



City of Flagstaff, AZ

Water, Reclaimed Water, & Wastewater Cost-of-Service Study

Scenario Comparison

*City Council Special Meeting
July 3, 2024*



Council Directed Scenarios - Impact on Rate Projections

80% vs 86% CIP Execution			Annual Rate Increase				
	Total CIP (FY 25 – FY 33)	Total CIP Funding from Debt Proceeds (FY 25 – FY 33)	FY 25	FY 26	FY 27	FY 28	FY 29
Combined 80% Scenario	\$243.5M	\$94.7M (39%)	8.5% / 18.5%	8.5% / 18.5%	8.5% / 10%	8.5% / 5%	8.5% / 5%
Combined 86% Scenario	\$260.0M	\$98.9M (38%)	10% / 20%	10% / 20%	10% / 10%	10% / 5%	10% / 5%

Water Rate Increase

Wastewater Rate Increase



Water Projected Average Bill

*Total Bill = Water Fixed Charge + Water Volume Charge

Customer Class	Rep. Meter Size	Avg. Bill Volume (kgals)	Avg. FY 2024 Water Bill	Effective Date 9/1/2024			Effective Date 1/1/2026		Effective Date 1/1/2027		Effective Date 1/1/2028		Effective Date 1/1/2029	
				Total Bill*	\$ Change	% Change	Total Bill*	\$ Change	Total Bill*	\$ Change	Total Bill*	\$ Change	Total Bill*	\$ Change
Council Directed Scenario (June 18th) First Reading Scenario							(10% Rate Increase)		(10% Rate Increase)		(10% Rate Increase)		(10% Rate Increase)	
Single Family	¾"	4	\$30.91	\$31.51	\$0.60	1.9%	\$34.66	\$3.15	\$38.13	\$3.47	\$41.94	\$3.81	\$46.13	\$4.19
Commercial/ Schools	1"	40	\$207.20	\$245.38	\$38.18	18.4%	\$269.92	\$24.54	\$296.91	\$26.99	\$326.60	\$29.69	\$359.26	\$32.66
80% CIP Execution Scenario							(8.5% Rate Increase)		(8.5% Rate Increase)		(8.5% Rate Increase)		(8.5% Rate Increase)	
Single Family	¾"	4	\$30.91	\$31.18	\$0.27	0.9%	\$33.83	\$2.65	\$36.71	\$2.88	\$39.83	\$3.12	\$43.21	\$3.39
Commercial/ Schools	1"	40	\$207.20	\$242.75	\$35.55	17.2%	\$263.38	\$20.63	\$285.77	\$22.39	\$310.06	\$24.29	\$336.42	\$26.36

Customer Class: Average Bill Increases	86% CIP Execution Scenario – FY2024 (Current) to FY2029	80% CIP Execution Scenario – FY2024 (Current) to FY2029
Single Family Residential	49%	40%
Commercial/Schools	73%	62%



Wastewater Projected Average Bill Impacts

*Total Bill = Wastewater Fixed Charge + Wastewater Volume Charge

Customer Class	Rep. Meter Size	Avg. Bill Volume (kgals)	Avg. FY 2024 Wastewater Bill	Effective Date 9/1/2024			Effective Date 1/1/2026		Effective Date 1/1/2027		Effective Date 1/1/2028		Effective Date 1/1/2029	
				Total Bill*	\$ Change	% Change	Total Bill*	\$ Change	Total Bill*	\$ Change	Total Bill*	\$ Change	Total Bill*	\$ Change
Council Directed Scenario (June 18th) First Reading Scenario							(20% Rate Increase)		(10% Rate Increase)		(5% Rate Increase)		(5% Rate Increase)	
Residential	¾"	4.88	\$26.13	\$35.80	\$9.67	37.0%	\$42.96	\$7.16	\$47.25	\$4.30	\$49.61	\$2.36	\$52.09	\$2.48
Commercial	1"	17.60	\$99.96	\$93.49	(\$6.47)	(6.5%)	\$112.19	\$18.70	\$123.41	\$11.22	\$129.58	\$6.17	\$136.06	\$6.48
80% CIP Execution Scenario							(18.5% Rate Increase)		(10% Rate Increase)		(5% Rate Increase)		(5% Rate Increase)	
Residential	¾"	4.88	\$26.13	\$35.44	\$9.31	35.6%	\$42.00	\$6.56	\$46.20	\$4.20	\$48.51	\$2.31	\$50.93	\$2.43
Commercial	1"	17.60	\$99.96	\$92.04	(\$7.92)	(7.9%)	\$109.07	\$17.03	\$119.98	\$10.91	\$125.98	\$6.00	\$132.28	\$6.30

