

Avondale



City of Avondale Utility Rates

February 24, 2025



Agenda



- Review of water, sewer, and solid waste utilities and expenditure pressures
- Recommended rates for water, sewer, and solid waste
- Council discussion

Water Overview



Water Utility Overview



CUSTOMERS
28,000

↑ 5%



**WATER
MAINS**
380 MILES

↑ 17%



**OPERATION
BUDGET**
\$17.8
MILLION

↑ 17%



**5-YEAR
CAPITAL**
\$89.8
MILLION

↑ 120%



**FY2024 WATER
USAGE**
4.6 BILLION
GAL

↑ 2%

FY2023 versus FY2025

Water Utility Expenditure Pressures



16%
Water
Commodity



14%
Electricity



69%
Capital
Costs*



20%
Chemicals



16%
Personnel
Service

FY2023 budget to FY2025 budget

*10 Existing Water CIP Projects that were in the approved FY23 & FY25 budgets



Water Capital Projects Update

BLVD Well
Transmission Main

Well #26
Replacement

Encanto Shared
Well Improvements



Avondale

Water Fund: New Expenditure Pressures

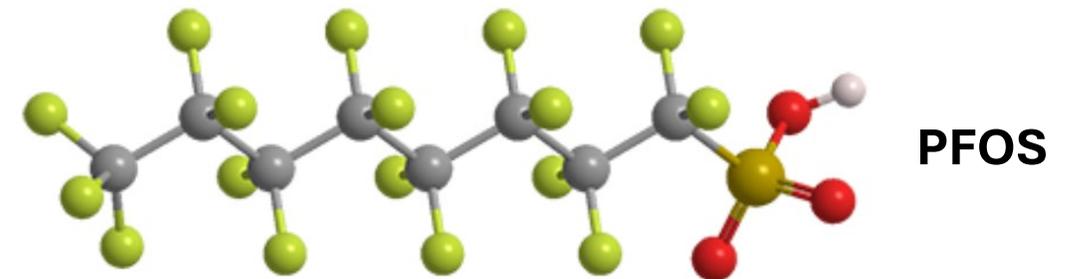
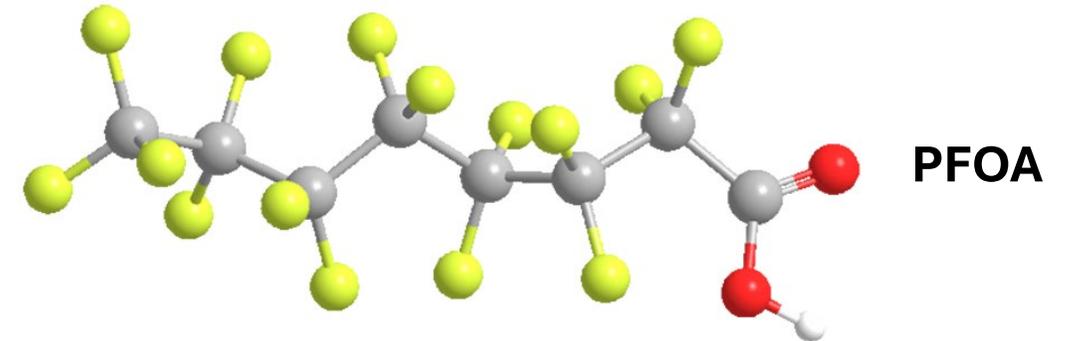
Bartlett Dam Project (VRSMP)

- New \$15M in FY26 5-Year Budget
 - FY27: \$3,750,000
 - FY28: \$7,500,000
 - FY29: \$3,750,000
- New Water Resource
- Approximately 4,700 acre-feet annually
- On-Project & Off-Project Water

Water Fund: New Expenditure Pressures

PFAS Contamination Removal

- The National Primary Drinking Water Regulation (NPDWR) was finalized by the U.S. Environmental Protection Agency (EPA) on April 10, 2024
 - Maximum Contaminant Level (MCL) of 4ppt (parts per trillion) for PFOS and PFOA
 - Four other PFAS compounds
- Compliance: Before April 2029
- Estimated Costs:
 - \$120 Million Capital
 - \$4 Million Annual Operating



Sewer Overview



Sewer Utility Overview



CUSTOMERS
26,000

↑ 4%



**GRAVITY
MAINS**
264 MILES

↑ 17%



**OPERATIONS
BUDGET**
\$9.0 MILLION

↑ 7%



**5-YEAR
CAPITAL**
\$190.9
MILLION*

↑ 49%

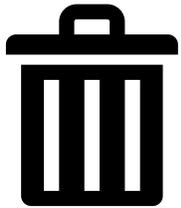


**FY2024 WATER
TREATED**
2.75 BILLION
GAL

↑ 14%

*Includes Wastewater Treatment Expansion
FY2023 versus FY2025

Sewer Utility Expenditure Pressures



50%
landfill
costs



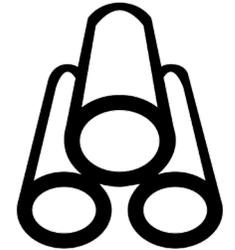
18%
Electricity



94%
Capital
Costs*



36%
Chemicals



63%
Sewer
Supplies

FY2023 budget to FY2025 budget

*3 Existing Wastewater CIP Projects that were in the approved FY23 & FY25 budgets



