

Will you get your share of up to \$82 million?

Fifty-nine Kansas water and sewer systems are going to split somewhere between \$1.2 million and \$8.2 million over the next year. The following year they'll do it again, plus about four percent. And they'll keep on doing this. Will you get your share?

If you attended one of the three rate analysis and rate resetting workshops in June sponsored by KRWA and the Kansas Rural Water Finance Authority, you are on your way to getting your share. If you missed these workshops, you'll get a chance in August to get a share of another pot of money. Visit www.krwa.net/training/calendar.asp and register for the Management Expo. Then, attend the rate setting session in Topeka. Some systems

that attended these seminars learned how to take charge of their loan and grant applications – in cases, reducing costs to them by millions of dollars by choosing the most appropriate method of financing their improvement

projects. Their attendance at these training sessions will pay off tremendously for their rate payers and their city or RWD. John Haas with Ranson Financial Consultants and the Kansas Rural Water Finance Authority did a great job in summarizing funding options available to Kansas systems. We both appreciated the opportunity to meet with so many systems.

What else did the people representing these 59 systems learn at the rate setting workshop? They learned that comprehensive rate analysis is almost always the highest return on investment action a water or sewer system

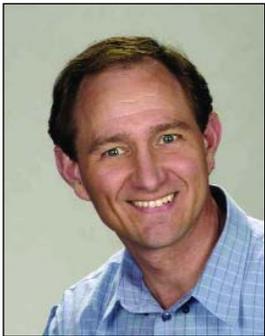
had to do a \$500,000 upgrade. They obtained a low interest loan through the Kansas Public Water Supply Loan Fund. Two years after closing the loan, they decided to pay off some of the debt, cashing in \$250,000 in

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can take. They learned that rate analysis and rate resetting needs to be done in two phases. The first phase is a comprehensive analysis that considers everything, followed by what usually is a substantial rate adjustment and restructuring. The second phase includes simple, do-it-yourself financial examinations and small inflationary adjustments for several years. Participants learned how to do these. They learned that decisions they make can have huge financial effects. A person from a small water district brought up just one such situation.

This small rural water district, being conservative, managed to amass substantial savings. Recently they

CDs that were earning about 5% interest. As a result of reducing their loan, their loan interest payout over the next 20 years will be reduced by \$101,805. Unfortunately, had they kept their CDs, the CD interest earnings plus part of the principle would have paid the loan payments for them and still left \$81,685 in the bank at the end of 20 years. In this case, paying off the low interest loan



*Carl Brown
Carl Brown Consulting, LLC*



Janet Davis, Office Manager, Osage RWD 5 and City of Burlingame Administrator Steve Huffles visit with Carl Brown during a break at the rate setting / funding options seminar in Manhattan on June 5.

was a costly decision, one that a comprehensive analysis would have uncovered. In fact, KRWA explained all of this to the district in a page and a half letter before the district proceeded with the payoff.

The representatives of the 59 systems that attended the workshop learned how to get and keep the right amount of revenue for the benefit of their ratepayers. In August, you can, too. Watch KRWA's announcements for the upcoming management conference.

Here's a listing of the systems that attended the June sessions at Manhattan, Newton and Chanute.

Butler RWD 5, City of Allen, City of Altamont, City of Atlanta, City of Barnes, City of Bartlett, City of Baxter Springs, City of Benton, City of Canton, City of Centralia, City of Cherryvale, City of Clifton, City of Columbus, City of Colwich, City of Durham, City of Eureka, City of Girard, City of Haven, City of Hesston, City of Hillsboro, City of Holton, City of Humboldt, City of Independence, City of Jamestown, City of Madison, City of Marion, City of Marysville, City of McFarland, City of McPherson, City of Mound City, City of New Strawn, City of Nickerson, City of Parsons, City of Prescott, City of Sedgwick, City of Severy, City of Soldier, City of St. Paul, City of Strong City, City of Sylvia, City of Walton, City of Whitewater, City of Wilsey, City of Winfield, Clay RWD 2, Cowley RWD 5, Dickinson RWD 1, Dickinson RWD 2, Osage RWD 3, Osage RWD 5, Pottawatomie RWD 2, Public Wholesale 4, Riley RWD 1, Sedgwick RWD 2, Sedgwick RWD 3, Shawnee Cons. RWD 4, Timber Creek East and Wilson RWD 12.

All about water rates in Kansas . . .

This is NOT how to analyze your system's rates but because everyone keeps asking, here are average rates in Kansas. This information is summarized from KRWA surveys and compared to results on KDHE's Capacity Development Survey submitted by water systems every three years.

For cities:

- Average monthly minimum: \$ 10.97
- Average cost for 5000 w/minimum: \$ 19.60
- Average cost for 20,000 w/minimum: \$58.29

Rural Water Districts:

- Average Monthly Minimum: \$ 17.28
- Cost of 5,000 gallons: \$ 32.80
- Cost of 20,000 gallons: \$ 84.29
- Average Benefit Unit Fee: \$1890



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