



COUNCIL MINUTES

September 12, 2024

The City Council of the City of Mesa met in a Study Session in the lower-level meeting room of the Council Chambers, 57 East 1st Street, on September 12, 2024, at 7:30 a.m.

COUNCIL PRESENT

John Giles
Francisco Heredia
Jennifer Duff
Mark Freeman
Alicia Goforth
Scott Somers
Julie Spilsbury

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Holly Moseley
Jim Smith

Mayor Giles conducted a roll call.

1-a. Hear a presentation and discuss an update on the 2025 Employee Benefits and Wellness Programs.

Human Resources Director Teri Overbey introduced Employee Benefits Administrator Janice Ashley and displayed a PowerPoint presentation. **(Attachment 1)**

Ms. Ashley provided an overview of the 2025 employee benefit vendors and administrators, which have all been renewed or continued, with the exception of Premise Health, who is the new administrator for the Health and Wellness Center. (See Page 2 of Attachment 1)

Ms. Ashley stated that the 2025 benefit program levels will remain comprehensive and competitive across all three medical and dental prescription drug programs, as well as the vision care programs. She highlighted that there will be no changes to the medical programs, other than for retirees. She shared updates to the dental plan enhancements and the Flexible Spending Accounts (FSA). (See Page 3 of Attachment 1)

Ms. Ashley reviewed the increased premium rate changes to the medical plan for active and retired employees. She indicated that for active employees, the basic medical plan premiums will no longer be 100% funded and employees will have a modest premium of \$9 per month for single coverage and \$20 per month for family coverage. She discussed the financial considerations and specialty drugs taken into account to determine the premium increase changes for 2025. (See Page 4 of Attachment 1)

In response to multiple questions from Councilmember Freeman, Ms. Ashley provided details related to the impact of the high prices for specialty drugs that are used by a small population. She commented that with the new premium increases, retirees will need to re-evaluate the best plan for them.

Ms. Ashley highlighted the medical plan premium rates for active members beginning in January of 2025. She provided an overview of the City's most rewarding employee benefit program, Mesa's Wellness 360 program. She reviewed the benefits and services available at the Employee Health and Wellness Center free of charge to eligible employees and their families who are participants in one of the medical plans. She announced the re-location of the Employee Health and Wellness Center in 2025, which will allow for future expansion. She presented a rendering of the interior remodeled Health and Wellness Center. (See Pages 5 through 9 of Attachment 1)

Ms. Ashley explained the program benefits, rewards, and incentives for the 2025 Wellness Program. She emphasized that eligible employees and their spouses can earn a \$200 wellness credit to help offset healthcare premium payroll deductions. (See Page 10 of Attachment 1)

Ms. Ashley announced the dates of open enrollment and the upcoming Wellness and Benefits Fair for employees. She mentioned that passive enrollment is in effect, where if no changes are needed for medical benefits, the members do not need to do anything; however, FSA participation requires re-enrollment each year due to IRS regulations. She shared some of the activities that will take place at the Benefits Fair. (See Pages 11 and 12 of Attachment 1)

City Manager Christopher Brady thanked the benefits team for their efforts. He remarked that the City is committed to helping employees be the best version of themselves by providing opportunities, incentives, and credits to health insurance premiums. He stated the Health and Wellness Center is the most popular program and requires expansion.

In response to a concern posed by Councilmember Freeman, Ms. Ashley commented that the benefits team continues to focus on opportunities to reduce costs for specialty drugs.

In response to a question from Councilmember Duff, Ms. Ashley provided details about the retiree program and how many families utilize the Wellness Center. She noted that the health plan does not provide international coverage but discussed options and solutions for seeking international medical care with the possibility of reimbursement for healthcare, depending upon the circumstances.

In response to a question posed by Vice Mayor Heredia, Ms. Ashley stated that the Cigna medical plan will be up for renewal within the next two to three years.

In response to a question from Councilmember Goforth, Mr. Brady explained how and why the Wellness Center was initially established. He reported the Wellness Center has been successful in encouraging employees on preventative healthcare which helps mitigate increased costs. He commented that with the Wellness Center and the wellness programs, the City is helping employees feel valued, change their health habits, avoid long-term expensive hospitalizations, and critical care.

Mayor Giles thanked staff for the presentation.

1-b. Hear a presentation, discuss, and provide direction on the Utility Fund forecast and recommended rate and fee adjustments.

Office of Management and Budget Director Brian Ritschel introduced Office of Management and Budget Deputy Director Christopher Olvey, Budget Coordinator Jonathan Perkins and displayed a PowerPoint presentation. **(Attachment 2)**

Mr. Ritschel advised that the City is required to provide a Notice of Intent to the community for rate adjustments that will be considered by Council at the September 23, 2024 meeting. He added the rate adjustments will be introduced at the November 18, 2024, Council meeting, and presented for adoption at the December 2, 2024 Council meeting, with a proposed effective date on February 1, 2025. He reviewed the utility operations, the purpose, and the use of the reserve balance. He provided an overview of the five financial principles used in the preparation of the forecast and emphasized the City's efforts to maintain affordable rates for residents. (See Pages 2 through 4 of Attachment 2)

Mr. Olvey discussed the utility fund forecast for the adopted budget for Fiscal Year (FY) 24/25 as of May 2024, illustrating that the total net sources and uses appear negative throughout the forecast but will reach a positive \$18 million in FY 29/30. He advised that the 8.6% ending reserve balance is within the City's financial policy at the end of the forecast period. He discussed the rising costs of projects and their impact on the utility fund for larger projects scheduled for 2027, when full project costs are expected to start impacting the forecast. (See Pages 6 and 7 of Attachment 2)

In response to a question from Mayor Giles, Mr. Ritschel replied that the financial policy that was adopted by the Council is to maintain an 8% to 10% reserve fund balance; however, the City prefers to maintain a higher reserve fund, since that may result in a higher credit rating and lower interest costs.

Mr. Brady clarified that, historically, the City has managed to achieve a reserve fund balance over 20% almost every year for the last decade. He explained the current challenges are increased construction costs for projects that need to be completed for expansion.

In response to a question from Councilmember Goforth, Mr. Brady confirmed that as projects are completed, the net sources and uses balance is reduced. He stressed that the City assumes modest, conservative growth.

In response to a question from Councilmember Duff, Mr. Olvey answered that large capital projects fall into a pledge obligation; however, operations and maintenance of lifecycle replacement and larger pieces of equipment that need to be replaced will be cash funded.

Mayor Giles thanked staff for the presentation.

Water Resources Director Christopher Hassert introduced Water Resources Deputy Director Seth Weld, Management Assistant II Erik Hansen, and provided an update on the proposed rate adjustments and recommendations for Wastewater Resources.

Mr. Hansen reviewed the operational costs of the wastewater utility, including personnel costs, chemical costs, and electric costs. He reported that last year's forecast was accurate without any significant changes. (See Page 10 of Attachment 2)

Mr. Hansen discussed the major projects planned over the next five years and the increasing project costs on the wastewater utility. He indicated that a few projects will be undertaken in conjunction with Transportation during the construction of roadways, providing the City with the opportunity to replace water and sewer lines simultaneously. He referenced the regional commitments that have increased from \$15 million to \$33 million for the same projects. He mentioned staff's intention is for rates to remain as low as possible to protect existing customers, and staff will return to present to Council a new fee to cover the cost of growth, if the Council approves. (See Pages 11 through 14 of Attachment 2)

Mr. Hassert added that staff is not only doing more projects, but the scope of projects has been reduced and projects are being delayed.

In response to an inquiry from Councilmember Somers, Mr. Weld advised that costs have increased 58% in some areas.

Discussion ensued relative to construction inflation, limited resources, supply chain challenges, cost effective partnerships with wastewater plant facilities, feasibility study for advanced purification, and growth.

Mr. Hansen provided recommendations for the proposed rate adjustments for wastewater customers. He stated residential customers will have an increase of 7.5% or \$1.96 per month, and commercial customers will receive an 8.5% increase or \$4.45 per month. (See Page 15 of Attachment 2)

Mr. Hansen reviewed the increases to operating costs on the water utility. He explained that the forecasted increase of \$2.8 million is mostly due to the increase in raw water costs and chemicals. (See Page 17 of Attachment 2)

Mr. Hassert discussed the challenges and strategies used in scheduling projects and drilling wells with the increased cost of inflation, while being sensitive to rate payers.

Mr. Brady commented on the unique challenges that exist in water that do not affect wastewater, noting that lifecycle projects and programs had to downsize to defer costs. He mentioned the cost of wells has more than doubled.

Mr. Hassert provided updates on the Central Mesa Reuse Pipeline (CMRP) project and the Signal Butte expansion. He described the expansion process for the Signal Butte Plant project to meet demand, noting the plant is running at full capacity for six months per year when it should be four weeks per year. (See Pages 18 and 19 of Attachment 2)

Mr. Hassert discussed the AMI project, which did not experience the same significant cost increases as the previous two projects. He mentioned the City is reducing its operating budget and has reduced the number of meter readers from 26 to 20 by transferring the employees to other positions within the City. He emphasized that the most encouraging aspect is helping customers find leaks in real time that would normally take two months. He shared a future goal of

having a portal for customers to monitor their water usage. He anticipates the project to be completed in approximately two years. (See Page 20 of Attachment 2)

In response to a question from Vice Mayor Heredia, Mr. Brady replied that the City is searching for an acceptable vendor to provide the portal software and is in the process of completing an RFP to have in place by 2025. He stated, in the meantime, staff is working on identifying leaks and contacting owners.

In response to a question from Councilmember Goforth, Mr. Hassert shared an example of the benefits of AMI meters.

Councilmember Freeman expressed his opinion to not delay well sites, and he supports the infrastructure that is required today for future growth. He challenged staff to seek ways to continue drilling for wells.

Mr. Brady explained that staff considers the cost of well sites and whether to increase rates to cover the cost. He emphasized the City will continue to evaluate well sites and the timing of other projects. He commented that there are generational projects that residents will begin to pay for now that will be a huge benefit for Mesa's residents, and other large projects that need to happen now.

Discussion ensued relative to the priority of projects, well sites and the cost of drilling, maintenance of well sites, transmission main inspection program, and the longevity of wells.

Mr. Hansen discussed the three big projects for water utility and the increasing costs due to inflation. (See Page 21 of Attachment 2)

Mr. Hansen reviewed the major water projects scheduled over the next five years and compared the prior and current forecast costs. He said that the current forecast includes costs for both regional commitments and lifecycle replacement projects. He noted that following the completion of the projects, staff would like to introduce a new fee, if approved by Council, to cover the cost of new growth and protect existing customers from financing the cost. (See Pages 22 and 23 of Attachment 2)

Mr. Hansen presented a chart illustrating the increasing costs regarding the growing debt service. (See Page 24 of Attachment 2)

In response to a question from Councilmember Somers, Mr. Brady explained that the City assumes a 5% debt service rate to determine future forecasting; however, if rates decline, refinancing is an option. He emphasized that adjustments are made annually based on rates.

Mr. Hansen indicated that to maintain financial stability within the water program, the department is proposing rate adjustments. He advised that the proposed rate adjustments for residential will be 5.5% or \$2.28 per month; commercial customers will have an increase of 6.3% or \$4.65 per month; commercial landscape customers will receive an 8.53% increase or \$13.87 per month; and large commercial customers will receive a 17.25% increase or \$3,597.09 per month for typical customers. (See Page 25 of Attachment 2)

Mr. Brady clarified that there is a significant percentage increase for large commercial customers who utilize 50% of water usage and their rates are more aggressive than other category types.

In response to multiple questions posed by Mayor Giles, Mr. Hassert replied that there are only a handful of large commercial water users. He explained that the new ordinance for large commercial water customers states that if a customer exceeds their threshold in a year, then any water needed over that amount must be acquired by them. He added that the large commercial water user is not a new category and has been in existence for 10 years. He emphasized that the City's goal is water conservation.

In response to multiple questions from Councilmember Freeman and Vice Mayor Heredia, Mr. Brady agreed to have staff re-evaluate the increase in usage charges versus service charges for the type of customer and determine if there is a cost differential; however, he believes that will be more expensive for customers.

In response to multiple questions posed by Councilmember Somers, Mr. Weld stated that the base charge is determined by the size of the meter and the larger meter is paying a higher base; commercial customers are paying a higher base. He commented that very few commercial customers have a bigger meter.

In response to multiple questions from Councilmembers Somers, Mr. Brady explained the purpose of the service charge and usage charge.

Mr. Hansen explained the terms for the four tiers regarding water conversation. (See Page 26 of Attachment 2)

Mr. Hassert explained that if a customer uses 8,000 kilograms (kgals) per month, the first 6,000 kgals are at Tier 1 rate and the overage amount of 2,000 would be at the higher rate in Tier 2, so everyone is paying appropriately in the tiers.

Mr. Brady described some of the challenges experienced by large water users and the City accessing power through the Salt River Project (SRP).

