



CITY OF TOPEKA

December 20, 2022

Utility Rate Question/Answer from Governing Body members

1. **How much of utility income goes to PILOT (Payment in Lieu of Taxes)?**

In 2023 the Utilities will pay \$7.5M in PILOT.

2. **Who conducted the 2019 water study? Please provide a link to study.**

Black and Veatch [2019+City+of+Topeka+Utilities+Study.pdf \(cot-wp-uploads.s3.amazonaws.com\)](https://s3.amazonaws.com/cot-wp-uploads.s3.amazonaws.com/2019+City+of+Topeka+Utilities+Study.pdf)

3. **Are commercial customers going to be paying a higher rate? What is that rate per year? Do they get incentives or exemptions? Please detail.**

All customer's rates are being proposed to go up by the same percentage. City of Topeka does use a cost of service basis for its Water rates. As a class, it costs less to serve Commercial customers than residential customers. Therefore commercial customers experience a consumption rate that reflects that lower cost. Commercial consumption rates being proposed are:

	Jan. 1, 2024	Jan. 1, 2025	Jan. 1, 2026
Commercial	5.01	5.60	6.24

4. **I am new house renter and pay for water services. Do the annual increases you are talking about, 11.8% in 2024/2025 and %11.5 in 2026 are these rates add onto the previous year's increase? If this is so – am I going to be paying by 2026 a total increase of 35.1%?**

The rates do add on to previous rates. If approved, Water rates in 2026 would be 35.1% higher than 2023 rates.

- 5.



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6. **Can you confirm with city a rate increase is still in place from 2019? Does that mean we have one voted increase in effect until end of 2026 and if this passes, we will have 3 years of a double rate increase?**

The rate increases approved in 2019 were for 2021, 2022, and 2023 only. The proposed rate increases being considered are for 2024, 2025, and 2026. In 2019, Staff had originally proposed a five-year rate increase for approval, but ultimately only three years were approved (2021, 2022, 2023).

7. **Considering the rates were increased several years ago to help with replacing aging infrastructure and ARPA dollars went to this also, how much more money does the city need before the infrastructure needs will be complete? Once complete, will the rates decrease to what they were several years ago?**

The City has over \$3.6 Billion in assets it is responsible for maintaining. Replacing aging infrastructure is a continuous cycle.

8. **What exactly have 35 million ARPA dollars been used for?**

<https://cot-wp-uploads.s3.amazonaws.com/wp-content/uploads/finance/CIP/2023+-+2032+Adopted+CIP.pdf>

Please see printed page 11 in the CIP book.

9. **Does the county have any responsibility to replace water lines?**

The County does not have any direct responsibility to replace Water lines owned by the City of Topeka. However, the County ½ cent sales tax does fund the relocation and replacement of water lines affected by County ½ Street projects.

10. **Have grants been applied for through The Infrastructure Hub in Kansas? If no – why not? If yes what were the outcomes?**

The city evaluates available grant opportunities on an ongoing basis. To date, the City utilities have not received any BIL (or IIJA) related grant funds. This is primarily due to the lack of clarity in the requirements and application process. The state of Kansas is leveraging much of its allotment through the SRF program. So much of what the City will see will be through loan forgiveness once criteria is finalized.



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11. The city council passed the budget not too long ago. Were the large increases discussed at that time?

Rate increases were not discussed during the 2023 budget discussions as rates have already been established for 2023. The Utilities had to make difficult decisions related to further deferred maintenance in order to implement the significant reductions required to stay within already established rate revenue for the 2023 budget cycle.

12. With the continued decrease in purchasing power due to inflation and stagnant wages, where are citizens expected to pull these additional costs from? Healthcare? Grocery? Education? I feel it might be in their best interests to consider what happens when citizens are pushed beyond their capacity in affording their basic necessities.

As part of the City's assistance program, eligible homeowners/renters will receive a water saving kit with a toilet repair kit and faucet aerator. These are two devices that will help reduce the amount of water being used in both the sink faucet and bathroom toilet fixture. Literature will also be included to help constituents learn what other common problems lead to higher water usage and how to repair them, ultimately saving money on high water bills.



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13. Number of breaks this year

2022 - 583 to date
2018 – 873
2019 – 393
2020 – 464
2021 – 539

14. How long it takes us to repair a break

4 hours is the average based on data from our CityWorks maintenance management system. Historically, our average is about 3-5 hours for a water main repair “in the dirt” (no hard surface removal), and 5-7 hours for water main repairs “in the street” (requiring hard surface removal).

