# 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:

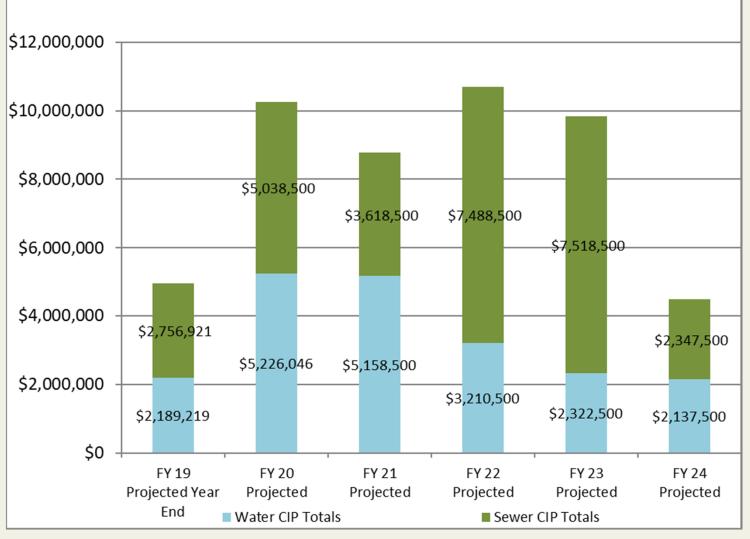
• What rate increases, if any, are necessary to provide both financially sound and fair and equitable water and sewer funding?

#### ✓ 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

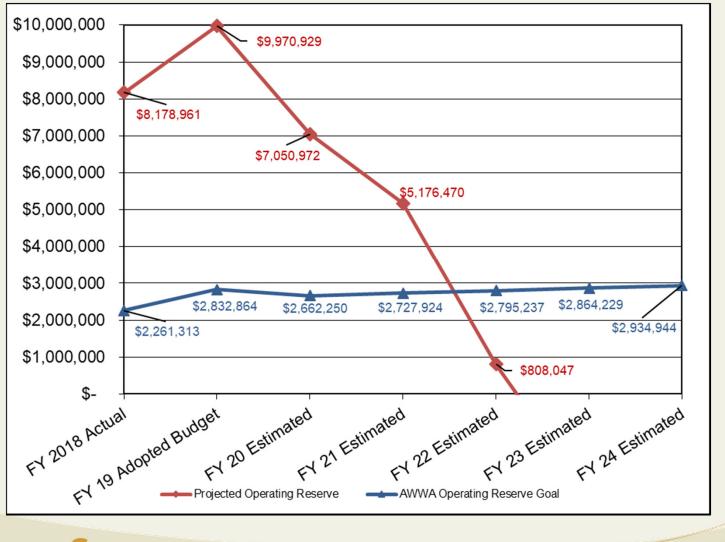
#### **Current Water and Sewer Rates**

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

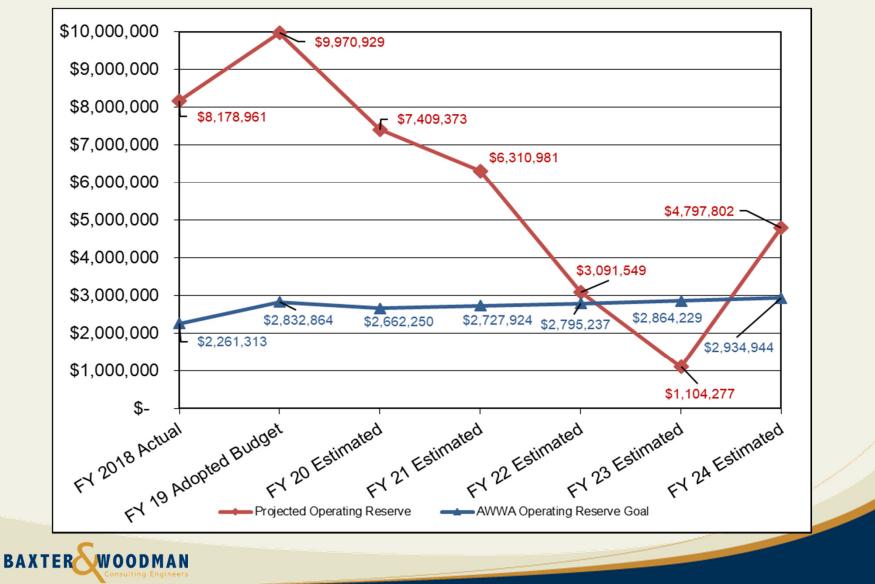


#### Sample Quarterly Residential Bill – 4,500 gallons per month usage

	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 <sup>1</sup> ⁄ <sub>2</sub> -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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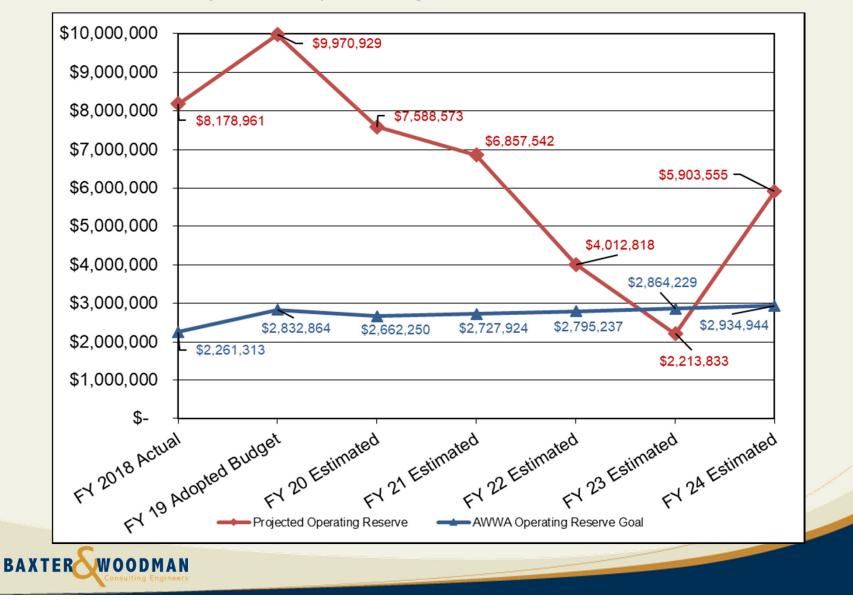
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### Sample Quarterly Residential Bill – 4,500 gallons per month usage

	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	<b>Total Bill</b>
	(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
<b>River Forest</b>	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!



