

Lee's Summit Water Utilities is dedicated to providing reliable water and sanitary sewer services responsibly and efficiently for the health and safety of our community with exceptional customer service, integrity and pride.

Water & Sewer Rates Recommendation

November 18, 2024

Strategic Plan – Financial Viability Goals



5.1. Manage debt and cash reserves to ensure successful execution of our long-range plans, meet short-term needs, and prepare Water Utilities for the future.

5.1.1. Develop annual comprehensive budgets that accurately project operational requirements and monitor performance. ✓

5.1.2. Manage rates and fees to optimize revenue stability from year-to-year, ensure excellent value, equity, and affordability. ✓

5.2. Communicate and execute Water Utilities' budget to ensure alignment with strategic priorities.

5.2.1. Maintain a rolling 5-year Capital Improvement Plan. ✓

5.2.2. Maintain the following ratios:

5.2.2.1. Debt service coverage ratio at a minimum of 1.50. ✓

5.2.2.2. Debt service ratio less than 20%. ✓

5.2.2.3. Interest coverage ratio greater than 5. ✓

5.2.2.4. Revenue to expense ratio greater than 100%. ✓

5.2.2.5. Operational reserves:

5.2.2.5.1. Minimum operating reserves at 90 days of operating expenses. ✓

5.2.2.5.2. Current ratio greater than 6%. ✓

5.2.2.5.3. Liquidity ratio greater than 6%. ✓

5.2.3. Annually evaluate significant cost factors for changes in operational costs including energy, supply contracts, and staffing costs. ✓

5.2.4. Adhere to proper accounting policies and procedures. ✓

5.2.5. Maintain administrative compliance for federal and/or state grants. ⚙️

5.2.6. Prepare annual cost of service analysis for a 10-year period. ✓

5.2.7. Maintain inventory management by tracking parts, supplies, and equipment utilized by Water Utilities employees. ✓

5.2.8. Utilize technology (data analytics) to better communicate and display Water Utilities' financial health and reporting metrics. ⚙️

Strategic Plan – Deliver Infrastructure and Operational Excellence Goals



1.3. Proactively maintain assets to provide reliable distribution and delivery of drinking water.

1.3.1. Continue CIP investment in anode retrofit program. Track and re-evaluate anode program investment levels with success rate of prolonging of assets annually (trend curve can be used to estimate the investment level resulting in cost-effective reduction in break rate). ✓

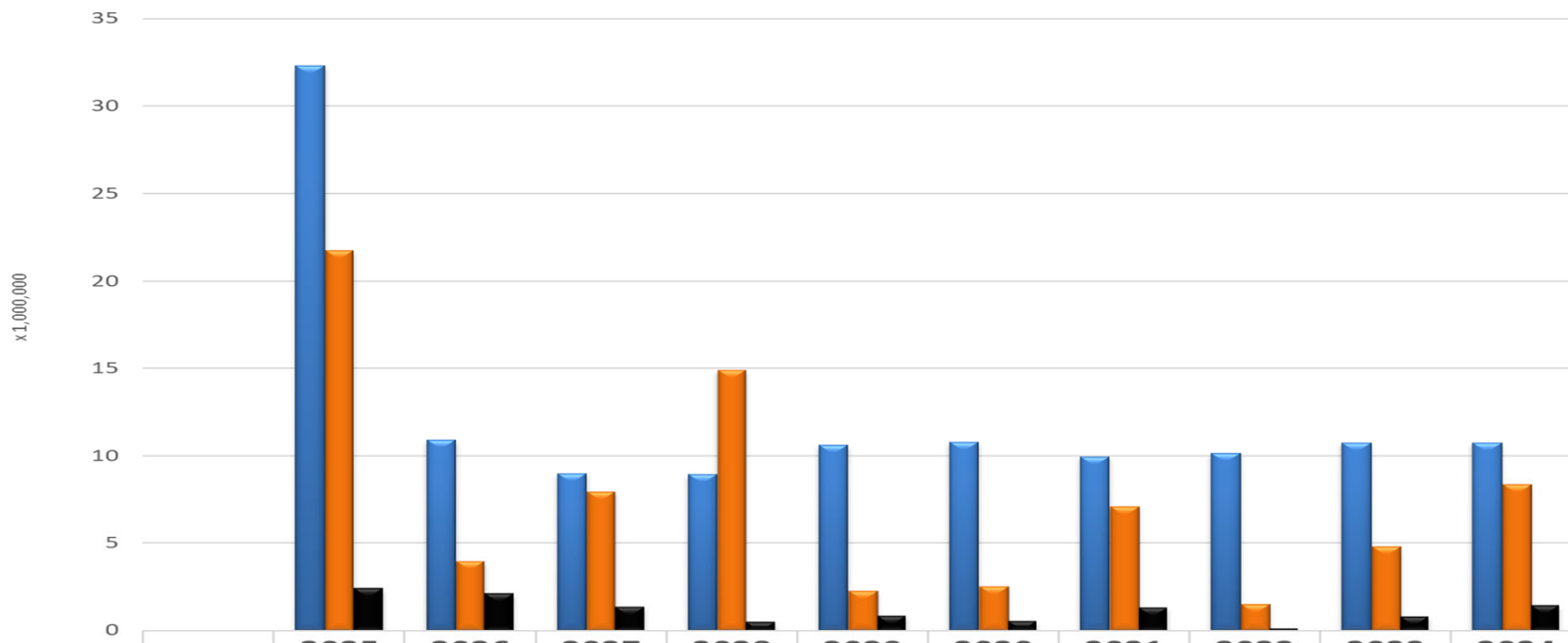
1.3.3. Maintain an asset renewal rate of the water system that is between 1-2% annually. ✓

