



COUNCIL MINUTES

November 13, 2025

The City Council of the City of Mesa met in the Study Session room at City Hall, 20 East Main Street, on November 13, 2025, at 7:30 a.m.

COUNCIL PRESENT

Mark Freeman
Scott Somers
Rich Adams*
Jennifer Duff
Alicia Goforth
Francisco Heredia

COUNCIL ABSENT

Julie Spilsbury

OFFICERS PRESENT

Scott Butler
Holly Moseley
Kelly Whittemore

(*Participated in the meeting through the use of video conference equipment.)

Mayor Freeman conducted a roll call.

1. Review and discuss items on the agenda for the November 17, 2025, Regular Council meeting.

All of the items on the agenda were reviewed among Council and the following was noted:

Conflict of interest: None

Items removed from the consent agenda: None

Responding to a question from Mayor Freeman regarding agenda Item 4-c, **(Use of a Cooperative Term Contract for Furniture and Related Services for Sunaire property for the Community Services Department (Funded by ARPA Related Interest Income) (Citywide))**, on the Regular Council Meeting agenda, Deputy City Manager Candace Cannistraro explained that the \$430,000 contract with Goodman's covers furniture, fixtures and equipment (FF&E) for the 64 rooms at the Sunaire facility, including bed frames, tables, shelving units and mattresses. She pointed out that the contract also includes furniture for a small office area; however, no playground equipment is included.

Ms. Cannistraro discussed the vendor selection process and stated that the decision was made as part of a state cooperative contract. She confirmed that two vendors were reviewed, including site tours, and Goodman's was determined to be the best fit for the project based on durability and suitability for social-service environments.

Procurement Administrator Kristy Garcia explained the competitive bidding process followed by departments and noted the state contract is based on statewide usage and volume. She verified

that local vendors registered in the system receive notifications when the City of Mesa (COM) issues its own solicitations.

Discussion ensued regarding the vendor selection process.

Ms. Garcia pointed out that the specialized nature of this furniture limits the number of viable vendors and although Goodmans is not based in Mesa, it is an Arizona company that reinvests locally and is widely used in the region for durable commercial furniture. She shared that the Procurement and Economic Development teams conduct ongoing outreach to help local vendors learn how to do business with the COM, including vendor fairs and training sessions.

Councilmembers expressed their support for maximizing participation by Mesa businesses whenever practicable and encouraged continued outreach, particularly for items such as appliances that may be sourced locally in future purchases.

Mayor Freeman indicated that additional discussion would occur at the upcoming Regular Council Meeting on whether to proceed with the current contract or consider rebidding.

In response to a question from Councilmember Goforth regarding agenda Item 5-d, **(Approving and adopting the Downtown Mesa Micromobility and Parking Plan, covering the area generally located from University Drive on the north to Broadway Road on the south and Country Club Drive on the west to Mesa Drive on the east. (District 4))**, on the Regular Council Meeting agenda, Downtown Transformation Manager Jeff McVay introduced Economic Development Project Manager Jimmy Cerracchio and displayed a PowerPoint presentation. **(See Attachment 1)**

Mr. McVay explained that the presentation provides all the short-term implementation steps that can be completed under the COM's current programs and budget, without needing to return to Council during the Capital Improvement Program (CIP) process. He clarified that the scope of the item Council will be voting on is the Micromobility Plan with recommendations related to parking, along with an outline of possible implementation steps and their timelines should Council choose to proceed. He added that the plan also contains recommendations related to street design and striping improvements that the Transportation Department will implement over the next four years as part of its Pavement Preservation Program and identifies long-term goals such as potential traffic signal removals and curb line relocations that would require CIP funding and future Council discussion.

Mr. McVay explained that the downtown parking mobile app is currently in Beta testing and the Department of Innovation and Technology (DoIT) has been working closely on the project to ensure the system integrates smoothly with the COM's programming. He mentioned that DoIT has been collaborating with the Police Department on the installation of Real Time Crime Center cameras to make the most of coverage needed for parking. (See Page 3 of Attachment 1)

Deputy Chief Information Officer Harry Meier explained that the primary goal of the project is to avoid investing in a system designed solely for free parking management, which does not generate a return on investment like paid parking systems would. He stated it is more cost-effective for the COM to invest in cameras that give dual use for public safety and utilize internal application development staff to develop the needed functionality.

Mayor Freeman thanked staff for the presentation.

2-a. Hear a follow up presentation, discuss, and provide direction on the water utility recommended rate adjustments.

Office of Management and Budget Director Brian Ritschel introduced Water Resources Director Christopher Hassert and displayed a PowerPoint presentation. (**See Attachment 2**)

Mr. Ritschel stated he would be reviewing the additional rate-adjustment scenarios for consideration based on the requests made by Council, noting that the recommended rate adjustment incorporates the new capacity fee. He reported that during the most recent budget process, Water Resources deferred approximately \$180 million in maintenance projects to keep the long-term forecast aligned with financial principles and policies. He pointed out that if capacity fees are approved, approximately \$400 million in projects over the next 10 years can be shifted out of the rate-funded forecast and funded through capacity fees, resulting in increased net sources and uses and improved fund balance projections. He reported that the deferred \$180 million in projects will be re-evaluated during the upcoming budget cycle and that reintroducing those projects into the forecast is expected to reduce projected fund balances while remaining within financial policy guidelines. (See Page 2 of Attachment 2)

Mr. Ritschel reviewed the initial staff recommended rate adjustments. He presented the first Council-requested scenario, assuming no rate adjustments for residential or multi-unit customers. He confirmed that to maintain forecasted revenues and fund balance levels, commercial customers would require increases of 12% for the service charge, 25% for general usage, 30% for landscape usage, and 13% for large commercial and industrial usage. He noted that annual rate evaluations would continue and that future rates would return to forecast levels. He continued with the second Council-requested scenario applying a 2.5% increase to both residential and multi-unit customers where commercial customers would require a 7.5% service charge increase, a 20% general usage increase, and 25% increases for both landscape and large commercial/industrial usage. He discussed revenue parity between residential and non-residential customers and mentioned that while residential customers historically represented most of the water consumption, commercial users now account for approximately 52% of consumption. He confirmed that under the recommended forecast, revenue parity is projected in FY 27/28 and under the zero residential increase scenario, parity would occur one year earlier. He reported that the 2.5% increase scenario would maintain parity in FY 27/28. He reviewed the impact on the monthly bills for each customer category. (See Pages 3 through 7 of Attachment 2)

Mr. Ritschel explained the method for determining a typical residential customer and reported that all residential water bills for each month of FY 24/25 were evaluated and grouped into consumption tiers. He pointed out that approximately 55% of all monthly residential bills showed consumption of 6,000 gallons or less, which is Tier 1. (See Page 10 of Attachment 2)

In response to a question from Vice Mayor Somers, Mr. Hassert confirmed that approximately one-third of all commercial customers use 3,000 gallons of water per month or less and that these accounts typically represent small businesses with minimal indoor water needs, such as salons or similar service establishments. He added that customers in this tier do not pay usage charges, as their consumption is covered within the service charge. He reported that approximately 35% of commercial customers fall within the mid-range usage tiers, consuming between 3,000 and 24,000 gallons per month and that the remaining 30% of commercial accounts represent high-volume users, including large industrial and commercial operations, with some accounts exceeding one million gallons monthly. He added that only a small number of customers reach this level of consumption and may be subject to the COM's Large Water User Ordinance.

Utilities Fiscal Analyst Erik Hansen added that 6,000 gallons per month is used as the quantity for multi-unit development to provide an equal comparison point to our residential customers. He pointed out that multi-unit development can also include patio homes, not just apartments, so the goal is to establish parity between residential and multi-unit usage.

Discussion ensued regarding the impact of increasing the utility rates for commercial customers and maintaining parity with the residential rates.

Responding to a question from Councilmember Goforth, Mr. Ritschel stated that the transfer from the Utility Fund to the General Fund would be discussed during the budget process.

Discussion ensued regarding the amount that is transferred from the Utility Fund to the General Fund.

In response to a question from Mayor Freeman, Mr. Hassert confirmed that the COM works closely with the Central Arizona Project (CAP) to monitor the water costs, and currently the cost for municipal and industrial users is \$365 per acre-foot. He discussed the importance of the exchange agreement with the Gila River Indian Community (GRIC) and noted that through the reuse pipeline system, the cost of that exchanged water is only \$85 per acre-foot. He confirmed that CAP's municipal and industrial rate is expected to rise to about \$400 per acre-foot within the next five years; however, the water from GRIC will remain inexpensive at around \$95 per acre-foot in five years.

Mayor Freeman asked each Councilmember to provide their input on how to proceed.

Additional discussion ensued concerning the various utility rate increase options under consideration.

Mayor Freeman confirmed that the consensus of the Council was to proceed with a 2.5% increase to both residential and multi-unit customers as presented

Mr. Ritschel outlined the next steps for implementing the rate adjustments and reiterated that it is out of compliance to adopt rates above the amounts included in the original approved Notice of Intent. He stated that Council will move forward with action on the portions of the rate adjustments that fall within the previously noticed levels on December 1, 2025, with the effective date of January 1, 2026. He reported that an updated Notice of Intent covering the commercial rate adjustments will be issued on December 8, with Council consideration to follow early in January, and noted an approximate effective date of April 1, 2026. (See Page 8 of Attachment 2)

Mayor Freeman thanked staff for the presentation.

(Mayor Freeman declared a recess at 9:10 a.m. The meeting reconvened at 9:19 a.m.)

2-b. Hear a presentation, discuss, and provide direction on the regulation of battery energy storage systems, including potential amendments to the building, fire, and zoning regulations of the Mesa City Code.

Assistant Planning Director Rachel Phillips provided an update regarding the ongoing work related to the Battery Energy Storage System (BESS) text amendments and displayed a PowerPoint presentation. (See Attachment 3)

Ms. Phillips explained that the Planning Department, Building Division, and Fire Department have been collaborating on the proposed amendments to the Zoning Ordinance and Fire Code as they pertain to the BESS. She highlighted the various public outreach efforts made and listed the concerns heard by staff, noting questions raised regarding the application of these regulations in specific communities, such as Eastmark. She said that the Planning and Zoning Board subsequently provided a recommendation for adoption modifying the separation requirement for residential areas from the staff-proposed 1,000 feet to 400 feet and increasing the nameplate capacity for accessory BESS use from 1 megawatt, as proposed by staff, to 5 megawatts. (See Page 2 of Attachment 3)

Ms. Phillips reviewed the details of the two ordinances for consideration and pointed out that the first option reflects the Planning and Zoning Board's recommendations, including the reduced separation requirement and the increased accessory use capacity; the second option reflects staff's recommendation, which maintains the 1,000-foot separation requirement while updating the accessory use nameplate capacity. (See Pages 3 and 4 of Attachment 3)

In response to a question from Vice Mayor Somers, City Manager Scott Butler clarified that staff had requested guidance from Council on how to proceed and that the two ordinance options were being presented to facilitate discussion. He confirmed that Council action on this matter is scheduled for the December 1 Council meeting.

