



City Council

Workshop



Water Rates Update

City Council Workshop – March 3, 2026
Bob Ford | Chief Financial Officer

Why Did We Raise Water Rates in 2025?

- **The City's focus from 2018 to 2025 was on the Wastewater Treatment Plant Project.**
- **From 2014 to 2022, the City's water rates did not change.**
- **Then in 2023, the City raised its water rates 7%, followed by another 7% in 2024.**
- **While water rates did not change in the 9 years from 2014-2022, the Water Fund's operating costs increased annually due increase in Water Fund employees, increase in base compensation per employee, increase in benefit costs per employee (L6, 457b Plan, dependent healthcare) and other operating costs tied to inflation.**
- **Therefore, by 2024 the Water Funds operating earnings were breakeven at best, leaving no funding for CapEx.**
- **Burns & McDonnell identified \$90 million in CapEx that is needed over the next 20 years. All funded with CASH from the rate increases.**



Water Rates

Description	2014-2022	2023	2024	2025	2026	2027
Base	\$7.56	\$8.09	\$8.66	\$16.76	\$24.26	\$31.76
Increase %		7%	7%	94%	45%	31%
Surcharge/1,000 Gallons	\$3.56	\$3.81	\$4.08	\$7.08	\$14.81	\$17.90
Increase %		7%	7%	74%	109%	21%

Increase	Theoretical Water Rates Per Year at "What If" Growth Rate												Current 2025 Rate
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
	7.5%												
Base	\$7.56	\$8.13	\$8.74	\$9.39	\$10.10	\$10.85	\$11.67	\$12.54	\$13.48	\$14.49	\$15.58	\$16.75	\$16.76
Surcharge	\$3.56	\$3.83	\$4.11	\$4.42	\$4.75	\$5.11	\$5.49	\$5.91	\$6.35	\$6.83	\$7.34	\$7.89	7.08



Water Rate Increases | Impact to Citizens

- Republic citizens will see their water bills increase 300% or more from 2023 to 2027.
- Our current water rates penalize the low usage customer.
 - In 2025, we increased our base rate 94% but our per gallon surcharge by 74%.
 - So, our lower usage customers' increase was greater than our high usage customers.
- Furthermore, approximately 15% of our residential customers use 1,500 gallons per month or less (average = 824) but pay for 1,500 gallons.

In Town Monthly Customer Revenue - Current Fee Structure

Gallons Per Month	2014-2022	2023	2024	2025	2026	2027	23-27 Incr
10,000	\$37.82	\$40.48	\$43.34	\$76.94	\$150.15	\$183.91	
Growth Rate	-	7%	7%	78%	95%	22%	354%
4,000	\$16.46	\$17.62	\$18.86	\$34.46	\$61.29	\$76.51	
Growth Rate		7%	7%	82%	81%	24%	338%
1,500	\$7.56	\$8.09	\$8.66	\$16.76	\$24.26	\$31.76	
Growth Rate		7%	7%	94%	45%	31%	293%
500	\$7.56	\$8.09	\$8.66	\$16.76	\$24.26	\$31.76	
Growth Rate		7%	7%	94%	45%	31%	293%

Our current rate structure and usage

- The City’s current rate structure disproportionately impacts low usage citizens.
 - Rate structures with a low fixed base rate, coupled with a per gallon charge from “Gallon 1” tend to treat the low usage Customer fairer.
 - Additionally, rate structures that are tiered where the more you use, the more you pay for the incremental gallon also tend to be fairer.
- In our current rate structure, the effective cost per gallon decreases as a customer uses more water.

		Effective Cost Per 1000 Gallons					
Gallons Per Month	2014-2022	2023	2024	2025	2026	2027	23-27 %
10,000	\$3.78	\$4.05	\$4.33	\$7.69	\$15.02	\$18.39	
Growth Rate	-	7%	7%	78%	95%	22%	354%
4,000	\$4.12	\$4.41	\$4.72	\$8.62	\$15.32	\$19.13	
Growth Rate		7%	7%	83%	78%	25%	338%
1,500	\$5.04	\$5.39	\$5.77	\$11.17	\$16.17	\$21.17	
Growth Rate		7%	7%	94%	45%	31%	293%
500	\$15.12	\$16.18	\$17.32	\$33.52	\$48.52	\$63.52	
Growth Rate		7%	7%	94%	45%	31%	293%



Water Rates | Comparison

Based on 2025 rates, the City of Republic's water rates are higher than most of our peers:

- **Customers with High Usage - 2nd Highest Monthly Bill for customers using 10,000 gallons per month.**
- **Customers with Low Usage - 2nd Highest Monthly Bill for customers using 500 gallons or less per month**

<u>Gallons Per Month</u>	2025 Rates					
	<u>Republic</u>	<u>Springfield</u>	<u>Ozark</u>	<u>Nixa</u>	<u>Willard</u>	<u>Strafford</u>
10,000	\$76.94	\$70.29	\$42.20	\$34.95	\$60.26	\$86.50
4,000	\$34.46	\$38.53	\$22.40	\$17.85	\$32.90	\$35.50
1,500	\$16.76	\$27.48	\$14.15	\$15.00	\$21.50	\$14.25
500	\$16.76	\$23.16	\$12.50	\$15.00	\$16.94	\$10.00



