



# City of Mesa

FY 2018/19

## Utility Rate Recommendations and Enterprise Fund Summary

April 5, 2018

### **Presented by**

Candace Cannistraro – Management and Budget Director  
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Scott Bouchie – Environmental Management and Sustainability Director  
Frank McRae – Energy Resources Director  
Jake West – Water Resources Director



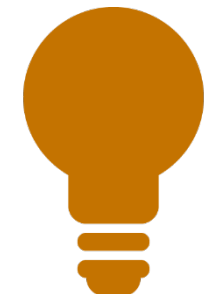
# Enterprise Operations

Each utility is operated as a separate business center

Combined Ending Reserve Balance adheres to the adopted financial policy of at least 8-10% over the forecast period

Reserve balance can be used to smooth rate adjustments year-to-year

Reserve balance can be used to phase in new programs or changes in operations



# Water Resources Department



## Value

We provide these valuable services that protect public health and the environment, bolster the local economy, and are an integral part of the vibrant lifestyle enjoyed in Mesa.

## Service

Our service area consists of 170 square miles with a growing population of over 485,000 people.

## Connections

The water system provides service to approximately 149,000 residential and commercial connections.

The wastewater collection system provides service to approximately 125,000 residential and commercial connections.

# Water Resources

# Accomplishments

- City of Mesa water continues to meet over 100 state and federal water quality standards
- Know Your H2O Water Bar
- PRSA Copper Anvil Award of Merit – Know Your H2O Water Bar
- PRSA Copper Anvil Award of Merit – Water Quality Consumer Confidence Report
- Matthew Rexing, Compliance Lab Supervisor, received the AWWA 2017 George Warren Fuller Award for distinguished service in the water supply field
- More than 350 water education student workbooks and accompanying teacher manuals distributed to schools for grades K-6



# Water Resources Top Challenges

## System Growth

- Recruiting and retaining highly qualified staff
- Succession Planning

## Water Commodity

- Water commodity costs increasing
- Possible future water shortage

## Maintenance of Aging Infrastructure

- Distribution and Collection System Maintenance
- Reliability

# Water Business Objective

## Mission

- Provide reliable, high quality water services at fair and reasonable rates for the people in our community.

## Desired Outcomes

- Mesa's water demands are met
- Mesa's water is safe and reliable
- Mesa's water quality meets Mesa's goals for taste, odor, and fluoride
- Water is provided in a cost-effective manner

The logo features a cluster of blue and green circles of varying sizes, resembling a water droplet or a cluster of bubbles. Below this cluster, the text "MESA KNOW YOUR" is written in a curved, orange font. At the bottom, the text "H2O" is written in a large, bold, blue font.

MESA KNOW YOUR  
H<sub>2</sub>O

# Measuring Success -Water

## Water Meter Read Error Rate

- Target - Meter readers are measured as a group will not exceed 4 errors per 10,000 reads per month.
- Average – 3.5 errors per 10,000 reads per month

## % of Groundwater Pumped

- Target – 10% - per month
- Average – 19.75% per month

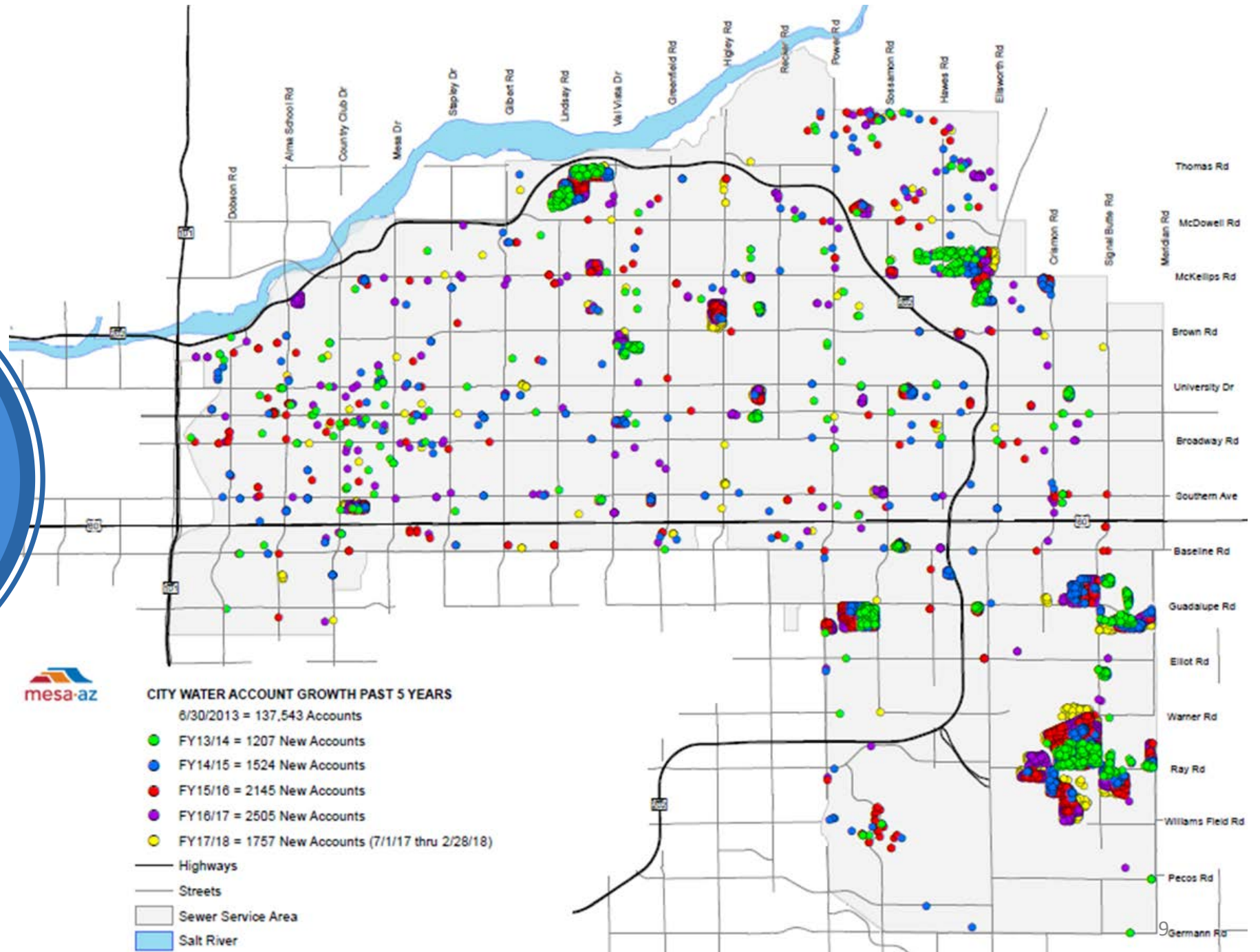
## # of Leaks and Breaks per 100 miles of Pipe

- Target – 1 per month
- Average – 1.6 per month





# Water Account Growth



# Water System Overview

- ▶ 1915 to 2000 - 1,655 miles of Water Main
- ▶ 2001 to 2005 - Added 343 miles
- ▶ 2006 to 2010 - Added 203 miles
- ▶ 2011 to 2015 - Added 162 miles
- ▶ 2016 to Current Added 31 miles -
  - ▶ **2,394 miles of Water Main**
- ▶ 2016 to Current 66 additional miles proposed
- ▶ 80 additional miles planned in Future Development
- ▶ 31 Wells - Additional planned
- ▶ 5 Transfer Stations
- ▶ 20 Pump Stations - Additional planned
- ▶ 16 Reservoirs
- ▶ 23 Pressure Reducing Valves
- ▶ 20,056 Fire Hydrants
- ▶ 62,156 Valves - includes system valves, control valves, and hydrant valves

## Water Significant Budget Changes FY18/19

- Water Commodity **+\$1.2M**  
(CAP/SRP)
- Electrical **+\$251k**
- Chemicals **+\$159k**
- Preventative Maintenance **+\$104k**
- Meter Reader Position **+\$114k\***
- Regulatory Compliance **+\$90k\*\***
- Customer Service Specialist **+\$68k**
- Signal Butte Water Treatment Plant

\* Figure includes both ongoing and one-time position costs

\*\*Funding for one-time costs

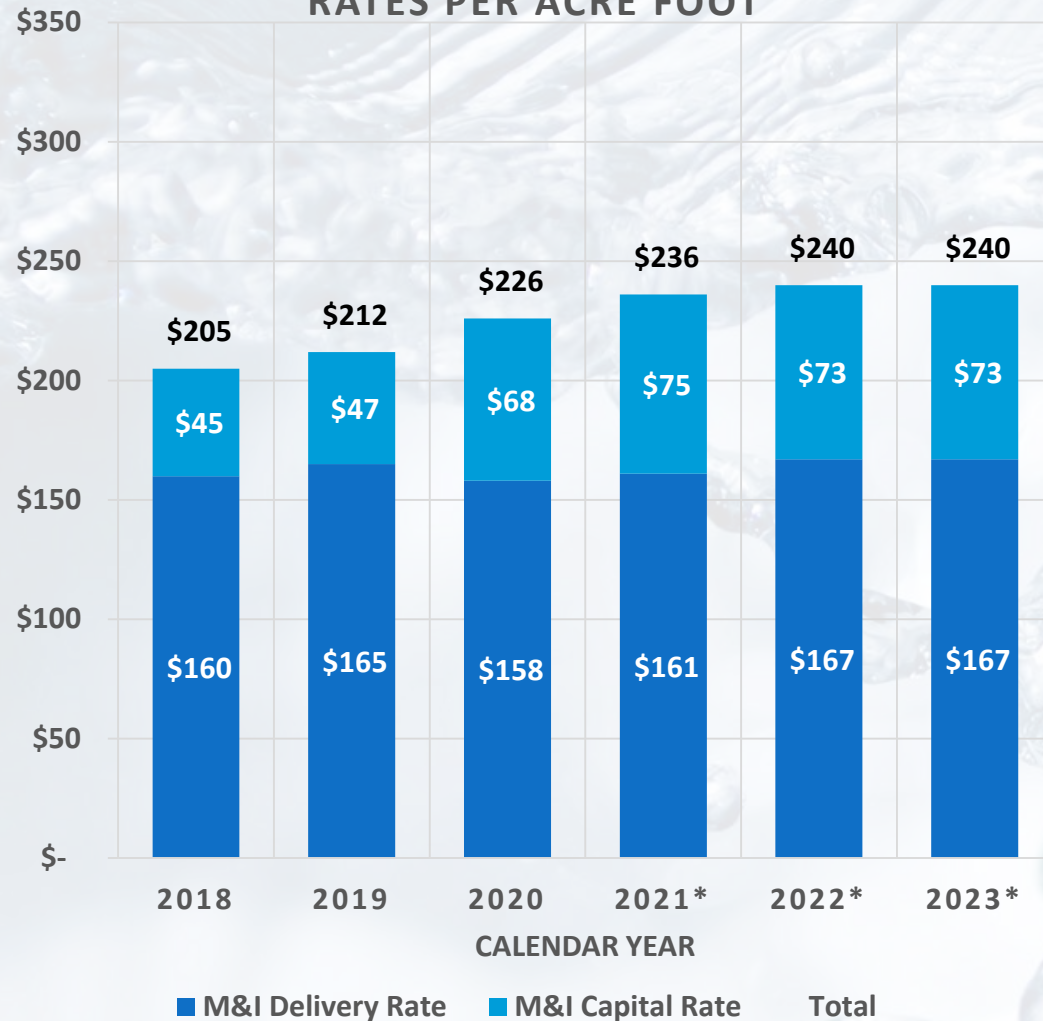
# Signal Butte Water Treatment Plant

- FY18/19 will be the **first full fiscal year** of operations for the City's newest plant
- O&M Budget: **\$3.2 Million**
- Total Staff: **16 Authorized – 12 Filled - 4 Vacant**
- Water Production: **24 MGD**
- Water Delivery: **May 2018**

