

Wastewater

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May 30, 2019



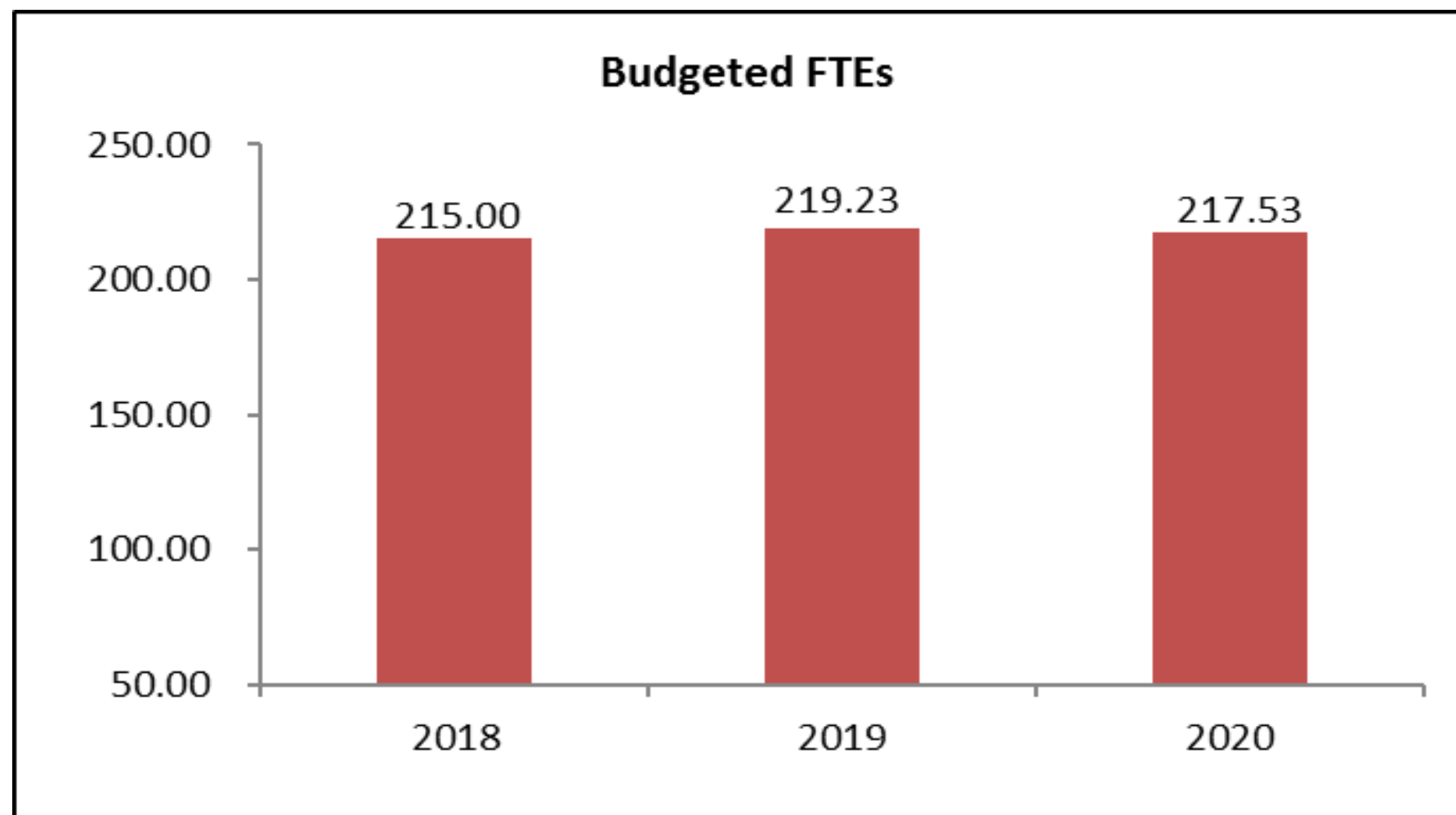
