



City of Mesa  
FY 2021/22  
Utility Fund forecast and  
Rates Recommendations

City Council Study Session  
November 4, 2021

Presented by:

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Chris Olvey – Management & Budget Coordinator

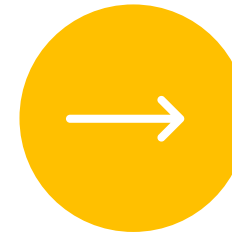
# Financial Principles



BALANCE NET SOURCES  
AND USES



20% OR HIGHER  
RESERVE FUND  
BALANCE



RATE ADJUSTMENTS  
THAT ARE PREDICTABLE  
AND SMOOTHED  
THROUGHOUT THE  
FORECAST



EQUITY BETWEEN  
RESIDENTIAL AND NON-  
RESIDENTIAL RATES



AFFORDABLE UTILITY  
SERVICES

# Utility Fund Forecast:

## Previous Rate Adjustment Recommendations

As of 08/31/2021	FY 20/21 Projected	FY 21/22 Projected	FY 22/23 Forecast	FY 23/24 Forecast	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast
TOTAL NET SOURCES AND USES	\$9,851,803	(\$22,016,908)	(\$9,194,370)	(\$5,014,613)	(\$11,181,618)	(\$8,307,063)	(\$7,422,938)
Beginning Reserve Balance	\$136,773,320	\$146,625,123	\$124,608,215	\$115,413,845	\$110,399,232	\$99,217,614	\$90,910,551
<b>Ending Reserve Balance</b>	<b>\$146,625,123</b>	<b>\$124,608,215</b>	<b>\$115,413,845</b>	<b>\$110,399,232</b>	<b>\$99,217,614</b>	<b>\$90,910,551</b>	<b>\$83,487,613</b>

Ending Reserve Balance Percent*	<b>32.2%</b>	<b>27.7%</b>	<b>25.0%</b>	<b>23.1%</b>	<b>20.1%</b>	<b>17.2%</b>	<b>15.8%</b>
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\*As a % of Next Fiscal Year's Expenditures

WATER Residential	1.50%	<b>3.00%</b>	2.50%	2.00%	2.00%	2.00%	2.00%
WATER Non-Residential (usage)	5.00%	<b>5.00%</b>	5.00%	5.00%	5.00%	5.00%	3.00%
WASTEWATER Residential	3.50%	<b>3.50%</b>	4.00%	4.00%	4.00%	4.00%	4.00%
WASTEWATER Non-Residential	4.00%	<b>4.00%</b>	4.50%	4.50%	4.50%	4.50%	4.50%
SOLID WASTE Residential	0.00%	<b>2.00%</b>	2.00%	2.00%	2.00%	2.00%	2.00%
SOLID WASTE Commercial	2.00%	<b>3.75%</b>	2.00%	2.00%	2.00%	2.00%	2.00%
SOLID WASTE Rolloff	2.00%	<b>3.25%</b>	2.00%	2.00%	2.00%	2.00%	2.00%
ELECTRIC Residential - svc charge	\$1.50	<b>\$1.50</b>	\$2.00	\$2.50	\$2.50	\$2.50	\$2.50
ELECTRIC Non-Residential - svc charge	\$2.50	<b>\$2.50</b>	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
GAS Residential - svc charge	\$0.50	<b>\$0.50</b>	\$0.75	\$1.00	\$1.00	\$1.00	\$1.00
GAS Non-Residential - svc charge	\$2.00	<b>\$0.00</b>	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00

# Utility Fund Forecast:

## Revised Rate Adjustment Recommendations

As of 09/23/2021

	FY 20/21 Projected	FY 21/22 Projected	FY 22/23 Forecast	FY 23/24 Forecast	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast
<b>TOTAL NET SOURCES AND USES</b>	\$9,851,803	(\$22,167,459)	(\$9,650,928)	(\$5,312,656)	(\$11,037,626)	(\$7,690,557)	(\$6,429,650)
Beginning Reserve Balance	\$136,773,320	\$146,625,123	\$124,457,664	\$114,806,735	\$109,494,080	\$98,456,454	\$90,765,897
<b>Ending Reserve Balance</b>	<b>\$146,625,123</b>	<b>\$124,457,664</b>	<b>\$114,806,735</b>	<b>\$109,494,080</b>	<b>\$98,456,454</b>	<b>\$90,765,897</b>	<b>\$84,336,248</b>
Ending Reserve Balance Percent*	<b>32.2%</b>	<b>27.7%</b>	<b>24.8%</b>	<b>22.9%</b>	<b>19.9%</b>	<b>17.1%</b>	<b>15.9%</b>

