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WATER & RESOURCE RECOVERY FACILITY

MEMORANDUM

To: Gregg Mandsager, City Administrator

CC: Nancy Lueck, Finance Director
Cinda Hilger, Secretary

From: Jon Koch, WRRF Director

Date: January 30, 2019

Re: Kraft-Heinz 6th Agreement for Wastewater Service and Rate Extension

INTRODUCTION: Due to the latest sewer rate adjustment and expiration of the current agreement, the contracted sewer pricing with HJ Heinz (Kraft-Heinz) needs to be updated to reflect current and future rates. Heinz has agreed to and signed the proposed 6th Agreement for Wastewater Service and Rates through December 30, 2020. Council must approve the request for agreement extension to begin billing at the adjusted rates.

BACKGROUND: Starting in 2003, the City and Heinz North America entered into an agreement to establish rates and charges for the discharge of wastewater from the Heinz facility. This was and continues to be mutually beneficial to both parties to avoid large fluctuations in fees from month to month. The agreement calculates a fee for sewer use based on the previous year's actual flow and biological loading. The 6th extension agreement reflects a broadening of the billing schedule due to increased loading from the Kraft-Heinz expansion in 2015.

RECOMMENDATION/RATIONALE: Staff recommends approving the request for the 6th Extension To Agreement for Wastewater Service and Rates between the City of Muscatine and Heinz North America.

BACKUP INFORMATION:

6th Extension To Agreement proposal

SIXTH EXTENSION TO AGREEMENT
WASTEWATER SERVICE AND RATES

THIS AGREEMENT, made and entered into this 31 day of December, 2018 by and between the **City of Muscatine, Iowa**, a municipal corporation organized and existing under the laws of the State of Iowa, hereinafter referred to as the **City**, and **Heinz North America, Division of H.J. Heinz Company, L.P.**, a limited partnership organized and existing under the laws of the State of Delaware hereinafter referred to as **Heinz**.

WITNESSETH: THAT WHEREAS, Heinz currently owns and operates an industrial facility Located in the City of Muscatine that discharges wastewater to the sanitary sewerage System of the City of Muscatine, and

WHEREAS, the City of Muscatine and Heinz entered into an agreement to establish rates and charges and other applicable provisions relating to the discharge of wastewater from the Heinz facility to the City's sanitary sewerage system with the term of said agreement being from July 1, 2003 through April 30, 2006, and subsequently the agreement was extended for the period May 1, 2006 through April 30, 2008, and subsequently the agreement was extended for the period May 1, 2008 through April 30, 2009, and subsequently the agreement was extended for the period May 1, 2009 through April 30, 2013, and subsequently the agreement was extended for the period May 1, 2013 through April 30, 2014, and subsequently the agreement was extended for the period May 1, 2014 through December 30, 2017.

WHEREAS, the City and Heinz have determined it appropriate to enter into an extension to the existing agreement for the period January 1, 2018 through December 30, 2020.

NOW, THEREFORE, it is agreed that the Agreement for Wastewater Service and Rates shall be amended by the following additions and modifications:

1. Under Paragraph 1.2 of **ARTICLE 1. SEWER USER CHARGES** following the Annual Wastewater Charge table for the period January 1, 2017 through December 30, 2018, add the following:

January 1, 2018-December 31, 2018 (Billed monthly Jan-Dec 2019)

Annual Flow Units (CCF)

