

Grand Rapids Water and Sewerage Customers:

This Citizen's Guide contains a summary of the City of Grand Rapids' final Water/Sewer Rate Study for rates and fees that will go into effect on January 1, 2026. This marks the 49th annual water/sewer rate study report containing a comprehensive review of operating and capital costs and usage variation by customer community.

The 2025 final rate study recommends a rate increase of 6.38 percent to Water rates and a decrease of (3.09) percent to Sewer service rates. For reference, the current rate of inflation for the previous 12 months ending September 2025 was 2.69 percent.

Based on the recommended rate changes, the typical Grand Rapids household will likely pay \$4.71 or 2.24 percent more for combined water and sewer services quarterly. Rates for retail customers living in Walker, Kentwood, Cascade Township, Grand Rapids Township and Tallmadge Township and wholesale customers living in East Grand Rapids, Ada, Gaines, Caledonia and Ottawa vary due to various allocations of capital infrastructure costs as well as usage trends that effect rates in each jurisdiction.

The three-year average of billed volume for both utility systems increased in 2025. Billed volume is used in the rate study to forecast the next calendar year's expected revenue. In 2010, the rate study implemented a three-year average billed volume to smooth significant volume variances and prevent reactionary rate fluctuations. The Water System experienced a 1.69 percent increase in the three-year average of billed volume while the Sewer System experienced a 0.60 percent increase. These increases have a downward pressure on rates, as greater consumption and a larger customer base allow the systems to spread out costs more efficiently.

For the Water System, there were two main factors that drove the rate increase. The first was the installation of new assets valued around \$50M. This included new water mains, pump station improvements, and replacement of pressure valves. As a result of these new assets, additional depreciation of \$1.9M was added to the system's costs. Many projects received funding from the State's Drinking Water Revolving Fund (DWRF). These loans had low interest rates and allowed for forgiving the principal. The second main factor behind the rate increase was the rise in the average cost of issuing municipal bonds. This year, there was nearly a one percent increase in interest rates. This change raised the system's needed rate of return by about \$2.4M.

Increases in the daily operational costs in the Water System also contributed to the rate increase. Labor costs for Water staff increased due to new union contracts signed this summer. The Water System also continues to invest in replacing lead service lines, in line with the regulatory requirements set by the Environmental Protection Agency (EPA) and the Michigan Department of Environment, Great Lakes & Energy (EGLE).

Like the Water System, the Sewer System also put into place about \$11.7M in assets this year. Many of these assets were sewer mains and vital equipment at the Water Resource Recovery

Facility (WRRF). On the other hand, overall operational expenses decreased for the Sewer System. This was due to last year's costs for large, periodic contracts. Some of these large contracts included: the Comprehensive Master Plan (which is conducted every five years), engineering studies, and operational tech upgrades for the system. While labor costs went up because of a new union contract, not including these large periodic contracts this year more than balanced out that increase. The Sewer System is also paying off its current debts and avoiding new issuances of debt. This offset the needed rate of return on investments from new assets and led to an increase of only \$270k in costs.

The Sewer System also sold Renewable Natural Gas (RNG) and energy credits. These are produced by the biodigester at the WRRF. Returns from these sales were favorable in the short term. However, our search for a long-term contract may reduce these revenues in exchange for more stability in the future.

The Rate Study continues to use an affordability program. This program, called the Individual Circuit Breaker (ICB) and the City and Customer Community Circuit Breaker (CCCCB) uses penalty fee revenue to assist with system affordability. In this rate study, \$173,972 was generated for the ICB. This program assists retail customers who need help paying their water and sewer bills. An additional allocation of non-operating revenue will supplement this amount again. A total of \$822,236 from CCCC funds was used in this rate study. This helped keep each retail customer service area's rate change closer to the system's overall change.

