



Village of River Grove

2022 Water & Sewer Rate Review

May 2022



Village of River Grove

2022 Water & Sewer Rate Review

Our office has completed a review of the Village's current water and sewer rates in regards their ability to fund the cost of water purchased, as well as the operations, maintenance, and long-term capital infrastructure of the water and sewer system.

The Water & Sewer Fund of the Village is considered an enterprise fund, and as such the costs associated with operation, maintenance, repairs and replacement of the water and sewer systems should be supported by the rate structure used to pay for the use of these items.



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2022 Water & Sewer Rate Review

Water Usage

- ▶ The Village's water system provides potable water to approximately 10,000 residents and employees of 100 businesses each day.
- ▶ Additionally the Village supplies water for a high school, two elementary schools, Triton College and the Oak Park Country Club.
- ▶ The Village system is also utilized to provide fire protection for approximately 500 residential, commercial and institutional structures within the Village limits.



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The following are items that some key facts regarding the water and sewer rate:

- ▶ Volume of Water Purchased from City of Chicago
- ▶ Volume of Water Metered & Invoiced
- ▶ Village's Fixed Cost for the Operations and Maintenance of the systems
 - ▶ 2022 Water Budget \$2,824,000
 - ▶ 2022 Sewer Budget \$ 189,000
- ▶ Village's Long-Term Capital Infrastructure Plan for water and sewer systems
 - ▶ 2022 Capital Improvements \$977,000



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Current Water Rate Ordinance (effective October 1, 2018)

- ▶ Residential Customers: Ten dollars thirty-five cents (\$10.35) shall be charged per each one thousand (1,000) gallons used.
- ▶ Commercial Customers: Eleven dollars sixty-eight cents (\$11.68) shall be charged per each one thousand (1,000) gallons used.
- ▶ Minimum Monthly Charges: All residential customers are subject to a minimum monthly charge of ten dollars thirty-five cents (\$10.35) and all commercial customers are subject to a minimum monthly charge of eleven dollars sixty-eight cents (\$11.68)
- ▶ The amount shall be increased by up to three percent (3%) on the 1st day of June each year hereafter, plus any increase in rates imposed upon the Village by the City of Chicago in the future for such water for all customers unless otherwise provided for herein.



