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EDITOR'S PICK FEATURED

ON THE BALLOT

Bolivar voters to decide fate of water, wastewater systems

By Jill Way, associate editor
Feb 19, 2020



Bolivar voters will have the opportunity to decide the fate of the city's water and wastewater treatment systems, as well as the future of the city's budget, in the upcoming April election.

In a closed session contract with Liber

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Under the agreement — pending voter approval in the April 7 municipal election — the city would sell its water and wastewater systems, including all property and equipment, to Liberty Utilities for \$23.5 million.

The city would also franchise out water and wastewater services to the utility company for 20 years, per the agreement.

While Liberty Utilities wouldn't pay a franchise fee for the first seven years of the contract, the agreement requires the company to pay the city 5% of its gross revenues earned in Bolivar for the remainder of the contract.

Natalie Scrivner, the city's financial director, said gross revenues for the city's enterprise fund — which include water and wastewater — have been around \$3 million for the past five years.

In 2018, gross revenues hit \$3,329,995, with 5% equaling just under \$166,500.

Revenues reached \$3,228,345 in 2017, \$3,165,824 in 2016, \$2,995,426 in 2015 and \$3,101,175 in 2014, Scrivner said.

Public hearing

The City of Bolivar is hosting an upcoming public hearing regarding the water and wastewater ballot issues at 6:30 p.m. Tuesday, Feb. 25, during the city's board of aldermen meeting. City leaders and Liberty Utilities representatives will be on hand to answer questions.

According to previous coverage, the agreement to "transfer responsibility of Bolivar's water and wastewater services" comes from a need "to comply with new regulatory demands on Bolivar customers," per the City of Bolivar.

In an interview last month, Bolivar's Mayor Chris Warwick and City Administrator Tracy Slagle said they are ready to hear from voters on this issue.

"I feel like it's going to give us direction, more than anything," Warwick said. "One thing I hear a lot is that the elected officials just make a decision and go with it. This, we're taking to the citizens and saying, 'Which direction do you want to go?' We're giving the option to you."

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If Bolivar's residents feel the city is effectively managing the water and wastewater system, it will be evident at the ballot box, Warwick added.

Slagle said she feels good about the decision to take the issue to a vote of the people.

The change does require a vote of the people, Warwick said.

"If the board of aldermen didn't believe this was a viable option, they wouldn't have voted to bring it to the public," Slagle said. "And ultimately, the citizens will be making this decision. We believe they should be allowed to make the decision."

Path to possible privatization



The choice to bring a potential change to Bolivar's citizens comes after a decade of battling Environmental Protection Agency regulations and continued sewer and water rate increases.

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"We're under the gun," Warwick said.

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Both Warwick and Slagle don't mince words when discussing future rates under the city's watch.

Water and sewer bills will continue to go up, they said.

Compliance with Environmental Protection Agency 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.

The EPA issued a consent order requiring the city to reduce inflow and infiltration by submitting a plan of action — including short-term and long-term capital investments — for elimination of sanitary sewer overflows, bypasses and backups in 2007.

Three years later, the agency issued a total maximum daily load for Bolivar's Piper Creek and Town Branch, which "imposes very low phosphorus and nitrogen limits that are unachievable with the city's current system," per previous coverage.

Ballot language

The following questions will appear on the Tuesday, April 7, 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 sewer and wastewater treatment to Liberty Utilities.

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

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

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As a two-year court-ordered stay on litigation, filed in 2018, comes to an end, the city must address required modifications and updates, Warwick and Slagle said.

With costs reaching up to around \$9.3 million, as well as annual operation and maintenance costs up to around \$191,000, the hefty price tags of those modifications wouldn't come without a cost to Bolivar's residents and business owners.

According to the variance, which the Missouri Clean Water commission recently reviewed and accepted per Warwick and Slagle, incremental improvements over 20 years would bring with it incremental increases to sewer rates.

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 \$12 to \$17. The per-1,000-gallons rate rose from \$2.50 to \$3.50. The commercial base rate increased to \$20.

Last month, 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.

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 \$2.75 to \$5. The commercial base rate moved to \$31.25.

Sewer rates also rose again in January 2020.

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.

However, information on the city's website says leaders anticipate a 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.

One group — residents in Karlin Acres just south of Bolivar near Mo. 13 — would likely benefit from a switch to Liberty Utilities, Warwick said.

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Those residents, who pay 50 percent more for water and sewer service, would pay the same rates as those inside city limits, Warwick said. However, he added they are not eligible to vote in the upcoming election because they aren't Bolivar residents.

