NOTICE OF PUBLIC MEETING
WATER / WASTEWATER RATE ADVISORY COMMITTEE

Pursuant to A.R.S. Section 38-431.02, notice is hereby given to the members of the **WATER/WASTEWATER RATE ADVISORY COMMITTEE** and to the general public, that the **WATER/WASTEWATER RATE ADVISORY COMMITTEE** will hold a meeting open to the public on **Tuesday**, **November 17, 2026 at 10:00 a.m.** located at **Phoenix City Hall, 200 West Washington Street, 9th Floor Training Room, Phoenix, Arizona 85003**. Members of the Water/Wastewater Rate Advisory Committee may attend either in person or virtually.

OPTIONS TO ACCESS THE MEETING:

- **Attend in-person** at Phoenix City Hall, 200 West Washington Street, 9th Floor Training Room, Phoenix, Arizona 85003.

- **Call-in to listen** to the live meeting: Dial 1-415-655-0001, Meeting access code: 2337 651 4690 Meeting password: **WWRAC**

- **Observe the live meeting virtually** by clicking on the following link and registering to join the meeting online:
  https://cityofphoenix.webex.com/cityofphoenix/j.php?MTID=m6b5113c9241d36dd398f5cda0fb6f83d

REGISTER TO SPEAK AND/OR SUBMIT A COMMENT ON AN AGENDA ITEM:

- **Contact** Tanya Miller at (602)534-7504 or wsd.directorsoffice@phoenix.gov by 12:00 p.m. on Monday, November 16, 2026.

- **Indicate** speaker's name and agenda item number

- **If registered to speak**, click on the following link at the time of the meeting to join the event and speak when called upon:
  https://cityofphoenix.webex.com/cityofphoenix/j.php?MTID=m6b5113c9241d36dd398f5cda0fb6f83d

NOTE: Agenda items may be taken out of order. The agenda for the meeting is as follows:

1.	**Call to Order / Roll Call**	Chairperson
2.	**Approval of October 28, 2026 Minutes** This item is for possible action.	Chairperson
3.	**Department Updates** This item is for information only.	Brandy A. Kelso, P.E. Water Services Director
4.	**Financial Plan and Rate Recommendation**	Brandy A. Kelso, P.E. Water Services Director
5.	**Future Meetings** This item is for information only.	Brandy A. Kelso, P.E. Water Services Director
6.	**Call to the Public**	Chairperson
7.	**Adjournment** The next meeting has not yet been scheduled.	Chairperson

For further information or to request reasonable accommodation, please contact Tanya Miller, Administrative Assistant II at 602-534-7504 or TTY: 7-1-1.

Dated 11/9/2026

PHX WATER SMART

Water / Wastewater Rate Advisory Committee (WWRAC) Meeting

November 17, 2026

PHOENIX WATER SERVICES FINANCIAL PLANS

Water/Wastewater Rate Advisory Committee

November 17, 2026

Agenda Item #4

Mission

We provide ***high-quality, reliable,*** *and* ***cost-effective*** water services that meet public needs and maintains support.



Financial Plan Goals

Meet all safety and regulatory requirements.

Maintain affordability and access to essential services.

Develop and maintain reliable infrastructure.

Protect water resource resiliency.

Ensure fiscal responsibility and keep high bond ratings.



Factors Considered

PURE WATER PHOENIX

The continued development of the Advanced Water Purification program.



Cuts to water supplies from the Colorado River/ CAP canal.



Considerations of the drought plan and conservation programs.

Operational Factors



COMMODITIES & CAPITAL OUTLAY

Chemicals, materials, tools, supplies and computers.



PERSONAL SERVICES

Full and part-time employee salaries, wages and benefits.



CONTRACTUAL SERVICES

Outside services, including electricity, construction, repairs, utilities and insurance.

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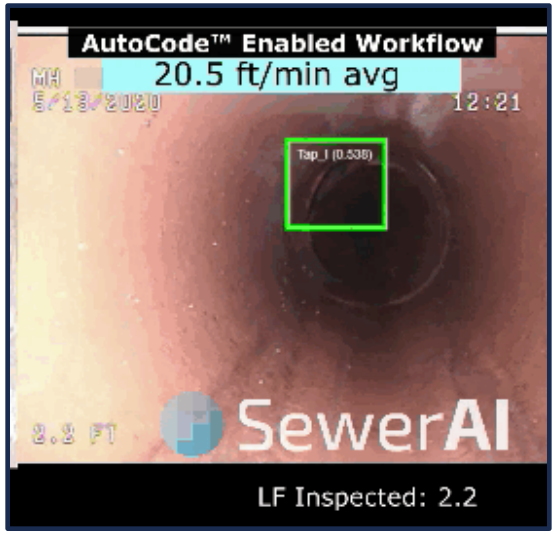
Key Efficiencies



Technology/Data updates include:

- SewerAI
- ePortal
- SmartCover



O&M improvements:

- Solids handling
- Supply vending
- Catch basin screening



Workforce Development:

- Training
- Apprenticeships
- Internships



Current Bond Ratings

BONDS	RATINGS[1]	
	Moody's	S&P
Junior Lien Wastewater System Revenue[2]	Aa2	AAA
Junior Lien Water System Revenue[2]	Aa2	AAA

1 - Represents underlying rating

2 - Issued by the City of Phoenix Civic Improvement Corporation

Proforma Metrics

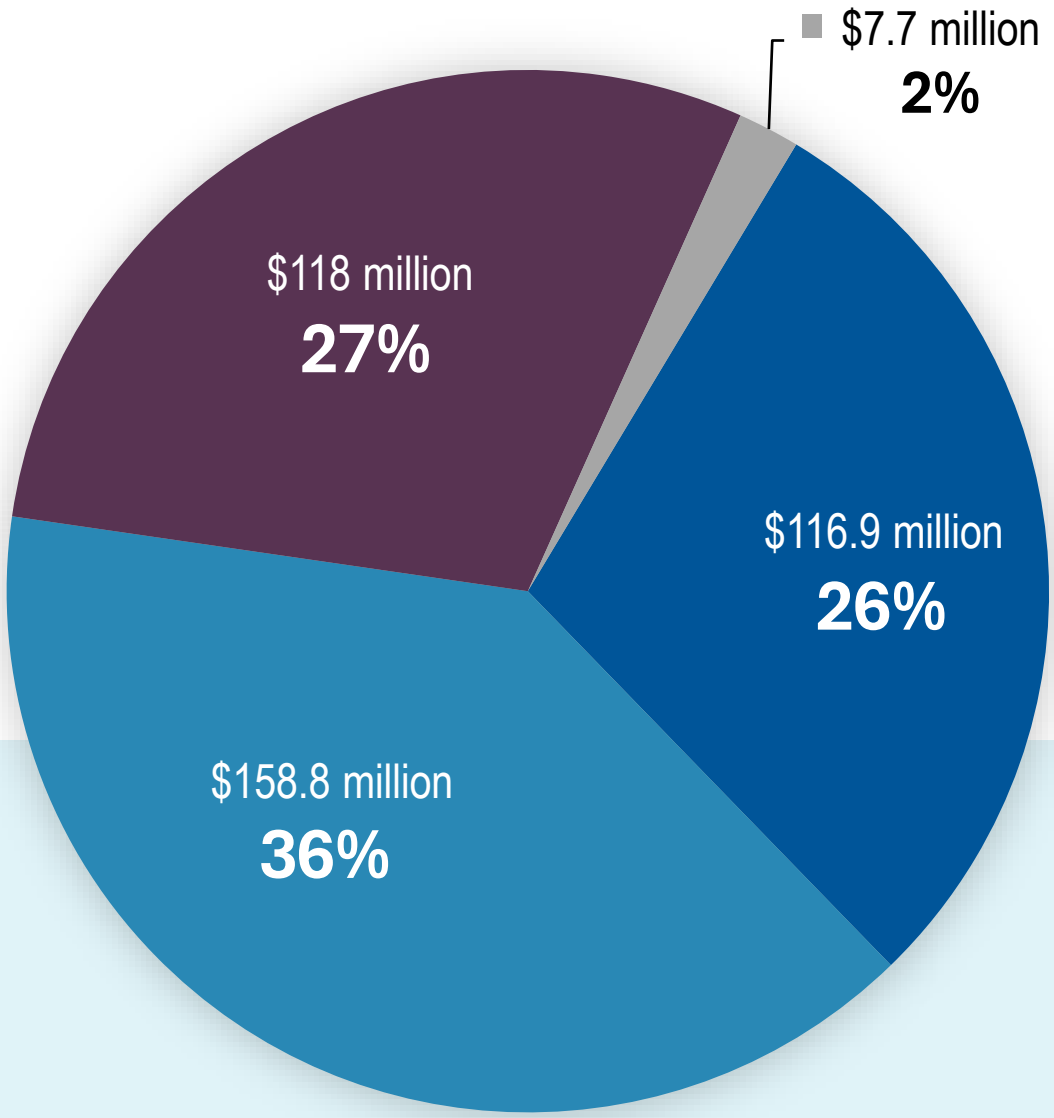
Metric	What it Measures	Question Answered
Revenue Bond Coverage	Annual Ability to pay debt from operations	Can we comfortably make our debt payments this year?
Fund Balance to Debt Service	Financial Reserves and Liquidity	If something goes wrong, do we have enough savings to address issues and protect bondholders?

