



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item Number: 6a

Title:

Recommendation to approve an **Ordinance** Amending Title 13 “Public Utilities,” chapter 13.16, “Water,” Section 13.16.050, “Connection Fees,” of the St. Charles Municipal Code.

Presenter:

Bill Hannah, Director of Finance

Meeting: Government Operations Committee

Date: February 21, 2023

Proposed Cost: \$ N/A

Budgeted Amount: \$ N/A

Not Budgeted:

Executive Summary (if not budgeted please explain):

Overview

Over the past six months, staff has been working with a consultant to analyze the City’s current water and sewer connection fees and determine if updates should be made. These connection fees are paid by a developer at the time of permit for residential construction, based on the size of the dwelling unit’s square feet, or based on the designation of the dwelling unit as detached or attached. Other types of construction pay a fee based on a calculation of the max/peak usage. The fees were last updated in 1998. Ensuring that connection fees are updated helps to make sure that new development/connections are paying their appropriate share of the utility system’s development costs. This then lowers the burden on existing system users and ultimately helps to reduce the level of water and sewer rate increases necessary to properly fund the systems.

The City engaged a consultant, Burns and McDonnell who used American Water Works Association (AWWA) standard practices for determining fees by considering the three most common methods of connection fee determination:

1. Buy-In Method: based on the value of the existing capacity when adequate additional capacity for growth exists.
2. Incremental Cost Method: based on the value or cost to expand the system’s capacity when limited or no capacity exists.
3. Combined/Hybrid Approach: based on the blended value of the existing and future system capacity, used when some capacity for growth exists in some parts of the service but additional capacity is required in other portions of the system.

Based on an analysis of the City’s systems, the consultant used the combined/hybrid approach for determining fees by considering the value of the current system and planned investment in backbone infrastructure. Staff provided the consultant with information on the value and inventory of the current system assets, planned investment in future infrastructure improvements, method financing improvements and other information necessary to complete the study.

Study Recommendation

Based on the information provided to the consultant, the Study recommended changes to the City’s existing water and sewer connection fees as summarized on the following page:

City of St. Charles

Summary of 2022 Water and Sewer Connection Fee Study

			2022	2022 Updated Fee
Water Connection Fees	Existing Fee	Updated Fee	Vs. Existing Fee	
Class 1: Dwelling Unit Over 1,000 Sq Ft	\$ 1,350	\$ 1,730	\$ 380	28.15%
Class 2: Dwelling Unit Under 1,000 Sq Ft	\$ 960	\$ 1,230	\$ 270	28.13%
Class 3: Dwelling Unit 800 Sq Ft Maximum	\$ 850	\$ 1,090	\$ 240	28.24%
Other Uses Based on Max /Peak Usage Per Gln	\$ 1.75	\$ 2.24	\$ 0.49	28.00%
			2022	2022 Updated Fee
Sewer Connection Fees (East System)	Existing Fee	Updated Fee	Vs. Existing Fee	
Class 1: Dwelling Unit Over 1,000 Sq Ft	\$ 1,520	\$ 1,660	\$ 140	9.21%
Class 2: Dwelling Unit Under 1,000 Sq Ft	\$ 1,120	\$ 1,220	\$ 100	8.93%
Class 3: Dwelling Unit 800 Sq Ft Maximum	\$ 1,000	\$ 1,090	\$ 90	9.00%
Other Uses Based on Max /Peak Usage Per Gln	\$ 4.30	\$ 4.70	\$ 0.40	9.30%
			2022	2022 Updated Fee
Sewer Connection Fees (West System)	Existing Fee	Updated Fee	Vs. Existing Fee	
Single/Multi Family Detached	\$ 2,985	\$ 4,250	\$ 1,265	42.38%
Single/Multi Family Attached	\$ 2,559	\$ 3,640	\$ 1,081	42.24%
Other Uses Based on Max /Peak Usage Per Gln	\$ 8.53	\$ 12.13	\$ 3.60	42.20%

Overall, the fee increases are moderate, based on the length of time since last updated. A survey of surrounding utility systems done as part of the study shows that the updated water and sewer connection fees are still competitive with other utility systems.

