

# City of Flagstaff, AZ

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

### *Financial Planning Scenarios*

City Council Work Session

May 16, 2024



# Financial Planning Scenarios

- Growth
- Escalation
- Percentage of Debt
- Capital Execution



# Key Financial Assumptions & Adjustments

Assumption	Details
Growth	1.00% annually
Reserve Targets	90 days O&M
Debt Service Coverage	Target: 1.25x Minimum: 1.20x
Debt Service Policy	Annual payment less than or equal to 20% of operating revenues for Water & Wastewater; Reclaimed Water and Stormwater enterprise funds included
Base Operating Budget	“Balanced” O&M budget adjusted to reflect average spending rate, carry-forwards, one-time requests, and operating capital
Cost Escalation Factors	Default inflation factor at 3.5%  Chemical, Utilities, Equipment Maintenance at 6.00%
CIP Escalation	Full CIP adjusted for 4% annual cost escalation beginning in FY 2025
Funding Sources	Rate revenues, fund balances, debt, grant funding, and capacity fees
Grant Funding	\$21.9M in Water; \$3.2M in Reclaimed Water
Major Projects	Water – Water Supply Security Projects  Wastewater – Wildcat Hill Wastewater Treatment Plant Design & Expansion



# Borrowing Funds for Capital Improvements

## ***Notes about debt***

- Total debt subject to City policy that was adopted to include four enterprise funds: Water, Wastewater, Reclaimed Water, and Stormwater
- What is optimal amount of debt?
  - City policy
  - Bond rating agencies look at multiple factors
  - Fitch Rating agency metrics for highly rated water & sewer utilities (AAA, AA, A)
    - Percent of CIP funded with debt = 36%
    - Debt Service Coverage (DSC) ratios = 2.4X
    - All in Debt Service payments as % of gross revenues = 18%
- Favorable bond ratings generally lead to lower interest rates = rate payer savings



# Growth in Accounts



# Growth in Accounts

## *What does growth influence in rate models?*

- Rate revenues
- Capacity fee revenues
- Lower growth = less revenue from proposed rates
  - Increase rates to recover same revenue requirements
  - Holding proposed rates constant, increase debt to fund full CIP
- Higher growth = more revenue from proposed rates
  - Decrease rates to recover same revenue requirements
  - Holding proposed rates constant, less debt needed to fund full CIP
- Current rate model assumption: 1% account growth per year
  - 2023 Report to the Water Commission – water production change 1.15% per year
  - Regional Plan 2030 – population growth ranges from 0.8% to 1.3% annually
  - 3.5% increase in meter installations from FY 2019 to FY 2023 ~0.7% annually



# Water Fund FAMS Control Panel – Reduced Growth (0.5%)



## CITY OF FLAGSTAFF WATER FUND



CALC SAVE CTRL LAST OVR

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2029	FY 2033
Water Rate Plan	0.00%	0.00%	15.00%	15.00%	15.00%	15.00%	15.00%	5.00%	5.00%	5.00%	5.00%	101.20%	144.59%
Last Plan	0.00%	0.00%	15.00%	15.00%	15.00%	15.00%	15.00%	5.00%	5.00%	5.00%	5.00%	101.20%	144.59%
All-In DSC	1.89	3.05	2.49	2.62	2.61	3.34	3.64	4.20	4.14	4.05	4.45	Total Debt Current Plan	\$54.95
Last Plan	1.89	3.01	2.40	2.39	2.28	2.81	2.98	3.30	3.12	2.96	3.06	Total Debt Last Plan	\$78.94
Total Funded O&M	\$14.747	\$13.250	\$16.380	\$16.026	\$16.712	\$17.475	\$18.189	\$18.934	\$19.711	\$20.524	\$21.372	Average CIP	\$20.36
Total Funded CIP	\$4.606	\$28.954	\$22.660	\$21.621	\$19.843	\$11.032	\$27.959	\$17.183	\$28.727	\$14.069	\$22.460		
Combined DS %	13.7%	21.7%	17.1%	20.9%	20.9%	19.8%	16.6%	15.4%	15.2%	15.0%	14.0%		

