



2025 WATER AND WASTEWATER RATE STUDY WATER ADVISORY COMMITTEE PRESENTATION

September 2025



Updated: August 25 2025



AGENDA



- Background on Rates
- Customers and Volumes
- Current and Forecast Cost of Service
- Initial Rate Plan Scenarios
- Summary



The background of the slide is a photograph of industrial machinery, likely a water treatment or pumping system. It features large pipes, valves, and electric motors. A semi-transparent blue overlay covers the entire image, and a solid blue triangle is positioned in the top-left corner.

BACKGROUND ON RATES

Facts about Water and Wastewater Service in the 21st Century



- Average utility has been increasing rates 5-6% per year, a trend that is expected to continue
- American Water Works Association (AWWA) forecasts that water and wastewater rates across the U.S. will **triple** over the next 15 years
- Rate adjustments are primarily due to reasons beyond a utility's direct control – inflation, necessary Capital Improvement Plans, wholesale costs, and other indirect expenses
- 30-40% of utilities charge rates that **do not cover their costs**

CURRENT RATE STRUCTURE | EFFECTIVE JAN 2025



WATER RATE STRUCTURE

Base Charge by Meter Size (includes 2,000 Gal for City customers)	RES and NON-RES
5/8"	\$14.53
1"	21.80
1 1/2"	36.33
2"	72.65
3"	116.24
4"	217.96
6" and Above	726.53

WATER RATE STRUCTURE

Volume Rate per 100 Gal	RES and NON-RES	COB PARKS	WOOD HILLS
All Gal	\$0.698	\$0.2166*	\$0.2166*

*same rate as CAW

WW RATE STRUCTURE

MIN Charge (includes 2,000 Gal)	RES and NON-RES	SALEM SEWER**	QUAIL RIDGE**
All Meter Sizes	\$20.70	\$41.40	\$41.40

WW RATE STRUCTURE

Volume Rate per 100 Gal	RES and NON-RES	SALEM SEWER	QUAIL RIDGE
All Gallons	\$1.104	\$1.104	\$1.104

WW RATE STRUCTURE – SPECIAL RATE

Volume Rate per 1 Gal	SALINE COUNTY LANDFILL
Volume rate per 1 Gal	\$0.0575

**OCL sewer customers pay 2x times inside base charge

SYSTEM INFRASTRUCTURE FEE | EFFECTIVE JAN 2025



SYSTEM INFRASTRUCTURE FEE	
Based on Water Meter Size	ALL SEWER CUSTOMERS
5/8"	\$15.75
1"	52.50
1 1/2"	105.00
2"	168.00
3"	336.00
4"	530.25
6" and Above	1060.50

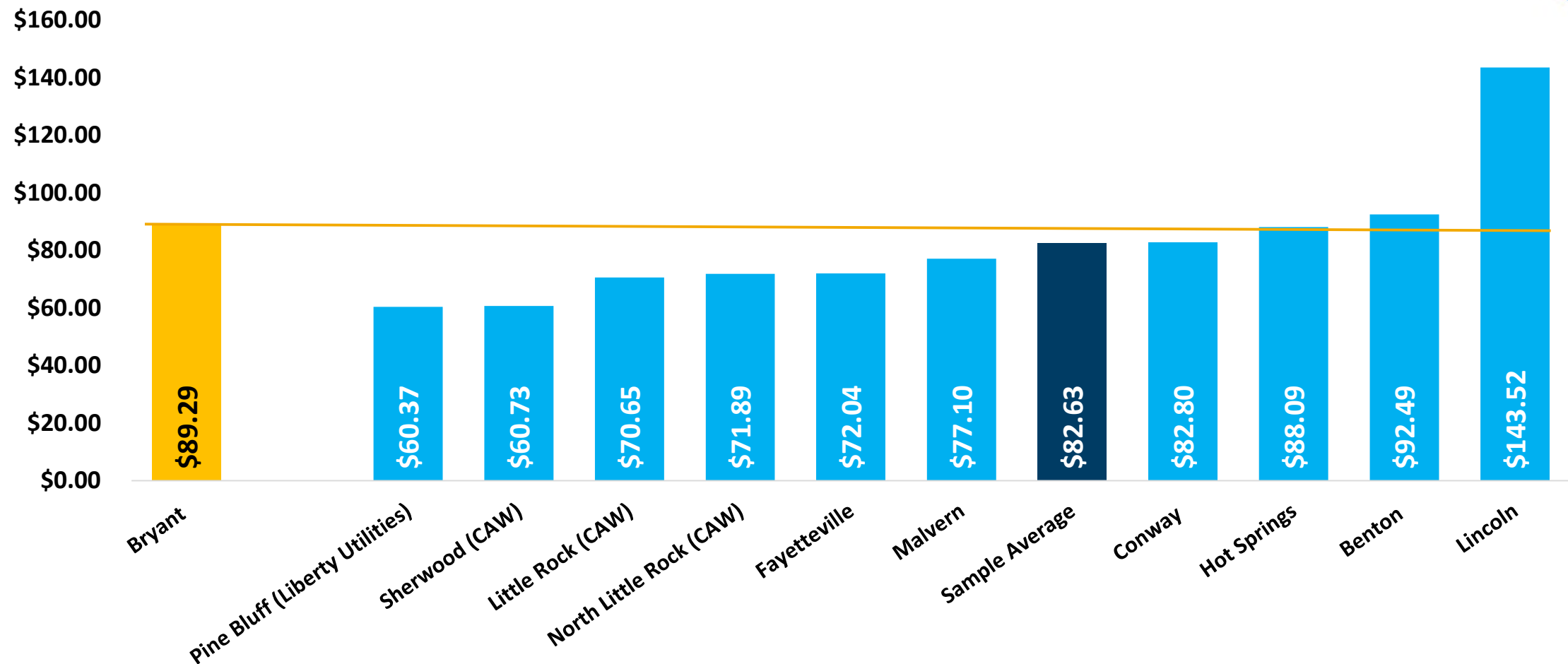
System Infrastructure Fee was adopted in 2023 and is assessed to ALL sewer accounts

The fee is used for repayment of sewer or water system bonds and loans

The fee is charged in addition to all other water and sewer rates and charges

The fee is set to automatically increase by 5% each year

CURRENT MONTHLY CHARGES | 5KGAL WATER & WW



*Rates as of May 2025
Average RES water use: **4,470** Gal/month

NOTE: Does not include wastewater infrastructure fee

The background of the slide is a photograph of industrial machinery, possibly a pump or compressor system, with large pipes and a motor. The entire image is covered with a semi-transparent blue overlay. The text 'CUSTOMERS & VOLUMES' is centered in white, bold, uppercase letters.

