



Public Input Summary

Water, Wastewater and Stormwater Rate Study

Fall/Winter 2022

Prepared by Neighborhood Services

I. Background

The 2022 Water, Wastewater and Stormwater Rate Study is nearing its conclusion. All residents and customers have been encouraged to participate in this process by providing input and feedback during both the first and second phases of outreach. The information collected from customers provides a valuable tool in the overall rate setting process. Based on the results of the rate study, along with public feedback, changes are proposed to the rate structure, which impact water, wastewater and stormwater rates, fees and charges. What follows is a summary of the second phase (September-November) of the process that was used to gather input along with a summary of the feedback.

II. Outreach

Two public meetings were held for this second phase of outreach. One virtual meeting at 12:30 p.m. on Nov. 7, 2022, and one in-person meeting at 6 p.m. on Nov. 7, 2022, at the Tempe Public Library. An additional hybrid meeting was held for commercial and industrial customers on Nov. 8, 2022. The virtual meeting was recorded and posted on the utility rate webpage tempe.gov/UtilityRateStudy and has had 30 views. Methods used to inform the public about the meetings and related survey:

- Article in the *Tempe Today* utility bill newsletter
- Emails to 23,247 water customers via WaterSmart
- Emails to residents (95) that have participated in past studies and surveys
- Email to all neighborhood association and HOA contacts (350 in listserv)
- Reminder to comment to all Forum subscribers (4,531)
- Postcards (6,139) mailed to areas identified in the Community Satisfaction Survey as having a lower satisfaction rate with the availability of information on water, sewer, and solid waste rates than other areas of the city
- Social media posts on Tempe's Facebook and Nextdoor pages
- Social media posts on Town of Guadalupe Facebook page
- Presentation at a Guadalupe Town Council Meeting
- E-news distribution
- Meetings listed on the city's website calendar
- Presentation to Sustainability and Resilience Commission, Neighborhood Advisory Commission
- Signage at the November Zero Waste Day event directing people to website and survey
- Press release

II. Social Media Results

MEDIA/PRESS

10/13/22 – news release: 6907 emails sent, 44.8% open rate, 1.1% click rate
10/24/22 – Tempe This Week: 7832 emails sent, 40.8% open rate, 3.7% click rate
10/31/22 – Tempe This Week: 7851 emails sent, 39.7% open rate, 4% click rate
11/7/22 – Tempe This Week: 7965 emails sent, 39.5% open rate, 6.4% click rate
11/12/22 – Input reminder: 7004 emails sent, 43% open rate, 1.2% click rate

FACEBOOK

10/14 – public meeting: Reach/Impressions: 351, Engagement: 225
10/27 – public meeting reminder (boosted): Reach/Impressions: 5658, Engagement: 382
11/6 – day-of meeting reminder (story): Reach/Impressions: 382, Engagement: 4

NEXTDOOR

10/14 – public meeting: Reach/Impressions: 1188, Engagement: 3
11/1 – public meeting reminder: Reach/Impressions: 861, Engagement: 2
11/15 – public input reminder: Reach/Impressions: 1124, Engagement: 1

INSTAGRAM

11/6 – day-of meeting reminder (story): Reach/Impressions: 540, Engagement: 11

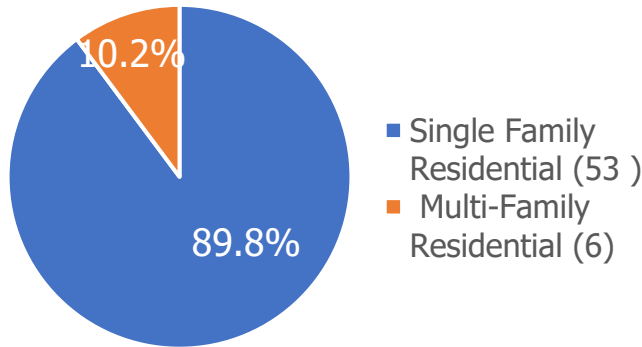
TWITTER

10/14 – public meeting: Reach/Impressions: 557, Engagement: 6
10/27 – public meeting reminder: Reach/Impressions: 614, Engagement: 15
11/7 – day-of meeting reminder: Reach/Impressions: 472, Engagement: 2
11/15 – public input reminder: Reach/Impressions: 485, Engagement: 3

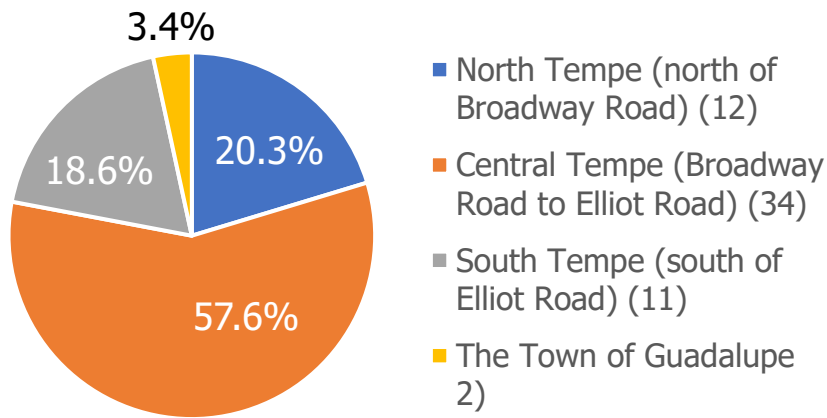
III. Survey Results

There were 59 respondents to the survey.

