City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: City Utilities - Water and Light
To: City Council
From: City Manager & Staff
Council Meeting Date: July 21, 2025
Re: Amending Chapter 27 of the City Code as it relates to water utility rates

Executive Summary

Staff has prepared for Council consideration an ordinance amending Chapter 27 of the City Code as it relates to rates charged by the water utility and updating the wording for discontinuation of services for non-payment of water and electric utility bills.

Discussion

Part of Chapter 27 of the City Code governs the charges paid by customers of the water utility. A $3.6 million revenue increase is proposed for the water utility to take effect October 1, 2025. This overall proposed 12.0% increase in revenue is necessary to address an increase in operation and maintenance expenses, maintain cash reserve levels, and ensure adequate debt coverage for the entire Water and Electric fund.

A water cost of service study was performed by Stantec Consulting Services, Inc. The final Water Utility Rate Study report is attached. A cost of service study reviews the following items.

1. Revenue sufficiency
    a. Maintain policies and targets
    b. Fund system investment needs
    c. Achieve sustainable funding of operations
2. Defensible Allocation Methods
    a. Utilize industry accepted approaches
    b. Maintain inter and intra class proportionality
    c. Define correct and appropriate units of service
3. Simple & Sustainable Rates
    a. Collect revenue proportional to services provided
    b. Balance affordability and financial objectives
    c. Accomplish revenue stability

In addition, to the cost of service study, we asked the consultant to perform a fee review of one-time fees for methodology and cost recovery. This includes the following fees.

1. System Equity Fees (connection fees)
2. Tap Fees
3. Appurtenance Fees
4. Meter Fees
5. Service Initiation Fees
6. Security Deposits (no changes recommended)
7. Disconnection/Reconnection Fees (no changes recommended)

As part of the 12% revenue increase, the study recommended that the utility eliminate non-summer and summer tiered usage and implement the tiered system year round. In addition, to this change, the cost of service report recommends adjusting the winter average consumption for each tier. With these changes, about 65% of annual bills are expected to decrease for customers that have consistent steady usage. The cost of service showed that the costs to provide peak day and peak hour water supply were the costs that needed to be recovered in the higher tiers and to do so in the months adjacent to summer as well as summer. In addition, the cost of service recommended combining the fire flow charges with the monthly base charges to simplify the rate structure.

The cost of service study also included two affordability considerations.

1) Hours Worked at Minimum Wage Monthly

Current Rates	Calculated Rates
2.25	1.88

2) Water Bill @ 20th Percentile of Income

Current Rates	Calculated Rates
1.5%	1.2%

The proposed water revenue changes will slightly reduce both the hours worked at minimum wage monthly, and the water bill @ 20th percentile of income.

The Water & Light Advisory Board (WLAB) conducted preliminary and post recommendation meetings with Stantec Consulting Services. The method of the study and results of the study were discussed in depth at multiple board meetings. Stantec Consulting Services presented the Water Rate Study Recommendations to the City Council and WLAB at the May 5, 2025 pre-council meeting. The water revenue and miscellaneous fee increases were presented to the WLAB at their May 14, 2025 and June 11, 2025 monthly meetings. The WLAB provided feedback and recommend moving forward with the 12% revenue increase in FY 2026, rate structure adjustments and final miscellaneous fees recommendations such as system equity fees, tap fees, meter fees, etc. The WLAB recommendations are included in attached communication. The proposed water rate changes reflect the WLAB recommendations.

Included below is a description of the changes to Chapter 27 to become effective in FY 2026.

Chapter 27 proposed changes:

One-Time Fees:
Sec. 27-18(a) Service initiation fee. Each customer shall be charged a service initiation fee ~~six dollars ($6.00)~~ fifteen dollars ($15.00)

Delete - Sec. 27-18 (b) ~~Transfer fee – all customers requesting transfers of services to be new location will be charged a five dollar ($5.00) fee~~.

Sec. 27-52 (c) (1) System Equity charge shall be based on meter size under the following schedule:

- 5/8 & 3/4 inch ~~$576.00~~ $1,169.00
- 1 inch ~~$576.00~~ $2,923.00
- 1 ½ inch ~~$1,296.00~~ $5,845.00
- 2 inch ~~$2,303.00~~ $9,352.00
- 3 inch ~~$5,182.00~~ $20,458.00
- 4 inch ~~$9,213.00~~ $43,838.00
- 6 inch ~~$20,729.00~~ $78,908.00

Sec. 27-52 (c) (2) Tap Fee. This fee shall be in addition to the system equity charge and meter fee and shall be assessed for each tap made by the department on public water mains. The tap fee will be waived when the only purpose of the tap is for installing a sprinkler system in a structure built before the requirement of fire sprinklers. On each tap, the customer shall be assessed as follows:

- 1- inch – 2 inch ~~$1,000.00~~ $1,250.00 for residential
- 4- inch and larger ~~$575.00~~ $1,000.00 for commercial

