

ATTACHMENT B

May 10, 2023

Mayor Kate Gallego
City of Phoenix

Dear Mayor Gallego and Members of the City Council:

As Chair of the City of Phoenix Water/Wastewater Rate Advisory Committee (WWRAC), I write to express the committee's full support for the proposed water and wastewater revenue increases and other recommended changes. We encourage the Mayor and Council to adopt the proposed revenue increases to ensure that the Water Services Department has the resources necessary to provide high-quality, reliable, and cost-effective water services that meet public needs and maintains support.

Specifically, the Committee endorses the proposed water rate revenue increases of 6.5 percent effective October 2023, 6.5 percent effective March 2024, and 13 percent effective March 24. Also, the committee supports the decrease in the allowance to 800 cubic feet in the summer months and 500 cubic feet in the non-summer months from the current level of 1000 cubic feet in the summer months and 600 cubic feet in the non-summer months. Furthermore, the Committee supports the proposed wastewater revenue increases of 6.5 percent effective October 2023, 6.5 percent effective March 2024, and 7 percent effective March 2025.

While the committee is sensitive to the impact of the proposed revenue increases on residents, we note that the Water Services Department rates are among the most affordable in the region, across multiple metrics, and will continue to be so under the new structure. Under the last water revenue approval in 2021, the Water Services Department ensured full Capital Improvement Program (CIP) funding, continued all Capital Programs after implementation of new rates, and continued Equity Initiatives as proposed. This demonstrates the Department's ongoing commitment to excellence and the highest levels of financial management.

However, inflationary pressures are significantly impacting both Operations and Capital Program budgets, including unprecedented increases in chemicals, electricity, raw water. The proposed plan addresses inflationary adjustments to support future Operations and Maintenance cost, as well as projected bond debt for near-term CIP investment. Further, this addresses the ongoing impacts of the Colorado River shortage by investing in the future through conversion of the Cave Creek Water Reclamation Plant to an Advanced Water Purification Treatment Facility, creating valuable new potable water supplies for Phoenix residents.

I would also like to commend the Water Services Department for providing comprehensive and transparent briefings to the WWRAC. The Director and city staff have fully briefed the WWRAC on water resources, financial forecasts and planning, equity and affordability, and customer experience. After careful consideration and deliberation, the committee was able to make an informed decision.

In closing, the Committee encourages you to adopt proposed water and wastewater rate revenue increases and updates to the allowances. We thank you for the opportunity to serve our community on this committee. If I can offer any additional comments, please contact me at dave.white@asu.edu or (480) 221-0960.

Dave D. White, Ph.D.



Chair, Water/Wastewater Rate Advisory Committee

Cc: Jeff Barton, City Manager
Alan Stephenson, Deputy City Manager
Troy Hayes, Water Services Director