



City of Lawton

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

Council Fee Committee

Special Meeting Agenda

Tuesday, April 21, 2026

3:00 PM

Lawton City Hall
Council Conference Room

Meeting Called to Order

"Official action can only be taken on items listed on the agenda. As a recommending body, the Committee may review and discuss agenda items, propose and enact floor amendments, and then choose to make a recommendation to the City Council or provide direction to the City Manager. The Committee may also defer items for further review, refer matters to the City Attorney, or send items to standing committees, boards, commissions, or authorities for additional study. In some cases, items may be postponed to a later date or removed from the agenda entirely."

Statement of Compliance with Oklahoma Open Meeting Act, 25 O.S. 301-314

Roll Call

Introduction of Guests

Business Items

1. Consider making a recommendation to the City Council regarding an adjustment to the City of Lawton's water and sewer rates based on the finding of the recent cost of service rate study.

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:

Consider making a recommendation to the City Council regarding an adjustment to the City of Lawton's water and sewer rates based on the finding of the recent cost of service rate study.

Initiator: John Ratliff, City Manager

Information Source: John Ratliff, City Manager

Background:

The City of Lawton completed a Water and Sewer Rate Study, prepared by Freese and Nichols, to determine whether current rates are sufficient to cover the cost of operating, maintaining, and improving the utility systems. This study was presented to the Lawton Water Authority on March 24, 2026. The study found that expenses are increasing, particularly due to rising operational costs, needed system upgrades, and higher debt service. It also identified that some customer groups are not currently paying rates that fully reflect their impact on the system. In addition, a comparison with similar cities shows that Lawton’s rates are generally lower.

To address these issues, the study proposes adjustments to both water and sewer rates, including updates to base fees and usage charges, as well as the creation of an industrial rate category. Without adjustments, the City may face challenges in maintaining the financial sustainability of the water and sewer systems, which could impact the ability to adequately operate, maintain, and invest in necessary infrastructure.

The Fee Committee is requested to review this information and provide a recommendation to the City Council.

Correlation to the True North Statement:

Transparency and Trust; Safe Community

Exhibit:

Water/Wastewater Rate Study Presentation

Key Issues:

Funding Source:

Recommended Action:

Provide a recommendation to City Council regarding an adjustment to water and sewer rates.

ATTACHMENTS:

