



FY26 Budget Work Session

Enterprise Funds

July 16th, 2025

What Are Enterprise Funds

- Enterprise Funds are used to provide services to the public on a user-charged basis.
- The revenue generated by these funds cover capital improvements, maintenance, operation and upkeep.
- As these are enterprise funds for a public entity, they are not designed to make a profit. They only generate enough revenue to cover the needs of the service they provide.

What Can Revenue Be Spent On

- Enterprise fund revenue is used to support the operations and services of the fund, similar to private businesses.
- Revenues generated by an enterprise fund (such as through user fees, charges for services, etc.) must be spent on activities directly related to that enterprise.
 - This includes: operating expenses, capital improvements, debt service, and other overhead costs like HR, IT, and Finance

Prohibited Uses of Funds

- Enterprise funds are designed to be self-sustaining, with revenues closely tied to service delivery. Using the funds outside their intended purpose can:
 - Violate Governmental Accounting Standards Board (GASB) standards
 - Lead to audit findings and/or legal issues
- Enterprise fund revenues cannot be used for:
 - General government functions, like Police, Fire, and Parks
 - Subsidizing unrelated government operations

Enterprise Fund Departments/Divisions

Transportation

- Airport
- Parking
- Transit
- Railroad
- Transload

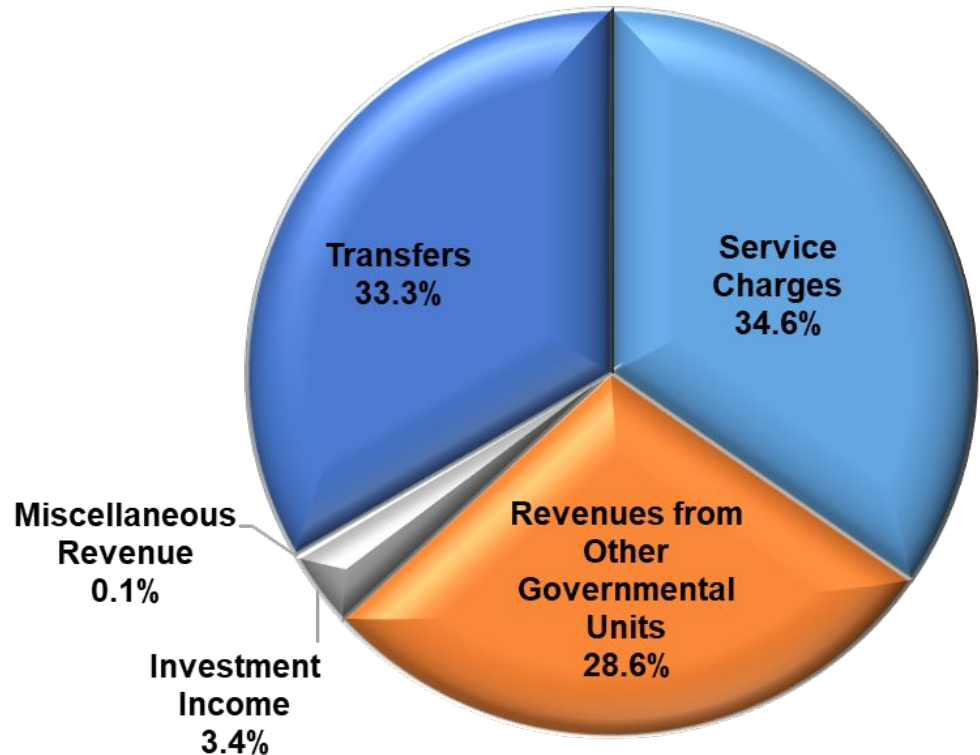
Utilities

- Sewer
- Solid Waste
- Stormwater
- Water
- Electric

Where the Revenue Comes From

Transportation Enterprise funds have 3 major contributors to revenue: Charges for service, grants, and transfers from other funds

