



Pursuant to ARS 9-511.01, the Avondale City Council approved a Notice of Intention to Increase Water and Sewer Rates at its regular council meeting held March 3, 2025. At a meeting on May 5, 2025, at 5:30 p.m., the Avondale City Council will hold a public hearing and consider a resolution adopting fees related to Water and Sewer service. The meeting is scheduled at the Council Chambers at City Hall located at 11465 W Civic Center Drive, Avondale, AZ 85323.

City of Avondale Sewer Rate Recommendation

MARCH 3, 2025

CITY OF AVONDALE

Introduction

The City of Avondale provides sewer utility services to approximately 26,000 residential and commercial customers. The service consists of nearly 264 miles of sewer gravity mains conducting over 2.75 billion gallons of sewage for treatment at the Wolf Water Reclamation Facility with 7,200-acre feet of effluent sent to the recharge facility north of Friendship Park.

To be able to provide sewer services, the city charges customers a monthly rate to cover the entire cost of providing these services. To keep pace with escalating costs while continuing to provide these services, the city must periodically adjust the monthly charge for these services.

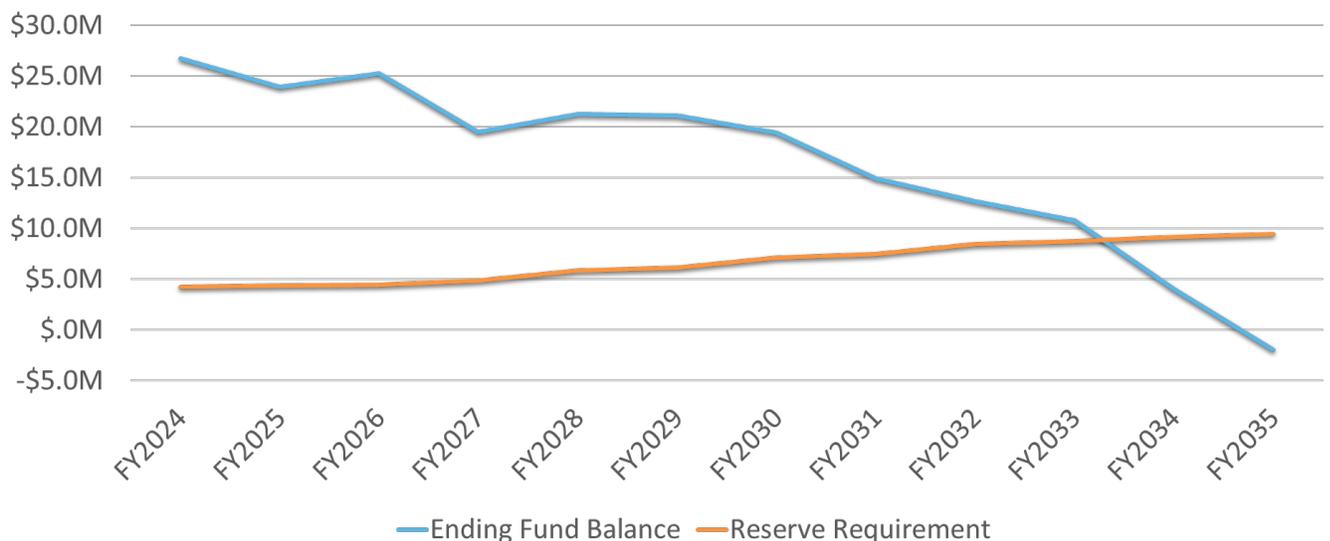
Financial Projection

The City of Avondale has completed a financial plan and rate recommendation for the city's sewer utility. Staff evaluated a multi-year financial planning period spanning from FY2025 through FY2035.

The sewer utility has inflationary increases that make providing services to customers more expensive. These increases in the cost of doing business include electricity (18%), landfill costs (50%), chemicals (36%), and sewer supplies (63%). Other increasing costs include capital improvement projects and anticipated debt service for improvements to the wastewater treatment plant.