1.4. Proactively maintain assets to provide reliable sewer collection and conveyance.

1.4.3. Maintain a system renewal/replacement rate for the wastewater collection system in alignment with condition scores. ⚙️

1.4.4. Maintain a facility/equipment renewal/replacement rate in alignment with the Facilities Asset Master Plan. ✓

Capital Projects Funded through Rates



	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Water Construction	32.30	10.90	8.94	8.89	10.62	10.79	9.96	10.14	10.75	10.75
Sewer Construction	21.72	3.96	7.88	14.90	2.25	2.50	7.05	1.50	4.79	8.33
ERP	2.38	2.09	1.32	0.51	0.81	0.52	1.28	0.13	0.79	1.41

Update of Significant Cost Drivers



- Water Purchases
 - City of Independence
 - No Projected rate increase anticipated in FY25, future rate increases set at 3%.
 - Kansas City Water
 - Projected 3% rate increase for 5-1-24, however the actual increase was 4.5%.
 - Projected 3% rate increase effective 5-1-24 with future rate increases set at 3%.
- Sewer Treatment
 - Middle Big Creek
 - FY25 rates were increased from \$44 to \$47 per connection, FY26 is projected to \$49
 - Little Blue Valley Sewer District
 - Rate increases were expected to be approximately 6% per year to satisfy debt service needs. Due to drought conditions, the increase has been adjusted to 6.2%
- System Renewal/Reinvestment for the 10-year period
 - Water Construction is over \$124m
 - Sewer Construction is nearly \$76m
- Personnel
 - Salaries increase projected at 3%
 - Healthcare adjusted to market conditions

Water Rate Schedule

5 – Years Projected



Effective Date	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
Required Revenue Increase	4.00%	4.00%	5.00%	5.00%	5.00%	4.00%

Monthly Base Charge (by meter size)	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
0.625	\$ 12.12	\$ 12.62	\$ 13.25	\$ 13.91	\$ 14.61	\$ 15.19
0.75	13.58	14.12	14.83	15.57	16.35	\$ 17.00
1	18.18	18.92	19.87	20.86	21.90	\$ 22.78
1.5	30.30	31.53	33.11	34.77	36.51	\$ 37.97
2	60.60	63.06	66.21	69.52	73.00	\$ 75.92
3	96.97	100.89	105.93	111.23	116.79	\$ 121.46
4	121.21	126.11	132.42	139.04	145.99	\$ 151.83
6	145.45	151.34	158.91	166.86	175.20	\$ 182.21
8	206.05	214.40	225.12	236.38	248.20	\$ 258.13
10	424.23	441.40	463.47	486.64	510.97	\$ 531.41

Water Volume Charge (\$/1,000 gal)	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
Residential						
0 - 7,000 gals	\$ 5.16	\$ 5.37	\$ 5.63	\$ 5.91	\$ 6.21	\$ 6.46
7,000 - 15,000 gals	6.06	6.30	6.62	6.95	7.30	\$ 7.59
Over 15,000 gals	7.57	7.87	8.27	8.68	9.11	\$ 9.47

Commercial:	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
All Usage	\$ 6.06	\$ 6.30	\$ 6.62	\$ 6.95	\$ 7.30	\$ 7.59

Sewer Rate Schedule

5 – Years Projected



Effective Date	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
Required Revenue Increase	4.00%	4.00%	5.00%	5.00%	5.00%	4.00%

Monthly Base Charge (by meter size)	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
0.625	\$ 17.24	\$ 17.67	\$ 18.55	\$ 19.48	\$ 20.45	\$ 21.27
0.75	19.31	20.07	21.07	22.12	23.23	\$ 24.16
1	25.86	26.89	28.23	29.64	31.12	\$ 32.36
1.5	43.10	44.82	47.06	49.41	51.88	\$ 53.96
2	68.96	71.72	75.31	79.08	83.03	\$ 86.35
3	86.20	89.66	94.14	98.85	103.79	\$ 107.94
4	120.68	125.51	131.79	138.38	145.30	\$ 151.11
6	172.40	179.31	188.28	197.69	207.57	\$ 215.87
8	206.88	215.17	225.93	237.23	249.09	\$ 259.05
10	258.60	268.95	282.40	296.52	311.35	\$ 323.80

Sewer Volume Charge (\$/1,000 gal)						
Residential	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
All Usage	\$ 6.54	\$ 6.70	\$ 7.04	\$ 7.39	\$ 7.76	\$ 8.07

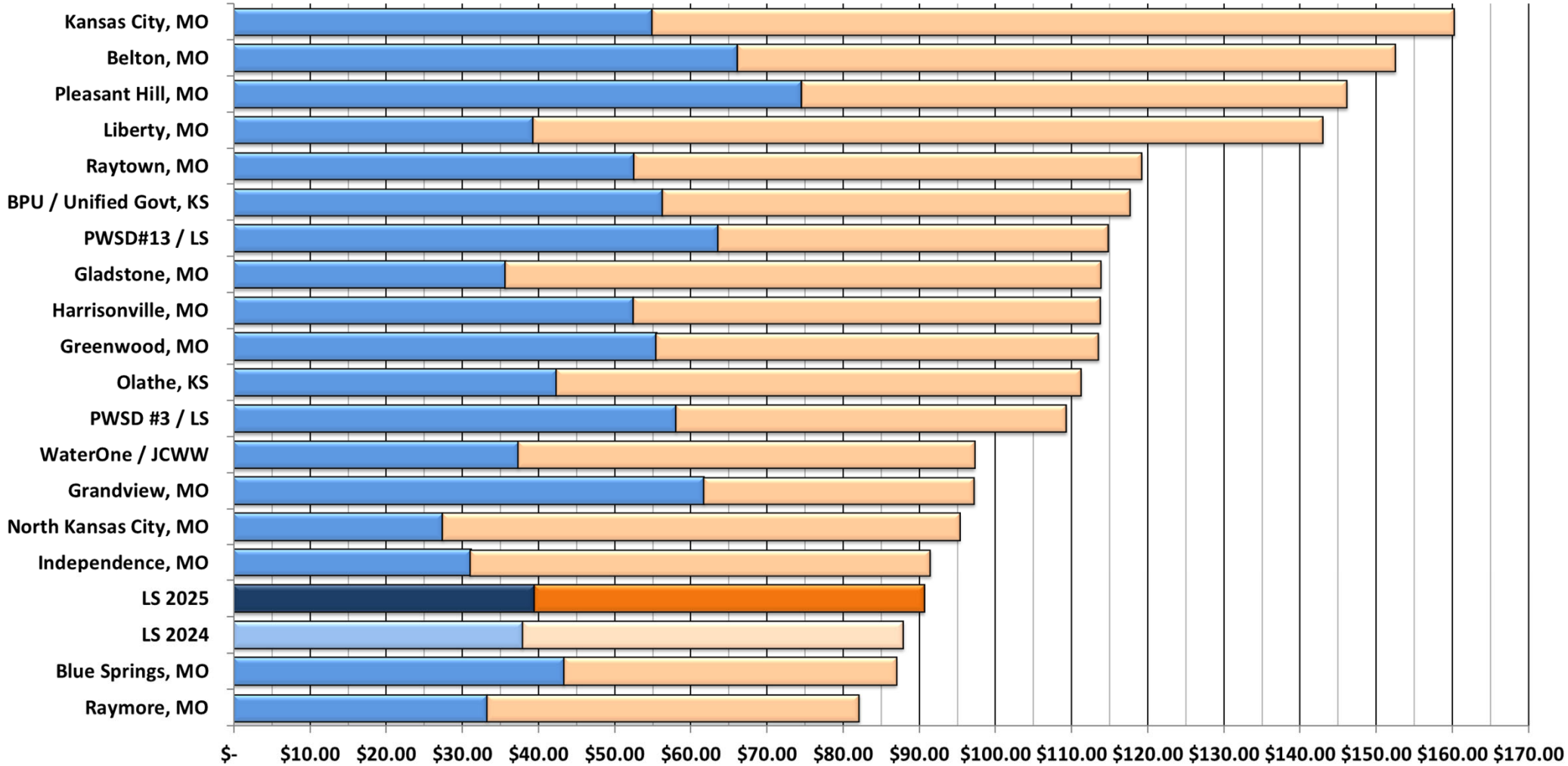
Commercial:	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029
All Usage	\$ 6.54	\$ 6.70	\$ 7.04	\$ 7.39	\$ 7.76	\$ 8.07

Residential Rate Comparison



November 2024
based on 5,000 gallon per month consumption

Water Sewer

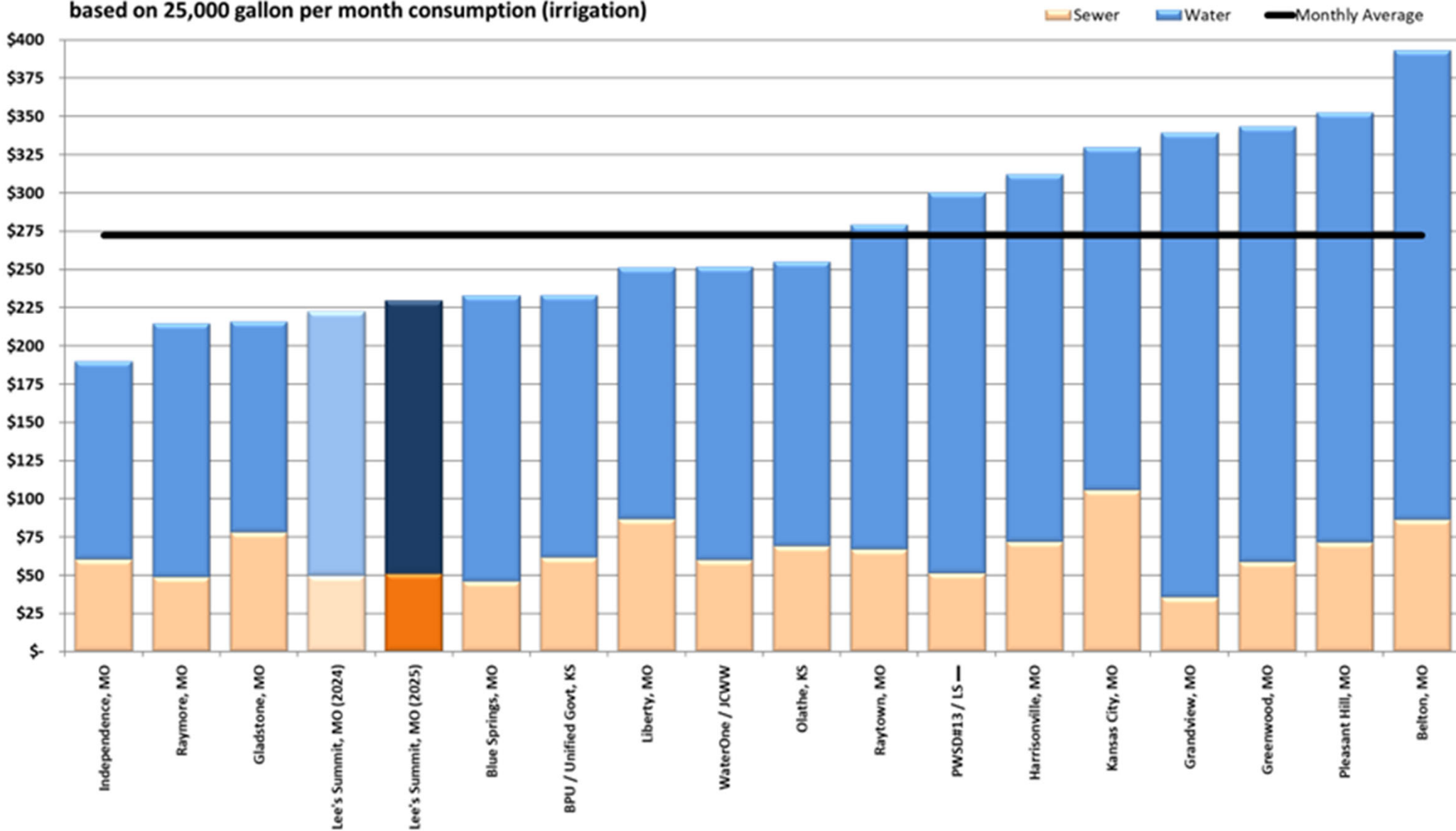


Residential Rate Comparison

Irrigation @ 25,000 gallons



Residential Rate Comparison
 November 2024
 based on 25,000 gallon per month consumption (irrigation)

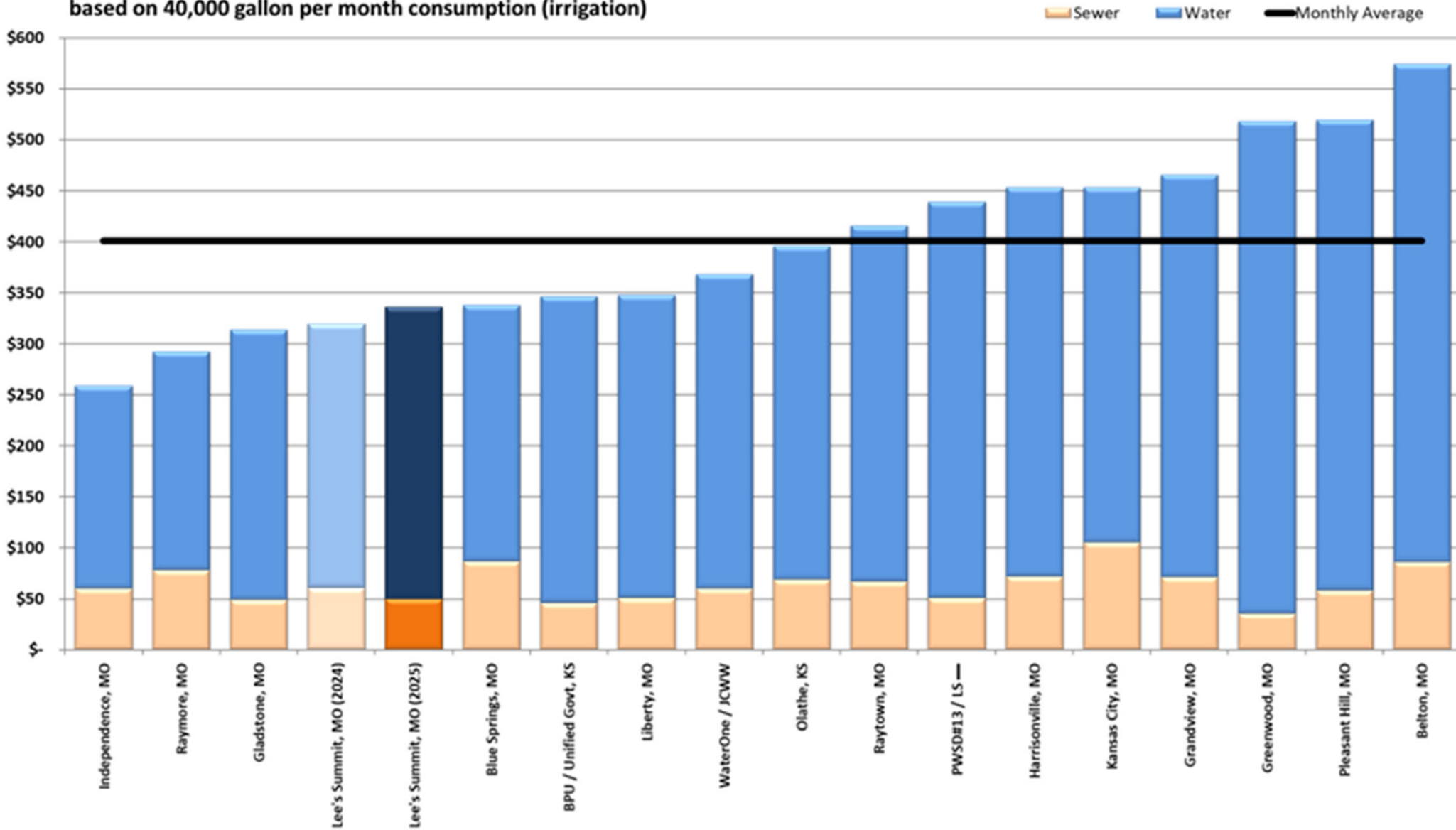


Residential Rate Comparison

Irrigation @ 40,000 gallons



Residential Rate Comparison
 November 2024
 based on 40,000 gallon per month consumption (irrigation)



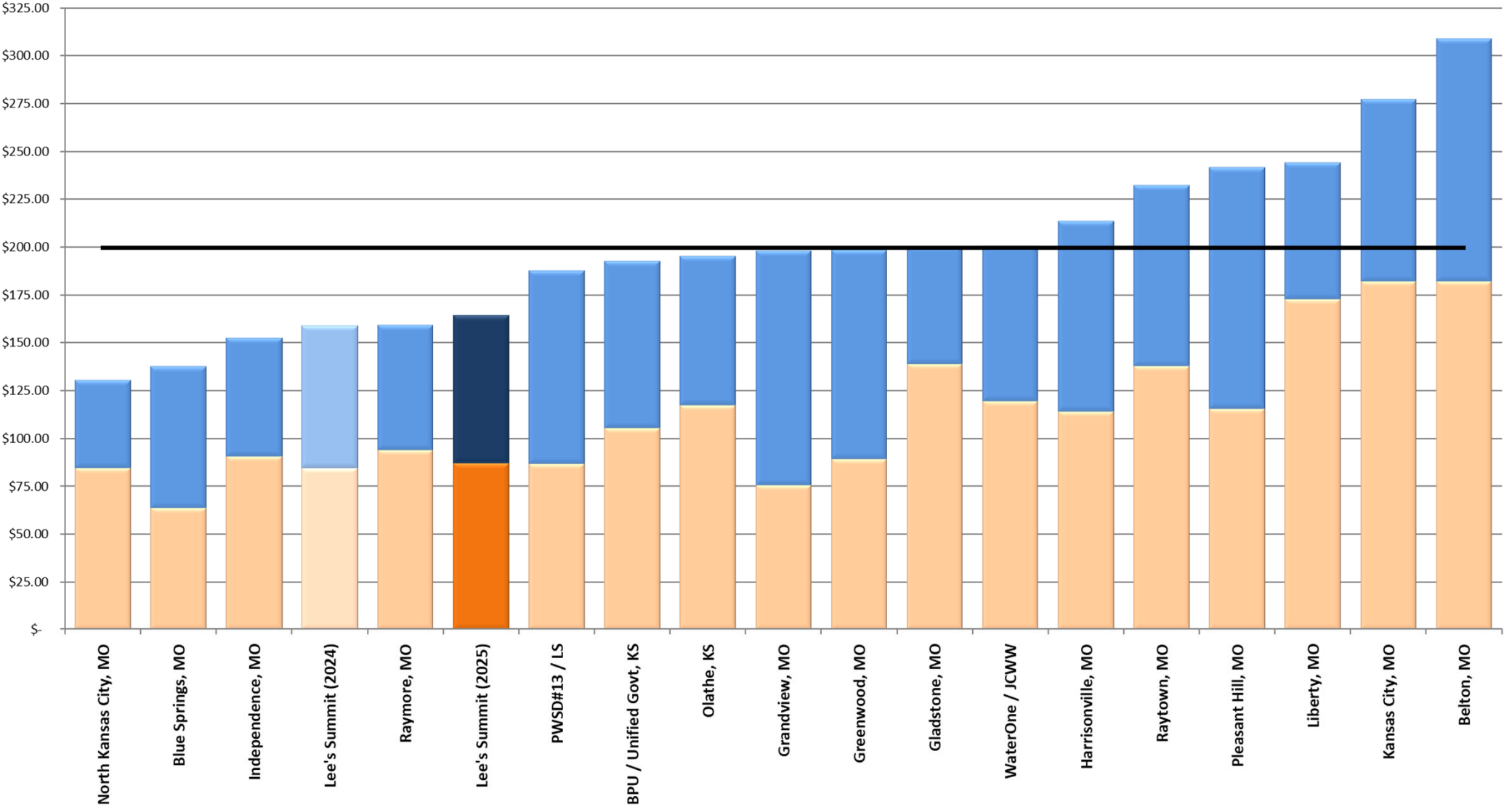
Commercial Rate Comparison

(3/4 Meter with 10,000 gallons per month consumption)



