



To: Mayor and City Council
 From: Dylan Mulfinger
 Subject: Water Sewer Rates Work Session #3
 Date: 3/22/2021

On March 8, City Council provided direction to show what rates would look like with no infrastructure fee and another example with smaller infrastructure fees. The following show the original schedule presented then the two proposed by council.

Original Schedule Proposed on March 8

2021-2022						
Proposed six percent water, six percent sewer, one dollar water infrastructure, one dollar sewer infrastructure						
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	Total Per Month	
1	\$ 2.67		0.59	1.00	2.94	
2	\$ 5.81		1.29	1.00	4.05	
3	\$ 9.36		2.09	1.00	5.31	
4	\$ 10.07		2.25	1.00	5.57	
5	\$ 13.52		3.02	1.00	6.79	
6	\$ 18.85		4.22	1.00	8.69	

2022-2023						
Proposed six percent water, five percent sewer, one dollar water infrastructure, one dollar sewer infrastructure						
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	Total Per Month	
1	0.57	1.00	0.77	1.00	3.34	
2	1.24	1.00	1.74	1.00	4.98	
3	2.01	1.00	2.83	1.00	6.84	
4	2.16	1.00	3.05	1.00	7.22	
5	2.90	1.00	4.12	1.00	9.02	
6	4.05	1.00	5.76	1.00	11.81	

2023-2024						
Proposed six percent water, five percent wastewater						
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	Total Per Month	
1	0.60	0.00	0.81	0.00	1.41	
2	1.30	0.00	1.78	0.00	3.08	
3	2.10	0.00	2.87	0.00	4.97	
4	2.26	0.00	3.09	0.00	5.35	
5	3.03	0.00	4.16	0.00	7.19	
6	4.23	0.00	5.80	0.00	10.03	

2024-2025					
Proposed two percent water, two percent sewer					
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	
1	0.21	0.00	0.34	0.00	0.55
2	0.44	0.00	0.78	0.00	1.22
3	0.71	0.00	1.28	0.00	1.99
4	0.76	0.00	1.38	0.00	2.14
5	1.02	0.00	1.86	0.00	2.88
6	1.42	0.00	2.61	0.00	4.03

2025-2026					
Proposed two percent water, two percent sewer					
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	
1	0.21	0.00	0.35	0.00	0.56
2	0.47	0.00	0.76	0.00	1.23
3	0.77	0.00	1.23	0.00	2.00
4	0.83	0.00	1.32	0.00	2.15
5	1.12	0.00	1.77	0.00	2.89
6	1.57	0.00	2.47	0.00	4.04

No Infrastructure Fee

2021-2022					
25 increase water, 9 percent wastewater					
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	Total Per Month
1	2.23		1.31		\$3.54
2	4.84		2.92		\$7.76
3	7.79		4.75		\$12.54
4	8.39		5.12		\$13.50
5	11.25		6.89		\$18.14
6	15.69		9.63		\$25.31

2022-2023					
6 increase water, 5 percent wastewater					
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	Total Per Month
1	0.66		0.80		\$1.46
2	1.42		1.77		\$3.19
3	2.29		2.86		\$5.15
4	2.46		3.08		\$5.54
5	3.30		4.15		\$7.44
6	4.59		5.79		\$10.38

2023-2024					
6 increase water, 5 percent wastewater					
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	Total Per Month
1	0.71	0.00	0.84	0.00	\$1.55
2	1.56	0.00	1.84	0.00	\$3.40
3	2.52	0.00	2.97	0.00	\$5.49
4	2.72	0.00	3.19	0.00	\$5.91
5	3.65	0.00	4.29	0.00	\$7.94
6	5.09	0.00	5.98	0.00	\$11.08

2024-2025					
2 increase water, 2 percent waste water					
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	Total Per Month
1	0.25	0.00	0.35	0.00	\$0.60
2	0.54	0.00	0.79	0.00	\$1.33
3	0.88	0.00	1.29	0.00	\$2.16
4	0.94	0.00	1.39	0.00	\$2.33
5	1.26	0.00	1.87	0.00	\$3.13
6	1.76	0.00	2.62	0.00	\$4.38

2025-2026					
2 increase water, 2 percent waste water					
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	Total Per Month
1	0.26	0.00	0.35	0.00	\$0.61
2	0.55	0.00	0.79	0.00	\$1.34
3	0.89	0.00	1.29	0.00	\$2.17
4	0.95	0.00	1.39	0.00	\$2.34
5	1.27	0.00	1.87	0.00	\$3.15
6	1.77	0.00	2.62	0.00	\$4.39

