

# Conservation FAQs

## **1. Are any of the capital improvement projects needed because of the acquisition of the former Global system?**

Yes, there are specific capital projects such as the Broadway Road Water Campus that fall within the former Global service area. However, the purpose of acquiring the former Global system was to strategically place the city in control of future development of industrial and commercial properties in that area. The need associated with that acquisition was only to create the needed infrastructure to support economic development and improve the overall quality of life for all residents while also enhancing water quality and service in that general area.

## **2. Does Buckeye's water enterprise fund have revenue outside of the regular water rates paid by customers?**

The enterprise fund receives miscellaneous revenues in the form of recycling refunds, utility billing adjustments and certain types of fees such as a late fee.

## **3. How do Community Facilities Districts (CFDs) factor into water rates?**

The CFDs do not factor into the city's water rates. A CFD is a special taxing district that allows developers to finance the installation, operation, and maintenance of public improvements such as roads, flood control, and drainage projects. Learn more about Buckeye's [Community Facilities Districts](#).

## **4. How do reserves get used for repair and maintenance?**

Repair and replacement is budgeted annually in the operating budget, and is separate from the CIP. Since emergency repairs or upgrades cannot be predicted, they are typically paid for out of reserves. The city ensures, through its comprehensive rate study, reserve funds are always on hand for emergency purposes. The target amount for reserve funds is 90 days of operating and maintenance expenses and one-year capital depreciating expense.

## **5. I live in a neighborhood that pays Central Arizona Groundwater Replenishment District (CAGR) taxes. Why do I have to pay increased water rates?**

The city does not receive the funds collected for the purposes of the [Central Arizona Groundwater Replenishment District](#). These taxes are a result of the developer who built your neighborhood entering into an agreement with CAGR to replenish the aquifer. This was done to demonstrate there was an assured water supply for your neighborhood.

## **6. Is the Capital Improvement Program (CIP) funded from water rates?**

Only water projects that are identified in the city's Capital Improvement Program (CIP) are partially funded by the rates paid by customers. Some of these projects may also be fully or partially funded by growth related improvements that are paid with impact fees that are charged to the developer. Impact fees help ensure growth pays for itself and customer rates pay for improving or replacing current infrastructure.

## **7. What are Functional Categories?**

Water systems are comprised of several facilities (unit processes or functions) that are designed and operated to collect, treat and distribute water to customers. The separation of the costs into functional components provides a means for distributing costs to the different customer classes (residential, multi-family, commercial and industrial) based on their respective responsibility in the system.

Typical functional categories for water systems include source of supply, transmission and distribution, treatment, pumping, storage and customer related costs. We study functional categories so that cost allocation can be determined.

## **8. What are growth rates based on?**

Buckeye is a member agency of the Maricopa Association of Governments (MAG). MAG employs statisticians, system engineers and other professionals to manage the regional analytics. The city provides all of its growth data to the MAG team who then generates a region wide profile for economic development, transportation and other municipal planning. MAG is also the regional coordinator for all official Census activities.

## **9. What happens to our water rates if another recession occurs?**

This rate study examines this and other factors using conservative estimates to protect the fund today and five years into the future. The Study also takes into account the 90-day reserve to help offset costs during a recession. The city analyzes rates annually and can make adjustments as necessary.

## **10. What is the Capital Improvement Program?**

A Capital Improvement Program (CIP) is a multi-year forecast of the city's public facilities and infrastructure needs. The plan identifies these needs based on a variety of factors, then creates and manages timely and cost-effective replacement and growth plans for fulfilling those needs.

## **11. What is a rate study?**

A rate study analyzes revenues, and planned capital and operations expenses for five years at a time to develop financial plans for the water and wastewater funds. The study period that we are currently reviewing is (FY) 2019-2023.

Part of the rate study includes a cost-of service analysis to ensure there is equitable recovery of costs from each customer class (residential, multi-family, commercial and industrial). A tiered rate structure ensures that customers are charge the appropriate rate to cover the cost they place on the system for their monthly usage.

Rate study methodology follows industry standard and is conducted by a reputable consultant. The city of Buckeye contracted with [Raftelis Financial Consultants, Inc.](#) to complete the FY 2019-2023 [study report](#).

## **12. What is an Enterprise Fund?**

An enterprise fund provides goods or services to the public for a fee that makes the entity self-supporting. The Water Resources fund is completely supported by the rates and not property taxes or any other form of general fund monies.

### **13. What is cost allocation?**

Every customer pays for a baseline of service that is determined as the cost of having water service available 24 hours a day, seven days a week. To ensure that water is always available, the systems are designed and operated to meet both average and peak demands of customers and also emergency fire flow requirements.

Water rates are designed so all customers pay a base rate to provide service, and then billed for their consumption of water in tiers. Customers who use less water have a smaller impact on the system and so they pay less. Not only does the tiered system ensure customers are paying for their impact on the system and supply of available water, it also encourages water conservation.

### **14. What kind of benefit are we getting from these Capital Improvement Plan (CIP) projects?**

There will be many benefits ranging from improved communications of the automated instrument control systems to improving water quality and delivery. Project details can be viewed in [the Capital Improvement Program](#).

### **15. What will the issuance of the bond in 2020 cover?**

The issuance of a bond in FY 2019-20 is to cover the short fall in the capital projects that will be most active during that fiscal year. The bond is a way to secure funding similar to a mortgage.

### **16. Who regulates water rates in the city of Buckeye?**

The city of Buckeye is a non-profit municipal water provider. The city Council sets the rates that every customer pays based on industry standards and the specific needs of the enterprise.

### **17. Why are we looking at these particular capital structures in the future?**

The Water Resources, Engineering, and Construction and Contracting Departments work closely with other industry professionals such as hydrologists and civil engineers to determine projects that are necessary to keep water services operating within our permitted limits and to ensure water is available when and where needed. These projects have been determined necessary to maintain or improve the quality of service and delivery of these resources.

