



# Water & Sewer Rates Work Session

Tuesday, February 14, 2023



# Why do we need to raise rates?

- ◆ To pay for the normal operations of keeping the water & sewer systems functioning for our community (includes rising costs of materials, electricity, equipment, insurance, salaries, etc...)
- ◆ To pay for infrastructure improvement projects (reconstruction & new)
- ◆ To pay for new federal government mandates like Lead & Copper Rule requirements



# Sewer Collection & Maintenance





# Wastewater Treatment Plant







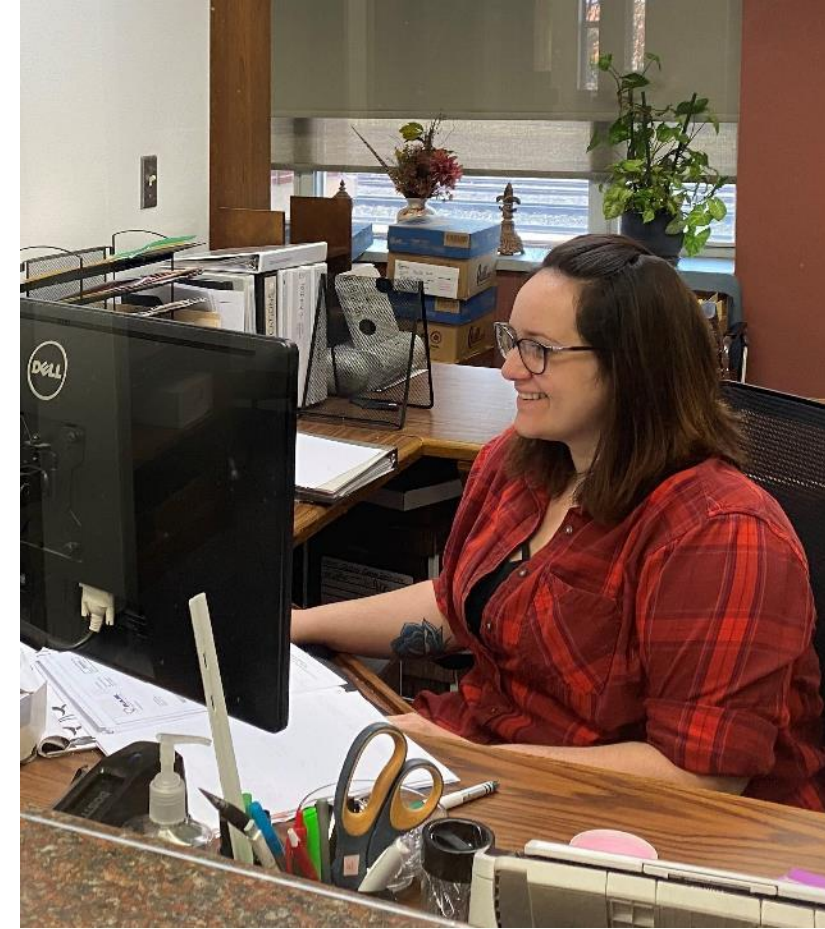
# Water Production, Treatment & Transmission