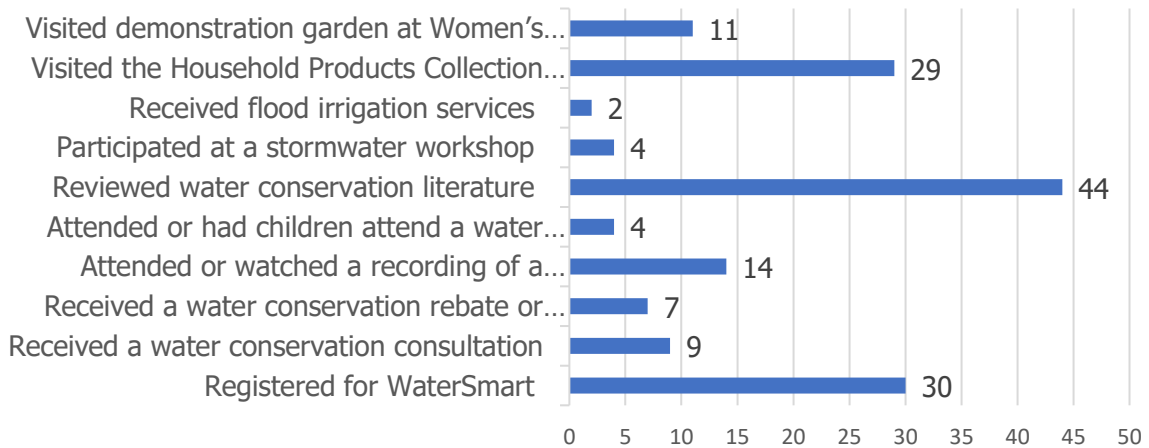
Question 1: *What type of customer class best describes you?*



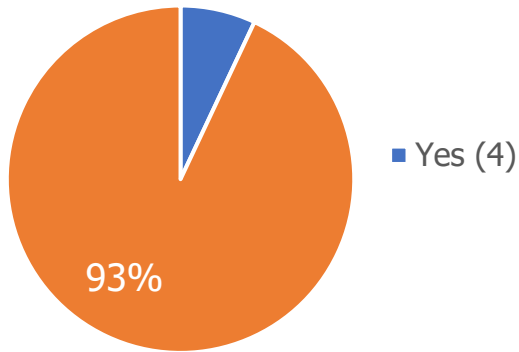
Question 2: *Where do you live?*



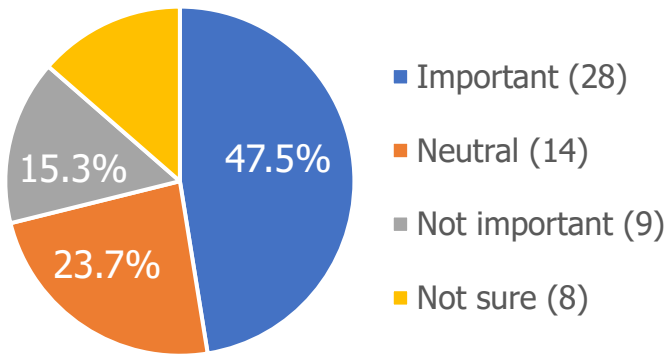
Question 3: *Have you (check all that apply):*



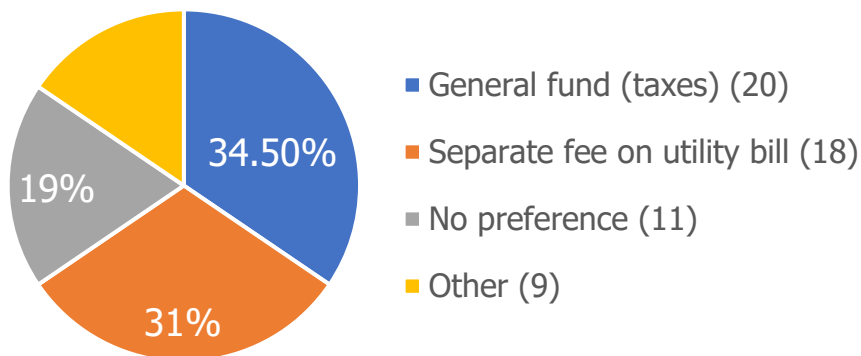
Question 4: *Did you provide input in the first public outreach process March 24 - May 1, 2022?*



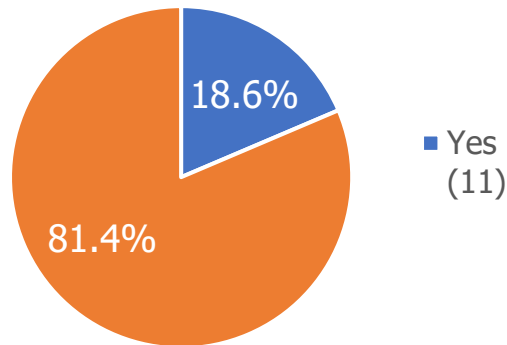
Question 5: *The 2022 Water, Wastewater and Stormwater Rate Study specifically examined stormwater/environmental costs that are already embedded within water rates. How important is it to you that these costs are broken out into a separate environmental fee?*



