

## AGENDA

JOINT CITY COUNCIL / WATER COMMISSION  
SPECIAL WORK SESSION  
MONDAY  
MARCH 25, 2024

HYBRID  
COUNCIL CHAMBERS  
211 WEST ASPEN AVENUE  
([click here to join virtually](#))  
3:00 P.M.

All City Council Meetings are live streamed on the city's website  
(<https://www.flagstaffaz.gov/1461/Streaming-City-Council-Meetings>)

### 1. Call to Order

#### NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

*Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the City Council and to the general public that, at this work session, the City Council may vote to go into executive session, which will not be open to the public, for discussion and consultation with the City's attorneys for legal advice on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A)(3).*

### 2. Roll Call

*NOTE: One or more Councilmembers may be in attendance through other technological means.*

MAYOR DAGGETT  
VICE MAYOR ASLAN  
COUNCILMEMBER HARRIS  
COUNCILMEMBER HOUSE

COUNCILMEMBER MATTHEWS  
COUNCILMEMBER MCCARTHY  
COUNCILMEMBER SWEET

CHAIRPERSON RIEGELMAN  
VICE CHAIR NAUMAN  
COMMISSIONER ALTER  
COMMISSIONER BILLS

COMMISSIONER DILDAY  
COMMISSIONER LOVERICH  
COMMISSIONER VANE

### 3. Pledge of Allegiance, Mission Statement, and Land Acknowledgement

#### MISSION STATEMENT

*The mission of the City of Flagstaff is to protect and enhance the quality of life for all.*

#### LAND ACKNOWLEDGEMENT

*The Flagstaff City Council humbly acknowledges the ancestral homelands of this area's Indigenous nations and original stewards. These lands, still inhabited by Native descendants, border mountains sacred to Indigenous peoples. We honor them, their legacies, their traditions, and their continued contributions. We celebrate their past, present, and future generations who will forever know this place as home.*

### 4. Water Rate Design Alternatives Workshop - Direction on Water, Wastewater and Reclaimed Water Rates

Direction on which water, wastewater, and reclaimed water rate options are recommended by City Council and Water Commission members.

## 5. Adjournment

### CERTIFICATE OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Flagstaff City Hall on \_\_\_\_\_, at \_\_\_\_\_ a.m./p.m. in accordance with the statement filed by the City Council with the City Clerk.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
Stacy Saltzburg, MMC, City Clerk

THE CITY OF FLAGSTAFF ENDEAVORS TO MAKE ALL PUBLIC MEETINGS ACCESSIBLE TO PERSONS WITH DISABILITIES. With 48-hour advance notice, reasonable accommodations will be made upon request for persons with disabilities or non-English speaking residents. Please call the City Clerk (928) 213-2076 or email at [stacy.saltzburg@flagstaffaz.gov](mailto:stacy.saltzburg@flagstaffaz.gov) to request an accommodation to participate in this public meeting.

NOTICE TO PARENTS AND LEGAL GUARDIANS: Parents and legal guardians have the right to consent before the City of Flagstaff makes a video or voice recording of a minor child, pursuant to A.R.S. § 1-602(A)(9). The Flagstaff City Council meetings are live-streamed and recorded and may be viewed on the City of Flagstaff's website. If you permit your child to attend/participate in a televised Council meeting, a recording will be made. You may exercise your right not to consent by not allowing your child to attend/participate in the meeting.

**CITY OF FLAGSTAFF  
STAFF SUMMARY REPORT**

**To:** The Honorable Mayor and Council  
**From:** Erin Young, Water Resources Manager  
**Co-Submitter:** Shannon Jones  
**Date:** 03/20/2024  
**Meeting Date:** 03/25/2024




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**TITLE:**

**Water Rate Design Alternatives Workshop - Direction on Water, Wastewater and Reclaimed Water Rates**

**DESIRED OUTCOME:**

Direction on which water, wastewater, and reclaimed water rate options are recommended by City Council and Water Commission members.

**Executive Summary:**

At this Work Session, Stantec will present three options for updating water rates and the water rate structure. The current proposal for reclaimed water is to maintain the current percentage of the potable rate in all options. The following options will be presented:

1. Option 1 Revenue Recovery through Base Charge: Reducing the monthly base charge to 25% and charging a volumetric rate to the current set of customer classes with a cost-of-service adjustment
2. Option 2 Option 1 + Change in Residential Tier Rates: Same as option 1 with an adjustment to the single-family residential tier rates to recover peak demand costs and signal outdoor water conservation in tiers 3 & 4.
3. Option 3 Option 2 + Class Combination: Same as option 2 with a consolidation of the commercial and institutional customer classes' costs of service and charging an average volumetric rate per 1,000 gallons for the commercial/schools combined class

Stantec will also review the three options for updating wastewater rates and the wastewater rate structure presented to City Council and the Water Commission on March 4th. Those options were:

1. Option 1 Cost of Service (COS) Results: Adjusting the current rate structure such that each of the customer class of revenues targets the cost of service
2. Option 2 Fixed + Individualized: Establishing a monthly base charge for wastewater and charging a volumetric rate to the current set of customer classes
3. Option 3 Fixed + Consolidated: Establishing a monthly base charge for wastewater and charging a volumetric rate to a condensed set of customer classes

Direction from this Work Session will be presented as a final set of changes to rates and rate structures to City Council on April 16, 2024. The user fee portion that addresses the cost-of-service to complete miscellaneous services is currently being worked on and those results will be presented at the same meeting.

**Information:**

See attached PowerPoint for information.

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**Attachments:** [Presentation](#)  
[DRAFT Outreach Update](#)



# City of Flagstaff, AZ

## Water, Reclaimed Water, & Wastewater Cost-of-Service Study – Water Rate Design

*Joint City Council & Water Commission Work Session  
March 25<sup>th</sup>, 2024*



