

4. Resolution approving water and sewer rates in accordance with the 2024 rate review for the retail and wholesale Partner Communities of the City's Water Supply System and Sanitary Sewer System



Item Number: 4
CITY OF GRAND RAPIDS
AGENDA ACTION REQUEST

DATE: December 17, 2024

TO: Mark Washington, City Manager

COMMITTEE: Committee of the Whole
LIAISON: Mark Washington, City Manager

FROM: Tai Verbrugge, Utility Financial Officer
Fiscal Services

SUBJECT: **Resolution approving water and sewer rates in accordance with the 2024 rate review for the retail and wholesale Partner Communities of the City's Water Supply System and Sanitary Sewer System**

The 2024 Preliminary Water/Sewer Rate Study recommended water and sewer utility rate adjustments as of January 1, 2025, for Grand Rapids and each partner community serviced by the water supply and sewage disposal systems. City Commission approval of rate adjustments is required through resolution.

Utility Advisory Board (UAB) partners and other customer communities were notified of the recommended rate adjustments on November 7, 2024, followed by a thirty-day comment period expiring on December 7, 2024, as provided in the water and sanitary sewer service agreements. To date, all questions from partner communities have been satisfactorily answered, no other comments have been received from the partner communities, and no individual meetings have been requested with the Rate Study Team.

The partner community comment period resulted in no adjustments to the overall 2024 Rate Study recommendations. In summary, Water Supply System revenue requirements reflect a 2.80% increase, or an additional \$1,517,161 more than revenues generated by the existing rates. The Sewage Disposal System revenue requirements reflect a 2.91% increase, or an additional \$1,887,796 more than revenues generated by the existing rates and charges.

The attached resolution approves the recommended water and sewer rates for the City's retail and wholesale partner communities for calendar year 2025. A summary of water and sewer revenue requirement changes, the retail and wholesale summary

sheets for water and sewer rates, and a rate schedule for each customer community is included with the resolution.

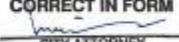
Your COMMITTEE OF THE WHOLE recommends the adoption of the following resolution approving water and sewer rates in accordance with the 2024 rate review for the retail and wholesale Partner Communities of the City's Water Supply System and Sanitary Sewer System.

WHEREAS:

1. The Water/Sewer rate studies have been undertaken and completed for the years 1976 through 2023; and
2. The 2024 Water/Sewer Rate Study has been completed using the same general methodology as the 1976 through 2023 Water/Sewer Rate Studies, as adjusted where appropriate for the uniform water and sanitary sewer service agreements; therefore

RESOLVED:

1. That the attached water and sewer rates are approved for retail and wholesale partner communities of the City's Water Supply System and Sanitary Sewer System and shall be effective January 1, 2025; and
2. That the Utility Financial Officer is directed to notify the contractual water and sewer service customers in writing of the water and sewer rates, and the Mayor and City Clerk are authorized to take any action as may be required to evidence the new water and sewer rates.

CORRECT IN FORM

CITY ATTORNEY

**CITY OF GRAND RAPIDS, MICHIGAN
2024 FINAL WATER/SEWER RATE STUDY
SUMMARY OF REVENUE REQUIREMENT CHANGES
FOR RATES EFFECTIVE JANUARY 1, 2025**

	<u>WATER (1)</u>		<u>SEWER (1)</u>		
	<u>AMOUNT</u>	<u>PERCENT</u>	<u>AMOUNT</u>	<u>PERCENT</u>	
RETAIL COMMUNITIES	GRAND RAPIDS	\$ 1,387,267	4.34%	\$ 926,080	2.15%
	WALKER	226,558	5.34%	287,134	4.98%
	KENTWOOD	203,096	3.98%	261,400	4.85%
	CASCADE TWP	(377,079)	-8.61%	130,328	3.99%
	GRAND RAPIDS TWP	35,906	1.35%	158,511	5.03%
	TALLMADGE TWP	(16,548)	-3.70%	(4,518)	-0.78%
	WRIGHT TWP	N/A	N/A	9,928	3.43%
WHOLESALE COMMUNITIES	EAST GRAND RAPIDS	33,505	3.44%	55,152	4.33%
	ADA TWP	6,088	0.37%	53,573	3.35%
	OTTAWA COUNTY	14,368	0.51%	NA	NA
	GAINES TWP	N/A	N/A	14,702	6.97%
	CALEDONIA TWP	N/A	N/A	(4,495)	-1.86%
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SYSTEM	\$ 1,517,161	2.80%	\$ 1,887,796	2.91%	
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(1) Change in revenue requirements based on revenues currently generated from rates, customer base and volumes reported in the preliminary rate study (Includes consideration for relief from CCCC B).

