SPECIAL MEETING ITEM: 1

# Memo

**Water & Pollution Control Department**
515-239-5150

*Caring People*
*Quality Programs*
*Exceptional Service*

**TO:** Mayor and City Council Members
**s**
**FROM:** John R. Dunn, Director, Water and Pollution Control Department

**DATE:** March 19, 2010

**SUBJECT:** March 23 Workshop on Water and Sewer Rates

Thank you for agreeing to meet ahead of the regular City Council meeting on March 23 to discuss the issue of water and sewer revenues necessary to support the planned operating and capital budgets. As you know quite well, both the water and sewer utilities are facing significant expenses in the coming years. The proposed projects are a combination of the need to provide the water and wastewater capacity for our growing community, the need to respond to new and anticipated regulatory requirements, and the need to re-invest in the infrastructure of these two utilities.

To help you be prepared for the workshop, I have attached a number of documents for your review. The first is a copy of the presentation I will share next Tuesday evening. The second contains selected slides from the March 4, 2008 workshop when the current rate structure was discussed. The final pages are summaries of the historical water and sewer rates in Ames.

My goals for the workshop are two-fold. The short-term goal is to share with you background information to explain the need for the rate increase being recommended to you effective this July. The long-term goal is to ensure that you are presented with the full picture of revenue needs for these two utilities beyond the next fiscal year so that you feel comfortable in your ability to make well-informed decisions.

I look forward to meeting with you to discuss the exciting future of the water and sewer utilities as we seek to meet the needs and expectations of our community!

JRD/bas

Attachments

**The Diamond-Water Paradox:** The apparent contradiction that, although water is on the whole more useful to survival than diamonds, diamonds command a higher price in the market.

Adam Smith
19th Century Scottish Moral Philosopher

1

# City of Ames Water and Pollution Control Department

FY 2010-2011
Water and Sewer
Revenue Adjustments

March 23, 2010

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## Agenda

- National, Regional, and Statewide Trends in Rates
- Projected Need for Revenue Increases in Ames
- Translating Revenue Increases to Rate Increases
- Projected Ames Rates Compared to Projected Statewide Medians
- Council Discussion and Direction

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## Sources of Information

- **2008 Financial Survey Summary** - National Association of Clean Water Agencies
- **2008 Water and Wastewater Rate Survey** – American Water Works Association
- **Municipal Rate Survey 2007-2008** – Howard R. Green Company
- **2009 Water Rates and Sewer Service Charges Survey** – City of Ames, Iowa

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## National Trends in Water Rates

"Water and wastewater utilities provide a service essential to daily life. Water is a commodity of which consumption can be reduced, but only to a certain level. Customers may conserve for ethical or financial reasons, but there will always be a basic need for water and wastewater services."

*-2008 Water and Wastewater Rate Survey, American Water Works Association*

| 2002 to 2008 Water Rates | |
|---|---|
| Average Increase in Service Charge: | 4.68% |
| Average Increase in Consumer Price Index: | 3.33% |

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## National Trends in Sewer Rates

"While it is assumed that expenses will naturally increase due to inflationary pressures and population growth, the survey data reveal that clean water utilities have experienced cost increases at levels much higher than would be expected due to these factors alone. Some of the additional cost increases are due to new regulatory requirements and efforts to increase service levels."

*- 2008 NACWA Financial Survey Summary*

| 2003 to 2008 Sewer Rates | |
|---|---|
| Average Increase in Service Charge: | 5.53% |
| Average Increase in Consumer Price Index: | 3.05% |

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## National Trends in Water and Sewer Rates

Of the drinking water utilities that responded to the survey, 84% have increased water rates in the past two years. Of those with increases, a third had increases of greater than 20%.

Of the wastewater utilities that responded to the survey, 84% have increased sewer rates in the past two years. Of those with increases, nearly half had increases of greater than 20%.

*- 2008 Water and Wastewater Rate Survey, American Water Works Association*

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## Midwest Trends in Water and Sewer Rates

Of the respondents who indicated the dates of drinking water rate increases, 83% had increased rates in the past two years. Only 6% indicated they had not increased rates in the past five years.

"Almost all" wastewater respondents reported rate increases within the past two years, and 80% indicated they were anticipating an increase in the coming year.

*-Municipal Rate Survey, 2007-2008 Howard R. Green Company*

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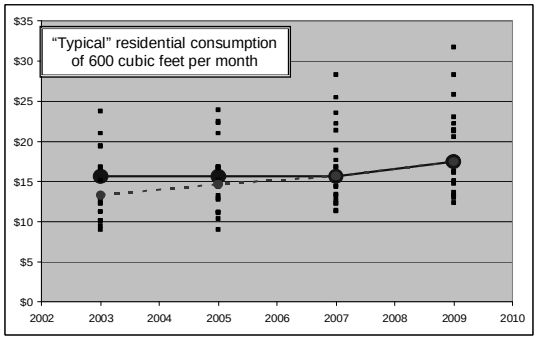
# Iowa Water Rate Comparison

Cities >10,000 Population with Softening Plants




2009 – Highest to Lowest

Fort Madison
Altoona
Indianola
Boone
Clive
West Des Moines
Iowa City
Oskaloosa
Keokuk
Ankeny
**Ames – Median**
Cedar Rapids
Storm Lake
Ottumwa
Des Moines
Council Bluffs
Marshalltown
Newton
Burlington
Dubuque
Spencer

