

2021-23 Long Range Plan

8/2/2022

2022 Update

Report #2

Water Fund Sustainability

Parking Fund Sustainability

August 2, 2022

Water Fund Sustainability - Lead Service Replacement and Notification Act

<p>Trends & Issues</p>	<p>The Lead Service Replacement and Notification Act, effective January 1, 2022, requires the Village to:</p> <ul style="list-style-type: none"> • Develop and maintain a complete inventory of lead service lines by April 2024 • Implement a plan to replace all lead service lines from 2027 to 2044 • Use good faith efforts to contract with vendors owned by minority persons, women and persons with a disability to complete lead service line replacements <p>When either the public or private section of a lead service line is damaged or when a property owner initiates a service line replacement both sections must be replaced.</p> <p>The Village has the option to charge the resident for the cost of replacing the private section of a lead service line, provided that the Village does not use Federal or State funds for lead service line replacement. IEPA low interest loan funds may not be available to the VoDG due to increased competition for the funds and the IEPA's focus on providing funding to disadvantaged municipalities.</p> <p>Property owners may refuse to have the private section of a lead service line replaced provided that they sign a waiver and install a water filter (provided by the Village).</p> <p>Staff estimates that the annual cost of complying with the Act will be about \$200,000 in FY23 through FY26 and about \$2 million beginning in FY27.</p> <p>The State has not yet published the rules and regulations for administering the Act.</p>
<p>Background and Key Facts</p>	<p>Staff estimates that there are about 1,500 to 3,000 existing lead service lines in the Village; almost all of them located in the central portion of the Village.</p> <p>\$50,000 is included in the FY22 Budget for a consultant to begin preparing the complete lead service line inventory.</p> <p>Approximately 90-180 lead service lines will have to be replaced annually from 2027-2044. Teardown redevelopment of existing houses is expected to eliminate about 40 lead service lines each year, leaving 50-140 services to be replaced.</p> <p>The estimated cost for a service line replacement is:</p> <ul style="list-style-type: none"> Public section (main to shut-off valve): \$3,000 to \$4,000 Private section (shut-off valve to house): \$3,000 to \$5,000 <p>Federal and State funding may be available to help pay for the cost of compliance</p>
<p>Strategies & Solutions</p>	<p>In Q3 2022, amend the Village Code to state whether it is the Village's or property owner's responsibility to pay for the costs of replacing the private section of lead service lines.</p> <p>Complete the inventory of lead service lines by 2024</p>

	<p>In 2025 and 2026, prepare a plan for the replacement of lead service lines</p> <p>Budget \$200,000 per year in the FY23 and FY24 in the Water Fund for compliance</p> <p>Review the State's rules and regulations for administering the Act once they are published</p> <p>Pursue Federal and State grant funding to help pay for the cost of replacing lead service lines</p> <p>Consider issuing bonds (in lieu of IEPA loan proceeds) to pay for watermain replacements and other capital projects.</p>
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The Lead Service Replacement and Notification Act, effective January 1, 2022, requires the Village to:

- Develop and maintain a complete inventory of lead service lines by April 2024
- Implement a plan to replace all lead service lines from 2027 to 2044
- Use best efforts to contract with vendors owned by minority persons, women and persons with a disability to complete lead service line replacements

