

2025

**Water and Wastewater
Rate Study Report**



BUCKEYE

ARIZONA

WATER RESOURCES

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Recommended Water Base and Usage Rates

Meter Size	Residential and Landscape Proposed Base Rates			
	2026	2027	2028	2029
3/4"	\$30.02	\$31.30	\$32.63	\$34.01
1"	\$33.36	\$34.77	\$36.25	\$37.79
1.5"	\$66.51	\$69.34	\$72.29	\$75.36
2"	\$106.46	\$110.98	\$115.70	\$120.62
3"	\$213.12	\$222.18	\$231.62	\$241.46
4"	\$332.96	\$347.11	\$361.87	\$377.25
6"	\$665.73	\$694.02	\$723.52	\$754.26
8"	\$1,065.20	\$1,110.47	\$1,157.67	\$1,206.87
10"	\$1,531.39	\$1,596.47	\$1,664.32	\$1,735.06
Residential Usage Rate	2026	2027	2028	2029
0 – 6k	\$4.77	\$4.97	\$5.18	\$5.40
6,001– 10k	\$5.96	\$6.22	\$6.48	\$6.76
10,001 – 20k	\$7.45	\$7.77	\$8.10	\$8.44
20,001 -30k	\$9.69	\$10.10	\$10.53	\$10.98
30,001+	\$12.60	\$13.13	\$13.69	\$14.27
Potable Landscape Usage Rate	2026	2027	2028	2029
0 – 50k	\$7.02	\$7.32	\$7.63	\$7.96
50,001+	\$8.78	\$9.15	\$9.54	\$9.94
Non-Potable Landscape Usage Rate	2026	2027	2028	2029
Per 1,000 Gallons	\$4.77	\$4.97	\$5.18	\$5.40
Meter Size	Commercial, Hydrants & Multi-Family Proposed Base Rates			
	2026	2027	2028	2029
3/4"	\$70.20	\$73.18	\$76.29	\$79.53
1"	\$78.00	\$81.31	\$84.77	\$88.37
1.5"	\$155.53	\$162.14	\$169.03	\$176.22
2"	\$248.94	\$259.52	\$270.55	\$282.05
3"	\$498.35	\$519.53	\$541.61	\$564.63
4"	\$778.59	\$811.68	\$846.17	\$882.13
6"	\$1,556.71	\$1,622.87	\$1,691.84	\$1,763.74
8"	\$2,490.82	\$2,596.68	\$2,707.04	\$2,822.09
10"	\$3,580.94	\$3,733.13	\$3,891.78	\$4,057.18
Comm./Multi-Fam. Usage Rates	2026	2027	2028	2029
0-10K	\$9.45	\$9.86	\$10.27	\$10.71
10,001 – 30k	\$9.93	\$11.09	\$11.56	\$12.05
30,001 - 50k	\$9.93	\$12.47	\$13.00	\$13.55
50,001+	\$9.93	\$12.47	\$14.63	\$15.25
Hydrant Meter Usage Rates	2026	2027	2028	2029
Per 1,000 Gallons	\$9.93	\$12.47	\$14.63	\$15.25

Recommended Sewer Base and Usage Rates

Residential Sewer Base Rate	2026	2027	2028	2029
All Meters	\$39.44	\$42.20	\$45.15	\$48.31
Res. Sewer Usage Rate	2026	2027	2028	2029
Per 1,000 Gallons	\$0.00	\$0.00	\$0.00	\$0.00
Commercial Sewer Base Rate	2026	2027	2028	2029
(per Meter Size)				
¾"	\$43.50	\$46.55	\$49.80	\$53.29
1"	\$72.65	\$77.73	\$83.17	\$88.99
1.5"	\$144.86	\$154.99	\$165.84	\$177.45
2"	\$231.86	\$248.08	\$265.45	\$284.03
3"	\$464.15	\$496.64	\$531.40	\$568.60
4"	\$725.15	\$775.91	\$830.22	\$888.33
6"	\$1,449.86	\$1,551.34	\$1,659.94	\$1,776.13
Comm. Sewer Usage Rate	2026	2027	2028	2029
Per 1,000 Gallons	\$4.00	\$5.00	\$5.72	\$6.13

Definitions

Customer Class – Residential, Commercial/Multi-Family, Potable Landscape, and Non-Potable Landscape.

