.250	12.98	275,730
All Over	10,000	4.2%	8,892	4.500	25.97	230,935
Total		100.00%	209,547			\$1,753,573

Total Revenue **\$2,023,256**

Revenue Surplus (Deficiency) \$28,414

City of Prescott, Arizona
Water Impact Fee and Rate Study
Rate Design by Customer Class - Proposed
Proposed FY 2028-29 Rates

Non-Residential Inside City	\$
Total Class Cost of Service	\$7,084,687

Meter Size inches	Bills	Monthly Service Charge \$	Revenue \$	
5/8"	12,010	\$20.71	\$248,719	
3/4"	39	21.84	854	
1"	5,726	24.73	141,605	
1 1/2"	2,903	30.40	88,242	
2"	3,833	40.15	153,893	
3"	829	59.73	49,527	
4"	313	87.68	27,442	
6"	104	157.53	16,435	
8"	39	241.54	9,450	
Total	25,796		\$736,166	\$736,166

Volume Rate Revenue Required **\$6,348,521**

Calculated Volume Rate (\$ per gal)

Total Inside City Non-Residential Usage

Block	Block Ending	Volume in Block	Billed Volume	Cumulative Factor	Volume Rate \$ per kgal	Rate Revenue \$
First	n/a	40.3%	274,230	1.000	\$6.28	\$1,722,166
Next	n/a	43.3%	294,893	1.500	9.42	2,777,890
Next	n/a	14.4%	98,034	2.250	14.13	1,385,227
All Over	n/a	2.0%	13,831	4.500	28.26	390,860
Total			680,988			\$6,276,143

Total Revenue **\$7,012,309**

Revenue Surplus (Deficiency) **(\$72,378)**

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Rate Design by Customer Class - Proposed
 Proposed FY 2028-29 Rates

Non-Residential Usage By Block

Block	Block Ending gal	Volume in Block %	Billed Volume kgal
5/8" & 3/4"			
First	6,000	43.7%	31,432
Next	22,000	39.4%	28,313
Next	32,000	11.3%	8,122
All Over	60,000	5.6%	4,056
1"			
First	15,000	46.5%	35,156
Next	55,000	37.7%	28,536
Next	80,000	12.6%	9,542
All Over	150,000	3.1%	2,377
1.5"			
First	30,000	55.9%	35,391
Next	110,000	37.5%	23,703
Next	160,000	6.2%	3,935
All Over	300,000	0.4%	228
2"			
First	48,000	43.2%	85,246
Next	176,000	45.2%	89,132
Next	256,000	9.5%	18,835
All Over	480,000	2.0%	4,043
3"			
First	96,000	42.6%	25,101
Next	352,000	40.8%	24,022
Next	512,000	14.2%	8,349
All Over	960,000	2.4%	1,418
4"			
First	150,000	33.8%	26,092
Next	550,000	46.6%	36,038
Next	800,000	17.9%	13,811
All Over	1,500,000	1.7%	1,331
6"			
First	300,000	33.3%	20,849
Next	1,100,000	48.1%	30,091
Next	1,600,000	18.4%	11,491
All Over	3,000,000	0.3%	184
8"			
First	480,000	20.2%	14,963
Next	1,760,000	47.3%	35,057
Next	2,560,000	32.3%	23,949
All Over	4,800,000	0.3%	194

City of Prescott, Arizona
Water Impact Fee and Rate Study
Rate Design by Customer Class - Proposed
Proposed FY 2028-29 Rates

Reservation	\$
Total Class Cost of Service	\$292,625

Non-Residential - Reservation

Meter Size	Bills	Monthly Service Charge	Revenue	
inches		\$	\$	
5/8"	156	\$20.71	\$3,239	
3/4"	0	21.84	0	
1"	194	24.73	4,808	
1 1/2"	143	30.40	4,359	
2"	300	40.15	12,036	
3"	0	59.73	0	
4"	0	87.68	0	
6"	0	157.53	0	
8"	0	241.54	0	
Total	794		\$24,443	\$24,443

Volume Rate Revenue Required **\$268,182**

Calculated Volume Rate (\$ per gal)

Block	Volume in Block	Billed Volume	Cumulative Factor	Volume Rate	Rate Revenue
	%	kgal		\$ per kgal	\$
First	42.6%	12,072	1.000	\$6.28	\$75,809
Next	44.2%	12,526	1.500	9.42	117,996
Next	12.1%	3,436	2.250	14.13	48,556
All Over	1.1%	308	4.500	28.26	8,707
Total	100.00%	28,342			\$251,067

Total Revenue **\$275,510**

Revenue Surplus (Deficiency) **(\$17,115)**

City of Prescott, Arizona
Water Impact Fee and Rate Study
Rate Design by Customer Class - Proposed
Proposed FY 2028-29 Rates

Usage By Block - Reservation - Non Residential

Block	Block Ending gal	Volume in Block %	Billed Volume kgal
5/8" & 3/4"			
First	6,000	48.5%	435
Next	22,000	33.2%	298
Next	32,000	14.7%	132
All Over	60,000	3.6%	32
1"			
First	15,000	41.9%	1,162
Next	55,000	52.1%	1,447
Next	80,000	5.8%	161
All Over	150,000	0.2%	6
1.5"			
First	30,000	58.7%	2,349
Next	110,000	38.9%	1,557
Next	160,000	2.0%	78
All Over	300,000	0.5%	20
2"			
First	48,000	39.3%	8,125
Next	176,000	44.6%	9,224
Next	256,000	14.8%	3,065
All Over	480,000	1.2%	250

City of Prescott, Arizona
Water Impact Fee and Rate Study
Rate Design by Customer Class - Proposed
Proposed FY 2028-29 Rates

Reservation - Multi-Family	\$
Total Class Cost of Service	\$106,578

Reservation - Multi-Family

Meter Size	Bills	Monthly Service Charge	Revenue	
inches		\$	\$	
5/8"	0	\$20.71	\$0	
3/4"	0	21.84	0	
1"	0	24.73	0	
1 1/2"	0	30.40	0	
2"	0	40.15	0	
3"	0	59.73	0	
4"	0	87.68	0	
6"	24	157.53	3,781	
8"	0	241.54	0	
Total	24		\$3,781	\$3,781

Volume Rate Revenue Required **\$102,798**

Calculated Volume Rate (\$ per gal)

Block	Block Ending	Volume in Block	Billed Volume	Cumulative Factor	Volume Rate	Rate Revenue
	gal	%	kgal		\$ per kgal	\$
First		100.0%	12,373	1.000	\$5.77	\$71,392
Next		0.0%	0	1.500	8.66	0
Next		0.0%	0	2.250	12.98	0
All Over		0.0%	0	4.500	25.97	0
Total		100.00%	12,373			\$71,392

Total Revenue **\$75,172**

Revenue Surplus (Deficiency) **(\$31,406)**

City of Prescott, Arizona
Water Impact Fee and Rate Study
Rate Design by Customer Class - Proposed
Proposed FY 2028-29 Rates

Usage By Block - Reservation - Multi-Family

Block	Block Ending gal	Volume in Block %	Billed Volume kgal
6"			
First	300,000	100.0%	12,373
Next	1,100,000	0.0%	0
Next	1,600,000	0.0%	0
All Over	3,000,000	0.0%	0

City of Prescott, Arizona
Water Impact Fee and Rate Study
Rate Design by Customer Class - Proposed

Proposed FY 2028-29 Base Charges
BASE CHARGE BY METER SIZE

Meter Size (in.)	Meter Capacity Ratio	Meter Cost Ratio	Outside City				Use \$/bill
			Monthly Distribution System \$/bill	Monthly Meters & Services \$/bill	Monthly Billing \$/bill	Monthly Service Charge \$/bill	
5/8"	1.00	1.00	\$15.14	\$2.72	\$0.20	\$18.06	\$26.92
3/4"	1.50	1.17	22.72	3.19	0.20	26.11	28.39
1"	1.67	1.35	25.24	3.66	0.20	29.10	32.15
1 1/2"	3.33	2.08	50.48	5.64	0.20	56.32	39.52
2"	5.33	2.81	80.77	7.64	0.20	88.61	52.20
3"	10.00	10.25	151.44	27.83	0.20	179.47	77.65
4"	16.67	15.99	252.40	43.42	0.20	296.02	113.98
6"	33.33	22.59	504.81	61.35	0.20	566.36	204.79
8"	53.33	30.00	807.69	81.48	0.20	889.37	314.00
Outside City Differential		1.30					

City of Prescott, Arizona
Water Impact Fee and Rate Study
Rate Design by Customer Class - Proposed
Proposed FY 2028-29 Rates

Single Family Residential - Outside City

Total Class Cost of Service \$
\$2,137,006

Meter Size inches	Bills	Monthly Service Charge \$	Revenue \$	
5/8"	29,537	\$26.92	\$795,230	
3/4"	26	28.39	740	
1"	1,052	32.15	33,812	
1 1/2"	130	39.52	5,153	
2"	21	52.20	1,077	
3"	0	77.65	0	
4"	0	113.98	0	
6"	0	204.79	0	
8"	0	314.00	0	
Total	<u>30,766</u>		<u>\$836,012</u>	<u>\$836,012</u>

Volume Rate Revenue Required **\$1,300,995**

Calculated Volume Rate (\$ per gal)