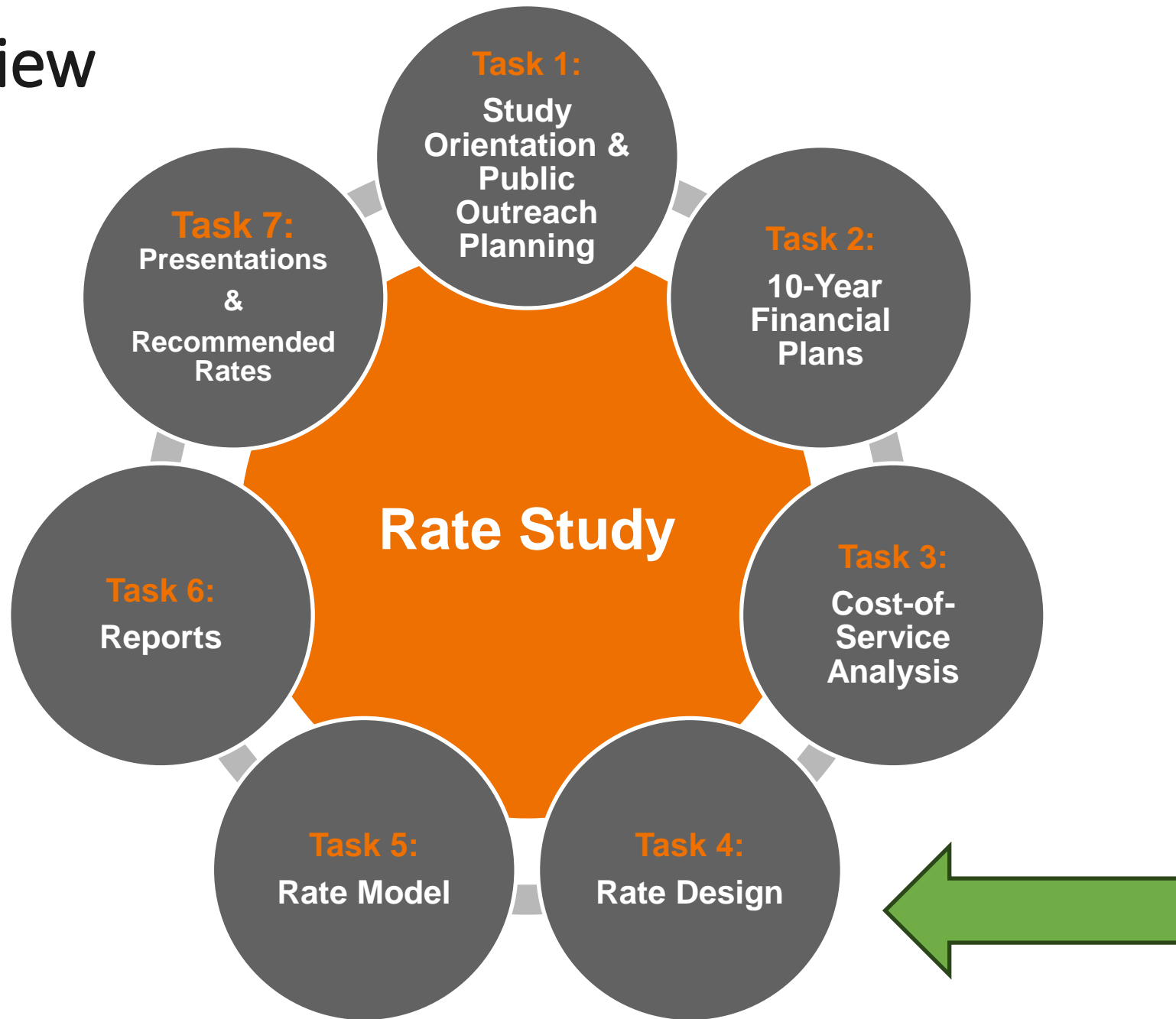


# Agenda

1. Overview
2. Cost Recovery for FY 2025
3. Water Rate Options (3)
4. Water Customer Impacts
5. Consideration for Reclaimed Water Rates
6. Wastewater Rate Options
7. Public Outreach Update
8. Next Steps



# Scope Overview





# The Rate Study Process

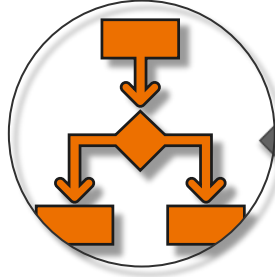
## How Much?



### Financial Plan

- Operations & Maintenance, debt service, projects
- Financial policies & targets
- Council direction for funding full CIP on October 23, 2023

## From Whom?



### Cost-of-Service Allocations

- Identifies how costs are incurred
- Determines how customers use the systems
- Council direction on capacity fees February 6, 2024

## How to Collect?



### Rate Design

- Identifies objectives of the City
- Ties rate structure alternatives to objectives
- Communicates costs of service to customers



# How Much: Revenue Requirements FY 2024 vs. FY 2025

Water Fund	FY 2024 (millions)	FY 2025 (millions)
<b>Operations &amp; Maintenance</b>	\$11.8	\$15.6
<b>Debt Service</b>	\$1.8	\$1.8
<b>Capital</b>	\$9.6	\$7.2
<b>Total Expenditures</b>	<b>\$23.2</b>	<b>\$24.6</b>
<i>Use of Reserves</i>	(\$5.3)	(\$5.0)
<i>Non-Rate Revenue</i>	(\$2.7)	(\$2.6)
<b>Rate Revenue</b>	<b>\$15.2</b>	<b>\$17.0</b>

**Change in rate revenue needed – 12%**





# Revenue Requirements FY 2024 – FY 2025

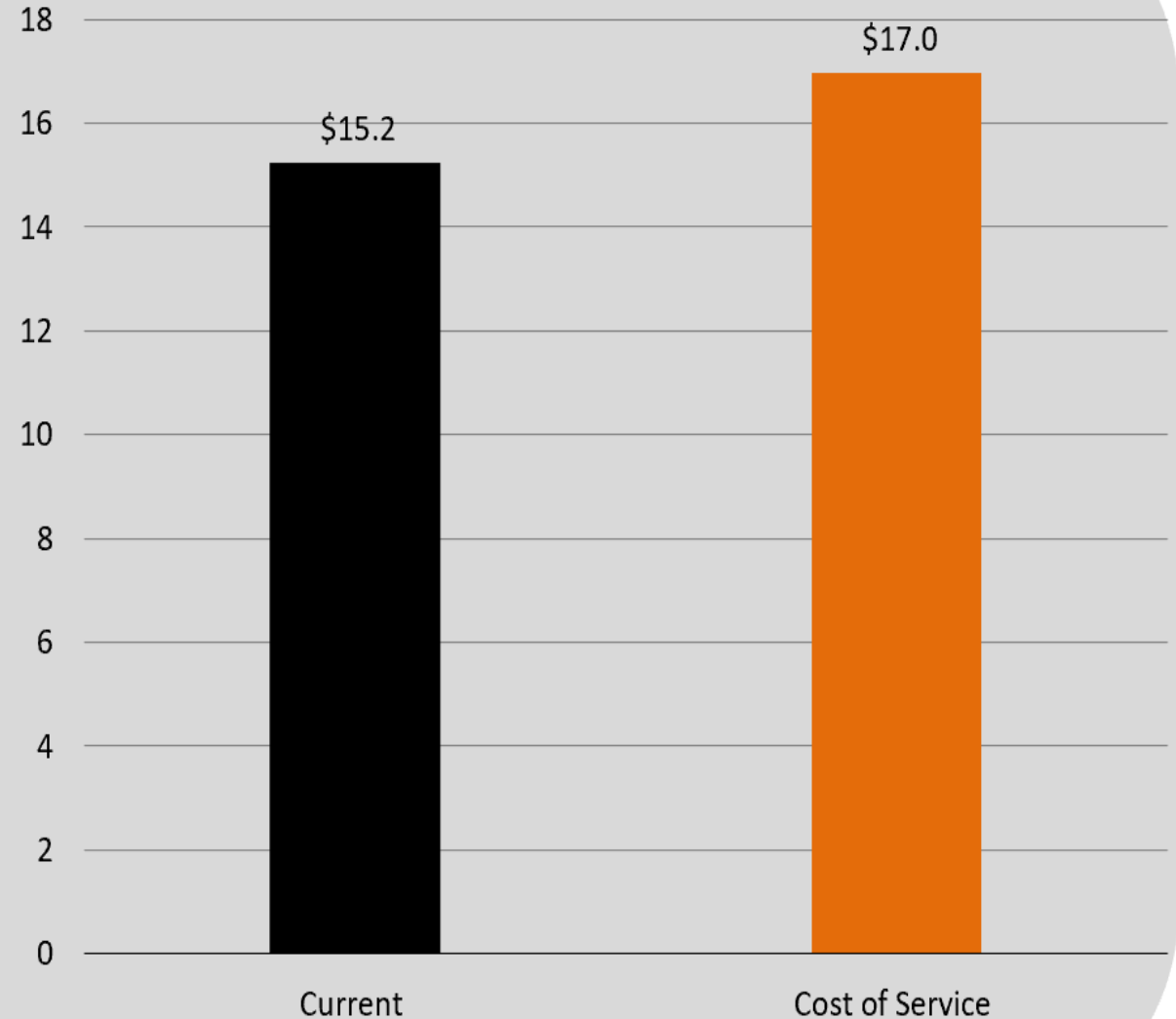
Change (\$M)

\$1.74

Change (%)

