

# City of Elkader

## Resident Information sheet

### on proposed improvements to

### Wastewater Treatment Plant

**“Why is my sewer bill going up?”**

#### **A brief background.....**

- For several years the City has consistently had problems complying with the state regulations in regards to ammonia nitrogen discharge limits at the wastewater treatment plant (ammonia nitrogen is harmful to aquatic life and therefore the amount that is discharged from the wastewater treatment plant into the Turkey River is limited by the Department of Natural Resources (DNR)).
- In March 2006, the City was made aware by the DNR that we were non-compliant with the ammonia nitrogen and fecal bacteria limits established by law.
- The City was required to submit a plan of action for compliance.
- The City requested proposals from several engineering companies to make an assessment of our current system and our ability to meet current and proposed standards.
- After an interview process the City selected MSA Professional Services from Dubuque to compile a report and provide a recommendation.
- In May 2007, MSA presented a report to the Council and a public meeting was held. Another engineering firm, Fox Engineering from Ames, was engaged to do a peer review of the report presented by MSA.
- In October 2007, after months of discussion with the engineers and DNR, the Council decided to move forward with the recommendations from MSA. Those recommendations included building a mechanical treatment plant, upgrades to all lift stations and replacing a section of sewer main.

#### **Why do we have to make a change?**

The current lagoon system, which was built in 1984, and had a design-life of 20 years, is no longer able to maintain compliance with federal and state regulations. We have been told by the Department of Natural Resources that we are not in compliance with the ammonia nitrogen limits or the fecal bacteria limits. (Please note, these discharge violations are due to the inability of the current system to achieve consistent permit compliance, regardless of operation.)

In addition, during the 2006 legislative session, the state legislature enacted new and stricter standards. Some of the major items contained within these new regulatory issues are:

**Stricter Discharge standards:** The Turkey River has been classified by the DNR as a High Quality Water body. Waters designated as High Quality (HQ) receive additional protection due to their unique physical, biological and chemical features. HQ waters have exceptional recreational and ecological importance.

**Anti-degradation Policy:** This policy refers to actions taken to protect and maintain the existing physical, biological and chemical integrity of the waters in the state. No additional pollutants may be discharged into the Turkey River.

**What is being proposed?** The engineers and the City considered many options. The final recommendation is:

1) **A mechanical treatment plant.** The total estimated construction cost of a new, fully equipped building plus site work (which includes raising the elevation of the site to protect against flooding) is \$3,449,000. A mechanical plant is the recommended choice because it will achieve compliance with DNR regulations and can easily be adapted to comply with future regulations. A mechanical plant also allows us to easily expand the number of users such as new businesses in the Industrial Park.

2) Major upgrades to the main lift station (located south of the Co-op) The total estimated cost is \$837,000.

3) Major upgrades to three remaining lift stations including providing an emergency back-up power source. Estimated cost is \$398,250.

4) Replacement of a section of sewer main between the Congregational Church on High Street and the Main lift station which runs under a building at the Co-op. Estimated cost is \$328,000.

These improvements together will cost \$5,012,250.

#### **Are there cheaper options?**

Many alternatives were evaluated. These alternatives included keeping the existing system, relocating the treatment system to another location, modifying the existing system and construction of a controlled discharge lagoon. (A controlled discharge lagoon means you save all of the waste and only discharge it once or twice a year.) These alternatives were rejected due to their significant increase in cost over the selected alternative, or their inability to consistently achieve compliance with the new discharge standard.

**Where will the new plant be located?** The new plant is proposed to be located in the same area as the current lagoons, which is on the south-east side of town, across Hwy 13.

#### **How will the project be paid for?**

The project can be paid for from a number of sources:

1) The City will apply for a Community Development Block Grant. Because of the size of our community, we are limited to receiving \$500,000;

2) The City will apply for part of the \$4 million allocated by the state legislature to help communities of 3,500 in population or under comply with the new standards;

3) The City is discussing funding options with USDA Rural Development as well. They have a grant program and a low-interest loan program.

4) The remainder will be paid through a low-interest loan from the State of Iowa (State Revolving Fund – SRF). The payments for that loan come from the sewer base rate on each customers' monthly utility bill.

**How much will this cost us?** Based on the current cost estimate of \$5,012,250, the cost to each customer could be an additional \$39.27/month for 20 years. However, we will have a better idea once we know if the City receives any grant funding and once the bids are received.

**Can we increase property taxes to pay for the project?** For projects related to water or sewer, funding agencies require you to pay for them from user fees. In addition, Elkader is limited to the amount of money it can borrow that will be repaid from property taxes because the state has set a debt limit for cities. Due to other outstanding loans (such as for the streetscape project, the library expansion and the Industrial Park) the City is very close to its debt capacity.

**When will the increases go into effect?** Currently, the Council is considering increasing the base rate \$2 per month for twelve months beginning in January 2008. This will achieve a \$34 base rate. At the end of 2008 we should have a better idea of the actual construction cost and will know how much more it has to be increased. The DNR's proposed compliance schedules includes a final date of January 2010 for operation and permit compliance.

**Do other communities have to do this?** Yes. The new standards passed by the state legislature affects nearly all communities within Iowa. Some are better prepared to deal with the changes because they may have a newer system than ours. Some may not have to comply with standards as strict as we do because we discharge into a river designated as a high quality river. The State has estimated it will cost up to \$1 billion for all affected communities to become compliant with the new standards.

