



City of Lawton
Lawton Water Authority
Special Meeting Agenda

Lawton City Hall
212 SW 9th Street
Lawton, Oklahoma
73501-3944

Tuesday, March 24, 2026

6:00 PM

**Lawton City Hall
Wayne Gilley Auditorium**

Meeting Called to Order

"Official action can be taken only on items which appear on the agenda. The Authority may adopt, approve, ratify, deny, defer, recommend, or continue any agenda item. The Authority may also propose and enact floor amendments to any matter presented before them. When more information is needed to act on an item, the Authority may refer the matter to the City Manager or the City Attorney. The Authority may also refer items to standing committees of the Council or a board, commission, or authority for additional study. Under certain circumstances, items are deferred to a specific later date or stricken from the agenda entirely."

Roll Call

Business Items

1. Receive a report from Freese and Nichols regarding the Water and Wastewater Rate Study. The rate study outlines the development of an industrial user rate and provides a sustainability plan to support all water and wastewater needs over the next 20 years.

Adjournment

The City of Lawton encourages participation from all of its citizens. If participation at any public meeting is not possible due to a disability, notification to the City Clerk at (580) 581-3305 at least 48 hours prior to the scheduled meeting is encouraged to make the necessary accommodations. The City may waive the 48 hour rule if interpreters for the deaf (signing) is not the necessary accommodation."

Item Title:

Receive a report from Freese and Nichols regarding the Water and Wastewater Rate Study. The rate study outlines the development of an industrial user rate and provides a sustainability plan to support all water and wastewater needs over the next 20 years.

Initiator: Willie Whisenhunt, Director

Information Source: Willie Whisenhunt, Director

Background:

On March 28, 2023, City Council was given a presentation on Public Utilities' Water and Wastewater system conditions and a plan of improvements with a means of funding the improvements. May 3, 2023, an RFQ was received from only one engineering for perform a rate study on the Enterprise Fund rates charged. Freese and Nichols ,Inc was the only firm that proposed on the rate study. On June 27, 2023, City Council approved the Master Service Agreement with Freese & Nichols, Inc for profession Engineering services for Public Utilities related projects. Amendment No. 1 to the Master Services Agreement was approved on September 26, 2023, and included the rate study of water, sanitary sewer, solid waste collection, solid waste disposal, and storm sewer rate evaluation and recommendations. The study presented is for water and wastewater rates for Industrial users and incorporates capital cost for life cycle replacement to provide the services. The study will also provide a cost comparison to the six peer Cities and other Oklahoma cities. The Funding identified will fund approximately \$700 Million dollars of capital upgrade and replacement over the next 20 years (350 mile of Water main replacement, 150 miles of Sewer line replacement, phase 2 of WWTP upgrade and other Public Utilities system improvements).

This item was presented to Lawton Water Authority February 25, 2025.

This item was requested to be updated for March 2026 and brought back to Lawton water Authority for review.

Correlation to the True North Statement:

This item meets the True North Culture statement of Citizens first by providing a sustainable water and wastewater system that provides safe, reliable water supply and wastewater disposal that protects the environment.

Exhibit:

Presentation, Final Report

Key Issues:

N/A

Funding Source:

N/A

Recommended Action:

Accept a report from Freese and Nichols regarding the Water and Wastewater Rate Study and

take action as Lawton Water Authority deems appropriate.

ATTACHMENTS:

1. Lawton Water Wastewater Rate Study to City Council Mar 26 format3

WATER & SEWER RATE STUDY

City Council
March 24, 2026



Cost of Service Rate Study Process and Goals

Projected Expenditure Change

Customer Distribution and Current Rates

FY26 Water and Sewer Cost of Service and Rates

5-Year Revenue Requirement Forecast

Evaluate revenue sufficiency for water and sewer

Establish an industrial use classification

Benchmark water and sewer bills with peer cities

Incorporate the cost of system renewal

Forecast future revenue requirements



REVENUE REQUIREMENTS

Determine how much revenue is required to fund O&M, transfers and capital improvements



