



2025

Proposed Utility Rates

City Commission, Monday, November 18, 2024

Agenda

Overview of Utilities

2025 Projects

2025 Water Affordability

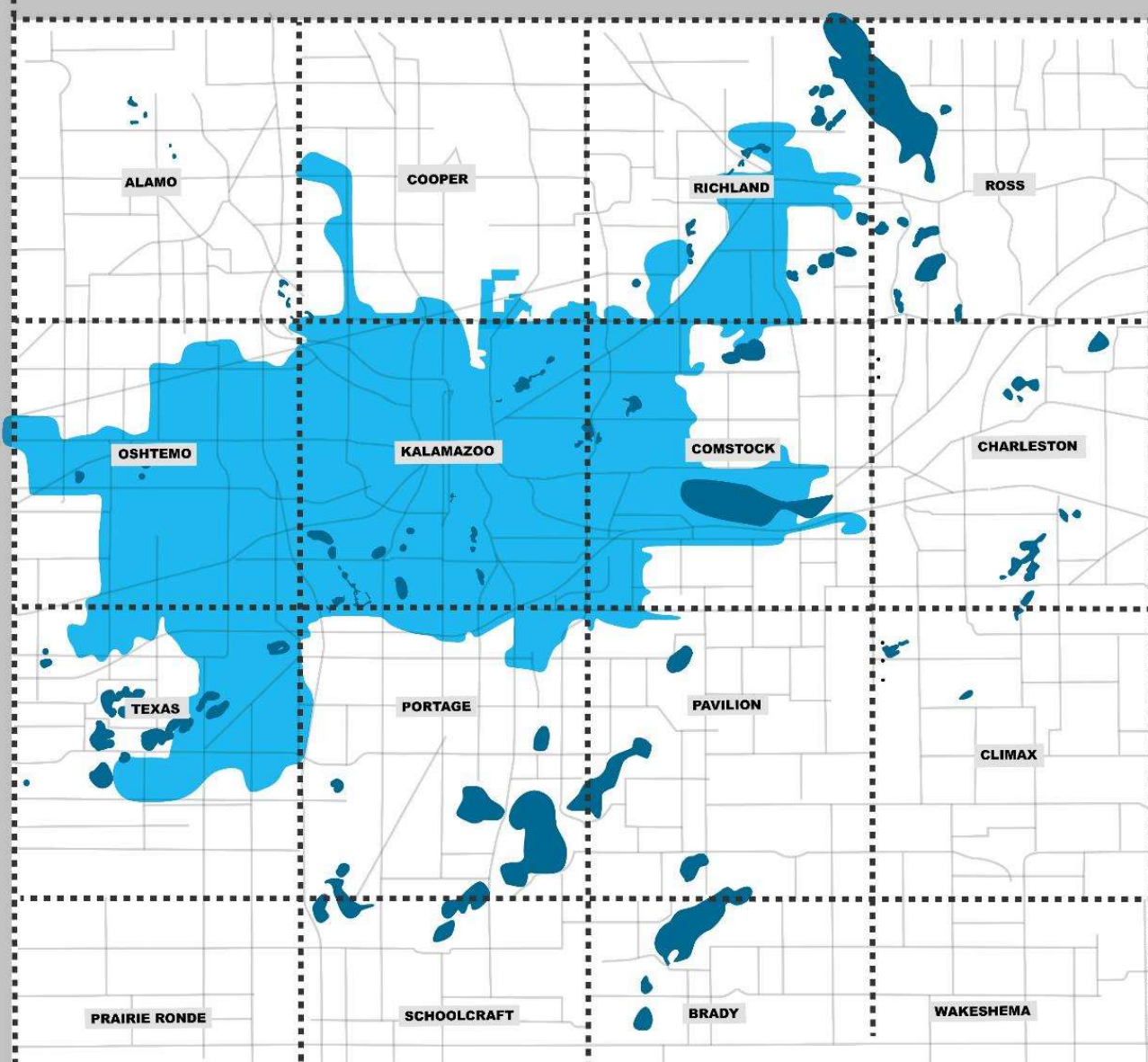
Proposed 2025 Utility Rates



The background image is a composite of two scenes related to water utility systems. The left side shows a close-up of a large, circular industrial water filter or diffuser with water flowing out of its base. The right side shows a wastewater treatment facility with a large, yellow truss bridge spanning a body of water, and a series of circular aeration tanks in the foreground. The entire image has a blue color overlay.