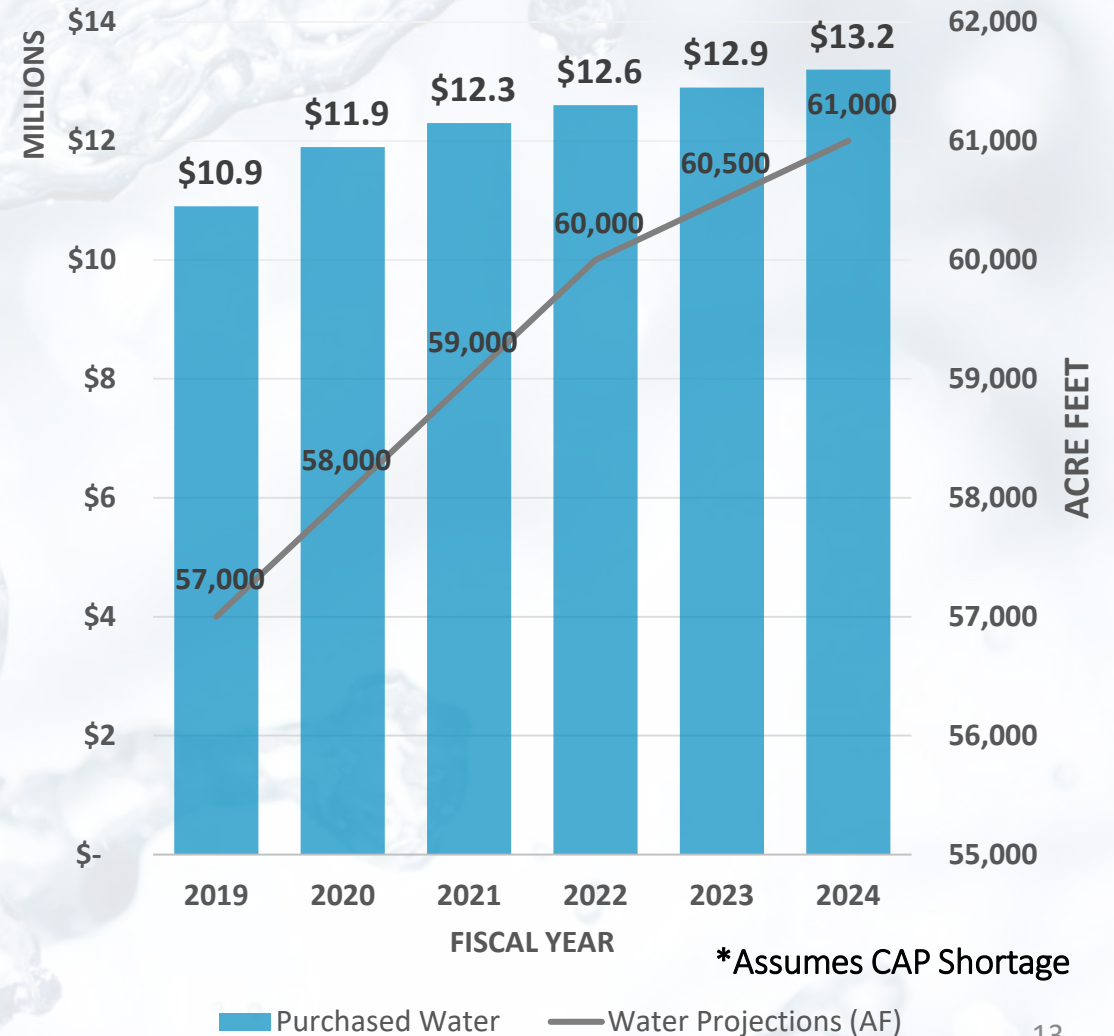


# Water Commodity Costs – Central Arizona Project

MUNICIPAL & INDUSTRIAL (M&I) WATER RATES PER ACRE FOOT



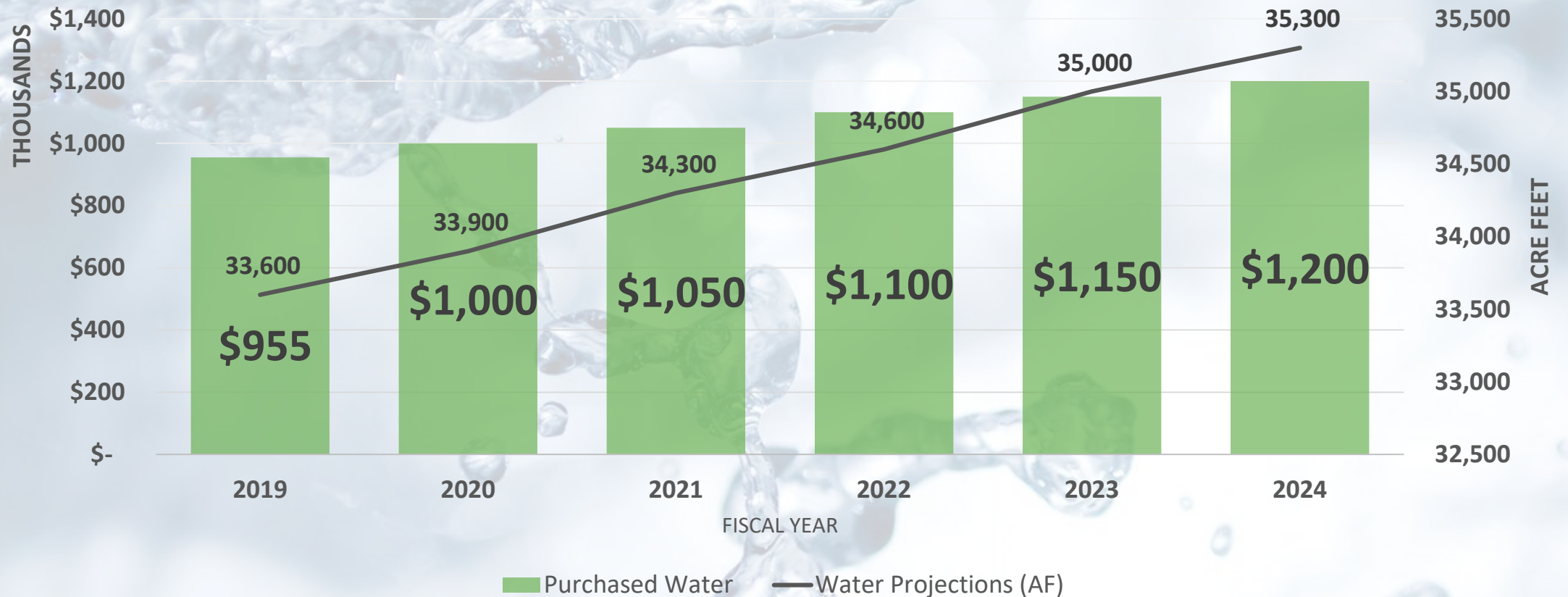
MESA COST BASED ON CAP FLOW PROJECTIONS



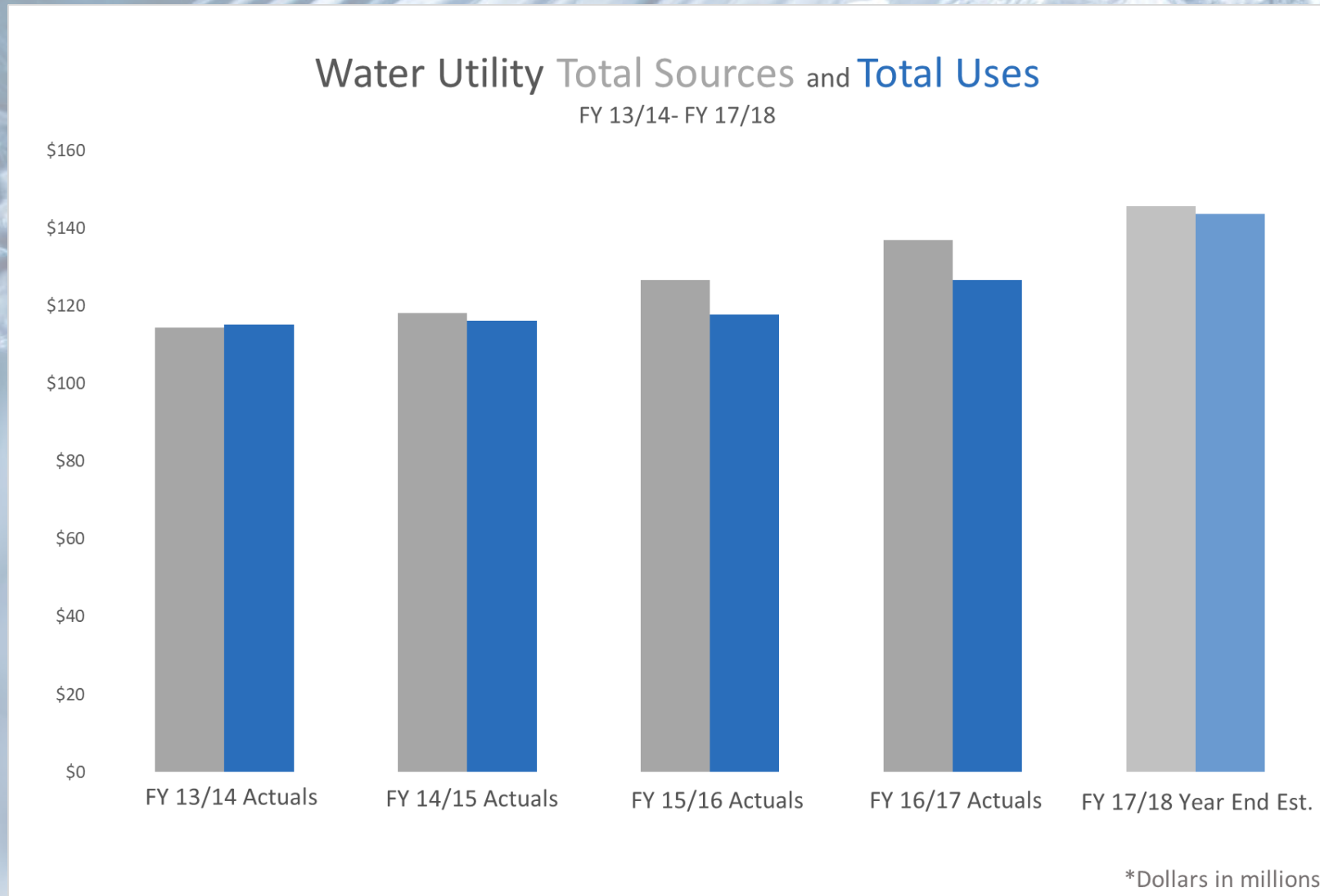
\*Assumes CAP Shortage

# Water Commodity Costs - SRP

## MESA COST BASED ON SALT RIVER PROJECT (SRP) FLOW PROJECTIONS



# Water Utility 5-Year Trend



# Water Utility Financial Summary

<b>Sources of Funding</b>	FY 16/17 Actuals	FY 17/18 Adopted Budget	FY 17/18 Year End Estimate	FY 18/19 Proposed Budget
Revenues	\$136.9	\$140.6	\$145.7	\$153.2
<b>Uses of Funding</b>				
Operating Expenditures	\$40.8	\$49.2	\$48.3	\$51.8
Project Costs	\$0.1	\$0.1	\$0.1	\$0.5
General Fund Transfer	\$53.6	\$55.0	\$55.0	\$56.0
Debt Service Transfer	\$23.8	\$31.9	\$32.2	\$36.4
Lifecycle/ Infrastructure Transfers	\$2.6	\$2.8	\$2.9	\$3.1
Capital Transfer	\$0.2	\$1.1	\$1.1	\$0.6
Economic Investment Fund Transfer	\$5.5	\$3.9	\$4.1	\$5.8
<b>Total Uses</b>	<b>\$126.7</b>	<b>\$143.8</b>	<b>\$143.6</b>	<b>\$154.1</b>
<b>Net Sources and Uses</b>	<b>\$10.2</b>	<b>(\$3.2)</b>	<b>\$2.1</b>	<b>(\$0.9)</b>

\*Dollars in millions





# Wastewater Business Objective

## Mission

- Provide reliable, high quality, and environmentally responsible wastewater services at fair and reasonable rates for the people in our community.

## Desired Outcomes

- Wastewater treatment is cost effective
- The system reliably collects and treats wastewater and delivers reclaimed water
- Treated wastewater meets all regulations for beneficial reuse
- The environment is protected from wastewater contamination

# Measuring Success - Wastewater

## # of miles of sewer lines cleaned

- Target – 26 per month
- Average – 19 per month

## # of miles sewer lines inspected

- Target – 20 per quarter