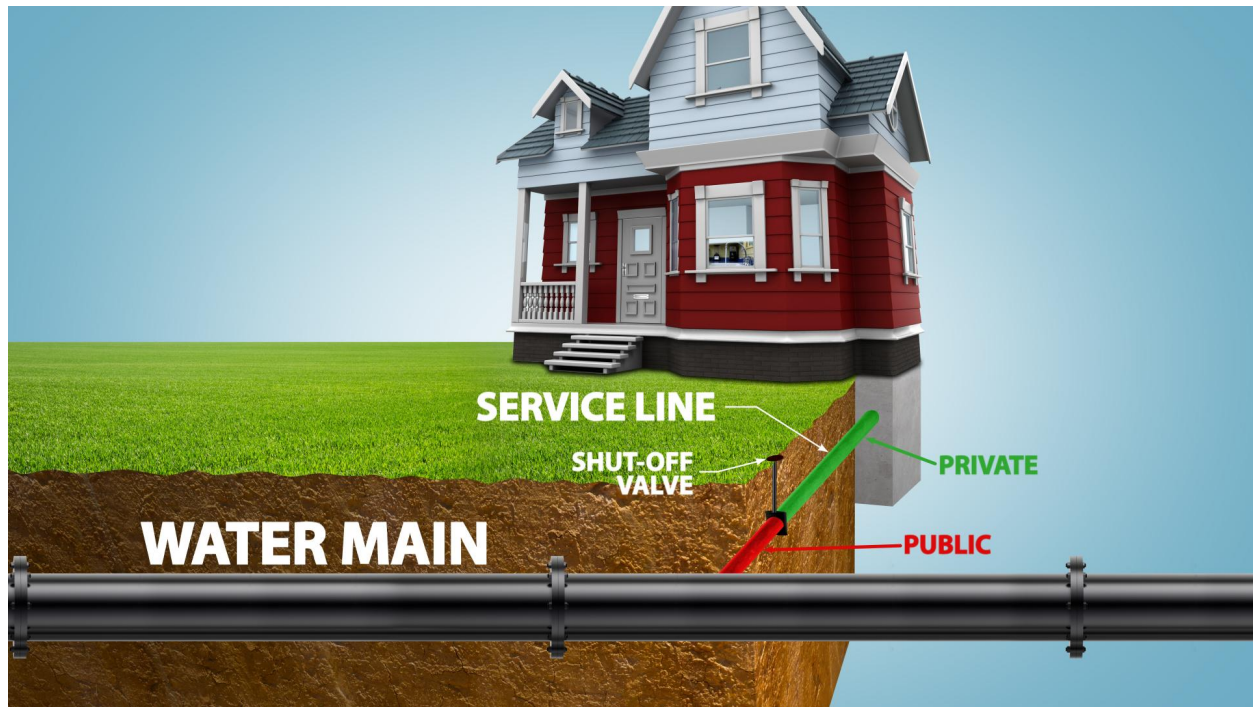
The Act also prohibits the maintenance of existing lead services. Therefore, when either the public or private section of a lead service line is damaged or when a property owner initiates a service line replacement both sections must be replaced. Property owners may refuse to have the private section of a lead service line replaced provided that they sign a waiver and install a water filter that is required to be provided to them by the Village.

Based on preliminary work completed by staff, there are approximately 1,500 to 3,000 lead service lines in the Village. Since lead service lines were typically installed with houses built prior to 1960's, most of the lead services are located in the older, central portion of the Village generally between Belmont and Fairview from Ogden to 55th Street.

Remodeling and replacement of older houses has reduced the number of lead services. Generally speaking, water service lines are replaced when a new house is constructed in place of an existing house and when a significant addition is constructed. Approximately 40 lead service lines are replaced each year as part of this type of construction.

The cost to the Village of complying with the Act is expected to be significant. Staff estimates that the annual cost of complying with the Act will be about \$200,000 in FY23 through FY26 and about \$2 million beginning in FY27. The initial cost which is likely to be incurred in 2022 through 2026 will include the cost of preparing the lead service line inventory, replacing damaged service lines, replacing service lines initiated by property owners and replacing service lines in conjunction with watermain replacement projects. The FY22 budget includes \$50,000 for a consultant to begin preparing the complete lead service line inventory.

Approximately 90 to 180 lead service lines will have to be replaced annually from 2027 to 2044. Teardown redevelopment of existing houses results in the elimination of about 40 lead service lines each year leaving 50 to 140 service lines to be replaced at the Village expense. The current estimated cost for a service line replacement is \$6,000 to \$9,000; \$3,000 to \$4,000 for the public section from the main to the shut-off valve and \$3,000 to \$5,000 for the private section from the shut-off valve to the house.



The Village has the option to charge the resident for the cost of replacing the private section of a lead service line, provided that the Village does not use Federal or State funds for lead service line replacement or the replacement of immediately adjacent watermain. Federal and State funding may be available to help pay for the cost of lead service line replacement.

In response to the operational and financial impacts of the Act, the Village should take the following actions:

- In Q3 2022, amend the Village Code regarding the Village's and property owner's responsibility for costs of replacing the private section of lead service lines.
- In 2022, 2023 and 2024, prepare the complete inventory of lead service lines with the assistance of a consultant
- In 2025 and 2026, prepare a plan for the replacement of lead service lines
- Include approximately \$200,000 per year in the FY23 and FY24 Water Fund budgets to cover costs of complying with the Act
- Pursue Federal and State funding to help pay for the cost of replacing lead service lines

Policy Direction on Cost of Replacing the Private Section of Lead Service Lines

In the coming weeks, the Village Council will consider amending the Village Code to state whether it is the Village's or property owner's responsibility to pay for the costs of replacing the private section of lead service lines. There are several scenarios that should be addressed with the policy.