Water & Wastewater Utility Systems

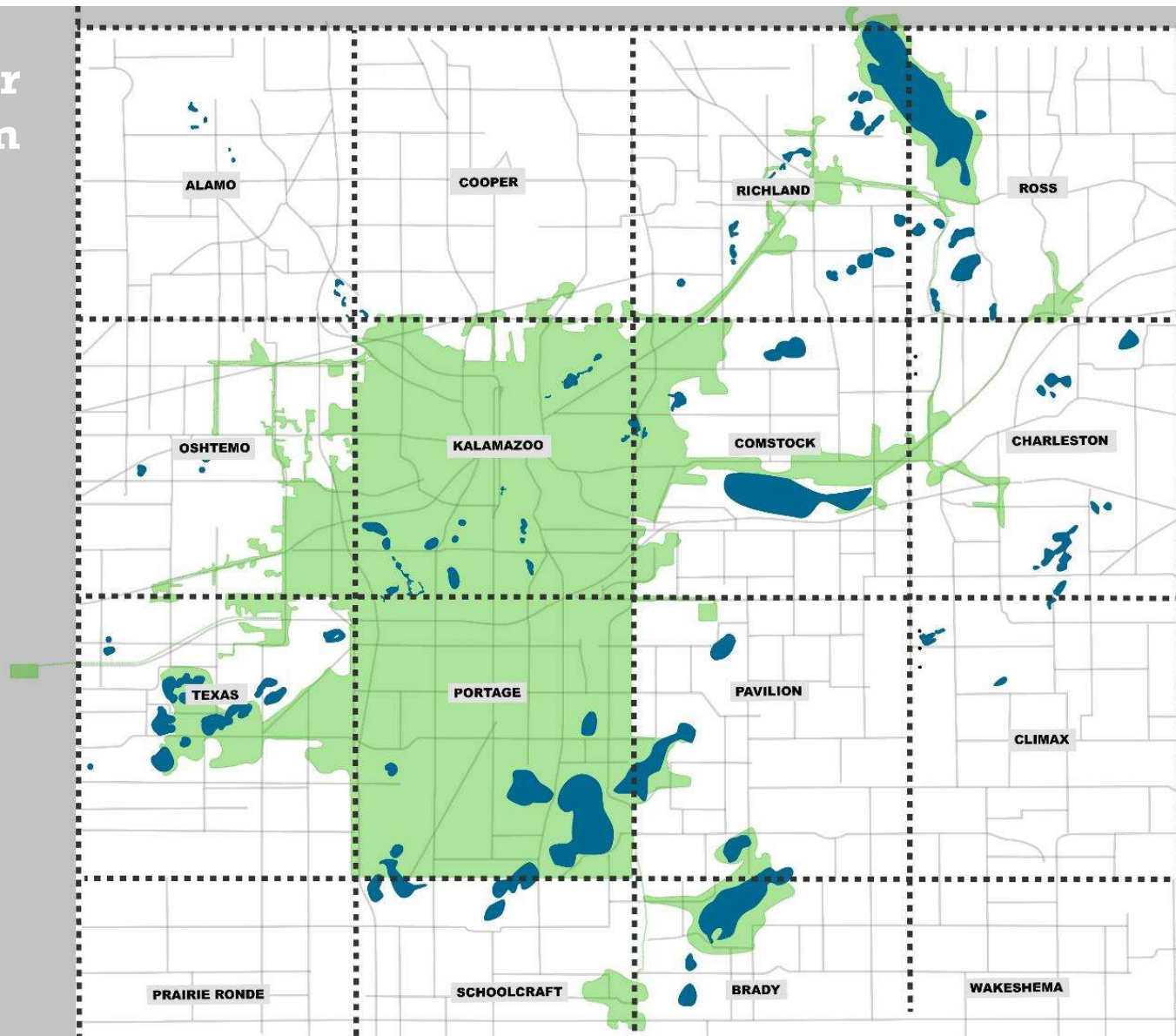
Kalamazoo
Water
system



Michigan's largest groundwater-only water supply

- 41,669 connections
- 839 miles of water main
- 7,000 fire hydrants
- 10 elevated storage facilities
- 20 booster/bleeder stations
- Additional ARV and PRV locations
- 13 point of entry treatment plants
- 90 production wells
- Two dams or surface water managed sites
- 16 US Geological Survey gauge stations
- 38 million gallons per day average max demand
- 46 million gallons per day max demand (1988)
- More than 150 million gallons per day aquifer capacity