Sewer Capital Projects Update



Dysart Road Sewer
Replacement Phase
II



WRF Phase II
Expansion

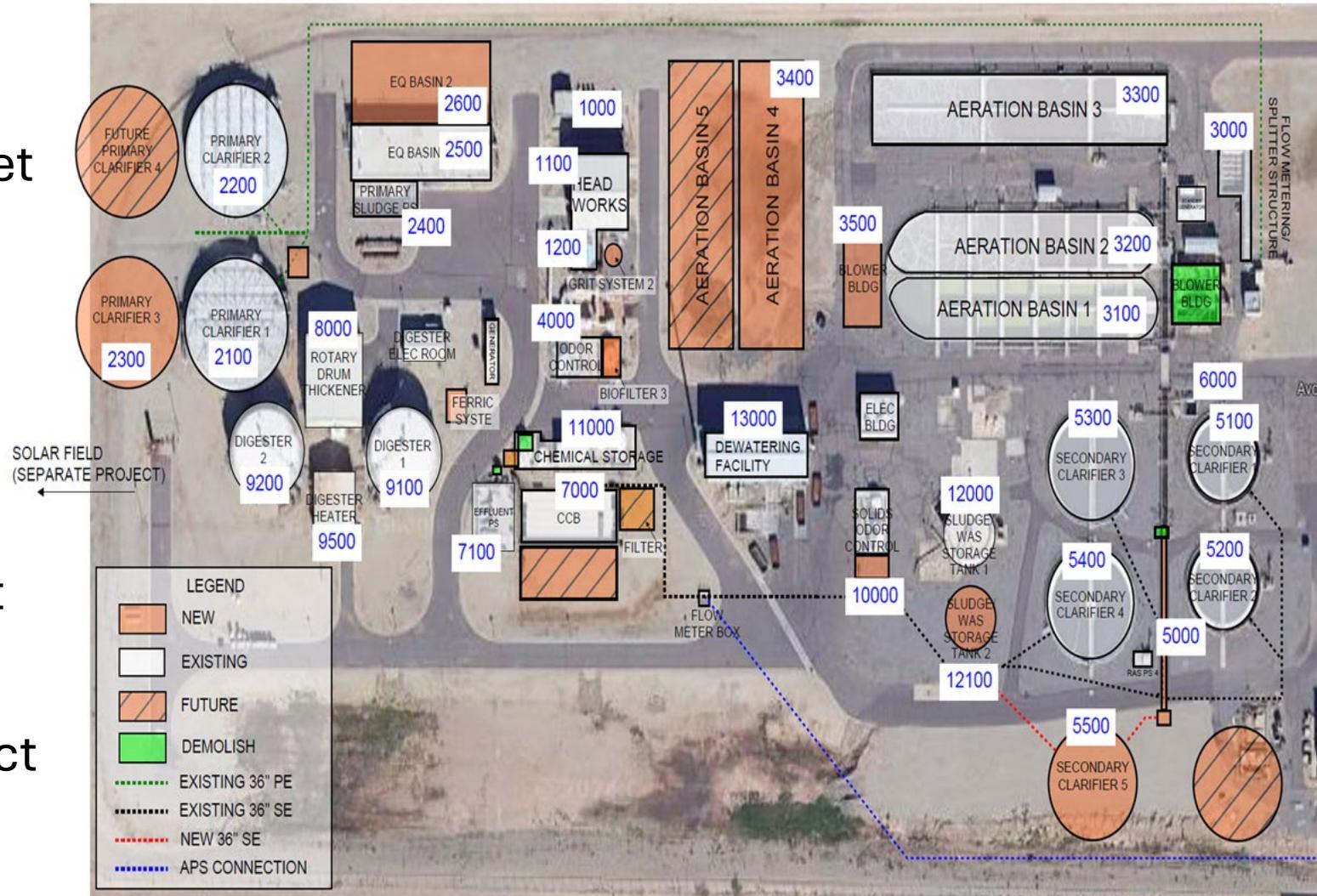


Odor Control
System
Improvements

Sewer Fund: Expenditure Pressures

WRF Phase II Expansion

- New \$22M in FY26 5-Year Budget
 - FY25: \$8,500,000
 - FY26: \$15,250,000
 - FY27: \$70,000,000
 - FY28: \$50,000,000
 - FY29: \$12,000,000
- \$155,750,000 Total Project Cost
- 3MGD = 3,360 Ac-Ft/Annually
- Effluent: On-Project & Off-Project



