



City of Muscatine



AGENDA ITEM SUMMARY

DATE:12/09/20

City Council

STAFF

Jon Koch-Director WRRF

SUBJECT

Kraft/Heinz Wastewater Rates Agreement Extension

EXECUTIVE SUMMARY

Due to the latest sewer rate adjustment and pending expiration of the current agreement, the contracted sewer pricing with HJ Heinz (Kraft-Heinz) needs to be updated to reflect current and future rates. Heinz has agreed to and signed the proposed 7th Agreement for Wastewater Service and Rates through December 31, 2023. Council must approve the request for agreement extension to begin billing at the adjusted rates.

STAFF RECOMMENDATION

Staff recommends approval of the 7th Agreement for Wastewater Service and Rates with HJ Heinz.

BACKGROUND/DISCUSSION

The City and Heinz have used this rate agreement since 2003 as a way to stabilize revenue for the City. In the past the fee charged would fluctuate monthly and forecasting for budgets was difficult. This agreement allows the City to charge for actual use and loading from the previous year. It is billed monthly based on a total fee divided by 12. This is also advantageous for Heinz as they know what their sewer fees will be for the coming year.

CITY FINANCIAL IMPACT

This arrangement allows for the City to know a year in advance what the revenue will be from the largest rate payer. Heinz is estimated to pay over \$700,000.00 in sewer fees for the coming year.

ATTACHMENTS

7th Agreement Extension

SEVENTH EXTENSION TO AGREEMENT OF
WASTEWATER SERVICE AND RATES

THIS AGREEMENT, made and entered into this 1st day of December, 2020 by and between the **City of Muscatine, Iowa**, a municipal corporation organized and existing under the laws of the State of Iowa, hereinafter referred to as the **City**, and **Heinz North America, Division of H.J. Heinz Company, L.P.**, a limited partnership organized and existing under the laws of the State of Delaware hereinafter referred to as **Heinz**.

WITNESSETH: THAT WHEREAS, Heinz currently owns and operates an industrial facility Located in the City of Muscatine that discharges wastewater to the sanitary sewerage System of the City of Muscatine, and

WHEREAS, the City of Muscatine and Heinz entered into an agreement to establish rates and charges and other applicable provisions relating to the discharge of wastewater from the Heinz facility to the City's sanitary sewerage system with the term of said agreement being from July 1, 2003 through April 30, 2006, and subsequently the agreement was extended for the period May 1, 2006 through April 30, 2008, and subsequently the agreement was extended for the period May 1, 2008 through April 30, 2009, and subsequently the agreement was extended for the period May 1, 2009 through April 30, 2013, and subsequently the agreement was extended for the period May 1, 2013 through April 30, 2014, and subsequently the agreement was extended for the period May 1, 2014 through December 31, 2017, and subsequently the agreement was extended for the period January 1, 2018 through December 31, 2020

WHEREAS, the City and Heinz have determined it appropriate to enter into an extension to the existing agreement for the period January 1, 2021 through December 31, 2023.

NOW, THEREFORE, it is agreed that the Agreement for Wastewater Service and Rates shall be amended by the following additions and modifications:

1. Under Paragraph 1.2 of **ARTICLE 1. SEWER USER CHARGES** following the Annual Wastewater Charge table for the period January 1 through December 31, 2020, add the following:

January 1-December 31, 2021 (Billed monthly Jan-Dec 2022)

Annual Flow Units (CCF)