↑ Insert New Panel Controls Above this Row ↑

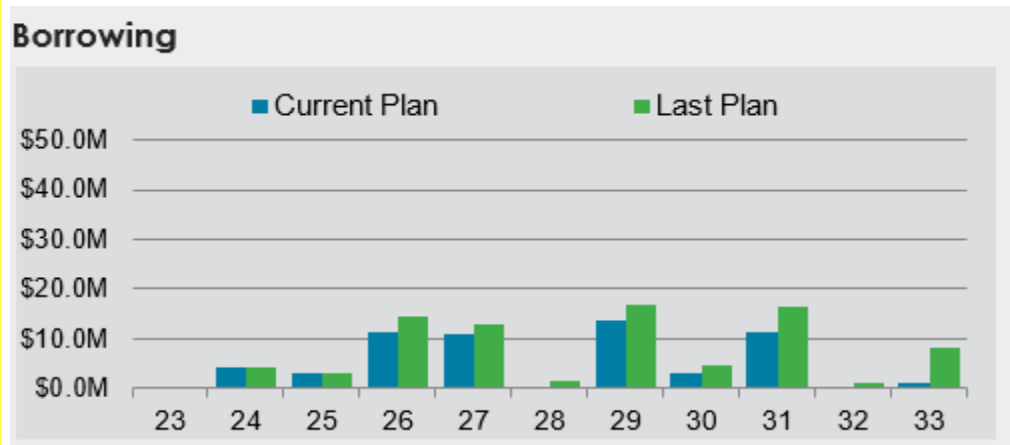
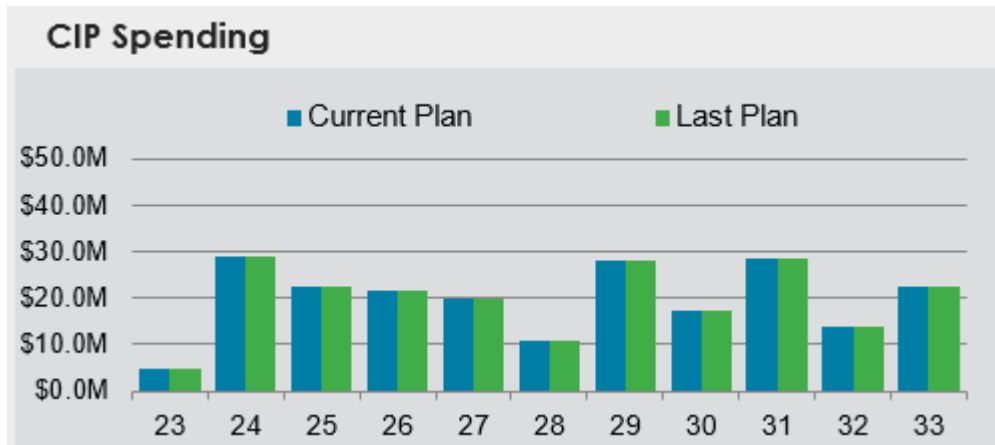
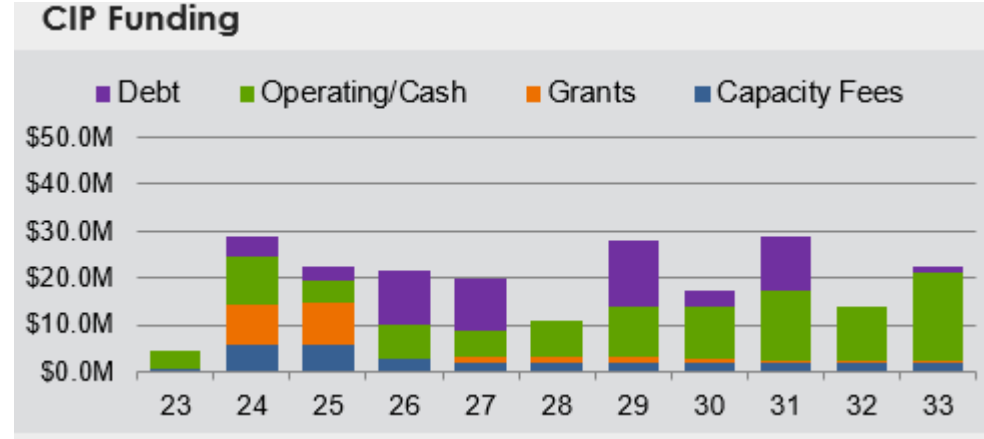
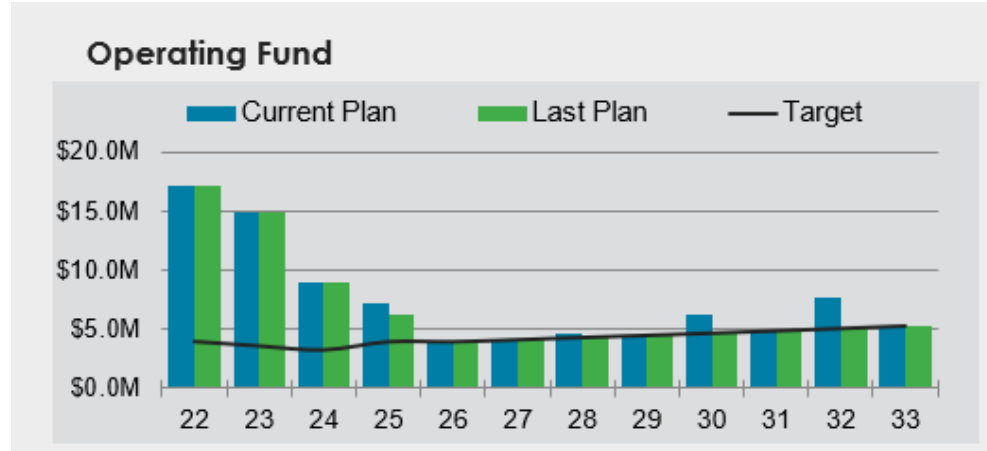
Estimated borrowing

Water Rate Plan (Current Plan) = Proposed Rates with Full CIP Funding

Last Plan = Results with 0.5% Growth (rates held constant, borrowing adjusted)



# Water Fund FAMS Control Panel – Reduced Growth (0.5%)



Water Rate Plan (Current Plan) = Proposed Rates with Full CIP Funding

Last Plan = Results with 0.5% Growth (rates held constant, borrowing adjusted)



# Impact of Growth on Borrowing

*Held Constant: Rate Plan & CIP			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
1% Growth	\$185.6M	\$54.9M (30%)	15%	15%	15%	15%	15%
0.5% Growth		\$78.9M (43%)	15%	15%	15%	15%	15%
1.25% Growth		\$46.0M (25%)	15%	15%	15%	15%	15%
1% Growth	\$112.6M	\$24.0M (21%)	25%	25%	15%	10%	5%
0.5% Growth		\$27.7M (25%)	25%	25%	15%	10%	5%
1.25% Growth		\$22.2M (20%)	25%	25%	15%	10%	5%

Water Factors

Wastewater Factors

% CIP funded w-Debt



# Impact of Growth on Rates

*Held Constant: Rate Plan & CIP			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
1% Growth	\$185.6M	\$54.9M (30%)	15%	15%	15%	15%	15%
0.5% Growth		\$54.3M (29%)	17.50%	17.50%	17.50%	17.50%	17.50%
1.25% Growth		\$54.6M (29%)	14.00%	14.00%	14.00%	13.50%	13.50%
1% Growth	\$112.6M	\$24.0M (21%)	25%	25%	15%	10%	5%
0.5% Growth		\$24.7M (22%)	28%	28%	15%	10%	5%
1.25% Growth		\$24.2M (21%)	23%	23%	15%	10%	5%

