

An amendment to the Mesa City Charter to limit the amount of utility service revenue that can be used for general fund purposes; establishing the fiscal year limit of general fund transfers at 20% of gross utility service revenue; creating a Utility Fund Account to separately account for expenditures of utility service revenue; and providing a mechanism for returning excess utility service revenue to ratepayers

MESA CITY CLERK
2019 MAY -8 PM 2:36

AN INITIATIVE MEASURE

**AMENDING ARTICLE VI OF THE MESA CITY CHARTER
TO ADD A NEW SECTION 614; RELATING TO USES OF
UTILITY SERVICE REVENUE AND ESTABLISHING A
LIMIT ON THE AMOUNT OF UTILITY SERVICE REVENUE
THAT CAN BE USED FOR GENERAL FUND PURPOSES**

TEXT OF PROPOSED AMENDMENT

NOW, THEREFORE, BE IT ORDAINED:

Section 1. ARTICLE VI – FINANCE AND TAXATION – of the City Charter of the City of Mesa, Arizona is hereby amended to add a new Section 614 which shall read as follows:

Section 614:

- (A) **RATES AND FINANCES.** The Council shall by ordinance fix and establish rates, fees and other charges (collectively, “Rates”) for providing such public utility services as the City may provide, including, by way of example but not limitation, the provision of natural gas, water, sewage collection and treatment, solid waste collection and disposal, and electricity. All Rates shall be just and reasonable, and shall not be used to create revenue in excess of the amounts sufficient to operate the City’s public utilities in a commercially reasonable manner. Just and reasonable rates may allow for the general fund transfers, if any, authorized under Subsection (C)(9) of this **Section 614**.
- (B) **USE OF PUBLIC UTILITIES REVENUE.** All revenue from every source collected by the City in connection with its provision of public utility services and its possession, management and control of the City assets used in connection with such public utility services (“Utility Assets”) shall be credited to one or more enterprise funds (collectively, the “Utility Fund”) and shall be accounted for separately from the City’s general fund.
- (C) **USE OF UTILITY FUND MONEYS.** The money in the Utility Fund may not be appropriated, transferred or expended for any purposes except the following:
1. Operation and Maintenance. For the necessary expense of operating and maintaining the City’s public utility services, including the operation, promotion and maintenance of the Utility Assets.
 2. Retirement of Indebtedness. For the payment of the principal and interest, due or coming due during the fiscal year in which the revenues are received, or are to be received, upon outstanding bonds, notes, certificates or other evidences of indebtedness issued (i) against and payable from the revenues of said public utility services and secured by a lien on all or a portion of the Utility Assets, or (ii) as general obligations of the City, provided such general obligations were issued for the extension, improvement, enlargement, or betterment of the Utility Assets.
 3. Development of Utility Assets. For the necessary expenses of constructing, extending and improving the Utility Assets, including the purchase or condemnation of lands, water rights and other property for purposes of providing one or more of the City’s utility services.

MESA CITY CLERK

2019 MAY -8 PM 2:36

4. Reimbursements. For reimbursement by the Solid Waste Division or Utility Department to another department or office of the City on account of services rendered, or materials, supplies or equipment furnished to support the provision of utility services.
5. Promotion of Business. For the promotion of any of the City's utility products or services.
6. Promotion of Conservation. For the development, or promotion or use of systems, equipment, services, devices or materials to promote conservation and recycling by City utility customers.
7. Employee Benefits. For defraying the expenses of any pension or retirement system and health or other benefits applicable to the employees of the Solid Waste Division and Utility Department employed in connection with the City's utility services.
8. Bond Reserve Funds. For establishing and maintaining separate reserve funds to insure the payment at maturity of the principal and interest on all bonds now outstanding or hereafter issued, that are both (i) issued against and payable from the revenues of the applicable City utility, and (ii) issued for the extension, improvement, enlargement, or betterment of the Utility Assets. The money set aside and placed in these separate reserve funds shall remain therein until expended and shall not be transferred to the general fund of the City.
9. General Fund Transfers. For each fiscal year: Council may, in its discretion, deposit or transfer to the City's general fund an amount not to exceed twenty percent (20%) of the gross revenues generated from the City's provision of utility services during such fiscal year, as determined through a financial report audited by an independent accounting firm.
10. Surplus Amounts. At the end of each fiscal year, all amounts remaining in the Utility Fund, not paid or otherwise allocated for the obligations or reserves authorized under items 1-9 above, shall be reimbursed to the City public utility customers through a reimbursement or reduction in utility rates that corresponds proportionately to the amount of overpayment by each class of customers.

MESA CITY CLERK

2019 MAY -8 PM 2:36