

ITEM # 32
DATE 04-22-2008

COUNCIL ACTION FORM

SUBJECT: SANITARY SEWER UTILITY RATE CHANGES

BACKGROUND:

As discussed during the FY 2008/09 budget process and in the Staff Report to the City Council at the April 8, 2008 meeting; funding for the Ames sanitary sewer utility five-year capital improvement plan will require rate increases. The first rate increase anticipated to fund the capital improvement plan was a 10% increase for FY 09/10 with an alternative of an 8% increase in FY 08/09. After discussion with City Council and review of impact on the combined utility bills, staff received direction to prepare an ordinance change to implement the alternative 8% increase for FY 08/09.

Future sanitary sewer rate increases will be driven primarily by the cost of the disinfection capital improvement project and the increased cost of operations related to disinfection. As of late March, the Iowa DNR has taken no action on the City's NPDES permit application, and the possible regulatory requirements for this project have not been fully determined. The rate increases for the sanitary sewer utility will be highly dependent upon requirements for disinfection and future rate changes will be based on the cost of the disinfection project.

Attached is the edited ordinance section reflecting the increased rates.

ALTERNATIVES:

1. Approve the proposed changes to the sanitary sewer utility rate ordinance to increase metered revenue by 8.0% effective for monthly billing on or after July 1, 2008.
2. Refer the sanitary sewer utility rate ordinance back to staff with direction on changes in rates or timing of the implementation.
3. Do not approve a rate increase at this time. The FY 08/09 budget does not include a sanitary sewer utility rate increase, the rate increase could be delayed without negatively impacting the FY 08/09 budget.

MANAGER'S RECOMMENDED ACTION:

The proposed rate increase will provide funding required for future capital projects for the sanitary sewer utility. With the extensive capital improvement requirements for the City of Ames utilities over the next five years, rate increases for multiple utilities in a single year will be unavoidable. Rate increases are expected in FY 09/10 for the water, electric, and storm sewer utilities. Implementing the sanitary sewer utility rate increase in FY 08/09 will reduce the combined impact for City of Ames utility customers in FY 09/10.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the proposed changes to the sanitary sewer utility rate ordinance to increase overall metered revenue to the sanitary sewer utility by 8.0% effective for monthly billing on or after July 1, 2008.

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE MUNICIPAL CODE OF THE CITY OF AMES, IOWA, BY REVISION TO SECTION 28.304 (1)(2)(3) THEREOF, FOR THE PURPOSE OF ESTABLISHING SEWER RATES; REPEALING ANY AND ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT TO THE EXTENT OF SUCH CONFLICT; PROVIDING A PENALTY; 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 revision to Section 28.304(1)(2)(3) as follows:

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 six dollars and fifty-five cents (\$6.55). 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 fifty cents (\$2.50). In addition, for all water metered beginning with the first cubic foot each month, each user shall pay one dollar and sixty-eight cents (\$1.68) per 100 cubic feet."

Section Two. Violation of the provisions of this ordinance shall constitute a simple misdemeanor punishable as set out by law.

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

Section Four. 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
00974

Ann H. Campbell, Mayor

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 six dollars and fifty-five cents (\$6.55). 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 fifty cents (\$2.50). In addition, for all water metered beginning with the first cubic foot each month, each user shall pay one dollar and sixty-eight cents (\$1.68) per 100 cubic feet.