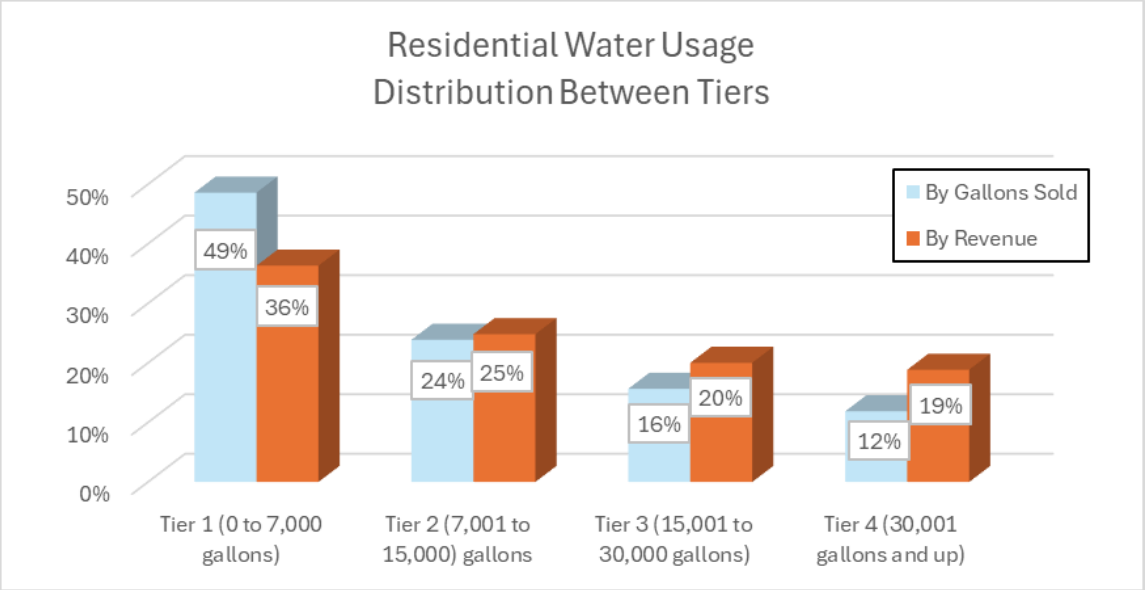
MEMORANDUM

Date: **June 16, 2025**
To: **City Council**
From: **Charles Gillette, P.E., Ivins City Public Works Dir/ City Engineer**
Re: **Rate Adjustments for FY2026 starting July 1, 2025 - follow up**

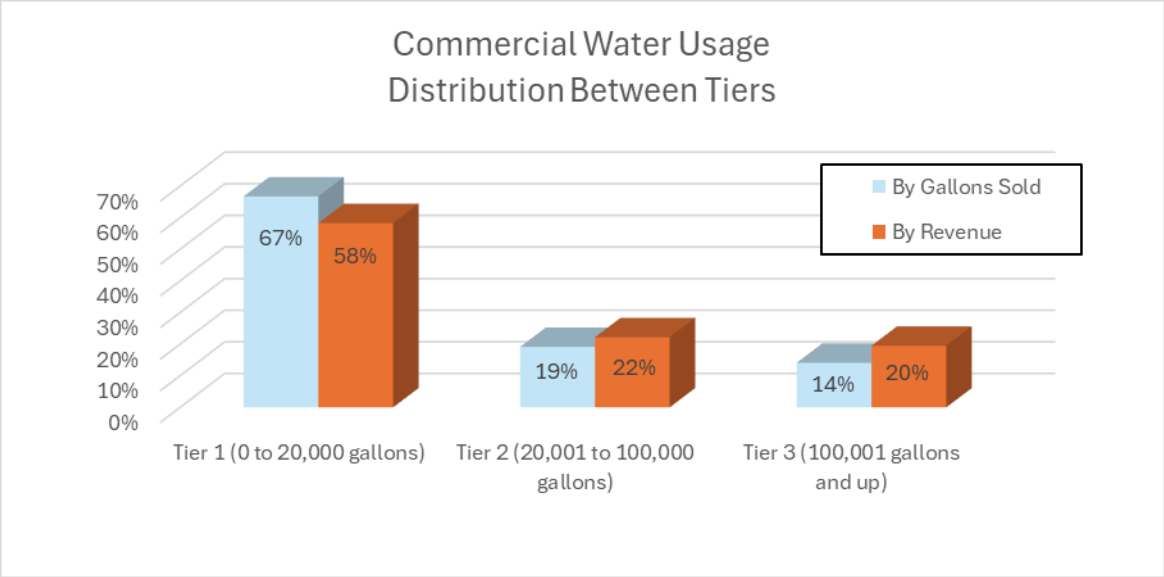
This memo is a follow up to the memo dated June 12 to the City Council and posted to the agenda. I received some questions of whether we should consider raising the rates differently so that the percentage increase is the same for all the tiers rather than just applying the $0.15 across the board. This would in effect be a more conservative-minded approach.

To do this, we must analyze how much water is being billed over the course of a year in each tier. First, we analyzed the residential accounts for usage over the past twelve months. The following chart shows the percentage of gallons sold versus the revenue collected based on the gallons sold.



As expected, the chart shows that volumes at the lower tiers are a higher percentage than the revenue percentage while in the higher tiers a lower percentage of volume corresponds to a higher percentage of revenue due to the escalation of water rates for higher usage.

We also analyzed the commercial accounts and have the following results.



You can see that the results are like the residential accounts but to a lesser affect.

Now that we have this information, we can determine what the total increase in revenue would be for a flat increase of $0.15 per thousand gallons. Based on this information a $0.15 per thousand-gallon increase results in the following:

Rate Revenue increase for
$0.15 per thousand gallon increase

	% Increase
Residential	3.8%
Commercial	4.4%

The resulting tiered rates would go as follows for residential

Residential Monthly Rates	**FY2025**	**increase**	**FY2026**	**% increase**
Water Consumption Charge per 1,000 Gallons				
Tier 1 (0 to 7,000 Gallons)	$2.97	**$0.11**	**$3.08**	3.8%
Tier 2 (7,001 to 15,000 Gallons)	$4.13	**$0.16**	**$4.29**	3.8%
Tier 3 (15,001 to 30,000 Gallons)	$5.08	**$0.19**	**$5.27**	3.8%
Tier 4 (30,001 and up)	$6.31	**$0.24**	**$6.55**	3.8%

And for commercial:

Commercial Monthly Rates	FY2025	increase	FY2026	% increase
Water Consumption Charge per 1,000 Gallons				
Tier 1 (0 to 20,000 Gallons)	$2.97	**$0.13**	**$3.10**	4.4%
Tier 2 (20,001 to 100,000 Gallons)	$3.94	**$0.17**	**$4.11**	4.4%
Tier 3 (100,001 Gallons and up)	$4.70	**$0.21**	**$4.91**	4.4%