Bullhead City Water and Sewer Rate Study

06.26.2025

Bullhead City UTILITIES

WATER – WASTEWATER – REUSE

Challenging Market Conditions

International Markets and Supply Issues

- European instability has impacted raw iron, nickel, and energy costs. Instability on the African continent impacts key electronic equipment. Additionally, staff is forecasting higher costs due to tariffs. Recently, the new administration announced doubling of levy on steel and aluminum imports from 25% to 50% beginning Wednesday, June 4, 2025.

Aging Infrastructure

- Many systems are approaching the end of their 50-to-76-year life spans, leading to frequent water main breaks and water loss.

Materials Gap

- Manufacturers are preferentially focusing on high-turnover, higher margin materials vs. specialty goods or engineering application materials.

Challenging Market Conditions

Labor Shortages

- Skilled labor gap is ~40% in manufacturing, comparable to the shortage experienced in construction.

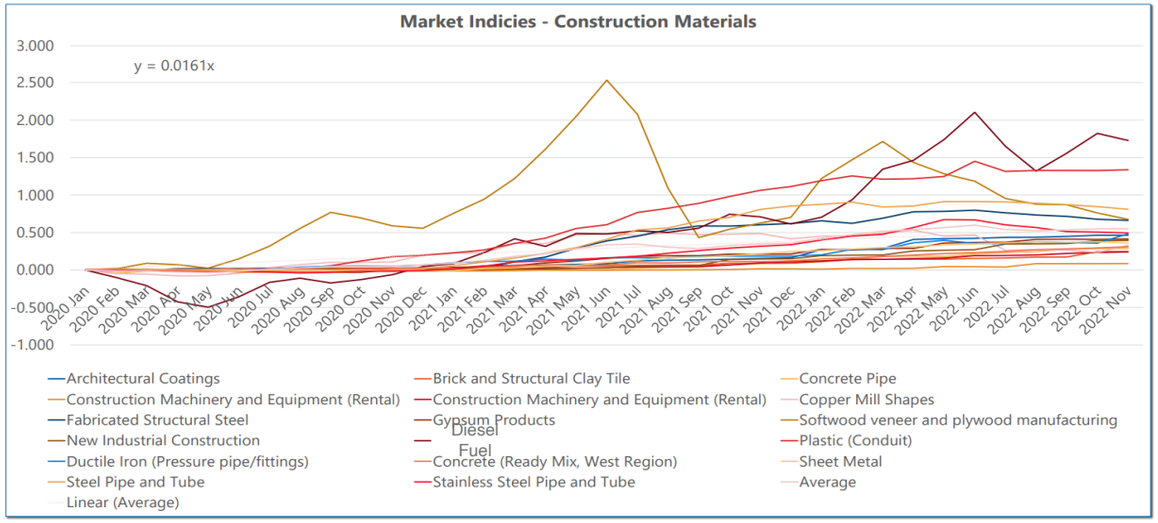
Local Factor Impact

- Competition with other high skill construction and system providers competing for limited resources.

General Price Pressures

- Complex direct/indirect factors causing direct cost increases across nearly all sectors, inflation/escalation.
  - Meter prices have gone up 10-15%

Challenging Market Conditions



- Individual Project Impacts: 22% to 52% cost increases.

Challenging Market Conditions

Possible Impacts of Tariffs on the US Water Sector

- Strong reliance on imports from tariff-affected countries
- Moderate reliance on imports, but some alternatives exist
- Moderate reliance on imports, but some alternatives exist

