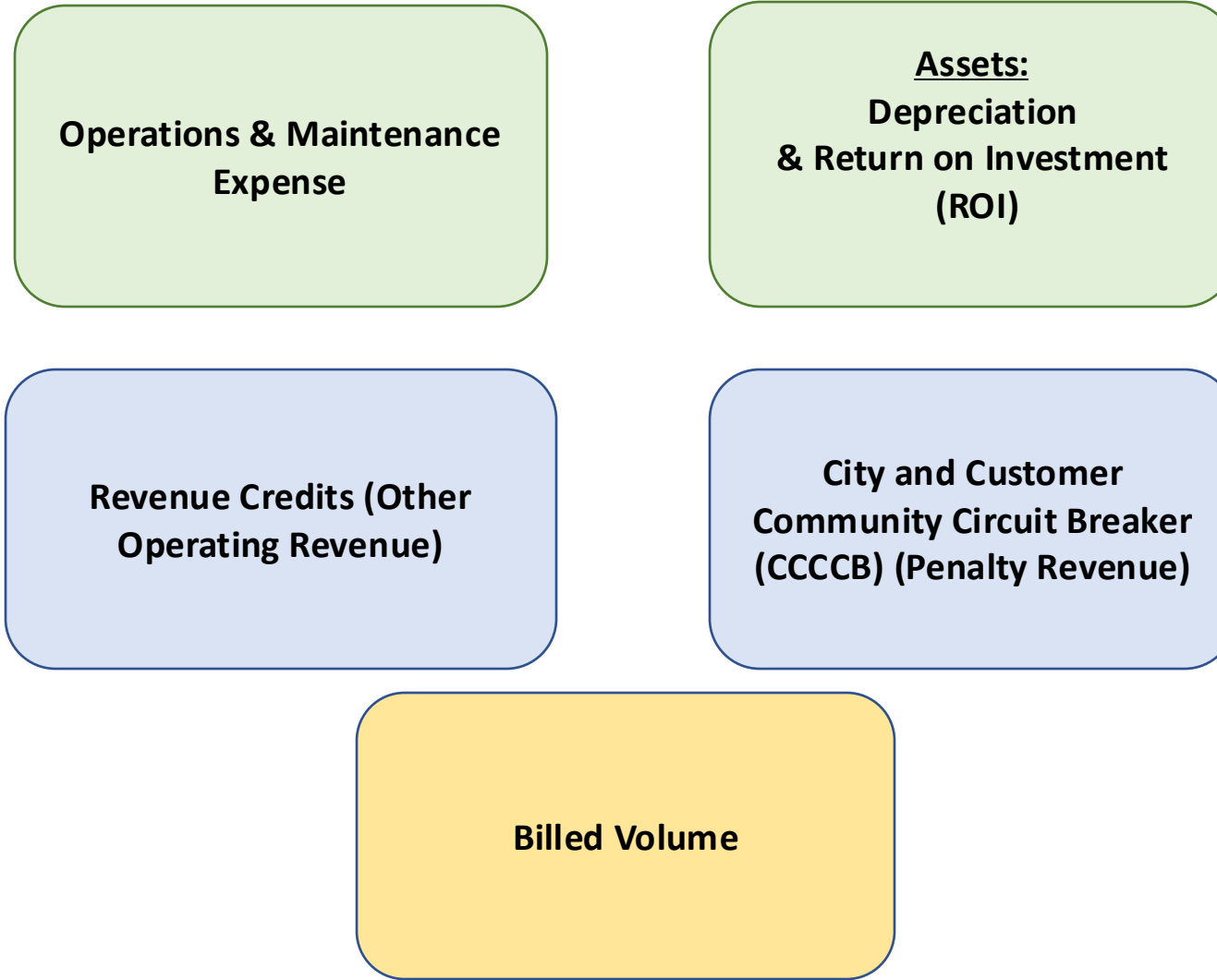




City of Grand  
Rapids  
Water & Sewer  
Systems

49<sup>th</sup> Annual  
Preliminary  
Rate Study

# Building Blocks of the Revenue Requirement



# 2026 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	\$ 2,283,970	6.80%	\$ (1,179,150)	-2.67%
	WALKER	319,922	7.23%	(318,089)	-5.21%
	KENTWOOD	16,661	0.31%	(149,649)	-2.67%
	CASCADE TWP	444,307	10.79%	(91,739)	-2.67%
	GRAND RAPIDS TWP	232,238	7.59%	(89,390)	-2.67%
	TALLMADGE TWP	(9,000)	-3.07%	(40,622)	-6.59%
	WRIGHT TWP	N/A	N/A	(7,131)	-2.67%
WHOLESALE COMMUNITIES	EAST GRAND RAPIDS	(76,715)	-7.67%	(85,594)	-7.12%
	ADA TWP	88,764	5.35%	(80,810)	-4.92%
	OTTAWA COUNTY	(214,538)	-7.11%	NA	NA
	GAINES TWP	N/A	N/A	4,235	1.16%
	CALEDONIA TWP	560,563	85.81%	(29,481)	-11.74%
<b>SYSTEM</b>	<b>\$ 3,646,171</b>	<b>6.38%</b>	<b>\$ (2,067,420)</b>	<b>-3.09%</b>	