# Water Distribution & Maintenance

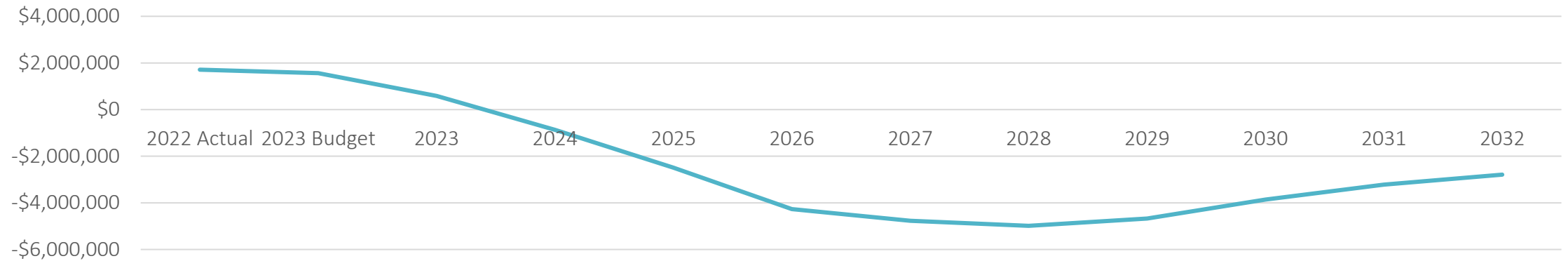




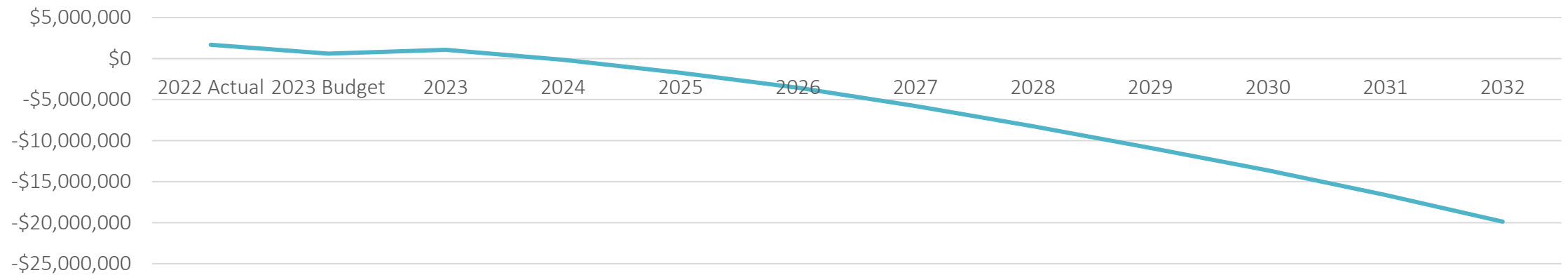
# Engineering & Administrative Support

# Fund Balances

## Sewer



## Water





# What about cuts?



- ◆ Proposing cut of 14.6% out of 2023 sewer
- ◆ Proposing cut of 23.9% out of 2023 water
- ◆ Been delaying equipment purchases until maintenance costs are too high
- ◆ Used all our backlogged repair parts for line repairs to delay purchasing
- ◆ Need all staff we have to maintain the system & respond to breaks, leaks, plugged lines, plant problems, etc.
- ◆ Costs of almost all materials & equipment are rising
- ◆ Utility & chemical costs for plants & lift stations are rising
- ◆ Construction costs for new or reconstructed lines are rising





Rising costs  
+ flat revenues =  
cuts

Already working with less



Quality of water



cannot be cut



Quality of water treated

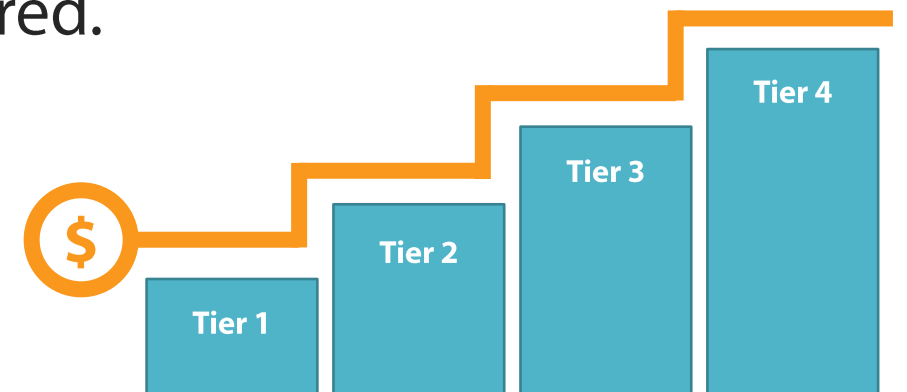


Quality of water cleaned & discharged



# Why doesn't the City use tiered rates?

- ◆ No support from expense/cost standpoint to justify tiers. There are no specific expenses that are higher in one tier of customers than another.
- ◆ Bill would be more complicated for customers to understand.
- ◆ Cost of tiered rate study is \$40-50K, will need usage stats by month by customer class for 5 years to give to consultant, this would take time.
- ◆ Non-residential customers don't want to pay a different rate. Raised concerns years ago when it was considered.
- ◆ Other cities over past 5 years have moved away from tiered billings due to items listed above. Only about 13% use tiered rates.





