

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	March 12, 2012
	<b>Agenda Item No.</b>	<b>30</b>
	<b>Roll Call No.</b>	<b><u>12-0406</u></b>
	<b>Communication No.</b>	<b><u>12-126</u></b>
	<b>Submitted by:</b>	<b>Scott E. Sanders, Finance Director</b>

**AGENDA HEADING:**

Amending the Municipal Code Sections 118-149 and 118-275, and by repealing Section 118-289, relating to the volume charge and customer service charge for sewer services and the ERU (stormwater utility) rate to be applied to residential and nonresidential properties.

**SYNOPSIS:**

Recommend approval of amending the Municipal Code Sections 118-149, relating to the annual increases to volume charges for sewer services by 9% effective on July 1, 2012; July 1, 2013; July 1, 2014; and July 1, 2015.

Recommend approval of amending the Municipal Code Sections 118-275, relating to the annual increases to the ERU (stormwater utility) rate to be applied to residential and nonresidential properties by 6% effective on July 1, 2013; July 1, 2014; and July 1, 2015.

Recommend approval of repealing Section 118-289, relating to a sunset provision of the Stormwater Utility.

**FISCAL IMPACT:**

The sanitary sewer volume charge rates are proposed to increase annually by 9% beginning July 1, 2012 and the stormwater (ERU) rates are proposed to increase annually by 6% for three years beginning July 1, 2013. Proposed rates and estimated annual revenue increases follow:

<b>Sanitary Sewer</b>	<u>Volume Charge per 1,000 gallons</u>	<u>Monthly Service Charge</u>	<u>Estimated Revenue Increase</u>
Current Rates	\$4.45	\$4.40	
Proposed change on:			
7/1/2012	\$4.85	\$4.40	\$2,348,000
7/1/2013	\$5.29	\$4.40	\$2,560,000
7/1/2014	\$5.76	\$4.40	\$2,790,000
7/1/2015	\$6.28	\$4.40	\$3,041,000

<b>Stormwater</b>	<u>ERU</u>	<u>Estimated Revenue Increase</u>
Rates already approved		
Current	\$8.84	
(for Jan. 1, 2013)	\$9.19	
Proposed change on:		
7/1/2013	\$9.74	\$1,062,500
7/1/2014	\$10.33	\$1,105,000
7/1/2015	\$10.95	\$1,171,000

**ADDITIONAL INFORMATION:**

At the February 6, 2012 Council workshop, staff presented an update on the status of operations and capital improvement plans related to the sanitary sewer system. At that time, staff indicated there would be a need for fee increases in the near future due to decreasing levels of water usage, to provide for increasing operating and maintenance expenses, to maintain the City's financial commitments related to outstanding sewer revenue bonds, to fund the increased payments to the WRA, and to finance additional capital projects including those necessary to meet the unfunded federal mandate to separate combined sewers estimated at \$274 million.

The recommendation was to increase the sanitary sewer rates by 9% annually for four years on July 1, 2012, July 1, 2013, July 1, 2014 and July 1, 2015.

At the January 23, 2012 Council workshop, staff presented an update on the status of operations and capital improvement plans related to the storm water system. At that time, staff indicated there would be a need for fee increases in the near future to provide for increasing operating and maintenance expenses and financing additional capital projects including those necessary to mitigate flood risk along the Des Moines River. The recommendation was to increase the ERU rate by 6% annually for three years on July 1, 2013, July 1, 2014 and July 1, 2015.

The financing of the additional capital needs of the stormwater utility is not possible with the termination clause in the Municipal Code Section 118-289 and as such, it is being recommended for repeal. The stormwater management utility has operated to the benefit of the City since its inception and will continue to provide invaluable protection to the citizens for the foreseeable future.

**PREVIOUS COUNCIL ACTION(S):**

Date: November 8, 2010

Roll Call Number: [10-1862](#)

Action: [Amending](#) Chapter 118-275 of the Municipal Code to provide for a stormwater utility fee adjustment. ([Council Communication No. 10-682](#)) **Moved by Cownie that this ordinance be considered and given first vote for passage. Motion Carried 7-0.**

Date: February 25, 2008

Roll Call Number: [08-332](#)

Action: [Amending](#) Section 118-149 of the Municipal Code regarding sewer service charges. ([Council Communication No. 08-104](#)) **Moved by Vlassis that this ordinance be considered and given first vote for passage. Motion Carried 6-1. Absent: Mahaffey.**

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Second and third readings of the ordinance.

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