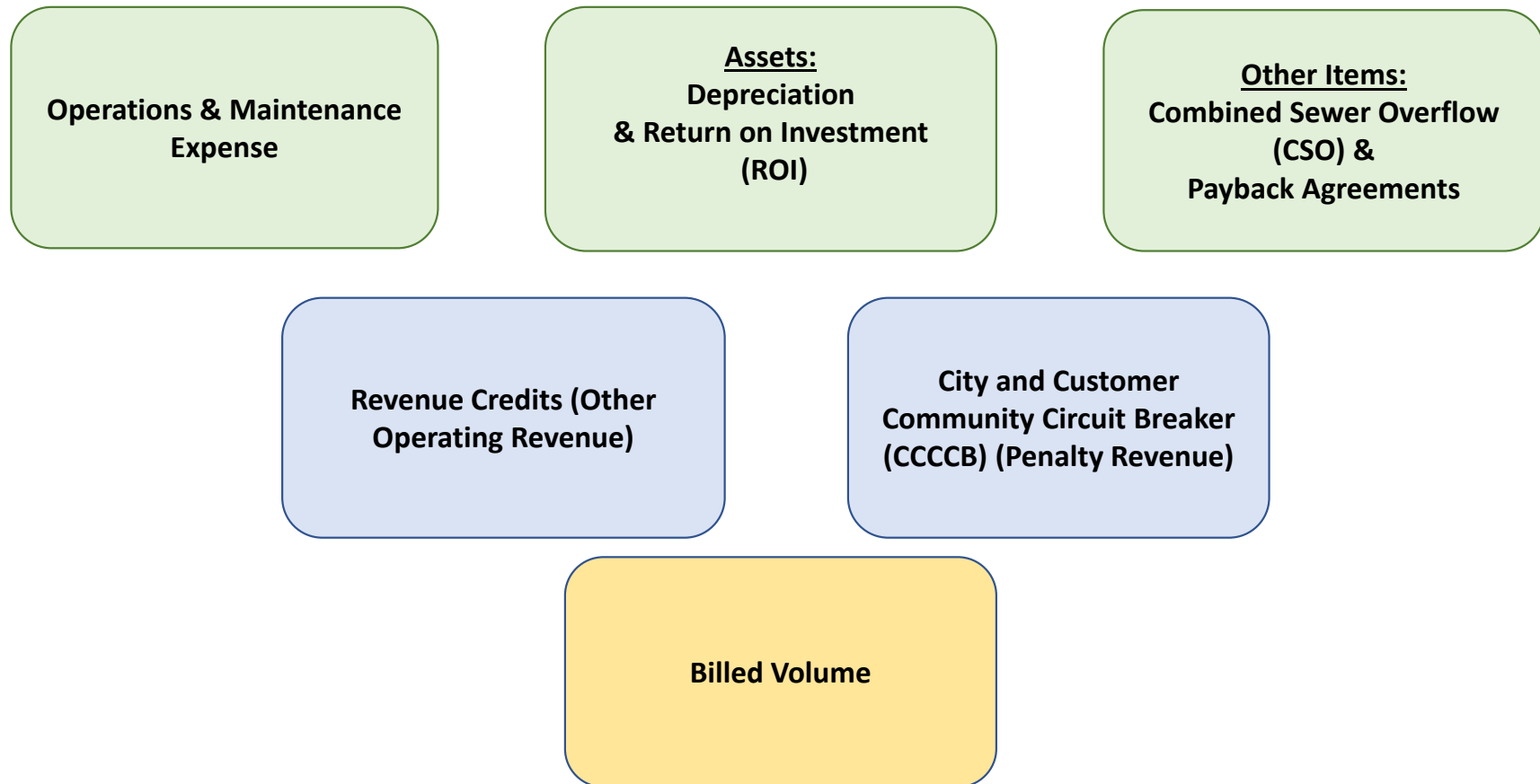




City of Grand
Rapids
Water & Sewer
Systems

48th Annual
Preliminary
Rate Study

Building Blocks of the Revenue Requirement



2025 Rate Impact by Community

Retail Communities: charges assessed directly to User based on water consumption (except for Wright Twp – REUs). Readiness to Serve (RTS) based on meter size and Commodity based on volume. City of GR maintains assets and bills users directly.