# What if we decrease base sewer amount to 200 cu ft?

That would reduce sewer revenues by approximately \$831,000.

- ⇒ Utility cannot withstand that large reduction.
- ⇒ Because it's such large amount, revenue would be difficult to make up elsewhere.
- ⇒ The rate for additional usage could be raised, but that revenue is not guaranteed.





# Wastewater 2023 Expenses

Personnel Services	\$2,065,745
Contractual Services	\$ 749,768
Commodities	\$ 87,390
Vehicle Operating	\$ 68,300
<u>Capital Outlay</u>	<u>\$ 18,000</u>
Sub-Total	\$2,989,203
<u>Transfers</u>	<u>\$4,119,400</u>
Total	\$7,108,603

Covers wages, OT, benefits for maintenance & other staff

Staff controls already cut 14.6% out of here

Goes to General Fund (including Stormwater),  
Equipment & Capital Reserves, Bond & Interest



# Water 2023 Expenses

Personnel Services	\$2,291,029
Contractual Services	\$1,254,592
Commodities	\$ 150,128
Vehicle Operating	\$ 75,100
<u>Capital Outlay</u>	<u>\$ 20,000</u>
Sub-Total	\$3,790,849
<u>Transfers</u>	<u>\$1,670,343</u>
Total	\$5,461,192

Covers wages, OT, benefits for maintenance & other staff

Staff controls already cut 14.6% out of here

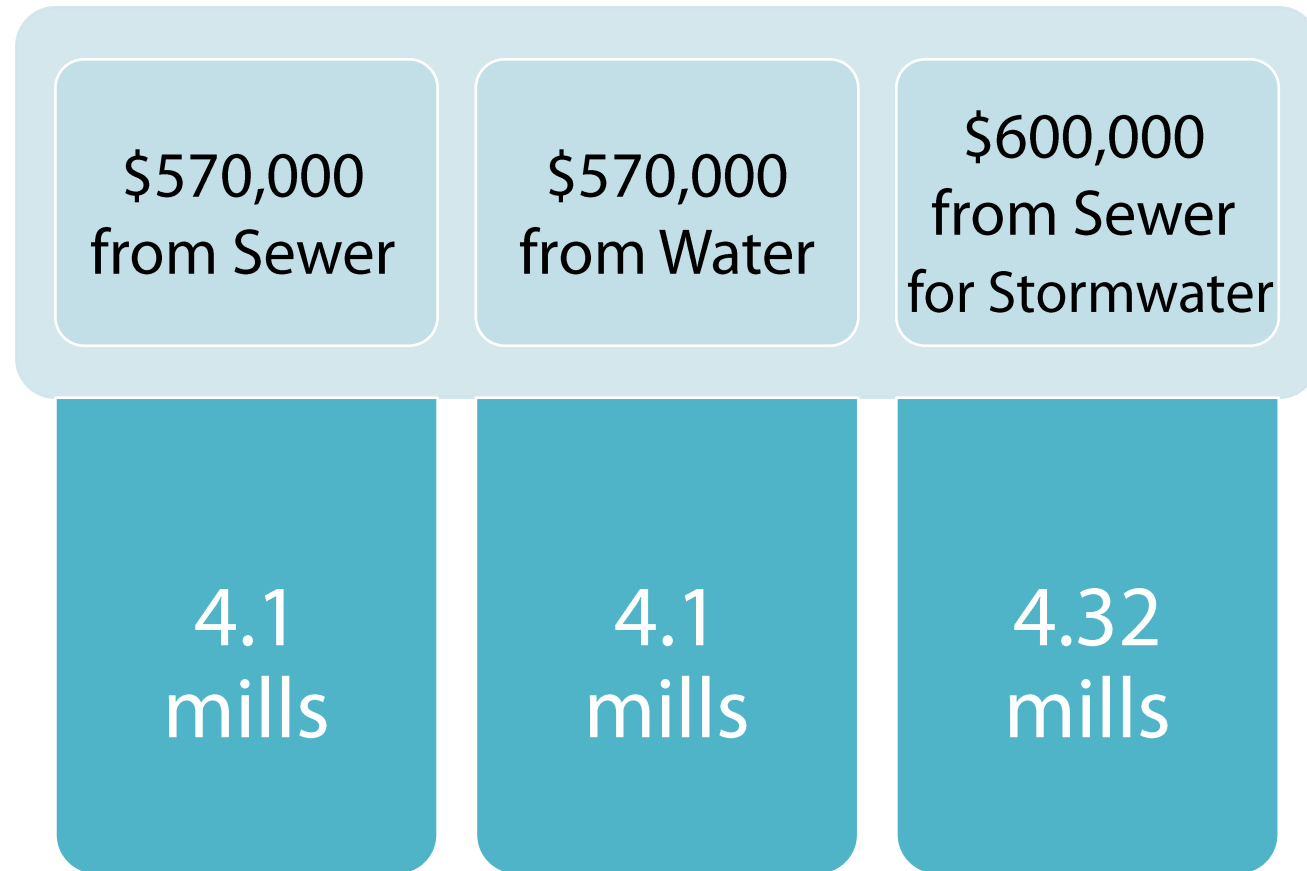
Goes to General Fund, Equipment & Capital Reserves,  
Bond & Interest

