

WATER UTILITIES ADVISORY BOARD

Thursday, December 10, 2020

4:30 p.m.

Video Conference

Members Present:

Mike Atcheson, Chair (Developer)
Cynda Rader, Vice-Chair (Resident)
Mark Leetch (Resident) joined at 5:05 p.m.
Kyle Gorrell (Business)
Glen Jones (Builder)
Roger Tilling (Outside City Resident)

Members Absent:

Kay Ford (Resident)
Michael Mehrhoff (Resident)
Colleen Fullerton (Business)

Staff Present:

Mark Schaufler, Director of Water Utilities
Brent Boice, Asst. Director
Jeff Thorn, Asst. Director
Dana Arcuri, Office Coordinator
Councilmember, Fred DeMoro

1. Call to Order

Mr. Mike Atcheson called the meeting to order at 4:38 p.m.

2. Roll Call

3. Approval of Agenda

Mr. Glen Jones made a motion to approve the agenda and was seconded by Mr. Roger Tilling. The Board agreed for the approval of the agenda.

4. Public Comments

No public comments

5. Business

A. 2020-3858 Approval of Minutes from the December 11, 2019 Meeting

With there being no corrections, the December 11, 2019, Water Utilities Advisory Board minutes were approved on motion by Mr. Jones and seconded by Ms. Cynda Rader. The board unanimously voted to approve the December 11, 2019 minutes.

B. 2020-3859 Election of Officers

Mr. Kyle Gorrell made a motion nominating Mr. Mike Atcheson as the Chairperson. Motion was seconded by Mr. Jones. The board unanimously approved Mr. Atcheson to continue as the Chairperson for the board. Mr. Jones made a motion nominating Ms. Rader as the Vice Chair. The motion was seconded by Mr. Tilling. The board unanimously agreed to continue with Ms. Rader as Vice Chair for the board.

C. 2020-3855 Presentation of Water Tap Fee Report and Recommendations

Mr. Boice presented the following:

- Statement of Applications for Service (summary of the applications for service)
There were 399 tap permits issued this past year that equates to 594.33 equivalent units. (EU)
- Statement of Water Tap Fee Collections and Disbursements (summary of the tap fees collected and disbursed)
 - Water Utilities collected \$2,061,961 for FY 2019-2020 in tap fee revenues.
 - Expenditures for the period totaled \$1,224,045, which included costs associated with the acquisition of the additional water supply through cooperative agreements with Kansas City and Harrisonville and expenditures related to upsizing projects.
- Summary Statement of Water Tap Fee Projects (summary of the water tap fee projects initiated and completed which are consistent with the adopted project list)
 - Water Tap Fee Projects have been updated to reflect proposed project additions and adjustments to meet future growth.

Mr. Boice advised based upon current projects and taps consumed, there were 5,445 units available at FYE 2020-2021. The current fee does not provide sufficient revenues to ensure that the fund is self-sustaining without a fee adjustment.

Staff recommended a 3.0% increase to be effective July 1, 2021. In keeping with the Board's prior recommendations, an incremental increase of 2.0% per year in subsequent years of the tap fee model is recommended to ensure the sustainability of the fund.

Staff recommends the following modifications to the Water Tap Fee Project list to meet projected growth:

- Addition: US 50 Hwy – Harris to Woodlawn - \$11,250
- Modifications/Revision: KC Supply – Phase III - \$9,494.969
- Updated Project List Total: \$83,629,874

Ms. Rader made a motion recommending for City Council's approval of the revised project list as indicated on the Summary Statement of Water Projects Report and adjusting the residential EU tap fee to \$3,655 effective July 1, 2021, utilizing 444 residential EU units as the growth projection. Motion was seconded by Mr. Jones and unanimously passed by the board.

D. 2020-3864 Presentation of Financial Planning and Rate Recommendations

Mr. Boice touched on the key issues of the Cost of Service model advising the 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 findings of the Strategic Plan.
- The model addresses the infrastructure rehabilitation needs as identified and schedules the projects in accordance with the financial plan.
- The model is in compliance with financial and rate policies specified in the Strategic Plan and presented to the Water Utilities Board.
- The model generates a cost allocation between customer classes consistent with industry standards to be fair and equitable.

Discussion took place regarding the annual model update:

- FY20 performance resulted in a 5% reduction in water revenues with some offsets with interest earnings. Several expense categories were below budget with the exception of water purchases but as a whole were slightly below budget. Water sales were impacted from the summer of 2019 which did not reach typical consumption levels.

Water Purchases:

City of Independence – no rate increases for current year; future rate increases remain 3%

Kansas City – expected rate increase of 1.2% but due to COVID-19 KC delayed the increase. Future rate increases set at 3% for 2022 to 2029

E. 2020-3862 Discussion of Replacement of Private Community Sewer Lines

Mr. Mark Schaufler opened the discussion if the city should potentially take over ownership of private sewer lines in parts of the town. In some areas of town, we aren't sure where their services go. Is it worth exploring? A decision is not being made today, we're strictly looking for feedback from the board. Some suggestions by the board were as follows:

- It would be worthwhile
- Address the situation where it makes sense
- Increase property value
- Provides good public service, community as a whole would benefit
- Great idea, likes the proactive approach

There will be more discussion relative to this topic but if it's something the board recommends, then staff would eventually take this item to city council as policy, guidance and support.

6. Roundtable

It was mentioned that Ms. Kay Ford who represents a resident status on the board has moved out of Lee's Summit, therefore her seat will become vacant and will need to be filled by another Lee's Summit resident.

7. Adjournment

With there being no further business, the meeting was adjourned at 5:52 p.m.