Category	Tariff Exposure Level	Supply Chain Flexibility	Key Impact	Strategic Implication
Pipes, Pumps, Valves	↑	Low – Few suppliers, long lead times	• Piping systems (PVC, HDPE, and steel pipes), pumps, and valves are imported in significant quantities from Canada, Mexico, and China. • Infrastructure costs could rise by 12-18%, delaying municipal water projects. • Stormwater drainage projects and wastewater network expansions may experience slowdowns.	Infrastructure project cost hikes, delays.
Membranes & Filtration	↑	Low – Highly specialized, China control a high market share	• Reverse osmosis (RO) and ultrafiltration (UF) membranes rely heavily on imports from China. • Tariffs increase the cost of desalination (projects in California, Texas, and Florida) and industrial water reuse projects.	Impacting desalination & wastewater treatment projects
Water Treatment Chemicals	→	Medium – Some domestic production exists but can't fully replace imports.	• Coagulants, flocculants, and disinfectants are critical for municipal and industrial water treatment. • If China retaliates further with chemical export restrictions, it could create shortages in specialized treatment chemicals, forcing utilities to seek alternative suppliers. • Municipalities may face budget constraints as water treatment costs rise.	Coagulants & disinfectants price increase
ZLD & Industrial Water Reuse	↑	Medium – Some flexibility, but switching suppliers can be costly.	• ZLD systems depend on membranes, evaporators, and crystallizers, many of which are imported from Canada and China. • Industrial users in California and the Midwest (where water reuse is gaining traction) may delay ZLD investments due to increased system costs. • May slow adoption of water reuse projects in industrial parks	Increased system cost (up to 20%) for industrial users
Smart Water & IoT Sensors	→	High – US has some domestic semiconductor production, but still growing	• Smart meters, SCADA systems, and IoT sensors rely on semiconductors and chips imported from China. • Municipal utilities may delay metering upgrades and AI-driven water efficiency programs. • May discourage industrial players from investing in water sustainability initiatives, impacting corporate water stewardship goals.	Delayed adoption due to higher sensor costs

Source: BlueTech Analysis

Difficult to replace imports | Alternatives exist, but switching is costly | Easily adaptable supply chain

BlueTech Research 1

- Individual Project Impacts: 22% to 52% cost increases.

Utility Enterprise Funds

- Bullhead City (BHC) Has two (2) Utility Enterprise Funds One for Water and One for Sewer.
- Enterprise Funded Operations Are Financed From Funds Generated by Water and Sewer Operations Only.
- Debt Issued by Enterprise Funds can be Backed by Enterprise Fund Revenue if there is Revenue to Support the Debt .
- The City's General Fund does not directly allocate or appropriate any funds directly to the Water or Sewer Enterprise Funds.
- The City's General Fund has made loans to the funds in order to keep systems operating but this is unsustainable.

Establishment of Utility Rates

- Establishment of Utility Rates is described in ARS § 9-511.01 and governs notices and timelines for utility rate increases.
- Establishment of Utility Rates is described in BHC Ordinance Chapter 13.07.170
  - Rates, deposits, charges, and fees, for each utility service shall be established by resolution of the city council and in accordance with applicable state statutes.
  - Utility rates shall be established to recover ***at least the cost*** of providing each utility service, including services ancillary thereto, and to maintain ***adequate fund reserves*** for each utility to provide for reasonably expected variations in the cost of providing the utility service, as well as variations in the demand for such utility service.

BHC Water Rate Considerations

- To Consolidate the Mohave and North Mohave Rate Structures, Both Base Rates and Water Basic Services (Volumetric Rates).
- To Consolidate The Current Interim Rate Surcharge Into The Water Basic Service Charge(Volumetric Rate).
- To Phase In The Overall Rate, Increase For All Customers Over a Three-Year Period.

BHC Water Improvements

- Drilled Well 24-2
- Drilled Well 20-1
- Replaced Well Big Bend Acres
- Replaced Well 16-1
- Replaced Well LR-1
- Replaced Well 9
- Replaced Well 10
- Replaced Well 3

- Replaced Well Desert Foothills
- Repaired South Reservoir Site 3
- Cleaned 7 Reservoirs
- Repaired 95 PRV stations
- Installed new PRV station
- Repaired Over 1,590 Water Breaks
- Installing 320 New Fire Hydrants
- Drilling New Well 6-1 *(FY 25/26)*
- Constructing 1.25 mg Reservoir Next Year *(FY 25/26)*

BHC Water Improvements

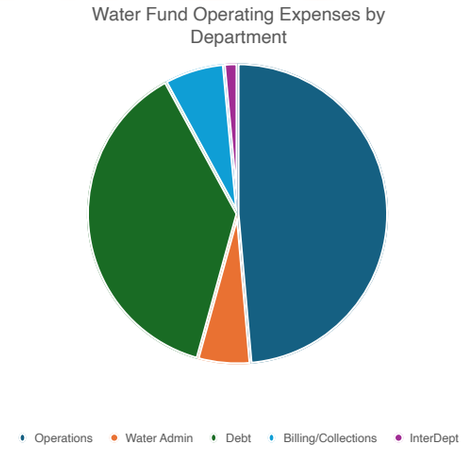
- Installing Hundreds Of New Water Meters
- Installing Hundreds Of New Water System Valves
- Constructing New Booster Stations
- Constructing New Transmission Mains
- Constructing Additional Reservoirs
- Developing Water System Redundancy
- Interconnecting Water Systems
- Rehabilitating Reservoirs

