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OFFICE OF THE CITY CLERK

COUNCIL MINUTES

September 22, 2025

The City Council of the City of Mesa met in the Council Chambers at City Hall, 20 East Main Street, on September 22, 2025, at 6:25 p.m.

COUNCIL PRESENT	COUNCIL ABSENT	OFFICERS PRESENT
Mark Freeman	None	Scott Butler
Scott Somers		Holly Moseley
Rich Adams		Jim Smith
Jennifer Duff		
Alicia Goforth		
Francisco Heredia		
Julie Spilsbury		

Mayor's Welcome.

Mayor Freeman conducted a roll call.

Mayor Freeman led a moment of silence, followed by the Pledge of Allegiance.

Mayor Freeman provided an overview of the public comment guidelines.

Awards, recognitions, or announcements.

Mayor Freeman stated that the Domestic Violence Awareness Month Proclamation would be continued to a future date.

Items on the agenda were discussed out of order, but for purposes of clarity will remain as listed on the agenda.

1. Take action on all consent agenda items.

All items listed with an asterisk (*) will be considered as a group by the City Council and will be enacted with one motion. There will be no separate discussion of these items unless a Councilmember or citizen requests, in which event the item will be removed from the consent agenda and considered as a separate item. If a citizen wants an item removed from the consent agenda, a blue card must be completed and given to the City Clerk prior to the Council's vote on the consent agenda.

It was moved by Councilmember Spilsbury, seconded by Councilmember Duff, that the consent agenda items be approved.

Upon tabulation of votes, it showed:

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

Carried unanimously.

*2. Approval of minutes of previous meetings as written.

Minutes from the Study Sessions held on June 26, August 18, September 8, 2025, and from the Regular Council meeting on September 8, 2025.

3. Take action on the following liquor license applications:

*3-a. Gin's Smoke Shop

A tobacco shop is requesting a new Series 10 Beer & Wine Store License for Memushaj LLC, 1927 North Gilbert Road, Suite 2 - Vergjin Memushaj, agent. There is no existing license at this location. **(District 1)**

*3-b. Alessia's Italian Food-Alessia's Ristorante Italiano

A restaurant that serves lunch and dinner is requesting a new Series 12 Restaurant License for Alessia's Ristorante Italiano LLC, 5251 East Brown Road, Suite 105 -109 - Jeffrey Miller, agent. The existing Series 7 Beer and Wine bar license held by Alessia's Ristorante Italiano LLC will remain active at the location and stack with the Series 12 Restaurant License. **(District 5)**

3-c. Circle K Store # 9577

A convenience store is requesting a new Series 9 Liquor Store License for Circle K Stores Inc., 10744 East Elliot Road - Maria Danielle Burgess, agent. The existing Series 10 Beer & Wine Store License held by Circle K Stores Inc will revert to the State. (District 6) - DELETED

*3-d. 7-Eleven # 43049

A convenience store is requesting a new Series 10 Beer & Wine Store License for Kyra 1 Inc., 7226 South Ellsworth Road - Kevinder Singh Nijjar, agent. The existing license held by Western Refining Retail LLC will revert back to the State. **(District 6)**

4. Take action on the following contracts:

*4-a. Three-Year Term Contract with Two-Year Renewal Options for Fabrication and Installation of Parks and Facility Signs for the Parks, Recreation, and Community Facilities Department. **(Citywide)**

This purchase will provide a contractor to design, provide plans, fabricate, and install new or repair existing park identification (ID), rule, and building ID signs, and other signage in various parks and facilities throughout the City.

A committee representing the Arts and Culture, Library Services, and Parks, Recreation, and Community Facilities Departments and Procurement Services evaluated responses

and recommend awarding the contract to the highest scored proposal from Sierra Signs & Service, Inc. (a Mesa business) at $541,500 annually, with an annual increase allowance of up to 5%, or the adjusted Producer Price Index.

*4-b. 11-Month Use of a Cooperative Term Contract with Renewal Options for a Distributed Antenna System (New) for the Mesa Gateway Airport as requested by the Department of Innovation and Technology Department. **(Citywide)**

Mesa Gateway Airport has experienced persistent radio City communication challenges in several areas for first responders using portable radios. To address these critical gaps, an Emergency Responder Communication Enhancement System (ERCES) will need to be installed. The system will ensure reliable communication across the airport, eliminating dead spots. These issues were identified based on a coverage study test.

The Department of Innovation and Technology and Procurement Services recommend authorizing the purchase using the State of Arizona cooperative contract with DiscountCell, Inc. at $250,000 (Year 1) and $30,000 annually for subsequent years for ongoing annual maintenance and repair costs.

*4-c. 5 Five-Year Term Contract for Industrial Plumbing Supplies for the Water Resources and Parks, Recreation, and Community Facilities Departments. **(Citywide)**

This contract will provide pipe, fittings, valves, backflow devices, and other related products and equipment. These items will be utilized at Water and Wastewater treatment facilities and by the Parks, Recreation and Community Facilities Department for the installation, repair, and replacement of their infrastructure.

Mesa partnered with AXIA Cooperative to lead the solicitation that created this contract. It will be available to over 30,000 public agencies nationally, including state and local governmental entities, public and private primary, secondary, and higher education entities, non-profit entities, and other agencies through AXIA's cooperative purchasing program. As part of the agreement, the City will receive 0.125% of the total 2% administrative fee collected from sales.

A committee representing the Water Resources Department and Procurement Services evaluated responses and recommend awarding the contract to the highest scored proposals from Best Plumbing Specialties, Inc., Core & Main LP, Sid Tool Co. Inc. dba MSC Industrial Supply Co. and Six Points Hardware at $1,400,000 annually, with an annual increase allowance of up to 5%, or the adjusted Consumer Price Index.

5. Take action on the following resolutions:

*5-a. Approving and authorizing the City Manager to enter into contracts for the purchase of firm natural gas supplies for the City of Mesa natural gas distribution system, for a period of up to five years and in the amounts up to the full requirements of the system, as well as an agreement for asset management. **(Citywide)** – Resolution No. 12413

*5-b. Approving and authorizing the City Manager to accept Proposition 202 funds from the Gila River Indian Community in the amount of $569,675 and administer awarded funds. **(Citywide)** – Resolution No. 12414

*5-c. Authorizing the City Manager to enter into the Fourth Amendment of an Intergovernmental Agreement between City of Mesa and Arizona Board of Regents for

and on behalf of Arizona State University for Crime Analysis assistance. **(Citywide)** – Resolution No. 12415

*5-d. See: **Items not on the Consent Agenda**

6. Introduction of the following ordinances and setting October 6, 2025, as the date of the public hearing on these ordinances:

*6-a. ZON22-00890 "Gateway Park." 33.3± acres located at the northwest and southwest corners of East Ray Road and South Hawes Road. Rezone 15.6± acres from Limited Commercial with a Planned Area Development Overlay (LC-PAD) to Limited Commercial (LC), rezone 17.7± acres from LC-PAD to Light Industrial with a PAD overlay (LI-PAD) and Site Plan Review for an approximately 235,600± square foot industrial development and future commercial development. Mesa Airport Growth Properties, LLC, owner; Wendy Riddell, Berry Riddell, LLC, applicant. **(District 6)** – Ordinance No. 5966

Staff Recommendation: Approval with conditions

P&Z Board Recommendation: Approval with conditions (Vote: 5-0)

*6-b. Amending Sections 10-4-4 and 10-4-5 of the Mesa City Code to reduce the speed limit from 40 mph to 35 mph on Extension Road between Baseline Road and Southern Avenue, as recommended by the Transportation Advisory Board. **(Districts 3 and 4)** – Ordinance No. 5967

7. Discuss, receive public comment, and take action on the zoning ordinance, and take action on the resolution, relating to the development 4062 E Main:

*7-a. ZON25-00366 "4062 E Main." 3.7± acres located approximately 1,600± feet west of the northwest corner of East Main Street and North Greenfield Road. Minor General Plan Amendment to change the Placetype from Urban Center with an Evolve Growth Strategy to Urban Residential with an Evolve Growth Strategy. Dolly Varden LLC, owner; Tim Boyle, Atmosphere Architects, applicant. **(District 2)** – Resolution No. 12417

Staff Recommendation: Adoption

P&Z Board Recommendation: Adoption (Vote: 6-0)

*7-b. ZON25-00025 "4062 E Main." 7± acres located approximately 1,600± feet west of the northwest corner of East Main Street and North Greenfield Road. Rezone 3.3± acres from Multiple Residence-4 (RM-4) to Multiple Residence-4 with a Planned Area Development Overlay (RM-4-PAD) and rezone 3.7± acres from RM-4-PAD to RM-4 with a new PAD overlay (RM-4-PAD) and Site Plan Review for a 137-unit attached single-residence development. Dolly Varden LLC, owner; Tim Boyle, Atmosphere Architects, applicant. **(District 2)** – Ordinance No. 5964

Staff Recommendation: Approval with conditions

P&Z Board Recommendation: Approval with conditions (Vote: 6-0)

8. Discuss, receive public comment, and take action on the following ordinances:

*8-a. Proposed amendments to Chapters 14 and 86 of Title 11 of the Mesa City Code. The amendments include but are not limited to: repealing in its entirety Chapter 14 - Employment Opportunity District and adopting a new "Chapter 14 - Employment Opportunity District" and modifying Section 11-86-1: Purpose and Applicability pertaining to the purpose and applicability of use types. **(Citywide)** – Ordinance No. 5962

Staff Recommendation: Adoption

P&Z Board Recommendation: Adoption (Vote: 6-0)

*8-b. See: **Items not on the Consent Agenda**

*8-c. See: **Items not on the Consent Agenda**

Items not on the Consent Agenda

5-d. Providing a recommendation to the Maricopa County Board of Supervisors on the neighborhood's request for the City of Mesa's consent for the formation of the Mesa Vista Estates Irrigation Water Delivery District (IWDD), generally bounded by East Jensen Street on the north, East Mesa Vista Lane on the south, North Mesa Drive on the west, and North Dresden on the east. **(District 1)** – Resolution No. 12416

Robert Blincoe, a Mesa resident, stated that his neighborhood has benefited from the Salt River Project (SRP) installed irrigation system for several decades; however, the system is now aging, and repairs are becoming increasingly expensive. He explained that his neighborhood has submitted a proposal to form an irrigation district in order to pool resources and prepare for the growing costs of maintaining the system.

It was moved by Councilmember Heredia, seconded by Councilmember Adams, that Resolution No. 12416 be adopted.

Upon tabulation of votes, it showed:

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

Carried unanimously.

*8-b. Proposed amendments to Chapter 36 of Title 11 of the Mesa City Code pertaining to legal nonconforming uses, lots/parcels, structures, and sites, and legal procedurally conforming uses and structures. The amendments repeal in its entirety Chapter 36 - Nonconforming Uses, Structures, and Lots and adopt a new "Chapter 36 - Nonconforming and Procedurally Conforming." **(Citywide)** – Ordinance No. 5963

Staff Recommendation: Adoption

P&Z Board Recommendation: Adoption (Vote: 7-0)

Vice Mayor Somers explained that additional information and clarification about the proposed Code amendments are needed prior to proceeding with approval of this ordinance. He requested that the item be continued to the October 6, 2025, Regular Council Meeting to allow additional time for further review.

It was moved by Councilmember Adams, seconded by Vice Mayor Somers, that this item be continued to a future date.

Upon tabulation of votes, it showed:

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

Mayor Freeman declared the motion carried by majority vote.

*8-c. ZON25-00304 "Price Manor II." 6.5± acres located approximately 1,620± feet north of the northeast corner of East McKellips Road and North Center Street. Rezone from Single Residence-9 with a Planned Area Development overlay (RS-9-PAD) to Small Lot Single Residence 4.5 with a PAD overlay (RSL-4.5-PAD) for a 41-lot single residence development. Thomas Ahdoot, owner; Sean Lake, Pew & Lake PLC, applicant. **(District 1)** – Ordinance No. 5965

Staff Recommendation: Approval with conditions

P&Z Board Recommendation: Approval with conditions (Vote: 6-0)

Mario Diaz, a Mesa resident, voiced his support of the proposed development. He pointed out that his residence is two houses from the site that has become an eyesore for the neighborhood and felt that the proposed development would greatly improve the area. He acknowledged the concerns about added traffic, and he noted that development of the property is inevitable. He remarked that the zoning in the area is already a checkerboard mix and that integrating this site with Manor I and Manor II would provide continuity. He reiterated that nearby residents, including some who could not attend the meeting but testified at Planning and Zoning Board meeting, are supportive of the project and urged Council to approve the request and allow Brighton Homes to proceed.

Tim Brown, a Mesa resident, expressed his support for the project. He noted the property's history of failed developments and the current plan for 18 rental units, warning that without approval the property could face higher-density use. He highlighted Brighton Homes' responsiveness to neighbors and reduction of density in a prior. He stated the new development would provide a smooth neighborhood transition and help address local issues such as crime, abandoned vehicles, and safety concerns by bringing positive growth to the area.

Marilyn Crosby, a Mesa resident, explained concerns regarding the proposed development, emphasizing that opposition from Lehi residents stems from broken commitments and a lack of proper process, rather than opposition to development in general. She reported that the residents of the Lehi neighborhood have not been contacted for discussions despite attempts to engage and a rebuttal was submitted to the council report outlining substantiated concerns. She questioned claims that the development represents a reduction in density, noting traffic concerns.

Michelle McCroskey, a Mesa resident, explained that she is a Lehi community resident, serving on the Lehi Community Board and as a local 4-H leader. She expressed concerns regarding the proposed development, emphasizing that opposition is related to density, traffic, and the potential impact on the neighborhood's lifestyle. She requested a left-turn exit on Center Street

and discussed additional concerns about new residents potentially not valuing agricultural activities

Mayor Freeman announced that the following citizens submitted a comment card in support of ZON25-00304 Price Manor II but did not wish to speak.:

- Spencer Price, a Mesa resident
- Vonette Warren, a Mesa resident
- Tom Warren, a Mesa resident
- Shawn Brown, a Mesa resident
- Mike Kotwica, a Mesa resident

Sean Lake, Attorney for Pew & Lake, P.L.C., and representative for the applicant Brighton Homes, displayed a PowerPoint presentation. **(See Attachment 1)**

Mr. Lake provided an overview of the proposed development and displayed a site map to illustrate the location just outside the Lehi subarea, immediately north of the previously approved Price Manor I project. He noted that the property is bordered to the north by the Arizona Department of Transportation (ADOT) retention basin, which is not developable land; to the east by the Lehi Shadows subdivision and a mobile home park; and to the south by Price Manor I and an RV park zoned R4/RM4. He emphasized that the proposed project is intended to serve as a compatible transition between surrounding land uses. (See Pages 2 and 3 of Attachment 1)

Mr. Lake stated that the proposal for the site is RSL 4.5 zoning to allow for single-family detached homes on larger lots with homes of similar or slightly larger size than those in Price Manor I. He explained that, because Brighton Homes is developing both projects, the intent is to combine Price Manor I and Price Manor II into a single homeowner's association (HOA) to provide a larger membership base, making the HOA more sustainable over the long term by increasing both financial contributions and participation. He further noted that the Lehi Shadows subdivision lies directly to the east of the project site. He emphasized the efforts to directly engage neighbors, particularly those in Lehi Shadows, through door-to-door outreach and neighborhood meetings. (See Page 4 of Attachment 1)

Mr. Lake highlighted the General Plan for the area, noting that while the Lehi subarea is traditionally designated for low-density residential, the subject property is identified as traditional residential, consistent with the majority of the City of Mesa. He stated that this designation aligns with the proposed density since the surrounding zoning includes R3, R4, R1-6, and RS-9, and expressed that the project appropriately transitions in density to the adjacent ADOT retention basin to the north. He explained that prior attempts to develop the property under RS9 zoning were unsuccessful, and the proposed RSL 4.5 zoning would allow for construction of for-sale homes that are more affordable than higher-end housing in the area, providing options for families wishing to remain in Mesa. (See Pages 5 through 8 of Attachment 1)

Mr. Lake addressed concerns raised during the neighborhood meeting, noting that the developer has agreed to include disclosures in the covenants, conditions, and restrictions (CC&Rs) and public report informing future homeowners of the proximity to agricultural and equestrian uses, which may result in flies and related conditions. He stated that restrictions will also be added to limit rental properties, including short-term rentals such as through Airbnb or VRBO. He highlighted additional commitments include installing a decomposed granite horse trail along the frontage of both Price Manor I and II, supporting the City in considering speed tables along Lehi Road, and working with the Transportation Department to restrict traffic access to Center Street as part of the final platting process. He added that the developer is also open to installing white fencing along Lehi Road. He emphasized that these measures reflect their willingness to work with the community. (See Page 9 of Attachment 1)

Mr. Lake stated that, aside from an eight-foot wall to be constructed around the SRP water facility and the inclusion of private streets within a gated community, no additional development standard modifications are proposed. He presented elevations of the planned homes, describing them as attractive, single-family residences with both front and back yards, designed to support family living. He emphasized that the project would provide much-needed for-sale housing inventory in Mesa and would serve as a positive addition to the community overall. (See Pages 10 and 11 of Attachment 1)

Responding to a question from Councilmember Spilsbury, Mr. Lake clarified the traffic circulation plan, noting that Price Manor I includes a crash gate to the east, directing all traffic to Center Street, and confirmed that the proposed project would include both ingress and egress from Center Street, along with an exit-only connection to the east. He explained that this design allows some traffic to flow east while ensuring primary access remains on Center Street and without this provision, all traffic would exit to Center Street and potentially divert through Lehi Road to reach other destinations.

Additional discussion ensued regarding the ingress and egress of the proposed development, including the primary access from Center Street and the exit-only connection to the east.

In response to a question from Councilmember Goforth, Mr. Lake confirmed that the public notice process was conducted in accordance with City Code requirements. He stated that the process was followed as directed by City staff and included submission of an affidavit verifying compliance.

Planning Director Mary Kopaskie-Brown discussed the public notice process and pointed out that in addition to mailing letters, the notices are published in the local newspaper, city website and via signage at the proposed development location. She confirmed that according to State Statute it is required to mail notification letters to all residents within a 500 feet radius, but in this case a 1,000 feet radius was used.

Councilmember Adams stated that he would not support the project and expressed his commitment to Lehi residents to protect the rural character of the community and to oppose higher density development, noting that no residents had requested higher density in the area. He referenced assurances made during the 2005 rezoning process related to step-down zoning and density considerations, stating that some residents feel commitments made at that time have not been upheld. He recognized the growing need for affordable, for-purchase housing, and stressed that this project, though attractive and well designed, is not appropriate for the Lehi area.

Councilmember Duff emphasized that while opposition exists, there is also community support, particularly from residents of the neighboring Lehi Shadows subdivision, whose voices should not be overlooked. She described the project as well designed, with attractive homes that provide an appropriate transition in zoning and a valuable range of housing choices not currently available in the Lehi area. She voiced support for the project, stating that it represents a good addition of family homes that would serve multi-generational needs and strengthen the overall community.

Councilmember Goforth confirmed that due to the issue with the citizen participation process she will not support moving forward with this project.

Additional discussion ensued regarding the public notice process and procedures.

Mayor Freeman reiterated that the Planning and Zoning Board had previously approved Price Manor II with a 70% vote, reflecting careful analysis and community input. He also highlighted the need for attainable housing, stating that current homes in the area are unaffordable for many families. He acknowledged traffic concerns, particularly along Center Street and Lehi Road, but noted that traffic studies show the roads can accommodate additional volume. He emphasized that equestrian users and agricultural activities would not be put at risk, and that most traffic leaving the area naturally exits south toward McKellips Road. He pointed out that measures such as restricting short-term rentals, implementing left-turn access onto Center Street, and preserving agricultural buffers help mitigate impacts. He expressed support for the project, citing its alignment with community housing needs, its compatibility with surrounding development, and its contribution to filling a gap in Mesa's middle-income housing stock.

It was moved by Councilmember Spilsbury, seconded by Councilmember Duff, that Ordinance No. 5965 be adopted.

Upon tabulation of votes, it showed:

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

Mayor Freeman declared the motion carried by majority vote.

9. Discuss, receive public comment, and take action on the zoning ordinance, and take action on the resolution relating to the development Park North Multi-Family:

9-a. ZON24-00708 "Park North Multi-Family." 5± acres located approximately 275 feet east of the northeast corner of South Power Road and East Guadalupe Road. Rezone from Limited Commercial with Planned Area Development Overlay (LC-PAD) to Limited Commercial with a new Planned Area Development Overlay (LC-PAD), Council Use Permit, and Site Plan Review for the development of a 120-unit multiple residence development. P & G Land Development LLC, owner; Chris Webb, Rose Law Group, applicant. **(District 6)** – Ordinance No. 5940

Staff Recommendation: Approval with conditions

P&Z Board Recommendation: Approval with conditions (Vote: 4-0)

9-b. A resolution approving and authorizing the City Manager to enter into a Development Agreement (DA No. 24-00052) relating to a multiple residence development on 5 +/- acres of property located approximately 275 feet east of the northeast corner of South Power Road and East Guadalupe Road, requiring landscaping and construction of a pathway on parcels adjacent to the property, and notice to tenants of the possibility of noise and light intrusion from a nearby park. **(District 6)** – Resolution No. 12418

Vice Mayor Somers expressed his concerns about proceeding with the project as proposed and suggested that the item be continued to a future date to allow time for the developer to address the recommendations set forth during previous discussions.

Discussion ensued regarding the requested changes.

Chris Webb, Rose Law Group, acknowledged the desired changes to the proposed development and confirmed that his intent is to recommend a project that both the Council and community will support.

It was moved by Vice Mayor Somers, seconded by Councilmember Adams, that Ordinance No. 5940 and Resolution No. 12418 be continued to a future date determined.

Upon tabulation of votes, it showed:

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

Carried unanimously.

10. Adopting the following Notice of Intention and setting December 1, 2025, as the date for the public hearing:

10-a. Presentation and discussion on proposed utility rate adjustments.

