



2025 LUA, IIP and Development Fees Update



# 2025 Water and Wastewater Development Fees Report

PROPOSED / March 2025





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## Abbreviations

A.R.S.	Arizona Revised Statutes
ASR	aquifer storage and recovery
AWT	advanced water treatment
AWWA	American Water Works Association
CAP	Central Arizona Project
Carollo	Carollo Engineers
CGTF	Central Groundwater Treatment Facility
City	City of Scottsdale
DIA	development intensity areas
EDU	equivalent demand units
FY	fiscal year
gpd	gallons per day
gpm	gallons per minute
IIP	Infrastructure Improvements Plan
LUA	Land Use Assumptions
MAG	Maricopa Association of Governments
mgd	million gallons per day
NGTF	Northern Groundwater Treatment Facility
RCNLD	replacement cost new less depreciation
RWDS	reclaimed water distribution system
SB	Senate Bill
sq ft	square feet
SROG	Sub-Regional Operating Group
TGTF	Thomas Groundwater Treatment Facility
WRF	water reclamation facility
WTP	water treatment plant

## SECTION 1 INTRODUCTION

The City of Scottsdale (City) is a growing, vibrant community of approximately 250,000 people encompassing an area of nearly 185 square miles. Growth in Scottsdale includes both residential and non-residential development. The City is actively pursuing opportunities for economic development and revitalization throughout the City, specifically focusing on three development intensity areas (DIA) that include: 1) the Greater Airpark, 2) Downtown, and 3) the Scottsdale Road/McDowell Road Corridor. The Maricopa Association of Governments (MAG) growth trends indicate Scottsdale's estimated population will increase to 281,200 by 2035.

### 1.1 Statement of Intent – Development Fees

To address challenges of providing water and wastewater system capacity to new customers and ensure development pays its proportionate share of the capital costs for the additional capacity, the City has historically charged development fees for water and wastewater. Development fees are one-time capital charges to fund the construction of public infrastructure needed to accommodate new development.

The City last updated its development fees in 2021 under the requirements of Arizona Revised Statutes (A.R.S.) §9-463.05.

In 2011, Arizona enacted Senate Bill (SB) 1525, which required all development fees existing at that time be replaced by August 1, 2014, with fees adopted under new adoption procedures, guidelines, and requirements. As part of the adoption procedures, the legislation requires that fee structures be based on an adopted Land Use Assumptions (LUA) Report and an adopted Infrastructure Improvements Plan (IIP) Report, which is a central document disclosing existing infrastructure, available capacity, planning, and cost estimates for new infrastructure required to serve development. Finally, the legislation requires this report be prepared to document the methodology used to calculate and assess the development fees to new development.

The City assesses development fees to fund infrastructure necessary for new growth. Development fees represent the "proportionate share" of infrastructure capital costs needed to serve new equivalent demand units (EDU). The City has two development fees:

- **Water Development Fees** provide funds for the cost of new or expanded facilities for the supply, transportation, treatment, purification, and distribution of water and the pumping and storage infrastructure required to serve new EDUs. Additionally, water supply is an essential part of water services. A portion of the water fee attributable to new EDUs for water supply pays for acquiring, transporting, treating, and managing recharge to and recovery from underground aquifers, new or renewable water supplies required to serve new EDUs.
- **Wastewater Development Fees** provide funds for the cost of sewers, lift stations, reclamation plants, wastewater treatment plants and facilities for the collection, interception, treatment, transportation, and disposal of wastewater and any appurtenances for new or expanded facilities required to serve new EDUs.

## 1.2 Purpose of Development Fee Report

The City must prepare and make public a development fee report documenting the methodology used to determine the development fees, the approach used to assess the development fees to development, and provide a schedule of development fees. This report meets these requirements and describes the City's updated water and wastewater development fees, which were determined based on the analysis and data documented in the LUA Report adopted on April 8, 2025, and the IIP Report adopted on April 8, 2025. Consistent with the LUA and IIP reports, the updated water and wastewater Development Fees Report has been prepared for the 10-year period of 2026 through 2035, with an update required every 5 years.

This Development Fees Report, like the LUA Report and IIP Report, has been prepared by Carollo Engineers (Carollo) to meet the requirements of A.R.S. §9-463.05, summarizing the methodology, analysis, findings, and recommendations for updating the City's water and wastewater development fees. Both the IIP and LUA reports are available on the City's website and are referenced throughout this document.

## SECTION 2 WATER DEVELOPMENT FEES

Section 2 of the Development Fees Report documents the methodology used to determine water development fees. The Necessary Public Services funded by water development fees include water treatment, distribution, and water supply. Necessary Public Services, as defined in A.R.S. §9-463.05, are "facilities that have a life expectancy of three or more years and are owned and operated by or on behalf of the [City]."

### 2.1 Water Service Area

Scottsdale's water service area is approximately 185 square miles as shown in Figure 1. The water service area includes all areas within City limits, with two exceptions:

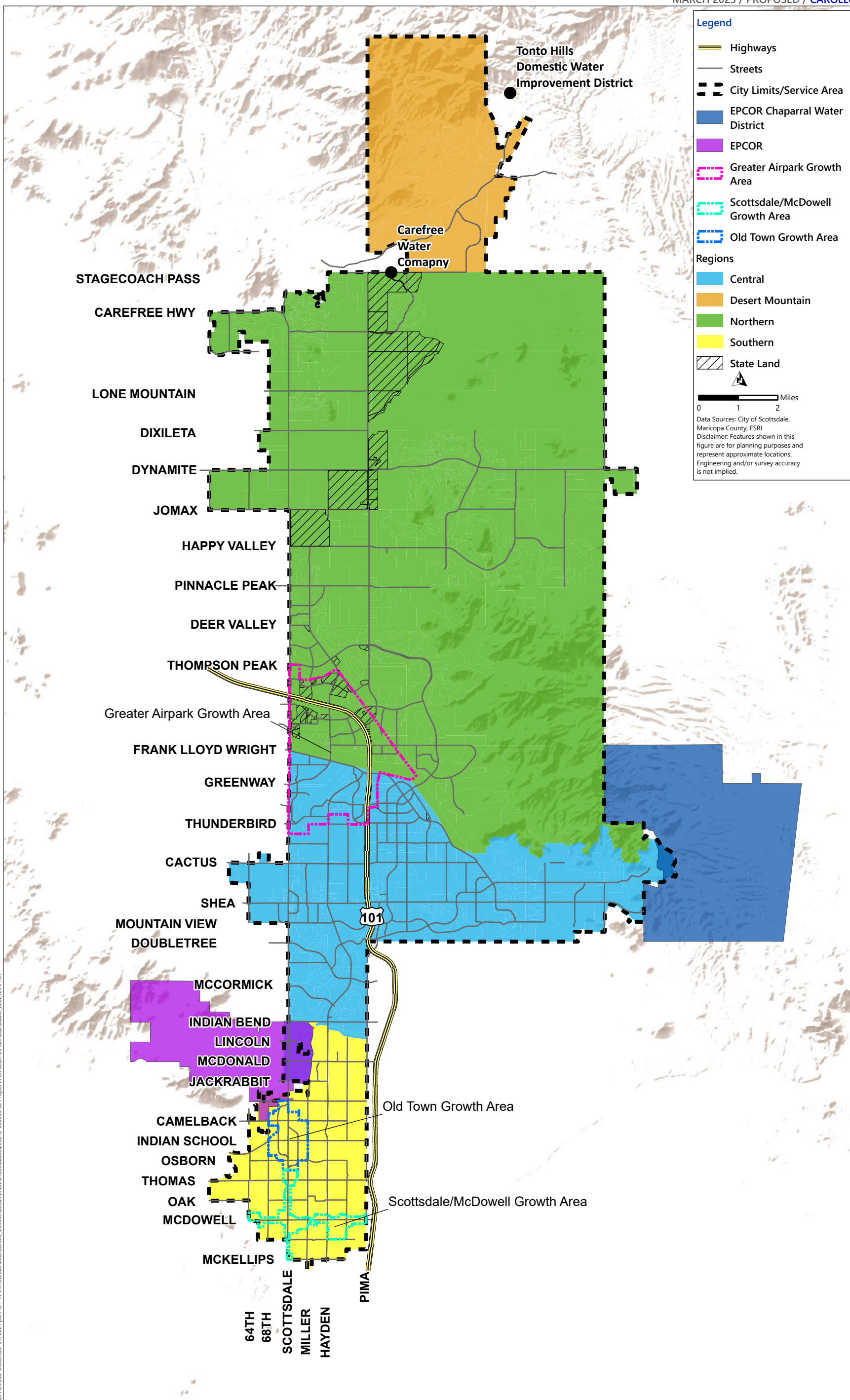
- EPCOR Water (private water company) serves approximately 1,420 customers in the built out area west of the Arizona Canal between Jackrabbit Road and Indian Bend Road, which is about one square mile.
- EPCOR Water serves approximately 200 customers in the built out area near the City boundary with the Town of Fountain Hills.