- 1. Lawton Water Wastewater Rate Study to City Council Mar 26 format4

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

FY27 Water and Sewer Cost of Service and Rates

5-Year Revenue Requirement Forecast

RATE STUDY GOALS

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

RATE STUDY PROCESS



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

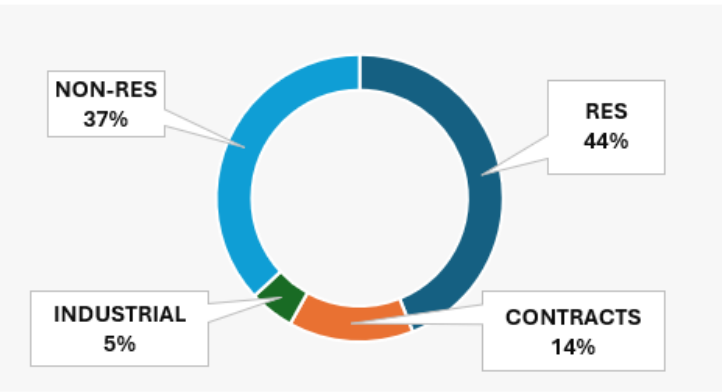
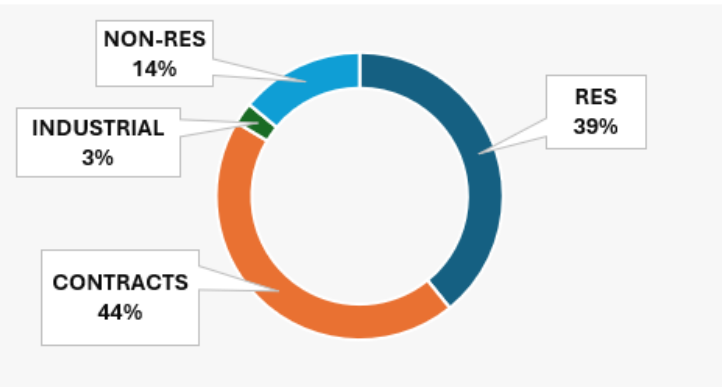
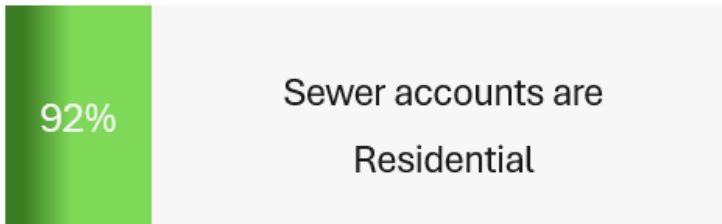
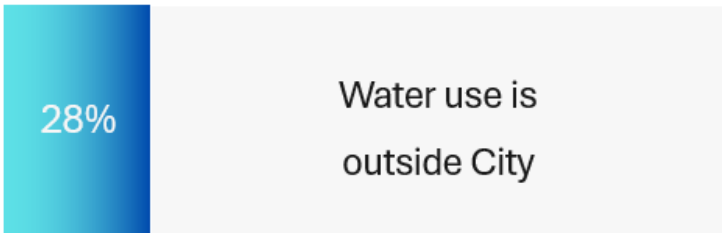
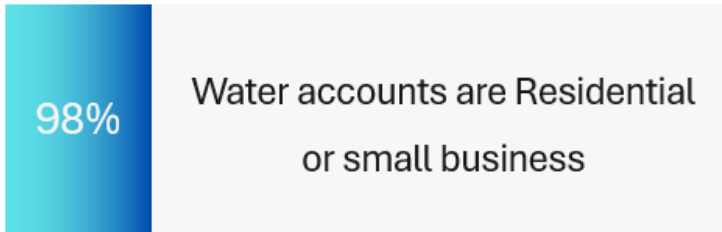
Expense	FY25 Budgeted	FY26 Budgeted	FY27 Projected	FY25 to FY27 \$ Change	FY25 to FY27 % Change
Water O&M*	\$13,218,502	\$13,228,228	\$14,298,022	\$1,079,520	8%
Sewer O&M(*) (**)	\$15,671,870	\$12,231,969	\$12,961,190	-\$2,710,680	-17%
General Fund Transfer	\$15,727,547	\$15,727,547	\$15,727,547	\$0	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