CUSTOMERS & VOLUMES

NUMBER OF ACCOUNTS | TEST YEAR 2025



WATER Customer Accounts	
Residential & Non-Residential	8,376
Sprinkler	308
Multy-Family	99
Wholesale (COB Parks & Rec)	7
Woodland Hills*	1
No Charge	9
Total Accounts	8,800

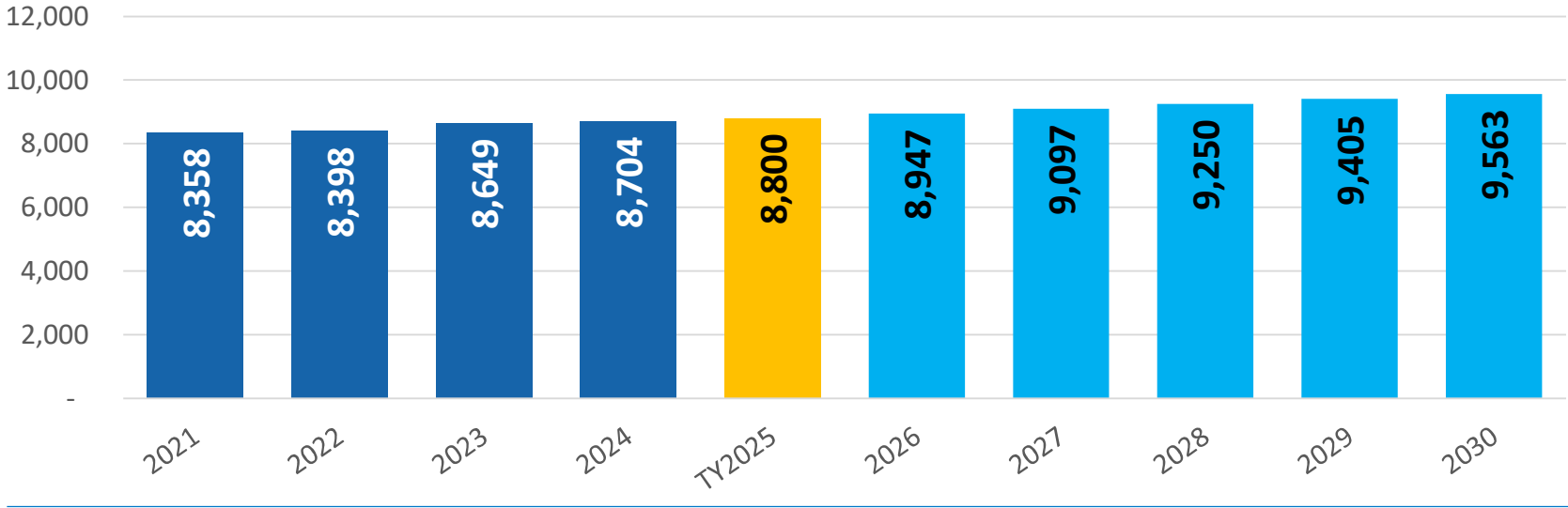
WASTEWATER Customer Accounts	
Residential & Non-Residential	7,894
Salem Metered Sew er	1,414
Salem Sew er	701
Quail Ridge	46
Drain Water (County Landfield)	1
Total Accounts	10,056