15. What is the time it takes from a call that comes in from a customer to the time it gets fix

Our staff are required to respond to these reported breaks within 45 minutes of being notified of an after-hours emergency. Initial response includes an assessment of the break, requesting of emergency utility locates, emergency traffic control, potential shut off plans/customer impacts, notification, etc. Generally, crews can be onsite and breaking ground anywhere between 1 and 2 hours. However there have been times such as mid-late November when the break counts were in the high 30s that some of the lower priority breaks ran for nearly 2 weeks while crews tackled the higher priority jobs. This response time is impacted by our current staffing numbers. In 2022 we have experienced the lowest staffing levels that Distribution has ever seen (12 of the 28 front line positions are currently vacant). Staff from WPC was utilized during this high break period to help run dump trucks to keep jobs running.

16. How do we prioritize repairs

All of our emergency work is prioritized by factors such as severity, safety, and community impact. Even though an incident may require an emergency response, it may have to wait due to the amount of other emergency repairs taking place or waiting to be addressed.

17. Cost to repair a break

The average cost to repair a water main “in the dirt” is between \$4,000-\$6,000 and a water main repair “in the street” is between \$6,000-\$8,000. Over the last three years the average cost per break has remained steady at ~\$5,400.



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18. Cost to replace a line

Recent replacement costs have been between \$300 and \$600 per foot of main replaced. We use the “foot” comparison because generally speaking, most of the main breaks that emergency crews are responding to are repaired with sleeves or short pipe segments that are being replaced. It is much more cost effective to replace pipe in longer segments than to perform emergency spot repairs.

19. Future break counts

It is difficult to project future break counts as the age and condition of our pipes, the soil conditions and weather all factor into the potential for increased break counts. That being said, the national standard for replacing water lines is a 100 year replacement cycle and considering we are replacing our lines at an average of over 170 year replacement rates, we won't soon see a significant reduction in main breaks.

Can you provide a quick breakdown – probably included in what I asked for last night – of debt. What is it costing us now to service debt in the three utilities and what kind of increases do we expect over the three years covered by the proposed rate increases?

Debt Service for the combined Utilities is slated to be \$24,054,000 in 2023. Debt Service is forecasted to be \$34,255,000 in 2026. Actual Debt Service will be dependent on construction progress and market conditions at the time of financing.

In the CIP for the stormwater utility, the project summary 501095.00 shows around \$16 million in projects in the years 24-26 and \$50 million over 10 years. There is not a lot of detail on projects, but it appears that there have been a lot of studies and I assume we are now doing projects based on the improvements called for in those studies. I have questions about the validity of those studies. Are they from the same consultant that gave us the no volume increase mandate that we are now apparently rescinding? I have seen one recommendation for a structure related to the Polk-Quincy project that was big enough to pass Noah's flood times two. In the past, recommendations for stormwater improvements derived from a hydraulic study have been coupled with complaint data to choose projects. Are we still doing that? I think it is time to do a thorough review of the Stormwater Utility to make sure it is being effective. At this point I am not in favor of any increases for that particular utility.

The stormwater utility is currently wrapping up a stormwater master plan/model that has taken into consideration (much like our water model) the age, condition and consequence of failure of the City's stormwater system, identifying areas of potential flooding throughout the City. While the reports that are being generated for our stormwater sub basins have identified millions of dollars of potential projects, the projects you are referring to are largely based off complaints.



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These localized flooding complaints largely originated in 2019 when Topeka had the 4th wettest year on record. The areas that were identified for further hydraulic study resulted in about 25 projects that were divided amongst 9 different consulting groups for design and construction. Two of these projects are being administered in conjunction with ½ cent sales tax and water line projects (12th Street reconstruction and Yorkshire/Danbury Rd projects).

In regard to the overall stormwater utility, it is important to note that there is funding allocated for projects that account for certification for all five levee units, stormwater projects outside of those mentioned above that are related to ½ cent sales tax projects (i.e. Gage- 25th to 29th Streets, 6th and California, NW Tyler, SE 10th Street- Deer Creek to Wittenburg to name a few), drainage correction projects that are localized flooding areas affecting three or more homes in one area, and streambank stabilization projects. The stormwater utility is also considering other flood mitigation projects and identifying potential grant funding for work associated with the Shunga Drainage Master Plan. Operations and maintenance costs along with regulatory compliance efforts associated with the City's Municipal Separate Storm Sewer System Permit are also funded through the Utility.