Water Factors

Wastewater Factors

% CIP funded w-Debt



# Cost Escalation Factors



# Cost Escalation Factors

## *What do cost escalation factors influence in rate models?*

- Operating expenses forecast
- Future capital improvement expenses

## *What impacts do we see?*

- Total debt to fund full CIP
- Rate projections

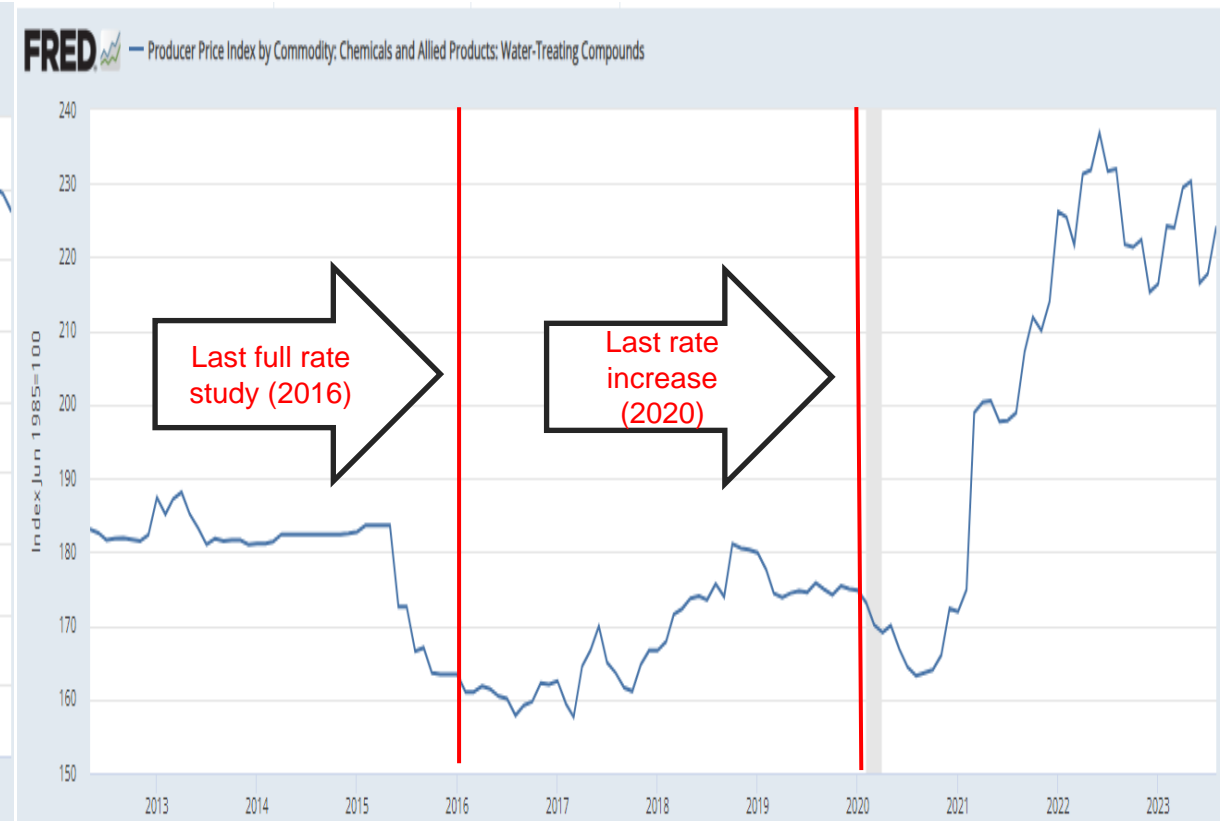
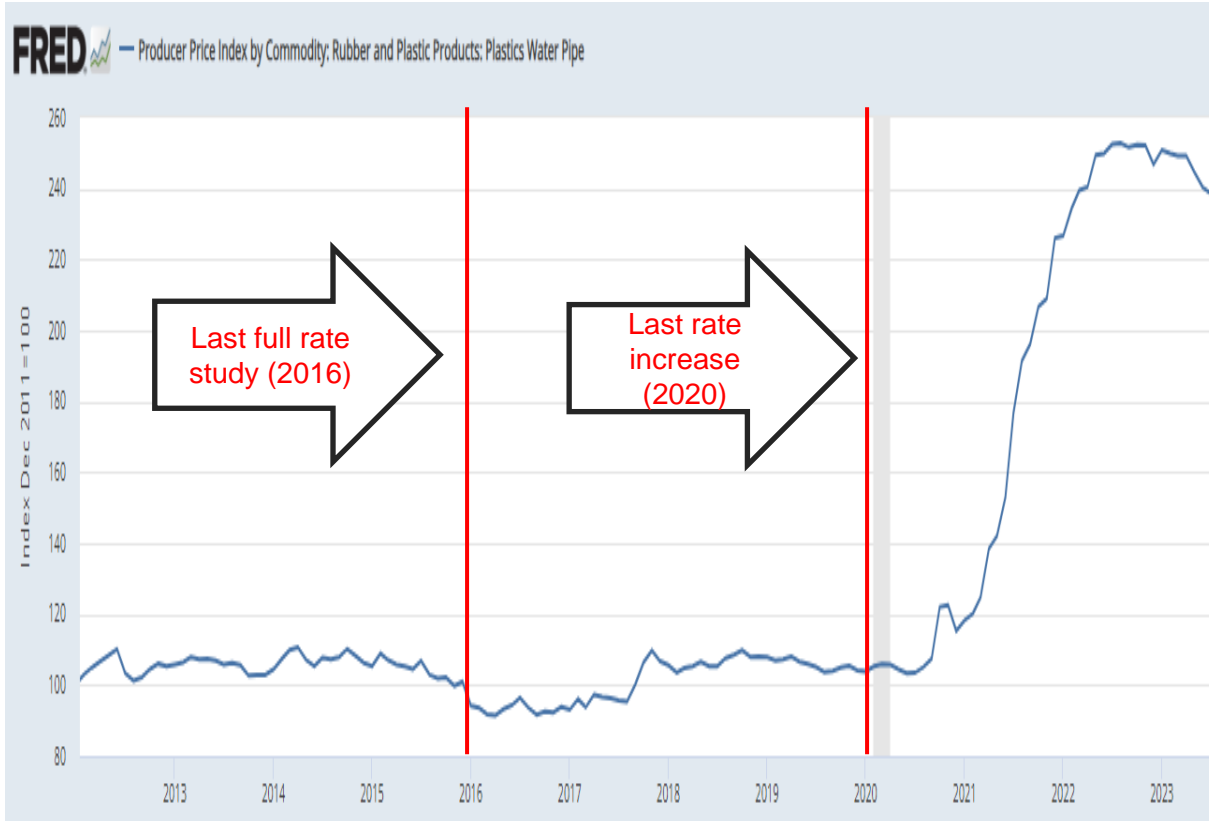
## *References for cost escalation factors*

- Philadelphia Federal Reserve Bank Headline CPI forecast: 2023 – 2032 = 2.4%
- For capital improvements, Engineering News Record Construction Cost Index = 4%
- Recent changes in production cost increases
- Actual Water Services expenses forecast = 3.5%

Factor	Notes	Annual Inflation	Used in Model	WATER FUND		WASTEWATER FUND	
				FY24 Budget (\$M)	Percent of Budget	FY24 Budget (\$M)	Percent of Budget
Default Operating	7% average in actual O&M from FY19-23 Water Pipe Maintenance index: Up 132% from Jan 2020	7.0%	3.5%	\$11.29	77%	\$5.72	75%
Chemicals, Maintenance, Vehicle and Other	29% increase in costs over 5 years National Water Treatment Chemical Index: Up 31% from Jan 2020	5.8%	6.0%	\$3.43	23%	\$1.93	25%
<b>CIP</b>							
General Construction	Up 33% from January 2020 to June 2023	9.4%					
Industrial Construction	Up 40% from January 2020 to June 2023	11.4%	4%				
Engineering News Record Construction Cost Index	Average Change: Dec 2019 - Dec 2023	3.8%					