**Can we “just say no” and not make these improvements?** No. Regardless of obtaining grant funds, the DNR will expect full compliance with the new permit after the date identified within the compliance schedule.

If we continued to be non-compliant:

- The case is referred to the State Attorney General.
- The State Attorney General can take up the case as a civil action in which the city is forced to pay fines of up to \$10K a day or more.
- The Attorney General can also take up the case as a criminal action in which the city officials are held accountable to either misdemeanor or **felony** charges.
- The US EPA may also get involved at the same time as the State Attorney General. They have the power to issue fines substantially higher than the Attorney General.
- Finally, at any given time, any environmental advocacy group or individual has the potential to sue the city for noncompliance with current law.

Dis-incorporation of the City is also an option, however then it becomes the county's problem and they can convey the burden to the citizens. Each individual homeowner would be required to provide individual wastewater treatment. This can not legally occur, however, due to the limited size of city lots. Then every individual is liable for the same penalties as the City. Individuals can face criminal prosecution for non-compliance.

**Additional Information:** Residents should also be aware of the fact that the City is receiving pressure from environmental groups including the Iowa Environmental Council and the Sierra Club. These groups have provided a 60 day notice of intent to **sue** for violations of the Clean Water Act. This potential suit has also focused attention on the City from DNR and they are working on an administrative consent order that includes a compliance schedule. It is anticipated that the compliance schedule will include stipulated penalties, however the amount of those penalties is unknown at this time.

### **Projected Timeline**

Complete Facility Plan	October 2007
Conduct Income Survey	October 2007
Submit Planning and Design Loan App.	November 2007
Facility Plan Public Hearing (30 Days)	November 2007
Submit Facility Plan, SRF Application and NPDES Application	November 2007
Submit Wastewater Treatment Financial Assistance Application	November 2007
Submit CDBG Application	November 2007
Receive Planning and Design Loan Application Approval	December 2007
Receive SRF Application Approval	December 2007
Begin Design	December 2007
Receive WWTF Financial Assistance Application Decision	March 2008
Receive Facility Plan Approval	March 2008
Receive CDBG Decision	March 2008
Submit Plans, Specifications and Permit Applications	November 2008
Receive Plans and Specifications Approval	March 2009
Advertise for Bids	March 2009
Award Construction Contract	April 2009
Commence Construction	May 2009
Complete Construction/DNR compliance date	January 2010

### **Information about your current bill:**

Although often referred to as the “water bill”, it is important to remember that you are actually paying for **three services** on one bill.

1) GA = Weekly garbage and bi-monthly recycling – for a single person this cost is \$15.13/month (or \$3.78 a week); for a family this cost is \$16.43/month (or \$4.10 a week)

2) Sewer bill:

As of 10/26/07

SB = Base rate - the current sewer base rate is \$10.00. Most of the current base rate goes towards the debt service payments on the sewer main improvements on High Street and Oak/3<sup>rd</sup> Streets.

SE = Sewer consumption – the amount paid for sewer consumption is based on the amount of water used. Currently, the consumption rate is \$4.12/100 cubic feet. This money goes towards operations and maintenance of the sewer treatment and distribution systems.

3) Water bill:

WB = Base rate - the current water base rate is \$21.00. There is currently no plan to increase the base rate. The base rate pays for the debt service payments on the water system improvements we were required by the DNR to make. Those included a new water tower, new water wells and treatment center and new water main on High Street. We also have a few more years of paying for the old standpipe that was torn down when the tower was erected.

WA = Water consumption – the amount paid for water consumption is based on the amount of water used. Currently, the consumption rate is \$4.12/100 cubic feet. This money goes towards operations and maintenance of the water treatment and distribution systems. In addition, each customer pays \$1.00 for meter rent (abbreviated on your bill as MR).

In comparison:

The **average** residential monthly residential bill for all three services is \$84.39 (based on an average consumption rate of 400 cubic feet)

GA (Garbage and Recycling) = \$16.43

MR (Meter rent)	\$1.00
WA (Water consumption)	\$16.48
WB (Water base rate)	<u>\$21.00</u>
Water total =	\$38.48

SB (Sewer base rate)	\$10.00
SE (Sewer consumption)	<u>\$16.48</u>
Sewer total =	\$26.48
Tax =	<u>\$3.00</u>
TOTAL BILL =	\$84.39

- The average monthly residential electric bill from Alliant Energy in 2006 was \$70.22.
- A basic cellular phone plan, with 1,000 minutes, can cost \$44.00/month.
- Cable television service that includes basic and expanded basic costs a minimum of \$62.00 (including taxes and equipment rental)
- If you built a new house outside of town, drilled a well and installed a septic system, you would pay a minimum of \$20,000 (total for both). That amount, added to your mortgage, at 7% interest over 20 years, would cost \$155.06 month.

**Did you know....?**

- A consumption rate of \$4.12/100 cubic feet equals \$.005 (1/2) cent per gallon.
- When you buy bottled water at \$1.09/20oz bottle you are paying \$6.98/gallon.
- One gallon of skim milk costs \$3.59.
- The average monthly bill equals \$2.81 per day for water, sewer, garbage and recycling.
- With the proposed increase of \$39 a month that average will go to \$4.11 per day.