



Proposed Utility Rate Outreach Results, Utility Customer Service and Water Conservation & Drought Management Plan

Mayor & Council Work Session
4:00 p.m. | November 10, 2025



*"Committed to Reliable
and Affordable Service"*

Proposed Utility Rate Outreach Results





Revenue Required for Sustainability of Funds

Utility Rate Revenue Requirement Used for Customer Outreach

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%

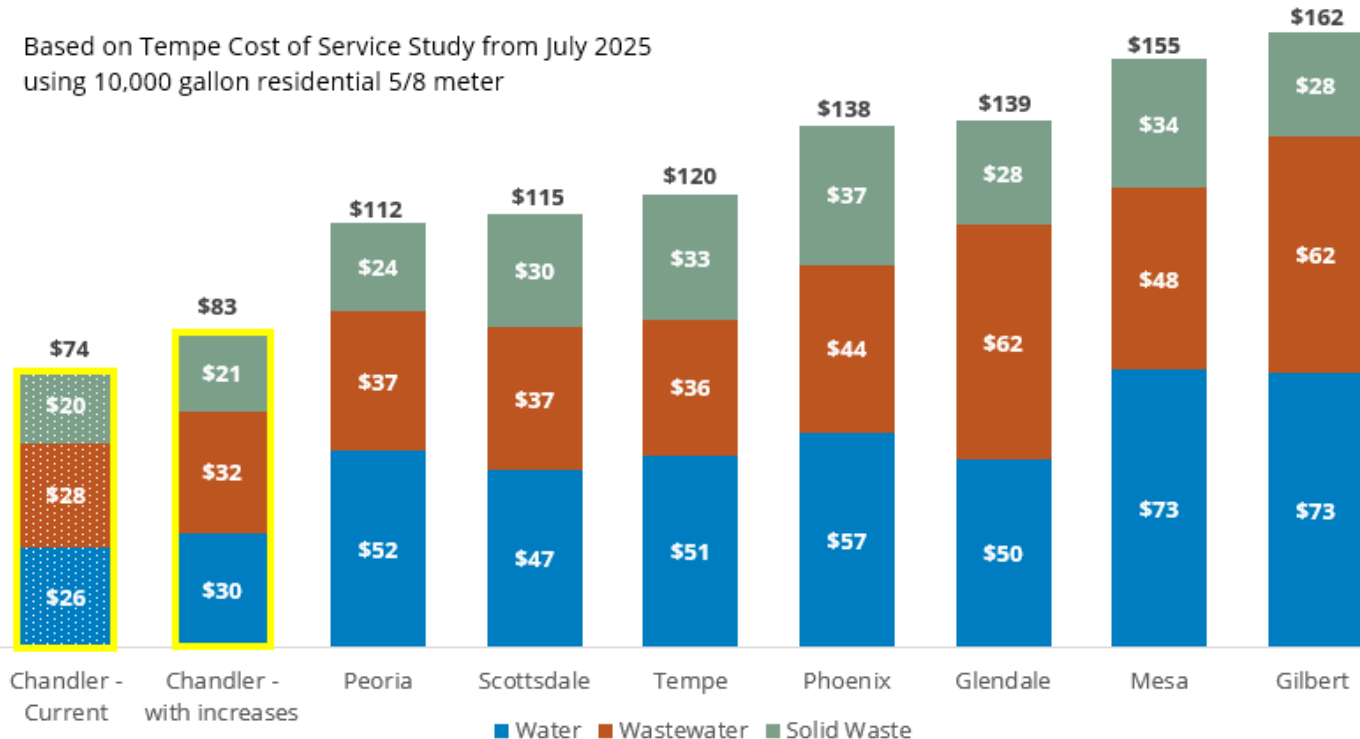
Wastewater (100% COS)	Mar-26
Residential %	15.00%
Multifamily %	15.00%
Non-Residential % Volumetric	15.00%
Industrial % Volumetric	15.00%
Overall Wastewater Revenue Increase Needed	15.00%

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 in March 2026

Residential Utility Cost Comparison

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





Utility Rate Outreach

In-Person

- Presentation and discussion with Chandler Chamber
- Presentation and discussion with multi-housing group
- Two public informational meetings
- Calculated and communicated rate plans and projected monthly/annual effect of bill change to various large industrial users

Social Media

- Posted on all platforms about rate changes
- Posted public informational meeting times and locations
- Posted responses to clarify misinformation when needed

Other

- Posted on City website
 - Presentations
 - Calculator
 - Comment/Feedback Link
- Issued press release for papers
- Published CityScope article
- Posted Adopted Notice of Intent (NOI)
- Emailed 88 HOAs available on the Neighborhood Resources contact list
- Upcoming utility bill messages in Jan/Feb 2026