Vice Mayor Somers commented that the BESS proposals primarily impact District 6 and he emphasized that public safety must take priority. He expressed his opinion that a 1,000-foot separation requirement is reasonable to protect residents' health and safety and cited concerns about smoke, hazardous particles, and hydrogen fluoride that can be released during a fire. He acknowledged that while some BESS systems in the COM may be large, the 1,000-foot standard is consistent with a cautious approach and aligns with practices in other communities.

Responding to questions from Councilmembers, Ms. Phillips explained that staff was asked to consider greater separation distances from residential property to address public safety concerns. She confirmed that there is no uniform standard for BESS separation because it is a relatively new technology, and pointed out that ordinances from other municipalities vary widely, with distances ranging from 100 feet to 5,000 feet. She indicated that the 1,000-foot separation from residential areas was proposed as a reasonable middle ground and reflected Council's preference for balancing safety with practicality. She added that the 400-foot separation was based on the data center ordinance.

Planning Director Mary Kopaskie-Brown explained that, aside from the National Fire Protection Association (NFPA) standard of approximately 100–150 feet, there is no established guideline for BESS separation distances. She noted that the 400-foot distance had originally been based on standards for data centers and the 1,000-foot recommendation was intended as a precautionary measure to account for potential safety risks associated with evolving BESS technology.

Ms. Kopaskie-Brown introduced Battalion Chief and Fire Marshal Shawn Alexander and Development Services Deputy Director and Building Official John Sheffer.

Marshal Alexander confirmed that there is no universally accepted standard for these distances. He stated that independent subject-matter experts including contacts at Underwriters Laboratories and the Fire Safety Research Institute reviewed the draft zoning language and were unwilling to recommend specific numbers because appropriate distances depend on each jurisdiction's unique needs. He reiterated that the NFPA and Fire Code standards include a

minimum setback of 100 feet and under the Fire Code, we cannot extend that distance without adding additional amendments, which is why this issue is being addressed through zoning.

Responding to a question from Mayor Freeman, Mr. Butler stated that Maricopa County established a 100-foot setback for similar facilities. He pointed out that Mesa is ahead of most communities in developing a regulatory framework, which creates challenges due to differing industry perspectives and the lack of established best practices, and stated that future revisions may be necessary as technology develops. He highlighted the importance of identifying appropriate areas for these facilities, noting that heavy or general industrial areas may prove more compatible in the long term and reiterated the importance of balancing public safety with rising energy demand driven by significant economic growth in the city.

Additional discussion ensued regarding existing BESS requirements and any current BESS facilities or facilities under construction in the city.

In response to a question from Councilmember Adams regarding the 400-foot separation recommendation, Ms. Phillips verified that the recommendation was derived from public comments received during the public hearing and comments from representatives in the construction industry who follow the NFPA standards claiming that the 1,000-foot separation was excessive.

Responding to a question from Mayor Freeman, Marshal Alexander explained the risks involved if a fire breaches a battery storage container. He reminded Council that recent Fire Code amendments limit sites to arrays no larger than 300 by 300 feet, ensuring any container-to-container fire spread is confined to a smaller area. He pointed out that these requirements are intended to reduce overall site risk and support safer fire response operations.

Mayor Freeman declared that this item will be continued for additional discussion.

3. Acknowledge receipt of minutes of various boards and committees.

- 3-a. Economic Development Advisory Board meeting held October 7, 2025.
- 3-b. Historic Preservation Board meeting held on September 2, 2025.
- 3-c. Human Relations Advisory Board meeting held on September 24, 2025.

It was moved by Councilmember Duff, seconded by Vice Mayor Somers, that receipt of the above-listed minutes be acknowledged.

Upon tabulation of votes, it showed:

AYES – Freeman–Somers–Adams–Duff–Goforth–Heredia
NAYS – None
ABSENT – Spilsbury

Mayor Freeman declared the motion carried unanimously by those present.

4. Current events summary including meetings and conferences attended.

Mayor Freeman and Councilmembers highlighted the events, meetings, and conferences recently attended.

At 10:00 a.m., Mayor Freeman excused Councilmember Adams from the remainder of the meeting.

5. Scheduling of meetings.

City Manager Scott Butler stated that the schedule of meetings is as follows:

Monday, November 17, 2025, 4:30 p.m. – Special Meeting

Monday, November 17, 2025, 5:00 p.m. – Study Session

Thursday, November 17, 2025, 5:45 p.m. – Regular Council

6. Convene an Executive Session.

It was moved by Vice Mayor Somers, seconded by Councilmember Heredia, that the Council adjourn the Study Session at 10:03 a.m. and enter into an Executive Session.

Upon tabulation of votes, it showed:

AYES – Freeman–Somers–Adams–Duff–Goforth–Heredia

NAYS – None

ABSENT – Spilsbury

Mayor Freeman declared the motion carried unanimously by those present.

At 10:03 a.m., Mayor Freeman excused Councilmember Duff from the remainder of the meeting.

6-a. Discussion or consideration of employment, assignment, appointment, promotion, demotion, salaries, discipline, dismissal, or resignation of a public officer, appointee or employee of the City. (A.R.S. §38-431.03A (1)):

1. City Auditor Review
2. City Clerk Review
3. City Attorney Review
4. City Manager Review

7. Reconvene the Public Meeting.

The Council did not reconvene in public session.

8. Adjournment.

Without objection, the Study Session adjourned at 10:58 a.m.



Mark Freeman
MARK FREEMAN, MAYOR

ATTEST:

Holly Moseley
HOLLY MOSELEY, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 13th day of November 2025. I further certify that the meeting was duly called and held and that a quorum was present.

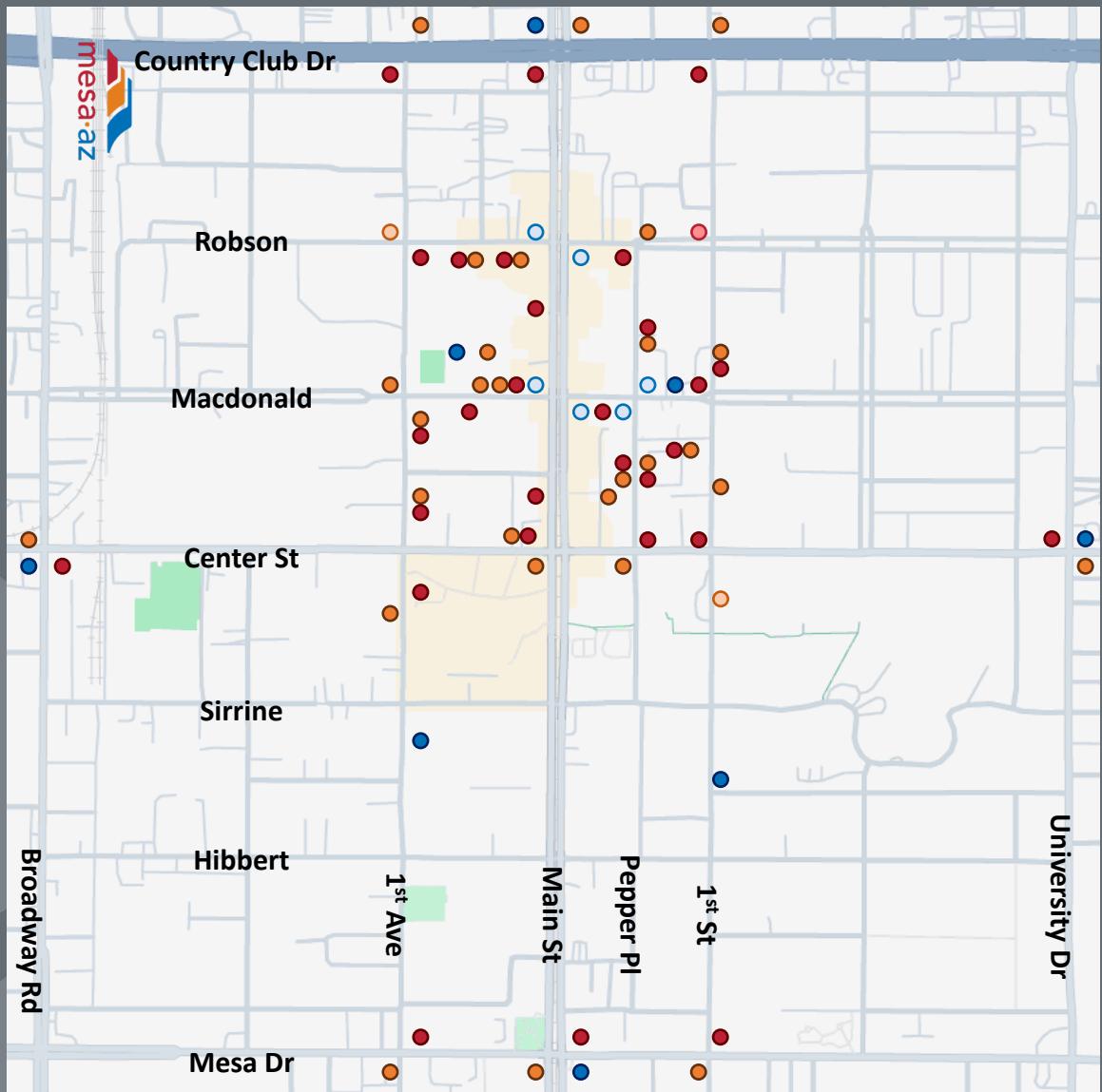
Holly Moseley
HOLLY MOSELEY, CITY CLERK

sr
(Attachments – 3)



Micromobility and Parking Plan: Short Term Goals Implementation

- Updated all existing parking wayfinding signage
- Added parking wayfinding signage on surrounding arterials (University, Country Club, Broadway, Mesa)
- Comprehensive signage update in Pepper Garage
- First floor public parking – 138 spaces