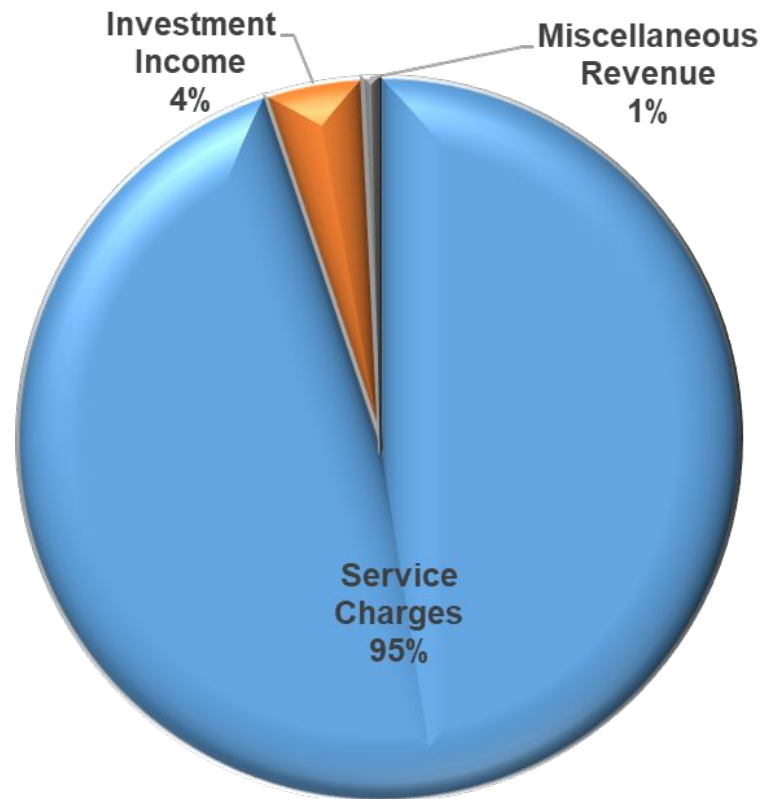
Airport and Transit funds are highly subsidized by Grants and Transportation Sales tax.



Where the Revenue Comes From

Utility Enterprise funds have one major contributor to revenue, which is charges for service.

Charges for service contributes nearly all revenue funding for Utility Enterprise funds at 95% of the total.



Airport

	FY23 Actual	FY24 Actual	FY 2025 Projected	FY 2026 Proposed
Total Revenue	7,735,470	6,416,033	5,939,921	8,309,194
Total Expenditure	(5,746,900)	(7,212,833)	(5,817,913)	(6,830,571)
Over/(Under)	1,988,570	(796,800)	122,007	1,478,623
Less Next Year CIP			0	0
Ending Available Cash	4,634,499	1,879,748	2,001,755	3,480,378
20% Cash Reserve Target	819,855	1,111,439	1,163,582	1,366,114
Cash above/below Target	3,814,643	768,309	838,173	2,114,264

Parking

	FY23 Actual	FY24 Actual	FY 2025 Projected	FY 2026 Proposed
Total Revenue	4,069,953	3,830,478	4,142,147	4,047,515
Total Expenditure	(3,411,499)	(3,750,008)	(3,869,414)	(4,285,806)
Over/(Under)	658,454	80,470	272,733	(238,291)
Less Next Year CIP			(650,000)	0
Ending Available Cash	1,052,102	481,842	104,575	(133,716)
20% Cash Reserve Target	672,799	765,670	773,883	857,161
Cash above/below Target	379,303	(283,828)	(669,308)	(990,877)

Parking Rate Adjustment

Current Hourly Rate:

Downtown: 60 cents + 55 cents (app. fees) =
\$1.15 per hour

Proposed:

Downtown: \$1.00 per hour - no additional fees

Note: University of Missouri parking rate is \$1.25/hr

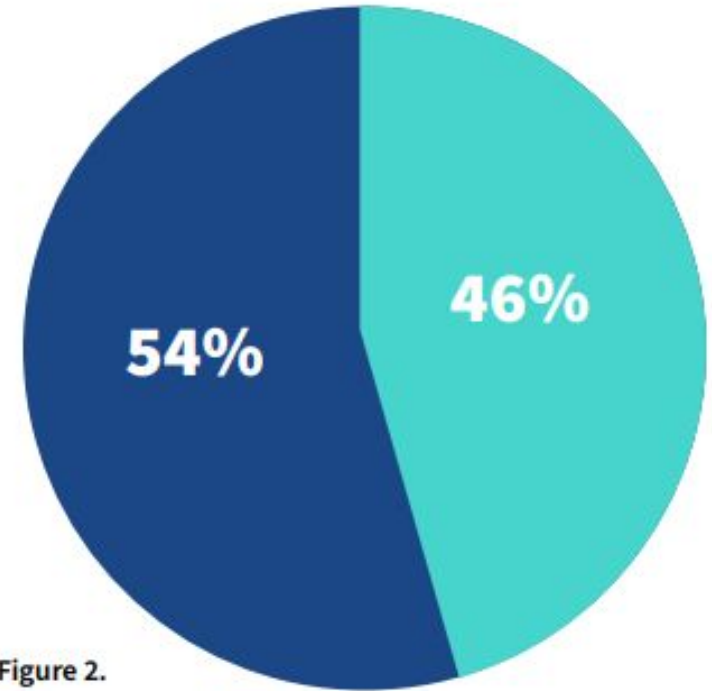


Figure 2.

■ ParkMobile ■ Coins/Cash

Source: Parking Rate Analysis 2.0

Transit

	FY23 Actual	FY24 Actual	FY 2025 Projected	FY 2026 Proposed
Total Revenue	9,231,767	13,172,176	7,671,908	7,950,693
Total Expenditure	(7,176,264)	(7,694,975)	(7,251,177)	(8,047,650)
Over/(Under)	2,055,502	5,477,200	420,731	(96,957)
Less Next Year CIP			0	0
Ending Available Cash	1,851,860	4,128,717	4,549,448	4,452,491
20% Cash Reserve Target	1,201,370	1,426,602	1,450,235	1,609,530
Cash above/below Target	650,490	2,702,115	3,099,213	2,842,961

Railroad

	FY23 Actual	FY24 Actual	FY 2025 Projected	FY 2026 Proposed
Total Revenue	991,398	554,146	565,265	359,786
Total Expenditure	(911,763)	(998,107)	(767,668)	(619,268)
Over/(Under)	79,635	(443,961)	(202,403)	(259,482)
Less Next Year CIP			(100,000)	(100,000)
Ending Available Cash	337,667	200,273	(102,130)	(461,612)
20% Cash Reserve Target	107,673	119,636	153,534	123,854
Cash above/below Target	229,994	80,636	(255,663)	(585,465)

Transload

	FY23 Actual	FY24 Actual	FY 2025 Projected	FY 2026 Proposed
Total Revenue	236,867	253,482	277,799	282,932
Total Expenditure	(90,505)	(130,042)	(194,282)	(313,449)
Over/(Under)	146,363	123,439	83,516	(30,517)
Less Next Year CIP			0	0
Ending Available Cash	314,104	430,042	513,558	483,041
20% Cash Reserve Target	18,101	26,008	38,856	62,690
Cash above/below Target	296,003	404,867	474,702	420,352

Sewer

	FY23 Actual	FY24 Actual	FY 2025 Projected	FY 2026 Proposed
Total Revenue	32,478,355	33,084,449	27,486,703	29,051,395
Total Expenditure	(20,001,714)	(20,087,145)	(21,735,463)	(27,672,190)
Over/(Under)	12,476,641	12,997,304	5,751,240	1,379,205
Less Next Year CIP			(6,150,000)	(5,700,000)
Ending Available Cash	20,438,348	22,537,800	22,139,040	17,818,245
20% Cash Reserve Target	4,080,458	4,260,385	4,347,092	5,534,438
Cash above/below Target	16,357,890	18,277,415	17,791,948	12,283,807

Solid Waste

	FY23 Actual	FY24 Actual	FY 2025 Projected	FY 2026 Proposed
Total Revenue	28,501,808	30,387,485	29,202,535	28,327,000
Total Expenditure	(24,679,943)	(27,939,660)	(27,086,801)	(33,166,216)
Over/(Under)	3,821,865	2,447,825	2,115,734	(4,839,216)
Less Next Year CIP			(3,000,000)	(3,500,000)
Ending Available Cash	22,219,957	20,572,584	19,688,318	11,349,102
20% Cash Reserve Target	4,753,319	5,666,433	5,417,360	6,633,243
Cash above/below Target	17,466,638	14,906,152	14,270,958	4,715,859

