



COUNCIL MINUTES

September 19, 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 19, 2024, at 7:32 a.m.

COUNCIL PRESENT

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

COUNCIL ABSENT

John Giles

OFFICERS PRESENT

Christopher Brady
Holly Moseley
Jim Smith

Vice Mayor Heredia conducted a roll call.

Vice Mayor Heredia excused Mayor Giles from the entire meeting.

1. Review and discuss items on the agenda for the September 23, 2024, Regular Council meeting.

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

Conflict of interest: None

Items removed from the consent agenda: None

Responding to a question from Councilmember Somers regarding Item 5-d, **(Approving and authorizing the City Manager to enter into an Intergovernmental Agreement with the Queen Creek Unified School District for Surveillance System Emergency Access.) (Citywide)**, on the Regular Council meeting agenda, Assistant Police Chief Gina Nesbit explained that the proposed agreement is the same agreement that the City has with Mesa Public Schools (MPS) which provides access to the security cameras. She clarified that Mesa Police are partnering with the local schools to access the surveillance cameras when there is an active incident taking place. She confirmed that this is in response to the recent increase in juvenile crimes.

Responding to a question from Councilmember Freeman regarding Item 4-h, **(Use of a Cooperative Contract for the Purchase of One Pierce Tiller Fire Apparatus (Addition) for the Mesa Fire and Medical Department) (Citywide)**, on the Regular Council meeting agenda, Assistant Fire Chief James Johnson introduced Maintenance Administrator Jason Nickelson and clarified that a tiller fire apparatus is essential in a densely populated city like Mesa. He explained

that the apparatus is maneuverable, can get into tight spaces, and has more storage and functionality.

In response to a question from Councilmember Freeman, Mr. Nickleson confirmed that this vendor was selected because they offer the largest and best variety of options.

Responding to a question from Councilmember Spilsbury regarding Item 7-a, (**A resolution declaring the document filed with the City Clerk titled "2024 Amendments to the Zoning Ordinance, Title 11 of the Mesa City Code, Pertaining to Detached Accessory Buildings, Accessory Dwelling Units, Public Safety Facilities, and Various Technical Updates and Minor Revisions" to be a public record and providing for the availability of the document for public use and inspection with the City Clerk.) (Citywide)), and 7-b, (An ordinance proposing amendments to the Zoning Ordinance, Title 11 of the Mesa City Code, pertaining to Detached Accessory Buildings, Accessory Dwelling Units, Public Safety Facilities, and Various Technical Updates and Minor Revisions. The amendments to Chapters 2, 5, 6, 7, 8, 10, 30, 31, 32, 34, 86, and 87 include, but are not limited to: repealing and replacing Section 11-30-17: Detached Accessory Buildings; repealing and replacing Section 11-31-3: Accessory Dwelling Unit; changes to Detached Accessory Buildings and Accessory Dwelling Units development standards and technical revisions; addition of Public Safety Facilities as a permitted use in residential districts in certain circumstances; and various technical updates and minor revisions.) (Citywide)), on the Regular Council meeting agenda, Assistant Planning Director Rachel Nettles introduced Senior Planner Sean Pesek and displayed a PowerPoint presentation. (**See Attachment 1**)**

Ms. Nettles explained that the proposed text amendments are related to accessory dwelling units (ADU) and stated that the updated code will reduce the barriers for construction of ADUs. She shared the background of this code amendment which included new state requirements and provided an overview of the requirements mandated by House Bill 2720 that was signed into law in May 2024. (See Pages 2 through 10 of Attachment 1)

In response to a question from Councilmember Spilsbury, Ms. Nettles confirmed that any existing ADU that is over 1,000 square feet in size will be grandfathered in and no action will be required. She verified that all buildings permitted will need to be separate structures.

Responding to a question from Councilmember Freeman, Ms. Nettles confirmed that the ADU approvals are processed through the Permitting Department, which is a fairly quick process.

Discussion ensued related to the idea of considering pre-approved ADU plans and different types of ADU construction that might assist customers.

In response to a question from Councilmember Spilsbury, Ms. Nettles explained that the regulations that the City had proposed align with these amendments.

Responding to a question from Councilmember Freeman, Ms. Nettles stated that the current public safety construction locations were subject to rezoning and that this was a clean-up item.

Additional discussion ensued relative to the placement of public safety buildings and quasi-public uses, affordable housing, and the parameters required to meet the HUD regulations.

Vice Mayor Heredia thanked staff for the presentation.

Responding to a question from Councilmember Goforth regarding Item 10-a, **(Public hearing prior to the release of the petition for signatures for the proposed annexation case ANX24-00034, located north of East Southern Avenue and on the west side of South Ellsworth Road (6.5± acres). This request has been initiated by David Richert, for the owner, Generation Church Arizona.) (District 5)**, on the Regular Council meeting agenda, Principal Planner Evan Balmer confirmed that the proposed annexation is for an existing parking lot owned by the church that is located south of the property. He explained that the church is currently annexed in Maricopa County, and the parking lot is annexed in the City limits. He clarified the annexation requirements stating that both properties need to be in the same jurisdiction.

Mr. Balmer verified that the church will not be required to make any improvements; however, the parking lot will need to be improved to meet the City standards.

In response to a question from Councilmember Duff regarding Item 4-g, **(Dollar Limit Increase to the Term Contract for Utility Locating Services for the Energy Resources Department.) (Citywide)**, on the Regular Council meeting agenda, Assistant to the City Manager Ian Lissen introduced Energy and Sustainability Director Scott Bouchie.

City Manager Christopher Brady pointed out that staff will often obtain inaccurate location maps from the local utility companies, which require additional locating services.

Mr. Bouchie acknowledged that contractors are required to call 811 before digging to request utility locating and marking. He confirmed that the fiber installation project has increased the workload and is the main reason for this request.

Mr. Lissen advised that improvements to the process need to be made regardless of fault. He expressed the importance of the locating services and noted the unprecedented amount of construction happening in Mesa.

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

Water Resource Deputy Director Christopher Hassert introduced Water Resources Deputy Director Seth Weld and Management Assistant II Erik Hansen and displayed a PowerPoint presentation. **(See Attachment 2)**

Mr. Hassert announced that the presentation is a continuation of the discussion from the last meeting and reflects the changes that were directed by the Council.

Mr. Weld provided an overview of the residential customer service charges and explained how the fixed component service charge will ease the expense for customers. He identified the revised rate adjustments and gave an example of the typical residential and commercial monthly charges which included the existing and proposed rates. (See Pages 3 through 7 of Attachment 2)

Responding to a question from Councilmember Freeman, Mr. Brady confirmed that the overall impact on the fund balance was minimal.

Office of Management and Budget Director Brian Ritschel advised that the proposed model will not change the financial forecast and explained how the net sources and uses impact the budget.

In response to a request from Vice Mayor Heredia for the percentage of customers within each tier, staff agreed to follow up with that information.

Responding to a question from Councilmember Spilsbury, Mr. Ritschel confirmed that as part of the Notice of Intent, the public will see the residential water usage tiers and the corresponding rates.

Additional discussion ensued regarding how the water utility fee increase will be presented and the possible impact to the citizens.

Vice Mayor Heredia thanked staff for the presentation.

(Vice Mayor Heredia declared a recess at 8:52 a.m. The meeting was reconvened at 8:57 a.m.)

Energy and Sustainability Director Scott Bouchie introduced Energy Resources Program Manager Anthony Cadorin and Senior Fiscal Analyst John Petrof and displayed a PowerPoint presentation. **(See Attachment 3)**

Mr. Bouchie recalled that this presentation is a continuation of the September 12, 2024, Study Session regarding the electric and natural gas utility rate increases. He provided an overview of the increasing costs and pressures that are being put on the electric utility for the operating budget, as well as the debt service, and explained the reason behind the increased costs. (See Page 31 of Attachment 3)

Mr. Petrof presented a graph depicting the increased operating costs forecasted from 2022 through 2029. He explained that while the electric utility expenses have gone down due to the budget reductions, the operating costs continue to increase. (See Page 32 of Attachment 3)

Mr. Bouchie described the City projects that involve the electric utility and identified the increases for each project. (See Page 33 of Attachment 3)

Mr. Petrof illustrated the increasing debt service costs forecasted from 2022 through 2029. (See Page 34 of Attachment 3)

Mr. Cadorin explained that prior to the market disruption in 2021, City of Mesa (COM) utility customers were charged significantly less than customers with service at utility companies and referenced Salt River Project (SRP). He informed Council that when the supply costs and distribution rates increased, COM utilized the American Rescue Plan Act (ARPA) subsidy funds which allowed the rates to remain low. He reiterated that the private utility companies had passed the increased costs on to their customers. He stated that the proposed rate restructuring will put the COM utility rates on par with SRP, adding that staff is working to stabilize the costs by bringing on new, less costly resources. (See Page 35 of Attachment 3)

Mr. Petrof compared the COM and SRP residential and commercial monthly rates for an average customer. He pointed out the proposed rates, indicating the increase amount and the approximate adjustment in the monthly utility billing for both. (See Pages 36 through 39 of Attachment 3)

Discussion ensued relative to the commercial utility rates.

Mr. Bouchie provided an overview of the proposed increase for the COM gas utility and explained the increased costs and pressures that the utility is experiencing. He recalled the increases in the operating budget and debt service referencing inflation, the increased population, and aging infrastructure. (See Pages 40 and 41 of Attachment 3)

Mr. Petrof highlighted the increasing operating costs on the gas utility, including the current, actual, and forecasted expenses. (See Page 42 of Attachment 3)

Mr. Bouchie referenced the specific projects that have been impacted by the increased operating costs and provided each project budget increase amount. (See Page 43 of Attachment 3)

Mr. Petrof reviewed the increasing debt service costs on the gas utility, pointing out the prior forecast and the current forecast which indicated a \$5 million increase over the life of the forecast. He confirmed that the average residential gas bill with the proposed rate is expected to be 17% less than the other local gas providers. (See Pages 44 and 45 of Attachment 3)

Responding to a question from Vice Mayor Heredia, Mr. Bouchie stated that the approximate number of gas utility customers is 77,000 and continues to grow.

In response to a question from Vice Mayor Heredia, Mr. Cadorin reported that the gas market costs are down and reiterated the goal to stabilize costs for the customers.

Discussion ensued regarding the increasing gas utility customer base.

Mr. Petrof provided details on the proposed residential and commercial gas rates and explained the adjustment, reporting that the COM rates are still competitive with other local gas providers. He commented that the proposed increase is 2.7%. He gave an overview of the inclining rate structure and pointed out how it will benefit the customers. (See Pages 46 through 48 Attachment 3)

In response to a question from Vice Mayor Heredia, Mr. Bouchie confirmed that the microgrid project is in process and explained that staff is working on determining the feasibility of the project, the cost, and funding source.

Mr. Brady confirmed that the cost of the microgrid project has significantly increased, which has impacted the feasibility of the proposal. He stated that staff will be presenting the findings of the feasibility study to Council soon.

Mr. Cadorin identified two additional low-cost energy resources that are being considered by the City. He advised that these resources take a significant amount of time to develop but they will be presented to Council when they become feasible.

Vice Mayor Heredia thanked staff for the presentation.

Mr. Ritschel introduced the Office of Management and Budget Deputy Director Chris Olvey and Budget Coordinator Jonathan Perkins and displayed a PowerPoint presentation. (See Page 62 of Attachment 3)

Mr. Olvey gave an overview of the proposed adjustments to the terms and conditions to the utility service request fees. He highlighted the proposed language which will allow the City to trim vegetation or remove obstructions on a customer's premises, if needed, to access utility meters and the proposed addition of trip-related charges for utility turn on, termination, and unscheduled trip services. (See Page 63 of Attachment 3)

Additional discussion ensued regarding the removal of vegetation from the customer's property.

