

BETTER WATER. BETTER RATES

QUESTIONS 1 & 2

1. WHAT DO WE KNOW?

2. WHAT ARE THE ANSWERS TO YOUR QUESTIONS?

WHAT DO WE KNOW?

We know...

- There are serious long-term, structural issues facing Bolivar's sewer system.
- The EPA has ordered the City to submit a plan of short and long term capital investments, operations and maintenance issues.
- Last April, a federal court issued a two-year moratorium to allow the City to seek a variance with the Missouri Department of Natural Resources and the Missouri Clean Water Commission with approval from the EPA.
- The variance would require the City to upgrade its wastewater treatment and collection system to achieve the highest available system that is "affordable" to Bolivar's customers.



WHAT ARE THE ANSWERS TO YOUR QUESTIONS?

- If voters do not approve Questions 1 and 2, what will our rates be?
- If voters approve Questions 1 and 2, what is Liberty Utilities going to invest and what will our rates be?

IF VOTERS DO NOT APPROVE QUESTIONS 1 AND 2, WHAT WILL BE THE CITY'S RATES?

- According to the City's Engineers:

Table 3. Estimated Total Pollution Control Costs for Identified Alternatives.

Alternative	Capital Cost	Additional Annual O&M	Base Monthly Rate (Includes 2,000 gal./month)	Monthly Volumetric Rate (/1,000 gal.)	Avg. Monthly Residential Bill (5,000 gal./month) ³	Avg. Bill as % of MHI ³
Existing WWTF	---	---	\$28.25	\$5.00	\$43.25	1.3%
Base Improvements	\$2,270,720	\$44,900	\$28.25	\$6.54	\$47.87	1.4%
Wet Weather Improvements ¹						
Storage ⁴	\$8,695,250	\$67,300	\$28.25	\$10.28	\$59.08	1.7%
Expansion	\$18,832,180	\$211,900	\$28.25	\$16.82	\$78.72	2.3%
Filter/Blending	\$15,338,150	\$221,700	\$28.25	\$14.93	\$73.04	2.1%
Nutrient Removal ²						
Chem. Phosphorus Removal	\$9,386,520	\$191,200	\$28.25	\$11.41	\$62.48	1.8%
Biological Nutrient Removal	\$12,800,050	\$243,900	\$28.25	\$13.64	\$70.34	2.1%
Enhanced Nutrient Removal	\$17,916,930	\$444,500	\$28.25	\$17.71	\$81.39	2.4%
Reverse Osmosis	\$110,290,210	\$8,182,400	\$28.25	\$115.89	\$375.92	11.1%

¹ - All wet weather improvement alternatives include base improvements. The "total system" public and private I/I removal alternative discussed in Section 3.2 (30% reduction, \$33.6 million) is not included in this table, as the significant cost makes implementing this alternative impracticable.
² - All nutrient removal costs include wet weather storage and base improvement costs.
³ - MHI = \$40,786.
⁴ - If public sector I/I removal and collection system maintenance activities implemented by the City reduce wet weather issues in the system to manageable levels, the storage alternative will be revised or eliminated.

IF VOTERS DO NOT APPROVE QUESTIONS 1 AND 2, WHAT WILL BE THE CITY'S RATES?

- According to the City's Engineers:

“To fund the alternative treatment scenarios, volumetric rates would need to be increased significantly. Based on the analysis, resulting average monthly bills for the alternatives identified would range from \$48 to \$376. Relative to the MHI of \$40,790, the MPS ranges from 1.4% to 11.1%. EPA suggests that MPS values in excess of 2% will result in substantial impacts, and greater than 1% has the potential for substantial impacts. Therefore, all of the alternatives evaluated have the potential to cause substantial impacts in the community; two wet weather alternatives and three nutrient removal alternatives exceed 2% of MHI and would like cause substantial impacts.”

WHAT DOES THAT MEAN?

- According to the City's Engineers:

“...resulting average monthly bills for the alternatives identified would range from \$48 to \$376.”

*“...**ALL** of the alternatives evaluated have the potential to cause substantial impacts in the community;*

*“two wet weather alternatives and three nutrient removal alternatives exceed 2% of MHI and **would likely cause substantial impacts.**”*

IF THE CITY HAS TO FIX THE SEWER...

