



O'Fallon
ILLINOIS
CITY COUNCIL AGENDA ITEMS

To: Mayor and City Council

From: Dean Rich, Director of Finance
Walter Denton, City Administrator

Date: May 27, 2005

Subject: Ordinance amending the sewer rate authorizing a 10% summer reduction.

List of committees that have reviewed: Public Works

Background: In Nov 1989, the sewer rates were changed to establish the rates for June, July and August as an average of the previous three quarters. While no other information is available, it is assumed this was an attempt to offset the cost of sewer based on water usage that did not go into the sewer system during the summer months i.e., watering the lawn. While well intended, it never worked efficiently, as some people were unhappy when they filled their pool in May, or watered their yard in September. It was difficult to fairly administer as the quarterly reading periods varied from year to year and thus the averages. With the change over to Automatic Read Meters and monthly billing, the historic quarterly averages have made it nearly impossible to calculate. The staff researched actual sewer billing over the past four years, and the summer bills have consistently been 10% higher than the other nine months, and the sewer average closely correlates to that percentage. Staff concludes that a 10% reduction of the sewer rate for June, July and August will provide at least as much reduction to our customers as the old system, will be predictable and fair across our total customer base. We may still have a high user in May or September who does not agree, but we estimate it will be a small percentage of the estimated 600 customers who have either a swimming pool and/or an unmetered sprinkler system.

Legal Considerations, if any: None.

Budget Impact: This is a past practice going back to 1989, and our customers expect it. It will cost the city approximately \$100,000 in lost sewer fee. This revenue is discounted in our budgeted sewer revenue projections. As a side note, the City of O'Fallon is the only one in the region who provides this service to our customers, and we will only provide relief to our citizens who use the City of O'Fallon Sewer System (customers east of Oberneufemann Rd. – all others are on the Caseyville Sewer System).

Staff recommendation: If the Council wishes to continue with the annual summer reductions, the staff recommends the city accomplish this through a 10% across the board sewer rate reduction for June, July and August.