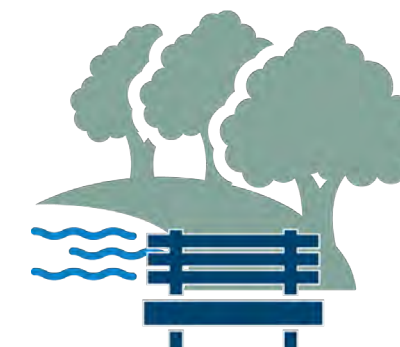




City Utility Bill

Proposed Rate Change Impacts

Public Informational Meeting
5:30 p.m. | October 9, 2025
4:00 p.m. | October 14, 2025



*"Committed to Reliable and
Affordable Service"*



Utility Fund Update

Visit chandleraz.gov/proposedutilityrates for more information

Cost of Service (COS) Study

- Last COS used 2019-2020 utility data
- Results transitioned over 5 years (3 rate changes)
- Completed 2 of those rate changes
- Many changes in costs and planned capital improvements since 2020
- Direction from M&C was not follow 2020 COS study for 3rd rate change and engage new study in 2026
- New COS to begin July 2026

Rates Reviewed Annually

- Each year a full review of revenues and expenditures is done to verify fund sustainability over ten years
- Rate increases were found to be needed over the next several years due to capital and operating cost increases
- Many factors are affecting the need for rate increases discussed in next few slides