Wholesale Communities: charges assessed directly to Wholesale Community based on water consumption measured through a master meter at the point of service in the customer community. Readiness to Serve (RTS) based on non-integrated system requirements and Commodity based on volume. Customer community maintains assets and bills users directly.

		WATER (1)		SEWER (1)	
		AMOUNT	PERCENT	AMOUNT	PERCENT
RETAIL COMMUNITIES	GRAND RAPIDS	\$ 1,387,267	4.34%	\$ 926,080	2.15%
	WALKER	220,558	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	39,906	1.35%	158,511	5.03%
	TALLMADGE TWP	(10,548)	-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%
SYSTEM		\$ 1,517,161	2.80%	\$ 1,887,796	2.91%

(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 CCCCB).



15-Year Historical Rate Changes

Rate Study Year	Water Supply System			Sewage Disposal System		
	Revenue Requirements	% change in RR over prev year	% gross rate incr (decr) **	Revenue Requirements	% change in RR over prev year	% gross rate incr (decr) **
2010	41,200,107	-4.05%	-6.27%	49,673,390	-3.32%	-3.30%
2011	41,802,404	1.46%	5.15%	50,082,541	0.82%	2.89%
2012	39,247,442	-6.11%	-4.41%	48,183,681	-3.79%	-2.46%
2013	38,646,748	-1.53%	-4.30%	48,946,212	1.58%	2.46%
2014	40,055,985	3.65%	2.50%	49,962,043	2.08%	2.81%
2015	40,178,439	0.31%	1.00%	49,868,027	-0.19%	0.30%
2016	41,187,517	2.51%	3.63%	50,400,344	1.07%	0.36%
2017	42,828,972	3.99%	2.45%	52,319,981	3.81%	3.08%
2018	43,868,464	2.43%	2.71%	54,611,300	4.38%	3.28%
2019	45,752,997	4.30%	2.47%	56,969,417	4.32%	3.49%
2020	45,501,943	-0.55%	0.62%	61,242,290	7.50%	7.92%
2021	47,692,896	4.82%	4.08%	62,943,059	2.78%	4.00%
2022	50,122,073	5.09%	5.68%	63,232,742	0.46%	1.07%
2023	54,408,787	8.55%	6.50%	64,540,737	2.07%	1.33%
2024*	55,750,731	2.47%	2.80%	66,702,105	3.35%	2.91%
AVG	44,549,700	1.82%	1.64%	55,311,858	1.79%	2.01%

* Revenue Requirements per the 2024 Preliminary Rate Study.
 ** The percentage gross rate increase (decrease) differs from the annual percentage change in Revenue Requirements due to differences in usage volumes/customers/application of Circuit Breaker
 - Annual inflation for the 12 months ending September 2024 was 3.02%



Rate Impact Factors - Water

2024 Water Rate Study Rate Drivers	% Impact
Increases:	
O&M – Personnel services Private lead line replacements Supply costs stabilizing	2.03%
Assets – Return on System Investment & Depreciation \$21.8M of new assets in service Most (\$18.8M) for watermain & lead line replacements	1.26%
Revenue Expectation (3-yr avg water billed volume down, meters up)	0.32%
Decreases:	
Integrated Connection Fee Credit / Penalty Offset	(0.81%)
Proposed System Average Rate Increase	2.80%