# Operations/Material Cost Inflation: 2020-2024



## National Commodity Index – Plastic Water Pipe

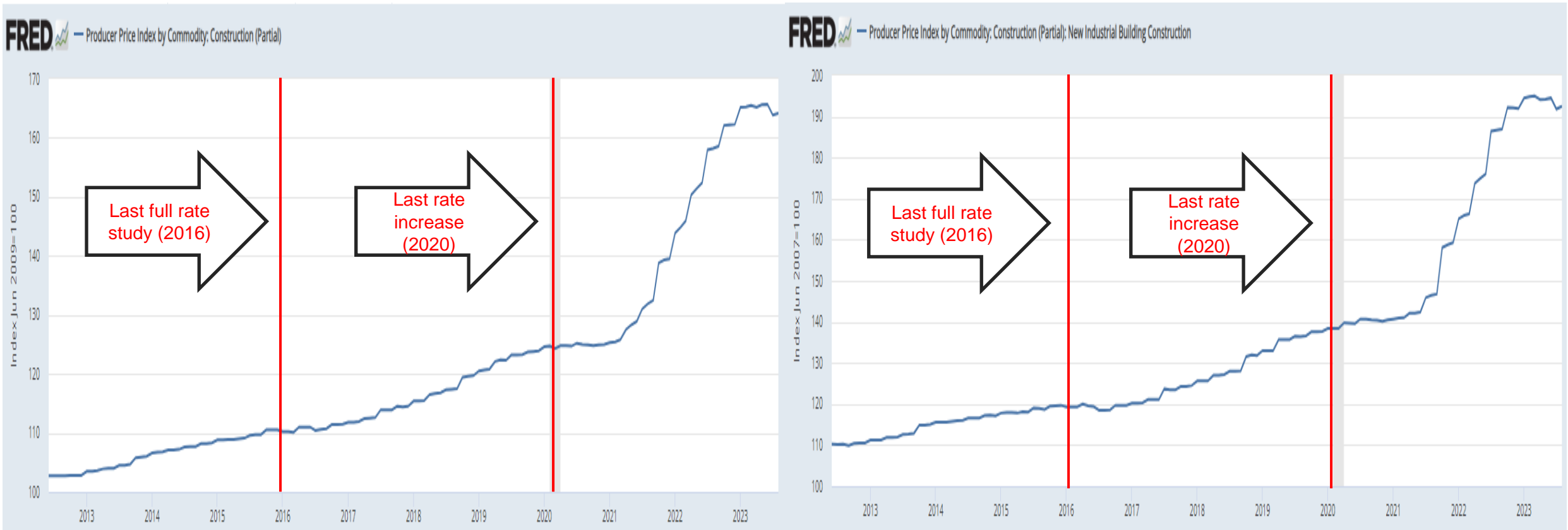
- Up 132% from Jan 2020 to June 2023

## National Water Treatment Chemical Index

- Up 31% from Jan 2020 to June 2023



# Construction Cost Inflation: 2020-2024



## National Cost Index – Construction

- **General Construction - Up 33% from Jan 2020 to June 2023**
- **Industrial Construction - Up 40% from Jan 2020 to June 2023**
- **Last rate increase was in 2020**



# Water Fund FAMS Control Panel – Reduced Escalation Factor (2.4%) and Rate Projections



## CITY OF FLAGSTAFF WATER FUND



CALC SAVE CTRL LAST OVR

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2029	FY 2033
Water Rate Plan	0.00%	0.00%	15.00%	15.00%	15.00%	15.00%	15.00%	5.00%	5.00%	5.00%	5.00%	101.20%	144.59%
Last Plan	0.00%	0.00%	14.25%	14.25%	14.25%	14.25%	14.25%	5.00%	5.00%	5.00%	5.00%	94.71%	136.72%
All-In DSC	1.89	3.05	2.49	2.62	2.61	3.34	3.64	4.20	4.14	4.05	4.45	Total Debt Current Plan	\$54.95
Last Plan	1.89	3.05	2.50	2.64	2.62	3.32	3.59	4.13	4.08	4.01	4.41	Total Debt Last Plan	\$55.48
Total Funded O&M	\$14.747	\$13.250	\$16.380	\$16.026	\$16.712	\$17.475	\$18.189	\$18.934	\$19.711	\$20.524	\$21.372	Average CIP	\$20.36
Total Funded CIP	\$4.606	\$28.954	\$22.660	\$21.621	\$19.843	\$11.032	\$27.959	\$17.183	\$28.727	\$14.069	\$22.460		
Combined DS %	13.7%	21.7%	17.1%	20.9%	20.9%	19.8%	16.6%	15.4%	15.2%	15.0%	14.0%		

↑ Insert New Panel Controls Above this Row ↑

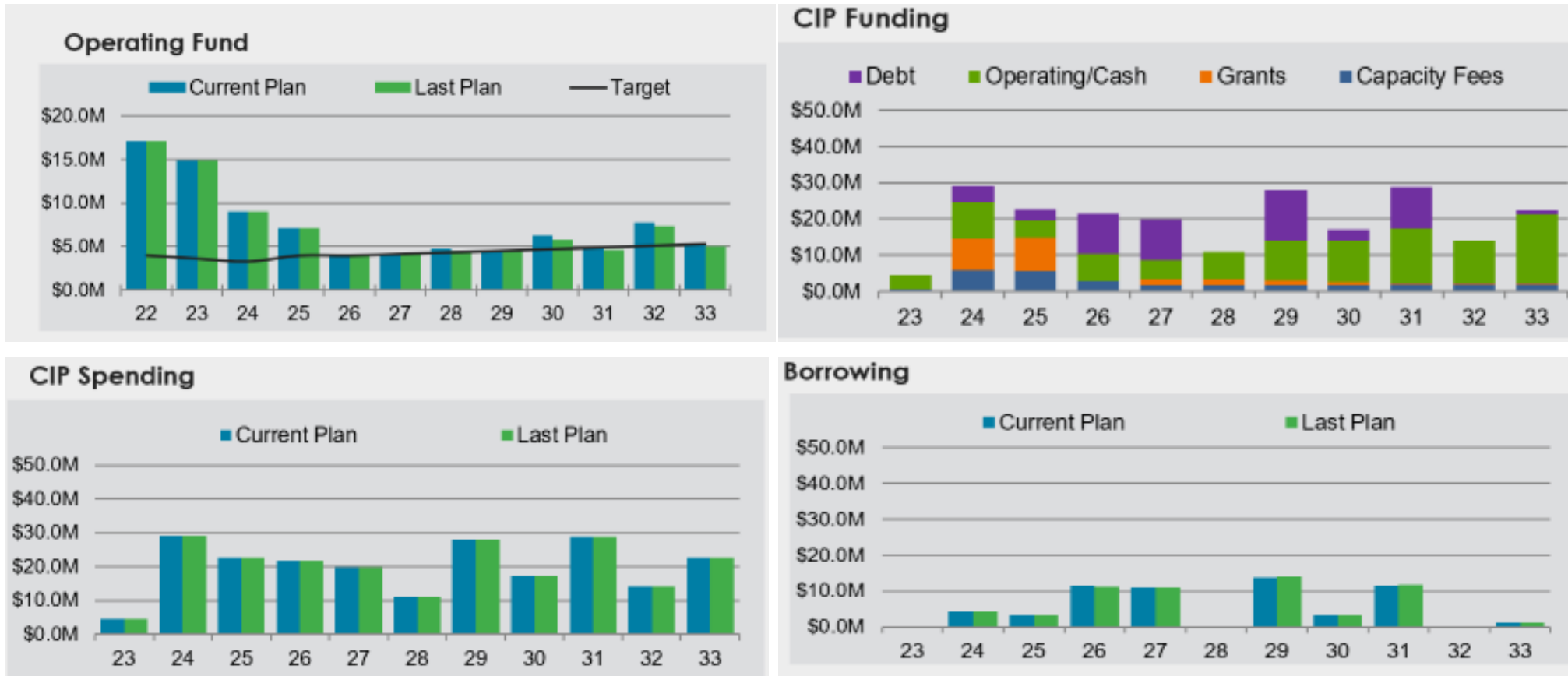
Rate Projections

Water Rate Plan (Current Plan) = Proposed Rates with Full CIP Funding

Last Plan = Results with 2.4% Escalation Factor (borrowing held constant, rates adjusted)