Stormwater

	FY23 Actual	FY24 Actual	FY 2025 Projected	FY 2026 Proposed
Total Revenue	4,121,124	4,506,606	4,551,672	4,481,435
Total Expenditure	(2,125,738)	(2,346,847)	(2,393,784)	(2,270,311)
Over/(Under)	1,995,385	2,159,759	2,157,888	2,211,124
Less Next Year CIP			(2,600,000)	(2,700,000)
Ending Available Cash	2,116,304	2,708,088	2,265,976	1,777,100
20% Cash Reserve Target	293,350	356,821	478,756	454,062
Cash above/below Target	1,822,954	2,351,268	1,787,220	1,323,038

Water

	FY23 Actual	FY24 Actual	FY 2025 Projected	FY 2026 Proposed
Total Revenue	33,397,325	38,882,582	37,778,495	40,548,172
Total Expenditure	(30,985,481)	(31,730,456)	(33,156,999)	(34,917,082)
Over/(Under)	2,411,845	7,152,127	4,621,496	5,631,090
Less Next Year CIP			(3,258,000)	(7,217,160)
Ending Available Cash	9,616,234	11,650,262	13,013,758	11,427,688
20% Cash Reserve Target	6,128,320	5,964,230	6,631,400	6,983,416
Cash above/below Target	3,487,914	5,686,032	4,621,496	4,444,272

Electric

	FY23 Actual	FY24 Actual	FY 2025 Projected	FY 2026 Proposed
Total Revenue	150,162,243	166,141,256	169,144,098	174,152,961
Total Expenditure	(146,894,783)	(153,395,324)	(155,253,330)	(166,183,975)
Over/(Under)	3,267,460	12,745,933	13,890,768	7,968,986
Less Next Year CIP			(4,752,228)	(5,400,000)
Ending Available Cash	40,635,674	41,758,447	50,896,927	53,465,913
20% Cash Reserve Target	28,312,390	30,465,188	31,050,666	33,236,795
Cash above/below Target	12,323,285	11,293,259	19,846,261	21,229,118



Water and Light (W&L)

Proposed Rate Changes

Proposed Water Revenue Increase

- STANTEC COST OF SERVICE STUDY RESULTS:
 - Proposed 12% revenue increase for FY 2026. This increase will generate approximately \$3.6 million
 - The increase in revenue will address the following:
 - operation and maintenance expense increases
 - maintain cash reserve levels
 - ensure adequate debt coverage

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Rate Increase Adoption Date	October 1, 2025	October 1, 2026	October 1, 2027	October 1, 2028	October 1, 2029
Water Rate Revenue Increase	12.0%	10.0%	3.0%	3.0%	3.0%

Proposed Water Revenue Increase

- STANTEC COST OF SERVICE STUDY RESULTS (continued):
 - Eliminate non-summer and summer tiered usage
 - Implement the tiered system year round
 - Reset the tier 1 maximum volume to be 100% of the winter average consumption by user.

Proposed Water Revenue Increase

- STANTEC COST OF SERVICE STUDY RESULTS (continued):
 - Recover peak day and peak hour water supply costs in the higher rate tiers
 - Combine the fire flow charges with the monthly base charges to simplify the rate structure

Proposed Rate Adjustments

- BASE FEES:

<u>Meter Size</u>	<u>Current</u>	<u>Calculated</u>	<u>Change \$</u>	<u>Change %</u>
5/8	\$14.07	\$14.32	\$0.25	1.8%
3/4	\$14.07	\$14.32	\$0.25	1.8%
1	\$21.84	\$27.46	\$5.62	25.7%
1.5	\$42.96	\$51.39	\$8.43	19.6%
2	\$64.04	\$106.27	\$42.23	65.9%
3	\$196.30	\$194.17	\$(2.13)	-1.1%
4	\$408.20	\$363.79	\$(44.41)	-10.9%
6	\$869.71	\$642.05	\$(227.66)	-26.2%

NOTE: Combines the fire flow charges into base fees

Proposed Rate Adjustments

- CURRENT USAGE RATES:

Non Summer

Tier	Inside City Per CCF	Outside City per CCF
All Use	\$3.22	\$4.283

Summer

Tier	Inside City Per CCF	Outside City per CCF
Tier 1 0%-70% of Winter Average Consumption	\$3.22	\$4.283
Tier 2 71%-170% of Winter Average Consumption	\$4.44	\$5.905
Tier 3 >170% of Winter Average Consumption	\$6.89	\$9.164

