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## Flagstaff City Council gives tentative approval to water, sewer rate increases

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In a unanimous decision, the Flagstaff City Council tentatively adopted a plan Tuesday evening to increase water and sewer rates over the next five years.

The plan, which has been discussed for months, is designed to fund deferred maintenance- and growth-related infrastructure projects needed by the city's water services department.

The increase in rates comes as other costs have also risen, and the cost of living and price of doing business in Flagstaff is top of mind.

Several councilmembers expressed their discomfort with their decision to increase the water and sewer rates.

Councilmember Lori Matthews was among those councilmembers, saying she hoped the city could still find ways to reduce the impact of rate hikes on residents and business.

"I'm still not real comfortable with the increases; [city staff] did a great job of reducing and making some concessions, but it still is a huge impact to our community," Matthews said.

Councilmember Miranda Sweet echoed that sentiment. Sweet said the city should work on a plan to assist residents who may now struggle to pay their water bills.

The new proposed rate increases would constitute a 49% increase to residential water rates and a 99% increase to sewer rates by the end of rate increases in 2029. Commercial rates are similarly impacted.

The level of the increase has dropped. Originally, the city had proposed to increase residential water rates by close to 81% and sewer rates by 144% by 2029. But after pressure from residents and the business community, Council directed staff to find a way to reduce the level of rate increases.

In the end, Council opted for a plan that targeted funding at fewer water projects, and looked to borrow money to fund a larger portion of those projects.

Joe Galli with the Flagstaff Chamber of Commerce told the Arizona Daily Sun that he and others in the business community will be happy to see this discussion in the rearview mirror.

As critical infrastructure, a reliable and quality water and sewer system is extremely important for Flagstaff's economy, he said.

Galli added that business are also bracing for the impact of the hikes.

"We're happy to kind of have an end to this and put it behind us, and let's get on with getting the infrastructure improvements done," he said. "It's critical for economic growth, and economic growth is critical for the vitality of the business community, but it is going to be very painful."

Galli said in his view, the rate increases only highlight the need to address other pressing issues that challenge Flagstaff's economy, and the ability of residents to live and work within the city.

Of those issues, housing affordability is perhaps the most salient issue.

"Our business members are pinched, and it's been tough and will continue to be tough as inflation persists and labor costs continue to go up with the local mandate," Galli said. "It's a real challenge to keep employees in town, because their dollar goes further for housing in other communities, largely the metro area; we hear from our business owners that they lose a lot of employees to the Valley."

Friends of Flagstaff's Future Executive Director Michele James told city council that they too still have concerns over the impact of the rate increases on disadvantaged residents.

"F3 continues to be concerned about the ability of lower- and fixed-income households to absorb the increases in water and wastewater rates during the next five years," James said.

In particular, James asked Council revisit the issue of equity within city water rates.

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