



2019 Annual Water Tap Fee Report

Water Utilities Advisory Board

December 11, 2019



**WATER UTILITIES
LEE'S SUMMIT**

Safe and Reliable, Now and for Future Generations

FY 2018-19 WATER TAP FEE FINANCIAL STATUS



- Financial Status FY 2018 - 19
 - Total Revenue: \$3,600,378
 - Total Expenditures: 1,081,216
 - Net Gain(Loss): 2,519,162
 - Fund balance: \$10,898,701
- 428.33 equivalent residential units sold (*6,040 remaining, exclusive of 2 mgd reserve*)

FY 2018-19 WATER TAP FEE PROJECT STATUS



• Ongoing Projects		
– KCMO Water Supply Acquisition		\$234,511
– US 50 Hwy – Smart to Harris		37,269
– US 50 Hwy – Blackwell to Smart		9,956
– Harris Rd – Herring to Haines		31,124
– Commerce Drive		2,984
– Gateway Drive		88,387
– Sampson Road		<u>21,962</u>
	Total	\$426,191

Proposed Water Tap Fee Project Changes



- Additions
 - SE Improvements – 291-Ranson \$2,281,000
 - Pryor Road – Scherer to Longview \$1,889,000
 - Hook Rd – Tower to 291 \$4,038,000
- Modifications
 - SE Improvements – Hamblen 18,000
 - System Improvements (2030-40) (23,000)

STAFF RECOMMENDATIONS



- System Improvements Project Update
 - Water Tap Fee Projects
 - Updated project list total \$82,245,602
- Utilize 454 residential equivalent units for growth for (FY2020-21).
- Increase tap fee by 3.0% for residential equivalent at \$3,581 effective July 1, 2020 for next fiscal year (FY2020-21).

Water Tap Fee Model



WATER TAP FEE CALCULATION

Staff Recommendation - Growth FY21 = 454 ERU's
FY 2021 Fee Adjustment = 3.0%
Future Fee Adjustments = 2.0% / yr

ASSUMPTIONS

Tap Fee Adjustment Annual After 2026	System Improvement Costs (TC)	Estimated Debt Service Rate (i)	Equivalent Units Served Cap. Project (N)	Estimated Interest Inc. Rate	Construction Estimated Inflation Rate
1.50%	\$ 82,245,602	5.25%	22,601	1.00%	2.00%

TAP FEE ADJUSTMENT

3.00%	2.00%	2.00%	2.00%	2.00%
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PROJECTED ANNUAL EQUIVALENT UNITS 428 585 454 444 420 420 445

PROJECTED TAP FEE \$ 3,409 \$ 3,477 \$ 3,581 \$ 3,653 \$ 3,726 \$ 3,801 \$ 3,877

Fiscal Year	PRIOR YEARS	2019 ACTUAL	2020	2021	2022	2023	2024	2025	2030	2035	2040	Total
Estimated Cumulative Taps	14,511	16,561	17,146	17,599	18,043	18,463	18,883	19,328	2,250	1,023	0	
REVENUES:												
Bond Proceeds	5,510,000								-	-	-	5,510,000
KC Share of South Terminal	4,053,913								-	-	-	4,053,913
KC Financing of Phase I	6,326,065								-	-	-	6,326,065
Interest Income	3,758,735	286,293	108,987	44,042	56,136	66,572	76,293	86,055	527,837	820,218	652,632	6,529,957
Other Revenue	81,569	1,857,000							-	-	-	1,939,220
Tap Fees	43,419,695	1,457,086	2,033,002	1,624,664	1,622,005	1,564,957	1,596,458	1,725,304	9,123,750	4,382,187	-	70,213,466
Base Charge	3,300,010								-	-	-	3,300,010
TOTAL REVENUE	<u>66,449,986</u>	<u>3,600,379</u>	<u>2,141,989</u>	<u>1,668,706</u>	<u>1,678,141</u>	<u>1,631,530</u>	<u>1,672,751</u>	<u>1,811,359</u>	<u>9,651,587</u>	<u>5,202,405</u>	<u>652,632</u>	<u>97,872,629</u>
EXPENSES:												
Capital Projects	45,756,307	426,191	8,217,831	234,510	634,510	659,510	696,510	2,015,510	4,814,912	4,138,000	15,078,000	82,245,602
Debt Service	-								-	-	-	
KCMO payment for Phase I	1,090,065								-	-	-	1,090,065
KCMO - Refinance	6,861,103								-	-	-	6,861,103
Other Debt	259,428								-	-	-	259,428
Debt Service 2002/2012 Bonds	6,039,876	655,025	418,637	224,808	-	-	-	-	-	-	-	7,754,372
TOTAL EXPENSES	<u>60,006,778</u>	<u>1,081,216</u>	<u>8,636,468</u>	<u>459,318</u>	<u>634,510</u>	<u>659,510</u>	<u>696,510</u>	<u>2,015,510</u>	<u>4,814,912</u>	<u>4,138,000</u>	<u>15,078,000</u>	<u>98,210,570</u>
Revenues over/(under) Expenses	<u>6,443,208</u>	<u>2,519,162</u>	<u>(6,494,479)</u>	<u>1,209,388</u>	<u>1,043,631</u>	<u>972,019</u>	<u>976,240</u>	<u>(204,152)</u>	<u>4,836,675</u>	<u>1,064,405</u>	<u>(14,425,368)</u>	<u>(337,940)</u>
Beginning Balance	<u>215,000</u>	<u>8,379,539</u>	<u>10,898,701</u>	<u>4,404,222</u>	<u>5,613,609</u>	<u>6,657,240</u>	<u>7,629,259</u>	<u>8,605,499</u>	<u>8,401,348</u>	<u>13,238,023</u>	<u>14,302,428</u>	<u>215,000</u>
Ending Balance	<u>6,658,208</u>	<u>10,898,701</u>	<u>4,404,222</u>	<u>5,613,609</u>	<u>6,657,240</u>	<u>7,629,259</u>	<u>8,605,499</u>	<u>8,401,348</u>	<u>13,238,023</u>	<u>14,302,428</u>	<u>(122,940)</u>	<u>(122,940)</u>



DISCUSSION

2019 Annual Water Tap Fee Report

Proposed WUAB Motion



I move to recommend to the City Council the revised projects list as indicated on the Summary Statement of Water Projects Report and adjusting the residential equivalent unit tap fee to \$3,581 effective July 1, 2020 utilizing 454 residential equivalent units as the growth projection.