



**Council
Communication**
Office of the City Manager

Date	October 13, 2008
Agenda Item No.	51
Roll Call No.	<u>08-</u>
Communication No.	<u>08-600</u>
Submitted by: William G. Stowe, Assistant City Manager/Public Works/Engineering	

AGENDA HEADING:

Amendment to Municipal Code Section 118-275 to provide for a stormwater utility fee adjustment.

SYNOPSIS:

Recommend approving amending Municipal Code Section 118-275 to adjust the Equivalent Residential Unit (ERU) billing rate to increase the rate by 8 per cent beginning January 1, 2009 with additional increases of 8 per cent on July 1, 2009; July 1, 2010; July 1, 2011; and July 1, 2012.

FISCAL IMPACT:

Amount: Additional revenue ranging from \$504,758 to \$4,611,165 annually over the next five years.

Funding Source: Operating Budget, EN301 Stormwater Utility Fund, PWK077001, page 301

ADDITIONAL INFORMATION:

The chart below provides detail of the proposed rate increase:

Fiscal Year	Current Approved ERU Rate	Rate Change %	Projected Income	Proposed Rates	Rate Change %	Projected Income	Incremental Change in Revenue
FY 2009	\$6.75	5%	\$12,520,213	\$6.75 to \$7.29	5%, 8%	\$13,024,971	\$504,758
FY 2010	\$7.09	5%	\$13,159,370	\$7.87	8%	\$14,618,180	\$1,458,810
FY 2011	\$7.44	5%	\$13,831,156	\$8.50	8%	\$15,803,422	\$1,972,266
FY 2012	\$7.44	0%	\$13,844,987	\$9.18	8%	\$17,084,764	\$3,239,777
FY 2013	\$7.44	0%	\$13,858,832	\$9.91	8%	\$18,469,997	\$4,611,165

FY 2009 proposed new rate change goes to \$7.29 on 1/1/09

The rain events and floods of 2008 demonstrated the need to improve the levee protection system and stormwater pumping capabilities. In addition, the events of this past year also showed a need to improve our ability of this past year also showed a need to improve our ability to provide preventive maintenance in the sewer collection system.

A number of major initiatives have been proposed such as levees in the Des Moines and Raccoon Rivers and Downtown Closure Projects - \$12,000,000; Court Avenue Area Separate Storm Sewer and Pump Station - \$4,000,000; Pump Station Emergency Power Supply - \$2,500,000; Levee Rehabilitation at Clarkson/MLK - \$500,000 and other improvement in the system. In the next three to five years there are projects planned in the amount of \$19,620,000.

As important as the capital projects are, the continued maintenance of the sewer system is essential as well. In order to improve the maintenance effort a number of programs will be implemented. They include remote televising of the sewer system to locate areas in need of repair, chemical root control program and levee, basin and pump station maintenance. To implement the maintenance program equipment such as a TV Van and equipment, 2 combination units with jet cam capabilities, 3 batwing mowers, 3 one ton trucks and other sewer cleaning and maintenance equipment will need to be purchased. The total cost of personnel and equipment is estimated to be \$2,965,445. This total will be split between the sanitary sewer and stormwater utilities. The sanitary utility's share is \$1,621,068. Present rates are sufficient to assume this cost without a rate change. The stormwater utility will be responsible for \$1,344,377 of the projected cost. Present rates are not at a level to be able to add the new personnel and equipment without a rate change.

PREVIOUS COUNCIL ACTION(S):

Date: December 18, 2002

Roll Call Number: 02-3004

Action: Final consideration of ordinance above. Moved by Cownie that the rule requiring that ordinances must be considered, and voted on for passage at two council meetings prior to the meeting at which it is to be finally passed be suspended, that the ordinance be placed upon its final passage and that the ordinance do now pass, #14,194. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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