

Village of Oak Park **2019 Water & Sewer Rate Study Presentation**

Baxter & Woodman

October 24, 2019



Village of Oak Park

□ Village Background

✓ **Service to 52,000 people**

✓ **Water System**

- 1.9 Billion gallons pumped per year
- Purchased from City of Chicago
- 105 miles of water main
- Pumping stations for each of 3 underground water reservoirs
 - Total of 12.5 million gallons storage

✓ **Sewer System**

- 104 miles of combined sewers
- Lift stations
- Sewage conveyed to the Metropolitan Water Reclamation District (MWRD)

Rate Study Overview

✓ **Cost of Service and Capital Debt Issuance:**

- What does it cost to operate the water and sewer systems, now and in the future?
- How do we prepare a cash reserve that can handle regular maintenance capital improvement projects and some emergencies?

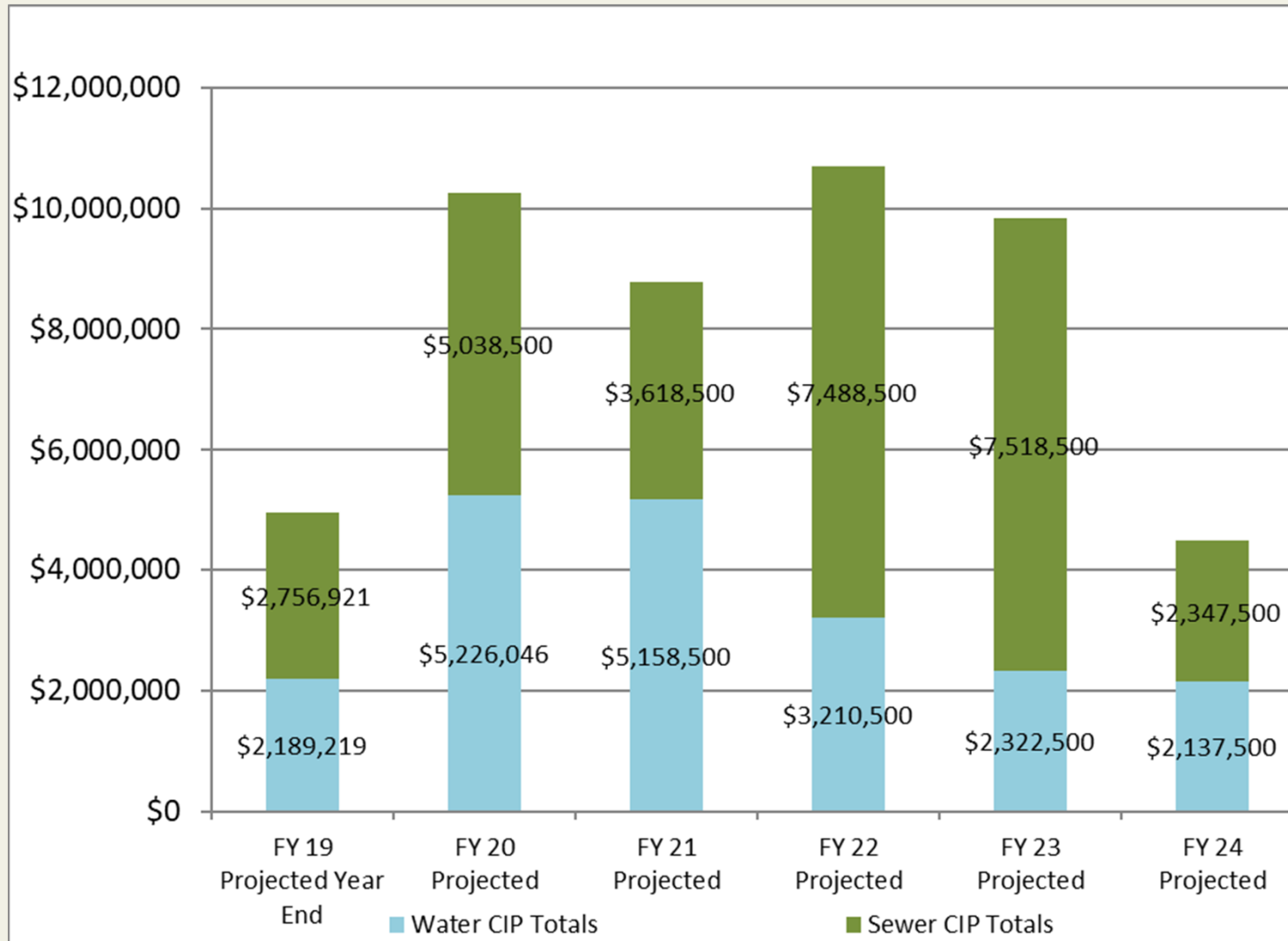
