

AUDIT, FINANCE & ENTERPRISE COMMITTEE

September 9, 2021

The Audit, Finance & Enterprise Committee of the City of Mesa met in the lower-level meeting room of the Council Chambers, 57 East 1st Street, on September 9, 2021, at 9:01 a.m.

COMMITTEE PRESENT

Mark Freeman, Chairman
Jennifer Duff
David Luna

COMMITTEE ABSENT

None

STAFF PRESENT

Christopher Brady
Mike Kennington
Dee Ann Mickelsen
Bill Taebel

Chairman Freeman conducted a roll call.

1. Items from citizens present:

There were no items from citizens present.

2-a. Hear a presentation and discuss the Utility Enterprise Fund forecast, and provide a recommendation on proposed utility rate adjustments:

Office of Management and Budget Assistant Director Brian Ritschel introduced Water Resources Director Jake West, Environmental Management and Sustainability Director Scott Bouchie, and Energy Resources Director Frank McRae, and displayed a PowerPoint presentation. **(See Attachment 1)**

Mr. Ritschel reviewed Utility Operations and explained the purpose and use of the reserve balance. (See Page 3 of Attachment 1)

Management Assistant II Erik Hansen commented on the water utility and the rate increases over the last year. He stated the commodity cost increase is a result of the Central Arizona Project (CAP) Tier 1 shortage declaration on the Colorado River. (See Page 6 of Attachment 1)

Mr. Hansen highlighted the increases from the FY 20/21 actuals to the FY 21/22 proposed budget is attributed to new debt issued for several large capital projects. (See Page 7 of Attachment 1)

Mr. Hansen displayed a chart reflecting water commodity costs and annual increases in water purchased from Salt River Project (SRP) and the CAP. He added the chart shows the price increases of almost 50% in FY 21/22 and FY 22/23. (See Pages 8 and 9 of Attachment 1)

In response to a question from Chairman Freeman regarding the correlation between price increases and population growth, Mr. Hansen explained the forecast is for consumption as well as the price per acre foot per commodity.

Responding to a question from Committeemember Luna regarding whether the Roosevelt Dam water can be used, Mr. Hansen stated a future conversation will be held with Council regarding the New Conservation Space (NCS) water that can be treated and the possibility of moving that water.

In response to a question from Committeemember Duff, City Manager Christopher Brady explained the City will rely on SRP water as much as possible; however, there is an allocation of CAP water to consider. He added older parts of the community have water rights allocated to SRP. He clarified the dilemma is the largest demand for water in Mesa is happening on the most expensive water.

Mr. Hansen reported there are four capital projects in this recommendation, the first being the Central Mesa Reuse Pipeline. He commented this project will allow the City to further the relationship with the Gila River Indian Community (GRIC). He added the City will receive CAP water through the GRIC at a reduced rate and the project will have a cost of \$72 million. (See Page 10 of Attachment 1)

In response to a question from Committeemember Luna, Mr. Hansen reported the project completion is scheduled for FY 24/25.

Mr. West clarified the project is in design and will tie into the Central Mesa Reuse Pipeline.

Mr. Hansen displayed the future capital improvement projects which shows completion of the Central Mesa Reuse Pipeline. He stated the blue line reflects the commodity costs which will result in a \$1 million savings in FY 27/28. (See Page 11 of Attachment 1)

Mr. Hansen provided information on the East Mesa Water Interconnect project, which will cost \$82 million. (See Page 12 of Attachment 1)

Mr. Hansen highlighted the Signal Butte Water Treatment Plant (SBWTP) expansion which will double the capacity allowing the maximum benefit of the GRIC agreement. He added the cost for this project will be \$98 million. (See Page 13 of Attachment 1)

Mr. Hansen provided an overview of Smart Metering, at a cost of \$60 million. He stated this project will provide revenue security through greater protection against theft, loss, breaks, and will allow the City and customers to receive real time system data on demand. (See Page 14 of Attachment 1)

Mr. Hansen detailed water rate recommended increases for the typical customer. (See Page 15 of Attachment 1)

In response to a question from Committeemember Duff regarding commercial water costs for mega water users, Mr. Hansen explained a discounted rate is applied when commercial users reach the threshold of 6,000 kgals per month. He added the proposal is for a 6% increase and raising the threshold for that rate to 7,500 kgals per month.

In response to additional questions from Committeemember Duff, Mr. Brady commented part of the pressure of getting SBWTP completed is to deliver water to the new projects.

Water Resources Advisor Brian Draper explained some of the larger facilities with cooling towers have more salts that go into the wastewater treatment plant. He stated at this time there are no issues treating that water; however, there could be a point where too much salt may be present which could present some difficulty in treating. He clarified the bigger issue with that scenario is removing the salts to use the water.

Committeemember Duff indicated mega water users should have a greater share in the cost.

Chairman Freeman reported a lot of the large water users are bringing in their own water but using Mesa's infrastructure to get the water to their facilities.

Mr. Hansen provided information on wastewater and the increasing cost recommendations due to the pressures on the utility. (See Page 17 of Attachment 1)

Mr. Hansen presented an update on the recommendations for wastewater rate increases. (See Page 18 of Attachment 1)

In response to a question from Committeemember Luna, Mr. Ritschel replied that the rate increases would go into effect February 1, 2022.

Mr. Bouchie introduced Senior Fiscal Analyst Sheri Collins who outlined cost pressures for the Solid Waste utilities. (See Page 20 of Attachment 1)

Ms. Collins highlighted the recommended increase to solid waste residential rates, appliance, bulk item, and green waste barrel rates. (See Pages 21 and 22 of Attachment 1)

In response to a question from Chairman Freeman, Ms. Collins clarified a customer may schedule an appliance pickup and when the crew shows up there is no appliance on the curb. She stated this takes up staff time to schedule and pickup, so the request is to increase the cost of one service charge to the same as a bulk item pickup.

Mr. Bouchie expanded by saying the City receives a small amount of revenue for appliances; if the customer has a text messaging service they will receive a text reminder of the pickup time, and the cost is fair.

Ms. Collins summarized the commercial front-load rate recommendations and clarified the commercial programs are open market, so the City competes with private waste companies on these accounts. (See Page 23 of Attachment 1)

Ms. Collins highlighted the commercial roll-off rate recommendations and indicated the increases are still below competitor pricing. (See Page 24 of Attachment 1)

Mr. Bouchie discussed the Flare to Fuel program and expanded by saying the project is good for the environment but is also a financial benefit to the City and fits in well with the climate action plan and renewable energy goals. (See Page 25 of Attachment 1)

Mr. Bouchie reported on Solid Waste infrastructure, stating recycling is still a challenge. He commented the City does not own any post-collection infrastructure, so once materials are collected, they must be transferred to another facility. He added a large cost of solid waste is vehicle miles traveled so reducing travel will save money, as well as reduce emissions. He concluded by saying an in-depth analysis will be completed of what a transfer station and recycling facility could do to help the utility financially and environmentally while mitigating risk. (See Page 26 of Attachment 1)

In response to a question from Committeemember Duff, Mr. Bouchie said the solution is twofold. He remarked the first is a transfer station where materials are taken and transferred to larger trucks to deliver to a recycling facility, landfill, or other type of facility. He said the second is a Materials Recovery Facility which is similar to the facility that burned down at the Salt River Landfill, where recycling and co-mingled materials are taken to be sorted, palletized, and sold. He clarified these solutions come with significant capital expense, so staff is looking at the benefit from an operational standpoint.