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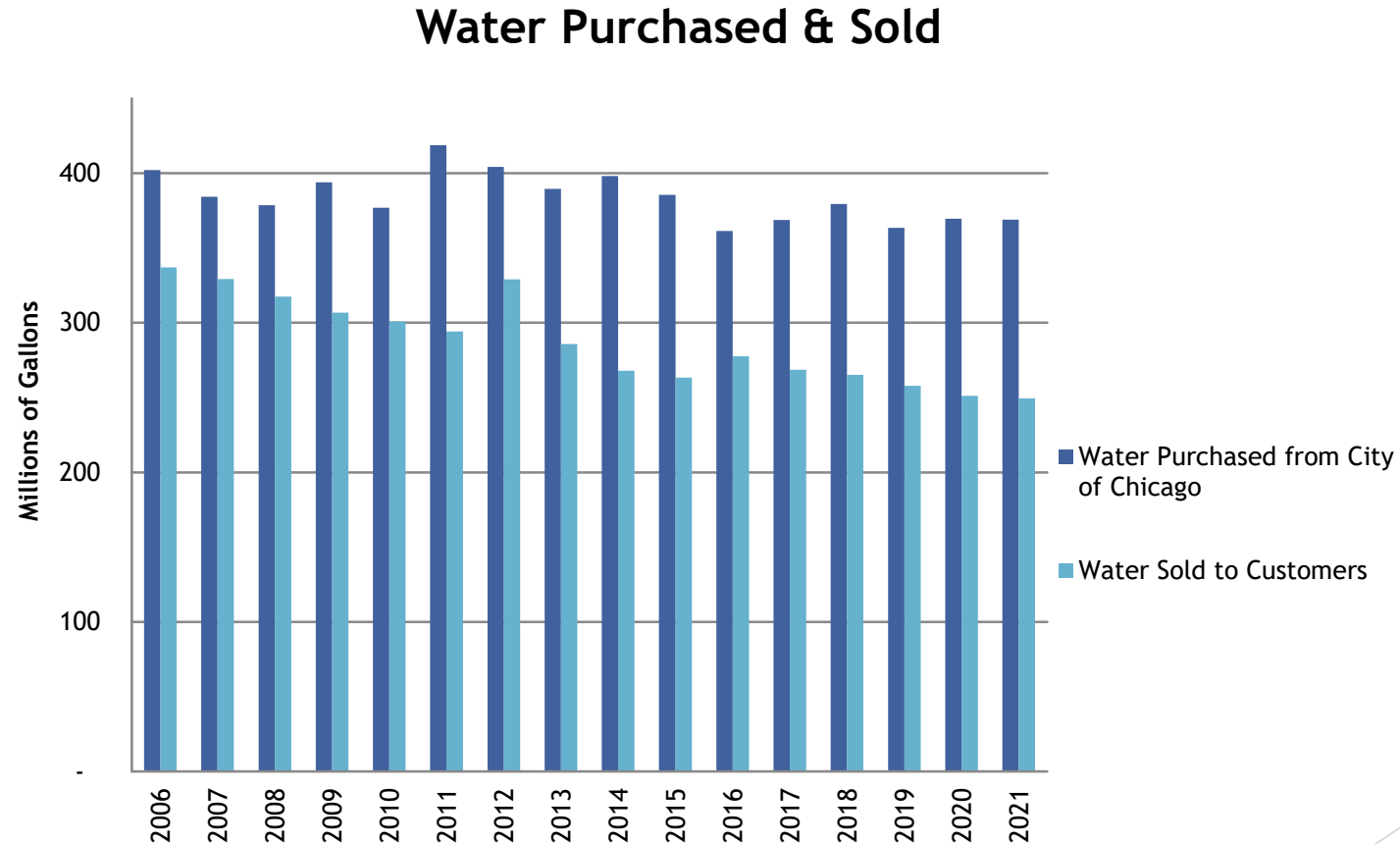
The following are some key facts regarding the water and sewer rate:

1. The Village last increased its water rate in October of 2018. The sewer rate has been unchanged since 2006.
2. The Village recently received its annual increase from the City of Chicago, the fourth such increase since the Village last adjusted its water rate in October of 2018.
3. The Village deferred adjusting the rate in 2019 increase due to its proximity to the 2018 adjustment.
4. The Village deferred adjusting in 2020 and 2021 rate adjustments due to uncertainties of the impact of COVID on its residents.
5. During the last two years review of the Village - General Funds expenses, which are used to determine the Village's tax levy, it was noted that certain costs related to the operations of the sewer and water had historically been under the general fund and that these costs were more appropriately reclassified as to the Water & Sewer Enterprise fund