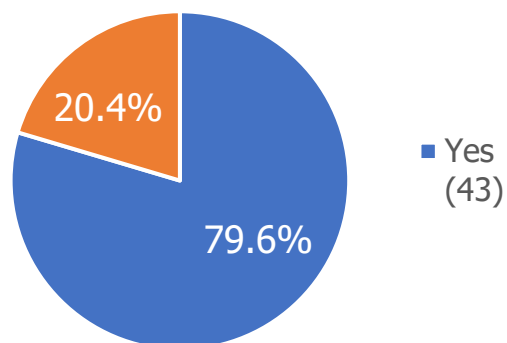
Question 6: *For consideration in the next rate study, indicate which funding option you would prefer:*



Question 7: *Did you attend or watch the recording of a rate study recommendations public meeting, Council presentation, and/or commission presentation?*



Question 8: *Do you believe the city provided sufficient opportunities to participate in the rate study process (e.g., public meetings and presentations) and tempe.gov/UtilityRateStudy?*



Question 9: *If you answered no to the previous question, how can the city improve communications and resources related to the rate study?*

1. I indicated "no" only because I wasn't aware of the process and would like to have participated.
2. its not communication but its how to improve but how to best manage people, budgets, and if necessary maintain quality of our water and not allow more demands to the now existing water system which affect basic public service to the community you serve! Stop the injustice to the service community and the taxpayers.
3. The Fall date changes were confusing.
4. I presume we received a notice with our water bill --- or an email (such as what we received about this survey). If so, we can't remember it --- which means it wasn't very noticeable I guess. Use larger print, or highlight the subject matter -- those might help.

5. More opportunities for participation not on your schedule.
6. Tempe
7. Why is there no option to say "no" to Green taxes?
8. Social media
9. I'd like to say that posting above was sufficient, however i believe there's always an opportunity to improve upon communication strategy's especially when you're looking to apply a tax or increase a tax. I'm sure that this was already communicated via web, billing, etc,however i'd have to believe that very few (despite the comm) have knowledge of this. I'm a believer that more can be done. If asked, what % of pentation do you believe into the Tempe residents do you believe are aware of this? This is not intended to a negative, rather constructive feedback to improve. Thank you
10. I think they did a good job on this one, but I'm going to take this opportunity to make a general statement that the multiple avenues for feedback need to be streamlined to one general site or all of these feedback avenues need to have all opportunities posted. It's really confusing and frustrating to not see everything through this forum, or any single avenue.
11. Mailing notices
12. Email
13. Until reddit told me about a survey for Kiwanis park, I had no idea of these surveys. Postcards would be super.

Question 10: *General comments*

1. I appreciate the reduction of the fixed charge and increased variable rate which should incentivize conservation.
2. Stop building retirement homes and stadiums in Tempe, focus on what we have because we are already limited on water. Focus on affordable apartment complexes
3. I can't find any information about the proposed rates.
4. To be fair, the counsel needs to stop redirecting money received either from individual property owners or through taxation to the earmarked water related line item that the voters voted or paid on but not the non water related whims of the Counsel. Why should non participating residential home owner subsidize flow irrigation. Flood irrigation is already subsidized through the water district. There have been non transparent historical bad management issues at the waste water plant costing the taxpayer direct undisclosed amounts as well as the non numerated residual costs hidden from the public because of such issues are non acceptable. A city constantly raising water rates doesn't know what

they are doing. Sweeping things under the carpet from their constituents is not good stewardship of public funds.

5. For us, who have no mortgage but are retired with fixed income, the relatively small proposed fee increase won't be a big problem. BUT we can see it could very much affect those with less income. I hope the City provides more information on utility payment assistance to keep citizens informed.
6. For future rate studies, regardless of the City's ability to determine rates based on this information, the City should research how equitably distributed the rate increases are based on property value, income, etc. This information could provide transparency to residents about who is most impacted by rate increases.
7. Why is there no option to say "no" to Green taxes?
8. Tempe needs to raise the water rates considerably! We see FAR too many people wasting water - watering their desert landscaping, watering lawns in the hot afternoon sun. There is a serious drought in the entire Southwest, and until residents start taking this hit on their wallets - they won't start reducing their water wasting. This is really important, and should have been raised years ago.
9. The Stantec report references max day vs avg day, but it's unclear if the proposed rate design is intended to resolve or incentivize water customers to better levelize consumption to increase system utilization and minimum infrastructure investment only needed for portions of the year. The Stantec recommendations draw upon an unpublished not completed Wastewater strength of return study and uses that study to reinforce the tiered findings. It's unclear to me what cost drivers are prevalent in the forecasted increases. O&M costs appear to be just this year's budget escalated over time. It's unclear what trade offs or future O&M and minor capital adjustments may also be prudent to consider. Are there other costs driving this? Are there impacts on water supply considered as part of this analysis? It was unclear if this study considered supply risks or if Tempe has no risk associated with CAP risk. I'm not sure I understand the recommendation to collapse SFR from 5 tiers to 4 tiers. It doesn't appear to be clearly explained. Rates for consumers between 11k and 20k gallons per month appear to carry a disproportionate amount of the increase, with rate increases avg just over 11%. Why is it appropriate to load this consumer group with a greater amount? Are rates only applicable to volumes over the stated rate range or does exceeding the volumetric limit trigger the entire bill to be subject to the higher rate (ie if I consume 8,001 gals am I billed at the 0-8k gal rate for the first 8k gals and 1 gal at the next tiered rate?). Health Insurance shows a 7% annual escalation. What steps are being considered to mitigate this risk and how does this align with other city escalation values? Do employees share in the cost of health insurance? Or are customers paying the entire bill? The capital program after year 5 seems incomplete. Why is there not a complete 10 yr capital plan look to align with the requirements of the study? How frequent can we expect utility billing system upgrades? These seem to be occurring more regularly if memory serves me correctly. Why are there 2 separate lines for capital for the same item (SCADA and Security Improvements)? Bonding lines are included in capital. Are these bonds already captured through different repayment mechanisms? Finally, I recognize these questions are likely creating work for someone so wanted to say thank you and acknowledge the difficulty there is when engaging such a process. I appreciate the hard work of staff and navigating the challenges presented in the study plan and presentations.

