

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

98-446

SYNOPSIS —

AGENDA:

SEPTEMBER 28, 1998

City Council to amend City Code provisions regarding stormwater management and sanitary sewer use charges, to provide for increases of those charges, either in conjunction with the City Council's adoption of budgets for the stormwater management utility and for the sanitary sewer enterprise, or at anytime the Council deems it appropriate, and to provide for an increase in the stormwater management charge effective December 1, 1998.

SUBJECT:

STORM WATER
UTILITY USER
RATE INCREASE

FISCAL IMPACT —

TYPE:

Increase in the base Equivalent Residential Unit (ERU) from \$4/month to \$4.46/month is anticipated to provide an additional \$1,615,000 during the period (November 1998-2004).

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

RECOMMENDATION —

SUBMITTED BY:

HAROLD SMITH
CITY ENGINEER

Approve first consideration of an ordinance providing for increases of the stormwater management charge either in conjunction with the City Council' s adoption of the budget for that enterprise or at anytime the Council deems such increase appropriate, and providing for an increase in the stormwater management charge effective December 1, 1998.

Approve first consideration of an ordinance providing for increases of sanitary sewer charges either in conjunction with the City Council' s adoption of the budget for that enterprise or at anytime the Council deems such increase appropriate.

BACKGROUND —

Section 21-128 currently provides that the stormwater management charge may be adjusted in conjunction with the City's budgeting process, commencing with the City Manager's rate recommendation to the City Council as part of the budget submission for the stormwater management utility. Under this provision, an adjustment in the stormwater management charge would be effective on July 1 following adoption of the budget.

In a July 8, 1998 report to the City Council, stormwater management needs throughout the City were identified and prioritized. The City Council directed that the City Manager recommend an immediate user fee increase in lieu of the proposed fee increase that was proposed in that report to take effect on July 1, 2001. On July 13, 1998, the City Council amended the City's Fiscal Year (FY) 1998-99 budget to provide for increases in non-property tax revenues (storm and sanitary sewer revenues) and to provide for corresponding increases in capital expenditures for various storm and sanitary sewer projects.

The proposed ordinance before the Council would authorize adjustments in the stormwater management charge at anytime, rather than only in conjunction with adoption of the budget, and would provide for an increase in the stormwater management charge from \$4 per ERU to \$4.46 per ERU, effective December 1, 1998, and from \$4.46 per ERU to \$4.60 per ERU effective July 1, 2001, as previously approved by the Council.

The additional revenue generated by this adjustment in the stormwater management charge would allow additional funds to do the following projects during the 1998/00 fiscal period:

FEMA Flood Property Buy-Out Grant Match	\$ 583,000
Central Place Storm Water Pump Replacement	\$ 150,000
Emergency Repairs	\$ 142,000
27th to 31st Storm Water Improvements (Drake Stadium)	\$ 690,000
Arlington East Phase I	\$ 50,000
	\$1,615,000

Similarly, the second proposed ordinance would authorize adjustments in the sanitary sewer use charges at anytime, rather than only in conjunction with adoption of the budget. This would allow the City Council to enact an increase in those charges immediately upon completion of the proposed cost of service analysis study, rather than undertake that increase as part of the budget process, pursuant to which the rate increase would be effective on July 1, 1999. In this regard, it is recommended that a cost of service study be authorized for a qualified consultant that would establish a sewer rate structure based on that analysis and prepare an automated rate model for the entire sanitary sewer system.