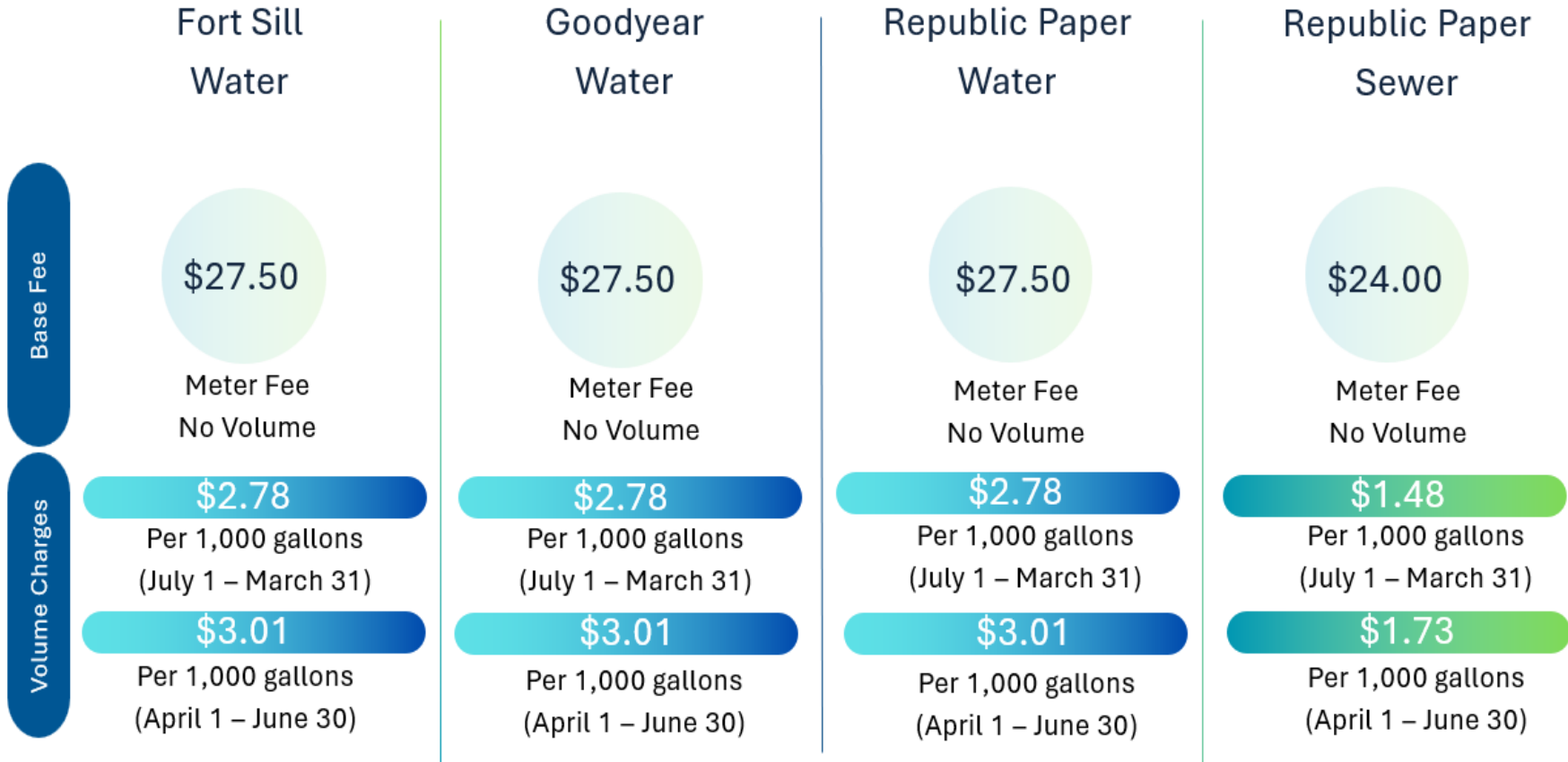
CURRENT RATES - WATER



CURRENT RATES - SEWER

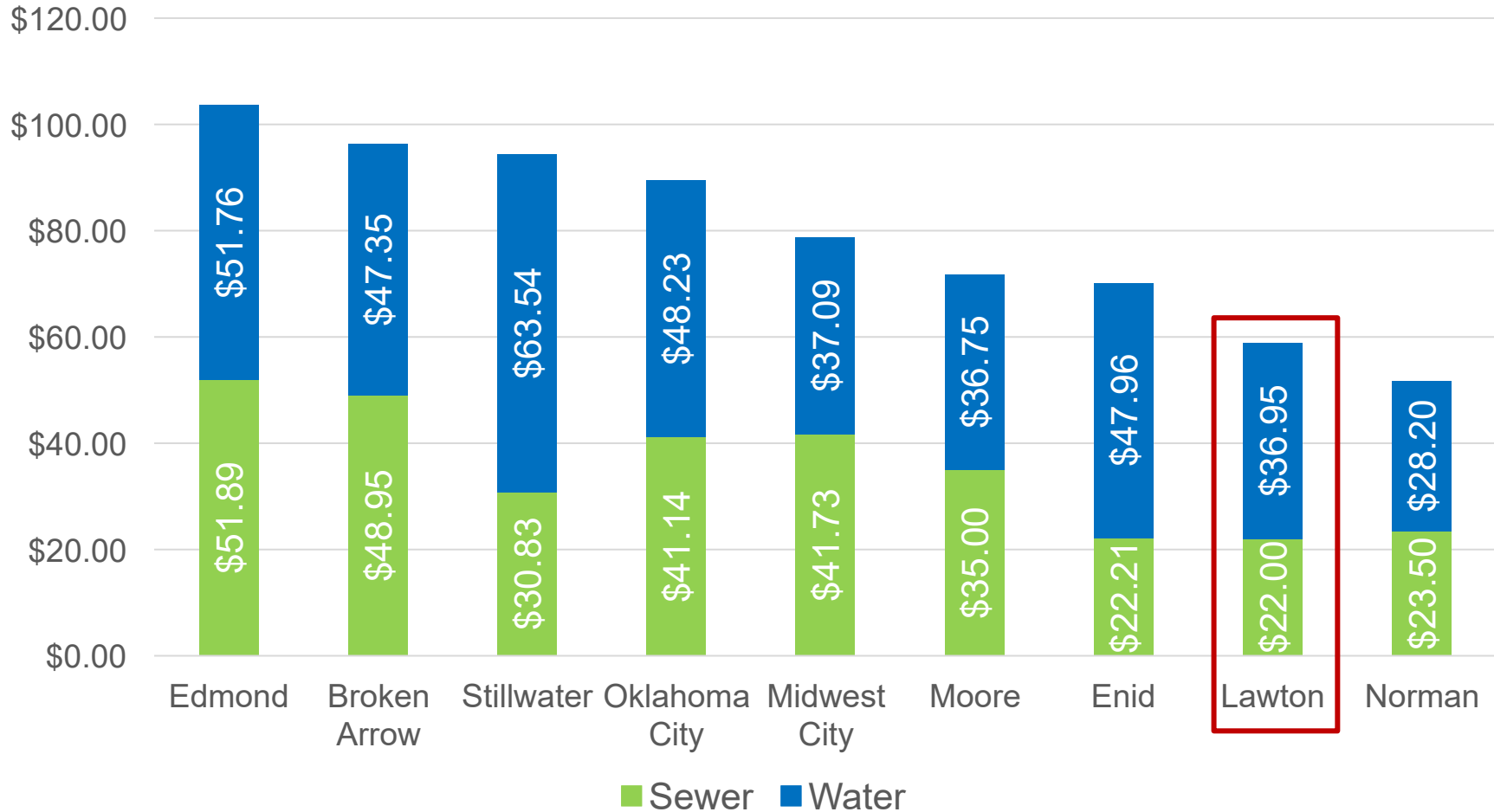


CURRENT RATES - CONTRACT



TYPICAL RESIDENTIAL BILL BENCHMARKS

Based on 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 FY2027	Projected Revenue at Current Rates*	FY2027 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