Director of the Office of Management and Budget Brian Ritschel stated that the proposed utility rate adjustments reflect recent Audit, Finance & Enterprise Committee and Council discussions and recommendations related to the notice of intent and presented a PowerPoint presentation. **(See Attachment 2)**

Mr. Ritschel provided an overview of the City's financial principles and highlighted the key focus areas identified by the Audit, Finance & Enterprise Committee and Council, including equity between residential and non-residential rates, growth paying for growth, conservation of discretionary water use, and smoothing rate adjustments over time. (See Pages 2 through 4 of Attachment 2)

Mr. Ritschel summarized the City's financial forecast, noting concerns about negative net sources and uses and reserve fund percentages dropping below the 8% threshold. He reported that to address these issues and accelerate equity between residential and non-residential rates, the Audit, Finance & Enterprise Committee recommended restructuring debt by reducing principal repayment in the first 10 years from 35% to 30%; and in coordination with Water Resources, deferring $180 million in water and wastewater system repairs and maintenance outside of the financial forecast. (See Pages 5 and 6 of Attachment 2)

Mr. Ritschel discussed additional budget adjustments, including increasing non-residential landscape rates from 15% to 20% and modifying residential tier rates allowing the equity target between residential and non-residential rates to be achieved sooner than initially planned. He highlighted the inequity of revenue versus consumption used by residential and non-residential users, emphasizing the need for rate adjustments to better align revenue with water consumption. (See Pages 7 and 8 of Attachment 2)

Mr. Ritschel presented an overview of the proposed utility rate adjustments outlined in the Notice of Intent. He reported that the proposed changes would result in an average 4.3% increase for residential water customers, which would decrease slightly to 4.2% if a capacity fee is adopted, representing an estimated monthly bill impact of approximately $1.89 compared to $1.84 with the fee. He reported the impact to the typical customer with water, wastewater, and solid waste services, proposing an overall monthly increase just under $6. He reviewed the proposed increases to commercial landscape rates and wastewater rates for both residential

and commercial customers. He advised that maintaining equity between user groups and the adoption of a capacity fee would further lessen usage rate impacts and provide additional resources to advance $180 million in deferred water resources projects, allowing repairs and maintenance to occur sooner. (See Pages 9 through 14 of Attachment 2)

Mr. Ritschel presented a rate comparison to other neighboring cities that showed Mesa remaining among the most affordable, ranking third from the bottom even with the proposed adjustments. He noted that Gilbert is in the final year of a three-year plan with 25% annual water increases, and Chandler is planning 15% increases for both water and wastewater along with a 6% increase in solid waste. (See Page 15 of Attachment 2)

Mr. Ritschel confirmed that the Notice of Intent establishes the maximum rates the City may adopt, with the option to approve lower rates, but if the Council wishes to set higher rates, a new Notice of Intent process would be required. He reviewed the next steps leading to new rates taking effect January 1. (See Page 16 of Attachment 2)

Responding to a question from Councilmember Spilsbury, Mr. Ritschel explained that although the proposed rate increase is approximately 4%, the impact appears larger when applied to the current higher base rates compared to prior years noting that this compounding effect is one reason Mesa has historically implemented smaller, incremental annual increases rather than larger, less frequent adjustments, a practice that has provided greater stability and is now being adopted by other Valley municipalities. He confirmed that the utility rate discussion process was initiated earlier this year than in the past to spur additional discussion and provide opportunities for the public to contact the Office of Management and Budget, Water Resources, or other utility departments with questions.

Mayor Freeman announced that the following citizens submitted a comment card in opposition to adopting a Notice of Intention and setting December 1, 2025, as the date for the public hearing to adopt the utility rate adjustments, but did not wish to speak:

- Lisa Peria, a Mesa resident
- Debbie Bressel, a Mesa resident
- Jeff Klusmann, a Mesa resident
- David L. Smith, a Mesa resident
- Patricia Book, a Mesa resident
- Will Stasi, a Mesa resident

Rick Schwalbach, a Mesa resident, urged the Council to delay the Notice of Intent to adjust utility rates until clearer information is provided to the public. He emphasized the need for greater transparency, including a breakdown on utility bills showing how revenues fund City services versus general government purposes, clearer explanations of how the proposed $40 million rate increase is allocated, and the use of median customer data to more accurately reflect the impact on residents. He requested that these measures be prioritized before moving forward.

Scott Webster, a Mesa resident, spoke in opposition to the proposed utility rate adjustments, citing concerns about the 30% transfer to the General Fund. He requested that utility bills provide a breakdown of charges and urged the Council to defer issuing the Notice of Intent until additional information can be shared with residents.

In response to a question from Councilmember Duff, Water Resources Department Director Chris Hassert reported that the City's water supply consists of approximately 55% Central Arizona Project (CAP) water, 30–40% SRP water, and the remaining portion from groundwater pumping. He noted that these proportions have remained consistent over the past several years.

Councilmember Spilsbury remarked that she was unaware of the utility fund transfer until running for Council. She emphasized that the transfer is not hidden from residents and highlighted Mesa's unique position as one of the largest U.S. cities without a primary property tax, which contributes to differences in funding structures. She agreed that more public education on utility charges is needed. She praised the City's transparency and existing checks and balances and emphasized that the discussion on utility rates is in its early stages, with formal introduction scheduled for November 17 and the vote following two weeks later, making delays unnecessary.

Vice Mayor Somers verified that the 30% utility fund transfer, established in the 1940s as an alternative to a primary property tax, is a unique approach to funding City operations and that while some residents are uncomfortable with the transfer, it is seen as preferable to a primary property tax. He highlighted the importance of maintaining a healthy utility fund to ensure water and wastewater services, explaining how projects such as the Central Reuse Pipeline and bond-funded infrastructure improvements help manage costs and provide long-term savings. He emphasized that bond issuance is staggered to avoid sudden spikes in rates and noted that incremental adjustments make rate increases more manageable. He encouraged residents to review budget forecasts and utility information on the City's website for greater transparency and understanding of rate projections.

Councilmember Adams acknowledged the complexity of the utility rate process but expressed confidence that transparency is available for those who seek it. He noted that budget projections are beginning to improve, which is encouraging, and emphasized minimizing impacts on residents. He stated that the 60-day period before the November discussion provides ample time for questions, review, and deliberation, and saw no benefit to delaying the start of the conversation, as postponement would only defer necessary debate and resolution.

Councilmember Goforth expressed support for proceeding with the utility rate discussion without delay, emphasizing that this stage initiates the conversation with residents and allows for education on the City's investments in securing Mesa's water and energy future. She noted that rate adjustments have historically remained below cost increases and consumer price index (CPI), enabling steady, manageable increases rather than sudden spikes, and stressed the importance of informing residents about the rationale and necessity of these investments.

Mayor Freeman reflected on past experiences with delayed water rate increases, noting that skipping increases seven years ago led to a 7.5% spike the following year, highlighting the importance of incremental adjustments. He explained that the City maintains a 95-year water lease with the Gila River Indian Community to secure priority water and emphasized the high costs and limited supply from the Colorado River. He addressed the 30% utility fund transfer and clarified that these funds support public safety and infrastructure reinvestment. He encouraged residents to meet with Council or staff for detailed financial information and reminded the public that the utility rate ordinances will be introduced on November 17, with final Council action scheduled for December 1.

10-b. Adoption of Notice of Intention to adjust utility rates.

It was moved by Councilmember Spilsbury, seconded by Councilmember Heredia, that the Notice of Intention be adopted and December 1, 2025, set as the date for the public hearing.

Upon tabulation of votes, it showed:

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

ABSENT – None

Carried unanimously.

11. Adopting the following Notice of Intention and setting December 1, 2025, as the date for the public hearing:

11-a. Presentation and discussion on proposed water and wastewater capacity fees.

Water Resources Department Director Chris Hassert provided an overview of the proposal to establish a water and wastewater capacity fee within the utilities plan and displayed a PowerPoint presentation. **(See Attachment 3)**

Mr. Hassert explained that capacity fees are designed to recover growth-related costs of construction and are assessed as a one-time charge for new or upsized connections to the water and/or wastewater system. He pointed out that the COM currently lacks a mechanism to recover costs for the infrastructure needed to support growth, and adopting a capacity fee would alleviate the pressure currently placed on the existing rate payers. He reported that adjustments to the Capital Improvement Project (CIP) schedule have been required as some projects were advanced earlier than planned to meet growth demands, creating funding constraints and delaying other critical infrastructure projects. He pointed out that the proposed capacity fees would help address these challenges by funding lifecycle, rehabilitation, and growth-related costs. (See Pages 2 and 3 of Attachment 3)

Mr. Hassert presented a map of the COM water masterplan and highlighted the largest concentrations of vacant land which are primarily zoned commercial and industrial, noting that if developed, upgraded infrastructure would be necessary to support growth and avoid pressure on the aging system. (See Page 4 of Attachment 3)

Mr. Hassert reported that the proposed capacity fees are based on the American Water Works Association (AWWA) Manual of Water Supply Practices M1, which establishes principles for water rates, fees, and charges. He reviewed the proposed capacity fee calculations and supplied the projected capacity costs for water and wastewater capacity projects using the Signal Butte expansion project budget as an example. He compared the proposed fee to neighboring cities based on a ¾ inch meter. He explained that the legislation previously allowing collection of impact fees on new development is no longer in effect due to recent updates, noting the COM impact fee program ended in 2023. (See Pages 5, 8, 12 and 13 of Attachment 3)

Mayor Freeman thanked staff for the presentation.

Mayor Freeman announced that the following citizens submitted a comment card in opposition to adopting the Notice of Intention and setting December 1, 2025, as the date for the public hearing to establish water and wastewater capacity fees, but did not wish to speak.

- Elaine Klusmann, a Mesa resident
- Jeff Klusmann, a Mesa resident

James Ashley, representing the Homebuilders Association of Central Arizona, spoke in opposition to the proposed water and wastewater fees, citing concerns with the process rather than the need for capacity. He emphasized that Mesa homebuilders were not notified of the proposal prior to the September 11 Study Session, unlike outreach practices in other jurisdictions. He confirmed that a stakeholder meeting with City staff has been scheduled to address concerns, noting that the lack of opportunity to fully review fee calculations removes the

certainty and protections provided under the development impact fee statute A.R.S. §9-463.05. He concluded by reaffirming that their opposition is procedural and expressed hope for a positive resolution through ongoing discussions with staff.

David L. Smith, a Mesa resident, spoke in support of the proposed water and wastewater capacity fees, emphasizing that new developments should fund infrastructure rather than existing residents. He noted that supplying Mesa's remaining water and wastewater capacity would cost approximately $400 million. He highlighted that the proposed fees are consistent with state law and comparable to neighboring cities. He cautioned that without these fees, current residents' utility bills would rise over time and urged the Council to approve the Notice of Intent and proceed with adopting the capacity fees.

Scott Webster, a Mesa resident, spoke in support of the proposed capacity fees, emphasizing that while such measures can be unpopular, they are necessary to ensure new developments bear the cost of infrastructure. He pointed out that without proper fees, existing residents, particularly those in older or smaller homes, often end up subsidizing infrastructure for new, higher-end developments. He encouraged the Council to consider all aspects of development, including water, power, and roads in applying these fees.

City Attorney Jim Smith confirmed that, under state law, the proposed capacity fees are limited to funding water and wastewater projects only.

In response to Mr. Ashley's comments, City Manager Scott Butler emphasized the City's commitment to collaborating with private sector stakeholders while following state statutes governing impact and capacity fees. He highlighted that growth should pay for growth, noting that current ratepayers are currently subsidizing new development, which is unsustainable. He confirmed that stakeholder meetings and additional discussions will continue over the next 60 days, aiming to reach a reasonable solution that balances all interests before the fees are adopted in December.

Vice Mayor Somers emphasized that growth should pay for growth, noting that without the proposed capacity fees, residential utility bills would increase by approximately 0.5% and commercial bills by 1% to cover the cost of new development. He acknowledged that the old system is no longer viable and stressed the need to adopt a new system to ensure that growth funds its own infrastructure. He welcomed the 60-day period for stakeholder meetings and one-on-one discussions and expressed support for ongoing conversations to implement the fees while protecting current ratepayers.

Councilmember Goforth reiterated that the Notice of Intent begins the process of gathering feedback and initiating discussions on the proposed capacity fees. She emphasized that growth should pay for growth, highlighting that existing ratepayers already cover the costs of maintaining current infrastructure, while new development should fund any additional capacity and associated system demands. She expressed confidence that ongoing discussions and public input will help refine the approach while preserving the overall concept.

Councilmember Adams stated that the discussion on the proposed capacity fees is timely and appropriate. He highlighted the importance of identifying ways to lessen the financial impact on residential ratepayers and expressed support for the process as a means to achieve this. He mentioned that the 60-day period provides ample opportunity for thorough discussions with staff and stakeholders.

11-b. Adoption of Notice of Intention to establish water and wastewater capacity fees.

It was moved by Vice Mayor Somers, seconded by Councilmember Goforth, that the Notice of Intention to establish water and wastewater capacity fees be adopted setting December 1, 2025, as the date for the public hearing.

Upon tabulation of votes, it showed:

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

Carried unanimously.

12. Items from citizens present.

Betsie Soderquist, a Mesa resident, stated her opposition to the 287(g) Cooperation Agreement with the U.S. Immigration and Customs Enforcement (ICE) and raised concerns about potential government overreach.

Alyssa Owens, a Mesa resident, expressed her opposition to the 287(g) Cooperation Agreement with ICE.

Adela Vargas, a Mesa resident, spoke in opposition to the 287(g) Cooperation Agreement with ICE and urged the Council to cancel the agreement.

Mayor Freeman announced that 113 comment cards were submitted in opposition to the 287(g) Cooperation Agreement with ICE.

13. Adjournment.

Without objection, the Regular Council Meeting adjourned at 9:00 p.m.

CITY OF MESA CORPORATE SEAL MARICOPA COUNTY, AZ

MARK FREEMAN, MAYOR

ATTEST:

HOLLY MOSELEY, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Council Meeting of the City Council of Mesa, Arizona, held on the 22nd day of September 2025. I further certify that the meeting was duly called and held and that a quorum was present.

HOLLY MOSELEY, CITY CLERK

sr
(Attachments – 3)