Mr. McRae introduced Energy Resources Program Manager Tony Cadorin and Senior Fiscal Analyst John Petrof.

Mr. McRae explained Energy Resources has 131 budgeted positions which focuses on providing safe, reliable, and efficient electric utility and gas services. He remarked the three largest cost components are debt service, operational expenditures, and energy supply costs. He said the department uses SRP as a benchmark for utility operations and rates.

Mr. McRae displayed a chart that reflects a 10-year picture of average monthly bills compared to SRP. He stated in FY 19/20 the department faced unprecedented and unanticipated cost increases which will result in significant pricing spikes for the next year or two. He remarked there have also been increases in debt service as the cost of equipment, infrastructure, and operational expenditures have increased. (See Page 29 of Attachment 1)

Mr. Petrof provided an overview of increasing debt service and operating costs on the electric utility and outlined completed and future projects. (See Pages 30 and 31 of Attachment 1)

Mr. Cadorin highlighted the electric commodity cost pressures and indicated the increase in FY 21/22 is due to cost increases this summer; however, the ARPA funds will lower the impact to customers. He commented the drop in FY 23/24 to \$19 million will be a result of working to bring online significant solar, storage, and natural gas generation. He added staff is working on new resources because participating in the market is not a sustainable strategy to remain cost competitive. (See Page 32 of Attachment 1)

Mr. Petrof displayed a residential electric bill comparison chart which includes three different customer usage categories. He added the chart includes the proposed offset with and without the ARPA funds. (See Page 33 of Attachment 1)

In response to a question from Committeemember Luna, Mr. Ritschel stated \$20 million of ARPA funds will go towards the electric commodity cost to help offset FY 21/22 and FY 22/23 increases. He added staff is hopeful the market will readjust in the third year.

Deputy City Manager Michael Kennington clarified the ARPA funds are one-time, and the City has until the end of 2024 to obligate those funds.

Mr. Petrof provided an overview of the proposed residential and commercial electric rates, as well as a bill comparison and proposed increases for commercial electric rates. (See Pages 34 through 36 of Attachment 1)

Mr. Petrof highlighted gas utility completed and future projects. He commented the majority of costs are from the growth of the Magma service area and replacing aging infrastructure. He added operating costs continue to increase due to merit adjustments. (See Pages 38 and 39 of Attachment 1)

Mr. Petrof provided a comparison of residential gas costs and proposed increases and noted Mesa is competitive across all three usage categories. (See Pages 40 and 41 of Attachment 1)

Mr. Ritschel provided an overview of recommended rate adjustments for FY 21/22. (See Page 43 of Attachment 1)

Mr. Ritschel outlined the schedule for the FY 21/22 rate adjustment recommendations, including the Notice of Intent.

Chairman Freeman indicated there is consensus to move staff recommendations forward to the full Council.

Chairman Freeman thanked staff for the presentation.

3. Adjournment.

Without objection, the Audit, Finance & Enterprise Committee meeting adjourned at 10:18 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Audit, Finance & Enterprise Committee meeting of the City of Mesa, Arizona, held on the 9th day of September 2021. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

City of Mesa

FY 2021/22

Utility Fund forecast and Rates Recommendations

Audit, Finance & Enterprise Committee September 9, 2021

Presented by:

Brian A. Ritschel – Management & Budget Assistant Director

Jake West – Water Resources Director

Scott Bouchie – Environmental Management &
Sustainability Director

Frank McRae – Energy Resources Director

Utility Operations

- Each utility is operated as a separate business center but treated as one fund
- Reserve balance provides a safety net for unforeseen conditions
- Reserve balance can be used to smooth rate adjustments year-to-year

Financial Principles



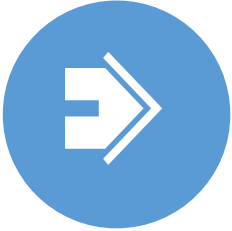
BALANCE NET SOURCES
AND USES



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

Water

Increasing Costs/Pressures on the Utility

Water Utility



- **Increases from FY 20/21 actuals to FY 21/22 budget**
 - Operating Expenditure
 - Water Commodity Costs \$2.6M
 - Treatment Plant Chemicals \$0.8M
 - Treatment Plant Power Costs \$1.0M
 - Personnel \$1.9M

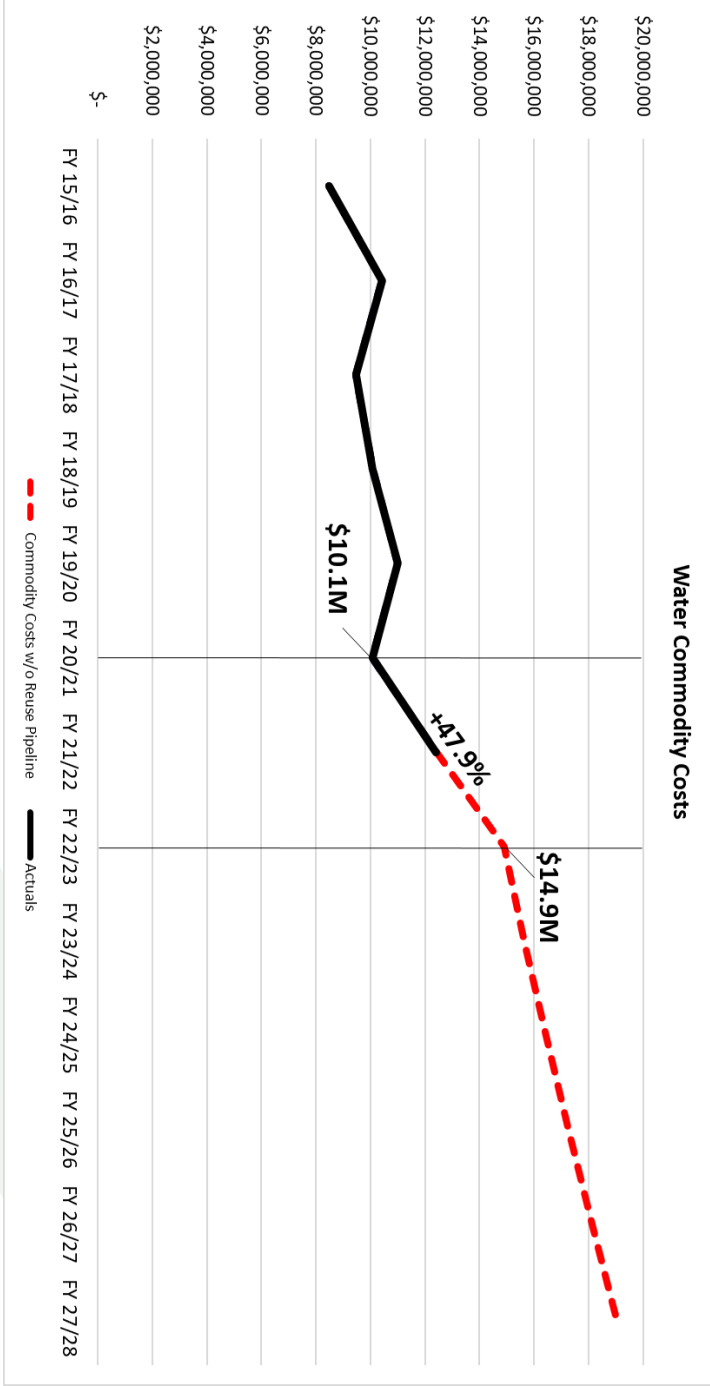
Increasing Costs/Pressures on the Utility