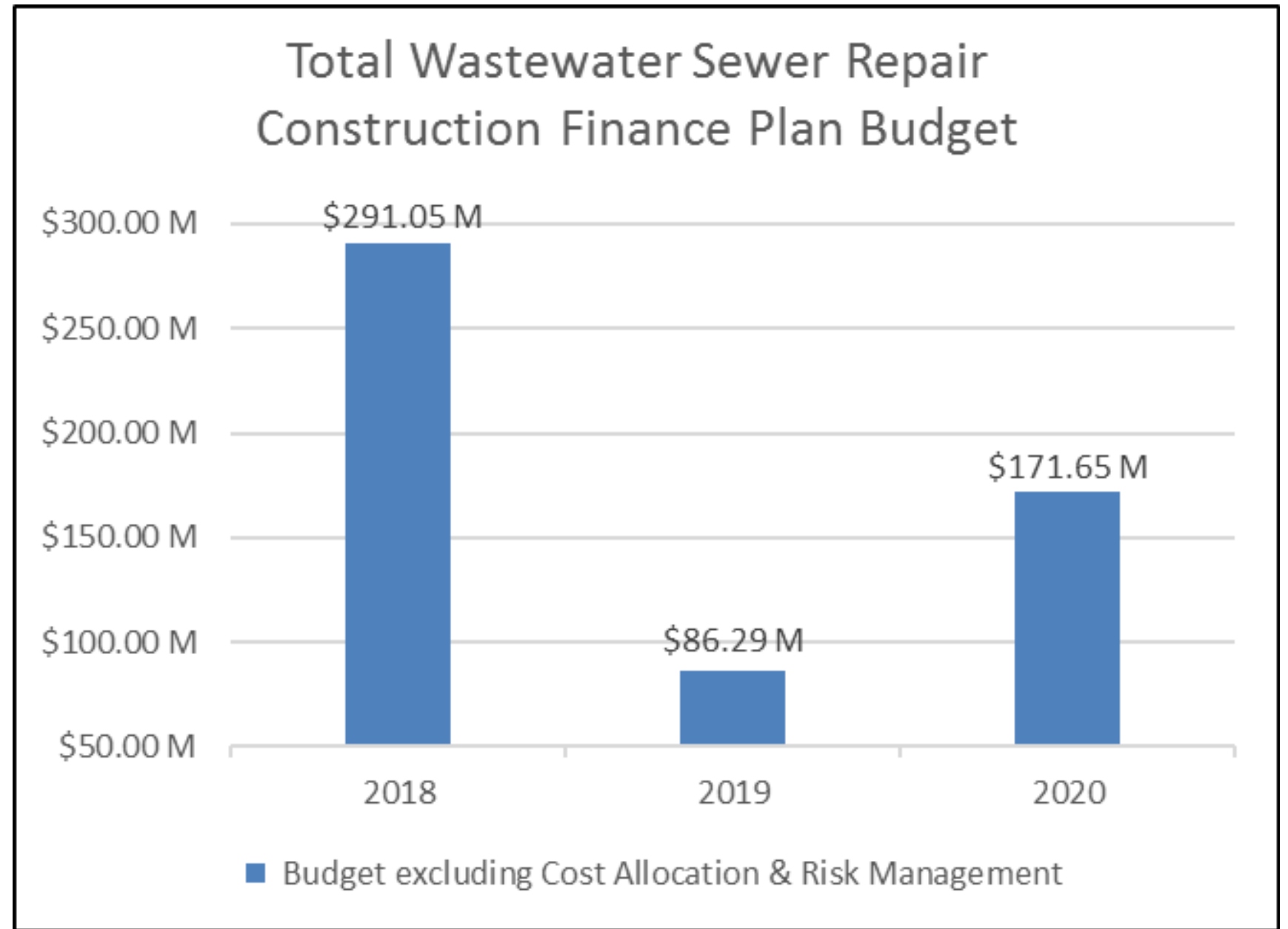
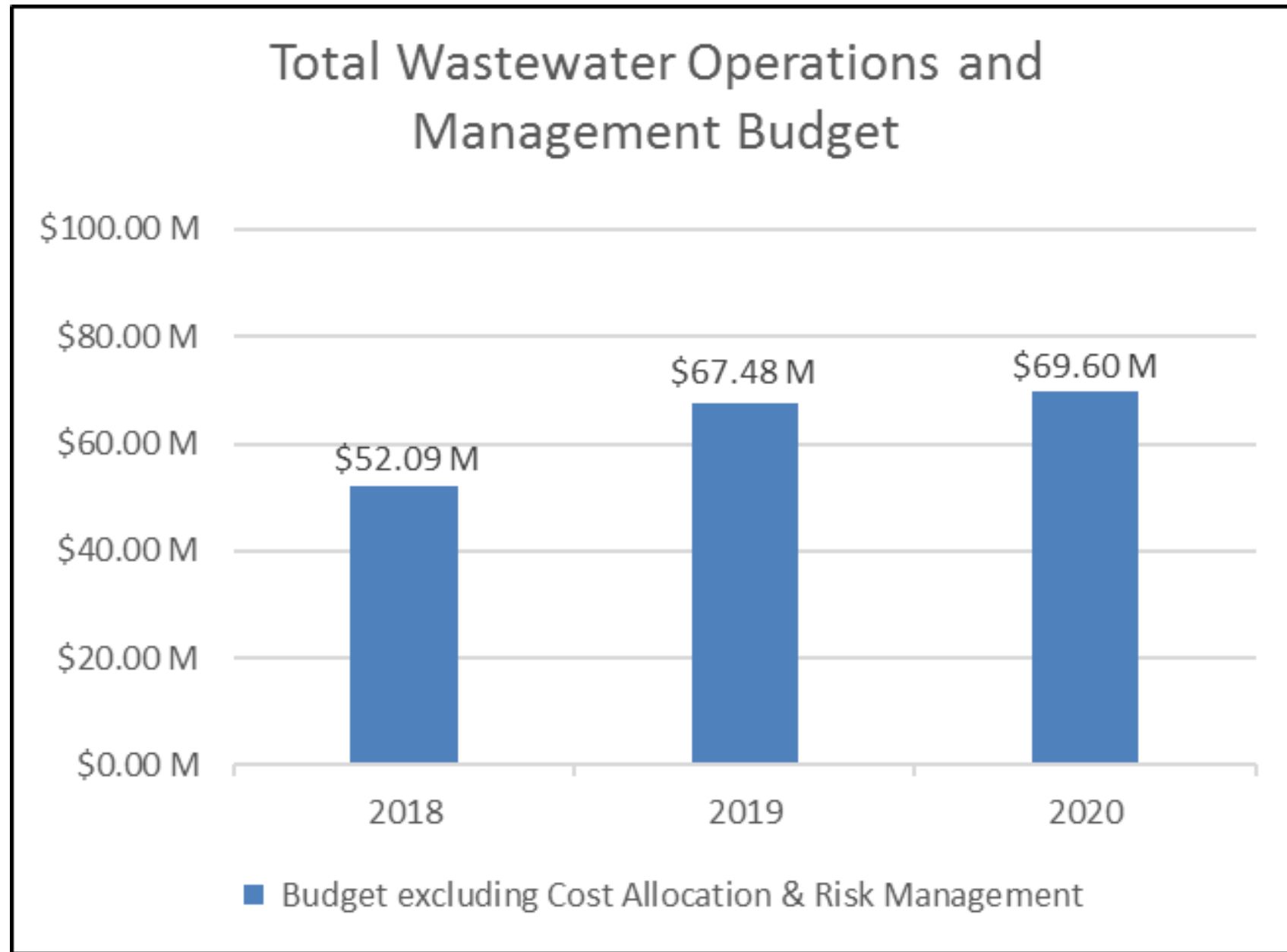
Wastewater Mission Statement