Price Manor, Phase II
2245 North Center Street

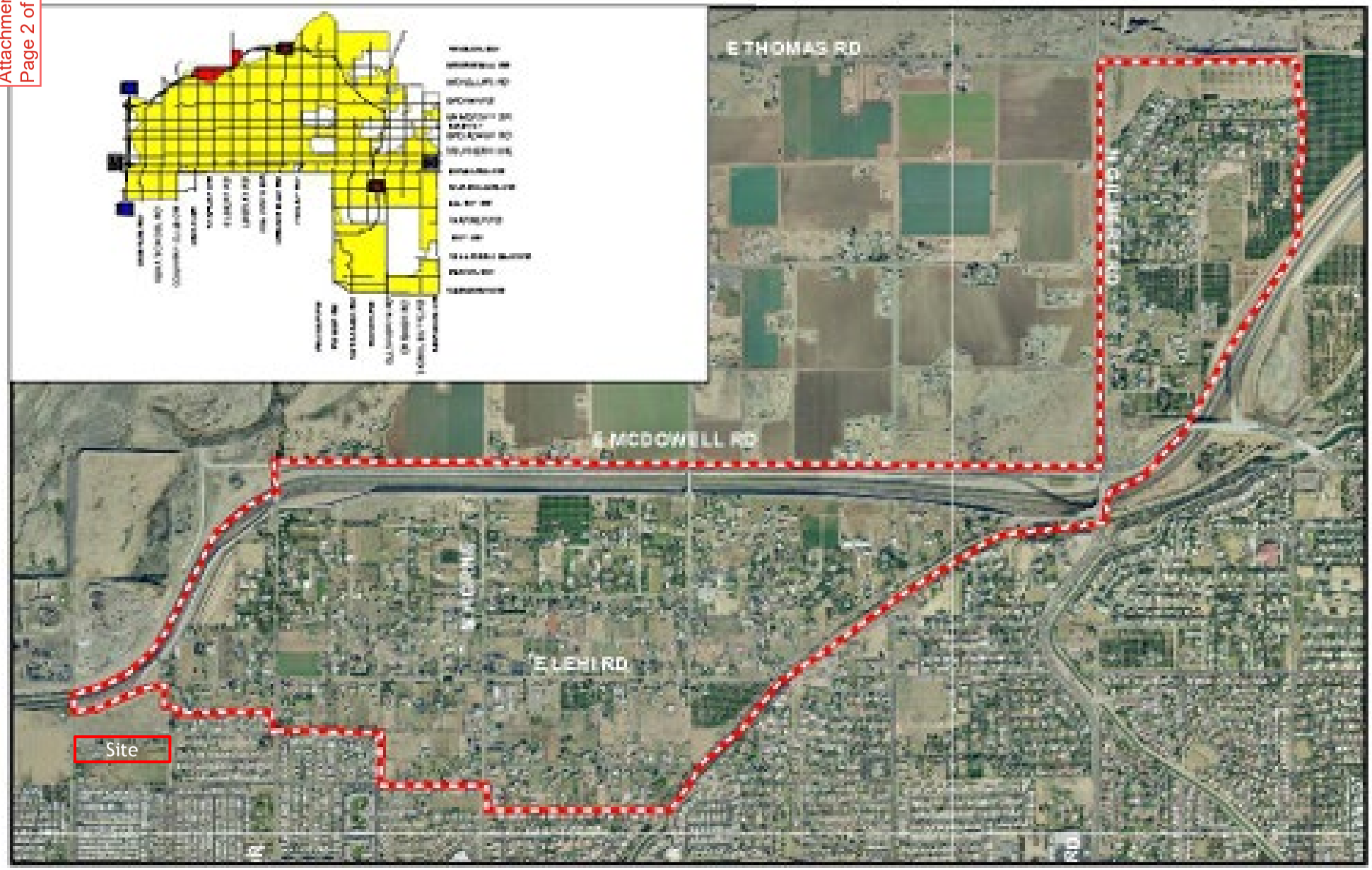
ZON25-00304

Mesa City Council

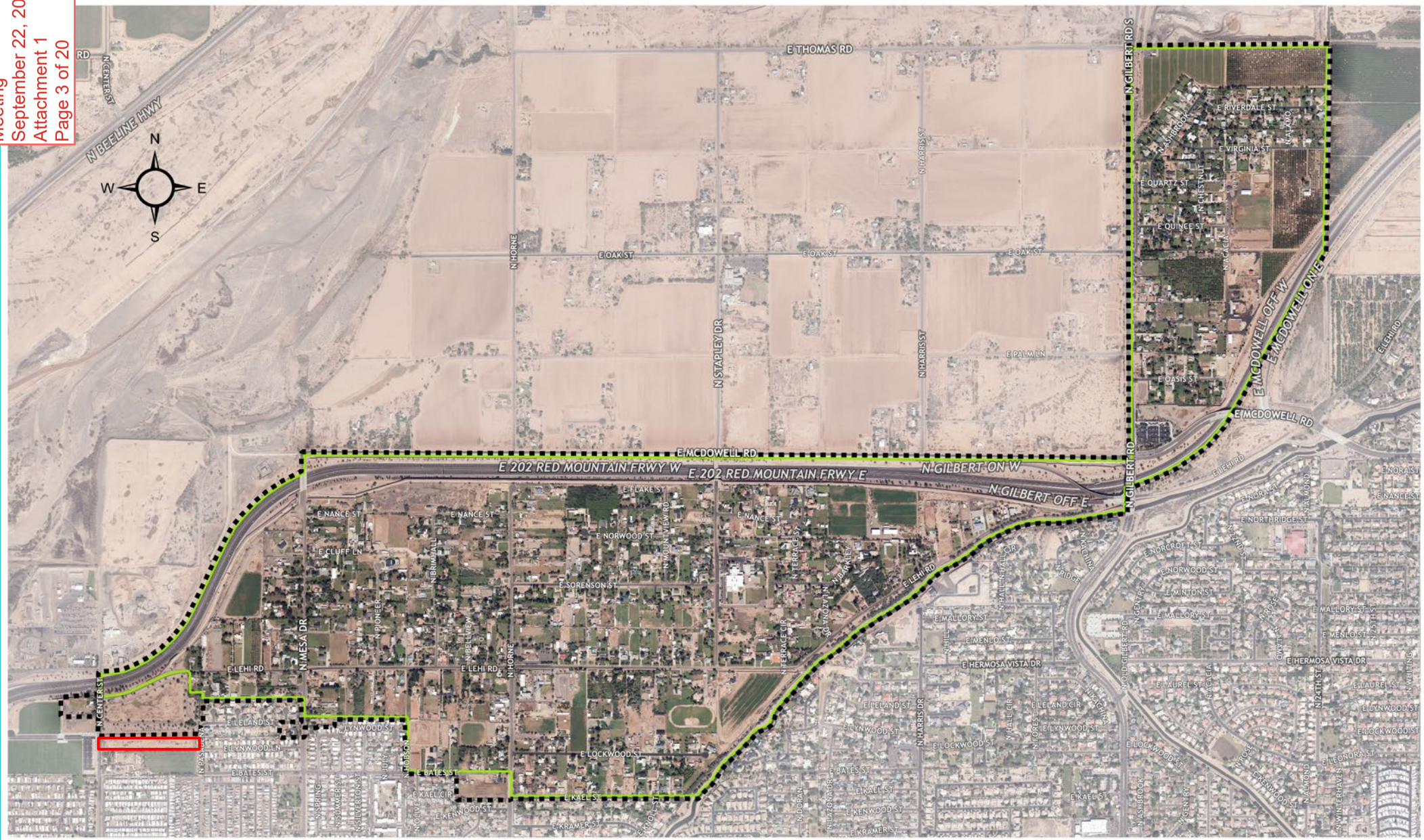
September 22, 2025

Lehi Sub-Area Plan

Adopted by Resolution 8655 on January 23, 2006



Lehi Sub-Area Plan



Proposed Lehi Heritage Neighborhood

Proposed Heritage Neighborhood
Lehi SubArea
StreetCenterline

0 0.13 0.25 0.5 0.75 1 Miles

mesa·az

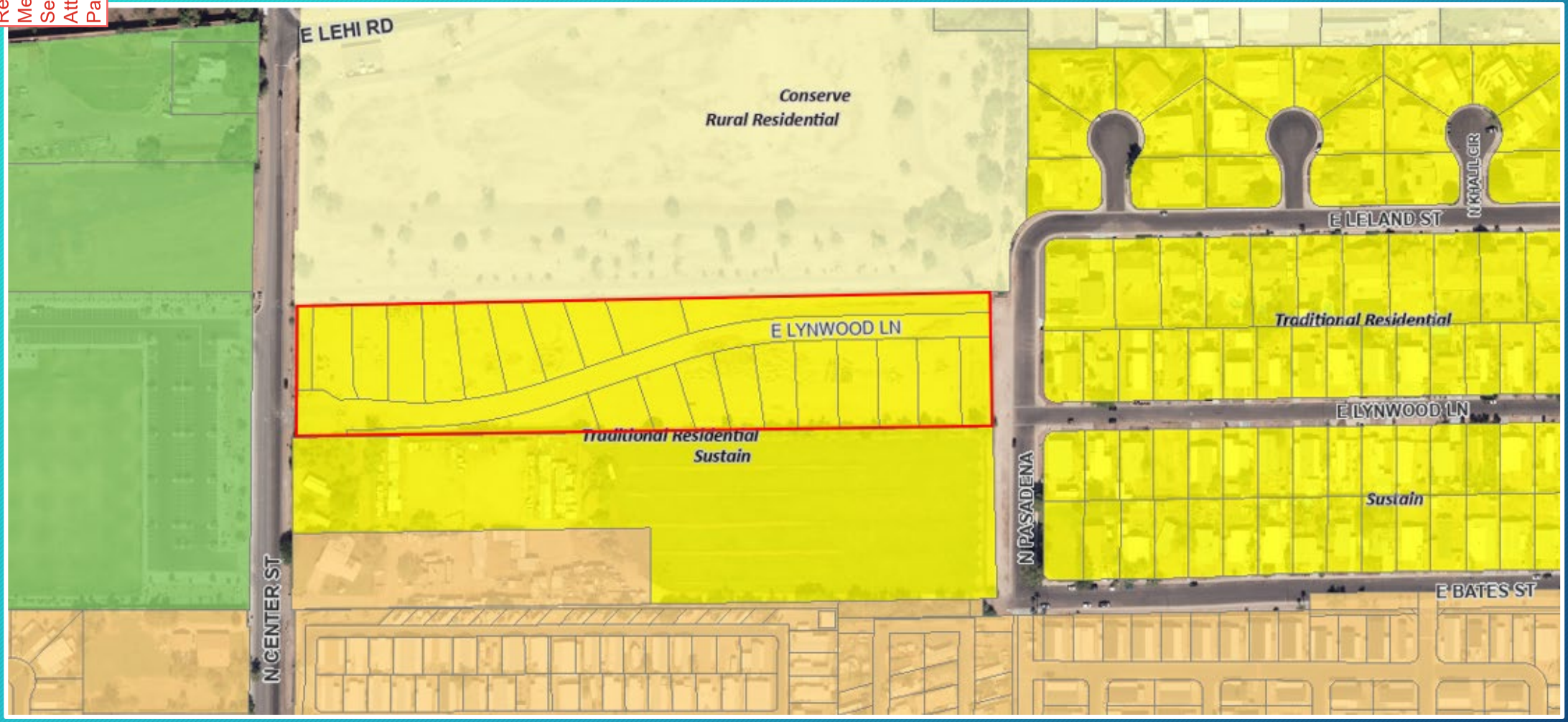
Adjacent to Lehi Historic Neighborhood

Context Aerial Map

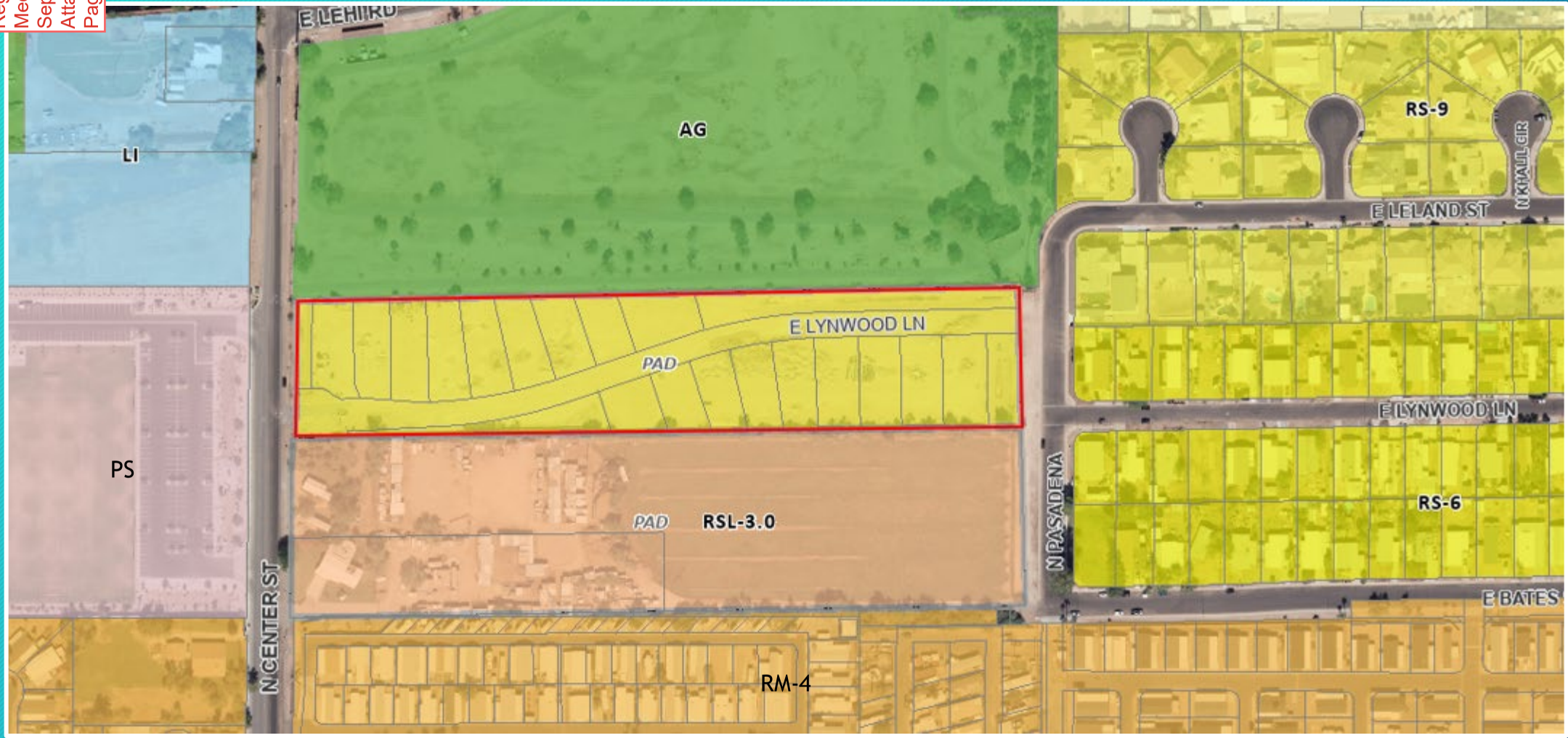
Lehi Sub-Area boundary

Mesa Hazardous Waste facility
RED MOUNTAIN FWY
E LEHI ROAD
Lehi Sub Area
ADOT Right-of-Way Retention Basin 20 Acres
10K SF Lots
7K SF Lots
Lehi Sports Park
N PASADENA
Manufactured Housing
N MESA DRIVE
Manufactured Housing
N CENTER STREET
Manufactured Housing Zoned RM-4 (Multifamily)
Manufactured Housing
E McKELLIPS ROAD

Existing General Plan

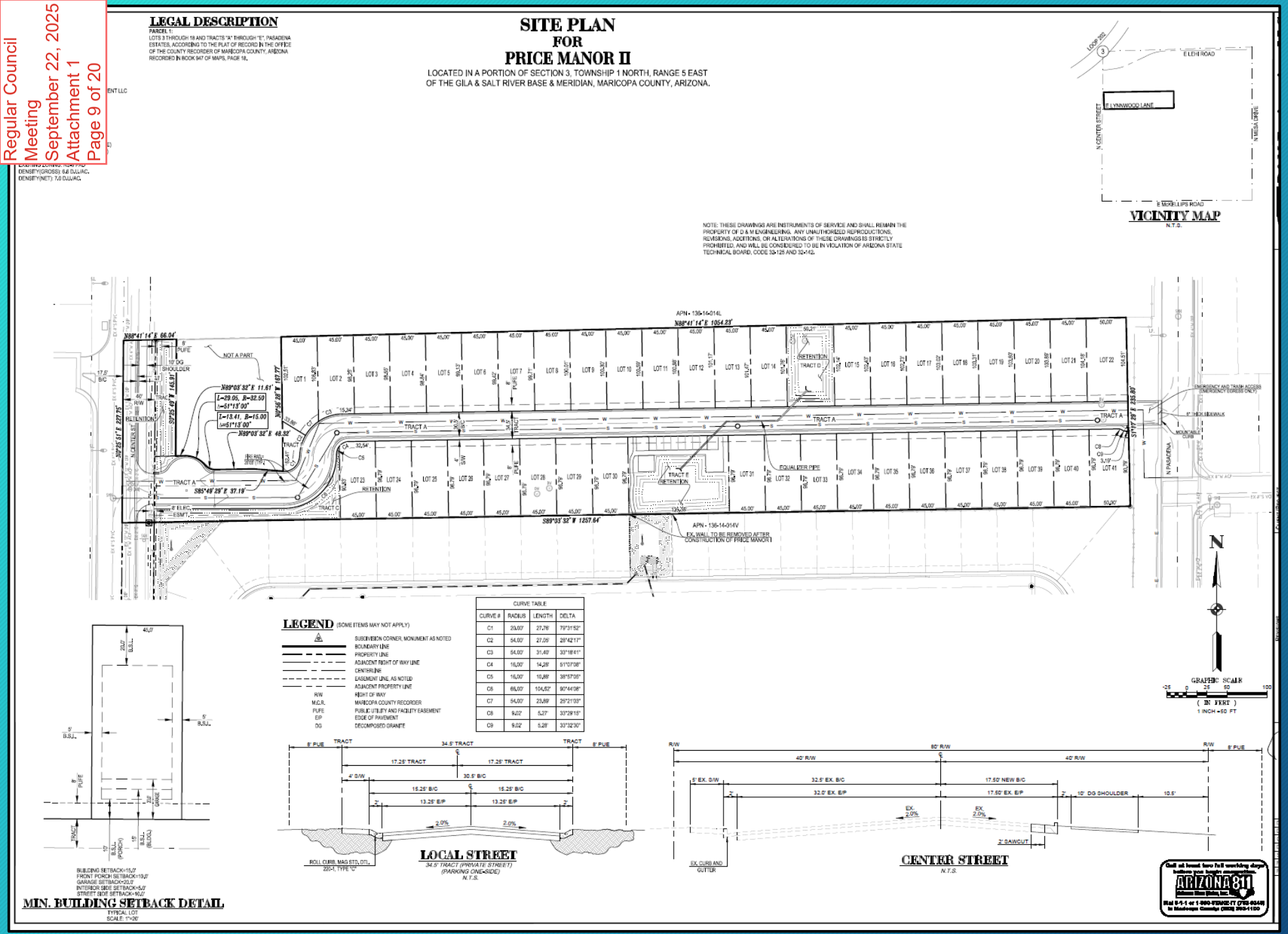


Existing Zoning



Existing Site Conditions

Proposed Site Plan



Site Details

- 6.18 acres
- Gated Community
- Entrance on Center St.
- Emergency/Trash and exit only on Pasadena
- Shared Amenity area with Price Manor Phase I
- Typical Lot Size: 45 x 98
- 10-foot, DG Trail along Center

PAD Development Standards

Development Standard	RSL-4.5 Required	Price Manor II Proposed PAD
Area Standards:		
Minimum lot area MZO Section 11-5-3(A)(2)	4,000 s.f.	4,355
Minimum Interior Lot Width MZO 11-5-3(A)(2)	40’	45’
Minimum Corner Lot Width MZO 11-5-3(A)(2)	45’	50’
Minimum Lot Depth MZO 11-5-3(A)(2)	90’	96.79’
Maximum Height	30’	30’
Maximum Number of Stories	2	2
Minimum Yards:		
Front -Building Wall MZO Section 11-5-3(A)(2)	15’	15’
Front- Garage MZO Section 11-5-3(A)(2)	20’	20’
Front- Porch MZO Section 11-5-3(A)(2)	10’	10’
Minimum Interior Side	4.5’	5’
Minimum aggregate of 2 sides MZO Section 11-5-3(A)(2)	10’	10’
Street Side MZO Section 11-5-3(A)(2)	10’	10’
Rear Yard MZO Section 11-5-3(A)(2)	20’	20’
Minimum Usable Open Space per Unit 11-5-5(A)(5)	400 s.f.	1558’
Maximum Lot Coverage (% of Lot) MZO Section 11-5-3(A)(2)	70%	42%
Additional Standards:		
Garages	20’w x 22’d	20’w x 22’d
Fences and Walls 11-30-4	6-foot Maximum height	8-foot (around SRP site only)
Limitation on Paving of Front Yards 11-5-3(B)(5)	No greater than 50% of front yard	40.8%
Streets	Public Streets	Private Street

Homes range from 2,248 to 2,569 s.f.

$550K to $600K Starting price

Questions?

Our Request

1. Rezoning from RS-9-PAD to RSL-4.5 PAD; and
2. Preliminary Plat Approval.

Approval of these requests will allow for the development of a 41-lot, single family home community.

Requires annual **household** income of $234,000*

$850,000 Purchase Price

Mortgage Calculator

Home price
$850,000

Down payment
$42,500 | 5 %

Loan term
30 years

Interest rate
6.188 %

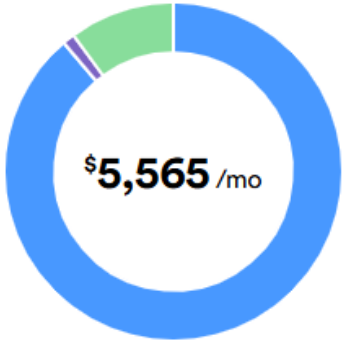
ZIP code
85204

Payment breakdown | Amortization

Monthly payment breakdown

Advertiser Disclosure

Based on national average rates



Principal & interest	$4,939.4
Property tax	+ $ 560
Homeowner's insurance	+ $ 66

Additional filters

Compare to top offers on Bankrate

*Source: Bank of America Home Affordability Calculator

Requires annual **household** income of $157,000*

$575,000 Purchase Price

Mortgage Calculator

Home price
$575,000

Down payment
$57,500 | 10 %

Loan term
30 years

Interest rate
6.29 %

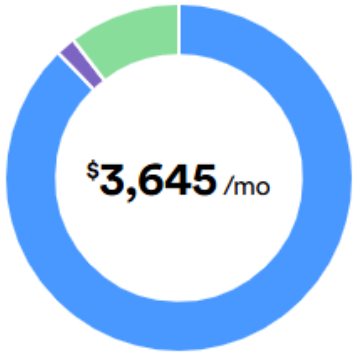
ZIP code
85204

Payment breakdown | Amortization

Monthly payment breakdown

Advertiser Disclosure

Based on your inputted interest rate

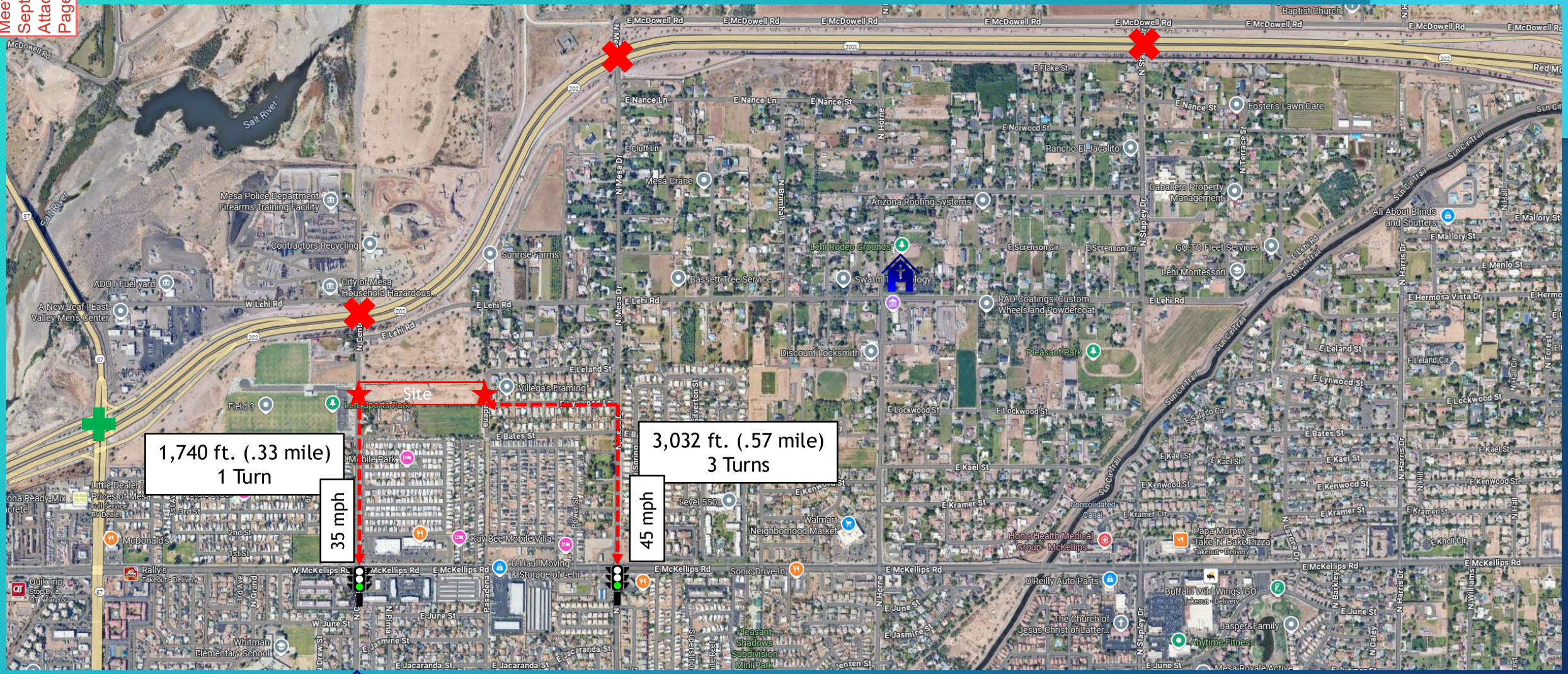


Principal & interest	$3,199.81
Property tax	+ $ 379
Homeowner's insurance	+ $ 66

Additional filters

Compare to top offers on Bankrate

*Source: Bank of America Home Affordability Calculator



Home Ward: Center & McLellan

Mesa Planning Director Mary Kopaskie-Brown noted that the Heritage Neighborhood designation is purely “ceremonial” and does not add a historic zoning overlay to the area.

“It’s recognition of a neighborhood without that complication of having additional regulations put on it,” she said.

The lack of historic zoning overlay separates a historic neighborhood from a historic district.

The MESA TRIBUNE

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Council declares Lehi ‘Heritage Neighborhood’

By Scott Shumaker, Tribune Staff Writer Aug 31, 2023 Updated Sep 6, 2023

The Lehi Heritage Neighborhood boundaries are roughly between Center Street and Gilbert Road on the east and west, and Thomas and McKellips roads on the north and south. (city of Mesa)

The history and character of the Lehi area of northwest Mesa may receive greater recognition

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Click below to read **this week’s issue (Zone 1).**

Citizen Participation Report

- Neighborhood Meeting*

  75 notices mailed to property owners, using list provided by the City of Mesa.
  20 people attended
  Development Team
  Mesa Planning Department Representative

- Neighbor interactions by Property Owner

- As of July7, 2025, only one letter had been sent to the City, in support of the project.

NOTE: This document is intended to be a summary of the general concepts discussed at the neighborhood meeting. It is not intended to be a verbatim account of the meeting, and although some of the attendees identified themselves by name, most of the individuals providing comment did not identify themselves and this summary therefore does not attempt to name specific individuals that made comments. Where multiple individuals addressed the same topic, they have been grouped together, and a single response is provided. This is done for brevity and to eliminate redundancies.

E LEHI RD
N Hibbert Cir
N Wilbur Cir
N Khalil Cir
E Island St
E LEHI RD
N Pasadena
E Bass St
E Pasadena St

FY 2025/26 UTILITY FUND FORECAST & RATES RECOMMENDATION FOR NOTICE OF INTENT

City Council Meeting

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

September 22, 2025

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 Rates Adjustments Main Focuses

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

OTHER VALLEY MUNICIPALITIES

- East Valley Municipalities
  - "…raising the rates annually would allow the city to compound the money, meaning it won't need as big an increase the following year." (East Valley Tribune – Chandler)
  - "Council told staff that it wants to look at annual increases starting with the next budget cycle, which begins in October." (East Valley Tribune – Chandler)
  - "So what we can learn from these two examples is that smaller, consistent increases generated more revenue for the fund and ended with a lower final bill at the end of 20 years… This also means that ratepayers have more money in their pocket today than they would have had over time, but we need to catch up on missed funding." (Gilbert Sun News)

FY 25/26 ADOPTED BUDGET

As of 05/13/2025	FY 23/24 Actuals	FY 24/25 Projected	FY 25/26 Budget	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast
WATER	($205,201)	$3,604,393	($6,770,889)	($13,812,950)	($11,152,245)	($4,844,905)	$5,153,942
WASTEWATER	($13,836,490)	($9,498,102)	($12,213,330)	($7,718,734)	($3,819,034)	$811,319	$5,969,894
SOLID WASTE	($8,224,846)	($4,804,691)	($4,078,076)	$1,729,927	$659,615	$4,151,286	$10,384,745
ELECTRIC	($296,202)	$1,038,184	($1,137,384)	($1,059,105)	($1,453,150)	($1,839,521)	($2,345,276)
NATURAL GAS	($4,462,547)	($2,405,972)	($4,056,668)	($3,201,983)	($2,782,143)	$576,552	$472,621
DISTRICT COOLING	($368,815)	($515,479)	($181,786)	($171,502)	($316,383)	($182,335)	($185,275)
TOTAL NET SOURCES AND USES	($27,394,100)	($12,581,668)	($28,438,133)	($24,234,347)	($18,863,341)	($1,327,604)	$19,450,652
Beginning Reserve Balance	$144,413,643	$117,019,543	$104,437,875	$75,999,742	$51,765,395	$32,902,054	$31,574,450
Ending Reserve Balance	**$117,019,543**	**$104,437,875**	**$75,999,742**	**$51,765,395**	**$32,902,054**	**$31,574,450**	**$51,025,102**
Ending Reserve Balance Percent*	**22.4%**	**18.5%**	**11.9%**	**8.1%**	**4.9%**	**4.6%**	**7.0%**

*As a % of Next Fiscal Year's Expenditures

WATER Residential (Tier 1 usage)	3.00%	**6.00%**	*6.00%*	*6.00%*	*6.00%*	*6.00%*	*6.00%*
WATER Commercial (usage)	5.00%	**8.50%**	*8.50%*	*8.50%*	*8.50%*	*8.50%*	*8.50%*
WASTEWATER Residential	4.75%	**7.50%**	*8.00%*	*8.00%*	*8.00%*	*8.00%*	*8.00%*
WASTEWATER Non-Residential	5.00%	**8.50%**	*9.00%*	*9.00%*	*9.00%*	*9.00%*	*9.00%*
SOLID WASTE Residential	3.00%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
SOLID WASTE Commercial	7.50%	**10.00%**	*7.50%*	*7.50%*	*7.50%*	*7.50%*	*7.50%*
SOLID WASTE Rolloff	6.50%	**6.50%**	*6.50%*	*6.50%*	*6.50%*	*6.50%*	*6.50%*
ELECTRIC Residential - svc charge	$2.25	**$2.75**	*$3.00*	*$3.00*	*$3.00*	*$3.00*	*$3.00*
ELECTRIC Non-Residential - svc charge	$5.00	**$5.00**	*$5.00*	*$5.00*	*$5.00*	*$5.00*	*$5.00*
GAS Residential - svc charge	$0.75	**$0.00**	*$1.00*	*$1.00*	*$1.00*	*$1.00*	*$1.00*
GAS Non-Residential - svc charge	$2.00	**$3.00**	*$3.00*	*$3.00*	*$3.00*	*$3.00*	*$3.00*

FY 25/26 RECOMMENDED RATES FOR AF&E COMMITTEE

As of 08/20/2025	FY 24/25 Estimate	FY 25/26 Projected	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast	FY 30/31 Forecast
WATER	$3,472,435	($5,954,870)	($12,873,158)	($4,922,100)	$4,880,586	$13,810,550	$26,942,225
WASTEWATER	($7,285,154)	($11,996,287)	($6,784,238)	($2,018,970)	$2,770,034	$12,384,228	$12,390,217
SOLID WASTE	$26,254	($5,858,624)	$688,832	($629,299)	$2,586,058	$8,510,604	$9,060,768
ELECTRIC	$1,435,561	($1,066,822)	($741,823)	($834,907)	($1,173,447)	($1,603,113)	($1,239,981)
NATURAL GAS	($817,183)	($3,793,487)	($2,082,196)	($1,426,474)	$1,864,370	$1,729,243	$2,128,194
DISTRICT COOLING	($376,552)	($181,786)	($171,502)	($316,383)	($182,335)	($185,275)	($233,758)
TOTAL NET SOURCES AND USES	($3,544,639)	($28,851,875)	($21,964,085)	($10,148,134)	$10,745,265	$34,646,237	$49,047,666
Beginning Reserve Balance	$117,019,543	$113,474,904	$84,623,029	$62,658,943	$52,510,810	$63,256,075	$97,902,312
Ending Reserve Balance	**$113,474,904**	**$84,623,029**	**$62,658,943**	**$52,510,810**	**$63,256,075**	**$97,902,312**	**$146,949,978**
Ending Reserve Balance Percent*	**20.1%**	**13.4%**	**9.9%**	**8.0%**	**9.2%**	**13.4%**	**19.2%**

