



## **Board of Aldermen - Work Session Agenda**

**December 1, 2020**


**6:30 p.m. – City Hall \*\*\*Via Videoconference\*\*\***

---

**NOTICE:** \*Due to the Health Officer's orders for safety, public meetings and public comment during public meetings will require modification. The City of Smithville is committed to transparent public meetings and will continue this commitment during the COVID-19 crisis. Anyone who wishes to view the meeting may do so in real time as it will be streamed live on the city's FaceBook page through FaceBook Live. Attendance in person by members of the public will not be permitted.

1. Call to Order
2. Discussion of Water and Sewer Rate Increase
3. Adjourn

## Agenda Item # 2 – Discussion of Water and Sewer Rate Increase

	<div style="background-color: #76923c; color: white; padding: 5px; display: inline-block; font-weight: bold;">STAFF</div> <div style="background-color: #005580; color: white; padding: 5px; display: inline-block; font-weight: bold;">REPORT</div>																
<b>Date:</b>	December 1, 2020																
<b>Prepared By:</b>	Stephen Larson, Finance Director																
<b>Subject:</b>	Discussion on Utility Rate Increases																
<b>Staff Report:</b>	Public Works (Utilities), Finance																
<p>In November 2018, Raftelis Financial Consultants, LLC presented their utility rate study, which included a five-year plan for recommended water and sewer structure changes and rate increases. The change in structure and first increase were approved by the Board on March 3, 2019 and were effective with the June 2019 utility bills (which mailed in early July 2019).</p> <p>The Board has asserted that it would like to move forward with implementing the third increase effective with the March 2021 utility bills (which would mail in early April 2021). Staff is looking for a direction from the Board as to continuing with the recommended rates from Raftelis.</p> <p><b>PROPOSED CALENDAR</b></p> <p>RSMO requires that a Public Hearing be held prior to increasing sewer rates and requires that notification of the Public Hearing be published in a newspaper of general circulation in Smithville at least 30 days prior to the hearing. Below is a projected calendar for the adoption of new water and sewer rates, should the Board so direct.</p>																	
<table border="1"> <thead> <tr> <th style="color: #0070c0;">Date</th><th style="color: #0070c0;">Action</th></tr> </thead> <tbody> <tr> <td>December 1, 2020</td><td>Board of Aldermen Work Session discussing rates proposal</td></tr> <tr> <td>December 11, 2020</td><td>Deadline to send Notice of Public Hearing to Courier-Tribune</td></tr> <tr> <td>December 17, 2021</td><td>Notice of Public Hearing published in Courier-Tribune</td></tr> <tr> <td>January 3, 2021</td><td>Proposed rate information provided in newsletter with December utility bills</td></tr> <tr> <td>January 7-17, 2021</td><td>Proposed rate information provided via social media</td></tr> <tr> <td>January 19, 2021</td><td>Public Hearing at Board of Aldermen Meeting</td></tr> <tr> <td>February 2, 2021</td><td>Resolution to Amend the Schedule of Fees at Board of Aldermen Meeting</td></tr> </tbody> </table>		Date	Action	December 1, 2020	Board of Aldermen Work Session discussing rates proposal	December 11, 2020	Deadline to send Notice of Public Hearing to Courier-Tribune	December 17, 2021	Notice of Public Hearing published in Courier-Tribune	January 3, 2021	Proposed rate information provided in newsletter with December utility bills	January 7-17, 2021	Proposed rate information provided via social media	January 19, 2021	Public Hearing at Board of Aldermen Meeting	February 2, 2021	Resolution to Amend the Schedule of Fees at Board of Aldermen Meeting
Date	Action																
December 1, 2020	Board of Aldermen Work Session discussing rates proposal																
December 11, 2020	Deadline to send Notice of Public Hearing to Courier-Tribune																
December 17, 2021	Notice of Public Hearing published in Courier-Tribune																
January 3, 2021	Proposed rate information provided in newsletter with December utility bills																
January 7-17, 2021	Proposed rate information provided via social media																
January 19, 2021	Public Hearing at Board of Aldermen Meeting																
February 2, 2021	Resolution to Amend the Schedule of Fees at Board of Aldermen Meeting																

March 1, 2021

Implementation of new rates

April 3, 2021

First utility bill produced under new rate structure

## UTILITY RATE HISTORY

The following charts compare the proposed water and sewer structure and rates with water and sewer structure and rate history dating back to the first increase effective June 1, 2019. The changes effective June 1<sup>st</sup>, 2019 were the only changes since November 1<sup>st</sup>, 2015. The amounts listed are for both residential and commercial customers, except for those marked with an asterisk (\*), where the first amount listed is for residential customers and the second amount listed is for commercial customers.

