

Buckeye Water & Wastewater Rate Recommendations

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October 9, 2025



AGENDA

Recap

- Comparisons
- Cost Drivers
- Challenges
- Forecasts

New Rates Recommendations

- Proposed Cycle
- Proposed Structures
- Proposed Rates

Rate Journey Recap

- What is the Purpose of Utility Rates?

Recoupment of all expenses necessary to properly provide service in safe and effective manner:

- Personnel, Supplies & Services
- Water Portfolio
- Asset Management and Non-growth related CIP
- Developed through analysis of system-wide usage and impacts of usage groups on the system
- Encourage Conservation
- Strengthen Drought Management plans
- Support Financial Opportunities

- What Drives Rates?

Utility Cost Drivers

- Asset Management – “An oz of Prevention is Worth a Pound of Cure” maintains system efficiency, reducing long-term costs, manages risks
- Operations – Required for the delivery of services, expenses for:
 - Supplies & Services: Chemicals, Power, Preventative Maintenance activities
 - Personnel
 - Debt Service
 - Regulatory Compliance
 - General Fund Support
- Portfolio – Ensures water sustainability, cost efficiency, and reliability
- Capital Improvement – prepares for the future, reduces water loss, creates redundancy, ensures system integrity

Comparisons

Why are we Different?

Assets for Similar Customer Base	Liberty	Goodyear	Buckeye
Gallons Produced (billions)	4.93	3.55	4.10
Wells	16	14	33
Well Inspection Hours (no issues)	8	6	18
Production & Treatment FTEs	8	13	19
Reservoirs	2	9	24
Booster Pumps	12	39	87
Pressure Reducing Valves	4	4	24
Generators	11	13	48
Square Miles (not contiguous)	20	44	87.8

Comparisons Rate Cycles

Neighboring Utility Rate Cycles:

- Surprise: 5-Year
- Goodyear: 5-Year
- Glendale: 4/5-Year
- Peoria: 4-Year
- Avondale: 3-Year
- Tempe*: 1 -2-Year

**Tempe reviews their rates annually and conducts a formal rate study every 2 years.*

Multi-Year Rate Cycles:

- Financial Stability
- Predictability for Customers
- Fiscal Responsibility

Comparisons

Structure Comparisons

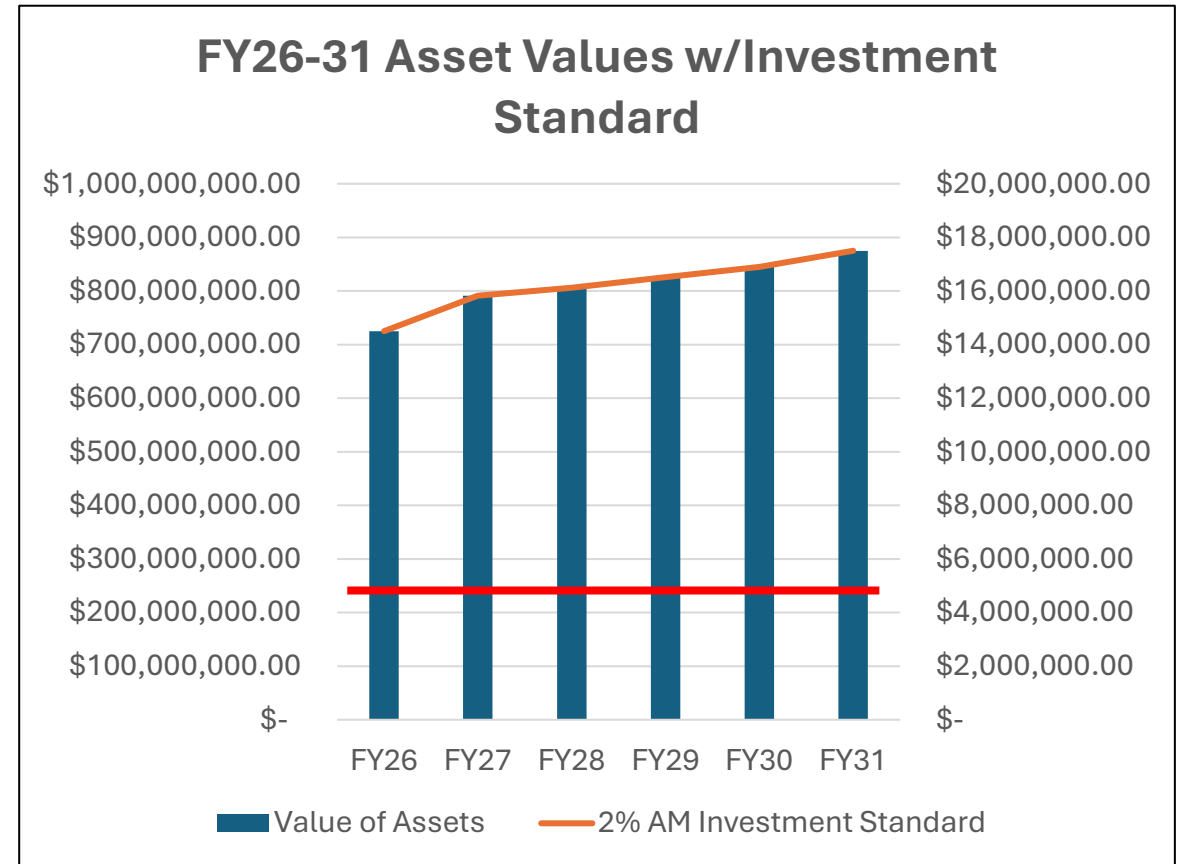
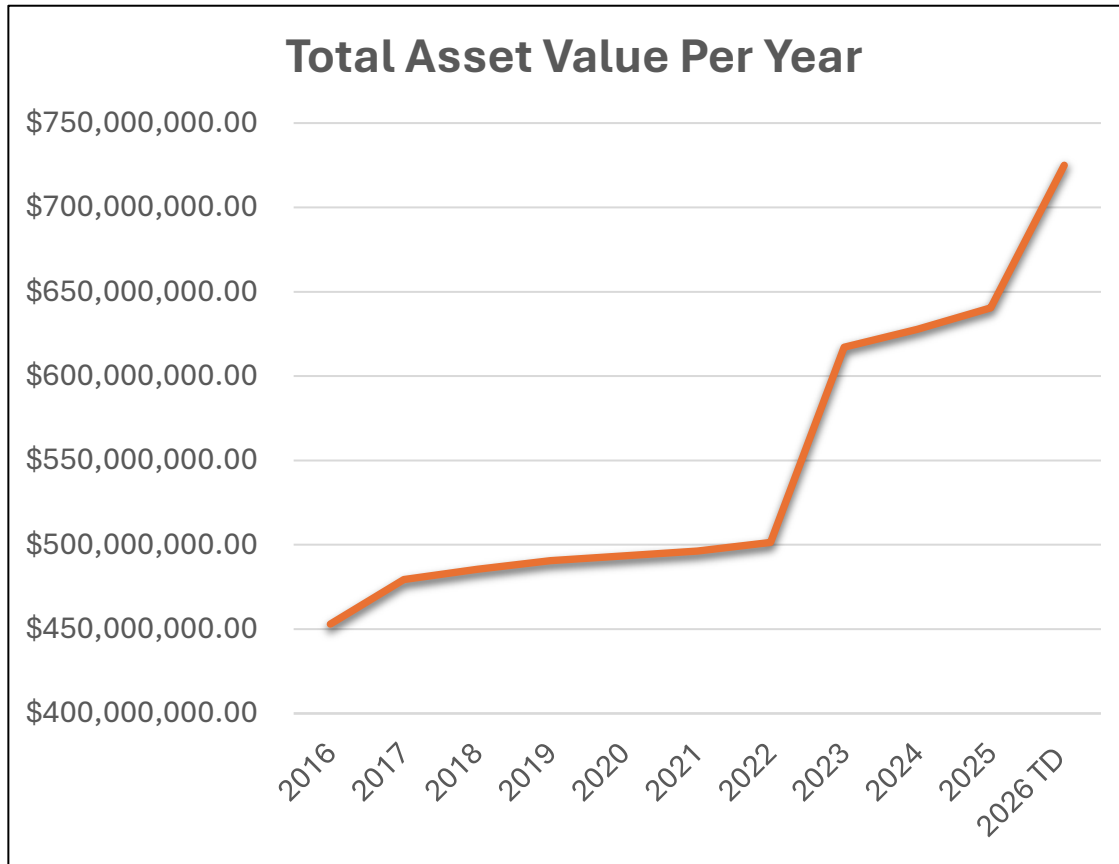
- **Compared to:**

