Agenda Item No. IV-11

City of Wichita
City Council Meeting
December 6, 2016

TO: Mayor and City Council

SUBJECT: Water and Sewer Utility Rate Increases (All Districts)

INITIATED BY: Department of Public Works & Utilities

AGENDA: New Business

Recommendation: Place the ordinances on first reading establishing Water and Sewer Utility rate increases.

Background: On October 25, 2016, the City Council reviewed the water and sewer rate recommendations for 2017. The proposed rates follow the 10-year planning model that resulted from the 2015 Cost of Service Analysis. The model includes annual rate increases designed to fund infrastructure maintenance and rehabilitation. The current model calls for 2017 rate increases of 4.0% on water services and 5.0% on sewer services, for a combined increase of 4.4%.

Analysis: The increased rates are aimed at the continued emphasis of improving the investment in aging water and sewer mains, lift stations, and treatment plants. Infrastructure improvements account for 74% of combined revenue needs, while operating costs are supported by the remaining 26%. The revenue also ensures compliance with revenue bond covenants in 2017, including debt service coverage ratio requirements.

The attached ordinances would establish the proposed rate structure for 2017 and allow recovery of interest and fees from third-party collections. Clarification of monthly base charges is also included.

Financial Considerations: The rate increases are expected to raise Water Fund revenue by $3.5 million and Sewer Fund revenue by $2.8 million. The recommended action would increase rates effective January 1, 2017. Any future rate increases would require further action at a later date.

Legal Consideration: The ordinances have been reviewed and approved as to form by the Law Department.

Recommendation/Actions: It is recommended that the City Council place the ordinances on first reading and authorize the necessary signatures.

Attachments: Water Rate and Sewer Rate Ordinances.