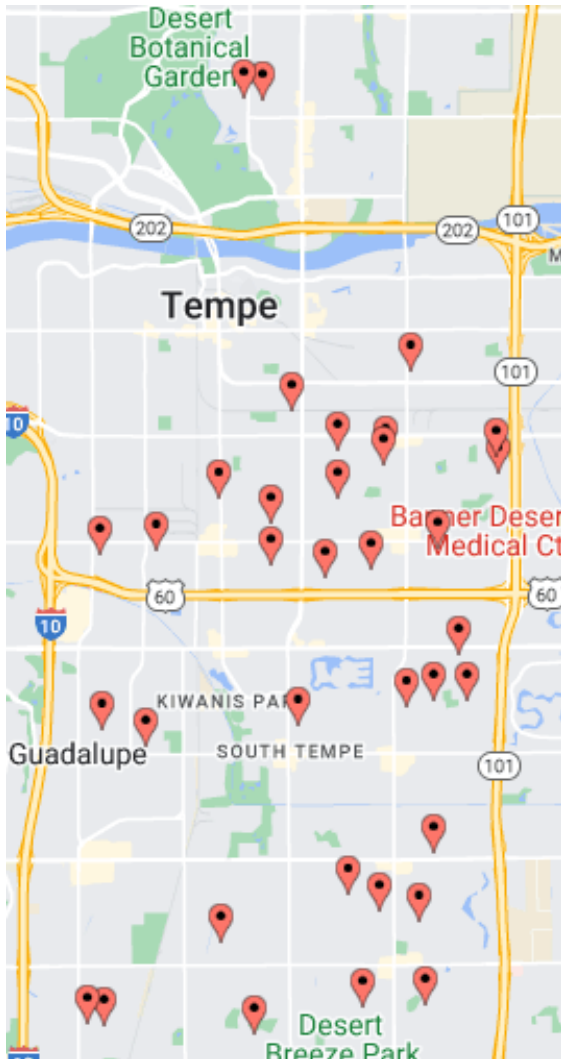
10. I think more needs to be done to educate the public about the benefits of installing and using gray water systems, especially for the irrigation of shade trees. Given the dangers of the heat island effect and all the negative consequences that derive from it, the use of gray water to automatically water large trees that can shade a portion of every home is a no-brainer. I also believe that contractors should be required to install these systems going forward, so that every new house has one or more strategically-placed shade trees that are regularly irrigated by gray water from regular household use.
11. I'm a believer that more can be done. If asked, what % of pentation do you believe into the Tempe residents do you believe are aware of this? This is not intended to a negative, rather constructive feedback to improve. By sharing this feedback, my expectation is that i will be contacted by Staff (if not, i am requesting this please) Thank you Seb
12. Water is too cheap. Raise the prices. We are in a 25 year drought. Make heavy water users pay more.
13. There are many rental homes in my neighborhood (Hughes Acres). I have gone out into the alley numerous times to pick up other people's trash. It is not bagged, they just throw it out there - containers of salad dressing, cigarette butts, food items, etc. They also throw carboard and other recyclables into the alley. The garbage is tremendous from rental units. The bins in our alley are constantly full. I propose that any parcel designated as a rental be assessed a higher solid waste collection fee than owner-occupied homes.
14. The storm water fee is an important tool to securing funding for storm water management projects that use water on site, growing beautiful desert vegetation, and support the walkability of Tempe. These values are important to me and will great the vibrant city I want to live in.
15. Storm water is a community concern and effects the valley, not just Tempe. A sales tax would be more equitable.
16. I've lived in tempe for 27 years. You have the worst water in the US, highest prices. Leaves all faucets, drains, sinks, toilets ruined by your terrible water. In 27 years as with everything else in Arizona, you have done nothing to improve water. So you need to go to other cities who have much better water than yours and ask them for help. Arizona needs help in all areas.
17. Thank you for the detailed information. While it's tough with prices on everything going up, I appreciate that the raised prices are reasonable and backed up with the why.
18. rates just increased march 2020 and now tempe is planning to increase cost yet again. placing the burden on residence. i make a point to have low water usage yet my rates will climb basically penalizing me and leaving me to pick up the tab for commercial and industrial use.
19. I don't understand why the percentage of increase to me as the average homeowner/household would be much higher than the household who uses 4 1/2 times More water than I do. We are in a water crisis and need to conserve as much as

possible, therefore the person who uses the most water should have the highest percentage of increase and have the highest billing

20. The new rate tiers are worse

21. Cancel the recycling program. It costs too much money and is a huge waste of time, energy, money, resources. It is a money loser.

