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WATER POLLUTION CONTROL

MEMORANDUM

To: Gregg Mandsager, City Administrator

CC: Nancy Lueck, Finance Director
Fran Donelson, Secretary

From: Jon Koch, WPCP Director

Date: December 4, 2017

Re: Sewer Rate Study 2017

INTRODUCTION: Veenstra & Kimm, Inc. (V&K) has submitted a Professional Services Agreement (PSA) at the request of City staff to perform a Sewer Rate Study. This study will be used to determine future rates for wastewater sewerage and treatment as well as collection and drainage fees when the current rates expire June 30, 2018. The study agreement is set not to exceed \$9,300.00. There is \$15,000.00 budgeted for this study.

BACKGROUND: V&K has performed rate studies for Muscatine in the past and is well versed in how the City structures future revenue needs for the Collection and Drainage Fund, the Water Pollution Control Reserve Fund and the Water Pollution Control Operations Fund.

Included in the new study will be an exploration of how to structure the Collection and Drainage Fund based on impervious surfaces which refers to hard surfaces that prevent or slow the permeation of water into the ground. An impervious-based rate structure creates a standard of charging that quantifies how different amounts of impervious surface area cause proportionately different impacts on the environment in terms of flooding, water quality, and habitat degradation. This rate structure proportionately charges different customers their share of the system's cost burden and provides an equitable, defensible means of cost recovery for stormwater management.

RECOMMENDATION/RATIONALE: Staff recommends approval of the PSA for the Sewer Rate Study by V&K not to exceed \$9,300.00.