Also, in looking at the approved CIP, I noticed that there is a line item for “Annual Sanitary Sewer Force Main Replacement Program” under the Water Fund summary. The same line item is under Wastewater as well. Just wanted to make sure it didn't get counted twice.

This is a typo under Water Fund- this is a Wastewater only program.

I am interested in the City's response to the recommendations in Section 4.0 of the GF study. Have we begun to address the High Priority and perhaps Medium Priority issues?

Yes, see below.

Benchmarking Study for The City of Topeka Utilities Department- Response to Recommendations

Table 4-1 High Priority Programs

Asset Management Plan

- Develop strategy to increase ratio of planned vs. reactive maintenance expenses-

In 2015 the City began to take a more proactive approach to funding water line replacement, investing an average of \$3M annually between 2015-2019. The most recent rate increase allowed the City to invest an additional \$6.5M into the distribution system. While the Utility maintains a list of priority projects that are identified through its distribution risk assessment and hydraulic models, other relocation/replacement projects may move up in priority if they are associated with ½ cent funded transportation projects. The City is currently exploring other options of funding water line replacement projects such as general obligation funds in an effort



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to focus the water utility funds on those projects that remain highest on their system priority list. The City has also developed a valve and hydrant maintenance program that proactively exercises and inspects those assets, however with the staffing levels being the lowest the Utility has ever experienced, this program has taken a back seat to emergency break repairs and addressing customer complaints.

- Analyze location of aged, unlined cast iron main

The City has identified several areas of cast iron main through its GIS and/or FRACTA software programs, however it is the desire of the Utility to increase efforts to verify the accuracy of the data in these program. More accurate data will aid the Utility in making better informed decisions regarding upgrades to the distribution system.

- Analyze system for other potential main breaks/causes

The City has improved its operational and new installation practices, collaborating with local consultants, contractors and other internal staff to expand its knowledge of best practices and procedures, as well as updating technical specifications and installation standards. However, it still battles other causes that it has little to no control over (i.e. subsurface conditions and past installation practices).

- Include risk of failure and criticality of service interruption into prioritization process

At a very basic level, this is being done through the FRACTA modelling software when prioritizing main replacement projects. However, the risk and criticality output are largely based on assumptions made by FRACTA during model development. The software provides for extensive customization specific to our system- this effort is currently tabled due to existing staff shortages.

- Develop a prioritization list/schedule of proactive replacement and renewal.

Similar to risk and criticality, this is being done at a basic level using FRACTA and Cityworks work order history (i.e. . Funding availability and other competing demands on the prioritization of replacement projects water mains leave the City with a replacement cycle of more than 170 years for the entire water main inventory. The City seeks increased water rates to help maintain the level of replacement cycle that currently exists, however if progress is to be made on reducing that cycle, a more aggressive approach is needed. Utilizing general obligation funds for water line replacement in conjunction with ½ cent sales tax projects would help the utility maintain the priority water line replacement list.



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Water Quality Program

- Improve management of regulatory affairs/policy

The City has been working with a number of agencies to review policy development at the local, state and federal levels. This includes the Corps of Engineers, the Kansas River Water Assurance District, Kansas Water Office, KDHE and EPA. Most recently, the City has been working with KDHE to review Lead and Copper regulation implementation and its disinfection modification plan to meet water quality regulations.

- Perform hydraulic model to simulate water quality/water age to support planning activities

The City's existing water model is capable of water quality and water age simulations. These features were most recently used for selecting the West Zone tower site. The City utilizes its modelling capabilities (with the assistance of an expert modeler/consultant) to determine ideal sizing of its distribution system that allows for adequate fire system, water quality and peak demand flows.

- Develop action plan to detect and control corrosion

The City addresses corrosion control by adding polyphosphate to its finished water supply. The City conducts testing of its potable water supply biweekly through a third party laboratory to ensure chemical levels are sufficient to aid in control corrosion in the system.

- Develop a plan to reduce water quality complaints by addressing color/staining and taste/odor issues

City staff conduct routine flushing and valve inspections in high complaint areas to help maintain water quality throughout localized problem areas, assess for potential system improvements and identify any deficiencies in the system. Future improvements to the City's disinfection process could potentially aid in improving the quality of its drinking water. The City is also considering the use of automated hydrant flushers to increase the efficiency of its hydrant flushing program.

