



Kansas Rural Water Association provides technical assistance and training to hundreds of cities and rural water districts across the state. One contract operated by KRWA and funded through the Kansas Water Office also includes that KRWA is allowed to provide assistance with water rate reviews.

While rate reviews can be completed remotely, as most typically are, sometimes visiting on-site gives another perspective that is not always included in the printed information. Discussions about suggested improvement projects or other matters such as debt refinancing are sometimes better if those can be had face to face.

Why review rates?

There are a mix of reasons why water systems should review rates. First, and not being uncharitable, many system owners and staff are unsure of the actual cost of providing water. A basic rate review provides that answer. Is the system charging an adequate amount to cover expenses? The answer becomes more complex answers if the city or RWD is considering a large improvement project and wants to know what the new rates will be based on the adding the annual payment to the present expenses. Often governing bodies want to know what rate increase will be needed before they even decide on a project. Of course, nearly everyone wants a grant to finance whatever improvement. That's not possible. But how much rates increase shouldn't determine the need for a project. You either need a new elevated tank or you don't.

Sometimes reducing the unaccounted for water can have such an impact that the suggestion of a rate increase is not needed.

What is needed for a review?

To conduct a basic review, KRWA needs the financial information from the prior three years if that can be available. The revenue from the monthly minimum and sale of water is the only revenue considered during the review. Any other revenue from late fees, interest earnings, etc. is not guaranteed and therefore cannot be counted on.

Whether the system produces its own water or buys from another utility, it's essential to know how much water was produced and/or purchased. Also, how much water was sold or provided free of charge. While this is used to determine the charge per thousand gallons sold, KRWA also looks at the unaccounted for water loss. Sometimes reducing the unaccounted for water can have such an impact that the suggestion of a rate increase is not needed. Before just jumping out to increase rates, let's first see if some of the expenses can be reduced.

Also needed for the review are the present rates the city or RWD has in effect. Is there a monthly minimum and is any water provided with the minimum and then what is the charge per thousand gallons. Most smaller cities will have a monthly minimum and then provide one to two thousand gallons with the minimum. They then charge a certain amount for each thousand gallons sold after the minimum. Rural water districts also charge a minimum. There is an increasing trend by RWDs to not allow any "free water" with the minimum.

A basic rate review by KRWA will also need to know if there are planned improvements and what the proposed

Comments from staff of systems that KRWA has conducted reviews for . . .



“One of the most difficult decisions that cities deal with is establishing equitable utility rates to ensure that sufficient revenues are being generated. I believe utilities throughout Kansas are confronted with ever-increasing operating costs, as well as the costs associated with new state and federal regulations.

The City of Columbus reached out to KRWA for assistance on determining if our utility rates were recovering our costs and investments as our water customers continue to decline. Our City Council believed having a rate study conducted by a third party was important to us when making these decisions as declining fund balances and need for updated infrastructure were the catalysts for conducting a water rate study. We reached out to Greg who took us through this process step by step. He looked at avenues that we hadn't considered including developing revenue trends and expense trends, asked us to look into plans about future capital needs, customer projections, and projecting future years' activity. He made us aware of the importance of looking at aspects of our water and sewer utility that are beyond 'now'. The projections made us realize that we needed to do something now in order to be self-sustaining in the future. The decision by the Columbus City Council led to a small graduated increase over the next five years. We look forward to working with Greg and KRWA in future years.”

*Daniela Rivas
City Administrator
Columbus, KS*



“The City of Washington is very grateful and appreciative of the water rate review and study performed by Greg Duryea with KRWA. At the time of the request for the rate review, the city was considering a major water line replacement project, and needed assistance determining if the city and the citizens could afford such an

undertaking with the available funding options. The review by KRWA took into consideration a couple items that I did not even think about. Greg presented the results of the rate review with suggestions on a couple of options the city could take. It was prepared and presented in a manner that was easily understood by the city council. The council did take action on the rate review and at present, the city is replacing approximately 85 percent of the entire water distribution system. Thank you, Greg and KRWA, for assisting with this very necessary piece of the puzzle to get a project like this going.”

