



CITY COUNCIL AGENDA ITEMS

To: Mayor Graham and City Council
From: Dennis Sullivan, Director of Engineering & Public Works
Walter Denton, City Administrator
Date: February 6, 2006
Subject: ORDINANCE – Sewer Service Rates Ordinance Change

List of committees that have reviewed: Public Works

Background: The City of O'Fallon needs to set its sewer service rates to ensure that anticipated expenses are matched by revenues. Currently, the sanitary sewer system is not operating within budget, and needed infrastructure repair and maintenance is being delayed. The Capital Improvement Plan (CIP) which catalogues current and future maintenance, repair and improvements shows the sewer fund to have a deficit of \$4,000,000+ by FY10 based on revenue projections and estimates of needed repairs and improvements. The sewer base user rate is already subject to an increase effective each year based upon the annual increase in the Bureau of Labor Statistics, Consumer Price Index (CPI), but this is not enough to keep pace with the needed infrastructure improvements, mostly along old mains in the central town area and trunk mains installed prior to 1973. The problems encountered in the sewer lines were displayed at the recent water/sewer informational meetings held at City Hall. Additionally, sewer rates have not been raised in two years despite the existing ordinance stating that annual increases due to consumer price index adjustments are allowed.

Legal Considerations, if any: None.

Budget Impact: The implementation of the proposed sewer service rate ordinance (15% increase in base rates) should generate funding that will allow the City to take on an increased number of repair projects per year and reduce our backlog of needed maintenance, repair and improvements. However, this will need to be closely monitored in the coming years as IEPA standards are evolving and requirements for infrastructure improvements may exceed current estimates.

Staff recommendation: Staff recommends amendment of the existing ordinance.

Note: The strikethroughs on the attached ordinance show deletions and the underlined/italicized sections are additions.