Commercial Rate Comparison
 November 2024
 based on 3/4" Meter with 10,000 gallon per month consumption

Sewer Water Monthly Average



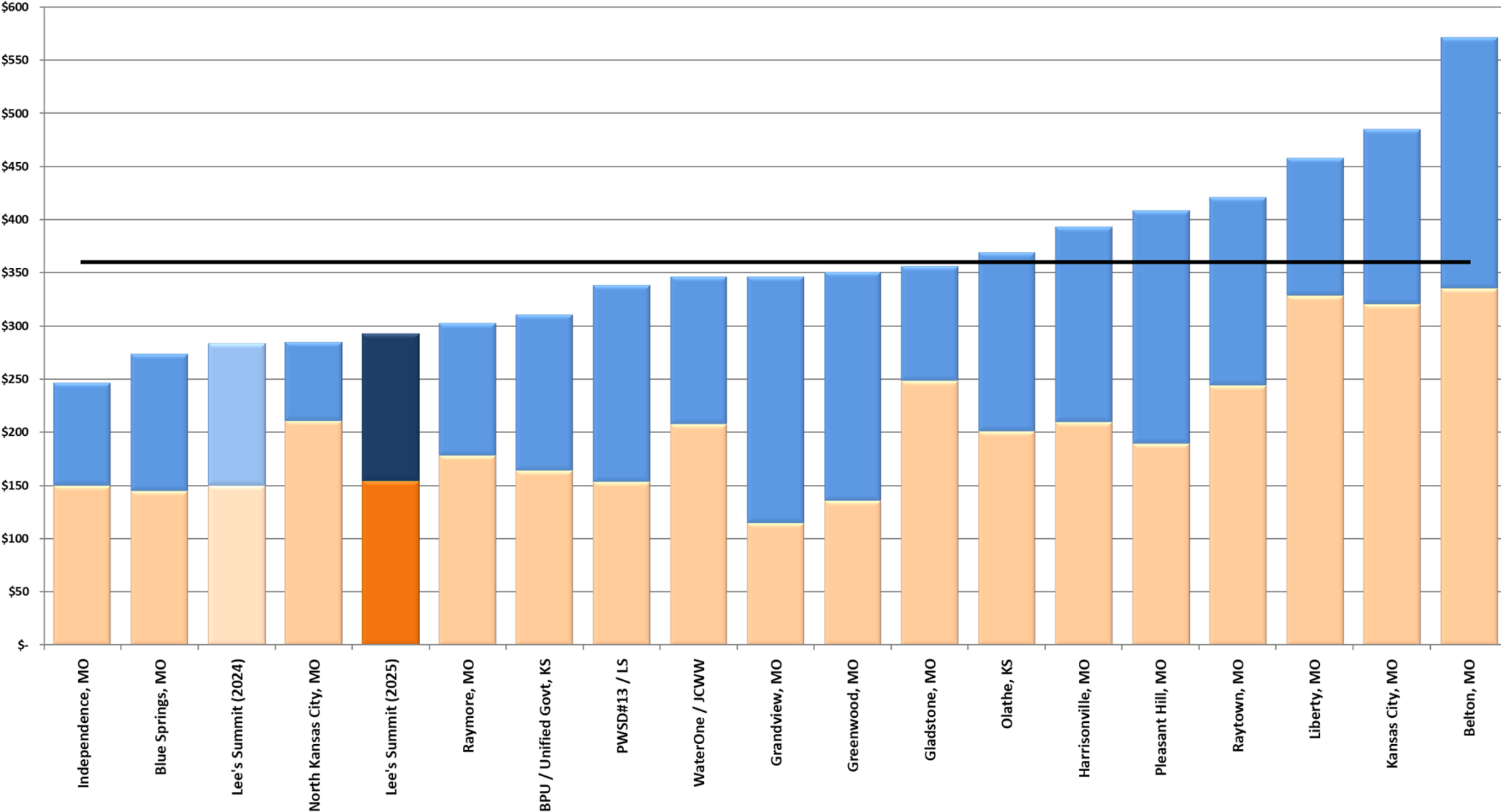
Commercial Rate Comparison

(1" Meter with 19,000 gallons per month consumption)



