



MUNICIPAL UTILITIES FRIDAY PACKET

July 10, 2020

2020 Water and Wastewater Rate Study Update

Terry Piekarz, Municipal Utilities Director, 480-350-2660, terrance_piekarz@tempe.gov

The City of Tempe conducts a cost of service rate study every two years to establish cost-based rates, fees and charges for water and wastewater services. Cost-based rates provide sufficient funding to allow the city to build, operate, maintain and reinvest in the water system that provides our community with safe and reliable drinking water and fire protection. A properly and adequately funded water system allows for the economic development and sustainability of the city. The study is developed in a manner consistent with the principles and methodologies established by the American Water Works Association (AWWA) M1 Manual, *Principles of Water Rates, Fees and Charges*, and ensures a cost allocation methodology that equitably allocates the cost of providing water service to the city's various types of customers.

Assisting the city with this year's rate study is Stantec, Inc., an international consulting company that performs utility rate studies throughout the United States. Stantec has been working with the city in conducting cost of service rate studies for our enterprise funds since 2015. The city collects water and wastewater system, cost and customer data year-round and works with Stantec to conduct the revenue sufficiency analysis utilizing this data.

Engaging Tempe residents is a key component of the rate study process. For this year's rate study, a stakeholder group of ten individuals, representative of each customer class and community organizations, was established with assistance from the Neighborhood Services team. Due to the Covid-19 pandemic, stakeholder group and public meetings are being held virtually, with three stakeholder meetings and one public meeting having been held so far. Virtual public meetings are recorded live and can be viewed, along with additional rate study information, on the [utility rate study website](#). Stakeholder and public meetings are being held in advance of sharing the results of the study and making recommendations to the Mayor and City Council at the September 17, 2020 Issue Review Session. A schedule of public, stakeholder and City Council meetings included in the rate study process is listed in the following table.

Date	Meeting
June 2, 2020	Stakeholder Meeting: Project Introduction and Rates 101
June 9, 2020	Stakeholder Meeting: Revenue Sufficiency
June 16, 2020	Public Meeting: Rate Study Overview
July 7, 2020	Stakeholder Meeting: Cost of Service
August 5, 2020	Neighborhood Advisory Commission Meeting
August 11, 2020	Stakeholder Meeting: Rate Structure Design
September 17, 2020	Tempe City Council Meeting: Presentation of Results
September 21, 2020	Sustainability Commission Meeting
September 22, 2020	Public Meeting: Rate Study Recommendation

Staff Contact: Tara Ford, Deputy Municipal Utilities Director, Water Utilities, 480-350-2855, tara_ford@tempe.gov

tempe.gov/MunicipalUtilities