\$2 Water Infrastructure \$2.00 Wastewater Infrastructure

2021-2022					
14 increase water, 9 percent wastewater					
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	Total Per Month
1	-2.75	2.00	1.31	2.00	\$2.56
2	-1.29	2.00	2.92	2.00	\$5.64
3	0.38	2.00	4.75	2.00	\$9.12
4	0.71	2.00	5.12	2.00	\$9.83
5	2.32	2.00	6.89	2.00	\$13.21
6	4.81	2.00	9.63	2.00	\$18.44

2022-2023					
6 increase water, 5 percent wastewater					
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	Total Per Month
1	0.60	2.00	0.80	2.00	\$5.40
2	1.30	2.00	1.77	2.00	\$7.07
3	2.10	2.00	2.86	2.00	\$8.96
4	2.26	2.00	3.08	2.00	\$9.34
5	3.03	2.00	4.15	2.00	\$11.18
6	4.23	2.00	5.79	2.00	\$14.02

2023-2024					
14 increase water, 9 percent wastewater					
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	Total Per Month
1	0.65	2.00	0.84	2.00	\$5.40
2	1.41	2.00	1.84	2.00	\$7.07
3	2.28	2.00	2.97	2.00	\$8.96
4	2.45	2.00	3.19	2.00	\$9.34
5	3.29	2.00	4.29	2.00	\$11.18
6	4.58	2.00	5.98	2.00	\$14.02

2024-2025					
14 increase water, 9 percent wastewater					
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	Total Per Month
1	0.23	2.00	0.35	2.00	\$4.58
2	0.49	2.00	0.79	2.00	\$5.28
3	0.79	2.00	1.29	2.00	\$6.08
4	0.85	2.00	1.39	2.00	\$6.24
5	1.14	2.00	1.87	2.00	\$7.01
6	1.59	2.00	2.62	2.00	\$8.21

2025-2026					
14 increase water, 9 percent wastewater					
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	Total Per Month
1	0.23	0.00	0.35	2.00	\$2.58
2	2.99	0.00	0.79	2.00	\$5.78
3	4.82	0.00	1.29	2.00	\$8.11
4	5.19	0.00	1.39	2.00	\$8.57
5	6.96	0.00	1.87	2.00	\$10.83
6	9.70	0.00	2.62	2.00	\$14.31

Council Rate Request

Staff is showing what rate increases would look like with no infrastructure and then a \$2.00 infrastructure on both systems. The differences are not staggering, but the more council puts toward rates, and not fees, the higher end users are more affected. This may have an adverse effect on large families as they use more water. The impact to commercial and industrial should not be overlooked. The largest users of water and sewer are residential and no matter the setup, residential will carry the load for rates and fees.

Correct

I incorrectly stated how we bill. We bill by the cubic foot, and 1 cubic foot is 7.48 gallons.

This information as provided at the March 8 work session and has not been updated.

Water Sewer Projects

The City has worked with council to ensure that several projects will be completed, and that the city can move forward on several improvements in the water and sewer utility.

Water

- \$779,500 loan for Water Infrastructure Project
 - Already awarded \$600,000 in CDBG funds
- \$1,300,000 for an additional project/projects
 - The City would generate funding for a loan payment of this future cost
- \$100,000 annual revenue for capital improvement projects in water
- Revenue Needed \$240,000

Sewer

- \$1,000,000 Reed Bed Expansion
- \$300,000 Nutrient Reduction
- \$200,000 Clean Out Equalization Basin Replace Liner
- \$200,000 Sewer Main Replacement
- \$135,000 UV Disinfection
- \$100,000 annual revenue for capital improvement projects in sewer/wastewater
- \$70,000 staffing level
- Infiltration/Inflow (INI Study)
- Improvements to 4th and 5th NE
- Revenue Needed \$320,000

Council was determined to make sure that residential homes did not carry all the rate increase. Administration's proposed plan focuses on rates and does not place everything on the infrastructure fees. This plan provides large fees for customers that use more of the service.

Residential customers consume/pay more than commercial.

- Water Utility January 2021
 - 2473 residential customers were billed \$53,815.00
 - 214 commercial customers were billed \$21,562.54
- Sewer Utility January 2021
 - 2428 residential customers were billed \$89,394.82
 - 208 commercial customers were billed \$24,520.63

Infrastructure Fee

A City Council member had asked what it would take to bring the infrastructure fees back into rates and only go to a rate structure and not have set fees. The reason for this request was that a single home would pay the same fee as a home with several people or a business that uses large amounts of water. The reason behind this request is to try and focus the fees to the customer who uses and needs the service the most. Moving the \$6.00 water infrastructure fee to rates would add a 19 percent increase to rates. This increase would have minimal effect on customers who do not use much water, but it would have a significant effect on high end users.