COST OF SERVICE

Determine what share of the cost should be recovered from each customer class



RATE DESIGN

Ensure the rate structure consistently and equitably recovers revenue

REVENUE REQUIREMENT

Expense	FY25 Budgeted	FY26 Budgeted	FY27 Projected	FY25 to FY27 \$ Change	FY25 to FY27 % Change
Water O&M*	\$13,218,502	\$13,228,228	\$14,298,022	\$1,079,520	8%
Sewer O&M(*) (**)	\$15,671,870	\$12,231,969	\$12,961,190	-\$2,710,680	-17%
General Fund Transfer	\$15,727,547	\$15,727,547	\$15,727,547	\$0	0%
Waurika Transfer	\$4,550,000	\$4,997,600	\$5,076,180	\$526,180	12%
Debt Service**	\$6,784,415	\$8,663,734	\$13,890,242	\$7,105,827	105%

*Includes Utility Services, Capital Outlay, and transfers to IT

**Includes a portion funded by non-operating revenue

***Includes debt repaid by utility revenue only

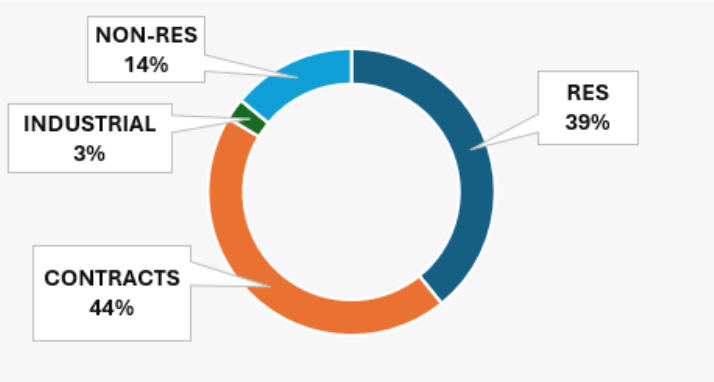