The City also serves approximately 1,500 customers in the built out area outside the City limits in Maricopa County, north of Dynamite Boulevard, generally between 56th Street and 68th Street.

In addition, the City has agreements with the Tonto Hills Domestic Water Improvement District and Carefree Water Company to treat and deliver their Central Arizona Project (CAP) allocations to areas outside the City limits; however, these customers are subject to the rates, charges, and development fees of their respective utilities.

The City's water treatment and distribution system is interconnected and treated as one integrated system within the City's service area. This single service area approach is consistent with implementation of the development fees wherein the "system average cost" is used, which focuses on the total value and total demand placed on the water system.





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Figure 1 Water Service Area  
 CITY OF SCOTTSDALE  
 2025 LUA, IIP AND DEVELOPMENT FEES UPDATE



## 2.2 Current Water Development Fee Methodology

The current water development fee, adopted as part of the 2021 Development Fees Report, was determined based on the system average cost approach which focuses on the total value and total capacity of the utility's water system. Specifically, the approach was designed to recover the current value of all existing water facilities available to serve existing current demand as well as anticipated future demand; plus, the total capital improvements to those water systems needed to serve anticipated future demands. Since costs recovered under this approach represent the total water system value, it was appropriate to determine the unit cost per gallons per day (gpd) under this approach by dividing the total water system costs by the total existing and planned water system capacity for the 10-year planning period.

Figure 2 demonstrates how total water system value was identified and included in the value used to determine water development fees under the "system average cost" approach.

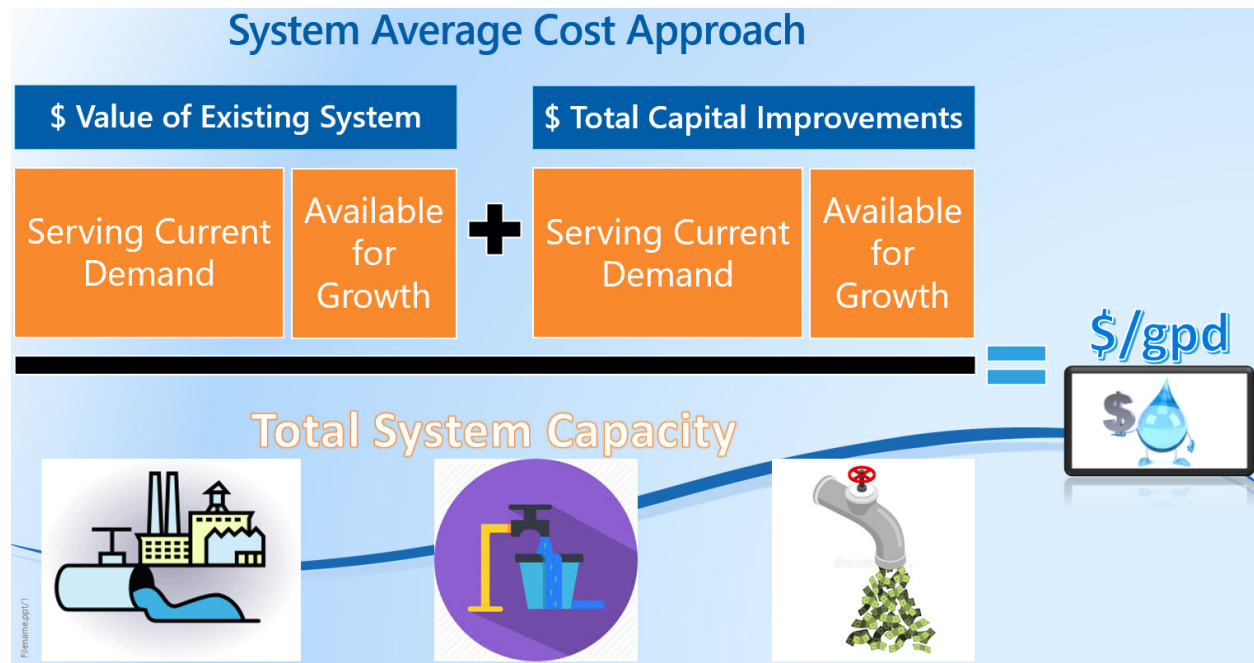


Figure 2 Water System Average Cost Approach

The above diagram illustrates the general method for determining development fees under the system average cost approach. However, A.R.S. §9-463.05 allows other components such as future interest payments on debt, benefiting new customers, and requires a debt principal credit on debt recovered through monthly customer utility rates and charges.

The system average cost approach determines water development fees by:

- Reflecting the average costs of current and future facilities based on a 10-year water IIP planning period.
- Excluding capital improvements identified as replacements or upgrades to the existing water facilities in the capital expansion component of the water development fee.

- Recovering approximately 15 percent of the buy-in value for the advanced water treatment (AWT) facilities as a water supply component, with the remainder allocated to wastewater.
- Integrating the water supply component into the water development fee.
- Excluding the buy-in value for the existing water rights available to serve new EDUs in the costs to be recovered through the water development fee.
- Determining the capacity available for new water EDUs using peak day water usage.
- Determining the system average cost per gpd of water capacity by dividing the costs of existing capacity plus planned capital improvements benefitting new customers by the total existing and planned water treatment capacity during the 10-year planning period.
- Valuing water buy-in facilities through replacement cost new less depreciation (RCNLD) of the City's current facilities available to serve new EDUs.
- Including all planned expansion costs for facilities needed to serve new EDUs.
- Providing a debt principal credit for outstanding principal on borrowed funds, or funds anticipated to be borrowed, to construct facilities benefitting new customers but repaid through user rates generated by those new customers.
- Including future interest expense on borrowed funds, or funds anticipated to be borrowed, to construct facilities benefitting new customers.
- Excluding facilities contributed by developers and others from the total value eligible to serve new EDUs.

This approach recognizes that new customers of utility systems benefit from both facilities already in place, as well as planned capital projects required to expand and extend capacity. Development fees are reflective of the average unit cost of system capacity based on previous and planned investments in the system divided by the total capacity in those facilities. Through development of the unit cost of capacity, this approach provides equity between existing and future customers.

### 2.2.1 Water Supply/Treatment Component

The water supply and treatment component includes water treatment facilities, purification, and wells available to serve new EDUs. As noted below in Table 1, the total eligible capacity of the City's existing supply and treatment facilities is 133.03 million gallons per day (mgd) and consists of the CAP Water Treatment Plant (WTP), the Chaparral WTP, and various groundwater well production sites. Excluded from the City's treatment facilities eligible to serve new EDUs are the Central Groundwater Treatment Facility (CGTF), Thomas Groundwater Treatment Facility (TGTF), and the North Groundwater Treatment Facility (NGTF), which are funded through private contributions and relate solely to a superfund site. Also excluded is a reserved capacity, as described in Section 4.3 of the IIP Report. The total RCNLD of the existing water treatment facilities is \$576.7 million; see Table 9 of the IIP report.

Table 1 presents the existing and planned capacity of water treatment and production facilities.