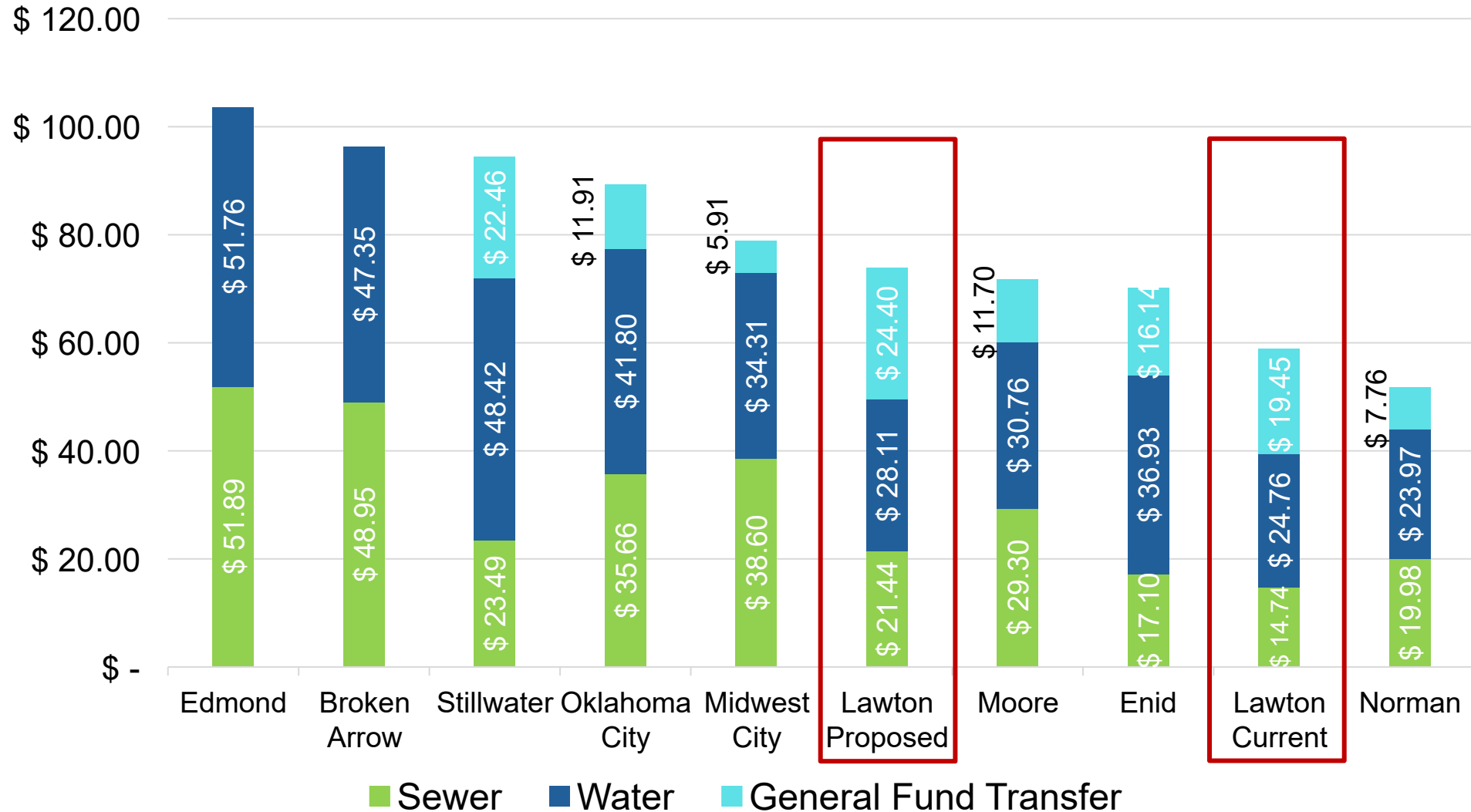
	4000 gallons			3000 gallons			2000 gallons		
	Current	Proposed	Difference	Current	Proposed	Difference	Current	Proposed	Difference
 Water Base Fee	\$23.00	\$25.00	\$2.00	\$23.00	\$25.00	\$2.00	\$23.00	\$25.00	\$2.00
Water Volume	\$9.30	\$11.30	\$2.00	\$4.65	\$5.65	\$1.00	\$0.00	\$0.00	\$0.00
Total	\$32.30	\$36.30	\$4.00	\$27.65	\$30.65	\$3.00	\$23.00	\$25.00	\$2.00

	4000 gallons			3000 gallons			2000 gallons		
	Current	Proposed	Difference	Current	Proposed	Difference	Current	Proposed	Difference
 Sewer Base Fee	\$16.00	\$17.00	\$1.00	\$16.00	\$17.00	\$1.00	\$16.00	\$17.00	\$1.00
Sewer Volume	\$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