Solid Waste Overview



Solid Waste Overview



CUSTOMERS

25,800

↑ 8%



TRASH TONS

27,880

↓ -2%



RECYCLED TONS

5,919

↑ 27%



BULK WASTE TONS

6,121

↓ -8%

Customers as of December 2024; total tons collected for FY2024

FY2023 versus FY2025



Solid Waste Expenditure Pressures



196%
Recycling



55%
Vehicles



14%
Personnel
Service



20%
Landfill



-3%
Fuel,
Maintenance,
and Repairs

FY2023 budget to FY2025 budget



Solid Waste Operational Changes



Maintain current
service levels



Changed bulk trash
zones to balance
operations April 2023



Changed trash and
recycling service schedule
February 2025

Utility Rates



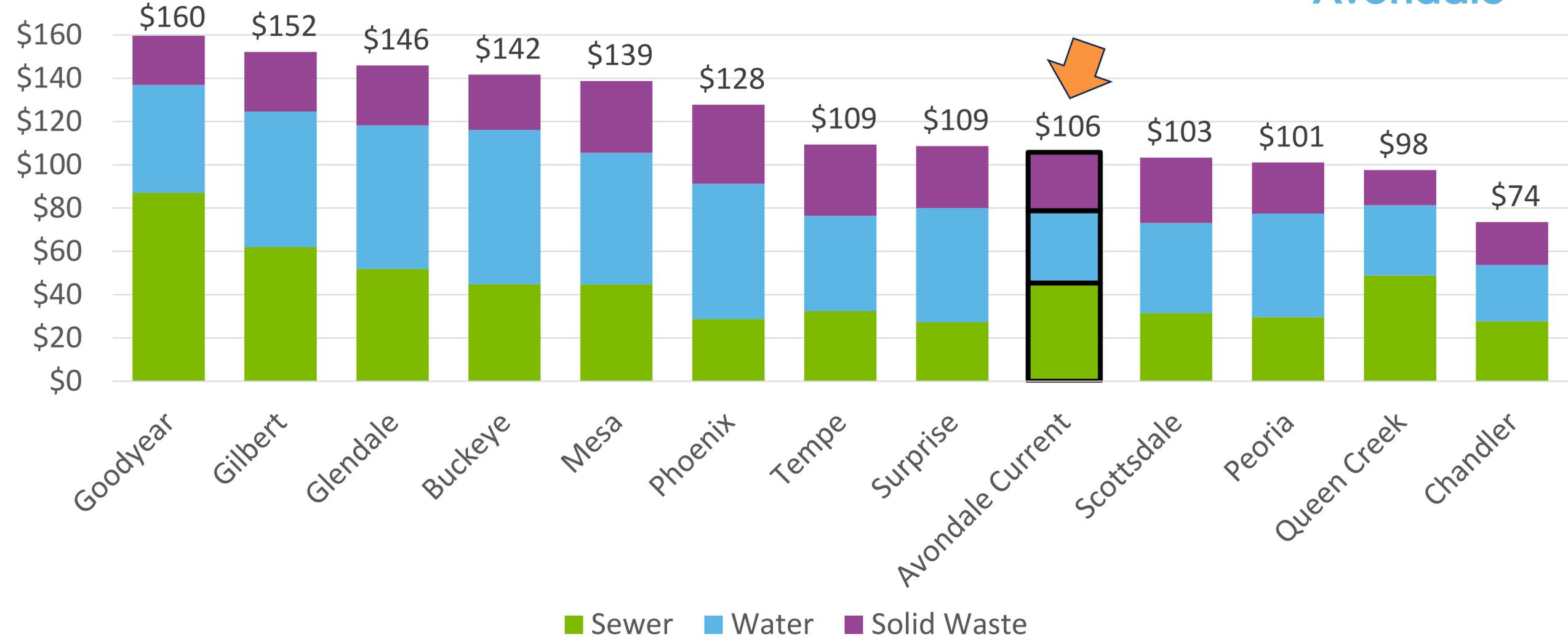
Utility Rates



Introduction

- User charges for utility services (water, sewer, solid waste)
- Cover operational costs, maintenance, and future improvements
- Self-supporting
- Forecasted over long-term

Rate Comparison



Water Rates



Water Rates



Structure

- Base charge based on meter size (3/4 inch meter = \$10.54)
- Tiers for consumption (residential / landscape)
 - Tier 1 - \$2.03 per 1,000 gallons
 - Tier 2 – \$3.56
 - Tier 3 - \$5.09
- Commercial / multi-family
 - \$3.09 per 1,000 gallons

Example Water Bill - Current



UTILITY BILLING STATEMENT
Customer Service (623) 333-2005
waterbilling@avondaleaz.gov
www.avondaleaz.gov/wb
M-TH 7:00 AM - 6:00 PM

ACCOUNT NO
Typical residential customer using 9,000 gallons a month

Water Meter Base Fee			10.54
Water	Usage in 1000	Rate per 1000	
Tier 1	6	2.03	12.18
Tier 2	3	3.56	10.68
Water Total			\$ 33.40

