

Executive Summary

Background



In March 2025, the City of Goodyear, Arizona (the “City”) engaged **Willdan** to conduct a water, wastewater, and solid waste utility cost of service rate study and develop a long-term financial plan. The City was interested in evaluating the cost of service for each defined customer class and developing a comprehensive rate plan for Fiscal Year (“FY”) 2026 and beyond. The City utilizes standard governmental accounting procedures for its general and enterprise funds. The Fiscal Year begins on July 1st and ends on the following June 30th.

The City has identified numerous objectives for this study, including but not limited to the following:

- A comprehensive analysis and evaluation of the water and wastewater systems’ and solid waste operations’ current cost of service and revenue requirements
- An estimate of current and forecast accounts, volumes and billing units for the ten-year forecast period
- An assessment and evaluation of the known and potential changes occurring within the City’s utility systems including but not limited to Central Arizona Project (“CAP”) water costs and supplemental capital projects
- A forecast of operating expenses over the next decade, taking into consideration such factors as inflation, system growth, and increases in staffing levels
- A thorough review of the water, wastewater, and solid waste known capital improvement needs, as well as a determination of the need for funding capital requirements through the issuance of long-term debt
- The development of a rate structure that would recover the City’s cost of service, ensure equitable, just and reasonable treatment of identified customer classes, and maintain critical financial ratios

In conjunction with City staff, the project team evaluated numerous alternative scenarios and rate structures, each of which would enable the City to achieve these objectives while continuing to provide ratepayers with superior quality water, wastewater, and solid waste service. After a series of meetings with City staff, the Water Planning Committee and the City Council, the project team narrowed its recommendations to the alternative water, wastewater, and solid waste rate designs contained in this study. The analysis and recommendations presented in this study achieve all of the objectives outlined above.

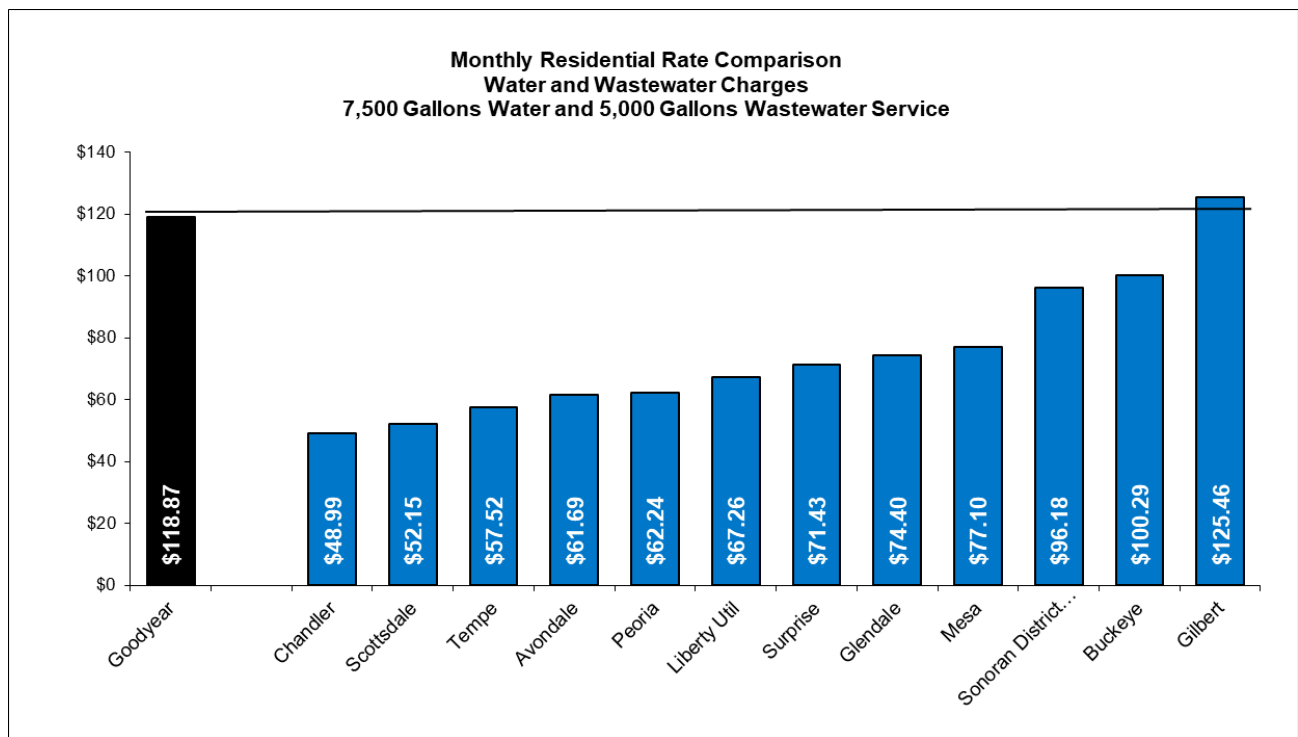
Water, Wastewater, and Solid Waste Rate Comparison