CITY OF PHOENIX | WATER SERVICES DEPARTMENT

WATER FINANCIAL PLAN

FY 2026-31





Water Utility O&M Overview

FY 2026-27 O&M BUDGET

$359 MILLION

- Contractual Services
- Personal Services
- Commodities
- Capital Outlay

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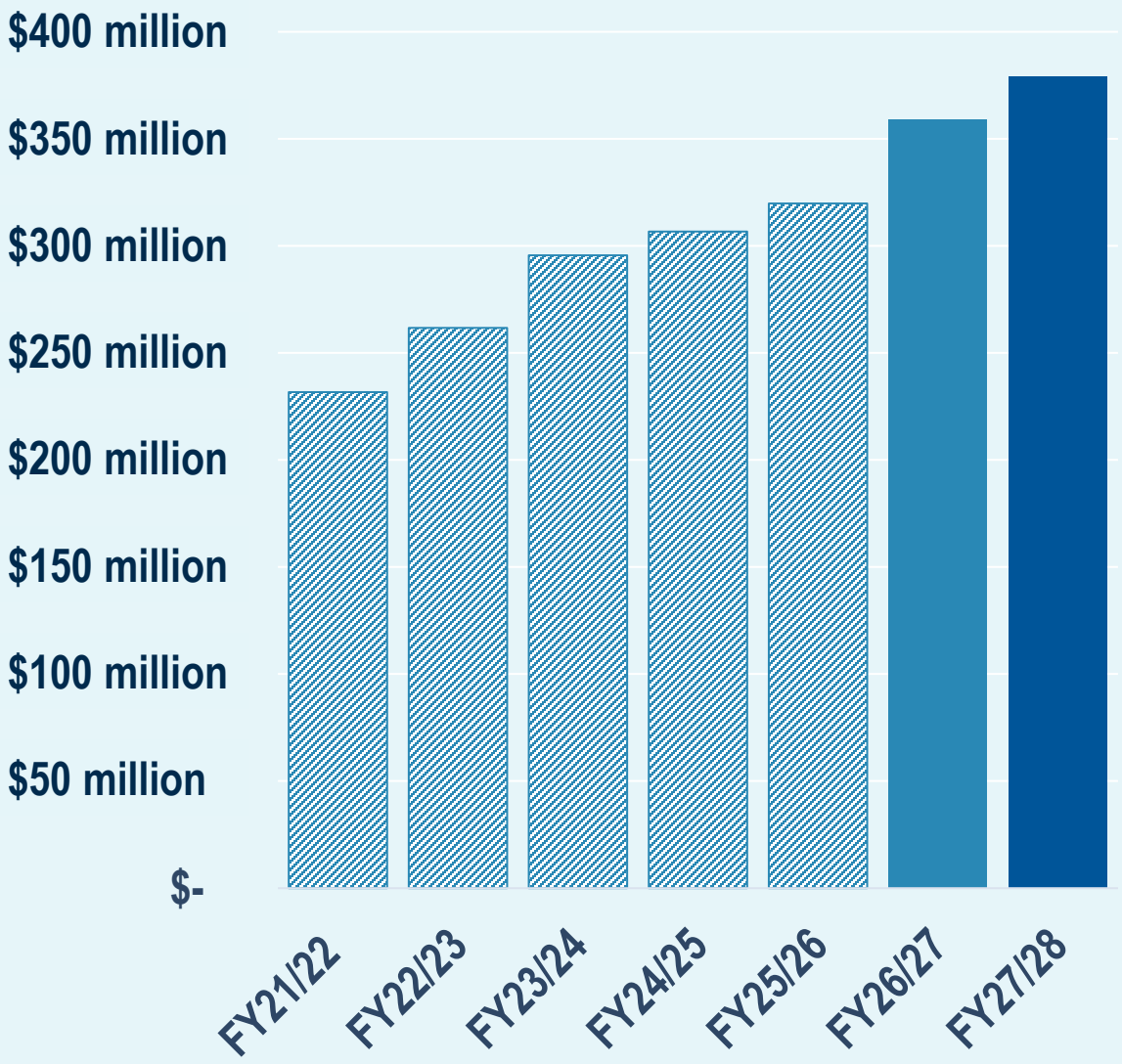
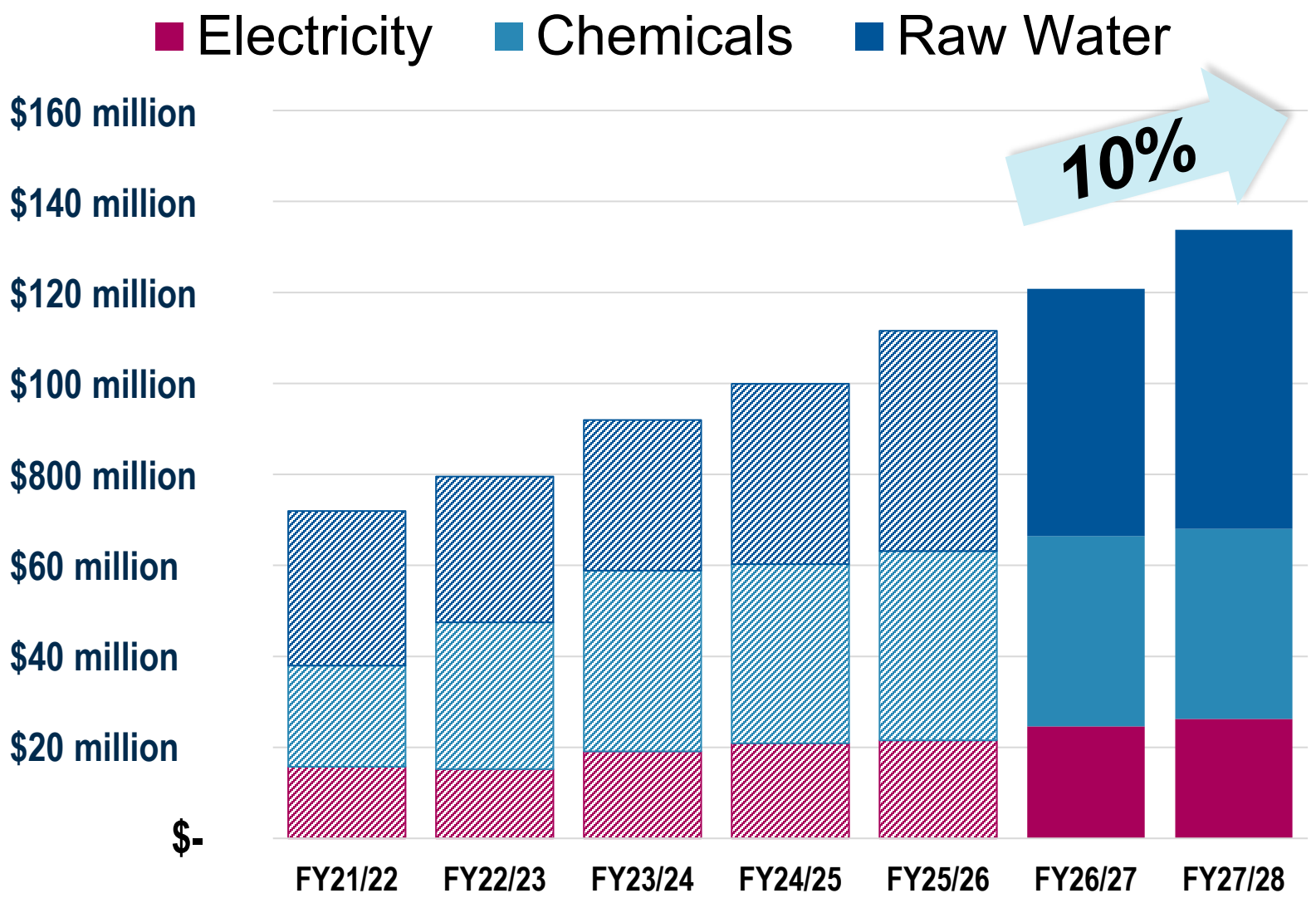
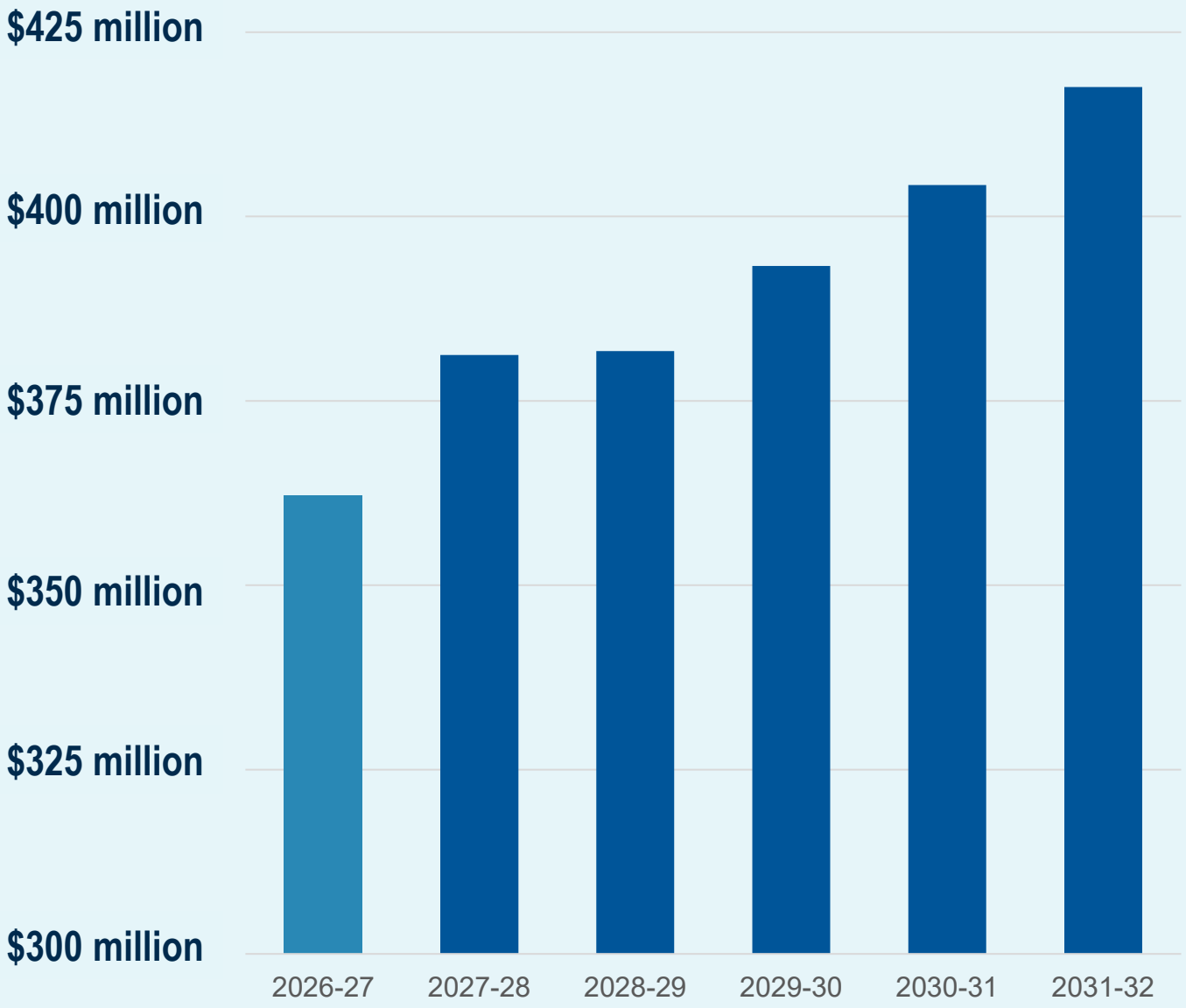