Does the Village Charge the Property Owner for the Replacement Costs when the Replacement is Caused by

An Owner Initiated Replacement of the Service - the property owner is replacing a functioning, undamaged lead service line.

Damage to the Private Section of the Service - the service line is being replaced because the private section has been damaged or is leaking.

Damage to the Public Section of the Service - the service line is being replaced because the public section has been damaged or is leaking.

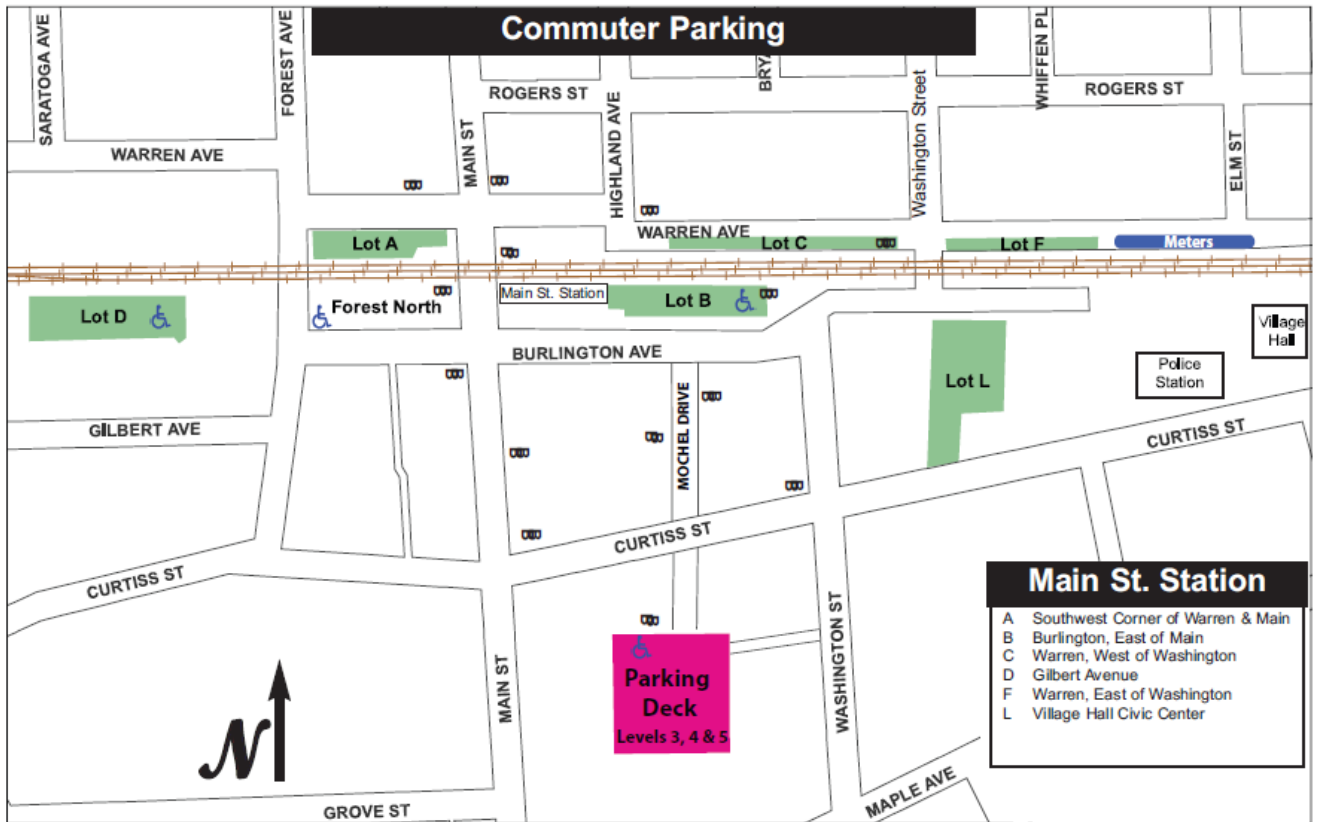
Installation of a New Watermain - the service line is being replaced because the Village is constructing a new watermain not funded with IEPA or Federal funds.

The policy should also address the scope and limitations of any costs that will be paid by the Village. If the Village receives Federal or State funding for lead service line replacement or replacement of the immediately adjacent watermain, the Village may not charge the property owner for the costs of replacing a service.

