

**MEETING DATE: 01/05/26**

## **AGENDA ITEM SUMMARY**

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**Subject: Utility Rates**

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### **Background Summary: Trout**

The City of Charles City's water, sewer, and stormwater utilities rely on user rates and fees to fund operations, maintain infrastructure, and meet long-term financial obligations. Over time, changes in costs, usage patterns, and regulatory requirements can cause existing rate structures to no longer reflect the true cost of service.

The water utility utilizes a declining block rate structure, where the cost per 1,000 gallons decreases as usage increases. While this structure can support economic development and provide predictability for large-volume users, it results in significantly lower per-unit rates for high-volume customers. Because a relatively small number of users account for a large share of total consumption, discounted rates at higher usage levels can approach or fall below the actual cost of service.

Across all utility systems, operating costs continue to increase due to inflation, regulatory requirements, and infrastructure needs. When rates paid by higher-volume users approach or fall below the cost to serve, the utility's ability to fund operations, maintenance, and capital reinvestment is impacted.

In addition, the City must comply with State Revolving Fund (SRF) loan requirements, including maintaining a minimum debt service coverage ratio of 1.10. This ensures net revenues exceed annual debt payments and is necessary for continued financial compliance and access to future funding.

Recent state legislation requires the City to reduce its base property tax rate, which may result in declining General Fund revenues. As a result, certain expenses associated with operating and supporting the City's utilities that were previously funded through the General Fund will need to be shifted to their respective utility funds.

A formal utility rate assessment would allow the City to evaluate whether existing water, sewer, and stormwater rate and fee structures equitably distribute costs among users, reflect the true cost of service, and generate sufficient revenue to meet operational needs and long-term financial obligations. This assessment is an important step in protecting the financial stability of the City's utilities and ensuring reliable service for current and future users.

# CHARLES CITY WATER RATES

## WATER UTILITY RATE ASSESSMENT & RECOMMENDATIONS



### **GOAL:**

TO ESTABLISH A RATE STRUCTURE THAT COVERS OPERATIONAL COSTS WHILE MAINTAINING COMPETITIVE PRICING FOR BOTH RESIDENTS AND COMMERCIAL USERS.

# DEFINING "IDEAL" RATES



## RESIDENTIAL

**Goal:** Affordability and Conservation.

Ideal rates should cover the “cost-to-serve” plus a reserve for depreciation.



## COMMERCIAL

**Goal:** Predictability.

Rates should be slightly higher than residential to account for higher peak-demand infrastructure requirements.

The background is a gradient of blue, transitioning from a lighter shade at the top to a darker shade at the bottom. In the four corners, there are decorative white line-art elements that resemble circuit traces or a stylized network diagram, with lines connecting to small circles.

HOW DO OUR RATES STACK UP?

# 2025 TOP USERS

## TOP 3 USERS



**#1 – 40% OF ALL WATER**  
\$3.60/1000 GALLONS  
**399,691,000** GALLONS



**#2**  
AVG. \$2.95/1000 GALLONS  
**81,939,000** GALLONS



**#3**  
AVG. \$2.95/1000 GALLONS  
**41,441,096** GALLONS



## ADDITIONAL USERS & HISTORY



**#4 & 2024 COMPARISON**  
AVG. \$3.62/1000 GALLONS  
**4,427,000** GALLONS



2024- #4: AVG. \$2.57/1000 GALLONS  
9,979,000 GALLONS



**#5**  
AVG. \$4.10/1000 GALLONS  
**2,127,000** GALLONS



# CURRENT RATE STRUCTURE:

-DECLINING BLOCK RATE-

3.5% annual increase per ordinance.