<b>Water Meter Service Charge</b>	<b>3/1/21</b> (recommended)	<b>3/1/20</b> (current)	<b>6/1/19</b>
3/4" Meter	11.21	10.68	10.65
1" Meter	11.21/17.64*	10.68/16.80*	10.65/15.92*
2" Meter	52.97	50.45	47.63
3" Meter	103.95	99.00	94.28
4" Meter	162.18	154.45	145.65
6" Meter	322.78	307.41	289.81
<b>Water Usage Rate by Volume</b>	<b>3/1/21</b> (recommended)	<b>3/1/20</b> (current)	<b>6/1/19</b>
Per 1,000 gallons	7.89	7.43	6.99
<b>Wastewater Service Charge</b>	<b>3/1/21</b> (recommended)	<b>3/1/20</b> (current)	<b>6/1/19</b>
3/4" Meter	14.56	13.00	12.87
1" Meter	14.56/23.15*	13.00/20.67*	12.87/19.10*
2" Meter	70.40	62.86	57.81
3" Meter	149.52	133.50	116.09
4" Meter	216.42	193.24	177.46
6" Meter	431.17	384.97	353.42
<b>Wastewater Rate by Volume</b>	<b>3/1/21</b> (recommended)	<b>3/1/20</b> (current)	<b>6/1/19</b>
Per 1,000 gallons	5.84	4.85	3.77

## EFFECT ON A TYPICAL RESIDENTIAL UTILITY BILL

All residential customers have a 3/4" or 1" meter servicing the residence. With the monthly service fees identical for both size meters, below is a projected utility bill for a residential customer with a 3/4" meter and 5,000 gallons of usage.

<b>Projected Utility Bill for 5,000-gallon User</b>	<b>3/1/21 (recommended)</b>	<b>3/1/20 (current)</b>
3/4" Water Meter Service Charge	11.21	10.68
Water Usage Charge for 5,000 gallons	39.45	37.15
Residential Water Sales Tax (1.000%)	0.51	0.48
DNR Fee for 3/4" Meter	0.31	0.31
Wastewater Service Charge	14.56	13.00
Wastewater Usage Charge for 5,000 gallons	29.20	24.25
<b>TOTAL</b>	<b>95.24</b>	<b>85.87</b>

## IMPACT ON CONTRACTED USER'S UTILITY BILL

The City has a contract with PWSD #8 to supply water at a special rate (this is the only special contract the City has for water services). That contract was effective November 2<sup>nd</sup>, 2016 and runs through November 2<sup>nd</sup>, 2031. The current rate is \$4.44 per 1,000 gallons. Section C-3 of that contracts dictates that "any increase in such rates shall not be greater than the same percentage of increase as [the] City charges its own citizen retail customers" and that "any such change in rate shall become effective at the same time as such change becomes effective to [the] City's own citizen retail customers." The proposed percentage increase in water usage charges for citizen retail customers is 6.3%. Therefore, the proposed rate for this contract would increase to \$4.72 per 1,000 gallons. A projected bill for PWSD #8 is provided below.

<b>Projected Utility Bill for PWSD #8 at 188<sup>th</sup> Street (avg. 2,525,000-gallon user) [tax exempt, water only]</b>	<b>3/1/21 (recommended)</b>	<b>3/1/20 (current)</b>
Water Usage Charge for 2,525,000 gallons	11,918.00	11,211.00
DNR Fee for 4" Meter w/o Sewer	3.43	3.43
<b>TOTAL</b>	<b>11,921.43</b>	<b>11,207.57</b>

## IMPACT ON COMMERCIAL USERS' UTILITY BILLS

The City's largest customer is Clay County Parks, who has two accounts with the City. Projected bills for both of Clay County Parks' accounts are provided below. Projected utility bills for several of the City's largest remaining customers are provided after.