Enterprise Fund – A stand-alone financial fund where user fees cover all costs of service.

2025 Water and Wastewater Rate Committee (WRC) – Seven voting Buckeye residents (one per district plus one at-large) and two non-voting alternates.

Inflation – A sustained rise in general price levels that reduces purchasing power.

Asset Management (AM) – Strategic rehabilitation and replacement of utility assets.

Rate Cycle – A multi-year period in which utility rates are set based on projected expenditures.

Rate Structure – The combination of base rates, usage tiers, and miscellaneous fees used to recover costs.

Base Rate – A fixed monthly service charge.

Usage Rate – A variable charge based on metered water consumption.

Cost-of-Service (COS) – The allocation of utility costs to customer classes based on their share of system usage.

Revenue Requirement – Total funding needed to operate, maintain, and reinvest in the utility.

Introduction

The City of Buckeye provides water and wastewater services to approximately 33,000 water connections and 35,000 wastewater connections across its 640-square-mile service area. As enterprise-funded utilities, these services must be financially self-sustaining through user rates and fees.

The last water rate adjustments were implemented in 2020 and wastewater rates in 2016. In that time, despite rising costs and significant citywide growth, the Water Resources Department (WRD) has maintained quality service delivery through effective management strategies and strict operational efficiency. However, the utilities face serious financial pressures due to:

- Nearly 25% cumulative inflation since 2020.
- Significant Asset Management (AM) demands from aging and expanding infrastructure.
- Increasing operational costs driven by system growth and rising utility expenses.
- The ongoing need to maintain safe, reliable, and compliant water and wastewater services.

In 2025, the WRD—working collaboratively with the Finance Department (FIN) and the 2025 Citizen Water and Wastewater Rate Committee (WRC)—completed a comprehensive rate study to restore enterprise fund stability and ensure long-term resilience.

After receiving extensive feedback from the public, city management, and the Buckeye City Council, the established recommendations were further modified.

This report summarizes the results of the rate study and the WRC’s recommendations to the Buckeye City Council, and the subsequent modifications to the recommendations.

This study does not include meter fees or irrigation rate adjustments.

Goals & Objectives

The predominant goal of the rate study was to stabilize and strengthen the financial position of the water and wastewater utilities without causing undue hardship to any customer class.

To achieve this goal, the study pursued the following objectives:

1. Conduct a Cost-of-Service (COS) Analysis

- Determine each customer class’s fair share of system costs.
- Ensure no customer class subsidizes another.

2. Establish Revenue Requirements for Each Utility

Develop a multi-year rate schedule that generates sufficient revenue to:

- Fund essential Asset Management, portfolio needs, and annual operations.
- Maintain 17% emergency reserve levels, as required by city policy.
- Meet required debt service coverage ratios.
- Provide reliable funding for capital projects necessary to support citywide growth.

3. Promote Ratepayer Affordability Through Best Practices

- Strategically leverage debt to reduce near-term rate impacts.
 - Phase in adjustments gradually to promote long-term rate stability.
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Approach

The study evaluated current and projected enterprise fund revenues against overall financial requirements over a five-year period (FY26–FY30). After conducting COS allocations and establishing revenue requirements, WRD and FIN evaluated multiple rate scenarios with the WRC.

On October 9, 2025, the WRC unanimously recommended the Gradualism Scenario, a phased rate adjustment approach that:

- Provides consistent and predictable year-over-year revenue increases from 2026 to 2030.
- Builds AM and portfolio budgets to sustainable levels.
- Maintains affordability by avoiding steep, one-time rate increases.

Under the current (pre-adjustment) structure, rate revenue only increases through customer growth. However, these new accounts generate additional operating costs that offset any benefit from added revenue. Without rate adjustments, no economies of scale are realized.

After public outreach efforts and further staff analysis, it was determined that a four-year rate cycle was more appropriate due to planned future debt issuance. Under the recommended scenario, rate revenues increase by 35% over the four-year cycle, enabling the city to:

- Begin proactive AM implementation.
 - Invest in critical capital projects.
 - Stabilize fund balances.
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Model Development and Review

The city contracted Willdan to develop a comprehensive financial model incorporating revenues, expenditures, customer growth, AM needs, capital improvement planning, and debt service. WRD and FIN staff then designed rate strategies using this model, and the WRC reviewed and evaluated multiple alternatives.