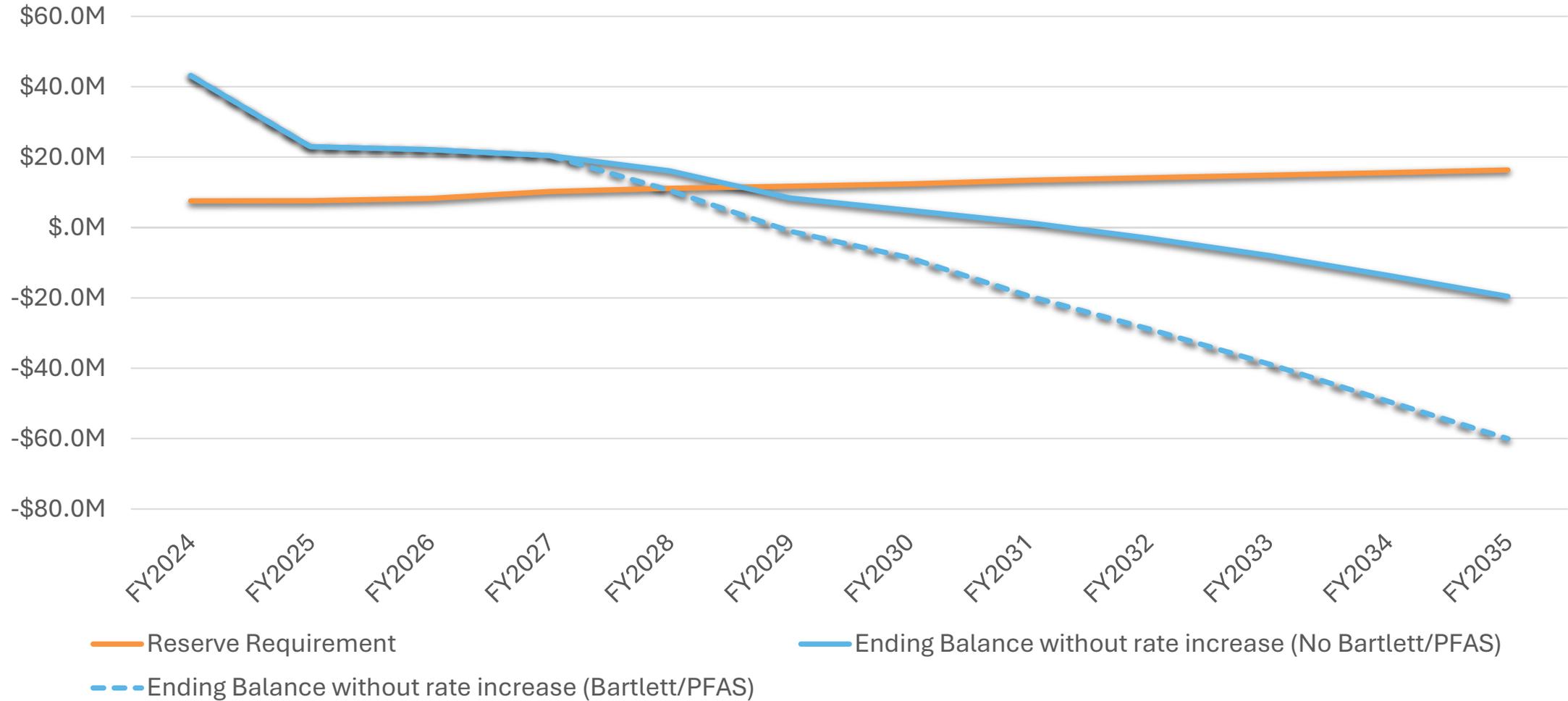
Water Rate Proposal



Goals

- Keep pace with inflation and infrastructure needs
- Maintain fiscal sustainability
- Invest in city's water portfolio
- Comply with federal regulations related to Safe Drinking Water Act
- Transparency on purpose of rate increase

Water Utility Financial Forecast



Water Rate Proposal



Proposal

- Base and tier increase
 - January 1, 2026 – 6.7% increase
 - January 1, 2027 – 6.1% increase
- Water Treatment Fee – design and land purchase of treatment facilities
 - January 1, 2026 – 7.5% on total water bill
- Water Resource Fee – additional water supply
 - January 1, 2026 – 6.2% on total water bill

Recommended Rate Increase

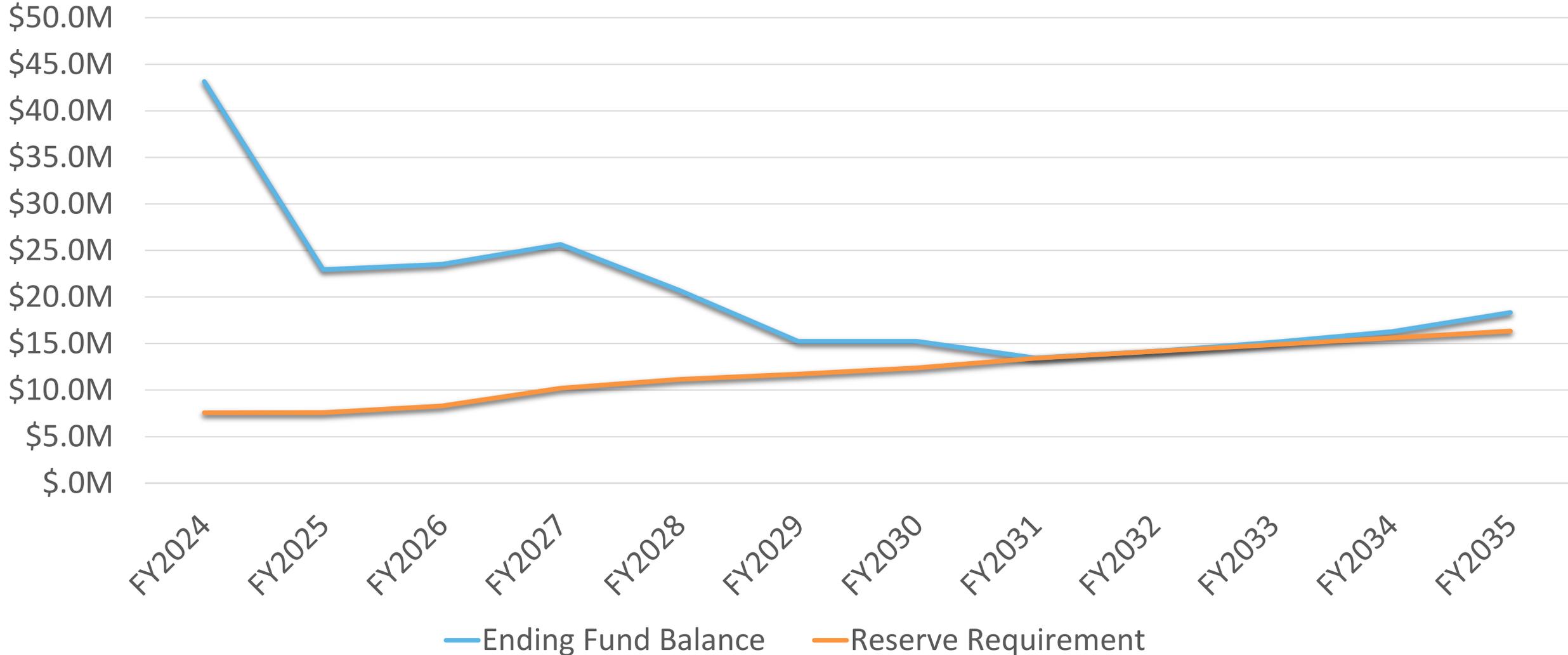
Water Utility



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ACCOUNT NO			
Typical residential customer using 9,000 gallons a month			
	Current	Jan-26	Jan-27
Water Base Fee	\$ 10.54	\$ 11.17	\$ 11.84
Water Tier 1	\$ 12.18	\$ 12.90	\$ 13.68
Water Tier 2	\$ 10.68	\$ 11.31	\$ 12.00
Water Treatment Fee (7.5%)		\$ 2.65	\$ 2.81
Water Resource Fee (6.2%)		\$ 2.19	\$ 2.33
Total	\$ 33.40	\$ 40.22	\$ 42.66
\$ Change		\$ 6.82	\$ 2.44
% Change		20.4%	6.1%