22. Thanks for all you do



Map of survey respondents

35 respondents provided an address.

IV. Questions Submitted by Email, Responses

From: *Resident's email address redacted*

Sent: Friday, November 11, 2022 2:56 PM

To: Woods, Corey <Corey_Woods@tempe.gov>

Subject: About our water rates.

Hi Mr. Corey Woods,

I did read through the Santec, City of Tempe water study. Sorry I could not make the Monday evening (or daytime) meeting about our City's water plan proposal. And at this time of writing I cannot locate the study.

Reading from my notes made from the study it is clear this is about generating a bigger revenue stream for the City of Tempe. When we read in that news that local water needs are being abused by famers and golf courses do you think it is fair to tax your homeowners to make up the difference?

We have witnessed the City of Tempe misuse of taxpayer dollars over the years. I believe the intentions of most are honorable but those who abuse the privilege of serving us have and are costing us \$\$\$\$\$\$.

Some notes I made while reading the report (days ago)

Current Municipal Services Statement billing:

What does the \$13.55 service charge include? BECAUSE there is another "service charge" for Wastewater usage. What is the difference, doesn't the billing come from the same department?

What does the Consumption charge mean?

State Water Quality Assurance fund gives money to us which is taxpayer money anyway. Why do you charge us for it?

Tell us that you are considering raising our water rates through 2027 for the total percentage instead of being timid about it and showing the little increases each year.

Such as shown in report:

2023 10% rise in rates

2024 another 10%

2025 another 10%

2026 another 10%

2027 another 10%

Just say...we are going to more than double your rates in 5 years.

And what will happen in 2028?

When you say Residential do you break out the “homes” that are now being used for medical care spaces. Should they be charged more? My mom was in one and the water abuse was disgusting.

When you say Residential do you break out the “homes” that are now being used for short term rentals? Should they be charged more?

When you say Residential do you include student housing? Should they be charged differently?

And I remember an additional monthly fee you are considering. The Storm water fee? I can't find that Santec study now. But there is a fee you want to add...who will audit this? Will it be a fixed fee? Will you raise this every year too? And what happens after 2027?

I believe if you tell your Residential clients that you are going to double our water rates in five years time that your residential clients will seriously look at what we are doing now and where we want to be and we can make plans sooner rather than later to change our landscaping and personal use habits.

Karen Romersa

YourSource

From: White, Stephen [<mailto:Stephen.White@tempe.gov>]

Sent: Tuesday, November 22, 2022 12:55 PM

To: *Resident's email address redacted*

Subject: About our water rates

Dear, Ms. Romersa,

Thank you for providing your comments and questions related to the 2022 Water, Wastewater and Stormwater Rate Study recommendations. I'm sorry you couldn't attend the meetings; you can find a recording of the public meeting at this [LINK](#). At this meeting, Tara Ford, Tempe's Municipal Utilities Director and Andrew Burnham, Stantec's Vice President of Technology and Consulting, describe in detail the recommendations of the rate study and address fixed cost recovery by meter size for water and wastewater billing as well as the stormwater/environmental fee establishment.

While Tara and Andrew do a good job of outlining the recommendations, I would like to address your questions with some additional detail.

Common industry practice is a two-part water rate structure comprised of both fixed and variable charges. Generally accepted practice recovers a portion of the costs of the system in a fixed charge, recognizing that utilities have substantial investments in capacity-related costs and other fixed costs that are incurred year-round to maintain a state of readiness to meet peak demands of their customers when they occur.

The fixed monthly water service charge includes recovery of a customer service portion of its revenue requirements in a component that is applied per bill, regardless of meter size, and recovers a portion of its average day revenue requirements applied based on meter size, scaled based on average usage by meter size averaged from Fiscal Year 2018-2019 through Fiscal Year 2020-2021.

The portion of the water revenue requirement that the Utility recovers through fixed charges is currently 22% of overall revenue. The Study recommends decreasing the Utility's fixed cost

recovery to 16%. A lower portion of total cost recovery from fixed costs can increase affordability for residential customers by

allowing them to control their bills with their usage. Table 5-1 details the recommended changes to the fixed monthly water service charge.