* 1 Master meter serves 529 connections

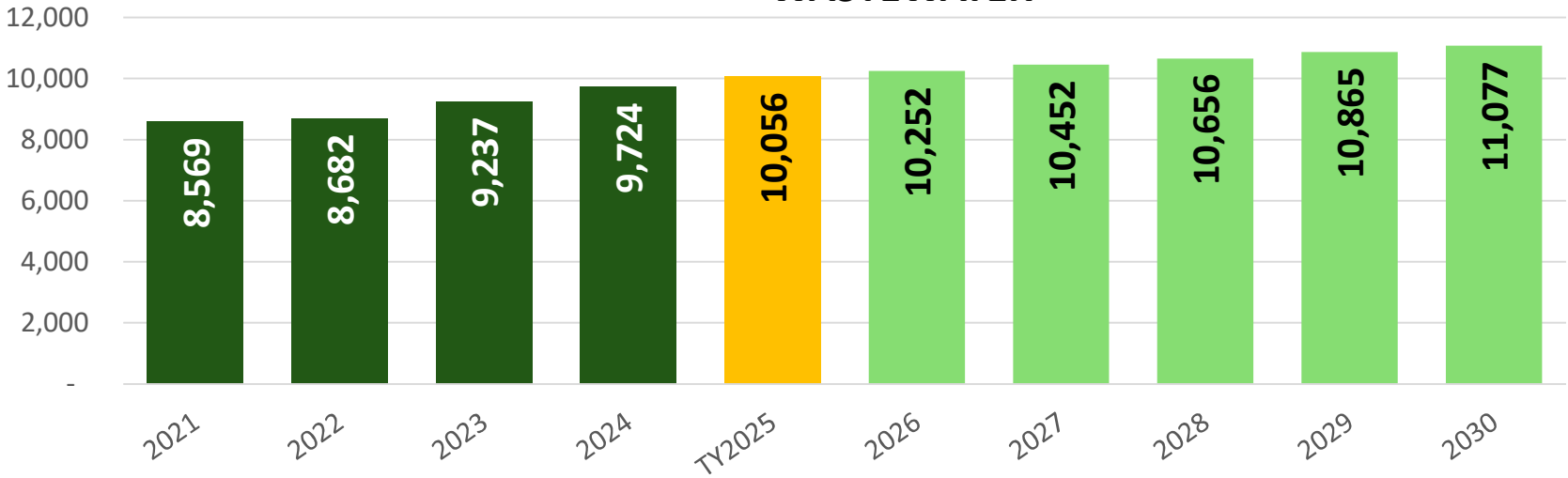
ACCOUNT FORECAST | WATER AND WASTEWATER



WATER



WASTEWATER

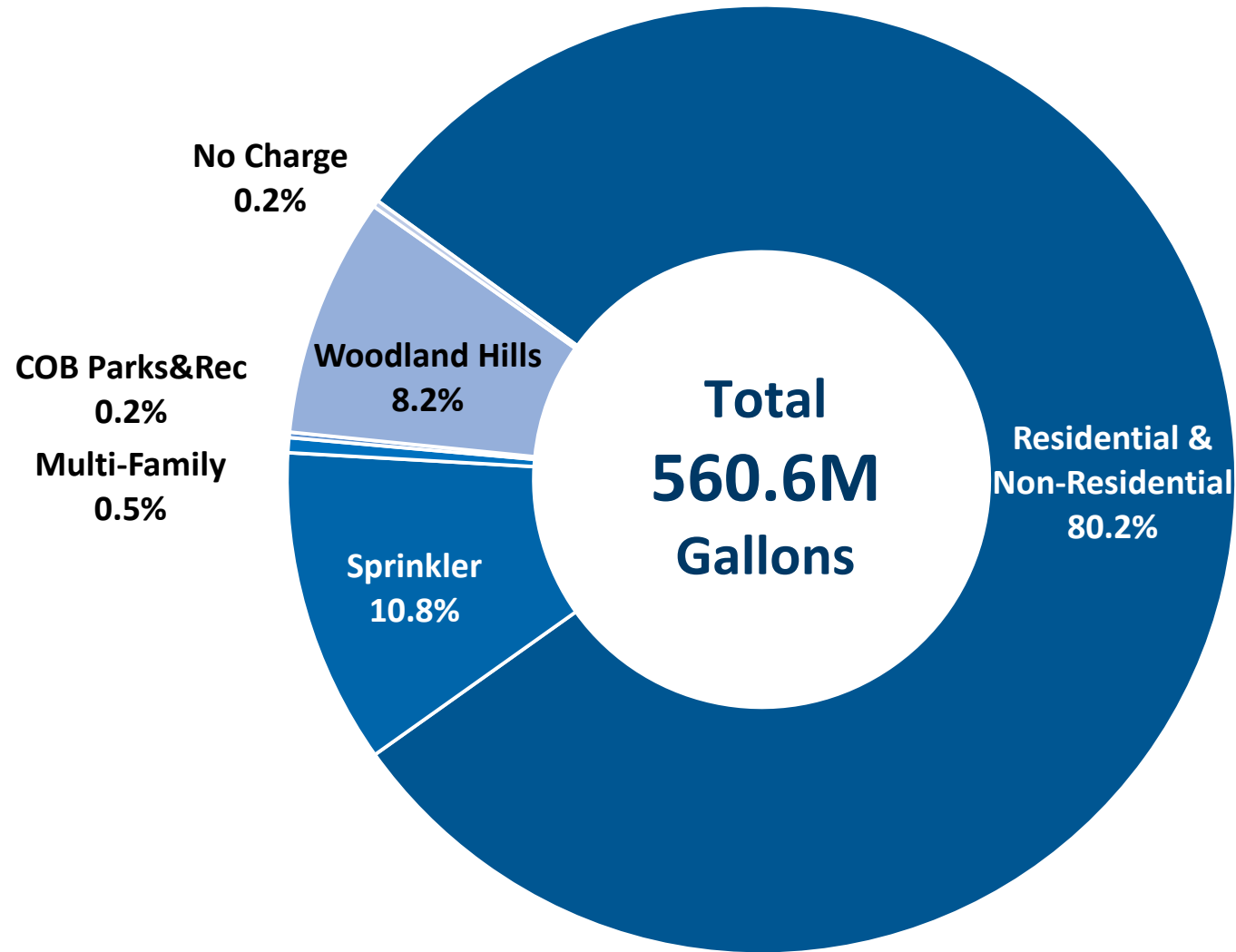


Project team is forecasting 1.7% annual water account growth rate – 158 new accounts per year

Wastewater accounts are growing faster as Bryant expands sewer services to the County

Average wastewater growth rate is 2.0% -- 213 accounts per year

TEST YEAR | WATER CONSUMPTION BY RATE CLASS

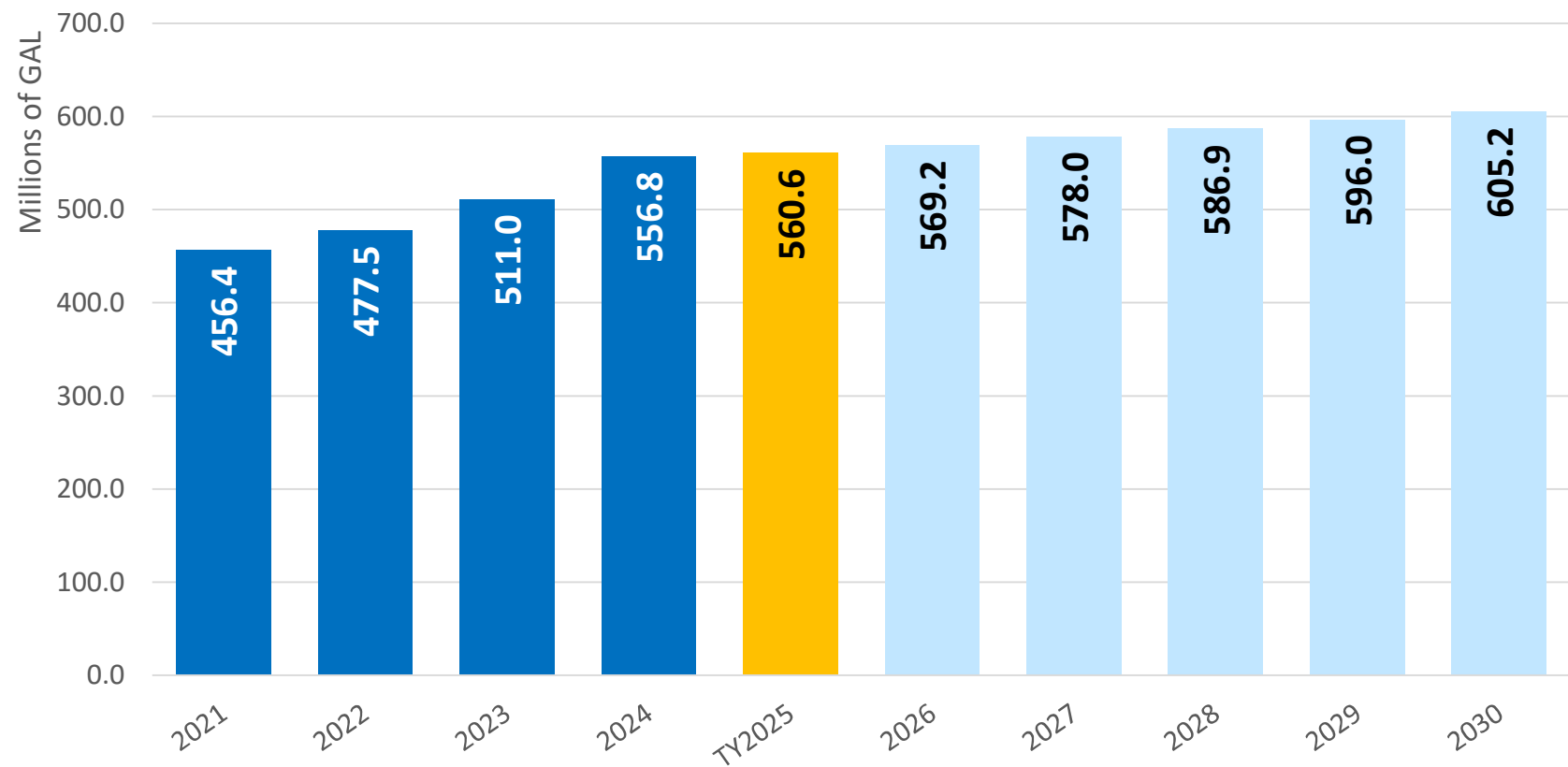


Residential and Non-Residential customer class comprises a clear majority of consumption and accounts within the City

We are not forecasting any significant change to the consumption by class makeup

Average Monthly Residential Consumption per Account = **4,470** gallons

CONSUMPTION FORECAST | WATER



Water consumption is forecast to increase by 1.55% per year

Actual water use may vary considerably with weather patterns. The model is based on the overall trend