Block	Block Ending gal	Volume in Block %	Billed Volume kgal	Cumulative Factor	Volume Rate \$ per kgal	Rate Revenue \$
First	3,000	49.3%	57,928	1.000	\$7.96	\$461,109
Next	7,000	36.0%	42,250	1.500	11.94	504,464
Next	10,000	10.3%	12,156	2.250	17.91	217,716
All Over	20,000	4.4%	5,157	4.500	35.82	184,737
Total		<u>100.00%</u>	<u>117,492</u>			<u>\$1,368,026</u>

Total Revenue **\$2,204,037**

Revenue Surplus (Deficiency) \$67,031

City of Prescott, Arizona
Water Impact Fee and Rate Study
Rate Design by Customer Class - Proposed
Proposed FY 2028-29 Rates

Multi-Family Residential - Outside City

Total Class Cost of Service \$
\$162,758

Meter Size inches	Bills	Monthly Service Charge \$	Revenue \$	
5/8"	104	\$26.92	\$2,800	
3/4"	0	28.39	0	
1"	52	32.15	1,672	
1 1/2"	0	39.52	0	
2"	13	52.20	679	
3"	0	77.65	0	
4"	0	113.98	0	
6"	39	204.79	7,987	
8"	0	314.00	0	
Total	<u>208</u>		<u>\$13,137</u>	<u>\$13,137</u>

Volume Rate Revenue Required **\$149,621**

Calculated Volume Rate (\$ per gal)

Block	Block Ending gal	Volume in Block %	Billed Volume kgal	Cumulative Factor	Volume Rate \$ per kgal	Rate Revenue \$
First	1,700	49.3%	7,157	1.000	\$7.50	\$53,678
Next	3,300	38.6%	5,603	1.500	11.25	63,038
Next	5,000	10.1%	1,465	2.250	16.88	24,728
All Over	10,000	1.9%	282	4.500	33.75	9,508
Total		<u>100.00%</u>	<u>14,507</u>			<u>\$150,952</u>

Total Revenue **\$164,089**

Revenue Surplus (Deficiency) \$1,331

City of Prescott, Arizona
Water Impact Fee and Rate Study
Rate Design by Customer Class - Proposed
Proposed FY 2028-29 Rates

Non-Residential - Outside City

Total Class Cost of Service \$
\$278,624

Meter Size inches	Bills	Monthly Service Charge \$	Revenue \$	
5/8"	271	\$26.92	\$7,303	
3/4"	0	28.39	0	
1"	54	32.15	1,723	
1 1/2"	27	39.52	1,059	
2"	121	52.20	6,293	
3"	13	77.65	1,040	
4"	0	113.98	0	
6"	13	204.79	2,743	
8"	0	314.00	0	
Total	499		\$20,161	\$20,161

Volume Rate Revenue Required **\$258,462**

Calculated Volume Rate (\$ per gal)

Block	Block Ending gal	Volume in Block %	Billed Volume kgal	Cumulative Factor	Volume Rate \$ per kgal	Rate Revenue \$
First		40.3%	9,031	1.000	\$8.16	\$73,690
Next		43.3%	9,711	1.500	12.24	118,864
Next		14.4%	3,228	2.250	18.36	59,273
All Over		2.0%	455	4.500	36.72	16,725
Total		100.00%	22,426			\$268,551

Total Revenue **\$288,712**

Revenue Surplus (Deficiency) \$10,089

City of Prescott, Arizona
Water Impact Fee and Rate Study
Rate Design by Customer Class - Alternative 1

Proposed FY 2028-29 Rates
BASE CHARGE BY METER SIZE

Meter Size (in.)	Meter Capacity Ratio	Meter Cost Ratio	Chino Valley				Use \$/bill
			Monthly Distribution System \$/bill	Monthly Meters & Services \$/bill	Monthly Billing \$/bill	Monthly Service Charge \$/bill	
5/8"	1.00	1.00	\$15.14	\$2.72	\$0.20	\$18.06	\$26.92
3/4"	1.50	1.17	22.72	3.19	0.20	26.11	28.39
1"	1.67	1.35	25.24	3.66	0.20	29.10	32.15
1 1/2"	3.33	2.08	50.48	5.64	0.20	56.32	39.52
2"	5.33	2.81	80.77	7.64	0.20	88.61	52.20
3"	10.00	10.25	151.44	27.83	0.20	179.47	77.65
4"	16.67	15.99	252.40	43.42	0.20	296.02	113.98
6"	33.33	22.59	504.81	61.35	0.20	566.36	204.79
8"	53.33	30.00	807.69	81.48	0.20	889.37	314.00
Chino Valley Differential		1.30					

City of Prescott, Arizona
Water Impact Fee and Rate Study
Rate Design by Customer Class - Alternative 1
Proposed FY 2028-29 Rates

Single Family Residential - Chino Valley

Total Class Cost of Service \$
\$754,817

Meter Size inches	Bills	Monthly Service Charge \$	Revenue \$	
5/8"	7,218	\$26.92	\$194,329	
3/4"	0	28.39	0	
1"	2,073	32.15	66,649	
1 1/2"	12	39.52	472	
2"	0	52.20	0	
3"	0	77.65	0	
4"	0	113.98	0	
6"	0	204.79	0	
8"	0	314.00	0	
Total	<u>9,303</u>		<u>\$261,449</u>	<u>\$261,449</u>

Volume Rate Revenue Required **\$493,368**

Calculated Volume Rate (\$ per gal)

Block	Block Ending gal	Volume in Block %	Billed Volume kgal	Cumulative Factor	Volume Rate \$ per kgal	Rate Revenue \$
First	3,000	44.2%	20,798	1.000	\$7.96	\$165,555
Next	7,000	41.2%	19,415	1.500	11.94	231,815
Next	10,000	11.7%	5,496	2.250	17.91	98,430
All Over	20,000	3.0%	1,392	4.500	35.82	49,844
Total		<u>100.00%</u>	<u>47,101</u>			<u>\$545,644</u>

Total Revenue **\$807,094**

Revenue Surplus (Deficiency) \$52,277

City of Prescott, Arizona
Water Impact Fee and Rate Study
Rate Design by Customer Class - Alternative 1
Proposed FY 2028-29 Rates

Multi-Family Residential - Chino Valley

Total Class Cost of Service \$
\$14,980

Meter Size inches	Bills	Monthly Service Charge \$	Revenue \$	
5/8"	0	\$26.92	\$0	
3/4"	0	28.39	0	
1"	0	32.15	0	
1 1/2"	0	39.52	0	
2"	12	52.20	626	
3"	0	77.65	0	
4"	0	113.98	0	
6"	0	204.79	0	
8"	0	314.00	0	
Total	<u>12</u>		<u>\$626</u>	<u>\$626</u>

Volume Rate Revenue Required **\$14,354**

Calculated Volume Rate (\$ per gal)

Block	Block Ending gal	Volume in Block %	Billed Volume kgal	Cumulative Factor	Volume Rate \$ per kgal	Rate Revenue \$
First	1,700	44.8%	835	1.000	\$7.50	\$6,259
Next	3,300	48.6%	904	1.500	11.25	10,171
Next	5,000	6.6%	123	2.250	16.88	2,072
All Over	10,000	0.0%	0	4.500	33.75	0
Total		<u>100.00%</u>	<u>1,861</u>			<u>\$18,502</u>

Total Revenue **\$19,128**

Revenue Surplus (Deficiency) \$4,147

City of Prescott, Arizona
Water Impact Fee and Rate Study
Rate Design by Customer Class - Alternative 1
Proposed FY 2028-29 Rates

Non-Residential - Chino Valley

Total Class Cost of Service \$
\$34,975

Meter Size inches	Bills	Monthly Service Charge \$	Revenue \$	
5/8"	169	\$26.92	\$4,541	
3/4"	0	28.39	0	
1"	169	32.15	5,422	
1 1/2"	0	39.52	0	
2"	130	52.20	6,771	
3"	0	77.65	0	
4"	13	113.98	1,479	
6"	0	204.79	0	
8"	0	314.00	0	
Total	<u>480</u>		<u>\$18,212</u>	<u>\$18,212</u>

Volume Rate Revenue Required **\$16,763**

Calculated Volume Rate (\$ per gal)

Block	Block Ending gal	Volume in Block %	Billed Volume kgal	Cumulative Factor	Volume Rate \$ per kgal	Rate Revenue \$
First		40.3%	3,301	1.000	\$8.16	\$26,934
Next		43.3%	3,549	1.500	12.24	43,444
Next		14.4%	1,180	2.250	18.36	21,664
All Over		2.0%	166	4.500	36.72	6,113
Total		<u>100.00%</u>	<u>8,196</u>			<u>\$98,155</u>

Total Revenue **\$116,367**

Revenue Surplus (Deficiency) \$81,392

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Wastewater Cash Flow Assumptions