Water Utility



- **Increases from FY 20/21 actuals to FY 21/22 budget**
 - Existing Debt Service \$8.4M
 - Includes debt issued for past capital improvement projects
 - Signal Butte - Phase I
 - Waterline Replacement Projects
 - Refundings FY20/21 > FY21/22

Increasing Costs/Pressures on the Utility



Increasing Costs/Pressures on the Utility



FY 20/21 Water Commodity Purchases

	Acre Feet	Cost
Central Arizona Project	49,093	\$8.7M
Salt River Project	32,812	\$1.4M

	Actual					Forecast				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	
Central Arizona Project	\$ 205.00	\$ 199.00	\$ 226.00	\$ 211.00	\$ 242.00	\$ 256.00	\$ 284.00	\$ 290.00	\$ 291.00	
Salt River Project	\$ 34.56	\$ 35.76	\$ 37.91	\$ 40.18	\$ 41.59	\$ 43.04	\$ 44.55	\$ 46.11	\$ 47.72	

Future Capital Improvement Projects

Water Utility



Central Mesa Reuse Pipeline

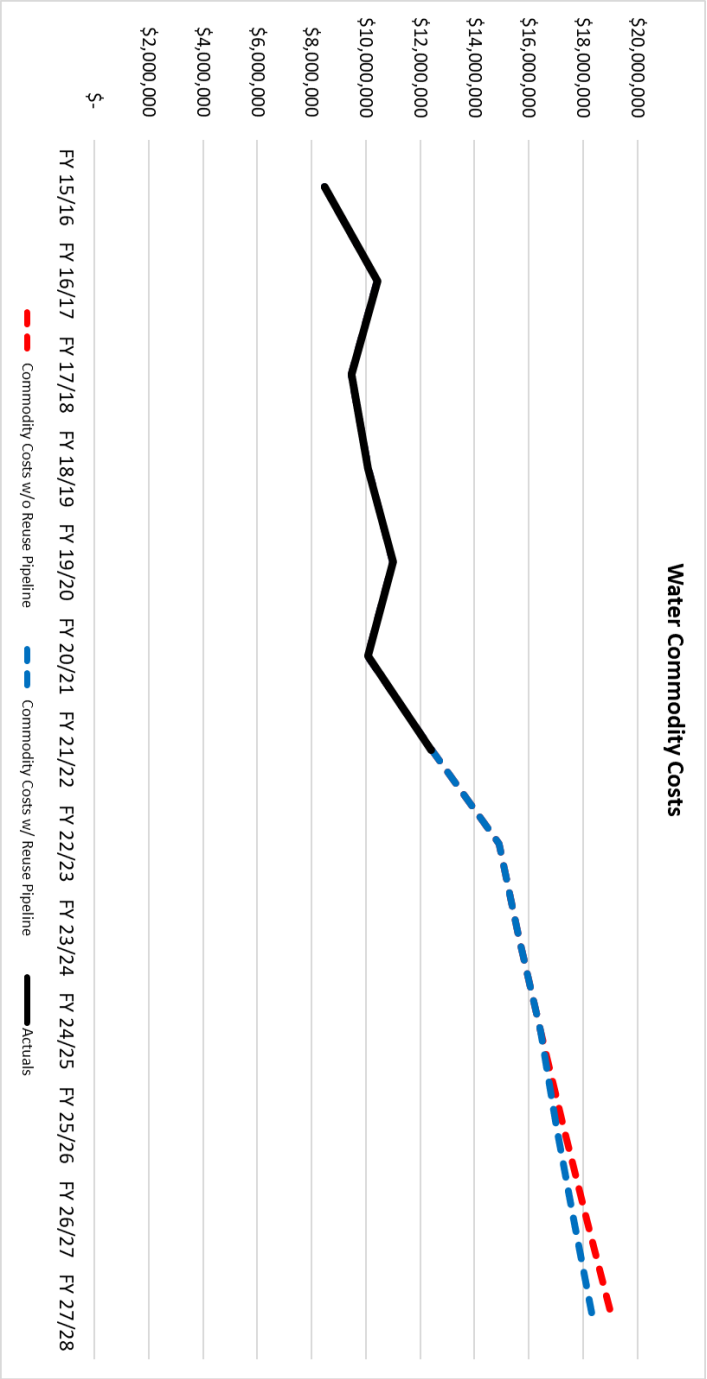
Growth and Sustainability with ROI

- Provide for economic growth
- Greater water system reliability
- Drought mitigation

- Project Cost

\$72M

Future Capital Improvement Projects



	Actual					Forecast					
	2018	2019	2020	2021	2022	2023	2024	2025	2026		
Central Arizona Project	\$ 205.00	\$ 199.00	\$ 226.00	\$ 211.00	\$ 242.00	\$ 256.00	\$ 284.00	\$ 290.00	\$ 291.00		
Central Arizona Project w/ Reuse Pipeline	\$ 65.00	\$ 62.00	\$ 56.00	\$ 56.00	\$ 56.00	\$ 57.00	\$ 61.00	\$ 61.00	\$ 63.00		
Salt River Project	\$ 34.56	\$ 35.76	\$ 37.91	\$ 40.18	\$ 41.59	\$ 43.04	\$ 44.55	\$ 46.11	\$ 47.72		

Future Capital Improvement Projects

Water Utility



East Mesa Water Interconnect

Growth and Sustainability with Flexibility

- Move 5 -10MGD between treatment plants
- Greater system reliability through diversification
- More operational resiliency through capacity sharing

- Project Cost

\$82M

Future Capital Improvement Projects

Water Utility



Signal Butte WTP Expansion

Growth

- Increase plant capacity from 24MGD to 48MGD
- Support residential & commercial development
- Help SE Mesa to realize full potential
- Maximize renewable resource - GRIC

- Project Cost

\$98M

Future Capital Improvement Projects

Water Utility



Smart Metering

Growth and Demand Management

- Revenue security – Loss/Breaks
- Real-time data/system demand
- Transparency

- Project Cost

\$60M



Water - Typical Customer

	2021	2022
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Residential

Service Charge	3.0%
Usage Charge	3.0%
\$38.24/mo.	\$39.40/mo. (\$1.16/mo.)

