

AN ORDINANCE of the City of Neosho amending Chapter 705 Sewers and Sewage Disposal, by repealing and replacing Section 705.450 Classification of Users—Monthly Service Charges, Paragraph B. User Rate Structure, to modify the rates for sewer service use for the City of Neosho.

WHEREAS, the City commissioned Allgeier, Martin and Associates, Inc. to perform Water and Sanitary Sewer Utility Rate Studies on or about November 15, 2022; and

WHEREAS, Allgeier, Martin and Associates, Inc. delivered the results of said studies on or about March 2023, a copy of the same being attached hereto and incorporated by reference as Exhibit A; and

WHEREAS, the City held a public hearing regarding the adoption of said recommendations of said studies on August 5, 2025; and

WHEREAS, the City desires to adopt the recommendations of said studies.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF NEOSHO, MISSOURI, as follows:

Section 1. That Section 705.450 Classification of Users – Monthly Service Charges, be amended to modify rates for sewer service users by repealing and replacing Paragraph B. User Rate Structure with a new Paragraph B. User Rate Structure to read as follows:

“Section 705.450 Classification of Users — Monthly Service Charges.”

“B. User Rate Structure

1. All persons, firms or corporations having a connection directly or indirectly with the sewer system of the City are hereby classified as "residential users" and "other users."
2. "Residential users" are hereby defined as residential dwelling units serving not more than two (2) families on a single sewer connection.
3. "Other users" shall include all persons, firms or corporations having a sewer connection directly or indirectly with the sewerage system of the City.
4. The monthly sewer service charge to residential users shall be the sum of twenty-three and 50/100 dollars (\$23.50) per month, and the sum of seven and 85/100 dollars (\$7.85) per one thousand (1,000) gallons.
5. The monthly service charge to "other users" shall be the sum of twenty-three and 50/100 dollars (\$23.50) per month, and the sum of seven and 85/100 dollars (\$7.85) per one thousand (1,000) gallons thereafter.

6. Hotels, motels, hospitals, schools, rest homes, multi-residential units, apartments, mobile home parks, multi-business units and office buildings having only one (1) water account shall be charged the normal monthly sewer service charge as provided for in Subsection(E) hereof.

7. Hotels, motels, hospitals, schools and rest homes shall not be included in the multi-residential or multi-business provisions but shall be charged the normal sewer service charge.

8. The user rate structure is based off the 2023 Rate Study with CPI adjustments and increase for operating reserves, including the appendices thereto. The user rate structure shall be reviewed annually to ensure that revenues are adequate to meet requirements set forth in this Section.”

Section 2. That this ordinance shall be in full force and effect from and after its passage.

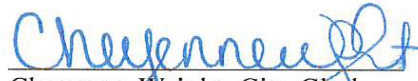
PASSED BY THE COUNCIL OF THE CITY OF NEOSHO, MISSOURI, this 19th day of 7-0, 2025, by a vote of 2025.

CITY OF NEOSHO, CITY COUNCIL



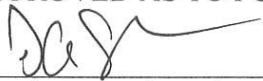
Richard Davidson, Mayor

ATTEST:



Cheyenne Wright, City Clerk

APPROVED AS TO FORM:



Derek A. Snyder, City Attorney

SEAL

AN ORDINANCE amending Section 705.450 "Classification of Users – Monthly Service Charges."

WHEREAS, the City commissioned Allgeier, Martin and Associates, Inc. to perform Water and Sanitary Sewer Utility Rate Studies on or about November 15, 2022; and

WHEREAS, Allgeier, Martin and Associates, Inc. delivered the results of said studies on or about March 2023, a copy of the same being attached hereto and incorporated by reference as Exhibit A; and

WHEREAS, the City held a public hearing regarding the adoption of said recommendations of said studies on August 5, 2025; and

WHEREAS, the City desires to adopt the recommendations of said studies.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF NEOSHO, MISSOURI, as follows:

Section 1. That Section 705.450 "Classification of Users – Monthly Service Charges" is amended to read as follows:

"Section 705.450 Classification of Users — Monthly Service Charges.

B. User Rate Structure

1. All persons, firms or corporations having a connection directly or indirectly with the sewer system of the City are hereby classified as "residential users" and "other users."
2. "Residential users" are hereby defined as residential dwelling units serving not more than two (2) families on a single sewer connection.
3. "Other users" shall include all persons, firms or corporations having a sewer connection directly or indirectly with the sewerage system of the City.
4. The monthly sewer service charge to residential users shall be the sum of ~~\$16,9023.50~~ per month, and the sum of ~~\$5,337.85~~ per one thousand (1,000) gallons.
5. The monthly service charge to "other users" shall be the sum of ~~\$16,9023.50~~ per month, and the sum of ~~\$5,337.85~~ per one thousand (1,000) gallons thereafter.
6. Hotels, motels, hospitals, schools, rest homes, multi-residential units, apartments, mobile home parks, multi-business units and office buildings having only one (1) water account

shall be charged the normal monthly sewer service charge as provided for in Subsection(E) hereof.

7. Hotels, motels, hospitals, schools and rest homes shall not be included in the multi-residential or multi-business provisions but shall be charged the normal sewer service charge.