Business Services Department Director Ed Quedens confirmed that in a situation where vegetation needs to be trimmed, City staff always attempt to contact the property owners and do the best they can to communicate what is going to take place ahead of time.

Responding to a question from Councilmember Somers, Mr. Olvey confirmed that there are no additional charges for remote activation of the electric utility and confirmed that, for safety reasons, remote activation is not an option for the gas utility.

Mr. Olvey presented the proposed security deposit increase for hydrant meters, explaining that they are used for construction. He confirmed that the proposed deposit will increase from \$1,500 to \$2,500 due to the increase in meter cost, and the fee for repeat offenders for unauthorized use of the water hydrants will increase based on the type of customer and number of occurrences. (See Page 64 of Attachment 3)

Mr. Ritschel reviewed the revised utility fund forecast and the proposed rate adjustments and explained that the reserve balance is forecasted to be 8.9% by Fiscal Year 2029/2030. (See Pages 9 and 10 of Attachment 2)

In response to a question from Councilmember Goforth, Mr. Ritschel confirmed that the reserve balance will raise over time after the completion of several big projects, as well as a combination of the growth in revenue from the rate increases, cost decreases, and new accounts.

Responding to a question from Vice Mayor Heredia, Mr. Ritschel clarified that it is hard to predict due to many variables; however, the decrease in the federal interest rate may affect the issuance of debt next year.

In response to a question from Councilmember Duff, Mr. Ritschel stated that the bond rating is determined by the reserve balance and other parameters such as the stability of the utility.

Mr. Ritschel highlighted the schedule and the next steps to move forward with the adjustment of the utility rates, stating that if the Council grants approval the rate changes would take effect on February 1, 2025. (See Page 11 of Attachment 2)

Vice Mayor Heredia thanked staff for the presentation.

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

3-a. Parks and Recreation Advisory Board Meeting held on May 8, 2024.

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

Upon tabulation of votes, it showed:

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

Vice Mayor Heredia declared the motion carried unanimously by those present.

4. Current events summary including meetings and conferences attended.

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

5. Scheduling of meetings.

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

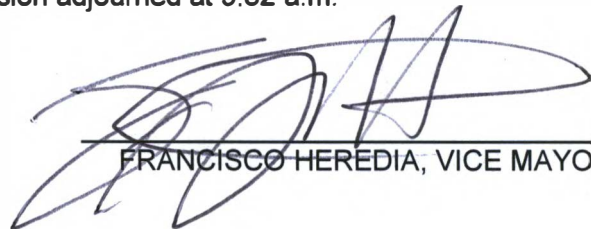
Monday, September 23, 2024, 5:15 p.m. – Study Session

Monday, September 23, 2024, 5:45 p.m. – Regular meeting

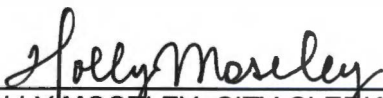
Thursday, September 26, 2024, 7:30 a.m. – Joint meeting with Mesa Public Schools

6. Adjournment.

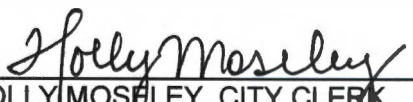
Without objection, the Study Session adjourned at 9:52 a.m.


FRANCISCO HEREDIA, VICE MAYOR

ATTEST:


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 19th 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

sr
(Attachments – 3)



ACCESSORY DWELLING UNIT (ADU) TEXT AMENDMENTS

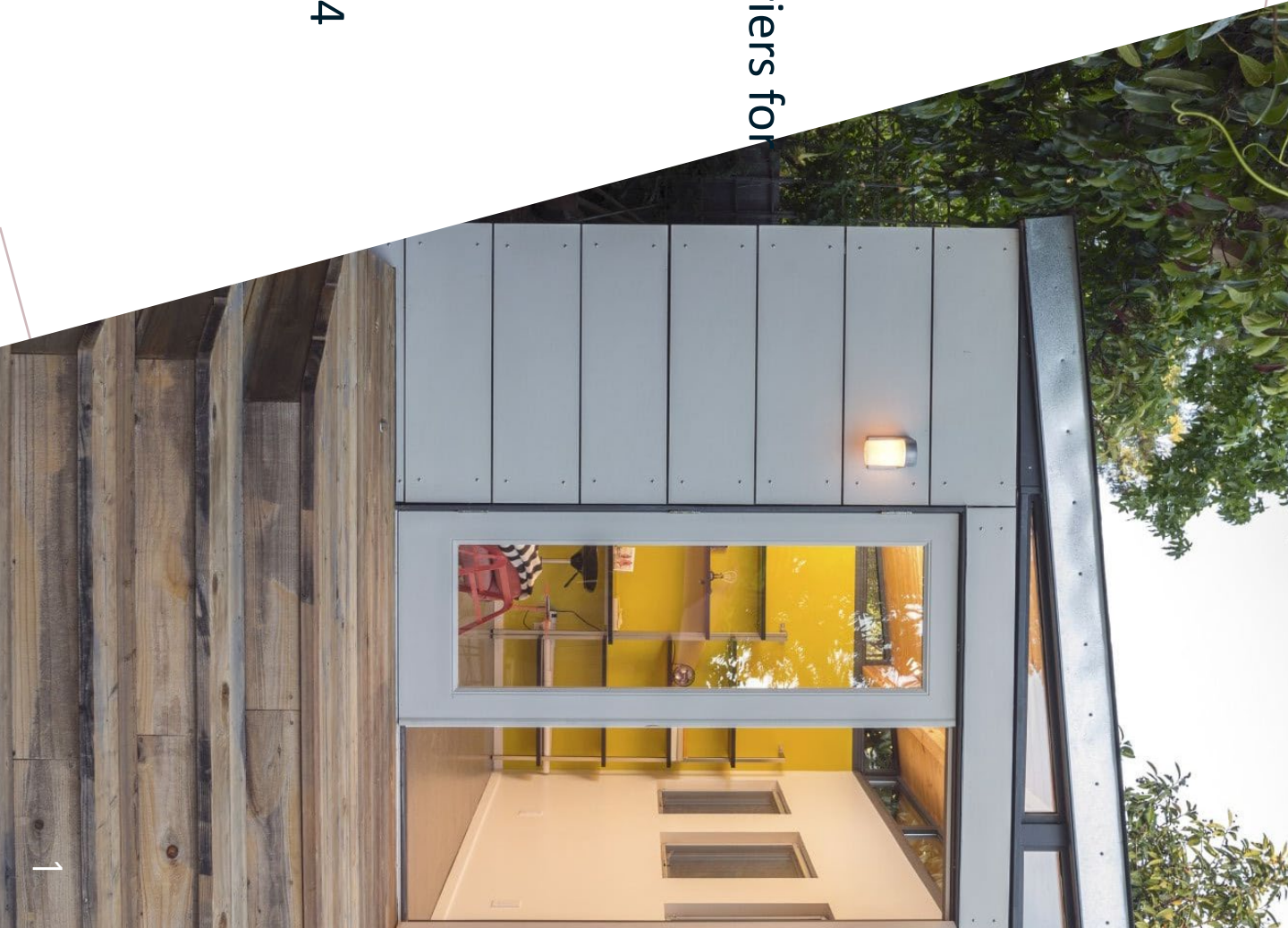
Rachel Nettles

Assistant Planning Director



BACKGROUND

- Started discussion with Council - Nov. 2023
 - Mesa allowed ADU since 1939
 - What changes could be made to reduce the barriers for constructing ADUs
- Conducted public outreach - Spring 2024
 - 1 virtual meeting
 - 2 in person meetings
- State considered requirements for ADU - Spring 2024
 - HB 2720 signed into law - May 2024



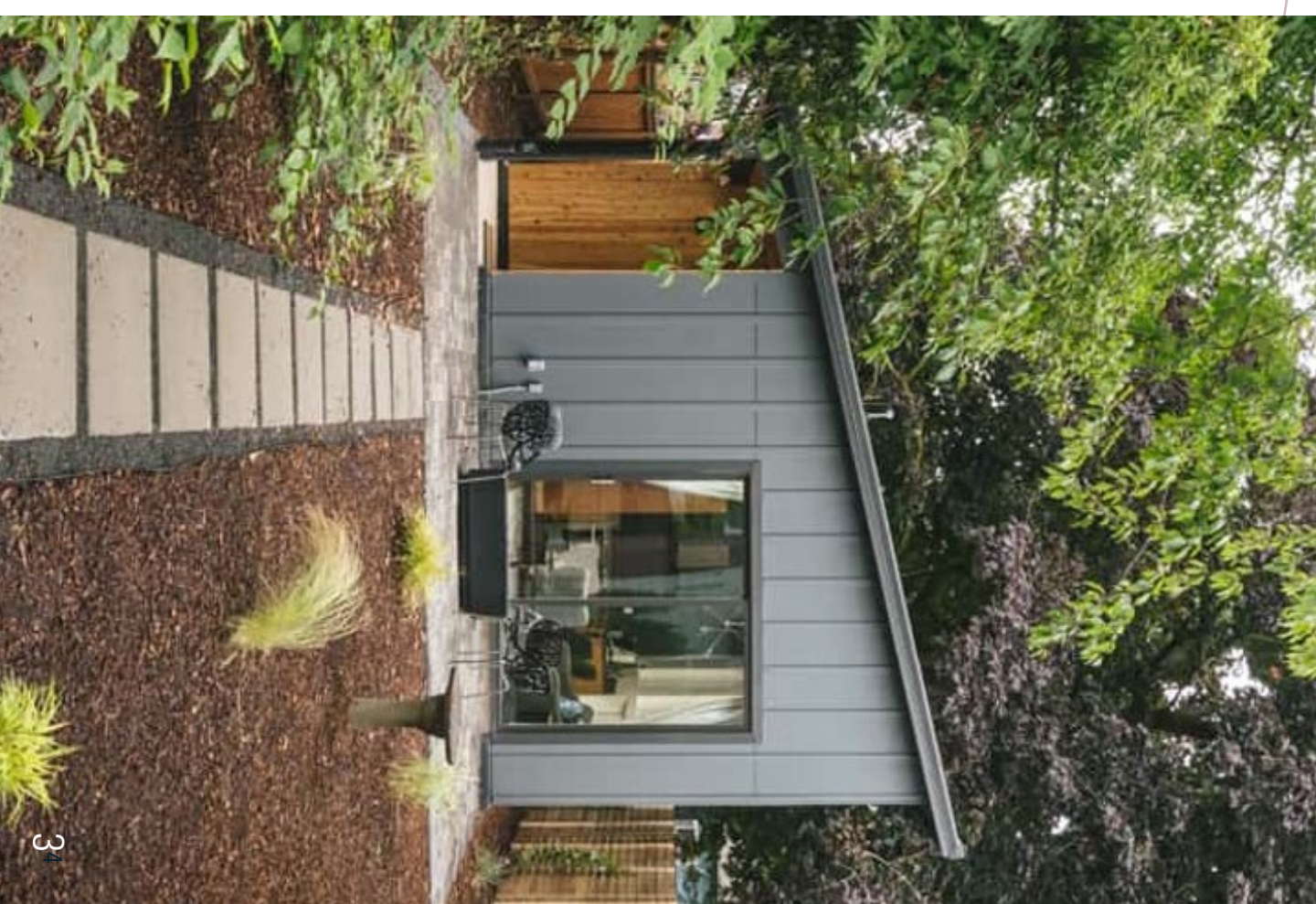


HB 2720 REQUIREMENTS

- Allow one attached and one detached ADU - on all lots or parcels where a single-family dwelling is allowed
- Allow a 3rd ADU - on a lot or parcel that is:
 - one acre or more in size
 - IF at least one ADU on the lot or parcel is a restricted-affordable dwelling unit

HB 2720 REQUIREMENTS

- May not require an ADU to match the exterior design, roof pitch or finishing materials of the single-family dwelling
- May not set restrictions for ADUs that are more restrictive than single-family dwellings
 - height, setbacks, lot size or coverage or building frontage





HB 2720 REQUIREMENTS

- May not establish rear or side setbacks greater than 5 feet
- Size permitted to be 75% of the primary dwelling unit up to 1,000 sq. ft.
- May not require additional parking for an ADU

PROPOSED TEXT AMENDMENTS



PROPOSED TEXT AMENDMENTS

Amend Permitted Zoning Districts:

- Allow in RM-5 and RSL Districts
- On any lot/parcel containing an existing single residence

Amend Permitted Number:

- From - one ADU permitted per lot
- To - one attached and one detached ADU permitted per lot. 3rd ADU permitted on a lot that is:
 - one acre or more in size
 - IF at least one ADU is a restricted-affordable dwelling unit



PROPOSED TEXT AMENDMENTS

Amend Floor Area Requirements:

- From - 30% of primary dwelling
- To - 75% of primary dwelling not to exceed 1,000 sq. ft.

