



## Agenda Item Summary

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### **Submitted By**

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### **Reviewed By**

LKS

### **Agenda Item Title**

**First Reading of An Ordinance Amending Chapter 26 ("Water"), Article 2 ("Charges and Collections") of the Oak Park Village Code Regarding the Rates for Water and Sewer Services as Reviewed at the October 24, 2019 Finance Committee Meeting**

### **Overview**

This is the first reading of an Ordinance which proposes the fees charged for Water and Sewer services. Proposed are rates for the next five years (2020 - 2024) which are based on the current five year projection of water & sewer expenses. The rates were determined from the completion of the 2019 Water & Sewer Rate Study.

### **Recommendation**

This is a First Reading only.

### **Fiscal Impact**

Fees collected for these services fund the Water & Sewer Fund.

### **Background**

In December 2014 the Village Board approved Water & Sewer rates for 2015 through 2019. These rates were based on a Water & Sewer Rate Study that was completed at the time. This fall, staff has been working with Baxter & Woodman Consulting Engineers, a local professional engineering firm that specializes in planning, design and construction of water & wastewater facilities, to complete another five year Water & Sewer Rate Study.

The 2019 Water & Sewer Rate Study provides a five year view of the projected Water & Sewer Enterprise Fund. The projection includes the current position of fund balance as well as the proposed revenues and expenditures, including the Capital Improvement Program. Rates are based on the volume of water used (metered) per 1,000 gallons plus a fixed monthly charge for the size of water meter the customer has on their premises.

The results of the Study and proposed fees were reviewed at a Finance Committee meeting on October 24, 2019 as part of the annual budget process.

Three options were provided. Each option was evaluated for achieving a sustainable fund balance. Option 1 was the baseline option which assumed no rate increases. Option 2 included fixed rate increases and volumetric increases of 2%/2%/2%/2%/2% over the five year period. Option 3 included fixed rate increases and volumetric increases of 3%/3%/2%/1%/1% over the five year period.

Based on the evaluation of the resulting fund balance staff is recommending Option 3 which provides the most stable operating reserve balance.

It was noted that if expenditures change from those estimated, the Village Board could re-visit the rate structure for future years.

Based on staffs recommendation to adopt Option 3, the proposed rates for 2020 - 2024 are as noted below:

Proposed Increase	(3%)	(3%)	(2%)	(1%)	(1%)	
	FY19	FY 20	FY 21	FY 22	FY23	FY24
Volumetric Rate for Water	\$9.52	\$9.81	\$10.10	\$10.30	\$10.40	\$10.51
Rate per 1,000 gallons						
Volumetric Rate for Sewer	\$2.73	\$2.81	\$2.90	\$2.95	\$2.98	\$3.01
Rate per 1,000 gallons						
Fixed Rate - 1" meter or smaller	\$5.00	\$5.00	\$5.50	\$5.50	\$6.00	\$6.00
Fixed Rate 1 1/2" - 3" meter	\$10.00	\$10.00	\$11.00	\$11.00	\$12.00	\$12.00
Fixed Rate 4" or larger meter	\$15.00	\$15.00	\$16.50	\$16.50	\$18.00	\$18.00

Attached is a copy of the Executive Summary of the Draft 2019 Water & Sewer Rate Study and the presentation that was provided to the Finance Committee at their October meeting.

### **Alternatives**

The Board can delay action to gain additional information.

### **Previous Board Action**

Fees for Water & Sewer rates were last increased on January 1, 2019 which were approved by the Village Board in December 2014.

### **Citizen Advisory Commission Action**

N/A.

### **Anticipated Future Actions/Commitments**

The Village Board may review the rates annually.

### **Intergovernmental Cooperation Opportunities**

The Village is the only Public Water Supplier for Water and Sewer within the Village Corporate limits.