City of Kansas City, Missouri
Docket Memo
Ordinance/Resolution #: 240253
Submitted Department/Preparer: Water
Revised 11/01/23

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in Administrative Regulation (AR) 4-1.

Executive Summary

Amending Chapter 60, Code of Ordinances, entitled Sewers and Sewage Disposal, by repealing Sections 60-2 and 60-3 and enacting in lieu thereof new sections of like number and subject matter that adjust charges for sewer service; and establishing an effective date.

Discussion

The City of Kansas City Sanitary Sewer System determines its revenue requirements as part of its budgetary process for the upcoming fiscal year. This review includes a cost of service analysis that adheres to sanitary sewer industry standards which is used to appropriately allocate and set rates associated with the various customer classes that use the system. The recommended revenue increase is necessary in part to meet increased costs due to inflow and infiltration, addressing capital improvement needs and the overflow control plan. Further, passage of this ordinance continues the funding of the renewal and replacement fund and maintaining cash reserves to ensure adequate capital reinvestment in the system, which in the long term will support the overall cost for maintaining sewer assets. The ordinance will provide the utility an overall 6% sewer revenue increase. The fees and charges reflect the projected costs to operate the Wastewater Utility and provide service to its customers. The rate structure is proposed to be effective on billings for usage on or after May 1, 2024. For billings prior to May 1, 2024, the current rates continue to apply.

Fiscal Impact

1. Is this legislation included in the adopted budget?   ☐ Yes   ☒ No

2. What is the funding source?
   Rates and users fees collected from users of the KCMO Sanitary Sewer System.

3. How does the legislation affect the current fiscal year?
   It does not. It affects the upcoming fiscal year FY2025, effective May 1, 2024.

4. Does the legislation have a fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.
It increases sanitary sewer rates in FY2024 in order to meet increased costs placed on the system by demand from the different customer classes.

5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?
Yes it generates revenue through the rates specified in the ordinance. The rates along with demand put on the system by customers will determine the revenue collected by the sanitary sewer utility and enable the utility to cover the costs of its operation in FY2025 and make capital investments to repair and improve the system.

Office of Management and Budget Review
(OMB Staff will complete this section.)

1. This legislation is supported by the general fund. ☐ Yes ☐ No

2. This fund has a structural imbalance. ☐ Yes ☐ No

3. Account string has been verified/confirmed. ☐ Yes ☐ No

Additional Discussion (if needed)
Click or tap here to enter text.

Citywide Business Plan (CWBP) Impact

1. View the FY23 Citywide Business Plan

2. Which CWBP goal is most impacted by this legislation?
Infrastructure and Accessibility (Press tab after selecting.)

3. Which objectives are impacted by this legislation (select all that apply):

☐ Engage in thoughtful planning and redesign of existing road networks to ensure safety, access, and mobility of users of all ages and abilities.
☐ Enhance the City's connectivity, resiliency, and equity through a better-connected multi-modal transportation system for all users.
☐ Build on existing strengths while developing a comprehensive transportation plan for the future.
☒ Develop environmentally sustainable infrastructure strategies that improve quality of life and foster economic growth.
☒ Ensure adequate resources are provided for continued maintenance of existing infrastructure.

☐   Focus on delivery of safe connections to schools.

Prior Legislation

FY2024 Sewer Rate Ordinance #230174.

Service Level Impacts

This ordinance will enable KC Water to provide reliable sanitary sewer service to ratepayers. It will also enable the utility to fulfill critical staff positions, reliably operate the six wastewater treatment plants, and adhere to regulatory compliance and employee safety. It also allows the utility to continue to work on sewer main rehabilitation and replacement.

Other Impacts

1. What will be the potential health impacts to any affected groups?
    The revenue collected from the rates set in this ordinance will enable KCMO to continue to cover the operating and capital cost associated with collecting and treating raw sewage in a sanitary manner.

2. How have those groups been engaged and involved in the development of this ordinance?
    N/A

3. How does this legislation contribute to a sustainable Kansas City?
    This rate increase will contribute to sustainability by ensuring adequate capital investment in the system and maintaining service levels, which in the long term will keep overall costs manageable for maintenance and operation of the sewer system.

4. Does this legislation create or preserve new housing units?
    No (Press tab after selecting)

    Click or tap here to enter text.
    Click or tap here to enter text.

5. Department staff certifies the submission of any application Affirmative Action Plans or Certificates of Compliance, Contractor Utilization Plans (CUPs), and Letters of Intent to Subcontract (LOIs) to CREO prior to, or simultaneously with, the legislation entry request in Legistar.

No - CREO's review is not applicable (Press tab after selecting)
Please provide reasoning why not:
This is a budgetary rate ordinance.

6. Does this legislation seek to approve a contract resulting from an Invitation for Bid?

   No(Press tab after selecting)

   This is a budgetary rate ordinance.

7. Does this legislation seek to approve a contract resulting from a Request for Proposal/Qualification (RFP/Q)?
   No(Press tab after selecting)