Table 1 Existing and Planned Capacity of Water Treatment and Production Facilities

Facility	Capacity (mgd)
CAP WTP	70.00
Chaparral WTP	27.00
CGTF/Thomas Groundwater Treatment Facility (TGTF)	12.30
NGTF	3.60
Wells	<u>36.40</u>
<b>Total Existing Capacity</b>	<b>149.30</b>
Less Ineligible: CGTF/TGTF and NGTF	(15.90)
Less Ineligible: Reserved Capacity	<u>(0.37)</u>
<b>Total Eligible Capacity for New EDUs</b>	<b>133.03</b>
Less: Maximum Day Demand	<u>(94.58)</u>
<b>Existing Capacity Available (Unused) for New EDUs</b>	<b>38.45</b>
Plus: Planned CAP WTP Capacity	20.00
Plus: Production Well 53A Production Capacity	1.44
Plus: Aquifer Storage and Recovery (ASR) Well 159 Production Capacity	<u>3.60</u>
<b>Total Capacity Available for New EDUs</b>	<b>63.49</b>

As noted above, there is available existing supply and treatment capacity of 38.45 mgd to serve new demand. Also, as discussed in Section 2.9.2 (Water Treatment and Production) of the IIP Report, the CAP WTP is planned for a 20.0 mgd expansion during the 10-year planning period for the IIP. An additional 5.04 mgd of capacity will be made available through addition of ASR Well 53A and ASR Well 159 during the 10-year planning period. The combined capacity available for new growth from existing and planned supply and treatment facilities is 63.49 mgd.

With the forecasted addition of 12,963 EDUs and a level of service of 661.8 gpd per EDU noted in Sections 2.3, 2.4, 2.8 and 2.9.2 of the IIP, the new EDUs will require 8.6 mgd of the available 63.49 mgd to meet maximum day demand, as stated in section 2.8 of the IIP Report.

Based on the total value of the water supply and treatment component of \$296.5 million and 63.49 mgd of existing and planned capacity in supply and treatment facilities available to serve new EDUs, the unit cost of treatment is \$4.670 per gpd, as shown in Table 4.

For more detailed information on the City's existing and planned treatment facilities and capacity available to serve new EDUs, see Section 2 in the IIP Report.

## 2.2.2 Water Distribution Component

The water distribution component includes pumping facilities, transmission structures, distribution reservoirs, and distribution mains available to serve new EDUs. These facilities are assumed to provide total capacity equal to the current treatment and production capacity. While the water distribution system consists of a network of individual components, all of which have a unique capacity, many of these components have been designed to accommodate both current and new EDUs beyond the 10-year

planning period. Hence, the collective 133.03 mgd of total existing treatment/production capacity eligible for new EDUs can be used as a reasonable measure of the eligible capacity of the entire water distribution system.

The distribution-related infrastructure projects discussed in Section 2.9.3 of the IIP Report and shown in Appendix A.1 of that report will cost approximately \$447 million during the 10-year planning period, of which \$381.7 million is associated with capacity available to serve new EDUs. This infrastructure is needed to extend and expand the City's water distribution system to support the ultimate capacity needs of the system.

As shown in Table 9 of the IIP Report, the total RCNLD of the existing distribution facilities available to serve new EDUs is \$103.5 million.

Table 2 summarizes existing and planned capacity of the water distribution system and the net capacity available for new EDUs.

Table 2 Existing and Planned Capacity of Water Distribution System

Facility	Capacity (mgd)
Current Pipe Capacity	133.40
Less Ineligible: Reserved Capacity	<u>(0.37)</u>
<b>Total Eligible Capacity for New EDUs</b>	<b>133.03</b>
Less: Maximum Day Demand	<u>(94.58)</u>
<b>Existing Capacity Available (Unused) for New EDUs</b>	<b><u>38.45</u></b>
Plus: Planned Capacity Expansions	<u>25.04</u>
<b>Total Capacity Available for New EDUs</b>	<b>63.49</b>

Based on the total value of the water distribution component of \$485.1 million and 63.49 mgd of capacity in distribution facilities available to serve new EDUs, the unit cost of the distribution system is \$7.641 per gpd, as shown below in Table 4.

For more detailed information on the City's existing and planned distribution facilities and capacity available to serve new EDUs, see Section 2 in the IIP Report.

### 2.2.3 Water Recharge Component

The water recharge component includes approximately 15 percent of the buy-in value of the City's AWT facilities located at the Water Campus Water Reclamation Facility (WRF). This is an estimate of the AWT capacity as a water supply component in the system. The AWT treats effluent from the Water Campus WRF and recharges a portion of that effluent into the aquifer. This recharged water represents a water supply, as it can be withdrawn from the aquifer and treated to meet potable water demands from both existing and new EDUs. As shown in Table 8 of the IIP Report, the total recharge capacity eligible to serve new EDUs is 13.50 mgd of the total 20.00 mgd of AWT capacity since 6.50 mgd is reserved for the reclaimed water distribution system (RWDS), which supplies reclaimed water to local golf courses. Section 4.3 of the IIP Report describes the reserved capacity of the RWDS. As shown in Table 9 of the IIP Report, the RCNLD of the AWT facilities available to serve new EDUs and included in the water development fee is \$522,082. Table 3 presents the existing capacity of water recharge facilities.

Table 3 Existing Capacity of Water Recharge Facilities

Facility	Capacity (mgd)
Current Water Campus AWT Capacity	20.00
Less Ineligible: Reserved Capacity	(6.50)
<b>Total Eligible Capacity for New EDUs</b>	<b>13.50</b>
Less: Current Demand (active recharge)	(12.65)
<b>Total Capacity Available for New EDUs</b>	<b>0.85</b>

Based on the total value of the water supply component of \$522,082 and 0.85 mgd of existing and planned capacity to recharge effluent available at the AWT to serve new EDUs, the unit cost of recharge facilities is \$0.614 per gpd, as shown in Table 4.

For more detailed information on the City's existing and planned water supply facilities and capacity eligible to serve new EDUs, see Section 2 in the IIP Report.

### 2.2.4 Water Interest Expense Component

The water development fee also recovers the interest expense on expansion-related debt the City has issued to fund capital improvements benefiting new customers. Interest cost includes annually scheduled interest payments beginning fiscal year (FY) 2026 and continuing through FY 2035. Annual interest payments for the 10-year period total \$12.0 million are divided by the 8.6 mgd of additional future water demands anticipated during the study period. Interest payments for newly issued debt beyond FY 2026 and funding future capital improvements benefiting new customers have not been included.

Based on the total outstanding interest due on debt issued to fund facilities benefitting new EDUs, the average unit cost of water interest expense is \$1.4007 per gpd, as shown in Table 4.

For more detailed information on the water interest expense calculation, see Schedule 1, Calculation of Interest Expense Components in Appendix A.

### 2.2.5 Annual Principal Credit on Existing Debt Service

The debt principal credit represents the annual principal payments on debt issued to fund existing facilities included in the system buy-in costs also included in the revenue requirements recovered through customer utility charges. Each of the annual principal payments is divided by the annual system demand that serves as the basis for determining the estimated user rates and charges, per gpd, for the principal payments. Since new customers will pay for these debt principal payments through their monthly user rates and charges, this credit prevents new customers from being double-charged through the development fee and their user rates and charges. The average unit cost of principal on existing debt service is \$0.974 per gpd. This credit is deducted from the sum of the four cost components on a uniform gpd basis to determine the net capital cost per gpd.

For more detailed information on the water debt principal credit calculation, see Schedule 2, Debt Service Principal Credit Calculation in Appendix A.



### 2.2.6 Proposed Water Development Fee Unit Cost per gpd

The total unit cost of capacity is \$13.652 per gpd, as shown below in Table 4. This represents the sum of the cost per gpd for the water treatment and production component, water distribution component, water supply (recharge) component, and water interest expense component, less the annual principal credit on existing debt service.

### 2.2.7 Proposed Water Development Fee per EDU

The cost per service unit is determined by multiplying the per unit cost of capacity (\$13.351) times the demand factor for the base service unit (EDU), or the 661.8 gpd peak demand for a typical residential dwelling unit. This results in a water development fee per service unit of \$8,836.