Ames Increase 2003-2009 = 11.7%
State-wide Median increase 2003-2009 = 31.7%

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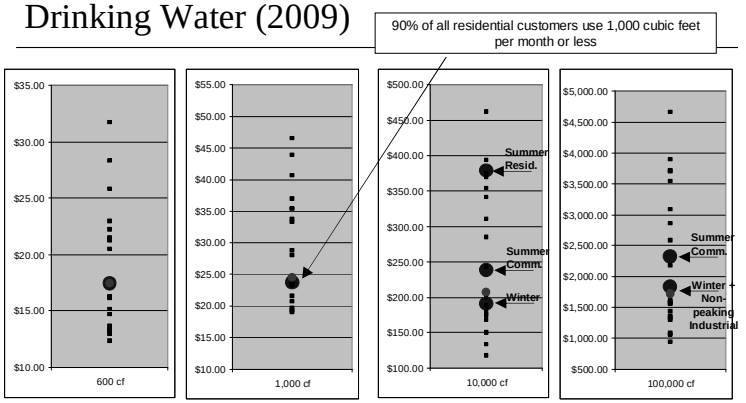
# Comparing Across Demand Thresholds – Drinking Water (2009)




● - Statewide Median ● - Ames (2009)

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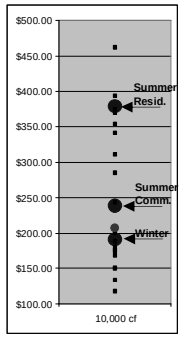
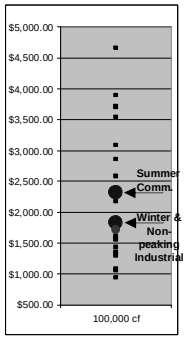
# Comparing Across Demand Thresholds – Drinking Water (2009)




2009 – Highest to Lowest

Boone
Altoona
Indianola
Clive
Oskaloosa
Fort Madison
West Des Moines
Ankeny
Iowa City
**Ames (Summer)**
**Des Moines - Median**
Keokuk
**Ames (Winter)**
Dubuque
Spencer
Council Bluffs
Cedar Rapids
Ottumwa
Burlington
Storm Lake
Marshalltown
Newton




2009 – Highest to Lowest

Boone
Altoona
Indianola
Clive
Oskaloosa
West Des Moines
Ankeny
Fort Madison
**Ames (Summer)**
Iowa City
**Ames (Winter)**
**Keokuk - Median**
Cedar Rapids
Dubuque
Ottumwa
Spencer
Storm Lake
Des Moines
Council Bluffs
Marshalltown
Newton
Burlington

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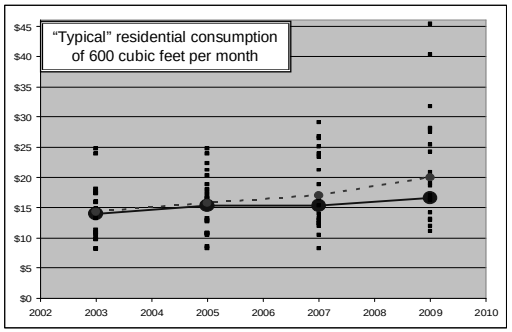
# Iowa Sewer Rate Comparison

Cities >10,000 Population

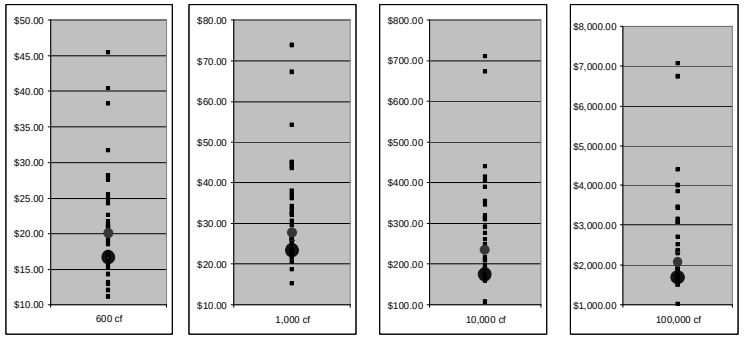



Ames Increase 2003-2009 = 19.1%
State-wide Median increase 2003-2009 = 44.9%

2009-Highest to Lowest

Boone
Clinton
Ottumwa
Ankeny
Iowa City
Altoona
Indianola
Des Moines
Oskaloosa
Clive
Sioux City
Carroll
Spencer
Fort Madison
West Des Moines
Marshalltown
Storm Lake
Cedar Rapids – **Median**
Cedar Falls
Keokuk
Mason City
Muscatine
Burlington
Marion
**Ames**
Newton
Coralville
Fort Dodge
Waterloo
Urbandale
Dubuque
Davenport
Council Bluffs
Bettendorf
Iowa Great Lakes

## Comparing Across Demand Thresholds – Sewer (2009)




● - Statewide Median ● - Ames (2009)

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## Water Rates for FY 2010/11

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Quality Programs
Exceptional Service

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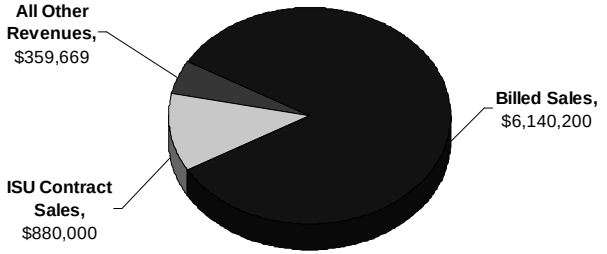
## Water Revenue Categories - FY 2009/10 Estimates




Total Estimated Revenue: $7,379,869

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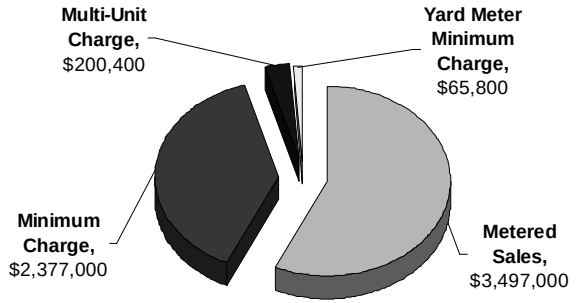
## Water Revenue Categories - FY 2009/10 Estimates