*As a % of Next Fiscal Year's Expenditures

WATER Residential (Tier 1 usage)	6.00%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
WATER Commercial (usage)	8.50%	**12.00%**	*12.00%*	*12.00%*	*12.00%*	*12.00%*	*12.00%*
WASTEWATER Residential	7.50%	**8.00%**	*8.00%*	*8.00%*	*8.00%*	*8.00%*	*8.00%*
WASTEWATER Non-Residential	8.50%	**9.00%**	*9.00%*	*9.00%*	*9.00%*	*9.00%*	*9.00%*
SOLID WASTE Residential	5.50%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
SOLID WASTE Commercial	10.00%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
SOLID WASTE Rolloff	6.50%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
ELECTRIC Residential - svc charge	$2.75	**$1.00**	*$3.00*	*$3.00*	*$3.00*	*$3.00*	*$3.00*
ELECTRIC Non-Residential - svc charg	$5.00	**$5.00**	*$5.00*	*$5.00*	*$5.00*	*$5.00*	*$5.00*
GAS Residential - svc charge	$0.00	**$0.00**	*$1.00*	*$1.00*	*$1.00*	*$1.00*	*$1.00*
GAS Non-Residential - svc charge	$3.00	**$3.00**	*$3.00*	*$3.00*	*$3.00*	*$3.00*	*$3.00*

*Does not include Water & Wastewater Capacity Fee

Audit, Finance & Enterprise Committee and City Council Recommendations

- Accelerate equity between residential and non-residential
  - Reduce residential and increase non-residential rate adjustments from the current recommended rate adjustments
- Increase non-residential landscape usage rate adjustment from current recommended rate adjustment
- Review the residential usage tiers rates adjustments

Residential and Non-residential Comparison

Equity Between Residential & Non-residential Water Rate Revenue

Presented at AF&E Committee	FY 24/25 Estimate	FY 25/26 Projected	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast
Residential Rate Revenue	55%	54%	53%	52%	50%	49%
Non-residential Rate Revenue	45%	46%	47%	48%	50%	51%
Residential Consumption	49%	48%	48%	48%	48%	47%
Non-residential Consumption	51%	52%	52%	52%	52%	53%

Adjusted per AF&E Recommendation	FY 24/25 Estimate	FY 25/26 Projected	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast
Residential Rate Revenue	55%	54%	52%	50%	49%	47%
Non-residential Rate Revenue	45%	46%	48%	50%	51%	53%
Residential Consumption	49%	48%	48%	48%	48%	47%
Non-residential Consumption	51%	52%	52%	52%	52%	53%

Customer Impact - Water

Typical Customer	Impact to Current Bill		Impact to Current Bill with Capacity Fee	
Residential (6 kgals/month)	+4.3%	$45.46/mo (+$1.89/mo)	+4.2%	$45.41/mo (+$1.84/mo)
Multi-unit Development (6 kgals/month)	+10.1%	$44.56/mo (+$4.10/mo)	+8.7%	$43.98/mo (+$3.53/mo)
Commercial – General (9 kgals/month)	+7.7%	$84.66/mo (+$6.07/mo)	+7.4%	$84.39/mo (+$5.80/mo)
Commercial – Landscape (29 kgals/month)	+13.6%	$204.06/mo (+$27.05/mo)	+13.6%	$204.06/mo (+$27.05/mo)

Customer Impact - Wastewater

Typical Customer	Impact to Current Bill		Impact to Current Bill with Capacity Fee	
Residential (4 kgals/month)	+8.0%	$30.32/mo (+$2.25/mo)	+7.5%	$30.18/mo (+$2.11/mo)
Commercial (9 kgals/month)	+9.0%	$61.98/mo (+$5.12/mo)	+8.5%	$61.69/mo (+$4.83/mo)

Residential Rate Adjustments – Typical Customer

Residential Monthly Bill	Current	Recommended	Change
Water (6 kgal)	$43.57	$45.46	+$1.89
Wastewater	$28.07	$30.32	+$2.25
Solid Waste (90-gal + Green & Clean Fee)	$34.17	$35.99	+$1.82
Total – Citywide Service Area	**$105.81**	**$111.77**	**+$5.96**

Residential Monthly Bill	Current	Recommended	Change
Electric	$135.71	$137.98	+$2.27
Natural Gas	$41.06	$42.49	+$1.43

FY 25/26 RECOMMENDED RATES FOR NOTICE OF INTENT

As of 9/15/2025	FY 24/25 Estimate	FY 25/26 Projected	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast	FY 30/31 Forecast
WATER	$3,472,435	($5,576,800)	($11,922,572)	($3,041,675)	$8,245,747	$19,405,397	$35,335,473
WASTEWATER	($7,285,154)	($11,996,288)	($6,784,238)	($2,018,970)	$2,770,034	$12,384,228	$12,390,217
SOLID WASTE	$26,254	($5,858,624)	$688,832	($629,299)	$2,586,058	$8,510,604	$9,060,768
ELECTRIC	$1,435,561	($1,066,822)	($741,823)	($834,907)	($1,173,447)	($1,603,113)	($1,239,981)
NATURAL GAS	($817,183)	($3,793,486)	($2,082,196)	($1,426,474)	$1,864,370	$1,729,243	$2,128,194
DISTRICT COOLING	($376,552)	($181,786)	($171,502)	($316,383)	($182,335)	($185,275)	($233,758)
TOTAL NET SOURCES AND USES	($3,544,639)	($28,473,806)	($21,013,499)	($8,267,709)	$14,110,426	$40,241,083	$57,440,914
Beginning Reserve Balance	$117,019,543	$113,474,904	$85,001,098	$63,987,599	$55,719,890	$69,830,317	$110,071,400
Ending Reserve Balance	**$113,474,904**	**$85,001,098**	**$63,987,599**	**$55,719,890**	**$69,830,317**	**$110,071,400**	**$167,512,314**
Ending Reserve Balance Percent*	**20.1%**	**13.4%**	**10.1%**	**8.4%**	**10.1%**	**15.0%**	**21.7%**

*As a % of Next Fiscal Year's Expenditures

WATER Residential (Tier 1 usage)	6.00%	**4.00%**	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
WATER Commercial (usage)	8.50%	**14.00%**	*14.00%*	*14.00%*	*14.00%*	*14.00%*	*14.00%*
WASTEWATER Residential	7.50%	**8.00%**	*8.00%*	*8.00%*	*8.00%*	*8.00%*	*8.00%*
WASTEWATER Non-Residential	8.50%	**9.00%**	*9.00%*	*9.00%*	*9.00%*	*9.00%*	*9.00%*
SOLID WASTE Residential	5.50%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
SOLID WASTE Commercial	10.00%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
SOLID WASTE Rolloff	6.50%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
ELECTRIC Residential - svc charge	$2.75	**$1.00**	*$3.00*	*$3.00*	*$3.00*	*$3.00*	*$3.00*
ELECTRIC Non-Residential - svc charge	$5.00	**$5.00**	*$5.00*	*$5.00*	*$5.00*	*$5.00*	*$5.00*
GAS Residential - svc charge	$0.00	**$0.00**	*$1.00*	*$1.00*	*$1.00*	*$1.00*	*$1.00*
GAS Non-Residential - svc charge	$3.00	**$3.00**	*$3.00*	*$3.00*	*$3.00*	*$3.00*	*$3.00*

*Does not include Water & Wastewater Capacity Fee

FY 25/26 RECOMMENDED RATE ADJUSTMENTS

WITH CAPACITY FEE

As of 9/15/2025	FY 24/25 Estimate	FY 25/26 Projected	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast	FY 30/31 Forecast
WATER	$3,472,435	($5,859,349)	($4,354,832)	$5,268,997	$14,888,058	$25,536,796	$42,556,577
WASTEWATER	($7,285,154)	($12,080,760)	($7,048,336)	($3,014,649)	$1,702,838	$10,205,256	$10,129,209
SOLID WASTE	$26,254	($5,858,624)	$688,832	($629,299)	$2,586,058	$8,510,604	$9,060,768
ELECTRIC	$1,435,561	($1,066,822)	($706,935)	($871,150)	($1,117,234)	($1,646,811)	($1,171,368)
NATURAL GAS	($817,183)	($3,793,486)	($1,982,515)	($1,440,090)	$2,018,693	$1,626,125	$2,301,975
DISTRICT COOLING	($376,552)	($181,786)	($171,502)	($316,383)	($182,335)	($185,275)	($233,758)
TOTAL NET SOURCES AND USES	($3,544,639)	($28,840,828)	($13,575,288)	($1,002,574)	$19,896,079	$44,046,695	$62,643,402
Beginning Reserve Balance	$117,019,543	$113,474,904	$84,634,076	$71,058,788	$70,056,214	$89,952,293	$133,998,988
Ending Reserve Balance	**$113,474,904**	**$84,634,076**	**$71,058,788**	**$70,056,214**	**$89,952,293**	**$133,998,988**	**$196,642,390**
Ending Reserve Balance Percent*	**20.1%**	**13.6%**	**11.4%**	**10.8%**	**13.4%**	**18.9%**	**26.4%**

*As a % of Next Fiscal Year's Expenditures

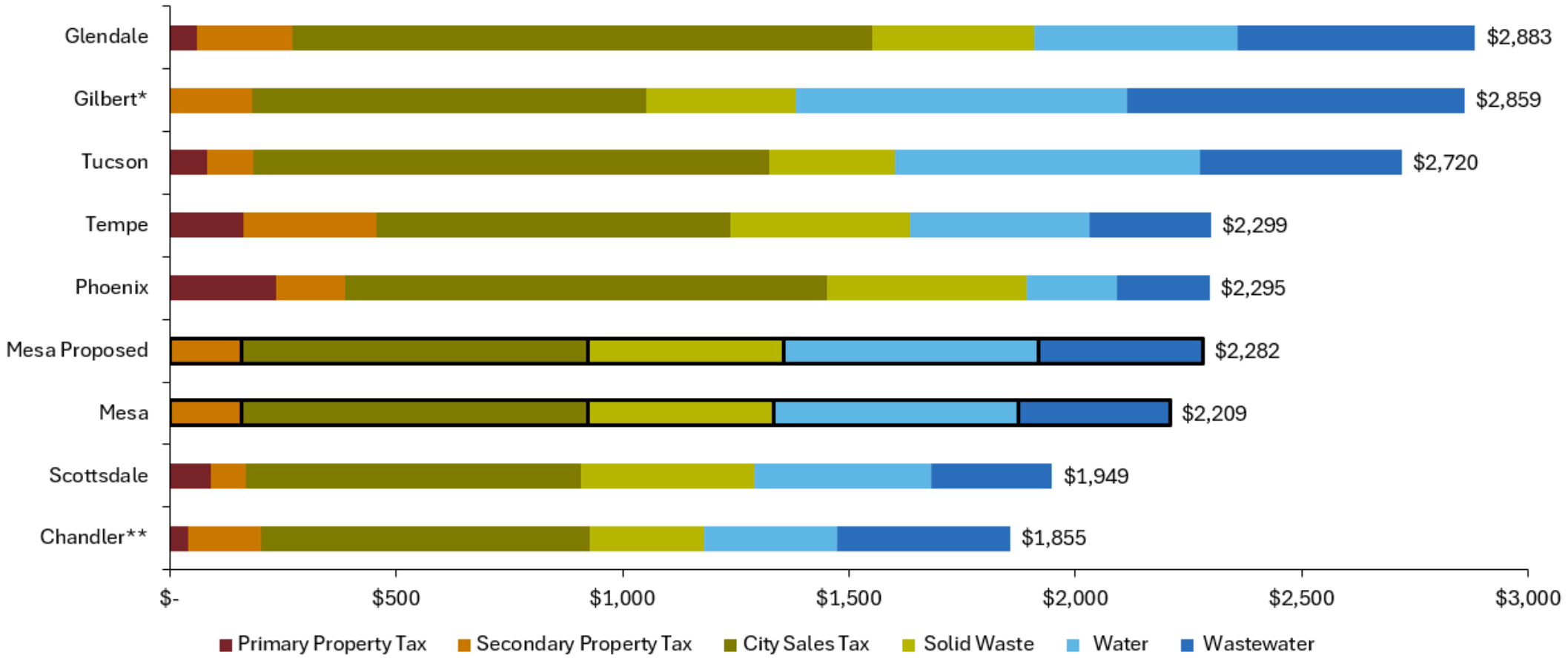
WATER Residential (Tier 1 usage)	6.00%	**3.50%**	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*
WATER Commercial (usage)	8.50%	**13.00%**	*13.00%*	*13.00%*	*13.00%*	*13.00%*	*13.00%*
WASTEWATER Residential	7.50%	**7.50%**	*7.50%*	*7.50%*	*7.50%*	*7.50%*	*7.50%*
WASTEWATER Non-Residential	8.50%	**8.50%**	*8.50%*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

Summary of Recommended Rate Adjustments

	FY 25/26 Projected *No Capacity Fee*	FY 25/26 Projected *w/ Capacity Fee*
TOTAL NET SOURCES AND USES	($28,473,806)	($28,840,828)
Beginning Reserve Balance	$113,474,904	$113,474,904
Ending Reserve Balance	**$85,001,098**	**$84,634,076**
Ending Reserve Balance Percent*	**13.4%**	**13.6%**
*As a % of Next Fiscal Year's Expenditures		
WATER Residential (Tier 1 usage)	**4.00%**	**3.50%**
WATER Commercial (usage)	**14.00%**	**13.00%**
WASTEWATER Residential	**8.00%**	**7.50%**
WASTEWATER Non-Residential	**9.00%**	**8.50%**
SOLID WASTE Residential	**5.50%**	**5.50%**
SOLID WASTE Commercial	**5.50%**	**5.50%**
SOLID WASTE Rolloff	**5.50%**	**5.50%**
ELECTRIC Residential - svc charge	**$1.00**	**$1.00**
ELECTRIC Non-Residential - svc charge	**$5.00**	**$5.00**
GAS Residential - svc charge	**$0.00**	**$0.00**
GAS Non-Residential - svc charge	**$3.00**	**$3.00**

HOMEOWNER'S COMPARISON

estimated as of April 2026



*includes proposed 25% Water increase
**includes proposed 15% Water, 15% Wastewater, and 6% Solid Waste increases

NEXT STEPS

September 22 - City Council Action on Notice of Intent

November 17 - Introduction of Utility Rate Ordinances

December 1 - City Council Action on Utility Rates

January 1 - Effective Date for Utility Rate Changes

Residential Rate Adjustments – Typical Customer
with Capacity Fee

Residential Monthly Bill	Current	Recommended	Change
Water (6 kgal)	$43.57	$45.41	+$1.84
Wastewater	$28.07	$30.18	+$2.11
Solid Waste (90-gal + Green & Clean Fee)	$34.17	$35.99	+$1.82
Total – Citywide Service Area	**$105.81**	**$111.58**	**+$5.77**

Residential Monthly Bill	Current	Recommended	Change
Electric	$135.71	$137.98	+$2.27
Natural Gas	$41.06	$42.49	+$1.43

Residential Tier Adjustments Impact

Residential Tiers	Current	Recommended	w/ Capacity Fee	Alternative
Tier 1	$3.72	+4.0% (+$0.15)	+3.5% (+$0.13)	+3.0% (+$0.11)
Tier 2	$5.67	+5.5% (+$0.31)	+3.5% (+$0.20)	+4.0% (+$0.23)
Tier 3	$6.94	+6.5% (+$0.45)	+4.5% (+$0.31)	+5.0% (+$0.35)
Tier 4	$7.83	+7.5% (+$0.59)	+4.5% (+$0.35)	+6.0% (+$0.47)

AUDIT, FINANCE & ENTERPRISE COMMITTEE RECOMMENDATION

UPDATED STAFF RECOMMENDED UTILITY RATES ADJUSTMENT

FY 25/26 RECOMMENDED RATE ADJUSTMENTS

As of 9/3/2025	FY 24/25 Estimate	FY 25/26 Projected	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast	FY 30/31 Forecast
WATER	$3,472,435	($5,725,772)	($12,783,723)	($4,891,676)	$5,059,954	$14,434,248	$28,004,286
WASTEWATER	($7,285,154)	($11,996,288)	($6,784,238)	($2,018,970)	$2,770,034	$12,384,228	$12,390,217
SOLID WASTE	$26,254	($5,858,624)	$688,832	($629,299)	$2,586,058	$8,510,604	$9,060,768
ELECTRIC	$1,435,561	($1,066,822)	($741,823)	($834,907)	($1,173,447)	($1,603,113)	($1,239,981)
NATURAL GAS	($817,183)	($3,793,486)	($2,082,196)	($1,426,474)	$1,864,370	$1,729,243	$2,128,194
DISTRICT COOLING	($376,552)	($181,786)	($171,502)	($316,383)	($182,335)	($185,275)	($233,758)
TOTAL NET SOURCES AND USES	($3,544,639)	($28,622,778)	($21,874,651)	($10,117,709)	$10,924,633	$35,269,935	$50,109,726
Beginning Reserve Balance	$117,019,543	$113,474,904	$84,852,126	$62,977,475	$52,859,766	$63,784,399	$99,054,334
Ending Reserve Balance	**$113,474,904**	**$84,852,126**	**$62,977,475**	**$52,859,766**	**$63,784,399**	**$99,054,334**	**$149,164,060**
Ending Reserve Balance Percent*	**20.1%**	**13.4%**	**9.9%**	**8.0%**	**9.3%**	**13.6%**	**19.4%**

*As a % of Next Fiscal Year's Expenditures

WATER Residential (Tier 1 usage)	6.00%	**4.00%**	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
WATER Commercial (usage)	8.50%	**14.00%**	*14.00%*	*14.00%*	*14.00%*	*14.00%*	*14.00%*
WASTEWATER Residential	7.50%	**8.00%**	*8.00%*	*8.00%*	*8.00%*	*8.00%*	*8.00%*
WASTEWATER Non-Residential	8.50%	**9.00%**	*9.00%*	*9.00%*	*9.00%*	*9.00%*	*9.00%*
SOLID WASTE Residential	5.50%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
SOLID WASTE Commercial	10.00%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
SOLID WASTE Rolloff	6.50%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
ELECTRIC Residential - svc charge	$2.75	**$1.00**	*$3.00*	*$3.00*	*$3.00*	*$3.00*	*$3.00*
ELECTRIC Non-Residential - svc charge	$5.00	**$5.00**	*$5.00*	*$5.00*	*$5.00*	*$5.00*	*$5.00*
GAS Residential - svc charge	$0.00	**$0.00**	*$1.00*	*$1.00*	*$1.00*	*$1.00*	*$1.00*
GAS Non-Residential - svc charge	$3.00	**$3.00**	*$3.00*	*$3.00*	*$3.00*	*$3.00*	*$3.00*

*Does not include Water & Wastewater Capacity Fee

FY 25/26 RECOMMENDED RATE ADJUSTMENTS

As of 9/3/2025	FY 24/25 Estimate	FY 25/26 Projected	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast	FY 30/31 Forecast
WATER	$3,472,435	($5,725,772)	($12,783,723)	($4,891,676)	$5,059,954	$14,434,248	$28,004,286
WASTEWATER	($7,285,154)	($11,996,288)	($6,784,238)	($2,018,970)	$2,770,034	$12,384,228	$12,390,217
SOLID WASTE	$26,254	($5,858,624)	$688,832	($629,299)	$2,586,058	$8,510,604	$9,060,768
ELECTRIC	$1,435,561	($1,066,822)	($741,823)	($834,907)	($1,173,447)	($1,603,113)	($1,239,981)
NATURAL GAS	($817,183)	($3,793,486)	($2,082,196)	($1,426,474)	$1,864,370	$1,729,243	$2,128,194
DISTRICT COOLING	($376,552)	($181,786)	($171,502)	($316,383)	($182,335)	($185,275)	($233,758)
TOTAL NET SOURCES AND USES	($3,544,639)	($28,622,778)	($21,874,651)	($10,117,709)	$10,924,633	$35,269,935	$50,109,726
Beginning Reserve Balance	$117,019,543	$113,474,904	$84,852,126	$62,977,475	$52,859,766	$63,784,399	$99,054,334
Ending Reserve Balance	**$113,474,904**	**$84,852,126**	**$62,977,475**	**$52,859,766**	**$63,784,399**	**$99,054,334**	**$149,164,060**
Ending Reserve Balance Percent*	**20.1%**	**13.4%**	**9.9%**	**8.0%**	**9.3%**	**13.6%**	**19.4%**
*As a % of Next Fiscal Year's Expenditures							
WATER Residential (Tier 1 usage)	6.00%	**4.00%**	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
WATER Commercial (usage)	8.50%	**14.00%**	*14.00%*	*14.00%*	*14.00%*	*14.00%*	*14.00%*
WASTEWATER Residential	7.50%	**8.00%**	*8.00%*	*8.00%*	*8.00%*	*8.00%*	*8.00%*
WASTEWATER Non-Residential	8.50%	**9.00%**	*9.00%*	*9.00%*	*9.00%*	*9.00%*	*9.00%*
SOLID WASTE Residential	5.50%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
SOLID WASTE Commercial	10.00%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
SOLID WASTE Rolloff	6.50%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
ELECTRIC Residential - svc charge	$2.75	**$1.00**	*$3.00*	*$3.00*	*$3.00*	*$3.00*	*$3.00*
ELECTRIC Non-Residential - svc charge	$5.00	**$5.00**	*$5.00*	*$5.00*	*$5.00*	*$5.00*	*$5.00*
GAS Residential - svc charge	$0.00	**$0.00**	*$1.00*	*$1.00*	*$1.00*	*$1.00*	*$1.00*
GAS Non-Residential - svc charge	$3.00	**$3.00**	*$3.00*	*$3.00*	*$3.00*	*$3.00*	*$3.00*

*Does not include Water & Wastewater Capacity Fee

FY 25/26 RECOMMENDED RATE ADJUSTMENTS

WITH CAPACITY FEE

As of 9/3/2025	FY 24/25 Estimate	FY 25/26 Projected	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast	FY 30/31 Forecast
WATER	$3,472,435	($6,008,322)	($5,215,984)	$3,418,996	$11,702,265	$20,565,648	$35,225,390
WASTEWATER	($7,285,154)	($12,080,760)	($7,048,336)	($3,014,649)	$1,702,838	$10,205,256	$10,129,209
SOLID WASTE	$26,254	($5,858,624)	$688,832	($629,299)	$2,586,058	$8,510,604	$9,060,768
ELECTRIC	$1,435,561	($1,066,822)	($706,935)	($871,150)	($1,117,234)	($1,646,811)	($1,171,368)
NATURAL GAS	($817,183)	($3,793,486)	($1,982,515)	($1,440,090)	$2,018,693	$1,626,125	$2,301,975
DISTRICT COOLING	($376,552)	($181,786)	($171,502)	($316,383)	($182,335)	($185,275)	($233,758)
TOTAL NET SOURCES AND USES	($3,544,639)	($28,989,800)	($14,436,440)	($2,852,575)	$16,710,285	$39,075,546	$55,312,215
Beginning Reserve Balance	$117,019,543	$113,474,904	$84,485,104	$70,048,664	$67,196,088	$83,906,374	$122,981,920
Ending Reserve Balance	**$113,474,904**	**$84,485,104**	**$70,048,664**	**$67,196,088**	**$83,906,374**	**$122,981,920**	**$178,294,135**
Ending Reserve Balance Percent*	**20.1%**	**13.6%**	**11.3%**	**10.4%**	**12.5%**	**17.4%**	**24.1%**
*As a % of Next Fiscal Year's Expenditures							
WATER Residential (Tier 1 usage)	6.00%	**3.50%**	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*
WATER Commercial (usage)	8.50%	**13.00%**	*13.00%*	*13.00%*	*13.00%*	*13.00%*	*13.00%*
WASTEWATER Residential	7.50%	**7.50%**	*7.50%*	*7.50%*	*7.50%*	*7.50%*	*7.50%*
WASTEWATER Non-Residential	8.50%	**8.50%**	*8.50%*	*8.50%*	*8.50%*	*8.50%*	*8.50%*
SOLID WASTE Residential	5.50%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
SOLID WASTE Commercial	10.00%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
SOLID WASTE Rolloff	6.50%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
ELECTRIC Residential - svc charge	$2.75	**$1.00**	*$3.00*	*$3.00*	*$3.00*	*$3.00*	*$3.00*
ELECTRIC Non-Residential - svc charge	$5.00	**$5.00**	*$5.00*	*$5.00*	*$5.00*	*$5.00*	*$5.00*
GAS Residential - svc charge	$0.00	**$0.00**	*$1.00*	*$1.00*	*$1.00*	*$1.00*	*$1.00*
GAS Non-Residential - svc charge	$3.00	**$3.00**	*$3.00*	*$3.00*	*$3.00*	*$3.00*	*$3.00*

Water Department Backup

Other Rates

Mesa Gateway Airport Fire Protection Demand Charge

- Rate updated for the first time in ten years last year (+30%).
- Another adjustment recommended for this year (+30%).
- Part of a three-year plan to attain cost recovery.