- Tempe
- Surprise
- Avondale
- Peoria
- Goodyear
- Avondale

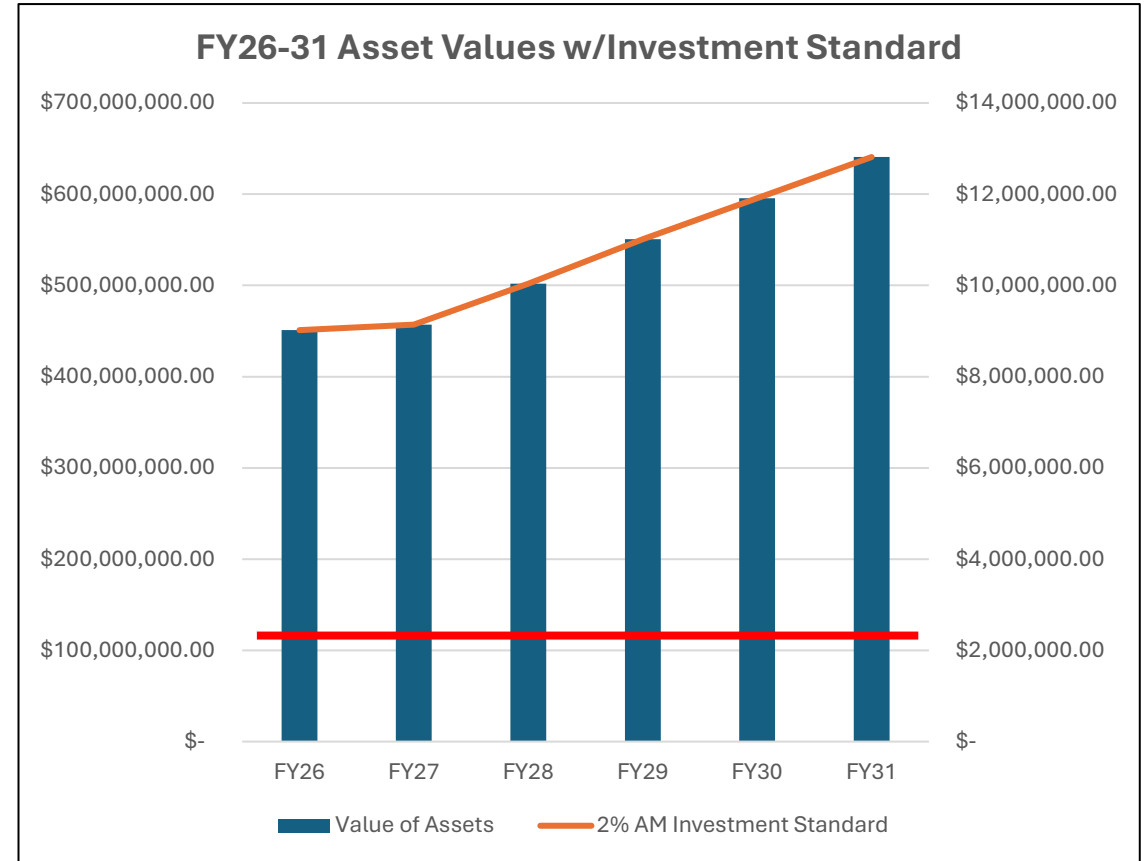
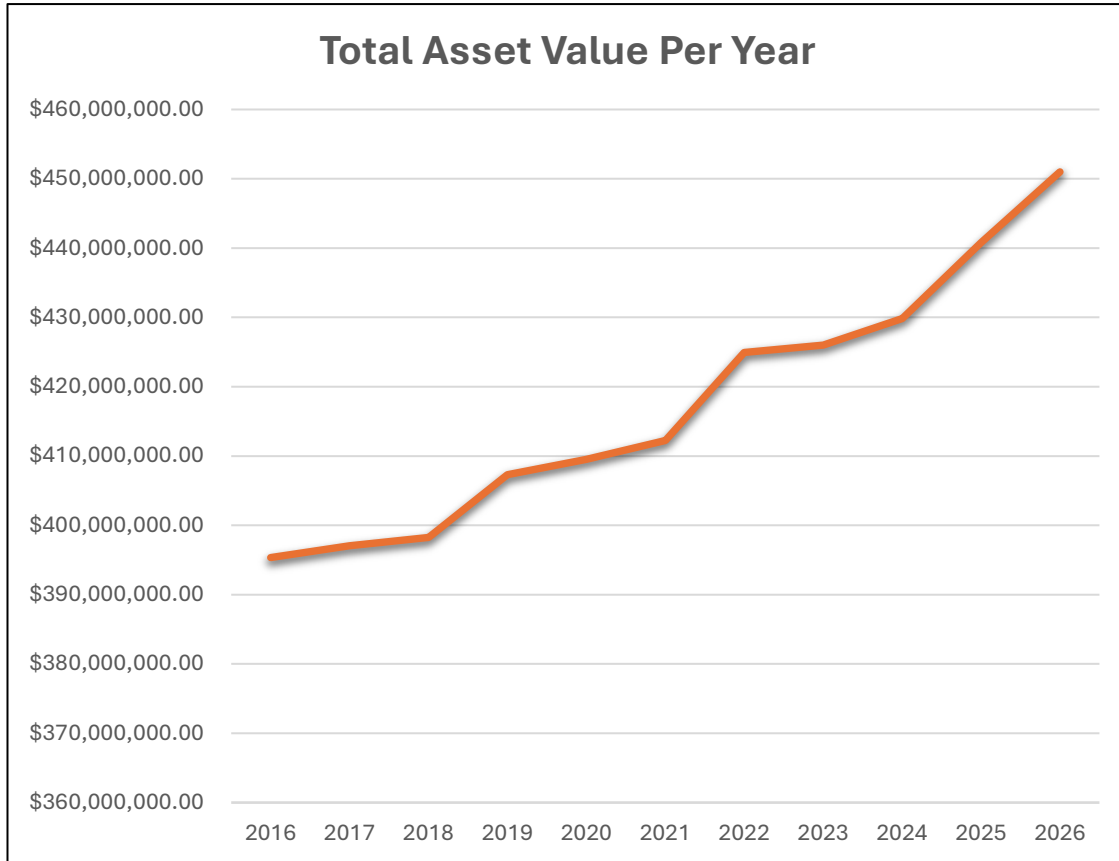
- **Primary Observations:**