*Carl Chalfant
City Administrator
Washington, KS*



“The Kansas Rural Water Association assisted the City of Lincoln Center analyze our sewer rates and assisted our staff with a new rate structure that was comparable to what we had in place. The assistance that KRWA provided the City was beneficial and I would encourage anyone needing a rate review to ask!”

*Heather N. Hillegeist, CMC
City Clerk
City of Lincoln Center*



As the new Administrator for Mankato I was interested in our utility rates as they pertain to water and wastewater. I have worked closely with Rural Water in North Carolina and Georgia. I was immediately impressed with Kansas Rural Water and the programs and assistance they offer. Each individual I talked to from Kansas Rural

Water was very professional and very knowledgeable. Greg Duryea, Assistant General Manager of Kansas Rural Water and Greg Metz, Circuit Rider who serves our region, have been extremely helpful towards solving our water loss issues and our utility rates. Greg Metz along with our staff have performed an extensive leak survey with data loggers placed throughout the city. The information gathered from these loggers has allowed Greg to pinpoint leaks that will save us valuable revenue and 'water' – the precious resource no one can do without. My staff are very impressed with Kansas Rural Water and work well with their staff. Greg Duryea impressed our council by explaining how our water and sewer rates trend compared to other municipalities. Greg performed an extensive study for our municipality based on the information we provided. The reports that Greg Duryea and Kansas Rural Water provide are very well written and very easy to follow. This valuable information ensures our Council can make smart decisions when adjusting future rates for capital and operational improvements to our water and sewer system. Greg informed the council that we need to start adjusting our rates now in order to allow major improvements to continue for our water and sewer system. I would highly suggest that all our rural water municipalities throughout the state utilize the expertise and knowledge the Kansas Rural Water Association provides. They care!

*Barry K. Parsons
City Administrator
City of Mankato*

Water rates posted online by KRWA . . .

Kansas Rural Water Association is pleased to provide water rates for all municipalities and RWDs in Kansas. See www.krwa.net, and then under "Online Resources" for "City Rates" and "RWD Rates."

The rates are searchable by system, or by county. There is a variety of sorts that can be applied including by the cost of 5,000; 10,000; 15,000; 20,000; and 30,000 gallons, or by monthly minimum.

The statewide averages are calculated and displayed across the top of the table.

There is also a link at the top left of the table for anyone to submit updates to their rates to KRWA. Changes are made frequently to the rates for cities and RWDs.

www.krwa.net

KANSAS RURAL WATER association
 ABOUT ONLINE RESOURCES TECHNICAL ASSISTANCE TRAINING CONFERENCE MEMBERSHIP

City Rates

Please use [THIS SUBMITTAL FORM](#) to advise KRWA if your system's rates are different from that being reported.

Search by System or County: GO Sort System Name Sort Reverse

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System Name	County	Monthly Minimum Gallons	Monthly Minimum Cost	5,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons	30,000 Gallons
AVERAGES:			\$17.53	\$33.03	\$54.17	\$75.66	\$96.83	\$139.58
Abilene	Dickinson		\$14.62	\$31.92	\$49.22	\$66.62	\$83.82	\$118.42
Admire	Lyon	1,000	\$20.00	\$62.00	\$114.50	\$167.00	\$219.50	\$324.50
Agenda	Republic	2,000	\$10.00	\$17.50	\$30.00	\$42.50	\$55.00	\$80.00
Agra	Phillips	2,000	\$20.00	\$29.00	\$44.00	\$59.00	\$74.00	\$104.00
Alexander	Rush	2,000	\$30.00	\$39.00	\$54.00	\$70.00	\$104.00	\$154.00
Allen	Lyon	1,500	\$17.00	\$45.00	\$80.00	\$115.00	\$150.00	\$220.00
Alma	Wabash	3,000	\$22.00	\$40.50	\$59.00	\$77.50	\$96.00	\$133.00
			\$20.00	\$32.50	\$42.50	\$52.50	\$65.00	\$95.00
			\$20.00	\$32.25	\$40.75	\$49.25	\$57.75	\$80.25

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RWD Rates

Please use this [submital form](#) to advise KRWA if your system's rates are different from that being reported.