DISCLOSE RELIEF PROVIDED BY CITY & CUSTOMER COMMUNITY CIRCUIT BREAKER (CCCCB)

	<u>WATER</u>		<u>SEWER</u>	
	<u>AMOUNT</u>	<u>PERCENT</u>	<u>AMOUNT</u>	<u>PERCENT</u>
SYSTEM REVENUE REQUIREMENT	\$ 55,757,731	2.80%	\$ 66,702,105	2.91%
ADD: CCCC B RELIEF	468,631	0.86%	607,197	0.94%
SYSTEM CHANGE- WITHOUT RELIEF	<u>\$ 56,216,362</u>	<u>3.66%</u>	<u>\$ 67,309,302</u>	<u>3.85%</u>

**CITY OF GRAND RAPIDS, MICHIGAN
2024 FINAL WATER/SEWER RATE STUDY
IMPACT OF RATE ADJUSTMENTS ON DOMESTIC USERS
BY CUSTOMER COMMUNITY *
FOR RATES EFFECTIVE JANUARY 1, 2025**

	<u>APPROXIMATE QUARTERLY BILL</u>		<u>CHANGE</u>	
	<u>2024</u>	<u>2025</u>	<u>DOLLARS</u>	<u>PERCENT</u>
GRAND RAPIDS				
WATER	\$ 118.42	\$ 123.58	\$ 5.16	4.36%
SEWER	144.09	147.06	2.97	2.06%
	<u>\$ 262.51</u>	<u>\$ 270.64</u>	<u>\$ 8.13</u>	3.10%
BASE RATIO	1.00	1.00		
WALKER				
WATER	\$ 108.76	\$ 114.59	\$ 5.83	5.36%
SEWER	165.57	173.67	8.10	4.89%
	<u>\$ 274.33</u>	<u>\$ 288.26</u>	<u>\$ 13.93</u>	5.08%
RATIO TO GR	1.05	1.07		
KENTWOOD				
WATER	\$ 111.89	\$ 116.41	\$ 4.52	4.04%
SEWER	101.22	105.84	4.62	4.56%
	<u>\$ 213.11</u>	<u>\$ 222.25</u>	<u>\$ 9.14</u>	4.29%
RATIO TO GR	0.81	0.82		
CASCADE TWP				
WATER	\$ 160.89	\$ 146.87	\$ (14.02)	-8.71%
SEWER	194.79	202.32	7.53	3.87%
	<u>\$ 355.68</u>	<u>\$ 349.19</u>	<u>\$ (6.49)</u>	-1.82%
RATIO TO GR	1.35	1.29		
GRAND RAPIDS TWP				
WATER	\$ 128.34	\$ 130.05	\$ 1.71	1.33%
SEWER	157.50	165.27	7.77	4.93%
	<u>\$ 285.84</u>	<u>\$ 295.32</u>	<u>\$ 9.48</u>	3.32%
RATIO TO GR	1.09	1.09		
TALLMADGE TWP				
WATER	\$ 99.77	\$ 94.95	\$ (4.82)	-4.83%
SEWER	273.00	270.90	(2.10)	-0.77%
	<u>\$ 372.77</u>	<u>\$ 365.85</u>	<u>\$ (6.92)</u>	-1.86%
RATIO TO GR	1.42	1.35		

* THE COMPARISONS ABOVE ARE BASED ON SYSTEM AVERAGE DOMESTIC CUSTOMER
QUARTERLY CONSUMPTION OF: WATER- 32.00 UNITS OR 23,936 GALLONS
SEWER - 21.00 UNITS OR 15,708 GALLONS
NO. OF MONTHS: 3

REU (RESIDENTIAL EQUIVALENT UNIT) CUSTOMER COMMUNITY- APPROXIMATE QUARTERLY BILL

WRIGHT TWP-				
SEWER (No. of REU 1.00)	<u>\$ 171.24</u>	<u>\$ 177.12</u>	<u>\$ 5.88</u>	3.43%

**CITY OF GRAND RAPIDS, MICHIGAN
2024 FINAL WATER/SEWER RATE STUDY
IMPACT OF RATE ADJUSTMENTS ON COMMERCIAL USERS
BY CUSTOMER COMMUNITY
FOR RATES EFFECTIVE JANUARY 1, 2025**