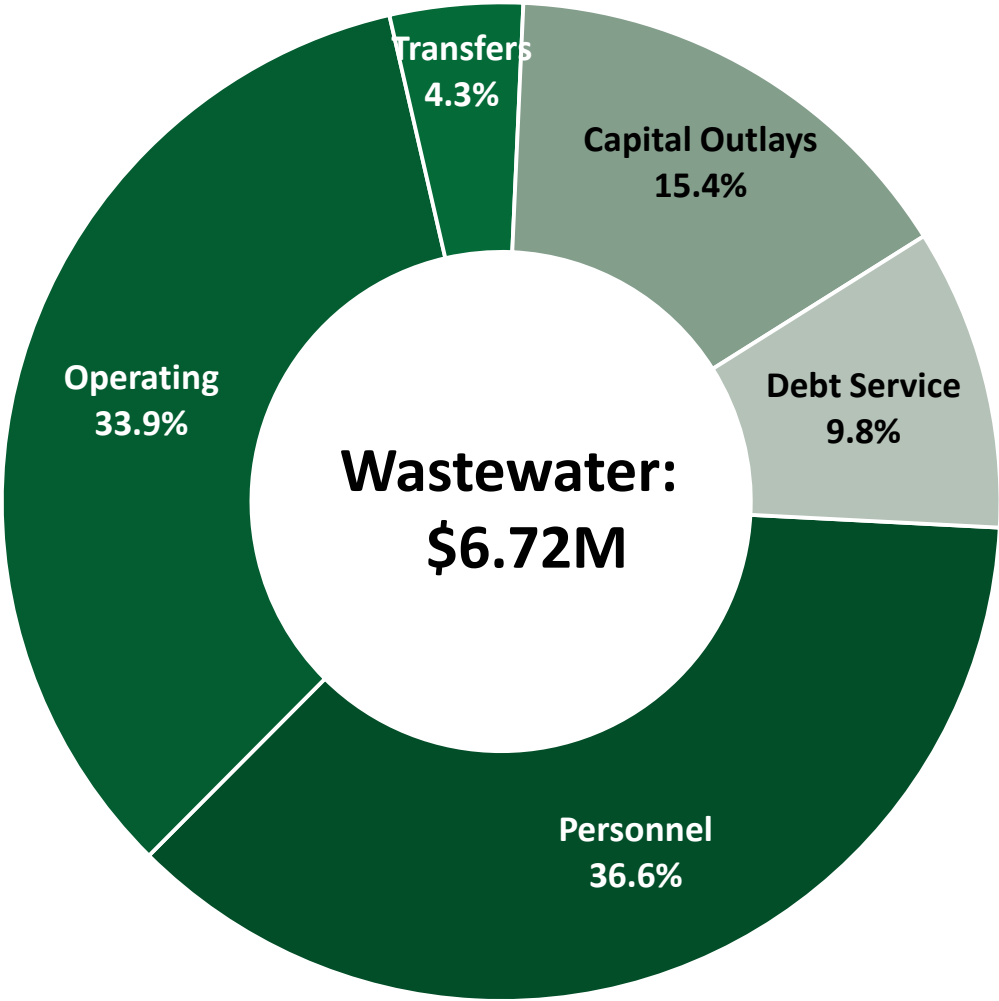
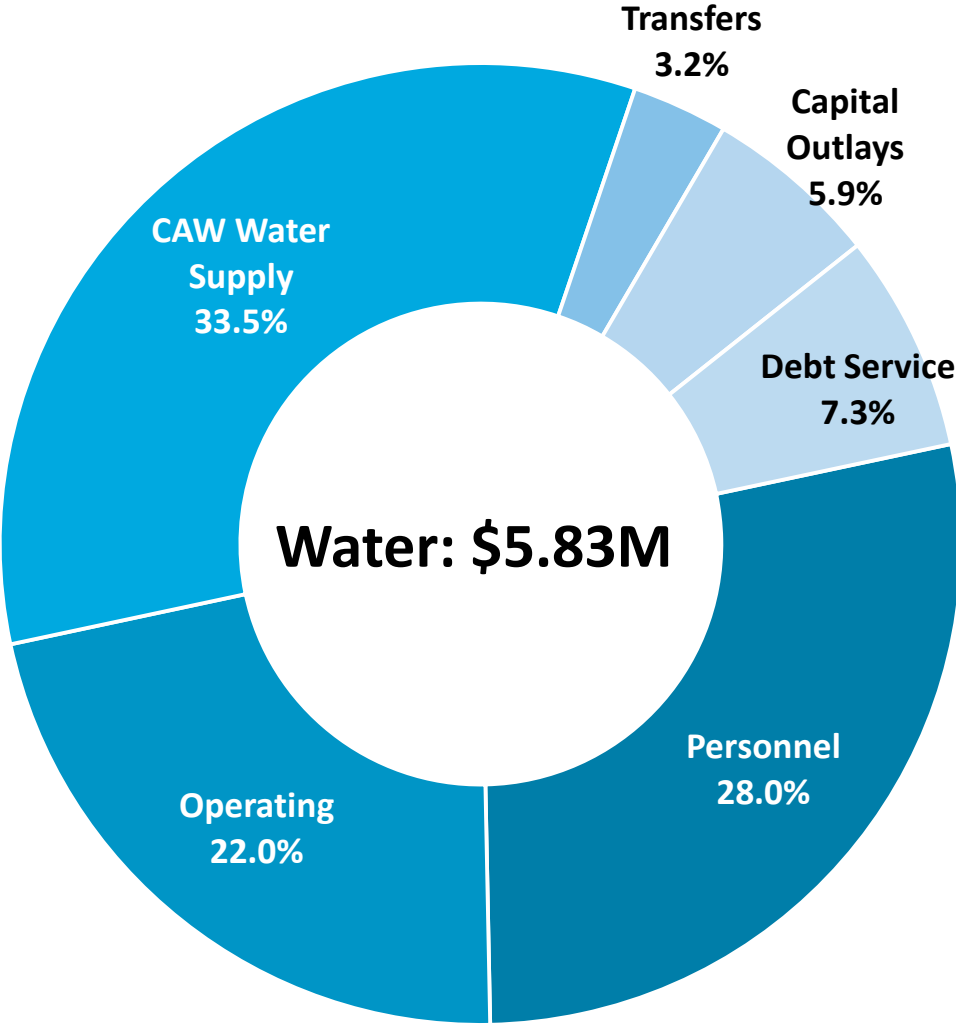
WATER & WASTEWATER CURRENT AND FORECAST COST OF SERVICE