Chart ES-1 graphically compares the City's monthly charges for an average household's usage of 7,500 gallons of water service and 5,000 gallons of wastewater service to those of other nearby providers in the Phoenix area. Volumes of 7,500 gallons water and 5,000 gallons wastewater were used for the comparison as they represent typical usage levels for an average household in Goodyear.

Chart ES-2 compares the City's current monthly Residential charge for Residential collection and disposal to those of neighboring municipalities.

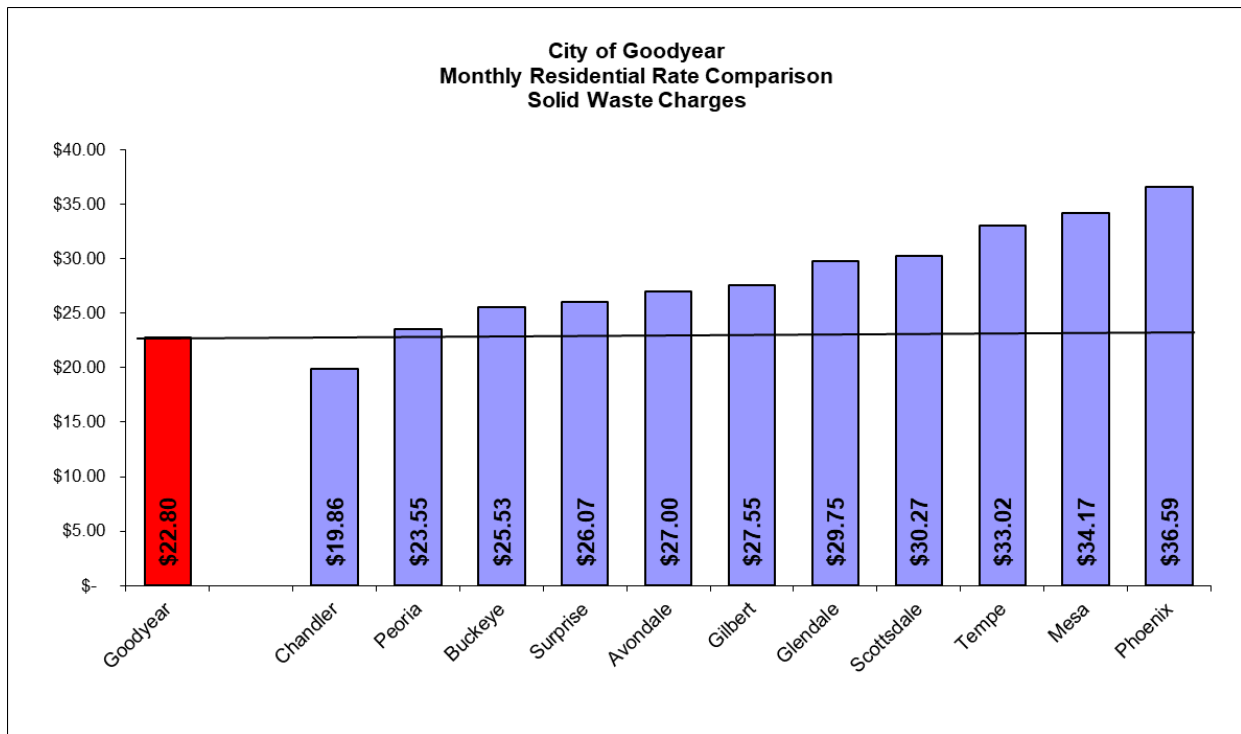
The rate data is based on published rates and ordinances posted by each municipality or provider in their rate ordinance or reported on their website. These rates do not include sales tax, activation or other charges beyond the basic minimum and volume charges.