Each group/resident/business we sent specific information to or spoke to did not have major concern with proposed rate changes

chandleraz.gov/proposedutilityrates has all of the proposed rate information

Feedback Received

As of 10/21/25

Website 2026 Proposed Utility Rate Changes

382 views

5 Comments

Website Monthly Bill Calculator

211 views

Social Media

3 posts Oct 2, 7 & 12

22,600 Impressions/Views

1,567 Engagements



2 Public Informational Sessions

Light public
participation

Other

1 letter

2 emails

Feedback Received

8 - Emails (2), Letter (1), Website Comments (5)

- One supported proposed changes
- One supports the changes to ensure long-term sustainability
- One support for across-the-board allocation
- One requested more data-based allocation to customer classes
- One requested another study to ensure cost split is accurate
- One concern with overall cost-of-living increases
- One wanted actions to lower costs
- One did not want to have drastic increases like other municipalities



43 Captured Social Media Comments

- 13 – Had comments related to other concerns not utility rate related
- 12 – Generally, not in favor of rate increases
- 6 – While not good news, they understood
- 5 – Did not want to follow other municipality's drastic increases
- 5 – Some concern with the cost split between residents and businesses
- 2 – Wanted less growth which could reduce costs



Utility Customer Service “The Chandler Way”

Customer Service “The Chandler Way”

Utility Billing & Meter Services Teams

Goal to provide information and services fairly and accurately to Chandler utility customers with a high level of customer satisfaction

Highlights

- Provides single point of contact for utilities, billing, and collecting user charges for water, wastewater, and sanitation systems
- Performs billing usage reviews using audit reports
- Triages high water bills to meter techs or conservation to perform water audits if needed
- Provides water usage educational tools
- Uses bill messages and electronic bills to communicate water conservation tips, 2x consumption, rate changes, rebates, etc.
- No late fee or shut offs for those impacted by federal shut-down
- Partners with Neighborhood Resources to triage calls of customers needing resources
- Proactive full meter review to be completed by manufacturer

AMI daily
reads
coming
2026



Customer Service “The Chandler Way”

Water/Wastewater/Reclaimed/Solid Waste Rate Change Process

- Work session during budget process
- Website with rate information
- Online bill calculator
- Customer feedback button
- Significant customer outreach
- Public meetings
- City Scope article
- Bill message for 2 months prior to change
- Utility Reps trained to calculate impact
- Adding additional \$25K to A-OK program to help rate payers most vulnerable



Rate Adjustment Timeline

Task or Event	Date
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

Visit chandleraz.gov/proposedutilityrates for more information



Chandler Water Conservation & Drought Management Plan

Preparing for water supply reductions

Mayor & Council Work Session – November 10, 2025

Simone Kjolsrud, Water Resources Manager

Agenda

- Water Resources Update
- Reclaimed Water Update
- Water Conservation Programs
- 2-Yr Review of Conservation Success
- Rebate Policy Updates
- Drought Management Plan Updates
- Next Steps

Where does our water come from?

Surface Water

Snow and rain runs off into rivers, lakes and streams. The water is stored in reservoirs behind dams.



Groundwater

Water stored underground in the space between sand and gravel.

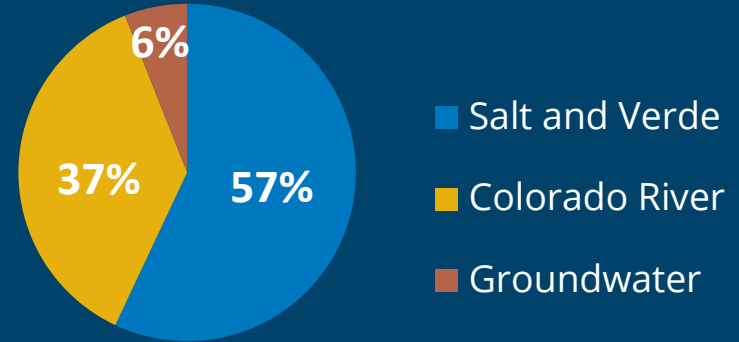


Chandler's Water Supplies

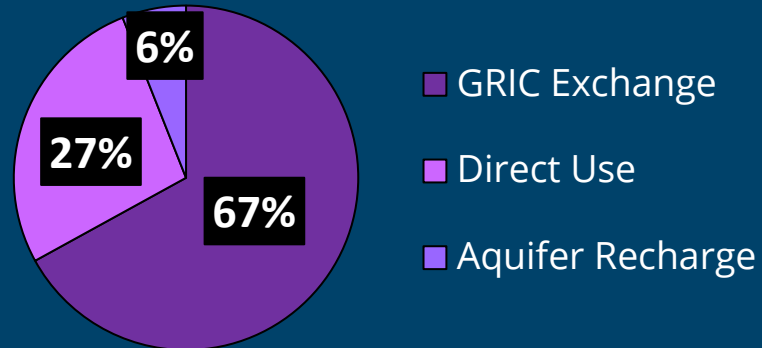
Projected Build-out Supply

Annual Supply (AF)	Water Source
59,530	Salt and Verde Water (SRP)
38,755	Colorado River Water (CAP)
6,346	Groundwater
104,631	Annual Drinking Water Supply
29,936	Annual Reclaimed Water Supply