Water Utility Financial Forecast with rate increases



Sewer Rates



Sewer Rates



Structure

- Base charge based on meter size (3/4 inch meter = \$9.16)
- Water winter average for residential
- Consumption charge
 - \$4.53 per 1,000 gallons

Example Sewer Bill - Current



UTILITY BILLING STATEMENT

Customer Service (623) 333-2005

waterbilling@avondaleaz.gov

www.avondaleaz.gov/wb

M-TH 7:00 AM - 6:00 PM

ACCOUNT NO

Typical residential customer 8,000 gallons to sewer in winter

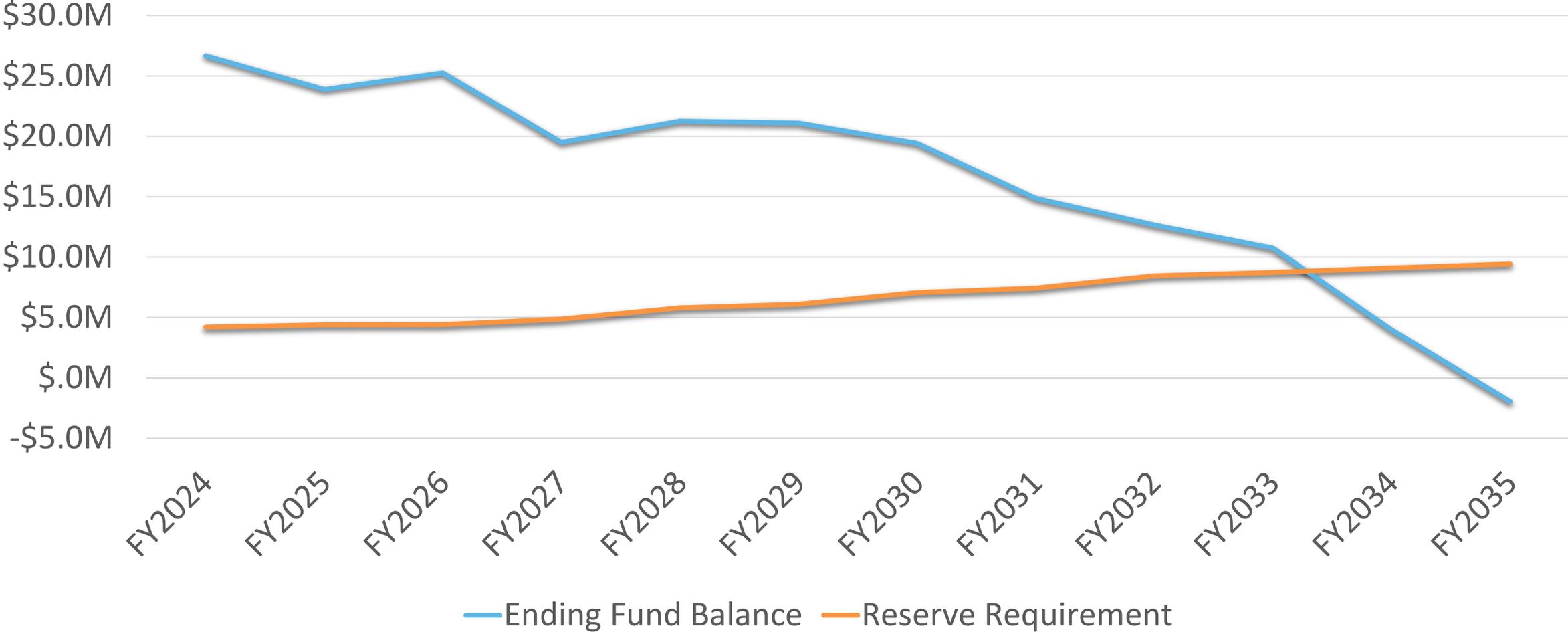
Sewer Usage Fee	9.16
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Sewer	Usage in 1000	Rate per 1000	
	8	4.53	36.24

Sewer Total	\$ 45.40
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Sewer Utility Financial Forecast