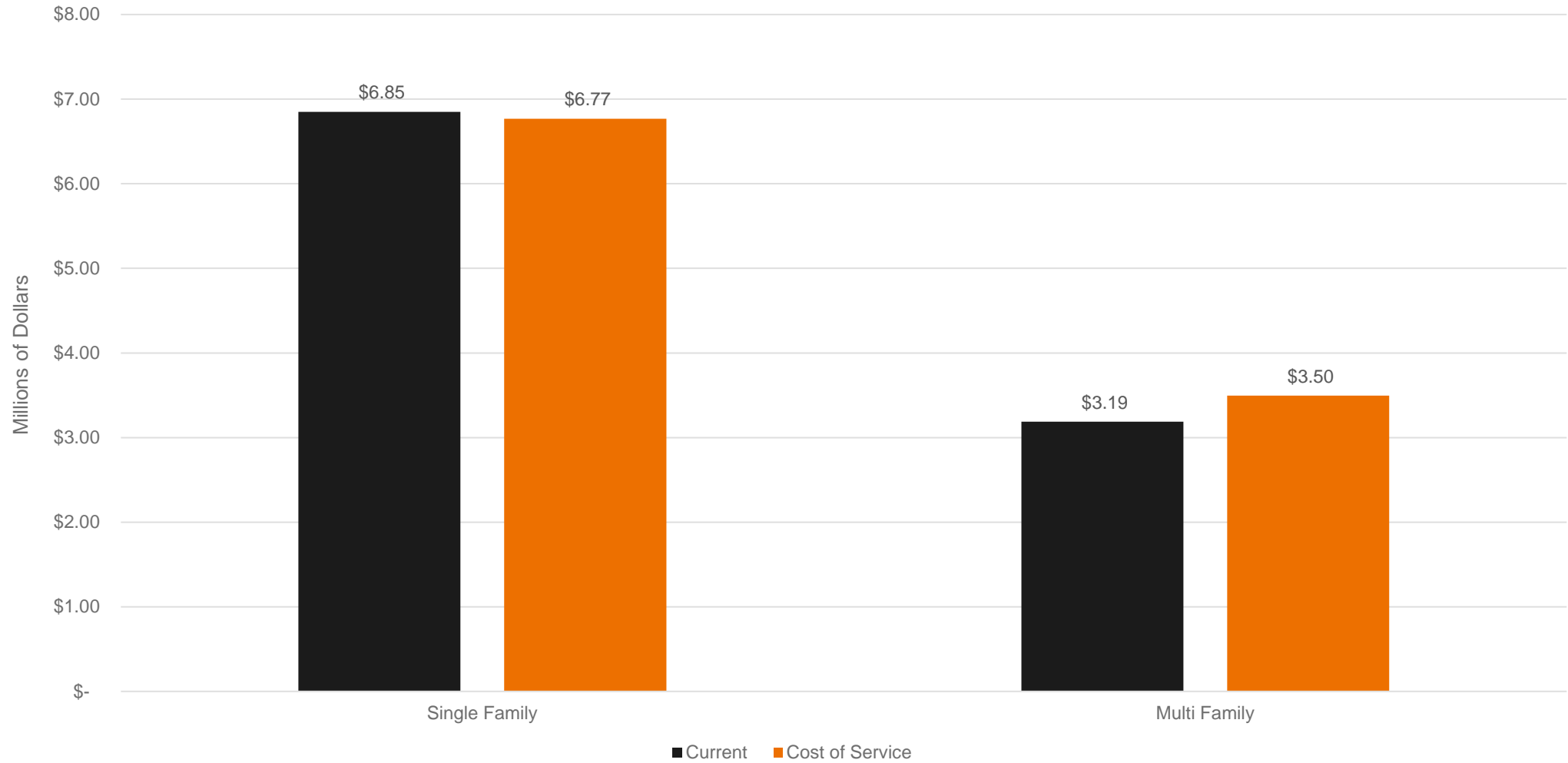
11.4%

Total Revenue/Cost of Service (\$M)





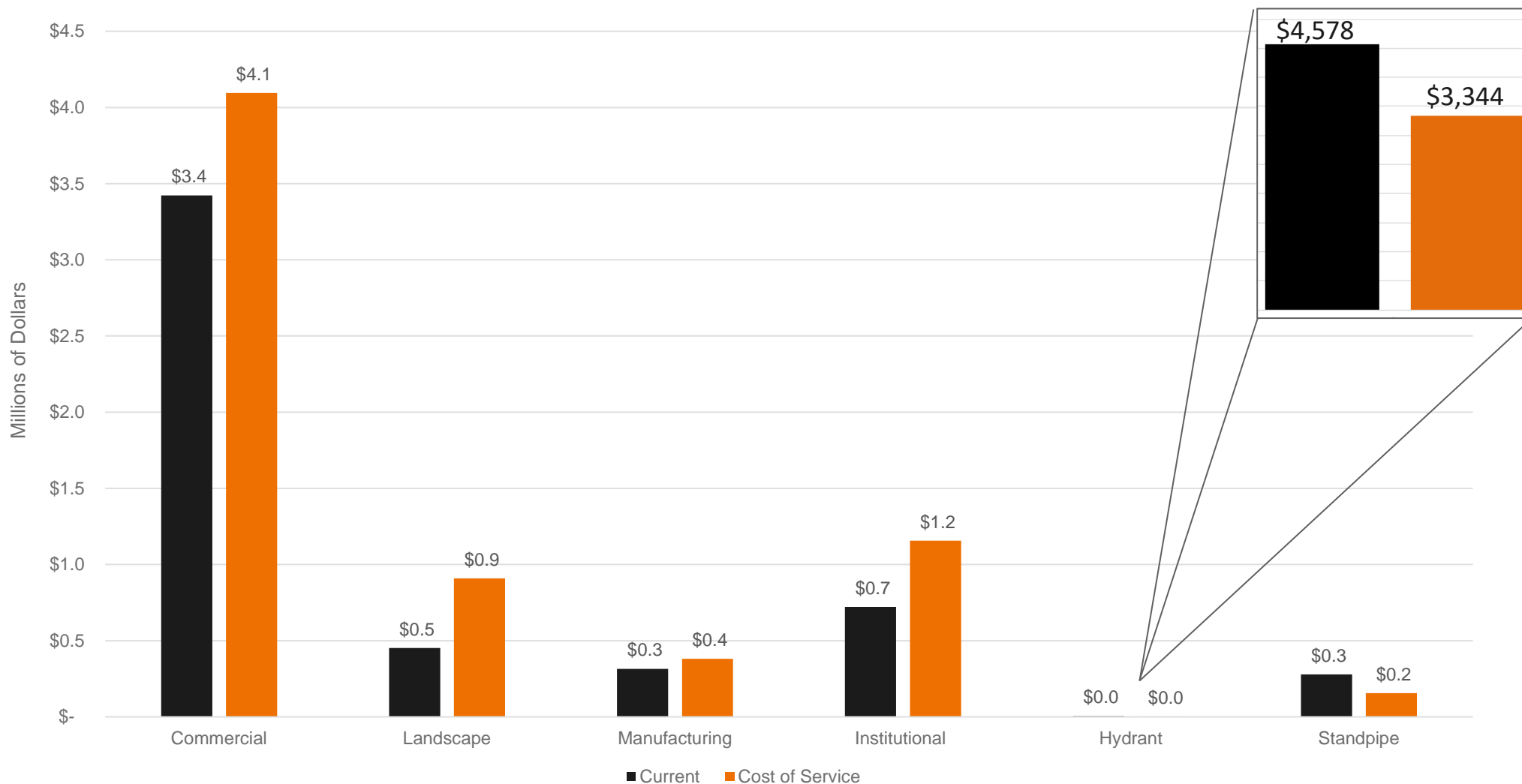
# From Whom: Customer Class Cost Recovery FY 2025 - Residential



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# From Whom: Customer Class Cost Recovery FY 2025 – Non-Residential



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# Current Rate Structure

<b>CITY OF FLAGSTAFF WATER &amp; SEWER RATES</b>				
Effective January 1, 2024 (**Subject to Change**)				
<b>MONTHLY FIXED CHARGE</b>				
Meter Size:		Customer Class	Inside City Rate	Outside City Rate
3/4"		All	\$16.64	\$18.30
1"		All	\$19.60	\$21.56
1 1/2"		All	\$26.98	\$29.68
2"		All	\$35.84	\$39.42
3"		All	\$56.52	\$62.17
4"		All	\$86.05	\$94.66
6"		All	\$159.88	\$175.87
8"		All	\$248.47	\$273.32
10"		All	\$351.83	\$387.01
<b>WATER RATES</b>				
POTABLE WATER: (per 1,000 gallons)		Customer Class	Water Rate	Outside City Rate
Single Family	Tier 1 (0 - 3,500 gallons)	R1 or R4	\$3.44	\$3.78
	Tier 2 (3,501 - 6,200 gallons)		\$4.45	\$4.90
	Tier 3 (6,201 - 11,500 gallons)		\$6.86	\$7.55
	Tier 4 (11,501+ gallons)		\$13.72	\$15.09
Multi-Family Units		R2 or R3	\$4.42	\$4.86
Commercial/Schools		C	\$4.69	\$5.16
Institutional		NA	\$4.30	
Manufacturing		MN	\$4.63	\$5.09
Landscaping/Lawn Meters		LM	\$4.69	\$5.16
Hydrant Meter		HM	\$7.17	\$7.89
Standpipe		SP	\$9.56	

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# Customer Usage Trends

Customer Type	# of Accounts	FY24 Estimated Annual Use (1000's of Gallons)	Peak Day Factor (Peak Day ÷ Avg Day)	Peak Hour Factor (Peak Hour ÷ Avg Hour)
Single Family	16,225	755,553	2.14	3.21
Multi-family	3,089	558,814	1.23	2.47
Commercial/Schools	1,686	625,420	1.59	2.38
Landscape	332	76,995	3.63	5.44
Manufacturing	38	64,663	1.37	2.06
Institutional	7	164,859	1.83	2.74
Hydrant*	N/A	606	N/A	N/A
Standpipe*	N/A	28,600	N/A	N/A

Peak day and peak hour factors presented are non-coincident and may occur during different periods.