CUSTOMER DISTRIBUTION

98% Water accounts are Residential or small business

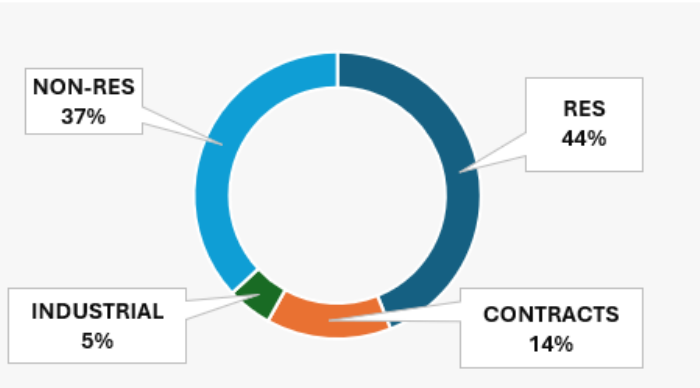
28% Water use is outside City

92% Sewer accounts are Residential

WATER USE



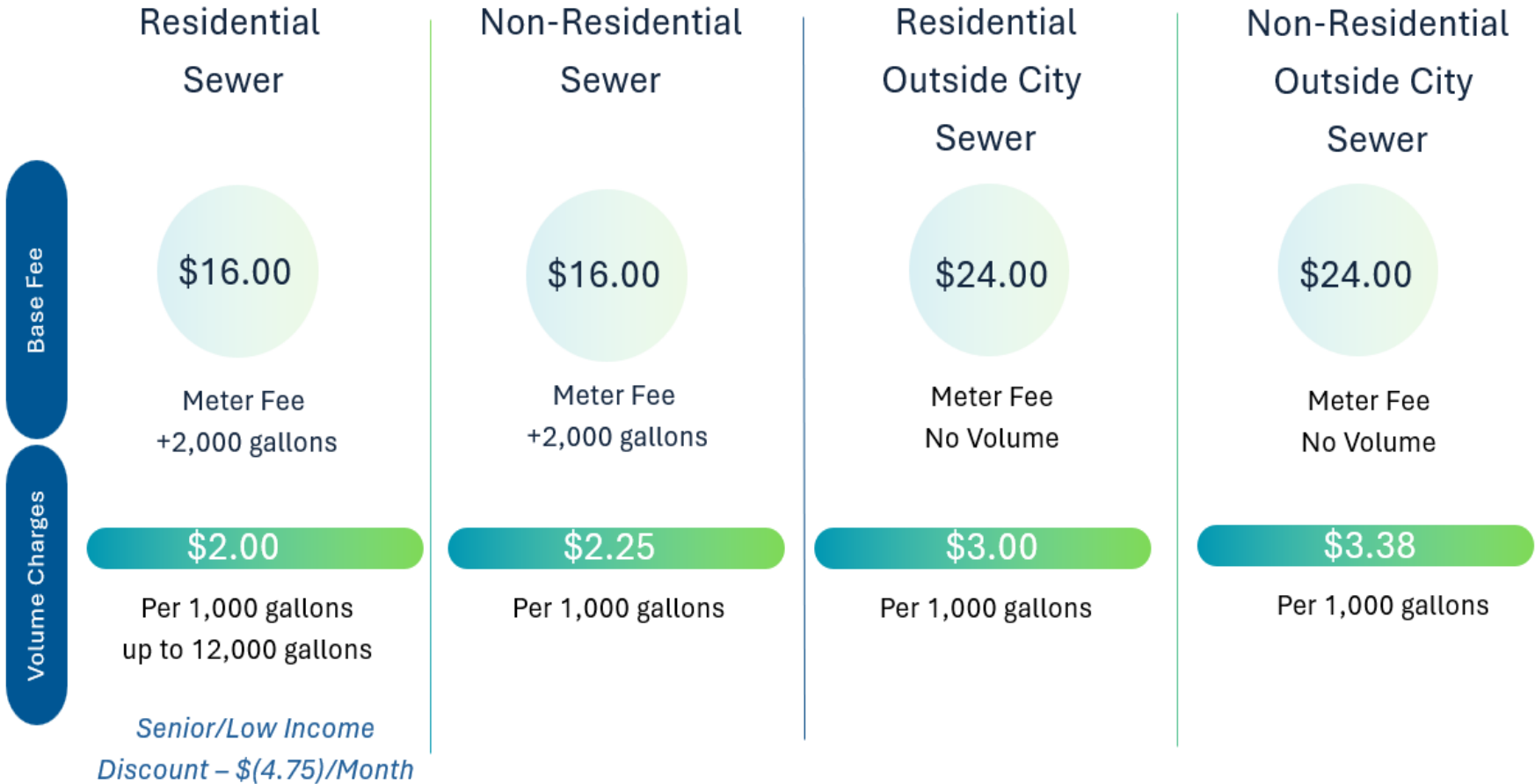
SEWER USE



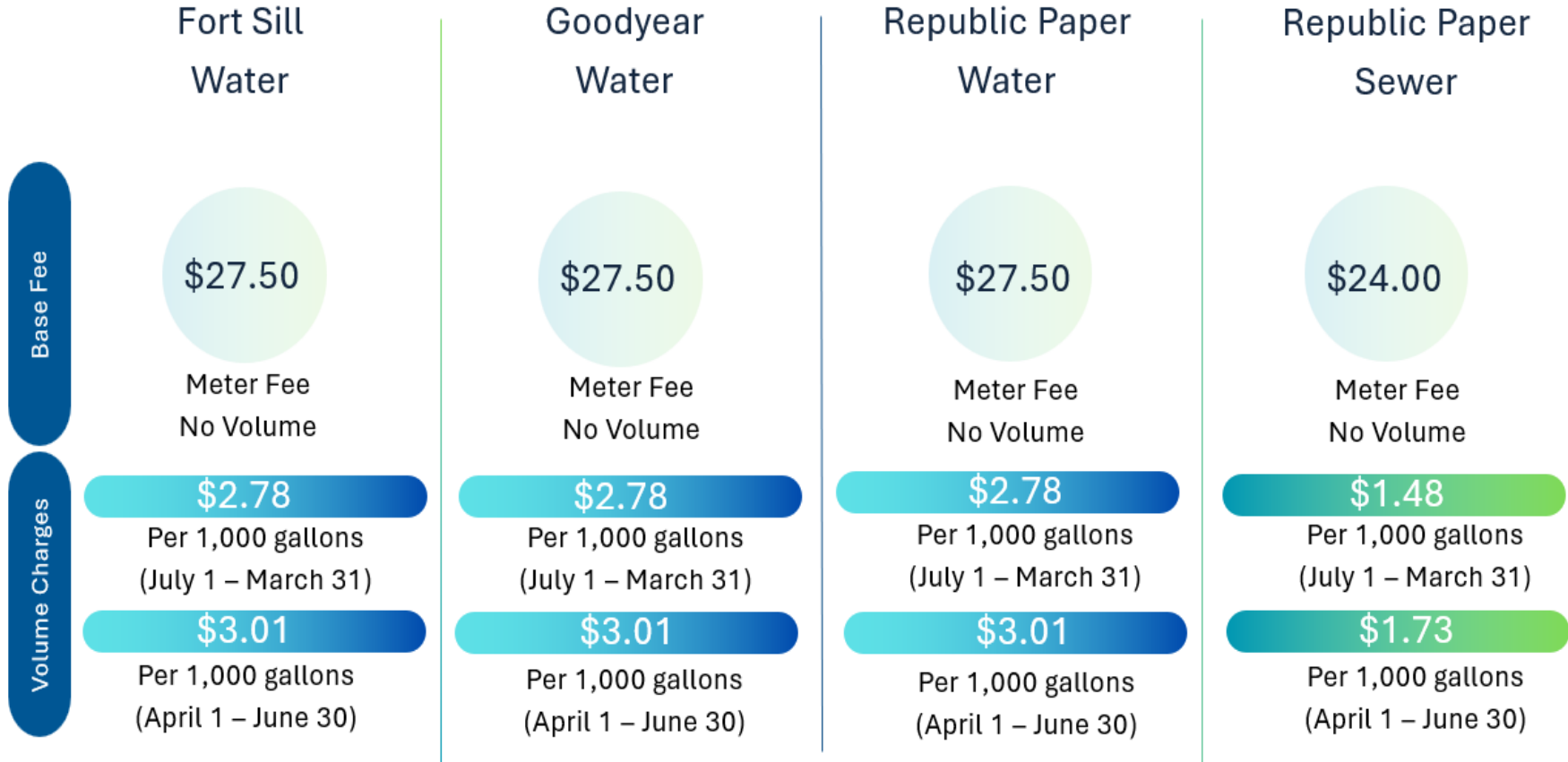
CURRENT RATES - WATER



CURRENT RATES - SEWER

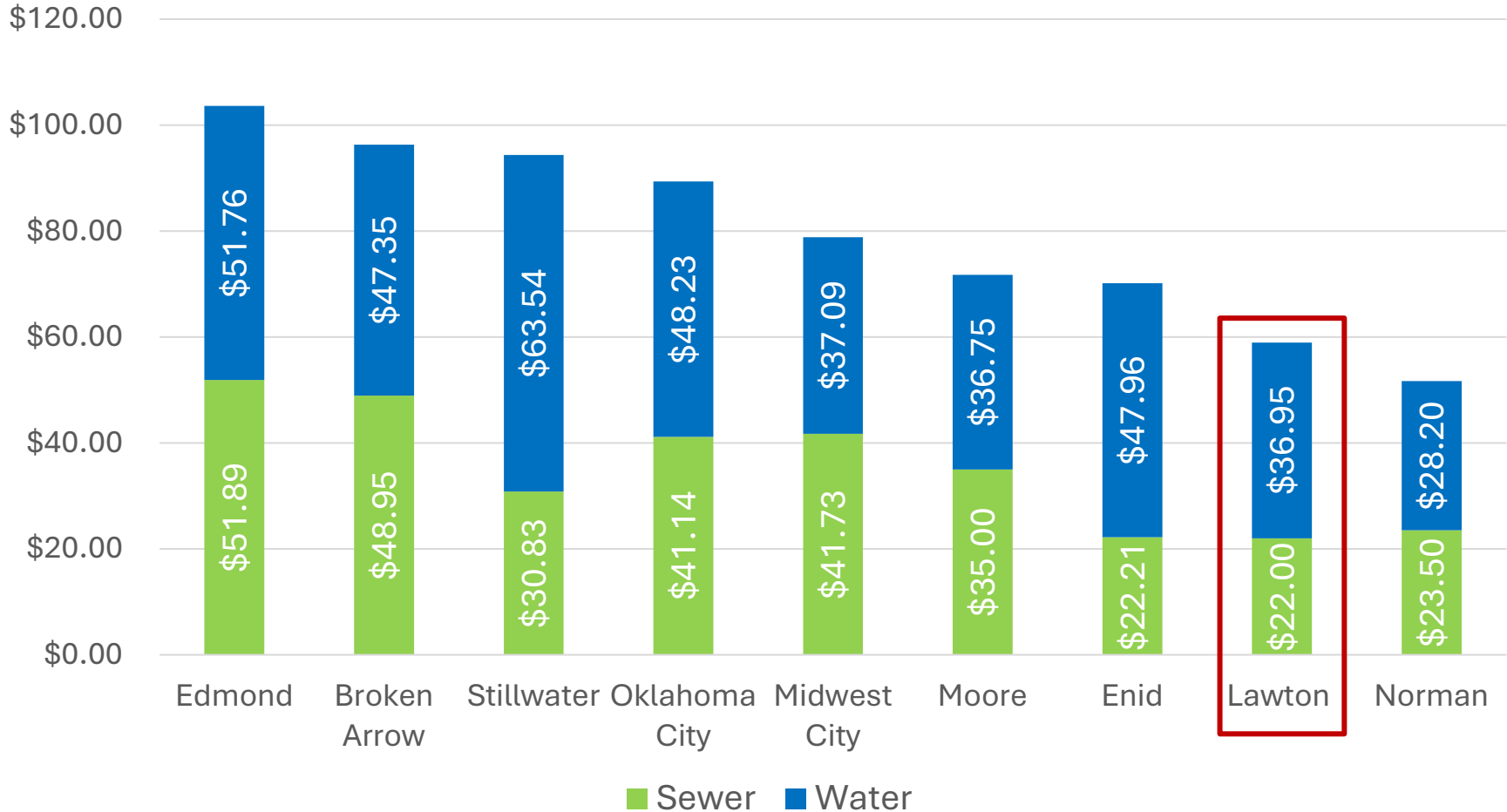


CURRENT RATES - CONTRACT



TYPICAL RESIDENTIAL BILL BENCHMARKS

Based pm 5,000 gallons of water and 5,000 gallons of sewer*



* Midwest City based on 3,000 gallons because of winter averaging

Current industrial-type use split between commercial/non-res and contract users, creating inequities in cost of service

Implementation of an industrial class calculates cost of service based on system impact of unique use characteristics