Key Results and Drivers	Current Year	Projected					Projected			
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33
Operating Fund										
Proposed Revenue Increases										
Annual Increases	0.0%	18.0%	17.0%	8.0%	7.0%	4.0%	10.0%	7.0%	0.0%	0.0%
Cumulative Increase	0.0%	18.0%	38.1%	49.1%	59.5%	65.9%	82.5%	95.3%	95.3%	95.3%
Increase/(Decrease) in Fund Balance	(\$20,355,170)	(\$3,763,407)	(\$1,030,497)	\$1,386,505	\$394,078	(\$1,794,932)	\$33,666	\$201,422	\$3,676,000	\$6,303,420
Ending Subfund Balance	6,619,056	2,855,649	1,825,152	3,211,657	3,605,735	1,810,803	1,844,469	2,045,891	5,721,891	12,025,312
Operations Sub-Fund Reserve (Target 16%)	70%	29%	17%	30%	32%	16%	15%	17%	45%	92%
Consolidated Wastewater Fund										
Debt Service Coverage Ratio (Target 150%)	145%	171%	156%	159%	150%	152%	150%	159%	164%	203%
Debt Service Coverage Ratio (w/o DIFs - Target 120%)	133%	160%	142%	137%	131%	134%	134%	143%	148%	183%
Increase/(Decrease) in Fund Balance	(\$910,507)	(\$3,763,407)	(\$1,030,497)	\$1,386,505	\$394,078	(\$1,794,932)	\$33,666	\$201,422	\$3,676,000	\$6,303,420
Beginning Fund Balance	7,529,562	6,619,055	2,855,648	1,825,151	3,211,656	3,605,734	1,810,802	1,844,468	2,045,890	5,721,890
Ending Fund Balance	\$6,619,055	\$2,855,648	\$1,825,151	\$3,211,656	\$3,605,734	\$1,810,802	\$1,844,468	\$2,045,890	\$5,721,890	\$12,025,310
Total Wastewater Fund Reserve (Target 16%)	70%	29%	17%	30%	32%	16%	15%	17%	45%	92%

City of Prescott, Arizona
 Water Impact Fee and Rate Study
 Inside City Customer Rates
 Rate Design Summary - Proposed

Meter Size	Proposed Water Base Charge (per bill)					
	Current	7/1/2024	1/1/2026	1/1/2027	1/1/2028	1/1/2029
5/8"	\$15.56	\$17.58	\$19.52	\$19.91	\$20.30	\$20.71
3/4"	16.41	18.54	20.58	20.99	21.41	21.84
1"	18.58	20.99	23.30	23.77	24.25	24.73
1 1/2"	22.84	25.81	28.65	29.22	29.80	30.40
2"	30.16	34.08	37.83	38.59	39.36	40.15
3"	44.87	50.70	56.28	57.41	58.56	59.73
4"	65.87	74.43	82.62	84.28	85.96	87.68
6"	118.35	133.73	148.44	151.41	154.44	157.53
8"	181.46	205.05	227.61	232.16	236.80	241.54
Percent Change		13%	11%	2%	2%	2%

Customer Class	Tier Width (1) Start to End Gallons		Proposed Volume Rate (per 1,000 gallons)					
			Current	7/1/2024	1/1/2026	1/1/2027	1/1/2028	1/1/2029
Inside City								
Single Family								
Tier 1	0	3,000	\$4.44	\$5.10	\$5.73	\$5.86	\$5.99	\$6.12
Tier 2	3,001	10,000	6.66	7.65	8.60	8.79	8.98	9.18
Tier 3	10,001	20,000	9.99	11.47	12.89	13.18	13.47	13.77
Tier 4	Over	20,001	19.98	22.95	25.79	26.36	26.94	27.54
Multi-Family								
Tier 1	0	1,700	\$4.18	\$4.80	\$5.40	\$5.52	\$5.64	\$5.77
Tier 2	1,701	5,000	6.27	7.21	8.11	8.29	8.47	8.66
Tier 3	5,001	10,000	9.41	10.81	12.15	12.42	12.70	12.98
Tier 4	Over	10,001	18.81	21.62	24.31	24.85	25.41	25.97
Non-Residential								
Tier 1	0	6,000	\$4.76	\$5.36	\$5.93	\$6.04	\$6.16	\$6.28
Tier 2	6,001	28,000	7.14	8.04	8.89	9.06	9.24	9.42
Tier 3	28,001	60,000	10.71	12.05	13.34	13.60	13.86	14.13
Tier 4	Over	60,001	21.42	24.11	26.67	27.19	27.72	28.26
Construction/Hydrant	All Usage		\$5.43	\$7.00	\$8.33	\$8.57	\$8.81	\$9.42
Coin Operated Water	All Usage		\$14.00	\$14.69	\$15.27	\$15.38	\$15.49	\$15.76

(1) Multi-Family tier allocations are provided per dwelling unit. Non-residential customer tier allocations increase by meter size. 5/8" x 3/4" (smallest meter size) are summarized in this table.

APPENDIX D:
WASTEWATER FINANCIAL PLAN

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Consolidated Wastewater Fund Cash Flow

Line No.	DESCRIPTION	Projected										Test Year 2029
		Current Year FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	
Consolidated Wastewater Fund Cash Flow												
Revenues												
1	System Impact Fees	\$588,900	\$594,940	\$1,038,880	\$2,034,028	\$2,063,253	\$2,086,632	\$2,115,857	\$2,145,081	\$2,174,306	\$2,197,685	2,086,632
2	Bond & Loan Proceeds	0	12,300,000	31,100,000	28,100,000	21,000,000	11,100,000	27,100,000	11,240,000	1,500,000	4,500,000	11,100,000
3	Grant / Loan / Developer Funded	0	0	0	0	0	0	0	0	0	0	0
4	Wastewater Revenue	15,436,353	18,291,672	20,039,134	22,691,717	24,626,308	26,220,885	28,344,979	31,033,339	32,395,309	32,711,072	26,220,885
5	Miscellaneous Revenue	712,000	729,800	748,045	766,746	785,915	805,563	825,704	846,347	867,507	889,195	805,563
6	Remaining WIFA Loan Balance	237,410	2,016,250	0	0	0	0	0	0	0	0	0
7	Interest Income	269,742	66,191	28,556	18,252	32,117	36,057	18,108	18,445	20,459	57,219	36,057
8	Total Revenues	17,244,405	33,998,854	52,954,615	53,610,743	48,507,592	40,249,137	58,404,648	45,283,213	36,957,581	40,355,171	2,086,632
Expenditures and Uses of Funds												
9	Wastewater Fund O&M	9,441,380	9,936,252	10,474,063	10,787,477	11,177,761	11,574,417	11,920,779	12,277,510	12,644,924	13,023,336	11,574,417
10	System Infrastructure Growth-Related	330,142	9,866,250	8,938,875	9,737,500	7,928,875	7,220,150	13,102,250	2,967,500	1,496,000	4,539,700	7,220,150
11	System Infrastructure Non-Growth Rel	3,153,593	11,173,940	24,576,875	19,990,500	16,306,875	10,720,950	18,045,750	15,155,500	5,102,000	4,850,300	10,720,950
12	Bond Issuance Costs and Reserve Depc	0	1,075,500	2,719,354	2,457,037	1,836,219	970,573	2,369,597	982,815	131,159	393,476	970,573
13	Debt Service - Existing	5,229,797	5,226,443	5,222,990	5,219,432	5,215,766	4,883,202	4,879,824	4,442,010	4,276,194	1,394,458	4,883,202
14	Debt Service - New	0	483,875	2,052,956	4,032,292	5,648,018	6,674,778	8,052,782	9,256,456	9,631,304	9,850,481	6,674,778
15	Total Uses of Funds	18,154,912	37,762,260	53,985,113	52,224,238	48,113,514	42,044,070	58,370,982	45,081,791	33,281,581	34,051,751	11,574,417
16	Increase/(Decrease) in Fund Balance	(910,507)	(3,763,407)	(1,030,497)	1,386,505	394,078	(1,794,932)	33,666	201,422	3,676,000	6,303,420	(1,794,932)
17	Wastewater Utility Beginning Balance	7,529,562	6,619,055	2,855,648	1,825,151	3,211,656	3,605,734	1,810,802	1,844,468	2,045,890	5,721,890	3,605,734
18	Consolidated Wastewater Fund	\$6,619,055	\$2,855,648	\$1,825,151	\$3,211,656	\$3,605,734	\$1,810,802	\$1,844,468	\$2,045,890	\$5,721,890	\$12,025,310	1,810,802

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Debt Service Coverage

Line No.	DESCRIPTION	Budget					Projected				
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33
Revenues											
1	System Impact Fees	\$588,900	\$594,940	\$1,038,880	\$2,034,028	\$2,063,253	\$2,086,632	\$2,115,857	\$2,145,081	\$2,174,306	\$2,197,685
2	Wastewater Sales Revenue	15,436,353	18,291,672	20,039,134	22,691,717	24,626,308	26,220,885	28,344,979	31,033,339	32,395,309	32,711,072
3	Miscellaneous Revenue	712,000	729,800	748,045	766,746	785,915	805,563	825,704	846,347	867,507	889,195
4	Interest Income	269,742	66,191	28,556	18,252	32,117	36,057	18,108	18,445	20,459	57,219
5	Subtotal	\$17,006,995	\$19,682,603	\$21,854,615	\$25,510,743	\$27,507,592	\$29,149,137	\$31,304,648	\$34,043,213	\$35,457,581	\$35,855,171
6	Operation and Maintenance Expense	\$9,441,380	\$9,936,252	\$10,474,063	\$10,787,477	\$11,177,761	\$11,574,417	\$11,920,779	\$12,277,510	\$12,644,924	\$13,023,336
7	Net Revenue Available for Debt Service	\$7,565,615	\$9,746,351	\$11,380,552	\$14,723,266	\$16,329,831	\$17,574,720	\$19,383,869	\$21,765,703	\$22,812,657	\$22,831,835
Total Debt Service											
8	Existing Debt Service	\$5,229,797	\$5,226,443	\$5,222,990	\$5,219,432	\$5,215,766	\$4,883,202	\$4,879,824	\$4,442,010	\$4,276,194	\$1,394,458
9	Future Debt Service	0	483,875	2,052,956	4,032,292	5,648,018	6,674,778	8,052,782	9,256,456	9,631,304	9,850,481
10	Subtotal	\$5,229,797	\$5,710,318	\$7,275,946	\$9,251,724	\$10,863,784	\$11,557,980	\$12,932,606	\$13,698,466	\$13,907,498	\$11,244,939
11	Debt Service Coverage Ratio (Target 150%)	145%	171%	156%	159%	150%	152%	150%	159%	164%	203%
12	Debt Service Coverage Ratio (w/o DIFs - Target 125%)	133%	160%	142%	137%	131%	134%	134%	143%	148%	183%

