

City of Low Moor
Notice of Proposal to Discontinue Municipal Sewer Utility and
Dispose of Municipal Sewer Utility By Sale

The City of Low Moor hereby proposes to sell its sewer utility to Iowa-American Water Company pursuant to Iowa Code Section 388.2A. Previous notice of the intent to sell the water utility was mailed on December 31, 2021. That notice along with this notice is available to be viewed on the city's website under the "Utility Information" tab. The City of Low Moor provides the following notice and information regarding the sewer utility:

1. The City has received two appraisals from independent appraisers, Utility Valuations Experts, Inc. and The Dascher Company, Inc. The average fair market value of the two appraisals is \$782,500. The depreciated value of the capital assets to be sold is \$900,266 which establishes the fair market value of the utility.
2. An inventory of the sewer utility assets is attached as Exhibit A.
3. A current financial statement of the utility and a projection of the utility's financial statements for the next five years is attached as Exhibit B.
4. The city has explored alternates to the sale of the utility. The council concluded that sewer rates would need to be increased annually due to inflation and overall increased year-over-year costs. Sewer rates would need to increase at least 5% each year for at least the next 20 years.
5. The proposal from Iowa American Water includes purchasing the sewer utility for \$400,000. Iowa American Water would pump sewer waste to Clinton and use the current lift station and infrastructure to do so.
6. The appraisals, Fair Market Value, Inventory, Financial Information, Projected Rates and additional information regarding the Iowa American proposal can be found on the "Utility Information" tab on the city's website: www.cityoflowmoor.com.
7. If needed, the city will sell not more than one acre of land where the current lift station is located.

The City of Low Moor will hold a public forum to ensure that factual information is circulating amongst the public with the dates, time and locations to be announced at a later date. All questions and comments regarding the potential sale should be submitted in writing to: City of Low Moor, PO Box 130, 323 3rd Ave, Low Moor, IA 52757. This Notice shall be posted for 60 days beginning February 20, 2025.

Mayor Thomas Goldensoph
City of Low Moor
PO Box 130, Low Moor, IA 52757
mayor@cityoflowmoor.com

City Clerk Joyce Lanning
City of Low Moor
PO Box 130, Low Moor, IA 52757
clerk@cityoflowmoor.com

Exhibit A

City of Low Moor Real and Personal Property for Waste Water System	
Waste Water System	Real Property
	1 Pumping Station, Force Main & Gravity Sewer
	2 1,304 LF of 12" Clay Pipe
	3 7,084 LF of 8" Clay Pipe
	4 4,785 LF of 4" Laterals
	5 27 Manholes
	6 10 Acres of Wastewater Property
	Personal Property
	1 The cities sewer utility system does not have any personal property.

Exhibit B

City of Low Moor – Current Financial Statement

July 2023 Through June 2024

	<u>Jul '23 - Jun 24</u>	
Income		
Charges for Services		
45000 · Charges/Fees for Service		
45002 · Sewer	61,736.72	
Total 45000 · Charges/Fees for Service		61,736.72
Total Charges for Services		61,736.72
Total Income		61,736.72
Expense		
6700 · Debt Service		
6701 · Sanitary Sewer		
67010 · Principal Payments	14,000.00	
67015 · Interest Payments	1,942.50	
67019 · Loan Servicing Fees	277.50	
Total 6701 · Sanitary Sewer		16,220.00
6800 · Business Type Activites		
6820 · Sewer Utiltity	53,217.13	
Total 6800 · Business Type Activites		53,217.13
Total Expense		69,437.13
Net Income		<u><u>-7,700.41</u></u>

Exhibit B

City of Low Moor
5-Year Budget Projection
No Sale of Sanitary Sewer System

	<u>6/30/2025</u>	<u>6/30/2026</u>	<u>6/30/2027</u>	<u>6/30/2028</u>	<u>6/30/2029</u>	<u>6/30/2030</u>
Total Base Sewer Revenue	\$65,000.00	\$65,000.00	\$68,250.00	\$71,662.50	\$75,245.63	\$79,007.91
Required Sewer Rate Increase	<u>\$0.00</u>	<u>\$3,250.00⁽²⁾</u>	<u>\$3,412.50⁽²⁾</u>	<u>\$3,583.13⁽²⁾</u>	<u>\$3,762.28⁽²⁾</u>	<u>\$3,950.40⁽²⁾</u>
TOTAL SEWER REVENUE	<u>\$65,000.00</u>	<u>\$68,250.00</u>	<u>\$71,662.50</u>	<u>\$75,245.63</u>	<u>\$79,007.91</u>	<u>\$82,958.31</u>
Total Base Sewer Expenditures	\$70,440.00	\$70,440.00	\$72,553.20	\$74,729.80	\$76,971.69	\$79,280.84
Sewer Expense Increase	<u>\$0.00</u>	<u>\$2,113.20⁽¹⁾</u>	<u>\$2,176.60⁽¹⁾</u>	<u>\$2,241.89⁽¹⁾</u>	<u>\$2,309.15⁽¹⁾</u>	<u>\$2,378.43⁽¹⁾</u>
TOTAL SEWER EXPENDITURES	<u>\$70,440.00</u>	<u>\$72,553.20</u>	<u>\$74,729.80</u>	<u>\$76,971.69</u>	<u>\$79,280.84</u>	<u>\$81,659.27</u>
NET PROFIT (LOSS) FROM SEWER	-\$5,440.00	-\$4,303.20	-\$3,067.30	-\$1,726.07	-\$272.93	\$1,299.04

Notes:

(1) Assumes 3% increase annually in expenses due to inflation

(2) Assumes 5% increase annually in quarterly sewer rates