Industrial sewer rate accounts for added surcharge for sewer discharge

Cost of Service study allows for implementation of a uniform industrial rate upon expiration of existing contracts

WATER COST OF SERVICE

Revenue Sufficiency FY2027	Projected Revenue at Current Rates*	FY2027 Cost of Service	Surplus/ (Deficiency)
	\$20,837,804	\$25,878,500	\$(5,040,696)

*excludes revenue from contract services

WATER RATES BY CLASS

	Base Fee		Rate/1,000	
	Current	Proposed FY27	Current	Proposed FY27
RES/BUS	\$23.00	\$25.00	\$4.65	\$5.65
RES/BUS Outside	\$27.50	\$29.50	\$6.89	\$7.89
Industrial	N/A	\$47.00	N/A	\$7.10
COM/GOV	\$43.00	\$47.00	\$4.65	\$7.25
COM/GOV Outside	\$27.50	\$31.50	\$6.89	\$9.49
Wholesale	\$27.50	\$29.50	\$5.33	\$8.30

SEWER COST OF SERVICE

Revenue Sufficiency FY2026	Projected Revenue at Current Rates*	FY2026 Cost of Service	Surplus/ (Deficiency)
	\$10,268,570	\$22,213,496	\$(11,944,926)

*excludes revenue from contract services

SEWER RATES BY CLASS

	Base Fee		Rate/1,000	
	Current	Proposed FY27	Current	Proposed FY27
Residential	\$16.00	\$17.00	\$2.00	\$5.00
Residential Outside	\$24.00	\$25.00	\$3.00	\$6.00
Industrial	N/A	\$25.00	N/A	\$10.05
Non-Residential	\$16.00	\$17.00	\$2.25	\$10.05
Non-Residential Outside	\$24.00	\$25.00	\$3.38	\$11.18

TYPICAL RESIDENTIAL BILL CHANGE

Current

Proposed FY2026

Difference

(5000 gallons)

Water Base Fee	\$23.00
Water Volume	\$13.95
Total	\$36.95

(5000 gallons)

Water Base Fee	\$25.00
Water Volume	\$16.95
Total	\$41.95

Water + \$5.00/month

(5000 gallons)

Sewer Base Fee	\$16.00
Sewer Volume	\$ 6.00
Total	\$ 22.00



(5000 gallons)