Table 4 summarizes unit costs per gpd for each component of the water development fee and calculates the proposed water development fee per gpd and per EDU.

For more detailed information on the water development fee calculation, see Schedule 3, Calculation of Water Development Fee in Appendix A.

Table 4 Water Development Fee per gpd and per EDU

Water Development Fee Component	Unit Cost
Water Supply and Treatment (per gpd)	\$4.670
Water Distribution (per gpd)	7.641
Water Recharge (per gpd)	0.614
Interest Expense (per gpd)	1.401
<b>Total Cost of Capacity (per gpd)</b>	<b>\$14.326</b>
Less: Debt Principal Offset (per gpd)	(0.974)
<b>Net Cost of Capacity (per gpd)</b>	<b>\$13.351</b>
Maximum Day Demand Peak Factor per EDU (gpd)	661.8
<b>Water Development Fee per EDU</b>	<b>\$8,836</b>

### 2.2.8 Proposed Water Development Fee by Meter Size and Type

The City assesses water development fees for new customers based on their meter size and type. Based on the findings in this Report, water development fees by water meter size are presented in Table 5.

Table 5 Proposed Water Development Fees by Meter Size and Type

Meter Size	EDU Conversion	Fee
< = 1-inch	1.0	\$8,836
= 1.5-inch	5.0	\$44,180
= 2-inch	8.0	\$70,688
= 3-inch Compound	17.5	\$154,630
= 3-inch Turbine	21.8	\$192,625
= 4-inch Compound	30.0	\$265,080
= 4-inch Turbine	37.5	\$331,350
= 6-inch Compound	67.5	\$596,430
= 6-inch Turbine	80.0	\$706,880
= 8-inch Compound	80.0	\$706,880

Note:

(1) Single Family, Multi Family and Non Residential meters account for the same number of EDUs for a given meter size.

Single-family dwelling units in the City have historically utilized either the 5/8-inch or 3/4-inch water meter for typical residential water service, as these historically met the demands of a standard single-family unit. The 1-inch meter has the additional capability of supporting an increased increment of flow for fire suppression. To standardize its residential meter sizes, the City is adopting the 1-inch meter as the minimum meter size for a single-family unit. In determining demands for various meter sizes, it is appropriate, however, to establish the 5/8-inch meter capacity as the base rate of flow (assumes 20 gallons per minute [gpm]), incorporating EDU multipliers for subsequent meter sizes based on potential flow rates of those larger meters in relation to the base flow rate (5/8-inch meter size). The City is, therefore, consolidating all meter sizes of 1-inch or less into a single meter class equivalent to one EDU. Meter capacities, or EDUs expressed by size and type are based on standards established by the American Water Works Association (AWWA).

## SECTION 3 WASTEWATER DEVELOPMENT FEES

Section 3 of the Development Fees Report documents the methodology used to determine wastewater development fees. The Necessary Public Services funded by wastewater development fees include wastewater treatment and collection. Necessary Public Services, as defined in A.R.S. §9-463.05, are "facilities that have a life expectancy of three or more years and are owned and operated by or on behalf of the [City]."

### 3.1 Wastewater Service Area

The City's wastewater service area largely coincides with the City boundary and is approximately 185 square miles, as shown in Figure 3.

In addition to wastewater flows that are generated within Scottsdale, the City has entered into agreements with neighboring communities and providers to transport and/or treat portions of wastewater originating in those communities and service areas as follows:

- **City of Phoenix** – Some City of Phoenix wastewater flows enter the Scottsdale collection system through a metering station and pass through the Scottsdale collection system to the Sub-Regional Operating Group (SROG) system per an existing contract. Per contractual arrangements, some of these Phoenix flows can be pumped to the Water Campus WRF for treatment.
- **Paradise Valley** – The Town of Paradise Valley flows enter through numerous connections along the border between the Town and City.
- **Black Mountain Sewer Company** – Flows from the Black Mountain Sewer Company (owned by Liberty Utilities, a private water and sewer company) enter the City's collection system on North Scottsdale Road near the Carefree Highway.
- **Town of Fountain Hills** – A development in the Town of Fountain Hills discharges to Scottsdale's collection system. There is also a small area within the City limits on the east side at approximately Cactus Road which conveys sewer flows to the Fountain Hills Sanitary District facilities.

For collection system planning purposes, the wastewater system is divided into five wastewater flow basins operated as one single service area. This single service area approach is consistent with implementation of development fees wherein a "system average cost" is used, which focuses on the total value and total demand placed on the wastewater system.

The City's wastewater system includes collection, conveyance, treatment, and reclamation of wastewater for beneficial purposes. The City's wastewater and recycled water systems are treated as a single, integrated system for the IIP.

Wastewater flow projections were developed based on relevant LUAs described in the LUA and established City standards related to the conveyance and treatment of wastewater.



### 3.1.1 Unsewered Septic System Areas

Some areas in the City are unsewered and served by septic systems and do not contribute sewer flows to the collection system or water reclamation facilities. Reclaimed water is a valuable resource to the City, and new IIP projects have been proposed to enable the capture/collection of water for reclamation from these unsewered areas that are on septic systems. The IIP projects involve installing new trunk and interceptor sewer collection pipelines in Major and Minor Collector designated transportation corridors, as defined in the Scottsdale Transportation Master Plan (July 2016) in each of the unsewered areas on septic systems included in the IIP.

### 3.2 Current Wastewater Development Fee Methodology

The current wastewater development fee, adopted as part of the 2021 Development Fees Report, was determined based on the same system average cost approach used for the water development fee, which focuses on the total value and total capacity of the utility's wastewater system. Specifically, the approach was designed to recover the current value of all existing wastewater facilities available to serve current flows, as well as anticipated future flows, plus, the total capital improvements to those wastewater systems needed to serve anticipated future flows. Since costs recovered under this approach represent the total wastewater system value, it was appropriate to determine the unit cost per gpd under this approach by dividing the total wastewater system costs by the total existing and planned wastewater system capacity for the 10-year planning period.

Figure 4 demonstrates how total wastewater system value was identified and included in the value used to determine wastewater development fees under the current "system average cost" approach.

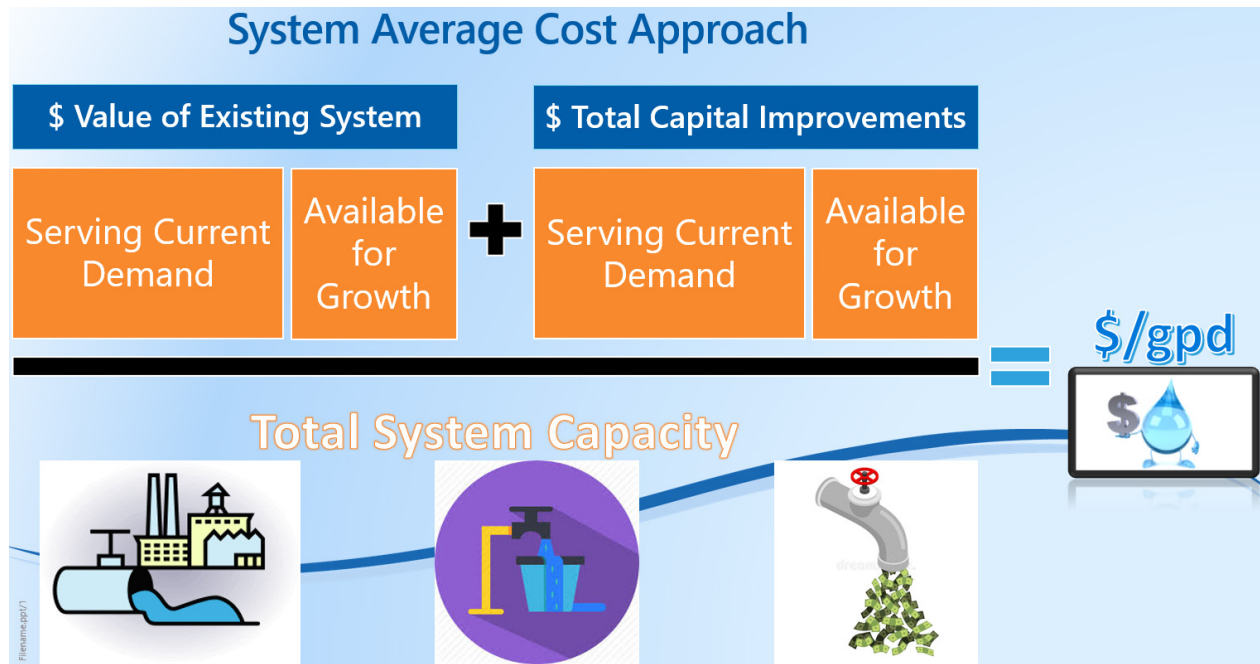


Figure 4 Wastewater System Average Cost Approach



The above diagram illustrates the general method for determining development fees under the system average cost approach. However, A.R.S. §9-463.05 allows other components, such as future interest payments on debt, benefiting new customers and requires a debt principal credit on debt recovered through monthly customer utility rates and charges.

