

VILLAGE OF BARTLETT

COMMITTEE AGENDA

APRIL 6, 2021

FINANCE & GOLF COMMITTEE, CHAIRMAN DEYNE

1. Water/Sewer Rate Review



Agenda Item Executive Summary

Item Name Water Sewer Rate Review Committee or Board Committee

BUDGET IMPACT

Amount:	N/A	Budgeted	N/A
List what fund	Water and Sewer Fund		

EXECUTIVE SUMMARY

Water and Sewer rates are reviewed each year during the budget process. The current water rate has been in effect since May 1, 2019. It was the final increase related to the Lake Michigan water transition. Sewer rates were also last increased effective with the May 1, 2019 bills. This was the second year of a three-year rate increase plan to fund capital improvements. The increases were for infrastructure improvements required at the wastewater treatment facility in DuPage County, the excess flow facility in Cook County, and for other rehabilitation projects throughout the collection system. No rate increase is being proposed for either water or sewer services for the 21/22 fiscal year.

ATTACHMENTS (PLEASE LIST)

Memo, rate comparison chart, balance projections

ACTION REQUESTED

- For Discussion Only
- Resolution
- Ordinance
- Motion:

Staff: Todd Dowden, Finance Director

Date: 03/22/21

Village of Bartlett
Finance Department Memo
21-02

DATE: March 22, 2021

TO: Paula Schumacher, Village Administrator

FROM: Todd Dowden, Finance Director
Dan Dinges, Public Works Director

SUBJECT: Water and Sewer Rate Review

Water and Sewer rates are reviewed each year during the budget process. The current water rate has been in effect since May 1, 2019. It was the final increase related to the Lake Michigan water transition. Sewer rates were also last increased effective with the May 1, 2019 bills. This was the second year of a three-year rate increase plan to fund capital improvements. The increases were for infrastructure improvements required at the wastewater treatment facility in DuPage County, the excess flow facility in Cook County, and for other rehabilitation projects throughout the collection system. No rate increase is being proposed for either water or sewer services for the 21/22 fiscal year.

Water Charges

Based on the water projects approved in the capital budget, no change in the water rate is proposed for the 21/22 fiscal year. The Stearns Rd pump station improvements related to the Lake Michigan water transition of \$1,000,000 were postponed during the 20/21 budget year and the Onieda St water tower painting project was not completed due to plans to remove it in the future. The 21/22 budget includes the Stearns Rd pump station improvements (\$1,000,000) and the ground water tank painting at a cost of \$476,500. Other capital projects include \$1.2 million for main replacement, \$150,000 for the removal of old infrastructure, and the beginning of the lead service line and fire hydrant programs.

The water fund's cash balance at 4/30/21 is estimated to be \$4,931,491, which is above the policy balance. The balance at 4/30/22 is estimated to be \$3,776,638. This would be \$138,144 above the maximum balance when including 25% of the annual debt service. These funds are scheduled to be used starting in the 22/23 fiscal year with the beginning to the meter change program and continued infrastructure removal. A 5% increase to the rate is estimated to be required for the 22/23 and 23/24 fiscal years.

Sewer Charges

The third year of three planned increases scheduled to be effective with the May 1, 2020 bills was postponed due to the pandemic. Capital projects were funded by available balance. The 21/22 capital projects to be funded include the Devon Excess Flow Facility, the annual sewer rehabilitation program, lift station upgrades, and improvements at the

Bittersweet WWTP. No rate increases are being proposed again for the 21/22 fiscal year. The annual projects will again be funded from available balance, bond proceeds, and IEPA loans. Rate increases are planned for the 22/23 and 23/24 fiscal years to pay the debt service on the estimated \$37 million IEPA loan for the Bittersweet WWTP project that will begin in the fall of 2023. It is estimated that Cook County rates will need to be increased by 8% and 7.5% and DuPage County rates by 13% and 19%. The rates are structured in a way that the Devon Avenue project is being funded by Cook County residents/customers while the Bittersweet WWTP and the 2014 IEPA loan for WWTP improvements are being funded by DuPage County residents/customers.

The fund's cash balance at 4/30/21 is estimated to be \$2,266,307. The balance is projected to be over the minimum policy balance by \$779,169 this year due to timing of capital projects. The balance at 4/30/22 is estimated to be \$1,724,417. This would be a \$541,890 decrease from the 4/30/21 balance and would be over the minimum policy balance by \$182,257.

Below are two charts that show the impact of the future estimated rate increases on a monthly bill for 6,000 gallons of water.