Sewer Base Fee	\$17.00
Sewer Volume	\$15.00
Total	\$32.00

Sewer + \$10.00/month

Note: 2,000 gallons included in base fee

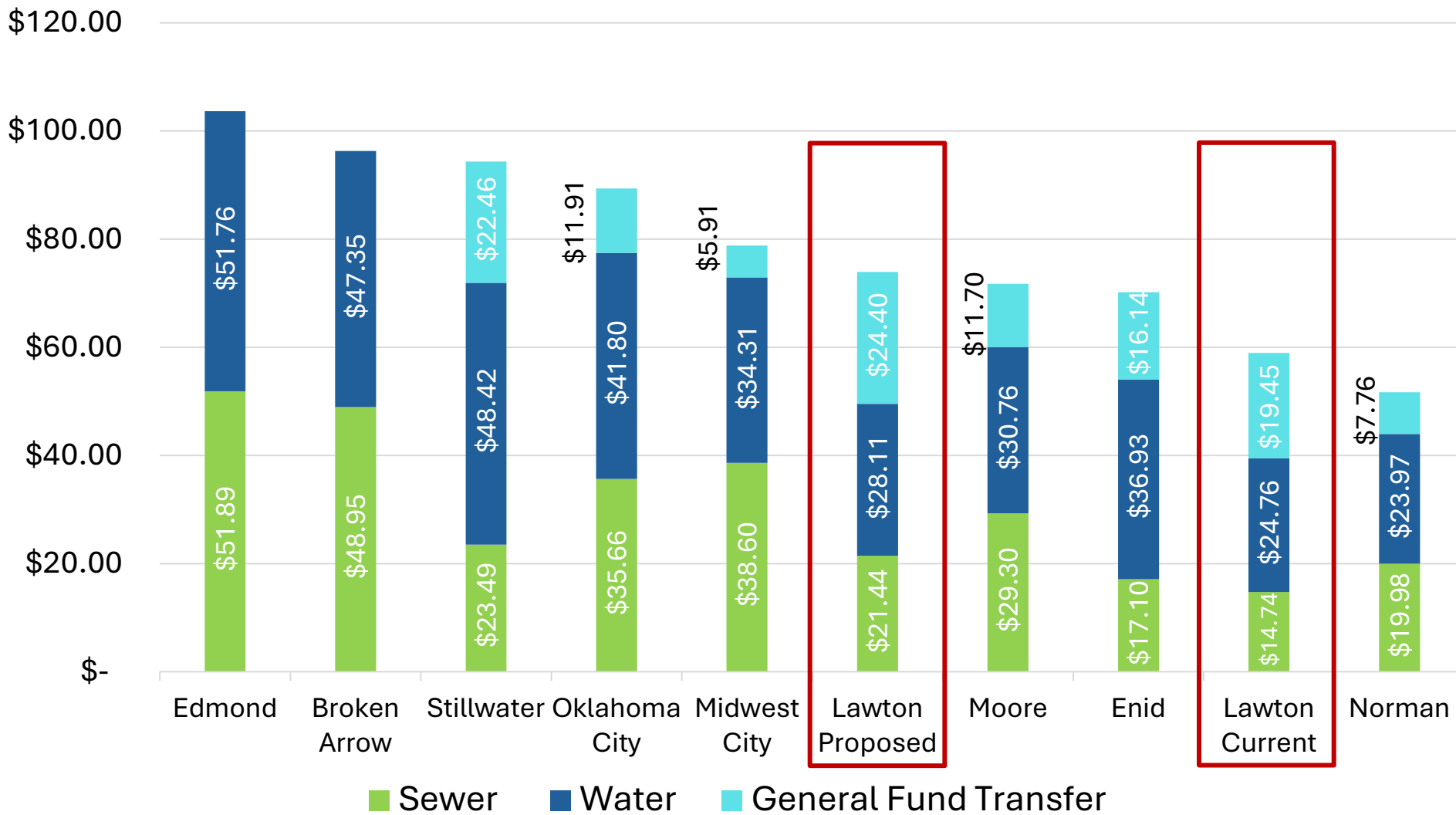
EFFICIENT USER RESIDENTIAL BILL CHANGE

		4000 gallons			3000 gallons			2000 gallons		
	Water Base Fee	Current	Proposed	Difference	Current	Proposed	Difference	Current	Proposed	Difference
	Water Volume	\$23.00	\$25.00	\$2.00	\$23.00	\$25.00	\$2.00	\$23.00	\$25.00	\$2.00
		\$9.30	\$11.30	\$2.00	\$4.65	\$5.65	\$1.00	\$0.00	\$0.00	\$0.00
	Total	\$32.30	\$36.30	\$4.00	\$27.65	\$30.65	\$3.00	\$23.00	\$25.00	\$2.00
		4000 gallons			3000 gallons			2000 gallons		
	Sewer Base Fee	Current	Proposed	Difference	Current	Proposed	Difference	Current	Proposed	Difference
	Sewer Volume	\$16.00	\$17.00	\$1.00	\$16.00	\$17.00	\$1.00	\$16.00	\$17.00	\$1.00
		\$4.00	\$10.00	\$6.00	\$2.00	\$5.00	\$3.00	\$0.00	\$0.00	\$0.00
	Total	\$20.00	\$27.00	\$7.00	\$18.00	\$22.00	\$4.00	\$16.00	\$17.00	\$1.00