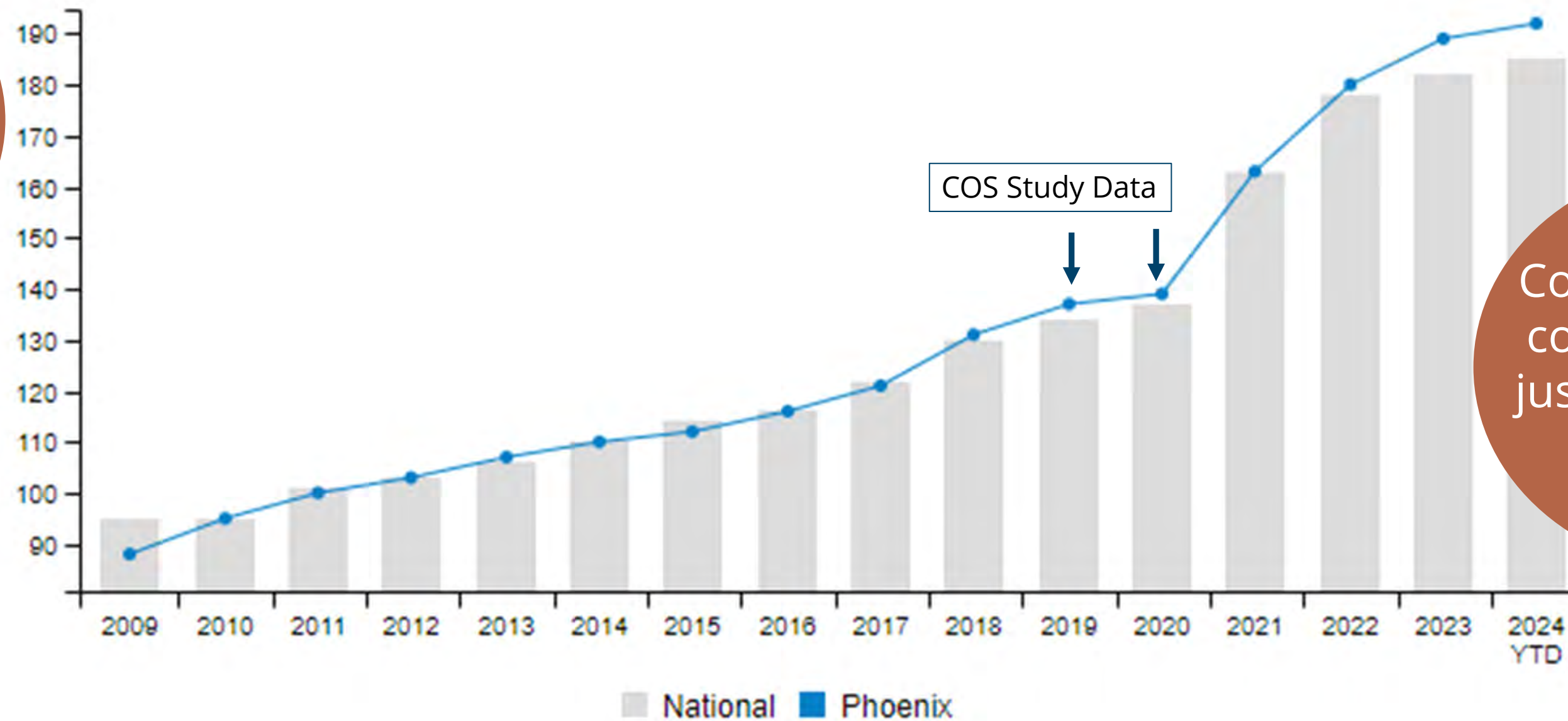
Rate Change Frequency

- Discussions with M&C on frequency led to a desire to change from every-other year to every year
- Compounding effect reduces the rate change required over time
- Direction was to move to every-year rate adjustment model

Key Take Aways: Mar. 2026 Utility Rates will be assessed across the board for all classifications, and future rate changes will be adjusted annually

Capital Plan Inflation Impacts

Construction
Price Index's
new normal



Construction Costs
continue to go up,
just not as steep as
2020-2024

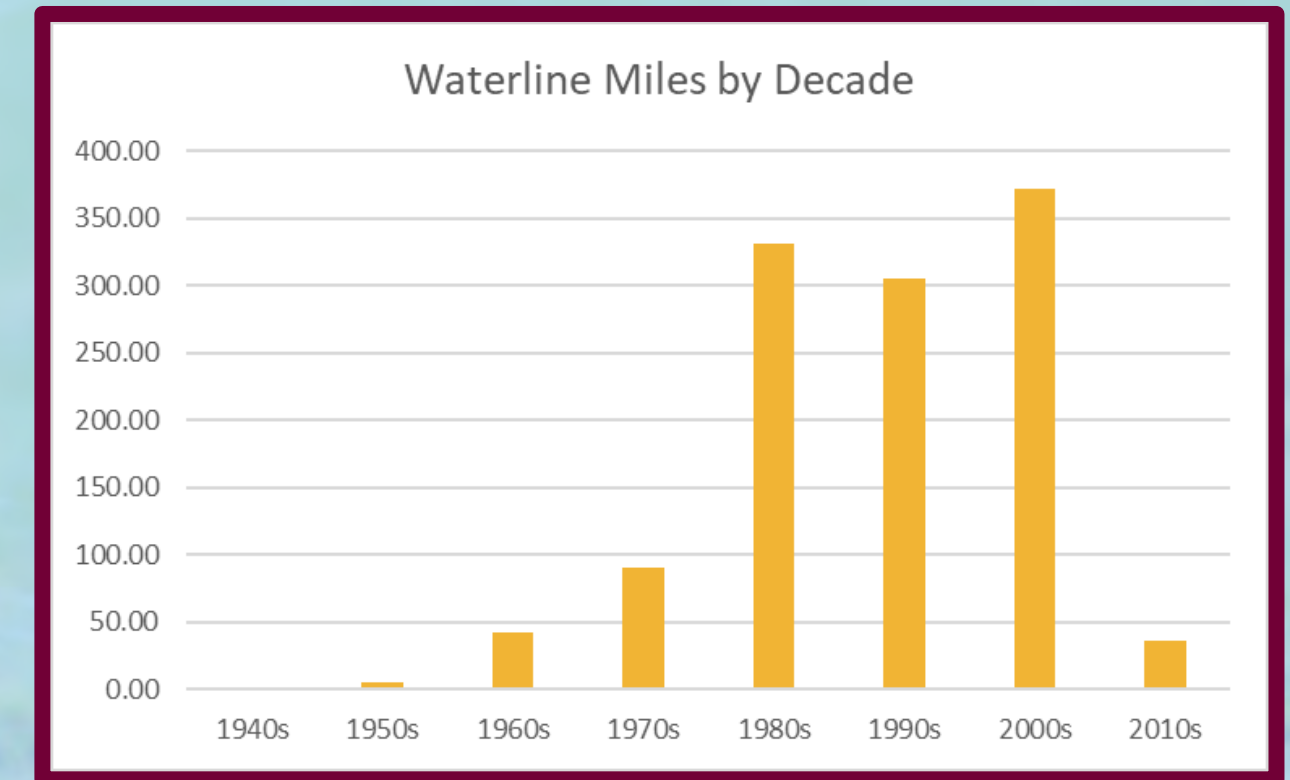
Data source: The Mortenson Construction Cost Index is calculated quarterly by pricing a representative non-residential construction project in geographies throughout the country.

