



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 03/28/05
05-140

Communication No.:

Agenda Item Type: Ordinance

Roll Call No.:

Submitted by: William G. Stowe, Director of Public Works

SUBJECT—

Amending the ordinance regarding the sanitary sewer user fees for the Wastewater Collection and Treatment Services.

SYNOPSIS—

Enactment of revisions to Chapter 118 Utilities, Division 4. Rentals (Charges for Wastewater Collection and Treatment Services).

FISCAL IMPACT—

The proposed sewer rate changes are projected to provide an increase of 8% in revenue to the Des Moines Sanitary Sewer System the first year, an additional 8% the second year, and an additional 8% the third year and thereafter.

	<u>Current Rates</u>	<u>Proposed Rates</u>
Customer Service Charge	\$4.40	\$4.40
Volume Charge	\$2.97	\$3.21 (FY06)
(per 1,000 gallons		\$3.46 (FY07)
of billed water usage)		\$3.74 (FY08+)

RECOMMENDATION—

Approval

BACKGROUND—

On September 8, 2003, the City Council retained the services of Public Financial Management, Inc. (PFM) to assist with the structuring, management, marketing, and sale of bond issues for a three to five year period. PFM has assisted the city staff in conducting a study of the rate structure to determine the optimal rate that would support the capital improvements program (CIP). The findings of the analysis conclude that in order to implement the current CIP, the existing rate ordinance must be revised. The current sanitary sewer rates became effective in July 2000 and are as shown in the table above. The table above also shows the proposed rates and indicates that the monthly charge for each account will remain the same but the volume charge on each 1,000 gallons of water usage will increase by 8% each year for three years.

The rate increase is required in part to fund the CIP projects that are programmed to comply with the commitments made as a part of the Combined Sewer Overflow Long Term Control Plan that was submitted to the Iowa Department of Natural Resources (IDNR) in December 2004 and to fund the extension of sanitary trunk sewers into the newly annexed areas of the city.

The ordinance also modifies several definitions in the municipal code to reflect the changes to the status of the Wastewater Reclamation Authority as of July 1, 2004.