BILL 2014-54

****** Third Reading ******

Agenda Item

TO: Mayor and City Council

FROM: Mark S. Gaugh, City Manager

DATE: November 3, 2014

RE: Sewer Rate Ordinance

Issues

The City is in the process of making treatment plant improvements and sewer system improvements in an effort to reduce infiltration and inflow, along with the elimination of sanitary sewer overflows. The first phase of work involving the sewer basin evaluation served by Lift Station #1 (Basin # F-0001) has been completed. Manhole and line improvements will be in the next phase, along with the treatment plant improvements. I/I reduction for the entire system will take place over a period of several years, however. Now that we know what the approximate debt service requirement will be for the first repair phase of these improvements, the rates will need to be further adjusted. Our goal is to implement small rate increases whenever we can, so it will have the smallest impact on our citizens. Most families are on a budget and we are sensitive to that. We are required; however, to make system improvements on a fairly aggressive schedule, so in the future, rate increases may be more significant.

This work is required by the Missouri Department of Natural Resources as a permit condition for continued operation of the facility in accordance with existing regulations. In addition, the City reviews rates on annual basis, in accordance with City Ordinance Section 12-293. Rates should be adjusted when the cost of operating or maintaining the system justify it. Sewer rates have not increased between 1992 and 2010, while costs of operation and construction did not remain stagnant. To correct this, we have created a multi-year plan that we initiated last year and keeps rate increases small, if enacted annually.

This proposed sewer rate adjustment will impact the average Cameron residential user by an additional $2.65 per month (for a user of 5,000 gallons which equals approximately 669 cubic feet).

Sewer rates are generally estimated for a 5,000 gallon per month user as a national average. This makes a uniform number so comparison can be made with other municipalities. Cameron's average user is slightly less than that. For comparison, however, a 5,000 gallon user in Cameron will pay $24.85 per month. In the most recent

survey done by MPUA (Missouri Public Utility Alliance) the same user in St. Joseph pays $46.74; Chillicothe $24.25; Kearney $20.69; Liberty $51.91; Grain Valley $37.74 and Oak Grove, $37.80. We do not expect Cameron's sewer rate to reach the $30.00 per month level until about 2015/16. Rates will be evaluated on an annual basis, however. Any unusual increases in operating costs will have to be considered, as well. In addition, we do not know if the rates for the other towns include any additional I/I work that they might be doing. It is likely that their rates will be increasing from the amounts shown above.

Surcharge rates for industrial users who exceed BOD and TSS limits will also be adjusted by the same percentages. Currently, there are no users who are required to pay these surcharges. It is important, however, to keep the rates current for these charges, as well.

Recommendation

Staff recommends that Council approve the sewer use rates on first reading as listed in the proposed ordinance. Three readings are recommended.

Bill 2014-54

ORDINANCE FOR THE CITY OF CAMERON, CLINTON AND DeKALB COUNTIES, MISSOURI REPEALING THE CURRENT SEWER USE RATES AND ESTABLISHING NEW SEWER USE RATES FOR CONSUMERS OF THE CAMERON MUNICIPAL UTILITIES

WHEREAS, the City of Cameron owns and operates a wastewater collection and treatment system as a stand-alone non-profit municipal enterprise to serve the citizens of Cameron, and

WHEREAS, the City of Cameron City Council has elected to make necessary treatment plant and sanitary sewer system improvements over the next several years to reduce infiltration and inflow, and

WHEREAS, a rate study by HDR Engineers determined that current sewer revenue is not sufficient to fund such improvements.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CAMERON, CLINTON AND DeKALB COUNTIES, MISSOURI AS FOLLOWS:

Section 1. Repeal the existing subsection (b) of Sec. 12-289, Rates, and replace it with a new subsection (b), *Monthly rates*, setting new sewer use rates.

(b) *Monthly rates.*

(1) For residential contributors, monthly user charges for the collection and treatment of sewage will be based on monthly water usage. The minimum charge per month for the collection and treatment of sewerage shall be eleven dollars sixteen cents ($11.16) for the first two hundred (200) cubic feet for residential contributors and eleven dollars sixteen cents ($11.16) for the first two hundred (200) cubic feet for other than residential contributors. In addition, each contributor shall pay a user charge rate of two dollars ninety-one cents ($2.91) per one hundred (100) cubic feet of water (or wastewater) above the minimum as determined in the preceding section.

(2) For industrial and commercial contributors, user charges for the collection and treatment of sewerage shall be based on water used during the current month. If a commercial or industrial contributor has a consumptive user of water, or in some other manner uses water which is not returned to the wastewater collection system, the user charge for that contributor may be based on a wastewater meter or separate water meters installed and maintained at the contributor's expense and in a manner acceptable to the City.

Third Reading

Section 2. Repeal the existing subsection (c) of Sec. 12-289, Surcharge, and replace it with a new subsection (c), *Surcharge*, setting new surcharge rates.

(c) *Surcharge.* For those contributors who contribute wastewater, the strength of which is greater than normal domestic sewage, a surcharge in addition to the normal user charge will be collected. The surcharge is:

(1) $0.75 per pound BOD; and
(2) $0.55 per pound TSS.

(d) *Increased charges for certain discharges.*
Any user which discharges any toxic pollutants which cause and increase in the cost of managing the effluent or the sludge from the city's system, or any water user which discharges any substances which singly or by interaction with other substances causes identifiable increases in the cost of operation, maintenance, or replacement of the system, shall pay for such increased costs. The charge to each user shall be as determined by the treatment plant operator and approved by the city council.

(e) *Applicability.* The user charge rates established in this section apply to all users, regardless of their location, of the city's system.
(Ord. No. 4068, Art. IV, 3-26-92)

Section 3. This ordinance hereby repeals all other ordinances pertaining to all sewer rates heretofore established for users of the sewer system in the City of Cameron, Missouri, and any and all other ordinances inconsistent herewith. This ordinance shall take effect and be in full force January 1, 2015.

Section 4. The Mayor is authorized to sign this ordinance approving it on behalf of the City.

Section 5. The City Clerk is hereby directed to attest to the Mayor's signature.

Passed and approved on first reading this 3rd day of November 2014.
Passed and approved on second reading this 17th day of November 2014.
Passed and approved on third and final reading this 1st day of December 2014.

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Mayor Dennis M. Clark

ATTEST:

_____
City Clerk/Finance Clerk

Third Reading