

**SMITHVILLE BOARD OF ALDERMEN
WORK SESSION**

April 1, 2025 6:00 p.m.

City Hall Council Chambers and Via Videoconference

1. Call to Order

Mayor Boley, present, called the meeting to order at 6:00 p.m. A quorum of the Board was present: Marv Atkins, Leeah Shipley, Kelly Kobylski, Dan Hartman and Ronald Russell. Melissa Wilson was present via Zoom.

Staff present: Cynthia Wagner, Chief Lockridge, Chuck Soules, Jack Hendrix, Rick Welch, Matt Denton, Linda Drummond and Dave Schuerger.

2. Utility Discussion

Cynthia provided an overview, noting that over the past several months, we have had ongoing discussions regarding the future of our utilities and rates. Staff has been reviewing the history of the City's projects and utility rates, which will provide context for our current position. This information will allow us to better understand the City's past as we continue to proactively plan for the future of our community.

Cynthia explained that staff had been planning this update for some time. She noted that staff would share historical and comparative data and offer insights into how our utility needs align with community growth. The next major discussion on utility funds will take place as we begin the fiscal year 2026 budget process.

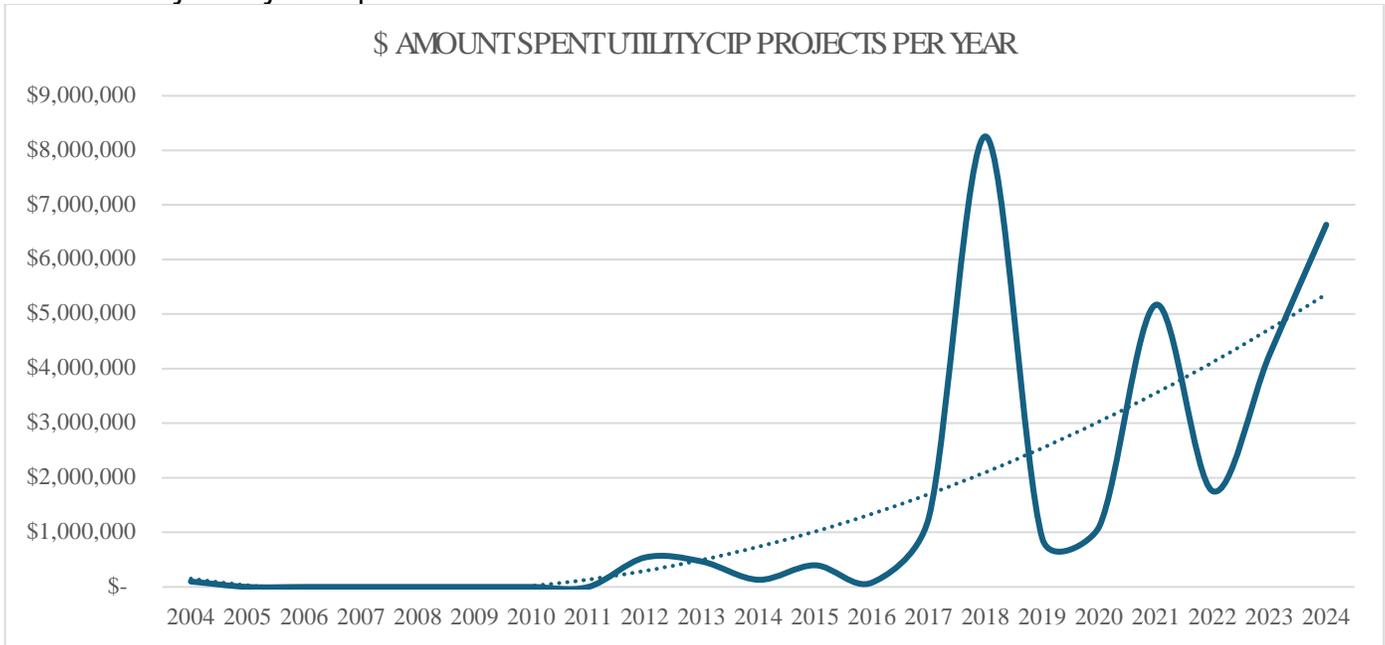
Finance Director Rick Welch noted he would be presenting the history of rates, the results of replacement and rehabilitation projects, past and present development, and capacity issues. We will also discuss future development and projected cash flows for the city.

Rick noted that the City has historically adopted a reactive approach to repairs and maintenance. However, over the past six to eight years, we have transitioned to a proactive strategy, enabling us to focus on larger projects.

Staff has compiled data spanning the last 20 years. From 2004 to 2016-17, major projects were largely absent, reflecting the reactive stance focused on repair and maintenance without any replacement or rehabilitation programs. There are three notable periods of increased activity:

- 2017-18: Initiation of the South Interceptor project, related to sewer infrastructure.
- 2020-21: Implementation of the raw water pump project, addressing water supply needs.
- 2023-25: Intensive focus on utility systems, aligning with the projects outlined in the 2018 Water Master Plan and the 2021 Wastewater Master Plan.

Major Project Expense



History of Rates

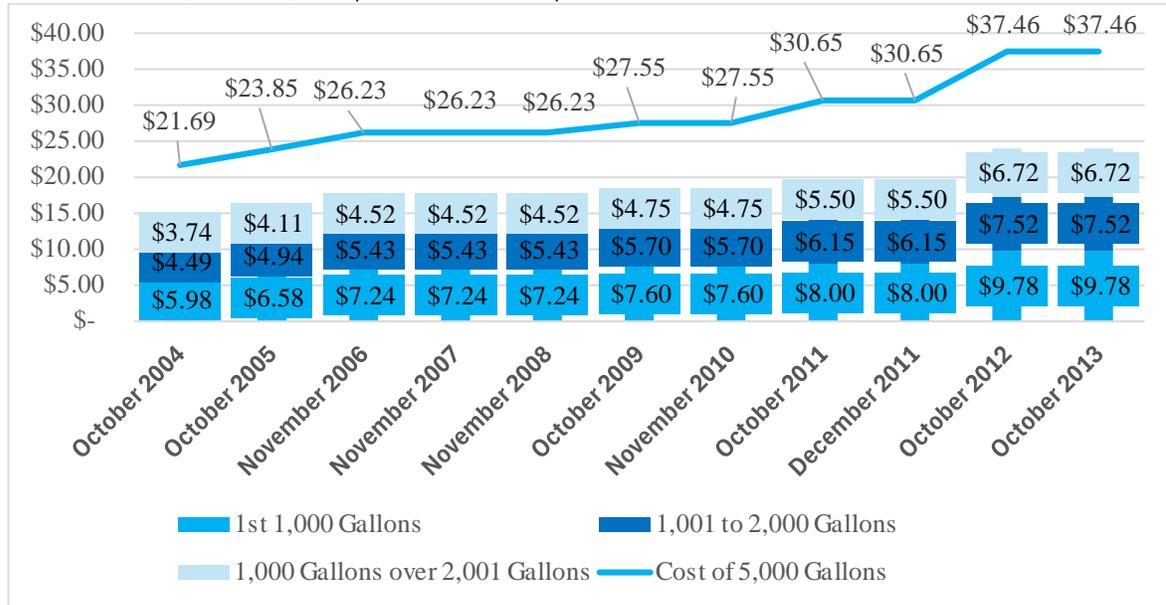
The City's rate structure has evolved over time to accommodate increasing infrastructure needs. From 2004 to 2016, the City charged water and wastewater services based on a tiered rate structure, where customers paid for usage in increments of 1,000 gallons. This structure allowed for flexibility based on customer consumption:

- First 1,000 gallons,
- Next 1,000 gallons (1,000 to 2,000 gallons),
- Above 2,000 gallons (charged per additional 1,000 gallons).

