

### Atchison To Increase Utility Rates

(KAIR)--Utility rates in the city of Atchison will increase next year, though the amount of increase has yet to be decided.

City officials addressed the issue during a budget workshop meeting last week. City Finance Director Becky Anderson says the increase is needed to fund city utility projects. "We have some very large projects that we have undertaken...the ozone project for example, which we are required to do in order to come into compliance with regulations in water quality. The water is safe to drink now of course, but we have some other requirements that we have to meet, that we don't consistently meet, and then we know there are some things coming down the pipe in the future. So this project not only helps us stay in compliance now, but in potential future regulations as well. It's a large project, it's an expensive project, and in order to complete a project like that, we do have to raise rates to support those additional expenses."

Anderson says the purpose of the meeting was to give City Commissioners an idea of what the additional costs are, and what that translates into in rates. City staff suggested several capital improvement projects to undertake in the upcoming five year capital improvement plan, what they would cost, and what operational costs would be. A possible rate increase scenario was also suggested. Anderson says that "the first scenario was, if we were going to do all those projects, and our operational costs ended where we thought they would...which we have a little bit of an unknown with our ozone project because we have projections on what our additional operational costs are going to be, but we don't really know until we have been through a year of operating, we don't really know how that is going to effect operations. So that is kind of an unknown...that is kinda where we are at with water, and we said it would take a six percent rate increase to achieve the necessary fund balance that we need to maintain to practice healthy finances."

Anderson says there were three other scenarios presented to the Commission as well. "The second scenario was a six percent rate increase and cutting some of those projects, eliminating some of those projects that we thought could be moved out a little bit, or that we don't want to put off, but we could potentially put off without causing any major issues with our system, and that left us with a better ending fund balance. The third scenario was a four percent rate increase. We would take off those recommended projects, that also does not leave us with a very good ending balance...and we also suggested a four percent increase and it was to completely eliminate our town maintenance program that was being proposed by staff."

Sewer rates were also discussed. Anderson says the city is guided by regulations from the Kansas Department of Health and Environment that state the city has to achieve \$3.1 million in revenue annually by 2017. With current rates, the city is about \$600,000 short of that goal, to meet this requirement, staff suggested an increase of 5% in sewer fees and a 30% increase in CSO fees over the next two years.

Commissioners took no action during the meeting, and Anderson says rates will not even be set until December, and a lot could change before then.

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