Amend Height Requirements:

- From - standards based on location in the backyard
- To - maximum building height per the underlying zoning district

PROPOSED TEXT AMENDMENTS

Amend Setback Requirements:

- From - standards based on the size and height of the ADU
- To - minimum 5-foot rear and interior side setback
- Allow non-conforming structures that do not meet setbacks to be converted or expanded to include ADUs without requiring a Special Use Permit



PROPOSED TEXT AMENDMENTS PUBLIC SAFETY FACILITIES

Amend Permitted Zoning Districts:

- Not currently permitted within any Residential District
- Add Public Safety Facilities as a permitted use in RS, RSL, and RM zones
- Add a new footnote specifying city owned and operated facilities
- General Purpose of Residential Districts: Provide for appropriate public and quasi-public uses where they are compatible with residential neighborhoods

PROPOSED TEXT AMENDMENTS DETACHED ACCESSORY STRUCTURES

Simplify Setback and Height Requirements:

- Less than or equal to 200 square feet (≤ 8 feet in height)
 - Can encroach into side and rear yards (no min. setback)
- Greater than 200 square feet (> 8 feet and ≤ 15 feet in height)
 - Can encroach into side and rear yards (min. 5 feet setback)
- Greater than 200 square feet (> 15 feet in height)
 - Cannot exceed maximum building height of the underlying zoning district, or the height of the primary building, whichever is less
 - Comply with underlying zoning's setback requirements



QUESTIONS

City of Mesa FY 2024/25 Water Rate Recommendations – Revised

City Council Study Session
September 19, 2024

Water Resources Department

Presented by:

Christopher Hassert – Water Resources Director

Seth Weld – Water Resources Deputy Director

Erik Hansen – Management Assistant II

Service Charge

- Fixed amount, based on meter size
 - Larger meter's associated infrastructure more expensive to maintain
- Covers fixed costs associated with running the utility. This includes such things as:
 - Personnel
 - Maintenance of water infrastructure
 - Repayment of debt to build infrastructure
- Includes 3,000 gallons

Revised – Rate Adjustments – Residential

Service Charge

Typical Customer	2024	2025 – Recommendation (9/12) (5.50% Increase)	2025 – Revised (4.00% Increase)
Residential (3/4" Meter)	\$30.93/mo	\$32.63/mo (+\$1.70/mo)	\$32.17/mo (+\$1.24/mo)

Usage Charge

Typical Customer	2024	2025 – Recommendation (9/12) (5.50% Increase)	2025 – Revised (6.00% Increase)
Residential (Tier 1: 4-6kgals)	\$3.51/kgal	\$3.70/kgal (+\$0.19/kgal)	\$3.72/kgal (+\$0.21/kgal)

Revised – Typical Customer – Residential

	2024	2025 – Recommendation (9/12)	2025 - Revised
Residential - Small (3kgal/mo)	\$30.93/mo	Service Charge Usage Charge Effective Increase \$32.63/mo (\$1.70/mo)	Service Charge Usage Charge Effective Increase \$32.17/mo (\$1.24/mo)
		5.50% 5.50% 5.50%	4.00% 6.00% 4.00%
Residential - Typical (6kgal/mo)	\$41.70/mo	Service Charge Usage Charge Effective Increase \$43.98/mo (\$2.28/mo)	Service Charge Usage Charge Effective Increase \$43.57/mo (\$1.87/mo)
		5.50% 5.50% 5.50%	4.00% 6.00% 4.48%

Revised – Typical Customer – Commercial

	2024	2025 – Recommendation (9/12)	2025 - Revised
Commercial General (9kgal/mo)	\$73.82/mo	Service Charge Usage Charge Effective Increase \$78.47/mo (\$4.65/mo)	5.50% 8.00% 6.31% \$78.59/mo (\$4.77/mo)
Commercial Landscape (29kgal/mo)	\$162.64/mo	Service Charge Usage Charge Effective Increase \$176.51/mo (\$13.87/mo)	5.50% 10.00% 8.53% \$177.01/mo (\$14.37/mo)
Large Commercial (7,500kgal/mo)	\$20,849.00/mo	Service Charge Usage Charge Effective Increase \$24,446.09/mo (\$3,597.09/mo)	5.50% 18.00% 17.25% \$24,768.46/mo (\$3,919.46/mo)

Revised – Water Conservation

Non-residential

- | | <u>9/12 Rec.</u> | <u>Revised</u> |
|------------|------------------|----------------|
| • General: | +9.00% | +10.00% |

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

- | | <u>9/12 Rec.</u> | <u>Revised</u> |
|--------------|------------------|----------------|
| • General: | +9.50% | +10.00% |
| • Landscape: | +10.00% | +10.00% |

Residential

- | | <u>9/12 Rec.</u> | <u>Revised</u> |
|------------------------|------------------|----------------|
| • Tier 2 (7-14kgals): | +6.50% | +7.00% |
| • Tier 3 (14-24kgals): | +7.50% | +8.00% |
| • Tier 4 (>24kgals): | +8.50% | +9.00% |

Revised – Utility Fund Forecast Review

Utility Fund Forecast: FY 24/25 Revised Rate Adjustments

As of 09/16/2024 FY 23/24 FY 24/25 FY 24/25
 Estimate Budget Projected

TOTAL NET SOURCES AND USES	(\$22,043,631)	(\$27,212,912)	(\$21,966,810)
Beginning Reserve Balance	\$144,413,643	\$114,759,072	\$122,370,012
Ending Reserve Balance	\$122,370,012	\$87,546,160	\$100,403,202

Ending Reserve Balance Percent* **23.2%** **16.0%** **17.8%**
*As a % of Next Fiscal Year's Expenditures

WATER Residential (Tier 1 usage)	3.00%	3.50%	6.00%
WATER Commercial (usage)	5.00%	5.50%	8.50%
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 Revised Rate Adjustments

As of 9/16/2024	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)	(\$2,322,696)	(\$9,791,761)	(\$12,476,135)	(\$11,862,940)	(\$9,242,700)	(\$998,014)
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)	(\$21,966,810)	(\$22,946,279)	(\$19,265,333)	(\$14,618,671)	\$527,016	\$19,485,161
Beginning Reserve Balance	\$144,413,643	\$122,370,012	\$100,403,202	\$77,456,923	\$58,191,590	\$43,572,919	\$44,099,936
Ending Reserve Balance	\$122,370,012	\$100,403,202	\$77,456,923	\$58,191,590	\$43,572,919	\$44,099,936	\$63,585,097
Ending Reserve Balance Percent*	23.2%	17.8%	12.3%	9.2%	6.6%	6.4%	8.9%

*As a % of Next Fiscal Year's Expenditures

Schedule for FY 2024/25 Utility Rate Adjustment Recommendation

- 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

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

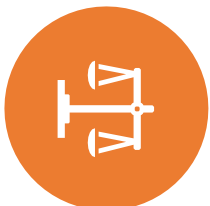
Scott Bouchie – Energy Resources Director

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



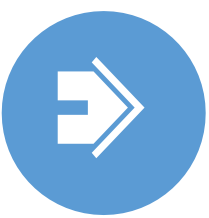
BALANCE NET
SOURCES AND
USES



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

<input checked="" type="checkbox"/>	Balanced Net S&U
<input checked="" type="checkbox"/>	20% Fund Balance
<input checked="" type="checkbox"/>	Smoothed Adjustments
<input checked="" type="checkbox"/>	Equity Res. & Non-Res.
<input checked="" type="checkbox"/>	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:

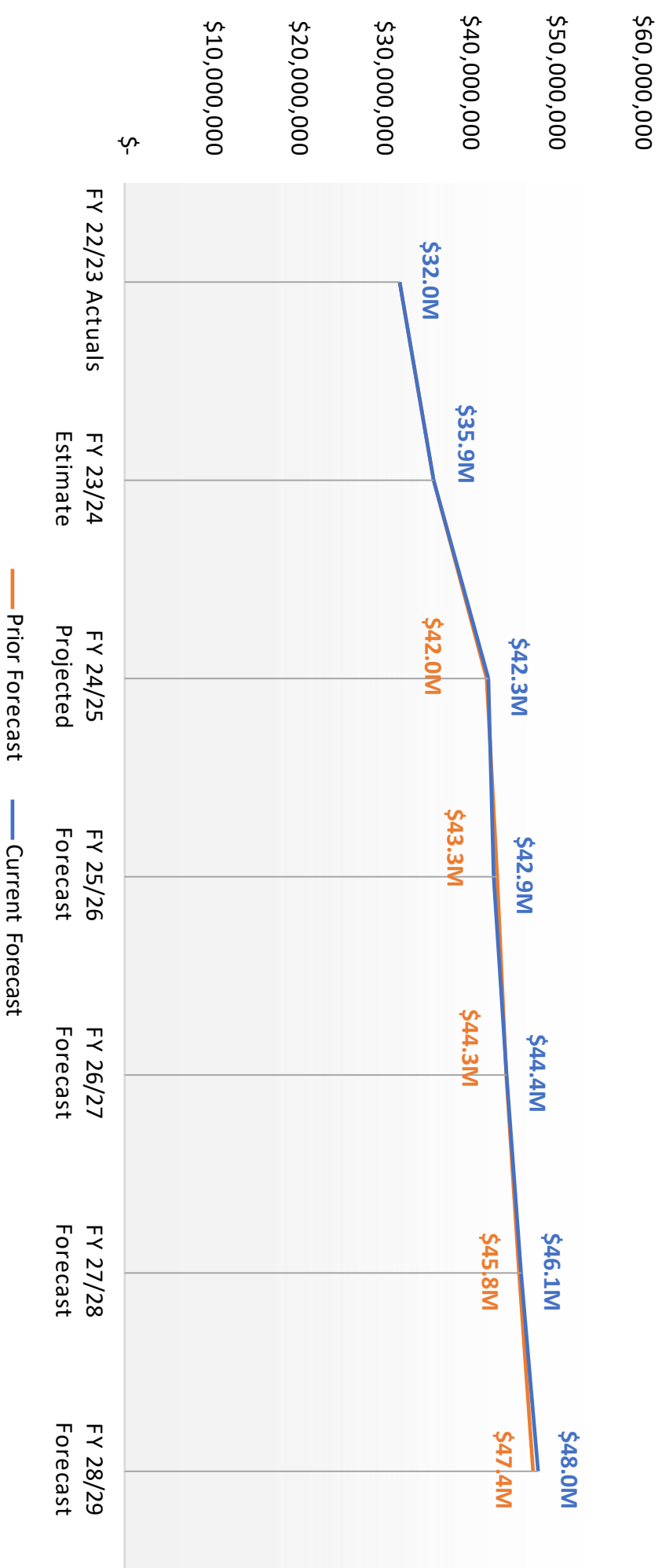
Christopher Hassert – Water Resources Director