(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) **
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%
2025*	60,787,035	9.03%	6.38%	64,932,745	-2.65%	-3.09%
AVG	45,855,496	2.69%	2.48%	56,329,148	1.84%	2.02%

\* Revenue Requirements per the 2025 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 2025 was 2.69%



# Avg Bill Change by Community (Retail)

	<u>APPROXIMATE QUARTERLY BILL</u>		<u>CHANGE</u>	
	<u>2025</u>	<u>2026</u>	<u>DOLLARS</u>	<u>PERCENT</u>
<b>GRAND RAPIDS</b>				
WATER	\$ 95.31	\$ 101.76	\$ 6.45	6.77%
SEWER	115.35	113.61	(1.74)	-1.51%
	<u>\$ 210.66</u>	<u>\$ 215.37</u>	<u>\$ 4.71</u>	<b>2.24%</b>
<b>WALKER</b>				
WATER	\$ 91.71	\$ 98.40	\$ 6.69	7.29%
SEWER	151.27	143.97	(7.30)	-4.83%
	<u>\$ 242.98</u>	<u>\$ 242.37</u>	<u>\$ (0.61)</u>	<b>-0.25%</b>
<b>KENTWOOD</b>				
WATER	\$ 95.40	\$ 95.58	\$ 0.18	0.19%
SEWER	80.57	79.26	(1.31)	-1.63%
	<u>\$ 175.97</u>	<u>\$ 174.84</u>	<u>\$ (1.13)</u>	<b>-0.64%</b>
<b>CASCADE TWP</b>				
WATER	\$ 120.36	\$ 133.56	\$ 13.20	10.97%
SEWER	177.47	173.36	(4.11)	-2.32%
	<u>\$ 297.83</u>	<u>\$ 306.92</u>	<u>\$ 9.09</u>	<b>3.05%</b>
<b>GRAND RAPIDS TWP</b>				
WATER	\$ 105.30	\$ 113.22	\$ 7.92	7.52%
SEWER	144.69	141.26	(3.43)	-2.37%
	<u>\$ 249.99</u>	<u>\$ 254.48</u>	<u>\$ 4.49</u>	<b>1.80%</b>
<b>TALLMADGE TWP</b>				
WATER	\$ 66.24	\$ 63.69	\$ (2.55)	-3.85%
SEWER	209.02	195.95	(13.07)	-6.25%
	<u>\$ 275.26</u>	<u>\$ 259.64</u>	<u>\$ (15.62)</u>	<b>-5.67%</b>

These comparisons are based on the quarterly consumption of the average domestic household across the system:

Water	21.00 HCF	15,708 gal
Sewer	14.00 HCF	10,472 gal
# of Months	3	



# Rate Impact Factors - Water

2025 Water Rate Study Rate Drivers	% Impact
<b>Increases:</b>	
Assets – Return on System Investment & Depreciation \$50.5M new assets into service, mostly non-integrated Bond Index went up nearly a full point (3.77% → 4.58%)	6.44%
Operations & Maintenance Cost of labor (largest O&M expense) up 4.7% Fleet costs up 22%, electricity up 10%, overhead up 14%	2.72%
Unused Penalty Credits from Last Year (\$12k vs \$223k)	0.48%
<b>Decreases:</b>	
Revenue Expectation (3-yr avg water billed volume up)	(2.43%)
Integrated Revenues / Community Affordability Program	(0.83%)
<b>Proposed System Average Rate Increase</b>	<b>6.38%</b>

