CITY OF IOWA COLONY

City Council Agenda Item Request Form

This form is required to be completed by the applicable deadline for placement of an item on the City Council Agenda.

Date: 11/06/2026

Department Making Request: 30 - Public Works

Person Making Request: Dinh Ho

Item Type: Action (other)

Budgeted? N/A (no cost) Cost: $0.00

If budgeted, identify account:

Short Description:

Consideration and possible action on the Final Water and Wastewater Cost of Service and Rate Design Study (Nelisa Heddin Consulting, LLC, dated November 5, 2026), and direction to staff regarding proposed water and wastewater rates for FYE 2027 through FYE 2031.

Explanation/Justification Details:

The City retained Nelisa Heddin Consulting, LLC (NH Consulting) to update the cost of service and rate design study for the City's water and wastewater utility. The Final Report (November 5, 2026) uses the AWWA Base-Extra Capacity methodology, the FYE 2026 budget as the test year, a 3% annual inflation factor, and customer growth projections developed with City staff, including the City's anticipated assumption of MUD 55 operations in January 2027. It projects water customers growing from 6,235 (FYE 2027) to 8,095 (FYE 2031).

Net revenue requirement from rates (FYE 2027): Water $1,830,687 (gross expenses of $3,926,439 less $2,095,751 in revenue offsets, primarily meter/tap and inspection fees); Wastewater $3,093,944 (gross $3,246,443 less $152,499 in offsets). Combined: $4,924,632. Line-item detail is provided in Schedules 1 and 2 of the report.

Recommended rates:
- Water minimum bill (by meter size): no change ($25.00 for 5/8" through 1").
- Residential volumetric (per 1,000 gal), effective FYE 2027 and held through FYE 2031: 5,001-10,000 gal $3.00 to $3.25; 10,001-20,000 gal $3.50 to $3.95; over 20,000 gal $4.00 to $4.65. First 5,000 gal remain included in the minimum bill.
- Non-residential volumetric (per 1,000 gal): $4.00/$4.50/$5.25/$5.25 to $4.25/$4.95/$5.65/$6.35 across the same tiers (first 2,000 gal included).
- Wastewater flat monthly fee: $25.00 to $30.00 (FYE 2027), $35.00 (FYE 2028), $40.00 (FYE 2029-2031).

Typical residential impact (5/8" meter, 10,000 gal/month, water + wastewater): $65.00 currently; $71.25 in FYE 2027; $81.25 by FYE 2029.

This item presents the final study for Council review and direction. No rates are adopted by this action; staff will return with a rate ordinance following Council direction.

Requestor Signature:

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This section to be completed by City Secretary, City Attorney, and City Manager's Office only:

Legal Review is complete, legal documents are prepared:

City Attorney

Item is approved for placement on Council Agenda:

City Manager

Item is scheduled for placement on the Council Agenda.

City Secretary