The system average cost approach determines wastewater development fees by:

- Reflecting the average costs of current and future facilities based on a 10-year wastewater IIP planning period.
- Excluding capital improvements identified as replacements or upgrades to the existing wastewater facilities in the capital expansion component of the wastewater development fee.
- Recovering approximately 85 percent of the buy-in value for the AWT facilities as part of the wastewater treatment component of the wastewater development fee since these facilities allow for reclamation of wastewater at the Water Campus WRF. The remaining 15 percent is allocated to water supply.
- Determining the capacity available for new wastewater EDUs using annual average day flow.
- Determining the system average cost per gpd of wastewater capacity by dividing the costs of existing capacity plus planned capital improvements benefitting new customers by the total existing and planned wastewater treatment capacity during the 10-year planning period.
- Valuing wastewater buy-in facilities through RCNLD of the City's current facilities available to serve new EDUs.
- Including all planned expansion costs for facilities needed to serve new EDUs.
- Providing a debt principal credit for outstanding principal on borrowed funds, or funds anticipated to be borrowed, to construct facilities benefitting new customers but repaid through user rates generated by those new customers.
- Including future interest expense on borrowed funds, or funds anticipated to be borrowed, to construct facilities benefitting new customers.
- Excluding facilities contributed by developers and others from the total value eligible to serve new EDUs.

This approach recognizes that new customers of utility systems benefit from both facilities already in place, as well as planned capital projects required to expand and extend capacity. Development fees are reflective of the average unit cost of system capacity based on previous and planned investments in the system divided by the total capacity in those facilities. Through development of the unit cost of capacity, this approach provides equity between existing and future customers.

### 3.2.1 Wastewater Treatment Component

The wastewater treatment component includes wastewater treatment facilities and its Safe Capacity Ownership in the Multi-City SROG. As noted below in Table 6, the total capacity of the City's existing treatment facilities eligible to serve new EDUs is 35.51 mgd. This 35.51 mgd consists of the Water Campus WRF and Scottsdale's capacity ownership in the SROG agreement. The Gainey Ranch WRF is excluded from the wastewater treatment component since this facility was contributed to the City by the Gainey Ranch development and is used for wastewater treatment solely to produce reclaimed water for irrigation purposes. As such, the Gainey Ranch WRF is ineligible to serve new EDUs. Also, reserved capacity, as

described in Section 4.3 of the IIP Report, is excluded from the capacity eligible to serve new EDUs. As noted in Table 16 of the IIP Report, the total RCNLD of the City's existing wastewater treatment facilities available to serve new EDUs is \$87.8 million.

Table 6 Existing Wastewater Treatment and Collection Facilities

Facility	Capacity (mgd)
Gainey Ranch WRF <sup>(1)</sup>	1.67
Water Campus <sup>(2)</sup>	20.00
SROG (Scottsdale Safe Capacity Ownership) <sup>(3)</sup>	<u>20.25</u>
<b>Total Existing Capacity</b>	<b>41.92</b>
Less Ineligible: Gainey Ranch WRF	(1.67)
Less Ineligible: Reserved Capacity	<u>(4.74)</u>
<b>Total Eligible Capacity for New EDUs</b>	<b>35.51</b>
Less: Annual Average Daily Flow	<u>(22.23)</u>
<b>Existing Capacity Available (Unused) for New EDUs</b>	<b>13.28</b>

Notes:

- (1) Gainey Ranch WRF will not provide capacity to new EDUs.
- (2) Water Campus includes both the WRF and the AWT facility.
- (3) Represents liquids stream treatment capacity at the 91st Avenue Wastewater Treatment Plant.

As noted above, there is available wastewater treatment capacity of 13.28 mgd to serve new EDUs. As noted in Sections 3.3 and 3.4 and Table 17 of the IIP Report, with the addition of 12,224 EDUs and a level of service of 179.6 gpd per EDU, new EDUs will require only 2.2 mgd of the 13.28 mgd to treat the average daily flow. Available capacity exceeds the projected average daily flow of new EDUs; therefore, no projects to expand wastewater treatment capacity are required during the 10-year planning period for this IIP.

Based on the total value of the wastewater treatment component of \$87.8 million and 13.28 mgd of capacity in treatment facilities available to serve new EDUs, the unit cost of treatment is \$6.611 per gpd as shown below in Table 7.

For more detailed information on the City's existing and planned wastewater treatment facilities and capacity available to serve new EDUs, see Section 3 in the City's IIP Report.

### 3.2.2 Wastewater Collection Component

The wastewater collection component includes wastewater conveyance infrastructure such as lift stations, gravity sewers and force mains available to serve new EDUs. These facilities are assumed to provide total capacity equal to the current treatment capacity. While the wastewater collection system consists of a network of individual components, all of which have a unique capacity, many of these components have been designed to accommodate both current and new EDUs beyond the 10-year planning period. Hence, the collective capacity of the treatment facilities can be used as a reasonable measure of the capacity of the entire wastewater collection system.

As discussed in Section 3.9.2 of the IIP Report and shown in Appendix B.1 of that report, approximately \$321.3 million in wastewater collection infrastructure is needed during the 10-year planning period, of which \$297.6 million is associated with capacity available to serve new EDUs. This infrastructure will extend and expand the City's wastewater collection system to address growth.

As shown in Table 16 of the IIP Report, the total RCNLD of the existing collection facilities available to serve new EDUs is \$44.1 million.

Based on the total value of the wastewater collection component of approximately \$341.7 million and 13.28 mgd of capacity in collection facilities available to serve new EDUs, the unit cost of the collection system is \$25.730 per gpd, as shown in Table 7.

For more detailed information on the City's existing and planned wastewater collection facilities and capacity available to serve new EDUs, see Section 3 in the IIP Report.

### 3.2.3 Wastewater Interest Expense Component

The wastewater development fee also recovers the interest expense on expansion-related debt the City has issued to fund capital improvements benefiting new customers. Interest cost includes annually scheduled interest payments beginning FY 2026 and continuing through FY 2035. Annual interest payments for the 10-year period total \$8.4 million and are divided by the 2.2 mgd of additional future wastewater flows anticipated during the study period. Interest payments for newly issued debt beyond FY 2026 and funding future capital improvements benefiting new customers have not been included.

Based on the total outstanding interest due on debt issued to fund facilities benefitting new EDUs, the average unit cost of wastewater interest expense is \$3.843 per gpd as shown below in Table 7.

For more detailed information on the wastewater interest expense calculation, see Schedule 1, Calculation of Interest Expense Components, in Appendix A.

### 3.2.4 Annual Principal Credit on Existing Debt Service

The debt principal credit represents the annual principal payments on debt issued to fund existing facilities included in the system buy-in costs also included in the revenue requirements recovered through customer utility charges. Each of the annual principal payments is divided by the annual system demand that serves as the basis for determining the estimated user rates and charges per gpd for the principal payments. Since new customers will pay for these debt principal payments through their monthly user rates and charges, this credit prevents new customers from being double charged through the development fee and their user rates and charges. The average unit cost of principal on existing debt service is \$2.620 per gpd. This credit is deducted from the sum of the three cost components on a uniform basis to determine the net capital cost per gpd.

