



Legislation Text

File #: 21-039, **Version:** 1

ACTION REQUESTED:

Communication from the City Manager and Director of Public Works with a Request for the Following (All Council Districts):

- A. ADOPT an ORDINANCE Establishing the PEORIA COMBINED SEWER OVERFLOW REMEDIATION DISTRICT; and
- B. APPROVE a RESOLUTION Setting Fees Effective on May 1, 2023 with Planned, Annual Increases through May 1, 2026, for the PEORIA COMBINED SEWER REMEDIATION DISTRICT and Amending Resolution 20-088-B and 19-379-B Setting Fees for the Peoria Sanitary Sewer Rehabilitation District Setting Fees Effective on May 1 2023 with Planned, Annual Increases through May 1, 2026 for CITY SEWER REHABILITATION RATE.

BACKGROUND: On December 15, 2020, the City Council approved a Consent Decree with the United States Environmental Protection Agency (USEPA) and the Illinois Environmental Protection Agency (IEPA) to remediate Combined Sewer Overflows (CSOs). This mandate requires capital investments of approximately \$109 million over an eighteen (18) year time frame, beginning in 2022, to remediate combined sewer overflows

The City has applied for pre-approval to the Illinois Environmental Protection Agency's (IEPA) State Revolving Loan (SRL) program. This program provides low interest (currently 1.4%) loans to municipalities for environmental projects, such as the CSO program.

This proposal will fund payments to the IEPA SRL program for the first five (5) years of projects in the eighteen (18) year program. All owners of properties in the City limits, indirectly or directly connected to public combined or sanitary sewers, would pay the proposed fees.

The attached CSO Fact Sheet includes more information.

In the near future, staff will bring further information about the SRL approval progress to the City Council. Having approved, future revenue in place will strengthen our formal application.

FINANCIAL IMPACT: Property owners' sewer bills are based on the amount of water used.

The average 3-person household uses approximately 17.25 CCF (100 cubic feet) of water every 3 months. This equates to about 12,900 gallons. Currently, the average, quarterly, residential customer bill for a household connected to a City sewer is about \$66-\$72. See below for customer impacts.

Based upon current sewer rates and planned expenditures, City staff has included a financial analysis of the sewer and stormwater rates through the completion of the CSO estimates. This attachment is included in the packet. Lateral rates, for those customers with City-owned lateral connections, would continue to see the lateral rates increase over time. Rehabilitation expenditures are tied to current debt service and capital investments. With the adoption of the CSO rate, the City rehabilitation rate can be reduced for the first 4 years of the CSO investments. This will provide modest relief to City residents for start of the CSO investments. Over the life of the CSO investments and repayment of debt, it is estimated that the CSO/rehabilitation rate would increase from \$91 annually in 2021 to \$141 annually in 2041, and then begin a slow decline to

approximately \$62 annually in 2059.

Proposed CSO Sewer Rates

Year	Proposed CSO rates per CCF*	Proposed City Rehabilitation per CCF*	Avg Quarterly Residential Customer Bill Increase per quarter (3 mo.):**	Avg Annual Residential Customer Bill Increase
2022	\$0.000	\$1.366	\$0.00	\$0.00
2023	\$0.080	\$1.286	\$0.00	\$0.00
2024	\$0.150	\$1.216	\$0.00	\$0.00
2025	\$0.230	\$1.136	\$0.00	\$0.00
2026	\$0.300	\$1.066	\$0.00	\$0.00

* CCF= 100 cubic feet of water

** An Average (3 person) residential household uses 17.25 CCF per 3 mo. quarter.

Customers are billed once per quarter, based on water usage.

Currently, a typical residential customers's sewer bill is \$66-72 per quarter.

NEIGHBORHOOD CONCERNS: The CSO program is intended to improve our neighborhoods with the addition of green infrastructure. Using the low-interest IEPA SRL program minimizes costs.

IMPACT IF APPROVED: Sewer revenues will match the loan payment needs of the first five (5) years of the mandated CSO program with a corresponding decrease in the rehabilitation rate.

IMPACT IF DENIED: Sewer revenues will not match the loan payment needs of the first five (5) years of the CSO program. Other revenue sources will need to be found to meet the requirements of the Consent Decree.

ALTERNATIVES:

EEO CERTIFICATION NUMBER: N/A

WHICH OF THE GOALS IDENTIFIED IN THE COUNCIL'S 2017 - 2032 STRATEGIC PLAN DOES THIS RECOMMENDATION ADVANCE?

1. Financially Sound City
2. Choose an item.
3. Choose an item.

WHICH CRITICAL SUCCESS FACTOR(S) FROM THE COMPREHENSIVE PLAN DOES THIS RECOMMENDATION IMPLEMENT?

1. Invest in our infrastructure and transportation.
2. Reinvest in neighborhoods.
3. Have an efficient government.

DEPARTMENT: Public Works