

City of Kansas City, Missouri



Docket Memo

Ordinance/Resolution #

Submitted Department/Preparer: Water Services

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

FY2024 Water Rate Ordinance. This ordinance is part of the overall FY2024 budget ordinance in that it sets the rates for water usage and treatment for the different customer classes that utilize the drinking water system.

Discussion

The City of Kansas City Water 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 water industry standards which are used to appropriately allocate costs and set rates associated with the various customer classes that use the system. The recommended revenue increase is necessary in part to meet increased operation and maintenance costs and address capital improvement needs. 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 costs for maintaining water assets. The ordinance will provide the utility an overall 5% water revenue increase. The fees and charges reflect the projected costs to operate the Water Utility and provide services to its customers. The rate structure is proposed to be effective on billings for usage on or after May 1, 2023. For billings prior to May 1, 2023, 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 user fees collected from users of the KCMO Water System.

3. How does the legislation affect the current fiscal year?

It does not. It affects the upcoming fiscal year FY2024, effective May 1, 2023.

4. Does the legislation have fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.

It increases water rates in FY2024 in order to meet increased costs placed on the system by demand from the different customer classes.

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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 water utility and enable the utility to cover the costs of operating in FY 2024 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

Additional Discussion (if needed)

Click or tap here to enter text.

Citywide Business Plan (CWBP) Impact

View the [FY23 Citywide Business Plan](#)

Which CWBP goal is most impacted by this legislation?

Infrastructure and Accessibility (Press tab after selecting.)

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

- Enhance the City's connectivity, resiliency, and equity through a safe, efficient, convenient, inclusive, accessible, sustainable and better connected multi-modal transportation system
- Develop environmentally sound and sustainable infrastructure strategies that improve quality of life and foster economic growth
- Increase and support local workforce development and minority, women, and locally-owned businesses
- Engage in efforts to strategically invest in the City's infrastructure and explore emerging technologies
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Prior Legislation

FY2023 Water Rate Ordinance #220197.

Service Level Impacts

This ordinance will enable KC Water to continue to provide reliable clean drinking water service to ratepayers. It will also enable the utility to fulfill critical staff positions, reliably operate the Water Treatment Plant, and adhere to regulatory compliance and employee safety standards. It also allows the water utility to continue work on the water main replacement program.

Other Impacts

1. What will be the potential health impacts to any affected groups?

The revenue collected from rates set in this ordinance will enable KCMO to continue to cover the operating and capital cost associated with providing clean drinking water to the City's residents and businesses.

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 reinvestment in the system and maintaining service levels, which in the long term will keep overall costs manageable for maintenance and operation of the drinking waer system.

4. Does the ordinance/resolution include Civil Rights antidiscrimination requirements in compliance with the Code of Ordinances (Chapter 38, titled "Civil Rights")?

N/A

5. Has the ordinance/resolution been submitted for review of economic equity & inclusion requirements in compliance with the Code of Ordinances (Chapter 3, titled "Contracts and Leases")?

N/A