KEY ASSUMPTIONS DRIVING RATE PLAN

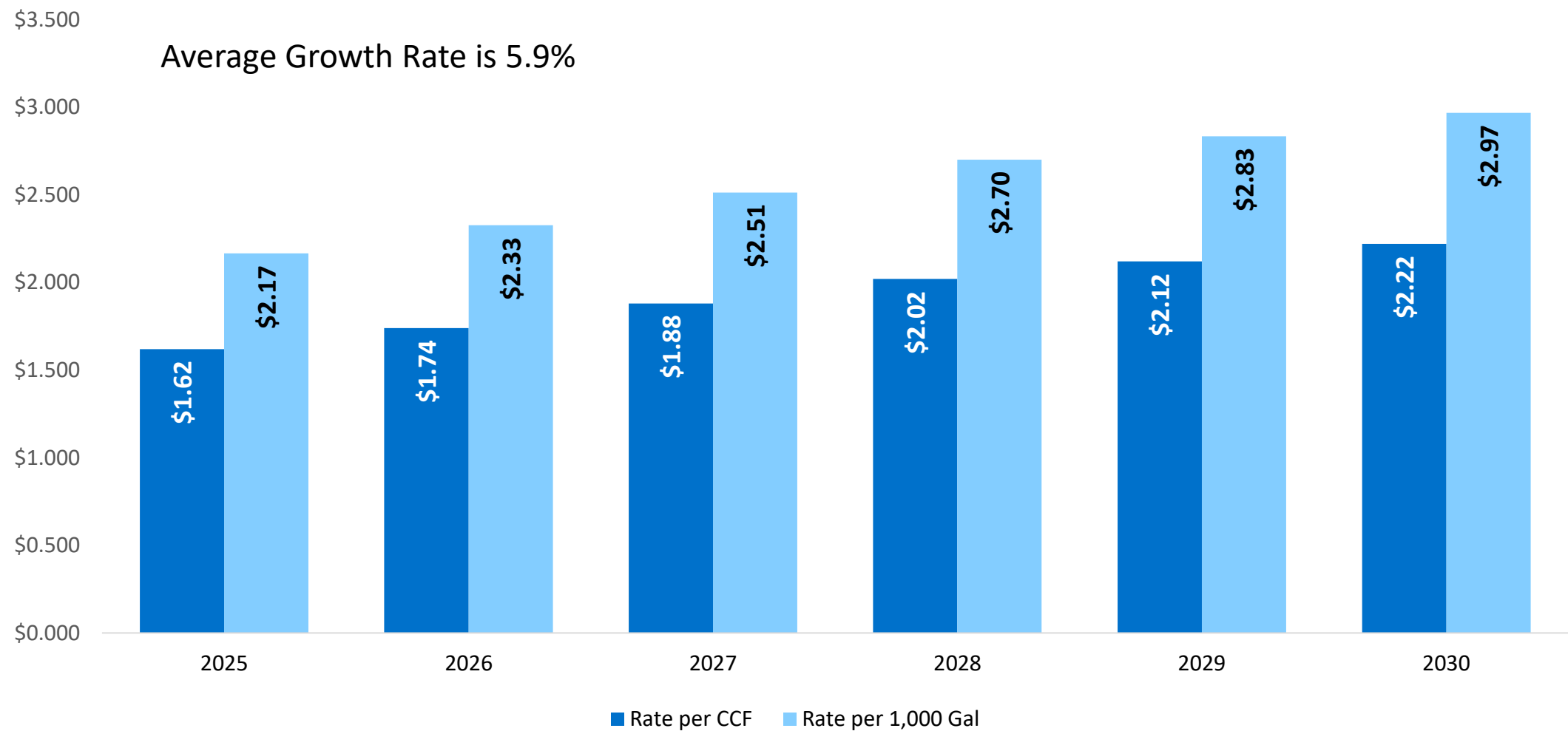


- Most operating expenses increase at 3% per year; certain expenses increase at a higher rate (e.g. insurance, fuel, chemicals, etc.)
- 1 FTE is added to water utility and 1 FTE to WW utility each year for the next 5 years
- Identified near- and mid-term Water CIP (2025-2030): **\$61.80 million**
- CIP primarily funded through long-term debt: **20-years, 4% int.**
- 100% of system infrastructure fee revenue is used for debt payments

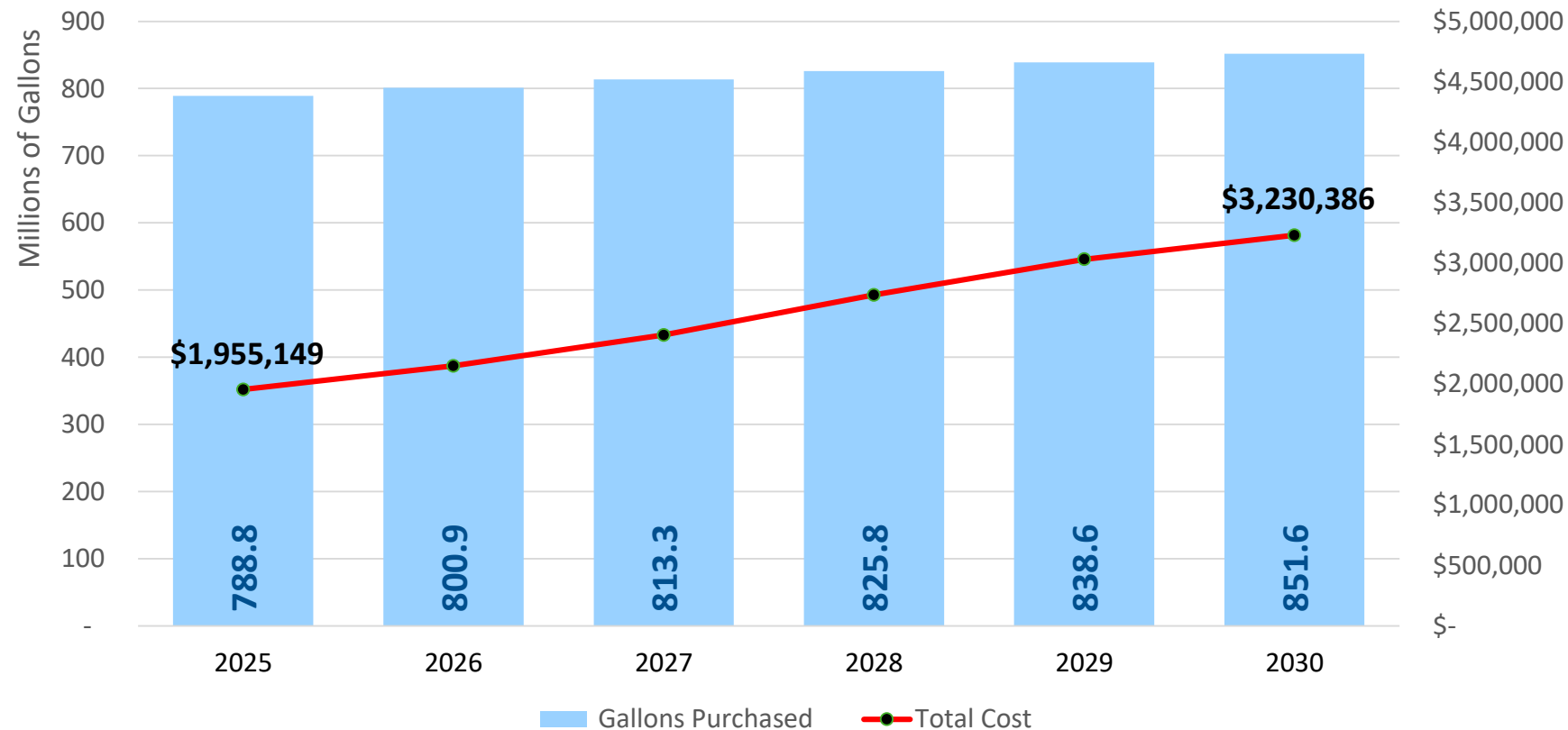
TEST YEAR 2025 COST OF SERVICE



CENTRAL ARKANSAS WATER RATE FORECAST



CAW FORECAST WATER COSTS



CAW forecast water costs are increasing at a higher pace than purchased volumes due to a combination of CAW rate and CAW infrastructure fee increases

Volume Growth: 1.6%
CAW Rate Increase: 5.9%
CAW Infrastructure Fee Increase: 22.8%
CAW Watershed Protection Fee Increase: 0.0%
CAW Total Water Costs Increase: 8.8%

PROJECTED CAPITAL IMPROVEMENT PLAN (FY2025-2030)



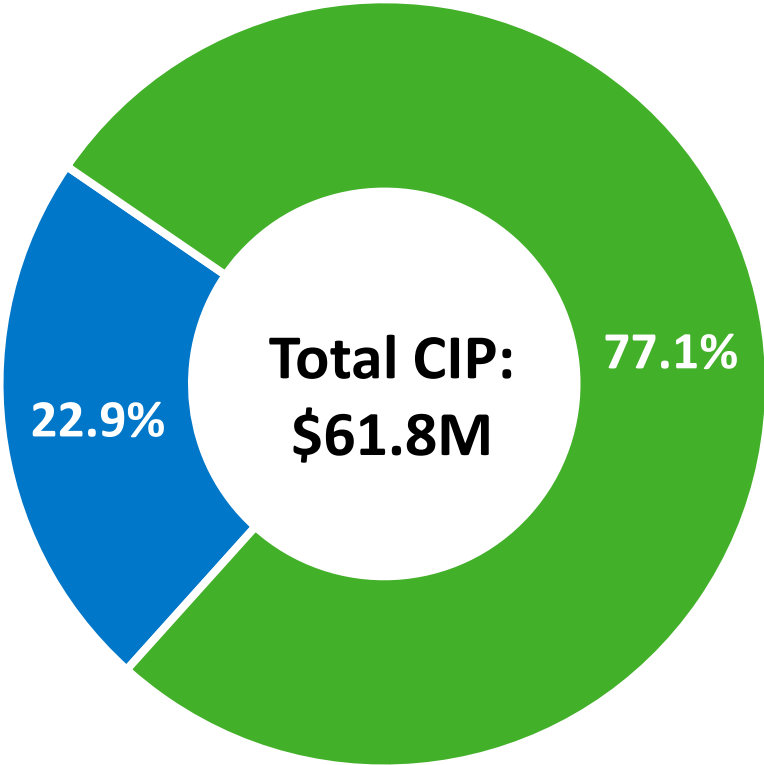
WATER PROJECTS

NEAR TERM (2025 -- 2029)	
1.5M Gallon Tank @ N. Reynolds / High School	\$ 11,000,000
12" extension Boon Rd	1,300,000
System Transmission, Springhill, I-30 to Hwy 5N	1,000,000
Bryant Pkwy I-30 to Johnswood	740,000
Fireflow Improvemnet Project -- N. Reynolds Rd at Rogers Rd.Crossig	40,000
Woody Dr to Steeplechase Cir	80,000
Total	14,160,000