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## Current Rates – Water Consumption

| | Charge per cubic foot |
|---|---|
| **Winter** | |
| (All customers, all consumption) | $0.0157 |
| **Summer** | |
| **Residential** | |
| Block 1 (First 1,000 cf) | 0.0157 |
| Block 2 (Next 1,500 cf) | 0.0278 |
| Block 3 (Over 2,500 cf) | 0.0417 |
| **Irrigation and Yard Water** | |
| Block 1 (First 2,000 cf) | 0.0227 |
| Block 2 (Next 3,000 cf) | 0.0417 |
| Block 3 (Over 5,000 cf) | 0.0695 |
| **Non-Residential** | |
| All Consumption | 0.0206 |
| **Non-peaking Industrial** | |
| All Consumption | 0.0157 |

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## Current Rates – Minimum Charge

| Size of Meter | Minimum Monthly Charge |
|---|---|
| 5/8” or 5/8” x 3/4” | 8.05 |
| 3/4” | 16.10 |
| 1” | 32.20 |
| 1-1/2” | 64.40 |
| 2” | 128.80 |
| 2”, battery of 2 | 249.55 |
| 2”, battery of 3 | 370.30 |
| 3” | 257.60 |
| 4” | 434.70 |
| 6” | 724.50 |
| 8” | 1,449.00 |
| 10” | 2,173.00 |

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## Current Rates – Multi-Unit Charges

**Multiple dwellings** – Multiple dwellings (such as in a mobile home park) may be services from a single water meter. However, there is a surcharge added to the minimum bill charge.

| | |
|---|---|
| 5/8” meter serving 2 or more dwelling units | 2.30/month/unit |
| 3/4” meter serving 4 or more dwelling units | 2.30/month/unit |
| 1” meter serving 8 or more dwelling units | 2.30/month/unit |
| 1-1/2” meter serving 16 or more dwelling units | 2.30/month/unit |
| 2” meter serving 30 or more dwelling units for the first 30 units plus $3.60/month per unit for each additional unit in excess of 30 units | 69.30/month |
| 3” or larger meter serving any number of dwelling units | 3.20/month/unit |

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## Current Rates – Yard Meter Minimum Charge

| Size of Meter | Minimum Monthly Charge |
|---|---|
| 5/8” or 5/8” x 3/4” | 3.05 |
| 3/4” | 4.70 |
| 1” | 6.60 |
| 1-1/2” | 9.10 |
| 2” | 12.10 |
| 3” | 15.70 |
| 4” | 19.55 |
| 6” | 23.40 |
| 8” | 27.25 |
| 10” | 31.10 |

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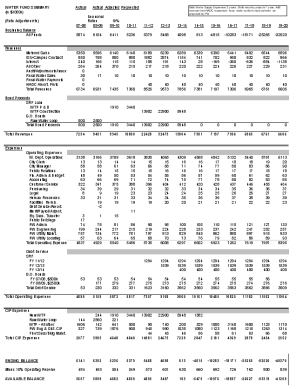
## Annual Fund Projections



My intent isn't that you be able to read all of the numbers in this spreadsheet. During the presentation, I will use the spreadsheet to give a narrative description of how a 10-year fund projection is prepared.

*~ John Dunn*

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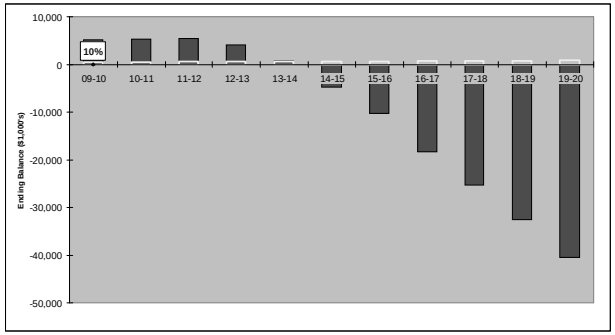
## Projected Water Fund Balance

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## Previous Council Guidance on Rates

- Maintain a 10% operating reserve (Approximately 5 weeks of expenses)
- Rate increases should be done with smaller percentage increases on a more frequent basis, as opposed to larger increases on a less frequent basis.

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## Anticipated Rate Increases

| Year | 10-11 | 11-12 | 12-13 | 13-14 |
|---|---|---|---|---|
| Water | 10% | 10% | 12% | 12% |
| Sewer | 9% | 9% | 10% | 10% |

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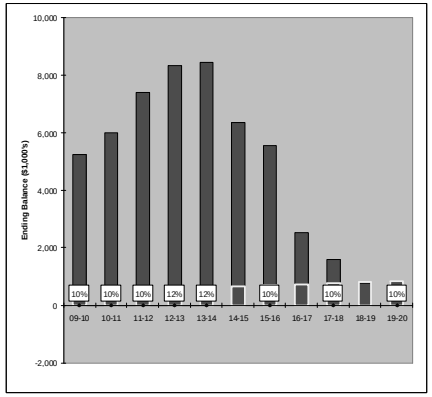
## Projected Water Fund Balance

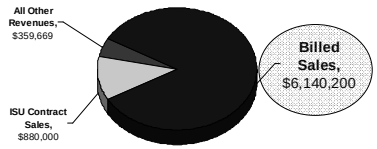



A fund balance builds in the early years, then is drawn down as debt service on SRF loan kicks in

25

## Revenue Increase for FY 2010/11

- From fund projections, 10% increase in rate-derived revenues
- Translates to approximately $614,000




