



WATER POLLUTION CONTROL

MEMORANDUM

To: Gregg Mandsager, City Administrator

CC: Nancy Lueck, Finance Director
Fran Donelson, Secretary

From: Jon Koch, WPCP Director

Date: May 5th, 2014

Re: Request for Heinz 5th Sewer Use Rate Extension Approval

INTRODUCTION: Due to the latest sewer rate adjustment, the contracted sewer pricing with HJ Heinz needs to be updated to reflect current and future rates. Heinz has agreed to and signed the proposed agreement for sewer user charges through December 30, 2017. 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 5th extension agreement shifts to a calendar year billing cycle per a request from Heinz.

RECOMMENDATION/RATIONALE: Staff recommends approving the request for the 5th Extension To Agreement-Wastewater Service Rate between the City of Muscatine and Heinz North America.

BACKUP INFORMATION:

1. 5th Extension To Agreement proposal

FIFTH EXTENSION TO AGREEMENT
WASTEWATER SERVICE AND RATES

THIS AGREEMENT, made and entered into this 30th day of April, 2014 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.

WHEREAS, the City and Heinz have determined it appropriate to enter into an extension to the existing agreement for the period May 1, 2014 through December 30, 2017.

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 May 1, 2012 through April 30, 2013, add the following:

Table #1**Annual Wastewater Charge for May 1, 2013 to April 30, 2014 (Paid 5/14-12/14)****Annual Flow Units (100 CF)**

Annual Aggregate (CBODs 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	\$310,777	\$348,443	\$390,911	\$462,773	\$507,301	\$551,941	\$597,380
600,001 to 700,000	321,427	348,443	390,911	462,773	507,301	551,941	597,380
700,001 to 800,000	332,463	359,479	390,911	462,773	507,301	551,941	597,380
800,001 to 900,000	343,500	370,516	390,911	462,773	507,301	551,941	597,380
901,000 to 1,000,000	354,537	381,553	392,103	462,773	507,301	551,941	597,380
1,000,001 to 1,100,000	366,667	392,590	403,049	462,773	507,301	551,941	597,380
1,100,001 to 1,200,000	376,610	403,626	419,606	462,773	507,301	551,941	597,380
1,200,001 to 1,300,000	387,647	414,663	436,160	479,232	507,301	551,941	597,380
1,300,001 to 1,400,000	398,683	425,699	452,715	495,883	523,856	551,941	597,380

Table #2**Annual Wastewater Charge for May 1, 2014 to December 30, 2014 (Paid 1/15-12/15)****(block used will be based on 4/14-12/14 ave. per month x 12 months)****Annual Flow Units (100 CF)**

Annual Aggregate (CBODs 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	\$320,100	\$358,896	\$402,638	\$476,656	\$522,520	\$568,499	\$615,301
600,001 to 700,000	331,070	358,896	402,638	476,656	522,520	568,499	615,301
700,001 to 800,000	342,437	370,263	402,638	476,656	522,520	568,499	615,301
800,001 to 900,000	353,805	381,631	402,638	476,656	522,520	568,499	615,301
901,000 to 1,000,000	365,173	393,000	403,866	476,656	522,520	568,499	615,301
1,000,001 to 1,100,000	377,667	404,368	415,140	476,656	522,520	568,499	615,301
1,100,001 to 1,200,000	387,908	415,735	432,194	476,656	522,520	568,499	615,301
1,200,001 to 1,300,000	399,276	427,103	449,245	493,609	522,520	568,499	615,301
1,300,001 to 1,400,000	410,643	438,470	466,296	510,759	539,572	568,499	615,301

Table #3

Annual Wastewater Charge for January 1, 2015 to December 30, 2015 (Paid 1/16-12/16)

Annual Flow Units (100 CF)

Annual Aggregate (CBODs 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	\$329,703	\$369,663	\$414,717	\$490,956	\$538,196	\$585,554	\$633,760
600,001 to 700,000	341,002	369,663	414,717	490,956	538,196	585,554	633,760
700,001 to 800,000	352,710	381,371	414,717	490,956	538,196	585,554	633,760
800,001 to 900,000	364,419	393,080	414,717	490,956	538,196	585,554	633,760
901,000 to 1,000,000	376,128	404,790	415,982	490,956	538,196	585,554	633,760
1,000,001 to 1,100,000	388,997	416,499	427,594	490,956	538,196	585,554	633,760
1,100,001 to 1,200,000	399,546	428,207	445,160	490,956	538,196	585,554	633,760
1,200,001 to 1,300,000	411,255	439,916	462,722	493,609	538,196	585,554	633,760
1,300,001 to 1,400,000	422,963	451,624	480,285	510,759	539,572	585,554	633,760

Table #4

Annual Wastewater Charge for January 1, 2016 to December 30, 2016 (Paid 1/17-12/17)

Annual Flow Units (100 CF)

Annual Aggregate (CBODs 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	\$339,594	4380,753	\$427,159	4505,685	\$554,341	\$603,121	\$652,773
600,001 to 700,000	351,232	380,753	427,159	505,685	554,341	603,121	652,773
700,001 to 800,000	363,291	392,812	427,159	505,685	554,341	603,121	652,773
800,001 to 900,000	375,352	404,873	427,159	505,685	554,341	603,121	652,773
901,000 to 1,000,000	387,412	416,933	428,462	505,685	554,341	603,121	652,773
1,000,001 to 1,100,000	400,667	428,994	440,422	505,685	554,341	603,121	652,773
1,100,001 to 1,200,000	411,532	441,053	458,515	505,685	554,341	603,121	652,773
1,200,001 to 1,300,000	423,592	453,113	476,604	523,670	554,341	603,121	652,773
1,300,001 to 1,400,000	435,652	465,173	494,694	541,865	572,432	603,121	652,773

Table #5

Annual Wastewater Charge for January 1, 2017 to December 30, 2017 (Paid 1/18-12/18)

Annual Flow Units (100 CF)

Annual Aggregate (CBODs 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	\$349,782	\$392,176	\$439,974	\$520,855	\$570,972	\$621,214	\$672,356
600,001 to 700,000	361,769	392,176	439,974	520,855	570,972	621,214	672,356
700,001 to 800,000	374,190	404,597	439,974	520,855	570,972	621,214	672,356
800,001 to 900,000	386,612	417,019	439,974	520,855	570,972	621,214	672,356
901,000 to 1,000,000	399,035	429,441	441,315	520,855	570,972	621,214	672,356
1,000,001 to 1,100,000	412,687	441,864	453,635	520,855	570,972	621,214	672,356
1,100,001 to 1,200,000	423,878	454,285	472,270	520,855	570,972	621,214	672,356
1,200,001 to 1,300,000	436,300	466,707	490,902	539,380	570,972	621,214	672,356
1,300,001 to 1,400,000	448,721	479,128	509,535	558,121	589,605	621,214	672,356

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

“6.11 On or before July 15th, 2017, 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, 2017, the agreement shall terminate on December 31, 2017, 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.

By Thomas C. Bell
Title FACTORY MANAGER
Date 4/30/14

Attest:

By Debm Ojusen
Title EAS Mgr
Date 4/30/14

CITY OF MUSCATINE, IOWA

By _____
Title _____ Mayor
Date _____

Attest:

By _____
Title _____ City Clerk
Date _____