Gallons Used	Fee
First 2,000 gallons	\$4.76/ 1000 GALLONS
Next 48,000 gallons	\$4.38/ 1000 GALLONS
Next 450,000 gallons	\$3.64/ 1000 GALLONS

5/8-inch meter	\$21.99
3/4-inch meter	\$24.19
1-inch meter	\$30.78
1 1/2-inch meter	\$39.58
2-inch meter	\$63.74
3-inch meter	\$241.82
4-inch meter	\$307.78
6-inch meter	\$458.90
8-inch meter	\$637.57
10-inch meter	\$828.89
12-inch meter	\$1,076.83

# WATER RATE STRUCTURES COMPARISON

## DECLINING (CHARLES CITY)



**Primary Goal:**  
Economic Development

**Best For:**  
Manufacturing Hubs

**Revenue Stability:**  
High (Industry keeps it steady)

**Consumer Message:**  
*"Use more, save more"*

## INCLINING (DES MOINES)



**Primary Goal:**  
Water Conservation

**Best For:**  
Water-Scarce Areas

**Revenue Stability:**  
Low (Fluctuates with habits)

**Consumer Message:**  
*"Save more, pay less"*

## UNIFORM (TYPICAL)



**Primary Goal:**  
Administrative Simplicity

**Best For:**  
Stable, Small Communities

**Revenue Stability:**  
Moderate

**Consumer Message:**  
*"Pay for what you use"*

# RESIDENTIAL USERS

OTHER	0 gallons	City / Type	1,496 gallons	City / Type	2,244 gallons	City / Type	2,392 gallons	City / Type	4,488 gallons
Cive dsm	\$0.70	Coraville (Residential)	\$9.20	Coraville (Residential)	\$10.43	Coraville (Residential)	\$12.57	Coraville (Residential)	\$16.85
West Des Moines	\$4.78	Cornell (Residential)	\$10.16	Waterloo	\$11.29	Waterloo	\$13.57	Waterloo	\$18.13
Cornell (Residential)	\$5.06	Waterloo	\$11.29	Cornell (Residential)	\$12.68	Cornell (Residential)	\$15.18	Cornell (Residential)	\$20.22
Urbandale dsm	\$5.23	Newton	\$11.45	Newton	\$14.32	Council Bluffs	\$16.12	Coraville (Commercial)	\$22.76
Des Moines dsm (Residential)	\$6.08	Waverly	\$12.27	Council Bluffs	\$14.43	Newton	\$17.19	Newton	\$22.93
Osakaosa	\$7.00	Iowa City	\$12.87	Waverly	\$15.03	Coraville (Commercial)	\$18.48	Marion	\$23.85
Coraville (Residential)	\$8.29	Cive dsm §	\$13.06	Cive dsm §	\$15.99	Marion	\$19.67	Council Bluffs	\$24.24
Iowa City	\$8.78	Sioux City (Residential)	\$13.48	Coraville (Commercial)	\$16.34	Iowa City	\$19.89	Le Mars	\$27.16
Des Moines dsm (Commercial)	\$9.74	Coraville (Commercial)	\$14.20	Iowa City (Commercial)	\$16.34	Waverly	\$20.04	Iowa City	\$27.23
Johnston dsm	\$10.58	Council Bluffs	\$14.43	Marion	\$17.59	Sioux City (Residential)	\$21.72	Cedar Falls (Residential)	\$27.90
Grimes dsm	\$10.98	West Des Moines	\$14.57	Sioux City (Residential)	\$17.80	Le Mars	\$21.77	Kokook	\$28.40
Fort Madison	\$11.24	Des Moines dsm (Commercial)	\$14.81	Le Mars	\$19.08	Kokook	\$22.64	Norwalk dsm	\$28.67
Waterloo	\$11.28	Des Moines dsm (Residential)	\$15.32	Des Moines dsm (Commercial)	\$19.48	Norwalk dsm	\$22.93	Des Moines dsm (Commercial)	\$29.22
Newton	\$11.45	Marion	\$15.50	West Des Moines	\$19.50	Cedar Falls (Residential)	\$24.10	Cedar Falls (Commercial)	\$29.70
Norwalk dsm	\$11.45	Urbandale dsm	\$15.61	Kokook	\$19.76	Des Moines dsm (Commercial)	\$24.25	Sioux City (Residential)	\$29.96
Indianola (Commercial)	\$12.00	Indianola (Commercial)	\$15.84	Des Moines dsm (Residential)	\$19.98	West Des Moines	\$24.42	Waverly	\$30.06
Indianola (Residential)	\$12.00	Indianola (Residential)	\$15.97	Norwalk dsm	\$20.06	North Liberty	\$24.45	Marshalltown (Commercial)	\$30.78
Waverly	\$12.27	Altoona (Commercial)	\$16.45	Mason City	\$20.50	Des Moines dsm (Residential)	\$24.64	Ames	\$30.88
Marshalltown (Residential)	\$12.36	Altoona (Residential)	\$16.45	Urbandale dsm	\$20.80	Marshalltown (Commercial)	\$24.64	Marshalltown (Residential)	\$32.64
Marshalltown (Commercial)	\$12.36	Norwalk dsm	\$17.19	Storm Lake (Residential)	\$21.36	Mason City	\$25.00	Storm Lake (Residential)	\$33.10