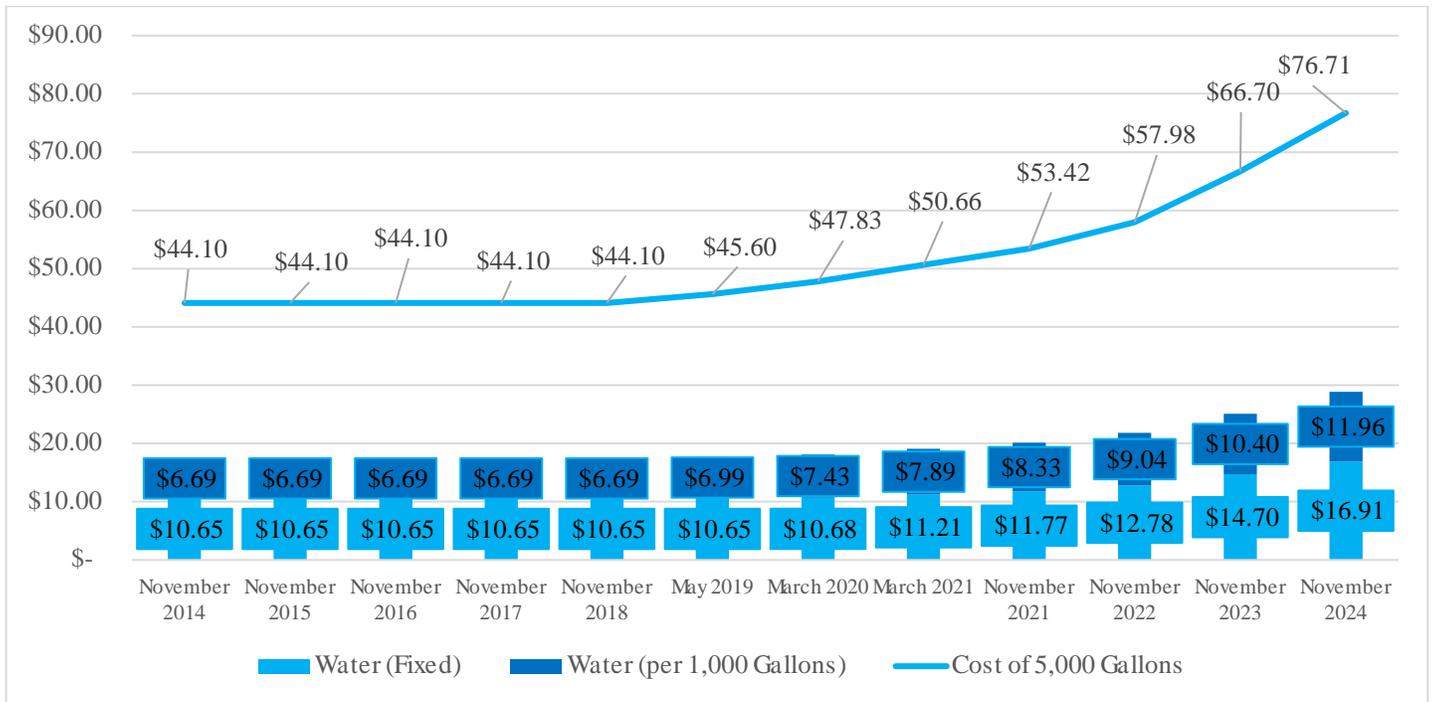
In 2017, the City introduced a new rate structure that incorporated a fixed monthly charge for both water and wastewater services. In addition to the fixed charges, consumption continued to be billed per 1,000 gallons. This change was intended to stabilize revenue, allowing for consistent funding for infrastructure projects.

The combined effect of the changes from the previous structure resulted in a 6.6% annualized rate increase, aimed at ensuring sufficient funding for infrastructure improvements and maintenance. The following charts represents the change in water and wastewater rates from 2004 through 2024.

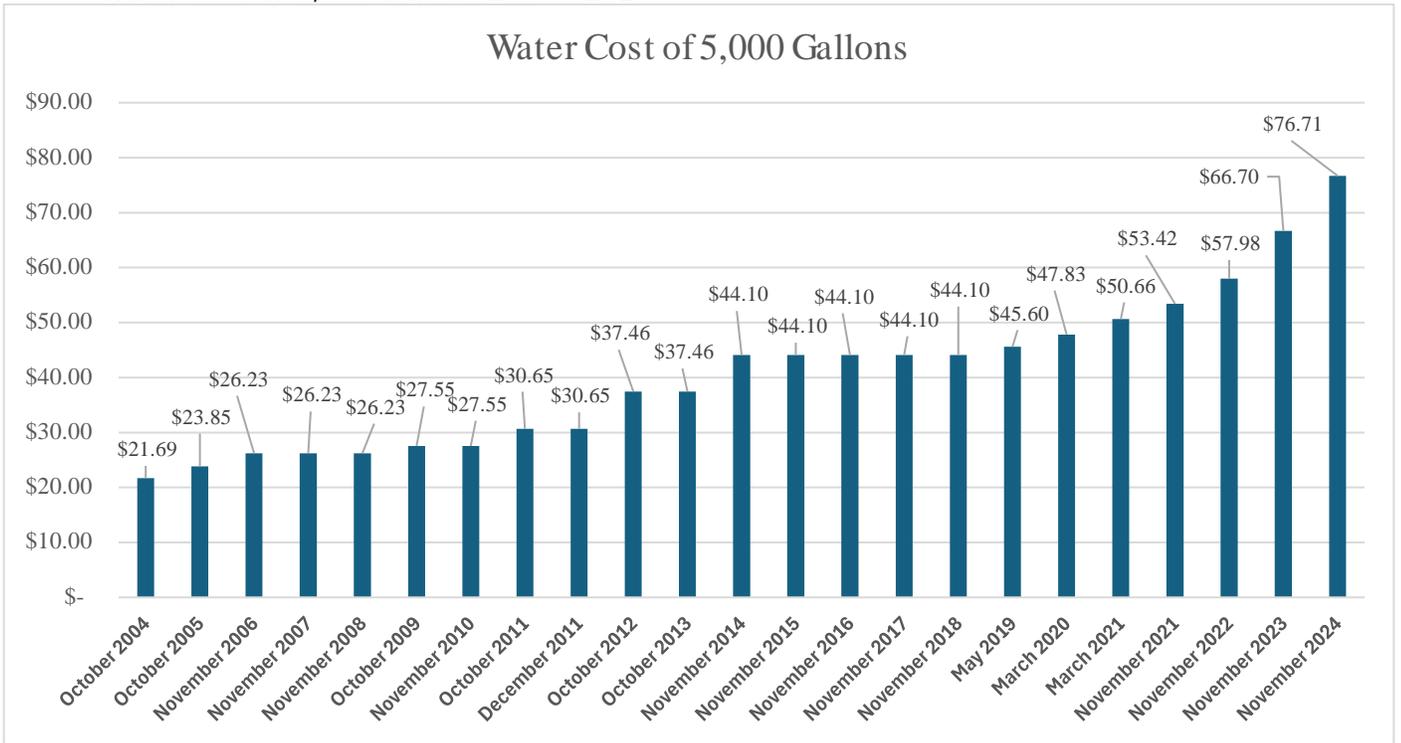
Water Rates 2004 – 2013, and Cost of 5,000 Gallons



