



CITY OF LAKE PARK

217 Market St. Box 536

Lake Park, IA 51347

Phone: 712-832-3527 Fax: 712-832-3669

Email: city@lakepark.us

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RE: Information letter to all residents

In 2013 the EPA passed the Nutrient Reduction Act. As a result, the Iowa DNR has made changes to the permit requirements for sanitary sewer across the state. The City received their new permit in January 2018 with new requirements that must be met by May 2022 to avoid penalty from the DNR.

Ammonia Nitrogen, E. coli, and Dissolved Oxygen are the requirements that cannot be met with the current lagoon system. There are a limited number of processes that will enable the City to meet new standards. In 2018 the City engaged the services of McClure Engineering to research the options and systems that would enable the City to meet standards. After multiple meetings and on-site visits to other cities using different types of treatment facilities, the City felt the best option would be an "Aero-mod" mechanical plant. Was this system the lowest price? It was not, of the 4 systems the City looked at this system was in the middle. The 4 systems ranged from \$5.2million to \$8.3 million. The "Aero-mod" system had an estimated cost of \$6.0 million. The "Aero-mod" is considered a 40-year asset and it allowed the most room for growth and adjustability for new requirements. It is most certainly a given that our permit requirements will change over the next 5-40 years.

On February 12, the bids for the project were opened. We knew that construction cost had been rising but both the City and the engineers were caught off guard when the bids were from \$793,000 to \$1.315 million over the engineers estimate. The City is now looking at a project cost of \$6.8 million. The City applied for and has received a \$500,000 grant. The City is working with both the engineer and the general contractor to see if there are changes that can be made which could result in a cost reduction. The cost reduction will not be significant, but any reduction helps.

To pay for this project, the City will have to increase the sewer rates. The City Council and staff, with the help of a financial advisor, have been having rate discussions over the last few months. We understand the importance of keeping rates as low as possible. Currently, there is a \$20 fee on your utility bill that is designated for capital expense. Over the next 2-3 years you will likely see this increase & cap at \$29. There will continue to be a maintenance fee and a fee based on usage. These fees will also see increases. The maintenance fees will likely be between \$10 - \$21 over the next 3 years. We will be going to a flat fee per usage which could be \$6-\$12 over the next three years. These fees will be reviewed annually and will be reflective of the cost needed for operation and maintenance. The City and staff will be very committed to operate this plant at the most cost-efficient way possible to keep rates as low as possible.

This is a big project for the City. We will make every effort to keep you as informed as we can. If you have questions feel free to stop into City Hall, call us, send an email, or attend a Council meeting.

Thank you from the Mayor, City Council, and staff.