	<u>APPROXIMATE QUARTERLY BILL</u>		<u>CHANGE</u>	
	<u>2024</u>	<u>2025</u>	<u>DOLLARS</u>	<u>PERCENT</u>
GRAND RAPIDS				
WATER	\$ 586.79	\$ 614.87	\$ 28.08	4.79%
SEWER	977.88	1,008.21	30.33	3.10%
	<u>\$ 1,564.67</u>	<u>\$ 1,623.08</u>	<u>\$ 58.41</u>	3.73%
BASE RATIO	1.00	1.00		
WALKER				
WATER	\$ 494.21	\$ 521.89	\$ 27.68	5.60%
SEWER	794.40	833.85	39.45	4.97%
	<u>\$ 1,288.61</u>	<u>\$ 1,355.74</u>	<u>\$ 67.13</u>	5.21%
RATIO TO GR	0.82	0.84		
KENTWOOD				
WATER	\$ 479.35	\$ 498.41	\$ 19.06	3.98%
SEWER	744.99	781.59	36.60	4.91%
	<u>\$ 1,224.34</u>	<u>\$ 1,280.00</u>	<u>\$ 55.66</u>	4.55%
RATIO TO GR	0.78	0.79		
CASCADE TWP				
WATER	\$ 692.13	\$ 631.12	\$ (61.01)	-8.81%
SEWER	906.36	943.11	36.75	4.05%
	<u>\$ 1,598.49</u>	<u>\$ 1,574.23</u>	<u>\$ (24.26)</u>	-1.52%
RATIO TO GR	1.02	0.97		
GRAND RAPIDS TWP				
WATER	\$ 568.29	\$ 576.09	\$ 7.80	1.37%
SEWER	738.39	775.59	37.20	5.04%
	<u>\$ 1,306.68</u>	<u>\$ 1,351.68</u>	<u>\$ 45.00</u>	3.44%
RATIO TO GR	0.84	0.83		
TALLMADGE TWP				
WATER	\$ 594.49	\$ 570.24	\$ (24.25)	-4.08%
SEWER	1,962.06	1,946.70	(15.36)	-0.78%
	<u>\$ 2,556.55</u>	<u>\$ 2,516.94</u>	<u>\$ (39.61)</u>	-1.55%
RATIO TO GR	1.63	1.55		

* THE COMPARISONS ABOVE ARE BASED ON SYSTEM AVERAGE COMMERCIAL CUSTOMER
QUARTERLY CONSUMPTION OF : WATER- 14.00 UNITS OR 160,072 GALLONS
SEWER - 04.00 UNITS OR 152,592 GALLONS
NO. OF MONTHS: 3

REU (RESIDENTIAL EQUIVALENT UNIT) CUSTOMER COMMUNITY- APPROXIMATE QUARTERLY BILL

WRIGHT TWP				
SEWER (No. of REU 1.00)	<u>\$ 171.24</u>	<u>\$ 177.12</u>	<u>\$ 5.88</u>	3.43%

**CITY OF GRAND RAPIDS, MICHIGAN
2024 FINAL WATER/SEWER RATE STUDY
WATER & SEWER RATES FOR GRAND RAPIDS & RETAIL CUSTOMER COMMUNITIES
EFFECTIVE JANUARY 1, 2025**

WATER RATES

	<u>METER CODE</u>	<u>GRAND RAPIDS</u>	<u>WALKER</u>	<u>KENTWOOD</u>	<u>CASCADE</u>	<u>GR. RAPIDS TOWNSHIP</u>	<u>TALLMADGE TOWNSHIP</u>	<u>WRIGHT TOWNSHIP</u>
COMMODITY CHARGE (HCF)		\$ 2.57	\$ 2.08	\$ 1.31	\$ 2.41	\$ 2.25	\$ 2.61	NA
MONTHLY SERVICE CHARGE BY METER SIZE								
3/4" & Less	A	\$ 13.78	\$ 16.01	\$ 18.13	\$ 23.25	\$ 19.35	\$ 3.81	NA
1"	B	\$ 21.63	\$ 25.59	\$ 29.39	\$ 38.46	\$ 31.53	\$ 3.90	NA
1-1/4"	C	\$ 31.72	\$ 37.91	\$ 44.33	\$ 58.02	\$ 47.19	\$ 4.02	NA
1-1/2"	D	\$ 44.05	\$ 52.97	\$ 62.35	\$ 81.93	\$ 66.33	\$ 4.17	NA
2"	E	\$ 75.44	\$ 91.30	\$ 108.51	\$ 142.78	\$ 115.05	\$ 4.54	NA
3"	F	\$ 165.13	\$ 200.81	\$ 239.33	\$ 316.65	\$ 254.25	\$ 5.61	NA
4"	G	\$ 290.69	\$ 354.13	\$ 422.36	\$ 560.06	\$ 449.13	\$ 7.10	NA
6" & Over	H	\$ 649.45	\$ 792.17	\$ 947.35	\$ 1,255.53	\$ 1,005.93	\$ 11.37	NA