- Average – 15 per quarter

## # of Sanitary Sewer Overflows (SSO's)

- Target – 0 per quarter
- Average – 1.25 per quarter

# Wastewater System Overview

- ▶ 1915 to 2000 - 1,230 miles of Sewer Main
- ▶ 2001 to 2005 - Added 258 miles
- ▶ 2006 to 2010 - Added 115 miles
- ▶ 2011 to 2015 - Added 84 miles
- ▶ 2016 to Current Added 63 miles
  - ▶ **1,750 miles of Sewer Mains**
- ▶ 75 additional miles planned in Future Development
- ▶ 8 Lift Stations - 4 additional planned
- ▶ 7 Lift/Odor Control Stations
- ▶ 6 Odor Control Stations
- ▶ 35 miles of reclaimed water lines

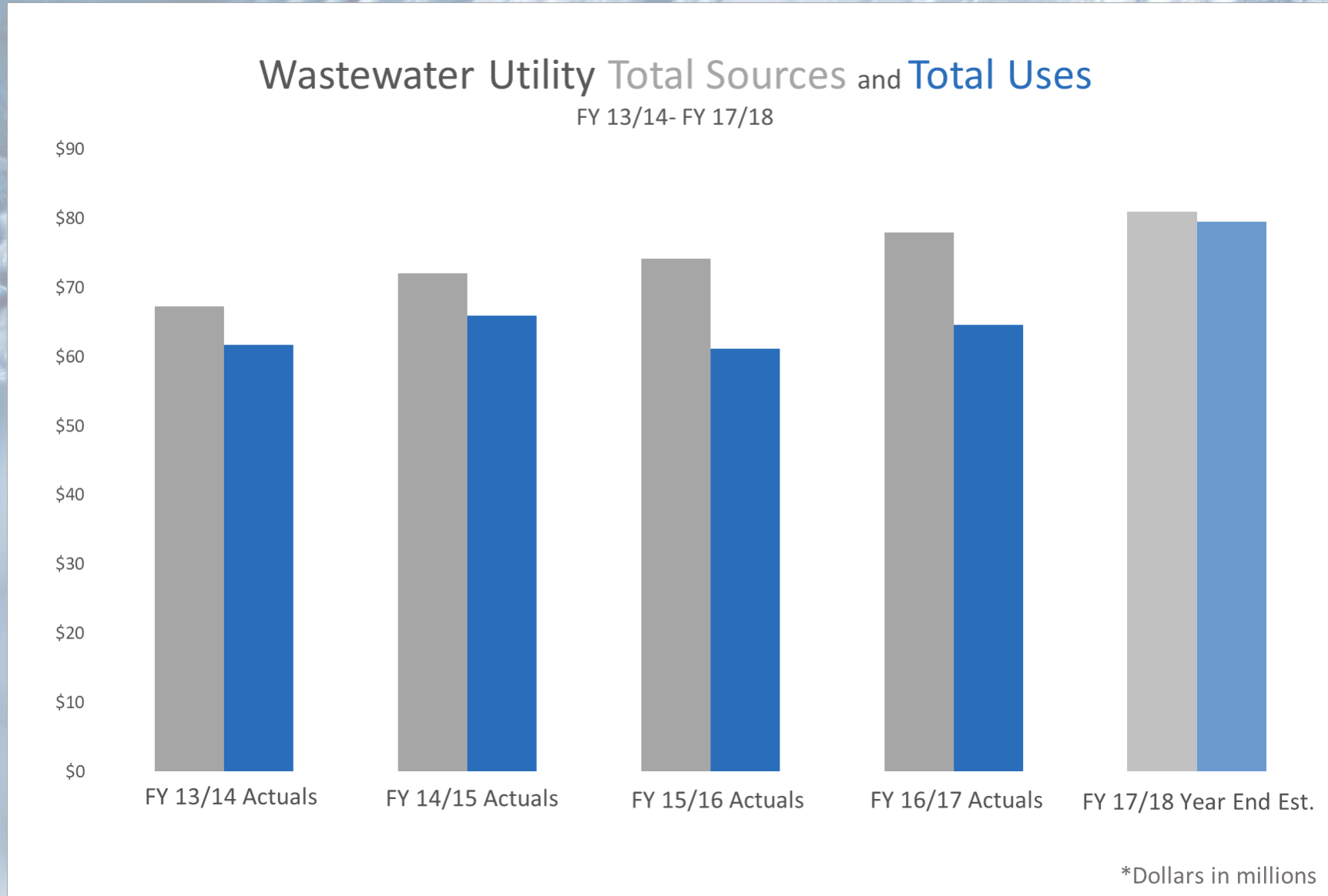
## Wastewater Significant Budget Changes FY18/19

- 91st Avenue WRP **+\$250k**
- Greenfield WRP Joint Venture Obligations **+\$127k** (Mesa share)\*
- Chemicals **+\$297k**
- Preventative Maintenance **+\$75k**
- 3 Wastewater Collections Positions – System Maintenance **+\$372k\***

\* Figure includes both ongoing and one-time costs



# Wastewater Utility 5-Year Trend



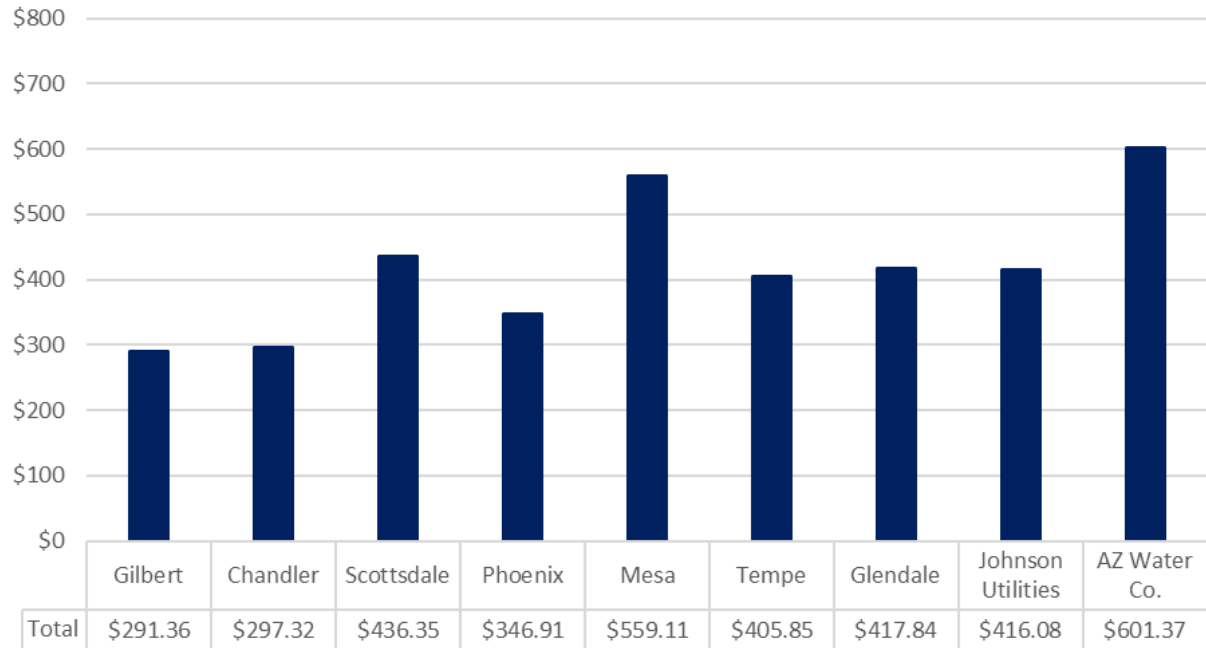
# Wastewater Utility Financial Summary

	FY 16/17 Actuals	FY 17/18 Adopted Budget	FY 17/18 Year End Estimate	FY 18/19 Proposed Budget
<b>Sources of Funding</b>				
Revenues	\$77.9	\$81.6	\$81.0	\$86.1
<b>Uses of Funding</b>				
Operating Expenditures	\$23.1	\$26.3	\$24.0	\$26.3
Project Costs	\$0.1	\$0.1	\$0.2	\$0.3
	\$0.0	\$0.0	\$0.0	\$0.0
General Fund Transfer	\$14.6	\$15.5	\$15.5	\$15.7
Debt Service Transfer	\$25.3	\$37.5	\$37.6	\$40.0
Lifecycle/ Infrastructure Transfers	\$1.6	\$1.6	\$1.6	\$1.7
Capital Transfer	\$0.0	\$0.1	\$0.1	\$0.3
Economic Investment Fund Transfer	\$0.0	\$0.4	\$0.6	\$1.1
<b>Total Uses</b>	<b>\$64.6</b>	<b>\$81.5</b>	<b>\$79.5</b>	<b>\$85.5</b>
<b>Net Sources and Uses</b>	<b>\$13.3</b>	<b>\$0.1</b>	<b>\$1.5</b>	<b>\$0.6</b>