Note: 2,000 gallons included in base fee

TYPICAL RESIDENTIAL BILL BENCHMARKS

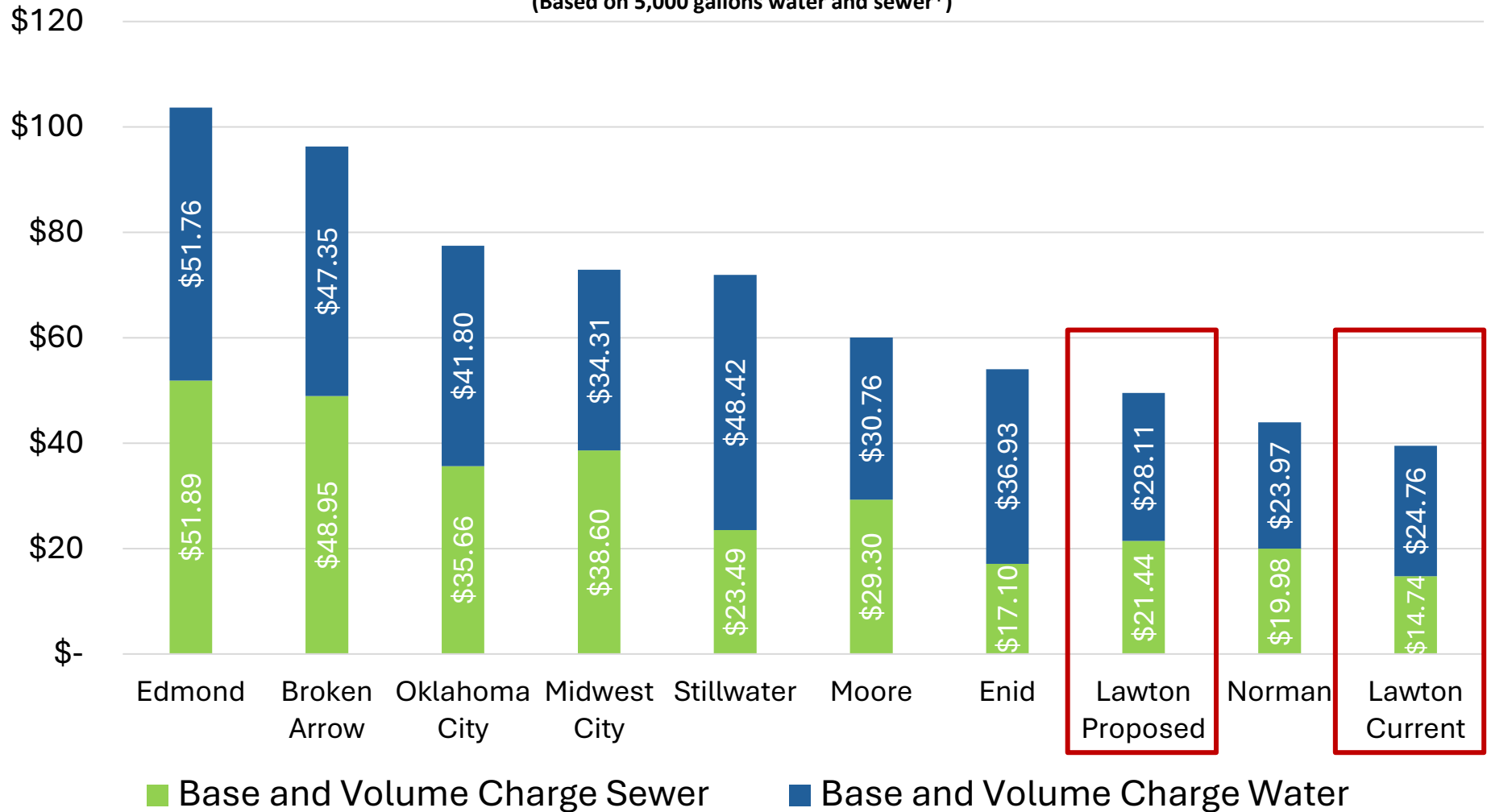
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* Midwest City based on 3,000 gallons because of winter averaging