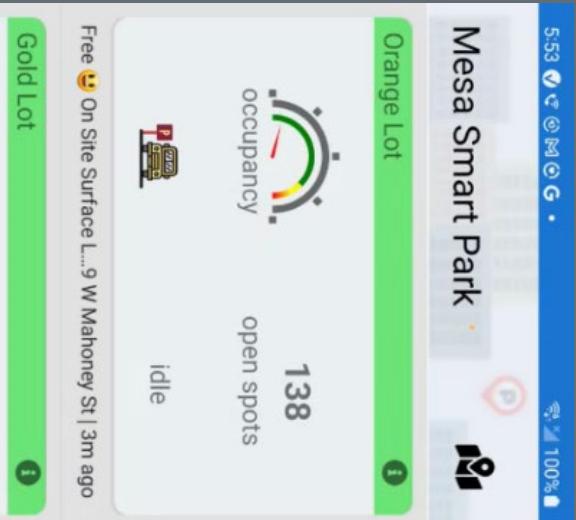


In progress

Mesa Smark Park App

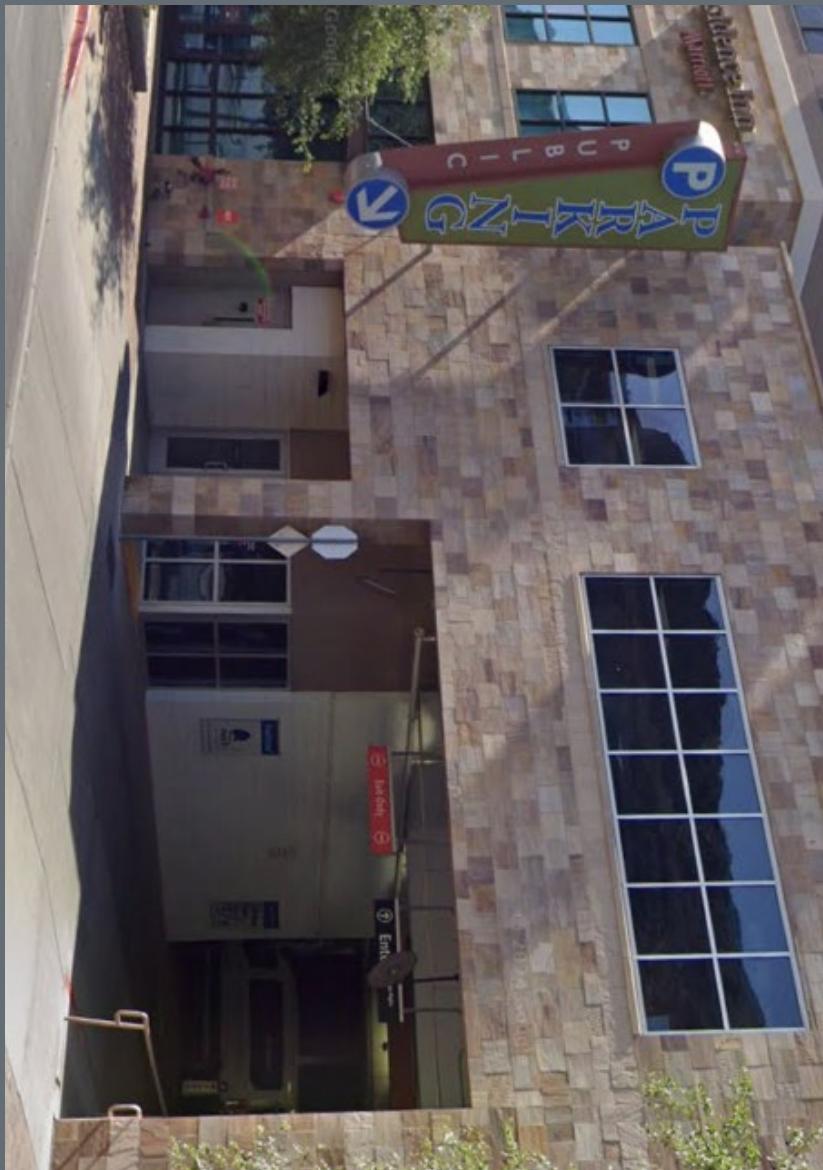
- Utilizes existing camera infrastructure to show available parking
- Alerts users to nearby facilities as they approach
- Currently only covers Orange, Gold, and Green Lot
- Funding needs for further implementation

| Item | Occurrence | Cost Estimate |
|---|------------|---------------|
| Onboarding and equipment to leverage projects by other departments (PD Realtime Crime Center Installs, Transportation re-striping), maintenance | Annual | \$30K – 60K |
| Main St Camera upgrades – Adding 4-way view to crosswalk PTZ Cams | One-time | \$20K |
| App developer time | Annual | 1 FTE |





Improve wayfinding and parking signage



| Subgoals | Timeline | Cost |
|---|---------------|--------------------------------------|
| Add rules and relevant ordinance signage to parking garages and lots* | Q1 2026 | Accommodated through existing budget |
| Arrival signage for garages | TBD - funding | \$25k-\$50k+ |



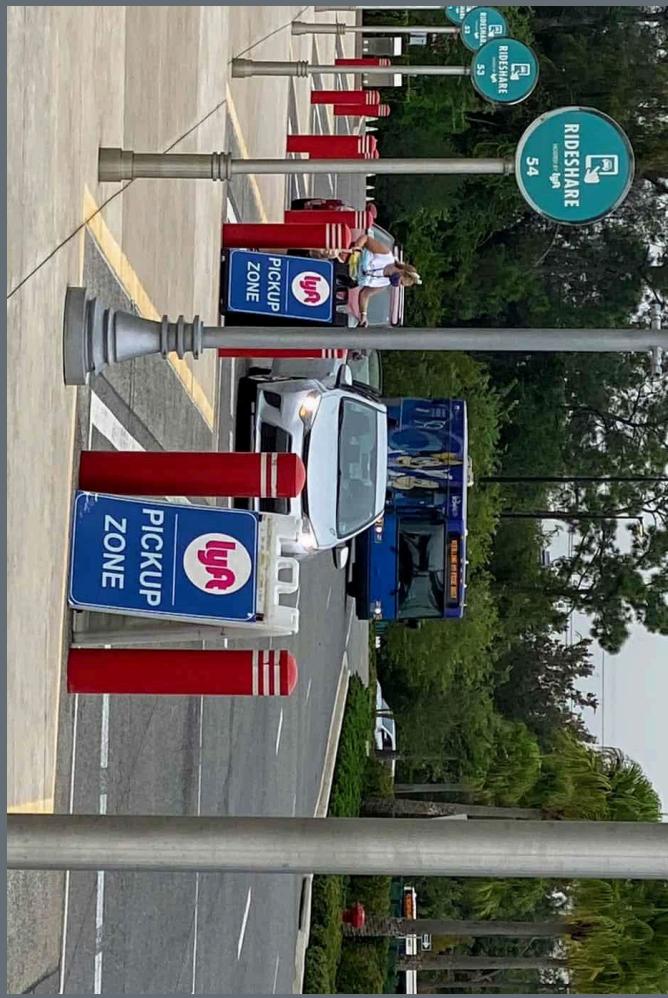
*May require updates to City code.

| Subgoals | Timeline | Cost |
|--------------------|----------|--|
| Northwest quadrant | FY25-26 | Accommodated through Pavement Maintenance Project – Mill & Overlay |
| Southwest quadrant | FY26-27 | Accommodated through Pavement Maintenance Project – Mill & Overlay |

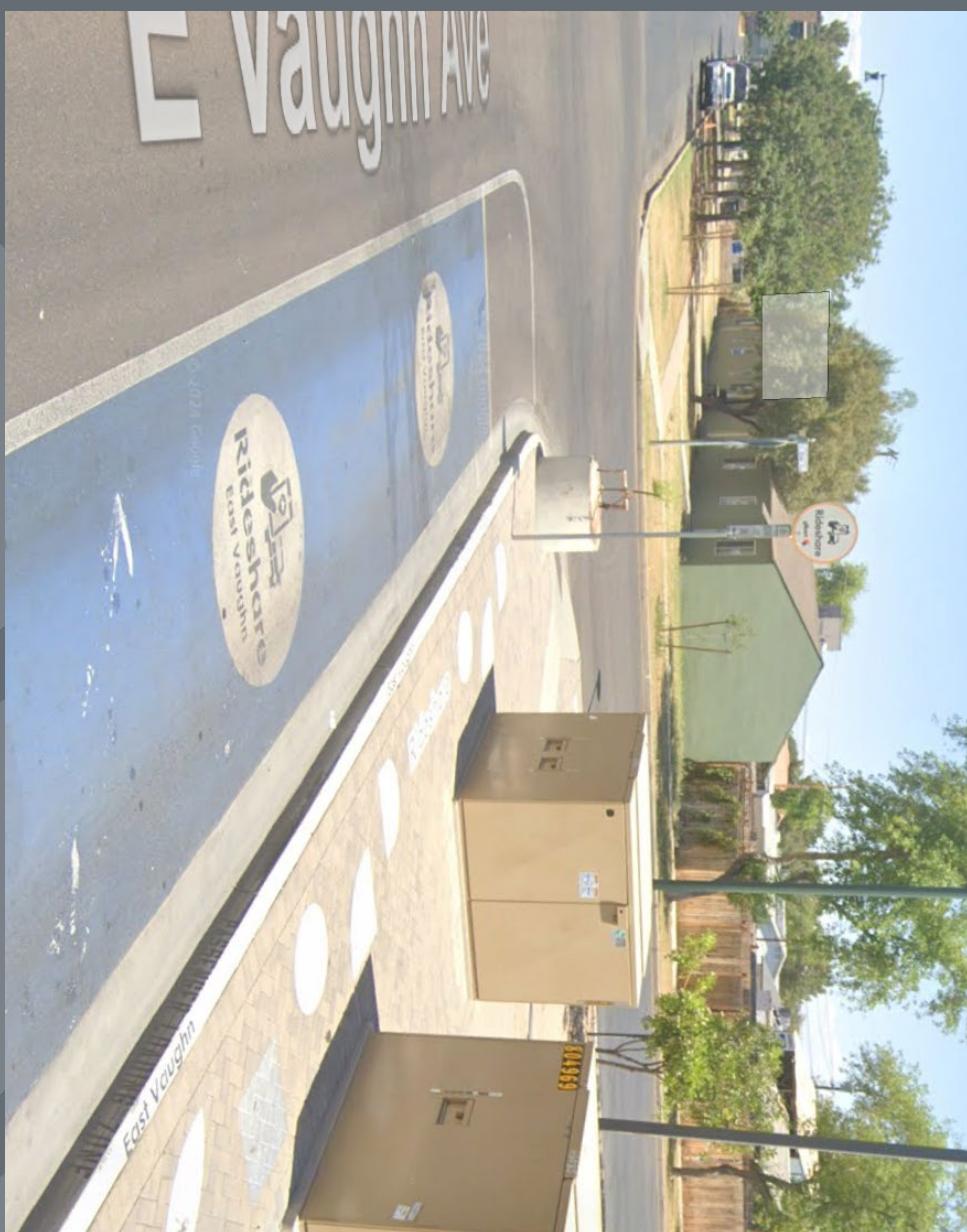




Establish pick-up/drop-off areas



| Subgoals | Timeline | Cost |
|--|-----------------------|--------|
| Finalize locations | Q1 2026 | - |
| Select design/signage | Q2 2026 | Varies |
| Establish formal pick-up/drop-off areas with rideshare companies | TBD depending on cost | Varies |





