



# FY 2025/26 UTILITY RATES PUBLIC HEARING

City Council

Presented by: Brian A. Ritschel – Management & Budget Director

December 1, 2025



*Utility Rates  
Adjustments  
Main Focuses*

- Equity between residential and non-residential rates
- Growth pays for growth
- Conservation of discretionary water use
- Smooth rate adjustments throughout the forecast

# Customer Impact - Water

Typical Customer	Current Monthly Bill	Impact to Current Bill – AF&E Committee	Recommended Rate Adj. with Capacity Fee	2.5% Res. & Multi-Unit Rate Adjustment
Residential (6 kgals/month)	\$43.57/mo	+5.5% \$45.95/mo (+\$2.38/mo)	+4.2% \$45.41/mo (+\$1.84/mo)	+2.5% \$44.64/mo (+\$1.07/mo)
Multi-unit Development (6 kgals/month)	\$40.46/mo	+8.6% \$43.93/mo (+\$3.47/mo)	+8.7% \$43.98/mo (+\$3.52/mo)	+2.5% \$41.49/mo (+\$1.03/mo)
Commercial – General (9 kgals/month)	\$78.59/mo	+7.7% \$84.64/mo (+\$6.05/mo)	+7.4% \$84.39/mo (+\$5.80/mo)	+11.8% \$87.83/mo (+\$9.24/mo)
Commercial – Landscape (29 kgals/month)	\$177.01/mo	+12.1% \$198.39/mo (+\$21.38/mo)	+15.3% \$204.06/mo (+\$27.05/mo)	+19.6% \$211.79/mo (+\$34.78/mo)

# UTILITY FUND FORECAST

## 2.5% INCREASE FOR RESIDENTIAL AND MULTI-UNIT

As of 11/10/2025	FY 24/25 Estimate	FY 25/26 Projected	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast	FY 30/31 Forecast
TOTAL NET SOURCES AND USES	(\$3,544,639)	(\$28,905,668)	(\$13,676,348)	(\$905,855)	\$20,246,283	\$44,708,974	\$63,678,240
Beginning Reserve Balance	\$117,019,543	\$113,474,904	\$84,569,236	\$70,892,888	\$69,987,033	\$90,233,316	\$134,942,290
<b>Ending Reserve Balance</b>	<b>\$113,474,904</b>	<b>\$84,569,236</b>	<b>\$70,892,888</b>	<b>\$69,987,033</b>	<b>\$90,233,316</b>	<b>\$134,942,290</b>	<b>\$198,620,530</b>
Ending Reserve Balance Percent*	<b>20.1%</b>	<b>13.6%</b>	<b>11.4%</b>	<b>10.8%</b>	<b>13.4%</b>	<b>19.0%</b>	<b>26.6%</b>

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

# Water & Wastewater Rate Increases

	Water			Wastewater		
	FY 23/24	FY 24/25	FY 25/26	FY 23/24	FY 24/25	FY 25/26
Mesa	3.0%	4.5%	2.5%	4.75%	7.5%	7.5%
Chandler	7.0%	0.0%	15.0%	8.0%	0.0%	15.0%
Gilbert	48.0%	25.0%	25.0%	0.0%	55.0%	0.0%
Tempe	14.7%	6.4%	11.0%	6.3%	9.9%	9.5%
Scottsdale	4.2%	6.3%	4.5%	5.8%	8.0%	6.0%
Phoenix	13.4%	13.0%	0.0%	13.4%	7.0%	0.0%
Glendale	5.4%	4.3%	10.4%	3.0%	2.7%	4.2%
Tucson	12.8%	6.8%	3.5%	0.0%	0.0%	3.0%

# Solid Waste, Natural Gas & Electric Rate Increases

	Solid Waste				Natural Gas		
	FY 23/24	FY 24/25	FY 25/26		FY 23/24	FY 24/25	FY 25/26
Mesa	3.0%	5.5%	5.5%	Mesa	3.6%	2.7%	3.5%
Chandler	7.0%	0.0%	6.0%	Southwest Gas	0.0%	8.9%	0.0%
Gilbert	44.0%	0.0%	2.0%				
Tempe	5.0%	3.7%	4.5%				
Scottsdale	0.0%	8.0%	5.0%				
Phoenix	4.0%	2.0%	2.0%				
Glendale	3.9%	3.0%	4.2%				
Tucson	19.4%	15.0%	0.0%				
					Electric		
					FY 23/24	FY 24/25	FY 25/26
				Mesa	2.1%	1.9%	1.7%
				SRP	8.0%	3.2%	2.4%
				APS	8.0%	0.0%	14.0%*

\* Proposed effective date July 8, 2026



# ***NEXT STEPS***

## ***REMAINING NON-RESIDENTIAL WATER RATES***

**December 8, 2025** - Council Action on Notice of Intention

**January 26, 2026** - Introduction of Non-Residential Water Utility Ordinances

**February 9, 2026** - City Council Action on Non-Residential Water Rates

**April 1, 2026** - Effective Date for Non-Residential Water Rates



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