

VILLAGE OF DOWNERS GROVE
Report for the Village Council Meeting
12/13/2022

SUBJECT:	SUBMITTED BY:
FY 2023 Budget Implementation Actions	Robin Lahey Finance Director

SYNOPSIS

Consistent with the FY23 budget, the following budget implementation actions have been prepared:

- An ordinance to increase the Water Rates per the Water Rate Study.
- An ordinance to increase the Stormwater Utility Rates per the Stormwater Plan.
- Motion to fund the Economic Development Corporation (EDC).
- Motion to fund the Downtown Management Corporation.

In addition, at year end staff reviews policies and proposes changes when necessary. This year changes that are being proposed include:

- Resolution amending the Employee Administrative Rules (Personnel Manual).
- Resolution amending the Purchasing Policy and Ordinance amending purchasing procedures.
- Resolution amending the Village's Non-Union Classification and Compensation Plan.

STRATEGIC PLAN ALIGNMENT

The goals for 2021-2023 include *Steward of Financial, Environmental and Neighborhood Sustainability*.

FISCAL IMPACT

The water rates are proposed to increase revenues by 4.6% and are expected to generate \$16.9 million of revenue in the Water fund. The stormwater utility fee is proposed to increase from \$14.65 to \$15.93 per ERU and is expected to generate \$6.2 million of revenue in the Stormwater fund. There is no fiscal impact for the proposed policy changes.

RECOMMENDATION

Staff recommends approval on the December 20, 2022 agenda.

BACKGROUND

Water Rates

Per the approved FY23 budget, the water rates will be increased to align with the recommendations of the 2019 Water Rate Study. The 2019 Water Rate Study included a model projecting the total cost of owning, operating and maintaining the Village water system. The study recommends that water revenues should be increased in FY20 (effective July 1, 2020) and subsequent years by 4.6% per year.

The following table shows the proposed water rates that will go into effect for bills received after July 1, 2023. The bi-monthly fixed charges by water meter size are consistent with the proposed rates contained in the Water Rate Study.

Bi-Monthly Fixed Charge by Water Meter Size	2022	2023 Proposed
5/8"	\$14.95	\$16.30
1"	\$22.44	\$24.46
1 ½"	\$74.82	\$81.55
2"	\$119.69	\$130.46
3"	\$224.44	\$244.64
4"	\$374.07	\$407.74
6"	\$748.10	\$815.43
10"	\$1,795.44	\$1,957.03
Bi-Monthly Unit Fee	2022	2023 Proposed
Inside Village	\$6.57	\$6.82
Outside Village	\$7.53	\$7.81

The following table shows how the new water rates will impact typical users in 2023:

User Category	Typical Meter Size	Current Bi-Monthly Bill	Proposed 2023 Bi-monthly Bill
Typical Residential User	5/8"	\$113.50	\$118.60
Typical Commercial User	1.5"	\$731.82	\$763.55
Typical Industrial User	2"	\$1,433.69	\$1,494.46

Stormwater Rates

Per the approved FY23 budget, the stormwater rate will be increased to align with the recommendations of the 2012 Stormwater Study and the 2016 Stormwater Utility Report. 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. The utility model represents an equitable method to collect revenue from those properties that place a demand on the system. Revenue is generated by charging all property owners a monthly stormwater fee, based on the property's impact on the stormwater system. At that time, the Village created a plan for establishing stormwater fees that would increase revenues over a 15-year period, allowing the Village to move from the current level of service to the recommended level within that time frame. The plan calls for annual increases in the stormwater utility fee of approximately 8.7% per year, which would increase the annual revenue available for stormwater management fees from its current level of \$5.2 million in 2021 to about \$10 million in 2029. This fee is expected to produce \$6.2 million in revenues in 2023.

The following table shows how the new stormwater rates will impact a single family resident, a typical commercial user, and a typical industrial user in 2023:

User Category	ERU	Current Bi-Monthly Bill	Proposed 2023 Bi-Monthly Bill
Single Family Residence (2,501-4000 s.f. of impervious area)	1	\$29.30	\$31.86
Typical Commercial User	20	\$586.00	\$637.20

Motion to Fund EDC

The adopted budget includes \$540,000 in funding for the Downers Grove Economic Development Corporation. This amount is consistent with the budget that was prepared by the EDC. Annually, this partner organization will be requesting funding from the Village to support their operations.

Motion to Fund Downtown Management

The proposed budget includes \$400,000 in funding for the Downtown Management Corporation. This amount is consistent with the budget that was prepared by Downtown Management. Annually, this partner organization will be requesting funding from the Village to support their operations.

Employee Administrative Rules (Personnel Manual)

From time to time, revisions to the Village's Personnel Manual are necessary in order to, among other things, respond to changes in State and federal laws and to mirror current personnel practices within the Village. The proposed revisions being presented for consideration include the following:

- New Section 1.1.5 Home Rule Authority - added home rule authority language to confirm that provisions in the Personnel Manual supersede State statutes if there is no preemption language in the statute.
- Section 2 General Provisions - added protected class of "work authorization status" to be compliant with State law.
- Section 2.9.2 Qualification Period - Promotional and Transfer - deleted prohibition on receiving credit for prior years of service if retired and hired in a new position.
- Section 5.4 Victims' Economic Security and Safety Act of 2003 (VESSA) - added category of "or any other crime of violence" to be compliant with State law.
- Other minor miscellaneous changes.

Purchasing Policy

Staff is proposing a change to the Village's Purchasing Policy and corresponding ordinance that reflect current practices and economic conditions. The original purchasing policy was adopted in 1993, and but for a few minor amendments, it has not been updated since that time. The proposed changes include:

- Increasing dollar limits for each level of approval as follows: Director up to \$7,000; Finance Director up to \$15,000; Village Manager up to \$50,000; and Village Council for purchases in excess of \$50,000.
- Formal competitive bidding will be required for purchases in excess of \$25,000; otherwise, verbal or written quotes will be required depending on the dollar amount.
- Additional changes reflect the change in the Village's decentralized purchasing procedures and updates to the current procedures being used, as well as the deletion of repetitive provisions from the policy.

Compensation Plan

The Village maintains a Classification and Compensation Plan for its employees that are not otherwise represented by a collective bargaining unit. The wage and salary ranges that make up this plan have been adjusted annually in recent years. The amendment would increase all ranges by 3.0% and will address external and internal comparability. This increase to the salary ranges, which has been reflected in the attached Compensation Plan, will take effect on the first full pay period of May. This action will not increase actual salaries for any employee, but provides the ability for employees to receive performance-based increases to base pay. Adjustments may be made by the Village Manager at any time during the year.

ATTACHMENTS

- Water Rate Ordinance
- Stormwater Rate Ordinance
- Motion to Fund EDC
- Motion to Fund Downtown Management
- Employee Administrative Rules (Personnel Manual)
- Purchasing Policy
- Compensation Plan