Sec. 27-52 (c)(3) Meter box and appurtenances fees. On properties (generally industrial, commercial or multiple-family residential in use) served by private water mains or private water service lines, where one or more water meter is required and the meter box(es) and appurtenances are to be installed by a plumbing, mechanical or general contractor, the meter box(es) and appurtenances shall be furnished by the customer, based on department specifications, and no fees shall be assessed. On properties served by public mains, the customer shall be assessed per meter as follows:

- 5/8-inch ~~$450.00~~ $1,200.00
- 1-inch ~~$450.00~~ $1,200.00

Sec. 27-52(c)(4) Meter fee. In addition to the system equity charge, each customer who requests service to previously unserved properties, or to properties where a meter of greater size than the previous meter is required, shall be assessed a meter fee. All meters installed after October 1, 2004 shall be remote-read meters and fees will be as follows:

- 5/8-inch ~~$250.00~~ $675.00
- ¾-inch ~~$270.00~~ $689.00
- 1-inch ~~$300.00~~ $710.00

Water Rates:

Sec. 27-122(a) (1) - Water rates inside city limits – residential/commercial multiple-family facilities:

Rates per one hundred (100) cubic feet (1 ccf), inside city limits:

- Water usage for residential customers, except commercial multiple-family facilities and multiple commercial facilities served through a single meter

- Usage of zero (0) to ~~seventy (70)~~ one-hundred (100) percent of winter average consumption ~~$3.22~~ $2.30
- Usage of ~~seventy-one (71)~~ over one-hundred (100) percent to ~~one-hundred seventy (170)~~ to two hundred (200) percent of winter average consumption ~~$4.44~~ $6.33
- Usage exceeding ~~one~~ two hundred ~~(100)~~(200) percent of winter average consumption ~~$6.89~~ $10.20

- Water usage for commercial multiple-family facilities and multiple commercial facilities served through a single meter:
  - Usage of zero (0) to ~~seventy (70)~~ one-hundred (100) percent of winter average consumption ~~$3.22~~ $2.30
  - Usage of ~~seventy-one (71)~~ over one-hundred (100) percent to ~~one-hundred seventy (170)~~ to two hundred (200) percent of winter average consumption ~~$4.44~~ $6.33
  - Usage exceeding ~~one~~ two hundred ~~(100)~~(200) percent of winter average consumption ~~$6.89~~ $10.20

Sec. 27-122 (a)(2) – Minimum charge per month based on meter size will be increased to the following:

5/8 inch and ¾ inch ~~$12.48~~ $14.32
1 inch ~~$20.15~~ $27.46
1 ½ inch ~~$40.52~~ $51.39
2 inch ~~$61.41~~ $106.27
3 inch ~~$189.99~~ $194.17
4 inch ~~$398.45~~ $363.79
6 inch ~~$850.20~~ $642.05

Delete Sec. 27-122(a)(3) - ~~Fire flow charge per month, charged in addition to the volume charge in subsection (a)(1) and the minimum charge in subsection (a)(2), based on meter size for portion of system capacity necessary for providing public fire protection~~

Sec. 27-122 (b) –For water service metered separately for lawn irrigation:

Rates per one hundred (100) cubic feet (1 ccf):

Water usage ~~$6.89~~ $10.20

Sec. 27-122(c) - For water service metered separately for a community food garden: Customers shall be charged at rates provided in section 27-122(a), except that rates for summer water usage shall not exceed the established rate from usage of ~~seventy-one (71) to one hundred seventy (170) percent~~ over one-hundred (100) to two-hundred (200) percent of winter average consumption.

Sec. 27-122.1(a)(1) – Commercial:

Rates per one hundred (100) cubic feet (1 ccf), inside city limits:

Water usage:

- Usage of zero (0) to ~~seventy (70)~~ one-hundred (100) percent of winter average consumption ~~$3.22~~ $2.30
- Usage of ~~seventy-one (71)~~ over one-hundred (100) percent to ~~one-hundred seventy (170)~~ to two hundred (200) percent of winter average consumption ~~$4.44~~ $6.33
- Usage exceeding ~~one~~ two hundred ~~(100)~~(200) percent of winter average consumption ~~$6.89~~ $10.20

Sec. 27-122.1(a)(2) – Minimum charge per month based on meter size will be increased to the following:

5/8 inch and ¾ inch ~~$12.48~~ $14.32
1 inch ~~$20.15~~ $27.46
1 ½ inch ~~$40.52~~ $51.39
2 inch ~~$61.41~~ $106.27
3 inch ~~$189.99~~ $194.17
4 inch ~~$398.45~~ $363.79
6 inch ~~$850.20~~ $642.05

Delete Sec. 27-122.1(a)(3) - ~~Fire flow charge per month, charged in addition to the volume charge in subsection (a)(1) and the minimum charge in subsection (a)(2), based on meter size for portion of system capacity necessary for providing public fire protection:~~

Sec. 27-122.1 (b) –For water service metered separately for lawn irrigation:

Rates per one hundred (100) cubic feet (1 ccf):

Water usage ~~$6.89~~ $10.20

Sec. 27-122.1(c) - For water service metered separately for a community food garden: Customers shall be charged at rates provided in section 27-122(a), except that rates for summer water usage shall not exceed the established rate from usage of ~~seventy one (71)~~ over one hundred (100) percent to ~~one hundred seventy (170)~~two hundred (200) percent of winter average consumption