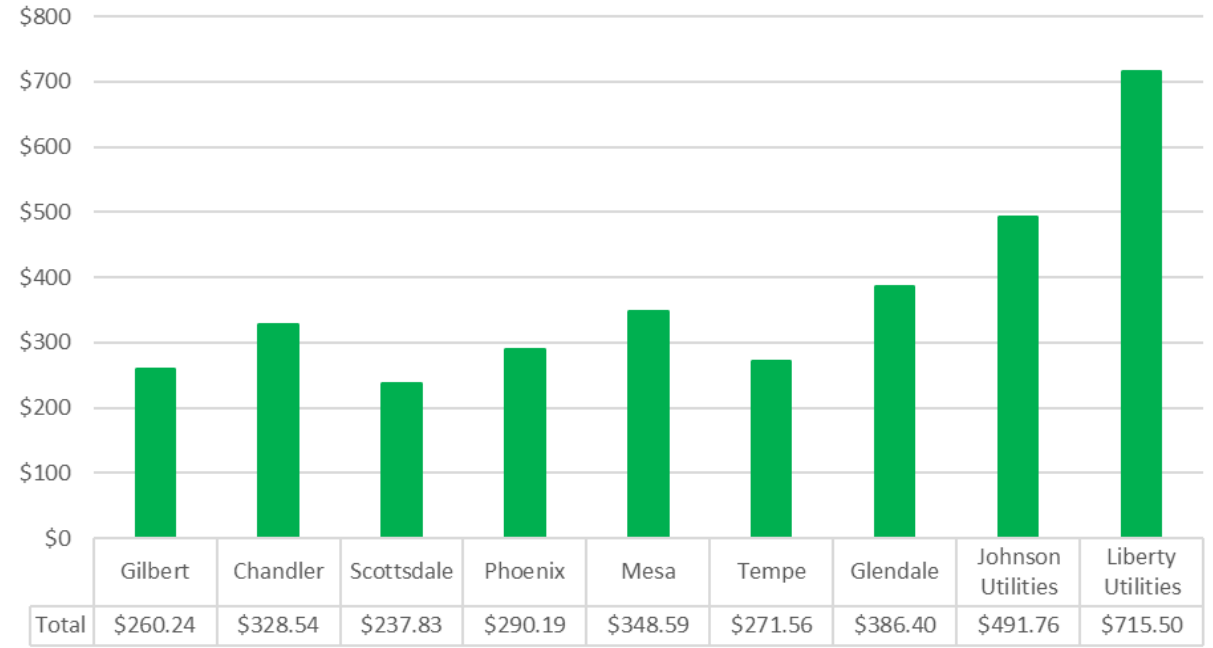
\*Dollars in millions

# Average Residential Water and Wastewater Annual Cost Comparisons – FY 2017/18 Rates

Water



Wastewater



Water Resources Department

Questions?



# Environmental Management & Sustainability Department

*Encourage efficient use of natural resources, protect the community from environmental hazards, and ensure excellence in the delivery of solid waste services through waste reduction, reuse, recycling, innovative technology, and education.*



# Household Hazardous Material

## *From Events to Permanent Facility*

- 25,000 vehicles served in the last 5 years
- 314,000 gallons of hazardous material collected in the last 5 years
- Permanent Facility opens Fall 2018



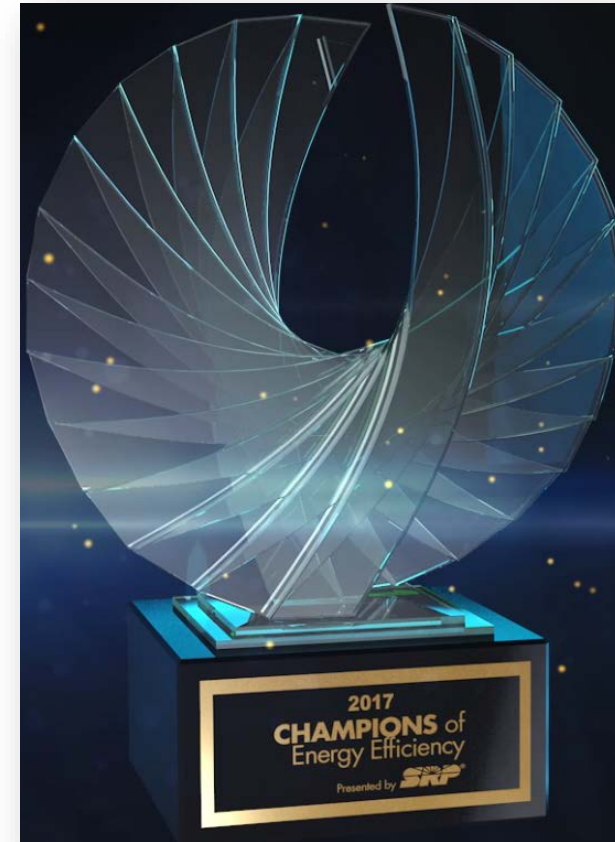
Rendering of Facility



# Energy Efficiency

## Top 3 2017 Energy Efficiency projects

Project Details	Estimated Annual kWh saved/ \$ saved
Northwest Water Reclamation Plant LED Lighting Retrofit	550,600 kWh/\$44,050
East Mesa Service Center HVAC & Energy Management System	557,560 kWh/ \$58,000
Convention Center HVAC Upgrades	200,000 kWh/ \$10,000

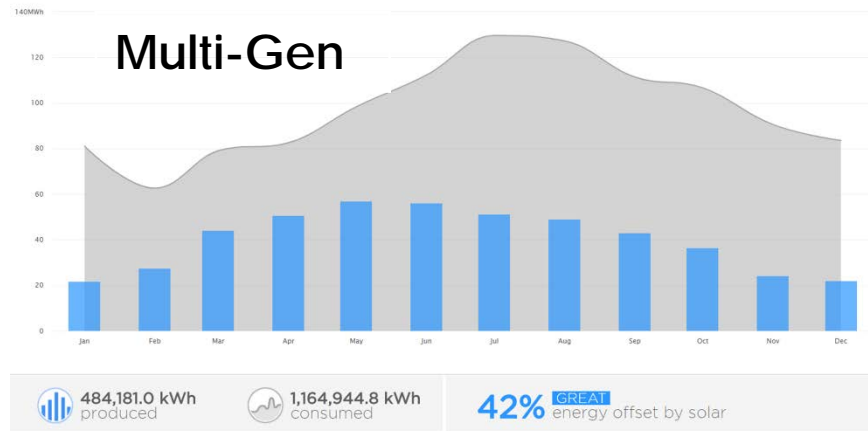
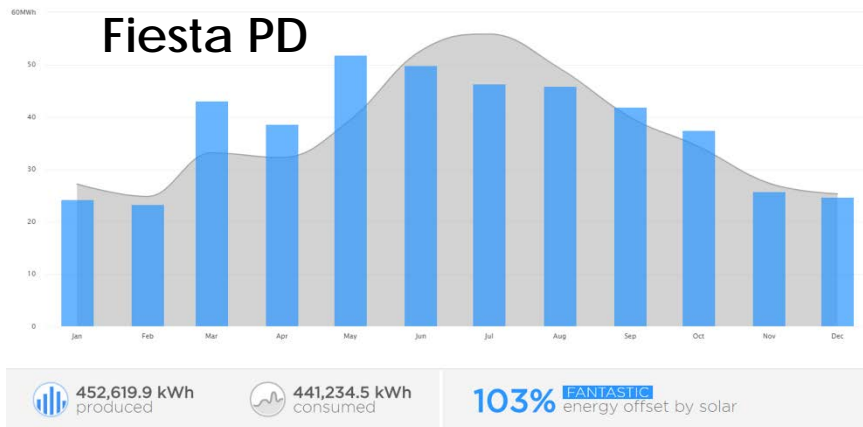
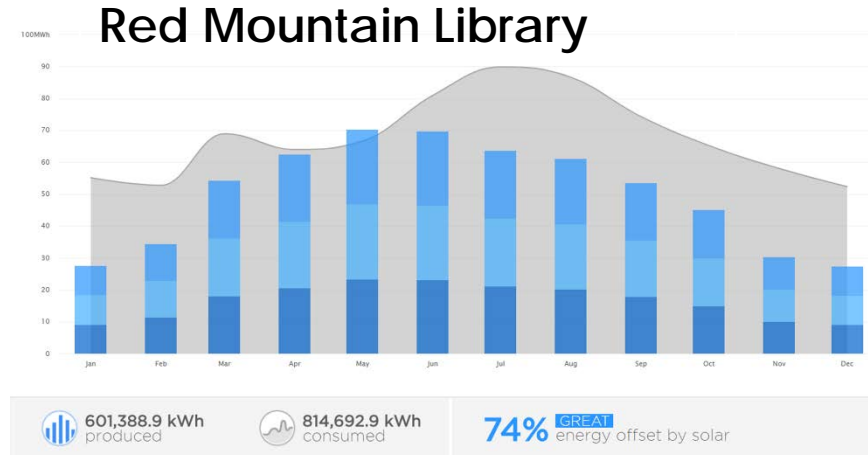
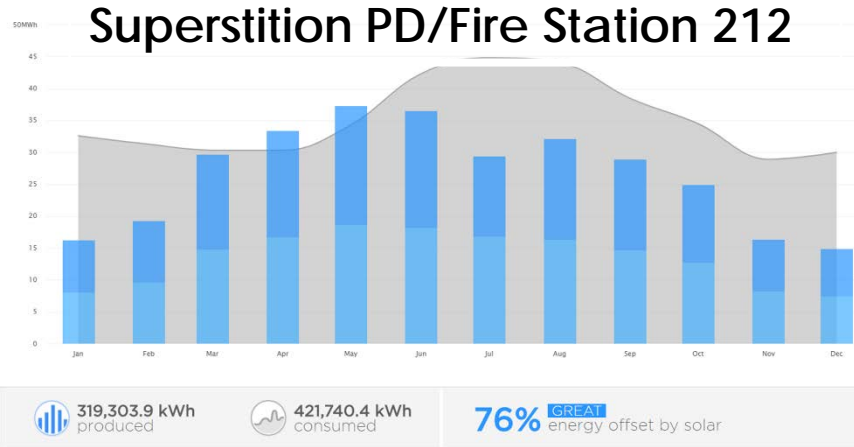


