



**City of Smithville, Missouri**

**Board of Aldermen - Work Session Agenda**

**January 21, 2020**

**6:00 pm – Council Chambers**

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- 1. Call to Order**
- 2. Public Hearing for Sewer Rates**
- 3. Discuss Water and Sewer Rates**
- 4. Adjourn**

## Agenda Item # 3 – Discuss Water and Sewer Rates

	STAFF REPORT
<b>Date:</b>	January 21, 2020
<b>Prepared By:</b>	Daniel Toleikis, Finance Director
<b>Subject:</b>	Discussion on Utility Rate Increases
<b>Staff Report:</b>	Public Works (Utilities), Finance
<p>In November 2018, Raftelis Financial Consultants, LLC presented their utility rate study, which included a five-year plan for recommended water and sewer structure changes and rate increases. The change in structure and first increase were approved by the Board on March 3, 2019 and were effective with the June 2019 utility bills (which mailed in early July 2019).</p> <p>The Board has asserted that it would like to move forward with implementing the second increase effective with the March 2020 utility bills (which would mail in early April 2020). Staff is looking for a direction from the Board as to continuing with the recommended rates from Raftelis.</p>	
<p><b>PROPOSED CALENDAR</b></p>	
<p>RSMO requires that a Public Hearing be held prior to increasing sewer rates and requires that notification of the Public Hearing be published in a newspaper of general circulation in Smithville at least 30 days prior to the hearing. Below is a projected calendar for the adoption of new water and sewer rates, should the Board so direct.</p>	
<b>Date</b>	<b>Action</b>
December 3 <sup>rd</sup> , 2019	Board of Aldermen Work Session discussing rates proposal
December 13 <sup>th</sup> , 2019	Deadline to send Notice of Public Hearing to Courier-Tribune
December 19 <sup>th</sup> , 2019	Notice of Public Hearing published in Courier-Tribune
January 3 <sup>rd</sup> , 2020	Proposed rate information provided in newsletter with December utility bills
January 6 <sup>th</sup> -17 <sup>th</sup> , 2020	Proposed rate information provided via social media
January 21 <sup>st</sup> , 2020	Public Hearing at Board of Aldermen Meeting
February 4 <sup>th</sup> , 2020	Resolution to Amend the Schedule of Fees at Board of Aldermen Meeting
March 1 <sup>st</sup> , 2020	Implementation of new rates
April 3 <sup>rd</sup> , 2020	First utility bill produced under new rate structure

**UTILITY RATE HISTORY**

The following charts compare the proposed water and sewer structure and rates with water and sewer structure and rate history dating back to November 1<sup>st</sup>, 2015. The changes effective June 1<sup>st</sup>, 2019 were the only changes since November 1<sup>st</sup>, 2015. The amounts listed are for both residential and commercial customers, except for those marked with an asterisk (\*), where the first amount listed is for residential customers and the second amount listed is for commercial customers.

<b>Water Meter Service Charge</b>	<b>3/1/20</b> (recommended)	<b>6/1/19</b> (current)	<b>11/1/15</b>
3/4" Meter	10.68	10.65	10.65
1" Meter	10.68/16.80*	10.65/15.92*	10.65
2" Meter	50.45	47.63	10.65
3" Meter	99.00	94.28	10.65
4" Meter	154.45	145.65	10.65
6" Meter	307.41	289.81	10.65

<b>Water Usage Rate by Volume</b>	<b>3/1/20</b> (recommended)	<b>6/1/19</b> (current)	<b>11/1/15</b>
Per 1,000 gallons	7.43	6.99	6.69

<b>Wastewater Service Charge</b>	<b>3/1/20</b> (recommended)	<b>6/1/19</b> (current)	<b>11/1/15</b>
3/4" Meter	13.00	12.87	12.87
1" Meter	13.00/20.67*	12.87/19.10*	12.87
2" Meter	62.86	57.81	12.87
3" Meter	133.50	116.09	12.87
4" Meter	193.24	177.46	12.87
6" Meter	384.97	353.42	12.87

<b>Wastewater Rate by Volume</b>	<b>3/1/20</b> (recommended)	<b>6/1/19</b> (current)	<b>11/1/15</b>
Per 1,000 gallons	4.85	3.77	3.06

**EFFECT ON A TYPICAL RESIDENTIAL UTILITY BILL**

All residential customers have a 3/4" or 1" meter servicing the residence. With the monthly service fees identical for both size meters, below is a projected utility bill for a residential customer with a 3/4" meter and 5,000 gallons of usage.