- Most: Same base rates across all customer classes (both)
- All: Different base rates per meter size (both)
- Most: Maximized tiers to encourage conservation (water)
- Some: No residential usage fee (wastewater)

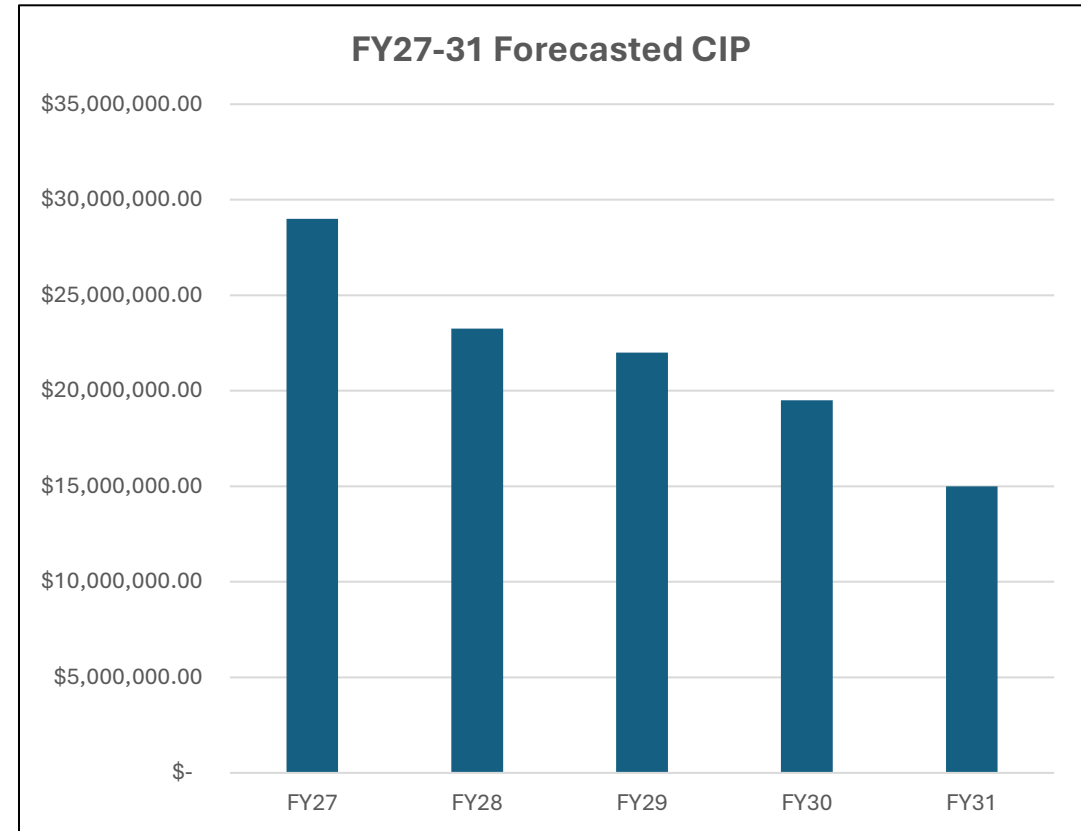
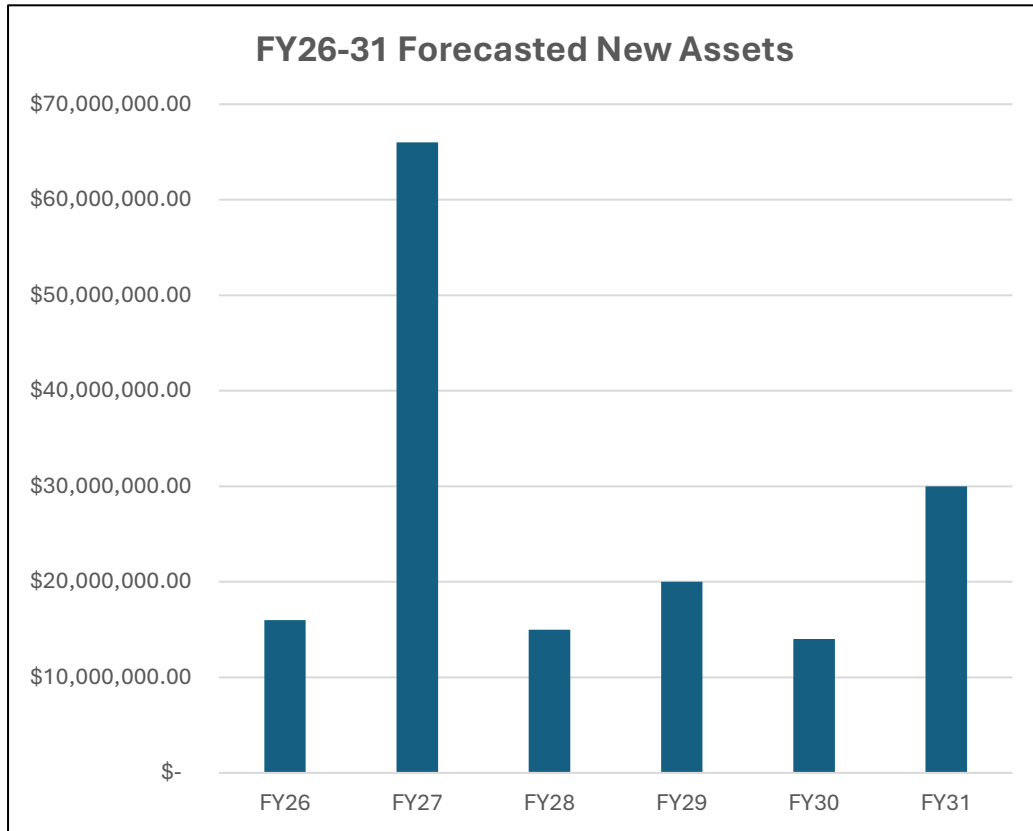
The Challenge with Assets - Water