Slagle said if voters decide against privatization, the city will "keep walking this variance path."

In essence, Warwick said the city, at the moment, is busy juggling two sides of the coin.

"We're trying to be in compliance with EPA, but at the same time we're looking at another option for our citizens to make sure we're not going to hit that 2% household median EPA says we're going to do," Warwick said. "There's no doubt about it. We're going to have to hit that."

"I think it's inevitable that rates will increase," Slagle added. "But, by privatizing, I think there's an opportunity for them to spread costs over a broader base."

Where Liberty flows

Kelli Price, senior manager of marketing and communications for Liberty Utilities, said via email the business "is honored to be asked to partner with the City of Bolivar to address the complex and important issues affecting their water and wastewater system."

She said the company has a long history of "providing safe and reliable electric service" in Bolivar.

Both Warwick and Slagle said Liberty was a prime candidate for this potential partnership because of its existing presence in the community as an electric utility provider.

While well-known in the Bolivar area, Liberty's reach expands far beyond Polk County.

Price said the provider currently serves more than 164,000 water and wastewater customers in several states, including Arizona, Arkansas, California, Missouri and Texas.

"Liberty has vast experience in acquiring water and wastewater utilities across the United States," Price said.

Some of those acquisitions aren't far from home.

In 2019, Liberty completed the acquisition of Franklin County Water in Missouri, Price said, serving around 190 customers in St. Clair.

A year earlier, Liberty acquired six water and sewer companies owned by Ozark International Water, serving around 900 customers in Christian, Stone and Taney counties, she said.

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"Many of the systems we purchase are systems that are in need of updates to continue to meet state and federal compliance or regulatory mandates," Price said. "Normally, these systems have needs that can't be fulfilled by loans or grants."

Price said Liberty, "as a larger, regulated utility with a broad range of expertise in managing water and wastewater services," is able to make necessary updates and financial investments in the systems it purchases "to ensure that safety and compliance standards continue to be met."

While under the city's control, the board of aldermen sets water and sewer rates, Slagle and Warwick said. In fact, the mayor said rates would be more closely regulated with Liberty.

That's because Liberty's rates would be set by the Missouri Public Service Commission, he said.

"The commission's job is to ensure all utility rates are just and reasonable for the safe and reliable service our customers receive," Price said.

She said Liberty believes its rates will be lower than the city's projected rates.

Price said, in order to ensure safe and reliable services, investments in the city's water and wastewater system "are unavoidable."

However, she said "the projection is that rates will be less than what the City of Bolivar has proposed based on Liberty Utilities' experience, efficiency and existing services in the area."

"If the ballot issue does not pass, the City of Bolivar has stated that they will still have to increase wastewater rates to pay for EPA-required upgrades to the system," Price said, echoing Warwick and Slagle's comments.

Price said progress through "needed investments in these systems" can come at a cost.

"We work diligently to balance prudent and necessary investments with the rate impact to customers," she said.

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She added that when rates change, Liberty communicates those changes through various methods, such as bill inserts, public notices and Liberty's website, libertyutilites.com.

Price said Liberty could meet customer service needs the city cannot tackle. She said the company often provides customers with efficiencies thanks to an "experienced team and existing systems."

"In many cases, we provide customer service improvements, such as consolidated billing when we have two utility services in a community, such as electric and water," she said. "We also offer 24-hour emergency service and convenient online billing and payment options."

While Liberty doesn't currently have a local customer service office, customers can make payments at Woods Supermarket in Bolivar for no additional fee, Price said.

The new service center in Bolivar on West Broadway Street, Price said, "could accommodate customer payment stations as needed."

"As part of any acquisition, we analyze the need for expanded services and make a determination based on that need," she said.

Price also said the company hopes to partner with City of Bolivar employees if the ballot measure passes.

"As part of the purchase agreement, the current staff will have the opportunity to join Liberty Utilities," she said.

Slagle said the future of the city's public works staff has been a priority from day one.

"Our staff's our family," she said. "We want to make sure they're not going to be harmed. They definitely saw our staff as strong of an asset as the facility itself."

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To learn more or ask Liberty Utilities questions, visit betterwaterbolivar.com. Find more information on the City of Bolivar website, bolivar.mo.us/utilities-3.

To find out what city leaders say a \$23.5 million payday can do for Bolivar, watch for more coverage in a future issue of the BH-FP.

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