CHART ES-1



*Rates as of May 2025

CHART ES-2



*Rates as of May 2025

Water, Wastewater, and Solid Waste Customers – Test Year & Ten-Year Forecast

Table ES-3 presents historical and forecast total water and wastewater accounts and classifications. It is important to note that account growth for the City will not be comparable to total population growth, since the City is not the sole provider of water service within its total area.

Chart ES-4 presents historical and forecast growth in total solid waste accounts and additional containers.

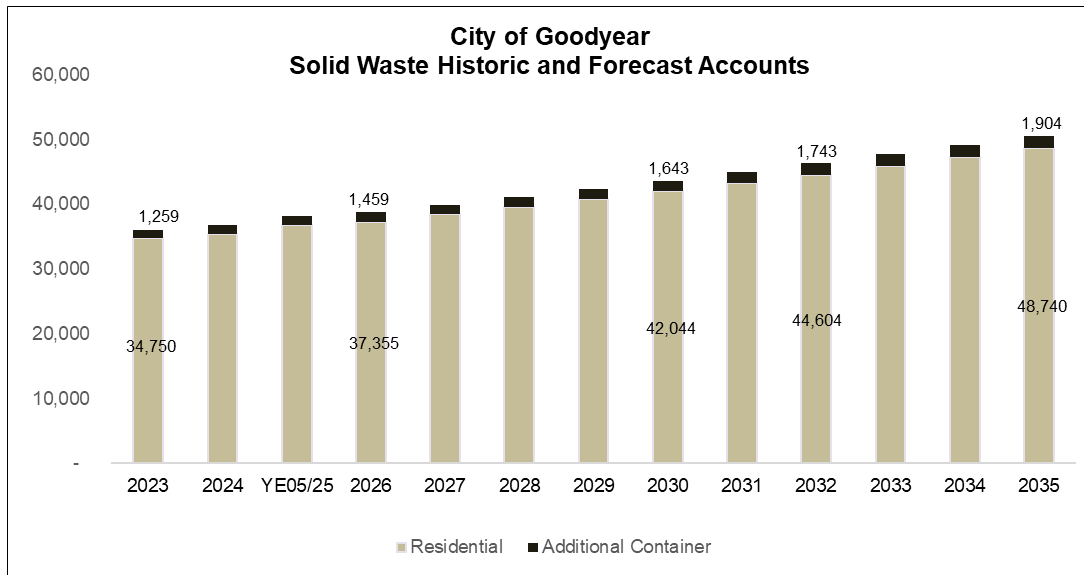
It must be stressed that if the City does not connect these projected new connections, financial and rate plan assumptions will need to be substantially modified.

TABLE ES-3

CITY OF GOODYEAR										
FORECAST TOTAL CUSTOMERS										
WATER Customer Classes										
	Residential - City	Residential - County	Multi- Family	Non- Residential (Commercial)	Industrial	Institutional	Schools	Construction	Irrigation	Total
WATER Total Customers										
2023	19,913	90	71	438	83	12	33	122	511	21,272
2024	22,439	92	56	428	91	8	34	101	587	23,835
YE02/25	23,276	92	57	437	103	7	35	112	615	24,734
2026	24,134	91	58	450	107	7	35	117	641	25,640
2027	24,985	94	62	461	111	7	36	117	644	26,517
2028	25,803	97	66	472	115	7	36	117	647	27,360
2029	26,647	100	69	484	119	7	36	117	650	28,229
2030	27,519	103	71	496	123	7	36	117	653	29,125
2031	28,350	106	72	509	127	7	36	117	656	29,980
2032	29,134	109	73	522	131	7	37	117	659	30,789
2033	29,940	112	74	535	135	7	38	117	662	31,620
2034	30,768	115	75	549	139	7	38	117	665	32,473
2035	31,541	118	76	563	144	7	38	117	668	33,272

CITY OF GOODYEAR										
FORECAST TOTAL CUSTOMERS										
WASTEWATER Customer Classes										
	Residential - City	Residential - County	Multi- Family	Non- Residential	Industrial	Institutional	Schools	Perryville Prison	Effluent	Total
WASTEWATER Total Customers										
2023	21,077	6	51	368	68	6	32	1	1	21,608
2024	23,845	7	42	396	88	7	34	1	3	24,422
YE02/25	24,648	7	44	409	99	7	36	1	5	25,255
2026	25,573	7	45	421	105	7	37	1	5	26,201
2027	26,424	7	49	432	109	7	38	1	5	27,072
2028	27,242	7	53	443	113	7	38	1	5	27,909
2029	28,086	7	56	455	117	7	38	1	5	28,772
2030	28,958	7	58	467	121	7	38	1	5	29,662
2031	29,789	7	59	480	125	7	38	1	5	30,511
2032	30,573	7	60	493	129	7	39	1	5	31,314
2033	31,379	7	61	506	133	7	40	1	5	32,139
2034	32,207	7	62	520	137	7	40	1	5	32,986
2035	32,980	7	63	534	142	7	40	1	5	33,779

