

Sewer Rates

General Information Sheet

July 18, 2017

Welcome to the City of O'Fallon's sewer rates public hearing. This meeting presents the preliminary findings to revise the sewer rates. In this public hearing format there will be no formal presentations. Included in this packet is information relating to the sewer rate study. Feel free to ask City representatives any questions you have.

Because of Missouri Department of Natural Resources regulation changes, energy, chemical, and other expenditures change continuously, along with the need to repair, replace, or otherwise improve current infrastructure, user rates and fees are periodically reviewed and adjusted to compensate for changes in projected revenues and expenditures. The existing rates for the sewer rates have been reviewed and changes proposed.

SEWER RATES:

Although the infrastructure to collect and treat sanitary sewer flow from the City of O'Fallon sewer customers is mainly out of sight, it does not come without costs to maintain and repair, replace or upgrade aging infrastructure. A number of projects have been identified to keep the sanitary system and treatment facilities operating at an optimal level.

The largest project is a direct result of the Missouri Department of Natural Resources directing the City of O'Fallon to make changes to its Waste Water Treatment Plant to reduce the amount of ammonia that is discharged to the Mississippi River. This project alone will cost approximately \$26 million and has to be designed and constructed by April of 2021. Otherwise, the City could face financial penalties.

Sewer bills are determined from the amount of water used based on winter averaging. Winter averaging is the average use in November through February. This is done so that water used for watering lawns, washing vehicles, etc. in the other months is not included in the sewer usage.

Within the City from 2013 through 2016, base sewer rates and volumetric sewer rates (consumption over 4,000 gallons per month) for existing 1 inch or less meters remained static with no increase or decrease. 98% of O'Fallon Sewer customers have Water meters 1 inch or less, and are primarily residents. In year 2017, rates increased 1% over the 2016 rates. This public hearing is to discuss rates from 2018 onward. The rate changes from 2018 – 2021 are on the attached sheets.

Within the City, base rates for meters over 1 inch remained static from years 2013 – 2016. The base rates were adjusted to comply with the American Water Works Association (AWWA) standards, and the base rates increased 1% in 2017. Volumetric rates for these meters will be charged at the volumetric rates for 1 inch or less meters as described above.

The City plans to perform another rate study in 2021 at assess the performance of the water and sewer funds. As part of this ordinance, there will be a small cost of living and expense increase in the sewer

rates in 2022 and onward of 6% per year. The rate study in 2021 will review the future rates in 2022 and beyond and propose adjustments if needed.

All customers outside of the City that are not part of a current Municipal Agreement with the City will be charged twice that of the In-City rates.

SUMMARY:

The increase in sewer usage for an In-City customer who uses 4,000 gallons of water per month from 2017 to 2018 will be \$2.11 per month. Please note that the City currently bills every two months. Overall monthly costs for an In-City customer who uses 4,000 gallons per month will increase from \$18.33 per month in 2017 to \$28.33 per month in 2021.

The monthly rate increase over the previous year for sewer for an In-City customer who uses 4,000 gallons of water per month:

- 2017-2018: \$2.11
- 2018-2019: \$2.35
- 2019-2020: \$2.62
- 2020-2021: \$2.92

In years 2022 and on-ward, there will be a 6% increase over the previous year. Attached to this form are all of the proposed sewer rates. Also, a BI-MONTHLY bill is attached for an average In-City water, sewer, and trash user. This is to illustrate the overall billing changes over the next four years.

Comment sheets are available for your use. Please fill one out at this meeting and leave it at the registration table. The comments will be reviewed by the City.

Please ask questions! Your comments are important to the City of O'Fallon. Representatives from the City are available to discuss the changes.