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Wastewater Operations Subfund Cash Flow

Line No.	DESCRIPTION	Projected										Test Year
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	2029
Operating Revenues												
1	Revenue Under Existing Rates	\$15,436,353	\$15,501,417	\$15,651,905	\$15,803,969	\$15,957,591	\$16,112,828	\$16,269,645	\$16,428,077	\$16,588,110	\$16,749,798	16,112,828
2	Additional Revenue Required	0	2,790,255	4,387,229	6,887,748	8,668,717	10,108,057	12,075,334	14,605,262	15,807,199	15,961,274	10,108,057
3	Total Wastewater Revenue	15,436,353	18,291,672	20,039,134	22,691,717	24,626,308	26,220,885	28,344,979	31,033,339	32,395,309	32,711,072	26,220,885
4	Interest Income	269,742	66,191	28,556	18,252	32,117	36,057	18,108	18,445	20,459	57,219	36,057
5	Miscellaneous Revenue	712,000	729,800	748,045	766,746	785,915	805,563	825,702	846,344	867,503	889,190	805,563
6	Total Operating Revenues	16,418,095	19,087,663	20,815,735	23,476,715	25,444,340	27,062,505	29,188,789	31,898,128	33,283,271	33,657,481	27,062,505
7	Total Operating Expenditures	9,441,380	9,936,252	10,474,063	10,787,477	11,177,761	11,574,417	11,920,779	12,277,510	12,644,924	13,023,336	11,574,417
8	Net Operating Income Available For Del	6,976,715	9,151,411	10,341,672	12,689,238	14,266,579	15,488,088	17,268,010	19,620,618	20,638,347	20,634,145	15,488,088
Debt Service												
9	Debt Service - Existing	2,165,784	2,164,305	2,162,780	2,161,206	2,159,582	1,829,117	1,827,901	1,464,050	1,313,993	737,466	1,829,117
10	Debt Service - New	0	212,433	1,253,242	2,612,138	3,719,262	4,424,000	5,181,003	5,932,836	6,186,856	6,186,856	4,424,000
11	Total Debt Service	2,165,784	2,376,738	3,416,022	4,773,344	5,878,844	6,253,117	7,008,904	7,396,886	7,500,849	6,924,322	6,253,117
12	Income Available After Debt Service	4,810,931	6,774,673	6,925,651	7,915,894	8,387,735	9,234,971	10,259,107	12,223,732	13,137,498	13,709,823	9,234,971
Other Cash Inflows/(Outflows)												
13	Interfund Loan Receivable Payment	0	0	0	0	0	0	0	0	0	0	0
Capital Subfund Loans												
14	System Impact Fee Subfund	(22,154,954)	(5,501,719)	(4,003,151)	(3,330,011)	(5,375,197)	(6,879,392)	(5,046,803)	(5,116,365)	(4,359,502)	(2,556,108)	(6,879,392)
15	Capital Improvement Subfund	(3,011,147)	(5,036,361)	(3,952,997)	(3,199,378)	(2,618,460)	(4,150,511)	(5,178,638)	(6,905,946)	(5,101,996)	(4,850,295)	(4,150,511)
16	Other Cash Inflows/(Outflows)	(25,166,101)	(10,538,080)	(7,956,148)	(6,529,389)	(7,993,657)	(11,029,903)	(10,225,440)	(12,022,310)	(9,461,498)	(7,406,403)	(11,029,903)
17	Increase/(Decrease) in Fund Balance	(20,355,170)	(3,763,407)	(1,030,497)	1,386,505	394,078	(1,794,932)	33,666	201,422	3,676,000	6,303,420	(1,794,932)
18	Operation Subfund Beginning Balance	26,974,226	6,619,056	2,855,649	1,825,152	3,211,657	3,605,735	1,810,803	1,844,469	2,045,891	5,721,891	3,605,735
19	Operation Subfund Ending Balance	\$6,619,056	\$2,855,649	\$1,825,152	\$3,211,657	\$3,605,735	\$1,810,803	\$1,844,469	\$2,045,891	\$5,721,891	\$12,025,312	\$1,810,803
20	Target Reserve (16% of O&M)	70%	29%	17%	30%	32%	16%	15%	17%	45%	92%	16%
Revenue Adjustments												
21	Annual Increase	0.0%	18.0%	17.0%	8.0%	7.0%	4.0%	10.0%	7.0%	0.0%	0.0%	
22	Cumulative Increase	0.0%	18.0%	38.1%	49.1%	59.5%	65.9%	82.5%	95.3%	95.3%	95.3%	

(1) Includes all debt. Pledged revenues include system impact fees, wastewater sales revenue, and misc. revenue.

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Wastewater Non-Growth Capital Improvement Subfund

Line No.	DESCRIPTION	Projected										Test Year
		Current Year FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	2029
Capital Improvement Program Subfund Cash Flow												
Sources of Funds												
1	Bond and Loan Proceeds	\$0	\$5,400,000	\$22,600,000	\$18,400,000	\$15,000,000	\$7,200,000	\$14,100,000	\$9,040,000	\$0	\$0	\$7,200,000
2	Grant / Developer / County Funded	0	0	0	0	0	0	0	0	0	0	0
3	Transfer From (To) Operations Subfund	3,011,147	5,036,361	3,952,997	3,199,378	2,618,460	4,150,511	5,178,638	6,905,946	5,101,996	4,850,295	4,150,511
4	Authorized WIFA Loans	142,446	1,209,750	0	0	0	0	0	0	0	0	0
5	Interest Income	0	0	0	0	0	0	0	0	0	0	0
6	Miscellaneous Revenue	0	0	0	0	0	0	2	3	4	5	0
7	Total Sources of Funds	3,153,593	11,646,111	26,552,997	21,599,378	17,618,460	11,350,511	19,278,640	15,945,949	5,102,000	4,850,300	11,350,511
Uses of Funds												
8	System Infrastructure Non-Growth Rel	3,153,593	11,173,940	24,576,875	19,990,500	16,306,875	10,720,950	18,045,750	15,155,500	5,102,000	4,850,300	0
9	Bond Issuance Costs and Reserve Depc	0	472,171	1,976,122	1,608,878	1,311,585	629,561	1,232,890	790,449	0	0	629,561
10	Total Uses of Funds	3,153,593	11,646,111	26,552,997	21,599,378	17,618,460	11,350,511	19,278,640	15,945,949	5,102,000	4,850,300	11,350,511
11	Increase/(Decrease) in Fund Balance	0	0	0	0	0	0	0	0	0	0	0
12	Beginning Subfund Balance	0	0	0	0	0	0	0	0	0	0	0
13	Ending Subfund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Total System Impact Fee Subfund (Service Area A) (1)

Line No.	DESCRIPTION	Current Year	Projected									Test Year
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	2029
1	Wastewater System Impact Fee (2)	\$3,020	\$3,020	\$3,020	\$5,845	\$5,845	\$5,845	\$5,845	\$5,845	\$5,845	\$5,845	\$5,845
2	Fee Escalation Factor		0.0%	0.0%	93.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3	Annual Added EDUs	195	197	344	348	353	357	362	367	372	376	
Sources of Funds												
4	System Impact Fees	\$588,900	\$594,940	\$1,038,880	\$2,034,028	\$2,063,253	\$2,086,632	\$2,115,857	\$2,145,081	\$2,174,306	\$2,197,685	\$2,086,632
5	Interest Income	0	0	0	0	0	0	0	0	0	0	0
6	Bond & Loan Proceeds	0	6,900,000	8,500,000	9,700,000	6,000,000	3,900,000	13,000,000	2,200,000	1,500,000	4,500,000	3,900,000
7	Grant / Developer / County Funded	0	0	0	0	0	0	0	0	0	0	0
8	Loans from Operations Subfund	22,154,954	5,501,719	4,003,151	3,330,011	5,375,197	6,879,392	5,046,803	5,116,365	4,359,502	2,556,108	6,879,392
9	Authorized WIFA Loan Disbursements	94,964	806,500	0	0	0	0	0	0	0	0	0
10	Total Sources of Funds	22,838,818	13,803,159	13,542,031	15,064,039	13,438,450	12,866,024	20,162,659	9,461,446	8,033,808	9,253,793	12,866,024
Uses of Funds												
11	System Infrastructure Growth-Related	330,142	9,866,250	8,938,875	9,737,500	7,928,875	7,220,150	13,102,250	2,967,500	1,496,000	4,539,700	7,220,150
12	Bond Issuance Costs and Reserve Depc	0	603,329	743,232	848,159	524,634	341,012	1,136,707	192,366	131,159	393,476	341,012
13	Debt Service - Existing	3,064,013	3,062,138	3,060,210	3,058,226	3,056,185	3,054,084	3,051,923	2,977,960	2,962,201	656,992	3,054,084
14	Debt Service - New	0	271,442	799,714	1,420,154	1,928,756	2,250,778	2,871,779	3,323,620	3,444,448	3,663,625	2,250,778
15	Loan Repayment	0	0	0	0	0	0	0	0	0	0	0
16	Total Uses of Funds	3,394,155	13,803,159	13,542,031	15,064,039	13,438,450	12,866,024	20,162,659	9,461,446	8,033,808	9,253,793	12,866,024
17	Increase/(Decrease) in Fund Balance	19,444,664	0	0	0	0	0	0	0	0	0	0
18	Beginning Subfund Balance	(19,444,664)	0	0	0	0	0	0	0	0	0	0
19	Ending Subfund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(1) Summary for total service area impact fee subfund sources and uses in FY 2023-24 through FY 2032-33.