Drinking Water Supply



Reclaimed Water Supply



Water Supply Challenges



Drinking Water

- **Colorado River Shortage (CAP)**
Permanent reductions to Arizona's allocation will likely result in a 20% to 40% cut for most central AZ water providers
- **Salt & Verde Supplies (SRP)**
Last winter was second driest on record, the 2026 SRP surface water allocation has been reduced by half
- **Groundwater**
Reduced surface water supplies will result in aquifer draw down



Reclaimed Water

- Gila River Indian Community Exchange – 67% of supply
- Serving 400 direct use customers for irrigation and cooling towers – 73 customers exceeded allocation 2024
- Aquifer recharge helps to manage seasonal demand

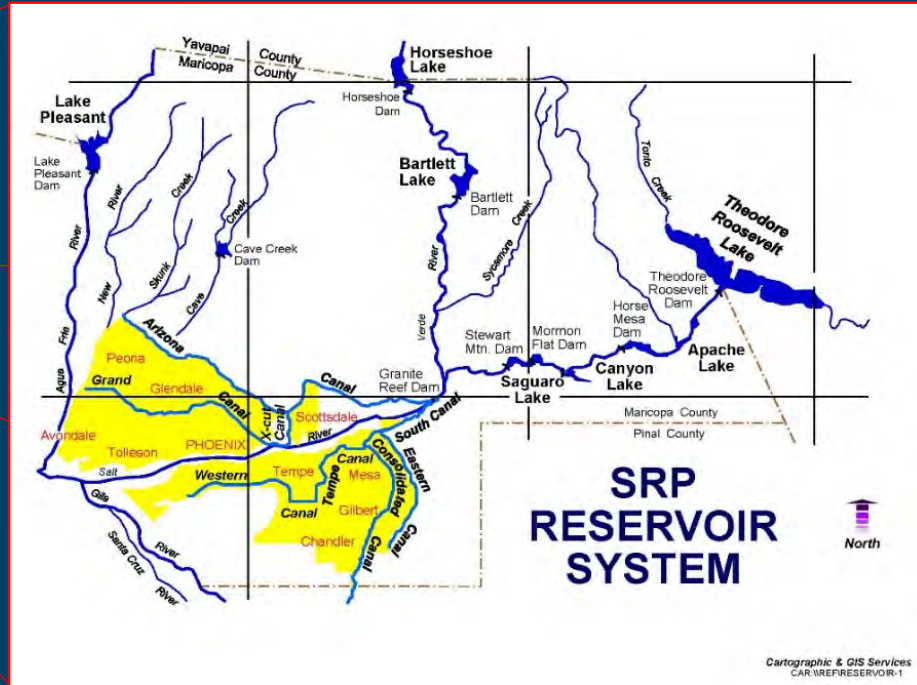
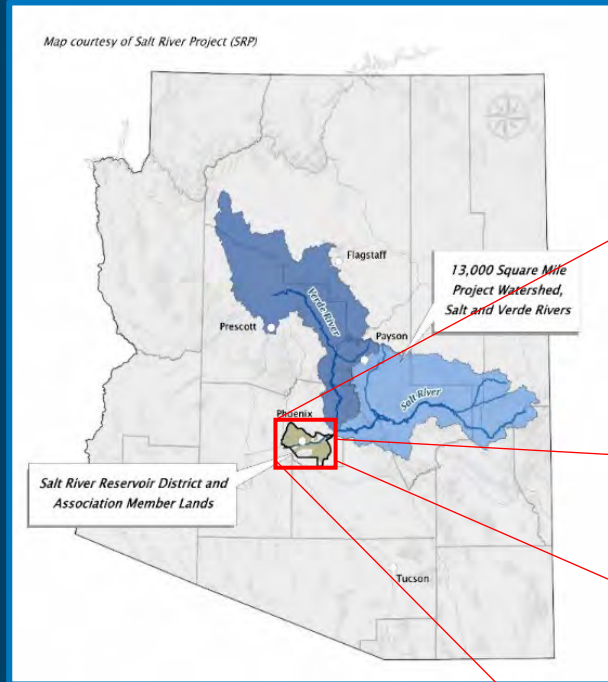
Colorado River Post-2026

- ✓ **January 2025** – US Bureau of Reclamation published the Post-2026 Alternatives Report, excluding each of the alternatives proposed by the upper basin and lower basin states.
- ✓ **November 2025** – Deadline for seven state consensus
- ✓ **Spring 2026** – Reclamation will publish a preferred alternative and develop any federal legislation needed to grant additional authorities required to implement the preferred alternative.
- ✓ **Summer 2026** – June/July deadline for final Environmental Impact Statement (EIS) and August deadline for a Record of Decision. Implementation for calendar year 2027.