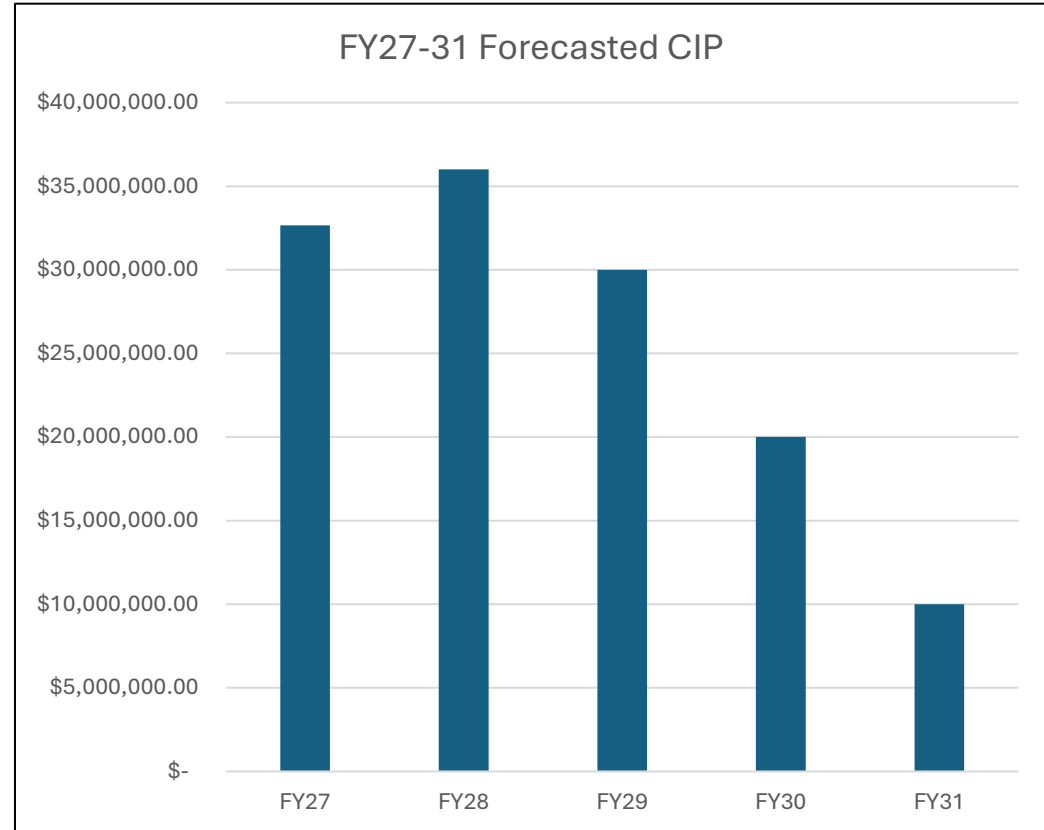
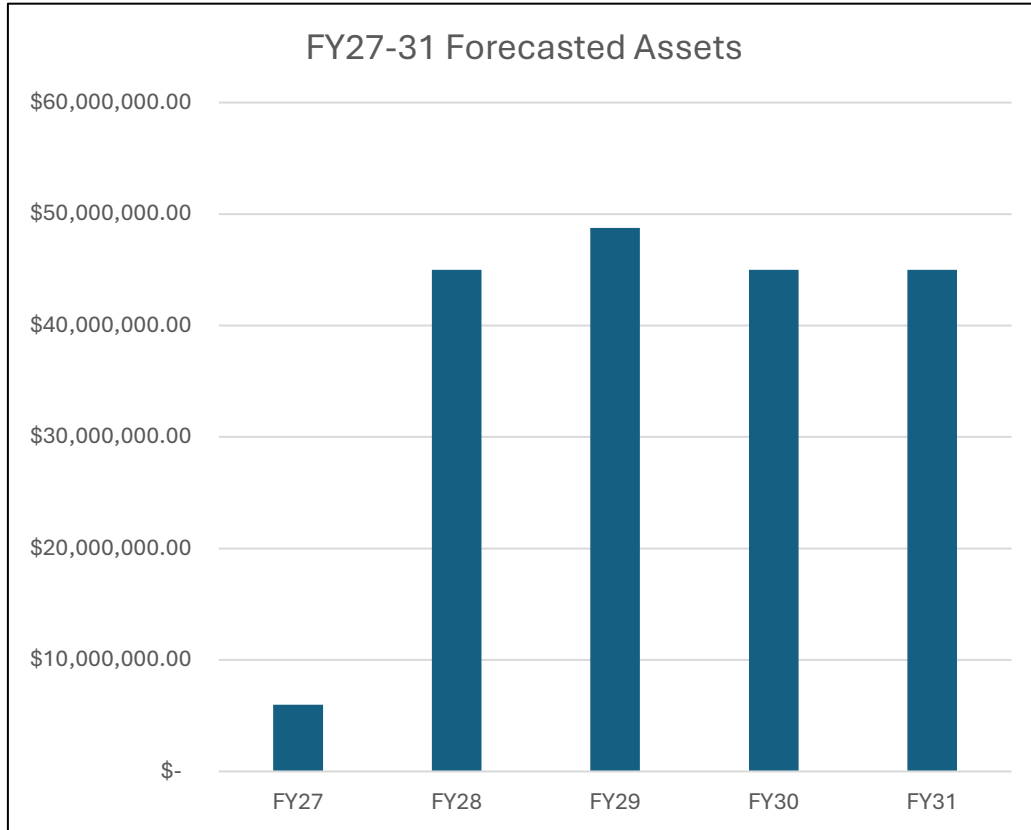
The Challenge with Assets - Wastewater



