



CITY COUNCIL AGENDA ITEM

To: Mayor Graham and City Council
From: Dennis Sullivan, Director of Engineering & Public Works
Walter Denton, City Administrator
Date: June 7, 2010
Subject: ORDINANCE – Water Tap-In Fee Change

List of committees that have reviewed: Public Works

Background: The last time the water tap-in fee schedule was changed was 2005. Recently, staff was made aware of the City of Collinsville fees for tap-in (which are shown in the proposed ordinance attached). When the rationale applied in 2005 for the change then in the O'Fallon fees were re-applied using current values (labor and capital outlay required for current and future water system improvement) in the Microsoft Excel spreadsheet used to determine reasonable fees in 2005, it was found that the rates proposed in the ordinance change were supported, and justified the increases as shown.

The water tap-in fee is a new user's contribution (buy-in) to an existing system and future improvement needed due to the added requirement of the new service on that system. Unfortunately, staff has found no rule of thumb when it comes to setting water tap-in fees. The O'Fallon model is hopefully based on reasonable engineering judgment. It is less than perfect, and staff will continue to improve on it if additional information is uncovered in literature review.

The biggest change in the fee schedule in the proposed ordinance is that tap-in fees for Fairview Heights are the same as those in O'Fallon. A departure from past policy.

Legal Considerations, if any: None, beyond that of revising existing ordinances.

Budget Impact: There will be a slight increase in revenue from the proposed change. The amount will be dependent upon new development or housing starts in Fairview Heights and O'Fallon.

Staff Recommendation: Staff recommends the change. And, will periodically review fees from other surrounding communities to track trends. Collinsville due to the age of their system and its comparable size to O'Fallon is a good benchmark.