<b>Projected Utility Bill for 5,000-gallon User</b>	<b>3/1/20</b> (recommended)	<b>6/1/19</b> (current)
3/4" Water Meter Service Charge	10.68	10.65
Water Usage Charge for 5,000 gallons	37.15	34.95
Residential Water Sales Tax (1.000%)	0.48	0.46
DNR Fee for 3/4" Meter	0.31	0.31
Wastewater Service Charge	13.00	12.87
Wastewater Usage Charge for 5,000 gallons	24.25	18.85
<b>TOTAL</b>	<b>85.87</b>	<b>78.09</b>

**IMPACT ON CONTRACTED USER'S UTILITY BILL**

The City has a contract with PWSD #8 to supply water at a special rate (this is the only special contract the City has for water services). That contract was effective November 2<sup>nd</sup>, 2016 and runs through November 2<sup>nd</sup>, 2031. The current rate is \$4.18 per 1,000 gallons. Section C-3 of that contracts dictates that "any increase in such rates shall not be greater than the same percentage of increase as [the] City charges its own citizen retail customers" and that "any such change in rate shall become effective at the same time as such change becomes effective to [the] City's own citizen retail customers." The proposed percentage increase in water usage charges for citizen retail customers is 6.3%. Therefore, the proposed rate for this contract would increase to \$4.44 per 1,000 gallons. A projected bill for PWSD #8 is provided below.

<b>Projected Utility Bill for PWSD #8 at 188<sup>th</sup> Street</b> (avg. 2,525,000-gallon user) [tax exempt, water only]	<b>3/1/20</b> (recommended)	<b>6/1/19</b> (current)
Water Usage Charge for 2,525,000 gallons	11,211.00	10,554.50
DNR Fee for 4" Meter w/o Sewer	3.43	3.43
<b>TOTAL</b>	<b>11,207.57</b>	<b>10,557.93</b>

## IMPACT ON COMMERCIAL USERS' UTILITY BILLS

The City's largest customer is Clay County Parks, who has two accounts with the City. Projected bills for both of Clay County Parks' accounts are provided below. Projected utility bills for several of the City's largest remaining customers are provided after.

<b>Projected Utility Bill for Clay County Parks DD Hwy</b> (avg. 650,000-gallon user) [tax exempt, water only]	<b>3/1/20</b> (proposed)	<b>6/1/19</b> (current)
Water Usage Charge for 650,000 gallons	4,829.50	4,543.50
DNR Fee for 6" Meter w/o Sewer	6.87	6.87
<b>TOTAL</b>	<b>4,836.37</b>	<b>4,550.37</b>
<b>Projected Utility Bill for Clay County Parks F Hwy</b> (avg. 275,000-gallon user) [tax exempt, water only]	<b>3/1/20</b> (proposed)	<b>6/1/19</b> (current)
Water Usage Charge for 275,000 gallons	2,043.25	1,922.25
DNR Fee for 4" Meter w/o Sewer	3.43	3.43
<b>TOTAL</b>	<b>2,046.68</b>	<b>1,925.68</b>
<b>Projected Utility Bill for St. Luke's Northland Hospital</b> (avg. 340,000-gallon user) [tax exempt]	<b>3/1/20</b> (proposed)	<b>6/1/19</b> (current)
4" Water Meter Service Charge	154.45	145.65
Water Usage Charge for 340,000 gallons	2,526.20	2,376.60
DNR Fee for 4" Meter	4.26	4.26
Wastewater Service Charge	193.24	177.46
Wastewater Usage Charge for 340,000 gallons	1,649.00	1,281.80
<b>TOTAL</b>	<b>4,527.15</b>	<b>3,985.77</b>
<b>Projected Utility Bill for Smithville Living Center</b> (avg. 250,000-gallon user) [tax exempt]	<b>3/1/20</b> (proposed)	<b>6/1/19</b> (current)
2" Water Meter Service Charge	50.45	47.63
Water Usage Charge for 250,000 gallons	1,857.50	1,747.50
DNR Fee for 2" Meter	0.87	0.87
Wastewater Service Charge	62.86	57.81
Wastewater Usage Charge for 250,000 gallons	1,212.50	942.50
<b>TOTAL</b>	<b>3,184.18</b>	<b>2,796.31</b>