During the process it was discussed that an update to the study and fees be done every 3-5 years in order to make sure that the fees are current, and that any changes in the system's planned improvements be considered. If recommended for approval, the fees would be effective upon approval by the City Council.

Attachments (please list):

Ordinance Updating Title 13, Public Utilities, Chapter 13.16 Water

Recommendation/Suggested Action (briefly explain):

Seeking a Motion to approve an **Ordinance** Amending Title 13 "Public Utilities," chapter 13.16, "Water," Section 13.16.050, "Connection Fees," of the St. Charles Municipal Code.

City of St. Charles, Illinois
Ordinance No. _____

**AN ORDINANCE AMENDING TITLE 13,
“PUBLIC UTILITIES,” CHAPTER 13.16, “WATER,”
SECTION 13.16.050, “CONNECTION FEES,”
OF THE ST. CHARLES MUNICIPAL CODE**

**Presented & Passed by the
City Council on _____**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ST. CHARLES, KANE AND DUPAGE COUNTIES, ILLINOIS, AS FOLLOWS:

Section 1. That Title 13, “Public Utilities,” Chapter 13.16, “Water,” Section 13.16.050, “Connection Fees,” of the St. Charles Municipal Code be and is hereby amended as follows:

The fee for each permit allowing connection with the city water systems shall be as follows:

A. Residential Dwelling Units

1. Single and multiple family dwelling units.

Class	Description	Sq. Feet	Connection Fee
1	Dwelling Unit	Over 1000	\$1,350 <u>1,730</u>
2	Dwelling Unit	Under 1000	\$960 <u>1,230</u>
3	Dwelling Unit	800 Maximum	\$850 <u>1,090</u>

B. Other uses

1. All users other than single or multifamily dwelling units, described in Subsection A above, shall pay a connection fee based upon the estimated daily maximum (i.e., peak) water usage as determined by the City Engineer. The Building Commissioner and/or City Engineer may require the applicant to provide an estimate certified to by an engineer licensed in the state of Illinois. The charge per gallon of daily maximum (i.e., peak) water usage for calculating the connection fee is ~~\$1.75~~2.24. In no case shall the connection fee be less than the charge for a Class 1 dwelling unit.
2. Once the actual usage begins and it is determined that the actual daily maximum (i.e., peak) water usage is larger than the estimated maximum (i.e., peak) water usage, there will then be an additional fee for the gallons over the original estimated daily maximum (i.e., peak) water usage based on ~~\$1.75~~2.24 per gallon. There will be no rebates if the actual daily maximum (i.e., peak) water usage falls below the estimated daily maximum (i.e., peak) water usage.

Section 2. All ordinances and resolutions, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of the conflict, expressly repealed on the effective date of this Ordinance.

Section 3. If any provision of this Ordinance or application thereof to any person or circumstance is ruled unconstitutional or otherwise invalid, such invalidity shall not affect other provisions or applications of this Ordinance that can be given effect without the invalid application or provision, and each invalid provision or invalid application of this Ordinance is severable.

Section 4. That after the adoption and approval hereof, the Ordinance shall (i) be printed or published in book or pamphlet form, published by the authority of the Council, or (ii) within thirty (30) days after the adoption and approval hereof, be published in a newspaper published in and with a general circulation within the City of St. Charles.

PRESENTED to the City Council of the City of St. Charles, Illinois, this _____ day of _____, 2023.

PASSED by the City Council of the City of St. Charles, Illinois, this _____ day of _____, 2023.

APPROVED by the Mayor of the City of St. Charles, Illinois, this _____ day of _____, 2023.

Lora A. Vitek, Mayor

ATTEST:

City Clerk

COUNCIL VOTE:

Ayes:

Nays:

Absent:

Abstain: