

COUNCIL ACTION FORM

SUBJECT: WATER AND SEWER RATE ADJUSTMENTS

BACKGROUND:

On March 23, staff presented Council with an overview of the water and sewer funds. At the end of the presentation, Council directed staff to prepare a rate increase ordinance that would increase water rates by ten percent and sewer rates by nine percent. Both rate increases were directed to be “across-the-board” increases and were to be effective for utility bills mailed on and after July 1, 2010. The attached ordinance accomplishes the Council’s direction and is ready for Council approval.

Staff is proposing an additional modification to the water rate ordinance at this time. The existing water rate structure includes a customer classification that allows for a “non-peaking industrial rate.” This classification is for large non-residential customers whose winter usage is greater than 100,000 cubic feet per month and who have a summer vs. winter peaking ratio of 120 percent or less. Customers meeting these criteria are exempt from the commercial summer rate and are charged the winter rate year-round.

The current language requires a customer to re-apply annually for this non-peaking industrial rate. Staff is proposing to eliminate the need for the customer to apply for the rate structure. The proposal would shift the responsibility for verifying eligibility to Utility Customer Service Division staff, who will automatically enroll eligible customers into the rate class. This improvement eliminates the need for a customer to re-apply for this rate every year and is in keeping with the Council’s goal to streamline government processes. This modification is included in the attached draft rate ordinance.

ALTERNATIVES:

1. Approve the attached rate ordinance on first reading, thereby increasing water rates by ten percent and sewer rates by nine percent effective July 1, 2010 and eliminating the need for customers to apply for the “non-peaking industrial rate.”
2. Direct staff to make modifications to the rate ordinance.
3. Do not take any action to adjust water and sewer rates at this time.

MANAGER’S RECOMMENDED ACTION:

The proposed rate increases are necessary to fund the on-going operations and maintenance budget plus the scheduled capital improvement projects. While Council is taking no action at this time on future year rate increases, it is important to note that additional increases in future years will also be necessary to fully fund the Capital Improvement Plan for these two utilities.

The modification to the non-peaking industrial rate simplifies the process for eligible customers by eliminating the need for them to apply for the rate. Eligible customers will be automatically enrolled in the rate without the need to take any action. This is in accordance with the City Council goal to revisit policies and procedures to streamline processes.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the attached rate ordinance, increasing water rates by ten percent and sewer rates by nine percent effective July 1, 2010, and modifying the non-peaking industrial rate to eliminate the need for a customer to apply annually for the rate.

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE MUNICIPAL CODE OF THE CITY OF AMES, IOWA, BY AMENDING SECTION 28.201(1)(b)(ii)(a)(b), (2)(b)(ii)(a)(b), (3)(a)(ii), (4)(b)(ii)(a)(b),(5)(b)(ii)(a)(b),(7)(8), SECTION 28.304(3), REMOVING SECTION 28.201(3)(b),(9), AND ENACTING A NEW SECTION 28.201(3)(b) THEREOF, FOR THE PURPOSE OF WATER AND SEWER RATE REVISIONS; REPEALING ANY AND ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT TO THE EXTENT OF SUCH CONFLICT; AND ESTABLISHING AN EFFECTIVE DATE.

BE IT ENACTED, by the City Council for the City of Ames, Iowa, that:

Section One. The Municipal Code of the City of Ames, Iowa shall be and the same is hereby amended by amending Section 28.201(1)(b)(ii)(a)(b), (2)(b)(ii)(a)(b), (3)(a)(ii), (4)(b)(ii)(a)(b),(5)(b)(ii)(a)(b),(7)(8), Section 28.304(3), removing Section 28.201(3)(b),(9), and enacting new Section 28.201(3)(b) as follows:

“Sec. 28.201. WATER RATES AND CHARGES

The rates and charges for water supplied to consumers by the water utility of the city, to be billed on or after July 1, 2010 are as follows:

(1) **Residential Rates.**

(a) **Availability.** The residential rate shall apply to all customer accounts within the Ames corporate limits serving properties that are intended for occupancy by a single family as defined by the Ames Zoning Ordinance, provided that such accounts consist of no more than two dwelling units served by a single water meter or to multiple unit residential structures (such as apartment buildings) where every dwelling unit is separately metered. The rate does not apply to domestic uses that consist of more than two dwelling units served by a single meter or to water accounts that provide service for common areas such as shared laundry facilities or for general property maintenance.

(b) **Rate per billing period.** For each monthly billing period a residential rate customer:

(i) shall be charged a minimum charge based on meter size, and in addition

(ii) shall be charged for water usage during the billing periods as follows:

(a) for bills mailed on or between July 1 and October 31 (summer period):

\$0.0173 per cubic foot for the first 1000 cubic feet of usage

\$0.0306 per cubic foot for the next 1500 cubic feet of usage

\$0.0459 per cubic foot for all usage over 2500 cubic feet

(b) for bills mailed on or between November 1 and June 30 (winter period):

\$0.0173 per cubic foot

(2) **Non-residential (Commercial) Rates**

(a) **Availability.** The non-residential rate shall apply to all accounts that do not meet the criteria for residential, irrigation and yard water, rural water, or preferred industrial rates.

(b) **Rate per billing period:** For each monthly billing period a non-residential customer:

(i) shall be charged a minimum charge based on meter size, and in addition

(ii) shall be charged for water usage during the billing periods as follows:

(a) for bills mailed on or between July 1 and October 31 (summer period):

\$0.0227 per cubic foot

(b) for bills mailed on or between November 1 and June 30 (winter period):

\$0.0173 per cubic foot

(3) **Non-Peaking Industrial Rate.**

(a) **Availability.** The non-peaking industrial rate shall be available to all non-residential rate customers who meet the following criteria:

(i) Average winter usage greater than 100,000 cubic feet per billing period.
Average winter usage per billing period will be calculated by taking the sum of the usage during the most previous December, January, and February billing periods and dividing by three.

(ii) The summer peaking factor shall be computed by taking the largest consumption billed during the most recent summer billing periods (bills mailed July, August, September, and October) and dividing it by the average winter usage, with the result expressed as a percentage.

(b) **Rate per Billing Period.** For each monthly billing period a non-peaking industrial rate customer:

(i) shall be charged a minimum charge based on meter size, and in addition

(ii) shall be charged for water usage during the billing periods as follows:

(a) for bills mailed on or between July 1 and October 31 (summer period):

\$0.0173 per cubic foot

(b) for bills mailed on or between November 1 and June 30 (winter period):

\$0.0173 per cubic foot

(4) **Irrigation and Yard Water Service Rate.**

(a) **Availability.** The irrigation and yard water rate shall apply to all separately metered water uses that meet one of the following criteria:

(i) Serves primarily outdoor water uses, such as irrigation systems and outside hose bibs.

(ii) Serves cooling towers, spray ponds, evaporative condensers, chillers, or such similar uses where water is used as a medium for cooling.

(iii) Serves as a temporary water service, whether for irrigation purposes or for other outdoor uses.

(b) **Rate per Billing Period.** For each monthly billing period an irrigation and yard water rate customer:

(i) shall be charged a minimum charge as described below, and in addition

(ii) shall be charged for water usage during billing periods as follows:

(a) for bills mailed on or between July 1 and October 31 (summer period):

\$0.0250 per cubic foot for the first 2000 cubic feet of usage

\$0.0459 per cubic foot for the next 3000 cubic feet of usage

\$0.0765 per cubic foot for all usage greater than 5000 cubic feet.

(b) for bills mailed on or between November 1 and June 30 (winter period):

\$0.0173 per cubic foot

(5) **Rural Water Rate.**

(a) **Availability.** The rural water rate shall apply to all customer accounts outside the Ames corporate limits, except those covered by a separate wholesale contract or agreement for service.

(b) **Rate per billing period.** For each monthly billing period, a rural water rate customer:

(i) shall be charged a Rural water minimum charge based on meter size.

(ii) shall be charged for water usage during billing periods as follows:

(a) for bills mailed on or between July 1 and October 31 (summer period):

\$0.0287 per cubic foot for the first 2000 cubic feet of usage

\$0.0528 per cubic foot for the next 3000 cubic feet of usage

\$0.0879 per cubic foot for all usage greater than 5000 cubic feet.

(b) for bills mailed on or between November 1 and June 30 (winter period):
 \$0.0199 per cubic foot for all consumption.

(6) **Water Rate and Charge Adjustments.** It shall be the duty of the director of water and pollution control to review and recommend to the city council revisions of the rates and charges established and set out in this division at intervals appropriate to provide for the funding needs of the utility.

(7) **Minimum charges.** For each monthly billing, each customer shall be charged a minimum monthly charge based on the size of the water meter (s) and/or irrigation meter (s) at each location. The minimum monthly charge may be prorated, based on a 30-day billing period, for the customer's initial and/or final bills, provided that in no case shall the minimum monthly charge be less than four dollars and twenty-five cents (\$4.25). The minimum monthly charge for each water meter location shall be as follows:

Size of Meter	Residential, Non-residential, Non-peaking Industrial, and Irrigation Accounts	Yard Water Accounts	Rural Water Accounts
5/8" or 5/8"x3/4"	8.85	3.35	10.20
3/4 inch	17.70	5.20	20.35
1 inch	35.40	7.25	40.70
1-1/2 inch	70.80	10.00	81.45
2 inch	141.60	13.30	162.90
2 inch, battery of 2	274.35	--	315.70
2 inch, battery of 3	407.10	--	468.45
3 inch	283.20	17.30	325.90
4 inch	477.90	21.50	549.90
6 inch	796.50	25.75	916.50
8 inch	1,593.00	30.00	1,832.60
10 inch	2,389.50	34.20	2,750.00

(8) **Multiple dwellings – Mobile home parks.** Multiple dwellings, including mobile home parks, may be serviced from a single water meter. However, there shall be a surcharge added to the water rates set forth above, to be calculated as follows:

For a 5/8 inch meter serving 2 or more dwelling units	2.55/month/unit
For a 3/4 inch meter serving 4 or more dwelling units	2.55/month/unit
For a 1 inch meter serving 8 or more dwelling units	2.55/month/unit
For a 1-1/2 inch meter serving 16 or more dwelling units	2.55/month/unit
For a 2 inch meter serving 30 or more dwelling units	76.25/month
for the first 30 units plus \$3.95/month per unit for each additional unit in excess of 30 units	
For a 3 inch or larger meter serving any number of dwelling units	3.50/month/unit

For the purposes of this section, a dwelling unit is defined as a self-contained living facility (i.e., including kitchen and bath) such as an apartment or a licensed independent mobile home space.

(a) For rural customer accounts outside the Ames corporate limits, the multiple unit charges shown above shall be multiplied by a factor of 1.15.

Sec. 28.304. SEWER RATES ESTABLISHED.

(1) Each user shall pay for the services provided by the City based on his use of the treatment works as determined by water meter readings or other appropriate methods acceptable to the City.

(2) For all users, monthly user charges shall be based on actual water usage, except where a practical method of wastewater measurement is available. If a user has a consumptive use of water, or in some other manner uses water which is not discharged into the wastewater collection system, the user charge for that contributor may be based on readings of a wastewater meter(s) or separate water meter(s) installed and maintained at the user's expense and in a manner acceptable to the City.

(3) For each monthly billing on or after July 1, 2008, each customer shall be charged a minimum monthly charge. The minimum charge for each location shall be seven dollars and fifteen cents (\$7.15). The minimum monthly charge may be prorated, based on a 30-day billing period, for the customer's initial and/or final bills, provided that in no case shall the pro rated minimum monthly charge be less than two dollars and seventy-five cents (\$2.75). In addition, for all water metered beginning with the first cubic foot each month, each user shall pay one dollar and eighty-three cents (\$1.83) per 100 cubic feet.

(Ord. No. 3168, Sec. 1, 4-28-92; Ord. No. 3326, Sec. 2, 5-9-95; Ord. No. 3834, 5-24-05; Ord. No. 3956, 06-10-08)

Section Two. All ordinances, or parts of ordinances, in conflict herewith are hereby repealed to the extent of such conflict, if any.

Section Three. This ordinance shall be in full force and effect from and after its passage and publication as required by law.

Passed this _____ day of _____, _____.

Diane R. Voss, City Clerk
O01219

Ann H. Campbell, Mayor