Adjust parking time regulations

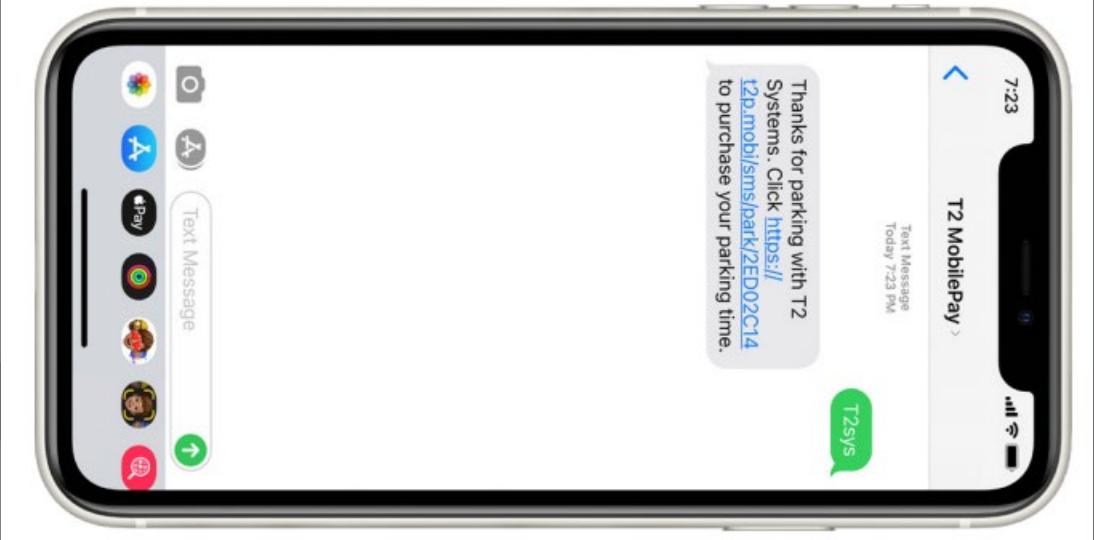
| Subgoals | Timeline | Cost |
|---|----------|--|
| Green Lot | Q1 2026 | |
| ECO Garage | Q1 2026 | |
| Orange Lot | Q1 2026 | |
| Gold Lot | Q1 2026 | |
| Mesa City Hall (20 E Main St & 55 N Center St) | Q2 2026 | Accommodated through existing budget |
| On street parking - Main St else | Q2 2026 | |
| Sirrine Garage | Q3 2026 | |
| Centennial Garage | Q3 2026 | |
| Pomeroy Garage | Q3 2026 | |





Daily parking pass rollout

| Subgoals | Timeline | Cost |
|----------------------------------|----------|------|
| Increase daily parking pass rate | Q2 2026 | - |
| Implement online payment system | Q3 2026 | TBD |





| Subgoals | Timeline | Cost |
|---|----------|--------|
| Identify locations and design and implement | 2027 | Varies |





Related initiatives

- DSD City-wide wayfinding study
- Will allow for a more holistic look at wayfinding for vehicles and pedestrians
- DMA marketing campaign
- New parking available at Pepper
- Directing towards parking

Parking

Whether you're a visitor or a local resident, we want to make your parking experience easy in Downtown Mesa!

Did You know?

There are over 5,000 FREE parking spaces available in Downtown Mesa every day! You are never far from where you need to be.

Parking Garages are Free daily after 5pm on weekdays and all day on weekends.

Parking Permits for Employees

Parking permits are required for employees in Downtown Mesa.

[EMPLOYEE PARKING BROCHURE](#)

[PARKING APPLICATION](#)

Free Customer Parking Lots

Gold Lot
38 S Drew St

Green Lot
1 N Macdonald St

Macdonald Parking lot
W 1st St. & N Macdonald Street

Orange Lot
139 W Mahoney St

Discussion

Pepper Garage Test Case REMOVE



FY 2025/26 WATER RATES RECOMMENDATION UPDATE

City Council Study Session

Presented by: Brian A. Rittschel – Management & Budget Director
Christopher Hassert – Water Resources Director

November 13, 2025



FY 25/26 RECOMMENDED RATE ADJUSTMENTS WITH CAPACITY FEE

| As of 9/15/2025 | | 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 |
|-----------------------------------|--|----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| WATER | | \$3,472,435 | (\$5,859,349) | (\$4,354,832) | \$5,268,997 | \$14,888,058 | \$25,536,796 | \$42,556,577 |
| WASTEWATER | | (\$7,285,154) | (\$12,080,760) | (\$7,048,336) | (\$3,014,649) | \$1,702,838 | \$10,205,256 | \$10,129,209 |
| SOLID WASTE | | \$26,254 | (\$5,858,624) | \$688,832 | (\$629,299) | \$2,586,058 | \$8,510,604 | \$9,060,768 |
| ELECTRIC | | \$1,435,561 | (\$1,066,822) | (\$706,935) | (\$871,150) | (\$1,117,234) | (\$1,646,811) | (\$1,171,368) |
| NATURAL GAS | | (\$877,183) | (\$3,793,486) | (\$1,982,515) | (\$1,440,090) | \$2,013,693 | \$1,626,125 | \$2,301,975 |
| DISTRICT COOLING | | (\$376,552) | (\$181,786) | (\$171,502) | (\$316,383) | (\$182,335) | (\$185,275) | (\$233,758) |
| TOTAL NET SOURCES AND USES | | (\$3,544,639) | (\$28,840,828) | (\$13,575,288) | (\$1,002,574) | \$19,896,079 | \$44,046,695 | \$62,643,402 |
| Beginning Reserve Balance | | \$117,019,543 | \$113,474,904 | \$84,634,076 | \$71,058,788 | \$70,056,214 | \$89,952,293 | \$133,998,988 |
| Ending Reserve Balance | | \$113,474,904 | \$84,634,076 | \$71,058,788 | \$70,056,214 | \$89,952,293 | \$133,998,988 | \$196,642,390 |
| Ending Reserve Balance Percent* | | 20.1% | 13.6% | 11.4% | 10.8% | 13.4% | 18.9% | 26.4% |

*As a % of Next Fiscal Year's Expenditures

| | | | | | | | | |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| WATER Residential (Tier 1 usage) | 6.00% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% |
| WATER Commercial (usage) | 8.50% | 13.00% | 13.00% | 13.00% | 13.00% | 13.00% | 13.00% | 13.00% |
| WASTEWATER Residential | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% |
| WASTEWATER Non-Residential | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% |
| SOLID WASTE Residential | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |
| SOLID WASTE Commercial | 10.00% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |
| SOLID WASTE Rolloff | 6.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |
| ELECTRIC Residential - svc charge | \$2.75 | \$1.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 |
| ELECTRIC Non-Residential - svc charge | \$5.00 | \$5.00 | \$5.00 | \$5.00 | \$5.00 | \$5.00 | \$5.00 | \$5.00 |
| GAS Residential - svc charge | \$0.00 | \$0.00 | \$1.00 | \$1.00 | \$1.00 | \$1.00 | \$1.00 | \$1.00 |
| GAS Non-Residential - svc charge | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 |

Water Rate Adjustments Recommended Forecast

| | FY 25/26 | FY 26/27+ |
|-------------------------------|----------|-----------|
| Residential Service Charge | +4.5% | +4.5% |
| Residential Usage Tiers 1 & 2 | +3.5% | +3.5% |
| Residential Usage Tiers 3 & 4 | +4.5% | +4.5% |
| | | |
| Multi-Unit Service Charge | +4.5% | +4.5% |
| Multi-Unit Usage | +12.0% | +12.0% |
| | | |
| Commercial Service Charge | +4.5% | +4.5% |
| Commercial Usage | +13.0% | +13.0% |
| Commercial Landscape Usage | +20.0% | +20.0% |
| Large Comm./Industrial Usage | +19.0% | +13.0% |

Water Rate Adjustment Scenario No FY 25/26 Residential & Multi-Unit Increase

| | FY 25/26 | FY 26/27+ |
|-------------------------------|----------|-----------|
| Residential Service Charge | +0.0% | +4.5% |
| Residential Usage Tiers 1 & 2 | +0.0% | +3.5% |
| Residential Usage Tiers 3 & 4 | +0.0% | +4.5% |
| | | |
| Multi-Unit Service Charge | +0.0% | +4.5% |
| Multi-Unit Usage | +0.0% | +12.0% |
| | | |
| Commercial Service Charge | +12.0% | +4.5% |
| Commercial Usage | +25.0% | +13.0% |
| Commercial Landscape Usage | +30.0% | +20.0% |
| Large Comm./Industrial Usage | +30.0% | +13.0% |

Water Rate Adjustment Scenario 2.5% Increase for FY 25/26 Residential & Multi-Unit

| | FY 25/26 | FY 26/27+ |
|-------------------------------|----------|-----------|
| Residential Service Charge | +2.5% | +4.5% |
| Residential Usage Tiers 1 & 2 | +2.5% | +3.5% |
| Residential Usage Tiers 3 & 4 | +2.5% | +4.5% |
| | | |
| Multi-Unit Service Charge | +2.5% | +4.5% |
| Multi-Unit Usage | +2.5% | +12.0% |
| | | |
| Commercial Service Charge | +7.5% | +4.5% |
| Commercial Usage | +20.0% | +13.0% |
| Commercial Landscape Usage | +25.0% | +20.0% |
| Large Comm./Industrial Usage | +25.0% | +13.0% |

Water Revenue Parity Analysis

| | Recommended Forecast | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | FY 28/29 | FY 29/30 |
|--|----------------------|----------|----------|----------|----------|----------|----------|
| Residential Revenues | | 55% | 54% | 52% | 50% | 48% | 45% |
| Non-Residential Revenues | | 45% | 46% | 48% | 50% | 52% | 55% |
| No FY 25/26 Res. & Multi-Unit Increase | | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | FY 28/29 | FY 29/30 |
| Residential Revenues | | 55% | 54% | 50% | 48% | 46% | 43% |
| Non-Residential Revenues | | 45% | 46% | 50% | 52% | 54% | 57% |
| 2.5% Increase FY 25/26 Res. & Multi-Unit | | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | FY 28/29 | FY 29/30 |
| Residential Revenues | | 55% | 54% | 51% | 49% | 47% | 44% |
| Non-Residential Revenues | | 45% | 46% | 49% | 51% | 53% | 56% |
| Consumption | | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | FY 28/29 | FY 29/30 |
| Residential | | 49% | 48% | 48% | 48% | 48% | 47% |
| Non-Residential | | 51% | 52% | 52% | 52% | 52% | 53% |

Customer Impact - Water

| Typical Customer | Current Monthly Bill | Recommended Rate Adj. with Capacity Fee | No Res. & Multi-Unit Rate Adjustment | 2.5% Res. & Multi-Unit Rate Adjustment |
|---|----------------------|---|--------------------------------------|--|
| Residential (6 kgals/month) | \$43.57/mo | +4.2% (\$+1.84/mo) | \$45.41/mo (\$+2.00/mo) | \$43.57/mo (\$+0.00/mo) |
| Multi-unit Development (6 kgals/month) | \$40.46/mo | +8.7% (\$+3.52/mo) | \$43.98/mo (\$+3.52/mo) | +0.0% (\$0.00/mo) |
| Commercial – General (9 kgals/month) | \$78.59/mo | +7.4% (\$+5.80/mo) | \$84.39/mo (\$+5.80/mo) | +16.4% (\$+12.88/mo) |
| Commercial – Landscape (29 kgals/month) | \$177.01/mo | +15.3% (\$+27.05/mo) | \$204.06/mo (\$+27.05/mo) | +24.4% (\$+43.27/mo) |
| | | | | +11.8% (\$+9.24/mo) |
| | | | | +19.6% (\$+34.78/mo) |
| | | | | \$211.79/mo |

Non-Residential Water Scenario Timeline FY 25/26 Residential & Multi-Unit Scenarios