(2) Proposed increases to be effective January 1, 2025 and increased revenues anticipated starting July 1, 2026 following up to 24-months for increased fees to be assessed.

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Wastewater Impact Fee Subfund: Service Area A

Line No.	DESCRIPTION	Projected										Test Year	
		Current Year FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	2029	
1	Wastewater Impact Fee (Service Area A)	\$3,020	\$3,020	\$3,020	\$5,845	\$5,845	\$5,845	\$5,845	\$5,845	\$5,845	\$5,845	\$5,845	
Sources of Funds													
2	System Impact Fees	\$588,900	\$594,940	\$1,038,880	\$2,034,028	\$2,063,253	\$2,086,632	\$2,115,857	\$2,145,081	\$2,174,306	\$2,197,685	\$2,197,685	\$2,086,632
3	Interest Income	0	0	0	0	0	0	0	0	0	0	0	0
4	Bond & Loan Proceeds	0	6,900,000	8,500,000	9,700,000	6,000,000	3,900,000	13,000,000	2,200,000	1,500,000	4,500,000	4,500,000	3,900,000
5	Grant Funded	0	0	0	0	0	0	0	0	0	0	0	0
6	Loans from Operations Subfund	22,154,954	5,501,719	4,003,151	3,330,011	5,375,197	6,879,392	5,046,803	5,116,365	4,359,502	2,556,108	2,556,108	6,879,392
7	Authorized WIFA Loan	94,964	806,500	0	0	0	0	0	0	0	0	0	0
8	Total Sources of Funds	22,838,818	13,803,159	13,542,031	15,064,039	13,438,450	12,866,024	20,162,660	9,461,446	8,033,808	9,253,793	9,253,793	12,866,024
Uses of Funds													
9	System Infrastructure Growth-Related	330,142	9,866,250	8,938,875	9,737,500	7,928,875	7,220,150	13,102,250	2,967,500	1,496,000	4,539,700	4,539,700	7,220,150
10	Bond Issuance Costs and Reserve Depc	0	603,329	743,232	848,159	524,634	341,012	1,136,707	192,366	131,159	393,476	393,476	341,012
11	Debt Service - Existing	3,064,013	3,062,138	3,060,210	3,058,226	3,056,185	3,054,084	3,051,923	2,977,960	2,962,201	656,992	656,992	3,054,084
12	Debt Service - New	0	271,442	799,714	1,420,154	1,928,756	2,250,778	2,871,779	3,323,620	3,444,448	3,663,625	3,663,625	2,250,778
13	Loan Repayment to Operations Subfun	0	0	0	0	0	0	0	0	0	0	0	0
14	Total Uses of Funds	3,394,155	13,803,159	13,542,031	15,064,039	13,438,450	12,866,024	20,162,660	9,461,446	8,033,808	9,253,793	9,253,793	12,866,024
15	Increase/(Decrease) in Fund Balance	19,444,663	(0)	(0)	0	0	(0)	0	0	0	0	0	(0)
16	Beginning Subfund Balance	(19,444,664)	0	0	0	0	0	0	0	0	0	0	0
17	Ending Subfund Balance (A)	(\$0)	(\$0)	(\$0)	\$0	\$0	(\$0)	\$0	\$0	\$0	\$0	\$0	(0)

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Existing Debt Service

DESCRIPTION (1)	Current Year					Projected					0
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Airport WWTP Upgrade 20%/80%	2,899,144	2,897,156	2,895,110	2,893,004	2,890,836	2,888,603	2,886,305	2,883,939	2,881,188	0	
Clean Water Projects	331,076	330,652	330,213	329,756	329,282	0	0	0	0	0	
Airport Trunk Main	995,318	994,991	994,657	994,315	993,966	993,608	993,241	992,867	992,483	992,091	
North Main Copperbasin AP 78%/22%	400,610	400,283	399,946	399,598	399,240	398,870	398,488	0	0	0	
Sundog Filter Replace/Denitrif	96,594	96,518	96,439	96,357	96,273	96,186	96,096	96,004	0	0	
Virgina/Penn Wastewater 80%/20%	103,409	103,326	103,240	103,152	103,061	102,967	102,869	66,526	0	0	
Sundog Trunk Main	403,646	403,517	403,384	403,249	403,110	402,969	402,823	402,675	402,523	402,368	
Total Existing Debt Service	\$5,229,797	\$5,226,443	\$5,222,990	\$5,219,432	\$5,215,766	\$4,883,202	\$4,879,824	\$4,442,010	\$4,276,194	\$1,394,458	

(1) Debt service is allocated between growth and non-growth funds for repayment included within Cashflow analysis results.

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Operation and Maintenance Expense (1)

Line No.	DESCRIPTION	Budget					Projected				
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33
Wastewater Treatment Plant											
1	Personnel Services	\$1,633,264	\$1,714,927	\$1,783,524	\$1,837,030	\$1,959,627	\$2,018,415	\$2,078,968	\$2,141,337	\$2,205,577	\$2,271,744
2	Supplies	557,750	585,638	609,063	627,335	646,155	665,540	685,506	706,071	727,253	749,071
3	Internal Charges	15,000	15,750	16,380	16,871	17,378	17,899	18,436	18,989	19,559	20,145
4	Other Services	1,336,662	1,403,495	1,459,635	1,503,424	1,548,527	1,594,982	1,642,832	1,692,117	1,742,880	1,795,167
5	Total Wastewater Treatment Plant	3,542,676	3,719,810	3,868,602	3,984,660	4,171,687	4,296,836	4,425,742	4,558,514	4,695,269	4,836,127
Wastewater Collection											
6	Personnel Services	1,396,409	1,466,229	1,667,603	1,717,631	1,769,160	1,884,408	1,940,940	1,999,168	2,059,143	2,120,918
7	Supplies	234,350	246,068	255,910	263,588	271,495	279,640	288,029	296,670	305,570	314,737
8	Internal Charges	120,000	126,000	131,040	134,971	139,020	143,191	147,487	151,911	156,469	161,163
9	Other Services & Consultants	1,433,850	1,505,543	1,565,764	1,612,737	1,661,119	1,710,953	1,762,281	1,815,150	1,869,604	1,925,692
10	Total Wastewater Collection	3,184,609	3,343,840	3,620,317	3,728,927	3,840,794	4,018,192	4,138,737	4,262,899	4,390,786	4,522,510
Public Works Projects											
11	Personnel Services	178,223	187,134	194,620	200,458	206,472	212,666	219,046	225,617	232,386	239,357
12	Internal Charges	25,000	26,250	27,300	28,119	28,963	29,831	30,726	31,648	32,598	33,576
13	All Other Services	25,000	26,250	27,300	28,119	28,963	29,831	30,726	31,648	32,598	33,576
14	Total Public Works Projects	228,223	239,634	249,220	256,696	264,398	272,328	280,498	288,913	297,582	306,509
Wastewater Administration											
15	Personal Services	592,513	648,784	674,736	694,978	715,827	737,302	759,421	782,203	805,669	829,840
16	Supplies	6,675	7,009	7,289	7,508	7,733	7,965	8,204	8,450	8,704	8,965
17	Internal Charges	1,732,968	1,819,616	1,892,401	1,949,173	2,007,648	2,067,878	2,129,914	2,193,811	2,259,626	2,327,415
18	All Other Services	153,716	157,559	161,498	165,535	169,674	173,916	178,263	182,720	187,288	191,970
19	Total Wastewater Administration	2,485,872	2,632,968	2,735,924	2,817,194	2,900,882	2,987,061	3,075,802	3,167,184	3,261,287	3,358,190
20	Total Operation and Maintenance Expense	\$9,441,380	\$9,936,252	\$10,474,063	\$10,787,477	\$11,177,761	\$11,574,417	\$11,920,779	\$12,277,510	\$12,644,924	\$13,023,336

(1) O&M adjusted for inflation applied to FY 2023-24 budget assuming annual increases of 5% in FY 2024-25, 4% in FY 2025-26, and 3% per year starting in FY 2026-27.

(2) Provided by City Staff

City of Prescott, Arizona
 Development Impact Fee Study
 Total Wastewater CIP by Fund Requirements

Total CIP with Inflation	Current Year	Projected					Projected			
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33
Total DIF Growth-Related Projects (% Paid by Fees)	\$330,142	\$9,866,250	\$8,938,875	\$9,737,500	\$7,928,875	\$7,220,150	\$13,102,250	\$2,967,500	\$1,496,000	\$4,539,700
Renewal and Replacement	3,153,593	11,173,940	24,576,875	19,990,500	16,306,875	10,720,950	18,045,750	15,155,500	5,102,000	4,850,300
Authorized WIFA Loans										
Debt Financed	212,951	12,255,000	31,105,000	28,120,000	21,035,000	11,165,600	27,150,000	13,530,000	6,400,000	9,192,000
Cash Financed (1)	3,270,784	8,785,190	2,410,750	1,608,000	3,200,750	6,775,500	3,998,000	4,593,000	198,000	198,000
Total CIP with Inflation	\$3,483,735	\$21,040,190	\$33,515,750	\$29,728,000	\$24,235,750	\$17,941,100	\$31,148,000	\$18,123,000	\$6,598,000	\$9,390,000

(1) Cash financed projects include on-going WIFA loans in progress.