Water Utility O&M Historical

Big 3 Water Utility



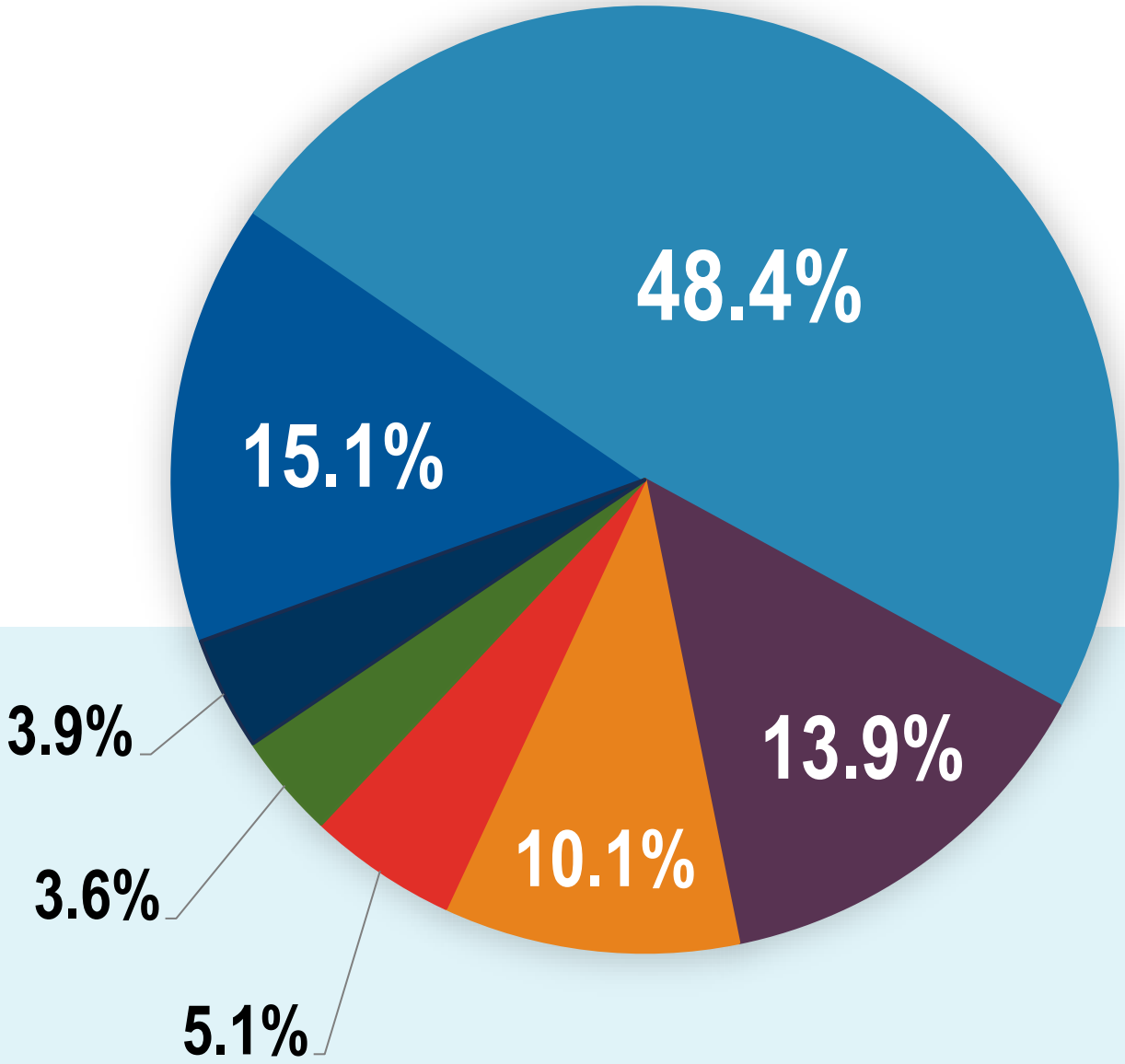


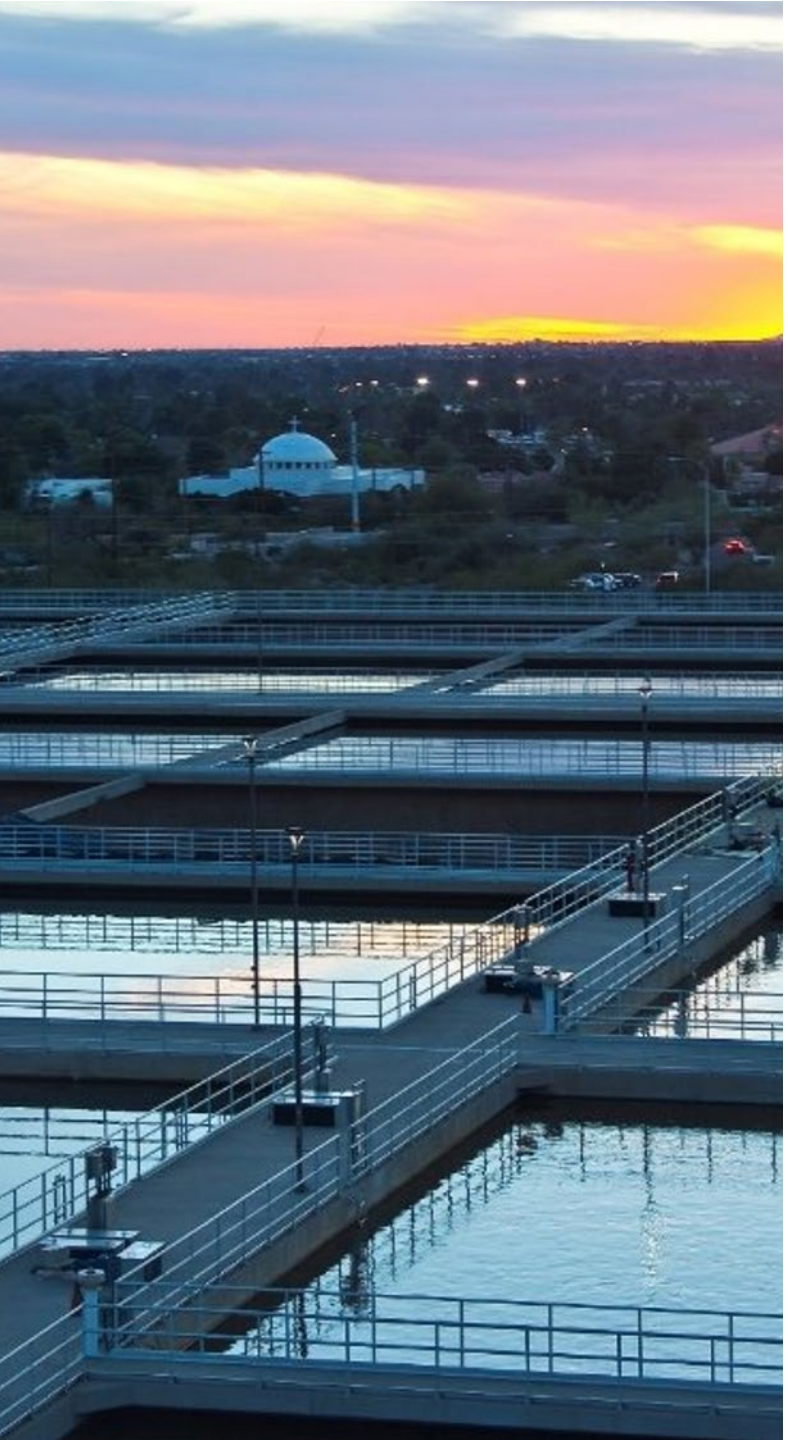
Water Utility O&M Forecast

PHX WATER SMART

Phoenix Water CIP

TOTAL CIP: $5.4 BILLION
FY2026-27 – FY2031-32





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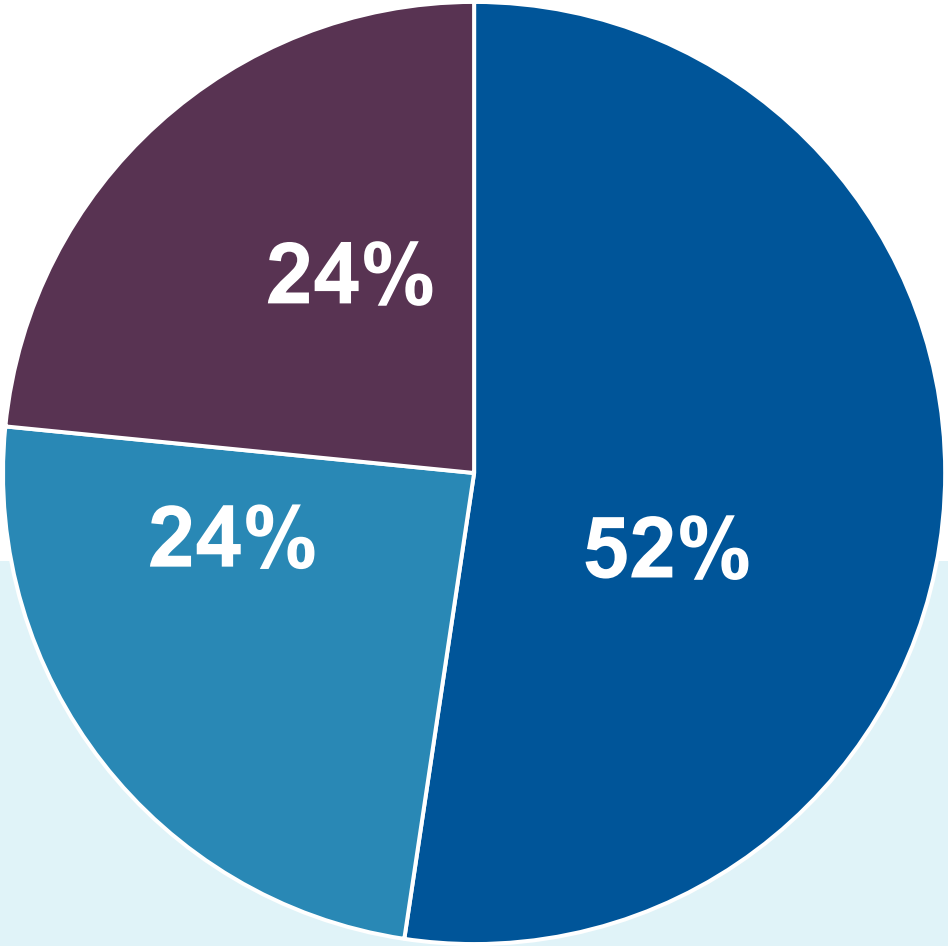
Future Water Bond Financing

FISCAL YEAR	PAY AS YOU GO	WATER BONDS
2028	$155.78M	$600M*
2029	$241.38M	-
2030	$125.26M	$1.47B*
2031	$473.47M	$1.60B