Distribution System Maintenance and Management Program

- Upgrade the existing software to generate automated preventive or planned maintenance work orders

The City utilizes its CityWorks maintenance management software to document work history, but also for its preventative valve and hydrant inspection program. Staff also utilize it for scheduling preventative maintenance activities at the plants, towers and pump stations. This preventative maintenance programming helps extend the life of those assets and plan for replacement projects.



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Table 4-2 Medium Priority Programs

Water Loss Control Program

- Implement the recommendations from the water audit report

These recommendations from the American Water Works Association are general in nature and not specific to Topeka, unless the Utility utilizes an audit tool to calculate water loss from the system. The City knows it has potential to save the loss of treated water by increasing its water line replacement program and making improvements to the system that decrease the need for ongoing flushing efforts.

- Implement routine, proactive leak detection program

The City has tested numerous technologies over the years in the realm of leak detection and pipeline assessment in an effort to avoid costly exploratory excavations. Unfortunately those efforts have been very inconsistent and inaccurate based on the condition of our system and the area the pipe is located. These technologies have good potential in a more controlled environment but our system has multiple material types, repair sleeves etc. that skew results significantly.

- Implement pipeline inspection program

Past efforts at utilizing a pipeline inspection program have had results that were disappointing. However, at our local KWEA/KsAWWA conference this year, WaterOne presented on a project they completed with Xylem (Pure) that was very successful. The presenter shared some interesting insights into contracting and planning for their project. When the City is prepared to try it again, we will engage with WaterOne to gain more insight on what made their efforts successful.

Operational Optimization Plan

- Storage use optimization

Every public water supply has a different program for distribution storage. The industry rule of thumb is to provide a volume equivalent to the average day demand and to provide the maximum day demand in pumping/supply capacity. The City continues to review its distribution master plan which has identified several optimization opportunities. These improvements are considered when developing the water main replacement program.

- Energy optimization for pumps

The City has installed variable frequency drives in a majority of the booster pumps throughout the system to address energy efficiency. Plant and pump station improvements are ongoing, however the City would benefit from an energy efficiency audit to identify other opportunities to reduce energy consumption.



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Customer Complaint Database

- Track with GIS

The City tracks the customer complaints that come through its Call Center and See, Click, Fix software in the CityWorks system. Other complaints that are passed along through emails and in person discussion are reported in the City's quarterly benchmarking efforts.

Table 4-3 Low Priority Programs

Long Term Goals and Action Plan

- Benchmark key objectives and performance indicators

The Utilities Department has continued to track several key performance indicators through quarterly benchmarking efforts. This information is considered when reviewing the department's operating budget, staffing levels and annual reporting efforts.

- Long term planning and goals

The City utilizes several master plans in consideration of its long term planning efforts including the distribution master plan, plant improvement master plan, risk and resiliency plan among others to build its Capital Improvement Plan.

System Security Plan

- Use AWWA risk assessment tool
- Access control
- Intrusion detection
- Contamination detection/monitoring
- Real time video

September 2020, City completed final phase of its Risk and Resilience Assessment Phases with Black and Veatch Engineering. This assessment includes an evaluation of capital and operational needs to address the highest risks that the water utility faces and recommendations which improve the resiliency of the City's water utility. The City continues to implement various recommendations such as physical security improvements, intrusion detection, surveillance monitoring, and access control security to name a few.



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Other items of note:

- The Utilities Department moved away from the practice of charging a minimum use charge in 2015 to a base rate system. Generally speaking, this means that customers that use less water will pay less, allowing them to have more control over their bill.
- If a rate increase was only approved for one year, the City faces challenges in meeting our financial borrowing regulatory requirements. We cannot issue debt if we don't have the rates in place to cover it. Also, our bonding rates will be impacted negatively. This will put us at risk for SRF funding opportunities. These SRF loans are allowing us to save \$15M currently so the opportunity to get money back is truly in reduced bonding rates and principal forgiveness that we won't be able to benefit from without ongoing rate increases.
- The City chose to fund the more than \$20M in utility work with the Polk Quincy Viaduct improvement project through GO bonds so that we didn't burden our rate payers with this cost.
- There have been many questions about grants. The federal infrastructure grants are being sent to the states for distribution. Kansas is using some of that money to support their SRF loan fund. The current SRF loan being considered will save the City nearly \$14 million. Future programs being considered by the State include SRF loans for lead lined pipes which may also include principal forgiveness. In essence, the City is receiving the federal grant money. It is just in the form of lower borrow rates instead of an unspecified grant check.