

# Liberty Utilities (Missouri Water) LLC. Asset Purchase

informational analysis pursuant to RSMO 88.770.1

Q & A

Regarding ballot questions #1 and #2



April 7, 2020



# Tuesday, April 7, 2020 Ballot


## Question #1

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

 YES  
 NO

## 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?

 YES  
 NO



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Here are the 4 main questions we have consistently been asked:

1. Why are you bringing these questions to the ballot?
2. Will my water/sewer rates increase?
3. What will happen to the City's water and sewer employees?
4. What will you do with the money?

RSMO 88.770 permits the City to inform citizens of the impact of such sale.



# Why?

DNR and EPA have imposed regulations on Bolivar to make improvements on the city sewer collection and treatment system which are designed to reduce the “bad nutrients” of effluent processed into Piper Creek and to improve the quality of water/waterlife in Piper Creek.

These requirements will be imposed on any operator of our wastewater treatment plant privately or publicly owned.

1. A private entity will likely be able to make these improvements more quickly and at a reduced cost to the citizens.
2. The proceeds of the sale can be used to improve the quality of life for Bolivar residents and guests.
3. The City believes the citizens should be allowed to make the decision as to sell or continue to run the water/sewer/wastewater system for the community.
4. The sale of the system will make the infrastructure subject to real and personal property taxes which will generate additional funds for the County, Health Dept, Library, CPC Fire, and Bolivar Schools (estimated additional \$200,000.00 for the Bolivar Schools annually)



# Will my rates increase?

Yes.

Regardless of who owns the system, rate increases will occur because of treatment plant and collection system modifications imposed on the City by the EPA/DNR. Rate increases will also occur from time to time because of additional operational costs.

**The question is how much will your rate increase.**

Independently owned utilities have rate increase limitations regulated by the Missouri Public Service Commission.

Municipalities do not have these limitations, however, industry standards recognize that a sewer rate exceeding 2% of the median household income (MHI) may be considered excessive.

For Bolivar, a 2% MHI would be equivalent to just under a \$70.00 per month sewer bill. Our current residential sewer rate for an average home is \$45.99 per month. Under City ownership, this could mean a 52-53% rate increase from current rates should additional upgrades be mandated by EPA or DNR.



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## City of Bolivar submitted a variance to EPA/DNR/CWC for review

This is an agreement between the City, DNR, and EPA that outlines a phased approach to address the imposed improvements to the wastewater treatment plant and sewer collection system.

The variance submitted on behalf of the City reflects a minimum 36% increase in sewer rates between 2020 and 2038. The reason this is a minimum increase is because the 36% increase does not include:

- continued costs for Inflow and Infiltration repairs to sewer lines.
- adjustments that the City may face due to rising costs of labor and materials.
- any routine repairs, or operational cost increases for the water system, or Southtown Utilities.
- The possible change in the Median Household Income of our residents.
- Additionally, this is based on the assumption that we are allowed to choose the most financially conservative improvements listed in the variance as EPA/DNR continue to monitor stream quality.



## What will happen to the City's water and sewer employees?

All current employees will have the opportunity to apply for a position with Liberty Utilities (Missouri Water) LLC as they plan to maintain the same number of public works staff in Bolivar. Liberty Utilities (Missouri Water) LLC will work with the City to make the transition of employment as seamless for staff as possible.



# What will you do with the money?

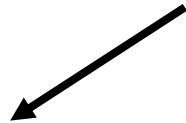
Liberty Water has offered to purchase the system for \$23.5 Million  
The following scenarios are an example of how those dollars could be  
spent on behalf of our citizens.



\$23.5 Million  
(Purchase Price)



Use \$11.5 Million to  
pay off existing lease  
purchases.



\$12 Million  
Remaining cash from sale

+



The lease purchase  
elimination would save the  
City \$645,900.00 in lease  
payments annually which  
could then be used for  
other capital projects.



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Additionally, the lease purchase elimination would save the City \$645,900.00 in lease payments annually.

Freeing \$645,900.00 of our current budget would allow us to spend this annual income on other needs. Such as reinstating our fleet management (which routinely replaces aging vehicles), ballfield maintenance and improvements, or building and land maintenance.



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\$12M  
Cash reserves from sale



\$2M could remain in  
Emergency Reserves.

This reserve could be held in certificates of deposit at Bank of Bolivar, Commerce Bank, Farmers State Bank, Mid-Missouri Bank, Oak Star Bank, and US Bank.

THERE ARE MULTIPLE 5-10 YEAR PROJECTS THAT  
COULD BE EXPLORED. FOR EXAMPLE:

- Fire Station #1 additional bays & infill (\$1M)
- Sidewalks – connectivity and system expansion, including MoDOT routes (\$1.5M)
- Street Department equipment purchases to allow the City to expand road repair (\$250k)
- Explore alternative traffic routes
- Park Improvements
- Downtown Beautification
- Community Betterment revolving loan
- Reimburse the Park Dept transfer of funds to the Street Dept (pre-2012) (\$150K)
- Solar/Energy Efficient upgrades to City facilities
- Establishing an Economic Development Fund for infrastructure & project expansion, etc.