No Rate Increase



Recommended Rate Increase

Sewer Utility – 2%



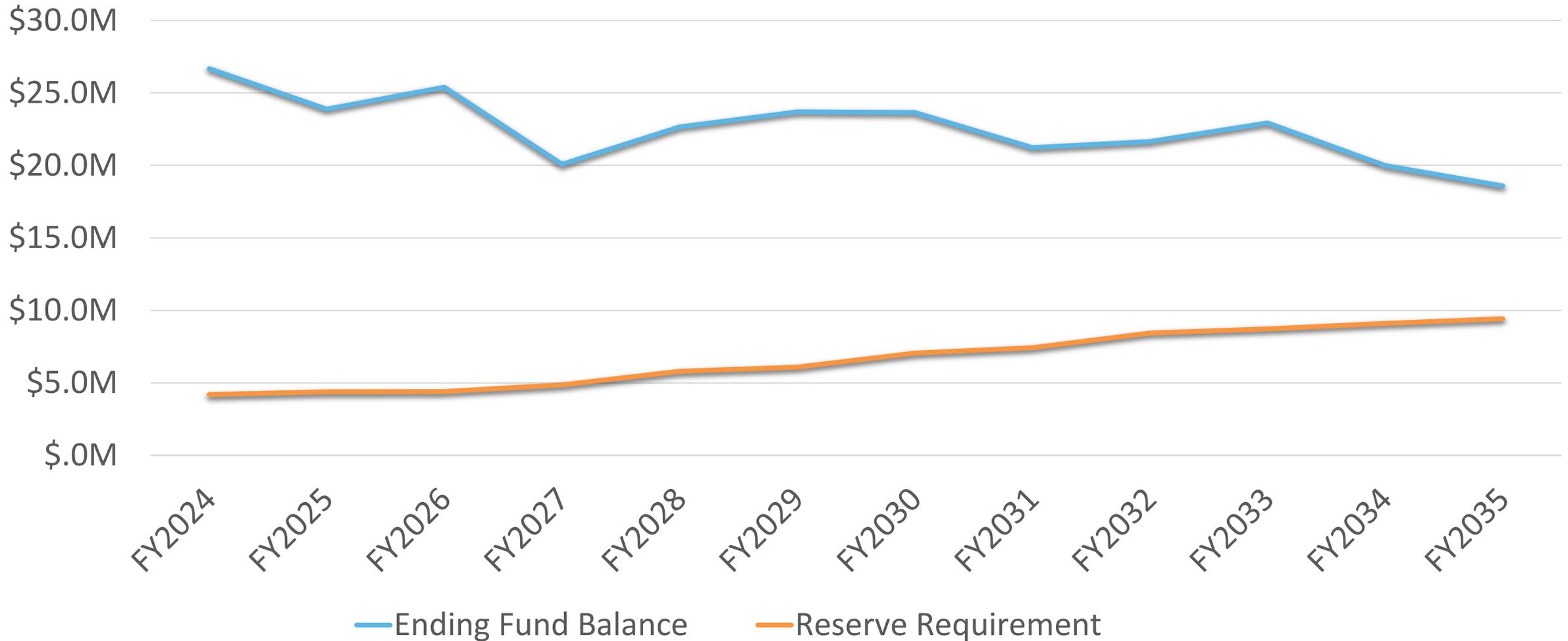
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ACCOUNT NO
Typical residential customer 8,000 gallons to sewer in winter

	<u>Current</u>	<u>Jan-2026</u>	<u>Jan-2027</u>
Sewer Usage Fee	\$ 9.16	\$ 9.34	\$ 9.53
Sewer Usage	\$ 36.24	\$ 36.96	\$ 37.68
Total	\$ 45.40	\$ 46.30	\$ 47.21
\$ Change		\$ 0.90	\$ 0.91
% Change		2.0%	2.0%

Sewer Utility Financial Forecast

2% Annual Rate Increase



Solid Waste Rates



Solid Waste Rates



Structure

- 1 refuse, 1 recycling, monthly bulk - \$27.00
- 2 refuse, 1 recycling, monthly bulk - \$43.00
- Special one-time pickup - \$28.00

Example Solid Waste Bill - Current



UTILITY BILLING STATEMENT
Customer Service (623) 333-2005
waterbilling@avondalez.gov
www.avondalez.gov/wb
M-TH 7:00 AM - 6:00 PM