Ankney dsm	\$12.73	North Liberty	\$17.44	Marshalltown (Commercial)	\$21.57	Fort Dodge Δ	\$25.06	Boone (Residential)	\$33.91
Boone (Commercial)	\$12.73	Storm Lake (Residential)	\$17.47	Indianola (Commercial)	\$21.64	Storm Lake (Residential)	\$25.27	Boone (Commercial)	\$33.91
Boone (Residential)	\$12.73	Grimes dsm	\$18.06	Altoona (Commercial)	\$21.93	Cedar Falls (Commercial)	\$25.30	Des Moines dsm (Residential)	\$33.96
Altoona (Commercial)	\$12.82	Le Mars	\$18.20	Altoona (Residential)	\$21.93	Ames	\$25.32	Mason City	\$34.00
Altoona (Residential)	\$12.82	Mason City	\$18.21	Indianola (Residential)	\$21.95	Marshalltown (Residential)	\$25.86	West Des Moines	\$34.26
Sioux City (Residential)	\$13.48	Waukeae dsm	\$18.46	Cedar Falls (Residential)	\$22.20	Urbandale dsm	\$26.00	Cedar Rapids	\$35.82
Waukeae dsm	\$13.81	Marshalltown (Commercial)	\$18.50	Marshalltown (Residential)	\$22.50	Cive dsm §	\$26.12	Urbandale dsm	\$36.38
American Water Co.† (Residential)	\$14.06	Kokook	\$18.82	Ames	\$22.54	Boone (Residential)	\$26.85	Burlington	\$36.90
Coraville (Commercial)	\$14.20	Marshalltown (Residential)	\$19.12	Cedar Falls (Commercial)	\$23.10	Boone (Commercial)	\$26.85	Fort Dodge Δ	\$37.84
Ames	\$14.20	Osakaosa	\$19.54	Boone (Commercial)	\$23.32	Altoona (Commercial)	\$27.40	Altoona (Commercial)	\$38.35
Council Bluffs	\$14.43	Muscataine (Residential)	\$19.64	Boone (Residential)	\$23.32	Altoona (Residential)	\$27.40	Altoona (Residential)	\$38.35
Marion	\$15.50	Ames	\$19.76	North Liberty	\$24.45	North Liberty	\$27.44	North Liberty	\$38.47
Muscataine (Residential)	\$16.40	Boone (Residential)	\$19.79	Muscataine (Residential)	\$24.40	Indianola (Residential)	\$27.94	Indianola (Commercial)	\$39.03
Cedar Falls (Residential)	\$16.50	Boone (Commercial)	\$19.79	Fort Dodge Δ	\$25.06	Fort Dodge Δ	\$29.78	Muscataine (Commercial)	\$39.07
Cedar Falls (Commercial)	\$16.50	Cedar Falls (Residential)	\$20.30	Ankney dsm	\$25.48	Ankney dsm	\$30.57	Cive dsm §	\$39.18
Ottumwa	\$16.84	Ankney dsm	\$20.35	Waukeae dsm	\$25.48	Muscataine (Residential)	\$30.97	Indianola (Residential)	\$39.81
North Liberty	\$17.44	Cedar Falls (Commercial)	\$20.90	Osakaosa	\$25.81	Fort Madison	\$31.20	Muscataine (Residential)	\$40.68
Storm Lake (Residential)	\$17.47	Fort Madison	\$21.22	Fort Madison	\$26.21	Pella	\$31.69	Ankney dsm	\$40.78
Cedar Rapids	\$17.70	Johnston dsm	\$22.30	Grimes dsm	\$26.28	Okaloosa	\$32.07	Fort Madison	\$41.18
Le Mars	\$18.20	Cedar Rapids	\$23.74	Cedar Rapids	\$26.76	Waukeae dsm	\$32.50	Pella	\$42.01
Mason City	\$18.21	Fort Dodge Δ	\$25.06	Johnston dsm	\$28.18	Muscataine (Commercial)	\$33.35	Okaloosa dsm	\$42.41
Kokook	\$18.82	American Water Co.† (Residential)	\$25.95	Muscataine (Commercial)	\$29.48	Johnston dsm	\$34.05	Okaloosa	\$44.61
Pella	\$21.37	Ottumwa	\$26.40	Ottumwa	\$30.85	Grimes dsm	\$34.50	Ottumwa	\$44.86
<b>Coraville City</b>	\$21.98	Pella	\$26.51	Pella	\$31.69	Ottumwa	\$35.52	Johnston dsm	\$45.79
Muscataine (Commercial)	\$24.58	Muscataine (Commercial)	\$26.54	Muscataine (Commercial)	\$31.89	American Water Co.† (Residential)	\$34.17	Waukeae dsm	\$46.53
Fort Dodge Δ	\$25.06	<b>Coraville City</b>	\$26.91	<b>Coraville City</b>	\$32.38	<b>Coraville City</b>	\$34.48	Johnston dsm	\$46.72
Pleasant Hill dsm	\$28.00	Pleasant Hill dsm	\$34.60	Burlington	\$36.90	Burlington	\$36.90	American Water Co.† (Residential)	\$50.95
Spencer	\$28.00	Burlington	\$36.90	Spencer	\$41.47	Spencer	\$45.95	Grimes dsm	\$50.95
Burlington	\$36.90	Spencer	\$36.90	Pleasant Hill dsm	\$42.70	Pleasant Hill dsm	\$50.15	Spencer	\$54.93
								Pleasant Hill dsm	\$75.59