Protecting our Environment
Serving our Customers
Enhancing our Communities

Wastewater Key Points

- Tomahawk Expansion Project – On Budget and On Schedule
- Long-term Planning and Asset Management
- System Performance Improvements
- National Recognition – Peak Performance Awards
- Development/Plan Review Activity

Wastewater



Wastewater Proposed Changes

Funded RARs:

Chemicals: \$750,000 (Funded)

- Funding for chemicals essential to the operation of JCW's treatment system

Sludge/Trash: \$50,000 (Funded)

- Due to increasing cost, a funding increase is needed for JCW to maintain plant efficiency at current levels of service

Assistant Superintendents - 3.0 FTE: \$122,490 (Partial year impact)

- Additional positions to oversee the mechanical systems operations and maintenance, water quality, staffing levels, and overall performance of the new Tomahawk Plant

Industrial Electricians - 3.0 FTE: \$68,881 (Partial year impact)

- Additional positions to ensure the successful operations of all electro-mechanical equipment, automation, flow measurement and availability of electrical service at the new Tomahawk Plant

Wastewater Proposed Changes

Funded RARs (con't):

HVAC Technician - 1.0 FTE: \$20,416 (Partial year impact)

- Additional position to ensure air quality is maintained in all environments and equipment is operating in approved temperature ranges at the new Tomahawk Plant

Maintenance Specialist - 1.0 FTE: \$18,670 (Partial year impact)

- Additional position to ensure complex mechanical equipment is maintained at the new Tomahawk Plant

Project Engineer - 1.0 FTE: \$130,080

- Additional position to lead projects included in the CIP, assist with regulatory issues, implement new technology and software tools, and maintain the asset management system

Wastewater Proposed Changes

Funded CIP:

☐ **\$122,736,000 for capital projects (Funded)**

- Funded by capital finance charges and bond proceeds

**JOHNSON COUNTY
WASTEWATER**

**FINANCIAL PLAN AND RATE
REVIEW**

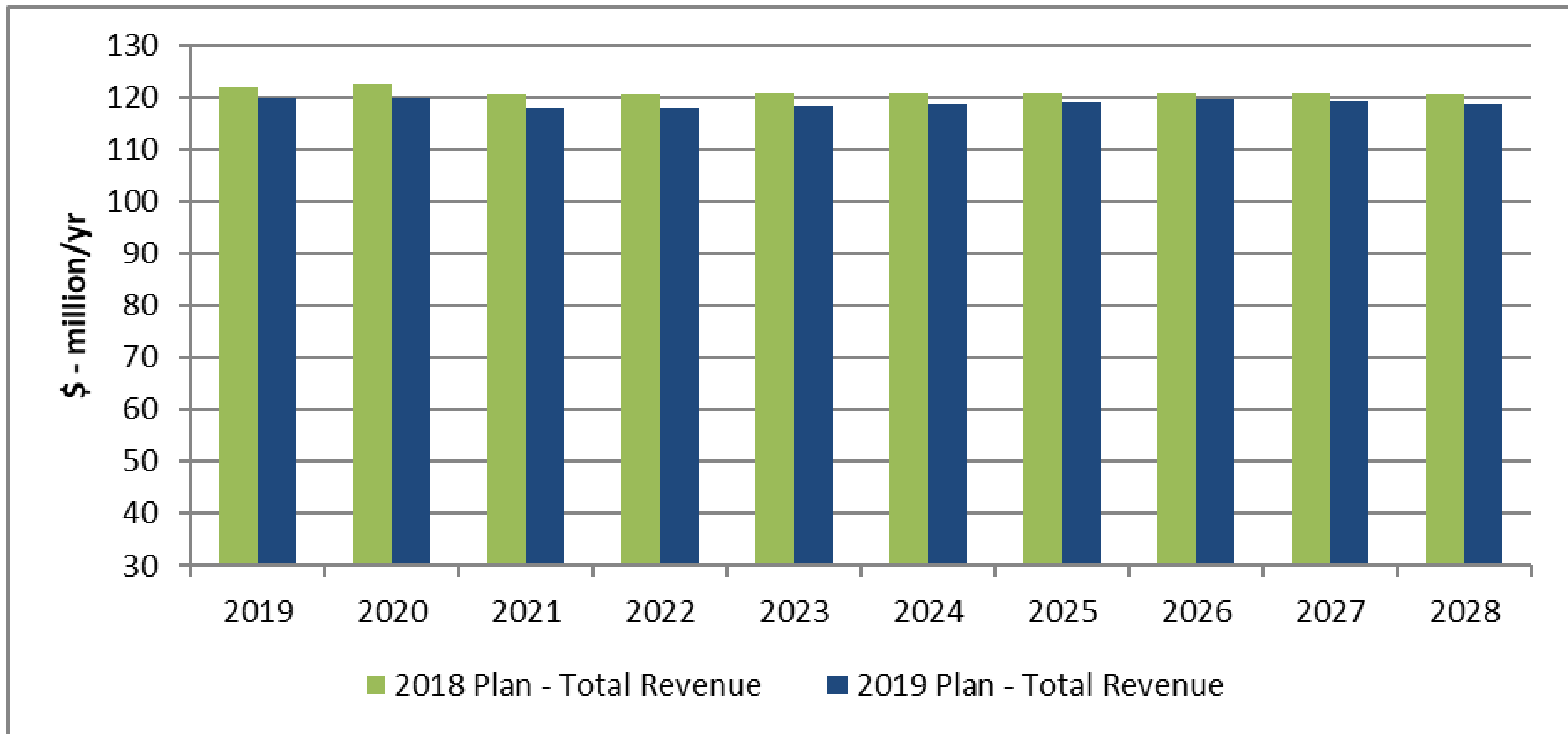
MAY 30, 2019



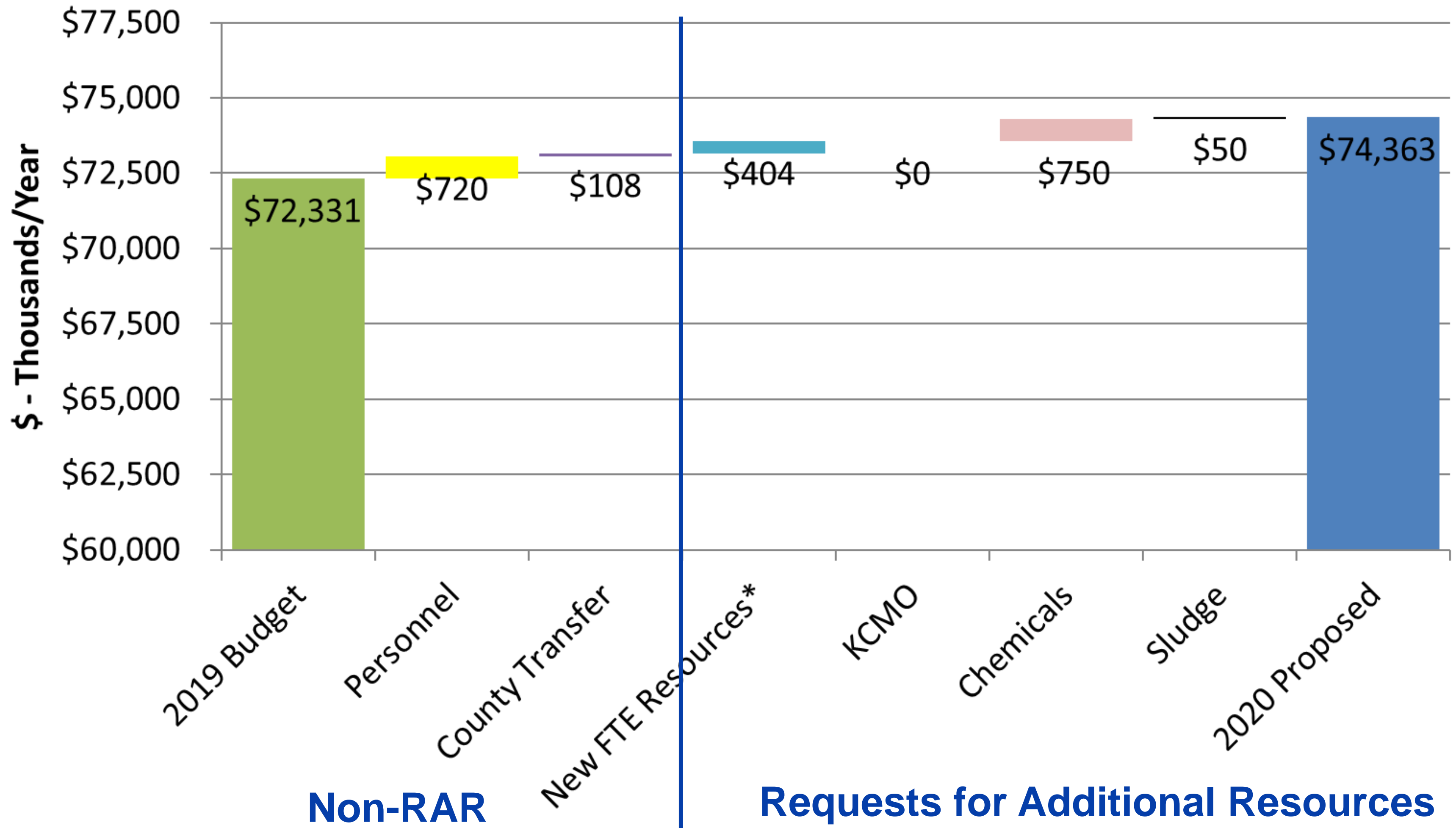
Rate study findings & recommendations

- ▶ Last year's plan projected a 7.625% rate increase in 2020
- ▶ 2020 rate increase proposed to be 6.50%:
 - Reduced inflation in health insurance and KPERS
 - Lower than anticipated KCMO treatment expenses
 - Improved operating reserves at end of 2018
 - Lower interest rates anticipated on 2020 Tomahawk debt issue
 - Above items partially offset by lower billed volumes
- ▶ Median residential bill under proposed 2020 rates remains competitive with regional peers

