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What about those city water, sewer ballot issues?

Liberty says rates will be lower

than city's if voters approve issues

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Are Bolivar residents ready to privatize the city's water and wastewater treatment systems?

On Tuesday, June 2, Bolivar voters will answer that question, deciding the fate of the systems, as well as the future of the city's budget.

The City of Bolivar is asking voters to approve the sale of its systems, including all property and equipment, to Liberty Utilities for \$23.5 million. It's also asking voters to authorize a franchise agreement with the utility provider for the next 20 years.

Bolivar's board of aldermen voted to approve a contract with Liberty Utilities to privatize the city's water and wastewater systems in a closed session in November.

In a public hearing Tuesday, Feb. 25, Liberty Utilities Vice President of Natural Gas and Water Operations for the central region, Mike Beatty, addressed a packed house in Bolivar City Hall.

During a virtual board meeting Tuesday, March 17, on the cusp of the local response to the COVID-19 crisis, Beatty said he had answers to questions he left unanswered in the previous month's meeting.

Why now?

As previously reported in the BH-FP, the choice to bring the potential change to Bolivar's citizens comes after a decade of battling Environmental Protection Agency regulations and continued sewer and water rate increases.

Compliance with EPA water quality standards and wasteload allocation set for Bolivar's Town Branch and Piper Creek have been a struggle for the city since Piper Creek, near the city's wastewater treatment plant at Rt. D and Mo. 32, was placed on the Missouri Clean Water Commission's 303(d) list of impaired waterways in 1998.

"What do we know?" Beatty asked in the March 17 meeting.

"We know there are serious long-term structural issues facing the Bolivar sewer system," he said. "EPA has ordered the city to submit a plan of short-term and long-term capital investments, operations and maintenance issues."

To address EPA standards as part of a lawsuit the city filed against the agency in 2016, the board unanimously approved a variance in August, detailing the city's proposed plans and timelines — as well as subsequent rate increases.

The Missouri Clean Water Commission recently reviewed and accepted the variance, per previous coverage.

As a two-year court-ordered stay on litigation, filed in 2018, comes to an end, the city must implement the variance this year, Beatty said.

"The variance would require the city to upgrade its wastewater treatment and collections system to achieve the highest advanced system that is affordable to the Bolivar customers," he said.

What will rates be?

Beatty said if voters don't approve the ballot issues and the system stays under Bolivar's control, over time average bills would increase anywhere from \$48 to \$376 each month.

"All the alternatives evaluated have the potential to cause substantial impact to the community," he said.

(If the system stays with the City of Bolivar, rates will increase by at least 38% over the next 18 years as the city moves through the steps of the variance, city administrator Tracy Slagle said in the meeting.)

However, Beatty said Liberty's rates would increase by only half that amount.

("When Liberty does ask for a rate increase, we believe the monthly increase will be in a range of \$8.22 to \$9.52 per month for the base users, or an approximately 19% increase," Beatty said.)

In 2025, Liberty's rates would be around \$51 for the average user, while the city's would be around \$59.08, Slagle said.

The city would need to increase rates by at least 1.5% every year, eventually reaching around \$62 per month for the average user, Slagle said.

Beatty, on the other hand, said Liberty doesn't anticipate further rate increases.

While the city's variance plan would cost up to around \$9.3 million, with additional annual operation and maintenance costs up to around \$191,000, Beatty said Liberty's plan to "address the sanitary overflow and raw sewage into the stream overflow" would cost around \$6 million.

(He said the 19% rate increase would cover the \$6 million project. The work would be finished in five years.)

The city's variance plan would include incremental improvements over 20 years, bringing with it increases to sewer rates throughout that timeframe.

Beatty said the company's plan costs less, resulting in lower rates for residents, "based on Liberty's experience, efficiency and existing services in the area pending regulatory approval."

Also, under Liberty, Bolivar residents wouldn't see rate increases for a handful of years, he said.

"Liberty does not project a rate increase for these systems until 2024," Beatty said.

He said there are several reasons Liberty plans to put off a rate increase.

"We need to evaluate the cost of compliance," he said. "We need to make our prudent investments in the system first then request reimbursement through rates from the Missouri Public Service Commission."

What happens if Liberty takes over?

In essence, if the ballot measures pass, "Bolivar gets better water and better rates," Beatty said.

Liberty's first step, he said, would be to address the water quality stream issues in Town Branch and Piper Creek.

"Stop raw sewage overflow at the wastewater treatment facility directly into the creek in high rain events," he said.

He said Liberty has a "great relationship with the Department of Natural Resources."

"We've met with them several times on these issues and devised our own game plan to address the issues more effectively," Beatty said. "This is what we do."

(He said Liberty would first make improvements to the systems and complete the projects before going to the Public Service Commission to request a rate increase.)

Have improvements been made? No

"The city has to hire and manage outside consultants that do not have an incentive to control cost," Beatty said. "Liberty has to pay for the improvements first, then justify every expense to the Public Service Commission. Our incentive is to keep costs low and deliver timely results."

Beatty said "investments in the systems are unavoidable" to make sure Bolivar residents have safe and reliable water and sewer services.

Also, Beatty said city employees won't lose work if the ballot issues pass. He said Liberty wants to hire the city's water and wastewater employees who want to continue working on the systems.

Overall, he called it a challenging situation.

"We're prepared to take that challenge on," Beatty said.

What about that \$23.5 million payout?

In addition to an improved system, Beatty said the city government and school district would benefit, as well.