# What is left to cut/move from expenses?

- ◆ Stop the \$570,000 transferred to General Fund each year from water  
THEN → General Fund would require raising taxes or significant cuts
- ◆ Stop the \$570,000 transferred to General Fund each year from sewer  
THEN → General Fund would require raising taxes or significant cuts
- ◆ Stop the \$600,000 transferred to General Fund each year for stormwater operations from sewer  
THEN → General Fund would require raising taxes. 🚫 Can't stop/reduce program or will be in violation of our stormwater permit through KDHE & EPA. 1<sup>st</sup> violation – \$25,000/day, 2<sup>nd</sup> – \$50,000/day, after – \$100,000/day



# Consequences of cutting General Fund transfers



# Option 1 – Sewer

- 💧 Stop extra principal payment on WWTP loan
- 💧 Continue transfers to General Fund

	<u>Current</u>		<u>Proposed</u>
Operations & Infrastructure (includes 300 cf)	\$34.96	➡	\$44.75
Usage 100 cf	\$9.00	➡	\$11.52
38% Plant Upgrade Fee	\$16.70	➡	\$0
	<hr/>		<hr/>
	\$60.66		\$56.27





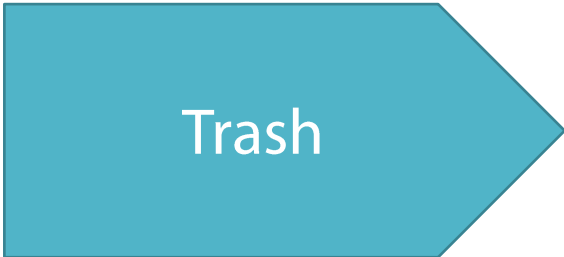
# Option 1 – Water

- ◆ Stop extra principal payment on WWTP loan
- ◆ Continue transfers to General Fund

	<u>Current</u>		<u>Proposed</u>
Operations & Infrastructure (includes 200 cf)	\$17.65	➔	\$19.33
Usage 100 cf	\$5.95	➔	\$6.52
	<hr/> \$23.60		<hr/> \$25.84

# Option 1 – Total Bill

- 💧 Stop extra principal payment on WWTP loan
- 💧 Continue transfers to General Fund

	<u>Current</u>		<u>Proposed</u>
	\$60.66	➡	\$56.27
	\$23.60	➡	\$25.84
	\$24.37	➡	\$24.37
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	\$108.63		\$106.48