Forecasted revenue slightly lower than prior plan

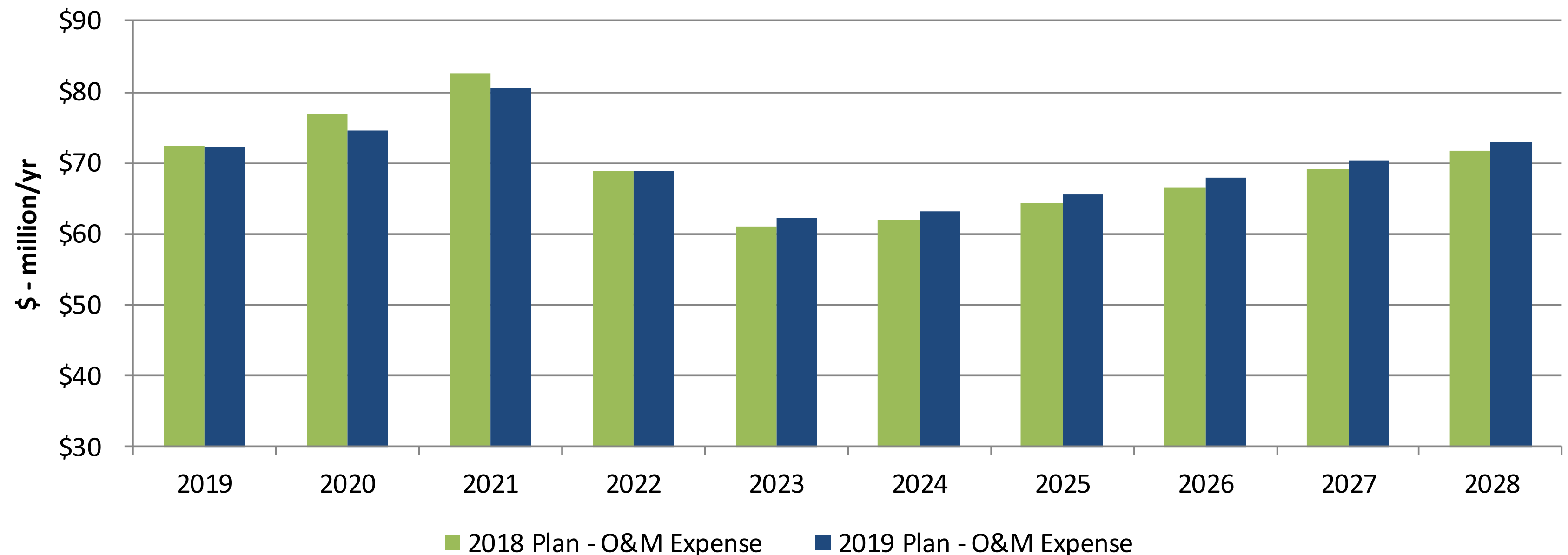


2020 operating cost increases



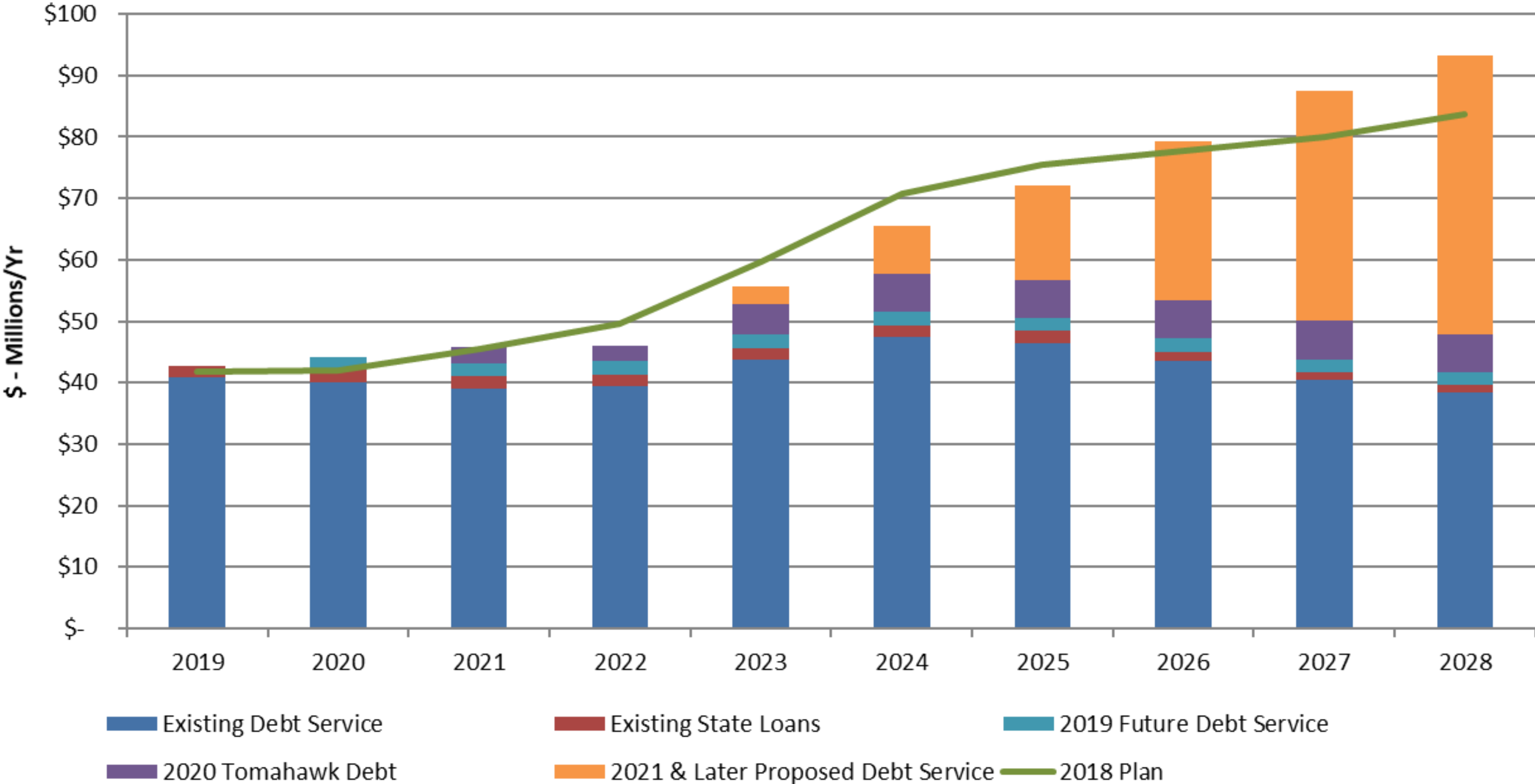
*New FTE Resources includes 8 Tomahawk positions and 1 project engineer

O&M Expense



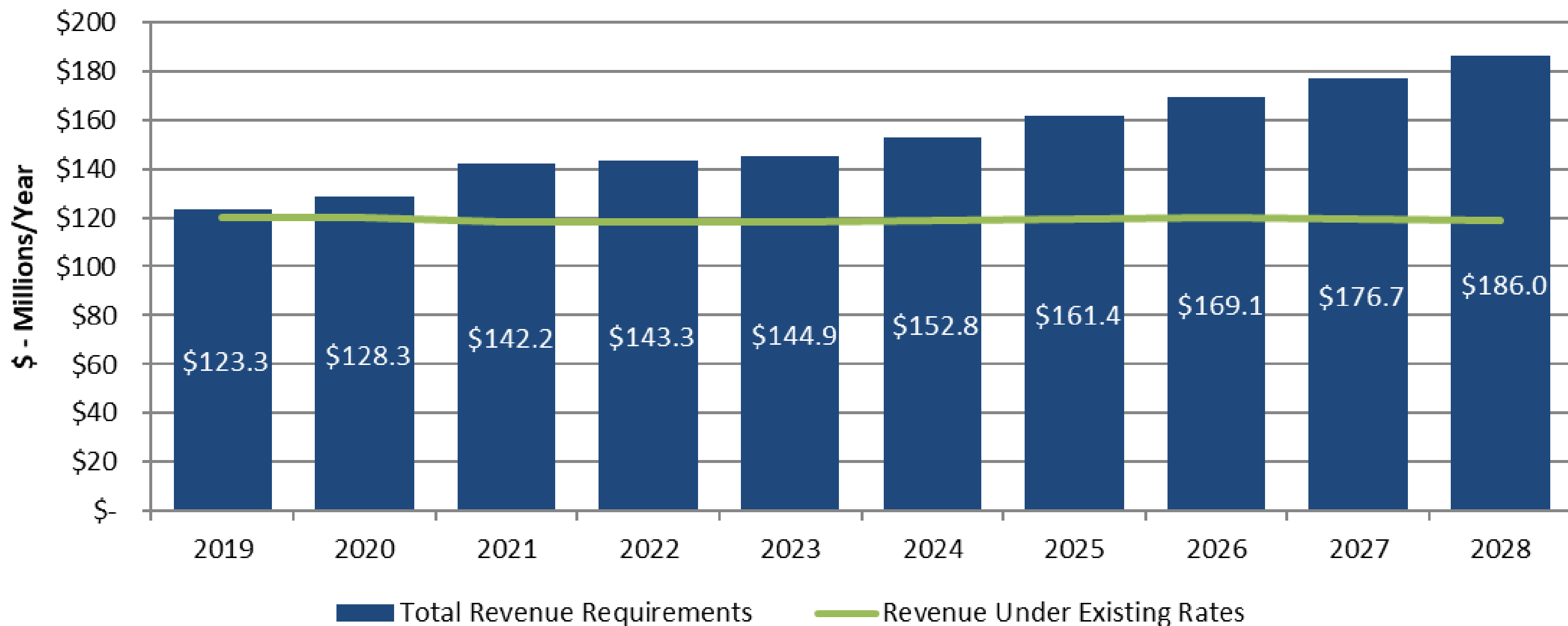
- ▶ KCMO rate reduction lowers near term O&M
- ▶ Assumes new Tomahawk operational in 2021 and additional diversion of flow to Tomahawk after construction is complete

Debt service forecast

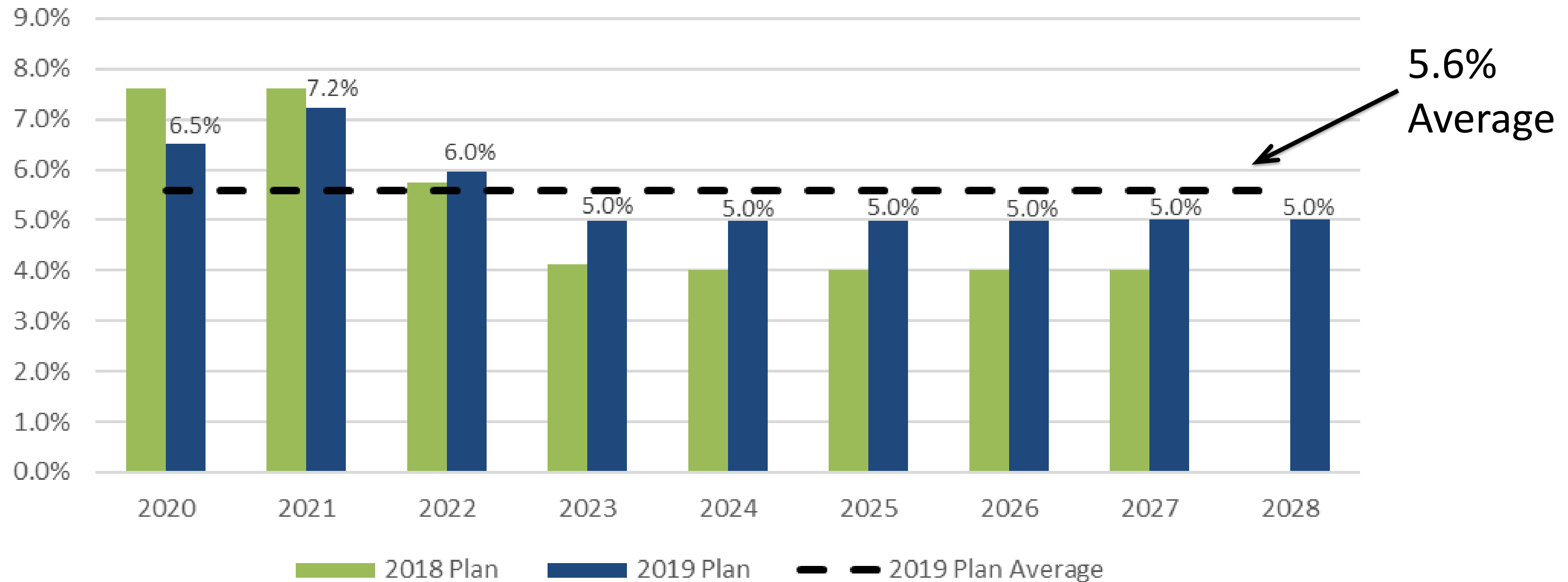


- ▶ Reflects \$30M in debt issuance in 2019, and second phase of Tomahawk debt of \$82M issued in 2020