Crismon Road Water Hauling Station – Bulk Water Sales

- Moving to credit card-based point of sale system.
- Already some of the most expensive water the City sells.
- Recommending a +12% increase as a further deterrent to wide-spread use.

Water Hydrant Meter Service

- Recommending a +12% increase.

FY 25/26 Recommended rate adjustments

As of 9/3/2025	FY 24/25 Estimate	FY 25/26 Projected	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast	FY 30/31 Forecast
WATER	$3,472,435	($5,680,372)	($12,536,550)	($4,541,420)	$5,308,076	$14,288,476	$27,475,861
WASTEWATER	($7,285,154)	($11,996,288)	($6,784,238)	($2,018,970)	$2,770,034	$12,384,228	$12,390,217
SOLID WASTE	$26,254	($5,858,624)	$688,832	($629,299)	$2,586,058	$8,510,604	$9,060,768
ELECTRIC	$1,435,561	($1,066,822)	($741,823)	($834,907)	($1,173,447)	($1,603,113)	($1,239,981)
NATURAL GAS	($817,183)	($3,793,486)	($2,082,196)	($1,426,474)	$1,864,370	$1,729,243	$2,128,194
DISTRICT COOLING	($376,552)	($181,786)	($171,502)	($316,383)	($182,335)	($185,275)	($233,758)
TOTAL NET SOURCES AND USES	($3,544,639)	($28,577,378)	($21,627,478)	($9,767,453)	$11,172,755	$35,124,163	$49,581,301
Beginning Reserve Balance	$117,019,543	$113,474,904	$84,897,526	$63,270,049	$53,502,596	$64,675,351	$99,799,514
Ending Reserve Balance	**$113,474,904**	**$84,897,526**	**$63,270,049**	**$53,502,596**	**$64,675,351**	**$99,799,514**	**$149,380,815**
Ending Reserve Balance Percent*	**20.1%**	**13.4%**	**10.0%**	**8.1%**	**9.4%**	**13.7%**	**19.5%**
*As a % of Next Fiscal Year's Expenditures							
WATER Residential (Tier 1 usage)	6.00%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
WATER Commercial (usage)	8.50%	**12.00%**	*12.00%*	*12.00%*	*12.00%*	*12.00%*	*12.00%*
WASTEWATER Residential	7.50%	**8.00%**	*8.00%*	*8.00%*	*8.00%*	*8.00%*	*8.00%*
WASTEWATER Non-Residential	8.50%	**9.00%**	*9.00%*	*9.00%*	*9.00%*	*9.00%*	*9.00%*
SOLID WASTE Residential	5.50%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
SOLID WASTE Commercial	10.00%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
SOLID WASTE Rolloff	6.50%	**5.50%**	*5.50%*	*5.50%*	*5.50%*	*5.50%*	*5.50%*
ELECTRIC Residential - svc charge	$2.75	**$1.00**	*$3.00*	*$3.00*	*$3.00*	*$3.00*	*$3.00*
ELECTRIC Non-Residential - svc charge	$5.00	**$5.00**	*$5.00*	*$5.00*	*$5.00*	*$5.00*	*$5.00*
GAS Residential - svc charge	$0.00	**$0.00**	*$1.00*	*$1.00*	*$1.00*	*$1.00*	*$1.00*
GAS Non-Residential - svc charge	$3.00	**$3.00**	*$3.00*	*$3.00*	*$3.00*	*$3.00*	*$3.00*

*Does not include Water & Wastewater Capacity Fee

Rate Adjustment Recommendations

Rate Component	Customer	Recommended Rate Adjustment
Service Charge		
	All Customers	+5.5%
Usage Charge		
	Residential	
	• Tier I (4,000 – 6,000 gallons)	+5.5%
	• Tier 2 (7,000 – 14,000 gallons)	+7.0%
	• Tier 3 (15,000 – 24,000 gallons)	+8.0%
	• Tier 4 (>24,000 gallons)	+9.0%
	Multi-unit Development	+11.0%

Rate Adjustment Recommendations

Rate Component	Customer	Recommended Rate Adjustment
Service Charge		
	All Customers	+5.5%
Usage Charge		
	Non-residential/Commercial – General	+12.0%
	• Excess Water Surcharge – General	+12.0%
	Non-residential/Commercial – Landscape	+15.0%
	• Excess Water Surcharge – Landscape	+15.0%
	Large Commercial	+19.0%
	Interdepartmental	+11.4%

Residential and Non-residential Comparison

Equity Between Residential & Non-residential Water Rate Revenue

	FY 24/25 Estimate	FY 25/26 Projected	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast
Residential Rate Revenue	55%	54%	53%	52%	50%	49%
Non-residential Rate Revenue	45%	46%	47%	48%	50%	51%
Residential Consumption	49%	48%	48%	48%	48%	47%
Non-residential Consumption	51%	52%	52%	52%	52%	53%

Customer Impact

Typical Customer	Current Bill	Recommended Rate Adjustment	Impact to Current Bill	
Residential (6 kgals/month)	$43.57/mo	Service Charge: +5.5% Usage Charge: +5.5%	+5.5%	$45.95/mo (+$2.38/mo)
Multi-unit Development (6 kgals/month)	$40.46/mo	Service Charge: +5.5% Usage Charge: +11.0%	+8.6%	$43.92/mo (+$3.47/mo)
Commercial – General (9 kgals/month)	$78.59/mo	Service Charge: +5.5% Usage Charge: +12.0%	+7.7%	$84.64/mo (+$6.05/mo)
Commercial – Landscape (29 kgals/month)	$177.01/mo	Service Charge: +5.5% Usage Charge: +15.0%	+12.1%	$198.39/mo (+$21.38/mo)

Rate Adjustment Recommendations - Water

Rate Component	Customer	Recommended Rate Adjustment	Recommended Rate Adjustment with Capacity Fee
Service Charge			
	All Customers	+5.5%	+4.5%
Usage Charge			
	Residential (Tiers I – IV)		
	• Tier 1	+5.5%	+4.5%
	• Tier 2	+7.0%	+4.5%
	• Tier 3	+8.0%	+5.5%
	• Tier 4	+9.0%	+5.5%
	Multi-unit Development	+11.0%	+10.0%

Rate Adjustment Recommendations - Water

Rate Component	Customer	Recommended Rate Adjustment	Recommended Rate Adjustment with Capacity Fee
Service Charge			
	All Customers	+5.5%	+4.5%
Usage Charge			
	Non-residential/Commercial – General	+12.0%	+12.0%
	• Excess Water Surcharge – General	+12.0%	+12.0%
	Non-residential/Commercial – Landscape	+15.0%	+15.0%
	• Excess Water Surcharge – Landscape	+15.0%	+15.0%
	Large Commercial	+19.0%	+19.0%
	Interdepartmental	+11.4%	+10.4%

Rate Adjustment Recommendations - Wastewater

Rate Component	Customer	Recommended Rate Adjustment	Recommended Rate Adjustment with Capacity Fee
Service Charge			
	Residential	+8.0%	+7.5%
	Non-residential	+9.0%	+8.5%
Usage Charge			
	Residential	+8.0%	+7.5%
	Non-residential	+9.0%	+8.5%

Residential and Non-residential Comparison

Equity Between Residential & Non-residential Water Rate Revenue

	FY 24/25 Estimate	FY 25/26 Projected	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast
Residential Rate Revenue	55%	54%	53%	51%	49%	48%
Non-residential Rate Revenue	45%	46%	47%	49%	51%	52%
Residential Consumption	49%	48%	48%	48%	48%	47%
Non-residential Consumption	51%	52%	52%	52%	52%	53%

Customer Impact - Water

Typical Customer	Recommended Rate Adjustment	Impact to Current Bill	Recommended Rate Adjustment with Capacity Fee	Impact to Current Bill
Residential (6 kgals/month)	SC: +5.5% UC: +5.5%	+5.5% $45.95/mo (+$2.38/mo)	SC: +4.5% UC: +4.5%	+4.5% $45.52/mo (+$1.95/mo)
Multi-unit Development (6 kgals/month)	SC: +5.5% UC: +11.0%	+8.6% $43.93/mo (+$3.47/mo)	SC: +4.5% UC: +10.0%	+7.6% $43.52/mo (+$3.07/mo)
Commercial – General (9 kgals/month)	SC: +5.5% UC: +12.0%	+7.7% $84.64/mo (+$6.05/mo)	SC: +4.5% UC: +12.0%	+7.4% $84.13/mo (+$5.54/mo)
Commercial – Landscape (29 kgals/month)	SC: +5.5% UC: +15.0%	+12.1% $198.39/mo (+$21.38/mo)	SC: +4.5% UC: +15.0%	+11.9% $197.88/mo (+$20.87/mo)

No Capacity Fee – Alternative (Parity FY27/28)

Service Charge (all customers):	+4.5%	Residential -	Tier 1:	+4.0%	Non-res/Commercial/XWA: +14.0%
			Tier 2:	+5.5%	Non-res/Commercial Landscape/XWA: +15.0%
			Tier 3:	+6.5%	Large Commercial: +20.0%
			Tier 4:	+7.5%	Interdepartmental: +9.8%
		Multi-unit Development:		+14.5%	

Typical Customer	Current Bill	Recommended Rate Adjustment	Impact to Current Bill	
Residential (6 kgals/month)	$43.57/mo	Service Charge: +4.5% Usage Charge: +4.0%	+4.3%	$45.46/mo (+$1.89/mo)
Multi-unit Development (6 kgals/month)	$40.46/mo	Service Charge: +4.5% Usage Charge: +14.5%	+10.1%	$44.56/mo (+$4.10/mo)
Commercial – General (9 kgals/month)	$78.59/mo	Service Charge: +4.5% Usage Charge: +14.0%	+7.7%	$84.66/mo (+$6.07/mo)
Commercial – Landscape (29 kgals/month)	$177.01/mo	Service Charge: +4.5% Usage Charge: +15.0%	+11.8%	$197.88/mo (+$20.87/mo)

	FY 24/25 Estimate	FY 25/26 Projected	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast
Residential Rate Revenue	55%	54%	52%	50%	49%	47%
Non-residential Rate Revenue	45%	46%	48%	50%	51%	53%
Residential Consumption	49%	48%	48%	48%	48%	47%
Non-residential Consumption	51%	52%	52%	52%	52%	53%

Capacity Fee – Alternative (Parity FY27/28)

Service Charge (all customers):	+4.5%	Residential -	Tier 1:	+3.5%	Non-res/Commercial/XWA: +13.0%
			Tier 2:	+3.5%	Non-res/Commercial Landscape/XWA: +15.0%
			Tier 3:	+4.5%	Large Commercial: +19.0%
			Tier 4:	+4.5%	Interdepartmental: +9.3%
		Multi-unit Development:		+12.0%	

Typical Customer	Current Bill	Recommended Rate Adjustment	Impact to Current Bill	
Residential (6 kgals/month)	$43.57/mo	Service Charge: +4.5% Usage Charge: +3.5%	+4.2%	$45.41/mo (+$1.84/mo)
Multi-unit Development (6 kgals/month)	$40.46/mo	Service Charge: +4.5% Usage Charge: +12.0%	+8.7%	$43.98/mo (+$3.53/mo)
Commercial – General (9 kgals/month)	$78.59/mo	Service Charge: +4.5% Usage Charge: +13.0%	+7.4%	$84.39/mo (+$5.80/mo)
Commercial – Landscape (29 kgals/month)	$177.01/mo	Service Charge: +4.5% Usage Charge: +15.0%	+11.8%	$197.88/mo (+$20.87/mo)

	FY 24/25 Estimate	FY 25/26 Projected	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast
Residential Rate Revenue	55%	54%	52%	50%	49%	47%
Non-residential Rate Revenue	45%	46%	48%	50%	51%	53%
Residential Consumption	49%	48%	48%	48%	48%	47%
Non-residential Consumption	51%	52%	52%	52%	52%	53%

No Capacity Fee – Alternative (Parity FY26/27)

Service Charge (all customers):	+3.5%	Residential -	Tier 1:	+1.0%	Non-res/Commercial/XWA: +21.0%
			Tier 2:	+1.0%	Non-res/Commercial Landscape/XWA: +25.0%
			Tier 3:	+1.0%	Large Commercial: +28.0%
			Tier 4:	+1.0%	Interdepartmental: +6.7%
		Multi-unit Development:		+16.3%	

Typical Customer	Current Bill	Recommended Rate Adjustment	Impact to Current Bill	
Residential (6 kgals/month)	$43.57/mo	Service Charge: +3.5% Usage Charge: +1.0%	+2.8%	$44.81/mo (+$1.24/mo)
Multi-unit Development (6 kgals/month)	$40.46/mo	Service Charge: +3.5% Usage Charge: +16.3%	+10.7%	$44.80/mo (+$4.35/mo)
Commercial – General (9 kgals/month)	$78.59/mo	Service Charge: +3.5% Usage Charge: +21.0%	+9.5%	$86.04/mo (+$7.45/mo)
Commercial – Landscape (29 kgals/month)	$177.01/mo	Service Charge: +3.5% Usage Charge: +25.0%	+15.0%	$209.74/mo (+$32.73/mo)

	FY 24/25 Estimate	FY 25/26 Projected	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast
Residential Rate Revenue	55%	54%	50%	48%	45%	41%
Non-residential Rate Revenue	45%	46%	50%	52%	55%	59%
Residential Consumption	49%	48%	48%	48%	48%	47%
Non-residential Consumption	51%	52%	52%	52%	52%	53%

Capacity Fee – Alternative (Parity FY26/27)

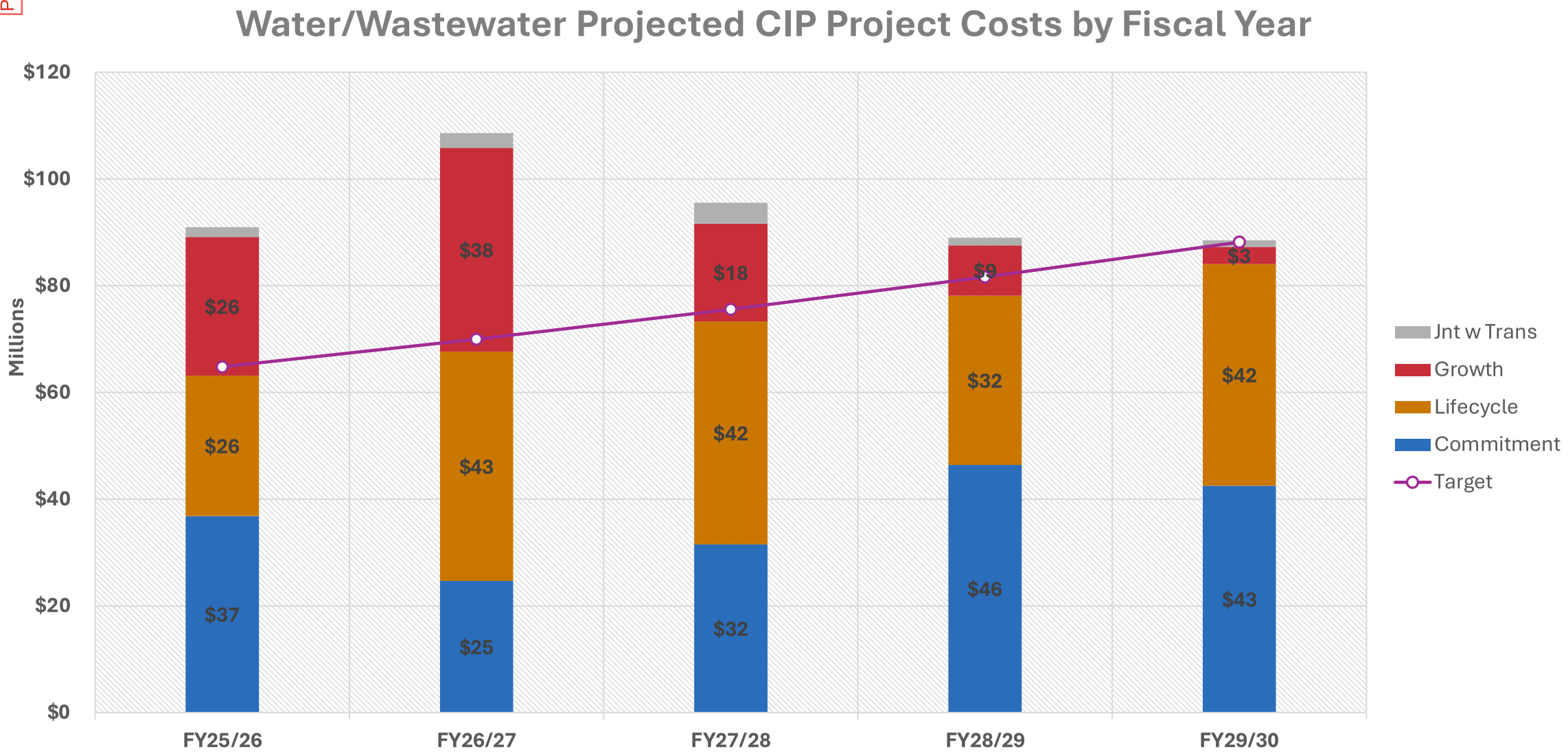
Service Charge (all customers):	+1.0%	Residential -	Tier 1:	+0.5%	Non-res/Commercial/XWA: +20.0%
			Tier 2:	+0.5%	Non-res/Commercial Landscape/XWA: +23.0%
			Tier 3:	+0.5%	Large Commercial: +25.0%
			Tier 4:	+0.5%	Interdepartmental: +6.1%
		Multi-unit Development:		+14.4%	

Typical Customer	Current Bill	Recommended Rate Adjustment	Impact to Current Bill	
Residential (6 kgals/month)	$43.57/mo	Service Charge: +1.0% Usage Charge: +0.5%	+0.9%	$43.95/mo (+$0.38/mo)
Multi-unit Development (6 kgals/month)	$40.46/mo	Service Charge: +1.0% Usage Charge: +18.0%	+8.6%	$43.94/mo (+$4.31/mo)
Commercial – General (9 kgals/month)	$78.59/mo	Service Charge: +1.0% Usage Charge: +18.0%	+7.5%	$84.49/mo (+$5.90/mo)
Commercial – Landscape (29 kgals/month)	$177.01/mo	Service Charge: +1.0% Usage Charge: +19.0%	+16.4%	$205.99/mo (+$28.98/mo)

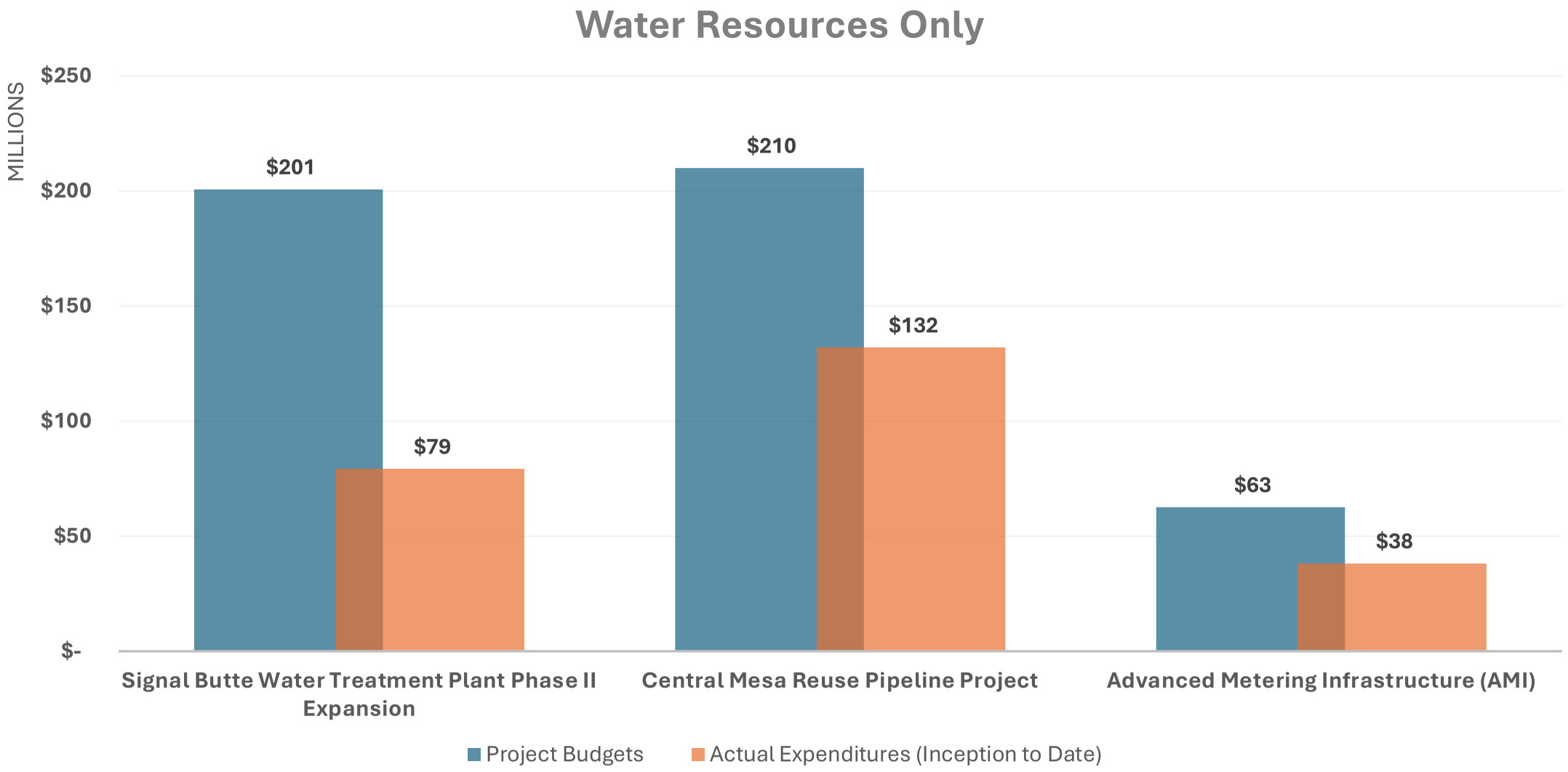
	FY 24/25 Estimate	FY 25/26 Projected	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast
Residential Rate Revenue	55%	54%	50%	48%	44%	41%
Non-residential Rate Revenue	45%	46%	50%	52%	56%	59%
Residential Consumption	49%	48%	48%	48%	48%	47%
Non-residential Consumption	51%	52%	52%	52%	52%	53%

