



Town Hall – Water & Sewer System Proposal

Discussing the Potential Sale
to Missouri American Water
Resources

Date: August 12, 2025
Municipal Auditorium

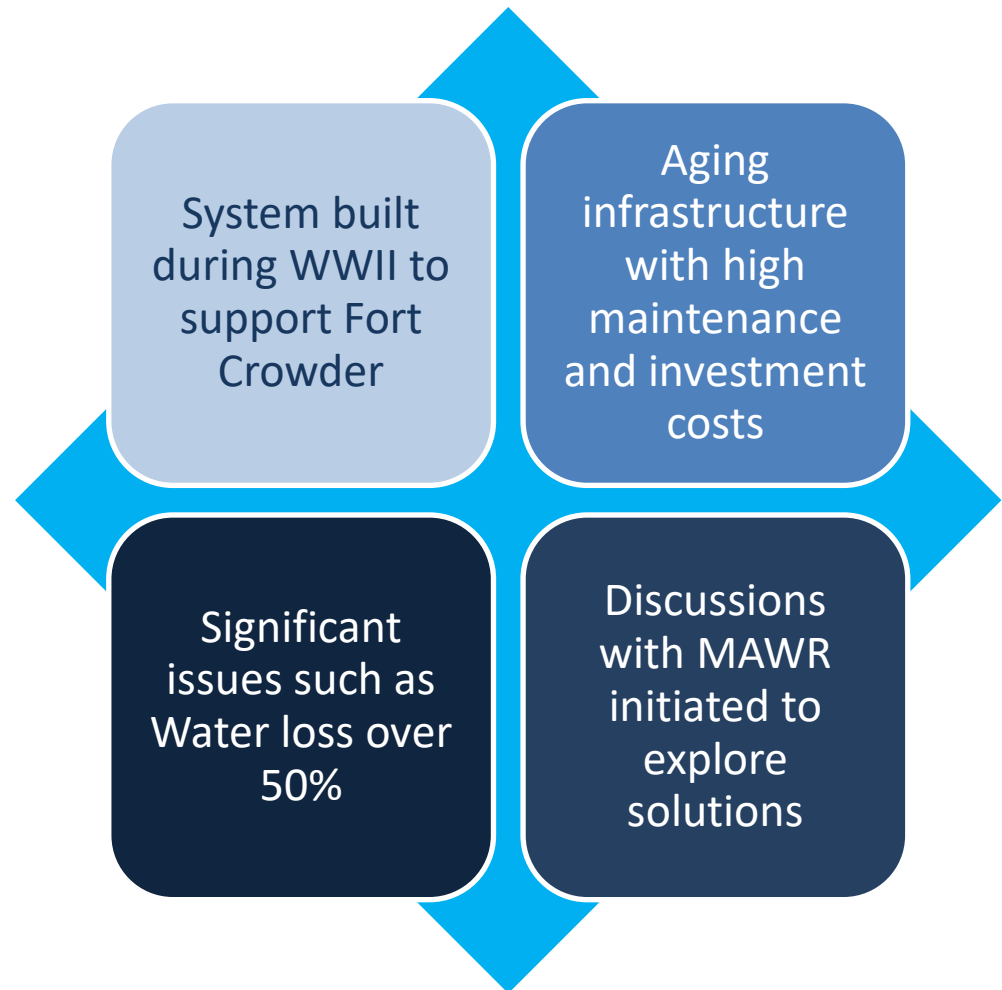
Mayor Richard Davidson

Welcome & Purpose

Provide facts, history,
financial comparisons,
and answer questions

Ensure residents
understand the options
and impacts before any
decision is made

How We Got Here



Snapshot of Our Water & Sewer System

153 miles of water distribution lines

113 miles of sewer collection lines

Current water loss: 50+%

5783 water customers

5700 sewer customers

4.9 million gallon storage capacity in 5 vessels (ages 1942-1980's)

848 fire hydrants (771 of them are functional)

5 lift stations

1123 manholes

Water filtration plant – built 1942

Two wastewater plants (1940's and 1980's)

The Current State

Current residential water bill:

- Water - \$52.82
- Sewer - \$62.75

Existing water/sewer debt:

- 2011 Drinking Water - \$4.062 million payoff – 1/2033
- 2009 ARRA - \$1.607 million – 7/2030

Annual maintenance & operating costs:

- \$4.775 million – water
- \$5.119 million - sewer

Capital Needs if We Keep the System

- Approval of \$27 million wastewater upgrades currently being approved by your city council.
- \$7.5 million for water plant upgrades (for planned demand growth and regulation changes)
- \$2.5 million for ANNUAL water infrastructure replacement (that continues forever)
- \$375,000 a year for wastewater infrastructure replacement/lining
- Very little of that is currently budgeted/performed
- 700+ connection on septic system (lift stations required)



MAWR Proposal Overview

- Purchase price offered: \$34.5 million
- Commitments on service standards and capital investments
- Projected water loss reduction to World-class levels
- Rate structure under MAWR
 - Retain rates in place if a sale occurs until the next systemwide rate cycle
 - Volumetric rates for sewer (not flat rates)
 - All subject to approval of the PSC



Rate Comparison



Current Neosho rates vs. MAWR rates

Neosho (after next week) - \$7.77 per 1000 of water/\$7.85 per 1000 of wastewater

MAWR current tariff - \$11.20 per 1000 of water and \$74.11 flat rate for sewer



Current average bill (after next week) – assuming 5000 gallons

\$52.82 for water

\$62.85 for sewer



MAWR - \$11.20 rate and flat sewer rate

Generates additional \$1.41 million in annual water revenue

Generates additional \$1.06 million in annual sewer revenue

Additional revenue doesn't cover estimated costs

Benefits of the Sale

Immediate capital influx for the city (funds use TBD)

Transfer of operational and capital risk to MAWR

- Recent example – 1000 ft of sewer line - \$800K

Improved efficiency and infrastructure

- That's what they do
- They have incentive to maximize the system's performance
- Cost amortization across millions of users, not 5000

Access to other MAWR technology and resources

- Buying power / expertise / reservoir plans

Overall improved reliability and long-term water availability

Considerations if We Keep It

Responsibility for all capital needs remains

- System age is a major concern
- None of the financial scenarios plan on an unexpected high capital need

Continued high water loss

- Continue to “try” to fix it

Potential for significant rate hikes

- Known upgrades and repair schedules will cost more

Risk from unexpected failures

- Reemphasize the 1000 ft failure at a cost of \$800k to repair

What This Means for Our Community



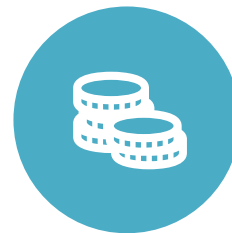
Quality of service
impacts



Financial stability for
the city



Long-term
sustainability



Impact on economic
growth and other
projects

Next Steps



Timeline for decision-making

Next week – a “yes” means propose a sale, not complete a sale



Opportunities for public input

PSC will open a period for public input



Final approval process

6 to 12 month process once PSC has the application

Q&A



Impact on Employees



How do we spend the money?



Not Selling Water rights, selling the distribution and collection system



PSC value



MAWR flyer with other points



Questions?