# Water Fund FAMS Control Panel – Reduced Escalation Factor (2.4%) and Rate Projections



Water Rate Plan (Current Plan) = Proposed Rates with Full CIP Funding

Last Plan = Results with 2.4% Escalation Factor (borrowing held constant, rates adjusted)



# Cost Escalation Impact on Rate Projections

*Held Constant: CIP & Debt			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
<b>Current (3.5%)</b>	<b>\$185.6M</b>	<b>\$54.9M (30%)</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>
2.4%	\$185.6M	\$55.5M (30%)	14.25%	14.25%	14.25%	14.25%	14.25%
4.5%	\$185.6M	\$54.8M (30%)	15.75%	15.75%	15.75%	15.50%	15.50%
<b>Current (3.5%)</b>	<b>\$112.6M</b>	<b>\$24.0M (21%)</b>	<b>25%</b>	<b>25%</b>	<b>15%</b>	<b>10%</b>	<b>5%</b>
2.4%	\$112.6M	\$24.3M (22%)	24%	24%	15%	10%	2.5%
4.5%	\$112.6M	\$24.0M (21%)	25.75%	25.75%	15.00%	10.00%	10.00%

**Water Factors**

**Wastewater Factors**



# Debt Factors



# Increased Percentage of Debt

***What does the percentage of debt influence in rate models?***

- Rate projections
- Capital projects funding

***What impacts do we see?***

- Lower typical bills
- Increased percentage of debt funding for capital projects











# Projected Debt Financed Projects

Project	FY 2025 – FY 2033 Project Cost
Switzer Canyon Transmission Line Phase 5	\$7,000,000
Fort Tuthill Well	\$6,820,000
Inner Basin Line - Schultz to Reservoir Plant	\$8,200,000
LM Raw Water Pipeline Rehab	\$4,950,000
Zone B Storage	\$1,000,000
Red Gap Ranch ROW Acquisition Segments 1-3	\$2,000,000
JW Powell Waterline Oversizing	\$2,300,000
Pine Del Waterline Upsizing	\$2,500,000
Red Gap Ranch Geotechnical Investigation	\$125,000
Woody Mountain Wellfield Powerline Burial	\$2,000,000
Fort Valley Shopping Center	\$600,000
ADOT Cast Iron	\$5,500,000
Turquoise WL Replacement	\$1,100,000
East Side Shop New Building for Equipment Storage	\$700,000
LM Raw Water Pipeline Rehab	\$4,950,000
Annual Unfunded project	\$9,000,000



# Water Fund FAMS Control Panel – Increased Borrowing and Rate Projections

  												    	
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2029	FY 2033
Water Rate Plan	0.00%	0.00%	15.00%	15.00%	15.00%	15.00%	15.00%	5.00%	5.00%	5.00%	5.00%	101.20%	144.59%
Last Plan	0.00%	0.00%	10.00%	10.00%	10.00%	10.00%	10.00%	5.00%	5.00%	5.00%	5.00%	61.00%	95.73%
All-In DSC	1.89	3.05	2.49	2.62	2.61	3.34	3.64	4.20	4.14	4.05	4.45	Total Debt Current Plan	\$54.95
Last Plan	1.89	3.05	2.21	2.12	1.88	2.11	2.03	2.10	1.91	1.77	1.79	Total Debt Last Plan	\$103.62
Total Funded O&M	\$14.747	\$13.250	\$16.380	\$16.026	\$16.712	\$17.475	\$18.189	\$18.934	\$19.711	\$20.524	\$21.372	Average CIP	\$20.36
Total Funded CIP	\$4.606	\$28.954	\$22.660	\$21.621	\$19.843	\$11.032	\$27.959	\$17.183	\$28.727	\$14.069	\$22.460		
Combined DS %	13.7%	21.7%	17.1%	20.9%	20.9%	19.8%	16.6%	15.4%	15.2%	15.0%	14.0%		

↑ Insert New Panel Controls Above this Row ↑

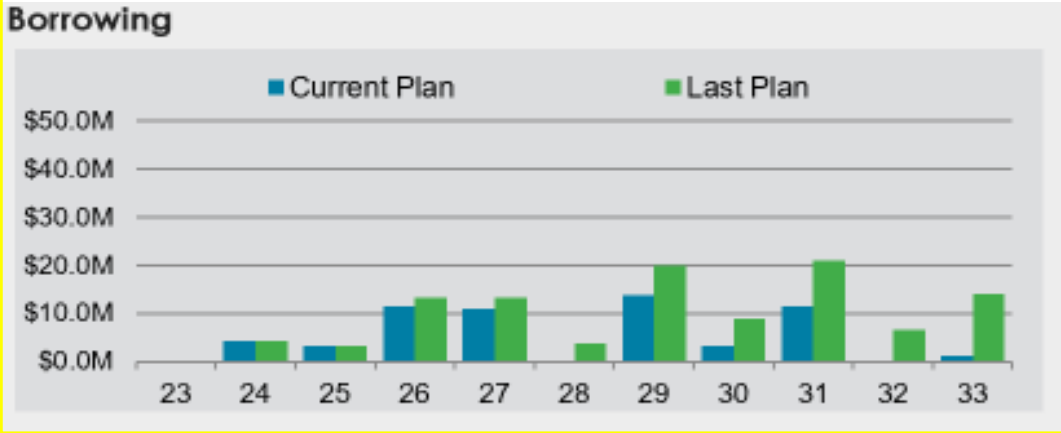
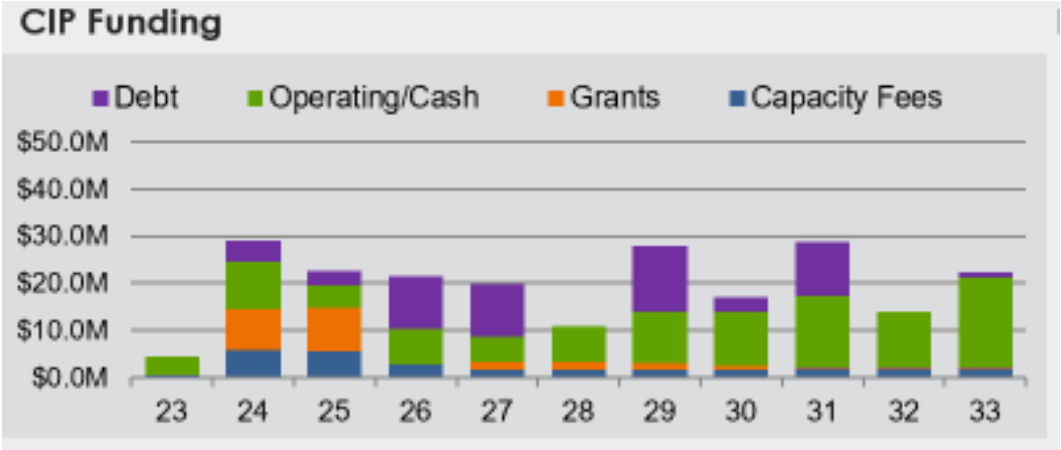
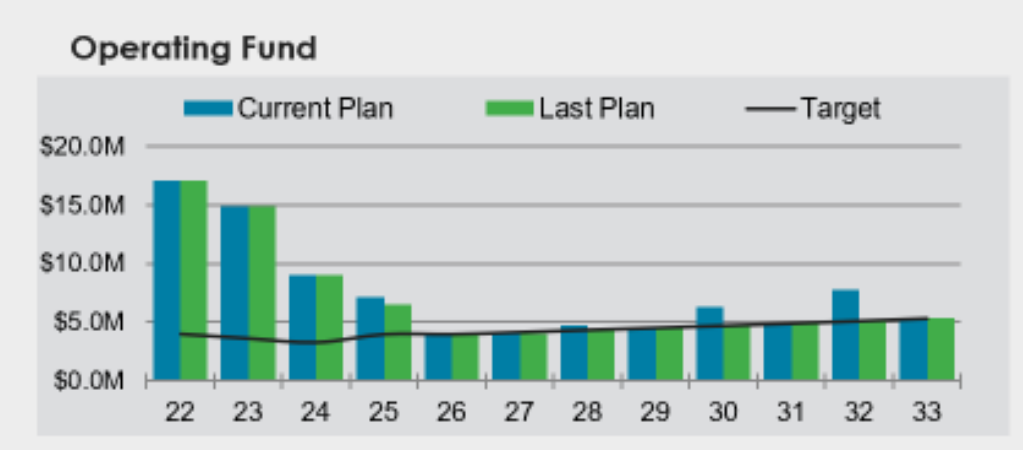
Estimated borrowing