- Bolivar must meet a federal deadline for an improvement plan in 2020.
- The EPA-required upgrades will force the City to increase rates.
- And there will be no new revenue for other City priorities in our community without raising taxes.

THE CITY'S DILEMMA:

- The City would have to choose one of the items but continue down the list of those items during the duration of the variance.
- **Pouring good money after bad:** If, at the end of the variance, compliance is not made by those choices, it might be extended.... further.....
- Bolivar will not have a “new” sewer plant at the end of the variance, you will still have an old one.

THERE'S ANOTHER WAY...

- On April 7, 2020, Bolivar voters will be asked to transfer the responsibility of our water and wastewater systems to Liberty Utilities to better comply with new regulatory demands on Bolivar customers.
- Liberty Utilities has extensive experience operating water and wastewater systems and ensuring their compliance with federal, state and local requirements.

THE LIBERTY SOLUTION:

- Stop polluting the stream: Liberty is proposing to address the water quality stream issue as its first phase.
- Stop raw sewer overflow at the wastewater treatment facility directly into the creek in high rain events.
- Liberty has a great relationship with the Department of Natural Resources: We have met with them several times on these issues and have devised our own game plan to address the issues more efficiently.
- This is what we do.



THE LIBERTY SOLUTION:

- Our goal is to try and achieve stream attainability again.
- Be pro-active in the community in doing this for clean water in our streams.
- Our capital spending the first five years is approximately \$6 million and addresses the sanitary sewer overflow and raw sewer into the stream issue.

HOW MUCH WILL LIBERTY'S PLAN COST?

1. **LIBERTY DOES NOT PROJECT A RATE INCREASE FOR THESE SYSTEMS UNTIL 2024.**

- Why? We need to evaluate the costs of compliance.
- We must make our prudent investments in the system first, then request reimbursement through rates from the Missouri Public Service Commission (MPSC).

2. If voters approve Questions 1 and 2, the projection is that rate increases will be less than what the City of Bolivar has proposed based on Liberty Utilities' experience, efficiency, and existing services in the area, pending regulatory approval.

3. When Liberty does ask for a rate increase, we believe the monthly increase will be in a range of \$8.22-\$9.52 per month for base users, or approximately 19%.

HOW CAN LIBERTY DO IT FOR LESS THAN THE CITY?

EXPERIENCE, EXPERTISE & EFFICIENCY:

- The City has to hire and manage outside consultants that do not have an incentive to control costs.
- We have expert engineers and professional staff in-house.
- This is what we do.

HOW CAN LIBERTY DO IT FOR LESS THAN THE CITY?

CONSERVATIVE:

- When cities perform this type of work, they raise rates then spend what they have.
- Because Liberty has to pay for the improvements first, then justify every expense to the PSC, we hold the line on unnecessary expenses.
- Our incentive is to keep costs low and deliver timely results.

VARIABLES WITH THE LIBERTY SOLUTION:

- At this point, we don't know what we don't know.
- There may be other problems with the system.
 - That doesn't change whether it's the City or Liberty.
 - But our approach to solving them does.
- An independent state commission (PSC) sets the rates Liberty Utilities charges. Liberty has to pay for its projects upfront and THEN apply to the Public Service Commission for reimbursement which is never guaranteed.

KEEP IN MIND...

- Questions 1 and 2 are not rate increases.
- Liberty does not project a rate increase for these systems until 2024
- However, to ensure safe and reliable water and wastewater services to Bolivar residents, investments in the system are unavoidable.

WHAT HAPPENS IF QUESTIONS 1 & 2 PASS?

- Bolivar gets better water and better rates.
- Liberty Utilities protects our water and wastewater system with much-needed upgrades.
- Rate increases are projected to be lower than what the city has proposed.
- The city receives \$23.5 million and additional new revenue to fund other priorities in our community and our local schools receive significant new revenues without raising taxes.

WHAT HAPPENS IF QUESTIONS 1 & 2 FAIL?

- Bolivar must meet a federal deadline for an improvement plan in 2020.
- The EPA-required upgrades will force the city to increase rates.
- And there will be no new revenue for other city priorities in our community without raising taxes.