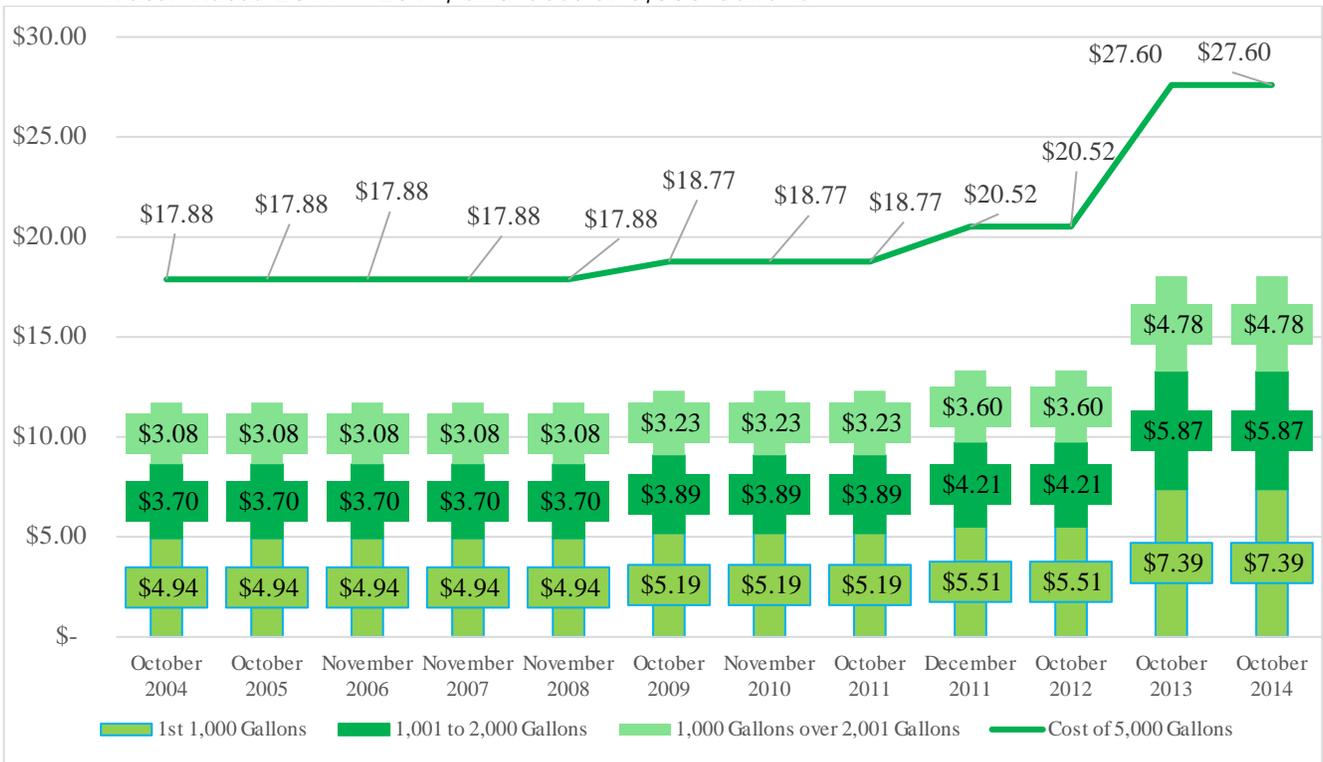
Wastewater Rates 2004 – 2013, and Cost of 5,000 Gallons



Water Cost of 5,000 Gallons 2004 - 2024



Water Rates 2017 – 2014, and Cost of 5,000 Gallons



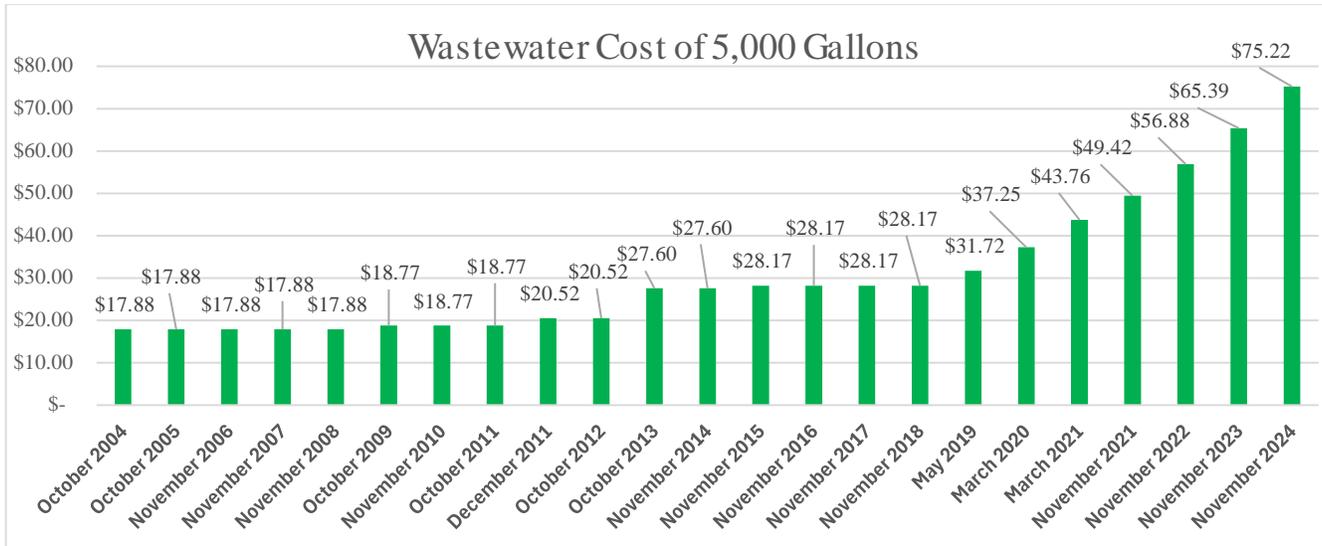
Alderman Hartman noted that 144th Street interceptor was originally discussed in 2013-2014 and it has taken until 2025 for it to happen.