Proposed Rate Adjustments

- PROPOSED USAGE RATES:

Year Round

Tier	Inside City Per CCF	Outside City per CCF
Tier 1 0%-100% of Winter Average Consumption	\$2.30	\$3.06
Tier 2 >100% to 200% of Winter Average Consumption	\$6.33	\$8.42
Tier 3 >200% of Winter Average Consumption	\$10.20	\$13.57

System Equity Fees (Connection Fee)

<u>Meter Size</u>	<u>Current Fee</u>	<u>Calculated Fee</u>	<u>Difference</u>
5/8"	\$576	\$1,169	\$593
3/4"	\$576	\$1,169	\$593
1"	\$576	\$2,923	\$2,347
1.5"	\$1,296	\$5,845	\$4,549
2"	\$2,303	\$9,352	\$7,049
3"	\$5,182	\$20,458	\$15,276
4"	\$9,213	\$43,838	\$34,625
6"	\$20,729	\$78,908	\$58,179

Miscellaneous Fees

Fee/Charge Title	Current Charge	Full Cost Recovery Charge	Current Cost Recovery (%)	Proposed Charge	Change (\$)	Proposed Cost Recovery
Service Initiation Fee	\$6.00	\$15.59	38.49%	\$15.00	\$9.00	96.22%
Disconnect/Reconnect Fee (Residential)	\$30.00	\$373.59	8.03%	\$30.00	\$0.0	8.03%
Disconnect/Reconnect Fee (All Other Customers)	\$100.00	\$373.59	26.77%	\$100.00	\$0.0	26.77%
Reconnect Fee - Same Day, Weekend, Holiday, After-Hours (Residential)	\$90.00	\$373.59	24.09%	\$90.00	\$0.0	24.09%
Reconnect Fee - Same Day, Weekend, Holiday, After-Hours (All Other Customers)	\$200.00	\$373.59	53.53%	\$200.00	\$0.0	53.53%
Security Deposits (Water Service)	\$25.00	N/A	N/A	\$25.00	\$0.00	N/A
Tap Fee (Residential 1"-2")	\$1,000.00	\$1,278.44	78.22%	\$1,250.00	\$250.00	97.78%
Tap Fee (Commercial 1", 1.5", 2")	\$335.00	\$186.30	179.82%	\$335.00	\$0.00	179.82%
Tap Fee (Commercial 4" and Larger)	\$575.00	\$1,278.44	44.98%	\$1,000.00	\$425.00	97.00%
Appurtenance Fee (5/8", 1")	\$450.00	\$1,237.09	36.38%	\$1,200.00	\$750.00	100.00%
Meter Fee (5/8")	\$250.00	\$675.10	37.03%	\$675.00	\$425.00	100.00%
Meter Fee (3/4")	\$270.00	\$689.04	39.18%	\$689.00	\$420.00	100.00%
Meter Fee (1")	\$300.00	\$563.63	53.23%	\$710.00	\$410.00	125.97%
Meter Fee (Larger than 1")	At Cost	At Cost	N/A	N/A	N/A	N/A
Special Meter Test (1" or Less)	\$65.00	\$65.00	0.00%	\$65.00	\$0.00	N/A
Special Meter Test (Larger than 1")	\$120.00	\$120.00	0.00%	\$120.00	\$0.00	N/A

W&L Advisory Board Recommendations

- Approve Revenue Increase for FY 2026
- Adopt Year-Round Tiered Rate Structure
- Commit to Multi-Year Planning and Transparency
- Implement Full Increase in Miscellaneous and Equity Fees Immediately

Proposed Electric Revenue Increase

- City Council has communicated their interest in seeing small annual incremental increases instead of a large increase that can dramatically impact our customers financially.
- Staff discussed a 2% increase for FY 2026, effective October 1, 2025 with Water & Light Advisory Board (WLAB).
- The 2% increase is based on the current Consumer Price Index (CPI) for the last 12 months rounded down. The actual percentage is 2.4%.

