



To: Mayor and Council
From: Dylan Mulfinger
Subject: Water and Sewer Rates
Date: 2/26/2024

On February 12, 2024, Oelwein City Council was presented with two options for moving forward with utility increases to fund over \$36,000,000 in projects over 10 years. The City Council had a thorough discussion but did not provide clear direction to the City Administrator as a whole.

A utility rate study was provided to the city council on February 15.

A council member requested meter sizes and a discussion on a potential fee schedule for the meter size.

Meter Size in inches	Meters
5/8	2752
¾	3
1	61
1.5	21
2	52
3	8
4	2
6	1

Further research shows that some cities charge a meter fee, monthly use charge, and higher sewer surcharges. Cities that have meter charges use this as their minimum fee. We were unable to find a city that had a minimum and a meter charge. Five percent of the city's water customers have a meter larger than 5/8. A 5/8 meter is the typical water meter for a single family dwelling.

A council member provided the comment that water should cost more for users that use it the most.

I disagree. Providing the first cubic foot of water to a property is the most expensive. The city sees an economy of scale and should not implement a fee for higher end users. In research, several cities have rates that lower as more water is consumed. Should the City Council want to explore this topic more, the City Administrator will need direction to provide an example for the City Council.

Should the city move forward with the \$500,000 plan, the city will complete \$23,000,000 in 10 years. This does not include the potential for \$6,000,000 in Community Development Block Grant (CDBG) funds. The City Council will also need to implement a three percent annual increase to ensure operational expenses are met annually.

The timeline for this process is to put something in place for July 1, 2024. There is no need to rush this process as this is a major decision for the community. The City Administrator looks forward to working with the city council on this major policy decision.