Rick noted that we started making changes to the rate structure in 2018-2019.

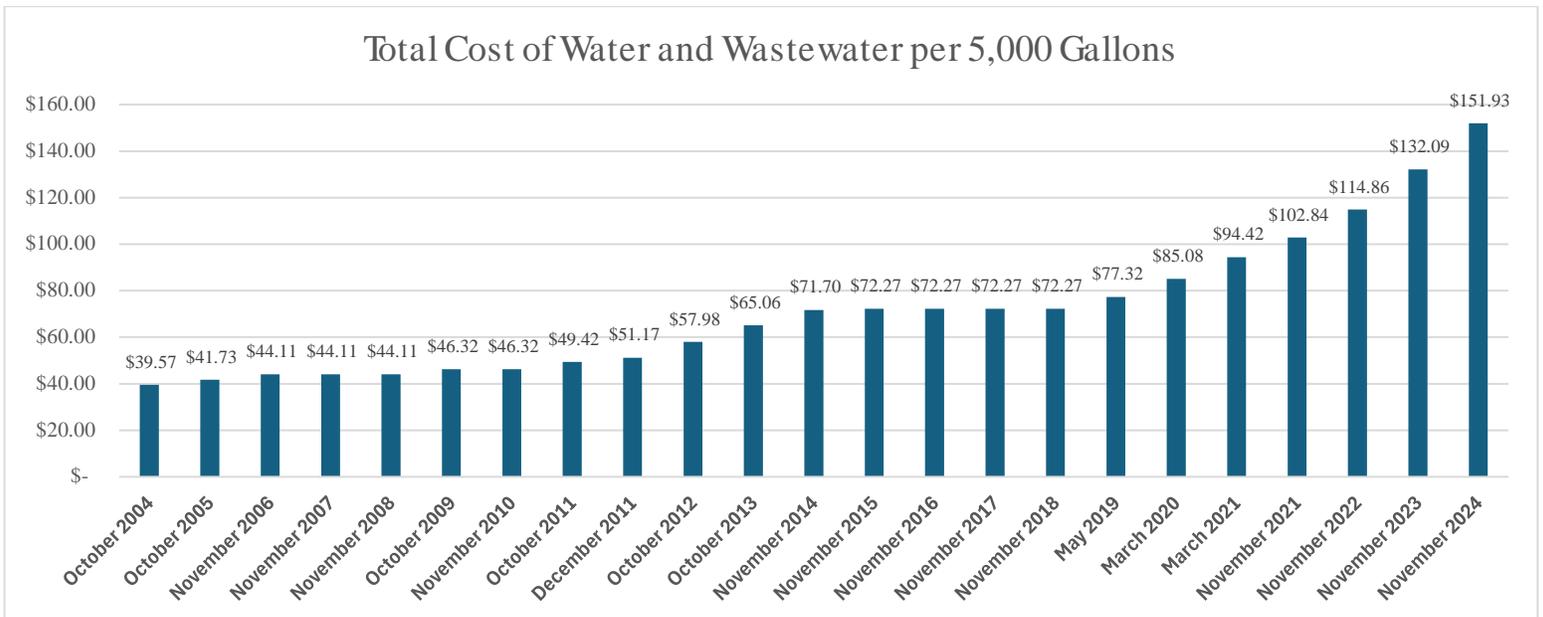
Mayor Boley noted that one of the changes made was based on meter size.

Cynthia noted that those changes were implemented with the initial rate study done by Raftelis.

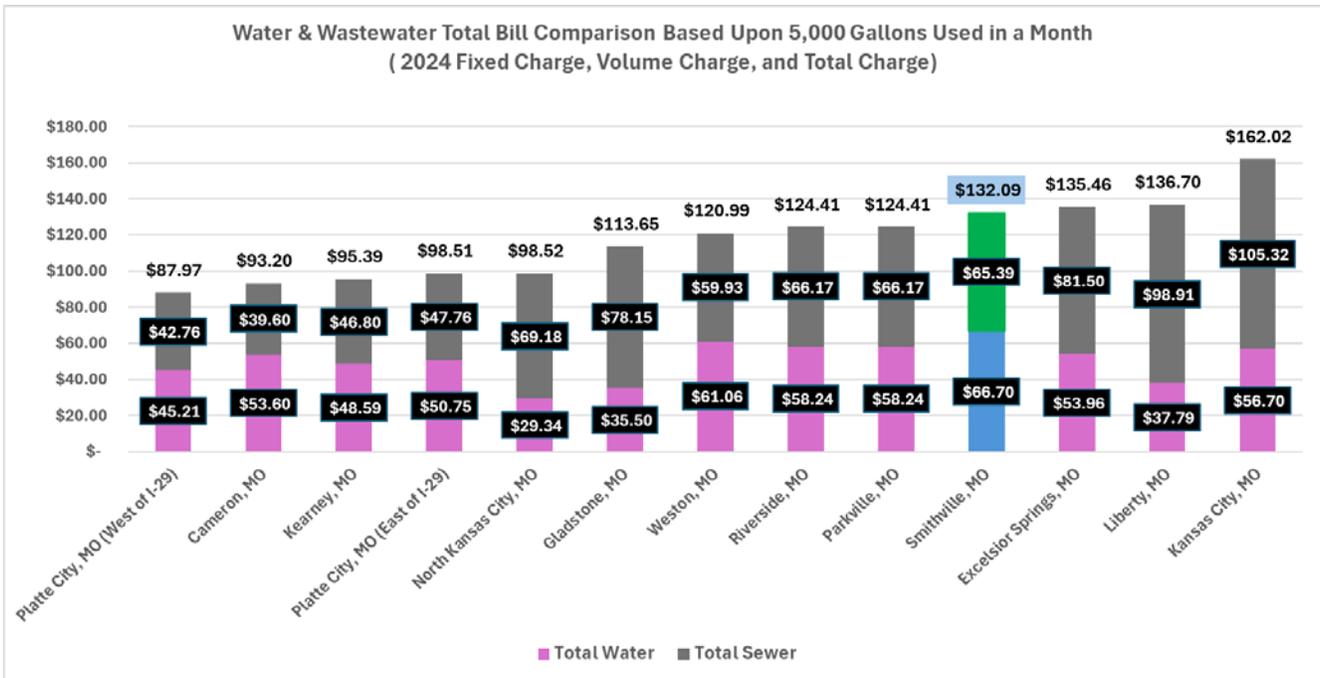
Water and Wastewater Combined Cost of 5,000 Gallons 2004 – 2024