Proposed Electric Revenue Increase

- 2% increase generates ~ \$2.8 million revenue increase
 - ~\$198,000 in PILOT transfer to General Fund
- Address the following:
 - 1.5% increase in compensation expenses
 - Increase costs for our load (MISO) compared to FY 2024: ~\$7.8 million
 - Average Day Ahead Locational Marginal Price (LMP) for 10/1/23-5/31/24 was \$28.68/MW
 - Average Day Ahead Locational Marginal Price (LMP) for 10/1/24-5/31/25 was \$36.14/MW
 - Maintain cash reserve levels
 - Ensure adequate debt coverage

W&L Advisory Board Recommendations

- City Council authorize an electric rate increase of up to 2.4% for FY 2026
- 2.4% increase generates ~\$3.4 million revenue increase
 - ~\$238,000 in PILOT transfer to General Fund

Electric Utility Financial Forecast

No Increase

ELECTRIC FUND - w/o increase					
	Proposed FY 2026	Forecasted FY 2027	Forecasted FY 2028	Forecasted FY 2029	Forecasted FY 2030
Total Financial Sources	\$ 169,192,524	\$ 163,789,839	\$ 164,874,023	\$ 165,966,616	\$ 167,067,693
Total Financial Uses	\$ 162,472,936	\$ 166,432,606	\$ 172,583,438	\$ 175,255,200	\$ 179,929,969
Financial Sources Over/(Under) Uses	\$ 6,719,588	\$ (2,642,767)	\$ (7,709,415)	\$ (9,288,584)	\$ (12,862,276)
Unassigned Cash Reserve	\$ 59,534,327	\$ 56,891,560	\$ 49,182,144	\$ 39,893,560	\$ 27,031,284
Budgeted Cash Reserve Target	\$ 36,942,542	\$ 41,004,921	\$ 41,155,088	\$ 43,569,440	\$ 42,244,394
Above/(Below) Cash Reserve Target	\$ 22,591,785	\$ 15,886,639	\$ 8,027,056	\$ (3,675,880)	\$ (15,213,110)
Debt Coverage w/ PILOT	2.77	1.89	1.77	1.52	1.36
Debt Coverage w/o PILOT	2.98	2.11	2.01	1.80	1.66

- Financial uses (expenses) exceed financial sources (revenues) in FY 2027
- Fall below the cash reserve target in FY 2029

Electric Utility Financial Forecast

2% Increase

ELECTRIC FUND - w/ 2% increase					
	Proposed FY 2026	Forecasted FY 2027	Forecasted FY 2028	Forecasted FY 2029	Forecasted FY 2030
Total Financial Sources	\$ 172,029,081	\$ 166,647,671	\$ 167,753,288	\$ 168,867,476	\$ 169,990,309
Total Financial Uses	\$ 162,671,493	\$ 166,632,652	\$ 172,784,984	\$ 175,458,258	\$ 180,134,500
Financial Sources Over/(Under) Uses	\$ 9,357,588	\$ 15,019	\$ (5,031,696)	\$ (6,590,782)	\$ (10,144,191)
Unassigned Cash Reserve	\$ 62,172,327	\$ 62,187,346	\$ 57,155,649	\$ 50,564,867	\$ 40,420,626
Budgeted Cash Reserve Target	\$ 36,982,253	\$ 41,044,930	\$ 41,195,397	\$ 43,610,052	\$ 42,285,310
Above/(Below) Cash Reserve Target	\$ 25,190,074	\$ 21,142,416	\$ 15,960,252	\$ 6,954,815	\$ (1,864,684)
Debt Coverage w/ PILOT	3.03	2.16	2.06	1.82	1.67
Debt Coverage w/o PILOT	3.25	2.38	2.30	2.09	1.98

- Financial uses (expenses) exceed financial sources (revenues) in FY 2028
- Fall below the cash reserve target in FY 2030