Table 5-1: Summary of Current and Recommended Water Fixed Monthly Service Charges

Meter Size	Current Fixed Monthly Service Charge	Recommended Customer Component	Recommended Portion of Average Day Cost	Total Recommended Fixed Monthly Service Charge*
5/8"	\$13.55	\$6.00	\$4.25	\$10.25
3/4"	\$15.30	\$6.00	\$5.50	\$11.50
1"	\$22.80	\$6.00	\$10.80	\$16.80
1.5"	\$48.40	\$6.00	\$28.65	\$34.65
2"	\$94.35	\$6.00	\$59.45	\$65.45
3"	\$213.45	\$6.00	\$91.90	\$97.90
4"	\$307.65	\$6.00	\$222.10	\$228.10
6"	\$1,183.00	\$6.00	\$650.95	\$656.95
8"	\$2,064.50	\$6.00	\$1,012.85	\$1,018.85
10"	\$3,092.90	\$6.00	\$1,519.25	\$1,525.25

*Recommended fixed charges are rounded to the nearest \$0.05.

In addition to fixed monthly service charges, water utilities often levy variable charges based on volumetric water consumption measured for each customer. The City utilizes an inclining block water rate structure for the single-family residential customer class and a uniform rate structure for all other customer classes. Inclining block rate structures are increasingly common across the country, as these rate structures provide the ability to recognize the cost of peak demands and have the ancillary benefit of promoting water efficiency. Table 5-2 summarizes the new tier recommendations that reflect consideration of billing data from the City for Fiscal Year 2019-2020, Fiscal Year 2020-2021, current usage profiles and the Fiscal Year 2022-2023 revenue requirements.

Table 5-2: Summary of Current and Recommended Tiered Volumetric Charges

Usage Tier	Current Volume Charges	Current Usage (1,000s of gallons)	Recommended Volume Charges	Recommended Usage (1,000s of gallons)
Tier 1	\$1.90	0 - 6	\$2.53	0 - 8
Tier 2	\$2.91	>6 - 12	\$3.93	>8 - 16
Tier 3	\$4.01	>12 - 20	\$5.00	>16 - 36
Tier 4	\$5.08	>20 - 40	\$5.79	36 +
Tier 5	\$5.58	40 +	-	-

The current and recommended volumetric rates for non-single family customer classes are shown in Table 5-3 and reflect the results of the cost-of-service analysis.

Table 5-3: Summary of Current and Recommended Non-Single Family Volumetric Rates-Water

Customer Class	Current Volumetric Rate (\$/1,000 gallons)	Recommended Volumetric Rate (\$/1,000 gallons)
Multi-Family	\$2.11	\$2.81
Commercial	\$2.73	\$3.16
Industrial	\$2.85	\$3.12
Landscape	\$4.08	\$4.26
Construction	\$4.42	\$4.66

The fixed monthly wastewater service charges for customers follow the pattern set by the water system and are the result of the same integrated rate design process. For wastewater, approximately 27% of fixed costs are assigned to fixed monthly service charges, which are scaled in accord with factors from the water system. The recommended fixed monthly service charge structure is provided in Table 5-4.

Table 5-4: Summary of Current and Recommended Wastewater Fixed Monthly Service Charges

Meter Size	Current Fixed Monthly Service Charge	Recommended Customer Component	Recommended Portion of Fixed Costs	Total Recommended Fixed Monthly Service Charge*
5/8"	\$10.30	\$4.51	\$4.79	\$9.30
3/4"	\$14.00	\$4.51	\$6.19	\$10.70
1"	\$25.10	\$4.51	\$12.14	\$16.65
1.5"	\$46.70	\$4.51	\$32.19	\$36.70
2"	\$72.60	\$4.51	\$66.79	\$71.30
3"	\$176.00	\$4.51	\$103.29	\$107.80
4"	\$349.00	\$4.51	\$249.54	\$254.05
6"	\$695.00	\$4.51	\$731.49	\$736.00
8"	\$1,650.00	\$4.51	\$1,138.14	\$1,142.65
10"	\$2,600.00	\$4.51	\$1,707.24	\$1,711.75

*Recommended fixed charges are rounded to the nearest \$0.05.

Volumetric charges for wastewater were developed to recognize:

- The estimated strength profile of each customer class
- The estimated percentage of potable water use returned to sewer for each customer class
- The volumetric contributions of each class.

The recommended volumetric wastewater rates are provided in Table 5-5. Volumetric rates for the residential classes are the lowest among the classes at \$2.12 and \$2.39 for single family and multi-family, respectively. The recommended commercial wastewater volumetric structure is a simplification of the current system. It consists of a two-part structure with low strength uses (such as office uses and self-service laundries) to be charged \$3.03 per 1,000 gallons, and higher strength uses (such as food sales, restaurants, and dry cleaners) to be charged \$4.44 per 1,000 gallons. These recommendations reflect the results of Tempe's Wastewater Strength and Return Study and bring volumetric billing more closely into alignment with the incidence of costs.