PROPOSED RATES*

TYPICAL RESIDENTIAL CUSTOMERS

SEWER SERVICE CHARGES BASE RATE AND USAGE FEE					
<u>CATEGORY</u>	<u>2017**</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Premises inside the City limits					
Monthly base rate (1" meter or less)	\$18.33	\$20.44	\$22.79	\$25.41	\$28.33
Usage fee (per 1,000 gallons)	\$2.57	\$2.87	\$3.20	\$3.56	\$3.97
Premises outside the City limits					
Monthly base rate (1" meter or less)	\$36.66	\$40.88	\$45.58	\$50.82	\$56.66
Usage fee (per 1,000 gallons)	\$5.13	\$5.74	\$6.40	\$7.12	\$7.94

* Rates after 2021 (from 2022 on-ward) are projected to increase with a simple cost of living adjustment of 6% each year

** 2017 rates were previously approved per Ordinance 6651 on September 30, 2015

CHANGES FOR TYPICAL IN-CITY RESIDENTIAL CUSTOMERS

SEWER - PROPOSED AVERAGE MONTHLY CHANGE					
	<u>2017*</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
SEWER (base = 4,000 gal)					
Monthly base rate (1" meter or less)	\$18.33	\$20.44	\$22.79	\$25.41	\$28.33
Usage fee (per 1,000 gallons)	\$2.57	\$2.87	\$3.20	\$3.56	\$3.97
Average sewer user (4,000 gal)	\$18.33	\$20.44	\$22.79	\$25.41	\$28.33
Increase in Dollars		\$2.11	\$2.35	\$2.62	\$2.92

* 2017 rates were previously approved per Ordinance 6651 on September 30, 2015

	AVERAGE BI-MONTHLY BILL FOR CITY RESIDENT				
	<u>2017*</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Sewer Service	\$36.66	\$40.88	\$45.58	\$50.82	\$56.66
Water Service	\$66.05	\$69.41	\$72.81	\$77.41	\$80.29
Trash	\$22.96	\$22.96	\$22.96	\$22.96	\$22.96
Fees & Taxes	\$1.14	\$1.17	\$1.21	\$1.25	\$1.28
BILL TOTAL	\$126.81	\$134.42	\$142.56	\$152.45	\$161.19

* 2017 rates were previously approved per Ordinance 6651 on September 30, 2015

PROPOSED RATES*

LARGE METERED CUSTOMERS

SEWER MINIMUM MONTHLY BASE RATE BASED ON WATER METER SIZE

<u>CATEGORY</u>	<u>2017**</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1.5 Inch					
Premises inside the City limits	\$36.67	\$40.88	\$45.58	\$50.82	\$56.67
Premises outside the City limits	\$73.33	\$81.76	\$91.17	\$101.65	\$113.34
2 Inch					
Premises inside the City limits	\$58.66	\$65.41	\$72.93	\$81.31	\$90.67
Premises outside the City limits	\$117.32	\$130.81	\$145.86	\$162.63	\$181.33
3 Inch					
Premises inside the City limits	\$109.99	\$122.64	\$136.74	\$152.47	\$170.00
Premises outside the City limits	\$219.98	\$245.28	\$273.48	\$304.94	\$340.00
4 Inch					
Premises inside the City limits	\$183.32	\$204.40	\$227.90	\$254.11	\$283.33
Premises outside the City limits	\$366.63	\$408.79	\$455.80	\$508.22	\$566.67
6 Inch					
Premises inside the City limits	\$366.63	\$408.79	\$455.80	\$508.22	\$566.67
Premises outside the City limits	\$733.26	\$817.58	\$911.61	\$1,016.44	\$1,133.33
8 Inch					
Premises inside the City limits	\$586.61	\$654.07	\$729.29	\$813.16	\$906.67
Premises outside the City limits	\$1,173.22	\$1,308.14	\$1,458.58	\$1,626.31	\$1,813.34

* Rates after 2021 (from 2022 on-ward) are projected to increase with a simple cost of living adjustment of 6% each year

** 2017 rates were previously approved per Ordinance 6651 on September 30, 2015