



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 – Water Rates Ordinance Change

List of committees that have reviewed: Public Works

Background: The City of O'Fallon needs to set its water service rates to ensure that anticipated expenses are matched by revenues. Recent water violation notices by the Illinois Environmental Protection Agency (IEPA) mandate that a significant capital improvement program be undertaken and completed in the next 15 months. Water storage has been found to be inadequate by IEPA, and the City's existing pump station at French Village in Fairview Heights lacks a back-up pump and emergency power generation. The cost of these improvements is likely in excess of \$5,000,000. The problems to be addressed in the capital improvement program were displayed at the recent water/sewer informational meetings held at City Hall.

Legal Considerations, if any: None.

Budget Impact: The implementation of the proposed water service rate ordinance (20% increase in base rates) should generate funding that will allow the City to bond for funds to satisfy the immediate IEPA mandates. However, this will need to be closely monitored in the coming years as IEPA standards driven by federal law are evolving and requirements for additional 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.