Commercial Rate Comparison
 November 2024
 based on 1" Meter with 19,000 gallon per month consumption

Sewer Water Monthly Average



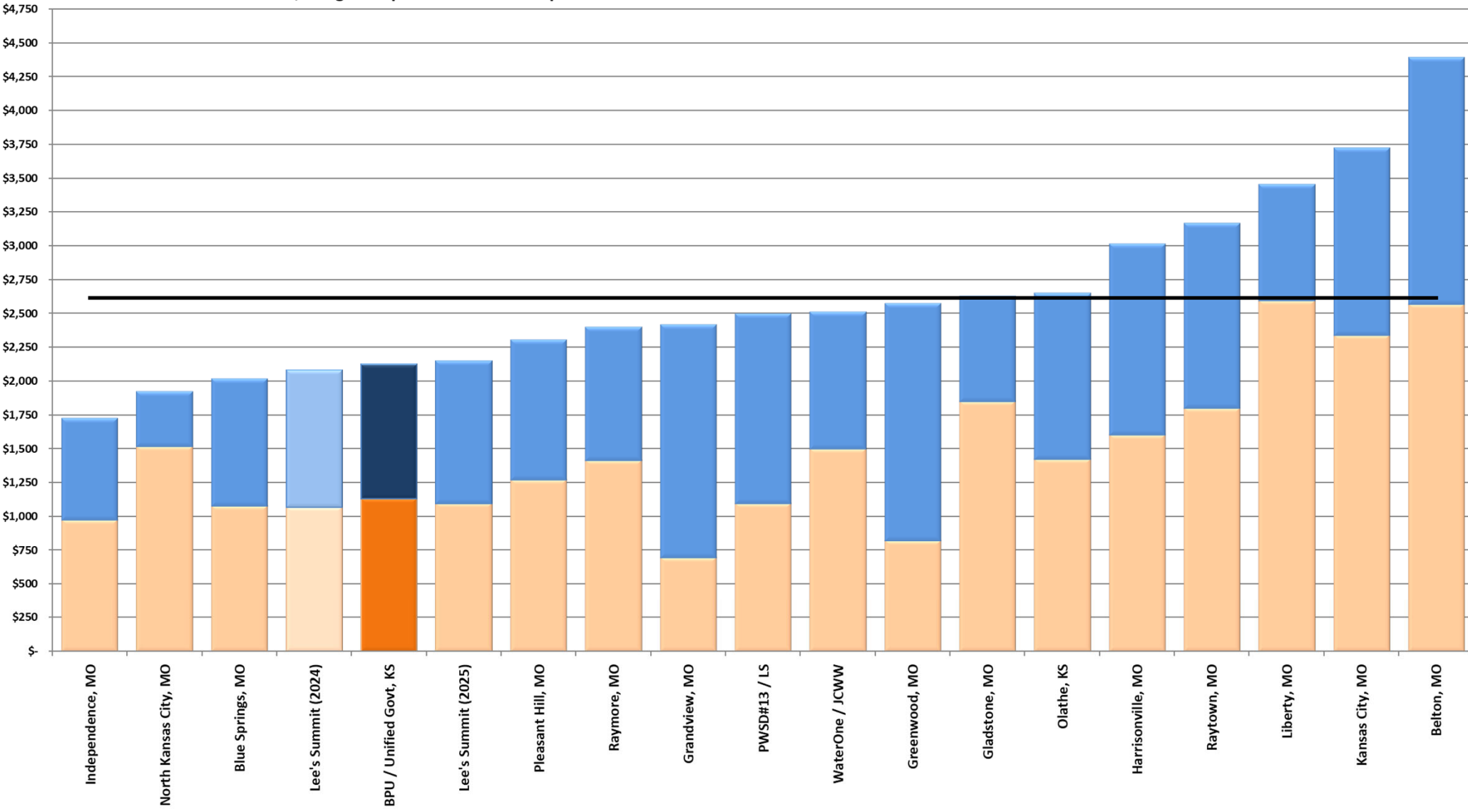
Commercial Rate Comparison

(3" Meter with 150,000 gallons per month consumption)



Commercial Rate Comparison
 November 2024
 based on 3" Meter with 150,000 gallon per month consumption

Sewer Water Monthly Average



Questions

