

**VILLAGE OF DOWNERS GROVE  
REPORT FOR THE VILLAGE COUNCIL MEETING  
DECEMBER 6, 2011 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Water Rate Increases	✓ Resolution Ordinance Motion Discussion Only	Judy Buttny Finance Director

**SYNOPSIS**

An ordinance has been prepared to increase Water rates beginning with bills distributed after January 1, 2012, as a result of the Water Rate Study and the rate increases from the DuPage Water Commission (DWC).

**STRATEGIC PLAN ALIGNMENT**

The Goals for 2011-2018 include *Steward of Fiscal and Environmental Responsibility*

**FISCAL IMPACT**

This action would increase the FY12 Water Fund revenue for the sale of water to approximately \$11.16 million as shown in the adopted FY12 budget.

**UPDATE & RECOMMENDATION**

This item was discussed at the November 15, 2011 Village Council meeting. Staff recommends approval on the December 6, 2011 Active Agenda.

**BACKGROUND**

The Village’s water system serves approximately 16,000 residential and business accounts within Village boundaries, as well as a limited number of unincorporated properties. The Water Fund is solely dependent on user charges and fees to fund its operations, maintenance and long-term obligations and does not rely on tax revenues to support operations. The supply of water is obtained from Lake Michigan via the City of Chicago. The DWC obtains water from the City of Chicago and in turn distributes and sells it to member communities including Downers Grove.

The increase in water rates is a part of the implementation of the approved FY12 Municipal Budget. Per the budget and the LRFP recommendations, the water rates will be increased to align with the recommendations of the 2010 Water Rate Study. The 2012 water rates also include the increases in the rates charged by the DWC, which announced a series of rate increases that will become effective January 1, 2012. The price increase from the DWC reflects a pass-through of the City of Chicago water rate increases as well as increases for DWC existing debt service payments and planned capital improvements. Additional information regarding the DWC increase was provided to the Council for its consideration of the 2012 budget on November 1, 2011.

In 2010, the Water Rate Study concluded the following:

- Based on projected water sales, the Village’s then-current water rates would not have produced adequate revenues to cover the costs of operating and maintaining the water system in 2011 or subsequent years.
- The annual shortfalls under existing 2010 rates would have exhausted the Village’s Water Fund cash balance during 2011.

- Revenue increases of 14% in 2011, 2012 and 2013, and 10% in 2014 and 9% in 2015 were required to cover the costs of operating and maintaining the water system.

The study included a model projecting the total cost of owning, operating and maintaining the Village water system, assuming 10% annual increases in the cost of water from the DWC. Because the increases to be implemented by the DWC are substantially greater than the increases assumed in the 2010 model, staff has updated the model to account for the increases proposed by the DWC for the next four years.

<b>Year</b>	<b>Required Revenue Increases per 2010 Model</b>	<b>Required Revenue Increases Per the Revised Model</b>
2012	14%	25%
2013	14%	18%
2014	10%	14%
2015	9%	14%

The following table shows the proposed water rates for 2012. The bi-monthly fixed charges by water meter size are consistent with the proposed rates contained in the Water Rate Study. The bi-monthly volume charge reflects the increases proposed in the Water Rate study plus the additional amount needed to cover the DWC rate increase.

<b>Bi-Monthly Fixed Charge by Water Meter Size</b>	<b>2011</b>	<b>2012 Original</b>	<b>2012 Revised</b>
5/8"	\$8.25	\$9.31	\$9.31
1"	\$12.40	\$13.96	\$13.96
1 1/2"	\$41.25	\$46.53	\$46.53
2"	\$66.00	\$74.45	\$74.45
3"	\$123.70	\$139.59	\$139.59
4"	\$206.15	\$232.66	\$232.66
6"	\$412.30	\$465.31	\$465.31
10"	\$989.50	\$1,116.75	\$1,116.75
<b>Bi-Monthly Unit Fee</b>	<b>2011</b>	<b>2012 Original</b>	<b>2012 Revised</b>
Inside Village	\$3.30	\$3.73	\$4.13
Outside Village	\$3.80	\$4.34	\$4.76

It is important to note that the pass-through of the increase in the cost of purchasing water from the DWC affects only the unit fee portion of the Village rates, and the fixed fee portion does not change from the original plan. The following table shows how the new water rates will impact typical users in 2012.

