

WATER UTILITIES ADVISORY BOARD

Wednesday, November 29, 2017

5:30 p.m.

City of Lee's Summit

City Hall

220 SE Green Street

City Council Conference Room

Members Present:

Mike Atcheson (Developer) Chair
Glen Jones (Builder) Vice Chair
Kay Ford (Resident)
Roger Tilling (Outside City Resident)
Margie Zorn (Resident)
Cynda Rader (Resident)
Kyle Gorrell (Large Water User)

Staff Present:

Mark Schaufler, Director of Water Utilities
Brent Boice, Asst. Director
Jeff Thorn, Asst. Director
Dana Arcuri, Administrative Secretary

Council Liason:

Councilmember Faith

1. CALL TO ORDER

Mr. Mike Atcheson called the meeting to order at 5:33 p.m.

2. ROLL CALL

3. APPROVAL OF MINUTES FROM THE NOVEMBER 30, 2016 MEETING

With there being no corrections, the November 30, 2016, Water Utilities Advisory Board minutes were approved on motion by Mr. Glen Jones and seconded by Ms. Kay Ford. The board unanimously voted to approve the November 30, 2016 minutes.

4. SELECTION OF OFFICERS

Ms. Kay Ford made a motion nominating Mr. Mike Atcheson as the Chairperson. Motion was seconded by Ms. Cynda Rader. The board unanimously approved Mr. Atcheson to continue as the Chairperson for the board. Mr. Atcheson made a motion nominating Mr. Glen Jones as the Vice Chair. The motion was seconded by Ms. Margie Zorn. The board unanimously agreed to continue with Mr. Jones as the Vice Chair for the board.

5. BUSINESS

A. PRESENTATION OF WATER TAP FEE REPORT & RECOMMENDATIONS – Packet# 2017-1687

Mr. Brent Boice began by saying 652 Equivalent Units (EU) were used for the year which equated to \$2,174,189 in revenue and \$759,060 in expenditures giving our ending balance of \$8,018,122.

Mr. Boice reviewed with the board the completed projects, projects that were initiated and future projects.

Mr. Schaufler gave a brief update regarding future development and the construction of a new waterline in that particular area that staff has labeled SE Quadrant Improvements with the estimated projected costs being \$2,010,000.

Staff recommends including this project as part of the tap fee program moving forward.

After further review and discussion Mr. Jones made a motion and seconded by Ms. Ford, the board unanimously recommended the following:

- Add system improvements
 - SE Quadrant Improvements – Ranson/Hamblen/M291 (FY2024 & 2025)
\$2,010,000
- Water Tap Fee Project list update to a total of \$77,776,645
- Utilize 606 residential EU for growth for (FY2018-2019)
- Increase Water Tap Fee by 3% for residential EU to \$3,409 effective July 1, 2018 for next fiscal year (FY2018-2019)

B. PRESENTATION OF FINANCIAL PLANNING AND RATE RECOMMENDATIONS – Packet# 2017-1686

Mr. Boice presented the Financial Model (Cost of Service Model) which is utilized to establish the 5 year rate schedule. In that model there were significant changes such as Diodes FabTech plant closing, Water Purchases with KCMO and Independence and Sewer Treatment with Middle Big Creek and Little Blue Valley Sewer District.

The discussion of the financial plan determined that the plan was consistent with the financial objectives identified in the Water Utilities Strategic Plan such as:

- Revenue to Expense Ratio – equal to or greater than 1:1 to ensure that the system revenues are recovering expenses. (Operating Revenues divided by Operating Expenses)
- Coverage Ratio – minimum of 1.50:1 to assure that adequate revenues are maintained to satisfy debt obligations. (Net Revenues Available for Debt Service divided by Annual Debt Service Payments)
- Working Capital – working capital equal to 90 days of annual operating expenses
- Plan effectively for rate and revenue stability
 - Incremental rate adjustments (annual review)
 - Rates are cost-based, equitable and understandable
 - Promote water conservation
 - Adequately fund reinvestment in water & sewer infrastructure

Mr. Kyle Gorrell made a motion and seconded by Ms. Zorn, the board unanimously recommended that Water & Sewer rates to append the rate schedule with a 2% increase to water & sewer rates effectively January 1, 2022 as set forth by the cost of service model.

C. PRESENTATION OF OTHER FEES AND RECOMMENDATIONS – Packet# 2017-1681

Mr. Boice reviewed the departments shut off charges and the policy and procedure behind those charges as well as charges for hydrant meters.

Shut Off Charges:

A comparison chart of area communities and their fees related to collections was presented that showed Lee's Summit as one of the lowest. In addition, Mr. Boice detailed out the costs associated with collections which were higher than the current fees. Staff recommended increases to reactivation fees to offset costs with the following changes:

Reactivation fees from 1:00 – 4:00pm to increase to \$25

Reactivation fees after 4:00pm to increase to \$50

Hydrant Meter Charges:

Conversation began relative to hydrant meter charges. Mr. Boice advised that customers may rent from two sizes of meters, ¾" and 2". These units are also equipped with backflow devices to protect the water system. The ¾" meters have \$200 deposit with a \$2.50 daily charge plus the commercial rate for usage. The 2" meter has a \$500 deposit with a \$3.00 daily charge plus the commercial rate for usage. However, due to limited availability, staff maintains a waiting list especially for the 2" meters. Mr. Boice indicated that many of the units have very little, if no usage, but customers do not return them on a timely basis due in part to the low charges. He said staff reviewed the potential of adding more 2" meter to inventory but that option will require additional storage and investment.

Staff recommendation is to increase the daily rental fee and require a minimum volume of water for each to encourage their return.

¾" meter	\$5.00/day	100 gals/day
2" meter	\$10.00/day	250 gals/day

Mr. Gorrell made a motion and seconded by Ms. Rader, the board unanimously recommended changes to rental charges as well as charges related to collection activities.

- Increase the daily Hydrant Meter rental fee and require a minimum volume of water for each day to encourage their return.
 - ¾" meter – \$5.00/day, 100 gals/day
 - 2" meter - \$10.00/day, 250 gals/day
- Increase Reactivation Fee from \$15 to \$25
- Increase After Hours Reactivation Fee from \$25 to \$50

6. ROUNDTABLE

Mr. Schaufler advised the board of the upcoming Ribbon Cutting for the new Water Utilities Service Center.

7. ADJOURNMENT

With there being no further business the meeting was adjourned at 6:52 p.m.