Projected cash flow under existing rates

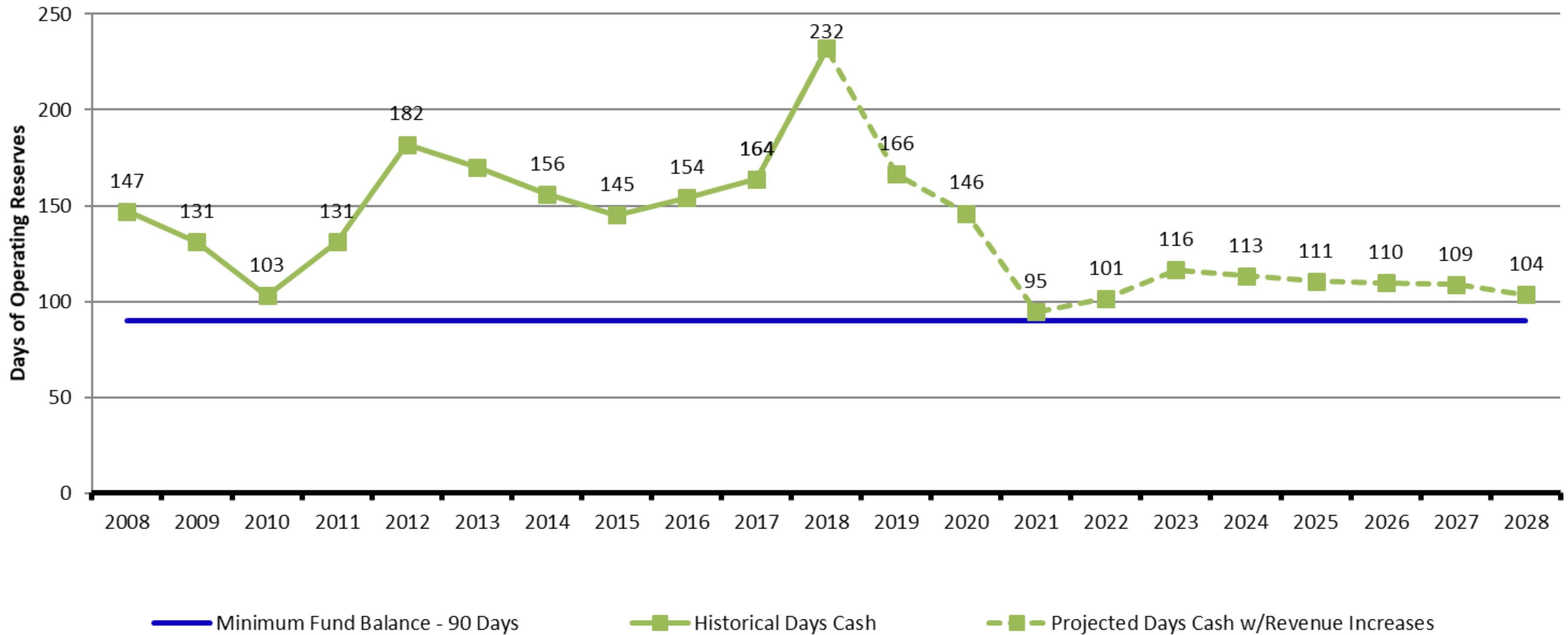


Comparison of revenue adjustments

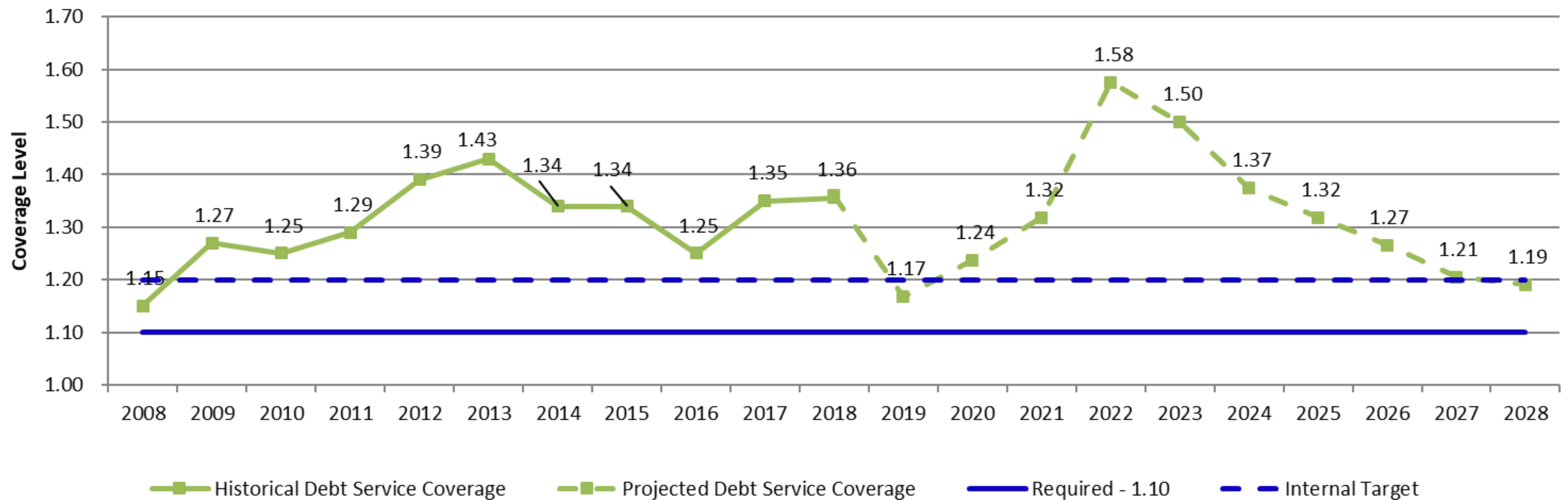


- ▶ Projected rate increase in 2020 reduced from 7.625% to 6.5%
- ▶ Average rate increase through 2027 is 5.6%, same as last year's plan
- ▶ Long-term rate increases expected to stabilize below the 5.6% average, subject to key assumptions
 - Customer use, KCMO cost estimates, inflation, interest rates on debt, capital plan, etc.