Seth Weld – Water Resources Deputy Director

Erik Hansen – Management Assistant II

Wastewater

Increasing Operating Costs on the Wastewater Utility



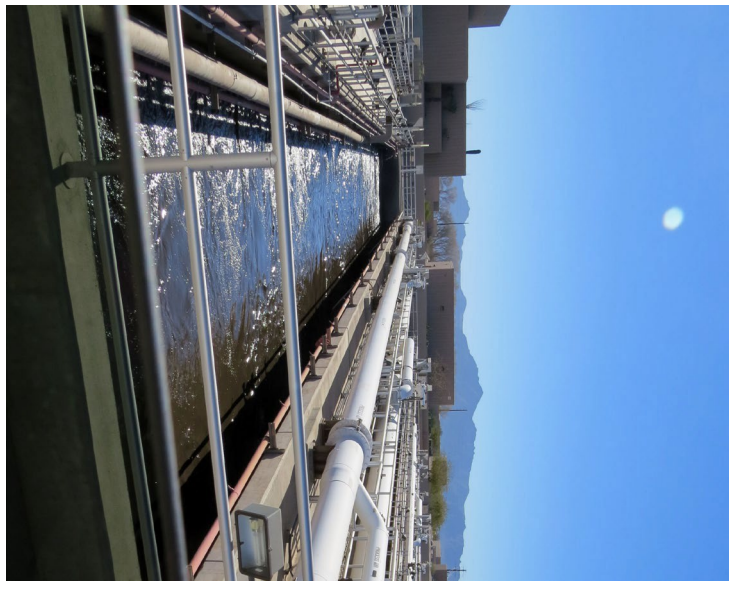
Increasing Project Costs on the Wastewater Utility

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

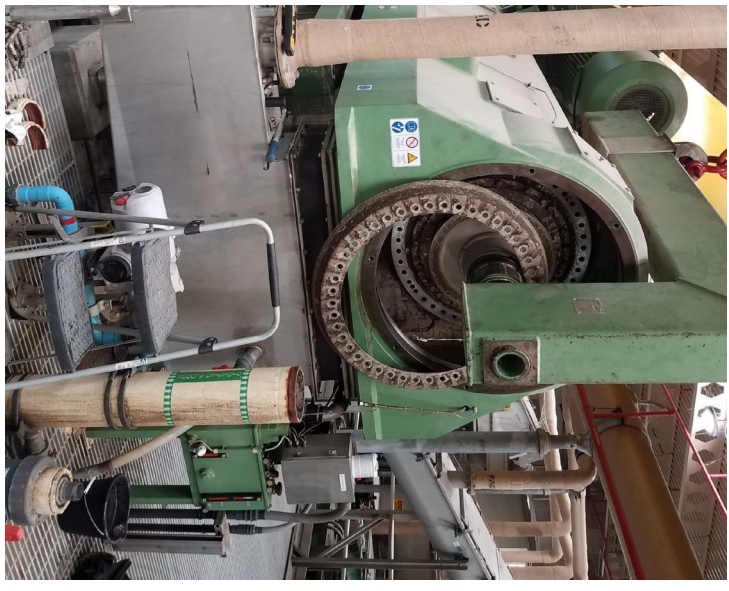
Increasing Costs on the Wastewater Utility

Regional Commitments



91st Ave WWTP

Lifecycle Replacement



Northwest WWTP

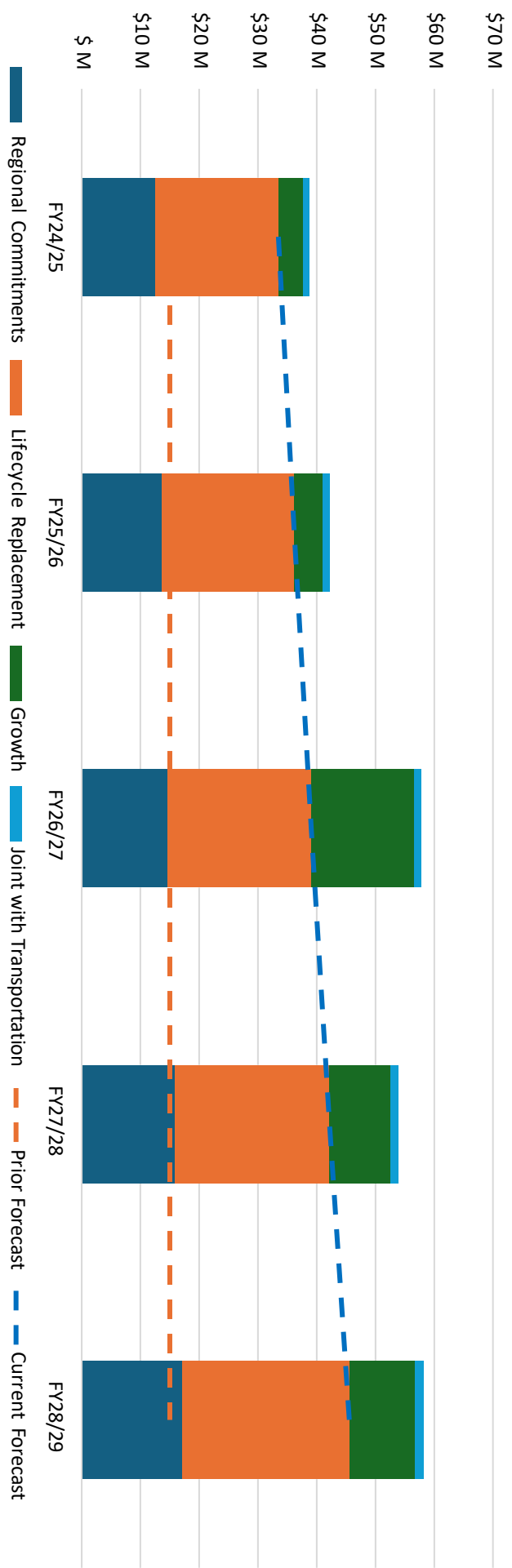
Growth



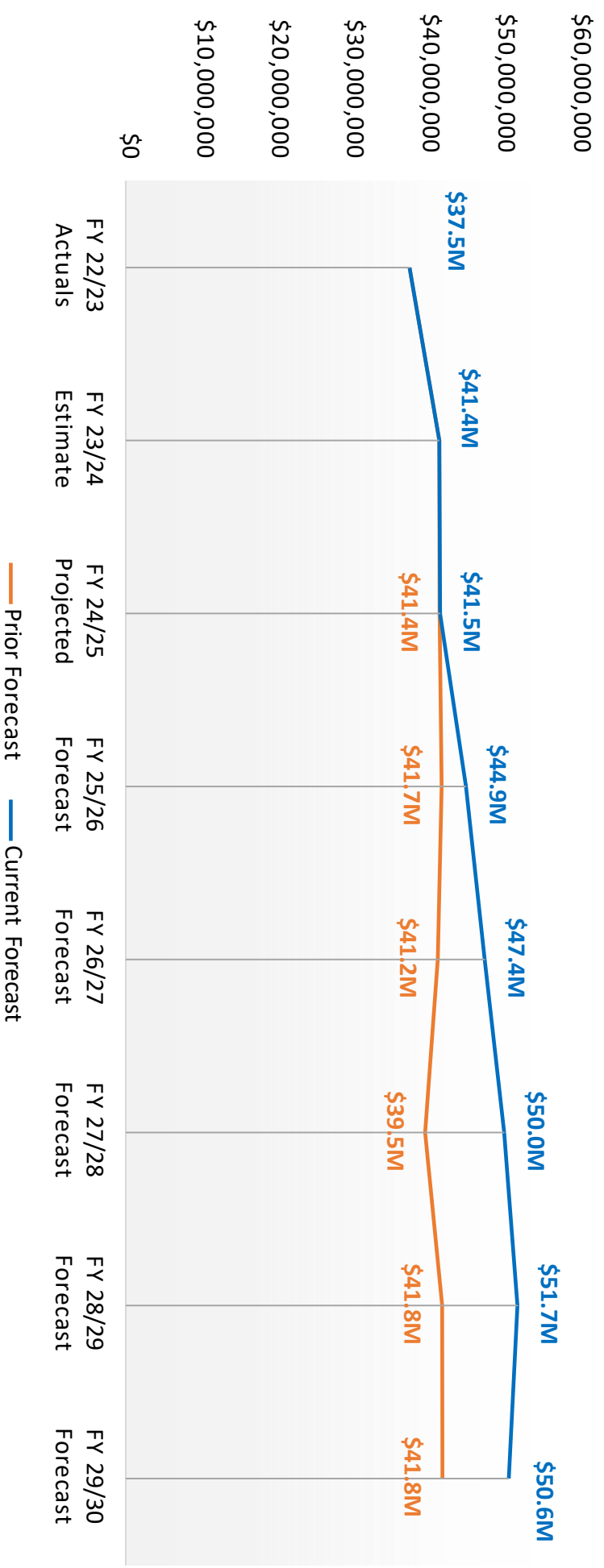
New Sewer Mains

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

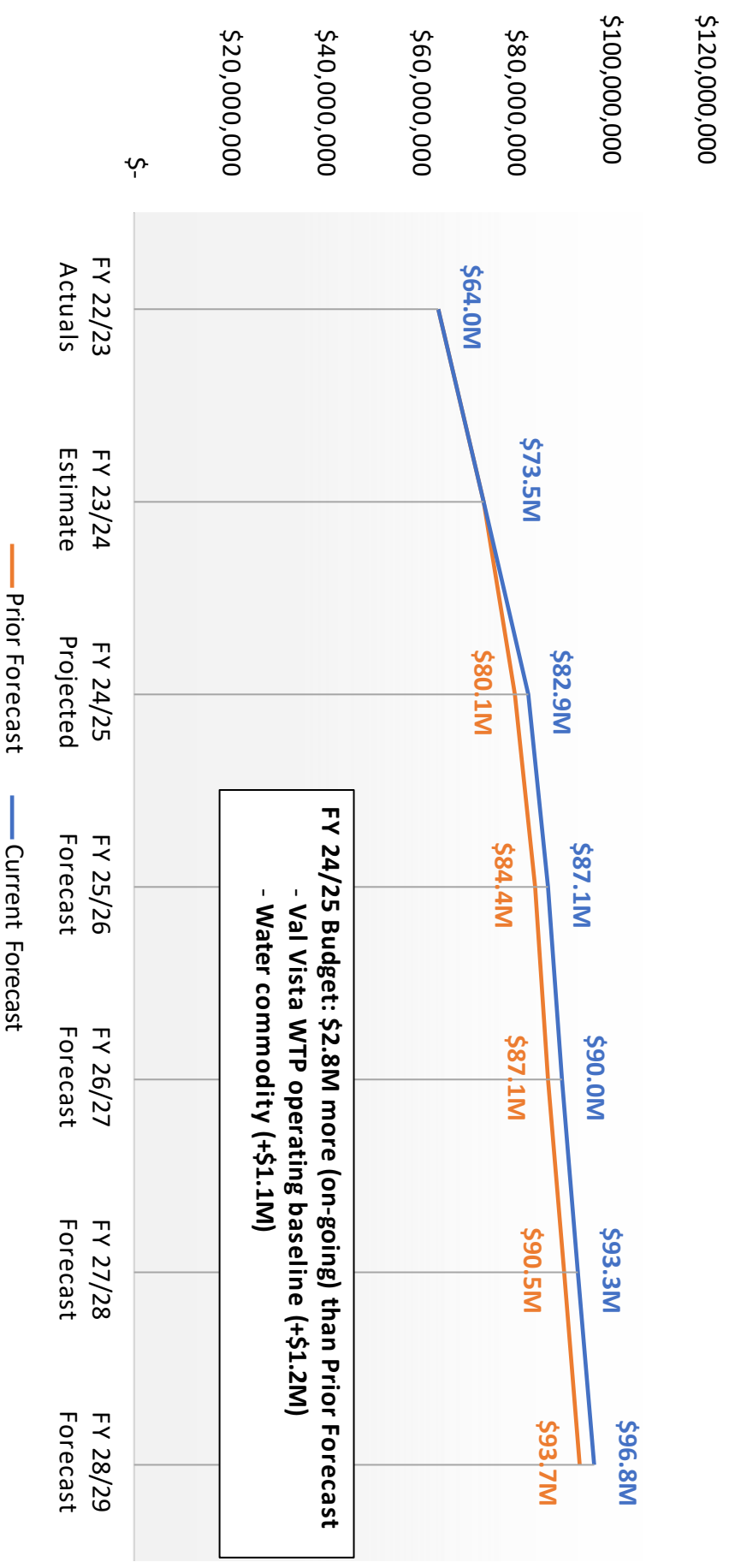


Proposed Rate Adjustments – Typical Customer

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

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
- AMI: +\$15M

Cost increases driven by:

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

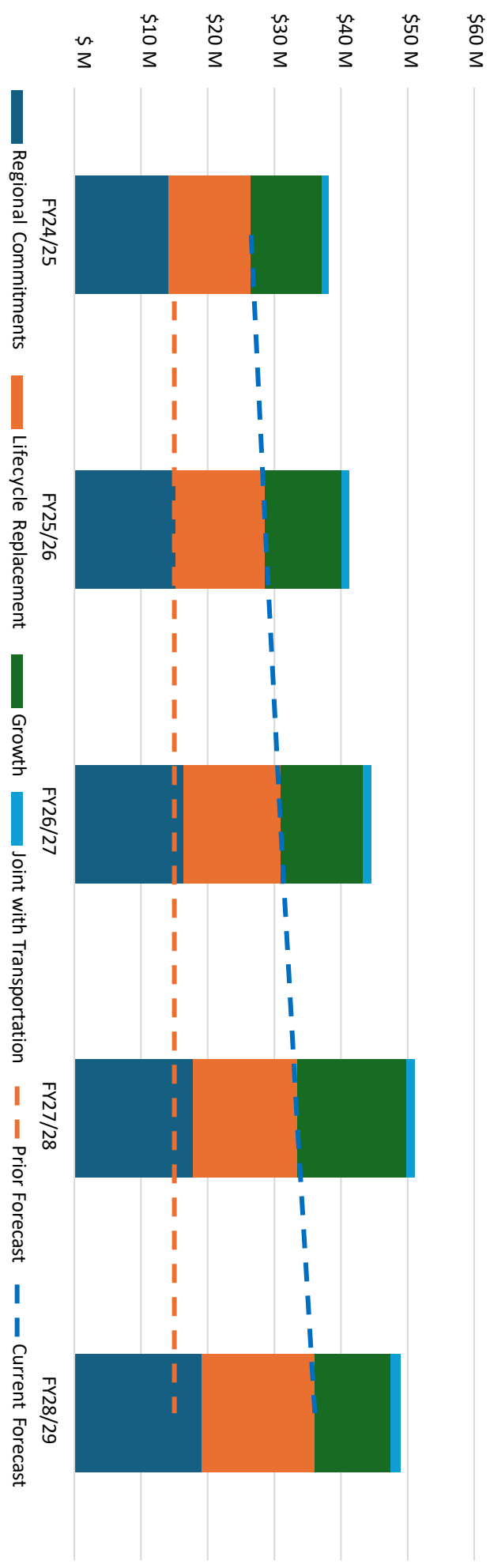
Increasing Project Costs on the Water Utility

Over the next five (5) years:

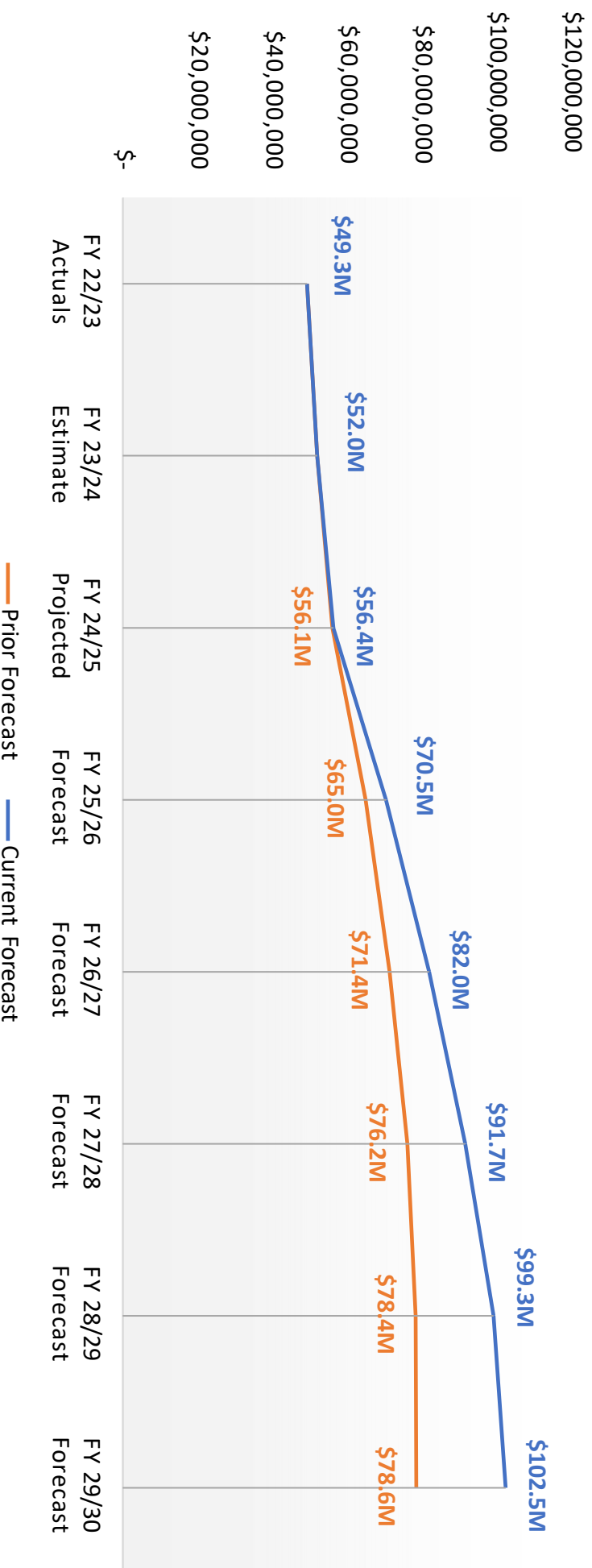
<p>Regional Commitments</p> <ul style="list-style-type: none"> • \$57M Val Vista WTP • \$7M White Mtn Apache Water Settlement • \$5M SRP/CAP Interconnect Facility • \$5M Bartlett Dam Expansion 	<p>Lifecycle Replacement</p> <ul style="list-style-type: none"> • \$107M Water Distribution System • \$32M 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