The plan below shows the financial forecast for the water utility if the city does not implement increases to sewer rates.

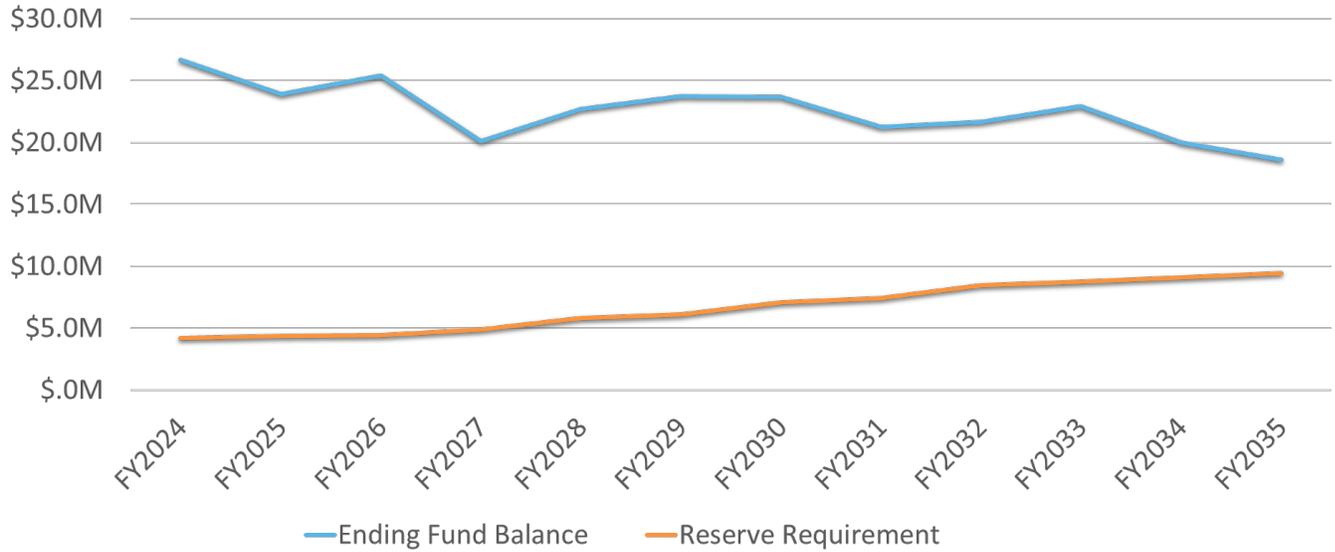
Sewer Fund – Fund Balance Forecast



The cash flow projections above show current sewer rates are not sufficient to keep pace with costs and stay above the utility's minimum reserve requirements.

Staff projects the sewer utility will be able to stay above the minimum balance requirements with annual 2.00% increases to current sewer rates (see graph below).

Sewer Fund – Fund Balance Forecast



Sewer Fund Financial Projection

	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
	Actuals	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Beginning Fund Balance	28,356,356	26,938,000	23,880,000	25,393,000	20,085,000	22,657,000	23,697,000	23,653,519	21,236,988	21,651,087	22,926,249	19,998,973
Total Sources	13,174,015	14,443,000	15,841,000	16,677,000	17,431,000	18,444,000	19,466,000	20,529,252	21,591,056	22,768,355	24,035,592	25,299,586
Total Expenses	14,856,607	17,500,000	14,327,000	21,986,000	14,859,000	17,405,000	19,510,000	22,946,000	21,177,000	21,493,000	26,963,000	26,710,000
Revenue (Loss)	(1,682,592)	(3,057,000)	1,514,000	(5,309,000)	2,572,000	1,039,000	(44,000)	(2,416,748)	414,056	1,275,355	(2,927,408)	(1,410,414)
Ending Fund Balance	26,673,764	23,881,000	25,394,000	20,084,000	22,657,000	23,696,000	23,653,000	21,236,771	21,651,043	22,926,442	19,998,841	18,588,559
Reserve Requirement	4,198,050	4,387,000	4,412,000	4,860,000	5,799,000	6,090,000	7,062,000	7,423,871	8,442,663	8,723,834	9,105,274	9,424,186
Remaining Balance	22,475,714	19,494,000	20,982,000	15,224,000	16,858,000	17,606,000	16,591,000	13,812,900	13,208,381	14,202,608	10,893,567	9,164,373

Recommendation

Staff recommends annual 2.00% rate increases to all sewer fund rates. This recommendation is projected to provide the resources necessary to fund ongoing operation and maintenance costs as well as anticipated capital improvement projects and debt service.