Annual Aggregate (BODs lbs.)	0 to 150,000	150,001 to 200,000	200,001 to 250,000	250,001 to 275,000	275,001 to 300,000	300,001 to 325,000	325,001 to 350,000
0 to 600,000	\$393,682	441,397	495,194	586,227	642,634	699,181	756,743
600,001 to 700,000	\$407,174	441,397	495,194	586,227	642,634	699,181	756,743
700,001 to 800,000	\$421,154	455,378	495,194	586,227	642,634	699,181	756,743
800,001 to 900,000	\$433,789	469,359	495,194	586,227	642,634	699,181	756,743
901,000 to 1,000,000	\$449,117	483,339	496,703	586,227	642,634	699,181	756,743
1,000,001 to 1,100,000	\$464,483	497,322	510,570	586,227	642,634	699,181	756,743
1,100,001 to 1,200,000	\$470,078	511,302	531,544	586,227	642,634	699,181	756,743
1,200,001 to 1,300,000	\$491,059	525,283	552,514	607,077	642,634	699,181	756,743
1,300,001 to 1,400,000	\$505,040	538,170	573,486	628,171	663,605	699,181	756,743
1,400,001 to 1,500,000	\$519,021	553,243	587,466	642,035	677,259	712,484	770,037
1,500,001 to 1,600,000	\$533,003	567,225	601,448	656,015	691,241	726,465	784,019
1,600,001 to 1,700,000	\$546,983	581,206	615,429	669,997	705,222	740,446	798,000
1,700,001 to 1,800,000	\$560,965	595,188	629,410	683,978	719,202	754,427	811,980
1,800,001 to 1,900,000	\$574,946	609,168	643,391	697,960	733,184	768,409	825,962
1,900,001 to 2,000,000	\$588,059	623,149	657,373	711,940	747,165	782,389	839,943
2,000,001 to 2,100,000	\$602,908	637,131	671,354	725,921	761,147	796,371	853,925
2,100,001 to 2,200,000	\$616,889	651,112	685,334	739,903	775,127	810,352	867,905
2,200,001 to 2,300,000	\$631,067	665,290	699,512	754,081	789,305	824,530	882,083
2,300,001 to 2,400,000	\$645,245	679,469	713,691	768,259	803,483	838,708	896,261
2,400,001 to 2,500,000	\$659,424	693,647	727,869	782,437	817,661	852,887	910,439
2,500,001 to 2,600,000	\$673,602	707,825	742,047	796,615	831,840	867,065	924,618
2,600,001 to 2,700,000	\$687,780	722,003	756,225	810,794	846,018	881,243	938,796
2,700,001 to 2,800,000	\$701,958	736,181	770,403	824,972	860,196	895,421	952,974
2,800,001 to 2,900,000	\$716,136	750,359	784,581	839,150	874,374	909,599	967,152
2,900,001 to 3,000,000	\$730,314	764,537	798,759	853,328	888,552	923,777	981,330
3,000,001 to 3,100,000	\$744,492	778,716	812,938	867,506	902,730	937,955	995,508
3,100,001 to 3,200,000	\$758,671	792,894	827,116	881,684	916,908	952,133	1,009,686

January 1-December 31, 2022 (Billed monthly Jan-Dec 2023)

Annual Flow Units (CCF)

Annual Aggregate (BODs lbs.)	0 to 150,000	150,001 to 200,000	200,001 to 250,000	250,001 to 275,000	275,001 to 300,000	300,001 to 325,000	325,001 to 350,000
0 to 600,000	\$405,493	454,639	510,050	603,814	661,913	720,157	779,445
600,001 to 700,000	\$419,389	454,639	510,050	603,814	661,913	720,157	779,445
700,001 to 800,000	\$433,789	469,039	510,050	603,814	661,913	720,157	779,445
800,001 to 900,000	\$446,802	483,440	510,050	603,814	661,913	720,157	779,445
901,000 to 1,000,000	\$462,591	497,840	511,605	603,814	661,913	720,157	779,445
1,000,001 to 1,100,000	\$478,418	512,242	525,887	603,814	661,913	720,157	779,445
1,100,001 to 1,200,000	\$494,390	526,641	547,490	603,814	661,913	720,157	779,445
1,200,001 to 1,300,000	\$505,791	541,041	569,090	625,289	661,913	720,157	779,445
1,300,001 to 1,400,000	\$520,191	554,315	590,691	647,016	683,514	720,157	779,445
1,400,001 to 1,500,000	\$534,592	569,841	605,090	661,296	697,577	733,859	793,138
1,500,001 to 1,600,000	\$548,993	584,241	619,491	675,696	711,978	748,259	807,539
1,600,001 to 1,700,000	\$563,393	598,642	633,892	690,097	726,379	762,659	821,940
1,700,001 to 1,800,000	\$577,793	613,043	648,292	704,498	740,778	777,060	836,340
1,800,001 to 1,900,000	\$592,194	627,443	662,693	718,898	755,179	791,461	850,741
1,900,001 to 2,000,000	\$605,700	641,884	677,094	733,298	769,580	805,861	865,141
2,000,001 to 2,100,000	\$620,995	656,245	691,495	747,699	783,981	820,262	879,542
2,100,001 to 2,200,000	\$635,396	670,646	705,894	762,100	798,381	834,663	893,942
2,200,001 to 2,300,000	4649,999	685,249	720,498	776,704	812,984	849,266	908,546
2,300,001 to 2,400,000	\$664,603	699,853	735,101	791,307	827,588	863,870	923,149
2,400,001 to 2,500,000	\$679,206	714,456	749,705	805,910	842,191	878,473	937,753
2,500,001 to 2,600,000	\$693,810	729,060	764,308	820,514	856,795	893,077	952,356
2,600,001 to 2,700,000	\$708,413	743,663	778,912	835,117	871,398	907,680	966,960
2,700,001 to 2,800,000	\$723,017	758,267	793,315	849,721	886,002	922,284	981,563
2,800,001 to 2,900,000	\$737,620	772,870	808,119	864,324	900,605	936,887	996,166
2,900,001 to 3,000,000	\$752,224	787,473	822,722	878,928	915,209	951,491	1,010,770
3,000,001 to 3,100,000	\$766,827	802,077	837,326	893,531	929,812	966,094	1,025,373
3,100,001 to 3,200,000	\$781,431	816,680	851,929	908,135	944,416	980,697	1,039,977