Customer Usage By Tier

Water Fund

Residential

Usage Tier	Gallons Per Month		Residential Customers	Tier % of Residential Customers	Gallons Per Tier	Avg Gallons Per Customer	Tier % of Residential Gallons	Tier % of Total Customers	Total Gallons	Tier % of Total Gallons
	Great Than or Equal To	Less Than								
1	0	1,500	1,169	14.9%	984,292	842	3.1%	13.6%	1,123,215	2.1%
2	1,500	5,000	4,725	60.2%	14,557,917	3,081	46.3%	55.2%	14,970,136	31.2%
3	5,000	10,000	1,616	20.6%	10,702,897	6,623	34.0%	18.9%	11,261,061	23.0%
4	10,000	15,000	235	3.0%	2,763,419	11,759	8.8%	2.7%	3,204,022	5.9%
5	15,000	1,000,000	106	1.4%	2,458,909	23,197	7.8%	1.2%	16,075,403	5.3%
			7,851	100.0%	31,467,434	4,008	100.0%	91.7%	46,633,837	67.5%

Commercial

Usage Tier	Gallons Per Month		Commercial Customers	Tier % of Commercial Customers	Gallons Per Tier	Avg Gallons Per Customer	Tier % of Commercial Gallons	Tier % of Total Customers	Total Gallons	Tier % of Total Gallons
	Great Than or Equal To	Less Than								
1	0	1,500	264	37.0%	138,923	526	0.9%	3.1%	1,123,215	0.3%
2	1,500	5,000	140	19.6%	412,219	2,944	2.7%	1.6%	14,970,136	0.9%
3	5,000	10,000	74	10.4%	558,164	7,543	3.7%	0.9%	11,261,061	1.2%
4	10,000	15,000	36	5.0%	440,603	12,239	2.9%	0.4%	3,204,022	0.9%
5	15,000	1,000,000	200	28.0%	13,616,494	68,082	89.8%	2.3%	16,075,403	29.2%
			714	100.0%	15,166,403	21,241	100.0%	8.3%	46,633,837	32.5%

Total

8,565

46,633,837

5,445

Customer Usage By Tier

Residential Customers

- Residential Customers represent 91.7% of Total Customers.
- Residential Customer use 67.5% of Total Gallons.
- Tier 1 Residential Customers (Low Users) are 13.6% of our Total Customers but only use 2.1% of Total Gallons.

Commercial Customers

- Commercial customers are 8.3% of Total Customers.
- Commercial customers use 32.5% of Total Gallons.
- Tier 5 Commercial Customers (High Users) are only 2.3% of Total Customers but use 29.2% of Total Gallons.

Given large users consume a disproportionate amount of Total Gallons, shouldn't they pay the same or possibly more per gallon as small users?

Water Rates Are Only Part of the Story

- Customers are billed for both water and wastewater usage on the same bill.
- Therefore, most customers are only concerned about what has happened to their total bill.
- Wastewater rates increased on January 1, 2026 as planned - primarily fund the debt service on Series 2022 and SRF Debt.
- Without a change, Water Rates will also increase effective January 1, 2026.

Gallons Per Month	Utility Type	Baseline	Current		Current	
		2024	2025	% Increase	2026	% Increase
10,000	Water	\$43.34	\$76.94	78%	\$150.15	95%
	Wastewater	\$162.43	\$191.65	18%	\$222.31	16%
	Total	\$205.77	\$268.59	31%	\$372.46	39%
4,000	Water	\$18.46	\$34.46	87%	\$61.29	78%
	Wastewater	\$66.73	\$78.73	18%	\$91.33	16%
	Total	\$85.19	\$113.19	33%	\$152.62	35%
1,500	Water	\$8.66	\$16.76	94%	\$24.26	45%
	Wastewater	\$26.85	\$31.68	18%	\$36.75	16%
	Total	\$35.51	\$48.44	36%	\$61.01	26%
500	Water	\$8.66	\$16.76	94%	\$24.26	45%
	Wastewater	\$26.85	\$31.68	18%	\$36.75	16%
	Total	\$35.51	\$48.44	36%	\$61.01	26%

Balance rate increases & impact to customers with capital needs of the City.

- **Flatten the slope** of the water rate increase line.
 - Hold water rates steady in 2026 – no increase over 2025’s rates. Steady, predictable and methodical rate increases after.
 - 2027 and beyond – Explore alternative methodologies so rate increases impact ALL users equitably.
- **Reduce 10-Year CIP** from \$70 million to \$45 million.
- **Borrow the funds** needed for the 10-Year CIP in a Tax-Exempt Bond Offering.
 - We have THREE (3) Years to expend 85% of the bond proceeds.
 - Multiple Tranches - \$30MM and \$15MM.

Gallons Per Month	Utility Type	Baseline	Current		Alt-A	
		2024	2025	% Increase	2026	% Increase
10,000	Water	\$43.34	\$76.94	78%	\$76.94	0%
	Wastewater	\$162.43	\$191.65	18%	\$222.31	16%
	Total	\$205.77	\$268.59	31%	\$299.25	11%
4,000	Water	\$18.46	\$34.46	87%	\$34.46	0%
	Wastewater	\$66.73	\$78.73	18%	\$91.33	16%
	Total	\$85.19	\$113.19	33%	\$125.79	11%
1,500	Water	\$8.66	\$16.76	94%	\$16.76	0%
	Wastewater	\$26.85	\$31.68	18%	\$36.75	16%
	Total	\$35.51	\$48.44	36%	\$53.51	10%
500	Water	\$8.66	\$16.76	94%	\$16.76	0%
	Wastewater	\$26.85	\$31.68	18%	\$36.75	16%
	Total	\$35.51	\$48.44	36%	\$53.51	10%