<b>User Category</b>	<b>Typical Meter Size</b>	<b>Current Bi-Monthly Bill</b>	<b>Proposed 2012 Bi-monthly Bill</b>
<b>Typical Residential User</b>	5/8"	\$57.75	\$71.26
<b>Typical Commercial User</b>	1.5"	\$371.25	\$459.53
<b>Typical Industrial User</b>	2"	\$726.00	\$900.45

**ATTACHMENTS**  
Ordinance

**VILLAGE OF DOWNERS GROVE**  
**COUNCIL ACTION SUMMARY**

**INITIATED:** Village Manager **DATE:** December 6, 2011  
(Name)

**RECOMMENDATION FROM:** \_\_\_\_\_ **FILE REF:** \_\_\_\_\_  
(Board or Department)

**NATURE OF ACTION:**

**STEPS NEEDED TO IMPLEMENT ACTION:**

- Ordinance
- Resolution
- Motion
- Other

Motion to Adopt "AN ORDINANCE AMENDING WATER RATES AND RELATED FEES", as presented.

**SUMMARY OF ITEM:**

Adoption of the attached ordinance shall amend the Municipal Code regarding water related Village user-fees, licenses and fines, effective January 1, 2012.

**RECORD OF ACTION TAKEN:**

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ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE AMENDING RATES CHARGED FOR WATER**

BE IT ORDAINED by the Village Council of the Village of Downers Grove in DuPage County, Illinois, as follows: (Additions are indicated by ~~shading~~/underline; deletions by ~~strikeout~~):

**Section 1. That Section 25.29. is hereby amended to read as follows:**

**25.29. Rates and charges for metered water.**

Water will be furnished to consumers only at rates and charges determined as follows:

(a) Except as provided in Section 25-30, the charge for water furnished to consumers located within the Village limits shall be calculated on a flat rate basis as set forth in the following schedule:

(1) Within Village Limits:

For bills received after ~~January 1, 2011~~ March 1, 2012:

(i) ~~Three dollars and thirty cents~~ Four dollars and thirteen cents (~~\$3.30~~4.13) for property within Village limits will be charged for the consumption of every one hundred (100) cubic feet.

(2) Outside Village Limits:

For bills received after ~~January 1, 2011~~ March 1, 2012:

(i) ~~Three dollars and eighty cents~~ Four dollars and seventy-six cents (~~\$3.80~~4.76) for property outside the Village limits will be charged for the consumption of every one hundred (100) cubic feet.

(b) In addition to the fees listed above, a bi-monthly maintenance fee shall be assessed as follows:

Water Meter Size	Bi-Monthly Fee
5/8"	<del>\$8.25</del> <u>9.31</u>
1"	<del>\$12.40</del> <u>13.96</u>
1 1/2"	<del>\$41.25</del> <u>46.53</u>
2"	<del>\$66.00</del> <u>74.45</u>
3"	<del>\$123.70</del> <u>139.59</u>
4"	<del>\$206.15</del> <u>232.66</u>
6"	<del>\$412.30</del> <u>465.31</u>
10"	<del>\$989.50</del> <u>1,116.75</u>

(c) The charges for water furnished to any building or portion thereof used for multiple-family residence purposes or mixed business and residential uses (except buildings having separate meters for each dwelling unit or use therein) shall be the aggregate of the applicable charges for each dwelling unit or use in such building or portion thereof served through a single meter, computed as though each such dwelling unit or use:

(1) Was a separate building connected to a separate water meter; and

(2) Consumed during such two-month billing period a quantity of water determined by dividing the total water consumption of such multiple-family or mixed use building by the number of dwelling units or uses contained in such building or portion thereof.

(d) During the month of January in each year, any purchaser of water from the Village for resale, in whole or in part, to consumers located outside the Village limits shall file with the Village Treasurer a sworn written statement setting forth the number of separate dwelling units served by such purchaser as of the date of such statement, including all separate single-family buildings and all separate dwelling units contained within buildings used for multiple-family residence purposes. The charges for water furnished to any such purchaser shall be two times the aggregate of the applicable charges for each such dwelling unit, computed as though each such dwelling unit:

Water Rates 2012

- (1) Was a separate single-family building connected to a separate water meter; and
- (2) Consumed during such two-month billing period a quantity of water determined by dividing the total water consumption of such purchaser by the number of dwelling units set forth in the latest sworn statement on file with the Village treasurer with respect to such purchaser.
- (d) The charges for water furnished to contractors acquiring water from the hydrant connection at the Public Works Facility, 5101 Walnut, Downers Grove, shall be two hundred percent (200%) of the rate listed in subsection (a)(1)(ii), above.
- (e) The charges for water furnished to contractors taking water from public hydrants other than at the Public Works yard shall be two hundred percent (200%) of the rate listed in subsection (a)(1)(ii), above. (Ord. No. 2942, § 1; Ord. No. 3209, § 1; Ord. No. 3326, § 5; Ord. No. 3424, § 2; Ord. No. 3437, § 2)

**Section 2.** That all ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

**Section 3.** That this ordinance shall be in full force and effect from and after its passage and publication in the manner provided by law.

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Mayor

Passed:  
Published:  
Attest: \_\_\_\_\_  
Village Clerk