Wastewater system



Michigan's only powdered activated carbon treatment plant

- 568 miles of pipes between 6" and 78" diameter
- 892 total system miles
- 54 million gallons per day design average treatment capacity
- 27 million gallons per day average annual treatment
- 77 million gallons per day max headworks pumping capacity
- In service and operational 24/7 since 1955
- Designed and built to treat manufacturing waste streams and support regional economic growth
- 99.5% compliance rating

2025 Capital Projects

Lead service line replacements

Replace cast iron water main

Station, treatment, and process improvements

Odor control

Interceptor Upgrades

Kalamazoo Sustainable Biosolids Alternative



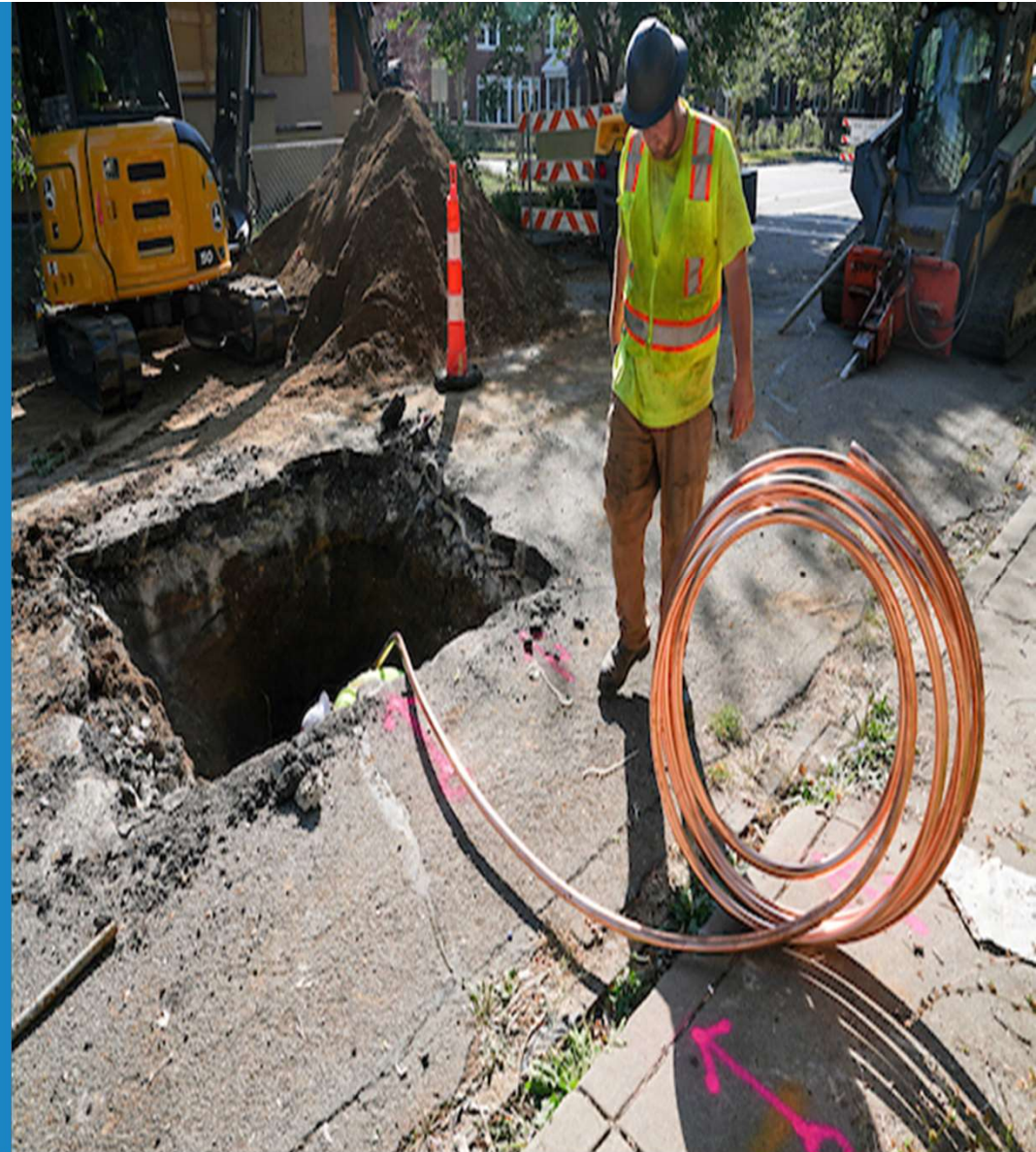
Lead service line replacements (LSLR)