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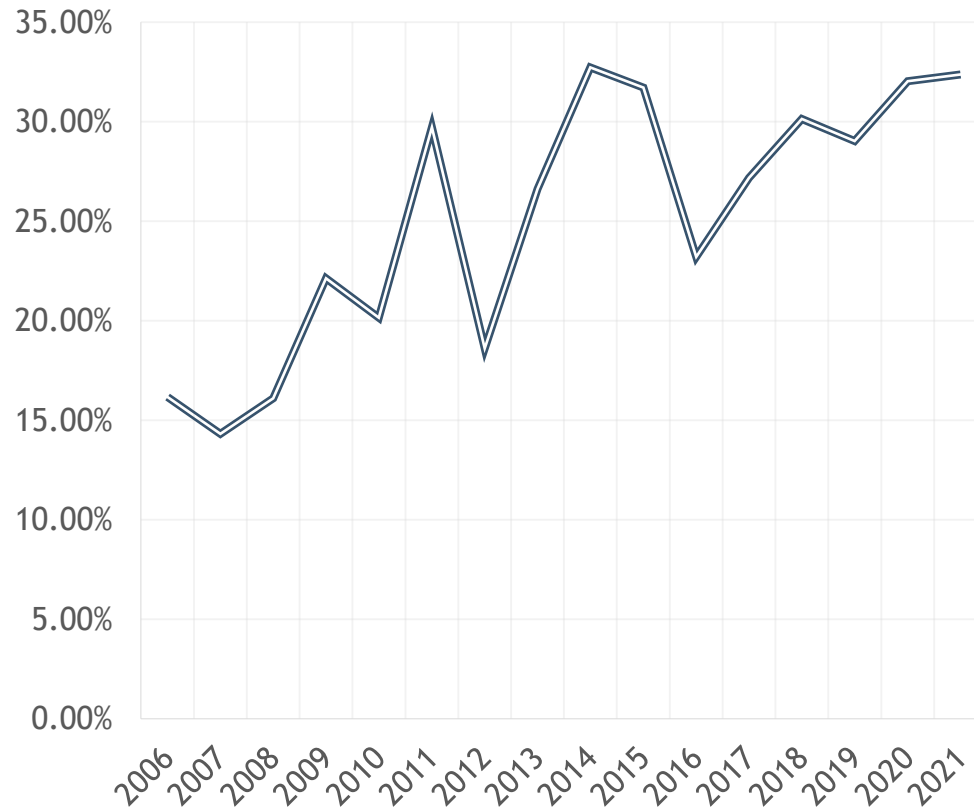
Water Purchased and Sold





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System Water Loss





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Water System Rate Cost Changes Since 2018:

- ▶ **Cost of Water** - The City of Chicago has raised its water rate from \$3.94 to \$4.33 per 1,000 gallon since 2018, an increase of \$0.39.
- ▶ **Recovery Cost, Unmetered Water** - The amount of water purchased that is not sold is currently 32% and the Village needs to increase the cost from \$1.49 to \$1.90, an increase of \$0.41.
- ▶ **Maintenance & Operations** - As mentioned the Village has reviewed its general fund and appropriately reclassified the costs that should be in the water fund (compensation, benefits, positions), these changes increased the operational and maintenance costs by \$349,000 which increases the water rate by \$1.90.
- ▶ **Long-term Capital Plan** - These are costs intended to fund the replacement of the Villages aged water system over time and based on inflation costs in construction these have seen an increase of \$0.15.



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Water & Sewer Budget:

The rates the Village currently charges do not support the costs for water purchased, and the operations, maintenance, repairs and capital improvements on the water and sewer systems.

The 2022 Budget has the following projected expenses:

Water Purchase:	\$1,450,000
Maintenance & Operations:	\$1,370,000
Annual Capital Outlays:	\$ 193,000
Long-Term Capital:	<u>\$ 977,000</u>
Total Budget Water & Sewer:	\$3,990,000



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Water & Sewer Rate

The recommended rates for 2022 address the following:

- ▶ The adjustment in the water rate reflects the increases the Village deferred in the last three years.
- ▶ The adjustment in the sewer rate addresses the change in allocation of costs appropriately to the Sewer & water Fund made during the tax levy review.

These adjustments will allow the Village to maintain funding necessary to maintain the long-term capital infrastructure program.



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Water & Sewer Rate

A review of the water and sewer rate options based on projected 252,000,000 gallons sold:

	Existing	Deferred Increases	Need by Budget	Recommended
Residential Water Rate	\$10.35	\$11.68	\$12.65	\$11.68
Commercial Water Rate	\$11.68	\$13.13	\$14.80	\$13.13
Sewer Rate	\$ 0.75	\$ 0.75	15% Water	15% Water
Projected Revenue	\$2,975,000	\$3,325,000	\$3,996,000	\$3,607,000