Asset & CIP Forecasts - Water

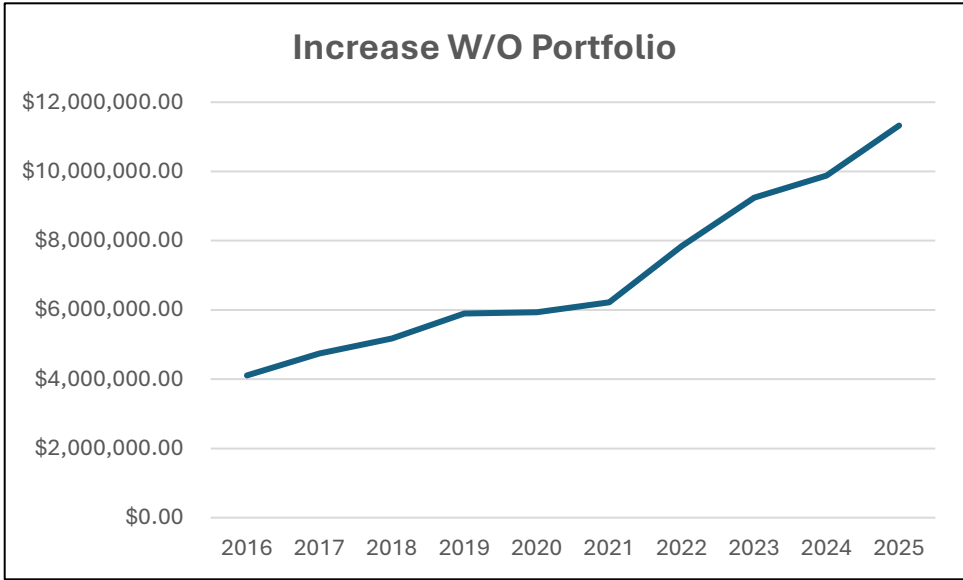
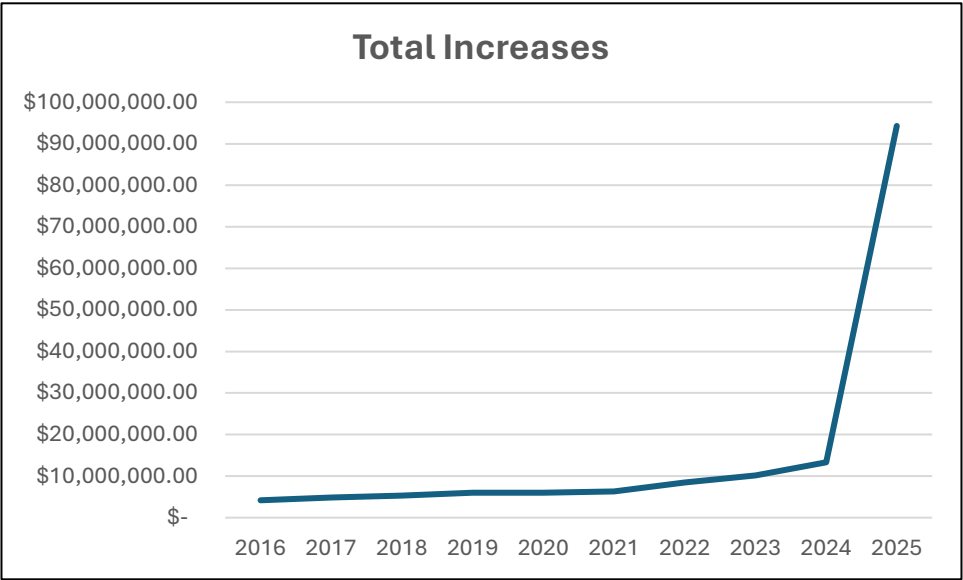


