

## City of Chandler's Proposed Utility Rate Changes (Effective 1/1/24)

The City of Chandler manages and operates Water, Wastewater, Reclaimed Water and Solid Waste utilities for its customers. As you can imagine, no one likes increases in utility rates, but from time to time rate changes are necessary. Chandler is currently projecting needed rate increases to fund debt service costs related to new and expanded Water and Wastewater facilities that serve everyone in Chandler (Ocotillo Water Reclamation Facility and San Tan Vista Surface Water Treatment Plant), as well as their expanded ongoing operating costs, which include chemicals and electricity. Other drivers are costs for capital system maintenance needed as infrastructure ages to ensure safe systems and increased operating costs for our solid waste utility.

Chandler's utility projections show revenue increases needed by January 1, 2024 (Water +7%, Wastewater +8%, Reclaimed Water +7% and Solid Waste +7%). Most of the time, utility rate increases are implemented "Across the Board". For example, if revenue increases of 7% were needed for the water system, the rates would go up 7% for each customer class (single family homes, multi-family units, landscape water usage, industrial, and other non-residential uses of water).

This year, Chandler continues to implement the results of a "Cost of Service" study which reviews how much it costs our Water system to provide the amount of water needed on a daily basis for each customer class, our Wastewater systems to handle the flow being returned for processing, and our solid waste system's different service levels provided. In other words, this common costing approach more accurately reflects the actual cost of providing service to each customer class based on their usage characteristics. Our customer classes, which include single family residential, multi-family residential, landscape, industrial and non-residential, each have certain peak water usage requirements that the City needs to be able to support through our treatment plant capacity. The related systems' costs are then distributed to each customer class through this "Cost of Service" approach.

So, what did the most recent study tell us? The results of this study showed that over time, customer classes' demands have changed and there are some customer classes paying more than their share of the required costs, and others paying less. This misalignment between customer classes is not surprising since Chandler has continued to grow and has become more automated since our last "Cost of Service" study 5 years ago. Therefore, instead of applying "Across the Board" rate increases to generate the needed revenue, we will continue to incorporate the "Cost of Service" study results, to get each customer class back in alignment. This will be the second of three planned adjustments to get back into alignment by FY 2025-26.

These rate changes are currently going through the public notification and public hearing process before they become official, and this information is intended to help each customer plan for the utility rate impacts for their home, business, or homeowner association budget.

A list of the proposed rate changes and average monthly bill impacts per customer class are shown on below for each of the Utilities and Classifications.

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Water (100% COS)	Jul-24
Residential % (Blended Tier Rate)	2.45%
Multifamily % (Blended Tier Rate)	3.15%
Non-Residential %	8.22%
Landscape %	14.07%
Industrial %	9.22%
Overall Water Revenue Increase Needed	7.00%

Wastewater (100% COS)	Jul-24
Residential %	0.00%
Multifamily %	22.23%
Non-Residential % Volumetric	17.16%
Industrial % Volumetric	17.26%
Overall Wastewater Revenue Increase Needed	8.00%

Reclaimed (Across the Board Increase)	Jul-24
Reclaimed %	7.00%

Solid Waste	Jul-24
Residential %	7.00%

Water- Avg. Bill Examples	Current	Proposed for Jan. 2024
Residential Avg. Bill (12,000 gal. 5/8" meter)	\$29.68	\$30.62
Multifamily Avg. Bill (500k ga. 6" meter)	\$1,253.48	\$1,291.32
Non-Residential Avg. Bill (200k gal. 2" meter)	\$467.90	\$505.40
Landscape Avg. Bill (200k gal. 1" meter)	\$553.49	\$630.17

Wastewater- Avg. Bill Example	Current	Proposed for Jan. 2024
Residential Base Avg. Bill (Flat Fee)	\$27.65	\$27.65
Multifamily Avg. Bill (150 units)	\$1,585.50	\$1,938.00
Non-Residential Avg. Bill (200k gal. 2" meter)	\$754.17	\$883.58

Reclaimed- Avg. Bill Example	Current	Proposed for Jan. 2024
Monthly Average (850k gal)	\$ 637.50	\$680.00

Solid Waste- Avg. Bill Example	Current	Proposed for Jan. 2024
Monthly Fee (Flat Fee)	\$18.56	\$19.86

Combined Average Bill Examples	Current	Proposed for Jan. 2024
Residential Combined Avg. Bill	\$75.89	\$78.13
Multifamily Combined Avg. Bill	\$2,838.98	\$3,229.32
Non-Residential Combined Avg. Bill	\$1,222.07	\$1,388.98

The impact of the rate changes for each individual customer would depend on the volume of water used, amount of wastewater processed each month and meter size used.

Additionally, there are recommended changes from to certain Solid Waste services. The proposed changes would change from the current policy of allowing for two no-cost visits to the RSWCC per year for the first 400 pounds of a load, and two no cost bulk collection pick-ups per calendar year to four services of either type in a calendar year. Additional visits or collections above the allowed maximum would then be charged the current rates for those services.

Dropping off only recyclable materials or house-hold hazardous waste will remain cost-free at the RSWCC.

Detailed information on the COS Study and the full schedule of utility rate changes is available on the City's web site [chandleraz.gov/ProposedUtilityRates](http://chandleraz.gov/ProposedUtilityRates).