The preliminary report was released on November 13, 2025, which began a 20-day period for public comment. A copy of the annual rate study, along with explanatory materials, is filed with the City Clerk's Office, and is available online at <https://www.grandrapidsmi.gov/rate-studies>. The public comment period ended on December 3, 2025. The Grand Rapids City Commission voted to approve these rates through resolution on Tuesday, December 16, 2025.

Rate Setting Methodology Background:

In 1976, the City set out to create a yearly method for deciding rates and charges for utility customers. Before that, the City set rates for its users based on short-term cash flow needs. It also set suburban customer rates at twice the City rates. However, these adjusted rates didn't meet the long-term needs of the utility systems. They also did not reflect the differences in usage rates or the costs of serving suburban communities. To fix these issues, the City worked with the communities that are customers to the water and sewer systems, and together they developed a method for calculating annual rate changes. The rate study methodology has four key goals:

- It acknowledges differences among communities.
- It generates adequate revenue over time.
- It allows for various rate adjustments.
- It promotes openness and transparency.

The City has completed rate studies every year since 1978, and has adjusted rates based on those findings.

The rate-setting method is based on a simple principle: rates will be set to cover revenue needs. These needs are largely based on historical costs, adjusted for any known changes that can be predicted. A key goal of this method is to accurately assign costs and rates to users in each community. Typically, costs for capital improvements that benefit specific customers are allocated to those customers. In contrast, costs for improvements that help an entire system (such as new equipment at the water filtration plant) are shared by all users.

The annual rate analysis is assembled from August to November each year. The base period financial info includes the actual revenues and expenses from the fiscal year that ended on the last June 30th. Each system's revenue needs include:

- Operating and maintenance expenses
- Depreciation costs for assets in service
- Returns on fixed assets purchased with retained earnings
- Specific debt service costs

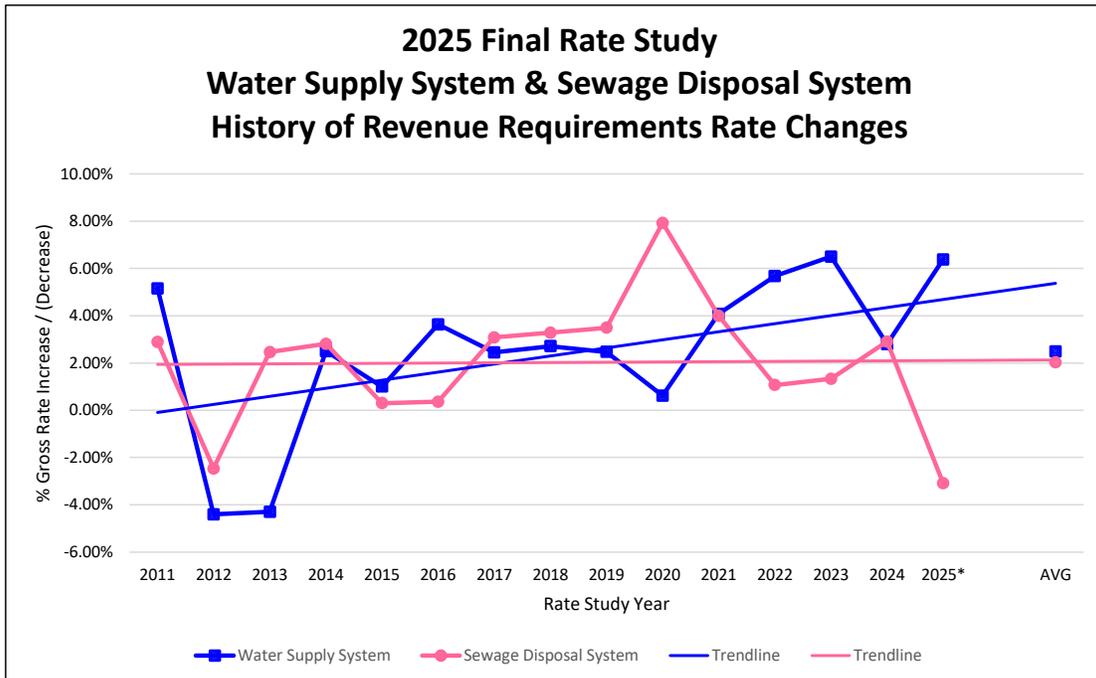
These needs are partially offset by other sources of shared revenue, like the sale of natural gas from the Sewer System's biodigesters or fees from new customers connecting to the systems. Rates are then set for each community to ensure that net revenue needs are met, assuming consumption levels stay consistent with the average usage of the last three years. Each year, the Utility Advisory Board informs the City Commission and customer communities about new rates and charges around November 15th. These rates go into effect on January 1st the following year. The latest rate study was first presented to the Grand Rapids City Commission on November 13, 2025, and was approved on December 16, 2025. These new rates apply to users in the City and in nearby customer communities.