Water Rate Plan (Current Plan) = Proposed Rates with Full CIP Funding

Last Plan = Results with 5% Rate Plan Reduction (borrowing adjusted)



# Water Fund FAMS Control Panel – Increased Borrowing and Rate Projections



Water Rate Plan (Current Plan) = Proposed Rates with Full CIP Funding

Last Plan = Results with 5% Rate Plan Reduction (borrowing adjusted)



# Increased Borrowing Impact on Rate Projections

*Held Constant: CIP			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
Current	\$185.6M	\$54.9M (30%)	15%	15%	15%	15%	15%
Increased Borrowing	\$185.6M	\$103.6M (56%)	10%	10%	10%	10%	10%
Current	\$112.6M	\$24.0M (21%)	25%	25%	15%	10%	5%
Increased Borrowing	\$112.6M	\$34.0M (30%)	20%	20%	15%	10%	5%

Water Factors

Wastewater Factors

% CIP & Rate Projections



# CIP Execution Factors



# CIP Execution Reduction

***What does the CIP execution percentage influence in rate models?***









- Capital improvement plan spending
- Revenue requirements

***What impacts do we see?***

- Capital improvements cut
- Lower typical bills
- Less borrowing (primarily for wastewater fund)



# Water Fund FAMS Control Panel – Capital and Rate Reduction

  												    	
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2029	FY 2033
Water Rate Plan	0.00%	0.00%	15.00%	15.00%	15.00%	15.00%	15.00%	5.00%	5.00%	5.00%	5.00%	101.20%	144.59%
Last Plan	0.00%	0.00%	10.00%	10.00%	10.00%	10.00%	10.00%	5.00%	5.00%	5.00%	5.00%	61.00%	95.73%
All-In DSC	1.89	3.05	2.49	2.62	2.61	3.34	3.64	4.20	4.14	4.05	4.45	Total Debt Current Plan	\$54.95
Last Plan	1.89	3.05	2.21	2.35	2.27	2.75	2.78	3.15	3.04	2.91	3.09	Total Debt Last Plan	\$54.63
Total Funded O&M	\$14.747	\$13.250	\$16.380	\$16.026	\$16.712	\$17.475	\$18.189	\$18.934	\$19.711	\$20.524	\$21.372	Average CIP	\$20.36
Total Funded CIP	\$4.606	\$28.954	\$22.660	\$21.621	\$19.843	\$11.032	\$27.959	\$17.183	\$28.727	\$14.069	\$22.460		
Combined DS %	13.7%	21.7%	17.1%	20.9%	20.9%	19.8%	16.6%	15.4%	15.2%	15.0%	14.0%		