Operating reserves



Debt service coverage



Proposed 2020 rates

	Existing	Proposed				
	2019	2020	2021	2022	2023	2024
Total Combined Rates						
Service Charge - \$/Bi-Monthly Bill	16.15	17.20	18.46	19.66	20.76	21.78
Volume Charge - \$/1,000 Gal	7.580	8.070	8.660	9.170	9.620	10.110
System Availability Charge - \$/Acre	375.00	380.00	380.00	380.00	380.00	380.00

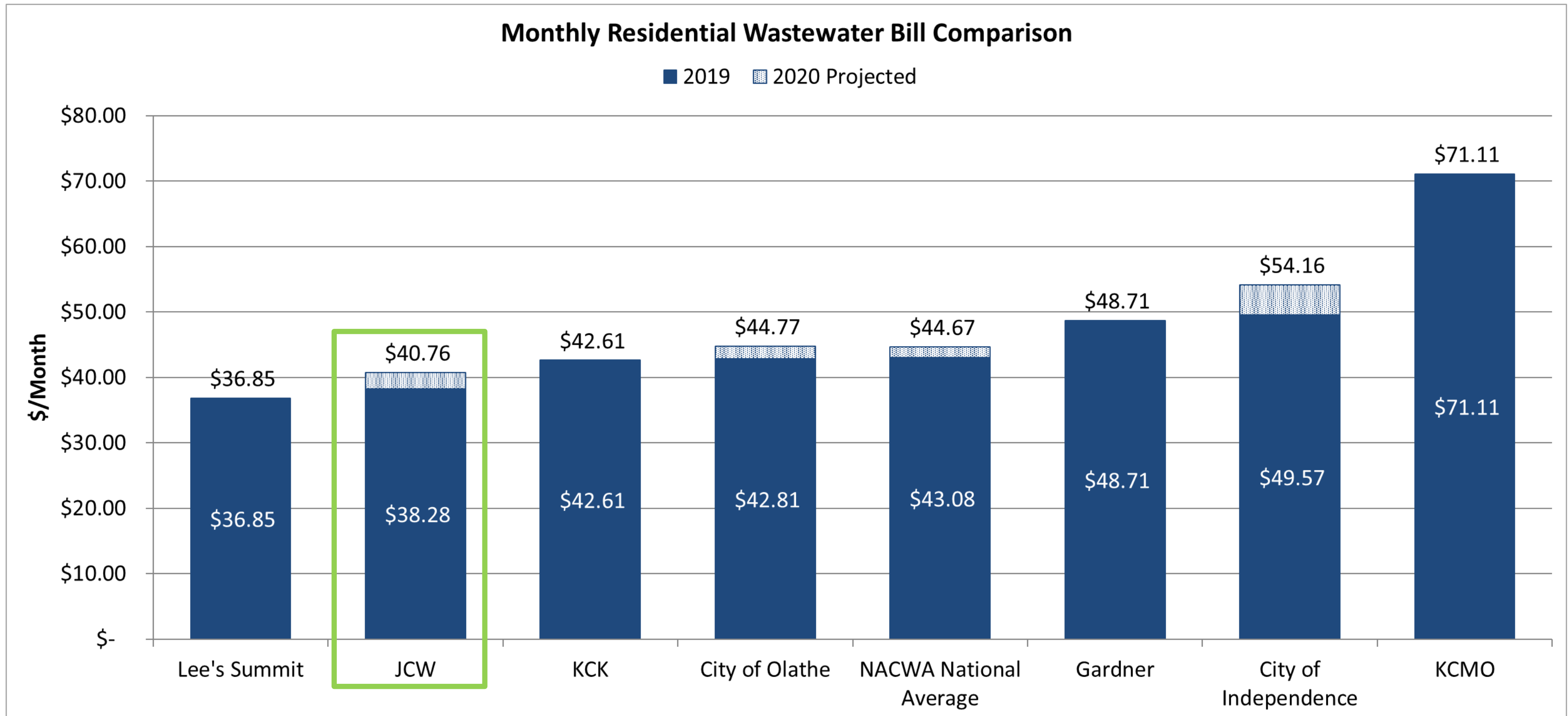
- ▶ 2020 retail user charges
 - Service Charge proposed increase of \$1.05 per bill
 - Volume Charge proposed increase of \$0.49 per 1,000 gallons
- ▶ System Availability Charge proposed to increase \$5.00 per acre in 2020

Projected monthly bills

Line No.	Description	Billable Flow gal/day	Monthly Bill									
			2019 Existing Rates \$	2020 Proposed Rates \$	2021 Forecasted Rates \$	2022 Forecasted Rates \$	2023 Forecasted Rates \$	2024 Forecasted Rates \$				
Single Family Residential												
1	Low (20th Percentile - 2,700 gal/month)	89.0	\$ 28.59	\$ 30.45	\$ 32.67	\$ 34.65	\$ 36.42	\$ 38.26				
2	Median (4,000 gallons per month)	131.0	\$ 38.28	\$ 40.76	\$ 43.74	\$ 46.37	\$ 48.71	\$ 51.17				
3	High (80th Percentile - 6,300 gal/mo)	207.0	\$ 55.80	\$ 59.41	\$ 63.76	\$ 67.57	\$ 70.95	\$ 74.55				
4	Multi-Family (2,880 gallons per bill)	95.0	\$ 29.98	\$ 31.92	\$ 34.25	\$ 36.33	\$ 38.18	\$ 40.10				

- ▶ Median residential bill would increase \$2.48 per month in 2020

Regional residential bill comparison



- ▶ At median residential usage (about 4,000 gallons/month), JCW monthly bills are among the lowest in the region

Proposed rate table

2020 JCW Rate Table				
Customer Class	Volume only Rates			
	Service Charge	Volume (1)		
S.F. Residential	\$ 17.20	\$ 8.07000		
M.F. Residential - Single Meter	\$ 17.20	\$ 8.07000		
M.F. Residential - Master Meter	\$ 17.20	\$ 8.07000		
General Commercial	\$ 17.20	\$ 8.07000		
General Industrial	\$ 17.20	\$ 8.07000		
Property Tax Exempt (Monthly)	\$ 17.20	\$ 8.07000		
Property Tax Exempt (Tax Bill)	\$ 100.62	\$ 8.07000		
Customer Class	Volume and Strength Rates			
	Service Charge	Volume	BOD (2)	TSS (2)
High Strength	\$ 17.20	\$ 6.60688	\$0.24322	\$ 0.17275
Wholesale	\$ 3.65	\$ 1.39660	\$0.24322	\$ 0.19549
Annual Pay Service Charge	\$ 100.62			
<p>Minimum charge will be \$17.20 per bi-monthly billing period. (1) volume rate is per 1,000 gallons and includes Strength charge (2) BOD & TSS rates are per LBS</p>				

QUESTIONS?

BURNS  **MCDONNELL** SM