✓ **Rate Stabilization Analysis:**

- What rate increases, if any, are necessary to provide both financially sound and fair and equitable water and sewer funding?

✓ **Rate Comparison Analysis:**

- Identify the tiers of users in the system and assess their rates against like communities.

Capital Improvement Project Plans 2019-2024



As estimated by the Village of Oak Park Public Works

2019 Water & Sewer Rate Study – Operating Reserve Goal

- American Water Works Association (AWWA) formerly recommended an operating reserve of 25% of the annual operating expenses (excluding capital and debt service).
- The Village of Oak Park is considering this former recommendation. This roughly equates to an operating reserve balance goal of \$2-3M

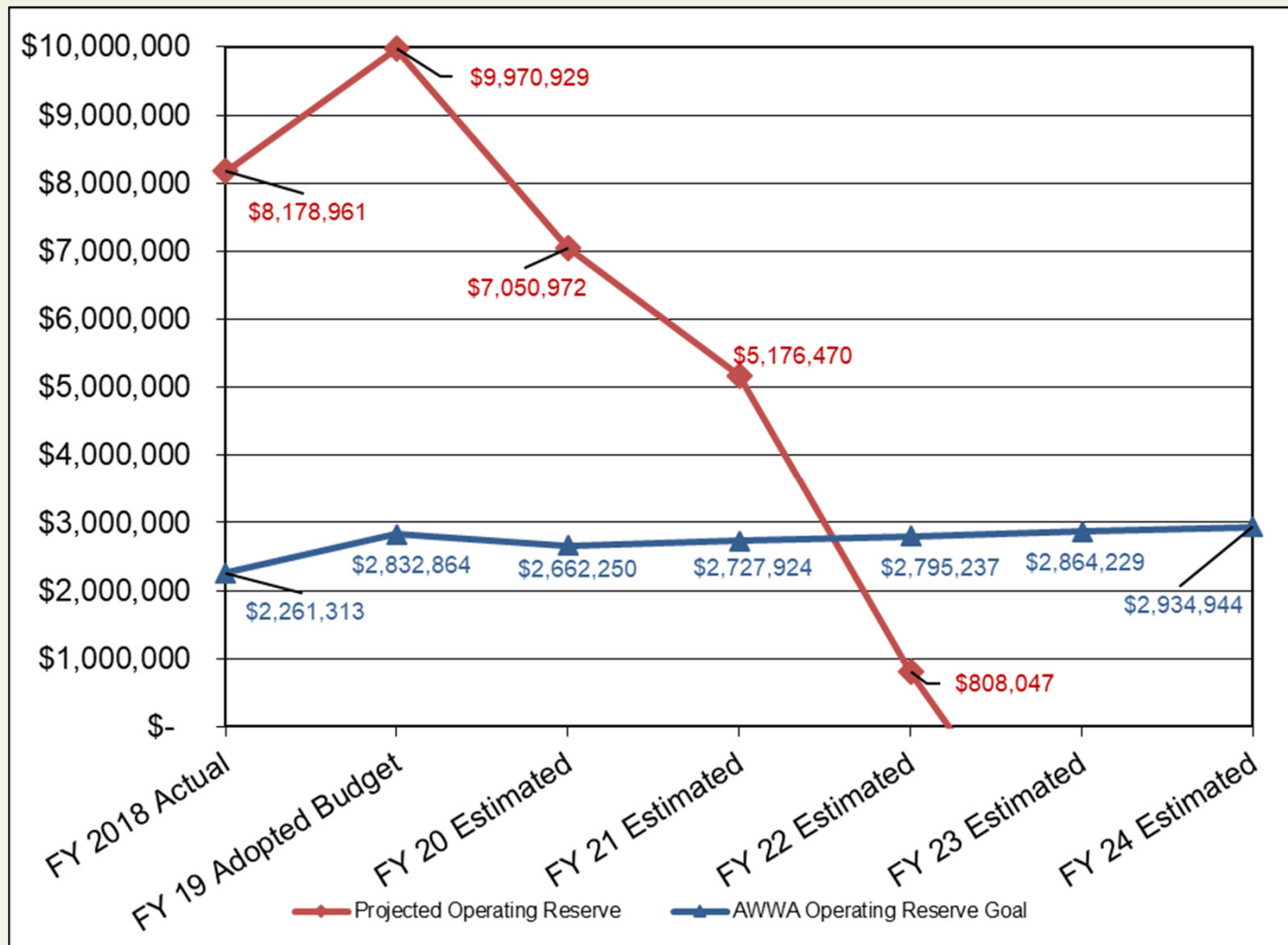
Scenario 1: Baseline – No Rate Increases

Current Water and Sewer Rates

	Water Rate Charge	Sewer Rate Charge
Fixed Rate – 1-inch meter or smaller	\$5.00	
Fixed Rate – 1 ½-inch to 3-inch meter	\$10.00	
Fixed Rate – 4-inch or larger meter	\$15.00	
Volumetric Rate per 1,000 gal	\$9.52	\$2.73

Scenario 1 – Baseline – No Rate Increases

Projected Operating Reserve Balance



Scenario 2: Fixed and Volumetric Increases 2/2/2/2/2

Percentage Increases per year

	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
Fixed Rate – 1-inch meter or smaller	0%	0%	10%	0%	9.1%	0%
Fixed Rate – 1 ½-inch to 3-inch meter	0%	0%	10%	0%	9.1%	0%
Fixed Rate – 4-inch or larger meter	0%	0%	10%	0%	9.1%	0%
Volumetric Water Rate per 1,000 gal	0%	2%	2%	2%	2%	2%
Volumetric Sewer Rate per 1,000 gal	0%	2%	2%	2%	2%	2%

Scenario 2: Fixed and Volumetric Increases 2/2/2/2/2

Financial Increases Per Year

	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
Fixed Rate – 1-inch meter or smaller	\$5.00	\$5.00	\$5.50	\$5.50	\$6.00	\$6.00
Fixed Rate – 1 ½-inch to 3-inch meter	\$10.00	\$10.00	\$11.00	\$11.00	\$12.00	\$12.00
Fixed Rate – 4-inch or larger meter	\$15.00	\$15.00	\$16.50	\$16.50	\$18.00	\$18.00
Volumetric Water Rate per 1,000 gal	\$9.52	\$9.71	\$9.90	\$10.10	\$10.30	\$10.51
Volumetric Sewer Rate per 1,000 gal	\$2.73	\$2.78	\$2.84	\$2.90	\$2.96	\$3.01

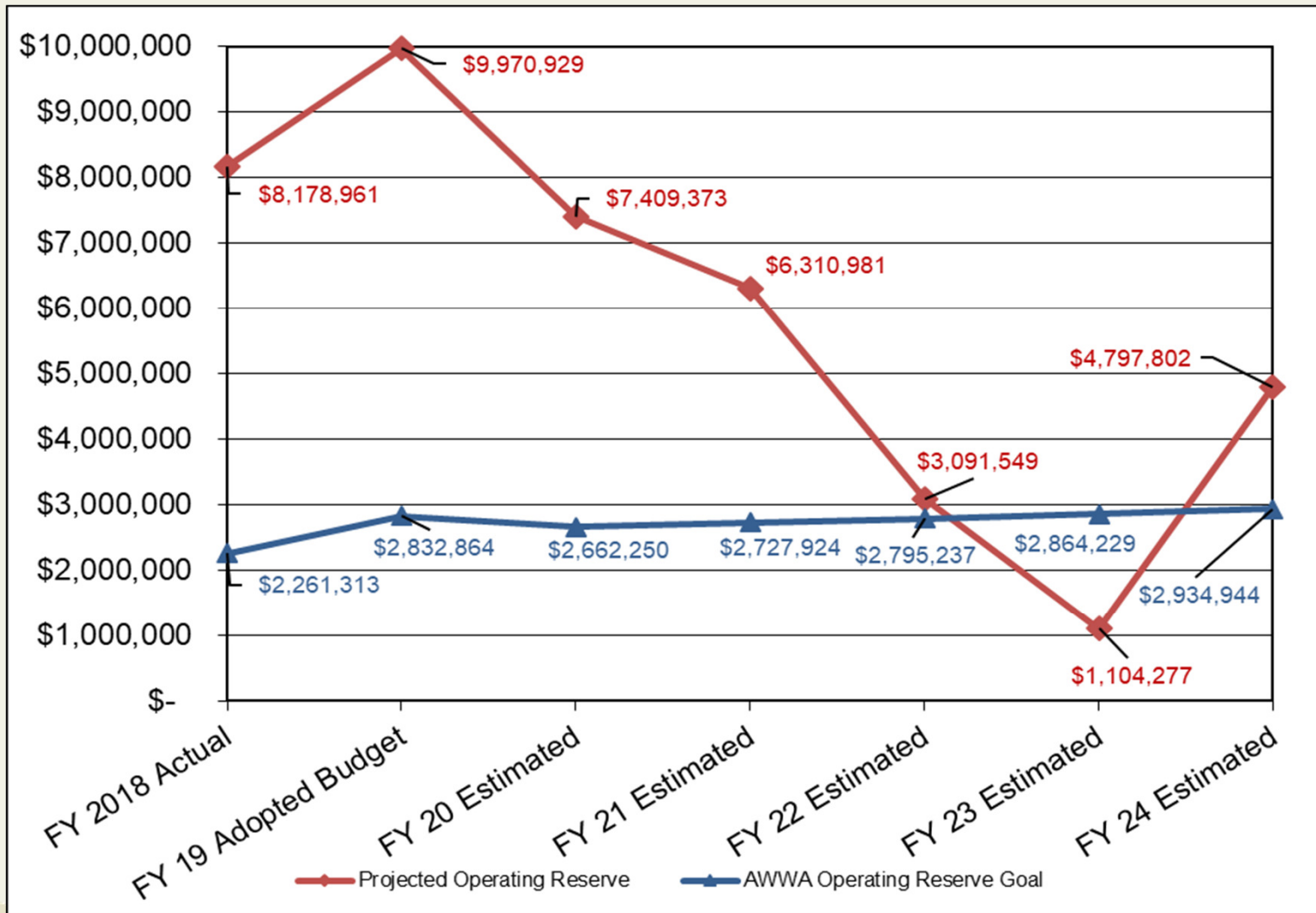
Scenario 2: Fixed and Volumetric Increases 2/2/2/2/2

Sample Quarterly Residential Bill – 4,500 gallons per month usage

	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
Fixed Rate – 1-inch or smaller meter	\$5.00	\$5.00	\$5.50	\$5.50	\$6.00	\$6.00
Water – Volumetric	\$42.84	\$43.70	\$44.57	\$45.46	\$46.37	\$47.30
Sewer - Volumetric	\$12.29	\$12.53	\$12.78	\$13.04	\$13.30	\$13.56
Bill per month	\$60.13	\$61.23	\$62.85	\$64.00	\$65.67	\$66.86
Bill per quarter	\$180.38	\$183.68	\$188.56	\$192.00	\$197.01	\$200.59

Scenario 2: Fixed and Volumetric Increases 2/2/2/2/2

Projected Operating Reserve Balance



Scenario 3: Fixed and Volumetric Increases 3/3/2/1/1

Percentage Increases Per Year

	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
Fixed Rate – 1-inch meter or smaller	0%	0%	10%	0%	9.1%	0%
Fixed Rate – 1 ½-inch to 3-inch meter	0%	0%	10%	0%	9.1%	0%
Fixed Rate – 4-inch or larger meter	0%	0%	10%	0%	9.1%	0%
Volumetric Water Rate per 1,000 gal	0%	3%	3%	2%	1%	1%
Volumetric Sewer Rate per 1,000 gal	0%	3%	3%	2%	1%	1%

Scenario 3: Fixed and Volumetric Increases 3/3/2/1/1

Financial Increases Per Year

	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
Fixed Rate – 1-inch meter or smaller	\$5.00	\$5.00	\$5.50	\$5.50	\$6.00	\$6.00
Fixed Rate – 1 ½-inch to 3-inch meter	\$10.00	\$10.00	\$11.00	\$11.00	\$12.00	\$12.00
Fixed Rate – 4-inch or larger meter	\$15.00	\$15.00	\$16.50	\$16.50	\$18.00	\$18.00
Volumetric Water Rate per 1,000 gal	\$9.52	\$9.81	\$10.10	\$10.30	\$10.40	\$10.51
Volumetric Sewer Rate per 1,000 gal	\$2.73	\$2.81	\$2.90	\$2.95	\$2.98	\$3.01

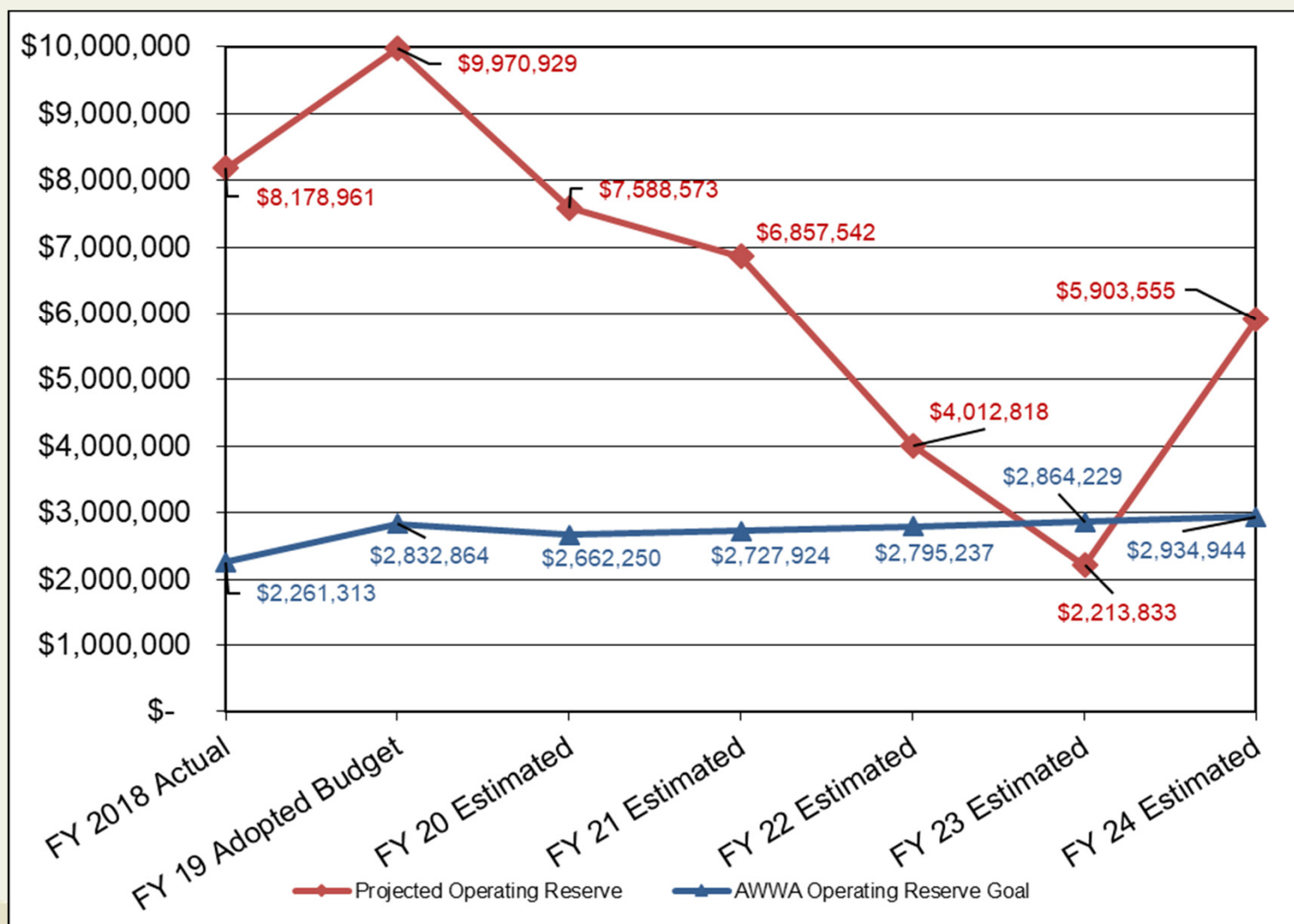
Scenario 3: Fixed and Volumetric Increases 3/3/2/1/1

Sample Quarterly Residential Bill – 4,500 gallons per month usage

	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
Fixed Rate – 1-inch or smaller meter	\$5.00	\$5.00	\$5.50	\$5.50	\$6.00	\$6.00
Water – Volumetric	\$42.84	\$44.13	\$45.45	\$46.36	\$46.82	\$47.29
Sewer - Volumetric	\$12.29	\$12.65	\$13.03	\$13.29	\$13.43	\$13.56
Bill per month	\$60.13	\$61.78	\$63.98	\$65.15	\$66.25	\$66.85
Bill per quarter	\$180.38	\$185.34	\$191.95	\$195.46	\$198.75	\$200.55

Scenario 3: Fixed and Volumetric Increases 3/3/2/1/1

Projected Operating Reserve Balance



Neighboring Communities Rate Comparison

Sample Residential Bill (4,500 gallons/month)

Community	Rate Published (year)	Water Bill	Sewer Bill	Total Bill
Melrose Park	2019			\$25.26
Berwyn	2019	\$37.79	\$5.41	\$43.20
Forest Park	2018			\$43.97
Brookfield	2018			\$49.69
River Grove	2018	\$46.58	\$4.51	\$51.09
Cicero	2018	\$40.07	\$13.30	\$53.37
Elmwood Park	2016			\$58.28
Oak Park	2019 Baseline	\$47.84	\$12.29	\$60.13
River Forest	2019	\$40.06	\$26.41	\$66.47
Oak Park	2024 Scenario 3	\$53.29	\$13.56	\$66.85
Oak Park	2024 Scenario 2	\$53.30	\$13.56	\$66.86
Maywood	2019	\$65.39	\$3.07	\$68.46
North Riverside	2019			\$76.20
Riverside	2018			\$84.54

Neighboring Communities Rate Comparison

Sample Commercial Bill (16,000 gallons/month)

Community	Rate Published (year)	Water Bill	Sewer Bill	Total Bill
Brookfield	2018			\$176.68
Berwyn	2019	\$157.54	\$19.25	\$176.79
Cicero	2018	\$142.46	\$56.06	\$198.52
River Grove	2018	\$186.88	\$16.04	\$202.92
Oak Park	2019 Baseline	\$162.32	\$43.68	\$206.00
Elmwood Park	2016			\$207.20
Oak Park	2024 Scenario 3	\$180.14	\$48.22	\$228.36
Oak Park	2024 Scenario 2	\$180.17	\$48.23	\$228.40
River Forest	2019	\$142.44	\$93.89	\$236.33
Maywood	2019	\$232.48	\$10.91	\$243.39
Forest Park	2018			\$246.38
Riverside	2018			\$262.24
North Riverside	2019			\$328.80
Melrose Park	2019			\$467.10

2019 Water & Sewer Rate Study - Recommendations

- **The Village of Oak Park is in a good financial position**
 - Rate increases are needed to cover projected Capital Improvement costs

- **B&W recommends utilizing Scenario 2 or Scenario 3**
 - Increasing fixed rates allow stable incomes to cover fixed operating costs
 - Volumetric rate increases allocate expenses to larger water users and provide price signals to promote water conservation.

- **Moving Forward**
 - The Village should continue to monitor the fund balance year to year to identify any significant changes that deviate from the projected balances.

Water & Sewer Rate Study

Questions?

or

Comments?

Thank you!

