City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #: 250171
Submitted Department/Preparer: Water
Revised 6/10/24

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

FY2026 Water Rate Ordinance. This ordinance is part of the overall FY2026 budget ordinance in that it sets the rates for water usage and treatment for the different customer clases 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 each customer class that uses the system. The recommended revenue increase is necessary in part to meet operation and maintenance costs and address capital improvement needs. Further, passage of this ordinance continues the funding for the renewal and replacement fund, meeting debt service requirements and maintaining cash reserves to ensure adequate capital reinvestment in the system, which in the long term will support overall costs for maintaining water assets.

This ordinance will provide the Water Utility with an overall 6% water revenue increase. The fees and charges reflect the projected costs to operate the Water Utility and provide service to its customers. The rate structure is proposed to be effective on billings for usage on or after May 1, 2025. For billings prior to May 1, 2025, 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?
   The legislation does not affect the current year. It affects the upcoming fiscal year FY2026, effective May 1, 2025.

4. Does the legislation have a fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.
   It increases water rates in FY2026 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 Water Utility and enable the Utility to cover the costs of operating in FY2026 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 Adopted 2025-2029 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

FY2025 Water Rate Ordinance #240252

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 water 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)