

City of Mesa

FY 2024/25

Water Rate Recommendations – Revised

City Council Study Session

September 19, 2024

Water Resources Department

Presented by:

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Service Charge

- Fixed amount, based on meter size
 - Larger meter's associated infrastructure more expensive to maintain
- Covers fixed costs associated with running the utility. This includes such things as:
 - Personnel
 - Maintenance of water infrastructure
 - Repayment of debt to build infrastructure
- Includes 3,000 gallons

Revised – Rate Adjustments – Residential

Service Charge			
Typical Customer	2024	2025 – Recommendation (9/12) (5.50% Increase)	2025 – Revised (4.00% Increase)
Residential (3/4” Meter)	\$30.93/mo	\$32.63/mo (+\$1.70/mo)	\$32.17/mo (+\$1.24/mo)

Usage Charge			
Typical Customer	2024	2025 – Recommendation (9/12) (5.50% Increase)	2025 – Revised (6.00% Increase)
Residential (Tier 1: 4-6kgals)	\$3.51/kgal	\$3.70/kgal (+\$0.19/kgal)	\$3.72/kgal (+\$0.21/kgal)

Revised – Typical Customer – Residential

	2024	2025 – Recommendation (9/12)		2025 - Revised	
Residential - Small (3kgal/mo)	\$30.93/mo	Service Charge	5.50%	Service Charge	4.00%
		Usage Charge	5.50%	Usage Charge	6.00%
		Effective Increase	5.50%	Effective Increase	4.00%
		\$32.63/mo (\$1.70/mo)		\$32.17/mo (\$1.24/mo)	
Residential - Typical (6kgal/mo)	\$41.70/mo	Service Charge	5.50%	Service Charge	4.00%
		Usage Charge	5.50%	Usage Charge	6.00%
		Effective Increase	5.50%	Effective Increase	4.48%
		\$43.98/mo (\$2.28/mo)		\$43.57/mo (\$1.87/mo)	

Revised – Typical Customer – Commercial

	2024	2025 – Recommendation (9/12)		2025 - Revised	
Commercial General (9kgal/mo)	\$73.82/mo	Service Charge	5.50%	Service Charge	5.50%
		Usage Charge	8.00%	Usage Charge	8.50%
		Effective Increase	6.31%	Effective Increase	6.46%
		\$78.47/mo (\$4.65/mo)		\$78.59/mo (\$4.77/mo)	
Commercial Landscape (29kgal/mo)	\$162.64/mo	Service Charge	5.50%	Service Charge	5.50%
		Usage Charge	10.00%	Usage Charge	10.50%
		Effective Increase	8.53%	Effective Increase	8.84%
		\$176.51/mo (\$13.87/mo)		\$177.01/mo (\$14.37/mo)	
Large Commercial (7,500kgal/mo)	\$20,849.00/mo	Service Charge	5.50%	Service Charge	5.50%
		Usage Charge	18.00%	Usage Charge	19.50%
		Effective Increase	17.25%	Effective Increase	18.80%
		\$24,446.09/mo (\$3,597.09/mo)		\$24,768.46/mo (\$3,919.46/mo)	

Revised – Water Conservation

Residential

	<u>9/12 Rec.</u>	<u>Revised</u>
• Tier 2 (7-14kgals):	+6.50%	+7.00%
• Tier 3 (14-24kgals):	+7.50%	+8.00%
• Tier 4 (>24kgals):	+8.50%	+9.00%

Non-residential

	<u>9/12 Rec.</u>	<u>Revised</u>
• General:	+9.00%	+10.00%

Surcharge for Use Above Winter Water Average (Non-residential)

	<u>9/12 Rec.</u>	<u>Revised</u>
• General:	+9.50%	+10.00%
• Landscape:	+10.00%	+10.00%

Revised – Utility Fund Forecast Review

Utility Fund Forecast: FY 24/25 Revised Rate Adjustments

As of 09/16/2024	FY 23/24 Estimate	FY 24/25 Budget	FY 24/25 Projected
TOTAL NET SOURCES AND USES	(\$22,043,631)	(\$27,212,912)	(\$21,966,810)
Beginning Reserve Balance	\$144,413,643	\$114,759,072	\$122,370,012
Ending Reserve Balance	\$122,370,012	\$87,546,160	\$100,403,202
Ending Reserve Balance Percent*	23.2%	16.0%	17.8%
<small>*As a % of Next Fiscal Year's Expenditures</small>			
WATER Residential (Tier 1 usage)	3.00%	3.50%	6.00%
WATER Commercial (usage)	5.00%	5.50%	8.50%
WASTEWATER Residential	4.75%	4.75%	7.50%
WASTEWATER Non-Residential	5.00%	5.00%	8.50%
SOLID WASTE Residential	3.00%	3.00%	5.50%
SOLID WASTE Commercial	7.50%	3.00%	10.00%
SOLID WASTE Rolloff	6.50%	3.00%	6.50%
ELECTRIC Residential - svc charge	\$2.25	\$2.50	\$2.75
ELECTRIC Non-Residential - svc charge	\$5.00	\$2.50	\$5.00
GAS Residential - svc charge	\$0.75	\$0.75	\$0.00
GAS Non-Residential - svc charge	\$2.00	\$2.00	\$3.00

Utility Fund Forecast: FY 24/25 Revised Rate Adjustments

As of 9/16/2024	FY 23/24 Estimate	FY 24/25 Projected	FY 25/26 Forecast	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast
WATER	(\$137,327)	(\$2,322,696)	(\$9,791,761)	(\$12,476,135)	(\$11,862,940)	(\$9,242,700)	(\$998,014)
WASTEWATER	(\$11,719,217)	(\$11,256,668)	(\$8,456,620)	(\$5,358,502)	(\$1,423,833)	\$3,249,395	\$12,189,109
SOLID WASTE	(\$5,223,675)	(\$5,389,701)	(\$1,273,786)	\$1,673,155	\$1,505,566	\$6,300,262	\$9,474,694
ELECTRIC	\$289,913	(\$907,913)	(\$1,012,864)	(\$729,993)	(\$817,186)	(\$1,225,376)	(\$1,993,115)
NATURAL GAS	(\$4,888,484)	(\$1,935,219)	(\$2,334,058)	(\$2,323,860)	(\$1,962,375)	\$1,496,589	\$865,154
DISTRICT COOLING	(\$364,841)	(\$154,613)	(\$77,190)	(\$49,999)	(\$57,903)	(\$51,153)	(\$52,668)
TOTAL NET SOURCES AND USES	(\$22,043,631)	(\$21,966,810)	(\$22,946,279)	(\$19,265,333)	(\$14,618,671)	\$527,016	\$19,485,161
Beginning Reserve Balance	\$144,413,643	\$122,370,012	\$100,403,202	\$77,456,923	\$58,191,590	\$43,572,919	\$44,099,936
Ending Reserve Balance	\$122,370,012	\$100,403,202	\$77,456,923	\$58,191,590	\$43,572,919	\$44,099,936	\$63,585,097
Ending Reserve Balance Percent*	23.2%	17.8%	12.3%	9.2%	6.6%	6.4%	8.9%

*As a % of Next Fiscal Year's Expenditures

Schedule for FY 2024/25 Utility Rate Adjustment Recommendation

- Sept 23** – City Council Action on Notice of Intent
- Nov 18** – Introduce Utility Rate Ordinances
- Dec 2** – City Council Action on Utility Rates
- Feb 1** – Effective date for Utility Rate changes



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