Water and Wastewater Combined Cost of 5,000 Gallons 2004 – 2024



Rate Comparison Between Smithville And Surrounding Communities

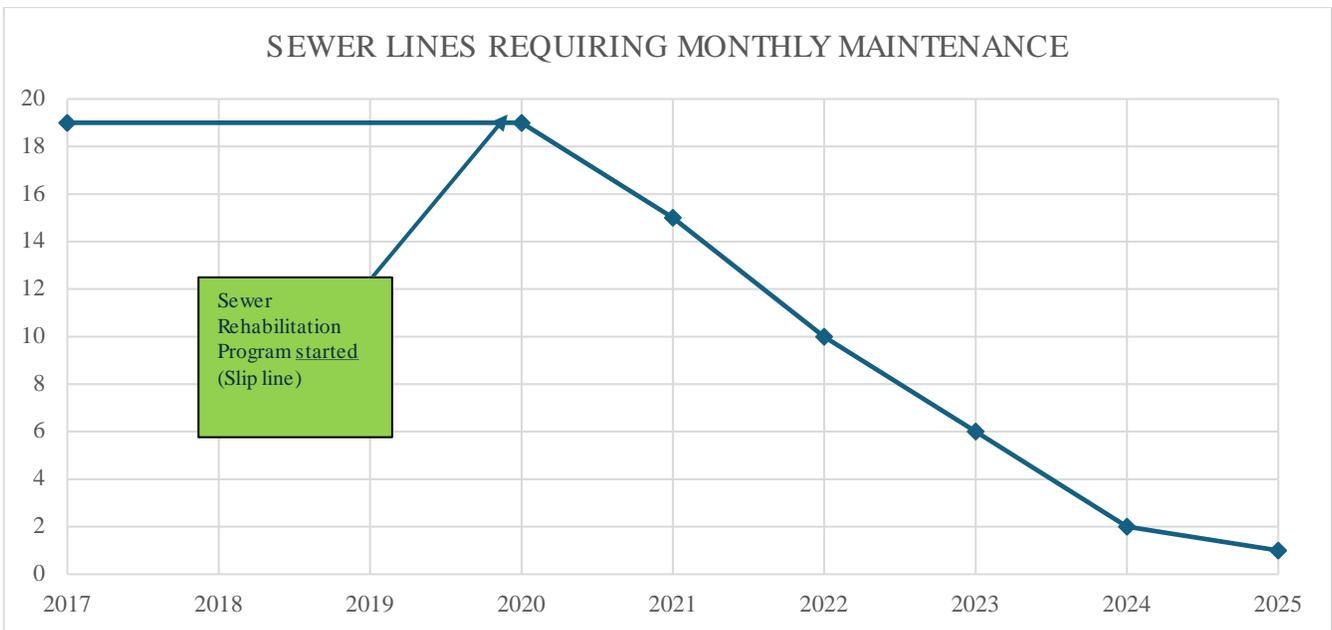


Alderman Hartman asked if these cities produce their own water.

Rick explained that it is not based on how it is provided, it is based on the rates.

The Result of Replacement and Rehabilitation Projects

History of sewer Line Maintenance



Rick noted that prior to 2020, most of our lines were composed of clay tile pipe, which is not ideal for maintenance. Since then, we have undertaken extensive replacement and repair of these pipes. In 2020, we initiated the slipline program, resulting in a significant reduction in monthly maintenance requirements. Currently, only one line requires maintenance.

Public Works Director Chuck Soules explained that approximately five years ago, staff were consistently managing about 20 lines to prevent them from backing up.

Utilities Operations Manager Dave Schuerger explained that the routine maintenance on up to sewer lines monthly was necessary to prevent backups and other issues. Currently they have reduced the number to just one line they flush monthly and last year only had a small number of emergency calls for them.

Mayor Boley asked if the remaining one sewer line was on the list to be sliplined this year.

Dave explained that it is on the list for 2026 because it requires a manhole being installed.

Cynthia noted that most of the older sewer lines have been sliplined.

Dave added that by his calculations we have sliplined about 85% of the old clay tile lines. The clay tile lines are the most problematic for us because they fracture. He explained that once they pull the new line through the clay tile it is like a brand new pipe.

Mayor Boley inquired about the time needed for repairs if we did not use the slipline method and instead excavated each pipe.

Chuck explained that if we had to excavate the old pipes for replacement, it would take significantly more time, and the costs would be exponentially higher. Especially due to the fact that a lot of the City's sewer lines are under the streets.

Dave explained that with \$150,000 a year we can usually get about 4,400 of pipe sliplined. The sewer line repair completed on Winner Road was only 200 feet of line and the cost of the repair was almost \$100,000.

Chuck added that these repairs often require closing streets, which can be inconvenient for the general public. Additionally, relocating other utilities to accommodate the new sewer line adds to the project. Chuck noted that the Insituform (slipline) saves a lot of time and money.

Alderman Hartman added that he had performed a quick calculation to verify his figures. Based on an annual cost of \$150,000 and 4,400 linear feet of slipline, he determined that the cost per linear foot is approximately \$34.

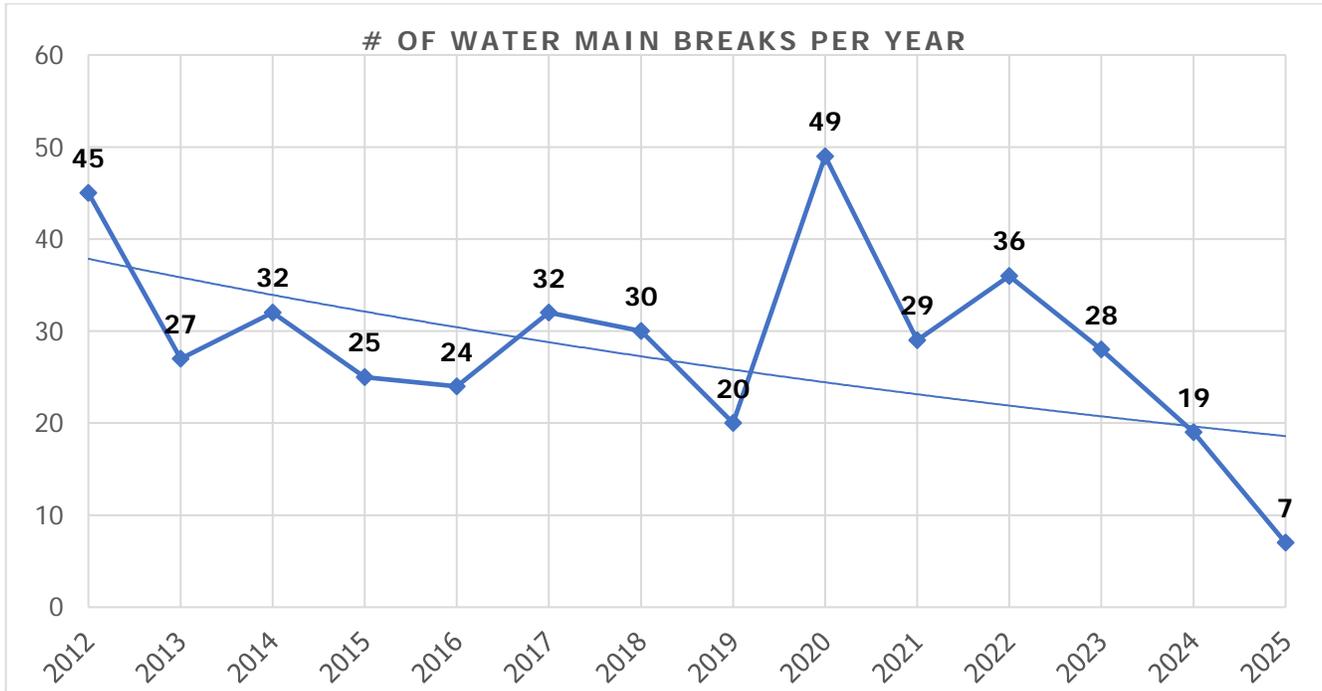
Chuck explained that our bids for the slipline are \$34-\$35 per linear foot.