Salt and Verde River Watersheds

Chandler's primary water supply is stored in SRP reservoirs.



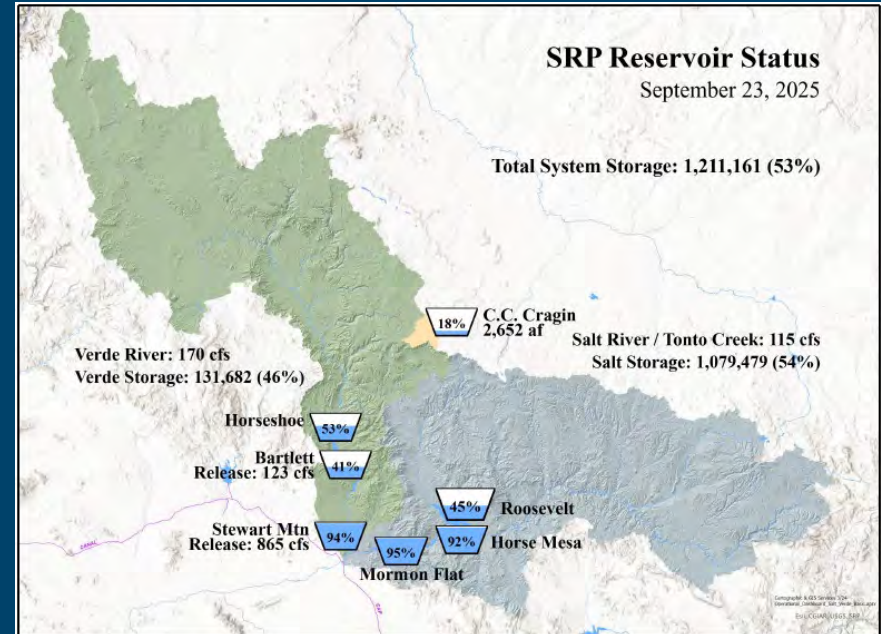
SRP reservoirs are currently about 55% full

Salt and Verde Reservoirs

Winter 2023 – Very wet year, reservoirs 100%

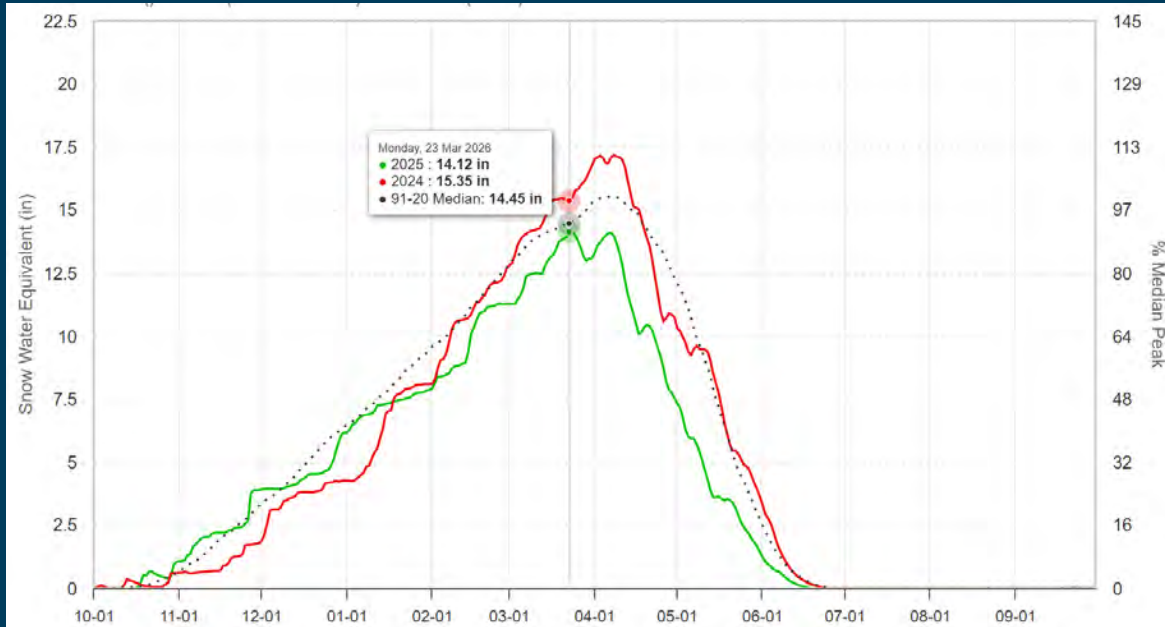
Winter 2025 – driest on record down to 55%

- Total system storage this same time last year was 77%
- Winter 2025 (Jan–May) only 21% of normal – driest on record
- Water Year 2025 (Oct – Aug) only 29% of normal – driest on record



Colorado River Conditions

Water year 2025 snow-pack slightly below the 30-yr average.