WASTEWATER PROJECTS

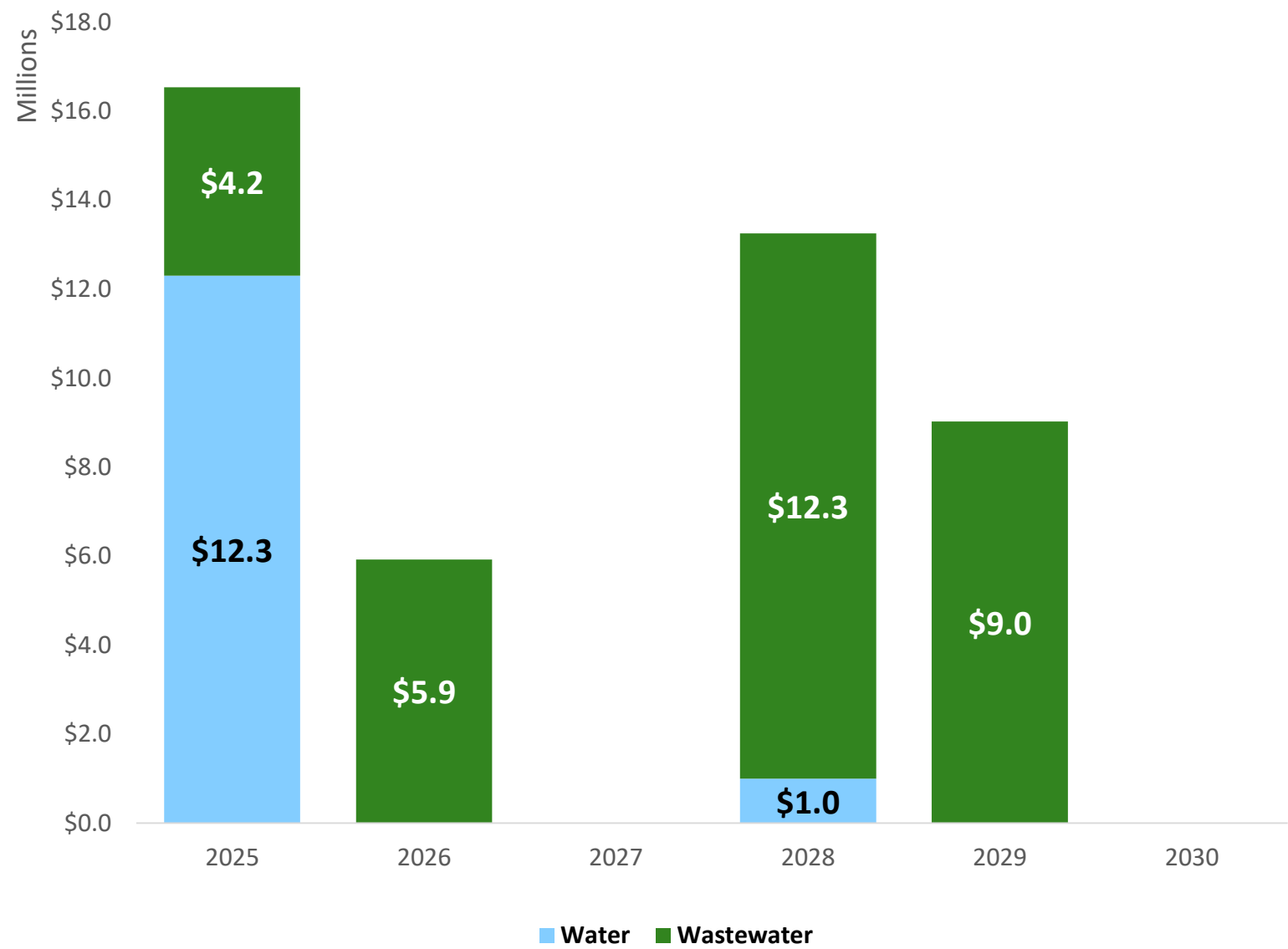
NEAR TERM (2025 -- 2029)	
Disinfection / Contact Basin / Dissolved Oxygen Basin Improvements	\$ 4,230,000
Headworks & Grit Removal Improvements	5,922,000
Activated Sludge Process Improvements	12,250,000
Clarification Improvements / WAS / RAS	9,024,000
BR-04 Lift Station LS-05 Upgrade	8,625,000
Lift Station LS-05 Parallel Force Main	7,618,000
Total	47,669,000