**CITY OF GRAND RAPIDS, MICHIGAN
2025 FINAL WATER/SEWER RATE STUDY
HISTORY OF RATE CHANGES
FOR RATES EFFECTIVE JANUARY 1, 2026**

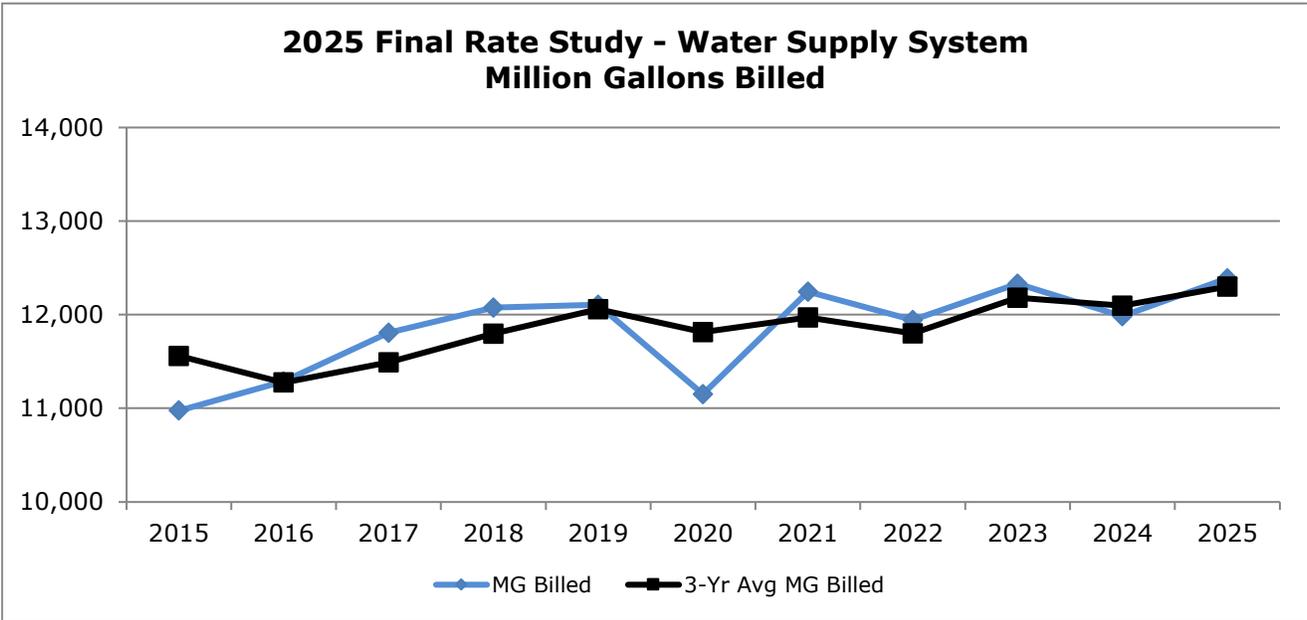
Rate Study Year	Water Supply System			Sewage Disposal System		
	Revenue Requirements	% change in RR over prev year	% gross rate incr (decr) **	Revenue Requirements	% change in RR over prev year	% gross rate incr (decr) **
2011	41,802,404	1.46%	5.15%	50,082,541	0.82%	2.89%
2012	39,247,442	-6.11%	-4.41%	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 Final Rate Study.