For Hydrant and Standpipe customer classes, peak day and peak hour factors are not relevant.

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# Cost of Service (COS) Results – For Reference

WATER, RECLAIMED WATER, & WASTEWATER STUDY

Meter Size	Current Rate*	Fixed Charge (29% Cost Recovery)
¾"	\$16.64	\$16.62
1"	\$19.60	\$23.66
1 ½"	\$26.98	\$41.27
2"	\$35.84	\$62.41
3"	\$56.52	\$129.33
4"	\$86.05	\$182.17
6"	\$159.88	\$463.95
8"	\$248.47	\$569.62
10"	\$351.83	\$1,485.41
<b>Annual Cost Recovery (millions)</b>		<b>\$4.98</b>

Customer Class	Tier Price Ratio	Current Rate*	Volume Charge (per 1,000 gallons) (71% Cost Recovery)	
Single Family	Tier One	1.00	\$3.44	\$3.74
	Tier Two	1.30	\$4.45	\$4.86
	Tier Three	2.00	\$6.86	\$7.48
	Tier Four	4.00	\$13.72	\$14.95
Multi-family		\$4.42	\$4.74	
Commercial/Schools		\$4.69	\$5.43	
Landscape		\$4.69	\$10.24	
Manufacturing		\$4.63	\$5.48	
Institutional		\$4.30	\$6.82	
Hydrant		\$7.17	\$7.60	
Standpipe		\$9.56	\$7.55	
<b>Annual Cost Recovery (millions)</b>			<b>\$11.98</b>	

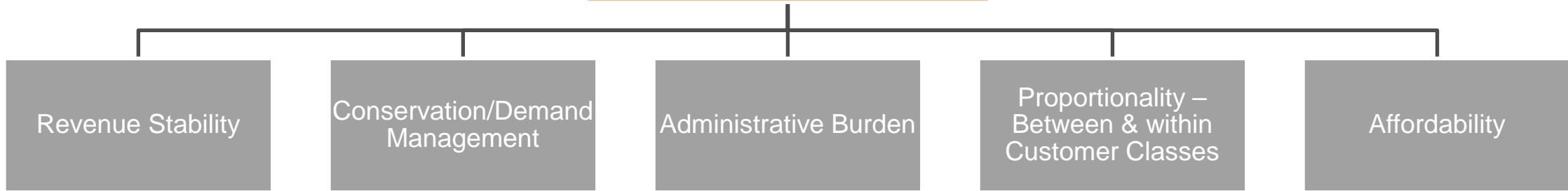
\*Inside city rate. All rates exclude taxes and energy fee

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# Rate Design Priorities





# Revenue Stability through a Fixed Charge

Charge Type	How is it Applied	Rationale	
Fixed Charge	Fixed amount per meter	Many of Utilities' costs are fixed (ex: debt)	Fixed revenues protect the utility from changes in demand
		Bond rating agencies measure fixed cost recovery	Water Services best practice - Minimum 25% our City policy for Water Fund



# 25% Revenue Recovery through Base Charge – Option 1

WATER, RECLAIMED WATER, & WASTEWATER STUDY

Meter Size	Current Rate*	Fixed Charge (25% Cost Recovery)
¾"	\$16.64	\$14.33
1"	\$19.60	\$19.86
1 ½"	\$26.98	\$33.66
2"	\$35.84	\$50.23
3"	\$56.52	\$102.68
4"	\$86.05	\$144.10
6"	\$159.88	\$364.97
8"	\$248.47	\$447.80
10"	\$351.83	\$1,165.64
<i>Annual Cost Recovery (millions) – COS Results</i>		\$4.98
<b>Annual Cost Recovery (millions) – Option 1</b>		<b>\$4.24</b>

Customer Class	Tier Price Ratio	Current Rate*	Volume Charge (per 1,000 gallons) (75% Cost Recovery)	
Single Family	Tier One	1.00	\$3.44	\$4.23
	Tier Two	1.30	\$4.45	\$5.50
	Tier Three	2.00	\$6.86	\$8.47
	Tier Four	4.00	\$13.72	\$16.93
Multi-family		\$4.42	\$4.97	
Commercial/Schools		\$4.69	\$5.62	
Landscape		\$4.69	\$10.51	
Manufacturing		\$4.63	\$5.56	
Institutional		\$4.30	\$6.86	
Hydrant		\$7.17	\$7.60	
Standpipe		\$9.56	\$7.55	
<i>Annual Cost Recovery (millions) – COS Results</i>			\$11.98	
<b>Annual Cost Recovery (millions) – Option 1</b>			<b>\$12.72</b>	

\*Inside city rate. All rates exclude taxes and energy fee

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# Distribution of Households from Census Data

Label	Flagstaff city, Arizona	
	Occupied housing units	Percent occupied housing un...
	Estimate	Estimate
▼ Occupied housing units	27,062	27,062
▼ HOUSEHOLD SIZE		
1-person household	7,440	27.5%
2-person household	10,235	37.8%
3-person household	3,998	14.8%
4-or-more-person household	5,389	19.9%



# Option 1 + Change in Residential Tier Ratios – Option 2

Meter Size	Current Rate*	Fixed Charge (25% Cost Recovery)
¾"	\$16.64	\$14.33
1"	\$19.60	\$19.86
1 ½"	\$26.98	\$33.66
2"	\$35.84	\$50.23
3"	\$56.52	\$102.68
4"	\$86.05	\$144.10
6"	\$159.88	\$364.97
8"	\$248.47	\$447.80
10"	\$351.83	\$1,165.64
<b>Annual Cost Recovery (millions) – Option 2</b>		<b>\$4.24</b>

Customer Class	Tier Price Ratio	Current Rate*	Volume Charge (per 1,000 gallons) (75% Cost Recovery)	
Single Family	Tier One	0.95	\$3.44	\$4.48
	Tier Two	1.00	\$4.45	\$4.72
	Tier Three	1.80	\$6.86	\$8.50
	Tier Four	4.00	\$13.72	\$18.88
Multi-family		\$4.42	\$4.97	
Commercial/Schools		\$4.69	\$5.62	
Landscape		\$4.69	\$10.51	
Manufacturing		\$4.63	\$5.56	
Institutional		\$4.30	\$6.86	
Hydrant		\$7.17	\$7.60	
Standpipe		\$9.56	\$7.55	
<b>Annual Cost Recovery (millions) – Option 2</b>			<b>\$12.72</b>	

\*Inside city rate. All rates exclude taxes and energy fee



# Option 2 + Class Combination – Option 3

Meter Size	Current Rate*	Fixed Charge (25% Cost Recovery)
¾"	\$16.64	\$14.33
1"	\$19.60	\$19.86
1 ½"	\$26.98	\$33.66
2"	\$35.84	\$50.23
3"	\$56.52	\$102.68
4"	\$86.05	\$144.10
6"	\$159.88	\$364.97
8"	\$248.47	\$447.80
10"	\$351.83	\$1,165.64
<b>Annual Cost Recovery (millions) – Option 3</b>		<b>\$4.24</b>

Customer Class	Tier Price Ratio	Current Rate*	Volume Charge (per 1,000 gallons) (75% Cost Recovery)	
Single Family	Tier One	0.95	\$3.44	\$4.30
	Tier Two	1.00	\$4.45	\$5.67
	Tier Three	1.80	\$6.86	\$7.13
	Tier Four	4.00	\$13.72	\$17.19
Multi-family		\$4.42	\$4.97	
Commercial/Schools		\$4.69	\$5.88	
Landscape		\$4.69	\$10.51	
Manufacturing		\$4.63	\$5.56	
Institutional		\$4.30	\$5.88	
Hydrant		\$7.17	\$7.60	
Standpipe		\$9.56	\$7.55	
<b>Annual Cost Recovery (millions) – Option 2</b>			<b>\$12.72</b>	

\*Inside city rate. All rates exclude taxes and energy fee

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# Option Comparison – Fixed Charge

Meter Size	Current Rate*	COS Results (29% Cost Recovery)	Options 1-3 (25% Cost Recovery)
¾"	\$16.64	\$16.62	\$14.33
1"	\$19.60	\$23.66	\$19.86
1 ½"	\$26.98	\$41.27	\$33.66
2"	\$35.84	\$62.41	\$50.23
3"	\$56.52	\$129.33	\$102.68
4"	\$86.05	\$182.17	\$144.10
6"	\$159.88	\$463.95	\$364.97
8"	\$248.47	\$569.62	\$447.80
10"	\$351.83	\$1,485.41	\$1,165.64
<b>Annual Fixed Charge Cost Recovery (millions)</b>		<b>\$4.98</b>	<b>\$4.24</b>