- Can be applied as an "across the board" increase, or can be targeted at specific revenue components
- Council has latitude in discretion, as long as there is a rational basis (i.e. – not "arbitrary" or "capricious")

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## Option 1: "Across-the-board" Percent Increase

| | Existing | Adjusted | Change ($) | Change (%) |
|---|---|---|---|---|
| **Winter** | | | | |
| (All customers, all consumption) | $0.0157 | $0.0173 | **$0.0016** | **10%** |
| **Summer** | | | | |
| **Residential** | | | | |
| Block 1 (First 1,000 cf) | 0.0157 | 0.0173 | **0.0016** | **10%** |
| Block 2 (Next 1,500 cf) | 0.0278 | 0.0306 | **0.0028** | **10%** |
| Block 3 (Over 2,500 cf) | 0.0417 | 0.0459 | **0.0042** | **10%** |
| **Irrigation and Yard Water** | | | | |
| Block 1 (First 2,000 cf) | 0.0227 | 0.0250 | **0.0023** | **10%** |
| Block 2 (Next 3,000 cf) | 0.0417 | 0.0459 | **0.0042** | **10%** |
| Block 3 (Over 5,000 cf) | 0.0695 | 0.0765 | **0.0070** | **10%** |
| **Non-Residential** | | | | |
| All Consumption | 0.0206 | 0.0227 | **0.0021** | **10%** |
| **Non-peaking Industrial** | | | | |
| All Consumption | 0.0157 | 0.0173 | **0.0016** | **10%** |

**All Minimum Bill Charges Increase by 10%**

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## Option 2: "Across-the-board" Per Unit Increase

| | Existing | Adjusted | Change ($) | Change (%) |
|---|---|---|---|---|
| **Winter** | | | | |
| (All customers, all consumption) | $0.0157 | $0.0174 | **$0.0017** | **10.8%** |
| **Summer** | | | | |
| **Residential** | | | | |
| Block 1 (First 1,000 cf) | 0.0157 | 0.0174 | **0.0017** | **10.8%** |
| Block 2 (Next 1,500 cf) | 0.0278 | 0.0295 | **0.0017** | **6.1%** |
| Block 3 (Over 2,500 cf) | 0.0417 | 0.0434 | **0.0017** | **4.1%** |
| **Irrigation and Yard Water** | | | | |
| Block 1 (First 2,000 cf) | 0.0227 | 0.0244 | **0.0017** | **7.5%** |
| Block 2 (Next 3,000 cf) | 0.0417 | 0.0434 | **0.0017** | **4.1%** |
| Block 3 (Over 5,000 cf) | 0.0695 | 0.0712 | **0.0017** | **2.4%** |
| **Non-Residential** | | | | |
| All Consumption | 0.0206 | 0.0223 | **0.0017** | **8.3%** |
| **Non-peaking Industrial** | | | | |
| All Consumption | 0.0157 | 0.0174 | **0.0017** | **10.8%** |

**All Minimum Bill Charges Increase by 10%**

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## Option 3:
## Entire Revenue Increase from Minimum Bill

- FY 09/10 Estimate: $2,377,000
- Recommended Revenue Increase: $614,000
- Needed Minimum Bill Increase: 26%
- Unit Rates Would Remain Unchanged

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## Option 4:
## Entire Revenue Increase from Unit Rate

- FY 09/10 Estimate: $3,497,000
- Recommended Revenue Increase: $614,000
- Needed Unit Rate Increase: 17.6%
- Minimum Bill Charges Would Remain Unchanged

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## Summary of Impacts

| | Option 1: 10% Across-the-board Increase | | Option 2: Constant $0.0017 per cf Increase | | Option 3: All Increase in Minimum Bill | | Option 4: All Increase in Unit Rate | |
|---|---|---|---|---|---|---|---|---|
| | $ | % | $ | % | $ | % | $ | % |
| 600 cf | 1.75 | 10 | 1.82 | 10.4 | 2.10 | 12.0 | 1.68 | 9.6 |
| 1,000 cf | 2.38 | 10 | 2.50 | 10.5 | 2.10 | 8.8 | 2.80 | 11.8 |
| 10,000 cf | 23.82 | 10 | 20.20 | 8.5 | 8.40 | 3.5 | 37.00 | 15.5 |
| 100,000 cf | 235.60 | 10 | 195.60 | 8.4 | 67.00 | 2.8 | 370.00 | 16.0 |

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## Sewer Rates for FY 2010/11

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Quality Programs
Exceptional Service

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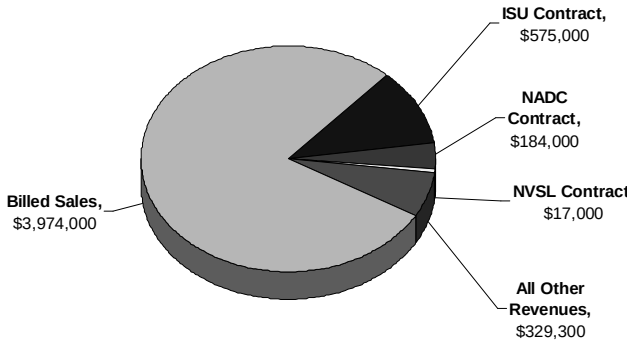
## Sewer Revenue Categories - FY 2009/10 Estimates




Total Estimated Revenue: $5,079,300

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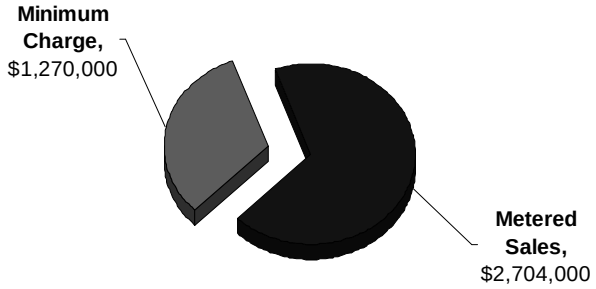
## Sewer Revenue Categories - FY 2009/10 Estimates