		Residential Water Usage - Highest Point of Usage (by Account)			
		Average Winter (December 2024 - February 2025)		Average Summer (June 2025 - August 2025)	
Kgals	Tier	Percent Accounts	Number Accounts	Percent Accounts	Number Accounts
0	0	30.06%	40,605	26.44%	36,353
1					
2					
3					
4	1	29.79%	40,247	22.25%	30,595
5					
6					
7	2	30.44%	41,119	30.89%	42,479
8					
9					
10					
11					
12					
13					
14					
15	3	6.98%	9,435	13.01%	17,884
16					
17					
18					
19					
20					
21					
22					
23					
24					
>24	4	2.74%	3,698	7.42%	10,203
	Total	100.00%	135,104	100.00%	137,514

Water Resources 5-Year CIP



Big 3 Budget and Actuals Comparison

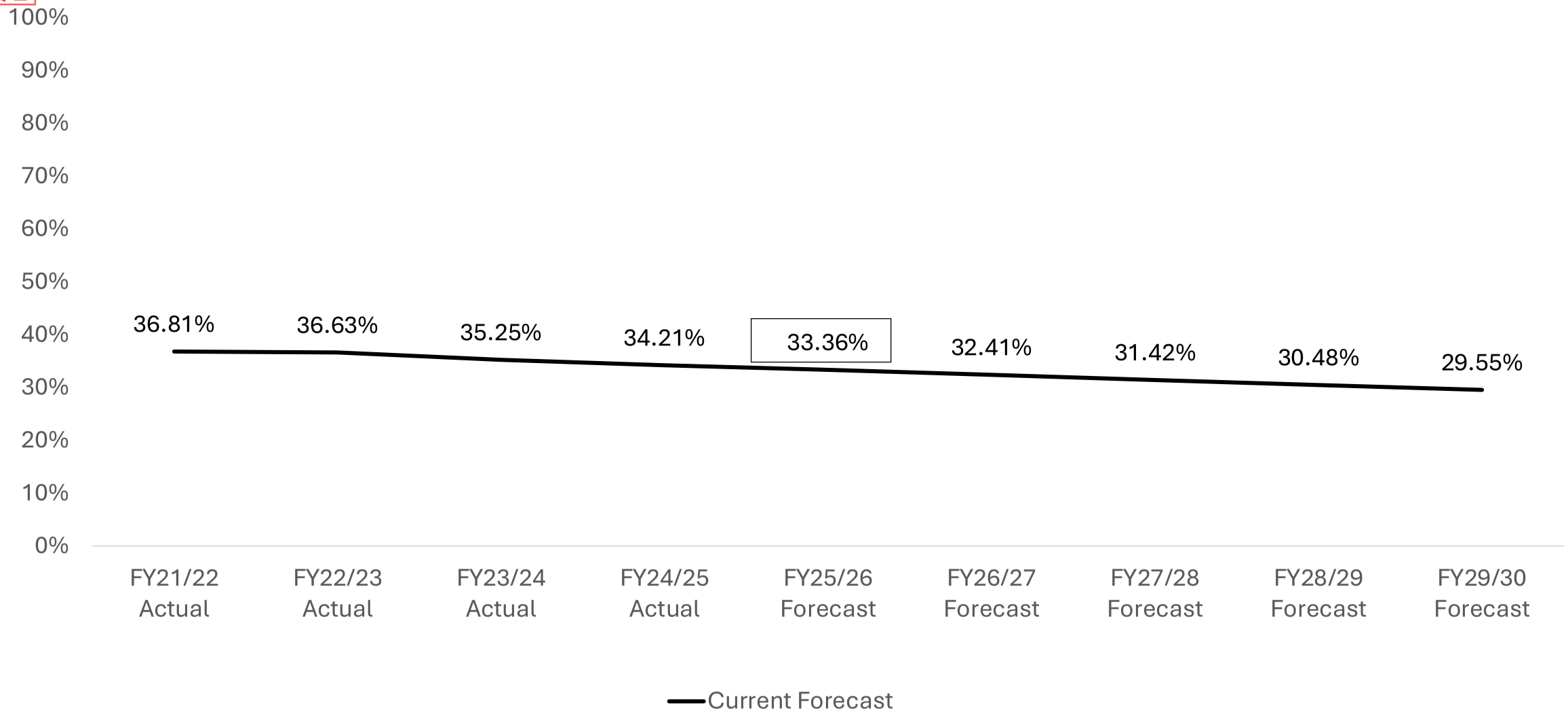


Water Resources Projects Deferred Outside 5-year Window

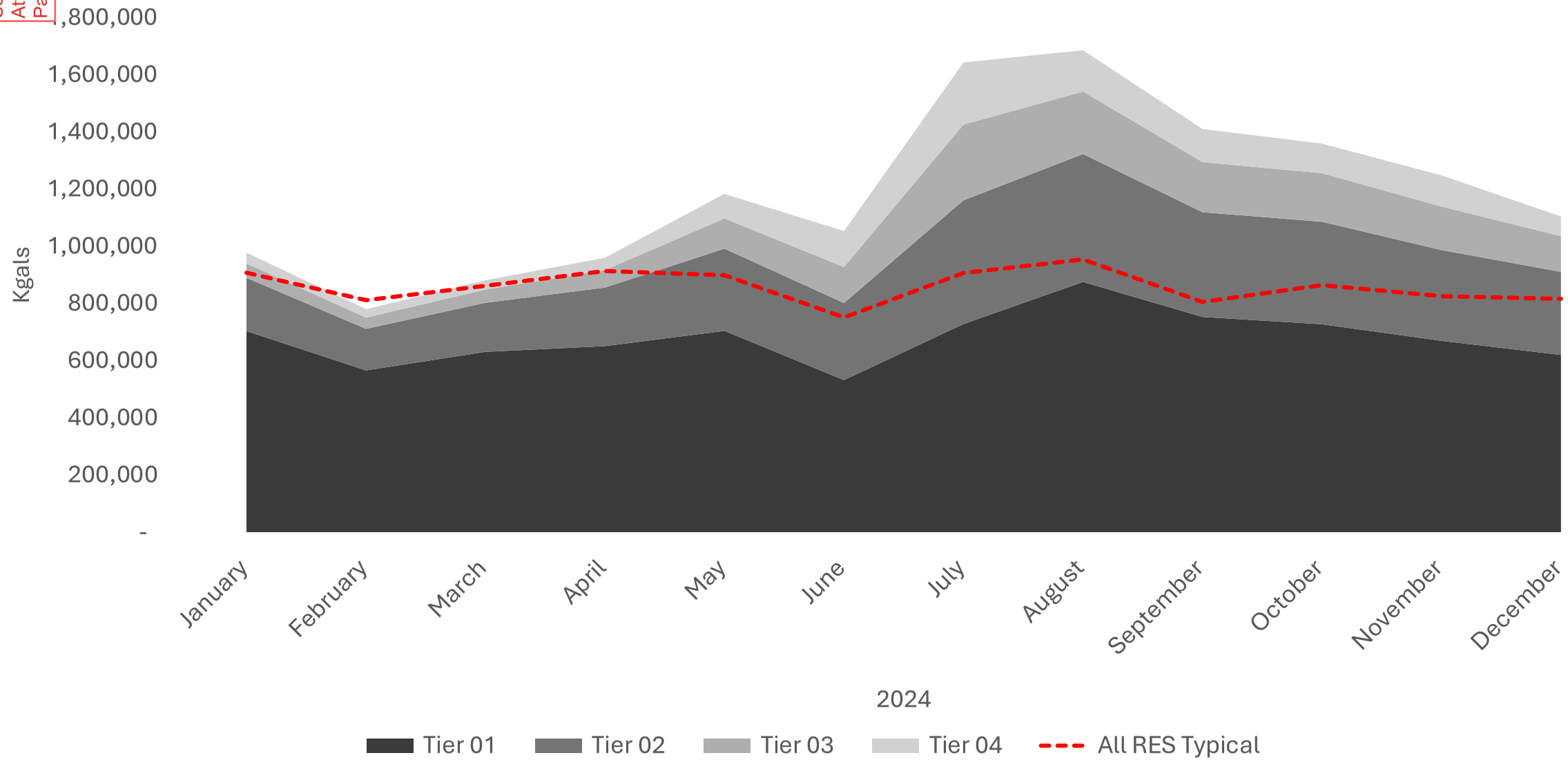
Water Projects	Budget
Large Diameter Pipeline	$23.8M
Small Diameter Pipeline	$19.9M
Groundwater Wells	$10.7M
Water Treatment Plant	$8.1M
SRP/CAP Interconnect Facility	$5.3M
Bartlett Dam and Reservoir Expansion	$5.0M
Hydrant/Meters/Valves	$4.4M
Reservoir/Pump Stations	$4.0M
Total Water	**$81.2M**

Wastewater Projects	Budget
Northwest Water Reclamation Plant	$55.0M
Lift Stations	$26.5M
Large Diameter Pipes	$19.4M
Total Wastewater	**$100.9M**

Fixed Revenues



Tiers

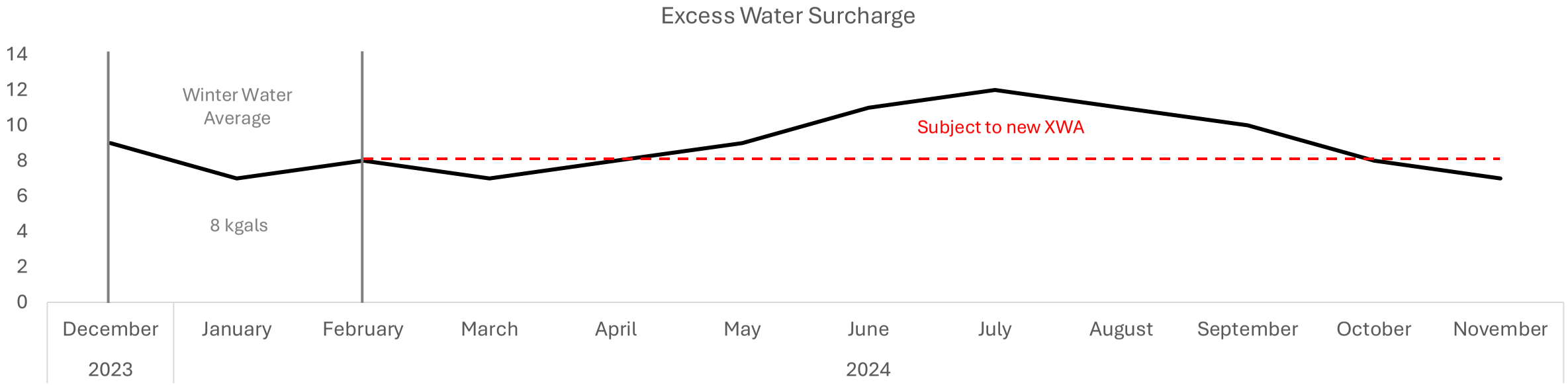

1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
Kgals
January
February
March
April
May
June
July
August
September
October
November
December
2024
Tier 01
Tier 02
Tier 03
Tier 04
All RES Typical

Conservation

Landscape - Average Consumption per Account:

	FY22/23	FY23/24	FY24/25
Commercial Landscape (kgals)	88.01	96.52	106.00
MUD Landscape (kgals)	99.57	107.29	122.11
Rate Adjustment (usage charge)	+7.5%	+7.5%	+10.5%

Non-residential Excess Water Surcharge:



Regional Rate Adjustments

Residential Water:

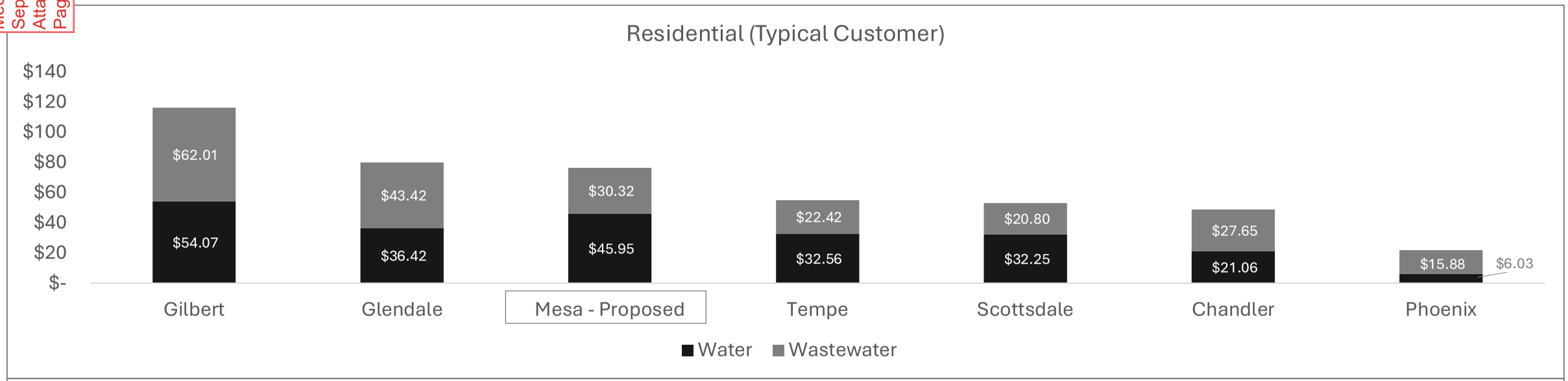
	FY 24/25	FY 25/26
Gilbert	25.0%	
Phoenix	13.0%	
Tempe	12.0%	11.1%*
Scottsdale	6.3%	4.5%*
Tucson	5.7%	3.5%
Glendale	4.5%	10.4%
Mesa	4.5%	*5.5%*
Chandler	0.0%	15.0%*

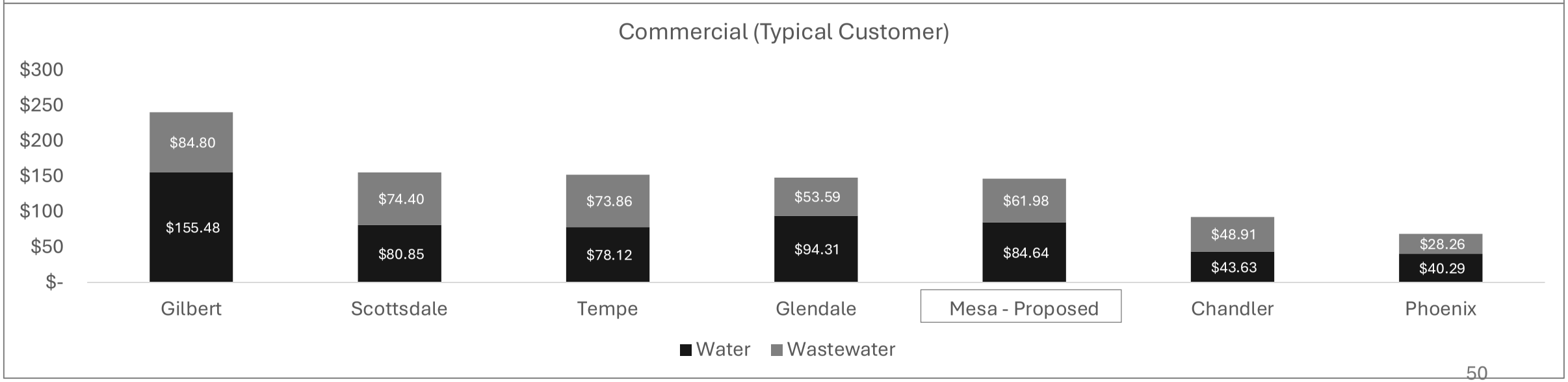
Residential Wastewater:

	FY 24/25	FY 25/26
Gilbert	95.0%	0.0%*
Tempe	16.4%	9.5%*
Glendale	9.9%	3.1%
Scottsdale	8.0%	6.0%
Mesa	7.5%	*8.0%*
Phoenix	7.0%	
Tucson	0.0%	3.0%*
Chandler	0.0%	15.0%*

* Not yet included in a Notice of Intent but is in a published forecast.

Regional Comparison





Affordability

The EPA and AWWA use 2.5% and 2% as benchmarks for affordability of water and wastewater services, respectively, with a combined threshold of 4.5% of median household income (MHI).

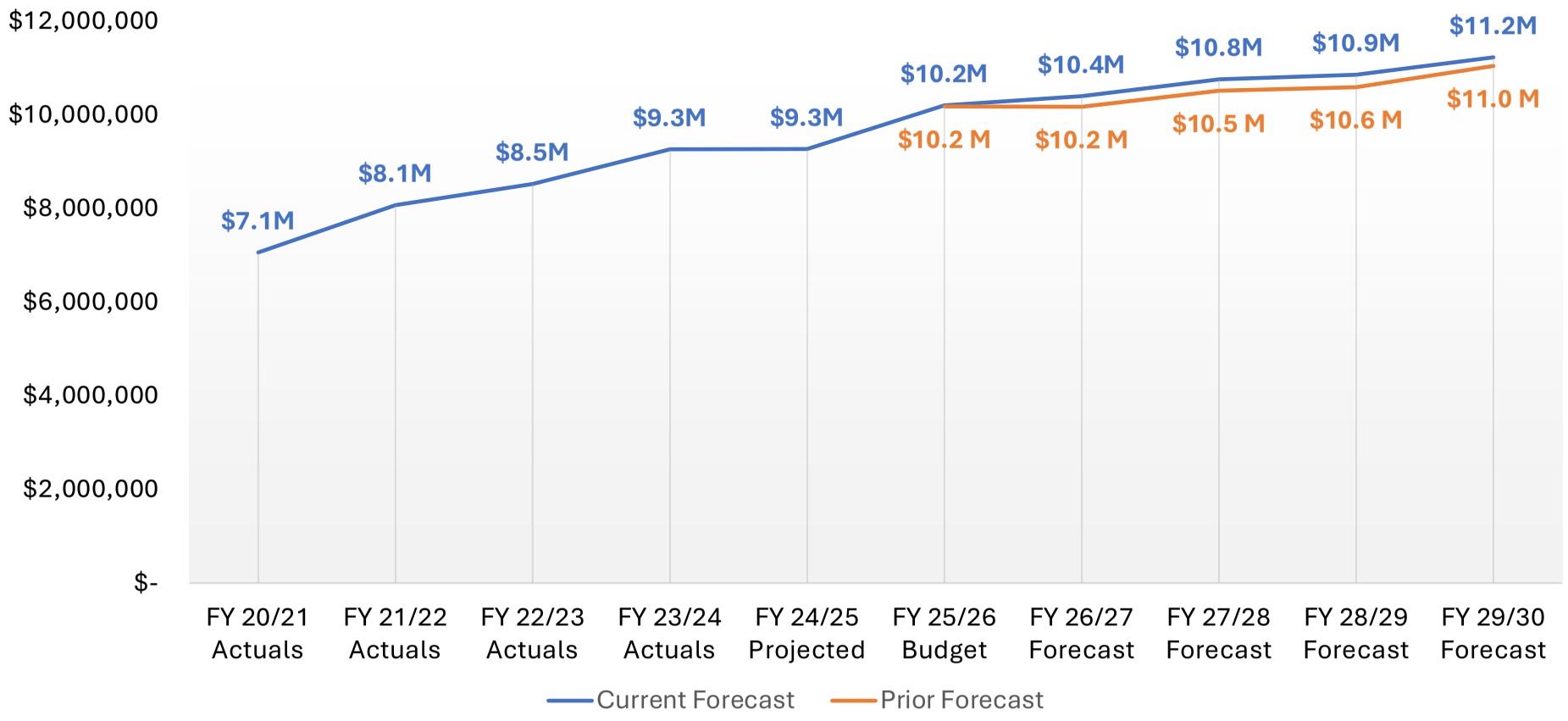
ZIP	Median Household Income ("MHI")	Typical RES Water Bill (Annual)	% MHI	Typical RES Wastewater Bill (Annual)	% MHI
85201 - 85215	$59,680 - $123,404	$551.40	0.92% - 0.45%	$363.84	0.61% - 0.29%

What about the City's low-income households?