BHC Has Spent Over $9,750,000 on Capital Improvements Since Taking Over The Water System From EPCOR And We Continue To Invest In The Water System

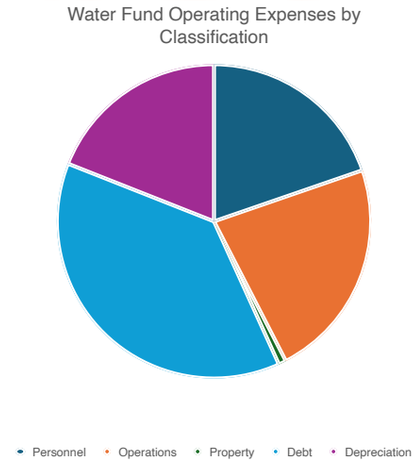
BHC Water Revenue And Expenses

Rate Increase	Year	Revenue	Expenses	Net Income	Debt Repayment	Net
	2025	$12,850,000	$9,714,422	$3,135,578	$5,537,341	-$2,401,763
19%	1-1-2026	$14,070,750	$9,660,154	$4,410,596	$5,837,341	-$1,426,745
14%	1-1-2027	$16,040,655	$9,949,959	$6,090,696	$6,862,492	-$771,795
14%	1-1-2028	$18,286,347	$10,248,457	$8,037,889	$8,017,746	$20,144

BHC Water Operating Expenses By Department



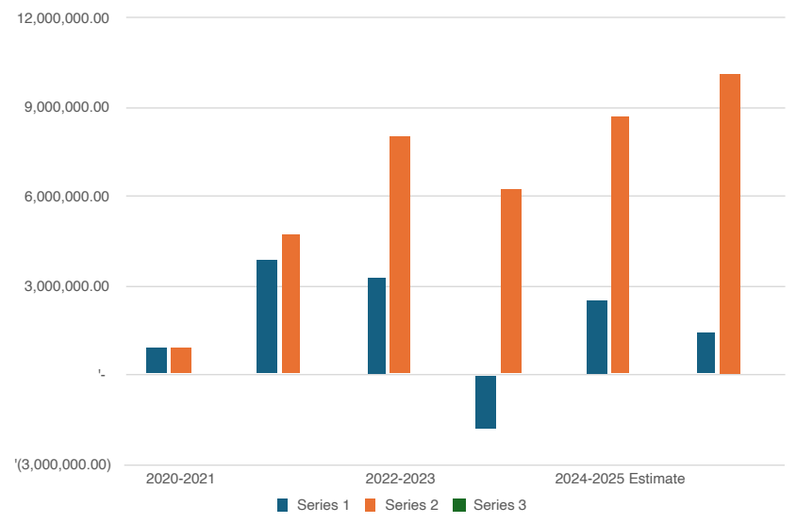
BHC Water Operating Expenses By Classification



BHC Water General Fund Debt

Fiscal Year	Type	Annual Profit (Loss)	Running Total	Payback Years	Annual Payback
2020-2021	Actual	$(896,873.73)	$(896,873.73)		
2021-2022	Actual	$(3,830,594.33)	$(4,727,468.06)		
2022-2023	Actual	$(3,258,332.88)	$(7,985,800.94)		
2023-2024	Actual	$1,783,142.19	$(6,202,658.75)		
2024-2025	Estimate	$(2,478,189.00)	$(8,680,847.75)		
2025-2026	Budget	$(1,413,945.00)	$(10,094,792.75)	20.00	94

BHC Water General Fund Debt



BHC Residential Water Base Rates

Year	Current Mohave	Current North Mohave	Proposed Mohave Rate	Proposed North Mohave Rate	Proposed Mohave Monthly Dollar Increase	Proposed North Mohave Monthly Dollar Increase	Proposed Mohave Annual Dollar Increase	Proposed North Mohave Annual Dollar Increase
	$14.61	$11.00						
1-1-2026			$17.39	$17.39	$2.78	$6.39	$33.31	$76.63
1-1-2027			$19.82	$19.82	$5.21	$8.82	$62.52	$105.84
1-1-2028			$22.59	$22.59	$7.98	$11.59	$95.82	$139.14

Mohave Number of Customers – 17,398
North Mohave Number of Customers – 2,230
EPCOR Mohave Base Rate. $23.23.