North Kalamazoo project to transition to Edison Neighborhood Area project

Eastwood, Eastside, Parchment, Northside, Fairmount, West Douglas, Stuart, Westside now complete

Edison Neighborhood Area project will include more than 1,300 proposed replacements in 2025 and 1,300 replacements in 2026

5,000th LSLR completed 9-19-2024





Water main replacement

Replace remaining cast iron water main pipe with ductile iron

Ransom, Whites, Westnedge, Balch, Park (Water to Kalamazoo) 2024

Burdick – Reed to Vine 2025

Porter – Kalamazoo to Ransom 2025

Kalamazoo Ave – Westnedge to Douglas 2025

Westnedge – Kalamazoo Ave to Michigan Ave 2025

PFAS Response Projects

\$110 million to address emerging
contaminants

Consolidate Stations No.5 & No.14
with a new Station No. 5-14 providing
Iron, Manganese and PFAS removal
\$51 million

Extension of public water supply in
Richland Township \$46 million

Lead service replacement in
Kalamazoo Edison neighborhood \$13
million



Odor control

Carbon scrubber units online in 2021

Centrifuges online in 2022

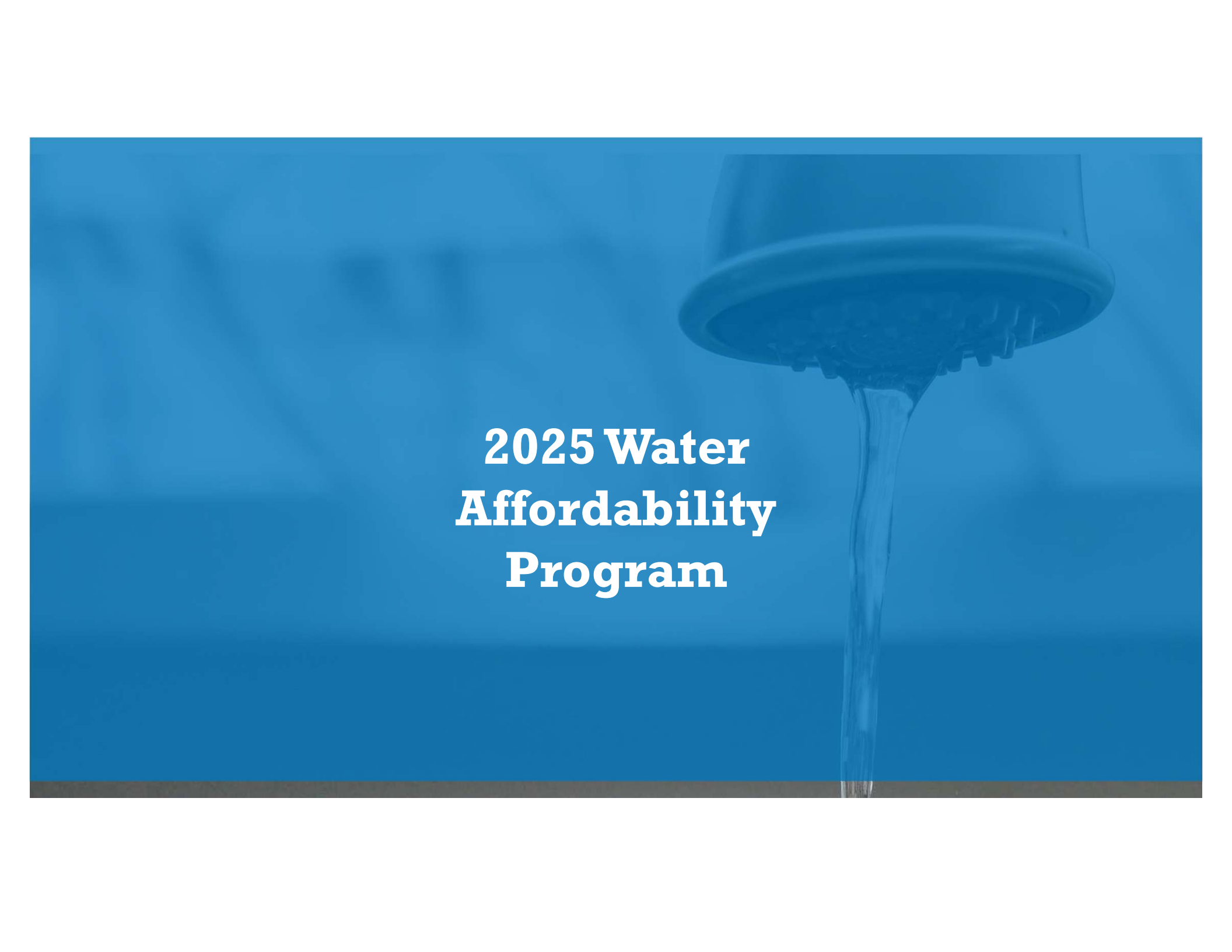
Hydrogen Peroxide and Copper Pentahydrate treatment of sludge pre-centrifuge feed online in 2023