"The city receives \$23.5 million and additional new revenue to fund other priorities in our local community," he said. "And our local schools receive significant new revenues without raising taxes."

Slagle said "as a private property owner, Liberty would be required to pay property taxes on its buildings and land," which would funnel funds to the school district.

In the Tuesday, Jan. 28, board of aldermen meeting, Slagle said \$11.5 million of the \$23.5 million would eliminate the city's lease debt.

The city makes lease payments on the Bolivar Aqua Zone, the Public Safety Center, two fire apparatus, the downtown sewer project and other public works projects, she said.

"We would have \$12 million left if we decided to go ahead and pay all our lease purchases off at the time of the sale," Slagle said.

Eliminating annual lease payments "would free up \$645,900 of our revenues that are currently being spent on lease purchases that we would have available to be spending," she added.

Slagle said an extra \$645,900 would allow the city to take care of several capital improvement projects, like fleet management for the police department, ball field maintenance and improvements at Fullerton Fields and building and land improvements.

"That could all come out of the around \$645,000 surplus without touching any proceeds of the sale," Slagle said.

She said \$2 million "could be set aside in short-term certificates and deposits so we could have access to it in the case of an emergency," like a natural disaster or security threat.

But, when it comes to the rest of the funds, Slagle told the aldermen the "list is as long as your imagination."

"There's just a multitude of five- to 10-year projects we could explore," she said.

(If the ballot issues fail, "there's no new revenue for other city priorities in the community without raising taxes," Beatty said.)

SIDEBAR: Ballot language

The following questions will appear on the Tuesday, June 2, ballot for City of

Bolivar residents:

Question 1 — Shall the City of Bolivar, Missouri be authorized to sell the City's existing combined waterworks and sewage system to Liberty Utilities (Missouri Water) LLC?

Question 2 — Shall the City of Bolivar, Missouri be authorized to enter into a franchise agreement with Liberty Utilities (Missouri Water) LLC to provide water and sewerage services to the City for a period not to exceed 20 years?

A "yes" vote on the ballot would be a vote to transfer the city's water and wastewater treatment and systems to Liberty Utilities.

A "no" vote on the ballot would leave the systems under the city's management.

SIDEBAR: Recent rate increases

Bolivar citizens have already seen increases in water and sewer rates over the past two years.

In October 2018, the board voted to increase rates to build up budget shortfalls, according to previous coverage.

(Effective January 2019, the residential water base rate for up to 2,000 gallons of water increased from ^{142%} \$12 to \$17. The per-1,000-gallons rate rose from ^{40%} \$2.50 to \$3.50. The commercial base rate increased to \$20.)

(This January, water rates increased again.)

(The residential water base rate went up to \$18.07. The per-1,000-gallons rate moved up to \$3.72.)
(The commercial base rate rose to \$21.26. ^{6.3%})

For sewer services, the residential base rate for 2,000 gallons increased from \$19 to \$28.25 in January 2019. The per-1,000-gallons rate increased from ^{20%} \$2.75 to \$5. The commercial base rate moved to \$31.25. ^{47%}

Sewer rates also rose again this January.

The residential base rate for 2,000 gallons increased to \$30.03. The per-1,000-gallons rate moved up to \$5.32. The commercial rate increased to \$33.22.

66%

56%

Leaders anticipate an additional 38% increase in water rates over the next 18 years per the approved variance.

The current average sewer bill is around \$45 per month, according to previous coverage. The EPA considers an affordable rate 2% of Bolivar's household median income — or \$68.

SIDEBAR: Timeline of events

1998 — Bolivar's Piper Creek, near the city's wastewater treatment plant at Rt. D and Mo. 32, is placed on the Missouri Clean Water Commission's 303(d) list of impaired waterways.

Sept. 18, 2007 — The Environmental Protection Agency issues an Administrative Order for Compliance on Consent requiring the city to reduce inflow and infiltration by submitting a plan of action for elimination of sanitary sewer overflows, bypasses and backups. The AOC also requires a continuing improvement plan, which identifies short- and long-term capital investment projects, as well as operation and maintenance activities.

Nov. 1, 2010 — The EPA approves a total maximum daily load for Bolivar's Piper Creek and Town Branch, which imposes very low phosphorus and nitrogen limits the city says are technologically unachievable.

Oct. 28, 2016 — The City of Bolivar sues the EPA, challenging the total maximum daily load. City leaders hire Newman Comley and Ruth law firm to handle the case.

April 3, 2018 — The federal court issues an order staying the city's lawsuit against EPA for two years to allow the city to seek a variance with the Missouri Department of Natural Resources and the Missouri Clean Water Commission, as well as approval from the EPA.

Oct. 2018 — The board approves a contract with HDR Engineering, which is preparing to submit a variance to Missouri's DNR and Clean Water Commission in collaboration with Newman Comley and Ruth.

Jan. 1, 2019 — Water and sewer rates increase for city residents.

Aug. 13, 2019 — The board votes unanimously to approve a variance attorneys will present to Missouri's Department of Natural Resources and Clean Water Commission. The variance details the city's proposed plans and timelines — as well as subsequent rate increases — to address EPA's water quality standards and wasteload allocation set for Bolivar's Town Branch and Piper Creek.

Nov. 27, 2019 — The board approves a contract with Liberty Utilities to privatize the city's water and wastewater systems. Under the agreement — pending voter approval — the city would sell its water and wastewater systems, including all property and equipment, to Liberty Utilities for \$23.5 million.

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