

May 6, 2014

To: Mayor Bemrich and City Council
From: David Fierke, City Manager
Subject: Water Rate Ordinance



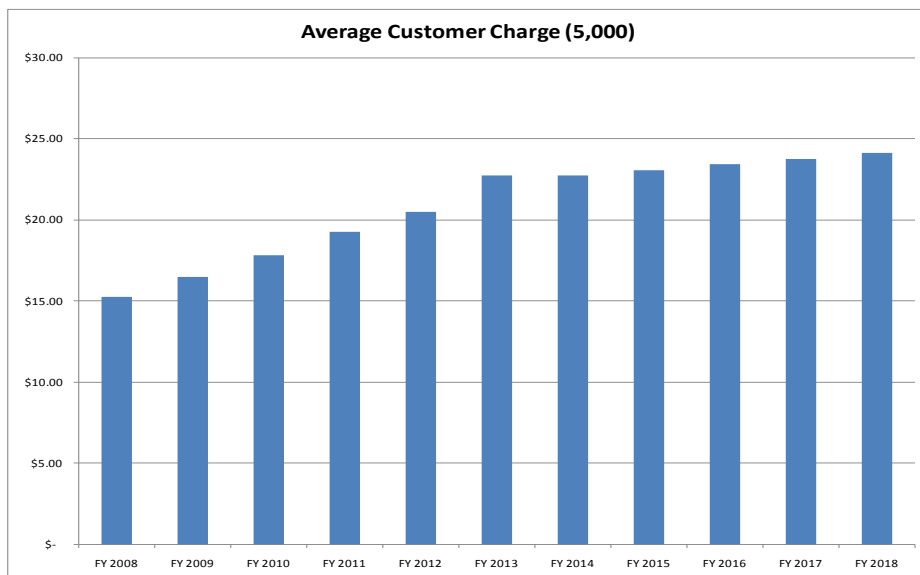
ACTION: For 1st Reading Monday, May 12, 2014

Brief History

The City's water utility has various system various capital repair and expansion needs in the near future. To meet these needs, the City needs a financially strong water utility.

Analysis of Issue

Historically, the City has deferred rate increases until the capital need is dire and the funds reserves are depleted. This practice has led to significant rate increases from one year to another. There has not been a rate increase since July 1, 2012. In the five years prior the rate increases averaged about 8% per year to catch up on projects. See chart below. Staff is proposing 1.5% annual increase the next four years. This would provide a minimal increase that is predictable for all customers while allowing the City to focus on system repairs and improvements.



Budget Impact

Water fund – The 2014 increase should generate about \$100,000 of additional revenue. The new revenue was included in the FY 2015 budget presentation

Alternatives & Staff Conclusions

The Council could chose no rate increase or any other percentage deemed necessary. No rate increase on July 1, 2014 will not have a significant negative impact on the Water Utilities ability to deliver services in FY 2015, however, deferring increases each year will lead to a circumstance that requires a single larger increase in a future year.

Implementation

If approved by the City Council the water billing department would implement the rate increase effective July 1, 2014.

Signed

David Fierke
City Manager

ORDINANCE NO. _____

AN ORDINANCE AMENDING SECTION 13.04.020 OF THE CITY OF FORT DODGE MUNICIPAL CODE PROVIDING FOR RATES FOR WATER AND RULES AND REGULATIONS THEREOF:

BE IT ORDAINED BY THE CITY COUNCIL OF FORT DODGE, IOWA:

SECTION I. PURPOSE

The purpose of this Ordinance is to amend Section 13.04.020 of the Fort Dodge Municipal Code establishing new rates for the consumption of water.

SECTION II. WATER RATES

Section 13.04.020 of the Fort Dodge Municipal Code is hereby repealed, and the following adopted in lieu thereof.

The following rates shall be charged and collected from all customers of City Water in and outside the City Limits of the City of Fort Dodge, Iowa:

A. From and after the 1st day of July 2014

(1) INSIDE City Limits - Monthly Consumption:

Consumers using **less than 2,000 gallons, a charge of \$12.21** shall be made, and this shall be the **minimum**.

First 2,000 gallons	\$ 12.21
The next 18,000 gallons,	\$ 3.62 per 1,000 gallons
The next 210,000 gallons,	\$ 2.69 per 1,000 gallons
The next 6,470,000 gallons,	\$ 2.16 per 1,000 gallons
The next 2,000,000 gallons,	\$ 1.44 per 1,000 gallons
All over 8,700,000 gallons,	\$ 1.06 per 1,000 gallons

(2) OUTSIDE City Limits - Monthly Consumption:

Consumers using **less than 2,000 gallons, a charge of \$36.64** shall be made, and this shall be the **minimum**.

First 2,000 gallons,	\$ 36.64
The next 6,000 gallons,	\$ 6.13 per 1,000 gallons
The next 12,000 gallons,	\$ 4.72 per 1,000 gallons
The next 210,000 gallons,	\$ 3.49 per 1,000 gallons
The next 6,470,000 gallons,	\$ 2.81 per 1,000 gallons
The next 2,000,000 gallons,	\$ 1.87 per 1,000 gallons
All over 8,700,000 gallons,	\$ 1.06 per 1,000 gallons

B. From and after the 1st day of July, 2015

(1) INSIDE City Limits – Monthly Consumption:

Consumers using **less than 2,000 gallons, a charge of \$12.40** shall be made, and this shall be the **minimum**.

