



TO: Mayor Linda Gorton
Urban County Council

FROM: Melissa Lueker
Melissa Lueker, Director of Budgeting

DATE: May 1, 2019

SUBJECT: Lexington-Fayette Urban County Government (LFUCG) Sanitary Sewer Rate Ordinance

Request

Sanitary Sewer Rate increases are needed to fund Consent Decree requirements and finance debt service. Proposed is a 5% increase on July 1, 2019, and a 5% increase on July 1, 2020—these rates include the annual Consumer Price Index (CPI). The purpose of this memorandum is to request Council’s approval of an Ordinance amending Chapter 16 of the Code of Ordinances to increase disposal fees for sewage. The proposed Ordinance would amend Section 16-48 to increase disposal fees for sewer, and amend section 16-57.1 to provide that all rates and fees in Sections 16-48, 16-59, and 16-60 are subject to the proposed increase.

Why are you requesting?

This request will allow LFUCG to continue to meet the obligations and schedules approved by the Environmental Protection Agency and the Commonwealth of Kentucky per case styled United States et al. v. Lexington-Fayette Urban County Government, United States District Court for the Eastern District of Kentucky, Case No. 5:06-CV-00386 (“Consent Decree”). In the Consent Decree, LFUCG was required to develop Remedial Measure Plans to address wet weather overflows and sanitary sewer capacity related issues by increasing sanitary sewer capacity to eliminate Sanitary Sewer Overflows (“SSOs”). The current sanitary sewer user rates do not provide adequate revenue to pay for all the scheduled sanitary sewer infrastructure improvements outlined in the Remedial Measure Plans that are necessary to comply with the Consent Decree.

What is the cost in this budget year and future budget years?

No cost in FY 2019. Increased revenue of \$3.2M in future budget years.



Are the funds budgeted?

Yes, the increased revenue is in the Mayor's Proposed Budget for FY 2020.

Directors/Commissioner: Lueker/O'Mara