Commercial General

Service Charge	3.0%
Usage Charge	5.0%
\$53.24/mo.	\$55.28/mo. (\$2.04/mo.)
	Effective increase
	3.8%

Commercial Landscape

Service Charge	3.0%
Usage Charge	6.0%
\$163.29/mo.	\$172.02/mo. (\$8.73/mo.)
	Effective increase
	5.3%

Wastewater

Increasing Costs/Pressures on the Utility

Wastewater Utility



- **Increases from FY 20/21 actuals to FY 21/22 budget**
 - Operating Expenditure
 - Reclamation Plant Chemicals \$0.3M
 - Reclamation Plant Power Costs \$0.5M
 - Greenfield WRP (one-time)/Joint Venture \$3.7M
 - Personnel \$0.7M

Wastewater - Typical Customer



	2021	2022
Residential		Service Charge 3.5%
		Usage Charge 3.5%
	\$23.22/mo.	\$24.04/mo. (\$0.82/mo.)
Commercial		Service Charge 4.0%
		Usage Charge 4.0%
		Surcharge 4.0%
	\$45.94/mo.	\$47.77/mo. (\$1.83/mo.)

Solid Waste

Increasing Cost Pressures On The Utilities

- Disposal Fees - \$640K
- Personal Services - \$820K
- CNG Cost Increase - \$200K
- Barrel/Bin Price Increase - \$385K

Solid Waste Residential Rate Recommendation

	CURRENT	PROPOSED INCREASE	NEW TOTAL
90-gallon Trash Barrel	\$29.34	\$0.58	\$29.92
Green & Clean Fee	\$ 0.84	\$0.05	\$ 0.89
Total Residential Increase	\$30.18	\$0.63	\$30.81

COMPARISON TO OTHER CITIES	
Phoenix	\$33.80
Mesa	\$30.81
Tempe	\$29.57

Appliance, Bulk Item, and Green Waste Barrel Rate Recommendations

Appliance Collection

- Increase charge for items not out on scheduled date from \$11.79 to \$19.00

Bulk Item

- Per load increase from \$25.00 to \$28.00

Green Waste Barrel

- Increase by \$0.14, from \$6.93 to \$7.07

Commercial Front Load Recommendations

- Increase base rate by 3%
- Increase fee for collection out-of-zone from \$16.50 to \$19.00 per bin
- Decrease multi-day and multi-bin service discounts by 1 percentage point
- Convert special pick-up fee from tiered to flat rate of \$60
- Increase compactor base rate by \$5
- Increase excessive weight charge by 5%
- Increase cardboard by \$5 per bin

Commercial Roll Off Recommendations

RATES	CURRENT	PROPOSED INCREASE	NEW TOTAL
Set Fee	\$60.00	\$20.00	\$80.00
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	PROPOSED
15 & 20 YD	\$290.50	\$315.75
30 YD	\$300.50	\$325.75
40 YD	\$315.50	\$340.75

COMPETITOR COMPARISON (40 YD)		
City of Mesa	\$340.75	
Competitor Pricing	\$523.80 - \$717.97	

Flare to Fuel

- 60% design
 - Construction complete summer 2023
- Renewable Identification Numbers (RIN) revenues will begin in FY 23/24
 - 7 to 11 year pay back
- Will increase renewable energy portfolio

Solid Waste Infrastructure

Transfer Station at EMSC

- Operational feasibility analysis
- Mitigate against dependency on private sector
- Will come back to Council first quarter of 2022

Solid Waste Infrastructure

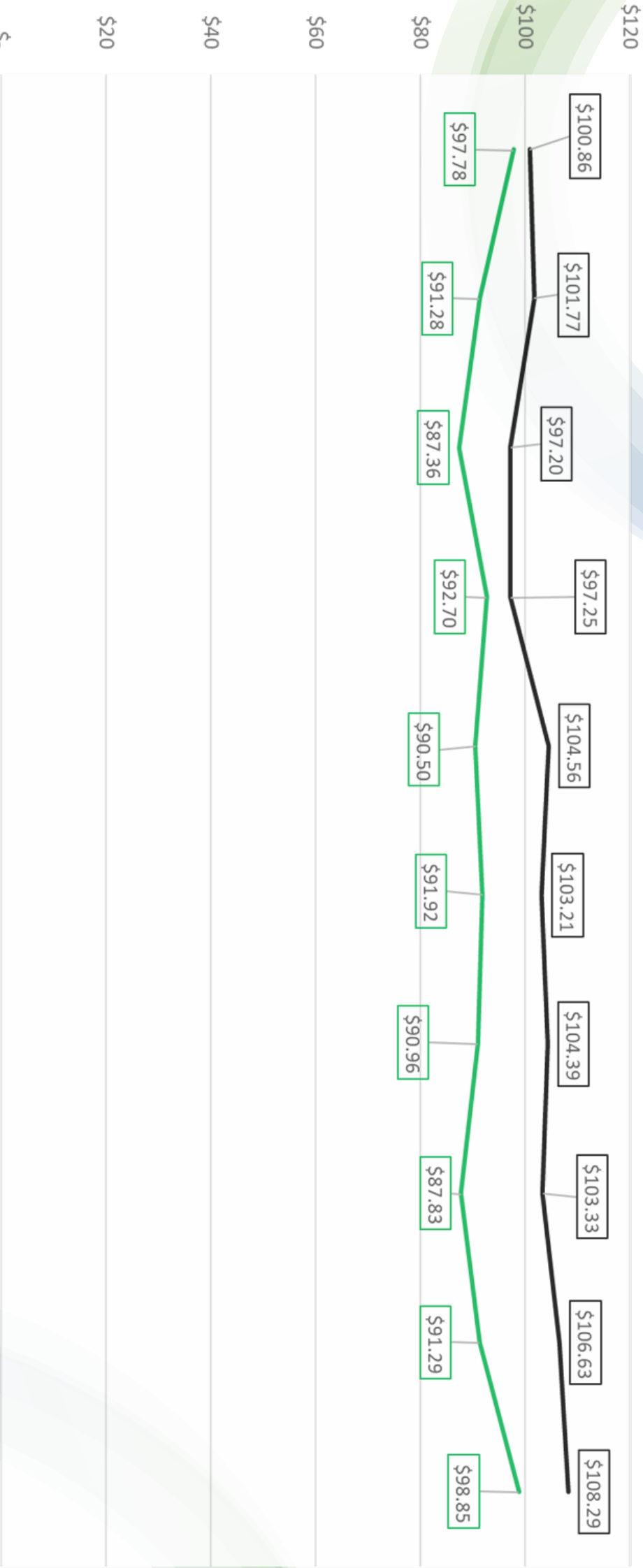
Materials Recovery Facility (MRF) at Pecos & Sossaman

- Evaluate available options for recycling
- Regional partnerships
- Competitive edge