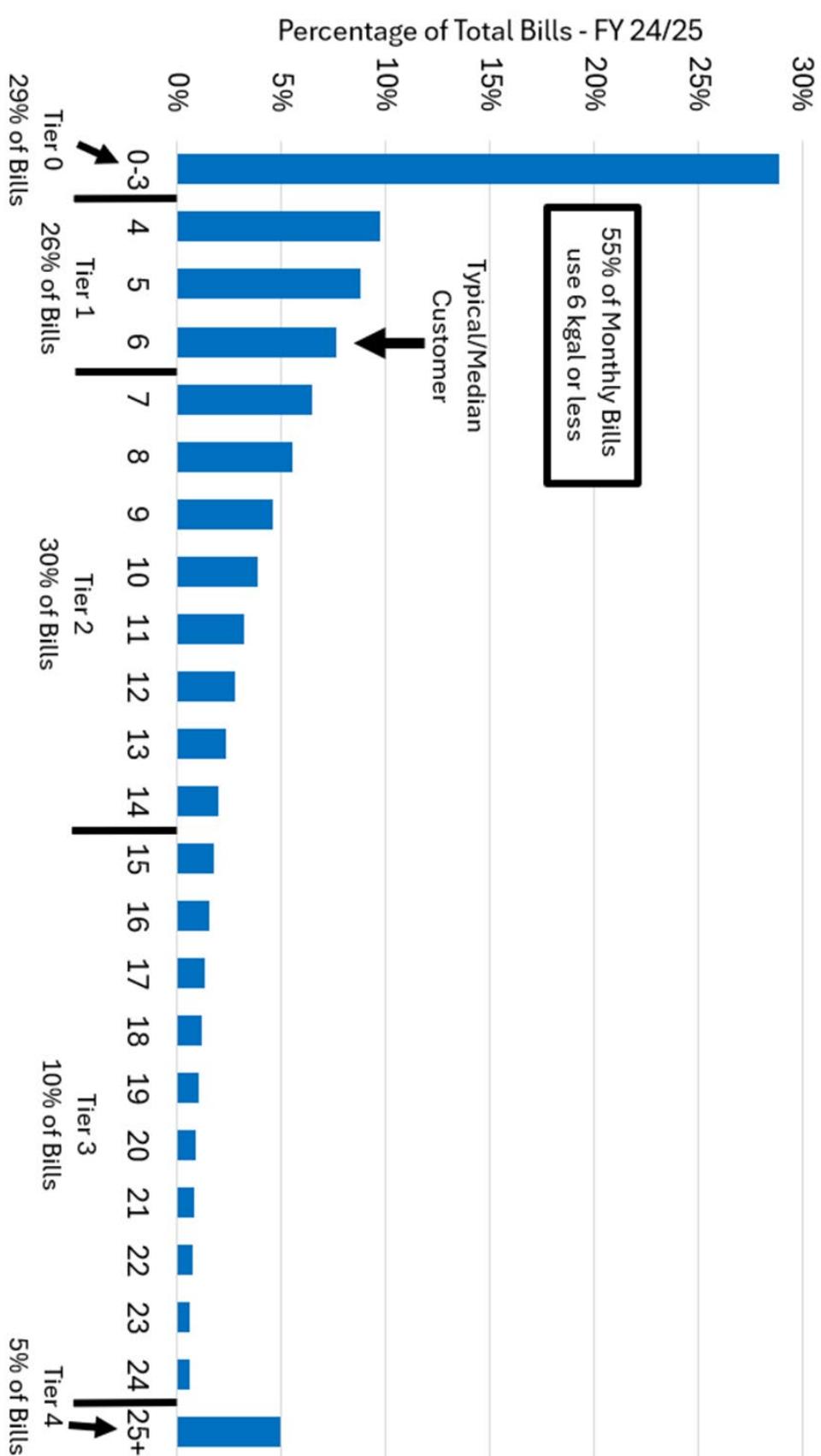
Introduce and adopt non-residential water rate adjustments included in Recommended Forecast on November 17 and December 1

Rate adjustment adoption timeline for **remaining** non-residential water increases above the amounts in the Recommended Forecast:

| | |
|------------------|--|
| December 8, 2025 | City Council action on Notice of Intent for remaining non-residential water utility rate adjustments |
| January 26, 2026 | Introduction of remaining non-residential water utility rate ordinance |
| February 9, 2026 | City Council action on remaining non-residential water utility rate adjustments |
| April 1, 2026 | Effective Date for remaining non-residential utility rate adjustments |



RESIDENTIAL MONTHLY WATER CONSUMPTION



UTILITY FUND FORECAST

NO INCREASE FOR RESIDENTIAL AND MULTI-UNIT

| As of 11/6/2025 | | 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 |
|--|--------|----------------------|-----------------------|-----------------------|----------------------|---------------------|----------------------|----------------------|
| WATER | | \$3,472,435 | (\$6,013,276) | (\$4,747,638) | \$5,253,106 | \$15,360,337 | \$26,611,910 | \$44,354,611 |
| WASTEWATER | | (\$7,285,154) | (\$12,080,760) | (\$7,048,336) | (\$3,014,649) | \$1,702,838 | \$10,205,256 | \$10,129,209 |
| SOLID WASTE | | \$26,254 | (\$5,858,624) | \$688,832 | (\$629,299) | \$2,586,058 | \$8,510,604 | \$9,060,768 |
| ELECTRIC | | \$1,435,561 | (\$1,066,822) | (\$706,935) | (\$871,150) | (\$1,117,234) | (\$1,646,811) | (\$1,171,368) |
| NATURAL GAS | | (\$817,183) | (\$3,793,486) | (\$1,982,515) | (\$1,440,090) | \$2,018,693 | \$1,626,125 | \$2,301,975 |
| DISTRICT COOLING | | (\$376,552) | (\$181,786) | (\$171,502) | (\$316,383) | (\$182,335) | (\$185,275) | (\$233,758) |
| TOTAL NET SOURCES AND USES | | (\$3,544,639) | (\$28,994,755) | (\$13,968,094) | (\$1,018,465) | \$20,368,357 | \$45,121,808 | \$64,441,436 |
| Beginning Reserve Balance | | \$117,019,543 | \$113,474,904 | \$84,480,149 | \$70,512,055 | \$69,493,590 | \$89,861,947 | \$134,983,755 |
| Ending Reserve Balance | | \$113,474,904 | \$84,480,149 | \$70,512,055 | \$69,493,590 | \$89,861,947 | \$134,983,755 | \$199,425,191 |
| Ending Reserve Balance Percent* | | 20.1% | 13.6% | 11.4% | 10.7% | 13.4% | 19.0% | 26.7% |
| *As a % of Next Fiscal Year's Expenditures | | | | | | | | |
| WATER Residential (Tier 1 usage) | 6.00% | 0.00% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% |
| WATER Commercial (usage) | 8.50% | 25.00% | 13.00% | 13.00% | 13.00% | 13.00% | 13.00% | 13.00% |
| WASTEWATER Residential | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% |
| WASTEWATER Non-Residential | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% |
| SOLID WASTE Residential | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |
| SOLID WASTE Commercial | 10.00% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |
| SOLID WASTE Rolloff | 6.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |
| ELECTRIC Residential - svc charge | \$2.75 | \$1.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 |
| ELECTRIC Non-Residential - svc charge | \$5.00 | \$5.00 | \$5.00 | \$5.00 | \$5.00 | \$5.00 | \$5.00 | \$5.00 |
| GAS Residential - svc charge | \$0.00 | \$0.00 | \$1.00 | \$1.00 | \$1.00 | \$1.00 | \$1.00 | \$1.00 |
| GAS Non-Residential - svc charge | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 |

UTILITY FUND FORECAST

2.5% INCREASE FOR RESIDENTIAL AND MULTI-UNIT

| | As of 11/7/2025 | | | | | |
|--|----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|
| | FY 24/25 Estimate | FY 25/26 Projected | FY 26/27 Forecast | FY 27/28 Forecast | FY 28/29 Forecast | FY 29/30 Forecast |
| WATER | \$3,472,435 | (\$5,924,190) | (\$4,455,891) | \$5,365,716 | \$15,238,263 | \$26,199,075 |
| WASTEWATER | (\$7,285,154) | (\$12,080,760) | (\$7,048,336) | (\$3,014,649) | \$1,702,838 | \$10,205,256 |
| SOLID WASTE | \$26,254 | (\$5,858,624) | \$688,832 | (\$629,299) | \$2,586,058 | \$8,510,604 |
| ELECTRIC | \$1,435,561 | (\$1,066,822) | (\$706,935) | (\$871,150) | (\$1,117,234) | (\$1,646,811) |
| NATURAL GAS | (\$817,183) | (\$3,793,486) | (\$1,982,515) | (\$1,440,090) | \$2,018,693 | \$1,626,125 |
| DISTRICT COOLING | (\$376,552) | (\$181,786) | (\$171,502) | (\$316,383) | (\$182,335) | (\$185,275) |
| TOTAL NET SOURCES AND USES | (\$3,544,639) | (\$28,905,668) | (\$13,676,348) | (\$905,855) | \$20,246,283 | \$44,708,974 |
| Beginning Reserve Balance | \$117,019,543 | \$113,474,904 | \$84,569,236 | \$70,892,888 | \$69,987,033 | \$90,233,316 |
| Ending Reserve Balance | \$113,474,904 | \$84,569,236 | \$70,892,888 | \$69,987,033 | \$90,233,316 | \$134,942,290 |
| Ending Reserve Balance Percent* | 20.1% | 13.6% | 11.4% | 10.8% | 13.4% | 19.0% |
| | | | | | | 26.6% |
| WATER Residential (Tier 1 usage) | 6.00% | 2.50% | 3.50% | 3.50% | 3.50% | 3.50% |
| WATER Commercial (usage) | 8.50% | 20.00% | 13.00% | 13.00% | 13.00% | 13.00% |
| WASTEWATER Residential | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% |
| WASTEWATER Non-Residential | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% |
| SOLID WASTE Residential | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |
| SOLID WASTE Commercial | 10.00% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |
| SOLID WASTE Rolloff | 6.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |
| ELECTRIC Residential - svc charge | \$2.75 | \$1.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 |
| ELECTRIC Non-Residential - svc charge | \$5.00 | \$5.00 | \$5.00 | \$5.00 | \$5.00 | \$5.00 |
| GAS Residential - svc charge | \$0.00 | \$0.00 | \$1.00 | \$1.00 | \$1.00 | \$1.00 |
| GAS Non-Residential - svc charge | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 |