Rate Impact Factors - Sewer

2024 Sewer Rate Study Rate Drivers	% Impact
Increases:	
O&M – Personnel services Overhaul of SCADA infrastructure Maximizing use of existing systems	6.20%
Decreases:	
Assets – Return on System Investment & Depreciation \$6.8M of new assets in service Required return decreased by Market Ave contribution	(2.13%)
Natural gas revenues / Penalty Offset	(0.74%)
Revenue Expectation (3-yr avg sewer billed volume down, meters up)	(0.42%)
Proposed System Average Rate Increase	2.91%

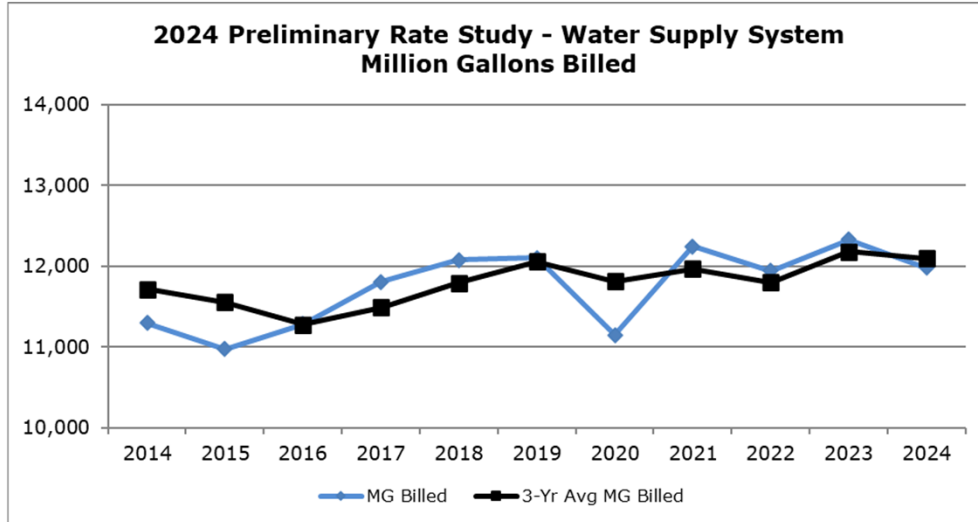


Billed Volume

Water Supply System

2024 water volume down (2.81%) over 2023

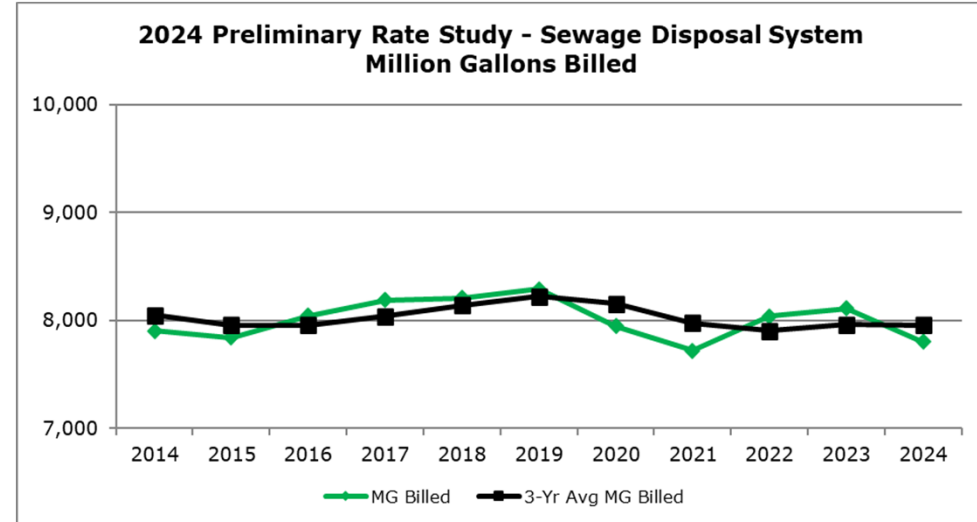
3-Yr Avg water volume **down** (0.69%)