2032	$235.14M	$1.51B
Total	**$1.23B**	**$5.17B**

***Bond sales funded by the current rate recommendations**

Water Operating Budget



Previous Rate Approved – June 2023

FY2023-24		FY2024-25
OCT 2023	MARCH 2024	MARCH 2025
6.5%	6.5%	13%

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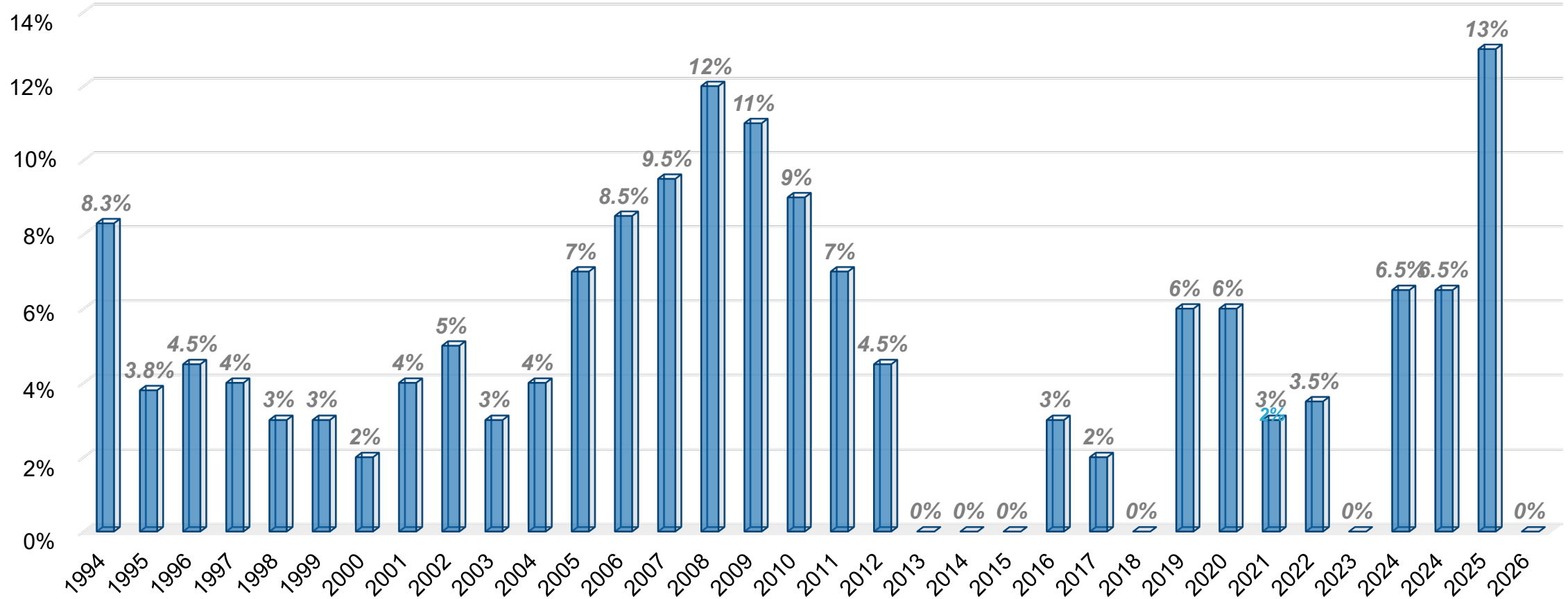
Rate History

Phoenix Water



Water Rate Recommendation

Staff recommends the following annual revenue increases for City of Phoenix water services:

JUNE 2027	JANUARY 2028	JANUARY 2029	JANUARY 2030
9.5%	9.5%	10%	10%

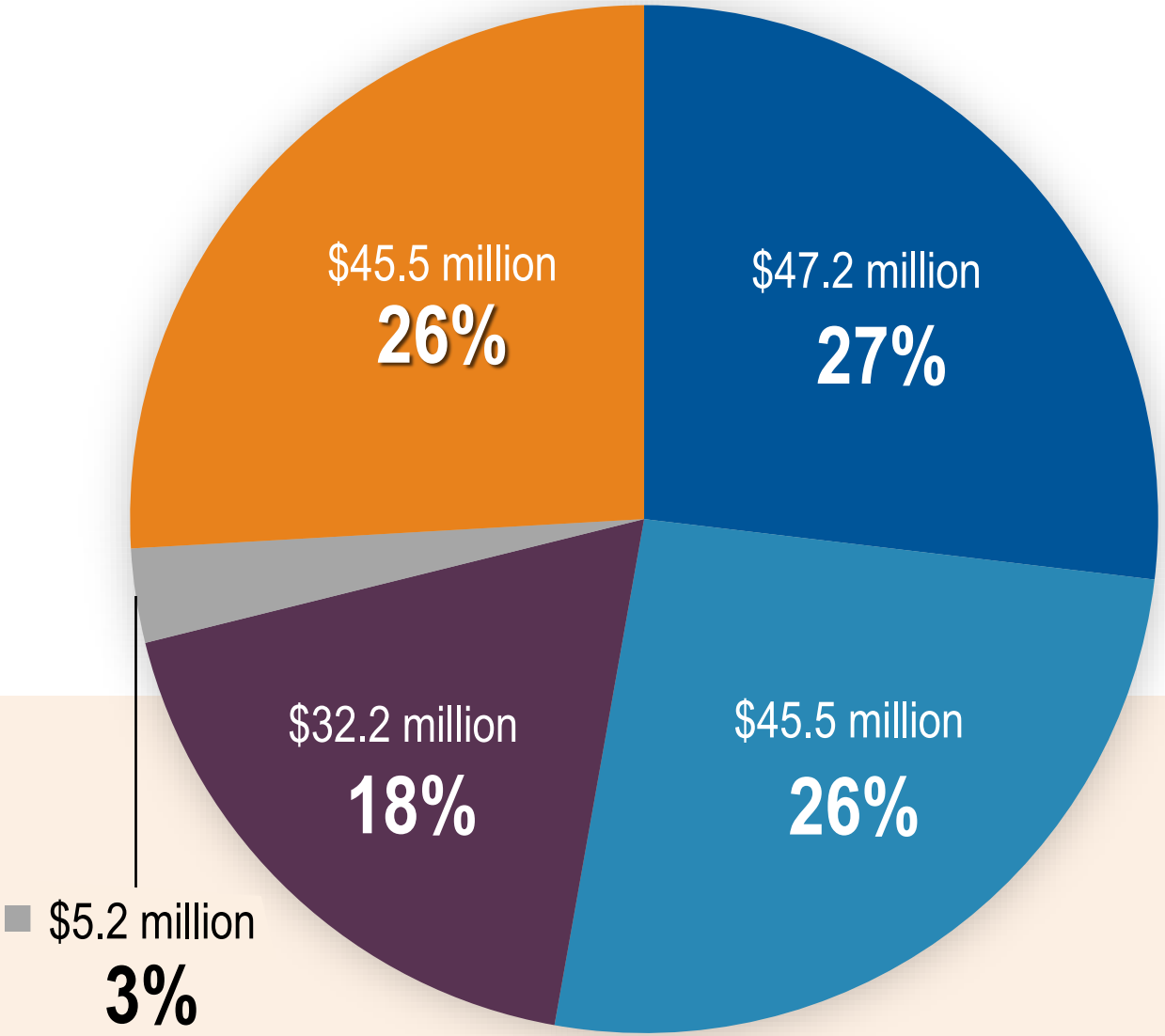
WASTEWATER FINANCIAL PLAN

FY 2026-31



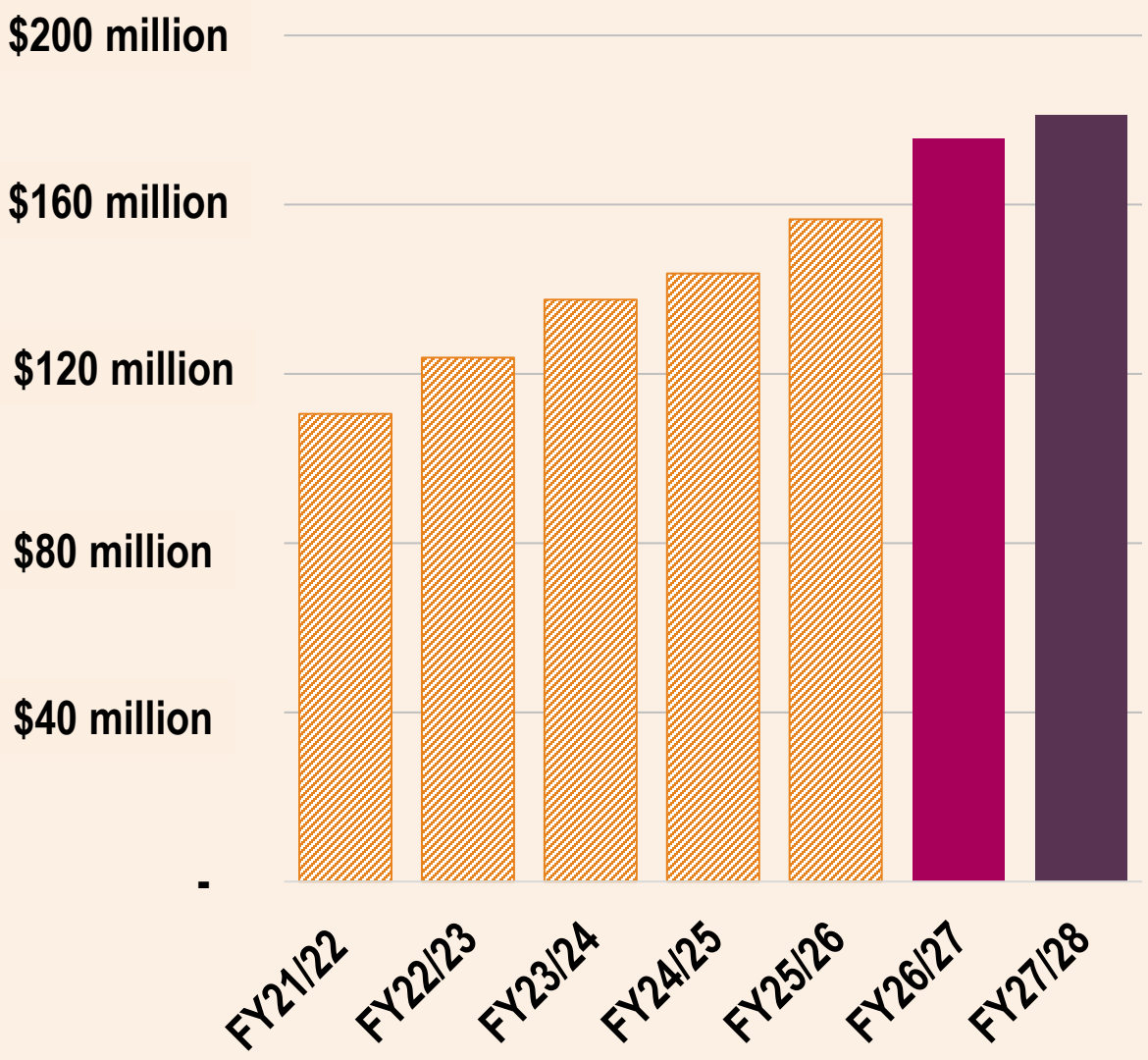
Wastewater Utility O&M Overview

FY 2026-27 O&M BUDGET
$175.6 MILLION



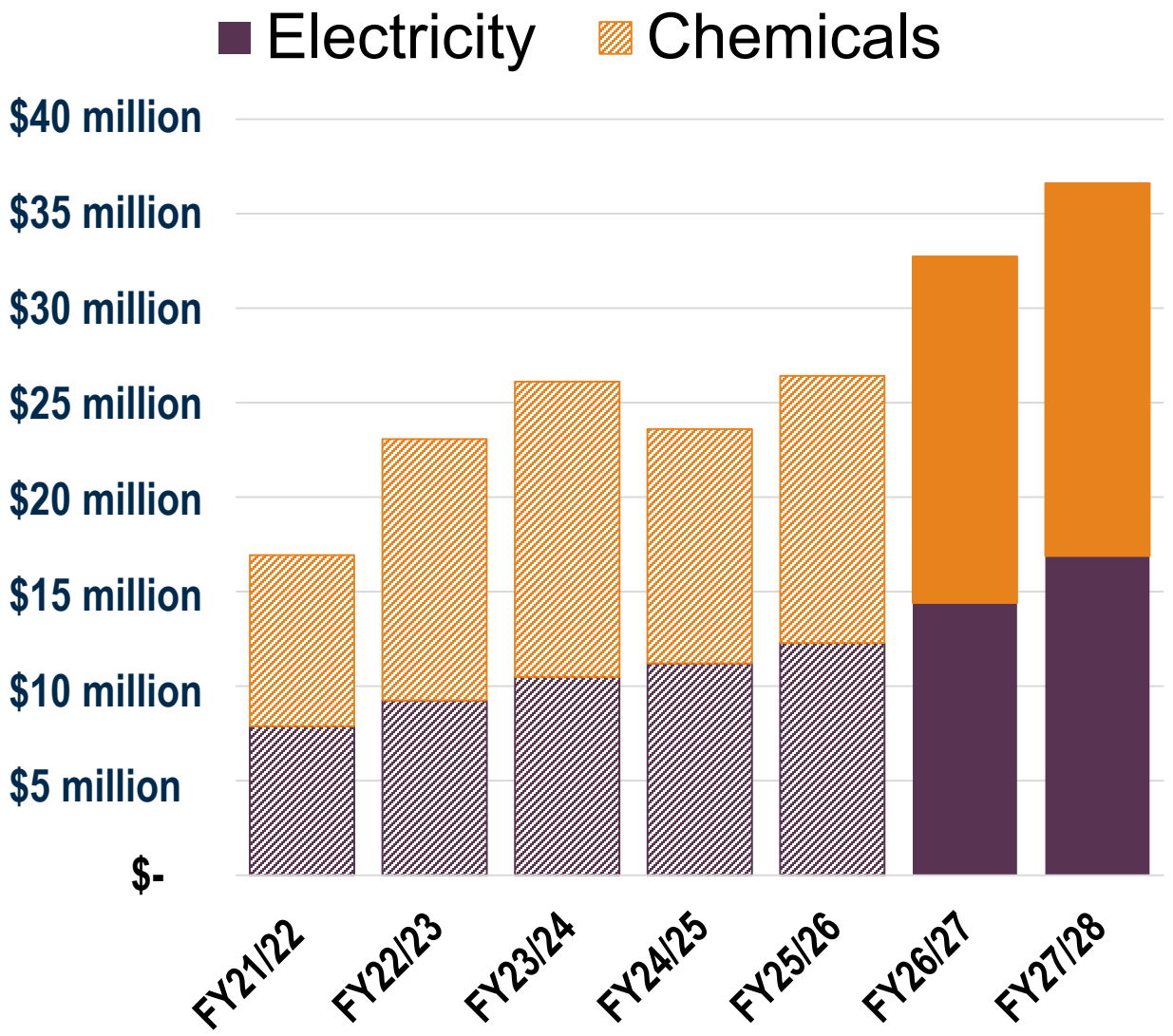
- Contractual Services
- Capital Outlay
- Personal Services
- Shared Services
- Commodities

