

**Cost of Service Study  
Integrated Waste/Water/Wastewater  
Proposed Utility Rates  
04/01/25**

- Updated Cost of Service (COS) Studies for FY 25-26 through FY 29-30 (5 years)
  - Proposed rates for FY 25-26 (July 2025) and FY 26-27 (July 2026)
  - Proposed rates are lower to the projected increases based on the previous studies completed in 2023 – Staff worked to reduced increases based on spending factors in CIP
  - Average Residential increase for City charges is about \$8.48 (6%) in FY25-26 & \$8.83 (6%) in FY26-27 per month
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- **Water**
  - Increase in FY 25-26 and FY 26-27 of 5% each year (overall how much more revenue is required to be received to meet COS)
    - Adopted increases in FY23-24 (6.5%) & FY24-25 (6.2%)
  - Bill Impact
    - Residential
      - FY 25-26 – 4% (\$2.79) increase and FY 26-27 – 5% (\$3.84) increase
    - Non – Single Family
      - FY 25-26 – 12% increase and FY 26-27 – 5% increase
    - Recycled
      - FY 25-26 – 13% increase and FY 26-27 – 5% increase
  - Years 3-5 of water COS project higher increases, exceeding 10% per year, to meet growing capital infrastructure needs, including anticipated bond financing and debt service
- **Sewer**

Increase in FY 25-26 and FY 26-27 of 3% each year (overall how much more revenue is required to be received to meet COS)

  - 3% and 1% about \$0.48 increase in FY 2025-26 and \$0.09 increase in FY 2026-27 per month each year for single family residential
  - IEUA proposed increases for FY25-26 (9%) and FY 26-27 (9%)
    - FY 25-26 (\$2.23) and FY 26-27 (\$2.43)
  - Overall (\$2.71 & \$2.52 per month including the IEUA proposed increases for the sewer treatment pass through)

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- **Integrated Waste**

- Residential similar as last two years 12% and 10% \$5.21 first year, \$4.90 second year for the 96 gal. set (slightly lower for 64 gal. and 32 gal. set)
- Increase of 12% (\$5.21) in FY 2025-26 and increase of 10% (\$4.90) in FY 2026-27
- Commercial & Roll Off Rates adjustment vary based on COS

- **Key Assumptions**

- Salary Increases of 9% FY 2024 and FY 2025 and average of % increase
- Increase of cost for Water Purchases
- Includes Municipal Service Center Relocation and sale proceeds
- Integrated Waste – increase in Administration Cost
- Integrated Waste – increase in Street Sweeping cost by \$4M
- Integrated Waste – increase in Disposal Cost
- Water Capital Cost \$250M

- **Schedule**

- Prop 218 Notice to be mailed May 1, 2025
- June 15 Public Hearing and Rate Resolution as part of a Special Budget meeting