

**VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
NOVEMBER 19, 2013 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
FY14 Budget Implementation Actions	✓ Resolution Ordinance Motion Discussion Only	David Fieldman, Village Manager

SYNOPSIS

Ordinances have been prepared to address the following items related to the implementation of the FY14 Budget, which the Village Council approved on November 12, 2013:

- Increase in Water Rates per the Water Rate Study
- Increase in Stormwater Utility Rates per the Stormwater Study

Potential changes to the Stormwater Cost Share program will appear on a future Village Council agenda tentatively scheduled for December.

STRATEGIC PLAN ALIGNMENT

The goals for 2011-2018 include *Steward of Fiscal and Environmental Sustainability*.

FISCAL IMPACT

The fee updates and increases are consistent with the FY14 Budget approved on November 12, 2013.

BACKGROUND*Water Rates*

Per the approved FY14 budget the water rates will be increased to align with the recommendations of the 2010 Water Rate Study. The water rates also include the increases in the rates charged by the DuPage Water Commission (DWC), which announced a series of rate increases that became effective January 1, 2012. The price increase from the DWC reflects a pass-through of the City of Chicago water rate increases as well as increases for DWC existing debt service payments and planned capital improvements.

The 2010 Water Rate Study included a model projecting the total cost of owning, operating and maintaining the Village water system, assuming 10% annual increases in the cost of water from the DWC. Because the increases implemented by the DWC are substantially greater than the increases assumed in the 2010 model, staff updated the model to account for the increases proposed by the DWC through 2015.

Due to lower than anticipated operations and maintenance projects that have allowed the Village to build a strong fund balance, the FY14 proposed budget reduces the recommended increase for the per unit charge from 14% to 7%.

Year	Original Plan	Revised Plan-DWC Increases	Actual Increase
2012	14%	25%	25%✓
2013	14%	18%	18%✓
2014	10%	14%	7%

2015	9%	14%	TBD
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The following table shows the proposed water rates that will go into effect for bills received after March 1, 2014. The bi-monthly fixed charges by water meter size are consistent with the proposed rates contained in the Water Rate Study. The bi-monthly volume charge reflects the increases proposed in the Water Rate study plus the additional amount needed to cover the DWC rate increase.

Bi-Monthly Fixed Charge by Water Meter Size	2013	2014 Proposed
5/8"	\$10.50	\$11.55
1"	\$15.75	\$17.33
1 ½"	\$52.52	\$57.77
2"	\$84.02	\$92.42
3"	\$157.55	\$173.31
4"	\$262.58	\$288.84
6"	\$525.15	\$577.67
10"	\$1,260.36	\$1,386.40
Bi-Monthly Unit Fee	2013	2014 Proposed
Inside Village	\$4.89	\$5.23
Outside Village	\$5.61	\$6.00

The pass-through of the increase in the cost of purchasing water from the DWC affects only the unit fee portion of the Village rates, and the fixed fee portion does not change from the original plan. The following table shows how the new water rates will impact typical users in 2014.

User Category	Typical Meter Size	Current Bi-Monthly Bill	Proposed 2014 Bi-monthly Bill
Typical Residential User	5/8"	\$83.85	\$90.00
Typical Commercial User	1.5"	\$541.52	\$580.77
Typical Industrial User	2"	\$1,062.02	\$1,138.42

Stormwater Rates

Per the approved FY14 budget the stormwater rates will be increased to align with the recommendations of the 2012 Stormwater Study, which created the plan for the implementation of the stormwater utility in 2013. The plan called for a stormwater fee that would cover the cost of future capital projects, debt service related to those projects, as well as operational and maintenance costs.

This study recommended establishing fees to pay for operations, maintenance and capital projects. The fees in the study did not include paying for the annual payments on the 2008 stormwater bond issuance. The study recommended an 11% annual increase in the fee over 15 years to reach the level of maintenance and future capital needs recommended in the Stormwater Master Plan. The Village established fees to fund all aspects of stormwater management including the debt service payments on the 2008 bonds of \$1.1 million per year, fully shifting all stormwater management costs to the utility and away from the property tax levy. When considering these two components, the equivalent recommended fee increase from 2013 to 2014 would be 6.4%.

The following table shows the recommended percentage increase plus the equivalent recommended increase after considering the debt service payments:

Year	Original Plan	Revised Plan-2008 Debt Service Added
2014	11%	6.40%
2015	11%	7.77%
2016	11%	7.89%
2017	11%	8.08%

The following table shows the proposed stormwater rates that will go into effect for bills received after January 1, 2014.

Monthly Fee	2013	2014 Proposed
Per Equivalent Runoff Unit (ERU)	\$8.40	\$8.94

The following table shows how the new stormwater rates will impact a single family residence, an average commercial user and an average industrial user in 2014.

User Category	ERU	Current Annual Fee	Proposed Annual Fee
Single Family Residence (2,501-4,000 s.f. of impervious area)	1	\$100.80	\$107.28
Average Commercial User	20	\$2,016.00	\$2,145.60
Average Industrial User	19	\$1,915.20	\$2,038.32

Future Items

The 2013 budget amendment will be presented at the end of the first quarter of 2014. It will include an amendment to the Risk Fund to reflect the transfer from the General Fund to the Risk Fund as noted in the FY14 Budget Message. Proposed changes to the stormwater cost share program will be presented at a future Village Council meeting tentatively scheduled for December.

Additionally, the Village Manager will update the Village's Administrative Regulation for the User Fee, License and Fine Schedule. The update to the fee schedule is a part of the implementation of the approved FY14 Municipal Budget. Per the budget and the LRFP recommendations, most of the fees included in the fee schedule will increase by approximately 3% (rounded to the nearest \$1.00).

ATTACHMENTS

Water Rate Ordinance

Stormwater Rate Ordinance

ORDINANCE NO. _____

AN ORDINANCE AMENDING WATER UTILITY FEES FOR 2014

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:

For bills received after March 1, 2013~~4~~:

(i) ~~Four dollars and eighty nine cents (\$4.89)~~Five dollars and twenty three cents (\$5.23) for property within Village limits will be charged for the consumption of every one hundred (100) cubic feet.

(2) Outside Village Limits:

For bills received after March 1, 2013~~4~~:

(i) ~~Five dollars and sixty one cents (\$5.61)~~Six dollars (\$6.00) for property outside the Village limits will be charged for the consumption of every one hundred (100) cubic feet.

(b) In addition to the fees listed above, a bi-monthly maintenance fee shall be assessed as follows:

Water Meter Size	Bi-Monthly Fee
5/8"	\$10.50 <u>\$11.55</u>
1"	\$15.75 <u>\$17.33</u>
1 1/2"	\$52.52 <u>\$57.77</u>
2"	\$84.02 <u>\$92.42</u>
3"	\$157.55 <u>\$173.31</u>
4"	\$262.58 <u>\$288.84</u>
6"	\$525.15 <u>\$577.67</u>
10"	\$1,260.36 <u>\$1,386.40</u>

(c) 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.

(d) 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:

2014-Water-Utilities

- (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.

Mayor

Passed:

Published:

Attest: _____
Village Clerk