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**WATER POLLUTION CONTROL**

**MEMORANDUM**

To: Gregg Mandsager, City Administrator

From: Jon Koch, Director WPCP  
Nancy A. Lueck, Finance Director

Date: June 18, 2018

Re: Ordinance Setting Sewer and Collection and Drainage Rates

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**INTRODUCTION:**

A review of the 2018 Sewer Rate Study was presented to the City Council at the In Depth meeting on June 14, 2018 by the study writer Bob Veenstra of Veenstra and Kimm Engineering. This rate study was designed to determine revenue needs compared to projected costs of the Collection and Drainage Fund and Water Pollution Control Operations Fund. The study concluded that incremental increases in rates over the next 5 years will be necessary to maintain acceptable funding levels in the two funds studied. It is now time for Council to consider the implementation of the 2018 Sewer Rate Study recommendations.

**BACKGROUND:**

Since the City enacted the current rate structure approximately 15 years ago, the City Council has tried to avoid large rate increases. The City Council has focused on implementing smaller rate increases on an annual basis. City staff directed that the study be conducted with the same focus to minimize the impact on the rate payer. By forecasting what large capital expenses were expected over the next 10 years, city staff and Bob Veenstra used computer modeling to determine if current revenue levels would maintain acceptable funding levels in these funds. Based on future capital and operational cost projections in the computer model, the rate study recommendations include 3% annual increases in the sewer rates and 2% annual increases in the collection and drainage rate over the next five years.

In prior years the City of Muscatine set sewer and collection and drainage rates by resolution. Based on recent court cases and out of an abundance of caution, the City Attorney has now advised that utility rate changes be adopted by ordinance instead of resolution.

**"I remember Muscatine for its sunsets. I have never seen any  
on either side of the ocean that equaled them" — Mark Twain**

**RECOMMENDATION/RATIONALE:** The Muscatine Water Pollution Control Plant is one of the most efficient plants in the area and continues to be a superior value to its customers. With one of the lowest rate structures compared to other communities in the state, it continues to exceed expectations at minimal expense. City staff recommends passage of the attached ordinance adjusting rates as stated to maintain acceptable funding levels in the two funds.

Please include the attached ordinance on the agenda for the June 21, 2018 meeting. It is proposed that the first reading of the ordinance be considered at that meeting and that City Council consider adopting the ordinance on 2<sup>nd</sup> and final reading at the July 5, 2018 meeting. Please contact either of us if you have any questions.

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE AMENDING TITLE 13, CHAPTER 5, SECTION 4 COLLECTION AND DRAINAGE AND TITLE 13, CHAPTER 5, SECTION 5, SUBSECTION A SEWERAGE RATE COMPONENT TO SET COLLECTION AND DRAINAGE AND SEWER RATES AND PROVIDE THAT FUTURE RATE CHANGES BE DONE BY ORDINANCE OF CITY COUNCIL**

**WHEREAS**, the City Council for the City of Muscatine, Iowa, has established a monthly fee for expenses incurred in the collection and conveyance of wastewater through the collection and drainage system; and

**WHEREAS**, the City of Muscatine, Iowa, has established a sewage rate component for the treatment of wastewater; and

**WHEREAS**, it is necessary for the City of Muscatine to periodically adjust the unit rates contained in Title 13, Chapter 5, Sections 4 and 5; and

**WHEREAS**, based on recent court cases and out of an abundance of caution, the City Attorney has advised that utility rate changes be adopted by ordinance instead of resolution;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF MUSCATINE, IOWA**, that the current Title 13, Chapter 5, Section 4 for Collection and Drainage charges and the current Title 13, Chapter 5, Section 5, subsection A, parts 1 through 6 for the Sewerage Rate Component be deleted; and

**AND BE IT FURTHER ORDAINED** that the Sewer Rate System fee schedule in Appendix C to the City Code for fees and charges approved by Resolution be deleted with these fees to be set by Ordinance, and

**NOW, THEREFORE, BE IT ORDAINED** that Title 13, Chapter 5, Section 4 be amended to read as follows:

**13-5-4 Collection and Drainage.** To provide for the recovery of costs associated with the operation of the collection and drainage system, the following per bill charge shall be assessed to all users of the POTW, except for users provided by special agreement, on the following basis:

- A. From July 1, 2018 through June 30, 2019, \$12.40 per bill.
- B. From July 1, 2019 through June 30, 2020, \$12.65 per bill.
- C. From July 1, 2020 through June 30, 2021, \$12.90 per bill.
- D. From July 1, 2021 through June 30, 2022, \$13.15 per bill
- E. On and after July 1, 2022, \$13.40 per bill.

These unit rates may be reviewed and adjusted by Ordinance adopted by the City Council and published per Section 362.3 of the Iowa Code.

**NOW, THEREFORE, BE IT FURTHER ORDAINED BY THE CITY COUNCIL OF MUSCATINE, IOWA,** that Title 13, Chapter 5, Section 5, subsection A, parts 1 through 6 be amended to read as follows:

**13-5-5 Sewage Rate Component.**

A. The sewage rate system shall be determined on the basis of a monthly customer charge and a sewer user charge for a domestic strength wastewater customer (Class 1 customer). The sewage rate components shall be as follows:

1. From July 1, 2018 through June 30, 2019:
  - a. Customer charge, \$8.18 per bill
  - b. Volume, \$2.80 per 100 cubic feet
2. From July 1, 2019 through June 30, 2020:
  - a. Customer charge, \$8.42 per bill
  - b. Volume, \$2.88 per 100 cubic feet
3. From July 1, 2020 through June 30, 2021:
  - a. Customer charge, \$8.68 per bill
  - b. Volume, \$2.97 per 100 cubic feet
4. From July 1, 2021 through June 30, 2022:
  - a. Customer charge, \$8.94 per bill
  - b. Volume, \$3.06 per 100 cubic feet
5. On and after July 1, 2022:
  - a. Customer charge, \$9.21 per bill
  - b. Volume, \$3.15 per 100 cubic feet

These sewage rate components may be reviewed and adjusted by ordinance adopted by the City Council and published per Section 362.3 of the Iowa Code.

6. The minimum charge for service shall be determined based on the customer charge and the unit rate for up to a minimum quantity of three hundred (300) cubic feet per month of normal domestic strength wastewater. The minimum charge for service for each month or fraction thereof shall be:

- a. From July 1, 2018 through June 30, 2019, \$16.58
- b. From July 1, 2019 through June 30, 2020, \$17.06
- c. From July 1, 2020 through June 30, 2021, \$17.59
- d. From July 1, 2021 through June 30, 2022, \$18.12
- e. On and after July 1, 2022, \$18.66

The minimum charge for sewerage rates as set forth in this Section shall be in addition to the per bill charge for collection and drainage as set forth in Section 13-5-4.

The minimum sewerage service charge shall apply to any individual, firm, institution or private corporation discharging by conveyance of the collection system, waste water or other liquid into the water pollution control facilities of the city, even though no water meter is installed upon his, her, or its premises.

PASSED, APPROVED, AND ADOPTED by the City Council for the City of Muscatine, Iowa, on this \_\_ day of \_\_\_\_\_, 2018.

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Diana Broderson, Mayor

ATTEST:

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Gregg Mandsager, City Clerk