Asset & CIP Forecasts - Wastewater



Other Cost Driver Increases FY16-25

WATER	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Personnel	\$2,826,019	\$3,525,411	\$3,613,825	\$4,302,485	\$4,491,276	\$4,561,582	\$5,893,530	\$7,132,514	\$7,261,334	\$8,430,057
Electricity	\$1,204,486	\$1,123,581	\$1,467,675	\$1,495,167	\$1,346,244	\$1,512,953	\$1,730,682	\$1,785,931	\$2,229,640	\$2,448,657
Chemicals	\$77,681	\$92,915	\$96,548	\$94,738	\$99,677	\$145,491	\$220,896	\$325,679	\$388,828	\$447,808
Portfolio	\$75,611	\$74,687	\$96,954	\$87,930	\$86,375	\$120,504	\$652,289	\$883,426	\$3,458,972	\$82,958,994



Forecasts

Personnel	FY27	FY28	FY29	FY30	FY31
Water Utility	3.5	5.5	4	2	5
Water Total FTEs	70.5	76	80	82	87
Wastewater Utility	1	2.5	2	3	2
Wastewater Total FTEs	49	51.5	53.5	58.5	60.5
WRD FTE Totals	119.5	127.5	133.5	138.5	145.5

Operations	FY27	FY28	FY29	FY30	FY31
Water Utility	\$ 47,799,900	\$ 51,510,800	\$ 55,617,300	\$ 60,160,500	\$ 68,045,800
Wastewater Utility	\$ 17,667,982	\$ 18,162,062	\$ 19,930,929	\$ 21,561,718	\$ 23,740,291

Asset Management & CIP Forecasts

Assets				
	2025 Total Value* Under Management	2026-2030 New Asset Value	Total Value Under Management 2030	2% Asset Value** Annual Reinvestment
Water Assets	\$ 709,000,000	\$ 161,000,000	\$ 872,000,000	\$ 17,440,000
Wastewater Assets	\$ 451,000,000	\$ 189,750,000	\$ 640,750,000	\$ 12,815,000

* Replacement Value of all above grade assets (piping excluded).

** Reinvestment for optimal efficiency.

Capital Improvement Projects (CIP)				
	FY27-31 Total	Impact Fee %	Cost to Impact Fees	FY27-31 Cost to Rate Base
Water CIP Totals	\$ 103,750,000	51%	\$ 53,000,000	\$ 50,750,000
Wastewater Utility CIP Totals	\$ 128,650,000	37%	\$ 47,375,000	\$ 81,275,000

Rate Scenarios

- **No Adjustment:** funds projected to fall into significant deficit as early as July 1, 2026—and no later than July 1, 2027—if no adjustments are made. Not recommended.
- **Immediate Catch up:** financial impact on customers is deemed excessive with \$45 increase, and the city lacks current capacity to implement this approach efficiently. Not recommended.
- **Cycle 1 Catch up:** typical residential customer would still experience an increase of approximately \$30 per month - too burdensome for most households. Not recommended.

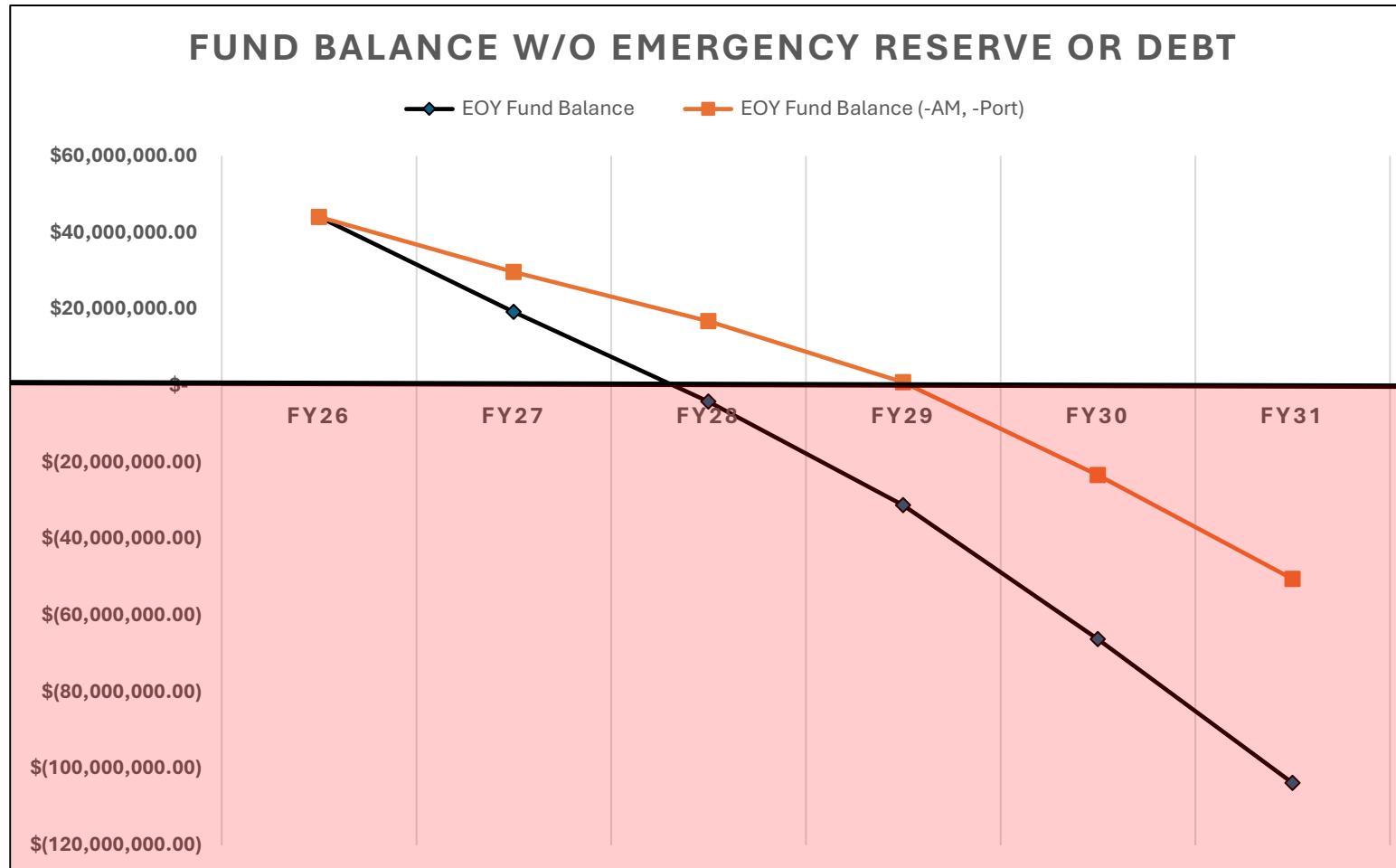
Gradualism - Recommended

Principal of implementing utility rate changes incrementally over time.