### Performance measure:

**kWh saved through energy conservation (All Energy Efficiency Projects)**

- \$457,000 savings in 2017 (5,700,000 kWh)
- Equivalent to removing 908 vehicles driven 1 year

# Renewable Energy

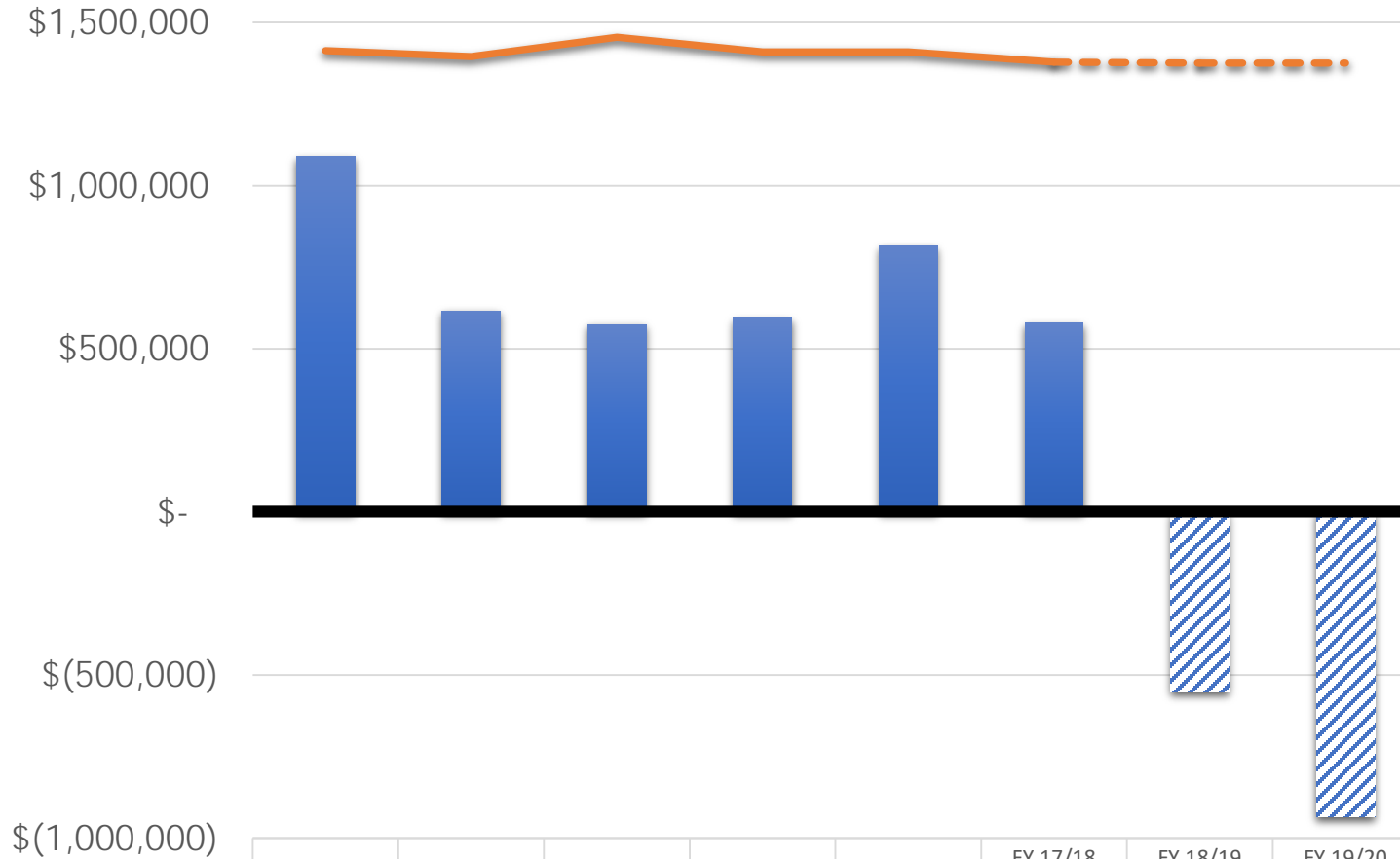


## Performance Measure:

**kWh generated from renewable energy sources (All 8 Solar Projects)**

- \$53,000 savings in 2017 (2,200,000 kWh)
- Equivalent to removing 351 vehicles driven 1 year

# Recycling Revenue vs Tonnage



	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18 Projection	FY 18/19 Forecast	FY 19/20 Forecast
Commingled Recycling Revenue	\$1,090,246	\$616,718	\$574,429	\$594,283	\$815,486	\$577,958	\$(551,000)	\$(935,000)
Commingled Recycling Tonnage	32,825	32,578	33,390	32,777	32,779	32,344	32,300	32,300

# Investment In the Future



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## Food To Energy

- *Collection*
  - *Feedstock supply, collection method (trucks and containers) and rates*
- *Treatment*
  - *Bench Scale Testing and preprocessing (Center St.)*
  - *Anaerobic Digestion-Renewable Natural Gas*
- *Final Use*
  - *Co-generation on-site or pipeline quality*
  - *Treatment for both*

# Investment In the Future



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## ***Bulk Item Collection***

- *Increase to 4 day a week collection*
- *Temporary Employee*

## ***Introducing “Neighborhood Clean-Up”***

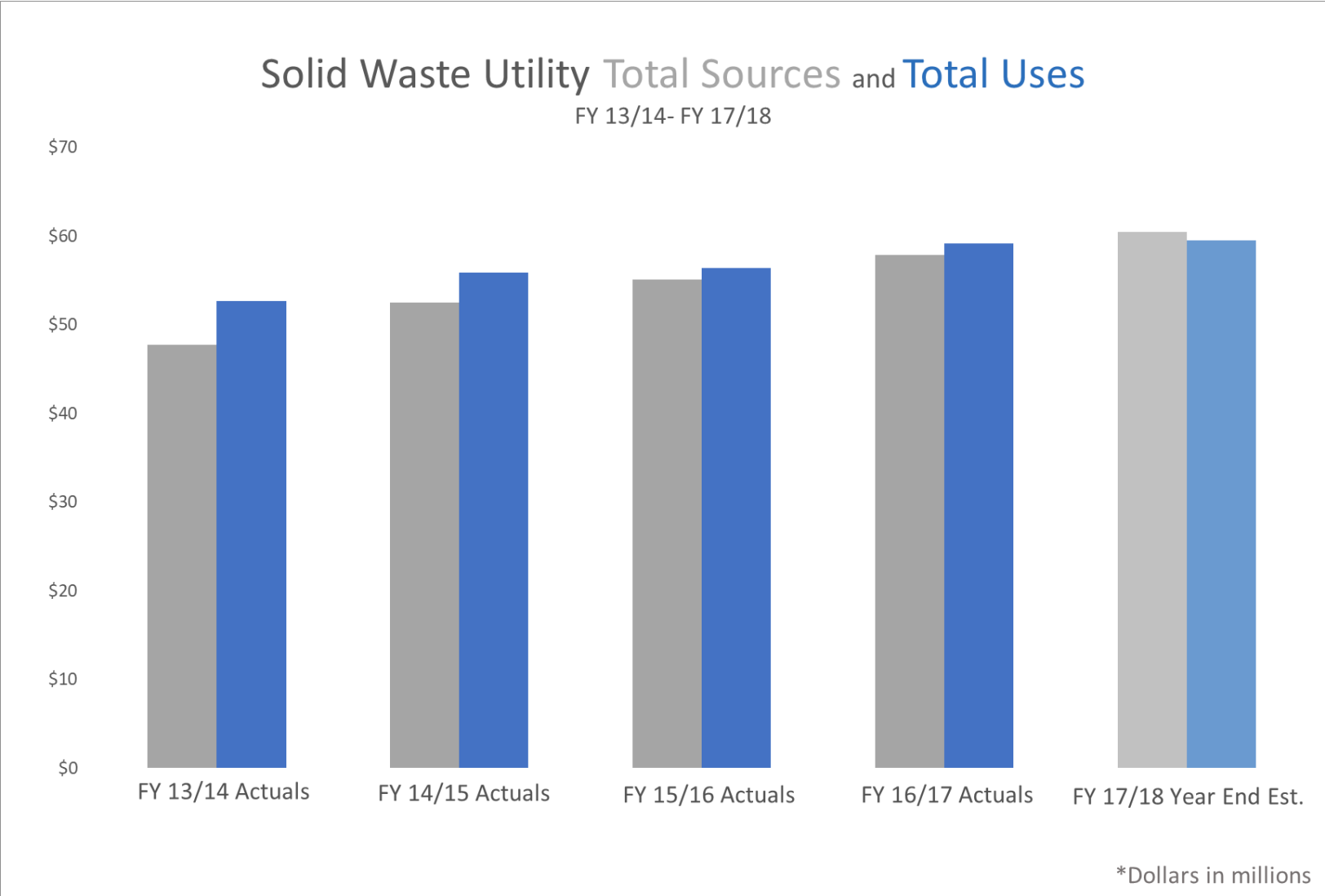
- *Re-branding*
- *Educate public and promote*

# Challenges

- *Recycling Market Risk Increases*
- *Barrel Replacement Program*
- *Keeping Up With Growth*
- *Tipping Fee Increases*
- *Call-Out Pay Policy Change*
- *CNG Station Annual Maintenance*



# Solid Waste Utility 5-Year Trend



# Solid Waste Utility Financial Summary

	FY 16/17 Actuals	FY 17/18 Adopted Budget	FY 17/18 Year End Estimate	FY 18/19 Proposed Budget
<b>Sources of Funding</b>				
Revenues	\$57.8	\$59.8	\$60.4	\$62.5
<b>Uses of Funding</b>				
Operating Expenditures	\$33.0	\$34.9	\$34.4	\$35.8
Project Costs	\$0.1	\$0.0	\$0.0	\$0.5
General Fund Transfer	\$21.4	\$21.4	\$21.4	\$21.8
Debt Service Transfer	\$0.3	\$0.3	\$0.3	\$0.4
Lifecycle/ Infrastructure Transfers	\$1.2	\$1.2	\$1.2	\$1.2
Capital Transfer	\$3.2	\$2.1	\$2.1	\$2.5
<b>Total Uses</b>	\$59.1	\$60.0	\$59.5	\$62.2
<b>Net Sources and Uses</b>	(\$1.3)	(\$0.3)	\$0.9	\$0.2

\*Dollars in millions

# Environmental Management & Sustainability Department

## Questions?





# ENERGY RESOURCES DEPARTMENT

Our purpose is to safely, reliably and economically provide electric and natural gas utility services to our customers.