CHART ES-4



Debt Service and Capital Improvement Plan

A key factor in the development of the City's long-term water, wastewater, and solid waste rate plan is the amount of existing and forecast debt needed to fund capital projects not funded through development fees, reserves or other sources such as private sector development agreement financing or grants.

At present time, the City has eleven current water and wastewater debt obligations. The City does not have any solid waste debt obligations.

Table ES-5 presents a functional summary of the City's ten-year water and wastewater Capital Improvement Plan.

TABLE ES-5

CITY OF GOODYEAR	
CAPITAL IMPROVEMENT PLAN	
SCENARIO:	
2025 10 10 -- Scenario I -- Status Quo	
WATER CIP Projects	
61-23-234 - Site 13 & 23 Chlorination System Upgrades	\$ 500,000
60101 - Site 21 Nitrate Treatment - Bond for future spend	15,000,000
61-21-117 - Site 11 Reservoir Rehabilitation	3,000,000
61-24-356 - Site 10 Booster Tank Rehab	2,000,000
61-24-353 - Pressure Zone Split WPA 2	25,500,000
60-24-349 - Salt River Project Lateral Upgrades	8,000,000
61-25-458 Well #25 Equip & Expand Treatment at Site 12	7,119,300
60-24-358 - Well 18B Redrill	2,407,000
61-20-001 Water Main Replacement	3,180,000
61-26-477 EMR Parcel 74 Water Main Replacements	6,926,000
60096 aka 61-21-001 - Site 18 Increase Storage(1.5MG) & Rehab existing tank	5,300,000
NEW - Well 12 Redrill	2,500,000
61-25-460 Well 11 Redrill	2,500,000
60041 - Water Main Replacement	2,553,000
61-24-357 - Site #11 Booster Station MCC Replacement	3,000,000
PFAS Treatment at Site 18	4,060,000
Purchase extinguishment credits	2,000,000
2030 IWMP Update	500,000
2035 IWMP Update	500,000
Expand SWTF to 16MGD	165,000,000
Total Water Projects	261,545,300
WASTEWATER CIP Projects	
61-23-223 - Rainbow Valley Lift Station Force Main	\$ 2,395,900
60077 - Rainbow Valley WRF Expansion - Growth Portion	34,663,540
61-23-245 - Lum Lift Station Force Main	5,544,200
60103 - Corgett WRF Clarifier Rehabilitation and New Clarifier	3,031,800
60062 - Goodyear Motel-Country Aire Apartments Sewer Piping	1,062,000
60093 GWRF Blower Replacement	589,400
61006 GWRF Blower Replacement	611,000
61014 - Goodyear Water Reclamation Facility Expansion	140,481,100
61013- Perryville Grinder Project	2,480,700
61-26-480 Historic Goodyear Sewer Replacements	6,643,000
Perryville Grinder/Auger #1 Replacement	2,547,000
61-24-352 Del Camino Lift Station Generator Replacement	650,000
61016 Wells Fargo Lift Station and Force Main	6,143,500
Fix Bottleneck in Reclaimed Pipe and Improve Aesthetics of SAT Site	3,000,000
Recharge Well 1	10,000,000
Recharge Well 2	10,000,000
SAT Site in WPA 4	18,050,000
2030 IWMP Update	500,000
2035 IWMP Update	500,000
Force main assessments (installing access points, cleaning, televising for pipe condition)	2,500,000
CIPP both main lines from Elwood Rd. into the GYWRF plant due to multiple defects. (\$1M)	2,500,000
Golf LS Demo (including the lift station due to safety hazard with wells) and Cotton force main removal.	1,000,000
Total Wastewater Projects	254,893,140
Total CIP 2026 -- 2035	516,438,440

In discussions with City staff, it was determined that the City plans to issue approximately **\$403.9 million** in new debt over the ten-year forecast period as presented in **Table ES-6**.