Cynthia noted that the maintenance expenses are decreasing while the costs are increasing due to the addition of those costs and the debt service expenses associated with the interceptor project.

Cynthia asked how much staff time would jetting a line take.

Dave explained that it typically required around two days for two employees to jet the lines. Given the other responsibilities staff has, if we had not done the slipline we would have required additional staff. Dave noted that staff stays busy with unexpected issues that come up.

History of Water Main Breaks



Rick noted that historically, the infrastructure was constructed with cast iron which is not particularly resistant to corrosion and temperature fluctuations. When we do repair these, PVC is used as a replacement.

Summary

Projects

- Projects were reactive, focused on emergency maintenance and repairs
- Maintenance projects transitioned to replacement and rehabilitation programs

Rates

- Inconsistent growth in both water and wastewater rates

Recent Projects

- Replacement and rehabilitation programs decreased emergency maintenance and repairs, resulting in a focus in larger infrastructure projects

Cynthia noted that as we consider utility rates, keep in mind the inconsistency of those increases, the flat line on the completed projects, and the historical maintenance costs. As we have become more proactive in addressing the infrastructure needs, our proactivity is also occurring at a time when we are observing an increase in supply prices. In the early teens, when prices were relatively lower, the City was not putting money into our

infrastructure. Cynthia noted that we need to make sure that we remember that as we proceed.

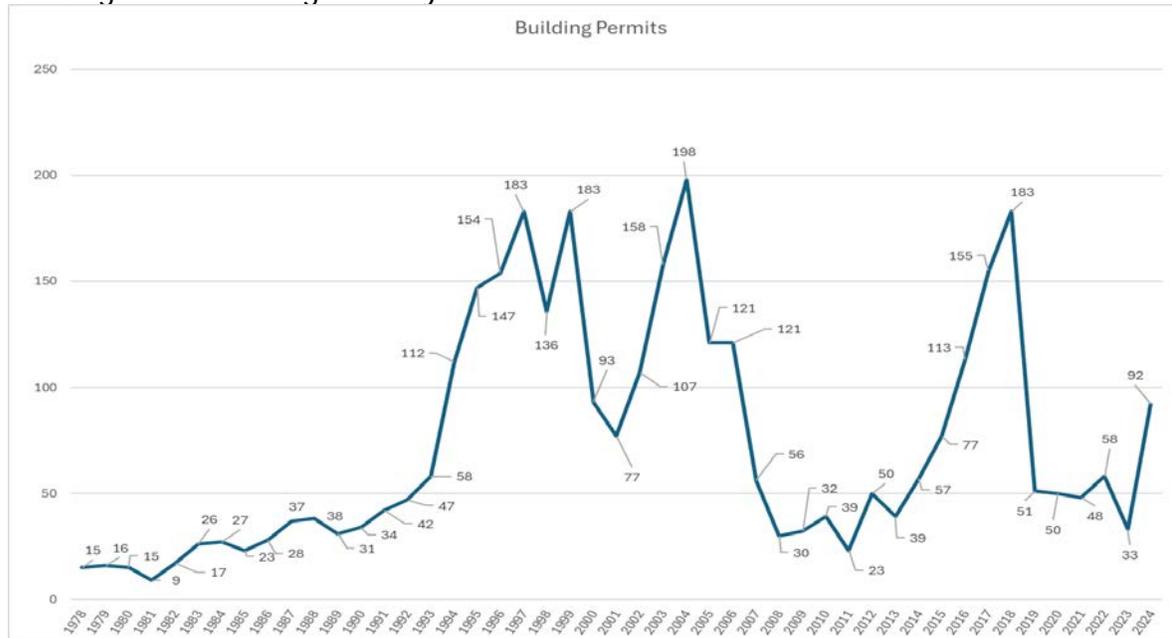
Alderman Hartman noted it is not just the expense of the materials; it also involves the cost of electricity. When we consider what powers our water and sewer systems, it is electricity. He added that he did not believe we receive any discounts as a municipality when it comes to purchasing electricity.

Mayor Boley noted that it costs the City \$5,000 a year per pump station for electricity.

Development and Impact Fees

Development Director, Jack Hendrix

Building Permits – Single Family



Mayor Boley asked if the spike in the '90s was Diamond Crest and Forest Oaks. With discussion about capacity, they had 550 platted for Eagle Heights and Lake Meadows up the north, how many homes are there and what year were those subdivisions approved.

Jack said Lake Meadows has 900 homes total in the subdivision. Lake Meadows was approved in 2003. The Lake Meadows developer built the Diamond Crest pump station when they did their first phase. Clay Creek will rehabilitate that pump station.

Alderman Hartman asked if Jack was working for the City when Rollins Landing was developed.

Jack said that he started with the City when Rollins Landing was beginning.

Alderman Hartman asked if there were 197 homes in that subdivision.

Jack noted that there are right around 200 homes.

Mayor Boley asked if the original Harborview was built in the county.

Jack said that it was and was eventually annexed in, but all of the rest of Harborview was built in the City.

Mayor Boley asked if only one-third of Harbor Lakes was developed, and the rest remained farmland.

Jack said that was correct, there were 200 plus, homes that were supposed to go in there.

Mayor Boley asked if the City had planned back then to get to gravity sooner.

Jack explained that in 2004, 2005 and 2006, the concept they were talking about was it either has to be an interceptor or another force main paralleling it to ensure capacity. Jack noted that in 2007 or 2008 the market fell apart, and they decided they needed to focus on the interceptor because it would give us 50 years of life versus that force main that would go away soon.

Mayor Boley asked that when those subdivisions were approved, there was no capacity.