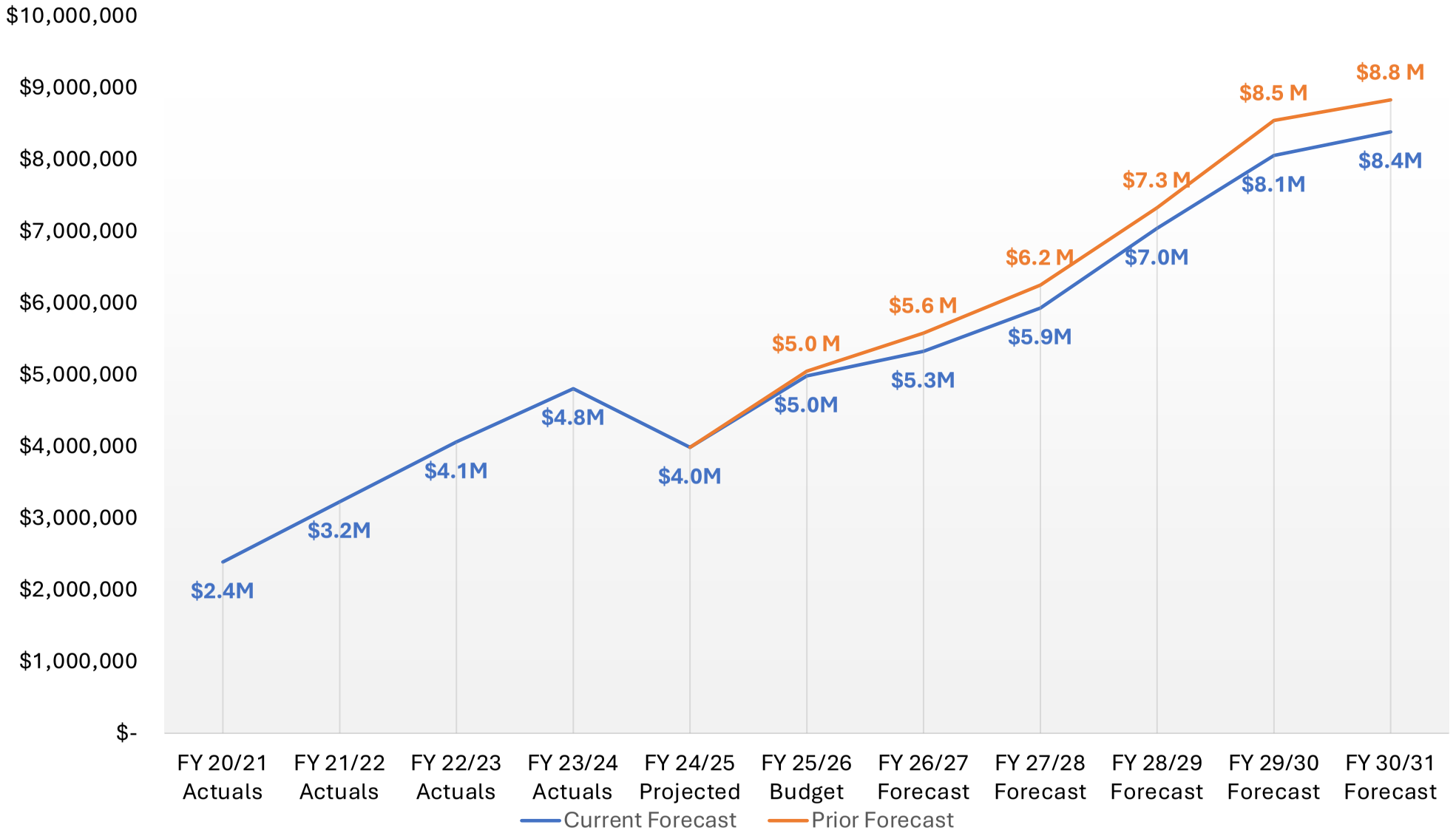
AZ Minimum Wage 2025		% of Annual Income for Typical RES Water Bill (annual)	% of Annual Income for Typical RES Wastewater Bill (annual)
Hourly	Annual		
$14.70	$30,576.00	1.80%	1.19%

Energy Department Backup

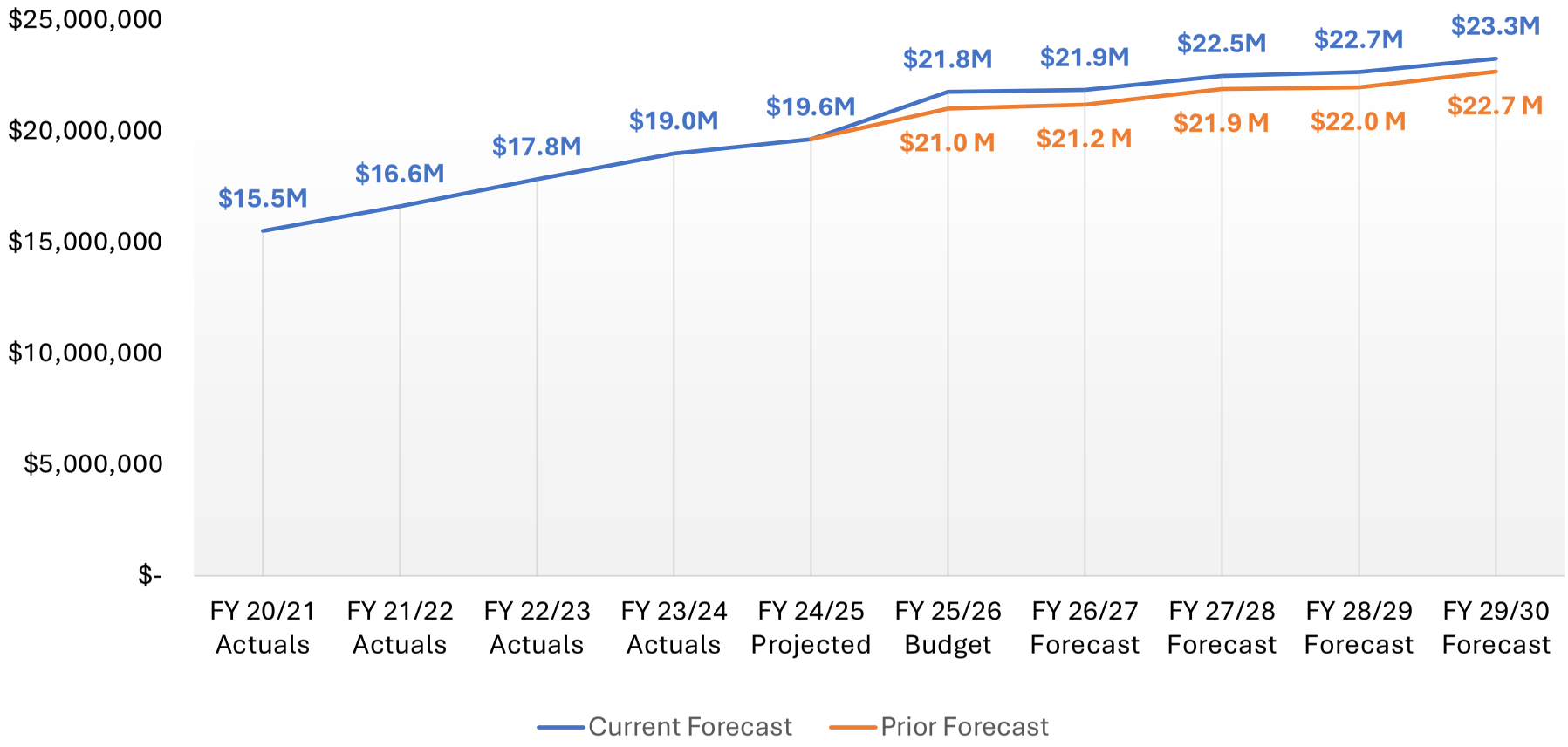
Increasing Operating Costs on the Electric Utility



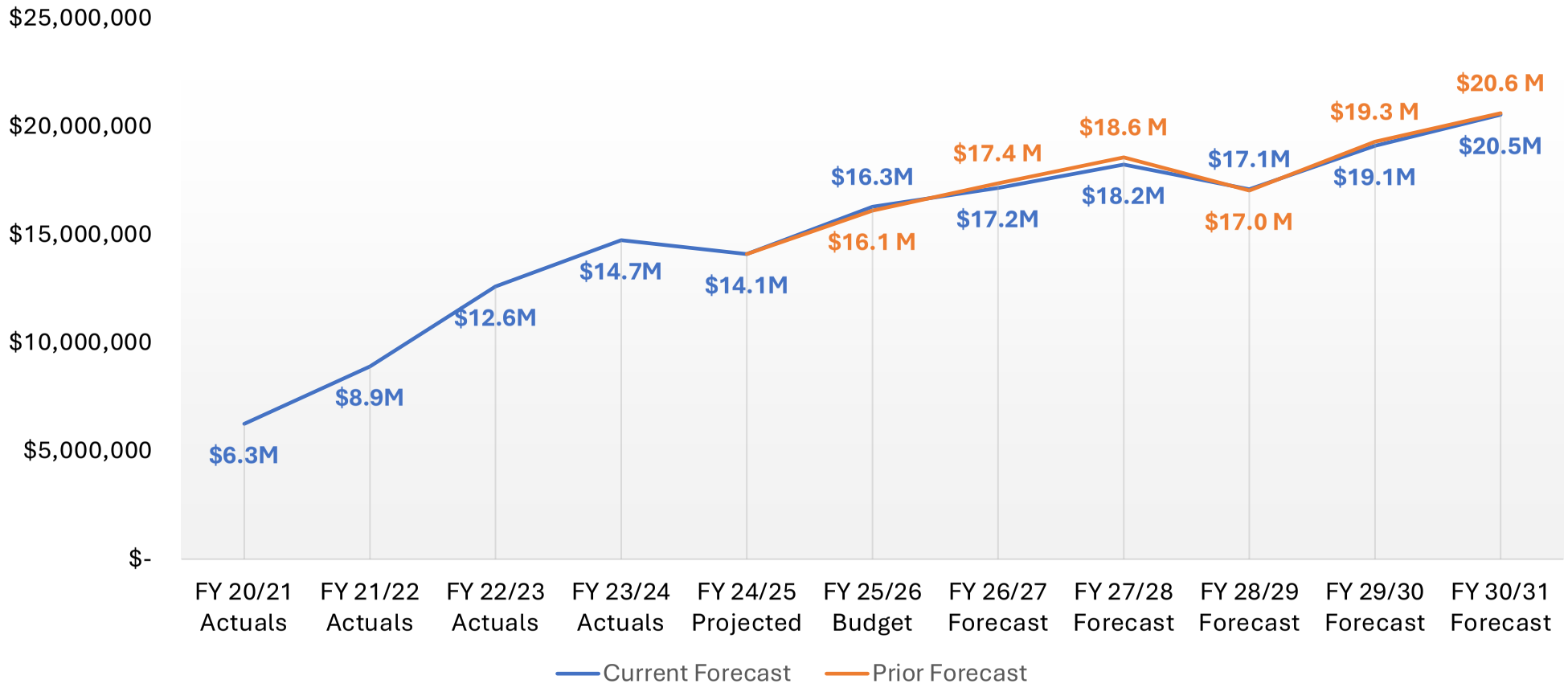
Increasing Debt Service Costs on the Electric Utility



Increasing Operating Costs on the Gas Utility



Increasing Debt Service Costs on the Gas Utility



Electric Project Cost Increases

PROJECT	PRIOR FORECAST	CURRENT FORECAST	INCREASE
Advanced Metering Infrastructure	$4.1M	$4.2M	$100k
Edge on Main (New service)	$0	$2.4M	$2.4M
Substation Improvements (w/SRP at Rogers)	$200k	$1.5M	$1.3M

Gas Project Cost Increases

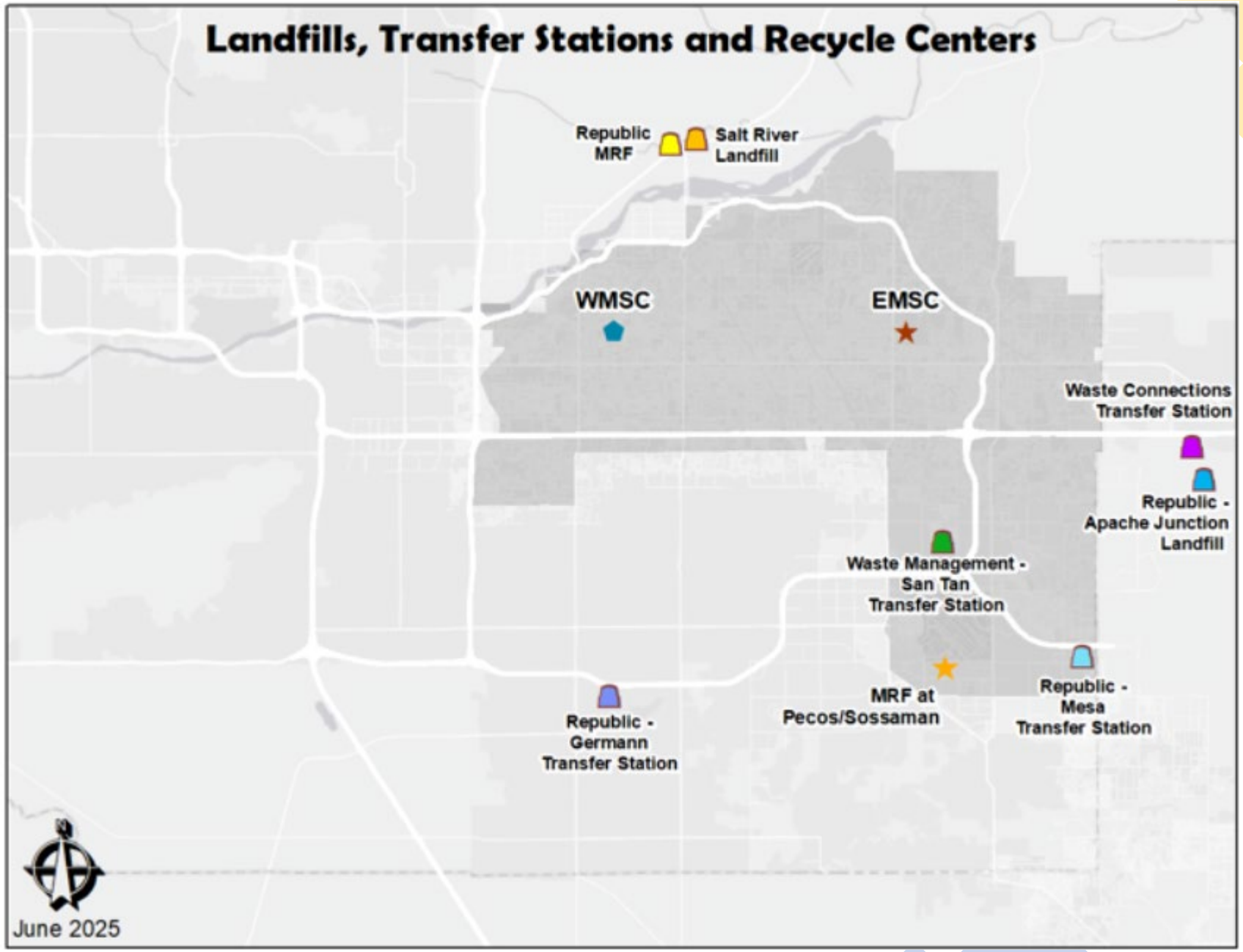
PROJECT	PRIOR FORECAST	CURRENT FORECAST	INCREASE
Advanced Metering Infrastructure	$15.3M	$19.5M	$4.2M
New Mains	$14.0M	$15.3M	$1.3M
New Services	$14.0M	$14.6M	$600k
High Pressure Mains	$1.7M	$4.3M	$2.6M

Solid Waste Department Backup

Total Uses and Sources

	FY 24/25 Estimate	FY 25/26 Projected	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast
Total Uses - Current Forecast	$76.6M	$87.6M	$85.7M	$92.4M	$94.7M	$94.7M
Total Sources - Current Forecast	$76.6M	$81.7M	$86.4M	$91.8M	$97.4M	$103.3M
Total Sources - December 2024	$76.3M	$81.1M	$86.4M	$92.0M	$97.9M	$104.2M

60


Landfills, Transfer Stations and Recycle Centers
Republic MRF
Salt River Landfill
WMSC
EMSC
Waste Connections Transfer Station
Republic - Apache Junction Landfill
Waste Management - San Tan Transfer Station
MRF at Pecos/Sossaman
Republic - Mesa Transfer Station
Republic - Germann Transfer Station
June 2025

Landfill Costs

Landfill	2025 Rate	2026 CPI Forecast	Increase/(Decrease)
Salt River	$39.64	$41.62	5.0%
RAD	$36.94	$38.79	5.0%
Mesa Transfer	$45.00	$47.25	5.0%
Germann Transfer	$45.00	$47.25	5.0%
San Tan	$44.08	$46.28	5.0%
Apache Junction	$42.56	$44.69	5.0%

Year	Landfill Cost	Increase/(Decrease)
2023	$8,609,980	
2024	$8,843,441	2.7%
2025	$9,571,123	8.2%

Every Other Week Recycling

9,640 households audited

7.6% of population

~$1.6M Annual Savings

City of Mesa
Water Resources Department
City Council Study Session

Water & Wastewater
Capacity Fee

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

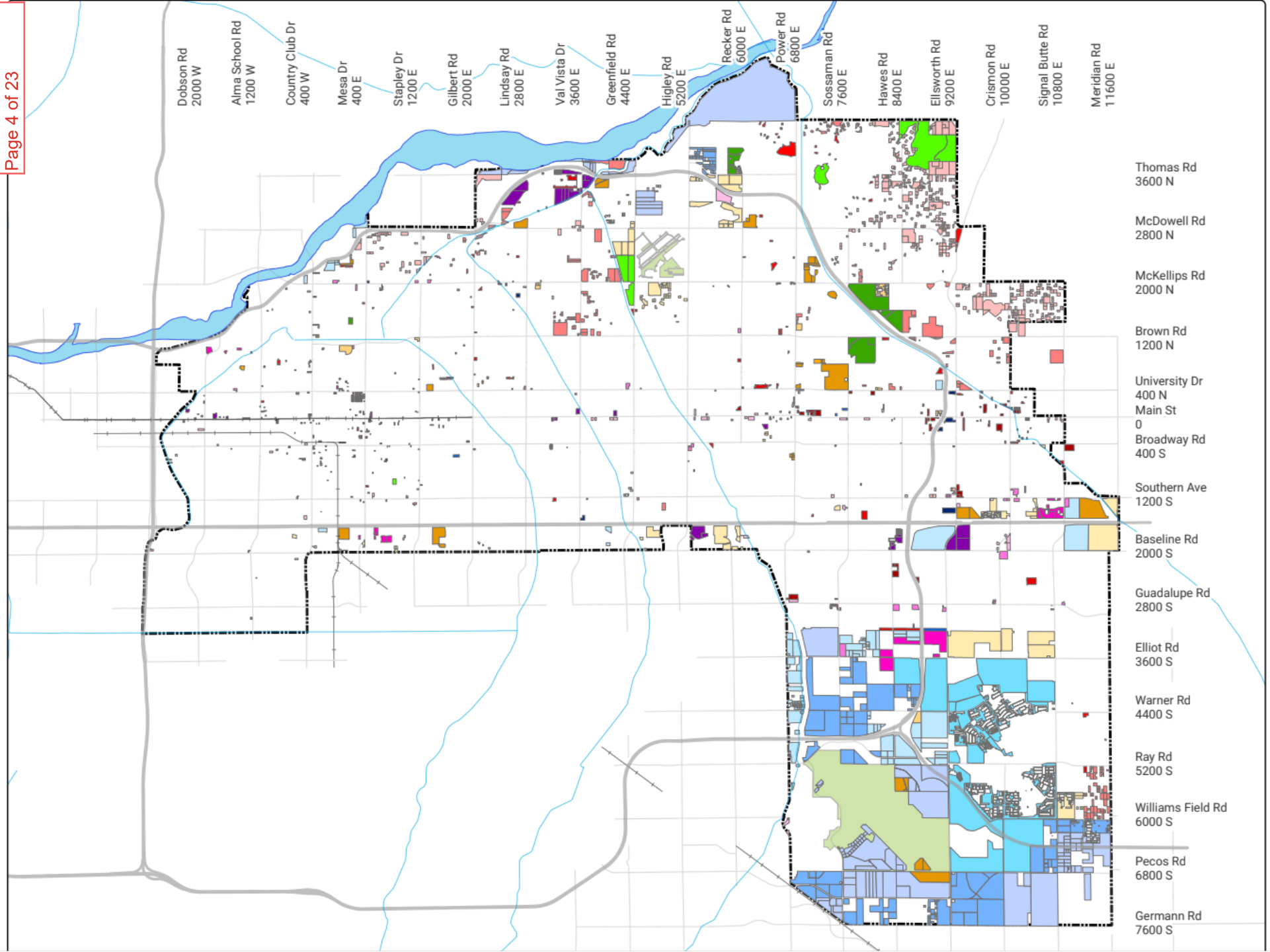
September 11, 2025

Presentation Overview

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

What is a Capacity Fee

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



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City of Mesa Integrated Master Plan

City Project No. CP0899
BV Project No. 414131

Legend

- Community Commercial
- Neighborhood Commercial
- Regional Commercial
- General Industrial
- Light Industrial
- Mixed Use/Employment
- Mixed-Use/Community
- Business Park
- Office
- Education
- Public/Semi-Public
- Low Dens Res (0-1 dupa)
- Low Dens Res (1-2 dupa)
- Med Dens Res (2-4 dupa)
- Med Dens Res (4-6 dupa)
- Med Dens Res (6-10 dupa)
- High Dens Res (10-15 dupa)
- High Dens Res (15+ dupa)
- Mixed Use/Res (30% at 15+ dupa)
- Town Center (25% at 15+ dupa)
- Open Space
- Parks

Other Features

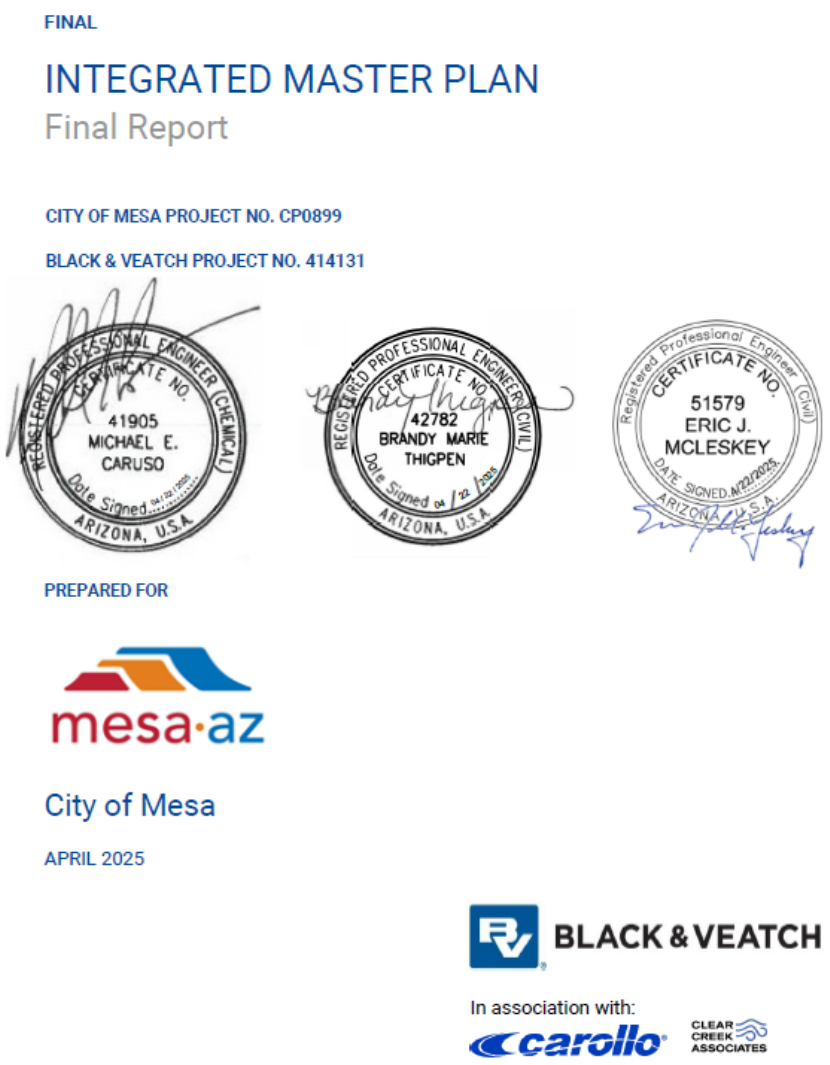
- Boundary
- Highways
- Streets
- Canals
- Railroads
- Light Rail Track
- Salt River
- Airport

0 5000 10000 ft N

Figure 2-8
Vacant/Underdeveloped Land Use Classification

How is the Capacity Fee calculated

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


FINAL

INTEGRATED MASTER PLAN

Final Report

CITY OF MESA PROJECT NO. CP0899

BLACK & VEATCH PROJECT NO. 414131

REGISTERED PROFESSIONAL ENGINEER (CHEMICAL) CERTIFICATE NO. 41905 MICHAEL E. CARUSO Date Signed 04/22/2025 ARIZONA, U.S.A.

REGISTERED PROFESSIONAL ENGINEER (CIVIL) CERTIFICATE NO. 42782 BRANDY MARIE THIGPEN Date Signed 04/22/2025 ARIZONA, U.S.A.

Registered Professional Engineer (Civil) CERTIFICATE NO. 51579 ERIC J. MCLESKEY DATE SIGNED 4/22/2025 ARIZONA, U.S.A.