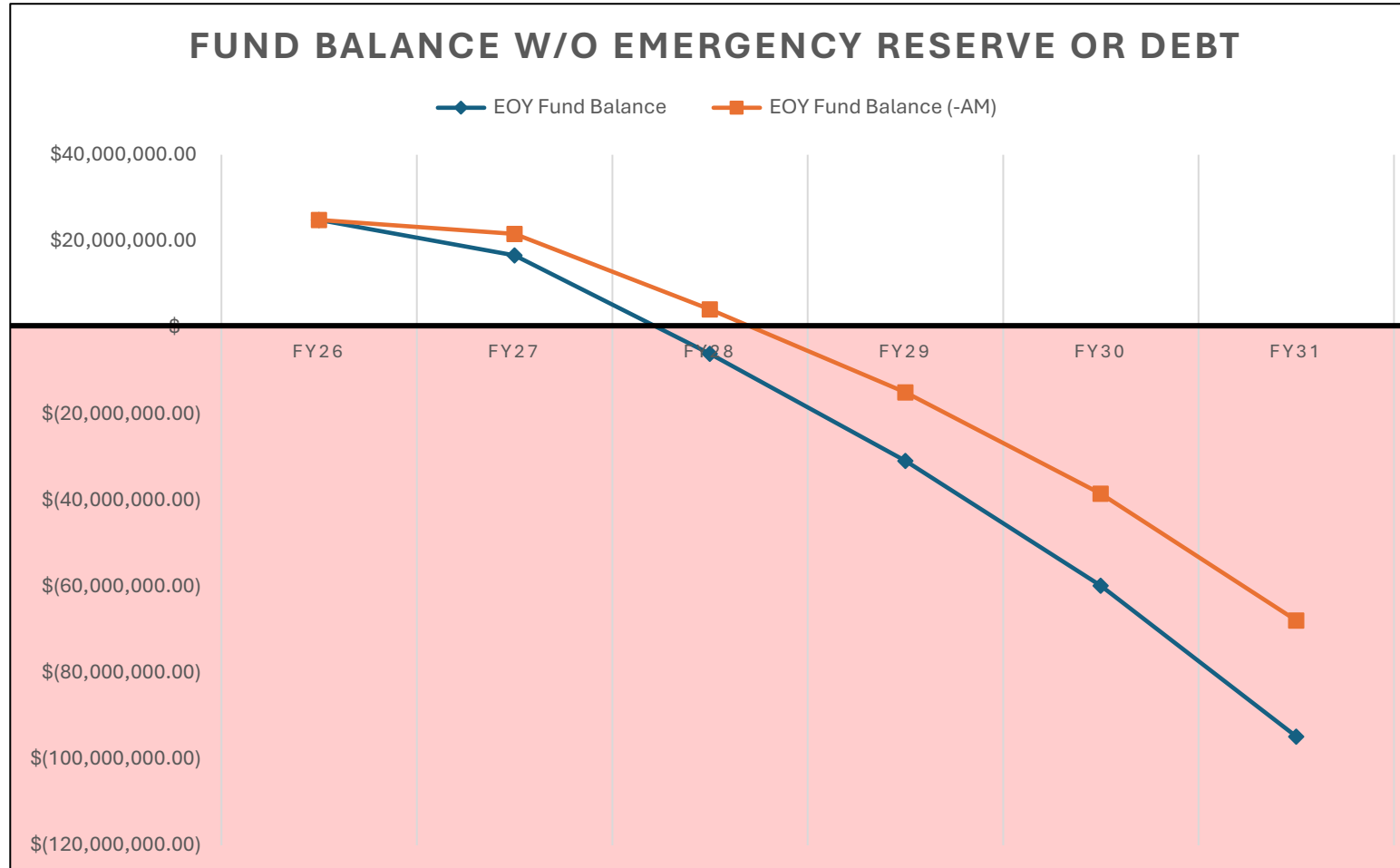
Balances competing interests—affordability, cost recovery, and fairness—while minimizing disruption to customers.

- Average monthly bill for a residential customer would increase by only \$10–15
- Department will continue to meet full revenue requirements and reserves
- Department able to execute required asset management reinvestment by **Cycle 3 (Years 11-15)**, assuming a five-year rate cycle is adopted.
- Continue to maintain the ability to address emergencies

Water Fund with No Adjustment



Wastewater Utility Status Quo Forecast



Water Gradualism Base Recommendation

*Current rates include \$3.05 Replacement Fee for Residential, Comm/Multi, and Potable Landscape

Current Residential	Current Commercial/ Multi-Family	Current Potable Landscape	Current Non-Potable Landscape	Meter Size	Proposed Rates - All Customers				
					2026	2027	2028	2029	2030
\$35.99	\$111.04	\$86.61	\$60.06	≤1"	\$33.93	\$37.15	\$40.68	\$44.34	\$48.34
\$35.99	\$111.04	\$86.61	\$60.06	1.5"	\$67.67	\$74.10	\$81.14	\$88.44	\$96.40
\$35.99	\$290.85	\$225.92	\$160.19	2"	\$108.31	\$118.60	\$129.87	\$141.55	\$154.29
\$35.99	\$290.85	\$225.92	\$160.19	3"	\$216.81	\$237.41	\$259.96	\$283.36	\$308.86
\$35.99	\$542.68	\$420.94	\$300.36	4"	\$338.73	\$370.91	\$406.15	\$442.70	\$482.54
\$35.99	\$902.43	\$699.53	\$500.59	6"	\$677.27	\$741.61	\$812.06	\$885.15	\$964.81
\$35.99	\$1,801.80	\$1,396	\$1,001.18	8"	\$1,083.67	\$1,186.62	\$1,299.35	\$1,416.29	\$1,543.75
\$35.99	\$1,801.80	\$1,396	\$1,001.18	10"	\$1,557.93	\$1,705.93	\$1,868.00	\$2,036.12	\$2,219.37