	COMMUNITY SAFETY	SKILLED & TALENTED WORKFORCE	SUSTAINABLE ECONOMY	TRANSFORM NEIGHBORHOODS	PLACEMAKING
SAFETY	X	X	X	X	
RELIABILITY	X	X	X	X	X
ECONOMICS		X	X	X	X



## FY 17/18 Accomplishments

- Celebrated 100 years of serving our customers
- American Public Gas Association - System Operational Achievement Recognition (SOAR) - Silver 2017-2020
- American Public Power Association (APPA) Reliable Public Power Provider (RP3) - Platinum 2017 -2020

# KEY PERFORMANCE MEASURES – Electric

## SAFETY

1,500+ days without an Employee Lost Time Accident

## RELIABILITY

Outage Duration – Measured in minutes of interruptions per customer

17/18	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Cum.
Actual	.486	.108	.66	0	.209	.011	.191	1.638	3.303
Target	2.834	1.001	1.097	.947	3.055	.44	.185	.197	15.756

# of Outages

17/18	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Cum.
Actual	7	2	5	0	1	1	2	2	19
Target	8	8	4	3	2	1	1	1	28

## ECONOMICS (Affordability)

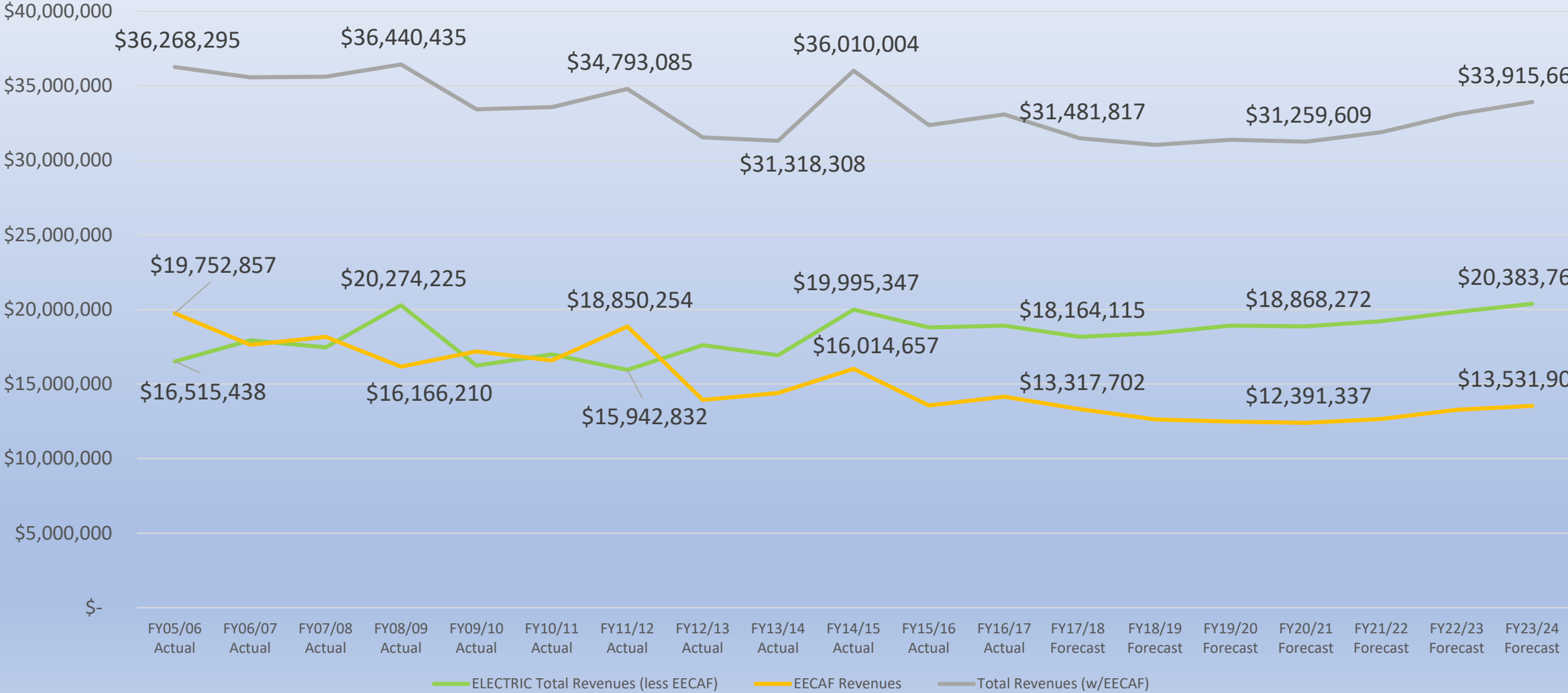
O&M Costs / Customer:

17/18	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Avg.
Actual	\$8.79	\$10.31	\$10.55	\$13.85	\$18.21	\$12.28	\$15.84	\$13.59	\$12.93
Target	\$16.49	\$16.49	\$16.49	\$16.49	\$16.49	\$16.49	\$16.49	\$16.49	\$16.49

Favorable residential bill comparisons with SRP (with proposed rate increase)

- More than 21% less than SRP for low consumption level customer
- More than 13% less than SRP for average customer

# Electric Revenue History and Forecast





# KEY PERFORMANCE MEASURES – Gas

## SAFETY

900+ days without an Employee Lost Time Accident

Emergency Response Time - % exceeding 30 mins

17/18	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Avg.
Actual	0.0%	3.7%	0.0%	0.0%	0.67%	0.0%	1.14%	0.0%	0.69%
Target	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%

Blue Stake - Damages per 1,000 locates

17/18	July	Aug	Sept	Oct	Nov	Dec	Jan	Avg.
Actual	0.52	0.47	0.22	0.05	0.0	0.79	0.0	0.29
Target	2	2	2	2	2	2	2	2

## RELIABILITY

Outage Frequency - Measured by Interruptions per customer

17/18	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Cum.
Actual	0.0002	0.0013	0.0	0.0001	0.0	0.0	0.0003	0.0	0.0019
Target	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0016

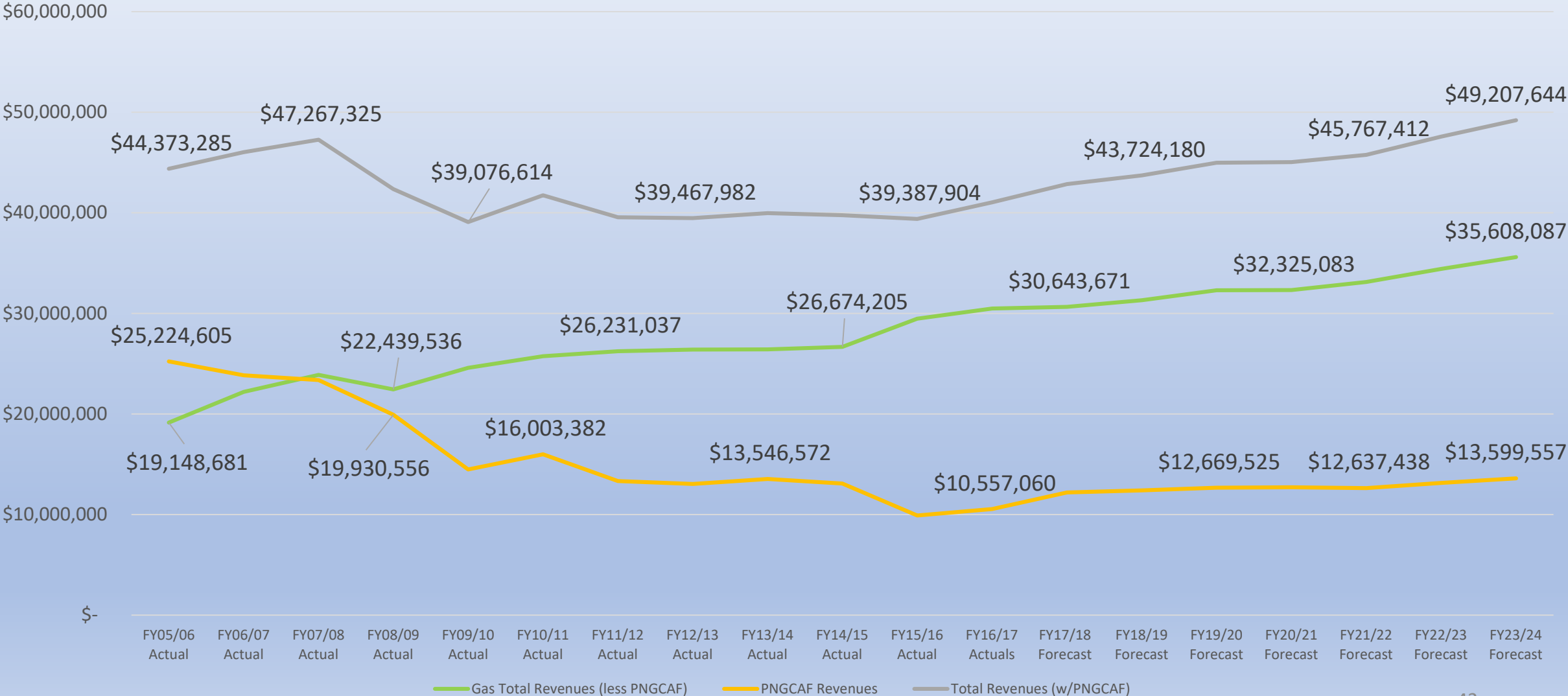
## ECONOMICS (Affordability)

O&M Costs / Customer

17/18	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Avg.
Actual	\$6.80	\$8.20	\$8.42	\$8.12	\$11.17	\$7.61	\$7.64	\$7.61	\$8.20
Target	\$8.59	\$8.59	\$8.59	\$8.59	\$8.59	\$8.59	\$8.59	\$8.59	\$8.59