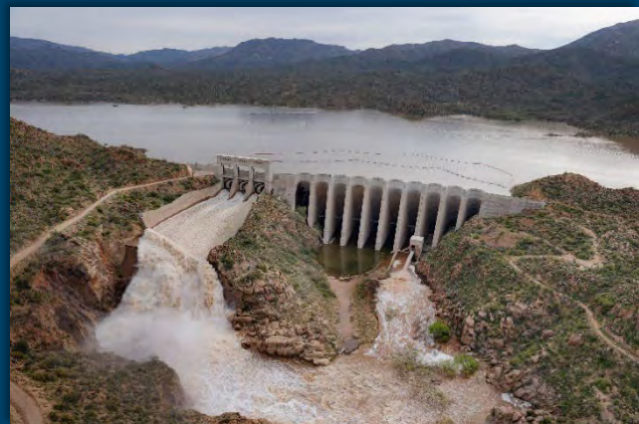
Groundwater Supplies

- In response to surface water shortages, Chandler will rely on groundwater reserves or stored water
- 32 wells provide redundancy
 - 31 active wells
 - 1 new well (in-progress)
 - 2 future well sites reserved
- Decades of well maintenance and careful planning



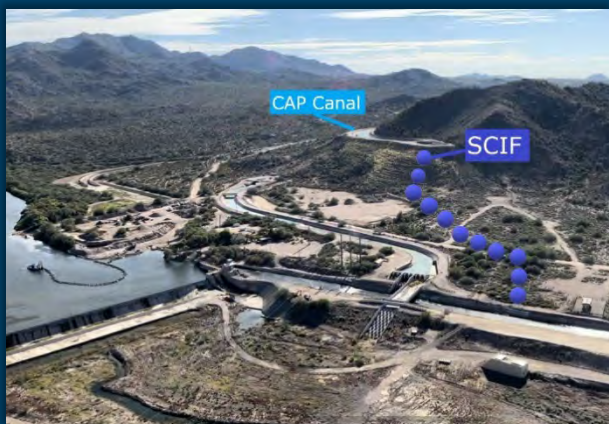
Regional Partnerships and Infrastructure

Regional projects provide additional operational flexibility



Bartlett Dam Modification

Funding a feasibility study which evaluates the potential to restore lost capacity due to sedimentation and modify Bartlett Dam height to increase the available storage space



SRP/CAP Interconnect Facility

Allows for delivery of water stored in the SRP system into the CAP canal for delivery to Chandler's Santan Vista Water Treatment Plant (adjacent to the CAP canal)



Roosevelt Dam Flood Control Space

Five-year pilot program to optimize the use of Roosevelt flood control space. Opportunities for planned deviations from normal operations, extending from 20 days to 120 days.

2024/2025 Water Infrastructure Investments

Water treatment investments, new recharge capacity and new wastewater and reclaimed metering infrastructure.

- ✓ **Reclaimed Water Interconnect Facility (RWIF)** – New membrane treatment facility to increase Chandler's aquifer recharge and deliver additional water for industrial cooling at Intel's expanded facilities.
- ✓ **Two ASR wells** at Tumbleweed Park for Aquifer Storage & Recovery (ASR), with improvements to the reclaimed water conveyance infrastructure between the RWIF and Tumbleweed.
- ✓ **Pecos Water Treatment Plant** upgrades improve water quality – new Granular Activated Carbon (GAC) filters
- ✓ **Reclaimed and Wastewater Meters** – Extensive meter replacements and infrastructure upgrades