↑ Insert New Panel Controls Above this Row ↑

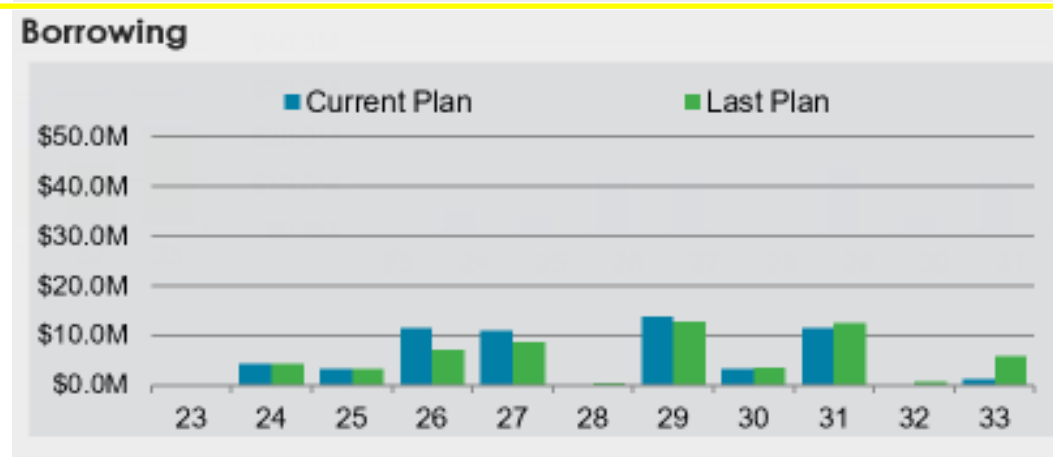
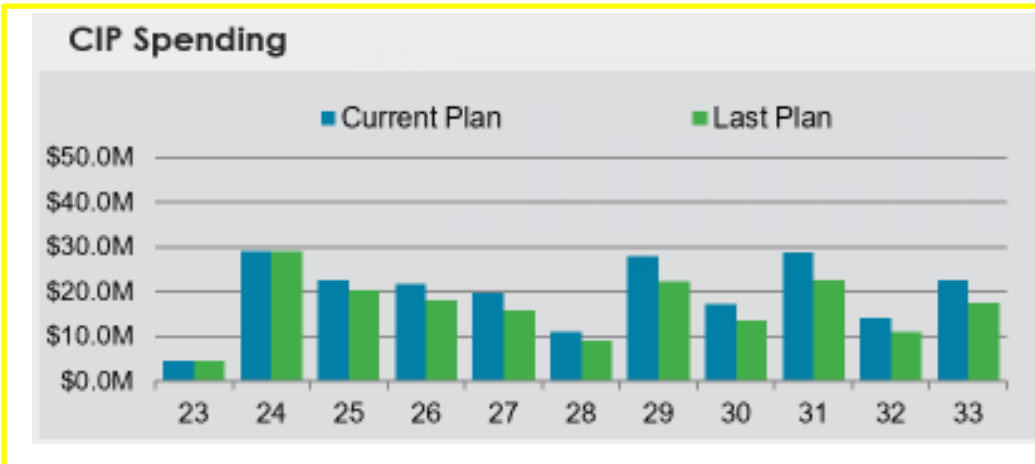
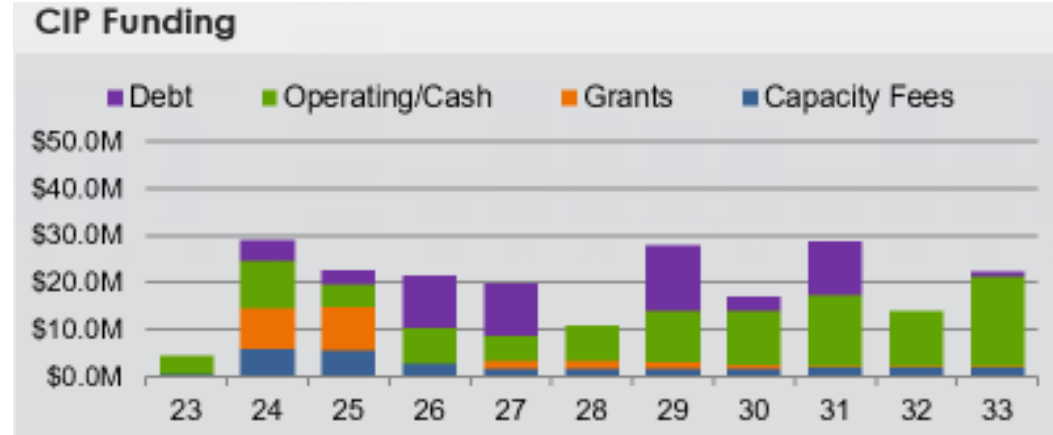
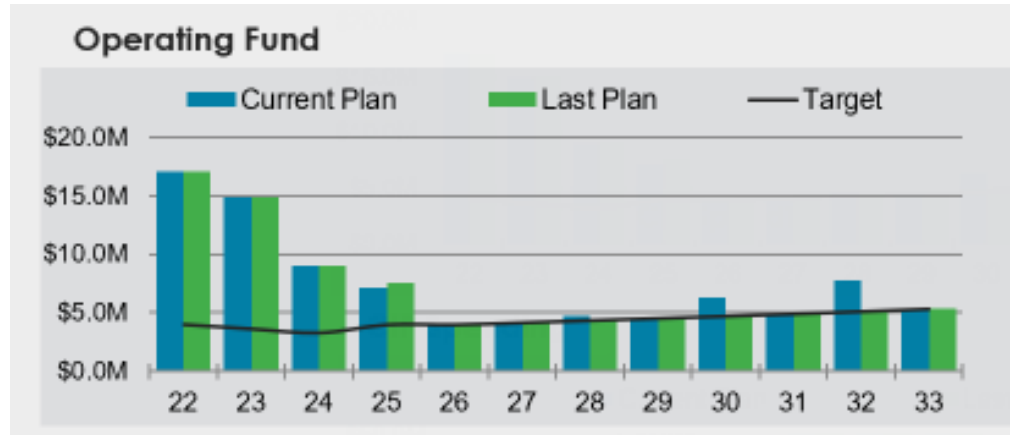
Rate Projections

Water Rate Plan (Current Plan) = Proposed Rates with Full CIP Funding

Last Plan = Results with 5% Rate Plan Reduction & 78% CIP Execution (borrowing held constant)



# Water Fund FAMS Control Panel – Capital and Rate Reduction



Water Rate Plan (Current Plan) = Proposed Rates with Full CIP Funding

Last Plan = Results with 5% Rate Plan Reduction & 78% CIP Execution (borrowing held constant)



# Reduced CIP Execution Impact on Rate Projections

*Held Constant: Current Debt			Annual Rate Increase				
	Total CIP Funding from Debt Proceeds (FY 25 – FY 33)	Total CIP Funding (FY 25 – FY 33)	FY 25	FY 26	FY 27	FY 28	FY 29
Current Rate Plan	\$54.9M	\$185.6M (30%)	15%	15%	15%	15%	15%
CIP Execution Percentage			100%	100%	100%	100%	100%
5% Rate Reduction	\$54.6M	\$150.2M (36%) <i>(Reduction of \$35.4M)</i>	10%	10%	10%	10%	10%
CIP Execution Percentage			78%	78%	78%	78%	78%
Current	\$24.0M	\$112.6M (21%)	25%	25%	15%	10%	5%
CIP Execution Percentage			100%	100%	100%	100%	100%
5% Rate Reduction	\$19.02M	\$91.2M (21%) <i>(Reduction of \$21.4M)</i>	20%	20%	10%	5%	5%
CIP Execution Percentage			81%	81%	81%	81%	81%

Water Factors

Wastewater Factors

CIP & Rate Projections



# Projected Bill Impacts



# Water Rate Structure – CIP Reduction Rate Projections

- CIP Reduction – average \$4M per year
- Rate Projection – 5% reduction
- Total Bill = Fixed Monthly Meter Charge + Volume Charge

<b>WATER RATES - CIP Reduction (Fixed Charge)</b>					
	September 1st, 2024 - December 31st, 2025	January 1st, 2026 - December 31st, 2026	January 1st, 2027 - December 31st, 2027	January 1st, 2028 - December 31st, 2028	January 1st, 2029 - December 31st, 2029
<b>Meter Size:</b>	<b>Inside City Limits</b>	<b>Inside City Limits</b>	<b>Inside City Limits</b>	<b>Inside City Limits</b>	<b>Inside City Limits</b>
0.75	\$14.01	\$15.41	\$16.95	\$18.65	\$20.51
1	\$18.67	\$20.54	\$22.59	\$24.85	\$27.33
1.5	\$30.30	\$33.33	\$36.66	\$40.33	\$44.36
2	\$44.27	\$48.70	\$53.57	\$58.92	\$64.82
3	\$88.50	\$97.35	\$107.09	\$117.79	\$129.57
4	\$123.41	\$135.75	\$149.33	\$164.26	\$180.68
6	\$309.62	\$340.58	\$374.64	\$412.10	\$453.31
8	\$379.45	\$417.40	\$459.13	\$505.05	\$555.55
10	\$984.64	\$1,081.10	\$1,191.41	\$1,310.56	\$1,441.61