Energy Resources

Electric

Average Monthly Residential Electric Bill Rate Comparison by Fiscal Year



COM SRP

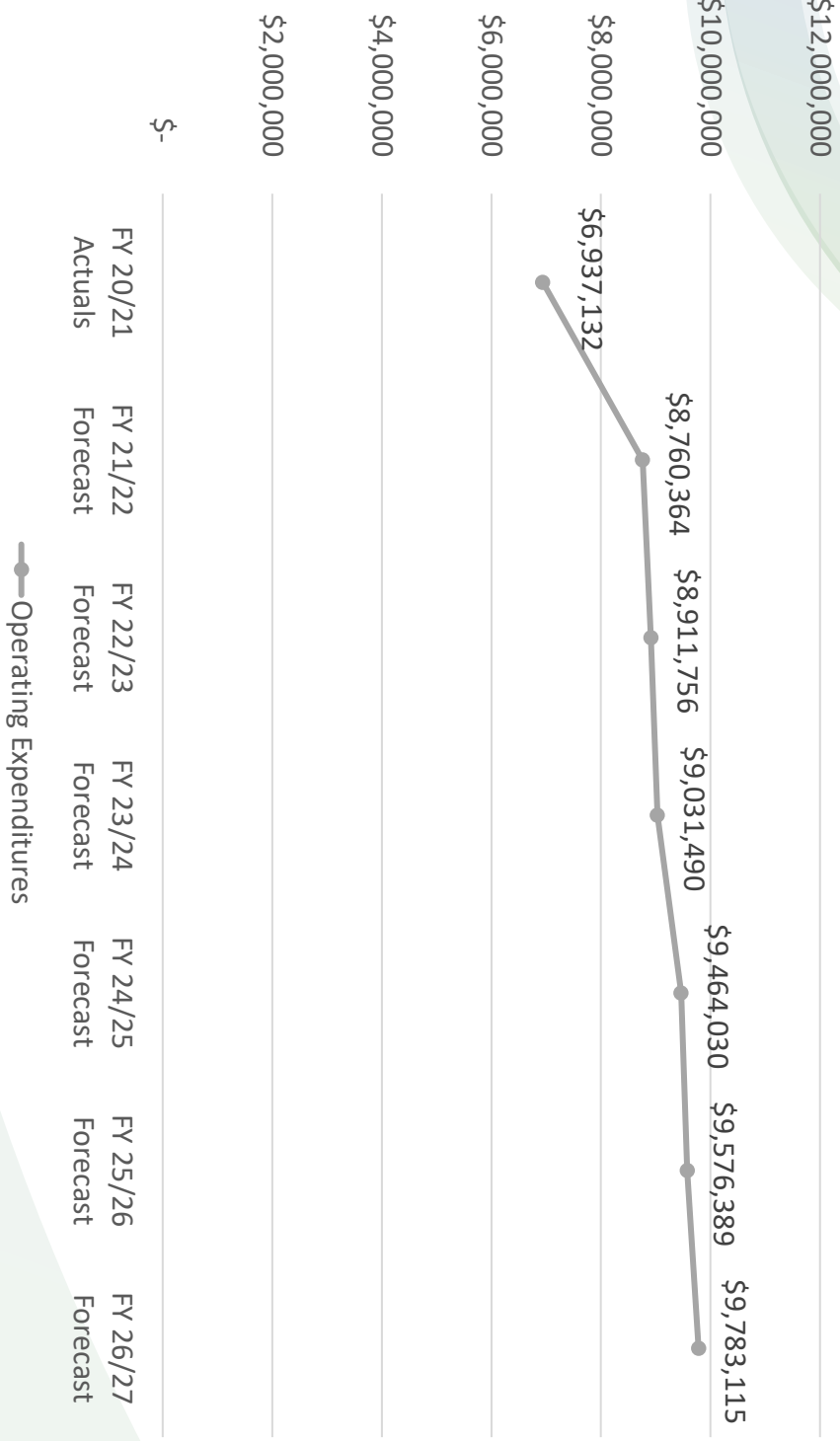
Increasing Debt Service Costs on the Electric Utility



- Completed Projects
- Substation Improvements - \$10M
 - Undergrounding - \$6.6M
 - City Center New Service \$3.1M

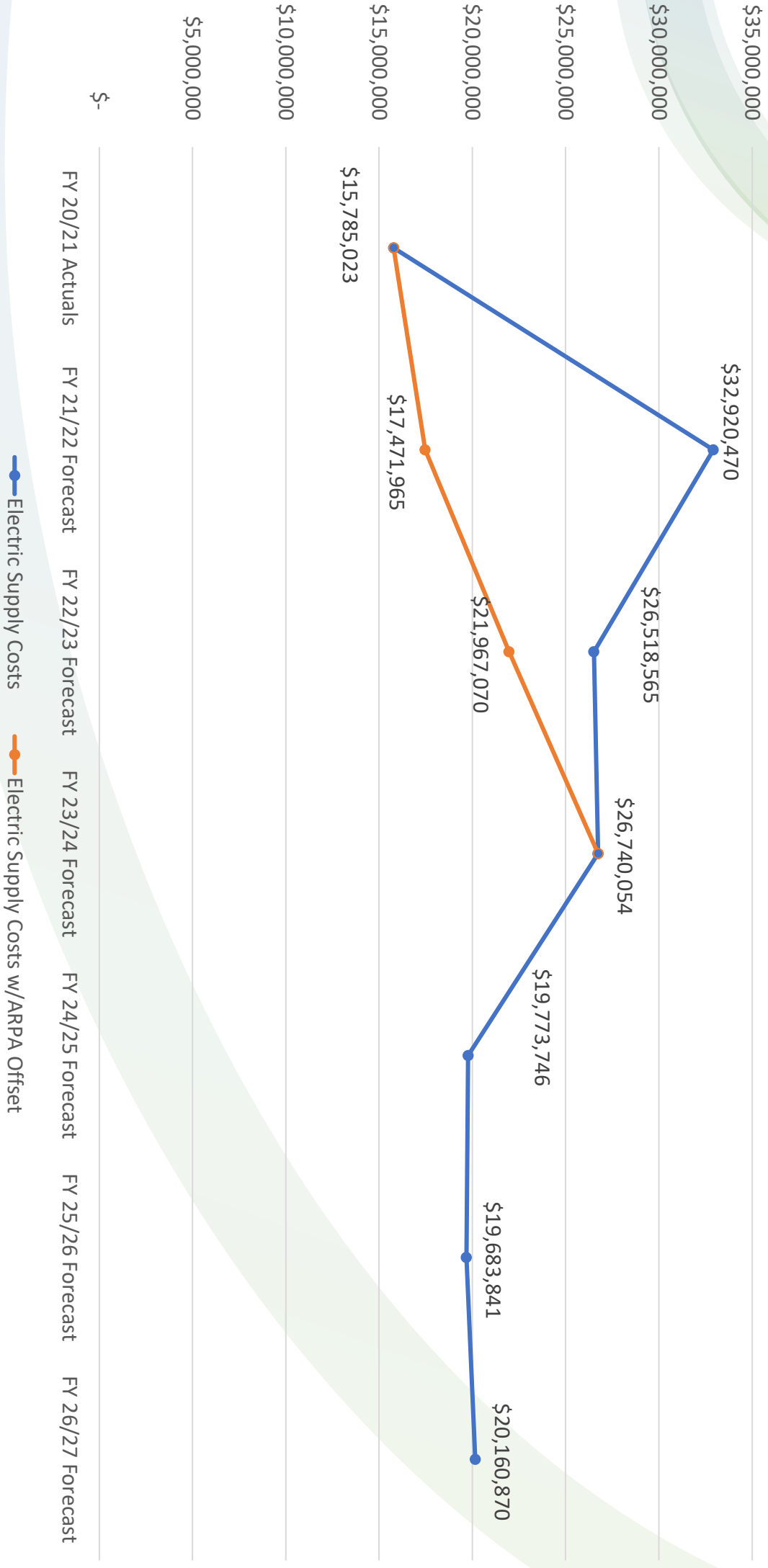
- Future Projects
- Microgrid - \$5.5M
 - Undergrounding - \$7.4M
 - AMI - \$3.4M
 - New Services - \$8.5M