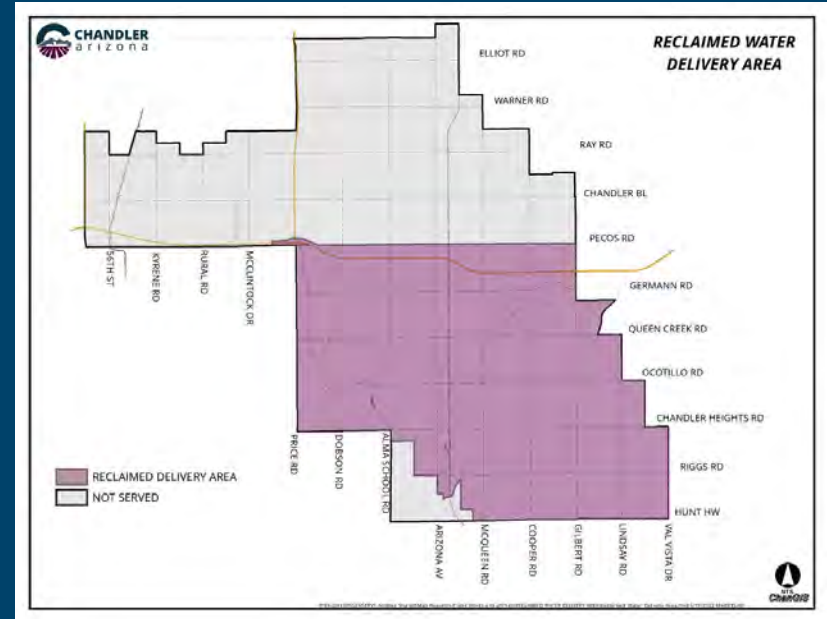


Chandler Reclaimed Water Interconnect Facility – Opened October 2024

2025 Reclaimed Assessment

All reclaimed accounts evaluated for contract compliance in Summer 2025

- ✓ **Communication & Education**
Letters sent include 2024 water use, annual allotment, reclaimed agreement, description of required permits, irrigation schedules, and customer service options
- ✓ **Notification of Exceedance**
Letters mailed to 73 accounts to notify of exceedance
- ✓ **Conservation Customer Service**
Irrigation scheduling, leak assessments, water budget software, help with understanding permits
- ✓ **Recent Updates Impacting Reclaimed Water**
Removed exemption from allocation policy, plans to remove exemption from the drought Plan, and remove exemption in landscaping ordinances



Chandler Water Conservation

Outreach & Education

Community workshops, water wise site visits and landscape consultations to assist residents, HOAs and businesses.



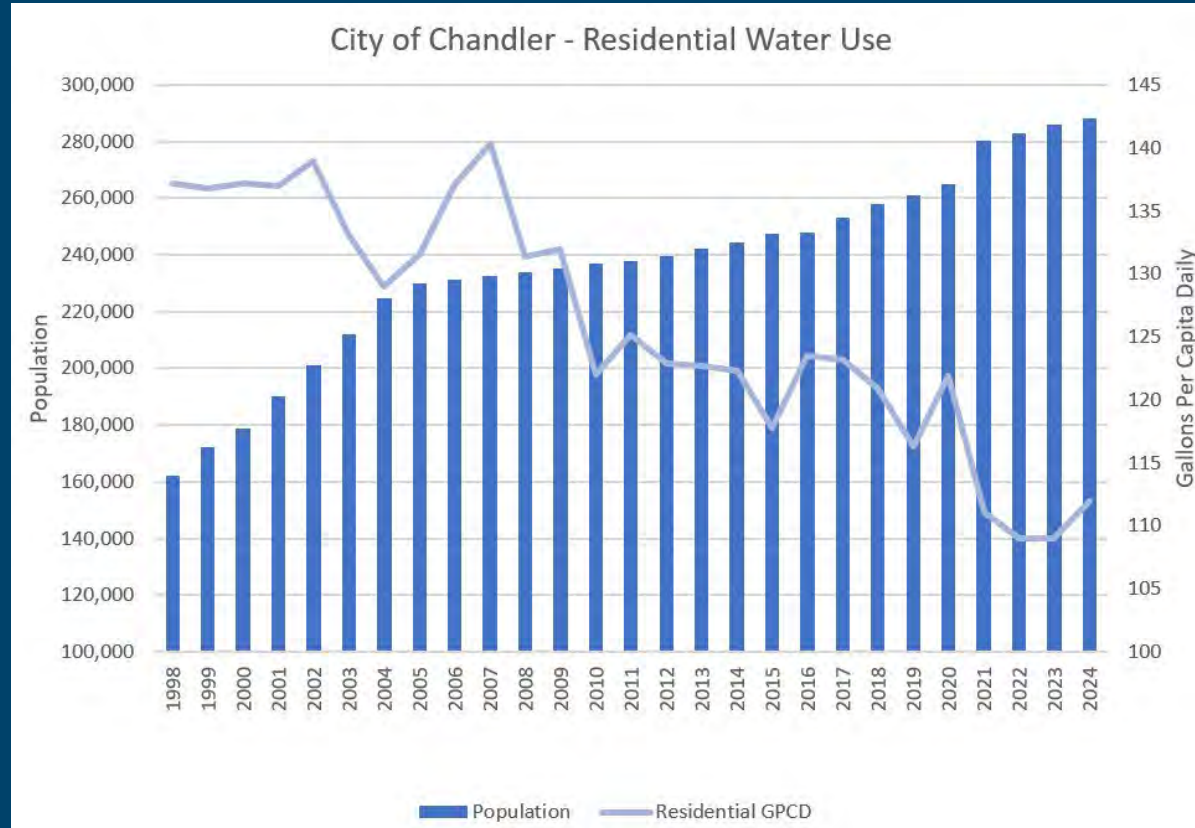
Rebates

Landscape conversions and technology rebates to reduce outdoor water use.