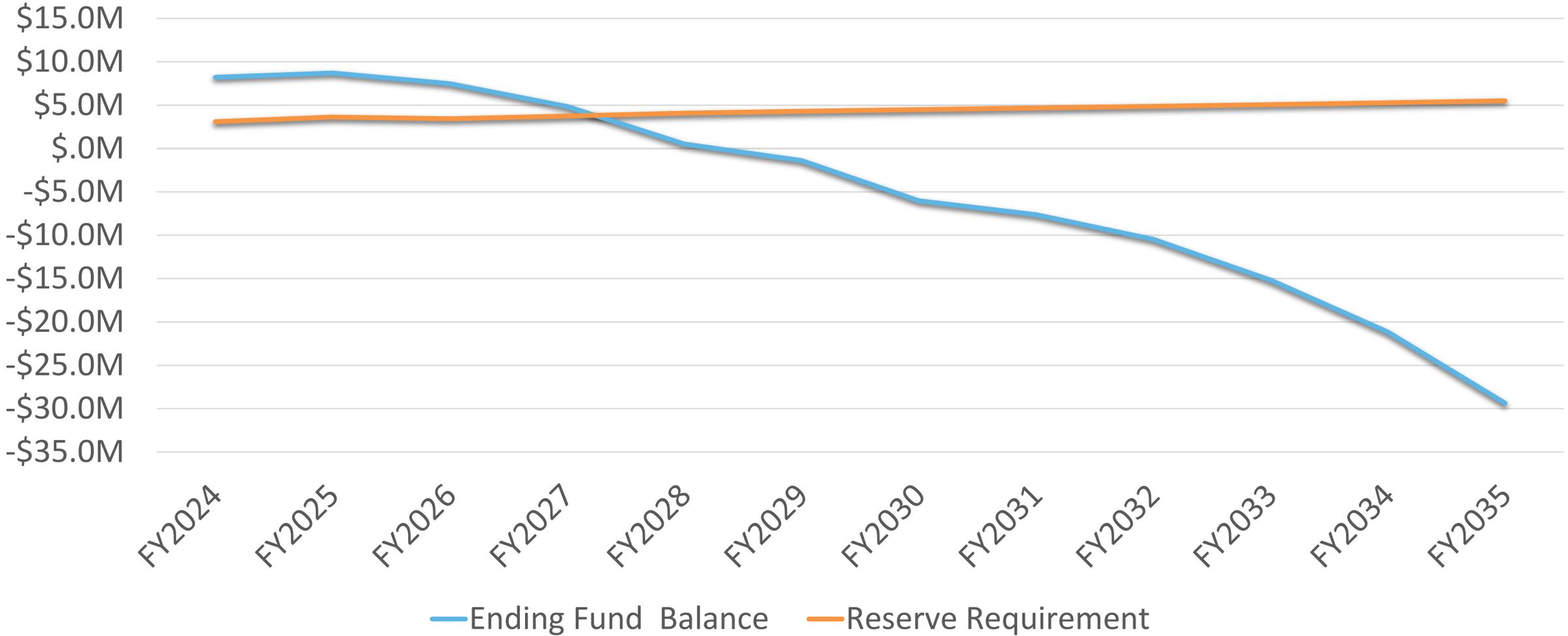
ACCOUNT NO

Typical residential customer with 1 trash and 1 recycle can

Solid Waste Base Fee	\$ 27.00
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Solid Waste Financial Forecast

No Rate Increase



Recommended Rate Increase Solid Waste



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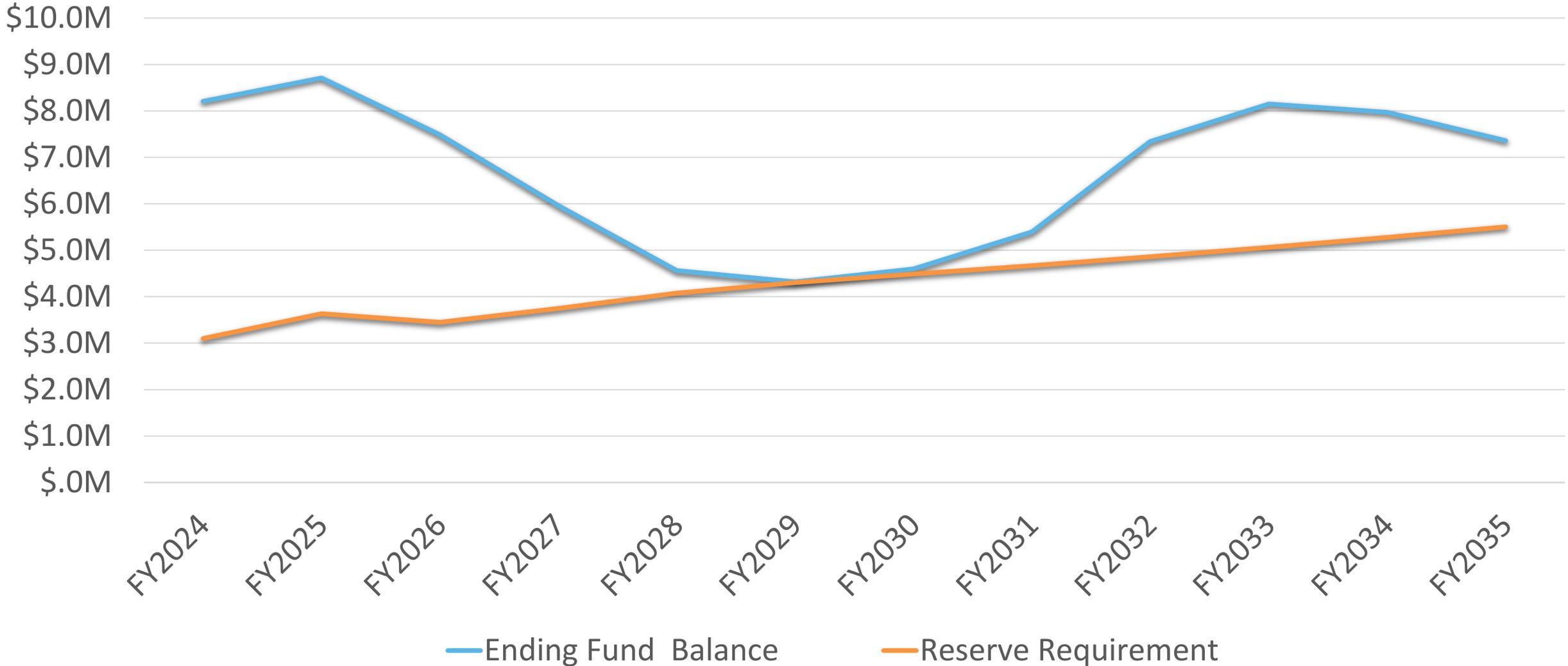
ACCOUNT NO
 Typical residential customer with 1 trash and 1 recycle can

	Current	Jul-2025	Jul-2026
Solid Waste Base Fee	\$ 27.00	\$ 28.60	\$ 30.35
\$ Change		\$ 1.60	\$ 1.75
% Change		6.0%	6.1%

2 trash, 1 recycle container to increase \$2.56 for FY26, \$2.80 for FY27

Financial Forecast – Solid Waste

\$1.60 Rate Increase FY26, \$1.75 Rate Increase FY27



Recommendation



Recommendation Summary



Water



Sewer



Solid Waste

<p>FY2026</p>	<p>6.7% rate increase – base and tier 7.5% Water Treatment Fee 6.2% Water Resource Fee</p>	<p>2.0% rate increase</p>	<p>\$1.60 increase</p>
<p>FY2027</p>	<p>6.1% rate increase</p>	<p>2.0% rate increase</p>	<p>\$1.75 increase</p>