BHC Large Meter Water Base Rates

Year	Meter Size	Current Mohave	Current North Mohave	Proposed Rate	Proposed Mohave Monthly Dollar Increase	Proposed North Mohave Monthly Dollar Increase	Proposed Mohave Annual Dollar Increase	Proposed North Mohave Annual Dollar Increase
	¾”	$18.08	$11.00					
1-1-2026				$21.52	$3.44	$10.52	$41.22	$126.18
1-1-2027				$24.53	$6.45	$13.53	$77.37	$162.33
1-1-2028				$27.96	$9.88	$16.96	$118.57	$203.53

BHC Large Meter Water Base Rates

Year	Meter Size	Current Mohave	Current North Mohave	Proposed Rate	Proposed Mohave Monthly Dollar Increase	Proposed North Mohave Monthly Dollar Increase	Proposed Mohave Annual Dollar Increase	Proposed North Mohave Annual Dollar Increase
	1”	$37.73	$27.50					
1-1-2026				$44.90	$7.17	$17.40	$86.02	$208.78
1-1-2027				$51.18	$13.45	$23.68	$161.45	$284.21
1-1-2028				$58.35	$20.62	$30.85	$247.44	$370.20

Mohave Number of Customers – 413
North Mohave Number of Customers – 58

BHC Large Meter Water Base Rates

Year	Meter Size	Current Mohave	Current North Mohave	Proposed Rate	Proposed Mohave Monthly Dollar Increase	Proposed North Mohave Monthly Dollar Increase	Proposed Mohave Annual Dollar Increase	Proposed North Mohave Annual Dollar Increase
	1 ½”	$74.25	$55.00					
1-1-2026				$88.36	$14.11	$33.36	$169.29	$400.29
1-1-2027				$100.73	$26.48	$45.73	$317.73	$548.73
1-1-2028				$114.83	$40.58	$59.83	$486.95	$717.95

Mohave Number of Customers – 21
North Mohave Number of Customers – 31

BHC Large Meter Water Base Rates

Year	Meter Size	Current Mohave	Current North Mohave	Proposed Rate	Proposed Mohave Monthly Dollar Increase	Proposed North Mohave Monthly Dollar Increase	Proposed Mohave Annual Dollar Increase	Proposed North Mohave Annual Dollar Increase
	2”	$118.08	$88.00					
1-1-2026				$140.52	$22.44	$52.52	$269.22	$630.18
1-1-2027				$160.19	$42.11	$72.19	$505.29	$866.25
1-1-2028				$182.61	$64.53	$94.61	$774.40	$1,135.36

Mohave Number of Customers – 431
North Mohave Number of Customers – 67

BHC Large Meter Water Base Rates

Year	Meter Size	Current Mohave	Current North Mohave	Proposed Rate	Proposed Mohave Monthly Dollar Increase	Proposed North Mohave Monthly Dollar Increase	Proposed Mohave Annual Dollar Increase	Proposed North Mohave Annual Dollar Increase
	3”	$234.96	$165.00					
1-1-2026				$279.60	$44.64	$114.60	$535.71	$1,375.23
1-1-2027				$318.75	$83.79	$153.75	$1,005.44	$1,844.96
1-1-2028				$363.37	$128.41	$198.37	$1,540.94	$2,380.46

Mohave Number of Customers – 37
North Mohave Number of Customers – 26
Customer count Includes Fire Hydrant meters

BHC Large Meter Water Base Rates

Year	Meter Size	Current Mohave	Current North Mohave	Proposed Rate	Proposed Mohave Monthly Dollar Increase	Proposed North Mohave Monthly Dollar Increase	Proposed Mohave Annual Dollar Increase	Proposed North Mohave Annual Dollar Increase
	4”	$366.45	$275.00					
1-1-2026				$436.08	$69.63	$161.08	$835.51	$1,932.91
1-1-2027				$497.13	$130.68	$222.13	$1,568.11	$2,665.51
1-1-2028				$566.72	$200.27	$291.72	$2,403.28	$3,500.68

