



**CITY COUNCIL AGENDA ITEM**

**To:** Mayor Graham and City Council  
**From:** Dennis Sullivan, Director of Engineering & Public Works  
 Walter Denton, City Administrator  
**Date:** March 15, 2010  
**Subject:** ORDINANCE – Sewer Service Rates - Revision

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

**Background:** The last time that the “Surcharge for Industrial Users” was changed was based on the 2006 rates computed as part of our annual computation of rates applicable to the Village of Shiloh. The surcharge rate, however, is not applicable to any user within the Village at this time as there is no industrial user. Nevertheless, the yearly re-computation is applicable to all industrial users served by the O’Fallon Sanitary Sewer District as it accounts for the additional treatment of “high strength” sewage at our wastewater treatment plant. Therefore, the rate should be changed to reflect the real costs as computed. Below are the yearly rates since 2006.

**Surcharges (per pound) Computed as Part of Shiloh Rate Determination**

	Calendar Year Rates					3-year Average	5-year Average
	2006	2007	2008	2009	2010		
<b>BOD</b>	\$ 0.17	0.24	\$ 0.23	\$ 0.23	\$ 0.20	\$ 0.22	\$ 0.21
<b>SS</b>	\$ 0.32	0.32	\$ 0.34	\$ 0.45	\$ 0.41	\$ 0.40	\$ 0.37

Proposed Rate

To moderate the rate change which should occur annually, the Public Works Committee recommends that a 3-year running average be used. The rates affect Prairie Farms Dairy and PET Dairy as the only industrial users currently served in the sewer district.

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

**Budget Impact:** The rate increase will actually reduce revenue due to the existing Consent Decree formula used to determine charges for PET Dairy.

**Staff Recommendation:** Staff recommends the change which will become an annual exercise with the re-computation of the rates as part of the Village of Shiloh rate computation.