Table 5-5: Summary of Current and Recommended Wastewater Volumetric Rates

Customer Class (Current)	Recommended Customer Class	Current Volumetric Rate (\$/1,000 gallons)	Recommended Volumetric Rate (\$/1,000 gallons)
Single Family	Single Family	\$1.84	\$2.12
Multi-Family	Multi-Family	\$1.84	\$2.39
Commercial (self-service laundry)	Commercial (Low)	\$2.82	\$3.03
Commercial (hospitals)	Commercial (Low)	\$3.06	\$3.03
Commercial (other)	Commercial (Low)	\$3.06	\$3.03
Commercial (food sales)	Commercial (High)	\$4.58	\$4.44
Commercial (restaurants/bakeries)	Commercial (High)	\$7.91	\$4.44
Commercial (dry cleaners)	Commercial (High)	\$7.91	\$4.44
Industrial	Industrial	Varies	Varies

The City's water and wastewater utility is a self-supporting enterprise fund, which means that services are funded through rates, fees and charges paid for by customers. The Water Utility Division does not utilize the General Fund, which is funded by tax dollars. In addition, Tempe owns and operates two municipal golf courses, Ken McDonald and Rolling Hills. Both courses use raw water to irrigate turf, vegetation and trees. Potable water is only used at the clubhouses, restrooms and water fountains. The operating costs of both facilities including potable and raw water costs are paid for by the Golf Fund, which is also an enterprise fund.

State Water Quality Assurance Fee

The Arizona water quality tax was passed by the State of Arizona. This tax is based on the amount of water used during the period covered. It is a direct tax by the state to be paid to the state water quality assurance revolving fund to partially fund the Arizona Department of Environmental Quality and Arizona Department of Water Resources. Both State Departments provide oversight and audit municipal water utilities in the State of Arizona.

The rate increase projections from the 2022 rate study report do not double rates in the first five years forecasted. Table 5-6 shows the average costs over the next five years for customers with a 5/8-inch meter using 8,000 gallons of water and 5,600 gallons of wastewater. The stormwater/environmental fee included, as well. The total bill increase from \$51.37 in Fiscal Year 2021-2022 to \$67.20 in Fiscal Year 2026-2027 is 30.8% or an average increase of \$3.17 per year.

Table 5-6: Projected Monthly Utility Bills for an Average Residential Customer

	FY 2022 (Current)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Water Rate Increase	3.0%	5.5%	5.5%	5.5%	5.5%	5.5%
Wastewater Rate Increase	0.0%	2.5%	4.0%	6.0%	6.0%	4.0%
Stormwater / Environmental Fee**	\$0.00	\$3.00	\$3.15	\$3.30	\$3.50	\$3.70
Water Bill (8,000 gallons)	\$30.77	\$30.49***	\$32.17	\$33.94	\$35.80	\$37.77
Wastewater Bill (5,600 gallons)	\$20.60	\$21.17	\$22.02	\$23.34	\$24.74	\$25.73
Total Bill	\$51.37	\$54.66	\$57.33	\$60.57	\$64.04	\$67.20
Total \$ Change		\$3.29	\$2.67	\$3.24	\$3.47	\$3.16
Total % Change		6.4%	4.9%	5.7%	5.7%	4.9%

A new consideration in this study was the identification of stormwater and environmental related costs that could support the establishment of a new fee, a current trend observed with many local agencies (such as the cities of Mesa, Phoenix, Scottsdale, Peoria, Surprise and the Town of Gilbert). The analysis began with the identification of which specific cost centers within the Utility were performing stormwater, air quality or other similar environmental services.

Table 5-7 identifies the numerous activities being performed throughout the City and their corresponding identified cost requirements. As can be seen, the water and wastewater costs include a portion a Household Products Collection Center costs and other environmental compliance costs. Inclusion of these costs in a new fee would constitute more than just a stormwater fee, which is consistent with most of the other local agencies with a stormwater/environmental fee, except for the cities of Scottsdale and Peoria.

Table 5-7: Summary of Stormwater and Environmental Program Costs

Department/Fund	Expense/Activity Type	FY 2023 Cost
Water/Wastewater	Utilities Operations, Environmental , Household Products Collection Center), Street Sweeping, Other Misc.	\$1,526,368
Parks	Drywell Inspection and Maintenance, Vector Control, Capital Projects	\$388,957
Other General Fund Departments	Additional stormwater costs outside interactivity charges, contribution to Environmental regulatory	\$247,704
Sustainability	Residential Green Stormwater Infrastructure Program	\$30,000
Debt Service Fund	Estimated debt service for prior projects (since 2012) and current CIP	\$369,757
Total Annual Costs		\$2,562,786

As such, it is recommended that the City proceed with an initial fee of \$3.00 per account per month to recover the portion of costs currently supported by water and wastewater rates. It is important to note that should the City decide not to move forward with the recommended stormwater/environmental fee, the water and wastewater rates presented herein would need

to be increased to cover the full cost requirements of the Utility. Specifically, water and wastewater rates would need to be increased to recover the identified revenue requirements of approximately \$1.5 million.

Regarding your questions about “residential” rates my response is assuming you are referencing the single-family residential customer classification. The single-family customer classification includes short-term and long-term rental properties and no differentiation is made based on the type of tenant. If a single-family residential property has been converted to a business such as a medical care facility or an office and the owner has filed, paid for and received the appropriate permits from Tempe’s Community Development Department, the account’s customer classification will be changed to commercial.

Thank you, again, for your questions and your engagement in our 2022 Water, Wastewater and Stormwater Rate Study process. Your questions and input provide valuable insights and help us make better, more informed decisions. There are additional materials located on tempe.gov/UtilityRateStudy that you may find helpful, such as the [single-family residential rate recommendation fact sheet](#) or [rate study report](#).