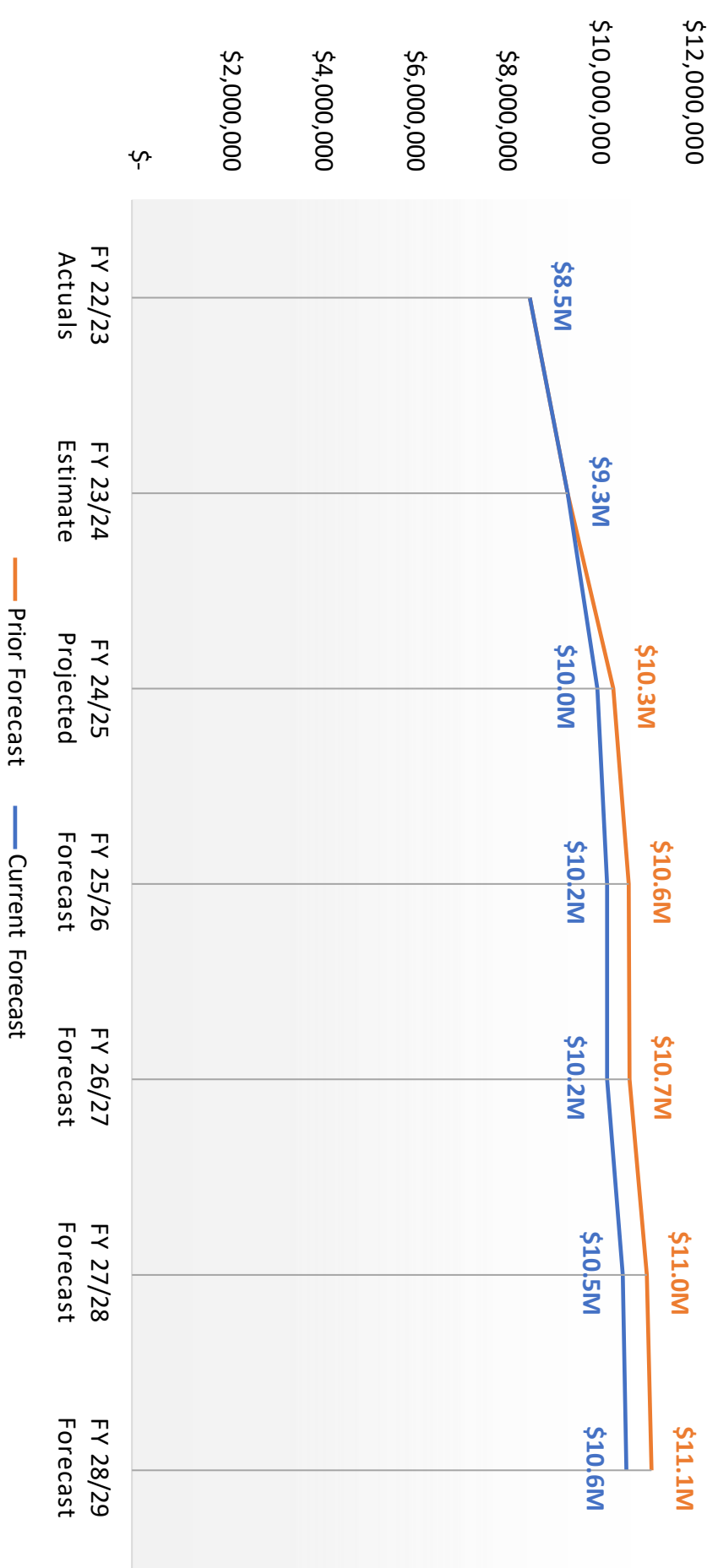
John Petrof – Senior Fiscal Analyst

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

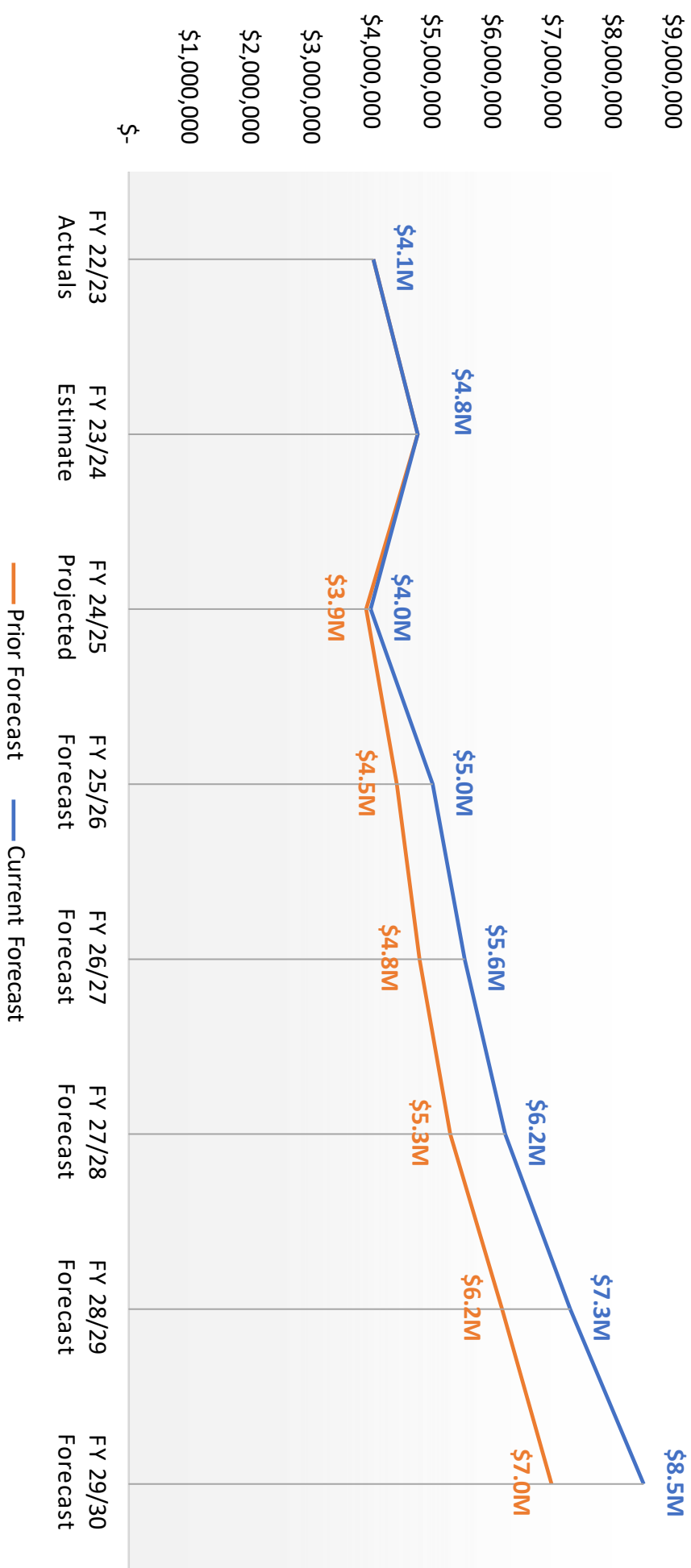
Increasing Operating Costs on the Electric Utility

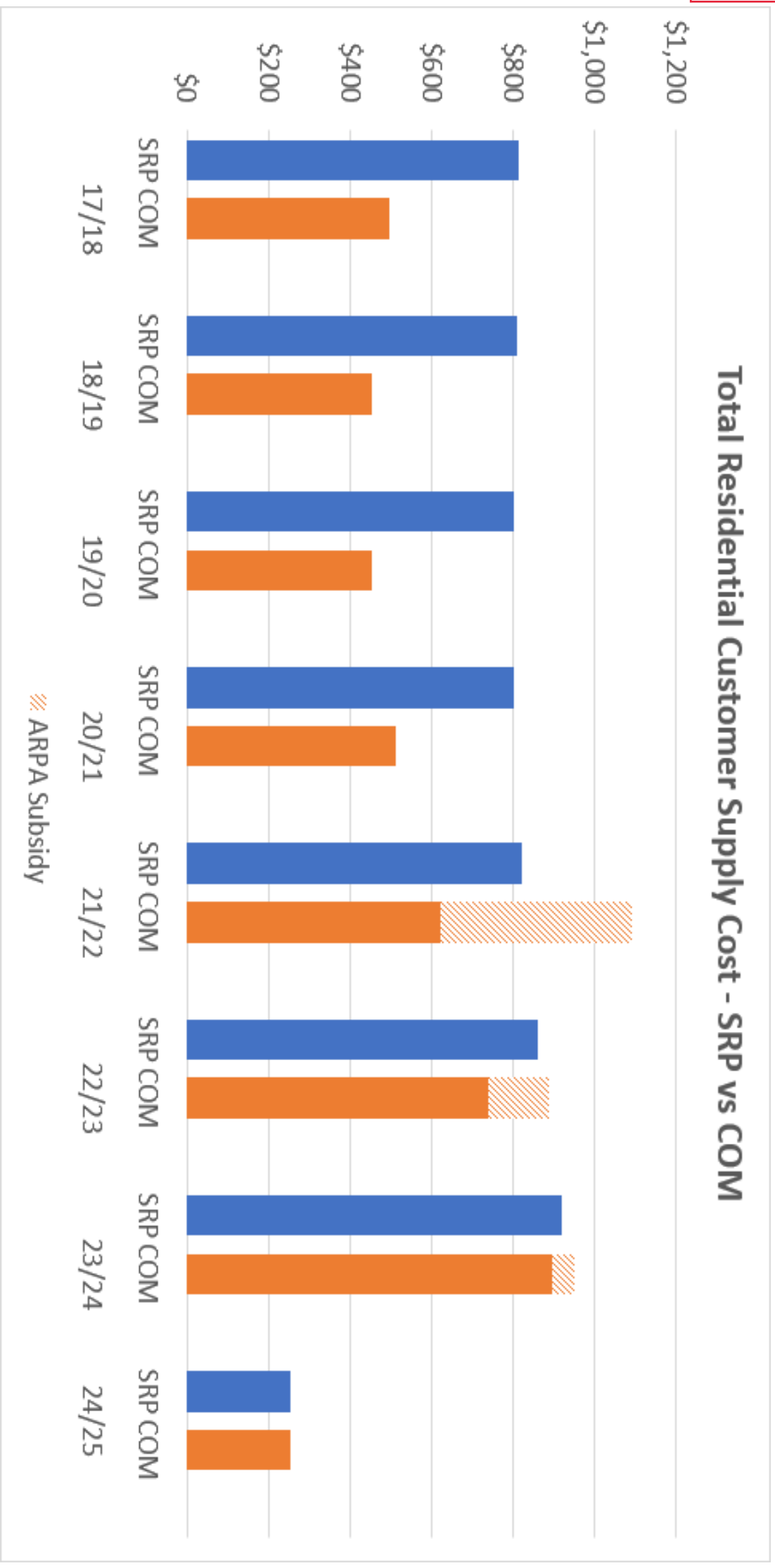


Electric Project Cost Increases

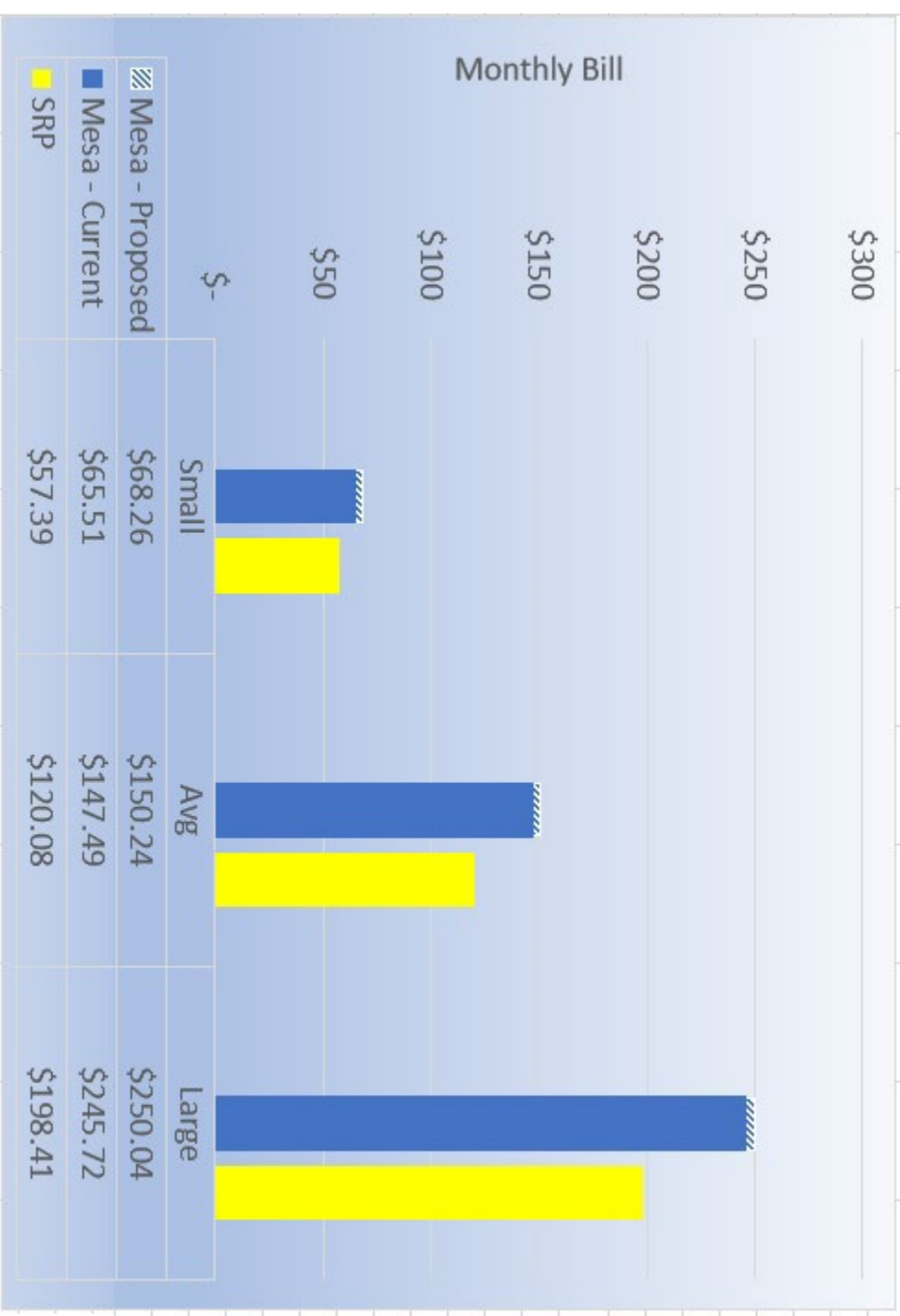
PROJECT	PRIOR FORECAST	CURRENT FORECAST	INCREASE
Advanced Metering Infrastructure	\$1.2M	\$3.4M	\$2.2M
Edge on Main (New service)	\$0	\$2.4M	\$2.4M
Substation Improvements (w/SRP at Rogers)	\$200k	\$1.5M	\$1.3M
Electric Improvements w/Water (Duct bank relocation, Broadway & Morris)	\$0	\$300k	\$300k