For more detailed information on the wastewater debt principal credit calculation, see Schedule 1, Debt Service Principal Credit Calculation in Appendix A.

### 3.2.5 Proposed Wastewater Development Fee Unit Cost per gpd

The total unit cost of capacity is \$33.5649 per gpd, as shown below in Table 7. This represents the sum of the cost per gpd for the wastewater treatment component, wastewater collection component, and wastewater interest expense component, less annual principal credit on existing debt service.

### 3.2.6 Proposed Wastewater Development Fee per EDU

The cost per service unit is determined by multiplying the per unit cost of capacity (\$33.5649) times the assumed flow factor for the base service unit (EDU), or the 179.6 gpd average daily flow for a typical residential dwelling unit. This results in a wastewater development fee per service unit of \$6,028.

Table 7 summarizes unit costs per gpd for each component of the wastewater development fee and calculates the proposed wastewater development fee per gpd and per EDU.

For more detailed information on the wastewater development fee calculation, see Schedule 4, Calculation of Wastewater Development Fee in Appendix A.

Table 7 Wastewater Development Fee per gpd and per EDU

Wastewater Development Fee Component	Unit Cost
Wastewater Treatment (per gpd)	\$6.611
Wastewater Collection (per gpd)	25.730
Interest Expense (per gpd)	3.843
<b>Total Cost of Capacity (per gpd)</b>	<b>\$36.184</b>
Less: Debt Principal Offset (per gpd)	(2.620)
<b>Net Cost of Capacity (per gpd)</b>	<b>\$33.565</b>
Annual Average Day Factor per EDU (gpd)	179.6
<b>Wastewater Development Fee per EDU</b>	<b>\$6,028</b>

### 3.2.7 Proposed Wastewater Development Fee by Water Meter Size and Type

The City assesses wastewater development fees for new customers based on their water meter size and type. Based on the findings in this Report, wastewater development fees by water meter size are presented in Table 8.

Table 8 Proposed Wastewater Development Fees by Meter Size and Type

Meter Size <sup>(1)</sup>	EDU Conversion	Fee
< = 1-inch	1.0	\$6,028
= 1.5-inch	5.0	\$30,140
= 2-inch	8.0	\$48,224
= 3-inch Compound	17.5	\$105,490
= 3-inch Turbine	21.8	\$131,410
= 4-inch Compound	30.0	\$180,840
= 4-inch Turbine	37.5	\$226,050
= 6-inch Compound	67.5	\$406,890
= 6-inch Turbine	80.0	\$482,240
= 8-inch Compound	80.0	\$482,240

Note:

(1) Single Family, Multi Family and Non Residential meters account for the same number of EDUs for a given meter size.

## SECTION 4 FORECAST OF DEVELOPMENT FEE REVENUES AND CASH FLOWS

The City assesses development fees as a means to offset costs associated with providing Necessary Public Services for development, including the costs of infrastructure, real property, engineering and architectural services, financing, and professional services required for the preparation or revision of development fees, including the relevant portion of the IIP. Other costs permitted for inclusion in the development fee calculation and eligible to be offset by development fee revenues are projected interest charges and other financing costs on the portion of bonds, notes, or other obligations issued to finance construction of Necessary Public Services or facility expansions identified in the IIP.

This section forecasts anticipated development fee revenues and the extent to which those revenues will offset costs associated with providing water and wastewater capacity to new EDUs included in the water and wastewater IIPs.

### 4.1 Forecast of Water Development Fee Revenues and IIP Capital Costs

The annual water development fee revenue forecast is based on assumptions in the LUA forecast that an additional 12,963 water EDUs will be added during the 10-year IIP planning period.

IIP capital costs include planned capital projects benefitting new water EDUs identified in the IIP, plus principal and interest payments on existing water debt issued to fund infrastructure benefitting growth and included in the water development fee calculation.

Forecasted water development fee revenues and 10-year IIP capital cost requirements are presented in Table 9.

Table 9 Forecasted Water Development Fee Revenues and Capital Requirements

Description	FY 2025-2034 Costs
<b>Forecasted Water Development Fee Revenues</b>	<b>\$117,120,705</b>
Planned Water Capital Projects Benefitting New EDUs	\$511,467,500
Water Principal on Growth-Related Projects	0
Water Interest on Growth-Related Projects	\$15,104,074
<b>Total 10-Year Water IIP Costs</b>	<b>\$526,571,574</b>
<b>Surplus / (Deficit)</b>	<b>(\$409,450,869)</b>

Table 9 demonstrates forecasted water development fee revenues will produce a deficit of approximately \$409.5 million during the 10-year IIP planning period. Since determination of the water development fee includes the buy-in value of facilities eligible to serve new customers and available capacity to serve new customers connecting to the system while also paying for capacity well beyond the 10-year planning period, forecasted water development fee revenues will not necessarily equal capital requirements during the 10-year IIP planning period.



For more detailed information on annual water development fee revenues and capital requirements of the IIP, see Schedule 5, Annual Forecast of Water Development Fee Revenues and Capital Requirements in Appendix A.

## 4.2 Forecast of Wastewater Development Fee Revenues and IIP Capital Costs

The annual wastewater development fee revenue forecast is based on assumptions in the LUA forecast that an additional 12,224 wastewater EDUs will be added during the 10-year IIP planning period.

IIP capital costs include planned capital projects benefitting new EDUs identified in the IIP, plus principal and interest payments on existing wastewater debt issued to fund infrastructure benefitting growth and included in the wastewater development fee calculation.

Forecasted wastewater development fee revenues and 10-year IIP capital cost requirements are presented in Table 10.

Table 10 Forecasted Wastewater Development Fee Revenues and Capital Requirements

Description	FY 2025-2034 Costs
<b>Forecasted Wastewater Development Fee Revenues</b>	<b>\$75,312,064</b>
Planned Wastewater Capital Projects Benefitting New EDUs	\$297,577,000
Wastewater Principal on Growth-Related Projects	0
Wastewater Interest on Growth-Related Projects	\$10,275,781
<b>Total 10-Year Wastewater IIP Costs</b>	<b>\$307,852,781</b>
<b>Surplus / (Deficit)</b>	<b>(\$232,540,717)</b>

As Table 10 demonstrates, forecasted wastewater development fee revenues will produce a deficit of approximately \$232.5 million during the 10-year IIP planning period. Since determination of the wastewater development fees includes the buy-in value of facilities eligible to serve new customers and available capacity to serve new customers connecting to the system while also paying for capacity well beyond the 10-year planning period, forecasted wastewater development fee revenues will not necessarily equal capital requirements during the 10-year IIP planning period.

For more detailed information on annual wastewater development fee revenues and capital requirements of the IIP, see Schedule 5, Annual Forecast of Wastewater Development Fee Revenues and Capital Requirements in Appendix A.

## SECTION 5 DEVELOPMENT OF UPDATED WATER AND WASTEWATER DEVELOPMENT FEES

Proposed development fees reflect a net increase over current development fees due to updated buy-in values, additional planned infrastructure necessary to accommodate anticipated future demands during the 10-year planning period, and updated interest expenses on growth-related debt.

Current development fees reflect the City's RCNLD value for existing facilities available for new EDUs as of June 30, 2020, while proposed fees reflect that value as of June 30, 2024, which includes additional infrastructure constructed and amortized depreciation on existing facilities since the previous development fees were determined. As the City completes growth-related expansions, added capacity through capital investments to the water and wastewater systems is increased and available to serve new EDUs. These changes to the asset base are reflected below in Table 11.

Table 11 Comparison of Changes to Asset Base

	2021 IIP	2025 IIP	Variance
Buy-In of Existing Infrastructure – Water	\$606,593,382	\$934,657,048	\$328,063,666
Buy-In of Existing Infrastructure – Recharge	\$11,946,680	\$8,291,891	\$(3,654,789)
Buy-In of Existing Infrastructure – Wastewater	\$203,870,246	\$399,826,396	\$195,956,150
<b>Total</b>	<b>\$822,410,308</b>	<b>\$1,342,775,334</b>	<b>\$520,365,026</b>

Proposed capital projects for growth-related expansions projected over the 2025 IIP 10-year period versus the 2021 IIP 10-year planning period has increased the total development fee growth component as follows in Table 12.