Sewer Proposed Rates

January 1,
2025

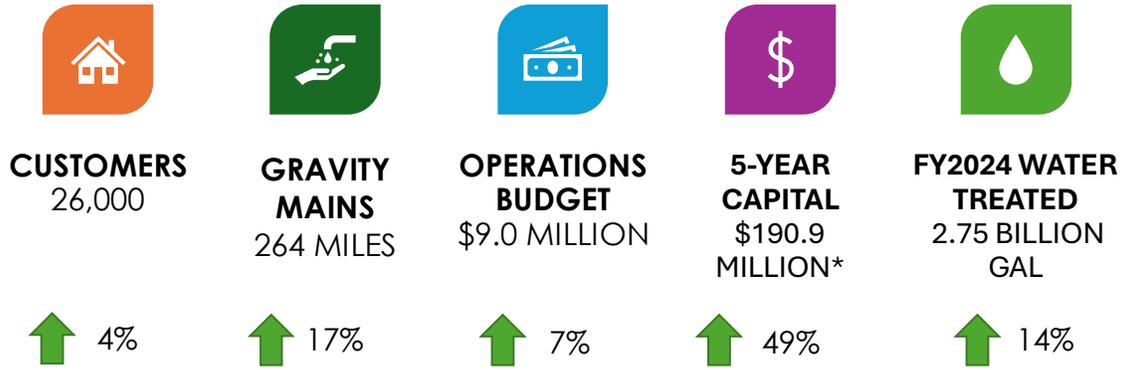
January 1,
2026

January 1,
2027

Customer Charge	3/4" Meter	9.16	9.34	9.53
	1" Meter	13.76	14.04	14.32
	1 1/2" Meter	24.91	25.41	25.92
	2" Meter	39.42	40.21	41.01
	3" Meter	71.36	72.79	74.24
	4" Meter	116.92	119.26	121.64
	6" Meter	229.02	233.61	238.28
	8" Meter	341.88	348.72	355.69
	10" Meter		544.96	555.85
Volume Charge Per 1,000-gal w/ 80% return factor	Single Family Residential*	4.53	4.62	4.71
	All Other	4.53	4.62	4.71

* Single family residential charges are calculated using the average water usage for the months of December, January, and February, adjusted by the listed return factor.

Sewer Utility Overview



*Includes Wastewater Treatment Expansion
FY2023 versus FY2025

Sewer Utility Expenditure Pressures



FY2023 budget to FY2025 budget
*3 Existing Wastewater CIP Projects that were in the approved FY23 & FY25 budgets

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



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Example Sewer Bill - Current