GPI Effluent Service Realignment, Junction chamber elimination completed 2024

Odor monitoring and tracking through Envirosuite increased scope and functionality, additional monitoring locations

Additional carbon scrubber units on Interceptors 2025





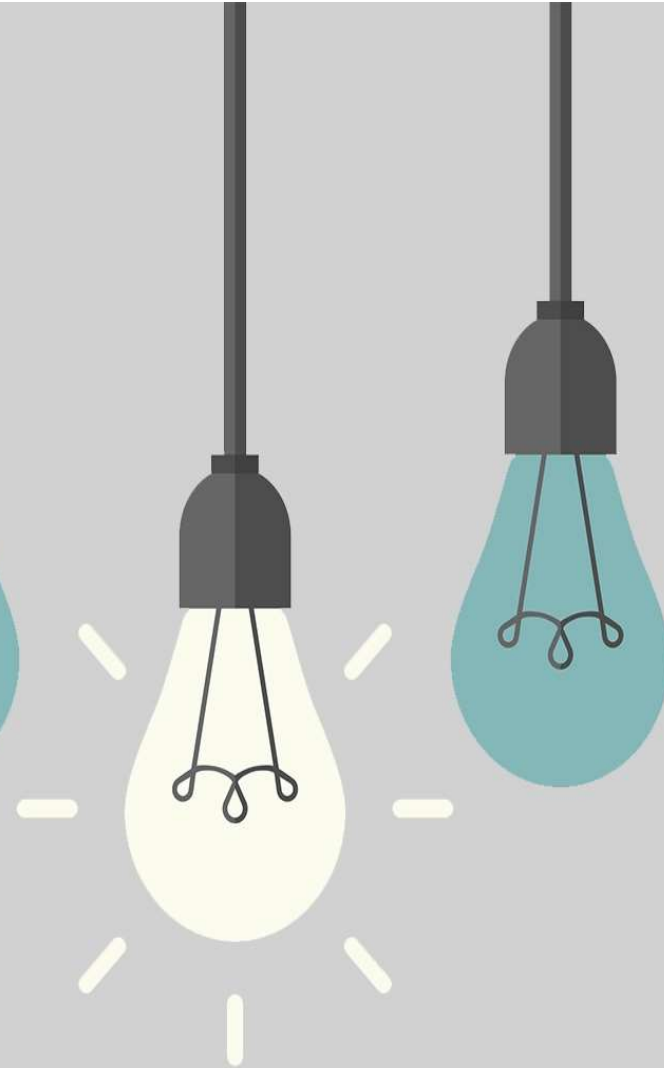
2025 Water Affordability Program

What we have Learned

The CAA payment arrears assistance program is being used and is making a positive difference in Kalamazoo

More outreach is needed to connect families to the available programs

More in person appointments and in person walk in services are needed to apply and qualify families for the program



What we are Doing

Working with CAA to establish more appointments and walk in and in person services

Using shut off data to plan walk in and in person services locations for 2025

Increasing marketing to advertise program in every edition of Excelsior mail to all KPS families every month

Utility Payment Assistance information will now be printed on the outside of the envelop for all water bills, past due notices and shut off notices



Expanding help for Kalamazoo customers

Payment plan options and extensions, call 311 or (269) 337-8000 today

Utility Payment Assistance - Past due payment assistance for income qualified customers, call **877-422-2726** today