SEWER RATES

	<u>METER CODE</u>	<u>GRAND RAPIDS</u>	<u>WALKER</u>	<u>KENTWOOD</u>	<u>CASCADE</u>	<u>GR. RAPIDS TOWNSHIP</u>	<u>TALLMADGE TOWNSHIP</u>	<u>WRIGHT TOWNSHIP</u>
COMMODITY CHARGE (HCF)		\$ 4.53	\$ 3.20	\$ 3.31	\$ 3.55	\$ 2.94	\$ 8.84	NA
REU Charge (Monthly) *		NA	NA	IA	NA	NA	NA	\$ 59.04
MONTHLY SERVICE CHARGE BY METER SIZE								
3/4" & Less	A	\$ 17.31	\$ 35.49	\$ 10.11	\$ 42.59	\$ 34.51	\$ 28.42	NA
1"	B	\$ 28.03	\$ 60.35	\$ 15.35	\$ 72.97	\$ 58.61	\$ 47.78	NA
1-1/4"	C	\$ 41.81	\$ 92.31	\$ 21.33	\$ 112.03	\$ 89.59	\$ 72.67	NA
1-1/2"	D	\$ 58.65	\$ 131.37	\$ 29.15	\$ 159.77	\$ 127.45	\$ 103.09	NA
2"	E	\$ 101.52	\$ 230.80	\$ 49.31	\$ 281.29	\$ 223.83	\$ 180.53	NA
3"	F	\$ 224.01	\$ 514.89	\$ 107.21	\$ 628.49	\$ 499.21	\$ 401.77	NA
4"	G	\$ 395.49	\$ 912.61	\$ 187.35	\$ 1,114.57	\$ 884.74	\$ 711.51	NA
6" & Over	H	\$ 885.45	\$ 2,048.97	\$ 418.25	\$ 2,503.37	\$ 1,986.25	\$ 1,596.49	NA

* REU - Residential Equivalent Unit (Wright Township Only)

FIRE PROTECTION RATES- ALL GOVERNMENTAL UNITS

6"	H	\$ 22.98		10"	J	\$ 63.87
8"	I	\$ 40.76		12"	K	\$ 91.91

NOTE: Monthly defined as 1/12th of 365 days.

CITY OF GRAND RAPIDS, MICHIGAN
2024 FINAL WATER/SEWER RATE STUDY
IMPACT OF RATE ADJUSTMENTS ON WHOLESALE CUSTOMER COMMUNITIES
EFFECTIVE JANUARY 1, 2025

	<u>2024</u>	<u>2025</u>	<u>PERCENTAGE CHANGE</u>
EAST GRAND RAPIDS			
WATER - SERVICE (MONTHLY)	\$17,047.00	\$19,839.00	16.38%
- COMMODITY (100 CF)	\$1.31	\$1.31	0.00%
SEWER - SERVICE (MONTHLY)	\$2,184.00	\$2,104.00	-3.66%
- COMMODITY (MG)	\$2,959.00	\$3,092.00	4.49%
ADA TWP			
WATER - SERVICE	\$60,124.00	\$61,151.00	1.71%
- COMMODITY	\$1.50	\$1.49	-0.67%
SEWER - SERVICE	\$40,984.00	\$41,633.00	1.58%
- COMMODITY	\$4,012.00	\$4,178.00	4.14%
OTTAWA COUNTY			
WATER - SERVICE	\$0.00	\$0.00	N/A
- COMMODITY	\$1.43	\$1.44	0.70%
GAINES TWP			
SEWER - SERVICE	\$1,619.00	\$1,759.00	8.65%
- COMMODITY	\$2,574.00	\$2,749.00	6.80%
CALEDONIA TWP			
SEWER - SERVICE	\$728.00	\$743.00	2.06%
- COMMODITY	\$7,618.00	\$7,465.00	-2.01%

NOTE: Monthly defined as 1/12th of 365 days.