After extensive feedback from the public, city management, and Buckeye City Council, the rates were further refined. Commercial, Hydrant, and Multi-family water base rates were separated from Residential, Potable Landscape, and Non-Potable Landscape. Additionally, the recommended rate cycle was reduced from five years to four years.

Source Data

Beginning Fund Balances

Finance Department data established the starting fund balances for both utilities.

Revenues

Utility revenue includes rate revenue, interest earnings, and miscellaneous service fees.

While based on the budget, FY26 reflects an anticipated rate adjustment; FY27–FY30 include projected customer growth, rate adjustments, and usage trends.

Expenditures

Revenue requirements include O&M expenses, personnel, asset Management, portfolio costs, interfund transfers, debt service, and capital investment needs.

Cost escalation assumptions follow city policy and historical averages.

Capital Improvement Plan (CIP)

The continuous investment into the utility’s infrastructure needs, specifically expansion and treatment, is a critical element of the utility’s financial plans.

Personnel Needs

Projected staffing increases reflect incoming infrastructure and service area growth:

Utility	FY27	FY28	FY29	FY30
New Water FTE	3.5	5.5	4	2
New Wastewater FTE	1	2.5	2	3

Personnel costs assume 12% annual growth (merit, COLA, insurance, liability).

Asset Management Needs

Year-Over-Year (YOY) asset management needs were developed based on manufacturer and industry standard rehabilitation and replacement schedules and analysis of known issues.

Water Utility

Required Revenue Determination

The analysis determined that current water rates are insufficient to meet future financial obligations. Gradual annual increases are required to close the gap between projected revenues and projected costs.

Water and wastewater rate revenues in each year are calculated based on the assumption the recommended rate increases are approved, projected growth is realized and expected billing volumes maintain historical growth trends.

Water Cost Drivers

1. Asset Management (AM)

The most significant cost driver, AM, requires consistent funding to ensure the proper rehabilitation and replacement of assets critical to the delivery of service. To this point, proactive AM practices have not been in place and rehabilitation, and replacement activities have only been performed reactively. This method of management is considerably more expensive and is unsustainable.

By FY26, WRD will manage \$791 million in critical water assets. Industry-standard AM budgets target 2% of asset value (~\$15.28 million annually). However, the rate increases needed to immediately create a 2% AM budget would cause a detrimental impact to the City of Buckeye customer's combined utility bill. Moreover, the city does not yet possess the resources (personnel, supporting department resources, etc.) to execute a 2% AM budget.

The proposed rates support a phased build-up beginning with \$3.4 million in FY27 and increasing to \$7.1 million in 2029.

2. Operations

Operational costs are rising due to:

- Inflation
- An anticipated 14–16% electric rate increase
- Additional infrastructure requiring chemicals, electricity, vehicles, and maintenance.

3. Portfolio

Portfolio costs represent long-term water supply and management investments. The proposed rates build-up a stable portfolio budget beginning with \$5.5 million in FY27 and increasing 10% annually.

4. Capital Improvement Requirements

Major capital projections for the Water utility through FY30 include significant investments in treatment, expansion, pressure management, and groundwater treatment projects. It is anticipated that \$45.1 million of major capital will be funded by rates, with an additional \$50.5 million will come from impact fees.

Projected Reserve Balance and Debt Coverage Ratio

Based on the City's financial policies, the water fund currently maintains an operating reserve equal to 17% of the utility's rate revenue. Additionally, a debt service coverage ratio of at least 1.2 times our debt service obligations is required by the financial policies.

As recommended, the rate plan can meet these two metrics along while maintaining an operating surplus. The following schedule outlines the anticipated performance against these metrics and estimated cashflow for the five-year period.