Impact of increase on Monthly Bill Fiscal 22/23									
	Cook County			DuPage County			Kane County		
	Current	Estimate	Change	Current	Estimate	Change	Current	Estimate	Change
Water	70.56	74.10	3.54	70.56	74.10	3.54	70.56	74.10	3.54
Sewer	24.53	26.53	2.00	43.24	48.94	5.70	19.19	19.19	0.00
Total	95.09	100.63	5.54	113.80	123.04	9.24	89.75	93.29	3.54
	Percent Change		5.8%	Percent Change		8.1%	Percent Change		3.9%

Impact of increase on Monthly Bill Fiscal 23/24									
	Cook County			DuPage County			Kane County		
	22/23 Est	23/24 Est	Change	22/23 Est	23/24 Est	Change	22/23 Est	23/24 Est	Change
Water	74.10	77.76	3.66	74.10	77.76	3.66	74.10	77.76	3.66
Sewer	26.53	28.53	2.00	48.94	58.25	9.31	19.19	19.19	0.00
Total	100.63	106.29	5.66	123.04	136.01	12.97	93.29	96.95	3.66
	Percent Change		5.6%	Percent Change		10.5%	Percent Change		3.9%

Attached is a rate sheet comparing the Village to other communities and fund balance projections using the estimated rate increases for water and sewer services.

**VILLAGE OF BARTLETT 2021/22 PROPOSED BUDGET
WATER FUND BALANCE PROJECTIONS**

Fund Balance Projections		Fund Balance Policy	
04/30/20 Cash Balance	4,045,105		
2020-21 Estimated		Minimum Balance	Maximum Balance
Charges for Services	12,617,000	25% of Operating Expenditures	2,067,078
Connection Fees	21,000	Equipment Reserve	0
Interest Income	14,000	Radium Removal Reserve	180,590
Miscellaneous	1,000	25% of Annual Loan Payments	537,822
Transfer In	0	Minimum Balance	2,785,490
Total Revenue	<u>12,653,000</u>		<u>3,612,321</u>
Operating	8,268,311		
Capital Improvements	1,310,014		
Leak Survey	37,000		
DWC Buy-In	434,354		
DWC Loan (\$19M)	1,275,200		
IEPA Loan (\$7.8M)	441,735		
Total Expenditures	<u>11,766,614</u>		
Excess (Deficiency)	886,386		
04/30/21 Projected Balance	4,931,491	Over (Under) Minimum	2,146,001
		Over (Under) Maximum	1,319,170
2021-22 Proposed		Minimum Balance	Maximum Balance
Charges for Services	12,130,000	25% of Operating Expenditures	2,142,352
Connection Fees	80,000	Equipment Reserve	0
Interest Income	1,500	Radium Removal Reserve	180,590
Miscellaneous	26,000	25% of Annual Loan Payments	458,612
Transfer In	0	Minimum Balance	2,781,554
Total Revenue	<u>12,237,500</u>		<u>3,638,494</u>
Operating	8,569,406		
Capital Projects	2,475,000		
Water tower paint	476,500		
Leak Survey	37,000		
DWC Buy-In	434,354		
2021A Bonds	933,143		
IEPA Loan (\$7.8M)	466,950		
Total Expenditures	<u>13,392,353</u>		
Excess (Deficiency)	(1,154,853)		
04/30/22 Projected Balance	3,776,638	Over (Under) Minimum	995,084
		Over (Under) Maximum	138,144

0% increase,
\$1.225M Water Main, \$65,500 Infrastructure Improvements, \$19,514 lead service lines
\$1.2M Water Main, \$1M Infrastructure Improvements, \$100K lead, \$25K hydrants, \$150K old infra