Table 12 Comparison of Changes to Growth-Related Capital Projects

	2021 IIP	2025 IIP	Variance
Growth-Related Capital Expansion – Water	\$203,200,600	\$511,467,500	\$308,266,900
Growth-Related Capital Expansion – Recharge	\$-	\$-	\$-
Growth-Related Capital Expansion – Wastewater	\$80,793,000	\$297,577,000	\$216,784,000
<b>Total</b>	<b>\$283,993,600</b>	<b>\$809,044,500</b>	<b>\$525,050,900</b>

Net changes to growth-related expansions and available buy-in capacity used to calculate development fees are as follows in Table 13.

Table 13 Comparison of Changes to Growth-Related Expansions and Available Buy-In Facilities

	2021 IIP	2025 IIP	Variance
Growth and Available Buy-In – Water	\$809,793,982	\$1,446,124,548	\$636,330,566
Growth and Available Buy-In – Recharge	11,946,680	8,291,891	(3,654,789)
Growth and Available Buy-In – Wastewater	284,663,246	697,403,396	412,740,150
<b>Total</b>	<b>\$1,106,403,908</b>	<b>\$2,151,819,834</b>	<b>\$1,045,415,926</b>

This represents an overall increase of approximately 94.5 percent in the growth-related expansions and available buy-in infrastructure components of the development fees.

## 5.1 Development Fee Revenue Forecast

The projection of development fee revenue is challenging due to various uncertainties associated with current residential and non-residential development. The City anticipates revised development fees, which are proposed to be effective starting September 15, 2025, will result in increased development fee revenue due to higher expected growth in new EDUs added during the 10-year planning period. The 2021 IIP anticipated adding 18,713 water and 23,278 wastewater EDUs during the previous 10-year planning period as compared to current estimates of 12,963 water and 12,224 wastewater EDUs. A summary of the proposed increases for each fee category are described below.

## 5.2 Single Family Residential

Under the combined (water and wastewater) proposed development fees, a single-family residential development with a 1-inch meter would see an increase of approximately 93.0 percent. Similarly, a single-family residential development with a 1-1/2-inch meter would also see an increase of 93.0 percent. A summary of the single-family development fee comparison is presented in Table 14.

Table 14 Combined Single-Family Residential Development Fee Comparison

Meter Size	Current	Proposed	Increase	% Change
1-Inch	\$7,699	\$14,864	\$7,165	↑ 93.0%
1.5-Inch	\$38,498	\$74,320	\$35,822	↑ 93.0%

## 5.3 Multi-Family Residential

A summary of the combined (water and wastewater) multi-family development fee comparison, based on a represented number of meters for a particular multi-family housing development, is presented in Table 15.

Table 15 Combined Multi-Family Residential Development Fee Comparison

Meter Size	Current	Proposed	Increase	% Change
<b>300 Unit Apartment, Average Density 1,500 sq ft</b>				
Ten 2-Inch Meters	\$615,970	\$1,189,120	\$573,150	↑ 93.0%
<b>100 Unit Apartment, Average Density 1,600 sq ft</b>				
Five 1.5-Inch Meters	\$192,490	\$371,600	\$179,110	↑ 93.0%
<b>8 Unit Duplex, Average Density 1,800 sq ft</b>				
One 1.5-Inch Meter	\$38,498	\$74,320	\$35,822	↑ 93.0%

sq ft - square feet

## 5.4 Non-Residential

A summary of the combined (water and wastewater) non-residential development fee comparison is presented in Table 16.

Table 16 Combined Non-Residential Development Fee Comparison

Meter Size	Current	Proposed	Increase	% Change
1-inch	\$7,699	\$14,864	\$7,165	↑ 93.0%
1.5-inch	\$38,498	\$74,320	\$35,822	↑ 93.0%
2-inch	\$61,597	\$118,912	\$57,315	↑ 93.0%
3-inch Compound	\$134,744	\$260,120	\$125,376	↑ 93.0%
3-inch Turbine	\$167,851	\$324,035	\$156,184	↑ 93.0%
4-inch Compound	\$230,989	\$445,920	\$214,931	↑ 93.0%
4-inch Turbine	\$288,737	\$557,400	\$268,663	↑ 93.0%
6-inch Compound	\$519,726	\$1,003,320	\$483,594	↑ 93.0%
6-inch Turbine	\$615,972	\$1,189,120	\$573,148	↑ 93.0%

Notes:

- (1) The EDU conversion factors for large turbine meters were updated to be consistent with AWWA standards, which results in changes to the development fees that differ from the change to the proposed development fee for 1.0 EDU.

APPENDIX A

# DEVELOPMENT FEE CALCULATIONS



Schedule 1  
 City of Scottsdale Development Fee Model  
 Interest Expense and Debt Credit Fee Component Calculation

	Total	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035
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**Debt Service Principal Credits**

<i>Water</i>																						
Total Principal Funded through User Rates and Charges	\$	12,329,698	\$	12,646,032	\$	12,592,013	\$	10,358,795	\$	12,622,621	\$	9,836,200	\$	7,852,235	\$	6,031,300	\$	5,101,200	\$	6,638,400		
Total System Maximum Day Demand (MGD)		95.405		96.237		97.076		97.922		98.776		99.638		100.507		101.383		102.267		103.159		
<b>Annual Debt Credit (\$/gpd)</b>	<b>\$</b>	<b>0.1292</b>	<b>\$</b>	<b>0.1314</b>	<b>\$</b>	<b>0.1297</b>	<b>\$</b>	<b>0.1058</b>	<b>\$</b>	<b>0.1278</b>	<b>\$</b>	<b>0.0987</b>	<b>\$</b>	<b>0.0781</b>	<b>\$</b>	<b>0.0595</b>	<b>\$</b>	<b>0.0499</b>	<b>\$</b>	<b>0.0644</b>		
Cumulative Debt Principal Credit (\$/gpd)	\$	0.9745																				
Total Interest (Dev Fees)	\$	12,016,569	\$	2,829,288	\$	2,320,265	\$	1,950,103	\$	1,565,577	\$	1,163,985	\$	686,955	\$	556,340	\$	400,573	\$	320,680	\$	222,803
<i>Wastewater</i>																						
Total Principal Funded through User Rates and Charges	\$	5,020,402	\$	5,674,168	\$	6,653,087	\$	5,811,205	\$	12,197,378	\$	6,368,800	\$	7,736,300	\$	3,748,800	\$	5,123,800	\$	2,796,500		
Total System Average Daily Flow (MGD)		22.440		22.653		22.867		23.083		23.302		23.522		23.745		23.970		24.196		24.425		
<b>Annual Debt Credit (\$/gpd)</b>	<b>\$</b>	<b>0.2237</b>	<b>\$</b>	<b>0.2505</b>	<b>\$</b>	<b>0.2909</b>	<b>\$</b>	<b>0.2517</b>	<b>\$</b>	<b>0.5235</b>	<b>\$</b>	<b>0.2708</b>	<b>\$</b>	<b>0.3258</b>	<b>\$</b>	<b>0.1564</b>	<b>\$</b>	<b>0.2118</b>	<b>\$</b>	<b>0.1145</b>		
Cumulative Debt Principal Credit (\$/gpd)	\$	2.6196																				
Total Interest (Dev Fees)	\$	8,437,005	\$	1,722,363	\$	1,510,846	\$	1,378,196	\$	1,202,123	\$	982,192	\$	565,101	\$	469,976	\$	299,919	\$	226,643	\$	79,646

## Water Incremental Fee Calculation

### Supply & Treatment

Buy-In Value of Existing System (RCNLD): Available	\$	166,684,070
Planned Capital Projects	\$	129,791,000
<b>Total Water Supply (\$)</b>	<b>\$</b>	<b>296,475,070</b>
Supply & Treatment Capacity (MGD)		63.49
<b>Cost Per Gallon Per Day of Capacity</b>	<b>\$</b>	<b>4.670</b>

