

CITY OF WARRENSBURG
FINANCE DEPARTMENT

September 28, 2020

Honorable Mayor and
Members of the City Council
City of Warrensburg, Missouri

Dear Mayor and Council Members:

SUBJECT: A Public Hearing to Consider Sewer Rate Volume Charges for the Upcoming FY21 Budget Year by the City of Warrensburg, Missouri

BACKGROUND:

HDR conducted a five-year rate study in 2016. Council was presented the Annual Sewer Rate Study on August 10, 2020 by HDR staff member Amanda Bagwell. The agenda item calls for a public hearing to consider the volume charges.

The public hearing will give all interested parties an opportunity to provide input on this matter.

HDR provided the City a 5-year recommended rate schedule. We are currently in the final year of the schedule which calls for an increase in volume charges for residential and commercial customers in order to maintain revenues sufficient to operate the sewer system. The current volume charges for residential users are \$2.72 for 0-2 CCF, and \$5.60 or over 2 CCF of usage. The current volume charge for commercial users is \$4.88 per CCF. Fixed charges for both residential and commercial will remain the same as fiscal year 2020.

ISSUE:

Consideration of Sewer Rate Volume Charges for the Upcoming FY21 Budget Year based on the HDR Engineering Proposed Rate Schedule.

CCF is defined as 100 cubic feet of water. Actual monthly usage will be used for commercial sewer accounts. Residential sewer accounts

The required legal notices were published for this public hearing and a copy is attached for your information.

Proposed Residential sewer accounts:

Base Rate + Volume charge A for each of the first 2 CCF used + Volume charge B for each CCF used over 2 CCF's.

Base Rate is set at \$13.00 per month

Volume Charge A is set at \$2.72 per CCF

Volume Charge B is set at \$6.03 per CCF

Commercial sewer accounts:

Base Rate + (Volume charge C x Actual CCF usage)

Base Rate is set according to water meter size:

Water meters less than 1" size = \$13.00 per month

Water meters at or between 1" – 4" size = \$65.00 per month

Water meters greater than 4" size = \$156.00 per month

Volume Charge C is set at \$5.29 per CCF

STRATEGIC PLAN:

Focus I: Investment in Infrastructure, Goal: Allocate resources efficiently to maintain existing infrastructure, while forecasting future needs and properly providing standards that ensure quality infrastructure for future growth.

FISCAL IMPACT:

The funding is required for operations and maintenance of the sewer system along with future funding of required Sewer Capital Improvement Projects. Fiscal Year 2021 includes capital expenses for the SCADA upgrade, UV upgrade for the East plant, and SBR blower replacement. SBR blower replacement will also be needed in 2022.

The SCADA system is supervisory control and data acquisition control system of software and hardware elements that allows control of industrial processes locally or remotely, monitors and gathers data in real time. Basically, it sends a notice of controls working or more importantly when controls stop working.

UV upgrade for the East plant is a new required disinfection process using ultraviolet light.

The SBR blower is a part of the sequencing batch reactor (SBR) used in processing the sludge in the wastewater treatment process.

ECONOMIC BENEFITS/IMPACT:

Review of sewer rates and increase will allow for payment of debt service and reserve funds for future governmental mandates.

RECOMMENDATIONS:

City staff recommends that the City Council hold the public hearing and accept comments from the public and to utilize the results of HDR Engineering Proposed Rate Schedule.

Sincerely,

Marcella McCoy
Director of Finance

Attachments: 1. Public Hearing Notice
2. 2021 Recommended Rate Schedule
3. 2021 HDR Slide Presentation