LIME SOFTENING PLANTS  
UNKNOWN TREATMENT

# COMMERCIAL USERS

City / Type	10,000,000 gallons	City / Type	50,000,000 gallons	City / Type	75,000,000 gallons	City / Type	100,000,000 gallons	City / Type	\$75,000,800 gallons					
Muscatine (Commercial)	\$11,466.00	\$1.15	Muscatine (Commercial)	\$57,132.00	\$1.14	Muscatine (Commercial)	\$85,873.00	\$1.14	Muscatine (Commercial)	\$114,213.00	\$1.14	Muscatine (Commercial)	\$428,163.00	\$1.14
La Mars	\$23,902.00	\$2.38	La Mars	\$119,083.00	\$2.38	La Mars	\$178,571.00	\$2.38	La Mars	\$226,099.00	\$2.38	La Mars	\$892,427.00	\$2.38
Cedar Falls (Commercial)	\$24,036.00	\$2.40	Cedar Falls (Commercial)	\$120,074.00	\$2.40	Cedar Falls (Commercial)	\$180,097.00	\$2.40	Cedar Falls (Commercial)	\$240,120.00	\$2.40	Cedar Falls (Commercial)	\$900,370.00	\$2.40
Burlington	\$25,694.00	\$2.56	Burlington	\$127,994.00	\$2.56	Burlington	\$191,950.00	\$2.56	Burlington	\$255,907.00	\$2.56	Burlington	\$959,715.00	\$2.56
Waterloo	\$26,247.00	\$2.62	Waterloo	\$131,053.00	\$2.62	Waterloo	\$196,557.00	\$2.62	Waterloo	\$262,061.00	\$2.62	Waterloo	\$982,601.00	\$2.62
Cedar Falls (Residential)	\$26,578.00	\$2.66	Cedar Falls (Residential)	\$132,774.00	\$2.66	Cedar Falls (Residential)	\$199,147.00	\$2.66	Cedar Falls (Residential)	\$265,519.00	\$2.66	Cedar Falls (Residential)	\$995,618.00	\$2.66
Johnston dsm	\$27,196.77	\$2.80	Johnston dsm	\$137,977.77	\$2.76	Johnston dsm	\$206,188.77	\$2.76	Johnston dsm	\$271,496.77	\$2.75	Johnston dsm	\$1,013,796.77	\$2.75
Coraville (Residential)	\$28,612.00	\$2.86	Coraville (Residential)	\$143,043.00	\$2.86	Coraville (Residential)	\$214,562.00	\$2.86	Coraville (Residential)	\$286,081.00	\$2.86	Coraville (Residential)	\$1,072,793.00	\$2.86
Coraville (Commercial)	\$28,616.00	\$2.86	Coraville (Commercial)	\$143,049.00	\$2.86	Coraville (Commercial)	\$214,568.00	\$2.86	Coraville (Commercial)	\$286,087.00	\$2.86	Coraville (Commercial)	\$1,072,799.00	\$2.86
Carroll (Residential)	\$31,557.00	\$3.16	Carroll (Residential)	\$157,751.00	\$3.15	Carroll (Residential)	\$236,623.00	\$3.15	Carroll (Residential)	\$315,495.00	\$3.15	Carroll (Residential)	\$1,183,084.00	\$3.15
Council Bluffs	\$32,251.00	\$3.23	Council Bluffs	\$160,836.00	\$3.22	Council Bluffs	\$241,250.00	\$3.22	Council Bluffs	\$321,664.00	\$3.22	Council Bluffs	\$1,206,854.00	\$3.22