TOTAL CIP \$ 61,829,000



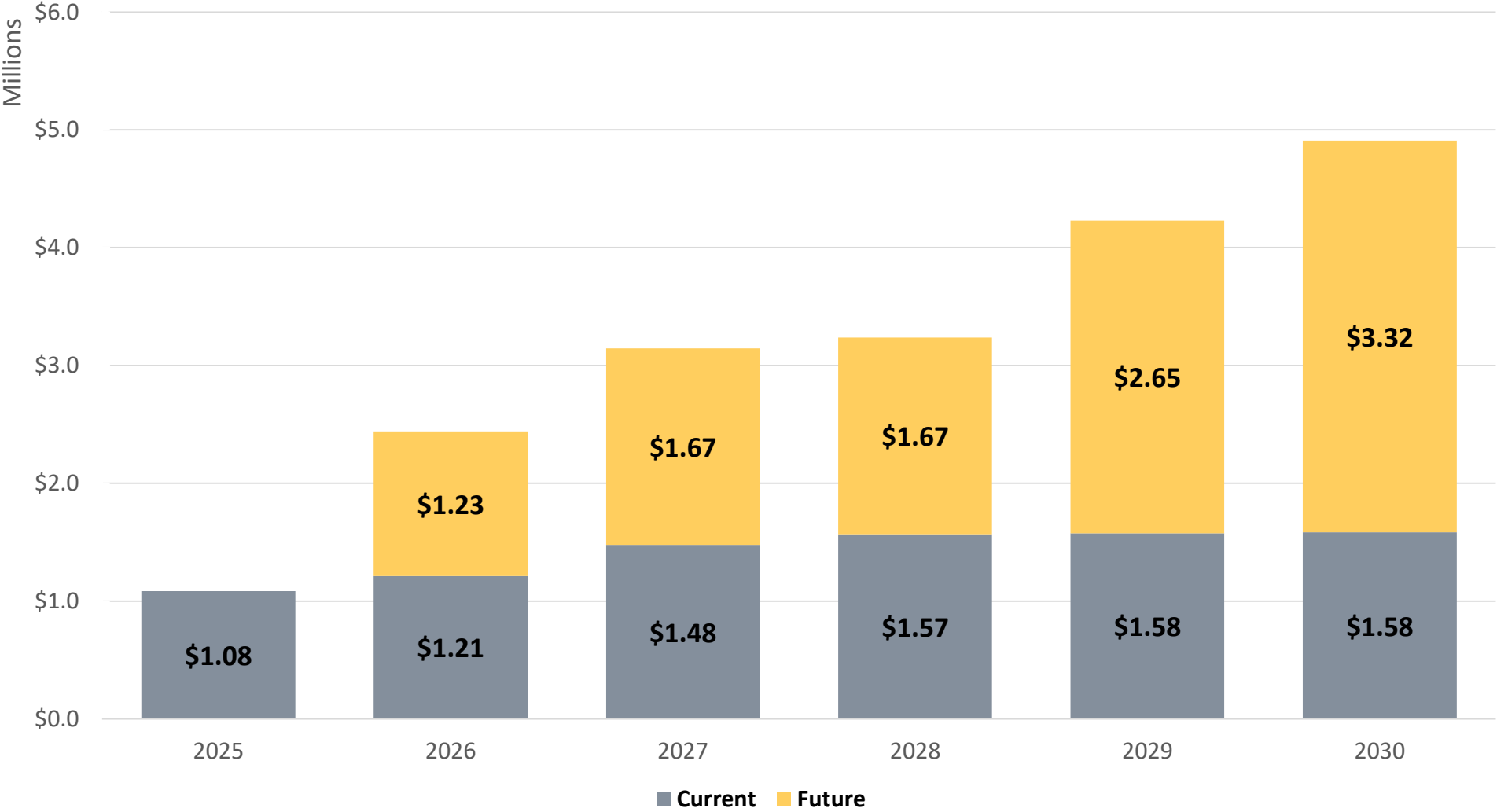
■ Water ■ Wastewater

FORECAST DEBT ISSUES

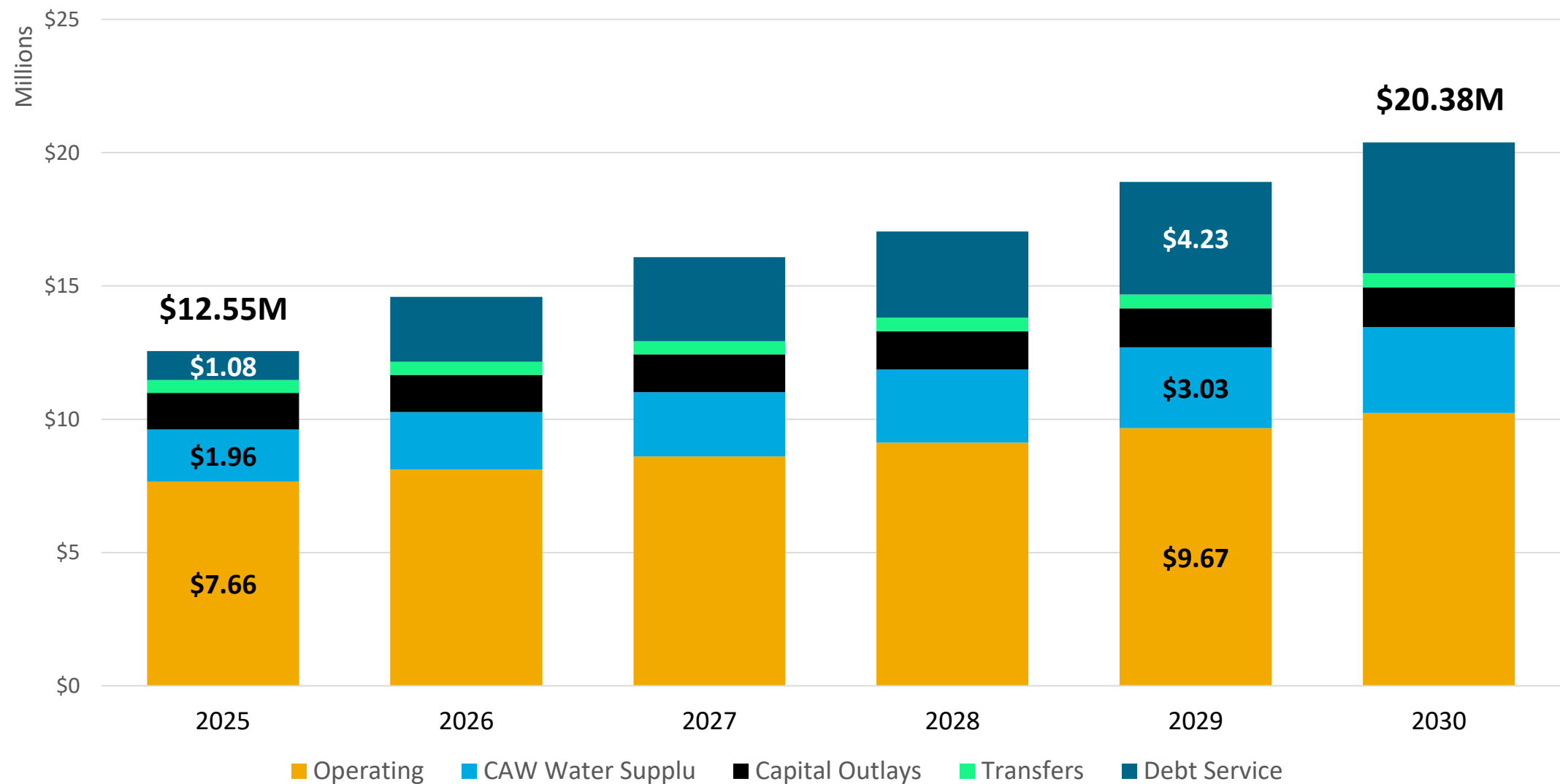


Water Debt: \$13,300,000
WW Debt: \$31,426,000
Total Debt: \$44,726,000

FORECAST DEBT SERVICE PAYMENTS



FORECAST WATER & WASTEWATER COST OF SERVICE



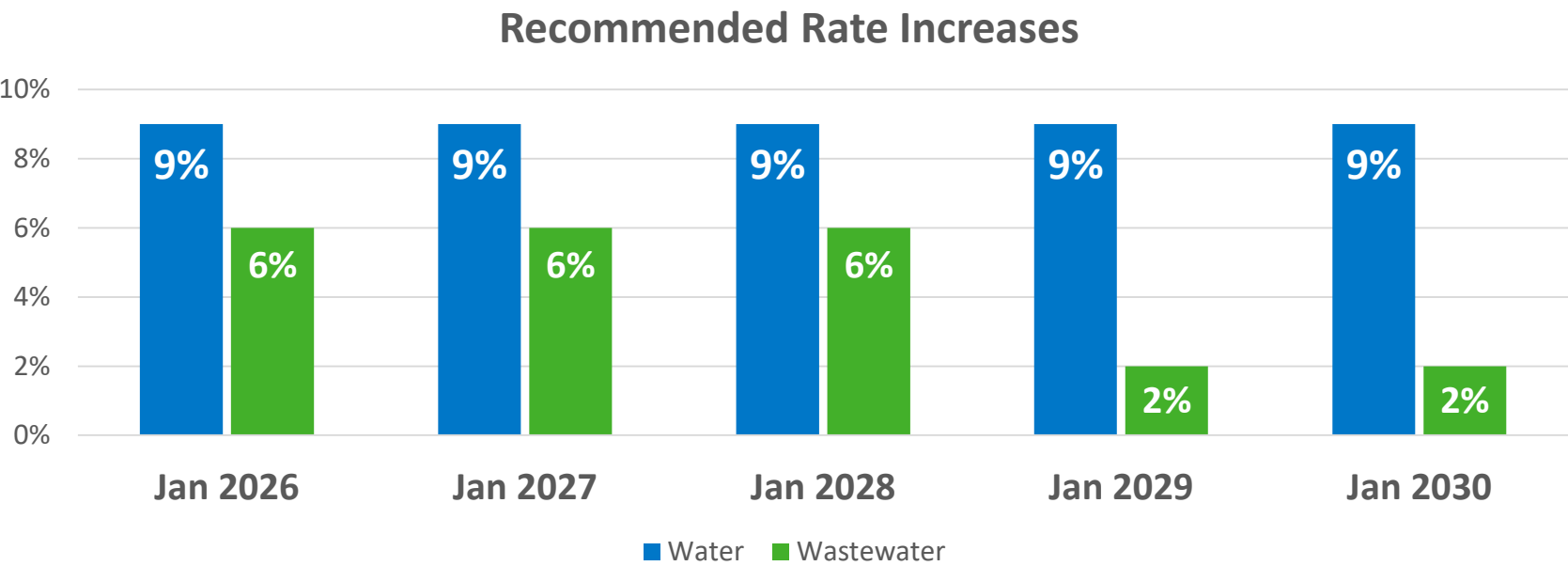
A blue-tinted photograph of a water treatment plant. The image shows large industrial pipes, valves, and machinery. In the foreground, there are large horizontal pipes. In the background, there are vertical pipes and what appear to be large storage tanks or filters. The overall scene is industrial and technical.

WATER & WASTEWATER RATE PLAN



Recommended rate adjustments for next 5 years:

- Annual Rate Adjustments in January of each year
- No change in the water and wastewater rate structure
- Uniform percentage adjustments for base volume charges
- Higher increases for water



The rate plan is designed to fund all known aspects of the water and wastewater utility based on the existing market conditions and assumptions.

RATE PROPOSAL | WATER



		Current	Effective					
			Jan-26	Jan-27	Jan-28	Jan-29	Jan-30	
WATER								
Residential and Non Residential								
Monthly Minimum Charge								
5/8"			\$ 14.53	\$ 15.84	\$ 17.26	\$ 18.82	\$ 20.51	\$ 22.36
1"			21.80	23.76	25.90	28.23	30.77	33.54
1 1/2"			36.33	39.60	43.16	47.05	51.28	55.90
2"			72.65	79.19	86.32	94.08	102.55	111.78
3"			116.24	126.70	138.10	150.53	164.08	178.85
4"			217.96	237.58	258.96	282.26	307.67	335.36
6"			726.53	791.92	863.19	940.88	1,025.56	1,117.86
Volume Rate Per 100 Gal								
2,000	Above	0.698	0.761	0.829	0.904	0.985	1.074	

RATE PROPOSAL | WASTEWATER



	Current	Effective					
		Jan-26	Jan-27	Jan-28	Jan-29	Jan-30	
WASTEWATER							
Residential & Non-Residential Inside							
Monthly Minimum Charge	\$ 20.70	\$ 21.94	\$ 23.26	\$ 24.65	\$ 25.15	\$ 25.65	
Volume Rate/100 Gal (2,000-Above)	1.104	1.170	1.240	1.315	1.341	1.368	
Salem/Quail Ridge							
Monthly Minimum Charge	\$ 41.40	\$ 43.88	\$ 46.52	\$ 49.31	\$ 50.29	\$ 51.30	
Volume Rate/100 Gal	1.104	1.170	1.240	1.315	1.341	1.368	
Drain Water (County Landfield)							
Volume Rate/per Gallon	0.0575	0.0610	0.0646	0.0685	0.0699	0.0713	

WW Infrastructure Monthly Charge							
(in addition to mthly chgs)	5/8"	\$ 15.75	\$ 10.00	\$ 10.50	\$ 11.03	\$ 11.58	\$ 12.16
	1"	52.50	55.13	57.88	60.78	63.81	67.00
	1 1/2"	105.00	110.25	115.76	121.55	127.63	134.01
	2"	168.00	176.40	185.22	194.48	204.21	214.42
	3"	336.00	352.80	370.44	388.96	408.41	428.83
	4"	530.25	556.76	584.60	613.83	644.52	676.75
	6"	1,060.50	1,113.53	1,169.20	1,227.66	1,289.04	1,353.50
	8"	1,060.50	1,113.53	1,169.20	1,227.66	1,289.04	1,353.50

IMPACT OF RATE PLAN ON COMBINED MONTHLY CHARGES



		Current	Effective					
			Jan-26	Jan-27	Jan-28	Jan-29	Jan-30	
