

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL WORKSHOP
JULY 19, 2010 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
Water Rate Study Presentation #1	Resolution Ordinance Motion ✓ Discussion Only	Nan Newlon, P.E. Director of Public Works

SYNOPSIS

Discussion is requested regarding the first of two presentations related to the water rate study that is being conducted by the Municipal and Financial Services Group (M&FSG). The results of the water rate study to date will be presented by representatives of M&FSG during the Council Meeting and will focus on revenue requirements and preliminary rate increase recommendations. M&FSG will present information about alternative rate structures at a meeting in August.

STRATEGIC PLAN ALIGNMENT

The Five Year Plan and Goals include *Exceptional Municipal Organization*. A supporting objective is to be a *Steward of Financial Sustainability*.

FISCAL IMPACT

N/A

RECOMMENDATION

N/A

BACKGROUND

On April 13, 2010 the Village Council authorized award of a contract with M&FSG to complete a water rate study. The goal of the study is to review current and future water rates to ensure adequate funding is available for current operations and maintenance as well as for identified capital maintenance and improvement projects into the future. The objectives of this project include the following:

1. Propose water rates that:
 - Are fair, objective and ensure that water service is provided on a self-supporting basis
 - Fund capital projects as identified and approved
 - Encourage water conservation, and
 - Take into consideration potential DuPage Water Commission rate increases
2. Review and update miscellaneous water-related fees.
3. Recommend a prudent reserve policy for operations, capital replacement and emergencies.

The Village distributes potable water to more than 50,000 people through 16,574 residential, commercial and industrial service connections. The Village’s water service area includes all areas within the current Village limits as well as a limited number of customers outside the Village that receive water service from the Village. A list of the Village’s top ten water customers by volume is attached.

The Village purchases treated Lake Michigan water from the DuPage Water Commission (DWC) as its primary water supply. The Village also maintains an emergency supply of four backup, shallow wells. The Village’s water distribution system is supplied by seven elevated storage facilities providing a storage

volume of eight million gallons and six rate control stations. The water distribution system is supplied by gravity from these storage facilities.

The expenses involved with the operation of the Village's water utility includes the cost of purchasing treated water from the DWC as well as the operating and capital costs involved with distributing water to our customers. The Village's water distribution system includes 230 miles of water main, 2,600 fire hydrants and close to 3,000 main line distribution valves. Integral to the water billing process is the automated meter reading (AMR) system, which is used to collect water billing information. The Village must also document compliance with State and federal water sampling and reporting requirements and report on our results. These are all major activities involved in operating the water system.

ATTACHMENTS

List of top 10 water users

NAME	2009 Consumption (Units)	2009 Total Gallons	Percent of Total Water Usage
GOOD SAM HOSP	63,084	47,186,832	2.7839%
AUTUMN GROVE	46,346	34,666,808	2.0452%
HAMILTON PARTNERS	42,522	31,806,456	1.8765%
DUKE REALTY	34,441	25,761,868	1.5199%
WEST BROOK WEST CONDO	33,829	25,304,092	1.4929%
FAIRVIEW MINISTRIES	25,527	19,094,196	1.1265%
PEPPRIDGE FARM	23,889	17,868,972	1.0542%
MIDWESTERN UNIVERSITY	22,500	16,830,000	0.9929%
COMMUNITY DIST 99	18,848	14,098,304	0.8317%
BRISTOL CLUB	18,339	13,717,572	0.8093%
DOUBLE TREE	14,931	11,168,388	0.6589%