\*Inside city

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# Option Comparison – Volume Charge (per 1,000 gallons)

Customer Class		Tier Price Ratio	Current Rate*	COS Results (71% Cost Recovery)		Option 1 (75% Cost Recovery)		Option 2 (75% Cost Recovery)		Option 3 (75% Cost Recovery)	
Single Family	Tier One	1.00	\$3.44	1.00	\$3.74	1.00	\$4.23	0.95	\$4.48	0.95	\$4.48
	Tier Two	1.30	\$4.45	1.30	\$4.86	1.30	\$5.50	1.00	\$4.72	1.00	\$4.72
	Tier Three	2.00	\$6.86	2.00	\$7.48	2.00	\$8.47	1.8	\$8.50	1.8	\$8.50
	Tier Four	4.00	\$13.72	4.00	\$14.95	4.00	\$16.93	4.00	\$18.88	4.00	\$18.88
Multi-family			\$4.42	\$4.74	\$4.97	\$4.97	\$4.97	\$4.97	\$4.97	\$4.97	\$4.97
Commercial/Schools			\$4.69	\$5.43	\$5.62	\$5.62	\$5.62	\$5.62	\$5.62	\$5.88	\$5.88
Landscape			\$4.69	\$10.24	\$10.51	\$10.51	\$10.51	\$10.51	\$10.51	\$10.51	\$10.51
Manufacturing			\$4.63	\$5.48	\$5.56	\$5.56	\$5.56	\$5.56	\$5.56	\$5.56	\$5.56
Institutional			\$4.30	\$6.82	\$6.86	\$6.86	\$6.86	\$6.86	\$6.86	\$5.88	\$5.88
Hydrant			\$7.17	\$7.60	\$7.60	\$7.60	\$7.60	\$7.60	\$7.60	\$7.60	\$7.60
Standpipe			\$9.56	\$7.55	\$7.55	\$7.55	\$7.55	\$7.55	\$7.55	\$7.55	\$7.55
<b>Annual Volume Charge Cost Recovery (millions)</b>				<b>\$11.98</b>	<b>\$12.72</b>	<b>\$12.72</b>	<b>\$12.72</b>	<b>\$12.72</b>	<b>\$12.72</b>	<b>\$12.72</b>	<b>\$12.72</b>

\*Inside city

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# Water COS Average Bill Impacts for Rate Options 1 - 3

Customer Class	Number of Accounts	Average Meter Size	Average Bill Volume (1,000s of Gallons)	Average FY 2023 Water Bill*		
				Fixed Charge	Volume Charge	Total
Single Family	16,225	¾"	4	\$16.64	\$14.27	\$30.91
Multi-family	3,089	1"	9	\$19.60	\$39.78	\$59.38
Commercial/Schools	1,686	1"	40	\$19.60	\$187.60	\$207.20
Landscape	332	1"	24	\$19.60	\$112.56	\$132.16
Manufacturing	38	1.5"	73	\$26.98	\$337.99	\$364.97
Institutional	7	6"	1,934	\$159.88	\$8,316.20	\$8,476.08
Hydrant	N/A	1.5"	121	\$26.98	\$867.57	\$894.55
Standpipe	N/A	2"	2,383	\$35.84	\$22,781.48	\$22,817.32

\*Average bill per customer class billed in FY 23.



# Water COS Average Bill Impacts for Rate Options 1 - 3

Customer Class	Average FY 2023 Water Bill*			COS – Results			Options 1-3	Options 1-3 Volume Charge			Total Bill		
	Fixed Charge	Volume Charge	Total	Fixed Charge	Volume Charge	Total		Fixed Charges	Option 1	Option 2	Option 3	Option 1	Option 2
Single Family	\$16.64	\$14.27	<b>\$30.91</b>	\$16.62	\$15.52	<b>\$32.14</b>	\$14.33	\$17.56	\$18.06	\$18.06	<b>\$31.89</b>	<b>\$32.39</b>	<b>\$32.39</b>
Multi-family	\$19.60	\$39.78	<b>\$59</b>	\$23.66	\$42.66	<b>\$66</b>	\$19.86	\$44.73	\$44.73	\$44.73	<b>\$65</b>	<b>\$65</b>	<b>\$65</b>
Commercial/ Schools	\$19.60	\$187.60	<b>\$207</b>	\$23.66	\$217.20	<b>\$241</b>	\$19.86	\$224.80	\$224.80	\$235.22	<b>\$245</b>	<b>\$245</b>	<b>\$255</b>
Landscape	\$19.60	\$112.56	<b>\$132</b>	\$23.66	\$245.76	<b>\$269</b>	\$19.86	\$252.24	\$252.24	\$252.24	<b>\$272</b>	<b>\$272</b>	<b>\$272</b>
Manufacturing	\$26.98	\$337.99	<b>\$365</b>	\$41.27	\$400.04	<b>\$441</b>	\$33.66	\$405.88	\$405.88	\$405.88	<b>\$440</b>	<b>\$440</b>	<b>\$440</b>
Institutional	\$159.88	\$8,316.20	<b>\$8,476</b>	\$463.95	\$13,189.88	<b>\$13,654</b>	\$364.97	\$13,267.24	\$13,267.24	\$11,373.01	<b>\$13,632</b>	<b>\$13,632</b>	<b>\$11,738</b>
Hydrant	\$0.00	\$867.57	<b>\$868</b>	\$0.00	\$919.60	<b>\$920</b>	\$0.00	\$919.60	\$919.60	\$919.60	<b>\$920</b>	<b>\$920</b>	<b>\$920</b>
Standpipe	\$0.00	\$22,781.48	<b>\$22,781</b>	\$0.00	\$17,991.65	<b>\$17,992</b>	\$0.00	\$17,991.65	\$17,991.65	\$17,991.65	<b>\$17,992</b>	<b>\$17,992</b>	<b>\$17,992</b>

\*Average bill per customer class billed in FY 23.



# Consideration of Reclaimed Water Rates

<b>RECLAIMED WATER RATES</b>					
<b>RECLAIMED WATER: (per 1,000 gallons)</b>		<b>Customer Class</b>	<b>Inside City Rate</b>	<b>Outside City Rate</b>	<b>% of Potable</b>
Private Residential	Tier 1 (0 - 3,500 gallons)	R1	\$1.63	\$ 1.79	35%
	Tier 2 (3,501 - 6,200 gallons)		\$1.98	\$ 2.18	35%
	Tier 3 (6,201 - 11,500 gallons)		\$2.82	\$ 3.11	35%
	Tier 4 (11,501+ gallons)		\$5.23	\$ 5.75	35%
Commercial (no main Ext):		C	\$2.07	\$ 2.27	35%
Commercial (w/ main Ext):		C	\$4.43	\$ 4.87	75%
Manufacturing (no main Ext):		MN	\$2.04	\$ 2.25	35%
Manufacturing (w/ main Ext):		MN	\$4.38	\$ 4.82	75%
NAU (No main extension):		NA	\$1.93		35%
NAU (with main extension):		NA	\$4.13		75%
Hydrant Meter		WR	\$4.19		50%
Standpipe		RS	\$4.78		
Off Peak/Golf Course:*	All Tiers	WR	\$1.80	\$ 1.98	87%
*Rate is 87% of the Commercial (no maint extension) reclaimed rate					



# Wastewater - Discussion of Options

## Option 1

Customer Class	Current Rate*	FY 2025 COS Results
Residential	\$5.35	\$7.33
Car Washes	\$5.38	\$5.16
Laundromats	\$5.53	\$5.55
Commercial	\$5.68	\$6.11
Institutional	\$4.91	\$5.41
Manufacturing	\$6.09	\$5.92
Hotels & Motels	\$7.58	\$6.14
Restaurants	\$9.09	\$9.54
Industrial Laundries	\$8.36	\$8.81
Pet Food Manufacturers	\$13.34	\$8.56
Ice Cream Cone Manufacturing	\$16.48	\$39.95

## Option 2

Meter Size	ERU* Factor	Fixed Charge (25% Cost Recovery)
¾"	1.00	\$10.39
1"	1.67	\$17.32
1 ½"	3.33	\$34.63
2"	5.33	\$55.41
3"	11.67	\$121.22
4"	16.67	\$173.17
6"	33.33	\$346.33
8"	53.33	\$554.13