Major Water Revenue Increase Drivers

Aging Infrastructure & Operating Cost Increases

Known Water Impacts

- Increased new cost over 3 years (+\$126.7M); 187 miles of highest, high, and moderate risk watermain, replaced over 30 years
- New project: redundant 48" transmission line to reduce risk of single failure point (\$152.6M)
- Increased new cost over 3 years (+\$168M/+79%) of aging plant work and filter media in the 10-year Capital Program (\$379.7M)
- Increased water purchase costs are escalating with CAP and SRP (+\$4.2M ongoing over last 4 years)
- Increased cost of treatment chemicals used daily (+\$1.4M ongoing over last 4 years)
- Power costs are increasing (City is adding solar for some savings to help offset rate increase needed by 0.5%)
- New and existing personnel costs increasing as competition for certified operators increases



Major Wastewater Revenue Increase Drivers

Aging infrastructure & Operating Cost Increases

Known Wastewater Impacts

- Increased replacement miles of highest risk lines and 7,000 manholes of highest and high-risk rehabs over 30 years
- New project in FY 2024-25; 66" underneath Loop 202 to allow for existing pipe rehab (\$40.6M). Existing 66" pipe rehab in process (\$48.9M).
- New project: Ocotillo Water Reclamation Facility Influent Pump Station (\$31.4M)
- Increased aging plant work (including related technology) over 10 years (\$219M)
- Increased cost of treatment chemicals used daily (+\$3M ongoing over last 3 years)
- Power costs are increasing (solar savings will offset rate increase by 1.8%)
- New and existing personnel costs increasing as competition for certified operators increases

Other Potential Revenue Increase Drivers

Aging Infrastructure & Operating Cost Increases

Future or unknown Water & Wastewater Impacts

- New General Plan update and potential regulatory changes will help guide future state of infrastructure planning for any changes to densities or building up
- Tariffs may have impact on construction materials, certain chemical costs and media filter costs, depending on location of origin (will monitor and adjust contracts if needed)
- AMI will help plan timing of needed infrastructure as more frequent flow data will be available



Revenue Required for Fund Sustainability

Mar. 2026 Utility Rate Revenue Requirement

Water (100% COS)	Mar-26
Residential % (i.e. single family homes)	15.00%
Multifamily % (i.e. duplex, triplex, condos, apartment complex)	15.00%
Non-Residential % (i.e. business, school, hospital, church)	15.00%
Landscape % (i.e. parks, golf courses, HOAs)	15.00%
Industrial % (i.e. manufacturing, dist. centers, lg warehouse)	15.00%
Overall Water Revenue Increase Needed	15.00%

Reclaimed Water (Across the Board Increase)	Mar-26
Reclaimed Water %	18.00%

Wastewater (100% COS)	Mar-26
Residential %	15.00%
Multifamily %	15.00%
Non-Residential % Volumetric	15.00%
Industrial % Volumetric	15.00%
Overall Wastewater Revenue Increase Needed	15.00%

Solid Waste	Mar-26
Residential %	6.00%

Rate adjustments will be made across the board this year, meaning all classifications will increase at the same percentage

