



## CITY COUNCIL AGENDA ITEMS

**To:** Mayor Graham and City Council  
**From:** Dennis Sullivan, Director of Engineering & Public Works  
Walter Denton, City Administrator  
**Date:** August 7, 2006  
**Subject:** ORDINANCE – Water Rates Ordinance Change

**List of committees that have reviewed:** Public Works Committee

**Background:** The City has a declining rate structure (the more you use the less per gallon it costs) which runs counter to the current thinking that large users should pay more for water as they place a greater demand on the system. Secondly, the declining rates run counter to the ever-growing culture nationally and internationally that speaks to the need to conserve water. Of the top 25 users of water within the O'Fallon Water System only 3 users on average use enough water to be affected by the proposed elimination of the top tier of our rate structure would be eliminated. The proposed ordinance change affects the rate for water used above 663,000 gallons per month. The proposal would be change that rate from \$2.75 per 1,000 gallons used to \$3.10 per 1,000 as is in existence now for all use above 248,000 and less than 663,000 gallons (for O'Fallon City users). Similar proportional changes would be made in the rates that apply to Fairview Heights and Out-of-Corporate Limit users. This change will net the system very little in the way of increased revenue. It does, however, show a desire to modernize our rate structure and further promote wise water usage.

**Legal Considerations, if any:** None.

**Budget Impact:** This is a relatively revenue neutral proposal as it nets the water system about \$1,000 additional a month.

**Staff recommendation:** Staff recommends amendment of the existing ordinance.

Note: The strikethroughs on the attached ordinance show deletions while underlining notes new wording.