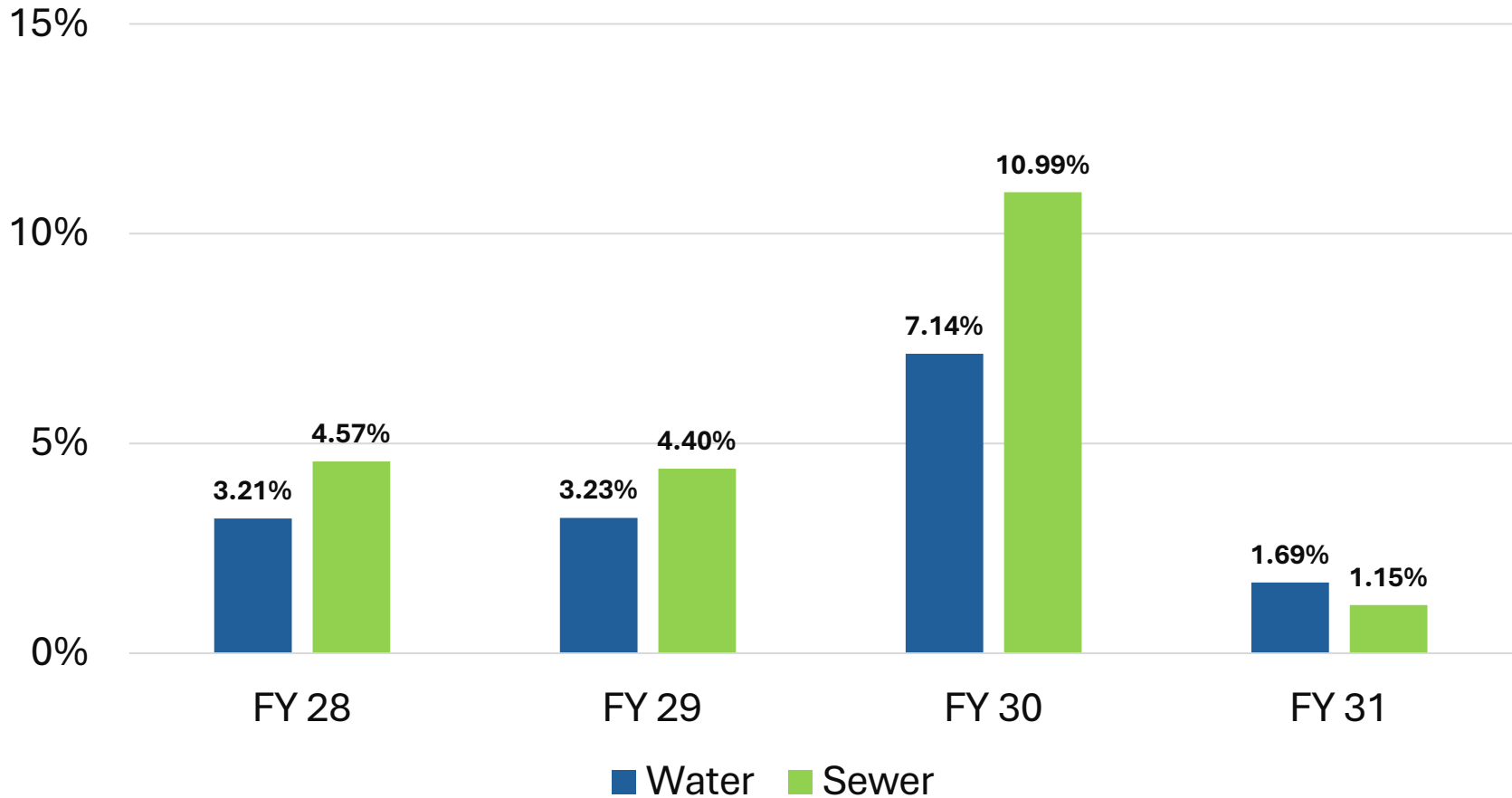
Typical Residential Bill Benchmarks

(Based on 5,000 gallons water and sewer*)



* Midwest City based on 3,000 gallons because of winter averaging

Projected Revenue Requirement Change





THANK YOU

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