

Legislation Text

File #: BILL NO. 20-176, **Version:** 1

An Ordinance authorizing the execution of an amendment to a Service Contract for Sanitary Sewer Treatment by and between the City of Lee's Summit and Little Blue Valley Sewer District and authorizing the Mayor to execute the same. (PWC 9/16/20)

Key Points:

The City of Lee's Summit and Little Blue Valley Sewer District have a long-standing service contract for sanitary sewer treatment.

The City of Lee's Summit is a Member City of the District with representation on its Board of Trustees Mayors Advisory Board and Technical Committee.

The Service Contract between Little Blue Valley Sewer District and its Member Cities is Amended from time to time based on the needs from either party.

Any Change to the Service Contract requires unanimous approval by the Member Cities

The proposed change to the Service Contract is to revise the flow component of the rate structure from 20-quarter linear projection to a 20-quarter rolling average.

Issue/Request:

An Ordinance authorizing the execution of an amendment to a Service Contract for Sanitary Sewer Treatment by and between the City of Lee's Summit and Little Blue Valley Sewer District and authorizing the Mayor to execute same.

Proposed City Council Motion:

FIRST MOTION: I move for a second reading of an Ordinance authorizing the execution of an amendment to a Service Contract for Sanitary Sewer Treatment by and between the City of Lee's Summit and Little Blue Valley Sewer District and authorizing the Mayor to execute same.

SECOND MOTION: I move for adoption of an Ordinance authorizing the execution of an amendment to a Service Contract for Sanitary Sewer Treatment by and between the City of Lee's Summit and Little Blue Valley Sewer District and authorizing the Mayor to execute same.

Background:

The City of Lee's Summit has been a part of the Little Blue Valley Sewer District (LBVSD) since 1973. Our service contract with LBVSD has been updated and amended through the years as changes have been necessary to meet the needs of LBVSD and its Member Cities. Most recently our contract was update in 2002 with Ordinance 5251 (see

attached).

The proposed current amendment is to change the way the Utilities Budget is allocated and ultimately billed to its customers.

The Current billing method is a 20-quarter linear projection. This method was developed in the early years of LBVSD when there was a concern that growth could cause costs to be unfairly spread amongst the member communities. By projecting the coming years cost and setting the billing LBVSD has allowed its member Cities to budget accurately each year for this service. This method has served LBVSD and its members well but does have drawbacks as it can project flow variances well above or below actual flows for a given year and skew the billing.

In an effort to revisit the billing methods LBVSD hired a rate consultant to review the current method and recommend if necessary a replacement method that would be more accurate but still provide stable budgeting to LBVSD and its members. The rate consultant looked at several methods and reviewed data for the last 20 years using those methods and determined the most accurate method which still allows members to project an annual budget would be to use a 20-quarter Rolling Average Method. This method will take the last five years broken into quarterly flow readings and apply the average of those to our next four quarters. This method follows more closely to the actual flow data and still allows for annual set budgets for LBVSD and its members.

Mark Schaufler, Director of Water Utilities

Jeff Shook, Director Little Blue Valley Sewer District

Staff recommends approval

Committee Recommendation: The Public Works Committee voted unanimously 4-0 to recommend to City Council approval of an Ordinance authorizing the execution of an amendment to a Service Contract for Sanitary Sewer Treatment by and between the City of Lee's Summit and Little Blue Valley Sewer District and authorizing the Mayor to execute same.