8. The user rate structure is based off of the 2023 Rate Study **with CPI adjustments and increase for operating reserves**, including the appendices thereto. The user rate structure shall be reviewed annually to insure that revenues are adequate to meet requirements set forth in this Section.”

Note: language which is **bold, underlined** has been added; language which is [~~bracketed, stricken~~] has been removed.

Section 2. That this ordinance shall be in full force and effect from and after its passage.

PASSED BY THE COUNCIL OF THE CITY OF NEOSHO, MISSOURI, this ____ day of _____, 2025, by a vote of _____.

Mayor

ATTEST:

Cheyenne Wright, City Clerk

APPROVED AS TO FORM:

Derek Snyder, City Attorney

City of Neosho
Utility Rate Increase - Section 710.180

CURRENT UTILITY RATES			
WATER RATE STRUCTURE			
Water Meter Size	Monthly Base Rate Per Connection	Monthly Usage Rate Up To and Including 100,000- gallons	Monthly Usage Rate For All Usage Over 100,000- gallons
1-Inch and Less	11.37	6.33	4.68
1.5-Inch	22.88	6.33	4.68
2-Inch	36.83	6.33	4.68
3-Inch	84.33	6.33	4.68
4-Inch	133.10	6.33	4.68
6-Inch	261.44	6.33	4.68
8-Inch and 10-Inch	418.31	6.33	4.68
SANITARY SEWER RATE STRUCTURE			
Classification	Monthly Sewer Service Charge	Monthly Usage Rate	
Residential	16.90	5.33	
Other	16.90	5.33	

RECOMMENDED UTILITY RATES			
WATER RATE STRUCTURE			
Water Meter Size	Monthly Base Rate Per Connection	Monthly Usage Rate Up To and Including 100,000-gallons	Monthly Usage Rate For All Usage Over 100,000- gallons
1-Inch and Less	13.97	7.77	5.75
1.5-Inch	28.09	7.77	5.75
2-Inch	45.21	7.77	5.75
3-Inch	103.52	7.77	5.75
4-Inch	163.39	7.77	5.75
6-Inch	320.94	7.77	5.75
8-Inch and 10-Inch	513.52	7.77	5.75
SANITARY SEWER RATE STRUCTURE			
Classification	Monthly Sewer Service Charge	Monthly Usage Rate	
Residential	23.50	7.85	
Other	23.50	7.85	

WATER AND SEWER RATE COMPARISON BY VOLUME				
Water Use per Month	Current Monthly Water Bill	Current Monthly Sewer Bill	Total Current Water/Sewer Bill	Total Recommended Water/Sewer Bill Increase
1,000-gallons	17.70	22.23	39.93	13.16
2,000-gallons	24.03	27.56	51.59	17.12
3,000-gallons	30.36	32.89	63.25	21.08
4,000-gallons	36.69	38.22	74.91	25.04
5,000-gallons (average use)	43.02	43.55	86.57	29.00
6,000-gallons	49.35	48.88	98.23	32.96
7,000-gallons	55.68	54.21	109.89	36.92

Recommended includes 2026 CPI Increase and Operating coverage for 76 days

PROJECTED SEWER CASH FLOW WITH INCREASED RATE STRUCTURE				
Number of Customers	Base Rate	2022 Usage (gallons)	Usage Rate (per 1,000-gallons)	Yearly Revenue
5,783	23.50	464,386,950	7.85	5,276,267.11
Total Revenue from Projected User Rates				5,276,267.11
Total Projected Expenses (From Table 11)				360,930.00
Sewer Replacement Fund				1,429,197.83

REQUESTED COUNCIL MEETING DATE: August 5, 2025

ITEM: Bill No. 2025-55: Article VI Amending Section 705.450 Sewer Service Charges

ORIGINATING DEPARTMENT: Finance Department

ATTACHMENT:

1. Bill No. 2025-55 amend Sec 705.450 Classification of Users - 2026 Rate Study
 2. CON Ord amend Sec 705.450 Classification of Users - Monthly Service Charges - 2026 Rate Study redline
 3. Proposed Sewer Utility Rate Increase with Revenue Projection
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PURPOSE:

To request an amendment of Chapter 705: Section 705.450, Paragraph E. Classification of Users-Monthly Service Charges.

BACKGROUND:

In May 2024, the City increased sewer rates to \$5.33 per 1000 gallons and increased the base rate to \$16.90 per month. This increase included the remainder of the original rate study conducted by Allgeier Martin in 2022 and a CPI adjustment. The last rate increase prior to the study was in 2017. The City has been hit by increases in costs each year, as everyone else is also experiencing. The city continues to maintain the older equipment as it needs repair and replacement. These repairs must be continued on a regular basis to keep our system running. The City also renewed the contract with Alliance Water Resources in October 2020 to take advantage of the knowledge and expertise in our Filtration and Wastewater plants. This agreement was made to ensure the safety of our water systems. The Alliance agreement is another necessity with continued increases in expenses. Until now, the sewer operating reserves have been absorbing all of these additional costs. Our unrestricted fund balance is well below the 90-day reserves staff have worked to maintain. Allgeier Martin and Associates have completed the Shoal Creek Wastewater Treatment Plant Evaluation. The proposed rates include the cost associated with initiating the plan and the debt required to upgrade the Shoal Creek plant and close the Crowder Wastewater plant.

RECOMMENDATION:

Staff recommends Council approve the amendment to the City Code.