Sec. 27-122.2(a)(1) – Large commercial:

Rates per one hundred (100) cubic feet (1 ccf), inside city limits:

Water usage:

- Usage of zero (0) to ~~seventy (70)~~ one-hundred (100) percent of winter average consumption ~~$3.22~~ $2.30
- Usage of ~~seventy one (71)~~ over one-hundred (100) percent to ~~one hundred seventy (170)~~ to two hundred (200) percent of winter average consumption ~~$4.44~~ $6.33
- Usage exceeding ~~one~~ two hundred ~~(100)~~(200) percent of winter average consumption ~~$6.89~~ $10.20

Sec. 27-122.2(a)(2) - Minimum charge per month based on meter size will be increased to the following:

1 inch ~~$20.15~~ $27.46
1 ½ inch ~~$40.52~~ $51.39
2 inch ~~$61.41~~ $106.27
3 inch ~~$189.99~~ $194.17
4 inch ~~$398.45~~ $363.79
6 inch ~~$850.20~~ $642.05
8 inch ~~$1,407.12~~ $788.73

Delete Sec. 27-122.2(a)(3) - ~~Fire flow charge per month, charged in addition to the volume charge in subsection (a)(1) and the minimum charge in subsection (a)(2), based on meter size for portion of system capacity necessary for providing public fire protection~~

Discontinuance of Services:
In April 2025, the Governor of Missouri signed Senate Bill 4 which modifies and creates new provisions relating to investor owned utilities. This bill modifies the cold and hot weather rule for utilities prohibiting the disconnection of electric services to residential customers for nonpayment of bills from June 1st to September 20th between 6 a.m. to 9 p.m. if the National Weather Service local forecast predicts for the following seventy-two hours, instead of twenty-four hours as currently provided, that the temperature shall rise between such times above 95 degrees Fahrenheit and nonpayment of bills from November 1st to March 31st between 6 a.m. and 9 p.m. if the temperature shall fall during such times below 32 degrees Fahrenheit.

In July 2021, Chapter 27 was amended by the City Council to follow the Public Service Commissions cold and hot weather rules so that it was easier for customers to understand the process of disconnections and when they would not be performed and to be consistent with many other utilities disconnection process. Although municipal owned utilities are not required, City staff is requesting to amend the current ordinance to reflect the change from Senate Bill 4 that changes the National Weather Service forecast from a twenty-four (24) hour period to seventy-two (72) hour period.

Sec. 27-21(h)(1) - June 1 to September 30: On any day the National Weather Service local forecast between 6:00 a.m. and 9:00 p.m. for the following ~~twenty-four (24~~) seventy-two

(72) hour period predicts the temperature will rise above ninety-five (95) degrees Fahrenheit or the heat index will rise above one hundred five (105 degrees) Fahrenheit.
Sec. 27-21(h)(2) - November 1 to March 31: On any day the National Weather Service local forecast between 6:00 a.m. to 9:00 a.m. for the following ~~twenty-four (24~~) seventy-two (72) hour period predicts the temperature will drop below thirty-two (32) degrees Fahrenheit.

Fiscal Impact

Short-Term Impact: Estimated $3.6 million in additional revenues by increasing base fees, usage fees and miscellaneous water fees in FY 2026.
Long-Term Impact: Future proposed estimated $3.4 million in additional revenues by increasing base fees and usage fees in FY 2027 (10%); estimated $1.3 million in additional revenues by increasing base fees and usage fees in FY 2028 (3%; estimated $1.3 million in additional revenues by increasing base fees and usage fees in FY 2029 (3%) and estimated $1.4 million in additional revenues by increasing base fees and usage fees in FY 2030 (3%).

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:
Primary Impact: Reliable and Sustainable Infrastructure, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable
Comprehensive Plan Impacts:
Primary Impact: Infrastructure, Secondary Impact: Not applicable, Tertiary Impact: Not Applicable

Legislative History

Date	Action
9/16/2024	B222-24: Amending Ordinance No. 025735 to correct a scrivener's error as it relates to the large commercial tier one summer water usage rate
8/19/2024	B168-24: Amending Chapter of the City Code as it relates to water rates
9/19/2022	B217-22: Amending Chapter 27 of the City Code as it relates to water utility rates
9/7/2021	B244-21: Staff recommended this item be withdrawn
8/02/2021	B244-21: Proposed amendments to Chapter 27 of the City Codes as it relates to water utility rates
7/06/2021	B197-21: Amending Chapter 27 of the City Code as it relates to the discontinuance of service for City utilities due to temperature conditions; making gender-neutral grammatical edits
01/22/2019	PH1-19: Proposed amendments to Chapter 27 of the City Codes as it relates to water rates
12/17/2018	R199-18: Setting a public hearing: proposed amendments to Chapter 27 of the City Code as it relates to water rates
09/04/2018	R133-18: Declaring the results of the special election held on August 7, 2018
05/21/2018	B93-18: Calling a special election on Tuesday, August 7, 2018 relating to the issuance of Water and Electric System Revenue Bonds

Suggested Council Action

Approval of the ordinance.