## Option 3

Customer Class	Individualized Volume Charge (per 1,000 gallons) (75% Cost Recovery)	Consolidated Volume Charge (75% Cost Recovery)
Residential	\$5.50	\$5.50
Car Washes	\$3.87	\$4.45
Laundromats	\$4.16	
Commercial	\$4.58	
Institutional	\$4.06	
Manufacturing	\$4.44	
Hotels & Motels	\$4.61	\$7.05
Restaurants	\$7.16	
Industrial Laundries	\$6.61	
Pet Food Manufacturers	\$6.42	\$29.96
Ice Cream Cone Manufacturing	\$29.96	

Customer Class	Individualized Volume Charge (per 1,000 gallons) (75% Cost Recovery)
Residential	\$5.50
Car Washes	\$3.87
Laundromats	\$4.16
Commercial	\$4.58
Institutional	\$4.06
Manufacturing	\$4.44
Hotels & Motels	\$4.61
Restaurants	\$7.16
Industrial Laundries	\$6.61
Pet Food Manufacturers	\$6.42
Ice Cream Cone Manufacturing	\$29.96





# Public Outreach Update



# Next Steps

- *Future opportunities for direction:*
  - April work sessions for policy topic discussions
- April 16, 2024 – adopt notice of intention (NOI) to change rates and fees
- June 18 and July 2, 2024 - Public hearings on changes in rates and fees
- September 1, 2024 - new rates are effective



# Discussion & Guidance

*Next Steps/Action Items*

# Rate Study Outreach Update – March 25

Erin Young, Water Resources Manager

Sarah Langley, Public Information Officer

Lisa Deem, Water Services Management Analyst

Last Updates to Council February 6 & 13, 2024



# Information as of our previous updates on Feb 6 & 13

## Outreach Update – Press & Emails

- Press Release announcing March 4 Wastewater & March 25 Water/Reclaimed Water Rate Meeting Dates on Feb 29
- Emailed Notices to All Interested Parties on Feb 29 on Wastewater Rates Meeting
- Emailed Notice to Significant Industrial Users Group on March 12
- Emailed Notice to All Interested Parties on March 21
  - Contractors, architects, developers, backflow testers, plumbers, restaurants, etc
  - 43 local organizations – business community, non-profits, homeowner's associations and community organizations
  - Sent an update with notice of March 25<sup>th</sup> meeting on March 21
- Emailed Notice to Reclaimed Water Users Group on March 22

# Wastewater Rates to Interested Parties 2/29


CITY OF  
FLAGSTAFF


**NOTICE  
CITY COUNCIL & WATER COMMISSION JOINT  
MEETING ON PROPOSED CHANGES TO WASTEWATER  
RATES & RATE STRUCTURE**

The City of Flagstaff is conducting a rate study to evaluate the rates and fees you pay for potable water, wastewater and reclaimed water services. Our goal is to continue providing clean, safe drinking water and sanitary wastewater services for the community of Flagstaff.



Flagstaff City Council and the Water Commission are holding a joint work session on Monday March 4<sup>th</sup> at 3 pm, Flagstaff City Hall to discuss **proposed changes to wastewater rates and wastewater rate structure**. We invite you to be a part of this discussion.

**Where:** Flagstaff City Hall  
211 W Aspen Avenue

**When:** March 4 3-5 pm

**How:** In-person or on [TEAMS](#)

This will be followed by a joint meeting scheduled for March 25 on proposed changes to water rates and water rate structure. Council will be asked to adopt draft changes to rates and fees on April 16, 2024 and final changes to rates and fees on June 18, 2024 with new rates effective September 1, 2024.

For more information, go to [cleanwaterflagstaff.com](https://cleanwaterflagstaff.com)

To schedule a meeting to discuss impacts of the rate study, please email [flagwater@flagstaffaz.gov](mailto:flagwater@flagstaffaz.gov), or call (928)213-2400


We look forward to hearing from you!

461 addresses


- 65% open rate




# Emailed to Significant Industrial Users List 3/12 & 3/15



CITY OF  
**FLAGSTAFF**



The City of Flagstaff is conducting a rate study to evaluate the rates and fees you pay for potable water, wastewater and reclaimed water services to determine whether any adjustments to these rates and fees are needed. Our goal is to continue providing clean, safe drinking water and sanitary wastewater services for the community of Flagstaff.



Our Rates Consultant will bring forward draft capacity fees to the Water Commission and City Council in January and February and draft updates to water, wastewater, and reclaimed water rates in March and April. Council will be asked to adopt final changes to rates and fees in June, 2024 with new rates effective September 1, 2024.

For more information, go to [cleanwaterflagstaff.com](https://cleanwaterflagstaff.com)

To schedule a meeting with City staff to discuss the rate study, please email [flagwater@flagstaffaz.gov](mailto:flagwater@flagstaffaz.gov), or call (928)213-2400  
 We look forward to hearing from you!

19 addresses

- 84% open rate

# Wastewater/Water/Reclaimed Water Rates to Interested Parties 3/21



CITY OF  
**FLAGSTAFF**



Greetings from Flagstaff Water Services,

We are contacting you as one of our water/wastewater/reclaimed water *customers*. The City of Flagstaff is conducting a rates and cost-of-service study to evaluate the rates and fee structure for potable water, wastewater, and reclaimed water services. Our goal is to continue providing clean, safe and reliable water services for the community of Flagstaff.

A topic of specific interest to our customers are the water/wastewater/reclaimed water rates, fees and rate structure analysis. Our rates consultant will present different options and seek final direction for updating these rates and fees on March 25<sup>th</sup> at a **Joint meeting of the Water Commission and City Council**, at City Hall Council Chambers at 3 pm.

A full rates proposal for water, wastewater, and reclaimed water will go to city council on April 16 with a first read scheduled for June 18 and a second read scheduled for July 2. New rates would be effective September 1, 2024.

**You can leave a comment or download meeting materials from the "Meetings and Events" tab, at [cleanwaterflagstaff.com](https://cleanwaterflagstaff.com)**

## ***Water – Wastewater – Reclaimed Water – Stormwater***

**Administration Offices**  
2323 N. Walgreens St., Suite 1  
Flagstaff, Arizona 86004

**City Hall**  
211 W. Aspen Ave.  
Flagstaff, Arizona 86001



# Emailed to Reclaimed Water Customers List 3/22



CITY OF  
**FLAGSTAFF**



Greetings from Flagstaff Water Services,

We are contacting you as one of our *reclaimed water customers*. The City of Flagstaff is conducting a rates and cost-of-service study to evaluate the rates and fee structure for potable water, wastewater, and reclaimed water services. Our goal is to continue providing clean, safe and reliable water services for the community of Flagstaff.

A topic of specific interest to our *reclaimed water* customers are the water rates and fees analysis. Our rates consultant will present different options and seek final direction for updating water rates and fees on March 25<sup>th</sup> at a **Joint Meeting of the Water Commission and City Council**, at City Hall Council Chambers at 3 pm. Staff are not certain whether the policy on how reclaimed water rates are set (currently assessed as a percentage of the water rate) will be discussed at this meeting, or a future meeting.

A full rates proposal for water, wastewater, and reclaimed water will go to city council on April 16 with a first read scheduled for June 18 and a second read scheduled for July 2. New rates would be effective September 1, 2024.

**You can leave a comment or download meeting materials from the "Meetings and Events" tab, at [cleanwaterflagstaff.com](http://cleanwaterflagstaff.com)**

**Water – Wastewater – Reclaimed Water – Stormwater**

**Administration Offices**  
2323 N. Walgreens St., Suite 1  
Flagstaff, Arizona 86004

**City Hall**  
211 W. Aspen Ave.  
Flagstaff, Arizona 86001



# Community Engagement List

Alpine Mesa HOA  
American Society of Civil Engineers  
CCC&Y (Coconino Coalition for Children & Youth)  
Coconino Plateau Watershed Partnership  
ECoNA  
Flagstaff Community Foundation  
Flagstaff Downtown Business Alliance  
Flagstaff Family Food Center  
Flagstaff Professionals  
Friends of Flagstaff's Future  
Friends of the Rio de Flag  
FUSD  
Grand Canyon Trust  
Greater Flagstaff Chamber of Commerce  
Housing Solutions of Northern Arizona  
La Plaza Vieja Neighborhood Association  
Local First Arizona  
Museum of Northern Arizona  
NACOG  
Native Americans for Community Action