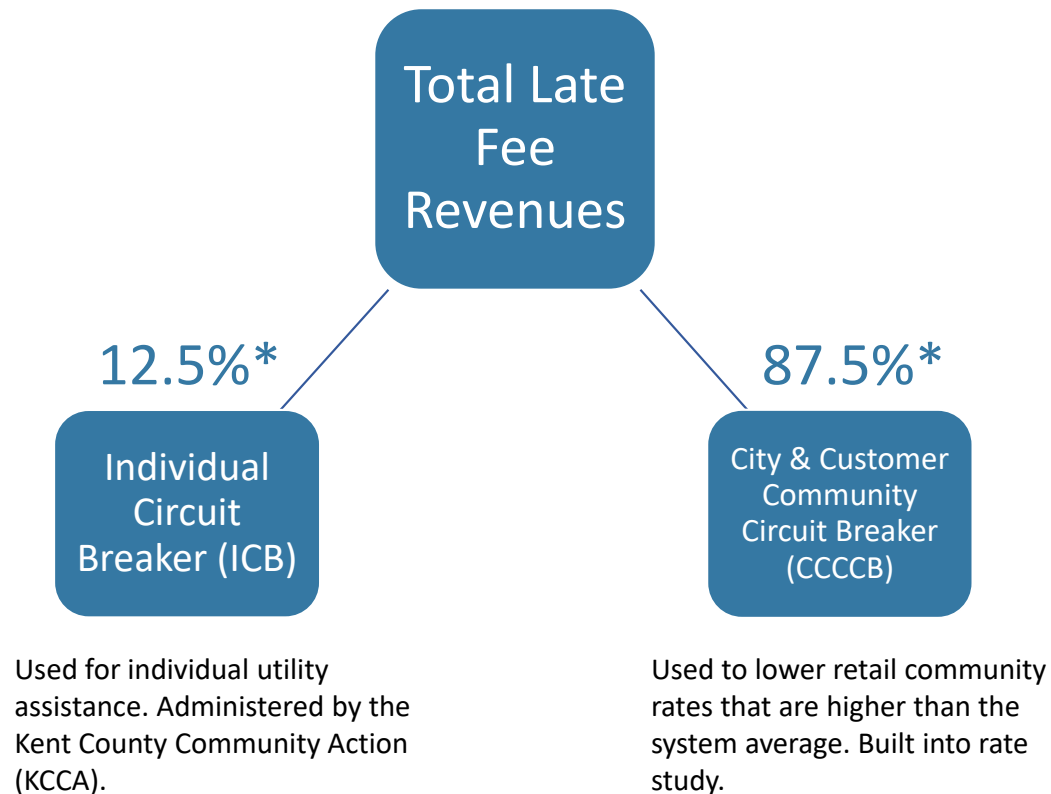
Sewer Disposal System

2024 sewer volume down (3.77%) over 2023

3-Yr Avg sewer volume **down** (0.06%)



Assistance/Affordability Programs - Overview



**Methodology, including % split, dictated by 3rd Amendment to Service Agreement w/ Retail Communities. Effective 2007.*



Individual Assistance Program (ICB)

	Water/Sewer
Total Penalty Revenue (FY24)	\$1,229,518
Individual Circuit Breaker (ICB):	
Penalty Revenue (12.5%)	153,690
Other Non-op Revenue	80,000
Total ICB for CY25	\$233,690

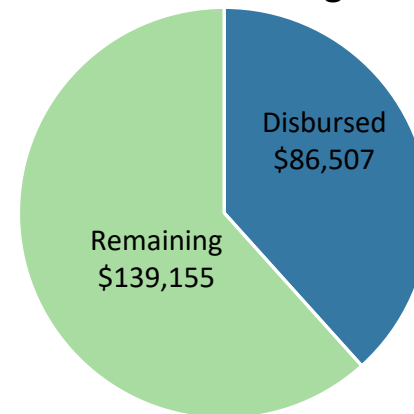
Previous Rate Study set aside **\$225,662** for CY24