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# How can these projects be accomplished with fiscal responsibility??

- The Board of Aldermen can create a resolution of how funds will be reserved and spent
- The Board of Aldermen can create dedicated accounts for various projects
- The Board of Aldermen can host community meetings for citizens to express their vision
  - Public Hearing before and after the April ballot
  - Comprehensive Plan focus groups
  - Citizen surveys

# Examples of dedicated accounts that could be created by the Board of Aldermen

\$2M      Emergency fund - placed in several 9 to 12 month certificates of deposits allowing the City to access the money in case of a natural disaster or security threat.



Images from Springfield News Leader



Where Liberty Flows

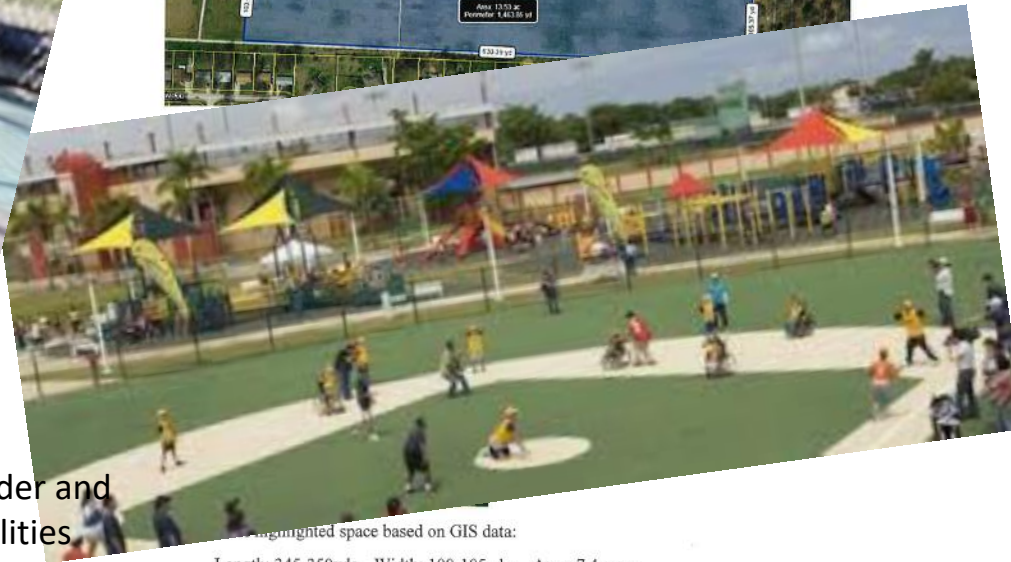
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# Examples of dedicated accounts that could be created by the Board of Aldermen

\$3M Park and Recreation fund - utilize annual interest for projects.

### Driving Range Estimates

The following data is based off rough estimates for a driving range as recommended by golf architects and their websites. A driving range should be **200 to 400 yards in length**. This range may still require some restrictions on the use of drivers on the shorter end. Any less may prohibit the use of some drivers. **Width can be 100 to 300 yards**. A drive can go 50 yards in either direction based on one's skill so widths closer to 100 yards may require netting/fencing. Ranges can be as small as 4 acres and larger ones can be around 18 acres.



Images from Springfield News Leader and Springfield Park Board and Playabilities

Highlighted space based on GIS data:  
Length: 345-350yds Width: 100-105yds Area: 7.4 acres



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# Examples of dedicated accounts that could be created by the Board of Aldermen

\$2M Community Betterment - utilize annual interest for projects  
Such as sidewalk connectivity, downtown beautification.



Images from Trafficscapes



# Examples of dedicated accounts that could be created by the Board of Aldermen

\$1.5M Economic Development fund – utilize annual interest to sustain the Economic Development Alliance.



Images from clipart.com



# Examples of dedicated accounts that could be created by the Board of Aldermen

\$2M      A fund where City departments can take a loan and pay ourselves back at a zero or lower than prime interest.  
Example: Fire Station one expansion and infill



# Why?

Why are we voting on a franchise fee?

Cities collect franchise fees to recoup the cost of the utility companies use of public right of way.

The City has agreed to set the franchise fee at 0% for the first 7 years of the 20 year contract and will collect a 5% franchise fee for year 8 and all succeeding years of the contract.

## Examples of dedicated accounts that could be created by the Board of Aldermen

\$2M	Emergency Fund
\$3M	Park and Recreation Fund
\$2M	Community Betterment Fund
\$1.5M	Economic Development Fund
\$3M	A Revolving Loan
\$500K	Purchases such as additional street equipment to expand in-house abilities OR upgrading facilities for energy efficiency, etc
Total \$12M	

Chris Warwick, Mayor

Aldermen

Ward 1

Ethel Mae Tennis  
Steve Skopec

Ward 3

Steve Sagaser  
Thane Kifer

Ward 2

Justin Ballard  
Micheal Ryan

Ward 4

Alexis Neal  
Charles Keith

Paula Henderson, City Clerk  
Tracy Slagle, City Administrator  
City Hall 417.326.2489



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