

**VILLAGE OF DOWNERS GROVE  
REPORT FOR THE VILLAGE COUNCIL WORKSHOP  
APRIL 20, 2010 AGENDA**

<b>SUBJECT:</b>	<b>TYPE:</b>	<b>SUBMITTED BY:</b>
Water Rate Increase	✓ Resolution Ordinance Motion Discussion Only	Michael Baker Deputy Village Manager

**SYNOPSIS**

An ordinance has been prepared to increase water rates beginning with bills distributed after July 1, 2010, as a result of an increase in the price of water imposed by the DuPage Water Commission.

**STRATEGIC PLAN ALIGNMENT**

The Five Year Plan and Goals for 2010-2014 identified *Exceptional Services*. A supporting objective is *Financially Sound and Sustainable Village Government*.

**FISCAL IMPACT**

The Village’s Water Fund provides for the maintenance and operation of the water system. The cost to the Village for the purchase of water from the DuPage Water Commission is anticipated to increase by 20.9% effective May 1, 2010, raising the rate at which the Village purchases water from \$1.72 per 1000 gallons to \$2.08 per 1000 gallons. This rate adjustment is estimated to increase the overall cost for the purchase of water from \$3.4 million to \$4.1 million annually based on 2009 levels of consumption. The proposed increase in the rate the Village charges our customers is intended to cover only the increased cost of purchasing water from the DuPage Water Commission.

**UPDATE & RECOMMENDATION**

This item was discussed at the March 16, 2010 meeting. Based on concerns raised by members of the Council, an alternative to the original ordinance is being presented for consideration. The original and alternative proposals are summarized below:

**Original:** Effectively passes along the increase imposed by the DuPage Water Commission that only impacts the cost of water to Downers Grove residents. For incorporated customers, rates would increase from \$3.04 to \$3.31, or by 8.9%, effective with bills sent out in July. For the average residential user consuming 16 units of water in a 2-month period, costs would increase from \$48.64 to \$52.96, a \$4.32 increase. Action required includes approval of the attached ordinance.

**Alternative:** Increases water rates by applying the same percentage increase used by the DuPage Water Commission. For incorporated customers, rates would increase from \$3.04 to \$3.68, or by 20.9%, effective with bills sent out in July. For the average residential user consuming 16 units of water in a 2-month period, costs would increase from \$48.64 to \$58.88, a \$10.24 increase. Approval of this alternative requires an amendment to the original ordinance.

If the original ordinance is approved, it is likely that Village staff will return to Council following the completion of the Water Rates study (in 90-120 days) with recommendations for future rate adjustments based on the conclusions and recommendations of that study. This may not be necessary if the alternative is chosen, and any future rate adjustments can be considered as part of the FY2011 budget.

Staff recommends either the original ordinance or the alternative.

**BACKGROUND**

The Village is a charter member of the DuPage Water Commission and purchases water from the Commission at a wholesale rate. In turn, the Village re-sells water to the customers of the Village’s water system. The Village currently pays for water at a rate of \$1.72 per 1000 gallons (or \$1.29 per 750 gallons). Village residents pay \$3.04 per unit (750 gallons), with a two-unit minimum on each bi-monthly bill. Unincorporated water customers are charged \$3.34 per unit.

Water is pumped from Lake Michigan to the DuPage Water Commission’s distribution system by the City of Chicago. In 2007, Chicago imposed rate increases on the sale of water for three years beginning on January 1, 2008. These substantial increases raised the price that the City of Chicago charges the DuPage Water Commission by 15% in January 2008, another 15% in January 2009 and another 14% in January 2010. The City of Chicago’s current price for water averages \$2.01 per 1000 gallons (\$1.51 per 750 gallons). The table below summarizes the current and proposed costs for each entity:

**UNIT COSTS FOR WATER**

Unit	City of Chicago Rate	Water Commission Rate		Downers Grove Rate	
	(average)	Current	Proposed	Current	Proposed
1000 gal.	\$2.01	\$1.72	\$2.08		
750 gal.	\$1.51	\$1.29	\$1.56	\$3.04	\$3.31

The Water Commission has indicated that their rate will increase from \$1.72 to \$2.08 effective May 1, 2010, but has not yet adopted the budget that will formally authorize this rate increase. The Commission held a public hearing on the budget at their Committee of the Whole Meeting on March 11, 2009. Village staff was in attendance at the meeting and based on the discussion, it appears as though the increase of the rate to \$2.08 will be included in the budget being considered by the Water Commission at their April 8 meeting. Formal action taken by the Commission on February 11 to direct staff to include the \$2.08 rate in the recommended budget offers further support that this rate will be authorized.

The rate increase will have the following impact on an average single family residential water customer:

	Current	Proposed	Increase
Rate	\$ 3.04	\$ 3.31	\$ 0.27
Average Consumption	16	16	N/A
Cost (every 2 months)	\$ 48.64	\$ 52.96	\$ 4.32

The Village is planning to conduct a comprehensive rate study in the coming months to determine how to set rates for the long-term to ensure the future financial viability of the water fund.