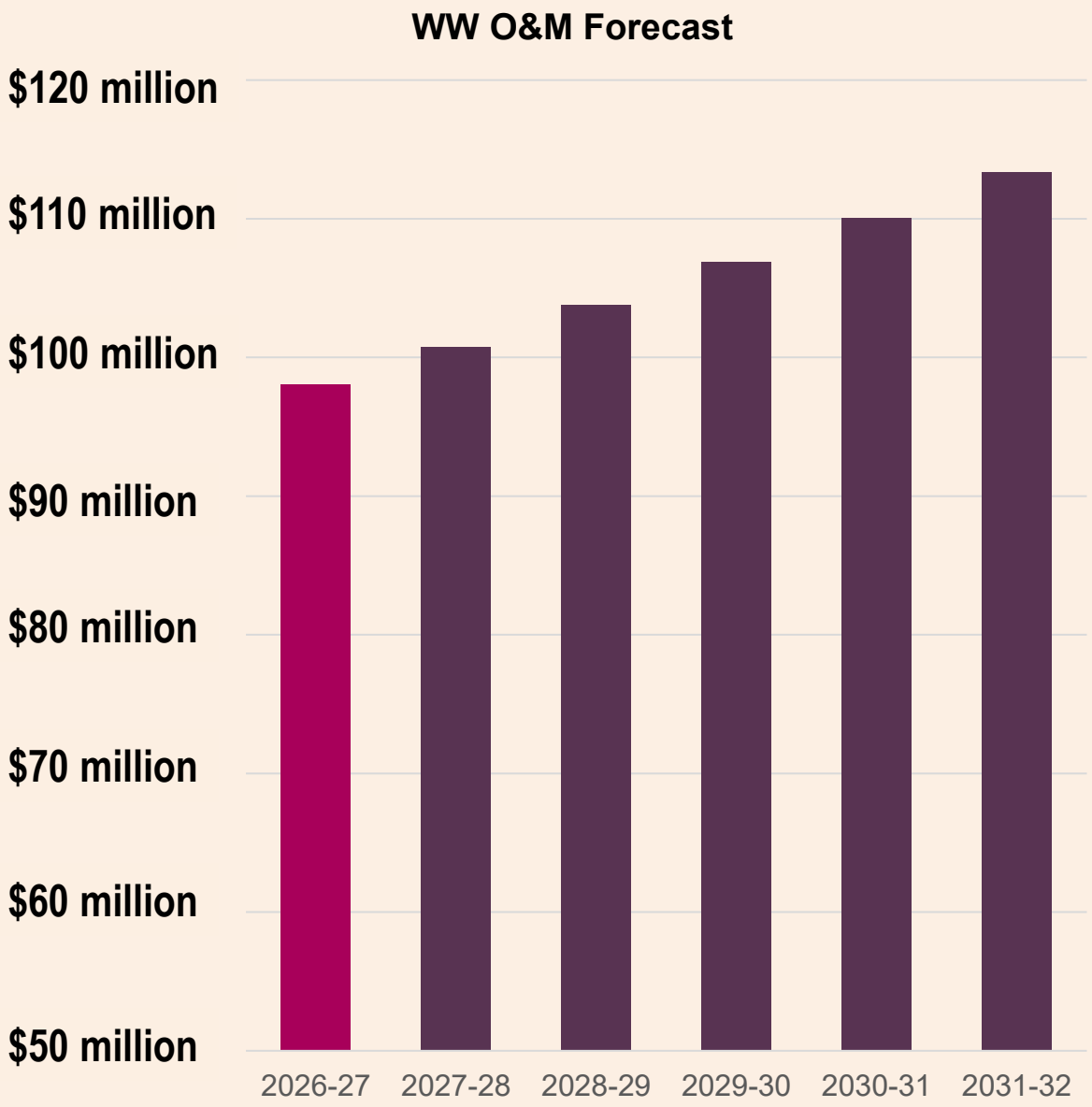
PHX WATER SMART



Wastewater Utility O&M Historical

Big 2 Wastewater Utility





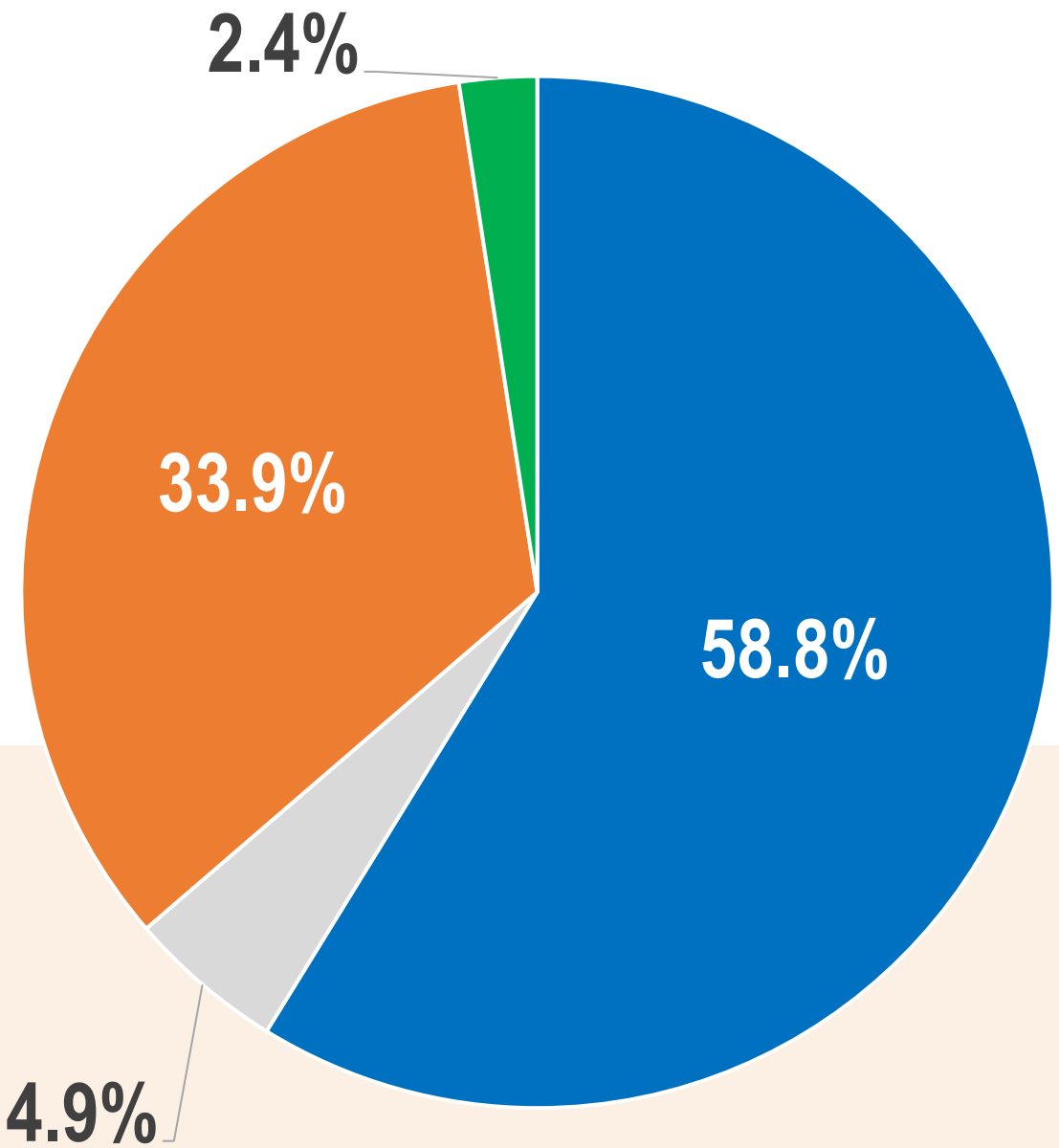
Wastewater Utility O&M Forecast

PHX WATER SMART

Phoenix Wastewater CIP

Total CIP: $2.5 Billion

FY 2026-27 – 2031-32





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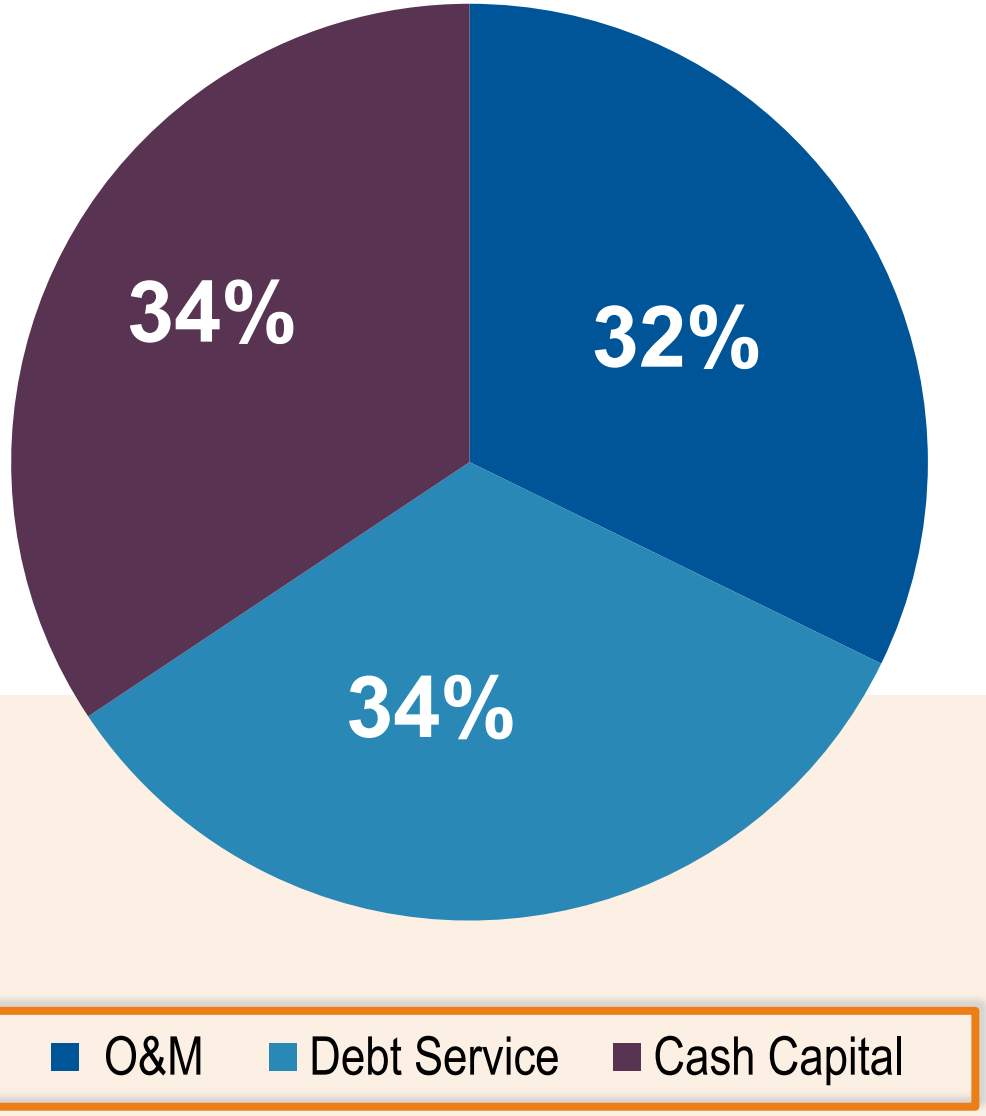
Future Wastewater Bond Financing

FY ENDING	PAY AS YOU GO	BOND FINANCING
2028	$85.35M	$465M*
2029	$64.86M	$300M*
2030	$132.87M	$465M*
2031	$137.27M	-
2032	$111.35M	-
Total	**$531.70M**	**$1.23B**