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Estimated Fund Balances

Description	6/30/2023
Wastewater System Impact Fee Subfund (1)	(\$19,444,664)
Capital Improvement Subfund	0
WIFA Debt Service Reserve	(4,539,471)
Operating Fund (1)	31,513,697
Total	\$7,529,562

(1) Cash and invested balances less current liabilities as of 6/30/23.

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Wastewater Cash Flow Assumptions

Non-Growth Capital Improvement Subfund	Current Year	Projected								
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33
Bond & Loan Proceeds	\$0	\$5,400,000	\$22,600,000	\$18,400,000	\$15,000,000	\$7,200,000	\$14,100,000	\$9,040,000	\$0	\$0
Max Allowable Debt Financed Projects	124,502	5,368,750	22,587,500	18,382,500	15,047,500	7,244,200	14,127,750	11,310,000	4,904,000	4,652,300
Transfer from Operations Subfund	3,011,147	5,036,361	3,952,997	3,199,378	2,618,460	4,150,511	5,178,638	6,905,946	5,101,996	4,850,295
Ending Subfund Balance	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0
Wastewater System Impact Fee Subfund	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33
Bond and Loan Proceeds	\$0	\$6,900,000	\$8,500,000	\$9,700,000	\$6,000,000	\$3,900,000	\$13,000,000	\$2,200,000	\$1,500,000	\$4,500,000
Loan from Operations Subfund	22,154,954	5,501,719	4,003,151	3,330,011	5,375,197	6,879,392	5,046,803	5,116,365	4,359,502	2,556,108
Authorized Remaining WIFA Loan Outstanding	94,964	806,500	0	0	0	0	0	0	0	0
Ending Subfund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Additional Cash Flow Assumptions	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33
Debt Assumptions										
Payment Period, years	25	25	25	25	25	25	25	25	25	25
Interest Rate, %	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Month of Issue (1-12)	6	6	6	6	6	6	6	6	6	6
Repayment Delay, years	0	0	0	0	0	0	0	0	0	0
Debt Service Reserve, %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Debt Issuance Expense	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Cashflow Assumptions										
Interest on Fund Balances	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

City of Prescott, Arizona
 Wastewater Impact Fee and Rate Study
 Wastewater Development Impact Fee by Service Area

Line No.	DESCRIPTION	Current Year	Projected					Projected			
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33
1	Wastewater System DIF	\$3,020	\$3,020	\$3,020	\$5,845	\$5,845	\$5,845	\$5,845	\$5,845	\$5,845	\$5,845
2	Wastewater System EDUs	195	197	344	348	353	357	362	367	372	376
3	Wastewater System DIF Revenues	\$588,900	\$594,940	\$1,038,880	\$2,034,028	\$2,063,253	\$2,086,632	\$2,115,857	\$2,145,081	\$2,174,306	\$2,197,685
4	Total DIF Revenue	\$588,900	\$594,940	\$1,038,880	\$2,034,028	\$2,063,253	\$2,086,632	\$2,115,857	\$2,145,081	\$2,174,306	\$2,197,685

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Revenue Under Existing & Proposed Rates
Historical Number of Bills

<u>Customer Class</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>
Residential					
Residential	213,821	218,268	223,772	228,185	231,651
Total Inside City	213,821	218,268	223,772	228,185	231,651
Nonresidential					
All Non- Residential	16,404	16,348	16,422	16,592	16,806
Septage Hauler	12	12	12	12	12
Total Nonresidential	16,416	16,360	16,434	16,604	16,818
Total Bills	230,237	234,628	240,206	244,789	248,469

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Revenue Under Existing & Proposed Rates
 Historical Usage (1,000 gallons)

<u>Customer Class</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>
Residential					
Residential	924,762	890,177	911,020	978,578	960,168
Total Inside City	924,762	890,177	911,020	978,578	960,168
Nonresidential					
All Non- Residential	339,155	335,524	322,525	322,871	349,341
Septage Hauler				2,358	2,583
Total Nonresidential	339,155	335,524	322,525	325,229	351,924
Total Billable Volume (1,000 gallons)	1,263,917	1,225,702	1,233,545	1,303,807	1,312,092

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Revenue Under Existing & Proposed Rates
Historical Use Per Bill (gallons)

Customer Class

	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>
Residential					
Residential	4,325	4,078	4,071	4,289	4,145
Nonresidential					
All Non- Residential	20,675	20,524	19,640	19,459	20,787
Septage Hauler				196,500	215,250

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Revenue Under Existing & Proposed Rates
Projected Number of Bills

<u>Customer Class</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>	<u>FY 2031-32</u>	<u>FY 2032-33</u>	Test Year 2029	
Bills Added Per Year		1,864	1,877	3,279	3,321	3,365	3,408	3,453	3,497	3,543	3,589	3,408	
Residential													
Residential	231,651	233,388	235,138	238,195	241,292	244,429	247,607	250,826	254,087	257,390	260,736	247,607	
Total Residential	231,651	233,388	235,138	238,195	241,292	244,429	247,607	250,826	254,087	257,390	260,736	\$247,607	
Nonresidential													
	<u>Toggle</u>												
All Non- Residential	1	16,806	16,932	17,059	17,281	17,506	17,734	17,965	18,199	18,436	18,676	18,919	17965
Septage Hauler	0	12	12	12	12	12	12	12	12	12	12	12	12
Total Nonresidential		16,818	16,944	17,071	17,293	17,518	17,746	17,977	18,211	18,448	18,688	18,931	17977
Total Projected Bills		248,469	250,332	252,209	255,488	258,810	262,175	265,584	269,037	272,535	276,078	279,667	265584
Residential Growth		1.52%	0.75%	0.75%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1%
Non-Residential Growth		1.29%	0.75%	0.75%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Revenue Under Existing & Proposed Rates
Projected Volume per Bill (gallons)

	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>	<u>FY 2031-32</u>	<u>FY 2032-33</u>	Test Year 2029
Percent Reduction for Conservation												
All Customer Classes	0.00%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.5%
Residential												
Residential	4,217	4,196	4,175	4,154	4,133	4,113	4,092	4,072	4,051	4,031	4,011	4,092
Nonresidential												
All Non- Residential	20,123	20,022	19,922	19,823	19,724	19,625	19,527	19,429	19,332	19,235	19,139	19,527
Septage Hauler	205,875	204,846	203,821	202,802	201,788	200,779	199,775	198,777	197,783	196,794	195,810	199,775

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Revenue Under Existing & Proposed Rates
Projected Volume (000's) Gallons

<u>Customer Class</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>	<u>FY 2031-32</u>	<u>FY 2032-33</u>	Test Year 2029
Residential												
Residential	976,872	979,277	981,687	989,479	997,332	1,005,246	1,013,225	1,021,266	1,029,370	1,037,537	1,045,770	1,013,225
Total Residential	976,872	979,277	981,687	989,479	997,332	1,005,246	1,013,225	1,021,266	1,029,370	1,037,537	1,045,770	1,013,225
Nonresidential												
All Non- Residential	338,187	339,019	339,854	342,556	345,281	348,029	350,799	353,592	356,405	359,240	362,095	350,799
Septage Hauler	2,471	2,458	2,446	2,434	2,421	2,409	2,397	2,385	2,373	2,362	2,350	2,397
Total Nonresidential	338,187	339,019	339,854	342,556	345,281	348,029	350,799	353,592	356,405	359,240	362,095	350,799
Total Projected Volume (000's)	1,315,059	1,318,296	1,321,541	1,332,034	1,342,613	1,353,275	1,364,024	1,374,857	1,385,775	1,396,776	1,407,865	1,364,024

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Revenue Under Existing & Proposed Rates
Monthly Volume Charge

Customer Class

	2022	2023
--	------	------

Residential

Residential	7.20	7.72
-------------	------	------

Nonresidential

All Non- Residential	7.09	7.38
Septage Hauler	100.95	101.25

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Revenue Under Existing & Proposed Rates
Monthly Service Charge

Customer Class

	2022	2023
--	------	------

Residential

Residential	21.47	21.47
-------------	-------	-------

Nonresidential

All Non- Residential	21.47	21.47
Septage Hauler	0.00	0.00

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Revenue Under Existing & Proposed Rates
Projected Service Charge Revenue

<u>Customer Class</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>	<u>FY 2031-32</u>	<u>FY 2032-33</u>	Test Year 2029
Residential												
Residential	\$4,973,547	\$5,010,840	\$5,048,413	\$5,114,047	\$5,180,539	\$5,247,891	\$5,316,122	\$5,385,234	\$5,455,248	\$5,526,163	\$5,598,002	\$5,316,122
Total Residential	4,973,547	5,010,840	5,048,413	5,114,047	5,180,539	5,247,891	5,316,122	5,385,234	5,455,248	5,526,163	5,598,002	
Nonresidential												
All Non- Residential	360,825	363,530	366,257	371,023	375,854	380,749	385,709	390,733	395,821	400,974	406,191	385,709
Septage Hauler	0	0	0	0	0	0	0	0	0	0	0	0
Total Nonresidential	360,825	363,530	366,257	371,023	375,854	380,749	385,709	390,733	395,821	400,974	406,191	385,709
Total Projected Service Charge Revenue	\$5,334,372	\$5,374,370	\$5,414,670	\$5,485,070	\$5,556,393	\$5,628,640	\$5,701,831	\$5,775,967	\$5,851,069	\$5,927,137	\$6,004,193	5,701,831