Kooku	\$32,389.00	\$3.24	Kooku	\$161,939.00	\$3.24	Kooku	\$242,900.00	\$3.24	Kooku	\$323,861.00	\$3.24	Kooku	\$1,214,442.00	\$3.24
Fort Dodge Δ	\$33,068.00	\$3.31	Fort Dodge Δ	\$164,289.00	\$3.29	Fort Dodge Δ	\$246,303.00	\$3.28	Fort Dodge Δ	\$328,316.00	\$3.28	Fort Dodge Δ	\$1,230,462.00	\$3.28
Cedar Rapids	\$33,969.00	\$3.40	Cedar Rapids	\$169,720.00	\$3.39	Cedar Rapids	\$254,557.00	\$3.39	Cedar Rapids	\$339,393.00	\$3.39	Cedar Rapids	\$1,273,088.00	\$3.39
Waverly	\$34,305.00	\$3.43	Sioux City (Residential)	\$170,968.00	\$3.42	Sioux City (Residential)	\$256,323.00	\$3.42	Sioux City (Residential)	\$341,678.00	\$3.42	Sioux City (Residential)	\$1,280,586.00	\$3.41
Sioux City (Residential)	\$34,399.00	\$3.44	Sioux City (Commercial)	\$170,968.00	\$3.42	Sioux City (Commercial)	\$256,323.00	\$3.42	Sioux City (Commercial)	\$341,678.00	\$3.42	Sioux City (Commercial)	\$1,280,586.00	\$3.41
Sioux City (Commercial)	\$34,399.00	\$3.44	Waverly	\$170,980.00	\$3.42	Waverly	\$256,402.00	\$3.42	Waverly	\$341,824.00	\$3.42	Waverly	\$1,281,467.00	\$3.42
Mason City	\$34,647.00	\$3.46	Mason City	\$173,033.00	\$3.46	Mason City	\$259,625.00	\$3.46	Mason City	\$346,016.00	\$3.46	Mason City	\$1,297,423.00	\$3.46
Marion	\$38,846.00	\$3.88	Marion	\$194,130.00	\$3.88	Marion	\$291,182.00	\$3.88	Marion	\$388,234.00	\$3.88	Marion	\$1,455,810.00	\$3.88
Newton	\$38,971.00	\$3.90	Newton	\$194,842.00	\$3.90	Newton	\$292,341.00	\$3.90	Newton	\$389,840.00	\$3.90	Newton	\$1,461,844.00	\$3.90
Norwalk dsm	\$39,139.00	\$3.91	Norwalk dsm	\$195,689.00	\$3.91	Norwalk dsm	\$293,629.00	\$3.91	Norwalk dsm	\$391,370.00	\$3.91	Norwalk dsm	\$1,467,613.00	\$3.91
Iowa City	\$41,452.00	\$4.15	Iowa City	\$207,267.00	\$4.15	Iowa City	\$310,916.00	\$4.15	Iowa City	\$414,565.00	\$4.15	Iowa City	\$1,564,673.00	\$4.15
Marshalltown (Commercial)	\$42,650.00	\$4.27	Marshalltown (Commercial)	\$213,222.00	\$4.26	Marshalltown (Commercial)	\$319,800.00	\$4.26	Marshalltown (Commercial)	\$426,378.00	\$4.26	Marshalltown (Commercial)	\$1,594,675.00	\$4.26
Muscatine (Residential)	\$42,682.00	\$4.27	Muscatine (Residential)	\$215,719.00	\$4.31	American Water Co.† (Residential)	\$323,851.00	\$4.32	American Water Co.† (Residential)	\$431,732.00	\$4.32	Marshalltown (Commercial)	\$1,598,905.00	\$4.32
American Water Co.† (Residential)	\$43,362.00	\$4.34	American Water Co.† (Residential)	\$215,971.00	\$4.32	Muscatine (Residential)	\$323,867.00	\$4.32	Muscatine (Residential)	\$432,014.00	\$4.32	American Water Co.† (Residential)	\$1,618,417.00	\$4.32
