

WATER UTILITIES ADVISORY BOARD
Action Letter - DRAFT

Monday, November 18, 2024
3:00 p.m.

Lee's Summit Water Utilities Service Center
1200 SE Hamblen Road
Lee's Summit, MO 64081

Members Present:

Mike Atcheson, Chair (Developer)
Mark Leetch (Resident)
Bryon Livingston (Resident)
Kyle Gorrell (Commercial)
Glen Jones (Builder)
Alli Kisner (Resident)
Phil Evans (Outside City Resident)
Rick Poeschl (Resident)

Members Absent:

Anthony Columbatto (Commercial)

1. Call to Order

Mr. Mike Atcheson called the meeting to order at 3:01 p.m.

2. Roll Call

3. Approval of Agenda

Mr. Atcheson advised item 6E is being moved to 6B. Glen Jones made a motion to approve the agenda and was seconded by Mr. Rick Poeschl. The Board unanimously agreed to the approval of the agenda.

4. Election of Officers

Mr. Bryon Livingston made a motion to nominate Mr. Mike Atcheson as Chair and was seconded by Mr. Poeschl. The board unanimously approved Mr. Mike Atcheson as Chair of the Water Utilities Advisory Board.

Mr. Mark Leetch made a motion to nominate Mr. Glen Jones as Vice Chair and seconded by Mr. Gorrell. The board unanimously approved Mr. Glen Jones as Vice Chair of the Water Utilities Advisory Board.

5. Public Comments

No public comments

6. Business

A. 2024-6626 Approval of the December 13, 2023, Water Utilities Advisory Board Action Letter

Mr. Poeschl made a motion to approve the Action Letter and was seconded by Mr. Livingston. The board unanimously voted to approve the December 13, 2023, Action Letter.

B. 2024-6627 Consideration of Water and Sewer Rates

The following cost factors:

Water Purchases:

- City of Independence – No increase was approved for FY25, and no increase is anticipated for FY26. Future rate increases were anticipated at 3% for the remaining years of the model.
- Kansas City – A 3% increase was projected to be effective on May 1, 2024, however, the increase was 4.5%. Future rate increases were set at 3% for the remaining year of the model.

Sewer Treatment:

- Middle Big Creek – In FY25 rates increased from \$44.00 per connection to \$47.00. In FY26 rates are projected to increase from \$47.00 to \$49.00. Future rate increases are anticipated to address growth and subsequent debt that will be issued related to improvements in the district.
- Little Blue Valley Sewer District – Rates are expected to continue to increase as projected by LBVSD's planning documents to satisfy previously issued debt and continuous improvements necessary for meeting service levels and regulatory compliance.

Personnel:

- Salaries are projected to increase 3% for FY26 with subsequent 3% increases in the next 3 years of the 10-year horizon of the model. Other personnel adjustments are incorporated to adjust to market conditions. Personnel expansion to manage growth and the necessary changes in the organization continue to be completed during the 10-year planning period.

System Renewal:

- Adjustments to capital projects have been made to recognize that impact and ensure that sufficient revenues were generated over the projected 10-year planning period to meet renewal goals.

The Cost of Service model provides a financial plan to meet the ongoing operating and capital needs of the Utility.

The Cost of Service model identifies increased revenue needs for each of the next 10 years and is consistent with the findings of the Strategic Plan

The model addresses the infrastructure rehabilitation needs as identified and schedules the projects in accordance with a financial plan.

The model follows financial, and rate policies specified in the Strategic Plan and presented to the Water Utilities Advisory Board.

The model generates a cost allocation between customer classes consistent with industry standards to be fair and equitable.

Mr. Livingston suggested increasing the 4% now rather than waiting until 2029 but after further discussion related to WUAB goals for rate adjustments to meet capital improvement cash flow and incremental rate increases, it was recommended by the board with a motion by Mr. Leetch to append the rate schedule with a 4% increase to water and sewer rates effective January 1, 2029.

Seconded by Mr. Jones. The board unanimously approved the appended rate schedule with a 4% increase as presented to be included in the City's Schedule of Fees & Charges.

C. 2024-6628 Consideration of the Water Connection Fee Recommendation

In December 2022, Water Utilities presented a new methodology for calculation of water tap fees based on the completion of master planning efforts to ensure that fees were appropriately designed. The water master plan allowed the department to review the water tap fee model like the process that's used for the sanitary sewer connection fee methodology.

The water tap fee for FY25 for a residential equivalent unit (EU) which is identified as a 5/8" x 3/4" meter was established at \$3,973. The methodology provided that:

- Fees would be proportional to the size of the water meter
- Costs of projects with annual review to ensure the proper allocation and cost recovery necessary to serve new development

For the 2025 update of the water tap fee model the following factors were updated:

- FY24 there were 589 residential EU consumed through the issuance of building permits. The number of remaining EU were reduced to 41,540.
- The water tap fee fund collected \$2,262,043 during FY24.
- During the year, Milton Thompson Road and Langsford Road upsizing projects were completed at \$1,177,219. This project was completed under budget by \$163,000.
- The remaining projects costs in the model were updated based on the Engineering Record Construction Cost Index which was 1.6% for this year through November.