Water Rates



Water Rate Adjustments

Customer Class	Existing	Mar. 2026	% Change	Meter Base fee	Existing	Mar. 2026	% Change
Single Family				5/8"	\$9.72	\$11.18	15.0%
First 10 Kgal	\$1.66	\$1.91	15.0%	3/4"	\$11.10	\$12.77	15.0%
Next 10 Kgal	\$2.15	\$2.47	15.0%	1"	\$14.17	\$16.30	15.0%
Next 40 Kgal	\$2.73	\$3.14	15.0%	1.5"	\$22.30	\$25.65	15.0%
Over 60 Kgal	\$3.39	\$3.90	15.0%	2"	\$31.40	\$36.11	15.0%
Multi-Family				3"	\$66.19	\$76.12	15.0%
First 10 Kgal	\$0.91	\$1.05	15.0%	4"	\$93.38	\$107.39	15.0%
Next 10 Kgal	\$1.13	\$1.30	15.0%	6"	\$177.32	\$203.92	15.0%
Next 20 Kgal	\$1.55	\$1.78	15.0%	8"	\$268.65	\$308.95	15.0%
Over 40 Kgal	\$2.31	\$2.66	15.0%	10"	\$457.73	\$526.39	15.0%
Commercial	\$2.37	\$2.73	15.0%	12"	\$646.83	\$743.85	15.0%
Landscape	\$3.08	\$3.54	15.0%				
Industrial	\$2.37	\$2.73	15.0%				

Water Average Bill Example

Water- Avg. Bill Examples	Prior Rate	As of Mar. 2 2026
Residential Avg. Bill (10,000 gal. 5/8" meter)	\$26.32	\$30.27
Multifamily Avg. Bill (500k ga. 6" meter)	\$1,291.32	\$1,485.02
Non-Residential Avg. Bill (200k gal. 2" meter)	\$505.40	\$581.21
Landscape Avg. Bill (200k gal. 1" meter)	\$630.17	\$724.70



Acts Of Kindness (A-OK) Program

The A-OK program helps provide basic needs assistance to some of the community's most vulnerable residents. The contributions collected go back into the community through a variety of human service programs that provide necessities such as utility assistance, food, shelter, clothing, medical services, and transportation to low-income Chandler residents.



In addition to donations made by residents through their utility bills or other fund-raising activities, the City of Chandler will add additional funding of \$25,000 to the A-OK program, to assist rate payers that are most vulnerable to cost increases



Wastewater Rates



Wastewater Rate Adjustments

Customer Class	Current	March 2026	% Change
Residential Base*	\$27.65	\$31.80	15.0%
Multifamily Base*	\$12.92	\$14.86	15.0%
Non-Residential			
Volumetric**	\$4.37	\$5.03	15.0%
Customer Charge	\$9.58	\$11.02	15.0%

* Monthly Charge per Dwelling Unit
** Per 1,000 Gallons



Wastewater Average Bill Example

Wastewater- Avg. Bill Example	Prior Rate	As of Mar. 2 2026
Residential Base Avg. Bill (Flat Fee)	\$27.65	\$31.80
Multifamily Avg. Bill (150 units)	\$1,938.00	\$2,228.70
Non-Residential Avg. Bill (200k gal. 2" meter)	\$883.58	\$1,016.12



Reclaimed Water Rates



Reclaimed Water Rate Adjustment

All Reclaimed Customers	Current	March 2026	% Change
\$ per 1,000 gallons	\$0.80	\$0.94	18.0%

Reclaimed Average Bill Example

Reclaimed- Avg. Bill Example	Prior Rate	As of Mar. 2 2026
Monthly Average (850k gal)	\$ 680.00	\$802.40



Solid Waste Rate Adjustment



Solid Waste	Mar-26
Residential %	6.00%

Solid Waste- Avg. Bill Example	Prior Rate	As of Mar. 2 2026
Monthly Fee (Flat Fee)	\$19.86	\$21.05

Combined Average Bill Example

Combined Average Bill Examples	Prior Rate	As of Mar. 2 2026
Residential Combined Avg. Bill	\$73.83	\$83.12
Multifamily Combined Avg. Bill	\$3,229.32	\$3,713.72
Non-Residential Combined Avg. Bill	\$1,388.98	\$1,597.33

