

**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 1/2"	\$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 LRFPP 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 STORMWATER 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 25.66. is hereby amended to read as follows:

25.66. Stormwater Utility Fee Rates.

(a) Authority of Village to set rates.

The Village Council shall retain at all times the power and authority to set stormwater utility fee rates. The Village shall review the adequacy of the stormwater utility fee rate annually in conjunction with the budget process. The rate shall be revised periodically to reflect any change in local capital costs, operation, or maintenance, plus replacement costs.

(b) Rates.

(1) Effective January 1, 2013~~4~~ the stormwater utility fee rate per Equivalent Runoff Unit (ERU) per month shall be ~~\$8.40~~\$8.94.

(2) Single Family Residential. Each parcel within the single family residential classification shall be assessed the following stormwater utility fee based on a four tier structure which is tied to the amount of impervious area located on each parcel.

	Parcel Description	Number of ERUs per parcel
Tier 1	parcels with 1 to 2,500 square feet of impervious area	0.75 ERU
Tier 2	parcels with 2,501 to 4,000 square feet of impervious area	1.0 ERU
Tier 3	parcels with 4,001 to 7,000 square feet of impervious area	1.5 ERUs
Tier 4	parcels with more than 7,000 square feet of impervious area	The actual number of ERUs rounded to the next whole ERU multiplied by the rate per ERU as set forth in Section b(1) above.

(3) Non-Single Family Residential. All non-single family residential parcels in the Village shall be assessed a stormwater utility fee based on the measured number of ERUs on the parcel multiplied by the rate per ERU as set forth in Section b(1) above. All fractional ERUs will be rounded up to the next whole ERU.

(4) Vacant Parcels. The Village shall assess vacant parcels a stormwater utility fee that is equivalent to 0.3 ERU.

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.

2014-SW-Utilities

Mayor

Passed:

Published:

Attest: _____
Village Clerk