

**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

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

**00-071**

**SYNOPSIS -**

**AGENDA:**

Enactment of revisions to Chapter 21, Sewage Disposal, Sanitary Sewer rates.

FEBRUARY 21, 2000

**SUBJECT:**

**FISCAL IMPACT -**

REVISIONS TO  
CHAPTER 21,  
SEWAGE DISPOSAL  
- INCLUDING  
SANITARY SEWER  
RATES.

The proposed sewer rate changes are projected to provide an increase of 26.4 percent in revenue to the Des Moines Sanitary Sewer System.

<u>Current Rates</u>	<u>Proposed Rates</u>
Monthly Charge	\$3.81 \$4.40
Volume Charge	\$2.25 \$2.97

(Per 1,000 gallons  
of billed water usage)

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**RECOMMENDATION -**

**Approval.**

**SUBMITTED BY:**

FLOYD BENTZ, P.E.  
CITY ENGINEER

**BACKGROUND -**

In July 1998, Council began discussions on implementing an expanded sanitary sewer capital improvements program (CIP). At that time, this expanded program projected 28 million dollars in improvements (FY01-FY06) that would be implemented through 2006.

The expanded program included:

- Lining of aging sewers.
- Improvements to eliminate sewer backups.
- New trunk sewers in developing areas.

To finance the expanded program, the proposal included the sale of revenue bonds for a portion of the improvements and increasing the two components (the monthly customer service charge and the monthly volume charge) of the sanitary sewer user rate. The rate increase was estimated at a total of 24.5 percent for the basic monthly charge and 35.5 percent for the volume charge in two increments (July 1, 2000 and July 1, 2002). The City has not increased these rates since July 1994. Attached to the roll call is a chart and table that illustrates this rate history.

In March 1999, during the budget process for the FY00 budget, the expanded program was again discussed. Council directed the City Manager to conduct a study of the rate structure and determine the optimal rate that would support the expanded capital program. This study, completed by outside consultants Black and Veatch, is now complete and a copy is attached to the roll call. The recommendation from the study is to implement a revenue increase beginning in July 2000 by increasing the monthly customer service charge by 15 percent, and the monthly volume charge by 32 percent. Table 25 from the report reflects the impact of this increase on typical users. A separate table shows a comparison of rates in other metro communities. The proposed rate is projected to be adequate to fund the proposed 2001-2006 CIP program and sanitary sewer operation and maintenance through 2006.

A comparison of the previously proposed rate and the recommended rate is as follows:

	Proposed July 1998	Currently proposed
	(% increase)	(% increase)
Monthly service charge	\$4.75/Month (24.5%)	\$4.40/Month (15%)
Volume Charge	\$3.05/1000 gal. (35.5%)	\$2.97/1000 gal. (32%)

\* Volume charge was based upon an increase to \$2.85/1000 gal in July 2000, with a step increase to \$3.05/1000 gal in July of 2002.

A number of factors have changed since July 1998, which result in the proposed increase being smaller than originally projected. These factors include major items such as savings realized by improved efficiency at the Wastewater Reclamation Facility (WRF) and refining the amount of bond funding for the CIP.

In order to implement the expanded CIP program, the existing rate ordinance requires revisions. This revised ordinance changes the methodology for determining rates for the City sanitary sewers to match the budgeting procedures, and provides for the debt financing of sanitary sewer projects.

In addition, this ordinance revises the way the costs for transporting and treating Infiltration and Inflow (I & I) are allocated. Previously these costs were not calculated and allocated. The rate study recommends a methodology for determining these costs and recommends allocating 50 percent of these costs to the volume charge and 50 percent to the monthly customer service charge.

The ordinance also revises the charges for sampling and strength charges applied to tank haulers and the pretreatment program. These charges were implemented in 1991 and have not been revised since their inception.