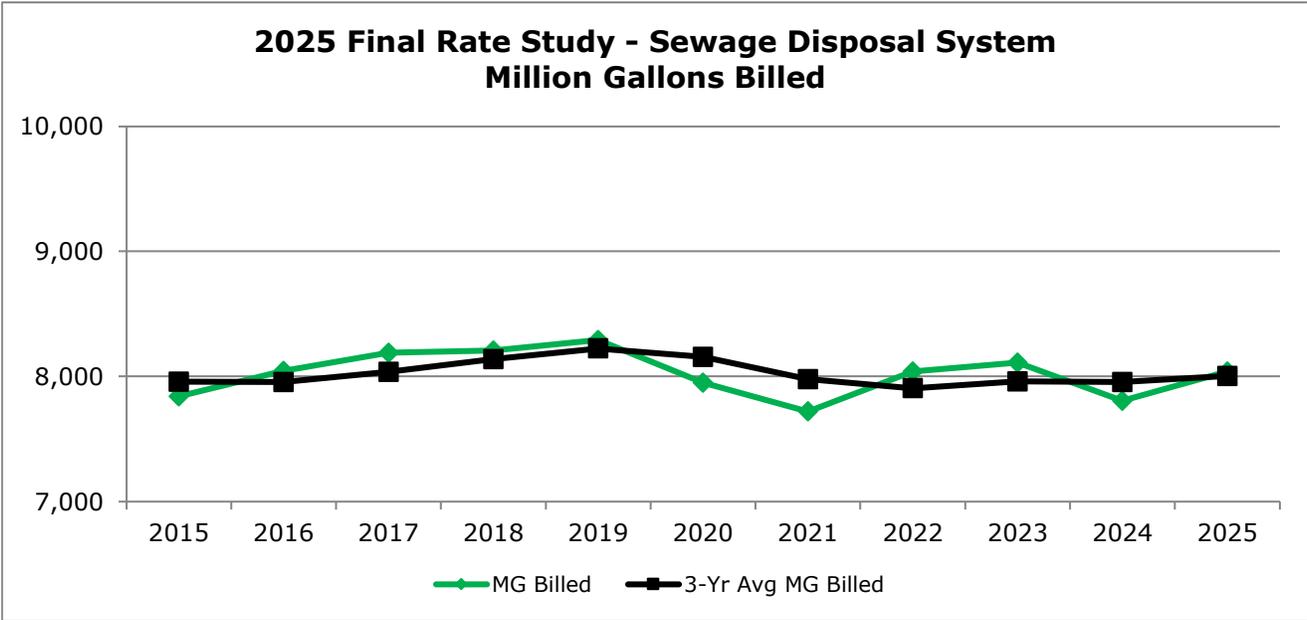
** The percentage gross rate increase (decrease) differs from the annual percentage change in Revenue Requirements due to differences in usage volumes/customers/application of Circuit Breaker
- Annual inflation for the 12 months ending September 2025 was 2.69%



* Revenue Requirements per the 2025 Final Rate Study.



* Volumes were restated from these Rate Studies to reflect actual billings without adjustment for accrued revenues.



* Volumes were restated from these Rate Studies to reflect actual billings without adjustment for accrued revenues.

**CITY OF GRAND RAPIDS, MICHIGAN
2025 FINAL WATER/SEWER RATE STUDY
SUMMARY OF REVENUE REQUIREMENT CHANGES
FOR RATES EFFECTIVE JANUARY 1, 2026**

	<u>WATER (1)</u>		<u>SEWER (1)</u>		
	<u>AMOUNT</u>	<u>PERCENT</u>	<u>AMOUNT</u>	<u>PERCENT</u>	
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	N/A	(29,481)	-11.74%
<hr/>					
SYSTEM	\$ 3,646,171	6.38%	\$ (2,067,420)	-3.09%	

(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 CCCCBB).