Electric Utility Financial Forecast

2.4% Increase

ELECTRIC FUND - w/ 2.4% increase					
	Proposed FY 2026	Forecasted FY 2027	Forecasted FY 2028	Forecasted FY 2029	Forecasted FY 2030
Total Financial Sources	\$ 172,596,393	\$ 167,219,237	\$ 168,329,141	\$ 169,447,648	\$ 170,574,832
Total Financial Uses	\$ 162,711,204	\$ 166,672,661	\$ 172,825,293	\$ 175,498,869	\$ 180,175,466
Financial Sources Over/(Under) Uses	\$ 9,885,189	\$ 546,576	\$ (4,496,152)	\$ (6,051,221)	\$ (9,600,634)
Unassigned Cash Reserve	\$ 62,699,928	\$ 63,246,504	\$ 58,750,351	\$ 52,699,130	\$ 43,098,496
Budgeted Cash Reserve Target	\$ 36,990,195	\$ 41,052,932	\$ 41,203,459	\$ 43,618,174	\$ 42,293,493
Above/(Below) Cash Reserve Target	\$ 25,709,733	\$ 22,193,572	\$ 17,546,892	\$ 9,080,956	\$ 805,003
Debt Coverage w/ PILOT	3.09	2.21	2012.00	1.87	1.74
Debt Coverage w/o PILOT	3.30	2.43	2.35	2.15	2.04

- Financial uses (expenses) exceed financial sources (revenues) in FY 2028
- No longer fall below cash reserve target thru FY 2030

Electric Proposed Rates - Residential

Residential Service Rate (Sec. 27-112)			
	Current	2% Increase	Difference
Customer Charge	\$22.00	\$22.44	\$0.44
Energy Charge			
<i>Summer:</i>			
First 300 kwh	0.0889	0.0907	0.0018
Next 450 kwh	0.1089	0.1111	0.0022
Next 1,250 kwh	0.1289	0.1315	0.0026
All remaining kwh	0.1489	0.1519	0.003
<i>Non-Summer:</i>			
First 300 kwh	0.0889	0.0907	0.0018
Next 450 kwh	0.1089	0.1111	0.0022
All remaining kwh	0.12	0.1224	0.0024
Electric Space Heating (permanently installed in a living area a minimum of 5 kilowatts & sole source of comfort heating)			
<i>Non-Summer:</i>			
First 300 kwh	0.0889	0.0907	0.0018
Next 450 kwh	0.1089	0.1111	0.0022
All remaining kwh	0.1000	0.102	0.002
High Efficiency Heat Pumps			
<i>Non-Summer:</i>			
First 300 kwh	0.0889	0.0907	0.0018
Next 450 kwh	0.1089	0.1111	0.0022
All remaining kwh	0.0950	0.0969	0.0019

Residential Service Rate (Sec. 27-112)			
	Current	2.40% Increase	Difference
Customer Charge	\$22.00	\$22.54	\$0.54
Energy Charge			
<i>Summer:</i>			
First 300 kwh	0.0889	0.0910	0.0021
Next 450 kwh	0.1089	0.1115	0.0026
Next 1,250 kwh	0.1289	0.1320	0.0031
All remaining kwh	0.1489	0.1525	0.0036
<i>Non-Summer:</i>			
First 300 kwh	0.0889	0.0910	0.0021
Next 450 kwh	0.1089	0.1115	0.0026
All remaining kwh	0.12	0.1229	0.0029
Electric Space Heating (permanently installed in a living area a minimum of 5 kilowatts & sole source of comfort heating)			
<i>Non-Summer:</i>			
First 300 kwh	0.0889	0.0910	0.0021
Next 450 kwh	0.1089	0.1115	0.0026
All remaining kwh	0.1000	0.1024	0.0024
High Efficiency Heat Pumps			
<i>Non-Summer:</i>			
First 300 kwh	0.0889	0.0910	0.0021
Next 450 kwh	0.1089	0.1115	0.0026
All remaining kwh	0.0950	0.0973	0.0023

Electric Proposed Rates

Average Monthly Residential Impact

	Current	2% Increase	Difference			Current	2.40% Increase	Difference
Non-Summer (Ave 640 kwh)					Non-Summer (Ave 640 kwh)			
Estimated Bill Impact	\$ 85.70	\$ 87.42	\$ 1.73		Estimated Bill Impact	\$ 85.70	\$ 87.75	\$ 2.05
Summer Average (Ave 1,028 kwh)					Summer Average (Ave 1,028 kwh)			
Estimated Bill Impact	\$ 133.51	\$ 136.20	\$ 1.97		Estimated Bill Impact	\$ 133.51	\$ 136.61	\$ 2.24

This information is based on the average usage for the non-summer months (Dec 2024 - Feb 2025) and summer months (July 2024 - Sept 2024) for the largest residential customer class.

Council Direction

- No revenue increase
- 2% revenue increase
- 2.4% revenue increase