Mohave Number of Customers – 1
North Mohave Number of Customers – 12

BHC Large Meter Water Base Rates

Year	Meter Size	Current Mohave	Current North Mohave	Proposed Rate	Proposed Mohave Monthly Dollar Increase	Proposed North Mohave Monthly Dollar Increase	Proposed Mohave Annual Dollar Increase	Proposed North Mohave Annual Dollar Increase
	6”	$731.70	$550.00					
1-1-2026				$870.72	$139.02	$595.72	$1,668.28	$ 7,148.68
1-1-2027				$992.62	$260.92	$717.62	$3,131.09	$8,611.49
1-1-2028				$1,131.59	$399.89	$856.59	$4,798.70	$ 10,279.10

Mohave Number of Customers – 6
North Mohave Number of Customers – 0

BHC Water Volumetric Rates (Water Basic Service Charge)

	Tier 1 Rate 0 – 3,000 gals	Tier 2 Rate 3,001 – 10,000 gals	Tier 3 Rate Over 10,000 gals
Current Rate	$2.61	$3.57	$4.49
2026	$3.11	$4.25	$5.34
2027	$3.54	$4.84	$6.09
2028	$4.04	$5.52	$6.94
North Mohave Current Rates	$0.00	$3.4692	$4.8192

BHC's Rate Includes the Interim Rate Currently Billed to Customers Separately
Proposed Tier Rates Are Based On Mohave Volumes
North Mohave Tier 1 Includes 0- 1,000 gallons included in base rate
North Mohave Tier 2 Includes 1,001 to 20,000 gallons at a rate of $2.20
North Mohave Tier 3 includes over 20,000 gallons at a rate of $3.55
EPCORs Volumetric Rates Tier 1 - $2.93, Tier 2 - $4.40, Tier 3 - $5.3614

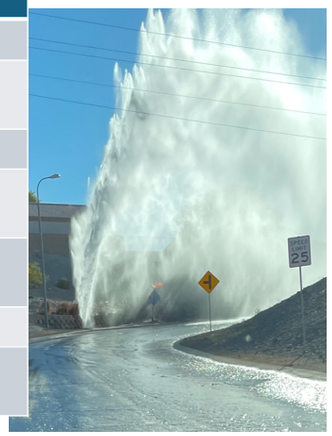
BHC Water 6” Meter Volumetric Rates (Water Basic Service Charge)

	Tier 1 Rate 0 – 3,000 gals	Tier 2 Rate 3,001 – 500,000 gals	Tier 3 Rate Over 500,000 gals
Current Rate	$2.61	$3.57	$4.49
2026	$3.11	$4.25	$5.34
2027	$3.54	$4.84	$6.09
2028	$4.04	$5.52	$6.94

BHC’s Rate Includes the Interim Rate Currently Billed to Customers Separately
Proposed Tier Rates Are Based On Mohave Volumes

BHC Residential Water Bill Comparisons (1-1-2026)

Water Used	4,000 gal	8,000 gal	17,000 gal	27,000 gal
New Bill Mohave	$30.95	$47.95	$93.84	$147.27
Current Bill Mohave	$25.99	$40.25	$78.80	$123.69
Increase	$4.96	$7.70	$15.04	$23.58
New Bill North Mohave	$30.95	$47.95	$93.84	$147.27
Current Bill North Mohave	$22.68	$36.55	$91.32	$111.92
Increase	$8.27	$11.40	$26.08	$35.35
Current EPCOR Bill	***$36.42***	***$54.98***	***$103.26***	***$156.85***



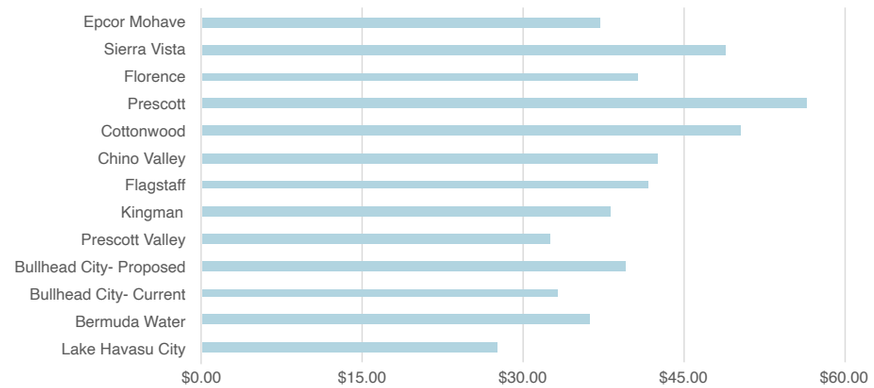
Average monthly residential water use is 6,000 gallons