TABLE ES-6

CITY OF GOODYEAR FORECAST LONG-TERM DEBT REQUIRED TO FUND CIP			
	Water	Wastewater	Total
2026	\$ -	\$ -	\$ -
2027	35,674,000	110,770,600	146,444,600
2028	-	-	-
2029	186,224,300	8,925,200	195,149,500
2030	-	-	-
2031	15,647,000	23,666,000	39,313,000
2032	-	-	-
2033	23,000,000	-	23,000,000
2034	-	-	-
2035	-	-	-
Total	260,545,300	143,361,800	403,907,100

Table ES-7 presents the City's total existing and forecast debt service payments over the next decade.

TABLE ES-7

CITY OF GOODYEAR						
CURRENT AND FORECAST DEBT SERVICE						
SCENARIO: 2025 06 17 -- Scenario I -- Status Quo						
Year	Water		Wastewater		Total	
	Current	Forecast	Current	Forecast		
2026	\$ 10,552,035	\$ -	\$ 6,537,328	\$ -	\$ 17,089,362	
2027	10,641,870	1,000,768	6,171,644	2,796,958	20,611,240	
2028	9,568,699	2,096,535	4,904,054	5,593,915	22,163,203	
2029	7,781,404	7,083,698	4,902,428	5,919,278	25,686,807	
2030	7,218,009	12,655,860	3,235,548	7,689,640	30,799,058	
2031	7,824,533	14,674,535	3,051,541	9,652,275	35,202,884	
2032	8,643,789	17,030,860	3,192,568	9,827,275	38,694,493	
2033	9,138,057	19,127,360	3,332,341	10,587,275	42,185,033	
2034	9,527,331	20,052,360	3,473,730	11,152,275	44,205,696	
2035	9,866,428	21,014,860	3,471,265	12,179,775	46,532,327	

Water, Wastewater, and Solid Waste Test Year and Forecast Net Revenue Requirement

Table ES-8 presents the ten-year forecast for the City's water and wastewater net revenue requirement to be raised from rates. As the table reveals, the City's water and wastewater net revenue requirements are projected to increase from \$85,843,117 in FY2026 to \$138,127,931 in FY2035. This represents an annual rate of growth of **5.4%**.

TABLE ES-8

CITY OF GOODYEAR							
CURRENT AND FORECAST REVENUE REQUIREMENT							
SCENARIO: 2025 10 10 -- Scenario I -- Status Quo							
	Operating Expenses	Capital Outlays	Debt Service	Transfers & Contingencies	Cost of Service	Non-Rate Revenues	Revenue Requirement
TOTAL Revenue Requirement							
2026	\$ 126,478,886	\$ 13,831,200	\$ 17,089,362	\$ 8,917,300	\$ 166,316,749	\$ 80,473,632	\$ 85,843,117
2027	54,381,469	11,647,855	20,611,240	9,273,992	95,914,556	8,359,163	87,555,394
2028	54,026,151	13,683,178	22,163,203	9,644,952	99,517,484	7,194,211	92,323,273
2029	57,396,163	14,028,538	25,686,807	9,934,300	107,045,808	6,647,640	100,398,168
2030	60,595,898	17,288,824	30,799,058	10,232,329	118,916,109	8,671,030	110,245,079
2031	63,851,417	16,692,287	35,202,884	10,539,299	126,285,887	8,433,634	117,852,252
2032	75,076,421	14,351,612	38,694,493	10,855,478	138,978,003	8,251,974	130,726,029
2033	67,859,924	12,465,479	42,185,033	11,181,142	133,691,578	8,420,907	125,270,671
2034	82,486,264	11,356,918	44,205,696	11,516,577	149,565,455	8,604,848	140,960,607
2035	75,172,209	12,989,874	46,532,327	11,862,074	146,556,484	8,428,552	138,127,931

Table ES-9 presents the ten-year forecast for the City's solid waste net revenue requirement to be raised from rates under recommended rate plan. As the table reveals, the City's solid waste net revenue requirement is projected to increase from \$11,096,091 in FY2026 to \$22,010,821 in FY2035. This represents an annual rate of growth of **7.9%**.