All City of Kalamazoo customers qualify Including; City of Kalamazoo, Kalamazoo Township, City of Galesburg, City of Parchment, City of Portage, Comstock Township, Pavilion Township, Richland Township, Richland Village, Cooper Township, Oshtemo Township, Texas Township, GLSWA & South County Communities, Village of Augusta





2025 Proposed Utility Rates

Water rates remain below state average

Proposed rates embrace the **Equalized Water Rates** principle

Proposed water rate increase to “typical” residential customers:

City = approx. \$2.06 / month

Township = approx. \$2.06 / month

(1” meter, 51.3 Cu-Mtr Usage/Qtr)





Wastewater rates remain below state average

Proposed wastewater rate increase to typical residential customers:

City = approx. \$3.60 / month

Township = approx. \$3.04 / month

Wastewater rates are scheduled to equalize between City and Out City customers by 2030

Estimated total impact

City:

approx. \$5.66 / month

Township:

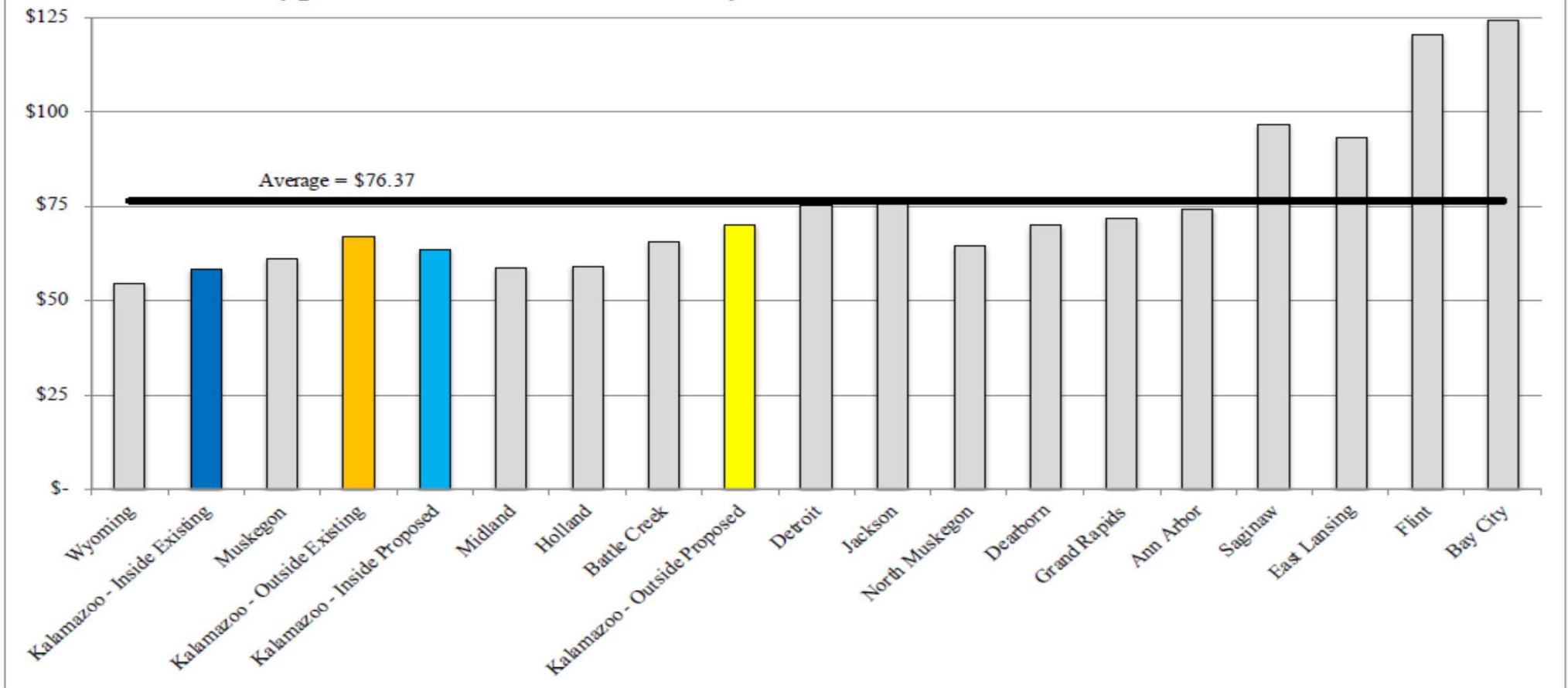
approx. \$5.10 / month

**(1" meter, 51.3 Cu-Mtr
Usage/Qtr)**

Average cost remains less than 1.6 cents per gallon for withdrawal, treatment, distribution, storage, sewer collection, interception, treatment and disposal and new infrastructure investment