### Distribution

Buy-In Value of Existing System (RCNLD): Available	\$	103,462,239
Planned Capital Projects	\$	381,676,500
<b>Total Water Distribution (\$)</b>	<b>\$</b>	<b>485,138,739</b>
Distribution Capacity (MGD)		63.49
<b>Cost Per Gallon Per Day of Capacity</b>	<b>\$</b>	<b>7.641</b>

### Growth-Related Interest Expense

Growth-Related Interest	\$	12,016,569
Capacity Required to Service Growth (MGD)		8.58
<b>Growth-Related Interest Expense (\$/gpd)</b>	<b>\$</b>	<b>1.401</b>

Total Water System Cost Per Gallon Per Day	\$	14.3257
Less: Debt Principal Credit (\$/gpd)	\$	(0.9745)
<b>NET Water System Cost Per Gallon Per Day</b>	<b>\$</b>	<b>13.3512</b>
Maximum Day Demand per EDU		661.8
<b>Water Development Fee per EDU</b>	<b>\$</b>	<b>8,836</b>

## Wastewater Incremental Fee Calculation

### Collection

Buy-In Value of Existing System (RCNLD)	\$	44,120,892
Planned Capital Projects	\$	297,577,000
<b>Total Wastewater Collection (\$)</b>	<b>\$</b>	<b>341,697,892</b>
Collection Capacity (MGD)		13.28
<b>Cost Per Gallon Per Day of Capacity</b>	<b>\$</b>	<b>25.730</b>

### Treatment

Buy-In Value of Existing System (RCNLD)	\$	87,796,985
Planned Capital Projects	\$	-
<b>Total Wastewater Treatment (\$)</b>	<b>\$</b>	<b>87,796,985</b>
Treatment Capacity (MGD)		13.28
<b>Cost Per Gallon Per Day of Capacity</b>	<b>\$</b>	<b>6.611</b>

### Growth-Related Interest Expense

Growth-Related Interest	\$	8,437,005
Capacity Required to Service Growth		2.20
<b>Growth-Related Interest Expense (\$/gpd)</b>	<b>\$</b>	<b>3.8430</b>

Total Wastewater System Cost Per Gallon Per Day	\$	36.1845
Less: Debt Principal Credit (\$/gpd)	\$	(2.6196)
<b>NET Wastewater System Cost Per Gallon Per Day</b>	<b>\$</b>	<b>33.565</b>
Average Daily Flow per EDU		179.6
<b>Wastewater Development Fee per EDU</b>	<b>\$</b>	<b>6,028</b>

Schedule 4  
 City of Scottsdale Development Fee Model  
 Annual Forecast of Water Development Fee Revenue and Capital Requirements

Description	Total	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034
<b>Water Revenue Check</b>											
Projected Peak-Day Water Demands (MGD)		94,580	95,405	96,237	97,076	97,922	98,776	99,638	100,507	101,383	102,267
Total Water EDUs		148,039	149,298	150,566	151,846	153,136	154,438	155,750	157,074	158,409	159,755
Annual Water EDUs Added	12,963	1,247	1,258	1,269	1,280	1,290	1,301	1,312	1,324	1,335	1,346
Water Development Fee per EDU		\$ 8,836	\$ 8,836	\$ 8,836	\$ 8,836	\$ 8,836	\$ 8,836	\$ 8,836	\$ 8,836	\$ 8,836	\$ 8,836
<b>Water Development Fee Revenue</b>	<b>\$ 114,541,068</b>	<b>\$ 11,022,866</b>	<b>\$ 11,116,542</b>	<b>\$ 11,211,015</b>	<b>\$ 11,306,290</b>	<b>\$ 11,402,376</b>	<b>\$ 11,499,277</b>	<b>\$ 11,597,003</b>	<b>\$ 11,695,558</b>	<b>\$ 11,794,952</b>	<b>\$ 11,895,190</b>
<b>Projected IIP Costs</b>											
Annual Growth-Related Water Capital Projects	<b>\$ 511,467,500</b>	\$ 77,670,000	\$ 10,981,000	\$ 38,741,000	\$ 14,756,000	\$ 43,776,000	\$ 325,543,500	\$ -	\$ -	\$ -	\$ -
Water Principal Development Fees	<b>\$ -</b>	-	-	-	-	-	-	-	-	-	-
Water Interest Development Fees	<b>\$ 15,104,074</b>	3,310,308	2,829,288	2,320,265	1,950,103	1,565,577	1,163,985	686,955	556,340	400,573	320,680
<b>TOTAL IIP COSTS</b>	<b>\$ 526,571,574</b>	<b>\$ 80,980,308</b>	<b>\$ 13,810,288</b>	<b>\$ 41,061,265</b>	<b>\$ 16,706,103</b>	<b>\$ 45,341,577</b>	<b>\$ 326,707,485</b>	<b>\$ 686,955</b>	<b>\$ 556,340</b>	<b>\$ 400,573</b>	<b>\$ 320,680</b>
Surplus / (Deficit)	<b>\$ (412,030,506)</b>	\$ (69,957,442)	\$ (2,693,746)	\$ (29,850,250)	\$ (5,399,812)	\$ (33,939,201)	\$ (315,208,208)	\$ 10,910,048	\$ 11,139,218	\$ 11,394,379	\$ 11,574,510

Schedule 5  
 City of Scottsdale Development Fee Model  
 Annual Forecast of Wastewater Development Fee Revenue and Capital Requirements

Description	Total	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034
<b>Wastewater Revenue Check</b>											
Projected Average Daily Flow (MGD)		22.230	22.440	22.653	22.867	23.083	23.302	23.522	23.745	23.970	24.196
Total Wastewater EDUs		126,154	127,336	128,530	129,735	130,951	132,179	133,418	134,669	135,932	137,206
Annual Wastewater EDUs Added	12,224	1,172	1,183	1,194	1,205	1,216	1,228	1,239	1,251	1,263	1,274
Wastewater Development Fee per EDU		\$ 6,028	\$ 6,028	\$ 6,028	\$ 6,028	\$ 6,028	\$ 6,028	\$ 6,028	\$ 6,028	\$ 6,028	\$ 6,028
<b>Wastewater Development Fee Revenue</b>	<b>\$ 73,686,272</b>	<b>\$ 7,063,079</b>	<b>\$ 7,129,296</b>	<b>\$ 7,196,133</b>	<b>\$ 7,263,597</b>	<b>\$ 7,331,694</b>	<b>\$ 7,400,429</b>	<b>\$ 7,469,808</b>	<b>\$ 7,539,838</b>	<b>\$ 7,610,524</b>	<b>\$ 7,681,873</b>
<b>Projected IIP Costs</b>											
Annual Growth-Related Wastewater Capital Projects	<b>\$ 297,577,000</b>	\$ 71,433,000	\$ 20,357,000	\$ 46,034,000	\$ 95,033,000	\$ 37,005,000	\$ 27,715,000	\$ -	\$ -	\$ -	\$ -
Wastewater Principal Development Fees	<b>\$ -</b>	-	-	-	-	-	-	-	-	-	-
Wastewater Interest Development Fees	<b>\$ 10,275,781</b>	1,918,422	1,722,363	1,510,846	1,378,196	1,202,123	982,192	565,101	469,976	299,919	226,643
<b>TOTAL IIP COSTS</b>	<b>\$ 307,852,781</b>	<b>\$ 73,351,422</b>	<b>\$ 22,079,363</b>	<b>\$ 47,544,846</b>	<b>\$ 96,411,196</b>	<b>\$ 38,207,123</b>	<b>\$ 28,697,192</b>	<b>\$ 565,101</b>	<b>\$ 469,976</b>	<b>\$ 299,919</b>	<b>\$ 226,643</b>
Surplus / (Deficit)	<b>\$ (234,166,509)</b>	\$ (66,288,343)	\$ (14,950,067)	\$ (40,348,713)	\$ (89,147,599)	\$ (30,875,429)	\$ (21,296,763)	\$ 6,904,707	\$ 7,069,862	\$ 7,310,605	\$ 7,455,230