Mr. Hansen discussed a proposed 10% increase for interdepartmental usage. He commented that the Fire Protection Demand charge provides fire suppression, and the rate change for operations and maintenance of the infrastructure has not been updated in 10 years. He stressed that the increase will bring revenues in line with costs associated with operation and maintenance of the infrastructure. (See Page 27 of Attachment 2)

Mr. Hassert discussed strategies for financing future growth with a new fee for the project developers. He noted that by December 2024, there will no longer be water and sewer impact fees due to legislative changes. (See Page 28 of Attachment 2)

Mr. Brady clarified that staff will return to Council with an update on capturing the cost of growth while paying for growth.

Mayor Giles thanked staff for the presentation.

Solid Waste Director Sheri Collins introduced Senior Fiscal Analyst Justin Stadt and provided an update on the proposed rate adjustments and recommendations for Solid Waste.

Mr. Stadt reviewed the increasing cost pressures during the rate cycle, including landfill charges. He stated staff was able to extend some existing contracts to mitigate some cost pressures. He commented that due to long lead times for new fleet trucks, the proposed rate increase will be utilized to pay maintenance costs on older trucks. (See Page 50 of Attachment 2)

Mr. Stadt presented a chart showing how the increased costs of landfill charges and fleet maintenance affect the forecast. (See Page 51 of Attachment 2)

Mr. Stadt compared fleet maintenance costs to the average age of trucks. He indicated that older trucks are more expensive to maintain. (See Page 52 of Attachment 2)

Ms. Collins added that the lead time for a truck is approximately three years.

Ms. Collins advised that the rate recommendations for solid waste residential customers for the blue and black barrel will have an increase of \$1.73 per month or 5.5% recommended increase. She emphasized although the prior forecast was for a 3% increase, due to cost pressures the adjustment was increased to 5.5%. (See Page 53 of Attachment 2)

Ms. Collins explained Mesa's Green Neighborhood Cleanup program provides dumpsters or rolloff boxes and are covered under the green and clean fee. She mentioned that the program is also experiencing the same cost pressures as other programs. She stated the recommendation is to increase the fee by 0.4 cents per month. (See Page 54 of Attachment 2)

Ms. Collins outlined the recommended proposed increase for the average monthly bill for residential customers for solid waste will be \$1.77. (See Page 55 of Attachment 2)

Ms. Collins provided an overview of the commercial services recommendations and stated that the City competes in the open market with other commercial companies. She reported the overall rate increase recommendation for commercial front load trash service is 10%. She highlighted several options to obtain the 10% rate. (See Page 56 of Attachment 2)

Ms. Collins reviewed the recommended rate increase of 5% for commercial front load cardboard, which will cover the cost of service, will be \$4.87 per month. She mentioned many of the programs were implemented for free or low fees, and over the years the fee has been increasing in order to cover the cost for services. (See Page 57 of Attachment 2)

Ms. Collins discussed the goal of the Commingle Downtown Front Load Recycling program is for the program to be cost effective and efficient. She commented the focus is on the downtown area, multi-family, and commercial customers. She shared that the recommended new rate of \$102.25 per month will help implement the program. (See Page 58 of Attachment 2)

Ms. Collins presented another new rate the City intends to implement for the commercial blue barrel. She mentioned the program was developed many years ago for free and the new fee is being implemented to cover the cost of services. She explained that a new rate has not been determined yet, and the forecast will be updated as soon as a rate is selected. (See Page 59 of Attachment 2)

Ms. Collins provided an overview of the commercial roll off recommendations for large dumpsters used by residents for big remodel projects, which are available for commercial customers as well. She indicated a proposed rate increase of 6.5% is recommended to cover cost pressures. She discussed the rate increases: trash tonnage of \$5.55, green waste tonnage of \$5.60, and a haul fee increase of \$2. She summarized that the total one-time costs for a trash customer would be \$18.65, and a one-time green waste customer will receive an increase of \$18.80. (See Pages 60 and 61 of Attachment 2)

In response to multiple questions from Councilmember Goforth, Ms. Collins explained the difference between the Commercial and Residential Blue Barrel program. She reported that the exact number of commercial blue barrels is unknown and once a rate is determined, tracking will be implemented.

In response to multiple questions from Vice Mayor Heredia, Ms. Collins replied that the City's rate structure is competitive with the private sector and other municipalities.

Responding to a question from Councilmember Freeman, Mr. Stadt answered that the City anticipates a decrease in fleet maintenance costs beginning in FY 25/26, as new trucks will be delivered, which would reduce maintenance costs for the older trucks.

In response to a question posed by Councilmember Freeman, Ms. Collins confirmed that the City continues to lease trucks to keep up with deliveries.

Mayor Giles thanked staff for the presentation.

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

- 2-a. Economic Development Advisory Board meeting held on August 6, 2024.
- 2-b. Education and Workforce Development Roundtable meeting held on June 18, 2024.
- 2-c. Approval of minutes from executive sessions held on April 11, 2024 and May 30, 2024.

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

Upon tabulation of votes, it showed:

AYES – Giles–Heredia–Duff–Freeman–Goforth–Somers–Spilsbury
NAYS – None

Carried unanimously.

3. Current events summary including meetings and conferences attended.

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

4. Scheduling of meetings.

City Manager Christopher Brady stated that the schedule of meetings is as follows:

Thursday, September 19, 2024, 7:30 a.m. – Study Session

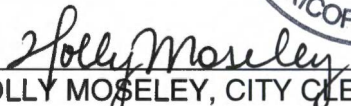
5. Adjournment.

Without objection, the Study Session adjourned at 9:51 a.m.


ATTEST:




JOHN GILES, MAYOR


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 12th day of September 2024. I further certify that the meeting was duly called and held and that a quorum was present.


HOLLY MOSELEY, CITY CLERK

lr
(Attachments – 2)



mesa·az

2025 EMPLOYEE BENEFIT & WELLNESS PROGRAMS

CITY COUNCIL PRESENTATION

September 12, 2024

Teri Overbey, Human Resources Director

Jan Ashley, Employee Benefits Administrator

Benefit Programs Overview

Programs/ Vendor Partners

Medical/Behavioral Health/Prescription Drug = Cigna, MedImpact, VibrantRx, PaydHealth

Dental = Delta Dental of Arizona

Vision Care = Vision Service Plan (VSP)

Employee Assistance Program = ComPsych

Health and Dependent Care FSA = Navia Benefits

Life and Accidental Death & Dismemberment Insurance = MetLife

Business Travel Accident/Commuter Life Insurance – New York Life

Short Term Disability Insurance = UNUM

Health and Wellness Center = **Premise Health**

Mesa Wellness 360 = WebMD technology platform

ighnlights - Health Plan Benefit Changes for 2025

❑ Prescription Drug Benefit Enhancements

Retiree Medicare Part D Prescription Drug benefits – compliance requirement

- ❑ Maximum out-of-pocket expenses (MOOP) reduced to \$2,000 per individual – all three retiree medical plans

❑ Dental Plan Benefit Enhancements

❑ Coverage updates:

- ❖ Three cleanings per person per year
- ❖ Periodontal treatment moved to Basic coverage
- ❖ Curadont and Antimicrobial treatment
- ❖ Analgesia/sedation improvements
- ❖ Special Healthcare Needs benefits (up to 4 cleanings per year + special needs dental accommodations)

❑ Flexible Spending Accounts (FSA) Plan

- ❑ Health FSA annual election max increased to \$3,200 and rollover max to \$640

Medical Plan Premium Rate Changes for 2025

Medical Plan Premiums

- Active employees:**
 - ❖ Basic and Choice medical plans - \$9/\$20 per month single/family rate increase
 - ❖ Copay medical plans - \$13/\$41 per month single/family rate increase
- Retirees:**
 - ❖ Retiree Basic Plan - \$0 (Medicare eligible) to \$10/\$20 per month single/family rate increase
 - ❖ Retiree Choice Plan - \$19/\$37 per month rate increases
 - ❖ Retiree Copay Plan - \$36/\$64 per month rate increases

Financial Considerations

- EBT fund balance projections support City, active employees (6%) and retiree (8%) rate increases
- Unfavorable cost/utilization trends for Specialty Drugs ineligible for cost avoidance programs
- Significant impact of GLP-1 utilization (diabetes and weight related condition management) across all medical plans and populations

Active Medical Plan Premium Rates for 2025

ACTIVE MEDICAL PLAN RATES – MONTHLY

| BASIC 50% PLAN | | 2025 | | |
|----------------|--|-------------------|-----------------|-----------------------|
| | | City Contribution | EE Contribution | EE Difference vs 2024 |
| Single | | \$647 | \$9 | +\$9 |
| Family | | \$1,440 | \$20 | +\$20 |

| CHOICE 80% PLAN | | 2025 | | |
|-----------------|--|-------------------|-----------------|-----------------------|
| | | City Contribution | EE Contribution | EE Difference vs 2024 |
| Single | | \$647 | \$162 | +\$9 |
| Family | | \$1,440 | \$360 | +\$20 |

| COPAY PLAN | | 2025 | | |
|------------|--|-------------------|-----------------|-----------------------|
| | | City Contribution | EE Contribution | EE Difference vs 2024 |
| Single | | \$647 | \$243 | +\$13 |
| Family | | \$1,440 | \$733 | +\$41 |

Mesa Wellness 360



Employee Health and Wellness Center

New! Premise Health Wellness Center Vendor - “go live” October 1, 2024



- ❖ Current medical providers, medical assistants and other staff hired and transitioned (including “float” fill-in and new hire staffing needs)
- ❖ Comprehensive staff training and continued licensing – ongoing access to Premise corporate program support
- ❖ Secure and robust EMR system with extensive member portal capabilities
- ❖ Local account management

Mesa Wellness 360 cont.



Employee Health and Wellness Center cont.

Preventive and primary care medical services:

- ❖ 15,000+ medical plan members eligible - employees, retirees and covered family members aged 2+
- ❖ Current patient population on record > 8,000
- ❖ Comprehensive medical record technology system (EMR)
- ❖ Available (and longer) appointment times including limited same day
- ❖ “Whole person” approach to care
- ❖ Skilled and well-liked medical providers and staff
- ❖ Referral coordinator and “concierge” support services for the member journey – identify, schedule, coordinate and follow-up
- ❖ Lab draw services
- ❖ Vaccinations
- ❖ All services - free of charge – no copays etc.

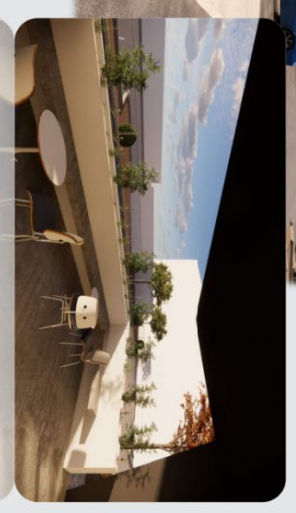
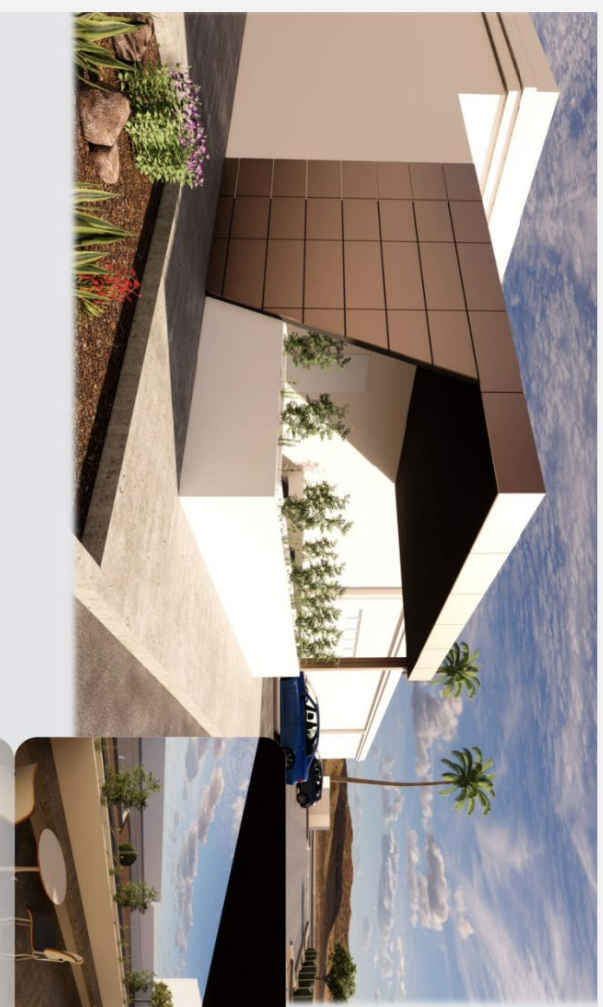
Mesa Wellness 360 cont.



Employee Health and Wellness Center cont.

New! location change in early 2025:

- ❖ Move from current Gilbert Rd/Southern location to remodeled City owned building Hibbert and 1st Avenue (south of Main) in downtown Mesa
- ❖ Square footage expansion over several years to provide opportunities for patient services/capacity expansion



Mesa Wellness 360



Employee Health and Wellness Center cont.

New! location change in early 2025: Reception Check-in rendering – modern, soothing palette



Mesa Wellness 360 cont.