Water Demand Trends

- ✓ Chandler water consumption:
57% Residential
43% Non-Residential
- ✓ Since 1998, population has nearly doubled, residential gallons per capita per day (GPCD) declined by 20%
- ✓ Improvements in water efficient appliances and xeriscape landscaping can lower residential GPCD
- ✓ Chandler total consumption is roughly the same as 10 years ago (excluding 2020 & 2021)



Residential Conservation Rebates



Grass to Xeriscape Rebate

- **\$2 per SF** of grass converted to xeriscape, up to \$3,000
- Landscape **must include 50% plant coverage** post conversion
- **Minimum of 500 SF** needs to be removed to qualify
- You **need to apply before removing grass**



Indoor Water Conservation kits

- (multi-family and homes built before 1992)
- Water efficient showerhead
 - Aerators
 - Toilet Water Displacement



Smart Controller Rebate

- **50% off** the purchase price (pre-tax), up to \$250
- Must be a **WaterSense approved** smart controller

HOA/Commercial Conservation Rebates

Large Landscape Grass Removal Rebate

- Reimburses **25% of the total project cost** and an **additional \$3/Sq Ft for “Non-Functional” grass.**
- Landscape must include 50% plant coverage post conversion.
- Minimum of 5,000 SF needs to be removed to qualify.
- Need to apply before removing grass



Water Efficient Technology Rebate

- Rebate reimburses **50% of the cost to install** technology that provides real-time monitoring.
- Rebated technologies include Smart Irrigation Controllers, Irrigation Flow Sensors, Cooling Tower Controllers and Submeters.





Water Conservation Successes

Grass removal incentives increased October 2023 and program participation has significantly increased

- ✓ **Single Family Grass Removal** — Participation increased 234% after increase to \$2 per square foot (sq ft) and lowering the minimum from 1,000 to 500 sq ft. Roughly 132,000 sq ft of grass removed since Oct. 2023 and approximately \$240,000 in rebates (\$25,000 prior to change).
- ✓ **Commercial/HOA Grass Removal** — Participation increased 260% after developing a Large Landscape Grass Removal (LLGR) Rebate. Roughly 371,000 sq ft of grass removed since October 2023, and approximately \$770,000 in rebates (\$18,000 prior to change).
- ✓ **Smart Controller Rebate** — Residential smart controller rebates nearly doubled to 216 rebates (\$14,500 since Oct. 2023, compared to \$7,700 in the prior period).
- ✓ **Water Efficient Technology Rebate** — New program in Oct. 2023. Thirteen customers approved and approximately \$171,000 in rebates.

2025 Conservation Initiatives – City Facilities



New sub-meters on select city pools and all city facilities with cooling towers



Turf to xeriscape program in city retention basins, \$3 Million WIFA grant funding (2,000,000+ sq. ft.)



City Parks – reduced overseeding, smart controllers for all parks and 13 basins/medians



Partnered with SRP for funding landscape irrigation efficiency evaluations at all city parks



Consultant completed water efficiency evaluations for large city facilities and implemented updates



Rebate Policies – Proposed Updates

Rebate	Current			New		
	Rebate Amount	Maximum Rebate	Policy	Rebate Amount	Maximum Rebate	Policy
Single Family Grass Removal	\$2/sq ft of grass removed	\$3,000	Includes landscape converted to artificial turf with a maximum of 1,000 sq ft.	\$1.50/sq ft of grass removed	\$2,000	Does not include area that is converted to artificial turf. Plants must be from a nursery.
Large Landscape Grass Removal	25% of total project cost, plus incentive of \$3/sq ft for removing non-functional turf	\$75,000	Includes additional incentive for removing non-functional turf	25% of total project cost	\$20,000	Eliminates additional incentive of \$3/sq ft for removing non-functional turf
Water Efficient Technology	50% of the cost of technology (excluding taxes and installation)	\$10,000 per technology	Technology with real-time monitoring. Excludes taxes and installation.	50% of technology, including installation	\$10,000	Includes technology that provides real-time monitoring, and technology proven to result in a permanent reduction in water use. Includes cost of installation.



Drought Management Plan – Proposed Updates

Update drought plan triggers to match current water supply expectations, remove reclaimed exemption and update outdated language

- ✓ **Stage Triggers** — Update to reflect new shortage projections for post-2026 Colorado River reductions and modify triggers to evaluate supplies based on all surface water supplies.
- ✓ **Reclaimed Water** — Remove reclaimed exemption and add language to clarify the availability of reclaimed water during a shortage. Reclaimed water users will also be asked to conserve during shortages.
- ✓ **Update Language** — Update references to more current resources available online.
- ✓ **Expiration of Drought Stage** — One year after issuance or January 1st of a normal water supply year. Current plan does not address procedures to determine when a drought stage expires.