City of Buckeye - Water
Pro Forma with Debt Service Coverage and Fund Balance Reconciliation

	2026	2027	2028	2029	2030
Operations					
<i>Water Rate Revenue Increases</i>	4.25%	4.25%	4.25%	4.25%	4.25%
<i>% of Year Rate Increase Effective</i>	8.00%	50.00%	50.00%	50.00%	50.00%
Beginning Unrestricted Fund Balance	\$ 48,886,025	\$ 30,538,018	\$ 19,834,768	\$ 30,182,929	\$ 18,982,100
Rate Revenue 1	\$ 38,725,443	\$ 42,673,964	\$ 46,991,444	\$ 51,695,228	\$ 56,586,889
Total Rate Revenue	\$ 38,725,443	\$ 42,673,964	\$ 46,991,444	\$ 51,695,228	\$ 56,586,889
Other Operating Revenue	6,086,153	4,663,043	4,743,778	4,828,549	4,917,559
Interest Income - Operating Fund	1,946,997	678,300	657,800	633,400	368,500
Total Operating Revenue	\$ 46,758,593	\$ 48,015,307	\$ 52,393,021	\$ 57,157,177	\$ 61,872,948
Operating Expenses	(34,734,100)	(35,518,700)	(39,335,700)	(43,452,500)	(48,079,900)
Net Revenue	\$ 12,024,493	\$ 12,496,607	\$ 13,057,321	\$ 13,704,677	\$ 13,793,048
Plus:					
<u>Other Sources of Funds</u>					
Repair and Replacement Funding	500,000	-	-	-	-
Debt Proceeds	-	-	25,000,000	-	-
Less:					
<u>Other Uses of Funds</u>					
Minor Capital	\$ (1,447,300)	\$ (1,592,100)	\$ (1,751,300)	\$ (1,926,400)	\$ (2,119,000)
Major Capital	(20,000,000)	(6,662,500)	(10,243,594)	(5,384,453)	(2,759,532)
Non Operating Expenses	-	(5,517,600)	(6,069,360)	(6,676,296)	(7,343,926)
Existing Revenue Bond Debt Service	(9,425,200)	(9,427,656)	(9,426,156)	(9,425,856)	(9,426,656)
New Revenue Bond Debt Service	-	-	(218,750)	(1,492,500)	(1,471,500)
Net Cash Flow	\$ (18,348,007)	\$ (10,703,249)	\$ 10,348,161	\$ (11,200,829)	\$ (9,327,567)
Ending Unrestricted Fund Balance	\$ 30,538,018	\$ 19,834,768	\$ 30,182,929	\$ 18,982,100	\$ 9,654,533
Financial Policy Required Reserve	6,583,325	7,254,574	7,988,545	8,788,189	9,619,771
Variance Above/(Below) Fund Balance Target	23,954,692	12,580,194	22,194,384	10,193,911	34,762
Operating Surplus/(Deficit)	1,151,993	1,476,851	1,661,115	859,920	775,891
Debt Service Coverage Calculations:					
<u>Revenue Bond Debt Service Coverage</u>					
Rate Covenant Debt Service Coverage Test (Operations):					
Net Revenue Available for Debt Service Coverage Test	\$ 12,024,493	\$ 12,496,607	\$ 13,057,321	\$ 13,704,677	\$ 13,793,048
Revenue Bond Debt Service:					
Existing Revenue Bond Debt Service	9,425,200	9,427,656	9,426,156	9,425,856	9,426,656
New Revenue Bond Debt Service	-	-	218,750	1,492,500	1,471,500
Total Revenue Bond Debt Service	\$ 9,425,200	\$ 9,427,656	\$ 9,644,906	\$ 10,918,356	\$ 10,898,156
Debt Service Coverage - Operations	1.28	1.33	1.35	1.26	1.27
<i>Debt Service Coverage Requirement</i>	1.20	1.20	1.20	1.20	1.20

Rate Design

Recommendation: Gradualism Scenario (GM)

Under the recommended scenario, rate adjustments occur annually through the 2026–2029 rate cycle, improving fund stability and abating ratepayer impacts.

Base Rate Adjustments

The proposed restructuring realigns base rates with meter flow capacity, correcting inconsistencies in the current structure. As such, base rate changes for Residential, Potable Landscape and Non-Potable Landscape have been adjusted as depicted below.