NAU  
Northern Arizona Association of Realtors  
Northern Arizona Behavioral Health Assn  
(NARBHA)  
Northern Arizona Leadership Alliance  
Northern Arizona Lodging, Tourism Assoc  
(NALTRA)  
Northern Arizona Manufacturing Partnership  
Peaks HOA Management Association  
Sierra Club  
Southside Community Association  
Sterling HOA Real Estate Management  
Sunnyside Neighborhood Association  
Sustainable Economic Development Initiative  
(SEDI)  
Terra BIRDS  
Townsite Community Land Trust  
Townsite Neighborhood Association  
United Way of Northern Arizona



# Significant Industries List

- Joy Cone
- Mission Linen
- Mother Road Brewery
- Nestle Purina Company
- Northern Arizona Health Care
- Northern Arizona University
- W. L. Gore

# Reclaimed Customer List

- Car Washes
- Cemex
- City Parks
- Coconino County
- Continental
- FUSD & Charter Schools
- Multi-family complexes
- Northern Arizona University
- Multiple Commercial Office Spaces
- Pine Canyon
- Reclaimed Water Haulers
- Residential Customers

## Flagstaff to host community meeting on water rate study Dec. 7

DAILY SUN STAFF Nov 27, 2023



Flagstaff City Hall  
Ashley Shalinski/Sun Staff Reporter

Listen to this article now  
Powered by Trinity Audio  
00:00

The City of Flag current drinking Dec. 7, from 5:3

The meeting w are invited to at meeting will co

To attend the m public may also or 888-400-934 attending onlin comments. Spa

The City of Flag evaluate the rat wastewater and

## Flagstaff hosts two information events on proposed changes to water/sewer fees

DAILY SUN STAFF Jan 25, 2024



Posted on: February 29, 2024

### Council and Water Commission to review proposed changes to water rates during March meetings

The Flagstaff City Council and Water Commission are holding two joint meetings in March to discuss proposed changes to wastewater, water, and reclaimed water rates. The changes discussed will impact all City customers that pay for water, reclaimed water, or sewer services, including single-family residential, commercial, manufacturing, and institutional customers. Members of the public are invited to join the meetings and provide feedback.

[Join City Council/ Water Commission meeting on wastewater rates](#)

Date/ time: Monday March 4 at 3 p.m.

Location: In person option - Flagstaff City Hall (211 W Aspen Ave)

Virtual option - to stream the meeting, visit [flagstaff.az.gov/1461](http://flagstaff.az.gov/1461)

To offer online public comment during the meeting, [Click here to join the meeting](#)

[Join City Council/ Water Commission meeting on water and reclaimed water rates](#)

Date/ time: Monday March 25 at 3 p.m.

Location: In person option - Flagstaff City Hall (211 W Aspen Ave)

Virtual option - to stream the meeting, visit [flagstaff.az.gov/1461](http://flagstaff.az.gov/1461)

To offer online public comment during the meeting, [Click here to join the meeting](#)

The City Council will vote on a final draft of changes to water, wastewater, and reclaimed water rates on April 16 with final adoption of changes scheduled for June 18 and July 2. Final changes would be effective Sept. 1, 2024.

The City of Flagstaff is conducting a rate study to evaluate the rates and fees paid for water, wastewater and reclaimed water services. The City's goal is to continue providing clean, safe drinking water and sanitary wastewater services for the community of Flagstaff. For further information or to provide feedback, please visit [cleanwaterflagstaff.com](http://cleanwaterflagstaff.com).

###



# Outreach Update – Website

- Comments received through website
  - Consider that other increases on the municipal services bill have already occurred
  - Collectively, it's the most expensive utility bill their family has. Their costs are way over the inflationary rate and outpaced increases by APS, Unisource and Verizon.
  - Concern over rising costs, desire for payment assistance
  - Concern or support with Flagstaff having the most expensive water in the country
  - Wondering if any Industry Specific rate classes are being eliminated
  - Requesting if the cost-of-service report will be available to the public
  - Concerns about the families being able to pay their water bill
    - Impact to those living paycheck to paycheck and low-income families.
    - Could there be a program in water services to help them?
    - Consider a “balance budget” similar to the gas company





# Outreach Update – Website

WATER, RECLAIMED WATER, & WASTEWATER STUDY

City of Flagstaff - January 2024

## Understanding Your Municipal Services Bill Commercial

Below are standard fees and charges for a Commercial customer

Current Activity	Usage	Rate	Amount
Base Meter Charge	1.24		10.04
Energy Surcharge	0.53		64.17
Water Protection Fee	11.750		27.43
Water Charge Commercial	11.750		242.71
Water Charge Commercial	11.750		293.94
Stormwater Fee	11.50		37.71
Recycling Fee			157.50
Solid Waste Charge			25.84
Recycling Fee			28.17
Environmental Management Program Fee			29.85
State and Local Taxes			31.99

**Water Charges**  
Base Meter Charge: A fixed fee is charged each month based on the diameter of the water meter. This charge funds the water system operations, maintenance, and capital projects.

**Water Charge**  
For a commercial customer, this charge is based on how much water is used.

**Energy Surcharge**  
This fee, calculated annually, captures fluctuations in water production energy costs.

**Sewer Charge**  
This charge is based on your average water consumption billed in December to March, updated as an average consumption rate in June each year. This charge funds the wastewater system operations, maintenance, and capital projects.

**Water Protection Fee**  
This fee is a rate that is applied to water usage and supports the Wildland Fire Management Program (WFM). The WFM Program helps increase and maintain wildfire resilience.

**Stormwater Fee**  
This fee is based on an "Equivalent Rate Unit". An ERU is a measure of the impact a property has to the stormwater system. One ERU is equal to 1,500 square feet of non-porous surface on the property. Funding provides greater flood mitigation and flood risk reduction.

**Environmental Management Program Fee**  
This fee is a rate that is applied to a portion of the total of water, sewer, stormwater, trash, and recycling services. The fee funds environmental management, waste prevention, recycling, sustainability, climate change, and conservation education.

2,395 Site Visitors

Last 12 months



## City Council/Water Commission meeting on Monday, March 25



Social Views

Monday, March 25 at 3 p.m.

In-person option - Flagstaff City Hall (211 W Aspen Ave)  
Virtual option - to stream the meeting, visit [flagstaff.az.gov/1461](http://flagstaff.az.gov/1461)  
Agenda available - [Link](#)  
To offer online public comment during the meeting, [click here](#)

## WATER 10-Year Capital Improvement Projects

WATER SERVICES WATER, WASTEWATER, RECLAIMED WATER RATE STUDY

- Water Supply Security Projects** - 10 Year Estimate \$19.5 M
  - Secure Red Gap Ranch Pipeline Alignment as a Future Source - \$3,550,000
  - Four New Groundwater Wells and Pumphouses - \$16,000,000
- System Maintenance** - 10 Year Estimate \$15.2 M
  - Aging Water Infrastructure Replacements
- Infrastructure Projects** - 10 Year Estimate \$15.2 M
  - Lake Mary Projects - \$27,000,000
  - Waterline Relocation Projects - \$1,900,000
  - Inner Basin Projects - \$16,800,000
- System Resiliency Upgrades** - 10 Year Estimate \$15.2 M
  - Fort Tuthill Waterline Loop
  - JVI Powell Waterline Oversizing
  - Lake Mary Land Acquisition
  - Pine Del Waterline Upsizing
  - Solare Waterline Upsizing
  - Railroad Springs & Zone B Storage
  - Switzer Canyon Transmission Line
- Master Planning** - 10 Year Estimate \$700,000
  - Water Systems, Wastewater Systems, Wastewater Facilities, Reclaimed Water, Water Resources - \$691,561

For questions related to the rate study visit [www.cleanwaterflagstaff.com](http://www.cleanwaterflagstaff.com) or 928-213-2300



## Rate Study Resources

The Rate Study is an opportunity to evaluate whether all customer classes are paying their proportional share of the cost of providing you with water, sewer, and reclaimed water services. It is also an opportunity to adjust for revenue shortfalls. Check out these resources for more information.