Fort Madison	\$43,449.00	\$4.34	Fort Madison	\$217,236.00	\$4.34	Fort Madison	\$325,849.00	\$4.34	Fort Madison	\$434,462.00	\$4.34	Muscatine (Residential)	\$1,621,641.00	\$4.32
Marshalltown (Residential)	\$46,789.00	\$4.68	Marshalltown (Residential)	\$233,944.00	\$4.68	Marshalltown (Residential)	\$350,919.00	\$4.68	Marshalltown (Residential)	\$467,894.00	\$4.68	Fort Madison	\$1,629,200.00	\$4.34
Ames	\$47,532.00	\$4.75	Ames	\$237,651.00	\$4.75	Ames	\$356,403.00	\$4.75	Ames	\$475,154.00	\$4.75	Marshalltown (Residential)	\$1,754,606.00	\$4.68
Boone (Commercial)	\$48,493.00	\$4.85	Boone (Commercial)	\$242,488.00	\$4.85	Boone (Commercial)	\$363,733.00	\$4.85	Boone (Commercial)	\$484,978.00	\$4.85	Ames	\$1,781,811.00	\$4.75
Des Moines dsm (Residential)	\$51,362.00	\$5.14	Des Moines dsm (Residential)	\$256,793.00	\$5.14	Des Moines dsm (Residential)	\$385,257.00	\$5.14	Des Moines dsm (Residential)	\$513,721.00	\$5.14	Boone (Commercial)	\$1,818,655.00	\$4.85
Des Moines dsm (Commercial)	\$52,157.00	\$5.22	Des Moines dsm (Commercial)	\$260,782.00	\$5.22	Des Moines dsm (Commercial)	\$391,154.00	\$5.22	Des Moines dsm (Commercial)	\$521,526.00	\$5.22	Des Moines dsm (Residential)	\$1,926,626.00	\$5.14
Storm Lake (Residential)	\$53,428.00	\$5.34	Storm Lake (Residential)	\$267,138.00	\$5.34	Storm Lake (Residential)	\$400,772.00	\$5.34	Storm Lake (Residential)	\$534,406.00	\$5.34	Des Moines dsm (Commercial)	\$1,955,687.00	\$5.22
Spencer	\$61,530.00	\$6.15	Spencer	\$307,845.00	\$6.15	Spencer	\$481,424.00	\$6.15	Spencer	\$615,202.00	\$6.15	Storm Lake (Residential)	\$2,004,158.00	\$5.34
Pella	\$64,972.00	\$6.50	Pella	\$324,845.00	\$6.50	Pella	\$487,208.00	\$6.50	Pella	\$649,571.00	\$6.50	Spencer	\$2,307,314.00	\$6.15
West Des Moines	\$67,264.00	\$6.73	West Des Moines	\$336,339.00	\$6.73	West Des Moines	\$504,505.00	\$6.73	West Des Moines	\$672,670.00	\$6.73	Pella	\$2,435,893.00	\$6.50
North Liberty	\$70,112.00	\$7.01	North Liberty	\$350,621.00	\$7.01	North Liberty	\$525,777.00	\$7.01	North Liberty	\$701,033.00	\$7.01	West Des Moines	\$2,522,571.00	\$6.73
Urbandale dsm	\$71,643.00	\$7.16	Urbandale dsm	\$358,187.00	\$7.16	Urbandale dsm	\$537,276.00	\$7.16	Urbandale dsm	\$716,365.00	\$7.16	North Liberty	\$2,628,845.00	\$7.01