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Revenue Under Existing & Proposed Rates
Projected Volume Charge Revenue

<u>Customer Class</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>	<u>FY 2031-32</u>	<u>FY 2032-33</u>	Test Year 2029
Residential												
Residential	\$7,287,467	\$7,560,021	\$7,578,624	\$7,638,776	\$7,699,405	\$7,760,499	\$7,822,098	\$7,884,171	\$7,946,736	\$8,009,782	\$8,073,347	7,822,098
Total Residential	7,287,467	7,560,021	7,578,624	7,638,776	7,699,405	7,760,499	7,822,098	7,884,171	7,946,736	8,009,782	8,073,347	7,822,098
Nonresidential												
All Non- Residential	2,446,784	2,501,961	2,508,124	2,528,060	2,548,171	2,568,452	2,588,899	2,609,508	2,630,273	2,651,191	2,672,258	2,588,899
Septage Hauler	249,768	248,887	247,643	246,405	245,173	243,947	242,727	241,514	240,306	239,104	237,909	242,727
Total Nonresidential	2,446,784	2,501,961	2,508,124	2,528,060	2,548,171	2,568,452	2,588,899	2,609,508	2,630,273	2,651,191	2,672,258	2,588,899
Total Projected Volume Charge Revenue	\$9,734,251	\$10,061,982	\$10,086,748	\$10,166,836	\$10,247,576	\$10,328,951	\$10,410,997	\$10,493,679	\$10,577,009	\$10,660,973	\$10,745,605	10,410,997

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Revenue Under Existing & Proposed Rates
Projected Total Revenue for Study Period

<u>Customer Class</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>	<u>FY 2031-32</u>	<u>FY 2032-33</u>	Test Year 2029
Residential												
Residential	\$12,261,014	\$12,570,862	\$12,627,037	\$12,752,822	\$12,879,944	\$13,008,390	\$13,138,221	\$13,269,405	\$13,401,984	\$13,535,945	\$13,671,349	13,138,221
Total Residential	12,261,014	12,570,862	12,627,037	12,752,822	12,879,944	13,008,390	13,138,221	13,269,405	13,401,984	13,535,945	13,671,349	13,138,221
Nonresidential												
All Non- Residential	2,807,609	2,865,491	2,874,381	2,899,083	2,924,025	2,949,201	2,974,608	3,000,240	3,026,093	3,052,165	3,078,449	2,974,608
Septage Hauler	249,768	248,887	247,643	246,405	245,173	243,947	242,727	241,514	240,306	239,104	237,909	242,727
Total Nonresidential	2,807,609	2,865,491	2,874,381	2,899,083	2,924,025	2,949,201	2,974,608	3,000,240	3,026,093	3,052,165	3,078,449	2,974,608
Total Projected User Charge Revenue	\$15,068,623	\$15,436,353	\$15,501,417	\$15,651,905	\$15,803,969	\$15,957,591	\$16,112,828	\$16,269,645	\$16,428,077	\$16,588,110	\$16,749,798	16,112,828

APPENDIX E:
WASTEWATER COST OF SERVICE

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Total Cost of Service
Test Year FY 2028-29

Line No.	Description	O&M Expense	Capital Costs	Total
Revenue Requirements				
1	Operation and Maintenance Expense	\$11,574,417		\$11,574,417
2	Operating Debt Service		6,253,117	6,253,117
Transfers/Loans				
3	WIFA Authorized Remaining		0	0
4	System Impact Fee Subfund		6,879,392	6,879,392
5	Capital Improvement Subfund		4,150,511	4,150,511
6	Total Revenue Requirements	\$11,574,417	\$17,283,020	\$28,857,437
Revenue Requirement Adjustments				
7	Miscellaneous Revenue (1)	(\$805,563)		(\$805,563)
8	Interfund Loan Receivable		0	\$0
9	Interest Income	(36,057)		(36,057)
10	Operating Fund Reserve Increase (Decrease)		(1,794,932)	(1,794,932)
11	Revenue Adjustment for full 12 Months		514,135	514,135
12	Total Revenue Requirement Adjustments	(\$841,620)	(\$1,280,797)	(\$2,122,417)
14	Total Cost of Service	\$10,732,797	\$16,002,223	\$26,735,020

(1) Includes Effluent water fund (\$200,000) payment.

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Allocation of Wastewater System Assets
Test Year FY 2028-29

No.	Description	Total	Volume	Strength		System Sewer Lines	Customer			Effluent	
				BOD	TSS		Local Collector Sewers	Billing	Other		
Percent by Service Category											
1	Sewer Lines	100%	0%	0%	0%	20%	80%	0%			
2	Lift Stations	100%	100%	0%	0%	0%	0%	0%			
3	Fleet	100%	100%	0%	0%	0%	0%	0%			
4	Treatment	100%	34%	33%	33%	0%	0%	0%			
5	Admin / Misc	100%	21%	15%	15%	10%	39%	0%	0%	0%	
Wastewater Assets											
		Assets	Cum. CIP	Total							
6	Sewer Lines	\$82,802,786	73,399,950	\$156,202,736	\$0	\$0	\$0	\$30,906,388	\$125,296,348	\$0	\$0
7	Lift Stations	4,208,157	6,077,254	10,285,410	10,285,410	0	0	0	0	0	0
8	Fleet	1,801,920	4,205,281	6,007,201	6,007,201	0	0	0	0	0	0
9	Treatment	85,301,420	61,201,847	146,503,267	49,811,111	48,346,078	48,346,078	0	0	0	0
10	Admin / Misc	1,801,920	4,413,194	6,215,114	1,287,912	941,936	941,936	602,155	2,441,174	0	0
11	Total Plant	\$175,916,202	\$149,297,526	\$325,213,728	\$67,391,634	\$49,288,014	\$49,288,014	\$31,508,543	\$127,737,522	\$0	\$0
12	<i>Percent of Total</i>		100.0%	20.7%	15.2%	15.2%	9.7%	39.3%	0.0%	0.0%	0.0%
13	Annual Capital Expenditures	\$16,002,223	\$3,316,022	\$2,425,229	\$2,425,229	\$1,550,386	\$6,285,357	\$0	\$0	\$0	

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Allocation of Operation and Maintenance Expense
Test Year FY 2028-29

Line No.	Description	Total	Volume	Strength		System Sewer Lines	Customer			Effluent
				BOD	TSS		Local Collector Sewers	Billing	Other	
Percent by Service Category										
1	Engineering	100%	21%	15%	15%	10%	39%	0%	0%	0%
2	Wastewater Collection	100%	0%			20%	80%			
3	Wastewater Administration	100%	27%	24%	24%	5%	21%	0%	0%	0%
4	Wastewater Treatment Plant	100%	34%	33%	33%	0%	0%	0%	0%	0%
Wastewater O&M										
5	Engineering	\$4,138,737	\$857,640	\$627,249	\$627,249	\$400,984	\$1,625,614	\$0	\$0	\$0
6	Wastewater Collection	280,498	0	0	0	55,500	224,998	0	0	0
7	Wastewater Administration	3,075,802	821,512	726,004	726,004	158,740	643,542	0	0	0
8	Wastewater Treatment Plant	4,425,742	1,504,752	1,460,495	1,460,495	0	0	0	0	0
9	Total Operation and Maintenance Expense	\$11,920,779	\$3,183,904	\$2,813,748	\$2,813,748	\$615,224	\$2,494,154	\$0	\$0	\$0
10	<i>Percent of Total</i>	100.0%	26.7%	23.6%	23.6%	5.2%	20.9%	0.0%	0.0%	0.0%

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Development of Infiltration/Inflow Allocation
Test Year FY 2028-29

Line No.	Customer Class	Average Active Taps	Billed Wastewater Volume	I/I Volume			Total Treated Volume	Percent I/I
				Customer Related (a)	Volume Related (b)	Total		
1	Residential	20,634	1,013,225	217,454	85,331	302,785	1,316,010	23.0%
2	All Non- Residential	1,497	350,799	15,777	29,543	45,320	396,119	11.4%
3	Septage Hauler	1	2,397			0	2,397	0.0%
4	Total System	22,132	1,366,422	233,231	114,875	348,106	1,714,528	20.3%

(a) Allocated based on each customer class' share of the total number of active taps and excluding Septage Haulers.

