



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

## 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 AND 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 - FINAL RECOMMENDATIONS

### CUSTOMER ASSISTANCE/BILLING

- Maintain the existing declining block rate structure
- Institute an Advance Payment policy for new customers to build greater financial stability
- System Development Charges should be used to increase capacity of the utilities to support growth
- Use non-rate revenue for low-income customer assistance, community gardens and water efficiency programs
- Lower the maximum amount distributed to an individual customer in order to help more customers
- Develop a program to assist low-income customers with targeting leak detection and water efficiency efforts

### REGULATORY RELIEF/ STATE & FEDERAL ASSISTANCE

- Pursue a strategy of modifying the Consent Decree (OCP) to ensure sustainability of the program
- 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

### STORMWATER

- Be efficient with stormwater operating expenses while continuing to meet all state/federal regulations
- Pursue a long-term strategy to increase in the stormwater fee to cover the operating deficit
- Explore an increasing block rate structure for stormwater combined with an incentive program
- Review options for adopting city ordinances that require developers to integrate stormwater best management practices when development or redevelopment occurs
- Explore the use of Levee districts to pay for ongoing levee maintenance