City of Mesa

FY 12/13
Utility Rate Recommendations

City Council Study Session
April 23, 2012

Presented by the Office of Management and Budget
Enterprise Operations Financial Summaries

• Each utility is operated as a separate business center

• Debt Service has a significant impact on future rates

• Total Transfer amount from Enterprise fund will remain the same

• Fund balance is used to smooth the rate adjustments year-to-year

• Combined Ending Fund Balances will adhere to the adopted financial policy of at least 8-10%
Changes in Debt Service Model

• The recent bond restructure decreased current debt service payments.

• Right-sizing of capital improvement program for anticipated growth.

• Estimated debt service payments of future bond issuance structured to minimize the peak debt load.
## Proposed Rate Adjustments

<table>
<thead>
<tr>
<th>Service</th>
<th>Prior Year FY 2012/13 Projection</th>
<th>FY 2012/13 Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Gas</td>
<td>2.5%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Water</td>
<td>6.8%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Wastewater</td>
<td>5.8%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Solid Waste</td>
<td>1.4%</td>
<td>0.0%</td>
</tr>
<tr>
<td>District Cooling</td>
<td>3.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>
Pending Legislation

- Senate Bill 1288 calls for the repeal of the statutory authority of the Arizona Department of Water Resources (ADWR) to impose an assessment on cities and towns to fund departmental operations.

- If and when this action becomes law, staff will recommend that the City Council repeal the City’s ADWR pass-through fee.
Schedule for FY 12/13 Utility Rate Consideration

- **May 21** – Adopt Utility Rate Notice of Intention
- **June 4** – Introduce Utility Rate Ordinances
- **June 25** – City Council Action on Utility Rates
- **July 31** – Effective date for Utility Rate changes