Increasing Operating Costs on the Electric Utility

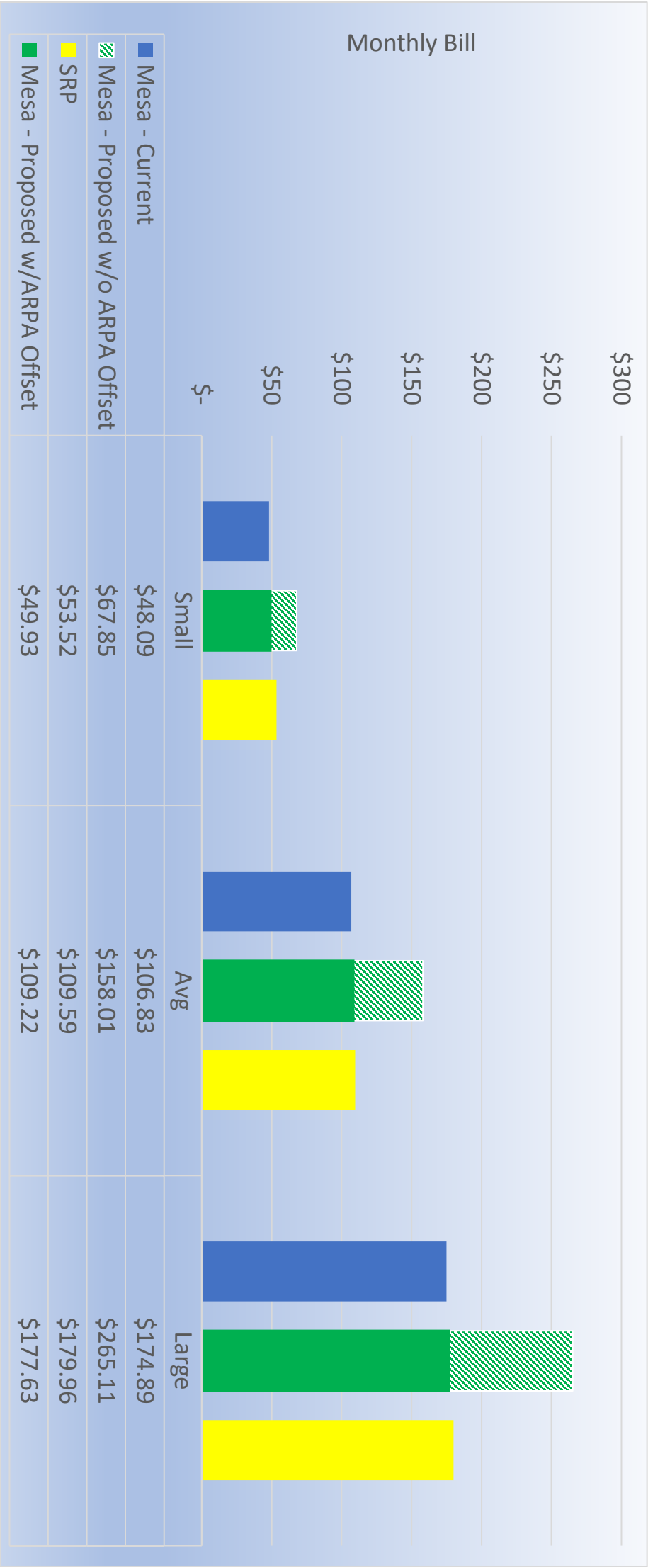


- Cost Increases
- Payroll/Benefits

Electric Commodity Cost Pressures



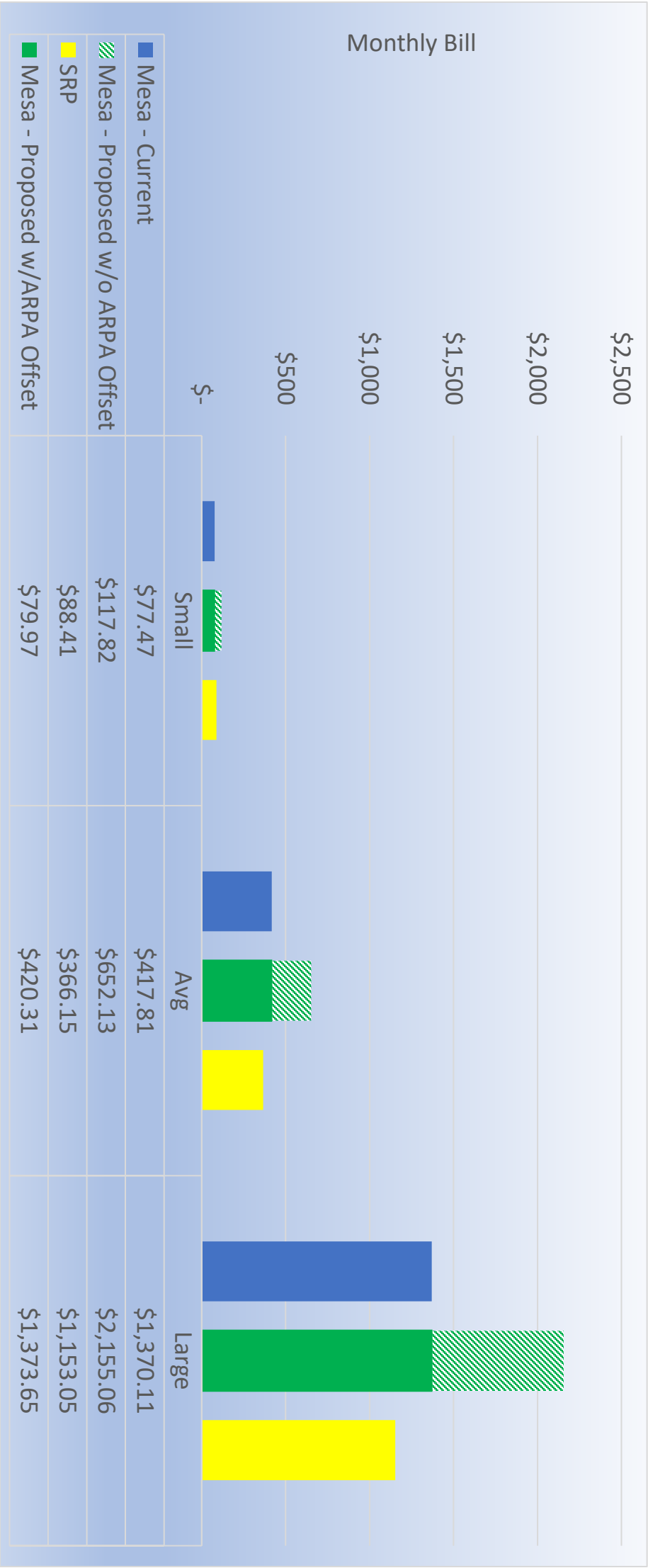
RESIDENTIAL ELECTRIC BILL COMPARISON



PROPOSED RESIDENTIAL ELECTRIC RATES

COMPONENT	CURRENT	PROPOSED
SYSTEM SERVICE CHARGE	\$13.00	\$14.50
USAGE CHARGE SUMMER per kWh	Tier 1 - \$0.05179 Tier 2 - \$0.04822	Tier 1 - \$0.05231 Tier 2 - \$0.04822
USAGE CHARGE WINTER per kWh	Tier 1 - \$0.03953 Tier 2 - \$0.01715	Tier 1 - \$0.04151 Tier 2 - \$0.01800
MONTHLY BILL (Average Customer)	\$106.83	\$109.22
	(effective increase 2.2% or \$2.39/mo.)	

