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:

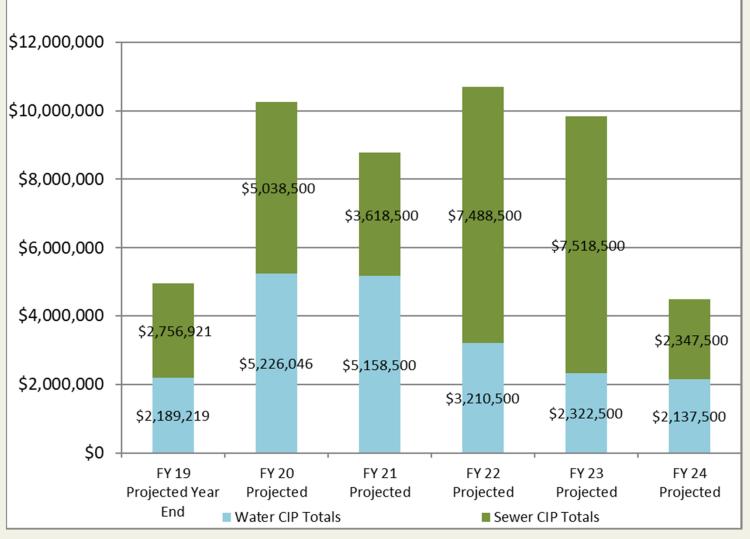
• What rate increases, if any, are necessary to provide both financially sound and fair and equitable water and sewer funding?

✓ 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

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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

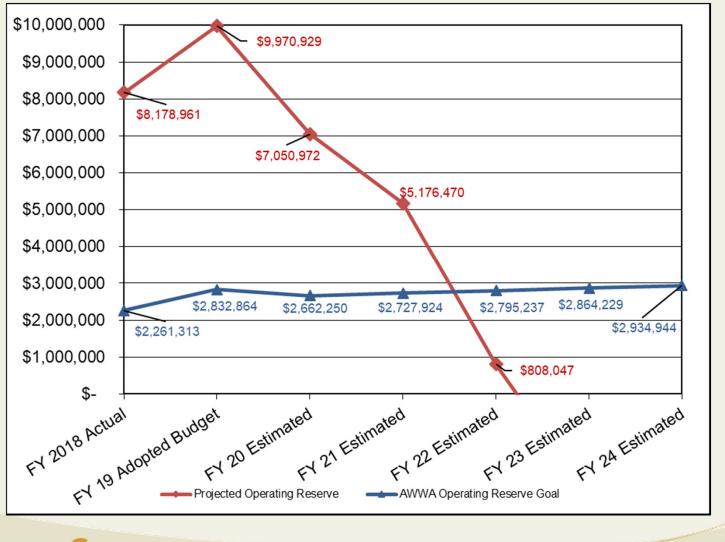
Current Water and Sewer Rates

	Water Rate Charge	Sewer Rate Charge
Fixed Rate – 1-inch meter or smaller	\$5.	00
Fixed Rate – 1 ¹ / ₂ -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



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%



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

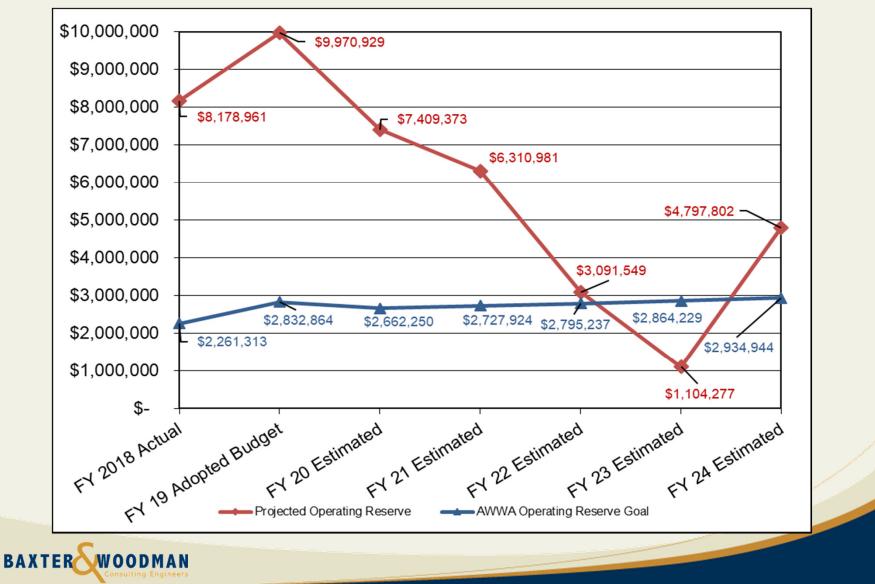


Sample Quarterly Residential Bill – 4,500 gallons per month usage

	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



Projected Operating Reserve Balance



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%



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 ¹ ⁄ ₂ -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

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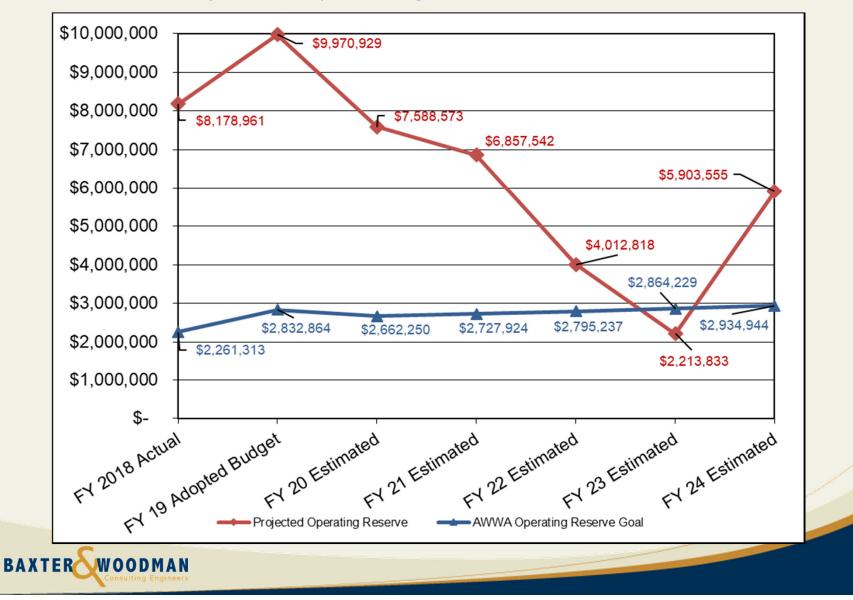
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Sample Quarterly Residential Bill – 4,500 gallons per month usage

	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



Projected Operating Reserve Balance



Neighboring Communities Rate Comparison

Sample Residential Bill (4,500 gallons/month)

Community	Rate Published	Water Bill	Sewer Bill	Total Bill
	(year)			
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

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Neighboring Communities Rate Comparison

Sample Commercial Bill (16,000 gallons/month)

Community	Rate Published	Water Bill	Sewer Bill	Total Bill
	(year)			
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!