Current Residential*	Current Potable Landscape*	Current Non-Potable Landscape	Meter Size	Residential and Landscape Proposed Base Rates			
				2026	2027	2028	2029
i.99	\$29.65	\$22.17	3/4"	\$30.02	\$31.30	\$32.63	\$34.01
i.99	\$86.61	\$60.06	1"	\$33.36	\$34.77	\$36.25	\$37.79
i.99	\$86.61	\$60.06	1.5"	\$66.51	\$69.34	\$72.29	\$75.36
i.99	\$225.92	\$160.19	2"	\$106.46	\$110.98	\$115.70	\$120.62
i.99	\$225.92	\$160.19	3"	\$213.12	\$222.18	\$231.62	\$241.46
i.99	\$420.94	\$300.36	4"	\$332.96	\$347.11	\$361.87	\$377.25
i.99	\$699.53	\$500.59	6"	\$665.73	\$694.02	\$723.52	\$754.26
i.99	\$1,396.00	\$1,001.18	8"	\$1,065.20	\$1,110.47	\$1,157.67	\$1,206.87
i.99	\$1,396.00	\$1,001.18	10"	\$1,531.39	\$1,596.47	\$1,664.32	\$1,735.06

Commercial base rates have also been reconfigured to reflect the increased flow per meter size below.

Current Commercial/Multi-Family*	Meter Size	Proposed Rates - Commercial			
		2026	2027	2028	2029
\$37.40	3/4"	\$70.20	\$73.18	\$76.29	\$79.53
\$111.04	1"	\$78.00	\$81.31	\$84.77	\$88.37
\$111.04	1.5"	\$155.53	\$162.14	\$169.03	\$176.22
\$290.85	2"	\$248.94	\$259.52	\$270.55	\$282.05
\$290.85	3"	\$498.35	\$519.53	\$541.61	\$564.63
\$542.68	4"	\$778.59	\$811.68	\$846.17	\$882.13
\$902.43	6"	\$1,556.71	\$1,622.87	\$1,691.84	\$1,763.74
\$1,801.80	8"	\$2,490.82	\$2,596.68	\$2,707.04	\$2,822.09
\$1,801.80	10"	\$3,580.94	\$3,733.13	\$3,891.78	\$4,057.18

Usage Rate Adjustments

Several adjustments were also made to the usage rate structures; however, they remain customer-class-specific and reflect typical consumption patterns:

- Residential usage tends to be stable and low. The monthly demand this customer class will place on the system is more easily projected allowing for accurate planning of supply management and operations.
- Commercial and landscape usage tends to fluctuate dramatically making their usage more difficult to project and plan for.

Residential tier changes include:

- Expanding Tier 3 to 20,000 gallons, giving the few residential customers in this tier more room to stay in Tier 3 rather than being pushed up to the higher rate of Tier 4.
- Shifting Tier 4 to 20,001–30,000 gallons.

Residential Usage Rate	2026	2027	2028	2029
0 – 6k	\$4.77	\$4.97	\$5.18	\$5.40
6,001– 10k	\$5.96	\$6.22	\$6.48	\$6.76
10,001 – 20k	\$7.45	\$7.77	\$8.10	\$8.44
20,001 -30k	\$9.69	\$10.10	\$10.53	\$10.98
30,001+	\$12.60	\$13.13	\$13.69	\$14.27

Commercial, potable landscape, and non-potable landscape usage rates are also given new or updated tier structures.

Potable Landscape Usage	2026	2027	2028	2029
0 – 50k	\$7.02	\$7.32	\$7.63	\$7.96
50,001+	\$8.78	\$9.15	\$9.54	\$9.94
Comm./Multi-Fam. Usage Rates	2026	2027	2028	2029
0-10K	\$9.45	\$9.86	\$10.27	\$10.71
10,001 – 30k	\$9.93	\$11.09	\$11.56	\$12.05
30,001 - 50k	\$9.93	\$12.47	\$13.00	\$13.55
50,001+	\$9.93	\$12.47	\$14.63	\$15.25
Non-Potable Landscape	2026	2027	2028	2029
Per 1,000 Gallons	\$4.77	\$4.97	\$5.18	\$5.40

Wastewater Utility

Required Revenue Determination

The analysis determined that current wastewater rates are insufficient to meet future financial obligations. Gradual annual increases are required to close the gap between projected revenues and projected costs.

Wastewater rate revenues in each year are calculated based on the assumption the recommended rate increases are approved, projected growth is realized and expected billing volumes maintain historical growth trends.