TABLE ES-9

CITY OF GOODYEAR							
FORECAST SOLID WASTE NET REVENUE REQUIREMENT							
SCENARIO: 2025 09 03 - Scenario II - \$39M Debt							
	Operating Expenses	Fund Transfers	Capital Outlays	Debt Service	Total Cost of Service	Less Non-Rate Revenues	Net Revenue Requirement
Sanitation Revenue Requirement							
2026	\$ 9,012,191	\$ 988,600	\$ 1,165,900	\$ -	\$ 11,166,691	\$ (70,600)	\$ 11,096,091
2027	9,697,047	1,028,144	511,240	-	11,236,431	(70,600)	11,165,831
2028	10,360,857	1,069,270	622,444	2,474,700	14,527,270	(70,600)	14,456,670
2029	11,227,012	1,112,041	1,044,644	2,559,700	15,943,396	(70,600)	15,872,796
2030	11,916,940	1,156,522	611,977	2,649,200	16,334,640	(70,600)	16,264,040
2031	12,824,399	1,202,783	1,269,254	2,742,700	18,039,136	(70,600)	17,968,536
2032	13,710,436	1,250,894	477,558	2,839,700	18,278,588	(70,600)	18,207,988
2033	14,565,949	1,300,930	551,299	2,949,700	19,367,878	(70,600)	19,297,278
2034	15,479,793	1,352,967	738,061	3,061,700	20,632,522	(70,600)	20,561,922
2035	16,667,992	1,407,086	831,143	3,175,200	22,081,421	(70,600)	22,010,821

Water, Wastewater, and Solid Waste Rate Recommendations

During the course of this engagement the project team met with City staff to discuss numerous alternative rate scenarios and rate plans. As a result of these discussions, staff and the project team settled on the water, wastewater, and solid waste scenarios and rate designs presented in this report. These scenarios include all direct and indirect expenditures for operations and maintenance, capital requirements for expansion, repair and replacement, debt service and required reserves. The proposed rate plans are designed to capture sufficient revenues for these purposes as well as sufficient coverage of the basic cost of service.

Water and Wastewater Rate Recommendation

Under the recommended rate proposal, the City implements a series of annual water and wastewater rate adjustments over the four-year period FY2026 through FY2029 to achieve cost of service rates for water and wastewater operations. A full rate forecast is presented in **Appendix A**.

The projected rate revenues collected by the utility are forecast to be sufficient to fund all operating expenses and capital obligations in each of the forecast years. This alternative assumes the following:

- Maintains the current rate design structure for both water and wastewater customer classes
- Rate adjustments are uniformly applied to both base and volume charges
- Water rate adjustments are uniformly applied to all water rate classifications
- Wastewater rate adjustments are uniformly applied to all wastewater rate classifications

Table ES-10 presents a summary of the water rate plan proposed for the City for the next four years and **Table ES-11** presents a summary of the wastewater rate plan.

Table ES-12 on the next page include examples of the impact on typical monthly bills. The recommended rate plan continues the City's policy of implementing water and wastewater rate changes in January of each year.

TABLE ES-10

CITY OF GOODYEAR						
PROPOSED WATER RATE PLAN						
Scenario: 2025 10 10 -- Scenario I -- Status Quo						
Water Rates		Current	Effective Jan-26	Effective Jan-27	Effective Jan-28	Effective Jan-29
CAP Water Charge		\$ 1.70	\$1.70	\$1.70	\$1.70	\$1.70
Monthly Charge	3/4"	20.87	22.28	23.78	25.39	27.10
	1"	28.86	30.80	32.88	35.10	37.47
	1 1/2"	46.66	49.81	53.17	56.76	60.59
	2"	75.53	80.63	86.08	91.89	98.09
	3"	87.42	93.32	99.62	106.34	113.52
	4"	142.55	152.16	162.44	173.40	185.10
	6"	270.53	288.79	308.28	329.09	351.31
	8"	270.53	288.79	308.28	329.09	351.31
Volume Rate Per 1,000 Gal						
<u>Residential - City</u>						
-	6,000	2.42	2.58	2.76	2.94	3.14
6,001	12,000	4.81	5.13	5.48	5.85	6.24
12,001	30,000	7.23	7.71	8.23	8.79	9.38
30,001	Above	11.60	12.39	13.23	14.12	15.07
<u>Non-Residential</u>						
-	40,000	5.70	6.08	6.49	6.93	7.40
40,001	100,000	9.12	9.73	10.39	11.09	11.84
100,001	Above	11.82	12.61	13.46	14.37	15.34
<u>Irrigation</u>						
-	80,000	8.52	9.10	9.71	10.36	11.06
80,001	Above	9.80	10.46	11.17	11.92	12.73