**VILLAGE OF BARTLETT 2021/22 PROPOSED BUDGET
WATER FUND BALANCE PROJECTIONS**

Fund Balance Projections		Fund Balance Policy			
2022-23 Projected					
Charges for Services	13,330,000	Minimum Balance	2,206,622	Maximum Balance	3,089,271
Connection Fees	80,000	25% of Operating Expenditures	0	35% of Operating Expenditures	0
Interest Income	20,000	Equipment Reserve	180,590	Equipment Reserve	180,590
Miscellaneous	2,526,000	Radium Removal Reserve	507,926	Radium Removal Reserve	507,926
Transfer In	0	25% of Annual Loan Payments	2,895,138	25% of Annual Loan Payments	3,777,787
Total Revenue	15,956,000	Minimum Balance		Maximum Balance	
Operating	8,826,488	3% increase		5% increase, \$600,000	
Capital Projects	4,425,000	\$1.0M Water Main, \$500K meter change, \$300K old infrastructure, \$25K painting, \$2.6M Lead lines			
Water tower paint	1,205,000				
Leak Survey	37,000				
DWC Buy-In	434,354				
2021A Bonds	1,130,400				
IEPA Loan (\$7.8M)	466,950				
Total Expenditures	16,525,192				
Excess (Deficiency)	(569,192)				
04/30/23 Projected Balance	3,207,445	Over (Under) Minimum	312,307	Over (Under) Maximum	(570,342)
2023-24 Projected					
Charges for Services	13,930,000	Minimum Balance	2,272,821	Maximum Balance	3,181,949
Connection Fees	80,000	25% of Operating Expenditures	0	35% of Operating Expenditures	0
Interest Income	10,000	Equipment Reserve	180,590	Equipment Reserve	180,590
Miscellaneous	1,000	Radium Removal Reserve	507,801	Radium Removal Reserve	507,801
Transfer In	0	25% of Annual Loan Payments	2,961,212	25% of Annual Loan Payments	3,870,340
Total Revenue	14,021,000	Minimum Balance		Maximum Balance	
Operating	9,091,283	3% increase		5% increase, \$600,000	
Capital Projects	2,025,000	\$1,000,000 Water Main, \$1,000,000 meter change program, \$25K painting			
Water tower paint	0				
Leak Survey	37,000				
DWC Buy-In	434,354				
2021A Bonds	1,129,900				
IEPA Loan (\$7.8M)	466,950				
Total Expenditures	13,184,487				
Excess (Deficiency)	836,513				
04/30/24 Projected Balance	4,043,958	Over (Under) Minimum	1,082,746	Over (Under) Maximum	173,618

**VILLAGE OF BARTLETT 2021/22 PROPOSED BUDGET
SEWER FUND BALANCE PROJECTIONS**

Fund Balance Projections		Fund Balance Policy	
04/30/20 Cash Balance	3,468,080	*Cash balance does not include bond proceeds	
2020-21 Estimated			
Charges for Services	6,255,000	Minimum Balance	Maximum Balance
Connection Fees	18,000	25% of Operating Expenditures	938,802
Interest Income	25,000	Equipment Reserve	0
Misc	0	25% of Annual Loan Payments	172,816
Total Revenue	<u>6,298,000</u>	Minimum Balance	<u>1,111,618</u>
Operating	3,755,206		
Capital Projects	873,304	Phosphorous Removal/Sewer Rehabilitation	
Bittersweet WWTP	1,200,000		
Lift Station Upgrades	980,000		
Devon Debt(\$8.5)	554,113		
IEPA Debt 2014	137,150		
Total Expenditures	<u>7,499,773</u>		
Excess (Deficiency)	(1,201,773)		
04/30/21 Estimated Balance	2,266,307	Over (Under) Minimum	1,154,689
		Over (Under) Maximum	779,169
2021-22 Projected			
Charges for Services	6,135,000	Minimum Balance	Maximum Balance
Connection Fees	80,000	25% of Operating Expenditures	978,142
Interest Income	2,000	Equipment Reserve	0
Miscellaneous	20,500,000	25% of Annual Loan Payments	172,763
Total Revenue	<u>26,717,000</u>	Minimum Balance	<u>1,150,905</u>
Operating	3,912,567		
Capital Projects	2,155,273	\$0 additional revenue	
Devon Excess Flow	3,750,000	\$1,000,000 rehabilitation, \$1.08 lift station, \$75,273 plan update	
Devon Debt(\$8.5M)	553,900		
Bittersweet WWTP	16,750,000		
IEPA Debt 2014	137,150		
Total Expenditures	<u>27,258,890</u>		
Excess (Deficiency)	(541,890)		
04/30/22 Estimated Balance	1,724,417	Over (Under) Minimum	573,513
		Over (Under) Maximum	182,257

