

**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.

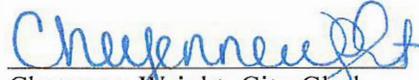
PASSED BY THE COUNCIL OF THE CITY OF NEOSHO, MISSOURI, this 19th day of August, 2025, by a vote of 7-0.

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	Recommended Monthly Water Bill	Recommended Monthly Sewer Bill	Total Recommended Water/Sewer Bill	Total Increase
1,000-gallons	17.70	22.23	39.93	21.74	31.35	53.09	13.16
2,000-gallons	24.03	27.56	51.59	29.51	39.20	68.71	17.12
3,000-gallons	30.36	32.89	63.25	37.28	47.05	84.33	21.08
4,000-gallons	36.69	38.22	74.91	45.05	54.90	99.95	25.04
5,000-gallons (average use)	43.02	43.55	86.57	52.82	62.75	115.57	29.00
6,000-gallons	49.35	48.88	98.23	60.59	70.60	131.19	32.96
7,000-gallons	55.68	54.21	109.89	68.36	78.45	146.81	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
- 

**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.

**AN ORDINANCE of the City of Neosho amending Chapter 710 Water by repealing and replacing Section 710.180 Water Rates—Generally—Classification of Consumers, Paragraph B. User Rates, to modify the rates for water 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 (“the 2023 Rate Study”); 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 710.180 “Water Rates – Generally – Classification of Consumers” is amended by repealing and replacing Paragraph B. User Rates with a new Paragraph B. User Rates to read as follows:

“Section 710.180 Water Rates — Generally — Classification of Consumers.”

“B. User Rate Structure.

1. Each user shall pay for the services provided by the City based on use of the water system as determined by water meter(s) acceptable to the City.
2. All monthly user charges will be based on monthly water usage.
3. All water users shall be charged as of October 1, 2025:

a. Base rate per connection.

<u>Meter size</u>	<u>Charge per month</u>
1 inch and less	\$13.97
1.5 inch	\$28.09
2 inch	\$45.21
3 inch	\$103.52
4 inch	\$163.39
6 inch	\$320.94
8 — 10 inch	\$513.52

- b. Up to and including 100,000 gallons: \$7.77 per 1,000 gallons.
- c. All usage over 100,000 gallons: \$5.75 per 1,000 gallons.

4. The user rate structure is based off of the 2023 Rate Study, 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.”

**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 AUGUST, 2025, BY A VOTE OF 7-0

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 710.180 “Water Rates – Generally – Classification of Consumers.”

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 (“the 2023 Rate Study”); 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 710.180 “Water Rates – Generally – Classification of Consumers” is amended to read as follows:

“Section 710.180 Water Rates — Generally — Classification of Consumers.

B. User Rate Structure.

1. Each user shall pay for the services provided by the City based on use of the water system as determined by water meter(s) acceptable to the City.
2. All monthly user charges will be based on monthly water usage.
3. All water users shall be charged as of October 1, 202425:

a. Base rate per connection.

Meter size	Charge per month
1 inch and less	\$ <u>11.37</u> <u>13.97</u>
1.5 inch	\$ <u>22.88</u> <u>28.09</u>
2 inch	\$ <u>36.83</u> <u>45.21</u>
3 inch	\$ <u>84.33</u> <u>103.52</u>
4 inch	\$ <u>133.10</u> <u>163.39</u>
6 inch	\$ <u>261.44</u> <u>320.94</u>
8 — 10 inch	\$ <u>418.31</u> <u>513.52</u>

b. Up to and including 100,000 gallons: ~~\$6,337.77~~ per 1,000 gallons.

c. All usage over 100,000 gallons: ~~\$4,685.75~~ per 1,000 gallons.

4. The user rate structure is based off of the 2023 Rate Study, 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	Recommended Monthly Water Bill	Recommended Monthly Sewer Bill	Total Recommended Water/Sewer Bill	Total Increase
1,000-gallons	17.70	22.23	39.93	21.74	31.35	53.09	13.16
2,000-gallons	24.03	27.56	51.59	29.51	39.20	68.71	17.12
3,000-gallons	30.36	32.89	63.25	37.28	47.05	84.33	21.08
4,000-gallons	36.69	38.22	74.91	45.05	54.90	99.95	25.04
5,000-gallons (average use)	43.02	43.55	86.57	52.82	62.75	115.57	29.00
6,000-gallons	49.35	48.88	98.23	60.59	70.60	131.19	32.96
7,000-gallons	55.68	54.21	109.89	68.36	78.45	146.81	36.92

Recommended includes 2026 CPI Increase and Operating coverage for 76 days

**PROJECTED WATER CASH FLOW WITH INCREASED RATE STRUCTURE**

Meter Size	Number of Customers	Increased Base Rate	2022 Usage (gallons)	Increased Usage Rate (per 1,000-gallons)	Yearly Revenue
1-Inch and Less	5,334	13.97	264,701,690	7.77	2,951,116.93
1.5-Inch	64	28.09	13,589,500	7.77	127,171.23
2-Inch	318	45.21	98,419,190	7.77	937,317.72
3-Inch	31	103.52	10,547,600	7.77	120,473.06
4-Inch	22	163.39	73,426,070	7.77	613,708.45
6-Inch	10	320.94	3,647,400	7.77	66,856.13
8-Inch and 10-Inch	4	513.52	58,500	7.77	25,103.42
Total Revenue from Projected User Rates					4,841,746.94
Remaining Projected Revenue					590,000.00
Water Replacement Fund					1,688,030.73