Residential bills are competitive and comparable with SWG

# Gas Revenue History and Forecast



# FY 18/19 Challenges & Opportunities

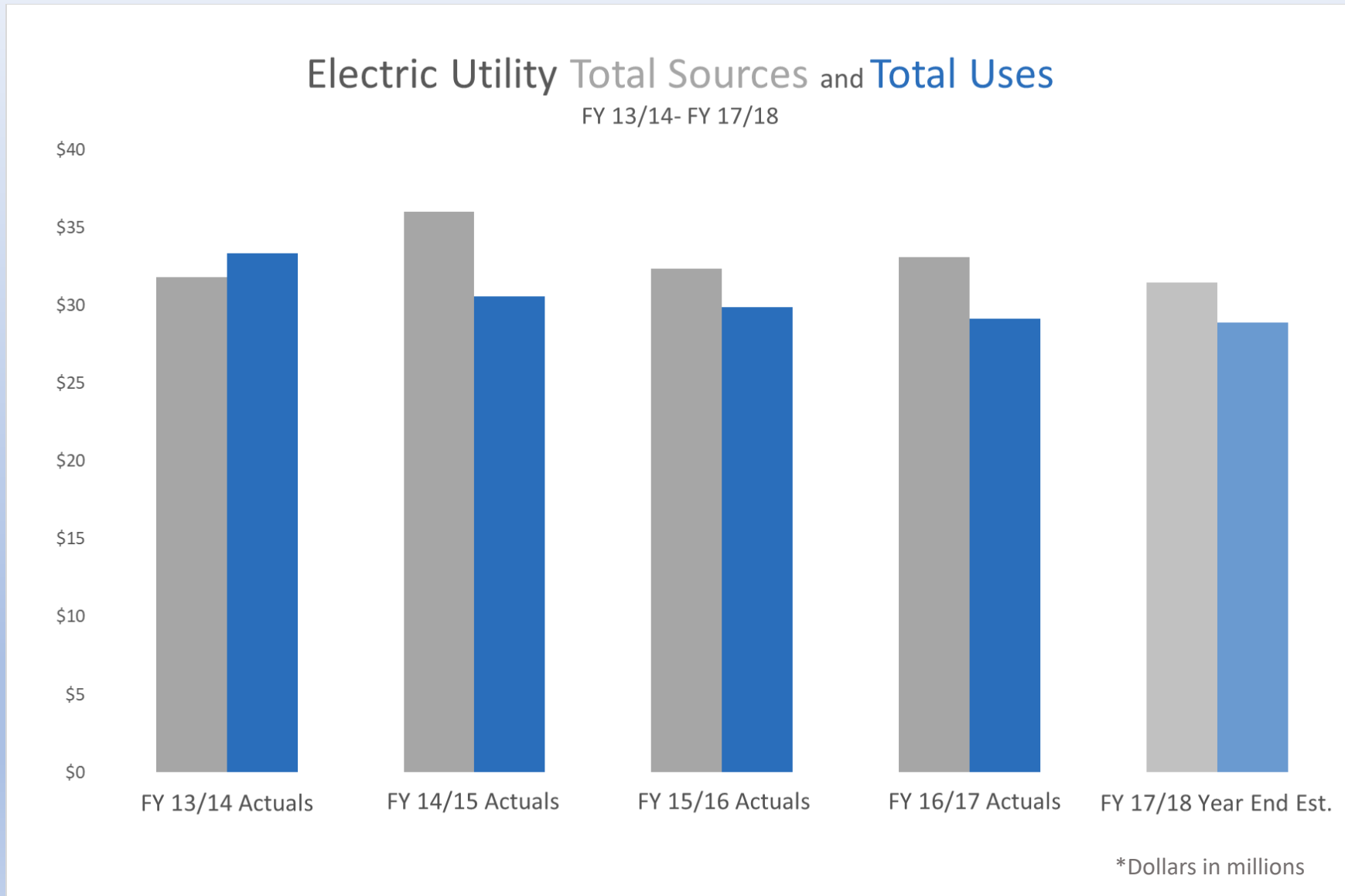
- Continue shifting recovery of fixed costs to fixed/flat rate components
- Advanced Meter Technology/Infrastructure (AMI)
  - Awaiting Consultant Recommendations
  - Integration with existing systems such as CIS
  - Funding
- Cyber Security
- Plan for more clean energy resources
  - Integrated Resource Plan
  - Joint projects with Environmental Management & Sustainability and Water Resources
  - Electric & CNG Vehicles
- Stretching remaining 2014 Bond Authorization
- Hyper Competitive Labor Market



# PROPOSED FY 18/19 Budget

- No material changes unique to the Energy Resources Department.
- Funding system expansions to meet customer growth with a combination of contributions from customers and bonds.
- Potential complications of downtown revitalization could be costly and exceed available bond authorizations.
- Supplementing our crews with contractors and temporary employees where effective.
- Compensation – recruiting and retention of qualified employees is critical to meeting the challenges and capitalizing on the opportunities for innovation and technology.

# Electric Utility 5-Year Trend

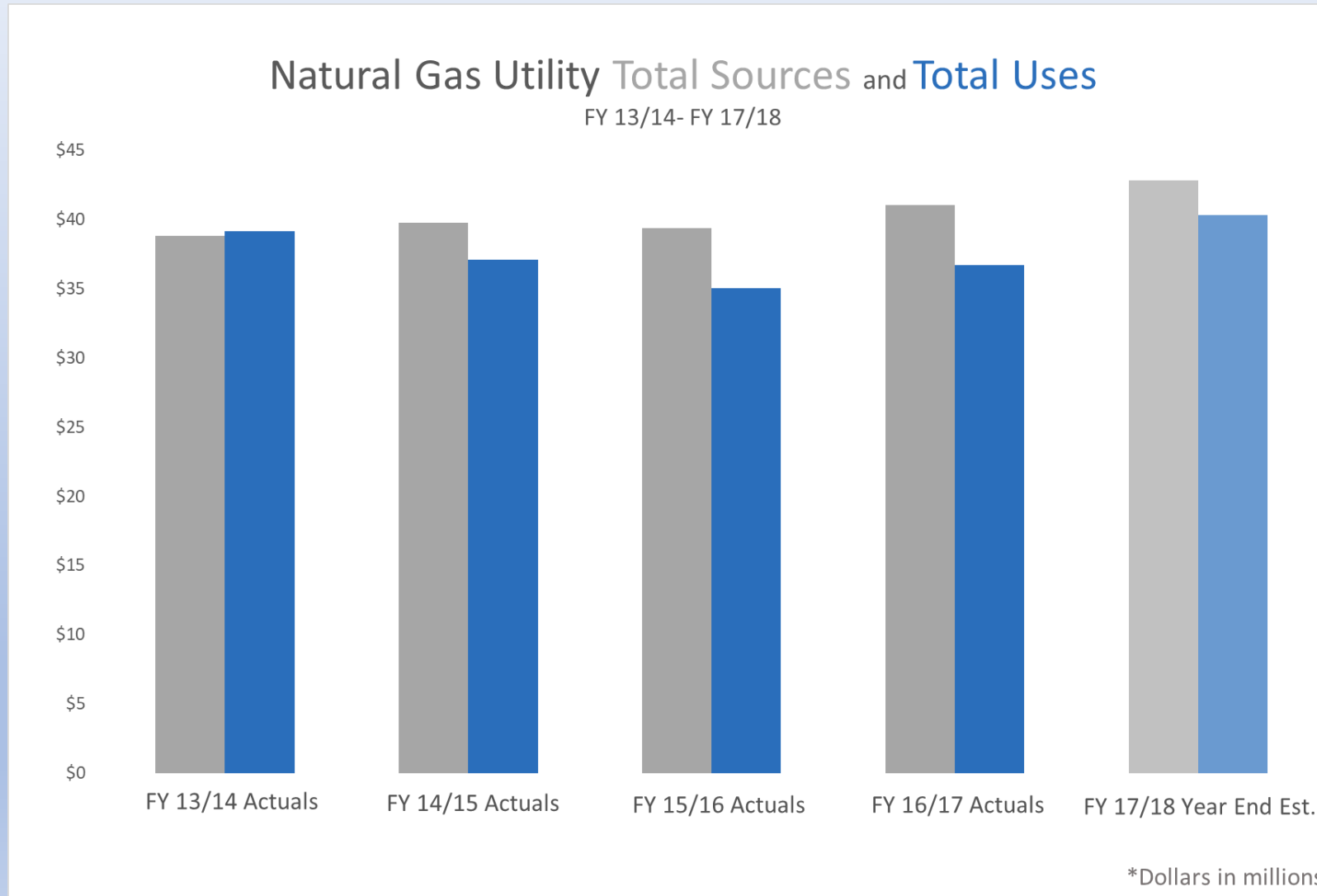


# Electric Utility Financial Summary

<b>Sources of Funding</b>	FY 16/17 Actuals	FY 17/18 Adopted Budget	FY 17/18 Year End Estimate	FY 18/19 Proposed Budget
Revenues	\$18.9	\$18.2	\$18.2	\$18.4
EECAF Revenues	\$14.2	\$13.6	\$13.3	\$12.6
<b>Total Sources</b>	<b>\$33.1</b>	<b>\$31.9</b>	<b>\$31.5</b>	<b>\$31.0</b>
<b>Uses of Funding</b>				
Operating Expenditures	\$6.7	\$7.7	\$6.7	\$7.6
EECAF Expenditures	\$13.7	\$13.6	\$13.3	\$12.6
<b>Expenditure Subtotal</b>	<b>\$20.4</b>	<b>\$21.3</b>	<b>\$19.9</b>	<b>\$20.3</b>
Project Costs	\$0.2	\$0.0	\$0.0	\$0.2
General Fund Transfer	\$6.5	\$6.7	\$6.7	\$6.8
Debt Service Transfer	\$1.2	\$1.3	\$1.3	\$1.5
Lifecycle/ Infrastructure Transfers	\$0.7	\$0.6	\$0.6	\$0.6
Capital Transfer	\$0.2	\$0.1	\$0.1	\$0.3
Economic Investment Fund Transfer	\$0.0	\$0.2	\$0.2	\$0.5
<b>Total Uses</b>	<b>\$29.1</b>	<b>\$30.2</b>	<b>\$28.9</b>	<b>\$30.1</b>
<b>Net Sources and Uses</b>	<b>\$3.9</b>	<b>\$1.7</b>	<b>\$2.6</b>	<b>\$1.0</b>

\*Dollars in millions

# Natural Gas Utility 5-Year Trend



# Natural Gas Utility Financial Summary

	FY 16/17 Actuals	FY 17/18 Adopted Budget	FY 17/18 Year End Estimate	FY 18/19 Proposed Budget
<b>Sources of Funding</b>				
Revenues	\$30.5	\$31.1	\$30.6	\$31.3
PNGCAF Revenues	\$10.6	\$13.1	\$12.2	\$12.4
<b>Total Sources</b>	<b>\$41.0</b>	<b>\$44.1</b>	<b>\$42.8</b>	<b>\$43.7</b>
<b>Uses of Funding</b>				
Operating Expenditures	\$13.0	\$13.8	\$13.1	\$14.0
PNGCAF Expenditures	\$11.1	\$13.0	\$12.5	\$12.4
<b>Expenditure Subtotal</b>	<b>\$24.1</b>	<b>\$26.7</b>	<b>\$25.6</b>	<b>\$26.4</b>
Project Costs	\$0.1	\$0.0	\$0.1	\$0.2
General Fund Transfer	\$7.8	\$8.0	\$8.0	\$8.1
Debt Service Transfer	\$3.7	\$5.5	\$5.5	\$5.7
Lifecycle/ Infrastructure Transfers	\$0.8	\$0.9	\$0.9	\$0.9
Capital Transfer	\$0.1	\$0.1	\$0.1	\$0.0
Economic Investment Fund Transfer	\$0.0	\$0.2	\$0.3	\$0.6
<b>Total Uses</b>	<b>\$36.7</b>	<b>\$41.3</b>	<b>\$40.3</b>	<b>\$41.8</b>
<b>Net Sources and Uses</b>	<b>\$4.4</b>	<b>\$2.8</b>	<b>\$2.5</b>	<b>\$1.9</b>

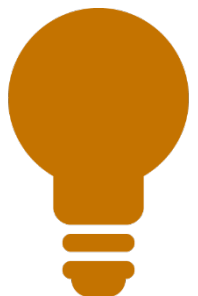
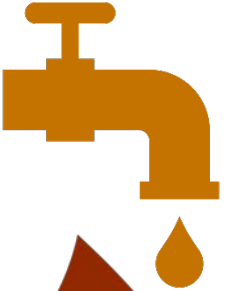
\*Dollars in millions



# ENERGY RESOURCES DEPARTMENT

Questions?