First 2,000 gallons	\$ 12.40
The next 18,000 gallons,	\$ 3.68 per 1,000 gallons
The next 210,000 gallons,	\$ 2.73 per 1,000 gallons
The next 6,470,000 gallons,	\$ 2.19 per 1,000 gallons
The next 2,000,000 gallons,	\$ 1.46 per 1,000 gallons
All over 8,700,000 gallons,	\$ 1.07 per 1,000 gallons

(2) OUTSIDE City Limits – Monthly Consumption:

Consumers using **less than 2,000 gallons, a charge of \$37.19** shall be made, and this shall be the **minimum**.

First 2,000 gallons,	\$ 37.19
The next 6,000 gallons,	\$ 6.22 per 1,000 gallons
The next 12,000 gallons,	\$ 4.79 per 1,000 gallons
The next 210,000 gallons,	\$ 3.54 per 1,000 gallons
The next 6,470,000 gallons,	\$ 2.85 per 1,000 gallons
The next 2,000,000 gallons,	\$ 1.90 per 1,000 gallons
All over 8,700,000 gallons,	\$ 1.07 per 1,000 gallons

C. From and after the 1st day of July, 2016

(1) INSIDE City Limits – Monthly Consumption:

Consumers using **less than 2,000 gallons, a charge of \$12.58** shall be made, and this shall be the **minimum**.

First 2,000 gallons	\$ 12.58
The next 18,000 gallons,	\$ 3.73 per 1,000 gallons
The next 210,000 gallons,	\$ 2.77 per 1,000 gallons
The next 6,470,000 gallons,	\$ 2.23 per 1,000 gallons
The next 2,000,000 gallons,	\$ 1.48 per 1,000 gallons
All over 8,700,000 gallons,	\$ 1.09 per 1,000 gallons

(2) **OUTSIDE** City Limits – Monthly Consumption:

Consumers using **less than 2,000 gallons, a charge of \$37.75** shall be made, and this shall be the **minimum**.

First 2,000 gallons,	\$ 37.75
The next 6,000 gallons,	\$ 6.32 per 1,000 gallons
The next 12,000 gallons,	\$ 4.86 per 1,000 gallons
The next 210,000 gallons,	\$ 3.60 per 1,000 gallons
The next 6,470,000 gallons,	\$ 2.89 per 1,000 gallons
The next 2,000,000 gallons,	\$ 1.93 per 1,000 gallons
All over 8,700,000 gallons,	\$ 1.09 per 1,000 gallons

D. From and after the 1st day of July, 2017

(1) **INSIDE** City Limits – Monthly Consumption:

Consumers using **less than 2,000 gallons, a charge of \$12.77** shall be made, and this shall be the **minimum**.

First 2,000 gallons	\$ 12.77
The next 18,000 gallons,	\$ 3.79 per 1,000 gallons
The next 210,000 gallons,	\$ 2.81 per 1,000 gallons
The next 6,470,000 gallons,	\$ 2.26 per 1,000 gallons
The next 2,000,000 gallons,	\$ 1.51 per 1,000 gallons
All over 8,700,000 gallons,	\$ 1.10 per 1,000 gallons

(2) **OUTSIDE** City Limits – Monthly Consumption:

Consumers using **less than 2,000 gallons, a charge of \$38.32** shall be made, and this shall be the **minimum**.

First 2,000 gallons,	\$ 38.32
The next 6,000 gallons,	\$ 6.41 per 1,000 gallons
The next 12,000 gallons,	\$ 4.93 per 1,000 gallons
The next 210,000 gallons,	\$ 3.65 per 1,000 gallons
The next 6,470,000 gallons,	\$ 2.94 per 1,000 gallons
The next 2,000,000 gallons,	\$ 1.96 per 1,000 gallons
All over 8,700,000 gallons,	\$ 1.10 per 1,000 gallons

- (3) **All service larger than three-quarter-inch, where private supply is maintained, and the city supply is held as a standby, a charge for such standby service will be negotiated by the City Engineer.**

SECTION III. REPEALER

All Ordinances or parts of Ordinances in conflict with this Ordinance, specifically, Ordinance No. 2024 Section II., Paragraphs A thru E, of the Ordinances of the City of Fort Dodge, Iowa, are hereby repealed.

SECTION IV. SEVERABILITY

If any section, provision, or part of this Ordinance shall be adjudged invalid or unconstitutional, such adjudication shall not affect the validity of the Ordinance as a whole, or any section, provision, or part thereof not adjudged invalid or unconstitutional.

SECTION V. EFFECTIVE DATE

This Ordinance shall be in full force and effect, the ____ day of ____, 2014, following passage, approval, and publication by law required.

The above Ordinance was adopted by the City Council of the City of Fort Dodge, Iowa, this ____ day of ____, 2014.

Matt Bemrich, Mayor

ATTEST:

Jeff Nemmers, City Clerk

Published in The Messenger this ____ day of _____ 2014.