City of Necaho  
Water Comparison of Rate Structures

Current Water Rate Structure									
10/1/2024									
Meter size	1" and less	1.5"	2"	3"	4"	6"	8" and 10"	Total	
Base rate	11.97	22.88	38.83	84.33	139.11	261.44	418.31		
Customer	5,334	64	318	31	22	10	4		
Volume	6.33	6.33	6.33	6.33	6.33	6.33	6.33		
Gallons usage	264,701,690	13,589,500	98,419,190	10,547,600	73,426,070	3,647,400	58,500		
	\$ 2,403,332.66	\$ 103,593.38	\$ 763,536.75	\$ 98,137.07	\$ 499,925.42	\$ 54,460.84	\$ 20,449.19	\$ 3,943,435.30	

Current Meter Fee 1,003,846.92  
Current Volumetric Fee 2,939,588.38  
Total Projected Revenue from Rates \$ 3,943,435.30

Proposed Water Rate Structure									
10/1/2025									
Meter size	1" and less	1.5"	2"	3"	4"	6"	8" and 10"	Total	
Base rate	13.97	28.09	45.21	103.52	163.39	320.94	513.52		
Customer	5,334	64	318	31	22	10	4		
Volume	7.77	7.77	7.77	7.77	7.77	7.77	7.77		
Gallons usage	264,701,680	13,589,500	98,419,190	10,547,600	73,426,070	3,647,400	58,500		
	\$ 2,951,116.93	\$ 127,171.23	\$ 937,317.72	\$ 120,473.06	\$ 613,708.45	\$ 66,856.13	\$ 25,103.42	\$ 4,841,746.94	

Proposed Meter Fee 1,233,108.24  
Proposed Volumetric Fee 3,608,638.70  
Total Proposed Revenue from Rates \$ 4,841,746.94

Operating Expense 4,775,483.00

Additional Revenue \$ 898,311.64  
CPI/COLA 2.3% \$ 90,999.01  
For Debt Service Coverage \$ 457,612.63  
For Reserves \$ 350,000.00

Water Use per Month	Current Monthly Water Bill	Proposed Monthly Water Bill
1,000-gallons	17.7	21.74
2,000-gallons	24.03	29.51
3000-gallons	30.36	37.28
4000-gallons	36.69	45.05
5,000-gallons (average)	43.02	52.82
6,000-gallons	49.35	60.59
7,000-gallons	55.68	68.36

City of Neosho  
Sewer Comparison of Rate Structure

Sanitary Sewer Current Rate Structure			
As of 10/1/2024			
Class	Residential	Other	Total
Base rate	16.90		16.90
Customer	5334		449
Volume	5.33		5.33
Gallons usage	264,701,690	199,688,260	
	\$ 2,492,595.21	\$ 1,155,395.63	\$ 3,647,990.83

Current Meter Fee 1,172,792.40  
 Current Volumetric Fee 2,475,198.43  
 Total Projected Revenue \$ 3,647,990.83

SANITARY SEWER RATE STRUCTURE			
10/1/2025			
Class	Residential	Other	Total
Base rate	23.50		23.50
Customer	5334		449
Volume	7.85		7.85
Gallons usage	264,701,690	199,688,260	
	\$ 3,582,096.27	\$ 1,694,170.84	\$ 5,276,267.11

Proposed Meter Fee 1,630,806.00  
 Proposed Volumetric Fee 3,645,461.11  
 Total Proposed Revenue \$ 5,276,267.11

Water Use per Month	Current Monthly Sewer Bill	Recommended Monthly Sewer Bill
1,000-gallons	22.23	31.35
2,000-gallons	27.56	39.2
3000-gallons	32.89	47.05
4000-gallons	38.22	54.9
5,000-gallons (average)	43.55	62.75
6,000-gallons	48.88	70.6
7,000-gallons	54.21	78.45

Sewer Plant 27,000,000.00  
 20 Year Annual Payment \$1,609,284.50  
 Maintenance Plan 1,429,197.83  
 3,038,482.33  
 Operating 2,080,829.00  
 Total expense 5,119,311.33  
 Revenue Increase \$ 1,628,276.27  
 CPI/COLA 2.3% \$ 83,903.79  
 For Debt Service Coverage \$ 1,394,372.48  
 For Reserves \$ 150,000.00

---

**REQUESTED COUNCIL MEETING DATE:** August 5, 2025

**ITEM:** Bill No. 2025-54: Article 1 Amending Section 710.180 Water Rates

---

**ORIGINATING DEPARTMENT:** Finance Department

**ATTACHMENT:**

1. Bill No. 2025-54 amend Sec 710.180 Water Rates - Generally -Classification of Consumers - 2026 Rate Study
  2. CON Ord amend Sec 710.180 Water Rates - Generally -Classification of Consumers - 2026 Rate Study-redline
  3. Proposed Water Utility Rate Increase with Revenue Projection
- 

**PURPOSE:**

To request an amendment of Chapter 710.180, Section B User Rate Structure

**BACKGROUND:**

In May 2024, the water rates were increased to \$6.33 per 1000 gallons up to 100,000 gallons of usage, and \$4.68 per 1000 gallons over 100,000 gallons of usage and usage outside the city limits is 1 ½ the rate. This approved increase was the remaining percentage of the original request in 2023 and included a CPI Adjustment. Prior to that, the City had not increased rates for water since 2017. This reduction in the original request reduces not only the operating revenues but the operating reserves. Staff continue to see increases in all expenditures, as everyone is seeing during these times. The Public Works Department has been working on installing more zone meters as well as locating and repairing leaks in an effort to reduce the cities' water loss. These repairs must be continued on a regular basis to keep our system running. We are still absorbing these additional costs along with the repairs and chemicals which are above the budgeted amount in the Alliance Contract. The operating or unrestricted fund balance requires this increase in order to maintain the daily reserves.

**RECOMMENDATION:**

Staff recommends Council approve the amendment to the City Code.