

In December 2024, the City of Wichita raised water rates to its customers by 6.75%. The City of Rose Hill purchases all its water from the City of Wichita as a wholesale customer, and the price of water also went up for Rose Hill. The price, per 1000 gallons that we pay Wichita went from \$3.71 per 1000 gallons for base water to \$3.98 per 1000 gallons and from \$19.23 per 1000 gallons for all water more than 110% of Average Winter Consumption (AWC) to \$20.61 per 1000 gallons. The City of Wichita has raised its rates every year since the last water rate increase implemented by the City of Rose Hill on January 1, 2017. It has been 8 years since the last utility rate increase implemented by Rose Hill. The City of Rose Hill has absorbed all the increases charged by Wichita during the past 8 years. In 2017, the price for base water was \$2.41 per 1000 gallons and \$12.52 per 1000 gallons for water above 110% of the AWC. The cost of Wichita water has increased 65.1% for base water and 64.6% for water 110% above the AWC. None of those increases have been passed on to the customer during the past 8 years.

Unfortunately, it does not appear that the rate increases will stop as the City of Wichita is completing the construction of the new water plant. We have been told to expect at least a 5% rate increase annually for at least the next 3 years. It appears that we will not be able to fully absorb all the increases and to maintain the system and to eventually make improvements to an aging water system. We have some water lines near 70 years in age. The only water line we have for water into Rose Hill from Wichita was installed in 1981. Any major break on the transmission line that cannot be repaired in less than 10 hours will probably result in disruption in water availability and a boil order once water is restored. The cost to replace our transmission line from the location we take water from Wichita will be in millions of dollars. Money that is not available today.

For the billing period of January 16, 2024, to February 15, 2024, the City of Rose Hill had 1625 water meters that received a bill. Of those, 75.2% of the customers used less than 5000 gallons for the month. For the billing period of July 16, 2024, to August 15, 2024, 61.4% of our customers used less than 5000 gallons for the month. As expected, water consumption went up for July as folks tend to use more water in the summer than in the winter months. Financially, this is part of our problem. Wichita charges wholesale customers (and their own residents) a higher fee based upon Average Winter Consumption (AWC). The AWC is the average of the monthly consumption of water for the months of December, January, February and March and then a new AWC is recalculated and utilized for the following 12 months. Basically, anytime we exceed our average winter consumption in a month by more than 10% above the average, we will be billed at the wholesale rate for water within that tier, which for 2025 is charged to us at \$20.61 per 1000 gallons of water. Why is this a financial problem for the City of Rose Hill? Because currently our highest rate for large consumption is \$9.22 per 1000 gallons, or \$11.39 LESS than what we are being charged for AWC water. Correspondingly, we have higher usage in the summer, primarily from lawn irrigation and those customers are not paying the full burden of the increased cost to the community.

In 2024, the lowest amount of monthly water used was 8,403,000 gallons in January 2024. The bill was \$31,175.13. Our highest bill was for \$74,666.63 (including meter charge of \$192.87) for July 2024 usage, when we consumed 11,360,250 gallons. That bill was broken down by two different rates: 9,277,310 gallons at base rate of \$3.71 per 1000 gallons for \$34,418.82; and, 2,082,940 gallons at \$19.23 per 1000 gallons for water above 110% of the AWC totaling \$40,054.94. As you can see, the AWC surcharge is very expensive and while we used 35.2% more water in July than in

January, our cost was 139.5% more in July than in January. Lawn irrigation, pool filling and other summer uses are expensive for the purchase of water.

For the summer billing cycle of July 16-August 15, 2024, our largest residential customer used 42,600 gallons of water for the month. The water portion on the utility bill was \$381.50 in Rose Hill. While that sounds expensive, in Wichita that customers' bill would have been \$598.48 for the month because their AWC was only 3100 gallons, so they would have been surcharged more than \$200 above our rates. Wichita makes their customers pay for peak summertime usage at a much higher rate than Rose Hill.

The Rose Hill city council have been looking at water rates for a number of months. No one wants to raise rates, but the cost of water has risen continuously and considerably and there does not seem to be any other avenue other than putting the system at additional risk. As we discussed, most of our customers utilize less than 5000 gallons of water per month, both winter and summer. One of the plans being considered would increase the cost of water to a city customer using 5000 gallons of water by \$0.69 per month. That total rate would increase from \$44.27 per month to \$44.96 or 1.56% total increase. We are considering going to a summer rate from May 16 through September 15 whereby larger summer customers utilizing over 15,000 gallons per month would see additional increases, but only during the summer billing period. This is to more accurately charge customers that irrigate and use water for other summer activities and not make the small, consistent users cover summer billing increases from Wichita.

The City of Derby is also a wholesale customer of Wichita, and they recently raised their rates. For the 5,000 gallon per month water customer, Derby's water charge is currently \$51.32 or 15.9% more than we currently charge the same customer.

During the past decade, the City of Rose Hill has been part of studying water supplies with other communities. In 2000, there was a feasibility study for the creation of a Butler County Public Whole Water Supply District with El Dorado providing treated water to the water suppliers within the county through a new transmission line. In 2013, there was a study conducted with Augusta and Mulvane for upgrading the water line installed in the 1950s and increasing capacity for treatment of water and transmission improvements. The costs with either of these projects would have been more expensive for Rose Hill than the Wichita contracts. Due to an unrepaired line break, the Augusta/Mulvane line has not carried water during the past few months and Mulvane is relying upon wells they have for their water supply. The City of Derby recently signed an engineering contract to put wells back into service and to build a \$30 million plant to handle their peak water to lower costs from Wichita. They would still utilize Wichita water as their base supply. There are no inexpensive solutions in providing good quality water, reliably.

If you have questions, please contact city offices at (316) 776-2712.