<b>Projected Utility Bill for Pro Car Wash on Park Drive</b> (avg. 215,000-gallon user)	<b>3/1/20</b> (proposed)	<b>6/1/19</b> (current)
3" Water Meter Service Charge	99.00	94.28
Water Usage Charge for 215,000 gallons	1,597.45	1,502.85
Business Water Sales Tax (7.975%)	135.29	127.37
DNR Fee for 3" Meter	4.26	4.26
Wastewater Service Charge	133.50	116.09
Wastewater Usage Charge for 215,000 gallons	1,042.75	810.55
<b>TOTAL</b>	<b>3,012.25</b>	<b>2,655.40</b>
<b>Projected Utility Bill for Pro Car Wash on W Second Street</b> (avg. 150,000-gallon user)	<b>3/1/20</b> (proposed)	<b>6/1/19</b> (current)
2" Water Meter Service Charge	50.45	47.63
Water Usage Charge for 150,000 gallons	1,114.50	1,048.50
Water Sales Tax (7.975%)	92.90	87.42
DNR Fee for 2" Meter	0.87	0.87
Wastewater Service Charge	62.86	57.81
Wastewater Usage Charge for 150,000 gallons	727.50	565.50
<b>TOTAL</b>	<b>2,049.08</b>	<b>1,807.73</b>
<b>Projected Utility Bill for Smithville Housing Authority</b> (avg. 155,000-gallon user) [tax exempt]	<b>3/1/20</b> (proposed)	<b>6/1/19</b> (current)
2" Water Meter Service Charge	50.45	47.63
Water Usage Charge for 155,000 gallons	1,151.65	1,083.45
DNR Fee for 2" Meter	0.87	0.87
Wastewater Service Charge	62.86	57.81
Wastewater Usage Charge for 155,000 gallons	751.75	584.35
<b>TOTAL</b>	<b>2,017.58</b>	<b>1,774.11</b>

<b>Projected Utility Bill for Smithville High School</b> (avg. 83,000-gallon user) [tax exempt]	<b>3/1/20</b> (proposed)	<b>6/1/19</b> (current)
2" Water Meter Service Charge	154.45	145.65
Water Usage Charge for 83,000 gallons	616.69	580.17
DNR Fee for 2" Meter	4.26	4.26
Wastewater Service Charge	193.24	177.46
Wastewater Usage Charge for 83,000 gallons	402.55	312.91
<b>TOTAL</b>	<b>1,371.19</b>	<b>1,220.45</b>

### Rate Comparison

City staff contacted several surrounding municipalities. Smithville's current rates, proposed rates and those municipalities rates are provided in the chart below. Please note that Parkville's water is provided by Missouri American Water.

<b>City</b>	<b>Water Bill</b> <b>3/4" Residential Customer</b> <b>5,000 gallons of usage</b>
Excelsior Springs	55.07
Platte City	48.95
Smithville (proposed rates)	47.83
Smithville (current rates)	45.60
Kearney	42.76
Liberty	33.97
Gladstone	33.02

Parkville's Water Service is through Missouri American Water

<b>City</b>	<b>Wastewater Bill</b> <b>3/4" Residential Customer</b> <b>5,000 gallons of usage</b>
Excelsior Springs	82.07
Liberty	72.90
Gladstone	64.00
Smithville (proposed rates)	37.25

Kearney	33.72
Platte City	33.11
Smithville (current rates)	31.72
Parkville	20.60

**Combined Bill  
3/4" Residential Customer  
5,000 gallons of usage**

<b>City</b>	
Excelsior Springs	137.14
Liberty	106.87
Gladstone	97.02
Smithville (proposed rates)	85.08
Platte City	82.06
Smithville (current rates)	77.32
Kearney	76.48