

SEWER RATE STUDY AND INCREASE PROPOSAL

If you have been following the Lawrence Lift, then you will be aware that for some time now I have been addressing the issues with our sanitary sewer utility. You will know that I have been discussing the need for a sanitary sewer rate increase. The situation with our sanitary sewer utility is similar to what we experienced with the water utility back in 2016-2017. Had the pandemic not intervened, we would have been proposing this rate increase back in 2020, to take effect January 1, 2021.

Here are the key issues affecting the sewer utility finances:

1. There have been no sewer rate adjustments since 2009. The pandemic conditions delayed our plan to propose the sewer rate increase in 2020 to take effect January 1, 2021.
2. Our sewage treatment costs are increasing annually under our contract for sewage treatment with Citizens Energy Group. Under the contract, we have been seeing increases since January 1, 2019. The first few years, the sewer utility was able to absorb the increases, but this is unsustainable moving forward.
3. We received a new Administrative Order on Consent from the EPA in November of 2021, having not complied with the previous Agreed Order from the EPA received in 2008 (finalized in 2010). These orders related to our having chronic Sanitary Sewer Overflows (SSO's), which are against the law.

I have addressed these issues in previous editions of the Lawrence Lift, so I will not go into detail here, except to say that it is just not a good idea to go 13 years without adjusting rates. Our operating costs increase annually, and our infrastructure

replacement and improvement needs continue to increase.

Without proper investment, we cannot provide the level of service that the community needs for its present demands, let alone to accommodate future growth. In accommodating future growth, the best path forward is to restore the existing capacity and hydraulic performance of our existing sewer system.

By focusing on I&I removal projects we will significantly restore capacity lost due to the introduction of clear water sources into the sanitary sewer system. At the same time, these replacement and rehabilitation projects, focused primarily in the older parts of the city, which have the oldest and most deteriorated sewer infrastructure, we will improve the performance and reliability of the local mains that feed into the larger interceptor mains that move sewage out of the city and to the treatment plant.

Replacing and rehabilitating our aged and deteriorated sanitary sewer infrastructure is key to addressing all the issues mentioned above. By fixing our sewer system we will:

1. Restore capacity lost to clear water sources, which impacts economic growth and health,
2. Reduce our monthly sewage treatment costs by not paying to treat clear water,
3. Eliminate SSO's, which will bring an end to the regulatory actions brought by the EPA.

What exactly are we proposing with this sewer rate increase? We have opted to go with Alternative III of the rate study recom-

mendations. We propose to phase in the new rates over 4 years, with the inclusion of 2 low-volume user tiers, like we did with the water rates in 2017. All alternatives include the estimated debt service on a \$20M bond issue to execute the projects necessary to comply with the EPA Order and start completing the list of uncompleted projects from the first EPA Order, which stands at roughly \$32M.

Alternative III also provides revenue for



Replacement and Improvements for capital needs not related to the bond-funded projects, such as equipment and vehicle replacement/purchase, major repair or component replacements such as pumps/motors/controllers for lift stations, emergency repairs related to pipe or other component failures. In addition, the proposed rate increase will address the increased routine operational costs, including sewage treatment that have been steadily increasing since the last rate increase in 2009.

Below are a couple charts that show the impacts on an average monthly bill with 4,300 gallons of metered water consumption. You will note that the first two years under each option contain the largest percentage of increase with the final two years being considerably less.

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Increase in Avg. Monthly Residential Bill (4,300 gallons)

	Notes	Phase I - 2022	Phase II - 2023	Phase III - 2024	Phase IV - 2025
Alternative III	R&I funding range \$800K - \$2M	\$8.60	\$9.33	\$3.83	\$3.91

Note: The R&I funding for Alt III starts at \$800,000 in Phase I and increases by \$400,000 annually to Phase IV

Low-Volume User Flat Rates

Minimum Charge	Present*	Alt. I	Alt. II	Alt. III
Tier I (0-1,200 gals.)	\$27.05	\$27.05	\$27.05	\$27.05
Tier II (1,201-2,000 gals.)	\$27.05	\$30.98	\$30.98	\$30.98
Tier III (2,001-4,300 gals.)	\$27.05	Phase IV \$56.50	Phase IV \$52.76	Phase IV \$52.72

* Based on current minimum charge for up to 4,300 gallons of metered water consumption

For Tier III row, this shows the minimum monthly charge for each alternative in Year IV of the increase. Alternative III in Year IV will be \$52.72 for a customer using between 2,001 and 4,300, and also applies to all metered water usage over 4,300 gallons. The full rate study recommendations are on the Utility News page of the City web-

site at www.cityoflawrence.org along with additional information affecting the rate increase. We have endeavored to be as transparent and informative as possible over the last year or so with regard to communicating the needs of the sewer utility via the Lawrence Lift and other social media postings.

If you would like to look back over those past issues, they too are located on the Utility page of the website (<https://www.cityoflawrence.org/utilities/lawrence-lift>). You also may call me or email me with your questions or concerns and I will do my best to provide clear and informative answers in a timely manner.

GET READY FOR COMMUNITY SAFETY DAY!



Come learn about services provided throughout the Lawrence community through Lawrence Police Department and City of Lawrence Fire Department demonstrations at Community Safety Day 2022. There will be FREE hot dogs and give-

aways from vendors, and you can also watch our first responders battle it out in a chicken wing eating contest. The event is on August 13, from 10am-2pm at Fire Station 40. Hope to see you there!