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## Current Rates - Sewer

- Minimum Bill:
  $6.55 per month per customer account
- Consumption:
  $1.68 per 100 cubic feet

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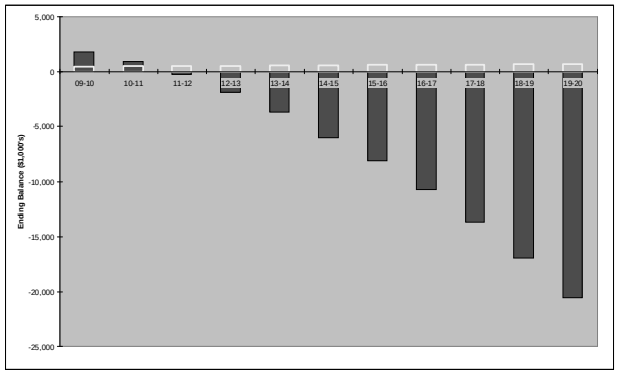
## Projected Sewer Fund Balance

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## Anticipated Rate Increases

| Year | 10-11 | 11-12 | 12-13 | 13-14 |
|---|---|---|---|---|
| Water | 10% | 10% | 12% | 12% |
| Sewer | 9% | 9% | 10% | 10% |

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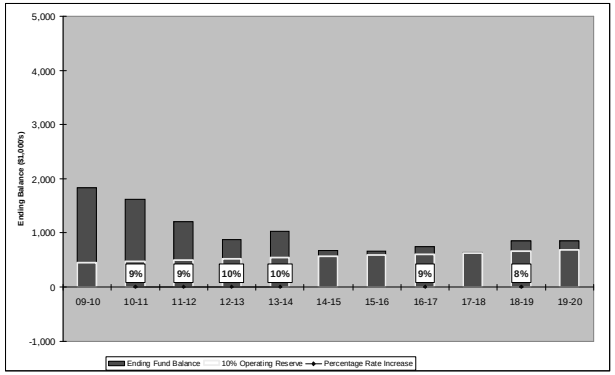
## Projected Sewer Fund Balance

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## Revenue Increase for FY 2010/11

- From fund projections, 9% increase in rate-derived revenues
- Translates to approximately $358,000
- Simple sewer rate structure – "Across the board"

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## "Across-the-board" Percent Increase

| | Existing | Adjusted | Difference |
|---|---|---|---|
| **Consumption**<br>All customers,<br>all consumption levels | $0.0168 | $0.0183 | **$0.0015** |
| **Minimum Bill**<br>All customers, per month | $6.55 | $7.15 | $0.60 |

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# Future Rate Comparisons

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## Anticipated Rate Increases

| Year | 10-11 | 11-12 | 12-13 | 13-14 |
|---|---|---|---|---|
| Water | 10% | 10% | 12% | 12% |
| Sewer | 9% | 9% | 10% | 10% |

State-wide average increase of 5.28% per year for water

State-wide average increase of 7.48% per year for sewer

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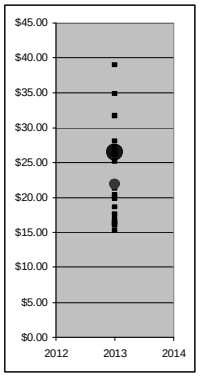
## Projected Water Rate Comparison in 2013




600 cubic feet per month

Ames Water: $26.52/month

State Median: $21.88/month

For those communities who shared their planned rate increases, actual rates were used. All others were presumed to increase at the state-wide average rate from the past six years.

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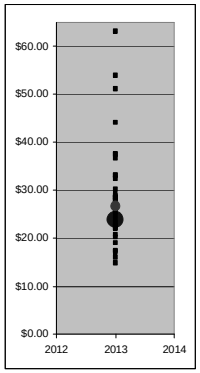
## Projected Sewer Rate Comparison in 2013




600 cubic feet per month

Ames Sewer: $23.91/month

State Median: $26.67/month

For those communities who shared their planned rate increases, actual rates were used. All others were presumed to increase at the state-wide average rate from the past six years.

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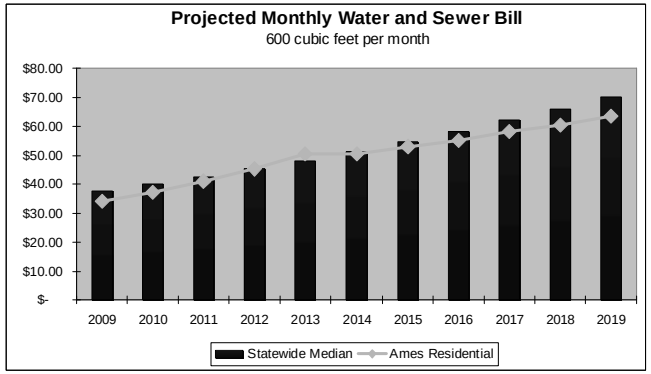
## Projected Combined Water and Sewer Bill

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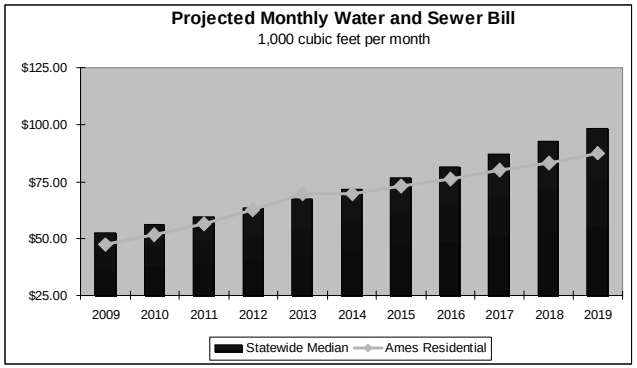
## Projected Combined Water and Sewer Bill