Current figures reflect draws thru Sep'24

Unused funds lower rates in the next study



CY24 Funding



Community Affordability Program (CCCCB)

	Water/Sewer
Total Penalty Revenue (FY24)	\$1,229,518

City & Customer Community Circuit Breaker (CCCCB):

Penalty Revenue (87.5%) – Total Available CCCCCB	1,075,828
CCCCB Funds Applied in 2024 Rate Study*	1,075,828
Remaining CCCCCB Funds (rolled to next year)	Zero

*CCCCB Funds are only applied to reduce rates when a retail community projects a rate increase greater than the system-wide average.
Remaining funds reduce system-wide rates the next year.



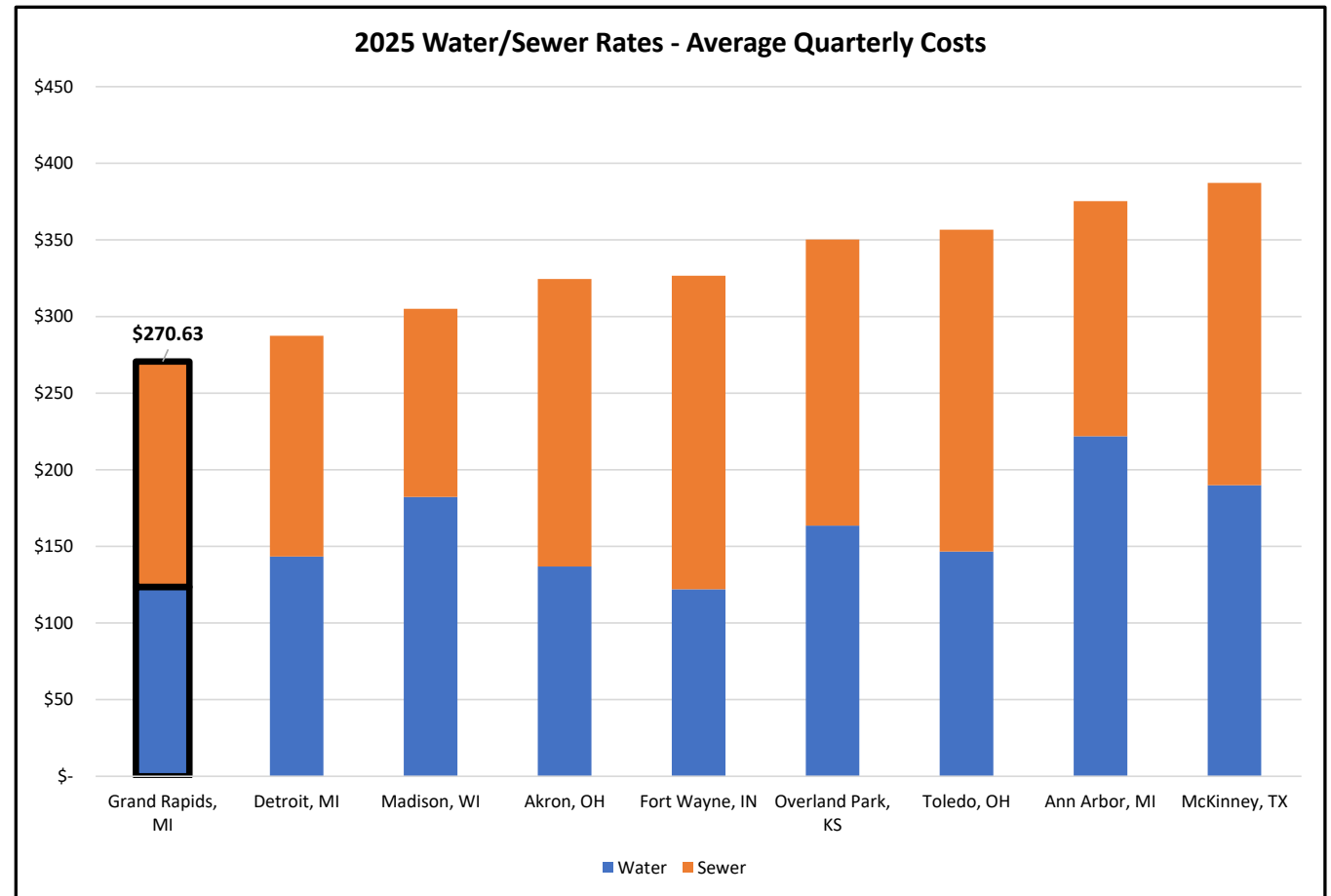
Preliminary 2025 Quarterly Bill

	APPROXIMATE QUARTERLY BILL		CHANGE	
	2024	2025	DOLLARS	PERCENT