2025 Wellness Program

- ❖ Open to all employees - program year: December 1, 2024, through November 30, 2025
- ❖ Focus: preventive screenings, well-being education programs and Citywide events – including coaching, webinars, classes, contests, challenges, exercise/steps and biometrics screenings
- ❖ Incentive reward opportunities for employees/spouses/CP's enrolled in City medical plans (“points” towards gift card earnings, Wellness paycheck credits and raffle prize entries)
- ❖ Retirees eligible for Wellness webinars virtually and in-person classes plus view past recordings: can register at email MesaWellness@mesaaz.gov

Rewards

- ❖ 250 points = \$50 debit/gift card (up to 6 x \$50 = \$300) for both employee and spouse/CP
- ❖ 1,500 points = \$200 Wellness Credit (paycheck installments following calendar year) – both employee and spouse/CP can earn – helps offset healthcare premium payroll deductions/increases
- ❖ Raffle prizes/other recognition for high achievers above 1,500 points and non-medical plan employees

Open Enrollment and Health/Wellness Benefits Fair

Open Enrollment 2024 for CY 2025

October 7 – October 21

- ❖ Inside Mesa and Benefits Website links to eBenMesa enrollment system
- ❖ Website: OE Guides, 2025 Plan Document, SBC's, Required Documents and other communications
- ❖ Passive enrollment (except FSA = positive enrollment)

Wellness and Benefits Fair

October 8 – from 8 am to 1 pm - Mesa Convention Center

- ❖ Employees/retirees welcome: Wellness & Benefits “Expedition” theme
- ❖ Assisted enrollment computer lab
- ❖ Benefit plan vendors, City department information booths and Employee Network vendors
- ❖ Free Flu Shots including high dose for eligible age groups (first come, first served)
- ❖ Free Body Composition Testing & Free Chair Massages
- ❖ Mammography/P.O.P mobile units (with appointments – claims to medical plan)
- ❖ Food and beverage trucks (from 7:30 am)

Wellness and Benefits Fair – You’re Invited!



The poster features a dark green background with a yellow banner at the top. It includes illustrations of a tent, a hat, a flashlight, a compass, and a tree. The text is arranged in a central yellow area that looks like a map or a sign.

City of Mesa Employees & Retirees

WELLNESS & BENEFITS EXPEDITION

Join the adventure and support your health and wellness journey!

OPEN ENROLLMENT PERIOD: OCT 7 - OCT 21

STARTS AT
BAM-1PM

October 8th
Mesa Convention Center 201 N. Center St.

NEW

- OPEN ENROLLMENT COMPUTER LAB**
Online enrollment and assistance at the fair.
- FREE FLU SHOTS**
No appointments necessary
- FOOD TRUCKS**
Including a variety of nutritious options
- FREE CHAIR MESSAGES & BODY COMPOSITION TESTING**
- MEET YOUR GUIDES**
Meet with benefit providers to understand your options and get answers to your questions.
- EARN 150 WELLNESS POINTS**
Sign in at our Mesa Wellness 360 booth!
- GIVEAWAYS & PRIZES**
Participate in fun activities and enter to win exciting prizes.

Mesa Wellness 360

Questions?

City of Mesa

FY 2024/25

Utility Fund Forecast & Rates

Recommendation

City Council Study Session

September 12, 2024

Presented by:

Brian A. Ritschel – Management & Budget Director

Christopher Hassert – Water Resources Director

Scott Bouchie – Energy Resources Director

Sheri Collins – Solid Waste 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



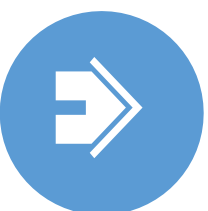
BALANCE NET
SOURCES AND
USES



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

Utility Fund Forecast

Utility Fund Forecast: FY 24/25 Adopted Budget

| As of 5/13/2024 | FY 22/23 Actuals | FY 23/24 Projected | FY 24/25 Budget | FY 25/26 Forecast | FY 26/27 Forecast | FY 27/28 Forecast | FY 28/29 Forecast |
|-----------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| WATER | \$664,297 | (\$2,031,906) | (\$1,110,998) | (\$4,235,954) | (\$5,341,202) | (\$4,604,501) | (\$4,038,374) |
| WASTEWATER | (\$4,836,241) | (\$14,547,656) | (\$10,795,466) | (\$6,526,562) | (\$2,908,668) | \$2,284,669 | \$1,232,638 |
| SOLID WASTE | (\$628,592) | (\$5,607,363) | (\$8,455,942) | (\$4,383,083) | (\$3,079,692) | (\$5,057,071) | (\$2,239,761) |
| ELECTRIC | \$1,271,958 | (\$727,886) | (\$1,146,977) | (\$367,901) | (\$121,376) | (\$279,617) | (\$981,062) |
| NATURAL GAS | \$3,351,380 | (\$6,488,067) | (\$5,548,916) | (\$3,999,018) | (\$3,131,134) | (\$2,906,907) | \$533,632 |
| DISTRICT COOLING | \$19,154 | (\$251,692) | (\$154,613) | (\$77,190) | (\$49,999) | (\$57,903) | (\$51,153) |
| TOTAL NET SOURCES AND USES | (\$158,043) | (\$29,654,570) | (\$27,212,912) | (\$19,589,708) | (\$14,632,071) | (\$10,621,329) | (\$5,544,081) |
| Beginning Reserve Balance | \$144,571,686 | \$144,413,643 | \$114,759,072 | \$87,546,160 | \$67,956,452 | \$53,324,381 | \$42,703,052 |
| Ending Reserve Balance | \$144,413,643 | \$114,759,072 | \$87,546,160 | \$67,956,452 | \$53,324,381 | \$42,703,052 | \$37,158,971 |
| Ending Reserve Balance Percent* | 29.2% | 21.7% | 16.0% | 11.5% | 9.1% | 7.1% | 6.0% |

*As a % of Next Fiscal Year's Expenditures

Utility Fund Forecast: FY 24/25 Recommended Rate Adjustments

- Balanced Net S&U
- 20% Fund Balance
- Smoothed Adjustments
- Equity Res. & Non-Res.
- Affordable Services

| As of 8/22/2024 | 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) | (\$2,297,373) | (\$9,745,447) | (\$12,649,920) | (\$12,282,263) | (\$9,938,493) | (\$2,007,840) |
| 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) | (\$21,941,486) | (\$22,899,965) | (\$19,439,119) | (\$15,037,993) | (\$168,777) | \$18,475,335 |
| Beginning Reserve Balance | \$144,413,643 | \$122,370,012 | \$100,428,526 | \$77,528,561 | \$58,089,442 | \$43,051,449 | \$42,882,672 |
| Ending Reserve Balance | \$122,370,012 | \$100,428,526 | \$77,528,561 | \$58,089,442 | \$43,051,449 | \$42,882,672 | \$61,358,007 |
| Ending Reserve Balance Percent* | 23.2% | 17.9% | 12.3% | 9.2% | 6.5% | 6.2% | 8.6% |

*As a % of Next Fiscal Year's Expenditures

Water Resources Department

Presented by:

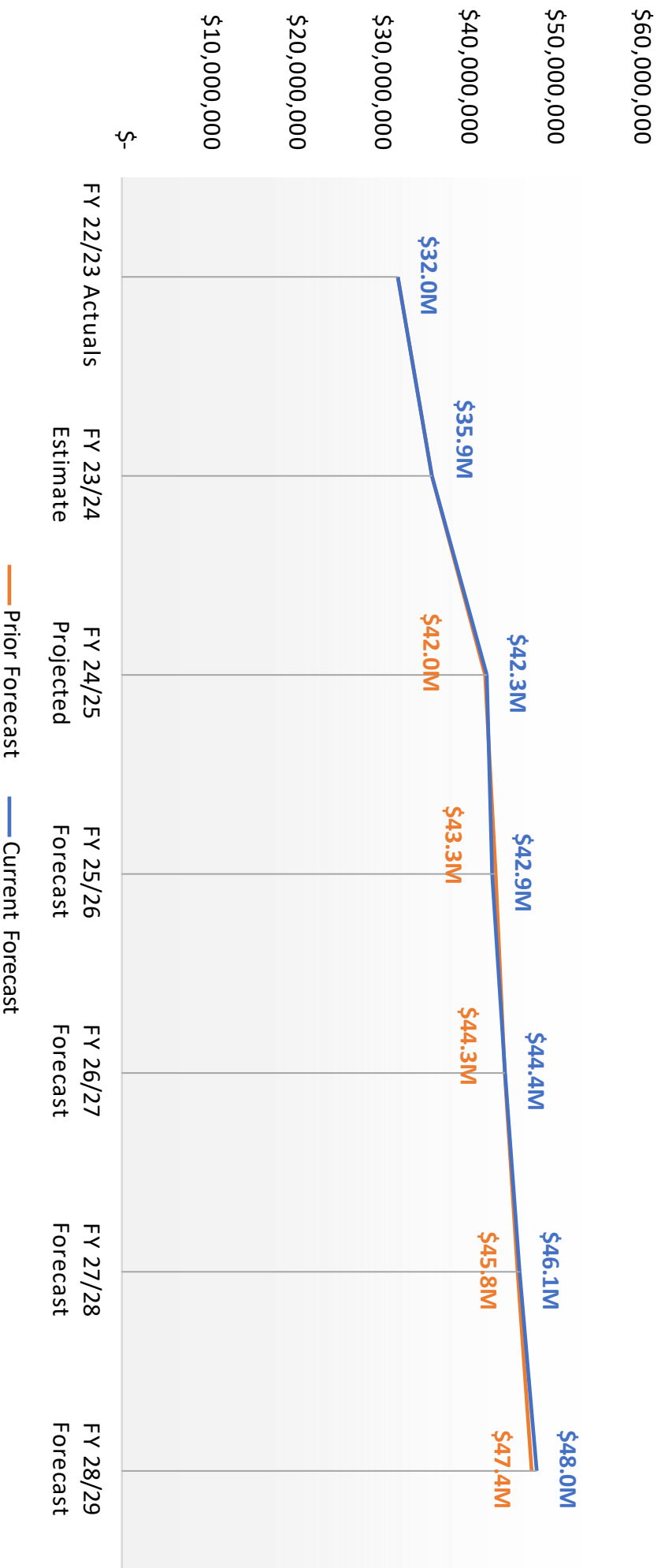
Christopher Hassert – Water Resources Director

Seth Weld – Water Resources Deputy Director

Erik Hansen – Management Assistant II

Wastewater

Increasing Operating Costs on the Wastewater Utility



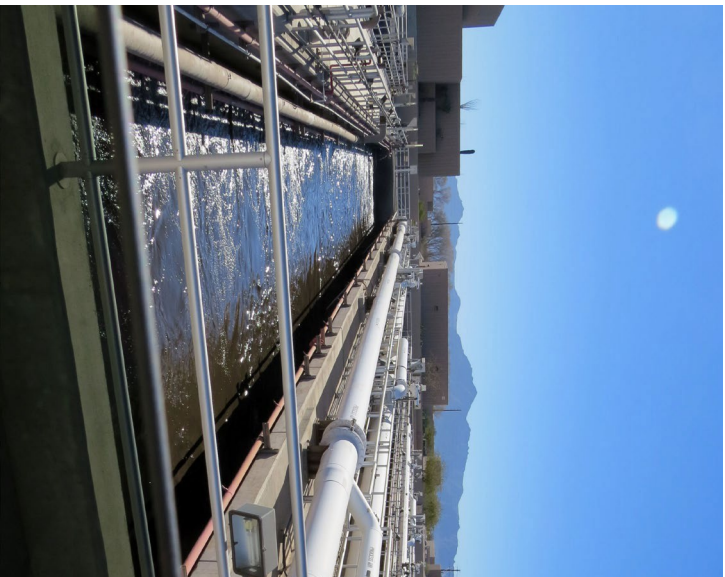
Increasing Project Costs on the Wastewater Utility

Over the next five (5) years:

| | |
|---|--|
| <p>Regional Commitments</p> <ul style="list-style-type: none"> • \$78M 91st Ave WWTP • \$5M Joint w/ Tempe Sewer Lines | <p>Lifecycle Replacement</p> <ul style="list-style-type: none"> • \$82M Sewer Collection System • \$28M NWWRP • \$26M GWRP (Mesa Share) • \$16M SEWRP |
| <p>Growth</p> <ul style="list-style-type: none"> • \$45M New Large Diameter Sewer Lines • \$8M Pumps at TS1 & TS2 • \$7M Lift Station & Force Main • \$2M GWRP Phase IV Expansion & Misc | <p>Joint with Transportation</p> <ul style="list-style-type: none"> • Val Vista: Southern to University • Broadway Road Phase I: Lesueur to Spur |