Annual Aggregate (BODs lbs.)	0 to 150,000	150,001 to 200,000	200,001 to 250,000	250,001 to 275,000	275,001 to 300,000	300,001 to 325,000	325,001 to 350,000
0 to 600,000	360,275	403,941	453,173	536,481	588,101	639,850	692,527
600,001 to 700,000	372,622	403,941	453,173	536,481	588,101	639,850	692,527
700,001 to 800,000	385,416	416,735	453,173	536,481	588,101	639,850	692,527
800,001 to 900,000	396,978	429,530	453,173	536,481	588,101	639,850	692,527
901,000 to 1,000,000	411,006	442,324	454,554	536,481	588,101	639,850	692,527
1,000,001 to 1,100,000	425,068	455,120	467,244	536,481	588,101	639,850	692,527
1,100,001 to 1,200,000	436,594	467,914	486,438	536,481	588,101	639,850	692,527
1,200,001 to 1,300,000	449,389	480,708	505,629	555,561	588,101	639,850	692,527
1,300,001 to 1,400,000	462,183	493,502	524,821	574,865	607,293	639,850	692,527
1,400,001 to 1,500,000	474,978	506,296	537,615	587,553	619,788	652,024	704,693
1,500,001 to 1,600,000	487,773	519,091	550,410	600,347	632,583	664,818	717,488
1,600,001 to 1,700,000	500,567	531,886	563,205	613,142	645,378	677,613	730,283
1,700,001 to 1,800,000	513,362	544,681	575,999	625,937	658,172	690,408	743,077
1,800,001 to 1,900,000	526,157	557,475	588,794	638,732	670,967	703,203	755,872
1,900,001 to 2,000,000	538,952	570,270	601,589	651,526	683,762	715,997	768,667
2,000,001 to 2,100,000	551,746	583,065	614,384	664,321	696,557	728,792	781,462
2,100,001 to 2,200,000	564,541	595,860	627,178	677,116	709,351	741,587	794,256
2,200,001 to 2,300,000	577,516	608,835	640,153	690,091	722,326	754,562	807,231
2,300,001 to 2,400,000	590,491	621,810	653,128	703,066	735,301	767,537	820,206
2,400,001 to 2,500,000	603,466	634,785	666,103	716,041	748,276	780,512	833,181
2,500,001 to 2,600,000	616,441	647,760	679,078	729,016	761,251	793,487	846,156
2,600,001 to 2,700,000	629,416	660,735	692,053	741,991	774,226	806,462	859,131
2,700,001 to 2,800,000	642,391	673,710	705,028	754,966	787,201	819,437	872,106
2,800,001 to 2,900,000	655,366	686,685	718,003	767,941	800,176	832,412	885,081
2,900,001 to 3,000,000	668,341	699,660	730,978	780,916	813,151	845,387	898,056
3,000,001 to 3,100,000	681,316	712,635	743,953	793,891	826,126	858,362	911,031
3,100,001 to 3,200,000	694,291	725,610	756,928	806,866	839,101	871,337	924,006

January 1, 2019-December 31, 2019 (Billed monthly Jan-Dec 2020)

Annual Flow Units (CCF)

Annual Aggregate (BODs lbs.)	0 to 150,000	150,001 to 200,000	200,001 to 250,000	250,001 to 275,000	275,001 to 300,000	300,001 to 325,000	325,001 to 350,000
0 to 600,000	371,083	416,059	466,768	552,575	605,744	659,046	713,303
600,001 to 700,000	383,801	416,059	466,768	552,575	605,744	659,046	713,303
700,001 to 800,000	396,978	429,237	466,768	552,575	605,744	659,046	713,303
800,001 to 900,000	408,887	442,416	466,768	552,575	605,744	659,046	713,303
901,000 to 1,000,000	423,336	455,594	468,191	552,575	605,744	659,046	713,303
1,000,001 to 1,100,000	437,820	468,774	481,261	552,575	605,744	659,046	713,303
1,100,001 to 1,200,000	449,692	481,951	501,031	552,575	605,744	659,046	713,303
1,200,001 to 1,300,000	462,871	495,129	520,798	572,228	605,744	659,046	713,303
1,300,001 to 1,400,000	476,048	508,307	540,566	592,111	625,512	659,046	713,303
1,400,001 to 1,500,000	489,227	521,485	553,744	605,179	638,382	671,584	725,834
1,500,001 to 1,600,000	502,406	534,664	566,922	618,358	651,560	684,763	739,012
1,600,001 to 1,700,000	515,584	547,843	580,101	631,536	664,739	697,942	752,191
1,700,001 to 1,800,000	528,763	561,021	593,279	644,715	677,918	711,120	765,370
1,800,001 to 1,900,000	541,941	574,200	606,458	657,894	691,096	724,299	778,548
1,900,001 to 2,000,000	555,120	587,378	619,636	671,072	704,275	737,477	791,727
2,000,001 to 2,100,000	568,299	600,557	632,815	684,251	717,453	750,656	804,905
2,100,001 to 2,200,000	581,477	613,735	645,994	697,429	730,632	763,834	818,084
2,200,001 to 2,300,000	594,841	627,100	659,358	710,794	743,996	777,199	831,448
2,300,001 to 2,400,000	608,206	640,464	672,722	724,158	757,360	790,563	844,812
2,400,001 to 2,500,000	621,570	653,829	686,086	737,522	770,724	803,927	858,176
2,500,001 to 2,600,000	634,934	667,193	699,450	750,886	784,089	817,292	871,541
2,600,001 to 2,700,000	648,298	680,557	712,815	764,251	797,453	830,656	884,905
2,700,001 to 2,800,000	661,663	693,921	726,179	777,615	810,817	844,020	898,269
2,800,001 to 2,900,000	675,027	707,286	739,543	790,979	824,181	857,384	911,633
2,900,001 to 3,000,000	688,391	720,650	752,907	804,343	837,546	870,749	924,998
3,000,001 to 3,100,000	701,755	734,014	766,272	817,708	850,910	884,113	938,362
3,100,001 to 3,200,000	715,120	747,378	779,636	831,072	864,274	897,477	951,726