The infrastructure fee was started as a septate fee to show customers where the money would be spent. City code requires that anything collected under the infrastructure fee goes toward a city project. The City has used this fee on the water tower renovation and painting and will use this fee for line replacement.

Significant time was spent studying the rates to determine if moving the infrastructure fee should be placed on the minimum or be on the rates. The city has a minimum fee, then charges based on 100 units of water sold. Administration determined that if the current infrastructure fee was moved to the base rate, it would still act as a fee and not a rate and would have little to no effect except that it would no longer be a separate charge. Moving the infrastructure fee to the rate would have a significant effect on high end water users. Administration will make the changes to the infrastructure fee at the direction of City Council.

Past Rate Increases

Historically the city has raised rates the following years:

1975, 1977, 1983, 1993, 1998, 2000, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2010, 2015, 2016, 2017, 2018, 2019

City Council Decision

The decision in front of council tonight is to determine the future of the utility for the city of Oelwein. Administration is requesting that the city no longer push the burden down the road and the that current community stand up and work toward a utility that is working harder to improve than keeping rates low. The City Administrator is requesting that City Council raise rates July of 2021 by passing a new ordinance starting March 22.

This information as provided at the March 8 work session and has not been updated.

Landfill, Transfer Station, Recycling Fee

The City is also tasked by the auditor to adjust how rates are charged for county trash and county recycling. The current rate structure is based on amount of people in the home. The City takes this number when a person signs up for utilities. This number is only changed voluntarily and is not followed up on by the city. The auditor sees this as an issue and wants the city to adjust their rate structure to reflect the correct charge.

Administration considered three options.

- Audit customers monthly
 - Staff would determine the amount that was feasible and would call or email customers and ask for an update on their home size
 - With 2700 customers this task was not impossible, but running through examples it proved to be a significant time constraint
- Base charge on size of container
 - While feasible, this would require continual communication with our single hauler and could change often with continual moving of residents from rentals and home purchasing
 - Staff determined this was not a feasible solution
- A single rate based per household
 - This proposal places a rate per household and the most efficient and effective to administer
 - This proposal raises the rate for one and two person households

County trash is the fee for any property in Oelwein to use the transfer station. If a home owner collects their trash in their backyard and decides to bring it to the transfer, they will be weighed, but not charged. This only applies to household garbage as there are fees for furniture and construction material.

County Recycling is the fee for anyone property in Oelwein to sue the blue bins. This charge also allows anyone in the city to bring their recycling to the transfer station.

The following tables show the adjustment in charges for families.

County Landfill, County Transfer Station, Solid Waste Proposed Rate Change to a flat fee					
Family size	Current Annual	Monthly	Proposed Monthly	Increase	
1	27.00	2.25	6.65	4.40	
2	54.00	4.50	6.65	2.15	
3	81.00	6.75	6.65	-0.10	
4	108.00	9.00	6.65	-2.35	
5	135.00	11.25	6.65	-4.60	
6	162.00	13.50	6.65	-6.85	

County Recycle					
Family size	Current Annual	Monthly	Proposed Monthly	Increase	
1	9.90	0.83	2.45	1.63	
2	19.80	1.65	2.45	0.80	
3	29.70	2.48	2.45	-0.02	
4	39.60	3.30	2.45	-0.85	
5	49.50	4.13	2.45	-1.68	
6	59.40	4.95	2.45	-2.50	

This information as provided at the March 8 work session and has not been updated.

Tree Utility

Administration was asked to “find the money” as an option to raising the tree utility fee a \$1.05. Trees are front in center in Oelwein because the Emerald Ash Borer is causing a large number of trees to die and need to be taken down in a short period of time. Once an Ash tree dies it has 5-7 years before it loses its structural integrity. The City completed a tree survey and identified 300 Ash trees in the right-of-way. Administration is asking for a \$1.05 increase to help address the need to tear down more trees. Staff took down 75 trees in 2020 and is determined to increase this amount to address the Ash tree situation.