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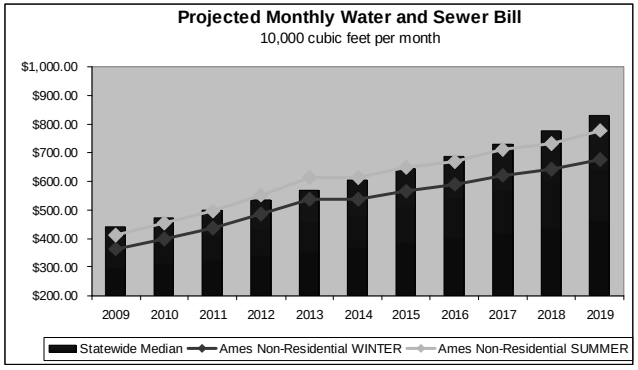
## Projected Combined Water and Sewer Bill

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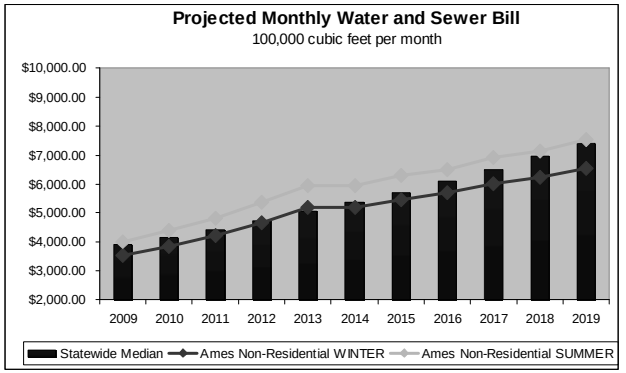
## Projected Combined Water and Sewer Bill

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# "Typical Residential Customer" Total Utility Bill

**Median Residential Use Customer** (600 kWh and 600 cf)

| | Electric, $ (Summer) | Stormwater, $ | Water, $ (Summer) | Sewer, $ | Total, $ |
|---|---|---|---|---|---|
| Current Rates | 69.81 | 3.00 | 17.47 | 16.63 | 106.91 |
| Increase | 3.49 | | 1.75 | 1.50 | 6.74 |
| TOTALS | 73.30 | 3.00 | 19.22 | 18.13 | 113.65 |
| Impact on Total Bill, % | 3.3% | | 1.6% | 1.4% | 6.3% |

**Moderate Residential Use Customer** (1,000 kWh and 1,000 cf)

| | Electric, $ (Summer) | Stormwater, $ | Water, $ (Summer) | Sewer, $ | Total, $ |
|---|---|---|---|---|---|
| Current Rates | 112.85 | 3.00 | 23.75 | 23.35 | 162.95 |
| Increase | 5.64 | | 2.38 | 2.10 | 10.12 |
| TOTALS | 118.49 | 3.00 | 26.13 | 23.45 | 173.07 |
| Impact on Total Bill, % | 3.4% | | 1.5% | 1.3% | 6.2% |

Assumes: ~5% in electricity bill due to ECA cost adjustment
10% across-the-board for water (Option 1)
9% across-the board for sewer

# "Typical Commercial Customer" Total Utility Bill

**Small Commercial Use Customer** (5,000 kWh and 1,000 cf)

| | Electric, $ (Summer) | Stormwater, $ | Water, $ (Summer) | Sewer, $ | Total, $ |
|---|---|---|---|---|---|
| Current Rates | 550.50 | 3.00 | 28.65 | 23.35 | 605.50 |
| Increase | 27.53 | | 2.87 | 2.10 | 32.50 |
| TOTALS | 578.03 | 3.00 | 31.52 | 23.45 | 636.00 |
| Impact on Total Bill, % | 4.5% | | 0.5% | 0.4% | 5.4% |

**Moderate Commercial Use Customer** (10,000 kWh and 10,000 cf)

| | Electric, $ (Summer) | Stormwater, $ | Water, $ (Summer) | Sewer, $ | Total, $ |
|---|---|---|---|---|---|
| Current Rates | 1,059.30 | 3.00 | 238.20 | 174.55 | 1,475.05 |
| Increase | 52.97 | | 23.82 | 15.71 | 92.50 |
| TOTALS | 1,112.27 | 3.00 | 262.02 | 190.26 | 1567.55 |
| Impact on Total Bill, % | 3.6% | | 1.6% | 1.1% | 6.3% |

**Large Commercial Customer** (60,000 kWh with 130 kW demand and 15,000 cf)

| | Electric, $ (Summer) | Stormwater, $ | Water, $ (Summer) | Sewer, $ | Total, $ |
|---|---|---|---|---|---|
| Current Rates | 5,087.60 | 3.00 | 241.20 | 258.55 | 5,617.35 |
| Increase | 254.36 | | 24.12 | 23.27 | 301.75 |
| TOTALS | 5,341.98 | 3.00 | 263.32 | 281.82 | 5,919.10 |
| Impact on Total Bill, % | 4.5% | | 0.4% | 0.4% | 5.3% |

## Council Direction

- Manager's Recommendation
  - Approve a 10% increase in water rates (Option 1)
  - Approve a 9% increase in sewer rates
- Timeline
  - Three readings (April 13, April 27, May 11)
  - Effective for usage on and after June 1
  - Effective for bills mailed on and after July 1

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## City of Ames Water and Pollution Control Department