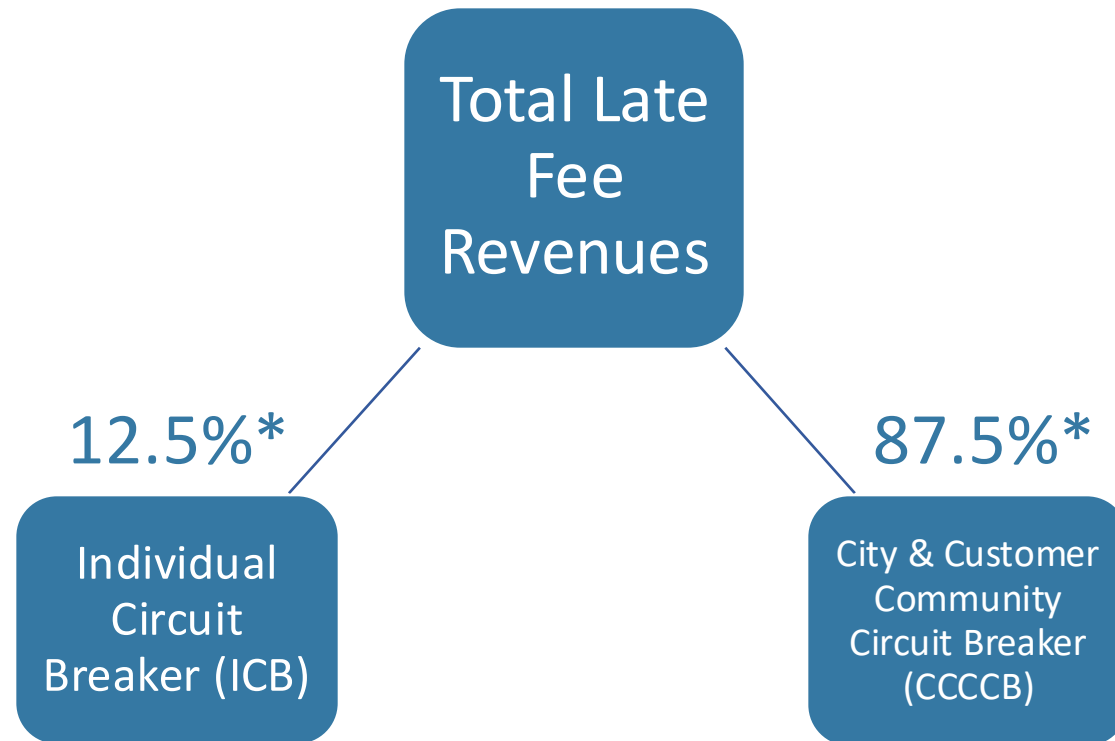


# Rate Impact Factors - Sewer

2025 Sewer Rate Study Rate Drivers	% Impact
<b>Increases:</b>	
Community Affordability Program (i.e., Circuit Breaker)	0.50%
Assets – Return on System Investment & Depreciation \$11.7M of new assets Reducing debt load helps temper ROI	0.41%
Unused Penalty Credits from Last Year (\$20k vs \$203k)	0.11%
<b>Decreases:</b>	
Operations & Maintenance Previous study included large, one-time costs SCADA overhaul (\$2M), treatment plant upgrades (\$1.5M)	(2.97%)
Natural Gas & Other Integrated Revenues	(0.70%)
Revenue Expectation (3-yr avg sewer billed volume up)	(0.45%)
<b>Proposed System Average Rate Decrease</b>	<b>(3.09%)</b>



# Assistance/Affordability Programs - Overview



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

Used for individual utility assistance. Administered by the Kent County Community Action (KCCA).

Used to lower retail community rates that are higher than the system average. Built into rate study.



# Individual Assistance Program (ICB)

	Water/Sewer
<b>Total Penalty Revenue (FY25)</b>	<b>\$1,391,778</b>
Individual Circuit Breaker (ICB):	
Penalty Revenue (12.5%)	173,972
Other Non-op Revenue	80,000
<b>Total ICB for CY26</b>	<b>\$253,972</b>

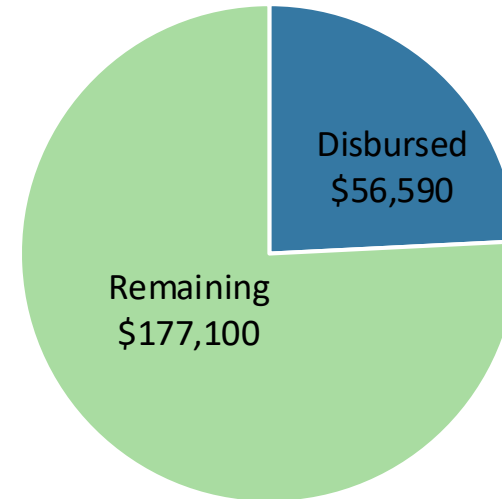
Previous Rate Study set aside **\$233,690** for CY25

Current figures reflect draws thru Sep'25

Unused funds lower rates in the next study



**CY25 Funding**



# Community Affordability Program (CCCCB)

	<b>Water/Sewer</b>
<b>Total Penalty Revenue (FY25)</b>	<b>\$1,391,778</b>

City & Customer Community Circuit Breaker (CCCCB):

<b>Penalty Revenue (87.5%) – Total Available CCCCCB</b>	<b>1,217,806</b>
CCCCB Funds Applied in 2025 Rate Study*	822,236
Remaining CCCCCB Funds (rolled to next year)	395,570

\*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.



# 2025 Water & Sewer Rate Study Schedule



# Office Hours for Public Comment

Monday,  
November 17

- GRPL Main Branch
- 111 Library St NE
- 10:00am – 2:00pm

Friday,  
November 21

- GRPL Main Branch
- 111 Library St NE
- 10:00am – 2:00pm

Monday,  
November 24

- GRPL Main Branch
- 111 Library St NE
- 10:00am – 2:00pm





Thank you