Increasing Costs on the Wastewater Utility

Regional Commitments



91st Ave WWTP

Lifecycle Replacement



Northwest WWTP

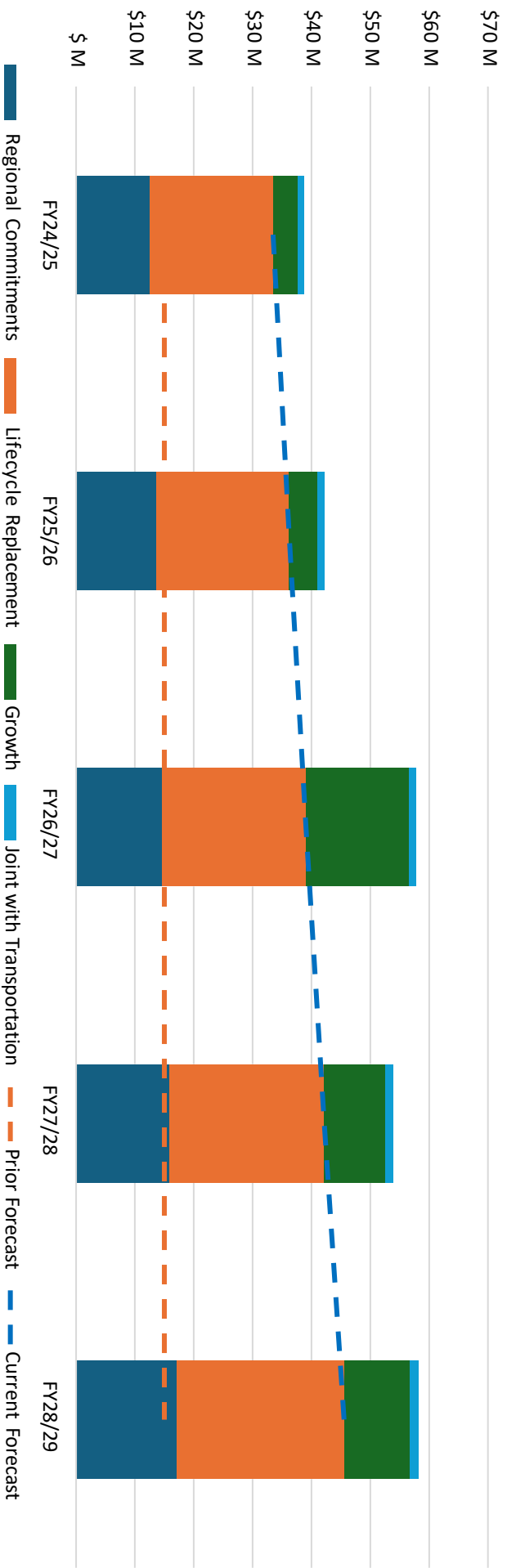
Growth



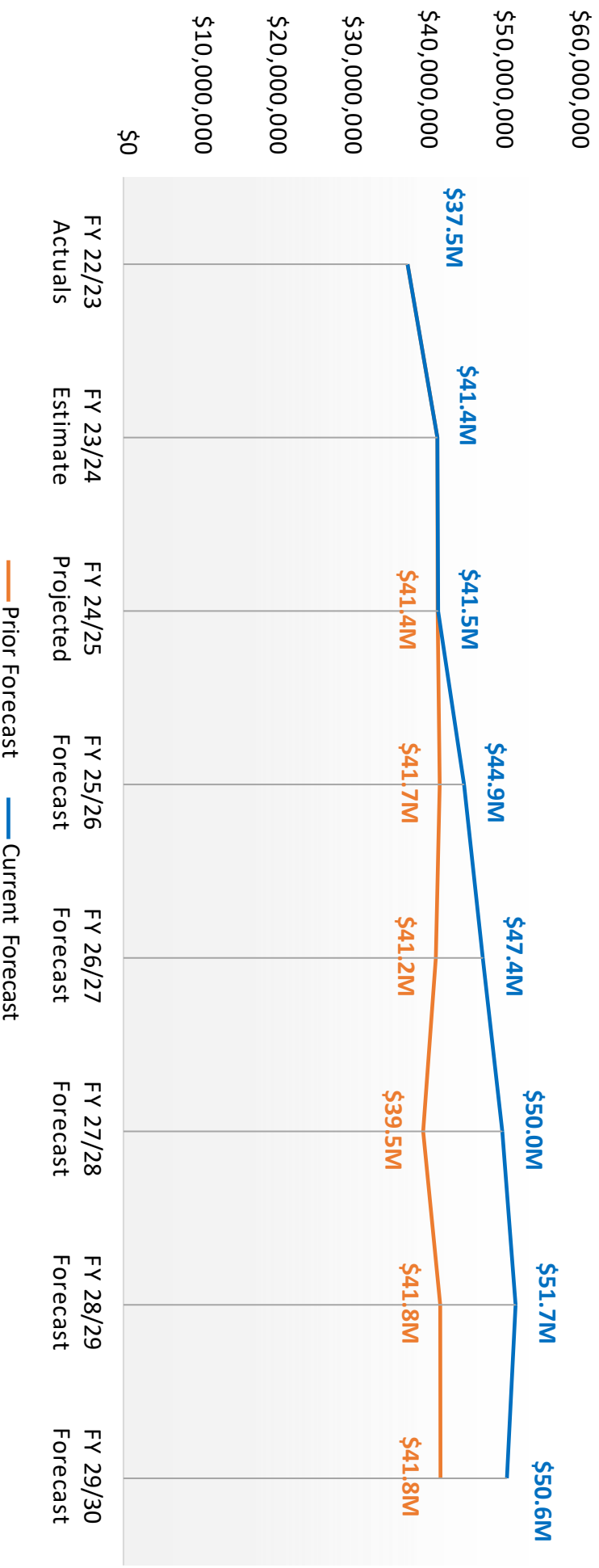
New Sewer Mains

Increasing Project Costs on the Wastewater Utility

- Prior forecast used a base amount of \$15M per year for the Department, determined pre-inflation
- Current forecast uses a base amount of \$33M for FY 24/25 for the Department and includes inflation



Increasing Costs on the Wastewater Utility – Debt Service

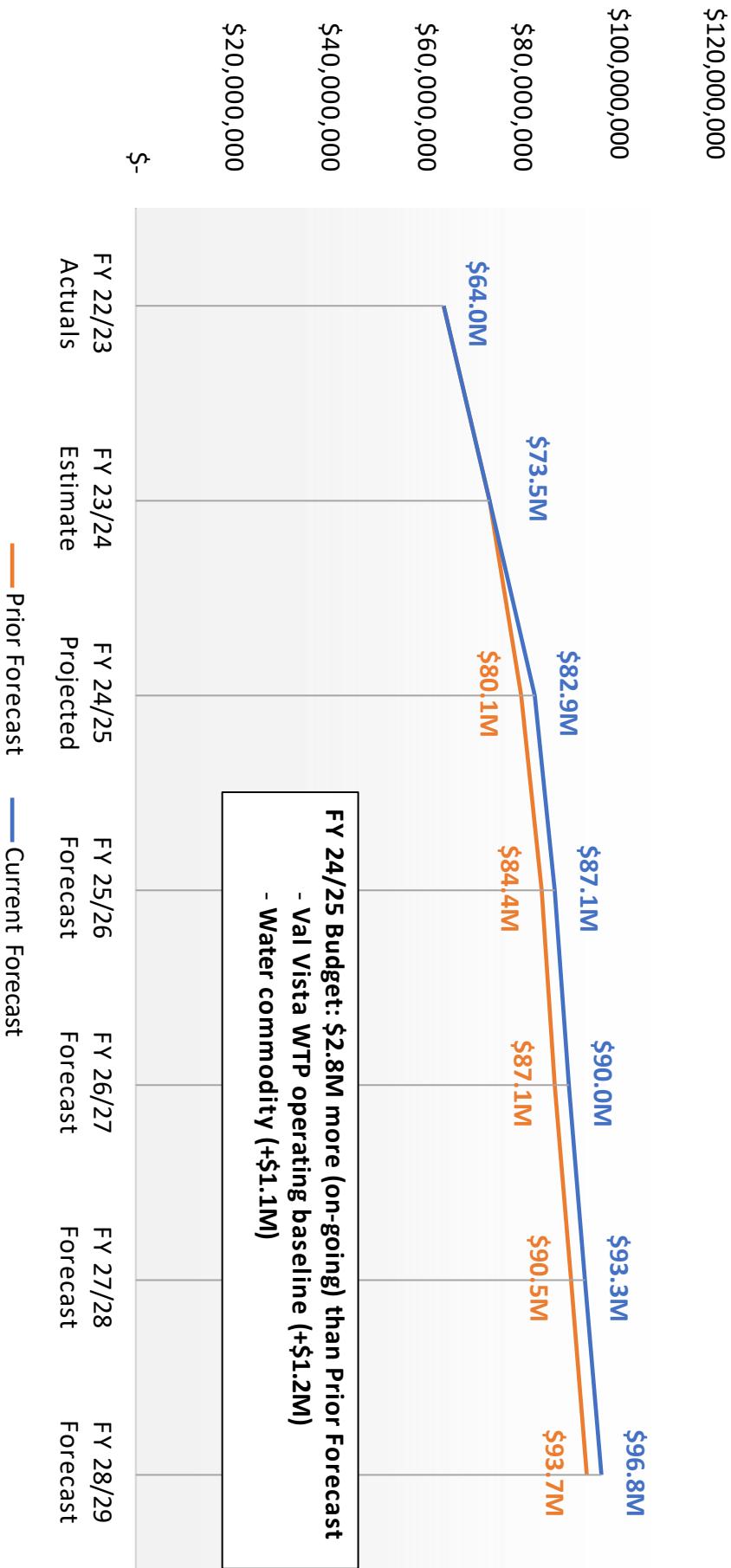


Proposed Rate Adjustments – Typical Customer

| | 2024 | | 2025 - Prior Forecast | | 2025 - Current Forecast | |
|-------------|------------|--|--------------------------------|----------------|---------------------------------|----------------|
| Residential | \$26.11/mo | | Service Charge Usage Charge | 4.75% 4.75% | Service Charge Usage Charge | 7.50% 7.50% |
| | | | \$27.35/mo (\$1.24/mo) | | \$28.07/mo (<u>\$1.96/mo</u>) | |
| Commercial | \$52.38/mo | | Service Charge Usage Charge | 5.00% 5.00% | Service Charge Usage Charge | 8.50% 8.50% |
| | | | \$55.00/mo (\$2.62/mo) | | \$56.83/mo (<u>\$4.45/mo</u>) | |

Water

Increasing Operating Costs on the Water Utility



Increasing Costs on the Water Utility – Central Mesa Reuse Pipeline (CMRP)



- 10.5 miles of 36” Pipeline
Designed to deliver 12 MGD
average flow with a peak flow
rate of 18 MGD from NWWRP
to GRIC turnout
- New pipe initial deliveries to
the Gila River Indian
Community will be about
9,000 AF/year

Increasing Costs on the Water Utility – Signal Butte Expansion

- Current Max Day demand is 30 MGD
- The plant is currently rated for 24 MGD and there is 10 MGD of firm well water connected to SBWTPP for a total of 34 MGD



Increasing Costs on the Water Utility – AMI



- Phase II started Sept 2023
- 24,000 Water Meters Installed through Aug 2024
- Expected Completion end of 2026

Increasing Project Costs on the Water Utility – Big 3 Projects

Current forecast includes additional \$125M for Big 3 Projects based on latest cost estimates and contract costs:

- Central Mesa Reuse Pipeline: +\$55M
- Signal Butte WTP Expansion: +\$55M
- AML: +\$15M

Cost increases driven by:

- Commodity costs (steel, concrete)
- Electrical gear
- Lack of qualified bidders for many trades

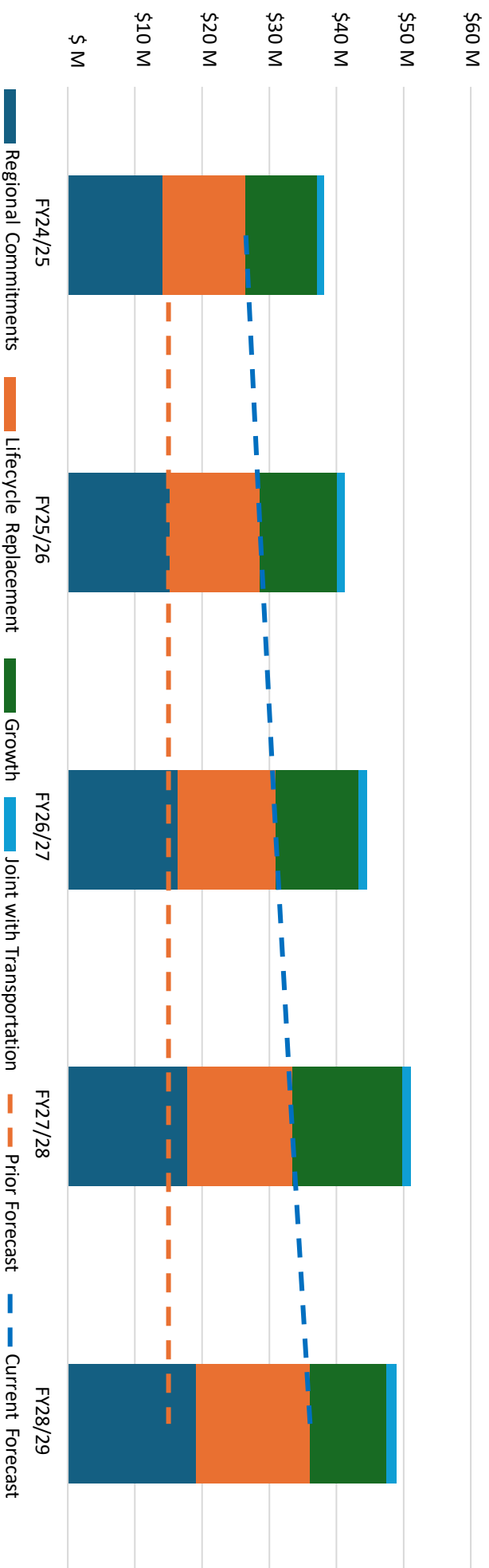
Increasing Project Costs on the Water Utility