Altoona (Commercial)	\$74,834.00	\$7.48	Altoona (Commercial)	\$374,166.00	\$7.48	Altoona (Commercial)	\$561,257.00	\$7.48	Altoona (Commercial)	\$748,348.00	\$7.48	Urbandale dsm	\$2,686,227.00	\$7.16
Altoona (Residential)	\$75,073.00	\$7.51	Altoona (Residential)	\$375,356.00	\$7.51	Altoona (Residential)	\$563,059.00	\$7.51	Altoona (Residential)	\$750,761.00	\$7.51	Altoona (Commercial)	\$2,806,290.00	\$7.48
Boone (Residential)	\$78,375.00	\$7.84	Boone (Residential)	\$391,852.00	\$7.84	Boone (Residential)	\$587,707.00	\$7.84	Boone (Residential)	\$783,562.00	\$7.84	Altoona (Residential)	\$2,815,702.00	\$7.51
Indianola (Commercial)	\$79,516.00	\$7.95	Indianola (Commercial)	\$397,583.00	\$7.95	Indianola (Commercial)	\$596,478.00	\$7.95	Indianola (Commercial)	\$795,373.00	\$7.95	Boone (Residential)	\$2,938,321.00	\$7.84
Johnston dsm	\$80,100.00	\$8.01	Johnston dsm	\$400,457.00	\$8.01	Johnston dsm	\$600,681.00	\$8.01	Johnston dsm	\$800,904.00	\$8.01	Indianola (Commercial)	\$2,942,543.00	\$7.95
Indianola (Residential)	\$81,930.00	\$8.19	Indianola (Residential)	\$409,634.00	\$8.19	Indianola (Residential)	\$614,484.00	\$8.19	Indianola (Residential)	\$819,335.00	\$8.19	Johnston dsm	\$3,003,342.00	\$8.01
Okauchosa	\$86,170.00	\$8.62	Okauchosa	\$430,836.00	\$8.62	Okauchosa	\$646,263.00	\$8.62	Okauchosa	\$861,691.00	\$8.62	Indianola (Residential)	\$3,072,442.00	\$8.19
Clive dsm §	\$88,761.00	\$8.88	Clive dsm §	\$443,792.00	\$8.88	Clive dsm §	\$665,654.00	\$8.88	Clive dsm §	\$887,516.00	\$8.88	Johnston dsm	\$3,131,392.00	\$8.01
Pleasant Hill dsm	\$95,391.00	\$9.54	Pleasant Hill dsm	\$476,957.00	\$9.54	Pleasant Hill dsm	\$715,420.00	\$9.54	Pleasant Hill dsm	\$953,883.00	\$9.54	Clive dsm §	\$3,328,521.00	\$8.62
Waukeo dsm	\$96,134.00	\$9.61	Waukeo dsm	\$480,696.00	\$9.61	Waukeo dsm	\$721,029.00	\$9.61	Waukeo dsm	\$961,361.00	\$9.61	Pleasant Hill dsm	\$3,577,466.00	\$9.54
Ankeny dsm	\$99,343.00	\$9.93	Ankeny dsm	\$496,700.00	\$9.93	Ankeny dsm	\$745,043.00	\$9.93	Ankeny dsm	\$993,386.00	\$9.93	Waukeo dsm	\$3,605,093.00	\$9.61
Ottumwa	\$111,805.00	\$11.18	Ottumwa	\$559,010.00	\$11.18	Ottumwa	\$838,516.00	\$11.18	Ottumwa	\$1,118,021.00	\$11.18	Ankeny dsm	\$3,725,270.00	\$9.93
Grimes dsm	\$112,080.00	\$11.21	Grimes dsm	\$560,382.00	\$11.01	Grimes dsm	\$840,580.00	\$11.21	Grimes dsm	\$1,120,768.00	\$11.21	Ottumwa	\$4,192,574.00	\$11.18
												Grimes dsm	\$4,203,066.00	\$11.21