Visit

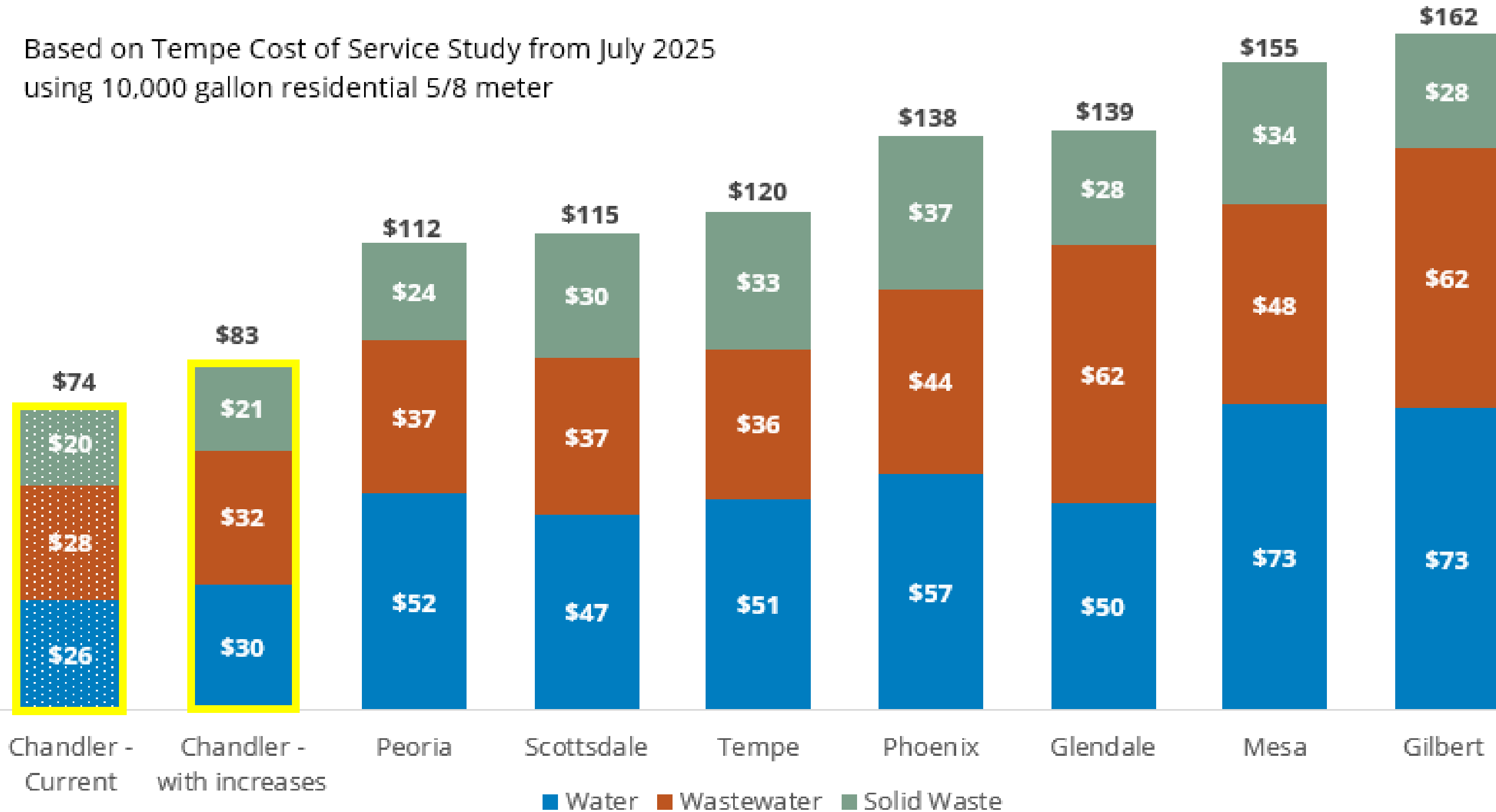
[Chandleraz.gov/proposedutilityrates](https://chandleraz.gov/proposedutilityrates)

for more detailed information and a calculator to estimate your specific bill impact



Residential Utility Cost Comparison

Based on Tempe Cost of Service Study from July 2025
using 10,000 gallon residential 5/8 meter



Rate Adjustment Timeline

Task or Event	Date
Public Outreach	September- October
Notice of Intent Adopted (60 days prior to Public Hearing)	October 16, 2025
Feedback to Council on Public Outreach	November 10, 2025
Notice of Intent Published in Newspaper (20 days prior to Public Hearing)	December 17, 2025
Public Hearing / Ordinance First Read / Resolution to Update Citywide Fee Schedule	January 8, 2026
Ordinance Final Adoption (Can go into effect 30 days after adoption)	January 22, 2026
Rates Effective for March Billing Cycle	March 2, 2026
Next Cost of Service Study to begin	July 2026

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Questions?