DISCLOSE RELIEF PROVIDED BY CITY & CUSTOMER COMMUNITY CIRCUIT BREAKER (CCCCBB)

	<u>WATER</u>		<u>SEWER</u>	
	<u>AMOUNT</u>	<u>PERCENT</u>	<u>AMOUNT</u>	<u>PERCENT</u>
SYSTEM REVENUE REQUIREMENT	\$ 60,787,035	6.38%	\$ 64,932,745	-3.09%
ADD: CCCCBB RELIEF	540,584	0.95%	281,652	0.42%
SYSTEM CHANGE- WITHOUT RELIEF	<u>\$ 61,327,619</u>	<u>7.33%</u>	<u>\$ 65,214,397</u>	<u>-2.67%</u>

**CITY OF GRAND RAPIDS, MICHIGAN
2025 FINAL WATER/SEWER RATE STUDY
IMPACT OF RATE ADJUSTMENTS ON DOMESTIC USERS
BY CUSTOMER COMMUNITY *
FOR RATES EFFECTIVE JANUARY 1, 2026**

	<u>APPROXIMATE QUARTERLY BILL</u>		<u>CHANGE</u>	
	<u>2025</u>	<u>2026</u>	<u>DOLLARS</u>	<u>PERCENT</u>
GRAND RAPIDS				
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>	2.24%
BASE RATIO	1.00	1.00		
WALKER				
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>	-0.25%
RATIO TO GR	1.15	1.13		
KENTWOOD				
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>	-0.64%
RATIO TO GR	0.84	0.81		
CASCADE TWP				
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>	3.05%
RATIO TO GR	1.41	1.43		
GRAND RAPIDS TWP				
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>	1.80%
RATIO TO GR	1.19	1.18		
TALLMADGE TWP				
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>	-5.67%
RATIO TO GR	1.31	1.21		

* THE COMPARISONS ABOVE ARE BASED ON SYSTEM AVERAGE DOMESTIC CUSTOMER
QUARTERLY CONSUMPTION OF: WATER- 21.00 UNITS OR 15,708 GALLONS
SEWER - 14.00 UNITS OR 10,472 GALLONS
NO. OF MONTHS: 3

REU (RESIDENTIAL EQUIVALENT UNIT) CUSTOMER COMMUNITY- APPROXIMATE QUARTERLY BILL

WRIGHT TWP-				
SEWER (No. of REU 1.00)	<u>\$ 177.12</u>	<u>\$ 172.38</u>	<u>\$ (4.74)</u>	-2.68%

**CITY OF GRAND RAPIDS, MICHIGAN
2025 FINAL WATER/SEWER RATE STUDY
IMPACT OF RATE ADJUSTMENTS ON COMMERCIAL USERS
BY CUSTOMER COMMUNITY
FOR RATES EFFECTIVE JANUARY 1, 2026**