(b) Allocated based on each customer class' share of total billable wastewater volume and excluding Septage Haulers

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Estimated Units of Service
Test Year FY 2028-29

Line No.	Customer Class	Wastewater Volume			Contributed Wastewater Strength				Bills
		Billed/ Contributed	Infiltration/ Inflow	Total	BOD		TSS		
					Strength (mg/L)	Contribution (lbs)	Strength (mg/L)	Contribution (lbs)	
1	Residential	1,013,225	302,785	1,316,010	193	1,630,908	185	1,563,305	247,607
2	All Non- Residential	350,799	45,320	396,119	193	564,654	185	541,248	17,965
3	Septage Hauler	2,397	0	2,397	5,400	107,965	6,000	119,961	12
4	Total System	1,366,422	348,105	1,714,527	202	2,303,526	195	2,224,515	265,584

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Development of Unit Costs of Service
Test Year FY 2028-29

Line No.	Description	Total	Volume	Strength		System Sewer Lines	Customer			
				BOD	TSS		Local Collector Sewers	Billing	Other	Effluent
Revenue Requirements - \$										
1	Operation and Maintenance Expense	\$11,574,417	\$3,091,395	\$2,731,994	\$2,731,994	\$597,348	\$2,421,686	\$0	\$0	\$0
2	Operating Debt Service	6,253,117	1,295,787	947,696	947,696	605,837	2,456,101	0	0	0
Transfers/Loans										
3	WIFA Authorized Remaining	0	0	0	0	0	0	0	0	0
4	System Impact Fee Subfund	6,879,392	1,425,567	1,042,611	1,042,611	666,514	2,702,089	0	0	0
5	Capital Improvement Subfund	4,150,511	860,079	629,034	629,034	402,125	1,630,239	0	0	0
6	Total Revenue Requirements	\$28,857,437	\$6,672,828	\$5,351,335	\$5,351,335	\$2,271,824	\$9,210,115	\$0	\$0	\$0
Revenue Requirement Adjustments										
7	Miscellaneous Revenue (1)	(\$805,563)	(215,156)	(\$190,143)	(\$190,143)	(\$41,575)	(\$168,546)	\$0	\$0	\$0
8	Interfund Loan Receivable	0	0	0	0	0	0	0	0	0
9	Interest Income	(36,057)	(9,630)	(8,511)	(8,511)	(1,861)	(7,544)	0	0	0
10	Operating Fund Reserve Increase (Decrease)	(1,794,932)	(371,951)	(272,032)	(272,032)	(173,903)	(705,014)	0	0	0
11	Revenue Adjustment for full 12 Months	514,135	106,541	77,920	77,920	49,812	201,942	0	0	0
12	Total Revenue Requirement Adjustments	(2,122,417)	(490,196)	(392,766)	(392,766)	(167,527)	(679,162)	0	0	0
13	Total Cost of Service	\$26,735,020	\$6,182,632	\$4,958,569	\$4,958,569	\$2,104,297	\$8,530,953	\$0	\$0	\$0
Units of Service										
14			Kgal	lbs	lbs	Kgal	# of bills	# of bills	# of bills	Kgal
15	Total Units of Service		1,714,527	2,303,526	2,224,515	1,714,527	265,584	265,584	265,584	409,575
City Unit Costs of Service - \$/unit (a)										
16	Operation and Maintenance Expense		\$1.80	\$1.19	\$1.23	\$0.35	\$9.12	\$0.00	\$0.00	\$0.00
17	Debt Service		0.76	0.41	0.43	0.35	9.25	0.00	0.00	0.00
18	Transfers		1.33	0.73	0.75	0.62	16.31	0.00	0.00	0.00
19	Adjustments		(0.29)	(0.17)	(0.18)	(0.10)	(2.56)	0.00	0.00	0.00
20	Total City Unit Costs		\$3.61	\$2.15	\$2.23	\$1.23	\$32.12	\$0.00	\$0.00	\$0.00

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Distribution of Costs to Combined Customer Classes
Test Year FY 2028-29

Line No.	Customer Class	Total	Volume	Strength		System Sewer Lines	Customer	
				BOD	TSS		Local Collector Sewers	Billing
1	Unit Costs of Service (Full Service) - \$/unit		\$3.61	\$2.15	\$2.23	\$1.23	\$32.12	\$0.00
	Residential							
2	Units		1,316,010	1,630,908	1,563,305	1,316,010	247,607	247,607
3	Cost of Service - \$	\$21,309,646	\$4,745,570	\$3,510,691	\$3,484,696	\$1,615,184	\$7,953,505	\$0
	Nonresidential (All)							
4	Units		396,119	564,654	541,248	396,119	17,965	17,965
5	Cost of Service - \$	\$4,913,597	\$1,428,417	\$1,215,473	\$1,206,473	\$486,171	\$577,063	\$0
	Septage Hauler							
6	Units		2,397	107,965	119,961	2,397	12	12
7	Cost of Service - \$	\$511,777	\$8,645	\$232,405	\$267,400	\$2,942	\$385	\$0
8	Total System	\$26,735,020	\$6,182,632	\$4,958,569	\$4,958,569	\$2,104,297	\$8,530,953	\$0

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Comparison of Customer Class Cost of Service to Revenue at Existing Rates
Test Year FY 2028-29

Line No.	Customer Class	Cost of Service	Revenue at Existing Rates	Indicated Revenue Adjustment
1	Residential	\$21,309,646	\$13,138,221	62.2%
2	Nonresidential (general)	4,913,597	2,974,608	65.2%
3	Septage Hauler	511,777	242,727	110.8%
4	Total System	\$26,735,020	\$16,355,555	63.5%

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
COS Assumptions
Test Year 2028-29

Historical and Projected Flow and Strength Data					
1. Select year the year that best represents the WWTP flows and strengths for the test year.					
Select Year	2022		Calendar Year 2022		
Year	Flow (mgd)	BOD	BOD	TSS	TSS
	mgd	mg/l	lbs/day	mg/l	lbs/day
Airport	2.21	194.02	3,568	144.74	2,662
Sundog	2.25	209.97	3,944	174.40	3,276
Test Year	4.46	202.08	3,758	159.73	2,972
Test Year (CY2022)	4.46	101	3,756	80	2,969

General Cost of Service Input Data	
Inch-Miles of Sewers	Percent
Trunk Related	20%
Local Collector Related	80%
Infiltration and Inflow	Percent
Percent Customer Related	67%
Percent Volume Related	33%

1084746.179

Sanitary Sewer Line Inventory		
Dia.(in.)	Length (Ft)	Inch-feet
2	2,803	5,606
3	10,786	32,358
4	41,213	164,852
6	401,658	2,409,948
8	1,309,528	10,476,224
10	94,772	947,720
12	114,952	1,379,424
14	17,438	244,132
15	15,799	236,985
16	5,470	87,520
18	14,067	253,206
21	10,136	212,856
24	12,693	304,632
30	624	18,720
36	2,783	100,188
48	13015	624,720
Total	2,067,737	17,499,091

80.2%

19.8%

APPENDIX F:
WASTEWATER RATE DESIGN

City of Prescott, Arizona
Wastewater Impact Fee and Rate Study
Wastewater Rate Implementation Summary

Proposed Rates

Line No	Description	Current	7/1/2024	1/1/2026	1/1/2027	1/1/2028	1/1/2029
1	Annual % Increase in Revenue-Rates		18%	17%	8%	7%	4%
	Monthly Service Charge						
2	Residential	\$21.47	\$25.33	\$29.64	\$32.01	\$34.25	\$35.62
3	Nonresidential (General)	21.47	25.33	29.64	32.01	34.25	35.62
	Volume Charge per 1,000 gallons						
4	Residential	\$7.72	\$8.96	\$10.35	\$11.11	\$11.83	\$12.27
5	Nonresidential (General)	7.38	8.72	10.20	11.02	11.80	12.27
6	Septage Hauler	101.25	200.00	206.00	212.18	218.55	225.11

City of Prescott, Arizona
Development Impact Fee and Rate Study
Charges by Class - Residential
Test Year FY 2028-29

Residential				\$
Total Class Cost of Service				<u>\$21,309,646</u>
Service Charge Revenue				
	Bills	Monthly Service Charge	Service Charge Revenue	
	<hr/>	<hr/>	<hr/>	
All Users	247,607	\$35.62	\$8,819,761	
Total Service Charge Revenue				\$8,819,761
Volume Revenue Required				<u>\$12,489,885</u>
Calculated Volume Rate (\$ per kgal)				
	Volume COS	Billed Volume	Volume Charge	
	<hr/>	<hr/>	<hr/>	
All Users	\$13,356,141	1,013,225	\$12.27	
Total Volume Revenue				\$12,432,273
Revenue Surplus/(Deficit)				<u><u>(\$57,612)</u></u>

City of Prescott, Arizona
Development Impact Fee and Rate Study
Charges by Class - Non-Residential
Test Year FY 2028-29

Non-Residential (General)	\$
Total Class Cost of Service	\$4,913,597

Service Charge Revenue

	<u>Bills</u>	<u>Monthly Service Charge</u>	<u>Service Charge Revenue</u>
All Users	17,965	\$35.62	\$639,913
Total Service Charge Revenue			\$639,913

Volume Revenue Required	\$4,273,684
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Calculated Volume Rate (\$ per kgal)

	<u>Volume COS</u>	<u>Billed Volume</u>	<u>Volume Charge</u>
All Users	\$4,273,684	350,799	\$12.27
Total Volume Revenue			\$4,304,308

Revenue Surplus/(Deficit)	\$30,624
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City of Prescott, Arizona
Development Impact Fee and Rate Study
Charges by Class - Septage Hauler
Test Year FY 2028-29

Septage Hauler	\$
<hr/> Total Class Cost of Service	<hr/> \$511,777

Calculated Volume Rate (\$ per kgal)

	Volume COS	Billed Volume	Volume Charge
	<hr/>		
All Users	\$511,777	2,397	\$225.11
Total Volume Revenue			\$539,657
Revenue Surplus/(Deficit)			<hr/> <hr/> \$27,880