

COUNCIL ACTION FORM

SUBJECT: WATER AND SEWER UTILITY RATE ADJUSTMENTS

BACKGROUND:

On March 6, Council gave staff direction to develop an ordinance increasing water rates by 3.5% and sewer rates by 3% for charges billed on or after July 1, 2018. The attached ordinance accomplishes that direction.

The third reading and adoption of the ordinance will be completed at the May 8, 2018 Council meeting. This will allow the new rates to be in place before customers start using water and sewer at the new, higher rates.

ALTERNATIVES:

1. Approve the attached ordinance modifying Chapter 28 of the Municipal Code, increasing water rates by 3.5% and sewer rates by 3% for usage to be billed on or after July 1, 2018.
2. Approve on first reading an ordinance adjusting water and sewer rates by some other amount, and/or make the changes effective on some other date.
3. Do not approve any changes to the water and sewer rate structure. Staff would then require direction regarding future operating and capital expenditures.

CITY MANAGER'S RECOMMENDED ACTION:

The Municipal Code requires the Director of Water and Pollution Control to review and recommend to the City Council revisions to the water and sewer rates and charges on an interval appropriate to provide for the funding needs of the utility. A report of that review was presented to the City Council on March 6, along with a recommendation that water rates be increased by 3.5% and sewer rates be increased by 3%, effective for bills on or after July 1, 2018. **It should be noted that, even after making these rate increases, water and sewer rates for the City of Ames will still be well below the state-wide median for municipal utilities.**

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as described above.

ORDINANCE NO.

AN ORDINANCE TO AMEND THE MUNICIPAL CODE OF THE CITY OF AMES, IOWA, BY REPEALING CHAPTER 28, SECTION 201(1)(b)(ii)(a)(b), 2(b)(ii)(a)(b), 3(b)(ii)(a)(b), 4(b)(ii)(a)(b), 5(b)(ii)(a)(b), 7, 8 AND SECTION 304(3). ENACTING A NEW CHAPTER 28, SECTION 201(1)(b)(ii)(a)(b), 2(b)(ii)(a)(b), 3(b)(ii)(a)(b), 4(b)(ii)(a)(b), 5(b)(ii)(a)(b), 7, 8 AND SECTION 304(3). THEREOF, FOR THE PURPOSE OF INCREASE OF WATER AND SEWER RATES; 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 repealing Chapter 28, Section 201(1)(b)(ii)(a)(b), 2(b)(ii)(a)(b), 3(b)(ii)(a)(b), 4(b)(ii)(a)(b), 5(b)(ii)(a)(b), 7, 8 and Section 304(3). Enacting a new Chapter 28, Section 201(1)(b)(ii)(a)(b), 2(b)(ii)(a)(b), 3(b)(ii)(a)(b), 4(b)(ii)(a)(b), 5(b)(ii)(a)(b), 7, 8 and Section 304(3) 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, 2018 are as follows:

(1) Residential Rates.

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

- (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):
 - \$0.0222 per cubic foot for the first 1000 cubic feet of usage
 - \$0.0392 per cubic foot for the next 1500 cubic feet of usage
 - \$0.0590 per cubic foot for all usage over 2500 cubic feet
 - (b) for bills mailed on or between November 1 and June 30 (winter period):
 - \$0.0222 per cubic foot.

(2) Non-residential (Commercial) Rates

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

- (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):
 - \$0.0291 per cubic foot
 - (b) for bills mailed on or between November 1 and June 30 (winter period):
 - \$0.0222 per cubic foot

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

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

- (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):
\$0.0222 per cubic foot
 - (b) for bills mailed on or between November 1 and June 30 (winter period):
\$0.0222 per cubic foot

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

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

- (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):
\$0.0321 per cubic foot for the first 2000 cubic feet of usage
\$0.590 per cubic foot for the next 3000 cubic feet of usage
\$0.0982 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):
\$0.0222 per cubic foot

(5) **Rural Water Rate.**

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

- (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):
\$0.0368 per cubic foot for the first 2000 cubic feet of usage
\$0.0678 per cubic foot for the next 3000 cubic feet of usage
\$0.1130 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):
\$0.0256 per cubic foot for all consumption.

(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 five dollars and forty-six cents (\$5.46).

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"	11.37	4.31	13.07
3/4 inch	22.73	6.68	26.14
1 inch	45.47	9.31	52.29
1-1/2 inch	90.93	12.84	104.58
2 inch	181.87	17.07	209.15
2 inch, battery of 2	352.26	--	405.10
2 inch, battery of 3	522.73	--	601.14
3 inch	363.65	22.21	418.20
4 inch	613.63	27.61	705.68
6 inch	1,022.72	33.07	1,176.13
8 inch	2,045.44	38.52	2,352.25
10 inch	3,068.16	43.57	3,528.39

(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.....	3.27/month/unit
For a 3/4 inch meter serving 4 or more dwelling units.....	3.27/month/unit
For a 1 inch meter serving 8 or more dwelling units.....	3.27/month/unit
For a 1-1/2 inch meter serving 16 or more dwelling units.....	3.27/month/unit
For a 2 inch meter serving 30 or more dwelling units.....	97.91/month
for the first 30 units plus \$5.08/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	4.50/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.

Sec. 28.304. SEWER RATES ESTABLISHED.

(3) For each monthly billing on or after July 1, 2018, each customer shall be charged a minimum monthly charge. The minimum charge for each location shall be eleven dollars and three cents (\$11.03). 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 prorated minimum monthly charge be less than four dollars and twenty-four cents (\$4.24). In addition, for all water metered beginning with the first cubic foot each month, each user shall pay two dollars and eighty-two cents (\$2.82) per 100 cubic feet."

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

John A. Haila, Mayor