Typical Residential* Monthly Combined Water and Wastewater Bill

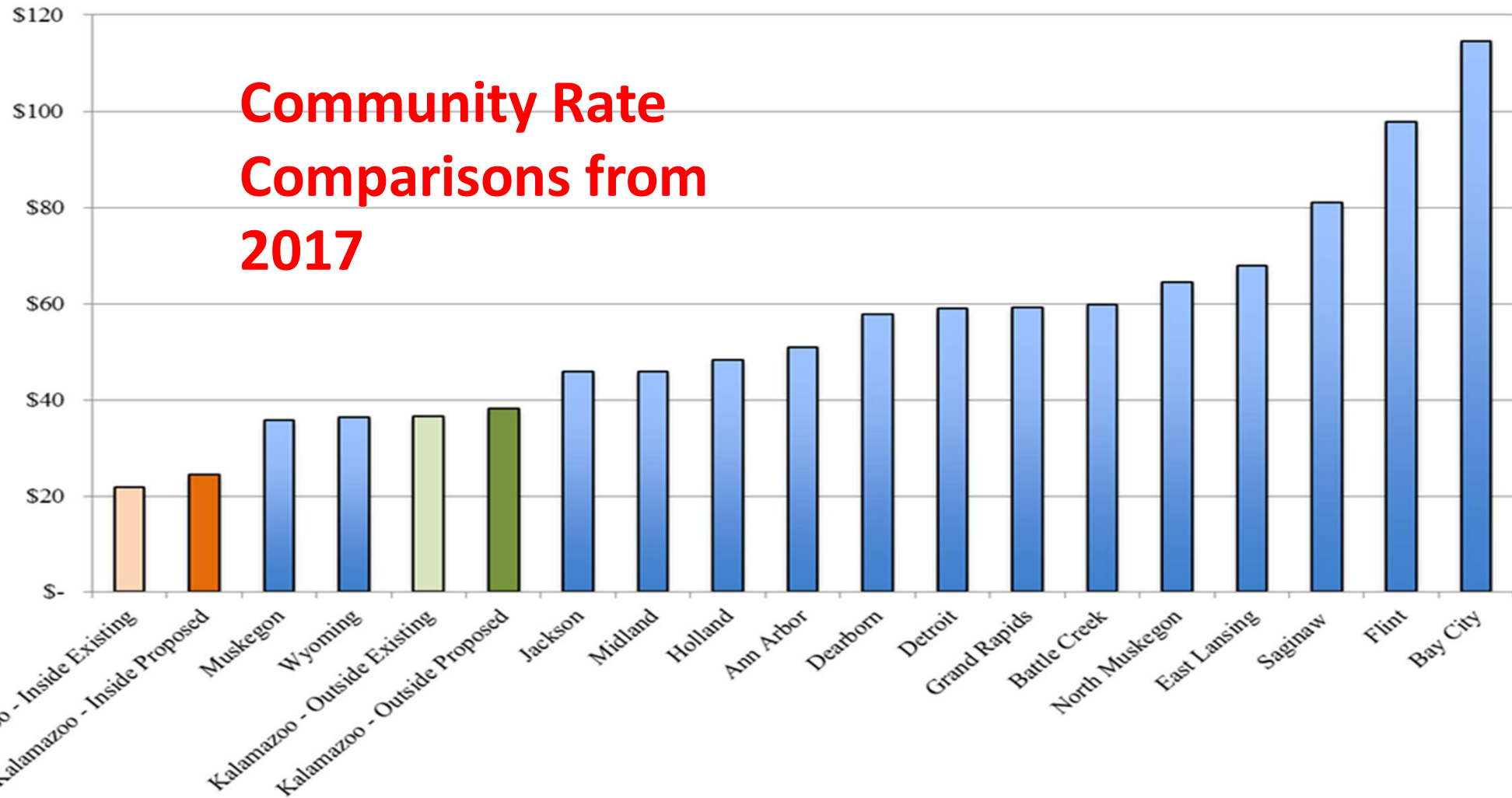


* Based on 4,500 gallons (approximately 17.1 cu mtr) per month, which approximates the current Kalamazoo average residential use.