<b>WATER RATES - CIP Reduction (Volume)</b>						
	September 1st, 2024 - December 31st, 2025	January 1st, 2026 - December 31st, 2026	January 1st, 2027 - December 31st, 2027	January 1st, 2028 - December 31st, 2028	January 1st, 2029 - December 31st, 2029	
<b>POTABLE WATER: (per 1,000 gallons)</b>		<b>Inside City Limits</b>	<b>Inside City Limits</b>	<b>Inside City Limits</b>	<b>Inside City Limits</b>	
Single Family	Tier 1 (0 - 3,500 gallons)	\$4.30	\$4.73	\$5.20	\$5.72	\$6.29
	Tier 2 (3,501 - 6,200 gallons)	\$4.62	\$5.08	\$5.59	\$6.15	\$6.76
	Tier 3 (6,201 - 11,500 gallons)	\$9.24	\$10.16	\$11.18	\$12.30	\$13.53
	Tier 4 (11,501+ gallons)	\$18.48	\$20.32	\$22.36	\$24.59	\$27.05
Multi-Family	\$4.70	\$5.18	\$5.69	\$6.26	\$6.89	
Commercial/Schools	\$5.60	\$6.16	\$6.78	\$7.46	\$8.20	
Institutional	\$5.60	\$6.16	\$6.78	\$7.46	\$8.20	
Manufacturing	\$5.27	\$5.80	\$6.38	\$7.01	\$7.71	
Landscaping/Lawn Meters	\$9.97	\$10.96	\$12.06	\$13.27	\$14.59	
Hydrant Meter	\$7.42	\$8.16	\$8.98	\$9.88	\$10.86	
Standpipe**	\$7.36	\$8.10	\$8.91	\$9.80	\$10.78	

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

**DRAFT – FOR DISCUSSION PURPOSES**



# Water Projected Average Bill Impacts – CIP Reduction Scenario

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
<b>Proposed Rates</b>							(15% Rate Increase)		(15% Rate Increase)		(15% Rate Increase)		(15% Rate Increase)	
Single Family	¾"	4	\$30.91	\$32.04	\$1.13	3.7%	\$36.84	\$4.81	\$42.37	\$5.53	\$48.72	\$6.36	\$56.03	\$7.31
Commercial/Schools	1"	40	\$207.20	\$255.08	\$47.88	23.1%	\$293.34	\$38.26	\$337.35	\$44.00	\$387.95	\$50.60	\$446.14	\$58.19
<b>CIP and Rate Reduction</b>							(10% Rate Increase)		(10% Rate Increase)		(10% Rate Increase)		(10% Rate Increase)	
Single Family	¾"	4	\$30.91	\$31.36	\$0.45	1.5%	\$34.49	\$3.14	\$37.94	\$3.45	\$41.73	\$3.79	\$45.91	\$4.17
Commercial/Schools	1"	40	\$207.20	\$242.67	\$35.47	17.1%	\$266.93	\$24.27	\$293.63	\$26.69	\$322.99	\$29.36	\$355.29	\$32.30

DRAFT

\*Total Bill = Water Fixed Charge + Water Volume Charge



# Wastewater Rate Structure – CIP Reduction Rate Projections

- CIP Reduction – average \$2.3M per year
- Rate Projection – 5% reduction
- Total Bill = Fixed Monthly Meter Charge + Volume Charge

<b>SEWER RATES - CIP Reduction (Fixed Charge)</b>					
	September 1st, 2024 - December 31st, 2025	January 1st, 2026 - December 31st, 2026	January 1st, 2027 - December 31st, 2027	January 1st, 2028 - December 31st, 2028	January 1st, 2029 - December 31st, 2029
Meter Charge	Inside City Limits	Inside City Limits	Inside City Limits	Inside City Limits	Inside City Limits
0.75	\$10.03	\$12.04	\$13.24	\$13.90	\$14.60
1	\$16.75	\$20.10	\$22.11	\$23.22	\$24.38
1.5	\$33.40	\$40.08	\$44.09	\$46.29	\$48.61
2	\$53.46	\$64.15	\$70.57	\$74.10	\$77.80
3	\$117.05	\$140.46	\$154.51	\$162.23	\$170.34
4	\$167.20	\$200.64	\$220.70	\$231.74	\$243.33
6	\$334.30	\$401.16	\$441.28	\$463.34	\$486.51
8	\$554.30	\$641.88	\$706.07	\$741.37	\$778.44

<b>SEWER RATES - CIP Reduction (Volume)</b>					
	September 1st, 2024 - December 31st, 2025	January 1st, 2026 - December 31st, 2026	January 1st, 2027 - December 31st, 2027	January 1st, 2028 - December 31st, 2028	January 1st, 2029 - December 31st, 2029
SEWER: (per 1,000 gallons)	Inside City Rate	Inside City Rate	Inside City Rate	Inside City Rate	Inside City Rate
<b>Residential</b>					
Residential	\$5.29	\$6.35	\$6.98	\$7.33	\$7.70
<b>Non-Residential</b>					
Non-Residential A	\$4.34	\$5.21	\$5.73	\$6.02	\$6.32
Non-Residential B	\$6.77	\$8.12	\$8.94	\$9.38	\$9.85
Non-Residential C	\$28.21	\$33.85	\$37.24	\$39.10	\$41.05

\*Residential usage based on WQA (usage billed in winter months of December, January, February, March)

\*\*Inside city rate. All rates exclude taxes

**DRAFT – FOR DISCUSSION PURPOSES**



# Wastewater Projected Average Bill Impacts – CIP Reduction Scenario

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
<b>Proposed Rates</b>							(25% Rate Increase)		(15% Rate Increase)		(10% Rate Increase)		(5% Rate Increase)	
Residential	¾"	4.88	\$26.13	\$38.37	\$12.24	46.8%	\$47.96	\$9.59	\$55.15	\$7.19	\$60.67	\$5.52	\$63.70	\$3.03
Commercial	1"	17.60	\$99.96	\$102.69	\$2.73	2.7%	\$128.36	\$25.67	\$147.62	\$19.25	\$162.38	\$14.76	\$170.50	\$8.12
<b>CIP and Rate Reduction</b>							(20% Rate Increase)		(10% Rate Increase)		(5% Rate Increase)		(5% Rate Increase)	
Residential	¾"	4.88	\$26.13	\$35.86	\$9.71	37.2%	\$43.01	\$7.17	\$47.32	\$4.30	\$49.68	\$2.37	\$52.17	\$2.48
Commercial	1"	17.60	\$99.96	\$93.13	(\$6.83)	(6.8%)	\$111.76	\$18.63	\$122.94	\$11.18	\$129.08	\$6.15	\$135.54	\$6.45

\*Total Bill = Wastewater Fixed Charge + Wastewater Volume Charge



# Discussion

*City Council thoughts on scenarios and direction forward*



# Next Steps

- May 17 – Water Commission comments on draft report are due
- June 4 – Final rate package review and last update to Council before the public hearing
- June 18 and July 2, 2024 - Public hearings on changes in rates and fees
- September 1, 2024 - new rates are effective



**Thank you**