Jack explained that there was no capacity issue because the force mains were all brand new. Now all of those subdivisions have built out.

Alderman Russell asked with the two-year pause on the Landmark Farms development, would that put more financial strain on Greyhawk with them rebuilding the Wildflower pump station.

Jack responded that Greyhawk would remain unaffected. They likely possess three to four years' worth of empty lots ready for construction. Consequently, they should not face any problems.

Jack pointed out that a portion of the initial development agreement involved Lakeside Farms. Greyhawk was set to cover the expenses connected to it for the City, which would then credit Lakeside Farms because they would eliminate that pump station. So, the improvements Greyhawk would have to make would be done in a different fashion by building a completely new station and doubling its capacity.

Mayor Boley noted that Greyhawk development agreement is pretty extensive. They still have to build a roundabout.

Alderman Russell asked when it will trigger the construction of the roundabout.

Jack explained that their next phase will require a secondary exit, and their layout is such that will require the roundabout. They have two entrances left to construct. The roundabout at Bridgeport and then a new one that is not showing anywhere on 172nd Street.

Development

Potential Developments 2024 - 2031	Proposed Units
Clay Creek Meadows (Approved October 1, 2024)	216
Landmark Farms (Approved January 2025)	287
Greyhawke Phase 5 -10 (2025 and beyond)	165
Total	349 - 636

- Clay Creek Meadows approved and under construction – limited to 159 units until Wildflower Improvements made.
- Landmark Farms Development notified staff of a 2-year delay in construction, Plat approval will require resubmittal as Wildflower upgrades not occurring as planned in their agreement.
- Wildflower Improvements revert to Greyhawke’s 2004 obligation to construct.
- Wildflower Improvements will allow Clay Creek Meadows to complete construction as planned.
- Renegotiation of the Landmark agreement (and any other new development) will be limited by the remaining 274 units (490-216) until Owens Branch Phase I complete.

Capacity Status

Currently Available	CURRENT CAPACITY	DWELLING UNITS (D.U.'s)
	Additional Development Capacity (no system improvements)	265 D.U.'s
	Greyhawke Subdivision Phase 3A, 3B, & 4 Clay Creek Meadows Phase I and II	(-95 D.U.'s) (-159 D.U.'s)
	Total Capacity Currently Available	11 D.U.'s

With Improvements	NORTH SMITHVILLE DEVELOPMENT CAPACITY	DWELLING UNITS
	Additional Development Capacity with Wildflower Pump Station Improvements (Additional 320 units) (Greyhawke development responsibility)	333 lots 331 lots (Existing 11 + additional 320 units)
	Owens Branch (Phase I , Segment 1 - 3)	Will accommodate 20+ years worth of growth

Use of Impact Fees

Water and wastewater impact fees are charges levied on new development to help fund the construction or expansion of water & wastewater infrastructure respectively needed to accommodate growth, ensuring new developments contribute to the costs of increased demand.

Impact Fees and Planned Use

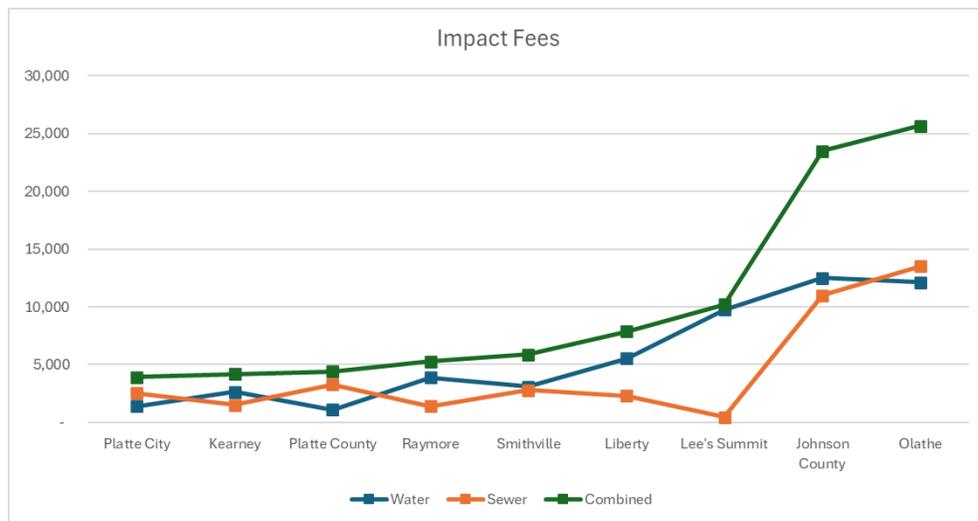
Water Impact Fees were \$2,400 since 2004 until 2022 when it was increased to \$3,100.

Capital Improvement Project Name	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Maple Ave & River Crossing (12" Waterline) (50% of Construction)	-	\$700,000	-	-	-
Grand Total	-	\$700,000	-	-	-

Wastewater Impact Fees have been \$2,800 since 2004

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Owens Branch Phase #1, Line #3 (construction)	-	-	\$1,150,000	-	-
Grand Total	-	-	\$1,150,000	-	-

Impact Fee Community Comparison



Cynthia noted that several key points warrant attention regarding this matter. Firstly, it is important to note we are in the ballpark compared to the majority of cities, particularly in the \$5,000 range.

We have not made substantial increases to our rates for some time. There will be discussions concerning this topic as we proceed with the budgetary process. Furthermore, when examining the areas history rates, it is noteworthy that they are situated in regions experiencing higher growth rate. The growth in these cities has a consequential impact on the associated costs. Additionally, Cynthia emphasized that the rising expenses are a motivating factor and why we have to consider rate increases.

Another important aspect to mention is our earlier comparison of water and sewer rates among some communities. You will not find Parkville, Riverside, or Gladstone mentioned in this comparison, as they do not provide their utility services. Consequently, they do not incur costs related to those systems, which explains their absence from this list.

Alderman Hartman asked for clarification that the impact fees are per house/connection.

Rick explained that impact fees currently are the same for single family and multi-family.

Cynthia noted that these charges do affect construction costs. We need to find a balance between the expenses on the system and the costs to current residents resulting from new housing developments.

Mayor Boley asked if impact fees were based on meter size.

Jack said that they were, for the standard residential they are 5/8, 3/4 or one inch is one cost, the two inch doubles that cost and a four inch doubles that cost.

Current and Future Direction
Future Development

- Future Growth
 - 156 units that have been platted, but no permits issued.
 - 788 units have been zoned or preliminary platted, but no final plats have been filed.
 - 621 units have been in initial development review discussions and should be anticipated in 2024-25.
 - Other than multifamily (Clay Creek and Eagle Ridge) the last subdivision created with 100+ lots was Greyhawk in 2004.

