



KC WATER COST OF SERVICE TASK FORCE


UTILITY OVERVIEW




Water




Wastewater



Stormwater



1 Water Treatment Plant
 18 Pump Stations
 2,800 Miles of Water Main
 35,000 Valves
 23,000 Fire Hydrants



6 Wastewater Treatment Plants
 39 Pump Stations
 2,800 Miles of Sewer Main
 67,000 Manholes



630 Miles of Storm Sewer
 53,000 Storm Inlets
 15 Stormwater Pump Stations
 13.5 Miles of Levee

AVERAGE RESIDENTIAL BILL

<input type="checkbox"/> Water		
Service Charge	\$13.90	
Usage Charge ²	\$24.77	
Water Total	\$38.67	
<input type="checkbox"/> Wastewater		
Service Charge	\$19.30	
Volume Charge ²	\$41.94	
Wastewater Total ³	\$61.24	
<input type="checkbox"/> Stormwater		
Impervious Surface Area		
Stormwater Total ⁴	\$2.50	
TOTAL MONTHLY BILL	\$102.41	

TASK FORCE MEMBERS

- Carol Adams – Kansas City Environmental Management Commission
- Laura Alvarez – H&R Block
- James Brox – Retired Economist, U.S. Department of Labor
- John Cottrell – UMKC
- Jill Erickson – Heartland Conservation Alliance
- Pat Ertz – Jackson County PWSD #2
- Carl Evans – Kansas City Public Schools Board Member
- Brenner Holland – Hunt Midwest
- Beth Low-Smith – Kansas City Healthy Kids
- Jan Marcason – Former Councilwoman and 2008 Task Force Chair
- Dave Mecklenburg – Kansas City Parks & Recreation Board Member
- John Rich – Mid-America Assistance Coalition
- Katheryn Shields – Councilwoman for 4th District at Large
- Jeff Thorn – Lee’s Summit Water Utilities
- Scott Wagner – Mayor Pro Tem / Councilman for 1st District at Large (Task Force Chair)

TASK FORCE CHARGE

What should be done to ensure that services provided by KC Water are

- funded in a way that is fair/equitable; and
- provide for long-term financial stability?

What should be done to address the burden to customers of rising rates?

GUIDING PRINCIPLES

FAIRNESS/EQUITY

- **Cost Recovery:** It is important that utility rates cover the full cost of providing service.
- **Direct Benefit:** Customers should experience a direct benefit from the infrastructure investments made.
- **Understanding:** Ratepayers should understand how services and infrastructure improvements are funded.
- **Intergenerational:** Infrastructure investment should be paid for over time to distribute costs over multiple generations who will use the system.
- **Growth:** Growth should pay for growth. The full capital costs of services provided should be recovered from new development projects. Existing ratepayers should not fund the extension of service to new developments.
- **Simple:** Rates and charges should be straight-forward and minimize bad debt to not burden customers who pay on time.

FINANCIAL STABILITY

- **Replacement Costs:** It is important to plan for the eventual replacement of infrastructure in the rate structure.
- **Competitive:** Rates and charges should be competitive with other jurisdictions to help attract and retain businesses, residents, and customers.

REDUCE RATEPAYER BURDEN

- **Water Conservation:** Conservation should be encouraged while maintaining revenue stability.
- **State and Federal Funds:** KC Water should reduce future utility rate increases with revenue (when available) from state and federal taxpayers.
- **Affordability:** It is important to reduce the impact of rate increases on customer's ability to pay bills.
- **Affordability and Fairness:** Fairness is important in structuring utility rates, but as rates rise, KC Water needs to consider affordability in structuring a funding plan.
- **Administrative Cost:** The cost of administration related to rates should be efficient.

DRAFT RECOMMENDATIONS

- Institute an Advance Payment policy for new customers before turn-on in order to reduce bad debt
- Pursue a strategy of modifying the Consent Decree for the Overflow Control Program
- Use non-rate revenue for low-income assistance, community gardens, and water efficiency which are programs that bring value to the community
- Modify the current Customer Assistance Program by lowering the maximum amount distributed per customer in order to help more customers
- Target leak detection and water efficiency repair resources with customer assistance for low-income households to conserve usage
- Make water ratepayer assistance programs part of the City's legislative priorities agenda
- Reduce future utility rate increases with revenue (when available) from state and federal programs
- Implement System Development Charges so that existing ratepayers do not have to fund the extension of service
- Maintain the declining block rate structure which is the most affordable option for the average customer
- Levee districts should be formed
- Be efficient with stormwater operating expenses while continuing to meet all state/federal regulations
- Transfer stormwater services not driven by stormwater regulations to the General Fund
- Explore an increasing block rate structure for stormwater combined with an incentive program
- Pursue an increase in the stormwater fee to cover the operating deficit