Why Are Water and Wastewater Rates Increasing?

Water and wastewater systems require substantial ongoing investment to maintain service. The infrastructure that delivers clean drinking water to homes and businesses and safely collects and treats wastewater must be maintained, repaired, upgraded, and, in some cases, replaced as it ages and as the community's needs change. The City has significant infrastructure projects planned or underway to address these needs. These projects are necessary to maintain system reliability, improve operational performance, support regulatory requirements, and prepare the utility systems for the future.

At the same time, the cost of operating and maintaining these systems continues to increase. Utility operations must account for labor, electricity, chemicals, equipment, maintenance, construction, and other expenses. Delaying necessary maintenance or infrastructure improvements can increase long-term costs exponentially and create a greater risk of service disruptions or emergency repairs.

The rate increases are intended to help the City meet these financial obligations while distributing the cost of necessary improvements over time rather than relying on a single, substantial increase or delaying projects until they become more expensive or urgent.

How Will These Changes Affect Customers?

The rate adjustments will affect customers differently depending on their water consumption, wastewater usage, and applicable service charges. For residential customers, the amount of the monthly bill depends in part on how much water is used. To help customers understand the effect of the new rates, the City can provide a representative monthly bill comparison using typical residential consumption.

For example, an illustration based on a household using approximately 5,000 gallons of water per month can show how the revised water and wastewater rates affect the monthly bill. Actual bills may be higher or lower depending on individual usage and applicable charges. The City encourages customers to review the updated rate schedule and compare it with their current bills to understand the impact on their households or businesses. The following rate increase is effective November 1, 2026.

5,000 Gallon Per Month Comparison

	Current Bill	November 1, 2026
Water Monthly Fee	16.91	18.26
Water Usage	59.80	64.60
State Fees	0.50	0.50
Sewer Monthly Fee	24.37	31.68
Sewer Usage	50.85	66.10
Trash	21.43	21.79
Tax	0.77	0.83
	$ 174.63	**$ 203.76**

Are There Programs the City Offers?

The City offers two programs that may help reduce your monthly utility bill. The City offers a Senior Rate Discount. Customers aged 65 and older may qualify for a 15% discount on the water monthly fee, wastewater monthly fee, and trash services. The account holder must be at least 65 years old to qualify and provide a picture ID. To apply, visit City Hall and request a Senior Discount application.

The second program is the Winter Sewer Average (WSA). WSA helps determine your monthly wastewater charge based on your household's average water usage during the winter months of December, January, and February. Water meter readings from the three months are used to calculate your average usage. The WSA rate is calculated using these three winter months because water consumption is generally at its lowest during this period. Once established, this average is used to calculate your monthly wastewater charge until a new average is calculated following the next winter averaging period. Customers can opt out of WSA if they believe their consumption will be lower than the calculated average.

Why Didn't the City Increase Rates in 2026?

The City did not implement a water or wastewater rate increase in 2026 because it chose to complete a comprehensive utility rate study, conducted by an outside consultant, before making additional rate adjustments. The study provided an opportunity to evaluate the financial needs of the water and wastewater systems together with the City's planned capital improvement program, operating costs, existing debt obligations, and anticipated future financing needs.

Although rates were not increased in 2026, the need for infrastructure investment did not go away. The City must now begin implementing the financial plan identified through the study to ensure that adequate funding is available as projects move forward.

What Did the Utility Rate Study Determine?

The rate study established a five-year rate analysis and a 10-year project timeline strategy for the City's water and wastewater systems. Rate adjustments are projected or recommended by the study, rather than guaranteed increases. The Board of Alderman sets the rates annually with the schedule of fees. The strategy considers the revenues needed to operate and maintain the systems, meet existing financial obligations, and fund planned infrastructure improvements.

The study identified several important considerations:

- **Planned rate adjustments:** A series of rate increases over five years is needed to move utility revenues toward the levels required to support ongoing operations and future capital investments.
- **Infrastructure funding:** Significant capital improvements are necessary to maintain and improve the City's water distribution, wastewater collection, and wastewater treatment systems.
- **Debt financing:** Borrowing is expected to help fund major capital projects. This allows the cost of long-lived infrastructure to be financed over time rather than requiring customers to fund the entire cost through current rates or available cash reserves.
- **Long-term financial stability:** Rates must generate sufficient revenue to cover operating expenses, debt service, and other financial requirements while maintaining an appropriate financial position for the utility systems.
- **Planning for future needs:** A multi-year plan allows the City to coordinate rate adjustments, project schedules, and financing decisions rather than addressing major funding needs one project at a time.

The rate study provides a financial framework for these decisions. The City will continue to evaluate actual revenues, expenses, construction costs, and project schedules as the plan is implemented.

5-Year Proposed Rate Study Increase by Raftelis

	FY27	FY28	FY29	FY30	FY31
Water Rate Increases	8.0%	8.0%	8.0%	8.0%	25.0%
Sewer Rate Increases	30.0%	15.0%	15.0%	8.0%	5.0%
Combined Increases	19.0%	11.8%	11.9%	8.0%	13.4%

What Infrastructure Improvements Are Needed?

The City has a continuing program of water and wastewater infrastructure improvements. Recent and planned projects address critical components of the systems, including wastewater transmission facilities, collection lines, treatment equipment, and water transmission infrastructure.

Examples of major projects include:

- Wastewater Plant Improvements and Expansion (wastewater)
- Owens Branch – North Infrastructure, all phases and lines (wastewater)
- Digester improvements (wastewater)
- Secondary Clarifier (water)
- Raintree Water Line (water)
- Water Plant Expansion (water)

These projects represent investments in the essential infrastructure that allows the City to deliver water and manage wastewater every day. Additional improvements are planned as part of the City's ongoing capital improvement program.

The City's infrastructure needs extend beyond the construction of new facilities. Existing equipment and facilities must also be maintained, rehabilitated, or replaced to reduce the likelihood of failures, protect public health, and preserve the value of the City's existing infrastructure. Completing these improvements requires a reliable source of funding. The five-year rate plan and anticipated debt financing are intended to help provide that funding as projects advance.

Why Is the City Using Debt Financing?

Major water and wastewater projects can cost millions of dollars and provide benefits over many years. Funding every project entirely through current utility revenues could require significantly larger immediate rate increases. Debt financing allows the City to spread the cost of eligible infrastructure investments over a longer period. In general, this approach aligns repayment with the useful life of the facilities and equipment being

financed, so customers who benefit from the infrastructure over time also contribute toward its cost.

Debt financing does not eliminate the cost of infrastructure. Borrowed funds must be repaid, with interest, and the utility must generate sufficient revenue to meet those obligations. For this reason, the City's financial plan considers both the cost of projects and the ongoing revenues needed to repay debt while continuing to operate and maintain the systems. The City will evaluate financing options and project timing as part of its capital planning and financial management process. The goal is to use available resources and financing tools responsibly while maintaining reliable utility service.

10-Year Proposed Capital Projects Expense Timeline

FY27	FY28	FY29	FY30	FY31
$14,841,700	$8,638,500	$11,792,500	$6,763,000	$7,253,000

FY32	FY33	FY34	FY35	FY36
$27,389,400	$2,970,000	$6,615,000	$5,365,000	$7,527,000

In summary, the water and wastewater rate increases are necessary to maintain reliable utility service, address aging infrastructure, and fund critical improvements to meet the community’s current and future needs. The City’s five-year rate plan and anticipated debt financing are designed to spread these costs over time while supporting the long-term financial stability of the utility systems. The City will continue to monitor costs, revenues, and project needs to ensure essential services for the community are met.