Water and Wastewater Development

- Water – The water treatment plant expansion project will accommodate future growth.
- Wastewater – Growth will have an impact in near future.
 - With completion of the wastewater treatment plant expansion.
 - Central Smithville – 20 plus years of capacity
 - South Smithville – with 144th Street Pump Station, 10 plus years of capacity
 - North Smithville – area of concern with current growth and potential additional growth

Current and Future CWWS Capital Improvement Projects

Project name	Accomplishes	Estimated Net Cost to CWWS	Impact
West Bypass 144th Lift Station	The project is needed for capacity improvements in the southern portion of Smithville and will allow staff to decommission lift stations that are under capacity.	\$3,000,000	Capacity and System Integrity
Stonebridge Lift Station	The project is needed for capacity improvements in the southern portion of Smithville and will allow staff to decommission lift stations that are under capacity. New school bus barn has limited service.	\$1,530,000	Capacity and System Integrity
River Crossing - 12-inch Waterline	This project is needed to ensure adequate water supply north of the Little Platte River. Currently, there is only one 8" main across the river and this improvement will provide additional capacity and reliability.	\$1,10,000	Capacity and System Integrity
Smith Fork Force Main	The new pump station at Smith Forks identified the 4" force main was restricted. This project will provide continued service and increased capacity in north Smithville.	\$700,000	Capacity and System Integrity
Owens Branch Gravity Line	This multi-phased sanitary sewer gravity line project will provide additional capacity to the north end of town and enable removal of some lift stations	\$6,850,000	Residential Capacity
Wastewater Treatment Plant Facility Plan	Identifies existing plant systems and preliminary design for DNR permitting of WWTP expansion.	150,000	System Capacity

Project name	Accomplishes	Estimated Net Cost to CWWS	Impact
Water Treatment Plant Improvements	Maintenance and improvements to existing facility.	\$1,430,000	System Integrity and Plant Maintenance
Highway 92 & Commercial Street Waterline	This water line connection is crucial to ensure that the newly relocated booster station has an adequate water supply.	\$450,000	System Integrity
McDonalds / Central Bank Lift Station	This project will help the City eliminate two costly sewer pump stations, McDonald's, and Central Bank lift stations	\$730,000	System Integrity
Tower to Major Mall 8" Water line	The connection will accommodate the expected growth south of 92 Highway, and provides additional water supply for the southwest water tower	\$205,000	Capacity and System Integrity
Day Care Lift Station	Project is not currently in the CIP, but is a system efficiency need once the Stonebridge station is decommissioned.	\$450,000	System Efficiency
Water Plant Expansion	Plant expansion for growth and taste and odor control	\$15,000,000	System Capacity
Wastewater Plant Expansion	Plant expansion to accommodate growth	\$4,000,000	Capacity and System Enhancement

City of Smithville Future

City of Smithville									
CWWS Projected Cash Flow									
April 2025									
	2025	2026	2027	2028	2029	2030	2031	2032	2033
Beginning Cash	\$ 7,725,820	\$ 11,568,796	\$ 4,815,569	\$ 5,209,313	\$ 3,676,787	\$ 1,568,870	\$ (876,285)	\$ (1,344,523)	\$ 289,504
Revenue *	7,143,660	7,679,435	8,255,392	8,874,546	9,495,765	10,160,468	10,871,701	11,632,720	12,447,011
Debt Issuance	7,500,000	-	8,000,000	-	13,000,000	13,000,000	7,000,000	5,000,000	-
Expense **	10,800,684	14,432,662	15,861,648	10,407,073	24,603,682	25,605,623	18,339,939	14,998,694	20,439,554
End Cash	\$ 11,568,796	\$ 4,815,569	\$ 5,209,313	\$ 3,676,787	\$ 1,568,870	\$ (876,285)	\$ (1,344,523)	\$ 289,504	\$ (7,703,040)
Required Reserve	1,186,323	1,281,179	1,451,097	1,513,273	1,728,663	1,909,012	2,041,189	2,159,765	2,239,120
Major Project Outlay (projected)	4,210,000	7,315,000	7,800,000	2,000,000	15,000,000	15,000,000	7,000,000	3,000,000	8,000,000
								Total 9 Year Outlay	\$ 69,325,000
								Additional COP	\$ 15,500,000
								Revenue Bonds	38,000,000
								Total Planned Financing	\$ 53,500,000

Alderman Hartman noted that the expenses are always going to outweigh our revenue. There's no going back. We cannot balance our expenses due to these projects and these projects are essential for us.

Rick clarified that this includes the capital projects that are going to be incorporated. There is a piece that is the operating expense. Rick noted that our revenues should outpace our operating expenses every year in the water and wastewater fund. The chart shows the additional major outlay project that we have slated for each year and included in the expense line. Rick explained that expense is including the capital projects and the cost of debt. This presentation provides the picture that from 2004 to 2017, there was not much of an increase in rates and projects were not being completed. It was more focus on the maintenance and repair. Now that we have the master plans in place, we are going to start updating our infrastructure.

Alderman Russell asked for clarification on the statement expenses are always going to outweigh our revenue.

Rick explained that our revenue will always be higher than our operating expenses but in this scenario it is reversed because it includes the capital projects which will be supplemented by debt.

Cynthia mentioned that our conversation about debt financing goes back to the discussions we had in February when our bond counsel and financial advisors were here to go over the processes and the options available to us, which we will keep examining.

Cynthia noted that we had predicted the necessity to issue COPs, which are certificates of participation, for the 144th Street Interceptor project, and initially thought we would need to pursue that debt in 2023. However, due to project delays and also thanks to some additional funding we have received with assistance from Representative Graves in obtaining federal government funding, this has pushed back our need to issue the debt. On tonight's agenda is the reimbursement resolution, which effectively states our plan to

issue that debt and lays out the projects for which we can reimburse ourselves. Later this week, staff will have a call with our financial advisor to begin that process. The sale of those COPs is expected to take place later this year. We do not have a specific timeline yet, as that will be determined in the discussions with the financial advisors later this week, and staff will share that information with the Board. There are several steps and approvals required from the Board to ensure this happens.

Mayor Boley noted that the water district has recently issued bonds to connect with an alternative supplier. He requested that the staff explore the implications of not providing water for that additional capacity and the discount rate associated with our water sales to them.

Alderman Hartman highlighted that for 13 years the Board did nothing. He asked if the population had any growth during that time.

Jack explained that the growth was not significant, but we did have growth.

Mayor Boley noted that for many of those years the City did not have property tax because they wanted growth.

Jack explained that there were 23 years that the City did not have property taxes. He noted that not only did we have growth we were annexing more land and no property taxes to pay for any of the services that we had to start providing.

Mayor Boley clarified that the annexations were voluntary annexations not forced annexations.

Jack noted that there were approximately 35 annexations a month from 1989 to 1992.

3. Adjourn

Alderman Hartman moved to adjourn. Alderman Kobylski seconded the motion.

Ayes – 6, Noes – 0, motion carries. Mayor Boley declared the Work Session adjourned at 6:57 p.m.

Linda Drummond, City Clerk

Damien Boley, Mayor