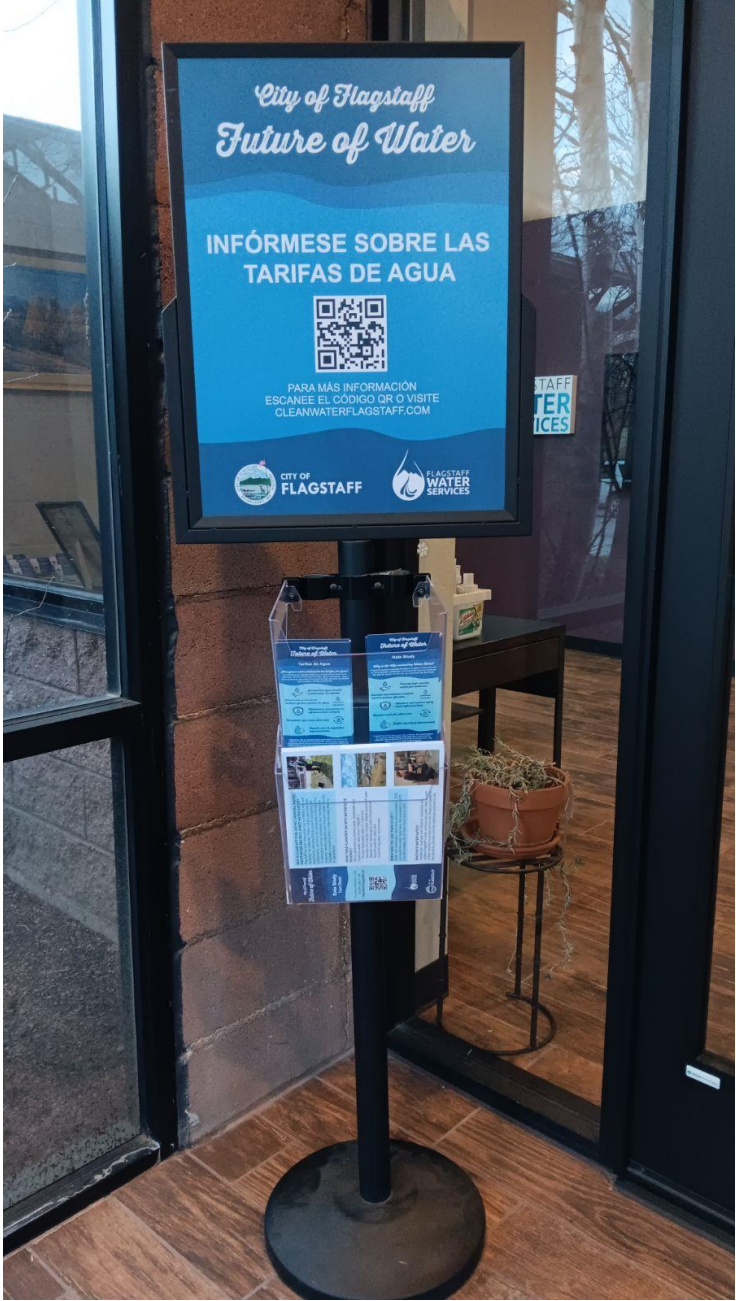
Water Rate Study Fact Sheet (png) <a href="#">DOWNLOAD</a>	Water Rate Study Rack Card (png) <a href="#">DOWNLOAD</a>	Rate Study Help Sheet - Charges Being Evaluated on a Residential Bill (pdf) <a href="#">DOWNLOAD</a>
Understanding your Residential Bill (pdf) <a href="#">DOWNLOAD</a>	Rate Study Help Sheet - Charges Being Evaluated on a Commercial Bill (pdf) <a href="#">DOWNLOAD</a>	Understanding your Commercial Bill (pdf) <a href="#">DOWNLOAD</a>
Stantec Rate Study Scope of Work (pdf) <a href="#">DOWNLOAD</a>	10-Year Capital Projects List - Water (pdf) <a href="#">DOWNLOAD</a>	10-Year Capital Project List - Wastewater (pdf) <a href="#">DOWNLOAD</a>





# Kiosks & Banners

- Aqua Plex
- City Hall
- Downtown Library
- East Side Library
- Hal Jensen
- Jay Lively Activity Center





# Materials & Advertising

- Rack Cards (English & Spanish)
- Social Media Posts
- Digital Ads
- Radio Spots
- Fact Sheets (English & Spanish)
- Posters
- News Releases
- Customer Bill Assistance Information

The image shows a social media post from Flagstaff City Government and a rack card. The social media post text reads: "Learn how Flagstaff is providing high quality water for residents and businesses with our rate study by visiting [www.CleanWaterFlagstaff.com](http://www.CleanWaterFlagstaff.com)". The rack card features the title "Future of Water Rate Study" and the text: "Flagstaff's water rates support providing high quality water for residents and businesses. To learn more, visit [CleanWaterFlagstaff.com](http://CleanWaterFlagstaff.com)". Logos for the City of Flagstaff and Flagstaff Water Services are at the bottom.

A purple banner with the text "City of Flagstaff Future of Water" and "Learn how Flagstaff is investing in efficiency with our rate study!". A prominent yellow button with the text "RECENT NEWS >>" is centered below the banner.

2014 while walking to a friend's house. Gonzalez's body was found days later in a remote area north of Tucson. Celis' remains were discovered years later in the same general area. Clements was sentenced to natural life in prison in 2022 for kidnapping and killing Gonzalez. Jurors in Clements' retrial weren't told of that conviction or his history of convictions for sex crimes in several states dating back to when he was 16. Celis' mother and brother were both in the courtroom Thursday but left after the verdict was read, according to Tucson TV station KOLD. A call to Kessler seeking comment on the verdict was not immediately returned. Miller told KOLD that

**Recreation record**  
sources within our 1.25 million acres. Glen Canyon continues to be an economic engine for the region in Utah and Arizona, and is especially important to our gateway communities. The largest increase to visitation was in the Lees Ferry District, which increased from 1,052,978 visits in 2022 to 2,190,250

The infographic is titled "City of Flagstaff Future of Water Rate Study". It includes the following points:

- Why is the City evaluating Water Rates?**  
Flagstaff regularly evaluates the rates it charges for services such as drinking water, wastewater and reclaimed water to ensure we can provide quality services for our customers into the future.
- Provide high-quality water for customers** (Icon: hand holding a drop)
- Develop and maintain multiple reliable sources of water** (Icon: waves)
- Maintain and replace aging water infrastructure** (Icon: shield with a drop)
- Reclaim water for other uses** (Icon: circular arrow with a drop)
- Fulfill regulatory requirements** (Icon: checkmark in a drop)

At the bottom, it states: "Flagstaff has seen rising costs due to inflation and cost escalation for materials. These rising costs have been absorbed by delaying critical projects and putting off maintenance, but this is not sustainable in the long run."

The infographic is titled "City of Flagstaff Future of Water Tarifas de Agua". It includes the following points in Spanish:

- ¿Por qué se están evaluando las tarifas de agua?**  
El municipio de Flagstaff evalúa con frecuencia las tarifas que cobra por servicios como agua potable, aguas residuales y agua recuperada para garantizar que pueda prestar servicios de calidad para nuestros clientes en el futuro.
- Suministrar agua de alta calidad para los clientes** (Icon: hand holding a drop)
- Desarrollar y mantener múltiples fuentes fiables de agua** (Icon: waves)
- Mantener y reemplazar la infraestructura antigua** (Icon: shield with a drop)
- Recuperar agua para otros usos** (Icon: circular arrow with a drop)
- Cumplir con los requisitos reglamentarios** (Icon: checkmark in a drop)

At the bottom, it states: "Flagstaff ha visto un aumento de los costos debido a la inflación y el incremento de precios para los materiales. Estos costos crecientes se han absorbido a través de la demora de proyectos críticos y el mantenimiento, pero esta práctica no es sostenible a largo plazo." It also includes a QR code and the website [CleanWaterFlagstaff.com](http://CleanWaterFlagstaff.com).

# Outreach Update - Individual Meetings with Staff

- Chamber of Commerce
- Historic Brewery
- Snowbowl
- Joy Cone
- Capstone Homes
- Downtown Business Alliance





# April Outreach Roadshow

## Tabling Events

- April 1 | Downtown Library
- April 3 | Jay Lively Ice Arena Public Skate
- April 6 | Science Saturday at Willow Bend
- April 10 | Joe Montoya Center
- April 17 | Hal Jensen
- April 20 | Earth Day
- April 27 | Science, Technology, Engineering and Math (STEM) Celebration at Ft. Tuthill

## Drop-in Events – Engage with Staff

- April 8 | Eastside Library 6 pm – 7 pm
- April 11 | Tentative Online Meeting TBD
- April 13 | Public Tour of Rio de Flag Water Reclamation Plant



# Upcoming Outreach – April & May

## Community Meeting

- Monday, April 8, 5:30pm,  
East Side Library  
Community Room

## Advertising the rate calculator

- Digital Ads Social media
- Printed water bill inserts
- Print ads
- Postcard to  
Sunnyside, Southside and  
La Plaza Vieja
- Radio interviews