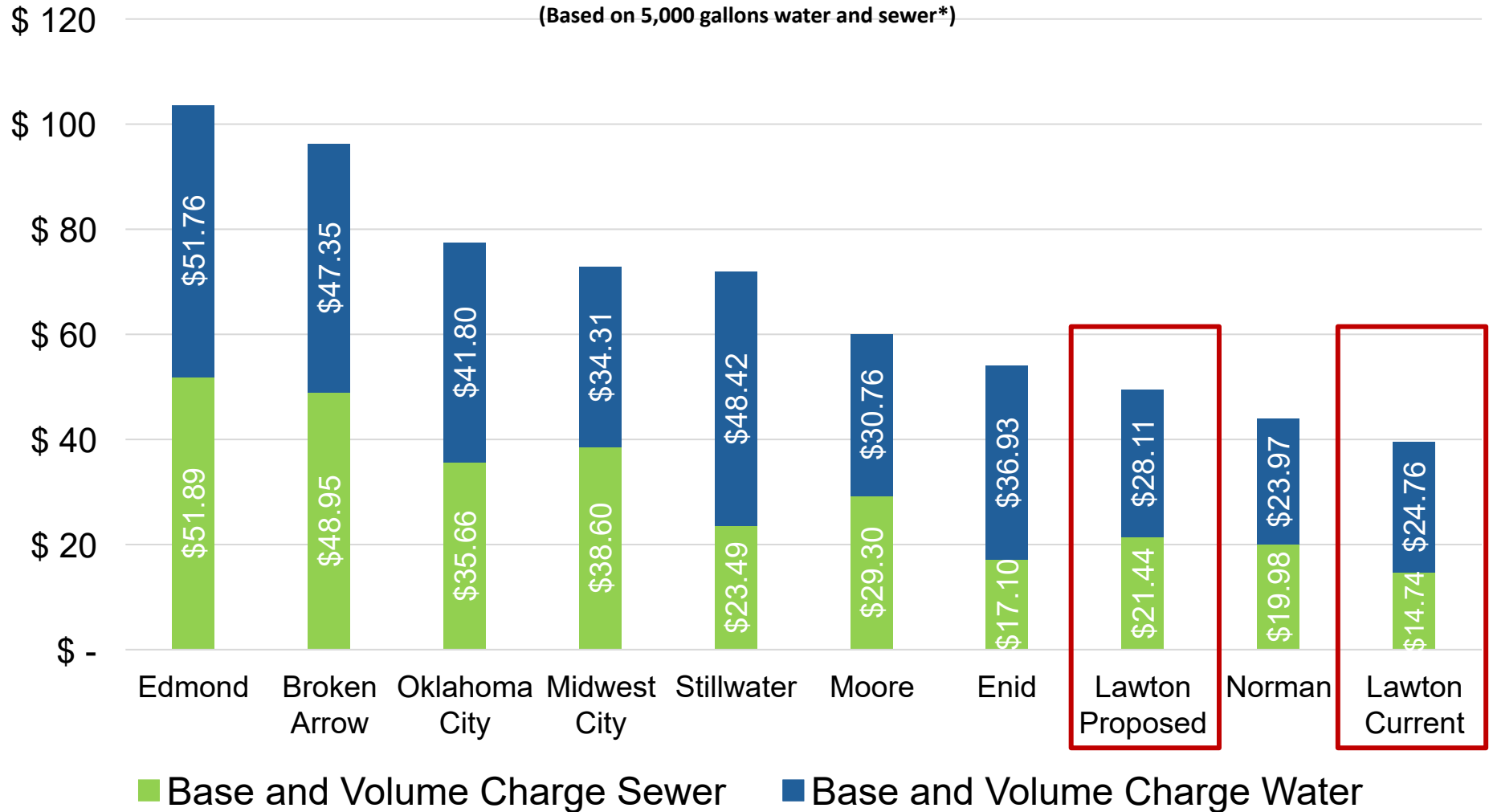
Based on 5,000 gallons of water and 5,000 gallons of sewer*