\*As a % of Next Fiscal Year's Expenditures

WATER Residential	1.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.00%
WATER Non-Residential (usage)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	3.00%
WASTEWATER Residential	3.50%	3.00%	4.25%	4.25%	4.25%	4.25%	4.00%
WASTEWATER Non-Residential	4.00%	4.00%	4.50%	4.50%	4.50%	4.50%	4.50%
SOLID WASTE Residential	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
SOLID WASTE Commercial	2.00%	3.75%	2.00%	2.00%	2.00%	2.00%	2.00%
SOLID WASTE Rolloff	2.00%	3.50%	2.00%	2.00%	2.00%	2.00%	2.00%
ELECTRIC Residential - svc charge	\$1.50	\$1.50	\$2.00	\$2.50	\$2.50	\$2.50	\$2.50
ELECTRIC Non-Residential - svc charge	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
GAS Residential - svc charge	\$0.50	\$0.50	\$0.75	\$1.00	\$1.00	\$1.00	\$1.00
GAS Non-Residential - svc charge	\$2.00	\$0.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00

# Water - Typical Customer



	2021	2022		
		<u>Previous</u>	<u>Revised</u>	
Residential	\$38.24/mo.	Service Charge	3.0%	<b>2.5%</b>
		Usage Charge	3.0%	<b>2.5%</b>
			\$39.40/mo. (\$1.16/mo.)	<b>\$39.19/mo.</b> <b>(\$0.95/mo.)</b>
Commercial General	\$53.24/mo.	Service Charge	3.0%	<b>2.5%</b>
		Usage Charge	5.0%	<b>5.0%</b>
		<i>Effective increase</i>	3.8%	<b>3.5%</b>
		\$55.28/mo. (\$2.04/mo.)	<b>\$55.12/mo.</b> <b>(\$1.88/mo.)</b>	
Commercial Landscape	\$163.29/mo.	Service Charge	3.0%	<b>2.5%</b>
		Usage Charge	6.0%	<b>6.0%</b>
		<i>Effective increase</i>	5.3%	<b>5.2%</b>
		\$172.02/mo. (\$8.73/mo.)	<b>\$171.86/mo.</b> <b>(\$8.57/mo.)</b>	

# Wastewater - Typical Customer



	2021	2022		
		<u>Previous</u>	<u>Revised</u>	
Residential		Service Charge	3.5%	<b>3.0%</b>
		Usage Charge	3.5%	<b>3.0%</b>
	\$23.22/mo.	\$24.04/mo. (\$0.82/mo.)	<b>\$23.92/mo.</b> <b>(\$0.70/mo.)</b>	
Commercial		Service Charge	4.0%	<b>4.0%</b>
		Usage Charge	4.0%	<b>4.0%</b>
		Surcharge	4.0%	<b>4.0%</b>
	\$45.94/mo.	\$47.77/mo. (\$1.83/mo.)	<b>\$47.77/mo.</b> <b>(\$1.83/mo.)</b>	

# Solid Waste – Commercial Roll Off

RATES	CURRENT	REVISED INCREASE	NEW TOTAL
Set Fee	\$60.00	\$23.00	\$83.00
Trash Per Ton Rate	\$33.50	\$ 1.75	\$35.25
Green Waste Per Ton Rate	\$39.75	\$ 2.00	\$41.75

ROLL OFF SIZE	CURRENT	REVISED
15 & 20 YD	\$290.50	\$318.75
30 YD	\$300.50	\$328.75
40 YD	\$315.50	\$343.75

COMPETITOR COMPARISON (40 YD)	
City of Mesa	\$343.75
Competitor Pricing	\$523.80 - \$717.97

# Schedule for FY 2021/22 Utility Rates Adjustment Recommendation

- Nov 15** – Introduce Utility Rate Ordinances
- Dec 8** – City Council Action on Utility Rates
- Feb 1** – Effective date for Utility Rate changes





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# Utility Fund Forecast: Notice of Intention

As of 08/31/2021

	FY 20/21 Projected	FY 21/22 Projected	FY 22/23 Forecast	FY 23/24 Forecast	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast
<b>TOTAL NET SOURCES AND USES</b>	\$9,851,803	(\$21,992,956)	(\$9,111,019)	(\$4,926,996)	(\$11,089,109)	(\$8,208,471)	(\$7,318,750)
Beginning Reserve Balance	\$136,773,320	\$146,625,123	\$124,632,168	\$115,521,149	\$110,594,153	\$99,505,044	\$91,296,573
<b>Ending Reserve Balance</b>	<b>\$146,625,123</b>	<b>\$124,632,168</b>	<b>\$115,521,149</b>	<b>\$110,594,153</b>	<b>\$99,505,044</b>	<b>\$91,296,573</b>	<b>\$83,977,823</b>

Ending Reserve Balance Percent*	<b>32.2%</b>	<b>27.7%</b>	<b>25.0%</b>	<b>23.2%</b>	<b>20.2%</b>	<b>17.2%</b>	<b>15.8%</b>
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