January 1-December 31, 2023 (Billed monthly Jan-Dec 2024)

Annual Flow Unit (CCF)

Annual Aggregate (BODs lbs.)	0 to 150,000	150,001 to 200,000	200,001 to 250,000	250,001 to 275,000	275,001 to 300,000	300,001 to 325,000	325,001 to 350,000
0 to 600,000	\$417,657	468,278	525,352	621,929	681,770	741,762	802,829
600,001 to 700,000	\$431,971	468,278	525,352	621,929	681,770	741,762	802,829
700,001 to 800,000	\$446,803	483,110	525,352	621,929	681,770	741,762	802,829
800,001 to 900,000	\$460,206	497,943	525,352	621,929	681,770	741,762	802,829
901,000 to 1,000,000	\$476,469	512,775	526,953	621,929	681,770	741,762	802,829
1,000,001 to 1,100,000	\$492,770	527,609	541,664	621,929	681,770	741,762	802,829
1,100,001 to 1,200,000	\$506,132	542,441	563,915	621,929	681,770	741,762	802,829
1,200,001 to 1,300,000	\$520,965	557,272	586,163	644,047	681,770	741,762	802,829
1,300,001 to 1,400,000	\$535,797	570,945	608,411	666,426	704,019	741,762	802,829
1,400,001 to 1,500,000	\$550,630	586,936	623,243	681,135	718,504	755,875	816,932
1,500,001 to 1,600,000	\$565,463	601,769	638,076	695,967	733,337	770,706	831,765
1,600,001 to 1,700,000	\$580,294	616,602	652,909	710,800	748,170	785,539	846,598
1,700,001 to 1,800,000	\$595,127	631,435	667,741	725,633	763,002	800,372	861,430
1,800,001 to 1,900,000	\$609,960	646,266	682,574	740,465	777,835	815,205	876,263
1,900,001 to 2,000,000	\$623,871	661,099	697,407	755,297	792,668	830,037	891,096
2,000,001 to 2,100,000	\$639,625	675,932	712,239	770,130	807,500	844,870	905,929
2,100,001 to 2,200,000	\$654,458	690,765	727,071	784,963	822,332	859,703	920,760
2,200,001 to 2,300,000	\$669,499	705,807	742,113	800,005	837,374	874,744	935,802
2,300,001 to 2,400,000	\$684,541	720,848	757,154	815,046	852,415	889,786	950,844
2,400,001 to 2,500,000	\$699,582	735,890	772,196	830,088	867,457	904,827	965,885
2,500,001 to 2,600,000	\$714,624	750,931	787,238	845,129	882,499	919,869	980,927
2,600,001 to 2,700,000	\$729,666	765,973	802,279	860,171	897,540	934,910	995,968
2,700,001 to 2,800,000	\$744,707	781,015	817,321	875,213	912,582	949,952	1,011,010
2,800,001 to 2,900,000	\$759,749	796,056	832,362	890,254	927,623	964,994	1,026,051
2,900,001 to 3,000,000	\$774,790	811,098	847,404	905,296	942,665	980,035	1,041,093
3,000,001 to 3,100,000	\$789,832	826,139	862,445	920,337	957,706	995,077	1,056,135
3,100,001 to 3,200,000	\$804,874	841,181	877,487	935,379	972,748	1,010,118	1,071,176

2. Under **ARTICLE 6. TERMS OF AGREEMENT** following Paragraph 6.10, add the following:
 - “6.11 On or before July 15th, 2023, the City shall present to Heinz an initial proposal for an extension of the wastewater service and rates agreement. If no extension to the agreement is approved on or before December 1, 2023, the agreement shall terminate on December 31, 2023, and wastewater charges and rates for the Heinz facility shall be those applicable under the City of Muscatine’s sewer user charge ordinance for users whose rates are not established by agreement.”.
3. Except as modified herein, the Agreement for Wastewater Service and Rates shall remain in full force and effect for the term of this Seventh Extension of Agreement Wastewater Service and Rates.

**HEINZ NORTH AMERICA,
DIVISION OF H.J. HEINZ COMPANY, L.P.**

CITY OF MUSCATINE, IOWA

By _____

By _____

Title _____

Title _____ Mayor _____

Date _____

Date _____

Attest:

By _____

By _____

Title _____

Title _____ City Clerk _____

Date _____

Date _____