LIME SOFTENING PLANTS

UNKNOWN TREATMENT

# WATER PUMPED VS. EXPENSES:

 YEAR	 GALLONS PUMPED	 GALLONS SOLD	 TOTAL EXPENSES	 PRICE PER 1000 GALLONS
2016	718,936,000	643,920,000	\$1,538,971.27	\$2.39
2017	827,611,000	761,885,000	\$2,326,514.32	\$3.05
2018	887,179,000	768,412,200	\$2,310,411.43	\$3.00
2019	796,008,000	713,898,000	\$1,693,931.36	\$2.37
2020	757,445,000	660,760,006,	\$2,274,141.69	\$3.00
2021	789,817,000	721,109,001	\$2,726,228.56	\$3.59
2022	759,579,100	720,080,700	\$2,271,566.48	\$3.09
2023	809,492,000	785,969,000	\$3,388,232.80	\$4.19
2024	920,477,000	816,365,000	\$3,758,816.62	\$4.08



If the “discounted” rate falls below our **costs** (the **actual cost** of chemicals, electricity, along with all other expenses for each 1000 gallons), we are essentially paying these companies to use our water.



# SRF LOANS - 1.10 REQUIREMENTS



## THE 1.10 REQUIREMENT:

Requires Net Revenues to be at least 110% of your total annual debt payments.

In simpler terms: for every \$1.00 you owe in debt payments each year, you must have at least \$1.10 in cash left over after paying your daily operating expenses.

## HOW IT'S CALCULATED:

$$\text{DSC Ratio} = \frac{\{\text{Operating Revenues}\} - \{\text{Operating Expenses (excluding depreciation)}\}}{\text{Annual Debt Service (Principal + Interest)}}$$



**Operating Revenues:**  
Money collected from water/sewer bills and fees.



**Operating Expenses:**  
The cost to run the plant (power, chemicals, labor).



**Debt Service:**  
The total amount of SRF loan payments (and any other debt due in fiscal year).

# RECOMMENDATION:



## **CONDUCT A FORMAL RATE STUDY**

ENSURE THE LONG-TERM HEALTH OF THE CITY'S UTILITIES.



## **FAIR & EQUITABLE COST DISTRIBUTION**

NOT ALL USERS PLACE THE SAME STRAIN ON THE SYSTEM. A FORMAL STUDY WILL ENSURE THAT ALL USERS ARE PAYING THEIR "FAIR SHARE."



## **FUTURE-PROOFING THE SYSTEM**

BUILD A RATE SCHEDULE THAT GUARANTEES THE CITY STAYS ABOVE THE 1.10 THRESHOLD FOR THE LIFE OF ALL OUR CURRENT AND UPCOMING SRF LOANS.