COMMERCIAL ELECTRIC BILL COMPARISON



PROPOSED COMMERCIAL ELECTRIC RATES

COMPONENT	CURRENT	PROPOSED
SYSTEM SERVICE CHARGE	\$7.22	\$9.72
USAGE CHARGE SUMMER per kWh	Tier 1 - \$0.06491 Tier 2 - \$0.04125 Tier 3 - \$0.02901	Tier 1 - \$0.06491 Tier 2 - \$0.04331 Tier 3 - \$0.02901
USAGE CHARGE WINTER per kWh	Tier 1 - \$0.05375 Tier 2 - \$0.03692 Tier 3 - \$0.02060	Tier 1 - \$0.05375 Tier 2 - \$0.03877 Tier 3 - \$0.02060
MONTHLY BILL (Average Customer)	\$417.81	\$420.31
	(effective increase 0.6% or \$2.50/mo.)	

Gas

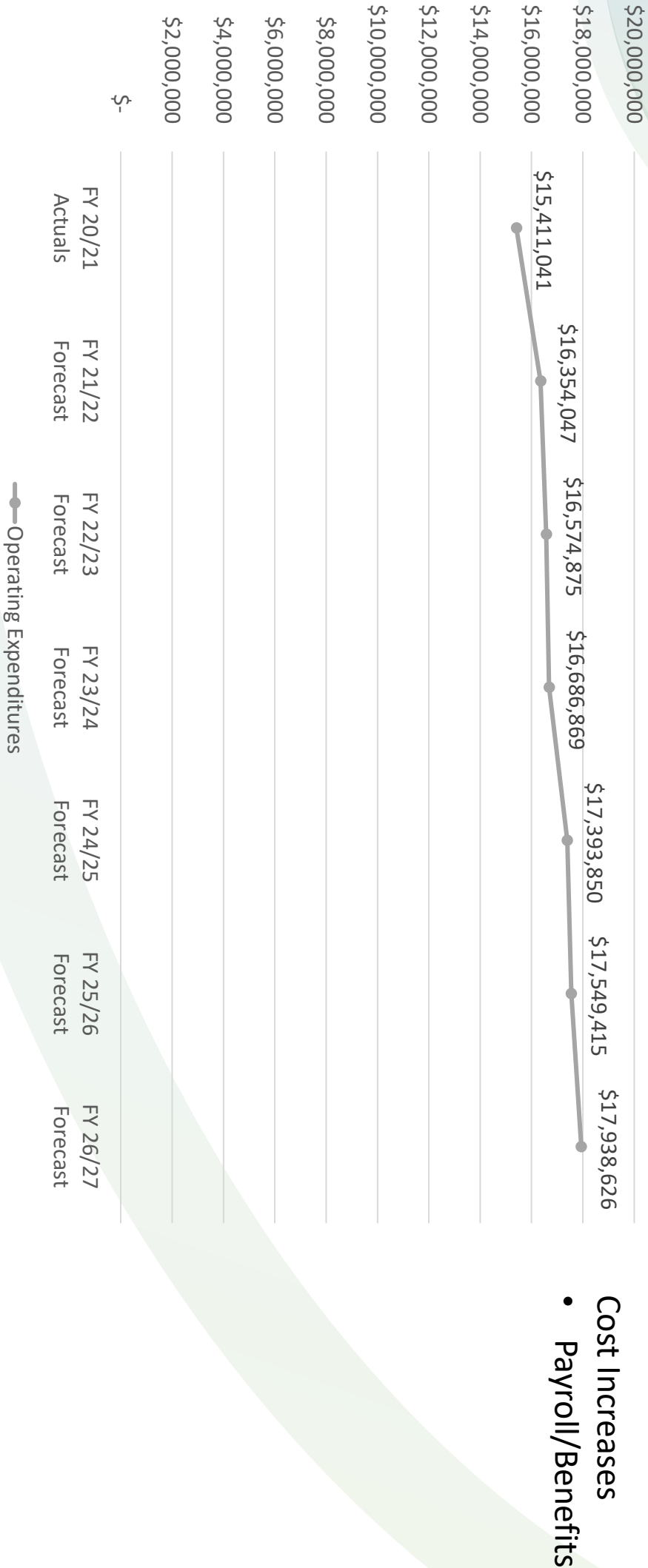
Increasing Debt Service Costs on the Gas Utility