The City can use the following funds to pay for removal of trees from the right-of-way:

- Tree Utility
 - This currently pays for:
 - Tree removal
 - Tree grinding
 - Tree planting
 - Annual revenue is \$65,000
- Road User Tax
 - This fund was paying for trees before the tree utility was created. Council has placed road repairs as a main goal so funding has been focused on road projects and other funding was created for trees.
 - Using this fund again would set back equipment purchases and road repairs. While council can allocate an amount from this fund, it would set back the chip seal road repairs that are being determined by City Council.
- Franchise Fees
 - This fund is used for all capital items for general funded departments and road repairs when viable. Council has worked to spend down the balance in this fund and will see a low reserve in the coming years.
 - Should council provide direction to use this fund for tree removal, staff will have to bring forward items not to purchase and reduce the spending on the capital improvement program.
- Local Option Sales Tax (LOST)
 - This fund is focused on home improvement for Oelwein. We use LOST for Oelwein Chamber and Development funding, abatement, Oelwein Regional Tech Complex (Tec Spec) school payment, Library Accreditation, residential tear down grant, junk house removal, Fayette County Housing Trust Fund, CDBG Housing Grant, and the Wellness Center
 - Should council provide direction to use this fund for tree removal, Administration will have to bring forward items not to purchase and reduce the spending.

While it may seem like the easy way out to raise fees, the city is focusing money on the problem. Trees are a great resource for the community and their benefits will always be greater than their cost. Lastly, and I cannot state this enough, trees provide air to breath.

This information as provided at the March 8 work session and has not been updated.

Total Rate Increase Impacts on Residential Customers for Five Year Plan

July 2021- June 2022								
	Monthly Increase							
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	County Landfill	County Recycle	Tree Utility	Monthly Increase Total
1	0.35	1.00	0.59	1.00	4.40	1.63	1.05	10.02
2	0.76	1.00	1.29	1.00	2.15	0.80	1.05	8.05
3	1.22	1.00	2.09	1.00	-0.10	-0.02	1.05	6.24
4	1.32	1.00	2.25	1.00	-2.35	-0.85	1.05	3.42
5	1.77	1.00	3.02	1.00	-4.60	-1.68	1.05	1.56
6	2.47	1.00	4.22	1.00	-6.85	-2.50	1.05	0.39

July 2022- June 2023								
	Monthly Increase							
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	County Landfill	County Recycle	Tree Utility	Monthly Increase Total
1	0.57	1.00	0.77	1.00	0.00	0.00	0.00	3.34
2	1.24	1.00	1.74	1.00	0.00	0.00	0.00	4.98
3	2.01	1.00	2.83	1.00	0.00	0.00	0.00	6.84
4	2.16	1.00	3.05	1.00	0.00	0.00	0.00	7.22
5	2.90	1.00	4.12	1.00	0.00	0.00	0.00	9.02
6	4.05	1.00	5.76	1.00	0.00	0.00	0.00	11.81

July 2023- June 2024								
	Monthly Increase							
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	County Landfill	County Recycle	Tree Utility	Monthly Increase Total
1	0.60	0.00	0.81	0.00	0.00	0.00	0.00	1.41
2	1.30	0.00	1.78	0.00	0.00	0.00	0.00	3.08
3	2.10	0.00	2.87	0.00	0.00	0.00	0.00	4.97
4	2.26	0.00	3.09	0.00	0.00	0.00	0.00	5.35
5	3.03	0.00	4.16	0.00	0.00	0.00	0.00	7.19
6	4.23	0.00	5.80	0.00	0.00	0.00	0.00	10.03

July 2024- June 2025								
	Monthly Increase							
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	County Landfill	County Recycle	Tree Utility	Monthly Increase Total
1	0.21	0.00	0.34	0.00	0.00	0.00	0.00	0.55
2	0.44	0.00	0.78	0.00	0.00	0.00	0.00	1.22
3	0.71	0.00	1.28	0.00	0.00	0.00	0.00	1.99
4	0.76	0.00	1.38	0.00	0.00	0.00	0.00	2.14
5	1.02	0.00	1.86	0.00	0.00	0.00	0.00	2.88
6	1.42	0.00	2.61	0.00	0.00	0.00	0.00	4.03

July 2025- June 2026								
	Monthly Increase							
Family Size Average Use	Water	Water Infrastructure	Sewer	Sewer Infrastructure	County Landfill	County Recycle	Tree Utility	Monthly Increase Total
1	0.21	0.00	0.35	0.00	0.00	0.00	0.00	0.56
2	0.47	0.00	0.76	0.00	0.00	0.00	0.00	1.23
3	0.77	0.00	1.23	0.00	0.00	0.00	0.00	2.00
4	0.83	0.00	1.32	0.00	0.00	0.00	0.00	2.15
5	1.12	0.00	1.77	0.00	0.00	0.00	0.00	2.89
6	1.57	0.00	2.47	0.00	0.00	0.00	0.00	4.04