	<u>APPROXIMATE QUARTERLY BILL</u>		<u>CHANGE</u>	
	<u>2025</u>	<u>2026</u>	<u>DOLLARS</u>	<u>PERCENT</u>
GRAND RAPIDS				
WATER	\$ 596.88	\$ 637.23	\$ 40.35	6.76%
SEWER	990.09	943.74	(46.35)	-4.68%
	<u>\$ 1,586.97</u>	<u>\$ 1,580.97</u>	<u>\$ (6.00)</u>	-0.38%
BASE RATIO	1.00	1.00		
WALKER				
WATER	\$ 507.33	\$ 544.74	\$ 37.41	7.37%
SEWER	821.05	777.06	(43.99)	-5.36%
	<u>\$ 1,328.38</u>	<u>\$ 1,321.80</u>	<u>\$ (6.58)</u>	-0.50%
RATIO TO GR	0.84	0.84		
KENTWOOD				
WATER	\$ 485.04	\$ 487.11	\$ 2.07	0.43%
SEWER	767.15	746.07	(21.08)	-2.75%
	<u>\$ 1,252.19</u>	<u>\$ 1,233.18</u>	<u>\$ (19.01)</u>	-1.52%
RATIO TO GR	0.79	0.78		
CASCADE TWP				
WATER	\$ 614.25	\$ 681.90	\$ 67.65	11.01%
SEWER	928.91	904.61	(24.30)	-2.62%
	<u>\$ 1,543.16</u>	<u>\$ 1,586.51</u>	<u>\$ 43.35</u>	2.81%
RATIO TO GR	0.97	1.00		
GRAND RAPIDS TWP				
WATER	\$ 560.34	\$ 603.30	\$ 42.96	7.67%
SEWER	763.83	742.49	(21.34)	-2.79%
	<u>\$ 1,324.17</u>	<u>\$ 1,345.79</u>	<u>\$ 21.62</u>	1.63%
RATIO TO GR	0.83	0.85		
TALLMADGE TWP				
WATER	\$ 551.97	\$ 528.84	\$ (23.13)	-4.19%
SEWER	1,911.34	1,785.29	(126.05)	-6.59%
	<u>\$ 2,463.31</u>	<u>\$ 2,314.13</u>	<u>\$ (149.18)</u>	-6.06%
RATIO TO GR	1.55	1.46		

* THE COMPARISONS ABOVE ARE BASED ON SYSTEM AVERAGE COMMERCIAL CUSTOMER
QUARTERLY CONSUMPTION OF : WATER- 207.00 UNITS OR 154,836 GALLONS
SEWER - 200.00 UNITS OR 149,600 GALLONS
NO. OF MONTHS: 3

REU (RESIDENTIAL EQUIVALENT UNIT) CUSTOMER COMMUNITY- APPROXIMATE QUARTERLY BILL

WRIGHT TWP				
SEWER (No. of REU 1.00)	<u>\$ 177.12</u>	<u>\$ 172.38</u>	<u>\$ (4.74)</u>	-2.68%

**CITY OF GRAND RAPIDS, MICHIGAN
2025 FINAL WATER/SEWER RATE STUDY
WATER & SEWER RATES FOR GRAND RAPIDS & RETAIL CUSTOMER COMMUNITIES
EFFECTIVE JANUARY 1, 2026**

WATER RATES

COMMODITY	METER CODE	GRAND RAPIDS	WALKER	KENTWOOD	CASCADE	GR. RAPIDS TOWNSHIP	TALLMADGE TOWNSHIP	WRIGHT TOWNSHIP
CHARGE (HCF)		\$ 2.74	\$ 2.23	\$ 1.92	\$ 2.67	\$ 2.42	\$ 2.50	NA
MONTHLY SERVICE CHARGE BY METER SIZE								
3/4" & Less	A	\$ 14.74	\$ 17.19	\$ 18.42	\$ 25.83	\$ 20.80	\$ 3.73	NA
1"	B	\$ 23.35	\$ 27.71	\$ 29.89	\$ 43.07	\$ 34.12	\$ 3.78	NA
1-1/4"	C	\$ 34.42	\$ 41.23	\$ 44.64	\$ 65.23	\$ 51.25	\$ 3.84	NA
1-1/2"	D	\$ 47.95	\$ 57.75	\$ 62.67	\$ 92.31	\$ 72.19	\$ 3.91	NA
2"	E	\$ 82.39	\$ 99.81	\$ 108.56	\$ 161.25	\$ 125.48	\$ 4.10	NA
3"	F	\$ 180.79	\$ 219.99	\$ 239.67	\$ 358.23	\$ 277.75	\$ 4.63	NA
4"	G	\$ 318.55	\$ 388.24	\$ 423.22	\$ 634.00	\$ 490.92	\$ 5.38	NA
6" & Over	H	\$ 712.15	\$ 868.95	\$ 947.67	\$ 1,421.91	\$ 1,099.99	\$ 7.51	NA