Residential Monthly Charges -- 5/8"								
2,000 Water	2,000 WW	\$ 50.98	\$ 47.78	\$ 51.02	\$ 54.50	\$ 57.23	\$ 60.16	
	Increase -- \$		(3.20)	3.24	3.47	2.74	2.93	
	Increase -- %		-6.3%	6.8%	6.8%	5.0%	5.1%	
5,000 Water	5,000 WW	105.04	105.71	113.11	121.06	127.03	133.42	
	Increase -- \$		0.67	7.40	7.95	5.97	6.39	
	Increase -- %		0.6%	7.0%	7.0%	4.9%	5.0%	
10,000 Water	10,000 WW	195.14	202.26	216.60	232.00	243.35	255.52	
	Increase -- \$		7.12	14.34	15.40	11.35	12.17	
	Increase -- %		3.7%	7.1%	7.1%	4.9%	5.0%	
Commercial Monthly Charges -- 2"								
25,000 Water	25,000 WW	\$ 675.81	\$ 721.67	\$ 770.84	\$ 823.55	\$ 866.99	\$ 913.50	
	Increase -- \$		45.86	49.16	52.71	43.44	46.51	
	Increase -- %		6.8%	6.8%	6.8%	5.3%	5.4%	

A blue-tinted photograph of industrial machinery, likely a pump or compressor system, in a factory setting. The machinery features large pipes, valves, and a prominent electric motor. The background shows a window and structural elements of the building.

SUMMARY

BENEFITS OF THE PROPOSED RATE PLAN



- The proposed rate plan enables the City to fully fund all water and wastewater costs and CIP over the next five years
- Will enable the Utility Fund to operate self-sufficiently with no need for subsidies from fund balance
- Enables the City to provide safe drinking water and effectively treat wastewater continually for forecast period



The background of the slide is a photograph of industrial machinery, possibly a pump or compressor system, with various pipes, valves, and a large motor. The entire image is covered with a semi-transparent blue overlay. The text "QUESTIONS & DISCUSSION" is centered in white, bold, sans-serif font.

QUESTIONS & DISCUSSION

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For the avoidance of doubt and without limiting the foregoing, in connection with any revenue projections, cash-flow analyses, feasibility studies and/or other analyses Willdan may provide the municipality with respect to financial, economic or other matters relating to a prospective, new or existing issuance of municipal securities of the municipality, (A) any such projections, studies and analyses shall be based upon assumptions, opinions or views (including, without limitation, any assumptions related to revenue growth) established by the municipality, in conjunction with such of its municipal, financial, legal and other advisers as it deems appropriate; and (B) under no circumstances shall Willdan be asked to provide, nor shall it provide, any advice or recommendations or subjective assumptions, opinions or views with respect to the actual or proposed structure, terms, timing, pricing or other similar matters with respect to any municipal financial products or municipal securities issuances, unless formally engaged to provide such information.