PREPARED FOR

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City of Mesa

APRIL 2025

BLACK & VEATCH

In association with:

carollo

CLEAR CREEK ASSOCIATES

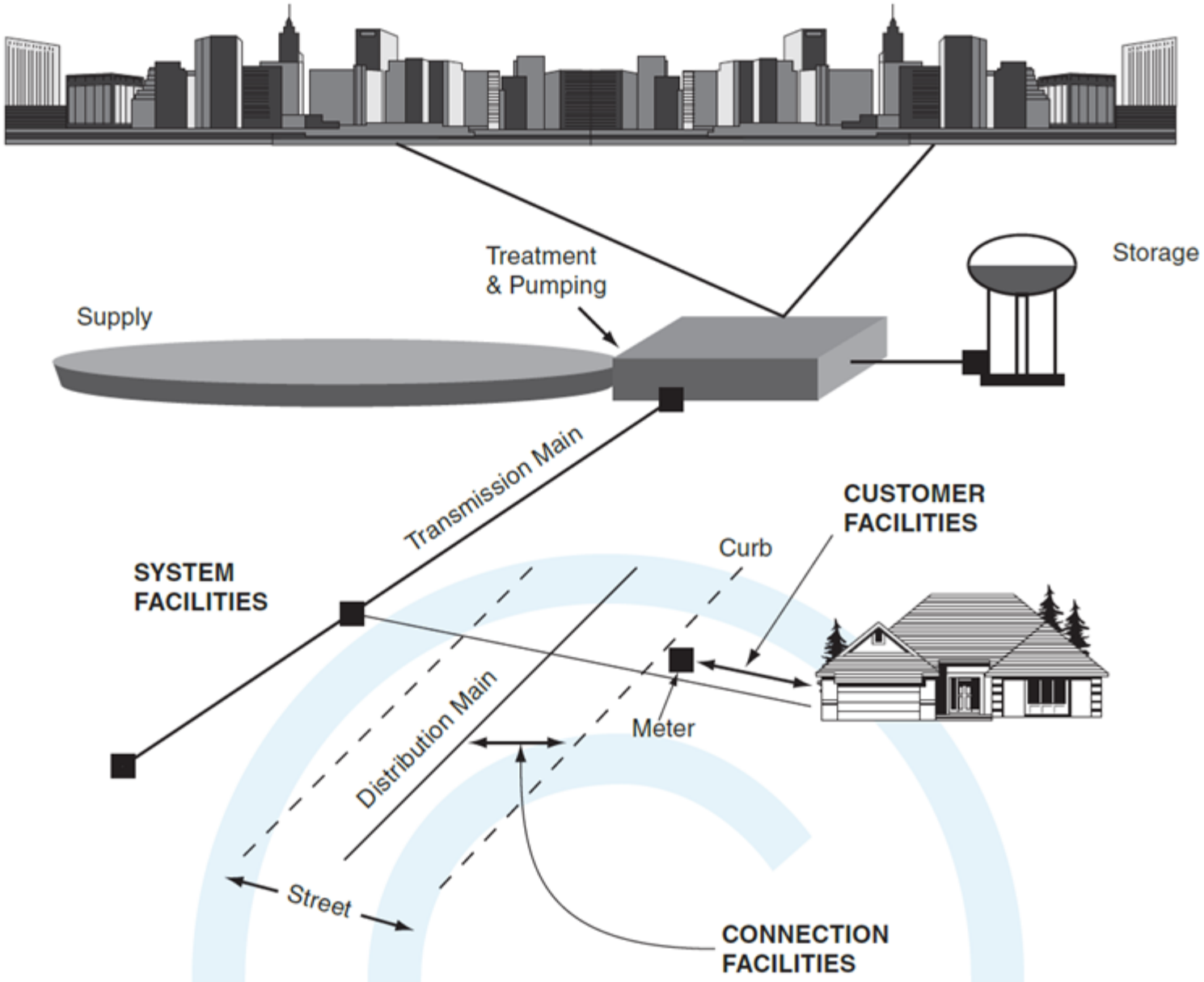


Figure VI.1-1 Typical water system components

Capacity Fee Calculation

Capacity Cost ÷ System Capacity = Unit Cost

Unit Cost × Service Unit = ¾” Equivalent Meter Fee

Capacity Costs

Table 1 – Water Capacity Projects

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

Table 2 – Wastewater Capacity Projects

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

Water Service Units

Table 3 – Water Service Unit

Water Service Unit	
Number of 3/4" Meters	128,873
Annual Water Demand for all 3/4" Meter Customers (gallons/year)	12,070,875,000
Annual Water Demand per Average 3/4" Meter Customer (gallons/year)	93,665
Average Daily Water Demand per 3/4" Meter Customer (gpd)	257
Average Day Demand to Max Day Demand Peaking Factor	1.50
Max Day Water Demand per 3/4" Meter (gpd)	**385**

Wastewater Service Units

Table 4 – Wastewater Service Unit

Wastewater Service Unit	
Number of 3/4" Meters	128,873
90% of monthly average of 3 Lowest Winter Months Meter Demand (gallons/month)	720,834,000
Average Monthly Wastewater flow per 3/4" Meter Customer (gallons/month)	5,593
Average Daily Wastewater flow per 3/4" Meter Customer (gpd)	186
Average Day to Max Day Wastewater Flow Factor	1.10
Max Day Wastewater Flow per 3/4" Meter (gpd)	**205**

Water & Wastewater Capacity Fee Calculation

Table 5 – Water Capacity Fee Calculation

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

Table 6 – Wastewater Capacity Fee Calculation

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

Capacity Fee Table by Meter Size

Table 8 – Capacity Fee Table

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

Fee Comparison for a ¾” Meter

Table 9 – Fee Comparison (based on ¾” meter)

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

Conclusions

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

NEXT STEPS

September 22 - City Council Action on Notice of Intent

November 17 - Introduction of Capacity Fee Ordinance

December 1 - City Council Action on Capacity Fee

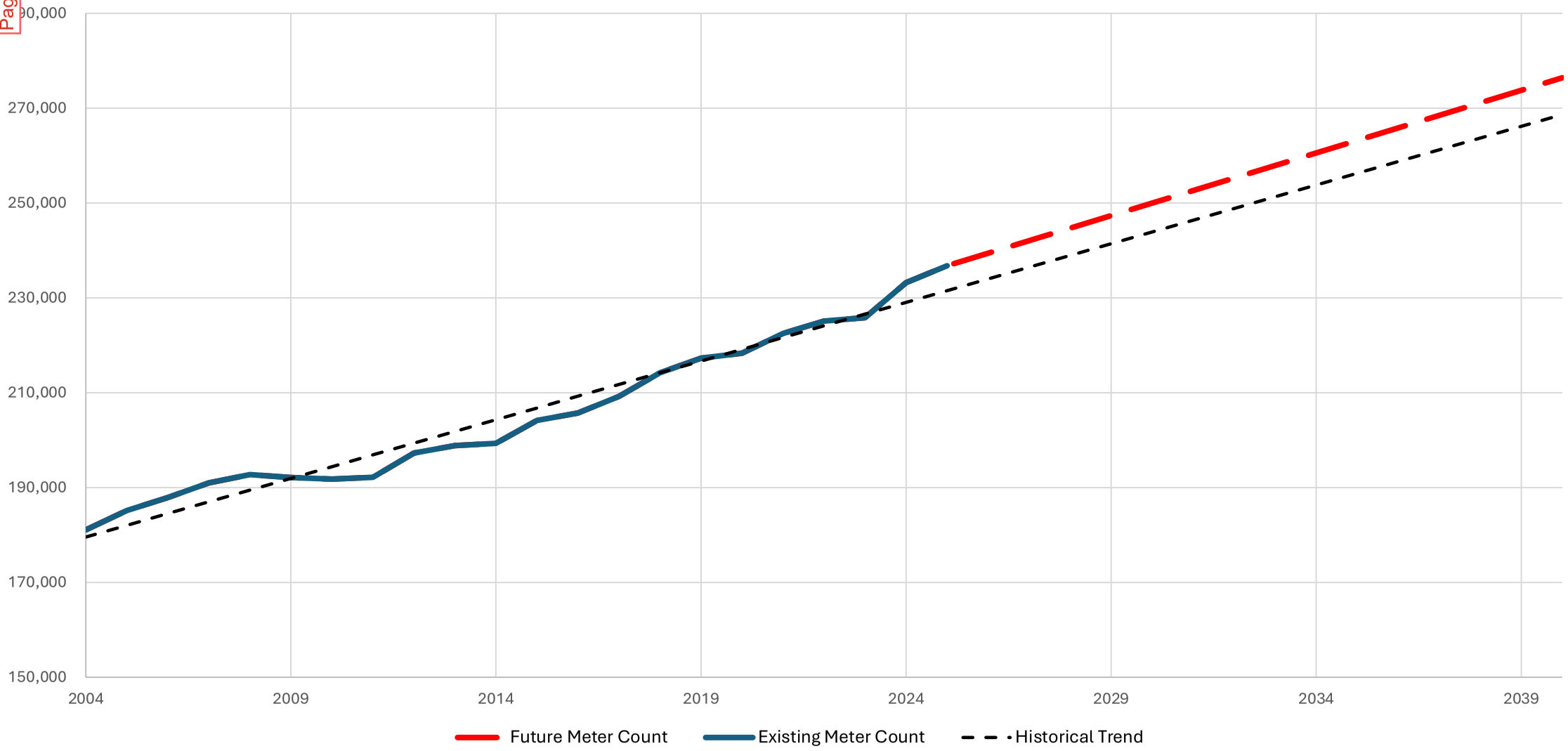
January 1 - Effective Date of Capacity Fee

Back Up Slides

Previous Mesa Impact Fee

Meter Size	Water	Wastewater	Total
0.75	$ 2,220	$ 2,659	$ 4,879
1	$ 5,550	$ 6,648	$ 12,198
1.5	$ 11,100	$ 13,295	$ 24,395
2	$ 17,760	$ 21,272	$ 39,032
3	$ 35,520	$ 42,544	$ 78,064
4	$ 55,500	$ 66,475	$ 121,975
6	$ 111,000	$ 132,950	$ 243,950
8	$ 177,600	$ 212,720	$ 390,320
10	$ 255,300	$ 305,785	$ 561,085

Figure 3 - 3/4" Equivalent Meters Count



Capacity Fee vs Adjusted Impact Fee

Size	Capacity Fee	Adjusted Impact Fee	Increase over inflation adjusted impact fee
0.75	$9,528	$7,734	$1,793.87
1	$15,880	$19,336	($3,456.11)
1.5	$31,759	$38,671	($6,911.64)
2	$50,814	$61,873	($11,059.03)
3	$101,629	$123,746	($22,117.05)
4	$254,072	$193,353	$60,718.80
6	$476,385	$386,706	$89,678.59
8	$1,111,566	$618,730	$492,835.75
10	$1,746,746	$889,425	$857,321.26

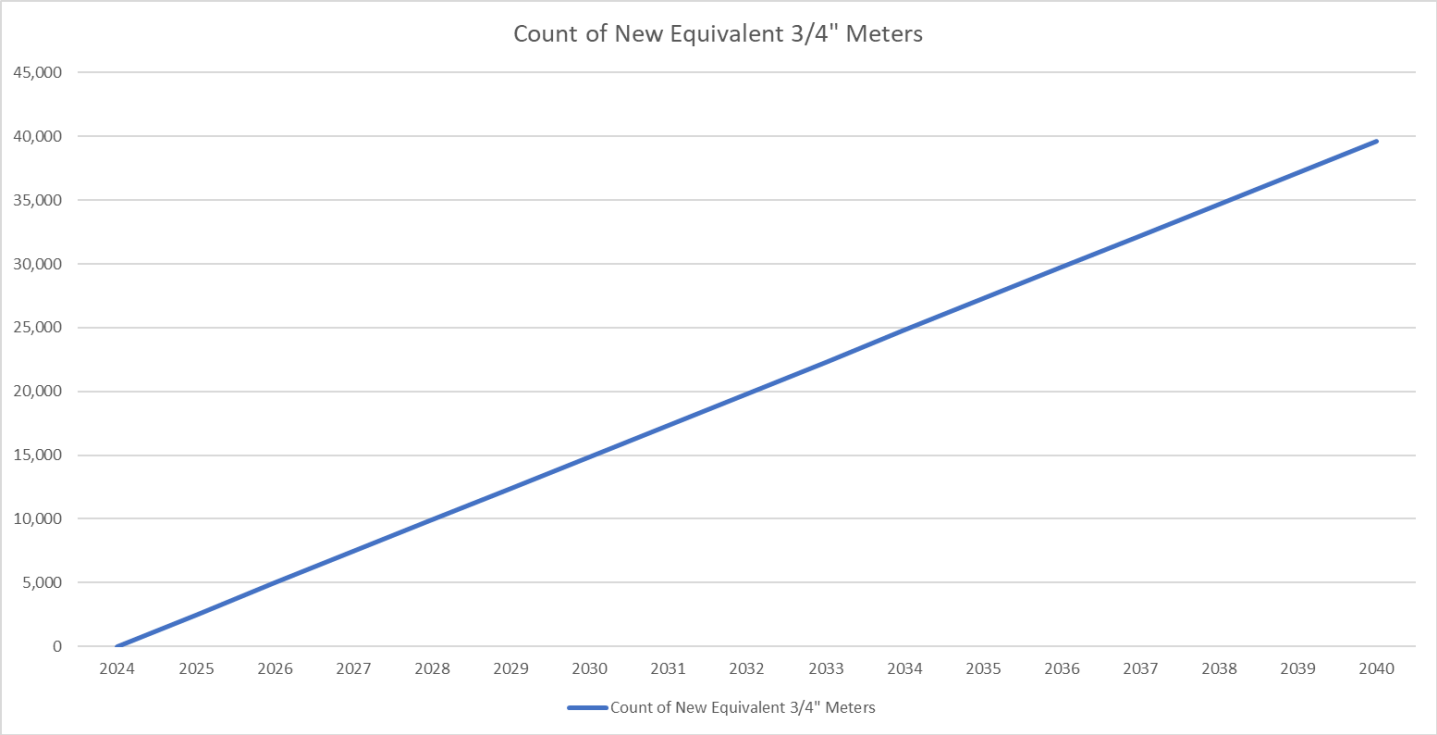
**Producer Price Index by commodity: Special indexes: Construction materials*. (2025, August 14). https://fred.stlouisfed.org/series/WPUSI012011

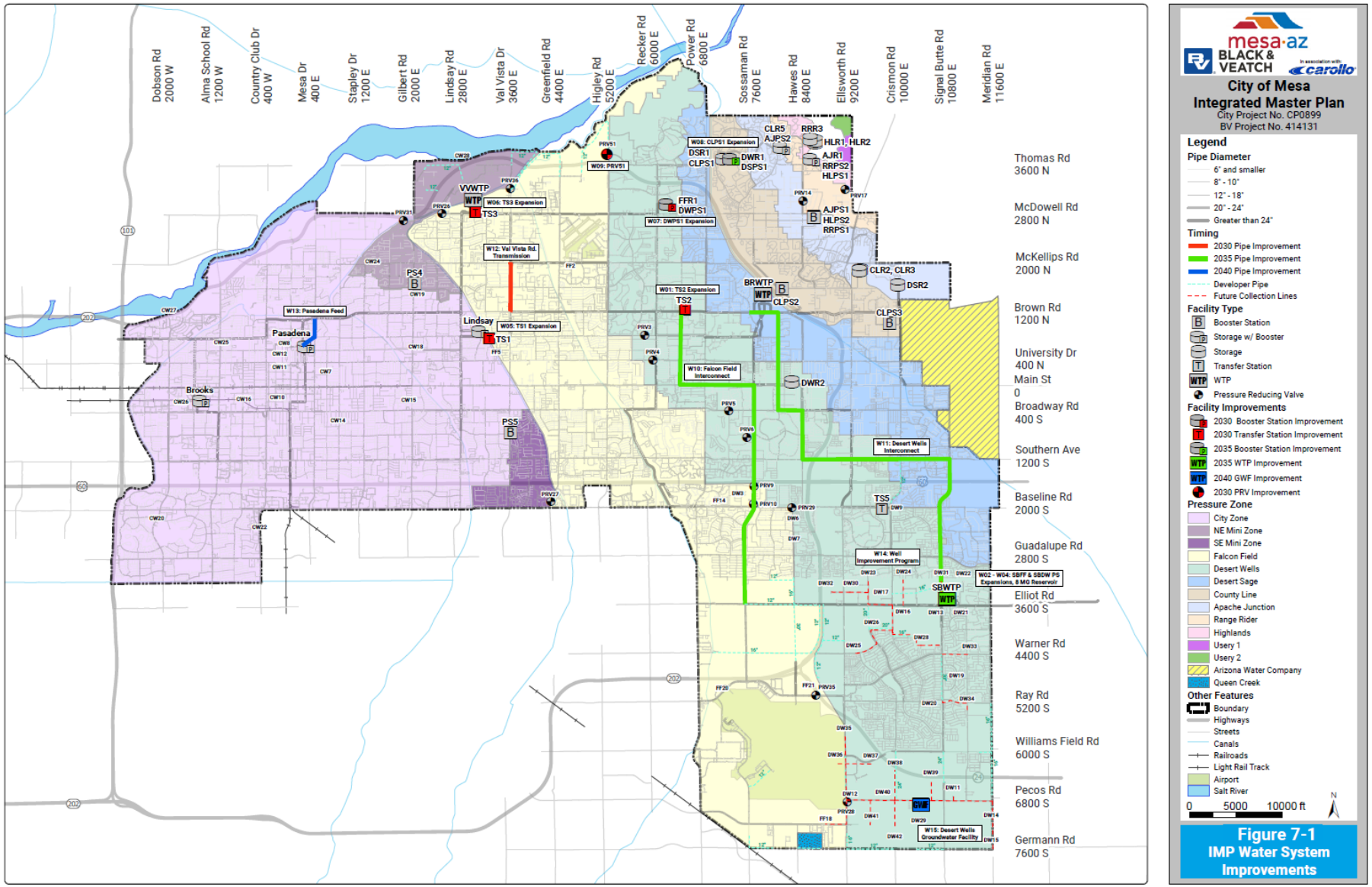
Capacity Fee vs Adjusted Impact Fee

	Capacity Fee		Adjusted Impact Fee		
Meter Size	Water	Wastewater	Water	Wastewater	Increase over inflation adjusted impact fee
0.75	$7,719	$1,809	$3,519	$4,215	$1,793.87
1	$12,864	$3,015	$8,798	$10,538	($3,456.11)
1.5	$25,729	$6,030	$17,596	$21,075	($6,911.64)
2	$41,166	$9,649	$28,153	$33,720	($11,059.03)
3	$82,331	$19,297	$56,306	$67,440	($22,117.05)
4	$205,829	$48,243	$87,978	$105,375	$60,718.80
6	$385,929	$90,456	$175,956	$210,751	$89,678.59
8	$900,501	$211,065	$281,529	$337,201	$492,835.75
10	$1,415,072	$331,673	$404,698	$484,726	$857,321.26

**Producer Price Index by commodity: Special indexes: Construction materials*. (2025, August 14). https://fred.stlouisfed.org/series/WPUSI012011

Meter Count Projection





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City of Mesa
Integrated Master Plan
City Project No. CP0899
BV Project No. 414131

Legend

Pipe Diameter
- 6" and smaller
- 8" - 10"
- 12" - 18"
- 20" - 24"
- Greater than 24"

Timing
- 2030 Pipe Improvement
- 2035 Pipe Improvement
- 2040 Pipe Improvement
- Developer Pipe
- Future Collection Lines

Facility Type
- Booster Station
- Storage w/ Booster
- Storage
- Transfer Station
- WTP
- Pressure Reducing Valve

Facility Improvements
- 2030 Booster Station Improvement
- 2030 Transfer Station Improvement
- 2035 Booster Station Improvement
- 2035 WTP Improvement
- 2040 GWF Improvement
- 2030 PRV Improvement

Pressure Zone
- City Zone
- NE Mini Zone
- SE Mini Zone
- Falcon Field
- Desert Wells
- Desert Sage
- County Line
- Apache Junction
- Range Rider
- Highlands
- Usery 1
- Usery 2
- Arizona Water Company
- Queen Creek

Other Features
- Boundary
- Highways
- Streets
- Canals
- Railroads
- Light Rail Track
- Airport
- Salt River

0 5000 10000 ft

Figure 7-1
IMP Water System Improvements

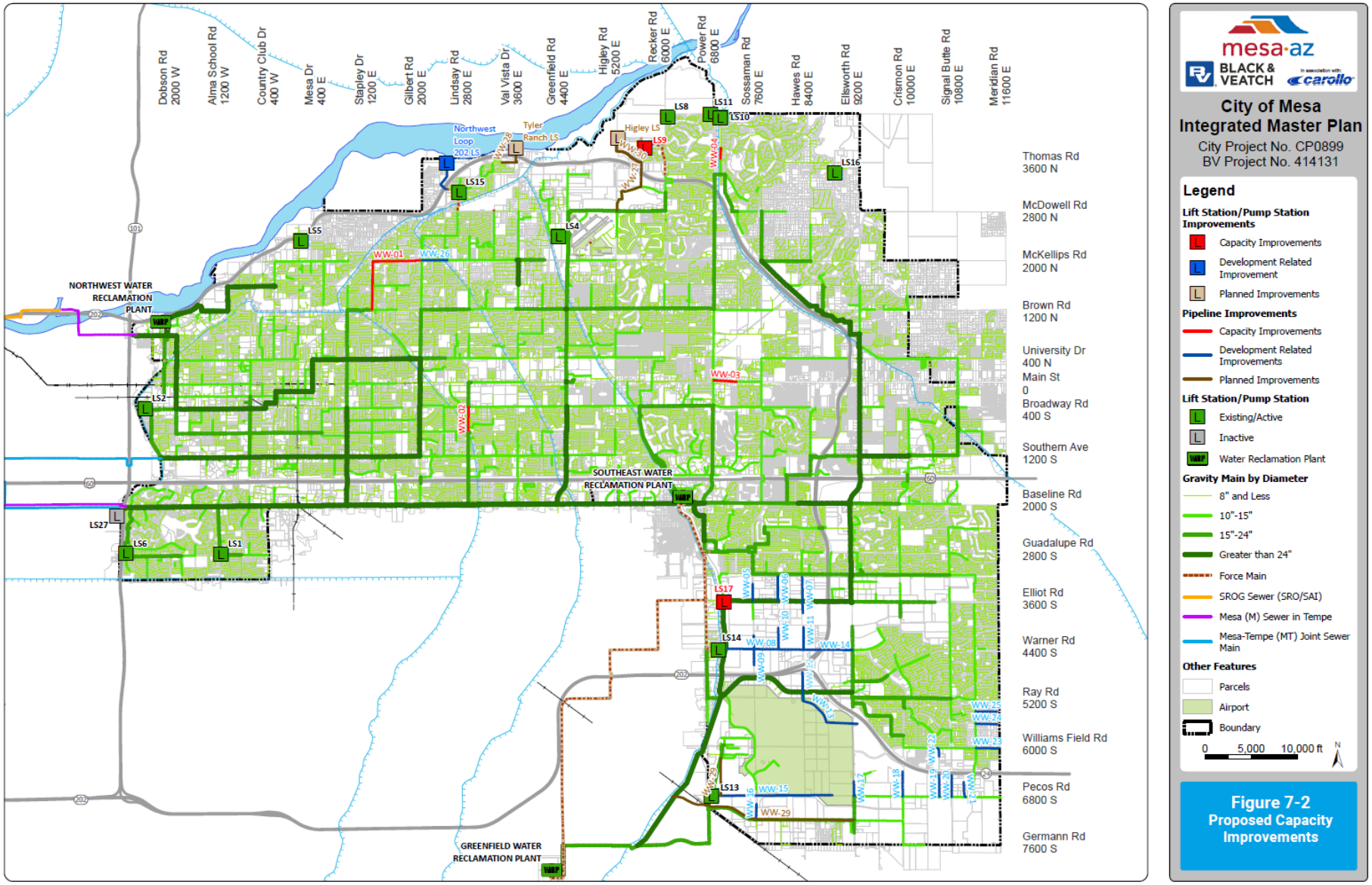

Figure 7-2
Proposed Capacity Improvements