SEWER RATES

COMMODITY	METER CODE	GRAND RAPIDS	WALKER	KENTWOOD	CASCADE	GR. RAPIDS TOWNSHIP	TALLMADGE TOWNSHIP	WRIGHT TOWNSHIP
CHARGE (HCF)		\$ 4.29	\$ 3.03	\$ 3.51	\$ 3.46	\$ 2.86	\$ 8.26	NA
REU Charge (Monthly) *		NA	NA	NA	NA	NA	NA	\$ 57.46
MONTHLY SERVICE CHARGE BY METER SIZE								
3/4" & Less	A	\$ 17.85	\$ 33.85	\$ 10.04	\$ 41.64	\$ 33.74	\$ 26.77	NA
1"	B	\$ 28.58	\$ 57.02	\$ 14.69	\$ 70.87	\$ 56.83	\$ 44.43	NA
1-1/4"	C	\$ 42.37	\$ 86.81	\$ 20.67	\$ 108.45	\$ 86.51	\$ 67.14	NA
1-1/2"	D	\$ 59.22	\$ 123.22	\$ 27.98	\$ 154.38	\$ 122.78	\$ 94.90	NA
2"	E	\$ 102.12	\$ 215.90	\$ 46.58	\$ 271.30	\$ 215.12	\$ 165.55	NA
3"	F	\$ 224.70	\$ 480.70	\$ 99.74	\$ 605.34	\$ 478.94	\$ 367.42	NA
4"	G	\$ 396.31	\$ 851.42	\$ 174.16	\$ 1,073.00	\$ 848.29	\$ 650.03	NA
6" & Over	H	\$ 886.62	\$ 1,910.62	\$ 386.78	\$ 2,409.18	\$ 1,903.58	\$ 1,457.50	NA

* REU - Residential Equivalent Unit (Wright Township Only)

FIRE PROTECTION RATES- ALL GOVERNMENTAL UNITS

6"	H	\$ 24.03	10"	J	\$ 66.80
8"	I	\$ 42.63	12"	K	\$ 96.12

NOTE: Monthly defined as 1/12th of 365 days.

**CITY OF GRAND RAPIDS, MICHIGAN
2025 FINAL WATER/SEWER RATE STUDY
IMPACT OF RATE ADJUSTMENTS ON WHOLESALE CUSTOMER COMMUNITIES
EFFECTIVE JANUARY 1, 2026**

	<u>2025</u>	<u>2026</u>	<u>PERCENTAGE CHANGE</u>
EAST GRAND RAPIDS			
WATER - SERVICE (MONTHLY)	\$19,839.00	\$19,265.00	-2.89%
- COMMODITY (100 CF)	\$1.31	\$1.19	-9.16%
SEWER - SERVICE (MONTHLY)	\$2,104.00	\$2,264.00	7.60%
- COMMODITY (MG)	\$3,092.00	\$2,862.00	-7.44%
ADA TWP			
WATER - SERVICE	\$61,151.00	\$75,796.00	23.95%
- COMMODITY	\$1.49	\$1.35	-9.40%
SEWER - SERVICE	\$41,633.00	\$42,940.00	3.14%
- COMMODITY	\$4,178.00	\$3,825.00	-8.45%
OTTAWA COUNTY			
WATER - SERVICE	\$0.00	\$0.00	N/A
- COMMODITY	\$1.44	\$1.34	-6.94%
GAINES TWP			
SEWER - SERVICE	\$1,759.00	\$1,819.00	3.41%
- COMMODITY	\$2,749.00	\$2,777.00	1.02%
CALEDONIA TWP			
WATER - SERVICE	N/A	\$69,993.00	N/A
- COMMODITY	N/A	\$1.69	N/A
SEWER - SERVICE	\$743.00	\$747.00	0.54%
- COMMODITY	\$7,465.00	\$6,555.00	-12.19%

NOTE: Monthly defined as 1/12th of 365 days.