**VILLAGE OF BARTLETT 2021/22 PROPOSED BUDGET
SEWER FUND BALANCE PROJECTIONS**

Fund Balance Projections		Fund Balance Policy	
2022-23 Projected			
Charges for Services	6,874,000	Minimum Balance	Maximum Balance
Connection Fees	80,000	25% of Operating Expenditures	35% of Operating Expenditures
Interest Income	20,000	Equipment Reserve	Equipment Reserve
Miscellaneous	20,200,000	25% of Annual Loan Payments	25% of Annual Loan Payments
Total Revenue	<u>27,174,000</u>	Minimum Balance	Maximum Balance
Operating	4,029,944	Added 3% to prior yr	\$729,000 additional revenue, 12%
Capital Projects	21,777,530	\$1M rehabilitation, \$4.45M Devon Excess, \$500K lift station, \$15.75M WWTP, \$77,530 plan update	
Devon Debt(\$8.5M) WWTP (\$37M)	555,900	0	
IEPA Debt 2014	137,150		
Total Expenditures	<u>26,500,524</u>	\$2.12M estimated annual payment starting fall of 2023	
Excess (Deficiency)	673,476		
04/30/23 Estimated Balance	2,397,893	Over (Under) Minimum	Over (Under) Maximum
		1,217,145	814,151
2023-24 Projected			
Charges for Services	7,969,444	Minimum Balance	Maximum Balance
Connection Fees	80,000	25% of Operating Expenditures	35% of Operating Expenditures
Interest Income	40,000	Equipment Reserve	Equipment Reserve
Miscellaneous	2,750,000	25% of Annual Loan Payments	25% of Annual Loan Payments
Total Revenue	<u>10,839,444</u>	Minimum Balance	Maximum Balance
Operating	4,150,842	Added 3% to prior yr	\$1,095,444 additional revenue, 16.1%
Capital Projects	4,129,857	\$1M rehabilitation, \$300K lift station, \$2.75M WWTP, \$79,857 plan update	
Devon Debt(\$8.5M) WWTP (\$37M)	557,150		
IEPA Debt 2014	2,120,000	First payment fall of 2023	
Total Expenditures	<u>11,094,999</u>		
Excess (Deficiency)	(255,555)		
04/30/24 Estimated Balance	2,142,338	Over (Under) Minimum	Over (Under) Maximum
		401,052	(14,032)

Water and Sewer Rate Comparisons FY 21/22

Water*		
Rank	Municipality	Monthly Bill Based on Usage of 6,000 Bill (\$)
1	Roselle	84.00
2	Wood Dale	70.64
3	Bartlett	70.56
4	Hanover Park	68.60
5	Hoffman Estates	68.10
6	Elmhurst	65.70
7	Schaumburg	64.80
8	Bensenville	61.80
9	Glen Ellyn	59.58
10	Geneva	58.62
11	Addison	58.20
12	Lombard	49.44
13	Bloomington	48.48
14	Glendale Heights	48.48
15	Wheeling	38.58
16	Crystal Lake	38.53
17	Elgin	35.25
18	West Chicago	30.00
19	Streamwood**	N/A
20	Lake Zurich**	N/A
21	Elk Grove Village**	N/A

Sewer		
Rank	Municipality	Monthly Bill Based on Usage of 6,000 Bill (\$)
1	Wood Dale	72.78
2	Bensenville	52.44
3	Bartlett-DuPage	51.34
4	Glen Ellyn	46.08
5	Elmhurst	43.02
6	Glendale Heights	43
7	Addison	42.54
8	Crystal Lake	40.05
9	West Chicago	36.66
10	Roselle-DuPage	36.6
11	Lombard	36.36
12	Geneva	34.32
13	Hanover Park-DuPage	33.42
14	Wheeling	28.62
15	Bartlett-Cook	28.50
16	Bloomington	26.76
17	Bartlett-Kane	20.58
18	Roselle-Cook	19.50
19	Elgin	14.49
20	Schaumburg	13.44
21	Hanover Park-Cook	12.42
22	Hoffman Estates	9.78
23	Streamwood**	N/A
24	Lake Zurich**	N/A
25	Elk Grove Village**	N/A

Total Bill*		
Rank	Municipality	Monthly Bill Based on Usage of 6,000 Bill (\$)
1	Bensenville	145.14
2	Wood Dale	143.42
3	Elmhurst	139.34
4	Elgin	123.69
5	Bartlett-DuPage	121.90
6	Roselle-DuPage	120.60
7	Addison	115.74
8	Hanover Park-Cook	114.44
9	Lake Zurich**	112.98
10	Glen Ellyn	105.66
11	Lombard	104.5
12	Roselle-Cook	103.5
13	Hanover Park-DuPage	102.02
14	Bartlett-Cook	99.06
15	Glendale Heights	94.48
16	Geneva	92.94
17	Bartlett-Kane	91.14
18	Streamwood**	86.34
19	Schaumburg	86.24
20	Hoffman Estates	84.61
21	Crystal Lake	78.58
22	Wheeling	76.74
23	Bloomington	75.24
24	Elk Grove Village**	72.00
25	West Chicago	66.66

*Assumed 1' water meter for fixed charges if applicable

**Combined Water/Sewer Rate, Not Individual

*May Contain Additional Charges that are not solely water and/or sewer