January 1-December 30 2020 (Billed monthly Jan-Dec 2021)

Annual Flow Unit (CCF)

Annual Aggregate (BODs lbs.)	0 to 150,000	150,001 to 200,000	200,001 to 250,000	250,001 to 275,000	275,001 to 300,000	300,001 to 325,000	325,001 to 350,000
0 to 600,000	382,216	428,541	480,771	569,153	623,916	678,817	734,702
600,001 to 700,000	395,315	428,541	480,771	569,153	623,916	678,817	734,702
700,001 to 800,000	408,888	428,541	480,771	569,153	623,916	678,817	734,702
800,001 to 900,000	421,154	428,541	480,771	569,153	623,916	678,817	734,702
901,000 to 1,000,000	436,036	442,114	480,771	569,153	623,916	678,817	734,702
1,000,001 to 1,100,000	450,955	455,688	480,771	569,153	623,916	678,817	734,702
1,100,001 to 1,200,000	463,183	469,262	482,236	569,153	623,916	678,817	734,702
1,200,001 to 1,300,000	476,757	482,837	495,699	569,153	623,916	678,817	734,702
1,300,001 to 1,400,000	490,330	496,410	516,062	569,153	623,916	678,817	734,702
1,400,001 to 1,500,000	503,904	537,130	570,356	623,335	657,533	691,732	747,609
1,500,001 to 1,600,000	517,478	550,704	583,930	636,909	671,107	705,306	761,183
1,600,001 to 1,700,000	531,052	564,278	597,504	650,483	684,681	718,880	774,757
1,700,001 to 1,800,000	544,626	577,852	611,078	664,057	698,255	732,454	788,331
1,800,001 to 1,900,000	558,200	591,426	624,652	677,630	711,829	746,028	801,905
1,900,001 to 2,000,000	571,774	605,000	638,226	691,204	725,403	759,602	815,479
2,000,001 to 2,100,000	585,348	618,574	651,800	704,778	738,977	773,176	829,053
2,100,001 to 2,200,000	598,922	632,148	665,373	718,352	752,551	786,749	842,626
2,200,001 to 2,300,000	612,687	645,913	679,138	732,118	766,316	800,515	856,391
2,300,001 to 2,400,000	626,452	659,678	692,903	745,883	780,081	814,280	870,157
2,400,001 to 2,500,000	640,217	673,443	706,669	759,648	793,846	828,045	883,922
2,500,001 to 2,600,000	653,982	687,209	720,434	773,413	807,611	841,810	897,687
2,600,001 to 2,700,000	667,747	700,974	734,199	787,178	821,376	855,576	911,452
2,700,001 to 2,800,000	681,513	714,739	747,964	800,943	835,142	869,341	925,217
2,800,001 to 2,900,000	695,278	728,504	761,729	814,709	848,907	883,106	938,982
2,900,001 to 3,000,000	709,043	742,269	775,495	828,474	862,672	896,871	952,748
3,000,001 to 3,100,000	722,808	756,034	789,260	842,239	876,437	910,636	966,513
3,100,001 to 3,200,000	736,573	769,800	803,025	856,004	890,202	924,401	980,278

2. Under **ARTICLE 6. TERMS OF AGREEMENT** following Paragraph 6.10, add the following:

“6.11 On or before July 15th, 2020, the City shall present to Heinz an initial proposal for an extension of the wastewater service and rates agreement. If no extension to the agreement is approved on or before December 1, 2020, the agreement shall terminate on December 31, 2020, and wastewater charges and rates for the Heinz facility shall be those applicable under the City of Muscatine’s sewer user charge ordinance for users whose rates are not established by agreement.”.
3. Except as modified herein, the Agreement for Wastewater Service and Rates shall remain in full force and effect for the term of this Fifth Extension of Agreement Wastewater Service and Rates.

**HEINZ NORTH AMERICA,
DIVISION OF H.J. HEINZ COMPANY, L.P.**

CITY OF MUSCATINE, IOWA

By Ben Ohi
 Title Plant Manager
 Date 11/7/18^{IK} 12/31/2018

By _____
 Title Mayor
 Date _____

Attest:

By Deann Jensen
 Title ORM
 Date 12/31/18

Attest:

By _____
 Title City Clerk
 Date _____