TABLE ES-11

CITY OF GOODYEAR						
PROPOSED WASTEWATER RATE PLAN						
Scenario: 2025 10 10 -- Scenario I -- Status Quo						
Wastewater Rates		Current	Effective Jan-26	Effective Jan-27	Effective Jan-28	Effective Jan-29
Monthly Charge	3/4"	\$ 27.29	\$ 28.79	\$ 30.37	\$ 32.04	\$ 33.81
	1"	41.87	44.17	46.60	49.16	51.87
	1 1/2"	51.59	54.43	57.42	60.58	63.91
	2"	100.23	105.74	111.56	117.70	124.17
	3"	132.21	139.49	147.16	155.25	163.79
	4"	175.40	185.05	195.23	205.97	217.29
	6"	434.55	458.44	483.66	510.26	538.32
	8"	434.55	458.44	483.66	510.26	538.32
Volume Rate/1,000 Gal						
<u>RES and NON-RES</u>						
-	Above	7.47	7.88	8.31	8.77	9.25
<u>Reclaimed Water</u>						
-	Above	3.29	3.47	3.66	3.86	4.08

TABLE ES-12

CITY OF GOODYEAR		IMPACT ON MONTHLY CUSTOMER CHARGES				
Scenario:		2025 10 10 -- Scenario I -- Status Quo				
		Current	Effective Jan-26	Effective Jan-27	Effective Jan-28	Effective Jan-29
Residential Standard Monthly Bill - 3/4"						
7,000 Gal Water	Total	\$ 124.21	\$ 130.89	\$ 137.97	\$ 145.47	\$ 153.42
6,000 Gal WW	Increase -- \$		6.68	7.08	7.50	7.96
	Increase -- %		5.4%	5.4%	5.4%	5.5%
10,000 Gal Water	Total	143.74	151.39	159.51	168.12	177.23
6,000 Gal WW	Increase -- \$		7.65	8.12	8.61	9.11
	Increase -- %		5.3%	5.4%	5.4%	5.4%
20,000 Gal Water	Total	258.08	271.85	286.56	302.26	318.74
10,000 Gal WW	Increase -- \$		13.77	14.71	15.70	16.48
	Increase -- %		5.3%	5.4%	5.5%	5.5%
Commercial Standard Monthly Bill - 2"						
25,000 Gal Water	Total	\$ 510.16	\$ 538.61	\$ 568.56	\$ 600.86	\$ 634.87
20,000 Gal WW	Increase -- \$		28.45	29.96	32.30	34.01
	Increase -- %		5.6%	5.6%	5.7%	5.7%
50,000 Gal Water	Total	878.76	927.25	978.55	1,033.72	1,091.90
40,000 Gal WW	Increase -- \$		48.49	51.30	55.17	58.17
	Increase -- %		5.5%	5.5%	5.6%	5.6%
65,000 Gal Water	Total	1,100.82	1,161.68	1,226.45	1,295.80	1,369.06
48,000 Gal WW	Increase -- \$		60.86	64.76	69.35	73.26
	Increase -- %		5.5%	5.6%	5.7%	5.7%
NOTE: Sample bills include CAP Water Charges						

Solid Waste Rate Recommendations

Table ES-13 on the next page presents the recommended solid waste rate schedule for the period FY 2026 – FY 2030.

TABLE ES-13

CITY OF GOODYEAR					
SOLID WASTE MONTHLY CHARGE SCHEDULE					
Scenario:		2025 09 03 - Scenario II - \$39M Debt			
		Monthly Charge			
	Current	Effective Jan-26	Effective Jan-27	Effective Jan-28	Effective Jan-29
Residential					
Trash/Recycling Pick Up	\$ 22.80	\$ 24.62	\$ 26.59	\$ 28.72	\$ 31.02
Increase -- Dollars		1.82	1.97	2.13	2.30
Increase -- Percent		8.0%	8.0%	8.0%	8.0%
Residential -- Additional Container					
Residential -- Recycle	\$ 8.43	\$ 9.10	\$ 9.83	\$ 10.62	\$ 11.47
Increase -- Dollars		0.67	0.73	0.79	0.85
Increase -- Percent		8.0%	8.0%	8.0%	8.0%

While this study presents a forecast of rates over the next four years, it is recommended that the City monitor actual growth in accounts and consumption, and update its forecasts annually due to the dynamic nature of growth in the City and the rapid rate of change within the utility. Periodic reviews will enable the City to assess the need for adjustments to the long-term rate plan.