**ATTACHMENTS**

- Draft Ordinance
- February 12, 2010 Email from DuPage Water Commission General Manager
- DuPage Water Commission Draft FY2010-11 Budget

**VILLAGE OF DOWNERS GROVE**  
**COUNCIL ACTION SUMMARY**

**INITIATED:** Finance **DATE:** April 20, 2010  
(Name)

**RECOMMENDATION FROM:** \_\_\_\_\_ **FILE REF:** \_\_\_\_\_  
(Board or Department)

**NATURE OF ACTION:**

**STEPS NEEDED TO IMPLEMENT ACTION:**

- Ordinance
- Resolution
- Motion
- Other

Motion to Adopt "AN ORDINANCE AMENDING RATES CHARGED FOR METERED WATER", as presented.

**SUMMARY OF ITEM:**

Adoption of the attached ordinance shall amend rates charged for metered water, for bills received after July 1, 2010.

**RECORD OF ACTION TAKEN:**

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ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE AMENDING RATES CHARGED FOR METERED WATER**

BE IT ORDAINED by the Village Council of the Village of Downers Grove in DuPage County, Illinois, as follows: (Additions are indicated by ~~shading~~/underline; deletions by ~~strikeout~~):

**Section 1. That Section 25.29. is hereby amended to read as follows:**

**25.29. Rates and charges for metered water.**

Water will be furnished to consumers only at rates and charges determined as follows:

(a) Except as provided in Section 25-30, the charge for water furnished to consumers located within the Village limits shall be calculated on a flat rate basis as set forth in the following schedule:

(1) Within Village Limits:

~~Effective January 1, 2009~~ For bills received after July 1, 2010:

~~(i) Five dollars and seventy four cents (\$5.74) or two (2) units for property within Village limits will be imposed every two (2) months as a minimum charge for the consumption of two hundred (200) cubic feet of water, or less, notwithstanding charges for additional consumption.~~

~~(ii) Two dollars and eighty seven cents (\$2.87) for property within Village limits will be charged for the consumption of every additional one hundred (100) cubic feet.~~

~~Effective May 1, 2009~~

(i) Six dollars and ~~eight~~sixty-two cents (~~\$6.08~~6.62) or two (2) units for property within Village limits will be imposed every two (2) months as a minimum charge for the consumption of two hundred (200) cubic feet of water, or less, notwithstanding charges for additional consumption.

(ii) Three dollars and ~~four~~thirty-one cents (~~\$3.04~~3.31) for property within Village limits will be charged for the consumption of every additional one hundred (100) cubic feet.

(2) Outside Village Limits:

~~Effective January 1, 2009~~ For bills received after July 1, 2010:

(i) ~~Six~~Seven dollars and ~~sixty-nine~~seventy cents (~~\$6.69~~7.70) or two (2) units for property outside Village limits will be imposed every two (2) months as a minimum charge for the consumption of two hundred (200) cubic feet of water, or less notwithstanding charges for additional consumption.

(ii) Three dollars and ~~thirty-four~~eighty-five cents (~~\$3.34~~3.85) for property outside the Village limits will be charged for the consumption of every additional one hundred (100) cubic feet.

~~Effective May 1, 2009:~~

~~(i) Seven dollars and nine cents (\$7.09) or two (2) units for property outside Village limits will be imposed every two (2) months as a minimum charge for the consumption of two hundred (200) cubic feet of water, or less, notwithstanding charges for additional consumption.~~

~~(ii) Three dollars and fifty four cents (\$3.54) for property outside Village limits will be charged for the consumption of every additional one hundred (100) cubic feet.~~

(3) The rates set forth herein shall apply equally to all water meter sizes.

(b) The charges for water furnished to any building or portion thereof used for multiple-family residence purposes or mixed business and residential uses (except buildings having separate meters for each dwelling unit or use therein) shall be the aggregate of the applicable charges for each dwelling unit or use in such building or portion thereof served through a single meter, computed as though each such dwelling unit or use:

(1) Was a separate building connected to a separate water meter; and

(2) Consumed during such two-month billing period a quantity of water determined by dividing the total water consumption of such multiple-family or mixed use building by the number of dwelling units or uses contained in such building or portion thereof.

Water Rates #2

(c) During the month of January in each year, any purchaser of water from the Village for resale, in whole or in part, to consumers located outside the Village limits shall file with the Village Treasurer a sworn written statement setting forth the number of separate dwelling units served by such purchaser as of the date of such statement, including all separate single-family buildings and all separate dwelling units contained within buildings used for multiple-family residence purposes. The charges for water furnished to any such purchaser shall be two times the aggregate of the applicable charges for each such dwelling unit, computed as though each such dwelling unit:

(1) Was a separate single-family building connected to a separate water meter; and

(2) Consumed during such two-month billing period a quantity of water determined by dividing the total water consumption of such purchaser by the number of dwelling units set forth in the latest sworn statement on file with the Village treasurer with respect to such purchaser.

(d) The charges for water furnished to contractors acquiring water from the hydrant connection at the Public Works Facility, 5101 Walnut, Downers Grove, shall be two hundred percent (200%) of the rate listed in subsection (a)(1)(ii), above.

(e) The charges for water furnished to contractors taking water from public hydrants other than at the Public Works yard shall be two hundred percent (200%) of the rate listed in subsection (a)(1)(ii), above.

(Ord. No. 2942, § 1; Ord. No. 3209, § 1; Ord. No. 3326, § 5; Ord. No. 3424, § 2; Ord. No. 3437, § 2)

**Section 2.** That all ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

**Section 3.** That this ordinance shall be in full force and effect from and after its passage and publication in the manner provided by law.

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Mayor

Passed:

Published:

Attest: \_\_\_\_\_

Village Clerk