Wastewater Cost Drivers

1. Asset Management (AM)

The most significant cost driver, AM, requires consistent funding to ensure the proper rehabilitation and replacement of assets critical to the delivery of service. To this point, proactive AM practices have not been in place and rehabilitation and replacement activities have only been performed reactively. This method of management is considerably more expensive and is unsustainable.

By FY26, WRD will manage \$451 million in critical wastewater assets. Industry-standard AM budgets target 2% of asset value (~\$9 million annually). However, the rate increases needed to immediately create a 2% AM budget would cause a detrimental impact to the City of Buckeye customer’s combined utility bill. Moreover, the city does not yet possess the resources (personnel, supporting department resources, etc.) to execute a 2% AM budget.

The proposed rates support a phased build-up beginning with \$1.8 million in FY27 and increasing to \$5.2 million in 2029.

2. Operations

Operational costs are rising due to:

- Inflation

- An anticipated 14–16% APS electric rate increase
- Additional infrastructure requiring chemicals, electricity, vehicles, and maintenance.

3. Capital Improvement Requirements

Major capital projections for the Wastewater utility through FY30 include significant investments in treatment and expansion projects. It is anticipated that \$91.4 million of major capital will be funded by rates, with an additional \$45.5 million will come from impact fees.

Projected Reserve Balance and Debt Coverage Ratio

Based on the City’s financial policies, the wastewater fund currently maintains an operating reserve equal to 17% of the utility’s rate revenue. Additionally, a debt service coverage ratio of at least 1.2 times our debt service obligations is required by the financial policies.

As recommended, the rate plan can meet these two metrics along while maintaining an operating surplus. The following schedule outlines the anticipated performance against these metrics and estimated cashflow for the five-year period.

City of Buckeye - Wastewater
Pro Forma with Debt Service Coverage and Fund Balance Reconciliation

	2026	2027	2028	2029	2030
Operations					
<i>Wastewater Rate Revenue Increases</i>	<i>7.00%</i>	<i>7.00%</i>	<i>7.00%</i>	<i>7.00%</i>	<i>7.00%</i>
<i>% of Year Rate Increase Effective</i>	<i>8.00%</i>	<i>50.00%</i>	<i>50.00%</i>	<i>50.00%</i>	<i>50.00%</i>
Beginning Unrestricted Fund Balance	\$ 19,064,283	\$ 28,945,936	\$ 16,092,216	\$ 25,897,426	\$ 8,241,146
	\$ 17,683,901	\$ 20,204,725	\$ 22,427,139	\$ 24,596,965	\$ 26,976,721
Total Rate Revenue	\$ 17,683,901	\$ 20,204,725	\$ 22,427,139	\$ 24,596,965	\$ 26,976,721
Other Operating Revenue	2,251,552	2,285,262	2,320,658	2,357,824	2,396,847
Interest Income - Operating Fund	600,000	588,600	546,100	430,200	344,900
Total Operating Revenue	\$ 20,535,453	\$ 23,078,587	\$ 25,293,897	\$ 27,384,989	\$ 29,718,468
Operating Expenses	(15,538,600)	(16,748,182)	(18,912,782)	(22,278,491)	(24,586,876)
Net Revenue	\$ 4,996,853	\$ 6,330,405	\$ 6,381,115	\$ 5,106,498	\$ 5,131,592
Plus:					
Other Sources of Funds					
Debt Proceeds	30,000,000	-	25,000,000	-	25,000,000
Grant Proceeds	500,000	3,750,000	-	-	-
Less:					
Other Uses of Funds					
Minor Capital	\$ (698,000)	\$ (767,800)	\$ (844,580)	\$ (929,038)	\$ (1,021,942)
Major Capital	(22,750,000)	(19,090,625)	(17,440,375)	(17,822,540)	(14,349,568)
Existing Revenue Bond Debt Service	(1,904,700)	(1,904,700)	(1,904,700)	(1,904,700)	(1,572,500)
New Revenue Bond Debt Service	(262,500)	(1,171,000)	(1,386,250)	(2,106,500)	(2,320,000)
Net Cash Flow	\$ 9,881,653	\$ (12,853,720)	\$ 9,805,210	\$ (17,656,280)	\$ 10,867,583
Ending Unrestricted Fund Balance	\$ 28,945,936	\$ 16,092,216	\$ 25,897,426	\$ 8,241,146	\$ 19,108,728
Target Unrestricted Fund Balance	3,422,576	3,846,431	4,215,650	4,564,165	4,953,078
Amount Above/(Below) Target	25,523,360	12,245,785	21,681,776	3,676,981	14,155,650
Operating Surplus/(Deficit)	2,131,653	2,486,905	2,245,585	166,260	217,150
Debt Service Coverage Calculations:					
Revenue Bond Debt Service Coverage					
Rate Covenant Debt Service Coverage Test (Operations):					
Net Revenue Available for Debt Service Coverage Test	\$ 4,996,853	\$ 6,330,405	\$ 6,381,115	\$ 5,106,498	\$ 5,131,592
Revenue Bond Debt Service:					
Existing Revenue Bond Debt Service	1,904,700	1,904,700	1,904,700	1,904,700	1,572,500
New Revenue Bond Debt Service	262,500	1,171,000	1,386,250	2,106,500	2,320,000
Total Revenue Bond Debt Service	\$ 2,167,200	\$ 3,075,700	\$ 3,290,950	\$ 4,011,200	\$ 3,892,500
Debt Service Coverage - Operations	2.31	2.06	1.94	1.27	1.32
<i>Debt Service Coverage Requirement</i>	<i>1.20</i>	<i>1.20</i>	<i>1.20</i>	<i>1.20</i>	<i>1.20</i>