# Rate Adjustment Implementation

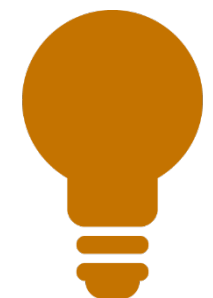
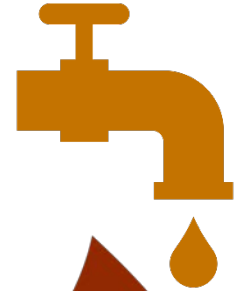
- Methods of implementation of rate adjustments can vary from year to year based on needs and goals of the individual utilities
- Impact on individual customers can vary based on the method of implementation and the customer consumption of services

# Revenue Impact

Forecasted expenses are compared with forecasted revenues based on current rates and projected customer growth

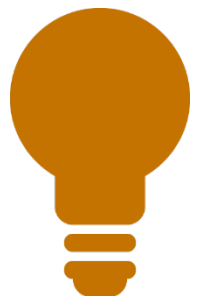
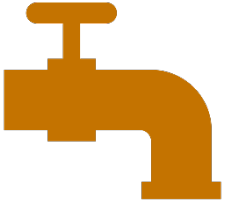
In FY 2018/19, the following increase in revenues is needed to accommodate the estimated costs

Utility	Revenue
Electric	\$252,000
Natural Gas	\$474,000
Solid Waste	\$1,555,000
Wastewater	\$2,680,000
Water	\$3,965,000





# Average Residential Customer Impact



<u>Utility</u>	<u>Monthly</u>	<u>Annual</u>
Electric	\$1.25	\$15.00
Natural Gas	\$0.75	\$9.00
Solid Waste	\$1.01	\$12.12
Wastewater	\$1.15	\$13.80
Water	\$1.62	\$19.44

# City of Mesa FY1819 Utility Rate Adjustment Scenarios

**SCENARIO A:** Smooth rate adjustments throughout the forecast period with a minimum 10% reserve balance

<b>TOTAL ENTERPRISE FUND</b>	FY 17/18 Year End Est.	FY 18/19 Forecast	FY 19/20 Forecast	FY 20/21* Forecast	FY 21/22 Forecast	FY 22/23 Forecast	FY 23/24 Forecast
Total Sources	\$368,434,516	\$383,388,041	\$398,960,176	\$405,397,585	\$417,352,847	\$436,241,880	\$453,773,450
Total Uses	\$363,664,604	\$387,021,463	\$399,994,122	\$416,292,479	\$432,850,411	\$447,966,402	\$459,050,481
<b>Net Sources and Uses</b>	\$4,769,912	(\$3,633,423)	(\$1,033,946)	(\$10,894,894)	(\$15,497,565)	(\$11,724,522)	(\$5,277,031)
<b>Ending Reserve Balance</b>	<b>\$97,497,738</b>	<b>\$93,864,315</b>	<b>\$92,830,369</b>	<b>\$81,935,475</b>	<b>\$66,437,910</b>	<b>\$54,713,388</b>	<b>\$49,436,357</b>
Ending Reserve Balance Percent**	<b>25.2%</b>	<b>23.5%</b>	<b>22.3%</b>	<b>18.9%</b>	<b>14.8%</b>	<b>11.9%</b>	<b>10.4%</b>
WTR All Rate Revenue	<b>3.50%</b>	<b>3.50%</b>	<b>3.50%</b>	<b>3.50%</b>	<b>3.50%</b>	<b>3.50%</b>	<b>3.50%</b>
WW All Rate Revenue	<b>4.00%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>4.00%</b>
SW Residential	<b>3.50%</b>	<b>3.50%</b>	<b>3.50%</b>	<b>3.50%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>
SW Commercial	<b>2.50%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
SW Rolloff	<b>0.00%</b>	<b>0.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
ELC Residential -svc charge only	<b>\$1.25</b>	<b>\$1.75</b>	<b>\$2.25</b>	<b>\$2.50</b>	<b>\$2.50</b>	<b>\$2.50</b>	<b>\$2.50</b>
ELC Non-Residential	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
GAS Residential - svc charge only	<b>\$0.75</b>	<b>\$0.75</b>	<b>\$0.75</b>	<b>\$0.75</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>
GAS Non-Residential - svc charge only	<b>\$0.75</b>	<b>\$0.75</b>	<b>\$0.75</b>	<b>\$0.75</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>

**\*WITH ECONOMIC CORRECTION STARTING IN FY20/21**

# City of Mesa FY1819 Utility Rate Adjustment Scenarios

## SCENARIO B:

A 1% reduction of current rates in FY18/19 with smooth rate adjustments FY19/20-FY23/24 that preserves a minimum 8% reserve balance or higher over the forecast period

<b>TOTAL ENTERPRISE FUND</b>	FY 17/18 Year End Est.	FY 18/19 Forecast	FY 19/20 Forecast	FY 20/21* Forecast	FY 21/22 Forecast	FY 22/23 Forecast	FY 23/24 Forecast
Total Sources	\$368,434,516	\$371,944,523	\$388,945,645	\$400,477,323	\$418,269,327	\$443,612,668	\$460,350,820
Total Uses	\$363,664,604	\$386,801,903	\$399,803,142	\$416,203,384	\$432,878,051	\$448,123,129	\$459,191,339
<b>Net Sources and Uses</b>	\$4,769,912	(\$14,857,380)	(\$10,857,497)	(\$15,726,061)	(\$14,608,725)	(\$4,510,461)	\$1,159,481
<b>Ending Reserve Balance</b>	<b>\$97,497,737</b>	<b>\$82,640,357</b>	<b>\$71,782,860</b>	<b>\$56,056,799</b>	<b>\$41,448,075</b>	<b>\$36,937,614</b>	<b>\$38,097,095</b>
Ending Reserve Balance Percent*	<b>25.2%</b>	<b>20.7%</b>	<b>17.2%</b>	<b>12.9%</b>	<b>9.2%</b>	<b>8.0%</b>	<b>8.0%</b>
WTR All Rate Revenue	<b>3.50%</b>	<b>-1.00%</b>	<b>5.25%</b>	<b>5.25%</b>	<b>5.25%</b>	<b>5.25%</b>	<b>2.67%</b>
WW All Rate Revenue	<b>4.00%</b>	<b>-1.00%</b>	<b>5.75%</b>	<b>5.75%</b>	<b>5.75%</b>	<b>5.75%</b>	<b>3.17%</b>
SW Residential	<b>3.50%</b>	<b>-1.00%</b>	<b>5.25%</b>	<b>5.25%</b>	<b>5.25%</b>	<b>5.25%</b>	<b>2.67%</b>
SW Commercial	<b>2.50%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
SW Rolloff	<b>0.00%</b>	<b>0.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
ELC Residential	<b>\$1.25</b>	<b>-1.00%</b>	<b>\$3.38</b>	<b>\$3.75</b>	<b>\$3.75</b>	<b>\$3.75</b>	<b>\$1.91</b>
ELC Non-Residential	<b>\$0.00</b>	<b>-1.00%</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
GAS Residential	<b>\$0.75</b>	<b>-1.00%</b>	<b>\$1.13</b>	<b>\$1.13</b>	<b>\$1.50</b>	<b>\$1.50</b>	<b>\$0.76</b>
GAS Non-Residential	<b>\$0.75</b>	<b>-1.00%</b>	<b>\$1.13</b>	<b>\$1.13</b>	<b>\$1.50</b>	<b>\$1.50</b>	<b>\$0.76</b>

\*WITH ECONOMIC CORRECTION STARTING IN FY20/21

# City of Mesa FY1819 Utility Rate Adjustment Scenarios

## SCENARIO C:

A reduced rate adjustment in FY18/19 with smoothed rate adjustments FY19/20-FY23/24 that preserves a minimum 8% reserve balance or higher over the forecast period

<b>TOTAL ENTERPRISE FUND</b>	FY 17/18 Year End Est.	FY 18/19 Forecast	FY 19/20 Forecast	FY 20/21* Forecast	FY 21/22 Forecast	FY 22/23 Forecast	FY 23/24 Forecast
Total Sources	\$368,434,516	\$379,784,762	\$395,195,104	\$402,512,049	\$415,642,809	\$435,861,340	\$454,835,874
Total Uses	\$363,664,604	\$386,949,398	\$399,918,820	\$416,234,768	\$432,816,211	\$447,958,792	\$459,071,729
<b>Net Sources and Uses</b>	\$4,769,912	(\$7,164,636)	(\$4,723,716)	(\$13,722,719)	(\$17,173,401)	(\$12,097,451)	(\$4,235,856)
<b>Ending Reserve Balance</b>	<b>\$97,497,737</b>	<b>\$90,333,101</b>	<b>\$85,609,385</b>	<b>\$71,886,666</b>	<b>\$54,713,265</b>	<b>\$42,615,814</b>	<b>\$38,379,958</b>
Ending Reserve Balance Percent*	<b>25.2%</b>	<b>22.6%</b>	<b>20.6%</b>	<b>16.6%</b>	<b>12.2%</b>	<b>9.3%</b>	<b>8.1%</b>
WTR All Rate Revenue	3.50%	2.00%	3.85%	3.85%	3.85%	3.85%	3.85%
WW All Rate Revenue	4.00%	2.50%	4.35%	4.35%	4.35%	4.35%	4.35%
SW Residential	3.50%	2.00%	3.85%	3.85%	3.85%	3.85%	3.85%
SW Commercial	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
SW Rolloff	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%
ELC Residential -svc charge only	\$1.25	\$1.00	\$2.25	\$2.50	\$2.50	\$2.50	\$2.50
ELC Non-Residential	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GAS Residential - svc charge only	\$0.75	\$0.45	\$0.75	\$0.75	\$1.00	\$1.00	\$1.00
GAS Non-Residential - svc charge only	\$0.75	\$0.45	\$0.75	\$0.75	\$1.00	\$1.00	\$1.00

\*WITH ECONOMIC CORRECTION STARTING IN FY20/21



## Schedule for FY 2018/19 Utility Rate Consideration

- Apr 5** – City Council Discussion of Utility Rates
- May 7** – Introduce Utility Rate Ordinances
- May 21** – City Council Action on Utility Rates
- July 1** – Effective date for Utility Rate changes





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