Search by System or County: GO Save System Name Sort Reverse

System Name	County	Monthly Minimum Gallons	Monthly Minimum Cost	5,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons	30,000 Gallons
AVERAGES:			\$22.37	\$45.06	\$72.75	\$103.31	\$125.80	\$177.54
Jefferson Co RWD 1	Jefferson	2,000	\$25.00	\$35.80	\$45.80	\$71.80	\$89.30	\$125.80
Jefferson Co RWD 90	Jefferson	3,000	\$32.50	\$40.50	\$60.50	\$80.50	\$100.50	\$140.50
Jefferson Co RWD 11	Jefferson		\$18.00	\$53.05	\$68.10	\$123.15	\$158.20	\$228.30
Jefferson Co RWD 12	Jefferson	2,000	\$48.29	\$65.79	\$92.49	\$119.19	\$145.89	\$181.79
Jefferson Co RWD 13	Jefferson		\$34.00	\$65.50	\$85.00	\$122.50	\$152.00	\$211.00
Jefferson Co RWD 14	Jefferson	2,000	\$25.00	\$37.00	\$57.00	\$77.00	\$97.00	\$137.00
Jefferson Co RWD 15	Jefferson	1,000	\$18.06	\$26.00	\$39.75	\$53.60	\$67.25	\$94.75

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annual debt payment will be. If improvements are planned and the annual debt payments are not known then the review is not going to be adequate for the utility.

In some reviews, we have found that the city or RWD is about to pay off the debt. The question then is if the rates should be decreased since the annual payment is no longer needed. This question leaves a great deal for debate. To truly know the answer another review should be completed. If other expenses have increased then reducing the rates may have a negative impact on the bottom line.

I think it is not wise for the utility to suggest to ratepayers that rates will be guaranteed to be reduced when certain improvements are paid for. Other improvements may be needed by then, which the system wouldn't be able to complete because they committed to reduce rates from the previous project. Try explaining that to ratepayers who keep track of such things.

Decisions by the decision-makers

Ultimately it is the governing body that decides what, if any rate adjustment will be made. Having adequate information in front of them helps them to make an informed decision. The governing body members of a utility live and work with the people in their utility and know the circumstances better than outside assistance.

Frequently, the governing body will make adjustments but maybe not at the level suggested. To remain a financially viable system the utility must collect adequate funds to cover expenses. However, operating close to the break even point is like skating on thin ice. Sooner or later something is going to break down requiring a higher than normal expense and the system may not have enough funds on hand to cover the cost. It is not unreasonable for a system to operate with a 20 to 50 percent profit. When pumps or other equipment fails, it's not possible to "get a grant" or obtain financing to make the

Sooner or later something is going to break down requiring a higher than normal expense and the system may not have enough funds on hand to cover the cost.

repairs. Neither is it always practical for a water system to charge enough to have funds for full replacement of components.

Concluding comments

A significant amount of time goes into conducting a rate review. This is also true on the part of the city or RWD. Information needs to be assembled; there will be an exchange of questions and there is likely a need for further information. KRWA has conducted many rate reviews. The more complex reviews require scores of hours and KRWA suggests such assistance be obtain from other professionals who are in the "business" of conducting rate reviews.

Kansas Rural Water Association has partnered with Carl Brown, Owner of Gettinggreatrates.com for the more complex rates. Carl has assisted many medium and larger systems in Kansas with setting rates. There is a cost of having Carl conduct a review. He provides a discount to systems if they are a member of KRWA. You can check his web site www.GettingGreatRates.com, or contact Carl by email at carl@gettinggreatrates.com or by calling 573-619-3411 to discuss your situation.

Greg Duryea started work for KRWA in 1993 as Technical Assistant. He holds a Class I water certification and is the certified operator for Sycamore Springs Resort in Brown County. Greg is Assistant General Manager at KRWA.



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