Parking Fund Sustainability

The Village owns and operates 10 surface parking lots and the parking deck. These facilities provide parking for commuters using the Belmont, Fairview and Main Street train stations and patrons of the downtown area.

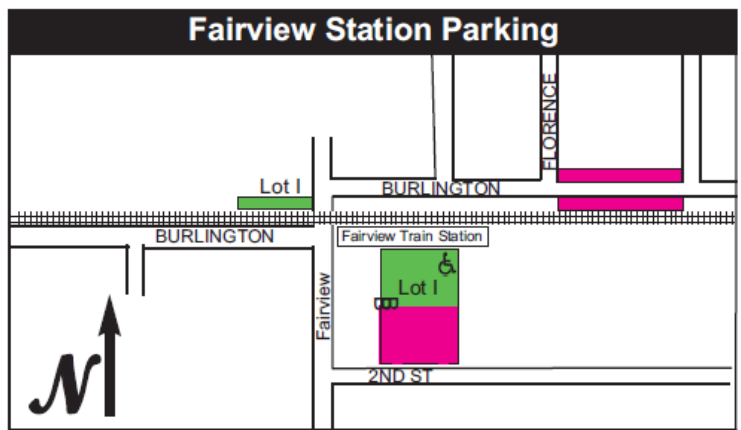
Trends & Issues	<ul style="list-style-type: none"> ● A decrease in commuter parking usage has led to decreased Parking Fund revenues from daily parking fees and parking permits ● The Parking Fund ran a deficit in 2020 and 2021, and will likely run deficits in 2022 and 2023. ● The cash balance has declined and is projected to drop below zero in 2023
Background and Key Facts	<ul style="list-style-type: none"> ● The Parking Fund supports maintenance of the parking deck, surface parking lots, and personnel expenses related to parking operations ● Annual expenses typically range from \$1.3 to \$1.5 million ● The Village is implementing the parking deck maintenance plan prepared in 2022 ● Metra input is required on any changes in commuter parking rates
Strategies & Solutions	<ul style="list-style-type: none"> ● Continue to perform scheduled maintenance of the parking deck, pursuant to the maintenance plan ● Defer maintenance on surface parking lots for up to two years ● Reduce expenses in the Parking Fund by lowering the scheduled administrative transfers between the Parking Fund and the General Fund (this will increase expense in the General Fund) ● Continue to monitor parking system demand and usage ● In 2023, develop a financial plan for the Parking Fund and an operations plan for the commuter parking system



LEGEND

- Green - Permit Lots
- Pink - Daily Fee Spots
- Blue - Meters
- 🚲 - Bike Rack
- ♿ - Handicap

* When paying through PassportParking a \$.50 service charge will be added to each transaction.