Over the next five (5) years:

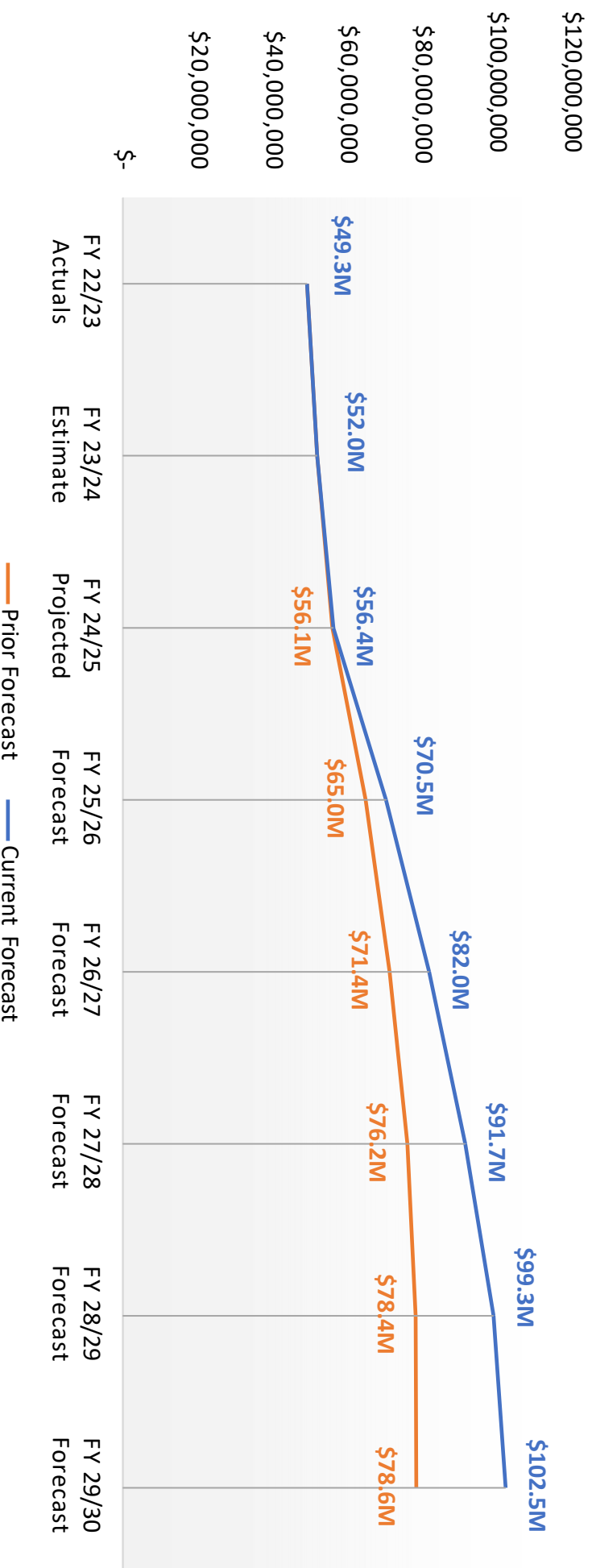
| | |
|---|---|
| <p>Regional Commitments</p> <ul style="list-style-type: none"> • \$57M Val Vista WTP • \$7M White Mtn Apache Water Settlement • \$5M SRP/CAP Interconnect Facility • \$5M Bartlett Dam Expansion | <p>Lifecycle Replacement</p> <ul style="list-style-type: none"> • \$107M Water Distribution System • \$32M Groundwater Well Re-drill and Equip • \$2M BRWTP • \$2M Reservoir Rehab |
| <p>Growth</p> <ul style="list-style-type: none"> • \$37M New Groundwater Wells & Lines • \$11M PMGA Water and Sewer Lines | <p>Joint with Transportation</p> <ul style="list-style-type: none"> • Val Vista: Southern to University • Broadway Road Phase I: Lesueur to Spur |

Increasing Project Costs on the Water Utility

- Prior forecast used a base amount of \$15M per year, determined pre-inflation
- Current forecast uses a base amount of \$27M for FY 24/25 and includes inflation



Increasing Costs on the Water Utility – Debt Service



Proposed Rate Adjustments – Typical Customer

| | 2024 | 2025 - Prior Forecast | 2025 - Current Forecast |
|---|----------------|--|---------------------------|
| Residential (6kgal/mo) | \$41.70/mo | Service Charge Usage Charge Effective Increase \$43.00/mo (\$1.30/mo) | 3.00% 3.50% 3.11% |
| Commercial General (9kgal/mo) | \$73.82/mo | Service Charge Usage Charge Effective Increase \$76.64/mo (\$2.82/mo) | 3.00% 5.50% 3.82% |
| Commercial Landscape (29kgal/mo) | \$162.64/mo | Service Charge Usage Charge Effective Increase \$172.50/mo (\$9.86/mo) | 3.00% 7.50% 6.06% |
| Large Commercial (7,500kgal/mo) | \$20,849.00/mo | Service Charge Usage Charge Effective Increase \$23,244.51/mo (\$2,395.51/mo) | 3.00% 12.00% 11.49% |
| | | Service Charge Usage Charge Effective Increase \$24,446.09/mo (\$3,597.09/mo) | 5.50% 18.00% 17.25% |

Water Conservation

Residential

| | <u>Previous</u> | <u>Current</u> |
|-----------|-----------------|----------------|
| • Tier 2: | +3.50% | +6.50% |
| • Tier 3: | +4.00% | +7.50% |
| • Tier 4: | +4.50% | +8.50% |

Non-residential

| | <u>Previous</u> | <u>Current</u> |
|------------|-----------------|----------------|
| • General: | +6.00% | +9.00% |

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

| | <u>Previous</u> | <u>Current</u> |
|--------------|-----------------|----------------|
| • General: | +6.50% | +9.50% |
| • Landscape: | +7.50% | +10.00% |

Other Rates

Interdepartmental Usage Rate

| <u>Previous</u> | <u>Current</u> |
|-----------------|----------------|
| +10.00% | +10.00% |

PMGA Fire Protection Demand Charge

- Fire pump station constructed in 2004
- Currently serving eleven (11) customers
- Rate has not been updated in ten (10) years
- Being updated to bring in line with cost recovery



Financing Future Growth

Capacity Fee

- New fee
- Charged to project developer
- Recover costs associated with new development in the City:
 - Treatment/Reclamation Plant Expansion
 - New Pipelines
- Prevent new growth from being financed by existing ratepayers
- Based on meter size; pricing being determined

Energy Resources Department

Presented by:

Scott Bouchie – Energy Resources Director

Anthony Cadorin – Energy Resources Program Manager

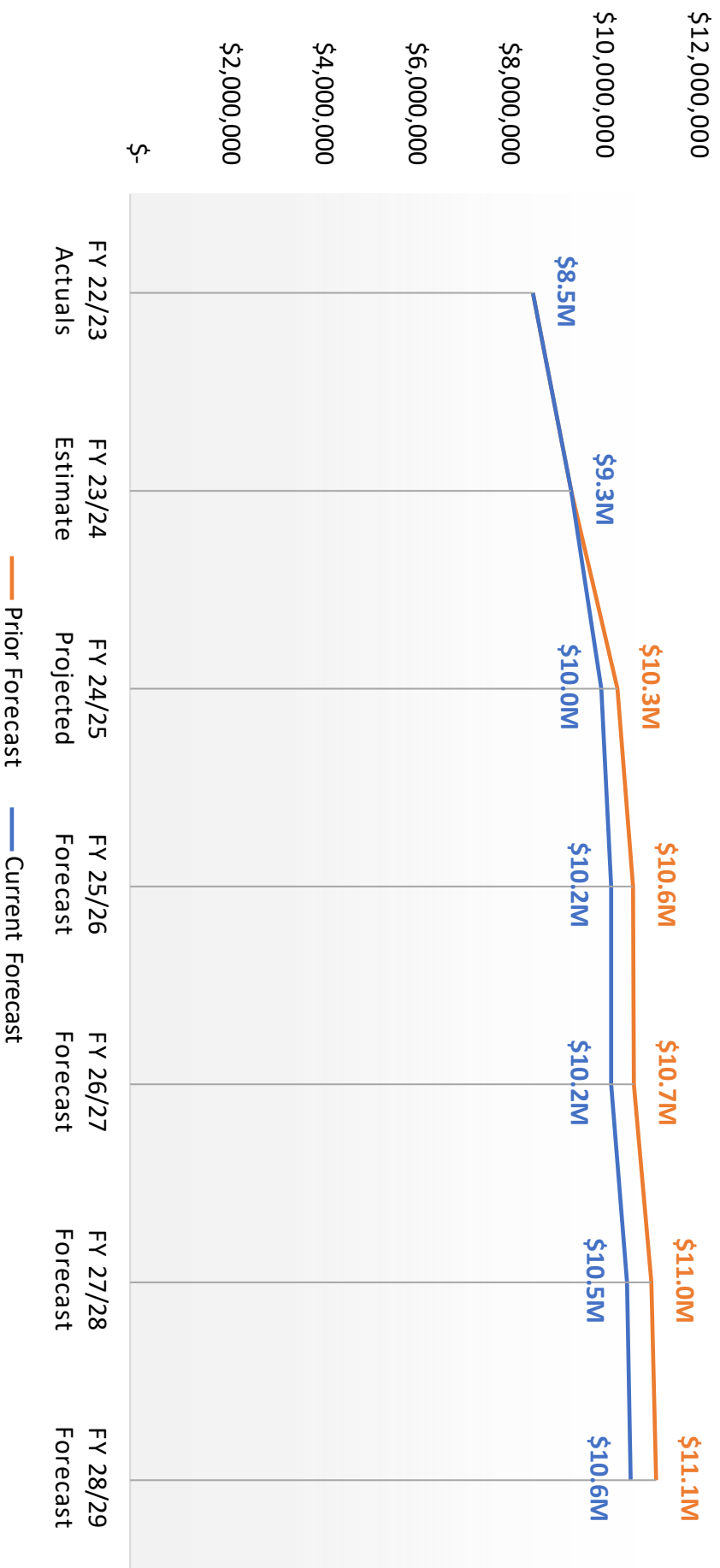
John Petrof – Senior Fiscal Analyst

Electric

Increasing Costs/Pressures on the Electric Utility

- Operating Budget
 - Inflation on commodities and other services
 - Personal services increases
- Debt Service
 - Meeting growth demands in Downtown
 - Multi-department projects (Broadway Rd)
 - Reliability/Generation projects
 - 69 kV Looping
 - AMI Budget Increase
 - Microgrid Budget Increase

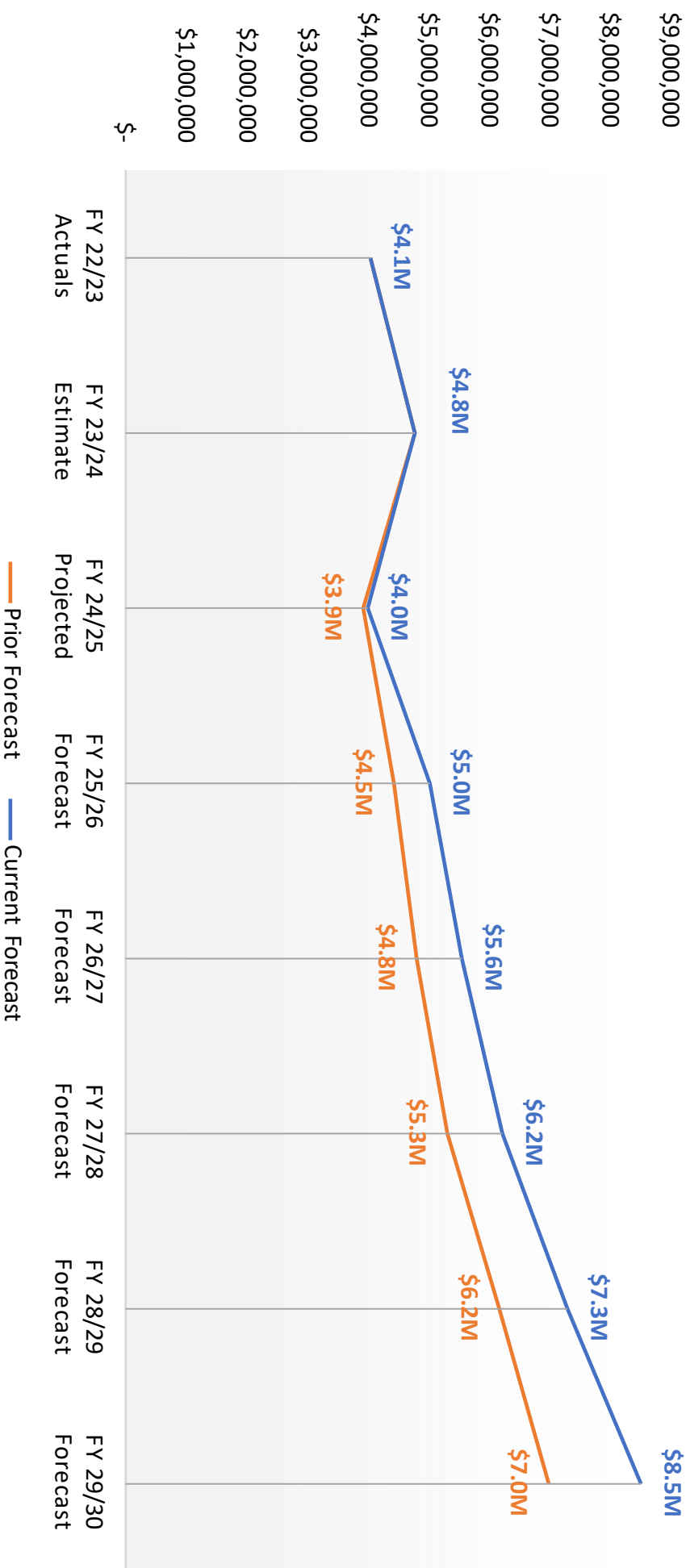
Increasing Operating Costs on the Electric Utility