***Bond sales funded by the current rate recommendations**

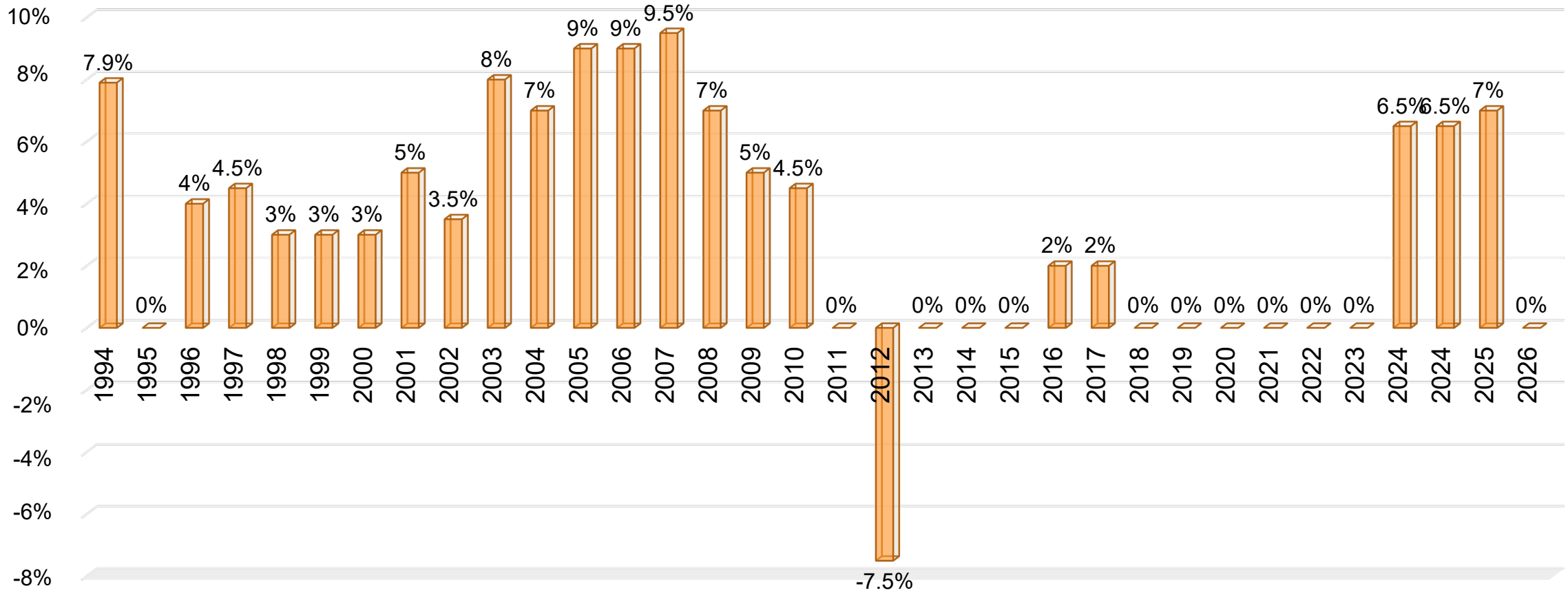
Wastewater Operating Budget



PREVIOUS RATE APPROVED – JUNE 2023

FY2023-24		FY2024-25
OCT 2023	MARCH 2024	MARCH 2025
6.5%	6.5%	7%

RATE HISTORY
PHOENIX WASTEWATER



WASTEWATER RATE RECOMMENDATION

Staff recommends the following annual revenue increases for City of Phoenix wastewater services:

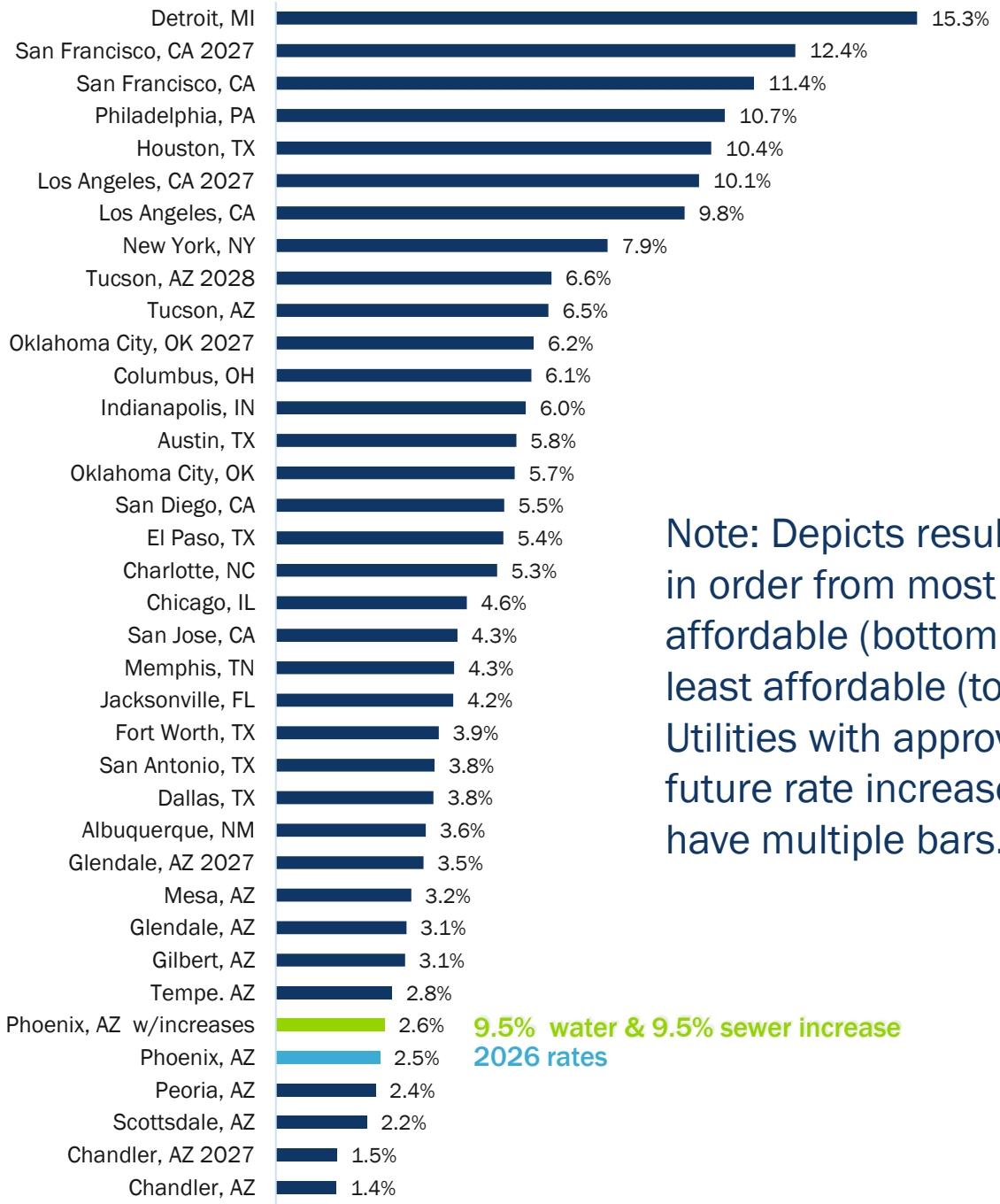
JUNE 2027	JANUARY 2028	JANUARY 2029	JANUARY 2030
9.5%	9.5%	10%	10%

$$HBI = \frac{\text{Annual Cost of Water and Sewer Service}}{\text{Lowest Quintile Income}}$$

HBI: Household Burden Indicator

The HBI assesses affordability at the 20th income percentile, rather than at median income.

HBI effectively captures water and sewer costs as a percentage of income at the lowest 20th percentile.



Note: Depicts results in order from most affordable (bottom) to least affordable (top). Utilities with approved future rate increases have multiple bars.