Mr. Livingston made a motion to increase the water tap fee for residential EU for the 5/8" x3/4" meter from \$3,973 to \$4,080 effective July 1, 2025. Seconded by Mr. Poeschl. The board unanimously approved to amend the water tap fee and fee schedule.

D. 2024-6629 Consideration of the Sanitary Sewer Connection Fee Recommendation

The Sewer Connection fee for FY25 was calculated based on a residential EU basis like the water tap fee. The residential EU which utilizes a 5/8" x3/4" meter was established at \$2,285. The methodology provided that:

- Fees would be proportional to the size of the water meter.
- Costs of projects with annual review to ensure the proper allocation and cost recovery are necessary to serve new development.

For 2025, update of the sanitary sewer connection fee mode, the following factors were updated:

- In FY24, there were 534 residential EU consumed through the issuance of building permits. The number of remaining EU was reduced from 12,820 to 12,286.
- There were no new projects identified for inclusion into the sewer connection fee model.
- Projects costs in the model were updated based on the Engineering Record Construction Cost Index which was 1.6% for this year through November.

Mr. Gorrell made a motion to increase the sewer connection fee from \$2,285 to \$2,398 per residential EU, 5/8" x3/4" meter, effective July 1, 2025, and increase fees proportionally to the size of the water meter. Seconded by Mr. Leetch. The board unanimously approved to amend the sewer connection fee and fee schedule.

E. 2024-6630 Presentation: Annual Strategic Plan Update

Staff provided an update on the progress of the Strategic Plan, reviewed achievements and challenges.

F. 2024-6631 Discussion: Repair of Sanitary Sewer Lines in the Right of Way

Staff outlined the current challenges:

- Significant cost to repair in the right of way (ROW)
- Homeowners have a difficult time hiring/finding contractors to perform the work
- Potential impacts to the public infrastructure
- Complexity of the work

Currently homeowners are responsible for the repair and maintenance from their home to the public main. The proposed change would be homeowners will be responsible for the repair and maintenance from their home to the public sewer main, except for repairs requiring excavation in the ROW. ROW is currently 11 feet from the curb.

Staff is recommending a departmental policy to enable the repair of the sewer laterals requiring excavation in the ROW.

- Single family only
- Attached and detached
- Owner occupied

Continue recommending private insurance policies and provide customer education regarding companies that offer additional insurance opportunities.

The estimated cost to the utility:

- The anticipated number of potential lateral repairs is 20 per year
- The estimated cost to repair a lateral under pavement is \$6,000
- The total estimated annual impact to the department is \$120,000

What's next:

- Develop a departmental policy that contains all requirements
- Trace the repairs and cost for one year
- Budget \$120k for pilot lateral repair program
- Report to WUAB with one year of history and revisit this recommendation

Mr. Livingston made a motion recommending that Water Utilities create a policy for the repair of sewer laterals in the ROW and \$120k shall be budgeted for this pilot program and the results shall be reported back to WUAB in one year. Mr. Jones seconded the motion. The board unanimously approved the motion.

G. 2024-6632 Discussion: Amending City Code to require WaterSense Certified Irrigation Controllers on New Construction

Mr. Jeff Thorn informed the board that a widely accepted method of water conservation is smart irrigation controllers. A smart controller, also known as a weather-based irrigation controller (WBIC), is an internet-enabled irrigation device that adjusts how long and how often your irrigation system runs based on how much water your landscape needs. As per the Strategic Plan, a review of the use of smart controllers for water conservation was recommended.

Why Lee's Summit:

- We directly purchase our water and pay for every gallon
- We have extreme peaking factors in our water use tied to irrigation
- We are currently working with Kansas City for our next increase in water supply capacity
- Good stewardship of water resources for a minimal upfront investment
- Potentially reduces customer water cost for irrigation
- Goal 2 of the Strategic Plan: promote community and natural resource sustainability

Staff recommends the amendment of the adopted construction codes to include the requirement that all new irrigation controllers be EPA WaterSense certified.

Mr. Jones made a motion to recommend to City Council approval of a change to the Code of Ordinances to require the use of WaterSense certified irrigation controllers on all new irrigation system installations. The motion was seconded by Mr. Leetch. The motion passed with five yes votes and two no votes.

6. Roundtable

Mr. Schaufler advised the board of letters that were mailed to customers regarding lead service lines, these notification letters are required by EPA and MoDNR. The letter states, of the 39,056 total water service lines in our water distribution system, 472 were identified as unknown, 23 were identified as galvanized, and 78 were identified as lead. While some of the public side lead services are already scheduled for replacement, additional recommendations will be brought forward by staff to remove all known public lead and galvanized service lines from the system. The private water service lines, generally located between the building and the water meter, are not required to be removed at this time, but customers are being made aware of the potential risks and are encouraged to do so if possible.

7. Adjournment

The meeting was adjourned at 5:04 p.m.