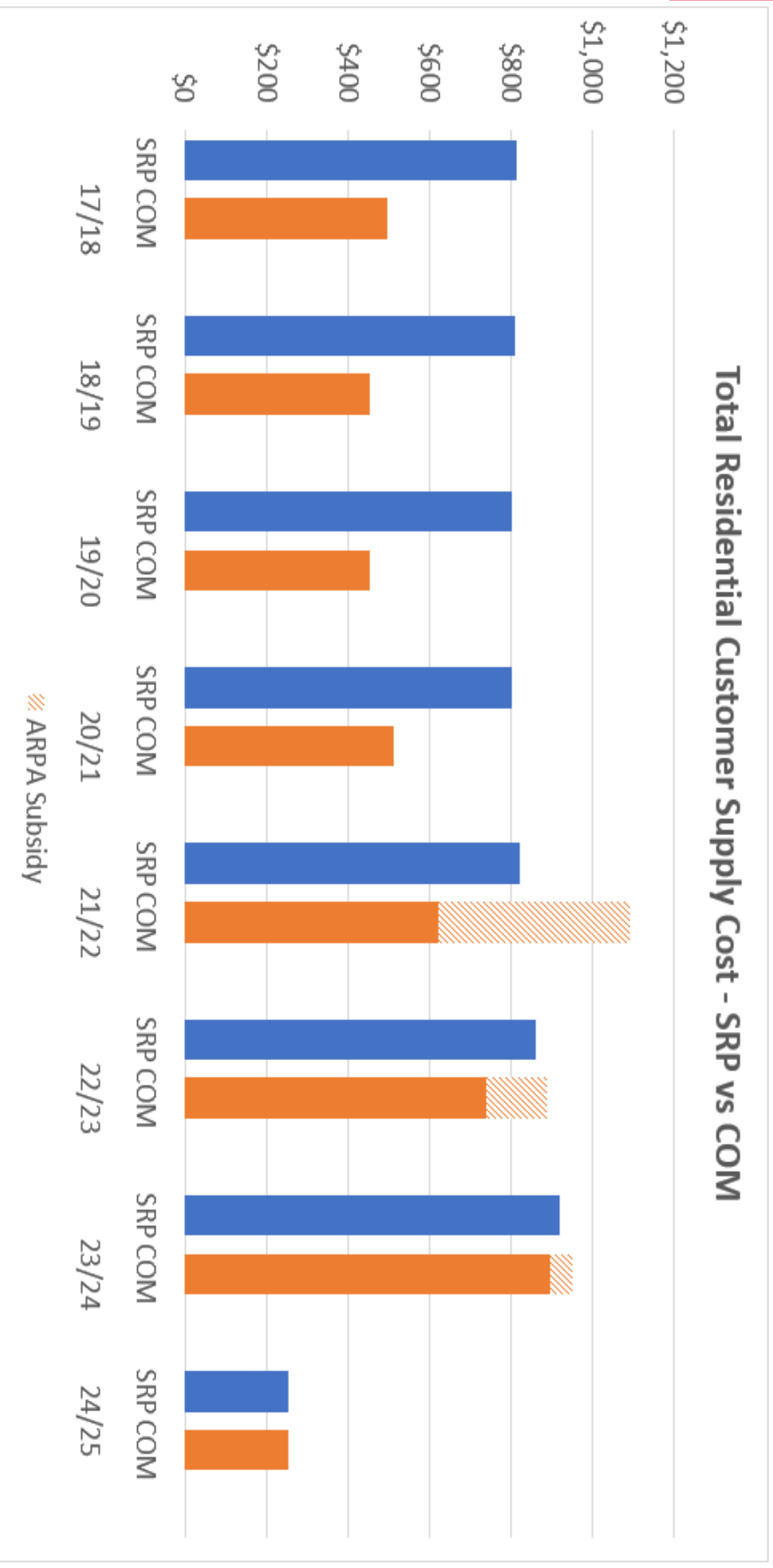


Electric Project Cost Increases

| PROJECT | PRIOR FORECAST | CURRENT FORECAST | INCREASE |
|---|----------------|------------------|----------|
| Advanced Metering Infrastructure | \$1.2M | \$3.4M | \$2.2M |
| Edge on Main (New service) | \$0 | \$2.4M | \$2.4M |
| Substation Improvements (w/SRP at Rogers) | \$200k | \$1.5M | \$1.3M |
| Electric Improvements w/Water (Duct bank relocation, Broadway & Morris) | \$0 | \$300k | \$300k |

Increasing Debt Service Costs on the Electric Utility





Residential Electric Bill Comparison



*SRP amount includes proposed November rate increase

Proposed Residential Electric Rates

| COMPONENT | CURRENT | PROPOSED | CHANGE | PRIOR FORECAST |
|-------------------------------------|--|--|-----------|----------------|
| SYSTEM SERVICE CHARGE | \$16.75 | \$19.50 | \$2.75 | \$2.50 |
| USAGE CHARGE SUMMER per kWh | Tier 1 - \$0.05231 Tier 2 - \$0.05027 | Tier 1 - \$0.05231 Tier 2 - \$0.05027 | 0% 0% | 0% 4.25% |
| USAGE CHARGE WINTER per kWh | Tier 1 - \$0.04317 Tier 2 - \$0.02502 | Tier 1 - \$0.04317 Tier 2 - \$0.03479 | 0% 39% | 5% 39% |
| MONTHLY BILL (Average Customers) | \$147.49 | \$150.24 | \$2.75 | \$3.22 |
| EFFECTIVE INCREASE | | | 1.9% | 2.2% |

Commercial Electric Bill Comparison



*SRP amount includes proposed November rate increase

Proposed Commercial Electric Rates

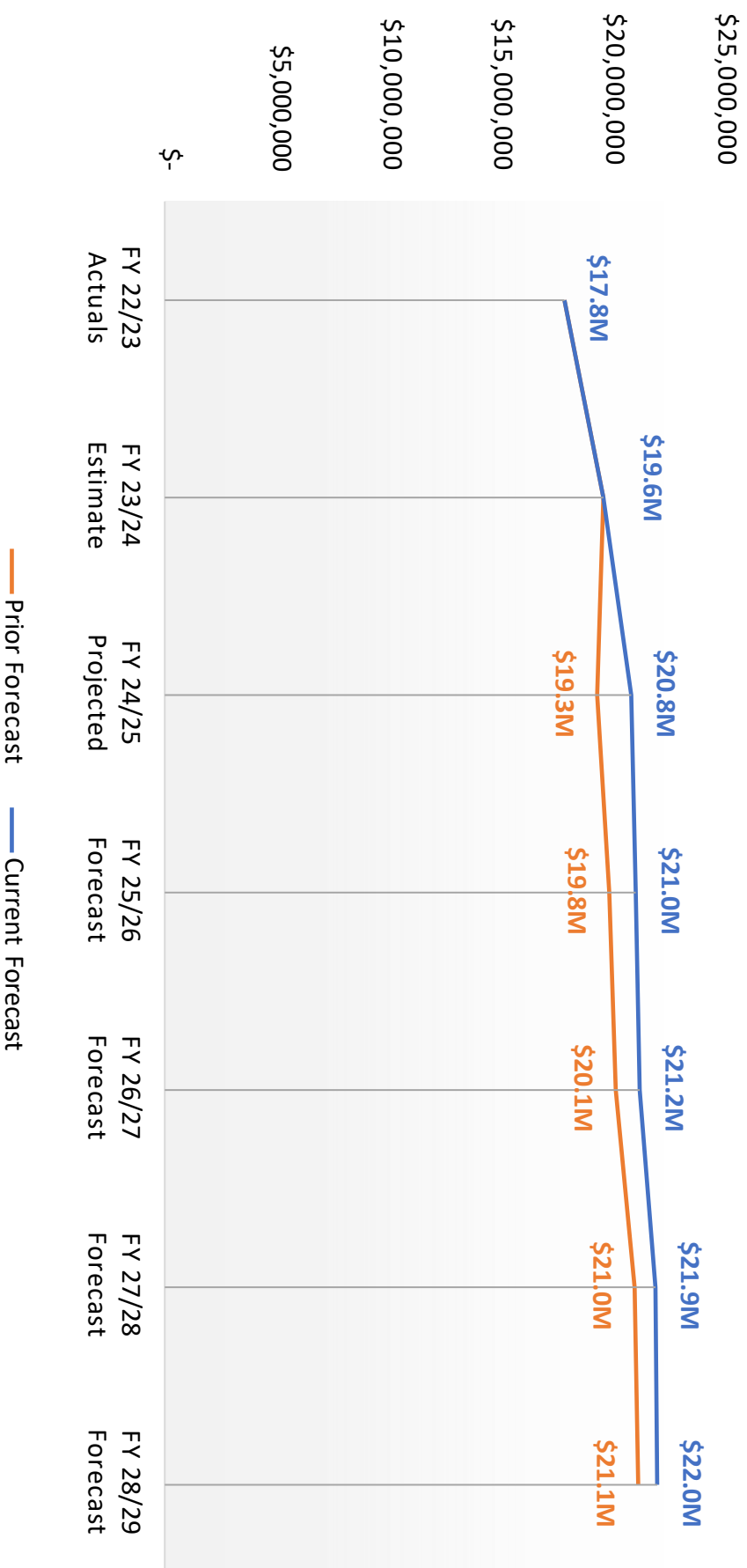
| COMPONENT | CURRENT | PROPOSED | CHANGE | PRIOR FORECAST |
|-------------------------------------|---|---|--------|----------------|
| SYSTEM SERVICE CHARGE | Single Phase - \$14.72 Three Phase - \$20.74 | Single Phase - \$19.72 Three Phase - \$25.74 | \$5.00 | \$2.50 |
| USAGE CHARGE SUMMER per kWh | Tier 2 - \$0.04591 | Tier 2 - \$0.04867 | 6% | 6% |
| USAGE CHARGE WINTER per kWh | Tier 2 - \$0.03916 | Tier 2 - \$0.03994 | 2% | 1% |
| MONTHLY BILL (Average Customers) | \$604.45 | \$609.45 | \$5.00 | \$2.50 |
| EFFECTIVE INCREASE | | | 0.8% | 0.4% |

Natural Gas

Increasing Costs/Pressures on the Gas Utility

- Operating Budget
 - Inflation on commodities, services, and contracts
 - Personal services increases
- Debt Service
 - Meeting growth demands in Magma service territory
 - New Gate Station
 - Gantzel Rd
 - Arizona Farms Road
 - New Services
 - Quarter Section Renewal Projects
- AMI Budget Increase