<b>Projected Utility Bill for Clay County Parks DD Hwy</b> (avg. 650,000-gallon user) [tax exempt, water only]	<b>3/1/21</b> (proposed)	<b>3/1/20</b> (current)
Water Usage Charge for 650,000 gallons	5,128.50	4,829.50
DNR Fee for 6" Meter w/o Sewer	6.87	6.87
<b>TOTAL</b>	<b>5,135.37</b>	<b>4,836.37</b>
<b>Projected Utility Bill for Clay County Parks F Hwy</b> (avg. 275,000-gallon user) [tax exempt, water only]	<b>3/1/21</b> (proposed)	<b>3/1/20</b> (current)
Water Usage Charge for 275,000 gallons	2,169.75	2,043.25
DNR Fee for 4" Meter w/o Sewer	3.43	3.43
<b>TOTAL</b>	<b>2,173.18</b>	<b>2,046.68</b>
<b>Projected Utility Bill for St. Luke's Northland Hospital</b> (avg. 340,000-gallon user) [tax exempt]	<b>3/1/21</b> (proposed)	<b>3/1/20</b> (current)
4" Water Meter Service Charge	162.18	154.45
Water Usage Charge for 340,000 gallons	2,682.60	2,526.20
DNR Fee for 4" Meter	4.26	4.26
Wastewater Service Charge	216.42	193.24
Wastewater Usage Charge for 340,000 gallons	1,985.60	1,649.00
<b>TOTAL</b>	<b>5,051.06</b>	<b>4,527.15</b>
<b>Projected Utility Bill for Smithville Living Center</b> (avg. 250,000-gallon user) [tax exempt]	<b>3/1/21</b> (proposed)	<b>3/1/20</b> (current)
2" Water Meter Service Charge	52.97	50.45
Water Usage Charge for 250,000 gallons	1,972.50	1,857.50
DNR Fee for 2" Meter	0.87	0.87
Wastewater Service Charge	70.40	62.86
Wastewater Usage Charge for 250,000 gallons	1,460.00	1,212.50
<b>TOTAL</b>	<b>3,556.74</b>	<b>3,184.18</b>
<b>Projected Utility Bill for Pro Car Wash on Park Drive</b> (avg. 215,000-gallon user)	<b>3/1/21</b> (proposed)	<b>3/1/20</b> (current)

3" Water Meter Service Charge	103.95	99.00
Water Usage Charge for 215,000 gallons	1,696.35	1,597.45
Business Water Sales Tax (7.975%)	143.57	135.29
DNR Fee for 3" Meter	4.26	4.26
Wastewater Service Charge	149.52	133.50
Wastewater Usage Charge for 215,000 gallons	1,255.60	1,042.75
<b>TOTAL</b>	<b>3,353.25</b>	<b>3,012.25</b>
<b>Projected Utility Bill for Pro Car Wash on W Second Street</b> (avg. 150,000-gallon user)	<b>3/1/21</b> (proposed)	<b>3/1/20</b> (current)
2" Water Meter Service Charge	52.97	50.45
Water Usage Charge for 150,000 gallons	1,183.50	1,114.50
Water Sales Tax (7.975%)	98.61	92.90
DNR Fee for 2" Meter	0.87	0.87
Wastewater Service Charge	70.40	62.86
Wastewater Usage Charge for 150,000 gallons	876.00	727.50
<b>TOTAL</b>	<b>2,282.35</b>	<b>2,049.08</b>
<b>Projected Utility Bill for Smithville Housing Authority</b> (avg. 155,000-gallon user) [tax exempt]	<b>3/1/21</b> (proposed)	<b>3/1/20</b> (current)
2" Water Meter Service Charge	52.97	50.45
Water Usage Charge for 155,000 gallons	1,222.95	1,151.65
DNR Fee for 2" Meter	0.87	0.87
Wastewater Service Charge	70.40	62.86
Wastewater Usage Charge for 155,000 gallons	905.20	751.75
<b>TOTAL</b>	<b>2,252.39</b>	<b>2,017.58</b>