

YOUR WATER BILLS AT WORK

1. Why does the City need to raise revenue for the Water Division?

The City of St. Louis is proposing a phased-in water rate increase to provide for basic, day-to-day operations of the Water Department including the maintenance of 1,300 miles of water mains, 15,500 fire hydrants, and 26,000 valves. The City last took action to properly fund our Water Division almost thirteen years ago on July 1, 2010. Deferred maintenance has resulted in much-needed repairs that surpass available funding. Since October 2022, St. Louis has experienced at least 60 water main breaks, and the City cannot continue to kick the can down the road.

The financial impacts of inflation have increased costs of equipment, treatment chemicals, and labor, therefore, this rate increase is critical to the success of the Water Department's ability to continue to operate and maintain our aging infrastructure.

2. Why now?

The last time water rates increased was in 2010, despite repeated warnings since then. Now, with an additional 13 years of wear and tear on the system and at least 60 water main breaks since October 2022, the City is working to tackle this problem head-on rather than further kicking the problem down the road.

As an enterprise fund, the Water Division does not take money from the city's general fund - it generates its own revenue to pay workers, keep our water clean, and maintain our infrastructure.

3. How does our water rate increase compare to others in the region?

Our average rate is comparatively low when compared to our counterparts in the county and in other parts of the country:

- St. Louis City charges \$75 per quarter
- St. Louis County charges \$158 per quarter
- Kansas City, Missouri charges \$161 per quarter.

4. What happens if the Board of Alderman does not vote to increase the water rate?

If the Board of Alderman does not act on this critical service, the Water Department will run out of the \$2.2 million in its reserve fund for emergency spending. Service and responsiveness are likely to be affected, leading to delays in such things as repairing broken water mains. New infrastructure investments will have to be shelved until funds become available. It will also make it difficult to obtain federal funding that is now available due to a lack of matching funds that are generally required. In addition to exacerbating the current financial conditions of the department, if the BOA does not approve the rate increase, our water quality will decrease due to inadequate investments in infrastructure.

5. Are my rates increasing? When would I see changes on my bill?

If BB 49 passes, residents will see an average increase of \$5 a month, or a total of \$15 a quarter, as residents are billed on a quarterly basis. This is a phased-in water rate increase; the first phase will begin in July 2023 and the second phase will go into effect in January 2024. Starting January 1, 2026, smaller annual increases based on the CPI-U will be implemented to avoid infrequent large increases which have been done in the past.

6. The City sells water to other municipalities, how will this impact them?

The Water Department has contracts with various municipalities.

The municipalities have staggered contracts with the water department. Their rates are based on actual production cost plus 18% of that cost. The water department is audited every year and the rates increase each year if the production costs have increased.

7. How is the Water Department funded?

The Water Department is an enterprise fund, meaning that it is responsible for generating its own revenues, it is not funded by the City's general revenue fund or out of the City's budget.

8. Will the rate increase make a difference?

Yes, the rate increase will generate \$13.4 million in the first year and an additional \$19.9 million for the second year.

It will give the Water Division the resources necessary to continue basic, day-to-day operations. That includes cleaning and treating our water, the cost of operating, and buying new equipment. The funds would also be used for preventative maintenance to help prevent water main breaks as well as maintain our aging operating system.

9. How has this administration invested in the Water Department thus far?

The City of St. Louis did not allocate ARPA funds to the Water Department because we anticipated directly receiving funding from the Congressional Bipartisan Infrastructure bill; however, that funding went directly to the State. The State awarded us \$200K in funding. We also have a nine-year potential commitment of \$5 million a year from federal government earmarks.

10. Are the rates being used to invest in St. Louis' aging infrastructure?

The Water Department has experienced at least 60 water main breaks since Oct. 1, 2022. Our revenue will be used to pay for the increasing costs of treatment chemicals, equipment, and infrastructure repairs. Major capital improvements are not included, at least until reserves can be built back up.

11. How is the City proactively planning to ensure that another water rate increase is not needed in the next few years?

A Consumer Price Index - U (CPI-U) is incorporated into the legislation to address any future change in costs as it relates to production.

12. What about residents with delinquent accounts?

Communication will be disseminated to residents notifying them of their delinquent account status. The Collector of Revenue's Office has an existing payment plan for residents to enroll in to avoid a disruption of water service.

13. How can residents receive assistance to help pay their bills?

The State of Missouri offers the [Low-Income Household Waters Assistance Program](#) (LIHWAP) to assist residents who need assistance.

The Collector's Office can also work with customers who are delinquent on their water bills, owe over \$500, and do not have their water disconnected. These customers may apply for a payment contract. The payment contract is for four months and includes the balance due as well as the balance of their upcoming bill, if they have a flat rate. That way customers are paid in full once their plan is completed. It requires a 30% down payment and then the remaining balance is split into three additional payments to be made monthly. Customers do need to complete a contract application which includes a schedule of their payments. After each payment is made our office will contact the Water Division to request a hold on the account until the next due date. Customers can pay in person or online, however, we ask customers who pay online to contact us and let us know so we can contact Water for them.

In the past, if customers owed less than \$500, the Water Division would put them on a short-term plan to avoid disconnection. If the water is already disconnected, the customer would need to pay the balance in full.

Anyone who is interested in a payment contract can contact the Collector's Office for more information. The best number to call would be 314-622-3628 or email waterrefusecor@stlouis-mo.gov.

14. How will the water rate increase impact homeowners and renters?

Homeowners will see the rate increase during their regular quarterly billing. For renters, it depends on if they are responsible for paying the water bill directly or if it is included in the rent. If it is included in the rent, the landlord may pass on the increase to their tenants.

15. Why doesn't St. Louis utilize a meter system?

Residents can switch to metering, but they will have to pay for all the costs out of pocket.

St. Louis' water system was originally developed without water meters. Switching residential customers to water meters would be an expensive endeavor. There are costs associated with installing water meters along with additional costs for maintaining and reading the meters for 80,000 households.

Water systems that have switched from billing flat rate to metering have done so because they have a limited water source, or they have a limited capacity to treat water. We are lucky to have an abundant water supply and excess treatment capacity.

16. How much in reserves has the Water Department spent to make ends meet?

Fiscal Year	FY19	FY20	FY21	FY22	FY23
Revenue	\$53,904,056	\$53,375,351	\$49,652,707	\$49,101,342	\$51,054,000
Expenses	\$49,399,373	\$53,292,762	\$53,518,513	\$61,490,369	\$67,654,542
Reserves Used	\$0	\$917,411	\$3,865,806	\$12,389,027	\$16,600,542

The total amount used from reserves in the last five years - \$33,772,786.