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HBI VALUES & RANKING

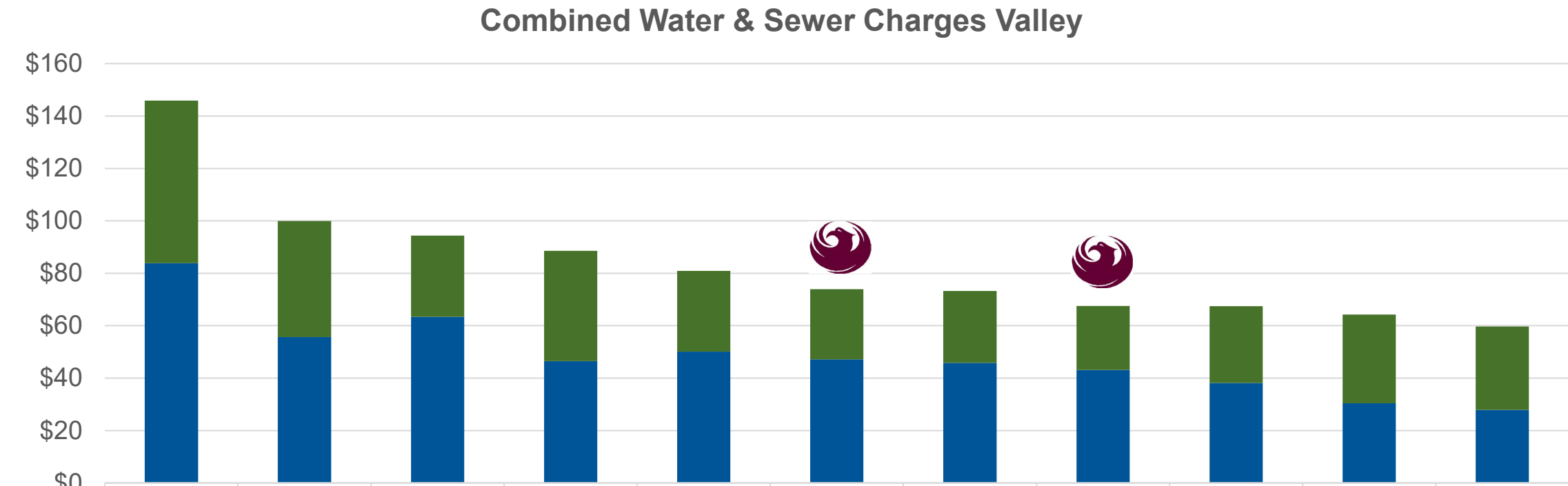
Single-Family Residential Household

Based on Average Consumption from Fiscal Year 2026

November 2026

Utility Comparison

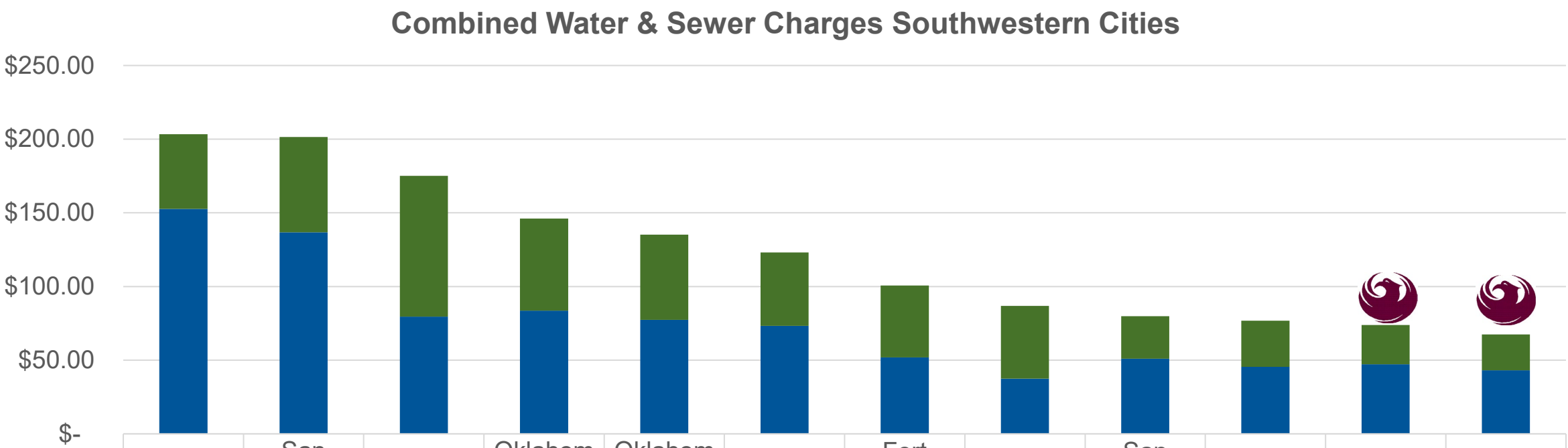
Valley Cities



	Gilbert	Glendale 2027	Mesa	Glendale	Peoria	Phoenix 9.5%	Tempe	Phoenix	Scottsdale	Chandler 2027	Chandler
sewer	$62.01	$44.25	$30.96	$42.05	$30.88	$26.77	$27.40	$24.45	$29.23	$33.87	$31.80
water	$83.86	$55.67	$63.45	$46.53	$50.07	$47.18	$45.82	$43.08	$38.18	$30.41	$27.90

Utility Comparison

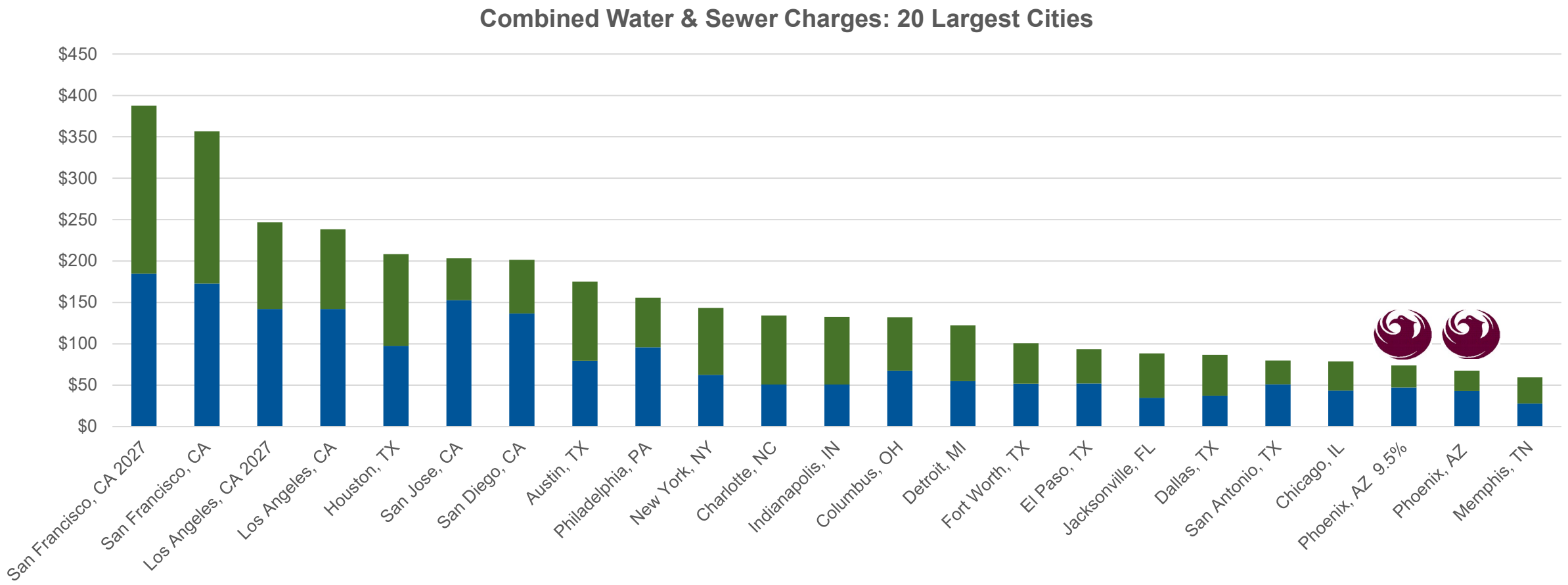
Southwest Cities



	San Jose, CA	San Diego, CA	Austin, TX	Oklahoma City, OK 2027	Oklahoma City, OK	Tucson, AZ	Fort Worth, TX	Dallas, TX	San Antonio, TX	Albuquerque, NM	Phoenix, AZ 9.5%	Phoenix, AZ
sewer	$50.67	$64.71	$95.48	$62.35	$57.90	$49.75	$48.75	$49.33	$28.80	$31.32	$26.77	$24.45
water	$152.72	$136.78	$79.61	$83.71	$77.32	$73.36	$51.88	$37.47	$51.03	$45.53	$47.18	$43.08

Utility Comparison

20 Largest U.S. Cities



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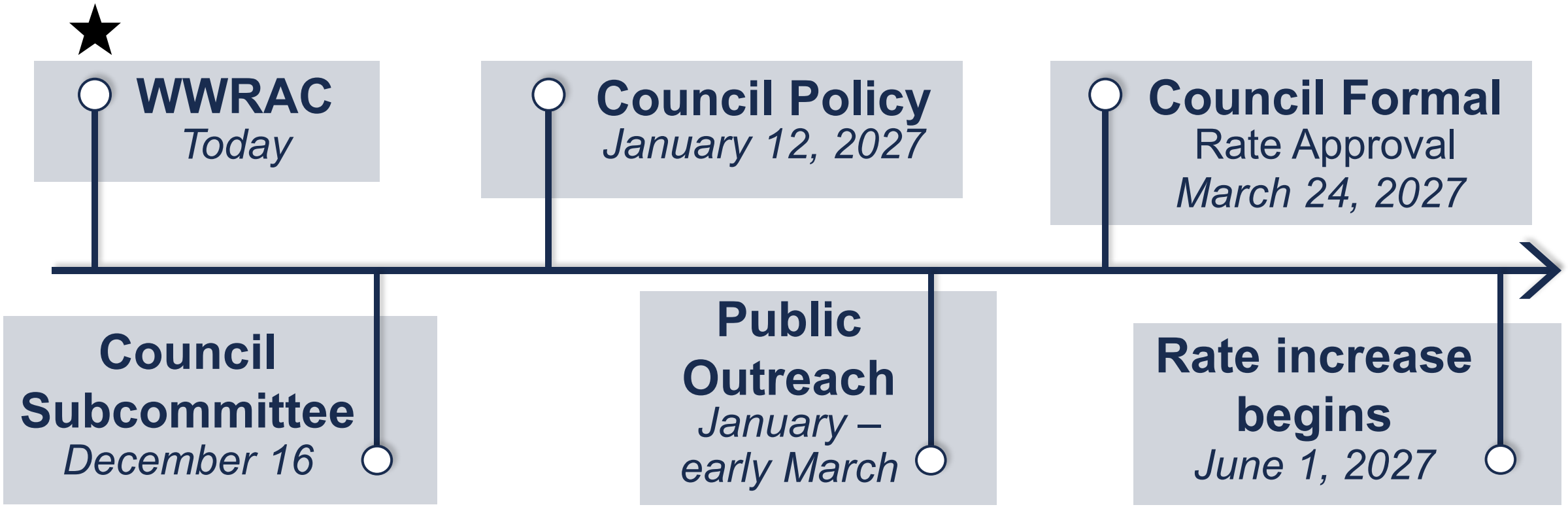
Project Assist

- A partnership between **Water Services** and **Public Works**.
- Current program is funded at **$1.2 million** annually.
- Income based program that provides financial assistance to customers who qualify.



The program is administered by the **Human Services Department**.

Rate Approval Process



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Takeaways

Phoenix Water and Wastewater rates are very affordable based on various comparisons and metrics.

Phoenix is committed to Pure Water Phoenix, will provide a safe and reliable drought-proof water supply for the future.

Inflationary costs continue to impact the department's overall budget, including in the areas of the **Big 3** and **Big 2**.

Personal services remain key to the development and retention of the department's key asset – its **EMPLOYEES**.

Rate Recommendation

Request the Water/Wastewater Rate Advisory Committee recommend to City Council to approve the water and wastewater revenue increases below:

	JUNE 2027	JANUARY 2028	JANUARY 2029	JANUARY 2030
WATER	9.5%	9.5%	10%	10%
WASTEWATER	9.5%	9.5%	10%	10%