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**City Clerk's Office**
Hiawatha City Hall
101 Emmons Street
Hiawatha, Iowa 52233

# Memo

**To:** City Council

**From:** City Administrator and City Clerk

**Date:** November 16, 2016

**Re:** Increasing Deposit Rate on Sanitary Sewer Only Accounts

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In the City of Hiawatha we currently have approximately 15 sanitary sewer only accounts for property owners who get their water service from Cedar Rapids but they are hooked to our sanitary sewer connection.

The sanitary sewer only accounts are set up similar to the water and sewer accounts where they are charged a deposit when the customer initially comes in to hook up service and a utility rate for usage. The difference is the sanitary sewer only accounts are billed every other month where the water and sewer accounts are billed monthly.

The deposit rate currently charged on a sanitary sewer only account is $20. As far as we can tell from looking through our records and speaking to the water clerks, this rate has never been increased since inception years ago back in the 60's – 70's. In the past, the sanitary sewer only accounts were charged a flat rate of $20 because the Water Department had no way of knowing how much water these customers were using. About 10 years ago the process changed when Cedar Rapids began providing the Water Department with a report showing water usage. After this time, the Water Department began charging the sanitary sewer only accounts based on their water usage but the deposit rate never increased.

The Water Department recently ran a report to determine the average bills charged to the 15 sewer only accounts, and all but two of the accounts have bills totaling $32.47 up to $81.44. A deposit rate of $20 is not enough to help recover the cost in a case where the customer moves out without paying a remaining balance left on their account.

The Water Department's current deposit rate set on water and sewer service accounts is $100. Since we are only dealing with sanitary sewer accounts, we are asking to increase the current deposit rate from $20 to $50 to assist in recovering any unpaid balances remaining on accounts.

The $50 deposit rate will be effective on all new accounts set up after the passage of the resolution. We will not apply this change to existing accounts. We will follow the Water Department policy and return the deposit to the customer after two (2) years of good credit.

Thank you for your consideration of this matter. Please let us know if you have any questions.

**DRAFT**

**RESOLUTION NO. 16-**
City Council

**RESOLUTION APPROVING AN INCREASE TO THE DEPOSIT RATE CHARGED ON SANITARY SEWER ONLY ACCOUNTS**

WHEREAS, the City of Hiawatha manages utility billing for sanitary sewer only accounts for property owners who get their water service from Cedar Rapids but are hooked up to Hiawatha sanitary sewer connection, and

WHEREAS, sanitary sewer only accounts are set up similar to the water and sewer accounts where they are charged a deposit when the customer initially comes in to hook up service and a utility rate for usage. The current deposit rate charged on a sanitary sewer only account is $20.00, and this rate has never been increased since inception back in the 60's – 70's, and

WHEREAS, to help recover the cost in a case where the customer moves out without paying a remaining balance left on their account, City Staff deems it necessary to increase the deposit rate charged on sanitary sewer only accounts from $20.00 to $50.00, based on the current bills charged to account holders; deposit will be returned to the customer after two (2) years of good credit, and

WHEREAS, City Council deems it appropriate to increase the current deposit charged to sanitary sewer only accounts from $20.00 to $50.00, to assist in covering the cost of outstanding balances, and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HIAWATHA, IOWA, to approve an increase to the deposit rate charged on sanitary sewer only accounts from $20.00 to $50.00, effective on all new accounts set up after the date of passage listed on this resolution.

AYES:
NAYS:
ABSENT:

PASSED AND APPROVED this 16th day of November, 2016.

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Bill Bennett, Mayor

ATTEST:

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Kelly Kornegor, City Clerk