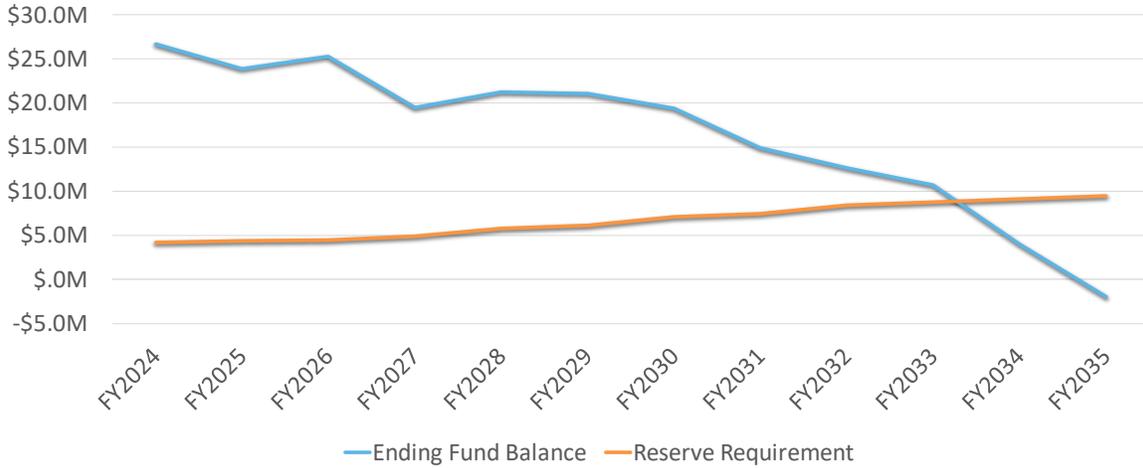
UTILITY BILLING STATEMENT
Customer Service (623) 333-2005
waterbilling@avondalez.gov
www.avondalez.gov/wb
M-TH 7:00 AM - 6:00 PM

ACCOUNT NO			
Typical residential customer 8,000 gallons to sewer in winter			
Sewer Usage Fee		9.16	
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



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Recommended Rate Increase Sewer Utility – 2%



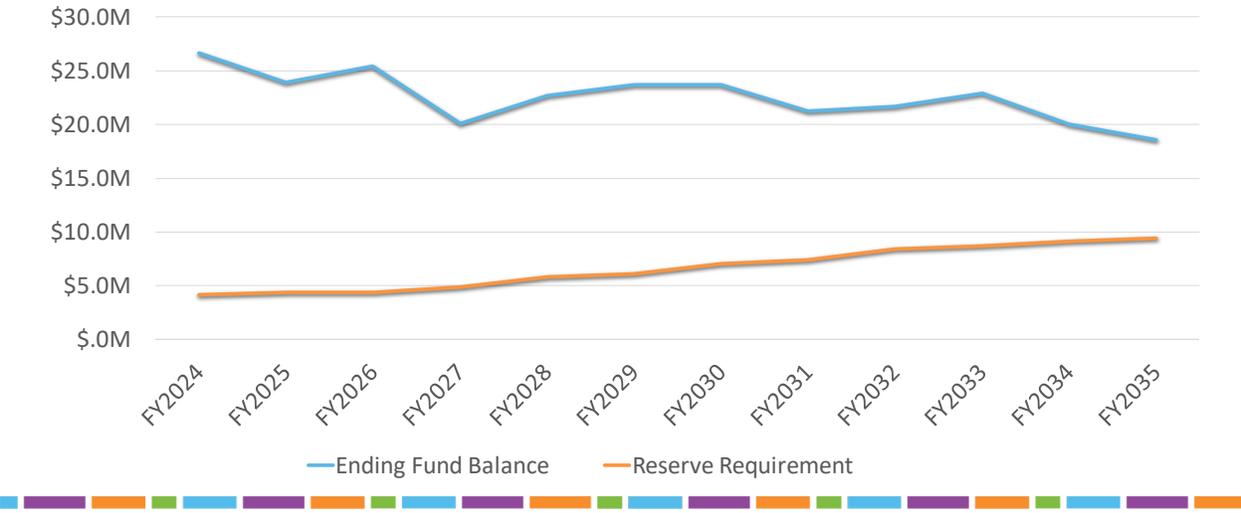
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ACCOUNT NO			
Typical residential customer 8,000 gallons to sewer in winter			
	Current	Jan-2026	Jan-2027
Sewer Usage Fee	\$ 9.16	\$ 9.34	\$ 9.53
Sewer Usage	\$ 36.24	\$ 36.96	\$ 37.68
Total	\$ 45.40	\$ 46.30	\$ 47.21
\$ Change		\$ 0.90	\$ 0.91
% Change		2.0%	2.0%

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Sewer Utility Financial Forecast

2% Annual Rate Increase



Appendix B: Price Comparison of Sewer Rate to Valley Cities