Drought Plan Triggers – Proposed Updates

Current triggers for Stage 2 and Stage 3 are no longer appropriate

No Change
→

Change trigger
based on all
supplies and
update to more
current
anticipated
reductions

	Declaration	Current Triggers	New Triggers	Responses
Stage 1	Water Resource Manager	A surface water shortage is predicted.	A surface water shortage is likely.	Increased public information and education
Stage 2	Public Works & Utilities Director	SRP reduced to less than 1.8 AF/acre (about 40%) and/or CAP supplies reduced 10%	A surface water shortage occurs, reducing surface water supplies by more than 20%	Mandatory water restrictions for municipal operations.
Stage 3	City Manager	SRP reduced to less than 1.5 AF/acre (about 50%) and/or CAP supplies reduced 15%	A surface water shortage occurs, reducing surface water supplies by more than 50%	Mandatory water restrictions for municipal operations. Voluntary water reductions for businesses and residents.
Stage 4	City Council	Conditions where it is unlikely that the City will be able to deliver sufficient water to meet all demands.	A surface water shortage occurs, reducing surface water supplies by more than 70% and/or supplies are insufficient to meet customer demands	Mandatory water restrictions for all customers - municipal operations, businesses and residents.

Drought Management Plan

Next Steps:

2025 – Stage 1

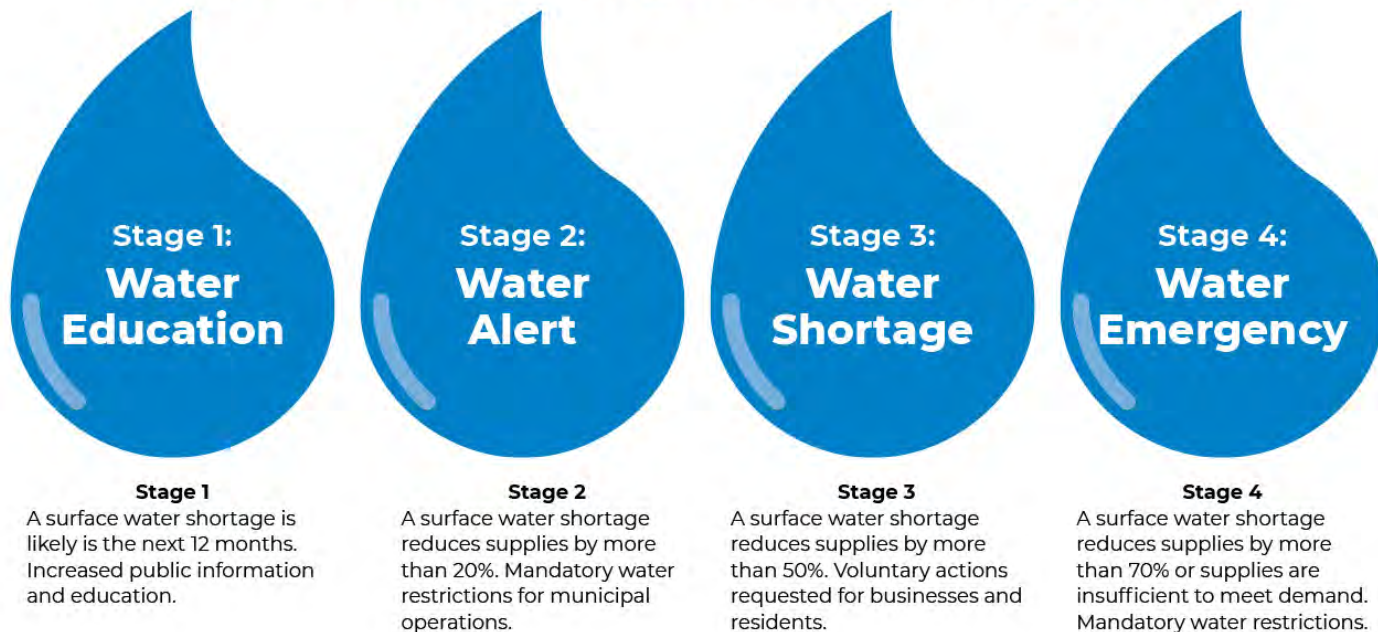
2026 – cont.

2027 – Stage 2?

➔ SRP Reservoirs?

➔ CAP reductions?

Chandler Drought Stage Triggers



Conservation Public Awareness Campaigns

Expanded messaging - drought awareness, landscape rebates and outdoor water use tips





Next Steps

- ✓ **Drought Management Plan** – Proposed updates to Chandler’s Drought Plan will be published on the water conservation website and become effective January 1, 2026.
- ✓ **Water Conservation** – Adopt resolution to update rebate policies consistent with funding from operating funds instead of WIFA grants. Policies effective January 1, 2026.
- ✓ **Reclaimed Water Agreements** – Continue current engagement strategy, offer water budgeting software, irrigation strategies and assist customers exceeding their allotment.
- ✓ **Regional Partnerships** – Participate in feasibility of Bartlett Dam Modification, the SRP/CAP Interconnect Facility, and maximize investment Roosevelt Dam Flood Control Space.

Questions?