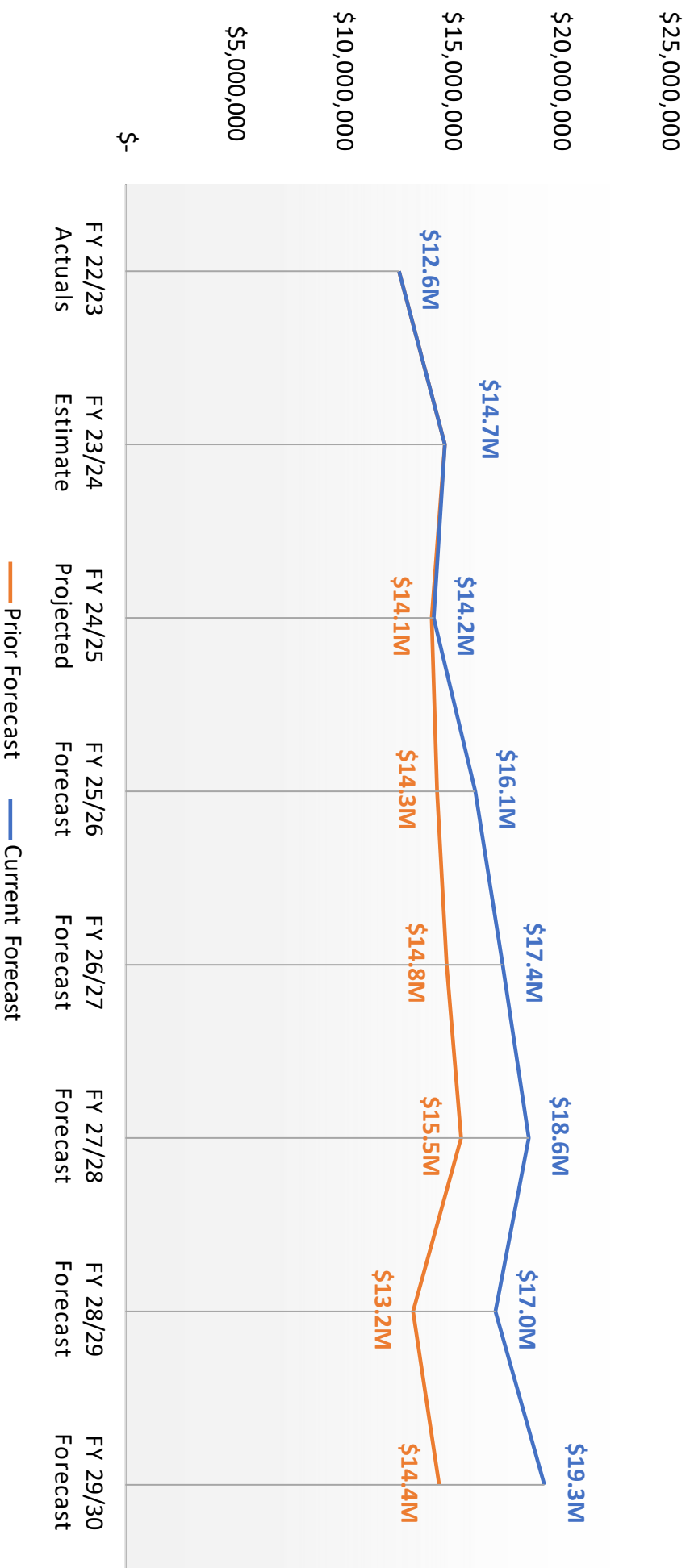
Increasing Operating Costs on the Gas Utility



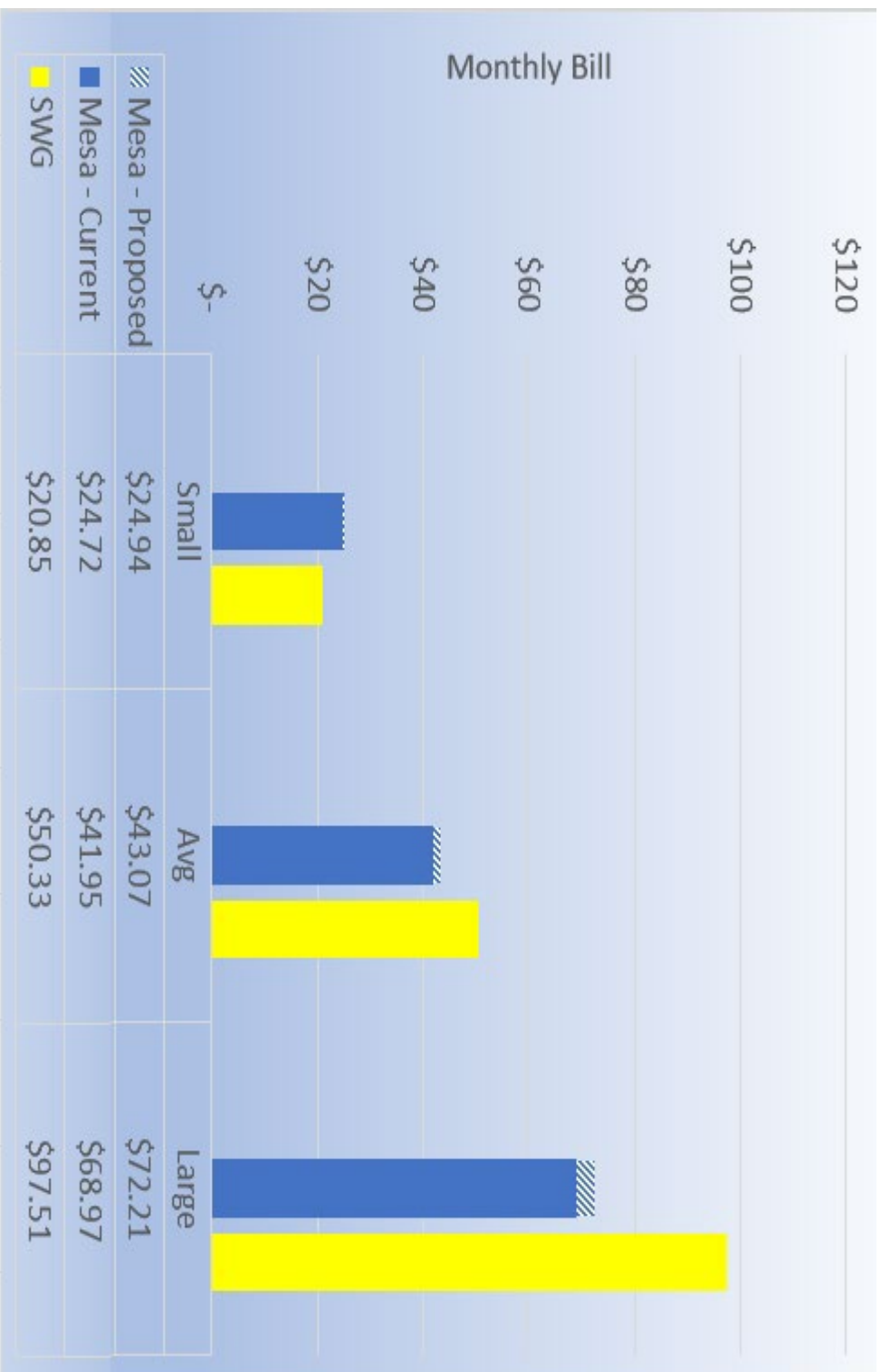
Gas Project Cost Increases

| PROJECT | PRIOR FORECAST | CURRENT FORECAST | INCREASE |
|---|----------------|------------------|----------|
| Advanced Metering Infrastructure | \$3.2M | \$14.0M | \$10.8M |
| Main Replacement (various locations w/Water) | \$0 | \$1.8M | \$1.8M |
| New Mains | \$14.0M | \$15.3M | \$1.3M |
| New Services | \$14.0M | \$14.6M | \$600K |
| High Pressure Mains | \$1.7M | \$4.3M | \$2.6M |

Increasing Debt Service Costs on the Gas Utility



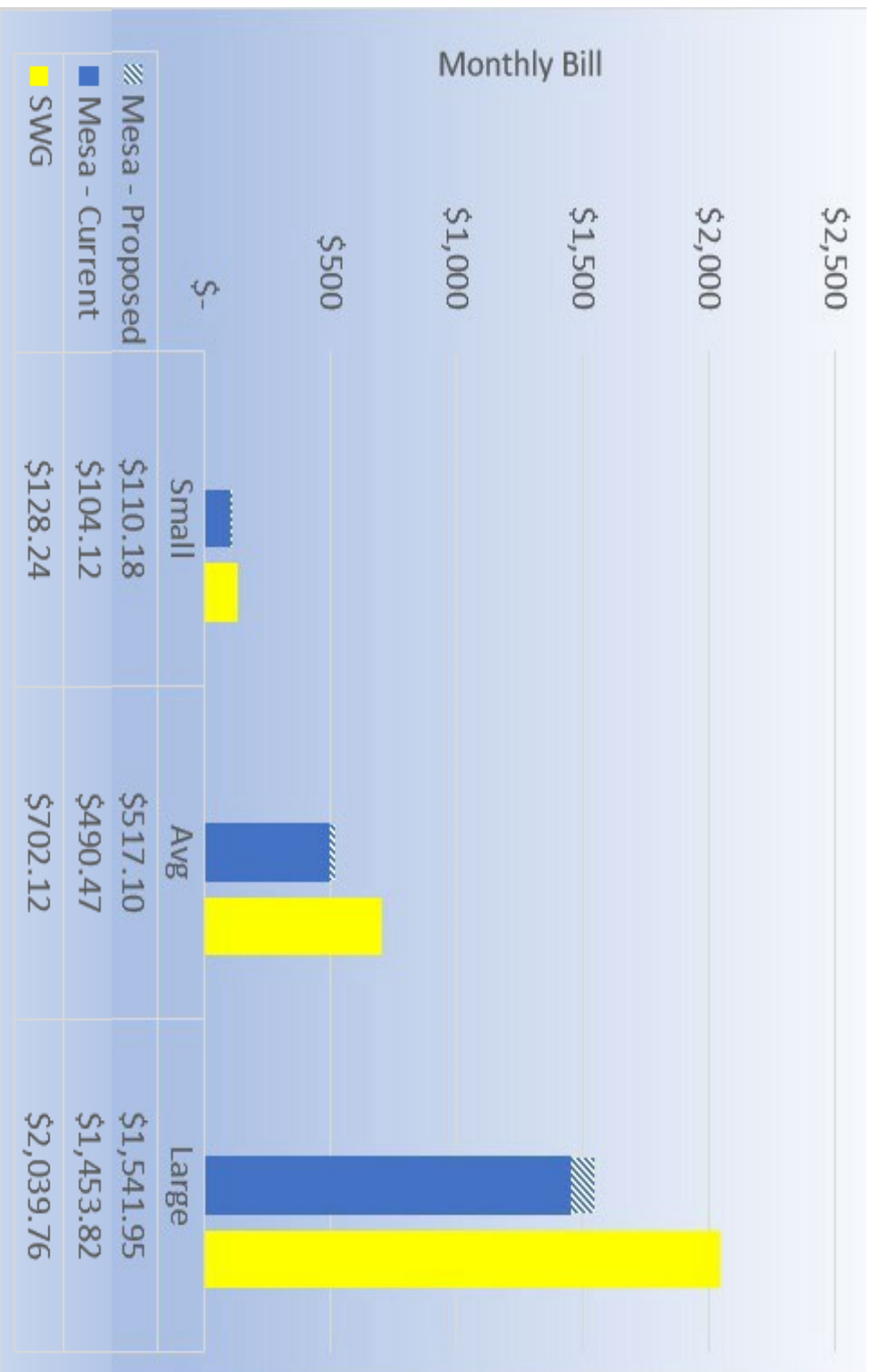
Residential Gas Bill Comparison



Proposed Residential Gas Rates

| COMPONENT | CURRENT | PROPOSED | CHANGE | PRIOR FORECAST |
|-------------------------------------|--|--|-----------|----------------|
| SYSTEM SERVICE CHARGE | | | | |
| SUMMER | \$17.31 | \$17.31 | \$0.00 | \$0.75 |
| WINTER | \$20.24 | \$20.24 | | |
| USAGE CHARGE | | | | |
| SUMMER per therm | Tier 1 - \$0.7019 Tier 2 - \$0.3201 | Tier 1 - \$0.7440 Tier 2 - \$0.3682 | 6% 15% | 5% 11% |
| USAGE CHARGE | | | | |
| WINTER per therm | Tier 1 - \$0.7019 Tier 2 - \$0.7019 | Tier 1 - \$0.7440 Tier 2 - \$0.8072 | 6% 15% | 5% 5% |
| MONTHLY BILL (Average Customers) | \$41.95 | \$43.07 | \$1.12 | \$1.49 |
| EFFECTIVE INCREASE | | | 2.7% | 3.6% |

Commercial Gas Bill Comparison



Proposed Commercial Gas Rates

| COMPONENT | CURRENT | PROPOSED | CHANGE | PRIOR FORECAST |
|-------------------------------------|--|--|-----------|----------------|
| SYSTEM SERVICE CHARGE | | | | |
| SUMMER | \$41.66 | \$44.66 | \$3.00 | \$2.00 |
| WINTER | \$51.34 | \$54.34 | | |
| USAGE CHARGE | | | | |
| SUMMER per therm | Tier 1 - \$0.5439 Tier 2 - \$0.3493 | Tier 1 - \$0.5929 Tier 2 - \$0.4366 | 9% 25% | 2% 4% |
| USAGE CHARGE WINTER per therm | Tier 1 - \$0.5891 Tier 2 - \$0.5046 | Tier 1 - \$0.6421 Tier 2 - \$0.6308 | 9% 25% | 2% 4% |
| MONTHLY BILL (Average Customers) | \$490.47 | \$517.10 | \$26.63 | \$7.26 |
| EFFECTIVE INCREASE | | | 5.4% | 1.5% |

Solid Waste Department

Presented by:

Sheri Collins – Solid Waste Director

Justin Stadt – Senior Fiscal Analyst

Increasing Cost Pressures On The Utilities



Landfill Charges - \$3.0M

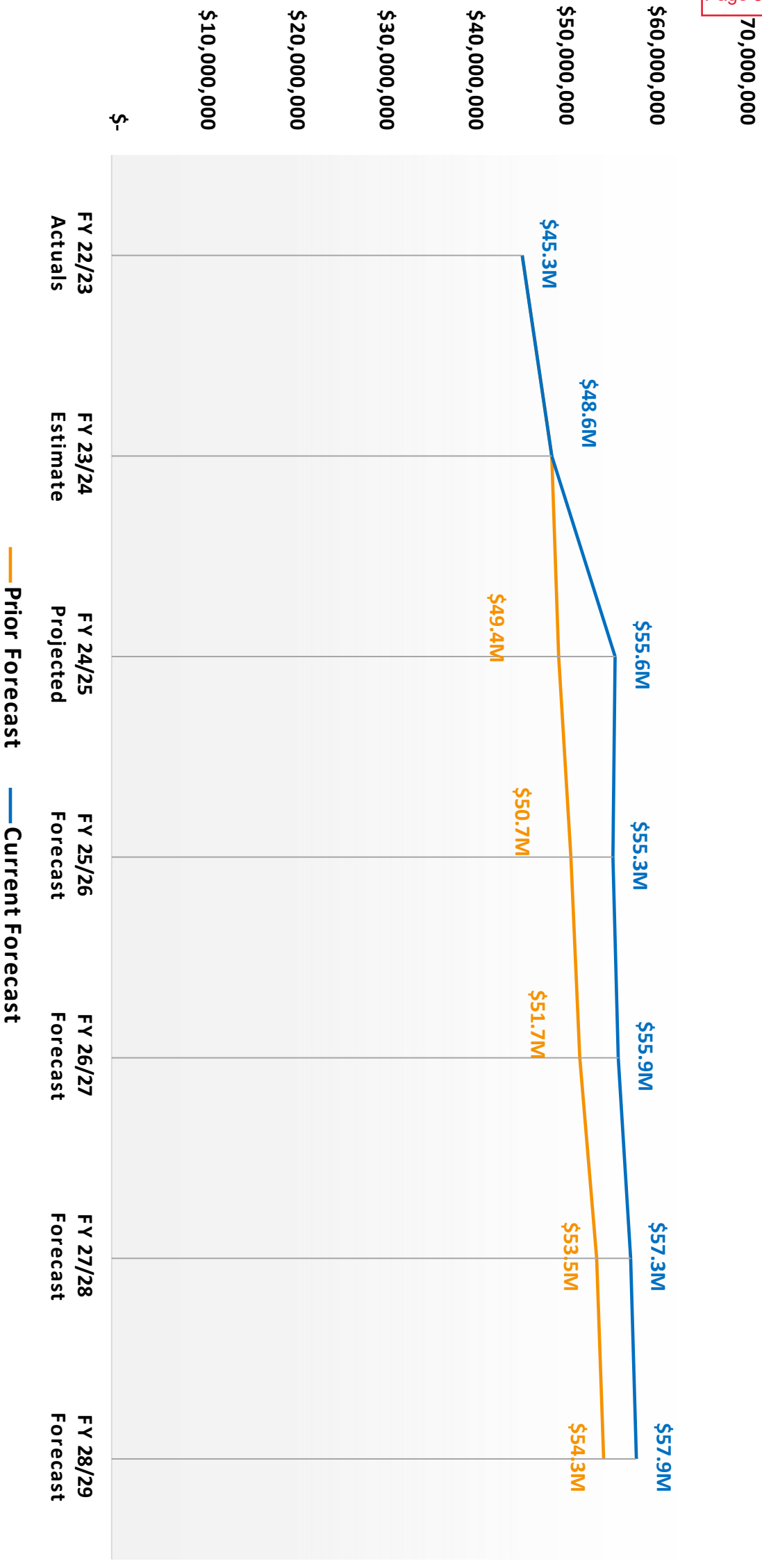
(From \$9M to \$12M)



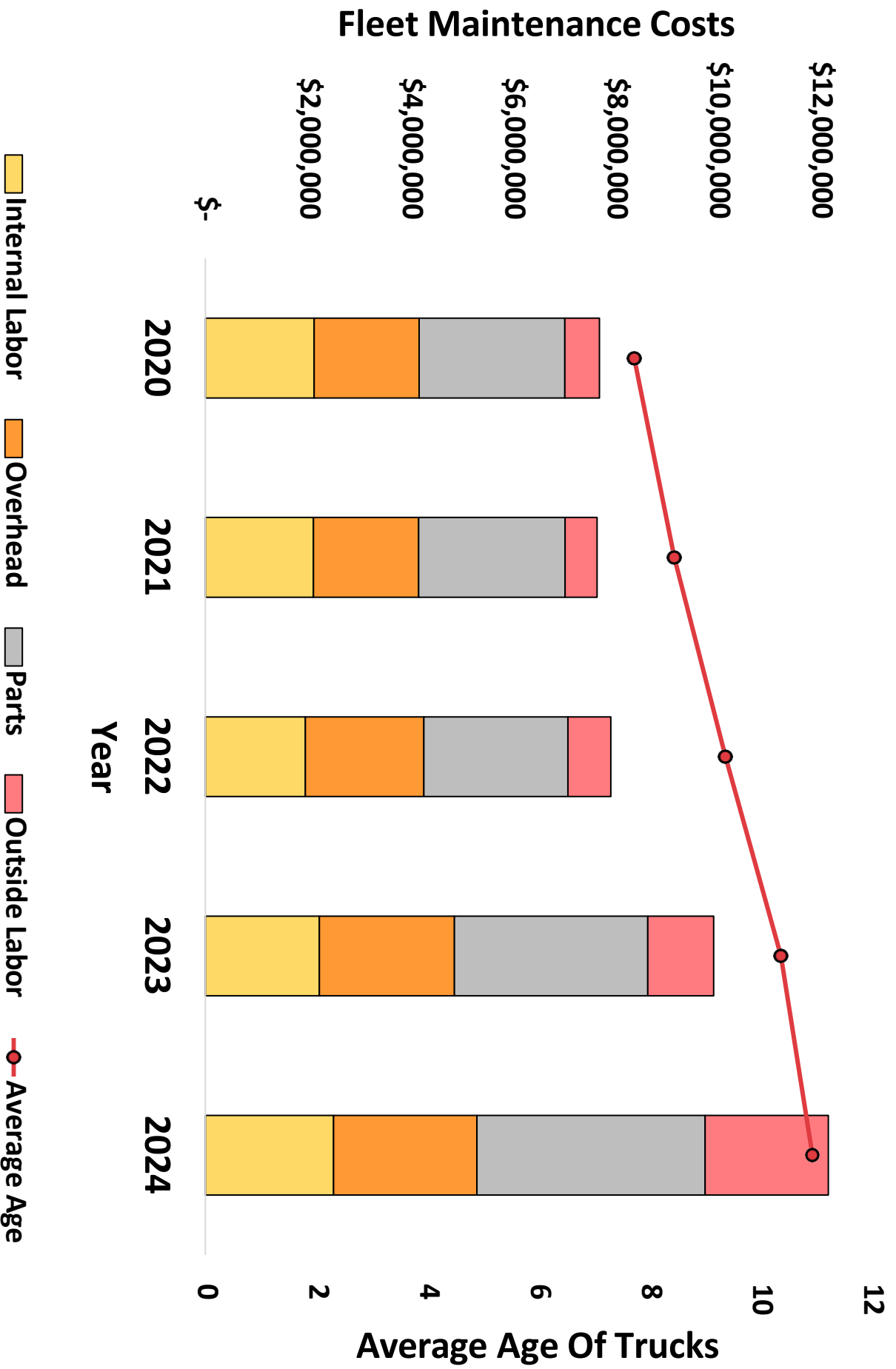
Fleet Maintenance - \$3.0M

(From \$8.6M to \$11.6M)

Increasing Operating Costs on the Solid Waste Utility



Fleet Maintenance Costs Compared to Average Truck Age



Solid Waste Residential Rate 5.5% Recommended Increase (3% Prior Forecast)

| | 2024 Rate | (3% increase) 2025 – Prior Forecast | (5.5% increase) 2025 – Current Forecast |
|---|------------|--|--|
| Residential 90-gallon Trash & Recycling Barrel | \$31.44/mo | \$32.38 | \$33.17 |



Solid Waste Residential Green and Clean Fee (No increase in prior forecast)

| | CURRENT | PROPOSED INCREASE | PROPOSED TOTAL |
|---------------------|---------|-------------------|----------------|
| Green and Clean Fee | \$0.96 | \$0.04 | \$1.00 |



Solid Waste Total Residential Increase

| | CURRENT | PROPOSED INCREASE | PROPOSED TOTAL |
|------------------------|----------------|--------------------------|-----------------------|
| 90-gallon Trash Barrel | \$31.44 | \$1.73 | \$33.17 |
| Green and Clean Fee | \$0.96 | \$0.04 | \$1.00 |
| Total | \$32.40 | \$1.77 | \$34.17 |

Commercial Front Load Trash Recommendations

10% Overall Rate Increase (3% *Prior Forecast*)



- Increase base rate by 6.5%
- 6-yard bin increase from \$114.81 to \$122.22

Increase fee for out-of-zone collection

- From \$25.00 to \$28.00

Decrease multi-day discount

- From 10% to 5%

Increase contract limits

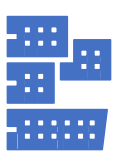
- From 8% to 10%

Commercial Front Load Cardboard Recommendations 5% Increase (3% Prior Forecast)

- 6-yard bin increase from \$97.38 to \$102.25



New - Commingled Downtown Front Load Recycling Program



Multi-family and commercial customers in the downtown area \$102.25 monthly rate Awarded \$135,500 ADEQ Grant during FY 2024



- New Rate - Commercial Blue Barrel



\$10 per
barrel



1,300
customers



5000+
commercial
blue barrels



+\$300,000
in annual
revenue

Commercial Roll Off Recommendations 6.5% Overall Rate Increase (3% Prior Forecast)

- Increase tonnage rate to follow landfill increase
 - Increase trash tonnage rate from \$42.20 to \$47.75
 - Increase green waste tonnage rate from \$49.90 to \$55.50
- Increase haul fee by \$2
 - 30-yard roll off increase from \$143 to \$145



Commercial Roll Off Recommendations 6.5% Overall Rate Increase (3% Prior Forecast)

- \$18.65 increase for a one-time trash customer
- 30-yard box increase from \$419.60 to \$438.25
- \$18.80 increase for a one-time green waste customer
- 30-yard box increase from \$442.70 to \$461.50



Other Adjustments : Terms & Conditions and Utility Service Fees

Other Adjustments

- Terms & Conditions for the Sale of Utilities:
 - Clarifying language that the City may trim vegetation or remove obstructions on a customer’s premises if needed to access utility meter
- Utility Service Fees:
 - Align Trip-related charges for Turn On, Termination, and Unscheduled Trip services

| Service Trip | Current | Recommendation |
|---|----------------|-----------------------|
| Next Day Turn On – Electric/Water (no change) | \$20 | \$20 |
| Termination of Service Disconnection | \$17 | \$20 |
| Unscheduled Trip | \$21 | \$20 |

Other Adjustments

- Utility Service Fees (continued):
 - Security Deposit increase for Hydrant Meters (construction use) from \$1,500 to \$2,500 due to increase in meter cost
- Increase Unauthorized Use fees for repeat offenders:
 - Currently, \$100/occurrence for Residential customers, \$1,000/occurrence for Commercial customers

| Unauthorized Use | Residential | Commercial |
|-------------------------|-------------|------------|
| First Occurrence | \$100 | \$1,000 |
| Second Occurrence | \$500 | \$2,500 |
| Following Occurrence(s) | \$1,000 | \$2,500 |

Utility Fund Forecast Review

Utility Fund Forecast: FY 24/25 Recommended Rate Adjustments

As of 08/26/2024 FY 23/24 FY 24/25 FY 24/25
 Estimate Budget Projected

| TOTAL NET SOURCES AND USES | (\$22,043,631) | (\$27,212,912) | (\$21,941,486) |
|---|----------------------|---------------------|----------------------|
| Beginning Reserve Balance | \$144,413,643 | \$114,759,072 | \$122,370,012 |
| Ending Reserve Balance | \$122,370,012 | \$87,546,160 | \$100,428,526 |
| Ending Reserve Balance Percent* | 23.2% | 16.0% | 17.9% |
| <i>*As a % of Next Fiscal Year's Expenditures</i> | | | |
| WATER Residential (Tier 1 usage) | 3.00% | 3.50% | 5.50% |
| WATER Commercial (usage) | 5.00% | 5.50% | 8.00% |
| 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 Recommended Rate Adjustments

| As of 8/22/2024 | 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) | (\$2,297,373) | (\$9,745,447) | (\$12,649,920) | (\$12,282,263) | (\$9,938,493) | (\$2,007,840) |
| 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) | (\$21,941,486) | (\$22,899,965) | (\$19,439,119) | (\$15,037,993) | (\$168,777) | \$18,475,335 |
| Beginning Reserve Balance | \$144,413,643 | \$122,370,012 | \$100,428,526 | \$77,528,561 | \$58,089,442 | \$43,051,449 | \$42,882,672 |
| Ending Reserve Balance | \$122,370,012 | \$100,428,526 | \$77,528,561 | \$58,089,442 | \$43,051,449 | \$42,882,672 | \$61,358,007 |
| Ending Reserve Balance Percent* | 23.2% | 17.9% | 12.3% | 9.2% | 6.5% | 6.2% | 8.6% |

*As a % of Next Fiscal Year's Expenditures

Schedule for FY 2024/25 Utility Rate Adjustment Recommendation

- Sept 19** – City Council Discussion of Utility Rates (if necessary)
- 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