Water Gradualism Usage Recommendation

Residential Usage Rate (per month)	Current (per kgal)	2026	2027	2028	2029	2030
0 – 6k (69%)	\$3.93	\$4.69	\$5.13	\$5.62	\$6.13	\$6.68
6,001– 10k (17%)	\$4.91	\$5.86	\$6.42	\$7.03	\$7.66	\$8.35
10,001 – 20k	\$6.14	\$7.32	\$8.02	\$8.78	\$9.57	\$10.43
20,001 -30k	\$7.68	\$9.16	\$10.07	\$10.98	\$11.97	\$13.04
30,001+	\$9.59	\$11.44	\$12.53	\$13.72	\$14.96	\$16.30

Commercial Usage Rate (per month)	Current (per kgal)	2026	2027	2028	2029	2030
0 – 10k	\$8.08	\$6.49	\$7.11	\$7.79	\$8.49	\$9.25
10,001 – 30k (15%)	\$8.08	\$8.12	\$8.89	\$9.73	\$10.61	\$11.56
30,001 - 50k	\$8.08	\$12.18	\$13.33	\$14.60	\$15.92	\$17.35
50,001+ (60%)	\$8.08	\$21.31	\$23.33	\$25.55	\$27.85	\$30.36

Potable Landscape Usage Rate	Current (per kgal)	2026	2027	2028	2029	2030
0 – 50k	\$6.61*	\$5.84	\$6.42	\$7.00	\$7.63	\$8.31
50,001+	\$7.93*	\$8.75	\$9.63	\$10.49	\$11.44	\$12.47

Non-Potable Landscape Usage Rate	Current	2026	2027	2028	2029	2030
Per Thousand Gallons	\$3.30	\$4.69	\$5.13	\$5.62	\$6.13	\$6.68

*prior structure

Sewer Gradualism Base & Usage Recommendation

Residential Base & Usage Rates	Current	2026	2027	2028	2029	2030
≤1"	\$28.86	\$46.54	\$51.19	\$56.31	\$61.94	\$68.14
Per Thousand Gallons	\$2.00	\$0	\$0	\$0	\$0	\$0

Commercial Base Rate (per Meter Size)	Current	2026	2027	2028	2029	2030
≤1" (32%)	\$60.06	\$46.54	\$51.19	\$56.31	\$61.94	\$68.14
1.5"	\$60.06	\$92.81	\$102.09	\$112.30	\$123.53	\$135.88
2" (54%)	\$160.19	\$148.55	\$163.41	\$179.75	\$197.72	\$217.49
3"	\$160.19	\$297.37	\$327.11	\$359.82	\$395.80	\$435.38
4"	\$300.36	\$464.59	\$511.05	\$562.15	\$618.37	\$680.21
6"	\$500.59	\$928.91	\$1,021.80	\$1,123.98	\$1,236.38	\$1,360.02
8"	\$1,001.18	\$1,486.31	\$1,634.94	\$1,798.44	\$1,978.28	\$2,176.11

Comm. Usage Rate	Current	2026	2027	2028	2029	2030
Per Thousand Gallons	\$2.51	\$4.24	\$4.66	\$5.04	\$5.44	\$5.88

Gradualism Sample Bills *taxes & other fees not included*

Water	Assumptions	Current <small>*Includes \$3.05 R&R</small>	2026	2027	2028	2029	2030
Residential	1" Meter, 6K/month usage	\$ 59.57	\$62.07	\$67.93	\$74.40	\$81.12	\$88.42
Commercial	2" Meter, 60K/month usage	\$775.65	\$792.01	\$893.40	\$949.87	\$1,035.55	\$1,128.59
Landscape	2" Meter, 150K/month usage	\$1,349.42	\$1,275.33	\$1,403.14	\$1,528.86	\$1,667.05	\$1,816.79
Non-Potable	2" Meter, 150K/month usage	\$655.19	\$811.88	\$881.10	\$972.87	\$1,061.05	\$1,156.29

Sewer	Assumptions	Current	2026	2027	2028	2029	2030
Residential	1" Meter, any usage	\$ 38.86	\$46.54	\$51.19	\$56.31	\$61.94	\$68.14
Commercial	2" Meter, 60K/month usage	\$310.79	\$402.94	\$443.01	\$482.15	\$524.12	\$570.29

Recommended Rate Comparisons

Residential Bill Totals (1" Meter, 6K Gallons)					
Provider	Water Base	Water Usage	Sewer Base	Sewer Usage	Total* *Excluding Taxes & Fees
Avondale	\$17.20	\$15.02	\$9.34	\$16.16	\$57.72
Peoria	\$26.87	\$14.76	\$11.46	\$15.00	\$68.09
Tempe	\$20.10	\$18.96	\$19.25	\$14.88	\$73.19
Surprise	\$39.34	\$14.94	\$27.32	\$0.00	\$81.60
Glendale	\$26.10	\$22.32	\$13.00	\$30.42	\$91.84
Buckeye *today	\$35.99	\$23.58	\$28.86	\$12.00	\$100.43
Buckeye *2/2026	\$33.93	\$28.14	\$46.54	\$0.00	\$108.61
EPCOR	\$46.46	\$21.99	\$46.56	\$0.00	\$115.01
Buckeye *1/2027	\$37.15	\$30.78	\$51.19	\$0.00	\$119.12
Goodyear**	\$28.86	\$14.52	\$41.87	\$44.82	\$130.07

*Buckeye today includes \$3.05 R&R Fee

** Goodyear posted NOI on 9/25

Next Steps

- Tonight: WRC Votes on Recommendations
- October 21st : Council Workshop Session
- November 3rd: Festival Area Outreach Meeting
- November 4th : Council to issue Notice of Intent (NOI) to increase rates
- November 5th: Central Area Outreach Meeting
- November 6th: Sundance Area Outreach Meeting
- January 20th: Council Votes on Rates
- February 20th: Rates Implemented

DISCUSSION & QUESTIONS