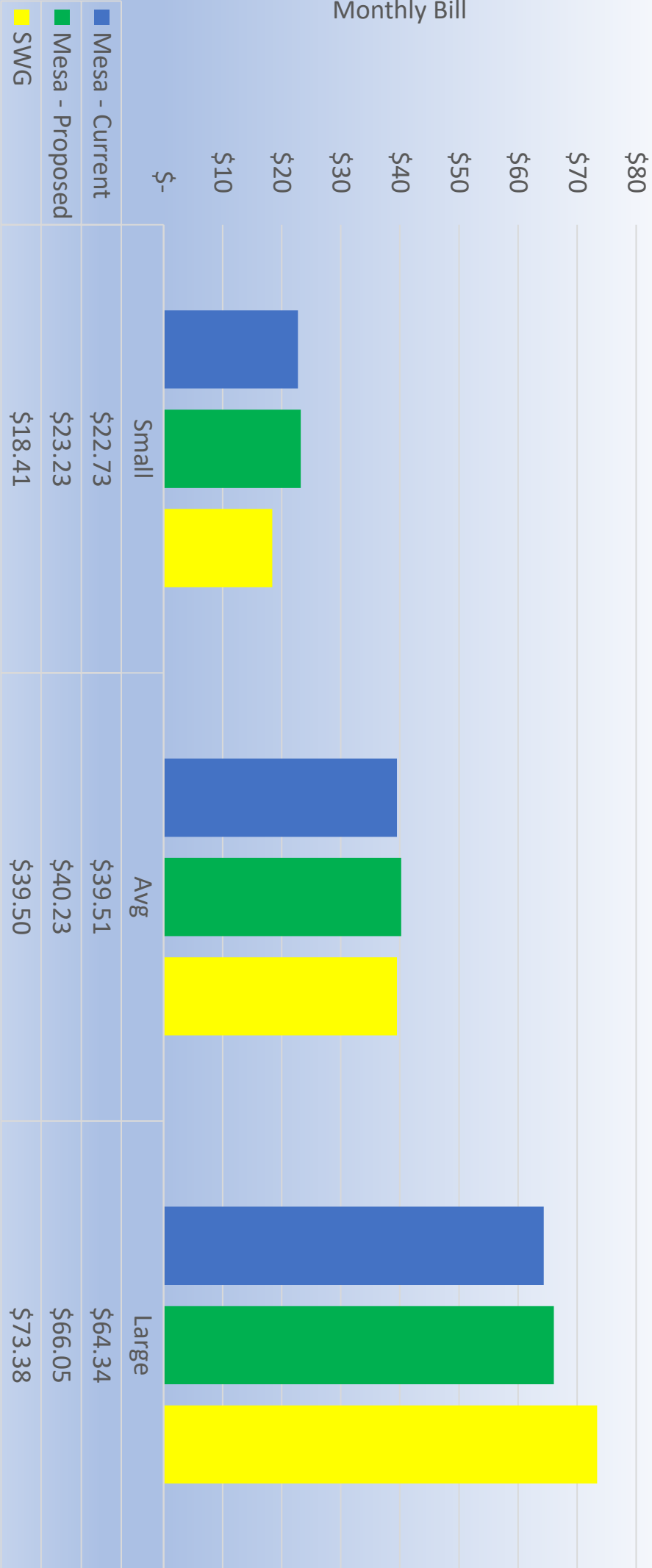
- Completed Projects
- Regulator Stations - \$5.4M
 - Aging Infrastructure - \$10M
 - Growth - \$13.6M

- Future Projects
- Gate Station - \$9.6M
 - Aging Infrastructure – 15.8M
 - Growth - \$9.9M
 - AMI - \$10M

Increasing Operating Costs on the Gas Utility



RESIDENTIAL GAS BILL COMPARISON



PROPOSED RESIDENTIAL GAS RATES

COMPONENT	CURRENT	PROPOSED
SYSTEM SERVICE CHARGE		
SUMMER	\$15.31	\$15.81
WINTER	\$18.24	\$18.74
USAGE CHARGE		
SUMMER per therm	Tier 1 - \$0.6685 Tier 2 - \$0.2384	Tier 1 - \$0.6685 Tier 2 - \$0.2622
USAGE CHARGE		
WINTER per therm	Tier 1 - \$0.6685 Tier 2 - \$0.5419	Tier 1 - \$0.6685 Tier 2 - \$0.5960
MONTHLY BILL (Average Customers)	\$39.51	\$40.23
	(effective increase 1.8% or \$0.72/mo.)	

Utility Fund Forecast

Utility Fund Forecast: FY 21/22 Recommended Rate Adjustments

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
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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

Ending Reserve Balance	\$146,625,123	\$124,608,215	\$115,413,845	\$110,399,232	\$99,217,614	\$90,910,551	\$83,487,613
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Ending Reserve Balance Percent*	32.2%	27.7%	25.0%	23.1%	20.1%	17.2%	15.8%
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*As a % of Next Fiscal Year's Expenditures

WATER Residential	1.50%	3.00%	2.50%	2.00%	2.00%	2.00%	2.00%
WATER Non-Residential (usage)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	3.00%
WASTEWATER Residential	3.50%	3.50%	4.00%	4.00%	4.00%	4.00%	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%	3.25%	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

Utility Fund Forecast: Deferred Residential Rate Adjustments Scenario

For Planning Purposes Only

As of 08/31/2021

FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27
Projected	Projected	Forecast	Forecast	Forecast	Forecast	Forecast

TOTAL NET SOURCES AND USES	\$9,851,803	(\$23,366,051)	(\$14,553,789)	(\$11,990,643)	(\$10,481,538)	(\$1,516,603)	(\$418,484)
Beginning Reserve Balance	\$136,773,320	\$146,625,123	\$123,259,072	\$108,705,284	\$96,714,641	\$86,233,103	\$84,716,500
Ending Reserve Balance	\$146,625,123	\$123,259,072	\$108,705,284	\$96,714,641	\$86,233,103	\$84,716,500	\$84,298,015

Ending Reserve Balance Percent*	32.3%	27.6%	23.7%	20.2%	17.3%	15.9%	15.8%
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*As a % of Next Fiscal Year's Expenditures

WATER Residential	1.50%	0.00%	0.00%	7.00%	7.00%	2.00%	2.00%
WATER Non-Residential (usage only)	5.00%	5.00%	5.00%	7.00%	7.00%	5.00%	3.00%
WASTEWATER Residential	3.50%	0.00%	0.00%	7.00%	7.00%	4.00%	4.00%
WASTEWATER Non-Residential	4.00%	4.00%	4.50%	7.00%	7.00%	4.50%	4.50%
SOLID WASTE Residential	0.00%	0.00%	0.00%	7.00%	7.00%	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%	3.25%	2.00%	2.00%	2.00%	2.00%	2.00%
ELECTRIC Residential - svc charge	\$1.50	\$0.00	\$0.00	\$3.00	\$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	\$0.00	\$0.00	\$2.00	\$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

Schedule for FY 2021/22 Utility Rates Adjustment Recommendation

- Oct 4** – City Council Action on Notice of Intent
- Oct 21** – City Council Discussion of Utility Rates
- 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: Does Not Include the 3 Water Growth Projects

For Planning Purposes Only

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)	(\$7,791,870)	(\$2,242,529)	(\$6,035,114)	(\$898,433)	\$2,746,819
Beginning Reserve Balance	\$136,773,320	\$146,625,123	\$124,608,215	\$116,816,345	\$114,573,815	\$108,538,702	\$107,640,268
Ending Reserve Balance	\$146,625,123	\$124,608,215	\$116,816,345	\$114,573,815	\$108,538,702	\$107,640,268	\$110,387,088
Ending Reserve Balance Percent*	32.2%	27.8%	25.4%	24.3%	22.4%	21.0%	21.5%
*As a % of Next Fiscal Year's Expenditures							
WATER Residential	1.50%	3.00%	2.50%	2.00%	1.50%	1.50%	1.50%
WATER Non-Residential (usage only)	5.00%	5.00%	5.00%	5.00%	4.50%	4.50%	3.00%
WASTEWATER Residential	3.50%	3.50%	4.00%	4.00%	3.50%	3.50%	3.50%
WASTEWATER Non-Residential	4.00%	4.00%	4.50%	4.50%	4.00%	4.00%	4.00%
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%	3.25%	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