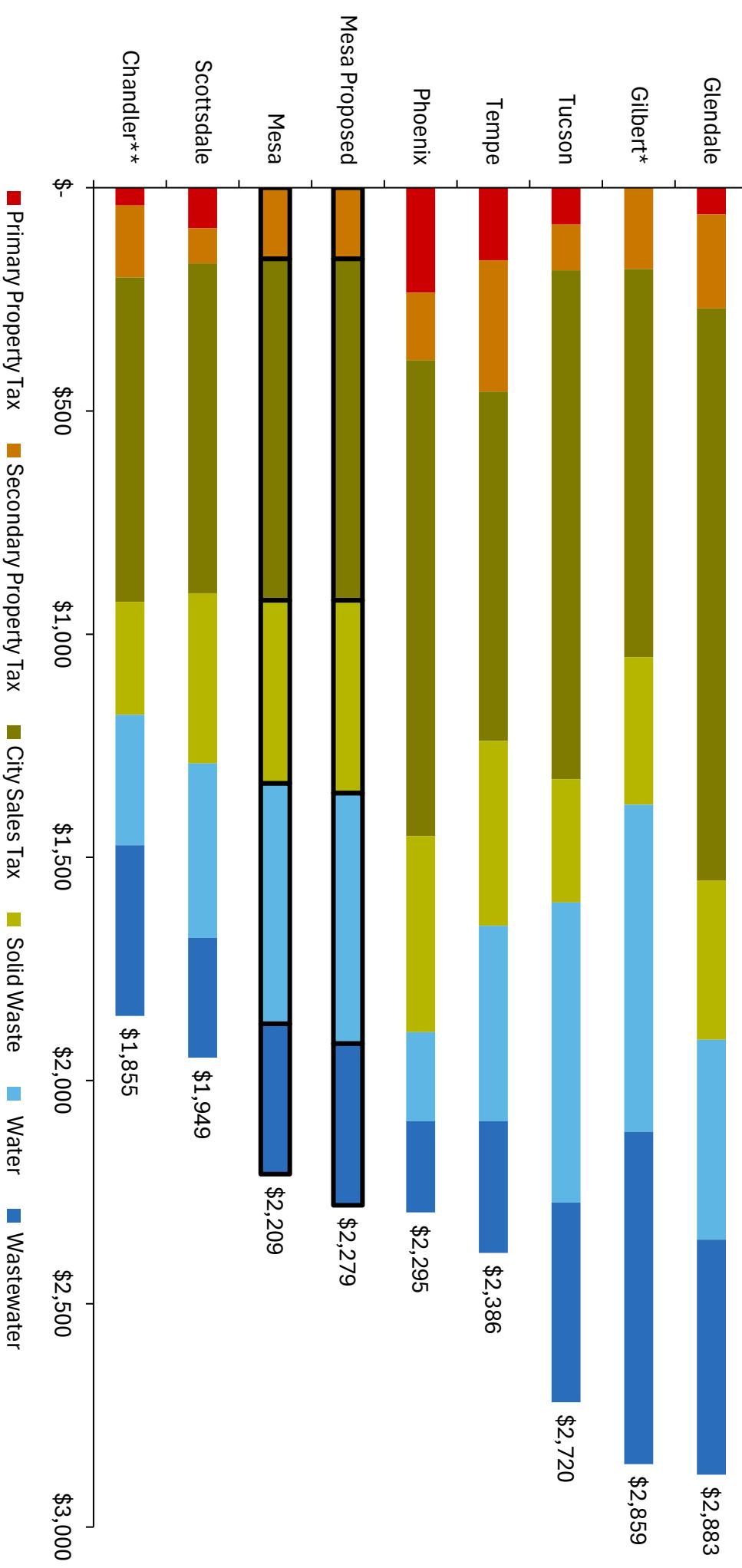
*As a % of Next Fiscal Year's Expenditures

ELECTRIC Residential - svc charge
ELECTRIC Non-Residential - svc charge
GAS Residential - svc charge
GAS Non-Residential - svc charge

ELECTRIC Residential - svc charge
ELECTRIC Non-Residential - svc charge
GAS Residential - svc charge
GAS Non-Residential - svc charge

HOMEOWNER'S COMPARISON

estimated as of April 2026



■ Primary Property Tax ■ Secondary Property Tax ■ City Sales Tax ■ Solid Waste ■ Water ■ Wastewater

*includes proposed 25% Water increase

**includes proposed 15% Water, 15% Wastewater, and 6% Solid Waste increases

Water Rate Adjustment Scenario No FY 25/26 Residential Increase

| | FY 25/26 | FY 26/27+ |
|-------------------------------|----------|-----------|
| Residential Service Charge | +0.0% | +4.5% |
| Residential Usage Tiers 1 & 2 | +0.0% | +3.5% |
| Residential Usage Tiers 3 & 4 | +0.0% | +4.5% |
| | | |
| Multi-Unit Service Charge | +8.0% | +4.5% |
| Multi-Unit Usage | +7.0% | +12.0% |
| | | |
| Commercial Service Charge | +8.0% | +4.5% |
| Commercial Usage | +25.0% | +13.0% |
| Commercial Landscape Usage | +25.0% | +20.0% |
| Large Comm./Industrial Usage | +30.0% | +13.0% |

Water Revenue Parity Analysis

No FY 25/26 Residential Increases

| | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | FY 28/29 | FY 29/30 |
|----------------------------------|----------|----------|----------|----------|----------|----------|
| No FY 25/26 Residential Increase | | | | | | |
| Residential Revenues | 55% | 54% | 50% | 48% | 46% | 43% |
| Non-Residential Revenues | 45% | 46% | 50% | 52% | 54% | 57% |
| Consumption | | | | | | |
| Residential | 49% | 48% | 48% | 48% | 48% | 47% |
| Non-Residential | 51% | 52% | 52% | 52% | 52% | 53% |

| Residential Water Usage - Highest Point of Usage (by Account) | | | | | |
|---|--|-------|------------------|-----------------|------------------|
| Cloud | | | Sun | | |
| Kgals | | Tier | Percent Accounts | Number Accounts | Percent Accounts |
| 0 | | 0 | 30.06% | 40,605 | 26.44% |
| 1 | | 1 | 29.79% | 40,247 | 22.25% |
| 2 | | 2 | 30.44% | 41,119 | 30.89% |
| 3 | | 3 | 6.98% | 9,435 | 13.01% |
| 4 | | 4 | 2.74% | 3,698 | 7.42% |
| >24 | | Total | 100.00% | 135,104 | 100.00% |
| | | | | | 137,514 |

City of Mesa

Water Resources Department

City Council Study Session

Water & Wastewater

Capacity Fee

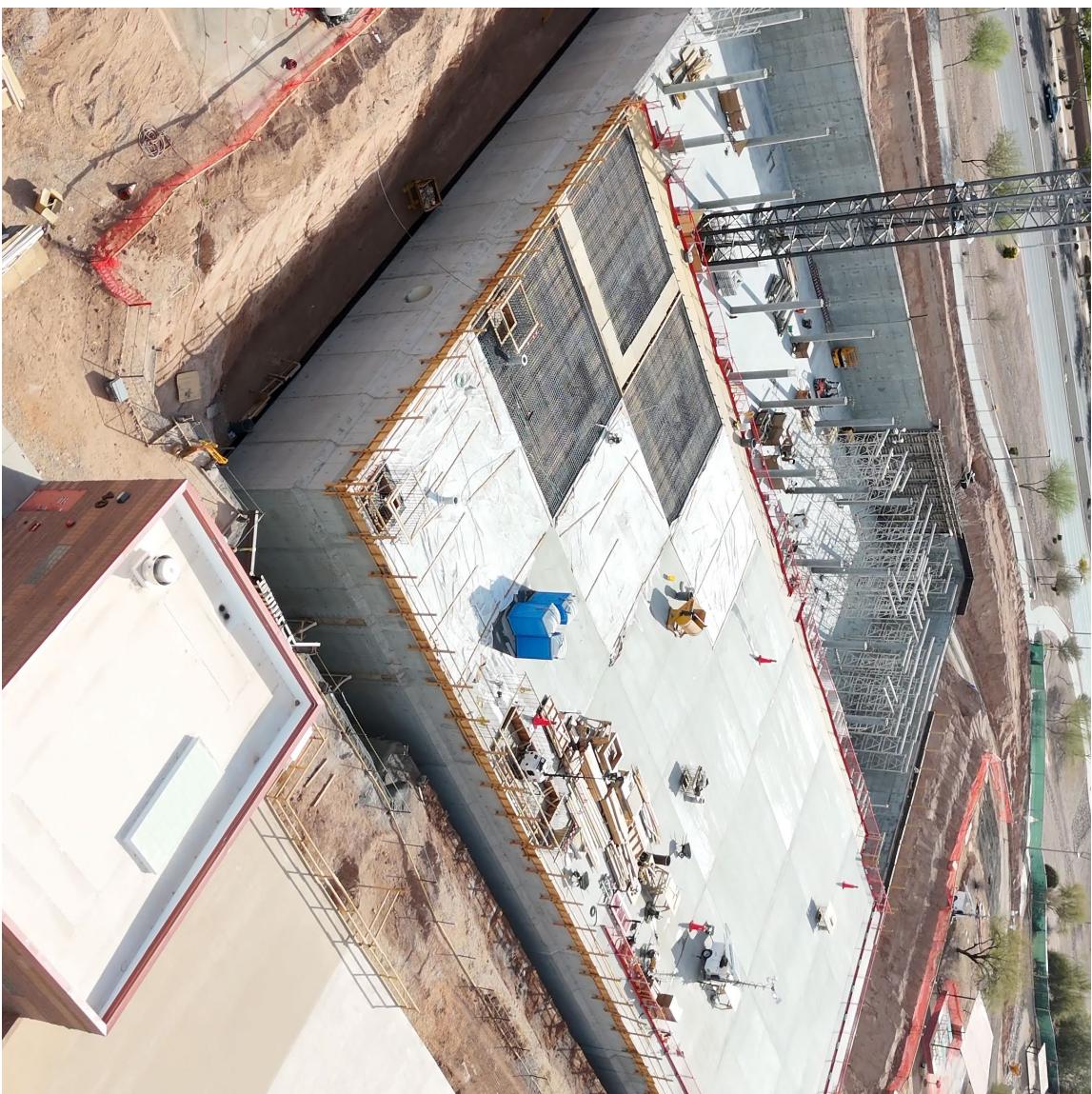
Chris Hassert, Water Resources Director
Jesse Heywood, Water Resources Assistant Director