Rate Design

Recommendation: Gradualism Scenario (GM)

Under the recommended scenario, rate adjustments occur annually through the 2026–2029 rate cycle, improving fund stability and abating ratepayer impacts.

Base & Usage Rate Adjustments

The base rate for wastewater (sewer) customers has also been adjusted.

Under the GM scenario, residential sewer customers will no longer be charged a usage rate. As a result, the winter-quarter average will also go away. Instead, staff developed an inclusive base rate for residential customers based on the following:

- The average Buckeye sewer customer uses 4,000 gallons of water per month.
- Of those 4,000 gallons, only 40% (1,600 gallons) comes back to our reclamation facilities for treatment.
- The cost of treating 1,000 gallons is \$4.24.

- Inflation from 2016 to 2025 is 27% (3% per year); however, it was determined that increase would cause to much of a burden on rate-payers; therefore,
 - The base rate was raised to \$35.20 (21.97% x \$28.86), and
 - \$4.24 was added to the base to cover the majority of the average customer’s wastewater (sewer) treatment costs.
 - The recommended base rate for residential customers is then \$39.44 for year one of Cycle 1.

Residential Sewer Base Rate	2026	2027	2028	2029
All Meters	\$39.44	\$42.20	\$45.15	\$48.31

Like the water base rates, the sewer (wastewater) base rates for Commercial/Multi-Family customers were not consistent with generally accepted best practice rate structures. Therefore, the base rates for Commercial/Multi-Family customers have also been adjusted to reflect the meter size. Likewise, the usage rate was adjusted to reflect the cost to treat per thousand gallons.

Commercial Sewer Base Rate	2026	2027	2028	2029
(per Meter Size)				
¾”	\$43.50	\$46.55	\$49.80	\$53.29
1”	\$72.65	\$77.73	\$83.17	\$88.99
1.5”	\$144.86	\$154.99	\$165.84	\$177.45
2”	\$231.86	\$248.08	\$265.45	\$284.03
3”	\$464.15	\$496.64	\$531.40	\$568.60
4”	\$725.15	\$775.91	\$830.22	\$888.33
6”	\$1,449.86	\$1,551.34	\$1,659.94	\$1,776.13
Comm. Sewer Usage Rate	2026	2027	2028	2029
Per 1,000 Gallons	\$4.00	\$5.00	\$5.72	\$6.13

Recommendations & Conclusions

The 2025 rate study concludes that without rate adjustments, both the water and wastewater enterprise funds face critical financial shortfalls. The recommended **Gradualism Scenario** provides:

- Predictable, phased rate increases.
- Sustainable funding for Asset Management and capital improvements.
- Improved reserve levels.
- Financial resilience to support Buckeye’s rapid growth.

This rate plan restores stability to the City of Buckeye’s utilities while protecting residents from unnecessary financial burden and ensuring long-term reliability of essential water and wastewater services.