

WATER & SEWER RATES



City Council Workshop

October 25, 2016

Planned Rate Changes

The City Council is considering increases that would be effective in 2017 only. Any rate changes for 2018 and beyond will be decided at future Council meetings. The City estimates 10 years of possible rate increases to pay for planned capital improvements. The proposed water rate increase for 2017 and the 10-year rate plan is the same as was presented during the 2016 rate discussion. The City Council may vote on 2017 rate increases in early December.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Water	5.6%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Sewer	5.1%	5.0%	5.5%	5.0%	5.0%	4.5%	4.5%	4.5%	4.5%	4.5%	3.0%
Combined	5.4%	4.4%	4.0%	3.8%	3.8%	3.6%	3.6%	3.6%	3.6%	3.6%	3.0%

Customer Impacts

Over the past five years, rates were structured to narrow a gap between residential and commercial accounts. Rate increases in 2016 ranged from 4.4% to 6.3% between residential and commercial customers. Both account types should experience uniform rate increases going forward.

Combined Monthly Water & Sewer Bills				
		Current	2017	Increase
Residential	3,750 gallons	\$41.10	\$42.95	\$1.85
	7,500 gallons	\$61.12	\$63.90	\$2.78
	15,000 gallons	\$109.95	\$114.68	\$4.73
Commercial	100,000 gallons	\$575.31	\$601.86	\$26.55
Industrial	10 million gallons	\$53,833	\$56,323	\$2,489

Low Water Sales in 2016

The most volatile part of the year in terms of water sales is June through September. Irrigation demands during these months determine where water sales for the year will fall compared to the Cost of Service Analysis (COSA) average. Summer rainfall in 2016 was 80% higher than average, suppressing water usage to an average of 5 million gallons per day (MGD) below the COSA average. The strain on the water fund has been lessened by operating and maintenance expenses that are below budget and modifications to capital spending plans that were made as early as June. Water sales in 2017 will play an important role in future capital spending and other decisions to ensure continued financial stability without impacting rates.

Future Rates

The Utility is working through several unknown factors that may impact future rates. As each issue progresses throughout 2017, additional information will become available to help guide future rate discussions. Recommendations from the Utilities Optimization project are expected in February 2017 and will influence both the water and sewer utility. Additional issues for each utility are:

Water	Sewer
<ul style="list-style-type: none"> Rebate Program Water Supply (ASR) - ensuring drought resiliency Possible increases in Kansas taxes and fees 	<ul style="list-style-type: none"> Biological Nutrient Removal project—EPA regulation changes raising costs and possibly accelerating the timing Additional odor control measures

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