Data for other communities reflect preliminary results of a study of published rates currently in effect.

Typical Residential* Monthly Combined Water and Wastewater Bill

**Community Rate
Comparisons from
2017**





Rate increases fund enhanced service

5% system rate increase in water

12% system rate increase in wastewater

Similar increases needed in 2026 and subsequent years to support enhanced service and capital projects

Federal & state resources

DWSRF FY2023 \$10.298 Million ARP
Grant and \$4.852 Million Principal
Forgiveness

CWSRF FY2023 \$0.45 million ARP Grant

DWSRF FY2024 \$7.545 million Principal
Forgiveness

DWSRF FY2025 \$110 million, \$20 million
grant, \$90 million 40-year loan @ 2%

**\$43.145 Million in
Infrastructure Grants Not Rate
Funded in 2023 - 2025**

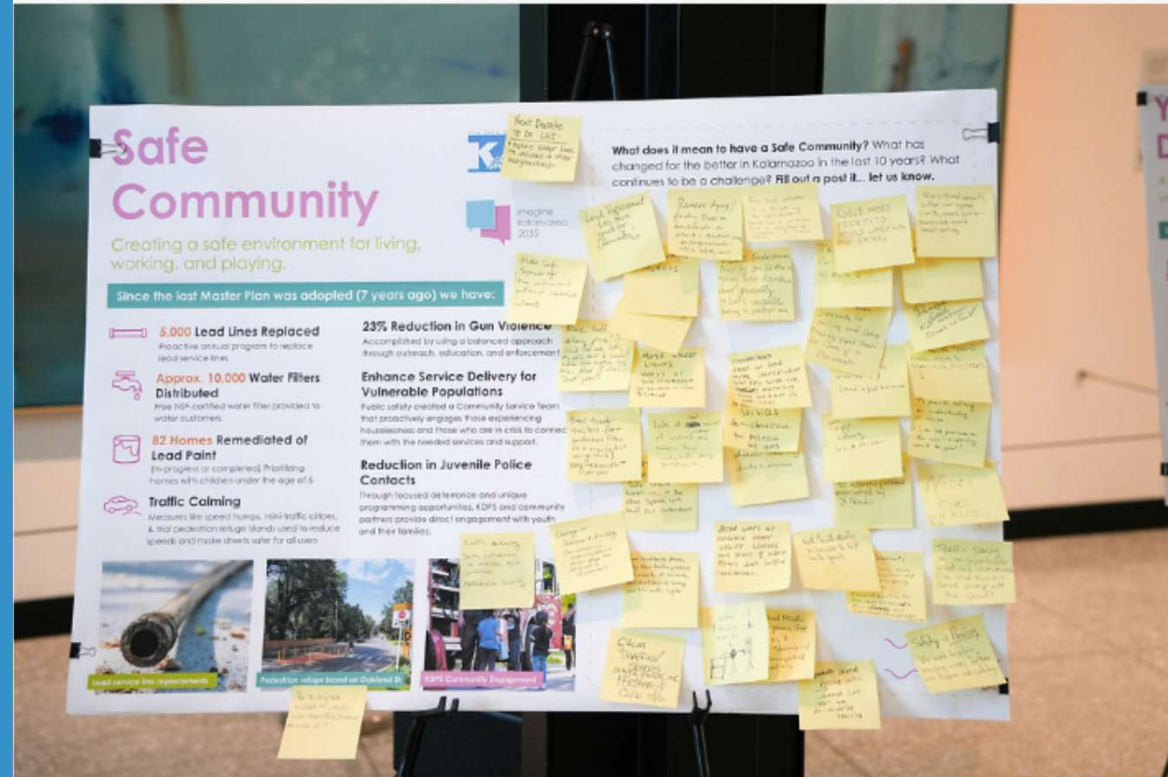


Community Engagement

The Utility Policy Committee (UPC) recommended the FY2025 Water CIP and Water Revenue Requirements (Rates) on 10-10-2024

A stakeholder presentation was provided to Contract Municipalities, Townships and Industrial Users on 10-30-2024

Utility Rate presentation was provided to the City Commission on 11-12-2024





Next steps

City Commission action requested
Monday, December 2, 2024

Proposed rates would go into
effect next year on January 1st

Discussion