# Option 1 – Total Bill

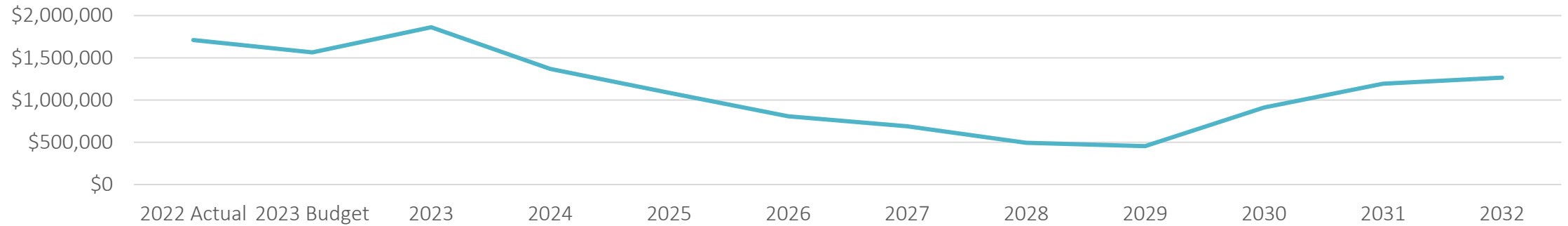
- 💧 Stop extra principal payment on WWTP loan
- 💧 Continue transfers to General Fund

		<b>Current</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
TOTAL BILL: Sewer + Water + Trash									
Small usage	300 cf	99.63	94.96	99.65	104.69	108.62	111.32	113.11	114.98
Med usage	600 cf	151.32	149.07	157.34	166.23	173.15	177.91	181.04	184.32
Large usage	900 cf	206.43	203.17	215.03	227.77	237.67	244.50	248.97	253.67

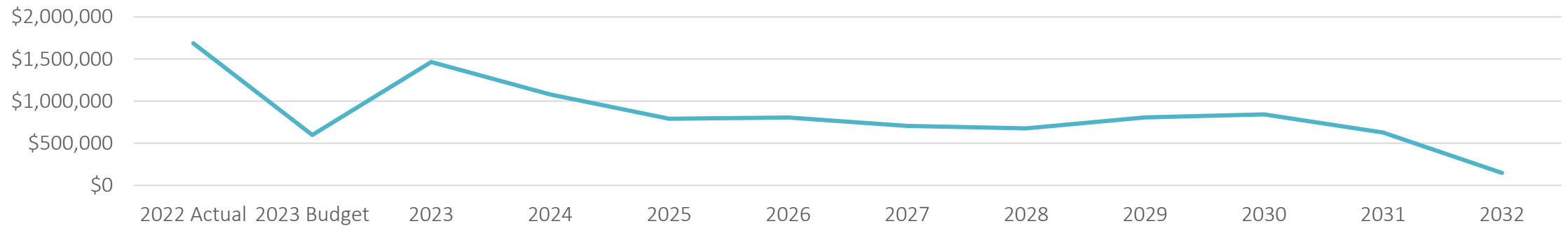
# Option 1 – Fund Balances

💧 Stop extra principal payment on WWTP loan 💧 Continue transfers to General Fund

## Sewer



## Water



# Option 2 – Sewer



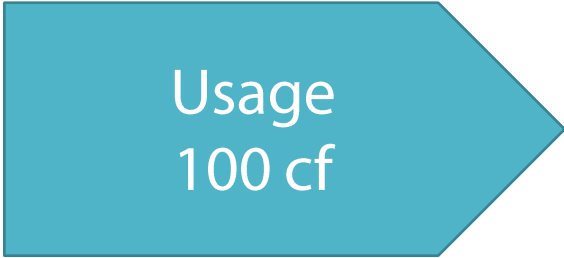

💧 Stop extra principal payment on WWTP loan   💧 Stop transfers to General Fund (Shortfall 4.1 mills)

	<u>Current</u>		<u>Proposed</u>
Operations & Infrastructure (includes 300 cf)	\$34.96	➡	\$43.00
Usage 100 cf	\$9.00	➡	\$11.07
38% Plant Upgrade Fee	\$16.70	➡	\$0
	<hr/> \$60.66		<hr/> \$54.07



# Option 2 – Water

- 💧 Stop extra principal payment on WWTP loan
- 💧 Stop transfers to General Fund (Shortfall 4.1 mills)

	<u>Current</u>		<u>Proposed</u>
 Operations & Infrastructure (includes 200 cf)	\$17.65		\$18.89
 Usage 100 cf	\$5.95		\$6.37
	<hr/> \$23.60		<hr/> \$25.26