BHC Residential Bill Year 3 Comparisons (1-1-2028)

Water Used	4,000 gal	8,000 gal	17,000 gal	27,000 gal
New Bill Mohave	$40.23	$62.31	$121.96	$191.40
Current Bill Mohave	$25.99	$40.25	$78.80	$123.69
Increase	$14.24	$22.06	$43.16	$67.71
New Bill North Mohave	$40.23	$62.31	$121.96	$191.40
Current Bill North Mohave	$22.68	$36.55	$67.76	$111.92
Increase	$17.55	$25.76	$54.20	$79.48
Current EPCOR Bill	***$36.42***	***$54.98***	***$103.26***	***$156.85***

COMPARISON TO NEIGHBORS

Residential Monthly Bill (5/8-inch meter and 6,000 gallons usage)



BHC Sewer Rate Considerations

- To Phase In The Overall Rate, Increase Over a Three-Year Period
- To Spread The Increase Evenly Over All Customer Classes

BHC Sewer Improvements

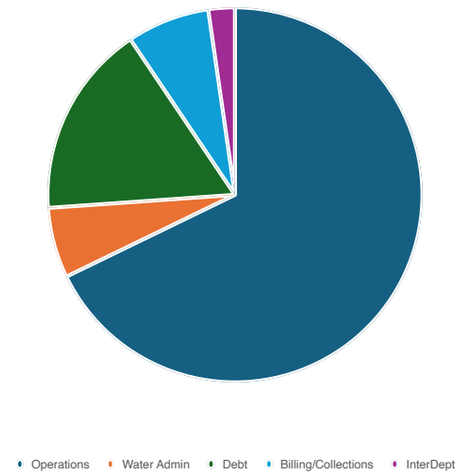
- Rehab Lift Station 16-2
- Rehab Lift Station 18-2
- Rehab Lift Station 18-1
- Manhole Rehabs
- Merrill Sewer Line Replacements
- Section 10 WWTP New Generators
- Section 10 WWTP Headworks
- Section 10 WWTP Aeration Basin
- Section 10 WWTP Reuse Ph #1
- Section 10 WWTP Lab Rehab
- Section 10 WWTP Mainline Replacement
- Section 10 WWTP RIBS Rehab

BHC Sewer Improvements

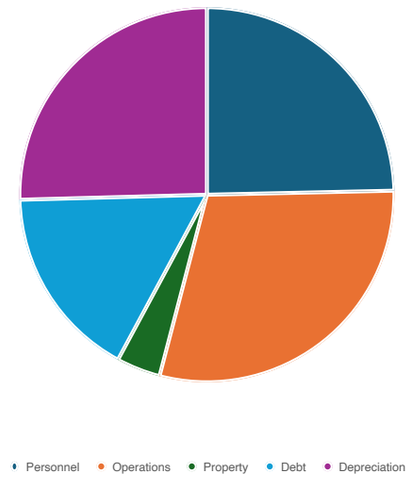
- New Clarifier #3
- Rehab Clarifier #2
- Rehab Clarifier #1
- Rehab RAS / WAS Building
- Rehab Oxidation Ditch

BHC Has Spent Over $17,000,000 on Capital Improvements Since September of 2021

BHC Sewer Operating Expenses By Department



BHC Sewer Operating Expenses By Classification



BHC Sewer Revenue And Expenses

Rate Increase	Year	Revenue	Expenses	Net Income	Debt Repayment	Net
	2025	$11,235,000	$9,137,828	$2,097,172	$2,071,309	$25,863
9%	1-1-2026	$12,092,792	$11,273,614	$819,178	$1,368,099	-$548,921
9%	1-1-2027	$13,181,144	$11,611,822	$1,569,321	$1,933,292	-$363,970
9%	1-1-2028	$14,367,446	$11,960,177	$2,407,269	$1,93[illegible]	$40,314

BHC Residential Sewer Base Rates

Rate Increase	Year	Residential Base Rate	Monthly Increase	Annual Increase	Number Of Customers
	Current	$36.26			19,872
9%	1-1-2026	$39.16	$2.90	$34.81	
9%	1-1-2027	$42.29	$3.13	$37.59	
9%	1-1-2028	$45.68	$3.38	$40.60	
EPCOR	***Sewer Rate***	***$46.56***			