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

Typical Residential Bill Benchmarks

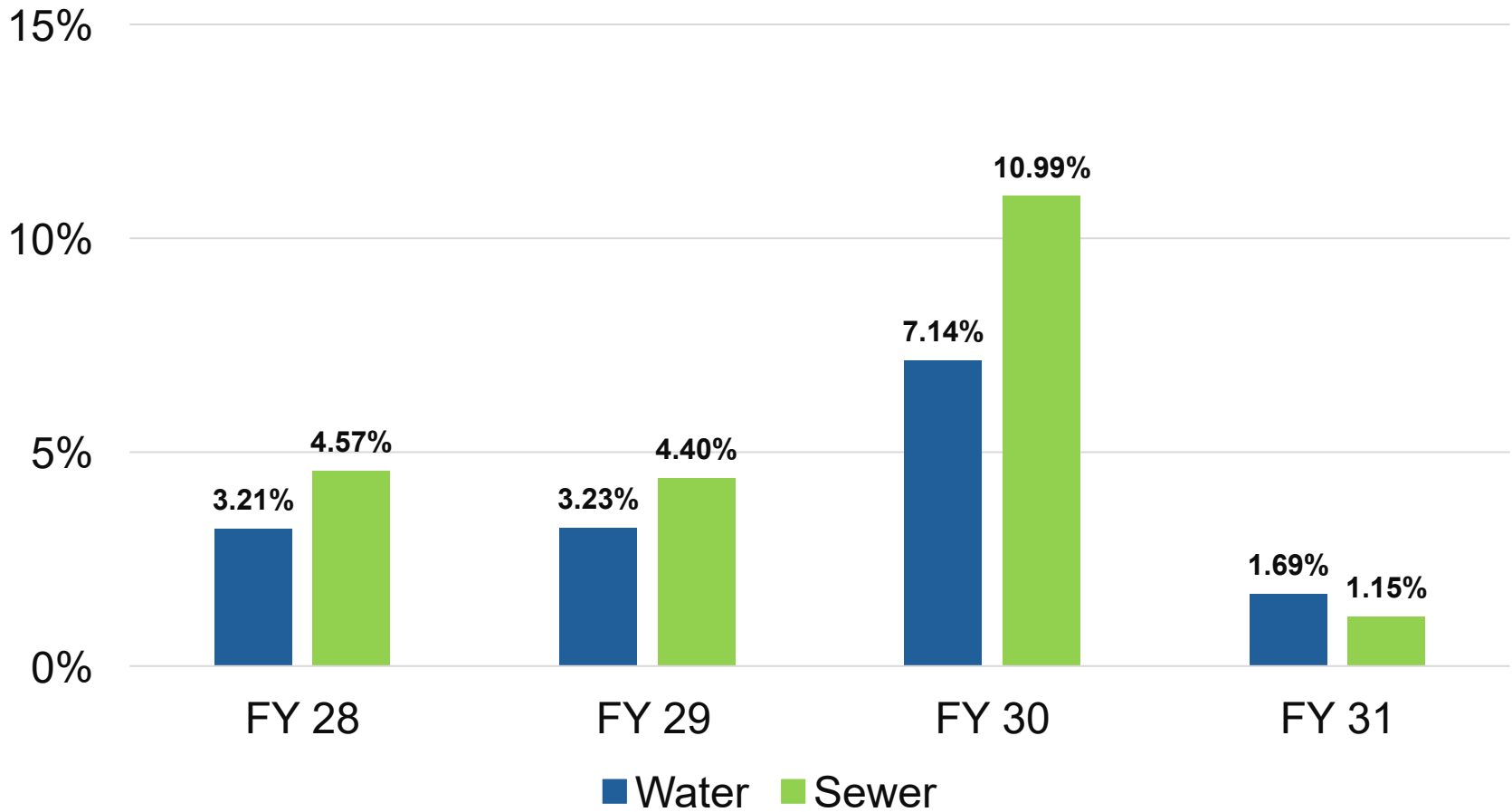
(Based on 5,000 gallons water and sewer*)



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

WATER AND SEWER RATE FORECAST

Projected Revenue Requirement Change





THANK YOU

Kara Shuror

Kara.Shuror@freese.com