September 11, 2025

Presentation

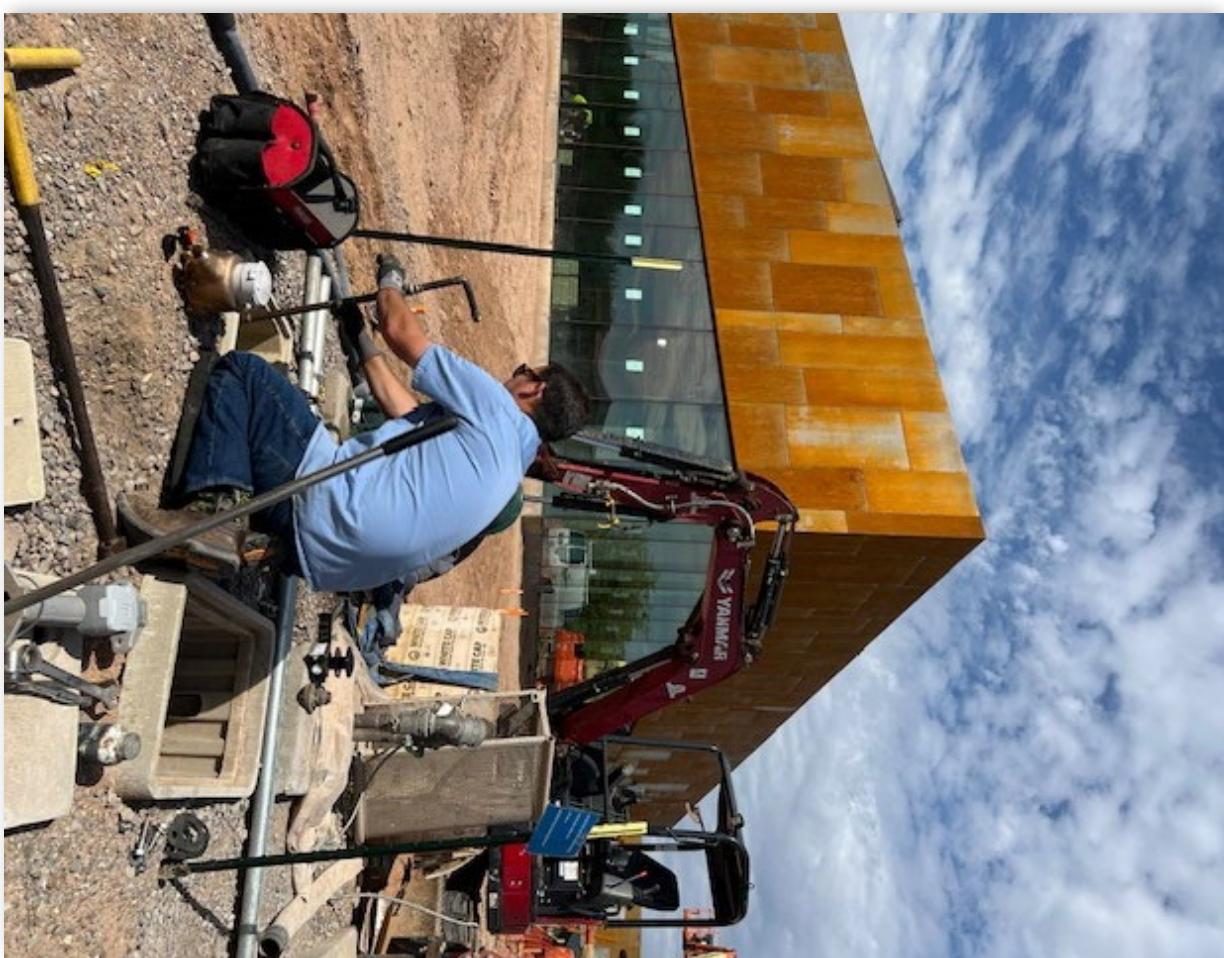
Overview

- What is a Capacity Fee
- How is the Capacity Fee calculated
- What type of projects will the fee fund



What is a Capacity Fee

- Capacity fees are a one-time charge for a new or upsized connection to the water and/or wastewater system as authorized by A.R.S. § 9-511.01
- The fee is designed to recover the growth-related portion of the cost of constructing any additional water and wastewater system capacity
- Fees will be directed to the “Utility Capacity Fee Fund”



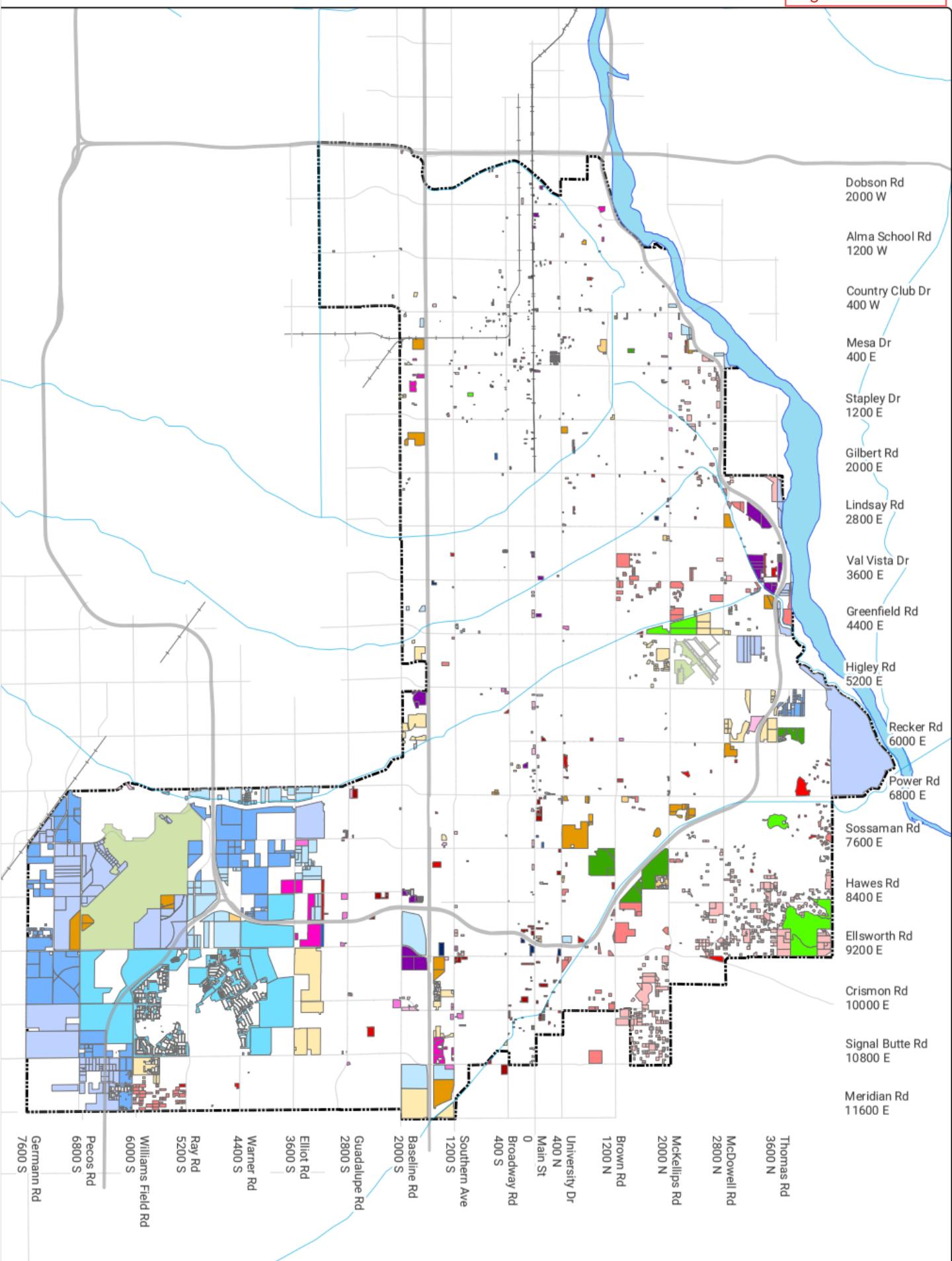


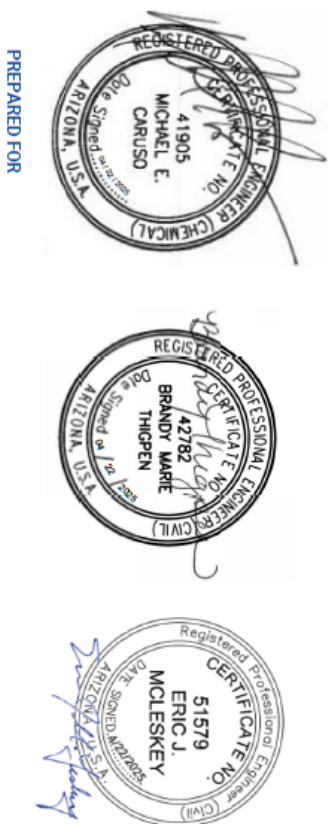
Figure 2-8
Vacant/Underdeveloped
Land Use Classification

How is the Capacity Fee Calculated

- The City utilized AWWA's *Principles of Water Rates, Fees, and Charges – Manual of Water Supply Practices M1* in developing the methodology to calculate the capacity fees
- The *incremental cost or marginal cost method* was chosen
- The recently completed 2025 Integrated Master Plan identified projects that added capacity in the next 10 years

FINAL
INTEGRATED MASTER PLAN
Final Report

CITY OF MESA PROJECT NO. CP0899
BLACK & VEATCH PROJECT NO. 414131



PREPARED FOR



City of Mesa

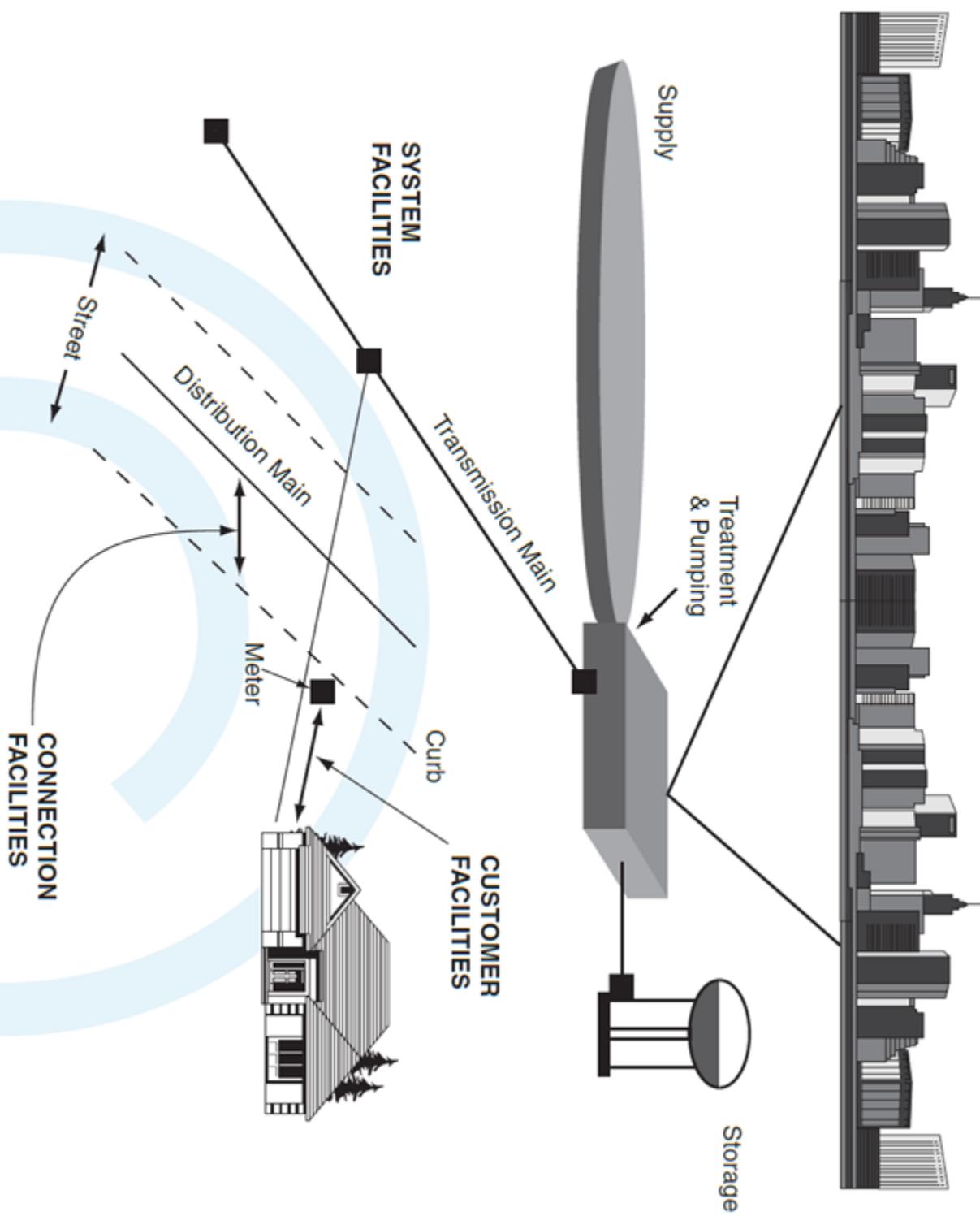
APRIL 2025



In association with:



Figure VI.1-1 Typical water system components



Capacity Fee Calculation

$$\text{Capacity Cost} \div \text{System Capacity} = \text{Unit Cost}$$

$$\text{Unit Cost} \times \text{Service Unit} = \frac{3}{4}'' \text{ Equivalent Meter Fee}$$

Capacity Costs

Table 1 – Water Capacity Projects

| | |
|------------------------|-----------------------|
| Water Treatment Plants | \$ 200,703,730 |
| Pump Stations | \$ 16,890,013 |
| Pipelines | \$ 13,765,000 |
| Groundwater Wells | \$ 89,121,111 |
| Misc - Master Planning | \$ 355,342 |
| Water Total | \$ 320,835,196 |

Table 2 – Wastewater Capacity Projects

| | |
|-------------------------|----------------------|
| Lift Stations | \$ 7,226,205 |
| Pipelines | \$ 67,793,535 |
| Misc - Master Planning | \$ 179,552 |
| Wastewater Total | \$ 75,199,292 |

Water Service Units

Table 3 – Water Service Unit

| Water Service Unit |
|--|
| Number of 3/4" Meters |
| Annual Water Demand for all 3/4" Meter Customers (gallons/year) |
| Annual Water Demand per Average 3/4" Meter Customer (gallons/year) |
| Average Daily Water Demand per 3/4" Meter Customer (gpd) |
| Average Day Demand to Max Day Demand Peaking Factor |
| Max Day Water Demand per 3/4" Meter (gpd) |

Wastewater Service Units

Table 4 – Wastewater Service Unit

| Wastewater Service Unit |
|---|
| Number of 3/4" Meters |
| 90% of monthly average of 3 Lowest Winter Months Meter Demand (gallons/month) |
| Average Monthly Wastewater flow per 3/4" Meter Customer (gallons/month) |
| Average Daily Wastewater flow per 3/4" Meter Customer (gpd) |
| Average Day to Max Day Wastewater Flow Factor |
| Max Day Wastewater Flow per 3/4" Meter (gpd) |

Water & Wastewater Capacity Fee Calculation

Table 5 – Water Capacity Fee Calculation

| Water Capacity Fee Calculation | |
|---------------------------------------|----------------|
| Capacity Cost | \$320,835,196 |
| System Capacity (gpd) | 16,000,000 |
| <hr/> | |
| Unit Cost (\$/gpd) | \$20.05 |
| Service Unit (gpd) | 385 |
| 3/4" Equivalent Meter Fee | \$7,719 |

Table 6 – Wastewater Capacity Fee Calculation

| Wastewater Capacity Fee Calculation | |
|--|----------------|
| Capacity Cost | \$75,199,292 |
| System Capacity (gpd) | 8,524,900 |
| <hr/> | |
| Unit Cost (\$/gpd) | \$8.82 |
| Service Unit (gpd) | 205 |
| 3/4" Equivalent Meter Fee | \$1,809 |

Capacity Fee Table by Meter Size

Table 8 – Capacity Fee Table

| Meter Size | Continuous Flow (gpm) | Multiplier | Water | Wastewater | Total |
|------------|-----------------------|------------|-------------|------------|-------------|
| 0.75" | 30 | 1.00 | \$7,719 | \$1,809 | \$9,528 |
| 1" | 50 | 1.67 | \$12,864 | \$3,015 | \$15,880 |
| 1.5" | 100 | 3.33 | \$25,729 | \$6,030 | \$31,759 |
| 2" | 160 | 5.33 | \$41,166 | \$9,649 | \$50,814 |
| 3" | 320 | 10.67 | \$82,331 | \$19,297 | \$101,629 |
| 4" | 800 | 26.67 | \$205,829 | \$48,243 | \$254,072 |
| 6" | 1,500 | 50.00 | \$385,929 | \$90,456 | \$476,385 |
| 8" | 3,500 | 116.67 | \$900,501 | \$211,065 | \$1,111,566 |
| 10" | 5,500 | 183.33 | \$1,415,072 | \$331,673 | \$1,746,746 |

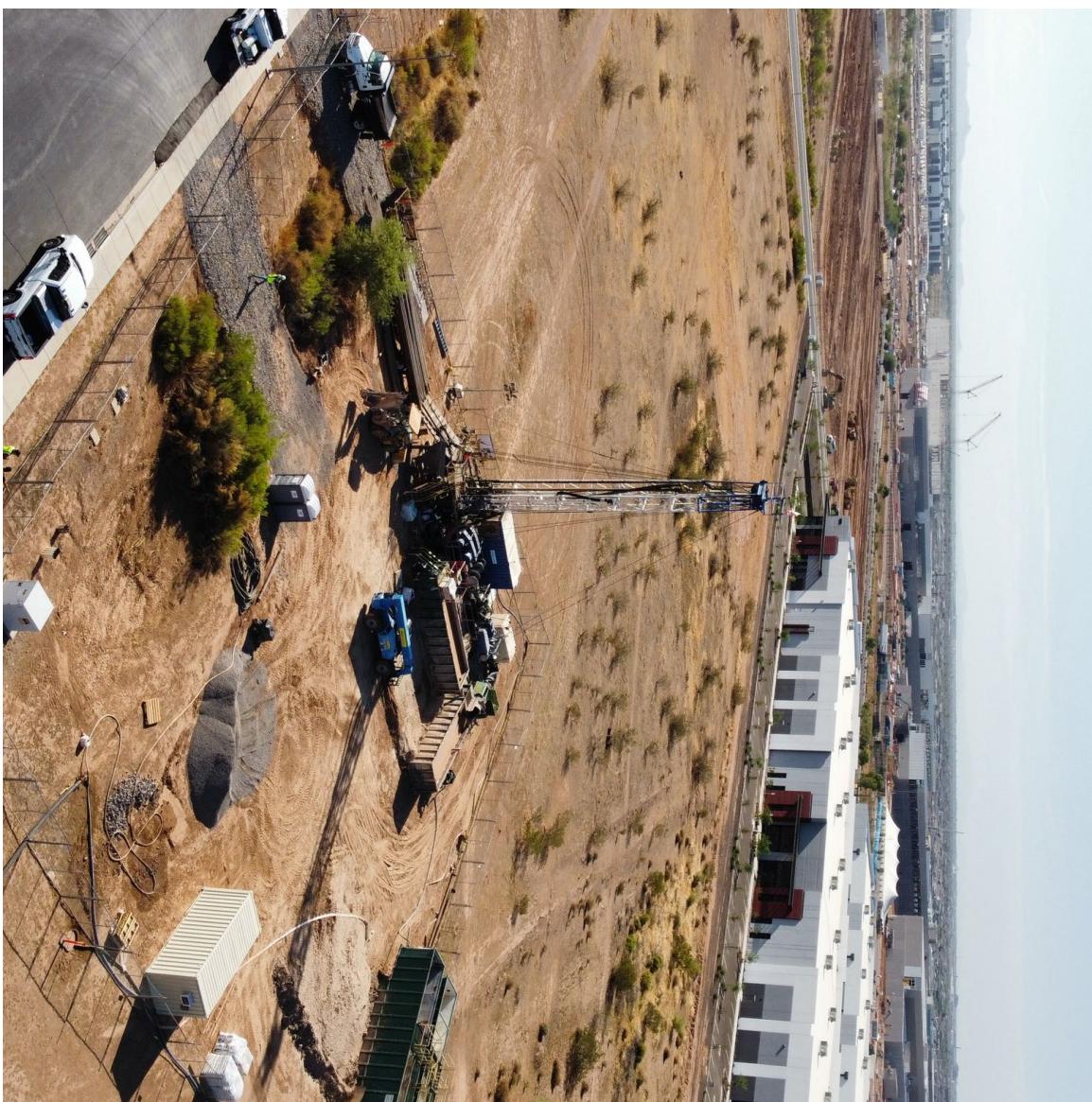
Fee Comparison for a $\frac{3}{4}$ " Meter

Table 9 – Fee Comparison (based on $\frac{3}{4}$ " meter)

| | Water | Wastewater | Total |
|---------------------------------|----------|------------|----------|
| Phoenix - Northwest Area | \$20,442 | \$8,951 | \$29,393 |
| Gilbert - GWRP Area | \$14,136 | \$4,467 | \$18,603 |
| Phoenix - Estrella Area | \$8,099 | \$6,599 | \$14,698 |
| Chandler | \$5,331 | \$8,984 | \$14,315 |
| Flagstaff | \$8,146 | \$4,086 | \$12,232 |
| Proposed Mesa | \$7,719 | \$1,809 | \$9,528 |
| Scottsdale | \$5,003 | \$2,696 | \$7,699 |
| Glendale | \$3,330 | \$3,795 | \$7,125 |
| Tempe | \$2,472 | \$1,994 | \$4,466 |
| Existing Mesa | \$0 | \$0 | \$0 |

Conclusions

- Proposed Capacity Fee eases financial burden on all rate payers
- Protects existing customers from the cost of new growth
- Frees up capital funds to spend on needed life cycle replacement projects



Battery Energy Storage Systems (BESS) Update

City Council Study Session

November 13, 2025

Mary Kopaskie-Brown, Planning Director

John Sheffer, Building Official

Shawn Alexander, Fire Marshal

Rachel Phillips, Assistant Planning Director

Project Summary

- Planning Division, Building Division, Fire & Medical, and Energy Resources Department – Proposed Zoning and Fire Code amendments
- Public Outreach - 2 Open Houses (October 1, 2025 - October 13, 2025)
- City Council Study Session (October 6, 2025)
- Planning and Zoning Board Public Hearing (October 22, 2025)
- Main Concerns Staff Has Heard
 - Separation Requirements
 - Defining Accessory Uses
 - Screening/Design
 - Sound study requirements and levels
 - Safety – including Fire Code setbacks
 - Applicability to Eastmark

Ordinance 1

Planning and Zoning Board Recommendation

- Separation Requirements (Residential)
 - Decrease Separation from 1,000 Feet to 400 Feet
- Defining Accessory Use
 - Increase Nameplate capacity from $\leq 1,000$ kilowatts to $\leq 5,000$ kilowatts

Ordinance 2

Staff Recommendation

- Separation Requirements (Residential)
 - Maintain separation at 1,000 Feet
- Defining Accessory Use
- Concur with P&Z - Increase Nameplate capacity from \leq 1,000 kilowatts to \leq 5,000 kilowatts

Questions?