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				

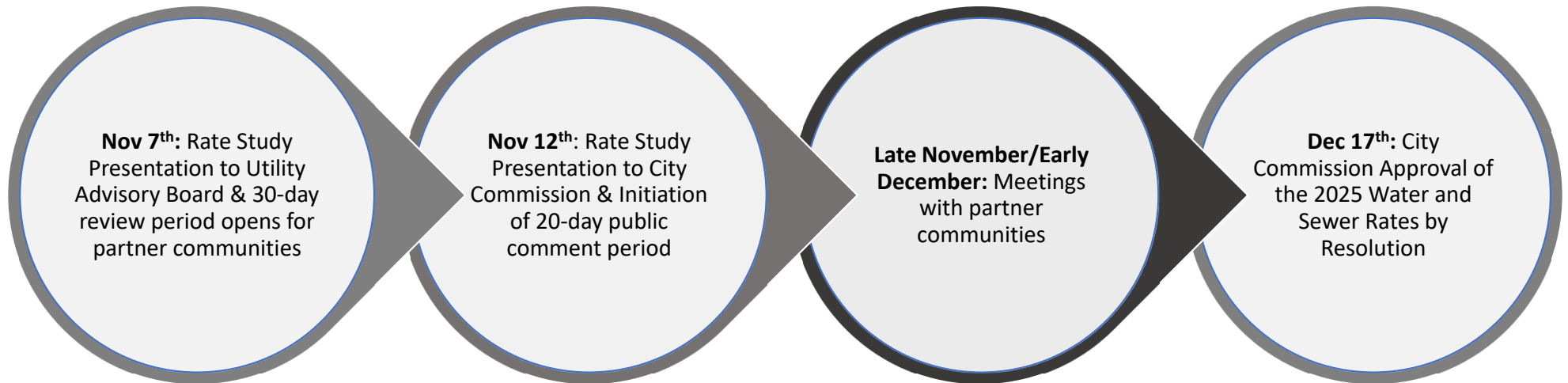


Comparison to Similarly Sized Cities

Comparables	Population (2020 Census)
Detroit, MI	639,111
Toledo, OH	270,871
Madison, WI	269,840
Fort Wayne, IN	263,886
Grand Rapids, MI	198,917
Overland Park, KS	197,238
McKinney, TX	195,308
Akron, OH	190,469
Ann Arbor, MI	119,381



2024 Water & Sewer Rate Study Schedule



Office Hours for Public Comment

Ward 1

- Friday, November 15th
- GRPL West Side Branch
- 10:00am – 6:00pm

Ward 2

- Friday, November 22nd
- GRPL Van Belkum Branch
- 10:00am – 6:00pm

Ward 3

- Friday, November 29th
- GRPL Madison Square Branch
- 10:00am – 6:00pm

Downtown

- Saturday, November 23rd
- GRPL Main Library
- 10:00am – 2:00pm





Thank you