Customer Class Avg. Bills	86% CIP Execution Scenario – FY2024 (Current) to FY2029	80% CIP Execution Scenario – FY2024 (Current) to FY2029
Single Family Residential	99%	95%
Commercial	36%	32%



80% CIP Execution Bill Projections for Proposed Rate Structures - Residential

Municipal Services Bill Example for Residential Customer @ 4,550 gallons in one month	Usage (Gallons)	FY 2024 Rate (Dollars)	FY 2024 Amount (Dollars)	Proposed	
				FY 2025	FY 2029
Base Meter Charge		¾" meter	\$16.64	\$14.10	\$19.54
Tier 1 Residential Water	3,500	\$3.44	\$12.04	\$14.81	\$20.51
Tier 2 Residential Water	1,050	\$4.45	\$4.67	\$4.78	\$6.63
Energy Surcharge	4,550	\$1.24	\$5.64	\$5.64	\$5.64*
Water Protection Fee	4,550	\$0.53	\$2.41	\$2.41	\$2.41*
Base Sewer Charge		¾" meter	n/a	\$9.92	\$14.27
Volumetric Sewer Charge	2,090	\$5.35	\$11.18	\$10.93	\$15.72
Stormwater Fee			\$12.57	\$14.07	\$22.14
Solid Waste Charge			\$25.45	\$25.45	\$25.45
Recycling Fee			\$5.09	\$5.09	\$5.09
Environmental Management Program Fee			\$2.48	\$3.04	\$4.36
State and Local Taxes			\$3.73	\$3.85	\$6.33
Total			\$101.91	\$114.09	\$148.09



80% CIP Execution Bill Projections for Proposed Rate Structures - Commercial

Municipal Services Bill Example for Commercial Customer	Usage (Gallons)	FY 2024 Rate	FY 2024 Amount (Dollars)	Proposed	
				FY 2025	FY 2029
Base Meter Charge		¾" meter	\$16.64	\$14.10	\$19.54
Water Charge Commercial	51,750	\$4.69	\$242.71	\$290.32	\$402.62
Energy Surcharge	51,750	\$1.24	\$64.17	\$64.17	\$64.17*
Water Protection Fee	51,750	\$0.53	\$27.43	\$27.43	\$27.43*
Base Sewer Charge		¾" meter	n/a	\$9.92	\$14.27
Volumetric Sewer Charge	51,750	\$5.68	\$293.94	\$222.01	\$319.30
Stormwater Fee			\$37.71	\$42.21	\$47.25
Solid Waste Charge			\$157.90	\$157.90	\$157.90
Recycling Fee			\$93.81	\$93.81	\$93.81
Environmental Management Program Fee			\$28.92	\$29.36	\$43.75
State and Local Taxes			\$31.69	\$37.39	\$60.78
Total			\$994.92	\$988.61	\$1,250.81

DRAFT – FOR DISCUSSION PURPOSES

*Energy Surcharge & Water Protection Fee TBD



Council Direction

- Adopt Rates with Option A: 86% Execution on Capital Improvement Projects
- Adopt Rates with Option B: 80% Execution on Capital Improvement Projects



2023/2024 Rate Study Team

Mayor & Council

Mayor Daggett
Vice Mayor Aslan
Councilmember Harris
Councilmember House
Councilmember Matthews
Councilmember McCarthy
Councilmember Sweet

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Audrey Barber

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Stacy Fobar
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Lisa Deem
Marion Lee
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