Please feel free to contact me with any additional questions.

Thank you,
Stephen

Stephen White
Municipal Utilities Business Manager
City of Tempe, Municipal Utilities Department
Phone: 480-350-8847
Cell: 480-353-7386
stephen_white@tempe.gov



From: *Resident’s email address redacted*
Sent: Wednesday, November 23, 2022 10:15 AM
To: White, Stephen <Stephen.White@tempe.gov>
Cc: Woods, Corey <Corey.Woods@tempe.gov>
Subject: FW: About our water rates

Stephen,

Thank you for your reply and the time you must have taken to put this email together. I have viewed the link. Thank you. And to The City of Tempe, thank you for your effort to keep this transparent.

My thoughts:

1. National Rate Comparison is vague. Our inflation rate is much higher than almost, if not all cities Stantec features.
2. Commercial accounts are being babied. From the get go you are letting them slide. There was a viewer who asked about this and I believe Stantec's answer was inadequate.
3. Is the 30.8% overall increase inclusive of the Storm Water fee even though you have just taken it out for clarity. Therefore it will increase each year, correct?
4. How does Tempe Town Lake fall into this? How are we paying for its maintenance?
5. How do we, as Tempe residents pay for our parks maintenance? It was mentioned that the city bills itself, however, its self is us. Is this paid for through our property taxes or sales taxes?

Thank you,

Karen Romersa

From: White, Stephen [<mailto:Stephen.White@tempe.gov>]

Sent: Monday, November 28, 2022 9:36 AM

To: *Resident's email address redacted*

Cc: Spisz, Parrish

Subject: RE: About our water rates

Dear, Ms. Romersa,

Thanks for taking the time to read my response, view the public meeting video and share your thoughts. The following are additional responses to some of your comments and questions.

1. National Rate Comparison is vague. Our inflation rate is much higher than almost, if not all cities Stantec features.

The national rate comparison slide compares Tempe's single-family utility bill with 6,000 gallons of water and 6,000 gallons of wastewater at current rates to other municipal utility bills around the nation. This slide was intended to show how affordable Tempe's utility bills are comparatively. This typically is the case regionally as well (Phoenix Metropolitan Area and statewide).

2. Commercial accounts are being babied. From the get go you are letting them slide. There was a viewer who asked about this and I believe Stantec's answer was inadequate.

Fairness and equitable distribution of costs to each of the City's water and wastewater customer classifications is a critical component to every rate study that Municipal Utilities completes. The rate study process is guided by industry best practice utilizing the best data available including advanced metering infrastructure for water demand characteristics and a recently completed Wastewater Strengths and Loadings Study (Study).

Municipal Utilities has not increased wastewater rates since January 2016 and has not completed a Study in more than a decade. Based on the findings of the Study, commercial and industrial wastewater customers have been paying a higher percentage of the overall costs of the wastewater system. Based on this data, the result was a reduction to some of the commercial and industrial wastewater rates.

3. Is the 30.8% overall increase inclusive of the Storm Water fee even though you have just taken it out for clarity. Therefore it will increase each year, correct?

The stormwater/environmental fee increase is inclusive of the overall 30.8% increase projected in the rate study over the next five years. The stormwater/environmental fee is projected to increase each year based on inflation.

4. How does Tempe Town Lake fall into this? How are we paying for its maintenance?

The operating and maintenance costs of Tempe Town Lake are paid for by the Rio Salado Community Facilities District (RSCFD). Funding for RSCFD is the responsibility of the property owners in proximity of Tempe Town Lake. You may find additional resources on the RSCFD [here](#).

5. How do we, as Tempe residents pay for our parks maintenance? It was mentioned that the city bills itself, however, its self is us. Is this paid for through our property taxes or sales taxes?

Park maintenance is funded by the General Fund, which receives revenue through taxes and other fees. All potable water use is metered, and each meter has an account holder. Water used at a park is paid for by the City's General Fund. I hope I've answered your question and I know this can be quite confusing as there may be multiple funding sources for different areas of the City. The City's Municipal Budget Office publishes a pamphlet annually that provides more detail of the budget and funding sources. It's called the [Budget In Brief](#).

Thank you for your comments, questions and your engagement in this important process. Please feel free to call or email me if you have additional questions.

Thanks,
Stephen

Stephen White
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From: *Resident's email address redacted*
Sent: Wednesday, November 30, 2022 7:14 AM
To: White, Stephen <Stephen.White@tempe.gov>
Subject: RE: About our water rates

Thank you for your emails. Another question. Do commercial properties have lobbyists who met with the City of Tempe and other cities?

From: White, Stephen
Sent: Monday, December 5, 2022 3:49 PM
To: *Resident's email address redacted*
Cc: Spisz, Parrish <Parrish.Spisz@tempe.gov>
Subject: RE: About our water rates

Hi, Ms. Romersa,

Municipal Utilities staff does not meet with commercial property lobbyists during water, wastewater and stormwater rate studies. I'm not knowledgeable of other cities' practices.

Thanks,

Stephen

Stephen White
Municipal Utilities Business Manager
City of Tempe, Municipal Utilities Department
Phone: 480-350-8847
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stephen.white@tempe.gov