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

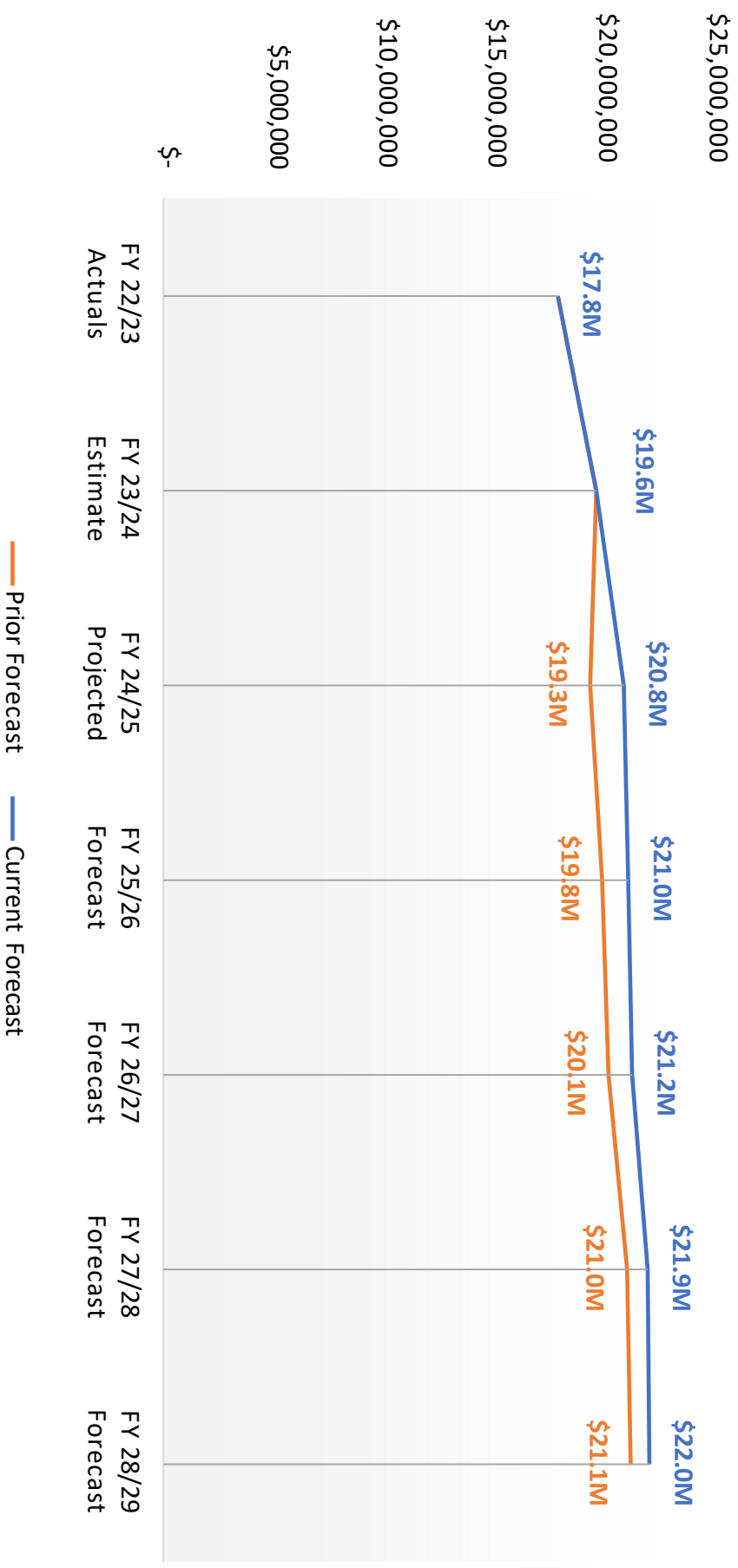
COMPONENT	CURRENT	PROPOSED	CHANGE	PRIOR FORECAST
SYSTEM SERVICE CHARGE	Single Phase - \$14.72 Three Phase - \$20.74	Single Phase - \$19.72 Three Phase - \$25.74	\$5.00	\$2.50
USAGE CHARGE SUMMER per kWh	Tier 2 - \$0.04591	Tier 2 - \$0.04867	6%	6%
USAGE CHARGE WINTER per kWh	Tier 2 - \$0.03916	Tier 2 - \$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

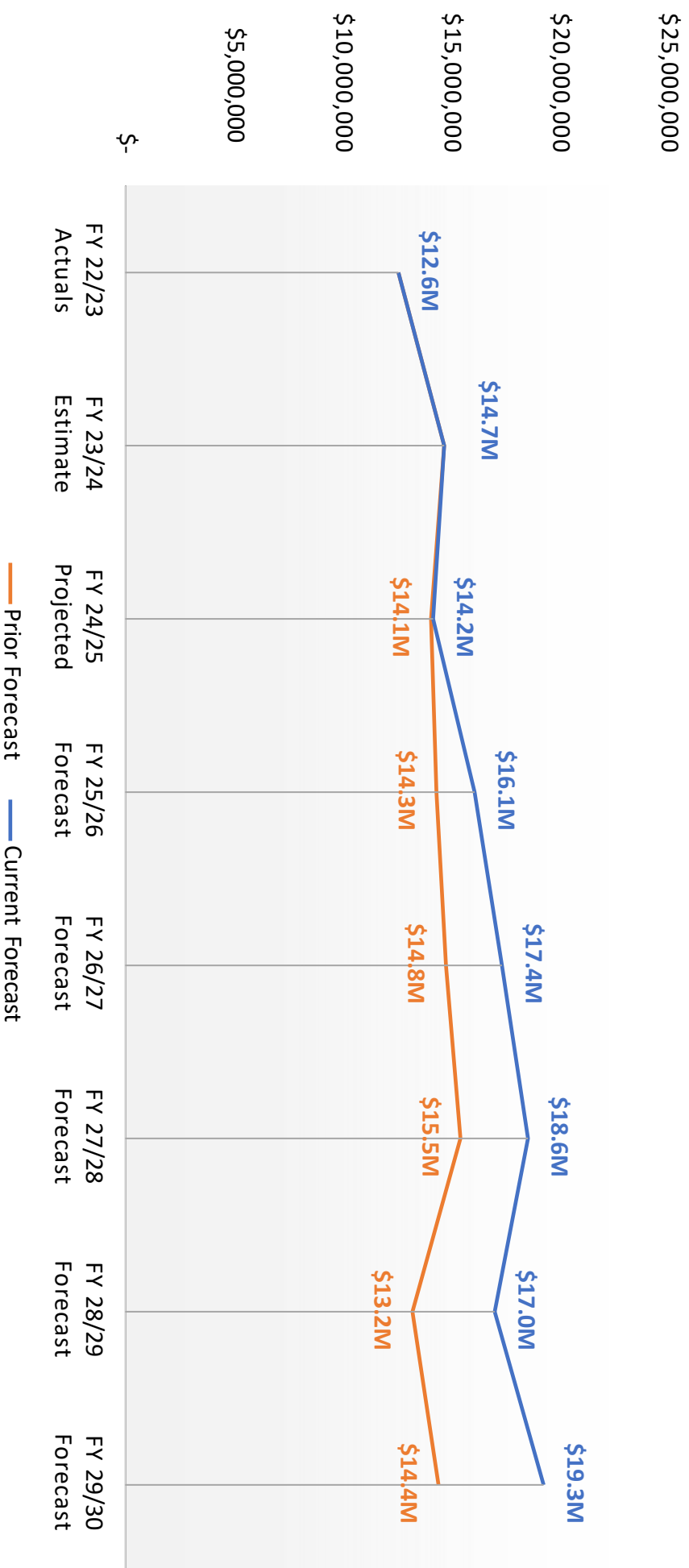
Increasing Operating Costs on the Gas Utility



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



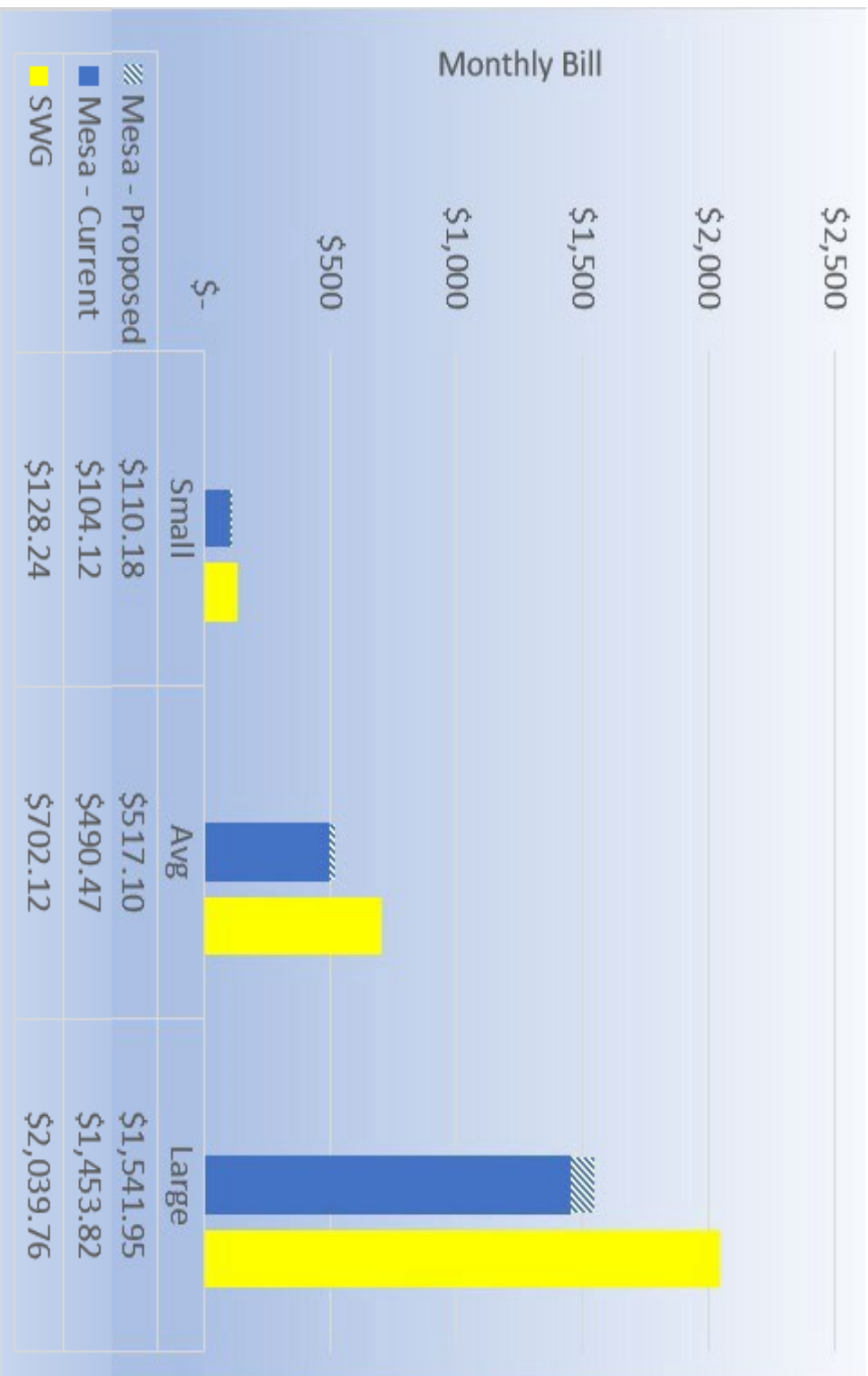
Residential Gas Bill Comparison



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%

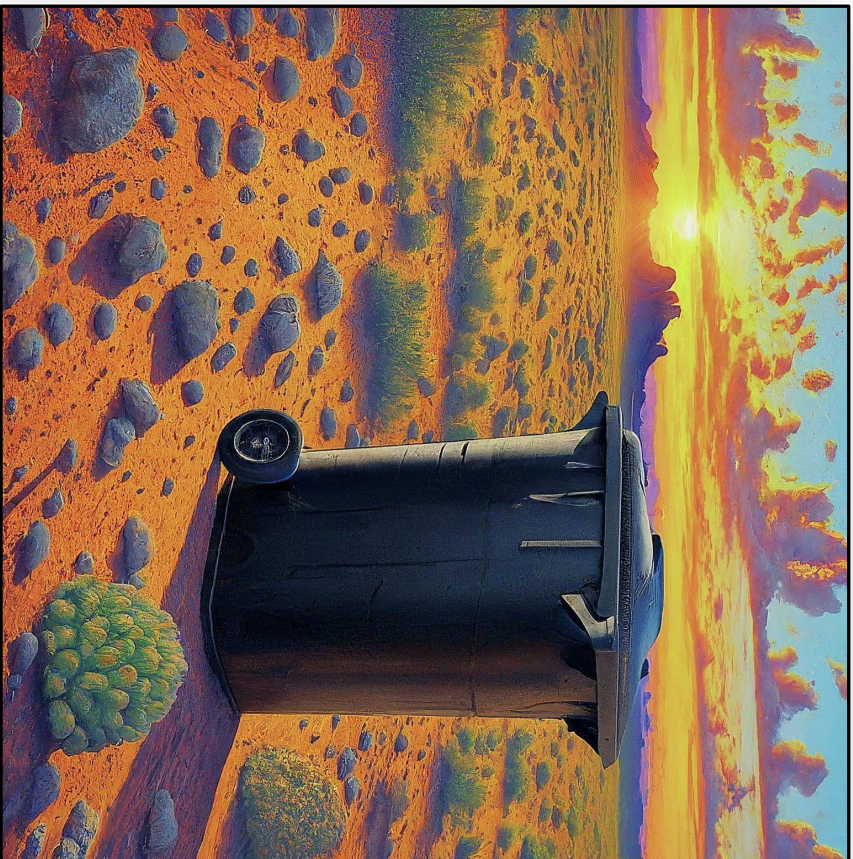
Solid Waste Department

Presented by:

Sheri Collins – Solid Waste Director

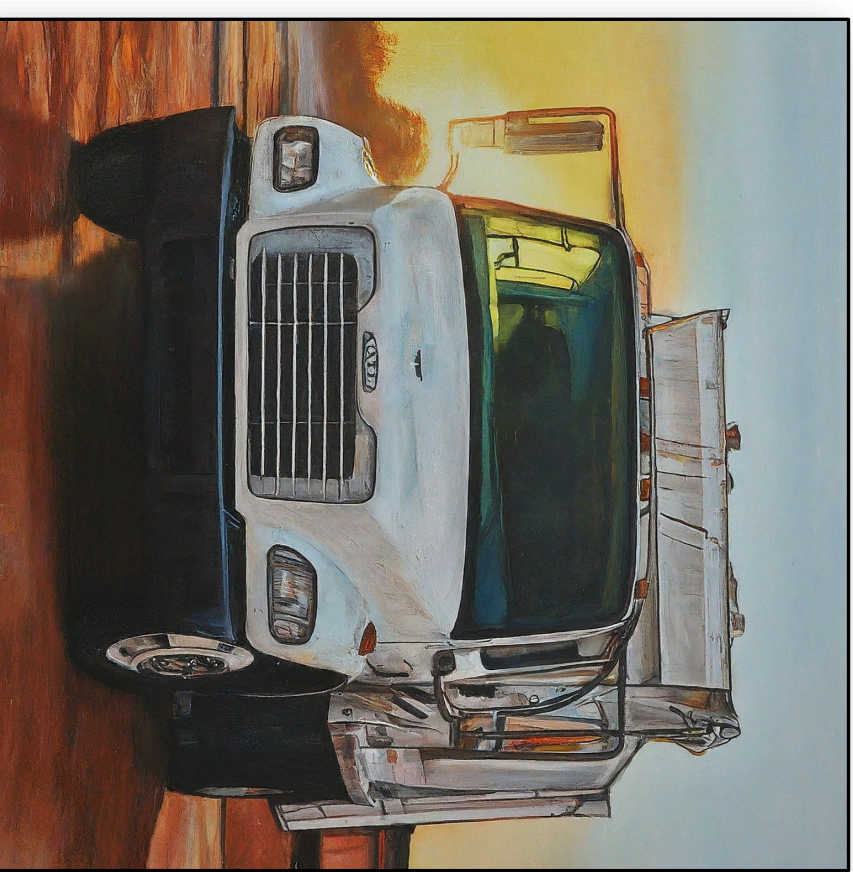
Justin Stadt – Senior Fiscal Analyst

Increasing Cost Pressures On The Utilities



Landfill Charges - \$3.0M

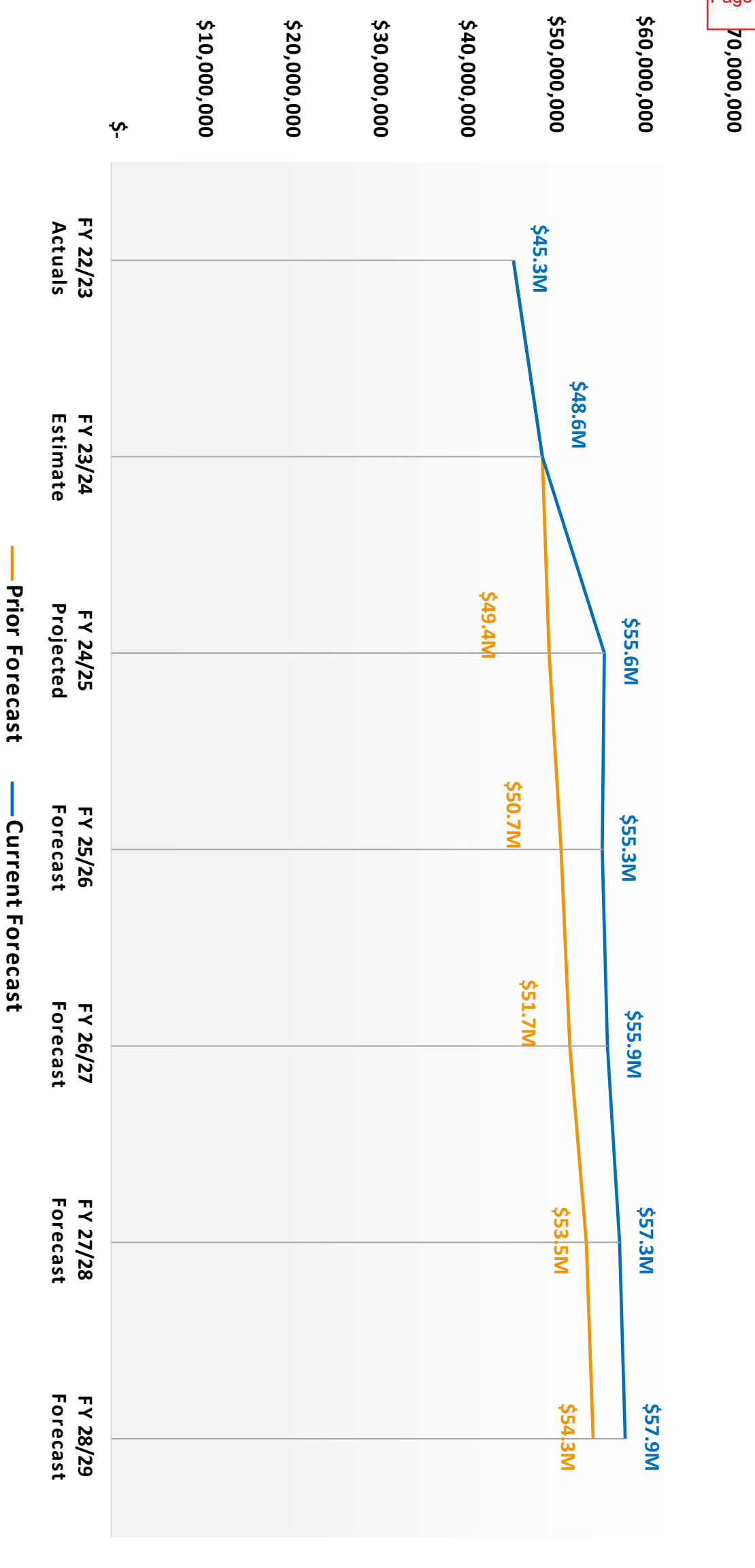
(From \$9M to \$12M)



Fleet Maintenance - \$3.0M

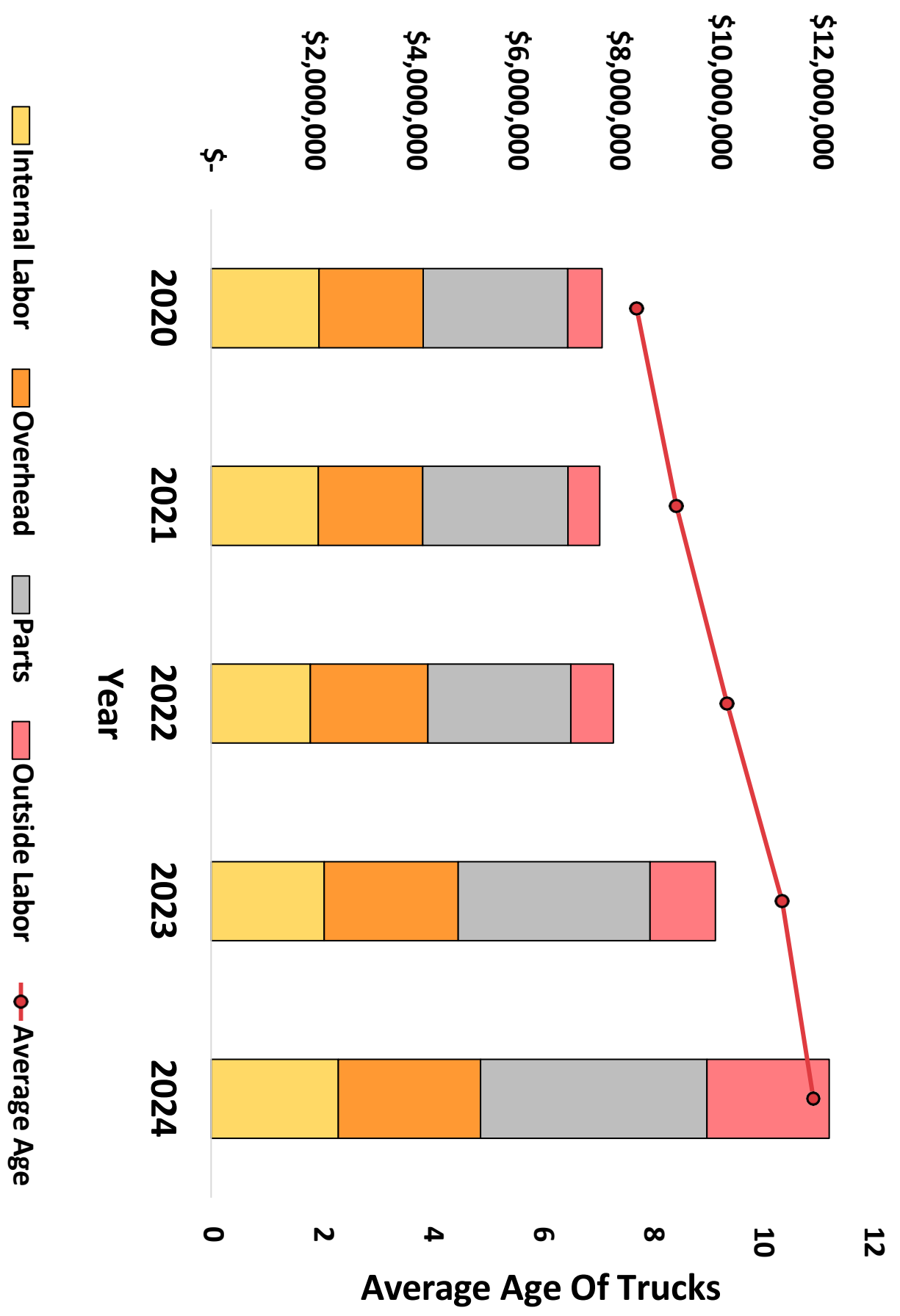
(From \$8.6M to \$11.6M)

Increasing Operating Costs on the Solid Waste Utility



Fleet Maintenance Costs Compared to Average Truck Age

Fleet Maintenance Costs



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

Residential 90-gallon Trash & Recycling Barrel	2024 Rate	2025 – Prior Forecast (3% increase)	2025 – Current Forecast (5.5% increase)
	\$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

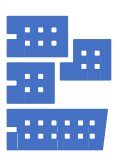
- From 8% to 10%

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	(FY 23/24 Estimate)	(FY 24/25 Budget)	(FY 24/25 Projected)
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