

**VILLAGE OF DOWNERS GROVE  
REPORT FOR THE VILLAGE COUNCIL MEETING  
DECEMBER 3, 2013 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
FY14 Budget Implementation Actions	<ul style="list-style-type: none"> <li>Resolution</li> <li>✓ Ordinance</li> <li>Motion</li> <li>Discussion Only</li> </ul>	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.

**UPDATE & RECOMMENDATION**

This item was discussed at the November 19 Village Council meeting. The Village Council asked for additional information regarding the utility rates. The answers to the questions are attached. Additionally, the Council asked for information showing the impact of charging property tax exempt parcels a stormwater utility fee of .9 and .8 equivalent runoff units (ERUs). Staff prepared the attached pie carts showing the impacts. Staff recommends approval on the December 3, 2013 Active Agenda.

**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

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:

<b>Year</b>	<b>Original Plan</b>	<b>Revised Plan-2008 Debt Service Added</b>
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.

<b>Monthly Fee</b>	<b>2013</b>	<b>2014 Proposed</b>
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.

<b>User Category</b>	<b>ERU</b>	<b>Current Annual Fee</b>	<b>Proposed Annual Fee</b>
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

Answers to Council Questions

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

**INITIATED:** Village Manager **DATE:** December 3, 2013  
(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 STORMWATER UTILITY FEES FOR 2014", as presented.

**SUMMARY OF ITEM:**

Adoption of the attached ordinance shall amend the Municipal Code regarding stormwater utility fees effective January 1, 2014.

**RECORD OF ACTION TAKEN:**

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**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.

	<b>Parcel Description</b>	<b>Number of ERUs per parcel</b>
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

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Mayor

Passed:

Published:

Attest:

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Village Clerk

## **Staff Responses to Questions from the November 19 Village Council Meeting**

*What would it look like if tax-exempt properties paid a fee at 90% of the rate? 80% of the rate?*

The attached charts show the impact of this proposed change.

*Could you explain the various components that make up the increase in the water rate?*

In 2014 the water rates are proposed to increase by 7%. The increase reflects only the increase in the cost the Village pays for water. Eighty percent of the increase is attributable to increases from the City of Chicago and 20% is attributable to increases from the DuPage Water Commission.

*What is the City of Chicago's policy for charging churches and tax-exempt properties for water usage?*

Water rates for tax-exempt organizations are based on net worth of the organization. Below is a link to an article discussing the City of Chicago's policy for water billing:

<http://www.wbez.org/news/churches-take-%E2%80%98leap-faith%E2%80%99-emanuel-water-deal-107089>

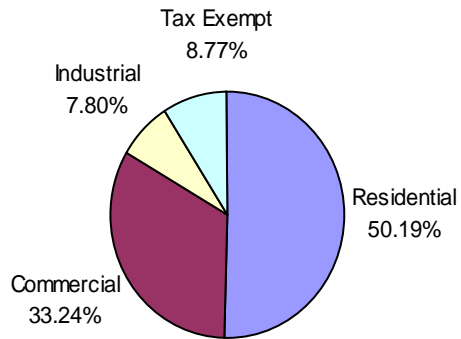
*Is staff aware of any communities exploring alternatives for the supply of Lake Michigan water?*

No. After reaching out to several sources, staff was not able to identify municipalities formally exploring alternatives for the supply of Lake Michigan water.

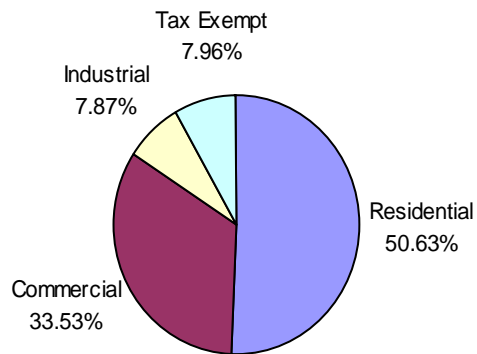


# Stormwater Revenue by Class Under Various Scenarios

## Current Structure



## Tax-exempt Pay 90% of Rate



## Tax-exempt Pay 80% of Fee