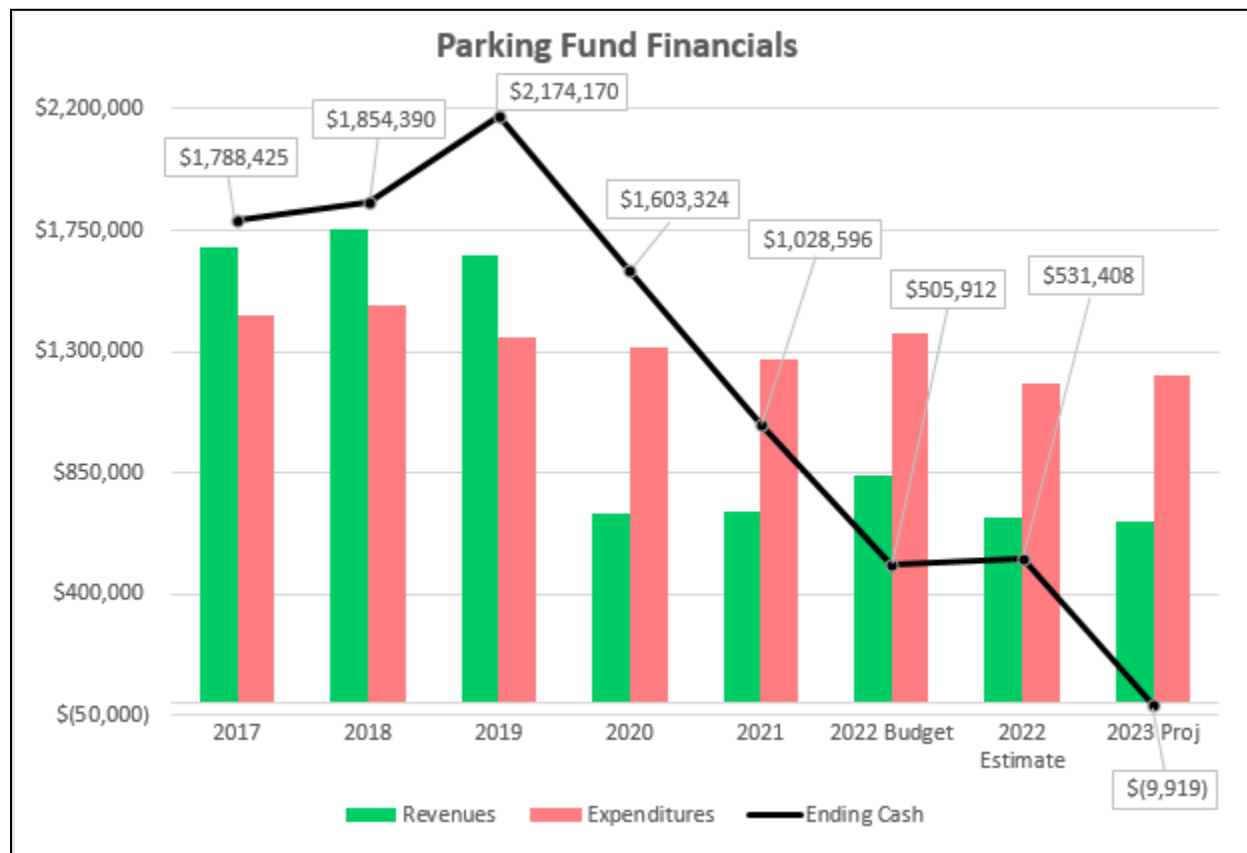




All revenues and expenses related to the parking system are accounted for in the parking fund. It is an Enterprise Fund with revenues generated directly from the users through parking fees. Revenue, primarily from daily parking fees, has declined dramatically in 2020 and 2021. Expenses, primarily related to maintaining the parking deck and parking lots, have remained at traditional levels. In the past two years, fewer commuters appear to be going into the city. The revenue decline is attributable to a combination of reduced daily fee parking in all three commuter parking areas, and a reduction in commuter parking permits sold at Belmont and Fairview.

While the number of commuter parkers has increased slowly in recent months, long term changes in office workplaces may result in a sustained reduction in commuter parking space use and parking related revenue. In recent months, commuter parking permits have been available at both Belmont and Fairview. Staff has worked to sell these permits over the past several months, but many people contacted on the Belmont waiting list either do not respond or decline to purchase a permit. Fairview has not had a waiting list since the end of 2021. Recently, commuters have chosen to not purchase permits for a number of reasons including: hybrid work schedule, retirements, moving out of the area, or are no longer commuting downtown.

The parking fund has operated with a deficit in 2020 and 2021. A deficit is budgeted for 2022 and staff projects that expenses will exceed revenues again in 2023. If actions are not taken to address this situation, the fund balance is projected to drop below zero in future years.



To address the issue, staff recommends that the Village take the following actions.

Continue to Maintain the Parking Deck - The parking deck was constructed in 2004 and must be properly maintained to minimize life cycle cost and maximize the useful life of the facility. The parking deck maintenance plan prepared by Walker Consultants in May 2022 calls for specific maintenance activities to be performed over the next five years (2022 - 2026). Annual maintenance expenses range from \$15,000 to \$418,000. The Village should continue to implement the parking deck maintenance plan.

Defer Maintenance on Surface Lots in 2022 and 2023 - The Village owns and maintains 10 surface parking lots serving the Belmont, Fairview and Main Street train stations as well as the downtown area. These parking lots are generally in good condition. The Forest Lot North parking lot, located at the southeast corner of Forest and the railroad tracks, was reconstructed in 2021. The Village should defer maintenance activity on the surface lots in 2022 and 2023. Deferring maintenance for this short time is not expected to increase the life cycle cost of the lots and will reduce expenses by approximately \$60,000 during this timeframe.

Continue to Monitor Parking - The Village should continue to monitor the usage of the parking system and the parking fund revenues. This information will be helpful in preparing financial and operational plans.

Develop a Financial and Operational Plan - In 2023, the Village should develop a financial plan for the parking fund and an operations plan for the parking system. These plans should work together to create long term sustainability. The plans should address issues including:

- The number and location of parking spaces to be provided
- The number and location of daily fee and quarterly permit spaces
- Fees for the use of the parking system
- Multi year revenue and expense projections
- Multi year capital maintenance plan