FY 2010-2011
Water and Sewer
Revenue Adjustments

March 23, 2010

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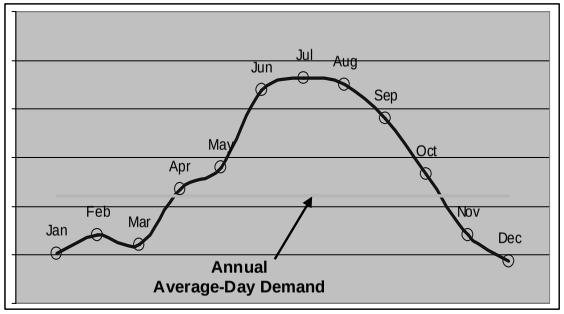
# Seasonal Water Rate Structures

Ames City Council Meeting
March 4, 2008

## Purpose

- Use our water rate structure to encourage conservation during our peak consumption season
- Shift the cost for the construction of additional treatment capacity to those uses of water that are driving the cost

## Average Monthly Demand



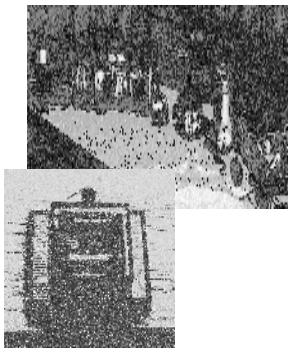

## August 21, 2007 Workshop

- Identified two rate structures as being "Conservation-oriented"
  - Seasonal Rates
  - Inclining Block Rates

## What is a "cf"?

"cf" is a short-hand abbreviation for "Cubic Feet"

(Equals 7.48 Gallons)

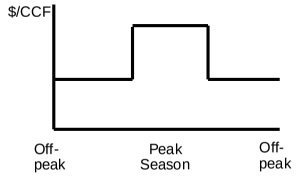


## Seasonal Rate Structures

"The objectives of seasonal rates are to

- Better match price and cost recovery to demand patterns and
- Provide a price incentive for customers to reduce their consumption during peak-use periods."


## Seasonal Rate




**Pro**

- Encourages seasonal conservation
- Familiar – common among electric and gas utilities
- Can reduce cost to all customers

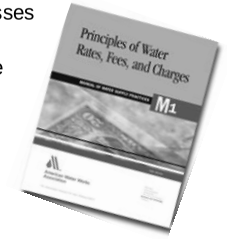
**Con**

- Customers see large seasonal swing in bill
- Risk of revenue instability due to weather

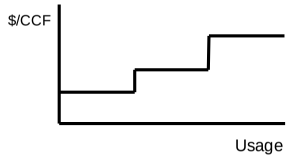
## Inclining Block Rate Structure

"Inclining block rates should be considered when the utility

- Is able to distinguish separate customer classes for billing;
- Has the analytical ability to design block rate structures, including the ability to define the amount of water sold by block;
- Is confronting system capacity constraints or potential system expansion; and
- Would like to send a strong price signal."



## Inclining Block Rate




**Pro**

- Encourages conservation – Very strong price signal
- Flexibility in rate design
- Strongest demand-side management rate structure

**Con**

- Potential revenue volatility
- Can discourage new water-intensive businesses
- Complicated structures can be confusing to customers

## Recommended Approach

A blend of seasonal rates and inclining block rates

- **Seasonal Inclining Blocks** for "Residential" and "Irrigation" Customer Classes
- **Seasonal Flat Rates** for Commercial and Industrial Customer Classes

## Non-Residential Rates

- Non-discretionary water use varies widely
- Development of block sizes more arbitrary
- Possible Solution: Flat Summer Rate

**Seasonal Water Rate Structures**

Are we on the right path?

**WATER and POLLUTION CONTROL DEPARTMENT**

**Water Rate Summary**
**Ames, Iowa**
**1939 - Present**

| Date | Rate Format | Minimum Bill, $ | Allowance, cf | Unit Rate, $/100 cf | Comments |
|---|---|---|---|---|---|
| Sept. 1939 | Declining Block | ? | ? | 1st 1,500 cf 0.22<br>Next 1,500 cf 0.17<br>Next 3,000 cf 0.15<br>Next 6,000 cf 0.13<br>Next 12,000 cf 0.115<br>> 24,000 cf 0.10 | |
| Nov. 1948 | Declining Block | ? | ? | 1st 3,000 cf 0.28<br>Next 3,000 cf 0.22<br>Next 6,000 cf 0.17<br>> 12,000 cf 0.13 | |
| Aug. 1951 | Declining Block | ? | ? | 1st 1,000 cf 0.37<br>Next 4,000 cf 0.32<br>> 5,000 cf 0.21 | |
| Sept. 1952 | Declining Block | 1.25 | 250 | 1st 1,000 cf 0.50<br>Next 4,000 cf 0.46<br>Next 495,000 cf 0.32<br>> 500,000 cf 0.25 | This step added 1958 |
| May 1969 | Declining Block | 2.00 | 300 | 1st 300 cf 0.667<br>Next 700 cf 0.56<br>Next 9,000 cf 0.47<br>Next 490,000 cf 0.39<br>> 500,000 cf 0.36 | Multiple Dwelling Rate added April 1970 |
| Sept. 1972 | Declining Block | 3.00 | 300 | 1st 300 cf 3.00<br>Next 700 cf 0.80<br>Next 9,000 cf 0.70<br>Next 90,000 cf 0.60<br>Next 400,000 cf 0.52<br>> 500,000 cf 0.39 | |