# Option 2 – Total Bill

- ◆ Stop extra principal payment on WWTP loan
- ◆ Stop transfers to General Fund (Shortfall 8.2 mills)

	<u>Current</u>		<u>Proposed</u>
Sewer 400 cf	\$60.66	➡	\$54.07
Water 300 cf	\$23.60	➡	\$25.26
Trash	\$24.37	➡	\$24.37
	<hr/> \$108.63		<hr/> \$103.70

# Option 2 – Total Bill

💧 Stop extra principal payment on WWTP loan 💧 Stop transfers to General Fund (Shortfall 8.2 mills)

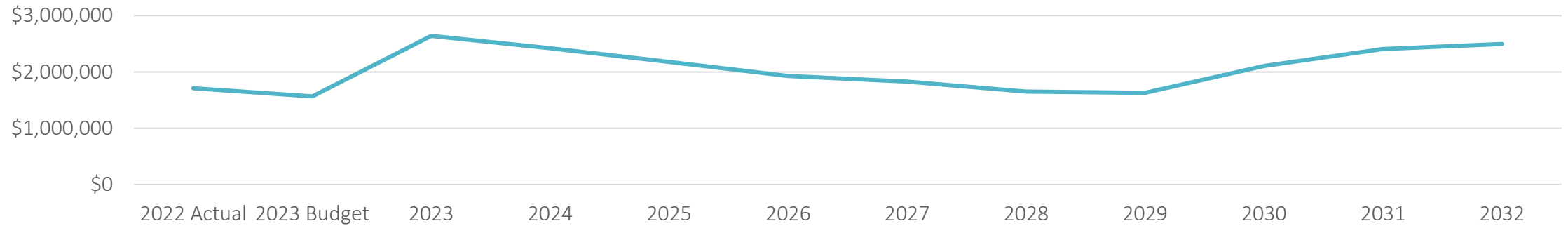
		Current	2023	2024	2025	2026	2027	2028	2029
TOTAL BILL: Sewer + Water + Trash									
Small usage	300 cf	99.63	92.62	96.54	99.33	101.70	104.16	105.75	107.43
Med usage	600 cf	151.32	144.93	151.85	156.77	160.94	165.27	168.07	171.01
Large usage	900 cf	206.43	197.24	207.15	214.20	220.18	226.39	230.39	234.59



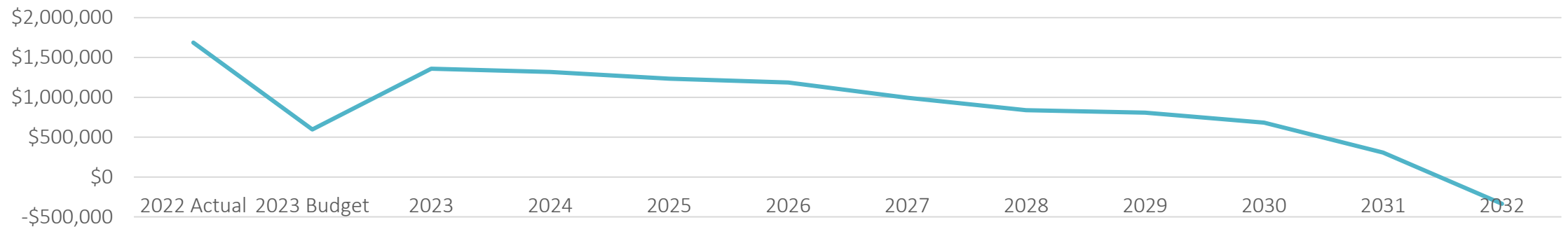
# Option 2 – Fund Balances

💧 Stop extra principal payment on WWTP loan 💧 Stop transfers to General Fund

## Sewer



## Water





# Credit card fee

Our credit card processor charges \$1 for each online/\$1.25 for phone transaction



Before 2020, that fee was charged to the customer



During pandemic, City began absorbing that fee – \$38,000 annual impact

# We need your consensus

Water & sewer  
utility transfers to  
General Fund

Extra principal  
payment toward  
Wastewater  
Treatment Plant loan

Credit card fee for  
online or phone  
transactions