BHC Other Sewer Base Rates

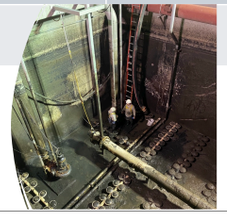
Rate Increase	Year	Other Base Rate	Monthly Increase	Annual Increase	Number Of Customers
	Current	$47.96			1,071
9%	1-1-2026	$51.80	$3.84	$46.04	
9%	1-1-2027	$55.94	$4.14	$49.72	
9%	1-1-2028	$60.42	$4.48	$53.70	

BHC Commercial and Industrial Sewer Volumetric Rates

Rate Increase	Year	Volumetric Rate	Monthly Increase	Annual Increase	Average Dollar Increase	Number Of Customers	Average Usage Per Month
	Current	$3.28				269	575
9%	1-1-2026	$3.54	$0.26	$3.15	$221.39		
9%	1-1-2027	$3.83	$0.28	$3.40	$239.10		
9%	1-1-2028	$4.13	$0.31	$3.67	$258.23		

BHC Multi-Family, 5 Units And More Sewer Volumetric Rates

Rate Increase	Year	Volumetric Rate	Monthly Increase	Annual Increase	Average Monthly Dollar Increase	Number Of Customers	Average Usage Per Month
	Current	$3.70				187	784
9%	1-1-2026	$4.00	$0.30	$3.55	$312.74		
9%	1-1-2027	$4.32	$0.32	$3.84	$337.75		
9%	1-1-2028	$4.66	$0.35	$4.14	$364.77		



BHC Automotive
Sewer Volumetric Rates

Rate Increase	Year	Volumetric Rate	Monthly Increase	Annual Increase	Average Monthly Dollar Increase	Number Of Customers	Average Usage Per Month
	Current	$3.84				19	314
9%	1-1-2026	$4.15	$0.31	$3.69	$160.26		
9%	1-1-2027	$4.48	$0.33	$3.98	$173.08		
9%	1-1-2028	$4.84	$0.36	$4.30	$186.93		

BHC Restaurant
Sewer Volumetric Rates

Rate Increase	Year	Volumetric Rate	Monthly Increase	Annual Increase	Average Monthly Dollar Increase	Number Of Customers	Average Usage Per Month
	Current	$5.33				96	495
9%	1-1-2026	$5.76	$0.43	$5.12	$289.41		
9%	1-1-2027	$6.22	$0.46	$5.53	$312.56		
9%	1-1-2028	$6.71	$0.50	$5.97	$337.57		

BHC Grocery
Sewer Volumetric Rates

Rate Increase	Year	Volumetric Rate	Monthly Increase	Annual Increase	Average Monthly Dollar Increase	Number Of Customers	Average Usage Per Month
	Current	$5.21				31	850
9%	1-1-2026	$5.63	$0.42	$5.00	$450.48		
9%	1-1-2027	$6.08	$0.45	$5.40	$486.52		
9%	1-1-2028	$6.56	$0.49	$5.83	$525.44		

BHC Hotel
Sewer Volumetric Rates

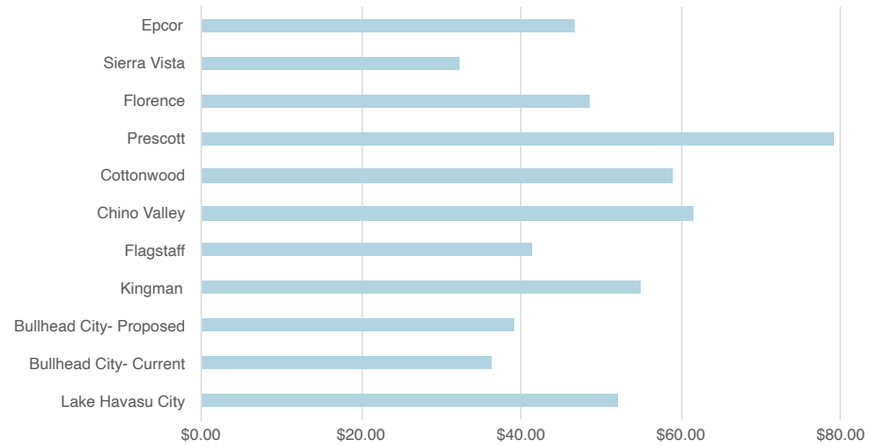
Rate Increase	Year	Volumetric Rate	Monthly Increase	Annual Increase	Average Monthly Dollar Increase	Number Of Customers	Average Usage Per Month
	Current	$4.30				33	88
9%	1-1-2026	$4.64	$0.34	$4.13	$460.03		
9%	1-1-2027	$5.02	$0.37	$4.46	$496.84		
9%	1-1-2028	$5.42	$0.40	$4.81	$536.58		

BHC Laundry
Sewer Volumetric Rates

Rate Increase	Year	Volumetric Rate	Monthly Increase	Annual Increase	Average Monthly Dollar Increase	Number Of Customers	Average Usage Per Month
	Current	$3.08				4	61
9%	1-1-2026	$3.33	$0.25	$2.96	$255.33		
9%	1-1-2027	$3.59	$0.27	$3.19	$275.76		
9%	1-1-2028	$3.88	$0.29	$3.45	$297.82		

COMPARISON TO NEIGHBORS

Residential Monthly Bill Wastewater/Sewer



Bullhead City Utilities Assistance & Discount Program (UADP)

Program Purpose

- The Utility Assistance and Discount Program (UADP) is designed to support income-eligible households, disabled veterans and active service members by receiving the burden of increased utility rates. This target program ensures equitable access to essential services, promotes financial stability for vulnerable residents, and honors military service to our country and state.

Program Overview

- Customers with combined water and sewer utility service are eligible for this program. Approved applicants may combine discounts (stack) if they meet the criteria for more than one qualifying category. The **maximum** monthly discount per account is **$20**.
- The U.S. Federal Poverty Guidelines will be used to determine financial eligibility for the UADP. Applicants must have a gross annual household income that does not exceed 200% of the Federal Poverty Guidelines for the current year (updated annually). (https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines)
- Once submitted, resident to allow 30 days to process application.

Utilities Assistance & Discount Program (UADP)

Discount Category	Monthly Discount	Eligibility Summary
AZ- Low Income	$10.00	Meets Federal Poverty Guidelines (*Doesn't exceed 200% FPG)
AZ Active Duty/Deployed	$10.00	Must provide proof of current military service.
AZ Disabled Veteran	$10.00	Must show VA disability status

- Approved applicants may combine discounts (stack) if they meet the criteria for more than one qualifying category.
- The **maximum** monthly discount per account is $20.

General Eligibility Requirements

Subject to detailed procedures to be established by the City Manager

- Applicants **must** be a Bullhead City Utilities customer with an active residential account in their name.
- Applicants **must** notify the Utilities Department within 30 days if they no longer qualify.
- Account **must** be current and in good standing.
- Only **one** application per household will be accepted.
- If account is disconnected for non-payment, discount will be void for one year from disconnection date.

Additional Assistance

In addition to the Bullhead City Utilities Assistance and Discount Program (UADP), the City also offers and will continue to offer:

- High Bill Water Consideration
- Utility Payment Plans

BHC Rate Case Schedule

July 1 Formal Notice of Intent regarding the proposed rate increase. Detailed reports and supporting data made available and public hearing set for September 2.

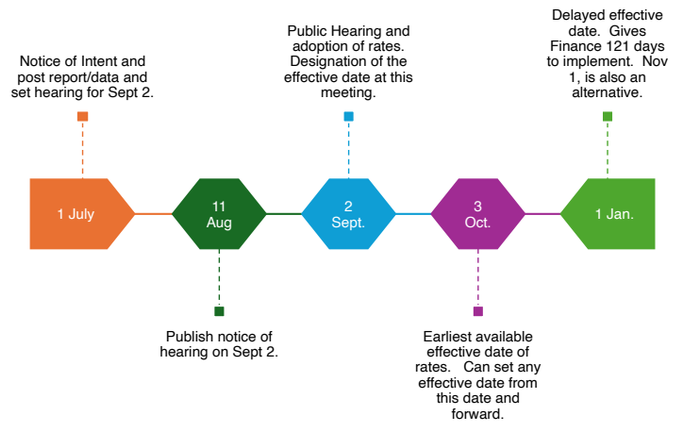
Aug 11 Publish public notice announcing September 2 hearing.

Sept 2 Public hearing and City Council to consider potentially adopting the proposed rates. If approved, official effective date for the new rates will be determined and designated at this meeting.

Oct 3 Earliest possible effective date newly adopted rates could take effect. (or from this date forward).

Jan 1 Recommended effective date. Provides the Finance Department with approximately 121 days from adoption (Sept 2nd) to implement new rates. November 1, is also an alternative date.

BHC Rate Case Schedule



Questions?