Example Combined Utility Bill



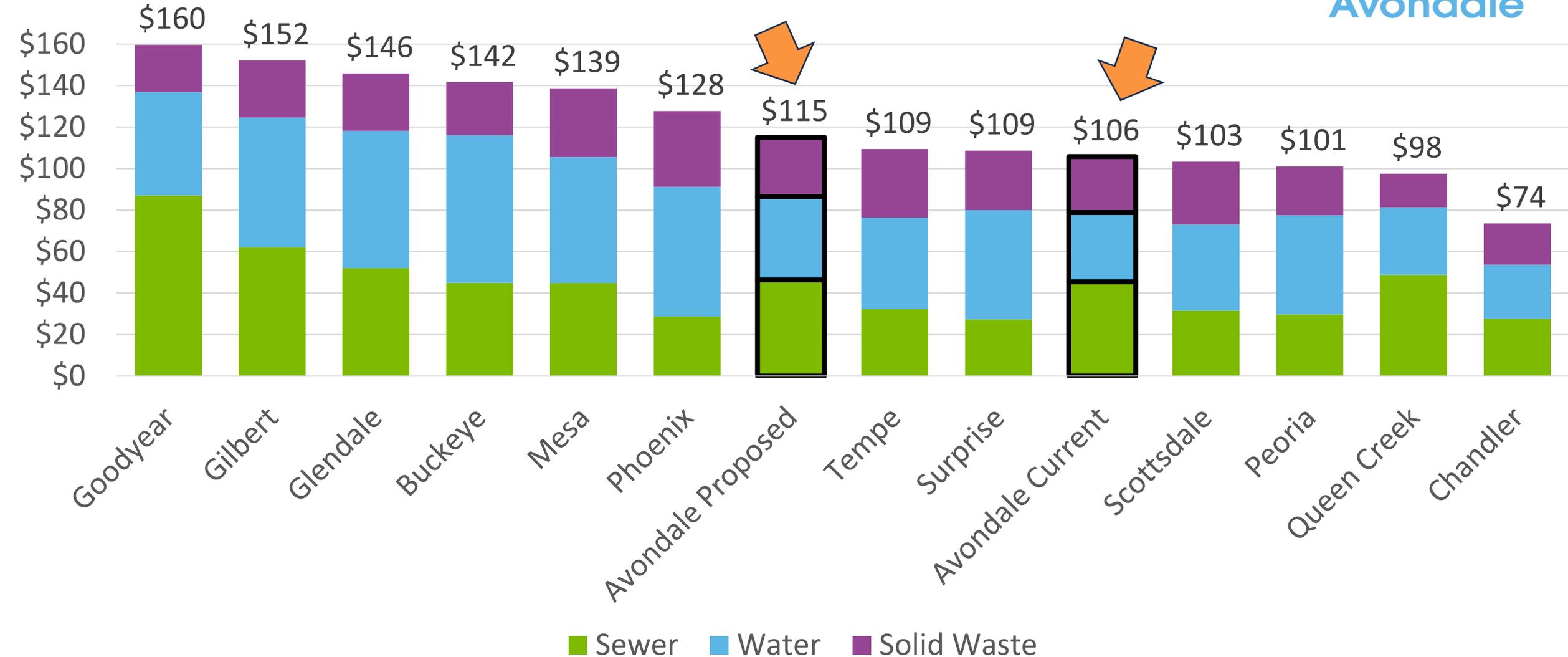
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 www.avondalez.gov/wb
 M-TH 7:00 AM - 6:00 PM

ACCOUNT NO
Typical residential customer: 9,000 gallons a month; 1 trash and 1 recycle can

	Current	Jan-2026	Jan-2027
Water Fee	\$ 33.40	\$ 40.23	\$ 42.66
Sewer Fee	\$ 45.40	\$ 46.30	\$ 47.21
Solid Waste Fee	\$ 27.00	\$ 28.60	\$ 30.35
Total	\$ 105.80	\$ 115.13	\$ 120.22
\$ Change		\$ 9.33	\$ 5.09
% Change		8.8%	4.4%



Proposed Rate Comparison





Other Cities

Gilbert – Sewer base fee increase from \$32.75 to \$62.01 monthly (April 2025)

Phoenix - 13% increase to water, 7% increase to wastewater (March 2025)

Peoria – 8.4% total utility bill increase of (July 2024)

Tempe - \$7.87 total utility bill increase (April 2025)

Mesa – 6-9% water rate increase; 7.5% sewer rate increase (February 2025)

Glendale - 4.3% water rate increase; 3.0% sewer rate increase (January 2025)

Notice of Intent



March 3rd Council Agenda

- Starts formal process for adjusting water / sewer rates
- Does not set rates
- Report on website at least 30 days before council action
- Public notice published at least 20 days before council action
- Consider council action May 5

Next Steps

- **Tonight** - Discussion and Feedback
- **March 3** - Notice of Intent to Increase Water and Sewer Rates
- **March and April** – Required public noticing & outreach
 - **April 1** – 60-day notice published on website for Solid Waste
 - **April** – Notice in utility bills and HOA outreach
- **April 20** – Notice of Intent published in newspaper
- **May 5** – Public Hearing and Rate Adoption
- **July 1, 2025** – Solid Waste first rate increase
- **January 1, 2026** – Water & Sewer first rate increase
- **July 1, 2027** – Solid Waste second rate increase
- **January 1, 2027** – Water & Sewer second rate increase

Questions and Discussion