| Date | Rate Format | Minimum Bill, $ | Allowance, cf | Unit Rate, $/100 cf | Comments |
|---|---|---|---|---|---|
| Dec. 1973 | Declining Block | 2.00 | 200 | 1st 200 cf 2.00<br>Next 200 cf 0.80<br>Next 600 cf 0.70<br>Next 9,000 cf 0.65<br>Next 90,000 cf 0.55<br>Next 400,000 cf 0.50<br>> 500,000 cf 0.39 | |
| May 1978 | Flat Rate | 3.00 | 100 | > 100 cf 0.71 | |
| July 1992 | Flat Rate | 4.00 | 100 | > 100 cf 0.95 | 33% across the board |
| May 1994 | Flat Rate | 6.00 | 0 | > 0 cf 1.14 | 50% minimum bill, 20% unit rate |
| May 1995 | Flat Rate | 6.00 | 0 | > 0 cf 1.14 | Yard meter minimum bill adopted |
| July 1997 | Flat Rate | 6.85 | 0 | > 0 cf 1.23 | 10% revenue increase |
| July 2000 | Flat Rate | 7.30 | 0 | > 0 cf 1.39 | 10% revenue increase |
| July 2008 | Seasonal Inclining | 7.30 | 0 | Winter<br>All consumption 1.39<br>Summer<br>*Residential*<br>1st 1,000 cf 1.39<br>Next 1,500 cf 2.78<br>Over 2,500 cf 4.17<br>*Irrigation & Yard Water*<br>1st 2,000 cf 2.09<br>Next 3,000 cf 4.17<br>Over 5,000 cf 6.95<br>*Non-residential*<br>All consumption 1.88<br>*Non-peaking Industrial*<br>All consumption 1.39 | Start of inclining block structure; base rate ($1.39) and minimum bill ($7.30) unchanged from 2000. |

| Date | Rate Format | Minimum Bill, $ | Allowance, cf | Unit Rate, $/100 cf | Comments |
|---|---|---|---|---|---|
| July 2009 | Seasonal Inclining | $8.05 | 0 | Winter<br>All consumption 1.57<br>Summer<br>*Residential*<br>1st 1,000 cf 1.57<br>Next 1,500 cf 2.78<br>Over 2,500 cf 4.17<br>*Irrigation & Yard Water*<br>1st 2,000 cf 2.27<br>Next 3,000 cf 4.17<br>Over 5,000 cf 6.95<br>*Non-residential*<br>All consumption 2.06<br>*Non-peaking Industrial*<br>All consumption 1.57 | 10% revenue increase, all applied to the base blocks |
| **July 2010 PROPOSED** | **Seasonal Inclining** | **$8.85** | **0** | **Winter**<br>**All consumption 1.73**<br>**Summer**<br>***Residential***<br>**1st 1,000 cf 1.73**<br>**Next 1,500 cf 3.06**<br>**Over 2,500 cf 4.59**<br>***Irrigation & Yard Water***<br>**1st 2,000 cf 2.50**<br>**Next 3,000 cf 4.59**<br>**Over 5,000 cf 7.65**<br>***Non-residential***<br>**All consumption 2.27**<br>***Non-peaking Industrial***<br>**All consumption 1.73** | **10% across the board** |

cf = cubic feet

Note: Early Rates
- A 1905 source indicated the Ames water rate was $0.30/1,000 gallons (the equivalent of $0.225/100 cubic feet)
- September 1928 cost for 600 cf/month - $1.80 ($0.30/100 cf)

**WATER and POLLUTION CONTROL DEPARTMENT**

**Sewer Rate Summary**
**Ames, Iowa**
**1946 - Present**

| Date | Rate Format | Minimum Bill, $ | Allowance, cf | Unit Rate, $/100 cf | | Comments |
|---|---|---|---|---|---|---|
| Dec. 1946 | Declining Block | 0.50 | 500 | 1st 5,000 cf<br>> 5,000 cf | 0.10<br>0.05 | 1st Sewer Rate Ordinance |
| Sept. 1958 | Declining Block | 1.00 | 500 | 1st 500 cf<br>Next 500 cf<br>Next 4,000 cf<br>> 5,000 cf | 0.20<br>0.16<br>0.14<br>0.10 | |
| Mar. 1971 | Declining Block | 2.00 | 300 | 1st 300 cf<br>Next 700 cf<br>Next 9,000 cf<br>Next 90,000 cf<br>Next 400,000 cf<br>> 500,000 cf | 0.667<br>0.38<br>0.28<br>0.22<br>0.20<br>0.16 | Multiple Dwelling Rate Adopted<br>Summer Beautification Rate Adopted |
| Dec. 1973 | Declining Block | 1.50 | 200 | 1st 200 cf<br>Next 200 cf<br>Next 600 cf<br>Next 9,000 cf<br>Next 90,000 cf<br>Next 400,000 cf<br>> 500,000 cf | 0.75<br>0.40<br>0.38<br>0.28<br>0.22<br>0.20<br>0.16 | Summer Beautification Rate Canceled<br>July 1977 |
| July 1979 | Flat Rate | 2.00 | 100 | > 100 cf | 0.60 | |
| Jan. 1980 | Flat Rate | 2.00 | 100 | > 100 cf | 0.86 | |
| June 1984 | Flat Rate | 3.00 | 100 | > 100 cf | 1.30 | |
| July 1985 | Flat Rate | 3.00 | 100 | > 100 cf | 1.70 | Water Only Yard Meter Program Adopted |
| July 1992 | Flat Rate | 3.00 | 100 | > 100 cf | 1.41 | 17% decrease in unit rate |
| July 1995 | Flat Rate | 5.50 | 0 | > 0 | 1.41 | 50% increase in minimum bill |
| July 2005 | Flat Rate | 6.05 | 0 | > 0 | 1.55 | 10% across the board |
| July 2008 | Flat Rate | 6.55 | 0 | > 0 | 1.68 | 8% across the board |
| **July 2010 PROPOSED** | **Flat Rate** | **7.15** | **0** | **> 0** | **1.83** | **9% across the board** |

cf = cubic feet